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

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2012

or

o **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 1-14643

STERIS®

STERIS Corporation

(Exact name of registrant as specified in its charter)

Ohio	**34-1482024**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**
5960 Heisley Road, Mentor, Ohio	**44060-1834**
(Address of principal executive offices)	**(Zip code)**

440-354-2600
(Registrant's telephone number, including area code)

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

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 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 x No o

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 x	Accelerated Filer o
Non-Accelerated Filer o (Do not check if a smaller reporting company)	Smaller Reporting Company o

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

The number of common shares outstanding as of July 27, 2012: 58,091,568

STERIS Corporation and Subsidiaries

Form 10-Q
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PART 1—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

STERIS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands)

	June 30, 2012	March 31, 2012
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 186,731	$ 150,821
Accounts receivable (net of allowances of $9,719 and $11,428, respectively)	245,587	280,324
Inventories, net	162,085	157,712
Deferred income taxes, net	40,451	43,211
Prepaid expenses and other current assets	20,651	19,815
Total current assets	655,505	651,883
Property, plant, and equipment, net	385,847	386,409
Goodwill and intangibles, net	331,852	337,784
Other assets	30,142	29,620
Total assets	$ 1,403,346	$ 1,405,696
Liabilities and equity		
Current liabilities:		
Accounts payable	$ 73,716	$ 83,188
Accrued income taxes	5,887	—
Accrued payroll and other related liabilities	33,085	29,899
Accrued SYSTEM 1 Rebate Program and class action settlement	59,823	69,065
Accrued expenses and other	97,703	96,243
Total current liabilities	270,214	278,395
Long-term indebtedness	210,000	210,000
Deferred income taxes, net	40,017	42,703
Other liabilities	49,721	51,934
Total liabilities	$ 569,952	$ 583,032
Commitments and contingencies (see note 9)		
Serial preferred shares, without par value; 3,000 shares authorized; no shares issued or outstanding	—	—
Common shares, without par value; 300,000 shares authorized; 70,040 shares issued; 58,082 and 57,733 shares outstanding, respectively	238,704	244,091
Common shares held in treasury, 11,958 and 12,307 shares, respectively	(340,624)	(350,718)
Retained earnings	934,888	914,401
Accumulated other comprehensive income	(824)	13,627
Total shareholders' equity	832,144	821,401
Noncontrolling interest	1,250	1,263
Total equity	833,394	822,664
Total liabilities and equity	$ 1,403,346	$ 1,405,696

See notes to consolidated financial statements.

STERIS CORPORATION AND SUBSIDIARIES

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

	Three Months Ended June 30,	
	2012	2011
Revenues:		
Product	$ 213,753	$ 202,013
Service	123,207	116,626
Total revenues	336,960	318,639
Cost of revenues:		
Product	125,482	117,433

Service	74,226	68,281
Total cost of revenues	199,708	185,714
Gross profit	137,252	132,925
Operating expenses:		
Selling, general, and administrative	79,774	77,009
Research and development	9,312	8,757
Restructuring expenses	(136)	258
Total operating expenses	88,950	86,024
Income from operations	48,302	46,901
Non-operating expenses, net:		
Interest expense	2,972	2,997
Interest income and miscellaneous expense	(260)	107
Total non-operating expenses, net	2,712	3,104
Income before income tax expense	45,590	43,797
Income tax expense	15,236	15,066
Net income	$ 30,354	$ 28,731
Net income per common share		
Basic	$ 0.52	$ 0.48
Diluted	$ 0.52	$ 0.48
Cash dividends declared per common share outstanding	$ 0.17	$ 0.15

See notes to consolidated financial statements.

STERIS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(in thousands)
(Unaudited)

	Three Months Ended June 30,	
	2012	2011
Net income	$ 30,354	$ 28,731
Unrealized (loss) gain on available for sale securities	(98)	7
Amortization of pension and postretirement benefit plans costs, net of taxes	(175)	(270)
Change in cummulative foreign currency translation adjustment	(14,178)	9,313
Total other comprehensive (loss) income	(14,451)	9,050
Comprehensive income	$ 15,903	$ 37,781

See notes to consolidated financial statements.

STERIS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Three Months Ended June 30,	
	2012	**2011**
Operating activities:		
Net income	$ 30,354	$ 28,731
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, and amortization	14,337	14,435
Deferred income taxes	(432)	9,828
Share-based compensation expense	1,660	1,918
Loss on the disposal of property, plant, equipment, and intangibles, net	174	314
Other items	(230)	2,937
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable, net	32,257	34,164
Inventories, net	(7,286)	(20,830)
Other current assets	(1,014)	(3,422)
Accounts payable	(8,300)	(23,357)

Accrued SYSTEM 1 Rebate Program and class action settlement	(9,242)	(6,536)
Accruals and other, net	8,989	(26,201)
Net cash provided by operating activities	61,267	11,981
Investing activities:		
Purchases of property, plant, equipment, and intangibles, net	(15,542)	(15,588)
Proceeds from the sale of property, plant, equipment, and intangibles	17	—
Acquisition of business, net of cash acquired	—	(22,269)
Net cash used in investing activities	(15,525)	(37,857)
Financing activities:		
Repurchases of common shares	(1,117)	(6,131)
Cash dividends paid to common shareholders	(9,867)	(8,913)
Stock option and other equity transactions, net	3,457	2,457
Tax benefit from stock options exercised	525	610
Net cash used in financing activities	(7,002)	(11,977)
Effect of exchange rate changes on cash and cash equivalents	(2,830)	953
Increase (decrease) in cash and cash equivalents	35,910	(36,900)
Cash and cash equivalents at beginning of period	150,821	193,016
Cash and cash equivalents at end of period	$ 186,731	$ 156,116

See notes to consolidated financial statements.

STERIS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
For the Three Months Ended June 30, 2012 and 2011
(dollars in thousands, except per share amounts)

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

STERIS Corporation, an Ohio corporation, develops, manufactures and markets infection prevention, contamination control, microbial reduction, and surgical and critical care support products and services for healthcare, pharmaceutical, scientific, research, industrial, and governmental Customers throughout the world. As used in this Quarterly Report, STERIS Corporation and its subsidiaries together are called “STERIS,” the “Company,” “we,” “us,” or “our,” unless otherwise noted.

We operate in three reportable business segments: Healthcare, Life Sciences, and STERIS Isomedix Services (“Isomedix”). 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 our Annual Report on Form 10-K for the year ended March 31, 2012 dated May 29, 2012. The Consolidated Balance Sheet at March 31, 2012 was derived from the audited consolidated financial statements at that date, 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.

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 month period ended June 30, 2012 are not necessarily indicative of results that may be expected for future quarters or for the full fiscal year ending March 31, 2013.

Recently Adopted Accounting Pronouncements

In June 2011, the FASB issued an accounting standard update titled "Presentation of Comprehensive Income," amending Accounting Standards Codification ASC Topic 220, "Comprehensive Income." This guidance requires that all non-owner changes in stockholders’ equity be presented either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This guidance became effective retrospectively for the interim periods and annual periods beginning after December 15, 2011; however, the FASB agreed to an indefinite deferral of the reclassification requirement as defined in accounting standard update titled "Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income," issued in December 2011. The adoption of this standard did not have an impact on our consolidated financial position, results of operations or cash flows.

Significant Accounting Policies

A detailed description of our significant and critical accounting policies, estimates, and assumptions is included in our consolidated financial statements included in our Annual Report on Form 10-K for the year ended March 31, 2012 dated May 29, 2012. Our significant and critical accounting policies, estimates, and assumptions have not changed materially from March 31, 2012.

2. Restructuring

The following summarizes our restructuring plans announced in prior fiscal years. We recognize restructuring expenses as incurred. In addition, we assess the property, plant and equipment associated with the related facilities for impairment. Additional information regarding our restructuring plans is included in our Annual Report on Form 10-K for the year ended March 31, 2012 dated May 29, 2012.

Fiscal 2010 Restructuring Plan.

During the fourth quarter of fiscal 2010 we adopted a restructuring plan primarily related to the transfer of the remaining operations in our Erie, Pennsylvania facility to the U.S. headquarters in Mentor, Ohio and the consolidation of our European Healthcare manufacturing operations into two central

locations within Europe (the “Fiscal 2010 Restructuring Plan”). In addition, we rationalized certain products and eliminated certain positions.

Since the inception of the Fiscal 2010 Restructuring Plan, we have incurred pre-tax expenses totaling $8,072 related to these actions, of which $6,975 was recorded as restructuring expenses and $1,097 was recorded in cost of revenues. We do not expect to incur any significant restructuring expenses related to this plan. These actions are intended to enhance profitability and improve efficiencies.

The following table summarizes our total pre-tax restructuring expenses for the first quarters of fiscal 2013 and fiscal 2012:

Three Months Ended June 30,	**Fiscal 2010 Restructuring Plan (1)**		**Fiscal 2008 Restructuring Plan**		**Total**	
	2012	2011	2012	2011	2012	2011
Severance and other compensation related costs	$ (119)	$ (55)	$ —	$ —	$ (119)	$ (55)
Product rationalization	—	335	—	—	—	335
Asset impairment and accelerated depreciation	(17)	92	—	—	(17)	92
Lease termination obligation and other	—	—	—	(152)	—	(152)
Total restructuring charges	$ (136)	$ 372	$ —	$ (152)	$ (136)	$ 220

(1) Includes $(38) in charges recorded in cost of revenues on Consolidated Statements of Income for 2011.

Liabilities related to restructuring activities are recorded as current liabilities on the accompanying Consolidated Balance Sheets within “Accrued payroll and other related liabilities” and “Accrued expenses and other.” The following table summarizes our liabilities related to these restructuring activities:

STERIS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)—(Continued)
For the Three Months Ended June 30, 2012 and 2011
(dollars in thousands)

	Fiscal 2010 Restructuring Plan			
		Fiscal 2013		
	March 31, 2012	Provision (1)	Payments/ Impairments (2)	June 30, 2012
Severance and termination benefits	$ 659	$ (119)	$ 28	$ 568
Asset impairments and accelerated depreciation	—	(17)	17	—
Lease termination obligations	947	—	(336)	611
Other	76	—	—	76
Total	$ 1,682	$ (136)	$ (291)	$ 1,255

(1) Includes curtailment benefit of $125 related to International defined benefit plan. Additional information is included in note 8, "Benefit Plans."
(2) Certain amounts reported include the impact of foreign currency movements relative to the U.S. dollar.

3. Property, Plant and Equipment

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

	June 30, 2012	March 31, 2012
Land and land improvements (1)	$ 33,960	$ 33,099
Buildings and leasehold improvements	227,844	230,823
Machinery and equipment	302,893	301,665
Information systems	106,120	110,130
Radioisotope	216,176	210,899
Construction in progress (1)	27,170	22,811
Total property, plant, and equipment	914,163	909,427
Less: accumulated depreciation and depletion	(528,316)	(523,018)
Property, plant, and equipment, net	$ 385,847	$ 386,409

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

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:

	June 30, 2012	March 31, 2012
Raw materials	$ 56,881	$ 56,525
Work in process	25,823	25,236
Finished goods	108,790	109,422
LIFO reserve	(15,783)	(18,158)
Reserve for excess and obsolete inventory	(13,626)	(15,313)
Inventories, net	$ 162,085	$ 157,712

5. Debt

Indebtedness was as follows:

	June 30, 2012	March 31, 2012
Private Placement	$ 210,000	$ 210,000
Credit facility	—	—
Total long term debt	$ 210,000	$ 210,000

Additional information regarding our indebtedness is included in the notes to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended March 31, 2012 dated May 29, 2012.

6. Additional Consolidated Balance Sheet Information

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

	June 30, 2012	March 31, 2012
Accrued payroll and other related liabilities:		
Compensation and related items	$ 13,162	$ 9,273
Accrued vacation/paid time off	6,045	6,583
Accrued bonuses	4,927	750
Accrued employee commissions	5,399	9,845
Other postretirement benefit obligations-current portion	3,255	3,255
Other employee benefit plans' obligations-current portion	297	193
Total accrued payroll and other related liabilities	$ 33,085	$ 29,899
Accrued expenses and other:		
Deferred revenues	$ 53,220	$ 51,412
Self-insured risk reserves-current portion	3,266	3,006
Accrued dealer commissions	8,677	9,171
Accrued warranty	12,616	11,189
Other	19,924	21,465
Total accrued expenses and other	$ 97,703	$ 96,243
Other liabilities:		
Self-insured risk reserves-long-term portion	$ 8,786	$ 8,786
Other postretirement benefit obligations-long-term portion	20,841	21,639
Defined benefit pension plans obligations-long-term portion	8,925	9,881
Other employee benefit plans obligations-long-term portion	4,196	4,486
Accrued long-term income taxes	1,983	1,925
Other	4,990	5,217
Total other liabilities	$ 49,721	$ 51,934

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 June 30, 2012 and 2011 were 33.4% and 34.4% respectively. During the first quarter of fiscal 2013, we benefited from higher projected income in lower tax rate jurisdictions.

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 June 30, 2012 and March 31, 2012, we had $1,527 in unrecognized tax benefits, of which $1,242 would favorably impact the effective tax rate if recognized. We believe that it is reasonably possible that unrecognized tax benefits could decrease by up to $1,124 within 12 months of June 30, 2012, primarily as a result of settlements with tax authorities. As of June 30, 2012, we have recognized a liability for interest of $994 and penalties of $64.

We operate in numerous taxing jurisdictions and are subject to regular examinations by various United States federal, state, and local, as well as foreign jurisdictions. We are no longer subject to United States federal examinations for years before fiscal 2010 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 2008. We remain subject to tax authority audits in various jurisdictions wherever we do business. We do not expect the results of these examinations to have a material adverse affect on our consolidated financial statements.

8. Benefit Plans

We provide defined benefit pension plans for certain current and former manufacturing and plant administrative personnel throughout the world as determined by collective bargaining agreements or employee benefit standards set at the time of acquisition of certain businesses. In addition to providing pension benefits to certain employees, we sponsor an unfunded postretirement welfare benefits plan for two groups of United States employees; including the same employees who receive pension benefits under the United States defined benefit pension plan. Benefits under this plan include retiree life insurance and retiree medical coverage, including prescription drug coverage. Additional information regarding our defined benefit pension plans and other postretirement benefits plan is included in our consolidated financial statements included in our Annual Report on Form 10-K for the year ended March 31, 2012, dated May 29, 2012.

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

	Defined Benefit Pension Plans				Other Postretirement Benefits Plan	
	U.S. Qualified		International			
Three Months Ended June 30,	2012	2011	2012	2011	2012	2011

Service cost	$ 37	$ 51	$ 20	$ 127	$ —	$ —
Interest cost	523	609	18	74	217	248
Expected return on plan assets	(834)	(821)	(24)	(75)	—	—
Amortization of loss	333	267	—	—	181	106
Curtailment	—	—	(125)	—	—	—
Amortization of prior service cost	—	—	—	—	(816)	(816)
Net periodic benefit cost (income)	$ 59	$ 106	$ (111)	$ 126	$ (418)	$ (462)

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. 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 Consolidated Balance Sheets.

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 affect 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.

As previously disclosed, we received a warning letter (the “warning letter”) from the FDA on May 16, 2008 regarding our SYSTEM 1® sterile processor and the STERIS 20 sterilant used with the processor (sometimes referred to collectively in the FDA letter and in this note 9 as the “device”). Among other matters, the warning letter included the FDA's assertion that significant changes or modifications had been made in the design, components, method of manufacture, or intended use of the device beyond the FDA's 1988 clearance, such that the FDA believed a new premarket notification submission (known within FDA regulations as a 510(k) submission) should have been made, and the assertion that our failure to make such a submission resulted in violations of applicable law. On July 30, 2008 (with an Addendum on October 9, 2008), we provided a detailed response contending that the assertions in the warning letter were not correct. On November 4, 2008, we received a letter from the FDA (dated November 3, 2008) in which the FDA stated without elaboration that, after reviewing our response, it disagreed with our position and that a new premarket notification submission was required. After discussions with the FDA regarding the November 3rd letter, we received an additional letter on November 6, 2008 from the FDA. The November 6th letter stated that the intent of the November 3rd letter was to inform us of the FDA's preliminary disagreement with our response to the warning letter and, before finalizing a position, the FDA reiterated that it wanted to meet with us to discuss the Company's response, issues related to the warning letter and next steps to resolve any differences between the Company and the FDA. We thereafter met with the FDA and, on January 20, 2009, we announced that we had submitted to the FDA a new liquid chemical sterilant processing system for 510(k) clearance, and we communicated to Customers that we would continue supporting the existing SYSTEM 1 installed base in the U.S. for at least a two year period from that date.

On December 3, 2009, the FDA provided a notice (“notice”) to healthcare facility administrators and infection control practitioners describing FDA's “concerns about the SYSTEM 1 Processor, components and accessories, and FDA recommendations.” In the notice, among other things, FDA stated its belief that the SYSTEM 1 device had been significantly modified, that FDA had not cleared or approved the modified device, and that FDA had not determined whether the SYSTEM 1 was safe or effective for its labeled claims. The notice further stated that use of a device that does not properly sterilize or disinfect a medical or surgical device poses risks to patients and users, including the transmission of pathogens, exposure to hazardous chemicals and may affect the quality and functionality of reprocessed instruments. The notice stated that FDA was aware of reports of malfunctions of the SYSTEM 1 that had the potential to cause or contribute to serious injuries to patients, such as infections, or injuries to healthcare staff, such as burns. Included in FDA's December 3, 2009 notice was a recommendation from FDA that if users had acceptable alternatives to meet sterilization and disinfection needs, they should transition to that alternative as soon as possible. After its December 3, 2009 notice, we engaged in extensive discussions with the FDA regarding a comprehensive resolution of this matter. On February 2, 2010, the FDA notified healthcare facility administrators and infection control practitioners that FDA's total recommended time period for transitioning from SYSTEM 1 in the U.S. was 18 months from that date.

On April 5, 2010, we received FDA clearance of the new liquid chemical sterilant processing system (SYSTEM 1E). Also in April 2010 we reached agreement with the FDA on the terms of a consent decree (“Consent Decree”). On April 19, 2010, a Complaint and Consent Decree were filed in the U.S. District Court for the Northern District of Ohio, and on April 20, 2010, the Court approved the Consent Decree. In general, the Consent Decree addresses regulatory matters regarding SYSTEM 1, restricts further sales of SYSTEM 1 processors in the U.S., defines certain documentation and other requirements for continued service and support of SYSTEM 1 in the U.S., prohibits the sale of liquid chemical sterilization or disinfection products in the U.S. that do not have FDA clearance, describes various process and compliance matters, and defines penalties in the event of violation of the Consent Decree.

The Consent Decree also provides that we may continue to support our Customers' use of SYSTEM 1 in the U.S., including the sale of consumables, parts and accessories and service for a transition period, not to extend beyond August 2, 2011 (later extended by FDA to August 2, 2012), subject to compliance with requirements for documentation of the Customer's need for continued support and other conditions and limitations (the “Transition Plan”). Our Transition Plan includes the “SYSTEM 1 Rebate Program” (the “Rebate Program”). In April 2010, we began to offer rebates to qualifying Customers. Generally, U.S. Customers that purchased SYSTEM 1 processors directly from us or who were users of SYSTEM 1 at the time the Rebate Program was introduced and who return their units have the option of either a pro-rated cash rebate or a rebate toward the future purchase of new STERIS capital equipment (including SYSTEM 1E) or consumable products. In addition, we provide credits for the return of SYSTEM 1 consumables in unbroken packaging and within shelf life and for the unused portion of SYSTEM 1 service contracts.

Recording the obligations associated with the Rebate Program requires the use of estimates and assumptions. The use of estimates and assumptions involves judgments with respect to factors that may impact the ultimate outcome and may be beyond management's control. The key assumptions involved in the estimates associated with the Rebate Program include: the number and age of SYSTEM 1 processors eligible for rebates under the Rebate Program, the

number of Customers that will elect to participate in the Rebate Program, the proportion of Customers that will choose each rebate option, and the estimated per unit costs of disposal.

Our assumptions regarding the response of our Customers to the Rebate Program could be wrong and actual results could be different from these estimates. Through June 30, 2012, Customers have utilized or committed to utilize rebates totaling approximately $63,600 on orders placed since the initiation of the Rebate Program. If all eligible Customers holding the remaining outstanding SYSTEM 1 units elect the maximum incentive rebate associated with the SYSTEM 1E processor rebate, the total estimated rebate program cost would increase to approximately $93,000. Conversely, if all eligible Customers holding the remaining outstanding SYSTEM 1 units elect the cash rebate option, the total estimated rebate program cost would decrease to approximately $75,000.

The Consent Decree has defined the resolution of a number of issues regarding SYSTEM 1, and we believe our actions with respect to SYSTEM 1, including the Transition Plan, were and are not recalls, corrections or removals under FDA regulations. However, there is no assurance that these or other claims will not be brought or that judicial, regulatory, administrative or other legal or enforcement actions, notices or remedies will not be pursued, or that action will not be taken in respect of the Consent Decree, the Transition Plan, SYSTEM 1, or otherwise with respect to regulatory or compliance matters, as described in this note 9 and in various portions of Item 1A. of Part I of our Annual Report on Form 10-K for the year ended March 31, 2012 dated May 29, 2012.

In December of 2010, we began shipping SYSTEM 1E units, after having received FDA clearance for the SYSTEM 1E chemical indicator, which is used in conjunction with the SYSTEM 1E. We also submitted a 510(k) to FDA for an optional spore-based indicator strip for use with SYSTEM 1E. Thereafter, as a result of discussions with FDA, we filed a de novo submission requesting classification of this strip in accordance with Section 513(f)(2) of the Federal Food Drug & Cosmetic Act. The de novo process is part of the initial classification for new devices. This spore-based monitoring strip received FDA clearance on March 30, 2012. This new clearance does not affect the prior clearance of the SYSTEM 1E processor or the SYSTEM 1E chemical indicator.

On February 5, 2010, a complaint was filed by a Customer that claimed to have purchased two SYSTEM 1 devices from STERIS, Physicians of Winter Haven LLC d/b/a Day Surgery Center v. STERIS Corp., Case No. 1:1-cv-00264-CAB (N.D. Ohio). The complaint alleged statutory violations, breaches of various warranties, negligence, failure to warn, and unjust enrichment and Plaintiff sought class certification, damages, and other legal and equitable relief including, without limitation, attorneys' fees and an order requiring STERIS to replace, recall or adequately repair the product and/or to take appropriate regulatory action. On February 7, 2011 we entered into a settlement agreement in which we agreed, among other things, to provide various categories of economic relief for members of the settlement class and not object to plaintiff's counsel's application to the court for attorneys' fees and expenses up to a specified amount. Certification of a settlement class was approved and final approval of the settlement was given by the court in the first quarter of fiscal 2012. During the third quarter of fiscal 2011, we recorded in operating expenses a pre-tax charge of approximately $19,796 related to the settlement of these proceedings. The assumptions regarding the amount of this charge included, among others, the portion of class members participating in the settlement and their choice of the categories of economic relief available for such members. These assumptions may be incorrect and the costs of the settlement may be higher or lower than the charge recorded. Estimates of the actual settlement range from as low as $7,000 and as high as $22,000 depending on the options selected by the class members.

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 do not currently believe that the impact of this event will have a material adverse effect on our financial results.

Other civil, criminal, regulatory or other proceedings involving our products or services also 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 affect our business, performance, prospects, value, financial condition, and results of operations.

For additional information regarding these matters, see the following portions of our Annual Report on Form 10-K for the fiscal year ended March 31, 2012: “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 Warning Letter and Consent Decree” and the "Risk Factor” titled “Compliance with the Consent Decree may be more costly and burdensome than anticipated.”

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 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 our Annual Report on Form 10-K for the year ended March 31, 2012 dated May 29, 2012, and in Item 1 of Part II of this Form 10-Q titled, “Legal Proceedings.”

10. Business Segment Information

We operate and report in three business segments: Healthcare, Life Sciences, and Isomedix. 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 segment manufactures and sells capital equipment, accessory, consumable, and service solutions to healthcare providers, including acute care hospitals and surgery centers. These solutions aid our Customers in improving the safety, quality, and productivity of their surgical, sterile processing, gastrointestinal, and emergency environments.

Our Life Sciences segment manufactures and sells engineered capital equipment, formulated cleaning chemistries, and service solutions to pharmaceutical companies, and private and public research facilities around the globe.

Our Isomedix segment operates through a network of facilities located in North America. We sell a comprehensive array of contract sterilization services using gamma irradiation, and ethylene oxide (“EO”) technologies. We provide sterilization and microbial reduction services to companies that supply products to the healthcare, industrial, and consumer products industries.

Financial information for each of our segments is presented in the following table. Operating income (loss) for each segment is calculated as the segment’s gross profit less direct expenses and indirect cost allocations, which results 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 segment is responsible for the management of all but one manufacturing facility and uses standard cost to sell products to the Life Sciences segment. 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.

The accounting policies for reportable segments are the same as those for the consolidated Company. For the three month period ended June 30, 2012, 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 our consolidated financial statements included in our Annual Report on Form 10-K for the year ended March 31, 2012, dated with the SEC on May 29, 2012.

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

	Three Months Ended June 30,	
	2012	2011
Revenues:		
Healthcare	$ 229,514	$ 223,224
Life Sciences	60,496	52,868
Isomedix	46,056	42,003
Total reportable segments	336,066	318,095
Corporate and other	894	544
Total revenues	$ 336,960	$ 318,639
Operating income:		
Healthcare	$ 22,730	$ 26,268
Life Sciences	11,854	9,459
Isomedix	15,578	12,959
Total reportable segments	50,162	48,686
Corporate and other	(1,860)	(1,785)
Total operating income	$ 48,302	$ 46,901

11. Common Shares

We calculate basic earnings per common share based upon the weighted average number of common shares outstanding. We calculate diluted earnings per share based upon the weighted average number of common shares outstanding plus the dilutive effect of common share equivalents calculated using the treasury stock method. The following is a summary of common shares and common share equivalents outstanding used in the calculations of basic and diluted earnings per share:

	Three Months Ended June 30,	
	2012	2011
Denominator (shares in thousands):		
Weighted average common shares outstanding—basic	57,911	59,255
Dilutive effect of common share equivalents	401	848
Weighted average common shares outstanding and common share equivalents—diluted	58,312	60,103

Options to purchase the following number of common 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 common shares during the periods, so including these options would be anti-dilutive:

	Three Months Ended June 30,	
	2012	2011
(shares in thousands)		
Number of common share options	1,124	306

12. Repurchases of Common Shares

During the first quarter of fiscal 2013, we obtained 42,151 of our common shares in connection with stock based compensation award programs. At June 30, 2012, $118,460 of STERIS common shares remained authorized for repurchase pursuant to the most recent Board approved repurchase authorization (the March 2008 Board Authorization). Also, 11,957,838 common shares were held in treasury at June 30, 2012.

(dollars in thousands)

13. Share-Based Compensation

We maintain a long-term incentive plan that makes available common 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, and stock appreciation rights. Stock options provide the right to purchase our common 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 earlier if the option holder is no longer employed by us. Restricted shares and restricted share units generally may cliff vest after a three or 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 June 30, 2012, 4,086,493 shares remained available for grant under the long-term incentive plan.

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 three months of fiscal 2013 and fiscal 2012:

	Fiscal 2013	Fiscal 2012
Risk-free interest rate	1.22%	2.40%
Expected life of options	5.64 years	5.53 years
Expected dividend yield of stock	2.14%	1.31%
Expected volatility of stock	31.19%	29.92%

The risk-free interest rate is based upon the U.S. Treasury yield curve. The expected life of options is reflective of 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 1.83% and 2.08% was applied in fiscal 2013 and 2012, 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, 2012	3,312,602	$ 27.16		
Granted	264,771	29.94		
Exercised	(166,030)	22.12		
Forfeited	(5,308)	30.98		
Canceled	(3,800)	19.60		
Outstanding at June 30, 2012	3,402,235	$ 27.62	5.50 years	$ 14,391
Exercisable at June 30, 2012	2,661,323	$ 26.74	4.60 years	$ 12,867

(dollars in thousands)

We estimate that 721,086 of the non-vested stock options outstanding at June 30, 2012 will ultimately vest.

The aggregate intrinsic value in the table above represents the total pre-tax difference between the $31.37 closing price of our common shares on June 30, 2012 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 common shares.

The total intrinsic value of stock options exercised during the first three months of fiscal 2013 and fiscal 2012 was $1,364 and $1,578, respectively. Net cash proceeds from the exercise of stock options were $3,457 and $2,457 for the first three months of fiscal 2013 and fiscal 2012, respectively. The tax benefit from stock option exercises was $525 and $610 for the first three months of fiscal 2013 and fiscal 2012, respectively.

The weighted average grant date fair value of stock option grants was $7.18 and $9.97 for the first three months of fiscal 2013 and fiscal 2012, 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 June 30, 2012 and 2011 was $767 and $1,198, respectively. The fair value of outstanding SARs is revalued at each reporting date and the related liability and expense are adjusted appropriately.

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

	Number of Restricted Shares	Weighted-Average Grant Date Fair Value
Non-vested at March 31, 2012	533,027	$ 32.10
Granted	225,143	29.94
Vested	(98,089)	24.63
Canceled	(4,460)	33.53
Non-vested at June 30, 2012	655,621	$ 32.46

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 three months of fiscal 2013 was $2,416.

Cash settled restricted share units carry generally the same terms and vesting requirements as stock settled restricted share units except that they are settled in cash upon vesting and therefore, are classified as liabilities. The fair value of outstanding cash-settled restricted share units as of June 30, 2012 and 2011 was $1,091 and $1,614, respectively. 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 June 30, 2012, there was a total of $17,846 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 2.81 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 three months of fiscal 2013 were as follows:

Balance, March 31, 2012	$ 11,189
Warranties issued during the period	5,619
Settlements made during the period	(4,192)
Balance, June 30, 2012	$ 12,616

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 $44,790 and $43,252 as of June 30, 2012 and March 31, 2012, 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. Forward and Swap Contracts

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 also enter into commodity swap contracts to hedge price changes in commodities 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 June 30, 2012, we held foreign currency forward contracts to buy 106.3 million Mexican peso's and 2.3 million Canadian dollars. At June 30, 2012, we held commodity swap contracts to buy 391,000 pounds of nickel.

	Asset Derivatives		Liability Derivatives	
Balance Sheet Location	Fair Value at June 30, 2012	Fair Value at March 31, 2012	Fair Value at June 30, 2012	Fair Value at March 31, 2012
Prepaid & Other	$ 103	$ 12	$ —	$ —
Accrued expenses and other	$ —	$ —	$ 791	$ 863

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

		Amount of gain (loss) recognized in income	
		Three Months Ended June 30,	
	Location of gain (loss) recognized in income	2012	2011
Foreign currency forward contracts	Selling, general and administrative	$ (317)	$ 266
Commodity swap contracts	Cost of revenues	$ (220)	$ (479)

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 June 30, 2012:

			Fair Value Measurements at June 30, Using					
	Carrying Value		Quoted Prices in Active Markets for Identical Assets		Significant Other Observable Inputs		Significant Unobservable Inputs	
			Level 1		Level 2		Level 3	
	2012	2011	2012	2011	2012	2011	2012	2011
Assets:								
Cash and cash equivalents	$ 186,731	$ 156,116	$ 186,731	$ 156,116	$ —	$ —	$ —	$ —
Forward and swap contracts (1)	103	346	—	—	103	346	—	—
Investments (2)	3,007	2,790	3,007	2,790	—	—	—	—
Liabilities:								
Forward and swap contracts (1)	$ 791	$ 324	$ —	$ —	$ 791	$ 324	$ —	$ —
Deferred compensation plans (2)	2,988	2,790	2,988	2,790	—	—	—	—
Long term debt (3)	210,000	210,000	—	—	246,306	240,957	—	—
Contingent consideration obligations (4)	6,555	10,138	—	—	—	—	6,555	10,138

(1) 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.

(2) We provide a domestic non-qualified deferred compensation plan covering certain employees, which allows for the deferral of compensation for an employee-specified term or until retirement or termination. Amounts deferred can be allocated to various hypothetical investment options. 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 making deferrals are entitled to receive distributions of their hypothetical account balances (amounts deferred, together with earnings (losses)).

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

(4) 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.

The changes in Level 3 assets and liabilities measured at fair value on a recurring basis at June 30, 2012 are summarized as follows:

	Contingent Consideration
Balance at March 31, 2012	$ 6,953
Losses	33
Settlements	(9)
Foreign currency translation adjustments (1)	(422)
Balance at June 30, 2012	$ 6,555

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

17. Subsequent Events

We have evaluated subsequent events through the date the financial statements were filed with the SEC, noting no events that require adjustment of, or disclosure in, the consolidated financial statements for the period ended June 30, 2012, except for the acquisition noted below. These financial statements should be read in conjunction with the consolidated financial statements and related notes included in our 2012 Annual Report on Form 10-K.

On July 17, 2012, STERIS Corporation announced the signing of a definitive agreement to acquire all the outstanding shares of privately-owned United States Endoscopy Group, Inc. (US Endoscopy). US Endoscopy is a leader in the design, manufacture and sale of therapeutic and diagnostic medical devices and support accessories used in the gastrointestinal (GI) endoscopy markets worldwide. STERIS has agreed to pay $270,000 in an all cash transaction to acquire US Endoscopy.

The transaction is subject to certain closing conditions and is expected to close by the end of the second quarter of fiscal 2013. STERIS will finance the acquisition through a combination of cash on hand and borrowings under its existing credit facility. The business will be integrated into STERIS's Healthcare business segment. STERIS will also be purchasing certain land and buildings utilized by the US Endoscopy business for approximately $7,000.

Report of Independent Registered Public Accounting Firm

Board of Directors and Shareholders
STERIS Corporation

We have reviewed the consolidated balance sheet of STERIS Corporation and subsidiaries, as of June 30, 2012, the related consolidated statements of income for the three-month periods ended June 30, 2012 and 2011, the consolidated statements of comprehensive income for the three-month periods ended June 30, 2012 and 2011, and cash flows for the three-month periods ended June 30, 2012 and 2011. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards established by 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 generally accepted auditing standards, 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 interim financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards generally accepted in the United States of America, the consolidated balance sheet of STERIS Corporation and subsidiaries as of March 31, 2012, and the related consolidated statements of income, shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated May 29, 2012, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of March 31, 2012 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
August 2, 2012

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 first quarter of fiscal 2013 and fiscal 2012. It may also be helpful to read the MD&A in our Annual Report on Form 10-K for the year ended March 31, 2012, dated with the SEC on May 29, 2012. In the MD&A, we analyze and explain the period-over-period changes in the specific line items in the Consolidated Statements of Income. Our 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 capital equipment, which includes steam sterilizers, low temperature liquid chemical sterilant processing systems, washing systems, VHP® technology, water stills, and pure steam generators; integrated OR; surgical lights and tables; and the consumable family of products, which includes SYSTEM 1 and 1E consumables, V-Pro consumables, sterility assurance products, skin care products, and cleaning consumables.
- Service Revenues – We define service revenues as revenues generated from parts and labor associated with the maintenance, repair, and installation of our capital equipment, as well as revenues generated from contract sterilization offered through our Isomedix 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, sterility assurance products, skin care products, and cleaning consumables.
- Recurring Revenues – We define recurring revenues as revenues generated from sales of consumable products and service revenues.
- Acquired Revenues – We define acquired revenues as base revenues generated from acquired businesses or assets and additional volumes driven through acquired businesses or assets. We will use such measure for up to a year after acquisition.

General Company Overview and Executive Summary

Our mission is to provide a healthier today and safer tomorrow through knowledgeable people and innovative infection prevention, decontamination and health science technologies, products, and services. Our dedicated employees around the world work together to supply a broad range of solutions by offering a combination of capital equipment, consumables, 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 Isomedix segment.

Beyond our core markets, infection-control issues are a growing global concern, and emerging threats are prominent in the news. We are actively pursuing new opportunities to adapt our proven technologies to meet the changing needs of the global marketplace.

Fiscal 2013 first quarter revenues were $337.0 million representing an increase of 5.7% over the prior year reflecting increases in all three reportable business segments. Our gross margin percentage for the fiscal 2013 first quarter was 40.7% compared to 41.7% in the fiscal 2012 period. The 100 basis point decrease is driven primarily by lower SYSTEM 1 consumable volume. Fiscal 2013 first quarter operating income was $48.3 million compared with $46.9 million for the fiscal 2012 first quarter.

Cash flows from operations were $61.3 million and free cash flow was $45.7 million in the first three months of fiscal 2013 compared to a negative $3.6 million in the prior year first three months, reflecting lower working capital requirements specifically the anticipated reduction of SYSTEM 1E related inventory, lower days sales outstanding and lower cash usage to fund compensation related obligations (see subsection of MD&A titled, "Non-GAAP Financial Measures" for additional information and related reconciliation of non-GAAP financial measures to the most comparable GAAP measures). Our debt-to-total capital ratio was 20.2% at June 30, 2012 and 20.4% at March 31, 2012. During the first three months of fiscal 2013, we declared and paid quarterly cash dividends of $0.17 per common share.

Additional information regarding our fiscal 2013 first quarter financial performance 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 first quarter of fiscal 2013, our revenues were unfavorably impacted by $3.8 million, or 1.10%, and income before taxes was favorably impacted by $3.2 million, or 7.45%, 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, growth outside of core operations, repurchase common shares, and pay cash dividends. The following table summarizes the calculation of our free cash flow for the three month periods ended June 30, 2012 and 2011:

	Three Months Ended June 30,	
(dollars in thousands)	**2012**	**2011**
Net cash flows provided by operating activities	$ 61,267	$ 11,981
Purchases of property, plant, equipment and intangibles, net	(15,542)	(15,588)
Proceeds from the sale of property, plant, equipment and intangibles	17	—
Free cash flow (usage)	$ 45,742	$ (3,607)

Results of Operations

In the following subsections, we discuss our earnings and the factors affecting them for the first quarter of fiscal 2013 compared with the same fiscal 2012 period. We begin with a general overview of our operating results and then separately discuss earnings for our operating segments.

Revenues. The following table compares our revenues for the three months ended June 30, 2012 to the revenues for the three months ended June 30, 2011:

(dollars in thousands)	Three Months Ended June 30, 2012	2011	Change	Percent Change
Total revenues	$ 336,960	$ 318,639	$ 18,321	5.7 %
Revenues by type:				
Capital equipment revenues	138,418	124,619	13,799	11.1 %
Consumable revenues	75,335	77,394	(2,059)	(2.7)%
Service revenues	123,207	116,626	6,581	5.6 %
Revenues by geography:				
United States revenues	262,404	244,836	17,568	7.2 %
International revenues	74,556	73,803	753	1.0 %

NM - Not meaningful.

Revenues increased $18.3 million, or 5.7%, to $337.0 million for the quarter ended June 30, 2012, as compared to $318.6 million for the same prior year quarter. Capital revenues increased $13.8 million in the first quarter of fiscal 2013, as compared to the first quarter of fiscal 2012. Capital equipment revenues increased in both the Healthcare and Life Sciences segments. Within Healthcare, the increase was attributable to growth in both surgical and infection prevention technologies, including SYSTEM 1E units. Within Life Sciences, capital equipment revenue growth occurred across all geographies and was driven primarily by replacement product purchases by pharmaceutical Customers. Consumable revenues decreased $2.1 million for the quarter ended June 30, 2012, as compared to the prior year quarter, primarily driven by decreases within the Healthcare segment attributable to reductions in SYSTEM 1 consumable volume. Service revenues increased $6.6 million in the first quarter of fiscal 2013 primarily driven by an increase in Isomedix, although both the Healthcare and Life Sciences business segments also experienced growth in service revenues of 3%.

United States revenues increased $17.6 million, or 7.2%, to $262.4 million for the quarter ended June 30, 2012, as compared to $244.8 million for the same prior year quarter. Increases in capital equipment revenues in both the Healthcare and Life Sciences business segments combined with growth in service revenues drove the increase. These increases were partially offset by a decline in consumable revenues driven by the decline in SYSTEM 1 consumable volume.

International revenues increased $0.8 million, or 1.0%, to $74.6 million for the quarter ended June 30, 2012, as compared to $73.8 million for the same prior year quarter. Increases in capital equipment revenues in Canada and Europe more than offset declines in international consumable and service revenues.

Gross Profit. The following table compares our gross profit for the three months ended June 30, 2012 to the three months ended June 30, 2011:

(dollars in thousands)	Three Months Ended June 30, 2012	2011	Change	Percent Change
Gross profit:				
Product	$ 88,271	$ 84,580	$ 3,691	4.4%
Service	48,981	48,345	636	1.3%
Total gross profit	$ 137,252	$ 132,925	$ 4,327	3.3%
Gross profit percentage:				
Product	41.3%	41.9%		
Service	39.8%	41.5%		
Total gross profit percentage	40.7%	41.7%		

Our gross profit 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 profit percentage for the first quarter of fiscal 2013 amounted to 40.7% as compared to the first quarter of fiscal 2012 gross profit percentage of 41.7%. The gross profit percentage decreased 100 basis points. The decrease resulted primarily from a net reduction of 190 basis points due to declines in volume, particularly the decline in SYSTEM 1 consumable volume, which was partially offset by a 80 basis point favorable impact of changes in foreign currency.

Operating Expenses. The following table compares our operating expenses for the three months ended June 30, 2012 to the three months ended June 30, 2011:

(dollars in thousands)	**Three Months Ended June 30, 2012**	**2011**	**Change**	**Percent Change**
Operating expenses:				
Selling, general, and administrative	$ 79,774	$ 77,009	$ 2,765	3.6%
Research and development	9,312	8,757	555	6.3%
Restructuring expenses	(136)	258	(394)	NM
Total operating expenses	$ 88,950	$ 86,024	$ 2,926	3.4%

NM - Not meaningful.

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. The increase of 3.6% in the first quarter of fiscal 2013 over the first quarter of fiscal 2012 is attributable to volume related fees and increased spending related to SYSTEM 1E product reliability within our Healthcare business segment during fiscal 2013.

For the three month period ended June 30, 2012, research and development expenses increased 6.3%. 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 the first quarter of fiscal 2013, our investments in research and development continued to be focused on, but were not limited to, enhancing capabilities of sterile processing combination technologies, surgical products and accessories, and the areas of emerging infectious agents such as Prions and Nanobacteria.

Restructuring expenses incurred during the first quarters of fiscal 2013 and fiscal 2012 related to a previously announced restructuring plans. The following table summarizes our total pre-tax restructuring expenses for the first quarters of fiscal 2013 and fiscal 2012:

Three Months Ended June 30,	**Fiscal 2010 Restructuring Plan (1)**		**Fiscal 2008 Restructuring Plan**		**Total**	
	2012	2011	2012	2011	2012	2011
Severance and other compensation related costs	$ (119)	$ (55)	$ —	$ —	$ (119)	$ (55)
Product rationalization	—	335	—	—	—	335
Asset impairment and accelerated depreciation	(17)	92	—	—	(17)	92
Lease termination obligation and other	—	—	—	(152)	—	(152)
Total restructuring charges	$ (136)	$ 372	$ —	$ (152)	$ (136)	$ 220

(1) Includes $(38) in charges recorded in cost of revenues on Consolidated Statements of Income for 2011.

Liabilities related to restructuring activities are recorded as current liabilities on the accompanying Consolidated Balance Sheets within “Accrued payroll and other related liabilities” and “Accrued expenses and other.” The following table summarizes our liabilities related to these restructuring activities:

(dollars in thousands)	March 31, 2012	Fiscal 2013 Provision (1)	Fiscal 2013 Payments/ Impairments (2)	June 30, 2012
		Fiscal 2010 Restructuring Plan		
Severance and termination benefits	$ 659	$ (119)	$ 28	$ 568
Asset impairments and accelerated depreciation	—	(17)	17	—
Lease termination obligations	947	—	(336)	611
Other	76	—	—	76
Total	$ 1,682	$ (136)	$ (291)	$ 1,255

(1) Includes curtailment benefit of $125 related to International defined benefit plan. Additional information is included in note 8, "Benefit Plans."
(2) Certain amounts reported include the impact of foreign currency movements relative to the U.S. dollar.

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 net non-operating expenses for the three months ended June 30, 2012 and 2011:

(dollars in thousands)	Three Months Ended June 30, 2012	2011	Change
Non-operating expenses, net:			
Interest expense	$ 2,972	$ 2,997	$ (25)
Interest income and miscellaneous expense	(260)	107	(367)
Non-operating expenses, net	$ 2,712	$ 3,104	$ (392)

Interest expense during the three month periods was approximately the same. Interest income and miscellaneous expense decreased $0.4 million for the three month period as compared with the same prior year period as interest income exceeded miscellaneous expense.

Income Tax Expense. The following table compares our income tax expense and effective income tax rates for the three months ended June 30, 2012 to the three months ended June 30, 2011:

(dollars in thousands)	Three Months Ended June 30, 2012	2011	Change	Percent Change
Income tax expense	$ 15,236	$ 15,066	$ 170	1.1%
Effective income tax rate	33.4%	34.4%		

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 continuing operations for the three month period ended June 30, 2012 was 33.4% compared with 34.4% for the same prior year period. We benefited from higher projected income mix in lower tax rate jurisdictions.

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. We operate in three reportable business segments: Healthcare, Life Sciences, and Isomedix. 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. These costs include executive office costs, Board of Directors compensation, shareholder services and investor relations, external audit fees, and legacy pension and post-retirement benefit costs. Our Annual Report on Form 10-K for the year ended March 31, 2012, dated May 29, 2012, provides additional information regarding each business segment. The following table compares business segment revenues for

the three months ended June 30, 2012 and 2011:

(dollars in thousands)	Three Months Ended June 30, 2012	2011	Change	Percent Change
Revenues:				
Healthcare	$ 229,514	$ 223,224	$ 6,290	2.8%
Life Sciences	60,496	52,868	7,628	14.4%
Isomedix	46,056	42,003	4,053	9.6%
Total reportable segments	336,066	318,095	17,971	5.6%
Corporate and other	894	544	350	64.3%
Total Revenues	$ 336,960	$ 318,639	$ 18,321	5.7%

Healthcare revenues increased $6.3 million, or 2.8%, to $229.5 million for the quarter ended June 30, 2012, as compared to $223.2 million for the same prior year quarter. The increase is primarily attributable to growth in capital equipment revenues related to both infection prevention and surgical equipment, including revenue associated with SYSTEM 1E products in the United States. Service revenues increased 2.7% reflecting higher installation activity including activity related to SYSTEM 1E units. These increases were partially offset by the decline in consumable revenues driven by lower demand in the United States for SYSTEM 1 consumables. At June 30, 2012, the Healthcare segment's backlog amounted to $99.4 million, decreasing $34.4 million, or 25.7%, compared to the backlog of $133.8 million at June 30, 2011. SYSTEM 1E related backlog was $2.2 million as of June 30, 2012, as compared to $24.0 million as of June 30, 2011. Healthcare backlog decreased $3.1 million, or 3.0%, compared to the backlog of $102.5 million at March 31, 2012.

Life Sciences revenues increased $7.6 million, or 14.4%, to $60.5 million for the quarter ended June 30, 2012, as compared to $52.9 million for the same prior year quarter. The increase in Life Sciences revenues was driven by increases of 35.9% in capital equipment revenues, 3.9% in consumable revenues, and 3.4% in service revenues. The increase in capital equipment revenues occurred in the United States, Europe and the Asia Pacific region and was primarily attributable to replacement product purchases from pharmaceutical Customers. At June 30, 2012, the Life Sciences segment's backlog amounted to $47.4 million, increasing $0.8 million, or 1.7% compared to the backlog of $46.6 million at June 30, 2011. Life Sciences backlog decreased $2.7 million, or 5.4%, compared to the backlog of $50.1 million at March 31, 2012.

Isomedix segment revenues increased $4.1 million, or 9.6%, to $46.1 million for the quarter ended June 30, 2012, as compared to $42.0 million for the same prior year quarter. Revenues were favorably impacted by increased demand from our medical device Customers, as well as the recent acquisition of Biotest, which provides validation services to our Customers with lab operations in Minneapolis Minnesota.

The following table compares our business segment operating results for the three months ended June 30, 2012 to the three months ended June 30, 2011:

(dollars in thousands)	Three Months Ended June 30, 2012	2011	Change	Percent Change
Operating income:				
Healthcare	$ 22,730	$ 26,268	$ (3,538)	(13.5)%
Life Sciences	11,854	9,459	2,395	25.3 %
Isomedix	15,578	12,959	2,619	20.2 %
Total reportable segments	50,162	48,686	1,476	3.0 %
Corporate and other	(1,860)	(1,785)	(75)	4.2 %
Total operating income	$ 48,302	$ 46,901	$ 1,401	3.0 %

Segment operating income is calculated as the segment's gross profit less direct expenses and indirect cost allocations, which results in the full allocation of all distribution and research and development expenses, and the partial allocation of corporate costs. Corporate cost allocations are based on each segment's percentage of revenues, headcount, or other variables in relation to those of the total Company. In addition, the Healthcare segment is responsible for the management of all but one manufacturing facility and uses standard cost to sell products to the Life Sciences segment. Corporate and other includes the revenues, 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, as previously discussed.

The Healthcare segment's operating income decreased $3.5 million, to $22.7 million for the first quarter of fiscal 2013 as compared to $26.3 million in the same prior year period. The decrease in operating income reflects lower gross margins driven primarily by lower SYSTEM 1 consumable volumes, higher spending on research and development along with higher expenses related to SYSTEM 1E product reliability compared to the prior year period. We have experienced a sequential decrease in expenses related to SYSTEM 1E. However, the expenses related to SYSTEM 1E product reliability increased sequentially on a quarterly basis in the prior fiscal year, with the first quarter being the low point.

The Life Sciences segment's operating income increased $2.4 million for the first quarter of fiscal 2013 as compared to the same prior year period. The segment's operating margin was 19.6% for the first quarter of fiscal 2013. The increase was the result of volume increases and improved operating leverage.

The Isomedix segment's operating income increased $2.6 million for the first quarter of fiscal 2013 as compared to the same prior year period. The segment's operating margin was 33.8% for the first quarter of fiscal 2013. The increase in operating income reflects the benefit of increased revenues.

Liquidity and Capital Resources

The following table summarizes significant components of our cash flows for the three months ended June 30, 2012 and 2011:

	Three Months Ended June 30,	
(dollars in thousands)	**2012**	**2011**
Operating activities:		
Net income	$ 30,354	$ 28,731
Non-cash items	15,509	29,432
Change in Accrued SYSTEM 1 Rebate Program and class action settlement	(9,242)	(6,536)
Changes in operating assets and liabilities	24,646	(39,646)
Net cash provided by operating activities	$ 61,267	$ 11,981
Investing activities:		
Purchases of property, plant, equipment, and intangibles, net	$ (15,542)	$ (15,588)
Proceeds from the sale of property, plant, equipment, and intangibles	17	—
Investments in businesses, net of cash acquired	—	(22,269)
Net cash used in investing activities	$ (15,525)	$ (37,857)
Financing activities:		
Repurchases of common shares	$ (1,117)	$ (6,131)
Cash dividends paid to common shareholders	(9,867)	(8,913)
Stock option and other equity transactions, net	3,457	2,457
Tax benefit from stock options exercised	525	610
Net cash used in financing activities	$ (7,002)	$ (11,977)
Debt-to-total capital ratio	20.2%	20.5%
Free cash flow (usage)	$ 45,742	$ (3,607)

Net Cash Provided by Operating Activities. The net cash provided by our operating activities was $61.3 million for the first three months of fiscal 2013 as compared with $12.0 million for the first three months of fiscal 2012. The increase in net cash provided by operating activities in fiscal 2013 is attributable to lower working capital requirements specifically the anticipated reduction of SYSTEM 1E related inventory, lower days sales outstanding and lower cash usage to fund compensation related obligations.

Net Cash Used In Investing Activities – The net cash we used in investing activities totaled $15.5 million for the first three months of fiscal 2013 compared with $37.9 million for the first three months of fiscal 2012. The following discussion summarizes the significant changes in our investing cash flows for the first three months of fiscal 2013 and fiscal 2012:

- Purchases of property, plant, equipment, and intangibles, net – Capital expenditures were $15.5 million for the first three months of fiscal 2013 as compared to $15.6 million during the same prior year period.

- Investment in business, net of cash acquired – During the first quarter of fiscal 2012, we used $22.3 million in cash to acquire the stock of a privately held company with operations located near Sao Paulo, Brazil.

Net Cash Used In Financing Activities – The net cash used in financing activities amounted to $7.0 million for the first three months of fiscal 2013 compared with net cash used in financing activities of $12.0 million for the first three months of fiscal 2012. The following discussion summarizes the significant changes in our financing cash flows for the first three months of fiscal 2013 and fiscal 2012:

- Repurchases of common shares – During the first three months of fiscal 2013, we obtained 42,151 of our common shares in connection with share-based compensation award programs. During the same period in fiscal 2012 , we repurchased 170,000 of our common shares for an aggregate amount of $5.8 million. We also obtained 21,329 of our common shares during the first quarter of fiscal 2012 in connection with stock based compensation award programs.
- Cash dividends paid to common shareholders – During the first three months of fiscal 2013, we paid total cash dividends of $9.9 million, or $0.17 per outstanding common share. During the first three months of fiscal 2012, we paid total cash dividends of $8.9 million, or $0.15 per outstanding common share.
- Stock option and other equity transactions, net – We receive cash for issuing common shares under our various employee stock option programs. During the first three months of fiscal 2013 and fiscal 2012, we received cash proceeds totaling $3.5 million and $2.5 million, respectively, under these programs.

Cash Flow Measures. Free cash flow was $45.7 million in the first three months of fiscal 2013 compared to a negative $3.6 million in the prior year first three months due to lower working capital requirements specifically the anticipated reduction of SYSTEM 1E related inventory builds, lower days sales outstanding and lower cash usage to fund compensation related obligations (see subsection of MD&A titled, "Non-GAAP Financial Measures" for additional information and related reconciliation of non-GAAP financial measures to the most comparable GAAP measures). Our debt-to-total capital ratio was 20.2% at June 30, 2012 and 20.5% at June 30, 2011.

Sources of Credit and Contractual and Commercial Commitments. Information related to our sources of credit and contractual and commercial commitments is included in our Annual Report on Form 10-K for the year ended March 31, 2012, dated May 29, 2012. Our commercial commitments were approximately $39.1 million at June 30, 2012 reflecting a net increase of $0.8 million in surety bonds and other commercial commitments from March 31, 2012. We entered into a new credit facility on April 13, 2012 (the "Facility"). The maximum aggregate borrowing limit under the Facility is $300.0 million, $100.0 million less than the amount under the prior facility. The maximum aggregate borrowing limit of $300.0 million under the Facility is reduced by outstanding borrowings and letters of credit issued under a sub-limit within the Facility. There were no outstanding borrowings and letters of credit at June 30, 2012.

Cash Requirements. Currently, we intend to use our existing cash and cash equivalent balances, cash generated from operations, and our existing credit facilities for short-term and long-term capital expenditures and our other liquidity needs. We believe that these amounts will be sufficient to meet working capital needs, capital requirements, and commitments for at least the next twelve months. However, our capital requirements will 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, and changes in our operating expenses. To the extent that our existing sources of cash are not sufficient to fund our future activities, we may need to raise additional funds through additional borrowings or selling equity securities. We cannot assure you that we will be able to obtain 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 our Annual Report on Form 10-K for the year ended March 31, 2012, dated May 29, 2012. Our critical accounting policies, estimates, and assumptions have not changed materially from March 31, 2012.

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 Part II, Item 1, “Legal Proceedings” 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. We are no longer subject to United States federal examinations for years before fiscal 2010 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 2008. We remain subject to tax authority audits in various other jurisdictions in which we operate. If we prevail in matters for which accruals have been recorded, or are required to pay amounts in excess of recorded accruals, our effective income tax rate in a given financial statement period could be materially impacted.

Additional information regarding our commitments and contingencies is included in note 9 to our consolidated financial statements titled, “Commitments and Contingencies.”

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 first quarter of fiscal 2013, our revenues were unfavorably impacted by $3.8 million, or 1.1%, and income before taxes was favorably impacted by $3.2 million, or 7.5%, as a result of foreign currency movements relative to the U.S. dollar.

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 the Company 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 of this press 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 the Company's Form 10-K and other securities filings. Many of these important factors are outside STERIS's control. No assurances can be provided as to any result or the timing of any outcome regarding matters described herein or otherwise with respect to any regulatory action, administrative proceedings, government investigations, litigation, warning letters, consent decree, rebate program, transition, cost reductions, business strategies, earnings or revenue trends or future financial results (including without limitation the settlement of the SYSTEM 1 class action litigation and the regulatory matters related to SYSTEM 1E or its accessories). References to products, the consent decree, the transition or rebate program, or the class action settlement, are summaries only and should not be considered the specific terms of the decree, settlement, program or product clearance or literature. Unless legally required, the Company 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) the potential for increased pressure on pricing or costs that leads to erosion of profit margins, (b) the possibility that market demand will not develop for new technologies, products or applications or the Company's rebate

program, transition plan or other business initiatives will take longer, cost more or produce lower benefits than anticipated, (c) 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 April 20, 2010 consent decree and related transition plan and rebate program, the SYSTEM 1E device, 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 Company performance, results, prospects or value, (d) 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, (e) the possibility of reduced demand, or reductions in the rate of growth in demand, for the Company's products and services, (f) the possibility that anticipated growth, cost savings, rebate assumptions, new product acceptance, performance or approvals, including without limitation SYSTEM 1E and accessories thereto, or other results may not be achieved, or that transition, labor, competition, timing, execution, regulatory, governmental, or other issues or risks associated with our business, industry or initiatives including, without limitation, the consent decree, rebate program, and the transition from the SYSTEM 1 processing system and adjustments to related reserves or those matters described in our Form 10-K for the year ended March 31, 2012 and other securities filings, may adversely impact company performance, results, prospects or value, (g) the possibility that anticipated benefits and results of the US Endoscopy transaction will not be realized or will be other than anticipated, (h) the effect of the contraction in credit availability, as well as the ability of our Customers and suppliers to adequately access the credit markets when needed, and (i) those risks described in our securities filings including our Annual Report on Form 10-K for the year ended March 31, 2012, and other securities filings.

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 our Annual Report on Form 10-K for the year ended March 31, 2012, dated with the SEC on May 29, 2012. Our exposures to market risks have not changed materially since March 31, 2012.

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.

There were no changes in our 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 June 30, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

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 affect 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 FDA-related 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.

As previously disclosed, we received a warning letter (the “warning letter”) from the FDA on May 16, 2008 regarding our SYSTEM 1 sterile processor and the STERIS® 20 sterilant used with the processor (sometimes referred to collectively in the FDA letter and in this Item 1 as the “device”). Among other matters, the warning letter included the FDA's assertion that significant changes or modifications had been made in the design, components, method of manufacture, or intended use of the device beyond the FDA's 1988 clearance, such that the FDA believed a new premarket notification submission (known within FDA regulations as a 510(k) submission) should have been made, and the assertion that our failure to make such a submission resulted in violations of applicable law. On July 30, 2008 (with an Addendum on October 9, 2008), we provided a detailed response contending that the assertions in the warning letter were not correct. On November 4, 2008, we received a letter from the FDA (dated November 3, 2008) in which the FDA stated without elaboration that, after reviewing our response, it disagreed with our position and that a new premarket notification submission was required. After discussions with the FDA regarding the November 3rd letter, we received an additional letter on November 6, 2008 from the FDA. The November 6th letter stated that the intent of the November 3rd letter was to inform us of the FDA's preliminary disagreement with our response to the warning letter and, before finalizing a position, the FDA reiterated that it wanted to meet with us to discuss the Company's response, issues related to the warning letter and next steps to resolve any differences between the Company and the FDA. We thereafter met with the FDA and, on January 20, 2009, we announced that we had submitted to the FDA a new liquid chemical sterilant processing system for 510(k) clearance, and we communicated to Customers that we would continue supporting the existing SYSTEM 1 installed base in the U.S. for at least a two year period from that date.

On December 3, 2009, the FDA provided a notice (“notice”) to healthcare facility administrators and infection control practitioners describing FDA's “concerns about the SYSTEM 1 Processor, components and accessories, and FDA recommendations.” In the notice, among other things, FDA stated its belief that the SYSTEM 1 device had been significantly modified, that FDA had not cleared or approved the modified device, and that FDA had not determined whether the SYSTEM 1 was safe or effective for its labeled claims. The notice further stated that use of a device that does not properly sterilize or disinfect a medical or surgical device poses risks to patients and users, including the transmission of pathogens, exposure to hazardous chemicals and may affect the quality and functionality of reprocessed instruments. The notice stated that FDA was aware of reports of malfunctions of the SYSTEM 1 that had the potential to cause or contribute to serious injuries to patients, such as infections, or injuries to healthcare staff, such as burns. Included in FDA's December 3, 2009 notice was a recommendation from FDA that if users had acceptable alternatives to meet sterilization and disinfection needs, they should transition to that alternative as soon as possible. After its December 3, 2009 notice, we engaged in extensive discussions with the FDA regarding a comprehensive resolution of this matter. On February 2, 2010, the FDA notified healthcare facility administrators and infection control practitioners that FDA's total recommended time period for transitioning from SYSTEM 1 in the U.S. was 18 months from that date.

On April 5, 2010, we received FDA clearance of the new liquid chemical sterilant processing system (SYSTEM 1E). Also in April 2010 we reached agreement with the FDA on the terms of a consent decree (“Consent Decree”). On April 19, 2010, a

Complaint and Consent Decree were filed in the U.S. District Court for the Northern District of Ohio, and on April 20, 2010, the Court approved the Consent Decree. In general, the Consent Decree addresses regulatory matters regarding SYSTEM 1, restricts further sales of SYSTEM 1 processors in the U.S., defines certain documentation and other requirements for continued service and support of SYSTEM 1 in the U.S., prohibits the sale of liquid chemical sterilization or disinfection products in the U.S. that do not have FDA clearance, describes various process and compliance matters, and defines penalties in the event of violation of the Consent Decree.

The Consent Decree also provides that we may continue to support our Customers' use of SYSTEM 1 in the U.S., including the sale of consumables, parts and accessories and service for a transition period, not to extend beyond August 2, 2011, subject to compliance with requirements for documentation of the Customer's need for continued support and other conditions and limitations (the “Transition Plan”). This transition period has since been extended by the FDA until August 2, 2012. Our Transition Plan includes the “SYSTEM 1 Rebate Program” (the “Rebate Program”). In April 2010, we began to offer rebates to qualifying Customers. Generally, U.S. Customers that purchased SYSTEM 1 processors directly from us or who were users of SYSTEM 1 at the time the Rebate Program was introduced and who return their units have the option of either a pro-rated cash rebate or rebate toward the future purchase of new STERIS capital equipment (including SYSTEM 1E) or consumable products. In addition, we provide credits for the return of SYSTEM 1 consumables in unbroken packaging and within shelf life and for the unused portion of SYSTEM 1 service contracts.

The Consent Decree has defined the resolution of a number of issues regarding SYSTEM 1, and we believe our actions with respect to SYSTEM 1, including the Transition Plan, were and are not recalls, corrections or removals under FDA regulations. However, there is no assurance that these or other claims will not be brought or that judicial, regulatory, administrative or other legal or enforcement actions, notices or remedies will not be pursued, or that action will not be taken in respect of the Consent Decree, the Transition Plan, SYSTEM 1, or otherwise with respect to regulatory or compliance matters, as described in this Item 1 and in various portions of Item 1A. of Part I of our Annual Report on Form 10-K for the year ended March 31, 2012 dated May 29, 2012.

In December of 2010, we began shipping SYSTEM 1E units after having received FDA clearance for the SYSTEM 1E chemical indicator, which is used in conjunction with the SYSTEM 1E. We also submitted a 510(k) to FDA for an optional spore-based indicator strip for use with SYSTEM 1E. Thereafter, as a result of discussions with FDA, we filed a de novo submission requesting classification of this strip in accordance with Section 513(f)(2) of the Federal Food Drug & Cosmetic Act. The de novo process is part of the initial classification for new devices. This spore-based monitoring strip received FDA clearance on March 30, 2012. This new clearance does not affect the prior clearance of the SYSTEM 1E processor or the SYSTEM 1E chemical indicator.

On February 5, 2010, a complaint was filed by a Customer that claimed to have purchased two SYSTEM 1 devices from STERIS, Physicians of Winter Haven LLC d/b/a Day Surgery Center v. STERIS Corp., Case No. 1:1-cv-00264-CAB (N.D. Ohio). The complaint alleged statutory violations, breaches of various warranties, negligence, failure to warn, and unjust enrichment and Plaintiff sought class certification, damages, and other legal and equitable relief including, without limitation, attorneys' fees and an order requiring STERIS to replace, recall or adequately repair the product and/or to take appropriate regulatory action. On February 7, 2011 we entered into a settlement agreement in which we agreed, among other things, to provide various categories of economic relief for members of the settlement class and not object to plaintiff's counsel's application to the court for attorneys' fees and expenses up to a specified amount. Certification of a settlement class was approved and final approval of the settlement was given by the court in the first quarter of fiscal 2012. During the third quarter of fiscal 2011, we recorded in operating expenses a pre-tax charge of approximately $19.8 million related to the settlement of these proceedings.

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 do not currently believe that the impact of this event will have a material adverse effect on our financial results.

Other civil, criminal, regulatory or other proceedings involving our products or services also 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 affect our business, performance, prospects, value, financial condition, and results of operations.

For additional information regarding these matters, see the following portions of our Annual Report on Form 10-K for the fiscal year ended March 31, 2012: “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 Warning Letter and Consent Decree” and the “Risk Factor” titled “Compliance with the Consent Decree may be more costly and burdensome than anticipated.”

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.

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 our Annual Report on Form 10-K for the year ended March 31, 2012 dated with the SEC on May 29, 2012, and in this Form 10-Q in note 9 to our consolidated financial statements titled "Commitments and contingencies."

ITEM 1A. RISK FACTORS

We believe there have been no material changes to the risk factors included in our Annual Report on Form 10-K for the fiscal year ended March 31, 2012, dated May 29, 2012, that would materially affect our business, results of operations, or financial condition.

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

During the first quarter of fiscal 2013, we obtained 42,151 of our common shares in connection with stock based compensation award programs. We did not repurchase any of our shares during the first quarter. When we do make repurchases, they are made pursuant to a single repurchase program which was approved by our Board of Directors and announced on March 14, 2008, authorizing the repurchase of up to $300.0 million of our common shares. As of June 30, 2012, $118.5 million in common shares remained authorized for repurchase under this authorization. This common share repurchase authorization does not have a stated maturity date. The following table summarizes the common shares repurchase activity during the first quarter of fiscal 2013 under our common share repurchase program:

	(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
April 1-30	—		$ —		—	$ 118,460
May 1-31	—		—		—	118,460
June 1-30	—		—		—	118,460
Total	—	(1)	$ —	(1)	—	$ 118,460

(1) Does not include 83 shares purchased during the quarter at an average price of $30.24 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

Exhibit Number	Exhibit Description
3.1	1992 Amended Articles of Incorporation of STERIS Corporation, as amended on May 14, 1996, November 6, 1996, and August 6, 1998 (filed as Exhibit 3.1 to Form 10-K filed for the fiscal year ended March 31, 2000 (Commission File No. 1-14643), and incorporated herein by reference).
3.2	Amended and Restated Regulations of STERIS Corporation, as amended on July 26, 2007 (filed as Exhibit 3.2 to Form 10-Q for the fiscal quarter ended June 30, 2007 (Commission File No. 1-14643), and incorporated herein by reference).
4.1	Specimen Form of Common Stock Certificate (filed as Exhibit 4.1 to Form 10-K filed for the fiscal year ended March 31, 2002 (Commission File No. 1-14643), and incorporated herein by reference).
10.1	Third Amended and Restated Credit Agreement, dated as of April 13, 2012, among STERIS Corporation, KeyBank National Association, as agent for the lenders from time party thereto, and such lenders.
10.2	Third Amended and Restated Guaranty of Payment, dated as of April 13, 2012, entered into by American Sterilizer Company, STERIS Inc., Isomedix Operations, Inc., and STERIS Isomedix Services, in favor of KeyBank National Association, as agent for the benefit of the lenders.
10.3	STERIS Corporation Senior Executive Severance Plan effective June 1, 2012.
15.1	Letter Re: Unaudited Interim Financial Information.
31.1	Certification of the Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant 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.

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 Corporation

/S/ MICHAEL J. TOKICH

Michael J. Tokich
Senior Vice President and Chief Financial Officer
August 2, 2012

EXHIBIT INDEX

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Exhibit 10.1

THIRD AMENDED AND RESTATED CREDIT AGREEMENT

among

STERIS CORPORATION,
as Borrower,

THE LENDING INSTITUTIONS PARTIES HERETO
as Lenders,

KEYBANK NATIONAL ASSOCIATION,
as Agent, Joint-Lead Arranger

and Joint-Book Runner,

J.P. MORGAN SECURITIES LLC,
as Joint-Lead Arranger

and Joint-Book Runner,

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

PNC BANK, NATIONAL ASSOCIATION,
as Co-Documentation Agent,

U.S. BANK NATIONAL ASSOCIATION,
as Co-Documentation Agent

dated as of April 13, 2012

This THIRD AMENDED AND RESTATED CREDIT AGREEMENT (as the same may from time to time be amended, restated or otherwise modified, this "Agreement") is effective as of April 13, 2012, among:

(a) STERIS CORPORATION, an Ohio corporation ("Borrower");

(b) the lending institutions listed on Schedule 1(a) hereto and each other lending institution that becomes a party hereto pursuant to Section 2.10(b) or Section 10.10 hereof (collectively, the "Lenders" and, individually, each a "Lender");

(c) KEYBANK NATIONAL ASSOCIATION, as administrative agent for the Lenders under this Agreement (together with any successor agent appointed pursuant to Section 9.10 hereof, "Agent") and as Joint-Lead Arranger, Joint-Book Runner and as an LC Issuer (as hereinafter defined);

(d) J.P. MORGAN SECURITIES LLC, as Joint-Lead Arranger and Joint-Book Runner;

(e) BANK OF AMERICA, N.A., as an LC Issuer (as hereinafter defined)

(f) JPMORGAN CHASE BANK, N.A., as Syndication Agent and as an LC Issuer;

(g) PNC BANK, NATIONAL ASSOCIATION, as Co-Documentation Agent; and

(h) U.S. BANK NATIONAL ASSOCIATION, as Co-Documentation Agent.

INTRODUCTORY STATEMENTS:

A. Borrower, Agent, and certain financial institutions (collectively, the "Original Lenders") are parties to the Second Amended and Restated Credit Agreement, dated as of September 13, 2007 (as amended or otherwise modified prior to the date hereof, the "Original Credit Agreement"), and the parties thereto wish to make certain modifications thereto.

B. Borrower has requested that the Original Credit Agreement be amended and restated to make certain modifications thereto.

C. The Lenders and Agent are agreeable to Borrower's request and to amending and restating the Original Credit Agreement, upon the terms and subject to the conditions set forth below.

AGREEMENT:

In consideration of the premises and mutual agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties hereto, the parties hereto agree that on the Closing Date (as hereinafter defined), upon the satisfaction of the conditions set forth in Section 6.02, the Original Credit Agreement shall be amended and restated to read in its entirety as follows:

ARTICLE 1

DEFINITIONS

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

"2003 Senior Note Guaranty" means the Subsidiary Guaranty, dated as of December 17, 2003, as amended, executed and delivered by the Guarantors of Payment to the 2003 Senior Note Holders in connection with the 2003 Senior Note Purchase Agreement, as the same may from time to time be amended, restated or otherwise modified.

"2003 Senior Note Holders" means, collectively, the holders from time to time of each of the 2003 Senior Notes issued

pursuant to the 2003 Senior Note Purchase Agreement.

"2003 Senior Note Purchase Agreement" means, collectively, the Note Purchase Agreements, each dated as of December 17, 2003, entered into by and among Borrower and the 2003 Senior Note Holders in connection with the 2003 Senior Notes, as amended and as the same may from time to time be further amended, restated or otherwise modified.

"2003 Senior Notes" means, collectively, (a) the 5.25% Senior Notes, Series A-2, due December 15, 2013, and (b) the 5.38% Senior Notes, Series A-3, due December 15, 2015, issued pursuant to the 2003 Senior Note Purchase Agreement, as the same may from time to time be amended, restated, otherwise modified or replaced.

"2008 Senior Note Guaranty" means the Subsidiary Guaranty, dated as of August 15, 2008, as amended, executed and delivered by the Guarantors of Payment to the 2008 Senior Note Holders in connection with the 2008 Senior Note Purchase Agreement, as the same may from time to time be amended, restated or otherwise modified.

"2008 Senior Note Holders" means, collectively, the holders from time to time of each of the 2008 Senior Notes issued pursuant to the 2008 Senior Note Purchase Agreement.

"2008 Senior Note Purchase Agreement" means, collectively, the Note Purchase Agreements, each dated as of August 15, 2008, entered into by and among Borrower and the 2008 Senior Note Holders in connection with the 2008 Senior Notes, as the same may from time to time be amended, restated or otherwise modified.

"2008 Senior Notes" means, collectively, (a) the 5.63% Senior Notes, Series A-1, due August 15, 2013, (b) the 6.33% Senior Notes, Series A-2, due August 15, 2018, and (c) the 6.43% Senior Notes, Series A-3, due August 15, 2020, issued pursuant to the 2008 Senior Note Purchase Agreement, as the same may from time to time be amended, restated, otherwise modified or replaced.

"Acquisition" means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of any Person (other than a Company), or any business or division of any Person (other than a Company), (b) the acquisition of in excess of 50% of the stock (or other equity interest) of any Person (other than a Company), or (c) the acquisition of another Person (other than a Company) by a merger, amalgamation or consolidation or any other combination with such Person.

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

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

"Agent" has the meaning provided in the first paragraph of this Agreement.

"Agent Fee Letter" means the fee letter between Borrower and Agent, dated as of March 7, 2012, as the same may from time to time be amended, restated or otherwise modified.

"Agreement" has the meaning provided in the first paragraph of the preamble hereto.

"Alternate Currency" means Euros, Canadian dollars, Australian dollars, British pounds, Swedish kronas, Swiss franc, Japanese yen or any other currency, other than Dollars, agreed to by Agent and each Lender that shall be freely transferable and convertible into Dollars.

"Alternate Currency Exposure" shall mean, at any time, the sum of (a) the aggregate principal Dollar Equivalent amount of all Alternate Currency Loans outstanding and (b)(i) the Dollar Equivalent of the aggregate undrawn face amount of all issued and outstanding Alternate Currency Letters of Credit and (ii) the Dollar Equivalent of the aggregate amount of the draws made on Alternate Currency Letters of Credit that have not been reimbursed by Borrower or converted to a Revolving Loan pursuant to Section 2.02(c)(i) hereof.

"Alternate Currency Letter of Credit" means a Letter of Credit that is denominated in an Alternate Currency.

"Alternate Currency Loan" means a Revolving Loan described in Section 2.02(a) hereof that is denominated in an Alternate Currency on which Borrower shall pay interest at a rate based upon the Alternate Currency Rate.

"Alternate Currency Rate" means, with respect to an Alternate Currency Loan, for any Interest Period, a rate per annum equal to the quotient obtained (rounded upwards, if necessary, to the nearest 1/16th of 1%) by dividing (a) the rate of interest, determined by Agent in accordance with its usual procedures (which determination shall be conclusive absent manifest error) as of approximately 11:00 A.M. (London time) two Business Days prior to the beginning of such Interest Period pertaining to such Alternate Currency Loan, as listed on British Bankers Association Interest Rate LIBOR 01 or 02 as provided by Reuters (or, if for any reason such rate is unavailable from Reuters, from any other similar company or service that provides rate quotations comparable to those currently provided by Reuters) as the rate in the London interbank market for deposits in the relevant Alternate Currency in immediately available funds with a maturity comparable to such Interest Period, *provided* that, in the event that such rate quotation is not available for any reason, then the Alternate Currency Rate shall be the average (rounded upward to the nearest 1/16th of 1%) of the per annum rates at which deposits in immediately available funds in the relevant Alternate Currency for the relevant Interest Period and in the amount of the Alternate Currency Loan to be disbursed or to remain outstanding during such Interest Period, as the case may be, are offered to Agent (or an affiliate of Agent, in Agent's discretion) by prime banks in any Alternate Currency market reasonably selected by Agent, determined as of 11:00 A.M. (London time) (or as soon thereafter as practicable), two Business Days prior to the beginning of the relevant Interest Period pertaining to such Alternate Currency Loan hereunder; by (b) 1.00 minus the Reserve Percentage.

"Anti-Terrorism Law" means the USA Patriot Act or any other law pertaining to the prevention of future acts of terrorism, in each case as such law may be amended from time to time.

"Applicable Facility Fee Rate" means:

(a) for the period from the Closing Date through June 30, 2012, 12.50 basis points; and

(b) commencing with the financial statements for the fiscal quarter ending March 31, 2012, the number of basis points set forth in the following matrix, based upon the result of the computation of the Leverage Ratio, shall be used to establish the number of basis points that will go into effect on July 1, 2012, and thereafter:

Leverage Ratio	**Applicable Basis Points**
Greater than or equal to 2.50 to 1.00	22.50
Greater than or equal to 2.00 to 1.00 but less than 2.50 to 1.00	20.00
Greater than or equal to 1.50 to 1.00 but less than 2.00 to 1.00	17.50
Greater than or equal to 1.00 to 1.00 but less than 1.50 to 1.00	15.00
Greater than or equal to .50 to 1.00 but less than 1.00 to 1.00	12.50
Less than .50 to 1.00	10.00

Changes to the Applicable Facility Fee Rate shall be effective on the first day of the first calendar month after the date upon which Agent received, or, if earlier, Agent should have received, pursuant to Section 5.03(a)(i) or (ii) hereof, the financial statements of Borrower. Nothing set forth in this definition shall be deemed to modify or waive, in any respect, the requirements of Section 5.07 hereof, the rights of Agent and the Lenders to charge the Default Rate, or the rights and remedies of Agent and the Lenders pursuant to Articles VII and VIII hereof.

In the event that any financial statement or certificate, as applicable, delivered pursuant to Section 5.03(a) is shown to be inaccurate (regardless of whether this Agreement or the Commitments are in effect when such inaccuracy is discovered), and such inaccuracy, if corrected, would have led to the application of a different Applicable Facility Fee Rate for any period (any such period, for purposes of this definition, an "Applicable Period") and such Applicable Facility Rate Fee would have been (A) a higher Applicable Facility Rate Fee for the Applicable Period than the Applicable Facility Fee Rate actually applied for such Applicable Period, then (i) Borrower shall immediately deliver to Agent a corrected financial statement or certificate for such Applicable Period, (ii) the Applicable Facility Fee Rate shall be determined as if such corrected, higher Applicable Facility Fee Rate were applicable for such Applicable Period, and (iii) Borrower shall immediately pay to Agent an amount equal to the difference between the facility fee that would have been payable at the higher Applicable Facility Fee Rate for the Applicable Period and the facility fee actually paid for such Applicable Period or (B) a lower Applicable Facility Fee Rate for the Applicable Period than the Applicable Facility Fee Rate actually applied for such Applicable Period, then (i) Borrower shall immediately deliver to Agent a corrected financial statement or certificate for such Applicable Period, and (ii) the Applicable Facility Fee Rate

shall be determined as if such corrected, lower Applicable Facility Fee Rate were applicable from the date of delivery of such corrected certificate (*provided* that in no case shall any monies be refunded to Borrower for any prior Applicable Period as a result of such corrected certificate).

"Applicable Lending Office" means, with respect to each Lender, the office designated by such Lender to Agent as such Lender's lending office for all purposes of this Agreement. A Lender may have a different Applicable Lending Office for Base Rate Loans and Eurodollar Loans.

"Applicable Margin" means:

(a) for the period from the Closing Date through June 30, 2012, (i) 87.50 basis points for Fixed Rate Loans and Swing Loans, and (ii) 0 basis points for Base Rate Loans; and

(b) commencing with the financial statements for the fiscal quarter ending March 31, 2012, the number of basis points set forth in the following matrix, based upon the result of the computation of the Leverage Ratio, shall be used to establish the number of basis points that will go into effect on July 1, 2012 and thereafter:

Leverage Ratio	Applicable Basis Points for Fixed Rate Loans and Swing Loans	Applicable Basis Points for Base Rate Loans
Greater than or equal to 2.50 to 1.00	152.50	50
Greater than or equal to 2.00 to 1.00 but less than 2.50 to 1.00	130.00	30
Greater than or equal to 1.50 to 1.00 but less than 2.00 to 1.00	107.50	—
Greater than or equal to 1.00 to 1.00 but less than 1.50 to 1.00	97.50	—
Greater than or equal to .50 to 1.00 but less than 1.00 to 1.00	87.50	—
Less than .50 to 1.00	77.50	—

Changes to the Applicable Margin shall be effective on the first day of the first calendar month after the date upon which Agent received, or, if earlier, Agent should have received, pursuant to Section 5.03(a)(i) or (ii) hereof, the financial statements of Borrower. Nothing set forth in this definition shall be deemed to modify or waive, in any respect, the requirements of Section 5.07 hereof, the rights of Agent and the Lenders to charge the Default Rate, or the rights and remedies of Agent and the Lenders pursuant to Articles VII and VIII hereof.

In the event that any financial statement or certificate, as applicable, delivered pursuant to Section 5.03(a) is shown to be inaccurate (regardless of whether this Agreement or the Commitments are in effect when such inaccuracy is discovered), and such inaccuracy, if corrected, would have led to the application of a different Applicable Margin for any period (any such period, for purposes of this definition, an "Applicable Period') and such Applicable Margin would have been (A) a higher Applicable Margin for the Applicable Period than the Applicable Margin actually applied for such Applicable Period, then (i) Borrower shall immediately deliver to Agent a corrected financial statement or certificate for such Applicable Period, (ii) the Applicable Margin shall be determined as if such corrected, higher Applicable Margin were applicable for such Applicable Period, and (iii) Borrower shall immediately pay to Agent the accrued additional interest and additional Letter of Credit fees owing as a result of such higher Applicable Margin for such Applicable Period, or (B) a lower Applicable Margin for an Applicable Period than the Applicable Margin actually applied for such Applicable Period, then (i) Borrower shall immediately deliver to Agent a corrected financial statement or certificate for such Applicable Period and (ii) the Applicable Margin shall be determined as if such corrected, lower Applicable Margin were applicable from the date of delivery of such corrected certificate (*provided* that in no case shall any monies be refunded to Borrower for any prior Applicable Period as a result of such corrected certificate).

"Approved Derivatives Contract" means (a) a Hedge Agreement entered into in the ordinary course of business and not for speculative purposes, or (b) a commodities contract purchased by a Company in the ordinary course of business, and not for speculative purposes, with respect to aluminum, steel, nickel or any other material necessary to the manufacturing of goods in connection with the business of such Company.

"Assignment Agreement" means an Assignment and Assumption Agreement in the form of the attached Exhibit G.

"Augmenting Lender" has the meaning provided in Section 2.10(b).

"Base Rate" means a rate per annum equal to the greater of (a) the Prime Rate, (b) one-half of one percent (1/2%) in excess of the Federal Funds Effective Rate and (c) the Eurodollar Rate for a one-month Interest Period on such day plus 1.00%. Any change in the Base Rate shall be effective immediately from and after such change in the Base Rate.

"Base Rate Loan" means a Revolving Loan described in Section 2.02(a) hereof, that shall be denominated in Dollars and on which Borrower shall pay interest at a rate based on the Base Rate.

"Board Approved Short-Term Investment" means (a) any investment by a Company that is authorized by Borrower's investment guidelines as approved by the Board of Directors of Borrower and as in effect on the Closing Date and (b) any investment by a Company that is authorized by any amendment or modification to, or replacement of, Borrower's investment guidelines as approved by the Board of Directors of Borrower and in effect from time to time.

"Borrower" has the meaning provided in the first paragraph of this Agreement.

"Business Day" means, (a) with respect to any Eurodollar Loan, a day of the year on which dealings are carried on in the London interbank eurodollar market, (b) with respect to any Alternate Currency Loan, a day of the year on which commercial banks are open for international business (including the clearing of currency transfer in the relevant Alternate Currency) in the principal financial center of the home country of such Alternate Currency, (c) with respect to any Letter of Credit issued by KeyBank National Association, Bank of America, N.A. or JPMorgan Chase Bank, N.A. or any other LC Issuer or any successor thereto (or any of its branches or affiliates) as the LC Issuer, a day of the year on which such LC Issuer is open for banking business at its principal office, and (d) for all other purposes, a day of the year on which banks are not required or authorized to close in Cleveland, Ohio.

"Cash Collateralize" means, to pledge and deposit with or deliver to Agent, for the benefit of one or more of the LC Issuers or Lenders, as collateral for Letter of Credit Exposure or obligations of Lenders to fund participations in respect of Letter of Credits, cash or deposit account balances or, if Agent and each applicable LC Issuer shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to Agent and each applicable LC Issuer. "Cash Collateral" shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support. Any obligation of Borrower in this Agreement to provide any Cash Collateral shall be subject to Section 5 of the Intercreditor Agreement.

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

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any governmental authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any governmental authority; provided that notwithstanding anything herein to the contrary, (x) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith and (y) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"CIP Regulations" has the meaning provided in Section 9.12 hereof.

"Closing Date" means the effective date of this Agreement as set forth in the first paragraph of this Agreement.

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

"Commitment" means the obligation hereunder of the Lenders, during the Commitment Period, to make Revolving Loans, to participate in Swing Loans made by Agent and to participate in the issuance of Letters of Credit pursuant to the Revolving Credit Commitments up to the Total Commitment Amount.

"Commitment Percentage" means, for each Lender, the amount, expressed as a percentage, by which such Lender's Revolving Credit Commitment bears to the Total Commitment Amount.

"Commitment Period" means the period from the Closing Date to April 13, 2017, or such earlier date on which the Commitment shall have been terminated pursuant to Article VIII hereof.

"Company" means Borrower or a Subsidiary.

"Companies" means Borrower and all Subsidiaries.

"Compliance Certificate" means a certificate, substantially in the form of the attached Exhibit D.

"Consideration" means, in connection with an Acquisition, the aggregate consideration paid, including the assumption of indebtedness for borrowed money, net of cash acquired.

"Consolidated" means the resultant consolidation of the financial statements of Borrower and its Subsidiaries in accordance with GAAP, including principles of consolidation consistent with those applied in preparation of the consolidated financial statements referred to in Section 4.12 hereof.

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

"Consolidated EBIT" means, for any period, on a Consolidated basis and in accordance with GAAP, (a) Consolidated Net Earnings for such period plus the aggregate amounts deducted in determining such Consolidated Net Earnings in respect of (i) income taxes, (ii) Consolidated Interest Expense and (iii) non-recurring non-cash charges (including non-cash charges associated with the write-off of goodwill in accordance with SFAS 142 or any similar accounting principle) and losses, minus (b) non-recurring non-cash gains; *provided*, that Consolidated EBIT for any period shall (i) include the appropriate financial items (other than assumed operating synergies) for any Person or business unit that has been acquired by a Company for any portion of such period prior to the date of such Acquisition, *provided*, that if such appropriate financial items are unavailable or were not prepared in accordance with GAAP, then (x) Borrower may elect not to include such financial items relating to such Acquisition if the amount of Consolidated EBIT relating to such Acquisition as reasonably determined in good faith by Borrower is greater than or equal to $0, and (y) Borrower shall be required to include such appropriate financial items relating to such Acquisitions only to the extent the aggregate amount of all net results from all such Acquisitions during the four fiscal quarter period for which Consolidated EBIT is being determined is less than ($25,000,000) as reasonably determined in good faith by Borrower, and (ii) exclude the appropriate financial items (other than assumed operating synergies) for any Person or business unit that has been disposed of by a Company, for the portion of such period prior to the date of such disposition.

"Consolidated EBITDA" means, for any period, on a Consolidated basis and in accordance with GAAP, (a) Consolidated EBIT, plus (b) Consolidated Depreciation and Amortization Charges; *provided*, that Consolidated EBITDA for any period shall (i) include the appropriate financial items (other than assumed operating synergies) for any Person or business unit that has been acquired by a Company for any portion of such period prior to the date of such Acquisition *provided*, that if such appropriate financial items are unavailable or were not prepared in accordance with GAAP, then (x) Borrower may elect not to include such financial items relating to such Acquisition if the amount of Consolidated EBITDA relating to such Acquisition as reasonably determined in good faith by Borrower is greater than or equal to $0, and (y) Borrower shall be required to include such appropriate financial items relating to such Acquisitions only to the extent the aggregate amount of all net results from all such Acquisitions during the four fiscal quarter period for which Consolidated EBITDA is being determined is less than ($25,000,000) as reasonably determined in good faith by Borrower, and (ii) exclude the appropriate financial items (other than assumed operating synergies) for any Person or business unit that has been disposed of by a Company, for the portion of such period prior to the date of such disposition.

"Consolidated Funded Indebtedness" means, with respect to Borrower as determined on a Consolidated basis and in accordance with GAAP, without duplication, all Indebtedness for borrowed money and capitalized leases, including, but not limited to, current, long-term and Subordinated Indebtedness, if any, all Synthetic Lease Indebtedness, all obligations under conditional sales or other title retention agreements (other than a true consignment), and all Indebtedness under the Permitted Receivables Facility; *provided*, *however*, that contingent obligations to reimburse any other Person in respect of amounts to be paid under a letter of credit shall not be deemed to be Consolidated Funded Indebtedness hereunder so long as and to the extent that such obligations remain contingent.

"Consolidated Interest Expense" means, for any period, interest expense of Borrower for such period, as determined on a Consolidated basis and in accordance with GAAP; and specifically including the interest component of the Permitted Receivables Facility.

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

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

"Consolidated Total Assets" means, at any date of determination, the net book value of all assets at such date that would appear on a Consolidated balance sheet of Borrower that is prepared in accordance with GAAP.

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

"Credit Event" means the making by any Lender of a Loan, the conversion by any Lender of a Fixed Rate Loan or Base Rate Loan, the continuation by any Lender of a Fixed Rate Loan, or the issuance, amendment or renewal by the LC Issuer of a Letter of Credit.

"Debt" means, collectively, all Indebtedness and other obligations incurred by Borrower to the Lenders pursuant to this Agreement and includes the principal of and interest (including interest accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) on all Notes and each extension, renewal or refinancing thereof in whole or in part, the facility fees, other fees and any prepayment fees and other amounts payable hereunder.

"Debtor Relief Laws" means the Bankruptcy Code of the United States of America, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect.

"Default" means an event or condition that constitutes, or with the lapse of any applicable grace period or the giving of notice or both would constitute, an Event of Default and that has not been waived by the Required Lenders (or all of the Lenders, as the case may be) in writing.

"Default Excess" has the meaning assigned to such term in Section 2.14.

"Defaulted Loan" has the meaning assigned to such term in Section 2.14.

"Defaulting Lender" means any Lender that (a) has failed to (i) fund all or any portion of its Loans within two Business Days of the date such Loans were required to be funded hereunder unless such Lender notifies Agent and Borrower in writing that such failure is the result of such Lender's determination that one or more conditions precedent to funding (each of which conditions precedent, together with any applicable default, shall be specifically identified in such writing) has not been satisfied, or (ii) pay to Agent, any LC Issuer, or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit or Swing Loans) within two Business Days of the date when due, (b) has notified Borrower, Agent or any LC Issuer or other applicable Lender in writing that it does not intend to comply with its funding obligations hereunder, or has made a public statement to that effect (unless such writing or public statement relates to such Lender's obligation to fund a Loan hereunder and states that such position is based on such Lender's determination that a condition precedent to funding (which condition precedent, together with any applicable default, shall be specifically identified in such writing or public statement) cannot be satisfied), (c) has failed, within two Business Days after written request by Agent or Borrower, to confirm in writing to Agent and Borrower that it will comply with its prospective funding obligations hereunder (*provided* that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by Agent and Borrower), or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, or (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar Person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity; *provided* that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a governmental authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such governmental authority) to reject, repudiate, disavow or disaffirm any contracts or agreements

made with such Lender. Any reasonable determination by Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender upon delivery of written notice of such determination to Borrower, each LC Issuer, and each Lender. Any Defaulting Lender shall cease to be a Defaulting Lender after Agent reasonably determines that such Defaulting Lender is no longer a Defaulting Lender under any of clauses (a) through (d) above.

"Default Period" has the meaning assigned to such term in Section 2.14.

"Default Rate" means (a) with respect to any Loan, a rate per annum equal to 2% in excess of the rate otherwise applicable thereto, (b) with respect to any Letter of Credit, the fee for the aggregate undrawn face amount of each such Letter of Credit shall be increased to an amount per annum equal to 2% in excess of the Applicable Margin in effect from time to time for Fixed Rate Loans, and (c) with respect to any other amount, a rate per annum equal to 2% in excess of the Derived Base Rate from time to time in effect.

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

"Derived Fixed Rate" means, (a) with respect to a Eurodollar Loan, a rate per annum equal to the sum of the Applicable Margin (from time to time in effect) plus the Eurodollar Rate, or (b) with respect to an Alternate Currency Loan, a rate per annum equal to the sum of the Applicable Margin (from time to time in effect) plus the Alternate Currency Rate applicable to the relevant Alternate Currency plus, if applicable, the Mandatory Cost (in the case of an Alternate Currency Loan which is lent from an Applicable Lending Office in the United Kingdom or a Participating Member State).

"Derived Swing Loan Rate" means a rate per annum equal to (a) Agent's cost of funds as quoted to Borrower by Agent and agreed to by Borrower, plus (b) the Applicable Margin (from time to time in effect).

"Dollar" or $ means lawful money of the United States of America.

"Dollar Equivalent" means, (a) with respect to an Alternate Currency Loan or Alternate Currency Letter of Credit, the Dollar equivalent of the amount of such Alternate Currency Loan or Alternate Currency Letter of Credit, determined by Agent on the basis of its spot rate at approximately 11:00 A.M. London time on the date two Business Days before the date of such Alternate Currency Loan, for the purchase of the relevant Alternate Currency with Dollars for delivery on the date of such Alternate Currency Loan or Alternate Currency Letter of Credit, and (b) with respect to any other amount denominated in an Alternate Currency, the Dollar equivalent of such amount, determined by Agent on the basis of its spot rate at approximately 11:00 A.M. London time on the date for which the Dollar equivalent amount of such amount is being determined, for the purchase of the relevant Alternate Currency with Dollars for delivery on such date; *provided*, *however*, that, in calculating the Dollar Equivalent for purposes of determining (i) Borrower's obligation to prepay Loans pursuant to Section 2.12 hereof, or (ii) Borrower's ability to request additional Loans or the issuance, amendment or renewal of Letters of Credit pursuant to the Commitment, Agent may, in its discretion, on any Business Day (prior to payment in full of the Debt) selected by Agent, calculate the Dollar Equivalent of each such Loan or Letter of Credit. Agent shall notify Borrower of the Dollar Equivalent of such Alternate Currency Loan, or any other amount, at the time that Dollar Equivalent is determined.

"Domestic Company" means Borrower or a Domestic Subsidiary (other than the Insurance Subsidiary or the Receivables Subsidiary).

"Domestic Subsidiary" means a Subsidiary that is not a Foreign Subsidiary.

"EMU Legislation" shall mean the legislative measures of the European Council for the introduction of, changeover to or operation of a single or unified European currency.

"Environmental Laws" means all provisions of law, statutes, ordinances, rules, regulations, permits, licenses, judgments, writs, injunctions, decrees, orders, awards and standards promulgated by the government of the United States of America or any other applicable country or sovereignty or by any state or municipality thereof or by any court, agency, instrumentality, regulatory authority or commission of any of the foregoing concerning health, safety and protection of, or regulation of the discharge of substances into, the environment.

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

"ERISA Event" means (a) the existence of a condition or event with respect to an ERISA Plan that presents a risk of the imposition of an excise tax or any other liability on a Company or of the imposition of a Lien on the assets of a Company; (b) the engagement by a Controlled Group member in a non-exempt "prohibited transaction" (as defined under ERISA Section 406 or Code Section 4975) or a breach of a fiduciary duty under ERISA that could result in liability to a Company; (c) the application by a Controlled Group member for a waiver from the minimum funding requirements of Code Section 412 or ERISA Section 302 or a Controlled Group member is required to provide security under Code Section 436(f); (d) the occurrence of a Reportable Event with respect to any Pension Plan; (e) the withdrawal by a Controlled Group member from a Multiemployer Plan in a "complete withdrawal" or a "partial withdrawal" (as such terms are defined in ERISA Sections 4203 and 4205, respectively); (f) the involvement of, or occurrence or existence of any event or condition that makes likely the involvement of, a Multiemployer Plan in any reorganization under ERISA Section 4241; (g) the failure of an ERISA Plan (and any related trust) that is intended to be qualified under Code Sections 401 and 501 to be so qualified other than a failure that is correctable under Part IV or V of Revenue Procedure 2006-27 or any subsequent Revenue Procedure or the failure of any "cash or deferred arrangement" under any such ERISA Plan to meet the requirements of Code Section 401(k), other than any failure by any ERISA Plan of the ADP or ACP tests during any calendar year that would require the return of Code Section 401(k) contributions to highly compensated employees, which failure has not been corrected by December 31st of the next succeeding calendar year; (h) the taking by the PBGC of any steps to terminate a Pension Plan or appoint a trustee to administer a Pension Plan; (i) the failure by a Controlled Group member or an ERISA Plan to satisfy any requirements of law applicable to an ERISA Plan other than a failure that is correctable under Part IV or V of Revenue Procedure 2006-27 or any subsequent Revenue Procedure or under the voluntary fiduciary correction program established by the Department of Labor; or (j) the commencement, existence or threatening of a claim, action, suit, audit or investigation with respect to an ERISA Plan, other than a routine claim for benefits or a routine audit of an ERISA Plan, by or on behalf of the Internal Revenue Service, the Department of Labor, and/or the PBGC, which audit is concluded within nine months of its commencement and does not result in any material monetary liability of any Company.

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

"Eurocurrency Liabilities" has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Eurodollar Loan" means a Revolving Loan described in Section 2.02(a) hereof that is denominated in Dollars on which Borrower shall pay interest at a rate based upon the Eurodollar Rate.

"Eurodollar Rate" means, with respect to a Eurodollar Loan, for any Interest Period, a rate per annum equal to the quotient obtained (rounded upwards, if necessary, to the nearest 1/16th of 1%) by dividing (a) the per annum rate of interest, determined by Agent in accordance with its usual procedures (which determination shall be conclusive absent manifest error) as of approximately 11:00 A.M. (London time) two Business Days prior to the beginning of such Interest Period pertaining to such Eurodollar Loan, as listed on the Reuters "LIBOR01" screen displaying British Bankers' Association Interest Settlement Rates (or, if for any reason such rate is unavailable from Reuters, from any other similar company or service that provides rate quotations comparable to those currently provided by Reuters) as the rate in the London interbank market for Dollar deposits in immediately available funds with a maturity comparable to such Interest Period, *provided* that, in the event that such rate quotation is not available for any reason, then the Eurodollar Rate shall be the average (rounded upward to the nearest 1/16th of 1%) of the per annum rates at which deposits in immediately available funds in Dollars for the relevant Interest Period and in the amount of the Eurodollar Loan to be disbursed or to remain outstanding during such Interest Period, as the case may be, are offered to Agent (or an affiliate of Agent, in Agent's discretion) by prime banks in any Eurodollar market reasonably selected by Agent, determined as of 11:00 A.M. (London time) (or as soon thereafter as practicable), two Business Days prior to the beginning of the relevant Interest Period pertaining to such Eurodollar Loan hereunder; by (b) 1.00 minus the Reserve Percentage.

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

"Existing Letters of Credit" means each of the letters of credit issued or deemed to have been issued under the Original Credit Agreement that is outstanding on the Closing Date and is listed on Schedule 2 hereto. Unless a letter of credit issued or deemed to have been issued under the Original Credit Agreement is listed on Schedule 2 hereto, it will not be a Letter of Credit under this Agreement.

"Existing Letter of Credit Issuer" means each issuer with respect to each Existing Letter of Credit.

"FATCA" means Sections 1471 through 1474 of the Code and any regulations (whether final, temporary or proposed) that are issued thereunder or official governmental interpretations thereof.

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

"Financial Officer" means any of the following officers: chief executive officer, president, chief financial officer or treasurer. Unless otherwise qualified, all references to a Financial Officer in this Agreement shall refer to a Financial Officer of Borrower.

"Fixed Rate Loan" means a Eurodollar Loan or an Alternate Currency Loan.

"Foreign Lender" means any Lender that is organized under the laws of a jurisdiction other than that in which Borrower is a resident for tax purposes (including such a Lender when acting in the capacity of an LC Issuer). For purposes of this definition, the United States of America, each State thereof and the District of Columbia shall be deemed to constitute a single jurisdiction.

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

"Fronting Exposure" means, at any time there is a Defaulting Lender, (a) with respect to any LC Issuer, such Defaulting Lender's Commitment Percentage of Letter of Credit Commitments with respect to the Letters of Credit issued by such LC Issuer other than Letter of Credit Commitments as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof, and (b) with respect to any Lender of Swing Loans, such Defaulting Lender's Commitment Percentage of outstanding Swing Loans made by such Lender other than Swing Loans as to which such Defaulting Lender's participation obligation has been reallocated to other Lenders.

"Funding Default" has the meaning assigned to such term in Section 2.14.

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

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

"Guarantor of Payment" means each of the Companies set forth on Schedule 3 hereof, that are executing and delivering a Guaranty of Payment, or any other Person that shall deliver a Guaranty of Payment to Agent after the Closing Date in connection with this Agreement.

"Guaranty of Payment" means the Third Amended and Restated Guaranty of Payment dated as April 13, 2012, entered into by each Guarantor of Payment substantially in the form of the attached Exhibit E, and each other Guaranty of Payment executed and delivered on or after the Closing Date by any Person in connection with this Agreement, as any of the foregoing may from time to time be further amended, restated, supplemented, or otherwise modified.

"Hedge Agreement" means any (a) hedge agreement, interest rate swap, cap, collar or floor agreement, or other interest rate management device entered into by a Company with any Person in connection with any Indebtedness of such Company, (b) currency swap agreement, forward currency agreement, foreign currency option contract or similar arrangement or agreement designed or used to protect against fluctuations in currency exchange rates entered into by a Company, or any (c) commodity swap, commodity options, forward commodity contract or any other similar transaction or any combination of any of the foregoing.

"Increasing Lender" has the meaning provided in Section 2.10(b).

"Indebtedness" means, for any Company (excluding in all cases trade payables payable in the ordinary course of business by such Company), without duplication, (a) all obligations to repay borrowed money, direct or indirect, incurred, assumed, or guaranteed, (b) all obligations for the deferred purchase price of capital assets, (c) all obligations under conditional sales or other title retention agreements (other than a true consignment), (d) all obligations (contingent or otherwise) under any letter of credit or banker's acceptance, (e) the net obligations under or with respect to any Hedge Agreement, (f) all Synthetic Lease Indebtedness,

(g) all lease obligations that have been or should be capitalized on the books of such Company in accordance with GAAP, (h) all obligations (other than customary reimbursement obligations for out-of-pocket expenses and legal fees and indemnification obligations that have not been fixed) of such Company with respect to asset securitization financing programs (including, without limitation, the Permitted Receivables Facility), (i) all obligations to advance funds to, or to purchase assets, property or services from, any other Person in order to maintain the financial condition of such Person, (j) any other transaction (including forward sale or purchase agreements) having the commercial effect of a borrowing of money entered into by such Company to finance its operations or capital requirements, and (k) all guarantees of any of the foregoing Indebtedness by any Company.

"Insurance Subsidiary" means Global Risk Insurance Company, a Vermont corporation, together with its successors and assigns, and any other Domestic Subsidiary that may be formed and operated solely as a captive insurance company and which is designated as an "Insurance Subsidiary" in a writing delivered by Borrower to Agent.

"Intercreditor Agreement" means the Intercreditor Agreement, dated as of August 15, 2008, among the Senior Note Holders and Agent, on behalf of and for the benefit of the Lenders, and acknowledged and consented to by Borrower and each Guarantor of Payment, as the same may from time to time be amended, restated or otherwise modified.

"Interest Adjustment Date" means the last day of each Interest Period.

"Interest Coverage Ratio" means, as of any date, the ratio of (a) Consolidated EBIT to (b) Consolidated Interest Expense, for the four fiscal quarters of Borrower ended on or immediately prior to such date.

"Interest Period" means, with respect to a Fixed Rate Loan, a period of one, two, three or six months, as selected by Borrower in accordance with Section 2.03 hereof, commencing on the applicable date of borrowing or conversion of such Fixed Rate Loan and on each Interest Adjustment Date with respect thereto; *provided*, *however*, that if any such period would be affected by a reduction in the Commitment as provided in Section 2.10 hereof, prepayment or conversion rights or obligations as provided in Section 2.03(b) or Article III hereof, or maturity of Fixed Rate Loans as provided in Section 2.02 hereof, Borrower shall not select a period that extends beyond the date of such reduction, prepayment, conversion or maturity; *provided*, *further*, that, if (a) Borrower fails to select a new Interest Period with respect to an outstanding Eurodollar Loan at least three Business Days prior to the Interest Adjustment Date applicable to such Eurodollar Loan, Borrower shall be deemed to have converted such Eurodollar Loan to a Base Rate Loan at the end of the then current Interest Period, or (b) Borrower fails to select a new Interest Period with respect to an outstanding Alternate Currency Loan at least three Business Days prior to the Interest Adjustment Date applicable to such Alternative Currency Loan, such Alternate Currency Loan shall be repaid on the last day of the applicable Interest Period.

"Investment" means (a) any direct or indirect purchase or other acquisition by any Company of any of the capital stock or other equity interest of any other Person, including any partnership or joint venture interest in such Person; or (b) any loan or advance to, guarantee or assumption of debt and/or related obligations or purchase or other acquisition of any other debt and/or related obligations (other than accounts receivable arising in the ordinary course of business on terms customary in the trade) of, any Person by any Company, except that "Investment" shall not include an Acquisition by any Company or a Board Approved Short-Term Investment made by any Company.

"ISP" means at any time the most recent International Standby Practices issued by the Institute for International Banking Law & Practice, Inc.

"JPM Fee Letter" means the fee letter between Borrower and J.P. Morgan Securities LLC, dated as of March 7, 2012, as the same may from time to time be amended, restated or otherwise modified.

"LC Applicant" means Borrower or any Company for whose account a Letter of Credit is requested by Borrower hereunder.

"LC Application" means an application for the issuance of a Letter of Credit hereunder, specifying (a) the requested issuance date, the amount, the beneficiary and the expiration date of such Letter of Credit, (b) the documentary requirements for drawing thereunder and (c) such other information as the LC Issuer may reasonably request.

"LC Issuer" means (a) with respect to each Letter of Credit other than an Existing Letter of Credit, KeyBank National Association, Bank of America, N.A., JPMorgan Chase Bank, N.A. or any other Lender selected by Borrower and approved by Agent, or any successor thereto, and (b) with respect to each Existing Letter of Credit, the applicable Existing Letter of Credit Issuer; *provided*, *however*, that the LC Issuer may cause any Letter of Credit to be issued by a branch or affiliate of the LC Issuer, and, solely for the purposes of Article 2 and Sections 10.05 and 10.06 hereto, all references to the LC Issuer herein or in any related document shall include each applicable branch or affiliate.

"LC Terms and Conditions" means the terms and conditions of this Agreement and the terms and conditions set forth in any other any documents executed in connection with any Letter of Credit, including the Letter of Credit itself, in each case in form and substance satisfactory to Borrower and the applicable LC Issuer, which shall govern each Letter of Credit; *provided*, that in the event of any inconsistency between any of the terms or provisions of any such other document and the terms and provisions of this Agreement respecting Letters of Credit, the terms and provisions of this Agreement shall control.

"Letter of Credit Commitment" means the agreement of the LC Issuers, on behalf of the Lenders, to issue Letters of Credit in Dollars or Alternate Currency in an aggregate outstanding face amount for all Letters of Credit issued by all LC Issuers of up to $100,000,000 (or the Dollar Equivalent thereof), at any time during the Commitment Period, on the terms and conditions set forth in Section 2.02(c) hereof.

"Letter of Credit Exposure" means, at any time, the sum of (a) the aggregate undrawn face Dollar or Dollar Equivalent amount, as applicable, of all issued and outstanding Letters of Credit, and (b) the Dollar or Dollar Equivalent amount of all Unreimbursed Letter of Credit Obligations. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the ISP, such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn for the remaining period such Letter of Credit may be drawn.

"Letter of Credit Request" means a Letter of Credit Request in the form of the attached Exhibit C-2.

"Letters of Credit" means, collectively, (a) the Existing Letters of Credit and (b) any other letter of credit that shall be issued by an LC Issuer under this Agreement for the account of a Company, including amendments thereto, if any, and, individually, any of the Letters of Credit.

"L/C Fees" has the meaning provided in Section 2.09(c).

"Lender" has the meaning provided in the first paragraph of this Agreement.

"Leverage Ratio" means, as of any date, the ratio of (a) Consolidated Funded Indebtedness as of such date to (b) Consolidated EBITDA for the four fiscal quarters of Borrower ended on or immediately prior to such date.

"Lien" means any mortgage, deed of trust, security interest, lien (statutory or other), charge, encumbrance on, pledge or deposit of, or conditional sale, leasing, sale with a right of redemption or other title retention agreement and any capitalized lease with respect to any property (real or personal) or asset.

"Loan" means a Revolving Loan or a Swing Loan.

"Loan Documents" means, collectively, this Agreement, each Note, each Guaranty of Payment, all documentation relating to each Letter of Credit, the Agent Fee Letter, the Intercreditor Agreement, and any other documents relating to any of the foregoing, as any of the foregoing may from time to time be amended, restated or otherwise modified or replaced.

"Long-Dated Letter of Credit" means any Letter of Credit having an expiry date later than 30 days prior to the last day of the Commitment Period.

"Mandatory Cost" shall mean, with respect to any period, the percentage rate per annum determined in accordance with Schedule 1-B hereto.

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

"Material Indebtedness" means, as to any Company, any particular Indebtedness of such Company or guaranteed by such Company, the aggregate principal amount of which is in excess of the greater of (a) $40,000,000 (or the Dollar Equivalent thereof) and (b) 5% of Consolidated Total Assets (or the Dollar Equivalent thereof).

"Material Indebtedness Agreement" means any debt instrument, lease (capital, operating or otherwise), guaranty, contract, commitment, agreement or other arrangement evidencing any Material Indebtedness.

"Material Subsidiary" means any Subsidiary that has total assets (based on the book value of such assets as determined

in accordance with GAAP) of more than $60,000,000 (or the Dollar Equivalent thereof).

"Minimum Collateral Amount" means, at any time, (i) with respect to Cash Collateral consisting of cash or deposit account balances, an amount equal to 103% of the Fronting Exposure of all LC Issuers with respect to Letters of Credit issued and outstanding at such time and (ii) otherwise, an amount determined by Agent and the LC Issuers in their sole discretion.

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

"Non-Increasing Lender" has the meaning provided in Section 2.10(b).

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

"Notice of Loan" means a Notice of Loan in the form of the attached Exhibit C-1.

"Obligor" means (a) a Person whose credit or any of whose property is pledged to the payment of the Debt and includes, without limitation, any Guarantor, and (b) any signatory to a Related Writing.

"Organizational Documents" means, with respect to any Person (other than an individual), such Person's Articles (Certificate) of Incorporation, operating agreement or equivalent formation documents, and Regulations (Bylaws), or equivalent governing documents, and any amendments to any of the foregoing.

"Original Credit Agreement" has the meaning provided in the introductory statements of this Agreement.

"Original Lender" has the meaning provided in the introductory statements of this Agreement.

"Other Taxes" means any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from payment made hereunder or from the execution, delivery, recording or registration of, or otherwise with respect to, this Agreement or any other Loan Document.

"Participating Member State" shall mean each state so described in any EMU Legislation.

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

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

"Permitted Foreign Subsidiary Liens" means, with respect to any Indebtedness incurred by a Foreign Subsidiary pursuant to Section 5.08(e) hereof, Liens on the assets of such Foreign Subsidiary and Liens on the assets of any Foreign Subsidiary of such Foreign Subsidiary; *provided*, *however*, that for purposes of this definition and all other provisions of this Agreement, any Domestic Subsidiary of such Foreign Subsidiary will be deemed to be a "Foreign Subsidiary" of such Foreign Subsidiary so long as any of its assets are subject to Permitted Foreign Subsidiary Liens.

"Permitted Intercompany Loans and Investments" means any Investment by a Company in or for the benefit of another Company (other than the Insurance Subsidiary or the Receivables Subsidiary) made in the ordinary course of business.

"Permitted Insurance Subsidiary Loans and Investments" means (a) any investment by the Insurance Subsidiary in, or loan from the Insurance Subsidiary to, a Domestic Company, (b) any investment by any Domestic Company in, or loans by a Domestic Company to, the Insurance Subsidiary made in the ordinary course of business, so long as the aggregate amount of all such loans and investments (including the loans and investments outstanding on the Closing Date) made to the Insurance Subsidiary pursuant to this clause (b) does not exceed, at any time, an amount equal to 5% of Consolidated Net Worth, based upon Borrower's financial statements for the most recently completed fiscal quarter, and (c) investments by the Insurance Subsidiary in debt or equity investments in the ordinary course of the Insurance Subsidiary's business.

"Permitted Receivables Facility" means an accounts receivable facility established by the Receivables Subsidiary and one or more Companies, whereby such Companies shall have sold or transferred the accounts receivables of such Companies to the Receivables Subsidiary which in turn transfers to a buyer, purchaser or lender undivided fractional interests in such accounts receivable, so long as (a) no portion of the Indebtedness or any other obligation (contingent or otherwise) under such Permitted Receivables Facility shall be guaranteed by any Company, (b) there shall be no recourse or obligation to any Company (other than the Receivables Subsidiary) whatsoever other than pursuant to representations, warranties, covenants and indemnities entered into in the ordinary course of business in connection with such Permitted Receivables Subsidiary that in the reasonable opinion of

Agent are customary for securitization transactions, and (c) no Company (other than the Receivables Subsidiary) shall have provided, either directly or indirectly, any other credit support of any kind in connection with such Permitted Receivables Facility, other than as set forth in subpart (b) of this definition.

"Permitted Third Party Investments" means any Pre-Closing Permitted Third Party Investments and any Post-Closing Permitted Third Party Investments.

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

"Post-Closing Permitted Third Party Investments" means any Investment made by any Company in or to any Person (other than a Company) that is made at any time on or after the Closing Date if, after giving pro forma effect to the Investment to be made, Borrower is in compliance with each financial covenant contained in Section 5.07 hereof.

"Pre-Closing Permitted Third Party Investments" means any Investment made by any Company in or to any Person (other than a Company) at any time before the Closing Date.

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

"Receivables Facility Documents" has the meaning provided in Section 5.25 hereof.

"Receivables Related Assets" means, collectively, accounts receivable, instruments, chattel paper, obligations, general intangibles and other similar assets, in each case relating to receivables subject to the Permitted Receivables Facility, including interests in merchandise or goods, the sale or lease of which gave rise to such receivables, related contractual rights, guaranties, insurance proceeds, collections and proceeds of all of the foregoing.

"Receivables Subsidiary" means a Wholly-Owned Subsidiary of Borrower that has been established as a "bankruptcy remote" Subsidiary for the sole purpose of acquiring accounts receivable under the Permitted Receivables Facility and that shall not engage in any activities other than in connection with the Permitted Receivables Facility.

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

"Reportable Event" means a reportable event as that term is defined in Title IV of ERISA, except a reportable event for which notice has been waived by the Pension Benefit Guaranty Corporation.

"Required Lenders" means (a) during the Commitment Period, the holders of more than 50% of the Total Commitment Amount, and (b) after the expiration of the Commitment Period, the holders of more than 50% of the aggregate principal amount outstanding under all Notes other than the Swing Line Note; *provided* that the Commitment of, and the portion of Revolving Credit Exposure held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

"Reserve Percentage" means, with respect any Fixed Rate Loan for any day, the percentage (expressed as a decimal) that is in effect on such day, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, all basic, supplemental, marginal and other reserves and taking into account any transitional adjustments or other scheduled changes in reserve requirements) for a member bank of the Federal Reserve System in Cleveland, Ohio, in respect of Eurocurrency Liabilities. The Eurodollar Rate and the Alternate Currency Rate shall be adjusted automatically on and as of the effective date of any change in the Reserve Percentage.

"Revolving Credit Commitment" means the obligation hereunder, during the Commitment Period, of (a) each Lender to participate in the making of Revolving Loans up to the aggregate amount set forth opposite such Lender's name under the column headed "Revolving Credit Commitment Amount" as set forth on Schedule 1(a) hereof (or such other amount as shall be determined pursuant to Section 2.10 or 10.10 hereof), (b) the LC Issuers to issue Letters of Credit, and of each Lender to participate therein, pursuant to the Letter of Credit Commitment, and (c) Agent to make Swing Loans pursuant to the Swing Line Commitment, and of each Lender to participate therein, pursuant to Section 2.02(b).

"Revolving Credit Exposure" means, at any time, the sum of (a) the aggregate principal Dollar or Dollar Equivalent amount of all Revolving Loans outstanding, (b) the Swing Line Exposure and (c) the Dollar or Dollar Equivalent amount of the Letter of Credit Exposure.

"Revolving Credit Note" means a Revolving Credit Note, in the form of the attached Exhibit A, executed and delivered pursuant to Section 2.05(a) hereof.

"Revolving Loan" means a loan granted to Borrower by the Lenders in accordance with Section 2.02(a) hereof.

"SEC" means the United States Securities and Exchange Commission, or any governmental body or agency succeeding to any of its principal functions.

"Section 2.07(a) Payment" has the meaning provided in Section 2.07(a).

"Senior Note Documents" means, collectively, the Senior Note Purchase Agreements, the Senior Notes, the Senior Note Guaranties and any other agreement, instrument and other document executed in connection with any of the foregoing.

"Senior Note Guaranties" means, collectively, the 2003 Senior Note Guaranty and the 2008 Senior Note Guaranty.

"Senior Note Holders" means, collectively, the 2003 Senior Note Holders and the 2008 Senior Note Holders.

"Senior Note Purchase Agreements" means, collectively, the 2003 Senior Note Purchase Agreement and the 2008 Senior Note Purchase Agreement.

"Senior Notes" means, collectively, the 2003 Senior Notes and the 2008 Senior Notes.

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

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

"Swing Line" means the credit facility established by Agent for Borrower in accordance Section 2.02(b) hereof.

"Swing Line Commitment" means the commitment of Agent to make Swing Loans to Borrower up to the maximum aggregate amount at any time outstanding of $35,000,000 in accordance with the terms and conditions of the Swing Line.

"Swing Line Exposure" means, at any time, the aggregate principal amount of all outstanding Swing Loans.

"Swing Line Note" means the Swing Line Note, in the form of the attached Exhibit B, executed and delivered pursuant to Section 2.02(b) hereof.

"Swing Loan" means a loan denominated in Dollars granted to Borrower by Agent under the Swing Line.

"Swing Loan Maturity Date" means, with respect to any Swing Loan, the earlier of (a) the date agreed to between Agent and Borrower, but in no event shall such date be in excess of 29 days after the date such Swing Loan is made, or (b) the last day of the Commitment Period.

"Synthetic Lease" means any lease entered into by any Company that is treated as a lease for accounting purposes but that is intended by the parties to be treated as a financing transaction for income tax, property law and/or bankruptcy purposes, and in respect of which transaction any Synthetic Lease Indebtedness is issued or incurred.

"Synthetic Lease Indebtedness" means the aggregate principal amount of (and capitalized interest on) all indebtedness incurred or issued in connection with any Synthetic Lease that is secured, supported or serviced, directly or indirectly, by any payments made by any Company.

"Taxes" has the meaning provided in Section 2.07(a).

"Total Commitment Amount" means the principal amount of $300,000,000 (or its Dollar Equivalent in Alternate Currency), or such lesser or greater amount as shall be determined pursuant to Section 2.10 hereof; *provided*, *however*, that, for the purposes of determining the Total Commitment Amount, Agent may, in its discretion, calculate the Dollar Equivalent of any Alternate Currency Loan on any Business Day selected by Agent.

"UCP" means at any time the most recent Uniform Customs and Practice for Documentary Credits issued by the International Chamber of Commerce.

"Unreimbursed Letter of Credit Obligations" means, at any time, the aggregate Dollar or Dollar Equivalent amount, as applicable, of the draws made on Letters of Credit that have not been reimbursed by Borrower or converted to a Revolving Loan pursuant to Section 2.02(c)(ii) hereof and all interest thereon that accrues pursuant to Section 2.02(c)(ii) hereof.

"USA Patriot Act" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT Act) Act of 2001 (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

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

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

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

Section . Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein, all accounting determinations hereunder and all financial statements required to be delivered hereunder shall be used, determined and prepared, as the case may be, in accordance with GAAP, *provided* that if Borrower notifies Agent and the Lenders that Borrower wishes to amend any covenant in Article V to eliminate the effect of any change in GAAP that occurs after the Closing Date on the operation of such covenant (or if Agent notifies Borrower that the Required Lenders wish to amend Article V for such purpose), then Borrower's compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to Borrower and the Required Lenders. Notwithstanding the foregoing, all financial statements delivered hereunder shall be prepared, and all financial covenants contained herein shall be calculated, without giving effect to any election under Statement of Financial Accounting Standards 159 (or any similar accounting principle) permitting a Person to value its financial liabilities at the fair value thereof.

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

ARTICLE II

AMOUNT AND TERMS OF CREDIT

Section . Commitment.

(a) Subject to the terms and conditions of this Agreement, each Lender shall participate, to the extent hereinafter provided, in making Loans to Borrower, participating in Loans made by Agent and issuing, amending or renewing or participating in Letters of Credit at the request of Borrower, in such aggregate amount as Borrower shall request pursuant to the Commitment; *provided* that in no event shall the Revolving Credit Exposure exceed the Total Commitment Amount.

(b) Each Lender, for itself and not one for any other, agrees to make Loans, participate in Swing Loans made by Agent and to participate in Letters of Credit issued, amended or renewed by the LC Issuers hereunder during the Commitment

Period on such basis that, (i) subject to the proviso in Section 2.12(a) hereof, immediately after the completion of any borrowing by Borrower or issuance, amendment or renewal of a Letter of Credit hereunder, the Dollar Equivalent of the aggregate outstanding principal amount on the Notes (other than the Swing Line Note) issued to such Lender, when combined with such Lender's pro rata share of the Letter of Credit Exposure, shall not be in excess of such Lender's Revolving Credit Commitment, and (ii) such Dollar Equivalent of the aggregate principal amount outstanding on the Notes (other than the Swing Line Note) issued to such Lender shall represent that percentage of the Dollar Equivalent of the aggregate outstanding principal amount on all Notes (including the Notes held by such Lender) that is such Lender's Commitment Percentage.

(c) Each borrowing (other than Swing Loans, which shall be risk participated on a pro rata basis) from the Lenders hereunder shall be made pro rata according to the respective Commitment Percentages.

Section . Loans and Letters of Credit.

(a) Revolving Loans. Subject to the terms and conditions of this Agreement (including the proviso in Section 2.12(a) hereof), during the Commitment Period, the Lenders shall make a Revolving Loan or Revolving Loans to Borrower in such amount or amounts as Borrower may from time to time request, but not exceeding in aggregate principal amount at any time outstanding hereunder the Total Commitment Amount, when such Revolving Loans are combined with the Swing Line Exposure and the Letter of Credit Exposure. Borrower shall have the option, subject to the terms and conditions set forth herein, to borrow Revolving Loans, maturing on the last day of the Commitment Period, by means of any combination of Base Rate Loans, Eurodollar Loans or Alternate Currency Loans. With respect to each Alternate Currency Loan, subject to the other provisions of this Agreement, Borrower shall receive all of the proceeds of such Alternate Currency Loan in one Alternate Currency and repay such Alternate Currency Loan in the same Alternate Currency. Subject to the provisions of this Agreement, Borrower shall be entitled under this Section 2.02(a) to borrow funds, repay the same in whole or in part and re-borrow hereunder at any time and from time to time during the Commitment Period.

(b) Swing Loans.

(i) Generally. Subject to the terms and conditions of this Agreement (including the proviso in Section 2.12(a) hereof), during the Commitment Period, Agent shall make a Swing Loan or Swing Loans to Borrower in such amount or amounts as Borrower may from time to time request; *provided* that Borrower shall not request any Swing Loan hereunder if, after giving effect thereto, (x) the Revolving Credit Exposure would exceed the Total Commitment Amount, or (y) the Swing Line Exposure would exceed the Swing Line Commitment. Each Swing Loan shall be due and payable on the Swing Loan Maturity Date applicable thereto. Borrower shall not request that more than three Swing Loans be outstanding at any time. Each Swing Loan shall be made in Dollars. Subject to the provisions of this Agreement, Borrower shall be entitled under this Section 2.02(b) to borrow funds, repay the same in whole or in part and reborrow hereunder at any time and from time to time during the Commitment Period.

(ii) Refunding of Swing Loans. If Agent so elects, by giving notice to Borrower and the Lenders, Borrower agrees that Agent shall have the right at any time (whether before or after the Swing Loan Maturity Date applicable to any Swing Loan), in its sole discretion, to require that any Swing Loan be refinanced as a Revolving Loan. Such Revolving Loan shall be a Base Rate Loan unless and until converted by Borrower to a Eurodollar Loan pursuant to Section 2.03 hereof. Upon receipt of such notice by Borrower, Borrower shall be deemed, on such day, to have requested a Revolving Loan in the principal amount of the Swing Loan in accordance with Section 2.03 hereof. Each Lender agrees to make a Revolving Loan on the date of such notice, subject to no conditions precedent whatsoever. Each Lender acknowledges and agrees that such Lender's obligation to make a Revolving Loan pursuant to Section 2.02(a) when required by this Section 2.02(b) shall be absolute and unconditional and shall not be affected by any circumstance whatsoever, including, without limitation, the occurrence and continuance of a Default or Event of Default, and that its payment to Agent, for the account of Agent, of the proceeds of such Revolving Loan shall be made without any offset, abatement, recoupment, counterclaim, withholding or reduction whatsoever and whether or not such Lender's Commitment Percentage shall have been reduced or terminated. Borrower irrevocably authorizes and instructs Agent to apply the proceeds of any borrowing pursuant to this paragraph to repay in full such Swing Loan.

(iii) Participations. If, for any reason, Agent is unable to or, in the opinion of Agent, it is impracticable to, refinance any Swing Loan as a Revolving Loan pursuant to the preceding paragraph, then on any day that a Swing Loan is outstanding (whether before or after the Swing Loan Maturity Date applicable to any Swing Loan), Agent shall have the right to request that each Lender purchase a participation in such Swing Loan, and Agent shall promptly notify each Lender thereof (by facsimile or telephone, confirmed in writing). Upon such notice, but without further action, Agent hereby agrees to grant to each Lender, and each Lender hereby agrees to acquire from Agent, an undivided participation interest in such Swing Loan in an amount equal to such Lender's Commitment Percentage of the aggregate principal amount of such Swing Loan. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to Agent, for its sole account, such Lender's ratable share of such Swing Loan (determined in accordance with such Lender's Commitment Percentage). Each Lender acknowledges and agrees that its obligation to acquire participations in Swing Loans pursuant to this Section 2.02(b) shall be absolute and unconditional and shall not be affected by any circumstance whatsoever, including, without limitation, the occurrence and continuance of a Default or an Event of Default, and that each such payment shall be made without any offset, abatement, recoupment, counterclaim, withholding or reduction whatsoever and whether or not such Lender's

Revolving Credit Commitment shall have been reduced or terminated. Each Lender shall comply with its obligation under this Section 2.02(b) by wire transfer of immediately available funds, in the same manner as provided in Section 2.03 hereof with respect to Revolving Loans to be made by such Lender. Notwithstanding the foregoing, no Lender shall be obligated to purchase a participation in a Swing Loan pursuant to this subsection if such Swing Loan was made by Agent after Agent has received written notice of the existence of a Default or Event of Default pursuant to Section 9.06 and/or Section 5.14 hereof.

(c) Letters of Credit.

(i) Generally. Subject to the LC Terms and Conditions, during the Commitment Period, each LC Issuer selected by Borrower shall, in its own name, but only as agent for the Lenders, issue such Letters of Credit for the account of any Company, as Borrower may from time to time request. Any such Letter of Credit may be issued in Dollars or any Alternate Currency. Borrower shall not request any Letter of Credit (and no LC Issuer shall be obligated to issue any Letter of Credit) if, after giving effect thereto, (a) the Letter of Credit Exposure would exceed the Letter of Credit Commitment or (b) the Revolving Credit Exposure would exceed the Total Commitment Amount. Except for Long-Dated Letters of Credit, each Letter of Credit shall have an expiration date no later than 30 days prior to the last day of the Commitment Period. Borrower shall not request any Long-Dated Letters of Credit (and no LC Issuer selected by Borrower shall be obligated to issue any Long-Dated Letters of Credit) if, after giving effect thereto the Letter of Credit Exposure with respect to all Long-Dated Letters of Credit would exceed $20,000,000. Each Long-Dated Letter of Credit shall have the expiration date agreed to by the applicable LC Issuer in its sole discretion.

(ii) Reimbursement Obligations. Whenever a Letter of Credit is drawn, Borrower shall immediately reimburse the applicable LC Issuer for the amount drawn. In the event that the amount drawn is not reimbursed by Borrower within one Business Day of the drawing of such Letter of Credit, Borrower shall be deemed to have requested a Revolving Loan in the amount drawn. Each LC Issuer shall promptly deliver written notice of such drawing to Borrower and Agent. Each Lender agrees to make a Revolving Loan on the date of such notice, subject to no conditions precedent whatsoever. Such Revolving Loan shall be evidenced by the Revolving Credit Notes. Each Lender acknowledges and agrees that its obligation to make a Revolving Loan pursuant to Section 2.02(a) when required by this Section 2.02(c) is absolute and unconditional and shall not be affected by any circumstance whatsoever, including, without limitation, the occurrence and continuance of a Default or Event of Default, and that its payment to Agent, for the account of the applicable LC Issuer, of the proceeds of such Revolving Loan shall be made without any offset, abatement, recoupment, counterclaim, withholding or reduction whatsoever and whether or not such Lender's Revolving Credit Commitment shall have been reduced or terminated. Borrower irrevocably authorizes and instructs Agent to apply the proceeds of any borrowing pursuant to this paragraph to reimburse, in full, the applicable LC Issuer for the amount drawn on such Letter of Credit and the LC Issuer shall apply such proceeds to repay in full such amount. Each such Revolving Loan shall be deemed to be a Base Rate Loan unless otherwise requested by and available to Borrower hereunder. Each Lender is hereby authorized to record on its records relating to its Revolving Credit Note such Lender's pro rata share of the amounts paid and not reimbursed on the Letters of Credit.

(iii) Participations. The issuance of each Letter of Credit (including the deemed issuance of each Existing Letter of Credit on the Closing Date) shall confer upon each Lender the benefits and liabilities of a participation consisting of an undivided pro rata interest in such Letter of Credit to the extent of such Lender's Commitment Percentage. If, for any reason, any Unreimbursed Letter of Credit Obligations exist that were required to be reimbursed or repaid in accordance with subpart (ii) above, then until such Unreimbursed Letter of Credit Obligations have been reimbursed or repaid, Agent shall have the right to request (and at the instruction of the applicable LC Issuer shall request) that each Lender purchase a participation in such Unreimbursed Letter of Credit Obligations, and Agent shall promptly notify each Lender thereof (by facsimile or telephone, confirmed in writing). Upon such notice, but without further action, such LC Issuer hereby agrees to grant to each Lender, and each Lender hereby agrees to acquire from such LC Issuer, an undivided participation interest in such Unreimbursed Letter of Credit Obligations in an amount equal to such Lender's Commitment Percentage of such Unreimbursed Letter of Credit Obligations. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to Agent, for the account of the applicable LC Issuer, such Lender's ratable share of such Unreimbursed Letter of Credit Obligations (determined in accordance with such Lender's Commitment Percentage). Each Lender acknowledges and agrees that its obligation to acquire participations in Unreimbursed Letter of Credit Obligations pursuant to this Section 2.03(c)(iii) shall be absolute and unconditional and shall not be affected by any circumstance whatsoever, including, without limitation, the occurrence and continuance of a Default or an Event of Default, and that each such payment shall be made without any offset, abatement, recoupment, counterclaim, withholding or reduction whatsoever and whether or not such Lender's Revolving Credit Commitment shall have been reduced or terminated. Each Lender shall comply with its obligation under this Section 2.03(c)(iii) by wire transfer of immediately available funds, in the same manner as provided in Section 2.03 hereof with respect to Revolving Loans to be made by such Lender. Notwithstanding the foregoing, no Lender shall be obligated to purchase a participation in any Unreimbursed Letter of Credit Obligations pursuant to this subsection if the Letter of Credit giving rise to such Unreimbursed Letter of Credit Obligations was issued by an LC Issuer after such LC Issuer has received written notice of the existence of a Default or Event of Default from Agent pursuant to Section 9.06

hereof and/or from Borrower pursuant to Section 5.14 hereof.

(iv) Notice to LC Issuer. Agent shall promptly notify the applicable LC Issuer if at any time Agent receives a copy of a request for a Letter of Credit pursuant to Section 2.03(a)(ii) hereof and after giving effect to such request the Letter of Credit Exposure would exceed the available Letter of Credit Commitment.

(v) LC Issuer Report. Within 10 Business Days after the end of each calendar month (or such later date as permitted by Agent), each LC Issuer shall deliver to Agent a written report that lists all Letters of Credit outstanding as of the end of such month and includes, among other things, with respect to each such Letter of Credit, the face amount thereof, the amounts drawn, if any, thereunder, the beneficiary thereof, and the expiration date thereof.

(vi) Existing Letters of Credit. On and after the Closing Date, each Existing Letter of Credit shall be deemed to have been issued by the applicable Existing Letter of Credit Issuer pursuant to the terms of this Agreement and shall constitute a Letter of Credit for all purposes hereof and under this Agreement and the other Loan Documents. Borrower agrees that it shall be liable with respect to any drawing made under any of the Existing Letters of Credit in accordance with this Section 2.02 and the other provisions of this Agreement. Each Existing Letter of Credit Issuer agrees that on and after the Closing Date (A) the fees applicable to each Existing Letter of Credit shall be the fees set forth in Section 2.09(b) hereof, and (B) any reimbursement agreement in effect with respect to each Existing Letter of Credit shall be deemed terminated and each Existing Letter of Credit shall be governed by and subject to the terms and conditions of this Agreement, *provided* that Borrower or such other Company for whose benefit any Existing Letter of Credit was issued shall, upon request of any Existing Letter of Credit Issuer, execute and deliver to such Existing Letter of Credit Issuer a new application and agreement, being in the standard form of such Existing Letter of Credit Issuer for such letters of credit, as amended to conform to the provisions of and to eliminate any inconsistencies with this Agreement if required by Agent, such Existing Letter of Credit Issuer or Borrower.

(vii) Applicants other than Guarantors of Payment. If a Letter of Credit is requested hereunder for the account of a Company other than Borrower or a Guarantor of Payment, such Company shall, on or before the date on which such request is made, acknowledge and agree in writing, in form and substance satisfactory to Agent and the applicable LC Issuer, that it will be bound by the LC Terms and Conditions with respect to all Letters of Credit requested to be issued for its account, and such writing shall be delivered to Agent and such LC Issuer.

(viii) Cash Collateralize Long-Dated Letters of Credit. On the 91st day prior to the last day of the Commitment Period (or, if such day is not a Business Day, on the next preceding Business Day), if requested by Agent or the applicable LC Issuer, Borrower shall cash collateralize the then outstanding amount of Letter of Credit Exposure of all Long-Dated Letters of Credit. Thereafter, simultaneously with the issuance of any Long-Dated Letter of Credit, if requested by Agent or the applicable LC Issuer, Borrower shall cash collateralize the Dollar or Dollar Equivalent face amount of such Letter of Credit Exposure. For the purposes of this Section 2.02(c)(viii) "cash collateralize" means to pledge and deposit with or deliver to the applicable LC Issuer, as collateral for the Letter of Credit Exposure that relates to Long-Dated Letters of Credit issued by such LC Issuer, cash or deposit account balances aggregating not less than 103% (or such lower amount as agreed by the relevant LC Issuer) of the Dollar or Dollar Equivalent of such Letter of Credit Exposure, pursuant to documentation in form and substance satisfactory to Agent and the LC Issuer (which documents are hereby consented to by the Lenders). Any obligation of Borrower in this Section to provide any cash collateral shall be subject to Section 5 of the Intercreditor Agreement.

(ix) Auto-Extension Letters of Credit. If Borrower so requests in any applicable LC Application, the applicable LC Issuer may, in its sole discretion, agree to issue a Letter of Credit that has automatic extension provisions (each, an "Auto-Extension Letter of Credit"); *provided*, that any such Auto-Extension Letter of Credit must permit such LC Issuer to prevent any such extension at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the "Non-Extension Notice Date") in each such twelve-month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by the applicable LC Issuer, Borrower shall not be required to make a specific request to such LC Issuer for any such extension. Once an Auto-Extension Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) the applicable LC Issuer to permit the extension of such Letter of Credit at any time to an expiry date no later than 30 days prior to the last day of the Commitment Period (except in the case of any Long-Dated Letters of Credit); *provided*, however, that such LC Issuer shall not permit any such extension if (A) such LC Issuer has determined that it would not be permitted, or would have no obligation, at such time to issue such Letter of Credit in its revised form (as extended) under the terms hereof, or (B) it has received notice (which may be by telephone or in writing) on or before the day that is seven Business Days before the Non-Extension Notice Date from Agent, any Lender or Borrower that one or more of the applicable conditions specified in Section 6.01 is not then satisfied, and in each such case directing such LC Issuer not to permit such extension.

(x) Letter of Credit Amounts. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; *provided*, however, that with respect to any Letter of Credit that, by the applicable LC Terms and Conditions, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is

in effect at such times.

(xi) Compliance with Laws; Increased Costs, etc. Each LC Issuer shall not be under any obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any governmental authority or arbitrator shall by its terms purport to enjoin or restrain such LC Issuer from issuing the Letter of Credit, or any law applicable to such LC Issuer or any request or directive (whether or not having the force of law) from any governmental authority with jurisdiction over such LC Issuer shall prohibit, or request that such LC Issuer refrain from, the issuance of letters of credit generally or the Letter of Credit in particular or shall impose upon such LC Issuer with respect to the Letter of Credit any restriction, reserve or capital requirement (for which such LC Issuer has not otherwise been compensated by Borrower pursuant to the terms of this Agreement) not in effect on the Closing Date, or shall impose upon such LC Issuer any unreimbursed loss, cost or expense (for which such LC Issuer has not otherwise been compensated by Borrower pursuant to the terms of this Agreement) which was not applicable on the Closing Date and which such LC Issuer in good faith deems material to it; or

(B) the issuance of the Letter of Credit would violate one or more policies of such LC Issuer applicable to letters of credit generally.

Section . Notice of Credit Event; Funding of Loans, Etc.

(a) Notice of Loans and Letters of Credit.

(i) Agent shall have received a Notice of Loan prior to any Credit Event by (A) 11:30 A.M. (Cleveland, Ohio time) on the proposed date of borrowing or conversion of any Base Rate Loan, (B) 11:30 A.M. (Cleveland, Ohio time) three Business Days prior to the proposed date of borrowing, conversion or continuation of any Eurodollar Loan, (C) 11:00 A.M. (Cleveland, Ohio time) three Business Days prior to the proposed date of borrowing of any Alternate Currency Loan, and (D) 12:00 Noon (Cleveland, Ohio time) on the proposed date of borrowing of any Swing Loan or such other time and manner as may be acceptable to Agent in its sole discretion.

(ii) Agent and the applicable LC Issuer shall have received a Letter of Credit Request not later than 11:00 A.M. (Cleveland, Ohio time) two Business Days prior to the day upon which the Letter of Credit is to be issued or such other time and manner as may be acceptable to Agent and the applicable LC Issuer in their sole discretion. Concurrently with each such request, Borrower shall execute and deliver or shall cause such other Company for whose benefit the Letter of Credit is to be issued to execute and deliver to the applicable LC Issuer a LC Application, in form and substance reasonably satisfactory to such LC Issuer.

(b) Conversion of Loans. At the request of Borrower to Agent, subject to the notice and other provisions of Section 2.03(a) hereof, the Lenders shall convert Base Rate Loans to Eurodollar Loans at any time and shall convert Eurodollar Loans to Base Rate Loans on any Interest Adjustment Date. No Alternate Currency Loan may be converted to a Base Rate Loan or a Eurodollar Loan.

(c) Minimum Amount. Borrower's request for (i) a Base Rate Loan shall be in an amount of not less than $1,000,000, increased by increments of $500,000, (ii) a Fixed Rate Loan shall be in an amount (or, with respect to an Alternate Currency Loan, the Dollar Equivalent) of not less than $5,000,000, increased by increments of $1,000,000 (or, with respect to an Alternate Currency Loan, such approximately comparable amount as shall result in a rounded number of the applicable Alternate Currency), and (iii) a Swing Loan shall be in an amount not less than $1,000,000 or such lesser amount as may be approved by Agent in its sole discretion.

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

(e) Indemnification. Each request for a Fixed Rate Loan shall be irrevocable and binding on Borrower and Borrower shall indemnify Agent and the Lenders against any loss or expense incurred by Agent or the Lenders as a result of any failure by Borrower to consummate such transaction including, without limitation, any loss (including loss of anticipated profits) or expense incurred by reason of liquidation or re-employment of deposits or other funds acquired by the Lenders to fund such Fixed Rate Loan. A certificate as to the amount of such loss or expense submitted by the Lenders to Borrower shall be conclusive and binding for all purposes, absent manifest error.

(f) Funding of Loans. Agent shall notify each Lender of the date, amount, type of currency and initial Interest Period (if applicable) of any Eurodollar Loan or Alternate Currency Loan promptly upon the receipt of such notice, and, in any event, by 2:00 P.M. (Cleveland, Ohio time) on the date such notice is received. On the date such Loan is to be made, each Lender shall provide Agent, not later than 3:00 P.M. (Cleveland, Ohio time), with the amount in federal or other immediately available funds, required of it. If Agent elects to advance the proceeds of such Loan prior to receiving funds from such Lender, Agent shall have the right, upon prior notice to Borrower, to debit any account of Borrower or otherwise receive from Borrower, on demand, such amount, in the event that such Lender fails to reimburse Agent in accordance with this subsection. Agent shall also have the right to receive interest from such Lender at the Federal Funds Effective Rate in the event that such Lender shall fail to provide its portion of the Loan on the date requested and Agent elects to provide such funds.

Section . Interest.

(a) Revolving Loans.

(i) Base Rate Loans. Borrower shall pay interest on the unpaid principal amount of Revolving Loans that are Base Rate Loans outstanding from time to time from the date thereof until paid at the Derived Base Rate from time to time in effect. Interest on such Base Rate Loans shall be payable, commencing June 30, 2012, and on the last day of each succeeding September, December, March and June thereafter and at the maturity thereof.

(ii) Fixed Rate Loans. Borrower shall pay interest on the unpaid principal amount of each Revolving Loan that is a Eurodollar Loan or an Alternate Currency Loan outstanding from time to time, fixed in advance on the first day of the Interest Period applicable thereto through the last day of the Interest Period applicable thereto (but subject to changes in the Applicable Margin), at the Derived Fixed Rate. Interest on all such Fixed Rate Loans shall be payable on each Interest Adjustment Date (*provided* that if an Interest Period exceeds three months, the interest must be paid every three months, commencing three months from the beginning of such Interest Period).

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

(c) Default Rate. Anything herein to the contrary notwithstanding, if an Event of Default shall occur hereunder, at the option of Agent or the Required Lenders, (i) the principal of each Note, the unpaid interest thereon and any other amount owing hereunder shall bear interest at the Default Rate and (ii) the fee applicable to any Letter of Credit shall be increased to the Default Rate.

Section . Evidence of Indebtedness.

(a) Revolving Loans. The obligation of Borrower to repay the Revolving Loans made by each Lender and to pay interest thereon shall be evidenced by a Revolving Credit Note, payable to the order of such Lender in the principal amount of its Revolving Credit Commitment, or, if less, the aggregate unpaid principal amount of Revolving Loans made hereunder by such Lender.

(b) Swing Loans. The obligation of Borrower to repay the Swing Loans and to pay interest thereon shall be evidenced by a Swing Line Note, payable to the order of Agent in the principal amount of the Swing Line Commitment, or, if less, the aggregate unpaid principal amount of Swing Loans made hereunder by Agent.

(c) Loan Accounts. Agent, each LC Issuer and each Lender, as applicable, shall record any principal, interest or other payment, the principal amounts of Base Rate Loans and Fixed Rate Loans, the type of currency for each Loan, all prepayments and the applicable dates, including Interest Periods, with respect to the Loans made, and payments received by such Lender, and the amount and other details with respect to each Letter of Credit, by such method as Agent, such LC Issuer or such Lender may generally employ; *provided*, *however*, that failure to make any such entry shall in no way detract from the obligations of Borrower under the Notes. The aggregate unpaid amount of Loans, types of Loans, Interest Periods, and outstanding Letters of Credit and similar information with respect to such Loans and Letters of Credit set forth on the records of Agent shall be rebuttably presumptive evidence with respect to such information, including the amounts of principal and interest owing and unpaid on each Note.

Section . Payment on Notes, Etc.

(a) Payments Generally. Each payment made hereunder by Borrower shall be made without any offset, abatement, recoupment, counterclaim, withholding or reduction whatsoever.

(b) Payments in Alternate Currency. With respect to any Alternate Currency Loan, all payments (including prepayments) to any Lender of the principal of or interest on such Alternate Currency Loan shall be made in the same Alternate Currency as the original Loan. With respect to any Alternate Currency Letter of Credit, all Unreimbursed Letter of Credit Obligations with respect to each such Letter of Credit shall be made in the same Alternate Currency in which each such Letter of Credit was issued, unless, in the case of any Unreimbursed Letter of Credit Obligations owing to the applicable LC Issuer, such LC Issuer agrees otherwise. All such payments, reimbursements and repayments shall be remitted by Borrower to Agent at Agent's main office (or at such other office or account as designated in writing by Agent to Borrower) for the account of the Lenders or the applicable LC Issuer, as the case may be, not later than 3:00 P.M. (Cleveland, Ohio time) on the due date thereof in same day funds. Any payments received by Agent after 3:00 P.M. (Cleveland, Ohio time) shall be deemed to have been made and received on the next following Business Day.

(c) Payments in Dollars. With respect to (i) the payment of any Loan (other than an Alternate Currency Loan) or Unreimbursed Letter of Credit Obligations payable in Dollars, or (ii) any other payment to Agent and the Lenders that is not covered by subsection (b) hereof, all such payments (including prepayments) to Agent and the Lenders of the principal of or interest on such Loan or other payment, including but not limited to principal, interest, facility or other fees or any other amount owed by Borrower under this Agreement, shall be made in Dollars. All payments described in this subsection (c) shall be remitted to Agent at its main office for the account of the Lenders or the applicable LC Issuer, as the case may be, not later than 3:00 P.M. (Cleveland, Ohio time) on the due date thereof in immediately available funds. Any such payments received by Agent after 3:00 P.M. (Cleveland, Ohio time) shall be deemed to have been made and received on the next following Business Day.

(d) Payments to Lenders. Upon Agent's receipt of payments hereunder, Agent shall immediately distribute to each Lender or the applicable LC Issuer, as the case may be, its ratable share, if any, of the amount of principal, interest, and facility and other fees received by it for the account of such Lender. Payments received by Agent in Dollars shall be delivered to the

Lenders or the applicable LC Issuer, as the case may be, in Dollars in immediately available funds. Payments received by Agent in any Alternate Currency shall be delivered to the Lenders or the applicable LC Issuer, as the case may be, in such Alternate Currency in same day funds.

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

Section . Payments Net of Taxes; Foreign Lenders.

(a) Except as provided for in Section 2.07(b), all payments made by Borrower hereunder, under any Note or any other Loan Document, will be made free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein with respect to such payments (but excluding (w) any tax imposed on or measured by the net income or net profits of a Lender or any LC Issuer, as applicable, and franchise taxes imposed on it pursuant to the laws of the jurisdiction under which such Lender or LC Issuer is organized or the jurisdiction in which the principal office or Applicable Lending Office of such Lender or LC Issuer, as applicable, is located or any subdivision thereof or therein, (x) any withholding tax that is imposed with respect to the requirements of FATCA, (y) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which Borrower is located, and (z) in the case of a Foreign Lender, any withholding tax that is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party hereto (or designates a new lending office) or is attributable to such Foreign Lender's failure or inability (other than as a result of a Change in Law) to comply with this Section 2.07, except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from Borrower with respect to such withholding tax pursuant to this Section 2.07 (a)), and all interest, penalties or similar liabilities with respect to such non-excluded taxes, levies, imposts, duties, fees, assessments or other charges (all such non-excluded taxes, levies, imposts, duties, fees, assessments or other charges being referred to collectively as "Taxes")). If any Taxes or Other Taxes are so levied or imposed, Borrower agrees to pay the full amount of such Taxes or Other Taxes and such additional amounts (including additional amounts to compensate for withholding on amounts paid pursuant to this Section 2.07) as may be necessary so that every payment by it of all amounts due hereunder, under any Note or under any other Loan Document, after withholding or deduction for or on account of any Taxes will not be less than the amount provided for herein or in such Note or in such other Loan Document. Borrower will indemnify and hold harmless Agent, each LC Issuer, and each Lender, and reimburse Agent, such LC Issuer, or such Lender upon its written request, for the amount of any Taxes and Other Taxes imposed on and paid by such Lender. Borrower will furnish to Agent within 45 days after the date the payment of any Taxes and Other Taxes, or any withholding or deduction on account thereof, is due pursuant to applicable law certified copies of tax receipts, or other evidence reasonably satisfactory to the respective Lender, evidencing such payment by Borrower.

(b) Each Lender that is a United States Person (as such term is defined in Section 7701(a)(30) of the Code) shall deliver to Borrower and Agent on or prior to the Closing Date, or in the case of a Lender that is an assignee or transferee of an interest under this Agreement pursuant to Section 10.10, on the date of such assignment or transfer to such Lender, two accurate and complete original signed copies of Internal Revenue Service Form W-9 or such other documentation or information prescribed by applicable laws or reasonably requested by Borrower or Agent as will enable Borrower or Agent, as the case may be, to determine whether or not such Lender is subject to backup withholding or information reporting requirements. Each Lender that is not a United States Person (as such term is defined in Section 7701(a)(30) of the Code) for federal income tax purposes and that is entitled to claim an exemption from or reduction in United States withholding tax with respect to a payment by Borrower agrees to provide to Borrower and Agent on or prior to the Closing Date, or in the case of a Lender that is an assignee or transferee of an interest under this Agreement pursuant to Section 10.10 (unless the respective Lender was already a Lender hereunder immediately prior to such assignment or transfer and such Lender is in compliance with the provisions of this Section), on the date of such assignment or transfer to such Lender, and from time to time thereafter if required by Borrower or Agent two accurate and complete original signed copies of Internal Revenue Service Forms W-8BEN, W-8ECI or W-8IMY (or successor, substitute or other appropriate forms and, in the case of Form W-8IMY, complete with accompanying forms (which may include Form W-8BEN) with respect to beneficial owners of the payment) certifying to such Lender's entitlement to exemption from or a reduced rate of withholding of United States withholding tax with respect to payments to be made under this Agreement, any Note or any other Loan Document, along with any other appropriate documentation establishing such exemption or reduction (such as statements certifying qualification for exemption with respect to portfolio interest). In addition, each Lender agrees that from time to time after the Closing Date, when a lapse in time or change in circumstances renders the previous certification obsolete or inaccurate in any material respect, it will deliver to Borrower and Agent two new accurate and complete original signed copies of the applicable Internal Revenue Service form establishing such exemption or reduction (such as statements certifying qualification for exemption with respect to portfolio interest) and any related documentation as may be required in order to confirm or establish the entitlement of such Lender to a continued exemption from or reduction in United States withholding tax if the Lender continues to be so entitled. No Lender shall be required by this Section 2.07(b) to deliver a form or certificate that it is not legally entitled to deliver.

Borrower shall not be obligated pursuant to Section 2.07(a) hereof to pay additional amounts on account of or indemnify with respect to United States withholding taxes to the extent that such taxes arise solely due to a Lender's failure to deliver forms that it was legally entitled to but failed to deliver under this Section 2.07(b). Borrower agrees to pay additional amounts and indemnify each Lender in the manner set forth in Section 2.07(a) in respect of any Taxes deducted or withheld by it as a result of any changes after the Closing Date in any applicable law, treaty, governmental rule, regulation, guideline or order, or in the interpretation thereof, relating to the deducting or withholding of income or similar Taxes.

(c) If any Lender has received or been granted a refund in respect of any Taxes as to which indemnification has been paid by Borrower pursuant to this Section 2.07, it shall promptly remit such refund (including any interest received in respect thereof); *provided, however,* that Borrower agrees to promptly return any such refund (plus interest) to such Lender or LC Issuer in the event such Lender is required to repay such refund to the relevant taxing authority. Any such Lender or LC Issuer shall provide Borrower with a copy of any notice of assessment from the relevant taxing authority (redacting any unrelated confidential information contained therein) requiring repayment of such refund. Nothing contained herein shall impose an obligation on any Lender or LC Issuer to apply for any such refund.

(d) Each Lender or LC Issuer that is not a United States Person (as such term is defined in Section 7701(a)(30) of the Code) shall provide, promptly upon the reasonable demand of Borrower or Agent, any information, form or document, accurately completed, that may be required in order to demonstrate that such Lender or LC Issuer is in compliance with the requirements of FATCA, including Section 1471(b) of the Code, if such Lender is a foreign financial institution (as such term is defined in Section 1471(d)(4) of the Code), or Section 1472(b) of the Code, if such Lender or LC Issuer is a non-financial foreign entity (as such term is defined in Section 1472(d) of the Code).

Section . Prepayment.

(a) Right to Prepay.

(i) Subject to the provisions of Section 2.08(b) below, Borrower shall have the right, at any time or from time to time, to prepay, on a pro rata basis for all of the Lenders, all or any part of the outstanding principal amount of Revolving Loans, as designated by Borrower, plus interest accrued on the amount so prepaid to the date of such prepayment; and

(ii) Subject to the provisions of Section 2.08(b) below, Borrower shall have the right, at any time or from time to time, to prepay, for the benefit of Agent (and any Lender that has purchased a participation in such Swing Loan), all or any part of the outstanding principal amount of Swing Loans, as designated by Borrower, plus interest accrued on the amount so prepaid to the date of such prepayment.

(b) Prepayment Fees.

(i) Base Rate Loans. Prepayments of Base Rate Loans shall be without any premium or penalty.

(ii) Fixed Rate Loans. In any case of prepayment of a Fixed Rate Loan prior to the last date of the applicable Interest Period, Borrower agrees that if the reinvestment rate, as quoted by the money desk of Agent (and determined by such money desk with respect to its cost of funds for the remaining portion of the applicable Interest Period) (the "Reinvestment Rate"), shall be lower than the Alternate Currency Rate or Eurodollar Rate applicable to such Fixed Rate Loan that is intended to be prepaid (hereinafter, the "Current Rate"), then Borrower shall, upon written notice by Agent, promptly pay to Agent, for the benefit of the Lenders, in immediately available funds, a prepayment fee equal to the product of (a) a rate (the "Prepayment Rate") that shall be equal to the difference between the Current Rate and the Reinvestment Rate, times (b) the principal amount of the Fixed Rate Loan that is to be prepaid, times (c) (i) the number of days remaining in the Interest Period of the Fixed Rate Loan that is to be prepaid divided by (ii) 360. In addition, Borrower shall immediately pay to Agent, for the account of the Lenders, the amount of any additional costs or expenses (including, without limitation, cost of telex, wires, or cables) incurred by Agent or the Lenders in connection with the prepayment, upon Borrower's receipt of a written statement from Agent. Each prepayment of a Fixed Rate Loan shall be in the aggregate principal amount of not less than $5,000,000, except in the case of a mandatory prepayment pursuant to Section 2.12 or Article III hereof.

(iii) Swing Loans. In the case of prepayment of a Swing Loan, Borrower agrees to pay to Agent, on demand, for any resulting loss (including loss of anticipated profits), cost or expense of Agent as a result thereof, including, without limitation, any loss incurred in obtaining, liquidating or employing deposits.

(c) Notice of Prepayment. Borrower shall give Agent written notice of prepayment of any Swing Loan or Base Rate Loan by not later than 11:00 A.M. (Cleveland, Ohio time) on the Business Day such prepayment is to be made and written notice of the prepayment of any Fixed Rate Loan not later than 1:00 P.M. (Cleveland, Ohio time) three Business Days prior to the Business Day on which such prepayment is to be made.

(d) Minimum Amount. Except in the case of a prepayment in full of any Loan, each prepayment of (i) a Fixed Rate Loan by Borrower shall be in the aggregate principal amount of not less than $5,000,000 (or, with respect to an Alternate Currency Loan, the Dollar Equivalent of such amount) and (ii) a Base Rate Loan by Borrower shall be in the aggregate principal amount of not less than $1,000,000, except in the case of a mandatory prepayment in connection with Section 2.12 hereof or Article III hereof.

(e) Certificate. Any Lender seeking reimbursement or indemnification pursuant to any provision of this Section 2.08 shall present a certificate to Borrower setting forth the calculations therefor, which certificate shall, in the absence of manifest

error, be conclusive and binding as to the amount thereof.

Section . Facility, Letter of Credit and Other Fees.

(a) Borrower shall pay to Agent, for the ratable account of the Lenders, as a consideration for the Commitment, a facility fee from the Closing Date to and including the last day of the Commitment Period, computed for each day at a rate per annum equal to (i) the Applicable Facility Fee Rate in effect for such day, times (ii) the Total Commitment Amount in effect on such day. The facility fee shall be payable in arrears on June 30, 2012, and on the last day of each succeeding September, December, March and June thereafter and on the last day of the Commitment Period.

(b) In respect of each Letter of Credit and the drafts thereunder, if any, whether issued for the account of Borrower or any other Company, Borrower agrees (i) to pay to Agent, for the pro rata benefit of the Lenders, a non-refundable commission based upon the face amount of the Letter of Credit, which shall be paid quarterly in arrears (promptly after receipt of the invoice therefor, and, in any event, within 30 days of the date such invoice is received) at a rate per annum equal to the Applicable Margin for Fixed Rate Loans (in effect on the date such Letter of Credit is issued, amended or renewed) times the face amount of such Letter of Credit during such fiscal quarter; (ii) to pay to each LC Issuer, for its own account as issuing bank, a fronting fee based upon the face amount of the Letter of Credit, which shall be paid quarterly in arrears (promptly after receipt of the invoice therefor, and, in any event, within 30 days of the date such invoice is received), at a rate per annum equal to 10 basis points times the face amount of such Letter of Credit; and (iii) to pay to each LC Issuer, for its sole account, such other reasonable administrative fees of such LC Issuer (promptly after receipt of the invoice therefor, and, in any event, within 30 days of the date such invoice is received, and at the rates specified by such LC Issuer from time to time in schedules delivered by such LC Issuer to Borrower) with respect to each Letter of Credit (including, without limitation, all fees associated with any issuance of, amendment to, cancellation or negotiation of, drawing under, banker's acceptance pursuant to, or transfer of a Letter of Credit), such fees to be payable on demand by such LC Issuer therefor (each of the fees set forth in (ii) and (ii) above, collectively the "L/C Fees").

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

Section . Modification of Commitment.

(a) Voluntary Reduction. Borrower may at any time or from time to time permanently reduce in whole or ratably in part the Total Commitment Amount hereunder to an amount not less than the then existing Revolving Credit Exposure, by giving Agent not fewer than three Business Days' notice of such reduction, *provided* that any such partial reduction shall be in an aggregate amount, for all of the Lenders, of not less than $10,000,000. Agent shall promptly notify each Lender of the effective date of each reduction of the Commitment pursuant to this Section and such Lender's proportionate share thereof. If the Total Commitment Amount is permanently reduced to zero, on the effective date of such reduction (Borrower having prepaid in full the unpaid principal balance, if any, of the Notes, together with all interest and facility and other fees accrued and unpaid, and *provided* that no Letter of Credit Exposure shall exist), all of the Notes shall be delivered by the Lenders to Agent marked "Canceled" and Agent shall redeliver such Notes to Borrower. Any partial reduction in the Total Commitment Amount shall be effective during the remainder of the Commitment Period.

(b) Increase in Commitments.

(i) Once per calendar year (or more frequently as permitted by Agent) Borrower may, by written notice to Agent, request that the Total Commitment Amount be increased by an amount not to exceed $100,000,000 in the aggregate for all such increases from the Closing Date until the last day of the Commitment Period, *provided* that (A) no Default or Event of Default has occurred and is continuing at the time of such request and on the date of any such increase and (B) Borrower shall have delivered to Agent, together with such written notice, a copy of Borrower's duly adopted corporate resolutions, in form and substance satisfactory to Agent, that authorize the requested increase in the Total Commitment Amount, which resolutions shall be certified by the Secretary of Borrower as being true, correct, complete and in full force and effect. Upon receipt of any such request, Agent shall deliver a copy of such request to each Lender. Borrower shall set forth in such request the amount of the requested increase in the Total Commitment Amount (which in each case shall be in a minimum amount of $25,000,000 and in such minimum increments in excess thereof as Agent shall permit) and the date on which such increase is requested to become effective (which shall be not less than 10 Business Days nor more than 60 days after the date of such request and that, in any event, must be at least 90 days prior to the last day of the Commitment Period), and shall offer each Lender the opportunity to increase its Revolving Credit Commitment by its Commitment Percentage of the proposed increased amount. Each Lender shall in its sole discretion, by notice to Borrower and Agent given not more than 10 days after the date of Agent's notice, either agree to increase its Revolving Credit Commitment by all or a portion of the offered amount (each such Lender so agreeing being an "Increasing Lender") or decline to increase its Revolving Credit Commitment (and any such Lender that does not deliver such a notice within such period of 10 days shall be deemed to have declined to increase its Revolving Credit Commitment and each Lender so declining or being deemed to have declined being a "Non-Increasing Lender"). If, on the 10th day after Agent shall have delivered notice as set forth above, the Increasing Lenders shall have agreed pursuant to the preceding sentence to increase their Revolving Credit Commitments by an aggregate amount less than the increase in the Total Commitment Amount requested by Borrower, Borrower may arrange for one or more banks or other entities that are acceptable to Agent and each LC Issuer (each such Person so agreeing being an "Augmenting Lender"), and Borrower and each Augmenting Lender shall execute all such documentation as Agent shall reasonably specify to evidence its Revolving Credit Commitment and/or its status as a Lender with a Revolving Credit Commitment hereunder. Any increase in the

Total Commitment Amount may be made in an amount that is less than the increase requested by Borrower if Borrower is unable to arrange for, or chooses not to arrange for, Augmenting Lenders, in the full amount.

(ii) Each of the parties hereto agrees that Agent may take any and all actions as may be reasonably necessary to ensure that after giving effect to any increase in the Total Commitment Amount pursuant to this Section, the outstanding Revolving Loans (if any) are held by the Lenders with Revolving Credit Commitments in accordance with their new Commitment Percentages. This may be accomplished at the discretion of Agent: (w) by requiring the outstanding Loans to be prepaid with the proceeds of new Loans; (x) by causing the Non-Increasing Lenders to assign portions of their outstanding Loans to Increasing Lenders and Augmenting Lenders; (y) by permitting the Loans outstanding at the time of any increase in the Total Commitment Amount pursuant to this Section 2.10(b) to remain outstanding until the last days of the respective Interest Periods therefor, even though the Lenders would hold such Loans other than in accordance with their new Commitment Percentages; or (z) by any combination of the foregoing.

Section . Computation of Interest and Fees. With the exception of Alternate Currency Loans made in Pounds Sterling, Canadian Dollars or Australian Dollars and Base Rate Loans, interest on Loans, Unreimbursed Letter of Credit Obligations and facility and other fees and charges hereunder, shall be computed on the basis of a year having 360 days and calculated for the actual number of days elapsed. With respect to Alternate Currency Loans made in Pounds Sterling, Canadian Dollars or Australian Dollars and Base Rate Loans, interest shall be computed on the basis of a year having three 365 days or 366 days, as the case may be, and calculated for the actual number of days elapsed.

Section . Mandatory Payment.

(a) If, as of any date, (i) the Revolving Credit Exposure shall exceed the Total Commitment Amount, Borrower shall prepay, by no later than the next Business Day, an aggregate principal amount of the Loans sufficient to bring the Revolving Credit Exposure within the Total Commitment Amount or, (ii) the Letter of Credit Exposure exceeds the Letter of Credit Commitment, Borrower shall deposit in a cash collateral account maintained by Agent an amount in Dollars equal to the amount of any such excess to be held as security for Borrower's obligations in respect of Letters of Credit (and which will be returned to Borrower to the extent that the amount of cash collateral provided hereunder exceeds the greater of (x) the amount by which the Revolving Credit Exposure exceeds the Total Commitment Amount and (y) the amount by which the Letter of Credit Exposure exceeds the Letter of Credit Commitment); *provided, however*, that, notwithstanding the foregoing, if the Dollar Equivalent of the Alternate Currency Exposure has increased as a result of fluctuations in the exchange rate applicable to the relevant Alternate Currency or Alternate Currencies such that the Revolving Credit Exposure at any time exceeds the Total Commitment Amount or the Letter of Credit Exposure exceeds the Letter of Credit Commitment, then Borrower shall not be obligated to make a prepayment pursuant to this subpart (a) so long as the Revolving Credit Exposure does not exceed an amount equal to 105% of the Total Commitment Amount and the Letter of Credit Exposure does not exceed an amount equal to 105% of the Letter of Credit Commitment.

(b) Any prepayment of a Loan pursuant to this Section 2.12 shall be subject to the prepayment fees set forth in Section 2.08 hereof. Unless otherwise specified by Borrower to Agent, each such prepayment shall be applied (i) first, on a pro rata basis, to the outstanding principal balance of the Base Rate Loans, (ii) second, on a pro rata basis, to the outstanding principal balance of the Eurodollar Loans, (iii) third, on a pro rata basis, to the outstanding principal balance of the Alternate Currency Loans, and (iv) fourth, to the outstanding principal balance of the Swing Loans.

Section . [**Reserved**].

Section . Defaulting Lenders.

(a) Anything contained herein to the contrary notwithstanding, in the event that any Lender becomes a Defaulting Lender in respect of any of the following (a "Funding Default"): any Loan pursuant to Section 2.02(a), a Swing Loan pursuant to Section 2.02(b) or a Letter of Credit pursuant to Section 2.02(c) (a "Defaulted Loan"), then (i) during any Default Period (as defined below) with respect to such Defaulting Lender, such Defaulting Lender shall be deemed not to be a "Lender," and the amount of such Defaulting Lender's Revolving Credit Commitment and Revolving Loans shall be excluded for purposes of voting, and the calculation of voting, on any matters (including the granting of any consents or waivers) with respect to any of the Loan Documents, (ii) to the extent permitted by applicable laws, until such time as the Default Excess (as defined below) with respect to such Defaulting Lender shall have been reduced to zero, (a) any voluntary prepayment of the Loans pursuant to Section 2.08(a) shall, if Borrower so directs at the time of making such voluntary prepayment, be applied to the Loans of other Lenders in accordance with Section 2.06(d) as if such Defaulting Lender had no Loans outstanding and the Revolving Credit Exposure of such Defaulting Lender were zero, and (b) any mandatory prepayment of the Loans pursuant to Section 2.12 shall, if Borrower so directs at the time of making such mandatory prepayment, be applied to the Loans of other Lenders (but not to the Loans of such Defaulting Lender) in accordance with Section 2.06(d), (iii) each Defaulting Lender shall be entitled to receive a facility fee or L/C Fees, as applicable, for any period during which that Lender is a Defaulting Lender only to extent allocable to the sum of (1) the outstanding principal amount of the Revolving Loans funded by it, and (2) its Commitment Percentage of the stated amount of Letters of Credit for which it has provided Cash Collateral, if any, and (iv) the Revolving Credit Exposure of all Lenders as at any date of determination shall be calculated as if such Defaulting Lender had funded all Defaulted Revolving Loans of such Defaulting Lender.

(b) For purposes of this Agreement: (i) "Default Period" means, with respect to any Defaulting Lender, the period commencing on the date of the applicable Funding Default and ending on the earliest of the following dates: (a) the date on which

all Commitments are cancelled or terminated and/or the Debt is declared or becomes immediately due and payable; (b) the date on which (1) the Default Excess with respect to such Defaulting Lender shall have been reduced to zero (whether by the funding by such Defaulting Lender of any Defaulted Loans of such Defaulting Lender or by the non-pro rata application of any voluntary or mandatory prepayments of the Loans in accordance with the terms hereof or any combination thereof) and (2) such Defaulting Lender shall have delivered to Borrower and Agent a written reaffirmation of its intention to honor its obligations under this Agreement with respect to its Commitment(s); and (c) the date on which Borrower, Agent and the Required Lenders waive all Funding Defaults of such Defaulting Lender in writing; and (ii) "Default Excess" shall mean, with respect to any Defaulting Lender, the excess, if any, of such Defaulting Lender's pro rata percentage of the aggregate outstanding principal amount of Loans of all Lenders (calculated as if all Defaulting Lenders (including such Defaulting Lender) had funded all of their respective Defaulted Loans) over the aggregate outstanding principal amount of Loans of such Defaulting Lender.

(c) All or any part of such Defaulting Lender's participation in Letter of Credit Commitments and Swing Loans shall be reallocated among the Lenders that are not Defaulting Lenders in accordance with their respective Commitment Percentages (calculated without regard to such Defaulting Lender's Commitment) but only to the extent that (x) the conditions set forth in Section 6.01 are satisfied at the time of such reallocation (and, unless Borrower shall have otherwise notified Agent at such time, Borrower shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (y) such reallocation does not cause the aggregate Revolving Credit Exposure of any Lender that is not a Defaulting Lender to exceed such Lender's Revolving Credit Commitment. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Lender that is not a Defaulting Lender as a result of such Lender's increased exposure following such reallocation.

(d) No amount of the Commitment of any Lender shall be increased or otherwise affected, and, except as otherwise expressly provided in this Section 2.14, performance by Borrower of its obligations under this Agreement and the other Loan Documents shall not be excused or otherwise modified, as a result of any Funding Default or the operation of this Section 2.14. The rights and remedies against a Defaulting Lender under this Section 2.14 are in addition to other rights and remedies that Borrower may have against such Defaulting Lender with respect to any Funding Default and that Agent or any Lender may have against such Defaulting Lender with respect to any Funding Default.

(e) So long as any Lender is a Defaulting Lender, (i) a Lender shall not be required to fund any Swing Loans unless it is satisfied that it will have no Fronting Exposure after giving effect to such Swing Loan and (ii) no LC Issuer shall be required to issue, extend, renew or increase any Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

Section . Cash CollateralCash Collateral. At any time that there shall exist a Defaulting Lender, within one Business Day following the written request of Agent or any LC Issuer (with a copy to Agent) Borrower shall Cash Collateralize the LC Issuer's Fronting Exposure with respect to such Defaulting Lender (determined after giving effect to Section 2.14 and any Cash Collateral provided by such Defaulting Lender) in an amount not less than the Minimum Collateral Amount.

(a) Borrower, and to the extent provided by any Defaulting Lender, such Defaulting Lender, hereby grants to Agent, for the benefit of the LC Issuers, and agrees to maintain, a first priority security interest in all such Cash Collateral as security for the Defaulting Lenders' obligation to fund participations in respect of Letter of Credit Commitments, to be applied pursuant to clause (b) below. If at any time Agent determines that Cash Collateral is subject to any right or claim of any Person other than Agent and the LC Issuer as herein provided or that the total amount of such Cash Collateral is less than the Minimum Collateral Amount, Borrower will, promptly upon demand by Agent, pay or provide to Agent additional Cash Collateral in an amount sufficient to eliminate such deficiency (after giving effect to any Cash Collateral provided by the Defaulting Lender).

(b) Notwithstanding anything to the contrary contained in this Agreement, Cash Collateral provided under this Section 2.15 in respect of Letters of Credit shall be applied to the satisfaction of the Defaulting Lender's obligation to fund participations in respect of Letter of Credit Commitments (including, as to Cash Collateral provided by a Defaulting Lender, any interest accrued on such obligation) for which the Cash Collateral was so provided, prior to any other application of such property as may otherwise be provided for herein.

(c) Cash Collateral (or the appropriate portion thereof) provided to reduce any LC Issuer's Fronting Exposure shall no longer be required to be held as Cash Collateral pursuant to this Section 2.15 following (i) the elimination of the applicable Fronting Exposure (including by the termination of Defaulting Lender status of the applicable Lender), or (ii) the determination by Agent and each LC Issuer that there exists excess Cash Collateral; *provided* that, subject to Section 2.14 the Person providing Cash Collateral and each LC Issuer may agree that Cash Collateral shall be held to support future anticipated Fronting Exposure or other obligations.

ARTICLE III

ADDITIONAL PROVISIONS RELATING TO FIXED RATE

LOANS; INCREASED CAPITAL; TAXES.

Section . Reserves or Deposit Requirements, Etc. If, at any time, any Change in Law by any governmental authority or any central bank or other fiscal, monetary or other authority shall impose (whether or not having the force of law), modify or deem applicable any reserve and/or special deposit requirement (other than reserves included in the Reserve Percentage, the effect of which is reflected in the interest rate(s) of the Fixed Rate Loan(s) in question) against (a) assets held by, or deposits in or for the amount of any Fixed Rate Loan by, any Lender, or (b) assets held by, or deposits in or for the amount of any Letter of Credit issued by, any LC Issuer, and the result of the foregoing is to increase the cost (whether by incurring a cost or adding to a cost) to such Lender or such LC Issuer of making or maintaining hereunder such Fixed Rate Loan or Letter of Credit, as the case may be, or to reduce the amount of principal or interest received by such Lender with respect to such Fixed Rate Loan or such LC Issuer with respect to such Letter of Credit, then, upon demand by such Lender or such LC Issuer, Borrower shall pay to such Lender from time to time on Interest Adjustment Dates with respect to such Fixed Rate Loan or Letter of Credit, as applicable, as additional consideration hereunder, additional amounts sufficient to fully compensate and indemnify such Lender or such LC Issuer, as applicable, for such increased cost or reduced amount, assuming (which assumption such Lender or such LC Issuer need not corroborate) such additional cost or reduced amount was allocable to such Fixed Rate Loan or Letter of Credit. A certificate as to the increased cost or reduced amount as a result of any event mentioned in this Section 3.01, setting forth the calculations therefor, shall be promptly submitted by such Lender or such LC Issuer, as applicable, to Borrower and shall, in the absence of manifest error, be conclusive and binding as to the amount thereof. Notwithstanding any other provision of this Agreement, after any such demand for compensation by any Lender or LC Issuer, Borrower, upon at least three Business Days' prior written notice to such Lender or such LC Issuer, as applicable, through Agent, may prepay any affected Fixed Rate Loan in full or terminate any affected Letter of Credit or, with respect to Eurodollar Loans, convert such Eurodollar Loan to a Base Rate Loan regardless of the Interest Period thereof. Any such prepayment or conversion shall be subject to the prepayment fees set forth in Section 2.08 hereof. Each Lender or LC Issuer, as applicable, shall notify Borrower as promptly as practicable (with a copy thereof delivered to Agent) of the existence of any event that will likely require the payment by Borrower of any such additional amount under this Section.

Section . Tax Law, Etc.

(a) In the event that by reason of any Change in Law, or the imposition of any requirement of any central bank whether or not having the force of law, any Lender or LC Issuer shall, with respect to this Agreement or any transaction under this Agreement, be subjected to any tax, levy, impost, charge, fee, duty, deduction or withholding of any kind whatsoever (other than taxes imposed on or measured by the income of any Lender or LC Issuer, or franchise taxes imposed on such Lender, by any jurisdiction in which such Lender or LC Issuer is organized or in which such Lender or LC Issuer is resident or doing business) and if any such measures or any other similar measure shall result in an increase in the cost to such Lender or such LC Issuer of making or maintaining any Fixed Rate Loan or issuing any Letter of Credit or in a reduction in the amount of principal, interest or facility fee receivable by such Lender in respect thereof, then such Lender or such LC Issuer, as the case may be, shall promptly notify Borrower stating the reasons therefor. Borrower shall thereafter pay to such Lender or such LC Issuer as appropriate, as additional consideration hereunder, such additional amounts as shall fully compensate such Lender or such LC Issuer for such increased cost or reduced amount. Borrower shall pay such amounts within five Business Days upon demand therefor from such LC Issuer or any such Lender that shall have provided to Borrower a certificate as to any such increased cost or reduced amount, setting forth the calculations therefor, which certificate shall, in the absence of manifest error, be conclusive and binding as to the amount thereof. The obligations of Borrower under this Section shall be in addition to any obligations of Borrower pursuant to Section 2.07(a) hereof.

(b) Notwithstanding any other provision of this Agreement, after any such demand for compensation by any Lender, Borrower, upon at least three Business Days' prior written notice to such Lender through Agent, may prepay any affected Fixed Rate Loan in full or, with respect to Eurodollar Loans, convert such Eurodollar Loan to a Base Rate Loan regardless of the Interest Period of any thereof. Any such prepayment or conversion shall be subject to the prepayment fees set forth in Section 2.08 hereof.

Section . Eurodollar or Alternate Currency Deposits Unavailable or Interest Rate Unascertainable. In respect of any Fixed Rate Loan, in the event that Agent shall have determined that (a) for Eurodollar Loans, that Dollar deposits or (b) for Alternate Currency Loans, that deposits of the relevant Alternate Currency, of the relevant amount for the relevant Interest Period for such Fixed Rate Loan are not available to Agent in the applicable Dollar or Alternate Currency market, as the case may be, or that, by reason of circumstances affecting such market, adequate and reasonable means do not exist for ascertaining the applicable Eurodollar Rate or Alternate Currency Rate applicable to such Interest Period, as the case may be, Agent shall promptly give notice of such determination to Borrower and (i) any notice of a new Eurodollar Loan or Alternate Currency Loan, as the case may be, (or conversion of an existing Base Rate Loan to a Eurodollar Loan) previously given by Borrower and not yet borrowed (or converted, as the case may be) shall be deemed a notice to make a Base Rate Loan, and (ii) Borrower shall be obligated either to prepay, or with respect to a Eurodollar Loan, to convert to a Base Rate Loan, any outstanding Fixed Rate Loan on the last day of the then current Interest Period with respect thereto.

Section . Indemnity. Without prejudice to any other provision of this Agreement, Borrower hereby agrees to indemnify each Lender against any loss or expense that such Lender may sustain or incur as a consequence of (a) any default by Borrower in payment when due of any amount hereunder in respect of any Fixed Rate Loan, or (b) the failure by Borrower to consummate the borrowing of any Fixed Rate Loan after making a request therefor, including, but not limited to, any loss of profit, premium or penalty incurred by such Lender in respect of funds borrowed by it for the purpose of making or maintaining such Fixed Rate Loan, as determined by such Lender in the exercise of its sole but reasonable discretion. A certificate as to any such loss or expense

shall be promptly submitted by such Lender to Borrower and shall, in the absence of manifest error, be conclusive and binding as to the amount thereof.

Section . Changes in Law Rendering Fixed Rate Loans Unlawful. If at any time any Change in Law shall make it unlawful for any Lender to fund any Fixed Rate Loan that it is committed to make hereunder in any Alternate Currency or Dollars, as the case may be, the commitment of such Lender to fund such Fixed Rate Loan shall, upon the happening of such event, forthwith be suspended for the duration of such illegality, and such Lender shall by written notice to Borrower and Agent declare that its commitment with respect to such Fixed Rate Loan has been so suspended and, if and when such illegality ceases to exist, such suspension shall cease and such Lender shall similarly notify Borrower and Agent. If any such change shall make it unlawful for any Lender to continue in effect the funding in the applicable Eurodollar or Alternate Currency market, as the case may be, of any Fixed Rate Loan previously made by it hereunder, such Lender shall, upon the happening of such event, notify Borrower, Agent and the other Lenders thereof in writing stating the reasons therefor, and Borrower shall, on the earlier of (a) the last day of the then current Interest Period or (b) if required by such law, regulation or interpretation, on such date as shall be specified in such notice, either convert such Fixed Rate Loan (if a Eurodollar Loan) to a Base Rate Loan or prepay such Fixed Rate Loan to the Lenders in full. Any such prepayment or conversion shall be subject to the prepayment fees described in Section 2.08 hereof.

Section . Funding. Each Lender may, but shall not be required to, make Fixed Rate Loans hereunder with funds obtained outside the United States.

Section . Capital Adequacy. If any Lender or LC Issuer shall have determined, after the Closing Date, any Change in Law regarding capital adequacy by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or its lending office) or LC Issuer with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's or LC Issuer's capital (or the capital of its respective holding company) as a consequence of its obligations hereunder to a level below that which such Lender or LC Issuer (or its respective holding company) could have achieved but for such adoption, change or compliance (taking into consideration such Lender's or LC Issuer's, as applicable, policies or the policies of its holding company with respect to capital adequacy) by an amount deemed by such Lender or LC Issuer, as applicable, to be material, then from time to time, within 15 days after demand by such Lender or LC Issuer, as applicable (with a copy to Agent), Borrower shall pay to such Lender or LC Issuer, as applicable, such additional amount or amounts as shall compensate such Lender or LC Issuer, as applicable (or its holding company) for such reduction. Each Lender or LC Issuer shall designate a different lending office (or, with respect to the LC Issuer, a different branch or affiliate) if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Lender or LC Issuer, as applicable, be otherwise disadvantageous to such Lender or the LC Issuer. A certificate of any Lender or LC Issuer, as applicable, claiming compensation under this Section and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, such Lender or LC Issuer, as applicable, may use any reasonable averaging and attribution methods. Failure on the part of any Lender or LC Issuer to demand compensation for any reduction in return on capital with respect to any period shall not constitute a waiver of such Lender's or LC Issuer's rights to demand compensation for any reduction in return on capital in such period or in any other period. The protection of this Section shall be available to each Lender and each LC Issuer regardless of any possible contention of the invalidity or inapplicability of the law, regulation or other condition that shall have been imposed.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants that the statements set forth in this Article IV are true, correct and complete:

Section . Corporate Existence; Subsidiaries; Foreign Qualification.

(a) Each Company is an entity duly organized, validly existing, and in good standing under the laws of its jurisdiction of organization and is duly qualified and authorized to do business and is in good standing as a foreign entity in each jurisdiction where the character of its property or its business activities makes such qualification necessary, except where the failure to so qualify would not have a Material Adverse Effect.

(b) Schedule 4.01 sets forth (i) the jurisdiction of organization of Borrower, and (ii) each state or other jurisdiction in which Borrower is qualified to do business as a foreign corporation as of the Closing Date.

(c) Schedule 4.01 sets forth as of the Closing Date (i) each Subsidiary of Borrower and each Subsidiary of each other Company, (ii) such Subsidiary's jurisdiction of organization, (iii) each jurisdiction in which each Material Subsidiary is qualified to do business as a foreign entity, and (iv) the direct or indirect ownership of Borrower in such Subsidiary.

Section . Corporate Authority. Borrower has the right and power and is duly authorized and empowered to enter into, execute and deliver the Loan Documents to which it is a party and to perform and observe the provisions of the Loan Documents. The Loan Documents to which Borrower is a party have been duly authorized and approved by Borrower's Board of Directors and are the valid and binding obligations of Borrower, enforceable against Borrower in accordance with their respective terms.

The execution, delivery and performance of the Loan Documents will not conflict with, result in any breach in any of the provisions of, constitute a default under, or result in the creation of any Lien (other than Liens permitted under Section 5.09 hereof) upon any assets or property of Borrower or any Material Subsidiary under the provisions of Borrower's or such Material Subsidiary's Organizational Documents or any agreement.

Section . Compliance With Laws. Each Company:

(a) holds permits, certificates, licenses, orders, registrations, franchises, authorizations, and other approvals from federal, state, local, and foreign governmental and regulatory bodies necessary for the conduct of its business and is in compliance with all applicable laws relating thereto, except where the failure to do so would not have or result in a Material Adverse Effect;

(b) is in compliance with all federal, state, local, or foreign applicable statutes, rules, regulations, and orders including, without limitation, those relating to environmental protection, occupational safety and health, and equal employment practices, except where the failure to do so would not have or result in a Material Adverse Effect; and

(c) is not in violation of or in default under any agreement to which it is a party or by which its assets are subject or bound, except with respect to any violation or default that would not have or result in a Material Adverse Effect.

Section . Litigation and Administrative Proceedings. Except as disclosed on Schedule 4.04 hereto, there are (a) no lawsuits, actions, investigations, or other proceedings pending or threatened against any Company, or in respect of which any Company may have any liability, in any court or before any governmental authority, arbitration board, or other tribunal, (b) no orders, writs, injunctions, judgments, or decrees of any court or government agency or instrumentality to which any Company is a party or by which the property or assets of any Company are bound, and (c) no grievances, disputes, or controversies outstanding with any union or other organization of the employees of any Company, or threats of work stoppage, strike, or pending demands for collective bargaining, which, as to subsections (a) through (c) hereof, would have or would be reasonably expected to have a Material Adverse Effect.

Section . Title to Assets. Except as does not and could not reasonably be expected to cause or result in a Material Adverse Effect, Borrower and each Material Subsidiary has good title to and ownership of all property it purports to own, which property is free and clear of all Liens, except those permitted under Section 5.09 hereof.

Section . Liens and Security Interests. On and after the Closing Date, except for Liens permitted pursuant to Section 5.09 hereof, (a) to best of Borrower's knowledge, there is no financing statement (other than a precautionary financing statement filed in connection with any true operating lease or true bailment arrangement) outstanding covering any personal property of Borrower or any Material Subsidiary; (b) there is no mortgage outstanding covering any real property of Borrower or any Material Subsidiary; and (c) no real or personal property of Borrower or any Material Subsidiary is subject to any security interest or Lien of any kind other than any security interest or Lien that may be granted to Agent, for the benefit of the Lenders. Neither Borrower nor any Material Subsidiary has entered into any Material Indebtedness Agreement (other than this Agreement) that exists on or after the Closing Date that would prohibit Agent or the Lenders from acquiring a security interest, mortgage or other Lien on, or a collateral assignment of, any of the property or assets of Borrower or any Material Subsidiary.

Section . Tax Returns. All foreign, federal, state and local tax returns and other reports required by law to be filed in respect of the income, business, properties and employees of each of Borrower and each Material Subsidiary have been filed and all taxes, assessments, fees and other governmental charges that are due and payable have been paid, except where the failure to do so does not and will not cause or result in a Material Adverse Effect or where such tax returns, taxes, assessments, fees or other governmental charges are being contested in good faith by such Borrower or such Material Subsidiary. The provision for taxes on the books of Borrower and each Material Subsidiary is adequate for all years not closed by applicable statutes and for the current fiscal year.

Section . Environmental Laws. Each Company is in compliance with any and all Environmental Laws, including, without limitation, all Environmental Laws in all jurisdictions in which any Company owns or operates, or has owned or operated, a facility or site, arranges or has arranged for disposal or treatment of hazardous substances, solid waste or other wastes, accepts or has accepted for transport any hazardous substances, solid waste or other wastes or holds or has held any interest in real property or otherwise, except where the failure to do so would not have a Material Adverse Effect. No litigation or proceeding arising under, relating to or in connection with any Environmental Law is pending or, to the best knowledge of each Company, threatened, against any Company, any real property in which any Company holds or has held an interest or any past or present operation of any Company which, if determined adversely, would have a Material Adverse Effect. No release, threatened release or disposal of hazardous waste, solid waste or other wastes is occurring, or has occurred (other than those that are currently being cleaned up in accordance with Environmental Laws), on, under or to any real property in which any Company holds any interest or performs any of its operations, in violation of any Environmental Law, except where such release or disposal would not have a Material Adverse Effect. As used in this Section, “litigation or proceeding” means any demand, claim, notice, suit, suit in equity, action, administrative action, investigation or inquiry whether brought by any governmental authority, private Person or otherwise.

Section . Employee Benefits Plans. No ERISA Event has occurred prior to the Closing Date that is unresolved and that has not been waived pursuant to the provisions of the Original Credit Agreement that individually or in the aggregate has or could reasonably be expected to have a Material Adverse Effect. No other ERISA Event has occurred or is expected to occur with respect to an ERISA Plan that has not been waived pursuant to the provisions of the Original Credit Agreement that individually or in the aggregate has or could reasonably be expected to have a Material Adverse Effect. All payments that a Controlled Group member is required, under applicable law or under the governing documents, to make as a contribution to or a benefit under each ERISA

Plan have been made except for such payments the non-payment of which, individually or in the aggregate, have not had or could not reasonably be expected to have a Material Adverse Effect. All liabilities of each Controlled Group member with respect to each ERISA Plan have been fully funded based upon reasonable and proper actuarial assumptions, have been fully insured, or have been fully reserved for on its financial statements, except to the extent to which any failure to so fund, insure or reserve has not or could not reasonably be expected to have a Material Adverse Effect. No changes have occurred or are expected to occur that would cause an increase in the cost of providing benefits under any ERISA Plan, except to the extent any such increases individually or in the aggregate do not have or could not reasonably be expected to have a Material Adverse Effect. With respect to each ERISA Plan that is intended to be qualified under Code Section 401(a): (a) the ERISA Plan and any associated trust operationally comply with the applicable requirements of Code Section 401(a), (b) the ERISA Plan and any associated trust have been amended to comply with all such requirements as currently in effect, other than those requirements for which a retroactive amendment can be made within the "remedial amendment period" available under Code Section 401(b) (as extended under Treasury Regulations and other Treasury pronouncements upon which taxpayers may rely), (c) the ERISA Plan and any associated trust have received a favorable determination letter from the Internal Revenue Service stating that the ERISA Plan qualifies under Code Section 401(a), that the associated trust qualifies under Code Section 501(a) and, if applicable, that any cash or deferred arrangement under the ERISA Plan qualifies under Code Section 401(k), unless the ERISA Plan was first adopted at a time for which the above-described "remedial amendment period" has not yet expired, (d) the ERISA Plan currently satisfies the requirements of Code Section 410(b), without regard to any retroactive amendment that may be made within the above-described "remedial amendment" period, and (e) no contribution made to the ERISA Plan is subject to an excise tax under Code Section 4972; provided, however, that an ERISA Plan and any associated trust shall not be treated as having failed to meet any of the requirements set forth in preceding items (a) through (e), if the failure is correctable under Part IV or V of Revenue Procedure 2006-27 or a subsequent Revenue Procedure or if the failure has not had or could not reasonably be expected to have a Material Adverse Effect. With respect to any Pension Plan, the "accumulated benefit obligation" of Controlled Group members with respect to such Pension Plan (as determined in accordance with Statement of Accounting Standards No. 87, "Employers' Accounting for Pensions") does not exceed the fair market value of Pension Plan assets by an amount that individually or in the aggregate has or could reasonably be expected to have a Material Adverse Effect.

Section . Consents or Approvals. No consent, approval or authorization of, or filing, registration or qualification with, any governmental authority or any other Person is required to be obtained or completed by Borrower or any Guarantor of Payment in connection with the execution, delivery or performance of any of the Loan Documents that has not already been obtained or completed.

Section . Solvency. Borrower has received consideration that is the reasonable equivalent value of the obligations and liabilities that Borrower has incurred to Agent and the Lenders. Borrower is not insolvent as defined in any applicable state or federal statute, nor will Borrower be rendered insolvent by the execution and delivery of the Loan Documents to Agent and the Lenders. Borrower is not engaged or about to engage in any business or transaction for which the assets retained by it are or will be an unreasonably small amount of capital, taking into consideration the obligations to Agent and the Lenders incurred hereunder. Borrower does not intend to, nor does it believe that it will, incur debts beyond its ability to pay such debts as they mature.

Section . Financial Statements. The audited Consolidated financial statements of Borrower for the fiscal year ended March 31, 2011, and the unaudited interim Consolidated financial statements of Borrower for the fiscal quarter ended December 31, 2011, each as filed with the SEC in connection with Borrower's Form 10-Q and Form 10-K and each as furnished to Agent and the Lenders have been prepared in accordance with GAAP, and fairly present the financial condition of the Companies as of the date of such financial statements and the results of their operations for the period then ending.

Section . [**Reserved**].

Section . Regulations. Borrower is not engaged principally or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any "margin stock" (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System of the United States of America). Neither the granting of any Loan (or any conversion thereof) or the issuing of any Letter of Credit nor the use of the proceeds of any Loan or Letter of Credit will violate, or be inconsistent with, the provisions of the Regulations of such Board of Governors, including Regulation U and X.

Section . Material Agreements. Borrower is current in its reporting of material agreements in its quarterly and annual reports on Forms 10-Q and 10-K, as required by the rules of the SEC.

Section . Intellectual Property. Each Company owns, possesses, or has the right to use all of the patents, patent applications, trademarks, service marks, copyrights and licenses and rights with respect to the foregoing, necessary for the conduct of its business without any known conflict with the rights of others, except where the failure to do so would not have a Material Adverse Effect or, with respect to any known conflict, if such conflict were determined adversely to such Company, would not have a Material Adverse Effect.

Section . Insurance. Borrower and each Material Subsidiary maintains with financially sound and reputable insurers insurance with coverage and limits as required by law and on such terms and in such amounts as Borrower reasonably deems prudent.

Section . Investment Company. No Company is an "investment company" or a company "controlled" by an "investment

company" within the meaning of the Investment Company Act of 1940, as amended, or any foreign, federal, state or local statute or regulation limiting its ability to incur Indebtedness.

Section . Accurate and Complete Statements. Neither the Loan Documents nor any written statement made by any Company in connection with any of the Loan Documents contains any untrue statement of a material fact or omits a material fact necessary to make the statements contained therein or in the Loan Documents not misleading. After due inquiry by Borrower, as of the Closing Date, there is no known fact that any Company has not disclosed to Agent and the Lenders that has or would have a Material Adverse Effect.

Section . Defaults. No Default or Event of Default exists hereunder, nor will any begin to exist immediately after the execution and delivery hereof.

Section . Anti-Terrorism Law Compliance. Borrower is not subject to or in violation of any law, regulation, or list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list, Executive Order No. 13224 or the USA Patriot Act) that prohibits or limits the conduct of business with or the receiving of funds, goods or services to or for the benefit of certain Persons specified therein or that prohibits or limits any Lender from making any advance or extension of credit to Borrower or from otherwise conducting business with Borrower.

ARTICLE V

COVENANTS

Borrower agrees that so long as the Commitment remains in effect and thereafter until all of the Debt shall have been paid in full, Borrower shall perform and observe, and shall cause each other Company to perform and observe, each of the following provisions:

Section . Insurance. Borrower and each Material Subsidiary shall (a) maintain insurance to such extent and against such hazards and liabilities and on such terms and in such amounts as Borrower or such Material Subsidiary, as the case may be, reasonably deems prudent; and (b) within ten days of any Lender's written request, furnish to such Lender such information about Borrower or such Material Subsidiary's insurance as that Lender may from time to time reasonably request, which information shall be prepared in form and detail satisfactory to such Lender and certified by a Financial Officer of Borrower or such Material Subsidiary, as the case may be.

Section . Money Obligations. Except as does not and could not reasonably be expected to cause or result in a Material Adverse Effect, Borrower and each Material Subsidiary shall pay in full (a) prior in each case to the date when penalties would attach, all taxes, assessments and governmental charges and levies (except only those so long as and to the extent that the same shall be contested in good faith by appropriate and timely proceedings and for which adequate reserves have been established in accordance with GAAP) for which it may be or become liable or to which any or all of its properties may be or become subject; (b) all of its material wage obligations to its employees in compliance with the Fair Labor Standards Act (29 U.S.C. §§ 206-207) or any comparable provisions; and (c) all of its other material obligations calling for the payment of money (except only those so long as and to the extent that the same shall be contested in good faith and for which adequate reserves have been established in accordance with GAAP) before such payment becomes overdue.

Section . Financial Statements and Other Information.

(a) Delivery of Financial Statements and Other Information. Borrower shall furnish to Agent and each Lender:

(i) within 45 days after the end of each of the first three quarterly periods of each fiscal year of Borrower, balance sheets of Borrower as of the end of such period and statements of income (loss), stockholders' equity and cash flow for the quarter and fiscal year to date periods, all prepared on a Consolidated basis, in accordance with GAAP, and in form and detail satisfactory to Agent and the Lenders and certified by a Financial Officer, *provided* that with respect to any fiscal quarter for which financial statements are required to be delivered pursuant to this subpart, delivery of Borrower's Form 10-Q as filed with the SEC for any such fiscal quarter shall satisfy the requirements of this subpart;

(ii) within 90 days after the end of each fiscal year of Borrower, an annual audit report of Borrower for that year prepared on a Consolidated basis, in accordance with GAAP, and in form and detail satisfactory to Agent and certified by an independent registered public accounting firm satisfactory to Agent and the Required Lenders, which report shall include balance sheets and statements of income (loss), stockholders' equity and cash-flow for that period, together with a certificate by the accounting firm setting forth any Defaults and Events of Default coming to its attention during the course of its audit or, if none, a statement to that effect, *provided* that with respect to any fiscal year for which financial statements are required to be delivered pursuant to this subpart, delivery of Borrower's Form 10-K as filed with the SEC for any such fiscal year shall satisfy the requirements of this subpart;

(iii) concurrently with the delivery of the financial statements in (i) and (ii) above, a Compliance Certificate;

(iv) as soon as available, copies of (A) each financial statement, report, notice or proxy statement sent by Borrower or any Material Subsidiary to public securities holders generally and (B) each regular or periodic report, each registration statement that shall have become effective and each final prospectus and all amendments thereto filed by

Borrower or any Material Subsidiary with the SEC; *provided*, that any such documents that are filed pursuant to and are accessible through the SEC's EDGAR system will be deemed to have been provided in accordance with this clause (iv) so long as Agent has received notification of the same;

(v) within 5 Business Days of the written request of Agent or any Lender, (A) with respect to any Acquisition where the aggregate Consideration involved is less than or equal to $100,000,000, a written description of any Acquisition permitted under Section 5.13 hereof and the Consideration involved therewith, and (B) with respect to any Acquisition where the aggregate Consideration involved is greater than $100,000,000, a written description of any Acquisition permitted under Section 5.13 hereof and the Consideration involved therewith, and such other information as Agent or any Lender may reasonably request; and

(vi) within 10 days of the written request of Agent or any Lender, such other information about the financial condition, properties and operations of any Company as Agent or such Lender may from time to time reasonably request, including, without limitation, consolidating financial statements of the Companies, which information shall be submitted in form and detail satisfactory to Agent or such Lender and certified by a Financial Officer of the Company or Companies in question.

(b) Method of Delivery. For purposes of this Section 5.03, delivery by Borrower of the information required pursuant to Sections 5.03(a)(i), (ii), (iii), (iv), (v) and (vi) above to Agent by e-mail or other electronic means acceptable to Agent shall satisfy the requirements of such Sections and Agent shall promptly distribute such information to the Lenders by e-mail or other electronic means acceptable to Agent and the Lenders.

Section . Financial Records and Inspections. (a) Each Company shall keep proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of Borrower or such Subsidiaries, as the case may be, in accordance with GAAP, in the case of Borrower, or which are reconcilable to a GAAP presentation, in the case of any Subsidiary.

(a) Borrower shall permit the representatives of Agent:

(i) if no Event of Default then exists, at the expense of Agent and upon reasonable prior notice to Borrower, to visit the principal executive offices of Borrower, to discuss the affairs, finances and accounts of Borrower and its Subsidiaries with Borrower's officers, and with consent of Borrower (which consent will not be unreasonably withheld) to visit the other offices and properties of Borrower and each of its Subsidiaries, all at such reasonable times and as often as may be reasonably requested in writing; or

(ii) if an Event of Default then exists, at the expense of Borrower, upon reasonable notice to Borrower, to visit and inspect any of the offices or properties of Borrower or any of its Subsidiaries, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers and independent registered public accounting firms (and by this provision Borrower authorizes said accounting firms to discuss the affairs, finances and accounts of Borrower and its Subsidiaries), all at such times and as often as may be reasonably requested in writing.

Section . Franchises. Borrower and each Material Subsidiary shall preserve and maintain at all times its existence, rights and franchises, except (a) as otherwise permitted pursuant to Section 5.12 and Section 5.20 hereof or (b) as does not and could not reasonably be expected to cause or result in a Material Adverse Effect.

Section . ERISA Compliance. Neither Borrower nor any Material Subsidiary shall incur any accumulated funding deficiency within the meaning of ERISA, or any liability to the PBGC, in connection with any ERISA Plan in an amount that has or could be reasonably expected to have a Material Adverse Effect. Borrower shall furnish to the Lenders (a) as soon as possible after a Financial Officer knows or has reason to know that any Reportable Event with respect to any ERISA Plan has occurred that has or could be reasonably expected to have a Material Adverse Effect, a statement of a Financial Officer setting forth details as to such Reportable Event and the action that Borrower proposes to take or cause to be taken with respect thereto, together with a copy of the notice of such Reportable Event given to the PBGC if a copy of such notice is available to Borrower, and (b) promptly after receipt thereof a copy of any notice Borrower or any such Material Subsidiary, or any member of the Controlled Group may receive from the PBGC or the Internal Revenue Service with respect to any ERISA Plan administered by Borrower or such Material Subsidiary; *provided*, that this latter clause shall not apply to notices of general application promulgated by the PBGC or the Internal Revenue Service, to notices concerning ministerial errors or other minor compliance errors, or to any other notices concerning matters which do not have or could not reasonably be expected to have a Material Adverse Effect. Borrower shall promptly notify the Lenders of any taxes assessed, proposed to be assessed or that Borrower has reason to believe may be assessed against Borrower or a Material Subsidiary by the Internal Revenue Service with respect to any ERISA Plan in an amount that would have a Material Adverse Effect. As soon as practicable after a Financial Officer becomes aware that an ERISA Event that has had or could reasonably be expected to have a Material Adverse Effect has occurred, Borrower or such Material Subsidiary shall provide Agent with notice of such ERISA Event, setting forth the details of the event and the action Borrower or such Material Subsidiary or another Controlled Group member proposes to take with respect thereto. Borrower shall, at the request of Agent, deliver or cause to be delivered to Agent, true and correct copies of any documents required for the establishment or maintenance of any ERISA Plan of any Company.

Section . Financial Covenants.

(a) Leverage Ratio. Borrower shall not suffer or permit at any time the Leverage Ratio to be greater than 3.25 to

1.00.

(b) Interest Coverage Ratio. Borrower shall not suffer or permit at any time the Interest Coverage Ratio to be less than 3.00 to 1.00.

Section . Borrowing. No Company shall create, incur or have outstanding any Indebtedness of any kind; *provided*, that this Section shall not apply to any of the following (without duplication):

(a) the Loans or any other Indebtedness incurred to Agent or the Lenders pursuant to this Agreement;

(b) Indebtedness in connection with any Approved Derivatives Contract;

(c) Indebtedness (including any capital lease obligation, but excluding Permitted Intercompany Loans and Investments) secured by the Liens described in and permitted pursuant to Sections 5.09(f) and (l) hereof;

(d) Permitted Intercompany Loans and Investments;

(e) any Indebtedness of a Foreign Subsidiary owing to another Person (other than a Company) incurred in the ordinary course of business;

(f) Indebtedness constituting Permitted Third Party Investments;

(g) Permitted Insurance Subsidiary Loans and Investments;

(h) Indebtedness of the Companies evidenced by the Senior Notes and the Senior Note Guaranties executed and delivered to the Senior Note Holders pursuant to the Senior Note Purchase Agreements, *provided* that no Company (other than Borrower and the Guarantors of Payment) shall be liable, whether directly or indirectly, for any part of such Indebtedness;

(i) unsecured Indebtedness of any Domestic Company, *provided* that (i) in the case of any Material Indebtedness (other than this Agreement), the covenants and agreements relating to such Material Indebtedness are, in the reasonable opinion of Agent, not more restrictive than the covenants and agreements set forth in this Agreement, (ii) Borrower shall be in pro forma compliance with Section 5.07 hereof and no Default or Event of Default shall have occurred and be continuing or would occur, in each case both before and after giving effect to the incurrence of such Indebtedness, and (iii) if any such Indebtedness is to be Subordinated Indebtedness, such Subordinated Indebtedness shall be subject to a subordination agreement or other subordination provisions satisfactory to Agent and the Required Lenders;

(j) Indebtedness of the Receivables Subsidiary (i) under the Permitted Receivables Facility, so long as the funded amount, together with any other Indebtedness thereunder, does not exceed at any time the greater of (x) $150,000,000 and (y) 10% of Consolidated Total Assets at such time, and (ii) to any Domestic Subsidiary in connection with the Permitted Receivables Facility; or

(k) Indebtedness permitted pursuant to Section 5.11.

Section . Liens. No Company shall create, assume or suffer to exist any Lien upon any of its property or assets, whether now owned or hereafter acquired; *provided* that this Section shall not apply to the following:

(a) Liens for taxes not yet due or that are being actively contested in good faith by appropriate proceedings and for which adequate reserves have been established in accordance with GAAP;

(b) other statutory or common law Liens incidental to the conduct of its business or the ownership of its property and assets that (i) were not incurred in connection with the borrowing of money or the obtaining of advances or credit, and (ii) do not in the aggregate materially detract from the value of its property or assets or materially impair the use thereof in the operation of its business;

(c) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA;

(d) deposits to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety bonds (other than bonds related to judgments or litigation), performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(e) Liens on property or assets of a Subsidiary to secure obligations of such Subsidiary to any other Company;

(f) (i) purchase money Liens on fixed assets securing the Indebtedness pursuant to Section 5.08(c) hereof or for the deferred purchase price of property, *provided* that such Lien is limited to the purchase price and only attaches to the property being acquired, (ii) capital leases, and (iii) Permitted Foreign Subsidiary Liens, so long as the aggregate principal amount of all Indebtedness secured by Liens described in the foregoing subparts (i), (ii) and (iii) does not exceed at any time an amount equal to 15% of the Consolidated Net Worth of Borrower for the most recently completed fiscal quarter;

(g) easements, zoning restrictions or other minor defects or irregularities in title of real property not interfering in any material respect with the use of such property in the business of any Company;

(h) Liens set forth on Schedule 5.09 hereto;

(i) any Lien granted to Agent, for the benefit of the Lenders;

(j) Liens on Receivables Related Assets arising in connection with the sale of such Receivables Related Assets pursuant to Section 5.12(g) hereof;

(k) Liens in respect of the cash collateralization provided pursuant to Section 2.12(a);

(l) in addition to the Liens permitted above, additional Liens on any assets of Borrower or any of its Subsidiaries securing Indebtedness owing by Borrower or any such Subsidiary, so long as the aggregate principal amount of all Indebtedness secured by such Liens does not exceed at any time an amount equal to 10% of the Consolidated Net Worth of Borrower for the most recently completed fiscal quarter; and

(m) in addition to the Liens permitted above, additional Liens on any assets of any Company securing obligations of such Company, so long as (i) such Liens do not secure any Indebtedness, and (ii) the aggregate amount of all obligations secured by all such Liens for all Companies does not exceed at any time the greater of (x) $25,000,000 (or the Dollar Equivalent thereof) and (y) 2% of Consolidated Total Assets (or the Dollar Equivalent thereof at such time).

Except as otherwise permitted pursuant to Section 5.09(f) or 5.09(l) hereof, no Company shall enter into any Material Indebtedness Agreement (other than this Agreement) that would prohibit Agent or the Lenders from acquiring a security interest, mortgage or other Lien on, or a collateral assignment of, any of the property or assets of a Company.

Section . Regulations U and X. No Company shall take any action that would result in any non-compliance of the Loans with Regulations U and X, or any other applicable regulation, of the Board of Governors of the Federal Reserve System.

Section . Investments and Guaranties. No Company shall (a) create, acquire or hold any Subsidiary, (b) make or hold any Investment, or (c) be or become a Guarantor of any kind; *provided*, that this Section shall not apply to:

(i) any endorsement of a check or other medium of payment for deposit or collection through normal banking channels or similar transaction in the normal course of business;

(ii) the holding of Subsidiaries listed on Schedule 4.01 hereto and the creation, acquisition and holding of any new Subsidiary after the Closing Date, so long as such new Subsidiary is created, acquired or held in accordance with the terms and conditions of this Agreement, including, without limitation, Section 5.12, Section 5.13, and Section 5.19 hereof;

(iii) Permitted Intercompany Loans and Investments;

(iv) any advance or loan to an employee of a Company made in the ordinary course of such Company's business, so long as all such advances and loans from all Companies aggregate not more than the maximum principal sum of $7,500,000 at any time outstanding;

(v) any Permitted Third Party Investment;

(vi) Permitted Insurance Subsidiary Loans and Investments;

(vii) the acquisition or holding of any debt or equity securities by any Company in connection with the insolvency of a customer or supplier;

(viii) Indebtedness of the Receivables Subsidiary to a Domestic Company in connection with the Permitted Receivables Facility; and

(ix) guaranties in the ordinary course of business by any Company of the obligations of any other Company and/or of any other Person.

Section . Mergers and Asset Sales. No Company shall merge or consolidate with any other Person or (except as specifically permitted by this Agreement) sell, lease, transfer, or otherwise dispose of any of its property or assets outside the ordinary course of business, except that if no Default or Event of Default shall then exist or immediately thereafter shall begin to exist:

(a) any Domestic Subsidiary (other than the Receivables Subsidiary) may merge or consolidate with (i) Borrower, *provided* that Borrower shall be the continuing or surviving Person, or (ii) any other Domestic Subsidiary (other than the Receivables Subsidiary), *provided* that if such merger or consolidation involves the Insurance Subsidiary, the Insurance Subsidiary shall not be the continuing or surviving Person;

(b) any Domestic Subsidiary (other than the Receivables Subsidiary) may sell, lease, transfer or otherwise dispose of any of its assets to (i) Borrower or (ii) any other Domestic Subsidiary (other than the Receivables Subsidiary), *provided* that no Domestic Subsidiary may sell, lease, transfer or otherwise dispose of any of its assets to the Insurance Subsidiary other than in connection with Permitted Insurance Subsidiary Loans and Investments made in accordance with Section 5.11 hereof;

(c) in addition to any merger or consolidation permitted pursuant to subsection (a) above, any Foreign Subsidiary may merge or consolidate with (i) any Domestic Company, *provided* that the Domestic Company shall be the continuing or surviving Person, or (ii) any other Foreign Subsidiary;

(d) in addition to any sale, lease, transfer or other disposition permitted pursuant to subsection (b) above, any Foreign Subsidiary may sell, lease, transfer or otherwise dispose of any of its assets to (i) any Domestic Company or (ii) any other Foreign Subsidiary;

(e) in addition to any sale, lease, transfer or other disposition permitted pursuant to subsection (b) above, any Company may sell the Receivables Related Assets to the Receivables Subsidiary in connection with the Permitted Receivables Facility;

(f) in addition to any sale, lease, transfer or other disposition permitted pursuant to subsections (b), (d) and (e) above, any Company (other than the Receivables Subsidiary) may sell (including any sale in connection with any sale-leaseback transaction), lease, transfer or otherwise dispose of any of its assets (in each case, an "Asset Disposition") to any Person, so long as the aggregate book value of all such assets (as determined in accordance with GAAP) sold, leased, transferred or otherwise disposed of by all Companies in any fiscal year of Borrower does not exceed an amount equal to 15% of Consolidated Total Assets (for each such fiscal year, the "Basket Amount") based upon the financial statements of Borrower for the most recently completed fiscal quarter; *provided, however,* that, to the extent that any Company reinvests (whether in one or more than one transaction) the amount of the proceeds (the "Asset Disposition Proceeds") of any such Asset Disposition in the business of the Companies

(including, but not limited to, Acquisitions made in compliance with Section 5.13 hereof) within 12 months of the consummation of such Asset Disposition, then, upon the reinvestment of such Asset Disposition Proceeds in accordance with this subsection (f), the Basket Amount for the fiscal year in which each such reinvestment occurs shall be increased by an amount equal to the amount of such Asset Disposition Proceeds so reinvested;

(g) the Receivables Subsidiary may sell the Receivables Related Assets to any Person (other than a Company); and

(h) any Subsidiary may be dissolved at any time.

Section . Acquisitions. No Company shall effect an Acquisition unless:

(a) no Default or Event of Default then exists or will exist immediately thereafter;

(b) the Acquisition is made by a Domestic Company or a Foreign Subsidiary; and

(c) the Companies shall be in pro forma compliance (excluding the value of any assumed operating synergies) with each of the financial covenants set forth in Section 5.07 hereof both before and after giving effect to such Acquisition.

Section . Notice. Borrower shall cause a Financial Officer to promptly notify Agent and the Lenders whenever:

(a) any Default or Event of Default may occur hereunder; or

(b) any representation or warranty made in Article IV hereof or elsewhere in this Agreement or in any Related Writing may for any reason cease in any material respect to be true and complete as of the date made, except those made as of and which were intended to be limited to a specified earlier date.

Section . Environmental Compliance. Each Company shall comply in all respects with any and all Environmental Laws including, without limitation, all Environmental Laws in jurisdictions in which any Company owns or operates a facility or site, arranges for disposal or treatment of hazardous substances, solid waste or other wastes, accepts for transport any hazardous substances, solid waste or other wastes or holds any interest in real property or otherwise, except where a failure to so comply would not have a Material Adverse Effect. Borrower shall furnish to the Lenders, promptly after receipt thereof, a copy of any notice any Company may receive from any governmental authority, private Person or otherwise that any material litigation or proceeding pertaining to any environmental, health or safety matter has been filed or is threatened against such Company, any real property in which such Company holds any interest or any past or present operation of such Company. No Company shall allow the release or disposal of hazardous waste, solid waste or other wastes on, under or to any real property in which any Company holds any interest or performs any of its operations, in violation of any Environmental Law which violation would have a Material Adverse Effect. As used in this Section, "litigation or proceeding" means any demand, claim, notice, suit, suit in equity action, administrative action, investigation or inquiry whether brought by any governmental authority, private Person or otherwise. Borrower shall defend, indemnify and hold Agent and the Lenders harmless against all costs, expenses, claims, damages, penalties and liabilities of every kind or nature whatsoever (including attorneys' fees) arising out of or resulting from the noncompliance of any Company with any Environmental Law. Such indemnification shall survive any termination of this Agreement.

Section . Affiliate Transactions. No Company shall, or shall permit any Subsidiary to, directly or indirectly, enter into or permit to exist any transaction (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of a Company on terms that are less favorable to such Company or such Subsidiary, as the case may be, than those that might be obtained at the time in a transaction with a non-Affiliate; *provided, however*, that the foregoing shall not prohibit (a) the payment of customary and reasonable directors' fees to directors who are not employees of a Company or any Affiliate of a Company; or (b) any transaction between a Company and another Company that Borrower reasonably determines in good faith is beneficial to Borrower and its Affiliates as a whole and that is not entered into for the purpose of hindering the exercise by Agent or the Lenders of their rights or remedies under this Agreement.

Section . Use of Proceeds. Borrower's use of the proceeds of the Loans shall be solely for working capital purposes of Borrower and its Subsidiaries, for Acquisitions permitted pursuant to this Agreement, and as support for a commercial paper program instituted by Borrower as well as for other general corporate purposes of Borrower and its Subsidiaries, including, but not limited to, any repurchase, redemption or other acquisition by Borrower from any Person of any capital stock or other equity interest of Borrower.

Section . Corporate Names. Neither Borrower nor any Material Subsidiary that is a Domestic Subsidiary shall change its corporate name, unless, in each case, Borrower shall provide Agent with prompt written notice thereof.

Section . Subsidiary Guaranties.

(a) Except as set forth in subpart (b) below, each Domestic Subsidiary (other than the Insurance Subsidiary or the Receivables Subsidiary) created, acquired or held on or subsequent to the Closing Date, shall immediately become a party to the Guaranty of Payment and shall deliver such corporate governance and authorization documents and an opinion of counsel as may be deemed necessary or advisable by Agent.

(b) A Domestic Subsidiary (other than the Insurance Subsidiary or the Receivables Subsidiary) shall not be required to execute a Guaranty of Payment if it is not a Material Subsidiary. If any Domestic Subsidiary (other than the Insurance Subsidiary or the Receivables Subsidiary) that was not a Material Subsidiary becomes a Material Subsidiary, then Borrower shall promptly cause such Domestic Subsidiary to become a party to the Guaranty of Payment and Borrower shall deliver such corporate governance and authorization documents and an opinion of counsel as may be deemed necessary or advisable by Agent.

(c) If a Guarantor of Payment is no longer required to be a Guarantor of Payment hereunder, then so long as no Default or Event of Default exists or immediately thereafter shall begin to exist and upon written request of Borrower, Agent shall promptly provide Borrower with a termination or release of such Guarantor of Payment's obligations under the Guaranty of

Payment.

(d) If a Guarantor of Payment is sold or dissolved in accordance with the terms of this Agreement, then upon written request of Borrower, Agent shall provide Borrower with a termination or release of such Guarantor of Payment's obligations under the Guaranty of Payment contemporaneously with such sale or dissolution.

Section . Maintenance of Property. Borrower covenants and agrees that it will, and will cause each of its Material Subsidiaries to, maintain their corporate existence and maintain and keep their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times; *provided* that this Section shall not prevent Borrower or any Material Subsidiary (a) from discontinuing the operation and the maintenance of any of its properties if such discontinuance is not prohibited under this Agreement and Borrower has concluded that such discontinuance would not, individually or in the aggregate, have a Material Adverse Effect, or (b) from taking any action permitted under Section 5.12.

Section . Other Covenants. In the event that Borrower shall enter into, or shall have entered into, or shall amend the terms of, any Material Indebtedness Agreement, such that the covenants (excluding any such covenants relating to the maintenance or preservation of real or personal property) contained therein are more restrictive than the covenants set forth herein, then Borrower shall be bound hereunder by such covenants with the same force and effect as if such covenants and agreements were written herein.

Section . Amendment of Organizational Documents, Etc. Neither Borrower nor any Guarantor of Payment shall amend its Organizational Documents in any manner that would affect the validity or enforceability of any Loan Document without the prior written consent of Agent and the Required Lenders.

Section . Guaranties of Payment; Guaranty Under Material Indebtedness Agreement. Neither Borrower nor any Domestic Subsidiary shall be or become a Guarantor of any Indebtedness incurred pursuant to any Material Indebtedness Agreement (other than this Agreement) unless such Company is also a Guarantor of Payment under this Agreement prior to or concurrently therewith.

Section . Pari Passu Ranking. The Debt shall, and Borrower shall take all necessary action to ensure that the Debt shall, at all times rank at least pari passu in right of payment (to the fullest extent permitted by law) with all other senior unsecured Indebtedness of Borrower and each Guarantor of Payment.

Section . Receivables Facility Documents. With respect to the Permitted Receivables Facility, prior to the Receivables Subsidiary or any other Company executing any definitive documentation in connection therewith, Borrower shall provide to Agent and the Lenders final execution copies of all agreements, instruments and other documents to be executed in connection with the Permitted Receivables Facility (collectively, the "Receivables Facility Documents"). Contemporaneously with the closing of the Permitted Receivables Facility, Borrower shall deliver to Agent fully executed copies of the Receivables Facility Documents certified by an officer of Borrower as being true and complete.

Section . Anti-Terrorism Laws. Borrower shall not be subject to or in violation of any law, regulation, or list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list, Executive Order No. 13224 or the USA Patriot Act) that prohibits or limits the conduct of business with or the receiving of funds, goods or services to or for the benefit of certain Persons specified therein or that prohibits or limits any Lender from making any advance or extension of credit to Borrower or from otherwise conducting business with Borrower. Borrower covenants and agrees that it will, and will cause each of its Subsidiaries to promptly, following a request by Agent, any Lender or any LC Issuer, provide all documentation and other information that Agent, such Lender or such LC Issuer reasonably requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the USA Patriot Act.

ARTICLE VI

CONDITIONS PRECEDENT; EFFECTIVENESS

Section . All Credit Events. The obligation of any Lender and any LC Issuer to participate in any Credit Event is conditioned, in the case of each such Credit Event, upon the following:

(a) all conditions precedent listed in Section 6.02 hereof shall have been satisfied;

(b) (i) with respect to any borrowing, conversion or continuation of a Revolving Loan, Borrower shall have submitted a Notice of Loan and otherwise complied with the requirements of Section 2.03 (other than 2.03(a)(ii)) hereof, and (ii) with respect to any request for the issuance, amendment or renewal of a Letter of Credit, Borrower shall have complied with the requirements of Section 2.03(a)(ii) hereof;

(c) no Default or Event of Default shall then exist or immediately after such Credit Event would exist; and

(d) each of the representations and warranties contained in Article IV hereof shall be true and correct with the same force and effect as if made on and as of the date of such Credit Event, except to the extent that any thereof expressly relate to an earlier date.

Each request by Borrower with respect to any Credit Event shall be deemed to be a representation and warranty by Borrower as of the date of such request as to the facts specified in subparts (c) and (d) above.

Section . Effectiveness of Agreement. The amendment and restatement of the Original Credit Agreement and the obligation of the Lenders and LC Issuers to participate in the first Credit Event hereunder is subject to the satisfaction of the following conditions:

(a) Notes. Borrower shall have executed and delivered to each Lender its Revolving Credit Note and shall have executed and delivered to Agent the Swing Line Note.

(b) Guaranty of Payment. The Guarantors of Payment shall have executed and delivered to Agent the Guaranty of Payment.

(c) Officer's Certificate, Resolutions, Organizational Documents. Borrower and each Guarantor of Payment shall have delivered to Agent an officer's certificate certifying the names of the officers of Borrower or such Guarantor of Payment authorized to sign the Loan Documents to which each is a party, together with the true signatures of such officers and certified copies of (i) the resolutions of the board of directors of Borrower and each Guarantor of Payment evidencing approval of the execution and delivery of the Loan Documents and the execution of other Related Writings to which Borrower or such Guarantor of Payment, as the case may be, is a party, and (ii) the Organizational Documents of Borrower and each Guarantor of Payment.

(d) Legal Opinion. Borrower shall have delivered to Agent an opinion of counsel from the General Counsel of Borrower for Borrower and each Guarantor of Payment, in form and substance satisfactory to Agent and the Lenders.

(e) Good Standing and Full Force and Effect Certificates. Borrower shall have delivered to Agent a good standing certificate or full force and effect certificate, as the case may be, for Borrower and each Guarantor of Payment, issued on or about the Closing Date by the Secretary of State in the state where Borrower or such Guarantor of Payment is incorporated and in each state in which Borrower or such Guarantor of Payment is qualified as a foreign entity and in which the failure to so qualify would have a Material Adverse Effect.

(f) Closing Certificate. Borrower shall have delivered to Agent an officer's certificate certifying that, as of the Closing Date, (i) all conditions precedent set forth in this Section 6.02 have been satisfied, (ii) no Default or Event of Default exists nor immediately after the making of the first Loan will exist, and (iii) each of the representations and warranties contained in Article IV hereof are true and correct as of the Closing Date.

(g) Closing and Legal Fees; Fee Letters. Borrower shall have (i) executed and delivered to Agent, the Agent Fee Letter and paid to Agent, for its sole benefit, the fees set forth therein due and payable at or before the Closing Date that are then unpaid, (ii) paid to JPM, for its sole benefit, the fees agreed to by Borrower and JPM, pursuant to the JPM Fee Letter that are due and payable at or before the Closing Date that are then unpaid, (iii) paid to Agent, for the benefit of the Lenders, the fees agreed to by Borrower and the Lenders that are due and payable at or before the Closing Date, (iv) paid all legal fees and expenses of Agent in connection with the preparation and negotiation of the Loan Documents to the extent then invoiced and (v) paid all fees accrued under the Original Credit Agreement through the day immediately preceding the Closing Date and all other amounts due and payable on or prior to the Closing Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses (including fees, charges and disbursements of counsel) required to be reimbursed or paid by any Company hereunder (including under the Original Credit Agreement) or under any other Loan Document.

(h) Lien Searches. With respect to the property owned or leased by Borrower and each Guarantor of Payment, Borrower shall have delivered to Agent (i) the results of U.C.C. lien searches, satisfactory to Agent and the Lenders; (ii) the results of federal and state tax lien and judicial lien searches, satisfactory to Agent and the Lenders; and (iii) U.C.C. termination statements reflecting termination of all financing statements previously filed by any other party having a security interest not permitted pursuant to this Agreement.

(i) No Material Adverse Change. No material adverse change has occurred in the financial condition or operations of the Companies since March 31, 2011.

(j) Repayment of Outstanding Loans and Letters of Credit. On the Closing Date, (i) Borrower shall have repaid all loans outstanding under the Original Credit Agreement and all accrued and unpaid interest and any amounts payable pursuant to Section 2.08(b) of the Original Credit Agreement in respect thereof and (ii) no Letters of Credit (other than the Existing Letters of Credit) shall be outstanding under the Original Credit Agreement.

(k) Miscellaneous. Borrower shall have provided to Agent and the Lenders such other items and shall have satisfied such other conditions as may be reasonably required by Agent or the Lenders.

It is understood and agreed that no term of the amendment and restatement contemplated hereby shall be effective until the Closing Date occurs, and that the Original Credit Agreement shall continue in full force and effect without regard to the amendment and restatement contemplated hereby until the Closing Date.

Section . Closing Date Adjustment of Commitments. Effective on the Closing Date, the Revolving Credit Commitment (as defined in the Original Credit Agreement) of each Original Lender under the Original Credit Agreement that is not also Lender under this Agreement shall be deemed to have been permanently terminated in full upon receipt by such Original Lender of the payment of any outstanding amounts due to such Lender thereunder, whereupon Agent shall make such adjustments to the Revolving Credit Commitments of the Lenders such that the amount of their Revolving Credit Commitments are in accordance with their respective Commitment Percentages. Agent shall request that each Original Lender under the Original Credit Agreement that is not also a Lender under this Agreement promptly return its promissory note executed in connection with the Original Credit Agreement to Borrower. Each Lender that was an

Original Lender under the Original Credit Agreement shall promptly return its promissory note executed in connection with the Original Credit Agreement to Borrower.

Section . Reference to and Effect on the Original Credit Agreement. On and after the Closing Date, (i) each reference to the "Credit Agreement" in any of the Loan Documents and all other agreements, documents and instruments delivered by Borrower, any of the Lenders, the LC Issuer Agent and any other Person shall mean and be a reference to this Agreement, (ii) all obligations of the Company and the Guarantors under the Original Credit Agreement shall become obligations of the Company and the Guarantors hereunder, and (iii) the provisions of the Original Credit Agreement shall be superseded by the provisions hereof. Each of the parties hereto confirms that the amendment and restatement of the Original Credit Agreement upon the terms and subject to the conditions hereof shall not constitute a novation of the Original Credit Agreement.

ARTICLE VII

EVENTS OF DEFAULT

Each of the following shall constitute an Event of Default hereunder:

Section . Payments. If (a) the interest on any Note or any facility or other fee payable under this Agreement shall not be paid in full when due and payable or within five Business Days thereafter or (b) the principal of any Note or any Unreimbursed Letter of Credit Obligation shall not be paid in full when due and payable.

Section . Special Covenants. If any Company or any Obligor shall fail or omit to perform and observe Sections 5.07, 5.08, 5.09, 5.11, 5.12, 5.13, 5.14, 5.15, 5.19, 5.23 or 5.24 hereof.

Section . Other Covenants. If any Company or any Obligor shall fail or omit to perform and observe any agreement or other provision (other than those referred to in Sections 7.01 or 7.02 hereof) contained or referred to in this Agreement or any Related Writing that is on such Company's or Obligor's part, as the case may be, to be complied with, and that Default shall not have been fully corrected within 30 days after the receipt by Borrower of written notice of such default from Agent or the Required Lenders (any such notice to be identified as a "notice of default" and to refer specifically to this paragraph).

Section . Representations and Warranties. If any representation, warranty or statement made by any Company or any Obligor in this Agreement or in any Related Writing shall be false or erroneous in any material respect when made or deemed made.

Section . Cross Default. If any Company shall default (a) in the payment of principal, interest or fees due and owing with respect to any Material Indebtedness Agreement beyond any period of grace provided with respect thereto, or (b) in the performance or observance of any other agreement, term or condition contained in any Material Indebtedness Agreement beyond any period of grace provided with respect thereto, if the effect of such default is to allow the acceleration of the maturity of such Indebtedness or to permit the holder thereof to cause such Indebtedness to become due prior to its stated maturity.

Section . ERISA Default. The occurrence of one or more ERISA Events that the Required Lenders reasonably determine could have a Material Adverse Effect.

Section . Change in Control. If any Change in Control shall occur.

Section . Money Judgment. A final judgment or order for the payment of money shall be rendered against any Company or any Obligor by a court of competent jurisdiction, that remains unpaid or unstayed and undischarged for a period (during which execution shall not be effectively stayed) of 30 days after the date on which the right to appeal has expired, *provided* that the aggregate of all such judgments for all such Companies and Obligors shall exceed the greater of (a) $25,000,000 (or the Dollar Equivalent thereof) and (b) the amount that is 2% of Consolidated Total Assets (or the Dollar Equivalent thereof), less for purposes of such determination such amount of any insurance proceeds paid or to be paid by or on behalf of any Company in respect of such judgment or judgments or unconditionally acknowledged in writing to be payable by the insurance carrier that issued the related insurance policy.

Section . Validity of Loan Documents. (a) Any material provision, in the reasonable opinion of Agent, of any Loan Document shall at any time for any reason cease to be valid and binding and enforceable against Borrower or any Guarantor of Payment; (b) the validity, binding effect or enforceability of any Loan Document against Borrower or any Guarantor of Payment shall be contested by any Company; (c) Borrower or any Guarantor of Payment shall deny that it has any or further liability or obligation thereunder; or (d) any Loan Document shall be terminated, invalidated or set aside, or be declared ineffective or inoperative or in any way cease to give or provide to Agent and the Lenders the benefits purported to be created thereby.

Section . Solvency. If Borrower or any Material Subsidiary shall (a) except as permitted pursuant to Section 5.12 hereof, discontinue business, (b) generally not pay its debts as such debts become due, (c) make a general assignment for the benefit of creditors, (d) apply for or consent to the appointment of a receiver, a custodian, a trustee, an interim trustee, liquidator or similar official of all or a substantial part of its assets, (e) be adjudicated a debtor or insolvent or have entered against it an order for relief under Title 11 of the United States Code or under any other Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, as any of the foregoing may be amended from time to time, (f) file a voluntary petition in bankruptcy,

or have an involuntary proceeding filed against it and the same shall continue undismissed for a period of 60 days from commencement of such proceeding or case, or file a petition or an answer seeking reorganization or an arrangement with creditors or seeking to take advantage of any other law (whether federal, state or foreign) relating to relief of debtors, or admit (by answer, by default or otherwise) the material allegations of a petition filed against it in any bankruptcy, reorganization, insolvency or other proceeding (whether federal, state or foreign) relating to relief of debtors, (g) suffer or permit to continue unstayed and in effect for 60 consecutive days any judgment, decree or order entered by a court of competent jurisdiction, that approves a petition seeking its reorganization or appoints a receiver, custodian, trustee, interim trustee or liquidator or similar official of all or a substantial part of its assets, or (h) take, or omit to take, any action in order thereby to effect any of the foregoing.

ARTICLE VIII

REMEDIES UPON DEFAULT

Section . Optional Defaults. If any Event of Default referred to in Section 7.01, Section 7.02, Section 7.03, Section 7.04, Section 7.05, Section 7.06, Section 7.07, Section 7.08 or Section 7.09 hereof shall occur, Agent may, with the consent of the Required Lenders, and shall, at the request of the Required Lenders, give written notice to Borrower, to:

(a) terminate the Commitment and the credits hereby established, if not previously terminated, and, immediately upon such election, the obligations of the Lenders, and each thereof, to make any Loan, the obligation of Agent to make any Swing Loan, and the obligation of the LC Issuer to issue any Letter of Credit hereunder immediately shall be terminated, and/or

(b) accelerate the maturity of all of the Debt (if the Debt is not already due and payable), whereupon all of the Debt shall become and thereafter be immediately due and payable in full without any presentment or demand and without any further or other notice of any kind, all of which are hereby waived by Borrower.

Section . Automatic Defaults. If any Event of Default referred to in Section 7.10 hereof shall occur:

(a) all of the Commitment and the credits hereby established shall automatically and immediately terminate, if not previously terminated, no Lender thereafter shall be obligated to grant any Loan, Agent shall not be obligated to make any Swing Loan, and the LC Issuer shall not be obligated to issue any Letter of Credit hereunder, and

(b) the outstanding principal, interest and any other amounts on all of the Notes, and all of the other Debt, shall thereupon become and thereafter be immediately due and payable in full (if the Debt is not already due and payable), all without any presentment, demand or notice of any kind, which are hereby waived by Borrower.

Section . Letters of Credit. If the maturity of the Notes is accelerated pursuant to Sections 8.01 or 8.02 hereof, Borrower shall immediately deposit with Agent, as security for Borrower's and any other Company's obligations to reimburse the LC Issuers and the Lenders for any then outstanding Letters of Credit, cash equal to the sum of the aggregate undrawn balance of any then outstanding Letters of Credit. Each LC Issuer and the Lenders are hereby authorized, at their option, to deduct any and all such amounts from any deposit balances then owing by any Lender to or for the credit or account of any Company, as security for Borrower's and any other Company's obligations to reimburse such LC Issuer and the Lenders for any then outstanding Letters of Credit.

Section . Offsets. In addition to the rights and remedies of Agent, the LC Issuers, and the Lenders provided elsewhere in this Agreement or in any other Loan Document, or otherwise provided in law or equity, if there shall occur or exist any Event of Default referred to in Section 7.10 hereof or if the maturity of the Notes is accelerated pursuant to Section 8.01 or Section 8.02 hereof, Agent, each LC Issuer, and each Lender (and such Lender's affiliates) shall have the right at any time to set off against, and to appropriate and apply toward the payment of, any and all Debt then owing by Borrower to Agent, such LC Issuer, or that Lender (including, without limitation, any participation purchased or to be purchased pursuant to Section 2.02(b) or Section 8.05 hereof), whether or not the same shall then have matured, any and all deposit balances and all other indebtedness then held or owing by Agent, such LC Issuer, or that Lender (and such Lender's affiliates) to or for the credit or account of Borrower or any Guarantor of Payment, all without notice to or demand upon Borrower or any other Person, all such notices and demands being hereby expressly waived by Borrower.

Section . Equalization Provision. Each Lender agrees with the other Lenders that if it, at any time, shall obtain any Advantage over the other Lenders or any thereof in respect of the Debt (except as to Swing Loans and except under Article III hereof), it shall purchase from the other Lenders, for cash and at par, such additional participation in the Debt as shall be necessary to nullify the Advantage. If any such Advantage resulting in the purchase of an additional participation as aforesaid shall be recovered in whole or in part from the Lender receiving the Advantage, each such purchase shall be rescinded, and the purchase price restored (but without interest unless the Lender receiving the Advantage is required to pay interest on the Advantage to the Person recovering the Advantage from such Lender) ratably to the extent of the recovery. Each Lender further agrees with the other Lenders that if it at any time shall receive any payment for or on behalf of Borrower on any indebtedness owing by Borrower to that Lender by reason of offset of any deposit or other indebtedness, it will apply such payment first to any and all Debt owing by Borrower to that Lender (including, without limitation, any participation purchased or to be purchased pursuant to this Section or any other Section of this Agreement). Borrower agrees that any Lender so purchasing a participation from the other Lenders or any thereof pursuant to this Section may exercise all its rights of payment (including the right of set-off) with respect to such

participation as fully as if such Lender was a direct creditor of Borrower in the amount of such participation.

ARTICLE IX

THE AGENT

The Lenders authorize KeyBank National Association and KeyBank National Association hereby agrees to act as agent for the Lenders in respect of this Agreement upon the terms and conditions set forth elsewhere in this Agreement, and upon the following terms and conditions:

Section . Appointment and Authorization. Each Lender hereby irrevocably appoints and authorizes Agent to take such action as agent on its behalf and to exercise such powers hereunder as are delegated to Agent by the terms hereof, together with such powers as are reasonably incidental thereto. Neither Agent nor any of its affiliates, directors, officers, attorneys or employees shall be liable for any action taken or omitted to be taken by it or them hereunder or in connection herewith, except for its or their own gross negligence or willful misconduct.

Section . Note Holders. Agent may treat the payee of any Note as the holder thereof until written notice of transfer shall have been filed with it, signed by such payee and in form satisfactory to Agent.

Section . Consultation With Counsel. Agent may consult with legal counsel selected by it and shall not be liable for any action taken or suffered in good faith by it in accordance with the opinion of such counsel.

Section . Documents. Agent shall not be under any duty to examine into or pass upon the validity, effectiveness, genuineness or value of any Loan Documents or any other Related Writing furnished pursuant hereto or in connection herewith or the value of any collateral obtained hereunder, and Agent shall be entitled to assume that the same are valid, effective and genuine and what they purport to be.

Section . Agent and Affiliates. With respect to the Loans, Agent shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not Agent, and Agent and its affiliates may accept deposits from, lend money to and generally engage in any kind of business with any Company or any affiliate thereof.

Section . Knowledge of Default. It is expressly understood and agreed that Agent shall be entitled to assume that no Default or Event of Default has occurred, unless Agent has been notified by a Lender in writing that such Lender believes that a Default or Event of Default has occurred and is continuing and specifying the nature thereof.

Section . Action by Agent. Subject to the other terms and conditions hereof, so long as Agent shall be entitled, pursuant to Section 9.06 hereof, to assume that no Default or Event of Default shall have occurred and be continuing, Agent shall be entitled to use its discretion with respect to exercising or refraining from exercising any rights that may be vested in it by, or with respect to taking or refraining from taking any action or actions that it may be able to take under or in respect of, this Agreement. Agent shall incur no liability under or in respect of this Agreement by acting upon any notice, certificate, warranty or other paper or instrument believed by it to be genuine or authentic or to be signed by the proper party or parties, or with respect to anything that it may do or refrain from doing in the reasonable exercise of its judgment, or that may seem to it to be necessary or desirable in the premises.

Section . Notices, Default, Etc. In the event that Agent shall have acquired actual knowledge of any Default or Event of Default, Agent shall promptly notify the Lenders and shall take such action and assert such rights under this Agreement as the Required Lenders shall direct and Agent shall inform the other Lenders in writing of the action taken. Subject to the other terms and conditions hereof, Agent may take such action and assert such rights as it deems to be advisable, in its discretion, for the protection of the interests of the holders of the Notes.

Section . Indemnification of Agent. The Lenders agree to indemnify Agent and any LC Issuer (to the extent not reimbursed by Borrower) ratably, according to their respective Commitment Percentages, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by or asserted against Agent or such LC Issuer in its capacity as agent or LC Issuer, as applicable, in any way relating to or arising out of this Agreement or any Loan Document or any action taken or omitted by Agent or LC Issuer, as applicable, with respect to this Agreement or any Loan Document, *provided* that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including attorneys' fees) or disbursements resulting from Agent's or LC Issuer's gross negligence, willful misconduct or from any action taken or omitted by Agent or LC Issuer, as applicable, in any capacity other than as agent under the Loan Documents.

Section . Successor Agent. Agent may resign as agent hereunder by giving not fewer than 45 days prior written notice to Borrower and the Lenders (or such longer period of time as may be agreed to by Agent in its sole discretion). If Agent shall resign under this Agreement, then either (a) the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders (with the consent of Borrower so long as an Event of Default has not occurred and which consent shall not be unreasonably withheld), or (b) if a successor agent shall not be so appointed and approved within the 45 day period (or such longer period of time as may be agreed to by Agent in its sole discretion) following Agent's notice to the Lenders of its resignation, then Agent

shall appoint a successor agent that shall serve as agent until such time as the Required Lenders appoint a successor agent. Upon its appointment, such successor agent shall succeed to the rights, powers and duties as agent, and the term "Agent" shall mean such successor effective upon its appointment, and the former agent's rights, powers and duties as agent shall be terminated without any other or further act or deed on the part of such former agent or any of the parties to this Agreement.

Section . Other Agent. Any Lender identified herein as a Co-Agent, Syndication Agent, Documentation Agent, Co-Documentation Agent, Manager, Lead Arranger, Arranger, Book Runner or any other corresponding title, other than "Agent", shall have no right, power, obligation, liability, responsibility or duty under this Agreement or any other Credit Document except those applicable to all Lenders as such. Each Lender acknowledges that it has not relied, and will not rely, on any Lender so identified in deciding to enter into this Agreement or in taking or not taking any action hereunder.

Section . No Reliance on Agent's Customer Identification Program. Each Lender acknowledges and agrees that neither such Lender, nor any of its Affiliates, participants or assignees, may rely on Agent to carry out such Lender's, Affiliate's, participant's or assignee's customer identification program, or other obligations required or imposed under or pursuant to the USA Patriot Act or the regulations thereunder, including the regulations contained in 31 CFR 103.121 (as hereafter amended or replaced, the "CIP Regulations"), or any other Anti-Terrorism Law, including any programs involving any of the following items relating to or in connection with Borrower, any other Company, their respective Affiliates or agents, the Loan Documents or the transactions hereunder: (a) any identity verification procedures, (b) any record keeping, (c) any comparisons with government lists, (d) any customer notices or (e) any other procedures required under the CIP Regulations or such other laws.

Section . USA Patriot Act. Each Lender or assignee or participant of a Lender that is not organized under the laws of the United States of America or a state thereof (and is not excepted from the certification requirement contained in Section 313 of the USA Patriot Act and the applicable regulations because it is both (a) an affiliate of a depository institution or foreign bank that maintains a physical presence in the United States or foreign country, and (b) subject to supervision by a banking authority regulating such affiliated depository institution or foreign bank) shall deliver to Agent the certification, or, if applicable, recertification, certifying that such Lender is not a "shell" and certifying to other matters as required by Section 313 of the USA Patriot Act and the applicable regulations: (i) within 10 days after the Closing Date and (ii) at such other times as are required under the USA Patriot Act.

ARTICLE X

MISCELLANEOUS

Section . Lenders' Independent Investigation. Each Lender, by its signature to this Agreement, acknowledges and agrees that Agent has made no representation or warranty, express or implied, with respect to the creditworthiness, financial condition, or any other condition of any Company or with respect to the statements contained in any information memorandum furnished in connection herewith or in any other oral or written communication between Agent and such Lender. Each Lender represents that it has made and shall continue to make its own independent investigation of the creditworthiness, financial condition and affairs of the Companies in connection with the extension of credit hereunder, and agrees that Agent has no duty or responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other information with respect thereto (other than such notices as may be expressly required to be given by Agent to the Lenders hereunder), whether coming into its possession before the first Credit Event hereunder or at any time or times thereafter.

Section . No Waiver; Cumulative Remedies. No omission or course of dealing on the part of Agent, any Lender or the holder of any Note in exercising any right, power or remedy hereunder or under any of the Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder or under any of the Loan Documents. The remedies herein provided are cumulative and in addition to any other rights, powers or privileges held by operation of law, by contract or otherwise.

Section . Amendments, Consents.

(a) No amendment, modification, termination, or waiver of any provision of any Loan Document nor consent to any variance therefrom, shall be effective unless the same shall be in writing and signed by the Required Lenders and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, that any amendment, modification, termination, or waiver of any provision of Section 2.02(c) shall also require the consent of all LC Issuers. Anything herein to the contrary notwithstanding, unanimous consent of the Lenders affected thereby shall be required with respect to (a) any increase in the Commitment hereunder except as permitted by Section 2.10(b) of this Agreement, (b) the extension of maturity of the Loans, the payment date of interest or scheduled principal thereunder, or the payment date of facility or other fees or amounts payable hereunder, (c) any reduction in the rate of interest on the Notes, or in any amount of principal or interest due on any Note, or the payment of facility or other fees hereunder or any change in the manner of pro rata application of any payments made by Borrower to the Lenders hereunder, (d) any change in any percentage voting requirement, voting rights, or the Required Lenders definition in this Agreement, (e) the release of any Guarantor of Payment, except in accordance with Section 5.19 hereof or for the release of any Guarantor of Payment in connection with a transaction expressly permitted pursuant to this Agreement, or (f) any amendment to this Section 10.03 or Section 8.05 hereof. Notice of amendments or consents ratified

by the Lenders hereunder shall immediately be forwarded by Borrower to all Lenders. Each Lender or other holder of a Note shall be bound by any amendment, waiver or consent obtained as authorized by this Section, regardless of its failure to agree thereto. Notwithstanding any of the foregoing, this Agreement may be amended to extend the Commitment Period or to provide for additional Commitments in the manner contemplated by Section 2.10(b) and without any additional consent.

(b) If, (i) any Lender becomes a Defaulting Lender or (ii) in connection with any proposed amendment, modification, termination, waiver or consent with respect to any provisions hereof as contemplated by this Section 10.03 that requires the consent of a greater percentage of the Lenders than the Required Lenders, the consent of the Required Lenders shall have been obtained but the consent of a Lender whose consent is required shall not have been obtained (each a "Non-Consenting Lender"), then Borrower may, at its sole expense and effort, upon notice to such Defaulting Lender or Non-Consenting Lender, as applicable, and Agent, require such Defaulting Lender or Non-Consenting Lender, as applicable, to assign and delegate, without recourse, all its interests, rights and obligations under this Agreement to an assignee that is an eligible assignee under Section 10.10(a) of this Agreement that shall assume such obligations; provided that (A) Borrower shall have received the prior written consent of Agent and each LC Issuer, which consents shall not be unreasonably withheld or delayed, (B) such Defaulting Lender or Non-Consenting Lender, as applicable, shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or Borrower (in the case of all other amounts, including any prepayment costs under Section 2.08 and any other amounts accrued and owing to such Defaulting Lender or Non-Consenting Lender, as applicable, under Article 3 hereof, and (C) in the case of any such assignment resulting from a Lender becoming a Non-Consenting Lender, such assignee shall consent at the time of such assignment to each matter in respect of which such Non-Consenting Lender did not consent. Each Lender agrees that, if it becomes a Defaulting Lender or Non-Consenting Lender, as applicable, and is being replaced in accordance with this Section 10.03(b), it shall execute and deliver to Agent an Assignment Agreement to evidence such assignment and shall deliver to Agent any Notes previously delivered to such Defaulting Lender or Non-Consenting Lender, as applicable. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling Borrower to require such assignment and delegation cease to apply.

Section . Notices. All notices, requests, demands and other communications provided for hereunder shall be in writing addressed to each party at the address specified on the signature pages of this Agreement, or, as to each party, at such other address as shall be designated by such party in a written notice to each of the other parties. All notices, statements, requests, demands and other communications provided for hereunder shall be deemed delivered (a) upon receipt when delivered in person, (b) upon receipt of electronic confirmation of error free transmission when sent by facsimile or other electronic means, or (c) upon receipt when sent by nationally (or internationally, as the case may be) recognized overnight delivery service, first class mail, registered mail, or certified mail.

Section . Costs, Expenses and Taxes. Borrower agrees to pay on demand all costs and expenses of Agent, including, but not limited to, (a) reasonable syndication, administration, travel and out-of-pocket expenses, including, but not limited to, reasonable attorneys' fees and expenses, of Agent in connection with the preparation, negotiation and closing of the Loan Documents and the administration of the Loan Documents, the collection and disbursement of all funds hereunder and the other instruments and documents to be delivered hereunder, (b) reasonable extraordinary expenses of Agent in connection with the administration of the Loan Documents and the other instruments and documents to be delivered hereunder, (c) reasonable out of pocket expenses incurred by any LC Issuer in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder, and (d) reasonable fees and out-of-pocket expenses of special counsel for Agent, with respect to the foregoing, and of local counsel, if any, who may be retained by said special counsel with respect thereto. Borrower also agrees to pay on demand all costs and expenses of Agent, each LC Issuer and the Lenders, including reasonable attorneys' fees, in connection with the restructuring or enforcement of the Debt, this Agreement or any Related Writing. In addition, Borrower shall pay any and all stamp and other taxes and fees payable or determined to be payable in connection with the execution and delivery of the Loan Documents, and the other instruments and documents to be delivered hereunder, and agrees to hold Agent, each LC Issuer and each Lender harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes or fees.

Section . Indemnification. Borrower agrees to defend, indemnify and hold harmless Agent, each LC Issuer and the Lenders (and their respective affiliates, officers, directors, attorneys, agents and employees) from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including attorneys' fees) or disbursements of any kind or nature whatsoever that may be imposed on, incurred by or asserted against any of them in connection with any investigative, administrative or judicial proceeding (whether or not such Lender, LC Issuer or Agent shall be designated a party thereto or whether initiated by Borrower or any of its Subsidiaries, or their respective affiliates, or a third party) or any other claim by any Person relating to or arising out of any Loan Document or any actual or proposed use of proceeds of the Loans or any of the Debt; *provided* that neither Agent nor any LC Issuer or Lender shall have the right to be indemnified under this Section for its own gross negligence or willful misconduct; *provided, further*, that with respect to any such costs, expenses (including attorneys' fees) and disbursements incurred by Agent, any LC Issuer and/or any of the Lenders, Borrower shall only indemnify Agent or such Lenders for such reasonable costs, expenses and disbursements. All obligations provided for in this Section 10.06 shall survive any termination of this Agreement.

To the fullest extent permitted by applicable law, no party hereto shall be subject to any theory of liability for special,

indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of this Agreement, or any other Loan Document or any agreement or instrument contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof; *provided*, that nothing in this sentence shall limit Borrower's indemnity and reimbursement obligations under this Section 10.06 to the extent such special, indirect, consequential or punitive damages are included in any third party claim in connection with which Agent, any LC Issuer or any Lender (and each of their respective affiliates, officers, directors, attorneys, agents and employees) is entitled to indemnification thereunder.

Section . Obligations Several; No Fiduciary Obligations. The obligations of the Lenders and the LC Issuers hereunder are several and not joint. Nothing contained in this Agreement and no action taken by Agent and LC Issuer or the Lenders pursuant hereto shall be deemed to constitute the Lenders and the LC Issuers a partnership, association, joint venture or other entity. No default by any Lender or LC Issuer hereunder shall excuse the other Lenders or LC Issuers from any obligation under this Agreement; but no Lender or LC Issuer shall have or acquire any additional obligation of any kind by reason of such default. The relationship among Borrower and the Lenders and LC Issuers with respect to the Loan Documents and the Related Writings is and shall be solely that of debtor and creditors, respectively, and neither Agent nor any LC Issuer or Lender shall have any fiduciary obligation toward Borrower with respect to any such documents or the transactions contemplated thereby.

Section . Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

Section . Binding Effect; Borrower's Assignment. This Agreement shall become effective when it shall have been executed by Borrower, Agent and by each Lender and thereafter shall be binding upon and inure to the benefit of Borrower, Agent and each of the Lenders and their respective successors and assigns, except that Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of Agent, each LC Issuer and all of the Lenders.

Section . Assignments.

(a) Each Lender shall have the right, in accordance with the terms and conditions of this Section 10.10, at any time or times to assign to one or more commercial banks, finance companies, insurance companies or other financial institution or fund which, in each case, in the ordinary course of business extends credit of the type contemplated herein and whose becoming an assignee would not constitute a prohibited transaction under Section 4975 of ERISA, without recourse, all or a percentage of all of such Lender's Commitment, all Loans made by such Lender, such Lender's Notes, and such Lender's interest in any participation purchased pursuant to Section 2.02(b) or Section 8.05 hereof.

(b) No assignment may be consummated pursuant to this Section 10.10 without the prior written consent of Borrower, Agent and each LC Issuer (other than an assignment by any Lender to any affiliate of such Lender which affiliate is either wholly-owned by such Lender or is wholly-owned by a Person that wholly owns, either directly or indirectly, such Lender), which consent of Borrower, Agent and each LC Issuer shall not be unreasonably withheld; *provided*, *however*, that, Borrower's consent shall not be required if, (i) such assignment is to another Lender, or (ii) at the time of the proposed assignment, any Default or Event of Default shall then exist. Anything herein to the contrary notwithstanding, any Lender may at any time make a collateral assignment of all or any portion of its rights under the Loan Documents to a Federal Reserve Bank, and no such assignment shall release such assigning Lender from its obligations hereunder.

(c) Each assignment made pursuant to this Section 10.10 shall be in a minimum amount of the lesser of $5,000,000 of the assignor's Commitment and interest herein or the entire amount of the assignor's Commitment and interest herein.

(d) Unless an assignment made pursuant to this Section 10.10 shall be to an affiliate of the assignor or the assignment shall be due to merger of the assignor or for regulatory purposes, either the assignor or the assignee shall remit to Agent, for its own account, an administrative fee of $3,500.

(e) Unless an assignment made pursuant to this Section 10.10 shall be due to merger of the assignor or a collateral assignment for regulatory purposes, the assignor shall (i) cause the assignee to execute and deliver to Borrower and Agent an Assignment Agreement and (ii) execute and deliver, or cause the assignee to execute and deliver, as the case may be, to Agent such additional amendments, assurances and other writings as Agent may reasonably require.

(f) If an assignment made pursuant to this Section 10.10 is to be made to an assignee that is not a United States Person (as such term is defined in Section 7701(a)(30) of the Code) for Federal income tax purposes, the respective assignee Lender shall provide to Borrower and Agent the applicable Internal Revenue Service Forms (and any necessary additional documentation) described in Section 2.07(b).

(g) Upon satisfaction of all applicable requirements specified in subparts (a) though (f) above, Borrower shall execute and deliver (i) to Agent, the assignor and the assignee, any consent or release (of all or a portion of the obligations of the assignor) required to be delivered by Borrower in connection with the Assignment Agreement, and (ii) to the assignee or the assignor (if applicable), an appropriate Note or Notes. After delivery of the new Note or Notes, the assignor's Note or Notes being replaced shall be returned to Borrower marked “replaced”.

(h) Upon satisfaction of all applicable requirements specified in subparts (a) though (f) above, and any other condition contained in this Section 10.10, (i) the assignee shall become and thereafter be deemed to be a “Lender” for the purposes of this Agreement, (ii) the Assignor shall be released from its obligations hereunder to the extent its interest has been assigned, (iii) in

the event that the assignor's entire interest has been assigned, the assignor shall cease to be and thereafter shall no longer be deemed to be a "Lender" and (iv) the signature pages hereto and Schedule 1(a) hereto shall be automatically amended, without further action, to reflect the result of any such assignment.

(i) Agent shall maintain at the address for notices referred to in Section 10.04 hereof a copy of each Assignment Agreement delivered to it and a register (the "Register") for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Loans owing to, each Lender from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and Borrower, Agent and the Lenders may treat each financial institution whose name is recorded in the Register as the owner of the Loan recorded therein for all purposes of this Agreement. The Register shall be available for inspection by Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

Section . Participations.

(a) Each Lender shall have the right at any time or times, without the consent of Agent or Borrower, to sell one or more participations or sub-participations to a financial institution or other "accredited investor" (as defined in SEC Regulation D), as the case may be, in all or any part of such Lender's Commitment, such Lender's Commitment Percentage, any Loan made by such Lender, any Note delivered to such Lender pursuant to this Agreement, and such Lender's interest in any participation, if any, purchased pursuant to Section 2.02(b), Section 8.05 or this Section 10.11.

(b) The provisions of Article III and Section 10.06 shall inure to the benefit of each purchaser of a participation or sub-participation and Agent shall continue to distribute payments pursuant to this Agreement as if no participation has been sold.

(c) If any Lender shall sell any participation or sub-participation pursuant to this Section 10.11, such Lender shall, as between itself and the purchaser, retain all of its rights (including, without limitation, rights to enforce against Borrower the Loan Documents and the Related Writings) and duties pursuant to the Loan Documents and the Related Writings, including, without limitation, such Lender's right to approve any waiver, consent or amendment pursuant to Section 10.03, except if and to the extent that any such waiver, consent or amendment would:

(i) reduce any fee or commission allocated to the participation or sub-participation, as the case may be,

(ii) reduce the amount of any principal payment on any Loan allocated to the participation or sub-participation, as the case may be, or reduce the principal amount of any Loan so allocated or the rate of interest payable thereon, or

(iii) extend the time for payment of any amount allocated to the participation or sub-participation, as the case may be.

(d) Each participant shall be entitled to the benefits of Section 2.07 with respect to its participation as if it was a Lender, except that a participant shall (i) only deliver the forms described in Section 2.07(b) to the Lender granting it such participation and (ii) not be entitled to receive any greater payment under Section 2.07(b) other than the applicable Lender would have been entitled to receive absent the participation, except to the extent such entitlement to a greater payment arose from a Change in Law, after the participant became a participant hereunder. In the event that any Lender sells participations in a Loan, such Lender shall, acting for this purpose as a non-fiduciary agent of Borrower, maintain a register on which it enters the name of all participants in such Loan and the principal amount (and stated interest thereon) of the portion of such Loan that is the subject of the participation (the "Participant Register"). A Loan (and the registered note, if any, evidencing the same) may be participated in whole or in part only by registration of such participation on the Participant Register (and each registered note shall expressly so provide). Any participation of a Loan (and the registered note, if any, evidencing the same) may be effected only by the registration of such participation on the Participant Register. The Participant Register shall be available for inspection by Borrower and any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) No participation or sub-participation shall operate as a delegation of any duty of the seller thereof.

(f) Under no circumstance shall any participation or sub-participation be deemed a novation in respect of all or any part of the seller's obligations pursuant to this Agreement.

Section . Severability of Provisions; Captions; Attachments. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction. The several captions to Sections and subsections herein are inserted for convenience only and shall be ignored in interpreting the provisions of this Agreement. Each schedule or exhibit attached to this Agreement shall be incorporated herein and shall be deemed to be a part hereof.

Section . Judgment Currency. If Agent, on behalf of the Lenders, obtains a judgment or judgments against Borrower in an Alternate Currency, the obligations of Borrower in respect of any sum adjudged to be due to Agent or the Lenders hereunder or under the Notes (the "Judgment Amount") shall be discharged only to the extent that, on the Business Day following receipt by Agent of the Judgment Amount in the Alternate Currency, Agent, in accordance with normal banking procedures, may purchase Dollars with the Judgment Amount in such Alternate Currency. If the amount of Dollars so purchased is less than the amount of Dollars that could have been purchased with the Judgment Amount on the date or dates the Judgment Amount (excluding the portion of the Judgment Amount which has accrued as a result of the failure of Borrower to pay the sum originally due hereunder or under the Notes when it was originally due hereunder or under the Notes) was originally due and owing (the "Original Due Date") to Agent or the Lenders hereunder or under the Notes (the "Loss"), Borrower agrees as a separate obligation and notwithstanding any such judgment, to indemnify Agent or such Lender, as the case may be, against the Loss, and if the amount

of Dollars so purchased exceeds the amount of Dollars that could have been purchased with the Judgment Amount on the Original Due Date, Agent or such Lender agrees to remit such excess to Borrower.

Section . Investment Purpose. Each of the Lenders represents and warrants to Borrower that it is entering into this Agreement with the present intention of acquiring any Note issued pursuant hereto for investment purposes only and not for the purpose of distribution or resale, it being understood, however, that each Lender shall at all times retain full control over the disposition of its assets.

Section . Entire Agreement. This Agreement, any Note and any other Loan Document or other agreement, document or instrument attached hereto or executed on or as of the Closing Date integrate all the terms and conditions mentioned herein or incidental hereto and supersede all oral representations and negotiations and prior writings with respect to the subject matter hereof.

Section . Governing Law; Submission to Jurisdiction. This Agreement, each of the Notes and any Related Writing shall be governed by and construed in accordance with the laws of the State of Ohio and the respective rights and obligations of Borrower, the LC Issuers and the Lenders shall be governed by Ohio law, without regard to principles of conflict of laws; provided, however, that, with respect to Letters of Credit, except to the extent inconsistent with the laws of the State of Ohio or otherwise expressly stated in any such Letter of Credit, Letters of Credit shall be subject to the terms of (a) with respect to matters relating to standby Letters of Credit and LC Applications therefor, the ISP or the UCP, at the option of the LC Applicant, and (b) with respect to matters relating to commercial Letters of Credit and LC Applications therefor, the UCP. Borrower hereby irrevocably submits to the non-exclusive jurisdiction of any Ohio state or federal court sitting in Cleveland, Ohio, over any action or proceeding arising out of or relating to this Agreement, the Debt or any Related Writing, and Borrower hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such Ohio state or federal court. Borrower, on behalf of itself and its Subsidiaries, hereby irrevocably waives, to the fullest extent permitted by law, any objection it may now or hereafter have to the laying of venue in any action or proceeding in any such court as well as any right it may now or hereafter have to remove such action or proceeding, once commenced, to another court on the grounds of FORUM NON CONVENIENS or otherwise. Borrower agrees that a final, nonappealable judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

Section . Legal Representation of Parties. The Loan Documents were negotiated by the parties with the benefit of legal representation and any rule of construction or interpretation otherwise requiring this Agreement or any other Loan Document to be construed or interpreted against any party shall not apply to any construction or interpretation hereof or thereof.

Section . Source of Funds. Each of the Lenders hereby severally (and not jointly) represents to Borrower that no part of the funds to be used by such Lender to fund the Loans hereunder from time to time constitutes (a) assets allocated to any separate account maintained by such Lender in which any employee benefit plan (or its related trust) has any interest nor (b) any other assets of any employee benefit plan. As used in this Section, the terms “employee benefit plan” and “separate account” shall have the respective meanings assigned to such terms in Section 3 of ERISA.

Section . Confidential Information. For the purposes of this Section, “*Confidential Information*” means information provided to a Lender by or on behalf of a Company in connection with the transactions contemplated by or otherwise pursuant to this Agreement that is confidential and/or proprietary in nature and that was clearly marked or labeled or otherwise adequately identified in writing (or verbally in the case of an oral communication) when received by such Lender as being confidential information; *provided* that such term does not include information that (a) was publicly known or otherwise known to such Lender prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by such Lender or any Person acting on such Lender's behalf, (c) otherwise becomes known to such Lender other than through disclosure by a Company or any other Lender, or (d) constitutes financial statements delivered or made available to such Lender under Article V that are otherwise publicly available. Each Lender will maintain the confidentiality of Confidential Information provided to the Lender in accordance with reasonable procedures adopted by such Lender in good faith to protect confidential information of third parties delivered to such Lender, *provided* that such Lender may deliver or disclose Confidential Information to (i) its directors, trustees, officers, employees, agents, attorneys and Affiliates (which Affiliates have agreed to hold confidential the confidential information) (to the extent such disclosure reasonably relates to this Agreement), (ii) its financial advisors and other professional advisors who agree to hold confidential the Confidential Information substantially in accordance with the terms of this Section, (iii) any other Lender, (iv) any permitted assignee to which such Lender proposes to make, or makes, an assignment pursuant to and permitted by Section 10.10 (and provided such Person has agreed in writing prior to its receipt of such Confidential Information to be bound by the provisions of this Section), (v) any federal or state regulatory authority having jurisdiction over such Lender to the extent required, or (vi) any other Person to which such delivery or disclosure may be required (w) to effect compliance with any law, rule, regulation or order applicable to such Lender, (x) in response to any subpoena or other legal process, (y) in connection with any litigation to which such Lender is a party or (z) if an Event of Default has occurred and is continuing, to the extent such Lender may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of such Lender's rights and remedies under this Agreement. Without limiting the foregoing, each assignee pursuant to Section 10.10 shall enter into such agreement with Borrower confirming that such assignee is bound by the provisions of this Section as Borrower may reasonably request.

Section . Jury Trial Waiver. BORROWER, AGENT, EACH LC ISSUER AND EACH OF THE LENDERS WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG BORROWER, AGENT AND THE LENDERS, OR ANY THEREOF, ARISING OUT OF, IN

CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS AGREEMENT OR ANY NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED THERETO.

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

Address:5960 Heisley Road
Mentor, Ohio 44060
Attn:Vice President and Corporate Treasurer

STERIS CORPORATION
By: /s/William L. Aamoth_____
William L. Aamoth, Vice President and Corporate Treasurer

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

Address:127 Public Square
Cleveland, Ohio 44114-1306
Attn: KCIB Loan Services

KEYBANK NATIONAL ASSOCIATION, as Agent, Joint-Lead Arranger, Joint-Book Runner, an LC Issuer and as a Lender
By: /s/Sukanya Raj_____
Name: Sukanya Raj
Title: Vice President

Address: 10 S. Dearborn, Floor 09
Chicago, Illinois 60603
Attn: Brendan Korb, VP

JPMORGAN CHASE BANK, N.A., as Syndication Agent, an LC Issuer and a Lender
By: /s/Brendan Korb_____
Name: Brendan Korb
Title: Vice President

Address: 414 Union Street
4th Floor
Nashville, TN 37219

BANK OF AMERICA, N.A.,
as an LC Issuer and a Lender
By: /s/ E. Mark Hardison
Name: E. Mark Hardison
Title: Vice President

Address: 1215 Superior Avenue
Mailcode: OHS555
Cleveland, OH 44114
Attn: Joshua Botnick

RBS CITIZENS, N.A.,
as Lender
By: /s/ Joshua Botnick
Name: Joshua Botnick
Title: Vice President

THE BANK OF TOKYO-MITSUBISHI UFJ, LTD.,
as Lender

By: /s/ Lillian Kim
Name: Lillian Kim
Title: Director

Address: 1900 East Ninth Street
BY-YB13-34-3
Cleveland, Ohio 44114Attn: Joseph G. Moran

PNC BANK, NATIONAL ASSOCIATION,
as Co-Documentation Agent and a Lender

By: /s/ Joseph G. Moran
Name: Joseph G. Moran
Title: Senior Vice President

Address: 461 Fifth Avenue, 16th Floor
New York, New York 10017
Attn: Jennifer Hwang

U.S. BANK NATIONAL ASSOCIATION
as Co-Documentation Agent and a Lender

By: /s/ Jennifer Hwang
Name: Jennifer Hwang
Title: Vice President

Address: Citibank, N.A.
388 Greenwich St.
New York, NY 10013
Attn: Blake Gronich

CITIBANK, N.A.,
as Lender

By: /s/ Blake Gronich
Name: Blake Gronich
Title: Vice President

Address: 75 State Street
Boston, MA 02109
Attn: William R. Rogers

SOVEREIGN BANK, N.A.,
as Lender

By: /s/ William R. Rogers

Name: William R. Rogers

Title: Senior Vice President

Exhibit 10.2

THIRD AMENDED AND RESTATED GUARANTY OF PAYMENT

This THIRD AMENDED AND RESTATED GUARANTY OF PAYMENT (as the same may from time to time be amended, restated, supplemented or otherwise modified, this "Guaranty") is entered into as of April 13, 2012 by each of the undersigned and any other Person, as defined in the Credit Agreement, as hereinafter defined, that becomes a party hereto by joined supplement or otherwise after the date hereof (collectively, "Guarantors" and, individually, "Guarantor"), in favor of KEYBANK NATIONAL ASSOCIATION, as administrative agent ("Agent"), for the benefit of the Lenders, as hereinafter defined.

Recitals:

A. STERIS CORPORATION, an Ohio corporation (together with its successors and assigns, "Borrower"), is entering into the Third Amended and Restated Credit Agreement, dated as of the date hereof (as the same may from time to time be amended, restated or otherwise modified, the "Credit Agreement"; except as specifically defined herein, capitalized terms used herein that are defined in the Credit Agreement have the respective meanings ascribed to such terms in the Credit Agreement), by and among Borrower, Agent and the lending institutions from time to time parties thereto (together with their respective successors and assigns, collectively, "Lenders" and, individually, "Lender").

B. Each Guarantor is a Material Subsidiary of Borrower whose financing is provided by the Loans, as hereinafter defined, and each Guarantor deems it to be in its direct pecuniary and business interests that Borrower obtain from the Lenders the Commitment and the Loans provided for in the Credit Agreement.

C. Each Guarantor understands that the Lenders are willing to enter into the Credit Agreement with Borrower only upon certain terms and conditions, one of which is that the Guarantors guarantee the payment of the Debt and this Guaranty is being executed and delivered in consideration of Agent and the Lenders entering into the Credit Agreement and for other valuable considerations.

Agreement:

In consideration of the premises and the covenants hereinafter contained, each of the Guarantors agrees as follows:

Section 1. Guaranty of Debt. Each Guarantor, jointly and severally, hereby absolutely and unconditionally guarantees the prompt payment in full of all of the Debt, whether now existing or hereafter arising, as and when the respective parts thereof become due and payable (whether at the stated maturity, by acceleration or otherwise) (the "Guaranteed Obligations"). If the Debt, or any part thereof, is not paid in full when due and payable (whether at the stated maturity, by acceleration or otherwise), Agent, on behalf of the Lenders, in each case, has the right to proceed directly against any Guarantor under this Guaranty to collect the payment in full of the Debt, regardless of whether or not Agent, on behalf of the Lenders, has theretofore proceeded or is proceeding against Borrower or any other Obligor. Agent and the Required Lenders, in their sole discretion, may proceed against any Obligor, and may exercise each right, power or privilege that Agent or the Lenders may then have, either simultaneously or separately, and, in any event, at such time or times and as often and

in such order as Agent and the Required Lenders, in their sole discretion, may from time to time deem expedient to collect the payment in full of the Debt.

Section 2. Payments Conditional. Whenever Agent or any Lender credits any payment to the Debt or any part thereof, whatever the source or form of payment, the credit shall be conditional as to each Guarantor unless and until the payment is final and valid as to all the world. Without limiting the generality of the foregoing, each Guarantor agrees that if any check or other instrument so applied is dishonored by the drawer or any party thereto, each Lender, in each case, may reverse any entry relating thereto on its books and such Guarantor shall remain liable therefor, even if such Lender may no longer have in its possession any evidence of the Debt to which the payment in question was applied. If, in any bankruptcy, insolvency or similar proceeding or otherwise, all or part of any payment with respect to Debt previously made under this Guaranty shall be rescinded for any reason whatsoever, then the obligations under this Guaranty shall be reinstated to the extent of the amount so rescinded and, if theretofore terminated, this Guaranty shall be reinstated in full force and effect and such prior termination shall not diminish, release, discharge, impair or otherwise affect the obligations of any Guarantor hereunder.

Section 3. Guarantors' Obligations Absolute and Unconditional. Regardless of the duration of time, regardless of whether Borrower may from time to time cease to be indebted to the Lenders and irrespective of any act, omission or course of dealing whatever on the part of Agent or any Lender, each Guarantor's liabilities and other obligations under this Guaranty shall remain in full effect until the payment in full of the Debt. Without limiting the generality of the foregoing:

(a) no Lender shall at any time be under any duty to any Guarantor to grant any financial accommodation to Borrower, irrespective of any duty or commitment of any of the Lenders to Borrower, or to follow or direct the application of the proceeds of any such financial accommodation;

(b) each Guarantor waives (i) notice of the granting of any Loan to Borrower or the incurring of any other indebtedness by Borrower or the terms and conditions thereof, (ii) presentment, demand for payment and notice of dishonor of the Debt or any part thereof, or any other indebtedness incurred by Borrower to any of the Lenders, (iii) notice of any indulgence granted to any Obligor, (iv) any other notice to which such Guarantor might, but for this waiver, be entitled, (v) any defense based upon the invalidity or unenforceability of the Debt, (vi) any law or regulation of any jurisdiction or any other event affecting any term of the Debt, and (vii) any other circumstance that might constitute a defense of the Borrower or any Guarantor (other than payment);

(c) Agent and the Lenders, in their sole discretion, may, without any prejudice to their rights under this Guaranty, at any time or times, without notice to or the consent of any Guarantor, (i) grant Borrower whatever financial accommodations that Agent and the Lenders may from time to time deem advisable, even if Borrower might be in default in any respect and even if those financial accommodations might not constitute indebtedness the payment of which is guaranteed hereunder, (ii) assent to any renewal, extension, consolidation or refinancing of the Debt, or any part thereof, (iii) forbear from demanding security, if Agent and the Lenders have the right to do so, (iv) release any Obligor, irrespective of the consideration, if any, received therefor, (v) grant any waiver or consent or forbear from exercising any right, power or privilege that Agent and the Lenders may have or acquire, (vi) assent to any amendment, deletion, addition, supplement or other modification in, to or of any writing evidencing or securing any Debt or pursuant to which any Debt is created, (vii) grant any other indulgence to any Obligor, (viii) accept any other Obligor upon the Debt or any part thereof, and (ix) fail, neglect or omit in any way to realize upon any collateral or to protect the Debt or any part thereof;

(d) each Guarantor's liabilities and other obligations under this Guaranty shall survive any dissolution of such Guarantor; and

(e) each Guarantor's liabilities and other obligations under this Guaranty are absolute and unconditional irrespective of any lack of validity or enforceability of the Credit Agreement, the Notes, any Loan Document or any other agreement, instrument or document evidencing the Loans or related thereto, or any other defense available to such Guarantor in respect of this Guaranty.

Section 4. Representations and Warranties. Each Guarantor represents and warrants to Agent and each of the Lenders that (a) such Guarantor is a duly organized or formed and validly existing entity, in good standing or full force and effect under the laws of the state of its incorporation or formation, and is qualified to do business in each state where a failure to so qualify would have a Material Adverse Effect; (b) such Guarantor has legal power and right to execute and deliver this Guaranty and to perform and observe the provisions hereof; (c) the officer(s) executing and delivering this Guaranty on behalf of such Guarantor have been duly authorized to do so, and this Guaranty, when executed, is legal and binding upon such Guarantor in every respect; (d) except for matters described or referenced in the Credit Agreement or any schedule thereto, no litigation or proceeding is pending or threatened against such Guarantor before any court or any administrative agency that, in such Guarantor's opinion, after consultation with such Guarantor's counsel, is reasonably expected to have a material adverse effect on such Guarantor; (e) such Guarantor has received consideration that is the reasonable equivalent value of the obligations and liabilities that such Guarantor has incurred to Agent and the Lenders; (f) such Guarantor is not insolvent, as defined in any applicable state or federal statute, nor will such Guarantor be rendered insolvent by the execution and delivery of this Guaranty to Agent and the Lenders; (g) such Guarantor is not engaged or about to engage in any business or transaction for which the assets retained by such Guarantor are or will be an unreasonably small amount of capital, taking into consideration the obligations to the Lenders incurred hereunder; and (h) such Guarantor does not intend to, nor does such Guarantor believe that it will, incur debts beyond its ability to pay such debts as they mature.

Section 5. Incorporation of Credit Agreement. Each Guarantor agrees that all representations, warranties, and covenants contained in the Credit Agreement that are applicable to such Guarantor as a Company and/or as a Material Subsidiary thereunder are specifically incorporated herein as if such statements were made by such Guarantor herein. In addition, the LC Terms and Conditions are incorporated herein by reference. For the avoidance of doubt, if a Letter of Credit is requested under the Credit Agreement for the account of a Guarantor, such Guarantor agrees that it will be bound by the LC Terms and Conditions with respect to the Letter of Credit requested to be issued for its account.

Section 6. Subordination.

(a) Any Indebtedness of Borrower now or hereafter held by any Guarantor is hereby subordinated to the Indebtedness of Borrower to Agent and the Lenders; and such Indebtedness of Borrower to any Guarantor, if Agent, after an Event of Default has occurred so requests, shall be collected, enforced and received by such Guarantor as trustee for Agent and the Lenders and be paid over to Agent, for the benefit of Agent and the Lenders, on account of the Indebtedness of Borrower to Agent and the Lenders, but without affecting or impairing in any manner the liability of such Guarantor under the other provisions of this Guaranty. Prior to the transfer by any Guarantor of any note or negotiable instrument evidencing any Indebtedness of Borrower to such Guarantor, such Guarantor shall mark such note or negotiable instrument with a legend that the same is subject to this subordination.

(b) If and to the extent that any Guarantor makes any payment to Agent or any Lender or to any other person pursuant to or in respect of this Guaranty, any reimbursement, indemnification, contribution or similar claim that such Guarantor may have against Borrower or any other Guarantor by reason thereof shall be subject and subordinate to the prior termination of the Commitment and indefeasible payment in full of all Debt owed to Agent and the Lenders.

Section 7. Subrogation Rights. Until such time as the Debt has been paid in full in cash and otherwise fully performed and the Commitment under the Credit Agreement has been terminated, each Guarantor hereby irrevocably waives all rights of subrogation that it may at any time otherwise have as a result of this Guaranty (whether contractual, under section 509 of the Bankruptcy Code, or otherwise) to the claims of Agent and/or the Lenders against Borrower, any other Guarantor or any other guarantor of or surety for the Debt.

Section 8. Contribution.

(a) Contribution Among Guarantors. Each Guarantor, in addition to the subrogation rights it shall

have against Borrower under applicable law as a result of any payment it makes hereunder, shall also have a right of contribution against all other Guarantors in respect of any such payment pro rata among the same based on their respective net fair value as enterprises, provided any such right of contribution shall be subject and subordinate to the prior payment in full of the Guaranteed Obligations (and such Guarantor's obligations in respect thereof).

(b) Full Recourse Obligations; Effect of Fraudulent Transfer Laws, etc. It is the desire and intent of each Guarantor, Agent and the other Lenders that this Guaranty shall be enforced as a full recourse obligation of each Guarantor to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. If and to the extent that the obligations of any Guarantor under this Guaranty would, in the absence of this sentence, be adjudicated to be invalid or unenforceable because of any applicable state or federal law relating to fraudulent conveyances or transfers, then the amount of such Guarantor's liability hereunder in respect of the Guaranteed Obligations shall be deemed to be reduced ab initio to that maximum amount that would be permitted without causing such Guarantor's obligations hereunder to be so invalidated.

Section 9. Notice. All notices, requests, demands and other communications provided for hereunder shall be in writing and, if to a Guarantor, addressed to it at 5960 Heisley Road, Mentor, Ohio 44060, Attention: Chief Financial Officer, with a copy to the attention of General Counsel of Borrower, and, if to Agent or a Lender, addressed to the address of Agent or such Lender specified on the signature pages of the Credit Agreement. All notices, statements, requests, demands and other communications provided for hereunder shall be deemed delivered (a) upon receipt when delivered in person, (b) upon receipt of electronic confirmation of error free transmission when sent by facsimile or other electronic means, or (c) upon receipt when sent by nationally (or internationally, as the case may be) recognized overnight delivery service, first class mail, registered mail, or certified mail.

Section 10. Miscellaneous. This Guaranty binds each Guarantor and its successors and assigns and inures to the benefit of Agent and each Lender and their respective successors and assigns, including, without limitation, each holder of any Note evidencing any Debt. If, at any time, one or more provisions of this Guaranty is or becomes invalid, illegal or unenforceable in whole or in part, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby. This Guaranty constitutes a final written expression of all of the terms of this Guaranty, is a complete and exclusive statement of those terms and supersedes all oral representations, negotiations and prior writings, if any, with respect to the subject matter hereof. The relationship between (a) the Guarantors and (b) Agent and the Lenders with respect to this Guaranty is solely that of debtor and creditors, respectively, and Agent and the Lenders have no fiduciary obligation toward any Guarantor with respect to this Guaranty or the transactions contemplated hereby. The captions herein are for convenience of reference only and shall be ignored in interpreting the provisions of this Guaranty.

Section 11. Judgment Currency. If Agent, on behalf of the Lenders, obtains a judgment or judgments against any Guarantor in an Alternate Currency, the obligations of such Guarantor in respect of any sum adjudged to be due to Agent or the Lenders hereunder (the "Judgment Amount") shall be discharged only to the extent that, on the Business Day following receipt by Agent of the Judgment Amount in the Alternate Currency, Agent, in accordance with normal banking procedures, may purchase Dollars with the Judgment Amount in such Alternate Currency. If the amount of Dollars so purchased is less than the amount of Dollars that could have been purchased with the Judgment Amount on the date or dates the Judgment Amount (excluding the portion of the Judgment Amount that accrued as a result of the failure of such Guarantor to pay the sum originally due hereunder when it was originally due and owing to Agent or the Lenders hereunder, under the Credit Agreement or under the Notes, as the case may be) was originally due and owing (the "Original Due Date") to Agent or the Lenders hereunder (the "Loss"), such Guarantor agrees as a separate obligation and notwithstanding any such judgment, to indemnify Agent or such Lender, as the case may be, against the Loss, and if the amount of Dollars so purchased exceeds the amount of Dollars that could have been purchased with the Judgment Amount on the Original Due Date, Agent or such Lender agrees to remit

such excess to such Guarantor.

Section 12. Payments Net of Taxes. All payments on account of principal, if any, interest and other fees and amounts payable hereunder shall be made without set-off or counterclaim and, unless otherwise required by law, shall be made free and clear of and without deduction for withholding tax or similar tax, present or future, imposed by any taxing authority in any jurisdiction (a "Tax"). If any Guarantor shall be required to withhold or pay any Tax, it shall make the required withholding and payment in accordance with and within the time allowed by law, and shall nonetheless pay to the appropriate Lender such additional amounts as shall be necessary to cause such Lender actually to receive in full all amounts (after taking account of any further deduction or withholding that is required to be made as a consequence of the payment of such additional amounts) on account of principal and interest or other fees or amounts owing to it hereunder, as if such Tax had not been paid. As soon as practicable after the date that any Tax shall become due and payable, (i) each Guarantor shall give to such Lender the original or a copy of a receipt for the payment of the Tax, or, if such receipts are not issued by or received from the taxing authority to which the Tax was paid, a certificate of an officer of such Guarantor, confirming the date and amount of the payment so made and reasonable details of the calculation of the amount due; and (ii) each Guarantor shall indemnify and save such Lender harmless from and against any claim, liability, loss, cost, expense (including without limitation legal, accounting and other professional fees, and interest and penalty charges or fines imposed by any taxing authority in respect of or arising from non-payment of such Tax) to which such Lender may be exposed or that it may incur, by reason of any Guarantor's failure to make punctual payment of any amount required to be paid to a taxing authority pursuant to this Section.

Section 13. Amendments; Additional Guarantors. No amendment or waiver of any provision of this Guaranty and no consent to any departure by any Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed by Agent acting at the direction of the requisite number of Lenders, if any, required pursuant to Section 10.03 of the Credit Agreement, and, subject to Section 3(c) hereto, the applicable Guarantor or Guarantors, as the case may be, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. Upon the execution and delivery by any Person of a guaranty supplement in substantially the form of Exhibit A hereto (each, a "Supplement"), (a) such Person shall be referred to as an "Additional Guarantor" and shall become and be a Guarantor hereunder, and each reference in this Guaranty to a "Guarantor" shall also mean and be a reference to such Additional Guarantor, and each reference in any other Loan Document or Related Writing to a "Guarantor" shall also mean and be a reference to such Additional Guarantor, and (b) each reference herein to "this Guaranty", "hereunder", "hereof" or words of like import referring to this Guaranty, and each reference in any other Loan Document or Related Writing to the "Guaranty", "thereunder", "thereof" or words of like import referring to this Guaranty, shall mean and be a reference to this Guaranty as supplemented by such Supplement.

Section 14. Obligations and Agreement Independent. The obligations of each Guarantor under this Guaranty are independent of the obligations of any other Guarantor or any other Obligor, and a separate action or actions may be brought and prosecuted against any Guarantor whether or not any action is brought against any other Guarantor or any other Obligor and whether or not any other Guarantor or any other Obligor is joined in any such action. This Guaranty shall be construed as a separate agreement with respect to each of the Guarantors and may be amended, modified, supplemented, waived, or released with respect to any Guarantor w*ithout* the approval of any other Guarantor and without affecting the obligations of any other Guarantor hereunder.

Section 15. Governing Law; Submission to Jurisdiction. The provisions of this Guaranty and the respective rights and duties of each Guarantor, Agent and the Lenders hereunder shall be governed by and construed in accordance with Ohio law, without regard to principles of conflict of laws. Each Guarantor hereby irrevocably submits to the non-exclusive jurisdiction of any Ohio state or federal court sitting in Cleveland, Ohio, over any action or proceeding arising out of or relating to this Guaranty, any Loan Document

or any Related Writing, and such Guarantor hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such Ohio state or federal court. Each Guarantor, on behalf of itself and its Subsidiaries, hereby irrevocably waives, to the fullest extent permitted by law, any objection it may now or hereafter have to the laying of venue in any action or proceeding in any such court as well as any right it may now or hereafter have to remove such action or proceeding, once commenced, to another court on the grounds of FORUM NON CONVENIENS or otherwise. Each Guarantor agrees that a final, nonappealable judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

Section 16. JURY TRIAL WAIVER. THE GUARANTORS, AGENT, AND THE LENDERS EACH WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, AMONG BORROWER, THE GUARANTORS, AGENT, AND THE LENDERS, OR ANY THEREOF, ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS GUARANTY OR ANY NOTE OR OTHER AGREEMENT, INSTRUMENT OR DOCUMENT EXECUTED OR DELIVERED IN CONNECTION THEREWITH OR THE TRANSACTIONS RELATED THERETO.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, each Guarantor has executed and delivered this Guaranty as of the date first written above.

AMERICAN STERILIZER COMPANY
STERIS INC.
ISOMEDIX OPERATIONS INC.
STERIS ISOMEDIX SERVICES, INC.

By: /s/ William L. Aamoth
Name: William L. Aamoth
Title: Vice President and Treasurer of, and on behalf of, each of the above Guarantors

EXHIBIT A

FORM OF
JOINDER SUPPLEMENT
TO
GUARANTY OF PAYMENT

This JOINDER SUPPLEMENT TO GUARANTY OF PAYMENT, dated as of [_____] (this "Supplement"), is made by [_____], a [_____] corporation (together with its successors and assigns, the "Additional Guarantor").

Recitals:

A. STERIS Corporation, an Ohio corporation (the "Borrower"), is a party to the Third Amended and Restated Credit Agreement, dated as of April 13, 2012 (as the same may from time to time be amended, restated or otherwise modified, the "Credit Agreement"), with the lenders from time to time party thereto (collectively, the "Lenders"), and KeyBank National Association, as agent for the Lenders (the "Agent").

B. In connection with the Credit Agreement, the Third Amended and Restated Guaranty of Payment, dated as of April 13, 2012 (as the same may from time to time be amended, restated, supplemented or otherwise modified, the "Guaranty"), was executed by the Guarantors, as defined in the Guaranty, in favor of the Agent, for the benefit of the Lenders.

C. The Additional Guarantor is a Material Subsidiary of the Borrower and, pursuant to Section 5.19 of the Credit Agreement, is required to become a "Guarantor" under the Guaranty and to guarantee, for the benefit of Agent and the Lenders, all of the Debt, as defined in the Credit Agreement.

D. The Additional Guarantor deems it to be in its direct pecuniary and business interests to become a "Guarantor" under the Guaranty and, accordingly, desires to enter into this Supplement in order to satisfy the condition described in the preceding paragraph and to induce the Agent and the Lenders, to make financial accommodations to or for the benefit of the Additional Guarantor.

E. The Additional Guarantor desires to become a Guarantor under the Guaranty.

Agreement:

In consideration of the foregoing and the other benefits accruing to the Additional Guarantor, the receipt and sufficiency of which are hereby acknowledged, the Additional Guarantor covenants and agrees with the Agent and the Lenders as follows:

1. Definitions. Capitalized terms used in this Supplement and not otherwise defined herein or in the Guaranty shall have the meanings given to such terms in the Credit Agreement.

2. Supplement; Guaranty. The Additional Guarantor hereby acknowledges, agrees and confirms that, by its execution of this Supplement, on and after the date hereof it shall become a party to the Guaranty and shall be fully bound by, and subject to, all of the covenants, terms, obligations and conditions of the Guaranty applicable to a "Guarantor" as though originally party thereto as a "Guarantor," and the Additional Guarantor shall be deemed a "Guarantor" for all purposes of the Guaranty and the other Loan Documents.

The Additional Guarantor acknowledges and confirms that it has received a copy of the Guaranty, the other Loan Documents and all exhibits thereto and has reviewed and understands all of the terms and provisions thereof. The Additional Guarantor (a) agrees that it will comply with all the terms and conditions of the Guaranty as if it were an original signatory thereto, and (b) irrevocably and unconditionally guarantees to the Agent and the Lenders the prompt payment in full of all of the Debt, whether now existing or hereafter arising, as and when the respective parts thereof become due and payable (whether at the stated maturity, by acceleration or otherwise).

3. Representations and Warranties. The Additional Guarantor, as of the date hereof, hereby:

(a) makes to the Agent and the Lenders each of the representations and warranties contained in the Guaranty applicable to a Guarantor, except it is understood that Guarantor is in the process of qualifying, but is not presently qualified, in those jurisdictions in which it holds assets; and

(b) represents and warrants that upon the execution and delivery of this Supplement, all of the conditions set forth in Section 5.19 of the Credit Agreement have been satisfied.

4. Successors and Assigns; Entire Agreement. This Supplement is binding upon and shall inure to the benefit of the Additional Guarantor, the Agent and each of the Lenders and their respective successors and assigns. This Supplement and the Guaranty set forth the entire agreement and understanding between the parties as to the subject matter hereof and merge and supercede all prior discussions, agreements and understandings of any and every nature among them. This Supplement shall be a Loan Document under the Credit Agreement.

5. Effect of this Supplement. Except as supplemented hereby, the Guaranty is hereby ratified and confirmed and shall remain in full force and effect.

6. Effectiveness. This Supplement shall not become effective unless and until it shall have been executed and delivered by the Additional Guarantor to the Agent and acknowledged and agreed to by each other Guarantor under the Guaranty.

7. Headings. The descriptive headings of this Supplement are for convenience or reference only and do not constitute a part of this Supplement.

8. Governing Law. This Supplement is governed by and construed in accordance with Ohio law, without regard to principals of conflict of laws.

9. JURY TRIAL WAIVER. THE ADDITIONAL GUARANTOR HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS SUPPLEMENT, THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

IN WITNESS WHEREOF, each Additional Guarantor has duly executed this Supplement as of the date first written above.

[----------_____]

By:
Name: _____
Title: _____

Acknowledged and agreed to:

STERIS CORPORATION
AMERICAN STERILIZER COMPANY
STERIS INC.
ISOMEDIX OPERATIONS INC.
STERIS ISOMEDIX SERVICES, INC.

By:
Name: _____
Title: _____

STERIS Corporation
Senior Executive Severance Plan

Article 1. Establishment and Term of the Plan

1.1 Establishment of the Plan STERIS Corporation hereby establishes this severance plan, to be known as the "STERIS Corporation Senior Executive Severance Plan," effective as of June 1, 2012. 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.

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 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 June 1, 2012.

(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 Corporation 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) "**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 and the Executive, and STERIS's codes and policies in effect now or in the future.

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

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

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

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

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

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

(y) " **STERIS** " means STERIS Corporation, an Ohio corporation, 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 60 th 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, 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 it 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 29th day of May, 2012.

STERIS Corporation

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

Exhibit 15.1

LETTER OF ERNST & YOUNG LLP REGARDING UNAUDITED INTERIM FINANCIAL INFORMATION

Board of Directors and Shareholders
STERIS Corporation

We are aware of the incorporation by reference in the following Registration Statements and Post Effective Amendment and related Prospectuses of our report dated August 2, 2012 relating to the unaudited consolidated interim financial statements of STERIS Corporation and subsidiaries that are included in its Form 10-Q for the quarter ended June 30, 2012:

Registration Number	Description
333-32005	Form S-8 Registration Statement - STERIS Corporation 1997 Stock Option Plan
333-06529	Form S-3 Registration Statement - STERIS Corporation
333-01610	Post-effective Amendment to Form S-4 on Form S-8 - STERIS Corporation
33-55976	Form S-8 Registration Statement - STERIS Corporation 401(k) Plan
333-09733	Form S-8 Registration Statement - STERIS Corporation 401(k) Plan
333-101308	Form S-8 Registration Statement - STERIS Corporation 2002 Stock Option Plan
333-137167	Form S-8 Registration Statement - STERIS Corporation Deferred Compensation Plan
333-136239	Form S-8 Registration Statement - STERIS Corporation 2006 Long-Term Equity Incentive Plan
333-170884	Form S-8 Registration Statement - STERIS Corporation 401(k) Plan
333-176167	Form S-8 Registration Statement - STERIS Corporation 2006 Long-Term Equity Incentive Plan (as Amended and Restated Effective July 28, 2011)

/s/ Ernst & Young LLP

Cleveland, Ohio
August 2, 2012

Exhibit 31.1

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 Corporation;

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 the 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 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: August 2, 2012

/s/ Walter M Rosebrough, Jr.

Walter M Rosebrough, Jr.
President and Chief Executive Officer

Exhibit 31.2

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 Corporation;

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 the 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 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: August 2, 2012

/s/ MICHAEL J. TOKICH

Michael J. Tokich
Senior Vice President and Chief Financial Officer

Exhibit 32.1

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 Corporation (the "Company") for the quarter ended June 30, 2012, 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 and Chief Financial Officer**

Dated: August 2, 2012