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

Form 10-Q

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

For the quarter ended September 30, 2003

Commission file number 0-20165

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

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☒ No ☐

The number of Common Shares outstanding as of October 31, 2003: 69,426,324

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

STERIS CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands)

	September 30, 2003	March 31, 2003
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 12,338	$ 25,941
Accounts receivable (net of allowances of $8,806 and $8,637, respectively)	210,660	211,687
Inventories	119,707	90,135
Current portion of deferred income taxes	15,932	14,904
Prepaid expenses and other current assets	10,629	11,765
Total current assets	369,266	354,432
Property, plant, and equipment, net	359,500	345,621
Intangibles, net	225,273	192,416
Other assets	5,010	2,523
Total assets	$ 959,049	$ 894,992
Liabilities and shareholders' equity		
Current liabilities:		
Current portion of long-term indebtedness	$ 2,417	$ 1,959
Accounts payable	57,257	72,969
Accrued income taxes	10,610	15,098
Accrued expenses and other	103,418	101,025
Total current liabilities	173,702	191,051
Long-term indebtedness	101,522	59,704
Deferred income taxes	18,256	18,256
Other liabilities	60,418	56,451
Total liabilities	353,898	325,462
Shareholders' equity:		
Serial preferred shares, without par value; 3,000 shares authorized; no shares issued or outstanding	—	—
Common Shares, without par value; 300,000 shares authorized; issued and outstanding shares of 69,492 and 69,741, respectively	217,824	224,355
Retained earnings	394,144	357,303
Accumulated other comprehensive income (loss):		
Minimum pension liability	(7,281)	(7,281)
Cumulative foreign currency translation adjustment	464	(4,847)
Total shareholders' equity	605,151	569,530
Total liabilities and shareholders' equity	$ 959,049	$ 894,992

See notes to consolidated financial statements.

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

	Three Months Ended September 30,		Six Months Ended September 30,	
	2003	2002	2003	2002
Net revenues:				
Product	$ 177,476	$ 161,556	$ 358,118	$ 316,316
Service	79,913	71,176	158,551	137,767
Total net revenues	257,389	232,732	516,669	454,083
Cost of revenues:				
Product	101,924	93,890	207,887	184,556
Service	44,851	42,447	91,597	81,318
Total cost of revenues	146,775	136,337	299,484	265,874
Gross profit	110,614	96,395	217,185	188,209
Operating expenses:				
Selling, general, and administrative	71,879	61,457	144,559	127,706
Research and development	6,411	5,757	14,078	10,729
	78,290	67,214	158,637	138,435
Income from operations	32,324	29,181	58,548	49,774
Interest expense, net	499	413	984	953
Income before income taxes	31,825	28,768	57,564	48,821
Income tax expense	11,456	10,357	20,723	17,576
Net income	$ 20,369	$ 18,411	$ 36,841	$ 31,245
Net income per share - basic	$ 0.29	$ 0.27	$ 0.53	$ 0.45
Net income per share - diluted	$ 0.29	$ 0.26	$ 0.52	$ 0.44

See notes to consolidated financial statements.

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

	Six Months Ended September 30,	
	2003	**2002**
Operating activities		
Net income	$ 36,841	$ 31,245
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	23,905	23,568
Deferred income taxes	(1,289)	(114)
Other items	910	5,160
Changes in operating assets and liabilities, excluding the effect of business acquisitions:		
Accounts receivable	11,488	20,406
Inventories	(23,521)	(4,761)
Other current assets	1,274	(734)
Accounts payable, net	(23,985)	(8,153)
Accruals and other, net	2,300	(5,596)
Net cash provided by operating activities	27,923	61,021
Investing activities		
Purchases of property, plant, and equipment	(30,736)	(30,388)
Investment in businesses, net of cash acquired	(36,814)	(140)
Net cash used in investing activities	(67,550)	(30,528)
Financing activities		
Payments on long-term obligations	(367)	(781)
Borrowings/(payments) under credit facility, net	33,900	(17,000)
Purchase of treasury shares	(14,139)	(16,070)
Stock option and other equity transactions	7,372	5,268
Net cash provided by/(used in) financing activities	26,766	(28,583)
Effect of exchange rate changes on cash and cash equivalents	(742)	1,625
Increase (decrease) in cash and cash equivalents	(13,603)	3,535
Cash and cash equivalents at beginning of period	25,941	12,424
Cash and cash equivalents at end of period	$ 12,338	$ 15,959

See notes to consolidated financial statements.

STERIS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
For the Three and Six Months Ended
September 30, 2003 and 2002
(dollars in thousands, except per share amounts)

1. Basis of Presentation

STERIS Corporation's (the "Company" or "STERIS") unaudited consolidated financial statements for the three and six months ended September 30, 2003 and 2002 included in this Quarterly Report on Form 10-Q have been prepared in accordance with the accounting policies described in the Notes to Consolidated Financial Statements for the fiscal year ended March 31, 2003, which were included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on June 20, 2003, and in management's opinion contain all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation of the consolidated financial position, results of operations, and cash flows for the interim periods presented. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted in accordance with the rules and regulations of the Securities and Exchange Commission. These consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto included in the Form 10-K referred to above. The consolidated balance sheet at March 31, 2003 has been derived from the audited consolidated financial statements at that date but does not include all the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

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

2. Reporting Segments

The Company develops, manufactures, and markets infection prevention, contamination control, microbial reduction, and surgical and critical care support, products and services for healthcare, scientific, research, industrial, and government customers throughout the world. STERIS is focused on helping customers address today's needs primarily in the healthcare and pharmaceutical industries. The healthcare industry is changing rapidly due to the growth of minimally invasive surgical and diagnostic procedures; heightened public and professional awareness and concern for the increasing number of transmittable and antibiotic-resistant pathogens; and the rising cost of healthcare delivery. These trends have expanded the demand for rapid, safe, and efficient infection prevention systems for critical tasks such as the sterile processing of devices and the handling, decontamination, destruction, and disposal of potentially infectious biohazardous agents or waste. The pharmaceutical industry is also expanding to meet increased demand for new and generic drugs. Pharmaceutical, biotech, medical device, and other manufacturers are under growing pressure to adhere to stricter guidelines and increasing global standards for the validation and control of their antimicrobial processes.

Effective April 1, 2003, STERIS management realigned the Company into three segments to focus resources on specific missions and customer groups to achieve the Company's long term strategic initiatives and capture targeted growth opportunities. As a result, the Company began reporting in three business segments: Healthcare, Life Sciences, and Isomedix Services. The Company followed the guidelines of Statement of Financial Accounting Standards No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS 131") as a basis to determine the aggregation of operations into segments. Each operation was grouped into a segment based on similar economic characteristics, nature of products and services, nature of production processes, types or classes of customers, methods used to distribute products and services, and the nature of the regulatory environment.

The Healthcare reporting segment includes the Healthcare business and the Company's Skincare business, now known as the Applied Infection Control business. The Healthcare segment competes within a variety of areas in the global medical marketplace. Each area is directly or indirectly associated with the infrastructure utilized within surgical environments in hospitals, teaching facilities, universities, and alternate surgical facilities. The Healthcare business includes surgical support, sterile processing, equipment services, and contract sterilization for hospitals. The Applied Infection Control business consists of hygiene and infection control products sold into acute care, non-acute care, and institutional/industrial markets.

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The Life Sciences reporting segment consists of the Life Sciences business and the Defense and Industrial business. The Life Sciences business operates within a variety of industries which include providers of capital equipment, cleaning chemistries, and services to pharmaceutical and biopharmaceutical manufacturers, research and development operations, as well as private and public research institutions. The Defense and Industrial business consists of the Company's Strategic Technology Enterprises subsidiary, which addresses emerging opportunities related to the threat of biological and chemical contamination.

The Isomedix Services reporting segment provides contract sterilization, microbiological reduction, and materials modification services in the form of ethylene oxide, gamma, and electron beam processing technologies. Isomedix serves customers in several diverse industries including medical devices, labware, pharmaceuticals, food packaging, spices, cosmetics, and materials modification.

As of September 30, 2003, the Company had approximately 5,200 employees worldwide, with over 2,300 involved in direct sales, service, and field support. Customer support and training facilities are located in major global market centers, and production and manufacturing operations are found in the United States, Canada, Germany, Finland, Sweden, and Switzerland.

3. Recently Issued Accounting Standards

In August 2001, Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" ("SFAS 143"), was issued. This Statement requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the entity capitalizes the associated retirement costs by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period, and the capitalized cost is depreciated over the remaining estimated useful life of the related asset. The Company adopted this Statement on April 1, 2003 and the impact of the adoption on the Company's consolidated financial statements was not considered material.

In November 2002, the Emerging Issues Task Force reached a consensus on Issue 00-21 ("EITF 00-21"), "Accounting for Revenue Arrangements with Multiple Deliverables." EITF 00-21 addresses how to account for arrangements that may involve the delivery or performance of multiple products, services and/or rights to use assets. The final consensus is applicable to agreements entered into in fiscal periods beginning after June 15, 2003 with early adoption permitted. The Company adopted EITF 00-21 effective July 1, 2003, and the adoption of this Statement did not have an impact on the Company's consolidated financial statements.

In December 2002, Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation -Transition and Disclosure" ("SFAS 148") was issued providing alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS 148 amends the disclosure requirements of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," ("SFAS 123") to require more prominent and more frequent disclosures in financial statements about the effects of stock-based compensation. The transition guidance and annual disclosure provisions of SFAS 148 are effective for fiscal years ending after December 15, 2002, while the interim disclosure provisions are effective for periods beginning after December 15, 2002. As permitted by SFAS 123 and SFAS 148, the Company has adopted the disclosure only provisions and does not recognize expense for stock options granted to employees when the exercise price equals the market price of the stock on the date of grant.

In December 2002, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Guarantees of Indebtedness of Others" ("FIN 45"). FIN 45 requires that certain guarantees be recorded at fair value and also that a guarantor make certain disclosures, even when the likelihood of making any payments under the guarantee is remote. The initial recognition and measurement provisions of FIN

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45 are applicable only to guarantees issued or modified after December 31, 2002. The related disclosure requirements are effective for interim or annual periods ending after December 15, 2002, and are applicable to all guarantees issued by the guarantor subject to FIN 45's scope, including guarantees entered into prior to its issuance. See Note 12 – Financial and Other Guarantees.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"). FIN 46 clarifies the application of Accounting Research Bulletin ("ARB") No. 51, "Consolidated Financial Statements" for certain entities in which equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. FIN 46 requires that variable interest entities, as defined, should be consolidated by the primary beneficiary, which is defined as the entity that is expected to absorb the majority of the expected losses, receive the majority of the gains, or both. The Interpretation requires that companies disclose certain information about a variable interest entity created prior to February 1, 2003, if it is reasonably possible that the enterprise will be required to consolidate that entity. The application of this Interpretation is required as of December 31, 2003 for entities created prior to February 1, 2003, and immediately for any variable interest entities created subsequent to January 31, 2003. The Company has evaluated its affiliated entities and does not have any entity it is affiliated with but does not currently consolidate that will meet the definition of a variable interest entity.

In May 2003, Statement of Financial Accounting Standards No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity" ("SFAS 150"), was issued to establish standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. SFAS 150 requires an issuer to classify a financial instrument that is within its scope as a liability, or an asset, which may have previously been classified as equity. The Company adopted SFAS 150 effective June 30, 2003, as required, and the adoption of this Statement did not have an impact on the Company's consolidated financial statements.

4. Common Shares

The following is a summary of Common Shares and Common Share equivalents outstanding used in the calculations of earnings per share:

	Three Months Ended September 30,		Six Months Ended September, 30	
	2003	2002	2003	2002
	(in thousands)			
Weighted average Common Shares outstanding - basic	69,347	69,118	69,403	69,378
Dilutive effect of stock options	1,223	1,255	1,264	1,349
Weighted average Common Shares and equivalents - diluted	70,570	70,373	70,667	70,727

5. Stock Compensation Plans

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

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Employees," as permitted by SFAS 123, "Accounting for Stock-Based Compensation," as amended by SFAS 148, "Accounting for Stock-Based Compensation - Transition and Disclosure" and accordingly recognizes no compensation expense when the exercise price equals the market price of the stock on the date of grant.

Had the compensation cost for the stock options granted in the three or six month period ended September 30, 2003 and 2002, been determined based on the value at the grant date consistent with the fair value method, the Company's net income and earnings per share would have been reduced as indicated below:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2003	2002	2003	2002
	(in thousands, except per share data)			
Net income:				
As reported	$20,369	$18,411	$36,841	$31,245
Add: Expense included in reported results	—	—	—	—
Less: Fair value of options granted	1,509	1,483	2,872	3,076
Pro forma	$18,860	$16,928	$33,969	$28,169
Earnings per share:				
Basic:				
As reported	$ 0.29	$ 0.27	$ 0.53	$ 0.45
Pro forma	$ 0.27	$ 0.25	$ 0.49	$ 0.41
Diluted:				
As reported	$ 0.29	$ 0.26	$ 0.52	$ 0.44
Pro forma	$ 0.27	$ 0.24	$ 0.48	$ 0.40

Fair value was estimated at the date of grant using the Black-Scholes option pricing model and the following weighted-average assumptions for the six months ended September 30, 2003 and 2002, respectively: risk-free interest rate of 3.54% to 3.96%; dividend yield of 0%; expected volatility of 45%; and an expected option life of 5 years.

6. Comprehensive Income

Comprehensive income amounted to $20,227 and $17,755, net of tax, for the three months ended September 30, 2003 and 2002, respectively. For the six months ended September 30, 2003, comprehensive income totaled $42,152, net of tax, compared to $33,455, net of tax, for the six months ended September 30, 2002. The difference between net income and comprehensive income for the periods resulted from the change in the cumulative foreign currency translation adjustment.

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7. Inventories

Inventories are stated at cost, which does not exceed market. The Company uses the last-in, first-out (LIFO) and first-in, first-out (FIFO) cost methods. Inventory costs include material, labor, and overhead. Inventories were as follows:

	September 30, 2003	March 31, 2003
Raw material	$ 34,434	$ 26,774
Work in process	24,193	8,018
Finished goods	61,080	55,343
Total inventories	$ 119,707	$ 90,135

8. Non-recurring Transactions

Fiscal 2001 Charge

The Company concluded a review of manufacturing, service, and support functions during the fourth quarter of fiscal 2001. Those efforts were used to identify opportunities for efficiency and productivity improvements beyond those initiated during the fourth quarter of fiscal 2000. As a result of this review and the related plan to initiate improvements in those and other functions, a charge of $41,476 ($28,204 net of tax, or $0.41 per diluted share) was recorded. This charge primarily related to plans for manufacturing consolidations, upgrading of the Company's service, sales, and distribution organizations, and associated workforce reductions. The implementation of these actions began in the fourth quarter of fiscal 2001 and resulted in a reduction of approximately 335 employees in the manufacturing and support functions by the end of the fourth quarter of fiscal 2002.

Restructuring reserves of $642 and $1,150 remained as of September 30, 2003, and March 31, 2003, respectively, and related primarily to severance obligations. These remaining severance payments at September 30, 2003, which relate to four former employees, will continue until December 2004.

9. Contingencies

There are various pending lawsuits and claims arising out of the conduct of STERIS's business. In the opinion of management, the ultimate outcome of these lawsuits and claims will not have a material adverse effect on STERIS's consolidated financial position or results of operations taken as a whole. Due to their inherent uncertainty, however, there can be no assurance of the ultimate outcome of current or future litigation or claims or their effect. See the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on June 20, 2003. STERIS presently maintains product liability insurance coverage in amounts and with deductibles that it believes are prudent.

10. Business Segment Information

Financial information for each of the Company's reportable segments, as defined by SFAS 131, is presented in the following table. The Company has redefined its reporting segments as described herein and, as a result, has reclassified its revenues and operating income (loss) based on its revised segment reporting. Operating income (loss) for each segment reflects the full allocation of all distribution, corporate, and research and development expenses to the reporting segments. The accounting policies for the reporting segments are the same as those for the consolidated company.

STERIS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
For the Three and Six Months Ended
September 30, 2003 and 2002
(dollars in thousands, except per share amounts)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2003	2002	2003	2002
Net revenues:				
Healthcare	$179,672	$164,980	$359,241	$326,921
Life Sciences	56,875	48,112	115,300	87,829
Isomedix	20,842	19,640	42,128	39,333
Total net revenues	$257,389	$232,732	$516,669	$454,083
Operating income (loss):				
Healthcare	$ 28,855	$ 25,866	$ 52,499	$ 46,103
Life Sciences	462	811	(128)	(2,360)
Isomedix	3,007	2,504	6,177	6,031
Total operating income	$ 32,324	$ 29,181	$ 58,548	$ 49,774

The following is information about the Company's operations by geographic area:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2003	2002	2003	2002
Net revenues				
United States	$ 204,074	$189,010	$402,975	$372,396
Non-United States	53,315	43,722	113,694	81,687
Total net revenues	$ 257,389	$232,732	$516,669	$454,083

	September 30, 2003	March 31, 2003
Long-lived assets		
United States	$ 325,753	$316,492
Non-United States	38,757	31,652
Total long-lived assets	$ 364,510	$348,144

Long-lived assets are those assets that are identified with the operations in each geographic area including property, plant, and equipment and other assets. Revenues are based on the location of these operations and their customers. During the quarter ended September 30, 2003, revenues from a single customer did not aggregate to five percent or more of total revenues.

11. Treasury Shares

On July 24, 2002 the Company announced that its Board of Directors had authorized the purchase of up to 3.0 million STERIS Common Shares. The shares may be used for the Company's employee benefit plans or for general corporate purposes.

STERIS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
For the Three and Six Months Ended
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(dollars in thousands, except per share amounts)

During the first half of fiscal 2004, the Company purchased 640,300 of its Common Shares at an average price of $22.08 per Common Share and 2,359,700 Common Shares remained authorized for purchase. At September 30, 2003, 275,929 Common Shares were held in treasury.

12. Financial and Other Guarantees

The Company generally offers a limited one-year parts and labor warranty on its products. The specific terms and conditions of those warranties vary depending on the product sold and the location where the Company does business. The Company provides for the estimated cost of product warranties at the time product revenue is recognized. Amounts due to customers for the Company's future performance under these warranties are recorded as a current liability on the accompanying balance sheets. Factors that affect the Company's warranty liability include the number and type of installed units, historical and anticipated rates of product failures, and material and service costs per claim. The Company periodically assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary.

Changes in the Company's warranty liability are as follows:

	September 30, 2003
Balance, March 31, 2003	$ 4,861
Warranties issued during the period	4,461
Settlements made during the period	(3,890)
Balance, September 30, 2003	$ 5,432

The Company also issues product maintenance contracts to its customers that are accounted for in accordance with the requirements of FASB Technical Bulletin No. 90-1, "Accounting for Separately Priced Extended Warranty and Product Maintenance Contracts." Such contracts generally range in terms from 1 to 5 years and require the Company to maintain and repair the Company's product over the maintenance contract term. Amounts from customers under these contracts are initially recorded as a liability for deferred service contract revenue on the accompanying consolidated balance sheets. The liability recorded for deferred service revenue was $14,698 and $11,149 as of September 30, 2003 and March 31, 2003, respectively. Such deferred revenue is then amortized on a straight-line basis over the contract term and recognized as service revenue on the accompanying consolidated statements of income. The activity related to the liability for deferred service revenue has been excluded from the table presented above.

13. Acquisitions

On April 8, 2003, the Company acquired Hamo Holding AG ("Hamo") headquartered in Pieterlen, Switzerland. The results of Hamo's operations have been included in the Company's consolidated financial statements since the acquisition date. Hamo is a leading provider of washing / decontamination systems used in healthcare, pharmaceutical, and research industries. The acquisition provides an established distribution channel expanding the marketing capabilities of the Company's existing sterilization and washing / decontamination products in Europe and Asia, and adds manufacturing capacity in Switzerland.

The purchase price of $49.7 million, consisting of cash paid and debt assumed, is subject to final settlement of certain working capital adjustments as guaranteed by the seller. The allocation of the purchase price is subject to further adjustment as the Company finalizes costs associated with integration activities and valuations of certain assets acquired and liabilities assumed.

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On May 7, 2003, the Company acquired certain assets related to the sterilization container business from Sterion Incorporated for $2.9 million in cash. The Sterion Sterilization Container System offers healthcare personnel a simple and reliable system for managing instrument sterile processing, storage and aseptic transport.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors and Shareholders
STERIS Corporation

We have reviewed the accompanying consolidated balance sheet of STERIS Corporation and subsidiaries as of September 30, 2003, the related consolidated statements of income for the three and six months ended September 30, 2003 and 2002 and the consolidated statements of cash flows for the six months ended September 30, 2003 and 2002. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States, which will be performed for the full year with the objective of expressing an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based upon our reviews, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States.

We have previously audited, in accordance with auditing standards generally accepted in the United States, the consolidated balance sheet of STERIS Corporation and subsidiaries as of March 31, 2003 and the related consolidated statements of income, shareholders' equity and cash flows for the year then ended, not presented herein, and in our report dated April 22, 2003, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of March 31, 2003, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Ernst & Young LLP

Cleveland, Ohio
October 21, 2003

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

Overview

Revenues for the second quarter of fiscal 2004 increased 10.6% to $257.4 million as compared to second quarter fiscal 2003 revenues of $232.7 million. Gross margin percentages increased to 43.0% for the second quarter of fiscal 2004 from 41.4% in the second quarter of fiscal 2003. Operating expenses for the second quarter of fiscal 2004 increased as a percentage of revenues to 30.4% as compared to 28.9% in the comparable quarter of fiscal 2003. Net income for the second quarter of fiscal 2004 increased to $20.4 million, or $0.29 per diluted share, compared with second quarter fiscal 2003 net income of $18.4 million, or $0.26 per diluted share.

Revenues for the first half of fiscal 2004 were $516.7 million, a 13.8% improvement over revenues of $454.1 million in the comparable fiscal 2003 period. Gross margin percentages also improved to 42.0% for the first six months of fiscal 2004, compared with 41.4% in the same period of fiscal 2003. Operating expenses increased slightly as a percentage of revenues during the first half of fiscal 2004 to 30.7% from 30.5% in the same period a year ago. Net income for the first half of fiscal 2004 increased to $36.8 million, or $0.52 per diluted share, compared with $31.2 million, or $0.44 per diluted share, in the first half of fiscal 2003.

Results of Operations

Net Revenues and Cost of Revenues
(in thousands, except percentages)

	Three Months Ended September 30,		Increase	
	2003	**2002**	**Dollar**	**Percentage**
Healthcare	$ 179,672	$ 164,980	$ 14,692	8.9%
Life Sciences	56,875	48,112	8,763	18.2%
Isomedix	20,842	19,640	1,202	6.1%
Total net revenues	257,389	232,732	24,657	10.6%
Cost of revenues	146,775	136,337	10,438	7.7%
Gross profit	$ 110,614	$ 96,395	$ 14,219	14.8%
Gross margin percentage	43.0%	41.4%		

The increase in Healthcare revenues for the second quarter of fiscal 2004 reflected increased volumes and the contribution of newly acquired businesses. The increase in volume was driven by new construction and project activity at hospitals, which remained strong. The percentage growth rate was reduced due to slower growth in new products developed internally and through marketing alliances. Healthcare revenue was composed of 44.9% capital goods and 55.1% consumables and services in the second quarter of fiscal 2004, compared to 45.4% capital goods and 54.6% consumables and service in the second quarter of fiscal 2003.

The increase in Life Sciences revenue for the second quarter of fiscal 2004 reflected strong demand primarily from pharmaceutical producers as well as manufacturing efficiencies gained from capacity expansions in fiscal 2003. The acquisition of Hamo and favorable foreign currency exchange rates also contributed to the increase in revenues this quarter. Life Sciences revenue was composed of 75.0% capital goods and 25.0% consumables and services in the second quarter of fiscal 2004, compared to 69.3% capital goods and 30.7% consumables and service in the second quarter of the prior year.

The increase in Isomedix revenues for the second quarter of fiscal 2004 reflected increased pricing and ongoing growth in the medical device market. These factors were partially offset by weaker demand in the labware market.

Net consolidated revenues for the second quarter of fiscal 2004 from capital goods were $123.4 million, or

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

47.9% of consolidated revenues, compared to $108.2 million, or 46.5% in the second quarter of fiscal 2003. Revenues from capital goods increased 14.0% in the second quarter of fiscal 2004 compared to the same period in the prior year. Second quarter fiscal 2004 revenue from consumables and service totaled $134.0 million, or 52.1% of consolidated revenue, compared to $124.5 million, or 53.5% in the second quarter of fiscal 2003. Revenues from consumables and service increased 7.6% in the second quarter of fiscal 2004 compared to the second quarter of fiscal 2003.

United States revenues for the second quarter of fiscal 2004 were $204.1 million, or 79.3% of consolidated revenues, with $53.3 million, or 20.7% of consolidated revenues from markets outside the United States. United States revenues for the second quarter of fiscal 2003 were $189.0 million, or 81.2% of consolidated revenues with $43.7 million, or 18.8% from markets outside the United States.

The cost of revenues increased $10.5 million, or 7.7%, to $146.8 million in the second quarter of fiscal 2004 compared to $136.3 million in the same period of the prior year. The cost of revenues as a percentage of revenue was 57.0% in the second quarter of fiscal 2004 compared to 58.6% in the second quarter of fiscal 2003. The corresponding gross margin percentages were 43.0% and 41.4% in the second quarters of fiscal 2004 and fiscal 2003, respectively. Improved overall product mix and pricing, as well as manufacturing efficiencies, contributed to the increase.

Operating Expenses
(in thousands, except percentages)

	Three Months Ended September 30,		Increase	
	2003	2002	Dollars	Percentage
Selling, general, and administrative	$71,879	$61,457	$10,422	17.0%
Research and development	6,411	5,757	654	11.4%
Total	$78,290	$67,214	$11,076	16.5%

Selling, general, and administrative expenses increased 17.0% or $10.4 million dollars to $71.9 million in the second quarter of fiscal 2004 compared to $61.5 million in the second quarter of fiscal 2003. Compensation increased $2.3 million primarily due to additional compensation for Hamo employees. General and administrative expenses increased $4.9 million in the second quarter of fiscal 2004 due to increased expenses related to the realignment of the divisions and additional depreciation expense from completed plant projects, which were offset by $1.9 million of favorable impact from foreign currency exchange rates. Consulting and professional fees increased $2.6 million due to the Company's information technology investments, as well as several market strategy and safety awareness projects. Additionally, travel and entertainment expenses increased $0.7 million due to travel related to the continuing Hamo integration.

Research and development expenses increased 11.4% to $6.4 million in the second quarter of fiscal year 2004 compared to $5.8 million in the second quarter of the prior year due to continued investment. Research and development expenses as a percent of revenues were 2.5% in the second quarter of fiscal 2004 and fiscal 2003.

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

Net Revenues and Cost of Revenues
(in thousands, except percentages)

	Six Months Ended September 30,		Increase	
	2003	2002	Dollar	Percentage
Healthcare	$ 359,241	$ 326,921	$ 32,320	9.9%
Life Sciences	115,300	87,829	27,471	31.3%
Isomedix	42,128	39,333	2,795	7.1%
Total net revenues	516,669	454,083	62,586	13.8%
Cost of revenues	299,484	265,874	33,610	12.6%
Gross profit	$ 217,185	$ 188,209	$ 28,976	15.4%
Gross margin percentage	42.0%	41.4%		

The increase in Healthcare revenues for the first half of fiscal 2004 reflected increased volumes and the contribution of newly acquired businesses. The increase in volume was driven by new construction and project activity at hospitals, which remained strong. The percentage growth rate was reduced due to slower growth in new products developed internally and through marketing alliances. Healthcare revenue was composed of 45.4% capital goods and 54.6% consumables and services in the first six months of fiscal 2004, which was consistent with the first half of fiscal 2003.

The increase in Life Sciences revenue for the first half of fiscal 2004 reflected strong demand primarily from pharmaceutical production and research facilities as well as manufacturing efficiencies gained from capacity expansions in fiscal 2003. In addition, the acquisition of Hamo and favorable foreign currency exchange rates contributed to the year over year revenue increase. Life Sciences revenue was composed of 72.9% capital goods and 27.1% consumables and services in the first half of fiscal 2004, compared to 68.1% capital goods and 31.9% consumables and service in the first half of the prior fiscal year.

The increase in Isomedix revenue for the first six months of fiscal 2004 reflected increased pricing and ongoing growth in the medical device market. These factors were partially offset by weaker demand in the labware market.

Net consolidated revenues for the first half of fiscal 2004 from capital goods were $247.0 million, or 47.8% of consolidated revenues, compared to $208.3 million, or 45.9% in the first half of fiscal 2003. Revenues from capital goods increased 18.6% in the first half of fiscal 2004 compared to the same period in the prior year. Revenues from consumables and service totaled $269.7 million in the first half of fiscal year 2004, or 52.2% of consolidated revenue, compared to $245.8 million, or 54.1% in the first half of fiscal 2003. Revenues from consumables and service increased 9.7% in the first half of fiscal 2004 compared to the first half of fiscal 2003.

United States revenues for the first half of fiscal 2004 were $403.0 million, or 78.0% of consolidated revenues, with $113.7 million, or 22.0% of consolidated revenues from markets outside the United States. United States revenues for the first half of fiscal 2003 were $372.4 million, or 82.0% of consolidated revenues with $81.7 million, or 18.0% from markets outside the United States.

The cost of revenues increased $33.6 million, or 12.6%, to $299.5 million in the first half of fiscal 2004 compared to $265.9 million in the same period of the prior year. The cost of revenues as a percentage of revenue was 58.0% in the first half of fiscal 2004 compared to 58.6% in the first half of fiscal 2003. The corresponding gross margin percentages were 42.0% and 41.4% in the first half of fiscal 2004 and fiscal 2003, respectively. Life Sciences experienced the highest rate of revenue growth and the largest improvement in its gross margin rate when comparing the six months ending September 30, 2003 and September 30, 2002. The Life Sciences increase in gross margin is due to increased revenues of capital goods, coupled with improved production methods that have helped to reduce production costs.

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

Operating Expenses
(in thousands, except percentages)

	Six Months Ended September 30,		Increase	
	2003	2002	Dollars	Percentage
Selling, general, and administrative	$ 144,559	$ 127,706	$ 16,853	13.2%
Research and development	14,078	10,729	3,349	31.2%
Total	$ 158,637	$ 138,435	$ 20,202	14.6%

Selling, general, and administrative expenses increased 13.2%, or $16.9 million to $144.6 million in the first half of fiscal 2004 compared to $127.7 million in the first half of fiscal 2003. Compensation increased $3.9 million primarily due to additional compensation for Hamo employees. Consulting and professional fees increased $5.9 million primarily attributable to the Company's information technology investments, market strategy and safety awareness projects. Travel and entertainment expenses increased $1.3 million primarily due to travel related to the Hamo integration. General and administrative expenses increased approximately $4.3 million due to increased depreciation expenses related to information technology and facilities upgrades and improvements, as well as the realignment of the divisions, which were offset by favorable currency exchange rates of $2.6 million.

Research and development expenses increased 31.2% to $14.1 million in the first half of fiscal year 2004 compared to $10.7 million in the first half of the prior year. Research and development expenses as a percent of revenues were 2.7% in the first six months of fiscal 2004 compared to 2.4% in the first six months of fiscal 2003. The increase related to increased expenditures on product development and the completion of certain project development stages.

Income from Operations

Income from operations for the second quarter increased 10.8% to $32.3 million compared to $29.2 million in the second quarter of fiscal 2003. The Healthcare segment operating income increased $3.0 million, or 11.6% to $28.9 million for the quarter. Life Sciences operating income decreased $0.3 million to $0.5 million for the second quarter of fiscal 2004 compared to the same period in fiscal 2003. The Isomedix segment experienced a $0.5 million or 20.1% increase to $3.0 million in operating income for the second quarter of fiscal 2004 compared to the same period in fiscal 2003.

Income from operations increased 17.6% to $58.5 million in the first half of fiscal 2004 compared to $49.8 million in the first half of the prior year. The Healthcare segment increased operating income $6.4 million, or 13.9% to $52.5 million in the first half of fiscal 2004 compared to $46.1 million in the same period of the prior fiscal year. The Life Sciences segment decreased its operating loss by $2.3 million, or 94.6%, to a loss of $0.1 million in the first six months of fiscal year 2004 compared to an operating loss of $2.4 million in the same period of the prior fiscal year. The Isomedix segment operating income increased $0.2 million to $6.2 million in the first half of fiscal 2004 compared to $6.0 million in the first half of fiscal 2003.

Interest Expense

Interest expense, net, increased $0.1 million, or 20.8%, in the second quarter of fiscal 2004 to $0.5 million compared to the second quarter of fiscal 2003. Interest expense, net, increased 3.3% for the first half of fiscal 2004 to $1.0 million compared to the same period in fiscal year 2003. The weighted average interest rate applicable to the Company's outstanding borrowings under the Company's $325.0 million Revolving Credit Facility (the "Facility") was

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

1.83% as of September 30, 2003, compared to 2.59% as of September 30, 2002. The Company's borrowings under the Facility increased $33.9 million from March 31, 2003 to September 30, 2003 to support the acquisitions of Hamo and Sterion and the repurchase of the Company's common shares.

Income Taxes

Income tax expense was 36.0% of pretax earnings for the second quarter and first half of fiscal 2004 and fiscal 2003.

Liquidity and Capital Resources

Cash Flows
(in thousands, except percentages)

	Six Months Ended September 30,		Increase (Decrease)	
	2003	**2002**	**Dollars**	**Percentage**
Operating activities:				
Net income	$ 36,841	$ 31,245	$ 5,596	17.9%
Non-cash items	23,526	28,614	(5,088)	-17.8%
Changes in operating assets and liabilities, excluding the effect of business acquisitions	(32,444)	1,162	(33,606)	-2892.1%
Net cash provided by operating activities	$ 27,923	$ 61,021	$ (33,098)	-54.2%
Investing activities:				
Purchases of property, plant, and equipment	$ (30,736)	$ (30,388)	$ (348)	1.1%
Investment in businesses, net of cash acquired	(36,814)	(140)	(36,674)	26195.7%
Net cash used in investing activities	$ (67,550)	$ (30,528)	$ (37,022)	121.3%
Financing activities:				
Borrowings (payments) on long-term obligations and credit facility, net	$ 33,533	$ (17,781)	$ 51,314	-288.6%
Repurchase of treasury shares	(14,139)	(16,070)	1,931	-12.0%
Stock option and other equity transactions, net	7,372	5,268	2,104	39.9%
Net cash provided by (used in) financing activities	$ 26,766	$ (28,583)	$ 55,349	-193.6%

The decrease in operating cash flows for the first six months of fiscal 2004 as compared with the first six months of fiscal 2003 was largely affected by unfavorable working capital changes between periods. Accounts receivable increased $8.9 million as revenues increased year over year and inventory levels increased $18.8 million in an effort to level load annual production at some of the Company's manufacturing facilities to meet anticipated demand of the third and fourth quarters. Further contributing to the increase in working capital was a $15.8 million reduction of accounts payable that was partially offset by a $7.9 million increase of accrued payroll and miscellaneous operating expenses.

Net cash used in investing activities increased primarily due to the $36.8 million cash investment in Hamo. The cash used for the acquisition of Hamo does not reflect an additional $8.5 million in debt assumed or the additional expenses incurred related to the acquisition. The Company also used an additional $0.3 million compared to prior year for purchases of property, plant, and equipment in the first half of fiscal 2004.

Net cash provided by (used in) financing activities increased primarily due to borrowings of $33.9 million which

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

increased the Company's outstanding balance on the Facility in order to complete the Hamo acquisition, the Sterion acquisition, and the repurchase of the Company's common shares.

Working Capital
(in thousands, except percentages)

	September 30, 2003	March 31, 2003	Increase (Decrease) in Working Capital Dollars	Increase (Decrease) in Working Capital Percentage
Cash and cash equivalents	$ 12,338	$ 25,941	$ (13,603)	-52.4%
Accounts receivable, net	210,660	211,687	(1,027)	-0.5%
Inventories	119,707	90,135	29,572	32.8%
Current portion of deferred income taxes	15,932	14,904	1,028	6.9%
Prepaid expenses and other assets	10,629	11,765	(1,136)	-9.7%
Total current assets	$ 369,266	$ 354,432	$ 14,834	4.2%
Current portion of long-term indebtedness	$ 2,417	$ 1,959	$ (458)	-23.4%
Accounts payable	57,257	72,969	15,712	21.5%
Accrued income taxes	10,610	15,098	4,488	29.7%
Accrued expenses and other	103,418	101,025	(2,393)	-2.4%
Total current liabilities	$ 173,702	$ 191,051	$ 17,349	9.1%
Working capital	$ 195,564	$ 163,381	$ 32,183	19.7%
Current ratio	2.1	1.9		
Debt-to-total capital ratio	14.4%	9.5%		

During the first six months of fiscal 2004, the Company's current ratio increased due to the increase in inventories and decrease in accounts payable. These increases in working capital were partially offset by the decrease in cash and cash equivalents. The Company continued to maintain adequate financial flexibility, and as of September 30, 2003, had $237.9 million available on its Facility. Improved management of current liabilities and the unused Facility continued to reduce the Company's need to maintain a large cash and cash equivalent balance relative to historical requirements.

As described further in the cash flows discussion above, the Company increased its outstanding balance on the Facility during the first six months of fiscal 2004 in order to facilitate the Hamo acquisition, the Sterion acquisition, and the repurchase of the Company's common shares. The Company increased its debt-to-total capital ratio (defined as long-term debt divided by long-term debt plus total equity) to 14.4% from 9.5% in the first half of fiscal 2004 mainly due to the investment in Hamo. As of September 30, 2003 and March 31, 2003, the Company's outstanding balance related to the Facility was $87.1 million and $53.2 million, respectively.

The Company's working capital increased by $32.2 million primarily as a result of a $29.6 million increase in inventory and a decrease in accounts payable of $15.7 million, offset by a $13.6 million decrease in cash. The increase in inventory reflected $11.2 million from the Hamo acquisition and level loading at some of the Company's manufacturing facilities to meet the demand of the third and fourth quarters. The decrease in accounts payable of $15.7 million was primarily attributable to the timing of vendor payments which led to a normalized balance as of September 30, 2003.

The Company believes that its available cash, cash flow from operations, and sources of credit will be adequate to satisfy its operating and capital needs for the next twelve months. The Company's management and Board of Directors continually review the operating and capital requirement as well as the overall capital structure of the corporation.

The Company intends to offer $50 million of senior notes to certain institutional investors in an offering exempt from the registration requirements of the Securities Act of 1933. If the offering is completed, the Company intends to use the proceeds from the offering to repay a portion of the Facility in order to enable the Company to continue to invest in technology and for possible acquisitions.

The senior notes to be offered have not been registered under the Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. This statement shall not constitute an offer to sell or a solicitation of an offer to buy such notes and is issued pursuant to Regulation FD and Rule 135c under the Securities Act of 1933.

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

Market Risk

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

Contingencies

The Company is subject to various claims and lawsuits as well as unasserted claims that arise in the ordinary course of business. Liabilities, costs, and disclosures associated with these matters require estimates and judgment based on professional knowledge and experience of management and its legal counsel. Management has made estimates as to the likelihood of unfavorable outcomes and the amounts of such potential losses. When estimates of the Company's exposure for claims or pending or threatened litigation matters meet the criteria of Statement of Financial Account Standards No. 5, "Accounting for Contingencies," amounts are recorded as charges to net earnings. The ultimate resolution of any exposure to the Company may change as further facts and circumstances are made available.

Seasonality

The Company's financial results have been subject to recurring seasonal fluctuations. A number of factors have contributed to the seasonal patterns, including sales promotion and compensation programs, customer capital equipment buying patterns, and international business practices. Sales and profitability of certain of the Company's product lines have historically been disproportionately weighted toward the latter part of each quarter and generally weighted toward the latter part of each fiscal year. However, there is no assurance that these patterns will continue.

Forward-Looking Statements

This document contains statements concerning certain trends, expectations, forecasts, estimates, or other forward-looking information affecting or relating to the Company or its industry that are intended to qualify for the protections afforded "forward-looking statements" under the Private Securities Litigation Reform Act of 1995 and other laws and regulations. Forward-looking statements speak only as to the date of this report, and may be identified by the use of forward-looking terms such as "may," "will," "expects," "believes," "anticipates," "plans," "estimates," "projects," "targets," "forecasts," and "seeks," or the negative of such terms or other variations on such terms or comparable terminology. Many important factors could cause actual results to differ materially from those in the forward-looking statements including, without limitation, disruption of production or supplies, changes in market conditions, political events, pending or future claims or litigation, competitive factors, technology advances, and changes in government regulations or the application or interpretation thereof. Other risk factors are described in the Company's Form 10-K and other securities filings. Many of these important factors are outside STERIS's control. No assurances can be provided as to any future financial results. Unless legally required, the Company does not undertake to update or revise any forward-looking statements even if events make clear that any projected results, express or implied, will not be realized. Other potential risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements include, without limitation, (a) the potential for increased pressure on pricing that leads to erosion of profit

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

margins, (b) the possibility that market demand will not develop for new technologies, products or applications, or the Company's business initiatives will take longer, cost more or produce lower benefits than anticipated, (c) the possibility that compliance with laws, court rulings, regulations, or certification requirements of domestic and foreign authorities may delay or prevent new product introductions, affect the production and marketing of existing products, or otherwise affect Company performance, (d) the potential of international unrest or effects of fluctuations in foreign currencies of countries where the Company does a sizeable amount of business, and (e) the possibility of reduced demand, or reductions in the rate of growth in demand, for the Company's products and services.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

A discussion of market risk exposures is included in Part II, Item 7a, "Quantitative and Qualitative Disclosure about Market Risk," of the Company's 2003 Annual Report and Form 10-K. There were no material changes during the three and six months ended September 30, 2003.

ITEM 4. CONTROLS AND PROCEDURES

As of September 30, 2003, a review was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of the Company's internal control over financial reporting. Based on that review, the Company's management, including the CEO and the CFO, concluded that the Company's internal control over financial reporting was effective as of September 30, 2003.

During the quarter ended September 30, 2003, there were no significant changes in the internal control over financial reporting that have materially affected, or are likely to materially affect, the Company's internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Reference is made to Part I, Item 1, Note 9 of this Report on Form 10-Q, which is incorporated herein by reference.

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

The Company held its Annual Meeting of Shareholders on July 25, 2003, at the Renaissance Quail Hollow Resort, 11080 Concord-Hambden Road, Concord, Ohio, U.S.A. At the Annual Meeting, shareholders re-elected four Class I directors to serve for terms expiring at the Annual Meeting in 2005 and, pursuant to a shareholder proposal, recommended a change to the current process for electing directors. Results of the voting on directors were: Stephen H. Hardis, 61,549,773 votes for, 2,539,189 votes withheld, Raymond A. Lancaster, 62,668,045 votes for, 1,420,917 votes withheld, J.B. Ritchey, 62,661,354 votes for, 1,427,608 votes withheld, and Les C. Vinney, 62,669,534 votes for, 1,419,428 votes withheld. Results on the proposal recommending a change to the current process for electing directors were 43,050,644 votes for, 10,037,638 against, 279,510 abstain, and 15,798,243 broker non-votes. The Board of Directors is in the process of considering the shareholder recommendation.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit Number	Exhibit Description
10.1	Amendment No. 3 to Credit Agreement, dated July 31, 2003, among STERIS Corporation, various financial institutions, and KeyBank National Association, as Agent.
15.1	Letter Re: Unaudited Interim Financial Information
31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) Reports on Form 8-K:

On July 24, 2003, STERIS furnished a Current Report on Form 8-K including the press release issued in connection with the fiscal 2004 first quarter results of operation.

On September 4, 2003, STERIS furnished a Current Report on Form 8-K with a copy of materials that were prepared for analysts and presented by the Company’s senior management on September 4, 2003.

On September 24, 2003, STERIS furnished a Current Report on Form 8-K with a copy of materials that were prepared for the UBS Global Life Sciences Conference and presented by the Company’s senior management on September 23, 2003.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

STERIS Corporation
(Registrant)

/s/ Laurie Brlas

Laurie Brlas
Senior Vice President and
Chief Financial Officer
November 12, 2003

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EXHIBIT 15.1 LETTER RE: UNAUDITED INTERIM FINANCIAL INFORMATION

Board of Directors and Shareholders
STERIS Corporation

We are aware of the incorporation by reference in the following Registration Statements and related Prospectuses of our report dated October 21, 2003, relating to the unaudited consolidated interim financial statements of STERIS Corporation and Subsidiaries that are included in its Form 10-Q for the quarter ended September 30, 2003:

Registration Number	Description
333-101308	Form S-8 Registration Statement — STERIS Corporation 2002 Stock Option Plan
333-91302	Form S-8 Registration Statement — Nonqualified Stock Option Agreement between STERIS Corporation and Mark. D. McGinley
333-63774	Form S-8 Registration Statement — Nonqualified Stock Option Agreement between STERIS Corporation and Peter A. Burke
333-63770	Form S-8 Registration Statement — Nonqualified Stock Option Agreement between STERIS Corporation and Charles L. Immel and Restricted Shares Agreement between STERIS Corporation and Charles L. Immel
333-40082	Form S-8 Registration Statement — Nonqualified Stock Option Agreement between STERIS Corporation and Laurie Brlas and the Nonqualified Stock Option Agreement between STERIS Corporation and David L. Crandall
333-40058	Form S-8 Registration Statement — Nonqualified Stock Option Agreement between STERIS Corporation and Les C. Vinney
333-65155	Form S-8 Registration Statement — STERIS Corporation 1998 Long Term Incentive Compensation Plan
333-55839	Form S-8 Registration Statement — Nonqualified Stock Option Agreement between STERIS Corporation and John Masefield and the Nonqualified Stock Option Agreement between STERIS Corporation and Thomas J. DeAngelo
333-32005	Form S-8 Registration Statement — STERIS Corporation 1997 Stock Option Plan
333-06529	Form S-3 Registration Statement — STERIS Corporation
333-01610	Post-effective Amendment to Form S-4 on Form S-8 — STERIS Corporation
33-91444	Form S-8 Registration Statement — STERIS Corporation 1994 Equity Compensation Plan
33-91442	Form S-8 Registration Statement — STERIS Corporation 1994 Nonemployee Directors Equity Compensation Plan
33-55976	Form S-8 Registration Statement — STERIS Corporation 401(k) Plan
33-55258	Form S-8 Registration — STERIS Corporation Amended and Restated Non-Qualified Stock Option

/s/ ERNST & YOUNG LLP

Cleveland, Ohio
November 12, 2003

Exhibit 31.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

I, Les C. Vinney, President and Chief Executive Officer of STERIS Corporation (“registrant”), certify that:

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

Date: November 12, 2003

/s/ Les C. Vinney

Les C. Vinney
President and
Chief Executive Officer

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

I, Laurie Brlas, Senior Vice President and Chief Financial Officer of STERIS Corporation (“registrant”), certify that:

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

Date: November 12, 2003

/s/ Laurie Brlas

Laurie Brlas
Senior Vice President and
Chief Financial Officer

November 12, 2003

Securities and Exchange Commission
Judiciary Plaza
450 Fifth Street, N.W.
Washington, D.C. 20549

RE: Correspondence Providing Certification Pursuant to
§ 906 of the Sarbanes-Oxley Act of 2002

Ladies and Gentlemen:

Pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, in connection with the filing of the Form 10-Q of STERIS Corporation for the quarter ended September 30, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the Company certifies, that, to such officer's knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods expressed in the Report.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to STERIS Corporation and will be retained by STERIS Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

/s/ Les C. Vinney

Name: Les C. Vinney
Title: President and Chief Executive Officer

/s/ Laurie Brlas

Name: Laurie Brlas
Title: Senior Vice President and Chief Financial Officer