

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

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

Date of Report (Date of earliest event reported) January 25, 2006

**STERIS Corporation**

(Exact name of registrant as specified in its charter)

**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.)

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))

**ITEM 2.02. Results of Operations and Financial Condition.**

On January 31, 2006, STERIS issued a press release announcing financial results for its fiscal 2006 third quarter ended December 31, 2005. A copy of this press release is attached hereto as Exhibit 99.1.

Attached as Exhibit 99.2 is a supplemental schedule for fiscal 2005 and fiscal 2006 in which segment revenues and operating results have been reclassified from previously reported amounts to conform with the current period's presentation, reflecting the change in the reporting of the service business and the discontinuation of the freeze dryer product line, as applicable.

The information contained in Item 2.02 of this Current Report on Form 8-K, including Exhibits 99.1 and 99.2 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 2.05. Costs Associated with Exit or Disposal Activities.**

On January 25, 2006, STERIS (the "Company") committed to a course of action to transfer the manufacturing portion of its Erie, Pennsylvania operations to Mexico. This decision follows a detailed study of cost reduction alternatives.

The transfer of the Erie manufacturing operations is designed to occur in stages over the next 18 months. In the fourth quarter of fiscal 2006, STERIS anticipates incurring pre-tax costs of approximately \$27 million, primarily for non-cash expenses related to asset write downs and accelerated recognition of pension and retiree medical benefits related to the transfer. Although the Company has an overall estimate of the costs that will be incurred, it cannot in good faith make a determination at this time of the estimated charges broken down by each of the categories noted above and will provide such information in a subsequent amendment to this Current Report on Form 8-K.

Item 2.05 of this Current Report on Form 8-K contains statements that are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include statements regarding the anticipated costs relating to the planned transfer of the Erie manufacturing operations. In particular, all of the costs in this Current Report are estimates and are therefore subject to change. These forward-looking statements give the Company's current expectations or forecasts and are based upon management's expectations that involve a number of risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. Such risks and uncertainties include, but are not limited to the following: the timing of the transfer of the manufacturing portion of the Erie manufacturing operations to Mexico; and amounts for non-cash expenses relating to asset write downs and accelerated recognition of pension and retiree medical benefits related to the transfer. The Company undertakes no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures the Company makes on related subjects in its reports on Form 10-Q, 8-K and 10-K submitted to the Securities and Exchange Commission. You should understand that it is not possible to predict or identify all risk factors. Consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

**ITEM 8.01. Other Events.****New Share Repurchase Authorized**

On January 25, 2006, the Board authorized the purchase of up to 3 million shares of STERIS common stock. This share repurchase authorization replaces a previous authorization for 3 million shares under which approximately 150,000 shares remained available for repurchase. A copy of the press release announcing this action is attached hereto as Exhibit 99.3.

**Quarterly Dividend Authorized**

On January 25, 2006, the Board also authorized the payment of a regular quarterly dividend in the amount of \$0.04 per share. The dividend is payable March 8, 2006 to shareholders of record at the closing of the stock transfer books on February 8, 2006. A copy of the press release announcing this action is attached hereto as Exhibit 99.3

**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 January 31, 2006 regarding its results of operations and financial condition for its fiscal 2006 third quarter ended December 31, 2005.
99.2	Supplemental schedule of reclassified segment revenues and operating results for fiscal 2005 and 2006.
99.3	Press Release issued by STERIS Corporation on January 25, 2006 regarding New Share Repurchase Authorization and a Quarterly Dividend.



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**EXHIBIT INDEX**

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99.2	Supplemental schedule of reclassified segment revenues and operating results for fiscal 2005 and 2006.
99.3	Press Release issued by STERIS Corporation on January 25, 2006 regarding New Share Repurchase Authorization and a Quarterly Dividend.



**STERIS CORPORATION  
NEWS ANNOUNCEMENT  
FOR IMMEDIATE RELEASE**

**STERIS CORPORATION ANNOUNCES  
FISCAL 2006 THIRD QUARTER RESULTS**

Mentor, Ohio (January 31, 2006) - STERIS Corporation (NYSE: STE) today announced financial results for its fiscal 2006 third quarter ended December 31, 2005. Fiscal 2006 third quarter revenues increased 5% to \$287.5 million, compared with \$273.8 million in the third quarter of fiscal 2005, driven by growth in all three segments. Operating income was \$39.1 million compared with \$38.6 million in the fiscal 2005 quarter.

Net income was \$28.1 million, or \$0.41 per diluted share in the third quarter of fiscal 2006, compared with net income of \$24.5 million, or \$0.35 per diluted share in the same period last year. During the third quarter, the Company completed the sale, subject to post closing adjustments, of its freeze dryer product line in the Life Sciences segment, which is presented as a discontinued operation. Included in net income is an after-tax gain on the sale of \$5.2 million, and a loss of \$0.3 million from discontinued operations. Net income from continuing operations was \$23.2 million, or \$0.34 per diluted share, compared with net income from continuing operations of \$23.6 million, or \$0.34 per diluted share in the third quarter of fiscal 2005.

“We are pleased with the solid performance of all three of the Company’s segments after a difficult first half. The actions taken in Life Sciences to date have resulted in strengthened segment performance as we witnessed increased revenue, improved backlog levels, and an increase in profitability for the quarter. We remain committed to ongoing improvement in that segment as we continue to take actions to improve our cost structure and drive growth,” said Les C. Vinney, STERIS’s president and chief executive officer. “Similarly, the previously announced decision to transfer our Erie, Pennsylvania manufacturing operations to Mexico reflects the focus of our efforts within the Healthcare segment to strengthen our cost position to support future growth and international expansion.”

**Segment Results**

Healthcare revenues for the third quarter increased 3% to \$203.7 million, primarily as a result of revenues associated with acquired businesses, including strong U.S. sales of the C-Max surgical table. The Healthcare segment's base capital equipment offering was impacted by market softness in North America as fluctuations in hospital spending reduced demand for large capital projects. Healthcare segment operating profit was \$33.1 million for the quarter, compared with \$34.6 million in the third quarter of last year. The decline in operating profit is primarily attributable to an increase in operating expenses largely related to growth initiatives.

Life Sciences third quarter revenues increased 2% to \$52.7 million compared with \$51.6 million in the third quarter of fiscal 2005. All amounts have been adjusted to reflect the sale of the freeze dryer product line, the results of which have been eliminated from both periods. The increase in revenues reflects improved demand in North America, as the Company began to regain momentum in its core product lines. This was partially offset by a revenue decline in Europe. Life Sciences recorded operating profit of \$0.7 million in the quarter, compared with a loss of \$0.5 million in the same period last year, reflecting improved mix from higher margin recurring revenues and operating expense control initiatives.

Third quarter revenues for Isomedix Services increased 25% to \$31.2 million compared with the prior year third quarter, primarily reflecting revenues associated with the acquisition of certain assets of the Cosmed Group. Base processing revenues were flat with last year's quarter when the Company was able to secure business from a temporary reduction in industry capacity. Segment operating profit was \$5.2 million compared with \$4.6 million in the prior year quarter. Lower segment operating margin rate primarily reflected a change in revenue mix and a return to normal capacity levels within the industry.

**Cash Flow**

Cash provided by operations for the first nine months of fiscal 2006 was \$99.4 million, compared with \$96.0 million in the same period last year. Free cash flow (see note below) was \$65.0 million, compared with free cash flow of \$57.2 million in the first nine months of fiscal

2005, primarily reflecting reduced capital expenditures. Capital expenditures for the first nine months of fiscal 2006 were \$34.3 million, compared with \$38.8 million in the same period last year.

During the quarter, the Company repurchased 954,375 shares of its common stock at an average price of \$26.09 per common share for a total cash amount of \$24.9 million. On January 25, 2006, the Company's Board of Directors approved a new share repurchase authorization for up to 3 million shares, replacing the previous authorization, under which approximately 150,000 shares remained.

#### **Outlook**

In the fourth quarter of fiscal 2006, STERIS anticipates incurring pre-tax costs of approximately \$30 million, primarily for non-cash expenses related to asset write downs, and accelerated recognition of pension and retiree medical benefits related to the transfer of manufacturing operations from Erie, Pennsylvania to Mexico. Also included in that estimate are expenses related to certain cost reduction initiatives within the ongoing operations of the Life Sciences and Healthcare segments. In total, the Company anticipates that these actions will impact diluted earnings per share by approximately \$0.27 in the fourth quarter of fiscal 2006.

Based upon current results and anticipated trends for the remainder of the fiscal year, the Company expects revenue growth to be in the range of 5% to 6% for the fourth quarter, and in the range of 6% to 7% for the full fiscal year. The Company also anticipates that earnings per diluted share will be in the range of \$0.16 to \$0.18 for the fourth quarter, and in the range of \$1.05 to \$1.07, including discontinued operations, for the full fiscal year. Earnings for both periods include the \$0.27 per diluted share impact of the expenses referenced above.

#### **Conference Call**

In conjunction with this press 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 1-888-392-9976 in the United States and Canada, and 1-517-645-6486 internationally, then referencing the password "STERIS" and the conference leader's name, "Aidan Gormley."

For those unable to listen to the conference call live, a replay will be available from 12:00 p.m. Eastern time on January 31, 2006, until 5:00 p.m. Eastern time on February 14, 2006, either over the Internet at [www.steris-ir.com](http://www.steris-ir.com) or via phone by calling 1-800-756-3940 in the United States and Canada, and 1-402-998-0796 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's more than 5,000 dedicated employees around the world work 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).

Note: Free cash flow is a non-GAAP number used by the Company as a measure to gauge its ability to invest for growth. Free cash flow is defined as operating cash flow less purchases of property, plant, equipment, and intangibles, net (capital expenditures). STERIS's calculation of free cash flow may vary from other companies.

Contact: Aidan Gormley, Senior Director, Corporate Communications and Investor Relations at 440-392-7607.

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*This news release and the conference call referenced here may contain 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 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 application of or compliance with laws, court rulings, regulations, certifications or other requirements or standards may delay or prevent new product introductions, affect 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 foreign currencies of countries where the Company does a sizeable amount of business, (e) the possibility of reduced demand, or reductions in the rate of growth in demand, for the Company's products and services, and (f) the possibility that anticipated cost savings 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 may adversely impact Company performance, results, or value.*

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2005	2004	2005	2004
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenues	\$ 287,492	\$ 273,765	\$ 829,011	\$ 774,633
Cost of revenues	165,396	157,297	478,156	442,177
Gross profit	122,096	116,468	350,855	332,456
Operating expenses:				
Selling, general, and administrative	74,316	69,776	234,196	213,263
Research and development	8,726	8,107	25,564	24,184
	83,042	77,883	259,760	237,447
Income from operations	39,054	38,585	91,095	95,009
Non-operating expense, net	503	633	735	2,020
Income from continuing operations before income tax expense	38,551	37,952	90,360	92,989
Income tax expense	15,386	14,321	34,859	34,406
Income from continuing operations	23,165	23,631	55,501	58,583
Gain on sale of discontinued operations, net of tax	5,225	—	5,225	—
(Loss) income from discontinued operations, net of tax	(301)	826	1,109	2,384
Net income	\$ 28,089	\$ 24,457	\$ 61,835	\$ 60,967
Earnings per common share (EPS) data:				
Basic earnings per common share				
Continuing operations	\$ 0.34	\$ 0.34	\$ 0.81	\$ 0.85
Discontinued operations	0.07	0.01	0.09	0.03
Net income	\$ 0.41	\$ 0.35	\$ 0.90	\$ 0.88
Diluted earnings per common share				
Continuing operations	\$ 0.34	\$ 0.34	\$ 0.80	\$ 0.84
Discontinued operations	0.07	0.01	0.09	0.03
Net income	\$ 0.41	\$ 0.35	\$ 0.89	\$ 0.87
Cash dividends declared per common share outstanding	0.04	—	0.12	—
Weighted average number of common shares outstanding used in EPS computation:				
Basic number of common shares outstanding	68,205	69,134	68,509	69,206
Diluted number of common shares outstanding	68,826	69,838	69,230	70,008

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

	December 31, 2005	March 31, 2005
	(Unaudited)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 44,650	\$ 23,547
Accounts receivable, net	209,525	245,471
Inventories, net	121,978	98,487
Other current assets	17,943	15,977
Current assets of discontinued operations	—	36,650
<b>Total Current Assets</b>	<b>394,096</b>	<b>420,132</b>
Property, plant, and equipment, net	406,343	408,848
Goodwill and intangible assets, net	327,088	350,112
Other assets	1,797	1,786
Long term assets of discontinued operations	—	4,844
<b>Total Assets</b>	<b>\$1,129,324</b>	<b>\$1,185,722</b>
<b>Liabilities and Shareholders' Equity</b>		

## Current liabilities:

Accounts payable	\$ 58,617	\$ 68,608
Other current liabilities	126,918	130,015
Current liabilities of discontinued operations	—	23,193
	<hr/>	<hr/>
<b>Total Current Liabilities</b>	<b>185,535</b>	221,816
Long-term debt	104,659	104,274
Other liabilities	98,552	97,108
Liabilities of discontinued operations	—	6,886
Shareholders' equity	740,578	755,638
	<hr/>	<hr/>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$1,129,324</b>	\$1,185,722
	<hr/>	<hr/>

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

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2005	2004	2005	2004
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Segment Revenues:</b>				
Healthcare	\$ 203,668	\$ 197,251	\$ 583,420	\$ 544,883
Life Sciences	52,671	51,589	149,932	156,144
STERIS Isomedix Services	31,153	24,925	95,659	73,606
<b>Total Segment Revenues</b>	<b>\$ 287,492</b>	<b>\$ 273,765</b>	<b>\$ 829,011</b>	<b>\$ 774,633</b>
<b>Segment Operating Income (Loss):</b>				
Healthcare	\$ 33,059	\$ 34,557	\$ 77,608	\$ 85,180
Life Sciences	746	(541)	(2,807)	(3,886)
STERIS Isomedix Services	5,249	4,569	16,294	13,715
<b>Total Segment Operating Income</b>	<b>\$ 39,054</b>	<b>\$ 38,585</b>	<b>\$ 91,095</b>	<b>\$ 95,009</b>

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

	Nine Months Ended December 31,	
	2005	2004
	(Unaudited)	(Unaudited)
<b>Operating Activities:</b>		
Net income	\$ 61,835	\$ 60,967
Non-cash items	26,774	39,978
Working capital adjustments	10,758	(4,994)
<b>Net cash provided by operating activities</b>	<b>99,367</b>	<b>95,951</b>
<b>Investing Activities:</b>		
Purchases of property, plant, equipment, and intangibles, net	(34,282)	(38,793)
Proceeds from sale of discontinued operations	22,111	—
Investments in businesses, net of cash acquired	(1,504)	(53,323)
<b>Net cash used in investing activities</b>	<b>(13,675)</b>	<b>(92,116)</b>
<b>Financing Activities:</b>		
Proceeds (payments) under credit facilities, net	1,720	(4,398)
Payments on long-term obligations and capital leases, net	(3,380)	(3,273)
Repurchases of common shares	(64,299)	(33,868)
Cash dividends paid to common shareholders	(8,229)	—
Stock options and other equity transactions, net	10,141	14,581
<b>Net cash used in financing activities</b>	<b>(64,047)</b>	<b>(26,958)</b>
Effect of exchange rate changes on cash and cash equivalents	(542)	1,805
<b>Increase (decrease) in cash and cash equivalents</b>	<b>21,103</b>	<b>(21,318)</b>
Cash and cash equivalents at beginning of period	23,547	80,300
<b>Cash and cash equivalents at end of period</b>	<b>\$ 44,650</b>	<b>\$ 58,982</b>
<b>Calculation of Free Cash Flow from continuing operations:</b>		
Cash flows from operating activities	\$ 99,367	\$ 95,951
Purchases of property, plant, equipment, and intangibles, net	34,282	38,793
<b>Free Cash Flow from Continuing Operations</b>	<b>\$ 65,085</b>	<b>\$ 57,158</b>

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). Free cash flow is a non-GAAP figure used by the Company as a measure to gauge its ability to invest for growth. STERIS's calculation of free cash

*flow may vary from other companies.*

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

Fiscal 2005 and Fiscal 2006 segment revenues and operating results have been reclassified from previously reported amounts to conform with the current period's presentation, reflecting the discontinuation of the freeze dryer product line.

	Three Months Ended				Full Year Fiscal 2005
	June 30, 2004	September 30, 2004	December 31, 2004	March 31, 2005	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	
Revenues	\$ 246,618	\$ 254,250	\$ 273,765	\$ 307,041	\$1,081,674
Cost of revenues	138,718	146,162	157,297	177,576	619,753
Gross profit	107,900	108,088	116,468	129,465	461,921
Operating expenses:					
Selling, general, and administrative	72,042	71,445	69,776	75,805	289,068
Research and development	8,233	7,844	8,107	7,325	31,509
	80,275	79,289	77,883	83,130	320,577
Income from operations	27,625	28,799	38,585	46,335	141,344
Non-operating expense, net	701	686	633	1,032	3,052
Income from continuing operations before income tax expense	26,924	28,113	37,952	45,303	138,292
Income tax expense	9,563	10,522	14,321	20,214	54,620
Income from continuing operations	17,361	17,591	23,631	25,089	83,672
Gain on sale of discontinued operations, net of tax	—	—	—	—	—
(Loss) income from discontinued operations, net of tax	256	1,302	826	(76)	2,308
Net income	\$ 17,617	\$ 18,893	\$ 24,457	\$ 25,013	85,980
Earnings per common share (EPS) data:					
Basic earnings per common share					
Continuing operations	\$ 0.25	\$ 0.25	\$ 0.34	\$ 0.36	\$ 1.21
Discontinued operations	—	0.02	0.01	—	\$ 0.03
Net income	\$ 0.25	\$ 0.27	\$ 0.35	\$ 0.36	\$ 1.24
Diluted earnings per common share					
Continuing operations	\$ 0.25	\$ 0.25	\$ 0.34	\$ 0.36	\$ 1.20
Discontinued operations	—	0.02	0.01	—	\$ 0.03
Net income	\$ 0.25	\$ 0.27	\$ 0.35	\$ 0.36	\$ 1.23

	Three Months Ended	
	June 30, 2005	September 30, 2005
	(Unaudited)	(Unaudited)
Revenues	\$ 268,083	\$ 273,436
Cost of revenues	152,507	160,253
Gross profit	115,576	113,183
Operating expenses:		
Selling, general, and administrative	81,232	78,648
Research and development	7,741	9,097
	88,973	87,745
Income from operations	26,603	25,438
Non-operating expense, net	(706)	937
Income from continuing operations before income tax expense	27,309	24,501
Income tax expense	10,377	9,096
Income from continuing operations	16,932	15,405
Gain on sale of discontinued operations, net of tax	—	—
(Loss) income from discontinued operations, net of tax	400	1,010

Net income	\$ 17,332	\$ 16,415
	<u>          </u>	<u>          </u>
Earnings per common share (EPS) data:		
Basic earnings per common share		
Continuing operations	\$ 0.24	\$ 0.23
Discontinued operations	0.01	0.01
	<u>          </u>	<u>          </u>
Net income	\$ 0.25	\$ 0.24
	<u>          </u>	<u>          </u>
Diluted earnings per common share		
Continuing operations	\$ 0.24	\$ 0.23
Discontinued operations	0.01	0.01
	<u>          </u>	<u>          </u>
Net income	\$ 0.25	\$ 0.24
	<u>          </u>	<u>          </u>

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

*Fiscal 2005 and Fiscal 2006 segment revenues and operating results have been reclassified from previously reported amounts to conform with the current period's presentation, reflecting the change in the reporting of the service business and reflecting the discontinuation of the freeze dryer product line.*

	Fiscal Year 2005 (Unaudited)			
	Quarter 1	Quarter 2	Quarter 3	Quarter 4
<b>Segment Revenues:</b>				
Healthcare	\$ 168,414	\$ 179,218	\$ 197,251	\$ 218,996
Life Sciences	53,769	50,786	51,589	56,859
STERIS Isomedix Services	24,435	24,246	24,925	31,186
<b>Total Segment Revenues</b>	<b>\$ 246,618</b>	<b>\$ 254,250</b>	<b>\$ 273,765</b>	<b>\$ 307,041</b>
<b>Segment Operating Income (Loss):</b>				
Healthcare	\$ 24,146	\$ 26,477	\$ 34,557	\$ 40,409
Life Sciences	(1,383)	(1,962)	(541)	43
STERIS Isomedix Services	4,862	4,284	4,569	5,883
<b>Total Segment Operating Income</b>	<b>\$ 27,625</b>	<b>\$ 28,799</b>	<b>\$ 38,585</b>	<b>\$ 46,335</b>
<b>Fiscal Year 2006 (Unaudited)</b>				
	Quarter 1	Quarter 2		
<b>Segment Revenues:</b>				
Healthcare	\$ 185,760	\$ 193,992		
Life Sciences	49,817	47,444		
STERIS Isomedix Services	32,506	32,000		
<b>Total Segment Revenues</b>	<b>\$ 268,083</b>	<b>\$ 273,436</b>		
<b>Segment Operating Income (Loss):</b>				
Healthcare	\$ 22,554	\$ 21,995		
Life Sciences	(2,156)	(1,397)		
STERIS Isomedix Services	6,205	4,840		
<b>Total Segment Operating Income</b>	<b>\$ 26,603</b>	<b>\$ 25,438</b>		





**STERIS CORPORATION  
NEWS ANNOUNCEMENT  
FOR IMMEDIATE RELEASE**

**STERIS CORPORATION ANNOUNCES NEW SHARE REPURCHASE  
AUTHORIZATION AND DECLARES REGULAR QUARTERLY DIVIDEND**

Mentor, Ohio (January 25, 2006) - STERIS Corporation (NYSE: STE) today announced that its Board of Directors has authorized the purchase of up to 3 million shares of STERIS common stock. This share repurchase authorization replaces a previous authorization under which approximately 150,000 shares remained. The new authorization allows for purchases from time to time on the open market and in private transactions.

The Board of Directors also authorized a regular quarterly dividend in the amount of \$0.04 per share. The dividend is payable March 8, 2006 to shareholders of record at the close of business on February 8, 2006.

**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's more than 5,000 dedicated employees around the world work 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: Aidan Gormley, Senior Director, Corporate Communications and Investor Relations at 440-392-7607.

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*This news release may contain 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 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 application of or compliance with laws, court rulings, regulations, certifications or other requirements or standards may delay or prevent new product introductions, affect 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 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.*