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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 30, 2014**

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**STERIS Corporation**  
(Exact Name of Registrant as Specified in 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 5, 2014, STERIS Corporation (“STERIS” or “Company”) issued a press release announcing financial results for its fiscal 2015 first quarter ended June 30, 2014. A copy of this press release is attached hereto as Exhibit 99.1.

The information contained in this 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 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 this 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 the STERIS 2014 Annual Meeting of Shareholders (“Meeting”), held on July 30, 2014, shareholders voted on the matters specified below, with the final voting results as specified. According to the certified list of shareholders, there were 59,243,482 Common Shares of the Company outstanding and entitled to vote at the Meeting. There were present at the Meeting, in person or by proxy, the holders of 54,226,854 Common Shares or 91.53% of the outstanding Common Shares of the Company, constituting a quorum.

1. The nominees named below were elected to the Board of Directors, each for a one-year term, and the results of the vote were as follows:

| <b>Nominee</b>           | <b>Votes For</b> | <b>Votes Withheld</b> | <b>Broker Non-Votes</b> |
|--------------------------|------------------|-----------------------|-------------------------|
| Richard C. Breeden       | 51,065,119       | 99,191                | 3,062,544               |
| Cynthia L. Feldmann      | 51,084,461       | 79,849                | 3,062,544               |
| Jacqueline B. Kosecoff   | 50,846,219       | 318,091               | 3,062,544               |
| David B. Lewis           | 51,084,343       | 79,967                | 3,062,544               |
| Kevin M. McMullen        | 50,814,668       | 349,642               | 3,062,544               |
| Walter M Rosebrough, Jr. | 51,063,011       | 101,299               | 3,062,544               |
| Mohsen M. Sohi           | 51,081,945       | 82,365                | 3,062,544               |
| John P. Wareham          | 50,874,044       | 290,266               | 3,062,544               |
| Loyal W. Wilson          | 50,811,023       | 353,287               | 3,062,544               |
| Michael B. Wood          | 51,075,172       | 89,138                | 3,062,544               |

2. The non-binding advisory proposal to approve the compensation of our named executive officers was approved, and the results of the vote were as follows:

|                  |            |
|------------------|------------|
| Votes for        | 49,825,554 |
| Votes against    | 967,842    |
| Abstentions      | 370,914    |
| Broker non-votes | 3,062,544  |

3. The 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, 2015 was approved, and the results of the vote were as follows:

|               |            |
|---------------|------------|
| Votes for     | 53,973,477 |
| Votes against | 189,887    |
| Abstentions   | 63,490     |

**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 5, 2014 announcing financial results for its fiscal 2015 first quarter ended June 30, 2014. |

**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/ J. Adam Zangerle

J. Adam Zangerle

Vice President, General Counsel, and Secretary

Date: August 5, 2014

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**EXHIBIT INDEX**

| <u>Exhibit No.</u> | <u>Description</u>   |
|--------------------|--|
| 99.1               | Press Release issued by STERIS Corporation on August 5, 2014 announcing financial results for its fiscal 2015 first quarter ended June 30, 2014. |



**STERIS CORPORATION  
NEWS ANNOUNCEMENT  
FOR IMMEDIATE RELEASE**

**STERIS CORPORATION ANNOUNCES FISCAL 2015 FIRST QUARTER RESULTS**

- *Double digit growth in-line with expectations*
- *The Company affirms its outlook for fiscal 2015*
- *Board of Directors increases quarterly dividend by two cents to \$0.23 per share*

Mentor, Ohio (August 5, 2014)—STERIS Corporation (NYSE: STE) today announced financial results for its fiscal 2015 first quarter ended June 30, 2014. Fiscal 2015 first quarter revenue increased 12% to \$412.6 million compared with \$367.7 million in the first quarter of fiscal 2014, driven by growth in the Company's Healthcare and Isomedix segments. Organic revenue growth in the first quarter of fiscal 2015 was 3%.

As reported, fiscal 2015 first quarter net income was \$24.5 million, or \$0.41 per diluted share, compared with net income of \$32.3 million, or \$0.54 per diluted share in the first quarter of fiscal 2014, which includes a \$0.15 tax benefit associated with the Company's prior European restructuring effort. Adjusted earnings in the first quarter of fiscal 2015 increased to \$0.54 per diluted share compared with \$0.44 per diluted share in the first quarter of fiscal 2014. Please refer to the attached schedules for additional information, including reconciliations of adjusted "non-GAAP financial measures" to reported results.

"We are pleased to have a strong start to our fiscal year," said Walt Rosebrough, President and Chief Executive Officer of STERIS. "Revenue growth was in-line with our expectations as our consumables business exceeded forecast and offset a little softness in our capital equipment shipments. We believe both of these trends are a matter of timing. As a result, we anticipate that we will achieve our full year outlook of double digit revenue and adjusted earnings growth."

**Segment Results**

Healthcare revenue in the quarter was \$302.8 million, an increase of 17% compared with \$258.9 million in the first quarter of fiscal 2014. This growth was across the business, with service revenue growth of 43%, consumable revenue increases of 12% and capital equipment revenue was up 1%. Healthcare revenue grew 4% organically excluding the IMS and Eschmann acquisitions. As reported,

operating income for the first quarter of fiscal 2015 was \$18.0 million compared with operating income of \$14.9 million in last year's first quarter. Adjusted operating income was \$29.7 million compared with \$19.7 million in the prior year first quarter, driven by organic volume growth, product mix and acquisitions.

Life Sciences first quarter revenue declined 2% to \$58.6 million compared with \$59.9 million in the first quarter of fiscal 2014. While consumable revenue increased 6% and service revenue grew 9%, it was not enough to offset an 18% decline in capital equipment revenue, which tends to vary by quarter. Life Sciences first quarter fiscal 2015 operating income was \$11.9 million compared with \$12.5 million in last year's first quarter, primarily reflecting the decline in volume.

Fiscal 2015 first quarter revenue for Isomedix Services was \$51.2 million compared with \$48.2 million in the same period last year, an increase of 6%. Operating income for the first quarter of fiscal 2015 increased to \$16.2 million compared with \$14.7 million in the first quarter of last year, as Isomedix continues to fill the recently expanded capacity.

#### **Cash Flow**

Net cash provided by operations for the first quarter of fiscal 2015 was \$46.4 million, compared with \$32.7 million last year. Free cash flow (see note 1) for the first quarter of fiscal 2015 was \$23.1 million, compared with \$11.0 million in the prior year. The improvement in free cash flow is primarily due to working capital improvements.

#### **Outlook**

Based upon current trends, the Company is affirming its original outlook for fiscal 2015, which includes revenue growth in the range of 15-17% and adjusted earnings per diluted share in the range of \$2.78 to \$2.91 for the full fiscal year. Please see the Company's earnings release dated May 8, 2014 for a more detailed outlook.

#### **Dividend Announcement**

The Company also announced today that STERIS's Board of Directors has authorized a two cent increase in its quarterly dividend to \$0.23 per common share, representing the ninth consecutive year of dividend increases. The dividend is payable September 23, 2014 to shareholders of record at the close of business on August 26, 2014.

### **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 beginning at 12:00 p.m. Eastern time either over the Internet at [www.steris-ir.com](http://www.steris-ir.com) or via phone by calling 1-800-685-6364 in the United States and Canada, and 1-402-998-0553 internationally.

### **About STERIS**

The mission of STERIS Corporation is to help our Customers create a healthier and safer world by providing innovative healthcare and life science product and service solutions around the globe. 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).

- (1) Free cash flow is a non-GAAP number used by the Company as a measure to gauge its ability to fund future debt principal repayments, growth outside of core operations, 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.

*The press release and 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, products or activities that are intended to qualify for the protections afforded "forward-looking statements" under the Private Securities Litigation Reform Act of 1995 and other laws and regulations. Forward-looking statements speak only as to the date of this press release and the referenced conference call, and may be identified by the use of forward-looking terms such as "may," "will," "expects," "believes," "anticipates," "plans," "estimates," "projects," "targets," "forecasts," "outlook," "impact," "potential," "confidence," "improve," "optimistic," "deliver," "comfortable," "trend", and "seeks," or the negative of such terms or other variations on such terms or comparable terminology. Many important factors could cause actual results to differ materially from those in the forward-looking statements including, without limitation, disruption of production or supplies, changes in market conditions, political events, pending or future claims or litigation, competitive factors, technology advances, actions of regulatory agencies, and changes in laws, government regulations, labeling or product approvals or the application or*



*interpretation thereof. Other risk factors are described herein and in the Company's Form 10-K and other securities filings. Many of these important factors are outside STERIS's control. No assurances can be provided as to any result or the timing of any outcome regarding matters described in the press release, or the referenced conference call or otherwise with respect to any regulatory action, administrative proceedings, government investigations, litigation, warning letters, consent decree, cost reductions, business strategies, earnings or revenue trends or future financial results. References to products and the consent decree are summaries only and should not be considered the specific terms of the decree or product clearance or literature. Unless legally required, the Company does not undertake to update or revise any forward-looking statements even if events make clear that any projected results, express or implied, will not be realized. Other potential risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements include, without limitation, (a) the potential for increased pressure on pricing or costs that leads to erosion of profit margins, (b) the possibility that market demand will not develop for new technologies, products or applications or business initiatives will take longer, cost more or produce lower benefits than anticipated, (c) the possibility that application of or compliance with laws, court rulings, certifications, regulations, regulatory actions, including without limitation those relating to FDA warning notices or letters, government investigations, the outcome of any pending FDA requests, inspections or submissions, or other requirements or standards may delay, limit or prevent new product introductions, affect the production and marketing of existing products or services or otherwise affect Company performance, results, prospects or value, (d) the potential of international unrest, economic downturn or effects of currencies, tax assessments, adjustments, or anticipated rates, raw material costs or availability, benefit or retirement plan costs, or other regulatory compliance costs, (e) the possibility of reduced demand, or reductions in the rate of growth in demand, for the Company's products and services, (f) the possibility that anticipated growth, cost savings, new product acceptance, performance or approvals, or other results may not be achieved, or that transition, labor, competition, timing, execution, regulatory, governmental, or other issues or risks associated with our business, industry or initiatives including, without limitation, the consent decree, or those matters described in our Form 10-K for the year ended March 31, 2014 and other securities filings, may adversely impact Company performance, results, prospects or value, (g) the possibility that anticipated financial results or benefits of recent acquisitions or of our restructuring efforts will not be realized or will be other than anticipated, (h) the effects of contractions in credit availability, as well as the ability of our Customers and suppliers to adequately access the credit markets when needed, and (i) those risks described in our securities filings including our Annual Report on Form 10-K for the year ended March 31, 2014, and other securities filings.*

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

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

|   | Three Months Ended<br>June 30, |                     |
|---|--------------------------------|---------------------|
|   | 2014<br>(Unaudited)            | 2013<br>(Unaudited) |
| Revenues  | \$ 412,643                     | \$ 367,652          |
| Cost of revenues  | 242,664                        | 220,806             |
| Cost of revenues—Restructuring  | (114)                          | —                   |
| Cost of revenues, net   | 242,550                        | 220,806             |
| Gross profit  | 170,093                        | 146,846             |
| Operating expenses:   |                                |                     |
| Selling, general, and administrative  | 113,688                        | 93,929              |
| Research and development  | 12,409                         | 11,853              |
| Restructuring expense   | (172)                          | 52                  |
| Total operating expenses  | 125,925                        | 105,834             |
| Income from operations  | 44,168                         | 41,012              |
| Non-operating expense, net  | 4,462                          | 4,739               |
| Income tax expense  | 15,169                         | 3,956               |
| Net income  | \$ 24,537                      | \$ 32,317           |
| Earnings per common share (EPS) data:   |                                |                     |
| Basic   | \$ 0.41                        | \$ 0.55             |
| Diluted   | \$ 0.41                        | \$ 0.54             |
| Cash dividends declared per common share outstanding                          | \$ 0.21                        | \$ 0.19             |
| Weighted average number of common shares outstanding used in EPS computation: |                                |                     |
| Basic number of common shares outstanding                                     | 59,169                         | 59,005              |
| Diluted number of common shares outstanding                                   | 59,814                         | 59,790              |

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

|                                     | June 30,<br>2014<br>(Unaudited) | March 31,<br>2014  |
|-------------------------------------|---------------------------------|--------------------|
| <b>Assets</b>                       |                                 |                    |
| Current assets:                     |                                 |                    |
| Cash and cash equivalents           | \$ 157,936                      | \$ 152,802         |
| Accounts receivable, net            | 284,194                         | 313,686            |
| Inventories, net                    | 179,593                         | 155,146            |
| Other current assets                | 55,174                          | 53,111             |
| <b>Total Current Assets</b>         | <b>676,897</b>                  | <b>674,745</b>     |
| Property, plant, and equipment, net | 475,222                         | 454,410            |
| Goodwill and intangible assets, net | 890,089                         | 747,715            |
| Other assets                        | 10,258                          | 10,292             |
| <b>Total Assets</b>                 | <b>\$2,052,466</b>              | <b>\$1,887,162</b> |
| <b>Liabilities and Equity</b>       |                                 |                    |
| Current liabilities:                |                                 |                    |
| Accounts payable                    | \$ 88,046                       | \$ 102,430         |
| Other current liabilities           | 143,304                         | 152,076            |
| <b>Total Current Liabilities</b>    | <b>231,350</b>                  | <b>254,506</b>     |
| Long-term debt                      | 658,740                         | 493,480            |
| Other liabilities                   | 96,372                          | 97,930             |
| Equity                              | 1,066,004                       | 1,041,246          |
| <b>Total Liabilities and Equity</b> | <b>\$2,052,466</b>              | <b>\$1,887,162</b> |

**STERIS Corporation**  
**Segment Data**  
(In thousands)

|                           | <b>Three Months Ended</b> |             |
|---------------------------|---------------------------|-------------|
|                           | <b>June 30,</b>           |             |
|                           | <b>2014</b>               | <b>2013</b> |
|                           | (Unaudited)               | (Unaudited) |
| <b>Segment Revenues:</b>  |                           |             |
| Healthcare                | <b>\$ 302,810</b>         | \$ 258,888  |
| Life Sciences             | <b>58,614</b>             | 59,915      |
| STERIS Isomedix Services  | <b>51,193</b>             | 48,224      |
| Total Reportable Segments | <b>412,617</b>            | 367,027     |
| Corporate and Other       | <b>26</b>                 | 625         |
| Total Segment Revenues    | <b>\$ 412,643</b>         | \$ 367,652  |

|                                  | <b>Three Months Ended</b> |             |
|----------------------------------|---------------------------|-------------|
|                                  | <b>June 30,</b>           |             |
|                                  | <b>2014</b>               | <b>2013</b> |
|                                  | (Unaudited)               | (Unaudited) |
| <b>Segment Operating Income:</b> |                           |             |
| Healthcare                       | <b>\$ 17,966</b>          | \$ 14,947   |
| Life Sciences                    | <b>11,945</b>             | 12,539      |
| STERIS Isomedix Services         | <b>16,191</b>             | 14,718      |
| Total Reportable Segments        | <b>46,102</b>             | 42,204      |
| Corporate and Other              | <b>(1,934)</b>            | (1,192)     |
| Total Operating Income           | <b>\$ 44,168</b>          | \$ 41,012   |

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

|  | Three Months Ended<br>June 30, |                     |
|--|--------------------------------|---------------------|
|  | 2014<br>(Unaudited)            | 2013<br>(Unaudited) |
| <b>Operating Activities:</b>                                     |                                |                     |
| Net income   | \$ 24,537                      | \$ 32,317           |
| Non-cash items   | 21,940                         | 23,321              |
| Changes in operating assets and liabilities                      | (124)                          | (22,941)            |
| Net cash provided by operating activities                        | <u>46,353</u>                  | <u>32,697</u>       |
| <b>Investing Activities:</b>                                     |                                |                     |
| Purchases of property, plant, equipment, and intangibles, net    | (23,331)                       | (21,741)            |
| Proceeds from sale of property, plant, equipment and intangibles | 71                             | 8                   |
| Investments in businesses, net of cash acquired                  | (179,012)                      | (115)               |
| Net cash used in investing activities                            | <u>(202,272)</u>               | <u>(21,848)</u>     |
| <b>Financing Activities:</b>                                     |                                |                     |
| Proceeds under credit facilities, net                            | 165,260                        | 21,410              |
| Deferred financing fees and debt issuance costs                  | —                              | (43)                |
| Repurchases of common shares                                     | (5,319)                        | (4,775)             |
| Cash dividends paid to common shareholders                       | (12,459)                       | (11,244)            |
| Stock option and other equity transactions, net                  | 7,150                          | 8,482               |
| Tax benefit from share-based compensation                        | 3,835                          | 718                 |
| Net cash used in and provided by financing activities            | <u>158,467</u>                 | <u>14,548</u>       |
| Effect of exchange rate changes on cash and cash equivalents     | 2,586                          | (1,567)             |
| Decrease in cash and cash equivalents                            | 5,134                          | 23,830              |
| Cash and cash equivalents at beginning of period                 | <u>152,802</u>                 | <u>142,008</u>      |
| Cash and cash equivalents at end of period                       | <u>\$ 157,936</u>              | <u>\$ 165,838</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 principal debt repayments and growth outside of core operations, 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, |                     |
|---|--------------------------------|---------------------|
|   | 2014<br>(Unaudited)            | 2013<br>(Unaudited) |
| <b>Calculation of Free Cash Flow:</b>                                 |                                |                     |
| Cash flows from operating activities                                  | \$ 46,353                      | \$ 32,697           |
| Purchases of property, plant, equipment, and intangibles, net         | (23,331)                       | (21,741)            |
| Proceeds from the sale of property, plant, equipment, and intangibles | 71                             | 8                   |
| <b>Free Cash Flow</b>   | <u>\$ 23,093</u>               | <u>\$ 10,964</u>    |

|   | Twelve Months Ended<br>March 31,<br>2015<br>(Outlook)* |
|---|--|
| <b>Calculation of free cash flow for outlook:</b>             |  |
| Cash flows from operating activities                          | \$ 230,000   |
| Purchases of property, plant, equipment, and intangibles, net | (95,000)   |
| <b>Free Cash Flow</b>   | <u>\$ 135,000</u>                                      |

\* All amounts are estimates.

**STERIS Corporation****Non-GAAP Earnings Per Share and Outlook**

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

We believe that the presentation of these non-GAAP financial measures, when considered along with our GAAP financial measures and the reconciliation to the corresponding GAAP financial measures, provide the reader with a more complete understanding of the factors and trends affecting our business than could be obtained absent this disclosure. It is important for the reader to note that the non-GAAP financial measure used may be calculated differently from, and therefore may not be comparable to, a similarly titled measure used by other companies.

|  | <b>Three months ended<br/>June 30,</b> |                             |
|--|--|-----------------------------|
|  | <b>2014<br/>(Unaudited)</b>            | <b>2013<br/>(Unaudited)</b> |
| Net Income per diluted share   | \$ 0.41                                | \$ 0.54                     |
| Loss (gain) from fair value adjustment of acquisition related contingent consideration | 0.02                                   | —                           |
| Tax benefit, European restructuring  | —                                      | (0.15)                      |
| Inventory and property “step up” to fair value, net of tax                             | 0.02                                   | —                           |
| Amortization and impairment of purchased intangible assets, net of tax                 | 0.05                                   | 0.04                        |
| Acquisition related transaction and integration expenses, net of tax                   | 0.04                                   | 0.01                        |
| Adjusted net income per diluted share  | <u>\$ 0.54</u>                         | <u>\$ 0.44</u>              |

  

|  | <b>Twelve months ended<br/>March 31,<br/>2015</b> |                 |
|--|---|-----------------|
|  | (Outlook)*  |                 |
| Net Income per diluted share   | \$ 2.40   | — \$2.53        |
| Inventory “step up” to fair value, net of tax                          |   | 0.02            |
| Amortization and impairment of purchased intangible assets, net of tax |   | 0.02            |
| Acquisition related transaction and integration expenses, net of tax   |   | 0.12            |
| Adjusted net income per diluted share                                  | <u>\$ 2.78</u>                                    | <u>— \$2.91</u> |

\* All amounts are estimates.

**STERIS Corporation**  
**Non-GAAP Financial Measures**  
(In thousands, except per share data)

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

We believe that the presentation of these non-GAAP financial measures, when considered along with our GAAP financial measures and the reconciliation to the corresponding GAAP financial measures, provide the reader with a more complete understanding of the factors and trends affecting our business than could be obtained absent this disclosure. It is important for the reader to note that the non-GAAP financial measure used may be calculated differently from, and therefore may not be comparable to, a similarly titled measure used by other companies.

|  | Three months ended |                   |
|--|--------------------|-------------------|
|  | 2014               | 2013              |
|  | (Unaudited)        | (Unaudited)       |
| Gross Profit   | \$ 170,093         | \$ 146,846        |
| Amortization of inventory "step up" to fair value                                      | 1,234              | —                 |
| Restructuring  | (114)              | —                 |
| Adjusted gross profit  | <u>\$ 171,213</u>  | <u>\$ 146,846</u> |
| Selling, general and administrative expenses   | \$ 113,688         | \$ 93,929         |
| Amortization and impairment of purchased intangible assets                             | (5,200)            | (4,290)           |
| Amortization of property "step up" to fair value                                       | (23)               | —                 |
| Acquisition related transaction and integration costs                                  | (3,634)            | (708)             |
| (Loss) gain from fair value adjustment of acquisition related contingent consideration | (1,998)            | —                 |
| Adjusted selling, general and administrative expenses                                  | <u>\$ 102,833</u>  | <u>\$ 88,931</u>  |
| Operating income   | \$ 44,168          | \$ 41,012         |
| Amortization of inventory and property "step up" to fair value                         | 1,257              | —                 |
| Amortization and impairment of purchased intangible assets                             | 5,200              | 4,290             |
| Acquisition related transaction and integration costs                                  | 3,634              | 708               |
| Loss (gain) from fair value adjustment of acquisition related contingent consideration | 1,998              | —                 |
| Restructuring  | (286)              | 52                |
| Adjusted operating income  | <u>\$ 55,971</u>   | <u>\$ 46,062</u>  |
| Net income   | \$ 24,537          | \$ 32,317         |
| Amortization of inventory and property "step up" to fair value                         | 1,006              | —                 |
| Amortization and impairment of purchased intangible assets, net of tax                 | 3,244              | 2,617             |
| Acquisition related transaction and integration costs                                  | 2,217              | 432               |
| Loss (gain) from fair value adjustment of acquisition related contingent consideration | 1,219              | —                 |
| Tax Benefit, European Restructuring  | —                  | (9,245)           |
| Restructuring, net of tax  | (174)              | 32                |
| Adjusted net income  | <u>\$ 32,049</u>   | <u>\$ 26,153</u>  |
| Healthcare operating income  | \$ 17,966          | \$ 14,947         |
| Amortization of inventory and property "step up" to fair value                         | 1,257              | —                 |
| Amortization and impairment of purchased intangible assets                             | 5,098              | 3,947             |
| Acquisition related transaction and integration costs                                  | 3,634              | 708               |
| Loss (gain) from fair value adjustment of acquisition related contingent consideration | 1,998              | —                 |
| Restructuring  | (247)              | 52                |
| Adjusted Healthcare operating income   | <u>\$ 29,706</u>   | <u>\$ 19,654</u>  |
| Life Sciences operating income   | \$ 11,945          | \$ 12,539         |
| Amortization and impairment of purchased intangible assets                             | 18                 | 26                |
| Restructuring  | (14)               | —                 |
| Adjusted Life Sciences operating income  | <u>\$ 11,949</u>   | <u>\$ 12,565</u>  |
| Isomedix operating income  | \$ 16,191          | \$ 14,718         |
| Amortization and impairment of purchased intangible assets                             | 84                 | 317               |
| Restructuring  | (25)               | —                 |
| Adjusted Isomedix operating income   | <u>\$ 16,250</u>   | <u>\$ 15,035</u>  |

**STERIS Corporation**  
**Unaudited Supplemental Financial Data**  
**First Quarter Fiscal 2015**  
**As of June 30, 2014**

|  | <u>FY 2015</u>   | <u>FY 2014</u>   |
|--|------------------|------------------|
| <b>Total Company Revenues</b>                          |                  |                  |
| Capital Equipment                                      | \$120,395        | \$123,894        |
| Consumables  | 110,045          | 99,034           |
| Service  | <u>182,203</u>   | <u>144,724</u>   |
| Total Recurring  | 292,248          | 243,758          |
| <b>Total Revenues, net</b>                             | <u>\$412,643</u> | <u>\$367,652</u> |
| <b>United States Revenues</b>                          | <u>\$317,351</u> | <u>\$288,353</u> |
| United States Revenues as a % of Total                 | 77%              | 78%              |
| <b>International Revenues</b>                          | \$ 95,292        | \$ 79,299        |
| International Revenues as a % of Total                 | <u>23%</u>       | <u>22%</u>       |
| <b>Segment Data</b>                                    | <u>Q1</u>        | <u>Q1</u>        |
| <b>Healthcare</b>                                      |                  |                  |
| <b>Revenues</b>  |                  |                  |
| Capital Equipment                                      | \$102,271        | \$101,674        |
| Consumables  | 88,270           | 78,563           |
| Service  | <u>112,269</u>   | <u>78,651</u>    |
| Total Recurring  | 200,539          | 157,214          |
| Total Healthcare Revenues, net                         | <u>\$302,810</u> | <u>\$258,888</u> |
| <b>Operating Income</b>                                | <u>17,966</u>    | <u>14,947</u>    |
| Adjusted Operating Income (1)                          | 29,706           | 19,654           |
| <b>Life Sciences</b>                                   |                  |                  |
| <b>Revenues</b>  |                  |                  |
| Capital Equipment                                      | \$ 18,124        | \$ 22,220        |
| Consumables  | 21,775           | 20,471           |
| Service  | <u>18,715</u>    | <u>17,224</u>    |
| Total Recurring  | 40,490           | 37,695           |
| Total Life Sciences Revenues                           | <u>\$ 58,614</u> | <u>\$ 59,915</u> |
| <b>Operating Income</b>                                | <u>11,945</u>    | <u>12,539</u>    |
| Adjusted Operating Income (1)                          | 11,949           | 12,565           |
| <b>Isomedix Services</b>                               |                  |                  |
| <b>Revenues</b>  | \$ 51,193        | \$ 48,224        |
| <b>Operating Income</b>                                | <u>16,191</u>    | <u>14,718</u>    |
| Adjusted Operating Income (1)                          | 16,250           | 15,035           |
| <b>Corporate and Other</b>                             |                  |                  |
| <b>Revenues</b>  | \$ 26            | \$ 625           |
| <b>Operating Income (Loss)</b>                         | <u>(1,934)</u>   | <u>(1,192)</u>   |
| <b>Other Data</b>                                      | <u>Q1</u>        | <u>Q1</u>        |
| <b>Product</b>   |                  |                  |
| Total product revenues                                 | 230,440          | 222,928          |
| Total product cost of revenues                         | 129,975          | 129,538          |
| Restructuring expense                                  | (114)            | —                |
| Amortization of inventory “step up” to fair value      | 1,234            | —                |
| Total product cost of revenues, adjusted (1)           | <u>128,855</u>   | <u>129,538</u>   |
| <b>Total product gross profit, adjusted (1)</b>        | <u>101,585</u>   | <u>93,390</u>    |
| As a percentage, adjusted (1)                          | 44.1%            | 41.9%            |
| <b>Service</b>   |                  |                  |
| Total service revenues                                 | 182,203          | 144,724          |
| Total service cost of revenues                         | <u>112,575</u>   | <u>91,268</u>    |
| <b>Total service gross profit</b>                      | <u>69,628</u>    | <u>53,456</u>    |
| As a percentage  | 38.2%            | 36.9%            |
| <b>Total Company gross profit margin, adjusted (1)</b> | <u>171,213</u>   | <u>146,846</u>   |
| As a percentage, adjusted (1)                          | 41.5%            | 39.9%            |
| Healthcare Backlog                                     | \$125,032        | \$120,170        |
| Life Sciences Backlog                                  | <u>45,969</u>    | <u>44,562</u>    |
| <b>Total Backlog</b>                                   | <u>\$171,001</u> | <u>\$164,732</u> |
| <b>Free Cash Flow</b>                                  | <u>\$ 23,093</u> | <u>\$ 10,964</u> |
| <b>Net Debt</b>  | <u>\$500,804</u> | <u>\$347,862</u> |

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

We believe that the presentation of these non-GAAP financial measures, when considered along with our GAAP financial measures and the reconciliation to the corresponding GAAP financial measures, provide the reader with a more complete understanding of the factors and trends affecting our business than could be obtained absent this disclosure. It is important for the reader to note that the non-GAAP financial measure used may be calculated differently from, and therefore may not be comparable to, a similarly titled measure used by other companies.

*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 adjusted measures, backlog, free cash flow and net debt.*