
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K
FOR ANNUAL AND TRANSITION REPORTS
PURSUANT TO SECTIONS 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

(MARK ONE)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES
EXCHANGE ACT OF 1934 [FEE REQUIRED]
FOR THE FISCAL YEAR ENDED MARCH 31, 1996

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES
EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER 0-20165
STERIS CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

OHIO
(STATE OF INCORPORATION)

34-1482024
(I.R.S. EMPLOYER
IDENTIFICATION NO.)

5960 HEISLEY ROAD
MENTOR, OHIO 44060
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

216-354-2600
(REGISTRANT'S TELEPHONE NUMBER
INCLUDING AREA CODE)

SECURITIES REGISTERED PURSUANT TO SECTION 12 (B) OF THE ACT:

NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12 (G) OF THE ACT:

COMMON SHARES, WITHOUT PAR VALUE

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

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

The aggregate market value of the voting stock held by non-affiliates of
the Registrant, computed by reference to the average of the bid and ask price of
such stock as of May 31, 1996: \$1,081,472,906

The number of Common Shares outstanding as of May 31, 1996: 33,144,380

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 1996 Annual Meeting -- Part III

PART I

ITEM 1. BUSINESS

DESCRIPTION OF BUSINESS

STERIS Corporation (the "Company" or "STERIS") develops, manufactures, and markets infection prevention systems and related consumables, accessories, and services for the worldwide health care market.

On May 13, 1996, STERIS acquired AMSCO International, Inc. ("AMSCO") pursuant to a merger in which AMSCO became a wholly-owned subsidiary of STERIS. Because the merger, which was accounted for as a pooling of interests, occurred subsequent to March 31, 1996, the information presented in this Annual Report on Form 10-K does not give effect to the impact of the merger. Consequently, unless otherwise expressly stated, the information presented relates to the Company prior to the merger.

The Company's products address a number of trends in the health care industry: the growth in numbers and types of minimally invasive procedures (such as laparoscopic cholecystectomy and colonoscopy) that use delicate and expensive devices; heightened public and professional concern regarding the transmission of infectious diseases such as AIDS, hepatitis, and tuberculosis; the growth in the provision of health care services in non-hospital settings; and concern regarding the handling and disposal of biohazardous materials. These trends have expanded the demand for rapid, safe, and efficient infection prevention systems for critical tasks such as the sterile processing of devices and the destruction, decontamination, and disposal of potentially infectious biohazardous waste.

The Company's systems support cost containment, productivity, and risk reduction in health care institutions through process standardization, automatic monitoring and documentation, decentralization, and reduced processing time. STERIS SYSTEM 1™, the Company's site-of-care sterile processing system, enables health care professionals to safely and economically sterilize immersible surgical and diagnostic devices between patient procedures in less than thirty minutes. The Company recently introduced two newly developed systems relating to the containment and safe disposal of potentially infectious waste. EcoCycle 10™ is a complete system for the destruction and decontamination of potentially infectious solid waste at or near the point of generation. SafeCycle 40™ is designed for the safe collection, containment, and disposal of blood and other potentially infectious fluid waste generated in surgical and diagnostic procedures. Each major product line addresses a specific infection prevention challenge.

Since commercially introducing STERIS SYSTEM 1 in November 1988, the Company has sold over 9,000 STERIS SYSTEM 1 units to more than 3,750 health care facilities, including hospitals, medical centers, ambulatory facilities, and physician offices. EcoCycle 10 and SafeCycle 40 are in the early stages of market introduction. The Company plans to introduce EcoCycle 10 in international markets where it has appropriate regulatory clearances while pursuing further state clearance in the United States. SafeCycle 40 can be sold in all fifty states and the Company is pursuing regulatory clearance in international markets. Other potential products are in various stages of development and regulatory review.

The Company's proprietary anti-microbial chemistry technology destroys microorganisms on inanimate surfaces rapidly and safely at low temperatures. The Company's strategy is to employ this technology in commercial applications with a focus on sterile processing, biohazardous waste processing, and other applications in the health care industry. The technology also has potential applications in a wide variety of other settings where cleanliness or low temperature destruction of microorganisms is important.

RECENT DEVELOPMENTS

On January 11, 1996, STERIS announced the January 8, 1996 acquisition of Ecomed, Inc. ("Ecomed"), a privately held company located in Indianapolis, Indiana. Previously, STERIS and Ecomed worked jointly, under a business development agreement, to produce EcoCycle 10. With the acquisition, STERIS obtained all rights on a worldwide basis to Ecomed's proprietary technology and the manufacture and distribution of EcoCycle 10. On January 25, 1995, STERIS received notification from the U.S. Environmental Protection Agency ("EPA") of the acceptance of expanded claims for STERIS's proprietary anti-microbial chemistry relating to the operation of EcoCycle 10.

On December 18, 1995, STERIS and AMSCO announced that their respective Boards of Directors had approved a definitive merger agreement pursuant to which STERIS would acquire AMSCO in exchange for shares of STERIS. The merger was consummated on May 13, 1996. Under the terms of the agreement, AMSCO stockholders received 0.46 share of STERIS Common Shares for each outstanding share of AMSCO common stock. The merger qualified as a tax-free reorganization and as a pooling of interests for accounting purposes.

The merger brought together two of the most recognized names in health care, infection prevention, and surgical support markets. AMSCO -- a 100-year old sterilization, infection control, and surgical products pioneer -- is the premier manufacturer of large scale, high quality central processing systems.

PRINCIPAL PRODUCTS AND SERVICES

The fundamental technology of STERIS is the rapid, safe, low temperature chemical destruction of microorganisms on inanimate surfaces. The Company focused its initial development of this technology on sterile processing applications in the health care industry, such as the sterile processing of heat sensitive, sophisticated devices used for minimally invasive surgical and diagnostic procedures. In addition, STERIS manufactures products utilizing anti-microbial chemistry technology which address the safe handling of potentially infectious solid and fluid waste at the point of generation.

The Company's principal product line is STERIS SYSTEM 1, a complete system for just-in-time sterile processing at or near the site of patient care.

STERIS SYSTEM 1 consists of a tabletop microprocessor-controlled unit, a patented single-use sterilant, and multiple adapter trays and containers. The Company's sterilant, STERIS 20™, combines a chemical biocidal agent with a proprietary anti-corrosion formulation to provide low temperature destruction of microorganisms. The Company's process significantly reduces environmental and human safety risks associated with conventional low temperature sterilization and disinfection systems.

The Company has recently introduced two new product lines into the market.

ECOCYCLE 10 is an innovative waste processing system employing proven STERIS anti-microbial technology to eliminate potentially infectious solid waste at or near the site of generation. The system simultaneously grinds and decontaminates biohazardous waste, rendering it safe and unrecognizable in less than 15 minutes. Solid waste volumes are reduced up to 80% and can be handled as clean refuse. Decontaminated liquids are automatically separated and safely disposed into the sanitary sewer system. EcoCycle 10 is compact, inexpensive to operate, and satisfies recognized guidelines for safe and effective operation.

SAFECYCLE 40 is a self-contained fluid waste management system designed to collect, contain, transport, and safely dispose of potentially infectious fluid waste such as that generated during surgical procedures. The system eliminates the need for up to 13 suction canisters while significantly reducing the possibility of exposure to biologically contaminated fluids.

All three systems -- STERIS SYSTEM 1, EcoCycle 10, and SafeCycle 40 -- are conceptually similar. Each system addresses a specific infection prevention challenge. The components of each system include a processor priced at under \$20,000, processing chambers, a proprietary single use chemical package, and a variety of accessory items. The only installation requirements for all systems are tap water, electricity, and a drain. All systems are easy to use, have relatively short processing cycles, and are designed to be installed and operated at or near the site of patient care.

The following table shows revenues (in thousands) attributable to the Company's principal product lines and associated percentages of net revenue for the last three fiscal years:

	YEARS ENDED MARCH 31					
	1996		1995		1994	
	(DOLLARS IN THOUSANDS)					
Systems.....	\$44,401	48.7%	\$31,929	49.7%	\$26,315	57.5%
Sterilant and decontaminant.....	23,495	25.8	14,969	23.3	8,358	18.2
Consumables, services, sup- plies, and accessories...	23,093	25.3	15,227	23.7	10,517	22.9
Other.....	203	.2	2,147	3.3	632	1.4
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	\$91,192	100.0%	\$64,272	100.0%	\$45,822	100.0%
	=====	=====	=====	=====	=====	=====

MANUFACTURING

The Company performs the final assembly, packaging, and quality assurance of the key elements of all systems including processors, trays and containers, and proprietary chemistry products. STERIS intends to control the packaging of chemicals and the quality assurance of key elements of other systems and new products. Various sub-assemblies, parts, raw chemicals, and accessories are obtained from multiple sources. STERIS's subsidiary, Ecomed, provides the finished processor and chamber components of the solid waste system.

THE MARKETS AND METHODS OF DISTRIBUTION

A significant element in the operation of all health care facilities is the sterilization or disinfection of reusable surgical instruments. Conventional sterile processing regimens for medical instruments involve high temperatures (such as steam and dry heat units) or chemicals (such as ethylene oxide gas) and are typically performed at central processing sites in health care facilities. Central processing requires multiple handling of instruments and time-consuming transportation to and from the site of patient care. Disinfection regimens use chemicals such as glutaraldehyde that create hazardous chemical waste and may require special disposal. The safety and environmental risks and economic disadvantages implicit in these processes, together with a number of trends in the health care industry, have created a market opportunity for new sterile processing regimens.

The Company emphasizes sales of STERIS SYSTEM 1 for use in hospital operating rooms. In addition, the Company's sales force targets ambulatory-outpatient surgery centers, endoscopy programs, non-hospital surgery and urgent care centers, and office-based physician groups. The sales force also focuses on sales of additional units to existing Customers. New products, such as EcoCycle 10 and SafeCycle 40, are intended to be targeted at a similar current and potential customer base.

STERIS has, as of March 31, 1996, 63 direct sales representatives and 12 regional sales managers in North America, all of whom have experience either in health care sales or in nursing or operating room management. The sales representatives reside in major metropolitan market areas throughout the U.S. and Canada. STERIS also has, as of March 31, 1996, 62 field service representatives, who are supported by an in-house service and field support department and provide on-site service in Customer facilities in the U.S. and Canada.

Customer training is one of the most important aspects of the STERIS marketing plan. In addition to on-site training, STERIS provides a two-day course for Customer operators at the Company's Training and Education Center in Mentor, Ohio. The program enables the Customer representative to understand fully the fundamentals of the STERIS PROCESS and the theory and operation of STERIS SYSTEM 1. The Operator Training Program is approved by the Ohio Nurses Association to offer contact hours for continuing education to eligible course participants. The Ohio Nurses Association has been authorized by the American Nurses Credentialing Center's Commission on Accreditation to approve continuing education programs that meet standards established by the Commission. The program was implemented in July 1991, and, as of March 31, 1996, more than 7,000 Customer representatives, primarily nurses and department managers, have received training at STERIS. The Company provides a separate training program for biomedical engineers

employed by the Company's Customers on a fee basis. As of March 31, 1996, more than 600 biomedical engineers have received training at STERIS.

The Company has adopted a strategy focused on employing direct sales, service, and support personnel in top international markets while contracting with distributors in other selected markets. STERIS currently has subsidiaries and support personnel in Belgium, Canada, Germany, Hong Kong, Italy, and the United Kingdom. STERIS has distribution agreements with medical supply distributors in Australia, and various countries in Asia, Europe, and the Middle East.

In 1995, STERIS opened a new office and training center in Hong Kong to support its direct sales and distribution efforts throughout Asia. The Company also opened a new office, distribution, and training center in Orsingen-Nenzingen, Germany for its direct operations in Germany. It has representative offices in Belgium, Korea, and Singapore.

The Company believes that one of its strengths is its broad Customer base with no single Customer accounting for a significant percentage of sales during the twelve-month period ended March 31, 1996.

COMPETITION

A number of methodologies and commercial products are available for general sterilization purposes. Castle Division of MDT Corporation, J&J Medical, Inc. (a subsidiary of Johnson & Johnson), and the Medical-Surgical Products Division of 3M Corporation are well-known U.S. companies offering products for general sterilization and disinfection. Competition in the market served by the Company is based upon product design and quality, product innovation, and product serviceability that results in the greatest overall value to the customer. In addition, there is significant price competition among various instrument preparation processes.

In October, 1993, J&J Medical announced that it had received market clearance from the U.S. Food and Drug Administration ("FDA") for its sterilization product. This product is based on a vapor-phase hydrogen peroxide technology which can address the low temperature sterilization market.

On January 1, 1995, Abtox, Inc. announced that it entered the U.S. healthcare sterilization market with its Plazlyte™ Sterilization System. The system, successfully introduced in Canada and Europe in 1993, received clearance for sales in the United States by the FDA. This product is based on peracetic acid in vapor phase which can address the low temperature sterilization market.

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

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

GOVERNMENT REGULATION

Under the Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA"), certain chemical germicides are subject to regulation by the EPA. Pursuant to the requirements of FIFRA, the Company has provided the EPA with toxicity, product chemistry, and efficacy data relating to STERIS 20, STERIS SW, and STERIS LW. Based on this data, the EPA has registered STERIS 20, STERIS LW, and STERIS SW and has accepted the Company's labeling as accurately representing the toxicity and potential hazards of these products. By virtue of this registration, the EPA is authorized to inspect and sample STERIS 20, STERIS SW, and STERIS LW as it deems necessary. In addition, the sterilant solution that is discharged at the end of each STERIS SYSTEM 1 cycle has passed fish toxicity tests as required by the State of California.

Certain of the Company's products are regulated by the FDA and state and foreign governmental authorities. These regulations govern introduction of new medical devices, compliance with FDA Good Manufacturing Practices in the manufacture of these devices, observance of certain labeling standards, maintenance of certain records, and reporting of potential product defects to the FDA. The Company's regulated products are also subject to inspection by the FDA after they receive market clearance. The Company, its production facilities, and certain chemicals used by the Company in its production processes are subject to other environmental, health and safety, and transportation regulations of various federal, state, and local agencies.

The Company has completed the FDA 510(k) review, Underwriters' Laboratories, and Canadian Standards Association processes for STERIS SYSTEM 1, EcoCycle 10, and SafeCycle 40, and believes that it has completed the necessary EPA and state environmental protection agency registrations for STERIS 20 sterilant. STERIS SYSTEM 1 has completed the TUV/VDE (Europe) approval. In addition, STERIS SYSTEM 1 has the CE mark (European conformity) for the EMC Directive. As part of these processes, the Company has successfully completed testing required by the EPA and state environmental protection agencies and the FDA, including biocidal tests (Association of Analytical Chemists sporicidal, bacterial, fungicidal, virucidal, and tuberculocidal), toxicology tests, and materials compatibility tests. SafeCycle 40 has been cleared for marketing for its intended use by the FDA. The EPA has accepted expanded claims for STERIS's proprietary anti-microbial chemistry for EcoCycle 10.

The regulatory approval and product acceptance processes in foreign countries are highly variable and localized. The Company intends to comply with relevant regulations through its independent efforts and those of its foreign distributors.

EMPLOYEES

As of March 31, 1996, the Company employed 560 employees. As of that date, none of the Company's employees were covered by collective bargaining agreements. Management considers its relations with employees to be good.

PROPRIETARY TECHNOLOGY AND INTELLECTUAL PROPERTY

The Company protects its technology by, among other means, filing U.S. and foreign (Australia, Canada, Europe, and Japan) patent applications for technology that it considers important to its business. The Company also relies upon trade secrets and technical know-how and continuing technological innovation to develop and maintain its competitive position. The U.S. Patent Office has, as of March 31, 1996, issued 16 patents covering the sterile processing method, various components of the complete system, and the chemical sterilant formulation and potential future products. The Company's U.S. patents expire between 2005 and 2014. The Company, as of March 31, 1996, has 18 U.S. patents pending. The Company has 87 foreign patents with 28 additional foreign patents pending. The Company's foreign patents expire between 2007 and 2012.

"STERIS" is registered as a trademark and as a service mark with the United States Patent and Trademark Office. "STERIS" has also been registered as a trademark in 28 foreign countries. Additional trademark registrations are pending in 12 countries.

RESEARCH AND DEVELOPMENT

The Company expended approximately \$8.3 million, \$6.6 million, and \$4.4 million on research and development in fiscal years 1996, 1995, and 1994, respectively. The Company's research and development is primarily directed toward application of the Company's anti-microbial chemistry technology.

ITEM 2. PROPERTIES

OWNED PROPERTIES

The Company owns the properties shown in the following table:

PROPERTY USE	LOCATION	SQUARE FEET
Corporate and division offices, distribution, sales, administration, and Customer supported training	Mentor, Ohio	86,000
Product packaging	Mentor, Ohio	26,000
Production space and product packaging	Mentor, Ohio	40,000

LEASED PROPERTIES

The Company leases the properties shown in the following table:

PROPERTY USE	LOCATION	LEASE EXPIRATION	SQUARE FEET
Offices, laboratory and production space	Mentor, Ohio	May, 1999	42,000
Sales, service, and support offices	Brussels, Belgium	Month-to-Month	500
Sales, service, and support offices	Mississauga, Ontario, Canada	September, 1997	2,300
Sales, service, and support offices	Hong Kong	December, 1996	4,000
Sales, service, and support offices	Singapore	Month-to-Month	500
Warehouse	Aartselaar, The Netherlands	Month-to-Month	100
Sales, service, and support offices	Orsingen-Nenzingen, Germany	September, 2000	7,000
Sales, service, and support offices	Asti, Italy	March, 2002	7,000
Sales, service, and support offices	Oxfordshire, United Kingdom	June, 2006	10,000
Warehouse	Canada	September, 1997	2,000
Offices, production and warehouse space	Indianapolis, Indiana	November, 1999	20,000

The Company is confident that, if needed, it will be able to acquire additional facilities at commercially reasonable rates.

ITEM 3. LEGAL PROCEEDINGS

The Company is not a party to any material litigation or environmental regulation proceedings.

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

No matters were submitted to a vote of security holders during the fourth quarter of the Company's 1996 fiscal year.

EXECUTIVE OFFICERS OF THE REGISTRANT

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

NAME	AGE	POSITION
Bill R. Sanford.....	52	Chairman of the Board of Directors, President, and Chief Executive Officer
J. Lloyd Breedlove.....	48	Senior Vice President
Michael A. Keresman, III.....	38	Senior Vice President, Chief Financial Officer, and Secretary
Roy K. Malkin.....	50	Senior Vice President
Craig E. Herrod.....	39	Vice President
William A. O'Riordan.....	37	Vice President
Gerard J. Reis.....	44	Vice President
Paul A. Zamecnik.....	36	Vice President
Dennis P. Patton.....	47	Treasurer

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

BILL R. SANFORD has served as Chairman of the Board of Directors, President, and Chief Executive Officer since April 1, 1987.

J. LLOYD BREEDLOVE joined the Company as Executive Vice President in August 1991. He now serves as a Senior Vice President of the Company and President of the Company's Americas Division that was established in November 1993. Prior to joining the Company, Mr. Breedlove was employed by Catheter Research, Inc. as Vice President of Sales and Marketing from November 1989 to October 1990, and President from October 1990 to August 1991.

MICHAEL A. KERESMAN, III joined the Company in January 1988 as Director of Finance and has held positions as Vice President of Finance, Vice President of Finance and Administration, Vice President of Finance and Operations, and Vice President Business Development. He currently serves as a Senior Vice President, Chief Financial Officer, and Secretary.

ROY K. MALKIN joined the Company in July 1994 as a Senior Vice President with responsibility for directing and managing the Discovery & Development Division. Prior to joining the Company, Mr. Malkin served from June 1984 through July 1994 as President of RKM Enterprises Ltd. which provided consulting services to STERIS and other multinational corporations in sales, marketing, product development, and distribution.

CRAIG E. HERROD joined the Company in June 1989 as Director of Sales and was promoted to Vice President in August 1989. He currently serves as a Vice President of the Company and President of the Company's International Division. He was appointed as an executive officer of the Company in July 1995.

WILLIAM A. O'RIORDAN joined the Company in June 1991 as Systems Support Manager. Mr. O'Riordan has also served as Director of Customer Support. He currently serves as a Vice President with responsibility for Operations. He was appointed as an executive officer of the Company in July 1995.

GERARD J. REIS joined the Company in 1994 as a Vice President with responsibility for Administration and Human Resources. He was appointed as an executive officer of the Company in July 1995. Prior to joining the Company, Mr. Reis served as Vice President for Student Services/College Development at Lakeland Community College from 1989 to 1994.

PAUL A. ZAMECNIK joined the Company in July 1992 as Director of Marketing and was promoted to Vice President in November 1993. He currently serves as a Vice President with responsibility for Regulatory Affairs and Quality Systems. He was appointed as an executive officer of the Company in July 1995. Prior to joining the Company, Mr. Zamecnik served from July 1987 through June 1992 as an Engagement Manager with McKinsey & Company.

DENNIS P. PATTON joined the Company in November 1993 as Director of Finance. He currently serves as the Treasurer. He was appointed as an executive officer of the Company in July 1995. Prior to joining the Company, Mr. Patton was with the National Office of Ernst & Young LLP from 1988 to 1991 and was a Principal with Hillow, Gornik & Company, Certified Public Accountants, from 1991 to 1993.

PART II

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

MARKET INFORMATION AND DIVIDENDS

The Company's Common Shares are traded on the NASDAQ National Market System under the symbol "STRL." The following table sets forth, for the periods indicated, the high and low sale prices for the Company's Common Shares as quoted by NASDAQ. These prices have been adjusted to reflect a 2-for-1 stock split by means of a 100% stock dividend on STERIS Common Shares that was effective August 24, 1995. These prices do not include retail markups, markdowns, or commissions.

FISCAL 1996	HIGH	LOW
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1st Quarter.....	\$28 1/2	\$18 1/4
2nd Quarter.....	43	22 7/8
3rd Quarter.....	45	28 3/4
4th Quarter.....	36 1/2	28 7/8

FISCAL 1995	HIGH	LOW
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1st Quarter.....	\$14	\$ 9
2nd Quarter.....	13 3/8	8 3/8
3rd Quarter.....	20	12 3/8
4th Quarter.....	22 1/8	14 7/8

The Company has not paid any dividends on its Common Shares since its inception and does not anticipate paying any such dividends in the foreseeable future. The Company has entered into a credit agreement which includes operational conditions and financial ratio covenants that, in certain circumstances, could limit the Company's ability to pay dividends. The Company currently intends to retain all of its earnings for the operation and expansion of its business.

At May 31, 1996, there were approximately 2,412 holders of record of the Company's Common Shares.

ITEM 6. SELECTED FINANCIAL DATA

The data set forth below should be read in conjunction with the financial statements and related notes included herein.

	YEARS ENDED MARCH 31				
	1996	1995	1994	1993	1992
(IN THOUSANDS, EXCEPT PER SHARE DATA)					
STATEMENT OF OPERATIONAL DATA:					
Net sales.....	\$91,192	\$64,272	\$45,822	\$26,662	\$12,943
Gross profit.....	57,320	40,377	27,926	15,592	7,071
Income (loss) from operations.....	20,279	13,226	7,983	2,261	(14)
Net income(1).....	12,794	8,736	6,366	2,508	36
Net income (loss) per share(2).....	\$0.66	\$ 0.46	\$ 0.34	\$ 0.16	\$ (0.10)
Shares used in computing net income (loss) per share(3).....	19,504	19,008	18,694	16,074	4,344
BALANCE SHEET DATA:					
Working capital.....	\$33,088	\$29,489	\$30,289	\$24,855	\$ 3,796
Total assets.....	85,367	54,893	42,715	30,862	7,964
Long-term debt.....	300	400	0	0	14
Total liabilities.....	22,973	10,298	7,557	3,972	2,758
Redeemable preferred shares.....	0	0	0	0	11,352
Total shareholders' equity (deficit)...	\$62,394	\$44,595	\$35,158	\$26,890	\$(6,146)

- (1) Effective April 1, 1993, the Company was required to adopt SFAS No. 109, Accounting for Income Taxes. This adjustment related primarily to the recording of available net operating loss carryforwards which were used by year end. The cumulative effect of this change in method of accounting for income taxes increased net income by \$1,220,000 as reflected in the March 31, 1994 financial statements.
- (2) In 1992, net loss per share resulted in periods where there was net income because of preferred share dividend requirements. The 1994 net income per share included \$0.06 as a result of the change in method of accounting for income taxes.
- (3) On July 25, 1995, the Company announced a 2-for-1 stock split by means of a 100% stock dividend on STERIS Common Shares. The stock split was effective August 24, 1995 to shareholders of record as of August 7, 1995.

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

OVERVIEW

The Company was established in August 1985 under the name of Innovative Medical Technologies, Corp. During its first two years of existence, the Company had only one full-time and one part-time employee, both of whom concentrated on research efforts. In 1987, the Company changed its name to STERIS Corporation, completed its first venture capital financing, added an experienced management team, and expanded its research efforts.

In 1988, the Company's chemical sterilant, STERIS 20, was successfully registered with the EPA and the Company's first product line, STERIS SYSTEM 1, received market clearance from the FDA. The Company began commercial shipments of STERIS SYSTEM 1 with deliveries to hospitals in November 1988.

The Company has a direct North American sales force of 63 direct sales representatives as of March 31, 1996, all of whom have experience either in health care sales or in nursing or operating room management.

The Company also employs 62 field service representatives as of March 31, 1996. Additionally, the Company has entered into distribution agreements with medical supply distributors in Asia, Australia, Europe, and the Middle East. The Company's wholly-owned Belgium subsidiary is used to distribute products in Belgium and support European distributors. The Company provides direct sales, service, and Customer support in Canada. The Company's Hong Kong office is used to support Asia Pacific distributors and end users. The Company has established direct operations through its wholly-owned subsidiaries in Germany, Italy, and the United Kingdom.

Several developing trends have created market opportunities for low temperature, rapid sterilization, cleaning, and decontamination processes that surmount the practical difficulties associated with such regimens. These trends include heightened public and professional concern regarding the transmission of infectious diseases such as AIDS, hepatitis, and tuberculosis; increased use of endoscopic devices for minimally invasive surgical procedures that enter body cavities where infection would be catastrophic; increasing pressure facing the health care industry to contain costs and increase productivity; increased decentralization of the delivery of patient care; and public concern regarding the handling and disposal of biohazardous waste. The Company believes these factors will increase the demand for low temperature, rapid, safe, and standardized infection prevention systems such as STERIS SYSTEM 1, EcoCycle 10, and SafeCycle 40.

FISCAL YEAR 1996 COMPARED TO FISCAL YEAR 1995

Net sales increased by 41.9% to \$91.2 million in fiscal 1996 from \$64.3 million in fiscal 1995. Sales of systems increased by 39.1% to \$44.4 million in fiscal 1996 from \$31.9 million in fiscal 1995. Sales of sterilant and decontaminant increased by 57.0% to \$23.5 million in fiscal 1996 from \$15.0 million in fiscal 1995. Other revenue (accessories, consumables, services, supplies, and other) increased by 33.9% to \$23.3 million in fiscal 1996 from \$17.4 million in fiscal 1995. The increased revenue from sales of sterilant, other consumables, services, accessories, and supplies resulted primarily from the greater number and higher utilization of installed systems units. In aggregate, changes of prices of products sold accounted for less than 2% of the increase in net revenue in fiscal 1996 compared to fiscal 1995.

The cost of products and services sold increased by 41.8% to \$33.9 million in fiscal 1996 from \$23.9 million in fiscal 1995. The cost of products and services as a percentage of net sales was 37.1% in fiscal 1996 versus 37.2% in fiscal 1995. The decrease was due primarily to lower per unit material costs.

Selling, general, and administrative expenses increased by 40.0% to \$28.8 million in fiscal 1996 from \$20.6 million in fiscal 1995. Additional costs were incurred due to increases in personnel, systems, and related expenses to support increased sales volume. As a percent of net sales, selling, general, and administrative expenses decreased to 31.6% in fiscal 1996 from 32.0% in fiscal 1995.

Research and development expenses increased by 25.3% to \$8.3 million in fiscal 1996 from \$6.6 million in fiscal 1995. The increase was primarily due to additional product and application development expenditures and increased activity in the Company's Device Testing Program. Research and development expenditures as a percentage of net sales decreased to 9.0% in fiscal 1996 compared to 10.3% in fiscal 1995.

Net interest income increased by 19.2% to \$756,000 in fiscal 1996 from \$634,000 in fiscal 1995. The increase was primarily due to higher yields on U.S. Government securities.

As a result of the foregoing factors, income before taxes increased by 51.7% to \$21.0 million in fiscal 1996 from \$13.9 million in fiscal 1995.

Income taxes increased by 60.8% to \$8.2 million in fiscal 1996 from \$5.1 million in fiscal 1995.

As a result of the foregoing factors, net income increased by 46.4% to \$12.8 million in fiscal 1996 from \$8.7 million in fiscal 1995.

FISCAL YEAR 1995 COMPARED TO FISCAL YEAR 1994

Net sales increased by 40.3% to \$64.3 million in fiscal 1995 from \$45.8 million in fiscal 1994. Sales of STERIS SYSTEM 1 increased by 21.3% to \$31.9 million in fiscal 1995 from \$26.3 million in fiscal 1994. Sales of STERIS 20 increased by 79.1% to \$15.0 million in fiscal 1995 from \$8.4 million in fiscal 1994. Other revenue (accessories, consumables, services, and supplies) increased by 55.8% to \$17.4 million in fiscal 1995 from \$11.2 million in fiscal 1994. The increased revenue from sales of sterilant, other consumables, services, accessories, and supplies resulted primarily from the greater number and higher utilization of installed STERIS SYSTEM 1 units. In aggregate, changes of prices of products sold accounted for less than 1% of the increase in net revenue in fiscal 1995 compared to fiscal 1994.

The cost of products and services sold increased by 33.5% to \$23.9 million in fiscal 1995 from \$17.9 million in fiscal 1994. The cost of products and services as a percentage of net sales was 37.2% in fiscal 1995 versus 39.1% in fiscal 1994. The decrease was due primarily to lower per unit material and overhead costs resulting from higher production levels to support increased sales.

Selling, general, and administrative expenses increased by 31.9% to \$20.6 million in fiscal 1995 from \$15.6 million in fiscal 1994. Additional costs were incurred due to increases in personnel, systems, and related expenses to support increased sales volume. As a percent of net sales, selling, general, and administrative expenses decreased to 32.0% in fiscal 1995 from 34.0% in fiscal 1994.

Research and development expenses increased by 51.2% to \$6.6 million in fiscal 1995 from \$4.4 million in fiscal 1994. The increase was primarily due to additional product and application development expenditures and increased activity in the Company's Device Testing Program. Research and development expenditures as a percentage of net sales increased to 10.3% in fiscal 1995 compared to 9.5% in fiscal 1994.

Net interest income increased by 11.5% to \$634,000 in fiscal 1995 from \$570,000 in fiscal 1994. The increase was primarily due to investing in U.S. Government securities with higher yields.

As a result of the foregoing factors, income before taxes and before the adoption of Statements of Financial Accounting Standards ("SFAS") No. 109 increased by 62.1% to \$13.9 million in fiscal 1995 from \$8.6 million in fiscal 1994.

Income taxes increased by 50.4% to \$5.1 million in fiscal 1995 from \$3.4 million in fiscal 1994. In fiscal 1994, the Company was required to adopt SFAS No. 109, "Accounting for Income Taxes" in the quarter ended June 30, 1993. This adjustment of \$1.2 million related primarily to the recording of available tax net operating loss carryforwards which were used by year end.

As a result of the foregoing factors, net income increased by 37.2% to \$8.7 million in fiscal 1995 from \$6.4 million in fiscal 1994.

LIQUIDITY AND CAPITAL RESOURCES

From its inception through the completion of its initial public offering in June 1992, the Company was financed primarily through private placements of equity securities totaling \$11.9 million. Redeemable Preferred Shares issued during that period were converted into Common Shares in connection with the initial public offering. Net of offering expenses and the payment of \$1.6 million of accrued dividends on the Redeemable Preferred Shares, the Company received approximately \$12.2 million from the sale of its Common Shares in the initial public offering. Net of offering expenses, the Company received approximately \$6.8 million from the sale of 575,000 additional Common Shares in a second primary public offering on March 2, 1993.

At March 31, 1996, the Company had approximately \$9.4 million in cash, cash equivalents, and marketable securities. At March 31, 1996, the Company had a \$10 million revolving credit/term loan facility. Interest was at prime or, at the Company's option, the LIBOR rate plus 100 basis points under an unsecured revolving credit/term loan facility. Borrowings under the line of credit were payable over 16 quarters.

At March 31, 1996, the Company had accounts receivable of \$26.2 million and \$10.7 million in inventory compared to \$17.3 million and \$4.4 million, respectively, at March 31, 1995. The increase in accounts receivable was due primarily to the increased sales volume and an increase in international sales which generally take longer to collect. The inventory increase was due to additional product line inventory including EcoCycle 10, SafeCycle 40, and the various international versions of SYSTEM 1.

Property, plant, and equipment increased from \$11.2 million at March 31, 1995 to \$19.2 million at March 31, 1996 primarily due to the addition of new facilities and related equipment to increase production and chemical packaging capacity.

Product and technology rights increased from \$3.3 million at March 31, 1995 to \$11.5 million at March 31, 1996 principally due to the acquisition of technology rights through the purchase of Ecomed.

The Company believes that its cash requirements will increase due to increased sales requiring more working capital, accelerated research and development, and potential acquisitions or investments in complementary businesses. However, the Company believes that its available cash, cash flow from operations, and sources of credit, will be adequate to satisfy its capital needs for the foreseeable future.

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT AUDITORS

Board of Directors and Shareholders
STERIS Corporation

We have audited the accompanying consolidated balance sheets of STERIS Corporation and subsidiaries as of March 31, 1996 and 1995, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 1996. Our audits also included the financial statement schedule listed in the Index at Item 14(a)2. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of STERIS Corporation and subsidiaries at March 31, 1996 and 1995, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 1996, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note H to the consolidated financial statements, effective April 1, 1993, the Company adopted Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes.

ERNST & YOUNG LLP

Cleveland, Ohio
April 22, 1996

STERIS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	MARCH 31	
	1996	1995
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 158	\$ 1,630
Marketable securities.....	9,193	13,087
Accounts receivable, less allowance of \$350 in 1996 and \$238 in 1995.....	26,201	17,259
Inventories.....	10,660	4,401
Prepaid expenses and other assets.....	6,243	2,652
	-----	-----
TOTAL CURRENT ASSETS.....	52,455	39,029
Property, plant, and equipment, net.....	19,237	11,230
Other assets:		
Product and technology rights.....	11,518	3,302
Other.....	2,157	1,332
	-----	-----
	13,675	4,634
	-----	-----
TOTAL ASSETS.....	\$85,367	\$54,893
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable.....	\$10,670	\$ 4,765
Accrued expenses and other.....	8,697	4,775
	-----	-----
TOTAL CURRENT LIABILITIES.....	19,367	9,540
Other liabilities.....	3,606	758
	-----	-----
TOTAL LIABILITIES.....	22,973	10,298
Shareholders' equity:		
Serial preferred shares, without par value, 3,000 shares authorized, no shares outstanding		
Common shares, without par value, 30,000 shares authorized; issued and outstanding shares of 17,944 in 1996 and 17,522 in 1995.....	38,436	33,431
Retained earnings.....	23,958	11,164
	-----	-----
TOTAL SHAREHOLDERS' EQUITY.....	62,394	44,595
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY.....	\$85,367	\$54,893
	=====	=====

See notes to consolidated financial statements.

STERIS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	YEARS ENDED MARCH 31		
	1996	1995	1994
Net sales.....	\$ 91,192	\$ 64,272	\$ 45,822
Cost of products sold.....	33,872	23,895	17,896
GROSS PROFIT.....	57,320	40,377	27,926
Cost and expenses:			
Selling, general, and administrative.....	28,789	20,563	15,585
Research and development.....	8,252	6,588	4,358
	37,041	27,151	19,943
INCOME FROM OPERATIONS.....	20,279	13,226	7,983
Interest income.....	756	634	570
INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE.....	21,035	13,860	8,553
Income taxes.....	8,241	5,124	3,407
INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE.....	12,794	8,736	5,146
Cumulative effect as of April 1, 1993 of change in method of accounting for income taxes.....	0	0	1,220
NET INCOME.....	\$ 12,794	\$ 8,736	\$ 6,366
Earnings per share:			
Income before cumulative effect of accounting change.....	\$ 0.66	\$ 0.46	\$ 0.28
Cumulative effect of accounting change.....	0.00	0.00	0.06
NET INCOME.....	\$ 0.66	\$ 0.46	\$ 0.34
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING USED IN COMPUTING EARNINGS PER SHARE.....	19,504	19,008	18,694

See notes to consolidated financial statements.

STERIS CORPORATION
 CONSOLIDATED STATEMENTS OF CASH FLOWS
 (IN THOUSANDS)

	YEARS ENDED MARCH 31		
	1996	1995	1994
	-----	-----	-----
OPERATING ACTIVITIES			
Net income.....	\$12,794	\$ 8,736	\$ 6,366
Adjustments to reconcile net income to net cash provided by operating activities:			
Cumulative effect adjustment.....			(1,220)
Depreciation and amortization.....	1,765	1,153	699
Deferred income taxes.....	(668)	(88)	1,415
Other.....	(171)	16	75
Changes in operating assets and liabilities:			
Accounts receivable.....	(9,080)	(5,554)	(4,870)
Inventories.....	(6,867)	(738)	(1,149)
Other assets.....	(2,532)	(103)	(833)
Accounts payable.....	5,785	1,221	950
Other liabilities.....	4,338	393	1,499
	-----	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES.....	5,364	5,036	2,932
INVESTING ACTIVITIES			
Purchases of property, plant, equipment, and patents.....	(10,033)	(8,787)	(2,675)
Investment in business, net of cash acquired.....	(5,096)	(2,500)	(889)
Purchases of marketable securities.....	(12,678)	(9,242)	(26,055)
Proceeds from sales of marketable securities.....	16,749	13,646	8,371
	-----	-----	-----
NET CASH USED IN INVESTING ACTIVITIES.....	(11,058)	(6,883)	(21,248)
FINANCING ACTIVITIES			
Payments on notes payable.....	(600)	(150)	(313)
Proceeds from exercise of stock options.....	1,032	171	446
Tax benefits from exercise of options.....	3,790	707	1,056
	-----	-----	-----
NET CASH PROVIDED BY FINANCING ACTIVITIES.....	4,222	728	1,189
	-----	-----	-----
DECREASE IN CASH AND CASH EQUIVALENTS.....	(1,472)	(1,119)	(17,127)
Cash and cash equivalents at beginning of period.....	1,630	2,749	19,876
	-----	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD.....	\$ 158	\$ 1,630	\$ 2,749
	=====	=====	=====
Non-cash transactions:			
Notes payable related to acquisition.....	\$ 400	\$ 1,000	

See notes to consolidated financial statements.

STERIS CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
 (IN THOUSANDS)

	NUMBER OF SHARES -----	COMMON SHARES -----	RETAINED EARNINGS (DEFICIT) -----	TOTAL SHAREHOLDERS' EQUITY -----
BALANCE AT MARCH 31, 1993.....	17,070	\$30,828	\$ (3,938)	\$26,890
Tax benefit of stock options exercised in prior years -- cumulative effect of accounting change.....		400		400
Tax benefit of stock options exercised.....		1,056		1,056
Stock options exercised.....	300	446		446
Net income.....			6,366	6,366
	-----	-----	-----	-----
BALANCE AT MARCH 31, 1994.....	17,370	32,730	2,428	35,158
Tax benefits of stock options exercised.....		707		707
Stock options exercised.....	152	171		171
Unrealized loss on marketable securities, net of tax....		(177)		(177)
Net income.....			8,736	8,736
	-----	-----	-----	-----
BALANCE AT MARCH 31, 1995.....	17,522	33,431	11,164	44,595
Tax benefits of stock options exercised.....		3,790		3,790
Stock options exercised.....	422	1,098		1,098
Unrealized gain on marketable securities, net of tax....		117		117
Net income.....			12,794	12,794
	-----	-----	-----	-----
BALANCE AT MARCH 31, 1996.....	17,944	\$38,436	\$ 23,958	\$62,394
	=====	=====	=====	=====

See notes to consolidated financial statements.

STERIS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

A. ACCOUNTING POLICIES

STERIS Corporation (the "Company") markets, develops and manufactures infection prevention systems and related consumables, accessories, and services for the worldwide healthcare market. It operates in a single business segment and derives approximately 92.3 percent of its revenues from the domestic market.

CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated upon consolidation.

CASH EQUIVALENTS

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist exclusively of interest-bearing savings accounts and U.S. government securities.

MARKETABLE SECURITIES

At April 1, 1994, the Company adopted Statement of Financial Accounting Standard ("SFAS") No. 115, Accounting for Certain Investments in Debt and Equity Securities. The Company has classified all investments in marketable securities as "available-for-sale." Marketable securities represent short-term investments, exclusively United States government agency securities, with a gross unrealized holding loss as of March 31, 1996 of \$95.

INVENTORIES

Inventories are stated at the lower of cost or market with cost generally determined by the first-in, first-out method.

INTANGIBLE ASSETS

Costs incurred to obtain product technology rights, including patents, have been capitalized and are being amortized over their estimated useful lives of five to seventeen years using the straight-line method. During the fourth quarter of 1996, the Company's acquisition of Ecomed, Inc. (see Note J) resulted in an increase in intangible assets of approximately \$8,000. Accumulated amortization of product and technology rights was \$166 and \$118 at March 31, 1996 and 1995, respectively.

PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment are stated at cost. Depreciation is computed by the straight-line method. The cost of buildings is depreciated over forty years and machinery, equipment, and furniture principally over three to seven years.

In March 1995, SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of, was issued. SFAS No. 121 requires long-lived assets to be reviewed for impairment losses whenever events or changes in circumstances indicate the carrying amount may not be recovered through future net cash flows generated by the assets. The Company must adopt SFAS No. 121 in 1997 and believes the effect of adoption will not be material.

STERIS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

REVENUE RECOGNITION

The Company recognizes revenue principally at the time of shipment of product or delivery of service to the Customer.

CREDIT CONCENTRATION

The Company performs periodic credit evaluations of its Customers' financial condition and generally does not require collateral on sales. The Company principally sells to health care institutions with no one Customer representing a significant percentage of sales.

EARNINGS PER SHARE

The Company uses the treasury stock method to determine the equivalent share amounts for outstanding stock options which, when added to the weighted average common shares outstanding, were used to calculate earnings per share.

ESTIMATES

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

B. INVENTORIES

The components of inventories consisted of the following:

	MARCH 31	
	1996	1995
Raw materials.....	\$ 5,980	\$ 3,136
Work in process.....	1,031	364
Finished goods.....	3,649	901
	-----	-----
	\$10,660	\$ 4,401
	-----	-----

C. PROPERTY, PLANT, AND EQUIPMENT

Investment in property, plant, and equipment consisted of the following:

	MARCH 31	
	1996	1995
Land, building, and leasehold improvements.....	\$12,645	\$ 6,903
Research, development, and manufacturing equipment.....	3,850	2,903
Furniture, fixtures, and equipment.....	6,727	3,835
	-----	-----
	23,222	13,641
Accumulated depreciation.....	3,985	2,411
	-----	-----
	\$19,237	\$11,230
	=====	=====

STERIS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

D. FINANCING ARRANGEMENTS

The Company has a \$10,000 revolving line of credit with a bank under which draws may be made through May 1998. The unsecured line bears interest at prime or, at the borrower's option, the LIBOR rate plus 100 basis points. The line has certain operational conditions and financial ratio covenants. The Company is in compliance with all such covenants at March 31, 1996. No borrowings on the line are outstanding as of March 31, 1996.

The Company leases office and production space and certain equipment under noncancelable operating lease agreements. Expenses related to operating leases were \$902, \$689, and \$684 during the years ended March 31, 1996, 1995, and 1994, respectively. Future commitments under operating leases are \$928 in 1997, \$715 in 1998, \$708 in 1999, \$333 in 2000, \$224 in 2001, and \$756 thereafter. Certain leases have renewal clauses at the option of the Company.

E. ACCRUED EXPENSES AND OTHER

Accrued expenses and other consisted of the following:

	MARCH 31	
	1996	1995
Accrued warranty and extended service costs.....	\$ 2,334	\$ 1,668
Accrued income taxes.....	2,722	181
Accrued compensation.....	2,421	1,964
Notes payable related to investment in businesses.....	100	600
Other.....	1,120	362
	<u>\$ 8,697</u>	<u>\$ 4,775</u>

F. SHAREHOLDERS' EQUITY

On July 25, 1995, the Company announced a 2-for-1 stock split by means of a 100% stock dividend on STERIS Common Shares. The stock split was effective August 24, 1995, to shareholders of record on August 7, 1995. The net income per common share and the weighted average number of common shares outstanding as well as number of shares issued and outstanding for all periods shown on the Consolidated Financial Statements and footnotes have been adjusted to reflect this stock split.

STERIS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

G. STOCK OPTIONS

The Company provides for the granting of options to eligible employees and certain nonemployee directors of the Company for the purchase of common shares. Information regarding stock options is as follows:

	YEARS ENDED MARCH 31		
	1996	1995	1994
Options outstanding at beginning of period.....	2,358	1,982	1,990
Granted during period.....	332	528	330
Canceled during period.....	(108)		(38)
Exercised during period (at \$.46 to \$19.13 per share).....	(422)	(152)	(330)
OPTIONS OUTSTANDING AT END OF PERIOD.....	2,160	2,358	1,982
Options price range at end of period.....	\$.46 to \$26.63	\$.46 to \$13.13	\$.46 to \$10.06
Options exercisable at end of period.....	1,406	1,550	1,530
Options available for grant at end of period.....	943	1,166	496

In October 1995, SFAS No. 123, Accounting for Stock-Based Compensation, was issued to become effective for fiscal years beginning after December 15, 1995. Under the new rules, companies will be required to provide additional footnote disclosures relating to stock-based awards. Additionally, companies are encouraged, but not required, to recognize expense for stock-based awards based on their fair value on the date of grant. As permitted by SFAS No. 123, the Company intends to continue to account for such compensation using the intrinsic value method in accordance with Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees ("APB No. 25") in accounting for its employee stock. Under APB No. 25, if the option is fixed and the exercise price of the underlying stock equals the market price on the date of the grant, no compensation expense is recognized. Adoption of the new standard in this form will have no impact on reported income in future years. Pro forma disclosures as required by this pronouncement will apply to stock-based awards granted on or after April 1, 1995 and will first be disclosed in financial statements for fiscal 1997.

H. INCOME TAXES

Effective April 1, 1993, the Company adopted SFAS No. 109, Accounting for Income Taxes, and recorded a cumulative effect adjustment of \$1,220 in the income statement. The adjustment consisted mainly of the recognition of tax benefits for \$4,300 of tax net operating loss (NOL) carryforwards. In addition, the Company recorded a \$400 credit to Common Shares for the tax effect of stock options exercised in the previous fiscal year. The Company did not restate prior periods. Previously the Company followed the provisions of SFAS No. 96.

STERIS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

The Company paid income taxes of \$2,417 in 1996 and \$4,800 in 1995.

Income taxes consisted of the following:

	YEARS ENDED MARCH 31		
	1996	1995	1994
Taxes currently payable-federal.....	\$4,070	\$3,661	\$ 581
Taxes currently payable-state.....	1,049	844	355
Deferred tax expense-federal.....	(668)	(88)	(46)
Taxes allocated to contributed capital for stock options exercised.....	3,790	707	1,056
Tax effect of NOL realized.....			1,461
TAX EXPENSE.....	<u>\$8,241</u>	<u>\$5,124</u>	<u>\$3,407</u>

The reasons for the difference between income tax expense and the amount computed by applying the statutory federal income tax rate to income before income taxes, are as follows:

	YEARS ENDED MARCH 31		
	1996	1995	1994
Tax expense at federal statutory rate.....	35%	35%	34%
State, net of federal benefit.....	3	5	4
Research and development credits.....		(2)	(1)
Other.....	1	(1)	3
EFFECTIVE TAX RATE.....	<u>39%</u>	<u>37%</u>	<u>40%</u>

Deferred taxes consisted of the following:

	MARCH 31	
	1996	1995
Deferred tax assets, principally for accruals and net operating loss carryforwards.....	\$ 2,925	\$ 780
Deferred tax liabilities, principally for product and technology rights.....	(3,403)	(392)
Valuation allowance.....	(555)	
NET DEFERRED TAX ASSETS (LIABILITIES).....	<u>\$(1,033)</u>	<u>\$ 388</u>

The valuation allowance relates to net operating loss carryforwards of approximately \$1,517 which are related to the Company's start-up foreign operations in several countries.

STERIS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

I. REVENUES BY PRINCIPAL PRODUCTS

The following table shows revenues attributable to the Company's principal products and associated percentages of net revenue for the last three fiscal years:

	YEARS ENDED MARCH 31					
	1996		1995		1994	
Systems.....	\$44,401	48.7%	\$31,929	49.7%	\$26,315	57.5%
Sterilant and decontaminant...	23,495	25.8	14,969	23.3	8,358	18.2
Consumables, services, supplies, and accessories...	23,093	25.3	15,227	23.7	10,517	22.9
Other.....	203	.2	2,147	3.3	632	1.4
	-----	-----	-----	-----	-----	-----
	\$91,192	100.0%	\$64,272	100.0%	\$45,822	100.0%
	=====	=====	=====	=====	=====	=====

J. ACQUISITIONS

Effective January 8, 1996, the Company acquired all of the remaining capital stock of Ecomed, Inc., an Indiana corporation ("Ecomed") for cash and the assumption of notes of approximately \$4,500. Prior to the acquisition, the Company owned a minority interest in Ecomed. Ecomed previously worked jointly with the Company under a business development agreement, to produce EcoCycle 10TM, a low cost biohazardous waste destruction and decontamination system for use at or near the site of patient care. With the acquisition, the Company obtained all rights on a worldwide basis to Ecomed's proprietary technology and to the manufacture and distribution of EcoCycle 10. The acquisition amount was treated as a purchase and the results of Ecomed's operations were not material to the Company for 1996.

On August 22, 1994, the Company purchased Medical & Environmental Designs, Inc. ("MED Inc.") for approximately \$2,500 of cash and notes. MED Inc. was a development stage company. MED Inc. had developed a proprietary patented system and related technology for the safe collection and disposal of blood and other potentially infectious fluid waste generated in surgical and diagnostic procedures. The results of MED Inc.'s operations were not material to the Company for 1995. In connection with the purchase of MED Inc., the Company agreed to pay contingent amounts based upon future revenues of acquired product lines. Through 1999, payments are equal to 5 percent of the quarterly revenues that are in excess of \$500. For the years 2000 through 2010, payments are equal to 5 percent of quarterly revenues. The total of the contingent payments is limited to \$9,500.

K. SUBSEQUENT EVENT -- MERGER AGREEMENT AND RELATED FINANCING

On December 16, 1995, the Company and AMSCO International, Inc. ("AMSCO") entered into a Merger Agreement pursuant to which a newly-formed, wholly-owned subsidiary of the Company will be merged with and into AMSCO, with AMSCO being the corporation surviving the merger and becoming a wholly-owned subsidiary of the Company. Holders of AMSCO common stock and holders of AMSCO unexercised options, will, subject to the terms and conditions of the merger agreement, be entitled to receive 0.46 Company common share for each outstanding share of AMSCO common stock and 0.46 Company unexercised option for each AMSCO unexercised option, respectively. The conversion ratio of 0.46 is not subject to change based upon any changes in market prices of either the Company's common shares or shares of AMSCO common stock.

The transaction will be accounted for as a pooling of interests for accounting and financial reporting purposes and is intended to be a tax-free reorganization within the meaning of Section 368 of the Internal

STERIS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

Revenue Code of 1986, as amended. The Merger Agreement is subject to certain regulatory approvals, as well as approval by the shareholders of both the Company and AMSCO. The Company has received a commitment of \$125,000 of borrowing capacity from several banks, subject to the successful completion of the above merger.

As provided in the Merger Agreement, certain actions by either the Company or AMSCO may result in the payment of a \$20 million termination fee to the other party. The Merger Agreement also provides that the Company or AMSCO may be required to reimburse the other party for out-of-pocket expenses and fees incurred should either party's shareholders fail to approve the Merger Agreement, or should other specified circumstances occur. In addition, in certain circumstances, the Company is provided an option to purchase 17.6 percent of the outstanding shares of AMSCO common stock, at prices specified in a stock option agreement, dated December 16, 1995, between the Company and AMSCO.

The Merger Agreement is described in the Company's Form S-4 Registration Statement relating to the merger, which was declared effective by the Securities and Exchange Commission on April 1, 1996.

The Merger Agreement when completed, will result in all previous years being restated as if the two companies had always been combined. Unaudited pro forma information combining STERIS's March 31, 1996 results with AMSCO's December 31, 1995 results follow:

	1996

	(In thousand except per share amounts)
Revenues.....	\$545,268
Net income.....	\$ 44,701
Earnings per share.....	\$ 1.29

STERIS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

I. QUARTERLY DATA (UNAUDITED)

QUARTER ENDED	MARCH 31	DECEMBER 31	SEPTEMBER 30	JUNE 30

1996				

Net sales.....	\$25,624	\$24,156	\$ 21,594	\$19,818
Gross profit.....	16,374	15,072	13,430	12,444
Percentage of sales.....	64%	62%	62%	63%
NET INCOME.....	\$ 3,901	\$ 3,472	\$ 2,945	\$ 2,476
	=====	=====	=====	=====
Earnings per share: Net income.....	\$.20	\$.18	\$.15	\$.13
	=====	=====	=====	=====
Market price:				
High.....	\$ 36.50	\$ 45.00	\$ 43.00	\$ 28.50
Low.....	28.88	28.75	22.88	18.25
1995				

Net sales.....	\$19,550	\$16,520	\$ 15,158	\$13,044
Gross profit.....	12,277	10,443	9,448	8,209
Percentage of sales.....	63%	63%	62%	63%
NET INCOME.....	\$ 2,660	\$ 2,355	\$ 1,944	\$ 1,777
	=====	=====	=====	=====
Earnings per share: Net income.....	\$.14	\$.13	\$.10	\$.09
	=====	=====	=====	=====
Market price:				
High.....	\$ 22.13	\$ 20.00	\$ 13.38	\$ 14.00
Low.....	14.88	12.38	8.38	9.00

STERIS CORPORATION AND SUBSIDIARIES
 SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS
 (IN THOUSANDS)

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
DESCRIPTION	BEGINNING OF PERIOD	CHARGES TO COSTS AND EXPENSES(1)	CHARGES TO OTHER ACCTS.	DEDUCTIONS(2)	BALANCE AT END OF PERIOD

		ADDITIONS			

Year ended March 31, 1996					
Deducted from asset accounts:					
Allowance for doubtful accounts.....	\$238	\$ 112	\$0	\$ 0	\$350
	=====	=====	==	===	=====
Year ended March 31, 1995					
Deducted from asset accounts:					
Allowance for doubtful accounts.....	\$234	\$ 65	\$0	\$61	\$238
	=====	=====	==	===	=====
Year ended March 31, 1994					
Deducted from asset accounts:					
Allowance for doubtful accounts.....	\$132	\$ 102	\$0	\$ 0	\$234
	=====	=====	==	===	=====

(1) Charges to costs and expenses during the periods reflect an increase in allowances to support larger receivable balances.

(2) Amounts were deducted due to Customers' inability to pay.

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

NONE.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The Company incorporates herein by reference the information appearing under the caption "Board of Directors" of the Company's definitive Proxy Statement to be filed with the Securities and Exchange Commission on or about June 25, 1996.

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

ITEM 11. EXECUTIVE COMPENSATION

The Company incorporates herein by reference the information appearing under the caption "Compensation of Executive Officers" of the Company's definitive Proxy Statement to be filed with the Securities and Exchange Commission on or about June 25, 1996.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The Company incorporates herein by reference the information appearing under the caption "Ownership of Voting Securities" of the Company's definitive Proxy Statement to be filed with the Securities and Exchange Commission on or about June 25, 1996.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There were no significant transactions between related parties during the year ended March 31, 1996.

PART IV

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

LIST OF CONSOLIDATED FINANCIAL STATEMENTS AND
FINANCIAL STATEMENT SCHEDULE

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

Consolidated Balance Sheets -- March 31, 1996 and 1995

Consolidated Statements of Income -- Years ended March 31, 1996, 1995, and 1994.

Consolidated Statements of Cash Flows -- Years ended March 31, 1996, 1995, and 1994.

Consolidated Statements of Shareholders' Equity -- Years ended March 31, 1996, 1995, and 1994.

Notes to Consolidated Financial Statements -- March 31, 1996.

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

Schedule II -- Valuation and Qualifying Accounts.

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

EXHIBIT INDEX

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
3.1	1992 Amended Articles of Incorporation of STERIS Corporation, amended as of May 13, 1996 (filed as Exhibit 4.2 to the Registration Statement on Form S-3 filed June 21, 1996, and incorporated herein by reference).
3.2	1992 Amended Regulations of STERIS Corporation (filed as Exhibit 3(b).4(b) to Form 10-Q filed for the quarter ended June 30, 1992, and incorporated herein by reference).
4.1	Specimen form of Common Stock Certificate (filed as Exhibit 4.1 to Amendment No. 1 to the Registration Statement on Form S-1 filed April 30, 1992, and incorporated herein by reference).
4.2	Indenture governing the 4 1/2%/6 1/2% Step-Up Convertible Subordinated Debentures due 2002, including the form of 4 1/2%/6 1/2% Step-Up Convertible Debenture due 2002 (incorporated by reference to Exhibit 2.1 of the Registration Statement on Form 8-A of AMSCO International, Inc., filed on September 10, 1992 and amended on October 16, 1992).
4.3	First Supplemental Indenture, dated May 13, 1996 among AMSCO International, Inc., STERIS Corporation and The Bank of New York.
10.1	Registration Rights Agreement, dated as of April 26, 1988 (filed as Exhibit 10.1 to the Registration Statement on Form S-1 filed March 31, 1992, and incorporated herein by reference).
10.2	First Amendment to Registration Rights Agreement, dated as of March 9, 1989 (filed as Exhibit 10.2 to the Registration Statement on Form S-1 filed March 30, 1992, and incorporated herein by reference).
10.3	Second Amendment to Registration Rights Agreement, dated as of May 13, 1991 (filed as Exhibit 10.3 to the Registration Statement on Form S-1 filed March 30, 1992, and incorporated herein by reference).
10.4	Amended Non-Qualified Stock Option Plan (filed as Exhibit 10.4 to Amendment No. 1 to the Registration Statement on Form S-1 filed April 23, 1992, and incorporated herein by reference).
10.5	Amended Non-Qualified Stock Option Agreement, dated April 26, 1988, between STERIS Corporation and Bill R. Sanford (filed as Exhibit 10.5 to the Registration Statement on Form S-1 filed March 30, 1992, and incorporated herein by reference).
10.6	STERIS Corporation 1994 Equity Compensation Plan (filed as Exhibit 99 to the Registration Statement on Form S-8 filed April 21, 1995, and incorporated herein by reference).
10.7	STERIS Corporation 1994 Nonemployee Directors Equity Compensation Plan (filed as Exhibit 99 to the Registration Statement on Form S-8 filed April 21, 1995, and incorporated herein by reference).
10.8	Management Incentive Compensation Plan FY 1996.
10.9.1	Lease Agreement, dated May 14, 1991, between D.E. Investments and STERIS Corporation (filed as Exhibit 10.7 to the Registration Statement on Form S-1 filed March 30, 1992, and incorporated herein by reference).
10.9.2	Extension and modification of lease, dated May 13, 1994, between Developers Diversified Realty Corporation (successor in interest to D.E. Investments) and STERIS Corporation (filed as Exhibit 10.9.2 to the Annual Report on Form 10-K for the fiscal year ended March 31, 1995, and incorporated herein by reference).
10.10	Revolving Credit/Term Loan Facility, dated May 5, 1995 between STERIS Corporation and Bank One Cleveland, N.A. (filed as Exhibit 10.10 to the Annual Report on Form 10-K for the fiscal year ended March 31, 1995, and incorporated herein by reference).
10.11	AMSCO International, Inc. Stock Option Plan (incorporated by reference to Exhibit 4.1 to the Registration Statement of AMSCO International, Inc. on Form S-8, Registration No. 33-79566, filed on June 2, 1994).
10.12	Form of grant of Incentive Stock Option under AMSCO International, Inc. Stock Option Plan (incorporated by reference to Exhibit 10.8 to the AMSCO International, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 1991).

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
10.13	Form of grant of Non-Qualified Stock Option under the AMSCO International, Inc. Stock Option Plan (incorporated by reference to Exhibit 10.9 to the AMSCO International, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 1991).
10.14	Credit Agreement, dated May 13, 1996, among STERIS Corporation, various financial institutions and KeyBank National Association, as Agent.
11.1	STERIS Corporation Net Income per Common Share.
21.1	STERIS Corporation subsidiaries.
23.1	Consent of Ernst & Young LLP.
24	Powers of Attorney of the directors and certain officers of STERIS Corporation.
27	Financial Data Schedule

(b) Reports on Form 8-K

No current reports on Form 8-K were filed by the corporation during the quarter ended March 31, 1996.

SIGNATURES

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

STERIS CORPORATION

/s/ MICHAEL A. KERESMAN, III

Michael A. Keresman, III
Senior Vice President, Chief Financial
Officer,
and Secretary -- June 24, 1996

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

BILL R. SANFORD, Chairman of the Board of Directors, President, and Chief Executive Officer (Principal Executive Officer); MICHAEL A. KERESMAN, III, Senior Vice President, Chief Financial Officer, and Secretary (Principal Financial Officer and Principal Accounting Officer); RAYMOND A. LANCASTER, Director; THOMAS J. MAGULSKI, Director; J.B. RICHEY, Director; JERRY E. ROBERTSON, Director; FRANK E. SAMUEL, JR., Director; LOYAL W. WILSON, Director; and RUSSELL L. CARSON, Director.

STERIS CORPORATION

/s/ MICHAEL A. KERESMAN, III

Michael A. Keresman, III
Attorney-in-Fact
June 24, 1996

EXHIBIT NUMBER

EXHIBIT DESCRIPTION

EXHIBIT NUMBER	EXHIBIT DESCRIPTION	PAGINATION BY SEQUENTIAL NUMBERING SYSTEM
3.1	1992 Amended Articles of Incorporation of STERIS Corporation, amended as of May 13, 1996 (filed as Exhibit 4.2 to the Registration Statement on Form S-3 filed June 21, 1996, and incorporated herein by reference).....	*
3.2	1992 Amended Regulations of STERIS Corporation (filed as Exhibit 3(b).4(b) to Form 10-Q filed for the quarter ended June 30, 1992, and incorporated herein by reference).....	*
4.1	Specimen form of Common Stock Certificate (filed as Exhibit 4.1 to Amendment No. 1 to the Registration Statement on Form S-1 filed April 30, 1992, and incorporated herein by reference).....	*
4.2	Indenture governing the 4 1/2%/6 1/2% Step-Up Convertible Subordinated Debentures due 2002, including the form of 4 1/2%/6 1/2% Step-Up Convertible Debenture due 2002 (incorporated by reference to Exhibit 2.1 of the Registration Statement on Form 8-A of AMSCO International, Inc., filed on September 10, 1992 and amended on October 16, 1992).....	*
4.3	First Supplemental Indenture, dated May 13, 1996 among AMSCO International, Inc., STERIS Corporation and The Bank of New York...	*
10.1	Registration Rights Agreement, dated as of April 26, 1988 (filed as Exhibit 10.1 to the Registration Statement on Form S-1 filed March 31, 1992, and incorporated herein by reference).....	*
10.2	First Amendment to Registration Rights Agreement, dated as of March 9, 1989 (filed as Exhibit 10.2 to the Registration Statement on Form S-1 filed March 30, 1992, and incorporated herein by reference).....	*
10.3	Second Amendment to Registration Rights Agreement, dated as of May 13, 1991 (filed as Exhibit 10.3 to the Registration Statement on Form S-1 filed March 30, 1992, and incorporated herein by reference).....	*
10.4	Amended Non-Qualified Stock Option Plan (filed as Exhibit 10.4 to Amendment No. 1 to the Registration Statement on Form S-1 filed April 23, 1992, and incorporated herein by reference).....	*
10.5	Amended Non-Qualified Stock Option Agreement, dated April 26, 1988, between STERIS Corporation and Bill R. Sanford (filed as Exhibit 10.5 to the Registration Statement on Form S-1 filed March 30, 1992, and incorporated herein by reference).....	*
10.6	STERIS Corporation 1994 Equity Compensation Plan (filed as Exhibit 99 to the Registration Statement on Form S-8 filed April 21, 1995, and incorporated herein by reference).....	*
10.7	STERIS Corporation 1994 Nonemployee Directors Equity Compensation Plan (filed as Exhibit 99 to the Registration Statement on Form S-8 filed April 21, 1995, and incorporated herein by reference).....	*
10.8	Management Incentive Compensation Plan FY 1996.....	*
10.9.1	Lease Agreement, dated May 14, 1991, between D.E. Investments and STERIS Corporation (filed as Exhibit 10.7 to the Registration Statement on Form S-1 filed March 30, 1992, and incorporated herein by reference).....	*

EXHIBIT NUMBER	EXHIBIT DESCRIPTION	PAGINATION BY SEQUENTIAL NUMBERING SYSTEM

10.9.2	Extension and modification of lease, dated May 13, 1994, between Developers Diversified Realty Corporation and STERIS Corporation (filed as Exhibit 10.9.2 to the Annual Report on Form 10-K for the fiscal year ended March 31, 1995, and incorporated herein by reference).....	*
10.10	Revolving Credit/Term Loan Facility, dated May 5, 1995 between STERIS Corporation and Bank One Cleveland, N.A. (filed as Exhibit 10.10 to the Annual Report on Form 10-K for the fiscal year ended March 31, 1995, and incorporated herein by reference).....	*
10.11	AMSCO International, Inc. Stock Option Plan (incorporated by reference to Exhibit 4.1 to the Registration Statement of AMSCO International, Inc. on Form S-8, Registration No. 33-79566, filed on June 2, 1994).....	*
10.12	Form of grant of Incentive Stock Option under AMSCO International, Inc. Stock Option Plan (incorporated by reference to Exhibit 10.8 to the AMSCO International, Inc. Annual Report on Form 10-K for the fiscal year ended December 31, 1991).....	*
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10.14	Credit Agreement, dated May 13, 1996, among STERIS Corporation, various financial institutions and KeyBank National Association, as Agent.....	*
11.1	STERIS Corporation Net Income per Common Share.....	*
21.1	STERIS Corporation subsidiaries.....	*
23.1	Consent of Ernst & Young LLP.....	*
24	Powers of Attorney of the directors and certain officers of STERIS Corporation.....	*
27	Financial Data Schedule.....	*

FIRST SUPPLEMENTAL INDENTURE, dated as of May 13, 1996, among AMSCO INTERNATIONAL, INC., a corporation duly organized and validly existing under the laws of the State of Delaware, having its principal office at Two Chatham Center, Suite 1100, 112 Washington Place, Pittsburgh, Pennsylvania 15219 (the "Company"), STERIS CORPORATION, a corporation duly organized and validly existing under the laws of the State of Ohio, having its principal office at 5960 Heisley Road, Mentor, Ohio 44060 ("STERIS"), and THE BANK OF NEW YORK, a banking corporation duly organized and validly existing under the laws of the State of New York, as Trustee (the "Trustee").

R E C I T A L S

WHEREAS, the Company has heretofore executed and delivered to the Trustee a certain Indenture, dated as of October 15, 1992 (the "Indenture"), providing for the issuance by the Company of \$100,000,000 principal amount of its 4 1/2% 6 1/2% Step-Up Convertible Subordinated Debentures due 2002 (the "Securities");

WHEREAS, pursuant to a Restated Agreement and Plan of Merger dated as of December 16, 1995 and restated as of March 28, 1996 (the "Merger Agreement"), among STERIS, STERIS Acquisition Corporation, a newly-formed wholly-owned subsidiary of STERIS ("STERIS Acquisition") and the Company, STERIS Acquisition is merging with and into the Company (the "Merger") effective May 13, 1996 (or on such other date as the parties may agree) with the Company being the survivor of the Merger and becoming a wholly-owned subsidiary of STERIS;

WHEREAS, Section 11.16 of the Indenture provides that if the Company is a party to a merger which reclassifies or changes its outstanding Common Stock, the successor corporation shall enter into a supplemental indenture which provides for the conversion of the Securities;

WHEREAS, Section 9.01 of the Indenture provides that the Company and the Trustee may enter into a supplemental indenture in a form satisfactory to the Trustee without notice to or consent of any Securityholder in order to comply with the provisions of Section 11.16 of the Indenture and to make any other change that does not adversely affect the rights of any Securityholder; and

WHEREAS, all things necessary to authorize the assumption by STERIS as a joint and several obligor with the Company of the Company's obligations under the Indenture and to make this First Supplemental Indenture, when executed by the parties hereto, a valid and binding supplement to the Indenture have been done and performed.

NOW, THEREFORE, for and in consideration of the premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto do hereby mutually covenant and agree as follows:

SECTION 1. ASSUMPTION OF OBLIGATIONS. STERIS hereby expressly assumes as a joint and several obligor with the Company, from and after the Effective Time

(as defined in the Merger Agreement), the due and punctual payment of the principal of and interest on all the Securities and the performance of every covenant of the Indenture on the part of the Company to be performed or observed. The Holders of the Outstanding Securities as of the date hereof shall have the right hereafter to receive securities of STERIS in exchange for such Securities with a Market Value equal to the principal amount of such Securities.

SECTION 2. CONVERSION PRIVILEGE. Sections 11.01 through 11.15 of the Indenture providing for the conversion of the Securities into Common Stock of the Company are hereby replaced in their entirety by the following privilege of conversion of Securities into STERIS Common Shares, without par value ("STERIS Common Shares" or "Common Shares"). As of the date hereof, the Holders of the Securities shall have the right hereafter to convert such Securities into STERIS Common Shares, at any time during the period stated in paragraph 8 of the Securities. The number of STERIS Common Shares issuable upon conversion of the Securities by a Holder is determined by dividing the principal amount to be converted by the conversion price in effect on the conversion date, rounding the result to the nearest 1/100th of a share.

The initial conversion price is \$65.43 principal amount per STERIS Common Share. The conversion price is subject to adjustment in accordance with (e) through (j) below.

A Holder may convert a portion of a Security if the portion is \$1,000 or a whole multiple of \$1,000. Provisions of the Indenture and this First Supplemental Indenture that apply to conversion of all of a Security also apply to conversion of a portion of it.

(a) CONVERSION PROCEDURE. To convert a Security a Holder must satisfy the requirements in paragraph 8 of the Securities. The date on which the Holder satisfies all those requirements is the conversion date. As soon as practicable, STERIS shall deliver to the Holder through the Conversion Agent a certificate for the number of whole Common Shares issuable upon the conversion and a check in lieu of any fractional share that would otherwise be issued. The person in whose name the certificate is registered shall be treated as a shareholder of record on and after the conversion date.

Except as provided below, no adjustment will be made on conversion of a Security for interest accrued thereon or for dividends on Common Shares issued on conversion. STERIS's delivery to the Holder of the fixed number of Common Shares (and any cash in lieu of fractional shares) into which the Security is convertible shall be deemed to satisfy the obligation of STERIS and the Company to pay the principal amount of the Security and all accrued interest and original issue discount that has not previously been paid. The Common Shares so delivered shall be treated as issued first in payment of accrued interest and original issue discount and then in payment of principal. Thus, accrued interest and original issue discount shall be treated as paid rather than cancelled, extinguished or forfeited. If a Security is surrendered for conversion after the close of business on any regular record date for payment of interest and before the opening of business on the

corresponding interest payment date, then (i) notwithstanding such conversion, the interest payable on such interest payment date will be paid in cash to the Person in whose name the Security is registered at the close of business on such record date, and (ii) (other than a Security or a portion of a Security that has been called for redemption on a Redemption Date occurring either (x) during such period or (y) after such period, but with respect to which the last day on which a Security may be converted occurs during such period) when so surrendered for conversion, the Security must be accompanied by payment of an amount equal to the interest payable on such interest payment date. The interest payment with respect to a Security (or portion of a Security) called for redemption on a Redemption Date occurring on a date during the period after the close of business on a date that would be any regular record date (if a call for redemption had not been made) next preceding a date that would be any interest payment date (if a call for redemption had not been made) to the close of business on the fifth day after the corresponding interest payment date and converted during such period, shall be payable in cash on such interest payment date to the Holder of such Security at the close of business on such regular record date; the Holder shall not be required to pay an amount equal to the interest payable on such interest payment date upon conversion except under the circumstances in which (1) the Holder converts the Security after the close of business on the regular record date for such interest payment and before the opening of business on such interest payment date and (2) the last date on which the Security may be converted occurs on or after such interest payment date. A Holder may convert a portion of a Security if the portion is \$1,000 principal amount or an integral multiple thereof.

If a Holder converts more than one Security at the same time, the number of full shares issuable upon the conversion shall be based on the total principal amount of the Securities converted.

Upon surrender of a Security that is converted in part the Trustee shall authenticate for the Holder a new Security equal in principal amount to the unconverted portion of the Security surrendered.

If the last day on which a Security may be converted is a Legal Holiday in a place where the Conversion Agent is located, the Security may be surrendered to that Conversion Agent on the next succeeding day that is not a Legal Holiday.

In the event that any Holder pays any amount to the Trustee as Conversion Agent pursuant to this Section the Trustee shall promptly pay such amount to STERIS or the Company.

(b) FRACTIONAL SHARES. STERIS will not issue a fractional Common Share upon conversion of a Security. Instead STERIS will deliver its check for the current market value of the fractional share. The current market value of a fraction of a share is determined as follows: Multiply the Closing Price on the business day next preceding the date of conversion of a whole Common Share by the fraction. Round the result to the nearest cent.

(c) TAXES ON CONVERSION. If a Holder of a Security converts it, STERIS or the Company shall pay any documentary, stamp or similar issue or transfer tax due on the issue of Common Shares upon the conversion. However, the Holder shall pay any such tax which is due because the shares are issued in a name other than the Holder's name.

(d) STERIS TO PROVIDE COMMON SHARES. STERIS shall reserve out of its authorized but unissued Common Shares or its Common Shares held in treasury enough Common Shares to permit the conversion of all of the Securities.

All Common Shares which may be issued upon conversion of the Securities shall be validly issued, fully paid and non-assessable.

STERIS and the Company will endeavor to comply with all securities laws regulating the offer and delivery of the Common Shares upon conversion of Securities and will endeavor to list such shares on The National Association of Securities Dealers Automated Quotation National Market ("NASDAQ National Market").

(e) ADJUSTMENT FOR CHANGE IN COMMON SHARES. If STERIS:

1. pays a dividend or makes a distribution on its Common Shares in the form of its Common Shares;
2. subdivides its outstanding Common Shares into a greater number of shares;
3. combines its outstanding Common Shares into a smaller number of shares;
4. pays a dividend or makes a distribution on its Common Shares in the form of preferred shares; or
5. issues by reclassification of its Common Shares any Common or Preferred Shares,

then the conversion privilege and the conversion price in effect immediately prior to such action shall be adjusted so that the Holder of a Security thereafter converted may receive the number of Common Shares which he would have owned immediately following such action if he had converted the Security immediately prior to such action.

The adjustment shall become effective immediately after the record date in the case of a dividend or distribution and immediately after the effective date in the case of a subdivision, combination or reclassification.

If after an adjustment a Holder of a Security upon conversion of it may receive shares of two or more classes of capital stock of STERIS, the Board of Directors of

STERIS shall in good faith determine the allocation of the adjusted conversion price between the classes of capital stock. After such allocation, the conversion privilege and the conversion price of each class of capital stock shall thereafter be subject to adjustment on terms comparable to those applicable to the Common Shares in this Section.

(f) ADJUSTMENT FOR COMMON SHARES ISSUED BELOW MARKET PRICE.

(1) Subject to item (2) below, if STERIS issues Common Shares (other than pursuant to conversion of the Securities or the exercise, conversion or exchange of other securities (including any stock option) exercisable, convertible or exchangeable into Common Shares) or rights, options or warrants to subscribe for or purchase Common Shares, or any securities convertible into or exchangeable for Common Shares, or rights, options or warrants to subscribe for or purchase such convertible or exchangeable securities (excluding Common Shares, rights, options, warrants therefor or convertible or exchangeable securities or rights, options or warrants therefor issued in transactions described in Subsection (g)) at a Price Per Share (as defined and determined according to the formula given below) lower than the Current Market Price (as determined pursuant to Subsection (i)) on the date of such issuance, the conversion price shall be adjusted in accordance with the following formula:

$$AC = CC \times \frac{O + \frac{R}{N}}{O + N}$$

where

AC = the adjusted conversion price.

CC = the then current conversion price.

O = the number of Common Shares outstanding immediately prior to such issuance. The number of Common Shares at any time outstanding shall not include shares held in the treasury of STERIS but shall include shares issuable in respect of scrip certificates issued in lieu of fractions of Common Shares.

N = the "Number of Shares," which (i) in the case of Common Shares is the number of shares issued; (ii) in the case of rights, options or warrants to subscribe for or purchase Common Shares or of securities convertible into or exchangeable for Common Shares, is the maximum number of Common Shares initially issuable upon exercise, conversion or exchange thereof; and (iii) in the case of rights, options or warrants to subscribe for or purchase convertible or exchangeable securities, is the maximum number of Common Shares initially issuable upon the conversion or exchange of the convertible or exchangeable securities issuable upon the exercise of such rights, options or warrants.

R = the aggregate proceeds received or receivable by STERIS which (i) in the case of Common Shares is the total amount received or receivable by STERIS in

consideration for the sale and/or issuance of the Common Shares; (ii) in the case of rights, options or warrants to subscribe for or purchase Common Shares or of securities convertible into or exchangeable for Common Shares, is the total amount received or receivable by STERIS in consideration for the sale and/or issuance of such rights, options, warrants or convertible or exchangeable securities, plus the minimum aggregate amount of additional consideration payable to STERIS upon exercise, conversion or exchange thereof; and (iii) in the case of rights, options or warrants to subscribe for or purchase convertible or exchangeable securities, is the total amount received or receivable by STERIS in consideration for the sale and/or issuance of such rights, options or warrants, plus the minimum aggregate consideration payable to STERIS upon the exercise thereof, plus the minimum aggregate amount of additional consideration payable upon the conversion or exchange of the convertible or exchangeable securities; PROVIDED that in each case the proceeds received or receivable by STERIS shall be deemed to be the amount of gross cash proceeds without deducting therefrom any compensation paid or discount allowed in the sale, underwriting or purchase thereof by underwriters or dealers or others performing similar services or any expenses incurred in connection therewith.

M = the Current Market Price for one Common Share on the date of issue of the Common Shares or the rights, options or warrants to subscribe for or purchase Common Shares or the securities convertible into or exchangeable for Common Shares or the rights, options or warrants to subscribe for or purchase convertible or exchangeable securities.

"Price Per Share" shall be defined and determined according to the following formula:

$$P = \frac{R}{N}$$

where

P = Price Per Share

and R and N have the meanings assigned above.

If STERIS shall issue its Common Shares or rights, options, warrants or convertible or exchangeable securities for a consideration consisting, in whole or in part, of property other than cash (including personal services) the amount of such consideration shall be determined in good faith by the Board of Directors whose determination shall be conclusive and evidenced by a resolution of the Board of Directors filed with the Trustee.

The adjustment shall be made successively whenever any such additional Common Shares or such rights, options, warrants or convertible or exchangeable securities are issued, and shall become effective immediately after the date of issue of such shares, rights, options, warrants or convertible or exchangeable securities.

To the extent that such rights, options or warrants expire unexercised or to the extent any convertible or exchangeable securities are redeemed by STERIS or otherwise cease to be convertible or exchangeable into Common Shares, the conversion price shall be readjusted to the conversion price which would then be in effect had the adjustment made upon the date of issuance of such rights, options, warrants or convertible or exchangeable securities been made upon the basis of the issuance of rights, options or warrants to subscribe for or purchase only the number of Common Shares as to which such rights, options or warrants were actually exercised and the number of Common Shares that were actually issued upon the conversion or exchange of the convertible or exchangeable securities.

(2) No adjustment to the conversion price shall be made pursuant to item (1) above in connection with the issuance of any Common Shares, any rights, options or warrants to subscribe for or purchase Common Shares or any securities convertible into or exchangeable for Common Shares, or any rights, options or warrants to subscribe for or purchase such convertible or exchangeable securities at a Price Per Share lower than the current market price on the date of such issuance which are issued pursuant to any firm commitment or best efforts underwritten public offering for cash.

(g) ADJUSTMENT FOR OTHER DISTRIBUTIONS. If STERIS distributes to all holders of its Common Shares any of its assets or debt securities or any rights or warrants to purchase assets or debt securities of STERIS, the conversion price shall be adjusted in accordance with the formula:

$$AC = \frac{CC \times (O \times M) - F}{O \times M}$$

where:

AC = the adjusted conversion price.

CC = the then current conversion price.

O = the number of Common Shares outstanding on the record date mentioned below.

M = the Current Market Price per Common Share on the record date mentioned below.

F = the aggregate fair market value on the record date of the assets, securities, rights or warrants distributed. The Board of Directors of STERIS shall in good faith determine the fair market value.

The adjustment shall become effective immediately after the record date for the determination of shareholders entitled to receive the distribution.

This Subsection does not apply to (i) cash dividends or distributions in each case to the extent made from the retained earnings (determined as of the end of the

most recent period for which financial statements prepared in accordance with generally accepted accounting principles are available) of STERIS, (ii) to reclassifications or distributions referred to in subsection (e), or (iii) distributions of securities referred to in subsection (f).

(h) ADJUSTMENT FOR CERTAIN TENDER OFFERS AND STOCK PURCHASES. In case a tender offer made by STERIS or any Subsidiary of STERIS for all or any portion of STERIS's Common Shares shall expire, or there shall be consummated a purchase or series of related purchases (a "purchase") by STERIS or any Subsidiary of STERIS of all or any portion of STERIS's Common Shares, and such tender offer or purchase shall involve an aggregate consideration having a fair market value (as determined by the Board of Directors, whose determination shall be made in good faith and shall be conclusive and described in a Board Resolution) on the last time (the "Expiration Time") tenders may be made pursuant to such tender offer, or immediately prior to the consummation of such purchase, that, together with the aggregate of the cash plus the fair market value (as determined by the Board of Directors, whose determination shall be made in good faith and shall be conclusive and described in a Board Resolution), as of the Expiration Time, of other consideration payable in respect of any tender offer or purchase by STERIS or a Subsidiary of STERIS for or of any portion of STERIS's Common Shares expiring within the 12 months preceding the Expiration Time and in respect of which no conversion price adjustment pursuant to this subsection (h) has been made, exceeds 12 1/2% of the product of the Current Market Price of the Common Shares on the Expiration Time times the number of Common Shares outstanding (including any tendered shares) on the Expiration Time, the conversion price shall be reduced so that the same shall equal the price determined by multiplying the conversion price in effect immediately prior to the Expiration Time by a fraction of which the numerator shall be (i) the product of the Current Market Price per share of the Common Shares on the Expiration Time times the number of Common Shares outstanding (including any tendered or purchased shares) on the Expiration Time minus (ii) the fair market value (determined as aforesaid) of the aggregate consideration paid or payable to shareholders pursuant to the tender offers or purchases within the preceding 12 months as of the Expiration Time (the "Purchased Shares") and the denominator shall be the product of (i) such Current Market Price per share on the Expiration Time times (ii) such number of outstanding shares on the Expiration Time less the number of Purchased Shares, such reduction to become effective immediately prior to the opening of business on the day following the Expiration Time. No adjustment pursuant to this subsection (h) shall result in an increase in the conversion price.

(i) CURRENT MARKET PRICE. The current market price (the "Current Market Price") per Common Share on any date shall be the average of the Closing Prices for the five consecutive Business Days immediately preceding the date in question.

(j) WHEN ADJUSTMENT MAY BE DEFERRED. No adjustment in the conversion price need be made unless the adjustment would require an increase or decrease of at least 1% in the conversion price. Any adjustments that are not made shall be carried forward and taken into account in any subsequent adjustment; PROVIDED that any adjustment

carried forward shall be deferred not in excess of three years, whereupon any adjustment to the conversion price will be effected.

All calculations under this Section shall be made to the nearest cent or to the nearest 1/100th of a share, as the case may be.

(k) WHEN NO ADJUSTMENT REQUIRED. Except as set forth in Subsection (f), no adjustment in the conversion price shall be made because STERIS issues, in exchange for cash, property or services, Common Shares, or any securities convertible into Common Shares, or securities carrying the right to purchase Common Shares or such convertible securities.

No adjustment in the conversion price need be made for rights to purchase Common Shares pursuant to a STERIS plan for reinvestment of dividends or interest.

(l) NOTICE OF ADJUSTMENT. Whenever the conversion price is adjusted, STERIS shall promptly mail to Securityholders a notice of the adjustment setting forth the adjusted conversion price. STERIS shall file with the Trustee an Officers' Certificate or a certificate from STERIS's independent public accountants briefly stating the facts requiring the adjustment and the manner of computing it. The certificate shall be conclusive evidence that the adjustment is correct, absent manifest error, and the Trustee shall not be deemed to have knowledge of facts that would require an adjustment unless and until a Trust Officer has received a certificate describing the adjustment.

(m) NOTICE OF CERTAIN TRANSACTIONS. If:

(1) STERIS proposes to take any action that would require an adjustment in the conversion price;

(2) STERIS proposes to take any action that would require a further supplemental indenture pursuant to subsection (o); or

(3) there is a proposed liquidation or dissolution of STERIS,

STERIS shall mail to Securityholders a notice stating: (a) the proposed record date for a dividend or distribution or if there is no record date, the date of which the holders of Common Shares of record entitled thereto are to be determined or (b) the proposed effective date of a subdivision, combination, reclassification, consolidation, merger, transfer, lease, liquidation or dissolution or (c) the date on which a tender offer commenced or a stock purchase is agreed to or consummated, the date on which a tender offer is scheduled to expire unless extended, the consideration offered and the other material terms thereof (or the material terms of any amendment thereto). STERIS shall mail the notice at least 15 days before such date. Failure to mail the notice or any defect in it shall not affect the validity of the transaction.

SECTION 3. JOINT AND SEVERAL OBLIGATION. STERIS and the Company, from and after the Effective Time, by virtue of the aforesaid assumption by STERIS and the delivery of this First Supplemental Indenture, shall be joint and several obligors under the Indenture and each may exercise every right and power of the Company under the Indenture with the same effect as if STERIS had been named as a joint obligor with the Company in the Indenture.

SECTION 4. REPRESENTATIONS AND WARRANTIES. STERIS, as of the date of execution of this First Supplemental Indenture, represents and warrants that: (i) it is a corporation organized and existing under the laws of the State of Ohio; (ii) it has full corporate power and authority to execute and deliver this First Supplemental Indenture and to perform its obligations under this First Supplemental Indenture in accordance with its terms; and (iii) the execution, delivery and performance of this First Supplemental Indenture will not violate, conflict with or constitute a breach of, or a default under, its Amended and Restated Article of Incorporation or Regulations, or any other material agreement or instrument to which it is a party or which is binding on it or its assets, and will not result in the creation of any lien on, or security interest in, any of its assets.

The Company, as of the date of execution of this First Supplemental Indenture, represents and warrants that: (i) it is a corporation organized and existing under the laws of the State of Delaware; (ii) it has full corporate power and authority to execute and deliver this First Supplemental Indenture and to perform its obligations under this First Supplemental Indenture in accordance with its terms; and (iii) the execution, delivery and performance of this First Supplemental Indenture will not violate, conflict with or constitute a breach of, or a default under, its Certificate of Incorporation or Bylaws, or any other material agreement or instrument to which it is a party or which is binding on it or its assets, and will not result in the creation of any lien on, or security interest in, any of its assets.

SECTION 5. COVENANTS. All covenants and agreements in this First Supplemental Indenture by STERIS and the Company shall bind their respective successors and assigns, whether so expressed or not.

SECTION 6. NOTICES. Pursuant to Section 12.02 of the Indenture, any notices or other communications required or permitted under the Indenture and this First Supplemental Indenture shall be given or furnished to, or filed with the Company in care of STERIS at 5960 Heisley Road, Mentor, Ohio 44060-1868.

SECTION 7. SEPARABILITY. In case any provision in this First Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 8. NO THIRD PARTY BENEFITS. Nothing in this First Supplemental Indenture, express or implied, shall give to any Person, other than the parties hereto and their successors under the Indenture, and the Holders, any benefit or any legal or equitable right, remedy or claim under the Indenture.

SECTION 9. CONTINUANCE OF INDENTURE. This First Supplemental Indenture supplements the Indenture and shall be a part of and subject to all the terms thereof. The Indenture, as supplemented by this First Supplemental Indenture, shall continue in full force and effect. This First Supplemental Indenture shall become effective at the Effective Time.

SECTION 10. GOVERNING LAW. This First Supplemental Indenture shall be governed by and construed in accordance with the laws of the State of New York.

SECTION 11. DEFINED TERMS. All capitalized terms used in this First Supplemental Indenture which are defined in the Indenture but not otherwise defined herein shall have the same meanings assigned to them in the Indenture.

SECTION 12. COUNTERPARTS. This First Supplemental Indenture may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this First Supplemental Indenture to be duly executed, and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

AMSCO INTERNATIONAL, INC.

By: /s/ STEVEN F. KREGER

Name: Steven F. Kreger
Title: Vice President, Chief Financial Officer

Attest:

William J. Rieflin

STERIS CORPORATION

By: /s/ BILL R. SANFORD

Name: Bill R. Sanford
Title: Chairman, President
& Chief Executive Officer

Attest:

Joseph M. Kamer

THE BANK OF NEW YORK, as
TRUSTEE

By: /s/ LUCILLE FIRRINCIELI

Name: Lucille Firrincieli
Title: Assistant Vice President

Attest:

Paul Schmalzel

STERIS CORPORATION
MANAGEMENT INCENTIVE COMPENSATION PLAN
FY 1996

OBJECTIVE

The objective of the STERIS Corporation Management Incentive Compensation Plan (MICP) is to encourage greater initiative, resourcefulness, teamwork, efficiency, and achievement of objectives on the part of key management whose performance and responsibilities directly affect company profits.

GENERAL PROVISIONS

The MICP for FY 1996 may be reviewed and revised at the Chief Executive Officer's discretion. Any incentive payouts under the terms of this Plan will be limited by any governmental regulations that are in effect at the time of such incentive payouts.

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

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

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

Management Incentive Compensation Plan -- FY 1996
Page two

ELIGIBILITY

The management level classifications of individuals who may be eligible to participate in the MICP are the following:

- Chief Executive Officer
- Sr. Vice President
- Division President/Unit Head
- Corporate Vice President
- Div. VP/Corp. Director
- Division Director
- Manager
- Supervisor/Professional

Incumbents holding a key management position with one of the above titles are immediately eligible for participation. The incentive qualification performance parameters for each participant will be the specific parameters of the profit center, business unit, or corporate services group to which the participant is assigned. New hires for an above titled position will begin participation in the MICP during the first full fiscal quarter of employment unless otherwise specified in the employment offer. An individual promoted to a higher management level during a quarter will have MICP compensation for that quarter at the management level held by the individual for the majority of the quarter. An individual transferring from one profit center, business unit, or corporate services group to another during a quarter will qualify under the performance parameters of the profit center, business unit, or corporate services group to which the participant is assigned for the majority of the quarter.

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

Management Incentive Compensation Plan -- FY 1996
Page three

MICP FY96 PARTICIPANT BONUS SCHEDULE

The bonus for each management level upon achievement of the FY96 Pre-Tax Income and Net Revenue objectives is as follows:

MANAGEMENT LEVEL	QUARTERLY FUNDING
Chief Executive Officer.....	110% of Base Income
Senior Vice President.....	80% of Base Income
Division President/Unit Head.....	75% of Base Income
Corporate Vice President.....	65% of Base Income
Division VP/Corp. Director.....	60% of Base Income
Division Director.....	50% of Base Income
Manager.....	30% of Base Income
Supervisor/Professional.....	20% of Base Income

BONUS POOL FUNDING

The funding of the bonus pool for a profit center, business unit, or corporate services group will occur upon the achievement of the planned quarterly YTD objectives included in the applicable Annual Business Plan and/or Division Business Plan. The weighting of each bonus qualification parameter will be as follows:

1. Americas Division	
Net Revenue.....	33%
Net SS1 Units.....	33%
Operating Income*.....	33%
2. International Division	
Net Revenue.....	33%
Net SS1 Units.....	33%
Operating Income*.....	33%
3. Operations Division	
SS1 Unit Production.....	33%
S20 Unit Production.....	33%
Operating Income*.....	33%

Management Incentive Compensation Plan -- FY 1996
Page four

4. Discovery & Development		
Division		
Net SS1 Units.....		33%
Net New Products Revenue....		33%
Operating Income*.....		33%
5. Corporate Services		
Net Revenue.....		50%
Pre-Tax Income*.....		50%

*NOTE: No bonus qualification if actual performance is less than 90% of ABP or DBP objective.

BONUS CALCULATION

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

1. Each profit center, business unit, and corporate services group will be evaluated on its YTD performance achievement of the objectives for which the bonus qualification parameters have been identified.
2. The performance in achieving each bonus qualification parameter will be determined on a YTD basis and assigned a percentage achievement value for each parameter in relationship to the YTD ABP or DBP objectives. A percentage achievement above 100% will be assigned a maximum achievement value of 100%.
3. The sum of individual performance percentages of the bonus qualification parameters will be added and averaged to determine the MICP eligible percentage for the quarter. There will be no MICP eligible bonus qualification if the actual operating income achievement level for Divisions or the net income achievement level for the corporate services group is less than 90% of the applicable ABP or DBP on a YTD basis.
4. Individual payout targets will be taken from the then current Participant and Target Bonus Schedule.
5. The average of the bonus qualification parameters will be applied to the individual Target Bonus to determine the quarterly MICP eligible bonus amount.

Management Incentive Compensation Plan -- FY 1996
Page five

6. If bonus eligibility on a YTD quarterly basis has occurred, the YTD percentage achievement of the profit center, business unit, or corporate services group is multiplied by the percentage achievement of the individual quarterly Management Objectives that have been approved at the beginning of each quarter by the participant's direct supervisor and the senior executive/business head of the profit center, business unit, or corporate services group.

Bonus calculation example:

Division Supervisor's quarterly target bonus: \$30,000 base income
 $\times 20\% / 4 = \$1,500$

Division achievement of YTD bonus qualification parameters is 90% for parameter 1, 95% for parameter 2, and 100% of operating income objective (parameter 3). Average division performance is 95%.

Division Supervisor achieves 80% of Management Objectives.

Eligible Bonus:
 $\$1,500 \times 95\% = \$1,425$

Eligible quarterly bonus for the individual:
 $\$1,425 \times 80\% \text{ (individual achievement)} = \$1,140$

BONUS PAYMENT

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

EFFECTIVE DATE

The STERIS Management Incentive Compensation Plan is effective April 1, 1995, through March 31, 1996.

CREDIT AGREEMENT

dated as of May 13, 1996

among

STERIS CORPORATION,

as Borrower,

VARIOUS FINANCIAL INSTITUTIONS,

as Banks,

and

SOCIETY NATIONAL BANK,

as Agent

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Credit agreement, dated as of the 13th day of May, 1996, among STERIS CORPORATION, an Ohio corporation, ("Borrower"), the banking institutions named in Schedule 1 attached hereto and made a part hereof (collectively, "Banks", and individually "Bank") and SOCIETY NATIONAL BANK, 127 Public Square, Cleveland, Ohio 44114-1306, as Agent for the Banks under this Agreement ("Agent").

WITNESSETH:

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

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE I. DEFINITIONS

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

"Adjusted LIBOR" shall mean a rate per annum equal to the quotient obtained (rounded upwards, if necessary, to the nearest 1/100th of 1%) by dividing (a) the applicable LIBOR rate by (b) 1.00 minus the Reserve Percentage.

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

"AMSCO" shall mean AMSCO International, Inc., a Delaware corporation.

"AMSCO Indenture" shall mean the indenture dated as of October 15, 1992 between AMSCO and the Bank of New York, as Trustee.

"Applicable Facility Fee Rate" shall mean a rate determined as follows:

(a) for the period from the Closing Date through August 31, 1996, 10 basis points; and

(b) commencing September 1, 1996, the rate (i) shall be effective on the first (1st) day of the month following the date upon which the Agent received, or, if earlier, the Agent should have received, pursuant to Section 5.3 hereof, the consolidated financial statements of the Borrower and (ii) shall be the rate expressed in basis points set forth in the following matrix based on the result of the computation of the ratio of Consolidated EBIT to Consolidated Interest Expense for the most recently completed four (4) calendar quarters, provided, however, that for

any period prior to June 30, 1997, each such calculation shall exclude any calendar quarters prior to the calendar quarter ending June 30, 1996:

Ratio of Consolidated EBIT to Consolidated Interest Expense -----	Applicable Facility Fee Rate -----
Greater than or equal to 10.00 to 1.00	10 basis points
Greater than or equal to 5.00 to 1.00 but less than 10.00 to 1.00	12.5 basis points
Less than 5.00 to 1.00	15 basis points

Furthermore, the above matrix does not modify or waive, in any respect, the requirements of Section 5.7 hereof, the rights of the Banks to charge the Default Rate described in Section 2.1 hereof, or the rights and remedies of the Banks pursuant to Articles VII and VIII hereof.

"Applicable LIBOR margin" shall mean:

(a) for the period from the Closing Date through August 31, 1996, 25 basis points; and

(b) commencing September 1, 1996, the rate (i) shall be effective on the first (1st) day of the month following the date upon which the Agent received, or, if earlier, the Agent should have received, pursuant to Section 5.3 hereof, the consolidated financial statements of the Borrower, and (ii) shall be the rate expressed in basis points set forth in the following matrix based on the result of the computation of the ratio of Consolidated EBIT to Consolidated Interest Expense for the most recently completed four (4) calendar quarters, provided, however, that for any period prior to June 30, 1997, each such calculation shall exclude any calendar quarters prior to the calendar quarter ending June 30, 1996:

Ratio of Consolidated EBIT to Consolidated Interest Expense -----	Applicable Basis Points -----
Greater than or equal to 10.00 to 1.00	25 basis points
Greater than or equal to 5.00 to 1.00 but less than 10.00 to 1.00	30 basis points
Less than 5.00 to 1.00	35 basis points

In addition, for any day on which the outstanding aggregate principal amount of Loans exceeds fifty percent (50%) of the Total Commitment Amount, the Applicable LIBOR Margin otherwise in effect for each LIBOR Loan on any such day shall be increased by 5 basis points. Furthermore, the above matrix does not modify or waive, in any respect, the requirements of

Section 5.7 hereof, the rights of the Banks to charge the Default Rate, or the rights and remedies of the Banks pursuant to Articles VII and VIII hereof.

"Cleveland Banking Day" shall mean a day on which the main office of the Agent is open for the transaction of business.

"Closing Date" shall mean the date set forth on the first page of this Agreement.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Commitment" shall mean the obligation hereunder of each Bank to make Revolving Loans (and the obligation of the Agent to make Swing Loans) up to the aggregate amount set forth opposite such Bank's name under the column headed "Maximum Amount" as described in Schedule 1 hereof during the Commitment Period (or such lesser amount as shall be determined pursuant to Section 2.5 hereof).

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

"Commitment Period" shall mean the period from the Effective Date to September 30, 1998.

"Company" shall mean Borrower or a Subsidiary.

"Consolidated EBIT" shall mean, for any period on a consolidated basis for Borrower and its Subsidiaries, the sum of the amounts for such period of:

(a) Consolidated Net Earnings, provided that: (i) all gains and all losses realized by Borrower and its Subsidiaries upon the sale or other disposition (including, without limitation, pursuant to sale and leaseback transactions) of property or assets which are not sold or otherwise disposed of in the ordinary course of business, or pursuant to the sale of any capital stock of Borrower or any Subsidiary, shall be excluded from such Consolidated Net Earnings, (ii) net income or net loss of Borrower and its Subsidiaries combined on a "pooling of interests" basis attributable to any period prior to the date of such combination shall be excluded from such Consolidated Net Earnings, (iii) all items of gain or loss which are properly classified as extraordinary in accordance with GAAP shall be excluded from such Consolidated Net Earnings, (iv) all items which are properly classified in accordance with GAAP as cumulative effects of accounting changes shall be excluded from such Consolidated Net Earnings, and (v) net income of any Person which is not a Subsidiary of Borrower and its Subsidiaries and which is consolidated with Borrower and its Subsidiaries or is accounted for by Borrower and its Subsidiaries by the equity method of accounting shall be included in such Consolidated Net Earnings only to the extent of the amount of dividends or distributions paid to Borrower and its Subsidiaries or a Subsidiary;

(b) Consolidated Interest Expense; and

(c) charges for federal, state, local and foreign income taxes.

"Consolidated Interest Expense" shall mean, for any period, interest expense of Borrower and its Subsidiaries for such period, determined in accordance with GAAP.

"Consolidated Net Earnings" shall mean, for any period, the consolidated net income (loss) of Borrower and its consolidated Subsidiaries for such period, determined in accordance with GAAP.

"Consolidated Net Worth" shall mean at any date the consolidated shareholders' equity of the Borrower and its consolidated Subsidiaries, determined as of such date in accordance with GAAP.

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

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

"Default Rate" shall mean a rate per annum which shall be two per cent (2%) in excess of the Prime Rate from time to time in effect.

"Derived LIBOR Rate" shall mean a rate per annum which shall be the sum of the Applicable LIBOR Margin plus Adjusted LIBOR.

"Effective Date" shall mean the date, which must be prior to June 30, 1996, upon which the Merger becomes effective .

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

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

"ERISA Event" shall mean: (a) the existence of any condition or event with respect to an ERISA Plan which presents a risk of the imposition of an excise tax or any other liability on a Company or of the imposition of a lien on the assets of a Company, (b) a Controlled Group member has engaged in a non-exempt "prohibited transaction" (as defined under ERISA Section 406 or Code Section 4975) or a breach of a fiduciary duty under ERISA which could result in

liability to a Company, (c) a Controlled Group member has applied for a waiver from the minimum funding requirements of Code Section 412 or ERISA Section 302 or a Controlled Group member is required to provide security under Code Section 401(a)(29) or ERISA Section 307, (d) a "reportable event" (as defined under ERISA Section 4043) has occurred with respect of any Pension Plan as to which notice is required to be provided to the PBGC, (e) a Controlled Group member has withdrawn from a Multiemployer Plan in a "complete withdrawal" or a "partial withdrawal" (as such terms are defined in ERISA Sections 4203 and 4205, respectively), (f) a Multiemployer Plan is in or is likely to be in reorganization under ERISA Section 4241, (g) an ERISA Plan (and any related trust) which is intended to be qualified under Code Sections 401 and 501 fails to be so qualified or any "cash or deferred arrangement" under any such ERISA Plan fails to meet the requirements of Code Section 401(k), (h) the PBGC takes any steps to terminate a Pension Plan or appoint a trustee to administer a Pension Plan, or a Controlled Group member takes steps to terminate a Pension Plan, (i) a Controlled Group member or an ERISA Plan fails to satisfy any requirements of law applicable to an ERISA Plan, (j) a claim, action, suit, audit or investigation is pending or threatened with respect to an ERISA Plan, other than a routine claim for benefits, or (k) a Controlled Group member incurs or is expected to incur any liability for post-retirement benefits under any Welfare Plan, other than as required by ERISA Section 601, ET. SEQ. or Code Section 4980B.

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

"Eurocurrency 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.

"Event of Default" shall mean an event, condition or thing which constitutes any event of default referred to in Article VII hereof

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

"Funded Senior Debt" shall mean the Debt and any other Indebtedness (exclusive of (e) of the Indebtedness definition of this Agreement) of a Company that is not Subordinated.

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

"Guarantor" shall mean one who 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 one who agrees conditionally or otherwise to make any purchase, loan or investment in order thereby to enable another to prevent or correct a default of any kind.

"Guarantor of Payment" shall mean any one of AMSCO, Medical & Environmental Designs, Inc., Ecomed, Inc., American Sterilizer Company, AMSCO Sterile Recoveries, Inc., AMSCO International Sales Corporation, AMSCO Canada Inc., HAS, Inc., AMSCO Europe, Inc., AMSCO Asia Pacific, Inc. and AMSCO Latin America, Inc., which are each executing and delivering a Guaranty of Payment, or any other party which shall deliver a Guaranty of Payment to the Agent subsequent to the Closing Date.

"Guaranty of Payment" shall mean each of the guaranties of payment of debt executed and delivered on or after the date hereof in connection herewith by the Guarantors of Payment, as the same may be from time to time amended, supplemented or otherwise modified.

"Indebtedness" shall mean, for any Company (a) all obligations to repay borrowed money, direct or indirect, incurred, assumed, or guaranteed, (b) all obligations for the deferred purchase price of capital assets excluding trade payables, (c) all obligations under conditional sales or other title retention agreements, (d) all lease obligations which have been or should be capitalized on the books of such Company in accordance with GAAP, and (e) reimbursement and other obligations under any letter of credit, currency swap or forward contract or agreement, interest rate swap, cap collar or floor agreement or other interest rate or other risk management device .

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

"Interest Period" shall mean a period of one (1), two (2), three (3), or six (6) months (as selected by Borrower) commencing on the applicable borrowing or conversion date of each LIBOR Loan and on each Interest Adjustment Date with respect thereto; provided, however, that if any such period would be affected by a reduction in Commitment as provided in Section 2.5 hereof, prepayment or conversion rights or obligations as provided in 3.5 hereof, or maturity of LIBOR Loans as provided in Section 2.1 hereof, such period shall be shortened to end on the date such Loan is to be prepaid or converted pursuant to such provisions. If Borrower fails to select a new Interest Period with respect to an outstanding LIBOR Loan at least three (3) London Banking Days prior to any Interest Adjustment Date, Borrower shall be deemed to have converted such LIBOR Loan to a Prime Rate Loan at the end of the then current Interest Period.

"LIBOR" shall mean the average (rounded upward to the nearest 1/16th of 1%) of the per annum rates at which deposits in immediately available funds in United States dollars for the relevant Interest Period and in the amount of the LIBOR Loan to be disbursed or to remain outstanding during such Interest Period, as the case may be, are offered to the Reference Bank by prime banks in any Eurodollar market reasonably selected by the Reference Bank, determined as of 11:00 a.m. London time (or as soon thereafter as practicable), two (2) London Banking Days prior to the beginning of the relevant Interest Period pertaining to a LIBOR Loan hereunder.

"LIBOR Loans" shall mean those Revolving Loans described in Section 2.1A hereof on which Borrower has elected to pay interest at a rate based on LIBOR.

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

"Loan" or "Loans" shall mean the advances made and/or credit extended to Borrower by the Banks and the Agent in accordance with Article II hereof.

"Loan Documents" shall mean this Agreement, each of the Notes and the Guaranties of Payment.

"London Banking Day" shall mean a day on which banks are open for business in London, England, and quoting deposit rates for dollar deposits.

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

"Merger" shall mean the transaction contemplated by Section 1.01 of the Merger Agreement.

"Merger Agreement" shall mean the Restated Agreement and Plan of Merger dated as of December 16, 1995 and restated and executed as of March 28, 1996, by and between Borrower and AMSCO.

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

"Note" or "Notes" shall mean any Revolving Credit Note or Notes or any Swing Loan Note, executed and delivered pursuant to Section 2.1A or B hereof, or any other note delivered pursuant to this Agreement.

"Offering Documents" shall mean the STERIS Corporation and AMSCO International, Inc. Joint Proxy Statement, dated April 1, 1996, and the Registration Statement on Form S-4 filed by Borrower with the Securities and Exchange Commission on February 23, 1996, as amended by Amendment No. 1 to Form S-4, filed by Borrower with the Securities and Exchange Commission on April 1, 1996.

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

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

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

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

"Prime Rate Loans" shall mean those Revolving Loans described in Section 2.1A hereof on which Borrower shall pay interest at a rate based on the Prime Rate.

"Possible Default" shall mean an event, condition or thing which constitutes, or which with the lapse of any applicable grace period or the giving of notice or both would constitute, any Event of Default and which has not been appropriately waived by the Majority Banks in writing or fully corrected prior to becoming an actual Event of Default.

"Reference Bank" shall mean the Cayman Islands branch office of Society National Bank.

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

"Reserve Percentage" shall mean for any day that percentage (expressed as a decimal) which 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 Adjusted LIBOR shall be adjusted automatically on and as of the effective date of any change in the Reserve Percentage .

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

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

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

"Subsidiary" of Borrower or any of its Subsidiaries shall mean (a) a corporation more than fifty percent (50%) of the voting power or capital stock 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 such Person, directly or indirectly, has at least a majority ownership interest or the power to direct the policies, management and affairs thereof.

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

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

"Swing Loan Commitment" shall mean the commitment of the Agent to make Swing Loans to the Borrower up to the maximum aggregate amount at any time outstanding of Five Million Dollars (\$5,000,000) on the terms and conditions set forth in Section 2.1B hereof.

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

"Total Commitment Amount" shall mean the obligation hereunder of the Banks to make Loans up to the maximum aggregate principal amount of One Hundred Twenty Five Million Dollars (\$125,000,000) during the Commitment Period (or such lesser amount as shall be determined pursuant to Section 2.5 hereof).

"Voting Stock" shall mean stock of a corporation of a class or classes having general voting power under ordinary circumstances to elect a majority of the board of directors, managers or trustees of such corporation (irrespective of whether or not at the time stock of any other class or classes shall have or might have voting power by the reason of the happening of any contingency).

"Welfare Plan" shall mean an ERISA Plan that is a "welfare plan" within the meaning of ERISA Section 3(1).

"Wholly-Owned Subsidiary" shall mean each Subsidiary all of whose outstanding stock, other than directors' qualifying shares, shall at the time be owned by Borrower and/or by one or more Wholly-Owned Subsidiaries.

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

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

ARTICLE II. AMOUNT AND TERMS OF CREDIT

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

A. Revolving Loans

Each Bank, for itself and not one for any other, agrees to make Revolving Loans hereunder during the Commitment Period on such basis that (a) immediately after the completion of any borrowing by Borrower, the aggregate principal amount then outstanding on the Revolving Credit Note issued to such Bank shall not be in excess of the amount shown opposite the name of such Bank under the column headed "Maximum Amount" as set forth in Schedule 1 hereto, and (b) such aggregate principal amount outstanding on the Revolving Credit Note issued to such Bank, shall represent that percentage of the aggregate principal amount then outstanding on all Revolving Credit Notes (including the Revolving Credit Note held by such Bank) which is such Bank's Commitment Percentage.

Each borrowing of a Revolving Loan from the Banks hereunder shall be made pro rata according to their respective Commitment Percentages. The Revolving Loans may be made as follows: Subject to the terms and conditions of this Agreement, during the Commitment Period, each Bank 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 one time outstanding hereunder the Commitment of such Bank. Borrower shall have the option, subject to the terms and conditions set forth herein, to borrow hereunder up to the Total Commitment Amount, less the aggregate amount of Swing Loans outstanding, by means of any combination of (a) Prime Rate Loans maturing on the last day of the Commitment Period, bearing interest at a rate per annum which shall be the Prime Rate from time to time in effect and drawn down in aggregate amounts of not less than Five Hundred Thousand Dollars (\$500,000), increased by increments of One Hundred Thousand Dollars (\$100,000), or (b) LIBOR Loans maturing on the last day of the Commitment Period, drawn down in aggregate amounts of not less than Five Million Dollars (\$5,000,000), increased by increments of One Million Dollars (\$1,000,000), bearing interest at a rate per annum which shall be the Derived LIBOR Rate, fixed for each LIBOR Loan in advance of each Interest Period for such LIBOR Loan as herein provided for each such Interest Period. At no time shall Borrower request that more than eight (8) LIBOR Loans be outstanding at any time.

Borrower shall pay interest on the unpaid principal amount of Prime Rate Loans outstanding from time to time from the date thereof until paid, on the last day of each succeeding March, June, September and December of each year and at the maturity thereof, commencing June 30, 1996. Borrower shall pay interest at a fixed rate for each Interest Period on the unpaid principal amount of each LIBOR Loan outstanding from time to time from the date thereof until paid, payable on each Interest Adjustment Date with respect to an Interest

Period (provided that if an Interest Period exceed three months, the interest must be paid every three months from the beginning of such Interest Period).

At the request of Borrower, provided no Possible Default exists hereunder, the Banks shall convert Prime Rate Loans to LIBOR Loans at any time, subject to the notice provisions of Section 2.2 hereof, and shall convert LIBOR Loans to Prime Rate Loans on any Interest Adjustment Date, but each request for Revolving Loans must either be for Prime Rate Loans or LIBOR Loans.

The obligation of Borrower to repay the Prime Rate Loans and the LIBOR Loans made by each Bank and to pay interest thereon shall be evidenced by a Revolving Credit Note of Borrower substantially in the form of Exhibit A hereto, with appropriate insertions, dated the date of this Agreement and payable to the order of such Bank on the last day of the Commitment Period in the principal amount of its Commitment, or, if less, the aggregate unpaid principal amount of Revolving Loans made hereunder by such Bank. If an Event of Default shall occur hereunder, the principal of the Revolving Credit Note and the unpaid interest thereon shall bear interest, until paid, at the Default Rate . Subject to the provisions of this Agreement, Borrower shall be entitled 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.

B. Swing Loans.

Subject to the terms and conditions of this Agreement, during the Commitment Period, the Agent may make a Swing Loan or Swing 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 one time outstanding the Swing Loan Commitment. Each Swing Loan shall be due and payable on the earlier of (a) demand made by the Agent at any time upon one (1) Cleveland Banking Day's prior notice to the Borrower, (b) the twentieth (20th) day after the date that such Swing Loan is made, or (c) the last day of the Commitment Period; provided that if no Possible Default shall have occurred and be continuing at the time of such demand, then the Borrower shall, immediately after the Borrower learns of such demand, if and to the extent that the Borrower is permitted to borrow Revolving Loans under the terms of this Agreement at the time of such demand, be deemed to have submitted a request for a Revolving Loan in an amount necessary to repay the amount demanded, and the provisions of Section 2.1A hereof concerning minimum principal amounts and integral multiples thereof required for requesting Revolving Loans shall not apply to Revolving Loans made pursuant to this paragraph.

Each Swing Loan shall bear interest at a fixed rate per annum which shall be an interest rate agreed upon by the Agent and the Borrower which has requested the Swing Loan. Each Swing Loan shall be drawn down in aggregate amounts of not less than One Hundred Thousand Dollars (\$100,000), increased by increments of Fifty Thousand Dollars (\$50,000). Borrower shall pay interest to the Agent, for the sole benefit of the Agent, on the unpaid principal amount of each Swing Loan outstanding from time to time from the date thereof until paid, on the last day of each succeeding March, June, September and December of each year and at the maturity thereof. Each Swing Loan shall bear interest for a minimum of one (1) day.

The obligation of Borrower to repay the Swing Loans and to pay interest thereon shall be evidenced by a Swing Loan Note of Borrower substantially in the form of Exhibit B hereto, with appropriate insertions, dated the date of this Agreement and payable to the order of the Agent on the last day of the Commitment Period in the principal amount of the Swing Loan Commitment, or, if less, the aggregate unpaid principal amount of Swing Loans made hereunder by the Agent. If an Event of Default shall occur hereunder, the principal of the Swing Loan Note and the unpaid interest thereon shall bear interest, until paid, at the Default Rate. Subject to the provisions of this Agreement, Borrower shall be entitled 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.

The Agent shall not make any Swing Loan under the Swing Line if, after giving effect thereto, (a) the sum of the then aggregate outstanding principal amount of all Loans would exceed the Total Commitment Amount, or (b) the aggregate outstanding principal amount of all Swing Loans would exceed the Swing Loan Commitment. The Agent shall at no time be obligated to make any Swing Loan. The Agent shall not, without the approval of the Majority Banks, make a Swing Loan if the Agent shall have actual knowledge that a Possible Default has occurred and is continuing.

Each Bank shall be deemed to have unconditionally and irrevocably purchased a pro rata risk participation from the Agent in the Swing Loans, without recourse or warranty (except that the outstanding Swing Loans in fact were made by the Agent, have not been repaid, and have not been sold or assigned by the Agent) in an amount equal to such Bank's Commitment Percentage times the amount outstanding on the Swing Loan Note. In addition, from and after the date that any Bank funds such participation, such Bank shall, to the extent of its Commitment Percentage, be entitled to receive a ratable portion of any payment of principal and interest received by the Agent on account of such Swing Loans, payable promptly to such Bank upon receipt; provided, however, that at such time as the Banks provide funds for purchase of such risk participation, the interest payable thereon shall be at a rate of interest in accordance with Section 2.1A hereof.

The Agent may at any time, without notice to or the consent of the Borrower, terminate the Swing Line and cause Revolving Loans to be made by the Banks in an aggregate amount equal to the amount of principal and interest outstanding under the Swing Line, and the conditions precedent set forth in Section 2.2 hereof shall not apply to such Revolving Loans. The proceeds of such Revolving Loans shall be paid to the Agent for payment of the Swing Loan Note. The Revolving Loans resulting therefrom shall bear interest in accordance with Section 2.1A hereof.

SECTION 2.2. CONDITIONS TO LOANS. The obligation of each Bank to make Loans hereunder is conditioned, in the case of each borrowing hereunder, upon:

(a) All conditions precedent to the consummation of the Merger shall have been satisfied in accordance with the terms of the Merger Agreement, the Merger shall have become effective under applicable law, and the Banks shall have received a certificate from the secretary

or assistant secretary of Borrower to such effect, attaching a true and complete copy of the duly executed certificate of merger. No material conditions precedent to Borrower's obligations to consummate such transactions shall have been waived without the prior written consent of the Agent and the Banks;

(b) receipt by the Agent of a Notice of Loan, in the form of Exhibit C hereto, from Borrower by 11:00 AM on the proposed date of borrowing, such notice to provide the aggregate amount of the Prime Rate Loans, and, if LIBOR Loans are requested, three (3) London Banking Days' notice of the proposed date, such notice to provide the aggregate amount and initial Interest Period of such LIBOR Loans. The Agent shall notify each Bank of the date, amount and initial Interest Period (if applicable) promptly upon the receipt of such notice, and, in any event, by 1:00 P.M. on the date such notice is received. On the date such Loan is to be made, each Bank shall provide the Agent not later than 3:00 P.M. Cleveland time, with the amount in federal or other immediately available funds, required of it;

(c) the fact that no Possible Default shall then exist or immediately after the Loan would exist; and

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

The obligation of the Agent to make Swing Loans hereunder is conditioned, in each case, upon (i) its consent to do so, (ii) receipt by the Agent of notice from Borrower by 11:00 AM on the proposed date which states the aggregate amount and maturity of the borrowing, and (iii) (c) and (d) above. Each request for a Loan by Borrower hereunder shall be deemed to be a representation and warranty by Borrower as of the date of such request as to the facts specified in (c) and (d) above.

SECTION 2.3. PAYMENT ON NOTES, ETC. All payments of principal, interest and facility and other fees shall be made to the Agent in immediately available funds for the account of the Banks (except that Swing Loan payments shall be solely for the account of the Agent unless the Banks have advanced funds on a Swing Loan), and the Agent (on such day if such payment is received by the Agent prior to 1:00 P.M. and on the next Cleveland Banking Day if received after 1:00 P.M.) shall distribute to each Bank its ratable share of the amount of principal, interest, and facility and other fees received by it for the account of such Bank. Each Bank shall record (a) any principal, interest or other payment, and (b) the principal amount of the Prime Rate Loans and the LIBOR Loans and all prepayments thereof and the applicable dates with respect thereto, and the Agent shall record Swing Loans and payments thereof, by such method as such Bank may generally employ; provided, however, that failure to make any such entry shall in no way detract from Borrower's obligations under each such Note. The aggregate unpaid amount of Loans set forth on the records of each Bank shall be rebuttably presumptive evidence of the principal and interest owing and unpaid on each Note. Whenever any payment to be made here under, including without limitation any payment to be made on any Note, shall be stated to be due on a day which is not a Cleveland Banking Day, such payment shall be made

on the next succeeding Cleveland Banking Day and such extension of time shall in each case be included in the computation of the interest payable on such Note; provided, however, that with respect to any LIBOR Loan, if the next succeeding Cleveland Banking Day falls in the succeeding calendar month, such payment shall be made on the preceding Cleveland Banking Day and the relevant Interest Period shall be adjusted accordingly.

SECTION 2.4. PREPAYMENT. Borrower shall have the right at any time or from time to time to prepay on a pro rata basis, all or any part of the principal amount of the Notes then outstanding as designated by Borrower, plus interest accrued on the amount so prepaid to the date of such prepayment. Borrower shall give the Agent notice of prepayment of any Prime Rate Loans or Swing Loans by not later than 11:00 A.M. Cleveland time on the Cleveland Banking Day such prepayment is to be made and written notice of the prepayment of any LIBOR Loan not later than 1:00 P.M. Cleveland time three London Banking Days before the Cleveland Banking Day on which such prepayment is to be made. Prepayments of Prime Rate Loans and Swing Loans shall be without any premium or penalty. In any case of prepayment of any LIBOR Loans, Borrower agrees that if Adjusted LIBOR as determined as of 11:00 P.M. London time, three (3) London Banking Days prior to the date of prepayment of any LIBOR Loans (hereinafter, "Prepayment LIBOR") shall be lower than the last Adjusted LIBOR previously determined for those LIBOR Loans with respect to which prepayment is intended to be made (hereinafter, "Last LIBOR"), then Borrower shall, upon written notice by the Agent, promptly pay to the Agent, for the account of each of the Banks, in immediately available funds, a prepayment penalty equal to the product of (a) a rate (the "Prepayment Penalty Rate") which shall be equal to the difference between the Last LIBOR and the Prepayment LIBOR, times (b) all or such part of the principal amounts of the Notes as relate to the LIBOR Loans to be prepaid, times (c) the quotient obtained by dividing (i) the number of days in the period commencing with the date on which such prepayment is to be made to that date which coincides with the last day of the Interest Period previously established when the LIBOR Loans, which are to be prepaid, were made by (ii) three hundred sixty (360). In addition, Borrower shall immediately pay directly to the Agent, for the account of the Banks, the amount of any additional costs or expenses (including, without limitation, cost of telex, wires, or cables) incurred by the Agent or the Banks in connection with the prepayment, upon Borrower's receipt of a written statement from the Agent. Each prepayment of a LIBOR Loan shall be in the aggregate principal sum of not less than One Million Dollars (\$1,000,000). In the event Borrower cancels a proposed LIBOR Loan subsequent to the delivery to the Agent of the notice of the proposed date, aggregate amount and initial Interest Period of such Loan, but prior to the draw down of funds thereunder, such cancellation shall be treated as a prepayment subject to the aforementioned prepayment penalty.

SECTION 2.5. FEES; TERMINATION OR REDUCTION OF COMMITMENTS. Borrower agrees to pay to Agent, for the ratable account of each Bank, as a consideration for its Commitment hereunder, a quarterly facility fee equal to (a) the Applicable Facility Fee Rate, times (b) the Commitment, times (c) the quotient obtained by dividing (i) the number of days in the calendar quarter, by (ii) three hundred sixty (360). The facility fee shall be payable in arrears on June 30, 1996 and on the last day of each calendar quarter thereafter. Borrower may at any time or from time to time terminate in whole or ratably in part the Commitments of the

Banks hereunder to an amount not less than the aggregate principal amount of the Loans then outstanding, by giving the Agent not fewer than five (5) Cleveland Banking Days' notice, provided that any such partial termination shall be in an aggregate amount for all of the Banks of Five Million Dollars (\$5,000,000) increased by increments of One Million Dollars (\$1,000,000). The Agent shall promptly notify each Bank of its proportionate amount and the date of each such termination. After each such termination, the facility fees payable hereunder shall be calculated upon the Commitments of the Banks as so reduced. If Borrower terminates in whole the Commitments of the Banks, on the effective date of such termination (Borrower having prepaid in full the unpaid principal balance, if any, of the Notes outstanding, together with all interest (if any) and facility and other fees accrued and unpaid), all of the Notes outstanding shall be delivered to the Agent marked "Canceled" and redelivered to Borrower. Any partial reduction in the Commitments of the Banks shall be effective during the remainder of the Commitment Period.

SECTION 2.6. COMPUTATION OF INTEREST AND FEES. Interest on Loans, expenses and facility and other fees and charges hereunder shall be computed on the basis of a year having three hundred sixty (360) days and calculated for the actual number of days elapsed. In no event shall the rate of interest hereunder exceed the rate allowable by law.

ARTICLE III. ADDITIONAL PROVISIONS RELATING TO LIBOR LOANS

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

prepayment or conversion shall be subject to the prepayment penalties set forth in Section 2.4 hereof. Each Bank shall notify Borrower as promptly as practicable (with a copy thereof delivered to the Agent) of the existence of any event which will likely require the payment by Borrower of any such additional amount under this Section.

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

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

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

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

SECTION 3.4. INDEMNITY. Without prejudice to any other provisions of this Article III, Borrower hereby agrees to indemnify each Bank against any loss or expense which such Bank may sustain or incur as a consequence of any default by Borrower in payment when due of any amount hereunder in respect of any LIBOR Loan, including, but not limited to, any loss of profit, premium or penalty incurred by such Bank in respect of funds borrowed by it for the purpose of making or maintaining such LIBOR Loan, as determined by such Bank in the exercise of its sole but reasonable discretion. A certificate as to any such loss or expense shall be promptly submitted by such Bank to Borrower and shall, in the absence of manifest error, be conclusive and binding as to the amount thereof.

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

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

ARTICLE IV. CONDITIONS PRECEDENT

The obligation of each Bank to make its first Loan hereunder is subject to Borrower furnishing to each Bank the following:

SECTION 4.1. NOTES. Borrower shall have executed and delivered to the Agent, each Bank's Revolving Credit Note and Swing Line Note.

SECTION 4.2. GUARANTIES OF PAYMENT. Each of AMSCO International, Inc., Medical & Environmental Designs, Inc., Ecomed, Inc., American Sterilizer Company, AMSCO Sterile Recoveries, Inc., AMSCO International Sales Corporation, AMSCO Canada Inc., HAS, Inc., AMSCO Europe, Inc., AMSCO Asia Pacific, Inc. and AMSCO Latin America, Inc. shall have executed and delivered its Guaranty of Payment to the Agent.

SECTION 4.3. RESOLUTIONS, ORGANIZATIONAL DOCUMENTS . Certified copies of (a) the resolutions of the board of directors of Borrower evidencing approval of the execution of the Loan Documents and the execution of other Related Writings to which Borrower is a party, and (b) Borrower's Articles (or Certificate) of Incorporation, bylaws and all amendments thereto (as in effect as of the Effective Date).

SECTION 4.4. LEGAL OPINION. A favorable opinion of counsel for Borrower in the form of Exhibit F hereto.

SECTION 4.5. CERTIFICATE OF INCUMBENCY. A certificate of the secretary or assistant secretary of Borrower certifying the names of the officers of Borrower authorized to sign the Loan Documents, together with the true signatures of such officers.

SECTION 4.6. GUARANTOR OF PAYMENT RESOLUTIONS, ORGANIZATIONAL DOCUMENTS. Certified copies of (a) the resolutions of the boards of directors, or executive committees thereof, of each Guarantor of Payment identified in Section 4.2 hereof, evidencing approval of the execution of its Guaranty of Payment and any other Related Writings to which such Guarantor of Payment is a party, and (b) each such Guarantor of Payment's Articles (or Certificate) of Incorporation, bylaws and all amendments thereto.

SECTION 4.7. GUARANTOR OF PAYMENT LEGAL OPINIONS. A favorable opinion of counsel for each Guarantor of Payment in the form of Exhibit F hereto.

SECTION 4.8. GUARANTOR OF PAYMENT CERTIFICATES OF INCUMBENCY. A certificate of the secretary or assistant secretary of each Guarantor of Payment certifying the names of the officers of such Guarantor of Payment authorized to sign its Guaranty of Payment and any other Related Writings to which such Guarantor of Payment is a party.

SECTION 4.9. GOOD STANDING CERTIFICATES. A good standing certificate for Borrower and each Guarantor of Payment identified in Section 4.2 above, issued on or about

the date hereof by the Secretary of State in the state(s) where Borrower or Guarantor of Payment is incorporated or qualified as a foreign corporation.

SECTION 4.10. AGENT FEE. Borrower shall pay to the Agent, for its sole benefit, fees as set forth in the Agent Fee Letter between Borrower and the Agent, and dated as of the Closing Date.

SECTION 4.11. LIEN SEARCHES. With respect to the property owned by Borrower and its Subsidiaries: (a) the results of U.C.C. lien searches, satisfactory to the Agent and the Banks; and (b) the results of federal and state tax lien and judicial lien searches regarding Borrower and its Subsidiaries, satisfactory to the Agent and the Banks.

SECTION 4.12. MERGER APPROVALS.

(a) Certified copy of resolutions of the board of directors and shareholders of Borrower evidencing approval of the Merger Agreement and the transactions contemplated thereby .

(b) Certified copy of resolutions of the board of directors and shareholders of AMSCO evidencing approval of the Merger Agreement and the transactions contemplated thereby .

SECTION 4.13. RECEIPT OF DOCUMENTS. Copies of the Merger Agreement, the Offering Documents and such other documents relating to the Merger, this Agreement or the transactions contemplated thereby or hereby as requested by Banks, certified as true and complete copies thereof by the secretary or assistant secretary of Borrower or AMSCO, as appropriate .

SECTION 4.14. MISCELLANEOUS. Such other items as may be reasonably required by the Agent or the Banks.

ARTICLE V. COVENANTS

Borrower agrees that so long as the Commitments remain in effect and thereafter until the principal of and interest on all Notes and all other payments and fees due hereunder shall have been paid in full, Borrower shall perform and observe, and shall cause each Subsidiary to perform and observe, each of the following provisions, namely:

SECTION 5.1. INSURANCE. Each Company shall (a) maintain insurance to such extent and against such hazards and liabilities as is commonly maintained by companies similarly situated; and (b) within ten (10) days of any Bank's written request, furnish to such Bank such information about any Company's insurance as that Bank may from time to time reasonably request, which information shall be prepared in form and detail satisfactory to such Bank and certified by an officer of such Company.

SECTION 5.2. MONEY OBLIGATIONS. Each Company shall pay in full (a) prior in each case to the date when penalties would attach, all taxes, assessments and governmental charges and levies (except only those so long as and to the extent that the same shall be contested in good faith by appropriate and timely proceedings) for which it may be or become liable or to which any or all of its properties may be or become subject; (b) all of its wage obligations to its employees in compliance with the Fair Labor Standards Act (29 U.S.C. 206-207) or any comparable provisions; and (c) all of its other obligations calling for the payment of money (except only those so long as and to the extent that the same shall be contested in good faith) before such payment becomes overdue.

SECTION 5.3. FINANCIAL STATEMENTS . The Borrower shall furnish to each Bank:

(a) within forty-five (45) days after the end of each of the first three quarter-annual periods of each fiscal year, balance sheets of Borrower and its Subsidiaries as of the end of such period and statements of income (loss), shareholders' equity and cash flow for the quarter and fiscal year to date periods, all prepared on a consolidated basis, in accordance with GAAP, and in form and detail satisfactory to the Banks and certified by Financial Officers of the Borrower;

(b) within ninety (90) days after the end of each fiscal year, an annual audit report of the Borrower and its Subsidiaries for that year prepared on a consolidated, in accordance with GAAP, and in form and detail satisfactory to the Banks and certified by an independent public accountant satisfactory to the Banks, which report shall include balance sheets and statements of income (loss), shareholders' equity and cash-flow for that period, together with a certificate by the accountant setting forth the Possible Defaults coming to its attention during the course of its audit or, if none, a statement to that effect;

(c) concurrently with the delivery of the financial statements set forth in (a) and (b) above, a Compliance Certificate in the form of Exhibit D hereto;

(d) within ninety (90) days after the end of each fiscal year of Borrower, annual pro-forma projections of Borrower and its Subsidiaries for the then current fiscal year and the next two succeeding fiscal years, to be in form acceptable to the Agent;

(e) as soon as available, copies of all notices, reports, definitive proxy or other statements and other documents sent by Borrower to its shareholders, to the holders of any of its debentures or bonds or the trustee of any indenture securing the same or pursuant to which they are issued, or sent by Borrower (in final form) to any securities exchange or over the counter authority or system, or to the Securities and Exchange Commission or any similar federal agency having regulatory jurisdiction over the issuance of Borrower's securities; and

(f) within ten (10) days of any Bank's written request, such other information about the financial condition, properties and operations of any Company as such Bank may from time to time reasonably request, which information shall be submitted in form and detail satisfactory to such Bank and certified by a Financial Officer of the Company or Companies in question.

SECTION 5.4. FINANCIAL RECORDS. Each Company shall at all times maintain true and complete records and books of account including, without limiting the generality of the foregoing, appropriate reserves for possible losses and liabilities, all in accordance with GAAP, and at all reasonable times (during normal business hours and upon notice to the Company in question) permit the Banks to examine that Company's books and records and to make excerpts therefrom and transcripts thereof.

SECTION 5.5. FRANCHISES. Each Company shall preserve and maintain at all times its existence, rights and franchises, except as provided in Section 5.14.

SECTION 5.6. ERISA COMPLIANCE. No Company shall incur any material accumulated funding deficiency within the meaning of ERISA, or any material liability to the PBGC, established thereunder in connection with any ERISA Plan. Borrower shall furnish to the Banks (a) as soon as possible and in any event within thirty (30) days after any Company knows or has reason to know that any Reportable Event, as defined under ERISA Section 4043, with respect to any ERISA Plan has occurred, a statement of the Financial Officer of such Company, setting forth details as to such Reportable Event and the action which such Company proposes to take with respect thereto, together with a copy of the notice of such Reportable Event given to the PBGC if a copy of such notice is available to such Company, and (b) promptly after receipt thereof a copy of any notice such Company, or any member of the Controlled Group may receive from the PBGC or the Internal Revenue Service with respect to any ERISA Plan administered by such Company; provided, that this latter clause shall not apply to notices of general application promulgated by the PBGC or the Internal Revenue Service, or to notices relating to ministerial errors or other minor compliance errors. Borrower shall promptly notify the flanks of any material taxes assessed, proposed to be assessed or which Borrower has reason to believe may be assessed against a Company by the Internal Revenue Service with respect to any ERISA Plan. As used in this Section "material" means the measure of a matter of significance which shall be determined as being an amount equal to five per cent (5%) of the Consolidated Net Worth of Borrower and its Subsidiaries. As soon as practicable, and in any event within twenty (20) days, after any Company becomes aware that an ERISA Event has occurred, such Company shall provide Bank with notice of such ERISA Event with a certificate by the chief financial officer or other authorized officer of such Company setting forth the details of the event and the action such Company or another Controlled Group member proposes to take with respect thereto. Borrower shall, at the request of the Agent or any Bank, deliver or caused to be delivered to the Agent or such Bank, as the case may be, true and correct copies of any documents relating to the ERISA Plan of any Company.

SECTION 5.7. INTEREST COVERAGE. Borrower shall not suffer or permit at any time, for Borrower and its Subsidiaries, the ratio of Consolidated EBIT to Consolidated Interest Expense to be less than 3.00 to 1.00, based upon Borrower's financial statements for the most recent calendar quarter and the three (3) previous calendar quarters (on a rolling four (4) quarter basis); provided that, anything herein to the contrary notwithstanding, for any period prior to June 30, 1997, each such calculation pursuant to this Section shall exclude any calendar quarters prior to the calendar quarter ending June 30, 1996.

SECTION 5.8. CONSOLIDATED NET WORTH. Borrower shall not suffer or permit its Consolidated Net Worth at any time, based upon Borrower's financial statements for the most recent calendar quarter, to fall below the current minimum amount required, which current minimum amount required shall be (a) One Hundred Seventy Five Million Dollars (\$175,000,000) on the Effective Date through September 29, 1996, (b) increasing on September 30, 1996, by fifty percent (50%) of Borrower's Consolidated Net Earnings for the calendar quarter ending September 30, 1996, and (c) further increasing on the last day of each subsequent calendar quarter by an additional fifty percent (50%) of Borrower's Consolidated Net Earnings for such calendar quarter then ended; provided, however, that (i) if Borrower engages in an equity offering, the Consolidated Net Worth required hereunder shall be immediately increased, on the date of such offering, by one hundred percent (100%) of the net proceeds of such offering, and (ii) the Consolidated Net Worth required hereunder shall never be decreased due to losses of Borrower and its Subsidiaries.

SECTION 5.9. LEVERAGE. Borrower shall not suffer or permit at any time, for Borrower and its Subsidiaries, on a consolidated basis, the ratio of (a) (i) Funded Senior Debt, plus (ii) Subordinated Indebtedness, to (b) (i) Funded Senior Debt, plus (ii) Subordinated Indebtedness, plus (iii) Consolidated Net Worth, to be greater than .40 to 1.00, based upon the financial statements of Borrower and its Subsidiaries for the most recent calendar quarter.

SECTION 5.10. BORROWING. No Company shall create, incur or have outstanding any obligation for borrowed money or any Indebtedness of any kind; provided, that this Section shall not apply to (a) the Loans; (b) any loans granted to Borrower evidenced by promissory notes, installment contracts, or financing leases executed pursuant to any other agreement now or hereafter in effect so long as the aggregate principal amount of all such loans does not exceed Twenty Five Million Dollars (\$25,000,000) at any one time outstanding; (c) the Indebtedness set forth in Schedule 2 attached hereto and made a part hereof, including refinancings and renewals so long as the original principal amount of such Indebtedness is not increased; (d) loans to a Company from a Company so long as each such Company is a Guarantor of Payment; or (e) reimbursement and other obligations under any letter of credit, currency swap or forward contract or agreement, interest rate swap, cap collar or floor agreement or other interest rate or other risk management device..

SECTION 5.11. 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 which are being actively contested in good faith by appropriate proceedings;

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

(c) Liens on property or assets of a Subsidiary to secure obligations of such Subsidiary to Borrower or a Guarantor of Payment;

(d) purchase money Liens on real estate and fixed assets securing the loans pursuant to Section 5.10 (b) hereof; and

(e) Liens on assets of the Companies, as listed on Schedule 3 hereto.

Borrower shall not, nor shall Borrower permit any Subsidiary to enter into any contract or agreement which would prohibit the Agent or the Banks from acquiring a security interest, mortgage or other Lien on, or a collateral assignment of, any of the property or assets of Borrower and/or any of its Subsidiaries.

SECTION 5.12. REGULATIONS U and X. No Company shall take any action that would result in any non-compliance of the Loans with Regulations U and X of the Board of Governors of the Federal Reserve System.

SECTION 5.13. INVESTMENTS. No Company shall (a) create, acquire or hold any Subsidiary, (b) make or hold any investment in any stocks, bonds or securities of any kind, (c) be or become a party to any joint venture or other partnership without the prior written consent of the Majority Banks and the Agent, (d) make or keep outstanding any advance or loan, or (e) be or become a Guarantor of any kind, except guarantees securing only indebtedness of the Companies incurred or permitted pursuant to this Agreement; provided, that this Section shall not apply to (i) any endorsement of a check or other medium of payment for deposit or collection through normal banking channels or similar transaction in the normal course of business, (ii) any investment in direct obligations of the United States of America or in certificates of deposit issued by a member bank of the Federal Reserve System with a long term bank deposit rating of "A" or better by Standard & Poor's Corporation, (iii) any investment in commercial paper or securities which at the time of such investment is assigned the highest quality rating in accordance with the rating systems employed by either Moody's Investor Service, Inc. or Standard and Poor's Corporation; (iv) the holding of Subsidiaries listed on Schedule 4 attached hereto and made a part hereof; (v) loans or advances to employees in the ordinary course of business; (vi) loans from Borrower to a Guarantor of Payment; or (vii) loans from Borrower to a Subsidiary, so long as (A) all loans to any Subsidiary, which is not a Guarantor of Payment, are not in excess of the aggregate amount of Seven Million Five Hundred Thousand Dollars (\$7,500,000), and (B) all loans to all Subsidiaries, which are not Guarantors of Payment, are not in excess of the aggregate amount of Twenty Five Million Dollars (\$25,000,000). In addition, any loan by Borrower to a Guarantor of Payment, as provided in subpart (vi) of this Section, in excess of Twenty Five Million Dollars (\$25,000,000) shall be evidenced by a promissory note pledged to the Banks as security for the Debt, with such security agreement to be in form and substance satisfactory to the Agent.

SECTION 5.14. MERGER AND SALE OF ASSETS. No Company shall merge or consolidate with any other corporation or sell, lease or transfer or otherwise dispose of all or

a substantial part of its assets to any Person or entity, except that if no Possible Default shall then exist or immediately thereafter shall begin to exist,

(a) any Subsidiary may merge with (i) Borrower (provided that Borrower shall be the continuing or surviving corporation) or (ii) any one or more Guarantors of Payment, provided that either (x) the continuing or surviving corporation shall be a Wholly-Owned Subsidiary which is a Guarantor of Payment, or (y) after giving effect to any merger pursuant to this sub-clause (ii), Borrower and/or one or more Wholly-Owned Subsidiaries which are Guarantors of Payment shall own not less than the same percentage of the outstanding Voting Stock of the continuing or surviving corporation as Borrower and/or one or more Wholly-Owned Subsidiaries (which are Guarantors of Payment) owned of the merged Subsidiary immediately prior to such merger, or

(b) any Subsidiary may sell, lease, transfer or otherwise dispose of any of its assets to (i) Borrower, (ii) any Wholly-Owned Subsidiary which is a Guarantor of Payment, or (iii) any Guarantor of Payment, of which Borrower and/or one or more Wholly-Owned Subsidiaries, which are Guarantors of Payment, shall own not less than the same percentage of Voting Stock as Borrower and/or one or more Wholly-Owned Subsidiaries (which are Guarantors of Payment) then own of the Subsidiary making such sale, lease, transfer or other disposition.

(c) in addition to (a) and (b) above, the Companies may, during any twelve (12) month period, sell, transfer or otherwise dispose of assets not in excess of the aggregate fair market value, for all Companies and all such assets, of Twenty Five Million Dollars (\$25,000,000).

SECTION 5.15. ACQUISITIONS. No Company shall acquire or permit any Subsidiary to acquire the assets or stock of any other corporation; provided, however, that Borrower or any Guarantor of Payment may acquire the stock or assets of another corporation so long as (a) Borrower or such Guarantor of Payment, as the case may be, is the surviving entity, and (b) the Companies are in full compliance with the Loan Documents both prior to and subsequent to the transaction. In addition, for any acquisition by Borrower in which the aggregate consideration paid by the Companies exceeds the aggregate amount of Twenty Five Million Dollars (\$25,000,000), Borrower shall provide to the Agent and the Banks, at least ten (10) days prior to such acquisition, a pro forma financial statement of Borrower showing compliance with Sections 5.7, 5.8 and 5.9 hereof, both before and after the acquisition.

SECTION 5.16. NOTICE. Borrower shall cause its Financial Officer to promptly notify the Banks whenever any Possible Default may occur hereunder or any other representation or warranty made in Article VI hereof or elsewhere in this Agreement or in any Related Writing may for any reason cease in any material respect to be true and complete.

SECTION 5.17. ENVIRONMENTAL COMPLIANCE. Each Company shall comply in all material respects with any and all Environmental Laws including, without limitation, all Environmental Laws in jurisdictions in which any Company owns or operates a facility or site, arranges for disposal or treatment of hazardous substances, solid waste or other

wastes, accepts for transport any hazardous substances, solid waste or other wastes or holds any interest in real property or otherwise. Borrower shall furnish to the Banks promptly after receipt thereof a copy of any notice any Company may receive from any governmental authority, private person or entity or otherwise that any material litigation or proceeding pertaining to any environmental, health or safety matter has been filed or is threatened against such Company, any real property in which such Company holds any interest or any past or present operation of such Company. No Company shall allow the release or disposal of hazardous waste, solid waste or other wastes on, under or to any real property in which any Company holds any interest or performs any of its operations, in violation of any Environmental Law. As used in this Section, "litigation or proceeding" means any demand, claim, notice, suit, suit in equity action, administrative action, investigation or inquiry whether brought by any governmental authority, private person or entity or otherwise. Borrower shall defend, indemnify and hold the Agent and Banks harmless against all costs, expenses, claims, damages, penalties and liabilities of every kind or nature whatsoever (including attorneys fees) arising out of or resulting from the noncompliance of any Company with any Environmental Law.

SECTION 5.18. CORPORATE NAMES. No Company shall change its corporate name, unless, in each case, Borrower shall provide each Bank with thirty (30) days prior written notice thereof.

SECTION 5.19. SUBSIDIARY GUARANTIES. Upon the request of the Agent or the Majority Banks, each Subsidiary or other affiliate of a Company, created, acquired or held subsequent to the Closing Date, shall execute and deliver to the Agent a Guaranty of Payment of all of the Debt, such agreement to be in form and substance acceptable to the Agent.

SECTION 5.20. AMSCO INDENTURE. Borrower shall comply fully with all obligations imposed upon it pursuant to the AMSCO Indenture by virtue of the Merger, including but not limited to obligations arising under Sections 3.07, 5.01 and 11.16 of the AMSCO Indenture.

SECTION 5.21. USE OF PROCEEDS. Borrower's use of the proceeds of the Notes shall be solely for working capital and other general corporate purposes of Borrower and its Subsidiaries which are Guarantors of Payment and for acquisition purposes consistent with the restrictions set forth in Section 5.15 hereof.

ARTICLE VI. REPRESENTATIONS AND WARRANTIES

Subject only to such exceptions, if any, as may be fully disclosed in an officer's certificate or written opinion of counsel furnished by Borrower to each Bank prior to the execution and delivery hereof, Borrower represents and warrants as follows:

SECTION 6.1. EXISTENCE. Borrower is a duly organized and validly existing Ohio corporation and is in good standing in the office of Ohio's Secretary of State and is qualified to conduct business as a foreign corporation in each state where the failure to do so

would have a material adverse effect on Borrower, and is not required to be qualified to transact business in any other jurisdiction where the failure to do so would have a material adverse effect on Borrower.

SECTION 6.2. RIGHT TO ACT. The execution, delivery and performance by Borrower of the Loan Documents has been duly authorized by all requisite corporate action. No registration with or approval of any governmental agency of any kind is required for the due execution and delivery or for the enforceability of the Loan Documents. Borrower has legal power and right to execute and deliver the Loan Documents and to perform and observe the provisions of the Loan Documents. By executing and delivering the Loan Documents and by performing and observing the provisions of the Loan Documents, Borrower will not violate any existing provision of its articles of incorporation, code of regulations or by-laws or any applicable law or violate or otherwise become in default under any existing contract or other obligation binding upon Borrower. The officers executing and delivering the Loan Documents on behalf of Borrower have been duly authorized to do so, and the Loan Documents, when executed, are legally binding upon Borrower in every respect.

SECTION 6.3. LITIGATION AND LIENS. Except for the matters described or referred to in Schedule S hereto, no litigation, investigation or proceeding is pending or threatened against any Company before any court or any administrative agency, including but not limited to the United States Food and Drug Administration, which is reasonably expected to have a material adverse effect on such Company.

SECTION 6.4. EMPLOYEE BENEFITS PLANS. Schedule 6 identifies each ERISA Plan. No ERISA Event has occurred or is expected to occur with respect to an ERISA Plan. Full payment has been made of all amounts which a Controlled Group member is required, under applicable law or under the governing documents, to have been paid as a contribution to or a benefit under each ERISA Plan. The liability of each Controlled Group member with respect to each ERISA Plan has been fully funded based upon reasonable and proper actuarial assumptions, has been fully insured, or has been fully reserved for on its financial statements. No changes have occurred or are expected to occur that would cause a material increase in the cost of providing benefits under the ERISA Plan. With respect to each ERISA Plan that is intended to be qualified under Code Section 401(a): (i) the ERISA Plan and any associated trust operationally comply with the applicable requirements of Code Section 401(a), (ii) 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), (iii) 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, (iv) 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 (v) no contribution made

to the ERISA Plan is subject to an excise tax under Code Section 4972; and. With respect to any Pension Plan, the "accumulated benefit obligation" of Controlled Group members with respect to the Pension Plan (as determined in accordance with Statement of Accounting Standards No. 87, "Employers' Accounting for Pensions") does not exceed the fair market value of Pension Plan assets. Neither Borrower, nor any Subsidiary has a Multiemployer Plan.

SECTION 6.5. COMPLIANCE WITH LAWS.

Except for the matters described or referred to in Schedule 7 hereto:

(a) Each Company is in compliance with the requirements of all applicable laws, statutes, regulations, rules or ordinances of any governmental entity, or of any agency thereof.

(b) Without limiting the foregoing, 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. No material litigation or proceeding arising under, relating to or in connection with any Environmental Law is pending or, to the best of their knowledge, 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. No release, threatened release or disposal of hazardous waste, solid waste or other wastes is occurring, or has occurred (other than those that are currently being cleaned up in accordance with Environmental Laws), on, under or to any real property in which any Company holds any interest or performs any of its operations, in violation of any Environmental Law. As used in this Section, "litigation or proceeding" means any demand, claim, notice, suit, suit in equity, action, administrative action, investigation or inquiry whether brought by any governmental authority, private person or entity or otherwise.

SECTION 6.6. SOLVENCY. Borrower has received consideration which is the reasonable equivalent value of the obligations and liabilities that Borrower has incurred to the Banks. Borrower is not insolvent as defined in any applicable state or federal statute, nor will Borrower be rendered insolvent by the execution and delivery of the Loan Documents. Borrower is not engaged nor is it about to engage in any business or transaction for which the assets retained by it will be an unreasonably small capital, taking into consideration the obligations to the Banks incurred hereunder. Borrower does not intend to, nor does Borrower believe that it will, incur debts beyond its ability to pay them as they mature.

SECTION 6.7. FINANCIAL STATEMENTS. The December 31, 1995 consolidated financial statements of Borrower, furnished to each Bank, are true and complete, have been prepared in accordance with GAAP, and fairly present Borrower's and each Subsidiary's financial condition as of the date of such financial statements and the results of each Company's operations for the interim period then ending. Since that date, there has been no material adverse change in any Company's financial condition, properties or business nor any change in their accounting procedures.

SECTION 6.8. 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 the Loans hereunder (or any conversion thereof) nor the use of the proceeds of the Loans will violate, or be inconsistent with, the provisions of Regulation U or X of said Board of Governors.

SECTION 6.9. LIENS AND SECURITY INTERESTS. On the Closing Date and on the Effective Date, except for Liens permitted pursuant to Section 5.11 hereof and except as set forth in Schedule 3 hereto, (a) Borrower has good and marketable title to all of its properties and assets, (b) there is no financing statement outstanding covering any personal property of Borrower or of any Subsidiary; (c) there is no mortgage outstanding covering any real property of Borrower or of any Subsidiary; and (d) no real or personal property of Borrower or of any Subsidiary is subject to any security interest or Lien of any kind. On the Closing Date and on the Effective Date, neither Borrower nor any Subsidiary has entered into any contract or agreement which would prohibit the Agent or the Banks from acquiring a security interest, mortgage or other Lien on, or a collateral assignment of, any of the property or assets of Borrower or any of its Subsidiaries.

SECTION 6.10. SUBSIDIARIES. Each Subsidiary of Borrower is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation, and has all corporate power and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted. Borrower has no Subsidiaries or affiliates other than those listed on Schedule 4 hereto.

SECTION 6.11. TAXES. Except for such matters that would not be reasonably likely to have, individually or in the aggregate, a material adverse effect on Borrower, (a) each Company has timely filed all returns and reports required to be filed by it with any taxing authority with respect to taxes for all periods heretofore ended, taking into account any extension of time to file granted to or obtained on behalf of such Company, (b) all taxes required to be paid with respect to the periods covered by such returns or reports and that are due prior to the date hereof have been paid, (c) as of the date hereof, no deficiency for any amount of tax has been asserted or assessed by a taxing authority against any Company, except for amounts which have been paid or for which the affected Borrower has made an adequate reserve as reflected in Borrower's financial statements, (d) all liability for taxes of any Company that are or will become due or payable with respect to periods covered by the financial statements referred to in Section 6.7 have been paid or adequately reserved for on such financial statements to the extent required by GAAP, and (e) no Company is liable for any taxes arising out of its inclusion in any consolidated, affiliated, combined or unitary group.

SECTION 6.12. FULL DISCLOSURE. None of the Loan Documents or any schedule or exhibit thereto or document, certificate, report, statement or other information furnished to the Agent or the Banks in connection herewith or therewith or with the consummation of the transactions contemplated hereby or thereby contains any material misstatement of fact nor omits to state a material fact necessary to make the statements contained

herein or therein not misleading. There is no fact materially adversely affecting the assets, business, financial position, results of operations or prospects of any Company which has not been set forth in a footnote included in the financial statements referred to in Section 6.7 or in an exhibit or schedule thereto.

SECTION 6.13. EFFECTIVENESS OF MERGER. On or prior to the Effective Date, the Merger will have become effective in accordance with the terms of the Merger Agreement.

SECTION 6.14. OFFERING DOCUMENTS. The Offering Documents have been filed with the Securities and Exchange Commission (as to the Joint Proxy Statement) or declared effective by the Securities and Exchange Commission (as to the Registration Statement on Form S-4), and the Merger Agreement is in full force and effect. The representations and warranties contained in the Merger Agreement that are not made as of a specific date are true at and as of the Effective Date as if made at and as of the Effective Date, and the representations and warranties contained in the Merger Agreement that are made as of a specific date shall be true as of such date, except that the failure of all such representations and warranties to be true would not, in the aggregate, have a material adverse effect.

SECTION 6.15. CERTIFICATE OF MERGER. The Certificate of Merger, as required by applicable law, with the Secretary of State of Delaware, prior to the making of the first Loan hereunder in each case comply as to form and substance with the laws of the State of Delaware and the State of Ohio, as applicable.

SECTION 6.16. JOINT PROXY STATEMENT AND PROXY SOLICITATION.

(a) The Joint Proxy Statement (as referenced in the definition of Offering Documents), as of the date it was distributed to shareholders of Borrower and AMSCO, and at the time of each shareholder meeting to consider and vote on the Merger, did not and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(b) The Joint Proxy Statement (as referenced in the definition of Offering Documents), as of the date it was distributed to shareholders of Borrower and AMSCO, and at the time of each shareholder meeting to consider and vote on the Merger, complied in all material respects as to form with, and all filing of and solicitations under the Joint Proxy Statement have been made in accordance with, the applicable provisions of the Securities Exchange Act of 1934, as amended, and the proxy solicitation rules and other applicable rules and regulations thereunder.

SECTION 6.17. SHAREHOLDER APPROVAL. The holders of the requisite percentage (under applicable law and the Certificate or Articles of Incorporation of Borrower and AMSCO) of outstanding stock of Borrower and AMSCO, respectively, have voted to

approve the Merger Agreement at a meeting of shareholders of Borrower and AMSCO, respectively, duly called and held on or prior to the Effective Date.

SECTION 6.18. DEFAULTS. No Possible Default exists hereunder, nor will any begin to exist immediately after the execution and delivery hereof. No Company is in default under, nor will the execution, delivery or performance by such Company of its obligations under this Credit Agreement or the Merger Agreement give rise to a default under, any material agreement, indenture or other instrument relating to the borrowing of money by such Company or the guarantee by such Company of any such obligation (other than trade payables and instruments relating to transactions entered into in the ordinary course of business), which default is reasonably likely to have, either individually or in the aggregate, a material adverse effect on such Company, and there has not occurred any event that with the lapse of time, or the giving of notice, or both, would constitute such a default.

ARTICLE VII. EVENTS OF DEFAULT

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

SECTION 7.1. PAYMENTS. If the principal of or interest on any Note or any facility or other fee shall not be paid in full punctually when due and payable.

SECTION 7.2. SPECIAL COVENANTS. If any Company or any Guarantor of Payment shall fail or omit to perform and observe Sections 5.7, 5.8, 5.9, or 5.19 hereof.

SECTION 7.3. OTHER COVENANTS. If any Company or any Guarantor of Payment shall fail or omit to perform and observe any agreement or other provision (other than those referred to in Sections 7.1 or 7.2 hereof) contained or referred to in this Agreement or any Related Writing that is on such Company's or Guarantor of Payment's part, as the case may be, to be complied with, and that Possible Default shall not have been fully corrected within thirty (30) days after the giving of written notice thereof to Borrower by Agent or any Bank that the specified Possible Default is to be remedied.

SECTION 7.4. WARRANTIES. If any representation, warranty or statement made in or pursuant to this Agreement or any Related Writing or any other material information furnished by any Company or any Guarantor of Payment to the Banks or any thereof or any other holder of any Note, shall be false or erroneous in any material respect.

SECTION 7.5. CROSS DEFAULT. If any Company or any Guarantor of Payment shall default in the payment of principal or interest due and owing upon any other obligation for borrowed money in excess of Five Hundred Thousand Dollars (\$500,000) beyond any period of grace provided with respect thereto or in the performance or observance of any other agreement, term or condition contained in any agreement under which such obligation is created, if the effect of such default is to accelerate the maturity of such indebtedness or to permit the holder thereof to cause such indebtedness to become due prior to its stated maturity.

SECTION 7.6. ERISA DEFAULT. The occurrence of one or more ERISA Events which the Banks determine could have a material adverse effect on the financial condition of the Borrower and its Subsidiaries when taken as a whole.

SECTION 7.7. MONEY JUDGMENT. A final judgment or order for the payment of money shall be rendered against any Company or any Guarantor of Payment by a court of competent jurisdiction, which remains unpaid or unstayed and undischarged for a period (during which execution shall not be effectively stayed) of thirty (30) days after the date on which the right to appeal has expired, provided that the aggregate of all such judgments shall exceed One Million Dollars (\$1,000,000).

SECTION 7.8. SOLVENCY. If any Company or any Guarantor of Payment shall (a) discontinue business, or (b) generally not pay its debts as such debts become due, or (c) make a general assignment for the benefit of creditors, or (d) apply for or consent to the appointment of a receiver, a custodian, a trustee, an interim trustee or liquidator of all or a substantial part of its assets, or (e) be adjudicated a debtor or have entered against it an order for relief under Title 11 of the United States Code, as the same may be amended from time to time, or (f) file a voluntary petition in bankruptcy or file a petition or an answer seeking reorganization or an arrangement with creditors or seeking to take advantage of any other law (whether federal or state) relating to relief of debtors, or admit (by answer, by default or otherwise) the material allegations of a petition filed against it in any bankruptcy, reorganization, insolvency or other proceeding (whether federal or state) relating to relief of debtors, or (g) suffer or permit to continue unstayed and in effect for thirty (30) consecutive days any judgment, decree or order entered by a court of competent jurisdiction, which approves a petition seeking its reorganization or appoints a receiver, custodian, trustee, interim trustee or liquidator of all or a substantial part of its assets, or (h) take, or omit to take, any action in order thereby to effect any of the foregoing.

ARTICLE VIII. REMEDIES UPON DEFAULT

Notwithstanding any contrary provision or inference herein or elsewhere,

SECTION 8.1. OPTIONAL DEFAULTS. If any Event of Default referred to in Section 7.1, 7.2., 7.3, 7.4, 7.5, 7.6, or 7.7 hereof shall occur, the Majority Banks shall have the right in their discretion, by directing the Agent, on behalf of the Banks, to give written notice to Borrower, to:

(a) terminate the Commitments and the credits hereby established, if not theretofore terminated, and, immediately upon such election, the obligations of Banks, and each thereof, to make any further Loan or Loans hereunder, immediately shall be terminated, and/or

(b) accelerate the maturity of all of Borrower's Debt to the Banks (if it be not already due and payable), whereupon all of Borrower's Debt to the Banks shall become and thereafter

be immediately due and payable in full without any presentment or demand and without any further or other notice of any kind, all of which are hereby waived by Borrower.

SECTION 8.2. AUTOMATIC DEFAULTS. If any Event of Default referred to in Section 7.8 hereof shall occur,

(a) all of the Commitments and the credits hereby established shall automatically and immediately terminate, if not theretofore terminated, and no Bank thereafter shall be under any obligation to grant any further Loan or Loans hereunder, and

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

SECTION 8.3. OFFSETS. If there shall occur or exist any Possible Default referred to in Section 7.8 hereof or if the maturity of the Notes is accelerated pursuant to Section 8.1 or 8.2 hereof, each Bank shall have the right at any time to set off against, and to appropriate and apply toward the payment of, any and all Debt then owing by Borrower to that Bank (including, without limitation, any participation purchased or to be purchased pursuant to Section 8.4 hereof), whether or not the same shall then have matured, any and all deposit balances and all other indebtedness then held or owing by that Bank to or for the credit or account of Borrower, all without notice to or demand upon Borrower or any other person, all such notices and demands being hereby expressly waived by Borrower.

SECTION 8.4. EQUALIZATION PROVISION. Each Bank agrees with the other Banks that if it, at any time, shall obtain any Advantage over the other Banks or any thereof in respect of Borrower's Debt to the Banks (except as to Swing Loans as set forth in Section 2.1B hereof and except under Article III hereof), it shall purchase from the other Banks, for cash and at par, such additional participation in Borrower's Debt to the Banks as shall be necessary to nullify the Advantage. If any such Advantage resulting in the purchase of an additional participation as aforesaid shall be recovered in whole or in part from the Bank receiving the Advantage, each such purchase shall be rescinded, and the purchase price restored (but without interest unless the Bank receiving the Advantage is required to pay interest on the Advantage to the person recovering the Advantage from such Bank) ratably to the extent of the recovery. Each Bank further agrees with the other Banks that if it at any time shall receive any payment for or on behalf of Borrower on any indebtedness owing by Borrower to that Bank by reason of offset of any deposit or other indebtedness, it will apply such payment first to any and all indebtedness owing by Borrower to that Bank pursuant to this Agreement (including, without limitation, any participation purchased or to be purchased pursuant to this Section or any other Section of this Agreement). Borrower agrees that any Bank so purchasing a participation from the other Banks or any thereof pursuant to this Section may exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Bank was a direct creditor of Borrower in the amount of such participation.

ARTICLE IX. THE AGENT

The Banks authorize Society National Bank and Society National Bank hereby agrees to act as Agent for the Banks in respect of this Agreement upon the terms and conditions set forth elsewhere in this Agreement, and upon the following terms and conditions:

SECTION 9.1. APPOINTMENT AND AUTHORIZATION. Each Bank hereby irrevocably appoints and authorizes the Agent to take such action as Agent on its behalf and to exercise such powers hereunder as are delegated to the Agent by the terms hereof, together with such powers as are reasonably incidental thereto. Neither the Agent nor any of its directors, officers, attorneys or employees shall be liable for any action taken or omitted to be taken by it or them hereunder or in connection herewith, except for its or their own gross negligence or willful misconduct.

SECTION 9.2. NOTE HOLDERS. The 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 the Agent.

SECTION 9.3. CONSULTATION WITH COUNSEL. The Agent may consult with legal counsel selected by it and shall not be liable for any action taken or suffered in good faith by it in accordance with the opinion of such counsel.

SECTION 9.4. DOCUMENTS. The 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 the Agent shall be entitled to assume that the same are valid, effective and genuine and what they purport to be.

SECTION 9.5. AGENT AND AFFILIATES. With respect to the Loans made hereunder, the Agent shall have the same rights and powers hereunder as any other Bank and may exercise the same as though it were not the Agent, and the Agent and its affiliates may accept deposits from, lend money to and generally engage in any kind of business with Borrower or any Subsidiary or affiliate of Borrower.

SECTION 9.6. KNOWLEDGE OF DEFAULT. It is expressly understood and agreed that the Agent shall be entitled to assume that no Possible Default has occurred and is continuing, unless the Agent has been notified by a Bank in writing that such Bank considers that a Possible Default has occurred and is continuing and specifying the nature thereof.

SECTION 9.7. ACTION BY AGENT. So long as the Agent shall be entitled, pursuant to Section 9.6 hereof, to assume that no Possible Default shall have occurred and be continuing, the Agent shall be entitled to use its discretion with respect to exercising or refraining from exercising any rights which may be vested in it by, or with respect to taking or refraining from taking any action or actions which it may be able to take under or in respect of, this Agreement. The 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 which it may do or refrain from doing in the reasonable exercise of its judgment, or which may seem to it to be necessary or desirable in the premises.

SECTION 9.8. NOTICES, DEFAULT, ETC. In the event that the Agent shall have acquired actual knowledge of any Possible Default, the Agent shall promptly notify the Banks and shall take such action and assert such rights under this Agreement as the Majority Banks shall direct and the Agent shall inform the other Banks in writing of the action taken. The Agent may take such action and assert such rights as it deems to be advisable, in its discretion, for the protection of the interests of the holders of the Notes.

SECTION 9.9. INDEMNIFICATION OF AGENT. The Banks agree to indemnify the Agent (to the extent not reimbursed by Borrower), ratably according to the respective principal amounts of their Commitments from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Agent in its capacity as agent in any way relating to or arising out of this Agreement or any action taken or omitted by the Agent with respect to this Agreement, provided that no Bank shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including attorney fees) or disbursements resulting from the Agent's gross negligence, willful misconduct or from any action taken or omitted by the Agent in any capacity other than as agent under this Agreement.

SECTION 9.10. SUCCESSOR AGENT. The Agent may resign as agent hereunder by giving not fewer than thirty (30) days' prior written notice to Borrower and the Banks. If the Agent shall resign under this Agreement, then either (a) the Majority Banks shall appoint from among the Banks a successor agent for the Banks, with the consent of Borrower, which shall not be unreasonably withheld, or (b) if a successor agent shall not be so appointed and approved within the thirty (30) day period following the Agent's notice to the Banks of its resignation, then the Agent shall appoint a successor agent who shall serve as agent until such time as the Majority Banks 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.

ARTICLE X. MISCELLANEOUS

SECTION 10.1. BANKS' INDEPENDENT INVESTIGATION. Each Bank, by its signature to this Agreement, acknowledges and agrees that the 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 the Agent and such Bank. Each Bank represents that it has made and shall continue to make its own independent investigation of the creditworthiness, financial condition and affairs of the Companies in connection with the extension of credit hereunder, and agrees that the Agent has no duty or responsibility, either initially or on a continuing basis, to provide any Bank with any credit or other information with respect thereto (other than such notices as may be expressly required to be given by Agent to the Banks hereunder), whether coming into its possession before the granting of the first Loans hereunder or at any time or times thereafter.

SECTION 10.2. NO WAIVER; CUMULATIVE REMEDIES. No omission or course of dealing on the part of Agent, any Bank or the holder of any Note in exercising any right, power or remedy hereunder 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. The remedies herein provided are cumulative and in addition to any other rights, powers or privileges held by operation of law, by contract or otherwise.

SECTION 10.3. AMENDMENTS, CONSENTS. No amendment, modification, termination, or waiver of any provision of any Loan Document nor consent to any variance therefrom, shall be effective unless the same shall be in writing and signed by the Majority Banks and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. Anything herein to the contrary notwithstanding, unanimous consent of the Banks shall be required with respect to (a) any increase in the Commitments hereunder, (b) the extension of maturity of the Notes, the payment date of interest thereunder, or the payment of facility or other fees or amounts payable hereunder, (c) any reduction in the rate of interest on the Notes, or in any amount of principal or interest due on any Note, or the payment of facility or other fees hereunder or any change in the manner of pro rata application of any payments made by Borrower to the Banks hereunder, (d) any change in any percentage voting requirement, voting rights, or the Majority Banks definition in this Agreement, (e) the release of any Guarantor of Payment, or (f) any amendment to this Section 10.3 or Section 8.4 hereof. Notice of amendments or consents ratified by the Banks hereunder shall immediately be forwarded by Borrower to all Banks. Each Bank or other holder of a Note shall be bound by any amendment, waiver or consent obtained as authorized by this Section, regardless of its failure to agree thereto.

SECTION 10.4 EXTENSION OF REVOLVING CREDITS. Upon the written request of Borrower to the Agent and the Banks and submission of the financial statements required pursuant to Section 5.3 (b) hereof, the Banks shall have the option each year of extending the Commitments for an additional year. Each such extension shall require the unanimous written consent of all of the Banks.

SECTION 10.5. NOTICES. All notices, requests, demands and other communications provided for hereunder shall be in writing and, if to Borrower, mailed or delivered to it, addressed to it at the address specified on the signature pages of this Agreement, if to a Bank, mailed or delivered to it, addressed to the address of such Bank specified on the

signature pages of this Agreement, or, as to each party, at such other address as shall be designated by such party in a written notice to each of the other parties. All notices, statements, requests, demands and other communications provided for hereunder shall be deemed to be given or made when received by the Agent, the Banks or the Borrower, as the case may be.

SECTION 10.6. COSTS, EXPENSES AND TAXES. Borrower agrees to pay on demand all costs and other expenses of the Banks and Agent, including, but not limited to, (a) administration and out-of-pocket expenses of Agent in connection with the administration of the Loan Documents, the collection and disbursement of all funds hereunder and the other instruments and documents to be delivered hereunder, (b) extraordinary expenses of Agent or the Banks in connection with the administration of the Loan Documents and the other instruments and documents to be delivered hereunder, (c) the reasonable fees and out-of-pocket expenses of special counsel for the Banks, with respect thereto and of local counsel, if any, who may be retained by said special counsel with respect thereto, and (d) all costs and expenses, including reasonable attorneys' fees, in connection with the restructuring or enforcement of the Loan Documents or any Related Writing. Borrower also agree to pay any expenses of the Banks and the Agent incurred in connection with the preparation of the Loan Documents and any Related Writings. 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 save Agent and each Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes or fees.

SECTION 10.7. INDEMNIFICATION. Borrower agrees to defend, indemnify and hold harmless the Agent and the Banks from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including attorney fees), or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Agent or any Bank in connection with any investigative, administrative or judicial proceeding (whether or not such Bank or the Agent shall be designated a party thereto) or any other claim by any person or entity relating to or arising out of this Agreement or any actual or proposed use of proceeds of the Loans hereunder or any activities of any Company or any Guarantor of Payment or any of their affiliates; provided that no Bank nor the Agent shall have the right to be indemnified under this Section for its own gross negligence or willful misconduct as determined by a court of competent jurisdiction. All obligations provided for in this Section 10.7 shall survive any termination of this Agreement.

SECTION 10.8. CAPITAL ADEQUACY. To the extent not covered by Article III hereof, if any Bank shall have determined, after the date hereof, that the adoption of any applicable law, rule, regulation or guideline regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Bank (or its lending office) with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Bank's capital (or the capital of its holding company) as a consequence of its obligations hereunder to

a level below that which such Bank (or its holding company) could have achieved but for such adoption, change or compliance (taking into consideration such Bank's policies or the policies of its holding company with respect to capital adequacy) by an amount deemed by such Bank to be material, then from time to time, within 15 days after demand by such Bank (with a copy to the Agent), Borrower shall pay to such Bank such additional amount or amounts as shall compensate such Bank (or its holding company) for such reduction. Each Bank shall designate a different lending office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Bank, be otherwise disadvantageous to such Bank. A certificate of any Bank claiming compensation under this Section and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of manifest error. In determining such amount, such Bank may use any reasonable averaging and attribution methods. Failure on the part of any Bank to demand compensation for any reduction in return on capital with respect to any period shall not constitute a waiver of such Bank's rights to demand compensation for any reduction in return on capital in such period or in any other period. The protection of this Section shall be available to each Bank regardless of any possible contention of the invalidity or inapplicability of the law, regulation or other condition which shall have been imposed.

SECTION 10.9. OBLIGATIONS SEVERAL; NO FIDUCIARY OBLIGATIONS. The obligations of the Banks hereunder are several and not joint. Nothing contained in this Agreement and no action taken by Agent or the Banks pursuant hereto shall be deemed to constitute the Banks a partnership, association, joint venture or other entity. No default by any Bank hereunder shall excuse the other Banks from any obligation under this Agreement; but no Bank shall have or acquire any additional obligation of any kind by reason of such default. The relationship among Borrower and the Banks with respect to the Loan Documents and the Related Writings is and shall be solely that of debtors and creditors, respectively, and no Bank has any fiduciary obligation toward Borrower with respect to any such documents or the transactions contemplated thereby.

SECTION 10.10. EXECUTION IN COUNTERPARTS. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute but one and the same agreement.

SECTION 10.11. BINDING EFFECT; BORROWER'S ASSIGNMENT. This Agreement shall be binding upon and inure to the benefit of Borrower, Agent and each of the Banks and their respective successors and assigns, after it shall have been executed by Borrower, Agent and each Bank, except that Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of all of the Banks.

SECTION 10.12. BANK ASSIGNMENTS/PARTICIPATIONS.

A. Assignment/Transfer of Commitments.

Each Bank shall have the right at any time or times to assign or transfer to another financial institution, without recourse, all or any part of (a) that Bank's Commitment, (b) any Loan made by that Bank, (c) any Note, and (d) that Bank's participations, if any, purchased pursuant to Section 8.4; provided, however, in each such case, that the transferor and the transferee shall have complied with the following requirements:

(i) Prior Consent. No transfer may be consummated pursuant to this Section 10.12 without the prior written consent of the Borrower and the Agent (other than a transfer by any Bank to any affiliate of such Bank), which consent of the Borrower and the Agent shall not be unreasonably withheld; provided, however, that, neither Borrower nor the Agent shall be deemed to be unreasonable in withholding its respective consent if, (1) after giving effect to such transfer, any Bank's (including any assignee becoming a Bank pursuant to this Section 10.12) Commitment Percentage of the Total Commitment Amount would be less than Ten Million Dollars (\$10,000,000), (2) the proposed transferee is a financial institution not organized under the laws of a state or of the United States (unless such institution is an affiliate of the transferring Bank) or (3) if the proposed transferee's long-term certificates of deposit shall be rated A or below by any rating agency or the equivalent rating by Thompson's Bank Watch; provided, further, that, if at the time of the proposed transfer, (A) any Possible Default shall have occurred, the Borrower's consent shall not be required, or (B) Borrower is the subject of a proceeding referenced in Section 7.8, the Borrower's consent shall not be required and any Bank may consummate a transfer contemplated by this Section 10.12 notwithstanding the requirements of clauses (1), (2) or (3) of this Section 10. 12A (i). Anything herein to the contrary notwithstanding, any Bank may at any time assign all or any portion of its rights under the Loan Documents to a Federal Reserve Bank, and no such assignment shall release such assigning Bank from its obligations hereunder.

(ii) Agreement; Transfer Fee. Unless the transfer shall be to an affiliate of the transferor or the transfer shall be due to merger of the transferor or for regulatory purposes, the transferor (1) shall remit to the Agent, for its own account, an administrative fee of Two Thousand Five Hundred Dollars (\$2,500) and (2) shall cause the transferee to execute and deliver to the Borrower, the Agent and each Bank (A) an Assignment Agreement, in the form of Exhibit E hereto (an "Assignment Agreement") together with the consents and releases and the Administrative Questionnaire referenced therein and (B) such additional amendments, assurances and other writings as the Agent may reasonably require.

(iii) Notes. Borrower shall execute and deliver (1) to the Agent, the transferor and the transferee, any consent or release (of all or a portion of the obligations of the transferor) to be delivered in connection with the Assignment Agreement, (2) if a Bank's entire interest in its Commitment, its Commitment Percentage and in all of its Loans has been transferred to the transferee, an appropriate Note shall be issued to the transferee, and the transferor's Note shall be returned to the Borrower marked "replaced", and (3) if only a portion of a Bank's interest in its Commitment, its Commitment Percentage and its Loans has been transferred, a new Note to each of the transferor and the transferee, and the transferor's previous Note shall be returned to the Borrower marked "replaced".

(iv) Parties. Upon satisfaction of the requirements of this Section 10.1 2A, including the payment of the fee and the delivery of the documents set forth in Section 10.12A (ii), (1) the transferee shall become and thereafter be deemed to be a "Bank" for the purposes of this Agreement, and (2) the transferor (A) shall continue to be a "Bank" for the purposes of this Agreement only if and to the extent that the transfer shall not have been a transfer of its entire interest in its Commitment, its Commitment Percentage and its Loans, (B) in the case of any transfer of its entire interest in its Commitment, its Commitment Percentage and its Loans, shall cease to be and thereafter shall no longer be deemed to be a "Bank" and (C) the signature pages hereto and Schedule 1 hereto shall be automatically amended, without further action, to reflect the result of any such transfer.

(v) The Register. The Agent shall maintain at its address referred to in Section 10.5 a copy of each Assignment and Acceptance delivered to it and a register (the "Register") for the recordation of the names and addresses of the Banks and the Commitment of, and principal amount of the Loans owing to, each Bank from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and Borrower, the Agent and the Banks may treat each financial institution whose name is recorded in the Register as the owner of the Loan recorded therein for all purposes of this Agreement. The Register shall be available for inspection by Borrower or any Bank at any reasonable time and from time to time upon reasonable prior notice.

(vi) Non-U.S. Transferee. If, pursuant to this section, any interest in this Agreement or any Note is transferred to any transferee which is organized under the laws of any jurisdiction other than the United States or any state thereof, the transferor Bank shall cause such transferee, concurrently with the effectiveness of such transfer, (i) to represent to the transferor Bank (for the benefit of the transferor Bank, the Agent and Borrower) that under applicable law and treaties no taxes will be required to be withheld by the Agent, Borrower or the transferor Bank with respect to any payments to be made to such transferee in respect of the Loans hereunder, (ii) to furnish to the transferor Bank (and, in the case of any transferee registered in the Register, the Agent and Borrower) either (A) U.S. Internal Revenue Service Form 4224 or U.S. Internal Revenue Service Form 1001 or (B) United States Internal Revenue Service Form W-8 or W-9, as applicable (wherein such transferee claims entitlement to complete exemption from U.S. federal withholding tax on all interest payments hereunder), and (iii) to agree (for the benefit of the transferor Bank, the Agent and Borrower) to provide the transferor Bank (and, in the case of any transferee registered in the Register, the Agent and Borrower) a new Form 4224 or Form 1001 or Form W-8 or W-9, as applicable, upon the expiration or obsolescence of any previously delivered form and comparable statements in accordance with applicable U.S. laws and regulations and amendments duly executed and completed by such transferee, and to comply from time to time with all applicable U.S. laws and regulations with regard to such withholding tax exemption.

B. Sale of Participations.

Each Bank shall have the right at any time or times, without the consent of the Agent or the Borrower, to sell one or more participations or subparticipations to a financial institution, as

the case may be, in all or any part of (a) that Bank's Commitment, (b) that Bank's Commitment Percentage, (c) any Loan made by that Bank, (d) any Note delivered to that Bank pursuant to this Agreement, and (e) that Bank's participations, if any, purchased pursuant to Section 8.4 or this Section 10.12B.

(i) Benefits of Participant. The provisions of Article III and Section 10.8 shall inure to the benefit of each purchaser of a participation or subparticipation and the Agent shall continue to distribute payments pursuant to this Agreement as if no participation has been sold.

(ii) Rights Reserved. In the event any Bank shall sell any participation or subparticipation, that Bank shall, as between itself and the purchaser, retain all of its rights (including, without limitation, rights to enforce against the Borrower the Loan Documents and the Related Writings) and duties pursuant to the Loan Documents and the Related Writings, including, without limitation, that Bank's right to approve any waiver, consent or amendment pursuant to Section 10.3, except if and to the extent that any such waiver, consent or amendment would:

- (A) reduce any fee or commission allocated to the participation or subparticipation, as the case may be,
- (B) reduce the amount of any principal payment on any Loan allocated to the participation or subparticipation, as the case may be, or reduce the principal amount of any Loan so allocated or the rate of interest payable thereon, or
- (C) extend the time for payment of any amount allocated to the participation or subparticipation, as the case may be.

(iii) No Delegation. No participation or subparticipation shall operate as a delegation of any duty of the seller thereof. Under no circumstance shall any participation or subparticipation be deemed a novation in respect of all or any part of the seller's obligations pursuant to this Agreement.

SECTION 10.13. GOVERNING LAW; SUBMISSION TO JURISDICTION. This Agreement, each of the Notes and any Related Writing shall be governed by and construed in accordance with the laws of the State of Ohio and the respective rights and obligations of Borrower and the Banks shall be governed by Ohio law, without regard to principles of conflict of laws. Borrower hereby irrevocably submits to the non-exclusive jurisdiction of any Ohio state or federal court sitting in Cleveland, Ohio, over any action or proceeding arising out of or relating to this Agreement, any Loan Document or any Related Writing, and Borrower hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such Ohio state or federal court. Borrower, on behalf of itself and its Subsidiaries, hereby irrevocably waives, to the fullest extent permitted by law, any objection it may now or hereafter have to the laying of venue in any action or proceeding in any such court as well as any right it may now or hereafter have to remove such action or proceeding, once commenced, to

another court on the grounds of FORUM NON CONVENIENS or otherwise. Borrower agrees that a final, nonappealable judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

SECTION 10.14. SEVERABILITY OF PROVISIONS; CAPTIONS. Any provision of this Agreement which 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.

SECTION 10.15. INVESTMENT PURPOSE. Each of the Banks represents and warrants to Borrower that it is entering into this Agreement with the present intention of acquiring any Note issued pursuant hereto for investment purposes only and not for the purpose of distribution or resale, it being understood, however, that each Bank shall at all times retain full control over the disposition of its assets.

SECTION 10.16. ENTIRE AGREEMENT. This Agreement, any Note and any other agreement, document or instrument attached hereto or referred to herein or executed on or as of the date hereof integrate all the terms and conditions mentioned herein or incidental hereto and supersede all oral representations and negotiations and prior writings with respect to the subject matter hereof.

SECTION 10.17. LEGAL REPRESENTATION OF PARTIES. The Loan Documents were negotiated by the parties with the benefit of legal representation.

SECTION 10.18. JURY TRIAL WAIVER. BORROWER, THE AGENT AND EACH OF THE BANKS WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG BORROWER, THE AGENT AND THE BANKS, OR ANY THEREOF, ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS AGREEMENT OR ANY NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED THERETO. THIS WAIVER SHALL NOT IN ANY WAY AFFECT, WAIVE, LIMIT, AMEND OR MODIFY ANY BANK'S OR THE AGENT'S ABILITY TO PURSUE REMEDIES PURSUANT TO ANY CONFESSION OF JUDGMENT OR COGNOVIT PROVISION CONTAINED IN ANY NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT AMONG BORROWER, THE AGENT AND THE BANKS, OR ANY THEREOF.

Address: 5960 Heisley Road
Mentor, OH 44060

STERIS CORPORATION

By: /s/ Bill R. Sanford

Bill R. Sanford, Chairman, President, and
Chief Executive Officer

and /s/ Michael A. Keresman, III

Michael A. Keresman, III, Senior Vice
President, Chief Financial Officer,
and Secretary

Address: Society Center
127 Public Square
Mailcode: OH-01-27-0611
Cleveland, OH 44114-0611

SOCIETY NATIONAL BANK, individually
and as Agent

By: /s/ Richard A. Pohle

Richard A. Pohle, Vice President
and Manager

Address: 600 Superior Avenue
Cleveland, OH 44114-2650
Attention: N.Ohio Large Corp.
Markets Group, #0149

BANK ONE, COLUMBUS, NA

By: /s/ Babette C. Coerd

Babette C. Coerd, Vice President and
Group Manager

Address: 611 Woodward Avenue NBD BANK
Detroit, MI 48226
Attention: Mid-corporate
Banking Division

By: /s/ Paul R. DeMelo

Paul R. DeMelo, Vice President

Address: One Cleveland Center
1375 E. 9th St., Ste. 1250
Cleveland, OH 44114
Attention: Corporate Banking

PNC BANK, NATIONAL ASSOCIATION

By: /s/ Bryon A. Pike

Byron A. Pike, Vice President

Address: Pittsburgh Branch
One PPG Place, Ste. 2950
Pittsburgh, PA 15222-5400

ABN AMRO BANK N.V., PITTSBURGH
BRANCH

By: /s/ Roy D. Hasbrook

Roy D. Hasbrook, Group Vice President
and Director

and: /s/ Kathryn C. Toth

Kathryn C. Toth, Vice President

SCHEDULE 1

BANKING INSTITUTIONS -----	PERCENTAGE -----	MAXIMUM AMOUNT -----
Society National Bank	24.0 %	\$ 30,000,000
Bank One, Columbus, NA	20.8 %	\$ 26,000,000
NBD Bank	18.4 %	\$ 23,000,000
PNC Bank, National Association	18.4 %	\$ 23,000,000
ABN AMRO Bank N.V., Pittsburgh Branch	18.4 % =====	\$ 23,000,000 =====
Total Commitment Amount	100.0%	\$125,000,000

EXHIBIT A

REVOLVING CREDIT NOTE

\$ _____

_____, Ohio
May 13, 1996

FOR VALUE RECEIVED, the undersigned STERIS CORPORATION, an Ohio corporation, ("Borrower"), promises to pay on September 30, 1998, to the order of _____ (the "Bank") at the Main Office of Society National Bank, Agent, 127 Public Square, Cleveland, Ohio 44114-1306 the principal sum of

_____ DOLLARS

or the aggregate unpaid principal amount of all Loans made by Bank to Borrower pursuant to Section 2.1 of the credit agreement, as hereinafter defined, whichever is less, in lawful money of the United States of America. As used herein, "Credit Agreement" means the credit agreement dated as of May 13, 1996, among Borrower, the banks named therein and Society National Bank, as Agent, as it may from time to time be amended, modified or supplemented. Capitalized terms used herein shall have the meanings ascribed to them in the Credit Agreement.

Borrower also promises to pay interest on the unpaid principal amount of each Loan from time to time outstanding, from the date of such Loan until the payment in full thereof, at the rates per annum which shall be determined in accordance with the provisions of Section 2.1A of the Credit Agreement. Such interest shall be payable on each date provided for in such Section 2.1A; provided, however, that interest on any principal portion which is not paid when due shall be payable on demand.

The portions of the principal sum hereof from time to time representing Prime Rate Loans and LIBOR Loans, and payments of principal of any thereof, shall be shown on the records of Bank by such method as Bank may generally employ; provided, however, that failure to make any such entry shall in no way detract from Borrower's obligations under this Note.

If this Note shall not be paid at maturity, whether such maturity occurs by reason of lapse of time or by operation of any provision for acceleration of maturity contained in the Credit Agreement, the principal hereof and the unpaid interest thereon shall bear interest, until paid, at the Default Rate. All payments of principal of and interest on this Note shall be made in immediately available funds.

This Note is one of the Revolving Credit Notes referred to in the Credit Agreement. Reference is made to the Credit Agreement for a description of the right of the undersigned to anticipate payments hereof, the right of the holder hereof to declare this Note due prior to its stated maturity, and other terms and conditions upon which this Note is issued.

The undersigned authorizes any attorney at law at any time or times after the maturity hereof (whether maturity occurs by lapse of time or by acceleration) to appear in any state or federal court of record in the State of Ohio to waive the issuance and service of process, to admit the maturity of this Note and the nonpayment thereof when due, to confess judgment against the undersigned in favor of the holder of this Note for the amount then appearing due, together with interest and costs of suit, and thereupon to release all errors and to waive all rights of appeal and stay of execution. The foregoing warrant of attorney shall survive any judgment, and if any judgment be vacated for any reason, the holder hereof nevertheless may thereafter use the foregoing warrant of attorney to obtain an additional judgment or judgments against the undersigned. The undersigned agrees that the Agent or the Banks' attorney may confess judgment pursuant to the foregoing warrant of attorney. The undersigned further agrees that the attorney confessing judgment pursuant to the foregoing warrant of attorney may receive a legal fee or other compensation from the Agent or the Banks.

STERIS CORPORATION

By: _____
Bill R. Sanford, Chairman, President,
and Chief Executive Officer

and _____
Michael A. Keresman, III, Senior Vice President,
Chief Financial Officer, and Secretary

=====
"WARNING -- BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT OR ANY OTHER CAUSE."
=====

EXHIBIT B

SWING LINE NOTE

\$5,000,000
- - - - -

_____, Ohio
May 13, 1996

FOR VALUE RECEIVED, the undersigned STERIS CORPORATION, an Ohio corporation, ("Borrower"), promises to pay on the earlier of demand or September 30, 1998, to the order of SOCIETY NATIONAL BANK (the "Bank") at the Main Office of Society National Bank, Agent, 127 Public Square, Cleveland, Ohio 44114-1306 the principal sum of

FIVE MILLION AND 00/100 DOLLARS
- - - - -

or the aggregate unpaid principal amount of all Swing Loans made by Bank to Borrower pursuant to Section 2.1 B of the credit agreement, as hereinafter defined, whichever is less, in lawful money of the United States of America. As used herein, "Credit Agreement" means the credit agreement dated as of May 13, 1996, among Borrower, the banks named therein and Society National Bank, as Agent, as it may from time to time be amended, modified or supplemented. Capitalized terms used herein shall have the meanings ascribed to them in the Credit Agreement.

Borrower also promises to pay interest on the unpaid principal amount of each Swing Loan from time to time outstanding, from the date of such Swing Loan until the payment in full thereof, at the rates per annum which shall be determined in accordance with the provisions of Section 2.1 B of the Credit Agreement. Such interest shall be payable on each date provided for in such Section 2.1 B; provided, however, that interest on any principal portion which is not paid when due shall be payable on demand.

The principal sum hereof from time to time and payments of principal hereof, shall be shown on the records of Bank by such method as Bank may generally employ; provided, however, that failure to make any such entry shall in no way detract from Borrower's obligations under this Note.

If this Note shall not be paid at maturity, whether such maturity occurs by reason of lapse of time or by operation of any provision for acceleration of maturity contained in the Credit Agreement, the principal hereof and the unpaid interest thereon shall bear interest, until paid, at the Default Rate. All payments of principal of and interest on this Note shall be made in immediately available funds.

This Note is the Swing Line Note referred to in the Credit Agreement. Reference is made to the Credit Agreement for a description of the right of the undersigned to anticipate payments hereof, the right of the holder hereof to declare this Note due prior to its stated maturity, and other terms and conditions upon which this Note is issued.

The undersigned authorizes any attorney at law at any time or times after the maturity hereof (whether maturity occurs by lapse of time or by acceleration) to appear in any state or federal court of record in the State of Ohio to waive the issuance and service of process, to admit the maturity of this Note and the nonpayment thereof when due, to confess judgment against the undersigned in favor of the holder of this Note for the amount then appearing due, together with interest and costs of suit, and thereupon to release all errors and to waive all rights of appeal and stay of execution. The foregoing warrant of attorney shall survive any judgment, and if any judgment be vacated for any reason, the holder hereof nevertheless may thereafter use the foregoing warrant of attorney to obtain an additional judgment or judgments against the undersigned. The undersigned agrees that the Agent or the Banks' attorney may confess judgment pursuant to the foregoing warrant of attorney. The undersigned further agrees that the attorney confessing judgment pursuant to the foregoing warrant of attorney may receive a legal fee or other compensation from the Agent or the Banks.

STERIS CORPORATION

By: _____
Bill R. Sanford, Chairman, President,
and Chief Executive Officer

and _____
Michael A. Keresman, III, Senior Vice President,
Chief Financial Officer, and Secretary

=====
"WARNING -- BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT OR ANY OTHER CAUSE."
=====

EXHIBIT C
NOTICE OF LOAN

[Date] _____, 19__

Society National Bank
127 Public Square
Cleveland, Ohio 44114-0616

Attention: _____

Ladies and Gentlemen:

The undersigned, STERIS CORPORATION, refers to the Credit Agreement, dated as of May 13, 1996 ("Credit Agreement", the terms defined therein being used herein as therein defined), among the undersigned, the Banks, as defined in the Credit Agreement, and Society National Bank, as Agent, and hereby gives you notice, pursuant to Section 2.2 of the Credit Agreement that the undersigned hereby requests a Loan under the Credit Agreement, and in the connection sets forth below the information relating to the Loan (the "Proposed Loan") as required by Section 2.2 of the Credit Agreement:

- (a) The Cleveland Banking Day of the Proposed Loan is _____, 19__.
- (b) The amount of the Proposed Loan is \$_____
- (c) The Proposed Loan is to be a Prime Rate Loan ____ /LIBOR Loan . (Check one.)
- (d) If the Proposed Loan is a LIBOR Loan, the Interest Period requested is one month ____, two months ____, three months ____, six months ____ (Check one.)

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Loan:

(i) the representations and warranties contained in each Loan Document are correct, before and after giving effect to the Proposed Loan and the application of the proceeds therefrom, as though made on and as of such date;

(ii) no event has occurred and is continuing, or would result from such Proposed Loan, or the application of proceeds therefrom, which constitutes a Possible Default or an Event of Default; and

(iii) the conditions set forth in Section 2.2 and Article IV of the Credit Agreement have been satisfied.

Very truly yours,

STERIS CORPORATION

By: _____

Name:

Title:

EXHIBIT D

COMPLIANCE CERTIFICATE

For Fiscal Quarter ended _____

THE UNDERSIGNED HEREBY CERTIFY THAT:

(1) We are the duly elected President and Chief Financial Officer of STERIS CORPORATION, an Ohio corporation ("Borrower");

(2) We are familiar with the terms of that certain Credit Agreement, dated as of May 13, 1996, among the undersigned, the Banks, as defined in the Credit Agreement, and Society National Bank, as Agent (as the same may be amended, supplemented or otherwise modified, the "Credit Agreement", the terms defined therein and not otherwise defined in this Certificate being used herein as therein defined), and the terms of the other Loan Documents, and we have made, or have caused to be made under our supervision, a review in reasonable detail of the transactions and condition of the Borrower and its Subsidiaries during the accounting period covered by the attached financial statements;

(3) The review described in paragraph (2) above did not disclose, and we have no knowledge of, the existence of any condition or event which constitutes or constituted a Possible Default or Event of Default, at the end of the accounting period covered by the attached financial statements or as of the date of this Certificate;

(4) The representations and warranties made by the Borrower contained in each Loan Document are true and correct as though made on and as of the date hereof, and,

(5) Set forth on Attachment I hereto are calculations of the financial covenants set forth in Sections ____ and ____ of the Credit Agreement, which calculations show compliance with the terms thereof.

IN WITNESS WHEREOF, we have signed this certificate the ____ day of _____, 19__.

STERIS CORPORATION

By: _____
Title: _____

and _____
Title: _____

Attachment I
 STERIS Corporation
 Covenant Compliance Certificate
 as of the Fiscal Quarter Ending _____

As Of
 __/__/__

1. INTEREST COVERAGE RATIO

Consolidated Net Earnings			
plus: Consolidated Income Tax Expense			
plus: Other			
plus: Consolidated Interest Expense			
Consolidated EBIT	(A)		
Consolidated Interest Expense	(B)		
Interest Coverage Ratio	(A/B)		
Covenant Minimum		3.00	

2. CONSOLIDATED NET WORTH

Consolidated Net Worth as of __/__/__			
plus: 50% of Consolidated Net Earnings*			
Required Consolidated Net Worth			
Actual Consolidated Net Worth			

* For the most recent Fiscal Quarter

3. LEVERAGE

Funded Senior Debt			
Subordinated Debt			
Total Funded Indebtedness	(X)		
plus: Consolidated Net Worth			
Consolidated Capitalization	(Y)		0
Consolidated Leverage	(X/Y)		0.0%
Maximum Required Leverage			40.0%

SCHEDULE 2

INDEBTEDNESS OF BORROWER AND ITS SUBSIDIARIES
EXISTING ON THE CLOSING DATE

[TO BE PROVIDED BY BORROWER]

(Referred to in Section 5.10)

SCHEDULE 3
LIENS ON ASSETS OF THE COMPANIES

[TO BE PROVIDED BY BORROWER]

(Referred to in Section 5.11)

SCHEDULE 5
LITIGATION SCHEDULE

[TO BE PROVIDED BY BORROWER]

(Referred to in Section 6.3)

SCHEDULE 6
DESCRIPTION OF ERISA PLANS

[TO BE PROVIDED BY BORROWER]

(Referred to in Section 6.4)

EXHIBIT E

FORM OF
ASSIGNMENT AGREEMENT

This Assignment Agreement (this "Assignment Agreement") between _____ (the "Assignor") and _____ (the "Assignee") is dated as of _____ 199_. The parties hereto agree as follows:

1. PRELIMINARY STATEMENT. The Assignor is a party to a Credit Agreement, dated as of May 13, 1996 (which, as it may be amended, modified, renewed or extended from time to time, is herein called the "Credit Agreement"), among STERIS CORPORATION ("Borrower"), certain banks listed on the signature pages thereof (collectively, "Banks" and, individually, "Bank"), and SOCIETY NATIONAL BANK, as agent for the Banks ("Agent"). Capitalized terms used herein and not otherwise defined herein shall have the meanings attributed to them in the Credit Agreement. The Assignor desires to assign to the Assignee, and the Assignee desires to assume from the Assignor, an undivided interest (the "Purchased Percentage") in the Commitment of the Assignor such that after giving effect to the assignment and assumption hereinafter provided, the Commitment of the Assignee shall equal _____ Dollars (\$ _____) [not less than \$10,000,000] and its percentage of the Total Commitment Amount shall equal _____ percent (_____ %).

2. ASSIGNMENT. For and in consideration of the assumption of obligations by the Assignee set forth in Section 3 hereof and other consideration set forth herein, and effective as of the Assignment Effective Date (as hereinafter defined), the Assignor does hereby sell, assign, transfer and convey all of its right, title and interest in and to the Purchased Percentage of (a) the Commitment of the Assignor (as in effect on the Assignment Effective Date), (b) any Revolving Loan made by the Assignor which is outstanding on the Assignment Effective Date, (c) any Note delivered to the Assignor pursuant to the Credit Agreement, and (d) the Credit Agreement and the other Related Writings. Pursuant to Section 10.12A of the Credit Agreement, on and after the Assignment Effective Date the Assignee shall have the same rights, benefits and obligations as the Assignor had under the Credit Agreement and the Related Writings with respect to the Purchased Percentage of the Related Writings, all determined as if the Assignee were a "Bank" under the Credit Agreement with _____ Dollars (\$ _____) [not less than \$10,000,000] equaling _____ percent (_____ %) of the Total Commitment Amount. The Assignment Effective Date (the "Assignment Effective Date") shall be two (2) Cleveland Banking Days (or such shorter period agreed to by the Agent) after a Notice of Assignment substantially in the form of Attachment I hereto and any consents substantially in the form of Attachment II hereto required to be delivered to the Agent, together with a fee of \$2,500, in accordance with Section 10.1 2A of the Credit Agreement, have been delivered to the Agent; provided, however, that, in the event that the Borrower shall appropriately deliver a Notice of Borrowing prior to the time at which all of

conditions to the effectiveness of this Assignment shall have been met, the Assignment Effective Date shall be the Cleveland Banking Day immediately following the day upon which the Loans by the Banks are to be made under such Notice of Borrowing. In no event will the Assignment Effective Date occur if the payments required to be made by the Assignee to the Assignor on the Assignment Effective Date under Section 4 are not made on or prior to the proposed Assignment Effective Date. The Assignor will notify the Assignee of the proposed Assignment Effective Date on the Cleveland Banking Day prior to the proposed Assignment Effective Date and will notify the Assignee of any pending Notice of Borrowing which would delay such proposed Assignment Effective Date.

3. ASSUMPTION. For and in consideration of the assignment of rights by the Assignor set forth in Section 2 hereof and the other consideration set forth herein, and effective as of the Assignment Effective Date, the Assignee does hereby accept that assignment, and assume and covenant and agree fully, completely and timely to perform, comply with and discharge, each and all of the obligations, duties and liabilities of the Assignor under the Credit Agreement and the Related Writings which are assigned to the Assignee hereunder, which assumption includes, without limitation, the obligation to fund the unfunded portion of the Total Commitment Amount in accordance with the provisions set forth in the Credit Agreement as if the Assignee were a "Bank" under the Credit Agreement with _____ Dollars (\$ _____) equaling _____ percent (____%) of the Total Commitment Amount. The Assignee agrees to be bound by all provisions relating to "Banks" under and as defined in the Credit Agreement and the Related Writings, including, without limitation, provisions relating to the payment of indemnification. The Assignee agrees further to deliver to the Agent, concurrently herewith, a completed Administrative Questionnaire, substantially in the form attached hereto as Attachment III.

4. PAYMENT OBLIGATIONS. On and after the Assignment Effective Date, the Assignee shall be entitled to receive from the Agent all payments of principal, interest and fees with respect to the Purchased Percentage of the Assignor's Commitment and Loans. The Assignee shall advance funds directly to the Agent with respect to all Loans and reimbursement payments made on or after the Assignment Effective Date. In consideration for the sale and assignment of Loans hereunder, (a) with respect to all Prime Rate Loans made by the Assignor outstanding on the Assignment Effective Date, the Assignee shall pay the Assignor, on the Assignment Effective Date, an amount in U.S. Dollars equal to the Purchased Percentage of all such Prime Rate Loans, and (b) with respect to each LIBOR Loan made by the Assignor outstanding on the Assignment Effective Date, (i) on the last day of the Interest Period therefor or (ii) on such earlier date agreed to by the Assignor and the Assignee or (iii) on the date on which any such LIBOR Loan either becomes due (by acceleration or otherwise) or is prepaid (the date as described in the foregoing clauses (i), (ii) or (iii) being hereinafter referred to as the "Payment Date"), the Assignee shall pay the Assignor an amount in U.S. Dollars equal to the Purchased Percentage of such LIBOR Loan denominated in U.S. Dollars. On and after the Assignment Effective Date, the Assignee will also remit to the Assignor any amounts of interest on Loans and fees received from the Agent which relate to the Purchased Percentage of Loans made by the Assignor accrued for periods prior to the Assignment Effective Date, in the case of

Prime Rate Loans, or the Payment Date, in the case of LIBOR Loans, and not heretofore paid by the Assignee to the Assignor. In the event interest for the period from the Assignment Effective Date to but not including the Payment Date is not paid by the Borrower with respect to any LIBOR Loan sold by the Assignor to the Assignee hereunder, the Assignee shall pay to the Assignor interest for such period on such LIBOR Loan at the applicable rate provided by the Credit Agreement. In the event that either party hereto receives any payment to which the other party hereto is entitled under this Assignment Agreement, then the party receiving such amount shall promptly remit it to the other party hereto.

5. CREDIT DETERMINATION; LIMITATIONS ON ASSIGNOR'S LIABILITY. The Assignee represents and warrants to the Assignor, the Borrower, the Agent and the other Banks (a) that it is capable of making and has made and shall continue to make its own credit determinations and analysis based upon such information as the Assignee deemed sufficient to enter into the transaction contemplated hereby and not based on any statements or representations by the Assignor, (b) the Assignee confirms that it meets the requirements to be an assignee as set forth in Section 10.12 of the Credit Agreement; (c) the Assignee confirms that it is able to fund the Loans as required by the Credit Agreement; and (d) the Assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Credit Agreement and the Related Writings are required to be performed by it as a Bank thereunder. It is understood and agreed that the assignment and assumption hereunder are made without recourse to the Assignor and that the Assignor makes no representation or warranty of any kind to the Assignee and shall not be responsible for (i) the due execution, legality, validity, enforceability, genuineness, sufficiency or collectability of the Credit Agreement or any Related Writings. (ii) any representation, warranty or statement made in or in connection with the Credit Agreement or any of the Related Writings, (iii) the financial condition or creditworthiness of the Borrower or any guarantor, (iv) the performance of or compliance with any of the terms or provisions of the Credit Agreement or any of the Related Writings, (v) inspecting any of the property, books or records of the Borrower or (vi) the validity, enforceability, perfection, priority, condition, value or sufficiency of any collateral securing or purporting to secure the Loans. Neither the Assignor nor any of its officers, directors, employees, agents or attorneys shall be liable for any mistake, error of judgment, or action taken or omitted to be taken in connection with the Loans, the Credit Agreement or the Related Writings, except for its or their own bad faith or willful misconduct. The Assignee appoints the Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to the Agent by the terms thereof.

6. INDEMNITY. The Assignee agrees to indemnify and hold the Assignor harmless against any and all losses, cost and expenses (including, without limitation, attorneys' fees) and liabilities incurred by the Assignor in connection with or arising in any manner from the Assignee's performance or non-performance of obligations assumed under this Assignment Agreement.

7. SUBSEQUENT ASSIGNMENTS. After the Assignment Effective Date, the Assignee shall have the right pursuant to Section 10.12 of the Credit Agreement to assign the rights which are assigned to the Assignee hereunder to any entity or person, provided that (a) any

such subsequent assignment does not violate any of the terms and conditions of the Credit Agreement, any of the Related Writings, or any law, rule, regulation, order, writ, judgment, injunction or decree and that any consent required under the terms of the Credit Agreement or any of the Related Writings has been obtained, (b) the assignee under such assignment from the Assignee shall agree to assume all of the Assignee's obligations hereunder in a manner satisfactory to the Assignor and (c) the Assignee is not thereby released from any of its obligations to the Assignor hereunder.

8. REDUCTIONS OF AGGREGATE AMOUNT OF COMMITMENTS. If any reduction in the Total Commitment Amount occurs between the date of this Assignment Agreement and the Assignment Effective Date, the percentage of the Total Commitment Amount assigned to the Assignee shall remain the percentage specified in Section 1 hereof and the dollar amount of the Commitment of the Assignee shall be recalculated based on the reduced Total Commitment Amount.

9. ENTIRE AGREEMENT. This Assignment Agreement and the attached consent embody the entire agreement and understanding between the parties hereto and supersede all prior agreements and understandings between the parties hereto relating to the subject matter hereof.

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

11. NOTICES. Notices shall be given under this Assignment Agreement in the manner set forth in the Credit Agreement. For the purpose hereof, the addresses of the parties hereto (until notice of a change is delivered) shall be the address set forth under each party's name on the signature pages hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Assignment Agreement by their duly authorized officers as of the date first above written.
[ADDRESS] [NAME OF ASSIGNEE]

By: _____

Title: _____

[ADDRESS] [NAME OF ASSIGNOR]

By: _____

Title: _____

ATTACHMENT I
TO
FORM OF ASSIGNMENT AGREEMENT

NOTICE OF ASSIGNMENT

To: STERIS CORPORATION
5960 Heisley Road
Mentor, OH 44060
Attention: _____

SOCIETY NATIONAL BANK, as Agent
127 Public Square
Cleveland, Ohio 44114
Attention: _____

From: [NAME OF ASSIGNOR]
[NAME OF ASSIGNEE]

_____ 19__

1. We refer to that Credit Agreement, dated as of May 13, 1996 (which, as it may be amended, modified, renewed or extended from time to time, is herein called the "Credit Agreement"), among STERIS CORPORATION ("Borrower"), certain banks listed on the signature pages thereof (collectively, "Banks" and, individually, "Bank"), including _____ (the "Assignor") and SOCIETY NATIONAL BANK, as agent for the Banks (as such, the "Agent"). Capitalized terms used herein and in any consent delivered in connection herewith and not otherwise defined herein or in such consent shall have the meanings attributed to them in the Credit Agreement.

2. The Assignor and _____ (the "Assignee") have entered into an Assignment Agreement, dated as of _____, 19__, pursuant to which, among other things, the Assignor has sold, assigned, delegated and transferred to the Assignee. and the Assignee has purchased, accepted and assumed from the Assignor, an undivided interest in and to all of the Assignor's rights and obligations under the Credit Agreement such that Assignee's percentage of the Total Commitment Amount shall equal _____ Dollars (\$_____) [not less than \$10,000,000] _____ percent (____%), effective as of the "Assignment Effective Date" (as hereinafter defined).

The "Assignment Effective Date" shall be the later of _____, 19__ or two Cleveland Banking Days (or such shorter period as agreed to by the Agent) after this Notice of Assignment and any consents and payments required by Sections 10.1 2A of the Credit Agreement have been delivered to the Agent, provided that the Assignment Effective Date shall not occur if any condition precedent agreed to by the Assignor and the Assignee has not been satisfied; provided, however, that, in the event that the Borrower shall appropriately deliver a Notice of Borrowing prior to the time at which all of the conditions to the effectiveness of this Assignment shall have been met, the Assignment Effective Date shall be the Cleveland Banking Day immediately following the day upon which the Loans by the Banks are to be made under such Notice of Borrowing.

3. As of this date, the Commitment Percentage of the Assignor in the Total Commitment Amount and Loans is _____% (Dollars (\$_____)). As of the Assignment Effective Date, the Commitment Percentage of the Assignor in the Total Commitment Amount and Loans will be _____% (_____ Dollars (\$_____)) (as such percentage may be reduced or increased by assignments which become effective prior to the assignment to the Assignee becoming effective) and the Commitment Percentage of the Assignee in the Total Commitment Amount and Loans will be _____% (_____ Dollars (\$_____)).

4. The Assignor and the Assignee hereby give to the Borrower and the Agent notice of the assignment and delegation referred to herein. The Assignor will confer with the Agent before _____, 19__ to determine if the Assignment Agreement will become effective on such date pursuant to Section 3 hereof, and will confer with the Agent to determine the Assignment Effective Date pursuant to Section 3 hereof if it occurs thereafter. The Assignor shall notify the Agent if the Assignment Agreement does not become effective on any proposed Assignment Effective Date as a result of the failure to satisfy the conditions precedent agreed to by the Assignor and the Assignee. At the request of the Agent, the Assignor will give the Agent written confirmation of the occurrence of the Assignment Effective Date.

5. The Assignee hereby accepts and assumes the assignment and delegation referred to herein and agrees as of the Assignment Effective Date (a) to perform fully all of the obligations under the Credit Agreement which it has hereby assumed and (b) to be bound by the terms and conditions of the Credit Agreement as if it were a "Bank".

6. The Assignor and the Assignee request and agree that any payments to be made by the Agent to the Assignor on and after the Assignment Effective Date shall, to the extent of the assignment referred to herein, be made entirely to the Assignee, it being understood that the Assignor and the Assignee shall make between themselves any desired allocations.

7. The Assignor and the Assignee request and direct that the Agent prepare and cause the Borrower to execute and deliver the Note or Notes to the Assignor and the Assignee in accordance with Section 10.12 of the Credit Agreement. The Assignor and the Assignee agree

to deliver to the Agent, for delivery to the Borrower, the original Note received from it by the Borrower upon their receipt of a new Note in the amount set forth above.

8. The Assignee advises the Agent that the address listed below is its address for notices under the Credit Agreement:

The Assignee advises the Agent that the address listed below is the address of its Lending Office and the wire transfer instructions for delivery of funds by the Agent thereto:

ASSIGNOR

ASSIGNEE

By: _____

By: _____

Title: _____

Title: _____

ATTACHMENT II
TO
FORM OF ASSIGNMENT AGREEMENT

CONSENT AND RELEASE

TO: [NAME OF ASSIGNOR]

[NAME OF ASSIGNEE]

_____ 19__

1. We acknowledge receipt from _____
(the "Assignor") and _____ (the
"Assignee") of the Notice of Assignment, dated as of _____, 19__
(the "Notice"). Capitalized terms used herein and not otherwise defined herein
shall have the meanings attributed to them in the Notice.

****[2. In consideration of the assumption by the Assignee of the
obligations of the Assignor as referred to in the Notice, the Borrower hereby
(a) irrevocably consents, pursuant to Section 10.12 of the Credit Agreement, to
the assignment and delegation referred to in the Notice, (b) as of the
Assignment Effective Date, irrevocably reduces the percentage of the Assignor in
the Total Commitment Amount and the Loans by the percentage of the Total
Commitment Amount and the Loans assigned to the Assignee and releases the
Assignor from all of its obligations to the Borrower under the Credit Agreement
and any of the Related Writings to the extent that such obligations have been
assumed by the Assignee and (c) agrees that, as of the Assignment Effective
Date, Borrower shall consider the Assignee as a "Bank" for all purposes under
the Credit Agreement and any of the Related Writings to the extent of the
assignment and delegation referred to in the Notice.]*****

* * * * [3. The Borrower directs the Agent to prepare for issuance by the
Borrower of replacement Notes requested by the Assignor and the Assignee in the
Notice.]****

4. In consideration of the assumption by the Assignee of the obligations of
the Assignor as referred to in the Notice, the Agent and Borrower executing
below hereby (a) irrevocably consents, pursuant to Section 10.1 2A of the Credit
Agreement, to the assignment and delegation referred to in the Notice, (b) as of
the Assignment Effective Date, irrevocably releases the Assignor from its
obligations to the Agent under the Credit Agreement or any of the Related
Writings to the extent that such obligations have been assumed by the Assignee,
and

(c) agrees that, as of the Assignment Effective Date, the Agent shall consider the Assignee as a "Bank" for all purposes under the Credit Agreement and any of the Related Writings to the extent of the assignment and delegation referred to in the Notice.

STERIS CORPORATION

SOCIETY NATIONAL BANK, as Agent

By: _____
Title: _____

By: _____
Title: _____

Paragraph 2 is to be included only if the consent of the Borrower is required pursuant to Section 10.1 2A of the Credit Agreement.

ATTACHMENT III
TO
FORM OF ASSIGNMENT AGREEMENT

FORM OF
ADMINISTRATIVE QUESTIONNAIRE

Please accurately complete the following information and return via FAX to Society National Bank, Attention of _____, as soon as possible.

FAX Number: _____

LEGAL NAME TO APPEAR IN DOCUMENTATION:
- - - - -

GENERAL INFORMATION - DOMESTIC LENDING OFFICE:
- - - - -

Institution Name: _____
Street Address: _____
City, State, Zip Code: _____

GENERAL INFORMATION - LIBOR LENDING OFFICE:
- - - - -

Institution Name: _____
Street Address: _____
City, State, Zip Code: _____

CONTACTS/NOTIFICATION METHODS:
- - - - -

CREDIT CONTACTS:

Primary Contact: _____
Street Address: _____
City, State, Zip Code: _____
Phone Number: _____
FAX Number: _____
Backup Contact: _____
Street Address: _____
City, State, Zip Code: _____
Phone Number: _____
FAX Number: _____

TAX WITHHOLDING:

Non Resident Alien _____Y* _____N
*Form 4224 Enclosed
Tax ID Number _____

CONTACTS/NOTIFICATION METHODS:

ADMINISTRATIVE CONTACTS - BORROWINGS, PAYDOWNS, INTEREST, FEES, ETC.

Contact: _____
Street Address: _____
City, State, Code: _____
Phone Number: _____
FAX Number: _____

PAYMENT INSTRUCTIONS:

Name of Bank where funds are to be transferred:

Routing Transit/ABA number of Bank where funds are to be transferred:

Name of Account, if applicable:

Account Number: _____

Additional Information: _____

MAILINGS:

Please specify who should receive financial information:

Name: _____
Street Address: _____
City, State, Zip Code: _____

It is very important that all of the above information is accurately filled in and returned promptly. If there is someone other than yourself who should receive this questionnaire, please notify us of their name and FAX number and we will FAX them a copy of the questionnaire. If you have any questions, please call _____ of Society National Bank at (216)_____.

SCHEDULE 7

COMPLIANCE

STERIS CORPORATION AND SUBSIDIARIES

NET INCOME PER COMMON SHARE
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	YEARS ENDED MARCH 31		
	1996	1995	1994
PRIMARY INCOME PER SHARE:			
Net income before cumulative effect of accounting change to Common Shareholders.....	\$12,794 =====	\$ 8,736 =====	\$ 5,146 =====
Weighted average Common Shares outstanding.....	17,804	17,442	17,184
Common Share equivalents of stock options.....	1,700	1,566	1,510
Weighted average Common Shares and Common Share equivalents outstanding during the period.....	19,504 =====	19,008 =====	18,694 =====
Net income per share before cumulative effect of accounting change.....	\$ 0.66	\$ 0.46	\$ 0.28
Cumulative effect of accounting change.....	0.00	0.00	0.06
Net income per share.....	\$ 0.66 =====	\$ 0.46 =====	\$ 0.34 =====
FULLY DILUTED INCOME PER SHARE:			
Net income per share before cumulative effect of accounting change to Common Shareholders.....	\$12,794 =====	\$ 8,736 =====	\$ 5,146 =====
Weighted average Common Shares outstanding.....	17,804	17,442	17,184
Common Share equivalents of stock options.....	1,764	1,794	1,546
Weighted average Common Shares and Common Share equivalents outstanding during the period.....	19,568 =====	19,236 =====	18,730 =====
Fully diluted net income per share before cumulative effect of accounting change.....	\$ 0.65	\$ 0.46	\$ 0.28
Cumulative effect of accounting change.....	0.00	0.00	0.06
Fully diluted net income per share.....	\$ 0.65 =====	\$ 0.46 =====	\$ 0.34 =====

STERIS CORPORATION

STERIS CORPORATION SUBSIDIARY LIST

SUBSIDIARY	PERCENTAGE OWNED	INCORPORATED	LOCATION
Ecomed, Inc.	100%	Indiana	Indianapolis, Indiana
Medical & Environmental Designs, Inc.	100%	Missouri	Mentor, Ohio
STERIS S.A.	100%	Belgium	Brussels, Belgium
STERIS Canada, Limited/Limite.....	100%	Canada	Mississauga, Ontario, Canada
STERIS GmbH.....	100%	Germany	Orsingen-Nenzingen, Germany
STERIS Limited.....	100%	United Kingdom	Oxfordshire, England
STERIS S.r.l.....	100%	Italy	Asti, Italy
STERIS Foreign Sales Corporation.....	100%	U.S. Virgin Islands	St. Thomas, U.S. Virgin Islands
STERIS USA Distribution Corporation.....	100%	Ohio	Mentor, Ohio

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements and related Prospectuses of our report dated April 22, 1996, with respect to the consolidated financial statements and schedule of STERIS Corporation and Subsidiaries included in this Form 10-K for the year ended March 31, 1996:

REGISTRATION NUMBER	DESCRIPTION	FILING DATE
33-31610	Post-effective Amendment to Form S-4 on Form S-8	May 13, 1996
33-31610	Form S-4 -- Joint Proxy Statement -- STERIS Corporation merger with AMSCO International, Inc.	February 23, 1996
33-91444	Form S-8 Registration Statement -- STERIS Corporation 1994 Equity Compensation Plan	April 21, 1995
33-91442	Form S-8 Registration Statement -- STERIS Corporation 1994 Nonemployee Directors Equity Compensation Plan	April 21, 1995
33-55976	Form S-8 Registration Statement -- STERIS Corporation 401(k) Plan	March 4, 1994
33-55258	Form S-8 Registration Statement -- STERIS Corporation Non-Qualified Stock Option Plan	December 3, 1992

ERNST & YOUNG LLP

Cleveland, Ohio
June 19, 1996

POWER OF ATTORNEY

The undersigned, an officer or director, or both an officer and director, of STERIS Corporation, an Ohio Corporation, which proposes to file with the Securities and Exchange Commission, Washington, D. C. under the provisions of the Securities and Exchange Act of 1934, as amended, its Annual Report on Form 10-K for the fiscal year ended March 31, 1996 (the "Annual Report"), hereby constitutes Bill R. Sanford, Michael A. Keresman, III, and Roy L. Turnell, and each of them, as attorney for the undersigned, with full power of substitution and resubstitution, for and in the name, place, and stead of the undersigned, to sign and file the Annual Report, and exhibits thereto, and any and all amendments thereto, with full power and authority to do and perform any and all acts whatsoever requisite and necessary to be done in the premises, hereby ratifying and approving the acts of such attorney or any such substitute.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand as of June 18, 1996.

/s/ Michael A. Keresman, III

Michael A. Keresman, III,
Senior Vice President,
Chief Financial Officer, and Secretary
(Principal Financial Officer and
Principal Accounting Officer)

POWER OF ATTORNEY

The undersigned, an officer or director, or both an officer and director, of STERIS Corporation, an Ohio Corporation, which proposes to file with the Securities and Exchange Commission, Washington, D. C. under the provisions of the Securities and Exchange Act of 1934, as amended, its Annual Report on Form 10-K for the fiscal year ended March 31, 1996 (the "Annual Report"), hereby constitutes Bill R. Sanford, Michael A. Keresman, III, and Roy L. Turnell, and and resubstitution, for and in the name, place, and stead of the undersigned, to sign and file the Annual Report, and exhibits thereto, and any and all amendments thereto, with full power and authority to do and perform any and all acts whatsoever requisite and necessary to be done in the premises, hereby ratifying and approving the acts of such attorney or any such substitute.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand as of June 18, 1996.

/s/ Bill R. Sanford

Bill R. Sanford, Chairman of the Board
President, Chief Executive Officer
(Principal Executive Officer)

POWER OF ATTORNEY

The undersigned, an officer or director, or both an officer and director, of STERIS Corporation, an Ohio Corporation, which proposes to file with the Securities and Exchange Commission, Washington, D. C. under the provisions of the Securities and Exchange Act of 1934, as amended, its Annual Report on Form 10-K for the fiscal year ended March 31, 1996 (the "Annual Report"), hereby constitutes Bill R. Sanford, Michael A. Keresman, III, and Roy L. Turnell, and and resubstitution, for and in the name, place, and stead of the undersigned, to sign and file the Annual Report, and exhibits thereto, and any and all amendments thereto, with full power and authority to do and perform any and all acts whatsoever requisite and necessary to be done in the premises, hereby ratifying and approving the acts of such attorney or any such substitute.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand as of June 18, 1996.

/s/ Jerry E. Robertson, Ph.D.

Jerry E. Robertson, Ph.D.
Director

POWER OF ATTORNEY

The undersigned, an officer or director, or both an officer and director, of STERIS Corporation, an Ohio Corporation, which proposes to file with the Securities and Exchange Commission, Washington, D. C. under the provisions of the Securities and Exchange Act of 1934, as amended, its Annual Report on Form 10-K for the fiscal year ended March 31, 1996 (the "Annual Report"), hereby constitutes Bill R. Sanford, Michael A. Keresman, III, and Roy L. Turnell, and and resubstitution, for and in the name, place, and stead of the undersigned, to sign and file the Annual Report, and exhibits thereto, and any and all amendments thereto, with full power and authority to do and perform any and all acts whatsoever requisite and necessary to be done in the premises, hereby ratifying and approving the acts of such attorney or any such substitute.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand as of June 18, 1996.

/s/ Thomas J. Magulski

Thomas J. Magulski
Director

POWER OF ATTORNEY

The undersigned, an officer or director, or both an officer and director, of STERIS Corporation, an Ohio Corporation, which proposes to file with the Securities and Exchange Commission, Washington, D. C. under the provisions of the Securities and Exchange Act of 1934, as amended, its Annual Report on Form 10-K for the fiscal year ended March 31, 1996 (the "Annual Report"), hereby constitutes Bill R. Sanford, Michael A. Keresman, III, and Roy L. Turnell, and and resubstitution, for and in the name, place, and stead of the undersigned, to sign and file the Annual Report, and exhibits thereto, and any and all amendments thereto, with full power and authority to do and perform any and all acts whatsoever requisite and necessary to be done in the premises, hereby ratifying and approving the acts of such attorney or any such substitute.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand as of June 18, 1996.

/s/ Russell L. Carson

Russell L. Carson
Director

POWER OF ATTORNEY

The undersigned, an officer or director, or both an officer and director, of STERIS Corporation, an Ohio Corporation, which proposes to file with the Securities and Exchange Commission, Washington, D. C. under the provisions of the Securities and Exchange Act of 1934, as amended, its Annual Report on Form 10-K for the fiscal year ended March 31, 1996 (the "Annual Report"), hereby constitutes Bill R. Sanford, Michael A. Keresman, III, and Roy L. Turnell, and and resubstitution, for and in the name, place, and stead of the undersigned, to sign and file the Annual Report, and exhibits thereto, and any and all amendments thereto, with full power and authority to do and perform any and all acts whatsoever requisite and necessary to be done in the premises, hereby ratifying and approving the acts of such attorney or any such substitute.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand as of June 18, 1996.

/s/ Frank E. Samuel, Jr.

Frank E. Samuel, Jr.
Director

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM AUDITED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED MARCH 31, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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YEAR	MAR-31-1996	MAR-31-1996
		158
	9,193	
	26,551	
	350	
	10,660	
	52,455	23,222
	3,985	
	85,367	
	19,367	
		0
		38,436
	0	
		0
		23,958
62,394		
		91,192
	91,192	
		33,872
	33,872	
	0	
	0	
	0	
	21,035	
	8,241	
12,794		
	0	
	0	
		0
	12,794	
	0.66	
	0.65	