

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2015

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-37614



STERIS plc

(Exact name of registrant as specified in its charter)

United Kingdom

(State or other jurisdiction of
incorporation or organization)

98-1203539

(IRS Employer
Identification No.)

Chancery House, 190 Waterside Road, Hamilton Industrial Park Leicester

LE5 1QZ

(Address of principal executive offices)

(Zip code)

44-116-276-8636

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year if changed since last report) _____

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer

Smaller Reporting Company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares outstanding as of January 29, 2016: 85,898,484

STERIS plc and Subsidiaries

Form 10-Q

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PART I— FINANCIAL INFORMATION

As used in this Quarterly Report on Form 10-Q, STERIS plc and its subsidiaries together are called “STERIS,” the “Company,” “we,” “us,” or “our,” unless otherwise noted.

ITEM 1. FINANCIAL STATEMENTS

Except as otherwise specified herein, all references in these Financial Statements and notes to shares and shareholders mean the common shares and holders of common shares of STERIS Corporation in respect of periods prior to the November 2, 2015 Combination and the ordinary shares or holders of ordinary shares of STERIS in respect of periods from and after November 2, 2015, and do not include the preferred shares or preferred shareholders of STERIS

STERIS PLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)

| | December 31, 2015 | March 31, 2015 |
|---|----------------------|---------------------|
| | (Unaudited) | |
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 231,360 | \$ 167,689 |
| Accounts receivable (net of allowances of \$10,759 and \$9,415, respectively) | 440,858 | 325,289 |
| Inventories, net | 208,306 | 160,818 |
| Deferred income taxes, net | 30,362 | 31,629 |
| Prepaid expenses and other current assets | 54,822 | 35,007 |
| Total current assets | 965,708 | 720,432 |
| Property, plant, and equipment, net | 1,053,132 | 493,053 |
| Goodwill and intangibles, net | 3,309,177 | 860,645 |
| Other assets | 22,266 | 23,161 |
| Total assets | \$ 5,350,283 | \$ 2,097,291 |
| Liabilities and equity | | |
| Current liabilities: | | |
| Accounts payable | \$ 116,336 | \$ 99,340 |
| Accrued income taxes | — | 7,154 |
| Accrued payroll and other related liabilities | 90,967 | 74,805 |
| Accrued expenses and other | 152,667 | 102,032 |
| Total current liabilities | 359,970 | 283,331 |
| Long-term indebtedness | 1,639,461 | 621,075 |
| Deferred income taxes, net | 276,336 | 71,905 |
| Other liabilities | 84,693 | 47,334 |
| Total liabilities | \$ 2,360,460 | \$ 1,023,645 |
| Commitments and contingencies (see note 9) | | |
| Preferred shares, with \$0.15 par value; 100,000 shares authorized; 100,000 issued and outstanding | 15 | — |
| Ordinary shares, with \$0.15 par value; 170,060 shares authorized and common shares with no par value; 300,000 shares authorized; 85,885 ordinary and 70,040 common shares issued; 85,879 ordinary and 59,675 common shares outstanding, respectively | 1,846,700 | 264,853 |
| Shares held in treasury, 0 and 10,364 shares, respectively | — | (320,343) |
| Retained earnings | 1,203,086 | 1,193,791 |
| Accumulated other comprehensive income | (74,422) | (66,669) |
| Total shareholders' equity | 2,975,379 | 1,071,632 |
| Noncontrolling interest | 14,444 | 2,014 |
| Total equity | 2,989,823 | 1,073,646 |
| Total liabilities and equity | \$ 5,350,283 | \$ 2,097,291 |

See notes to consolidated financial statements.

STERIS PLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)
(Unaudited)

| | Three Months Ended December 31, | | Nine Months Ended December 31, | |
|--|------------------------------------|------------------|-----------------------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Revenues: | | | | |
| Product | \$ 305,156 | \$ 267,285 | \$ 811,608 | \$ 754,570 |
| Service | 313,532 | 205,959 | 736,879 | 594,046 |
| Total revenues | 618,688 | 473,244 | 1,548,487 | 1,348,616 |
| Cost of revenues: | | | | |
| Product | 165,575 | 150,164 | 443,519 | 423,130 |
| Service | 214,932 | 125,924 | 473,376 | 364,245 |
| Total cost of revenues | 380,507 | 276,088 | 916,895 | 787,375 |
| Gross profit | 238,181 | 197,156 | 631,592 | 561,241 |
| Operating expenses: | | | | |
| Selling, general, and administrative | 177,319 | 122,370 | 476,613 | 362,350 |
| Research and development | 14,334 | 14,549 | 42,354 | 39,964 |
| Restructuring expenses | (194) | (1,109) | (976) | (10) |
| Total operating expenses | 191,459 | 135,810 | 517,991 | 402,304 |
| Income from operations | 46,722 | 61,346 | 113,601 | 158,937 |
| Non-operating expenses, net: | | | | |
| Interest expense | 17,706 | 4,822 | 31,312 | 14,452 |
| Interest income and miscellaneous expense | (406) | (417) | (1,116) | (673) |
| Total non-operating expenses, net | 17,300 | 4,405 | 30,196 | 13,779 |
| Income before income tax expense | 29,422 | 56,941 | 83,405 | 145,158 |
| Income tax expense | 8,268 | 18,817 | 29,689 | 51,493 |
| Net income | 21,154 | 38,124 | 53,716 | 93,665 |
| Less: Net income attributable to noncontrolling interests | 1,109 | — | 693 | — |
| Net income attributable to shareholders | \$ 20,045 | \$ 38,124 | \$ 53,023 | \$ 93,665 |
| Net income per share attributable to shareholders: | | | | |
| Basic | \$ 0.26 | \$ 0.64 | \$ 0.81 | \$ 1.58 |
| Diluted | \$ 0.26 | \$ 0.63 | \$ 0.80 | \$ 1.56 |
| Cash dividends declared per share outstanding | \$ 0.25 | \$ 0.23 | \$ 0.73 | \$ 0.67 |

See notes to consolidated financial statements.

STERIS PLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(Unaudited)

| | Three Months Ended December 31, | | Nine Months Ended December 31, | |
|---|--|------------------|---|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Net income | \$ 21,154 | \$ 38,124 | \$ 53,716 | \$ 93,665 |
| Less: Net income attributable to noncontrolling interests | 1,109 | — | 693 | — |
| Net income attributable to shareholders | \$ 20,045 | \$ 38,124 | \$ 53,023 | \$ 93,665 |
| Other comprehensive income (loss) | | | | |
| Unrealized gain (loss) on available for sale securities, (net of taxes of \$6, \$172, \$251 and \$172, respectively) | 11 | (569) | (1,389) | (510) |
| Amortization of pension and postretirement benefit plans costs, (net of taxes of (\$233), (\$137), (\$468) and (\$412), respectively) | (377) | (222) | (757) | (665) |
| Pension settlement, (net of taxes of \$0, \$0, \$10,563 and \$0, respectively) | — | — | 17,029 | — |
| Change in cumulative foreign currency translation adjustment | (14,593) | (18,806) | (22,636) | (35,497) |
| Total other comprehensive income (loss) attributable to shareholders | (14,959) | (19,597) | (7,753) | (36,672) |
| Comprehensive income (loss) attributable to shareholders | \$ 5,086 | \$ 18,527 | \$ 45,270 | \$ 56,993 |

See notes to consolidated financial statements.

STERIS PLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

| | Nine Months Ended December 31, | |
|---|--------------------------------|-------------------|
| | 2015 | 2014 |
| Operating activities: | | |
| Net income | \$ 53,716 | \$ 93,665 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation, depletion, and amortization | 90,925 | 69,440 |
| Deferred income taxes | (3,037) | 344 |
| Share-based compensation expense | 12,240 | 11,409 |
| Pension settlement expense | 26,470 | — |
| Pension contributions made in settlement | (4,641) | — |
| Loss (gain) on the disposal of property, plant, equipment, and intangibles, net | 352 | (400) |
| Excess tax benefit from share-based compensation | (5,909) | (8,880) |
| Other items | (18,163) | (5,392) |
| Changes in operating assets and liabilities, net of effects of acquisitions: | | |
| Accounts receivable, net | (3,070) | 29,192 |
| Inventories, net | (15,481) | (27,014) |
| Other current assets | (5,070) | 6,287 |
| Accounts payable | (17,893) | (25,215) |
| Accruals and other, net | (5,820) | 21,774 |
| Net cash provided by operating activities | 104,619 | 165,210 |
| Investing activities: | | |
| Purchases of property, plant, equipment, and intangibles, net | (82,117) | (56,757) |
| Proceeds from the sale of property, plant, equipment, and intangibles | 400 | 812 |
| Purchases of investments | — | (4,681) |
| Acquisition of business, net of cash acquired | (604,682) | (182,692) |
| Net cash used in investing activities | (686,399) | (243,318) |
| Financing activities: | | |
| Proceeds from issuance of long-term obligations | 350,000 | — |
| Deferred financing fees and debt issuance costs | (5,094) | (7,347) |
| Proceeds under credit facilities, net | 348,670 | 117,200 |
| Repurchases of shares | (14,069) | (20,110) |
| Cash dividends paid to shareholders | (43,728) | (39,790) |
| Proceeds from issuance of equity to minority shareholders | 488 | — |
| Stock option and other equity transactions, net | 10,944 | 19,245 |
| Excess tax benefit from share-based compensation | 5,909 | 8,880 |
| Net cash provided by financing activities | 653,120 | 78,078 |
| Effect of exchange rate changes on cash and cash equivalents | (7,669) | (8,260) |
| Increase (decrease) in cash and cash equivalents | 63,671 | (8,290) |
| Cash and cash equivalents at beginning of period | 167,689 | 152,802 |
| Cash and cash equivalents at end of period | \$ 231,360 | \$ 144,512 |

See notes to consolidated financial statements.

STERIS PLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
For the Three and Nine Months Ended December 31, 2015 and 2014
(dollars in thousands, except per share amounts)

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

STERIS plc, a public limited company organized under the laws of England and Wales, was incorporated on October 9, 2014 as a private limited company under the name New STERIS Limited and was re-registered effective November 2, 2015 as a public limited company under the name STERIS plc. New STERIS Limited was established to effect the combination (“Combination”) of STERIS Corporation, an Ohio corporation (“Old STERIS”), and Synergy Health plc, a public limited company organized under the laws of England and Wales (“Synergy”). The Combination closed on November 2, 2015 and as a result STERIS plc became the ultimate parent company of Old STERIS and Synergy. Synergy has been re-registered under the name Synergy Health Limited. The acquisition of Old STERIS was accounted for in the consolidated financial statements as a merger between entities under common control; accordingly the historical consolidated financial statements of Old STERIS for periods prior to November 2, 2015, are considered to be the historical financial statements of STERIS plc. Due to the timing of the Combination, the results of Synergy are only reflected in the results of operations of the Company from November 2, 2015, forward will affect the comparability to the prior period historical operations of the Company throughout this Quarterly Report on Form 10-Q.

STERIS develops, manufactures and markets infection prevention, contamination control, microbial reduction, and surgical and gastrointestinal support products and services for healthcare, pharmaceutical, scientific, research, industrial, and governmental Customers throughout the world.

As a result of the Combination, we have reorganized our operations into four reportable business segments: Healthcare Products, Healthcare Specialty Services, Life Sciences, and Applied Sterilization Technologies. We describe our business segments in note 10 to our consolidated financial statements titled, “Business Segment Information.”

Our fiscal year ends on March 31. References in this Quarterly Report to a particular “year” or “year-end” mean our fiscal year. The significant accounting policies applied in preparing the accompanying consolidated financial statements of the Company are summarized below:

Interim Financial Statements

We prepared the accompanying unaudited consolidated financial statements of the Company according to accounting principles generally accepted in the United States (“U.S. GAAP”) for interim financial information and the instructions to the Quarterly Report on Form 10-Q and Rule 10-01 of Regulation S-X. This means that they do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. Our unaudited interim consolidated financial statements contain all material adjustments (including normal recurring accruals and adjustments) management believes are necessary to fairly state our financial condition, results of operations, and cash flows for the periods presented.

These interim consolidated financial statements should be read together with the consolidated financial statements and related notes included in Old STERIS’s Annual Report on Form 10-K for the year ended March 31, 2015 dated May 27, 2015. The Consolidated Balance Sheet at March 31, 2015 was derived from the audited consolidated financial statements at March 31, 2015, but does not include all of the information and footnotes required by U.S. GAAP for complete financial statements.

Principles of Consolidation

We use the consolidation method to report our investment in our subsidiaries. Therefore, the accompanying consolidated financial statements include the accounts of the Company and its wholly-owned and majority-owned subsidiaries. We eliminate inter-company accounts and transactions when we consolidate these accounts. Investments in equity of unconsolidated affiliates, over which the Company has significant influence, but not control, over the financial and operating policies, are accounted for primarily using the equity method. These investments are immaterial to the Company’s Consolidated Financial Statements. In prior periods we presented income attributable to noncontrolling interests in the “Interest income and miscellaneous expense” line of our Consolidated Statements of Income and the amounts were not material.

STERIS PLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)—(Continued)
For the Three and Nine Months Ended December 31, 2015 and 2014
(dollars in thousands)

Use of Estimates

We make certain estimates and assumptions when preparing financial statements according to U.S. GAAP that affect the reported amounts of assets and liabilities at the financial statement dates and the reported amounts of revenues and expenses during the periods presented. These estimates and assumptions involve judgments with respect to many factors that are difficult to predict and are beyond our control. Actual results could be materially different from these estimates. We revise the estimates and assumptions as new information becomes available. This means that operating results for the three and nine month periods ended December 31, 2015 are not necessarily indicative of results that may be expected for future quarters or for the full fiscal year ending March 31, 2016.

Recent Accounting Pronouncements

Recently issued accounting standards impacting the Company are presented in the following table:

| Standard | Date of Issuance | Description | Date of Adoption | Effect on the financial statements or other significant matters |
|--|-------------------------|---|---------------------------|--|
| Standards that have recently been adopted | | | | |
| ASU 2015-16, "Business Combinations - Simplifying the Accounting for Measurement-Period Adjustments" | September 2015 | The standard requires the recognition of adjustments to provisional amounts, that are identified during the measurement period, in the reporting period in which the adjustments are determined. The effects of the adjustments to provisional amounts on depreciation, amortization or other income effects should be recognized in current-period earnings as if the accounting had been completed at the acquisition date. Disclosure of the portion of the adjustment recorded in current-period earnings that would have been reported in prior reporting periods if the adjustment to the provisional amounts had been recognized at the acquisition date is also required. | Third Quarter Fiscal 2016 | This update did not have a material impact on our consolidated financial position, results of operations or cash flows. |
| ASU 2015-03, "Simplifying the Presentation of Debt Issuance Costs" | April 2015 | The update requires capitalized debt issuance costs to be presented as a reduction to the carrying value of debt instead of being classified as a deferred charge, as previously required. This update is effective for all annual and interim periods beginning after December 15, 2015 and is required to be adopted retroactively for all periods presented. Early adoption was permitted. | First Quarter Fiscal 2016 | This update did not have a material impact on our consolidated financial position, results of operations or cash flows. |
| Standards that have not yet been adopted | | | | |
| ASU 2014-09, "Revenue from Contracts with Customers" | May 2014 | The standard will replace existing revenue recognition standards and significantly expand the disclosure requirements for revenue arrangements. It may be adopted either retrospectively or on a modified retrospective basis to new contracts and existing contracts with remaining performance obligations as of the effective date. The standard update is effective for annual periods beginning after December 15, 2017 and interim periods within that period. Early adoption is not permitted before the original public entity effective date of December 15, 2016. | N/A | We are currently in the process of evaluating the impact that the standard will have on our consolidated financial position, results of operations and cash flows. |

STERIS PLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)—(Continued)
For the Three and Nine Months Ended December 31, 2015 and 2014
(dollars in thousands)

| | | | | |
|--|---------------|--|-----|--|
| ASU 2015-05, "Goodwill and other - Internal-Use Software" (Subtopic 350-40) | April 2015 | The standard provides guidance on a customer's accounting for fees paid in cloud computing arrangements. Previously, there was no U.S. GAAP guidance on accounting for such fees from the customer's perspective. Under the standard, customers will apply the same criteria as vendors to determine whether the arrangement contains a software license or is solely a service contract. The determination could impact the classification of advance payments in the statements of financial position and cash flows as well as the classification of the expenses in the results of operations. The standard is effective for annual periods beginning after December 15, 2015 and interim periods within that period. Early adoption is permitted. | N/A | We are currently in the process of evaluating the impact that the standard will have on our statements of consolidated financial position, results of operations and cash flows. |
| ASU 2015-17, "Income Taxes Balance Sheet Classification of Deferred Taxes" (Topic 740) | November 2015 | The update will require all entities that present a classified statement of financial position classify all deferred tax liabilities and assets as noncurrent in the statement. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount will not be affected by the Update. The standard is effective for annual periods beginning after December 15, 2016 and interim periods within that period. Early adoption is permitted. | N/A | We are currently in the process of evaluating the impact that the standard will have on our statements of consolidated financial position, results of operations and cash flows. |

A detailed description of our significant and critical accounting policies, estimates, and assumptions is included in Old STERIS's consolidated financial statements included in its Annual Report on Form 10-K for the year ended March 31, 2015 dated May 27, 2015. Our significant and critical accounting policies, estimates, and assumptions have not changed materially from March 31, 2015.

2. Restructuring

Fiscal 2014 Restructuring Plan. During the fourth quarter of fiscal 2014, Old STERIS adopted and announced a targeted restructuring plan primarily focused on the closure of its Hopkins manufacturing facility located in Mentor, Ohio (the "Fiscal 2014 Restructuring Plan"). As a result of this plan, operations located at Hopkins were transferred to other North American locations. We believe that by closing the operations at Hopkins we will more effectively utilize our existing North American manufacturing network while reducing operating costs.

Since the inception of the Fiscal 2014 Restructuring Plan, we have incurred pre-tax expenses totaling \$18,815 related to these actions, of which \$10,720 was recorded as restructuring expenses and \$8,095 was recorded in cost of revenues. We do not expect to incur any significant additional restructuring expenses related to this plan. These actions are intended to enhance profitability and improve efficiencies.

Our total pre-tax restructuring expenses (credits) for the third quarter and first nine months of fiscal 2016 were (\$193) and (\$657), respectively. Our total pre-tax restructuring expenses (credits) for the third quarter and first nine months of fiscal 2015 were (\$1,076) and (\$427), respectively.

Liabilities related to restructuring activities were \$1,085 and \$2,887 at December 31, 2015 and March 31, 2015, respectively. They are recorded as current liabilities on the accompanying Consolidated Balance Sheets within "Accrued payroll and other related liabilities" and "Accrued expenses and other."

3. Property, Plant and Equipment

Information related to the major categories of our depreciable assets is as follows:

STERIS PLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)—(Continued)
For the Three and Nine Months Ended December 31, 2015 and 2014
(dollars in thousands)

| | December 31, 2015 | March 31, 2015 |
|--|----------------------|-------------------|
| Land and land improvements (1) | \$ 38,723 | \$ 40,668 |
| Buildings and leasehold improvements | 440,504 | 263,007 |
| Machinery and equipment | 567,633 | 375,555 |
| Information systems | 121,944 | 104,049 |
| Radioisotope | 431,697 | 289,778 |
| Linens (2) | 41,552 | — |
| Construction in progress (1) | 87,661 | 47,690 |
| Total property, plant, and equipment | 1,729,714 | 1,120,747 |
| Less: accumulated depreciation and depletion | (676,582) | (627,694) |
| Property, plant, and equipment, net | \$ 1,053,132 | \$ 493,053 |

(1) Land is not depreciated. Construction in progress is not depreciated until placed in service.

(2) Linen was acquired as part of our combination with Synergy and is depreciated over useful lives ranging from one to five years.

Asset Retirement Obligations

We provide contract sterilization services including gamma irradiation which utilizes cobalt-60 in the form of cobalt pencils. We have incurred asset retirement obligations (ARO) associated with the disposal of these depleted assets. Recognition of ARO includes: the present value of a liability and offsetting asset, the subsequent accretion of that liability and depletion of the asset, and the periodic review of the ARO liability estimates and discount rates used in the analysis.

The following table summarizes the activity in the liability for asset retirement obligations.

| | Asset Retirement Obligations |
|---|---------------------------------|
| Balance at March 31, 2015 | \$ 8,083 |
| Liabilities assumed as result of combination with Synergy | 8,686 |
| Liabilities incurred during the period | 43 |
| Accretion expense | 669 |
| Foreign currency movement | \$ (79) |
| Balance at December 31, 2015 | \$ 17,402 |

4. Inventories, Net

Inventories, net are stated at the lower of cost or market. We use the last-in, first-out (“LIFO”) and first-in, first-out cost methods. An actual valuation of inventory under the LIFO method is made only at the end of the fiscal year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations are based on management’s estimates of expected year-end inventory levels and are subject to the final fiscal year-end LIFO inventory valuation. Inventory costs include material, labor, and overhead. Inventories, net consisted of the following:

| | December 31, 2015 | March 31, 2015 |
|---|----------------------|-------------------|
| Raw materials | \$ 63,662 | \$ 67,095 |
| Work in process | 20,742 | 22,696 |
| Finished goods | 160,873 | 107,695 |
| LIFO reserve | (17,972) | (19,071) |
| Reserve for excess and obsolete inventory | (18,999) | (17,597) |
| Inventories, net | \$ 208,306 | \$ 160,818 |

STERIS PLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)—(Continued)
For the Three and Nine Months Ended December 31, 2015 and 2014
(dollars in thousands)

5. Debt

Indebtedness was as follows:

| | December 31, 2015 | March 31, 2015 |
|-----------------------------|------------------------------|---------------------------|
| Private Placement | \$ 662,460 | \$ 337,825 |
| Credit Agreement | 977,001 | 283,250 |
| Total long term debt | \$ 1,639,461 | \$ 621,075 |

In order to fund the acquisition of Synergy, including the cash payments made in respect of Synergy shares, the repayment of Synergy debt and certain transaction expenses, STERIS plc borrowed (i) \$132 million, £49 million, and €127.75 million under the Credit Agreement's revolving credit facility and (ii) \$400 million under the Credit Agreement's term loan facility on November 2, 2015. Borrowings bear interest at the Company's option based upon either the Base Rate or the Eurocurrency Rate, plus the Applicable Margin in effect from time to time under the Credit Agreement. The Applicable Margin is determined based on the ratio of Consolidated Total Debt to Consolidated EBITDA. Interest on Base Rate Advances is payable quarterly in arrears and interest on Eurocurrency Rate Advances is payable at the end of the relevant interest period therefor, but in no event less frequently than every three months.

Additional information regarding our indebtedness is included in the notes to Old STERIS's consolidated financial statements included in Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, dated August 7, 2015, and Annual Report on Form 10-K for the year ended March 31, 2015, dated May 27, 2015.

6. Additional Consolidated Balance Sheet Information

Additional information related to our Consolidated Balance Sheets is as follows:

STERIS PLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)—(Continued)
For the Three and Nine Months Ended December 31, 2015 and 2014
(dollars in thousands)

| | December 31, 2015 | March 31, 2015 |
|---|----------------------|-------------------|
| Accrued payroll and other related liabilities: | | |
| Compensation and related items | \$ 35,173 | \$ 16,680 |
| Accrued vacation/paid time off | 13,543 | 5,539 |
| Accrued bonuses | 26,626 | 30,159 |
| Accrued employee commissions | 11,557 | 12,842 |
| Accrued pension | — | 6,186 |
| Other postretirement benefit obligations-current portion | 2,790 | 2,789 |
| Other employee benefit plans' obligations-current portion | 1,278 | 610 |
| Total accrued payroll and other related liabilities | \$ 90,967 | \$ 74,805 |
| Accrued expenses and other: | | |
| Deferred revenues | \$ 42,928 | \$ 34,910 |
| Self-insured risk reserves-current portion | 8,017 | 6,897 |
| Accrued dealer commissions | 14,090 | 13,591 |
| Accrued warranty | 5,504 | 5,579 |
| Asset retirement obligation-current portion | — | 1,092 |
| Other | 82,128 | 39,963 |
| Total accrued expenses and other | \$ 152,667 | \$ 102,032 |
| Other liabilities: | | |
| Self-insured risk reserves-long-term portion | \$ 12,052 | \$ 12,052 |
| Other postretirement benefit obligations-long-term portion | 16,696 | 18,489 |
| Defined benefit pension plans obligations-long-term portion | 23,709 | 119 |
| Other employee benefit plans obligations-long-term portion | 5,570 | 6,634 |
| Asset retirement obligation-long-term portion | 17,402 | 6,991 |
| Other | 9,264 | 3,049 |
| Total other liabilities | \$ 84,693 | \$ 47,334 |

7. Income Tax Expense

Income tax expense includes United States federal, state and local, and foreign income taxes, and is based on reported pre-tax income. The effective income tax rates for the three-month periods ended December 31, 2015 and 2014 were 28.1% and 33.0%, respectively. The effective income tax rates for the nine-month periods ended December 31, 2015 and 2014 were 35.6% and 35.5%, respectively. During the first nine months of fiscal 2016 we were unfavorably impacted by acquisition costs. However, this impact was offset by our re-domiciliation in the third quarter and discrete item adjustments.

Income tax expense is provided on an interim basis based upon our estimate of the annual effective income tax rate, adjusted each quarter for discrete items. In determining the estimated annual effective income tax rate, we analyze various factors, including projections of our annual earnings and taxing jurisdictions in which the earnings will be generated, the impact of state and local income taxes, our ability to use tax credits and net operating loss carry forwards, and available tax planning alternatives.

As of December 31, 2015, we have reserved for unrecognized tax benefits of \$5,521 resulting from our Combination with Synergy. This balance is preliminary and the finalization of this amount may result in upward or downward purchase price allocation. Also at December 31, 2015, we have not recorded any liability for interest and penalties. As of March 31, 2015 we had no unrecognized tax benefits and have not recorded any liability for interest and penalties.

We operate in numerous taxing jurisdictions and are subject to regular examinations by various United States federal, state and local authorities, as well as foreign jurisdictions. We are no longer subject to United States federal examinations for years before fiscal 2014 and, with limited exceptions, we are no longer subject to United States state and local or non-United States income tax examinations by tax authorities for years before fiscal 2011. We remain subject to tax authority audits in various

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jurisdictions wherever we do business. We do not expect the results of these examinations to have a material adverse effect on our consolidated financial statements.

8. Benefit Plans

In the United States we sponsor an unfunded postretirement welfare benefits plan for two groups of former employees. Benefits under this plan include retiree life insurance and retiree medical coverage, including prescription drug coverage.

In July 2014, the Board of Directors of American Sterilizer Company (“AMSCO”) approved the termination of the American Sterilizer Company Retirement Income Plan (“Plan”) effective October 1, 2014. The Pension Benefit Guaranty Corporation (“PBGC”) did not object to this termination and AMSCO received a favorable determination from the IRS regarding the termination. On August 19, 2015, an annuity contract was purchased from Massachusetts Mutual Life Insurance Company to provide Plan benefits. Plan assets were converted to cash to fund the purchase. The purchase price of the annuity contract was \$51,805. An additional employer contribution of \$4,641 was made to the Plan to fund the annuity purchase obligation on August 26, 2015. As a result the purchase of the annuity, we recognized a pension settlement of \$26,470. In addition, plan benefits and benefit administration became the responsibility of the annuity provider. The assumptions used to measure the benefit obligation as of March 31, 2015 reflected this effort. Additional information regarding this defined benefit pension plan and other postretirement benefits plan is included in our consolidated financial statements included in Old STERIS’s Annual Report on Form 10-K for the year ended March 31, 2015, dated May 27, 2015.

In addition, as a result of the combination with Synergy, we participate in seven defined benefit pension schemes outside the United States: three in the UK, one in the Netherlands, two in Germany, and one in Switzerland. Preliminarily estimated unfunded obligations of \$23,507 were recorded as of the November 2, 2015 closing date of the Combination.

In the United Kingdom, we sponsor schemes which are funded defined benefit arrangements. Each has a separate trustee administered fund holding the pension scheme assets to meet long-term pension liabilities for past and present employees. The level of retirement benefit is principally based on the final pensionable salary prior to leaving active service, and is linked to changes in inflation up to retirement. The three UK schemes are as follows:

Synergy Health plc Retirement Benefits Scheme: The scheme is a defined benefit (final salary) funded pension scheme. Participation in this scheme is only offered to employees transferring their employment from National Health Service Trusts.

Shiloh Group Pension Scheme: The scheme is a defined benefit (final salary) funded pension scheme, which is closed to new members and which ceased accrual of benefits on March 31, 2011.

Vernon-Carus Limited Pension and Assurance Scheme: The scheme is a defined benefit (final salary) funded pension scheme, which is closed to new members and which ceased accrual of benefits on March 31, 2011.

In previous years, Synergy sponsored a funded defined benefit arrangement in the Netherlands. This was a separate fund holding the pension scheme assets to meet long term pension liabilities for past and present employees. Accrual of benefits ceased under the scheme effective January 1, 2013.

The Synergy Radeberg and Synergy Alleshhausen Schemes are German defined benefit funded pension schemes which are closed to new entrants.

The Synergy Daniken Scheme is a Swiss defined benefit funded pension scheme.

Components of the net periodic benefit cost for our defined benefit pension plans and other postretirement medical benefits plan were as follows:

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| | AMSCO Plan | | Other Defined Benefit Pension Plans | | Other Postretirement Benefits Plan | |
|------------------------------------|--|---------------|-------------------------------------|-------------|------------------------------------|-----------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | Three Months Ended December 31, | | | | | |
| Service cost | \$ — | \$ 35 | \$ 324 | \$ — | \$ — | \$ — |
| Interest cost | — | 471 | 641 | — | 148 | 173 |
| Expected return on plan assets | — | (785) | (506) | — | — | — |
| Amortization of loss | — | 277 | — | — | 207 | 180 |
| Settlement | — | — | — | — | — | — |
| Amortization of prior service cost | — | — | — | — | (815) | (816) |
| Net periodic benefit cost | \$ — | \$ (2) | \$ 459 | \$ — | \$ (460) | \$ (463) |

| | AMSCO Plan | | Other Defined Benefit Pension Plans | | Other Postretirement Benefits Plan | |
|------------------------------------|---------------------------------------|---------------|-------------------------------------|-------------|------------------------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | Nine Months Ended December 31, | | | | | |
| Service cost | \$ 27 | \$ 105 | \$ 324 | — | — | — |
| Interest cost | 560 | 1,415 | 641 | — | 444 | 518 |
| Expected return on plan assets | (1,008) | (2,355) | (506) | — | — | — |
| Amortization of loss | 602 | 830 | — | — | 621 | 541 |
| Settlement | 26,515 | — | — | — | — | — |
| Amortization of prior service cost | — | — | — | — | (2,445) | (2,447) |
| Net periodic benefit cost | \$ 26,696 | \$ (5) | \$ 459 | \$ — | \$ (1,380) | \$ (1,388) |

We contribute amounts to the defined benefit pension plans at least sufficient to meet the minimum requirements as stated in applicable employee benefit laws and local tax laws. The United Kingdom schemes are subject to the funding legislation outlined in the Pensions Act 2004 of the United Kingdom. This, together with documents issued by the UK Pensions Regulator, and Guidance Notes adopted by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the United Kingdom. The trustees of the schemes are required to act in the best interest of the schemes' beneficiaries. The appointment of the trustees is determined by the schemes' trust documentation.

We record liabilities for the difference between the fair value of the plan assets and the benefit obligation (the projected benefit obligation for pension plans and the accumulated postretirement benefit obligation for other postretirement benefits plans) on our accompanying condensed Consolidated Balance Sheets.

Finally, the Dutch linen business acquired in the Synergy combination participates in a multi-employer industry-wide defined benefit scheme. Participation in this pension plan is mandatory. The pension scheme is an average pay scheme with a conditional fee (indexation). Indexation of the assets and liabilities granted under the pension scheme takes place only if and insofar as the resources of the fund allow for it and this decision is taken by the pension fund. The pension entitlements under the pension plan are fully reinsured. It is not possible to identify the share of the underlying assets, liabilities, and overall surplus/deficit of the scheme attributable to the business, because the scheme is industry-wide. Under the guidance provided in ASC 715, "Compensation-Retirement Benefits", the scheme is treated as a defined contribution scheme within our financial statements. The total cost charged to the income statement in respect of this scheme was \$459 for the three-month and nine-month periods ended December 31, 2015.

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(dollars in thousands)**9. Commitments and Contingencies**

We are, and will likely continue to be, involved in a number of legal proceedings, government investigations, and claims, which we believe generally arise in the course of our business, given our size, history, complexity, and the nature of our business, products, Customers, regulatory environment, and industries in which we participate. These legal proceedings, investigations and claims generally involve a variety of legal theories and allegations, including, without limitation, personal injury (e.g., slip and falls, burns, vehicle accidents), product liability or regulation (e.g., based on product operation or claimed malfunction, failure to warn, failure to meet specification, or failure to comply with regulatory requirements), product exposure (e.g., claimed exposure to chemicals, asbestos, contaminants, radiation), property damage (e.g., claimed damage due to leaking equipment, fire, vehicles, chemicals), commercial claims (e.g., breach of contract, economic loss, warranty, misrepresentation), financial (e.g., taxes, reporting), employment (e.g., wrongful termination, discrimination, benefits matters), and other claims for damage and relief.

We believe we have adequately reserved for our current litigation and claims that are probable and estimable, and further believe that the ultimate outcome of these pending lawsuits and claims will not have a material adverse effect on our consolidated financial position or results of operations taken as a whole. Due to their inherent uncertainty, however, there can be no assurance of the ultimate outcome or effect of current or future litigation, investigations, claims or other proceedings (including without limitation the matters discussed below). For certain types of claims, we presently maintain insurance coverage for personal injury and property damage and other liability coverages in amounts and with deductibles that we believe are prudent, but there can be no assurance that these coverages will be applicable or adequate to cover adverse outcomes of claims or legal proceedings against us.

On May 31, 2012, our Albert Browne Limited subsidiary received a warning letter from the FDA regarding chemical indicators manufactured in the United Kingdom. These devices are intended for the monitoring of certain sterilization and other processes. The FDA warning letter states that the agency has concerns regarding operational business processes. We do not believe that the FDA's concerns are related to product performance, or that they result from Customer complaints. We have reviewed our processes with the agency and finalized our remediation measures, and are awaiting FDA reinspection. We do not currently believe that the impact of this event will have a material adverse effect on our financial results.

On December 19, 2014, a purported shareholder of Old STERIS filed a Verified Stockholder Derivative Complaint in the Court of Common Pleas, Cuyahoga County, Ohio (the "Court"), against the members of Old STERIS's board of directors and certain officers of Old STERIS, challenging the excise tax make-whole payments approved by Old STERIS's board of directors in connection with the Combination. Old STERIS was named as a nominal defendant in the action. The case is captioned *St. Lucie County Fire District Firefighters' Pension Trust Fund v. Rosebrough, Jr., et al.*, Case No. CV 14 837749 (the "Action"). On September 28, 2015, the defendants reached an agreement in principle with plaintiff, regarding a settlement of the Action, and that agreement is reflected in a memorandum of understanding. In connection with the contemplated settlement, Old STERIS agreed to make certain additional disclosures related to the make-whole payments, which disclosures were reported on Old STERIS's Form 8-K dated September 28, 2015, and also agreed not to grant any new stock compensation subject to Section 4985 of the Internal Revenue Code to any of the individual defendants in the Action until six months following the closing date of the Combination. The memorandum of understanding contemplates that the parties will enter into a stipulation of settlement, which will be subject to customary conditions, including the approval of the Court. In addition, in connection with the settlement, the parties have agreed to negotiate in good faith regarding the amount of attorneys' fees and expenses that shall be paid to plaintiff's counsel in connection with the Action. There can be no assurance that the parties will ultimately enter into a stipulation of settlement or that the Court will approve any stipulation of settlement. In such event, the proposed settlement as contemplated by the memorandum of understanding may be terminated.

On July 8, 2015, the United States District Court for the Northern District of Ohio issued an Order terminating the April 20, 2010 consent decree entered into by two Company employees and the United States. The consent decree related to U.S. Food and Drug Administration (FDA) allegations regarding the Company's now discontinued SYSTEM 1[®] liquid chemical sterilization system. As a result of the termination of the consent decree, the Company is no longer subject to any court order related to its FDA regulatory compliance.

Other civil, criminal, regulatory or other proceedings involving our products or services could possibly result in judgments, settlements or administrative or judicial decrees requiring us, among other actions, to pay damages or fines or effect recalls, or be subject to other governmental, Customer or other third party claims or remedies, which could materially effect our business, performance, prospects, value, financial condition, and results of operations.

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For additional information regarding these matters, see the following portions of Old STERIS's Annual Report on Form 10-K for the year ended March 31, 2015 dated May 27, 2015: "Business - Information with respect to our Business in General - Government Regulation", and the "Risk Factor" titled "We may be adversely affected by product liability claims or other legal actions or regulatory or compliance matters, including the Consent Decree".

From time to time, STERIS is also involved in legal proceedings as a plaintiff involving contract, patent protection, and other claims asserted by us. Gains, if any, from these proceedings are recognized when they are realized.

We are subject to taxation from United States federal, state and local, and foreign jurisdictions. Tax positions are settled primarily through the completion of audits within each individual jurisdiction or the closing of the applicable statute of limitation. Changes in applicable tax law or other events may also require us to revise past estimates.

Additional information regarding our contingencies is included in Item 7 of Part II titled, "Management's Discussion and Analysis of Financial Conditions and Results of Operations," of Old STERIS's Annual Report on Form 10-K for the year ended March 31, 2015 dated May 27, 2015, and in Item 1 of Part II of this Form 10-Q titled, "Legal Proceedings."

10. Business Segment Information

As a result of the Combination with Synergy, we have reassessed the organization of our business. We have concluded that we operate and report in four reportable business segments: Healthcare Products, Healthcare Specialty Services, Life Sciences, and Applied Sterilization Technologies. Corporate and other, which is presented separately, contains the Defense and Industrial business unit plus costs that are associated with being a publicly traded company and certain other corporate costs.

Our Healthcare Products segment offers infection prevention and procedural solutions for healthcare providers worldwide, including capital equipment and related maintenance and installation services, as well as consumables.

Our Healthcare Specialty Services segment provides a range of specialty services for healthcare providers including hospital sterilization services, instrument and scope repairs, and linen management.

Our Life Sciences segment offers capital equipment and consumable products, and equipment maintenance and specialty services for pharmaceutical manufacturers and research facilities.

Our Applied Sterilization Technologies segment offers a contract sterilization and laboratory services for medical device and pharmaceutical Customers and others.

The accounting policies for reportable segments are the same as those for the consolidated Company. Management evaluates performance and allocates resources based on a segment operating income measure. Operating income (loss) for each segment is calculated as the segment's gross profit less direct expenses and indirect cost allocations, which result in the full allocation of all distribution and research and development expenses, and the partial allocation of corporate costs. These allocations are based upon variables such as segment headcount and revenues. In addition, the Healthcare Products segment is responsible for the management of all but two manufacturing facilities and uses standard cost to sell products to the other segments. Corporate and other includes the gross profit and direct expenses of the Defense and Industrial business unit, as well as certain unallocated corporate costs related to being a publicly traded company and legacy pension and post-retirement benefits. Segment operating income excludes certain adjustments which include acquisition related costs, amortization of acquired intangibles, restructuring costs and other charges that management believes may or may not recur with similar materiality or impact on operating income in future periods. Management believes that by excluding these items they gain better insight and greater transparency of the operating performance of the segments, thus aiding them in more meaningful financial trend analysis and operational decision making.

For the three and nine month periods ended December 31, 2015, revenues from a single Customer did not represent ten percent or more of any reportable segment's revenues. Additional information regarding our segments is included in Old STERIS's consolidated financial statements included in its Annual Report on Form 10-K for the year ended March 31, 2015 dated May 27, 2015.

Financial information for each of our reportable segments is presented in the following tables:

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| | Three Months Ended December 31, | | Nine Months Ended December 31, | |
|--|------------------------------------|-------------------|-----------------------------------|---------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Revenues: | | | | |
| Healthcare Products | \$ 317,060 | \$ 287,515 | \$ 872,028 | \$ 823,957 |
| Healthcare Specialty Services | 128,326 | 65,682 | 264,974 | 183,219 |
| Life Sciences | 82,702 | 67,997 | 210,514 | 185,759 |
| Applied Sterilization Technologies | 90,225 | 50,960 | 199,753 | 154,003 |
| Corporate and other | 375 | 1,090 | 1,218 | 1,678 |
| Total revenues | \$ 618,688 | \$ 473,244 | \$ 1,548,487 | \$ 1,348,616 |
| Segment operating income: | | | | |
| Healthcare Products | \$ 52,141 | \$ 42,720 | \$ 120,674 | \$ 109,766 |
| Healthcare Specialty Services | 7,389 | 5,195 | 17,620 | 11,074 |
| Life Sciences | 24,115 | 16,482 | 58,448 | 41,615 |
| Applied Sterilization Technologies | 26,766 | 14,006 | 60,802 | 44,792 |
| Corporate and other | (2,648) | (1,406) | (8,580) | (5,310) |
| Total segment operating income | \$ 107,763 | \$ 76,997 | \$ 248,964 | \$ 201,937 |
| Less: Adjustments | | | | |
| Restructuring charges (1) | \$ (193) | \$ (1,076) | \$ (657) | \$ (427) |
| Amortization of acquired intangible assets (2) | 15,494 | 5,845 | 28,194 | 22,563 |
| Acquisition and integration related charges (3) | 41,726 | 10,860 | 77,254 | 17,556 |
| Amortization of inventory and property "step up" to fair value (2) | 4,060 | 22 | 4,102 | 1,310 |
| Settlement of pension obligation (4) | (46) | — | 26,470 | — |
| Loss on fair value of contingent consideration | — | — | — | 1,998 |
| Total operating income | \$ 46,722 | \$ 61,346 | \$ 113,601 | \$ 158,937 |

(1) See Note 2 titled, "Restructuring" for more information related to restructuring.

(2) For more information regarding our recent acquisitions see Note 18 titled, "Business Acquisitions", as well as Old STERIS's Annual Report on Form 10-K for the year ended March 31, 2015, dated May 27, 2015.

(3) Acquisition and integration related charges include transaction costs and integration expenses associated with acquisitions.

(4) See Note 8 titled, "Benefit Plans" for more information related to the settlement of the pension obligation.

Individual facilities, equipment, and intellectual properties are utilized for production by the Healthcare Products and Life Sciences segments at varying levels over time. As a result, an allocation of total assets, capital expenditures, and depreciation and amortization is not meaningful to the individual performance of these segments. Therefore, their respective amounts are reported together.

| | December 31, 2015 | March 31, 2015 |
|---|---------------------|---------------------|
| Assets: | | |
| Healthcare Products and Life Sciences | \$ 1,684,872 | \$ 1,261,940 |
| Healthcare Specialty Services | 753,396 | 396,579 |
| Applied Sterilization Technologies | 1,488,295 | 436,638 |
| Total reportable segments | 3,926,563 | 2,095,157 |
| Corporate and other | 2,521 | 2,134 |
| Synergy related goodwill not yet allocated (1) | 1,421,199 | — |
| Total assets | \$ 5,350,283 | \$ 2,097,291 |

(1) Amount is still preliminary as of December 31, 2015, as valuations have not been finalized. Goodwill will be allocated to the Healthcare Products, Healthcare Specialty Services and Applied Sterilization Technologies business segments.

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| | Nine months ended, | |
|--|--------------------|-------------------|
| | December 31, 2015 | December 31, 2014 |
| Capital Expenditures: | | |
| Healthcare Products and Life Sciences | \$ 22,120 | \$ 20,626 |
| Healthcare Specialty Services | 17,533 | 1,386 |
| Applied Sterilization Technologies | 42,457 | 34,731 |
| Total Reportable Segments | 82,110 | 56,743 |
| Corporate and other | 7 | 14 |
| Total Capital Expenditures | \$ 82,117 | \$ 56,757 |
| Depreciation, Depletion, and Amortization: | | |
| Healthcare Products and Life Sciences | \$ 34,728 | \$ 30,900 |
| Healthcare Specialty Services | 20,142 | 15,961 |
| Applied Sterilization Technologies | 35,999 | 22,552 |
| Total Reportable Segments | 90,869 | 69,413 |
| Corporate and other | 56 | 27 |
| Total Depreciation, Depletion, and Amortization | \$ 90,925 | \$ 69,440 |

Financial information for the United Kingdom, United States and other international countries is presented in the following table. Revenues are based on the location of these operations and their Customers. Property, plant and equipment, net are those assets that are identified within the operations in each country or area.

| | Three months ended December | | Nine months ended December 31, | |
|--|-----------------------------|-------------------|--------------------------------|-----------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Revenues: | | | | |
| United Kingdom | \$ 51,468 | \$ 13,421 | \$ 73,382 | \$ 38,225 |
| United States | 438,250 | 367,059 | 1,193,940 | 1,049,892 |
| Other International | 128,970 | 92,764 | 281,165 | 260,499 |
| Total Revenues | \$ 618,688 | \$ 473,244 | \$ 1,548,487 | \$ 1,348,616 |
| | | | December 31, 2015 | March 31, 2015 |
| Property, Plant, and Equipment, Net | | | 2015 | 2015 |
| United Kingdom | | | \$ 121,876 | \$ 12,816 |
| United States | | | 506,916 | 441,278 |
| Other International | | | 424,340 | 38,959 |
| Property, Plant, and Equipment, Net | | | \$ 1,053,132 | \$ 493,053 |

11. Shares and Preferred Shares
Common and Ordinary Shares

In connection with the Combination, each Old STERIS common shareholder received one ordinary share, par value 10 pence, of the Company for each Old STERIS common share held, and each Synergy ordinary shareholder received 0.4308 ordinary shares, par value 10 pence, of the Company and 439 pence in cash, for each Synergy ordinary share held.

We calculate basic earnings per share based upon the weighted average number of shares outstanding. We calculate diluted earnings per share based upon the weighted average number of shares outstanding plus the dilutive effect of share equivalents

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calculated using the treasury stock method. The following is a summary of shares and share equivalents outstanding used in the calculations of basic and diluted earnings per share:

| | Three Months Ended December 31, | | Nine Months Ended December 31, | |
|---|------------------------------------|---------------|-----------------------------------|---------------|
| | 2015 | 2014 | 2015 | 2014 |
| Denominator (shares in thousands): | | | | |
| Weighted average shares outstanding—basic | 77,221 | 59,475 | 65,629 | 59,340 |
| Dilutive effect of share equivalents | 491 | 671 | 494 | 653 |
| Weighted average shares outstanding and share equivalents—diluted | <u>77,712</u> | <u>60,146</u> | <u>66,123</u> | <u>59,993</u> |

Options to purchase the following number of shares were outstanding but excluded from the computation of diluted earnings per share because the combined exercise prices, unamortized fair values, and assumed tax benefits upon exercise were greater than the average market price for the shares during the periods, so including these options would be anti-dilutive:

| | Three Months Ended December 31, | | Nine Months Ended December 31, | |
|------------------------------|------------------------------------|------|-----------------------------------|------|
| | 2015 | 2014 | 2015 | 2014 |
| (shares in thousands) | | | | |
| Number of share options | 293 | 268 | 254 | 367 |

Preferred Shares

Pursuant to an engagement letter dated October 23, 2015, we issued 100,000 preferred shares, par value of £0.10 (\$0.15) each, for an aggregate consideration of £10,000 or approximately \$15, in satisfaction of debt owed to a service provider. The holders of the preferred shares are entitled to a fixed cumulative preferential annual dividend of 5 percent on the amount paid periodically on the preferred shares respectively held by them. On a return of capital of the Company whether on liquidation or otherwise, the holders of the preferred shares shall be entitled to receive out of the assets of the Company available for distribution to its shareholders the sum of £0.10 (\$0.15) per preferred share plus any accrued but unpaid dividend, but will not be entitled to any further participation in the assets of the Company. The holders of the preferred shares will have no right to attend, speak or vote, whether in person or by proxy, at any general meeting of the Company or any meeting of a class of members of the Company in respect of the preferred shares and will not be entitled to receive any notice of meetings.

12. Repurchases of Shares

During the first nine months of fiscal 2016, we obtained 215,164 of our shares in connection with stock based compensation award programs.

13. Share-Based Compensation

We maintain a long-term incentive plan which we assumed from Old STERIS, that makes available shares for grants, at the discretion of the Compensation Committee of the Board of Directors, to officers, directors, and key employees in the form of stock options, restricted shares, restricted share units, stock appreciation rights and share grants. Prior to the Combination, awards were made in respect of common shares of Old STERIS. In conjunction with the Combination all outstanding common share denominated awards were converted into an equivalent number of Company ordinary share denominated awards, with the same terms and conditions as applied to the replaced awards.

Stock options provide the right to purchase our shares at the market price on the date of grant, subject to the terms of the option plans and agreements. Generally, one-fourth of the stock options granted become exercisable for each full year of employment following the grant date. Stock options granted generally expire 10 years after the grant date, or in some cases earlier if the option holder is no longer employed by us. Restricted shares and restricted share units generally may cliff vest after a four year period or vest in tranches of one-fourth of the number granted for each full year of employment after the grant date. As of December 31, 2015, 2,202,425 shares remained available for grant under the long-term incentive plan.

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The fair value of share-based compensation awards was estimated at their grant date using the Black-Scholes-Merton option pricing model. This model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable, characteristics that are not present in our option grants. If the model permitted consideration of the unique characteristics of employee stock options, the resulting estimate of the fair value of the stock options could be different. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods in our Consolidated Statements of Income. The expense is classified as cost of goods sold or selling, general and administrative expenses in a manner consistent with the employee's compensation and benefits.

The following weighted-average assumptions were used for options granted during the first nine months of fiscal 2016 and fiscal 2015:

| | Fiscal 2016 | Fiscal 2015 |
|----------------------------------|--------------------|--------------------|
| Risk-free interest rate | 1.51% | 1.89% |
| Expected life of options | 5.69 years | 5.75 years |
| Expected dividend yield of stock | 1.40% | 1.87% |
| Expected volatility of stock | 25.06% | 29.86% |

The risk-free interest rate is based upon the U.S. Treasury yield curve. The expected life of options is reflective of our historical experience, vesting schedules and contractual terms. The expected dividend yield of stock represents our best estimate of the expected future dividend yield. The expected volatility of stock is derived by referring to our historical stock prices over a time frame similar to that of the expected life of the grant. An estimated forfeiture rate of 1.55% and 1.46% was applied in fiscal 2016 and 2015, respectively. This rate is calculated based upon historical activity and represents an estimate of the granted options not expected to vest. If actual forfeitures differ from this calculated rate, we may be required to make additional adjustments to compensation expense in future periods. The assumptions used above are reviewed at the time of each significant option grant, or at least annually.

A summary of share option activity is as follows:

| | Number of Options | Weighted Average Exercise Price | Average Remaining Contractual Term | Aggregate Intrinsic Value |
|---|------------------------------|--|---|--|
| Outstanding at March 31, 2015 | 1,759,890 | \$ 37.03 | | |
| Granted | 366,700 | 66.88 | | |
| Exercised | (337,982) | 32.25 | | |
| Forfeited | (37,461) | 54.61 | | |
| Canceled | (500) | 24.45 | | |
| Outstanding at December 31, 2015 | 1,750,647 | \$ 43.83 | 6.5 years | \$ 55,160 |
| Exercisable at December 31, 2015 | 997,531 | \$ 34.34 | 4.9 years | \$ 40,902 |

We estimate that 741,954 of the non-vested stock options outstanding at December 31, 2015 will ultimately vest.

The aggregate intrinsic value in the table above represents the total pre-tax difference between the \$75.34 closing price of our ordinary shares on December 31, 2015 over the exercise prices of the stock options, multiplied by the number of options outstanding or outstanding and exercisable, as applicable. The aggregate intrinsic value is not recorded for financial accounting purposes and the value changes daily based on the daily changes in the fair market value of our ordinary shares.

The total intrinsic value of stock options exercised during the first nine months of fiscal 2016 and fiscal 2015 was \$12,221 and \$22,289, respectively. Net cash proceeds from the exercise of stock options were \$10,908 and \$19,245 for the first nine months of fiscal 2016 and fiscal 2015, respectively. The tax benefit from shared-based compensation was \$5,909 and \$8,880 for the first nine months of fiscal 2016 and fiscal 2015, respectively.

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(dollars in thousands)

The weighted average grant date fair value of stock option grants was \$14.66 and \$13.41 for the first nine months of fiscal 2016 and fiscal 2015, respectively.

Stock appreciation rights (“SARS”) carry generally the same terms and vesting requirements as stock options except that they are settled in cash upon exercise and therefore, are classified as liabilities. The fair value of the outstanding SARS as of December 31, 2015 and 2014 was \$2,527 and \$2,073, respectively.

A summary of the non-vested restricted share activity is presented below:

| | Number of Restricted Shares | Number of Restricted Share Units | Weighted-Average Grant Date Fair Value |
|--|--|---|---|
| Non-vested at March 31, 2015 | 851,173 | 32,800 | \$ 42.98 |
| Granted | 277,483 | 22,405 | 68.16 |
| Vested | (205,453) | (12,071) | 39.73 |
| Canceled | (44,821) | (1,493) | 49.84 |
| Non-vested at December 31, 2015 | 878,382 | 41,641 | \$ 51.61 |

Restricted shares granted are valued based on the closing stock price at the grant date. The value of restricted shares that vested during the first nine months of fiscal 2016 was \$7,913.

Restricted share units carry generally the same terms and vesting requirements as restricted stock except that they may be settled in stock or cash upon vesting. Those that are settled in cash are classified as liabilities. All outstanding cash-settled restricted share units vested in the first quarter of fiscal 2016 and the only remaining outstanding restricted stock units are stock settled. The fair value of outstanding cash-settled restricted share units as of March 31, 2015 was \$334. The fair value of each cash-settled restricted share unit is revalued at each reporting date and the related liability and expense are adjusted appropriately.

As of December 31, 2015, there was a total of \$36,581 in unrecognized compensation cost related to nonvested share-based compensation granted under our share-based compensation plans. We expect to recognize the cost over a weighted average period of 2.3 years.

14. Financial and Other Guarantees

We generally offer a limited parts and labor warranty on capital equipment. The specific terms and conditions of those warranties vary depending on the product sold and the countries where we conduct business. We record a liability for the estimated cost of product warranties at the time product revenues are recognized. The amounts we expect to incur on behalf of our Customers for the future estimated cost of these warranties are recorded as a current liability on the accompanying Consolidated Balance Sheets. Factors that affect the amount of our warranty liability include the number and type of installed units, historical and anticipated rates of product failures, and material and service costs per claim. We periodically assess the adequacy of our recorded warranty liabilities and adjust the amounts as necessary.

Changes in our warranty liability during the first nine months of fiscal 2016 were as follows:

| | |
|-------------------------------------|-----------------|
| Balance, March 31, 2015 | \$ 5,579 |
| Warranties issued during the period | 8,063 |
| Settlements made during the period | (8,138) |
| Balance, December 31, 2015 | \$ 5,504 |

We also sell product maintenance contracts to our Customers. These contracts range in terms from one to five years and require us to maintain and repair the product over the maintenance contract term. We initially record amounts due from Customers under these contracts as a liability for deferred service contract revenue on the accompanying Consolidated Balance Sheets within “Accrued expenses and other.” The liability recorded for such deferred service revenue was \$31,687 and \$30,720

STERIS PLC AND SUBSIDIARIES

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as of December 31, 2015 and March 31, 2015, respectively. Such deferred revenue is then amortized on a straight-line basis over the contract term and recognized as service revenue on our accompanying Consolidated Statements of Income. The activity related to the liability for deferred service contract revenues is excluded from the table presented above.

15. Derivatives and Hedging

From time to time, we enter into forward contracts to hedge potential foreign currency gains and losses that arise from transactions denominated in foreign currencies, including inter-company transactions. We may also enter into commodity swap contracts to hedge price changes in nickel that impact raw materials included in our cost of revenues. We do not use derivative financial instruments for speculative purposes. These contracts are not designated as hedging instruments and do not receive hedge accounting treatment; therefore, changes in their fair value are not deferred but are recognized immediately in the Consolidated Statements of Income. At December 31, 2015, we held foreign currency forward contracts to buy 9 million Canadian dollars, 90 million Mexican pesos, and 4.5 million British pounds sterling. At December 31, 2015, we held commodity swap contracts to buy 181.2 thousand pounds of nickel.

| Balance Sheet Location | Asset Derivatives | | Liability Derivatives | |
|----------------------------|------------------------------------|---------------------------------|------------------------------------|---------------------------------|
| | Fair Value at December 31, 2015 | Fair Value at March 31, 2015 | Fair Value at December 31, 2015 | Fair Value at March 31, 2015 |
| Prepaid & Other | \$ — | \$ 12 | \$ — | \$ — |
| Accrued expenses and other | \$ — | \$ — | \$ 759 | \$ 616 |

The following table presents the impact of derivative instruments and their location within the Consolidated Statements of Income:

| Location of gain (loss) recognized in income | Amount of gain (loss) recognized in income | | | |
|--|---|----------|-----------------------------------|----------|
| | Three Months Ended December 31, | | Nine Months Ended December 31, | |
| | 2015 | 2014 | 2015 | 2014 |
| Foreign currency forward contracts | \$ (380) | \$ (513) | \$ (642) | \$ (660) |
| Commodity swap contracts | \$ (159) | \$ (100) | \$ (491) | \$ 214 |

Additionally, we hold our debt in multiple currencies to fund our operations and investments in certain subsidiaries. We designate portions of foreign currency denominated intercompany loans as hedges of portions of net investments in foreign operations. Net debt designated as non-derivative net investment hedging instruments totaled \$135,121 at December 31, 2015. These hedges are designed to be fully effective and any associated gain or loss is recognized in Accumulated Other Comprehensive Income and will be reclassified to income in the same period when a gain or loss related to the net investment in the foreign operation is included in income.

16. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. We estimate the fair value of financial assets and liabilities using available market information and generally accepted valuation methodologies. The inputs used to measure fair value are classified into three tiers. These tiers include Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring the entity to develop its own assumptions. The following table shows the fair value of our financial assets and liabilities at December 31, 2015 and March 31, 2015:

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For the Three and Nine Months Ended December 31, 2015 and 2014
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| | Fair Value Measurements at December 31, 2015 and March 31, 2015 Using | | | | | | | |
|--|--|-----------------|---|-----------------|--|-----------------|--|-----------------|
| | Carrying Value | | Quoted Prices in Active Markets for Identical Assets | | Significant Other Observable Inputs | | Significant Unobservable Inputs | |
| | | | Level 1 | | Level 2 | | Level 3 | |
| | December 31 | March 31 | December 31 | March 31 | December 31 | March 31 | December 31 | March 31 |
| Assets: | | | | | | | | |
| Cash and cash equivalents (1) | \$ 231,360 | \$ 167,689 | \$ 207,525 | \$ 148,944 | \$ 23,835 | \$ 18,745 | \$ — | \$ — |
| Forward and swap contracts (2) | — | 12 | — | — | — | 12 | — | — |
| Investments (3) | 7,579 | 8,332 | 7,579 | 8,332 | — | — | — | — |
| Liabilities: | | | | | | | | |
| Forward and swap contracts (2) | \$ 759 | \$ 616 | \$ — | \$ — | \$ 759 | \$ 616 | \$ — | \$ — |
| Deferred compensation plans (3) | 2,707 | 3,757 | 2,707 | 3,757 | — | — | — | — |
| Long term debt (4) | 1,639,461 | 621,075 | — | — | 1,642,034 | 641,131 | — | — |
| Contingent consideration obligations (5) | 4,557 | 2,500 | — | — | — | — | 4,557 | 2,500 |

(1) Money market fund holdings are classified as level two as active market quoted prices are not available.

(2) The fair values of forward and swap contracts are based on period-end forward rates and reflect the value of the amount that we would pay or receive for the contracts involving the same notional amounts and maturity dates.

(3) We maintain a frozen domestic non-qualified deferred compensation plan covering certain employees, which allows for the deferral of payment of previously earned compensation for an employee-specified term or until retirement or termination. Amounts deferred can be allocated to various hypothetical investment options (compensation deferrals have been frozen under the plan). We hold investments to satisfy the future obligations of the plan. Changes in the value of the investment accounts are recognized each period based on the fair value of the underlying investments. Employees who made deferrals are entitled to receive distributions of their hypothetical account balances (amounts deferred, together with earnings (losses)). We also hold an investment in the common stock of Servizi Italia, S.p.A, a leading provider of integrated linen washing and outsourced sterile processing services to hospital Customers. Changes in the value of the investment are recognized each period based on the fair value of the investment.

(4) We estimate the fair value of our principal amount of long-term debt using discounted cash flow analyses, based on our current incremental borrowing rates for similar types of borrowing arrangements.

(5) Contingent consideration obligations arise from prior business acquisitions. The fair values are based on discounted cash flow analyses reflecting the possible achievement of specified performance measures or events and captures the contractual nature of the contingencies, commercial risk, and the time value of money. Contingent consideration obligations are classified in the consolidated balance sheets as accrued expense (short-term) and other liabilities (long-term), as appropriate based on the contractual payment dates.

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The changes in Level 3 assets and liabilities measured at fair value on a recurring basis at December 31, 2015 are summarized as follows:

| | Contingent Consideration |
|---|-------------------------------------|
| Balance at March 31, 2015 | \$ 2,500 |
| Liabilities assumed as result of combination with Synergy | 1,561 |
| Additions | 800 |
| Payments | (122) |
| Foreign currency translation adjustments (1) | (182) |
| Balance at December 31, 2015 | \$ 4,557 |

(1) Reported in other comprehensive income (loss).

Information regarding our investments is as follows:

| | Investments at December 31, 2015 and March 31, 2015 | | | | | | | |
|---------------------------------------|---|-----------------|------------------|---------------|-----------------------|-------------|-----------------|-----------------|
| | Cost | | Unrealized Gains | | Unrealized Losses (2) | | Fair Value | |
| | December 31 | March 31 | December 31 | March 31 | December 31 | March 31 | December 31 | March 31 |
| Available-for-sale securities: | | | | | | | | |
| Marketable equity securities (1) | \$ 4,681 | \$ 4,681 | \$ 252 | \$ — | \$ — | \$ — | \$ 4,933 | \$ 4,681 |
| Mutual funds | 1,994 | 2,677 | 652 | 974 | — | — | 2,646 | 3,651 |
| Total available-for-sale securities | <u>\$ 6,675</u> | <u>\$ 7,358</u> | <u>\$ 904</u> | <u>\$ 974</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 7,579</u> | <u>\$ 8,332</u> |

(1) Our marketable equity securities have been in a unrealized loss position for less than 12 months.

(2) Amounts reported include the impact of foreign currency movements relative to the U.S. dollar.

17. Reclassifications Out of Accumulated Other Comprehensive Income (Loss)

Amounts in Accumulated Other Comprehensive Income (Loss) are presented net of the related tax. Foreign Currency Translation is not adjusted for income taxes. Changes in our Accumulated Other Comprehensive Income (Loss) balances, net of tax, for the three and nine months ended December 31, 2015 were as follows:

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| | Gain (Loss) on Available for Sale Securities (1) | | Defined Benefit Plans (2) | | Foreign Currency Translation (3) | | Total Accumulated Other Comprehensive Income (Loss) | |
|---|--|-----------------|---------------------------|-----------------|----------------------------------|--------------------|---|--------------------|
| | Three Months | Nine Months | Three Months | Nine Months | Three Months | Nine Months | Three Months | Nine Months |
| Beginning Balance | \$ (332) | \$ 1,068 | \$ 7,760 | \$ (8,889) | \$ (66,891) | \$ (58,848) | \$ (59,463) | \$ (66,669) |
| Other Comprehensive Income (Loss) before reclassifications | (147) | (1,664) | (837) | 32,100 | (14,593) | (22,636) | (15,577) | 7,800 |
| Amounts reclassified from Accumulated Other Comprehensive Income (Loss) | 158 | 275 | 460 | (15,828) | — | — | 618 | (15,553) |
| Net current-period Other Comprehensive Income (Loss) | 11 | (1,389) | (377) | 16,272 | (14,593) | (22,636) | (14,959) | (7,753) |
| Balance at December 31, 2015 | \$ (321) | \$ (321) | \$ 7,383 | \$ 7,383 | \$ (81,484) | \$ (81,484) | \$ (74,422) | \$ (74,422) |

Details of amounts reclassified from Accumulated Other Comprehensive Income (Loss) are as follows:

- (1) Realized gain (loss) on available for sale securities is reported in the interest income and miscellaneous expense line of the Consolidated Statements of Income.
- (2) Amortization (gain) and settlement of defined benefit pension items is reported in the selling, general and administrative expense line of the Consolidated Statements of Income.
- (3) The effective portion of gain or loss on net debt designated as non-derivative net investment hedging instruments is recognized in Accumulated Other Comprehensive Income and is reclassified to income in the same period when a gain or loss related to the net investment in the foreign operation is included in income.

18. Business Acquisitions
Synergy Health plc

On November 2, 2015, STERIS acquired all outstanding shares of Synergy in a cash and stock transaction valued at £24.80 (\$38.17) per Synergy share, or a total of approximately \$2.3 billion based on the low trading price of Old STERIS's stock of \$73.02 per share on November 2, 2015. The Combination brings together businesses that will generate revenues from over 60 countries, employ approximately 14,000 employees, and are geographically complementary. The Combination is expected to result in cost savings from optimizing global back-office infrastructure, leveraging best-demonstrated practices across plants, in-sourcing consumables, and eliminating redundant public company costs. Total costs of approximately \$63,174 before tax, were incurred during the first nine months of fiscal year 2016 related to the Combination and are reported in selling, general and administrative expense.

Total consideration for the transaction is presented in the table below. At the closing date, vested share option awards remained outstanding under Synergy's Save As You Earn Plans ("SAYE"). In accordance with the provisions of SAYE, vested option awards may be exercised to the extent that the exercise price funds have been accumulated in accordance with the option holder's savings contract. The number of Synergy shares that are expected to be issued have been estimated and have been fair valued based on the same cash and stock consideration available to other Synergy shareholders at the time of the Combination.

| | |
|--|---------------------|
| Cash consideration | \$ 402,494 |
| STERIS plc shares (25,848,798 ordinary shares estimated to be issued) | 1,887,479 |
| Fair value of consideration available to vested Synergy share option holders | 3,626 |
| Total purchase consideration | <u>\$ 2,293,599</u> |

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The acquisition of Synergy has been accounted for using the acquisition method of accounting which requires, among other things, the assets acquired and liabilities assumed be recognized at their respective fair values as of the acquisition date. Acquisition accounting is dependent upon certain valuations and other studies that have yet to commence or progress to a stage where there is sufficient information for a definitive measurement. The process for estimating the fair values of identifiable intangible assets and certain tangible assets and assumed liabilities requires the use of judgment in determining the appropriate assumptions and estimates.

The entire purchase price allocation for Synergy is preliminary. As we finalize the fair value of assets acquired and liabilities assumed, additional purchase price adjustments will be recorded during the measurement period. Fair value estimates are based on a complex series of judgments about future events and uncertainties and rely heavily on estimates and assumptions. The judgments used to determine the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact our results of operations. The finalization of the purchase accounting assessment will result in changes in the valuation of assets acquired and liabilities assumed and may have a material impact on the our results of operations and financial position. Goodwill will be allocated to the Healthcare Products, Healthcare Specialty Services, and Applied Sterilization Technologies segments. Goodwill is the excess of the consideration transferred over the net assets recognized and represents the expected revenue and cost synergies of the combined company and assembled workforce, which are further described above. Goodwill recognized as a result of the acquisition is not deductible for tax purposes.

Other Fiscal 2016 Acquisitions

On July 31, 2015 we acquired all of the outstanding shares of General Econopak, Inc. ("Gepco") for a purchase price of \$176,260 in cash, subject to a customary working capital adjustment. Gepco is a Pennsylvania-based manufacturer of product solutions in the areas of sterility maintenance, barrier protection, and sterile cleanroom products for pharmaceutical, biotechnology and veterinary Customers. Gepco is being integrated into our Life Sciences business segment. The purchase price was financed through a combination of credit facility borrowings and cash on hand. The allocation of premium to intangibles and goodwill is preliminary and will be finalized after the valuation reports are completed. We anticipate that the acquisition will qualify for joint election tax benefit under Section 338 (h)(10) of the Internal Revenue Code. We recorded \$2,379 of acquisition related costs, which are reported in selling, general and administrative expense.

On June 12, 2015 we acquired the capital stock of Black Diamond Video, Inc. ("Black Diamond"), a California-based developer and provider of operating room integration systems. The purchase price was approximately \$46,766, which includes deferred consideration of \$5,870, to be paid approximately twelve months after the closing date, and contingent consideration of \$800, and is subject to a working capital adjustment. The transaction consideration paid at closing was funded with cash on hand. Black Diamond is being integrated into our Healthcare Products business segment. The allocation of premium to intangibles and goodwill is preliminary and will be finalized after the valuation reports are completed.

We also completed several other minor purchases that continued to expand our service offerings in the Healthcare Products, Healthcare Specialty Services and Life Sciences segments. The aggregate purchase price associated with these transactions was approximately \$41,344, including potential contingent consideration of \$1,760.

The Consolidated Financial Statements include the operating results of these fiscal 2016 acquisitions from the acquisition dates. Pro-forma results of operations for the fiscal 2015 periods have not been presented because the effects of the acquisition were not material to our financial results. Acquisition related costs associated with fiscal 2016 acquisitions with the exception of Synergy and Gepco, have not been significant.

Fair Value of Assets Acquired and Liabilities Assumed

The table below presents the preliminary estimated fair values of assets acquired and liabilities assumed on the acquisition date. These preliminary estimates will be revised during the measurement period as third-party valuations are finalized, additional information becomes available and as additional analyzes are performed, and these differences could have a material impact on our results of operations and financial position.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)—(Continued)
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| | Synergy (1) | Gepco (1) | Black Diamond (1) | Other Acquisitions |
|----------------------------------|---------------------|-------------------|----------------------|-----------------------|
| Cash | \$ 53,057 | \$ 1,108 | \$ — | \$ — |
| Accounts receivable | 104,666 | 4,161 | 2,966 | 3,859 |
| Inventory | 30,074 | 1,926 | 3,309 | 1,108 |
| Property, plant and equipment | 534,879 | 946 | 607 | 1,979 |
| Other assets | 19,708 | 1,621 | 43 | — |
| Intangible assets | 806,526 | 67,189 | 13,500 | 13,631 |
| Goodwill | 1,415,274 | 100,782 | 36,654 | 22,093 |
| Total assets acquired | 2,964,184 | 177,733 | 57,079 | 42,670 |
| Current liabilities | (110,727) | (1,473) | (4,525) | (1,277) |
| Long-term indebtedness | (321,082) | — | — | — |
| Other non-current liabilities | (230,020) | — | (5,788) | (49) |
| Total liabilities assumed | (661,829) | (1,473) | (10,313) | (1,326) |
| Net assets acquired | \$ 2,302,355 | \$ 176,260 | \$ 46,766 | \$ 41,344 |

(1) Purchase price allocation is still preliminary as of December 31, 2015, as valuations have not been finalized.

Intangible assets acquired in the Synergy acquisition consist of trade names, technology and Customer relationships. Preliminary values and useful lives are presented in the table below.

| | Total (1) | Useful Live |
|----------------------------------|-------------------|-------------|
| Customer relationships | \$ 717,254 | 10-17 years |
| Trade names | 64,645 | 10 years |
| Technology | 24,627 | 7 years |
| Total intangible assets acquired | <u>\$ 806,526</u> | |

(1) Amounts are preliminary as of December 31, 2015, as valuations have not been finalized.

Contingent liabilities assumed as part of the Combination total \$7,082 and are included within accrued expenses and other and other liabilities in the condensed consolidated balance sheet. These contingent liabilities include \$5,521 related to income taxes (including uncertain tax positions) and \$1,561 related to contingent consideration associated with prior acquisitions completed by Synergy. Contingent liabilities are recorded at their estimated fair values, aside from those pertaining to uncertainty in income taxes which are an exception to the fair value basis of accounting. See note 16, titled "Fair Value Measurements" to the condensed consolidated financial statements for additional information on contingent liabilities. The estimated fair values noted above are preliminary and are subject to change upon finalization of the purchase accounting assessment and may have a material impact on the our results of operations and financial position.

Actual and Pro Forma Impact

Our consolidated financial statements include Synergy's results of operations from the date of acquisition on November 2, 2015 through December 31, 2015. Net sales and operating income (loss) attributable to Synergy during this period and included in our consolidated financial statements for the three and nine month periods ended December 31, 2015 total \$103,052 and \$(1,659), respectively.

The following unaudited pro forma information gives effect to our acquisition of Synergy as if the acquisition had occurred on April 1, 2014 and Synergy had been included in our consolidated results of operations for the three and nine month periods ended December 31, 2015 and December 31, 2014.

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| | Three Months Ended December 31, | | Nine Months Ended December 31, | |
|---------------------------------------|--|-------------|---------------------------------------|--------------|
| | (unaudited) | | (unaudited) | |
| | 2015 | 2014 | 2015 | 2014 |
| Net revenues | \$ 681,254 | \$ 638,857 | \$ 1,928,779 | \$ 1,831,740 |
| Net income from continuing operations | 45,190 | 39,406 | 118,388 | 111,046 |

The historical consolidated financial information of STERIS and Synergy has been adjusted in the pro forma information to give effect to pro forma events that are (1) directly attributable to the transaction, (2) factually supportable and (3) expected to have a continuing impact on the combined results. In order to reflect the occurrence of the acquisition on April 1, 2014 as required, the unaudited pro forma results include adjustments to reflect the amortization of the inventory step-up, the incremental depreciation from the fair value adjustments to property, plant and equipment, and the incremental intangible asset amortization to be incurred based on preliminary valuations of assets acquired. Adjustments to financing costs and income tax expense also were made to reflect the capital structure and anticipated effective tax rate of the combined entity. These pro forma amounts are not necessarily indicative of the results that would have been obtained if the acquisition had occurred as of the beginning of the period presented or that may occur in the future, and does not reflect future synergies, integration costs, or other such costs or savings.

19. Related Party Transactions

On October 26, 2015, in connection with the consummation of the Combination, Dr. Richard Steeves, Group Executive Officer and Director of Synergy, elected to exercise employee stock options and hold the resulting Synergy shares. This exercise created an obligation on the part of Dr. Steeves totaling £3.1 million for income taxes and United Kingdom National Insurance contributions to be remitted by Synergy on his behalf, as well as the option exercise price. Synergy's past practice, when requested by the employee who elected to exercise stock options and hold the resulting shares, was to pay income taxes and U.K. National Insurance contributions when due and obtain reimbursement from the employee for such taxes and the option exercise price within 90 days from the date of remittance. Upon completion of the Combination on November 2, 2015, Dr. Steeves ceased to be the Group Executive Officer and a Director of Synergy and became a non-executive Director of STERIS plc.

Pursuant to the terms of the Combination, Dr. Steeves received STERIS plc shares and cash proceeds on November 6, 2015 in exchange for his Synergy equity holdings. The amount of the cash proceeds was £1.25 million, which was retained by Synergy and applied to his obligation, thereby reducing it to £1.86 million. Synergy remitted the £3.1 million of income taxes and U.K. National Insurance contributions to the appropriate United Kingdom agencies on November 20, 2015. Dr. Steeves remitted the balance of £1.86 million to Synergy on January 27, 2016 in satisfaction of his obligation to reimburse Synergy for the sums remitted by Synergy on his behalf. The arrangement between Dr. Steeves and Synergy effectively created a receivable that, under U.S. GAAP, was considered a loan. Loans by a public company to its executive officers and directors are prohibited under the Sarbanes-Oxley Act of 2002 and are also prohibited by the Company's corporate governance policies and procedures. STERIS Corporation was not aware at the time of the closing of the Combination that Synergy had agreed to defer to a later date Dr. Steeves's obligation to reimburse the income taxes and U.K. National Insurance contributions and the option exercise price. Senior management learned of the arrangement when it was identified in the Company's quarterly internal controls processes.

Prepaid expenses and other current assets in the Company's consolidated balance sheet includes the amount outstanding from Dr. Steeves, as well as a further amount due from another Synergy employee who also elected to exercise and hold Synergy shares immediately prior to the completion of the Combination. The other employee is neither an executive officer nor director of the Company. This additional amount was \$368, which resulted in total receivables for both option exercises of \$5,152 and \$3,117 as of the November 2, 2015 acquisition date and December 31, 2015, respectively. The December 31, 2015 balances were remitted to Synergy in January 2016 and as a result of the repayments, no such amounts remain outstanding.

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
STERIS plc

We have reviewed the consolidated balance sheet of STERIS plc and subsidiaries (“STERIS”), the successor registrant to STERIS Corporation, as of December 31, 2015 and the related consolidated statements of income and comprehensive income for the three- and nine-month periods ended December 31, 2015 and 2014, and the consolidated statements of cash flows for the nine-month periods ended December 31, 2015 and 2014. These financial statements are the responsibility of STERIS management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of STERIS plc and subsidiaries as of March 31, 2015, and the related consolidated statements of income, comprehensive income, shareholders’ equity and cash flows for the year then ended (not presented herein) and we expressed an unqualified opinion on those consolidated financial statements in our report dated May 27, 2015. In our opinion, the accompanying consolidated balance sheet of STERIS plc and subsidiaries as of March 31, 2015 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Ernst & Young LLP

Cleveland, Ohio
February 9, 2016

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

In Management's Discussion and Analysis of Financial Condition and Results of Operations (the "MD&A"), we explain the general financial condition and the results of operations for STERIS including:

- what factors affect our business;
- what our earnings and costs were in each period presented;
- why those earnings and costs were different from prior periods;
- where our earnings came from;
- how this affects our overall financial condition;
- what our expenditures for capital projects were; and
- where cash will come from to fund future debt principal repayments, growth outside of core operations, repurchase common shares, pay cash dividends and fund future working capital needs.

As you read the MD&A, it may be helpful to refer to information in our consolidated financial statements, which present the results of our operations for the third quarter and first nine months of fiscal 2016 and fiscal 2015. It may also be helpful to read the MD&A in Old STERIS's Annual Report on Form 10-K for the year ended March 31, 2015, dated May 27, 2015. In the MD&A, the period-over-period changes in the specific line items in the Consolidated Statements of Income are analyzed and explained. This analysis may be important to you in making decisions about your investments in STERIS.

Financial Measures

In the following sections of the MD&A, we may, at times, refer to financial measures that are not required to be presented in the consolidated financial statements under U.S. GAAP. We sometimes use the following financial measures in the context of this report: backlog; debt-to-total capital; net debt-to-total capital; and days sales outstanding. We define these financial measures as follows:

- **Backlog** – We define backlog as the amount of unfilled capital equipment purchase orders at a point in time. We use this figure as a measure to assist in the projection of short-term financial results and inventory requirements.
- **Debt-to-total capital** – We define debt-to-total capital as total debt divided by the sum of total debt and shareholders' equity. We use this figure as a financial liquidity measure to gauge our ability to borrow and fund growth.
- **Net debt-to-total capital** – We define net debt-to-total capital as total debt less cash ("net debt") divided by the sum of net debt and shareholders' equity. We also use this figure as a financial liquidity measure to gauge our ability to borrow and fund growth.
- **Days sales outstanding ("DSO")** – We define DSO as the average collection period for accounts receivable. It is calculated as net accounts receivable divided by the trailing four quarters' revenues, multiplied by 365 days. We use this figure to help gauge the quality of accounts receivable and expected time to collect.

We, at times, may also refer to financial measures which are considered to be "non-GAAP financial measures" under SEC rules. We have presented these financial measures because we believe that meaningful analysis of our financial performance is enhanced by an understanding of certain additional factors underlying that performance. These financial measures should not be considered an alternative to measures required by accounting principles generally accepted in the United States. Our calculations of these measures may differ from calculations of similar measures used by other companies and you should be careful when comparing these financial measures to those of other companies. Additional information regarding these financial measures, including reconciliations of each non-GAAP financial measure, is available in the subsection of MD&A titled, "Non-GAAP Financial Measures."

Revenues – Defined

As required by Regulation S-X, we separately present revenues generated as either product revenues or service revenues on our Consolidated Statements of Income for each period presented. When we discuss revenues, we may, at times, refer to revenues summarized differently than the Regulation S-X requirements. The terminology, definitions, and applications of terms that we use to describe revenues may be different from terms used by other companies. We use the following terms to describe revenues:

- **Revenues** – Our revenues are presented net of sales returns and allowances.
- **Product Revenues** – We define product revenues as revenues generated from sales of consumable and capital equipment products.
- **Service Revenues** – We define service revenues as revenues generated from parts and labor associated with the maintenance, repair, and installation of our capital equipment. Service revenues also include hospital sterilization services, instrument and scope repairs, and linen management as well as revenues generated from contract sterilization and laboratory services offered through our Applied Sterilization Technologies segment.
- **Capital Revenues** – We define capital revenues as revenues generated from sales of capital equipment, which includes steam sterilizers, low temperature liquid chemical sterilant processing systems, including SYSTEM 1 and 1E, washing systems, VHP® technology, water stills, and pure steam generators; surgical lights and tables; and integrated OR.
- **Consumable Revenues** – We define consumable revenues as revenues generated from sales of the consumable family of products, which includes SYSTEM 1 and 1E consumables, V-Pro consumables, gastrointestinal endoscopy accessories, sterility assurance products, skin care products, cleaning consumables, and surgical instruments.
- **Recurring Revenues** – We define recurring revenues as revenues generated from sales of consumable products and service revenues.

General Company Overview and Executive Summary

STERIS plc, a public limited company organized under the laws of England and Wales, was incorporated on October 9, 2014 as a private limited company under the name New STERIS Limited and was re-registered effective November 2, 2015 as a public limited company under the name STERIS plc. New STERIS Limited was established to effect the combination (“Combination”) of STERIS Corporation, an Ohio corporation (“Old STERIS”), and Synergy Health plc, a public limited company organized under the laws of the England and Wales (“Synergy”). This Combination closed on November 2, 2015 and as a result STERIS plc became the ultimate parent company of Old STERIS and Synergy. Synergy has been re-registered under the name Synergy Health Limited. The Combination was accounted for in the consolidated financial statements as a merger between entities under common control; accordingly the historical consolidated financial statements of Old STERIS for periods prior to November 2, 2015 are considered to be the historical financial statements of STERIS plc.

Due to the timing of the closing of the Combination, the results of Synergy are only reflected in the results of operations of the Company from November 2, 2015 forward, which will affect comparability to the prior period historical operations of the Company throughout this quarterly report on Form 10-Q.

As a result of the Combination, we have reorganized our operations into four reportable business segments: Healthcare Products, Healthcare Specialty Services, Life Sciences, and Applied Sterilization Technologies. We describe our business segments in note 10 to our consolidated financial statements titled, “Business Segment Information.”

Our mission is to help our Customers create a healthier and safer world by providing innovative healthcare and life science product and service solutions around the globe. Our dedicated employees around the world work together to supply a broad range of solutions by offering a combination of capital equipment, consumables, medical devices and services to healthcare, pharmaceutical, industrial, and governmental Customers.

The bulk of our revenues are derived from the healthcare and pharmaceutical industries. Much of the growth in these industries is driven by the aging of the population throughout the world, as an increasing number of individuals are entering their prime healthcare consumption years, and is dependent upon advancement in healthcare delivery, acceptance of new technologies, government policies, and general economic conditions. In addition, each of our core industries is experiencing specific trends that could increase demand. Within healthcare, there is increased concern regarding the level of hospital-acquired infections around the world. The pharmaceutical industry has been impacted by increased FDA scrutiny of cleaning and validation processes, mandating that manufacturers improve their processes. The aging population increases the demand for medical procedures, which increases the consumption of single use medical devices and surgical kits processed by our Applied Sterilization Technologies segment.

We are actively pursuing new opportunities to adapt our proven technologies to meet the changing needs of the global marketplace.

We also are pursuing a strategy of expanding into adjacent markets with acquisitions in the Healthcare Products, Healthcare Specialty Services and Life Sciences segments. On July 31, 2015 we acquired all of the outstanding shares of General Econopak, Inc. (“Gepco”) a Pennsylvania-based manufacturer of consumable product solutions in the areas of sterility maintenance, barrier protection, and sterile cleanroom products for pharmaceutical, biotechnology and veterinary Customers. On June 12, 2015 we acquired the capital stock of Black Diamond Video, Inc. (“Black Diamond”), a California-based developer and provider of operating room integration systems. We also completed several other minor purchases that continued to expand our service offerings in the Healthcare Products, Healthcare Specialty Services and Life Sciences segments.

Fiscal 2016 third quarter revenues were \$618.7 million representing an increase of 30.7% over the fiscal 2015 third quarter revenues of \$473.2 million, reflecting growth within all reportable business segments including growth resulting from the Combination. Fiscal 2016 first nine months revenues were \$1,548.5 million representing an increase of 14.8% over the first nine months of fiscal 2015 revenues of \$1,348.6 million, reflecting growth within all reportable business segments including growth resulting from the Combination.

Fiscal 2016 third quarter gross margin percentage was 38.5% compared with 41.7% for the fiscal 2015 third quarter, while fiscal 2016 first nine months gross margin percentage was 40.8% compared with 41.6% for the first nine months of fiscal 2015. As anticipated, the addition of Synergy's hospital sterilization services and linen management business is a key factor in the declines in gross margin percentages. Gross margin percentages in the third quarter and first nine months of fiscal 2016 were favorably impacted by favorable currency movements and pricing.

Fiscal 2016 third quarter operating income was \$46.7 million, compared to fiscal 2015 third quarter operating income of \$61.3 million. Fiscal 2016 first nine months operating income was \$113.6 million compared to the fiscal 2015 first nine months operating income of \$158.9 million. Contributing to these decreases were additional acquisition costs related to our Combination with Synergy of \$29.4 million and \$58.9 million, in the third quarter and year to date fiscal 2016 periods, respectively, over the prior year periods. In addition, we incurred \$26.5 million in the second quarter of fiscal 2016 in connection with a settlement of a legacy pension obligation (see Note 8 to our financial statements titled, "Benefit Plans" for more information).

Cash flows from operations were \$104.6 million and free cash flow was \$22.9 million in the first nine months of fiscal 2016 compared to cash flows from operations of \$165.2 million and free cash flow of \$109.3 million in the first nine months of fiscal 2015. The decreases in cash flow from operations are primarily due to expenses related to the Combination with Synergy and other acquisitions. In addition, cash flow from operations was reduced by an increase in the amount paid in fiscal 2016 over fiscal 2015 related to our annual compensation program and a pension contribution made in connection with the settlement of a legacy pension obligation (see Note 8 to our financial statements titled, "Benefit Plans" for more information on the pension obligation settlement). Free cash flow was impacted by the decline in cash flow from operations as well as an increase in purchases of property, plant, equipment and intangibles. Our debt-to-total capital ratio was 35.5% at December 31, 2015 and 36.7% at March 31, 2015. During the first nine months of fiscal 2016, we declared and paid quarterly cash dividends of \$0.73 per common share.

Additional information regarding our financial performance during the fiscal third quarter and first nine months of 2016 is included in the subsection below titled "Results of Operations."

Matters Affecting Comparability

International Operations. Since we conduct operations outside of the United States using various foreign currencies, our operating results are impacted by foreign currency movements relative to the U.S. dollar. During the third quarter of fiscal 2016, our revenues were unfavorably impacted by \$7.3 million, or 1.4%, and income before taxes was favorably impacted by \$7.2 million, or 21.6%, as a result of foreign currency movements relative to the U.S. dollar. During the first nine months of fiscal 2016, our revenues were unfavorably impacted by \$23.8 million, or 1.6%, and income before taxes was favorably impacted by \$18.1 million, or 17.6%, as a result of foreign currency movements relative to the U.S. dollar.

NON-GAAP FINANCIAL MEASURES

We, at times, refer to financial measures which are considered to be "non-GAAP financial measures" under SEC rules. We, at times, also refer to our results of operations excluding certain transactions or amounts that are non-recurring or are not indicative of future results, in order to provide meaningful comparisons between the periods presented.

These non-GAAP financial measures are not intended to be, and should not be, considered separately from or as an alternative to the most directly comparable GAAP financial measures.

These non-GAAP financial measures are presented with the intent of providing greater transparency to supplemental financial information used by management and the Board of Directors in their financial analysis and operational decision-making. These amounts are disclosed so that the reader has the same financial data that management uses with the belief that it will assist investors and other readers in making comparisons to our historical operating results and analyzing the underlying performance of our operations for the periods presented.

We believe that the presentation of these non-GAAP financial measures, when considered along with our GAAP financial measures and the reconciliation to the corresponding GAAP financial measures, provide the reader with a more complete understanding of the factors and trends affecting our business than could be obtained absent this disclosure. It is important for

the reader to note that the non-GAAP financial measure used may be calculated differently from, and therefore may not be comparable to, a similarly titled measure used by other companies.

We define free cash flow as net cash provided by operating activities as presented in the Consolidated Statements of Cash Flows less purchases of property, plant, equipment, and intangibles plus proceeds from the sale of property, plant, equipment, and intangibles, which are also presented in the Consolidated Statements of Cash Flows. We use this as a measure to gauge our ability to fund future debt principal repayments and growth outside of core operations, pay cash dividends and repurchase shares. The following table summarizes the calculation of our free cash flow for the nine month periods ended December 31, 2015 and 2014:

| <i>(dollars in thousands)</i> | Nine Months Ended December 31, | |
|--|---|-------------------|
| | 2015 | 2014 |
| Net cash flows provided by operating activities | \$ 104,619 | \$ 165,210 |
| Purchases of property, plant, equipment and intangibles, net | (82,117) | (56,757) |
| Proceeds from the sale of property, plant, equipment and intangibles | 400 | 812 |
| Free cash flow | \$ 22,902 | \$ 109,265 |

Results of Operations

In the following subsections, we discuss our earnings and the factors affecting them for the third quarter and the first nine months of fiscal 2016 compared with the same fiscal 2015 periods. We begin with a general overview of our operating results and then separately discuss earnings for our operating segments.

Revenues. The following tables compare our revenues for the three and nine months ended December 31, 2015 to the revenues for the three and nine months ended December 31, 2014:

| <i>(dollars in thousands)</i> | Three Months Ended December 31, | | | Change | Percent Change |
|-------------------------------|--|-------------|------------|---------------|---------------------------|
| | 2015 | 2014 | | | |
| Total revenues | \$ 618,688 | \$ 473,244 | \$ 145,444 | 30.7% | |
| Revenues by type: | | | | | |
| Capital equipment revenues | 167,718 | 151,217 | 16,501 | 10.9% | |
| Consumable revenues | 137,438 | 116,068 | 21,370 | 18.4% | |
| Service revenues | 313,532 | 205,959 | 107,573 | 52.2% | |
| Revenues by geography: | | | | | |
| United Kingdom revenues | 51,468 | 13,421 | 38,047 | 283.5% | |
| United States revenues | 438,250 | 367,059 | 71,191 | 19.4% | |
| Other foreign revenues | 128,970 | 92,764 | 36,206 | 39.0% | |

| <i>(dollars in thousands)</i> | Nine Months Ended December 31, | | | Percent Change |
|-------------------------------|--------------------------------|--------------|------------|-------------------|
| | 2015 | 2014 | Change | |
| Total revenues | \$ 1,548,487 | \$ 1,348,616 | \$ 199,871 | 14.8% |
| Revenues by type: | | | | |
| Capital equipment revenues | 437,975 | 415,100 | 22,875 | 5.5% |
| Consumable revenues | 373,633 | 339,470 | 34,163 | 10.1% |
| Service revenues | 736,879 | 594,046 | 142,833 | 24.0% |
| Revenues by geography: | | | | |
| United Kingdom revenues | 73,382 | 38,225 | 35,157 | 92.0% |
| United States revenues | 1,193,940 | 1,049,892 | 144,048 | 13.7% |
| Other foreign revenues | 281,165 | 260,499 | 20,666 | 7.9% |

Quarter over Quarter Comparison

Revenues increased \$145.4 million, or 30.7%, to \$618.7 million for the quarter ended December 31, 2015, as compared to \$473.2 million for the same quarter in the prior year. This increase is attributable to growth within all reportable business segments. Recent acquisitions contributed 25.4% and impacted all three revenue types. Capital equipment revenues increased 10.9% in the fiscal 2016 third quarter over the fiscal 2015 third quarter. This increase is primarily attributable to strong growth within the United States. Consumable revenues increased 18.4% for the quarter ended December 31, 2015, as compared to the prior year quarter, driven largely by growth within the United States and United Kingdom. Service revenues increased 52.2% in the third quarter of fiscal 2016 primarily driven by growth within the Europe, Middle East, and Africa region ("EMEA") and United States.

United Kingdom revenues increased \$38.0 million, or 283.5%, to \$51.5 million for the quarter ended December 31, 2015, as compared to \$13.4 million for the same prior year quarter. This increase reflects growth in both consumable and service revenues and is primarily attributable to the Synergy acquisition.

United States revenues increased \$71.2 million, or 19.4%, to \$438.3 million for the quarter ended December 31, 2015, as compared to \$367.1 million for the same prior year quarter. This increase reflects growth in capital equipment, consumable and service revenues.

Revenues from other foreign locations increased \$36.2 million, or 39.0%, to \$129.0 million, for the quarter ended December 31, 2015, as compared to \$92.8 million for the same prior year period with growth in the EMEA, Asia Pacific and Latin American regions, partially offset by a decline in Canada.

First Nine Months over First Nine Months Comparison

Revenues increased \$199.9 million or 14.8% to \$1,548.5 million for the first nine months of fiscal 2016, as compared to \$1,348.6 million for the same prior year period. This increase is attributable to growth within all reportable business segments. Recent acquisitions contributed 9.8% and impacted all three revenue types. Capital equipment revenues for the first nine months of fiscal 2016 increased \$22.9 million or 5.5% compared to the prior year period. Consumable revenues for the first nine months of fiscal 2016 increased 10.1% over the first nine months of fiscal 2015. These increases in both capital equipment and consumable revenues were primarily attributable to growth within the United States. Service revenues during the first nine months of fiscal 2016 increased 24.0% over the first nine months of fiscal 2015 primarily driven by growth within the United States and the EMEA region.

United Kingdom revenues for the first nine months of fiscal 2016 were \$73.4 million, an increase of \$35.2 million or 92.0% over the the first nine months of fiscal 2015 revenues of \$38.2 million. This increase reflects growth in both consumable and service revenues and is primarily attributable to the Synergy acquisition.

United States revenues for the first nine months of fiscal 2016 were \$1,193.9 million, an increase of 13.7% over the first nine months of fiscal 2015 revenues of \$1,049.9 million. This increase reflects growth in capital equipment, consumable and service revenues.

Revenues from other foreign locations increased \$20.7 million, or 7.9%, to \$281.2 million for the nine months ended December 31, 2015, as compared to \$260.5 million for the same prior year period with growth in the EMEA and Asia Pacific regions, partially offset by declines in Canada and Latin American region.

Revenues by segment are further discussed in the section of MD&A titled, "Business Segment Results of Operations."

Gross Profit. The following tables compare our gross profit for the three and nine months ended December 31, 2015 to the three and nine months ended December 31, 2014:

| <i>(dollars in thousands)</i> | Three Months Ended December 31, | | Change | Percent Change |
|--------------------------------------|---------------------------------|-------------------|------------------|----------------|
| | 2015 | 2014 | | |
| Gross profit: | | | | |
| Product | \$ 139,581 | \$ 117,121 | \$ 22,460 | 19.2% |
| Service | 98,600 | 80,035 | 18,565 | 23.2% |
| Total gross profit | \$ 238,181 | \$ 197,156 | \$ 41,025 | 20.8% |
| Gross profit percentage: | | | | |
| Product | 45.7% | 43.8% | | |
| Service | 31.4% | 38.9% | | |
| Total gross profit percentage | 38.5% | 41.7% | | |

| <i>(dollars in thousands)</i> | Nine Months Ended December 31, | | Change | Percent Change |
|--------------------------------------|--------------------------------|-------------------|------------------|----------------|
| | 2015 | 2014 | | |
| Gross profit: | | | | |
| Product | \$ 368,089 | \$ 331,440 | \$ 36,649 | 11.1% |
| Service | 263,503 | 229,801 | 33,702 | 14.7% |
| Total gross profit | \$ 631,592 | \$ 561,241 | \$ 70,351 | 12.5% |
| Gross profit percentage: | | | | |
| Product | 45.4% | 43.9% | | |
| Service | 35.8% | 38.7% | | |
| Total gross profit percentage | 40.8% | 41.6% | | |

Our gross margin percentage is affected by the volume, pricing, and mix of sales of our products and services, as well as the costs associated with the products and services that are sold. Gross margin increased \$41.0 million and declined 320 basis points as a percentage of revenues in the fiscal 2016 third quarter as compared to the fiscal 2015 third quarter. Gross margin increased \$70.4 million and declined 80 basis points as a percentage of revenues in the fiscal 2016 year to date period as compared to the same period of fiscal 2015. As anticipated, the addition of Synergy's hospital sterilization services and linen management businesses is a key factor in the declines in gross margin percentages. Gross margin percentages were favorably impacted by foreign currency movements of 150 basis points and 140 basis points in the three and nine month periods of fiscal 2016, respectively. Pricing was favorable by 50 basis points and 30 basis points in the three and nine month periods of fiscal 2016, respectively.

Operating Expenses. The following tables compare our operating expenses for the three and nine months ended December 31, 2015 to the three and nine months ended December 31, 2014:

| <i>(dollars in thousands)</i> | Three Months Ended December 31, | | Change | Percent Change |
|--------------------------------------|---------------------------------|-------------------|------------------|----------------|
| | 2015 | 2014 | | |
| Operating expenses: | | | | |
| Selling, general, and administrative | \$ 177,319 | \$ 122,370 | \$ 54,949 | 44.9 % |
| Research and development | 14,334 | 14,549 | (215) | (1.5)% |
| Restructuring expenses | (194) | (1,109) | 915 | NM |
| Total operating expenses | \$ 191,459 | \$ 135,810 | \$ 55,649 | 41.0 % |

NM - Not meaningful.

| <i>(dollars in thousands)</i> | Nine Months Ended December 31, | | | Percent Change |
|--------------------------------------|--------------------------------|-------------------|-------------------|----------------|
| | 2015 | 2014 | Change | |
| Operating expenses: | | | | |
| Selling, general, and administrative | \$ 476,613 | \$ 362,350 | \$ 114,263 | 31.5% |
| Research and development | 42,354 | 39,964 | 2,390 | 6.0% |
| Restructuring expenses | (976) | (10) | (966) | NM |
| Total operating expenses | \$ 517,991 | \$ 402,304 | \$ 115,687 | 28.8% |

Selling, General, and Administrative Expenses. Significant components of total selling, general, and administrative expenses (“SG&A”) are compensation and benefit costs, fees for professional services, travel and entertainment, facilities costs, and other general and administrative expenses. SG&A increased 44.9% in the third quarter of fiscal 2016 over the third quarter of fiscal 2015, and increased 31.5% in the first nine months of fiscal 2016 over the first nine months of fiscal 2015. Contributing to these increases were additional acquisition and integrations costs related to recent acquisitions, including Synergy, of \$30.9 million and \$59.7 million, quarter to date and year to date, respectively, over the prior year periods. Higher amortization of acquired intangible assets also contributed to the increase in SG&A in both periods. In addition, we incurred \$26.5 million in the second quarter of fiscal 2016 in connection with the settlement of a legacy pension obligation (see Note 8 to our financial statements titled, "Benefit Plans" for more information).

For the three month period ended December 31, 2015, research and development expenses decreased 1.5% over the same prior year period. For the first nine months of fiscal 2016, research and development expenses were \$42.4 million, representing an increase of 6.0% compared to the same fiscal 2015 period. The increase in the fiscal 2016 nine month period is attributable to additional spending in connection with the development of healthcare products and accessories. Research and development expenses are influenced by the number and timing of in-process projects and labor hours and other costs associated with these projects. Our research and development initiatives continue to emphasize new product development, product improvements, and the development of new technological platform innovations. During fiscal 2016, our investments in research and development continued to be focused on, but were not limited to, enhancing capabilities of sterile processing combination technologies, procedural products and accessories, and devices and support accessories used in gastrointestinal endoscopy procedures.

Restructuring Expenses. During the fourth quarter of fiscal 2014, Old STERIS's adopted and announced a targeted restructuring plan primarily focused on the closure of its Hopkins manufacturing facility located in Mentor, Ohio (the “Fiscal 2014 Restructuring Plan”). As a result of this plan, operations located at Hopkins have been transferred to other North American locations. We believe that by closing the operations at Hopkins we will more effectively utilize our existing North American manufacturing network while reducing operating costs.

Since the inception of the Fiscal 2014 Restructuring Plan, we have incurred pre-tax expenses totaling \$18.8 million related to these actions, of which \$10.7 million was recorded as restructuring expenses and \$8.1 million was recorded in cost of revenues. These actions are intended to enhance profitability and improve efficiencies. We do not expect to incur any significant additional restructuring expenses related to this plan.

Non-Operating Expenses, Net. Non-operating expenses, net consists of interest expense on debt, offset by interest earned on cash, cash equivalents, short-term investment balances, and other miscellaneous expense. The following table compares our non-operating expenses, net for the three and nine month periods ended December 31, 2015 and December 31, 2014:

| <i>(dollars in thousands)</i> | Three Months Ended December 31, | | |
|---|---------------------------------|-----------------|------------------|
| | 2015 | 2014 | Change |
| Non-operating expenses, net: | | | |
| Interest expense | \$ 17,706 | \$ 4,822 | \$ 12,884 |
| Interest income and miscellaneous expense | (406) | (417) | 11 |
| Non-operating expenses, net | \$ 17,300 | \$ 4,405 | \$ 12,895 |

| <i>(dollars in thousands)</i> | Nine Months Ended December 31, | | |
|---|--------------------------------|------------------|------------------|
| | 2015 | 2014 | Change |
| Non-operating expenses, net: | | | |
| Interest expense | \$ 31,312 | \$ 14,452 | \$ 16,860 |
| Interest income and miscellaneous expense | (1,116) | (673) | (443) |
| Non-operating expenses, net | \$ 30,196 | \$ 13,779 | \$ 16,417 |

Interest expense during the fiscal 2016 periods increased due to higher interest costs from our May 2015 issuance of senior notes in a private placement and additional borrowings under our credit facilities to fund acquisitions and the operations of acquired companies. Interest income and miscellaneous expense is immaterial.

Income Tax Expense. The following table compares our income tax expense and effective income tax rates for the three and nine months ended December 31, 2015 to the three and nine months ended December 31, 2014:

| <i>(dollars in thousands)</i> | Three Months Ended December 31, | | | Percent Change |
|-------------------------------|---------------------------------|-----------|-------------|----------------|
| | 2015 | 2014 | Change | |
| Income tax expense | \$ 8,268 | \$ 18,817 | \$ (10,549) | (56.1)% |
| Effective income tax rate | 28.1% | 33.0% | | |

| <i>(dollars in thousands)</i> | Nine Months Ended December 31, | | | Percent Change |
|-------------------------------|--------------------------------|-----------|-------------|----------------|
| | 2015 | 2014 | Change | |
| Income tax expense | \$ 29,689 | \$ 51,493 | \$ (21,804) | (42.3)% |
| Effective income tax rate | 35.6% | 35.5% | | |

Income tax expense includes United States federal, state and local, and foreign income taxes, and is based on reported pre-tax income. The effective income tax rates for the three-month periods ended December 31, 2015 and 2014 were 28.1% and 33.0%, respectively. The effective income tax rates for the nine-month periods ended December 31, 2015 and 2014 were 35.6% and 35.5%, respectively. During the first nine months of fiscal 2016 we were unfavorably impacted by acquisition costs. However, this impact was offset by our re-domiciliation in the third quarter and discrete item adjustments.

We record income tax expense during interim periods based on our estimate of the annual effective income tax rate, adjusted each quarter for discrete items. We analyze various factors to determine the estimated annual effective income tax rate, including projections of our annual earnings and taxing jurisdictions in which the earnings will be generated, the impact of state and local income taxes, our ability to use tax credits and net operating loss carryforwards, and available tax planning alternatives.

Business Segment Results of Operations. As a result of the recent Combination with Synergy, we have reassessed the organization of our business. We have concluded that we operate and report in four reportable business segments: Healthcare Products, Healthcare Specialty Services, Life Sciences, and Applied Sterilization Technologies. Corporate and other, which is presented separately, contains the Defense and Industrial business unit plus costs that are associated with being a publicly traded company and certain other corporate costs.

Our Healthcare Products segment offers infection prevention and procedural solutions for healthcare providers worldwide, including capital equipment and related maintenance and installation services, as well as consumables.

Our Healthcare Specialty Services segment provides a range of specialty services for healthcare providers including hospital sterilization services, instrument and scope repairs, and linen management.

Our Life Sciences segment offers capital equipment and consumable products, and equipment maintenance and specialty services for pharmaceutical manufacturers and research facilities.

Our Applied Sterilization Technologies segment offers contract sterilization and laboratory services for medical device and pharmaceutical Customers and others.

The accounting policies for reportable segments are the same as those for the consolidated Company. Management will evaluate performance and allocate resources based on a segment operating income measure. Operating income (loss) for each segment is calculated as the segment's gross profit less direct expenses and indirect cost allocations, which result in the full allocation of all distribution and research and development expenses, and the partial allocation of corporate costs. These

allocations are based upon variables such as segment headcount and revenues. In addition, the Healthcare Products segment is responsible for the management of all but two manufacturing facilities and uses standard cost to sell products to the other segments. Corporate and other includes the gross profit and direct expenses of the Defense and Industrial business unit, as well as certain unallocated corporate costs related to being a publicly traded company and legacy pension and post-retirement benefits. Segment operating income excludes certain adjustments which include acquisition related costs, amortization of acquired intangibles, restructuring costs and other charges that management believes may or may not recur with similar materiality or impact on operating income in future periods. Management believes that by excluding these items they gain better insight and greater transparency of the operating performance of the segments, thus aiding them in more meaningful financial trend analysis and operational decision making.

Old STERIS's Annual Report on Form 10-K for the year ended March 31, 2015, dated May 27, 2015, provides additional information regarding each business segment. The following table compares business segment revenues and our business segment operating income results for the three and nine months ended December 31, 2015 and December 31, 2014:

| <i>(dollars in thousands)</i> | Three Months Ended December 31, | | Nine Months Ended December 31, | |
|--|---------------------------------|-------------------|--------------------------------|---------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Revenues: | | | | |
| Healthcare Products | \$ 317,060 | \$ 287,515 | \$ 872,028 | \$ 823,957 |
| Healthcare Specialty Services | 128,326 | 65,682 | 264,974 | 183,219 |
| Life Sciences | 82,702 | 67,997 | 210,514 | 185,759 |
| Applied Sterilization Technologies | 90,225 | 50,960 | 199,753 | 154,003 |
| Corporate and other | 375 | 1,090 | 1,218 | 1,678 |
| Total revenues | \$ 618,688 | \$ 473,244 | \$ 1,548,487 | \$ 1,348,616 |
| Segment operating income: | | | | |
| Healthcare Products | \$ 52,141 | \$ 42,720 | \$ 120,674 | \$ 109,766 |
| Healthcare Specialty Services | 7,389 | 5,195 | 17,620 | 11,074 |
| Life Sciences | 24,115 | 16,482 | 58,448 | 41,615 |
| Applied Sterilization Technologies | 26,766 | 14,006 | 60,802 | 44,792 |
| Corporate and other | (2,648) | (1,406) | (8,580) | (5,310) |
| Total segment operating income | \$ 107,763 | \$ 76,997 | \$ 248,964 | \$ 201,937 |
| Less: Adjustments | | | | |
| Restructuring charges (1) | \$ (193) | \$ (1,076) | \$ (657) | \$ (427) |
| Amortization of acquired intangible assets (2) | 15,494 | 5,845 | 28,194 | 22,563 |
| Acquisition and integration related charges (3) | 41,726 | 10,860 | 77,254 | 17,556 |
| Amortization of inventory and property "step up" to fair value (2) | 4,060 | 22 | 4,102 | 1,310 |
| Settlement of pension obligation (4) | (46) | — | 26,470 | — |
| Loss on fair value of contingent consideration | — | — | — | 1,998 |
| Total operating income | \$ 46,722 | \$ 61,346 | \$ 113,601 | \$ 158,937 |

(1) See Note 2 to our Consolidated Financial Statements titled, "Restructuring" for more information related to restructuring.

(2) For more information regarding our recent acquisitions see Note 18 to our Consolidated Financial Statements titled, "Business Acquisitions", as well as Old STERIS's Annual Report on Form 10-K for the year ended March 31, 2015, dated May 27, 2015.

(3) Acquisition and integration related charges include transaction costs and integration expenses associated with acquisitions.

(4) See Note 8 to our Consolidated Financial Statements titled, "Benefit Plans" for more information related to the settlement of the pension obligation.

Healthcare Product revenues increased 10.3% for the quarter ended December 31, 2015, as compared to the same prior year quarter. Healthcare Product revenues for the first nine months of fiscal 2016 increased 5.8% as compared to the same prior year period. Fiscal 2016 third quarter increases reflect growth in capital equipment, consumable and service revenues of 11.5%, 14.9% and 2.6%, respectively. Fiscal 2016 first nine month revenue increases reflect growth in capital equipment, consumable and service revenues of 5.8%, 7.9% and 3.4%, respectively. These increases are primarily attributable to our Combination with Synergy, the recent acquisition of Black Diamond and strong growth in the United States. At December 31, 2015, the Healthcare Products segment's backlog amounted to \$144.6 million, increasing \$6.8 million, or 5.0%, compared to

the backlog of \$137.8 million at December 31, 2014. Healthcare Products backlog at December 31, 2015 increased \$47.0 million, or 48.1%, compared to the backlog of \$97.7 million at March 31, 2015. The increase in backlog levels is consistent with our expectation for higher shipments in the final three months of fiscal 2016.

Healthcare Specialty Service revenues increased 95.4% for the quarter ended December 31, 2015, as compared to the same prior year quarter. Healthcare Service revenues for the first nine months of fiscal 2016 increased 44.6% as compared to the same prior year period. The fiscal 2016 periods include two months of revenues, or approximately \$60.0 million, from the Healthcare Specialty Services businesses of Synergy.

Life Sciences revenues increased 21.6% for the quarter ended December 31, 2015, as compared to the same prior year quarter. This increase is attributable to \$10.1 million, or 44.7%, growth in consumable revenues which includes revenues from our fiscal 2016 acquisition of Gepco and growth in capital equipment and service revenues of 7.7% and 13.0%, respectively. Life Sciences revenues for the first nine months of fiscal 2016 increased 13.3% as compared to the first nine months of fiscal 2015. This increase is attributable to \$18.6 million, or 27.7%, growth in consumable revenues, which includes revenues from our fiscal 2016 acquisition of Gepco and growth in capital equipment and service revenues of 4.0% and 6.3%, respectively. At December 31, 2015, Life Sciences backlog amounted to \$45.7 million, increasing \$2.0 million, or 4.5%, compared to the backlog of \$43.7 million at December 31, 2014. Life Sciences backlog at December 31, 2015 increased by \$0.2 million, or 0.5%, compared to the backlog of \$45.5 million at March 31, 2015.

Applied Sterilization Technologies segment revenues increased 77.0% for the quarter ended December 31, 2015, as compared to the same prior year quarter. Applied Sterilization Technologies segment revenues for the first nine months of fiscal 2016 increased 29.7%, compared to the same prior year period. The fiscal 2016 periods include two months of revenues, or approximately \$35.8 million, from the acquisition of Synergy.

The Healthcare Products segment's operating income increased \$9.4 million to \$52.1 million for the third quarter of fiscal 2016 as compared to \$42.7 million in the same prior year period. The Healthcare Products segment's operating income for the first nine months of fiscal 2016 increased \$10.9 million to \$120.7 million as compared to \$109.8 million for the first nine months of fiscal 2015. The segment's operating margin was 16.4% for the third quarter of fiscal 2016 compared to 14.9% for the third quarter of fiscal 2015. The segment's operating margin was 13.8% for the first nine months of fiscal 2016 compared to 13.3% for the first nine months of fiscal 2015. The increases in the fiscal 2016 periods reflect the positive impact of increased volume both from acquisitions and organic growth, productivity improvements and favorable foreign currency exchange rates.

The Healthcare Specialty Services segment's operating income increased \$2.2 million to \$7.4 million for the third quarter of fiscal 2016 as compared to \$5.2 million in the same prior year period. The Healthcare segment's operating income for the first nine months of fiscal 2016 increased \$6.5 million to \$17.6 million as compared to \$11.1 million for the first nine months of fiscal 2015. The increases in the fiscal 2016 periods were primarily the result of additional volume both from the acquisition of Synergy and organic growth. The segment's operating margin was 5.8% for the third quarter of fiscal 2016 compared to 7.9% for the third quarter of fiscal 2015. The segment's operating margin was 6.6% for the first nine months of fiscal 2016 compared to 6.0% for the first nine months of fiscal 2015.

The Life Sciences business segment's operating income increased \$7.6 million to \$24.1 million for the third quarter of fiscal 2016 as compared to \$16.5 million for the same prior year period. The Life Sciences business segment's operating income for the first nine months of fiscal 2016 increased by \$16.8 million to \$58.4 million as compared to \$41.6 million in the first nine months of fiscal 2015. The segment's operating margin was 29.2% for the third quarter of fiscal 2016 compared to 24.2% for the third quarter of fiscal 2015. The segment's operating margin was 27.8% for the first nine months of fiscal 2016 compared to 22.4% for the first nine months of fiscal 2015. The increases in operating margins in both the third quarter and the first nine months of fiscal 2016 were primarily attributable to increased volumes in consumable and service offerings which generate higher margins, including results from our recent acquisition of Gepco.

The Applied Sterilization Technologies segment's operating income increased \$12.8 million to \$26.8 million for the third quarter of fiscal 2016 as compared to \$14.0 million for the same prior year period. The Applied Sterilization Technologies segment's operating income for the first nine months of fiscal 2016 increased \$16.0 million to \$60.8 million as compared to \$44.8 million in the first nine months of fiscal 2015. The Applied Sterilization Technologies segment's operating margin was 29.7% for the third quarter of fiscal 2016 compared to 27.5% in the same prior year period, while the operating margin was 30.4% in the first nine months of fiscal 2016 compared to 29.1% in the first nine months of fiscal 2015. The segment's operating margin increases in the fiscal 2016 periods were the result of the positive impact of additional volume both from the acquisition of Synergy and organic growth which were partially offset by higher labor costs and higher repairs and maintenance costs.

Liquidity and Capital Resources

The following table summarizes significant components of our cash flows for the nine months ended December 31, 2015 and 2014:

| <i>(dollars in thousands)</i> | Nine Months Ended December 31, | |
|---|---------------------------------------|--------------|
| | 2015 | 2014 |
| Net cash provided by operating activities | \$ 104,619 | \$ 165,210 |
| Net cash used in investing activities | \$ (686,399) | \$ (243,318) |
| Net cash provided by financing activities | \$ 653,120 | \$ 78,078 |
| Debt-to-total capital ratio | 35.5% | 36.2% |
| Free cash flow | \$ 22,902 | \$ 109,265 |

Net Cash Provided By Operating Activities – The net cash provided by our operating activities was \$104.6 million for the first nine months of fiscal 2016 as compared with \$165.2 million for the first nine months of fiscal 2015. The decrease in cash flow from operations are primarily due to expenses related to the Combination with Synergy and other acquisitions. In addition, cash flow from operations was reduced by an increase in the amount paid in fiscal 2016 over fiscal 2015 related to our annual compensation program and a pension contribution made in connection with the settlement of a legacy pension obligation.

Net Cash Used In Investing Activities – The net cash we used in investing activities totaled \$686.4 million for the first nine months of fiscal 2016 compared with \$243.3 million for the first nine months of fiscal 2015. The following discussion summarizes the significant changes in our investing cash flows for the first nine months of fiscal 2016 and fiscal 2015:

- Purchases of property, plant, equipment, and intangibles, net – Capital expenditures were \$82.1 million for the first nine months of fiscal 2016 as compared to \$56.8 million during the same prior year period. The increase in capital expenditure in the fiscal 2016 period over the fiscal 2015 period is the result of the inclusion of capital expenditures related to the operations of Synergy and investments to expand capacity in certain of our Applied Sterilization Technologies facilities.
- Investments in businesses, net of cash acquired – During fiscal 2016, we used \$604.7 million for acquisitions. For more information on these acquisitions refer to note 18 to our consolidated financial statements titled, "Business Acquisitions". During the first nine months of fiscal 2015, we used \$182.7 million for acquisitions. For more information on these acquisitions refer to Old STERIS's Annual Report on Form 10-K for the year ended March 31, 2015, dated May 27, 2015.
- Purchases of investments– During the third quarter of fiscal 2015, we invested \$4.7 million in common stock of Servizi Italia, S.p.A., a leading provider of integrated linen washing and outsourced sterile processing services to hospital Customers.

Net Cash Provided By (Used In) Financing Activities – The net cash provided by financing activities amounted to \$653.1 million for the first nine months of fiscal 2016 compared with \$78.1 million for the first nine months of fiscal 2015. The following discussion summarizes the significant changes in our financing cash flows for the first nine months of fiscal 2016 and fiscal 2015:

- Proceeds from issuance of long-term obligations- On May 15, 2015, Old STERIS issued \$350.0 million of senior notes in a private placement, which are long-term obligations. Additional information regarding this indebtedness is included in the notes to Old STERIS's consolidated financial statements included in Old STERIS's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, dated August 7, 2015, and Old STERIS's Annual Report on Form 10-K for the year ended March 31, 2015, dated May 27, 2015.
- Deferred financing fees and debt issuance costs- During the first nine months of fiscal 2016, we paid \$5.1 million in financing fees and debt issuance costs related to our Credit Agreement and private placement debt. During the third quarter of fiscal 2015, we paid \$7.3 million in financing fees and debt issuance costs related to our Bridge Credit Agreement. Additional information regarding our indebtedness is included in the notes to Old STERIS's consolidated financial statements included in Old STERIS's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, dated August 7, 2015, and Old STERIS's Annual Report on Form 10-K for the year ended March 31, 2015, dated May 27, 2015.
- Proceeds (payments) under credit facilities, net - At December 31, 2015, we had \$977.0 million of debt outstanding under our credit facilities, reflecting net borrowings of \$348.7 million. At December 31, 2014, we had \$270.7 million of debt outstanding under our credit facilities, reflecting net borrowings of \$117.2 million.

- Repurchases of shares – During the first nine months of fiscal 2016, we obtained 215,164 of our shares in connection with stock based compensation awards for an aggregate amount of \$14.1 million. During the same period in fiscal 2015, we obtained 379,695 of our shares in connection with stock based compensation awards for an aggregate amount of \$20.1 million.
- Cash dividends paid to shareholders – During the first nine months of fiscal 2016, we paid total cash dividends of \$43.7 million, or \$0.73 per outstanding share. During the first nine months of fiscal 2015, we paid total cash dividends of \$39.8 million, or \$0.67 per outstanding share.
- Stock option and other equity transactions, net – We generally receive cash for issuing shares under our various employee stock option programs. During the first nine months of fiscal 2016 and fiscal 2015, we received cash proceeds totaling \$10.9 million and \$19.2 million, respectively, under these programs.
- Excess tax benefit from share-based compensation – During the first nine months of fiscal 2016, we received a total tax benefit from share based compensation of \$5.9 million. During the first nine months of fiscal 2015, we received a total tax benefit from share based compensation of \$8.9 million.

Cash Flow Measures. Free cash flow was \$22.9 million in the first nine months of fiscal 2016 compared to \$109.3 million in the prior year first nine months (see the subsection above titled "Non-GAAP Financial Measures", for additional information and related reconciliation of cash flows from operations to free cash flow). The decrease in cash flow from operations is primarily due to expenses related to the Combination with Synergy and other acquisitions. In addition, cash flow from operations was reduced by an increase in the amount paid in fiscal 2016 over fiscal 2015 related to our annual compensation program and a pension contribution made in connection with the settlement of a legacy pension obligation (see Note 8 to our financial statements titled, "Benefit Plans" for more information on the pension obligation settlement). Free cash flow was impacted by the decline in cash flow from operations as well as an increase in purchases of property, plant, equipment and intangibles of \$25.4 million in the first nine months of fiscal 2016 compared to the prior year first nine months. Our debt-to-total capital ratio was 35.5% at December 31, 2015 and 36.2% at December 31, 2014.

Sources of Credit and Contractual and Commercial Commitments. Information related to our sources of credit and contractual and commercial commitments is included in Old STERIS's Annual Report on Form 10-K for the year ended March 31, 2015, dated May 27, 2015. Our commercial commitments were approximately \$52.1 million at December 31, 2015, reflecting a net increase of \$12.1 million in surety bonds and other commercial commitments from March 31, 2015. Our outstanding borrowings under our Credit Agreement were \$977.0 million as of December 31, 2015. There were no letters of credit outstanding under the Credit Agreement at December 31, 2015, but there were letters of credit outstanding under other arrangements at December 31, 2015.

Cash Requirements. We intend to use our existing cash and cash equivalent balances and cash generated from operations for short-term and long-term capital expenditures and our other liquidity needs. Our capital requirements depend on many uncertain factors, including our rate of sales growth, our Customers' acceptance of our products and services, the costs of obtaining adequate manufacturing capacities, the timing and extent of our research and development projects, changes in our operating expenses and other factors. To the extent that existing and anticipated sources of cash are not sufficient to fund our future activities, we may need to raise additional funds through additional borrowings or the sale of equity securities. There can be no assurance that our existing financing arrangements will provide us with sufficient funds or that we will be able to obtain any additional funds on terms favorable to us or at all.

Critical Accounting Policies, Estimates, and Assumptions

Information related to our critical accounting policies, estimates, and assumptions is included in Old STERIS's Annual Report on Form 10-K for the year ended March 31, 2015, dated May 27, 2015. Our critical accounting policies, estimates, and assumptions have not changed materially from March 31, 2015.

Contingencies

We are, and will likely continue to be, involved in a number of legal proceedings, government investigations, and claims, which we believe generally arise in the course of our business, given our size, history, complexity, and the nature of our business, products, Customers, regulatory environment, and industries in which we participate. These legal proceedings, investigations and claims generally involve a variety of legal theories and allegations, including, without limitation, personal injury (e.g., slip and falls, burns, vehicle accidents), product liability or regulation (e.g., based on product operation or claimed malfunction, failure to warn, failure to meet specification, or failure to comply with regulatory requirements), product exposure (e.g., claimed exposure to chemicals, asbestos, contaminants, radiation), property damage (e.g., claimed damage due to leaking equipment, fire, vehicles, chemicals), commercial claims (e.g., breach of contract, economic loss, warranty, misrepresentation),

financial (e.g., taxes, reporting), employment (e.g., wrongful termination, discrimination, benefits matters), and other claims for damage and relief.

We record a liability for such contingencies to the extent we conclude that their occurrence is both probable and estimable. We consider many factors in making these assessments, including the professional judgment of experienced members of management and our legal counsel. We have made estimates as to the likelihood of unfavorable outcomes and the amounts of such potential losses. In our opinion, the ultimate outcome of these proceedings and claims is not anticipated to have a material adverse affect on our consolidated financial position, results of operations, or cash flows. However, the ultimate outcome of proceedings, government investigations, and claims is unpredictable and actual results could be materially different from our estimates. We record expected recoveries under applicable insurance contracts when we are assured of recovery. Refer to note 9 of our consolidated financial statements titled, "Commitments and Contingencies" for additional information.

We are subject to taxation from United States federal, state and local, and foreign jurisdictions. Tax positions are settled primarily through the completion of audits within each individual tax jurisdiction or the closing of a statute of limitation. Changes in applicable tax law or other events may also require us to revise past estimates. The IRS routinely conducts audits of our federal income tax returns.

International Operations

International Operations. Since we conduct operations outside of the United States using various foreign currencies, our operating results are impacted by foreign currency movements relative to the U.S. dollar. During the third quarter of fiscal 2016, our revenues were unfavorably impacted by \$7.3 million, or 1.4%, and income before taxes was favorably impacted by \$7.2 million, or 21.6%, as a result of foreign currency movements relative to the U.S. dollar. During the first nine months of fiscal 2016, our revenues were unfavorably impacted by \$23.8 million, or 1.6%, and income before taxes was favorably impacted by \$18.1 million, or 17.6%, as a result of foreign currency movements relative to the U.S. dollar.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, that have or are reasonably likely to have, a material current or future impact on our financial condition, changes in financial condition, revenues, expenses, results of operations, liquidity, capital expenditures or capital.

Forward-Looking Statements

This Form 10-Q may contain statements concerning certain trends, expectations, forecasts, estimates, or other forward-looking information affecting or relating to STERIS or its industry, products or activities that are intended to qualify for the protections afforded "forward-looking statements" under the Private Securities Litigation Reform Act of 1995 and other laws and regulations. Forward-looking statements speak only as to the date specified in this release and may be identified by the use of forward-looking terms such as "may," "will," "expects," "believes," "anticipates," "plans," "estimates," "projects," "targets," "forecasts," "outlook," "impact," "potential," "confidence," "improve," "optimistic," "deliver," "comfortable," "trend", and "seeks," or the negative of such terms or other variations on such terms or comparable terminology. Many important factors could cause actual results to differ materially from those in the forward-looking statements including, without limitation, disruption of production or supplies, changes in market conditions, political events, pending or future claims or litigation, competitive factors, technology advances, actions of regulatory agencies, and changes in laws, government regulations, labeling or product approvals or the application or interpretation thereof. Other risk factors are described herein and in STERIS's, Old STERIS's and Synergy's other securities filings, including Item 1A of Old STERIS's Annual Report on Form 10-K for the year ended March 31, 2015 and in Synergy's annual report and accounts for the year ended 29 March 2015 (section headed "principal risks and uncertainties"). Many of these important factors are outside of STERIS's control. No assurances can be provided as to any result or the timing of any outcome regarding matters described in this 10-Q or otherwise with respect to any regulatory action, administrative proceedings, government investigations, litigation, warning letters, cost reductions, business strategies, earnings or revenue trends or future financial results. References to products are summaries only and should not be considered the specific terms of the product clearance or literature. Unless legally required, STERIS does not undertake to update or revise any forward-looking statements even if events make clear that any projected results, express or implied, will not be realized. Other potential risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements include, without limitation, (a) STERIS's ability to meet expectations regarding the accounting and tax treatments of the Combination, (b) the possibility that the parties may be unable to achieve expected synergies and operating efficiencies in connection with the Combination within the expected time-frames or at all and to successfully integrate Synergy's operations with those of Old STERIS, (c) the integration of Synergy's operations with those of Old STERIS being more difficult, time-consuming or costly than expected, (d) operating costs, customer loss and business

disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) being greater than expected following the transaction, (e) the retention of certain key employees of Synergy being difficult, (f) changes in tax laws or interpretations that could increase our consolidated tax liabilities, including, changes in tax laws that would result in STERIS being treated as a domestic corporation for United States federal tax purposes, (g) the potential for increased pressure on pricing or costs that leads to erosion of profit margins, (h) the possibility that market demand will not develop for new technologies, products or applications or services, or business initiatives will take longer, cost more or produce lower benefits than anticipated, (i) the possibility that application of or compliance with laws, court rulings, certifications, regulations, regulatory actions, including without limitation those relating to FDA warning notices or letters, government investigations, the outcome of any pending FDA requests, inspections or submissions, or other requirements or standards may delay, limit or prevent new product introductions, affect the production and marketing of existing products or services or otherwise affect STERIS's performance, results, prospects or value, (j) the potential of international unrest, economic downturn or effects of currencies, tax assessments, adjustments or anticipated rates, raw material costs or availability, benefit or retirement plan costs, or other regulatory compliance costs, (k) the possibility of reduced demand, or reductions in the rate of growth in demand, for STERIS's products and services, (l) the possibility that anticipated growth, cost savings, new product acceptance, performance or approvals, or other results may not be achieved, or that transition, labor, competition, timing, execution, regulatory, governmental, or other issues or risks associated with STERIS's businesses, industry or initiatives including, without limitation, those matters described in Old STERIS's Form 10-K for the year ended March 31, 2015 and Synergy's annual report and accounts for the year ended 29 March 2015 and in their and STERIS's other securities filings, may adversely impact STERIS's performance, results, prospects or value, (m) the possibility that anticipated financial results or benefits of recent acquisitions, including the Combination, or of STERIS's restructuring efforts will not be realized or will be other than anticipated and (n) the effects of the contractions in credit availability, as well as the ability of STERIS's Customers and suppliers to adequately access the credit markets when needed.

Availability of Securities and Exchange Commission Filings

We make available free of charge on or through our website our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to these reports as soon as reasonably practicable after we file such material with, or furnish such material to, the Securities Exchange Commission ("SEC.") You may access these documents on the Investor Relations page of our website at <http://www.steris-ir.com>. The information on our website is not incorporated by reference into this report. You may also obtain copies of these documents by visiting the SEC's Public Reference Room at 100 F Street, NE, Washington, D.C. 20549, or by accessing the SEC's website at <http://www.sec.gov>. You may obtain information on the Public Reference Room by calling the SEC at 1-800-SEC-0330.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the ordinary course of business, we are subject to interest rate, foreign currency, and commodity risks. Information related to these risks and our management of these exposures is included in Part II, Item 7A, "Quantitative and Qualitative Disclosures about Market Risk," in Old STERIS's Annual Report on Form 10-K for the year ended March 31, 2015, dated May 27, 2015. Our exposures to market risks have not changed materially since March 31, 2015.

ITEM 4. CONTROLS AND PROCEDURES

Under the supervision of and with the participation of our management, including the Principal Executive Officer ("PEO") and Principal Financial Officer ("PFO"), we evaluated the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as of the end of the period covered by this Quarterly Report. Based on that evaluation, including the assessment and input of our management, the PEO and PFO concluded that, as of the end of the period covered by this Quarterly Report, our disclosure controls and procedures were effective.

In connection with the Combination with Synergy, we began implementing standards and procedures at Synergy, including upgrading and establishing controls over accounting systems and adding consultants who are trained and experienced in the preparation of financial statements in accordance with U.S. GAAP to ensure that we have in place appropriate internal controls over financial reporting at Synergy. These changes to the Company's internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Securities Exchange Act of 1934, that occurred during the quarter ended December 31, 2015 may materially affect, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II—OTHER INFORMATION

As used in this Quarterly Report filed on Form 10-Q, STERIS plc and its subsidiaries together are called “STERIS,” the “Company,” “we,” “us,” or “our,” unless otherwise noted.

ITEM 1. LEGAL PROCEEDINGS

Information regarding our legal proceedings is included in this Form 10-Q in note 9 to our consolidated financial statements titled, "Commitments and Contingencies" and in Item 7 of Part II, titled “Management's Discussion and Analysis of Financial Conditions and Results of Operations,” of Old STERIS's Annual Report on Form 10-K for the year ended March 31, 2015, dated May 27, 2015.

ITEM 1A. RISK FACTORS

For a complete discussion of the Company's risk factors, you should carefully review the risk factors included in Old STERIS's Annual Report on Form 10-K for the fiscal year ended March 31, 2015, which should be deemed to apply to STERIS, and the following additional risk factors which relate to the completed Combination.

Risks Relating to our Redomiciliation and the Synergy Acquisition

The laws of England and Wales differ from the laws in effect in the U.S. and may afford less protection to holders of STERIS securities.

It may not be possible to enforce court judgments obtained in the U.S. against STERIS in England and Wales based on the civil liability provisions of the U.S. federal or state securities laws. In addition, there is some uncertainty as to whether the courts of England and Wales would recognize or enforce judgments of U.S. courts obtained against STERIS or its directors or officers based on the civil liabilities provisions of the U.S. federal or state securities laws or hear actions against STERIS or those persons based on those laws. The U.S. currently does not have a treaty with England and Wales providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters in each of the U.K.'s jurisdictions. Therefore, a final judgment for the payment of money rendered by any U.S. federal or state court based on civil liability, whether or not based solely on U.S. federal or state securities laws, would not automatically be enforceable in the U.K.

A judgment obtained against STERIS will be enforced by English courts if the following general requirements are met: (i) The U.S. court must have been one of competent jurisdiction in relation to the particular defendant according to English conflict of laws rules (the submission to jurisdiction by the defendant in the U.S. court would satisfy this rule), (ii) the judgment must be for a sum of money, but not for taxes, a fine or other penalty and (iii) the judgment must be final and conclusive and unalterable in the court which pronounced it. A judgment may be final and conclusive even though an appeal is pending in the U.S. court where it was given, although in such a case a stay of execution would likely be ordered by the U.S. court pending a possible appeal. A judgment given in default of appearance may be considered by the English courts as final and conclusive. However the English courts may refuse to enforce a judgment of the U.S. courts that meets the above requirements for one of the following reasons: (i) if the judgment was obtained by fraud, (ii) the enforcement or recognition of the judgment would be contrary to public policy or the European Convention on Human Rights, (iii) the proceedings in which the judgment was obtained were opposed to natural justice, (iv) the judgment is inconsistent with a prior judgment on the same subject matter and between the same parties, (v) the judgment is for multiple damages and is therefore unenforceable under the Protection of Trading Interests Act 1980 or (vi) the proceedings in which the judgment was obtained were brought contrary to a jurisdiction or arbitration agreement.

As a company incorporated under the laws of England and Wales, STERIS is governed by the Companies Acts, which differ in some material respects from laws generally applicable to U.S. corporations and shareholders, including, among others, differences relating to interested director and officer transactions and shareholder lawsuits. Likewise, the duties of directors and officers of an English company generally are owed to the company only. Shareholders of English companies generally do not have a personal right of action against directors or officers of the company and may exercise such rights of action on behalf of the company only in limited circumstances. Accordingly, holders of STERIS securities may have more difficulty protecting their interests than would holders of securities of a corporation incorporated in a jurisdiction of the U.S.

Transfers of your STERIS shares, other than one effected by means of the transfer of book-entry interests in the Depository Trust Company (the “DTC”), may be subject to U.K. stamp duty.

Transfers of STERIS ordinary shares within the DTC system will generally not be subject to stamp duty or Stamp Duty Reserve Tax (“SDRT”). If STERIS ordinary shares are subsequently transferred into a clearing system or to a depository, stamp duty or SDRT they will generally be payable at the rate of 1.5% of the valuation of consideration given, or, in some circumstances, the value of the shares.

No liability to stamp duty or stamp duty reserve tax (SDRT) should generally arise on the issue of STERIS ordinary shares, including into DTC.

Transfers of STERIS ordinary shares within the DTC system should not be subject to stamp duty or SDRT provided no instrument of transfer is entered into and no election that applies to the STERIS ordinary shares is made or has been made under section 97A of the U.K. Finance Act of 1986. If such an election is or has been made, transfer of STERIS ordinary shares within DTC will generally be liable to SDRT at the rate of 0.5% of the amount or value of the consideration.

Transfer of shares held in certificated form will generally be liable to stamp duty at the rate of 0.5% of the consideration given (rounded up to the nearest £5). SDRT may also be chargeable on an agreement to transfer such shares although such liability would be cancelled provided an instrument of transfer implementing such agreement was duly stamped within a period of six years from the agreement.

Subsequent transfer of STERIS ordinary shares to an issuer of depository receipts or the operator of a clearance system (including DTC) will generally be liable to SDRT at a rate of 1.5% of the consideration given or received or, in certain cases, the value of the STERIS ordinary shares transferred.

The purchaser or transferee of the STERIS ordinary shares will generally be responsible for paying any stamp duty or SDRT payable.

Dividends received by U.K. residents and certain other shareholders may be subject to U.K. income tax.

A STERIS shareholder who is an individual resident in the U.K. for tax purposes and who receives a dividend from STERIS will be subject to U.K. income tax. The STERIS shareholder will be entitled to a tax credit which may be set off against his total income tax liability. The tax credit is equal to 10% of the aggregate of the dividend and the tax credit.

STERIS shares received by means of a gift or inheritance could be subject to U.K. capital acquisitions tax.

A gift or settlement of assets situated in the U.K. for the purposes of U.K. inheritance tax by, or on the death of, an individual holder of such assets may give rise to a liability to U.K. inheritance tax. This is even so if the holder is not a resident of, or domiciled in the U.K.

We may encounter unexpected integration difficulties.

A combination of two independent businesses is a costly and time-consuming process requiring significant management attention. Significant resources will be diverted in order to successfully combine the operations of Synergy with STERIS. Integration is a complex process and may include many difficulties including difficulties in the integration of operations and systems, difficulties in the assimilation of employees, difficulties in managing the expanded operations of a significantly larger and more complex company and difficulties in achieving cost savings and growth prospects from the combined businesses.

We may not realize all of the anticipated benefits of the Combination.

The ability to realize the anticipated benefits of the Combination, aside from the anticipated tax benefits, depends largely on the successful integration of the two businesses. Even if the operations of the businesses are integrated successfully, we may not realize the full benefits of the Combination within a reasonable timeframe or at all. Any additional, unanticipated costs that may be incurred in the post-Combination integration efforts may negatively impact our earnings per share, negatively impact the price of our ordinary share and thereby decrease or delay the accretive effect of the Combination. Therefore, we cannot assure you that the consummation of the Combination will result in the realization of the anticipated benefits of the Combination.

Future changes to U.S. and non-U.S. tax laws could adversely affect STERIS.

The U.S. Congress, the Organization for Economic Co-operation and Development and other government agencies in jurisdictions where STERIS and its affiliates do business have had an extended focus on issues related to the taxation of multinational corporations. One example is in the area of “base erosion and profit shifting,” including situations where payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. As a result, the tax laws in the U.S. and other countries in which STERIS and its affiliates do business could change on a prospective or retroactive basis, and any such changes could adversely affect STERIS and its affiliates (including STERIS and its affiliates after the Combination).

Proposed legislation relating to the denial of U.S. federal or state governmental contracts to U.S. companies that redomicile abroad could adversely affect STERIS’s business.

Various U.S. federal and state legislative proposals that would deny governmental contracts to redomiciled companies may affect STERIS if adopted into law. We are unable to predict the likelihood that any such proposed legislation might become law, the nature of regulations that may be promulgated under any future legislative enactments, or the effect such enactments or increased regulatory scrutiny could have on STERIS’s business.

The tax rate that will apply to STERIS is uncertain and may vary from expectations.

There can be no assurance that STERIS’s redomiciliation will improve STERIS’s ability to maintain any particular worldwide effective corporate tax rate. We cannot give any assurance as to what STERIS’s effective tax rate will be in the future because of, among other things, uncertainty regarding the tax policies of the jurisdictions in which STERIS and its affiliates will operate. STERIS’s actual effective tax rate may vary from our expectations, and such variance may be material. Additionally, tax laws or their implementation and applicable tax authority practices in any particular jurisdiction could change in the future, possibly on a retroactive basis, and any such change could have a material adverse impact on STERIS and its affiliates.

The U.S. Internal Revenue Service (the “IRS”) may not agree that STERIS is a foreign corporation for U.S. federal tax purposes.

Although STERIS is incorporated under the laws of England and Wales and is a tax resident in the U.K. for U.K. tax purposes, the IRS may assert that STERIS should be treated as a U.S. corporation (and, therefore, a U.S. tax resident) for U.S. federal tax purposes pursuant to Section 7874 of the Internal Revenue Code of 1986, as amended (the “Code” and such Section, “Section 7874”). For U.S. federal tax purposes, a corporation generally is considered to be a tax resident in the jurisdiction of its organization or incorporation. Because STERIS is incorporated under the laws of England and Wales, it would generally be classified as a non-U.S. corporation (and, therefore, a non-U.S. tax resident) under these rules. Section 7874 of the Code, however, provides an exception to this general rule under which a foreign incorporated entity may, in certain circumstances (including a transaction pursuant to which a U.S. corporation is acquired by a non-U.S. corporation such as the Combination), be treated as a U.S. corporation for U.S. federal tax purposes.

Generally, for STERIS to be treated as a non-U.S. corporation for U.S. federal tax purposes following the Combination under Section 7874, the former shareholders of STERIS must own (within the meaning of Section 7874) less than 80% (by both vote and value) of all of the outstanding shares of STERIS after the Combination by reason of holding shares in STERIS (including the receipt of STERIS shares in exchange for Old STERIS shares) (the “80% Ownership Requirement”). Based on the terms of the Combination, Old STERIS shareholders owned approximately 70% (by both vote and value) of all of the outstanding shares in STERIS after the Combination by reason of holding shares in STERIS and thus the 80% Ownership Requirement is expected to have been satisfied. As a result, under current law, STERIS is expected to be treated as a non-U.S. corporation for U.S. federal income tax purposes. However, ownership for purposes of Section 7874 is subject to various adjustments under the Code, the Treasury Regulations promulgated thereunder and recent IRS notices relating to so-called “inversion” transactions (the “IRS Notices”) and there is limited guidance regarding these provisions, including the application of the ownership test. Thus, there can be no assurance that the IRS will agree with the position that the ownership test was satisfied following the Combination or that the IRS would not successfully challenge the status of STERIS as a non-U.S. corporation for U.S. tax purposes.

If STERIS were to be treated as a U.S. corporation for U.S. federal tax purposes, STERIS could be subject to substantial additional U.S. tax liability. Additionally, if STERIS were treated as a U.S. corporation for U.S. federal tax purposes, non-U.S.

STERIS shareholders would be subject to U.S. withholding tax on the gross amount of any dividends paid by STERIS to such shareholders. For U.K. tax purposes, STERIS is expected, regardless of any application of Section 7874, to be treated as a U.K. tax resident. Consequently, if STERIS is treated as a U.S. corporation for U.S. federal tax purposes under Section 7874, it could be liable for both U.S. and U.K. taxes, which could have a material adverse effect on its financial condition and results of operations.

Section 7874 may limit STERIS's and its U.S. affiliates' ability to utilize certain U.S. tax attributes following the Combination.

Following the acquisition of a U.S. corporation by a non-U.S. corporation, Section 7874 can limit the ability of the acquired U.S. corporation and its U.S. affiliates to utilize certain U.S. tax attributes (including net operating losses and certain tax credits) to offset U.S. taxable income resulting from certain transactions. Based on the limited guidance available, STERIS currently expects that, following the Combination, this limitation will apply and, as a result, STERIS currently does not expect that it or its U.S. affiliates will be able to utilize certain U.S. tax attributes to offset their U.S. taxable income, if any, resulting from certain specified taxable transactions.

STERIS's status as a foreign corporation for U.S. tax purposes could be affected by a change in law.

Under current law, STERIS is expected to be treated as a non-U.S. corporation for U.S. federal tax purposes. However, changes to the rules in Section 7874 of the Code or the Treasury Regulations promulgated thereunder, or other changes in law, could adversely affect STERIS's status as a non-U.S. corporation for U.S. federal tax purposes, its effective tax rate and/or future tax planning for the combined group, and any such changes could have prospective or retroactive application to STERIS, Old STERIS, their respective shareholders and affiliates, and/or the Combination.

Recent legislative proposals have aimed to expand the scope of Section 7874, or otherwise address certain perceived issues arising in connection with so-called inversion transactions. For example, proposals introduced by certain Democratic members of both houses of Congress which, if enacted in their present form, would be effective retroactively to any transactions completed after May 8, 2014 would, among other things, treat a foreign acquiring corporation as a U.S. corporation under Section 7874 of the Code if the former shareholders of the U.S. corporation own more than 50% of the shares of the foreign acquiring corporation after the transaction. These proposals, if enacted in their present form and if made retroactively effective to transactions completed during the period in which the Combination occurred, would cause STERIS to be treated as a U.S. corporation for U.S. federal tax purposes. It is presently uncertain whether any such legislative proposals or any other legislation relating to Section 7874 or so-called inversion transactions will be enacted into law and, if so, what impact such legislation would have on STERIS and its affiliates.

In addition, the U.S. Department of Treasury ("U.S. Treasury") has indicated that it is considering possible regulatory action in connection with so-called inversion transactions, including, most recently, in the IRS Notices ("Notices"). The Notices indicate that any new regulations described in the Notices would, in most cases, apply retroactively to "inversion" transactions (such as the Combination) that are completed on or after September 22, 2014. The specific timing and substance of any such regulatory action is presently uncertain. The regulations described in the Notices would, among other things, make it more difficult for the ownership tests under Section 7874 to be satisfied and would limit or eliminate certain tax benefits to so-called inverted corporations, including with respect to access to certain foreign earnings and ability to utilize certain tax attributes to offset income or gain resulting from certain transactions. Although the promulgation of the Treasury Regulations described in the Notices is not expected to materially affect the benefits of the Combination or the tax status of STERIS, the precise scope and application of these regulatory proposals will not be clear until proposed Treasury Regulations are actually issued. Accordingly, until such regulations are promulgated and fully understood, we cannot be certain that such regulations would not have an adverse impact on STERIS. Moreover, the Notice also indicates that the U.S. Treasury and the IRS are considering issuing additional guidance, which in the case of "inverted groups" would be retroactive to September 22, 2014, to address certain transactions that have the effect of "shifting" U.S.-source earnings to lower-tax jurisdictions, including by limiting U.S. tax deductions for interest on certain intercompany debt obligations. Any such future guidance could have an adverse impact on STERIS.

Any change of law or regulatory action relating to Section 7874 or so-called inversion transactions or inverted groups could adversely impact STERIS's tax status as well as its financial position and results in a material manner.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

On November 2, 2015, we issued 100,000 preferred shares, par value of £0.10 (\$0.15) each, for an aggregate consideration of £10,000, or approximately \$15,000, to one of our service providers in satisfaction of debt owed to such service provider. This issuance of preferred shares was made pursuant to the exemption from registration provided for in Section 4(a)(2) of the Securities Act of 1933 by virtue of it being a private placement. Please refer to note 11 of our Consolidated Financial Statements for more information regarding our preferred stock.

During the third quarter of fiscal 2016, we obtained 215,164 of our shares in connection with stock based compensation award programs. We did not repurchase any of our shares during the third quarter of fiscal 2016. The following table summarizes shares repurchase activity during the third quarter of fiscal 2016:

| | (a) Total Number of Shares Purchased | (b) Average Price Paid Per Share | (c) Total Number of Shares Purchased as Part of Publicly Announced Plans | (d) Maximum Dollar Value of Shares that May Yet Be Purchased Under the Plans at Period End |
|---------------|--|--|--|--|
| October 1-31 | — | \$ — | — | \$ — |
| November 1-30 | — | — | — | — |
| December 1-31 | — | — | — | — |
| Total | — (1) | \$ — (1) | — | \$ — |

(1) Does not include 17 shares purchased during the quarter at an average price of \$72.15 per share by the STERIS Corporation 401(k) Plan on behalf of certain executive officers of the Company who may be deemed to be affiliated purchasers.

ITEM 6. EXHIBITS**Exhibits required by Item 601 of Regulation S-K**

| <u>Exhibit Number</u> | <u>Exhibit Description</u> |
|------------------------------|--|
| 3.1 | Certificate of Incorporation of STERIS plc (filed as Exhibit 3.1 to STERIS plc Form 8-K filed November 6, 2015 (Commission File No. 1-37614) and incorporated herein by reference). |
| 3.2 | Articles of Association of STERIS plc (filed as Exhibit 3.2 to STERIS plc Form 8-K filed November 6, 2015 (Commission File No. 1-37614) and incorporated herein by reference). |
| 10.1 | STERIS plc 2006 Long-Term Equity Incentive Plan, Assumed as Amended and Restated (filed as Exhibit 4.2 to STERIS plc Registration Statement (Reg. No. 333-207721) on Form S-8 filed November 2, 2015 (Commission File No. 1-37614) and incorporated herein by reference).* |
| 10.2 | Form of STERIS plc Nonqualified Stock Option Agreement for Employees.* |
| 10.3 | Form of STERIS plc Restricted Stock Agreement for Employees.* |
| 10.4 | STERIS plc Senior Executive Severance Plan.* |
| 10.5 | Form of Deed of Indemnity for STERIS plc Directors and Officers.* |
| 10.6 | Service Agreement between Dr. Adrian Coward and Synergy Health Limited as amended, and STERIS plc letter.* |
| 10.7 | Termination Agreement between Synergy Health and Dr. Richard Steeves.* |
| 10.8 | Description of Compensation Payable to Former Directors of Synergy Health plc who became Directors of STERIS plc.* |
| 10.9 | Guaranty Joinder Agreement by General Econopak, Inc. in favor of JPMorgan Chase Bank, N.A. |
| 10.10 | Guaranty Supplement by General Econopak, Inc. and STERIS Corporation of Affiliate Guaranty dated as of March 31, 2015 of STERIS Corporation August 15, 2008 Note Purchase Agreements, as amended and restated, and of the Notes issued pursuant thereto. |
| 10.11 | Guaranty Supplement by General Econopak, Inc. and STERIS Corporation of Affiliate Guaranty dated as of March 31, 2015 of STERIS Corporation December 4, 2012 Note Purchase Agreements, as amended and restated, and of the Notes issued pursuant thereto. |
| 10.12 | Guaranty Supplement by General Econopak, Inc. and STERIS Corporation of Affiliate Guaranty dated as of May 15, 2015 of STERIS Corporation May 15, 2015 Note Purchase Agreement and of the Notes issued pursuant thereto. |
| 15.1 | Letter Re: Unaudited Interim Financial Information. |
| 31.1 | Certification of the Principal Executive Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a). |
| 31.2 | Certification of the Principal Financial Officer Pursuant to Exchange Act Rule 13a-14(a)/15d-14(a). |
| 32.1 | Certification of the Principal Executive Officer and Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| EX-101 | Instance Document. |
| EX-101 | Schema Document. |
| EX-101 | Calculation Linkbase Document. |
| EX-101 | Definition Linkbase Document. |
| EX-101 | Labels Linkbase Document. |
| EX-101 | Presentation Linkbase Document. |

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

SIGNATURE

Pursuant to the requirements 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.

STERIS plc

/s/ MICHAEL J. TOKICH

Michael J. Tokich
Senior Vice President, Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)
February 9, 2016

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

FORM OF STERIS PLC NONQUALIFIED STOCK OPTION AGREEMENT FOR EMPLOYEES

**STERIS PLC
NONQUALIFIED STOCK OPTION AGREEMENT FOR EMPLOYEES - <AWARD_DATE>**

This Agreement (“Agreement”) is between STERIS plc (“STERIS”) and <first_name> <middle_name> <last_name> (“Optionee”), with respect to the grant of a Nonqualified Stock Option by STERIS to Optionee pursuant to the STERIS plc 2006 Long-Term Equity Incentive Plan, Assumed as Amended and Restated Effective November 2, 2015, and as further amended from time to time (the “Plan”). All terms used herein with initial capital letters and not otherwise defined herein that are defined in the Plan shall have the meanings assigned to them in the Plan.

1. *Grant of Option.* STERIS hereby grants to Optionee, as of the date (“Date of Grant”) set forth above and in the Acknowledgment and Acceptance Form accompanying this Agreement (“Acknowledgment”) an option (the “Option”) to purchase all or any number of an aggregate <shares_awarded> of STERIS Ordinary Shares, par value ten pence per share, as previously disclosed to Optionee and as reflected in the records of STERIS as granted as of the Date of Grant, at an exercise price of the closing sales price per share of STERIS’s Ordinary Shares as of the Date of Grant and as reported on the New York Stock Exchange Composite Tape (the “Option Price”), upon and subject to the terms of this Agreement and the Plan.
2. *Documents Delivered with Agreement.* STERIS has delivered or made available to the Optionee, along with this Agreement, the following documents: (a) STERIS’s Insider Trading Policy (the “Policy”); (b) the Plan and its related Prospectus; (c) the Nondisclosure and Noncompetition Agreement to be entered into between STERIS and Optionee (the “Nondisclosure Agreement”); (d) the Acknowledgment; and (e) STERIS Corporation or STERIS’s most recent Annual Report to Shareholders and Form 10-K filed with the US Securities and Exchange Commission. Acceptance and compliance with these documents is a condition to the effectiveness of this grant of nonqualified stock options. By accepting this Agreement or executing the Acknowledgment, the Optionee acknowledges receipt, review and acceptance of these documents and compliance with their terms. Furthermore, as a condition of the grant of this Option, STERIS in its discretion, may require Optionee to return an executed copy of the Acknowledgment in such format as STERIS may require.
3. *Terms and Conditions of Option.* The Option is a Nonqualified Option and shall not be treated as an Incentive Stock Option. In addition to this Agreement, the Option shall also be subject to all of the terms and conditions of the Policy and Plan. The Option shall be effective upon the Optionee’s acceptance of this Agreement and the Nondisclosure Agreement, both of which shall be conclusively deemed to have occurred either upon electronic acceptance or STERIS’s receipt of the signed Acknowledgment. If Optionee violates the terms of the Policy, the Plan, this Agreement, the Nondisclosure Agreement, or any agreement with similar terms previously entered into by Optionee (collectively “Prior Agreements”), any and all options to purchase Common Shares that were granted by STERIS to Optionee (including the Option granted by this Agreement or any Prior Agreements) shall be forfeited, void, and of no further force and effect. Also, by accepting this Option, Optionee agrees that the Board or Chief Executive Officer of STERIS or his delegatee or delegates may require the Optionee to use a specific broker dealer for the exercise and sale of the STERIS Common Shares subject to this Option or subject to any other option previously granted by STERIS to Optionee.
4. *Term of Option.* Unless earlier terminated pursuant to Section 11 of the Plan, the Option shall terminate at the close of business on, and shall not be exercisable at any time after, the tenth (10th) anniversary of the Date of Grant.
5. *Vesting.* So long as Optionee remains in the employ of STERIS or a Subsidiary, but subject to the terms of this Agreement and the Plan, the Option shall vest in _____ equal annual installments, with the first installment to vest on _____ and the _____ remaining installments to vest on each of the _____ succeeding anniversaries thereof (except that any portions of such installments representing fractional Ordinary Shares shall be aggregated and shall be included in the portion of the Option that vests on the earliest vesting date after the Date of Grant; provided, however, the provisions of Section 11(d)(ii) of the Plan regarding immediate exercisability of Option Rights shall apply to the Option only if Optionee dies while in the service of STERIS or any Subsidiary. Notwithstanding the foregoing, if any date on which the Option or a portion thereof would otherwise vest is not a trading day on the New York Stock Exchange, such vesting shall be deferred until the first trading day thereafter.
6. *Exercise of Vested Option.* Except as otherwise provided in Section 11 of the Plan, the rules of which, as modified hereby, shall apply to this Agreement including as described in Section 16 of this Agreement, the Option shall be exercisable only while Optionee is in the employ of STERIS or a Subsidiary. To the extent exercisable under this Agreement, the Option may be exercised from time to time in whole or in part.
7. *Method of Exercise.* A request to exercise the Option requires delivery of (a) the Option Price payable in cash or by check acceptable to STERIS or by wire transfer of immediately available funds, or by such other methods as may be approved by the Board or the Chief Executive Officer or his delegatee or delegates, as applicable and (b) a written notice to STERIS identifying this Agreement and specifying the number of Ordinary Shares as to which the Option is being exercised. The Ordinary Shares to which Optionee is entitled upon exercise of the Option shall not be represented by certificates unless otherwise provided by resolution of the Board of STERIS or required by law, but STERIS shall cause such Ordinary Shares to be registered in the name of Optionee or Optionee’s nominee in STERIS’s stock registry promptly following exercise.
8. *Certain Determinations.* Application, violation, or other interpretation of the terms of this Agreement, the Nondisclosure Agreement, the Plan, the Policy, any Prior Agreement, or any STERIS policy shall be determined by the Board or the Chief Executive Officer or his delegatee or delegates, if applicable, in their sole discretion, and such determination shall be final and binding on Optionee.

9. *Termination of the Plan; No Right to Future Grants; No Right of Employment; Extraordinary Item of Compensation.* By entering into this Agreement, Optionee acknowledges: (a) that the Plan is discretionary in nature and may be suspended or terminated by STERIS at any time; (b) that the grant of the Option is a one-time benefit which does not create any contractual or other right to receive future grants of options, or benefits in lieu of options; (c) that all determinations with respect to any such future grants, including, but not limited to, the times when each option shall be granted, the number of shares subject to each option, the option price, and the time or times when each option shall be exercisable, will be at the sole discretion of STERIS; (d) that Optionee's participation in the Plan shall not create a right to further employment with Optionee's employer and shall not interfere with the ability of Optionee's employer to terminate Optionee's employment relationship at any time with or without cause; (e) that Optionee's participation in the Plan is voluntary; (f) that the value of the Option is an extraordinary item of compensation which is outside the scope of Optionee's employment contract, if any; (g) that the Option is not part of normal and expected compensation for purposes of any other employee benefit plan or program of STERIS, including for purposes of calculating any severance, resignation, redundancy, end of service, bonus, long-service, pension or retirement benefits or similar payments; (h) that the right to purchase stock ceases upon termination of employment for any reason except as may otherwise be explicitly provided in the Plan or this Agreement; (i) that the future value, if any, of the shares is unknown and cannot be predicted with certainty; (j) that, where Optionee's employer is a Subsidiary of STERIS, the Option has been granted to Optionee in Optionee's status as an employee of such Subsidiary, and the terms of this Agreement can be modified by STERIS to facilitate the issuance and administration of the award, and can in no event be understood or interpreted to mean that STERIS is Optionee's employer or that Optionee has an employment relationship with STERIS; (k) that neither STERIS nor Optionee's employer has any obligation to or intends to notify Optionee of any impending expiration or lapse of the Option or any other option granted to Optionee by STERIS, it being the responsibility of Optionee to remain informed of the same, and neither STERIS nor such employer shall have any liability to Optionee as a result of Optionee's failure to exercise the Option or any other option prior to the expiration or lapse thereof; and (l) that to the extent unvested, the Options have no value and if the underlying shares do not increase in value above the Option Price, vested Options will have no value.

10. *Employee Data Privacy.* By entering into the Agreement, and as a condition of the grant of the Option, Optionee consents to the collection, use and transfer of personal data as described in this Section 10. Optionee understands that STERIS and its Subsidiaries hold certain personal information about Optionee, including, but not limited to, Optionee's name, home address and telephone number, date of birth, social security number, salary, nationality, job title, any shares of stock or directorships held in STERIS, details of all Options or other evidence of shares of stock or options awarded, canceled, exercised, vested, unvested or outstanding in Optionee's favor, for the purpose of managing and administering the Plan ("Data"). Optionee further understands that STERIS and/or its Subsidiaries will transfer Data among themselves as necessary for the purposes of implementation, administration and management of the Optionee's participation in the Plan, and that STERIS and/or its Subsidiaries may each further transfer Data to any third parties assisting STERIS in the implementation, administration and management of the Plan ("Data Recipients"). Optionee understands that these Data Recipients may be located in Optionee's country of residence, the European Economic Area, and in countries outside the European Economic Area, including the United States. Optionee authorizes the Data Recipients to receive, possess, use, retain and transfer Data in electronic or other form, for the purposes of implementing, administering and managing the Plan, including any transfer of such Data, as may be necessary or appropriate for the administration of the Plan and/or the subsequent holding of shares of stock on Optionee's behalf, to a broker or third party with whom the shares acquired on exercise may be deposited. Optionee understands that he or she may, at any time, review the Data, require any necessary amendments to it or withdraw the consent herein by notifying STERIS in writing. Optionee further understands that withdrawing consent may affect Optionee's ability to participate in the Plan, at the sole discretion of the Board or the Chief Executive Officer or his delegatee or delegatees, if applicable.

11. *Relation to Plan.* This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern.

12. *Amendments.* Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that no amendment shall have a material adverse effect on the rights of Optionee under this Agreement without Optionee's consent.

13. *Severability.* If any provision of this Agreement or the application of any provision hereof to any person or circumstances is held invalid or unenforceable, the remainder of this Agreement and the application of such provision to any other person or circumstances shall not be affected, and the provisions so held to be invalid or unenforceable shall be reformed to the extent (and only to the extent) necessary to make it enforceable and valid while accomplishing the most similar purpose.

14. *Governing Law.* This Agreement shall be governed by and construed in accordance with the internal substantive laws of the State of Ohio, without giving effect to any principle of law that would result in the application of the law of any other jurisdiction. Any unresolved dispute relating to this Agreement shall be submitted exclusively to the jurisdiction of the courts of Lake County Ohio.

15. *Miscellaneous.* Nothing contained in this Agreement shall be understood as conferring on Optionee any right to continue as an employee of STERIS or any Subsidiary. STERIS reserves the right to correct any clerical, typographical, or other error in this Agreement or otherwise with respect to this grant. This Agreement shall inure to the benefit of and be binding upon its parties and their respective heirs, executors, administrators, successors, and assigns, but the Option shall not be transferable by Optionee other than as provided in Section 17 of the Plan.

16. *Qualifying Retirement.* Pursuant to Section 11 of the Plan, the Board hereby consents to the Optionee's Qualifying Retirement if, at the time that the Optionee terminates service with STERIS, the Optionee satisfies the requirements of Section 11(b)(iii) of the Plan other than the requirement of the Board having consented thereto (which consent is hereby given). Notwithstanding Section 11(b)(i) of the Plan, for purposes of this Agreement and for purposes of the Option and the Plan provisions relating to this Agreement and the Option that use the term "Extended Exercise Period", "Extended Exercise Period" means the period that begins on the date of retirement and ends on the expiration date of the Option.

STERIS has caused this Agreement to be executed on its behalf by its duly authorized officer, and Optionee has entered into this Agreement and accepted all terms and conditions thereof by electronic acceptance and/or by the signed Acknowledgment, either of which has the same force and binding effect as if this Agreement were physically signed by Optionee, all as of the Date of Grant.

STERIS plc

Optionee

By: 
Secretary

Signature by electronic acceptance and/or execution of the Acknowledgment and Acceptance form.

**FORM OF STERIS PLC RESTRICTED STOCK
AGREEMENT FOR EMPLOYEES**

**STERIS plc
RESTRICTED STOCK AGREEMENT FOR EMPLOYEES - <award_date>**

This Agreement (“Agreement”) is between STERIS plc (“STERIS”) and < first_name> <middle_name> < last_name> (“Grantee”), with respect to the grant of shares of STERIS restricted stock to Grantee pursuant to the STERIS plc 2006 Long-Term Equity Incentive Plan, Assumed as Amended and Restated Effective November 2, 2015, and as further amended from time to time (the “Plan”). All terms used herein with initial capital letters and not otherwise defined herein that are defined in the Plan shall have the meanings assigned to them in the Plan.

1. *Grant of Restricted Shares.* STERIS hereby grants to Grantee, as of the date (“Date of Grant”) set forth above and in the Acknowledgment and Acceptance Form accompanying this Agreement (“Acknowledgment”), <shares_awarded> Ordinary Shares of STERIS restricted stock, par value ten pence per share, as previously disclosed to Grantee and as reflected in the records of STERIS as granted as of the Date of Grant (“Restricted Shares”), upon and subject to the terms of this Agreement and the Plan. The Restricted Shares covered by this Agreement shall be issued to the Grantee effective upon the Date of Grant. The Ordinary Shares subject to this grant of Restricted Shares shall be registered in the Grantee’s name in STERIS’s stock registry as fully paid and nonassessable. Any certificate or other evidence of ownership or the book entry representing the Restricted Shares shall bear an appropriate legend referring to the restrictions hereinafter set forth.

2. *Documents Delivered with Agreement.* STERIS has delivered or made available to the Grantee, along with this Agreement, the following documents: (a) STERIS’s Insider Trading Policy (the “Policy”); (b) the Plan and its related Prospectus; (c) the Nondisclosure and Noncompetition Agreement to be entered into between STERIS and Grantee (the “Nondisclosure Agreement”); (d) the Acknowledgment; and (e) STERIS or STERIS Corporation’s most recent Annual Report to Shareholders and Form 10-K filed with the US Securities and Exchange Commission. Acceptance and compliance with these documents is a condition to the effectiveness of this grant of Restricted Shares. By accepting this Agreement or executing the Acknowledgment, the Grantee acknowledges receipt, review and acceptance of these documents and compliance with their terms. Furthermore, as a condition of this grant of Restricted Shares, STERIS in its discretion, may require Grantee to return an executed copy of the Acknowledgment in such format as STERIS may require.

3. *Restrictions on Transfer of Shares.* The Ordinary Shares subject to this grant of Restricted Shares may not be sold, exchanged, assigned, transferred, pledged, encumbered or otherwise disposed of by the Grantee, except to STERIS, unless, and only to the extent, the Restricted Shares have vested and become nonforfeitable as provided in Section 4 hereof or as otherwise provided in the Plan; provided, however, that the Grantee’s rights with respect to such Ordinary Shares may be transferred by will or pursuant to the laws of descent and distribution. Any purported transfer or encumbrance in violation of the provisions of this Section 3 shall be void, and the other party to any such purported transaction shall not obtain any rights to or interest in such Ordinary Shares. STERIS in its sole discretion, when and as permitted by the Plan, may waive the restrictions on transferability with respect to all or a portion of the Ordinary Shares subject to this grant of Restricted Shares.

4. *Vesting of Restricted Shares.* Subject to the terms of this Agreement and the Plan, this grant of Restricted Shares is subject to the following limitations:

[(a) If at the Date of Grant, Grantee has attained age 55 and has been in the service of STERIS and/or a Subsidiary for at least five consecutive years (“Qualifying Retirement Eligible”), the Restricted Shares shall vest and become nonforfeitable in four equal annual installments, on _____ and on each of the three immediately succeeding anniversaries thereof (each such _____, an “Anniversary Date”).

(b) If at the Date of Grant the Grantee is not Qualifying Retirement Eligible, the Restricted Shares shall vest and become nonforfeitable on _____; provided, however, that if before the Restricted Shares have otherwise become vested and nonforfeitable pursuant to the foregoing provision, the Grantee becomes Qualifying Retirement Eligible, then on the Anniversary Date that coincides with or immediately succeeds the date the Grantee becomes Qualifying Retirement Eligible and provided the Grantee has remained in the employ of STERIS or a Subsidiary through such Anniversary Date, the Restricted Shares will become vested and nonforfeitable to the same extent as they would have been on such date under paragraph (a) had the Grantee been Qualifying Retirement Eligible at the Date of Grant, and if such Anniversary Date is not the fourth Anniversary Date subsequent to the Date of Grant, the Restricted Shares will thereafter continue to vest in the same manner and to the same extent as would have been the case under paragraph (a) had the Grantee been Qualifying Retirement Eligible at the Date of Grant.

(c) Notwithstanding the foregoing, if any Anniversary Date on which the Restricted Shares or a portion thereof would otherwise vest is not a trading day on the New York Stock Exchange, such vesting shall be deferred until the first trading day thereafter.

(d) Notwithstanding anything herein to the contrary, the provisions of Section 11 of the Plan, other than Section 11(d)(iii), shall not apply to the Restricted Shares, and if the Grantee terminates service with STERIS and all Subsidiaries prior to the date on which the Grantee’s Restricted Shares have become fully vested and nonforfeitable, subject to the provisions of Section 11(d)(iii) of the Plan, those portions of the Restricted Shares that are not vested at the time of such termination shall be forfeited.

(e) Also notwithstanding the foregoing, if on any Anniversary Date any portion of the Restricted Shares that would otherwise vest on such Anniversary Date represents a fractional share, that portion shall be aggregated with any portions of the Restricted Shares that represent fractional shares and would otherwise vest on succeeding Anniversary Dates and all portions so aggregated shall vest on the first of the aforesaid Anniversary Dates.]

[(a) Notwithstanding anything contained in Section 23 of the Plan to the contrary, the Restricted Shares shall fully vest and become nonforfeitable on _____.

(b) Notwithstanding the foregoing, if the date on which the Restricted Shares would otherwise vest is not a trading day on the New York Stock Exchange, such vesting shall be deferred until the first trading day thereafter.

(c) Notwithstanding anything herein to the contrary, the provisions of Section 11 of the Plan, other than Section 11(d)(iii), shall not apply to the Restricted Shares, and if the Grantee terminates service with STERIS and all Subsidiaries prior to the date on which the Grantee's Restricted Shares have become vested and nonforfeitable, subject to the provisions of Section 11(d)(iii) of the Plan, the Restricted Shares shall be forfeited.]

[(a) Notwithstanding anything contained in Section 23 of the Plan to the contrary, the Restricted Shares shall vest and become nonforfeitable in _____ (____) equal installments on _____ and _____.

(b) Notwithstanding the foregoing, if any date on which the Restricted Shares or a portion thereof would otherwise vest is not a trading day on the New York Stock Exchange, such vesting shall be deferred until the first trading day thereafter.

(c) Notwithstanding anything herein to the contrary, the provisions of Section 11 of the Plan, other than Section 11(d)(iii), shall not apply to the Restricted Shares, and if the Grantee terminates service with STERIS and all Subsidiaries prior to the date on which the Grantee's Restricted Shares have become fully vested and nonforfeitable, subject to the provisions of Section 11(d)(iii) of the Plan, those portions of the Restricted Shares that are not vested at the time of such termination shall be forfeited.

(d) Notwithstanding the foregoing, if the portion of the Restricted Shares that would otherwise vest on the first referenced vesting date includes a fractional share, such fractional share shall be aggregated with the fractional shares included in that portion of the Restricted Shares that would otherwise vest on succeeding vesting dates and the aggregated fractional shares shall vest on the first referenced vesting date.]

5. *Forfeiture of Shares.* Subject to the terms of this Agreement and the Plan, if the Grantee violates the Policy, this Agreement, or the Nondisclosure Agreement or ceases to be employed by STERIS or a Subsidiary prior to the time all of the Restricted Shares have become vested and nonforfeitable, the Restricted Shares shall be forfeited, to the extent not then vested, subject to the provisions of Section 11(d)(iii) of the Plan. In the event of a forfeiture under this Section 5, any forfeited Restricted Shares shall be returned by the Grantee to STERIS for no consideration.

6. *Dividend, Voting and Other Rights.* Except as otherwise provided herein, from and after the Date of Grant, the Grantee shall have all of the rights of a shareholder with respect to the Restricted Shares covered by this Agreement, including the right to vote such Restricted Shares and receive any dividends that may be paid thereon; provided, however, that any additional Ordinary Shares or other securities that the Grantee may become entitled to receive pursuant to a stock dividend, issuance of rights or warrants, stock split, combination of shares, recapitalization, merger, consolidation, separation, or reorganization or any other change in the capital structure of STERIS shall be subject to the same or similar restrictions as the Restricted Shares covered by this Agreement as determined by STERIS.

7. *Stock Certificate(s).* The Ordinary Shares subject to this grant of Restricted Shares shall not be represented by certificates unless otherwise provided by resolution of the Board of STERIS or required by law, and if such Ordinary Shares should be represented by certificates, the certificates will be held in custody by STERIS until those shares shall vest in accordance with the provisions hereof or as otherwise provided in the Plan. STERIS shall cause the Restricted Shares to be registered in the name of Grantee in STERIS's stock registry, with the foregoing restrictions noted thereon. STERIS may require as a condition to the effectiveness of this grant of Restricted Shares that Grantee deliver to STERIS a stock power endorsed in blank by the Grantee with respect to the Restricted Shares and Grantee agrees to deliver the same.

8. *Compliance with Law.* Notwithstanding any other provision of this Agreement, STERIS shall not be obligated to issue any Ordinary Shares pursuant to this Agreement if the issuance thereof would result in a violation of any applicable law.

9. *Employment.* For purposes of this Agreement, the continuous employment of the Grantee with STERIS or a Subsidiary shall not be deemed to have been interrupted, and Grantee shall not be deemed to cease being an employee of STERIS or Subsidiary, by reason of (i) the transfer of his or her employment among STERIS and its Subsidiaries or (ii) a leave of absence not to exceed 12 months approved in writing by a duly elected officer of STERIS.

10. *Certain Determinations.* The application, violation, or other interpretation of the terms of this Agreement, the Plan, the Nondisclosure Agreement, the Policy, or any other STERIS policy shall be determined by the Board or the Chief Executive Officer or his delegatee or delegatees, if applicable, in their sole discretion, and such determination shall be final and binding on the Grantee.

11. *Termination of the Plan; No Right to Future Grants; No Right of Employment; Extraordinary Item of Compensation.* By entering into this Agreement, the Grantee acknowledges: (a) that the Plan is discretionary in nature and may be suspended or terminated by STERIS at any time; (b) that the grant of Restricted Shares is a one-time benefit which does not create any contractual or other right to receive future grants of restricted shares, or benefits in lieu of restricted shares; (c) that all determinations with respect to any such future grants, including, but not limited to, the times when the restricted shares shall be granted, the number of shares subject to each grant of restricted shares, and the time or times when the restricted shares shall become nonforfeitable, will be at the sole discretion of STERIS; (d) that the Grantee's participation in the Plan shall not create a right to further employment with the Grantee's employer and shall not interfere with the ability of the Grantee's employer to terminate the Grantee's employment relationship at any time with or without cause; (e) that the Grantee's participation in the Plan is voluntary; (f) that the value of the Restricted Shares is an extraordinary item of compensation which is outside the scope of the Grantee's employment contract, if any; (g) that the Restricted Shares are not part of normal and expected compensation for purposes of any other employee benefit plan or program of STERIS, including for purposes of calculating any severance, resignation, redundancy, end of service, bonus, long-service, pension or retirement benefits or similar payments; (h) that the right to vesting of the Restricted Shares ceases upon termination of employment for any reason except as may otherwise be explicitly provided in the Plan or this Agreement; (i) that the future

value, if any, of the Restricted Shares is unknown and cannot be predicted with certainty; and (j) that, where the Grantee's employer is a Subsidiary of STERIS, the Restricted Shares have been granted to the Grantee in the Grantee's status as an employee of such Subsidiary and the terms of this Agreement can be modified by STERIS to facilitate the issuance and administration of the award and can in no event be understood or interpreted to mean that STERIS is the Grantee's employer or that the Grantee has an employment relationship with STERIS.

12. *Employee Data Privacy.* By entering into the Agreement, and as a condition of this award of Restricted Shares, the Grantee consents to the collection, use and transfer of personal data as described in this Section 12. The Grantee understands that STERIS and its Subsidiaries hold certain personal information about the Grantee, including, but not limited to, the Grantee's name, home address and telephone number, date of birth, social insurance number, salary, nationality, job title, any shares of stock or directorships held in STERIS, details of all Restricted Shares or other entitlement to shares of stock awarded, canceled, exercised, vested, unvested or outstanding in the Grantee's favor, for the purpose of managing and administering the Plan ("Data"). The Grantee further understands that STERIS and/or its Subsidiaries will transfer Data among themselves as necessary for the purposes of implementation, administration and management of the Grantee's participation in the Plan, and that STERIS and/or its Subsidiaries may each further transfer Data to any third parties assisting STERIS in the implementation, administration and management of the Plan ("Data Recipients"). The Grantee understands that these Data Recipients may be located in the Grantee's country of residence, the European Economic Area, and in countries outside the European Economic Area, including the United States. The Grantee authorizes the Data Recipients to receive, possess, use, retain and transfer Data in electronic or other form, for the purposes of implementing, administering and managing the Plan, including any transfer of such Data, as may be necessary or appropriate for the administration of the Plan and/or the subsequent holding of shares of stock on the Grantee's behalf, to a broker or third party with whom the shares acquired on exercise may be deposited. The Grantee understands that he or she may, at any time, review the Data, require any necessary amendments to it or withdraw the consent herein by notifying STERIS in writing. The Grantee further understands that withdrawing consent may affect the Grantee's ability to participate in the Plan, at the sole discretion of the Board or the Chief Executive Officer or its delegatee or delegatees.

13. *Relation to Plan.* This Agreement is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this Agreement and the Plan, the Plan shall govern.

14. *Amendments.* Any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; provided, however, that no amendment shall have a material adverse effect on the rights of the Grantee under this Agreement without the Grantee's consent.

15. *Severability.* If any provision of this Agreement or the application of any provision hereof to any person or circumstances is held invalid or unenforceable, the remainder of this Agreement and the application of such provision to any other person or circumstances shall not be affected, and the provisions so held to be invalid or unenforceable shall be reformed to the extent (and only to the extent) necessary to make it enforceable and valid while accomplishing the most similar purpose.

16. *Governing Law.* This Agreement shall be governed by and construed in accordance with the internal substantive laws of the State of Ohio, without giving effect to any principle of law that would result in the application of the law of any other jurisdiction. Any unresolved dispute shall be submitted exclusively to the jurisdiction of the courts of Lake County, Ohio.

17. *Payment of Par Value.* By entering into this Agreement, the Grantee undertakes and agrees to pay the par value of £0.10 for each Restricted Share granted pursuant to this Agreement (the "Par Value Consideration") on or before the date ("Payment Date") that is six weeks after the Date of Grant as such date may be extended by STERIS in its sole discretion. Such payment of the Par Value Consideration shall be made, at the option of Grantee's employer, on or before the Payment Date through withholding of the Par Value Consideration by the Grantee's employer from the Grantee's compensation as soon as reasonably practicable after the Grant Date or by other means of payment by the Grantee as determined by STERIS or such employer. If such payment is not received by the Payment Date, the Restricted Shares shall be forfeited for non-payment pursuant to the Articles of Association of STERIS.

[18. *Taxes.* Unless Grantee has made an election under Section 83(b) of the Code with respect to the Restricted Shares, each time any of the Restricted Shares become vested and nonforfeitable STERIS shall withhold or cause to be withheld from such Restricted Shares at the time such vesting occurs a number of Ordinary Shares having a value equal to the amount of federal, state, local, foreign or other taxes required to be withheld pursuant to applicable employment or tax laws, as determined by STERIS. Likewise, with respect to previous Plan grants of restricted shares and in respect of which the Grantee has not made an election under Section 83(b) of the Code, STERIS shall withhold or cause to be withheld from such restricted shares at the time such vesting occurs a number of Common Shares having a value equal to the amount of federal, state, local, foreign or other taxes required to be withheld pursuant to applicable employment or tax laws, as determined by STERIS. For purposes of the foregoing withholding, the Ordinary Shares used for tax withholding will be valued at an amount equal to the Market Value per Share of such Ordinary Shares on the date the benefit is to be included in the Grantee's income. The foregoing provisions shall apply notwithstanding any alternate methods for the payment of withholding of taxes contained in the Plan.]

[18. *Withholding Taxes.* STERIS, or the Subsidiary that employs Grantee, shall withhold an amount equal to STERIS's or such Subsidiary's required statutory withholding taxes in the relevant tax jurisdiction on any payment made or benefit realized by Grantee. Taxes for purposes of the foregoing shall include, without limitation, any United Kingdom primary Class 1 (employee's) national insurance contributions. In connection with the foregoing each time any of the Restricted Shares become vested and nonforfeitable STERIS or the Subsidiary that employs Grantee shall withhold from such Restricted Shares at the time such vesting occurs a number of Ordinary Shares having a value equal to the amount of federal, state, local, foreign or other taxes required to be withheld pursuant to applicable employment or tax laws, as determined by STERIS. Likewise, with respect to previous Plan grants of restricted shares, STERIS or the Subsidiary that employs Grantee shall withhold from such restricted shares at the time such vesting occurs a number of Ordinary Shares having a value equal to the amount of federal, state, local, foreign or other taxes required to be withheld pursuant to applicable employment or tax laws, as determined by STERIS. For purposes of the foregoing withholding the Ordinary Shares used for tax withholding will be valued at an amount equal to the Market Value per Share of such Ordinary Shares on the date the benefit is to be included in the Grantee's income. The foregoing provisions shall apply notwithstanding any alternate methods for the payment of withholding of taxes contained in the Plan.]

19. *Miscellaneous.* Nothing contained in this Agreement shall be understood as conferring on Grantee any right to continue as an employee of STERIS or any Subsidiary or affiliate. STERIS reserves the right to correct any clerical, typographical, or other error in this Agreement or

otherwise with respect to this grant. This Agreement shall inure to the benefit of and be binding upon its parties and their respective heirs, executors, administrators, successors, and assigns, but the Restricted Shares shall not be transferable by Grantee other than as provided in Section 17 of the Plan.

20. *Authority.* Any director or authorised signatory of STERIS is authorised to execute any document and do any act necessary or desirable to effect the forfeiture of any Restricted Shares which are subject to forfeiture and their return to STERIS for no consideration in accordance with the Plan and/or this Agreement.

STERIS has caused this Agreement to be executed on its behalf by its duly authorized officer, and Grantee has entered into this Agreement and accepted all terms and conditions thereof by electronic acceptance and/or by the signed Acknowledgment, either of which has the same force and binding effect as if this Agreement were physically signed by Grantee, all as of the Date of Grant.

STERIS plc

Grantee

IMAGE HERE

By:
Secretary

Signature by electronic acceptance and/or execution of the Acknowledgment and Acceptance form.

STERIS plc

Senior Executive Severance Plan

STERIS plc

Senior Executive Severance Plan

Article 1. Establishment and Term of the Plan

1.1 Establishment of the Plan STERIS plc hereby establishes this severance plan, to be known as the “STERIS plc Senior Executive Severance Plan,” effective as of November 2, 2015. The Plan provides severance benefits to specified executives of STERIS and its Affiliates upon terminations of employment.

STERIS considers the establishment and maintenance of a sound management to be essential to protecting and enhancing the best interests of STERIS and its shareholders. In this connection, STERIS recognizes that, as is the case with many publicly held corporations, the possibilities of a Change in Control or a termination of an Executive’s employment may arise and that such possibilities, and the uncertainty and questions which they may raise among management, may result in the departure or distraction of management personnel to the detriment of STERIS and its shareholders.

Accordingly, the Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of the management of the Company (as hereinafter defined) to their assigned duties without distraction in circumstances arising from the possibility of a Change in Control (as hereinafter defined) of STERIS or a termination of an Executive’s employment.

1.2 Plan Term This Plan shall commence on the Effective Date and shall continue in effect until terminated by STERIS. STERIS may terminate this Plan entirely or terminate any individual Executive’s participation in the Plan at any time by: (a) giving all Executives at least twelve (12) months prior written notice of Plan termination if terminating the Plan in its entirety or (b) giving the affected Executive at least twelve (12) months prior written notice if terminating the affected Executive’s participation in the Plan. Any notice provided pursuant to the preceding sentence shall specify the date (in compliance with the preceding termination sentence) as of which such termination shall be effective. Following delivery of such notice by STERIS, this Plan or the Executive’s participation in the Plan, as the case may be, along with all corresponding Plan rights, duties, and covenants, other than those contained in Articles 5 and 6 and in Sections 7.3, 9.2, 9.10, 9.11 and 9.12 shall terminate on the date indicated in such notice, except that any right to Severance Benefits that shall have accrued to Executive prior to the effective date specified in such notice shall not be affected by such termination and such Severance Benefits shall be provided as if such notice had not been given.

1.3 Change in Control and Plan Term Notwithstanding Section 1.2, in the event of a Change in Control during the term of the Plan, STERIS may not terminate the Plan or the participation of any individual Executive who is a participant at the time the Change in Control occurs during the period beginning on the date of the Change in Control through the second anniversary of the Change in Control. STERIS shall cause any successor entity in a Change in Control to expressly assume the Plan, as further provided in Article 8.1.

1.4 STERIS Corporation, an Ohio Corporation and subsidiary of STERIS, maintains a Senior Executive Severance Plan for its senior executives (the “Prior Plan”), which is in the process of being terminated in accordance with the provisions of the Prior Plan. Notwithstanding anything to the contrary contained herein, no benefits shall be payable under this Plan to persons who are participants in the Prior Plan herein in respect of the same period of employment or of the same “Separation from Service,” as such term is defined in the Plan and Prior Plan.

Article 2. Definitions

Wherever used in this Plan, the following capitalized terms shall have the meanings set forth below:

(a) “**Affiliate**” means any Person directly or indirectly controlling, controlled by or under direct or indirect common control with STERIS. For purposes of this definition, “control” means the power to direct the management and policies of a Person, directly or through one of more intermediaries, whether through ownership of voting securities, by contract, or otherwise.

(b) “ **Base Salary** ” means, at any time, the then regular gross annual rate of salary payable to Executive as annual salary, including amounts withheld or deferred for any reason, including any amounts not includible in income for federal income tax purposes as a result of elections by the Executive or the Company that would have been includible in income absent such elections.

(c) “ **Board** ” means the Board of Directors of STERIS and/or the Committee.

(d) “ **Cause** ” means the occurrence of any one or more of the following:

(i) The Executive’s conviction of a felony

(ii) The Executive’s indictment for a felony as a result of any acts or omissions in the operation of the Company’s business, except to the extent that such acts or omissions are fully consistent with Company policy and industry practices;

(iii) The Executive’s indictment for a felony that is not as a result of any acts or omissions in the operation of the Company’s business but has a material adverse effect upon the Company, its business or reputation or the Executive’s ability to perform his/her duties;

(iv) Fraud, misappropriation or embezzlement by the Executive whether or not involving the Company;

(v) The Executive’s material breach of his/her covenants under this Plan or any of the Other Agreements which has not been cured within the applicable time period if any, set forth therein and, if not so specified, promptly (taking into account the nature of the conduct and the actions that must be taken to effect the cure) after receipt by the Executive of notice thereof from the Company; or

(vi) The Executive’s gross misconduct, gross negligence, conduct involving moral turpitude, or insubordination, that has a material adverse effect upon the Company, its business or reputation or the Executive’s ability to perform his/her duties.

(e) “ **Change in Control** ” means with respect to any Executive for purposes of this Plan, a Change in Control within the meaning of the most recent Equity Plan assumed or adopted by STERIS, or if a different definition of such term is contained in the Executive’s most recent Evidence of Award, “Change in Control” shall have the meaning contained in such Evidence of Award.

(f) “ **Code** ” means the U.S. Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated thereunder.

(g) “ **Committee** ” means the Compensation Committee of the Board, or another committee of the Board appointed by the Board to administer this Plan.

(h) “ **Company** ” means and includes STERIS and all Persons from time to time constituting Affiliates.

(i) “ **Disability** ” or “ **Disabled** ” shall have the meaning used for purposes of the Company’s long term disability plan as in effect at the time the Disability is claimed to have occurred.

(j) “ **Effective Date** ” means November 2, 2015.

(k) “ **Effective Date of Termination** ” means the date on which a Qualifying Termination occurs, as provided in Section 3.1, which triggers the payment of Severance Benefits, or such other date upon which the Executive’s employment with the Company terminates for reasons other than a Qualifying Termination.

(l) “ **Equity Plan** ” means the STERIS plc 2006 Long-Term Equity Incentive Plan, as amended from time to time, and/or any similar plan that replaces or supplements such 2006 Long-Term Equity Incentive Plan.

(m) “ **Evidence of Award** ” means an Evidence of Award within the meaning of the Equity Plan or any similar agreement or instrument providing for equity or equity related award grants in respect of STERIS.

(n) “ **Executive** ” means the Chief Executive Officer of STERIS and all other employees of the Company whose participation in the Plan has been approved by the Board, and whose participation in the Plan has not terminated pursuant to the provisions hereof.

(o) “ **General Release** ” has the meaning set forth in Section 3.4.

(p) “ **Good Reason** ” means, with respect to an Executive

(i) the Company fails to make any payment when due of the Executive's Base Salary or any incentive compensation to which the Executive is entitled;

(ii) any material decrease in the Executive's rate of Base Salary or a material reduction of the Executive's maximum incentive compensation opportunity; provided that any such decrease or reduction, will not be considered "Good Reason" if, prior to any Change in Control occurring subsequent to the Effective Date, similar change(s) are recommended by STERIS's independent compensation consultant or the Board for general application to other current executives; provided further the failure to extend or renew any Other Severance Arrangement of any Executive or the termination of any Other Severance Arrangement in accordance with its terms or by agreement of the parties does not constitute "Good Reason" with respect to the Executive;

(iii) the Company requires the Executive to work out of an office that is more than 50 miles away from the Executive's office location at the time the Executive receives his or her Notice of Participation for more than 30 consecutive days; or

(iv) Disability or death of the Executive; or

(v) in the case of the STERIS CEO, if the shareholders of STERIS fail to elect or re-elect the CEO to the Board of Directors of STERIS,

and in each case, the Executive has provided the Company with written notice within thirty (30) days after the initial event which the Executive believes constitutes "Good Reason," describing such event, and, in the case of events other than those described in clause (iv), the Company has failed to remedy the situation within thirty (30) days after receipt of notice.

(q) "**Notice of Termination**" means a written notice provided by STERIS or the Executive indicating that the Executive's employment is being terminated. In the event the Executive provides such notice, the Notice of Termination shall indicate the specific termination provision in this Plan relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for the Executive's termination of the Executive's employment under the provision so indicated.

(r) "**Old STERIS**" means STERIS Corporation, an Ohio Corporation.

(s) "**Other Agreements**" means with respect to an Executive restricted share agreements, stock option agreements, or similar agreements entered into by the Executive in conjunction with any Equity Plan or predecessor plan, any non-compete, confidentiality and other similar agreements between STERIS or old STERIS and the Executive, and STERIS's and old STERIS's codes and policies in effect now or in the future.

(t) "**Other Severance Arrangement**" has the meaning set forth in Section 9.2.

(u) "**Person**" means any individual and any corporation, partnership, trust, unincorporated organization, association, limited liability company or other entity or group.

(v) "**Plan**" means this STERIS Corporation Senior Executive Severance Plan, as the same may be amended from time to time.

(w) "**Qualifying Termination**" means any of the events described in Section 3.1, the occurrence of which triggers the payment of Severance Benefits.

(x) "**Separation from Service**" has the meaning set forth in Section 3.1.

(y) "**Severance Benefits**" means those benefits provided pursuant to Sections 4.2(c), 4.2(d) and 4.2(e).

(z) "**STERIS**" means STERIS plc, a public limited company organized under the laws of England and Wales, and any successor thereto as provided in Section 8.1.

Article 3. Severance Eligibility/Conditions.

3.1 Qualifying Termination . STERIS shall pay Severance Benefits and other benefits to an Executive, as such Severance Benefits and other benefits are described in Section 4.2, upon the occurrence of any one or more of the following events (a "Qualifying Termination"):

(a) Within twelve (12) calendar months following a Change in Control and prior to termination of the Plan or termination of the Executive's participation therein pursuant to Section 1.2, the Executive incurs a Separation from Service other than:

(i) By the Company for Cause; or

(ii) By the Executive without Good Reason.

(b) At any time other than as described in Section 3.1(a) and prior to the termination of the Plan or termination of the Executive's participation therein pursuant to Section 1.2, the Executive incurs a Separation from Service other than:

(i) By the Company for Cause; or

(ii) By the Executive without Good Reason.

A "Separation from Service" shall be deemed to have occurred on the date on which the level of bona fide services reasonably anticipated to be performed by the Executive is twenty percent (20%) or less (including zero) of the average level of bona fide services performed by such Executive during the immediately preceding thirty-six (36) month period (or the full period of services if the Executive has been providing services for less than thirty-six (36) months). For the avoidance of doubt, a complete termination of Executive's employment and other service relationships with STERIS and all Affiliates constituting the Company shall be a Separation from Service. A Separation from Service by an Executive shall be treated as having occurred with Good Reason only if the Executive terminates his employment and all other service relationships with STERIS and all such Affiliates within thirty (30) days after the end of the Company's cure period described in Section 2(p).

3.2 Severance Benefits. The Executive shall not be entitled to receive Severance Benefits if the Executive's employment with Company ends for reasons other than a Qualifying Termination.

3.3 General Release and Other Agreements. As a condition to receiving Severance Benefits under this Plan, prior to the 60th day following the date of the Executive's Qualifying Termination, the Executive shall have executed (i) a general release of claims in favor of STERIS, its current and former Affiliates and shareholders, and the current and former directors, officers, employees, and agents thereof, in the form prescribed by STERIS (a "General Release") and under procedures determined by STERIS in its discretion to be adequate, to effectively waive all claims under applicable law, and any period for revocation of such General Release shall have expired and (ii) at STERIS's option, the Executive shall have executed a written affirmation in such form as STERIS may require of Executive's obligations under Articles 5 and 6 hereof and under all nondisclosure and non-competition agreements and similar agreements to which Executive is party, including the Other Agreements.

3.4 Notice of Termination. Any Separation from Service (including a termination of employment of Executive) by the Company or by the Executive shall be communicated by Notice of Termination to the other party. In the event an Executive provides written notice to STERIS of an alleged Good Reason event and subsequently terminates his/her employment pursuant to Section 2 (p) and Section 3.1, then such notice shall constitute a Notice of Termination.

3.5 Disability. Notwithstanding any provision of the Plan to the contrary, if an Executive becomes Disabled after the date of the Executive's Qualifying Termination, such Executive shall not be entitled to benefits under any short-term or long-term disability plan of Company.

Article 4. Severance Benefits and Other Benefits.

4.1 General Conditions for Severance Benefits. Subject to Section 3.3 and the other provisions hereof, the Company shall pay the Executive the benefits, including the Severance Benefits, as described in Section 4.2, if the Executive receives or delivers a Notice of Termination in respect of a Qualifying Termination of the Executive's employment pursuant to Section 3.1.

4.2 Benefits. Severance Benefits to be provided to the Executive pursuant to this Section 4.2 shall be the following:

(a) An amount equal to the Executive's unpaid Base Salary, unreimbursed business expenses, and all other items earned by and owed to the Executive through and including the date of the Qualifying Termination shall be paid in cash to the Executive within thirty days after the date of his or her Effective Date of Termination. Such payment shall constitute full satisfaction for these amounts owed to the Executive.

(b) Any amount payable to the Executive under the applicable management incentive compensation plan then in effect in respect of the most recently completed fiscal year, to the extent not theretofore paid, shall be paid in cash to the Executive in a single lump sum at the applicable time provided in such plan. Such payment shall constitute full satisfaction for such amount owed to the Executive in respect of such fiscal year.

(c) An amount equal to one (1) times the Executive's annual rate of Base Salary in effect immediately prior to the date of his or her Qualifying Termination; provided, however, in the case of an Executive (x) whose Qualifying Termination occurs under the circumstances described in 3.1(a) or (y) whose Qualifying Termination is a Separation from Service by the Company without Cause that occurs within twelve (12) months prior to a Change in Control and such Separation from Service occurs at the request of any party involved in the Change in Control transaction, then in either case the amount payable under this Section 4.2(c) to the Executive shall be two (2) times the Executive's annual rate of Base Salary in effect upon the date of the Qualifying Termination or,

if greater, the Executive's annual rate of Base Salary in effect immediately prior to the occurrence of the Change in Control. Subject to Section 9.2 and the following sentence, such amount shall be paid in equal monthly installments or more frequent installments as determined by STERIS over a twelve (12) month period commencing upon the date of the Executive's Separation from Service, payable on the same schedule that would have existed had the Executive remained in the employ of the Company. Notwithstanding the foregoing, the first payment shall be made on the 61st day after the Executive's Separation from Service and shall include all amounts that would have been paid prior to such first payment date but for this sentence.

(d) An amount equal to the annual bonus the Executive would have earned under the applicable management incentive compensation plan for the fiscal year in which the Qualifying Termination occurs, determined based on the applicable targets, thresholds and actual financial performance achieved (and treating individual performance as having achieved expectations) under such incentive compensation plan for such fiscal year and adjusted on a pro rata basis based on the number of months the Executive was actually employed during such fiscal year (full credit shall be given for partial months of employment), which amount shall be paid in cash to the Executive in a single lump sum at the applicable time provided in such plan. Such payment shall constitute full satisfaction for such amount owed to the Executive under such plan for such fiscal year.

(e) The Company shall allow Executive, at Executive's expense, to continue to participate in the Company's medical and dental insurance coverages as are in effect from time to time for Company employees until the earlier of (x) Executive's eligibility under another employer's medical or dental plan, or (y) expiration of the Executive's eligibility to participate in such coverages pursuant to COBRA, and shall reimburse the Executive for the monthly cost thereof incurred by Executive during the first twelve (12) months subsequent to the date of the Executive's Qualifying Termination. Subject to Section 9.2, each such reimbursement shall be made within ten (10) days after the end of the month for which such reimbursement is made, provided that the first reimbursement payment shall be made on the 61st day after the Executive's Separation from Service and shall include all reimbursement amounts that would have been paid prior to such first payment date but for this proviso. Executive agrees that the period of medical and dental coverage under the Company's plans shall count against the obligation to provide continuation coverage under COBRA and ERISA.

(f) Any exercise or other rights of Executive with respect to Executive's interests in STERIS stock, restricted stock, stock options, stock appreciation, or other equity related interests shall continue to be subject to the terms and conditions of the applicable Equity Plans and/or predecessor plans, as applicable, and the Executive's applicable Evidence(s) of Award and/or evidences of award under predecessor plans, as applicable, which shall remain in full force and effect, in accordance with their respective terms including without limitation the requirements of "Good Standing", confidentiality and non-competition.

(g) Notwithstanding the foregoing, if the payment of any amount of Severance Benefits to the Executive before the date which is six months after the date of Executive's Separation from Service would cause all or any portion of the Severance Benefits to be subject to inclusion in the Executive's gross income for federal income tax purposes under Section 409A(a)(i)(A) of the Code, then the payment of any such amount shall be delayed until the first business day after such date (or, if earlier, the date of the Executive's death).

Article 5. Protective Covenants. Executive agrees that the Other Agreements shall apply to Executive and remain in full force and effect subject to their terms, excluding any severance policy, benefits, or other post termination obligation of the Company, except as specified in Section 4.2 of this Plan or except for any Other Severance Arrangement. This Plan shall be in addition to and not in substitution for such Other Agreements, provided that any material breach, default or violation by Executive under this Plan or the Other Agreements or any Other Severance Arrangement, shall constitute a breach of each and every Other Agreement and any Other Severance Arrangement between STERIS and Executive, if so determined by STERIS. This Plan and the Other Agreements are separate and distinct obligations and are intended to supplement, not conflict with, each other. However, in the event of any conflict between the terms of those Other Agreements and this Plan, such conflict shall be governed by the terms of this Plan. Executive acknowledges and agrees that (i) adequate consideration has been provided for this Plan and the Other Agreements and each is binding on Executive, and (ii) both during and after employment with the Company, Executive will freely assist and cooperate with the Company concerning matters in his or her knowledge or arising from or relating to responsibilities with the Company.

Article 6. Confidentiality. As used in this Plan, Confidential Information means any information concerning STERIS or any Affiliate of STERIS or otherwise concerning the Company that is not ordinarily provided to Persons who are not employees of the Company except pursuant to a confidentiality agreement, provided that any information that is or becomes publicly known, other than as a result of a breach of this provision by Executive, shall not be or shall cease to be Confidential Information. Executive shall not disclose Confidential Information to any Person other than: (a) an officer, director or employee of STERIS or any Affiliate who needs to know such information in his or her capacity as such, (b) an attorney who has been retained by and represents STERIS or an Affiliate with respect to matters relating to the Company and in accordance with attorney/client privilege. Executive shall not use Confidential Information for any purpose unrelated to duties as an officer, director or employee of STERIS or any Affiliate. Nothing in this Plan will prohibit Executive from disclosing Confidential Information as necessary to comply with valid legal process or investigations or to fulfill a legal duty of Executive, provided Executive shall give STERIS prompt notice of

such process or investigation or Executive's intent to disclose pursuant to such legal duty so that STERIS may take such steps as it deems appropriate to limit or protect the Confidential Information to be disclosed.

Article 7. Contractual Rights and Legal Remedies

7.1 Payment Obligations Absolute. Except as otherwise provided in Section 7.3 below, and subject to satisfaction of the conditions herein contained. STERIS's obligation to make the payments and the arrangements provided for herein shall not be affected by any circumstances, including, without limitation, any offset, counterclaim, recoupment, defense, or other right which STERIS or any Affiliate may have against the Executive or anyone else. All amounts payable by STERIS hereunder shall be paid without notice or demand. The Executive shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under any provision of this Plan, and the obtaining of any such other employment shall in no event effect any reduction of STERIS's obligations to make the payments and arrangements required to be made under this Plan, except to the extent provided in Section 4.2(e).

7.2 Contractual Rights to Benefits. This Plan establishes and vests in the Executive a contractual right to the benefits to which he or she is entitled hereunder, subject to the other provisions hereof. However, nothing herein contained shall require or be deemed to require, or prohibit or be deemed to prohibit, STERIS to segregate, earmark, or otherwise set aside any funds or other assets, in trust or otherwise, to provide for any payments to be made or required hereunder.

7.3 Return of Severance Benefits. If at any time the Executive breaches any provision of (i) the General Release or (ii) Section 5 or 6 hereof (or the Other Agreements), or any obligations of the Executive affirmed under Section 3.3(ii), each as executed by the Executive in accordance with Section 3.4 or pursuant to or as specified in the other provisions of this Plan, then in addition to all other rights and remedies available to it in law or equity, STERIS may cease to provide any further Severance Benefits and other benefits under this Plan, and upon STERIS's written demand, the Executive shall repay to STERIS the Severance Benefits and any other amount previously received under this Plan which Executive would have not been entitled to receive absent the Plan. Any amount to be repaid pursuant to this Section 7.3 shall be (A) determined by STERIS in its sole and absolute discretion, (B) held by the Executive in constructive trust for the benefit of STERIS and (C) paid by the Executive to STERIS within ten (10) days of the Executive's receipt of written notice from STERIS. STERIS shall have the right to offset such amount against any amounts otherwise owed to the Executive by STERIS. In addition, in the event of any such breach by Executive, Executive also shall pay expenses and costs incurred by Company as a result of the breach (including, without limitation, reasonable attorney's fees).

Article 8. Successors

8.1 Successors to STERIS. STERIS shall require any successor (whether direct or indirect, by purchase, merger, reorganization, consolidation, acquisition of property or stock, liquidation, or otherwise) of all or substantially all of the business or assets of STERIS by agreement, to expressly assume and agree to perform this Plan in the same manner and to the same extent that STERIS would be required to perform if no such succession had taken place. Regardless of whether such agreement is executed, this Plan shall be binding upon any successor in accordance with the operation of law and such successor shall be deemed "STERIS" for purposes of this Plan.

8.2 Assignment by the Executive. This Plan shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If the Executive dies while any amount would still be payable to him under Section 4.2(c) and/or 4.2(d) had he continued to live, all such amounts, unless otherwise provided herein, due under 4.2(c) and 4.2(d) shall continue to be paid, on the same schedule and in the same amounts as such payments would have otherwise been made to the Executive had he or she continued to live, to the Executive's devisee, legatee, or other designee, or if there is no such designee, to the Executive's estate, provided that such devisee, legatee, other designee or estate shall not have the right to designate the payment date.

Article 9. Miscellaneous

9.1 Employment Status. This Plan is not, and nothing herein shall be deemed to create, an employment contract between the Executive and STERIS or any Affiliate or any other Person constituting part of the Company. The Executive acknowledges that the rights of his or her employer remain wholly intact to change or reduce at any time and from time to time his or her compensation, title, responsibilities, location, and all other aspects of the employment relationship, or to discharge the Executive (subject to Section 3.1).

9.2 Entire Plan. This Plan contains the entire understanding of STERIS and the Executive with respect to the subject matter hereof. Notwithstanding anything to the contrary contained herein, if the Executive is entitled to the payments provided for under this Plan in the event of the Executive's termination of employment or other Separation from Service with or from Company and any other employment, retention, severance, or similar agreement with STERIS or any other Affiliate to which the Executive is a party or any severance pay plan or program of STERIS or any other Affiliate in which the Executive is a participant (an "Other

Severance Arrangement”), the Executive will be entitled to severance benefits under either this Plan or the Other Severance Arrangement, whichever provides for greater benefits, but will not be entitled to benefits under both this Plan and the Other Severance Arrangement, and in any event nothing set forth herein shall affect the time or form of the payment of the amount of any severance benefits that may become payable to the Executive pursuant to any Other Severance Arrangement in effect with respect to such Executive on the Effective Date in a manner that would cause any amount to be included in the Executive’s gross income for federal income tax purposes under Section 409A(a)(i)(A) of the Code. No representation, agreement, understanding, or promise purporting to alter or modify the terms and conditions hereof shall have any force or effect unless the same is in writing and validly executed by STERIS and Executive or is part of a formal STERIS or Company benefit plan.

9.3 Notices. All notices, requests, demands, and other communications hereunder shall be sufficient if in writing and shall be deemed to have been duly given if delivered by hand or if sent by registered or certified mail or recognized overnight carrier service to the Executive at the last address the Executive has filed in writing with STERIS or, in the case of STERIS, at its principal offices.

9.4 Includable Compensation. Severance Benefits provided hereunder shall not be considered “includable compensation” for purposes of determining the Executive’s benefits under any other plan or program of STERIS or an Affiliate unless otherwise provided by such other plan or program.

9.5 Tax Withholding. STERIS shall withhold or cause to be withheld from any amounts payable under this Plan all federal, state, city, or other taxes as legally required to be withheld.

9.6 Internal Revenue Code Section 409A. To the extent applicable, it is intended that this Plan comply with the provisions of Code Section 409A. This Plan shall be administered in a manner consistent with this intent. References to Code Section 409A shall include any proposed, temporary or final regulation, or any other guidance, promulgated with respect to such section by the U.S. Department of Treasury or the Internal Revenue Service. Each payment and each provision of Severance Benefits pursuant to Article 4 shall be considered a separate payment and not one of a series of payments for purposes of Code Section 409A. In addition, the Executive shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on the Executive in connection with this Plan (including any taxes and penalties under Code Section 409A), and neither STERIS nor any of its Affiliates shall have any obligation to indemnify or otherwise hold the Executive harmless from any or all of such taxes or penalties.

9.7 Severability. In the event any provision of this Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included. Further, the captions of this Plan are not part of the provisions hereof and shall have no force and effect. Notwithstanding any other provisions of this Plan to the contrary, neither STERIS nor any Affiliate shall have any obligation to make any payment to the Executive hereunder to the extent, but only to the extent, that such payment is prohibited by the terms of any final order of a federal or state court or regulatory agency of competent jurisdiction; provided, however, that such an order shall not affect, impair, or invalidate any provision of this Plan not expressly subject to such order.

9.8 Modification. The provisions of this Plan may be modified or waived by STERIS without the Executive’s consent at any time by the giving of at least twelve (12) months prior written notice thereof to the Executive, except that any change that reduces the benefits of an Executive who is already receiving Severance Benefits or is then entitled to receive Severance Benefits shall require the Executive’s consent; provided, however, that during the period beginning on the date of a Change in Control and ending on the first anniversary of such Change in Control, no provision of this Plan may be modified or waived unless such modification or waiver is agreed to in writing and signed by the affected Executives then covered by the Plan and by a member of the Committee, as applicable, or by the respective parties’ legal representatives or successors; and provided, further, that the foregoing restrictions on modifications and waivers shall not prevent STERIS from making Plan modifications or waivers with respect to any Executive so long as the same do not have a material adverse effect on the Executive’s obligations, benefits or rights under the Plan. Modifications or waivers agreed to in writing may affect only those Executives who have signed such modification or waiver.

9.9 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein shall include the feminine; the plural shall include the singular and the singular shall include the plural.

9.10 Arbitration. Any disputes arising out of this Plan including the circumstances relating to Executive’s Separation from Service shall be submitted by Executive and STERIS to arbitration in Cleveland, Ohio. The arbitration shall be conducted by the American Arbitration Association or another arbitration body mutually agreed upon by the parties under the mutually agreed rules or absent agreement, the American Arbitration Association Commercial Arbitration Rules. The determination of the arbitrator shall be final and absolute. Notwithstanding this or any other arbitration provision, STERIS shall be entitled to apply to any court of competent jurisdiction for temporary or permanent injunctive relief or other equitable relief to enforce the terms of Sections 5 or 6 hereof or the Other Agreements. The decision of the arbitrator may be entered as a judgment in any court of competent jurisdiction. The non-

prevailing party in the arbitration or court proceeding shall pay the reasonable legal fees of the other party in enforcing this Plan.

9.11 Remedies. If STERIS breaches its obligations to Executive under this Plan, STERIS shall pay the Executive's expenses and costs incurred to remedy the breach including, without limitation, reasonable attorneys' fees.

9.12 Section 280G. The amounts payable to the Executive under Article 4 may be adjusted as set forth in this Section 9.12 if the sum (the "combined amount") of the amounts payable under Article 4 and all other payments or benefits which the Executive has received or has the right to receive from the Company which are defined in Section 280G(b)(2)(A)(i) of the Code, would, but for the application of this Section 9.12, constitute a "parachute payment" (as defined in Section 280G(b)(2) of the Code). In such event, the combined amount shall be reduced to the minimum extent necessary (but in no event to less than zero) so that no portion of any such payment or benefit, as so reduced, constitutes a parachute payment; provided, however, that the foregoing reduction shall be made only if and to the extent that such reduction would result in an increase in the aggregate payments and benefits to be provided to the Executive, determined on an after-tax basis (taking into account the excise tax imposed pursuant to Section 4999 of the Code, or any successor provision thereto, any tax imposed by any comparable provision of state law, and any applicable federal, state and local income taxes). To the extent the reduction referred to in the second sentence of this Section 9.12 applies, such reduction shall be made to the combined amount by reduction of the payments described in Sections 4.2(c) and 4.2(d) of this Plan and, to the extent further reductions are required, in such payments due to the Executive as the Company may determine. Any determinations required to be made under this Section 9.12 shall be made by the Company's independent accountants, which shall provide detailed supporting calculations both to the Company and the Executive within 15 business days of the date of termination or such earlier time as is requested by the Company, and shall be made at the expense of the Company. The fact that the Executive's right to payments or benefits may be reduced by reason of the limitations contained in this Section 9.12 shall not of itself limit or otherwise affect any other rights of the Executive or constitute Good Reason under this Plan.

9.13 Applicable Law. To the extent not preempted by the laws of the United States, this Plan, including the General Release and Other Agreements, shall be governed by and construed in accordance with, the laws of the State of Ohio, without giving effect to principles of conflicts of laws.

IN WITNESS WHEREOF, STERIS has executed this Plan as of the 2nd day of November, 2015.

STERIS plc

By: /s/ Walter M Rosebrough, Jr.
Director, President and Chief Executive

Officer

**FORM OF DEED OF INDEMNITY FOR
STERIS PLC DIRECTORS AND OFFICERS**

DATED _____ **2015**

(1) STERIS PLC

(2) _____

DEED OF INDEMNITY

(1)

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DATED 2015

This **DEED OF INDEMNITY** is made by **STERIS PLC**, a company registered in England and Wales under company number 09257343 and whose registered office is at Chancery House, 190 Waterside Road, Hamilton Industrial Park, Leicester LE5 1QZ (the "**Company**"), in favour of _____ of Chancery House, 190 Waterside Road, Hamilton Industrial Park, Leicester LE5 1QZ (the "**Beneficiary**").

This **DEED OF INDEMNITY WITNESSES** as follows:

1. INTERPRETATION

1.1 For the purposes of this Deed of Indemnity:

"**CA 2006**" shall mean the Companies Act 2006;

"**Group**" shall mean the Company and its Subsidiaries from time to time;

"**Relevant Officer**" shall mean a director, secretary (including a joint, assistant or deputy secretary) or other officer of any member of the Group; and

"**Subsidiary**" shall mean an entity in which the Company either directly or indirectly through one or more other entities:

- (a) controls the composition of the board of directors;
- (b) holds a majority of the voting rights; or
- (c) controls alone, pursuant to an agreement with other members, the majority of the voting rights.

1.2 In this Deed of Indemnity, except where the context otherwise requires:

- (A) references to statutory provisions shall be construed as references to those provisions as respectively amended, consolidated, extended or re-enacted from time to time and any orders, regulations, instruments or other subordinate legislation made from time to time under the statute concerned;
- (B) words in the singular shall include the plural and vice versa;
- (C) a reference to one gender includes all genders;
- (D) a reference to a person shall include a reference to an individual, body corporate, association or partnership (whether or not having separate legal personality);
- (E) a reference to a clause shall be a reference to a clause of this Deed of Indemnity; and
- (F) the headings in this Deed of Indemnity are for convenience only and shall not affect its interpretation.

2. INDEMNITY

2.1 Subject to the provisions of clauses 3 and 4, the Company shall indemnify the Beneficiary out of the assets of the Company against all reasonable legal costs and expenses and all liabilities

incurred by the Beneficiary in relation to any proceeding (whether civil or criminal) or regulatory investigation which relate to anything done or omitted, or alleged to have been done or omitted, by the Beneficiary in his/her capacity as a Relevant Officer.

2.2 Without prejudice to the generality of clause 2.1 and subject to the provisions of clauses 3 and 4, the Beneficiary shall be entitled to have funds provided to him by the Company to meet reasonable legal costs and expenses incurred or to be incurred by the Beneficiary in any proceeding (whether civil or criminal) or regulatory investigation brought by any person which relates to anything done or omitted, or alleged to have been done or omitted, by the Beneficiary in his/her capacity as a Relevant Officer.

3. EXCLUSIONS AND LIMITATIONS

3.1 The Beneficiary shall not be entitled to be indemnified pursuant to clause 2.1 in respect of:

- (A) any liability incurred by the Beneficiary to the extent prohibited by CA 2006, the articles of association of any member of the Group or as may otherwise be prohibited by applicable law or regulation;
- (B) any liability incurred by the Beneficiary to any member of the Group (including in connection with any negligence, default, breach of duty or breach of trust by the Beneficiary in relation to such member of the Group);
- (C) any fine imposed in criminal proceedings;
- (D) any sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature howsoever arising;
- (E) any liability incurred by the Beneficiary in defending criminal proceedings in which he is convicted and such conviction has become final, and if the Beneficiary is finally convicted, the Beneficiary will repay to the Company any amount received from the Company pursuant to clause 2.2 in respect of legal or other expenses incurred by the Beneficiary in defending or in connection with the criminal proceedings and any such repayment must be made not later than the date on which the conviction becomes final;
- (F) any liability incurred by the Beneficiary in defending civil proceedings brought by any member of the Group against the Beneficiary in which a final judgment is given against him, and if final judgement is given against the Beneficiary, the Beneficiary will repay to the Company any amount received from the Company pursuant to clause 2.2 in respect of legal or other expenses incurred by the Beneficiary in defending or in connection with the civil proceedings and any such repayment must be made not later than the date on which the judgement becomes final;
- (G) any liability incurred by the Beneficiary in connection with any application under sections 661(3) or (4) or 1157 of CA 2006 in which the Court refuses to grant him relief and such refusal has become final, and if the Beneficiary is finally refused relief, the Beneficiary will repay to the Company any amount received from the Company pursuant to clause 2.2 in respect of legal or other expenses incurred by the Beneficiary in making or in connection with the relief proceedings and any such repayment must be made not later than the date on which the refusal of relief becomes final; or
- (H) any act or omission giving rise to a liability or cost incurred by the Beneficiary which constituted:

- (1) fraud, bad faith, wilful misconduct or recklessness or conduct which would otherwise entitle the Company or any other member of the Group to summarily dismiss the Beneficiary from employment and/or office without compensation or pay in lieu of notice;
- (2) the Beneficiary knowingly acting beyond the scope of his authority;
- (3) the Beneficiary gaining or attempting to gain a profit, advantage or remuneration to which he is not legally entitled; or
- (4) the Beneficiary failing to comply in any material respects with the provisions of this Deed of Indemnity.

3.2 For the purposes of clause 3.1, a conviction, judgement or refusal of relief becomes final if: (i) not appealed against, at the end of the period for bringing an appeal; or (ii) appealed against, at the time when the appeal (or any further appeal) is disposed of, and an appeal is disposed of (a) if it is determined and the period for bringing any further appeal has ended or (b) if it is abandoned or otherwise ceases to have effect.

3.3 Any amount paid to a Beneficiary pursuant to clause 2.1 or 2.2 is paid on the condition that, if the Beneficiary subsequently recovers from a third party a sum in respect of the matter giving rise to the liability or cost, including under any applicable policy of insurance, the Beneficiary shall promptly repay to the Company:

- (A) an amount equal to the sum recovered from the third party less any reasonable legal costs and expenses incurred by the Beneficiary in recovering the same; or
- (B) if the sum referred to in clause 3.3(A) is greater than the amount paid by the Company to the Beneficiary pursuant to clause 2.1 or 2.2, such lesser amount as shall have been so paid by the Company.

3.4 The provisions of this Deed of Indemnity shall continue to be applicable in favour of a Beneficiary if the Beneficiary ceases to hold office as a Relevant Officer.

4. CONDUCT OF CLAIMS

4.1 If the Beneficiary becomes aware of any circumstances which may give rise to an obligation of the Company to make a payment to the Beneficiary pursuant to clause 2.1 or 2.2 (a "**Relevant Claim**"), the Beneficiary shall:

- (A) as soon as reasonably practicable upon becoming aware of such circumstances, give written notice of the circumstances of the Relevant Claim to the Company together with any other information in respect of the Relevant Claim which the Company may reasonably request from time to time;
- (B) take all reasonable action to mitigate any liability suffered by him/her in respect of the circumstances giving rise to the Relevant Claim;
- (C) forward all documents received by the Beneficiary in respect of the Relevant Claim to the Company as soon as reasonably practicable following receipt;
- (D) provide to the Company such information about the nature and amount of costs incurred by the Beneficiary in respect of a Relevant Claim as the Company may reasonably request (without prejudice to the Beneficiary's right to maintain confidentiality in respect

of the substance of the legal advice given to the Beneficiary in respect of a Relevant Claim);

- (E) take all such action as the Company may reasonably request in relation to the circumstances giving rise to the Relevant Claim and, without prejudice to the generality of the foregoing, permit the Company (at the Company's election) to assume the sole conduct of, and thereafter to conduct, such actions in the name of the Beneficiary as the Company may deem appropriate in defending, avoiding, disputing, resisting, settling, compromising, or appealing any action or proceeding relating to a Relevant Claim;
- (F) at the request of the Company, take all steps and carry out all actions required to obtain recovery under any policy of insurance applicable to the circumstances giving rise to the Relevant Claim and, without prejudice to the generality of the foregoing, permit the Company to assume the sole conduct of, and thereafter to conduct, such actions in the name of the Beneficiary as the Company may deem appropriate to enable recovery under such policy of insurance in respect of a Relevant Claim; and
- (G) save as required by law, not make, or permit to be made on the Beneficiary's behalf, any admission, compromise, release, waiver, offer or payment relating to the Relevant Claim or take any other action reasonably likely to prejudice the Company's ability to defend the Relevant Claim.

4.2 The Company shall have regard to the legitimate interests of the Beneficiary in exercising its rights pursuant to clause 4.1.

4.3 The provisions of clauses 2.1 and 2.2 shall not be applicable, and a Beneficiary shall not be entitled to make any claim under those clauses, if the Beneficiary fails to comply with his/her obligations under this clause 4 in respect of a Relevant Claim.

5. GENERAL

5.1 No modification, variation or amendment to any provision of this Deed of Indemnity shall be effective unless it is agreed to in writing by both the Company and the Beneficiary.

5.2 The Company shall only be liable in respect of any claim made under the provisions of this Deed of Indemnity if and to the extent that such claim is admitted by the Company or proven in the Courts of England and Wales.

5.3 If at any time any provision of this Deed of Indemnity is or becomes illegal, invalid or unenforceable in any respect, that shall not affect or impair the legality, validity or enforceability of any other provision of this Deed of Indemnity.

5.4 A Beneficiary may not assign all or any part of his/her rights under this Deed.

5.5 The Company may at any time assign all or any part of its rights under this Deed of Indemnity to any other member of the Group.

5.6 No terms of this Deed of Indemnity are intended to be enforced by any person by virtue of the Contracts (Rights of Third Parties) Act 1999 who is not a party to this Deed of Indemnity.

5.7 This Deed of Indemnity may be executed in any number of counterparts, but shall not be effective until both the Company and the Beneficiary have executed at least one counterpart. Each counterpart shall constitute an original of this Deed of Indemnity, but all the counterparts shall together constitute but one and the same instrument.

6. NOTICE

6.1 Any notice, claim or demand required to be served in connection with this Deed of Indemnity shall be made in writing and shall be sufficiently given or served:

- (A) in the case of the Company, if addressed to its company secretary and delivered to the Company's registered office from time to time; and
- (B) in the case of the Beneficiary, if delivered to the address stated in this Deed of Indemnity in respect of the Beneficiary or to such other address as the Beneficiary may from time to time notify to the Company for this purpose.

6.2 Any such notice, claim or demand shall be delivered by hand, email or facsimile transmission or sent by prepaid first class post.

7. GOVERNING LAW AND JURISDICTION

7.1 This Deed of Indemnity is to be governed by and construed in accordance with English law. Any matter, claim or dispute arising out of or in connection with this Deed of Indemnity, whether contractual or non-contractual, is to be governed by and determined in accordance with English law.

7.2 The Company and the Beneficiary irrevocably submit to the exclusive jurisdiction of the English courts for resolution of any dispute arising hereunder.

In witness whereof this **DEED OF INDEMNITY** is hereby executed and delivered as a deed on the day and year written above:

EXECUTED and **DELIVERED** as a deed by)
STERIS PLC)
acting by a Director)
in the presence of:)

Witness signature:

Witness name:

Witness address:

SIGNED and **DELIVERED** as a deed by)
_____)
in the presence of:)

Witness signature:

Witness name:

Witness address:

DATED 31 March 2014

Synergy Health plc

- and -

Dr Adrian Coward

SERVICE AGREEMENT

THIS AGREEMENT is made the 31st March 2014

BETWEEN:-

- (1) Synergy Health plc whose registered office is at Ground Floor Stella, Windmill Hill Business Park, Whitehill Way, Swindon SN5 6NX
("the Company"); and
- (2) Dr Adrian Coward of 9 Astley Way, Ashby-de-la-Zouch, Leicestershire LE65 1LY
("the Executive").

NOW IT IS HEREBY AGREED as follows:-

1. Definitions

(a) In this Agreement unless the context otherwise requires:-

- (i) "the Board" means the Board of Directors for the time being of the Company;
- (ii) "holiday year" means the period of twelve consecutive calendar months commencing on the First day of April in each year;
- (iii) "Invention or Inventions" means any know-how, invention, formula, process or improvement, trade mark or name, copyright, design, plan, drawing, specification or device of whatever nature invented, developed or devised by the Executive during the continuance of the Appointment and which relates to or is useful in connection with any process, product or activity carried on, made or dealt in by the Group; and
- (iv) "the Group" means the Company its holding company its subsidiaries and subsidiaries of its holding company both present and future or any one or more of such holding or subsidiary companies as appropriate (and for the purposes hereof the expressions "holding company" and "subsidiary" shall have the same meanings ascribed thereto by Section 736 of the Companies Act 1985).

(b) The headings in this Agreement are inserted for convenience only and shall not affect its construction.

2. Appointment

The Company shall continue to employ the Executive and the Executive shall continue to serve the Company as Group Chief Operating Officer ("the Appointment") for the period stipulated in clause 3 below.

3. Period of Appointment

The Appointment shall commence and be deemed to have commenced on 31st March 2014 and (subject to clause 10 below) shall continue thereafter subject always to the right of either the Company or the Executive to terminate the Appointment at any time by giving to the other party hereto not less than twelve months prior written notice. The Company may, in its absolute discretion, elect to pay salary to the Executive in lieu of notice.

The Executives' continuous employment with the Group shall be deemed to have commenced with effect from 1st October 2004.

4.Duties of the Executive

The Executive shall well and faithfully serve the Company and use his best endeavours to promote the interests of the Group giving at all times the full benefit of his knowledge, expertise, commercial skill and ingenuity and shall perform such duties and exercise such powers consistent with his office in relation to the conduct and management of the affairs of the Company (including acting without further or additional remuneration as may from time to time be required by the Board as an executive of any company within the Group) as may from time to time be reasonably assigned to or vested in him by the Board and shall give to the Board such information regarding the affairs of the Company and any other company within the Group as it shall require and at all times shall conform to the reasonable instructions or directions of the Board.

5.Full-time duties

The Executive shall (unless prevented by ill-health or accident) devote the appropriate percentage of his time (during business hours and other hours worked), attention and abilities to the duties of the Appointment and shall not directly or indirectly enter into or be concerned or in any manner interested in any other business whatsoever except:-

as holder or beneficial owner of any class of securities in any company if such class of securities is listed and dealt in on The Stock Exchange or the Alternative Investment Market (or any other similar market for the dealing of shares) and the Executive (together with his spouse, children, parents and parents' issue) neither holds nor is beneficially interested in more than a total of five percent of any single class of the securities in that company;

or

with the consent in writing of the Company provided always that such consent may be given subject to any terms or conditions which the Company requires and any breach of such terms or conditions by the Executive shall ipso facto be deemed to be a breach of the terms of this Agreement.

(b) The Executive hereby acknowledges and declares that because of the nature of his duties and the particular responsibilities arising there from he has a special obligation to further the interests of the Group.

6.Place of Performance

The duties of the Appointment shall relate primarily to the United Kingdom but shall extend to extensive travel abroad when so required by the Company.

At the date of this agreement the Executive's normal base will be Rutherford House, Stephenson's Way, Wyvem Business Park, Derby DE21 6LY.

7.Remuneration

During the continuance of the Appointment the Company shall pay to the Executive:

- (i) a salary at the rate of £290,000 per annum (or such higher rate as may be agreed in writing between the parties hereto from time to time) such salary to accrue from day to day and to be paid by equal monthly instalments in arrears on the 27th day of each calendar month; and
- (ii) a bonus payable from time to time at the absolute discretion of the Board in accordance with the terms of the First Schedule below.

(a) Expenses

In addition to his remuneration hereunder the Executive shall be paid the amount of all travelling hotel entertainment and other expenses properly and reasonably incurred by him in the discharge of his duties hereunder, subject to the production of receipts and to any directions as to such expenses given to the Executive by the Board from time to time,

(b) Motor Car

The Executive shall either be provided with a motor vehicle in line with the Company car policy as amended from time to time, or be paid a suitable motor vehicle allowance (currently £1,000.00 gross per month) in recognition that he will provide his own motor vehicle to undertake business travel.

(c) Pension

The Executive may continue to be a member of the Company supported defined contributions scheme and so long as the Executive continues to be a member of the scheme the Company will contribute the equivalent of 10% of the Executive's basic salary into the scheme. Details of the scheme are available from the Company Secretary. The Executive may (but is not obligated to) also make contributions to the scheme. The Company will pay the appropriate percentage of the Executive's gross salary in arrears by equal monthly instalments into the pension scheme as required by the actuarial valuations of the scheme.

(c) Private Health

The Executive will be provided with Private Health cover (currently through Axa PPP) on a family cover basis.

8. Holiday

The Executive shall currently be entitled to 30 working days holiday with pay in every holiday year (exclusive of Bank and other Public Holidays) at such times as shall be convenient to the Company. Any entitlement to holiday remaining at the end of any holiday year of the Appointment shall be carried over into the following holiday year and will not lapse until the end of the following holiday year unless otherwise agreed between the parties at any time. The entitlement to holiday (and on termination of employment holiday pay in lieu of holiday) accrues pro rata throughout each holiday year provided that fractions of days shall be disregarded in calculating entitlement to holiday or payment in lieu of holiday. The Company may require the Executive to take any unused holiday entitlement during any period of notice to terminate the Appointment given by either the Company or the Executive pursuant to clause 3 above. In the event that the relevant period of notice to terminate this Agreement referred to in clause 3 above is not given by the relevant party to this Agreement on the other, then the Executive's entitlement to holiday shall cease to accrue immediately upon the termination of this Agreement.

9. Sickness or Injury

Subject to the provisions of clause 10 below and where required by the Company to the production of satisfactory evidence from a registered medical practitioner in respect of any period of absence, the Executive shall be entitled (subject as hereinafter provided) to be paid the remuneration under clause 7 above in full only during any period of absence from work due to sickness or injury not exceeding six consecutive months or six non-consecutive months in any period of twelve consecutive months. Thereafter payment (if any) will be made at the discretion of the Board.

The Company may deduct from the Executive's remuneration during any period of absence due to sickness or injury the amount of any social security benefits she may be entitled to receive.

10. Termination of Appointment

(a) If the Executive shall:-

(1) be compulsorily admitted to hospital by virtue of the provisions of the Mental Health Act 1983 or become a patient for the purposes of that Act or otherwise become or be unable properly to perform his duties hereunder by reason of ill-health accident or otherwise for a period or periods aggregating at least three months in any period of twelve consecutive calendar months; or

(2) fail or neglect efficiently and diligently to discharge his duties hereunder or be guilty of any breach or non-observance of any of the provisions of this Agreement on her part to be performed or observed; or

(3) be guilty of serious misconduct or any other conduct calculated or likely to affect prejudicially the interests of the Company or any company within the Group; or

the Company may in any such case by written notice to the Executive forthwith terminate the Appointment but:-

(1) any such termination shall be without prejudice to any other rights of the Company; and

(2) no notice under sub-clause (i) of this clause shall be given by the Company to the Executive after the expiration of six calendar months from the end of any such period or periods aggregating at least three months.

(b) Upon the termination of the Appointment hereunder howsoever arising the Executive shall forthwith resign from any position he holds as a director of the Company and of any other companies within the Group and in the event of her failure to do so within seven days of such termination the Company is hereby irrevocably authorised to appoint some person in the name of the Executive and on his behalf to execute all documents and to do all things necessary to give effect to this provision.

(c) If either party to this Agreement serves notice upon the other to terminate this Agreement the Company shall be entitled at its sole discretion, by notice in writing to the Executive, to require the Executive:-

not to attend his place of work or any other premises of the Company or of any other company within the Group during the remaining period of this Agreement;

to resign immediately from any offices she may hold in the Company and in any other company within the Group;

not to carry out his duties under clauses 4 and 5 above during the remaining period of this Agreement; and

forthwith to surrender to the Secretary of the Company all original and copy documents relating to the business, accounts or finances of the Group or any of the secrets, dealings, transactions or affairs of the Group and all correspondence, documents, specifications and property (and copies thereof) belonging to the Company and any other company within the Group

PROVIDED that the Company shall continue to pay the Executive his remuneration and (subject to clause 10(d) below) to provide all benefits to which he is entitled under this Agreement for the remaining period of this Agreement.

(d) Notwithstanding any other provision of this Agreement, in the event that the Company serves notice on the Executive to exercise its rights under clause 10 (c) above, the Executive shall be deemed to take

any unused holiday entitlement which has accrued or accrues up to the termination of this Agreement, during the period between the service of such notice and the date of the termination of this Agreement.

For the avoidance of doubt if the Company has served notice on the Executive to exercise its rights under clause 10(c) above, the other terms of this Agreement shall remain in full force and effect save as expressly varied by the provisions of clauses 10(c) and 10(d) above.

11. Non-disclosure of Confidential Information

(a) Without prejudice to the Executive's duties implied by law into the Appointment, the Executive hereby agrees that both during the continuance of his employment by the Company and at all times thereafter he shall not (except in the proper course of carrying out his duties hereunder or as required by law or any government authority or with the prior written consent of the Board) use, copy, divulge or communicate or cause or procure to be used by or copied, divulged or communicated to any person, firm, company or organisation any trade secrets or confidential information of the Company including (but not limited to):-

any preferential prices or other preferential terms of supply negotiated or being negotiated between the Company and any supplier of the raw materials used in the Company's products;

1. the methods of manufacture of any of the Company's products;
2. any innovation in or improvement to any of the Company's products;
3. the Company's marketing strategies;
4. the Company's opportunities for carrying out business with actual or potential customers;
5. the requirements of any actual or potential customer for the Company's products; and
6. any preferential prices or other preferential terms of supply negotiated or being negotiated between the Company and any actual or potential customer,

which he shall have received or obtained during the continuance of his employment by the Company. This restriction shall continue to apply after the termination of this Agreement without limit in point of time but shall cease to apply to information or knowledge which may come into the public domain otherwise than through the fault of the Executive.

(b) All notes, minutes, memoranda, correspondence, accounts, reports, lists or other documents or items concerning any of the matters referred to in sub-clause 11(a) above or any summaries, copies or reproductions thereof (whether or not made by the Executive and whether stored in human readable or machine readable form) shall remain the property of the Company and shall be delivered up to the Company forthwith by the Executive on the termination of his employment hereunder together with all and any other property of the Company then in his possession, custody, power or control.

12. Intellectual Property

If during the Appointment the Executive shall at any time whether during the course of his normal duties or other duties specifically assigned to him (whether or not such duties be performed during normal working hours) either alone or in conjunction with any other person or persons conceive, originate, improve, develop, discover or invent any products, services, designs, processes, systems or Inventions, he shall forthwith disclose the doing of and all details of the same to the Company in writing and it is the common intention of the Executive and the Company that all proprietary rights of whatever nature (including (without limitation) patents, know-how, copyright, design right or registered designs) shall vest in the Company as absolute owner (which intention the Executive will take all such steps as the Company shall direct (whether during or after the currency of this Agreement) to give effect to at the Company's expense).

The Executive hereby assigns to the Company by way of future assignment all copyright (and/or other proprietary rights, if any, which may be so assigned) for the full term thereof throughout the world in respect of all works (within the meaning of section 1 (1) of the Copyright, Designs and Patents Act 1988 or such other legislation as shall hereafter be enacted containing any like definition or provisions) authored, drawn, written, originated, conceived or otherwise made by her alone or jointly with any other person or persons during the Appointment or pertaining to such subject matter as forms part of the Executive's responsibilities hereunder.

The Executive shall, if and whenever required so to do by the Company, at the expense of the Company, apply or join with the Company in applying for letters patent, utility model, registered design or other protection in any part of the world for any intellectual property and shall, at the expense of the Company, execute or do, or procure to be executed or done, all instruments and things necessary for vesting such intellectual property, and all such rights, titles and interests to, and in, the same in the Company or in such other person as the Company may direct or require, and the Company shall (and shall procure that any such other person shall) hold the same and all such rights, titles and interests to, and in, the same upon trust for itself and (to the extent that he is entitled thereto by section 39 of the Patents Act 1977 or such other legislation as shall hereafter be enacted containing like provisions) the Executive according to its and her respective interests therein.

For the purpose of this clause 12 the Executive **HEREBY IRREVOCABLY AUTHORISES** the Company as his attorney in his name, to execute any documents and/or do any things which are or may be required in order to give effect to the provisions of this clause 12 and the Company is hereby empowered to appoint and remove in its sole discretion any person as agent and substitute for and on behalf of the Company in respect of all or any of the matters aforesaid provided always that the Company shall notify the Executive of each such action in writing.

13. Non-soliciting of Customers/Competition

(a) Within this clause 13 the following words shall have the following meanings:-

"Prohibited Business" shall mean any business or activity carried on by the Company or any company within the Group at the Termination Date or at any time in the Relevant Period in which the Executive shall have been directly concerned in the course of his employment at any time in the Relevant Period.

"Prospective Customer" shall mean any person, firm or company who was at the Termination Date negotiating with the Company or with any company within the Group with a view to dealing with the Company or with any company within the Group as a customer.

"Protected Supplier" shall mean any supplier of the Company with whom the Executive shall have had material dealings in the course of his employment during the Relevant Period.

"Relevant Period" shall mean the twelve months period ending with the Termination Date.

"Restricted Customer" shall mean any person, firm, company or other entity who was at any time in the Relevant Period a customer of the Company or of any company within the Group.

"Termination Date" shall mean the date of termination of the Executive's employment with the Company.

"Territory" shall mean the whole of the United Kingdom.

- (b) The Executive shall not so as to compete with the Company or with any company within the Group during the period of 12 months after the Termination Date directly or indirectly on his own account or on behalf of or in conjunction with any person, firm or company or other organisation canvass or solicit or by any means seek to conduct Prohibited Business with or conduct Prohibited Business with any Restricted Customer with whom the Executive shall have had dealings in the course of his duties hereunder at any time in the Relevant Period or with whom and to the knowledge of the Executive any employee of the Company or any company within the Group under the Executive's control shall have had dealings in the course of their duties to the Company or any company within the Group in the Relevant Period.
- (c) The Executive shall not so as to compete with the Company or any company within the Group during the period of 12 months after the Termination Date directly or indirectly on his own account or on behalf of or in conjunction with any person, firm or company or other organisation canvass or solicit or by any other means seek to conduct Prohibited Business with or conduct Prohibited Business with any Prospective Customer with whom the Executive shall have had dealings in the course of her duties hereunder at any time in the Relevant Period or with whom and to the knowledge of the Executive any employee of the Company or any company within the Group under the Executive's control shall have had dealings in the course of their duties to the Company or any company within the Group in the Relevant Period.
- (d) The Executive shall not during the period of 12 months after the Termination Date directly or indirectly induce or seek to induce any employee of the Company or any company within the Group who holds a senior position within the Company or any company within the Group engaged in the Prohibited Business who was such an employee at the Termination Date and with whom the Executive shall during the Relevant Period have had dealings in the course of his duties hereunder to leave the employment of the Company or any company within the Group whether or not this would be a breach of contract on the part of the employee.
- (e) The Executive shall not during the period of 12 months after the Termination Date directly or indirectly seek to entice away from the Company or otherwise solicit or interfere with the relationship between the Company and any Protected Supplier.
- (f) The Executive shall not so as to compete with the Company or any company within the Group during the period of 12 months after the Termination Date within the Territory carry on or be directly or indirectly engaged or concerned or interested whether as principal, agent, shareholder, investor, director, employee or otherwise howsoever in any business or the setting up of any business engaged in or which it is intended to be engaged in any Prohibited Business. For the purpose of this sub-clause acts done by the Executive outside the Territory shall nonetheless be deemed to be done within the Territory where their primary purpose is the obtaining of any Prohibited Business from any person, firm, company or other entity with business premises within the Territory.
- (g) The Executive shall not during the period of 12 months after the Termination Date be employed or engaged by any Restricted Customer:-

- (i) to perform for that customer (whether or not together with other work) any work of the same nature as the work which the Executive was employed to carry out for the Company or any company within the Group; or
 - (ii) in any managerial or executive capacity; or
 - (iii) otherwise in any capacity whatsoever.
- (h) These restrictions are entered into by the Company and the Executive after having been separately legally advised.
- (i) Each of the restrictions contained in this clause 13 is intended to be separate and severable. In the event that any of the restrictions shall be held void but would be valid if part of the wording thereof were deleted such restriction shall apply with such deletion as may be necessary to make it valid and effective.
- (j) The Executive shall under no circumstances whatsoever either directly or indirectly receive or accept for his own benefit any commission, rebate, discount, gratuity or profit from any person, company or firm having business transactions with the Company.

14. Other Agreements Cancelled

As from the date of commencement of the Appointment all other agreements or arrangements between the Executive and any part of the Group relating to the service of the Executive shall be deemed to have been cancelled and accordingly any sum or sums paid to the Executive by way of remuneration under any such other agreements or arrangements in respect of any periods since that date shall be deemed to have been received by the Executive on account of the remuneration payable to him hereunder.

15. Employment Rights Act 1996

The Appointment shall be subject to the terms set out in the Second Schedule below in relation to the requirements of the Employment Rights Act 1996 (as amended).

16. Reconstructions

If on a voluntary winding up of the Company for the purposes of a reconstruction or amalgamation before the determination of the Appointment the Company shall procure the employment of the Executive by the reconstructed or amalgamated company on similar terms, mutatis mutandis, to those herein contained for the residue of the Appointment or for such other period as may be mutually agreed the Executive shall have no claim against the Company for damages for breach of contract hereunder.

17. Notices

Any notice or other document to be given hereunder to the Company shall be delivered or sent by first class recorded delivery post or facsimile to the Company at its registered office for the time being and any notice or other document to be given hereunder to the Executive shall be delivered to her or sent by first class recorded delivery post or (if applicable) facsimile to her usual or last known place of residence and such notice or other document shall be deemed to have been served when delivered at the time of delivery or when posted at the expiration of 48 hours after the envelope containing the same was put into the post or when sent by facsimile at the moment of completion of transmission (provided that if such time of completion of transmission shall not be during normal business hours then notice shall instead be deemed to have been served at the opening of business on the next following business day). In proving such service it shall be sufficient to prove that delivery was made or that the envelope containing such notice was properly addressed and posted as a pre-paid first class recorded delivery letter or that the facsimile was properly transmitted as the case may be.

18. Proper Law

This Agreement shall be governed by and construed in accordance with English law.

AS WITNESS the hands of the Executive and of the duly authorised representative of the Company the day and year first before written

THE FIRST SCHEDULE

Performance bonus will be payable annually at the discretion of the Board based on objectives agreed with the Board.

At the date of this agreement the maximum earnings possible under the terms of the discretionary scheme equate to 100% of basic salary and be paid after the completion of the Company's audited accounts.

THE SECOND SCHEDULE

In accordance with the Employment Rights 1996 the following terms of the Executive's appointment apply on the date of the Agreement as provided therein:-

- (a) Job Title/Brief description of work for which employed - Group Chief operating Officer
- (b) Date of Commencement of Employment - see Clause 3
- (c) Remuneration - see Clause 7
- (d) Hours of work - there are no fixed hours of work
- (e) Holidays - see Clause 9(a)
- (f) Sickness or Injury - see Clause 9(b)
- (g) Pension - A contracting out certificate within the meaning of the Social Security Pensions Act 1975 is not in force
- (h) Notice - see Clause 3 and 10
- (i) Discipline and grievance procedure - there are specific disciplinary rules applicable to this Appointment, the details of which are contained within the Company's HR database and available through the Company Intranet. If the Executive is dissatisfied with any disciplinary decision or seeks to redress any grievance relating to her employment she should apply in writing to the plc Board. Upon reference of the complaint to the Board the Board will endeavour to propose a solution thereto within fourteen days of the application by the Executive
- (j) Place of work - see Clause 6
- (k) Overseas working - see Clause 6

SIGNED by
Synergy Health plc:-

Group Company Secretary

SIGNED by ...Dr Adrian Coward

November 2, 2015

Dr. Adrian Coward
9 Astley Way
Ashby de la Zouch
Leicestershire, LE65 11,Y

Dear Adrian:

Further to the offer letter dated November 2, 2015, I am pleased to set out the amendments to your existing service agreement dated March 31, 2014 ("Service Agreement").

The Service Agreement shall be amended as follows:

1. Reflecting simply its name change, your employer will be Synergy Health Limited. Your prior employment with Synergy Health plc counts towards your service and your start date therefore remains October 1, 2004.
2. The Service Agreement is hereby amended so that all references to the "Company" are now treated as references to Synergy Health Limited.
3. Clause 2 of the Service Agreement shall be deleted and replaced with:

"The Company will employ the Executive as Senior Vice President, Healthcare Services. As such, the Executive will be responsible for the global HSS, IMS, Linen and Synergy Trak businesses (the "**Appointment**") of STERIS plc ("STERIS") and will report to Walt Rosebrough, President and CEO of STERIS. The Executive will no longer be a member of the Board of the Company and will execute all necessary documents to resign his directorship with the Company and as and when requested to resign his offices with any other Group Company."
4. Clause 3 of the Service Agreement shall be deleted and replaced with:

"The Appointment shall commence on November 2, 2015 and (subject to earlier termination in accordance with this Agreement) shall continue until either party terminates by giving to the other three months' written notice of termination. The Company may, in its absolute discretion, elect to pay salary to the Executive in lieu of notice. Any sums payable to the Executive as a result of his participation in the STERIS Corporation Senior Executive Severance Plan shall be treated as satisfying any obligation of the Company to make any payment in lieu of notice.

The Executive's continuous employment with the Group shall be deemed to have commenced with effect from October 1, 2004."
5. Clause 7 (i) shall be amended so that the Executive's annual salary is £295,800. Clause 7 (ii) shall be deleted and replaced with:

"(ii) a bonus of up to 100% of the Executive's base annual salary received during and for the fiscal year ending 31 March 2016, and of up to 60% of the Executive's base salary received during and for each succeeding fiscal year, subject in each case to applicable bonus plan terms and conditions to be notified to the Executive."

6. The second clause 7(ii)(c) is renumbered as 7(ii)(d) and a new clause 7(ii)(e) is added providing as follows: The Executive will be provided with life insurance coverage on his life in the amount of four times his annual salary.
7. The Executive hereby restates the provisions of clauses 11, 12 and 13 of the Service Agreement for the benefit of the Company and Group as at the date of this letter amending the Service Agreement.
8. The First Schedule to the Service Agreement shall be deleted.
9. This amendment is subject to the approval of the Board of Directors or Compensation Committee of the Board of Directors of STERIS.

Please sign and return a copy of this letter to me to indicate your agreement to these terms.

Sincerely,

Synergy Health Limited

/s/ Duncan Nichol

I agree the amendments to my Service Agreement as set out in this letter.

/s/ Adrian Coward November 16, 2015
Adrian Coward Date

Mr. Adrian Coward
9 Astley Way
Ashby de la Zouch
Leicestershire LE651LY

Dear Adrian:

I am pleased to confirm the offer of Senior Vice President, Healthcare Services, effective November 2, 2015, reporting to me. In this role, you will be responsible for leading, HSS, IMS, our Linen businesses and SynergyTrak. You will continue to be employed by Synergy Health Ltd. The following information summarizes the details of our offer:

Your annualized base salary of £295,800 will be paid at a monthly rate of £24,650. You will be eligible for a merit increase in July, 2016. Beginning FY17, you will be eligible to participate in a Bonus Plan with a target payout of 60% of your fiscal year eligible compensation (actual gross salary paid during the fiscal year), subject to the Plan's terms and conditions. Your current bonus target payout of 100% remains in effect through March 31, 2016, and will be based upon the Synergy program and/or a combined plan.

You will be eligible to participate in the STERIS plc 2006 Long-Term Equity Incentive Plan. You will be eligible for future grants with the next annual grant awarded in the Spring of 2016, at a level commensurate with your position. Awards are subject to the approval of the STERIS plc Compensation Committee, but for the Spring 2016 grant, we anticipate recommending an award that will be twice the value of the regular annual award for your position.

You will also participate in the Senior Executive Severance Plan (our highest level, the same as for the CEO) providing 12 months of pay in the event of a "qualifying termination" and an additional 12 months of pay if there is a change in control (as defined in the Severance Plan). You will be provided a copy of this Severance Plan under separate cover.

In the event your employment is involuntarily terminated by your employer without cause, as determined by your employer or another member of the STERIS plc group, prior to June 1, 2016, you will be entitled to a special severance payment of \$30,000 per month based upon the number of full months of your employment (beginning with the month of November 2015)

STERIS plc

through your termination date. For purposes of this severance payment, termination because of death or disability will be considered involuntary.

In addition, you will continue to be eligible for the benefits included in your current agreement, which includes a vehicle allowance of £1,000 gross per month and a pension contribution of 10% of your base salary and the continuation of death in service benefit and Private Health coverage on a family cover basis.

STERIS plc

Mr. Adrian Coward
November 2, 2015
Page 2

Your years of service with Synergy will be included with your service going forward.

Please note that this offer is contingent on the STERIS plc Board or Compensation Committee approval, which we expect shortly after the closing. This offer is also subject to the amendment of your existing Service Agreement, and your signing the Code of Business Conduct Acknowledgement. The Service Agreement Amendment is included with this letter, and we will forward the Code of Conduct acknowledgement as soon as possible.

I am pleased to welcome you to STERIS and look forward to your contributions to the combined organizations. Adrian, please sign and return a copy of this letter and two copies of the amendment to your service agreement to me. Upon approval by the Boards of STERIS plc and Synergy Health Limited, we will return a fully executed original of the amendment to you.

Sincerely,

/s/ Walter M Rosebrough, Jr.
Walt Rosebrough
President and CEO

I accept the terms outlined in this letter:

/s/ Adrian Coward November 16, 2015

STERIS plc

Adrian Coward

Date

STERIS plc

Dr Richard Steeves
The Old Rectory
Dunton Road
Leire
Leicestershire
LE17 5HD

2 November 2015

Dear Richard,

Further to our discussion regarding the termination of your employment with Synergy Health Limited (formerly plc) (the "**Company**"), I have set out below the overall severance package which the Company is prepared to offer you. This package is subject to the conditions detailed below. The effectiveness of this letter also is conditioned upon the consummation of the proposed Combination involving Synergy Health plc and STERIS Corporation, and should such Combination not occur this letter will be of no force or effect.

As this letter is intended to constitute a settlement agreement between us in accordance with Section 203(3) Employment Rights Act 1996, the main pre-conditions of the Agreement are that you must receive independent legal advice on its terms and effects and particularly its effect on your ability to pursue your rights before an Employment Tribunal, that you must sign and date the letter where marked and return one copy to me to acknowledge your agreement with the terms and that your legal adviser must sign the adviser's certificate attached to this Agreement and return it to me. The Agreement needs to include the details of your adviser and therefore you will need to insert the name, firm and address of your adviser where marked below at paragraph 6.

In this Agreement:

"**Group Company**" means any company which is a holding company of the Company or any direct or indirect subsidiary of the Company or any direct or indirect subsidiary of such holding company (as such expression is defined in Sections 1159, 1261 and Schedule 6 of the Companies Act 2006);

"**Contract**" means your Service Agreement with the Company dated 2nd June 2014.

1. Your employment with the Company will terminate on 2 November 2015 (the "**Termination Date**"). You agree that you will cease to be a director of the Company and any of its subsidiaries as of the date of this Agreement.
2. Between the date of this Agreement and the Termination Date, you will continue to perform your normal duties.
3. You will receive normal salary and other contractual benefits, including car allowance and pension contributions, as per the Contract (subject to normal deductions of tax and employee's National Insurance Contributions) up to the Termination Date. Legitimate and reasonable business expenses incurred before the termination of your employment will also be paid if supported by proper receipts and invoices. Any payments due up to the Termination Date will be paid on the

next practicable payroll date following completion of this Agreement. You acknowledge that following the Termination Date you have no entitlement to any further salary, benefits, bonuses, allowances, contributions or other remuneration or expenses from the Company save as set out in this Agreement. All benefits will cease to be provided with effect from the Termination Date. All accrued holiday must be used by the Termination Date.

4. By way of severance compensation, the Company will pay to you the following sums subsequent to your Termination Date, which severance payments are conditional on (i) receipt by me of a completed copy of this Agreement; and (ii) receipt by me of a copy of the completed Adviser's certificate.
- (a) the sum of £575,500 in respect of 12 months' salary, car allowance and pension contributions as compensation for your notice period;
 - (b) by way of severance compensation for loss of bonus for past service, a pro-rated bonus award calculated on service during the current financial year, up to 31 October 2015, and in the amount of £335,710; and
 - (c) by way of severance compensation for loss of bonus opportunity for your notice period, a further sum in the amount of £1,151,000. Payments of such further sum are subject to you having complied with the obligations set out in this Agreement as at the dates payments thereof are due.

The sums payable under (a), (b) and (c) above will (subject to clause 15 below) be subject to deductions in respect of tax and employee's National Insurance Contributions at such rate as HM Revenue & Customs shall require. The sums are payable as follows:

- (a) with respect to (a) above, in a lump sum on or around 30 November 2015;
- (b) with respect to (b) above, in a lump sum on or around 30 November 2015; and
- (c) with respect to (c) above, in two equal installments, the first payable on or around 30 November 2015 and the second payable on or around 30 October 2016.

5. Save as set out in the remainder of this clause, the terms of this Agreement are conditional on you returning on or before the Termination Date any and all property belonging to the Company or any Group Company which remains in your possession or control and any other documentation or property belonging to or entrusted to the Company or Group Company which is now in your possession or control including without limitation any documents, files, records, tapes, photographs, microfiches, magnetic disks, software, mobile telephones, SIM cards, computer equipment, swipe-cards, passwords and security codes. Any copies of the Company's or any Group Company's property or any other documentation (in whatever medium) must be returned at the same time and you warrant that you have not and will not retain any such copies. The Company agrees that you may transfer into your name the mobile telephone numbers registered to the SIM cards provided to you by the Company and accordingly that you may retain those

SIM cards until such time as you are able to effect the transfer (and in that respect, the Company agrees to provide you with such assistance as is reasonably required to effect the transfer, including in obtaining the PAC codes associated with the mobile telephone numbers). The Company also agrees that you may retain the Apple computer provided to you by the Company.

6. You accept the severance payments set out in this Agreement in full and final settlement of all claims of any nature whatsoever which you may have against the Company or any Group Company or any of its or their officers or employees arising out of or in connection with your employment with the Company or any Group Company or its termination, and you agree to waive all such claims and other rights against the Company and/or any Group Company or its/their officers or employees if applicable, including without limitation the Statutory Employment Protection Claims and in particular the following:
- (a) any claim for unfair dismissal as at the Termination Date;
 - (b) any claim for statutory or contractual redundancy payments;
 - (c) any claim for direct or indirect discrimination, harassment and/or victimisation under the Equality Act 2010 which arises from your employment or its termination and which relates to any one or more of the protected characteristics listed below:
 - (1) race,
 - (2) religion or belief,
 - (3) disability,
 - (4) gender,
 - (5) nationality,
 - (6) sexual orientation, or
 - (7) age;
 - (d) any claim for unlawful deductions from wages;
 - (e) any claim under Regulations 30, 31, 32 or any other provision of the Working Time Regulations 1998;
 - (f) any claim for breach of obligations under the Protection from Harassment Act 1997;
 - (g) any other claim under the Contract or for damages for breach of contract howsoever arising;
 - (h) any claim relating to loss of directorship or office;

- (i) any claim under section 47B of the Employment Rights Act 1996; and
- (j) any claim for bonus, profit share or other incentive award;

but excluding (i) any claim for personal injury where you are not aware of an injury or of any relevant symptoms or conditions at the date of this Agreement (and you confirm and warrant that you have given due care and consideration to such matters before signing this Agreement), (ii) any benefits accrued in the Company pension scheme, and (Hi) any claim to enforce this Agreement.

You confirm that you have received independent legal advice from:

Michal Chudy (the "**Adviser**") of Farrer & Co LLP, 66 Lincoln's Inn Fields, London WC2A 3LH.

You confirm that you have explained all the facts and circumstances and issues relevant to the employment and its termination which may give rise to a Statutory Employment Protection Claim and that you have received independent legal advice from the Adviser on the terms and effect of this Agreement and in particular this has included advice as to your ability to pursue each and every complaint against the Company in respect of the Statutory Employment Protection Claims. You also confirm that the Adviser has informed you that his/her firm maintains a contract of insurance or an indemnity provided for members of a profession or professional body in respect of the advice provided to you and that this Agreement satisfies the conditions for regulating settlement agreements. The Company shall, within 14 days of receipt by it of an appropriate copy VAT invoice addressed to you but marked for payment by the Company, and provided that the Company has already received a copy of this Agreement signed by you, pay to the Adviser your legal expenses relating exclusively to the negotiation and preparation of this Agreement up to a maximum of £500 plus VAT.

- 7. For the purposes of this Agreement a "**Statutory Employment Protection Claim**" shall mean any claim under the Equality Act 2010, Employment Rights Act 1996, Working Time Regulations 1998, the Public Interest Disclosure Act 1998 and Data Protection Act 1998.
- 8. It is agreed that your acceptance of the terms of this Agreement constitutes a settlement agreement satisfying the conditions relating to settlement agreements contained in Section 147 of the Equality Act 2010, Sections 203(2)(f) and (3) of the Employment Rights Act 1996, and Regulation 35(3) Working Time Regulations 1998, each as amended, and that you are effectively waiving the Statutory Employment Protection Claims and the claims set out at paragraph 6.
- 9. You acknowledge that the Company has entered into this Agreement on the understanding and condition that you have not issued any actions against the Company or any Group Company and/or any officers or employees of the Company or any Group Company before a Court or Employment Tribunal prior to the completion of this Agreement. You warrant that you are not aware of any statutory claims which you may have against the Company or any Group Company or any of its/their officers or employees arising from your employment or its termination other

than those listed in paragraph 6 above. You warrant and confirm that after taking the advice referred to in paragraph 6 above, the claims which you are aware you have or may have against the Company or any Group Company are those referred to in paragraph 6.

10. Both parties agree to keep the fact and the terms of this Agreement and the circumstances leading up to the termination of your employment and the completion of this Agreement confidential save as required by law or a regulatory authority or, in your case, to your immediate family (provided that you inform them of the confidential nature of the information) or, in the Company's case, as reasonably required for the purposes of implementing this Agreement. You should be aware that your duties of confidentiality (both contractual and common law) to the Company and any Group Company will continue to apply after the termination of your employment and you warrant that you have not directly or indirectly breached those duties before completion of this Agreement.
11. You warrant that you will not directly or indirectly make, issue or publish or cause to be made issued or published any derogatory or otherwise comments which may harm the Company or any Group Company or any of its/their officers, employees or shareholders or its/their reputation and that you have not done so prior to completion of this Agreement. The Company agrees to use its reasonable endeavours to procure that none of its officers or employees will make, issue or publish any such comments about you.
12. The Company is entering this Agreement for itself and on behalf of each Group Company each of which may enforce directly any rights it may have against you.
13. You expressly acknowledge that the provisions of clauses 11, 12 and 13 of the Contract shall continue to apply for a period of 12 months after the Termination Date.
14. Except in relation to any provisions of the Contract which are stated to apply following the termination of your employment, this Agreement sets out the entire agreement between you and the Company and any Group Company in relation to your rights arising from or in relation to your employment or its termination. You acknowledge and warrant to the Company that you are not entering into this Agreement relying on any statement, representation, assurance or warranty of any person (whether party to this Agreement or not and whether in writing or not) which is not expressly set out in this Agreement.
15. You agree that you are solely responsible for any charge to tax which may arise on severance payments under this Agreement and/or the benefits received by you and/or arising out of the termination of your employment and/or this Agreement generally, save to the extent that such tax has already been deducted by the Company from your salary or pay in lieu of notice as set out above. You also agree to indemnify the Company upon request within 28 days of written notice if any such charge to tax should arise on any of the other terms or benefits of this Agreement or if any fine, interest or costs become payable. No payment of any charge to tax or final interest will be made by us without particulars of the proposed payment being given to you first and you having the opportunity at your own expense to make representations to HM Revenue &

Customs (provided that nothing in this paragraph shall prevent the Company from complying with its legal obligations with regard to HM Revenue & Customs or other competent body).

16. You agree that you will complete any paperwork requested by the Company or a Group Company in order to implement your resignation as a director of any such company.
17. This Agreement shall be governed by and construed in accordance with the law of England and Wales and the parties submit to the exclusive jurisdiction of the English and Welsh Courts and Tribunals with regard to any dispute or claim arising under this Agreement.
18. Although this Agreement is marked Without Prejudice & Subject to Contract, upon completion and return of this Agreement to me the without prejudice nature of this Agreement and the surrounding correspondence shall cease and the Agreement shall become open and binding.

I trust that the above terms are acceptable and on that assumption I look forward to receiving two completed originals of this Agreement. I will then return a fully executed copy to you. If, however, you have any queries in respect of the above terms, please do not hesitate to contact me.

I look forward to hearing from you.

Yours sincerely

Synergy Health Limited

/s/ Michael J. Tokich
Michael J. Tokich, Director

.....
I accept the above terms and Agreement.

Signed /s/ Richard Steeves Dated... 4/11/15
Richard Steeves

Adviser's Certificate

I, [] of [] certify as follows:

1. I am a relevant independent adviser for the purposes of Section 147 of the Equality Act 2010, Sections 203(2)(f) and (3) of the Employment Rights Act 1996 and Section 35(3) Working Time Regulations 1998, each as amended.
2. I confirm that at all relevant times there was and is in force a contract of insurance or an indemnity provided for members of a profession or professional body covering the risk of a claim by Richard Steeves in respect of loss arising in consequence of the advice I have given him in connection with this matter.
3. I have advised Richard Steeves in connection with the completion of this Agreement and specifically on the terms and effect of the Agreement and its effect on his ability to pursue his rights before an Employment Tribunal including in particular, all of those claims listed in paragraph 6 of the attached settlement agreement.
4. I am not acting (and have not acted) in relation to this matter for the Company or any associated employer or company.

Signed Dated
[]

Solicitor

**DESCRIPTION OF COMPENSATION PAYABLE
TO FORMER DIRECTORS OF SYNERGY HEALTH PLC
WHO BECAME DIRECTORS OF STERIS PLC**

Each of those former directors of Synergy Health Limited (“Synergy”) who became a director of STERIS plc (“STERIS”) effective as of the November 2, 2015 Combination date with Synergy is being paid a monthly cash retainer fee for service as a director of \$16,666.67 per month, beginning with the month of November 2015. This fee will be payable for each full or partial month the director remains in office until the earlier of the end of the director’s term of office or the 2016 annual general meeting of STERIS.

The monthly cash retainer fees otherwise payable by STERIS to each director will be reduced by any monthly director fees or fees in lieu of notice paid by Synergy to such director for the month of November 2015 and any succeeding month.

GUARANTOR JOINDER AGREEMENT

This Guarantor Joinder Agreement (this "Agreement") dated as of September 9, 2015 is made by General Econopak, Inc., a Pennsylvania corporation (the "Additional Guarantor"), in favor of JPMorgan Chase Bank, N.A., as Administrative Agent (in such capacity, the "Administrative Agent") for the Lenders under the Credit Agreement referred to below.

RECITALS

WHEREAS, reference is made to the Credit Agreement dated as of March 31, 2015 (as amended, amended and restated, supplemented or otherwise modified and in effect on the date hereof, the ("Credit Agreement"), among New Steris Limited ("New HoldCo"), as a Borrower, STERIS Corporation ("STERIS"), as a Borrower, the Guarantors parties thereto from time to time, the Lenders parties thereto and the Administrative Agent.

WHEREAS, pursuant to the Credit Agreement, the Lenders have severally agreed to make Advances to the Borrowers upon the terms and subject to the conditions set forth therein;

WHEREAS, the Additional Guarantor is a Subsidiary of the Reporting Entity;

WHEREAS, the proceeds of the Advances will be used in part to enable the Borrowers to make valuable transfers to the Additional Guarantor in connection with the operation of its business;

WHEREAS, the Additional Guarantor acknowledges that it will derive a substantial direct or indirect benefit from the making of the Advances;

Accordingly, the parties hereto agree as follows:

Section 1. Definitions. Except as otherwise defined in this Agreement, terms defined in the Credit Agreement are used herein as defined therein.

Section 2. Joinder. As of the date hereof, the Additional Guarantor hereby agrees that it shall become a "Guarantor" under and for all purposes of the Credit Agreement with the same force and effect as if originally named therein as a Guarantor and, without limiting the generality of the foregoing, hereby expressly assumes all obligations and liabilities of a Guarantor under the Credit Agreement and the other Loan Documents, including those set forth in ARTICLE VIII of the Credit Agreement.

Section 3. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 4. 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 shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page

to this Agreement by telecopier, facsimile or in a .pdf or similar file shall be effective as delivery of a manually executed counterpart of this Agreement.

Section 5. Miscellaneous. This Agreement shall constitute a "Loan Document" for all purposes of the Credit Agreement and the other Loan Documents.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Additional Guarantor has caused this Guarantor Joinder Agreement to be duly executed and delivered as of the day and year first above written.

GENERAL ECONOPAK, INC.

By: /s/ Michael J. Tokich
 Name: Michael J. Tokich
 Title: President

Acknowledged:

JPMORGAN CHASE BANK, N.A., as Administrative Agent

By: /s/ Brendan Korb

Name: Brendan Korb

Title: Vice President

GUARANTY SUPPLEMENT

To the Holders of the Series A-2 Notes and Series A-3 Notes, (each, as hereinafter defined) of STERIS Corporation (the "Company")

Ladies and Gentlemen:

WHEREAS, in order to refinance certain debt and for general corporate purposes, the Company entered into those certain Note Purchase Agreements dated as of August 15, 2008 (as amended, the "*Original Note Purchase Agreements*") between the Company and each of the purchasers party thereto (together with their successors and assigns, the "*Original Holders*"), providing for, *inter alia*, the issue and sale by the Company of: (a) \$30,000,000 aggregate principal amount of its 5.63% Senior Notes, Series A-1, due August 15, 2013 (the "*Series A-1 Notes*"), (b) \$85,000,000 aggregate principal amount of its 6.33% Senior Notes, Series A-2, due August 15, 2018 (the "*Series A-2 Notes*"), and (c) \$35,000,000 aggregate principal amount of its 6.43% Senior Notes, Series A-3, due August 15, 2020 (the "*Series A-3 Notes*"; the Series A-1 Notes, Series A-2 Notes and Series A-3 Notes shall be collectively referred to herein to the "*Original Series A Notes*").

WHEREAS, the Company and the Holders agreed to (i) enter into that certain First Amendment dated as of March 31, 2015 to the Original Note Purchase Agreements (the "*First Amendment*"), pursuant to which the Amended and Restated Note Purchase Agreement dated as of March 31, 2015 between the Company and the Noteholders (as defined therein) (the "*Note Purchase Agreement*") replaced the Original Note Purchase Agreement and (ii) replace the outstanding Original Series A Notes with amended and restated notes (the "*Notes*"). Each holder of the Notes shall be referred to as a "*Holder*".

WHEREAS, as a condition precedent to the entering into the Note Purchase Agreement by the Holders, the Holders required that certain affiliates of the Company enter into an Affiliate Guaranty as security for the Notes (the "*Guaranty*").

Pursuant to Section 9.7 of the Note Purchase Agreement, the Company has agreed to cause the undersigned, General Econopak, Inc., a corporation organized under the laws of Pennsylvania (the "*Additional Guarantor*"), to join in the Guaranty. In accordance with the requirements of the Guaranty, the Additional Guarantor desires to amend the definition of Guarantor (as the same may have been heretofore amended) set forth in the Guaranty attached hereto so that at all times from and after the date hereof, the Additional Guarantor shall be jointly and severally liable as set forth in the Guaranty for the obligations of the Company under the Note Purchase Agreement and Notes to the extent and in the manner set forth in the Guaranty.

The undersigned is the duly elected President of the Additional Guarantor, a subsidiary of the Company, and is duly authorized to execute and deliver this Guaranty Supplement to each of you. The execution by the undersigned of this Guaranty Supplement shall evidence its consent to

and acknowledgment and approval of the terms set forth herein and in the Guaranty and by such execution the Additional Guarantor shall be deemed to have made in favor of the Holders the representations and warranties set forth in Section 5 of the Guaranty.

Upon execution of this Guaranty Supplement, the Guaranty shall be deemed to be amended as set forth above. Except as amended herein, the terms and provisions of the Guaranty are hereby ratified, confirmed and approved in all respects.

Any and all notices, requests, certificates and other instruments (including the Notes) may refer to the Guaranty without making specific reference to this Guaranty Supplement, but nevertheless all such references shall be deemed to include this Guaranty Supplement unless the context shall otherwise require.

Dated: September 9, 2015

GENERAL ECONOPAK, INC.

By: /s/ Michael J. Tokich _____
Name: Michael J. Tokich
Title: President

ACCEPTED AND AGREED:

STERIS CORPORATION

By: /s/ Michael J. Tokich _____
Name: Michael J. Tokich
Title: Senior Vice President,
Chief Financial Officer
And Treasurer

GUARANTY SUPPLEMENT

To the Holders of the Series A-1A Notes,
Series A-1B Notes, Series A-2A Notes,
Series A-2B Notes, Series A-3A Notes and
Series A-3B Notes (each, as hereinafter
defined) of STERIS Corporation
(the "*Company*")

Ladies and Gentlemen:

WHEREAS, in order to refinance certain debt and for general corporate purposes, the Company entered into those certain Note Purchase Agreements dated as of December 4, 2012 (as amended, the "*Original Note Purchase Agreements*") between the Company and each of the purchasers party thereto (together with their successors and assigns, the "*Original Holders*"), providing for, *inter alia*, the issue and sale by the Company of: (a) \$47,500,000 aggregate principal amount of its 3.20% Senior Notes, Series A-1A, due December 4, 2022 (the "*Series A-1A Notes*"), (b) \$47,500,000 aggregate principal amount of its 3.20% Senior Notes, Series A-1B, due December 4, 2022 (the "*Series A-1B Notes*"), (c) \$40,000,000 aggregate principal amount of its 3.35% Senior Notes, Series A-2A, due December 4, 2024 (the "*Series A-2A Notes*"), (d) \$40,000,000 aggregate principal amount of its 3.35% Senior Notes, Series A-2B, due December 4, 2024 (the "*Series A-2B Notes*"), (e) \$12,500,000 aggregate principal amount of its 3.55% Senior Notes, Series A-3A, due December 4, 2027 (the "*Series A-3A Notes*"), and (f) \$12,500,000 aggregate principal amount of its 3.55% Senior Notes, Series A-3B, due December 4, 2027 (the "*Series A-3B Notes*"; the Series A-1A Notes, Series A-1B Notes, Series A-2A Notes, Series A-2B Notes, Series A-3A Notes and Series A-3B Notes shall be collectively referred to herein to the "*Original Series A Notes*").

WHEREAS, the Company and the Holders agreed to (i) enter into that certain First Amendment dated as of March 31, 2015 to the Original Note Purchase Agreements (the "*First Amendment*"), pursuant to which the Amended and Restated Note Purchase Agreement dated as of March 31, 2015 between the Company and the Noteholders (as defined therein) (the "*Note Purchase Agreement*") replaced the Original Note Purchase Agreements and (ii) replace the outstanding Original Series A Notes with amended and restated notes (the "*Notes*"). Each holder of the Notes shall be referred to as a "*Holder*".

WHEREAS, as a condition precedent to the entering into the Note Purchase Agreement by the Holders, the Holders required that certain affiliates of the Company enter into an Affiliate Guaranty as security for the Notes (the "*Guaranty*").

Pursuant to Section 9.7 of the Note Purchase Agreement, the Company has agreed to cause the undersigned, General Econopak, Inc., a corporation organized under the laws of Pennsylvania (the "*Additional Guarantor*"), to join in the Guaranty. In accordance with the requirements of the

Guaranty, the Additional Guarantor desires to amend the definition of Guarantor (as the same may have been heretofore amended) set forth in the Guaranty attached

hereto so that at all times from and after the date hereof, the Additional Guarantor shall be jointly and severally liable as set forth in the Guaranty for the obligations of the Company under the Note Purchase Agreement and Notes to the extent and in the manner set forth in the Guaranty.

The undersigned is the duly elected President of the Additional Guarantor, a subsidiary of the Company, and is duly authorized to execute and deliver this Guaranty Supplement to each of you. The execution by the undersigned of this Guaranty Supplement shall evidence its consent to and acknowledgment and approval of the terms set forth herein and in the Guaranty and by such execution the Additional Guarantor shall be deemed to have made in favor of the Holders the representations and warranties set forth in Section 5 of the Guaranty.

Upon execution of this Guaranty Supplement, the Guaranty shall be deemed to be amended as set forth above. Except as amended herein, the terms and provisions of the Guaranty are hereby ratified, confirmed and approved in all respects.

Any and all notices, requests, certificates and other instruments (including the Notes) may refer to the Guaranty without making specific reference to this Guaranty Supplement, but nevertheless all such references shall be deemed to include this Guaranty Supplement unless the context shall otherwise require.

Dated: September 9, 2015

GENERAL ECONOPAK, INC.

By: /s/ Michael J. Tokich
Name: Michael J. Tokich
Title: President

ACCEPTED AND AGREED:

STERIS CORPORATION

By: /s/ Michael J. Tokich
Name: Michael J. Tokich
Title: Senior Vice President,
Chief Financial Officer
And Treasurer

GUARANTY SUPPLEMENT

To the Holders of the Series A Notes, (each, as hereinafter defined) of STERIS Corporation (the "*Company*")

Ladies and Gentlemen:

WHEREAS, in order to obtain funds for the purposes set forth in Schedule 5.14 to the Note Purchase Agreement, the Company entered into that certain Note Purchase Agreement dated as of May 15, 2015 (the "*Note Purchase Agreement*") between the Company and each of the Holders as defined therein providing for, *inter alia*, the issue and sale by the Company of (a) \$125,000,000 aggregate principal amount of its 3.45% Senior Notes, Series A-1, due May 14, 2025 (the "*Series A-1 Notes*"), (b) \$125,000,000 aggregate principal amount of its 3.55% Senior Notes, Series A-2, due May 14, 2027 (the "*Series A-2 Notes*"), and (c) \$100,000,000 aggregate principal amount of its 3.70% Senior Notes, Series A-3, due May 14, 2030 (the "*Series A-3 Notes*"; the Series A-1 Notes, the Series A-2 Notes and the Series A-3 Notes are hereinafter referred to as the "*Series A Notes*"). Each Holder of a Note shall be referred to as a "*Holder*".

WHEREAS, as a condition precedent to the entering into the Note Purchase Agreement by the Holders, the Holders required that certain affiliates of the Company enter into an Affiliate Guaranty as security for the Notes (the "*Guaranty*").

Pursuant to Section 9.7 of the Note Purchase Agreement, the Company has agreed to cause the undersigned, General Econopak, Inc., a corporation organized under the laws of Pennsylvania (the "*Additional Guarantor*"), to join in the Guaranty. In accordance with the requirements of the Guaranty, the Additional Guarantor desires to amend the definition of Guarantor (as the same may have been heretofore amended) set forth in the Guaranty attached hereto so that at all times from and after the date hereof, the Additional Guarantor shall be jointly and severally liable as set forth in the Guaranty for the obligations of the Company under the Note Purchase Agreement and Notes to the extent and in the manner set forth in the Guaranty.

The undersigned is the duly elected President of the Additional Guarantor, a subsidiary of the Company, and is duly authorized to execute and deliver this Guaranty Supplement to each of you. The execution by the undersigned of this Guaranty Supplement shall evidence its consent to and acknowledgment and approval of the terms set forth herein and in the Guaranty and by such execution the Additional Guarantor shall be deemed to have made in favor of the Holders the representations and warranties set forth in Section 5 of the Guaranty.

Upon execution of this Guaranty Supplement, the Guaranty shall be deemed to be amended as set forth above. Except as amended herein, the terms and provisions of the Guaranty are hereby ratified, confirmed and approved in all respects.

Any and all notices, requests, certificates and other instruments (including the Notes) may refer to the Guaranty without making specific reference to this Guaranty Supplement, but nevertheless all such references shall be deemed to include this Guaranty Supplement unless the context shall otherwise require.

Dated: September 9, 2015

GENERAL ECONOPAK, INC.

By: /s/ Michael J. Tokich
Name: Michael J. Tokich
Title: President

ACCEPTED AND AGREED: STERIS CORPORATION

By: /s/ Michael J. Tokich
Name: Michael J. Tokich
Title: Senior Vice President,
Chief Financial Officer
And Treasurer

LETTER REGARDING UNAUDITED INTERIM FINANCIAL INFORMATION

Board of Directors and Shareholders
STERIS plc

We are aware of the incorporation by reference in the following STERIS plc Registration Statements of our review report, dated February 9, 2016, relating to the unaudited consolidated interim financial statements of STERIS plc and subsidiaries, included in its Form 10-Q for the quarter ended December 31, 2015:

| Registration Number | Description |
|---------------------|--|
| 333-207721 | Form S-8 Registration Statement - STERIS plc 2006 Long-Term Equity Incentive Plan, Assumed as Amended and Restated |
| 333-207722 | Form S-8 Registration Statement - STERIS Corporation 401(k) Plan |

/s/ Ernst & Young LLP

Cleveland, Ohio
February 9, 2016

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

I, Walter M Rosebrough, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of STERIS plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 9, 2016

/s/ WALTER M ROSEBROUGH, JR.

Walter M Rosebrough, Jr.
President and Chief Executive Officer

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

I, Michael J. Tokich, certify that:

1. I have reviewed this quarterly report on Form 10-Q of STERIS plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 9, 2016

/s/ MICHAEL J. TOKICH

Michael J. Tokich
Senior Vice President, Chief Financial Officer and Treasurer

Certification Pursuant to § 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Form 10-Q of STERIS plc (the "Company") for the quarter ended December 31, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, that, to such officer's knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

/s/ WALTER M ROSEBROUGH, JR.

Name: Walter M Rosebrough, Jr.
Title: President and Chief Executive Officer

/s/ MICHAEL J. TOKICH

Name: Michael J. Tokich
Title: Senior Vice President, Chief Financial Officer and Treasurer

Dated: February 9, 2016