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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

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**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) July 29, 2010

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**STERIS Corporation**

(Exact name of registrant as specified in its charter)

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**Ohio**  
(State or other jurisdiction  
of incorporation)

**1-14643**  
(Commission  
File Number)

**34-1482024**  
(IRS Employer  
Identification No.)

**5960 Heisley Road, Mentor, Ohio**  
(Address of principal executive offices)

**44060-1834**  
(Zip Code)

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

**Not Applicable**  
(Former name or former address, if changed since last report.)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**ITEM 2.02. Results of Operations and Financial Condition.**

On August 3, 2010, STERIS Corporation (“STERIS” or “Company”) issued a press release announcing financial results for its fiscal 2011 first quarter ended June 30, 2010. A copy of this press release is attached hereto as Exhibit 99.1.

The information contained in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1 attached hereto, is being furnished to the Securities and Exchange Commission and shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section. Furthermore, the information contained in Item 2.02 of this Current Report on Form 8-K shall not be deemed to be incorporated by reference into any registration statement or other document filed pursuant to the Securities Act of 1933.

**ITEM 5.07. Submission of Matters to a Vote of Security Holders.**

At STERIS’s 2010 Annual Meeting of Shareholders (“Meeting”), held on July 29, 2010, shareholders voted on the matters described below, with the final voting results as specified below. According to the certified list of shareholders, there were outstanding and entitled to vote at the Meeting, 59,513,085 shares of Common Shares of the Company. There were present at the Meeting, in person or by proxy, the holders of 56,119,914 shares or 94.29% of the outstanding Common Shares of the Company, constituting a quorum.

1. The nominees for election to the Board of Directors were elected, each for a one-year term, based upon the following votes:

| <u>Nominee</u>           | <u>Votes For</u> | <u>Votes Withheld</u> | <u>Broker Non-Votes</u> |
|--------------------------|------------------|-----------------------|-------------------------|
| Richard C. Breeden       | 50,865,612       | 1,905,018             | 3,349,284               |
| Cynthia L Feldmann       | 52,641,373       | 129,257               | 3,349,284               |
| Jacqueline B. Kosecoff   | 52,557,916       | 212,714               | 3,349,284               |
| David B. Lewis           | 51,712,448       | 1,058,182             | 3,349,284               |
| Kevin M. McMullen        | 51,058,917       | 1,711,713             | 3,349,284               |
| Walter M Rosebrough, Jr. | 52,639,411       | 131,219               | 3,349,284               |
| Mohsen M. Sohi           | 52,642,837       | 127,793               | 3,349,284               |
| John P. Wareham          | 51,079,208       | 1,691,422             | 3,349,284               |
| Loyal W. Wilson          | 52,476,103       | 294,527               | 3,349,284               |
| Michael B. Wood          | 52,642,439       | 128,191               | 3,349,284               |

2. The Board of Director’s proposal to approve the STERIS Corporation Senior Executive Incentive Compensation Plan, as Amended and Restated Effective April 1, 2010, was approved based on the following votes:

|                  |   |
|------------------|---|
| Votes for        | 53,315,486  |
| Votes against    | 1,040,168   |
| Abstentions      | 1,764,260   |
| Broker non-votes | Not Applicable — Brokers were permitted to cast stockholder non-votes (i.e. uninstructed shares) at their discretion on this proposal item and such non-votes are reflected in the votes for or against or abstentions. |

3. The Board of Director's proposal to approve a non-binding advisory proposal regarding the Company's executive compensation policies and procedures was approved based on the following votes:

|                  |   |
|------------------|---|
| Votes for        | 49,291,663  |
| Votes against    | 2,221,159   |
| Abstentions      | 4,607,092   |
| Broker non-votes | Not Applicable — Brokers were permitted to cast stockholder non-votes (i.e. uninstructed shares) at their discretion on this proposal item and such non-votes are reflected in the votes for or against or abstentions. |

4. The Board of Director's proposal to ratify the Appointment of Ernst & Young LLP as the Company's Independent Registered Public Accounting Firm for the fiscal year ended March 31, 2011 was approved based on the following votes:

|                  |   |
|------------------|---|
| Votes for        | 55,686,468  |
| Votes against    | 335,084   |
| Abstentions      | 98,362  |
| Broker non-votes | Not Applicable — Brokers were permitted to cast stockholder non-votes (i.e. uninstructed shares) at their discretion on this proposal item and such non-votes are reflected in the votes for or against or abstentions. |

**ITEM 8.01. Other Events.**

STERIS voluntarily submitted information regarding modifications to the Reliance™ EPS Endoscope Processing System (the "EPS System") to the U.S. Food and Drug Administration ("FDA"). These incremental modifications to the EPS System were considered minor by the Company. FDA has recently advised us that it believes a new pre-market notification (510(k)) for those modifications should be submitted. We will voluntarily submit the pre-market notification to the FDA, and expect to make that submission within the next two weeks. We have suspended shipments of EPS Systems in the U.S. until we receive FDA clearance of the submission. FDA has agreed that we may continue servicing EPS Systems in the field and provide consumables necessary for the continued use of the System. The Company does not believe the impact of these events will be material with respect to its financial results.

**ITEM 9.01. Financial Statements and Exhibits.**

**(d) Exhibits**

| <u>Exhibit No.</u> | <u>Description</u>  |
|--------------------|---|
| 99.1               | Press Release issued by STERIS Corporation on August 3, 2010 regarding its results of operations and financial condition for its fiscal 2011 first quarter ended June 30, 2010. |

**SIGNATURES**

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 hereunto duly authorized.

STERIS CORPORATION

By /s/ Mark D. McGinley

\_\_\_\_\_  
Mark D. McGinley

Senior Vice President, General Counsel, and Secretary

Date: August 3, 2010

**EXHIBIT INDEX**

| <u>Exhibit<br/>Number</u> | <u>Description</u>  |
|---------------------------|---|
| 99.1                      | Press Release issued by STERIS Corporation on August 3, 2010 regarding its results of operations and financial condition for its fiscal 2011 first quarter ended June 30, 2010. |



**STERIS CORPORATION  
NEWS ANNOUNCEMENT  
FOR IMMEDIATE RELEASE**

**STERIS CORPORATION ANNOUNCES FISCAL 2011 FIRST QUARTER RESULTS**

**— *Board of Directors Increases Quarterly Dividend by four cents to \$0.15 per share***

Mentor, Ohio (August 3, 2010) - STERIS Corporation (NYSE: STE) today announced financial results for its fiscal 2011 first quarter ended June 30, 2010. During the first quarter, the Company recorded the previously announced liability related to the SYSTEM 1 Rebate Program. Of the \$110 million pre-tax amount recorded, \$102 million is attributable to the Customer Rebate portion of the Program and was recorded as a reduction of revenues, and \$8 million is attributable to the disposal of the SYSTEM 1 units to be returned and was recorded as an increase in cost of revenues.

In order to provide meaningful comparative analysis, the fiscal 2011 financial information provided in this press release excludes the \$110 million pre-tax impact of the SYSTEM 1 Rebate Program unless otherwise noted. Please refer to the attached schedules for additional information, including reconciliations from these "non-GAAP financial measures" to as reported results.

Fiscal 2011 first quarter revenues were \$291.3 million compared with \$283.5 million in the first quarter of fiscal 2010, an increase of 3%. Operating profit increased 10% to \$47.0 million, or 16.1% of revenues, compared with \$42.9 million, or 15.1% of revenues in the first quarter of fiscal 2010. Fiscal 2011 first quarter net income was \$28.0 million, or \$0.46 per diluted share, compared with net income of \$25.5 million, or \$0.43 per diluted share, in the first quarter of fiscal 2010.

"Early indications are that more Customers may use the SYSTEM 1 Rebate to purchase SYSTEM 1E units than we originally anticipated, which has increased our original Rebate Program estimate," said Walt Rosebrough, President and Chief Executive Officer of STERIS. "While it is still too early to predict what the total SYSTEM 1E demand will be, we are optimistic about Customer response to this new product. We continue to believe we will be able to manufacture 4,000 to 6,000 units this fiscal year, with shipments beginning in the next few months."

### **Segment Results**

Healthcare revenues in the quarter were \$206.1 million compared with \$200.6 million in the first quarter of fiscal 2010, an increase of 3%. Double digit growth in capital equipment was somewhat offset by declines in consumables and service. Capital equipment revenue grew 16%, reflecting increases in most major product categories. Consumable revenue declined 9%, due to reductions in S20 volumes and lower H1N1 product sales as compared to the prior year. Operating income was flat with the prior year at \$32.1 million primarily due to lower S20 volumes.

Life Sciences first quarter revenues were \$46.6 million compared with \$46.1 million in the first quarter of fiscal 2010, an increase of 1%. Strength in consumables and service was offset by a decline in capital equipment. Life Sciences operating income was \$6.3 million, an increase of 32% compared with the prior year, driven by product mix and overall operating efficiencies.

Fiscal 2011 first quarter revenues for Isomedix Services were \$37.7 million compared with \$35.4 million in the same period last year, an increase of 6%. Revenues benefitted from an improvement in demand from core medical device Customers. Operating income was \$10.6 million in the quarter compared with \$8.3 million in the first quarter of last year due to the increased revenues.

### **As Reported Results**

Reported results for the first quarter of fiscal 2011 were revenues of \$189.0 million, operating loss of \$63.0 million and a net loss of \$45.2 million. Please refer to the attached schedules for additional information.

### **Cash Flow**

Net cash provided by operations for the first quarter of fiscal 2011 was \$29.6 million, compared with \$32.6 million in the same period last year. Free cash flow (see note 1) for the first quarter of fiscal 2011 was \$17.3 million, compared with \$24.4 million in the prior year quarter. The decline in free cash flow was driven by increased working capital requirements and higher capital spending levels.

### **Quarterly Dividend Increased**

The Company also announced today that STERIS's Board of Directors has authorized a four cent increase in its quarterly dividend to \$0.15 per common share. The dividend is payable September 21, 2010 to shareholders of record at the close of business on August 24, 2010.

#### **Outlook**

The Company's outlook is unchanged for the full fiscal year, with revenue growth of approximately 5%, and earnings per diluted share in the range of \$2.00 to \$2.30. Refer to the earnings announcement dated May 6, 2010 for the detailed full year outlook and other assumptions.

#### **Conference Call**

In conjunction with this release, STERIS Corporation management will host a conference call today at 10:00 a.m. Eastern time. The conference call can be heard live over the Internet at [www.steris-ir.com](http://www.steris-ir.com) or via phone by dialing 1-800-369-8428 in the United States and Canada, and 1-773-799-3378 internationally, then referencing the password "STERIS".

For those unable to listen to the conference call live, a replay will be available from 12:00 p.m. Eastern time on August 3, 2010, until 5:00 p.m. Eastern time on August 17, 2010, either over the Internet at [www.steris-ir.com](http://www.steris-ir.com) or via phone by calling 1-866-415-3316 in the United States and Canada, and 1-203-369-0695 internationally.

#### **About STERIS**

The mission of STERIS Corporation is to provide a healthier today and safer tomorrow through knowledgeable people and innovative infection prevention, decontamination and health science technologies, products and services. The Company has approximately 5,000 dedicated employees around the world working together to supply a broad array of solutions by offering a combination of equipment, consumables and services to healthcare, pharmaceutical, industrial and government Customers. The Company is listed on the New York Stock Exchange under the symbol STE. For more information, visit [www.steris.com](http://www.steris.com).

Contact: Julie Winter, Director, Investor Relations at 440-392-7245.

(1) Free cash flow is a non-GAAP number used by the Company as a measure to gauge its ability to fund



future growth opportunities, repurchase common shares, and pay cash dividends. Free cash flow is defined as cash flows from operating activities less purchases of property, plant, equipment and intangibles, net, plus proceeds from the sale of property, plant, equipment and intangibles. STERIS's calculation of free cash flow may vary from other companies.

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*This news release and the referenced conference call may contain statements concerning certain trends, expectations, forecasts, estimates, or other forward-looking information affecting or relating to the Company or its industry or products 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," "outlook," "potential," "confidence," "improve," "optimistic," "comfortable," "trend", and "seeks," or the negative of such terms or other variations on such terms or comparable terminology. Many important factors could cause actual results to differ materially from those in the forward-looking statements including, without limitation, disruption of production or supplies, changes in market conditions, political events, pending or future claims or litigation, competitive factors, technology advances, actions of regulatory agencies, and changes in laws, government regulations, labeling or product approvals, or the application or interpretation thereof. Other risk factors are described 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 outcome from litigation, regulatory action, administrative proceedings, government investigations, warning letters, consent decree, rebate program, transition, cost reductions, business strategies, earnings and revenue trends, expense reduction or other future financial results. Reference to the consent decree, transition, rebate program, or products are summaries only and do not alter or modify the specific terms of the decree, program or product clearance or literature. Unless legally required, the Company does not undertake to update or revise any forward-looking statements even if events make clear that any projected results, express or implied, will not be realized. Other potential risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements include, without limitation, (a) the potential for increased pressure on pricing that leads to erosion of profit margins, (b) the possibility that market demand will not develop for new technologies, products or applications, or the Company's rebate program, transition plan, or other business initiatives will take longer, cost more or produce lower benefits than anticipated, (c) the possibility that application of or compliance with laws, court rulings, certifications, regulations, regulatory actions, including without limitation previously disclosed FDA warning letters, government investigations, the December 3, 2009 FDA notice, the April 20, 2010 consent decree and related transition plan, or other requirements or standards, may delay, limit or prevent new product introductions or the production and marketing of existing products, or otherwise affect Company performance, results, or value, (d) the potential of international unrest or effects of fluctuations in currencies, tax assessments or rates, raw material costs, benefit or retirement plan costs, or other regulatory compliance costs, (e) the possibility of reduced demand, or reductions in the rate of growth in demand, for the Company's products and services, (f) the possibility that anticipated cost savings or other results may not be achieved, or that transition, labor, competition, timing, execution, regulatory, governmental, or other issues or risks associated with the matters described in this release or the operation of the Company's business, may adversely impact Company performance, results, or value, (g) the effect of the contraction in credit availability, as well as the ability of our customers and suppliers to adequately access the credit markets when needed, and (h) those risks described in our Annual Report on Form 10-K for the year ended March 31, 2010.*

**STERIS Corporation**  
**Consolidated Condensed Statements of Operations**  
(In thousands, except per share data)

|   | Three Months Ended |             |
|---|--------------------|-------------|
|   | June 30,           |             |
|   | 2010               | 2009        |
|   | (Unaudited)        | (Unaudited) |
| Revenues  | \$ 291,293         | \$ 283,543  |
| SYSTEM 1 Rebate Program   | (102,313)          | —           |
| Revenues, net   | 188,980            | 283,543     |
| Cost of revenues  | 163,223            | 158,707     |
| Cost of revenues - SYSTEM 1 Rebate Program                                    | 7,691              | —           |
| Gross profit  | 18,066             | 124,836     |
| Operating expenses:   |                    |             |
| Selling, general, and administrative  | 72,117             | 74,605      |
| Research and development  | 8,609              | 7,580       |
| Restructuring expense   | 341                | (211)       |
| Total operating expenses  | 81,067             | 81,974      |
| (Loss) income from operations   | (63,001)           | 42,862      |
| Non-operating expense, net  | 2,845              | 2,865       |
| Income tax expense  | (20,636)           | 14,455      |
| Net (loss) income   | \$ (45,210)        | \$ 25,542   |
| Earnings per common share (EPS) data:   |                    |             |
| Basic   | \$ (0.76)          | \$ 0.44     |
| Diluted   | \$ (0.76)          | \$ 0.43     |
| Cash dividends declared per common share outstanding                          | \$ 0.11            | \$ 0.11     |
| Weighted average number of common shares outstanding used in EPS computation: |                    |             |
| Basic number of common shares outstanding                                     | 59,397             | 58,517      |
| Diluted number of common shares outstanding                                   | 59,397             | 58,984      |

**STERIS Corporation**  
**Consolidated Condensed Balance Sheets**  
(In thousands)

|                                     | June 30,<br>2010   | March 31,<br>2010  |
|-------------------------------------|--------------------|--------------------|
|                                     | (Unaudited)        |                    |
| <b>Assets</b>                       |                    |                    |
| Current assets:                     |                    |                    |
| Cash and cash equivalents           | \$ 226,070         | \$ 214,971         |
| Accounts receivable, net            | 185,691            | 214,940            |
| Inventories, net                    | 131,955            | 121,135            |
| Other current assets                | 64,158             | 25,411             |
| <b>Total Current Assets</b>         | <b>607,874</b>     | <b>576,457</b>     |
| Property, plant, and equipment, net | 345,288            | 346,858            |
| Goodwill and intangible assets, net | 302,678            | 305,311            |
| Other assets                        | 9,766              | 9,776              |
| <b>Total Assets</b>                 | <b>\$1,265,606</b> | <b>\$1,238,402</b> |
| <b>Liabilities and Equity</b>       |                    |                    |
| Current liabilities:                |                    |                    |
| Accounts payable                    | \$ 64,132          | \$ 66,035          |
| Accrued SYSTEM 1 Rebate Program     | 110,004            | —                  |
| Other current liabilities           | 112,544            | 131,094            |
| <b>Total Current Liabilities</b>    | <b>286,680</b>     | <b>197,129</b>     |
| Long-term debt                      | 210,000            | 210,000            |
| Other liabilities                   | 73,036             | 76,779             |
| Equity                              | 695,890            | 754,494            |
| <b>Total Liabilities and Equity</b> | <b>\$1,265,606</b> | <b>\$1,238,402</b> |

**STERIS Corporation**  
**Income Reconciliation**  
(In thousands, except per share data)

The following table presents financial measures which are considered to be "non-GAAP financial measures" under Securities Exchange Commission rules. The Company has referred to results of operations excluding the SYSTEM 1 Rebate Program and related disposal costs to provide meaningful comparative analysis between the periods.

|   | <u>Three months ended June 30, 2010</u>                |  |                    |
|---|--|--|--------------------|
|   | <u>Results of Operations, excluding Rebate Program</u> | <u>Impact of SYSTEM 1 Rebate Program (Unaudited)</u> | <u>As reported</u> |
| Revenues  | \$ 291,293   | \$ (102,313)   | \$ 188,980         |
| Cost of revenues  | 163,223  | 7,691  | 170,914            |
| Gross profit  | 128,070  | (110,004)  | 18,066             |
| Operating expenses  | 81,067   | —  | 81,067             |
| Income (loss) from operations   | 47,003   | (110,004)  | (63,001)           |
| Non-operating expenses, net   | 2,845  | —  | 2,845              |
| Income (loss) before income taxes   | 44,158   | (110,004)  | (65,846)           |
| Income tax (benefit) expense  | 16,319   | (36,955)   | (20,636)           |
| Net income (loss)   | <u>\$ 27,839</u>                                       | <u>\$ (73,049)</u>                                   | <u>\$ (45,210)</u> |
| Net income (loss) per common share:   |  |  |                    |
| Basic   | <u>\$ 0.47</u>   | <u>\$ (1.23)</u>                                     | <u>\$ (0.76)</u>   |
| Diluted   | <u>\$ 0.46</u>   | <u>\$ (1.22)</u>                                     | <u>\$ (0.76)</u>   |
| Weighted average number of common shares outstanding used in EPS computation: |  |  |                    |
| Basic   | 59,397   |  | 59,397             |
| Diluted   | 60,258   |  | 59,397             |
| Effective income tax rate   | 37.0%  | 33.6%  | 31.3%              |

**STERIS Corporation**  
**Segment Data & Income Analysis**  
(In thousands)

|                               | Three Months Ended<br>June 30, |                   |
|-------------------------------|--------------------------------|-------------------|
|                               | 2010                           | 2009              |
|                               | (Unaudited)                    | (Unaudited)       |
| <b>Segment Revenues:</b>      |                                |                   |
| Healthcare                    | \$ 206,079                     | \$ 200,604        |
| SYSTEM 1 Rebate Program       | (102,313)                      | —                 |
| Healthcare, net               | 103,766                        | 200,604           |
| Life Sciences                 | 46,614                         | 46,116            |
| STERIS Isomedix Services      | 37,676                         | 35,407            |
| Total Reportable Segments     | 188,056                        | 282,127           |
| Corporate and Other           | 924                            | 1,416             |
| <b>Total Segment Revenues</b> | <b>\$ 188,980</b>              | <b>\$ 283,543</b> |

The following table presents financial measures which are considered to be “non-GAAP financial measures” under Securities Exchange Commission rules. The Company has referred to results of operations excluding the SYSTEM 1 Rebate Program and related disposal costs to provide meaningful comparative analysis between the periods.

|  | Three Months Ended June 30, |                               |                 | 2009                 |
|--|-----------------------------|-------------------------------|-----------------|----------------------|
|  | 2010                        |                               |                 | (Unaudited)          |
|  | (Unaudited)                 | SYSTEM 1<br>Rebate<br>Program | Total           | (Unaudited)          |
| Segment Operating (Loss) Income Excluding SYSTEM 1 Rebate program: | As<br>Reported              |                               |                 | Total As<br>Reported |
| Healthcare   | \$(77,912)                  | \$(110,004)                   | \$32,092        | \$ 32,102            |
| Life Sciences  | 6,295                       |                               | 6,295           | 4,779                |
| STERIS Isomedix Services   | 10,584                      |                               | 10,584          | 8,339                |
| Total Reportable Segments  | (61,033)                    | (110,004)                     | 48,971          | 45,220               |
| Corporate and Other  | (1,968)                     |                               | (1,968)         | (2,358)              |
| <b>Total Operating (Loss) Income</b>                               | <b>\$(63,001)</b>           | <b>\$(110,004)</b>            | <b>\$47,003</b> | <b>\$ 42,862</b>     |

**STERIS Corporation**  
**Consolidated Condensed Statements of Cash Flows**  
(In thousands)

|  | Three Months Ended<br>June 30, |                     |
|--|--------------------------------|---------------------|
|  | 2010<br>(Unaudited)            | 2009<br>(Unaudited) |
| <b>Operating Activities:</b>                                     |                                |                     |
| Net (loss) income  | \$ (45,210)                    | \$ 25,542           |
| Non-cash items   | (28,463)                       | 11,568              |
| Change in Accrued SYSTEM 1 Rebate Program                        | 110,004                        | —                   |
| Changes in operating assets and liabilities                      | (6,637)                        | (4,490)             |
| Net cash provided by operating activities                        | <u>29,694</u>                  | <u>32,620</u>       |
| <b>Investing Activities:</b>                                     |                                |                     |
| Purchases of property, plant, equipment, and intangibles, net    | (12,411)                       | (8,355)             |
| Proceeds from sale of property, plant, equipment and intangibles | 3                              | 175                 |
| Net cash used in investing activities                            | <u>(12,408)</u>                | <u>(8,180)</u>      |
| <b>Financing Activities:</b>                                     |                                |                     |
| Cash dividends paid to common shareholders                       | (6,546)                        | (6,441)             |
| Stock option and other equity transactions, net                  | 2,226                          | 152                 |
| Tax benefit from stock options exercised                         | 659                            | 47                  |
| Net cash used in financing activities                            | <u>(3,661)</u>                 | <u>(6,242)</u>      |
| Effect of exchange rate changes on cash and cash equivalents     | (2,526)                        | 3,694               |
| Increase in cash and cash equivalents                            | 11,099                         | 21,892              |
| Cash and cash equivalents at beginning of period                 | 214,971                        | 154,180             |
| Cash and cash equivalents at end of period                       | <u>\$ 226,070</u>              | <u>\$ 176,072</u>   |

The following table presents a financial measure which is considered to be "non-GAAP financial measures" under Securities Exchange Commission rules. Free cash flow is defined by the Company as cash flows from operating activities less purchases of property, plant, equipment and intangibles, net (capital expenditures) plus proceeds from the sale of property, plant, equipment and intangibles. The Company uses free cash flow as a measure to gauge its ability to fund future growth opportunities, repurchase common shares, and pay cash dividends. STERIS's calculation of free cash flow may vary from other companies.

|   | Three Months Ended<br>June 30, |                     |
|---|--------------------------------|---------------------|
|   | 2010<br>(Unaudited)            | 2009<br>(Unaudited) |
| <b>Calculation of Free Cash Flow:</b>                                 |                                |                     |
| Cash flows from operating activities                                  | \$ 29,694                      | \$ 32,620           |
| Purchases of property, plant, equipment, and intangibles, net         | (12,411)                       | (8,355)             |
| Proceeds from the sale of property, plant, equipment, and intangibles | 3                              | 175                 |
| <b>Free Cash Flow</b>   | <u>\$ 17,286</u>               | <u>\$ 24,440</u>    |

**STERIS Corporation**

Unaudited Supplemental Financial Data - Excluding SYSTEM 1 Rebate Program

First Quarter Fiscal 2011

As of June 30, 2010

|  | <u>FY 2011</u>          | <u>FY 2010</u>          |
|--|-------------------------|-------------------------|
|  | <u>Q1</u>               | <u>Q1</u>               |
| <b>Total Company Revenues</b>          |                         |                         |
| Capital                                | \$ 103,252              | \$ 92,703               |
| Consumables                            | 76,333                  | 80,797                  |
| Service                                | <u>111,708</u>          | <u>110,043</u>          |
| Total Recurring                        | 188,041                 | 190,840                 |
| <b>Total Revenues</b>                  | <b><u>\$291,293</u></b> | <b><u>\$283,543</u></b> |
| <b>United States Revenues</b>          | \$226,088               | \$223,806               |
| United States Revenues as a % of Total | 78%                     | 79%                     |
| <b>International Revenues</b>          | \$ 65,205               | \$ 59,737               |
| International Revenues as % of Total   | 22%                     | 21%                     |
| <b>Segment Data</b>                    |                         |                         |
|  | <u>Q1</u>               | <u>Q1</u>               |
| <b>Healthcare</b>                      |                         |                         |
| <b>Revenues</b>                        |                         |                         |
| Capital                                | \$ 89,338               | \$ 76,837               |
| Consumables                            | 60,482                  | 66,731                  |
| Service                                | <u>56,259</u>           | <u>57,036</u>           |
| Total Recurring                        | 116,741                 | 123,767                 |
| <b>Total Healthcare Revenues</b>       | <b><u>\$206,079</u></b> | <b><u>\$200,604</u></b> |
| <b>Operating Income (Loss)</b>         | <u>32,092</u>           | <u>32,102</u>           |
| <b>Life Sciences</b>                   |                         |                         |
| <b>Revenues</b>                        |                         |                         |
| Capital                                | \$ 13,914               | \$ 15,866               |
| Consumables                            | 15,851                  | 14,066                  |
| Service                                | <u>16,849</u>           | <u>16,184</u>           |
| Total Recurring                        | 32,700                  | 30,250                  |
| <b>Total Life Sciences Revenues</b>    | <b><u>\$ 46,614</u></b> | <b><u>\$ 46,116</u></b> |
| <b>Operating Income (Loss)</b>         | <u>6,295</u>            | <u>4,779</u>            |
| <b>Isomedix Services</b>               |                         |                         |
| <b>Revenues</b>                        | \$ 37,676               | \$ 35,407               |
| <b>Operating Income (Loss)</b>         | <u>10,584</u>           | <u>8,339</u>            |
| <b>Corporate and Other</b>             |                         |                         |
| <b>Revenues</b>                        | \$ 924                  | \$ 1,416                |
| <b>Operating Income (Loss)</b>         | (1,968)                 | (2,358)                 |
| <b>Other Data</b>                      |                         |                         |
|  | <u>Q1</u>               | <u>Q1</u>               |
| Healthcare Backlog                     | \$134,181               | \$132,391               |
| Life Sciences Backlog                  | <u>37,904</u>           | <u>46,257</u>           |
| <b>Total Backlog</b>                   | <b><u>\$172,085</u></b> | <b><u>\$178,648</u></b> |
| <b>Free Cash Flow</b>                  | \$ 17,286               | \$ 24,440               |
| <b>Net Debt</b>                        | \$ (16,070)             | \$ 33,928               |

This supplemental data is consistent with publicly disclosed information provided in quarterly conference calls, earnings releases and SEC filings, and is subject to all definitions, precautions and limitations contained in those disclosures. Please see the Company's most recent 10-K for definitions (and reconciliation where appropriate) of backlog, free cash flow and net debt.