UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended March 31, 2000

Commission file number 0-20165

STERIS Corporation
(Exact name of registrant as specified in its charter)

Ohio	34-1482024
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
5960 Heisley Road Mentor, Ohio 44060-1834 (Address of principal executive offices)	440-354-2600 (Registrant's telephone number including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of Exchange on Which Registered
Common Shares, without par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [_]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by non-affiliates of the Registrant, computed by reference to the average of the bid and asked prices of such stock as of May 31, 2000: $608,840,606.92

The number of Common Shares outstanding as of May 31, 2000: 67,527,075

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 2000 Annual Meeting -- Part III

PART I

ITEM 1. BUSINESS

Description of Business

STERIS Corporation, an Ohio corporation organized in 1987 (the "Company" or "STERIS"), develops, manufactures, and markets infection prevention, contamination prevention, microbial reduction, and therapy support systems, products, services, and technologies for health care, scientific, research, food, and industrial Customers throughout the world. STERIS is focused on helping Customers address today's trends in the health care and scientific industries. The health care industry is changing rapidly due to the growth of minimally invasive surgical and diagnostic procedures; heightened public and professional awareness and concern for the increasing number of transmittable and antibiotic-resistant infectious diseases; the shifting of patient care from acute care hospital settings to alternate sites; and the overall need to reduce the cost of health care delivery. These trends have expanded the demand for rapid, safe, and efficient infection prevention systems for critical tasks such as the sterile processing of devices and the handling, decontamination, destruction, and disposal of potentially infectious biohazardous waste. In the scientific industry, the market is expanding as pharmaceutical, biotech, medical device, food, and other United States Food and Drug Administration ("FDA") regulated manufacturers are under increasing pressure to adhere to stricter guidelines for the validation and control of their antimicrobial processes, as well as the trend towards global standardization of protocols.

The Company has 4,810 Associates (employees) worldwide, including 2,255 direct sales, service, field, and Customer Support personnel. Customer Support and Training facilities are located in major global market centers with production and manufacturing operations in the United States, Australia, Canada, Germany, Finland, and Sweden.

The Company operates in a single business segment. See the accompanying consolidated financial statements on page 15 of this Form 10-K for financial information regarding the Company.

Principal Products and Services

Through a consistent strategic plan, a focused research and development effort, and several business acquisitions, STERIS has emerged as a market leader in low temperature sterilization, high temperature sterilization, washing and decontamination systems, surgical tables, surgical lights, and related consumables. The Company has expanded from its original narrow product line to become a multi-faceted global organization that serves health care, scientific, research, food, and industrial markets. Revenues by principal market are as follows (in thousands):

	Years Ended March 31		
	2000	1999	1998
Health Care	$557,686	$597,146	$547,809
Scientific and Industrial	202,940	200,465	171,847
Total	$760,626	$797,611	$719,656

Health Care. Health Care systems, products, and services are used by Customers to significantly reduce or eliminate microbial contamination of surfaces with which human contact might occur. The Company provides complete infection prevention material processing systems and specialty chemical products, including those used for cleaning, decontaminating, disinfecting, sterilizing, drying, and aerating medical and surgical instruments, devices, and hard surfaces. Specialty chemical products are generally employed in the material processing systems or used for high risk and routine skin care, hard surface disinfection, and surgical preparation. STERIS infection prevention systems support cost containment, productivity increases, and risk reduction in a wide variety of health care settings through process standardization, automatic monitoring and documentation, processing site flexibility, and reduction in processing time.

One of the Company's well known product lines is STERIS SYSTEM 1(R), a complete system for just-in-time sterile processing at or near the site of patient care. SYSTEM 1 enables health care professionals to safely, easily, and economically sterilize immersible surgical and diagnostic devices between patient procedures in less than thirty minutes. The use of SYSTEM 1 also eliminates time consuming transportation to and from central processing sites. Customers are able to use delicate, expensive, heat-sensitive devices and instrument sets many times per day without compromising sterilization standards.

SYSTEM 1 consists of a tabletop microprocessor-controlled unit, a patented, proprietary, single-use sterilant, and multiple adapter trays and containers. Installation requirements are tap water, electricity, and a drain. STERIS 20(TM), the sterilant component of SYSTEM 1, combines a powerful chemical biocidal agent with a proprietary anti-corrosion formulation to provide low temperature destruction of microorganisms. The STERIS process significantly reduces processing time and safety concerns associated with conventional low temperature sterilization and disinfection systems. SYSTEM 1 has particular appeal in the increasingly decentralized delivery of therapeutic patient services where capitated costs and standardized outcomes are emphasized. Since commercially introducing SYSTEM 1 in November 1988, the Company has produced over 20,000 SYSTEM 1 units for thousands of health care facilities, including hospitals, medical centers, ambulatory facilities, and physician offices in major markets throughout the world. We estimate that our Customers have now safely processed approximately 250 million surgical and diagnostic devices in STERIS SYSTEM 1.

The products and services of STERIS are sold under a variety of brand and product names. As acquired businesses have been integrated and consolidated, the STERIS name is increasingly visible on the product and service offerings.

The fundamental technology of the original STERIS brand is the rapid, safe destruction of microorganisms on surfaces. STERIS's strategy is to employ this technology in commercial applications with a focus on sterile processing, biohazardous waste processing, and other surface safety applications in the health care industry. The technology also has applications in a wide variety of other settings where cleanliness and destruction of microorganisms is important.

Recognized for years as the industry standard in large and medium scale, high quality hardware systems and related service, STERIS is the leading provider of infection prevention and surgical support. STERIS products include thermal and low temperature gaseous sterilization systems, cleaning and decontamination systems, accessories, and related consumables that are used to prevent the spread of infectious diseases and reduce microbial contamination.

The Company's thermal sterilization systems use saturated steam to sterilize items through a combination of heat, moisture, and pressure. Thermal sterilizers are offered in a number of sizes based on Customer throughput requirements and are designed for use in centralized or decentralized processing environments. The product line includes a versatile microprocessor-based control system which is designed to monitor each phase of the sterilization cycle and provide the Customer a permanent record of important cycle information, including type and parameters of sterilization cycle, temperature, pressure, vacuum, and total cycle time. The Company's sterilizer chambers are made of highly durable nickel-clad carbon steel or 316L stainless steel.

In addition to thermal sterilization systems, the Company manufactures low temperature ethylene oxide (EO) gas sterilizers which provide Customers the capability to sterilize heat sensitive medical devices in a safe, controlled processing environment. Each sterilization system includes an advanced microprocessor-based control system which monitors cycle parameters and provides the Customer a permanent record of each sterilization cycle. The Company's leading ethylene oxide gas sterilization system, the Amsco 3017(TM) 100% EO Sterilizer/Aerator, utilizes a proprietary, single-use sterilant cartridge and includes a built-in exhaust system.

STERIS develops, manufactures, and distributes infection prevention consumables and supplies that are used to prevent the spread of infectious diseases and to monitor sterilization and decontamination processes. STERIS consumable products offer quality choices for infection and contamination prevention for: Instrument Cleaning and Decontamination Systems; High Risk and Routine Skin Care Products; Hard Surface Disinfectants;

and Surgical Scrubs. STERIS quality assurance products to monitor sterilization processes include over 300 sterility assurance and sterility maintenance products for the worldwide health care market, including: Protective and Decontamination Packaging; Biological Monitoring Systems; Barrier Wraps; Integrator/Indicator Monitoring Systems; and Record Keeping Systems.

The Company's Health Care product line also includes general and specialty surgical tables, surgical and examination lights, operating room ("OR") storage cabinets, fluid waste management systems, warming cabinets, scrub sinks, and other complementary products and accessories for hospital and other health care facilities. The Company's versatile surgical table product line includes powered and manual general surgical tables as well as an orthopedic specialty table. A wide variety of general and specialty surgical procedures are accommodated through the use of attachable accessories which increase the versatility of the tables. The Company produces and sells its own line of accessories, as well as accessories manufactured by outside sources.

The Company's illumination and space management systems are designed for a wide variety of locations where diagnostic and therapeutic procedures are performed, including the emergency room, general surgery suite, OB/GYN suite, ICU/CCU suite, and ambulatory surgery suite. The lighting products combine optical performance with positioning flexibility that accommodate the surface and cavity illumination needs of virtually all types of surgical procedures. The Company's SurgiVision(TM) Surgical Lighting and Video System combines high quality illumination with a technically advanced video system to provide innovative and cost-effective systems for both acute care and non-acute care Customers. The Company's products range from major surgical lights to minor examination lights, and include the Orbiter(R) line of ceiling management products for the OR and critical care markets.

During fiscal 2000, STERIS formed an alliance with SterilTek, Inc., a provider of sterilization management and outsourcing services for health care facilities. STERIS has purchased a minority equity interest in SterilTek, and STERIS has become the exclusive supplier of infection prevention systems, consumables, and services to SterilTek. SterilTek develops comprehensive solutions to meet the instrument reprocessing needs of hospitals and health care facilities located throughout North America, and is positioned to capitalize on the current hospital trend of outsourcing non-revenue generating operations such as central sterile processing.

Scientific and Industrial. STERIS Scientific Division is a global provider of contamination prevention and control, systems, products, and services for the pharmaceutical, biotechnology, medical device, critical research, food, laboratory research, and industrial markets. These products and services assist Customers in following the stringent sterility assurance and microbial reduction processes that are demanded by the FDA, as well as worldwide regulatory and compliance agencies.

STERIS Scientific offers a complete range of systems and products with several of the most trusted brand names in the scientific industry: Finn Aqua(R) and Amsco(R) sterilizers, Reliance(R) and Basil(R) washers, VHP(R) (Vapor Hydrogen Peroxide) biodecontamination systems, Finn Aqua high-purity water systems, Lyovac(R) freeze dryers, as well as an extensive line of consumable products for contamination prevention and sterility assurance. Additionally, STERIS offers added services such as facility planning, engineering support, process and cleaner evaluation, education, and preventative maintenance and repair services.

STERIS Isomedix Services Division provides contract sterilization and microbial reduction services to manufacturers of pre-packaged health care and consumer products. As a result of external mergers -- beginning with STERIS's 1998 acquisition of Isomedix Inc., a leading North American provider of contract sterilization and microbial reduction services -- and internal expansion, STERIS now has a network of 16 contract sterilization facilities which utilize gamma irradiation, ethylene oxide, and electron beam processing technologies. STERIS Isomedix Services works closely with Customers to provide high-quality processing and optimum logistical support to minimize the time it takes to get a product from the factory to its final destination.

STERIS's Food Safety Division helps Customers meet the growing consumer and regulatory demands for improved food safety. The Division's broad offering to the food industry encompasses systems, products, services, and technologies for monitoring, reducing, and/or preventing potential food contamination at all stages of the food production process. Specifically, STERIS offers a full line of cleaners, sanitizers, disinfectants and

hand care products; environmental control systems and facility design services; analytical and process validation services; and irradiation pasteurization services. The increased emphasis on food safety, supported by the United States government's multiple food safety initiatives, presents new business opportunities for STERIS.

Manufacturing

The Company manufactures, assembles, and packages products in Erie, Pennsylvania; Medina, Ohio; Mentor, Ohio; Montgomery, Alabama; St. Louis, Missouri; Cologne, Germany; Helsinki, Finland; Quebec City, Canada; Stockholm, Sweden; and Sydney, Australia. Each of the production facilities focuses on particular processes and products. All of the Company's equipment production facilities throughout the world are ISO 9001 certified. These factories and production facilities supply products to both Health Care and Scientific and Industrial Customers.

Raw materials, sub-assemblies, and other components essential to the Company's business are readily available within the lead times specified to vendors. The supply of such raw materials has posed no significant problem in the operation of the Company's business. All major raw materials are available from multiple sources, both domestic and foreign.

Foreign Operations

The Company's foreign operations are subject to the usual risks that may affect such operations. These include, among other things, exchange controls and currency restrictions, currency fluctuations, changes in local economic conditions, unsettled political conditions, and foreign government-sponsored boycotts of the Company's products or services for noncommercial reasons. Most of the identifiable assets associated with the Company's foreign operations are located in countries where the Company believes such risks to be minimal. For certain financial information regarding the Company's international operations, see Note K -- Business Segment Information to the accompanying consolidated financial statements on page 28 of this Form 10-K.

Markets and Methods of Distribution

STERIS has, as of March 31, 2000, over 1,000 direct field sales and service representatives in North America. The representatives reside in metropolitan market areas throughout the United States and Canada. Sales and service activities are supported by a staff of regionally based clinical specialists, systems planners, corporate account managers, and an in-house Customer service and field support department.

Customer training is an important aspect of the STERIS business. In addition to training at Customer locations, STERIS provides a variety of courses for Customers at the Company's training and education centers. The programs enable Customer representatives to understand the science, technology, and operation of STERIS products. Many of the Operator Training Programs are approved by professional certifying organizations to offer contact hours for continuing education to eligible course participants. The first program was implemented in July 1991, and, as of March 31, 2000, approximately 17,000 Customer representatives, primarily nurses, department managers, and biomedical engineers, have received training at STERIS training and education centers.

The Company has adopted a strategy focused on employing direct sales, service, and support personnel in developed international markets while contracting with distributors in other selected markets. STERIS currently has sales offices in Belgium, Canada, Costa Rica, Finland, France, Germany, Hong Kong, Italy, Japan, Korea, Mexico, the Netherlands, Puerto Rico, Singapore, Spain, Sweden, and the United Kingdom. STERIS has distribution agreements with medical supply distributors in Australia, and various countries in North and South America, Asia, Europe, and the Middle East.

The Company believes that one of its strengths is its broad Customer base with no single Customer accounting for more than two percent of revenues during the fiscal year ended March 31, 2000. Customers who are part of a buying group generally make independent purchasing decisions and are invoiced directly by the Company.

Competition

A number of methodologies and commercial products are available for general sterilization purposes. Getinge/Castle, Advanced Sterilization Products (Johnson & Johnson), and 3M Corporation are well-known United States companies offering products for general sterilization and disinfection. Skytron (division of KMW Group, Inc.), Getinge/Castle, Maquet, and Midmark are competitors in providing general surgical tables. Berchtold Corporation, ALM Surgical Equipment, Inc., Heraeus Surgical, Inc., Hill-Rom, and Skytron are competitors in major surgery OR light products. Competitors in sterility assurance products include Kimberly-Clark Corporation, 3M Health Care, and Allegiance (Cardinal Health). Competitors in environmental and instrument decontamination products include Getinge/Castle, Ecolab Inc., and Allegiance. The Company's high risk and routine skin care products compete against the products of Ecolab, Provon (Gojo), and SaniFresh (Kimberly-Clark). Allegiance, Becton Dickinson, Ecolab, and Purdue Frederick are competitors in providing surgical scrubs. Competitors in the OEM service business are local and in-hospital service groups. In contract sterilization, the Company primarily competes with Griffith Micro Science and SteriGenics International, Inc. (business units of Ion Beam Applications), and companies that sterilize products in-house. The primary competitor for the Company's Scientific and Industrial sterilization systems is Getinge/Castle.

In the surgical support market, the FDA has reclassified certain products from a Device II (which require a 510(k) application) to a Device I classification which lessens the requirements for new products. The lower regulatory barriers could accelerate new product introductions for the Company as well as improve the ability of foreign competitors to introduce products into the United States market and as a result, increase competition.

Competition in the product markets served by the Company is based upon product design and quality, product innovation, price, and product serviceability that results in the greatest overall value to the Customer. In addition, there is significant price competition among various instrument preparation processes and services.

Several smaller, early-stage companies are believed to be working with a variety of technologies and sterilizing agents, including microwave, ozone, plasma, chlorine dioxide, peracids, and formaldehyde. In addition, a number of companies have developed disposable medical instruments and other devices designed to address the risk of contamination.

STERIS anticipates that it may face increased competition in the future as new infection prevention, sterile processing, contamination control, and surgical support products and services enter the market. There can be no assurance that new products or services developed by the Company's competitors will not be more commercially successful than those currently developed by STERIS or that may be developed by STERIS. In addition, some of STERIS's existing or potential competitors have greater financial, technical, and human resources than the Company. Accordingly, the Company's competitors may succeed in developing and commercializing products more rapidly than the Company.

Government Regulation

Many of the Company's products and manufacturing processes are subject to regulation by the FDA, the United States Environmental Protection Agency ("EPA"), the United States Nuclear Regulatory Commission ("NRC"), and other governmental authorities. Similar regulatory agencies exist in other countries with a wide variety of regulatory review processes and procedures. Many products offered for sale in Europe must meet CE Mark requirements, and must be manufactured in accordance with ISO 9001 and EN 46001 certification requirements. The Company's products are also subject to review or certification by various non-governmental certification authorities, including Underwriter's Laboratories, Canadian Standards Association, British Standards Institute, and TUV/VDE (Europe). Compliance with the regulations and certification requirements of domestic and foreign government regulatory and certification authorities may delay or prevent product introductions, require additional studies or tests prior to product introduction, require product modifications, recalls, or mandate cessation of production and marketing of existing products. The cost of compliance with applicable regulations represents a considerable expense, and significant changes in such regulations or their interpretation could have a material adverse impact.

In the United States, the FDA regulates the introduction, manufacturing, labeling, and record keeping requirements for medical devices and drugs. The FDA regulates the majority of products manufactured by the Company, through marketing clearance, pre-market approvals, new drug approvals, or compliance with established monographs. The process of obtaining marketing clearance from the FDA for new products, new applications for existing products, and changes to existing products can be time-consuming and expensive. In addition, whether separate marketing clearance is required under applicable regulations for any particular product is often a matter of interpretation and judgment. There is no assurance that marketing clearances will be granted, that the FDA will agree or continue to agree with all judgments made from time to time by the Company with respect to whether or not marketing clearance is required for any particular new or existing product, or that the FDA review will not involve delays that would adversely affect the Company's ability to commercialize additional products or applications for existing products. Similar approvals by comparable agencies are required in most countries. Foreign regulatory requirements may vary widely from country to country. The time required to obtain market clearance from a foreign country may be longer or shorter than that required by the FDA or other agencies, and clearance or approval or other product requirements may differ.

Even if regulatory clearances to market a product are obtained from the FDA or comparable foreign agencies, these clearances may entail limitations on the indicated uses of the product. Product clearances granted by the FDA or comparable foreign agencies can also be withdrawn due to failure to comply with regulatory standards or the occurrence of unforeseen problems following initial approval. The FDA could also limit or prevent the manufacture or distribution of the Company's products and has the authority to require the recall of such products. FDA regulations depend heavily on administrative interpretation and there can be no assurance that future interpretations made by the FDA or other regulatory bodies, with possible retroactive effect, will not adversely affect the Company. Further, additional government regulation may be established that could prevent, delay, or result in the rejection of regulatory clearance of the Company's products. The effect of government regulation that may arise from future legislation or administrative action cannot be predicted.

The FDA, various state agencies, and foreign regulatory agencies also have the right to inspect the Company's facilities from time to time to determine, among other things, whether the Company is in compliance with various subparts relating to the Quality System Regulation ("QSR"). In complying with QSR, manufacturers must continue to expend time, money, and effort in the areas of production and quality control in order to ensure full regulatory compliance.

Failure to comply with any applicable regulatory requirements could result in sanctions being imposed on the Company, including warning letters, injunctions, civil money penalties, failure of the FDA or comparable foreign agencies to grant pre-market clearance or pre-market approval of medical devices, product recalls, operating restrictions, and, in extreme cases, criminal sanctions.

In December 1999, STERIS received a warning letter from the FDA in connection with the FDA's inspection of STERIS's manufacturing facility in Mentor, Ohio. Since the inspection and receipt of the warning letter, STERIS has been working diligently to resolve the FDA's concerns. STERIS submitted a timely formal response to the warning letter and has continued to communicate with the FDA both in writing and orally with respect to this matter. The Company will continue to cooperate with the FDA to reach a final resolution of all concerns. Although no assurance can be given regarding further actions by the FDA or the timing of any such final resolution, management believes this matter will not have a material adverse effect on STERIS's financial condition, results of operations, or cash flow.

In addition, the Company is and may be subject to regulation under state, federal, and foreign law regarding occupational safety, environmental protection, and hazardous and toxic substance control, and to other present and possible future local, state, federal, and foreign regulation. The gamma irradiation and ethylene oxide sterilization activities of the Company produce virtually no harmful solid, liquid, or gaseous effluents or pollutants.

The Company believes that it is currently in conformity in all material respects with applicable regulatory requirements. The Company has received licenses and permits it believes necessary to conduct its current

manufacturing and contract sterilization business and believes that it will be able to obtain any permits necessary for the future conduct of its manufacturing and contract sterilization business. The Company is committed to maintaining compliance with applicable FDA, EPA, and other governmental laws, regulations and nongovernmental certification authorities.

Employees

As of March 31, 2000, the Company employed 4,810 Associates (employees). Management considers its relations with its Associates to be good.

Intellectual Property and Research and Development

The Company protects its technology and products by, among other means, filing United States and foreign patent applications that it considers important to its business. There can be no assurance, however, that any patent will provide adequate protection for the technology, system, product, service, or process it covers. In addition, the process of obtaining and protecting patents can be long and expensive. The Company also relies upon trade secrets, technical know-how, and continuing technological innovation to develop and maintain its competitive position.

Research activities are important to the Company's business. The costs of the Company's research activities relating to the discovery and development of new products and the improvement of existing products amounted to $24.2 million, $24.8 million, and $23.9 million in fiscal years 2000, 1999, and 1998, respectively. These costs are charged directly to income in the year in which incurred.

As of March 31, 2000, the Company held 213 United States patents and 321 foreign patents with expiration dates ranging from 2000 to the year 2018. In addition, the Company, as of March 31, 2000, had 53 United States patents and 138 foreign patents pending.

The Company also considers its various trademarks to be valuable in the marketing of its products. The Company has a total of 747 trademark registrations in the United States and in various foreign countries in which the Company does business.

ITEM 2. PROPERTIES

At March 31, 2000, the Company operated 26 manufacturing, distribution, and engineering facilities comprising approximately 2.5 million square feet. Substantially all such facilities are owned. Twenty of these sites are located in the United States, with the others located in Australia, Canada, Finland, Germany, and Sweden. Management believes that its facilities are adequate for operations and are maintained in good condition. At March 31, 2000, the Company leased or owned sales, service, and support offices in 18 countries. The Company is confident that, if needed, it will be able to acquire additional facilities at commercially reasonable rates.

ITEM 3. LEGAL PROCEEDINGS

Reference is made to Note J -- Contingencies to the accompanying consolidated financial statements on page 27 of this Form 10-K.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the Company's 2000 fiscal year.

Executive Officers of the Registrant

The following table sets forth certain information regarding the executive officers of the Company.

Name	Age	Position
Bill R. Sanford.....	56	Chairman of the Board of Directors and Chief Executive Officer
Les C. Vinney.....	51	President, Chief Operating Officer, and Director
Laurie Brlas.....	42	Senior Vice President and Chief Financial Officer
David C. Dvorak.....	36	Senior Vice President, General Counsel, and Secretary
Gerard J. Reis.....	48	Senior Vice President, Associate and Business Relations
Joseph C. McDonald.....	46	Corporate Vice President and Group President, Scientific and Industrial
William A. O'Riordan....	41	Corporate Vice President and Group President, Health Care

The following is a brief account of the business experience during the past five years of each such executive officer:

Bill R. Sanford served as Chairman of the Board of Directors, President, and Chief Executive Officer of the Company from April 1987 until March 2000 when the Board appointed Les C. Vinney President and Chief Operating Officer of the Company. Mr. Sanford continues as Chairman of the Board of Directors and Chief Executive Officer of the Company. Mr. Sanford is also currently a member of the Board of Directors of KeyCorp, a financial services company.

Les C. Vinney serves as President, Chief Operating Officer, and Director. Mr. Vinney joined the Company's Board of Directors in March 2000 at the same time as he was appointed as the Company's President and Chief Operating Officer, a new position. Mr. Vinney became Senior Vice President and Chief Financial Officer of STERIS in August 1999. He became Senior Vice President Finance and Operations, while continuing as Chief Financial Officer, in October 1999. Immediately prior to Mr. Vinney's employment with STERIS, he most recently served as Senior Vice President and Chief Financial Officer at The BF Goodrich Company, a Fortune 500 manufacturer of advanced aerospace systems, performance materials, and engineered industrial products. During his eight year career with BF Goodrich he held a variety of senior operating and financial management positions, including Vice President and Treasurer, President and CEO of the former Tremco subsidiary, and Senior Vice President, Finance and Administration of BF Goodrich Specialty Chemicals.

Laurie Brlas serves as a Senior Vice President and Chief Financial Officer. She joined the Company in April 2000. Prior to joining STERIS, Ms. Brlas was employed by OfficeMax, Inc., a Fortune 500 retailer, from September 1995 through April 2000, serving most recently as Senior Vice President and Corporate Controller. She was employed by Corning Clinical Labs, the laboratory testing division of Corning, Inc., from June 1994 through September 1995 serving most recently as Divisional Controller.

David C. Dvorak serves as Senior Vice President, General Counsel, and Secretary. He joined the Company in June 1996. Prior to joining the Company, Mr. Dvorak served as an attorney with the law firm of Thompson Hine & Flory LLP from June 1994 to June 1996.

Gerard J. Reis serves as Senior Vice President, Associate and Business Relations. He joined the Company in July 1994 as Vice President, Administration. Mr. Reis has held positions as Vice President, Business and Professional Relations and Vice President, Associate and Business Relations. He became Senior Vice President in October 1999.

Joseph C. McDonald serves as Corporate Vice President and Group President of the Scientific and Industrial Group. He joined the Company in May 1989 as Scientific Zone Manager, and has held positions as Vice President of Marketing, General Manager of European Health Care and Scientific Distribution, and President of the Company's Scientific Division. He became Group President in April 2000.

William A. O'Riordan serves as Corporate Vice President and Group President of the Health Care Group. He joined the Company in June 1991 as Division Vice President -- Customer Support, and has held positions as Vice President -- Operations, Group Vice President -- Customer Support, and Corporate Vice President -- Global Operations. He became Group President in April 1999.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

Market Information and Dividends

The Company's Common Shares are traded on the New York Stock Exchange under the symbol "STE." The following table sets forth, for the periods indicated, the high and low sales prices for the Company's Common Shares.

	Quarters Ended			
	March 31	December 31	September 30	June 30
Fiscal 2000				
High	$12.13	$15.00	$20.13	$28.44
Low	9.13	9.44	11.50	15.13
Fiscal 1999				
High	$35.06	$29.00	$35.94	$33.50
Low	25.00	18.50	22.59	25.44

The Company has not paid any cash dividends on its Common Shares since its inception and does not anticipate paying any such dividends in the foreseeable future. The Company has entered into a credit agreement which includes operational conditions and financial ratio covenants that, in certain circumstances, could limit the Company's ability to pay dividends. The Company currently intends to retain all of its earnings for the operation and expansion of its businesses. At June 9, 2000, there were approximately 2,085 shareholders of record of the Company's Common Shares.

ITEM 6. SELECTED FINANCIAL DATA

	Years Ended March 31				
	2000(1)(2)	1999(1)	1998(1)	1997(3)	1996(3)
	(In thousands, except per share data)				
Statement of Operational Data:					
Net revenues	$760,626	$797,611	$719,656	$587,852	$534,612
Gross profit	315,425	368,591	324,558	231,845	202,701
Non-recurring expenses				90,831	
Income (loss) from operations	29,706	136,379	112,614	(6,487)	69,731
Net income (loss)	10,485	84,854	65,496	(30,606)	40,790
Net income (loss) per Common Share -- basic	$ 0.16	$ 1.24	$ 0.96	$ (0.45)	$ 0.63
Shares used in computing net income (loss) per share -- basic	67,489	68,200	67,898	67,356	65,022
Net income (loss) per Common Share -- diluted	$ 0.15	$ 1.20	$ 0.93	$ (0.45)	$ 0.59
Shares used in computing net income (loss) per share -- diluted	68,567	70,592	70,224	67,356	69,714
Balance Sheet Data:					
Working Capital	$233,217	$236,260	$174,678	$143,734	$231,996
Total assets	903,574	865,996	728,069	539,455	592,697
Long-term debt	268,700	221,500	152,879	35,879	102,631
Total liabilities	482,480	430,059	369,117	244,739	288,638
Total shareholders' equity	421,094	435,937	358,952	294,716	304,059

(1) See "Management's Discussion and Analysis of Financial Condition and Results of Operations."
(2) Earnings for fiscal 2000 include a pre-tax special charge of $39,722, primarily related to plans for manufacturing consolidations, productivity improvements and associated workforce reductions. Of the $39,722 charge, $24,808 was charged to cost of sales and $14,914 was charged to selling, informational, and administration expenses in the consolidated statement of operations.
(3) Fiscal 1996 includes the combined results of the STERIS merger with Amsco International, Inc. in a tax free, stock-for-stock transaction. The Amsco merger has been accounted for using the pooling-of-interests method. Fiscal 1997 Non-recurring expenses relate to the Amsco merger.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Fiscal Year 2000 Compared to Fiscal Year 1999

Net revenues decreased by 4.6% to $760.6 million in fiscal 2000 from $797.6 million in fiscal 1999. Health Care Group revenues decreased by 6.6% to $557.7 million in fiscal 2000 from $597.1 million in fiscal 1999. Scientific and Industrial Group revenues increased 1.2% to $202.9 million in fiscal 2000 from $200.5 million in fiscal 1999. North America revenues for fiscal 2000 were $659.8 million, or 86.7% of total revenues, with $100.8 million, or 13.3%, from International markets. North America revenues for fiscal 1999 were $701.1 million, or 87.9% of total revenues, with $96.5 million, or 12.1%, from International markets. Revenues from consumables and services contributed $443.5 million, or 58.3%, of total revenues for fiscal 2000 compared to $429.3 million, or 53.8% in the prior year. The decrease in net revenues was due principally to softness in United States hospital spending, particularly for capital equipment, and delays in scientific and pharmaceutical projects.

Non-recurring charges of $39.7 million ($24.6 million net of tax, or $.36 per share) were recorded in the fiscal 2000 fourth quarter after the Company completed a review of certain manufacturing and support functions. This charge primarily related to plans for manufacturing consolidations, productivity improvements, and associated workforce reductions. The charge to cost of sales includes $19.3 million for inventory write-downs and disposals relating to the restructuring of the Company's remanufactured equipment business as well as improvements to production flows and facility restructurings to align with revised strategic plans. The charge to

cost of sales also includes $5.5 million for closing the Company's sterility assurance production operations in North Carolina, which will be consolidated into a dedicated facility in Mentor, Ohio. Costs to close the facility include write-downs in inventory, lease termination costs, severance, property abandonment, and other miscellaneous costs. The Company expects to be completed with the consolidation by July 31, 2000. The charge to selling, informational, and administrative expenses includes $10.4 million related to plans for implementing specific improvements to manufacturing and administrative support functions, primarily related to severance costs. The remaining $4.5 million of charges relates to accounts receivable management initiatives including implementation of a new program to enhance the collection of receivables and the write-off of certain aged smaller balance accounts.

The cost of products and services sold increased by 3.8% to $445.2 million in fiscal 2000, including the effect of the fourth quarter charge, from $429.0 million in fiscal 1999. Excluding the charge, the cost of products and services sold decreased by 2.0% to $420.4 million. The cost of products and services sold as a percentage of net revenues was 55.3% in fiscal 2000 excluding the fourth quarter charge, compared to 53.8% in fiscal 1999. The increase in the cost of products and services sold as a percentage of net revenue for fiscal 2000 resulted primarily from decreased overhead absorption from lower volumes.

Selling, informational, and administrative expenses increased in fiscal 2000 by 26.1% to $261.6 million, including the effect of the fourth quarter charge, from $207.4 million in fiscal 1999. Excluding the charge, selling, informational, and administrative expenses increased in fiscal 2000 by 18.9% to $246.6 million. The increase in expenses was primarily attributable to the higher payroll and marketing costs incurred to support the reorientation and expansion of the field organization. The expenses as a percentage of net revenue excluding the charge increased to 32.4% in fiscal 2000 from 26.0% in fiscal 1999.

Research and development expenses decreased by 2.7% to $24.2 million in fiscal 2000 from $24.8 million in fiscal 1999. Research and development expenses as a percentage of net revenues were 3.2% in fiscal 2000 compared to 3.1% in fiscal 1999.

Interest expense increased by 50.6% to $16.2 million in fiscal 2000 from $10.7 million in fiscal 1999. The increase was due to additional borrowing, principally for funding the Company's share repurchase plan and the purchase of acquired businesses, as well as the effects of higher interest rates.

Income tax expense was 38.0% of pretax income in fiscal 2000, including a $2.0 million accrual reduction. In fiscal 1999, the income tax rate was 38.0% before a reduction in the income tax accruals of approximately $6.0 million, which reduced the effective rate to 33.3%. These accrual reductions were due to benefits from the Company's global tax strategies and active tax management programs and the overall effect of the fourth quarter charge in fiscal 2000.

Net income for fiscal 2000 decreased by 87.6% to $10.5 million ($.15 per diluted share), including the effect of the fourth quarter charge, from $84.9 million ($1.20 per diluted share) in fiscal 1999. Excluding the fourth quarter charge, net income decreased by 58.6% to $35.1 million ($.51 per diluted share).

Fiscal Year 1999 Compared to Fiscal Year 1998

Net revenues increased by 10.8% to $797.6 million in fiscal 1999 from $719.7 million in fiscal 1998. Health Care Group revenues increased by 9.0% to $597.1 million in fiscal 1999 from $547.8 million in fiscal 1998. Scientific and Industrial Group revenues increased 16.7% to $200.5 million in fiscal 1999 from $171.8 million in fiscal 1998. North America revenues for fiscal 1999 were $701.1 million, or 87.9% of total revenues, with $96.5 million, or 12.1%, from International markets. North America revenues for fiscal 1998 were $633.3 million, or 88.0% of total revenues, with $86.4 million, 12.0% from International markets. Revenues from consumables and services contributed $429.3 million, or 53.8%, of total revenues for fiscal 1999 compared to $359.6 million, or 50.0% in the prior year. The increase in net revenues was due principally to higher sales of capital equipment, consumable products, and services.

The cost of products and services sold increased by 8.6% to $429.0 million in fiscal 1999 from $395.1 million in fiscal 1998. The cost of products and services sold as a percentage of net revenues was 53.8% in fiscal 1999 compared to 54.9% in fiscal 1998. The decrease in the cost of products and services sold as a percentage of net revenue for fiscal 1999 resulted principally from improved overhead absorption from volume increases, favorable changes in the mix of products sold, and the benefits from the restructuring of the acquired and merged businesses.

Selling, informational, and administrative expenses increased in fiscal 1999 by 10.3% to $207.4 million from $188.0 million in fiscal 1998. The increase in expenses was attributable to the continued investments in customer support systems, information technology systems, and to support the increased level of business. The expenses as a percentage of net revenue decreased to 26.0% in fiscal 1999 from 26.1% in fiscal 1998.

Research and development expenses increased by 3.9% to $24.8 million in fiscal 1999 from $23.9 million in fiscal 1998. Research and development expenses as a percentage of net revenues were 3.1% in fiscal 1999 compared to 3.3% in fiscal 1998.

Interest expense increased by 72.1% to $10.7 million in fiscal 1999 from $6.2 million in the fiscal 1998. The increase was due to the additional borrowing, principally for the purchase of acquired companies and funding the Company's share repurchase plan.

Income tax expense decreased to 33.3% of pretax income in fiscal 1999 from 39.0% of pretax income in fiscal 1998. The decrease was due to events which enabled STERIS to capitalize on its previously implemented tax planning strategies and the effective integration of its previously acquired businesses. A significant component of the decrease was a $6.0 million reduction in the income tax accruals. Excluding this reduction, the effective income tax rate decreased to 38.0% of pretax income in fiscal 1999 from 39.0% of pretax income in fiscal 1998.

Net income for fiscal 1999 increased by 29.6% to $84.9 million ($1.20 per diluted share) from $65.5 million ($.93 per diluted share) in fiscal 1998.

Liquidity and Capital Resources

At March 31, 2000, the Company had $35.5 million in cash and cash equivalents, compared to $23.7 million of cash and cash equivalents at March 31, 1999. The increase was a result of net cash provided by operating and financing activities, offset by net cash used in investing activities.

At March 31, 2000, the Company had accounts receivable of $206.3 million, compared to $230.3 million at March 31, 1999. The decrease was primarily attributed to decreased revenues in the fourth quarter fiscal 2000 compared to the fourth quarter fiscal 1999.

At March 31, 2000, the Company had inventory of $107.7 million, compared to $99.3 million at March 31, 1999. The increase was primarily attributed to decreased revenues in the fourth quarter fiscal 2000 compared to the fourth quarter fiscal 1999.

Property, plant, and equipment increased by 19.1% to $443.6 million as of March 31, 2000, compared to $372.4 million at March 31, 1999. The increase was due primarily to the increases resulting from the investment in information systems, plant and equipment, facility renovations, and acquired businesses that were accounted for using the purchase method of accounting.

Intangibles increased by 0.7% to $282.6 million as of March 31, 2000, compared to $280.8 million at March 31, 1999. Goodwill and other intangible assets represented 22.6% and 24.1% of total assets at March 31, 2000 and 1999, respectively.

Net deferred income tax assets decreased by 21.2% to $15.0 million as of March 31, 2000, compared to $19.1 million at March 31, 1999. The decrease was due primarily to the recognition of amounts for tax purposes during fiscal 2000 that were previously recognized for financial reporting purposes.

Current liabilities decreased by 0.8% to $155.9 million as of March 31, 2000, compared to $157.1 million at March 31, 1999.

Other liabilities were $49.0 million as of March 31, 2000, compared to $48.6 million of the same at March 31, 1999.

On June 19, 2000, STERIS entered into a $325 million Revolving Credit Facility (the "Revolving Credit Facility"), which replaced the prior credit facility (see Note E to the consolidated financial statements). The Revolving Credit Facility matures June 29, 2003 and provides financial covenants and borrowing alternatives which are more appropriate for the Company's strategic objectives. The Revolving Credit Facility may be used to refinance existing indebtedness, as well as for general corporate purposes. The Revolving Credit Facility will bear interest at LIBOR plus 1.25% to 2.25% or KeyBank National Association's prime rate. The Revolving Credit Facility contains customary covenants which include maintenance of certain financial ratios such as a fixed charge covenant and consolidated leverage ratios. The Revolving Credit Facility also places restrictions on the Company's ability to pay dividends.

The Company has no material commitments for capital expenditures. The Company believes that its cash requirements will increase due to increased sales requiring more working capital, accelerated research and development, and potential acquisitions or investments in complementary businesses. However, the Company believes that its available cash, cash flow from operations, and sources of credit will be adequate to satisfy its capital needs for the foreseeable future.

The overall effects of inflation on the Company's business during the periods discussed have not been significant. The Company monitors the prices it charges for its products and services on an ongoing basis and believes that it will be able to adjust those prices to take into account future changes in the rate of inflation.

The overall effects of foreign currency exchange rates on the Company's business during the periods discussed have not been significant. Movements in foreign currency exchange rates create a degree of risk to the Company's operations. These movements affect the United States dollar value of sales made in foreign currencies, and the United States dollar value of costs incurred in foreign currencies. Changing currency exchange rates also affect the company's competitive position, as exchange rate changes may affect profitability and business and/or pricing strategies of non-United States based competitors.

Contingencies

For a discussion of contingencies, see Note J to the consolidated financial statements.

Seasonality

Historical data indicates that financial results were subject to recurring seasonal fluctuations. A number of factors have contributed to the seasonal patterns, including sales promotion and compensation programs, Customer buying patterns of capital equipment, and international business practices. Sales and profitability of certain of the acquired and consolidated product lines have historically been disproportionately weighted toward the latter part of each quarter and generally weighted toward the latter part of each fiscal year. Various changes in business practices resulting from the integration of acquired businesses into STERIS may alter the historical patterns of the previously independent businesses.

Euro

On January 1, 1999, eleven of the fifteen member countries of the European Monetary Union (EMU) began a three-year transition phase during which a common currency called the Euro was adopted. The Euro trades on currency exchanges and is available for non-cash transactions. During the transition period, parties may pay for goods and services using either the Euro or the participating country's legacy currency on a "no compulsion, no prohibition" basis. The conversion rates between the existing legacy currencies and the Euro were fixed on

January 1, 1999. The legacy currencies will remain legal tender for cash transactions until January 1, 2002, at which time all legacy currencies will be withdrawn from circulation and the new Euro denominated bills and coins will be used for cash transactions.

The Company has several operations within the eleven participating countries that are utilizing the Euro. Additionally, the Company's operations in other countries conducting business transactions with Customers and suppliers that will be denominated in the Euro. Euro denominated bank accounts have been established to accommodate Euro transactions.

The Company has established and implemented certain plans to review strategic and tactical areas arising from the Euro conversion. Initial efforts were focused on aspects of the Euro conversion that required adjustment or compliance by January 1, 1999, and for conducting Euro-denominated business. These aspects included transacting business in the Euro, the competitive impact on product pricing, and adjustments to billing systems to handle parallel currencies. The Company has determined that these systems have the capability to handle Euro transactions and is currently in a position to transact business in Euros. Continuing analysis and development efforts will help ensure that the implementation of the Euro meets the timetable and regulations established by the EMU. Based on current estimates, the Company does not expect the costs incurred to address the Euro will have a material impact on its financial condition or results of operations.

Forward-Looking Statements

This discussion contains statements concerning certain trends and other forward-looking information affecting or relating to the Company and its industry that are intended to qualify for the protections afforded "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by the use of forward-looking terms such as "may," "will," "expects," "anticipates," "plans," "estimates," "projects," "targets," "forecasts," or "seeks" or the negative of such terms or other variations on such terms or comparable terminology. There are many important factors that could cause actual results to differ materially from those in the forward-looking statements. Many of these important factors are outside STERIS's control. Changes in market conditions, including competitive factors and changes in government regulations, could cause actual results to differ materially from the Company's expectations. No assurance can be provided as to any future financial results. Other potentially negative factors that could cause actual results to differ materially from those in the forward-looking statements include (a) the possibility that the continuing integration of acquired businesses will take longer than anticipated, (b) the potential for increased pressure on pricing that leads to erosion of profit margins, (c) the possibility that market demand will not develop for new technologies, products, and applications, (d) the possibility that compliance with the regulations and certification requirements of domestic and foreign authorities may delay or prevent new product introductions or affect the production and marketing of existing products, (e) the potential effects of fluctuations in foreign currencies where the Company does a sizable amount of business, (f) the possibility that the Company's activities related to changes in its sales force will take longer or incur greater expense than anticipated, and (g) the possibility of reduced demand, or reductions in the rate of growth in demand, for the Company's products.

ITEM 7a. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Consistent with the prior year, the Company is exposed to market risk through various financial instruments, including fixed rate and floating rate debt instruments. Based on March 31, 2000 debt levels, a 1% change in interest rates would impact interest expense by approximately $2.2 million annually. Additionally, the Company operates internationally and as a result is exposed to foreign currency fluctuations. Specifically, the exposure includes intercompany loans, and third party sales or payments. The Company does not consider the market risk associated with its international operations to be material. The Company does not use derivative financial instruments for hedging or speculative purposes.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT AUDITORS

Board of Directors and Shareholders
STERIS Corporation

We have audited the accompanying consolidated balance sheets of STERIS Corporation and subsidiaries as of March 31, 2000 and 1999, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended March 31, 2000. Our audits also included the financial statement schedule listed in the index at Item 14(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of STERIS Corporation and subsidiaries at March 31, 2000 and 1999, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2000, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

Cleveland, Ohio
April 20, 2000,
except for Note E, as to which the date is
June 19, 2000

STERIS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands)

	March 31	
	2000	1999
Assets		
Current assets:		
Cash and cash equivalents	$ 35,476	$ 23,680
Accounts receivable (net of allowances of $6,047 and $6,000, respectively)	206,344	230,346
Inventories	107,728	99,279
Deferred income taxes	23,923	21,910
Prepaid expenses and other assets	15,648	18,182
Total current assets	389,119	393,397
Property, plant, and equipment	443,608	372,386
Accumulated depreciation	(138,603)	(111,105)
Net property, plant, and equipment	305,005	261,281
Intangibles	282,639	280,750
Accumulated amortization	(78,300)	(72,499)
Net intangibles	204,339	208,251
Other assets	5,111	3,067
Total assets	$ 903,574	$ 865,996
Liabilities and shareholders' equity		
Current liabilities:		
Current portion of long-term indebtedness	$ 1,816	$ 2,200
Accounts payable	51,374	47,431
Accrued expenses and other	102,712	107,506
Total current liabilities	155,902	157,137
Long-term indebtedness	268,700	221,500
Deferred income taxes	8,880	2,810
Other liabilities	48,998	48,612
Total liabilities	482,480	430,059
Shareholders' equity:		
Serial preferred shares, without par value, 3,000 shares authorized; no shares issued or outstanding		
Common Shares, without par value, 300,000 shares authorized; issued and outstanding shares of 67,517 at March 31, 2000 and 67,956 at March 31, 1999, excluding 1,052 and 523 treasury shares, respectively	198,253	222,946
Retained earnings	230,348	219,863
Cumulative translation adjustment	(7,507)	(6,872)
Total shareholders' equity	421,094	435,937
Total liabilities and shareholders' equity	$ 903,574	$ 865,996

See notes to consolidated financial statements.

STERIS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)

	Years Ended March 31		
	2000	1999	1998
Net revenues	$760,626	$797,611	$719,656
Cost of products sold	445,201	429,020	395,098
Gross profit	315,425	368,591	324,558
Cost and expenses:			
Selling, informational, and administrative	261,550	207,375	188,030
Research and development	24,169	24,837	23,914
	285,719	232,212	211,944
Income from operations	29,706	136,379	112,614
Interest expense	(16,166)	(10,736)	(6,239)
Interest income and other	3,372	1,553	980
Income before income taxes	16,912	127,196	107,355
Income taxes	6,427	42,342	41,859
Net income	$ 10,485	$ 84,854	$ 65,496
Net income per share -- basic	$ 0.16	$ 1.24	$ 0.96
Net income per share -- diluted	$ 0.15	$ 1.20	$ 0.93

See notes to consolidated financial statements.

STERIS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Years Ended March 31		
	2000	1999	1998
Operating activities			
Net income	$ 10,485	$ 84,854	$ 65,496
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	39,672	33,279	24,202
Deferred income taxes	4,057	14,000	7,446
Other items	1,115	(1,252)	(5,577)
Changes in operating assets and liabilities:			
Accounts receivable	24,566	(22,654)	(31,945)
Inventories	(8,449)	(12,998)	(11,311)
Other assets	6,994	(5,229)	368
Accounts payable and accruals	(7,333)	(25,541)	(36,686)
Net cash provided by operating activities	71,107	64,459	11,993
Investing activities			
Purchases of property, plant, equipment, and patents	(77,131)	(77,286)	(39,181)
Proceeds from sales of assets			43,084
Investment in businesses, net of cash acquired	(8,134)	(41,457)	(126,505)
Proceeds from sales of marketable securities			2,977
Net cash used in investing activities	(85,265)	(118,743)	(119,625)
Financing activities			
Payments on long-term obligations	(8,884)	(206,339)	(4,512)
Borrowings under line of credit	55,000	275,000	110,000
Purchase of treasury shares	(28,712)	(17,697)	(10,051)
Stock option and other equity transactions	8,340	10,166	9,250
Net cash provided by financing activities	25,744	61,130	104,687
Effect of exchange rate changes on cash and cash equivalents	210	(338)	(459)
Increase (decrease) in cash and cash equivalents	11,796	6,508	(3,404)
Cash and cash equivalents at beginning of period	23,680	17,172	20,576
Cash and cash equivalents at end of period	$ 35,476	$ 23,680	$ 17,172

See notes to consolidated financial statements.

STERIS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)

	Common Shares				Total
	Number	Amount	Retained Earnings	Cumulative Translation	Shareholders Equity
Balance at April 1, 1997..	67,969	$231,278	$ 69,513	$(6,075)	$294,716
Net income.....			65,496		65,496
Foreign currency translation adjustment (including taxes of $247).....				(459)	(459)
Comprehensive income.....					65,037
Stock options exercised...	652	6,584			6,584
Tax benefit of stock options exercised.....		2,666			2,666
Treasury shares purchased.....	(600)	(10,051)			(10,051)
Balance at March 31, 1998.....	68,021	230,477	135,009	(6,534)	358,952
Net income.....			84,854		84,854
Foreign currency translation adjustment (including taxes of $207).....				(338)	(338)
Comprehensive income.....					84,516
Stock options exercised...	631	5,489			5,489
Other equity transactions.....	4	109			109
Tax benefit of stock options exercised.....		4,568			4,568
Treasury shares purchased.....	(700)	(17,697)			(17,697)
Balance at March 31, 1999.....	67,956	222,946	219,863	(6,872)	435,937
Net income.....			10,485		10,485
Foreign currency translation adjustment (including taxes of $393).....				(635)	(635)
Comprehensive income.....					9,850
Stock options exercised...	1,010	4,253			4,253
Tax benefit of stock options exercised.....		4,232			4,232
Treasury shares purchased.....	(1,540)	(28,712)			(28,712)
Other equity transactions.....	91	(4,466)			(4,466)
Balance at March 31, 2000.....	67,517	$198,253	$230,348	$(7,507)	$421,094

See notes to consolidated financial statements.

Years Ended March 31, 2000 and 1999

A. Accounting Policies

STERIS Corporation (the "Company" or "STERIS") develops, manufactures, and markets infection prevention, contamination prevention, microbial reduction, and surgical support systems, products, services, and technologies for health care, scientific, research, food, and industrial Customers throughout the world.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Intercompany accounts and transactions have been eliminated upon consolidation. Certain reclassifications have been made to the Company's prior year financial statements to agree with current year classifications.

The Company continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of any long-lived or intangible asset may warrant revision or that the remaining balance of the asset may not be recoverable. When factors indicate that the long-lived assets should be evaluated for possible impairment, the Company uses an estimate of the related operation's cash flow from operations over the remaining life to determine recoverability; the measurement of the impairment would be based on a market valuation.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions in certain circumstances that affect the amounts reported in the accompanying consolidated financial statements and notes. Actual results could differ from these estimates.

The accounts of the Company's foreign subsidiaries are recorded in the currency of the country in which they operate. All balance sheet accounts except shareholders' equity are translated at current exchange rates, and revenue and expense items are translated at rates of exchange prevailing during the year. Gains and losses resulting from the translation of foreign currency financial statements, which amounted to $7,507 and $6,872 as of March 31, 2000 and 1999, respectively, represent other comprehensive income and are reflected in the cumulative translation adjustment component of shareholders' equity.

Business Combinations

During the second quarter fiscal 2000, the Company completed two acquisitions to extend the capabilities of STERIS's Scientific and Industrial Group in areas targeted as future growth markets. The assets of Quality Sterilization Services, a contract sterilization business located near Minneapolis, Minnesota, were acquired to expand STERIS's network of contract sterilization and microbial reduction services in North America. The acquisition resulted in an increase in goodwill of $6,408. FoodLabs, Inc., based in Manhattan, Kansas, was also acquired. FoodLabs is a provider of analytical, product development, and consulting services to the food and agricultural industries, with a particular focus on food safety. These acquisitions were accounted for as purchase transactions and did not have a material effect on the operations of the Company.

During the third quarter fiscal 1999, the Company acquired Detach AB. Detach AB, located in Sweden, possesses proprietary technology and produces innovative systems for the Company's scientific and industrial marketplace. These acquisitions were accounted for as purchase transactions and did not have a material effect on the operations of the Company. In late September 1998, the Company completed the acquisition of Hausted Inc. for cash. Hausted is a leading provider of mobile systems for surgical and diagnostic patient positioning and transport. The acquisition resulted in an increase in goodwill of $41,977.

In September 1997, STERIS purchased the common shares of Isomedix Inc. in exchange for cash of $134,102. Isomedix is a leading provider of contract sterilization and microbial reduction services, with gamma irradiation, ethylene oxide, and electron-beam processing facilities across North America. The acquisition was accounted for using the purchase method of accounting and resulted in an increase in goodwill of $53,376.

In July 1997, STERIS acquired the assets of Joslyn Sterilizer Corporation, a designer and manufacturer of high quality, high performance sterile processing systems based upon widely accepted steam and gas sterilization methodologies. The acquisition was accounted for using the purchase method of accounting and resulted in an increase in goodwill of $7,367.

Cash Equivalents and Supplemental Cash Flow Information

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consisted primarily of interest-bearing savings accounts and United States government securities.

Supplemental disclosure of cash flow information follows:

	Years Ended March 31		
	2000	1999	1998
Cash paid during the year for:			
Interest	$17,280	$ 8,942	$ 5,885
Income taxes	$ 9,114	$20,042	$27,193

Revenues

The Company's net revenues include revenues earned on product sales and related after-sales, third-party service contracts, and long-term construction contracts. The Company recognizes product revenues upon shipment to a location designated by the Customer. After-sales and third-party service contract revenues are recognized upon completion of the work. Advance billings for products or service work are recorded as deferred revenue until earned. Revenue on long-term construction contracts is recognized under the cost-to-cost type of percentage-of-completion method, resulting in revenue being recorded as costs are incurred.

The Company performs periodic credit evaluations of its Customers' financial condition and generally does not require collateral on sales. The Company principally sells to health care, scientific, and industrial institutions and companies with no single Customer accounting for more than two percent of revenues during the year ended March 31, 2000.

In December 1999, the SEC issued Staff Accounting Bulletin ("SAB") No. 101. "Revenue Recognition", which explains how the SEC staff believes existing revenue recognition rules should be applied. It is anticipated that the SEC will issue SAB No. 101 interpretive guidance by the end of the second calendar quarter of 2000. The Company is currently studying the provisions of SAB No. 101 and plans to utilize this interpretive guidance to determine if any change is required to ensure compliance with this SAB.

B. Inventories

Inventories are stated at cost, which does not exceed market. The Company uses the last-in, first-out (LIFO) and first-in, first-out (FIFO) cost methods. Inventories utilizing LIFO represent approximately 59% and 57% of the inventory at March 31, 2000 and 1999, respectively. Inventory costs include material, labor, and overhead. If

the FIFO method of inventory costing had been used exclusively, inventories would have been $10,552 and $11,025 higher than those reported at March 31, 2000 and 1999, respectively. Inventories were as follows:

	March 31	
	2000	1999
Raw material	$ 29,346	$36,878
Work in process	24,743	19,585
Finished goods	53,639	42,816
Total Inventories	$107,728	$99,279

C. Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, less accumulated depreciation. Property, plant, and equipment costs include capitalized labor, overhead, and interest costs. As a result of a capital improvements campaign to add significant manufacturing assets at several locations, labor and overhead capitalized in fiscal 2000 totaled $7,490 and $4,850 in fiscal 1999.

The Company provides for depreciation of the net carrying cost less anticipated salvage value over the estimated remaining useful lives of property, plant, and equipment, principally by using the straight-line method. Depreciation of radioisotope is determined by use of the annual decay factor inherent in the material, which is similar to the sum-of-the-years-digits method. Depreciation expense was $32,865, $27,367, and $18,929 for the years ended March 31, 2000, 1999, and 1998, respectively. Expenditures that increase the value or productive capacity of assets, including information systems, are capitalized. Capitalized internal costs associated with information systems implementation amounted to $2,446 in fiscal 2000 and $1,263 in fiscal 1999. Property, plant, and equipment consisted of the following:

	March 31	
	2000	1999
Asset (asset lives)		
Land and land improvements (12 years)	$ 21,422	$ 18,300
Buildings and leasehold improvements (7-50 years)	126,572	115,678
Machinery and equipment (3-15 years)	239,786	195,191
Radioisotope (20 years)	55,828	43,217
Total	443,608	372,386
Less: accumulated depreciation	138,603	111,105
Property, plant, and equipment, net	$305,005	$261,281

Rental expense for leases was approximately $11,052, $10,617, and $10,383 for the years ended March 31, 2000, 1999, and 1998, respectively. Operating leases relate principally to warehouse and office space, service facilities, vehicles, equipment, and communication systems. Future minimum annual rentals payable under noncancelable leases in fiscal 2001, 2002, 2003, 2004, and 2005 and thereafter are $10,410, $8,981, $6,927, $4,425, $2,959, and $11,584, respectively.

D. Intangible Assets

Costs incurred to obtain product technology rights, including patents, have been capitalized and are being amortized over their estimated useful lives of five to seventeen years using the straight-line method. The

Company currently provides for the amortization of intangible assets, including goodwill, over lives ranging from 17-40 years. Intangible assets consisted of the following:

	March 31	
	2000	1999
Assets (amortization period)		
Goodwill, net of accumulated amortization of $29,866 and $24,420, respectively (35-40 years)	$193,066	$196,831
Patents, trademarks, and other intangible assets, net of accumulated amortization of $48,434 and $48,079, respectively (17 years)	11,273	11,420
Total	$204,339	$208,251

E. Financial Instruments

Long-term indebtedness was as follows:

	March 31	
	2000	1999
Credit Facility	$263,000	$215,000
Other debt	7,516	8,700
Total	270,516	223,700
Less current portion	1,816	2,200
Long-term portion	$268,700	$221,500

As of March 31, 2000, STERIS maintained an unsecured credit facility of $250,000 maturing on January 26, 2002. The Company also maintained a $150,000 unsecured 364 day facility maturing on January 25, 2001. The $400,000 could be used for general corporate purposes and bore interest at either LIBOR plus .325 to .700 percent, which amounted to 6.7 and 5.4 percent at March 31, 2000 and 1999, respectively, or KeyBank National Association's prime rate.

On June 19, 2000, STERIS entered into a $325,000 Revolving Credit Facility (the "Revolving Credit Facility"), which replaced the prior credit facility. The Revolving Credit Facility matures June 29, 2003 and provides financial covenants and borrowing alternatives which are more appropriate for the Company's strategic objectives. The Revolving Credit Facility may be used to refinance existing indebtedness, as well as for general corporate purposes. The Revolving Credit Facility will bear interest at LIBOR plus 1.25 to 2.25 percent or KeyBank National Association's prime rate. The Revolving Credit Facility contains customary covenants which include maintenance of certain financial ratios such as a fixed charge covenant and consolidated leverage ratios. The Revolving Credit Facility also places restrictions on the Company's ability to pay dividends. As of March 31, 2000, no dividend distributions could be made under these provisions.

Other debt consisted mainly of industrial development revenue bonds which bear interest at a variable rate based on the bank/marketing agent's demand note index. These bond agreements contain various covenants relating to minimum capitalization, net worth, and working capital. At March 31, 2000, outstanding obligations under the industrial development revenue bonds were $6,400, with a weighted average interest rate of 3.2 percent.

Amounts payable for borrowings in fiscal 2001, 2002, 2003, 2004, and 2005 and thereafter are $1,816, $700, $700, $263,700, and $2,900, respectively.

As of March 31, 2000 and 1999, the Company was contingently liable in the amount of $20,770 and $21,066, respectively, under standby letters of credit and guarantees. Approximately $12,300 of the totals at March 31, 2000 and 1999 relate to letters of credit required as security under the Company's self-insured risk retention policies. The remaining balance in each year relates to performance bonds on long-term contracts.

The recorded value of the Company's financial instruments, which includes cash, cash equivalents and the revolving credit facility, approximates fair value. Financial instruments which potentially subject the Company to concentration of credit risk, consists principally of cash investments. The Company invests its excess cash in high-quality securities placed with major banks and financial institutions. The Company has established guidelines relative to diversification and maturities to maintain safety and liquidity.

F. Accrued Expenses and Other

Accrued expenses and other consisted of the following:

	March 31	
	2000	1999
Associate compensation	$ 33,903	$ 15,374
Self insured retention	6,504	8,000
Taxes	27,481	42,879
Warranty	4,460	5,490
Other	30,364	35,763
Total	$102,712	$107,506

G. Income Taxes

The Company records the effect of income taxes using the liability method. Income (loss) from continuing operations before income taxes was as follows:

	Years Ended March 31		
	2000	1999	1998
United States operations	$13,916	$112,889	$110,755
Non-United States operations	2,996	14,307	(3,400)
	$16,912	$127,196	$107,355

The components of the provision for income taxes consisted of the following:

	Years Ended March 31		
	2000	1999	1998
Current provision:			
United States federal	$(2,020)	$23,899	$27,211
United States state and local	2,493	3,218	4,465
Non-United States	1,898	3,176	2,742
Total current provision	2,371	30,293	34,418
Deferred expense	4,056	12,049	7,441
Total provision for income taxes	$ 6,427	$42,342	$41,859

The total provision for income taxes can be reconciled to the tax computed at the United States federal statutory rate as follows:

	Years Ended March 31		
	2000	1999	1998
Tax computed at the United States federal statutory tax rate	$5,919	$44,518	$37,574
Reduction of income tax accruals	(2,081)	(6,000)	
State and local taxes, net of federal income tax benefit	1,024	2,092	2,902
Amortization of excess cost over net assets acquired	1,041	629	530
Difference in non-United States tax rates	526	1,046	532
All other, net	(2)	57	321
Total provision for income taxes	$6,427	$42,342	$41,859

The significant components of the deferred tax assets and liabilities recorded in the accompanying balance sheets at March 31, 2000 and 1999, were as follows:

	March 31	
	2000	1999
Deferred Tax Assets		
Post-retirement benefit accrual	$ 16,869	$ 16,768
Net operating loss carryforwards	940	1,929
Inventory	1,566	1,559
Accrued expenses and other	23,035	21,247
Gross deferred tax assets	42,410	41,503
Valuation allowance	(940)	(1,929)
Total deferred tax assets	$ 41,470	$ 39,574
Deferred Tax Liabilities		
Plant and equipment	$(21,905)	$(16,669)
Intangibles	(4,500)	(3,236)
Other	(22)	(569)
Total deferred tax (liabilities)	$(26,427)	$(20,474)

For tax return purposes, certain subsidiaries, both United States and non-United States, had operating loss carryforwards of $940 which expire at various dates from 2001 through 2011. The valuation allowance applies to net operating loss carryforwards that may expire before the Company can utilize them. The net change in deferred tax assets related to carryforwards and the valuation allowance for the year ended March 31, 2000 was a decrease of $989, primarily due to the decrease in foreign operating loss carryforwards.

At March 31, 2000, undistributed earnings of non-United States subsidiaries included in consolidated retained earnings amounted to $35,518. These earnings are indefinitely reinvested in non-United States operations. Accordingly, no provision has been made for withholding taxes related to such earnings, nor is it practicable to determine the amount of this liability.

H. Benefit Plans

The following table sets forth the funded status and amounts recognized in the accompanying consolidated balance sheets for the Company's defined benefit plans:

	Pension Benefits		Other Post-Retirement Benefits	
	2000	1999	2000	1999
Benefit obligation				
Balance at beginning of measurement period	$42,622	$41,638	$ 53,585	$ 47,704
Service cost	968	1,081	487	399
Interest cost	2,708	2,768	3,476	3,187
Actuarial (gains) loss	(1,438)	202	3,869	5,689
Benefits paid	(2,384)	(2,616)	(3,971)	(3,394)
Plan curtailments (gain)	0	(451)	0	0
Settlements	(780)	0	0	0
Balance at end of measurement period	41,696	42,622	57,446	53,585
Fair value of plan assets				
Balance at beginning of measurement period	45,286	43,966	0	0
Actual return on plan assets	4,512	4,044	0	0
Employer contribution	0	103	3,971	3,394
Benefits paid	(2,341)	(2,575)	(3,971)	(3,394)
Settlement	(780)	0	0	0
Balance at end of measurement period	46,677	45,538	0	0
Funded status	4,981	2,916	(57,446)	(53,585)
Unamortized transition amount	(1,067)	(1,180)	0	0
Unamortized prior service cost	2,761	3,052	(556)	(752)
Unamortized (gain) loss	(8,036)	(6,814)	9,100	5,725
(Accrued) benefit cost	$(1,361)	$(2,026)	$(48,902)	$(48,612)

Net periodic cost of the Company's defined benefit plans includes the following components:

	Pension Benefits			Other Post-Retirement Benefits		
	2000	1999	1998	2000	1999	1998
Service cost	$ 968	$ 1,081	$ 989	$ 487	$ 399	$ 399
Interest cost	2,708	2,768	2,701	3,476	3,187	3,529
Expected return on plan assets	(3,478)	(3,423)	(2,963)	0	0	0
Effect of settlement	(131)	0	0	0	0	0
Net amortization and deferral	(731)	(576)	351	297	(233)	0
Net periodic (benefit) cost	$ (664)	$ (150)	$ 1,078	$4,260	$3,353	$3,928

A weighted average discount rate of 7.0%, 6.75%, and 7.0% was used in determining the actuarial present value of the projected benefit obligations at March 31, 2000, 1999, and 1998, respectively. The expected long-term rates of return on assets at the respective measurement dates were 8.0% at March 31, 2000, 1999, and 1998. Unrecognized gains and losses and the initial net pension asset are amortized over a fifteen-year period.

Future benefit costs for other post-retirement benefit plans were estimated assuming medical costs would increase at approximately a 9.0% annual rate (6.5% in fiscal 1999 and 1998), decreasing to approximately a 5%

annual growth rate ratably over an eight-year period and then remaining at that rate. A 1% change in the annual trend rate would have changed the accumulated postretirement benefit obligation at March 31, 2000, by $5,400 and changed the fiscal 2000 postretirement benefit expense by $428.

The Company's contributions to defined contribution plans were $3,818, $3,231, and $2,936 for fiscal 2000, 1999, and 1998, respectively.

I. Non-recurring Transactions

Fiscal 2000 Charge

The Company completed a review of certain manufacturing and support functions during the fourth quarter of fiscal 2000. The review of manufacturing operations included an outside consultant's study and evaluation of manufacturing practices at several manufacturing plants. As a result of the review and study performed and the related plan to initiate improvements in these and other functions, a special charge of $39,722 ($24,628 net of tax, or $0.36 per share) was recorded in the fourth quarter. This charge primarily related to plans for manufacturing consolidations, productivity improvements in both manufacturing and support functions, restructuring of the remanufactured equipment business, and associated workforce reductions. The implementation of these actions will result in a reduction of approximately 200 Associates (employees) in the manufacturing and support functions beginning in early fiscal 2001. Of the $39,722 charge, $24,808 was charged to cost of sales and $14,914 was charged to selling, informational, and administrative expenses in the consolidated statement of income.

The charge to cost of sales includes $19,349 for inventory write-downs and disposals relating to the restructuring of the Company's remanufactured equipment business as well as improvements to production flows and facility restructurings to align with revised strategic plans. The charge to cost of sales also includes $5,459 for closing the Company's sterility assurance production operations in North Carolina, which will be consolidated into a dedicated facility in Mentor, Ohio. Costs to close the facility include write-downs in inventory, lease termination costs, severance, property abandonment and other miscellaneous costs. The Company expects to complete the consolidation by July 31, 2000.

The charge to selling, informational and administrative expenses includes $10,373 related to plans for implementing specific improvements to manufacturing and administrative support functions, primarily related to severance costs. The remaining $4,540 of charges relates to accounts receivable management initiatives including implementation of a new program to enhance the collection of receivables and the write-off of certain aged smaller balance accounts.

Fiscal 1998 Sale of Assets

During the second quarter of fiscal 1998, STERIS completed the sale of the assets of its Management Services Division to General Electric Medical Systems, a business of General Electric Company. The transaction did not result in a material income statement effect. The transaction included tangible and intangible assets relating to the business, and costs included impairment of redundant assets and transaction related costs.

J. Contingencies

There are various pending lawsuits and claims arising out of the conduct of STERIS's business. In the opinion of management, the ultimate outcome of these lawsuits and claims will not have a material adverse effect on STERIS's consolidated financial position or results of operations. STERIS presently maintains product liability insurance coverage in amounts and with deductibles that it believes are prudent.

In December 1999, STERIS received a warning letter from the FDA in connection with the FDA's inspection of STERIS's manufacturing facility in Mentor, Ohio. Since the inspection and receipt of the warning letter, STERIS has been working diligently to resolve the FDA's concerns. STERIS submitted a timely formal response to the warning letter and has continued to communicate with the FDA both in writing and orally with respect to this matter. The Company will continue to cooperate with the FDA to reach a final resolution of all concerns. Although no assurance can be given regarding further actions by the FDA or the timing of any such final resolution, management believes this matter will not have a material adverse effect on STERIS's financial condition, results of operations, or cash flow.

K. Business Segment Information

The Company operates in a single business segment. The following is information about the Company's operations by geographic area:

	Years Ended March 31		
	2000	1999	1998
Net revenues			
United States	$633,295	$649,990	$582,644
Non-United States	127,331	147,621	137,012
Consolidated net revenues	$760,626	$797,611	$719,656
Long-lived assets			
United States	$289,091	$245,447	$192,538
Non-United States	21,025	18,901	15,773
Consolidated long-lived assets	$310,116	$264,348	$208,311

Long-lived assets are those assets that are identified with the operations in each geographic area. Revenues are based on the location of these operations and their Customers. Revenues to a single Customer did not aggregate 2 percent or more of total revenues. Revenues by principal market are as follows:

	Years Ended March 31		
	2000	1999	1998
Health Care	$557,686	$597,146	$547,809
Scientific and Industrial	202,940	200,465	171,847
Total	$760,626	$797,611	$719,656

L. Common Shares

Basic earnings per share is based on average Common Shares outstanding. Diluted earnings per share includes the dilutive effect of stock options. Incremental Common Share equivalents are calculated for each measurement using the treasury stock method. The following is a summary of Common Shares and Common Share equivalents outstanding used in the calculations of earnings per share:

	Years Ended March 31 (in thousands)		
	2000	1999	1998
Weighted average Common Shares outstanding -- basic	67,489	68,200	67,898
Dilutive effect of stock options	1,078	2,392	2,326
Weighted average Common Shares and equivalents --			

diluted	68,567	70,592	70,224

The Company has granted nonqualified stock options to certain Associates to purchase the Company's Common Shares at the market price on the date of grant. Stock options granted become exercisable to the extent of one-fourth of the optioned shares for each full year of employment following the date of grant and expire 10 years after the date of grant, or earlier if an option holder ceases to be employed by the Company. The Company accounts for stock based compensation under the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" and accordingly recognizes no compensation expense when the exercise price equals the market price of the stock on the date of grant.

Following is a summary of option share information.

	Beginning of year	Granted	Exercised	Canceled	End of year
Fiscal 2000					
Option Shares	6,573,104	1,494,920	(1,010,273)	(443,403)	6,614,348
Average Price	$13.07	$11.49	$4.21	$25.15	$13.25
Fair Value		$6.17			
Fiscal 1999					
Option Shares	6,228,596	1,162,604	(630,937)	(187,159)	6,573,104
Average Price	$9.52	$30.40	$8.70	$16.96	$13.07
Fair Value		$14.24			
Fiscal 1998					
Option Shares	5,922,772	1,196,404	(652,242)	(238,338)	6,228,596
Average Price	$8.31	$19.06	$10.10	$25.47	$9.52
Fair Value		$9.14			

An executive officer of the Company has an outstanding balance on a loan originally made during fiscal year 1997 in connection with the exercise of 373,000 options by the executive officer. As of March 31, 2000 and 1999, the outstanding balance was $2,644 and $2,501, respectively. The loan is evidenced by a full recourse promissory note which bears interest at the rate of 5.7% per annum, and is repayable in a lump sum on or before February 28, 2002. The executive officer subsequently entered into an employment agreement with the Company which provides, among other things, that if the executive officer observes all obligations thereunder through February 28, 2002, the loan and all accrued interest thereon will be forgiven by the Company. In addition, the employment agreement provides the executive officer with the right to put up to 600,000 of the Company's common shares to the Company at any time between July 21, 2001 and February 28, 2002 at a purchase price of $15.00 per share in cash. Compensation expense of $2,850 was recognized based on market value as of March 31, 2000.

Shares available for future grants were 3,762,146 at March 31, 2000. At March 31, 2000, the range and weighted average per share exercise prices of options outstanding and exercisable, and the weighted average remaining contractual life (years), was as follows:

	Outstanding			Exercisable	
Range of Exercise Prices	Option Shares	Weighted Average Exercise Price	Contract Life (Years)	Option Shares	Weighted Average Exercise Price
$ 0.48 - $ 5.49	1,668,015	$ 2.80	2.4	1,668,015	$ 2.80
$ 5.50 - $10.99	1,640,638	9.46	8.5	408,634	8.78
$11.00 - $17.99	1,359,578	13.56	6.5	997,078	13.57
$18.00 - $30.66	1,946,117	25.18	7.6	905,116	23.61
	6,614,348	$13.25	6.3	3,978,843	$10.85

At March 31, 1999, options with an average exercise price of $7.46 were exercisable on 4,107,099 shares; at March 31, 1998, options with an average exercise price of $5.90 were exercisable on 3,761,000 shares.

Had the compensation cost for the stock options granted in fiscal 2000, 1999, and 1998 been determined based on the value at the grant date consistent with the Financial Accounting Standards Board's fair value method, the Company's net earnings and earnings per share would have been reduced by $4,629 ($.07 per share) in fiscal 2000, $5,104 ($.07 per share) in fiscal 1999, and $3,197 ($.05 per share) in fiscal 1998. Fair value was estimated at the date of grant using the Black-Scholes option pricing model and the following weighted-average assumptions for fiscal 2000, 1999, and 1998: risk-free interest rate of 6.1%; dividend yield of 0%; expected volatility of 45%; and an expected option life of 5 years.

On January 30, 1997, the Company announced that its Board of Directors had authorized the periodic repurchase of up to six million STERIS Common Shares in the open market. As of March 31, 2000, the Company had repurchased 3,740,100 STERIS Common Shares.

Under a Shareholder Rights Agreement, one Common Share purchase Right is attached to each outstanding Common Share. Each Right is exercisable only if a person or group acquires 15% or more of the outstanding Common Shares. If the Rights become exercisable, each Right will entitle the holder (other than the acquiring person or group) to acquire one Common Share for an exercise price of $.50 per share. The Rights will expire on November 7, 2006, unless redeemed earlier at one half cent per Right.

M. Quarterly Data (Unaudited)

	Quarters Ended			
	March 31	December 31	September 30	June 30
Fiscal 2000				
Net revenues	$190,092	$195,119	$198,602	$176,813
Gross profit	55,731	87,081	90,601	82,012
Percentage of revenues	29%	45%	46%	46%
Net income (loss)	$(24,193)	$ 10,935	$ 14,408	$ 9,335
Net income (loss) per share -- basic	$ (0.36)	$ 0.16	$ 0.21	$ 0.14
Net income (loss) per share -- diluted	$ (0.36)	$ 0.16	$ 0.21	$ 0.14
Fiscal 1999				
Net revenues	$226,917	$205,794	$191,125	$173,775
Gross profit	101,239	96,534	89,504	81,314
Percentage of revenues	45%	47%	47%	47%
Net income	$ 28,763	$ 22,975	$ 18,771	$ 14,345
Net income per share -- basic	$ 0.42	$ 0.34	$ 0.27	$ 0.21
Net income per share -- diluted	$ 0.41	$ 0.33	$ 0.27	$ 0.20

Refer to Note I regarding a fourth-quarter fiscal 2000 charge.

Refer to Note G regarding a reduction of income tax accruals.

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS

(in thousands)

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
		Additions			
Description	Beginning of Period	Charges to Costs and Expenses	Charges to Other Accounts	Deductions (1)	Balance at End of Period
Year ended March 31, 2000					
Deducted from asset accounts:					
Allowance for doubtful accounts	$6,000	$3,034	$ 0	$2,987	$6,047
Year ended March 31, 1999					
Deducted from asset accounts:					
Allowance for doubtful accounts	$6,780	$ 379	$500	$1,659	$6,000
Year ended March 31, 1998					
Deducted from asset accounts:					
Allowance for doubtful accounts	$3,810	$3,561	$ 0	$ 591	$6,780

(1) Uncollectible accounts written off, net of recoveries.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The Company incorporates herein by reference the information appearing under the captions "Board of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" of the Company's definitive Proxy Statement to be filed with the Securities and Exchange Commission on or about June 22, 2000.

Executive officers of the Company serve for a term of one year from the date of election to the next organizational meeting of the Board of Directors and until their respective successors are elected and qualified, except in the case of death, resignation, or removal. Information concerning executive officers of the Company is contained in Part I of this report under the caption "Executive Officers of the Registrant."

ITEM 11. EXECUTIVE COMPENSATION

The Company incorporates herein by reference the information appearing under the caption "Compensation of Executive Officers" of the Company's definitive Proxy Statement to be filed with the Securities and Exchange Commission on or about June 22, 2000.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The Company incorporates herein by reference the information appearing under the caption "Ownership of Voting Securities" of the Company's definitive Proxy Statement to be filed with the Securities and Exchange Commission on or about June 22, 2000.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company incorporates herein by reference the information appearing under the caption "Compensation of Executive Officers" of the Company's definitive Proxy Statement to be filed with the Securities and Exchange Commission on or about June 22, 2000.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULE, AND REPORTS ON FORM 8-K

LIST OF CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

(a) (1) The following consolidated financial statements of STERIS Corporation and subsidiaries are included in Item 8:

Consolidated Balance Sheets -- March 31, 2000 and 1999.

Consolidated Statements of Income -- Years ended March 31, 2000, 1999, and 1998.

Consolidated Statements of Cash Flows -- Years ended March 31, 2000, 1999, and 1998.

Consolidated Statements of Shareholders' Equity -- Years ended March 31, 2000, 1999, and 1998.

Notes to Consolidated Financial Statements -- Years Ended March 31, 2000 and 1999.

(a) (2) The following consolidated financial statement schedule of STERIS Corporation and subsidiaries is included in Item 8:

Schedule II -- Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore, have been omitted.

(a) (3) Exhibits

Exhibit Number	Exhibit Description
3.1	1992 Amended Articles of Incorporation of STERIS Corporation, as amended on May 14, 1996, November 6, 1996, and August 6, 1998.
3.2	1992 Amended Regulations of STERIS Corporation (filed as Exhibit 3.2 to Form 10-K filed for the fiscal year ended March 31, 1998, and incorporated herein by reference).
4.1	Specimen Form of Common Stock Certificate.
4.2	Amended and Restated Rights Agreement, dated as of January 21, 1999, between STERIS Corporation and National City Bank, as successor Rights Agent (filed as Exhibit 4.2 to the Registration Statement on Form 8-A filed April 16, 1999, and incorporated herein by reference).
10.1	Amended Non-Qualified Stock Option Plan (filed as Exhibit 10.4 to Amendment No. 1 to the Registration Statement on Form S-1 filed April 23, 1992, and incorporated herein by reference).*
10.2	STERIS Corporation 1994 Equity Compensation Plan (filed as Exhibit 99 to the Registration Statement on Form S-8 filed April 21, 1995, and incorporated herein by reference).*
10.3	STERIS Corporation 1994 Nonemployee Directors Equity Compensation Plan (filed as Exhibit 10.3 to Form 10-K filed for the fiscal year ended March 31, 1997, and incorporated herein by reference).*
10.4	Amsco International, Inc. Stock Option Plan (incorporated by reference to Exhibit 4.1 to the Registration Statement of Amsco International, Inc. on Form S-8, Registration No. 33-79566, filed on June 2, 1994).*
10.5	Form of grant of Incentive Stock Option under Amsco International, Inc. Stock Option Plan (filed as Exhibit 10.6 to Form 10-K filed for the fiscal year ended March 31, 1997, and incorporated herein by reference).*

Exhibit Number	Exhibit Description
10.6	Form of grant of Non-Qualified Stock Option under the Amsco International, Inc. Stock Option Plan (filed as Exhibit 10.7 to Form 10-K filed for the fiscal year ended March 31, 1997, and incorporated herein by reference).*
10.7	STERIS Corporation 1997 Stock Option Plan (filed as Exhibit 10.14 to Form 10-K filed for the fiscal year ended March 31, 1998, and incorporated herein by reference).*
10.8	STERIS Corporation 1998 Long-Term Incentive Stock Plan (filed as Exhibit 10.8 to Form 10-K for the fiscal year ended March 31, 1999, and incorporated herein by reference).*
10.9	Credit Agreement, dated January 26, 1999, among STERIS Corporation, various financial institutions and KeyBank National Association, as Agent (filed as Exhibit 10.1 to Form 10-Q filed for the quarter ended December 31, 1998, and incorporated herein by reference).
10.10	First Amendment Agreement, dated January 25, 2000, among STERIS Corporation, various financial institutions and KeyBank National Association, as Agent (filed as Exhibit 10.1 to Form 10-Q filed for the quarter ended December 31, 1999, and incorporated herein by reference).
10.11	Assignment and Acceptance Agreement, dated January 24, 2000, between The Bank of New York, as Assignor, and KeyBank National Association, as Assignee (filed as Exhibit 10.2 to Form 10-Q filed for the quarter ended December 31, 1999, and incorporated herein by reference).
10.12	Tranche B Note, dated January 24, 2000, between STERIS Corporation and KeyBank National Association (filed as Exhibit 10.3 to Form 10-Q filed for the quarter ended December 31, 1999, and incorporated herein by reference).
10.13	Management Incentive Compensation Plan FY 2000.*
10.14	Management Incentive Compensation Plan (first effective in fiscal year 2001).*
10.15	Senior Executive Management Incentive Compensation Plan (filed as Exhibit 10.11 to Form 10-K for the fiscal year ended March 31, 1999, and incorporated herein by reference).*
10.16	Promissory Note (filed as Exhibit 10.12 to Form 10-K filed for the fiscal year ended March 31, 1998, and incorporated herein by reference).
10.17	Change of Control Agreement between STERIS Corporation and Mr. Sanford (filed as Exhibit 10.1 to Form 10-Q filed for the quarter ended June 30, 1999, and incorporated herein by reference).*
10.18	Change of Control Agreement between STERIS Corporation and Mr. Vinney.*
10.19	Form of Change of Control Agreement between STERIS Corporation and the executive officers of STERIS Corporation other than Messrs. Sanford and Vinney (filed as Exhibit 10.2 to Form 10-Q filed for the quarter ended June 30, 1999, and incorporated herein by reference).*
10.20	Employment Agreement between STERIS Corporation and Mr. Sanford.*
10.21	Employment Agreement between STERIS Corporation and Mr. Vinney.*
10.22	Letter Agreement between STERIS Corporation and Mr. Keresman.*
10.23	Letter Agreement between STERIS Corporation and Mr. Magulski.*
10.24	Credit Agreement, dated June 19, 2000, among STERIS Corporation, various financial institutions and KeyBank National Association, as Agent.
21.1	Subsidiaries of STERIS Corporation.
23.1	Consent of Independent Auditors.
24.1	Power of Attorney.
27.1	Financial Data Schedules.

- --------
* A management contract or compensatory plan or arrangement required to be filed as an exhibit hereto.

STERIS or its subsidiaries are parties to several indentures relating to long-term debt instruments, which, individually or in the aggregate, do not exceed 10% of the total assets of STERIS and its subsidiaries on a consolidated basis. STERIS will furnish a copy of any such indenture to the Securities and Exchange Commission upon request.

(b) Reports on Form 8-K

No Current Reports on Form 8-K were filed by STERIS during the fourth quarter of fiscal 2000.

(c) Exhibits

The response to this portion of item 14 is submitted as a separate section of this report.

(d) Financial Statement schedules

The response to this portion of item 14 is submitted as a separate section of this report.

SIGNATURES

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the date indicated.

STERIS Corporation
(Registrant)

/s/ Laurie Brlas

Laurie Brlas
Senior Vice President and
Chief Financial Officer
June 22, 2000

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

BILL R. SANFORD, Chairman of the Board of Directors and Chief Executive Officer; LES C. VINNEY, President, Chief Operating Officer, and Director; LAURIE BRLAS, Senior Vice President and Chief Financial Officer; RAYMOND A. LANCASTER, Director; J.B. RICHEY, Director; JERRY E. ROBERTSON, Director; FRANK E. SAMUEL, JR., Director; and LOYAL W. WILSON, Director.

STERIS Corporation
(Registrant)

/s/ David C. Dvorak

David C. Dvorak
Attorney-in-Fact
June 22, 2000

EXHIBIT 3.1 1992 Amended Articles of Incorporation of Steris Corporation (as further amended on May 14, 1996, November 6, 1996, and August 6, 1998)

FIRST. The name of the Corporation is Steris Corporation.

SECOND. The place in the State of Ohio where the principal office of the Corporation is located in the City of Mentor, in Lake County.

THIRD. The purpose or purposes for which the Corporation is formed are to engage in any lawful act or activity for which corporations may be formed under Chapter 1701 of the Ohio Revised Code.

FOURTH. The authorized number of shares of the Corporation is 303 million, of which 300 million shall be Common Shares, without par value (the "Common Shares"), and 3 million shall be Serial Preferred Shares, without par value (the "Serial Preferred Shares").

EXPRESS TERMS OF THE SERIAL PREFERRED SHARES

SECTION 1. Series.

The Serial Preferred Shares may be issued from time to time in series. All Serial Preferred Shares shall be of equal rank and the express terms thereof shall be identical, except in respect of the terms that may be fixed by the Board of Directors as hereinafter provided, and each share of each series shall be identical with all other shares of such series, except that in the case of series on which dividends are cumulative the dates from which dividends are cumulative may vary to reflect differences in the dates of issue. Subject to the provisions of Sections 2 through 7, inclusive, of these Express Terms of Serial Preferred Shares, which shall apply to all Serial Preferred Shares, the Board of Directors is hereby authorized to cause Serial Preferred Shares to be issued in one or more series and with respect to each such series to fix:

(a) The designation of the series, which may be by distinguishing number, letter or title.

(b) The authorized number of shares of the series, which number the Board of Directors may, except to the extent otherwise provided in the creation of the series, from time to time, increase or decrease, but not below the number of shares thereof then outstanding.

(c) The dividend rate or rates (which may be fixed or adjustable) of the shares of the series.

(d) The dates on which dividends, if declared, shall be payable, and in the case of series on which dividends are cumulative, the dates from which dividends shall be cumulative.

(e) The redemption rights and price or prices, if any, for shares of the series.

(f) The amount, terms, conditions and manner of operation of any retirement or sinking fund to be provided for the purchase or redemption of shares of the series.

(g) The amounts payable on shares of the series in the event of any liquidation, dissolution or winding up of the affairs of the Corporation.

(h) Whether the shares of the series shall be convertible into Common Shares or shares of any other series or class, and, if so, the specification of such other class or series, the conversion price or prices or rate or rates, any adjustment thereof, and all other terms and conditions upon which such conversion may be made.

(i) The restrictions, if any, upon the issue of any additional shares of the same series or of any other class or series.

The Board of Directors is authorized to adopt from time to time amendments to these articles of incorporation fixing, with respect to each series, the matters described in Clauses (a) through (i), inclusive, of this Section 1.

SECTION 2. Dividends.

(a) The holders of Serial Preferred Shares of each series, in preference to the holders of Common Shares and of any other class of shares ranking junior to the Serial Preferred Shares, shall be entitled to receive out of any funds legally available and when and as declared by the Board of Directors dividends in cash at the rate for such series fixed in accordance with the provisions of Section 1 of these Express Terms of Serial Preferred Shares and no more, payable on the dividend payment dates fixed for such series. Such dividends shall be cumulative, in the case of shares of a series on which dividends are cumulative, from and after the date or dates fixed with respect to such series. No dividend shall be paid upon or declared and set apart for any series of the Serial Preferred Shares for any current dividend period unless:

(i) as to each series of Serial Preferred Shares entitled to cumulative dividends, and any other class of shares entitled to cumulative dividends, or series thereof, dividends for all past dividend periods shall have been paid or shall have been declared and a sum sufficient for the payment thereof set apart; and

(ii) as to all series of Serial Preferred Shares, and any other class of shares, or series thereof, ranking on a parity with the Serial Preferred Shares, dividends for the current dividend period shall have been paid or be or have been declared and a sum sufficient for the payment thereof set apart ratably in accordance with the amounts which would be payable as dividends on those shares for the current dividend period if all dividends for the current period were declared and paid in full.

No dividend in respect of past dividend periods shall be paid upon or declared and set apart for payment for any series of the Serial Preferred Shares entitled to cumulative dividends unless there shall be or have been declared and set apart for payment on all outstanding series of Serial Preferred Shares entitled to cumulative dividends, and any other class of shares entitled to cumulative dividends, or series thereof, ranking on a parity with the Serial Preferred Shares, dividends for past dividend periods ratably in accordance with the amounts which would be payable on those shares entitled to cumulative dividends if all dividends due for all past dividend periods were declared and paid in full.

(b) So long as any Serial Preferred Shares shall be outstanding, no dividend, except a dividend payable in Common Shares or other shares ranking junior to the Serial Preferred Shares, shall be paid or declared or any distribution be made, except as aforesaid, on the Common Shares or any other shares ranking junior to the Serial Preferred Shares, nor shall any Common Shares or any other shares ranking junior to the Serial Preferred Shares, be purchased, retired or otherwise acquired by the Corporation or any sinking fund payment with respect to any other shares of the Corporation be made (except out of the proceeds of the sale of Common Shares or any other shares ranking junior to the Serial Preferred Shares received by the Corporation on or subsequent to the date on which Serial Preferred Shares are first issued) unless, in each case:

(i) all dividends as to all series of Serial Preferred Shares entitled to cumulative dividends for past dividend periods shall have been declared and paid or a sum sufficient for payment thereof set apart;

(ii) all dividends as to all series of Serial Preferred Shares for the current dividend period shall have been declared and paid or a sum sufficient for payment thereof set apart; and

(iii) there shall be no default with respect to the redemption of Serial Preferred Shares of any series from, and no default with respect to any required payment into, any sinking fund provided for shares of such series in accordance with the provisions of Section 1 of these Express Terms of Serial Preferred Shares.

SECTION 3. Redemption.

(a) Subject to the express terms of each series of Serial Preferred Shares, the Corporation may from time to time redeem all or any part of the Serial Preferred Shares of any series at the time outstanding which is redeemable (i) at the option of the Board of Directors at the applicable redemption price for such series fixed in accordance with the provisions of Section 1 of these Express Terms of Serial Preferred Shares, or (ii) in fulfillment of the requirements of any sinking fund provided for shares of such series at the applicable sinking fund redemption price fixed in accordance with the provisions of Section 1 of these Express Terms of Serial Preferred Shares, together in each case with (1) all then unpaid dividends upon such shares payable on all dividend payment dates for such series occurring on or prior to the redemption date, plus (2) if the redemption date is not a dividend payment date for such series, a proportionate dividend, based upon the number of elapsed days, for the period from the day following the most recent such dividend payment date through the redemption date.

(b) Notice of every such redemption shall be mailed, postage prepaid, to the holders of record of the Serial Preferred Shares to be redeemed at their respective addresses then appearing on the books of the Corporation, not less than 30 days nor more than 60 days prior to the date fixed for such redemption. At any time after notice has been given as above provided and before the date of redemption specified in such notice, the Corporation may deposit the aggregate redemption price of the Serial Preferred Shares to be redeemed, together with an amount equal to the aggregate amount of the dividends payable upon such redemption, with any bank or trust company in Cleveland, Ohio or New York, New York having capital, surplus and undivided profits aggregating at least of more than $50,000,000, named in such notice, and direct that such deposited amount be paid to the respective holders of the Serial Preferred Shares so to be redeemed upon surrender of the stock certificate or certificates held by such holders. After the mailing of such notice and the making of such deposit of money such holders shall cease to be shareholders with respect to such shares and shall have no interest in or claim against the Corporation with respect to such shares, except only the right to receive such money from such bank or trust company without interest or to exercise, before the redemption date, any unexpired privileges of conversion.

(c) In the event less than all of the outstanding shares of any series of Serial Preferred Shares are to be redeemed, the Corporation shall select pro rata or by lot the shares so to be redeemed in such manner as shall be prescribed by the Board of Directors.

(d) If the holders of Serial Preferred Shares which shall have been called for redemption shall not, within six years after such deposit, claim the amount deposited for the redemption thereof, any such bank or trust company shall, upon demand, pay over to the Corporation such unclaimed amounts and thereupon such bank and the Corporation shall be relieved of all responsibility in respect thereof and to such holders.

(e) Any Serial Preferred Shares (i) redeemed by the Corporation pursuant to the provisions of this Section 3, (ii) purchased and delivered in satisfaction of any sinking fund requirements provided for shares of any series of Serial Preferred Shares, (iii) converted in accordance with the express terms of any such series, or (iv) otherwise acquired by the Corporation, shall resume the status of authorized and unissued Serial Preferred Shares without serial designation.

SECTION 4. Liquidation.

(a) The holders of Serial Preferred Shares of any series shall, in case of liquidation, dissolution or winding up of the affairs of the Corporation, be entitled to receive in full out of the assets of the Corporation, including its capital, before any amount shall be paid or distributed among the holders of Common Shares or any other shares ranking junior to the Serial Preferred Shares, the amounts fixed with respect to shares of such series in accordance with Section 1 of these Express Terms of Serial Preferred Shares, plus an amount equal to (i) all then unpaid dividends upon such shares payable on all dividend payment dates for such series occurring on or prior to the date of payment of the amount due pursuant to such liquidation, dissolution or winding up, plus (ii) if such date is not a dividend payment date for such series, a proportionate dividend, based on the number of elapsed days, for the period from the day following the most recent such dividend payment date through such date of payment of the amount due pursuant to such liquidation, dissolution or winding

up. In case the net assets of the Corporation legally available therefor are insufficient to permit the payment upon all outstanding Serial Preferred Shares of the full preferential amount to which they are respectively entitled, then such assets shall be distributed ratably upon outstanding Serial Preferred Shares and any other class of shares, or series thereof, on a parity with the Serial Preferred Shares in proportion to the full preferential amount to which each such share is entitled.

After payment to holders of Serial Preferred Shares of the full preferential amounts as aforesaid, holders of Serial Preferred Shares as such shall have no right or claim to any of the remaining assets of the Corporation.

(b) The merger or consolidation of the Corporation with or into any other corporation, or the merger of any other corporation into it, or the sale, lease, or conveyance of all or substantially all the property or business of the Corporation shall not be deemed to be a dissolution, liquidation or winding up for the purposes of this Section 4.

SECTION 5. Voting Rights.

(a) The holders of Serial Preferred Shares shall be entitled to one vote for each Serial Preferred Share held by them, respectively, on each matter properly submitted to shareholders for their vote, consent, waiver, release or other action; and, except as otherwise provided in this Section 5 or required by law, the holders of Serial Preferred Shares and holders of Common Shares shall vote together as one class on all matters.

(b) The affirmative vote or consent of the holders of at least a majority of the then outstanding Serial Preferred Shares, given in person or by proxy, either in writing or at a meeting called for the purpose at which the holders of Serial Preferred Shares shall vote separately as a class, shall be necessary to effect any one or more of the following (but so far as the holders of Serial Preferred Shares are concerned, such action may be effected with such vote or consent):

(i) Any amendment, alteration or repeal of any of the provisions of these articles of incorporation or the regulations of the Corporation which would be substantially prejudicial to the voting powers, rights or preferences of the holders of Serial Preferred Shares; provided, however, that for the purpose of this clause (i) only, neither the amendment of these articles of incorporation to authorize or to increase the authorized or outstanding number of shares of any class ranking junior to the Serial Preferred Shares, nor the amendment of the regulations so as to change the number of directors of the Corporation shall be deemed to be substantially prejudicial to the voting powers, rights or preferences of the holders of Serial Preferred Shares; and provided further that if such amendment, alteration or repeal would be substantially prejudicial to the rights or preferences of one or more but not all then outstanding series of Serial Preferred Shares, only the affirmative vote or consent of the holders of at least a majority of the then outstanding shares of the series so affected shall be required;

(ii) The authorization of, or the increase in the authorized number of, any shares of any class ranking prior to or on a parity with the Serial Preferred Shares;

(iii) The purchase or redemption for sinking fund purposes or otherwise of less than all of the then outstanding Serial Preferred Shares except in accordance with a purchase offer made to all holders of record of Serial Preferred Shares, unless all dividends on all Serial Preferred Shares then outstanding for all previous dividend periods shall have been declared and paid or funds therefor set apart and all accrued sinking fund obligations applicable thereto shall have been complied with; or

(iv) An increase in the authorized number of Serial Preferred Shares.

SECTION 6. Preemptive Rights.

No holder of Serial Preferred Shares shall be entitled as such as a matter of right to subscribe for or purchase any part of any issue of shares of the Corporation, of any class whatsoever, or any part of any issue of securities convertible into shares of the Corporation, of any class whatsoever, and whether issued for cash, property, services or otherwise.

SECTION 7. Definitions.

For the purposes of these Express Terms of Serial Preferred Shares:

(a) Whenever reference is made to shares "ranking prior to the Serial Preferred Shares," such reference shall mean and include all shares of the Corporation in respect of which the rights of the holders thereof either as to the payment of dividends or as to distribution in the event of a liquidation, dissolution or winding up of the Corporation are given preference over the rights of the holders of Serial Preferred Shares.

(b) Whenever reference is made to shares "on a parity with the Serial Preferred Shares," such reference shall mean and include all shares of the Corporation in respect of which the rights of the holders thereof as to the payment of dividends or as to distributions in the event of a liquidation, dissolution or winding up of the Corporation rank on an equality with the rights of the holders of Serial Preferred Shares.

(c) Whenever reference is made to shares "ranking junior to the Serial Preferred Shares," such reference shall mean and include all shares of the Corporation in respect of which the rights of the holders thereof as to the payment of dividends and as to distributions in the event of a liquidation, dissolution or winding up of the Corporation are junior or subordinate to the rights of the holders of Serial Preferred Shares.

SECTION 8. Series A Preferred Shares.

(a) Of the 3,000,000 Serial Preferred Shares without par value, 1,000,000 shall be Series A Preferred Shares. Series A Preferred Shares may be issued in fractions of a share that shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and have the benefit of all other rights of holders of Series A Preferred Shares. The express terms of Series A Preferred Shares, in addition to those set forth in Sections 1 through 7 of this Article Fourth, shall be as hereinafter set forth in this Section 8.

(b) The holders of Series A Preferred Shares shall be entitled to receive, out of any funds legally available and when and as declared by the Board of Directors, dividends and other distributions of the same kind as, but at a rate equal to one hundred (100) times the amount per share of, the dividends or other distributions received by the holders of Common Shares, subject to the provision for adjustment hereinafter set forth. The record date and payment date of the dividends and other distributions payable to the holders of the Series A Preferred Shares shall be the same as the record date and the payment date of the dividends and other distributions payable to the holders of the Common Shares. Dividends on the Series A Preferred Shares shall not accrue or be cumulative. In the event the Corporation at any time declares or pays any dividend on the Common Shares payable in Common Shares, or effects a subdivision or combination or consolidation of the outstanding Common Shares (by reclassification or otherwise than by payment of a dividend in Common Shares) into a greater or lesser number of Common Shares, then in each such case the amount of dividends payable to holders of the Series A Preferred Shares under this paragraph (b) shall be adjusted by multiplying the amount to which such holders were entitled immediately prior to such event by a fraction, the numerator of which is the number of Common Shares outstanding immediately after such event and the denominator of which is the number of Common Shares outstanding immediately prior to such event.

(c) The outstanding Series A Preferred Shares shall not be redeemable.

(d) The holders of Series A Preferred Shares shall, in case of liquidation, dissolution, or winding up of the affairs of the Corporation, be entitled to receive in full, out of the assets of the Corporation, including its capital, an amount equal to one hundred (100) times the amount to be distributed per share to holders of Common Shares, subject to the provision for adjustment hereinafter set forth. In the event the Corporation at any time declares or pays any dividend on the Common Shares payable in Common Shares, or effects a subdivision or combination or consolidation of the outstanding Common Shares (by reclassification or otherwise than by payment of a dividend in Common Shares) into a greater or lesser number of Common Shares, then in each such case the amount to be distributed to holders of the Series A Preferred Shares under this paragraph (d) shall be adjusted by multiplying amount to which such holders were entitled immediately prior to such event by a fraction, the numerator of which is the number of Common Shares outstanding immediately after such event and the denominator of which is the number of Common Shares outstanding immediately prior to such event. Except as set forth above, the holders of Series A Preferred Shares shall have the same rights and shall be treated in the same manner with respect to any liquidation, dissolution or winding up as holders of Common Shares.

(e) In the event that the Corporation enters into any consolidation, merger, combination or other stock transaction in which the Common Shares are exchanged for or changed into other stock (and other securities and assets, if any), then in any such case each Series A Preferred Share shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to one hundred (100) times the aggregate amount of stock (and other securities and assets, if any), as the case may be, into which or for which each Common Share is changed or exchanged. In the event the Corporation at any time declares or pays any dividend on the Common Shares payable in Common Shares, or effects a subdivision or combination or consolidation of the outstanding Common Shares (by reclassification or otherwise than by payment of a dividend in Common Shares) into a greater or lesser number of Common Shares, then in each such case the amount to be distributed to holders of the Series A Preferred Shares under this paragraph (e) shall be adjusted by multiplying amount to which such holders were entitled immediately prior to such event by a fraction, the numerator of which is the number of Common Shares outstanding immediately after such event and the denominator of which is the number of Common Shares outstanding immediately prior to such event.

FIFTH. The Corporation, by action of its directors, and without action of its shareholders, may purchase its own shares, of any class, in accordance with the provisions of Chapter 1701 of the Ohio Revised Code. Such purchases may be made either in the open market or at public or private sale, in such manner and amounts, from such holder or holders of outstanding shares of the Corporation, of any class, and at such prices as the directors shall from time to time determine.

SIXTH. A director or officer of the Corporation shall not be disqualified by his office from dealing or contracting with the Corporation as a vendor, purchaser, employee, agent, or otherwise, nor shall any contract or transaction be void or voidable with respect to the Corporation for the reason that it is between the Corporation and one or more of its directors or officers, or between the Corporation and any other person in which one or more of its directors or officers are directors, trustees, or officers, or have a financial or personal interest, or for the reason that one or more interested directors or officers participate in or vote at the meeting of the directors or a committee thereof that authorizes such contract or transaction, if in any such case (a) the material facts as to his or their relationship or interest and as to the contract or transaction are disclosed or are known to the directors or the committee and the directors or committee, in good faith reasonably justified by such facts, authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors constitute less than a quorum; or (b) the material facts as to his or their relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon and the contract or transaction is specifically approved at a meeting of the shareholders held for such purpose by the affirmative vote of the holders of shares entitling them to exercise a majority of the voting power of the Corporation held by persons not interested in the contract or transaction; or (c) the contract or transaction is fair as to the Corporation as of the time it is authorized or approved by the directors, a committee thereof, or the shareholders.

SEVENTH. Notwithstanding any provision in Chapter 1701 of the Ohio Revised Code requiring for any purpose the vote, consent, waiver, or release of the holders of a designated proportion (but less than all) of the voting shares or power of the Corporation, the vote, consent,

waiver, or release of the holders of a majority of the voting shares of the Corporation regardless of class shall be sufficient to constitute the required authorization or approval for any such purpose. In the event that any provision of these articles of incorporation, the regulations of the Corporation, or law requires for any purpose the vote, consent, waiver, or release of the holders of a designated proportion (but less than all) of the shares of the Corporation of any particular class or classes acting separately as a class, the vote, consent, waiver, or release of the holders of a majority of the shares of such class or of each such classes, as the case may be, shall be sufficient to constitute the required authorization or approval for any such purpose, notwithstanding any contrary provision of Chapter 1701 of the Ohio Revised Code.

EIGHTH. No holder of shares of the Corporation, of any class, as such, shall have any pre-emptive right to purchase or subscribe for shares of the Corporation, of any class, or other securities of the Corporation, of any class, whether now or hereafter authorized.

NINTH. These 1992 Amended Articles of Incorporation supersede the 1991 Amended Articles of Incorporation of the Corporation, as heretofore amended.

TENTH. Section 1701.831 of the Ohio Revised Code shall not apply to control share acquisitions of shares of the corporation. Notwithstanding anything to the contrary in these Articles of Incorporation, to amend or add to or repeal this Article TENTH shall require the affirmative vote at a meeting of holders of shares entitled to exercise 75% of the voting power on such proposal, unless such action is recommended by two-thirds of the members of the Board of Directors.

EXHIBIT 4.1 SPECIMEN FORM OF COMMON STOCK CERTIFICATE.

TEMPORARY CERTIFICATE - EXCHANGEABLE FOR DEFINITIVE WHEN AVAILABLE

STERIS

NUMBER ("logo") SHARES
T

INCORPORATED UNDER THE LAWS OF THE STATE OF OHIO
STERIS CORPORATION
This certificate is transferable in Cleveland, OH or New York, NY
CUSIP 859152 10 0

THIS CERTIFIES THAT

is the owner of

FULLY PAID AND NON-ASSESSABLE COMMON SHARES, WITHOUT PAR VALUE, OF
STERIS CORPORATION
transferable on the books of the Corporation by the holder hereof in person or by duly authorized attorney upon surrender of this certificate properly endorsed. This certificate is not valid until countersigned by the Transfer Agent of the Corporation and registered by the Registrar.

WITNESS the facsimile signatures of the duly authorized officers of the Corporation.

Dated

SECRETARY PRESIDENT

Countersigned and Registered:
NATIONAL CITY BANK
(Cleveland, OH)
Transfer Agent and Registrar,

BY

Authorized Signature

AMERICAN BANK NOTE COMPANY.

STERIS CORPORATION

As required by Ohio law, the Corporation will mail to the record holder of this certificate, without charge, within five (5) days after receipt of written request therefor addressed to the Secretary of the Corporation at its principal place of business, a copy of the express terms of the shares represented by this certificate and of all other classes and series of shares which the Corporation is authorized to issue.

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	UNIF GIFT MIN ACT -	Custodian	
TEN ENT - as tenants by the entireties		------	-------
JT TEN - as joint tenants with right		(Cust)	(Minor)
of survivorship and not as tenants in common	under Uniform Gifts to Minors Act		

		(State)	

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, HEREBY SELL, ASSIGN AND TRANSFER UNTO

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

- ---

- ---

- ---
(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

- ---

- --- ---
OF THE SHARES
- ---
REPRESENTED BY THE WITHIN CERTIFICATE AND DO HEREBY IRREVOCABLY CONSTITUTE AND APPOINT

ATTORNEY TO TRANSFER THE SAID SHARES ON THE BOOKS OF THE WITHIN-NAMED CORPORATION WITH FULL POWER OF SUBSTITUTION IN THE PREMISES.

DATED 19
--- ----

NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT, OR ANY CHANGE WHATEVER.

Signature(s) Guaranteed:

- ---
THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.

THIS CERTIFICATE ALSO EVIDENCES AND ENTITLES THE HOLDER HEREOF TO CERTAIN RIGHTS AS SET FORTH IN A RIGHTS AGREEMENT BETWEEN STERIS CORPORATION AND HARRIS TRUST AND SAVINGS BANK, AS SUCCESSOR RIGHTS AGENT, DATED AS OF OCTOBER 24, 1996 (THE "RIGHTS AGREEMENT"), AS SUCH RIGHTS AGREEMENT MAY BE AMENDED FROM TIME TO TIME THEREAFTER, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL EXECUTIVE OFFICES OF STERIS CORPORATION. UNDER CERTAIN CIRCUMSTANCES, AS SET FORTH IN THE RIGHTS AGREEMENT, SUCH RIGHTS WILL BE EVIDENCED BY SEPARATE CERTIFICATES AND WILL NO LONGER BE EVIDENCED BY THIS CERTIFICATE. STERIS CORPORATION WILL MAIL TO THE HOLDER OF THIS CERTIFICATE A COPY OF THE RIGHTS AGREEMENT (AS IN EFFECT ON THE DATE OF MAILING) WITHOUT CHARGE PROMPTLY AFTER RECEIPT OF A WRITTEN REQUEST THEREFOR. UNDER CERTAIN CIRCUMSTANCES, RIGHTS WHICH ARE OR WERE BENEFICIALLY OWNED BY ACQUIRING PERSONS OR THEIR AFFILIATES OR ASSOCIATES (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) AND ANY SUBSEQUENT HOLDER OF SUCH RIGHTS MAY BECOME NULL AND VOID.

EXHIBIT 10.13

STERIS CORPORATION

Management Incentive Compensation Plan
FY 2000

PURPOSE
- -------

The purpose of the STERIS Corporation Management Incentive Compensation Plan (MICP) is to encourage greater leadership, initiative, resourcefulness, teamwork, efficiency, and urgency on the part of key management whose performance and responsibilities directly affect Customer satisfaction, achievement of business objectives, positive Associate relations, and enhancement of shareholder value.

GENERAL PROVISIONS
- ------------------

The MICP for FY 2000 may be reviewed and revised at the Chief Executive Officer's discretion within the guidelines established by the Compensation Committee of the STERIS Corporation Board of Directors. Any incentive payouts under the terms of this Plan will be in compliance with applicable governmental regulations that are in effect at the time of such incentive payouts.

The incentive compensation fund available for disbursement to participants shall be determined by achievement of key parameters of the approved Annual Business Plan.

Management Incentive Compensation will be calculated after the close of each quarter and will be cumulative and retroactive. Deficiencies in year-to-date (YTD) performance can be made up by overachievement in subsequent quarters during the fiscal year.

A portion of any earned Management Incentive Compensation will be paid on a quarterly basis with another portion held in an escrow account to be paid on an annual basis. An accrual funding schedule will be developed and maintained by the Finance Department to reserve adequate funds for the payment of earned Management Incentive Compensation.

KEY PARAMETERS
- --------------

MICP compensation is determined through achievement of a combination of Annual Business Plan (ABP) parameters and Quarterly Individual Objectives (IO) parameters. ABP parameters are the Net Revenue, Operating Income, and Net Income objectives. IO parameters are approved quarterly personal objectives that are brief, specific, measurable, and consistent with overall Company objectives.

ELIGIBILITY

The management level classifications of individuals who may be eligible to participate in the MICP include, but are not limited to the following:

- President
- Sr. Vice President
- Vice President
- Director
- Manager
- Supervisor/Professional

Unless otherwise specified, incumbents holding a key management position with one of the above titles are immediately eligible for participation. An MICP participant with a change in management level during a quarter will have MICP compensation for that quarter at the management level held by the individual for the majority of the quarter. New hires for an eligible position may begin participation in the MICP during the first full fiscal quarter of employment unless otherwise specified in the employment offer.

Termination of employment of a participant shall result in his or her forfeiture of all unpaid incentive earnings.

MICP FY'00 PARTICIPANT BONUS SCHEDULE

The bonus opportunity for each MICP participant upon 100% achievement of the FY'00 Net Revenue, Operating Income, and Net Income objectives is based upon a combination of management level, salary level, business unit (corporate, group, division, department, etc.), local practice, and other relevant considerations. The general guidelines for bonus funding are as follows:

Management Level	Quarterly Funding*
President	75% of Base Income
Senior Vice President	75% of Base Income
Vice President	50% of Base Income
Director	35% of Base Income
Manager	20% of Base Income
Supervisor/Professional	$625

The Corporate Associate Relations department will maintain a current Participant and Target Bonus Schedule of all MICP participants and individual target bonus levels.

*Guidelines only.

BONUS POOL FUNDING

The funding of the bonus pool is determined quarterly on a YTD basis. Any funding is dependent upon the YTD achievement of Net Revenue and Operating Income objectives in the approved Annual Business Plan. The following weighting factor applies to the qualification parameters:

Net Revenue	75% weighting (3x)
Operating Income	25% weighting (1x)

Funding occurs on a sliding scale basis from 80% to 120% of the Blended Achievement Rate. The following is a calculation example based upon YTD achievement of 104% of Net Revenue and 110% of Operating Income objectives of the ABP.

```
104 x 3 = 312
110 x 1 = 110
          ---
          422 / 4 = 105.5% - Blended Achievement Rate
```

During FY'00 the Company must have a minimum 80% Blended Achievement Rate for MICP bonus eligibility. For business unit (group, division, profit center, department, etc.) MICP bonus eligibility, the Company and the respective business unit must each have a minimum 80% Blended Achievement Rate.

INDIVIDUAL OBJECTIVES (IO)

Quantifiable Individual Objectives (IO) are developed and approved at the beginning of each quarter for each MICP participant. An individual's performance is evaluated at the end of each quarter and a percentage Individual Objectives (IO) Achievement calculated. The Individual Objectives are consistent with the quarterly and longer term objectives of the Company and the individual business units. A maximum of three (3) equally weighted quarterly IOs is recommended.

BONUS CALCULATION

Individual participant bonuses and bonus payouts are determined as defined in this bonus calculation section.

1. The bonus qualifier will be based on the Blended Achievement Percentage of the applicable YTD Net Revenue and Operating Income objectives in the Annual Business Plan.

2. A weighting of 3X for Net Revenue and 1X for Operating Income will apply.

3. Individual participant payout targets will be taken from the then current Participant and Target Bonus Schedule.

4. The YTD Blended Achievement Percentage will be applied to the individual Target Bonus to determine the quarterly MICP eligible bonus amount.

5. If bonus eligibility on a YTD quarterly basis has occurred, the individual MICP eligible bonus amount is multiplied by the cumulative percentage achievement of the quarterly Individual Objectives that have been approved at the beginning of each quarter by the participant's direct supervisor and the senior executive/business head of the individual's business unit.

Bonus calculation example:

Vice President
$80,000 Base Salary
50% Target Bonus

Year-to-Date ABP Achievement
104% Net Revenue
110% Op Income

104 x 3 = 312
110 x 1 = 110
---
422 / 4 = 105.5% - Blended Achievement Rate

Cumulative Individual Objectives (IO) Achievement
96%

Quarterly Target Bonus
$80,000 x 50% / 4 = $10,000

Sliding Scale Blended Target
$10,000 x 105.5% = $10,550

Eligible Individual Quarterly Bonus
$10,550 x 96% (IO) = $10,128

BONUS PAYMENT

Seventy-five percent (75%) of the eligible individual quarterly bonus will be paid following the end of each quarter. Twenty-five percent (25%) of the eligible individual quarterly bonus will be held in a bonus escrow account and will be paid following the end of the fiscal year only when the Corporation meets or exceeds its Net Income objective for the full fiscal year. Should the Corporation fail to meet or exceed its Net Income objective for the full fiscal year, all funds in the bonus escrow account will be forfeited.

EFFECTIVE DATE

The STERIS Management Incentive Compensation Plan is effective April 1, 1999, through March 31, 2000.

EXHIBIT 10.14

STERIS CORPORATION
Management Incentive Compensation Plan

1. Objective. The objective of the STERIS Management Incentive Compensation Plan (the "Plan") is to encourage greater initiative, resourcefulness, teamwork, efficiency, and achievement of objectives on the part of key Associates whose performance and responsibilities directly affect Company profits.

2. Eligibility. Participation in the Plan will be limited to those key Associates that are selected for participation on an annual basis and will normally include Associates at or above the rank of Manager in the various Corporate Departments and in the Manufacturing Group as well as marketing and senior management Associates in the Health Care Group and in the Scientific & Industrial Group.

A key Associate will be a participant in the Plan for a particular year only if he or she is selected by the Compensation Committee of the Board of Directors or its designee (the "Committee") for participation in that year. Key Associates selected for participation each year will be notified of their participation and given the parameters for bonus calculations early in the fiscal year.

A participant will be entitled to receive a bonus earned under the Plan for a particular fiscal year if and only if he or she remains in the employ of the Company through the end of that fiscal year and thereafter through the date on which bonuses are paid for the fiscal year.

3. Target Bonus. Each participant will be assigned a dollar amount target bonus based upon his or her position and level within the Company. The target bonus will range from 10% to 80% of the participant's base salary or compensation range midpoint, as the Committee may determine.

4. Financial Goals. Each year the Committee will select a threshold net income target for the Company, the attainment of which will be a prerequisite to the payment of any bonuses under the Plan. In addition, the Committee will select one or more measures of current year financial performance for the Company as a whole, such as revenue growth, earnings before interest and taxes margins, and net income, to be used as goals for determining the payment of bonuses under the Plan. Each year the Committee may also select one or more such goals for any one or more of the Company's operating groups to be used to determine payment of bonuses under the Plan to participants in those groups. The Committee may also determine that a participant's entitlement to a bonus will depend in part on goals for the Company as a whole and in part on goals for one or more operating groups. For each financial goal, the Committee will designate numerical "threshold," "target," and "maximum" levels. The Committee may adjust the threshold net income target and levels of such other goals it may have selected if, during the course of a fiscal year, the Company records a special charge that the Committee determines should be disregarded, either partially or in its entirety, when calculating the amounts of bonuses to be paid under the Plan.

5. Weighting of Goals. Each year during which the Committee selects more than one goal to be applicable to any group of participants, the Committee will also specify the weight to be given to each such goal. For example, the Committee might determine to give 75% weight to revenue and 25% weight to EBIT margin.

6. Achievement Percentages. For each goal, a participant will be entitled to a bonus (with respect to that goal) based on performance as follows:

a. If performance is at the threshold level, the bonus will be at 50% of target.
b. If performance is at the target level, the bonus will be at 100% of target.
c. If performance is at or above the maximum level, the bonus will be at 150% of target.

For performance at any level between these set points, the bonus amount will be interpolated. For example, if performance is exactly half way between the target and maximum levels, the bonus will be at 125% of target. If the threshold level is not attained for any goal, no bonus will be earned with respect to that goal.

7. Calculation of Bonuses. No bonuses will be paid for a fiscal year unless the net income of the Company is at least equal to the threshold net income level selected by the Committee for the year. Assuming that criteria is met, a participant's bonus will be determined by multiplying his or her target bonus by the achievement percentages attained during the year, taking into account the weighting of goals as appropriate. The actual bonus earned by any participant during a fiscal year may range from zero (if performance is below threshold on all goals) to 150% of the target bonus (if performance is at or above maximum on all goals).

8. Payment of Earned Bonuses. Unless the Committee determines to pay all or any part of bonuses under the Plan earlier or either of Sections 10 and 11 applies, bonuses earned under the Plan will be paid to participants not later than 90 days after the end of the fiscal year in which they are earned.

9. Midyear Additions and Adjustments. An individual assuming a key position during a fiscal year may, if selected by the Committee, be included in the Plan and be eligible for such pro rata portion of a full year bonus as the Committee may specify when selecting the individual for participation in the Plan. A participant whose position or level within the Company changes during a fiscal year may, if so determined by the Committee, be assigned an increased or decreased target bonus for the year taking into account, on a pro rata basis, the participant's new position and compensation.

10. Effect of Changes in Operations. If, during any fiscal year, the operations of the Company are materially altered, whether by an acquisition of substantial additional assets or one or more lines of business, disposition of substantial existing assets or one or more existing lines of business, merger, consolidation, or similar event, the Committee may, in its sole discretion, adjust the parameters of the Plan for that fiscal year in such a manner as to preserve to the participants the same relative prospects for earning a bonus under the Plan as would have been the case if the material alteration had not occurred. If the Company disposes of an entire

operating division or line of business during a fiscal year, the Company shall make to each participant, if any, who ceases to be employed by the Company as a result of that disposition, an "Interim Payment" in the same amount, at the same time, and with the same effect, as if the disposition constituted a Change of Control as defined in Section 11 below.

11. Effect of a Change of Control. Within five days after the occurrence of the first Change of Control (as defined below) to occur in any fiscal year, the Company shall pay to each participant an interim lump-sum cash payment (the "Interim Payment") with respect to his or her participation in the plan. The amount of the Interim Payment shall be equal to the dollar amount of the participant's target bonus for the entire fiscal year multiplied by a fraction, the numerator of which is the number of months between the beginning of the fiscal year and the end of the month in which the Change of Control occurs and the denominator of which is 12. The making of the Interim Payment will not reduce the obligation of the Company to make a final payment under the terms of the Plan, but the amount of any Interim Payment shall be offset against any later payment due under the Plan for the fiscal year in which the Change of Control occurs. Except as an offset against a final payment as provided in the immediately preceding sentence, the amount of the Interim Payment will not be offset against any amount due to the participant from or on behalf of the Company and a participant will not in any circumstances be required to refund any portion of the Interim Payment to the Company.

For purposes of the Plan, a "Change of Control" shall be deemed to have occurred if at any time or from time to time while this Agreement is in effect:

(a) Any person (other than STERIS Corporation ("STERIS"), any of its subsidiaries, any employee benefit plan or employee stock ownership plan of STERIS, or any person organized, appointed, or established by STERIS for or pursuant to the terms of any such plan), alone or together with any of its affiliates, becomes the beneficial owner of 15% or more (but less than 50%) of the Common Shares then outstanding;

(b) Any person (other than STERIS, any of its subsidiaries, any employee benefit plan or employee stock ownership plan of STERIS, or any person organized, appointed, or established by STERIS for or pursuant to the terms of any such plan), alone or together with any of its affiliates, becomes the beneficial owner of 50% or more of the Common Shares then outstanding;

(c) Any person commences or publicly announces an intention to commence a tender offer or exchange offer the consummation of which would result in the person becoming the beneficial owner of 15% or more of the Common Shares then outstanding;

(d) At any time during any period of 24 consecutive months, individuals who were directors at the beginning of the 24-month period no longer constitute a majority of the members of the Board of Directors of STERIS, unless the election, or the nomination for election by STERIS's shareholders, of each director who was not a director at the beginning of the period is approved by at least a majority of the directors who (i) are in

office at the time of the election or nomination and (ii) were directors at the beginning of the period;

(e) A record date is established for determining shareholders entitled to vote upon (i) a merger or consolidation of STERIS with another corporation in which those persons who are shareholders of STERIS immediately before the merger or consolidation are to receive or retain less than 60% of the stock of the surviving or continuing corporation, (ii) a sale or other disposition of all or substantially all of the assets of STERIS, or (iii) the dissolution of STERIS;

(f) (i) STERIS is merged or consolidated with another corporation and those persons who were shareholders of STERIS immediately before the merger or consolidation receive or retain less than 60% of the stock of the surviving or continuing corporation, (ii) there occurs a sale or other disposition of all or substantially all of the assets of STERIS, or (iii) STERIS is dissolved; or

(g) Any person who proposes to make a "control share acquisition" of STERIS, within the meaning of Section 1701.01(Z) of the Ohio General Corporation Law, submits or is required to submit an acquiring person statement to STERIS.

Notwithstanding anything herein to the contrary, if an event described in clause (b), clause (d), or clause (f) above occurs, the occurrence of that event will constitute an irrevocable Change of Control. Furthermore, notwithstanding anything herein to the contrary, if an event described in clause (c) occurs, and the Board of Directors either approves such offer or takes no action with respect to such offer, then the occurrence of that event will constitute an irrevocable Change of Control. On the other hand, notwithstanding anything herein to the contrary, if an event described in clause (a), clause (e), or clause (g) above occurs, or if an event described in clause (c) occurs and the Board of Directors does not either approve such offer or take no action with respect to such offer as described in the preceding sentence, and a majority of those members of the Board of Directors who were Directors prior to such event determine, within the 90-day period beginning on the date such event occurs, that the event should not be treated as a Change of Control, then, from and after the date that determination is made, that event will be treated as not having occurred. If no such determination is made, a Change of Control resulting from any of the events described in the immediately preceding sentence will constitute an irrevocable Change of Control on the 91/st/ day after the occurrence of the event.

EXHIBIT 10.18

CHANGE OF CONTROL AGREEMENT

THIS CHANGE OF CONTROL AGREEMENT ("Agreement") is made as of the 18th day of March, 2000, between STERIS Corporation, an Ohio corporation ("STERIS"), and LES C. VINNEY ("Executive"), and supercedes the prior such change of control agreement dated July 16, 1999.

STERIS is entering into this Agreement in recognition of the importance of Executive's services to the continuity of management of STERIS and based upon its determination that it will be in the best interests of STERIS to encourage Executive's continued attention and dedication to Executive's duties in the potentially disruptive circumstances of a possible Change of Control of STERIS. (As used in this Agreement, the term "Change of Control" and certain other capitalized terms have the meanings ascribed to them in Section 7, at the end of this Agreement.)

STERIS and Executive agree, effective as of the date first set forth above (the "Effective Date"), as follows:

1. Basic Severance Benefits. The benefits described in the subsections of this Section 1 are subject to the limitations set forth in Subsections 4.1 (regarding withholding) and 4.2 (requiring the execution of a waiver and release by Executive).

1.1 Lump Sum Severance Benefit if Employment is Terminated in Certain Circumstances Within Two Years of a Change of Control. If, within two years following the occurrence of a Change of Control, Executive's employment with STERIS is terminated

(a) by STERIS for any reason other than Cause, Disability, or death,

(b) by Executive after a Reduction of Compensation or a Mandatory Relocation has occurred, or

(c) by Executive following a determination in good faith by Executive that as a result of a Change of Control he is unable to carry out the authorities, power, functions, responsibilities, or duties that he had in the positions and offices of STERIS held by Executive before the Change of Control in the same manner, with the same discretion, and to the same extent as he was able to carry out the authorities, powers, functions, responsibilities, or duties attached to those positions as in effect before the Change of Control.

STERIS shall pay to Executive, within 30 days after the Termination Date, a lump sum severance benefit equal to three times the sum of

(x) one year's Base Salary (at the highest rate in effect at any time during the one year period ending on the date of the Change of Control), plus

(y) Executive's Average Annual Incentive Compensation.

1.2 Accrued Base Salary and Vacation Pay. If Executive becomes entitled to payment of a lump sum severance benefit under Subsection 1.1 above, STERIS shall, within 10 days after the Termination Date, pay to Executive (a) all Base Salary accrued through the Termination Date but not previously paid and (b) a cash payment equal to the value of any vacation time accrued through the Termination Date but not used by Executive (valued at a rate equal to Executive's Base Salary at the highest rate in effect at any time during the one year period ending on the date of the Change of Control).

1.3 Special Prior Year MICP Payments. If Executive becomes entitled to payment of a lump sum severance benefit under Subsection 1.1 above and the Termination Date occurs on the last day of or after the end of a Fiscal Year but before STERIS makes final MICP payments with respect to that Fiscal Year, STERIS shall pay to Executive, at the regularly scheduled time for such final MICP payments (the "Regular Payment Date"), but in any event not later than 60 days after the end of the Fiscal Year, as incentive compensation, the same amount or amounts that STERIS would have paid to Executive as incentive compensation with respect to that Fiscal Year at the Regular Payment Date if Executive's employment had continued through the Regular Payment Date. This Subsection 1.4 is intended to override any provision of the MICP that would otherwise cause Executive to forfeit any incentive compensation with respect to any Fiscal Year that ends on or before the Termination Date because Executive does not remain in the employ of STERIS through the Regular Payment Date with respect to that Fiscal Year.

1.4 Special Pro-Rata MICP Payment. If Executive becomes entitled to payment of a lump sum severance benefit under Subsection 1.1 above and the Termination Date occurs on other than the last day of a Fiscal Year, in addition to the payment, if any, provided for in Subsection 1.3 above, STERIS shall, within 60 days after the end of the calendar quarter in which the Termination Date occurs, pay to Executive, as additional incentive compensation for the period from the first day of the Fiscal Year in which the Termination Date occurs through the Termination Date (the "Pre-Termination Part Year"), an amount equal to the excess of:

(a) the product of the fraction specified in the last sentence of this Subsection 1.4 and the higher of (i) Executive's Target Annual Incentive Compensation and (ii) the dollar amount of the cumulative award that would have been payable to Executive under the MICP for that entire Fiscal Year had the level of relevant performance through the end of the Fiscal Year equaled the level of relevant performance through the last calendar quarter, if any, in that Fiscal Year that ended before the Termination Date, over

(b) the amount of incentive compensation previously paid to Executive with respect to that Fiscal Year.

The fraction to be used in calculating the amount to be paid under this Subsection 1.4 shall have a numerator equal to the number of days in the Pre-Termination Part Year and a denominator of 365.

1.5 Continued Health, Dental, and Lift Insurance Coverage. If Executive becomes entitled to payment of a lump sump severance benefit under Subsection 1.1 above, STERIS shall, during the period from the Termination Date through the third anniversary of the Termination Date, continue to provide Executive with the same health, dental, and life insurance coverage and benefits that were being provided to Executive immediately before the Change of Control. If

Executive becomes entitled to payment of a lump sum severance benefit under Subsection 1.2 above, STERIS shall, during the period from the Termination Date through the second anniversary of the Termination Date, continue to provide Executive with the same health. dental, and life insurance coverage and benefits that were being provided to Executive immediately before the Change of Control. Coverage and benefits to be provided under this Subsection 1.5 shall be provided to Executive at the same cost, if any, to Executive as they were provided to Executive immediately before the Change of Control.

2. Other Benefits.

2.1 Reimbursement of Certain Expenses After a Change of Control.

(a) From and after a Change of Control, STERIS shall pay, as incurred, all expenses of Executive, including the reasonable fees of counsel engaged by Executive, of defending any action brought to have this agreement declared invalid or unenforceable.

(b) From and after a Change of Control, STERIS shall pay, as incurred, all expenses of Executive, including the reasonable fees of counsel engaged by Executive, of prosecuting any action to compel STERIS to comply with the terms of this Agreement upon receipt from Executive of an undertaking to repay STERIS for such expenses if, and only if, it is ultimately determined by a court of competent jurisdiction that Executive had no reasonable grounds for bringing that action (which determination need not be made simply because Executive fails to succeed in the action).

(c) From and after a Change of Control, expenses (including attorney's fees) incurred by Executive in defending any action, suit, or proceeding commenced or threatened (whether before or after the Change of Control) against Executive for any action or failure to act as an employee, officer, or director of STERIS or any Subsidiary shall be paid by STERIS, as they are incurred, in advance of final disposition of the action suit, or proceeding upon receipt of an undertaking by or on behalf of Executive in which Executive agrees to reasonably cooperate with STERIS or the Subsidiary, as the case may be, concerning the action, suit, or proceeding and (i) if the action, suit, or proceeding is commenced or threatened against Executive for any action or failure to act as a director, to repay the amount if it is proved by clear and convincing evidence in a court of competent jurisdiction that Executive's action or failure to act involved an act or omission undertaken with deliberate intent to cause injury to STERIS or a Subsidiary or undertaken with reckless disregard for the best interests of STERIS or a Subsidiary, or (ii) if the action, suit, or proceeding is commenced or threatened against Executive for any action or failure to act as an officer or employee, to repay the amount if it is ultimately determined that Executive is not entitled to be indemnified.

2.2 Indemnification. From and after a Change of Control, STERIS shall indemnify Executive, to the full extent permitted or authorized by the Ohio General Corporation Law as it may from time to time be amended, if Executive is (whether before or after the Change of Control) made or threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that Executive is or was a director, officer, or employee of STERIS or any subsidiary, or is or was serving at the request of STERIS or any subsidiary as a director, trustee, officer, or

employee of a corporation, partnership, joint venture, trust, or other enterprise. The indemnification provided by this Subsection 2.2 shall not be deemed exclusive of any other rights to which Executive may be entitled under the articles of incorporation or the regulations of STERIS or of any Subsidiary, or any agreement, vote of shareholders or disinterested directors, or otherwise, both as to action in Executive's official capacity and as to action in another capacity while holding such office, and shall continue as to Executive after Executive has ceased to be a director, trustee, officer, or employee and shall inure to the benefit of the heirs, executors. and administrators of Executive.

2.3 Disability. If, after a Change of Control and prior to the Termination Date. Executive is unable to perform services for STERIS for any period by reason of disability. STERIS will pay and provide to Executive all compensation and benefits to which Executive would have been entitled had Executive continued to be actively employed by STERIS through the earliest of the following dates: (a) the first date on which Executive is no longer so disabled to such an extent that Executive is unable to perform services for STERIS, (b) the date on which Executive becomes eligible for payment of long term disability benefits under a long term disability plan generally applicable to executives of STERIS, (c) the date on which STERIS has paid and provided 24 months of compensation and benefits to Executive during Executive's disability, or (d) the date of Executive's death.

2.4 Gross-Up of Payments Deemed to be Excess Parachute Payments.

(a) STERIS and Executive acknowledge that, following a Change of Control, one or more payments or distributions to be made by STERIS to or for the benefit of Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement, under some other plan, agreement, or arrangement, or otherwise, and including, without limitation, any income recognized by Executive upon exercise of an option granted by STERIS to acquire Common Shares issued by STERIS) (a "Payment") may be determined to be an "excess parachute payment" that is not deductible by STERIS for federal income tax purposes and with respect to which Executive will be subject to an excise tax because of Sections 280G and 4999, respectively, of the Internal Revenue Code (hereinafter referred to respectively as "Section 280G" and "Section 4999"). If Executive's employment is terminated after a Change of Control occurs, the Accounting Firm, which, subject to any inconsistent position asserted by the Internal Revenue Service, shall make all determinations required to be made under this Subsection 2.4, shall determine whether any Payment would be an excess parachute payment and shall communicate its determination, together with detailed supporting calculations, to STERIS and to Executive within 30 days after the Termination Date or such earlier time as is requested by STERIS. STERIS and Executive shall cooperate with each other and the accounting Firm and shall provide necessary information so that the Accounting Firm may make all such determinations. STERIS shall pay all of the fees of the Accounting Firm for services performed by the Accounting Firm as contemplated in this Subsection 2.4.

(b) If the Accounting Firm determines that any Payment gives rise, directly or indirectly, to liability on the part of Executive for excise tax under Section 4999 (and/or any penalties and/or interest with respect to any such excise tax), STERIS shall make additional cash payments to Executive, from time to time and at the same time as any

Payment constituting an excess parachute payment is paid or provided to Executive, in such amounts as are necessary to put Executive in the same position, after payment of all federal, state, and local taxes (whether income taxes, excise taxes under Section 4999, or otherwise, or other taxes) and any and all penalties and interest with respect to any such excise tax, as Executive would have been in after payment of all federal, state, and local income taxes if the Payments had not given rise to an excise tax under Section 4999 and no such penalties or interest had been imposed.

(c) If the Internal Revenue Service determines that any Payment gives rise, directly or indirectly, to liability on the part of Executive for excise tax under Section 4999 (and/or any penalties and/or interest with respect to any such excise tax) in excess of the amount, if any, previously determined by the Accounting Firm, STERIS shall make further additional cash payments to Executive not later than the due date of any payment indicated by the Internal Revenue Service with respect to these matters, in such amounts as are necessary to put Executive in the same position, after payment of all federal, state, and local taxes (whether income taxes, excise taxes under Section 4999, or otherwise, or other taxes) and any and all penalties and interest with respect to any such excise tax, as Executive would have been in after payment of all federal, state, and local income taxes if the Payments had not given rise to an excise tax under Section 4999 and no such penalties or interest had been imposed.

(d) If STERIS desires to contest any determination by the Internal Revenue Service with respect to the amount of excise tax under Section 4999, Executive shall, upon receipt from STERIS of an unconditional written undertaking to indemnify and hold Executive harmless (on an after tax basis) from any and all adverse consequences that might arise from the contesting of that determination, cooperate with STERIS in that contest at STERIS's sole expense. Nothing in this Paragraph (d) shall require Executive to incur any expense other than expenses with respect to which STERIS has paid to Executive sufficient sums so that after the payment of the expense by Executive and taking into account the payment by STERIS with respect to that expense and any and all taxes that may be imposed upon Executive as a result of Executive's receipt of that payment. the net effect is no cost to Executive. Nothing in this Paragraph (d) shall require Executive to extend the statute of limitations with respect to any item or issue in Executive's tax returns other than, exclusively, the excise tax under Section 4999. If, as the result of the contest of any assertion by the Internal Revenue Service with respect to excise tax under Section 4999, Executive receives a refund of a Section 4999 excise tax previously paid and/or any interest with respect thereto, Executive shall promptly pay to STERIS such amount as will leave Executive, net of the repayment and all tax effects, in the same position, after all taxes and interest, that he would have been in if the refunded excise tax had never been paid.

3. No Set-Off No Obligation to Seek Other Employment or to Otherwise Mitigate Damages; No Effect Upon Other Plans. STERIS's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense, or other claim whatsoever that STERIS or any of its Subsidiaries may have against Executive. Executive shall not be required to mitigate damages or the amount of any payment provided for under this Agreement by seeking other employment or

otherwise. Except as provided in the last sentence of this Section 3, neither the amount of any payment provided for under this Agreement nor Executive's right to any other benefit under this Agreement shall be reduced by any compensation or benefits earned by Executive as the result of employment by another employer or otherwise after the termination of Executive1s employment. Neither the provisions of this Agreement, nor the execution of the waiver and release referred to in Subsection 4.2 below, nor the making of any payment provided for hereunder shall reduce any amounts otherwise payable, or in any way diminish Executive's rights, under any incentive compensation plan, stock option plan, retirement plan, disability or insurance plan, or other similar contract, plan, or arrangement of STERIS, except that the payment of a pro-rata incentive compensation benefit under Subsection 1.4 shall satisfy, to the extent of that payment, any obligation STERIS might have to Executive for payments under the MICP for the year in which the Termination Date occurs. STERIS's obligation to provide continuing health, dental, and/or life insurance coverage and benefits, as the case may be, shall be discontinued before the time otherwise specified in Subsection 1.5 if, as, and when Executive becomes eligible to receive roughly comparable health, dental, and/or life insurance coverage and benefits, as the case may be, from a subsequent employer.

4. Certain Limitations on Benefits.

4.1 Taxes; Withholding of Taxes. Without limiting either the right of STERIS to withhold taxes pursuant to this Subsection 4.1 or the obligation of STERIS to make gross-up payments pursuant to Subsection 2.4, Executive shall be responsible for all income, excise, and other taxes (federal, state, city, or other) imposed on or incurred by Executive as a result of receiving the payments provided in this Agreement, including, without limitation, the payments provided under Section 1 of this Agreement. STERIS may withhold from any amounts payable under this Agreement all federal, state, city, or other taxes as STERIS shall determine to be required pursuant to any law or government regulation or ruling.

4.2 Waiver and Release. STERIS may condition the payment of any amounts otherwise due under Section 1 of this Agreement upon (a) the execution by Executive of a waiver and release in the form attached to this Agreement as Exhibit A, with blanks appropriately filled and, in the case of clause (e) contained therein, completed with the number of days that STERIS determines is required under applicable law, but in no event more than 45 days, and (b) the observation of such waiting periods, if any, before and after execution of the waiver and release by Executive as are required by law, such as, for example, the waiting periods required for a waiver and release to be effective with respect to claims under the Age Discrimination in Employment Act, provided that STERIS delivers to Executive such a waiver and release, appropriately completed, within seven days of the Termination Date.

5. Term of this Agreement. This Agreement shall be effective as of the Effective Date and shall thereafter apply to any Change of Control occurring on or before March 31, 2002. Unless this Agreement is terminated earlier pursuant to Subsection 5.1, on March 31, 2002 and on March 31 of each succeeding year thereafter (a "Renewal Date"), the term of this Agreement shall be automatically extended for an additional year unless either party has given notice to the other, at least one year in advance of that Renewal Date, that the Agreement shall not apply to any Change of Control occurring after that Renewal Date.

5.1 Termination of Agreement Upon Termination of Employment Before a Change of Control. This Agreement shall automatically terminate and cease to be of any further effect on the first date occurring before a Change of Control on which Executive is no longer employed by STERIS, except that, for purposes of this Agreement, any termination of employment of Executive that is effected both (a) during the one year period ending on the date of a Change of Control and (b) in contemplation of a Change of Control shall be deemed to be a termination of Executive's employment as of immediately after that Change of Control becomes irrevocable (as provided in Subsection 7.4) and Executive shall be entitled to payments and benefits under this Agreement as if Executive's employment had continued through the day after the Change of Control became irrevocable and had then been terminated.

5.2 No Termination of Agreement During Two Year Period Beginning on Date of a Change of Control. After a Change of Control, this Agreement may not be terminated. However, if Executive's employment with STERIS continues for more than two years following the occurrence of a Change of Control, then, for all purposes of this Agreement other than Subsections 2.1 and 2.2, that particular Change of Control shall thereafter be treated as if it never occurred.

6. Miscellaneous.

6.1 Successor to STERIS. STERIS shall not consolidate with or merge into any other corporation, or transfer all or substantially all of its assets to another corporation or other entity, unless such other corporation or other entity shall assume this Agreement in a signed writing and deliver a copy thereof to Executive. Upon such assumption the successor corporation or other entity shall become obligated to perform the obligations of STERIS under this Agreement and the term "STERIS" as used in this Agreement shall be deemed to refer to such successor corporation or other entity.

6.2 Notices. For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given (a) when delivered in person (to Executive in the case of notices to Executive and to the Secretary of STERIS in the case of notices to STERIS) or (b) on the date actually received when sent by United States registered mail, return receipt requested, postage prepaid, and addressed, in the case of notices to STERIS, as follows:

STERIS Corporation
5960 Heisley Road
Mentor, Ohio 44060
Attention: Secretary

and, in the case of notices to Executive, properly addressed to Executive at Executive's most recent home address as shown on the records of STERIS, or such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

6.3 Employment Rights. Nothing expressed or implied in this Agreement shall create any right or duty on the part of STERIS or Executive to have Executive continue as an officer of STERIS or to remain in the employment of STERIS.

6.4 Administration. STERIS shall be responsible for the general administration of this Agreement and for making payments under this Agreement. All fees and expenses billed by the Accounting Firm for services contemplated under this Agreement shall be the responsibility of STERIS.

6.5 Source of Payments. All payments under this Agreement shall be made solely from the general assets of STERIS (or from a grantor trust, if any, established by STERIS for purposes of making payments under this Agreement and other similar agreements), and Executive shall have the rights of an unsecured general creditor of STERIS with respect thereto.

6.6 Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement which shall remain in full force and effect.

6.7 Modification, Waiver, Etc. No provision of this Agreement may be modified, waived, or discharged unless such waiver, modification, or discharge is agreed to in a writing signed by Executive and STERIS. No waiver by either party hereto at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or at any prior or subsequent time. No agreement or representation, oral or otherwise, express or implied, with respect to the subject matter hereof has been made by either party that is not set forth expressly in this Agreement. This Agreement supercedes and replaces in its entirety the Agreement, dated July 16, 1999, between STERIS and Executive (the "Early Agreement") and such Early Agreement is hereby terminated and of no further force or effect. This Agreement shall inure to the benefit of and be enforceable by Executive's personal representatives, executors, administrators, successors, heirs, and designees. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio.

7. Definitions.

7.1 Accounting Firm. The term "Accounting Firm" means the independent auditors of STERIS for the Fiscal Year preceding the year in which the Change of Control occurred and such firm's successor or successors; provided, however, if such firm is unable or unwilling to serve and perform in the capacity contemplated by this Agreement, STERIS shall select another national accounting firm of recognized standing to serve and perform in that capacity under this Agreement, except that such other accounting firm shall not be the then independent auditors for STERIS or any of its affiliates (as defined in Rule 12b-2 promulgated under the Securities Exchange Act of 1934, as amended).

7.2 Base Salary. The term "Base Salary" means the salary payable to Executive from time to time before any reduction for voluntary contributions to any 401(k) plan or any other voluntary deferral. Base Salary does not include imputed income from any payment by STERIS of any noncash benefits.

7.3 Cause. The employment of Executive by STERIS or any of its Subsidiaries shall have been terminated for "Cause" if the Executive's employment is terminated and, prior to that termination of employment, any of the following has occurred:

(a) Executive shall have been convicted of a felony,

(b) Executive commits an act or series of acts of dishonesty in the course of Executive's employment which are materially inimical to the best interests of STERIS, all as determined in good faith by the vote of three fourths of all of the members of the Board of Directors of STERIS (other than Executive, if Executive is a Director of STERIS).

(c) after being notified in writing by the Board of Directors of STERIS of the failure and having been given at least 30 days in which to cure the failure, Executive continues to unreasonably neglect Executive's duties and responsibilities as an executive of STERIS,

(d) after being notified in writing by the Board of Directors of STERIS to cease any particular Competitive Activity, Executive intentionally continues to engage in that Competitive Activity while Executive remains in the employ of STERIS.

7.4 Change of Control. A "Change of Control" shall be deemed to have occurred if at any time or from time to time while this Agreement is in effect:

(a) any person (other than STERIS, any of its Subsidiaries, any employee benefit plan or employee stock ownership plan of STERIS, or any person organized, appointed, or established by STERIS for or pursuant to the terms of any such plan), alone or together with any of its affiliates, becomes the beneficial owner of 15% or more (but less than 50%) of the Common Shares then outstanding;

(b) Any person (other than STERIS, any of its Subsidiaries, any employee benefit plan or employee stock ownership plan of STERIS, or any person organized, appointed, or established by STERIS for or pursuant to the terms of any such plan), alone or together with any of its affiliates, becomes the beneficial owner of 50% or more of the Common Shares then outstanding;

(c) Any person commences or publicly announces an intention to commence a tender offer or exchange offer the consummation of which would result in the person becoming the beneficial owner of 15% or more of the Common Shares then outstanding;

(d) At any time during any period of 24 consecutive months, individuals who were directors at the beginning of the 24-month period no longer constitute a majority of the members of the Board of Directors of STERIS, unless the election, or the nomination for election by STERIS's shareholders, of each director who was not a director at the beginning of the period is approved by at least a majority of the directors who (i) are in office at the time of the election or nomination and (ii) were directors at the beginning of the period;

(e) A record date is established for determining shareholders entitled to vote upon (i) a merger or consolidation of STERIS with another corporation in which those persons who are shareholders of STERIS immediately before the merger or consolidation are to

receive or retain less than 60% of the stock of the surviving or continuing corporation, (ii) a sale or other disposition of all or substantially all of the assets of STERIS, or (iii) the dissolution of STERIS;

(f) (i) STERIS is merged or consolidated with another corporation and those persons who were shareholders of STERIS immediately before the merger or consolidation receive or retain less than 60% of the stock of the surviving or continuing corporation, (ii) there occurs a sale or other disposition of all or substantially all of the assets of STERIS, or (iii) STERIS is dissolved; or

(g) Any person who proposes to make a "control share acquisition" of STERIS, within the meaning of Section 1701.01(Z) of the Ohio General Corporation Law, submits or is required to submit an acquiring person statement to STERIS.

Notwithstanding anything herein to the contrary, if an event described in clause (b), clause (d), or clause (f) above occurs, the occurrence of that event will constitute an irrevocable Change of Control. Furthermore, notwithstanding anything herein to the contrary, if an event described in clause (c) occurs, and the Board of Directors either approves such offer or takes no action with respect to such offer, then the occurrence of that event will constitute an irrevocable Change of Control. On the other hand, notwithstanding anything herein to the contrary, if an event described in clause (a), clause (e), or clause (g) above occurs, or if an event described in clause (c) occurs and the Board of Directors does not either approve such offer or take no action with respect to such offer as described in the preceding sentence, and a majority of those members of the Board of Directors who were Directors prior to such event determine, within the 90-day period beginning on the date such event occurs, that the event should not be treated as a Change of Control, then, from and after the date that determination is made, that event will be treated as not having occurred. If no such determination is made, a Change of Control resulting from any of the events described in the immediately preceding sentence will constitute an irrevocable Change of Control on the 91st day alter the occurrence of the event.

7.5 Competitive Activity. Executive shall be deemed to have engaged in "Competitive Activity" if Executive engages, directly or indirectly and whether as a director, officer, employee, agent, or independent contractor, in any business or business activity in which STERIS or any of its Subsidiaries engages (other than as a director, officer, or employee of STERIS or any of its Subsidiaries).

7.6 Disability. For purposes of this Agreement, Executive's employment will have been terminated by STERIS by reason of "Disability" of Executive only if (a) as a result of bodily injury or sickness, Executive has been unable to perform Executive's normal duties for STERIS for a period of 180 consecutive days, and (b) Executive begins to receive payments under a long term disability plan sponsored by STERIS not later than 30 days after the Termination Date.

7.7 Executive's Average Annual Incentive Compensation. Subject to the last four sentences of this Subsection 7.7, the term "Executive's Average Annual Incentive Compensation" means the highest of:

(a) the average of the dollar amounts of incentive compensation paid or payable to Executive under the MICP for each of the two Fiscal Years most recently ended before the first Change of Control occurring after execution of this Agreement,

(b) the average of the dollar amounts of incentive compensation paid or payable to Executive under the MICP for each of the two Fiscal Years most recently ended before the Termination Date, and

(c) the average dollar amount obtained by adding together (i) the amount of incentive compensation paid or payable to Executive under the MICP for the Fiscal Year most recently ended before the Termination Date and (ii) Executive's Target Annual Incentive Compensation and dividing the sum so obtained by two.

If Executive was not a participant in the MICP for any one or more of the Fiscal Years referred to in this Subsection 7.7, the reference to that year shall be ignored in determining the average under clause (a), (b), and/or (c) above, as the case may be, and the "average," if any, determined under that clause shall be the dollar amount of incentive compensation paid or payable to Executive under the MICP for the other Fiscal Year referred to in that clause (or, in the case of clause (c), the dollar amount of Executive's Target Annual Incentive Compensation). Thus, for example, if Executive was not a participant in the MICP for the second year preceding a Change of Control but was a participant in the MICP for the year immediately preceding a Change of Control, the average determined under clause (a) would be equal to the amount of incentive compensation paid or payable to Executive under the MICP for the single year immediately preceding the Change of Control. If Executive was a participant in the MICP for only a part of one or more Fiscal Years referred to in this Subsection 7.7, the dollar amount of incentive compensation paid or payable to Executive under the MICP for that year, for purposes of determining the averages referred to in clauses (a), (b), and/or (c), as the case may be, shall be annualized. Thus, for example, if Executive was a participant in the MICP for only three months of a particular Fiscal Year and was paid incentive compensation under the MICP for that period equal to $3X, the annualized amount of $12X would be used in determining the averages referred to in clauses (a), (b), and/or (c), as the case may be.

7.8 Executive's Target Annual Incentive Compensation. The term "Executive's Target Annual Incentive Compensation" means the higher of (a) the dollar amount that would have been payable to Executive under the MICP or the Fiscal Year in which the Termination Date occurs had all relevant levels of performance (whether corporate, personal, or other) been exactly at target levels and had Executive remained in the employ of STERIS through the date on which incentive compensation for that Fiscal Year was paid in full, or (b) the dollar amount that would have been payable to Executive under the MICP for the last Fiscal Year that ended before the occurrence of a Change of Control had all relevant levels of performance for that Fiscal Year been exactly at target levels.

7.9 Fiscal Year. The term "Fiscal Year" means STERIS's fiscal year as in effect from time to time.

7.10 Mandatory Relocation. A "Mandatory Relocation" shall have occurred if, at any time after a Change of Control, Executive is notified that Executive's principal place of employment for STERIS is to be relocated, without Executive's written consent, more than 50

miles from where Executive's principal place of employment was located immediately before the Change of Control.

7.11 MICP. The term "MICP" means STERIS's Management Incentive Compensation Plan as in effect for STERIS's 2000 Fiscal Year and any earlier or later year and any similar plan in which Executive may have participated or that may be implemented in place of the plan from time to time thereafter.

7.12 Reduction of Compensation. A "Reduction of Compensation" shall have occurred if either or both of the following occur at any time after a Change of Control:

(a) Executive's Base Salary is reduced or

(b) either

(i) the MICP, and/or Executive's level of participation in the MICP, is altered for any year in such a way as to reduce Executive's opportunity to earn incentive compensation under the MICP for that year below the level of that opportunity as it existed immediately before the Change of Control, or

(ii) the amount of incentive compensation paid to Executive for any period after the Change of Control is below Executive's Target Annual Incentive Compensation.

7.13 Subsidiary. A "Subsidiary" means any corporation, partnership, or other entity a majority of the voting control of which is directly or indirectly owned or controlled at the time in question by STERIS.

7.14 Termination Date. The term "Termination Date" means the date on which Executive's employment with STERIS terminates.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

STERIS Corporation

By /s/ David C. Dvorak

Title: Senior Vice President and General Counsel

"EXECUTIVE"

/s/ Les C. Vinney

LES C. VINNEY

EXHIBIT 10.20

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement"), made and entered into by and between BILL R. SANFORD, residing at 4745 Sherwin Road, Willoughby, Ohio ("Sanford" or "Employee") and STERIS CORPORATION, an Ohio corporation with its principal place of business at 5960 Heisley Road, Mentor, Ohio ("Steris" or the "Company") on the 19th day of June, 2000;

WITNESSETH:

WHEREAS, Sanford has served the Company prior to March 21, 2000 (the "Effective Date") in the capacity of Chairman of the Board, President and Chief Executive Officer; and

WHEREAS, Sanford's efforts over the last 13 years since he founded the Company have contributed significantly to the success of the Company and enhancement of shareholder value; and

WHEREAS, Sanford and Steris want to document an employment and succession plan for the orderly transition of management responsibilities to effectuate Sanford's eventual separation from the Company in accordance with previous discussions and mutual understandings; and

WHEREAS, Steris is desirous of retaining Sanford in an appropriate role, to further enhance shareholder value, based on his leadership abilities and value to the Company; and

WHEREAS, Sanford and Steris entered into an Employment Agreement on March 21, 2000 to set forth their agreement concerning an orderly succession plan; and

WHEREAS, Sanford and Steris desire that this Agreement supercede the Employment Agreement entered into on March 21, 2000 in order to provide for a more accelerated succession plan.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, Sanford and Steris agree as follows:

1. Employment. (a) From the Effective Date until the Changeover Date (as defined below) (the "Transition Period"), Sanford shall remain as Chairman of the Board and Chief Executive Officer of the Company at the base salary of $500,000 and eligible to participate in the Company's Senior Executive Management Incentive Compensation Plan (the "SEMICP"). Sanford's participation in the SEMICP shall be prorated based on the number of calendar months

of fiscal year 2001 prior to and including the month of the Changeover Date (so that a partial month will be treated as a full month), provided that Sanford shall receive for such months a fixed amount of $67,500 per month with respect to the SEMICP. The SEMICP participation shall be calculated and paid as provided in the SEMICP payable July 15, 2000, with respect to the second calendar quarter, and August 15, 2000, with respect to the month of July. As Chairman of the Board and Chief Executive Officer of the Company, Sanford shall do and perform such reasonable executive and managerial responsibilities and duties as may be assigned to him heretofore and hereafter from time to time by the Board of Directors of the Company.

(b) On the date of the year 2000 annual meeting of the shareholders of Steris, (the "Changeover Date"), the Board of Directors shall elect a new Chairman of the Board and new Chief Executive Officer. Sanford will continue as an employee serving as Executive Founder and Special Executive Advisor to the Company ("Executive Founder") reporting to the Board of Directors of the Company. The duration of Sanford's employment as Executive Founder shall commence on the Changeover Date and terminate on the expiration of five (5) years thereafter unless earlier terminated pursuant to Section 15 of this Agreement ("Post-CEO Employment Period"). Sanford shall perform such duties as Executive Founder as may from time to time be assigned by the Board of Directors relating to specific studies, exploration of strategic alternatives, and/or similar projects which do not unreasonably conflict with any other employment responsibilities of Sanford. While an Executive Founder, the parties recognize that Sanford may have full-time employment elsewhere. During the Post-CEO Employment Period when Sanford serves as Executive Founder, his salary will be $50,000 per year or, after such time as Sanford accepts full-time employment elsewhere, $12,000 per year. On the Changeover Date, the Company shall pay to Sanford the amount of $3,300,000; which amount shall be paid to the estate of Sanford in the event of his death prior to the Changeover Date. All amounts payable under this Agreement shall be subject to applicable tax and other withholding and reporting as required by law.

(c) Sanford has resigned, effective on the Effective Date, his position as President of the Company. In addition, Sanford has resigned, effective the Changeover Date, his positions as Chairman of the Board and Chief Executive Officer. Sanford has resigned, effective immediately, (i) from all other offices of the Company to which he has been elected by the Board of Directors of the Company (or to which he has otherwise been appointed), (ii) from all offices of any entity that is a subsidiary of, or is otherwise related to or affiliated with, the Company, (iii) from all administrative, fiduciary or other positions he may hold with respect to arrangements or plans for, of or relating to the Company or any subsidiary or other affiliate of the Company, and (iv) from any other directorship, office, trustee or other position of any corporation, partnership, joint venture, trust or other enterprise (each, an "Other Entity") insofar as Sanford is serving in the directorship, office, trustee or other position of the Other Entity at the request of the Company; provided, however, that if such resignation results in noncompliance with any statute, rule or regulation applicable to any entity, subsidiary, other affiliate of the Company or Other Entity, such resignation shall be effective at such time as the resignation would be in compliance with any such statute, rule or regulation. Sanford will not (i) seek re-election as a Director of the Company at the year 2000 annual meeting of shareholders or (ii) accept a nomination for election as a Director of the Company at any annual or special meeting of shareholders after the date hereof. The Company hereby consents to and accepts such resignations.

2. Put Option. During the period commencing on the first anniversary of the Changeover Date and ending on February 28, 2002, the Company agrees that, upon the request of Sanford, it will repurchase up to 600,000 Common Shares of the Company which Sanford owns as of the date of this Agreement for a price per share equal to $15.00 ("Stock Purchase Payment"), adjusted as appropriate to reflect any stock splits, stock or extraordinary dividends, recapitalizations or other similar changes in the Company's capital structure between the Effective Date and the closing of the repurchase. The Company agrees that Sanford may transfer this Put Option, in whole or in part, to any transferee of his Common Shares, provided such transferee is Sanford's spouse, lineal descendant, a trust or other entity whose beneficiaries are Sanford, his spouse or lineal descendants or any combination thereof and such transfer is in compliance with applicable federal or state securities laws.

3. Loan Repayment. As of the date hereof, Sanford has an outstanding promissory note payable to the Company (the "Promissory Note") bearing interest at 5.7% per annum, payable on February 28, 2002. In the event that Sanford fully observes, performs and discharges all of his obligations under this Agreement (except to the extent his earlier death or disability precludes his performance of services hereunder), the Company will forgive the Note on February 28, 2002; provided, however, that prior to forgiveness of such Note Sanford, or his estate, provides the Company with funds in an amount sufficient for the Company to satisfy any applicable tax requirements.

4. Stock Options. All of Sanford's stock options which are listed on Exhibit A hereto shall remain outstanding to the extent of their original term during the Transition Period and Post-CEO Employment Period, all in accordance with the terms of the Amended Nonqualified Stock Option Plan, 1994 Equity Compensation Plan or the 1997 Stock Option Plan (the "Option Plans"), and the applicable notice of grant or other option agreement. The Company confirms that the Option Plans (or applicable notice of grant or other option agreement) provided that all unvested options granted under Option Plans shall vest on the occurrence of a Change in Control, as defined in the 1994 and 1997 Stock Option Plans or in the case of the option agreement dated July 23, 1997 upon the occurrence of similar corporate transactions described therein.

5. Continuation of Health Insurance and Other Employment Benefits. During the Transition Period and the Post-CEO Employment Period until Sanford accepts full-time employment elsewhere, (a) Sanford will be entitled to continue to participate in Steris' insurance, retirement and other employment benefits programs to the same extent as he participates prior to the date of this Agreement and (b) in the event Sanford requires an office outside Steris, Steris shall pay the cost of maintaining such office, but not an amount in excess of $2,000 per month.

6. Other Benefits. Upon the Changeover Date, or as soon as practicable thereafter, the Company agrees, at no cost to Sanford, to transfer to Sanford all of its rights in: the Company's rights to the key-man universal insurance policy on Sanford's life. Sanford agrees to be liable for costs of such insurance policy, to the extent not previously paid by the Company. In addition, for a period of three (3) years after the Changeover Date, Sanford shall be entitled to have the Company continue to pay all membership dues at two clubs. For a period of one (1)

year after the Changeover Date, the Company shall provide Sanford with tax preparation assistance and trust and estate planning assistance, but not an amount in excess of $10,000 in the aggregate.

7. Attorneys' Fees. On or about the Effective Date, Steris shall pay Sanford's counsel fees for legal services provided to Sanford in connection with the negotiation and preparation of this Agreement and the prior Employment Agreement, but not an amount in excess of $25,000.

8. Approval of Announcements/Disclosures. All announcements promulgated by Steris, both internal and external, concerning Sanford shall be reviewed and approved by Sanford prior to distribution and/or dissemination. Except as required by applicable law, no press releases of any nature regarding this Agreement shall be made by any party to this Agreement without approval of the other party.

9. Personal Effects. After the execution and delivery of this Agreement and prior to the Changeover Date, at no cost to Sanford, Sanford shall be entitled to his office furniture and furnishings including, but not limited to, his computers, printers, fax machines, portable phone, awards and other personal possessions. Except as may be restricted and subject to Section 12 of this Agreement, Steris shall transfer to Sanford all software currently installed on such office computer.

10. Competition. (a) During the Transition Period and the Post-CEO Employment Period, Sanford shall not, directly or indirectly, do or suffer to be done any of the following: own, manage, control or participate in the ownership, management, or control of, or be employed or engaged by or otherwise affiliated or associated as a consultant, independent contractor or otherwise with any other corporation, partnership, proprietorship, firm, association, or other business entity, or otherwise engage in any business, which is in competition with the Company's business; provided, however, that the ownership of not more than two percent of any class of securities of any entity shall not be deemed a violation of this Agreement. Sanford's continued service in the positions which he currently holds with the approval of the Steris Board of Directors, which are listed on Exhibit B to this Agreement, or on similar boards of directors or trustees of institutional investors or nonprofit organizations, shall not be deemed a violation of this Section 10; provided Sanford is not directly involved in the management of any competitor. For purposes of this Agreement, the "Company's business" shall mean any business in which the Company actively engages now, and any business in which the Company has actively engaged in the two (2) year period prior to the date hereof, including, without limitation, providing infection prevention, contamination prevention, microbial reduction and therapy support systems, products, services and technologies to health care, scientific, research, food and industrial customers throughout the world.

(b) In the event Sanford shall violate any provision of this Section 10 as to which there is a specific time period during which he is prohibited from taking certain actions or from engaging in certain activities as set forth in such provision, then, in such event, such violation shall toll the running of such time period from the date of such violation until such violation shall cease. The foregoing shall in no way limit the Company's rights under Section 15 of this Agreement.

(c) Sanford has carefully considered the nature and extent of the restrictions upon him and the rights and remedies conferred upon the Company under this Section 10 and this Agreement, and hereby acknowledges and agrees that the same are reasonable in time and territory, are designed to eliminate competition which otherwise would be unfair to the Company, do not stifle the inherent skill and experience of Sanford, would not operate as a bar to Sanford's sole means of support, are fully required to protect the legitimate interests of the Company and do not confer a benefit upon the Company disproportionate to the detriment to Sanford. Sanford further acknowledges that his obligations in this Section 10 are made in consideration of, and are adequately supported by the payments by the Company to Sanford described in this Agreement.

11. No Solicitation of Employees. Sanford agrees that he will not:

(a) Employ, assist in employing, or otherwise associate in business with any person who is, or has been in the 12 month period prior to such individual's association with Sanford an employee, officer or agent of the Company, or any of its affiliated, related or subsidiary entities, unless such employee was involuntarily terminated by the Company or such employee contacts Sanford after voluntarily terminating his employment in circumstances which do not violate (b) of this Section 11.

(b) Induce any person who is an employee, officer or agent of the Company, or any of its affiliated, related, or subsidiary entities to terminate such relationship.

12. Confidential Information.

(a) Sanford acknowledges and agrees that in the performance of his duties as an officer and employee of the Company he was brought into frequent contact with, had or may have had access to, and/or became informed of confidential and proprietary information of the Company and/or information which is a competitive asset of the Company (collectively, "Confidential Information") and the disclosure of which would be harmful to the interests of the Company or its subsidiaries. Confidential Information shall include, without limitation: (a) customer and distributor information such as names, addresses, sales histories, purchasing habits, credit status, pricing levels, etc., (b) certain prospective customer and distributor information lists, etc., (c) product and systems specifications, schematics, designs, concepts for new or improved products and services and other products and services data, (d) product and material costs, (e) suppliers' and prospective suppliers' names, addresses and contracts, (f) future corporate planning data, (g) production methods and equipment, (h) marketing strategies, (i) the Company's financial results and business condition, and (j) any other information which constitutes a "trade secret" under federal or state law. Such Confidential Information is more fully described in Subsection (b) of this Section 12. Sanford acknowledges that the Confidential Information of the Company gained by Sanford during his association with the Company was developed by and/or for the Company through substantial expenditure of time, effort and money and constitutes valuable and unique property of the Company.

(b) Sanford will keep in strict confidence, and will not, directly or indirectly, at any time, disclose, furnish, disseminate, make available, use or suffer to be used in any manner any Confidential Information of the Company without limitation as to when or how Sanford may

have acquired such Confidential Information. Sanford specifically acknowledges that Confidential Information includes any and all information, whether reduced to writing (or in a form from which information can be obtained, translated, or derived into reasonably usable form), or maintained in the mind or memory of Sanford and whether compiled or created by the Company, which derives independent economic value from not being readily known to or ascertainable by proper means by others who can obtain economic value from the disclosure or use of such information, that reasonable efforts have been put forth by the Company to maintain the secrecy of confidential or proprietary or trade secret information, that such information is and will remain the sole property of the Company, and that any retention or use by Sanford of confidential or proprietary or trade secret information after the termination of Sanford's employment with and services for the Company shall constitute a misappropriation of the Company's Confidential Information.

(c) Upon expiration of the Post-CEO Employment Period, Sanford will immediately return to the Company (to the extent he has not already returned), equipment, software, electronic files and all other property of the Company, including, without limitation, property, documents and/or all other materials (including copies, reproductions, summaries and/or analyses) which constitute, refer or relate to Confidential Information of the Company.

(d) Sanford further acknowledges that his obligation of confidentiality shall survive, regardless of any other breach of this Agreement or any other agreement, by any party to this Agreement, until and unless such Confidential Information of the Company shall have become, through no fault of Sanford generally known to the public or Sanford is required by law (after providing the Company with notice and opportunity to contest such requirement) to make disclosure. Sanford's obligations under this Section 12 are in addition to, and not in limitation or preemption of, all other obligations of confidentiality which Sanford may have to the Company under general legal or equitable principles or statutes.

13. Disclosure; Trading Restrictions.

(a) From the date of this Agreement through the end of the Post-CEO Employment Period, Sanford will communicate his role as Executive Founder and the contents of Sections 10, 11, 12, 13 and 14 of this Agreement to any person, firm, association, or corporation other than the Company, which he intends to be employed by, associated in business with, or represent.

(b) Sanford shall take no action with respect to the Company's common shares that is in violation of the Company's policies with respect to trading in common shares, it being understood that exercise of the put option under Section 2 shall not be deemed in violation of these policies. The Company will not prevent Sanford from making any sale of the Company's common shares or from exercising any options for the Company's common shares on a cashless basis during any part of any open window period.

14. Certain Activities. During the Transition Period and the Post-
---
CEO Employment Period, Sanford shall not, and shall cause his affiliates not to, except within the terms of a specific written consent of the Chairman of the Compensation Committee of the Board of Directors, propose, discuss or have any communication with any other person, directly or

indirectly, relating in any way to (i) any form of business combination, acquisition or other transaction relating to the Company or any affiliate of the Company and any other party or any affiliate of any other party, (ii) any form of restructuring, recapitalization or similar transaction with respect to the Company or any affiliate of the Company, or (iii) any demand, request or proposal to (1) acquire, or offer, propose or agree to acquire, by purchase or otherwise, any shares of common stock of the Company ("Voting Securities"), (2) make, or in any way participate in, any solicitation of proxies with respect to any such Voting Securities of the Company (including, without limitation, by the execution of action by written consent), become a participant in any election contest with respect to the Company or seek to influence any person with respect to any such Voting Securities, (3) participate in or encourage the formation of any partnership, syndicate or other group which owns or seeks or offers to acquire beneficial ownership of any such Voting Securities or which seeks to affect control of the Company or any affiliate of the Company or has the purpose of circumventing any provision of this Agreement.

15. Breach.

(a) If Sanford breaches any of the provisions of this Agreement in any material respect, then the Company may, at its sole option, following reasonable notice to Sanford and opportunity to cure, terminate all remaining payments and benefits described in this Agreement and obtain reimbursement from Sanford of all payments and benefits already provided pursuant to Sections 1, 2, 4, 5 and 6 of this Agreement, plus any expenses and damages incurred as a result of the breach (including, without limitation, reasonable attorneys' fees), with the remainder of this Agreement, and all promises and covenants in this Agreement, remaining in full force and effect.

(i) The Company will not terminate pursuant to (a) of this Section 15 any benefits in which Sanford had vested as of the end of the Transition Period under the Company's 401(k) Savings Plan. Sanford's COBRA rights, if any, will not be reduced by any action taken by the Company under (a) of this Section 15.

(ii) Sanford may challenge any Company action under (a) of this Section 15.

(b) Sanford acknowledges and agrees that the remedy at law available to the Company for breach by Sanford of any of his obligations under Sections 10, 11, 12 and 14 of this Agreement would be inadequate and that damages flowing from such a breach would not readily be susceptible to being measured in monetary terms. Accordingly, Sanford acknowledges, consents and agrees that, in addition to any other rights or remedies which the Company may have at law, in equity or under this Agreement, upon adequate proof of Sanford's violation of any provision of Sections, 10, 11, 12 and 14 of this Agreement, the Company shall be entitled to immediate injunctive relief and may obtain a temporary order restraining any threatened or further breach, without the necessity of proof of actual damage.

(c) If the Company breaches any of the provisions of this Agreement in any material respect, then Sanford may, following reasonable notice to the Company and opportunity to cure, exercise all rights and remedies which Sanford may have and the Company shall reimburse Sanford for any costs and expenses (including, without limitation, attorneys' fees) reasonably incurred in connection therewith.

16. Release by Sanford.

a. Sanford for himself and his dependents, successors, assigns, heirs, executors and administrators (and his and their legal representatives of every kind), hereby releases, dismisses, remises and forever discharges the Company from any and all arbitrations,, claims (including, without limitations, claims for attorney's fees), demands, damages, suits, proceedings, actions and/or causes of action of any kind and every description, whether known or unknown, which Sanford now has or may have had for, upon, or by reason of any cause whatsoever (except that this release shall not apply to the obligations of the Company arising under this Agreement), against the Company ("claims"), including but not limited to:

(i) any and all claims, directly or indirectly, arising out of or relating to:
(A) Sanford's past employment or service with the Company; and (B) Sanford's resignation as President and any other position described in Section 1(e) of this Agreement.

(ii) any and all claims of discrimination, including but not limited to, claims of discrimination on the basis of sex, race, age, national origin, marital status, religion or disability, including, specifically, but without limiting the generality of the foregoing, any claims under the Age Discrimination in Employment Act, as amended (the "ADEA"). Title VII of the Civil Rights Act of 1964, as amended, the Americans with Disabilities Act of 1990, the Family and Medical leave Act of 1993 and Ohio Revised Code Chapter 4112;

(iii) any and all claims of wrongful or unjust discharge or breach of any contract or promise, express or implied; and

(iv) any and all claims under or relating to any and all employee compensation, employee benefit, employee severance or employee incentive bonus plans and arrangements, including with limitation, the STERIS Corporation Health Care Plan, 401(k) Plan, STERIS Corporation 1997 Stock Option Plan, STERIS Corporation 1994 Equity Compensation Plan, STERIS Corporation Amended and Restated Non-Qualified Stock Option Plan and STERIS Corporation Amended Non-Qualified Stock Option Plan, all of which Sanford agrees are forfeited upon his resignation other than his rights which are set forth in this Agreement, his right to his account balances under the 401(k) Plan and his right to receive payment under the SEMICP with respect to the year ending March 31, 2000; provided that he shall remain entitled to the amounts and benefits specified in Sections 4, 5 and 6 above. Sanford agrees that he intends to release any and all worker compensation claims he may have against the Company by this Agreement, and further agrees to execute any documentation as may be reasonably required to perfect such release when presented to him by the Company.

b. Sanford understands and acknowledges that the Company does not admit any violation of law, liability or invasion of any of his rights and that any such violation, liability or invasion is expressly denied. The consideration provided under this Agreement is made for the purpose of settling and extinguishing all claims and rights (and every other similar or dissimilar matter) that Sanford ever had or now may have or ever will have against the Company

to the extent provided in this Section 16. Sanford further agrees and acknowledges that no representations, promises or inducements have been made by the Company other than as appear in this Agreement.

c. Sanford further understands and acknowledges that:

(i) The release provided for in this Section 16, including, without limitation, claims under the ADEA to and including the date of this Agreement, is in exchange for the additional consideration provided for in this Agreement, to which consideration he was not heretofore entitled; and

(ii) He has been advised by the Company to consult with legal counsel prior to executing this Agreement and the release provided for in this Section 16, has had an opportunity to consult with and to be advised by legal counsel of his choice, fully understands the terms of this Agreement, and enters into this Agreement freely, voluntarily and intending to be bound.

d. Sanford will not file a lawsuit or other complaint asserting any claim that is released in this Section 16.

e. Sanford and the Company acknowledge that the terms and conditions of this Agreement are made and are mutually agreed to by the Company and Sanford, and that Sanford waives and releases any claim that he has or may have to reemployment.

f. For purposes of the above provisions of this Section 16, the "Company" shall include its predecessors, subsidiaries, divisions, related or affiliated companies, officers, directors, stockholders, members, employees, heirs, successors, assigns, representatives, agents and counsel.

17. Release by the Company.

The Company, for itself and its successors and assigns, hereby releases, dismisses, remises and forever discharges the Executive and his dependents, successors, assigns, heirs, executors and administrators (and his and their legal representatives of every kind) (collectively, the "Executive Releasees") from any and all arbitrations, claims (including, without limitation, claims for attorneys' fees), demands, damages, suits, proceedings, actions and/or causes of action of any kind and every description, whether known or unknown, which it now has or may hereafter have against the Executive Releasees, on account of any matter which relates in any way, directly or indirectly, to the past, present of future business or affairs of the Company, whether known or unknown, relating to or arising out of the Executive's service as an officer or employee with the Company.

18. Continued Availability and Cooperation.

(a) Sanford shall cooperate fully with the Company and with the Company's counsel in connection with any present and future actual or threatened litigation or administrative proceeding involving the Company that relates to events, occurrences or conduct occurring (or

claimed to have occurred) during the period of Sanford's employment by the Company. This cooperation by Sanford shall include, but not be limited to:

(i) making himself reasonably available for interviews and discussions with the Company's counsel as well as for depositions and trial testimony;

(ii) if depositions or trial testimony are to occur, making himself reasonably available and cooperating in the preparation therefor as and to the extent that the Company or the Company's counsel reasonably requests;

(iii) refraining from impeding in any way the Company's prosecution or defense of such litigation or administrative proceeding; and

(iv) cooperating fully in the development and presentation of the Company's prosecution or defense of such litigation or administrative proceeding.

(b) Sanford shall be reimbursed by the Company for reasonable travel, lodging, telephone and similar expenses incurred in connection with such cooperation, which the Company shall reasonably endeavor to schedule at times not conflicting with the reasonable requirements of any employer of Sanford, or with the requirements of any third party with whom Sanford has a business relationship permitted hereunder that provides remuneration to Sanford. Sanford shall not unreasonably withhold his availability for such cooperation.

(c) Upon the Changeover Date, Sanford will update the Company as to the status of all pending matters for which he was responsible or otherwise involved.

19. Mutual Nondisclosure of Agreement. Sanford and his heirs, executors, successors, assigns, representatives, and attorneys and the Company, its officers, directors, employees, attorneys and advisors shall hold the terms of this Agreement in strict confidence and shall not communicate, reveal, or disclose the terms of this Agreement to any other persons except as required by law or regulation and to Sanford's immediate family, to legal counsel, to tax consultants, and to the Corporate Controller and the Human Resources Directors, all of whom shall be instructed by Sanford and/or the Company similarly to hold the terms of this Agreement in the strictest confidence, and as otherwise required by law. Notwithstanding the foregoing, the parties acknowledge that this Agreement will be required to be filed with the Securities and Exchange Commission.

20. Warranties and Representations.

(a) Steris represents and warrants that the Board of Directors of Steris has authorized the person whose signature appears below to execute this Agreement to bind the Company to all provisions contained in this Agreement.

(b) Steris warrants and represents to Sanford that he continues to be insured by Steris' officers and directors liability insurance policy ("D&O Policy") for any current and/or future claims brought for any act which occurred or may occur while he was or is an officer, director or Special Advisor of Steris; and that

he continues to be indemnified, pursuant to the regulations, bylaws and resolutions of the Corporation for any claims against him arising out of his duties as Chairman of the Board, President and Chief Executive Officer and as Special Advisor.

21. Non-Disparagement. Neither party shall make any statements, written or oral, to any third party which disparages, criticizes, discredits or otherwise operates to the detriment of Sanford or the Company, its officers, directors and employees and their respective business reputation and/or goodwill, except as required by law or regulation.

22. Invalidity. The invalidity or unenforceability of any one (1) provision or part of this Agreement shall not render any other provision(s) or part(s) of this Agreement invalid or unenforceable and that such other provision(s) or part(s) shall remain in full force and effect.

23. Entire Agreement. This Agreement contains the entire agreement between the parties to this Agreement, and there are no understandings between the parties other than those specifically and expressly set forth in this Agreement. Upon the Effective Date of this Agreement, this Agreement replaces and supersedes any prior employment agreements between Steris and Sanford (including, without limitation, the Employment Agreement, dated as of March 21, 2000, between Sanford and STERIS), except that the Agreement, dated July 23, 1998, between the Company and Sanford shall continue until the Changeover Date and then shall terminate and be of no further force or effect. Sanford agrees, recognizes and acknowledges that any employment agreement is made null and void by reason of this Agreement. This Agreement shall not be amended or modified in any manner except upon written agreement by the parties. Notwithstanding the foregoing, the Promissory Note shall remain in full force and effect until paid or forgiven as provided in Section 3 of this Agreement, and each Stock Option Award granted under the Option Plans between the parties shall remain in full force and effect throughout the Transition Period and Post-CEO Employment Period.

24. Originals. Four (4) copies of this Agreement shall be executed as "originals" so that both Sanford and Steris and their counsel may possess an "original" fully-executed document. The parties to this Agreement expressly agree and recognize that each fully-executed "original" shall be binding and enforceable as an original document representing the agreements in this Agreement.

25. Governing Laws. This Agreement shall be governed and interpreted pursuant to the laws of the State of Ohio.

26. Successors to the Company. Except as otherwise provided in this Agreement, this Agreement shall be binding upon and inure to the benefit of the Company and any successor of the Company, including, without limitation, any corporation which acquires directly or indirectly all or substantially all of the assets of the Company whether by merger, consolidation, sale or otherwise (and such successor shall thereafter be deemed the "Company" for the purposes of this Agreement), but shall not otherwise be assignable by the Company.

27. Arbitration. In order to resolve any dispute which may arise out of or be related to this Agreement, Sanford shall have the right, in addition to all other rights and remedies provided by law, at his election, to seek arbitration in Cleveland, Ohio, under the rules of the American Arbitration Association, as to claims pursued by him, by serving a notice to arbitrate upon the Company. Notwithstanding the foregoing, the parties shall have the same rights of discovery under the Ohio Rules of Civil Procedure as if the dispute had been filed as an original action in an Ohio court of original jurisdiction.

[REMAINDER OF THIS PAGE IS INTENTIONALLY BLANK]

IN WITNESS WHEREOF, Sanford and Steris have executed this Agreement effective and binding as of the Effective Date of this Agreement.

/s/ Bill R. Sanford

Bill R. Sanford

Dated: June 19, 2000

STERIS CORPORATION

By: /s/ David C. Dvorak

Title: Senior Vice President, General Counsel, and Secretary

Dated: June 19, 2000

EXHIBIT 10.21

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT (this "Agreement") is made as of March 21, 2000 (the "Effective Date"), between STERIS Corporation, an Ohio Corporation ("STERIS"), and Les C. Vinney ("Executive").

In consideration of the mutual covenants contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are in this Agreement acknowledged, the parties to this Agreement agree as follows:

A. President and Chief Operating Officer

1. Position and Duties.

(a) Effective March 18, 2000, Executive shall serve as the Chief Operating Officer of STERIS and shall have the normal duties, responsibilities and authority of an executive serving in such position, subject to the power of the STERIS Board of Directors (the "Board") to expand or limit such duties, responsibilities and authority, either generally or in specific instances. Executive shall have the title President of STERIS, subject to the power of the Board to change such title from time to time. On or prior to the date of this Agreement, Executive shall have been elected by the Board to fill the current vacancy on Class I of the Board pursuant to Article II, Section 2 of the Amended and Restated Regulations of STERIS.

(b) Executive shall devote his best efforts and his full business time and attention (except for permitted vacation periods, reasonable periods of illness or other incapacity, and provided such activities do not have more than a de minimis effect on Executive's performance of his duties under this Agreement, participation in charitable and civic endeavors and management of Executive's personal investments and business interests) to the business and affairs of STERIS. Executive shall perform his duties and responsibilities to the best of his abilities in a diligent, trustworthy, businesslike and efficient manner.

(c) Executive shall perform his duties and responsibilities principally in the Cleveland metropolitan area, and shall not be required to travel outside that area any more extensively than required in the ordinary course of the business of STERIS.

2. Compensation and Benefits.

(a) Base Salary. Effective April 1, 2000, STERIS agrees to pay Executive a base salary of $400,000.00 per annum. Executive's base salary may be increased by the Board from time to time. Until April 1, 2000, Executive shall be paid

the base salary outlined in his July 13, 1999 letter agreement with STERIS. Executive shall also receive the $75,000 bonus for the quarter ending March 31, 2000.

(b) Annual Bonus. Effective April 1, 2000, Executive will be a participant in the STERIS Management Incentive Compensation Plan ("MICP"). Executive shall have the opportunity for the achievement of the full year bonus target level of $320,000 based upon the overall corporate target established by the Board for fiscal year 2001. Executive's entitlement to bonus compensation for fiscal years after 2001 shall be pursuant to the MICP and may be increased by the Board from time to time.

(c) Stock Options. Executive will be eligible for a non-qualified stock option grant of not less than 250,000 common shares at the next such date that other STERIS executives are granted options. Executive shall be eligible for other option grants consistent with company practices. The option will be evidenced by an agreement (The Stock Option Agreement) in the standard form of option agreement used by STERIS.

(d) Expense Reimbursement. STERIS shall reimburse Executive for all reasonable expenses incurred by him in the course of performing his duties under this Agreement which are consistent with STERIS' policies in effect from time to time with respect to travel, entertainment and other business expenses, subject to STERIS' requirements with respect to reporting and documentation of such expenses.

(e) Standard Executive Benefits Package. In addition to the base salary and any bonus payable to Executive pursuant to this Agreement, Executive shall continue to be entitled to participate in and receive on the same basis any and all benefits made available to other executives of STERIS. STERIS will continue to work with its insurance benefits provider to coordinate Executive's medical and dental coverage under Executive's current program with Executive's former employer and shall reimburse Executive for his cost of membership at The Union Club (or similar club) and a country club of his choice.

(f) Indemnification. With respect to Executive's acts or failures to act during the Employment Period in his capacity as a director, officer, employee or agent of STERIS, Executive shall be entitled to indemnification from STERIS, and to liability insurance coverage, on the same basis as other directors and officers of STERIS.

3. Change in Control Agreement. The Parties to this Agreement have entered into a Change in Control Agreement effective March 21, 2000.

B. President and Chief Executive Officer

1. Effective Date. It is anticipated that Executive will be appointed to serve as Chief Executive Officer of STERIS on or before the date of the year 2000 annual meeting of the shareholders of STERIS currently scheduled for July 21, 2000. On such

appointment, Executive shall have the normal duties, responsibilities and authority, of an executive serving in such position, subject to the power of the Board to expand or limit such duties, responsibilities and authority, either generally or in specific instances. Executive shall continue to act as President of STERIS and shall maintain his position on the Board. From the effective date, Executive's compensation will be as noted below.

2. Base Salary. Upon his appointment as Chief Executive Officer, STERIS agrees to pay Executive a base salary of $575,000 per annum. Executive's base salary may be increased by the Board from time to time.

3. Bonus. Upon Executive's appointment as Chief Executive Officer, Executive shall be a participant in the Senior Executive Management Incentive Compensation Plan and shall have the opportunity for the achievement of the full year bonus target level of $575,000, based upon overall corporate achievement for fiscal year 2001. Executive's entitlement to bonus compensation for fiscal years after 2001 shall be pursuant to the Senior Executive Management Incentive Compensation Plan and may be increased by the Board from time to time.

4. Proration of Fiscal Year 2001 Bonus. For fiscal year 2001, the amount of any bonus opportunity for Executive shall be prorated based upon a target level of $320,000 for the number of days Executive serves as Chief Operating Officer and on a target level of $575,000 for the number of days Executive serves as Chief Executive Officer prior to April 1, 2001, both periods prorated based on a 365 day year.

5. Stock Options. STERIS will grant Executive non-qualified stock options to purchase additional shares of STERIS' common stock in accordance with the customary business practices.

6. Benefits and Expenses Reimbursement. Upon Executive's appointment as Chief Executive Officer, he shall continue to receive the benefits and expense reimbursements he received as Chief Operating Officer.

7. Change of Control. The Change of Control Agreement signed by the parties on March 21, 2000, shall remain in effect upon Executive's appointment as Chief Executive Officer.

8. Failure to Appoint by the Date of the Year 2000 Annual Meeting of Shareholders. If Executive has not been appointed Chief Executive Officer on or prior to the date of the year 2000 annual meeting of Shareholders, Executive shall receive a lump sum payment of (i) two years of his annual base salary as Chief Operating Officer plus (ii) the Chief Operating Officer target bonus amount of $320,000 Additionally, Executive shall receive:

(a) For the 12 months following the date of the year 2000 annual meeting of Shareholders, all benefits the Executive received as Chief Operating Officer;

(b) The value of any accrued, but unused vacation.

9. Miscellaneous. If the Executive is appointed Chief Executive Officer, the parties will mutually agree to the terms of Executive's separation as STERIS Corporation's Chief Executive Officer at a future date.

C. Notices

Any notice provided for in this Agreement shall be in writing and shall be either personally delivered, or by recognized delivery service, to the recipient at the address below indicated:

Notices to Executive:
Les C. Vinney
85 West Juniper Lane
Moreland Hills, Ohio 44022

Notices to STERIS:
STERIS Corporation
5960 Heisley Road
Mentor, Ohio 44060
Attn: General Counsel

or such other address or to the attention of such other person as the recipient party shall have specified by prior written notice to the sending party. Any notice under this Agreement will be deemed to have been given when delivered.

D. Severability

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained in this Agreement.

E. Complete Agreement

This Agreement, the Change of Control Agreement described in Paragraphs A.4 and B.7 and any Stock Option Agreement and the attached Non-Disclosure and Non-Competition Agreement executed or to be executed in accordance with the terms of this Agreement, embody the complete Agreement and understanding between the parties with respect to the subject matter of this Agreement and effective as of its date supersedes and preempts any prior understanding, agreements or representations by or between the parties, written or oral, which may have related to the subject matter of this agreement in any way.

F. Counterparts

This Agreement may be executed in separate counterparts, each of which shall be deemed to be an original and both of which taken together shall constitute one and the same agreement.

G. Successors and Assigns

This Agreement shall bind and inure to the benefit of and be enforceable by Executive, STERIS and their respective heirs, executors, personal representatives, successors and assigns, except that neither party may assign any of his or its rights or delegate any of his or its obligations hereunder without the prior written consent of the other party. Executive hereby consents to the assignment by STERIS of all of its rights and obligations hereunder to any successor to STERIS by merger or consolidation or purchase of all or substantially all of STERIS' assets; in each case provided such transferee or successor assumes the liabilities of STERIS hereunder.

H. Choice of Law

This Agreement shall be governed by the internal law, and not the law of conflicts, of the State of Ohio.

I. Amendment and Waiver

The provisions of this Agreement may be amended or waived only with the prior written consent of STERIS and Executive, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

IN WITNESS WHEREOF, the parties to this Agreement have executed this Agreement as of the date first written above.

STERIS Corporation

By: /s/ David C. Dvorak

David C. Dvorak
Its: Senior Vice President and General Counsel

/s/ Les C. Vinney

LES C. VINNEY

EXHIBIT 10.22

Personal and Confidential

August 23, 1999

Michael A. Keresman, III
7753 Rutland Drive
Mentor, OH 44060

Dear Mike:

This letter agreement sets forth the agreement we have reached regarding the termination of your status as an officer of STERIS Corporation ("STERIS"), your continued part-time employment with STERIS after the termination of your officer status, the ultimate termination of your employment with STERIS, the compensation and benefits to be paid to you pursuant to this Agreement, and the waiver and release that is part of this Agreement. You should review this Agreement with legal counsel of your choice to be certain that you understand and agree with all of the provisions that are contained in this Agreement.

1. Cessation of Officer Status. Your last day of employment as an officer of STERIS will be August23, 1999. By execution of this Agreement, you hereby resign as an officer of STERIS and as an officer of each subsidiary or other affiliate of STERIS as to which you have heretofore been an officer. After August 23, 1999, you will not be an officer of STERIS or of any subsidiary or affiliate of STERIS and you will not have, nor will you hold yourself out as having, any authority to bind STERIS or any of its subsidiaries or affiliates in any manner.

2. Part-Time Employment. STERIS hereby offers and, by signing this Agreement, you hereby accept a part-time position as an employee of STERIS (but not as an officer of STERIS) commencing on August 24, 1999. As a part-time employee of STERIS you will report directly and only to Bill R. Sanford or such other officer of STERIS as Mr. Sanford may designate and you shall perform such duties as Mr. Sanford or his designee may from time to time assign to you. Unless earlier terminated as provided in the last sentence of this paragraph, your part-time employment with STERIS will continue through September 30, 2000, and shall thereupon terminate without further action by either STERIS or you. Your part-time employment with STERIS may be terminated by STERIS for cause (as determined by STERIS in its sole discretion) upon 30 days advance notice.

3. Compensation. In consideration of your execution of this Agreement, your part-time employment with STERIS, and your observance of all of the terms and conditions set forth herein, STERIS will pay to you the following amounts:

a. Salary through September 30, 1999. Through September 30, 1999 (the end of the second quarter of the fiscal year ending March 31, 2000), STERIS will pay salary to you at the same rate and at the same times as if you had remained an officer of STERIS through that date with the same base salary that was in effect for you immediately before the execution of this Agreement.

b. Bonus. STERIS will pay a bonus to you under the Management Incentive Compensation Plan ("MICP") with respect to the second quarter of fiscal 2000 on or about November 15, 1999, in

the same manner as it makes payments to other MICP participants on or about that date (notwithstanding the fact that you are no longer employed by STERIS as an officer on that date). You will receive no further bonus payments after that second quarter payment.

c. Salary after September 30, 1999. Commencing on October 1, 1999, and continuing thereafter for so long as you continue in its part-time employ, STERIS will pay salary to you at the rate of $20,000 per month, payable in accordance with STERIS's normal payroll procedures.

4. Medical Insurance Coverage. In further consideration of your execution of this Agreement and your observance of all of the terms and conditions set forth herein, STERIS will provide to you and your family full family medical insurance coverage (at the same levels and on the same employee contribution basis as applicable to full time associates of STERIS) through September 30, 2000. After September 30, 2000, you will have such rights to continuing medical insurance coverage as STERIS is required to provide under Part 6 of Title I of ERISA (commonly referred to as "COBRA").

5. STERIS Equipment and Property. You agree to return to STERIS any and all STERIS equipment and property of any kind whatsoever that you may have in your possession by not later than August 25, 1999. You will be permitted access to your former office at STERIS to obtain your personal effects through August 25, 1999, and you will return all STERIS equipment and property not later than that time. In compliance with the requirements set forth above in this Section 5, you will not remove from any STERIS facility or retain in your possession any materials that contain any STERIS confidential or proprietary information, but you will return any and all such materials to STERIS not later than August 25, 1999.

6. Termination of Change of Control Agreement. The Change of Control Agreement, dated as of July 23, 1998, between you and STERIS (the "Change of Control Agreement") is hereby terminated. From and after the date of execution of this Agreement, you will have no rights whatsoever under the Change of Control Agreement. You hereby waive and unconditionally release STERIS from any and all claims whatsoever arising under or with respect to that Change of Control Agreement.

7. Stock Options. You hold certain options issued under various STERIS stock option plans for STERIS Common Shares. While you remain in the employ of STERIS, your rights under those options that have not yet fully vested will continue to vest in accordance with the terms of the relevant option agreements and plans. Under the terms of the various option plans, you will be entitled to exercise vested options while you are an employee of STERIS (including while you are a part time employee of STERIS pursuant to this Agreement) and, provided your employment is not terminated for cause, you will be entitled to exercise those options, to the extent vested on your last day of employment, at any time within three months of that last day of employment. However, under the terms of STERIS's insider trading policy, you will be entitled to exercise those options on a cashless basis only during an open window period. By signing this Agreement, you acknowledge that you have received the summary of these provisions that is attached to this Agreement as Exhibit A.

8. Stock Transfer Restrictions. Even though you will no longer be an officer of STERIS or of any of its subsidiaries or other affiliates, you shall not take any action with respect to STERIS Common Shares that is in violation of STERIS's policies with respect to trading by STERIS officers in STERIS Common Shares. STERIS will not prevent you from making any sale of STERIS Common Shares or from

exercising any options for STERIS Common Shares on a cashless basis during any part of any open window period during which any officer of STERIS may sell STERIS Common Shares. By signing this Agreement, you acknowledge that you have received the summary of the application of those rules that is attached to this Agreement as Exhibit B and agree that you will comply with all of the restrictions and procedures reflected on Exhibit B.

9. Noncompetition and Nondisclosure. STERIS and you are parties to several Nondisclosure and Noncompetition Agreements, entered into from time to time. By signing this Agreement you acknowledge that those agreements are in full force and effect and will remain in effect according to their respective terms both during your part-time employment and after the termination of your employment with STERIS.

10. Confidentiality, Cooperation. In consideration of the payments and benefits to be provided to you by STERIS pursuant to this Agreement:

a. You acknowledge that as an employee of STERIS you possess confidential and proprietary information relating to STERIS and you agree not to use or to reveal to any other person or entity any confidential or proprietary information of STERIS, except as may be required by law. You agree that if you believe you are required by law to reveal any such confidential or proprietary information, you will first afford STERIS the opportunity to raise any objection that STERIS may have to the purported requirement that you reveal such information.

b. You will not reveal any information regarding the substance of this Agreement to any person or entity other than (i) your wife, (ii) your personal accountant, and/or (iii) counsel retained by you in connection with this Agreement and you will be responsible to see to it that none of these listed individuals reveals any information regarding the substance of this Agreement to any other person or entity.

c. You will not disparage, attempt to discredit, or otherwise call into disrepute STERIS, its affiliates, successors, assigns, officers, directors, employees, agents (in their capacity as agents of STERIS), or any of their systems, products, services or technologies in any manner that would damage the business or reputation of STERIS or its affiliates, successors, assigns, officers, directors, employees, or agents. The prohibition in the immediately preceding sentence applies to all statements that disparage, discredit, or call into disrepute, without regard to the truth or falsehood of the statement.

d. You will not assist any party other than STERIS in any litigation or investigation against STERIS or its affiliates, successors, assigns, officers, directors, employees, or agents with respect to any facts or circumstances existing at any time on or before the date of termination of your employment, except as maybe required by law. You agree that if you believe any such action is required by law, you will use your best efforts to first afford STERIS the opportunity to raise any objection that STERIS may have to the purported requirement that such action be taken by you.

Your obligations under this Section 10 shall remain in effect without any limitation as to time.

11. Release. In consideration for STERIS's agreement to provide the compensation and benefits set forth in this Agreement:

a. For yourself, your heirs, executors, administrators, successors, and assigns, you hereby release and discharge forever STERIS, its affiliates, successors, assigns, officers, directors, employees, and agents from any and all claims, demands, causes of action, losses, and expenses of every nature whatsoever, whether known or unknown, arising out of or in any way connected with any facts or circumstances occurring before or existing on the date of this Agreement or arising out of or in any way connected with your employment by STERIS, including, without limitation, any matter related in any way to the termination of your employment with STERIS, and further including, without limitation, any breach of contract (express or implied), promissory estoppel, wrongful discharge, intentional infliction of emotional harm, defamation, libel, slander, or other tort, or violation of any federal, state, or municipal statute or ordinance relating to discrimination in employment, including but not limited to Title VII of the Civil Rights Act of 1964(42 U.S.C.ss.2000(e) et seq.), Ohio Revised Code Section 4112 et seq., Americans with Disabilities Act of 1990, 42 U.S.C.ss.12101, and all state laws of similar import.

b. You agree that by signing this Agreement, you are also knowingly and voluntarily waiving any and all claims or causes of action you may have under the Federal Age Discrimination in Employment Act of 1967 (29 U.S.C.ss.621 et seq.) and all state laws of similar import.

c. You agree not to bring any suit or action in any court or administrative agency against any of the beneficiaries of this release arising out of or relating to the subject matter of this release.

Nothing in this Section 11 shall release STERIS from its obligations under this Agreement or prevent you from bringing an action to enforce or seek damages for breach of this Agreement by STERIS.

12. Effect of Breach by You. If you breach any of the terms of this Agreement, (a) STERIS will be relieved of its obligation to make any further payments or to provide any further benefits to you under this Agreement and (b) you will be required to repay to STERIS the full amount of any and all salary payments made to you by STERIS after the date of this Agreement STERIS will also be entitled to an injunction against further breach by you and to money damages suffered by it or any of the beneficiaries of the release set forth in Section 11 above as a result of any such breach by you.

13. Legal Fees If either party to this Agreement brings any suit or action to enforce or seek damages for breach of this Agreement, the court shall have the authority to award to the prevailing party recovery of his or its reasonable legal fees and expenses incurred in the suit or action.

14. Governing Law; Venue. This Agreement will be governed by the laws of the State of Ohio applicable to contracts made and to be performed entirely within that state. Any suit, action, or other legal proceeding arising out of or relating to this Agreement shall be brought in the Court of Common Pleas of Lake County, Ohio. STERIS and you each (a) consent to the jurisdiction of that court in any such suit, action, or proceeding and (b) waive, to the fullest extent permitted by applicable law, any objection which either may have to the laying of venue of any such suit, action, or proceeding in that court and any claim that any such suit, action, or proceeding has been brought in an inconvenient forum.

15. Withholding. All payments to be made by STERIS pursuant to this Agreement are subject to applicable federal, state, and local tax withholding.

16. Entire Agreement, Binding Nature. This Agreement sets forth the entire agreement between you and STERIS regarding the subject matter and supersedes all prior agreements and understandings, whether oral or written, between you and STERIS with respect to the subject matter hereof. This Agreement shall be binding upon and inure to the benefit of you and your heirs, executors, administrators, successors, and assigns and STERIS and its successor and assigns.

Sincerely,

STERIS Corporation

By /s/ Bill R. Sanford

Bill R. Sanford
Chairman, President and Chief
Executive Officer

I hereby accept and agree to all of the terms of the above Agreement.

/s/ Michael A. Keresman III
- ---
MICHAEL A. KERESMAN, III

August 24, 1999

EXHIBIT 10.23

Personal and Confidential
- ------------------------

March 31, 2000

Mr. Thomas J. Magulski
24151 Fairway Drive
Kansasville, Wisconsin 53139

Dear Tom:

This letter agreement ("Agreement") summarizes the recent discussion with Bill R. Sanford regarding your relationship with STERIS Corporation ("STERIS"), and sets forth the agreement you have reached with STERIS regarding your resignation as an officer of STERIS, your continued part-time employment with STERIS, the ultimate termination of your employment relationship with STERIS, the benefits STERIS will provide to you as consideration for the execution of this Agreement, and the waiver and release that is part of this Agreement. You should review this Agreement with legal counsel of your choice to be certain that you understand and agree with all of the provisions that are contained in this Agreement.

1. Officer Status. Your last day of employment as an officer of STERIS will be March 31, 2000. As of that date, your resignation as an officer of STERIS will be effective. After March 31, 2000, you will not have, nor will you hold yourself out as having, any authority to bind STERIS or any of its subsidiaries or affiliates in any manner.

2. Part-Time Employment. STERIS hereby offers and you hereby accept a part-time position as an employee of STERIS commencing on April 1, 2000. As a part-time employee you will report directly and only to David C. Dvorak, or such other officer of STERIS as Mr. Dvorak may designate, and you shall perform such duties as Mr. Dvorak or his designee may from time to time assign to you that are consistent in nature with the duties that you previously performed as an officer of STERIS. To the extent possible, all such duties may be performed by you in your state of residence. Unless earlier terminated as provided in the last sentence of this Section 2, your part-time employment with STERIS will continue through September 30, 2001, and shall thereupon terminate without further action or notice by either STERIS or you. Your part-time employment with STERIS may be terminated by STERIS for cause, as determined by STERIS in its sole discretion, upon thirty (30) days advance notice.

3. Compensation. In consideration of your execution of this Agreement and the Waiver and Release referenced in Section 12(b), your part-time employment with STERIS, and your observance of the terms and conditions set forth herein, STERIS will pay to you the following amounts:

   a. Unpaid Salary. All unpaid base salary accrued through March 31, 2000.

   b. Salary through September 30, 2001. Commencing on April 1, 2000 and continuing thereafter for so long as you continue in STERIS's part-time employ, STERIS will pay salary to you at the annual rate of Two Hundred Twenty-Three Thousand Three Hundred Thirty-Four Dollars ($223,334), less applicable taxes and deductions, payable in accordance with STERIS's normal payroll procedures on each regularly scheduled payroll payment date for STERIS's executive officers.

4. Relocation. STERIS will assist you with the relocation of you and your family back to Milwaukee, Wisconsin, pursuant to STERIS's relocation policy in effect as of the date of this Agreement.

5. Medical Insurance Coverage. In further consideration of your execution of this Agreement and your observance of all of the terms and conditions set forth herein, STERIS will provide to you and your family full family medical insurance coverage (at the same levels and on the same employee contribution basis as applicable to full time Associates of STERIS) for so long as you continue in STERIS's part-time employ. After your part-time employment is terminated, you will have such rights to continuing medical insurance coverage as STERIS is required to provide under Part 6 of Title I of ERISA (commonly referred to as "COBRA").

6. STERIS Equipment and Property. You agree to return to STERIS any and all STERIS equipment and property of any kind whatsoever that you may have in your possession.

7. Termination of Change of Control Agreement. The Change of Control Agreement, dated as of January 4, 1999, between you and STERIS (the "Change of Control Agreement") is hereby terminated. From and after the date of execution of this Agreement, you will have no rights whatsoever under the Change of Control Agreement. You hereby waive and unconditionally release STERIS from any and all claims whatsoever arising under or with respect to that Change of Control Agreement.

8. Stock Options. You hold certain options issued under various STERIS stock option plans for STERIS Common Shares. Your rights under those options that have not yet fully vested will continue to vest in accordance with the terms of the relevant option agreements and plans. Under the terms of the various option plans, you will be entitled to exercise vested options while you are a part-time employee of STERIS and, provided your employment is not terminated for cause, you will be entitled to exercise those options, to the extent vested on your last day of employment, at any time within three (3) months after that last day of employment. However, under the terms of STERIS's Insider Trading Policy, you will be entitled to exercise those options on a cashless basis only during an open window period. By signing this Agreement, you acknowledge that you have received the summary of these provisions that is attached to this Agreement as Exhibit A.

9. Stock-Transfer Restrictions. Even though you will no longer be an officer of STERIS or of any of its subsidiaries or other affiliates, you shall not take any action with respect to STERIS Common Shares that is in violation of STERIS's policies with respect to trading by STERIS officers in STERIS Common Shares so long as those polices apply to you. STERIS will not prevent you from making any sale of STERIS Common Shares or from exercising any options for STERIS Common Shares on a cashless basis during any part of any open window period during which any officer of STERIS may sell STERIS Common Shares. By signing this Agreement, you acknowledge that you have received the summary of the application of those rules that is attached to this Agreement as Exhibit B and agree that you will comply with all of the restrictions and procedures reflected on Exhibit B.

10. Noncompetition and Nondisclosure. STERIS and you are parties to several Nondisclosure and Noncompetition Agreements, entered into from time to time. By signing this Agreement you acknowledge that those agreements are in full force and effect and will remain in effect according to their respective terms after the termination of your employment with STERIS.

11. Confidentiality, Cooperation. In consideration of the mutual covenants and agreements set forth herein, including, without limitation, the payments and benefits to be provided to you by STERIS pursuant to this Agreement:

a. You acknowledge that as an employee of STERIS you possess confidential and proprietary information relating to STERIS and you agree not to use or to reveal to any other person or entity any confidential or proprietary information of STERIS, except as may be required by law and except to counsel retained by you in connection with this Agreement, and you will make reasonable efforts to see to it that such counsel does not reveal any such confidential or proprietary information. You agree that if you believe you are required by law to reveal any such confidential or proprietary information, you will first use best efforts to afford STERIS a reasonable opportunity to raise any objection that STERIS may have to the purported requirement that you reveal such information.

b. You will not reveal any information regarding the substance of this Agreement to any persons or entities other than (i) your wife, (ii) your personal accountant, and/or (iii) counsel retained by you in connection with this Agreement, and you will make reasonable efforts to see to it that none of these listed individuals reveals any information regarding the substance of this Agreement to any other person or entity. Likewise, STERIS will not reveal any information regarding the substance of this Agreement to any persons or entities except as specifically required for fiscal 2000 reporting purposes, or other reporting purposes, by applicable Securities and Exchange Regulations, or as otherwise required by law.

c. You will not disparage, attempt to discredit, or otherwise call into disrepute STERIS, its affiliates, successors, assigns, officers, directors, employees, agents (in their capacity as agents of STERIS), or any of their systems, products, services or technologies in any manner that would damage the business or reputation of STERIS or its affiliates, successors, assigns, officers, directors, employees, or agents. The prohibition in the immediately preceding sentence applies to all statements that disparage, discredit, or call into disrepute, without regard to the truth or falsehood of the statement. In addition, you will refrain from communicating to any person or entity (other than those listed in paragraph b above) any information regarding your job experience at STERIS except to the extent reasonably required to discuss your performance at STERIS for purpose of securing future employment. You will make reasonable efforts to see that (i) none of the individuals listed in Section 11(b) above communicates any such information to any other person or entity, and (ii) none of the individuals or entities referred to in the prior sentence communicates any such information to any other person or entity except to the extent related to your employment-seeking activities. In addition, you will refrain from communicating to any person or entity any information regarding the circumstances and issues that were related to your resignation as an officer of STERIS. Likewise, STERIS will not, and will not authorize any of its affiliates, successors, assigns, officers, directors, employees, and agents to disparage, attempt to discredit, or otherwise call into disrepute you, your abilities, or your reputation. The prohibition in the immediately preceding sentence applies to all statements that disparage, discredit, or call into disrepute, without regard to the truth or falsehood of the statement.

d. You will not assist any party other than STERIS in any litigation or investigation against

STERIS or its affiliates, successors, assigns, officers, directors, employees, or agents with respect to any facts or circumstances existing at any time on or before the date of termination of your employment, except as may be required by law. You agree that if you believe any such action is required by law, you will use your best efforts to first afford STERIS the opportunity to raise any objection that STERIS may have to the purported requirement that such action be taken by you.

The obligations of the parties under this Section 11 shall remain in effect without any limitation as to time.

12. Release by You. In consideration for STERIS's agreement to provide the compensation and benefits set forth in this Agreement:

a. For yourself, your heirs, executors, administrators, successors, and assigns, you hereby release and discharge forever STERIS, its affiliates, successors, assigns, officers, directors, employees, and agents from any and all claims, demands, causes of action, losses, and expenses of every nature whatsoever, whether known or unknown, arising out of or in any way connected with any facts or circumstances occurring before or existing on the date of this Agreement or arising out of or in any way connected with your employment by STERIS, including, without limitation, any matter related in any way to the termination of your employment with STERIS, and further including, without limitation, any breach of contract (express or implied), promissory estoppel, wrongful discharge, intentional infliction of emotional harm, defamation, libel, slander, or other tort, or violation of any federal, state, or municipal statute or ordinance relating to discrimination in employment, including but not limited to Title VII of the Civil Rights Act of 1964 (42 U.S.C.ss. 2000, et seq.), Ohio Revised Code Section 4412 et seq., the Americans with Disabilities Act of 1990 (42 U.S.C.ss.12101, et seq.), the Family and Medical Leave Act (29 U.S.C.ss.2601, et seq.), and all state laws of similar import.

b. You agree that by signing this Agreement, you are knowingly and voluntarily waiving any and all claims or causes of action you may have under the Federal Age Discrimination in Employment Act of 1967 (29 U.S.C.ss.621, et seq.), and all state laws of similar import. The full Waiver and Release attached hereto as Exhibit C is hereby incorporated by reference.

c. You agree not to bring any suit or action in any court or administrative agency against any of the beneficiaries of this release arising out of or relating to the subject matter of this release.

Nothing in this Section 12 shall release STERIS from its obligations under this Agreement or prevent you from bringing an action to enforce or seek damages for breach of this Agreement by STERIS.

13. Release by STERIS. In consideration for your agreements and covenants set forth in this Agreement:

    a. For itself and its affiliates, successors, assigns, officers, directors, employees and agents (in their capacity as agents of STERIS), STERIS hereby releases and discharges forever you, your heirs, executors, administrators, successors, and assigns from any and all claims, demands, causes of action, losses, and expenses of every nature whatsoever, whether known or unknown, arising out of or in any way connected with any facts or circumstances occurring before or existing on the date of this Agreement or arising out of or in any way connected with your employment by STERIS, and further including, without limitation, any breach of contract (express or implied), promissory estoppel, defamation, libel, slander, or other tort.

    b. Also, for itself and its affiliates, successors, assigns, officers, directors, employees, and agents (in their capacity as agents of STERIS), STERIS hereby agrees not to bring any suit or action in any court of administrative agency against any of the beneficiaries of this release arising out of or relating to the subject matter of this release.

    Nothing in this Section 13 shall release you from your obligations under this Agreement or prevent STERIS from bringing an action to enforce or seek damages for breach of this Agreement by you.

14. Effect of Breach by You. If you breach any of the terms of this Agreement, (a) STERIS will be relieved of its obligation to make any further payments or to provide any further benefits to you under this Agreement and (b) you will be required to repay to STERIS the full amount of any and all salary payments made to you by STERIS after the date of this Agreement. STERIS will also be entitled to an injunction against further breach by you and to money damages suffered by it or any of the beneficiaries of the release set forth in Section 12 above as a result of any such breach by you.

15. Effect of Breach by STERIS. If STERIS breaches any of the terms of this Agreement, you will be entitled to an injunction against further breach by STERIS and to money damages suffered by you or any of the beneficiaries of the release set forth in Section 13 above as a result of any breach by STERIS.

16. Legal Fees. If either party to this Agreement brings any suit or action to enforce or seek damages for breach of this Agreement, the court shall have the authority to award to the prevailing party recovery of his or its reasonable legal fees and expenses incurred in the suit or action.

17. Governing Law; Venue. This Agreement will be governed by the laws of the State of Ohio applicable to contracts made and to be performed entirely within that state. Any suit, action, or other legal proceeding arising out of or relating to this Agreement shall be brought in the Court of Common Pleas of Lake County, Ohio. STERIS and you each (a) consent to the jurisdiction of that court in any such suit, action, or proceeding and (b) waive, to the fullest extent permitted by applicable law, any objection which either may have to the laying of venue of any such suit, action, or proceeding in that court and any claim that any such suit, action, or proceeding has been brought in an inconvenient forum.

18. Withholding. All payments to be made by STERIS pursuant to this Agreement are subject to applicable federal, state, and local tax withholding.

19. Entire Agreement, Binding Nature. This Agreement sets forth the entire agreement between you and

STERIS regarding the subject matter and you will not be entitled to any other consideration or benefits, including, without limitation, incentive compensation, 401(k) contributions, disability insurance, or life insurance. This Agreement supersedes all prior agreements and understandings, whether oral or written, between you and STERIS with respect to the subject matter hereof. This Agreement shall be binding upon and inure to the benefit of you and your heirs, executors, administrators, successors, and assigns and STERIS and its successor and assigns.

Sincerely,

STERIS Corporation

/s/ Gerard J. Reis
- ----------
By: Gerard J. Reis
Senior Vice President
Associate and Business Relations

I hereby accept and agree to all of the terms of the above Agreement.

/s/ Thomas J. Magulski
- ----------
THOMAS J. MAGULSKI

- ---

EXHIBIT 10.24

CREDIT AGREEMENT

dated as of June 19, 2000

among

STERIS CORPORATION,
as Borrower,

VARIOUS FINANCIAL INSTITUTIONS,
as Banks,

and

KEYBANK NATIONAL ASSOCIATION,
as Administrative Agent,

LASALLE BANK NATIONAL ASSOCIATION,
as Documentation Agent,

and

BANK ONE, MICHIGAN,
as Syndication Agent.

- ---

TABLE OF CONTENTS

This CREDIT AGREEMENT (as the same may from time to time be amended, restated or otherwise modified, this "Agreement") is dated as of the 19/th/ day of June, 2000, among STERIS CORPORATION, an Ohio corporation, 5960 Heisley Road, Mentor, Ohio 44060 ("Borrower"), the banking institutions named on Schedule 1 hereto (collectively,"Banks" and, individually, "Bank"), KEYBANK NATIONAL ASSOCIATION, 127 Public Square, Cleveland, Ohio 44114-1306, as administrative agent for the Banks under this Agreement ("Agent"), BANK ONE, MICHIGAN, 600 Superior Avenue, 4th Floor, Cleveland, Ohio 44114, as syndication agent under this Agreement ("Syndication Agent"), and LASALLE BANK NATIONAL ASSOCIATION, 135 South LaSalle Street, Chicago, Illinois 60603, as documentation agent ("Documentation Agent"). As used in this Agreement, the term "Agent" shall not include Syndication Agent or Documentation Agent.

WITNESSETH:

WHEREAS, Borrower and the Banks desire to contract for the establishment of credits in the aggregate principal amounts hereinafter set forth, to be made available to Borrower upon the terms and subject to the conditions hereinafter set forth;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE I. DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

"Acquisition" shall mean any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of any Person, or any business or division of any Person, (b) the acquisition of in excess of fifty percent (50%) of the Voting Power of any Person, or (c) the acquisition of another Person (other than a Company) by a merger or consolidation or any other combination with such Person.

"Advantage"shall mean any payment (whether made voluntarily or involuntarily, by offset of any deposit or other indebtedness or otherwise) received by any Bank in respect of the Debt, if such payment results in that Bank having less than its pro rata share of the Debt then outstanding, than was the case immediately before such payment.

Affiliate" shall mean any Person, directly or indirectly, controlling, controlled by or under common control with a Company and "control" (including the correlative meanings, the terms "controlling", "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Company, whether through the ownership of voting securities, by contract or otherwise.

"Agent Fee Letter" shall mean the Agent Fee Letter between Borrower and Agent, dated as of the Closing Date.

"Applicable Facility Fee Rate" shall mean:

(a) for the period from the Closing Date through August 31, 2000, fifty (50) basis points; and

(b) commencing with the financial statements for the fiscal quarter ending June 30, 2000, the number of basis points set forth in the following matrix, based upon the result of the computation of the Leverage Ratio, shall be used to establish the number of basis points that will go into effect on September 1, 2000 and thereafter:

Leverage Ratio	Applicable Facility Fee Rate
Greater than or equal to 2.50 to 1.00	50 basis points
Greater than or equal to 2.00 to 1.00, but less than 2.50 to 1.00	40 basis points
Greater than or equal to 1.50 to 1.00, but less than 2.00 to 1.00	35 basis points
Greater than or equal to 1.00 to 1.00, but less than 1.50 to 1.00	30 basis points
Less than 1.00 to 1.00	25 basis points

Changes to the Applicable Facility Fee Rate shall be effective on the first day of the month following the date upon which Agent received, or, if earlier, should have received, pursuant to Section 5.3(a) and (b) hereof, the financial statements of the Companies. The above matrix does not modify or waive, in any respect, the requirements of Section 5.7 hereof, the rights of the Banks to charge the Default Rate, or the rights and remedies of the Banks pursuant to Articles VII and VIII hereof.

"Applicable Margin" shall mean:

(a) for the period from the Closing Date through August 31, 2000, one hundred (100) basis points for Base Rate Loans and one hundred seventy-five (175) basis points for LIBOR Loans; and

(b) commencing with the financial statements for the fiscal quarter ending June 30, 2000, the number of basis points (depending upon whether Loans are LIBOR Loans or Base Rate Loans) set forth in the following matrix, based upon the result of the computation of the Leverage Ratio, shall be used to establish the number of basis points that will go into effect on September 1, 2000 and thereafter:

Leverage Ratio	Applicable Basis Points for Base Rate Loans	Applicable Basis Points for LIBOR Loans
Greater than or equal to 2.50 to 1.00	100 basis points	175 basis points
Greater than or equal to 2.00 to 1.00, but less than 2.50 to 1.00	75 basis points	160 basis points
Greater than or equal to 1.50 to 1.00, but less than 2.00 to 1.00	50 basis points	140 basis points
Greater than or equal to 1.00 to 1.00, but less than 1.50 to 1.00	25 basis points	120 basis points
Less than 1.00 to 1.00	0 basis points	100 basis points

Changes to the Applicable Margin shall be effective on the first day of the month following the date upon which Agent received, or, if earlier, should have received, pursuant to Section 5.3(a) and (b) hereof, the financial statements of the Companies. The above matrix does not modify or waive, in any respect, the requirements of Section 5.7 hereof, the rights of the Banks to charge the Default Rate, or the rights and remedies of the Banks pursuant to Articles VII and VIII hereof.

"Assignment Agreement" shall mean an Assignment and Acceptance Agreement in the form of the attached Exhibit G.

"Base Rate" shall mean a rate per annum equal to the greater of (a) the Prime Rate or (b) one-half of one percent (1/2%) in excess of the Federal Funds Effective Rate. Any change in the Base Rate shall be effective immediately from and after such change in the Base Rate.

"Base Rate Loan" shall mean a Loan described in Section 2.1 hereof on which Borrower shall pay interest at a rate based on the Base Rate.

"Business Day" shall mean a day of the year on which banks are not required or authorized to close in Cleveland, Ohio, and, if the applicable Business Day relates to any LIBOR Loan, on which dealings are carried on in the London interbank eurodollar market.

"Capital Distribution" shall mean a payment made, liability incurred or other consideration given for the purchase, acquisition, redemption or retirement of any capital stock or other equity interest of any Company or as a dividend, return of capital or other distribution (other than any stock dividend, stock split or other equity distribution payable only in capital stock or other equity of the Company in question) in respect of any Company's capital stock or other equity interest.

"Change in Control" shall mean (a) the acquisition of, or, if earlier, the shareholder or director approval of the acquisition of, ownership or voting control, directly or indirectly, beneficially or of record, on or after the Closing Date, by any Person or group (within the meaning of Rule 13d-3 of the SEC under the Securities Exchange Act of 1934, as then in effect), of shares representing more than forty percent (40%) of the aggregate ordinary Voting Power represented by the issued and outstanding capital stock of Borrower; or (b) the occupation of a majority of the seats (other than vacant seats) on the board of directors of Borrower by Persons who were neither (i) nominated by the board of directors of Borrower nor (ii) appointed by directors so nominated.

"Closing Date" shall mean June 19, 2000.

"Closing Fee Letter" shall mean the Closing Fee Letter from Borrower to Agent and the Banks, dated as of the Closing Date.

"Code" shall mean the Internal Revenue Code of 1986, as amended, together with the rules and regulations promulgated thereunder.

"Commitment" shall mean the obligation hereunder of the Banks to make Revolving Loans pursuant to the Revolving Credit Commitments and Agent to make Swing Loans pursuant to the Swing Line Commitment, up to the Total Commitment Amount during the Commitment Period.

"Commitment Percentage" shall mean, for each Bank, the percentage set forth opposite such Bank's name under the column headed "Commitment Percentage" as described in Schedule 1 hereto.

"Commitment Period" shall mean the period from the Effective Date to June 29, 2003, or such earlier date on which the Commitment shall have been terminated pursuant to Article VIII hereof.

"Company" shall mean Borrower or a Subsidiary.

"Companies" shall mean Borrower and all Subsidiaries.

"Compliance Certificate" shall mean a Compliance Certificate in the form of the attached Exhibit C.

"Computer System" shall mean a computer system and all related peripherals, including, but not limited to, hardware, software, devices and systems.

"Consideration" shall mean, in connection with an Acquisition, the aggregate consideration paid to the seller, including borrowed funds, cash, the issuance of securities or notes, the assumption of indebtedness as part of the purchase price of such Acquisition or incurring of liabilities (direct or contingent), the payment of consulting fees or fees for a covenant not to compete and any other consideration paid for the purchase.

"Consolidated" shall mean the resultant consolidation of the financial statements of Borrower and its Subsidiaries in accordance with GAAP, including principles of consolidation consistent with those applied in preparation of the consolidated financial statements referred to in Section 6.13 hereof.

"Consolidated Capital Expenditures" shall mean, for any period, the amount of capital expenditures of Borrower, as determined on a Consolidated basis and in accordance with GAAP.

"Consolidated Depreciation and Amortization Charges" shall mean, for any period, the aggregate of all depreciation and amortization charges for fixed assets, leasehold improvements and general intangibles (specifically including goodwill) of Borrower for such period, as determined on a Consolidated basis and in accordance with GAAP.

"Consolidated EBIT" shall mean, for any period, on a Consolidated basis, (a) Consolidated Net Earnings for such period plus the aggregate amounts deducted in determining such Consolidated Net Earnings in respect of (i) income taxes, (ii) Consolidated Interest Expense and (iii) nonrecurring noncash charges and losses, minus (b) nonrecurring noncash gains; provided, that:

(A) Consolidated EBIT for any period shall (1) include the appropriate financial items (other than assumed operating synergies) for any Person or business unit that has been acquired by a Company for any portion of such period prior to the date of such Acquisition, and (2) exclude the appropriate financial items (other than assumed operating synergies) for any Person or business unit that has been disposed of by a Company, for the portion of such period prior to the date of such disposition; and

(B) in calculating Consolidated EBIT, (1) for the fiscal quarter ended March 31, 2000, Borrower may add a nonrecurring (actual) cash charge taken by Borrower during such quarter in the amount of Ten Million Eight Hundred Fifty-Three Thousand Dollars ($10,853,000), and (2) Borrower may add, for the fiscal year ending March 31, 2001, any nonrecurring (actual) cash charges taken by Borrower during such fiscal year that relate to Borrower's restructuring, up to an aggregate amount of Thirty Million Dollars ($30,000,000).

"Consolidated EBITDA" shall mean, for any period, (a) Consolidated EBIT, plus (b) Consolidated Depreciation and Amortization Charges; provided, that Consolidated EBITDA for any period shall (i) include the appropriate financial items (other than assumed operating synergies) for any Person or business unit that has been acquired by a Company for any portion of such period prior to the date of such Acquisition, and (ii) exclude the appropriate financial (other than assumed operating synergies) items for any Person or business unit that has been disposed of by a Company, for the portion of such period prior to the date of such disposition.

"Consolidated Fixed Charges" shall mean, for any period, on a Consolidated basis and in accordance with GAAP, the aggregate of (a) Consolidated Interest Expense, (b) Consolidated Capital

Expenditures, (c) actual cash expenditures for taxes, (d) scheduled principal payments on long-term Funded Indebtedness, and (e) actual cash expenditures relating to Capital Distributions.

"Consolidated Interest Expense" shall mean, for any period, interest expense of Borrower for such period, as determined on a Consolidated basis and in accordance with GAAP.

"Consolidated Net Earnings" shall mean, for any period, the net income (loss) of Borrower for such period, as determined on a Consolidated basis and in accordance with GAAP.

"Consolidated Net Worth" shall mean, at any date, the stockholders' equity of Borrower, determined on a Consolidated basis and in accordance with GAAP.

"Controlled Group" shall mean a Company and each Person required to be aggregated with a Company under Code Sections 414(b), (c), (m) or (o).

"Debt" shall mean, collectively, all Indebtedness incurred by Borrower to the Banks pursuant to this Agreement and includes the principal of and interest on all Notes and each extension, renewal or refinancing thereof in whole or in part, the facility fees, other fees and any prepayment fees payable hereunder and all reimbursement, indemnification and other obligations under the Loan Documents.

"Default" shall mean an event or condition that constitutes, or with the lapse of any applicable grace period or the giving of notice or both would constitute, an Event of Default and that has not been waived by the Required Banks in writing.

"Default Rate" shall mean a rate per annum equal to two percent (2%) in excess of the Derived Base Rate from time to time in effect.

"Derived Base Rate" shall mean a rate per annum equal to the sum of the Applicable Margin (from time to time in effect) plus the Base Rate.

"Derived LIBOR Rate" shall mean a rate per annum equal to the sum of the Applicable Margin (from time to time in effect) plus the LIBOR Rate.

"Domestic Subsidiary" shall mean a Subsidiary that is not a Foreign Subsidiary.

"Effective Date" shall mean June 29, 2000.

"Environmental Laws" shall mean all provisions of law, statutes, ordinances, rules, regulations, permits, licenses, judgments, writs, injunctions, decrees, orders, awards and standards promulgated by the government of the United States of America or by any state or municipality thereof or by any court, agency, instrumentality, regulatory authority or commission of any of the

foregoing concerning health, safety and protection of, or regulation of the discharge of substances into, the environment.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated pursuant thereto.

"ERISA Event" shall mean (a) the existence of any condition or event with respect to an ERISA Plan that presents a risk of the imposition of an excise tax or any other liability on a Company or of the imposition of a Lien on the assets of a Company; (b) a Controlled Group member has engaged in a non-exempt"prohibited transaction" (as defined under ERISA Section 406 or Code Section 4975) or a breach of a fiduciary duty under ERISA that could result in liability to a Company; (c) a Controlled Group member has applied for a waiver from the minimum funding requirements of Code Section 412 or ERISA Section 302 or a Controlled Group member is required to provide security under Code Section 401(a)(29) or ERISA Section 307; (d) a Reportable Event has occurred with respect to any Pension Plan as to which notice is required to be provided to the PBGC; (e) a Controlled Group member has withdrawn from a Multiemployer Plan in a "complete withdrawal" or a "partial withdrawal" (as such terms are defined in ERISA Sections 4203 and 4205, respectively); (f) a Multiemployer Plan is in or is likely to be in reorganization under ERISA Section 4241; (g) an ERISA Plan (and any related trust) that is intended to be qualified under Code Sections 401 and 501 fails to be so qualified or any"cash or deferred arrangement" under any such ERISA Plan fails to meet the requirements of Code Section 401(k); (h) the PBGC takes any steps to terminate a Pension Plan or appoint a trustee to administer a Pension Plan, or a Controlled Group member takes steps to terminate a Pension Plan; (i) a Controlled Group member or an ERISA Plan fails to satisfy any requirements of law applicable to an ERISA Plan; (j) a claim, action, suit, audit or investigation is pending or threatened with respect to an ERISA Plan, other than a routine claim for benefits; or (k) a Controlled Group member incurs or is expected to incur any liability for post-retirement benefits under any Welfare Plan, other than as required by ERISA Section 601, et. seq. or Code
--- ----
Section 4980B.

"ERISA Plan" shall mean an "employee benefit plan" (within the meaning of ERISA Section 3(3)) that a Controlled Group member at any time sponsors, maintains, contributes to, has liability with respect to or has an obligation to contribute to such plan.

"Eurocurrency Reserve Percentage" shall mean, for any Interest Period in respect of any LIBOR Loan, as of any date of determination, the aggregate of the then stated maximum reserve percentages (including any marginal, special, emergency or supplemental reserves), expressed as a decimal, applicable to such Interest Period (if more than one (1) such percentage is applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) by the Board of Governors of the Federal Reserve System, any successor thereto, or any other banking authority, domestic or foreign, to which a Bank may be subject in respect to eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Federal Reserve Board) or in respect of any other category of liabilities, including deposits by reference to which the interest rate on LIBOR Loans is determined or any

category of extension of credit or other assets that include the LIBOR Loans. For purposes hereof, such reserve requirements shall include, without limitation, those imposed under Regulation D of the Federal Reserve Board, and the LIBOR Loans shall be deemed to constitute Eurocurrency Liabilities subject to such reserve requirements without benefit of credits for proration, exceptions or offsets that may be available from time to time to any Bank under said Regulation D.

"Event of Default" shall mean an event or condition that constitutes an event of default as defined in Article VII hereof.

"Federal Funds Effective Rate" shall mean, for any day, the rate per annum (rounded upward to the nearest one one-hundredth of one percent (1/100 of 1%)) announced by the Federal Reserve Bank of New York (or any successor) on such day as being the weighted average of the rates on overnight federal funds transactions arranged by federal funds brokers on the previous trading day, as computed and announced by such Federal Reserve Bank (or any successor) in substantially the same manner as such Federal Reserve Bank computes and announces the weighted average it refers to as the "Federal Funds Effective Rate" as of the Closing Date.

"Financial Covenants" shall mean, collectively, each of the financial covenants as set forth in, and as calculated in accordance with, Section 5.7 hereof, and each thereof.

"Financial Officer" shall mean any of the following officers: chief executive officer, president, chief financial officer or treasurer.

"Fixed Charge Coverage Ratio" shall mean the ratio of (a) Consolidated EBITDA to (b) Consolidated Fixed Charges, based upon the financial statements of the Companies for the most recently completed four (4) fiscal quarters.

"Foreign Subsidiary" shall mean a Subsidiary that is organized outside of the United States.

"Funded Indebtedness" shall mean all Indebtedness for borrowed money and capitalized leases, including, but not limited to, current, long-term and Subordinated Indebtedness, if any.

"GAAP" shall mean generally accepted accounting principles as then in effect, which shall include the official interpretations thereof by the Financial Accounting Standards Board, applied on a basis consistent with the past accounting practices and procedures of Borrower.

"Guarantor" shall mean a Person that pledges its credit or property in any manner for the payment or other performance of the indebtedness, contract or other obligation of another and includes (without limitation) any guarantor (whether of payment or of collection), surety, co-maker, endorser or Person that agrees conditionally or otherwise to make any purchase, loan or investment in order thereby to enable another to prevent or correct a default of any kind.

"Guarantor of Payment" shall mean each of the Companies set forth on Schedule 2 hereof, that are each executing and delivering a Guaranty of Payment, or any other Person that shall deliver a Guaranty of Payment to Agent subsequent to the Closing Date.

"Guaranty of Payment" shall mean each of the Guaranties of Payment of Debt executed and delivered on or after the Closing Date in connection herewith by the Guarantors of Payment, as the same may from time to time be amended, restated or otherwise modified.

"Hedge Agreement" shall mean any hedge agreement, interest rate swap, currency swap agreement, cap, collar or floor agreement, or other interest rate management device entered into by Borrower with any financial institution.

"Indebtedness" shall mean, for any Company (excluding in all cases trade payables payable in the ordinary course of business by such Company), (a) all obligations to repay borrowed money, direct or indirect, incurred, assumed, or guaranteed, (b) all obligations for the deferred purchase price of capital assets, (c) all obligations under conditional sales or other title retention agreements, (d) all obligations (contingent or otherwise) under any letter of credit, banker's acceptance, currency swap agreement, foreign currency agreement, interest rate swap, cap, collar or floor agreement or other interest rate management device, (e) all synthetic leases, (f) all lease obligations that have been or should be capitalized on the books of such Company in accordance with GAAP, (g) all obligations of such Company with respect to asset securitization financing programs to the extent that there is recourse against such Company or such Company is liable (contingent or otherwise) under any such program, (h) all obligations to advance funds to, or to purchase assets, property or services from, any other Person in order to maintain the financial condition of such Person, and (i) any other transaction (including forward sale or purchase agreements) having the commercial effect of a borrowing of money entered into by such Company to finance its operations or capital requirements, and (j) any guaranty of or other contingent liability with respect to any of the foregoing.

"Interest Adjustment Date" shall mean the last day of each Interest Period.

"Interest Coverage Ratio" shall mean the ratio of (a) Consolidated EBIT to (b) Consolidated Interest Expense, based upon the financial statements of the Companies for the most recently completed four (4) fiscal quarters.

"Interest Period" shall mean, with respect to any LIBOR Loan, the period commencing on the date such LIBOR Loan is made and ending on the last day of such period, as selected by Borrower pursuant to the provisions hereof and, thereafter, each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of such period, as selected by Borrower pursuant to the provisions hereof. The duration of each Interest Period for any LIBOR Loan shall be one (1) month, two (2) months, three (3) months or six (6) months, in each case as Borrower may select upon notice, as set forth in Section 2.2 hereof, provided that: (a) if Borrower fails to so select the duration of any Interest Period, Borrower shall be deemed to have converted such LIBOR Loan to a Base Rate Loan at the end of the then current Interest Period; and

(b) Borrower may not select any Interest Period for a LIBOR Loan that ends after any date when principal is due on such LIBOR Loan.

"Leverage Ratio" shall mean, at any time, on a Consolidated basis and in accordance with GAAP, the ratio of (a) Funded Indebtedness (based upon the financial statements of the Companies for the most recently completed fiscal quarter) to (b) Consolidated EBITDA (based upon the financial statements of the Companies for the most recently completed four (4) fiscal quarters).

"LIBOR Loan" shall mean a Loan described in Section 2.1 hereof on which Borrower shall pay interest at a rate based upon the LIBOR Rate.

"LIBOR Rate" shall mean, for any Interest Period with respect to a LIBOR Loan, the quotient (rounded upwards, if necessary, to the nearest one sixteenth of one percent (1/16th of 1%)) of: (a) the per annum rate of interest, determined by Agent in accordance with its usual procedures (which determination shall be conclusive absent manifest error) as of approximately 11:00 A.M. (London time) two (2) Business Days prior to the beginning of such Interest Period pertaining to such LIBOR Loan, as provided by Telerate Service, Bloomberg's or Reuters (or any other similar company or service that provides rate quotations comparable to those currently provided by such companies) as the rate in the London interbank market for dollar deposits in immediately available funds with a maturity comparable to such Interest Period, divided by (b) a
---
number equal to 1.00 minus the Eurocurrency Reserve Percentage. In the event
-----
that such rate quotation is not available for any reason, then the rate (for purposes of clause (a) hereof) shall be the rate, determined by Agent as of approximately 11:00 A.M. (London time) two (2) Business Days prior to the beginning of such Interest Period pertaining to such LIBOR Loan, to be the average (rounded upwards, if necessary, to the nearest one sixteenth of one percent (1/16th of 1%)) of the per annum rates at which dollar deposits in immediately available funds in an amount comparable to such LIBOR Loan and with a maturity comparable to such Interest Period are offered to the prime banks by leading banks in the London interbank market. The LIBOR Rate shall be adjusted automatically on and as of the effective date of any change in the Eurocurrency Reserve Percentage.

"Lien" shall mean any mortgage, security interest, lien, charge, encumbrance on, pledge or deposit of, or conditional sale or other title retention agreement with respect to any property (real or personal) or asset.

"Loan" or "Loans" shall mean the credit extended to Borrower by the Banks in accordance with Section 2.1A or B hereof.

"Loan Documents" shall mean this Agreement, each of the Notes, each of the Guaranties of Payment, each of the Pledge Agreements and any other documents relating to any of the foregoing, as any of the foregoing may from time to time be amended, restated or otherwise modified or replaced.

"Material Adverse Effect" shall mean (a) a material adverse effect on the business, operations, property, condition (financial or otherwise) or prospects of Borrower and its Subsidiaries taken as a whole, or (b) a material adverse effect on the ability of Borrower or any Guarantor to perform or comply with any of the material terms and conditions of any material Loan Document.

"Material Subsidiary" shall mean any Subsidiary, the total assets of which are in excess of One Million Dollars ($1,000,000).

"Moody's" shall mean Moody's Investors Service, Inc., or any successor to such company.

"Multiemployer Plan" shall mean a Pension Plan that is subject to the requirements of Subtitle E of Title IV of ERISA.

"Negotiated Rate" shall mean a fixed rate of interest per annum quoted to Borrower by Agent based upon Agent's cost of funds, and agreed to by Borrower.

"Note" shall mean any Revolving Credit Note, the Swing Line Note or any other note delivered pursuant to this Agreement.

"Notice of Loan" shall mean a Notice of Loan in the form of the attached Exhibit D.
- ---------

"Organizational Documents" shall mean, with respect to any Person (other than an individual), such Person's Articles (Certificate) of Incorporation, or equivalent formation documents, and Regulations (By-laws), or equivalent governing documents, and any amendments to any of the foregoing.

"PBGC" shall mean the Pension Benefit Guaranty Corporation, or its successor.

"Pension Plan" shall mean an ERISA Plan that is a "pension plan" (within the meaning of ERISA Section 3(2)).

"Permitted Investment" shall mean an investment of a Company in the stock (or other debt or equity instruments) of a Person (other than a Company), so long as (a) the Company making the investment is Borrower or a Guarantor of Payment; and (b) the aggregate amount of all such investments of all Companies does not exceed, at any time, Twenty Million Dollars ($20,000,000).

"Permitted Stock Repurchase" shall mean, so long as no Default or Event of Default shall exist or immediately thereafter begin to exist, (a) the purchase by Borrower, on or before July 29, 2000, of up to Eighty-Five Thousand (85,000) shares of Borrower's outstanding capital stock from the selling shareholders of a Person acquired by Borrower, as disclosed to Agent and the Banks, in accordance with the terms of certain put options granted to such selling shareholders, up to an aggregate amount, for all such purchases, not to exceed One Million Five Hundred Twenty-Five Thousand Dollars ($1,525,000), or (b) the purchase by Borrower, on or after July 21, 2001 but prior

to March 1, 2002, of up to Six Hundred Thousand (600,000) shares of Borrower's outstanding capital stock from an officer of Borrower, as disclosed to Agent and the Banks, up to an aggregate amount not to exceed Nine Million Dollars ($9,000,000).

"Person" shall mean any individual, sole proprietorship, partnership, joint venture, unincorporated organization, corporation, limited liability company, institution, trust, estate, government or other agency or political subdivision thereof or any other entity.

"Pledge Agreement" shall mean any pledge agreement, in form and substance satisfactory to Agent, executed and delivered by any Company to Agent, for the benefit of the Banks, or any other Pledge Agreement executed and delivered by any Person in connection with this Agreement, as any of the foregoing may from time to time be amended, restated or otherwise modified.

"Prime Rate" shall mean the interest rate established from time to time by Agent as Agent's prime rate, whether or not such rate is publicly announced; the Prime Rate may not be the lowest interest rate charged by Agent for commercial or other extensions of credit. Each change in the Prime Rate shall be effective immediately from and after such change.

"Related Writing" shall mean each Loan Document and any other assignment, mortgage, security agreement, guaranty agreement, subordination agreement, financial statement, audit report or other writing furnished by Borrower, any Subsidiary or any Guarantor of Payment, or any of their respective officers, to the Banks pursuant to or otherwise in connection with this Agreement.

"Reportable Event" shall mean a reportable event as that term is defined in Title IV of ERISA, except actions of general applicability by the Secretary of Labor under Section 110 of such Act.

"Request for Extension" shall mean a Request for Extension in the form of the attached Exhibit E.

"Required Banks" shall mean the holders of at least sixty-six and two-thirds percent (66-2/3%) of the Total Commitment Amount, or, if there is any borrowing hereunder, the holders of at least sixty-six and two-thirds percent (66-2/3%) of the aggregate amount outstanding under the Notes (other than the Swing Line Note).

"Revolving Credit Commitment" shall mean the obligation hereunder, during the Commitment Period, of (a) each Bank to participate in the making of Revolving Loans up to the aggregate amount set forth opposite such Bank's name under the column headed "Revolving Credit Commitment Amount" as set forth on

Schedule 1 hereof (or such lesser amount as shall be determined pursuant to
- ----------
Section 2.6 hereof), and (b) Agent to make Swing Loans pursuant to the Swing Line Commitment.

"Revolving Credit Exposure" shall mean, at any time, the sum of (a) the aggregate principal amount of all Revolving Loans outstanding, and (b) the aggregate principal amount of all Swing Loans outstanding.

"Revolving Credit Note" shall mean any Revolving Credit Note executed and delivered pursuant to Section 2.1A hereof.

"Revolving Loan" shall mean a Loan granted to Borrower by the Banks in accordance with Section 2.1A hereof.

"SEC" shall mean the United States Securities and Exchange Commission.

"Standard & Poor's" shall mean Standard & Poor's Ratings Group, a division of McGraw-Hill, Inc., or any successor to such company.

"Subordinated", as applied to Indebtedness, shall mean that the Indebtedness has been subordinated (by written terms or written agreement being, in either case, in form and substance satisfactory to Agent and the Required Banks) in favor of the prior payment in full of the Debt.

"Subsidiary" of Borrower or any of its Subsidiaries shall mean (a) a corporation more than fifty percent (50%) of the Voting Power of which is owned, directly or indirectly, by Borrower or by one or more other subsidiaries of Borrower or by Borrower and one or more subsidiaries of Borrower, (b) a partnership or limited liability company of which Borrower, one or more other subsidiaries of Borrower or Borrower and one or more subsidiaries of Borrower, directly or indirectly, is a general partner or managing member, as the case may be, or otherwise has the power to direct the policies, management and affairs thereof, or (c) any other Person (other than a corporation) in which Borrower, one or more other subsidiaries of Borrower or Borrower and one or more subsidiaries of Borrower, directly or indirectly, has at least a majority ownership interest or the power to direct the policies, management and affairs thereof.

"Swing Line" shall mean the credit facility established by Agent in accordance with Section 2.1B hereof.

"Swing Line Commitment" shall mean the commitment of Agent to make Swing Loans to Borrower up to the maximum aggregate amount at any time outstanding of Twenty-Five Million Dollars ($25,000,000) on the terms and conditions set forth in Section 2.1B hereof.

"Swing Line Note" shall mean the Swing Line Note executed and delivered pursuant to Section 2.1B hereof.

"Swing Loan" shall mean a Loan granted to Borrower by Agent in accordance with Section 2.1B hereof.

"Swing Loan Maturity Date" shall mean, with respect to any Swing Loan, the earlier of (a) twenty-nine (29) days after the date such Swing Loan is made, or (b) the last day of the Commitment Period.

"Total Commitment Amount" shall mean the principal amount of Three Hundred Twenty-Five Million Dollars ($325,000,000) (or such lesser amount as shall be determined pursuant to Section 2.5 hereof).

"Type I Acquisition" shall mean an Acquisition where the results of the calculation of the Financial Covenants on a pro forma basis (taking into account such Acquisition but without giving effect to any assumed operating synergies) are the same as, or more financially positive than, the results of the calculation of the Financial Covenants (as actually reported in the Compliance Certificates delivered pursuant to Section 5.3 (c) hereof) for the most recently completed four (4) fiscal quarters of the Companies, without giving effect to such Acquisition.

"Type II Acquisition" shall mean an Acquisition where the results of the calculation of the Financial Covenants on a pro forma basis (taking into account such Acquisition but without giving effect to any assumed operating synergies) are more financially negative than the results of the calculation of the Financial Covenants (as actually reported in the Compliance Certificates delivered pursuant to Section 5.3 (c) hereof) for the most recently completed four (4) fiscal quarters of the Companies, without giving effect to such Acquisition.

"Voting Power" shall mean, with respect to any Person, the exclusive ability to control, through the ownership of shares of capital stock, partnership interests, membership interests or otherwise, the election of members of the board of directors or other similar governing body of such Person, and the holding of a designated percentage of Voting Power of a Person means the ownership of shares of capital stock, partnership interests, membership interests or other interests of such Person sufficient to control exclusively the election of that percentage of the members of the board of directors or similar governing body of such Person.

"Welfare Plan" shall mean an ERISA Plan that is a "welfare plan" within the meaning of ERISA Section 3(l).

"Wholly-Owned Subsidiary" shall mean, with respect to any Person, any corporation, limited liability company or other entity all of the securities or other ownership interest, of which having ordinary voting power to elect a majority of the board of directors or other individuals performing similar functions are at the time directly or indirectly owned by such Person.

"Year 2000 Compliant" shall mean that a Computer System will operate accurately, without interruption and with no negative change in performance due to the change of the millennium.

Any accounting term not specifically defined in this Article I shall have the meaning ascribed thereto by GAAP.

The foregoing definitions shall be applicable to the singular and plurals of the foregoing defined terms.

ARTICLE II. AMOUNT AND TERMS OF CREDIT

SECTION 2.1. AMOUNT AND NATURE OF CREDIT. Subject to the terms and conditions of this Agreement, each Bank will participate, to the extent hereinafter provided, in making Loans to Borrower, in such aggregate amount as Borrower shall request pursuant to the Commitment; provided, however, that in no event shall the aggregate principal amount of all Loans outstanding under this Agreement be in excess of the Total Commitment Amount.

Each Bank, for itself and not one for any other, agrees to participate in Loans made hereunder during the Commitment Period on such basis that (a) immediately after the completion of any borrowing by Borrower hereunder, the aggregate principal amount then outstanding on the Notes (other than the Swing Line Note) issued to such Bank shall not be in excess of the Revolving Credit Commitment for such Bank, and (b) such aggregate principal amount outstanding on the Notes (other than the Swing Line Note) issued to such Bank shall represent that percentage of the aggregate principal amount then outstanding on all Notes (other than the Swing Line Note) which is such Bank's Commitment Percentage.

Each borrowing (other than the Swing Loans) from the Banks hereunder shall be made pro rata according to the Banks' respective Commitment Percentages. The Loans may be made as Revolving Loans and Swing Loans as follows:

A. Revolving Loans.

Subject to the terms and conditions of this Agreement, during the Commitment Period, the Banks shall make a Revolving Loan or Revolving Loans to Borrower in such amount or amounts as Borrower may from time to time request, but not exceeding in aggregate principal amount at any time outstanding hereunder the Commitment, when such Revolving Loans are combined with the Revolving Credit Exposure. Borrower shall have the option, subject to the terms and conditions set forth herein, to borrow Revolving Loans, maturing on the last day of the Commitment Period, by means of any combination of (a) Base Rate Loans, or (b) LIBOR Loans.

Borrower shall pay interest on the unpaid principal amount of Base Rate Loans outstanding from time to time from the date thereof until paid at the Derived Base Rate from time to time in effect. Interest on such Base Rate Loans shall be payable, commencing September 30, 2000, and on the last day of each succeeding December, March, June and September thereafter and at the maturity thereof.

Borrower shall pay interest on the unpaid principal amount of each LIBOR Loan outstanding from time to time, from the date thereof until paid, at the Derived LIBOR Rate, fixed in advance for each Interest Period (but subject to changes in the Applicable Margin) as herein provided for each such Interest Period. Interest on such LIBOR Loans shall be payable on each Interest Adjustment Date with respect to an Interest Period (provided that if an Interest Period exceeds three (3) months, the interest must be paid every three (3) months, commencing three (3) months from the beginning of such Interest Period).

At the request of Borrower to Agent, subject to the notice and other provisions of Section 2.2 hereof, the Banks shall convert Base Rate Loans to LIBOR Loans at any time and shall convert LIBOR Loans to Base Rate Loans on any Interest Adjustment Date.

The obligation of Borrower to repay the Base Rate Loans and LIBOR Loans made by each Bank and to pay interest thereon shall be evidenced by a Revolving Credit Note of Borrower in the form of Exhibit A hereto, payable to the order of
----
such Bank in the principal amount of its Revolving Credit Commitment, or, if less, the aggregate unpaid principal amount of Revolving Loans made hereunder by such Bank. Subject to the provisions of this Agreement, Borrower shall be entitled under this Section 2.1A to borrow funds, repay the same in whole or in part and re-borrow hereunder at any time and from time to time during the Commitment Period.

B. Swing Loans.

Subject to the terms and conditions of this Agreement, during the Commitment Period, Agent shall make a Swing Loan or Swing Loans to Borrower in such amount or amounts as Borrower may from time to time request. Borrower shall not request any Swing Loan under this Section 2.1B if, after giving effect thereto, (a) the Revolving Credit Exposure would exceed the aggregate amount of the Revolving Credit Commitments, or (b) the aggregate outstanding principal amount of all Swing Loans would exceed the Swing Line Commitment. Each Swing Loan shall be due and payable on the Swing Loan Maturity Date applicable thereto.

Borrower shall pay interest, for the sole benefit of Agent (and any Bank that has purchased a participation in such Swing Loan pursuant to this Section 2.1B), on the unpaid principal amount of each Swing Loan outstanding from time to time from the date thereof until paid at the Negotiated Rate applicable to such Swing Loan. Interest on each Swing Loan shall be payable on the Swing Loan Maturity Date applicable thereto. Each Swing Loan shall bear interest for a minimum of one (1) day.

The obligation of Borrower to repay the Swing Loans and to pay interest thereon shall be evidenced by a Swing Line Note of Borrower substantially in the form of Exhibit B hereto, and payable to the order of Agent in the principal
----
amount of the Swing Line Commitment, or, if less, the aggregate unpaid principal amount of Swing Loans made hereunder by Agent. Subject to the provisions of this Agreement, Borrower shall be entitled under this Section 2.1B to borrow funds, repay the same in whole or in part and reborrow hereunder at any time and from time to time during

the Commitment Period; provided that, without the prior written consent of Agent, Borrower may not request that more than two (2) Swing Loans be outstanding at any time.

On any day that a Swing Loan is outstanding (whether before or after the maturity thereof), Agent shall have the right to request that each Bank purchase a participation in such Swing Loan, and Agent shall promptly notify each Bank thereof (by facsimile or telephone, confirmed in writing). Upon such notice, but without further action, Agent hereby agrees to grant to each Bank, and each Bank hereby agrees to acquire from Agent, an undivided participation interest in such Swing Loan in an amount equal to such Bank's Commitment Percentage of the aggregate principal amount of such Swing Loan. In consideration and in furtherance of the foregoing, each Bank hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to Agent, for its sole account, such Bank's ratable share of such Swing Loan (determined in accordance with such Bank's Commitment Percentage). Each Bank acknowledges and agrees that its obligation to acquire participations in Swing Loans pursuant to this Section 2.1B is absolute and unconditional and shall not be affected by any circumstance whatsoever, including, without limitation, the occurrence and continuance of a Default or an Event of Default, and that each such payment shall be made without any offset, abatement, recoupment, counterclaim, withholding or reduction whatsoever and whether or not such Bank's Revolving Credit Commitment shall have been reduced or terminated. Each Bank shall comply with its obligation under this Section 2.1B by wire transfer of immediately available funds.

If Agent so elects, by giving notice to Borrower and the Banks, Borrower agrees that Agent shall have the right, in its sole discretion, to require that any Swing Loan be refinanced as a Revolving Loan. Such Revolving Loan shall be a Base Rate Loan unless and until converted by Borrower to a LIBOR Loan pursuant to Section 2.1A and Section 2.2 hereof. Upon receipt of such notice by Borrower, Borrower shall be deemed, on such day, to have requested a Revolving Loan in the principal amount of the Swing Loan in accordance with Section 2.1A and Section 2.2 hereof. Each Bank agrees to make a Revolving Loan on the date of such notice, subject to no conditions precedent whatsoever. Each Bank acknowledges and agrees that such Bank's obligation to make a Revolving Loan pursuant to Section 2.1A when required by this Section 2.1B is absolute and unconditional and shall not be affected by any circumstance whatsoever, including, without limitation, the occurrence and continuance of a Default or an Event of Default, and that its payment to Agent, for the account of Agent, of the proceeds of such Revolving Loan shall be made without any offset, abatement, recoupment, counterclaim, withholding or reduction whatsoever and whether or not such Bank's Revolving Credit Commitment shall have been reduced or terminated. Borrower irrevocably authorizes and instructs Agent to apply the proceeds of any borrowing pursuant to this paragraph to repay in full such Swing Loan.

SECTION 2.2. CONDITIONS TO LOANS. The obligation of the Banks to make, convert or continue any Loan hereunder or of Agent to make any Swing Loan is conditioned, in the case of each borrowing, conversion or continuation hereunder, upon:

(a) all conditions precedent as listed in Article IV hereof shall have been satisfied;

(b) with respect to Base Rate Loans, receipt by Agent of a Notice of Loan, such notice to be received by 11:00 A.M. (Cleveland, Ohio time) on the proposed date of such borrowing or conversion, and, with respect to LIBOR Loans, by 11:00 A.M. (Cleveland, Ohio time) three (3) Business Days prior to the proposed date of such borrowing, conversion or continuation. Agent shall notify each Bank of the date, amount and initial Interest Period (if applicable) promptly upon the receipt of such notice, and, in any event, by 1:00 P.M. (Cleveland, Ohio time) on the date such notice is received. On the date such Loan is to be made, each Bank shall provide Agent, not later than 3:00 P.M. (Cleveland, Ohio time), with the amount in federal or other immediately available funds required of it. If Agent elects to advance the proceeds of such Loan prior to receiving funds from such Bank, Agent shall have the right, upon prior notice to Borrower, to debit any account of Borrower or otherwise receive from Borrower, on demand, such amount, in the event that such Bank fails to reimburse Agent;

(c) with respect to the making of any Swing Loan, receipt by Agent of a Notice of Loan, such notice to be received by 11:00 A.M. (Cleveland, Ohio time) on the proposed date of borrowing;

(d) each request of Borrower for (i) a Loan (other than a Swing Loan) shall be in an amount of not less than Five Million Dollars ($5,000,000), increased by increments of One Million Dollars ($1,000,000), and (ii) a Swing Loan shall be in the amount of not less than One Million Dollars ($1,000,000), increased by increments of Five Hundred Thousand Dollars ($500,000);

(e) the fact that no Default or Event of Default shall then exist or immediately after the making, conversion or continuation of the Loan would exist; and

(f) the fact that each of the representations and warranties contained in Article VI hereof shall be true and correct in all material respects with the same force and effect as if made on and as of the date of the making, conversion, or continuation of such Loan, except to the extent that any thereof expressly relate to an earlier date.

At no time shall Borrower request that LIBOR Loans be outstanding for more than ten (10) different Interest Periods at any time, and, if Base Rate Loans are outstanding, then LIBOR Loans shall be limited to nine (9) different Interest Periods at any time.

Each request by Borrower for the making, conversion or continuation of a Loan hereunder shall be deemed to be a representation and warranty by Borrower as of the date of such request as to the facts specified in (e) and (f) above.

Each request for a LIBOR Loan, or notice of prepayment pursuant to Section 2.4(c) hereof, shall be irrevocable and binding on Borrower and Borrower shall indemnify Agent and the Banks against any loss or expense incurred by Agent or the Banks as a result of any failure by Borrower to consummate such transaction including, without limitation, any loss (including loss of anticipated profits) or expense incurred by reason of liquidation or re-employment of deposits or other funds acquired by the Banks to fund such LIBOR Loan. A certificate as to the amount of such loss or

expense submitted by the Banks to Borrower shall be conclusive and binding for all purposes, absent manifest error.

SECTION 2.3. PAYMENT ON NOTES, ETC.

(a) Unless otherwise provided, all payments of principal, interest and facility and other fees shall be made to Agent in immediately available funds for the account of the Banks. Agent, on the same Business Day, shall distribute to each Bank its ratable share of the amount of principal, interest, and facility and other fees received by it for the account of such Bank. Each Bank shall record (a) any principal, interest or other payment, and (b) the principal amount of the Base Rate Loans and the LIBOR Loans and all prepayments thereof and the applicable dates with respect thereto, by such method as such Bank may generally employ; provided, however, that failure to make any such entry shall in no way detract from Borrower's obligations under each Note. The aggregate unpaid amount of Loans set forth on the records of Agent shall be rebuttably presumptive evidence of the principal and interest owing and unpaid on each Note.

(b) All payments under this Agreement or any other Loan Document shall be made absolutely net of, without deduction or offset for, and altogether free and clear of, any and all present and future taxes, levies, deductions, charges and withholdings and all liabilities with respect thereto, under the laws of the United States of America or any foreign jurisdiction (or any state or political subdivision thereof in which such Bank has an office), excluding income and franchise taxes imposed on any Bank (and withholding relating thereto) under the laws of the United States of America or any other foreign jurisdiction (or any state or political subdivision thereof). If Borrower or any Guarantor of Payment is compelled by law to deduct any such taxes or levies (other than such excluded taxes) or to make any such other deductions, charges or withholdings, then Borrower or such Guarantor of Payment, as the case may be, shall pay such additional amounts as may be necessary in order that the net payments after such deduction, and after giving effect to any United States or foreign jurisdiction (or any state or political subdivision thereof) income taxes required to be paid by the Banks in respect of such additional amounts, shall equal the amount of interest provided in Section 2.1 hereof for each Loan plus any principal then due.

(c) Whenever any payment to be made hereunder, including, without limitation, any payment to be made on any Note, shall be stated to be due on a day that is not a Business Day, such payment shall be made on the next succeeding Business Day and such extension of time shall in each case be included in the computation of the interest payable on such Note; provided, however, that, with respect to any LIBOR Loan, if the next succeeding Business Day falls in the succeeding calendar month, such payment shall be made on the preceding Business Day and the relevant Interest Period shall be adjusted accordingly.

SECTION 2.4. PREPAYMENT.

(a) Borrower shall have the right at any time or from time to time to prepay, on a pro rata basis for all of the Banks (other than the Swing Line Note), all or any part of the principal amount

of the Notes then outstanding as designated by Borrower, plus interest accrued on the amount so prepaid to the date of such prepayment. Borrower shall give Agent notice of prepayment of any Base Rate Loan by not later than 11:00 A.M. (Cleveland, Ohio time) on the Business Day such prepayment is to be made and written notice of the prepayment of any LIBOR Loan not later than 1:00 P.M.(Cleveland, Ohio time) three (3) Business Days before the Business Day on which such prepayment is to be made.

(b) Prepayments of Base Rate Loans and Swing Loans shall be without any premium or penalty.

(c) In any case of prepayment of a LIBOR Loan prior to the last date of the applicable Interest Period, Borrower agrees that if the reinvestment rate, as quoted by the money desk of Agent (and determined by such money desk with respect to its cost of funds for the remaining portion of the applicable Interest Period) ("Reinvestment Rate"), shall be lower than the LIBOR Rate applicable to the LIBOR Loan which is intended to be prepaid (hereinafter, "Last LIBOR"), then Borrower shall, upon written notice by Agent, promptly pay to Agent, for the benefit of the Banks, in immediately available funds, a prepayment fee equal to the product of (a) a rate (the"Prepayment Rate") which shall be equal to the difference between the Last LIBOR and the Reinvestment Rate, times (b) the principal amount of the LIBOR Loan which is to be prepaid, times (c) (i) the number of days remaining in the Interest Period of the LIBOR Loan which is to be prepaid divided by (ii) three hundred sixty (360). In addition, Borrower shall immediately pay directly to Agent, for the account of the Banks, the amount of any additional costs or expenses (including, without limitation, cost of telex, wires, or cables) incurred by Agent or the Banks in connection with the prepayment, upon Borrower's receipt of a written statement from Agent. Each prepayment of a LIBOR Loan shall be in the aggregate principal amount of not less than Five Million Dollars ($5,000,000), except in the case of a mandatory prepayment pursuant to Section 2.8 or Article III hereof.

SECTION 2.5. FACILITY AND OTHER FEES.

(a) Borrower shall pay to Agent, for the ratable account of the Banks, as a consideration for the Commitment hereunder, a facility fee from the date hereof until the last day of the Commitment Period equal to (i) the Applicable Fee Rate in effect on the payment date, times (ii) the average daily Total Commitment Amount in effect during such quarter. The facility fee shall be payable quarterly, in arrears, commencing September 30, 2000, and on the last day of each December, March, June and September thereafter and on the last day of the Commitment Period.

(b) Borrower shall pay to Agent, for its sole benefit, all fees set forth in the Agent Fee Letter.

SECTION 2.6. REDUCTION OF COMMITMENTS. Borrower may at any time or from time to time permanently reduce in whole or ratably in part the Commitment of the Banks hereunder to an amount not less than the aggregate principal amount of the Revolving Loans and Swing Loans then outstanding. Borrower shall give Agent not fewer than three (3) Business Days'

notice of any such reduction, provided that any partial reduction shall be in an aggregate amount for all of the Banks of Five Million Dollars ($5,000,000), increased by increments of One Million Dollars ($1,000,000). Agent shall promptly notify each Bank of the date of each such reduction and such Bank's proportionate share thereof. After each such reduction, the facility fees payable hereunder shall be calculated upon the amount of the Commitment as so reduced. If Borrower reduces in whole the Commitment of the Banks, on the effective date of such reduction (Borrower having prepaid in full the unpaid principal balance, if any, of the appropriate Notes, together with all interest and facility and other fees accrued and unpaid), all of the appropriate Notes shall be delivered to Agent marked "Canceled" and Agent shall redeliver such Notes to Borrower. Any partial reduction of the Commitment shall be effective during the remainder of the Commitment Period.

SECTION 2.7. COMPUTATION OF INTEREST AND FEES; DEFAULT RATE. With the exception of Base Rate Loans, interest on Loans and facility and other fees and charges hereunder shall be computed on the basis of a year having three hundred sixty (360) days and calculated for the actual number of days elapsed. With respect to Base Rate Loans, interest shall be computed on the basis of a year having three hundred sixty-five (365) days or three hundred sixty-six (366) days, as the case may be, and calculated for the actual number of days elapsed. Anything herein to the contrary notwithstanding, if an Event of Default shall occur hereunder, the principal of each Note and the unpaid interest thereon shall bear interest, until paid, at the Default Rate. In no event shall the rate of interest hereunder exceed the maximum rate allowable by law.

SECTION 2.8. MANDATORY PAYMENT. If the Revolving Credit Exposure at any time exceeds the Total Commitment Amount, Borrower shall, as promptly as practicable, but in no event later than the next Business Day, prepay an aggregate principal amount of the Revolving Loans sufficient to bring the aggregate outstanding principal amount of all Loans within the Commitment of the Banks. Any prepayment of a LIBOR Loan pursuant to this Section 2.8 shall be subject to the prepayment fees set forth in Section 2.4 hereof.

SECTION 2.9. EXTENSION OF COMMITMENT. Upon receipt by Agent of a Request for Extension during any fiscal year of Borrower, contemporaneously with the delivery of the financial statements required pursuant to Section 5.3 (b) hereof, Borrower may request that the Banks extend the maturity of the Commitment for an additional year. Each such extension shall be in the sole discretion of Agent and the Banks and shall require the unanimous written consent of each of the Banks. In addition, Borrower shall pay any attorneys' fees or other expenses of Agent in connection with the documentation of any such extension, as well as such other fees as may be agreed upon between Borrower and the Banks.

ARTICLE III. ADDITIONAL PROVISIONS RELATING TO LIBOR LOANS; INCREASED CAPITAL; TAXES.

SECTION 3.1. RESERVES OR DEPOSIT REQUIREMENTS, ETC. If, at any time, any law, treaty or regulation (including, without limitation, Regulation D of the Board of Governors of the Federal Reserve System) or the interpretation thereof by any governmental authority charged with the administration thereof or any central bank or other fiscal, monetary or other authority shall impose (whether or not having the force of law), modify or deem applicable any reserve and/or special deposit requirement (other than reserves included in the Eurocurrency Reserve Percentage, the effect of which is reflected in the interest rate(s) of the LIBOR Loan(s) in question) against assets held by, or deposits in or for the amount of any LIBOR Loan by, any Bank, and the result of the foregoing is to increase the cost (whether by incurring a cost or adding to a cost) to such Bank of making or maintaining hereunder such LIBOR Loan or to reduce the amount of principal or interest received by such Bank with respect to such LIBOR Loan, then, upon demand by such Bank, Borrower shall pay to such Bank from time to time on Interest Adjustment Dates with respect to such LIBOR Loan, as additional consideration hereunder, additional amounts sufficient to fully compensate and indemnify such Bank for such increased cost or reduced amount, assuming (which assumption such Bank need not corroborate) such additional cost or reduced amount was allocable to such LIBOR Loan. A certificate as to the increased cost or reduced amount as a result of any event mentioned in this Section 3.1, setting forth the calculations therefor, shall be promptly submitted by such Bank to Borrower and shall, in the absence of manifest error, be conclusive and binding as to the amount thereof. Notwithstanding any other provision of this Agreement, after any such demand for compensation by any Bank, Borrower, upon at least three (3) Business Days' prior written notice to such Bank through Agent, may prepay any affected LIBOR Loan in full or convert such LIBOR Loan to a Base Rate Loan regardless of the Interest Period thereof. Any such prepayment or conversion shall be subject to the prepayment fees set forth in Section 2.4 hereof. Each Bank shall notify Borrower as promptly as practicable (with a copy thereof delivered to Agent) of the existence of any event that will likely require the payment by Borrower of any such additional amount under this Section.

SECTION 3.2. TAX LAW, ETC. In the event that by reason of any law, regulation or requirement or in the interpretation thereof by an official authority, or the imposition of any requirement of any central bank whether or not having the force of law, any Bank shall, with respect to this Agreement or any transaction under this Agreement, be subjected to any tax, levy, impost, charge, fee, duty, deduction or withholding of any kind whatsoever (other than any tax imposed upon the total net income of such Bank) and if any such measures or any other similar measure shall result in an increase in the cost to such Bank of making or maintaining any LIBOR Loan or in a reduction in the amount of principal, interest or facility fee receivable by such Bank in respect thereof, then such Bank shall promptly notify Borrower stating the reasons therefor. Borrower shall thereafter pay to such Bank, upon demand from time to time on Interest Adjustment Dates with respect to such LIBOR Loan, as additional consideration hereunder, such additional amounts as shall fully compensate such Bank for such increased cost or reduced amount. A certificate as to any such increased cost or reduced amount, setting forth the calculations therefor, shall be submitted by such

Bank to Borrower and shall, in the absence of manifest error, be conclusive and binding as to the amount thereof.

If any Bank receives such additional consideration from Borrower pursuant to this Section 3.2, such Bank shall use its best efforts to obtain the benefits of any refund, deduction or credit for any taxes or other amounts on account of which such additional consideration has been paid and shall reimburse Borrower to the extent, but only to the extent, that such Bank shall receive a refund of such taxes or other amounts together with any interest thereon or an effective net reduction in taxes or other governmental charges (including any taxes imposed on or measured by the total net income of such Bank) of the United States or any state or subdivision thereof by virtue of any such deduction or credit, after first giving effect to all other deductions and credits otherwise available to such Bank. If, at the time any audit of such Bank's income tax return is completed, such Bank determines, based on such audit, that it was not entitled to the full amount of any refund reimbursed to Borrower as aforesaid or that its net income taxes are not reduced by a credit or deduction for the full amount of taxes reimbursed to Borrower as aforesaid, Borrower, upon demand of such Bank, shall promptly pay to such Bank the amount so refunded to which such Bank was not so entitled, or the amount by which the net income taxes of such Bank were not so reduced, as the case may be.

Notwithstanding any other provision of this Agreement, after any such demand for compensation by any Bank, Borrower, upon at least three (3) Business Days' prior written notice to such Bank through Agent, may prepay any affected LIBOR Loan in full or convert such LIBOR Loan to a Base Rate Loan regardless of the Interest Period of any thereof. Any such prepayment or conversion shall be subject to the prepayment fees set forth in Section 2.4 hereof.

SECTION 3.3. EURODOLLAR DEPOSITS UNAVAILABLE OR INTEREST RATE UNASCERTAINABLE. In respect of any LIBOR Loan, in the event that Agent shall have determined that dollar deposits of the relevant amount for the relevant Interest Period for such LIBOR Loan are not available to Agent in the applicable eurodollar market or that, by reason of circumstances affecting such market, adequate and reasonable means do not exist for ascertaining the LIBOR Rate applicable to such Interest Period, as the case may be, Agent shall promptly give notice of such determination to Borrower and (a) any notice of a new LIBOR Loan (or conversion of an existing Loan to a LIBOR Loan) previously given by Borrower and not yet borrowed (or converted, as the case may be) shall be deemed a notice to make a Base Rate Loan, and (b) Borrower shall be obligated either to prepay, or to convert to a Base Rate Loan, any outstanding LIBOR Loan on the last day of the then current Interest Period with respect thereto.

SECTION 3.4. INDEMNITY. Without prejudice to any other provisions of this Article III, Borrower hereby agrees to indemnify each Bank against any loss or expense that such Bank may sustain or incur as a consequence of (a) any default by Borrower in payment when due of any amount hereunder in respect of any LIBOR Loan, or (b) the failure by Borrower to consummate the borrowing of any LIBOR Loan after making a request therefor, including, but not limited to, any loss of profit, premium or penalty incurred by such Bank in respect of funds borrowed by it for the

purpose of making or maintaining such LIBOR Loan, as determined by such Bank in the exercise of its sole but reasonable discretion. A certificate as to any such loss or expense shall be promptly submitted by such Bank to Borrower and shall, in the absence of manifest error, be conclusive and binding as to the amount thereof.

SECTION 3.5. CHANGES IN LAW RENDERING LIBOR LOANS UNLAWFUL. If at any time any new law, treaty or regulation, or any change in any existing law, treaty or regulation, or any interpretation thereof by any governmental or other regulatory authority charged with the administration thereof, shall make it unlawful for any Bank to fund any LIBOR Loan that it is committed to make hereunder with moneys obtained in the eurodollar market, the commitment of such Bank to fund such LIBOR Loan shall, upon the happening of such event forthwith be suspended for the duration of such illegality, and such Bank shall by written notice to Borrower and Agent declare that its commitment with respect to such LIBOR Loan has been so suspended and, if and when such illegality ceases to exist, such suspension shall cease and such Bank shall similarly notify Borrower and Agent. If any such change shall make it unlawful for any Bank to continue in effect the funding in the applicable eurodollar market of any LIBOR Loan previously made by it hereunder, such Bank shall, upon the happening of such event, notify Borrower, Agent and the other Banks thereof in writing stating the reasons therefor, and Borrower shall, on the earlier of (a) the last day of the then current Interest Period or (b) if required by such law, regulation or interpretation, on such date as shall be specified in such notice, either convert such LIBOR Loan to a Base Rate Loan or prepay such LIBOR Loan to the Banks in full. Any such prepayment or conversion shall be subject to the prepayment fees described in Section 2.4 hereof.

SECTION 3.6. FUNDING. Each Bank may, but shall not be required to, make LIBOR Loans hereunder with funds obtained outside the United States.

SECTION 3.7. CAPITAL ADEQUACY. If any Bank shall have determined, after the Closing Date, that the adoption of any applicable law, rule, regulation or guideline regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its lending office) with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Bank's capital (or the capital of its holding company) as a consequence of its obligations hereunder to a level below that which such Bank (or its holding company) could have achieved but for such adoption, change or compliance (taking into consideration such Bank's policies or the policies of its holding company with respect to capital adequacy) by an amount deemed by such Bank to be material, then from time to time, within fifteen (15) days after demand by such Bank (with a copy to Agent), Borrower shall pay to such Bank such additional amount or amounts as shall compensate such Bank (or its holding company) for such reduction. Each Bank shall designate a different lending office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Bank, be otherwise disadvantageous to such Bank. A certificate of any Bank claiming compensation under this Section and setting forth the

additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, such Bank may use any reasonable averaging and attribution methods. Failure on the part of any Bank to demand compensation for any reduction in return on capital with respect to any period shall not constitute a waiver of such Bank's rights to demand compensation for any reduction in return on capital in such period or in any other period. The protection of this Section shall be available to each Bank regardless of any possible contention of the invalidity or inapplicability of the law, regulation or other condition that shall have been imposed.

ARTICLE IV. CONDITIONS PRECEDENT

The obligation of the Banks to make the first Revolving Loan and of Agent to make the first Swing Loan is subject to Borrower satisfying each of the following conditions:

SECTION 4.1. NOTES. Borrower shall have executed and delivered to each Bank its Revolving Credit Note and shall have executed and delivered to Agent the Swing Line Note.

SECTION 4.2. GUARANTIES OF PAYMENT OF DEBT. Each Guarantor of Payment shall have executed and delivered to Agent a Guaranty of Payment.

SECTION 4.3. PLEDGE AGREEMENT. Each Company that has a Foreign Subsidiary shall have executed and delivered to Agent, for the benefit of the Banks, a Pledge Agreement, in form and substance satisfactory to Agent, pursuant to which such Company shall pledge to Agent, for the benefit of the Banks, sixty-five percent (65%) of the capital stock (or other equity interest) of each such Foreign Subsidiary, and shall have taken all such actions necessary to grant to Agent, for the benefit of the Banks, a first preferred security interest in such stock (or other equity interest).

SECTION 4.4. OFFICER'S CERTIFICATE, RESOLUTIONS, ORGANIZATIONAL DOCUMENTS. Borrower and each Guarantor of Payment shall have delivered to each Bank an officer's certificate certifying the names of the officers of Borrower or such Guarantor of Payment authorized to sign the Loan Documents, together with the true signatures of such officers and certified copies of (a) the resolutions of the board of directors of Borrower and each Guarantor of Payment evidencing approval of the execution and delivery of the Loan Documents and the execution of other Related Writings to which Borrower or such Guarantor of Payment, as the case may be, is a party, and (b) the Organizational Documents thereto of Borrower and each Guarantor of Payment.

SECTION 4.5. LEGAL OPINION. Borrower shall have delivered to Agent an opinion of counsel for Borrower and each Guarantor of Payment, in form and substance satisfactory to Agent and the Banks.

SECTION 4.6. GOOD STANDING AND FULL FORCE AND EFFECT CERTIFICATES. Borrower shall have delivered a good standing certificate or full force and effect certificate, as the case may be, for Borrower and each Guarantor of Payment, issued on or about the Closing Date by the Secretary of State in the state where Borrower or such Guarantor of Payment is incorporated or formed and in each state in which Borrower or such Guarantor of Payment is qualified as a foreign entity.

SECTION 4.7. CLOSING AND LEGAL FEES; AGENT FEE LETTER; CLOSING FEE LETTER. Borrower shall have (a) executed and delivered to Agent the Agent Fee Letter and the Closing Fee Letter, (b) paid to Agent, for its sole benefit, the fees described in the Agent Fee Letter, (c) paid to Agent, for the pro rata benefit of the Banks, the fees described in the Closing Fee Letter, and (d) paid all legal fees and expenses of Agent in connection with the preparation and negotiation of the Loan Documents.

SECTION 4.8. LIEN SEARCHES. With respect to the property owned or leased by Borrower and each Guarantor of Payment, Borrower shall have caused to be delivered to Agent: (a) the results of U.C.C. lien searches, satisfactory to Agent and the Banks, in such jurisdictions as may be requested by Agent; (b) the results of federal and state tax lien and judicial lien searches, satisfactory to Agent, in such jurisdictions as may be requested by Agent; and (c) U.C.C. termination statements reflecting termination of all financing statements previously filed by any party having a security interest not permitted under the terms of this Agreement.

SECTION 4.9. TERMINATION OF EXISTING CREDIT AGREEMENT. Borrower shall have terminated the Credit Agreement dated as of January 26, 1999, as amended, among Borrower, KeyBank National Association, as agent, and the banking institutions listed on Schedule 1 attached thereto, and the commitments established thereunder, which termination shall be deemed to have occurred upon payment in full of the "Debt", as defined therein.

SECTION 4.10. NO MATERIAL ADVERSE CHANGE. No material adverse change, in the opinion of Agent, shall have occurred in the financial condition, operations or prospects of the Companies since March 31, 2000.

SECTION 4.11. MISCELLANEOUS. Borrower shall have provided to Agent and the Banks such other items and shall have satisfied such other conditions as may be reasonably required by Agent or the Banks.

ARTICLE V. COVENANTS

Borrower agrees that so long as the Commitment remains in effect and thereafter until all of the Debt shall have been paid in full, Borrower shall perform and observe, and shall cause each other Company to perform and observe, each of the following provisions:

SECTION 5.1. INSURANCE. Each Company shall (a) maintain insurance to such extent and against such hazards and liabilities as is commonly maintained by Persons similarly situated; and (b) within ten (10) days of any Bank's written request, furnish to such Bank such information about such Company's insurance as that Bank may from time to time reasonably request, which information shall be prepared in form and detail satisfactory to such Bank and certified by a Financial Officer of such Company.

SECTION 5.2. MONEY OBLIGATIONS. Each Company shall pay in full (a) prior in each case to the date when penalties would attach, all taxes, assessments and governmental charges and levies (except only those so long as and to the extent that the same shall be contested in good faith by appropriate and timely proceedings and for which adequate reserves have been established in accordance with GAAP) for which it may be or become liable or to which any or all of its properties may be or become subject; (b) all of its wage obligations to its employees in compliance with the Fair Labor Standards Act (29 U.S.C. 206-207) or any comparable provisions; and (c) all of its other obligations calling for the payment of money (except only those so long as and to the extent that the same shall be contested in good faith and for which adequate reserves have been established in accordance with GAAP) before such payment becomes overdue.

SECTION 5.3. FINANCIAL STATEMENTS. Borrower shall furnish to each Bank:

(a) within forty-five (45) days after the end of each of the first three (3) quarter-annual periods of each fiscal year of Borrower, balance sheets of Borrower as of the end of such period and statements of income (loss), stockholders' equity and cash flow for the quarter and fiscal year to date periods, all prepared on a Consolidated basis, in accordance with GAAP, and in form and detail satisfactory to the Banks and certified by a Financial Officer of Borrower;

(b) within ninety (90) days after the end of each fiscal year of Borrower, an annual audit report of Borrower for that year prepared on a Consolidated basis, in accordance with GAAP, and in form and detail satisfactory to the Banks and certified by an independent public accountant satisfactory to the Banks, which report shall include balance sheets and statements of income (loss), stockholders' equity and cash-flow for that period, together with a certificate by the accountant setting forth the Defaults and Events of Default coming to its attention during the course of its audit or, if none, a statement to that effect;

(c) concurrently with the delivery of the financial statements in (a) and (b) above, a Compliance Certificate;

(d) within ninety (90) days after the end of each fiscal year of Borrower, annual pro-forma projections of Borrower and its Subsidiaries for the then current fiscal year and for each fiscal year thereafter up to and including the fiscal year that includes the last day of the Commitment Period, to be in form acceptable to Agent;

(e) as soon as available, copies of all notices, reports, definitive proxy or other statements and other documents sent by Borrower to its shareholders, to the holders of any of its debentures or bonds or the trustee of any indenture securing the same or pursuant to which they are issued, or sent by Borrower (in final form) to any securities exchange or over the counter authority or system, or to the SEC or any similar federal agency having regulatory jurisdiction over the issuance of Borrower's securities; and

(f) within ten (10) days of any Bank's written request, such other information about the financial condition, properties and operations of any Company as such Bank may from time to time reasonably request, which information shall be submitted in form and detail reasonably satisfactory to such Bank and certified by a Financial Officer of the Company or Companies in question.

SECTION 5.4. FINANCIAL RECORDS. Each Company shall at all times maintain true and complete records and books of account including, without limiting the generality of the foregoing, appropriate reserves for possible losses and liabilities, all in accordance with GAAP, and at all reasonable times (during normal business hours and upon notice to the Company in question) permit the Banks to examine that Company's books and records and to make excerpts therefrom and transcripts thereof.

SECTION 5.5. FRANCHISES. Each Company shall preserve and maintain at all times its existence, rights and franchises except as otherwise permitted pursuant to Section 5.12 hereof.

SECTION 5.6. ERISA COMPLIANCE. No Company shall incur any material accumulated funding deficiency within the meaning of ERISA, or any material liability to the PBGC, established thereunder in connection with any ERISA Plan. Borrower shall furnish to the Banks (a) as soon as possible and in any event within thirty (30) days after any Company knows or has reason to know that any Reportable Event with respect to any ERISA Plan has occurred, a statement of the Financial Officer of such Company, setting forth details as to such Reportable Event and the action that such Company proposes to take with respect thereto, together with a copy of the notice of such Reportable Event given to the PBGC if a copy of such notice is available to such Company, and (b) promptly after receipt thereof a copy of any notice such Company, or any member of the Controlled Group may receive from the PBGC or the Internal Revenue Service with respect to any ERISA Plan administered by such Company; provided, that this latter clause shall not apply to notices of general application promulgated by the PBGC or the Internal Revenue Service, except for ministerial errors or other minor compliance errors. Borrower shall promptly notify the Banks of any material taxes assessed, proposed to be assessed or that Borrower has reason to believe may be assessed against a Company by the Internal Revenue Service with respect to any ERISA Plan. As used in this Section "material" means the measure of a matter of significance that shall be determined as being an amount equal to five percent (5%) of the Consolidated Net Worth of Borrower. As soon as practicable, and in any event within twenty (20) days, after any Company becomes aware that an ERISA Event has occurred, such Company shall provide Bank with notice of such ERISA Event with a certificate by a Financial Officer of such Company setting forth the

details of the event and the action such Company or another Controlled Group member proposes to take with respect thereto. Borrower shall, at the request of Agent or any Bank, deliver or cause to be delivered to Agent or such Bank, as the case may be, true and correct copies of any documents relating to the ERISA Plan of any Company.

SECTION 5.7. FINANCIAL COVENANTS.

(a) LEVERAGE RATIO. Borrower shall not suffer or permit at any time the Leverage Ratio to be greater than 3.00 to 1.00.

(b) NET WORTH. Borrower shall not suffer or permit its Consolidated Net Worth at any time, based upon the financial statements of the Companies for the most recently completed fiscal quarter, to fall below the current minimum amount required, which current minimum amount required shall be Three Hundred Seventy-Eight Million Nine Hundred Eighty-Four Thousand Dollars ($378,984,000) on the Closing Date through June 29, 2000, with such current minimum amount required to be positively increased by the Increase Amount on June 30, 2000, and by an additional Increase Amount on the last day of each fiscal quarter thereafter. As used herein, the term "Increase Amount" shall mean an amount equal to (i) fifty percent (50%) of the positive Consolidated Net Earnings of the Companies for the fiscal quarter then ended, plus (ii) one hundred percent (100%) of the proceeds from any equity offering by any Company.

(c) FIXED CHARGE COVERAGE RATIO. Borrower shall not suffer or permit at any time the Fixed Charge Coverage Ratio to be less than (i) 1.10 to 1.00 on March 31, 2001 through June 29, 2001, (ii) 1.15 to 1.00 on June 30, 2001 through June 29, 2002, and (iii) 1.25 to 1.00 on June 30, 2002 and thereafter.

(d) INTEREST COVERAGE RATIO. Borrower shall not suffer or permit at any time the Interest Coverage Ratio to be less than (i) 2.50 to 1.00 from the Closing Date through December 30, 2000, (ii) 2.25 to 1.00 on December 31, 2000 through March 30, 2001, (iii) 2.75 to 1.00 on March 31, 2001 through June 29, 2001, and (iv) 3.00 to 1.00 on June 30, 2001 and thereafter.

SECTION 5.8. BORROWING. No Company shall create, incur or have outstanding any Indebtedness of any kind; provided, that this Section shall not apply to:

(a) the Loans or any other Indebtedness incurred to Agent or the Banks pursuant to this Agreement;

(b) Indebtedness under any Hedge Agreement, so long as such Hedge Agreement has not been entered into for speculative purposes;

(c) Indebtedness (including any capital lease obligation) secured by the Liens described in Section 5.9(d) hereof, so long as the aggregate amount of all such Indebtedness outstanding at any

time for all Companies does not exceed an amount equal to ten percent (10%) of the Consolidated Net Worth of Borrower, based upon the financial statements of Borrower for the most recently completed fiscal quarter;

(d) loans to a Company from a Company so long as each such Company is Borrower or a Guarantor of Payment;

(e) Indebtedness of Borrower or any Foreign Subsidiary (including any contingent reimbursement obligations of Borrower in connection with such Indebtedness) incurred in connection with letters of credit (or demand guarantees), so long as the aggregate principal amount of all such Indebtedness does not exceed Ten Million Dollars ($10,000,000) at any time;

(f) loans from Borrower to a Subsidiary that is not a Guarantor of Payment, so long as (i) the aggregate amount of all such loans to such Subsidiary that is not a Guarantor of Payment are not in excess of Fifteen Million Dollars ($15,000,000), and (ii) the aggregate amount of all such loans to all Subsidiaries, that are not Guarantors of Payment, are not in excess of Fifty Million Dollars ($50,000,000); or

(g) additional unsecured Indebtedness of Borrower or a Guarantor of Payment, to the extent not otherwise permitted pursuant to subparts (a) through (f) hereof, up to an aggregate amount, for all such Indebtedness of Borrower and all Guarantors of Payment, not to exceed Thirty Million Dollars ($30,000,000) at any time.

SECTION 5.9. LIENS. No Company shall create, assume or suffer to exist any Lien upon any of its property or assets, whether now owned or hereafter acquired; provided that this Section shall not apply to the following:

(a) Liens for taxes not yet due or that are being actively contested in good faith by appropriate proceedings and for which adequate reserves have been established in accordance with GAAP;

(b) other statutory Liens incidental to the conduct of its business or the ownership of its property and assets that (i) were not incurred in connection with the borrowing of money or the obtaining of advances or credit, and (ii) do not in the aggregate materially detract from the value of its property or assets or materially impair the use thereof in the operation of its business;

(c) Liens on property or assets of a Subsidiary to secure obligations of such Subsidiary to Borrower or a Guarantor of Payment;

(d) purchase money Liens on real estate and fixed assets securing the loans (and capitalized leases) pursuant to Section 5.8 (c) hereof, provided that such Lien is limited to the purchase price or the amount of the capitalized lease and only attaches to the property being acquired or leased;

(e) the Liens set forth on Schedule 5.9 hereto;

(f) any Lien granted to Agent, for the benefit of the Banks; or

(g) easements or other minor defects or irregularities in title of real property not interfering in any material respect with the use of such property in the business of any Company.

No Company shall enter into any contract or agreement (other than a contract or agreement entered into in connection with Indebtedness permitted pursuant to Sections 5.8 (b), (e) or (g) hereof) that would prohibit Agent or the Banks from acquiring a security interest, mortgage or other Lien on, or a collateral assignment of, any of the property or assets of a Company.

SECTION 5.10. REGULATIONS U and X. No Company shall take any action that would result in any non-compliance of the Loans with Regulations U and X of the Board of Governors of the Federal Reserve System.

SECTION 5.11. INVESTMENTS AND LOANS. No Company shall (a) create, acquire or hold any Subsidiary, (b) make or hold any investment in any stocks, bonds or securities of any kind, (c) be or become a party to any joint venture or other partnership without the prior written consent of Agent and the Required Banks, (d) make or keep outstanding any advance or loan to any Person, or (e) be or become a Guarantor of any kind; provided, that this Section shall not apply to:

(i) any endorsement of a check or other medium of payment for deposit or collection through normal banking channels or similar transaction in the normal course of business;

(ii) any investment in direct obligations of the United States of America or in certificates of deposit issued by a member bank of the Federal Reserve System;

(iii) any investment in commercial paper or securities that at the time of such investment is assigned the highest quality rating in accordance with the rating systems employed by either Moody's or Standard & Poor's;

(iv) the holding of (including any investments existing on the Closing Date in) Subsidiaries listed on Schedule 6.1 hereto;

(v) loans to a Company from a Company or investments in a Company by a Company so long as each such Company is Borrower or a Guarantor of Payment;

(vi) loans from Borrower to a Subsidiary that is not a Guarantor of Payment, so long as (A) the aggregate amount of all such loans to such Subsidiary that is not a Guarantor of Payment are not in excess of Fifteen Million Dollars ($15,000,000), and (B) the aggregate amount of all such loans to all Subsidiaries that are not Guarantors of Payment are not in excess of Fifty Million Dollars ($50,000,000);

(vii) guarantees of Indebtedness of the Companies incurred or permitted pursuant to this Agreement (including any guaranty of the Indebtedness permitted pursuant to Section 5.8 hereof);

(viii) any advance or loan to an officer or employee of a Company made in the ordinary course of such Company's business, so long as all such advances and loans from all Companies aggregate not more than the maximum principal sum of Seven Million Five Hundred Thousand Dollars ($7,500,000) at any time outstanding;

(ix) any Permitted Investment;

(x) the holding of any stock that has been acquired pursuant to an Acquisition permitted by Section 5.13 hereof;

(xi) (A) the creation, acquisition or holding of any Domestic Subsidiary so long as such Domestic Subsidiary, if required pursuant to Section 5.19 hereof, becomes a Guarantor of Payment in accordance with Section 5.19, and (B) with the prior written consent of Agent and the Required Banks, the creation, acquisition or holding of any Foreign Subsidiary so long as Borrower (or the Domestic Subsidiary of Borrower that owns the stock of the Foreign Subsidiary, as the case may be) executes and delivers a Pledge Agreement, in form and substance satisfactory to Agent, with respect to any such Foreign Subsidiary; or

(xii) any investment by a Foreign Subsidiary in Borrower or any Domestic Subsidiary.

SECTION 5.12. MERGER AND SALE OF ASSETS. No Company shall merge or consolidate with any other Person or (except as specifically permitted pursuant to Section 5.18 hereof) sell, lease or transfer or otherwise dispose of all or a substantial part of its assets to any Person, except that if no Default or Event of Default shall then exist or immediately thereafter shall begin to exist:

(a) any Subsidiary may merge or consolidate with (i) Borrower (provided that Borrower shall be the continuing or surviving Person) or (ii) any one or more Guarantors of Payment, provided that either (A) the continuing or surviving Person shall be a Wholly-Owned Subsidiary that is a Guarantor of Payment, or (B) after giving effect to any merger pursuant to this sub-clause (ii), Borrower and/or one or more Wholly-Owned Subsidiaries that are Guarantors of Payment shall own not less than the same percentage of the outstanding Voting Power of the continuing or surviving Person as Borrower and/or one or more Wholly-Owned Subsidiaries (that are Guarantors of Payment) owned of the merged Subsidiary immediately prior to such merger;

(b) any Subsidiary may sell, lease, transfer or otherwise dispose of any of its assets to (i) Borrower, (ii) any Wholly-Owned Subsidiary that is a Guarantor of Payment, or (iii) any Guarantor of Payment, of which Borrower and/or one or more Wholly-Owned Subsidiaries, which are Guarantors of Payment, shall own not less than the same percentage of Voting Power as

Borrower and/or one or more Wholly-Owned Subsidiaries (which are Guarantors of Payment) then own of the Subsidiary making such sale, lease, transfer or other disposition;

(c) any Company may sell (including any sale in connection with any sale-leaseback transaction), lease, transfer or otherwise dispose of any of its assets to any Person (in addition to any such sale, lease, transfer or disposal to Borrower or a Guarantor of Payment) so long as the aggregate amount of all such assets sold, leased, transferred or otherwise disposed of by all Companies does not exceed Sixty Million Dollars ($60,000,000) for the period from the Closing Date until the last day of the Commitment Period; or

(d) any Foreign Subsidiary may merge or consolidate with any other Foreign Subsidiary.

SECTION 5.13. ACQUISITIONS. No Company shall effect an Acquisition unless:

(a) no Default or Event of Default shall then exist or immediately thereafter shall begin to exist;

(b) the Acquisition is made by (i) Borrower or a Guarantor of Payment and Borrower or such Guarantor of Payment is the surviving entity of such Acquisition (in the case of a merger, consolidation or other combination) or the Person to be acquired becomes a Guarantor of Payment promptly after such Acquisition (in the case of the acquisition of the stock (or other equity interest) of a Person), or (ii) a Foreign Subsidiary;

(c) the Companies are in full compliance with the Loan Documents both prior to and subsequent to such Acquisition;

(d) Borrower provides to Agent and the Banks, as early as possible and, in any event, not fewer than five (5) days prior to the date of consummation of such Acquisition, (i) written notice of such Acquisition, and (ii) historical financial statements of such Person and a pro forma financial statement of the Companies accompanied by a certificate of a Financial Officer of Borrower showing pro forma compliance with Section 5.7 hereof, both before and after such Acquisition, and showing whether such Acquisition qualifies as a Type I Acquisition or a Type II Acquisition. For purposes of calculating pro forma compliance with Section 5.7 hereof, Borrower shall exclude the value of any assumed operating synergies; and

(e) Borrower provides evidence to Agent and the Banks, in form and substance satisfactory to Agent and the Required Banks, that one (1) of the following conditions is satisfied:

(i) (A) the Consideration for such Acquisition is less than Twenty-Five Million Dollars ($25,000,000), and (B) such Acquisition qualifies as a Type I Acquisition;

(ii) (A) the Consideration for such Acquisition is greater than or equal to Twenty-Five Million Dollars ($25,000,000) but less than Fifty Million Dollars ($50,000,000), (B) such Acquisition qualifies as a Type I Acquisition or a Type II Acquisition, and (C) Borrower shall have maintained and can demonstrate maintenance (1) for the two (2) most recently completed consecutive fiscal quarters and (2) for the most recently completed fiscal quarter on a pro forma basis after giving effect to such Acquisition but without giving effect to any assumed operating synergies of (x) a Fixed Charge Coverage Ratio of no less than 1.25 to 1.00, and (y) an Interest Coverage Ratio of no less than 2.50 to 1.00; or

(iii) Borrower shall have maintained and can demonstrate maintenance (1) for the two (2) most recently completed consecutive fiscal quarters and (2) for the most recently completed fiscal quarter on a pro forma basis after giving effect to such Acquisition but without giving effect to any assumed operating synergies of (A) a Fixed Charge Coverage Ratio of no less than 1.25 to 1.00, and (B) an Interest Coverage Ratio of no less than 3.00 to 1.00.

SECTION 5.14. STOCK REPURCHASE. Other than with respect to a Permitted Stock Repurchase, Borrower shall not purchase any of its outstanding capital stock ("Repurchase") unless:

(a) no Default or Event of Default shall then exist or immediately thereafter shall begin to exist;

(b) Borrower shall have provided to Agent and the Banks, as early as possible and, in any event, not fewer than five (5) days prior to the date of such Repurchase, (i) written notice of such Repurchase, and (ii) a projected financial statement of the Companies accompanied by a certificate of a Financial Officer of Borrower showing projected compliance as of the end of the fiscal quarter in which such Repurchase is to occur with (A) Section 5.7 hereof and (B) subparts (c) or (d) of this Section 5.14;

(c) at the end of the most recently completed fiscal quarter, Borrower shall have maintained both (i) a Fixed Charge Coverage Ratio of no less than 1.25 to 1.00, and (ii) an Interest Coverage Ratio of no less than 2.50 to 1.00; and

(d) with respect to Repurchases in excess of the aggregate amount of Five Million Dollars ($5,000,000) (aggregated for all such Repurchases since the Closing Date), Borrower shall have maintained, for the two (2) most recently completed fiscal quarters, both (i) a Fixed Charge Coverage Ratio of no less than 1.25 to 1.00, and (ii) an Interest Coverage Ratio of no less than 3.00 to 1.00.

SECTION 5.15. CAPITAL EXPENDITURES. The Companies shall not invest in Consolidated Capital Expenditures of more than an aggregate amount equal to Seventy Million Dollars ($70,000,000) during the period from the Closing Date through March 31, 2001, based upon

the financial statements of the Companies for the most recently completed four (4) fiscal quarters.

SECTION 5.16. NOTICE. Borrower shall cause a Financial Officer of Borrower to promptly notify Agent and the Banks whenever any Default or Event of Default may occur hereunder or any representation or warranty made in Article VI hereof or elsewhere in this Agreement or in any Related Writing may for any reason cease in any material respect to be true and complete.

SECTION 5.17. ENVIRONMENTAL COMPLIANCE. Each Company shall comply in all material respects with any and all Environmental Laws including, without limitation, all Environmental Laws in jurisdictions in which any Company owns or operates a facility or site, arranges for disposal or treatment of hazardous substances, solid waste or other wastes, accepts for transport any hazardous substances, solid waste or other wastes or holds any interest in real property or otherwise. Borrower shall furnish to the Banks, promptly after receipt thereof, a copy of any notice any Company may receive from any governmental authority, private Person or otherwise that any material litigation or proceeding pertaining to any environmental, health or safety matter has been filed or is threatened against such Company, any real property in which such Company holds any interest or any past or present operation of such Company. No Company shall allow the release or disposal of hazardous waste, solid waste or other wastes on, under or to any real property in which any Company holds any interest or performs any of its operations, in violation of any Environmental Law. As used in this Section,"litigation or proceeding" means any demand, claim, notice, suit, suit in equity action, administrative action, investigation or inquiry whether brought by any governmental authority, private Person or otherwise. Borrower shall defend, indemnify and hold Agent and the Banks harmless against all costs, expenses, claims, damages, penalties and liabilities of every kind or nature whatsoever (including attorneys' fees) arising out of or resulting from the noncompliance of any Company with any Environmental Law. Such indemnification shall survive any termination of this Agreement.

SECTION 5.18. AFFILIATE TRANSACTIONS. No Company shall, or shall permit any Subsidiary to, directly or indirectly, enter into or permit to exist any transaction (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of a Company on terms that are less favorable to such Company or such Subsidiary, as the case may be, than those that might be obtained at the time in a transaction with a non-Affiliate; provided, however, that the foregoing shall not prohibit (a) the payment of customary and reasonable directors' fees to directors who are not employees of a Company or any Affiliate of a Company; or (b) any transaction between Borrower and a Subsidiary that Borrower reasonably determines in good faith is beneficial to Borrower and its Affiliates as a whole and that is not entered into for the purpose of hindering the exercise by Agent or the Banks of their rights or remedies under this Agreement.

SECTION 5.19. CORPORATE NAMES. Neither Borrower nor any Guarantor of Payment shall change its corporate name, unless, in each case, Borrower shall provide Agent with written notice thereof.

SECTION 5.20. USE OF PROCEEDS. Borrower's use of the proceeds of the Notes shall be solely for working capital and other general corporate purposes of Borrower and its Subsidiaries and for Acquisitions permitted pursuant to the terms of this Agreement.

SECTION 5.21. SUBSIDIARY GUARANTIES. Each Subsidiary created, acquired or held subsequent to the Closing Date, shall immediately execute and deliver to Agent a Guaranty of Payment of all of the Debt, such agreement to be in form and substance acceptable to Agent and the Required Banks, along with such corporate governance and authorization documents and an opinion of counsel as may be deemed necessary or advisable by Agent and the Required Banks; provided, however, that a Subsidiary shall not be required to execute such Guaranty of Payment if (a) (i) such Subsidiary is not a Material Subsidiary, and (ii) the aggregate of the total assets of all such Subsidiaries that are not Material Subsidiaries does not exceed the aggregate amount of Three Million Dollars ($3,000,000), or (b) such Subsidiary is a Foreign Subsidiary. Borrower shall provide Agent and the Banks with prompt written notice in the event that any Subsidiary (that is not already a Guarantor of Payment) becomes a Material Subsidiary.

SECTION 5.22 PLEDGE OF STOCK OF FOREIGN SUBSIDIARIES. Each Company that creates, acquires or holds a Foreign Subsidiary subsequent to the Closing Date, shall immediately execute and deliver to Agent, for the benefit of the Banks, a Pledge Agreement, in form and substance satisfactory to Agent, pursuant to which such Company shall pledge to Agent, for the benefit of the Banks, sixty-five percent (65%) of the capital stock (or other equity interest) of such Foreign Subsidiary; provided, however, that no Foreign Subsidiary shall be required to pledge the stock or other equity interest of any other Foreign Subsidiary.

SECTION 5.23. AMENDMENT OF ORGANIZATIONAL DOCUMENTS. Neither Borrower nor any Guarantor of Payment shall amend its Organizational Documents in any manner that would affect the validity or enforceability of any Loan Document without the prior written consent of Agent and the Required Banks.

ARTICLE VI. REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants that the statements set forth in this Article VI are true, correct and complete.

SECTION 6.1. CORPORATE EXISTENCE; FOREIGN QUALIFICATION; SUBSIDIARIES.

(a) Each Company is an entity duly organized, validly existing, and in good standing under the laws of its state of organization and is duly qualified and authorized to do business and is in good standing as a foreign entity in each jurisdiction where the character of its property or its business activities makes such qualification necessary, except where the failure to so qualify would

not have a material adverse effect on the business, operations or condition (financial or otherwise) of such Company.

(b) Schedule 6.1 hereto sets forth (i) the state of organization of Borrower, and (ii) each state or other jurisdiction in which Borrower is qualified to do business as a foreign corporation.

(c) Schedule 6.1 hereto sets forth (i) each Subsidiary of Borrower and each Subsidiary of each Company, (ii) such Subsidiary's state of organization, (iii) each state or other jurisdiction in which such Subsidiary is qualified to do business as a foreign entity, and (iv) the direct or indirect ownership of Borrower in such Subsidiary.

SECTION 6.2. CORPORATE AUTHORITY. Each Company has the right and power and is duly authorized and empowered to enter into, execute and deliver the Loan Documents to which it is a party and to perform and observe the provisions of the Loan Documents. The Loan Documents to which each Company is a party have been duly authorized and approved by such Company's Board of Directors and are the valid and binding obligations of such Company, enforceable against such Company in accordance with their respective terms. The execution, delivery and performance of the Loan Documents will not conflict with nor result in any breach in any of the provisions of, or constitute a default under, or result in the creation of any Lien (other than Liens permitted under Section 5.9 hereof) upon any assets or property of any Company under the provisions of, such Company's Organizational Documents or any agreement.

SECTION 6.3. COMPLIANCE WITH LAWS. Each Company:

(a) holds permits, certificates, licenses, orders, registrations, franchises, authorizations, and other approvals from federal, state, local, and foreign governmental and regulatory bodies necessary for the conduct of its business and is in compliance with all applicable laws relating thereto, except where a failure to do so would not have a Material Adverse Effect;

(b) is in compliance with all federal, state, local, or foreign applicable statutes, rules, regulations, and orders including, without limitation, those relating to environmental protection, occupational safety and health, and equal employment practices, except where a failure to so comply would not have a Material Adverse Effect; and

(c) is not in violation of or in default under any agreement to which it is a party or by which its assets are subject or bound, except where such violation or default would not have a Material Adverse Effect.

SECTION 6.4. LITIGATION AND ADMINISTRATIVE PROCEEDINGS. Except as disclosed on Schedule 6.4 hereto, there are (a) no lawsuits, actions, investigations, or other proceedings pending or threatened against any Company, or in respect of which any Company may have any liability, in any court or before any governmental authority, arbitration board, or other tribunal, (b) no orders, writs, injunctions, judgments, or decrees of any court or government agency

or instrumentality to which any Company is a party or by which the property or assets of any Company are bound, and (c) no grievances, disputes, or controversies outstanding with any union or other organization of the employees of any Company, or threats of work stoppage, strike, or pending demands for collective bargaining which, as to subsections (a) through (c) hereof, would have or would be reasonably expected to have a Material Adverse Effect.

SECTION 6.5. TITLE TO ASSETS. Each Company has good title to and ownership of all property it purports to own, which property is free and clear of all Liens, except those permitted under Section 5.9 hereto. All of the stock of each Subsidiary of each Company has been duly authorized and validly issued, and is fully paid and non-assessable.

SECTION 6.6. LIENS AND SECURITY INTERESTS. On and after the Closing Date, except for Liens permitted pursuant to Section 5.9 hereof, (a) there is no financing statement outstanding covering any personal property of any Company, (b) there is no mortgage outstanding covering any real property of any Company and (c) no real or personal property of any Company is subject to any security interest or Lien of any kind. Except with respect to a contract or agreement entered into in connection with Indebtedness permitted pursuant to Sections 5.8 (b), (e) or (g) hereof, no Company has entered into any contract or agreement which exists on or after the Closing Date that would prohibit Agent or the Banks from acquiring a security interest, mortgage or other Lien on, or a collateral assignment of, any of the property or assets of any Company.

SECTION 6.7. TAX RETURNS. All federal, state and local tax returns and other reports required by law to be filed in respect of the income, business, properties and employees of each Company have been filed and all taxes, assessments, fees and other governmental charges that are due and payable have been paid, except as otherwise permitted herein or where the failure to do so will not cause or result in a Material Adverse Effect. The provision for taxes on the books of each Company is adequate for all years not closed by applicable statutes and for the current fiscal year.

SECTION 6.8. ENVIRONMENTAL LAWS. Each Company is in compliance with any and all Environmental Laws, including, without limitation, all Environmental Laws in all jurisdictions in which any Company owns or operates, or has owned or operated, a facility or site, arranges or has arranged for disposal or treatment of hazardous substances, solid waste or other wastes, accepts or has accepted for transport any hazardous substances, solid waste or other wastes or holds or has held any interest in real property or otherwise, except where a failure to so comply would not have a Material Adverse Effect. No litigation or proceeding arising under, relating to or in connection with any Environmental Law is pending or, to the best knowledge of each Company, threatened, against any Company, any real property in which any Company holds or has held an interest or any past or present operation of any Company which, if determined adversely, would have a Material Adverse Effect. No release, threatened release or disposal of hazardous waste, solid waste or other wastes is occurring, or has occurred (other than those that are currently being cleaned up in accordance with Environmental Laws), on, under or to any real property in which any Company holds any interest or performs any of its operations, in violation of any Environmental Law. As used in this Section, "litigation or proceeding" means any demand, claim, notice, suit, suit in equity,

action, administrative action, investigation or inquiry whether brought by any governmental authority, private Person or otherwise.

SECTION 6.9. CONTINUED BUSINESS. There exists no actual, pending, or, to Borrower's knowledge, any threatened termination, cancellation or limitation of, or any modification or change in the business relationship of any Company and any customer or supplier, or any group of customers or suppliers, whose purchases or supplies, individually or in the aggregate, are material to the business of any Company, and there exists no present condition or state of facts or circumstances that would have a Material Adverse Effect or prevent a Company from conducting such business or the transactions contemplated by this Agreement in substantially the same manner in which it was previously conducted.

SECTION 6.10. EMPLOYEE BENEFITS PLANS. Schedule 6.10 hereto identifies each ERISA Plan. No ERISA Event has occurred or is expected to occur with respect to an ERISA Plan. Full payment has been made of all amounts which a Controlled Group member is required, under applicable law or under the governing documents, to have been paid as a contribution to or a benefit under each ERISA Plan. The liability of each Controlled Group member with respect to each ERISA Plan has been fully funded based upon reasonable and proper actuarial assumptions, has been fully insured, or has been fully reserved for on its financial statements. No changes have occurred or are expected to occur that would cause a material increase in the cost of providing benefits under the ERISA Plan. With respect to each ERISA Plan that is intended to be qualified under Code Section 401(a): (a) the ERISA Plan and any associated trust operationally comply with the applicable requirements of Code Section 401(a); (b) the ERISA Plan and any associated trust have been amended to comply with all such requirements as currently in effect, other than those requirements for which a retroactive amendment can be made within the "remedial amendment period" available under Code Section 401(b) (as extended under Treasury Regulations and other Treasury pronouncements upon which taxpayers may rely); (c) the ERISA Plan and any associated trust have received a favorable determination letter from the Internal Revenue Service stating that the ERISA Plan qualifies under Code Section 401(a), that the associated trust qualifies under Code Section 501(a) and, if applicable, that any cash or deferred arrangement under the ERISA Plan qualifies under Code Section 401(k), unless the ERISA Plan was first adopted at a time for which the above-described "remedial amendment period" has not yet expired; (d) the ERISA Plan currently satisfies the requirements of Code Section 410(b), without regard to any retroactive amendment that may be made within the above-described "remedial amendment period"; and (e) no contribution made to the ERISA Plan is subject to an excise tax under Code Section 4972. With respect to any Pension Plan, the "accumulated benefit obligation" of Controlled Group members with respect to the Pension Plan (as determined in accordance with Statement of Accounting Standards No. 87, "Employers' Accounting for Pensions") does not exceed the fair market value of Pension Plan assets. The aggregate potential amount of liability that would result if all Controlled Group members withdrew from all Multiemployer Plans in a "complete withdrawal" (within the meaning of ERISA Section 4203) would not exceed One Million Dollars ($1,000,000).

SECTION 6.11. CONSENTS OR APPROVALS. No consent, approval or authorization of, or filing, registration or qualification with, any governmental authority or any other Person is required to be obtained or completed by any Company in connection with the execution, delivery or performance of any of the Loan Documents to which such Company is a party, that has not already been obtained or completed.

SECTION 6.12. SOLVENCY. Borrower has received consideration that is the reasonable equivalent value of the obligations and liabilities that Borrower has incurred to the Banks. Borrower is not insolvent as defined in any applicable state or federal statute, nor will Borrower be rendered insolvent by the execution and delivery of the Loan Documents to Agent and the Banks. Borrower is not engaged or about to engage in any business or transaction for which the assets retained by it are or will be an unreasonably small amount of capital, taking into consideration the obligations to Agent and the Banks incurred hereunder. Borrower does not intend to, nor does it believe that it will, incur debts beyond its ability to pay such debts as they mature.

SECTION 6.13. FINANCIAL STATEMENTS. The Consolidated financial statements of Borrower for the fiscal year ended March 31, 2000, furnished to Agent and the Banks, are true and complete, have been prepared in accordance with GAAP, and fairly present the Companies' financial condition as of the date of such financial statements and the results of their operations for the period then ended. Since the date of such statements, there has been no material adverse change in any Company's financial condition, properties or business nor any change in any Company's accounting procedures.

SECTION 6.14. REGULATIONS. Borrower is not engaged principally or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any "margin stock" (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System of the United States of America). Neither the granting of any Loan (or any conversion thereof) nor the use of the proceeds of any Loan will violate, or be inconsistent with, the provisions of Regulation U or X of said Board of Governors.

SECTION 6.15. MATERIAL AGREEMENTS. Except as disclosed in Borrower's most recent quarterly or annual statement required to be filed with the SEC, no Company is a party to any material agreement which, if violated, breached, or terminated for any reason, would have or would be reasonably expected to have a Material Adverse Effect.

SECTION 6.16. INTELLECTUAL PROPERTY. Each Company owns, possesses, or has the right to use all of the patents, patent applications, trademarks, service marks, copyrights, licenses, and rights with respect to the foregoing necessary for the conduct of its business without any known conflict with the rights of others.

SECTION 6.17. ACCURATE AND COMPLETE STATEMENTS. Neither the Loan Documents nor any written statement made by any Company in connection with any of the Loan Documents contains any untrue statement of a material fact or omits a material fact necessary to

make the statements contained therein or in the Loan Documents not misleading. After due inquiry by Borrower, there is no known fact that any Company has not disclosed to Agent and the Banks that has or would have a Material Adverse Effect.

SECTION 6.18. YEAR 2000 COMPLIANCE. Each Company's Computer Systems are Year 2000 Compliant, except to the extent that noncompliance has not produced and will not produce a Material Adverse Effect.

ARTICLE VII. EVENTS OF DEFAULT

Each of the following shall constitute an Event of Default hereunder:

SECTION 7.1. PAYMENTS. If the principal of or interest on any Note or any facility or other fee shall not be paid in full punctually when due and payable.

SECTION 7.2. SPECIAL COVENANTS. If any Company or any Guarantor of Payment shall fail or omit to perform and observe Sections 5.7, 5.8, 5.9, 5.12, 5.13, 5.14 or 5.15 hereof.

SECTION 7.3. OTHER COVENANTS. If any Company or any Guarantor of Payment shall fail or omit to perform and observe any agreement or other provision (other than those referred to in Sections 7.1 or 7.2 hereof) contained or referred to in this Agreement or any Related Writing that is on such Company's or Guarantor of Payment's part, as the case may be, to be complied with, and that Default shall not have been fully corrected within thirty (30) days after the giving of written notice thereof to Borrower by Agent or any Bank that the specified Default is to be remedied.

SECTION 7.4. REPRESENTATIONS AND WARRANTIES. If any representation, warranty or statement made in or pursuant to this Agreement or any Related Writing or any other material information furnished by any Company or any Guarantor of Payment to the Banks or any thereof or any other holder of any Note, shall be false or erroneous in any material respect.

SECTION 7.5. CROSS DEFAULT. If any Company or any Guarantor of Payment shall default in the payment of principal or interest due and owing upon any other obligation (other than with respect to the Debt) for borrowed money in excess of the aggregate, for all such obligations for all such Companies and Guarantors of Payment, of One Million Dollars ($1,000,000) beyond any period of grace provided with respect thereto or in the performance or observance of any other agreement, term or condition contained in any agreement under which such obligation is created, if the effect of such default is to allow the acceleration of the maturity of such Indebtedness or to permit the holder thereof to cause such Indebtedness to become due prior to its stated maturity.

SECTION 7.6. ERISA DEFAULT. The occurrence of one or more ERISA Events that (a) the Required Banks determine could have a Material Adverse Effect, or (b) results in a Lien on any of the assets of any Company.

SECTION 7.7. CHANGE IN CONTROL. If any Change in Control shall occur.

SECTION 7.8. MONEY JUDGMENT. A final judgment or order for the payment of money shall be rendered against any Company or any Guarantor of Payment by a court of competent jurisdiction, that remains unpaid or unstayed and undischarged for a period (during which execution shall not be effectively stayed) of thirty (30) days after the date on which the right to appeal has expired, provided that the aggregate of all such judgments for all such Companies and Guarantors of Payment shall exceed Two Million Dollars ($2,000,000).

SECTION 7.9. VALIDITY OF LOAN DOCUMENTS. (a) Any material provision, in the reasonable opinion of Agent, of the Credit Agreement, any Note or any Guaranty of Payment shall at any time for any reason cease to be valid and binding and enforceable against Borrower or any Guarantor of Payment; (b) the validity, binding effect or enforceability of any Loan Document against Borrower or any Guarantor of Payment shall be contested by any Company; (c) Borrower or any Guarantor of Payment shall deny that it has any or further liability or obligation thereunder; or (d) any Loan Document shall be terminated, invalidated or set aside, or be declared ineffective or inoperative or in any way cease to give or provide to Agent and the Banks the benefits purported to be created thereby.

SECTION 7.10. SOLVENCY. If Borrower or any Guarantor of Payment shall (a) discontinue business (except as expressly permitted pursuant to Section 5.12 hereof), (b) generally not pay its debts as such debts become due, (c) make a general assignment for the benefit of creditors, (d) apply for or consent to the appointment of a receiver, a custodian, a trustee, an interim trustee or liquidator of all or a substantial part of its assets, (e) be adjudicated a debtor or have entered against it an order for relief under Title 11 of the United States Code, as the same may be amended from time to time, (f) file a voluntary petition in bankruptcy or file a petition or an answer seeking reorganization or an arrangement with creditors or seeking to take advantage of any other law (whether federal or state) relating to relief of debtors, or admit (by answer, by default or otherwise) the material allegations of a petition filed against it in any bankruptcy, reorganization, insolvency or other proceeding (whether federal or state) relating to relief of debtors, (g) suffer or permit to continue unstayed and in effect for thirty (30) consecutive days any judgment, decree or order entered by a court of competent jurisdiction, that approves a petition seeking its reorganization or appoints a receiver, custodian, trustee, interim trustee or liquidator of all or a substantial part of its assets, or (h) take, or omit to take, any action in order thereby to effect any of the foregoing.

ARTICLE VIII. REMEDIES UPON DEFAULT

Notwithstanding any contrary provision or inference herein or elsewhere,

SECTION 8.1. OPTIONAL DEFAULTS. If any Event of Default referred to in Section 7.1, 7.2., 7.3, 7.4, 7.5, 7.6, 7.7, 7.8 or 7.9 hereof shall occur, the Required Banks shall have the right, in their discretion, by directing Agent, on behalf of the Banks, to give written notice to Borrower, to:

(a) terminate the Commitment and the credits hereby established, if not previously terminated, and, immediately upon such election, the obligations of the Banks, and each thereof, to make any further Loan hereunder immediately shall be terminated, and/or

(b) accelerate the maturity of all of the Debt (if the Debt is not already due and payable), whereupon all of the Debt shall become and thereafter be immediately due and payable in full without any presentment or demand and without any further or other notice of any kind, all of which are hereby waived by Borrower.

SECTION 8.2. AUTOMATIC DEFAULTS. If any Event of Default referred to in Section 7.10 hereof shall occur:

(a) all of the Commitment and the credits hereby established shall automatically and immediately terminate, if not previously terminated, and no Bank thereafter shall be under any obligation to grant any further Loan hereunder, and

(b) the principal of and interest then outstanding on all Notes, and all of the Debt to the Banks, shall thereupon become and thereafter be immediately due and payable in full (if the Debt is not already due and payable), all without any presentment, demand or notice of any kind, which are hereby waived by Borrower.

SECTION 8.3. OFFSETS. If there shall occur or exist any Event of Default referred to in Section 7.10 hereof or if the maturity of the Notes is accelerated pursuant to Section 8.1 or 8.2 hereof, each Bank (or any affiliate of a Bank) shall have the right at any time to set off against, and to appropriate and apply toward the payment of, any and all Debt then owing by Borrower to that Bank (including, without limitation, any participation purchased or to be purchased pursuant to Section 2.1B or 8.5 hereof), whether or not the same shall then have matured, any and all deposit balances and all other indebtedness then held or owing by that Bank (or any affiliate of such Bank) to or for the credit or account of Borrower, all without notice to or demand upon Borrower or any other Person, all such notices and demands being hereby expressly waived by Borrower.

SECTION 8.4. EQUALIZATION PROVISION. Each Bank agrees with the other Banks that if it, at any time, shall obtain any Advantage over the other Banks or any thereof in respect of the Debt (except as to Swing Loans as set forth in Section 2.1B hereof and except under Article III hereof), it shall purchase from the other Banks, for cash and at par, such additional participation in the Debt as shall be necessary to nullify the Advantage. If any such Advantage resulting in the purchase of an additional participation as aforesaid shall be recovered in whole or in part from the Bank receiving the Advantage, each such purchase shall be rescinded, and the

purchase price restored (but without interest unless the Bank receiving the Advantage is required to pay interest on the Advantage to the Person recovering the Advantage from such Bank) ratably to the extent of the recovery. Each Bank further agrees with the other Banks that if it at any time shall receive any payment for or on behalf of Borrower on any indebtedness owing by Borrower to that Bank by reason of offset of any deposit or other indebtedness, it will apply such payment first to any and all Debt owing by Borrower to that Bank (including, without limitation, any participation purchased or to be purchased pursuant to this Section or any other Section of this Agreement). Borrower agrees that any Bank so purchasing a participation from the other Banks or any thereof pursuant to this Section may exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Bank was a direct creditor of Borrower in the amount of such participation.

ARTICLE IX. AGENT

The Banks authorize KeyBank National Association and KeyBank National Association hereby agrees to act as agent for the Banks in respect of this Agreement upon the terms and conditions set forth elsewhere in this Agreement, and upon the following terms and conditions:

SECTION 9.1. APPOINTMENT AND AUTHORIZATION. Each Bank hereby irrevocably appoints and authorizes Agent to take such action as agent on its behalf and to exercise such powers hereunder as are delegated to Agent by the terms hereof, together with such powers as are reasonably incidental thereto. Neither Agent nor any of its affiliates, directors, officers, attorneys or employees shall be liable for any action taken or omitted to be taken by it or them hereunder or in connection herewith, except for its or their own gross negligence or willful misconduct.

SECTION 9.2. NOTE HOLDERS. Agent may treat the payee of any Note as the holder thereof until written notice of transfer shall have been filed with it, signed by such payee and in form satisfactory to Agent.

SECTION 9.3. CONSULTATION WITH COUNSEL. Agent may consult with legal counsel selected by it and shall not be liable for any action taken or suffered in good faith by it in accordance with the opinion of such counsel.

SECTION 9.4. DOCUMENTS. Agent shall not be under any duty to examine into or pass upon the validity, effectiveness, genuineness or value of any Loan Documents or any other Related Writing furnished pursuant hereto or in connection herewith or the value of any collateral obtained hereunder, and Agent shall be entitled to assume that the same are valid, effective and genuine and what they purport to be.

SECTION 9.5. AGENT AND AFFILIATES. With respect to the Loans, Agent shall have the same rights and powers hereunder as any other Bank and may exercise the same as though

it were not Agent, and Agent and its affiliates may accept deposits from, lend money to and generally engage in any kind of business with any Company or any affiliate thereof.

SECTION 9.6. KNOWLEDGE OF DEFAULT. It is expressly understood and agreed that Agent shall be entitled to assume that no Default or Event of Default has occurred and is continuing, unless Agent has been notified by a Bank in writing that such Bank believes that an Default or Event of Default has occurred and is continuing and specifying the nature thereof.

SECTION 9.7. ACTION BY AGENT. So long as Agent shall be entitled, pursuant to Section 9.6 hereof, to assume that no Default or Event of Default shall have occurred and be continuing, Agent shall be entitled to use its discretion with respect to exercising or refraining from exercising any rights that may be vested in it by, or with respect to taking or refraining from taking any action or actions that it may be able to take under or in respect of, this Agreement. Agent shall incur no liability under or in respect of this Agreement by acting upon any notice, certificate, warranty or other paper or instrument believed by it to be genuine or authentic or to be signed by the proper party or parties, or with respect to anything that it may do or refrain from doing in the reasonable exercise of its judgment, or that may seem to it to be necessary or desirable in the premises.

SECTION 9.8. NOTICES, DEFAULT, ETC. In the event that Agent shall have acquired actual knowledge of any Default or Event of Default, Agent shall promptly notify the Banks and shall take such action and assert such rights under this Agreement as the Required Banks shall direct and Agent shall inform the other Banks in writing of the action taken. Agent may take such action and assert such rights as it deems to be advisable, in its discretion, for the protection of the interests of the holders of the Notes.

SECTION 9.9. INDEMNIFICATION OF AGENT. The Banks agree to indemnify Agent (to the extent not reimbursed by Borrower), ratably according to their respective Commitment Percentages from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by or asserted against Agent in its capacity as agent in any way relating to or arising out of this Agreement or any Loan Document or any action taken or omitted by Agent with respect to this Agreement or any Loan Document, provided that no Bank shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including attorneys' fees) or disbursements resulting from Agent's gross negligence, willful misconduct or from any action taken or omitted by Agent in any capacity other than as agent under this Agreement.

SECTION 9.10. SUCCESSOR AGENT. Agent may resign as agent hereunder by giving not fewer than thirty (30) days prior written notice to Borrower and the Banks. If Agent shall resign under this Agreement, then either (a) the Required Banks shall appoint from among the Banks a successor agent ("Successor Agent") for the Banks (with the consent of Borrower so long as an Event of Default has not occurred and which consent shall not be unreasonably withheld), or (b) if

a Successor Agent shall not be so appointed and approved within the thirty (30) day period following Agent's notice to the Banks of its resignation, then Agent shall appoint a Successor Agent that shall serve as agent until such time as the Required Banks appoint a Successor Agent, provided, that, in the case of either (a) or (b) above, Agent shall remain as agent hereunder until such Successor Agent accepts the position as successor agent hereunder. Upon its appointment, the Successor Agent shall succeed to the rights, powers and duties as agent, and the term "Agent" shall mean such successor effective upon its appointment, and the former agent's rights, powers and duties as agent shall be terminated without any other or further act or deed on the part of such former agent or any of the parties to this Agreement.

ARTICLE X. MISCELLANEOUS

SECTION 10.1. BANKS' INDEPENDENT INVESTIGATION. Each Bank, by its signature to this Agreement, acknowledges and agrees that Agent has made no representation or warranty, express or implied, with respect to the creditworthiness, financial condition, or any other condition of any Company or with respect to the statements contained in any information memorandum furnished in connection herewith or in any other oral or written communication between Agent and such Bank. Each Bank represents that it has made and shall continue to make its own independent investigation of the creditworthiness, financial condition and affairs of the Companies in connection with the extension of credit hereunder, and agrees that Agent has no duty or responsibility, either initially or on a continuing basis, to provide any Bank with any credit or other information with respect thereto (other than such notices as may be expressly required to be given by Agent to the Banks hereunder), whether coming into its possession before the granting of the first Loans hereunder or at any time or times thereafter.

SECTION 10.2. NO WAIVER; CUMULATIVE REMEDIES. No omission or course of dealing on the part of Agent, any Bank or the holder of any Note in exercising any right, power or remedy hereunder or under any of the Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder or under any of the Loan Documents. The remedies herein provided are cumulative and in addition to any other rights, powers or privileges held by operation of law, by contract or otherwise.

SECTION 10.3. AMENDMENTS, CONSENTS. No amendment, modification, termination, or waiver of any provision of any Loan Document nor consent to any variance therefrom, shall be effective unless the same shall be in writing and signed by the Required Banks (except that Agent may consent to the release of any collateral or other property securing the Debt in an aggregate amount not to exceed a fair market value of One Million Dollars ($1,000,000) during any fiscal year of Borrower) and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. Anything herein to the contrary notwithstanding, unanimous consent of the Banks shall be required with respect to (a) any increase in the Commitment hereunder or any part thereof, (b) the extension of maturity of the Notes, the

payment date of interest thereunder, or the payment of facility or other fees or amounts payable hereunder, (c) any reduction in the rate of interest on the Notes, or in any amount of principal or interest due on any Note, or the payment of facility or other fees hereunder or any change in the manner of pro rata application of any payments made by Borrower to the Banks hereunder, (d) any change in any percentage voting requirement, voting rights, or the Required Banks definition in this Agreement, (e) the release of any Guarantor of Payment or, except as set forth in the first sentence of this Section 10.3, of any collateral securing the Debt or any part thereof, or (f) any amendment to this Section 10.3 or Section 8.4 hereof. In addition, Section 10.11 hereof may not be amended without the prior written consent of any Designating Bank, as defined in Section 10.11 hereof, affected thereby. Notice of amendments or consents ratified by the Banks hereunder shall immediately be forwarded by Borrower to all Banks. Each Bank or other holder of a Note shall be bound by any amendment, waiver or consent obtained as authorized by this Section 10.3 , regardless of its failure to agree thereto.

SECTION 10.4. NOTICES. All notices, requests, demands and other communications provided for hereunder shall be in writing and, if to Borrower, mailed or delivered to it, addressed to it at the address specified on the signature pages of this Agreement, if to a Bank, mailed or delivered to it, addressed to the address of such Bank specified on the signature pages of this Agreement, or, as to each party, at such other address as shall be designated by such party in a written notice to each of the other parties. All notices, statements, requests, demands and other communications provided for hereunder shall be given by overnight delivery or first class mail with postage prepaid by registered or certified mail, addressed as aforesaid, or sent by facsimile with telephonic confirmation of receipt, except that all notices hereunder shall not be effective until received.

SECTION 10.5. COSTS, EXPENSES AND TAXES. Borrower agrees to pay on demand all costs and expenses of Agent, including, but not limited to, (a) administration , travel and out-of-pocket expenses, including but not limited to attorneys' fees and expenses, of Agent in connection with the preparation, negotiation and closing of the Loan Documents and the administration of the Loan Documents, the collection and disbursement of all funds hereunder and the other instruments and documents to be delivered hereunder, (b) extraordinary expenses of Agent in connection with the administration of the Loan Documents and the other instruments and documents to be delivered hereunder, and (c) the reasonable fees and out-of-pocket expenses of special counsel for the Banks, with respect to the foregoing, and of local counsel, if any, who may be retained by said special counsel with respect thereto. Borrower also agrees to pay on demand all costs and expenses of Agent or any Bank, including reasonable attorneys' fees, in connection with the restructuring or enforcement of the Debt, this Agreement or any Related Writing. In addition, Borrower shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution and delivery of the Loan Documents, and the other instruments and documents to be delivered hereunder, and agrees to hold Agent and each Bank harmless from and

against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes or fees.

SECTION 10.6. INDEMNIFICATION. Borrower agrees to defend, indemnify and hold harmless Agent and the Banks (and their respective affiliates, officers, directors, attorneys, agents and employees) from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including attorneys' fees) or disbursements of any kind or nature whatsoever that may be imposed on, incurred by or asserted against Agent or any Bank in connection with any investigative, administrative or judicial proceeding (whether or not such Bank or Agent shall be designated a party thereto) or any other claim by any Person relating to or arising out of any Loan Document or any actual or proposed use of proceeds of the Loans or any of the Debt, or any activities of any Company or any of their respective Affiliates; provided that no Bank nor Agent shall have the right to be indemnified under this Section for its own gross negligence or willful misconduct as determined by a court of competent jurisdiction. All obligations provided for in this Section 10.6 shall survive any termination of this Agreement.

SECTION 10.7. OBLIGATIONS SEVERAL; NO FIDUCIARY OBLIGATIONS. The obligations of the Banks hereunder are several and not joint. Nothing contained in this Agreement and no action taken by Agent or the Banks pursuant hereto shall be deemed to constitute the Banks a partnership, association, joint venture or other entity. No default by any Bank hereunder shall excuse the other Banks from any obligation under this Agreement; but no Bank shall have or acquire any additional obligation of any kind by reason of such default. The relationship among Borrower and the Banks with respect to the Loan Documents and the Related Writings is and shall be solely that of debtor and creditors, respectively, and neither Agent nor any Bank has any fiduciary obligation toward Borrower with respect to any such documents or the transactions contemplated thereby.

SECTION 10.8. EXECUTION IN COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

SECTION 10.9. BINDING EFFECT; BORROWER'S ASSIGNMENT. This Agreement shall become effective when it shall have been executed by Borrower, Agent and by each Bank and thereafter shall be binding upon and inure to the benefit of Borrower, Agent and each of the Banks and their respective successors and assigns, except that Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of Agent and all of the Banks.

SECTION 10.10. BANK ASSIGNMENTS/PARTICIPATIONS.

A. Assignments of Commitments. Each Bank shall have the right at any time or times to assign to another financial institution, without recourse, all or a percentage of all of the following: (a) that Bank's Commitment, (b) all Loans made by that Bank, and (c) that Bank's Notes, and any participation purchased pursuant to Section 2.1B or Section 8.5 hereof; provided, however, in each such case, that the assignor and the assignee shall have complied with the following requirements:

(i) Prior Consent. No assignment may be consummated pursuant to this Section 10.10 without the prior written consent of Borrower and Agent (other than an assignment by any Bank to (A) any affiliate of such Bank which affiliate is either wholly-owned by such Bank or is wholly-owned by a Person that wholly owns, either directly or indirectly, such Bank or (B) another Bank), which consent of Borrower and Agent shall not be unreasonably withheld; provided, however, that, Borrower's consent shall not be required if, at the time of the proposed assignment, any Default or Event of Default shall then exist. Anything herein to the contrary notwithstanding, any Bank may at any time make a collateral assignment of all or any portion of its rights under the Loan Documents to a Federal Reserve Bank, and no such assignment shall release such assigning Bank from its obligations hereunder;

(ii) Minimum Amount. Each such assignment shall be in a minimum amount of the lesser of Five Million Dollars ($5,000,000) of the assignor's Commitment and interest herein or the entire amount of the assignor's Commitment and interest herein;

(iii) Assignment Fee; Assignment Agreement. Unless the assignment shall be to an affiliate of the assignor or the assignment shall be due to merger of the assignor or for regulatory purposes, either the assignor or the assignee shall remit to Agent, for its own account, an administrative fee of Three Thousand Five Hundred Dollars ($3,500). Unless the assignment shall be due to merger of the assignor or a collateral assignment for regulatory purposes, the assignor shall (A) cause the assignee to execute and deliver to Borrower and Agent an Assignment Agreement, and (B) execute and deliver, or cause the assignee to execute and deliver, as the case may be, to Agent such additional amendments, assurances and other writings as Agent may reasonably require; and

(iv) Non-U.S. Assignee. If the assignment is to be made to an assignee which is organized under the laws of any jurisdiction other than the United States or any state thereof, the assignor Bank shall cause such assignee, at least five (5) Business Days prior to the effective date of such assignment, (A) to represent to the assignor Bank (for the benefit of the assignor Bank, Agent and Borrower) that under applicable law and treaties no taxes will be required to be withheld by Agent, Borrower or the assignor with respect to any payments to be made to such assignee in respect of the Loans hereunder, (B) to furnish to the assignor (and, in the case of any assignee registered in the Register (as defined below), Agent and Borrower) either(1) U.S. Internal Revenue Service Form 4224 or U.S. Internal Revenue

Service Form 1001 or (2) United States Internal Revenue Service Form W-8 or W-9, as applicable (wherein such assignee claims entitlement to complete exemption from U.S. federal withholding tax on all interest payments hereunder), and (C) to agree (for the benefit of the assignor, Agent and Borrower) to provide the assignor Bank (and, in the case of any assignee registered in the Register, Agent and Borrower) a new Form 4224 or Form 1001 or Form W-8 or W-9, as applicable, upon the expiration or obsolescence of any previously delivered form and comparable statements in accordance with applicable U.S. laws and regulations and amendments duly executed and completed by such assignee, and to comply from time to time with all applicable U.S. laws and regulations with regard to such withholding tax exemption.

Upon satisfaction of the requirements specified in clauses (i) through (iv) above, Borrower shall execute and deliver (A) to Agent, the assignor and the assignee, any consent or release (of all or a portion of the obligations of the assignor) required to be delivered by Borrower in connection with the Assignment Agreement, and (B) to the assignee, an appropriate Note or Notes. After delivery of the new Note or Notes, the assignor's Note or Notes being replaced shall be returned to Borrower marked "replaced".

Upon satisfaction of the requirements of set forth in (i) through (iv), and any other condition contained in this Section 10.10A, (A) the assignee shall become and thereafter be deemed to be a "Bank" for the purposes of this Agreement, (B) in the event that the assignor's entire interest has been assigned, the assignor shall cease to be and thereafter shall no longer be deemed to be a "Bank" and (C) the signature pages hereto and Schedule 1 hereto
----
shall be automatically amended, without further action, to reflect the result of any such assignment.

Agent shall maintain at its address referred to in Section 10.4 hereof a copy of each Assignment Agreement delivered to it and a register (the "Register") for the recordation of the names and addresses of the Banks and the Commitment of, and principal amount of the Loans owing to, each Bank from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and Borrower, Agent and the Banks may treat each financial institution whose name is recorded in the Register as the owner of the Loan recorded therein for all purposes of this Agreement. The Register shall be available for inspection by Borrower or any Bank at any reasonable time and from time to time upon reasonable prior notice.

B. Sale of Participations. Each Bank shall have the right at any time or times, without the consent of Agent or Borrower, to sell one or more participations or sub-participations to a financial institution, as the case may be, in all or any part of (a) that Bank's Commitment, (b) that Bank's Commitment Percentage, (c) any Loan made by that Bank, and (d) any Note delivered to that Bank pursuant to this Agreement, and any participation, if any, purchased pursuant to Section 2.1B or Section 8.5 hereof or this Section 10.10B.

The provisions of Article III and Section 10.6 shall inure to the benefit of each purchaser of a participation or sub-participation and Agent shall continue to distribute payments pursuant to this Agreement as if no participation has been sold.

If any Bank shall sell any participation or sub-participation, that Bank shall, as between itself and the purchaser, retain all of its rights (including, without limitation, rights to enforce against the Borrower the Loan Documents and the Related Writings) and duties pursuant to the Loan Documents and the Related Writings, including, without limitation, that Bank's right to approve any waiver, consent or amendment pursuant to Section 10.3, except if and to the extent that any such waiver, consent or amendment would:

(i) reduce any fee or commission allocated to the participation or sub-participation, as the case may be,

(ii) reduce the amount of any principal payment on any Loan allocated to the participation or sub-participation, as the case may be, or reduce the principal amount of any Loan so allocated or the rate of interest payable thereon, or

(iii) extend the time for payment of any amount allocated to the participation or sub-participation, as the case may be.

No participation or sub-participation shall operate as a delegation of any duty of the seller thereof. Under no circumstance shall any participation or sub-participation be deemed a novation in respect of all or any part of the seller's obligations pursuant to this Agreement.

SECTION 10.11. DESIGNATION.

(a) Notwithstanding anything in this Agreement to the contrary, any Bank (a "Designating Bank") may grant to one or more special purpose funding vehicles (each an "SPV"), identified in writing from time to time by such Designating Bank to Agent and Borrower, the option to provide to Borrower all or any part of any Loan that such Designating Bank would otherwise be obligated to make to Borrower pursuant to this Agreement; provided that (i) nothing in this Section shall constitute a commitment by any SPV to make any Loan, and (ii) if an SPV designated by a Designating Bank to make Loans elects not to exercise such option or otherwise fails to provide all or any part of such Loan, such Designating Bank shall still be obligated to make such Loan pursuant to the terms hereof. The making of a Loan by an SPV hereunder shall reduce the availability under the Revolving Credit Commitment of the Designating Bank to the same extent, and as if, such Loan were made by such Designating Bank.

(b) As to any Loans or portion thereof made by an SPV, each such SPV shall have all of the rights that a Bank making such Loans or portion thereof would have under this Agreement; provided, however, that each SPV shall have granted its Designating Bank an irrevocable power of attorney to deliver and receive all communications and notices under this Agreement and any other Loan Document and to exercise, in its reasonable discretion, on behalf of such SPV, all of such SPV's voting rights under this Agreement. No additional Note shall be required to evidence the

Loans or portion thereof made by an SPV and the Designating Bank shall be deemed to hold its Note as agent for such SPV to the extent of the Loans or portion thereof funded by such SPV. In addition, any payments for the account of any SPV shall be paid to its respective Designating Bank as agent for such SPV.

(c) Agent, Borrower and the Banks agree that no SPV shall be liable for an indemnity or payment under this Agreement for which a Bank would otherwise be liable and the Designating Bank shall remain liable for its Commitment Percentage of such indemnity or payment to the extent such Designating Bank would otherwise be liable. In furtherance of the foregoing, Agent, Borrower and each of the Banks hereby agree (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all of the outstanding commercial paper or other senior indebtedness of any SPV, none of Agent, Borrower or any Bank shall institute against, or join any other Person in instituting against, such SPV any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under the laws of the United States or any State thereof.

(d) In addition, notwithstanding anything to the contrary contained in this Section 10.11, or otherwise in this Agreement, any SPV may (i) at any time and without paying any processing fee therefor, assign (or grant a participation in) all or a portion of its interest in any Loans to its Designating Bank or to any financial institution providing liquidity and/or credit support to or for the account of such SPV to support the funding or maintenance of Loans, and (ii) disclose on a confidential basis any non-public information relating to the Loans made by such SPV to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancements to such SPV. This Section 10.11 may not be amended without the prior written consent of any Designating Bank affected thereby.

SECTION 10.12. SEVERABILITY OF PROVISIONS; CAPTIONS; ATTACHMENTS. Any provision of this Agreement that is prohibited or 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 or affecting the validity or enforceability of such provision in any other jurisdiction. The several captions to Sections and subsections herein are inserted for convenience only and shall be ignored in interpreting the provisions of this Agreement. Each schedule or exhibit attached to this Agreement shall be incorporated herein and shall be deemed to be a part hereof.

SECTION 10.13. INVESTMENT PURPOSE. Each of the Banks represents and warrants to Borrower that it is entering into this Agreement with the present intention of acquiring any Note issued pursuant hereto for investment purposes only and not for the purpose of distribution or resale, it being understood, however, that each Bank shall at all times retain full control over the disposition of its assets.

SECTION 10.14. ENTIRE AGREEMENT. This Agreement, any Note and any other Loan Document or other agreement, document or instrument attached hereto or executed on or as of the Closing Date integrate all the terms and conditions mentioned herein or incidental hereto and

supersede all oral representations and negotiations and prior writings with respect to the subject matter hereof.

SECTION 10.15. GOVERNING LAW; SUBMISSION TO JURISDICTION. This Agreement, each of the Notes and any Related Writing shall be governed by and construed in accordance with the laws of the State of Ohio and the respective rights and obligations of Borrower and the Banks shall be governed by Ohio law, without regard to principles of conflict of laws. Borrower hereby irrevocably submits to the non-exclusive jurisdiction of any Ohio state or federal court sitting in Cleveland, Ohio, over any action or proceeding arising out of or relating to this Agreement, the Debt or any Related Writing, and Borrower hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such Ohio state or federal court. Borrower, on behalf of itself and its Subsidiaries, hereby irrevocably waives, to the fullest extent permitted by law, any objection it may now or hereafter have to the laying of venue in any action or proceeding in any such court as well as any right it may now or hereafter have to remove such action or proceeding, once commenced, to another court on the grounds of FORUM NON CONVENIENS or otherwise. Borrower agrees that a final, nonappealable judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

SECTION 10.16. LEGAL REPRESENTATION OF PARTIES. The Loan Documents were negotiated by the parties with the benefit of legal representation and any rule of construction or interpretation otherwise requiring this Agreement or any other Loan Document to be construed or interpreted against any party shall not apply to any construction or interpretation hereof or thereof.

[Remainder of page intentionally left blank.]

SECTION 10.17. JURY TRIAL WAIVER. BORROWER, AGENT AND EACH OF THE BANKS WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG BORROWER, AGENT AND THE BANKS, OR ANY THEREOF, ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS AGREEMENT OR ANY NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED THERETO.

Address: 5960 Heisley Road
Mentor, Ohio 44060
Attention: Chief Financial Officer

STERIS CORPORATION

By: /s/ Laurie Brlas

Laurie Brlas, Senior Vice President and Chief Financial Officer

By: /s/ Les C. Vinney

Les C. Vinney, President and Chief Operating Officer

Address: Key Tower
127 Public Square
Cleveland, Ohio 44114
Attention: Large Corporate Banking Division

KEYBANK NATIONAL ASSOCIATION,
as Agent and as a Bank

By: /s/ J.T. Taylor

J.T. Taylor, Vice President

Address: 600 Superior Avenue
Cleveland, Ohio 44114-2650
Attention:
Babette Casey Coerdt

BANK ONE, MICHIGAN
as a Bank and as Syndication Agent

By: /s/ Babette Casey Coerdt

Babette Casey Coerdt,
Managing Director

Address: 135 South LaSalle Street
Chicago, Illinois 60603
Attention: Roy Hasbrook

LASALLE BANK NATIONAL ASSOCIATION,
as a Bank and as Documentation Agent

By: /s/ Jeffrey L. Miller

Vice President

Address: 1900 East Ninth Street
7th Floor, Locator: 2077
Cleveland, Ohio 44114
Attention: Large Corporate Group

NATIONAL CITY BANK

By: /s/ Robert S. Coleman

Robert S. Coleman, Vice President
and Senior Lending Officer

Address: One Cleveland Center
1375 E. 9th Street, Ste. 1250
Cleveland, Ohio 44114
Attention: Corporate Banking

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Bryon A. Pike

Bryon A. Pike, Vice President

Address: One Wall Street
8th Floor
NY, NY 10286
Attention: Corporate Banking

THE BANK OF NEW YORK

By: /s/ Jonathan Rollins

Jonathan Rollins, Vice President

Address: 111 West Monroe
Floor 10W
Chicago, IL 60603
Attention: Corporate Banking

HARRIS TRUST AND SAVINGS BANK

By: /s/ Kirby M. Law

Kirby M. Law, Vice President

SCHEDULE 1

BANKING INSTITUTIONS	COMMITMENT PERCENTAGE	REVOLVING CREDIT COMMITMENT AMOUNT
KeyBank National Association	27.69%	$ 90,000,000
Bank One, Michigan	18.46%	$ 60,000,000
LaSalle Bank National Association	15.38%	$ 50,000,000
National City Bank	10.77%	$ 35,000,000
PNC Bank, National Association	10.77%	$ 35,000,000
Harris Trust and Savings Bank	10.77%	$ 35,000,000
The Bank of New York	6.16%	$ 20,000,000
	100.00%	
Total Commitment Amount		$325,000,000

SCHEDULE 2

GUARANTORS OF PAYMENT

Medical & Environmental Designs, Inc., a Missouri corporation
Ecomed, Inc., an Indiana corporation
American Sterilizer Company, a Pennsylvania corporation
STERIS International Sales Corporation, a Delaware corporation
STERIS Europe, Inc., a Delaware corporation
STERIS Asia Pacific, Inc., a Delaware corporation
STERIS Latin America, Inc., a Delaware corporation
STERIS Inc., a Delaware corporation
STERIS USA Distribution Corporation, an Ohio corporation
HTD Holding Corp., a Delaware corporation
HSTD LLC, a Delaware limited liability company
Hausted, Inc., a Delaware corporation
Isomedix Inc., a Delaware corporation
Isomedix Operations Inc., a Delaware corporation
Isomedix (Puerto Rico), Inc., a Delaware corporation
Global Risk Management Insurance Company, Ltd., a Barbados corporation
STERIS FoodLabs, Inc., a Kansas corporation

EXHIBIT A

REVOLVING CREDIT NOTE

$ --------- Cleveland, Ohio
June 19, 2000

FOR VALUE RECEIVED, the undersigned, STERIS CORPORATION, an Ohio corporation ("Borrower"), promises to pay on the last day of the Commitment Period, as defined in the Credit Agreement (as hereinafter defined), to the order of ---------- ("Bank") at the Main Office of KEYBANK NATIONAL ASSOCIATION, as Agent, 127 Public Square, Cleveland, Ohio 44114-1306 the principal sum of

..... DOLLARS

or the aggregate unpaid principal amount of all Revolving Loans made by Bank to Borrower pursuant to Section 2.1A of the Credit Agreement, whichever is less, in lawful money of the United States of America. As used herein,"Credit Agreement" means the Credit Agreement dated as of June 19, 2000, among Borrower, the banks named therein and KeyBank National Association, as Agent, as the same may from time to time be amended, restated or otherwise modified. Capitalized terms used herein shall have the meanings ascribed to them in the Credit Agreement.

Borrower also promises to pay interest on the unpaid principal amount of each Revolving Loan from time to time outstanding, from the date of such Revolving Loan until the payment in full thereof, at the rates per annum which shall be determined in accordance with the provisions of Section 2.1A of the Credit Agreement. Such interest shall be payable on each date provided for in such Section 2.1A; provided, however, that interest on any principal portion which is not paid when due shall be payable on demand.

The portions of the principal sum hereof from time to time representing Base Rate Loans and LIBOR Loans, and payments of principal of any thereof, shall be shown on the records of Bank by such method as Bank may generally employ; provided, however, that failure to make any such entry shall in no way detract from Borrower's obligations under this Note.

If this Note shall not be paid at maturity, whether such maturity occurs by reason of lapse of time or by operation of any provision for acceleration of maturity contained in the Credit Agreement, the principal hereof and the unpaid interest thereon shall bear interest, until paid, at a rate per annum equal to the Default Rate. All payments of principal of and interest on this Note shall be made in immediately available funds.

This Note is one of the Revolving Credit Notes referred to in the Credit Agreement. Reference is made to the Credit Agreement for a description of the right of the undersigned to

anticipate payments hereof, the right of the holder hereof to declare this Note due prior to its stated maturity, and other terms and conditions upon which this Note is issued.

Except as expressly provided in the Credit Agreement, Borrower expressly waives presentment, demand, protest and notice of any kind.

JURY TRIAL WAIVER. BORROWER, AGENT AND EACH OF THE BANKS WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG BORROWER, AGENT AND THE BANKS, OR ANY THEREOF, ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS NOTE OR ANY OTHER NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED THERETO.

STERIS CORPORATION

By: ----------

Title: ----------

And: ----------

Title: ----------

EXHIBIT B

SWING LINE NOTE

$25,000,000 Cleveland, Ohio
June 19, 2000

FOR VALUE RECEIVED, the undersigned, STERIS CORPORATION, an Ohio corporation ("Borrower"), promises to pay to the order of KEYBANK NATIONAL ASSOCIATION ("Bank") at the Main Office of KEYBANK NATIONAL ASSOCIATION, as Agent, 127 Public Square, Cleveland, Ohio 44114-1306 the principal sum of

TWENTY-FIVE MILLION AND 00/100 ..... DOLLARS

or, if less, the aggregate unpaid principal amount of all Swing Loans, as defined in the Credit Agreement (as hereinafter defined) made by Bank to Borrower pursuant to Section 2.1B of the Credit Agreement, in lawful money of the United States of America on the earlier of the last day of the Commitment Period, as defined in the Credit Agreement, or, with respect to each Swing Loan, the Swing Loan Maturity Date applicable thereto. As used herein, "Credit Agreement" means the Credit Agreement dated as of June 19, 2000, among Borrower, the banks named therein and KeyBank National Association, as Agent, as the same may from time to time be amended, restated or otherwise modified. Capitalized terms used herein shall have the meanings ascribed to them in the Credit Agreement.

Borrower also promises to pay interest on the unpaid principal amount of each Swing Loan from time to time outstanding, from the date of such Swing Loan until the payment in full thereof, at the rates per annum which shall be determined in accordance with the provisions of Section 2.1B of the Credit Agreement. Such interest shall be payable on each date provided for in Section 2.1B; provided, however, that interest on any principal portion which is not paid when due shall be payable on demand.

The principal sum hereof from time to time and the payments of principal and interest thereon of either hereof, shall be shown on the records of Bank by such method as Bank may generally employ; provided, however, that failure to make any such entry shall in no way detract from Borrower's obligations under this Note.

If this Note shall not be paid at maturity, whether such maturity occurs by reason of lapse of time or by operation of any provision for acceleration of maturity contained in the Credit Agreement, the principal hereof and the unpaid interest thereon shall bear interest, until paid, at a rate per annum equal to the Default Rate. All payments of principal of and interest on this Note shall be made in immediately available funds.

This Note is the Swing Line Note referred to in the Credit Agreement. Reference is made to the Credit Agreement for a description of the right of the undersigned to anticipate payments hereof, the right of the holder hereof to declare this Note due prior to its stated maturity, and other terms and conditions upon which this Note is issued.

Except as expressly provided in the Credit Agreement, Borrower expressly waives presentment, demand, protest and notice of any kind.

JURY TRIAL WAIVER. BORROWER, AGENT AND EACH OF THE BANKS WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG BORROWER, AGENT AND THE BANKS, OR ANY THEREOF, ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS NOTE OR ANY OTHER NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED THERETO.

STERIS CORPORATION

By: ----------

Title: ----------

And: ----------

Title: ----------

EXHIBIT C

COMPLIANCE CERTIFICATE

For Fiscal Quarter ended _____

THE UNDERSIGNED HEREBY CERTIFY THAT:

(1) I am the duly elected President or Chief Financial Officer of STERIS CORPORATION, an Ohio corporation ("Borrower");

(2) I am familiar with the terms of that certain Credit Agreement, dated as of June 19, 2000, among the undersigned, the Banks, as defined in the Credit Agreement, and KeyBank National Association, as Agent (as the same may from time to time be amended, restated or otherwise modified, the "Credit Agreement", the terms defined therein and not otherwise defined in this Certificate being used herein as therein defined), and the terms of the other Loan Documents, and I have made, or have caused to be made under my supervision, a review in reasonable detail of the transactions and condition of Borrower and its Subsidiaries during the accounting period covered by the attached financial statements;

(3) The review described in paragraph (2) above did not disclose, and I have no knowledge of, the existence of any condition or event that constitutes or constituted a Default or an Event of Default, at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate;

(4) Borrower hereby represents that the representations and warranties made by the Borrower contained in each Loan Document are true and correct as though made on and as of the date hereof; and,

(5) Set forth on Attachment I hereto are calculations of the financial covenants set forth in Sections 5.7, 5.14 and 5.15 of the Credit Agreement, which calculations show compliance with the terms thereof.

IN WITNESS WHEREOF, I have signed this certificate the ___ day of _____, 20___.

STERIS CORPORATION

By:

Title:

EXHIBIT D

NOTICE OF LOAN

_____, 20____

KeyBank National Association, as Agent
127 Public Square
Cleveland, Ohio 44114-0616
Attention:

Ladies and Gentlemen:

The undersigned, STERIS CORPORATION, refers to the Credit Agreement, dated as of June 19, 2000 (as the same may from time to time be amended, restated or otherwise modified, the "Credit Agreement", the terms defined therein being used herein as therein defined), among the undersigned, the Banks, as defined in the Credit Agreement, and KeyBank National Association, as Agent, and hereby gives you notice, pursuant to Section 2.2 of the Credit Agreement that the undersigned hereby requests a Loan under the Credit Agreement, and in connection therewith sets forth below the information relating to the Loan (the "Proposed Loan") as required by Section 2.2 of the Credit Agreement:

(a) The Business Day of the Proposed Loan is _____, 20___.

(b) The amount of the Proposed Loan is $_____.

(c) The Proposed Loan is to be a Revolving Loan____/Swing Loan_____. (Check one.)

(d) If applicable, the Proposed Loan is to be a Base Rate Loan ____ /LIBOR Loan ___.
(Check one.)

(e) If the Proposed Loan is a LIBOR Loan, the Interest Period requested is one month ___, two months ___, three months ___, six months ____
(Check one.)

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Loan:

(i) the representations and warranties contained in each Loan Document are correct, before and after giving effect to the Proposed Loan and the application of the proceeds therefrom, as though made on and as of such date;

(ii) no event has occurred and is continuing, or would result from such Proposed Loan, or the application of proceeds therefrom, which constitutes a Default or an Event of Default; and

(iii) the conditions set forth in Section 2.2 and Article IV of the Credit Agreement have been satisfied.

Very truly yours,

STERIS CORPORATION

By: ----------

Title: ----------

EXHIBIT E

REQUEST FOR EXTENSION

[Date]_____, _____

KeyBank National Association, as Agent
127 Public Square
Cleveland, Ohio 44114
Attention:

Ladies and Gentlemen:

The undersigned, STERIS CORPORATION, refers to the Credit Agreement, dated as of June 19, 2000 (as the same may from time to time be amended, restated or otherwise modified, the "Credit Agreement", the terms defined therein being used herein as therein defined), among the undersigned, the Banks, as defined in the Credit Agreement, and KeyBank National Association, as Agent, and hereby gives you notice, pursuant to Section 2.9 of the Credit Agreement that the undersigned hereby requests an extension as set forth below (the "Extension") under the Credit Agreement, and in connection with the Extension sets forth below the information relating to the Extension as required by Section 2.9 of the Credit Agreement.

The undersigned hereby requests Bank to extend the Commitment Period from _____ _____, 20___ to _____ _____, 20___.

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Extension: (i) the representations and warranties contained in each Loan Document are correct, before and after giving effect to the Extension and the application of the proceeds therefrom, as though made on and as of such date; (ii) no event has occurred and is continuing, or would result from such Extension, or the application of proceeds therefrom, which constitutes a Default or an Event of Default; and (iii) the conditions set forth in Section 2.2 and Article IV of the Credit Agreement have been satisfied.

Very truly yours,

STERIS CORPORATION

By:

Title:

EXHIBIT F

FORM OF

ASSIGNMENT AND ACCEPTANCE AGREEMENT

This Assignment and Acceptance Agreement (this "Assignment Agreement") between _____ (the "Assignor") and _____ (the "Assignee") is dated as of _____, 20___. The parties hereto agree as follows:

1. Preliminary Statement. Assignor is a party to a Credit Agreement, dated as of June 19, 2000 (which, as the same may from time to time be amended, restated or otherwise modified is herein called the "Credit Agreement"), among STERIS CORPORATION, an Ohio corporation ("Borrower"), the banking institutions named on Schedule 1 thereto (collectively, "Banks" and, individually, "Bank"), and KEYBANK NATIONAL ASSOCIATION, as agent for the Banks ("Agent"). Capitalized terms used herein and not otherwise defined herein shall have the meanings attributed to them in the Credit Agreement.

2. Assignment and Assumption. Assignor hereby sells and assigns to Assignee, and Assignee hereby purchases and assumes from Assignor, an interest in and to Assignor's rights and obligations under the Credit Agreement, effective as of the Assignment Effective Date (as hereinafter defined), equal to the percentage interest specified on Annex 1 hereto (hereinafter, "Assignee's Percentage") of Assignor's right, title and interest in and to (a) the Commitment of Assignor as set forth on Annex 1 (hereinafter, "Assigned Amount"), (b) any Loan made by Assignor which is outstanding on the Assignment Effective Date, (c) any Note delivered to Assignor pursuant to the Credit Agreement, and (d) the Credit Agreement and the other Related Writings. After giving effect to such sale and assignment and on and after the Assignment Effective Date, Assignee shall be deemed to have a "Commitment Percentage" under the Credit Agreement equal to the Commitment Percentage set forth in subparts I.C on Annex 1 hereto.

3. Assignment Effective Date. The Assignment Effective Date (the "Assignment Effective Date") shall be the earlier of _____ ____, 20___ or the date upon which the following conditions precedent have been satisfied:

(a) receipt by Agent of this Assignment Agreement, including Annex 1 hereto, properly executed by Assignor and Assignee and accepted and consented to by Agent and, if necessary pursuant to the provisions of Section 10.10(A)(i) of the Credit Agreement, by Borrower;

(b) receipt by Agent from Assignor of a fee of Three Thousand Five Hundred Dollars ($3,500), in accordance with Section 10.10A of the Credit Agreement;

(c) receipt by Agent from Assignee of an administrative questionnaire, or other similar document, which shall include (i) the address for notices under the Credit Agreement, (ii) the address

of its Lending Office, (iii) wire transfer instructions for delivery of funds by Agent, (iv) and such other information as Agent shall request; and

(d) receipt by Agent from Assignor or Assignee of any other information required pursuant to Section 10.10 of the Credit Agreement or otherwise necessary to complete the transaction contemplated hereby.

4. Payment Obligations. In consideration for the sale and assignment of Loans hereunder, Assignee shall pay Assignor, on the Assignment Effective Date, an amount in Dollars equal to Assignee's Percentage. Any interest, fees and other payments accrued prior to the Assignment Effective Date with respect to the Assigned Amount shall be for the account of Assignor. Any interest, fees and other payments accrued on and after the Assignment Effective Date with respect to the Assigned Amount shall be for the account of Assignee. Each of Assignor and Assignee agrees that it will hold in trust for the other part any interest, fees or other amounts which it may receive to which the other party is entitled pursuant to the preceding sentence and to pay the other party any such amounts which it may receive promptly upon receipt thereof.

5. Credit Determination; Limitations on Assignor's Liability. Assignee represents and warrants to Assignor, Borrower, Agent and the other Banks (a) that it is capable of making and has made and shall continue to make its own credit determinations and analysis based upon such information as Assignee deemed sufficient to enter into the transaction contemplated hereby and not based on any statements or representations by Assignor, (b) Assignee confirms that it meets the requirements to be an assignee as set forth in Section 10.10 of the Credit Agreement; (c) Assignee confirms that it is able to fund the Loans as required by the Credit Agreement; (d) Assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement and the Related Writings are required to be performed by it as a Bank thereunder; and (e) Assignee represents that it has reviewed each of the Loan Documents. It is understood and agreed that the assignment and assumption hereunder are made without recourse to Assignor and that Assignor makes no representation or warranty of any kind to Assignee and shall not be responsible for (i) the due execution, legality, validity, enforceability, genuineness, sufficiency or collectability of the Credit Agreement or any Related Writings, (ii) any representation, warranty or statement made in or in connection with the Credit Agreement or any of the Related Writings, (iii) the financial condition or creditworthiness of Borrower or any Guarantor of Payment, (iv) the performance of or compliance with any of the terms or provisions of the Credit Agreement or any of the Related Writings, (v) inspecting any of the property, books or records of Borrower, or (vi) the validity, enforceability, perfection, priority, condition, value or sufficiency of any collateral securing or purporting to secure the Loans. Neither Assignor nor any of its officers, directors, employees, agents or attorneys shall be liable for any mistake, error of judgment, or action taken or omitted to be taken in connection with the Loans, the Credit Agreement or the Related Writings, except for its or their own bad faith or willful misconduct. Assignee appoints Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to Agent by the terms thereof.

6. Indemnity. Assignee agrees to indemnify and hold Assignor harmless against any and all losses, cost and expenses (including, without limitation, attorneys' fees) and liabilities incurred by Assignor in connection with or arising in any manner from Assignee's performance or non-performance of obligations assumed under this Assignment Agreement.

7. Subsequent Assignments. After the Assignment Effective Date, Assignee shall have the right pursuant to Section 10.10 of the Credit Agreement to assign the rights which are assigned to Assignee hereunder, provided that (a) any such subsequent assignment does not violate any of the terms and conditions of the Credit Agreement, any of the Related Writings, or any law, rule, regulation, order, writ, judgment, injunction or decree and that any consent required under the terms of the Credit Agreement or any of the Related Writings has been obtained, (b) the assignee under such assignment from Assignee shall agree to assume all of Assignee's obligations hereunder in a manner satisfactory to Assignor and (c) Assignee is not thereby released from any of its obligations to Assignor hereunder.

8. Reductions of Aggregate Amount of Commitments. If any reduction in the Total Commitment Amount occurs between the date of this Assignment Agreement and the Assignment Effective Date, the percentage of the Total Commitment Amount assigned to Assignee shall remain the percentage specified in Section 1 hereof and the dollar amount of the Commitment of Assignee shall be recalculated based on the reduced Total Commitment Amount.

9. Acceptance of Agent; Notice by Assignor. This Assignment Agreement is conditioned upon the acceptance and consent of Agent and, if necessary pursuant to Section 10.10A of the Credit Agreement, upon the acceptance and consent of Borrower; provided, that the execution of this Assignment Agreement by Agent and, if necessary, by Borrower is evidence of such acceptance and consent.

10. Entire Agreement. This Assignment Agreement embodies the entire agreement and understanding between the parties hereto and supersede all prior agreements and understandings between the parties hereto relating to the subject matter hereof.

11. Governing Law. This Assignment Agreement shall be governed by the internal law, and not the law of conflicts, of the State of Ohio.

12. Notices. Notices shall be given under this Assignment Agreement in the manner set forth in the Credit Agreement. For the purpose hereof, the addresses of the parties hereto (until notice of a change is delivered) shall be the address set forth under each party's name on the signature pages hereof.

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

ASSIGNOR:

Address:

Attn: ---

Phone: ---

Fax: ---

By: ---

Title: ---

ASSIGNEE:

Address:

Attn: ---

Phone: ---

Fax: ---

By: ---

Title: ---

Accepted and Consented to this ___ day of _____, 20___, by:

KEYBANK NATIONAL ASSOCIATION, as Agent

By: ---

Title: ---

Accepted and Consented to this ___ day of _____, 20___, by:

STERIS CORPORATION

By: ---

Title: ---

ANNEX 1
TO
ASSIGNMENT AND ACCEPTANCE AGREEMENT

On and after _____ ____, 20___ (the "Assignment Effective Date"), the Commitment of Assignee, and, if this is less than an assignment of all of Assignor's interest, Assignor, shall be as follows:

I. ASSIGNEE'S COMMITMENT

A. Assignee's Percentage _____%

B. Assigned Amount $_____

C. Assignee's Commitment Percentage under the Credit Agreement _____%

II. ASSIGNOR'S COMMITMENT

A. Assignor's Commitment Percentage under the Credit Agreement _____%

B. Assignor's Commitment Amount under the Credit Agreement $_____

EXHIBIT 21.1 SUBSIDIARIES OF STERIS CORPORATION

STERIS has no parent company. As of March 31, 2000, certain of its direct and indirect subsidiaries were as follows:

Subsidiary	Location
STERIS Foreign Sales Corporation	US Virgin Islands
Medical & Environmental Designs, Inc. (MED Inc.)	Missouri
STERIS S.r.l.	Italy
Ecomed, Inc.	Indiana
Isomedix Inc.	Delaware
Isomedix Corporation	Canada
Isomedix Operations Inc.	Delaware
Hausted, Inc.	Delaware
STERIS FoodLabs, Inc.	Kansas
American Sterilizer Company	Pennsylvania
STERIS Inc.	Delaware
STERIS Canada Inc.	Canada
STERIS (Barbados) Corp.	Barbados
STERIS Canada Corporation	Canada
STERIS Europe, Inc.	Delaware
CLBV LIMITED	United Kingdom
STERIS Holdings B.V.	Netherlands
STERIS GmbH	Germany
AMSCO S.A./N.V.	Belgium
STERIS Iberia, S.A.	Spain
STERIS S.A.	France
STERIS Limited	United Kingdom
Detach AB	Sweden
STERIS Asia Pacific, Inc.	Delaware
STERIS Japan Inc.	Japan
STERIS Hong Kong Limited	Hong Kong
STERIS Singapore Pte. Ltd.	Singapore
STERIS Latin America, Inc.	Delaware
AMSCO Brasil Comercio e Servicos Ltda.	Brazil
AMSCO de Costa Rica, S.A.	Costa Rica

EXHIBIT 23.1 CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements of STERIS Corporation and in the related Prospectuses of our report dated April 20, 2000, except for Note E as to which the date is June 19, 2000, with respect to the consolidated financial statements and schedule of STERIS Corporation and Subsidiaries included in this Annual Report (Form 10-K) for the year ended March 31, 2000:

Registration Number	Description	Filing Date
333-65155	Form S-8 Registration Statement -- STERIS Corporation 1998 Long Term Incentive Compensation Plan	October 1, 1998
333-55839	Form S-8 Registration Statement -- Nonqualified Stock Option Agreement between STERIS Corporation and John Masefield and the Nonqualified Stock Option Agreement between STERIS Corporation and Thomas J. DeAngelo	June 2, 1998
333-32005	Form S-8 Registration Statement -- STERIS Corporation 1997 Stock Option Plan	July 24, 1997
333-06529	Form S-3 Registration Statement -- STERIS Corporation	June 21, 1996
333-01610	Post-effective Amendment to Form S-4 on Form S-8 -- STERIS Corporation	May 16, 1996
33-91444	Form S-8 Registration Statement -- STERIS Corporation 1994 Equity Compensation Plan	April 24, 1995
33-91442	Form S-8 Registration Statement -- STERIS Corporation 1994 Nonemployee Directors Equity Compensation Plan	April 24, 1995
33-55976	Form S-8 Registration Statement -- STERIS Corporation 401(k)Plan	December 21, 1992
33-55258	Form S-8 Registration -- STERIS Corporation Amended and Restated Non-Qualified Stock Option	December 4, 1992

/s/ Ernst & Young LLP

Cleveland, Ohio
June 19, 2000

EXHIBIT 24.1

STERIS CORPORATION
POWER OF ATTORNEY
Form 10-K

Each of the undersigned hereby makes, constitutes, and appoints Bill R. Sanford, Les C. Vinney, Laurie Brlas, David C. Dvorak, Roy L. Turnell, and each of them, his or her true and lawful attorney, with full power of substitution, for and in his or her name, place, and stead, to affix, as attorney-in-fact, his or her signature in any and all capacities, to the Annual Report on Form 10-K of STERIS Corporation, an Ohio corporation, for its fiscal year ended March 31, 2000, and any and all amendments thereto to be filed with the Securities and Exchange Commission, Washington, D.C., under the provisions of the Securities and Exchange Act of 1934, as amended, with power to file said Form 10-K, and any and all other documents in connection therewith, with the Securities and Exchange Commission, hereby granting unto said attorneys-in-fact, and each of them, full power and authority to do and perform any and all acts and things requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact or any of them may lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned have executed this Power of Attorney this 26th day of May, 2000.

/s/ Raymond A. Lancaster
- ----------
Raymond A. Lancaster, Director

/s/ J. B. Richey

J. B. Richey, Director

/s/ Jerry E. Robertson
- ----------
Jerry E. Robertson, Director

/s/ Frank E. Samuel, Jr.

Frank E. Samuel, Jr., Director

/s/ Loyal W. Wilson
- ----------
Loyal W. Wilson, Director

/s/ Bill R. Sanford

Bill R. Sanford, Chairman of the Board and CEO

/s/ Les C. Vinney
- ----------
Les C. Vinney, President and Chief Operating Officer, Director

/s/ Laurie Brlas

Laurie Brlas, Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)

12-MOS
MAR-31-2000
MAR-31-2000
35,476
0
206,344
0
107,728
389,119
443,608
(138,603)
903,574
155,902
0
0
0
198,253
222,841
421,094
760,626
760,626
445,201
445,201
0
0
16,166
16,912
6,427
10,485
0
0
0
10,485
0.16
0.15