

STERIS CORP  
Form DEF 14A  
June 07, 2011  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**SCHEDULE 14A**

(Rule 14a-101)

**INFORMATION REQUIRED IN PROXY STATEMENT**

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only

(as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

**STERIS CORPORATION**

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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No fee required.

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(4) Date Filed:



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**STERIS CORPORATION**

5960 Heisley Road n Mentor, Ohio 44060-1834 n USA

TO OUR SHAREHOLDERS:

The 2011 Annual Meeting of Shareholders of STERIS Corporation will be held at 9:00 a.m., Eastern Time, on Thursday, July 28, 2011, at STERIS Corporation's Headquarters, 5960 Heisley Road, Mentor, Ohio, USA. At the Annual Meeting, shareholders will be asked to elect ten directors for terms expiring at the 2012 Annual Meeting, approve the amendment and restatement of the STERIS Corporation 2006 Long-Term Equity Incentive Plan, hold a non-binding advisory shareholder vote regarding executive compensation of our named executive officers, hold a non-binding advisory vote regarding whether an advisory vote on executive compensation will occur every 1, 2 or 3 years and ratify the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm. We urge our shareholders to attend the meeting and to vote FOR the nominees for director listed in the following Proxy Statement, FOR approval of the amendment and restatement of the STERIS Corporation 2006 Long-Term Equity Incentive Plan, FOR approval, on a non-binding advisory basis, of the compensation of our named executive officers, FOR the advisory vote on executive compensation to occur every year and FOR the ratification of Ernst & Young LLP as the Company's independent registered accounting firm.

The formal notice of the Annual Meeting and the Proxy Statement containing information relative to the meeting follow this letter. **We urge you to read the Proxy Statement carefully and assure that your shares will be voted by using one of the alternative methods of voting described in the Proxy Statement.**

Sincerely,

WALTER M ROSEBROUGH, JR.

*President and*

*Chief Executive Officer*

JOHN P. WAREHAM

*Chairman of the Board*

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**STERIS CORPORATION**

5960 Heisley Road n Mentor, Ohio 44060-1834 n USA

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**JULY 28, 2011**

The Annual Meeting of Shareholders of STERIS Corporation (the Company or STERIS ) will be held at 9:00 a.m., Eastern Time, on Thursday, July 28, 2011, at STERIS Corporation s Headquarters, 5960 Heisley Road, Mentor, Ohio, USA, for the following purposes:

1. To elect ten directors to serve until the Company s 2012 Annual Meeting of Shareholders;
2. To approve the amendment and restatement of the STERIS Corporation 2006 Long-Term Equity Incentive Plan;
3. To hold a non-binding advisory vote regarding compensation of our named executive officers;
4. To hold a non-binding advisory vote regarding whether an advisory vote on executive compensation should occur every 1, 2 or 3 years;
5. To ratify the appointment of the Company s independent registered public accounting firm for the fiscal year ending March 31, 2012; and
6. To transact such other business as may properly come before the Annual Meeting.

The Board of Directors has established the close of business on May 31, 2011 as the record date for determining shareholders entitled to notice and to vote at the Annual Meeting and any adjournments.

The Company s Annual Report to Shareholders for the year ended March 31, 2011 is available to shareholders. The Proxy Statement accompanies this Notice.

By Order of the Board of Directors,  
MARK D. MCGINLEY  
*Secretary*

June 7, 2011

**PLEASE NOTE: STERIS has implemented Securities and Exchange Commission rules that allow proxy materials to be furnished to shareholders over the Internet. Whether or not you expect to be present at the Annual Meeting, please cast your vote over the Internet, by telephone, or by requesting paper proxy materials and returning the signed proxy card. If you attend the Annual Meeting, you may revoke your proxy and vote your shares in person.**

**PLEASE NOTE: Attendance at the STERIS Corporation Annual Meeting is limited to STERIS shareholders, members of their immediate families, or their formally designated representatives. Shareholders will be required to register and present appropriate picture identification in order to be admitted to the Annual Meeting. STERIS reserves the right to limit items brought to the Annual Meeting, including, without limitation, cameras, recording equipment, electronic devices, packages and other items, and to take other action for the proper, orderly and efficient conduct of the meeting.**

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# STERIS CORPORATION

5960 Heisley Road

Mentor, Ohio 44060

440-354-2600

## Annual Meeting of Shareholders

July 28, 2011 9:00 a.m. (Eastern Time)

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**GENERAL INFORMATION**

**PROXY VOTING AND SOLICITATION OF PROXIES**

This Proxy Statement was furnished on or about June 10, 2011, to the shareholders of STERIS Corporation ( "STERIS" or the "Company" ) of record as of the close of the stock transfer books on May 31, 2011. This Proxy Statement is provided in connection with the solicitation by the Board of Directors of proxies for the 2011 Annual Meeting of Shareholders to be held at 9:00 a.m., Eastern Time, on Thursday, July 28, 2011, at STERIS Corporation's Headquarters, 5960 Heisley Road, Mentor, Ohio, USA. The cost of soliciting the proxies will be borne by the Company. Our directors, officers and employees may solicit proxies in person, by mail, by telephone, fax, or e-mail. They will not receive any additional compensation for these activities. STERIS has engaged a professional proxy solicitation firm, Georgeson Inc. ( "Georgeson" ), to assist in tracking voting with brokers, banks and other institutional holders. The Company will pay Georgeson a fee of approximately \$8,500 for these services. Additional shareholder meeting services may be contracted for additional fees.

As permitted by rules adopted by the Securities and Exchange Commission ( "SEC" ), we are making this Proxy Statement and our 2011 Annual Report available at [www.proxyvote.com](http://www.proxyvote.com). If you received a Notice regarding this availability, the Notice instructs you how to access and review the Proxy Statement and the 2011 Annual Report, as well as the alternative methods to vote your shares over the Internet, by telephone, or by mailing a completed form of proxy (if requested). If you received a Notice and would like to receive a printed copy of our proxy materials, you should follow the instructions in the Notice for requesting such materials.

If you received a printed copy of the proxy materials, the Company now offers the opportunity to electronically receive future proxy statements and annual reports over the Internet. By using these services, you are not only able to access these materials more quickly, but you are also helping STERIS save resources and reduce printing and postage costs. Online services are available to our registered and beneficial shareholders who have active email accounts and Internet access. Registered shareholders maintain shares in their own names. Beneficial shareholders have shares deposited with a bank or brokerage firm. Beneficial owners will need to complete the bank or brokerage firm process for requesting electronic delivery. If you have accounts with multiple banks and/or brokers, you will need to complete the process for each account. Upon completion of your enrollment, you will receive an email confirming your election to use the online services. Your enrollment in the online program will remain in effect as long as your account remains active or until you cancel your enrollment.

**VOTING**

As of the record date set by the Board of Directors (May 31, 2011), the Company had 59,410,910 Common Shares outstanding and entitled to vote at the 2011 Annual Meeting, each of which is entitled to one vote. Under the Ohio General Corporation Law, the shares may be voted cumulatively in the election of directors if (a) notice in writing is given by a shareholder of record to the President, a Vice President, or the Secretary of the Company not less than 48 hours before the time fixed for holding the meeting that the shareholder desires the voting in the election to be cumulative, and (b) an announcement of the giving of the notice is made upon the convening of the meeting by the Chairman or the Secretary or by or on behalf of the shareholder giving the notice. If cumulative voting is in effect, each shareholder will have the right to cumulate the shareholder's votes and to give one nominee a number of votes equal to the number of directors to be elected multiplied by the number of votes to which the shareholder's shares are entitled, or the shareholder may distribute the shareholder's votes on the same principle among two or more nominees. In the event of cumulative voting, unless contrary instructions are received, the persons named in the enclosed proxy will vote the shares represented by valid proxies on a cumulative basis for the election of the nominees listed on pages 4 and 5, allocating the votes among the nominees in accordance with their discretion. Pursuant to the Ohio General Corporation Law, a shareholder may revoke a proxy by giving notice to the Company in writing, in a verifiable communication, in open meeting, or by submitting a subsequent proxy.



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**VOTES REQUIRED TO ADOPT PROPOSALS**

Common Shares represented by properly executed proxies will be voted in accordance with the specifications made thereon. If no specification is made, proxies will be voted FOR the election of the nominees named in this Proxy Statement, FOR the amendment and restatement of the STERIS Corporation 2006 Long-Term Equity Incentive Plan, FOR approval, on a non-binding advisory basis, of the compensation of our named executive officers, FOR an advisory vote on executive compensation to occur every year and FOR the ratification of Ernst & Young LLP as the Company's independent registered public accounting firm.

Abstentions and broker non-votes are tabulated in determining the votes present at a meeting for purposes of determining a quorum. Director nominees receiving the greatest number of votes cast will be elected as directors provided a quorum is present at the meeting in person or by proxy. An abstention or a broker non-vote will have no effect with respect to the election of a director nominee. On any proposal requiring approval by a specified percentage of the Company's Common Shares that are outstanding or that are present at the meeting, an abstention or a broker non-vote will have the same effect as a vote against approval of the proposal, as each abstention or broker non-vote will be one less vote for the proposal. Except for abstentions in connection with the proposal on the amendment and restatement of the 2006 Long-Term Equity Plan, an abstention or broker non-vote will have no effect on any proposal requiring only a majority of the votes cast as the abstention or broker non-vote will not be counted in determining the number of votes cast.

Stockholder votes will be tabulated by an independent inspector of elections for the Annual Meeting.

**PURPOSES OF ANNUAL MEETING**

The Annual Meeting has been called for the purposes of (1) electing 10 directors to serve until the Company's 2012 Annual Meeting of Shareholders, (2) approving the amendment and restatement of the STERIS Corporation 2006 Long-Term Equity Incentive Plan, (3) holding a non-binding advisory shareholder vote regarding executive compensation, (4) holding a non-binding advisory shareholder vote regarding whether an advisory vote on executive compensation will occur every 1, 2 or 3 years, (5) ratifying the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending March 31, 2012 and (6) transacting such other business as may properly come before the meeting.

The persons named in the accompanying proxy form have been selected by the Board of Directors and will vote shares represented by valid proxies. They have indicated that, unless otherwise specified in the proxy, they intend to vote to elect as directors the 10 nominees listed on pages 4 and 5, to approve the amendment and restatement of the STERIS Corporation 2006 Long-Term Equity Incentive Plan, to approve, on a non-binding advisory basis, the compensation of our named executive officers, for an advisory vote on executive compensation to occur every year, and to ratify the appointment of Ernst & Young LLP.

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**PROPOSAL 1 ELECTION OF DIRECTORS**

Our Board of Directors (sometimes referred to as the Board ) currently has ten members. The Board, after considering the recommendation of the Compensation and Corporate Governance Committee, unanimously nominated the ten nominees listed below for election to the Board at the Annual Meeting.

The directors elected at the Annual Meeting will hold office until the 2012 Annual Meeting of Shareholders or until their successors are duly elected and qualified. Unless otherwise instructed, the persons named in the accompanying proxy form intend to vote the proxies held by them for the election of the ten nominees named below. The Board has no reason to believe that any of the nominees will be unable to serve as a director. In the event, however, of the death or unavailability of any nominee or nominees, a proxy with a vote for such nominee or nominees will be voted for such other person or persons as the Board may recommend unless the Board, in response to the death or unavailability, chooses to reduce the size of the Board or the number of directors, or take other action.

**PROPOSAL 1:** To elect Richard C. Breeden, Cynthia L. Feldmann, Jacqueline B. Kosecoff, David B. Lewis, Kevin M. McMullen, Walter M Rosebrough, Jr., Mohsen M. Sohi, John P. Wareham, Loyal W. Wilson, and Michael B. Wood as directors for terms expiring at the 2012 Annual Meeting of Shareholders.

Ms. Feldmann, Drs. Kosecoff, Sohi and Wood and Messrs. Breeden, McMullen, Lewis, Rosebrough, Wareham and Wilson were all last elected as directors by the shareholders at the 2010 Annual Meeting for terms expiring at the 2011 Annual Meeting.

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**NOMINEES FOR ELECTION AS DIRECTORS**

As to all the nominees, the following provides their age, the year in which each became a STERIS director, their principal occupations and recent employment history, and any directorships held in companies having securities registered pursuant to the Securities Exchange Act of 1934 during the last five years.

**Richard C. Breeden**, age 61, director since April 2008, and Chairman and Chief Executive Officer of Breeden Capital Management LLC, the manager of a series of affiliated investment funds, since 2005. He has also served since 1996 as Chairman of Richard C. Breeden & Co., LLC, a professional services firm specializing in strategic consulting, financial restructuring and corporate governance advisory services. From 2005 to 2009, Mr. Breeden served as Corporate Monitor of KPMG LLP on behalf of the U.S. Department of Justice under a Deferred Prosecution Agreement with KPMG LLP. Mr. Breeden served as Chairman of the U.S. Securities and Exchange Commission from 1989-1993. During the past five years, Mr. Breeden has also served on the Boards of Applebee's International, Inc., Banco Bilbao Vizcaya Argentaria, S.A. of Spain, Zale Corporation and H & R Block, Inc., where he was non-executive Chairman as well as a director.

**Cynthia L. Feldmann**, age 58, director since March 2005 and President and Founder of Jetty Lane Associates, a consulting firm, from December 2005 to the present. From November 2003 to September, 2005 Ms. Feldmann served as the Life Sciences Business Development Officer for the Boston law firm Palmer & Dodge, LLP. From September 2002 to November 2003 Ms. Feldman was involved in a variety of personal business matters. From 1994 to 2002, Ms. Feldman was employed by KPMG LLP, primarily serving as Partner-in-Charge of its National Medical Technologies Practice. From 1986 to 1994, Ms. Feldmann was employed by Coopers & Lybrand (now PricewaterhouseCoopers LLP), and during that time was named Partner-in-Charge of its Life Sciences practice. Ms. Feldmann is a director of Hanger Orthopedic Group, Inc. She previously served on the Board of Hayes Lemmerz International, Inc.

**Jacqueline B. Kosecoff**, age 62, director since October 2003, has served since 2007 as Chief Executive Officer of OptumRx (formerly named Prescriptions Solutions), a pharmacy benefits management company and subsidiary of UnitedHealth Group. Dr. Kosecoff served as Chief Executive Officer of Ovations Pharmacy Solutions, a UnitedHealth Group company, from December 2005 to October 2007. From July 2002 to December 2005, Dr. Kosecoff served as Executive Vice President, Specialty Companies, of PacifiCare Health Systems, Inc., one of the nation's largest consumer health organizations. From 1998 to 2002, Dr. Kosecoff was President and Founder of Protocare, Inc., a firm involved in the development and testing of drugs, devices, biopharmaceutical and nutritional products, and consulting and analytic services. Dr. Kosecoff is a director of Sealed Air Corporation and CareFusion Corporation.

**David B. Lewis**, age 67, director since July 2010. Mr. Lewis has been a partner since 1982 with the firm of Lewis & Munday, a Detroit based law firm with offices in Washington, D.C., Seattle, WA, Lansing MI, and New York, NY. He served as its Chairman from 1982 to January 2011. He is a director of H&R Block, Inc. and The Kroger Company. Previously, Mr. Lewis served on the Boards of Conrail, Inc., LG&E Energy Corp., M.A. Hanna, TRW, Inc., and Comerica, Inc.

**Kevin M. McMullen**, age 50, director since July 2000, and Chairman of the Board, Chief Executive Officer, and President of OMNOVA Solutions Inc., a major innovator of decorative and functional surfaces, emulsion polymers, and specialty chemicals, since February 2001. Mr. McMullen was President of GenCorp Inc.'s Decorative & Building Products business unit from 1996 until GenCorp's spin-off of OMNOVA in 1999. Mr. McMullen became President and Chief Operating Officer of OMNOVA in 2000, and Chairman, Chief Executive Officer and President of OMNOVA in 2001. Before joining GenCorp, Mr. McMullen was employed by General Electric Corporation in its Commercial & Industrial Lighting business from 1991 to 1996, and McKinsey & Company from 1985 to 1991.

**Walter M Rosebrough, Jr.**, age 57, director and President and Chief Executive Officer of STERIS Corporation since October 2007. From February 2005 to September 2007, Mr. Rosebrough served as President and CEO of

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Coastal Hydraulics, Inc., a hydraulic and pneumatic systems company he purchased in 2005, and he continues to serve as its non-executive Chairman. From January 2003 until February 2005, Mr. Rosebrough was involved in a variety of personal business matters including the purchase of Coastal Hydraulics. From 2000 to 2003, he was President and CEO of Vasocor, Inc., a start-up focused on the development of medical devices to detect atherosclerosis. Prior to Vasocor, Mr. Rosebrough spent nearly 20 years in the healthcare industry in various roles as a senior executive with Hillenbrand Industries, Inc., a worldwide provider of medical equipment and related services, including President and CEO of Support Systems International, President and CEO of Hill-Rom, and Executive Vice President of Hillenbrand.

**Mohsen M. Sohi**, age 52, director since July 2005, and since July 2010, Managing Partner of Freudenberg and Co., a general multi-industry company serving various industries including automotive, medical, aerospace, oil and gas and power generation and transmission. From March 2003 through June 2010, Dr. Sohi served as President and Chief Executive Officer of Freudenberg-NOK, a privately-held joint venture partnership between Freudenberg and NOK Corp. of Japan, the world's largest producer of elastomeric seals and custom molded products for automotive and other applications. From January 2001 to March 2003, Dr. Sohi was with NCR Corporation, a leading global technology company, most recently as the Senior Vice President, Retail Solutions Division. Prior to NCR, Dr. Sohi was with Honeywell International Inc. and its pre-merger constituent, Allied Signal, Inc., providers of aerospace, automation & control solutions, specialty materials and transportation systems, for 14 years, serving from July 2000 to January 2001 as President, Honeywell Electronic Materials. Dr. Sohi is a director of Aviat Networks, Inc. (formerly known as Harris Stratex Networks, Inc.). Dr. Sohi previously served on the Board of Hayes Lemmerz International, Inc.

**John P. Wareham**, age 69, director since November 2000. Mr. Wareham was appointed Chairman of the Board of Directors of STERIS in May 2005. In April 2005, Mr. Wareham retired as Chairman of the Board and Chief Executive Officer of Beckman Coulter, Inc., a leading provider of laboratory systems and complementary products used in biomedical analysis, a position which he held since February 1999. Previously Mr. Wareham served as President and Chief Operating Officer of Beckman Coulter, a position he assumed in 1993. Mr. Wareham is a director of ResMed Inc. Mr. Wareham previously served on the Boards of Beckman Coulter, Inc., Greatbatch, Inc. and Accuray Incorporated.

**Loyal W. Wilson**, age 63, director since 1987, and Managing Director of Primus Capital Partners, Inc., a private equity investment and management firm, since 1994 and a Managing Partner of Primus Venture Partners, L.P. since 1983. Primus companies are investors in established, high growth firms in the business services, healthcare and education industries. Mr. Wilson previously served on the Boards of Marlin Business Services Corp. and Corinthian Colleges, Inc.

**Michael B. Wood**, age 67, director since October 2004, and from August, 2004 to the present a consultant orthopedic surgeon at the Mayo Clinic in Jacksonville, Florida and as a Professor of Orthopedics at the Mayo Clinic College of Medicine. Dr. Wood served from June 2004 to August 2004 as a staff orthopedic surgeon at Luther-Midelfort Clinic in Eau Claire, Wisconsin. Dr. Wood served as President Emeritus of the Mayo Clinic Foundation from February 2003 until February 2004, and President and CEO of the Mayo Clinic Foundation from 1999 to 2003. The Mayo Clinic Foundation is a charitable, not-for-profit organization based in Rochester, Minnesota, and is the parent corporate entity of the Mayo Clinics in Minnesota, Florida and Arizona. Dr. Wood is a director of Cubist Pharmaceuticals, Inc.

The Board of Directors believes that each of the director nominees has the necessary personal and professional ethics, integrity, experience, commitment, judgment, diversity of background, and other attributes to make them well qualified to serve as a director of STERIS. For example, the extensive experience and background of these nominees includes:

Mr. Breeden's experience as Chairman of the U.S. Securities and Exchange Commission, CEO of an investment advisory firm, and a director of several public companies. Mr. Breeden's experience provides our Board with extensive managerial, governance and regulatory insights regarding issues facing public companies. As an investor, Mr. Breeden also provides valuable insight on issues such as shareholder return, executive compensation programs, and capital structure.

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Ms. Feldmann's experience as Partner-in-Charge of a national medical technologies practice and Life Sciences practice for leading public accounting firms and director of publicly traded companies. Ms. Feldmann's overall experience and financial expertise supports the Board's oversight of critical financial policy, reporting and risk matters encountered by public companies.

Dr. Kosecoff's experience as a Chief Executive Officer for a number of large healthcare organizations and a director of publicly traded companies. Dr. Kosecoff's background provides our Board with extensive managerial, government and regulatory experiences and insight in the healthcare industry.

Mr. Lewis' many years experience as a practicing attorney, and as a director of several public companies. Mr. Lewis' background provides our Board with an important perspective regarding legal, regulatory and financial issues (although he does not serve in a legal capacity or provide legal advice to STERIS or our Board).

Mr. McMullen's experience as Chairman, President, and Chief Executive Officer of a publicly traded company. Mr. McMullen's experience as chief executive of an international public company with a diverse employee population brings significant understanding of managerial, human resources and compensation matters to the Board.

Mr. Rosebrough's experience as President and Chief Executive Officer for several corporations and many years experience as a senior executive in the healthcare industry. Mr. Rosebrough leads the Company's management team, assists the Board in its oversight of the Company, and provides unique perspectives into the healthcare industry and our operations, direction and strategies.

Dr. Sohi's experience as President and Chief Executive Officer of an international industrial company, and international operating experience. Dr. Sohi provides our Board with substantial manufacturing, operational and international experience, which are important factors for the Board's oversight and the Company's strategies.

Mr. Wareham's many years as Chairman and Chief Executive Officer of a publicly traded corporation in the biomedical field, as well as other senior executive and board of director positions. Mr. Wareham's broad-based experience and leadership roles provide the Board and the Company with extraordinary healthcare industry perspectives and insights.

Mr. Wilson's many years experience as Managing Director of a private equity investment and management firm. Mr. Wilson provides valuable managerial, investment, and financial experience that support the Board's oversight of management and issues generally facing public companies.

Dr. Wood's experience as President and CEO of one of the most prestigious medical organizations in the world and as a director of the Institute for Healthcare Improvement. Dr. Wood provides the Board with the unique perspective of a user of medical instrumentation, as a surgeon, as well as hospital managerial experience as the former CEO of The Mayo Clinic Foundation.

The Board believes these diverse and complimentary backgrounds, and the depth of experience of each of the director nominees, makes each of them well qualified.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF RICHARD C. BREEDEN, CYNTHIA L. FELDMANN, JACQUELINE B. KOSECOFF, DAVID B. LEWIS, KEVIN M. MCMULLEN, WALTER M ROSEBROUGH, JR., MOHSEN M. SOHI, JOHN P. WAREHAM, LOYAL W. WILSON AND MICHAEL B. WOOD.**

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**PROPOSAL 2 APPROVAL OF THE AMENDMENT AND RESTATEMENT OF THE STERIS CORPORATION 2006 LONG-TERM EQUITY INCENTIVE PLAN**

The Board recommends a vote for approval of the amendment and restatement of the STERIS Corporation 2006 Long-Term Equity Incentive Plan, as amended March 13, 2007. Pursuant to the Company's 2006 Long-Term Equity Incentive Plan ( "2006 Plan" or, for purposes of this discussion concerning Proposal 2, "Plan" ), which was originally approved by the Company's shareholders in July, 2006, the Company grants equity incentives to non-employee directors and employees of STERIS and its subsidiaries. The Board believes that the ability to attract and retain outstanding directors, executives and other key employees is critical to the continuing success of STERIS and that the ability to grant equity incentive compensation is important to the achievement of this objective. The Board also believes that the Plan, along with the Company's stock ownership guidelines for senior management, allow STERIS to continue to provide directors and key employees a significant identity of interest with STERIS shareholders. Pursuant to IRS regulations, certain of the equity incentives provided under the Plan to named executive officers that might otherwise be deductible by the Company may not be deductible unless the Plan is reapproved by shareholders at intervals of five years or less.

The Company is seeking shareholder approval of the amendment and restatement of the Plan at the Annual Meeting (a) in order that gains on the exercise of non-qualified stock options and stock appreciation rights ( "SARs" ) and certain other performance based compensation that may be subsequently awarded under the Plan will continue to be deductible under Section 162(m) of the Internal Revenue Code of 1986, as amended, pursuant to the shareholder reapproval requirement referenced above, (b) to make sufficient equity available under the Plan for awards for the next several years, (c) to eliminate certain sublimits on the various types of awards that may be made under the Plan, (d) to revise the general vesting rules applicable to awards of stock options, SARs, restricted stock and restricted stock units to employees of certain age and service levels and (e) to make certain other less significant changes. As of May 31, 2011 there were approximately two million nine hundred and eighty-two thousand one hundred and forty-five (2,982,145) Common Shares available for Plan equity grants, including up to two million four hundred and thirty-one thousand nine hundred and thirty-seven (2,431,937) Common Shares available for nonqualified and incentive stock option grants, six hundred and eighty-two thousand four hundred and five (682,405) Common Shares available for grants of restricted stock and restricted stock units and one million five hundred and sixty-seven thousand seven hundred and ninety (1,567,790) Common Shares available for grants of performance shares and performance share units and other awards. Approval of the Plan amendment and restatement will increase the number of Common Shares available for equity grants under the Plan by one million six hundred thousand (1,600,000) shares and generally eliminate the Plan sublimits described above.

The following summary is a brief description of the Plan. This summary is qualified in its entirety by reference to the Plan and is to be interpreted solely in accordance with the Plan, a copy of which is attached as Appendix A to this Proxy Statement.

**Plan Features / Limitations**

The Plan authorizes equity-based compensation in the form of stock options, SARs, restricted stock, restricted stock units, performance shares and performance units and other equity-based awards for the purpose of attracting and retaining the Company's non-employee directors, officers and employees, and providing incentives and rewards for superior performance. Some of the key features of the Plan that reflect the Board's commitment to effective management of incentive compensation are set forth below and are described more fully under the heading "Summary of the Plan" and in the Plan, which is attached to this Proxy Statement as Appendix A.

**Plan Limits.** Total awards under the Plan as amended and restated would be limited to Eight Million Two Hundred Thousand (8,200,000) Common Shares. This limit would apply to all awards made since the original Plan effective date, July 26, 2006. In addition, as amended and restated, the Plan would eliminate separate limitations on the maximum number of Common Shares that can be issued in connection with non-qualified stock options, restricted stock and restricted stock units, and performance shares, performance units and other share-based awards. The only separate sublimit that would remain based upon type of award would be for incentive stock options; the number of Common

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Shares that may be issued or transferred upon the exercise of incentive stock options may not exceed 2,000,000. The Plan also limits the aggregate number of stock options and SARs that may be granted to any one participant in a calendar year to 1,000,000 Common Shares and the aggregate number of shares of restricted stock or restricted stock units subject to the achievement of specified management objectives (as discussed below), performance shares, performance units or other awards under Section 10 of the Plan subject to achievement of specified management objectives that may be granted to any one participant in a calendar year to 500,000 Common Shares (or, in the case of performance units, the cash equivalent thereof based on the market value per share on the date of grant).

**Recycling Provisions.** The following Common Shares will reduce the aggregate Plan limit: (1) Common Shares tendered in payment of the option price; (2) Common Shares withheld by STERIS to satisfy the tax withholding obligation; and (3) Common Shares covered by SARs to the extent the SAR is exercised and settled in Common Shares, whether or not shares are actually issued upon exercise. Also, shares that are repurchased by STERIS with option right proceeds will not be added to the aggregate Plan limit described above. The Plan provides that the number of Common Shares underlying awards that expire or are forfeited will not reduce the number of Common Shares available for issuance under the Plan.

**No Repricing.** STERIS has never repriced underwater stock options or SARs, and repricing of options and SARs is prohibited without shareholder approval under the Plan.

**Exercise Price Limit.** The Plan also provides that no stock options or SARs will be granted with an exercise or base price less than the fair market value of STERIS Common Shares on the date of grant.

**Delegation.** The Board has paramount authority for administration of the Plan. Most of this authority will be delegated to the Board's Compensation and Corporate Governance Committee (consisting of only independent directors). Pursuant to such delegation, the Compensation and Corporate Governance Committee will have the powers and authority of the Board as described herein. References in this description of the Plan to the Board include the Compensation and Corporate Governance Committee, as appropriate. The Plan also permits certain delegations to be made to or by the Chief Executive Officer.

**Summary of the Plan**

*Shares Available Under the Plan.* As stated above, subject to adjustment as provided in the Plan, the number of STERIS Common Shares that may be issued or transferred under the Plan as amended and restated:

upon the exercise of option rights and SARs;

in payment of restricted stock and released from a substantial risk of forfeiture thereof;

in payment of restricted stock units;

in payment of performance shares or performance units that have been earned;

as awards to non-employee directors;

as other awards contemplated by the Plan; or

in payment of dividend equivalents paid with respect to awards made under the Plan, from and after the Plan effective date of July 26, 2006 will not exceed in the aggregate Eight Million Two Hundred Thousand (8,200,000) Common Shares. Common Shares issued under the Plan may be shares of original issuance or treasury shares or a combination of the foregoing.



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The total number of Common Shares available under the Plan as of a given date will not be reduced by any Common Shares relating to prior awards that have expired or have been forfeited or cancelled. Notwithstanding anything to the contrary contained in the Plan:

If Common Shares are tendered or otherwise used in payment of the option price of an option right, the total number of Common Shares covered by the option being exercised will reduce the aggregate Plan limit.

Common Shares withheld by STERIS to satisfy the tax withholding obligation will count against the aggregate Plan limit.

The number of Common Shares covered by an appreciation right, to the extent that it is exercised and settled in Common Shares, and whether or not Common Shares are actually issued to the participant upon exercise of the right, will be considered issued or transferred pursuant to the Plan.

In the event that STERIS repurchases Common Shares with option right proceeds, those Common Shares will not be added to the aggregate Plan limit.

The limits contained in the Plan are subject to certain adjustments as provided in the Plan in the event of stock splits, stock dividends, recapitalizations and certain other events.

*Eligibility.* Non-employee directors, officers and other employees of STERIS and its subsidiaries (including persons who have agreed to commence serving in any of those capacities within 90 days of the date of a grant) may be selected to receive benefits under the Plan. There were approximately 294 current non-employee directors, officers and employees eligible as of May 31, 2011. Selections are made and grants determined by the Board or by the Chief Executive Officer or his delegates, as applicable. However, all determinations in respect of directors and officers, within the meaning of Exchange Act Rule 16a-1(f) ( Section 16 Officers ), and persons subject to Section 162(m) of the Internal Revenue Code ( Section 162(m) Persons ) are required to be made by the Board.

*Types of Awards Authorized.* The Plan provides for the granting of dividend equivalents, option rights, SARs, restricted stock, restricted stock units, performance shares, performance units, awards to non-employee directors and other awards that may be denominated or payable in, valued in whole or in part by reference to or otherwise based on or related to, the Company's Common Shares or factors that may influence the value of its Common Shares. Awards granted under the Plan will be upon such terms as may be approved by the Board (or its delegate) and set forth in an evidence of award. An evidence of award will contain such terms and provisions, consistent with the Plan, as the Board (or its delegate) may approve. Stock options and SARs will not be granted with an exercise price or base price, as the case may be, less than the market value per share. The closing market price of STERIS Corporation Common Shares as reported on the New York Stock Exchange Composite on May 31, 2011 was \$36.09. Generally, no option right or SAR may be exercisable more than 10 years from the date of grant.

Except to the extent applicable Plan provisions, if any, are to otherwise apply, each grant of an award will specify the period of continuous service or other conditions that must be satisfied before the award is exercisable, vested or earned. Restricted stock and restricted stock units that vest upon the passage of time must be subject to restrictions for a period specified in the Plan or determined by the Board (or its delegate) at the date of grant. The specified performance period relating to performance shares and performance units will be a period of time determined by the Board (or its delegate) at the date of grant.

Grants of option rights, SARs, restricted stock or restricted stock units may provide for the earlier vesting or termination of restrictions relating to such award in the event of the retirement, death or disability of a participant and, unless otherwise provided in the applicable evidence of award, will provide for earlier vesting or termination of restrictions relating to such award in the event of a change in control of the Company. The performance period relating to any grant of performance shares or performance units may be subject to earlier lapse or modification in the event of the retirement, death or disability of a participant and, unless otherwise provided in the applicable evidence of award, will be subject to earlier lapse or modification in the event of a change in control of the Company.

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The Board may, in its discretion, authorize the granting to non-employee directors of option rights, SARs or other awards under the Plan and may also authorize the grant or sale of Common Shares, restricted stock or restricted stock units to non-employee directors. Non-employee directors are not eligible to receive performance shares or performance units under the Plan. Each grant of an award to a non-employee director will be on such terms and conditions as approved by the Board and will be reflected in an evidence of award in such form as will be approved by the Board.

*Management Objectives.* Under the Plan, the Board (or its delegate) must establish management objectives for purposes of performance shares and performance units. When so determined, option rights, SARs, restricted stock, restricted stock units, and other awards under the Plan or dividend credits may also specify management objectives. Management objectives may be described in terms of either company-wide objectives or objectives that are related to the performance of the individual participant or a subsidiary, segment, business unit, team, division, department, region or function within STERIS or a subsidiary in which the participant is employed. The management objectives may be based on the performance of STERIS relative to the performance of other companies, businesses or industries. Management objectives applicable to any award to a participant who is, or is determined by the Board (or its delegate) likely to become, a covered employee within the meaning of Section 162(m) of the Internal Revenue Code that is designated by the Board (or its delegate) as intended to satisfy the requirements for qualified performance-based compensation under Sections 162(m) of the Internal Revenue Code, will be limited to specified levels of or growth in one or more of the following: cash flow; cost of capital; cost reduction; customer service; debt reduction or leverage ratio; earnings and earnings growth (including earnings per share and earnings before interest and taxes (EBIT) and earnings before interest, taxes, depreciation and amortization (EBITDA)); economic value added; total shareholder return and improvement of shareholder return; inventory management; margins, including gross margin, EBIT, EBITDA and net income; market share; market value added; net income; productivity improvement; profit after taxes; project execution; quality; recruitment and development of associates; reduction of fixed costs; return on assets; return on equity; return on invested capital; return on total capital; revenue and revenue growth; sales and sales growth; successful start-up of new facility; successful acquisition, divestiture or other special project; unit volume; and working capital, including, but not limited to, inventory turns and days sales outstanding.

*Exercise of Awards after Termination of Service.* Unless otherwise provided in an evidence of award, the following rules will apply to awards under the Plan after a participant's service with STERIS is terminated:

*Termination other than upon Qualifying Retirement, Death or Disability or for Cause.* A vested stock option or SAR must be exercised during the three months following termination of service, except in the event of qualifying retirement, disability, or death, but not later than the expiration of the option or SAR. Upon any such termination of service, restricted stock for which a participant paid an acquisition price and with respect to which restrictions, conditions or contingencies have not lapsed as of the participant's termination date shall be offered by the participant to STERIS for resale at the acquisition price, except as otherwise provided in the applicable evidence of award. In addition, upon any such termination of service, restricted stock for which a participant did not pay an acquisition price, restricted stock units, performance shares, performance units, and any other award granted with respect to which restrictions, conditions or contingencies have not lapsed as of the participant's termination date shall be forfeited, except as otherwise provided in the applicable evidence of award or the Plan. The treatment of employees terminated for cause (as defined in the Plan) is described below.

*Qualifying Retirement.* Generally, if a participant retires from STERIS after having attained age 55 and having been in the service of STERIS for at least five consecutive years with requisite consents or approvals and without having engaged in any Detrimental Activity, and unless otherwise provided in the evidence of award, stock options, SARs, restricted stock, restricted stock units, performance shares, performance units and other awards held by the participant at the date of retirement that were granted to employees prior to the 2012 fiscal year or that are granted to directors will continue to vest as though the participant remained in the service of the Company through the fifth anniversary of the date of retirement provided the participant remains in good standing (as defined in the Plan). Unless otherwise provided in the applicable evidence of award, this continued vesting will not apply to stock options, SARs, restricted stock, restricted stock units performance shares,

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performance units and other awards granted to employees subsequent to the 2011 fiscal year. A vested stock option or SAR may be exercised starting on the date of retirement and ending on the first to occur of (1) the expiration date of the relevant award and (2) the fifth anniversary of the date of retirement. If a participant fails to remain in good standing, any outstanding stock options and SARs shall be forfeited.

**Disability.** If a participant's service with STERIS is terminated due to disability, a stock option or SAR may be exercised within a period of one year following such termination of service, but not later than the expiration of the option or SAR. In that event, restricted stock for which a participant paid an acquisition price and with respect to which restrictions, conditions or contingencies have not lapsed as of the participant's termination date shall be offered by the participant to STERIS for resale at the acquisition price, except as otherwise provided in the applicable evidence of award. Furthermore, restricted stock for which a participant did not pay an acquisition price, restricted stock units, performance shares, performance units, and any other award granted with respect to which restrictions, conditions or contingencies have not lapsed as of the participant's termination date shall be forfeited, except as otherwise provided in the applicable evidence of award.

**Death.** Upon the death of a participant, if a non-qualified stock option or SAR has not expired prior to the participant's death and would otherwise expire before the first anniversary of the participant's death, the expiration date of the award shall be extended to the first anniversary of the participant's death. Any stock options or SARs that are outstanding on the date of a participant's death shall become immediately exercisable and the participant's representative may exercise the stock option or SAR within a period of one year after the participant's death. Restrictions, conditions or contingencies on any restricted stock, restricted stock units, performance shares, performance units and any other award held by the participant at his or her date of death shall be modified by the Board or the CEO (or a delegate) in such manner as may be specified to give the participant's representative the benefit of those awards through the date of death.

**Cause.** Upon an employee's termination for cause (as defined in the Plan), any unexercised stock options and SARs shall immediately expire; restricted stock for which a participant paid an acquisition price and with respect to which restrictions, conditions or contingencies have not lapsed as of the participant's termination date shall be offered by the participant for resale to STERIS at the acquisition price; and restricted stock for which a participant did not pay an acquisition price, restricted stock units, performance shares, performance units, and any other award granted with respect to which restrictions, conditions or contingencies have not lapsed as of the participant's termination date shall be forfeited.

**Other.** If permitted by Section 409A of the Code, in the case of termination of employment by reason of death, disability, retirement or in the case of unforeseeable emergency or other special circumstances of or relating to a participant, the Board or the CEO (or a delegate) may in its sole discretion accelerate the time at which awards may be exercised, the time at which the substantial risk of forfeiture or prohibition or restriction on transfer will lapse or terminate, or the time at which performance shares or performance units will be deemed to have been fully earned or may waive any other limitation or requirement under any award, except in the case of a covered employee where such action would result in the loss of the otherwise available exemption of the award under Section 162(m) of the Internal Revenue Code.

**Administration and Amendments.** In general, the Plan is to be administered by the Board, except that the Board has the authority to delegate its powers under the Plan to the Compensation and Corporate Governance Committee, to another committee of the Board (or a subcommittee thereof), or to one or more officers of the Company. The Chief Executive Officer or his delegates are authorized by the terms of the Plan to take certain actions. The Board will delegate most of the administration of the Plan to its Compensation and Corporate Governance Committee. The Compensation and Corporate Governance Committee is authorized to interpret the Plan and related agreements and other documents with respect to all directors and Section 16 Officers and Section 162(m) Persons. However, any director whose specific rights under the Plan are the subject of any interpretation by the Board (or its delegate) shall not take part in or contribute to such interpretation, conclusion or determination. With respect to all participants in the Plan other than directors and Section 16 Officers and Section 162(m) Persons, the Chief Executive Officer (or his delegate) of STERIS is authorized to interpret the Plan and any related agreement, notification or document. The Board may amend the Plan from time to time

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without further approval by the Company's shareholders, except where the amendment: (1) would materially increase the benefits accruing to participants under the Plan; (2) would materially increase the number of securities which may be issued under the Plan, (3) would materially modify the requirements for participation in the Plan or (4) must otherwise be approved by the shareholders of the Company in order to comply with applicable law or rules, including rules of the principal national securities exchange upon which the Common Shares are traded or quoted.

*Change in Control.* Upon a change in control of STERIS, except as otherwise provided in the applicable evidence of award, any awards that are outstanding as of the date of the change in control that are subject to vesting requirements and that are not then vested, will become fully vested and immediately exercisable and all restrictions and other conditions prescribed by the Board (or its delegate), if any, with respect to awards granted pursuant to the Plan will lapse, expire or terminate and all such awards will be deemed to be fully earned. The events giving rise to a change in control will be those set forth in the Plan attached as Appendix A to this Proxy Statement, or, if a different definition of change in control is contained in the applicable evidence of award, will be those events set forth in the applicable evidence of award.

*Transferability.* Except as otherwise determined by the Board (or its delegate), no award granted under the Plan is transferable by a participant except, upon death, by will or the laws of descent and distribution, and in no event shall an award granted under the Plan be transferred for value. Except as otherwise determined by the Board (or its delegate), option rights and SARs are exercisable during the optionee's lifetime only by him or her or by his or her guardian or legal representative.

*Adjustments.* The Board shall make or provide for such adjustments in the numbers of Common Shares covered by outstanding option rights, SARs, restricted stock units, performance shares and performance units granted hereunder and, if applicable, in the number of Common Shares covered by other awards granted pursuant to Section 10 of the Plan and in the option price and base price provided in outstanding option rights and SARs, and in the kind of shares covered thereby, as is equitably required to prevent dilution or enlargement of the rights of participants or optionees that otherwise would result from (a) any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, (b) any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities, or (c) any other corporate transaction or event having an effect similar to any of the foregoing. The Board shall also make or provide for such adjustments in the numbers of shares authorized for grant under the Plan as is appropriate to reflect any transaction or event described in the preceding sentence. Moreover, in the event of any such transaction or event or in the event of a Change in Control, the Board, in its discretion, may provide in substitution for any or all outstanding awards under the Plan such alternative consideration (including cash), if any, as it may determine to be equitable in the circumstances and may require in connection therewith the surrender of all awards so replaced. In addition, for each option right or SAR with an option price or base price greater than the consideration offered in connection with any such transaction or event or Change in Control, the Board may in its discretion elect to cancel such option right or SAR without any payment to the person holding such option right or SAR.

*Detrimental Activity.* Any grant may provide that if a participant, either during employment by STERIS or a subsidiary or within a period of two years (or such other period as may be specified in the applicable evidence of an award) after termination of employment, engages in any detrimental activity, as defined in the Plan, the participant may be required to forfeit any awards granted under the Plan then held by the participant or, in the sole and complete discretion of the Company, return to STERIS, in exchange for payment by STERIS of any amount actually paid for the Common Shares by the participant, all Common Shares that the participant has not disposed of that were offered, acquired or paid out pursuant to or in connection with the Plan within a period of two years (or such longer period as may be specified in the evidence of award) prior to the date of the commencement of the detrimental activity or during or after the detrimental activity. With respect to any Common Shares acquired or paid out under the Plan within two years (or such longer period as may be specified in the evidence of an award) prior to the commencement of such detrimental activity, or during or after the detrimental activity, that the participant has disposed of, if so provided in the evidence of award for such grant

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and in the sole and complete discretion of the Company, the participant will pay to STERIS in cash the difference between (i) the market value per Common Share on the date such shares were acquired or paid out and (ii) any amount actually paid therefor by the participant pursuant to the Plan.

*Withholding Taxes.* To the extent that STERIS is required to withhold federal, state, local or foreign taxes in connection with any payment made or benefit realized by a participant or other person under the Plan, and the amounts available to STERIS for such withholding are insufficient, it will be a condition to the receipt of such payment or the realization of such benefit that the participant or such other person make arrangements satisfactory to STERIS for payment of the balance of such taxes required to be withheld, which arrangements (in the discretion of the Board) may include relinquishment of a portion of such benefit.

**Federal Income Tax Consequences**

The following is a brief summary of some of the federal income tax consequences to the recipient of certain transactions under the Plan based on federal income tax laws in effect on June 1, 2011. This summary is not intended to be complete, should not be used for individual tax planning, and does not discuss state or local tax consequences.

*Non-qualified Option Rights.* In general: (1) no income will be recognized by an optionee at the time a non-qualified option right is granted; (2) at the time of exercise of a non-qualified option right, ordinary income will be recognized by the optionee in an amount equal to the difference between the option price paid for the shares and the fair market value of the shares, if unrestricted, on the date of exercise; and (3) at the time of sale of Common Shares acquired pursuant to the exercise of a non-qualified option right, appreciation (or depreciation) in value of the shares after the date of exercise will be treated as either short-term or long-term capital gain (or loss) depending on how long the shares have been held.

*Incentive Option Rights.* No income generally will be recognized by an optionee upon the grant or exercise of an incentive stock option ( ISO ). The exercise of an ISO, however, may result in alternative minimum tax liability. If Common Shares are issued to the optionee pursuant to the exercise of an ISO, and if no disqualifying disposition of such shares is made by such optionee within two years after the date of grant or within one year after the transfer of such shares to the optionee, then upon sale of such shares, any amount realized in excess of the option price will be taxed to the optionee as a long-term capital gain and any loss sustained will be a long-term capital loss.

If Common Shares acquired upon the exercise of an ISO are disposed of prior to the expiration of either holding period described above, the optionee generally will recognize ordinary income in the year of disposition in an amount equal to the excess (if any) of the fair market value of such shares at the time of exercise (or, if less, the amount realized on the disposition of such shares if a sale or exchange) over the option price paid for such shares. Any further gain (or loss) realized by the participant generally will be taxed as short-term or long-term capital gain (or loss) depending on the holding period.

*SARs.* No income will be recognized by a participant in connection with the grant of a SAR. When the SAR is exercised, the participant normally will be required to include as taxable ordinary income in the year of exercise an amount equal to the cash or the fair market value of any unrestricted Common Shares received on the exercise.

*Restricted Stock.* The recipient of restricted stock generally will be subject to tax at ordinary income rates on the fair market value of the restricted stock (reduced by any amount paid by the participant for such restricted stock) at such time as the shares are no longer subject to forfeiture or restrictions on transfer for purposes of Section 83 of the Internal Revenue Code ( Restrictions ). However, a recipient who so elects under Section 83(b) of the Internal Revenue Code within 30 days of the date of transfer of the shares will have taxable ordinary income on the date of transfer of the shares equal to the excess of the fair market value of such shares (determined without regard to the Restrictions) over the purchase price, if any, of such restricted stock. If a Section 83(b) election has not been made, any dividends received with respect to restricted stock that is subject to the Restrictions generally will be treated as compensation that is taxable as ordinary income to the participant.

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*Restricted Stock Units.* No income generally will be recognized upon the award of restricted stock units. The recipient of a restricted stock unit award generally will be subject to tax at ordinary income rates on the fair market value of unrestricted common shares on the date that such shares are transferred or settled in cash with the participant under the award (reduced by any amount paid by the participant for such restricted stock units), and the capital gains/loss holding period for such shares will also commence on such date.

*Performance Shares and Performance Units.* No income generally will be recognized upon the grant of performance shares or performance units. Upon payment in respect of the earn-out of performance shares or performance units, the recipient generally will be required to include as taxable ordinary income in the year of receipt an amount equal to the fair market value of any unrestricted Common Shares received.

*Section 409A of the Code.* Although the Plan is intended to be compliant with the provisions of Section 409A of the Internal Revenue Code, to the extent that awards granted under the Plan are considered to provide for the deferral of compensation within the meaning of Section 409A and the rules, regulations and other guidance issued thereunder and any such award fails to comply with Section 409A, the recipient of any such award may be subject to income inclusion, interest and a 20% tax penalty as provided for under Section 409A for noncompliance.

*Tax Consequences to STERIS or Subsidiary.* To the extent that a participant recognizes ordinary income in the circumstances described above, STERIS or the subsidiary for which the participant performs services will be entitled to a corresponding deduction provided that, among other things, the income meets the test of reasonableness, is an ordinary and necessary business expense, is not an excess parachute payment within the meaning of Section 280G of the Internal Revenue Code and is not disallowed by the \$1 million limitation on certain executive compensation under Section 162(m) of the Internal Revenue Code.

## **Registration with the SEC**

STERIS intends to file a new or amended Registration Statement on Form S-8 with the Securities and Exchange Commission registering the increase in the numbers of Common Shares available under the Plan as soon as practicable after approval of the Plan amendment and restatement by shareholders.

## **Plan Benefits**

It is not possible to determine specific amounts and types of awards that may be awarded in the future under the Plan because the granting of awards under the Plan is discretionary.

**PROPOSAL 2:** To approve the amendment and restatement of the STERIS Corporation 2006 Long-Term Equity Incentive Compensation Plan.

Approval of Proposal 2 will require the affirmative vote of the holders of a majority of the Common Shares represented in person or by proxy and entitled to vote at the Annual Meeting. In addition, the rules of the New York Stock Exchange ( NYSE ) require approval by a majority of votes cast on Proposal 2, provided that the total votes cast on that proposal must represent over 50% in interest of all securities entitled to vote on the proposal. For purposes of the NYSE shareholder approval requirements, abstentions are deemed to be votes cast and will have the same effect as votes against Proposal 2. Broker non-votes are not counted as votes cast under the NYSE approval requirements. However, broker non-votes are considered to be entitled to vote and therefore could have an impact on satisfaction of the NYSE requirement that the total votes cast on Proposal 2 represent over 50% in interest of all securities entitled to vote on that proposal. If your broker holds your shares in its name, you are urged to provide your broker with voting instructions.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR APPROVAL OF THE AMENDMENT AND RESTATEMENT OF STERIS CORPORATION 2006 LONG-TERM EQUITY INCENTIVE PLAN.**

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**PROPOSAL 3 A NON-BINDING ADVISORY VOTE**

**REGARDING THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS.**

We believe that our compensation policies and procedures are based on a pay-for-performance philosophy and are aligned with the long-term interests of our shareholders. However, to obtain the specific input of shareholders with respect to these policies and procedures in accordance with the provisions of the Wall Street Reform and Consumer Protection Act ( Dodd-Frank Act ) and Section 14A of the Securities Exchange Act of 1934, the proposal described below provides shareholders with the opportunity to cast a non-binding advisory vote regarding the compensation of our named executive officers.

This proposal, commonly known as a Say on Pay proposal, gives shareholders the opportunity to provide input to endorse or not endorse the compensation of the Company s named executive officers. We strongly encourage you to carefully review the Compensation Discussion and Analysis and compensation tables and narrative discussions and related material beginning on page 26 of this Proxy Statement. Thereafter, we request your input on the compensation of the Company s named executive officers through your vote on the following resolution:

**Resolved, that the compensation paid to the Company s named executive officers, as disclosed pursuant to the disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, compensation tables and narrative discussions, is approved on a non-binding advisory basis.**

Because your vote is advisory, it will not be binding upon the Board or the Compensation and Corporate Governance Committee. However, the Compensation and Corporate Governance Committee will take into account the outcome of the vote when considering future executive compensation decisions.

**PROPOSAL 3:** To hold a non-binding advisory vote regarding the compensation of our named executive officers.

Proxies will be voted to approve, on a non-binding advisory basis, the compensation of our named executive officers in the absence of instructions to the contrary.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THIS NON-BINDING ADVISORY VOTE REGARDING THE COMPENSATION OF THE COMPANY S NAMED EXECUTIVE OFFICERS.**

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**PROPOSAL 4 A NON-BINDING ADVISORY VOTE REGARDING WHETHER  
AN ADVISORY VOTE ON EXECUTIVE COMPENSATION WILL OCCUR  
EVERY 1, 2 OR 3 YEARS.**

The Dodd-Frank Act also requires us to provide our shareholders the opportunity to indicate how frequently we should seek a non-binding advisory vote, as provided in Proposal 3 included on page 15 of this Proxy Statement, regarding the compensation of our executive officers. By voting on this Proposal 4, shareholders may indicate whether they would prefer an non-binding advisory vote on named executive officer compensation once every one, two, or three years.

After careful consideration of this Proposal, our Board currently believes that an annual advisory vote on named executive officer compensation is the most appropriate frequency alternative for STERIS, and therefore our Board of Directors recommends that you vote for an advisory vote on executive compensation of our named executive officers to occur every year.

In formulating its recommendation, our Board considered that an annual advisory vote on executive compensation will allow our shareholders to provide us with their direct input on our compensation philosophy, policies and practices as disclosed in the Proxy Statement on a regular and frequent basis. Additionally, an annual non-binding advisory vote on executive compensation is consistent with our policy of seeking input from, and engaging in discussions with, our shareholders on corporate governance matters and our executive compensation philosophy, policies and practices. We understand that our shareholders may have different views as to what is the best approach for STERIS, and we look forward to hearing from our shareholders on this Proposal.

We request your input on your preferred voting frequency regarding executive compensation by choosing the option of one year, two years, three years or abstaining from voting.

The accompanying proxy card allows shareholders to vote for the advisory vote on executive compensation to occur every 1, 2 or 3 years, or to abstain from voting on this matter. Because this vote is advisory it will not be binding upon the Board or Compensation and Corporate Governance Committee. However the Compensation and Corporate Governance Committee will take into account the outcome of the vote when considering when to hold the next shareholder advisory vote on executive compensation.

**PROPOSAL 4:** To hold a non-binding advisory vote regarding whether an advisory vote on executive compensation will occur every 1, 2 or 3 years.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ADVISORY VOTE ON COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS TO OCCUR EVERY YEAR.**



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**PROPOSAL 5 RATIFICATION OF THE APPOINTMENT OF THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Ernst & Young LLP has been reappointed as the Company s independent registered public accounting firm for the fiscal year ending March 31, 2012 by the Audit and Financial Policy Committee of the Board. The Board recommends ratification of this appointment by the shareholders.

**PROPOSAL 5:** To ratify the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for the fiscal year ending March 31, 2012.

Approval of Proposal 5 will require the affirmative vote of the holders of a majority of the Common Shares represented in person or by proxy and entitled to vote at the Annual Meeting. Approval of Proposal 5 will not preclude the Board or Audit and Financial Policy Committee from selecting a different registered public accounting firm at any time during the fiscal year if it determines such change would be in the best interests of the Company and our shareholders.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING MARCH 31, 2012.**

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**UNLESS OTHERWISE SPECIFIED, THE PROXY HOLDERS WILL VOTE FOR**

**PROPOSALS 1, 2, 3 AND 5 AND FOR THE ADVISORY VOTE ON COMPENSATION TO OCCUR EVERY YEAR ON PROPOSAL 4.**

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**VOTING ON OTHER MATTERS**

We have no knowledge of any other matters to be presented for vote to the shareholders at the Annual Meeting. In the event other matters do properly come before the meeting, the persons named in the proxy form will vote in accordance with their judgment on such matters.

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**BOARD OF DIRECTORS INFORMATION**

**BOARD MEETINGS AND COMMITTEES**

Our Board of Directors met five times during the fiscal year ended March 31, 2011. The Board has established three standing committees of the Board – the Audit and Financial Policy Committee, the Compensation and Corporate Governance Committee, and the Compliance Committee. Each committee has adopted a written charter that may be found at <http://www.steris.com/about/ir/corpgovbridge.cfm>. A copy of each charter will also be made available upon a request sent to the Company’s Secretary. From time to time, our Board has also established various special committees.

**Audit and Financial Policy Committee**

Ms. Feldmann and Messrs. Lewis and Wilson are the current members of the Audit and Financial Policy Committee (sometimes referred to as the Audit Committee). The Audit Committee provides oversight relating to the Company’s financial statements and financial reporting process, our systems of internal accounting and financial controls, the internal audit process, the independent audit process of annual financial statements, and investment and financial policies and related matters. SEC rules provide that only a person who meets certain independence criteria may serve on the audit committee of a public company. The Board has determined that Ms. Feldmann and Messrs. Lewis and Wilson each meet those independence criteria for audit committee members and that all such members also are independent within the meaning of the NYSE listing standards. The Board has further determined that Ms. Feldmann qualifies as an audit committee financial expert in accordance with Item 407(d)(5)(ii) of Regulation S-K as a result of the Board’s examination of her education, public accounting firm experience, other board and audit committee experiences and prior STERIS Audit Committee experience. Ms. Feldmann graduated from Boston College in 1975 with a BS degree in Accounting and became a Certified Public Accountant in 1979. She was employed by Coopers & Lybrand (now PricewaterhouseCoopers), was admitted to the partnership in 1986, and was subsequently named Partner-in-Charge of its Life Sciences practice. From 1994 to 2002, Ms. Feldman was employed by KPMG, primarily serving as Partner-in-Charge of its National Medical Technologies Practice. During her employment with these public accounting firms, Ms. Feldmann was in charge of and actively supervised the audits of numerous public companies in many of the same industries in which STERIS participates. In addition, Ms. Feldmann has served on the audit committee of other U.S. public companies. Based on Ms. Feldmann’s education, experience in preparing, auditing and evaluating financial statements, and extensive audit and audit committee experience, the Board of Directors determined that Ms. Feldmann qualifies as an audit committee financial expert as defined by applicable regulation.

The Audit and Financial Policy Committee met eight times during fiscal 2011. A copy of the Audit and Financial Policy Committee’s charter may be found at <http://www.steris.com/about/ir/corpgovbridge.cfm>. A copy will also be made available upon a request sent to the Company’s Secretary.

**Compensation and Corporate Governance Committee**

Messrs. McMullen, Breeden and Wareham are the current members of the Compensation and Corporate Governance Committee (sometimes referred to as the Compensation Committee). The Compensation and Corporate Governance Committee is responsible for the Company’s general compensation philosophy for senior management, including approval of the compensation of the President and Chief Executive Officer and elements of other senior management compensation. The Compensation Committee’s approval is required for equity grants to the named executive officers and other executive officers under the Company’s 2006 Long-Term Equity Incentive Plan and annual performance bonus payments under the Company’s Incentive Compensation Plan and Senior Executive Incentive Compensation Plan. In making these decisions, the Compensation Committee considers the recommendations of the President and Chief Executive Officer and the Committee’s compensation consultant. The Compensation Committee also is responsible for the Company’s compensation philosophy for

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the directors, reviews director compensation in relation to certain other companies, and discusses this review with and makes recommendations to the Board. The Compensation Committee is authorized to and has regularly retained compensation consultants and other advisors to assist with the discharge of its responsibilities. A more detailed description of this process is located under Executive Compensation Compensation Discussion and Analysis, beginning on page 26.

The Compensation and Corporate Governance Committee believes that the design of our executive compensation program continues to provide appropriate incentives and alignment with shareholders, without creating unreasonable risk. The Committee has, however, voluntarily solicited the input of shareholders regarding our executive compensation program at our 2010 Annual Meeting of Shareholders through a non-binding advisory say on pay proposal similar to that described previously in this Proxy Statement, and is continuing to seek shareholder input on our executive compensation in accordance with the provisions of Dodd-Frank as described in this Proxy Statement.

In addition, the Compensation Committee makes recommendations to the Board of Directors concerning the composition, structure and operation of the Board and Board nominee recommendations, in this respect performing nominating committee functions. Finally, it develops and recommends to the Board corporate governance principles for the Company and oversees the process for evaluation of the Board and senior management. All members of the Compensation Committee are independent, within the meaning of the NYSE listing standards, and have no interlocking relationships with the Company, within the meaning of SEC rules. The Compensation and Corporate Governance Committee met three times during fiscal 2011. A copy of the Compensation and Corporate Governance Committee's charter may be found at <http://www.steris.com/about/ir/corpgovbridge.cfm>. A copy will also be made available upon a request sent to the Company's Secretary.

## **Compliance Committee**

Drs. Kosecoff, Wood and Sohi and Mr. Rosebrough are the current members of the Compliance Committee. The Compliance Committee provides oversight relating to legal, regulatory, and health, safety and environmental matters, compliance with applicable laws and regulations, and compliance programs and policies. The Compliance Committee met four times during fiscal 2011. A copy of the Compliance Committee's charter may be found at <http://www.steris.com/about/ir/corpgovbridge.cfm>. A copy will also be made available upon a request sent to the Company's Secretary.

## **Meetings**

Each director attended more than 75% of the aggregate of all meetings of the Board of Directors and the committees on which he or she served while in office during fiscal 2011.

## **The Board and Oversight of Risk**

The Board of Directors and each of its standing Committees has oversight with respect to business risks identified by the Company or risks which the Directors may identify or consider based on their experience. Management of the Company is responsible for the operation of the business and the reasonable management of risks that may arise in the course of our business, and must provide the appropriate control environment, and procedures and programs to identify, detect, and reasonably manage risks encountered by the Company. While they do not conduct risk-related audits or implement risk-related procedures, the Board and its Committees endeavor to understand the Company's strategies and drivers of success, engage in a constructive dialogue with management about potential risks and risk management, and monitor the Company's internal control and compliance activities. For example: (1) the Audit and Financial Policy Committee monitors internal controls and certain credit, liquidity and operational risks; (2) the Compliance Committee monitors quality, regulatory and litigation risks; and (3) the Compensation and Corporate Governance Committee provides oversight regarding

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potential conflicts, governance and succession risks, and risk with respect to the Company's executive compensation programs. Each committee then provides reports on risk oversight matters in their area of responsibility to the Board. In providing this oversight, the Board and Committees may rely on information, opinions, reports or statements, including financial statements and other data prepared or presented by officers or employees of the Company, legal counsel, independent accountants, or other professional or expert advisors.

**Summary Table of Meetings**

The following table summarizes the membership of the Board and of each of its Committees during fiscal 2011, as well as the number of times the Board and each Committee met during fiscal 2011.

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**GOVERNANCE GENERALLY**

Our business is managed by our employees under the oversight of the Board of Directors. Except for Mr. Rosebrough, none of the Board members was an employee of the Company during fiscal 2011. The Board limits membership of the Audit and Financial Policy Committee and Compensation and Corporate Governance Committee to persons determined to be independent non-management directors.

The Board of Directors has established Governance Guidelines that, along with the charters of the Board committees, the Company's Code of Business Conduct for employees and the Director Code of Ethics, provide the framework for the governance of the Company. Our Governance Guidelines, Code of Business Conduct for employees, Director Code of Ethics, Board Committee charters and other corporate governance information are available on the Corporate Governance page under the Investor Relations section of the Company's website at <http://www.steris.com/about/ir/corpgovbridge.cfm>. Any shareholder also may request these items in print, without charge, by contacting the Corporate Secretary at STERIS Corporation, 5960 Heisley Road, Mentor, Ohio 44060.

The Board of Directors has charged the Compensation and Corporate Governance Committee with helping the Company to remain in the forefront of good corporate governance. The Compensation and Corporate Governance Committee is responsible for periodically reviewing and making recommendations to the Board of Directors in connection with the Company's governance principles and practices.

**Independence Standards**

The Board believes that independent directors must comprise a substantial majority of the Board. It is expected that at least two-thirds of the Board should be independent. Under our Governance Guidelines, an independent director is one who meets the definition of independence as defined by NYSE listing requirements. A director will not be considered independent if he or she has a material relationship with the Company. Generally, the Board will not consider a director to be independent under the following circumstances:

The director is, or has been within the last three years, an employee of the Company, or an immediate family member of the director is, or has been within the last three years, an executive officer, of the Company;

The director or an immediate family member has received, during any 12-month period within the last three years, more than \$120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

(a) The director or an immediate family member is a current partner of a firm that is our internal or external auditor; (b) the director is a current employee of such a firm; (c) the director has an immediate family member who is a current employee of such a firm who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (d) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on our audit within that time;

The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another entity where any of the present executive officers at the same time serves or served on that entity's compensation committee;

The director is a current employee, or an immediate family member is a current executive officer, of an entity that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or two percent of such entity's consolidated gross revenues; or

The director is an executive officer of a charitable organization and, within the last three years, the Company's charitable contributions in any year to the organization (exclusive of gift-match payments) exceed the greater of \$1 million or 2% of the organization's consolidated gross revenues.



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Based upon the foregoing criteria, the Board of Directors has determined that the following directors are independent: Richard C. Breeden, Cynthia L. Feldmann, Jacqueline B. Kosecoff, David B. Lewis, Kevin M. McMullen, Mohsen M. Sohi, John P. Wareham, Loyal W. Wilson, and Michael B. Wood.

### **Related Person Transactions**

During fiscal 2011, we have not been a participant in, and there are not currently proposed, any related person transactions (within the meaning of, and required to be disclosed under, Item 404(a) of Regulation S-K).

Our Director Code of Ethics provides that STERIS directors may not receive any loans, consulting fees, or other material personal profit or benefit in connection with any transaction involving STERIS, other than compensation, expense payments and committee fees as a director (or in the case of a director employed by the Company, compensation as an employee), as approved by the full Board. Other than such payments, a director must disclose to the Company's General Counsel any transaction, or proposed transaction, between a STERIS entity and the director, a member of the director's immediate family, or a business the director or an immediate family member owns, controls, or has a substantial interest in. Directors also may not have a personal or family financial interest in any STERIS supplier, customer, consultant, reseller or competitor that has a reasonable potential for causing a conflict of interest or divided loyalty, or resulting in material personal gain.

Our Code of Business Conduct for employees requires that relationships with third parties, as well as all business decisions, be based on what is required by law and in the best interests of STERIS, and not be motivated or influenced by personal considerations. This Code also requires that employees discuss with their supervisor or the STERIS Legal Department any activity that might create a conflict of interest, including personal financial interests that might reasonably affect their business judgment on behalf of the Company. Our Conflicts of Interest Policy also contains prohibitions with respect to conflicts of interest or transactions involving personal financial gain.

In addition, our Board has adopted a policy with respect to related party transactions. In general, this policy requires that all transactions or proposed transactions between the Company and a related party that exceed \$120,000 and in which the related party has a direct or indirect material interest, be disclosed to and ratified or approved by the Compensation and Corporate Governance Committee or by disinterested members of our full Board. Under this policy, related parties include all of our Directors and executive officers and their immediate family members, and entities owned (more than 5% ownership) by a Director, executive officer or their immediate family members. In fiscal year 2011, there were no related party transactions between us and related parties that required ratification or approval under this policy.

### **Governance Guidelines**

Our Board adopted its Governance Guidelines to assist primarily with the proper management and governance of the activities of the Board. The following is a summary of those Guidelines. A complete copy of the Governance Guidelines may be found at <http://www.steris.com/about/ir/corpgovbridge.cfm>.

**Director Retirement** Unless otherwise approved by the Board, a director is expected to retire from the Board at the first Shareholders' Meeting following the director's 72<sup>nd</sup> birthday.

**Annual Meeting of Shareholders** The Board of Directors encourages all of its members to attend the Annual Meeting of Shareholders. All of the current directors were present at the 2010 Annual Meeting of Shareholders.

**Executive Sessions** The independent directors of the Board will meet separately as a group at least every other regularly scheduled Board meeting. The Chairman or Lead Director (if the Chairman is not independent) will assume the chair of the meetings of independent directors and assume such further tasks

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as set forth in the Governance Guidelines and as the independent directors may determine from time to time. As indicated under Independence Standards above, the current Chairman has been determined to be independent.

**Authority** Each member of the Board has complete and open access to management. Board members are expected to use their judgment so as to not distract management from the day-to-day operation of the Company. The Board and each committee have the authority to obtain advice, reports or opinions from internal and external counsel and expert advisors and have the power to hire independent legal, finance and other advisors as they may deem necessary, without consulting with, or obtaining approval from, any officer in advance.

**Board and Committee Evaluations** The Board has conducted self-evaluations as well as individual director evaluations to assess the effectiveness of the Board and its members. The Chairman (or Lead Director, if the Chairman is not independent) and the Compensation and Corporate Governance Committee coordinate these evaluations. The purpose of these self-evaluations is to increase the effectiveness of the Board and each committee, as well as their individual members. Changes in Board committee structure and director compensation, if any, are to be evaluated and recommended by the Compensation and Corporate Governance Committee, but require the concurrence of the full Board.

**New Director Orientation** All new directors will be provided an orientation to acquaint them with the Company's business, strategies, long-range plans, financial statements, the Governance Guidelines, and the Director Code of Ethics. New directors will also be introduced to our senior management, internal auditor, and independent auditor. In addition, from time to time, directors will receive information and updates on legal and regulatory changes that affect the Company, its employees and the operation of the Board. The Compensation and Corporate Governance Committee will from time to time make other recommendations regarding further educational opportunities for directors.

**Attendance at Meetings** In order to effectively oversee management, all directors are expected to attend Board meetings and meetings of committees of which they are members. In discharging this oversight obligation, directors may reasonably rely on the integrity of management and the independent auditor. Directors who attend less than 75% of Board meetings and meetings of committees of which they are members for two consecutive years will be subject to assessment by the Board to determine continued eligibility for directorship.

**Shareholder Communications** Shareholders and other interested parties may communicate with the Board of Directors as a group, with the non-management directors as a group, or with any individual director by sending written communications to STERIS Corporation, 5960 Heisley Road, Mentor, Ohio 44060-1834, Attention: Secretary. Complaints regarding accounting, internal accounting controls, or auditing matters will be forwarded directly to the chairperson of the Audit and Financial Policy Committee. All other communications will be provided to the individual directors or group of directors to whom they are addressed. Communications that are considered to be improper for submission to the intended recipients will not be provided to the directors. Examples of communications that would be considered improper for submission include, without limitation, solicitations, routine customer matters, communications that do not relate, directly or indirectly, to our business and communications that relate to improper or irrelevant topics.

**Ethics Phone line** Employees have been instructed that if they have any questions or concerns about compliance with the Company's Policies, applicable laws, or principles as outlined in the STERIS Code of Business Conduct, or are unsure of the right thing to do, they should talk with their supervisor, their local or Corporate Human Resources department personnel, STERIS's Vice President and Chief Compliance Officer, Internal Audit or the STERIS Legal Department, or call the STERIS Ethics Line.



**Table of Contents****INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Ernst & Young LLP was appointed as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2011, by the Audit and Financial Policy Committee of the Board of Directors. A representative of Ernst & Young LLP is expected to be present at the 2011 Annual Meeting with an opportunity to make a statement if so desired and to answer appropriate questions with respect to that firm's audit of the Company's financial statements and records for the fiscal year ended March 31, 2011.

The Audit and Financial Policy Committee has adopted policies and procedures which are intended to control the services provided by Ernst & Young LLP and to monitor their continuing independence. Under these policies, the Audit and Financial Policy Committee must pre-approve all services performed by Ernst & Young LLP. In addition, the Audit and Financial Policy Committee may delegate authority to grant certain pre-approvals to a member of the Committee. Pre-approvals granted by a member of the Committee are reported to the full Audit and Financial Policy Committee at its next regularly scheduled meeting.

The aggregate fees billed for professional services by Ernst & Young LLP for the fiscal years ended March 31, 2011 and March 31, 2010 were:

Type of Fees	Years Ended	
	2011	2010
	March 31,	
	(in thousands)	
Audit Fees	\$ 2,225	\$ 2,055
Audit-Related Fees	200	155
Tax Fees	3	3
All Other Fees	0	0
Total	\$ 2,428	\$ 2,213

All of the services provided by Ernst & Young LLP in fiscal year 2011 were pre-approved in accordance with the Audit and Financial Policy Committee's pre-approval policies and procedures described above. In the above table, Audit Fees are fees paid to Ernst & Young LLP for professional services for the audit of the Company's consolidated financial statements included in Form 10-K and review of financial statements included in Form 10-Qs, for the audit of the Company's internal control over financial reporting and for services that are provided by the accountant in connection with statutory audits; Audit-Related Fees include fees billed by Ernst & Young LLP for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements, benefit plan audits and advisory services; and Tax Fees include fees for tax compliance, tax advice and tax planning.

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**REPORT OF THE AUDIT AND FINANCIAL POLICY COMMITTEE**

The Board of Directors of the Company has adopted a written Audit and Financial Policy Committee charter. The Audit and Financial Policy Committee has been established in accordance with the Securities Exchange Act of 1934. Based on the review and determination of the Board, members of the Audit and Financial Policy Committee meet the financial literacy and independence criteria to serve on the audit committee of a public company.

The Audit and Financial Policy Committee has reviewed and discussed with the Company's management and Ernst & Young LLP, the Company's independent registered public accounting firm, the audited financial statements of the Company contained in the Company's Annual Report on Form 10-K for the year ended March 31, 2011. The Audit and Financial Policy Committee has also discussed with the Company's independent registered public accounting firm the matters required to be discussed pursuant to the Statement on Accounting Standards No. 61, as amended (Codification of Statements on Auditing Standards, *Communication with Audit Committees*), as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The Audit and Financial Policy Committee has received and reviewed the written disclosures and the letter from Ernst & Young LLP required by the Public Company Accounting Oversight Board regarding Ernst & Young's communications with the Audit and Financial Policy Committee concerning independence, and has discussed with Ernst & Young LLP their independence. The Audit and Financial Policy Committee has also concluded that Ernst & Young LLP's provision of non-audit services to the Company is compatible with their independence.

Based on the review and discussions referred to above, the Audit and Financial Policy Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2011 filed with the Securities and Exchange Commission.

Audit and Financial Policy Committee of the Board of Directors

Cynthia L. Feldmann Chairperson

David B. Lewis

Loyal W. Wilson

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**EXECUTIVE COMPENSATION**

**COMPENSATION DISCUSSION AND ANALYSIS**

**Compensation and Corporate Governance Committee Overview**

The Compensation and Corporate Governance Committee of our Board of Directors, which we refer to throughout this Compensation Discussion and Analysis as the Committee, was comprised of three members in fiscal year 2011. Each member satisfied the independence standards of the rules of the New York Stock Exchange. The Committee is responsible for approving the compensation of the President and Chief Executive Officer (which we refer to as CEO) and senior management, and our general compensation philosophy. The Committee also approves annual equity grants under our equity incentive compensation plan for eligible employees, as well as the maximum amount payable under our annual cash bonus plans, based upon performance criteria established by the Committee under those plans. The Committee regularly has retained compensation consultants and other advisors to assist with its responsibilities.

**General Compensation Philosophy**

Our management compensation programs are designed to align management's interests with the long-term interests of shareholders and to support and promote the achievement of our goals and objectives by helping to recruit and retain executive talent required to successfully manage our business. Our management compensation programs seek to align compensation with individual and Company performance to achieve the goals and objectives of the business by providing and balancing incentives for annual financial performance as well as the generation of long-term value, growth and profitability. Therefore, management compensation is generally structured to provide a significant portion of the compensation opportunity on the basis of the long-term performance of STERIS stock, as well as business performance and other factors that influence shareholder value.

Some of the recent executive compensation practices adopted or supported by the Committee include:

Say on pay advisory vote voluntarily submitted to shareholders in 2010 to solicit input regarding the Company's executive compensation policies and procedures;

Recommendation of shareholder approval of an annual advisory vote on the compensation of the Company's named executive officers as described in more detail in this Proxy Statement;

Generally extending the vesting period for full vesting of restricted shares granted to senior management from 3 years to 4 years, beginning in fiscal year 2011;

Generally eliminating continued vesting of equity awards subsequent to termination of employment, beginning with fiscal year 2012 awards;

Expansion of policies providing for clawbacks of incentive compensation paid to key employees in the event of a financial restatement;

Adopting and expanding share ownership guidelines for senior management; and

Maintaining CEO base salary at the same level since 2007.

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The Committee believes that it must maintain flexibility in establishing compensation practices to allow it to address compensation trends, competitive issues, business needs, industry and the broader economic environment, and special situations that will be encountered in the recruitment, retention, and promotion of employees. Therefore, the compensation practices approved by the Committee will likely vary from year to year and from person to person, depending on the particular circumstances.

**Table of Contents****Process for Determining Senior Management Compensation**

Senior management compensation is generally reviewed and established on an annual basis by the Committee. Our fiscal year ends on March 31. Therefore, Committee members typically begin the assessment of compensation for senior management in March (the last month of the fiscal year). The Committee typically meets again in April and/or May (early in the new fiscal year) to evaluate the performance of the Company and our named executive officers and, based on that evaluation, establish bonus amounts for the recently completed fiscal year, and finalize base salaries, set bonus criteria, and approve equity awards for senior management for the new fiscal year.

During the first portion of fiscal year 2011, Towers Watson assisted with the annual compensation reviews, providing historical and prospective views regarding total compensation for our executive officers. During the remainder of the fiscal year 2011, these responsibilities were assumed by Pay Governance LLC ( Pay Governance ) after it split off from Towers Watson. Pay Governance reports to the Committee and is charged with providing the Committee with competitive pay data and compensation trends, analysis and recommendations. Base salaries, cash bonus levels, equity compensation, and total compensation of senior management are examined against data from multiple sources and surveys developed and provided by the compensation consultant, as described below. The Committee generally targets the payment of base salaries, cash bonuses and equity compensation within a range of 25% above or below the midpoint of those components. This is a guideline around which there is likely to be variation, depending on individual factors and business results. Factors used in the process of assessing and determining senior management compensation include individual and team performance, scope of responsibilities and accountability, competitive and other industry compensation data, special circumstances and expertise, business performance, and comparison with compensation of our other senior managers. The CEO also provides recommendations to the Committee for compensation adjustments for the other senior managers.

To help assess the compensation of our executive officers, the Committee and its compensation consultant review market data relating to compensation of each of the named executive officers. This review includes the compensation consultant's analysis of proxy data from certain industrial companies (see listing below), information derived from multiple general compensation surveys, and other executive compensation data maintained by the consultant. This data includes peer companies with a focus on healthcare equipment and supplies and public companies primarily from the S & P 1500, adjusted by the consultant to reflect comparative company revenue. The Committee evaluates this data with the assistance of the consultant to develop a target and related range for base salary, incentive compensation (cash bonus), and long-term equity compensation for each executive position. Companies used by the consultant in the comparison compensation data include:

Advanced Medical Optics	Hill-Rom Holdings	Millipore
Beckman Coulter	Hologic	ResMed
Bio-Rad Laboratories	IDEXX Laboratories	Sirona Dental Systems
CR Bard	Intuitive Surgical	Stryker
CONMED	Invacare	Teleflex
Dentsply International	Kinetic Concepts	Varian Medical Systems
Edwards Lifesciences	Lincare Holdings	West Pharmaceutical Scvs

**Executive Compensation Summary for Fiscal Year 2011**

The Committee's consideration of the primary elements of compensation (base salary, incentive compensation (bonus) and equity compensation) for all of the named executive officers is based upon a combination of common criteria and measures applicable to all of the officers, as well as individual goals and objectives applicable specifically to each officer. For fiscal 2011, the Committee considered and applied a number of common criteria and measures to evaluate the named executive officers, including:

prior performance and compensation,

the complexity and scope of responsibilities of the officer's position,

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the officer's overall experience as well as experience with STERIS,

market and survey data developed by the compensation consultant,

the recommendation of the CEO, and

Company financial performance measures.

Individual goals and objectives varied for each named executive officer based on their area of responsibility. In fiscal 2011:

Mr. Rosebrough's individual goals and objectives related to regulatory compliance, Customer relations, product quality, new product introduction, employee relations and retention, organizational development, process improvement, profit and cash flow and safety performance.

Mr. Tokich's individual goals and objectives related to financial reporting and compliance, working capital initiatives, investor relations, cost management, organizational restructuring and safety performance.

Dr. Burke's individual goals and objectives related to new product innovation, product design and engineering initiatives, fundamental research strategy, regulatory matters, cost management and safety performance.

Mr. Chapman's individual goals and objectives related to segment financial performance, segment organizational leadership, Customer relations, product launch and transition initiatives, profit and cash flow, safety performance, information technology initiatives and business strategy initiatives.

Mr. Moss's individual goals and objectives related to regulatory compliance, segment financial performance, segment organizational leadership, Customer relations, profit and cash flow, and safety performance.

As CEO, Mr. Rosebrough has the broadest complexity and scope of responsibilities, as he has oversight for all aspects of our operations. All of our named executive officers, as well as other senior managers, report directly to Mr. Rosebrough. As a result of these various factors, individual performance against these factors, the individual's roles and scope of responsibilities, and the Company's performance, each element of compensation will necessarily vary between the named executive officers. In fiscal 2011, the Committee considered the Company's actual financial performance in a highly uncertain economic, political and regulatory environment, and compared that performance against targets. As discussed in more detail below, we achieved an aggregate of 87.2% of our fiscal year 2011 target performance goals for the incentive compensation financial metrics of earnings before interest and taxes and free cash flow. After aggregating these components, payments under our annual incentive compensation (cash bonus) plan are below the targets set for fiscal year 2011, reflecting the challenges in our business during the fiscal year. The Committee believes that our underlying executive compensation program is appropriate to reflect annual financial performance as well as rewarding and motivating behaviors that can create long-term shareholder value. For fiscal year 2011, the Committee evaluated the performance of the named executive officers, applying in each case the common criteria and measures and individual goals and objectives described above, as well as the Company's actual performance against the targeted financial performance for full payment of the incentive Compensation. As a result, the Committee approved the fiscal year 2011 compensation described below for each of the named executive officers.

### **Principal Components of Compensation for Named Executive Officers**

For the named executive officers, our compensation program is designed to recruit and retain management and align compensation with individual and Company performance on both an annual and longer-term basis. Based on this general compensation philosophy, the Committee has established compensation for our named executive officers consisting of the following principal components:

base salary;

annual incentive compensation (cash bonus);



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long-term equity incentive compensation (generally stock options, restricted shares, restricted stock units, and/or other equity incentives); and

benefits and perquisites.

*Base Salary:*

Base salary for the CEO and other named executive officers is considered a basic component of executive compensation which is necessary to recruit and retain senior managers. In addition, base salary is intended to support compensation practices that are competitive among medical device, hospital supply, pharmaceutical, and other industrial, manufacturing and service companies which we draw from and compete with for executive talent.

Although the payment of base salary is not directly tied to achievement of certain pre-established financial goals, the Committee considers a number of factors in determining base salary, including previous performance, the consultant's data regarding compensation trends and practices, base salaries paid by other medical device, hospital supply, pharmaceutical, and other industrial companies, the complexity and responsibility of the executive's position, the executive's overall experience and achievements against objectives, as well as the general and industry market for executive talent. The Committee believes that the target salary for our executive positions should generally be 25% above or below the mid-point (50<sup>th</sup> percentile) for similar positions based on the survey data provided by the compensation consultant. While the mid-point may serve as a general guideline, other factors such as experience, time in position, complexity of functions, competitive environment, special skills and past performance are also considered. The Committee believes that base salaries for executives with significant experience and strong past performance should not generally exceed the 75th percentile for similar positions of industrial companies based on survey data. Based on these considerations and the Company's fiscal year operating plan, information from the compensation consultant, and recommendations of the CEO with respect to compensation adjustments for the other named executive officers, the Committee determines the appropriate salary level for the named executive officers. The Board of Directors also reviews the salary actions of the Committee.

With respect to our CEO, Mr. Rosebrough's annual base salary rate of \$750,000 was established as part of his employment agreement approved by our Board, which became effective October 1, 2007. Mr. Rosebrough's employment agreement and the determination of the compensation described in that agreement is further discussed in other parts of this Proxy Statement. At his request, Mr. Rosebrough's base salary rate for fiscal year 2011 has remained unchanged from the time he joined the Company. Although the Committee's assessment of the Company's performance, Mr. Rosebrough's performance, and the compensation consultant's survey data all indicated that an increase in base salary would have been appropriate, Mr. Rosebrough has encouraged the Committee to make no change to his base salary, and the Committee accepted his request. The survey data from the compensation consultant indicated that Mr. Rosebrough's base salary for fiscal year 2011 was below the mid-point.

With respect to the other named executive officers, the Committee applied the common criteria and results of individual performance objectives described above under Executive Compensation Summary, as well as the survey data from the compensation consultant, to assess base salaries for each officer. Base salaries for these officers for fiscal 2011 remained generally at or below the mid-point for their respective positions, other than for Dr. Burke. Dr. Burke's base salary for fiscal 2011 was above the midpoint but below the 75<sup>th</sup> percentile of the survey data for his position. In determining Dr. Burke's base salary, the Committee took into consideration his education (Ph.D. in microbiology), the unique technical aspects and requirements of his responsibilities as Chief Technology Officer specializing in sterilization sciences, and his significant role in product development and new product innovation. Mr. Rosebrough's base salary is greater than the other named executive officers, reflecting market conditions and the greater complexity and broader responsibilities of his position as CEO.

**Table of Contents***Annual Incentive Compensation (bonus):*

Annual incentive compensation (or bonus) is considered necessary to attract and retain key employees. For the named executive officers, this incentive compensation is cash-based and is determined by the Committee based on our annual financial performance, the officer's business segment performance (or a combination thereof), as applicable, and the officer's individual performance against goals and objectives. Our annual incentive compensation is intended to reward past performance when financial objectives are achieved and motivate and help retain qualified individuals who have the opportunity to influence future results, advance business objectives, and enhance shareholder value. This element of compensation is designed to provide competitive awards when financial performance and personal objectives are achieved or exceeded, or a reduced award or no award when these objectives are not achieved.

Annual incentive compensation is generally based on a weighted formula of selected financial targets. An individual's annual incentive compensation target under our Incentive Compensation Plan or Senior Executive Incentive Compensation Plan (which we refer to collectively in this Compensation Discussion and Analysis as the Plans), is expressed as a percentage of base salary. The incentive compensation opportunity increases with the level of responsibility. For fiscal 2011, the target bonus for our CEO was 100% of base salary earned during the fiscal year. The bonus was based on performance against full year fiscal 2011 financial objectives, and could range from 0% to 200% of annual base salary based on actual performance against the established financial objectives, with the Committee having discretion to reduce Mr. Rosebrough's bonus based upon performance against individual objectives. For other senior managers, target bonus percentages range from 30% to 60% of annual base salary and annual incentive payments could range from 0% to 200% of target, based on actual performance against the established financial objectives and individual performance against personal objectives. This method of calculation is reviewed annually by the Committee with the compensation consultant and compared to the compensation consultant's survey data. The compensation consultant's survey data indicates that these incentive compensation ranges and target opportunities for each of the named executive officers are comparable to competitive and general industry compensation practices.

Financial targets for the incentive compensation plan are established annually based on our operating plan financial metrics for the fiscal year as reviewed with the Committee and approved by the Board. Each year, the Committee and the Board evaluate our annual operating plan and consider financial metrics important to shareholder value and designed to support the overall strength and success of our business. After consideration of the compensation consultant data, the recommendation of management, and approval of the Company's operating plan, certain Company financial performance metrics are identified and approved by the Committee to establish criteria to calculate bonus compensation targets under the Plans. The Bonus Plans are generally designed to set target bonus opportunities to reflect market median/50<sup>th</sup> percentiles for comparable positions and are sufficient to produce median cash bonus compensation if target results are achieved. Bonuses are structured to be sufficient to produce top quartile cash compensation when maximum goals are achieved. For fiscal year 2011, the Committee determined the applicable overall financial metrics to be free cash flow (which we define as cash flow from operating activities less purchases of property, plant, equipment and intangibles, net, plus proceeds from the sale of property, plant, equipment and intangibles) and earnings before interest and taxes (EBIT), excluding in each case the effect of amounts related to the following special items that the Committee considers not representative of ongoing operations: impairment and restructuring charges, gains or losses on sales of assets outside the ordinary course of business, gain or loss on sales or divestiture of a subsidiary, costs associated with divestiture of discontinued operations, acquisition-related costs, and special or one-time regulatory, tax, litigation, settlement, pension, benefit, or governmental charges, costs or expenses. Similar criteria were also approved and applied in fiscal years 2009 and 2010, again with certain adjustments.

The Committee assigned the following weighting to the Plan financial metrics, reflecting the Committee's emphasis on the respective components of financial performance for fiscal year 2011:

free cash flow 25%; and

earnings before interest and taxes (EBIT) 75%.

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For fiscal year 2011, the metrics and financial targets for calculating the potential payout under the Plans were reviewed by the Committee and the Board in April 2010. Target performance for EBIT and free cash flow for 100% payout under the Plans were \$208 million, and \$135 million, respectively. The Plans required a minimum EBIT of \$188 million before any payment would be made under the Plans and a minimum free cash flow of \$110 million before any payment would be made pursuant to the 25% free cash flow metric. Actual financial performance against the Plan criteria for fiscal year 2011, adjusted for the special items discussed above, was EBIT of \$214.8 million and free cash flow of \$43.7 million. Since the free cash flow minimum threshold was not achieved, no payout was made based on this component under the fiscal year 2011 incentive compensation Plans.

This performance resulted in an aggregate performance achievement of 87.2% against the targeted Bonus Plan payment range. The Committee reviewed the Plan terms and criteria and approved the bonus calculations using the 87.2% achievement level. After also considering individual performance against the objectives for each named executive officer described above in the Executive Compensation Summary section of this Compensation Discussion and Analysis, the following incentive compensation determinations for fiscal 2011 were approved:

CEO payment of \$555,900, based on performance against the Senior Executive Incentive Compensation Plan criteria and personal goals and objectives for fiscal year 2011;

Four other named executive officers an aggregate amount of \$671,730, based on performance against the Incentive Compensation Plan criteria and individual goals and objectives; and

604 other eligible employees an aggregate amount not to exceed \$10,146,537 to those 604 employees, based on performance against the Incentive Compensation Plan criteria.

Therefore, the maximum total incentive compensation payments approved by the Committee for distribution to eligible employees under the Plans for fiscal year 2011 was of \$11,472,267, including the payments to the named executive officers.

### *Long-Term Equity Incentive Compensation*

Equity incentives are considered necessary to attract and retain key employees critical to our continuing, long-term success, as well as providing key employees a significant identity and alignment of interest with our shareholders. The Committee views nonqualified stock options, stock appreciation rights, restricted stock and restricted stock units as a critical and direct link between management and shareholders. All value earned through stock options is dependent upon an increase in the value of our stock price. All of our equity compensation plans have included a provision that stock options may not be granted at less than 100% of fair market value on the grant date and that options may not be re-priced.

Prior to fiscal year 2007, equity incentive awards were generally limited to stock options. Stock appreciation rights, restricted stock units and performance units were not granted and restricted shares were awarded only in very limited circumstances. In fiscal year 2007, the Board sought approval to expand the types and forms of equity compensation and proposed the STERIS Corporation 2006 Long-Term Equity Incentive Plan, or the 2006 Plan, for the approval of shareholders. The 2006 Plan was approved by shareholders in July 2006. (The 2006 Plan, as amended and restated, is submitted for approval by shareholders at the 2011 Annual Meeting see the discussion beginning at page 7.)

Long-term equity incentive awards are now made pursuant to the 2006 Plan. The 2006 Plan is administered by the Committee and provides for a variety of equity-based incentive compensation such as stock options, stock appreciation rights, restricted stock units, restricted stock and performance units. The Committee believes the 2006 Plan provides flexibility to design long-term equity compensation consistent with our long-term success and alignment with the interest of shareholders. As to the amount and type of equity incentives, the Committee generally considers the consultant's data regarding competitive trends and practices, the officer's salary and level within our organization, the nature and complexity of the position, the recommendation of the CEO, and the Committee's own evaluation of the performance of named executive officers, since the Committee members

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generally have an opportunity to observe their performance and have information on the level of past awards. The Committee ultimately decides the amount and mix of long-term compensation (stock options, stock appreciation rights, restricted shares and restricted share units) granted to each named executive officer.

The approval of long-term equity incentive compensation is typically made early in the fiscal year (April or May). The compensation consultant provides survey data for equity incentives, reflecting minimum, mid-point and maximum range of survey data for stock options and restricted shares applicable to each named executive officer. For fiscal year 2011, the survey's range was approximately 25% above and below the survey mid-point for both components of equity compensation. In fiscal 2008, the Committee established a guideline for pricing and valuation of annual long-term equity incentive compensation awards for the named executive officers, which would generally be based on the closing price of STERIS common stock on the NYSE Composite Transaction Reporting System on a designated trading day after we announce our prior year fourth quarter and full fiscal year earnings.

Long-term equity compensation grants for fiscal year 2011 were approved by the Committee in April 2010. The value of Mr. Rosebrough's fiscal year 2011 equity grants were approximately 20% below the market survey data provided by compensation consultant, as a result of Mr. Rosebrough's request that his grants be reduced from targets indicated by the consultant. The Committee honored Mr. Rosebrough's request and reduced his fiscal year 2011 equity grant below the recommended targets.

For fiscal year 2011 equity grants to the other named executive officers, the Committee considered survey data of the compensation consultant, common criteria and performance measures applicable to all of the officers, and individual goals and objectives applicable specifically to each officer, each as described above in the Executive Compensation Summary. The CEO also provided recommendations to the Committee regarding equity compensation for the other senior managers. The Committee assessed each of the named executive officers based on these considerations to determine the equity grants for each officer in fiscal year 2011. Because of market factors and the broader complexity and scope of responsibilities of his position, Mr. Rosebrough's long-term equity compensation is greater than the other named executive officers. The Committee approved these fiscal year 2011 long-term equity incentive compensation grants to the named executive officers, finding them to be reasonable and consistent with the survey data, the market for executive talent, and the Committee's philosophy of aligning management compensation with the interests of shareholders and the performance of business objectives. The equity compensation grants for the named executive officers were made subject to the terms and conditions of the agreements and the 2006 Plan described on pages 46 and 47. (Additional discussion of the 2006 Plan, including proposed amendments, which is being submitted for shareholder approval, is found at pages 7 through 14 of the Proxy Statement.)

### *Benefit and Perquisite Programs*

Our named executive officers are eligible to participate in a number of benefit programs, including health, disability and life insurance programs and a qualified 401(k) plan, all of which are available to nonunion employees in the United States. Named executive officers may also participate in other benefit programs including an employee relocation program, a nonqualified deferred compensation program and management continuity (change in control) agreements.

The perquisites approved by the Committee for a limited number of senior managers, including our named executive officers, include tax preparation/financial planning allowance and car allowance. The Committee has also approved club dues and limited personal use of private aircraft by the CEO.

### **Stock Ownership Guidelines**

In April 2010, the Committee revised the stock ownership guidelines approved in July 2006. The revised guidelines increase the ownership guideline level for most senior managers and re-set the time period to achieve the ownership amount. The Committee believes these revised guidelines further align the interests of senior

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management with those of the shareholders. Senior managers (including the named executive officers) are encouraged to maintain a significant equity interest in the Company through ownership of stock that they acquire either with their own funds or through certain long-term incentive awards. The Committee believes that stock ownership helps create economic alignment with shareholders and is a factor in motivating our senior management to enhance shareholder value. The following table outlines the number of Common Shares expected to be owned at various positions within STERIS:

<b>Position:</b>	<b>Share Level:</b>
CEO	120,000
Senior Vice Presidents	30,000
Corporate Vice Presidents	15,000

The following share types are included under these guidelines (stock options do not count toward share ownership):

Shares purchased outright;

Shares acquired from exercised stock options;

Shares purchased through the STERIS 401(k) plan; and/or

Restricted shares.

From April 2010 (or from the time a senior manager thereafter achieves a position subject to these guidelines), each senior manager has a five-year period to attain the applicable share ownership level. A steady increase in share ownership over the five-year period is encouraged. If the share ownership guideline is not achieved within that period, the CEO or the Committee is authorized to take into consideration the facts and circumstances with respect to that failure and take whatever action he or they consider appropriate, including restricting or eliminating future equity awards to the particular officer. At this point, none of the named executive officers are outside of these guidelines.

**Tax Deductibility of Compensation**

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public companies for certain compensation in excess of \$1 million paid to any person who on the last day of the fiscal year is the Company's chief executive officer or among the three highest compensated named executive officers (other than the chief executive officer and chief financial officer). Certain compensation is specifically exempt from the deduction limit to the extent that it does not exceed \$1 million during any fiscal year or is performance based as defined in Section 162(m). Incentive compensation payable under the Senior Executive Incentive Compensation Plan is intended to be performance based for these purposes. Stock options and stock appreciation rights as well as certain other types of equity incentive compensation available under the 2006 Plan also are intended to be performance based and exempt from the deduction limit; however, to avail of this exemption for future awards, it is necessary for the shareholders to again approve the 2006 Plan (see the explanation of Proposal 2 beginning at page 7). The Committee believes that it is generally in our interest to structure compensation to come within the deductibility limits set in Section 162(m) of the Internal Revenue Code. The Committee also believes, however, that it must maintain the flexibility to take actions which it deems to be in the best interests of STERIS but which may not qualify for tax deductibility under Section 162(m).

**Agreements Regarding Named Executive Officer Compensation**

The Committee reviews and approves, or makes recommendations to the Board to approve, any agreements with the named executive officers relating to compensation or separation payments. There are a limited number of agreements regarding compensation with senior management, including the employment agreement with

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Mr. Rosebrough and a retention agreement with Dr. Burke effective April 1, 2010. These and other agreements are further discussed in Potential Payments to Named Executive Officers upon Termination of Employment or Change in Control beginning on page 42 and continuing through page 54 below. The Committee believes that agreements regarding senior management compensation are generally limited to special circumstances.

Other agreements with the named executive officers provide for possible payments due to an executive's separation arising from a change of control event. The Committee believes these agreements will help protect shareholder value by preserving the continuity of management and encouraging management's continued attention and dedication in the event of potentially disruptive circumstances involving a change of control (e.g., the sale of STERIS). These agreements do not pay any amount unless the employee is terminated or leaves our employment due to specific circumstances within a defined period of time after a change of control event. Further discussion regarding these agreements can be found in Potential Payments to Named Executive Officers upon Termination of Employment or Change in Control beginning on page 42.

**Towers Watson/Pay Governance**

Towers Watson was engaged by the Compensation and Corporate Governance Committee as the Committee's compensation consultant for executive and director compensation from 2004 through the first portion of fiscal 2011. Thereafter, the Committee engaged Pay Governance as the Committee's compensation consultant.

**REPORT OF THE COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE**

The Compensation and Corporate Governance Committee has reviewed and discussed the Compensation Discussion and Analysis with management. Based on this review and discussion, the Compensation and Corporate Governance Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and in the STERIS Annual Report on Form 10-K for the year ended March 31, 2011.

Compensation and Corporate Governance Committee of the Board of Directors.

Kevin M. McMullen Chairman

Richard C. Breeden

John P. Wareham

**Table of Contents****COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

None of the members of the Board who served on the Compensation and Corporate Governance Committee during fiscal 2011 was ever an officer or employee of the Company or of any of its subsidiaries or had any relationship requiring disclosure under any paragraph of Item 404 of Regulation S-K.

**TABULAR AND OTHER EXECUTIVE COMPENSATION DISCLOSURE**

The persons named in the below table are sometimes referred to in this Proxy Statement as the named executive officers or NEOs.

**FISCAL 2011 SUMMARY COMPENSATION TABLE**

Name and Principal Position	Fiscal Year	Salary (\$) <sup>(1)</sup>	Bonus (\$) <sup>(2)</sup>	Stock Awards (\$) <sup>(3)</sup>	Option Awards (\$) <sup>(4)</sup>	Non-Equity		Total (\$)
						Incentive Plan Compensation (\$) <sup>(5)</sup>	All Other Compensation (\$) <sup>(6)</sup>	
Walter M Rosebrough, Jr. President and Chief Executive Officer	2011	750,000	-	1,115,450	534,359	555,900	96,592	3,052,301
	2010	750,000	-	547,920	413,633	1,140,000	167,950	3,019,503
Michael J. Tokich Senior Vice President and Chief Financial Officer	2011	280,024	-	143,415	96,996	147,477	33,507	701,419
	2010	275,000	-	79,905	66,181	250,800	48,614	720,500
Timothy L. Chapman Senior Vice President and Group President, Healthcare	2011	325,346	-	143,415	105,814	172,218	32,625	779,417
	2010	314,988	100,000	79,905	82,726	287,269	53,640	918,528
Peter A. Burke Senior Vice President and Chief Technology Officer	2011	323,662	-	133,854	105,814	170,239	33,689	767,258
	2010	319,000	100,000	79,905	66,181	290,928	52,801	908,816
Robert E. Moss President, STERIS Isomedix Services and Life Sciences	2011	298,665	-	143,415	96,996	181,796	34,792	755,663

(1) Regular base salary earnings for fiscal 2009, 2010 and 2011.

(2) The amount shown for Mr. Chapman and Dr. Burke were special cash payments for their efforts in connection with particular regulatory and commercial matters. Amounts paid under the Company's Senior Executive Incentive Compensation Plan (applicable in fiscal 2009, 2010 and 2011 to Mr. Rosebrough) or Incentive Compensation Plan (applicable in fiscal 2009, 2010 and 2011 to all NEOs other than Mr. Rosebrough) are reported under the Non-Equity Incentive

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Plan Compensation column.

- (3) The dollar amounts reflect the grant date fair value under FASB ASC topic 718 for awards of restricted stock. The aggregate grant date fair value of stock awards is computed in accordance with FASB ASC Topic 718, utilizing assumptions discussed in the Notes to our financial statements in our Form 10-K for the fiscal years ended March 31, 2009, March 31, 2010 and March 31, 2011. From the date of award of all shares of restricted stock described, the recipient can vote the restricted shares and will receive cash dividends or dividend equivalents at the same times and amounts per share as all other holders of common stock.
- (4) The dollar amounts reflect the grant date fair value under FASB ASC topic 718 for option awards. The aggregate grant date fair value of option awards is computed in accordance with FASB ASC Topic 718, utilizing assumptions discussed in the Notes to our financial statements in our Form 10-K for the fiscal year ended March 31, 2011). For a discussion of specific stock option awards granted in fiscal 2011, see Tabular and Other Executive Compensation Disclosure Grants of Plan-Based Awards in Fiscal 2011 below and the narrative discussion that follows.
- (5) The dollar amounts represent incentive compensation paid for fiscal year 2009, 2010 and 2011 under the Company's Senior Executive Incentive Compensation Plan for Mr. Rosebrough and under the Company's Incentive Compensation Plan for the other NEOs, as discussed in the Compensation Discussion and Analysis Principal Components of Compensation for Named Executive Officers Annual Incentive Compensation (bonus) section.
- (6) Includes for fiscal 2009, 2010 and 2011 for all NEOs the following: auto allowance, tax preparation/financial planning fees, other personal expense, and Company matching contribution to 401(k) plan. In addition, in the case of Mr. Rosebrough, this also includes annual physical expenses (fiscal 2009 and 2010), club dues and personal use of private aircraft utilized by the Company (the value of personal use of private aircraft was calculated based on the aggregate incremental cost of operating the aircraft). Also includes for all NEOs dividends on shares of restricted stock, which dividends also are factored into grant date fair value under FASB ASC topic 718. Dividends during fiscal 2010 were \$2.44 per Common Share, of which \$2.00 per Common Share was attributable to a special dividend. For fiscal 2010, dividends for Messrs. Rosebrough, Burke and Chapman were \$113,760, \$27,430 and \$28,273 respectively. Dividends during fiscal 2011 were \$0.56 per Common Share. For fiscal 2011, dividends for Mr. Rosebrough were \$39,310.



**Table of Contents****GRANTS OF PLAN-BASED AWARDS IN FISCAL 2011**

Name	Grant Date	Approval Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			All Other Stock Awards:	All Other Option Awards:	Exercise or Base Price of Option Awards (\$/Sh)	Grant Date Fair Value of Stock and Option Awards (\$)
			Threshold (\$)	Target (\$)	Maximum (\$)	Number of Shares of Stock or Units	Number of Securities Underlying Options		
Walter M Rosebrough, Jr.	5/20/2010 <sup>(1)</sup>	4/28/2010				35,000		1,115,450	
	5/20/2010 <sup>(1)</sup>	4/28/2010	0	750,000	1,500,000		60,600	534,359	
Michael J. Tokich	5/20/2010 <sup>(1)</sup>	4/28/2010				4,500		143,415	
	5/20/2010 <sup>(1)</sup>	4/28/2010	0	169,125	338,250		11,000	96,996	
Timothy L. Chapman	5/20/2010 <sup>(1)</sup>	4/28/2010				4,500		143,415	
	5/20/2010 <sup>(1)</sup>	4/28/2010	0	197,497	394,994		12,000	105,814	
Peter A. Burke	5/20/2010 <sup>(1)</sup>	4/28/2010				4,200		133,854	
	5/21/2009 <sup>(1)</sup>	4/28/2010	0	195,228	390,456		12,000	105,814	
Robert E. Moss	5/20/2010 <sup>(1)</sup>	4/28/2010				4,500		143,415	
	5/20/2010 <sup>(1)</sup>	4/28/2010	0	180,009	360,018		11,000	96,996	

(1) Restricted stock and stock option grants made as part of the annual long-term equity grant. All restricted stock and stock option awards were granted under the Company's 2006 Long-Term Equity Incentive Plan.

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**NARRATIVE SUPPLEMENT TO THE FISCAL 2011 SUMMARY COMPENSATION TABLE AND THE GRANTS OF PLAN-BASED AWARDS IN FISCAL 2011 TABLE**

**Vesting Schedule**

Stock option awards to employees generally vest and become nonforfeitable in increments of 25% per year over a four year period, with full vesting four years after the date of grant. Restricted stock awards to employee recipients prior to fiscal year 2012 generally become vested and nonforfeitable if the recipient remains in continuous employment through the third anniversary of the grant date (the fourth anniversary of the grant date for awards made in fiscal year 2011). Restricted stock awards to employee recipients after fiscal year 2011 also generally become vested and nonforfeitable on the fourth anniversary of the grant date in the case of employees who have not attained age 55 and been employed for at least 5 years on such anniversary; employees who have attained age 55 and been employed for at least 5 years at the time of the grant or meet these criteria during the term of the grant will be subject to installment vesting rules. These various awards may become vested and immediately exercisable upon the recipient's death (or in limited cases, disability) or upon a change in control.

**Forfeiture and Post-Employment Treatment**

The unvested portion of a stock option award (and the right to acquire the underlying shares) is generally forfeited at termination of employment (unless employment terminates on account of death). The vested portion of a stock option award (and the right to acquire the underlying shares) is forfeited following termination of employment and expiration of the applicable post-employment exercise period and also may be forfeited in the case of a termination of employment for Cause. Unvested restricted stock and unvested restricted stock units (and the underlying shares) are generally forfeited at termination of employment (unless employment terminates on account of death, in which case the vesting may be modified by the Board or Chief Executive Officer or his delegate(s)). There also are exceptions to the general forfeiture rules for awards granted prior to fiscal year 2012 to employees who at the time of grant have at least five consecutive years of service and have reached age 55, subject to the terms of the applicable evidence of award. See Summary of Equity Compensation Equity Incentive Plan. Accelerated vesting also may apply to all of these types of awards upon a change in control. See Summary of Equity Compensation Equity Incentive Plan.

**Dividends**

Dividends are payable on restricted stock at the same times and in the same amounts as payable generally from time to time on our outstanding Common Shares.

**Option Exercise Price**

Options granted under our various stock option plans have an exercise price equal to the NYSE Composite Transaction Reporting System closing price of our Common Shares on the date the grant is approved or such later date as may be specified in the approval.

**Agreements with Named Executive Officers**

We entered into an employment agreement with Mr. Rosebrough on September 7, 2007. Under the terms of this agreement, Mr. Rosebrough is to be paid an annual base salary at a rate of \$750,000, subject to annual or other periodic review. The employment agreement also provides the terms upon which Mr. Rosebrough will participate in the Company's Senior Executive Incentive Compensation Plan, benefit plans and stock option and other equity incentive compensation programs. For more information regarding Mr. Rosebrough's employment agreement see Potential Payments to Named Executive Officers Upon Termination of Employment or Change in Control.

We entered into an executive retention agreement with Dr. Burke effective as of April 1, 2010. This agreement, which expires, in effect, on March 31, 2014, provides that, for the term of the agreement, Dr. Burke would receive a base salary of not less than his fiscal year 2010 salary of \$26,583 per month and will be eligible to participate in the Company's Incentive Compensation Plan, benefit plans and equity programs.

**Table of Contents****OUTSTANDING EQUITY AWARDS AT MARCH 31, 2011**

Name	Option Grant Date	Option Awards				Stock Awards		
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(1)	Stock Award Grant Date
Walter M Rosebrough, Jr.	10/15/2007	75,000	25,000	28.32	10/1/2017			
	10/15/2007	26,250	8,750	28.32	10/1/2017			
	5/21/2008	49,100	49,100	30.84	5/21/2018			
	5/21/2009	18,750	56,250	22.83	5/21/2019			
	5/20/2010	0	60,600	31.87	5/20/2020			
								5/21/2008 24,000 828,960 5/21/2009 24,000 828,960 5/20/2010 35,000 1,208,900
Michael J. Tokich	4/23/2002	15,000	0	19.60	5/23/2012			
	4/23/2003	13,100	0	22.58	5/23/2013			
	4/22/2004	11,000	0	27.44	5/22/2014			
	5/16/2005	7,500	0	24.45	6/16/2015			
	9/12/2006	4,200	0	24.72	9/12/2016			
	7/27/2007	3,393	1,132	27.68	7/27/2017			
	11/1/2007	1,500	500	27.45	11/1/2017			
	3/14/2008	10,200	3,400	26.41	3/14/2018			
	5/21/2009	3,000	9,000	22.83	5/21/2019			
	5/20/2010	0	11,000	31.87	5/20/2020			5/21/2009 3,500 120,890 5/20/2010 4,500 155,430
Timothy L. Chapman	1/3/2006	10,000	0	25.50	2/3/2016			
	9/12/2006	8,000	0	24.72	9/12/2016			
	7/27/2007	6,825	2,275	27.68	7/27/2017			
	2/5/2008	7,500	2,500	24.14	2/5/2018			
	5/21/2008	5,774	5,776	30.84	5/21/2018			
	5/21/2009	3,750	11,250	22.83	5/21/2019			
	5/20/2010	0	12,000	31.87	5/20/2020			
								5/21/2008 3,850 132,979 5/21/2009 3,500 120,890 5/20/2010 4,500 155,430
Peter A. Burke	4/23/2003	3,000	0	22.58	5/23/2013			
	4/22/2004	24,000	0	27.44	5/22/2014			
	5/16/2005	24,000	0	24.45	6/16/2015			
	9/12/2006	11,000	0	24.72	9/12/2016			
	7/27/2007	8,550	2,850	27.68	7/27/2017			
	5/21/2008	5,250	5,250	30.84	5/21/2018			
	5/21/2009	3,000	9,000	22.83	5/21/2019			
	5/20/2010	0	12,000	31.87	5/20/2020			
								5/21/2008 3,500 120,890 5/21/2009 3,500 120,890 5/20/2010 4,200 145,068
	Robert E. Moss	4/22/2003	4,700	0	22.58	5/23/2013		
4/22/2004		5,300	0	27.44	5/22/2014			
5/16/2005		18,000	0	24.45	6/16/2015			
9/12/2006		8,000	0	24.72	9/12/2016			
7/27/2007		6,187	2,063	27.68	7/27/2017			
5/21/2008		4,564	4,566	30.84	5/21/2018			
5/21/2009		2,250	6,750	22.83	5/21/2019			
10/06/2009		750	2,250	30.51	10/06/2019			

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5/20/2010	0	11,000	31.87	5/20/2020			
					5/21/2008	3,135	108,283
					5/21/2009	3,000	103,620
					10/06/2009	500	17,270
					5/20/2010	4,500	155,430

- (1) Market Value is computed by multiplying the number of shares or units of stock by the NYSE Composite Transaction Reporting System closing price of STERIS s common shares on March 31, 2011.

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The vesting schedule for each grant in the above table is shown below, based on the option or stock award grant date, as applicable.

**OPTION AWARDS VESTING SCHEDULE**

<b>Grant Date</b>	<b>Vesting Schedule</b>
4/23/2002	25% exercisable on 4/23/2003, 4/23/2004, 4/23/2005 and 4/23/2006
4/23/2003	25% exercisable on 4/23/2004, 4/23/2005, 4/23/2006 and 4/23/2007
4/22/2004	25% exercisable on 4/22/2005, 4/22/2006, 4/22/2007 and 4/22/2008
5/16/2005	25% exercisable on 5/16/2006, 5/16/2007, 5/16/2008 and 5/16/2009
1/3/2006	25% exercisable on 1/3/2007, 1/3/2008, 1/3/2009 and 1/3/2010 (Chapman)
9/12/2006	25% exercisable on 9/12/2007, 9/12/2008, 9/12/2009 and 9/12/2010
7/27/2007	25% exercisable on 7/27/2008, 7/27/2009, 7/27/2010 and 7/27/2011
10/15/2007	25% exercisable on 10/1/2008, 10/1/2009, 10/1/2010 and 10/1/2011 (Rosebrough)
11/1/2007	25% exercisable on 11/1/2008, 11/1/2009, 11/1/2010 and 11/1/2011 (Tokich)
2/5/2008	25% exercisable on 2/5/2009, 2/5/2010, 2/5/2011 and 2/5/2012 (Chapman)
3/14/2008	25% exercisable on 3/14/2009, 3/14/2010, 3/14/2011 and 3/14/2012 (Tokich)
5/21/2008	25% exercisable on 5/21/2009, 5/21/2010, 5/21/2011 and 5/21/2012
5/21/2009	25% exercisable on 5/21/2010, 5/21/2011, 5/21/2012 and 5/21/2013
10/06/2009	25% exercisable on 10/06/2010, 10/06/2011, 10/06/2012 and 10/06/2013 (Moss)
5/20/2010	25% exercisable on 5/20/2011, 5/20/2012, 5/20/2013 and 5/20/2014

**STOCK AWARDS VESTING SCHEDULE**

<b>Grant Date</b>	<b>Vesting Schedule*</b>
5/21/2008	100% on 5/23/2011 (All NEOs except Tokich)
5/21/2009	100% on 5/21/2012 (All NEOs)
10/06/2009	100% on 10/08/2012 (Moss)
5/20/2010	100% on 5/20/2014 (All NEOs)

\* All awards are restricted stock

**Table of Contents****OPTION EXERCISES AND STOCK VESTED IN FISCAL 2011**

Name	Option Awards		Stock Awards	
	Number of Shares		Number of Shares	
	Acquired on	Value Realized on	Acquired on	Value Realized on
	Exercise (#)	Exercise (\$) <sup>(1)</sup>	Vesting (#)	Vesting (\$) <sup>(2)</sup>
Walter M Rosebrough, Jr.	0	0	23,000	768,890
Michael J. Tokich <sup>(3)</sup>	0	0	1,500	47,865
	0	0	4,600	150,052
	4,000	86,120		
	5,000	111,650		
Timothy L. Chapman	0	0	4,000	127,640
Peter A. Burke <sup>(4)</sup>	5,000	73,850		
	5,000	67,950		
	7,000	102,760		
			4,000	127,640
Robert E. Moss <sup>(5)</sup>			3,900	124,449

(1) Value realized based on the gain, equal to the difference between the closing price of the Common Shares on the option exercise date and the option exercise price, times the number of option shares being exercised.

(2) Value realized based on the closing price of the Common shares on the date of vesting.

(3) Mr. Tokich elected to have 480 common shares withheld to cover the required tax withholding due on the vesting of these 1,500 restricted shares. These common shares vested on July 27, 2010. Mr. Tokich also elected to have 1,533 common shares withheld to cover the required tax withholding due on the vesting of these 4,600 restricted shares. These common shares vested on March 14, 2011.

(4) Dr. Burke elected to have 1,278 common shares withheld to cover the required tax withholding due on the vesting of his 4,000 restricted shares. These common shares vested on July 27, 2010.

(5) Mr. Moss elected to have 1,247 common shares withheld to cover the required tax withholding due on the vesting of his 3,900 restricted shares. These common shares vested on July 27, 2010.

**Table of Contents****NONQUALIFIED DEFERRED COMPENSATION FOR FISCAL 2011**

<b>Name</b>	<b>Executive Contributions in Fiscal 2011 (\$)</b>	<b>Company Contributions in Fiscal 2011 (\$)</b>	<b>Aggregate Earnings in Fiscal 2011 (\$)</b>	<b>Aggregate Withdrawals/ Distributions in Fiscal 2011 (\$)</b>	<b>Aggregate Balance at 3/31/11 (\$)</b>
Walter M Rosebrough, Jr.	-	-	-	-	-
Michael J. Tokich	-	-	10,236	-	87,817
Timothy L. Chapman	-	-	-	-	-
Peter A. Burke	72,732 <sup>(1)</sup>	-	3,308	-	90,316
Robert E. Moss	-	-	-	-	-

(1) These contributions also are included in the amounts shown in the Summary Compensation Table for Dr. Burke for Non-Equity Incentive Compensation for the 2010 fiscal year.

**DEFERRED COMPENSATION PLAN**

The Company has established and maintains a nonqualified deferred compensation plan, or the Deferred Compensation Plan, pursuant to which each eligible employee may elect to defer receipt of up to 25% of base salary and up to 100% of incentive compensation (bonus) and/or commissions. To be eligible to participate, an employee must be in a salary grade and earn a salary above specified levels and must meet certain residence and other tests. All of the named executive officers are eligible to participate in this plan.

Amounts deferred by each participant are credited to an account established in the name of the participant. Deferrals may be allocated among various available hypothetical investment options, as selected by the participant. There are currently several available hypothetical investment options. No Company match is made on amounts deferred.

Under the Deferred Compensation Plan, a participant is entitled to receive distribution of the participant's account balance (amounts deferred, together with earnings (losses)) after the earliest to occur of the following: death, disability, retirement (termination of employment at or after age 65), other termination of employment, change of control (if the participant elected to have a distribution upon a change of control) or a specified date selected by the participant (which date must be at least two years after the making of the election) as an in service distribution date. At the time of his or her deferral election, a participant may designate how the participant will receive distribution if the distribution is triggered by retirement, disability or a change of control. Distribution options are a single lump sum or annual installments over a period of years (not to exceed ten). If a distribution election is not made or a distribution is made for another reason, the distribution will be in a lump sum. Also, if a participant's account balance is less than \$50,000 at the time of a triggering event, the distribution will be made in a lump sum. Distributions to persons who are specified employees under Section 409A of the Internal Revenue Code may be delayed. A change of control for distribution purposes is a change of control of the Company within the meaning of Section 409A of the Internal Revenue Code.

The Deferred Compensation Plan is not funded, within the meaning of the Employee Retirement Income Security Act of 1974, and participants have only an unsecured contractual commitment by the Company to pay amounts owed under the Deferred Compensation Plan. Amounts owed may be subject to the claims of the Company's creditors in the event of the Company's insolvency.

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**POTENTIAL PAYMENTS TO NAMED EXECUTIVE OFFICERS UPON TERMINATION OF EMPLOYMENT OR CHANGE IN CONTROL**

We maintain various contracts, agreements, plans, policies, and arrangements (collectively, agreements) that may provide for payments or the provision of other benefits following or in connection with any termination or constructive termination of employment or a change in control of the Company or change in a named executive officer's responsibilities. Some of these agreements are available generally to all of our salaried employees on the same basis as, and do not discriminate in scope, terms or operation in favor of, our executive officers. None of the named executive officers are covered by a Company maintained defined benefit pension plan or other tax-qualified plan, other than our 401(k) plan. The only agreements concerning compensation to which any of the named executive officers are party or in which any of the named executive officers participate, other than the Deferred Compensation Plan, that are not available generally to all our salaried employees are described below.

**Change of Control Agreements**

We are a party to change of control agreements with all of the named executive officers.

The agreements generally provide that if, at any time within two years after the occurrence of a change of control (as defined), the officer's employment is terminated by STERIS (except for cause, disability, or death) or the officer terminates employment because the officer's base salary or the officer's bonus opportunity, participation or amount is reduced or relocation is made a condition of the officer's employment, we will pay to the officer a lump sum severance benefit equal to three years' compensation (base salary and average annual incentive compensation (as defined)) or two years' compensation in the case of Mr. Tokich. Any termination of employment of an officer occurring within one year prior to a change of control and in contemplation of the change of control is deemed to be a termination of employment immediately after the change of control becomes irrevocable, and the officer is entitled to payments and benefits under his agreement as if his employment had continued through the date the change of control became irrevocable and had then been terminated. Each such change of control agreement also provides a three-month period, commencing on the first anniversary of the change of control, during which the officer may voluntarily resign and receive a lump sum severance benefit equal to two years' compensation (base salary and average annual incentive compensation) or one year's compensation in the case of Mr. Tokich if, at any time before the officer's resignation, the officer determines in good faith that (a) the officer's position, responsibilities, duties, or status with STERIS are materially changed from those in effect before the change of control, (b) the officer's reporting relationships with superior executive officers have been materially changed from those in effect before the change of control, or (c) the officer's career prospects have been in any way diminished as a result of the change of control.

An officer who is entitled to a lump sum severance benefit under a change of control agreement also will be (a) paid (i) accrued base salary and vacation pay through the date of termination, and (ii) payments under the Senior Executive Incentive Compensation Plan or Incentive Compensation Plan (or other applicable incentive compensation plan) for the last completed fiscal year, if not already paid, and for the pro rata portion of the current fiscal year, and (b) be entitled to receive health, dental and life insurance coverage through the (A) third anniversary (or the second anniversary, depending upon whether the lump sum payment is equal to three or two years' of compensation) of the termination date, in the case of all the named executive officers with these agreements other than Mr. Tokich, or the second anniversary (or the first anniversary, depending upon whether the lump sum payment is equal to two or one year of compensation) of the termination date, in the case of Mr. Tokich, or if earlier (B) the date the officer secures other employment.

In addition, if after a change of control and prior to an officer's termination of employment the officer is unable to perform services for us for any period by reason of disability, we will pay and provide to the officer all compensation and health and dental coverage and life insurance coverage to which the officer would have been entitled had the officer continued to be actively employed by us, through the earliest of the following dates: (a) the first date on which he is no longer so disabled to such an extent that he is unable to perform services for



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us, (b) the date on which he becomes eligible for payment of long-term disability benefits under a long-term disability plan generally applicable to our executives, (c) the date on which we have paid and provided 24 months of compensation and benefits during his disability, or (d) the date of his death. In addition, each change of control agreement provides that from and after a change in control we will reimburse the officer for expenses of defending any action to have his agreement declared invalid or unenforceable and in certain other specified circumstances.

Each change of control agreement also provides that if any payment or distribution (a parachute payment) made to an officer pursuant to the agreement or under any other plan, agreement, arrangement, including without limitation any income recognized upon a stock option exercise, exceeds the limit specified in Section 280G of the Internal Revenue Code and gives rise to excise tax liability (and/or related penalties and interest) on the part of the officer, a tax gross-up will be provided to the officer so that the officer will receive the same after-tax payment as would have been the case in respect of the parachute payment if Section 280G did not apply.

For purposes of the change of control agreements, *cause* includes conviction of a felony, dishonesty in the course of employment that is materially inimical to the best interests of the Company, unreasonable neglect of the officer's duties and responsibilities, or competing with the Company. The agreements contain several alternate definitions of what constitutes a *change of control*. These may include any person or group becoming the beneficial owner of 15% or more (but less than 50%) of the then outstanding Common Shares after the date of the applicable agreement, or 50% or more of the then outstanding Common Shares after the date of the applicable agreement, the commencement or public announcement of a tender offer for 15% or more of the Common Shares, or certain changes in a majority of the Board membership within a 24-month period.

**Retention Agreement**

We are a party to an executive retention agreement with Dr. Burke that became effective as of April 1, 2010. Under this agreement, Dr. Burke is to be paid a base salary of not less than his base salary for the 2010 fiscal year, and is eligible to participate in the Company's Incentive Compensation Plan, benefit plans and equity programs. Under this agreement, if Dr. Burke's employment is terminated prior to March 31, 2014 by the Company without *Cause* or by Dr. Burke for *Good Reason* (as those terms are defined in the agreement), Dr. Burke is entitled to receive, subject to the conditions of the agreement, (a) as severance payments, his then-current salary for twelve months, or if such termination occurs prior to March 31, 2013, for the number of months remaining from the date of his termination to March 31, 2013, if greater than twelve (12), (b) continuation of medical and dental benefits until the earliest of the end of the period equal to the number of months of severance payments he is entitled to receive, the expiration of COBRA coverage eligibility or his eligibility under another employer's plans, and (c) a pro-rated bonus to the extent earned. The severance is payable on the same schedule as his salary would have been paid, subject to certain required delays that would have been necessary in order to prevent the payments from being includible in Dr. Burke's income for federal income tax purposes under Section 409(A)(a)(i)(A) of the Internal Revenue Code. The agreement also permits Dr. Burke to accelerate all payments due if the Company breaches its obligations under the agreement in any material respect following Dr. Burke's termination of employment. If Dr. Burke is entitled to payment or other benefits under his retention agreement and his change of control agreement, based upon the same event, he will be entitled to payment and other benefits under whichever agreement provides the greater payments and benefits, but not under both agreements.

Receipt of severance and the other agreement benefits described above are contingent upon Dr. Burke's execution of a release and waiver of all claims against the Company and such severance and benefits would terminate upon any material breach by him of the agreement or upon the termination of his employment for *Cause* or upon his termination without *Good Reason*.

For these purposes, any material breach, default or violation by Dr. Burke under his change of control agreement, stock option agreements, restricted share agreements, confidentiality and other agreements (including the

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non-compete, non-interference, and non-disclosure restrictive covenants contained in or executed in connection with the stock option or restricted share agreements), between the Company and Dr. Burke, also constituted a breach of the executive retention agreement, if so determined by Company. A breach of these covenants entitled the Company to the rights described under Summary of Equity Compensation Equity Incentive Plan. The executive retention agreement also contained restrictions on disclosure of confidential information.

### **Agreement with Mr. Rosebrough**

In connection with Mr. Rosebrough's employment as President and CEO, we entered into an employment agreement with Mr. Rosebrough dated September 7, 2007. The agreement was effective October 1, 2007 and for an initial term of three years. The agreement automatically renewed for an additional one year term beginning October 1, 2010. Thereafter the agreement continues to automatically renew for additional consecutive terms of one year each, unless the Company gives Mr. Rosebrough notice of nonrenewal at least thirty days prior to the end of the then applicable term. Notwithstanding the foregoing, the term of the agreement will end upon termination of Mr. Rosebrough's employment for any reason.

Mr. Rosebrough's agreement provides for an initial base salary at a rate of \$750,000 per year for the fiscal year ending March 31, 2008, with such base salary thereafter to be subject to annual or other periodic review. Mr. Rosebrough's base salary has remained at a rate of \$750,000 through the end of the fiscal year ending March 31, 2011. Mr. Rosebrough also is entitled to participate in the Senior Executive Incentive Compensation Plan or SEICP. For fiscal 2011 his participation was at a target rate of 100% of base salary and with a maximum award limit of 200% of base salary; for subsequent fiscal years Mr. Rosebrough is eligible to participate in the SEICP and receive an incentive award based on achievement of specified performance goals as determined by criteria and other performance measures and target attainment established by the Compensation and Corporate Governance Committee. Mr. Rosebrough also is entitled to participate in restricted stock, stock option and other equity incentive compensation awards under the 2006 Long-Term Equity Incentive Compensation Plan or other approved plans as determined by the Board or the Compensation and Corporate Governance Committee. Mr. Rosebrough is also entitled to participate in the standard benefit programs under which STERIS's salaried nonunion employees located at its headquarters are from time to time generally eligible (exclusive of any such severance, separation or termination programs or benefits) as well as additional fringe benefits and perquisites.

Should the Company's financial statements for any fiscal year falling within the term of his agreement be required to be restated due to material noncompliance, as a result of misconduct, with any financial reporting requirement, the Board or Compensation and Corporate Governance Committee may require Mr. Rosebrough to return or forfeit, as applicable, all or a portion of any bonus or incentive award (including equity awards) made to him with respect to any fiscal year the financial results of which are negatively affected by such restatement. In that case, the amount to be recovered would equal the amount by which the bonus or incentive compensation award exceeded the amount that would have been payable had the Company's financial statements been initially filed as restated, as determined by the Board or the Compensation and Corporate Governance Committee. Recovery may be effected through a variety of means, as determined by the Compensation and Corporate Governance Committee.

Upon termination of Mr. Rosebrough's employment during the term of his employment agreement by reason of death or Disability, a termination by the Company without Cause or a termination by Mr. Rosebrough for Good Reason (as such terms are defined in the agreement), Mr. Rosebrough's agreement provides for the following (payable in accordance with the requirements of Internal Revenue Code Section 409A): (i) an amount equal to twenty-four (24) months of salary continuation, car allowance and financial planning/tax preparation allowance, paid in twenty-four (24) monthly installments, to commence on the first day of the first month following the 60th day after termination, or if on the date of termination he is a specified employee (within the meaning of Code Section 409A) and the payments are considered to be the deferral of compensation, the Company will pay all amounts of such deferred compensation that would have been due during the six-month period following his termination of employment on the first day of the seventh month following the termination

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date (or, if earlier, as soon as practicable after the date of his death); (ii) the annual one-time incentive payment he would have been paid, if any, under the SEICP (as herein after defined), relating to the fiscal year of termination if his employment had not been terminated, prorated to the date of termination, such payment to be based on applicable targets, threshold and other SEICP criteria and terms and actual performance relative thereto for such fiscal year, and to be made at the same time that annual incentive payments for such fiscal year are made to other senior executives of the Company; and (iii) eighteen (18) months of continuation of coverage under STERIS medical and dental plans pursuant to COBRA (with Mr. Rosebrough being required to pay the normal cost of such COBRA coverage). And regardless of the reason for termination, upon termination of Mr. Rosebrough's employment during the term of his agreement he also is entitled to receive the following: (i) any accrued but unpaid base salary and paid time off, (ii) any plan benefits that by their terms extend beyond termination of employment but only to the extent provided in any such benefit plan in which he has participated as an employee of STERIS; and (iii) any COBRA benefits to which he is entitled by law and not otherwise entitled to receive under his employment agreement.

Notwithstanding the foregoing, if Mr. Rosebrough is otherwise entitled to benefits under both his employment agreement and his change in control agreement (discussed previously in this Section under "Change of Control Agreements") based on the same event, he will be entitled to severance benefits under either his employment agreement or his change in control agreement, whichever provides for greater benefits, but will not be entitled to benefits under both agreements.

For purposes of the employment agreement, "Cause" includes but is not limited to material breach of Mr. Rosebrough's employment agreement or any other of his "Other Agreements" (consisting of his change of control agreement, restricted stock and restricted stock unit agreements, non-qualified stock option agreement, non-disclosure and non-competition agreement and the Company's Code of Business Conduct), which has not been cured within the applicable time period set forth in the relevant agreement, and, if not so specified, promptly (taking into account the nature of the misconduct, and the actions that must be taken to effect the cure) after receipt of notice. A discussion of the restrictive covenants contained in stock option and restricted stock unit agreements may be found later in this Section under "Summary of Equity Compensation Equity Incentive Plan."

**Table of Contents****SUMMARY OF EQUITY COMPENSATION PLANS**

The table below presents information concerning all equity compensation plans and individual compensation arrangements in effect as of our fiscal year ended March 31, 2011:

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants, and Rights (a)</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants, and Rights (b)</b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)</b>
Equity Compensation Plans Approved by Security Holders	3,274,395	\$ 25.95	3,519,891
Equity Compensation Plans Not Approved by Security Holders	-	\$ -	-
<b>Total</b>	<b>3,274,395</b>	<b>\$ 25.95</b>	<b>3,519,891</b>

**Equity Incentive Plan**

The 2006 Long-Term Incentive Plan authorizes the issuance or grant of various stock and stock related incentives, including stock options, restricted stock, restricted stock units, performance units and SARs to employees and non-employee directors. All grants of stock options, restricted stock, restricted stock units and SARs made subsequent to original approval of the 2006 Plan have been made pursuant to the 2006 Plan. Most stock option grants made prior to the approval of the 2006 Plan were pursuant to various other previously established plans. In connection with the adoption of the 2006 Plan, we discontinued the grant of options or other equity incentives under the previously established plans. However, a number of options granted under the previously established plans remain outstanding. As of March 31, 2011, there were three million five hundred and nineteen thousand eight hundred and ninety-one (3,519,891) shares remaining available for grant from the 2006 Plan.

In general, upon termination of an award recipient's employment or Board service, the nonvested portions of his or her stock option grants and other equity incentive awards are immediately forfeited. However, unvested option grants may become vested and nonforfeitable upon an optionee's death and unvested restricted stock awards or restricted stock units may be modified by the Company to give the award recipient the benefit of the award or unit through the date of death. Additionally, for grants made prior to fiscal year 2012, if an award recipient who is a non-employee director or who received an award prior to the 2012 fiscal year retires from employment after having attained age 55 and having been employed for at least five consecutive years without having engaged in any Detrimental Activity (as defined), unless otherwise specified by the terms of the award, stock options, restricted stock, restricted stock units and other equity incentive awards held by the award recipient at the date of retirement will continue to vest as though the recipient remained in the service of the Company through the fifth anniversary of the date of retirement provided the recipient remains in Good Standing (as defined) and subject to other plan terms. If a recipient fails to remain in Good Standing, any outstanding stock options and other equity incentive compensation awards may be forfeited.

Under the 2006 Plan as well as the previously established plans, upon the occurrence of a change in control, all options and other awards then outstanding, to the extent unvested, generally vest and become immediately exercisable, without further action. While the definition of change in control varies somewhat from plan to plan, in general a change in control under each includes any of the following: the acquisition by any person or group of 25% or more of the combined voting power of the Company's outstanding voting stock; certain changes in the composition of a majority of the Board membership; the consummation of certain reorganizations, mergers or



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consolidations or disposition of all or substantially all of the assets of the Company or certain other business transactions involving the Company; or approval by the shareholders of a complete liquidation or dissolution of the Company.

In connection with the grant of stock options and receipt of restricted stock and restricted stock units under the 2006 Plan and previously established plans, optionees and other award recipients agree to restrictive covenants concerning non-competition, non-interference and non-disclosure. If the recipient breaches any of these covenants, in addition to any other remedies we may have, awards then held by the recipient and stock then held that was received pursuant to awards may be forfeited.

The amendment and restatement of the 2006 Plan has been proposed for approval by the shareholders. Among other changes, the amendment and restatement of the 2006 Plan would increase the number of shares available for grant by 1,600,000. A more detailed description of the 2006 Plan provisions can be found under PROPOSAL 2 AMENDMENT AND RESTATEMENT OF THE STERIS CORPORATION 2006 LONG-TERM EQUITY INCENTIVE COMPENSATION PLAN.

**Incentive Compensation Plan**

We have established and maintain an Incentive Compensation Plan (sometimes referred to as the Bonus Plan ), for key employees. The Bonus Plan is intended to support our compensation philosophy and encourage achievement of objectives by key employees whose responsibilities affect the performance of the business. Participants are selected annually. During fiscal 2011, all named executive officers, other than Mr. Rosebrough, were participants in the Bonus Plan. Mr. Rosebrough was a participant in the SEICP during fiscal 2011.

Annually each Bonus Plan participant is assigned a target bonus based upon his or her position and level of responsibility within the Company. The target bonus is an amount equal to the percentage of the participant's base salary that he or she would receive as a bonus if all of the objectives established for, or otherwise applicable to, the participant are achieved. If the objectives are exceeded, a larger bonus may be payable. If the objectives are not attained, a smaller bonus or no bonus may be payable. Generally, a participant is not entitled to a bonus in respect of a particular fiscal year unless he or she remains in the employ of the Company through the end of that fiscal year.

The Bonus Plan also provides that if a Change of Control occurs within five days after the occurrence of the first Change of Control during the fiscal year, each participant may be paid an interim lump-sum cash payment with respect to his or her participation in the Bonus Plan, with the amount of the interim payment to be equal to the dollar amount of the participant's target bonus for the entire fiscal year multiplied by a fraction, the numerator of which is the number of months between the beginning of the fiscal year and the end of the month in which the Change of Control occurs and the denominator of which is 12. The making of the interim payment will not reduce the obligation to make a final payment under the terms of the Bonus Plan, but the amount of any interim payment will be an offset against any later payment due under the Bonus Plan in respect of the fiscal year. A participant is not required to refund any portion of the interim payment.

For purposes of the Bonus Plan, a Change of Control includes the following: the acquisition by any person or group of 50% or more (or in some cases as little as 15%) of the Company's outstanding Common Shares; a person's commencement or public announcement of an intention to commence a tender offer that would result in such person becoming beneficial owner of 15% or more of the Company's outstanding Common Shares; certain changes in the composition of a majority of the Board membership within a 24 month period; the consummation of certain mergers or consolidations, or dispositions of all or substantially all of the assets of the Company; or a person's proposal of a Control Share Acquisition of the Company within the meaning of the Ohio General Corporation Law.

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**Senior Executive Incentive Compensation Plan**

We have established and maintain a Senior Executive Incentive Compensation Plan (sometimes referred to as the SEICP ) for the CEO and any other executive officer or employee designated by the Compensation and Corporate Governance Committee. The SEICP is intended to support our compensation philosophy and encourage achievement of objectives by key employees by providing incentives for superior performance. Participants are selected by the Compensation and Corporate Governance Committee in its sole discretion. During fiscal 2011, Mr. Rosebrough was the only participant in the SEICP. The SEICP was amended and restated in its entirety during fiscal 2011, effective April 1, 2010. This amendment and restatement was approved by our Shareholders at the 2010 Annual Meeting of Shareholders.

Annually, the Compensation and Corporate Governance Committee establishes the performance objectives for each SEICP participant and the amount of incentive compensation payable (or formula for determining such amount) if the specified performance objectives for such fiscal year are achieved or exceeded. Performance objectives may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual participant or of the subsidiary, division, department or function within the Company or one or more subsidiaries in which the participant is employed or for which the participant has responsibilities. The performance objectives shall be limited to specified levels of Company (or subsidiary, division, department or function) performance, or such performance relative to peer company performance, in one or more, or a combination, of the following: earnings per share, return on invested capital, return on total capital, return on assets, return on equity, total shareholder return, stock value, net income, revenue, free cash flow, cash flow, operating profit, gross margin and/or contribution margin, earnings before interest and taxes, earnings before interest, taxes, depreciation and amortization, productivity improvement, and expense or liability reduction. The Compensation and Corporate Governance Committee may further specify in respect of the specific performance objectives a minimum acceptable level of achievement below which no incentive compensation payment will be made and set forth a formula for determining the amount of any payment to be made if performance is at or above the minimum acceptable level but falls short of full achievement of the specific performance objectives or exceeds full achievement of the specified performance objectives. The Committee retains the discretion to reduce the amount of any incentive compensation that would be otherwise payable to a participant (including a reduction in such amount to zero). The Compensation and Corporate Governance Committee is required to determine, as soon as reasonably practicable after the end of each fiscal year, whether the performance objectives have been achieved and the amount of incentive compensation payable, and to document such determinations.

The maximum incentive compensation that may be paid to a participant under the SEICP in respect of any fiscal year may not exceed the lesser of two and one-half (2 1/2) times the participant's annual base salary or \$2,500,000. Any incentive compensation payable under the SEICP in respect of any fiscal year must be paid no later than two and one-half months after the end of the fiscal year.

**POTENTIAL PAYMENTS UPON TERMINATION OF EMPLOYMENT OR CHANGE IN CONTROL TABLES**

**Introduction**

The tables below estimate and summarize the potential payments and benefits under compensation and benefit plans and contractual agreements to which the named executive officers are a party or a participant that may be realizable by each of the named executive officers in the event of a termination of employment and/or change in control under the circumstances described in the footnotes and column headings to the tables, as supplemented by the narrative descriptions of agreements and/or plans addressing or containing provisions relating to change in control and/or termination payments and benefits. These narrative descriptions are found under Potential Payments to Named Executive Officers Upon Termination of Employment or Change in Control above beginning on page 42.

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**Excluded Amounts**

The amounts shown in the tables below do not include payments and benefits to the extent they are provided on a non-discriminatory basis to salaried employees generally upon termination of employment. These include accrued salary and vacation pay, regular severance benefits, and distributions of plan balances under our 401(k) plan. The tables also do not include amounts receivable under the Deferred Compensation Plan. See the narrative following the Nonqualified Deferred Compensation for Fiscal 2011 table on page 41 for information about the Deferred Compensation Plan.



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	<b>Walter M Rosebrough, Jr.<sup>(1)</sup></b>				<b>Change in</b>
					<b>Control with</b>
					<b>termination</b>
					<b>by</b>
	<b>Termination by</b>				<b>STERIS or by</b>
	<b>the Company</b>				<b>Change in</b>
	<b>without Cause or</b>				<b>Control with</b>
	<b>termination by</b>				<b>termination for</b>
	<b>the employee for</b>				<b>Good Faith</b>
	<b>Death or</b>	<b>Good</b>	<b>without</b>	<b>determination<sup>(5)</sup></b>	<b>Executive for</b>
	<b>Disability<sup>(2)&amp;(3)</sup></b>	<b>Reason<sup>(2)&amp;(3)</sup></b>	<b>termination<sup>(4)</sup></b>		<b>reduction of</b>
					<b>compensation or</b>
					<b>mandatory</b>
					<b>relocation<sup>(6)</sup></b>
	(\$)	(\$)	(\$)	(\$)	(\$)
Severance Payment	1,500,000	1,500,000	-	3,195,900	4,793,850
Stock Options <sup>(4)</sup>	1,226,260	-	1,226,260	1,226,260	1,226,260
Restricted Stock	-	-	2,866,820	2,866,820	2,866,820
2011 Target Bonus <sup>(7)</sup>	555,900	555,900	-	555,900	555,900
Health, Dental, & Life Benefits <sup>(8)</sup>	-	-	-	20,516	30,774
Other Benefits <sup>(9)</sup>	41,000	41,000	-	-	-
Excise Tax Gross Up	-	-	-	-	2,102,692
Totals	3,323,160	2,096,900	4,093,080	7,865,396	11,576,296

(1) For purposes of this disclosure, the Change in Control date and all termination events are assumed to occur on March 31, 2011. The stock closing price as of such date was \$34.54.

(2) Pursuant to Mr. Rosebrough's employment agreement, in the event of termination by reason of death or Disability, termination by the Company without Cause, or termination by Mr. Rosebrough with Good Reason, Mr. Rosebrough is entitled to salary continuation, car allowance, and financial planning/tax preparation allowance for a period of 24 months, the annual one-time incentive payment under the STERIS Corporation Senior Executive Incentive Compensation Plan relating to the fiscal year of termination prorated to the termination date, and, at his own expense, eighteen months of continuation of coverage in the medical and dental plans pursuant to COBRA.

(3) Mr. Rosebrough is entitled to accelerated vesting of all his stock options upon his death. The amount shown in the table above represents the full value of his nonvested stock options based on the stock closing price of \$34.54 on March 31, 2011. There is no accelerated vesting of stock options upon Disability. All restricted stock awards are generally forfeitable upon death or Disability, except that, upon death, restricted stock awards may be modified in such manner as the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may specify to give Mr. Rosebrough the benefit of those awards through that date. For purposes of the foregoing table, no modification to vesting is assumed. Upon termination by the Company without Cause or termination by Mr. Rosebrough with Good Reason, Mr. Rosebrough is not entitled to accelerated vesting of stock options or restricted stock units.

(4) In the event of a Change in Control with or without termination, Mr. Rosebrough will be entitled to accelerated vesting of stock options and restricted stock. Vested values for stock options and restricted stock are shown in the Change in Control columns.

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- (5) Pursuant to Mr. Rosebrough's change in control agreement, in the event of a Change in Control with termination for Good Faith determination (as defined in his agreement), he will be entitled to a lump sum severance payment based on a multiple of two (2) times his current base salary and his average annual incentive compensation (as defined). For purposes of the incentive compensation portion of this calculation, an average of his most recent bonus (fiscal 2011 bonus) and prior year bonus (fiscal 2010 bonus) has been used.
- (6) Pursuant to Mr. Rosebrough's change in control agreement, in the event of a Change in Control with termination by STERIS, other than for Cause, death or Disability, or by executive for reduction of compensation or mandatory relocation (as defined in his agreement), he will be entitled to a lump sum severance payment based on a multiple of three (3) times his current base salary and his average annual incentive compensation (as defined). For purposes of the incentive compensation portion of this calculation, an average of his most recent bonus (fiscal 2011 bonus) and prior year bonus (fiscal 2010 bonus) has been used.
- (7) Mr. Rosebrough is entitled to a special pro-rata STERIS Corporation Senior Executive Incentive Compensation Plan payment under his Change in Control agreement. This bonus is based on Mr. Rosebrough's fiscal year 2011 actual bonus. The 2011 fiscal year approved amount of bonus payout was based on achievement of a corporate performance level of 87.2% under the STERIS Corporation Senior Executive Incentive Compensation Plan, for the pro-rata portion of the year. The proration is 100% because the assumed termination date is the fiscal year end.
- (8) Pursuant to Mr. Rosebrough's change in control agreement, in the event of a Change in Control with termination for Good Faith determination (as defined in his agreement), he will be entitled to continuation of health, dental and life benefits for a period of two (2) years. In the event of a Change in Control with termination by STERIS, other than for Cause, Disability or death, or by executive for reduction of compensation or mandatory relocation, he will be entitled to continuation of health, dental and life benefits for a period of three (3) years.
- (9) In the event of termination, Mr. Rosebrough is entitled to other benefits for various periods as defined by his employment agreement. Other benefits include an automobile allowance and expense reimbursement for tax return preparation. However, Mr. Rosebrough is not entitled to other benefits in the event of a Change in Control with termination pursuant to section 5(d) of his employment agreement, which provides for entitlement to severance benefits under either his employment agreement or change in control agreement, but not both.

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	<b>Michael J. Tokich<sup>(1)&amp;(2)</sup></b>		
	<b>Change in Control</b>		
	<b>with termination</b>		
	<b>by STERIS or</b>		
	<b>by Executive for</b>		
	<b>reduction of compensation or</b>		
	<b>Change in Control</b>	<b>Change in Control</b>	<b>Change in Control</b>
	<b>without</b>	<b>Good Faith</b>	<b>with termination for</b>
	<b>termination<sup>(3)</sup></b>	<b>determination<sup>(4)</sup></b>	<b>mandatory</b>
	<b>relocation<sup>(5)</sup></b>		
	(\$)	(\$)	(\$)
Severance Payment	-	481,014	962,027
Stock Options <sup>(3)</sup>	173,707	173,707	173,707
Restricted Stock	276,320	276,320	276,320
2011 Target Bonus <sup>(6)</sup>	-	147,477	147,477
Health, Dental, and Life Benefits <sup>(7)</sup>	-	13,713	27,426
Excise Tax Gross Up	-	-	-
<b>Totals</b>	<b>450,027</b>	<b>1,092,231</b>	<b>1,586,957</b>

- (1) For purposes of this disclosure, the Change in Control date and all termination events are assumed to occur on March 31, 2011. The stock closing price as of such date was \$34.54.
- (2) Mr. Tokich and STERIS have not entered into an employment agreement. Therefore, in the event of termination without a Change in Control, no contractual termination payments are required.
- (3) In the event of a Change in Control with or without termination, Mr. Tokich will be entitled to accelerated vesting of stock options. In the event of Mr. Tokich's death, he will be entitled to accelerated vesting of stock options. Values attributable to accelerated vesting for stock options and restricted stock are shown in the Change in Control columns. Upon death, restricted stock awards may be modified in such manner as the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may specify to give Mr. Tokich the benefit of those awards through that date. For purposes of the foregoing table, no modification to vesting is assumed. Upon termination by the Company or Mr. Tokich for any other reason, Mr. Tokich is not entitled to accelerated vesting of stock options or restricted stock awards.
- (4) Pursuant to Mr. Tokich's change in control agreement, in the event of a Change in Control with termination for Good Faith determination (as defined in his agreement), he will be entitled to a lump sum severance payment based on a multiple of one (1) times his current base salary and his average annual incentive compensation (as defined). For purposes of the incentive compensation portion of this calculation, an average of his most recent bonus (fiscal 2011 bonus) and prior year bonus (fiscal 2010 bonus) has been used.
- (5) Pursuant to Mr. Tokich's change in control agreement, in the event of a Change in Control with termination by STERIS other than for Cause, death or Disability or by executive for reduction of compensation or mandatory relocation (as defined in his agreement), he will be entitled to a lump sum severance payment based on a multiple of two (2) times his current base salary and his average annual incentive compensation (as defined). For purposes of the incentive compensation portion of this calculation, an average of his most recent bonus (fiscal 2011 bonus) and prior year bonus (fiscal 2010 bonus) has been used.
- (6) Mr. Tokich is entitled to a special pro-rata STERIS Corporation Incentive Compensation Plan payment under his Change in Control agreement. This bonus is based on Mr. Tokich's fiscal year 2011 actual bonus. The 2011 fiscal year approved amount of bonus payout was based on achievement of a corporate performance level of 87.2% under the STERIS Corporation Incentive Compensation Plan, for the pro-rata portion of the year. The proration is 100% because

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the assumed termination date is the fiscal year end.

- (7) Pursuant to Mr. Tokich's change in control agreement, in the event of a Change in Control with termination for Good Faith determination (as defined in his agreement) he will be entitled to continuation of health, dental, and life coverage for a period of one (1) year. In the event of a Change in Control with termination by STERIS other than for Cause, death or Disability, or termination by Mr. Tokich for reduction of compensation or mandatory relocation, he will be entitled to continuation of health, dental and life coverage for a period of two (2) years.

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<b>Timothy L. Chapman<sup>(1)&amp;(2)</sup></b>			
			<b>Change in Control with termination by STERIS or by Executive for reduction of compensation or mandatory relocation<sup>(5)</sup></b>
<b>Change in Control without termination<sup>(3)</sup></b>		<b>Change in Control with termination for Good Faith determination<sup>(4)</sup></b>	
(\$)		(\$)	(\$)
Severance Payment	-	1,217,811	1,826,717
Stock Options <sup>(3)</sup>	226,752	226,752	226,752
Restricted Stock	409,299	409,299	409,299
2011 Target Bonus <sup>(6)</sup>	-	172,218	172,218
Health, Dental, and Life Benefits <sup>(7)</sup>	-	30,796	46,194
Excise Tax Gross Up	-	-	772,540
<b>Totals</b>	<b>636,051</b>	<b>2,056,876</b>	<b>3,453,720</b>

- (1) For purposes of this disclosure, the Change in Control date and all termination events are assumed to occur on March 31, 2011. The stock closing price as of such date was \$34.54.
- (2) Mr. Chapman and STERIS have not entered into an employment agreement. Therefore, in the event of termination without a Change in Control, no contractual termination payments are required.
- (3) In the event of a Change in Control with or without termination, Mr. Chapman will be entitled to accelerated vesting of stock options. In the event of Mr. Chapman's death, he will be entitled to accelerated vesting of stock options. Values attributable to accelerated vesting for stock options and restricted stock are shown in the "Change in Control" columns. Upon death, restricted stock awards may be modified in such manner as the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may specify to give Mr. Chapman the benefit of those awards through that date. For purposes of the foregoing table, no modification to vesting is assumed. Upon termination by the Company or Mr. Chapman for any other reason, Mr. Chapman is not entitled to accelerated vesting of stock options or restricted stock awards.
- (4) Pursuant to Mr. Chapman's change in control agreement, in the event of a Change in Control with termination for Good Faith determination (as defined in his agreement), he will be entitled to a lump sum severance payment based on a multiple of two (2) times his current base salary and his average annual incentive compensation (as defined). For purposes of the incentive compensation portion of this calculation, an average of his most recent bonus (fiscal 2011 bonus) and prior year bonus (fiscal 2010 bonus) has been used.
- (5) Pursuant to Mr. Chapman's change in control agreement, in the event of a change in control with termination by STERIS other than for Cause, death or Disability, or by executive for reduction of compensation or mandatory relocation (as defined in his agreement), he will be entitled to a lump sum severance payment based on a multiple of three (3) times his current base salary and his average annual incentive compensation (as defined). For purposes of the incentive compensation portion of this calculation, an average of his most recent bonus (fiscal 2011 bonus) and prior year bonus (fiscal 2010 bonus) has been used.
- (6) Mr. Chapman is entitled to a special pro-rata STERIS Corporation Incentive Compensation Plan payment under his change in control agreement. This bonus is based on Mr. Chapman's fiscal year 2011 actual bonus. The 2011 fiscal year approved amount of bonus payout was based on achievement of a corporate performance level of 87.2% under the STERIS Corporation Incentive Compensation Plan, for the pro-rata portion of the year. The proration is 100% because

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the assumed termination date is the fiscal year end.

- (7) Pursuant to Mr. Chapman's change in control agreement, in the event of a Change in Control with termination for Good Faith determination (as defined in his agreement) he will be entitled to continuation of health, dental, and life coverage for a period of two (2) years. In the event of a Change in Control with termination by STERIS other than for Cause, death or Disability, or termination by Mr. Chapman for reduction of compensation or mandatory relocation, he will be entitled to continuation of health, dental and life coverage for a period of three (3) years.

**Table of Contents****Peter A. Burke<sup>(1)&(2)</sup>**

	Termination without Cause or for Good Reason <sup>(2)</sup>	Change in Control without termination <sup>(3)</sup>	Change in Control with termination for Good Faith determination <sup>(4)</sup>	Change in Control with termination by STERIS or by Executive for reduction of compensation or mandatory relocation <sup>(5)</sup>
	(\$)	(\$)	(\$)	(\$)
Severance Payment	650,760	-	1,211,927	1,817,891
Stock Options <sup>(3)</sup>	-	176,406	176,406	176,406
Restricted Stock	-	386,848	386,848	386,848
2011 Target Bonus <sup>(6)</sup>	170,239	-	170,239	170,239
Health, Dental, and Life Benefits <sup>(7)</sup>	20,933	-	22,973	34,459
Excise Tax Gross Up	-	-	-	-
<b>Totals</b>	<b>841,932</b>	<b>563,254</b>	<b>1,968,393</b>	<b>2,585,843</b>

- (1) For purposes of this disclosure, the Change in Control date and all termination events are assumed to occur on March 31, 2011. The stock closing price as of such date was \$34.54.
- (2) Dr. Burke entered into an executive retention agreement and a change of control agreement with STERIS. The executive retention agreement will pay out severance and actual bonus upon termination without Cause or termination for Good Reason that occurs prior to March 31, 2014. The severance shown in the table for termination under these circumstances is the maximum amount of payments he could receive under the executive retention agreement based on his salary rate in effect at March 31, 2011 and a termination date of March 31, 2011. The bonus shown in the table for termination under these circumstances is the actual bonus that was earned under the STERIS Corporation Incentive Compensation Plan with respect to the fiscal year ended March 31, 2011.
- (3) In the event of a Change in Control with or without termination, Dr. Burke will be entitled to accelerated vesting of stock options. In the event of Dr. Burke's death, he will be entitled to accelerated vesting of stock options. Values attributable to accelerated vesting for stock options and restricted stock are shown in the Change in Control columns. Upon death, restricted stock awards may be modified in such manner as the Board or the Chief Executive Officer or his delegatee or delegatees, as applicable, may specify to give Dr. Burke the benefit of those awards through that date. For purposes of the foregoing table, no modification to vesting is assumed. Upon termination by the Company or Dr. Burke for any other reason, Dr. Burke is not entitled to accelerated vesting of stock options or restricted stock awards.
- (4) Pursuant to Dr. Burke's change in control agreement, in the event of a Change in Control with termination for Good Faith determination (as defined in his agreement), he will be entitled to a lump sum severance payment based on a multiple of two (2) times his current base salary and his average annual incentive compensation (as defined). For purposes of the incentive compensation portion of this calculation, an average of his most recent bonus (fiscal 2011 bonus) and prior year bonus (fiscal 2010 bonus) has been used.
- (5) Pursuant to Dr. Burke's change in control agreement, in the event of a change in control with termination by STERIS other than for Cause, death or Disability, or by executive for reduction of compensation or mandatory relocation (as defined in his agreement), he will be entitled to a lump sum severance payment based on a multiple of three (3) times his current base salary and his average annual incentive compensation (as defined). For purposes of the incentive compensation portion of this calculation, an average of his most recent bonus (fiscal 2011 bonus) and prior year bonus (fiscal 2010 bonus) has been used.

(6)

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Dr. Burke is entitled to a special pro-rata STERIS Corporation Incentive Compensation Plan payment under his change in control agreement. This bonus is based on Mr. Burke's fiscal year 2011 actual bonus. The 2011 fiscal year approved amount of bonus payout was based on achievement of a corporate performance level of 87.2% under the STERIS Corporation Incentive Compensation Plan, for the pro-rata portion of the year. The proration is 100% because the assumed termination date is the fiscal year end.

- (7) Pursuant to Dr. Burke's change in control agreement, in the event of a Change in Control with termination for Good Faith determination (as defined in his agreement) he will be entitled to continuation of health, dental, and life coverage for a period of two (2) years. In the event of a Change in Control with termination by STERIS other than for Cause, death or Disability, or termination by Dr. Burke for reduction of compensation or mandatory relocation, he will be entitled to continuation of health, dental and life coverage for a period of three (3) years. Pursuant to Dr. Burke's executive retention agreement he is entitled to medical and dental coverages for a period of two (2) years.



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<b>Robert E. Moss<sup>(1)&amp;(2)</sup></b>			
			<b>Change in Control with termination by STERIS or by Executive for reduction of compensation or mandatory relocation<sup>(5)</sup></b>
<b>Change in Control without termination<sup>(3)</sup></b>		<b>Change in Control with termination for Good Faith determination<sup>(4)</sup></b>	
(\$)		(\$)	(\$)
Severance Payment	-	1,074,546	1,611,819
Stock Options <sup>(3)</sup>	139,452	139,452	139,452
Restricted Stock	367,333	367,333	367,333
2011 Target Bonus <sup>(6)</sup>	-	181,796	181,796
Health, Dental, and Life Benefits <sup>(7)</sup>	-	22,973	34,459
Excise Tax Gross Up	-	-	632,486
<b>Totals</b>	<b>506,785</b>	<b>1,786,099</b>	<b>2,967,345</b>

- (1) For purposes of this disclosure, the Change in Control date and all termination events are assumed to occur on March 31, 2011. The stock closing price as of such date was \$34.54.
- (2) Mr. Moss and STERIS have not entered into an employment agreement. Therefore, in the event of termination without a Change in Control, no contractual termination payments are required.
- (3) In the event of a Change in Control with or without termination, Mr. Moss will be entitled to accelerated vesting of stock options. In the event of Mr. Moss's death, he will be entitled to accelerated vesting of stock options. Values attributable to accelerated vesting for stock options and restricted stock are shown in the Change in Control columns. Upon death, restricted stock awards may be modified in such manner as the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may specify to give Mr. Moss the benefit of those awards through that date. For purposes of the foregoing table, no modification to vesting is assumed. Upon termination by the Company or Mr. Moss for any other reason, Mr. Moss is not entitled to accelerated vesting of stock options or restricted stock awards.
- (4) Pursuant to Mr. Moss's change in control agreement, in the event of a Change in Control with termination for Good Faith determination (as defined in his agreement), he will be entitled to a lump sum severance payment based on a multiple of two (2) times his current base salary and his average annual incentive compensation (as defined). For purposes of the incentive compensation portion of this calculation, an average of his most recent bonus (fiscal 2011 bonus) and prior year bonus (fiscal 2010 bonus) has been used.
- (5) Pursuant to Mr. Moss's change in control agreement, in the event of a change in control with termination by STERIS other than for Cause, death or Disability, or by executive for reduction of compensation or mandatory relocation (as defined in his agreement), he will be entitled to a lump sum severance payment based on a multiple of three (3) times his current base salary and his average annual incentive compensation (as defined). For purposes of the incentive compensation portion of this calculation, an average of his most recent bonus (fiscal 2011 bonus) and prior year bonus (fiscal 2010 bonus) has been used.
- (6) Mr. Moss is entitled to a special pro-rata STERIS Corporation Incentive Compensation Plan payment under his change in control agreement. This bonus is based on Mr. Moss's fiscal year 2011 actual bonus. The 2011 fiscal year approved amount of bonus payout was based on achievement of a combination of corporate, Isomedix and Life Sciences performance levels of 112.2% under the STERIS Corporation Incentive Compensation Plan, for the pro-rata portion of the year. The proration is 100% because the assumed termination date is the fiscal year end.

- (7) Pursuant to Mr. Moss's change in control agreement, in the event of a Change in Control with termination for Good Faith determination (as defined in his agreement) he will be entitled to continuation of health, dental, and life coverage for a period of two (2) years. In the event of a Change in Control with termination by STERIS other than for Cause, death or Disability, or termination by Mr. Moss for reduction of compensation or mandatory relocation, he will be entitled to continuation of health, dental and life coverage for a period of three (3) years.

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**NON-EMPLOYEE DIRECTOR COMPENSATION**

**DESCRIPTION OF DIRECTOR COMPENSATION FOR FISCAL 2011**

It is the Board's practice to provide a mix of cash and equity-based compensation to non-employee Directors, as discussed below.

Under the current compensation arrangement for non-employee Directors, each non-employee Director is entitled to receive \$150,000 (or \$240,000 for the Chairman of the Board) over the annual term (the annual term begins with the annual meeting of shareholders and ends at the next annual meeting). This compensation arrangement has been in effect since approved by the Board at its July 26, 2007 meeting. This compensation is payable as follows:

Retainer A retainer of \$37,500 (\$60,000 in the case of the Chairman of the Board) is payable for the first half of the term (shortly after the annual shareholder meeting). An additional retainer of \$37,500 (\$60,000 in the case of the Chairman of the Board) is payable for the second half of the term (generally paid in February). Both the first and second payments will be made in STERIS stock unless an election is made by the Director to receive the payment in cash or a combination of cash and STERIS stock (The value of the STERIS stock is based on the closing price of STERIS shares on a designated trading date after the release of financial results for the first quarter for the first retainer payment and the third quarter for the second retainer payment).

Options and Restricted Shares \$37,500 (\$60,000 in the case of the Chairman of the Board) in value of stock options and \$37,500 (\$60,000 in the case of the Chairman of the Board) in value of restricted shares (with such values based on the closing price of STERIS shares on a designated trading day after the release of financial results for the first quarter) is paid to each director. These awards are made at the beginning of the annual term and vest in six months.

In addition to the foregoing, under this arrangement, a \$10,000 chair fee is paid to the Chairperson of the Audit and Financial Policy Committee and a \$5,000 chair fee is paid to the Chairperson of each of the other Board committees, payable at the beginning of the annual term. Also a \$1,000 per meeting fee will be payable to each non-employee Director for each Board meeting and assigned committee meeting attended by the Director in excess of 20 during the annual term. All Directors are reimbursed for certain expenses in connection with attendance at Board and committee meetings. The only payments made to non-employee Directors during fiscal 2011 were made under this compensation arrangement.

**Table of Contents****DIRECTOR COMPENSATION TABLE FOR FISCAL 2011**

Name	Fees Earned	Stock	Option	All Other	Total
	or Paid in	Awards	Awards	Compensation	
	Cash (\$) <sup>(1)</sup>	(\$) <sup>(2)</sup>	(\$) <sup>(3)</sup>	(\$)	(\$)
Richard C. Breeden <sup>(4)</sup>		112,461	27,220		139,681
Cynthia L. Feldmann	87,000	37,482	27,220		151,702
David B. Lewis	27,500	84,972	27,220		139,692
Jacqueline B. Kosecoff	80,000	37,482	27,220		144,702
Kevin M. McMullen	80,000	37,482	27,220		144,702
Mohsen M. Sohi	77,000	37,482	27,220		141,702
John P. Wareham	120,000	59,991	43,562		223,553
Loyal W. Wilson	3,000	112,461	27,220		142,681
Michael B. Wood	40,000	72,445	27,220		139,665

- (1) The dollar amount represents the amount paid in cash for first half and second half annual retainer for the annual term beginning in July 2010 plus chair fees during the fiscal year ended March 31, 2011.
- (2) The dollar amounts reflect the grant date fair value under FASB ASC Topic 718 for restricted stock awarded during fiscal 2011 to the named director. The grant date fair value of an award is computed in accordance with FASB ASC Topic 718 utilizing assumptions discussed in Notes to our financial statements for the fiscal year ended March 31, 2011.
- (3) The dollar amounts reflect the grant date fair value of stock options granted in fiscal 2011 FASB ASC Topic 718. The grant date fair value of an award is determined utilizing assumptions discussed in Notes to our financial statements for the fiscal year ended March 31, 2011. The grant date fair value estimate for these stock option awards in accordance FASB ASC Topic 718 equaled the compensation cost recognized by the Company during fiscal 2011. For information regarding the aggregate number of options of each non-employee director outstanding as of March 31, 2011, see Aggregate Option Holdings by Non-Employee Directors at March 31, 2011 on page 57.
- (4) Based on disclosures in Mr. Breeden's prior SEC filings, the governing documents of Breeden Capital Management LLC and related investment funds provide that compensation received by Mr. Breeden for services as a director of the Company is apportioned among the investment funds, and Mr. Breeden has no interest in such compensation other than to the extent of his pro-rata ownership interest in the investment funds.

**Table of Contents****AGGREGATE OPTION HOLDINGS BY NON-EMPLOYEE DIRECTORS AT MARCH 31, 2011**

<b>Name</b>	<b>Options (#)</b>
Richard C. Breeden	9,486
Cynthia L. Feldmann	30,373
David B. Lewis	3,133
Jacqueline B. Kosecoff	52,873
Kevin M. McMullen	72,873
Mohsen M. Sohi	32,873
John P. Wareham	80,836
Loyal W. Wilson	72,873
Michael B. Wood	42,873
Total	398,193

**OWNERSHIP OF VOTING SECURITIES****5% OWNERS**

The following table shows certain information with respect to all persons known by STERIS to beneficially own more than five percent of the Company's outstanding Common Shares, based on the number of Common Shares outstanding as of April 30, 2011, which was 59,147,580.

<b>Name and Address of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percent of Class</b>
Breeden Capital Management LLC 100 Northfield Street, Greenwich, CT 06830 BlackRock Inc.	5,067,321 <sup>(1)</sup>	8.57%
40 East 52 <sup>nd</sup> Street, New York, NY 10022 Harris Associates L.P. and Harris Associates Inc.	4,181,427 <sup>(2)</sup>	7.07%
Two North LaSalle Street, Suite 500, Chicago, IL 60602-3790 The Vanguard Group, Inc.	3,764,100 <sup>(3)</sup>	6.36%
100 Vanguard Blvd., Malvern, PA 19355	3,651,464 <sup>(4)</sup>	6.17%

(1) Based upon information contained in a Schedule 13D/A filed with the Securities and Exchange Commission on April 24, 2008, which Schedule specifies Breeden Capital Management LLC has shared voting and dispositive power with respect to all of these shares. Also based on information contained in a Schedule 13F filed with the Securities and Exchange Commission on May 16, 2011, which schedule specifies Breeden Capital Management LLC as holding these shares.

(2) Based solely upon information contained in a Schedule 13G filed with the Securities and Exchange Commission on February 8, 2011, which Schedule specifies that BlackRock Inc. has sole voting power with respect to 4,181,427 of these shares, shared voting power with respect to none of these shares and sole dispositive power with respect to all of these shares.

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- (3) Based solely upon information contained in a Schedule 13G filed with the Securities and Exchange Commission on February 8, 2011, which Schedule specifies that Harris Associates L.P. and Harris Associates Inc. have sole voting power with respect to 3,764,100 of these shares and sole dispositive power with respect to all of these shares.
  
- (4) Based solely upon information contained in a Schedule 13G filed with the Securities and Exchange Commission on February 9, 2011, which Schedule specifies that The Vanguard Group, Inc. has sole voting power with respect 78,420 of these shares, shared voting power with respect to none of these shares and sole dispositive power with respect to 3,573,044 of these shares and shared dispositive power with respect to 78,420 of these shares.

**Table of Contents****STOCK OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS**

The following table shows the beneficial ownership of our Common Shares by each director of the Company, each nominee for election as director, each of the named executive officers and all directors, nominees, and executive officers of the Company as a group, as of April 29, 2011, unless otherwise indicated below.

Name of Beneficial Owner	Number of Shares Beneficially Owned as of April 29, 2011 <sup>(1)</sup>		
	Shares Owned		Total Stock-Based Ownership
	Directly and Indirectly <sup>(2)</sup>	Stock Options Exercisable Within 60 Days of April 29, 2011	
Walter M Rosebrough, Jr.	123,400	227,550	350,950
Michael J. Tokich	15,924	74,643	90,567
Timothy L. Chapman	40,200	51,487	91,687
Peter A. Burke	17,922	99,675	117,597
Robert E. Moss	34,951	57,034	91,985
Richard C. Breeden	5,078,265	9,486	5,087,751 <sup>(4)</sup>
Cynthia L. Feldmann	6,282	30,373	36,655
Jacqueline B. Kosecoff	8,743	52,873	61,616
David B. Lewis	2,599	3,133	5,732
Kevin M. McMullen	11,955	72,873	84,828
Mohsen M. Sohi	10,054	32,873	42,927
John P. Wareham	16,504	80,836	97,340
Loyal W. Wilson	32,908	72,873	105,781
Michael B. Wood	10,086	42,873	52,959
All Directors, Nominees, and Executive Officers as a group (16 persons) <sup>(3)</sup>	5,442,252	987,706	6,429,958

(1) As of April 29, 2011, (a) with the exception of Mr. Breeden, who beneficially owned approximately 8.60% of our outstanding Common Shares, no director, nominee, or executive officer beneficially owned 1% or more of our outstanding Common Shares and (b) the directors, nominees and executive officers of the Company as a group beneficially owned approximately 10.69% of the outstanding Common Shares (including shares subject to stock options exercisable by them within 60 days).

(2) Included are (a) Common Shares beneficially owned outright; (b) restricted Common Shares; and (c) Common Shares held in the Company's 401(k) plan.

(3) The Board has established guidelines requiring that each director own at least 6,000 shares of STERIS common stock within five years from (i) July 26, 2007, for those that were directors as of that date, or (ii) within five years of the initial appointment or election to the Board for persons subsequently becoming directors. Restricted shares, but not stock options, count toward satisfaction of these guidelines.

(4) Based on disclosures in Mr. Breeden's prior SEC filings, Mr. Breeden has disclaimed beneficial ownership of these shares which shares are held by investment funds managed by Breeden Capital Management LLC, a registered investment adviser of which Mr. Breeden is the managing member.

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**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Based on Company records and information, including a review of Forms 3, 4 and 5 and amendments thereto furnished to the Company, the Company believes that all filing requirements applicable to directors, executive officers, and greater than 10% shareholders under Section 16(a) of the Securities Exchange Act of 1934 for the fiscal year ended March 31, 2011 were complied with on a timely basis, other than the following: on March 28, 2011 a Form 4 was filed, reporting that Mr. Tokich elected to have 1,533 shares withheld from the 4,600 shares of restricted stock that vested on March 14, 2011 to cover taxes due as a result of the vesting. This occurrence was promptly reported as soon as the oversight was discovered.



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**SHAREHOLDER NOMINATIONS OF DIRECTORS AND NOMINEE CRITERIA**

The Compensation and Corporate Governance Committee will consider shareholder recommendations for candidates to be nominees for election to the Board of Directors if such recommendations are in writing and set forth the information listed below. Such recommendations must be submitted to STERIS Corporation, 5960 Heisley Road, Mentor, Ohio 44060-1834, Attention: Mark D. McGinley, Secretary, and must be received at our executive offices not less than 60 and not more than 90 days prior to the Annual Meeting of Shareholders. All shareholder recommendations for director nominee candidates must set forth the following information:

1. The name and address of the shareholder recommending the proposed director nominee for consideration as that information appears on our records, the telephone number where the shareholder can be reached during normal business hours, the number of shares owned by the shareholder, and the length of time the shares have been owned by the shareholder. If the person recommending the proposed director nominee is not a shareholder of record or if the shares are owned by an entity, reasonable evidence of the person's beneficial ownership of the shares or the person's authority to act on behalf of the entity;
2. Complete information as to the identity and qualifications of the proposed director nominee, including the full legal name, age, business and residence addresses and telephone numbers, and other contact information, the number of shares owned by the proposed director nominee, and the principal occupation and employment of the proposed director nominee, including his or her occupation for at least the past five years, with a reasonably detailed description of the background, education, professional affiliations, and business and other relevant experience (including directorships, employments, and civic activities) and qualifications of the proposed director nominee;
3. The reasons why, in the opinion of the recommending shareholder, the proposed director nominee is qualified and suited to be a director of STERIS;
4. The disclosure of any relationship of the proposed director nominee with STERIS or any of our subsidiaries or affiliates, whether direct or indirect;
5. A description of all relationships, arrangements, and understandings between the proposing shareholder and the proposed director nominee and any other person(s) (naming such person(s)) pursuant to which the proposed director nominee is being proposed or would serve as a director, if elected; and
6. A written acknowledgement by the proposed director nominee that he or she has consented to being considered as a nominee, has consented to an investigation into his or her background, education, experience, and other qualifications if the Corporate Governance and Compensation Committee desires to do so, has consented to be named in our proxy statement, if so determined, and has consented to serve as a director of STERIS, if elected.

There are no specific, defined, qualifications or specific qualities or skills that are necessary for director candidates to possess. In evaluating proposed director nominees, the Compensation and Corporate Governance Committee will consider such factors as it deems appropriate, consistent with the Board's Governance Guidelines, and other factors identified from time to time by the Board of Directors. The Compensation and Corporate Governance Committee will consider the entirety of each proposed director nominee's credentials. As a general matter, the Committee will consider factors such as personal and professional ethics, integrity, commitment, judgment, independence, possible conflicts of interest, experience, diversity of background, availability, comparison of the approach of incumbent members of the Board of Directors, and ability to represent the interests of all shareholders, not just those of a particular philosophy or constituency.

The Compensation and Corporate Governance Committee will consider all information provided that it deems is relevant to a proposed director nominee's nomination as a director of the Company. Following such



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consideration, the Committee may seek additional information regarding, and may request an interview with, any proposed director nominee whom it wishes to continue considering. Based upon all information available to it and any interviews it may have conducted, the Committee will meet to determine whether to recommend the proposed director nominee to the Board of Directors. The Committee will consider proposed director nominees recommended by shareholders on the same basis as proposed director nominees from other sources, subject to the procedures described herein and in the Company's Amended and Restated Code of Regulations.

The Compensation and Corporate Governance Committee utilizes a variety of methods for identifying and evaluating director nominees. Candidates may be recommended by current members of the Board of Directors, third-party search firms or shareholders. The Compensation and Corporate Governance Committee generally does not consider recommendations for director nominees submitted by other constituencies. In order to preserve its impartiality, the Compensation and Corporate Governance Committee will not consider any recommendations from shareholders that are not submitted in accordance with the procedures set forth above.

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**SHAREHOLDER PROPOSALS**

In response to matters submitted by shareholders for consideration at special or annual meetings of shareholders, the Compensation and Corporate Governance Committee shall designate one or more members of management to review properly submitted proposals and to obtain all necessary information to allow management designees to present the shareholder proposal to the Compensation and Corporate Governance Committee for further consideration. Upon submission of a shareholder proposal to the Compensation and Corporate Governance Committee, the Committee will evaluate and make recommendations, as appropriate, to the Board of Directors, with respect to the proposal. This evaluation by the Compensation and Corporate Governance Committee may include, without limitation, consideration of (a) the appropriateness of the proposal, (b) applicable requirements of our Articles of Incorporation and Amended and Restated Code of Regulations, as amended from time to time, (c) legal requirements, including requirements under applicable federal and state law, (d) whether the shareholder proposal previously has been submitted to shareholders for a vote, and if so, the vote received for and against the proposal, (e) the best interests of all shareholders, (f) the impact that implementation of the proposal would have on the overall operations of the business, (g) whether the proposal would result in appropriately accomplishing the goals and objectives described in the proposal, and (h) any other considerations that the Compensation and Corporate Governance Committee may deem appropriate. The process of evaluation may include communication directly with the shareholder proponent by the Compensation and Corporate Governance Committee or the management designees, as the Compensation and Corporate Governance Committee may deem appropriate.

The deadline for shareholders to submit proposals to be considered for inclusion in the proxy statement for the 2012 Annual Meeting of Shareholders is expected to be February 8, 2012. However, if the date of the 2012 Annual Meeting is changed by more than 30 calendar days from the date on which this year's meeting is held, a proposal must be received by the Company a reasonable time before the proxy solicitation in connection with the meeting is made.

Additionally, a shareholder may submit a proposal for consideration at the 2012 Annual Meeting of Shareholders, but not for inclusion in the proxy statement, if that proposal is submitted not less than 120 calendar days in advance of the anniversary of the previous year's annual meeting, which deadline will be March 30, 2012. The Company's proxy statement for the 2012 Annual Meeting of Shareholders will give discretionary authority to proxy holders to vote with respect to properly submitted proposals not included in such Proxy Statement. For a proposal to be properly requested by a shareholder to be brought before the 2012 Annual Meeting of Shareholders, the shareholder must comply with all of the requirements in STERIS's Amended and Restated Code of Regulations and as the same may be further amended from time to time, as well as the timeliness requirements described above.

**MISCELLANEOUS MATTERS**

There are no miscellaneous matters.

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**ANNUAL REPORT**

*Important Notice Regarding the Availability of Proxy Materials for the*

*Annual Meeting of Shareholders to be held on July 28, 2011*

This Proxy Statement and our Annual Report to Shareholders of the Company for the fiscal year ended March 31, 2011, which includes financial statements of the Company for the fiscal year then ended, are available free of charge at [www.proxyvote.com](http://www.proxyvote.com).

By Order of the Board of Directors,

MARK D. MCGINLEY

*Secretary*

June 7, 2011

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**APPENDIX A**

**STERIS CORPORATION**

**2006 LONG-TERM EQUITY INCENTIVE PLAN**

**(As Amended and Restated Effective July 28, 2011)**

1. **Purpose.** The purpose of this 2006 Long-Term Incentive Plan is to attract and retain directors, officers and other employees of STERIS Corporation, an Ohio corporation, and its Subsidiaries and to provide to such persons incentives and rewards for performance. This Plan, as amended and restated effective July 28, 2011, shall apply to all awards heretofore or hereafter granted hereunder or pursuant hereto, except as otherwise expressly provided herein.

2. **Definitions.** As used in this Plan,

- (a) **Acquisition Price** means such amount, if any, as may be specified by the Board in the Evidence of Award with respect to Restricted Stock as the consideration to be paid by the Participant for such Restricted Stock, subject to adjustment pursuant to the provisions hereof.
- (b) **Appreciation Right** means a right granted pursuant to Section 5 or Section 9 of this Plan, and will include both Free-Standing Appreciation Rights and Tandem Appreciation Rights.
- (c) **Appreciation Right Expiration Date** means the date selected by the Board after which, except as provided in Section 11(d) in the case of the death of the Participant to whom the Appreciation Right was granted, the Appreciation Right may not be exercised.
- (d) **Base Price** means the price to be used as the basis for determining the Spread upon the exercise of a Free-Standing Appreciation Right or a Tandem Appreciation Right.
- (e) **Board** means the Board of Directors of the Company and, to the extent of any delegation by the Board of Directors to the Compensation and Corporate Governance Committee of the Board of Directors or any other Committee of the Board of Directors (or subcommittee thereof) pursuant to Section 12 of this Plan or pursuant to the charter of any such Committee or otherwise, such Committee (or subcommittee).
- (f) **Cause** has the meaning specified in Section 2(n)(iv) hereof.
- (g) **Chief Executive Officer** means the Chief Executive Officer of the Company.
- (h) **Change in Control** has the meaning set forth in Section 14 of this Plan.
- (i) **Code** means the Internal Revenue Code of 1986, as amended from time to time.
- (j) **Common Shares** means the shares of common stock, without par value, of the Company or any security into which such Common Shares may be changed by reason of any transaction or event of the type referred to in Section 13 of this Plan.

- (k) **Company** means STERIS Corporation, an Ohio corporation and its successors.
  
- (l) **Covered Employee** means a Participant who is, or is determined by the Board to be likely to become, a covered employee within the meaning of Section 162(m) of the Code (or any successor provision).
  
- (m) **Date of Grant** means the date specified by the Board or, in the case of awards permitted to be granted hereunder by the Chief Executive Officer or his delegatee or delegates, by the Chief Executive Officer or such delegatee or delegates, on which a grant of Option Rights, Appreciation Rights, Performance Shares, Performance Units or other awards contemplated by Section 10 of this Plan, or a grant or sale of Restricted Stock, Restricted Stock Units, or other awards contemplated by Section 10 of this Plan will become effective (which date will not be earlier than the date on which the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, takes action with respect thereto).

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- (n) Detrimental Activity means, in the case of any Participant who is a Non-Employee Director or former Non-Employee Director, such activity, if any, as may be specified as a Detrimental Activity in any applicable Evidence of Award of such Participant and, in the case of any Participant who is an Employee or former Employee, any of the following activities:
- (i) Without the prior written consent of the Company, performing, either directly or indirectly, any advisory or consulting services for, operating or investing in (other than not more than one percent of the stock in a publicly-held corporation that is traded on a recognized securities exchange or over-the-counter), being employed by or an independent contractor of, or being a director, partner, or officer of, or otherwise becoming associated with in any capacity, any person, firm, corporation, partnership, proprietorship, or other entity that develops, manufactures, assembles, sells, distributes, or performs products, systems, or services in competition with any products, systems, or services developed, manufactured, assembled, sold, distributed, or performed by the Company or a Subsidiary.
  - (ii) Without the prior written consent of the Company, directly or indirectly, inducing or attempting to induce any employee, agent or other representative or associate of the Company or a Subsidiary to terminate his, her or its relationship with the Company or a Subsidiary or interfering with the relationship between the Company or a Subsidiary and any of its employees, agents, representatives, suppliers, customers, or distributors.
  - (iii) Disclosing to anyone outside the Company or a Subsidiary, or using in other than the Company's or a Subsidiary's business, without prior written authorization from the Company, any confidential data, marketing strategies (including customer lists), invention records, trade secrets, and other confidential information of the Company or a Subsidiary, including, without limitation, information regarding customers, finances, or personnel, or concerning the products, systems, and services researched, developed, manufactured, assembled, sold, distributed, or performed by the Company or otherwise concerning the business or affairs of the Company or a Subsidiary, acquired by the Participant during his or her employment with the Company or its Subsidiaries or while acting as a consultant for the Company or its Subsidiaries.
  - (iv) An activity that results in a termination for Cause. Termination for Cause means a termination:
    - (A) due to the Participant's willful and continuous gross neglect of his or her duties for which he or she is employed,
    - (B) due to an act of dishonesty on the part of the Participant resulting or intended to result, directly or indirectly, in his or her material personal gain or enrichment at the expense of the Company or a Subsidiary,
    - (C) due to an act of theft in connection with the Participant's employment with the Company or a Subsidiary,
    - (D) due to any unauthorized disclosure of confidential information belonging to the Company or a Subsidiary, including but not limited to any disclosure in violation of Section 2(l)(iii) hereof, or
    - (E) due to any material violation of any provisions of any Company policy or of any agreement with Company or any Subsidiary.
  - (v) Such other activity as may be specified as constituting, or defined to be, Detrimental Activity in the applicable Evidence of Award.
  - (vi)



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Any other conduct or act determined to be injurious, detrimental or prejudicial to any business, strategy, personnel, reputation or other significant interest of the Company or any Subsidiary unless the Participant acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company.

- (o) Director means a member of the Board of Directors of the Company.

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- (p) **Effective Date** means July 26, 2006, the date this Plan initially became effective.
- (q) **Employee** means any individual employed by the Company or any Subsidiary.
- (r) **Evidence of Award** means an agreement, certificate, resolution or other type or form of writing or other evidence that sets forth the terms and conditions of the award granted and that is approved by the Board or, in the case of awards permitted to be granted hereunder by the Chief Executive Officer or his delegatee or delegatees, if applicable, approved by such person. An Evidence of Award may be in an electronic medium, may be limited to notation on the books and records of the Company and, with the approval of the Board, need not be signed by a representative of the Company or a Participant.
- (s) **Exchange Act** means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder, as such law, rules and regulations may be amended from time to time.
- (t) **Extended Exercise Period** has the meaning specified in Section 11(b)(i)(B).
- (u) **Free-Standing Appreciation Right** means an Appreciation Right granted pursuant to Section 5 or Section 9 of this Plan that is not granted in tandem with an Option Right.
- (v) **Good Standing** has the meaning specified in Section 11(b)(ii).
- (w) **Incentive Stock Options** means Option Rights that are intended to qualify as incentive stock options under Section 422 of the Code or any successor provision.
- (x) **Incumbent Directors** means the individuals who, as of the date hereof, are Directors of the Company and any individual becoming a Director subsequent to the date hereof whose election, nomination for election by the Company's shareholders, or appointment, was approved by a vote of at least two-thirds of the then Incumbent Directors (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination); *provided, however*, that an individual shall not be an Incumbent Director if such individual's election or appointment to the Board occurs as a result of an actual or threatened election contest (as described in Rule 14a-12(c) of the Exchange Act) with respect to the election or removal of Directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.
- (y) **Management Objectives** means the measurable performance objective or objectives established pursuant to this Plan for Participants who have received grants of Performance Shares or Performance Units or, when so determined by the Board or, in the case of awards permitted to be granted hereunder by the Chief Executive Officer or his delegatee or delegatees, Option Rights, Appreciation Rights, Restricted Stock, Restricted Stock Units, dividend equivalents and other awards pursuant to this Plan. Management Objectives may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual Participant or of the Subsidiary, segment, business unit, team, division, department, region or function within the Company or Subsidiary for which the Participant provides service. The Management Objectives may be made relative to the performance of other companies, businesses or industries in respect of which the Participant provides service. The Management Objectives applicable to any award to a Covered Employee that is designated by the Board as intended to satisfy the requirements for qualified performance-based compensation under Section 162(m) of the Code will be based on specified levels of or growth in one or more of the following criteria:
- (i) Cash flow (including free cash flow)
  - (ii) Cost of capital

- (iii) Cost reduction
- (iv) Customer service
- (v) Debt reduction or leverage ratio
- (vi) Earnings and earnings growth (including earnings per share and earnings before interest and taxes ( EBIT ) and earnings before interest, taxes, depreciation and amortization ( EBITDA ))

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- (vii) Economic value added
- (viii) Total shareholder return and improvement of shareholder return
- (ix) Inventory management
- (x) Margins, including, but not limited to, gross margin, EBIT, EBITDA and net income
- (xi) Market share
- (xii) Market value added
- (xiii) Net income
- (xiv) Productivity improvement
- (xv) Profit after taxes
- (xvi) Project execution
- (xvii) Quality
- (xviii) Recruitment and development of associates
- (xix) Reduction of fixed costs
- (xx) Return on assets
- (xxi) Return on equity
- (xxii) Return on invested capital
- (xxiii) Return on total capital

- (xxiv) Revenue and revenue growth
- (xxv) Sales and sales growth
- (xxvi) Successful start-up of new facility
- (xxvii) Successful acquisition, divestiture or other special project
- (xxviii) Unit volume

- (xxix) Working capital, including, but not limited to, inventory turns and days sales outstanding

If the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, determines that a change in the business, operations, corporate structure or capital structure of the Company, or the manner in which it conducts its business, or other events or circumstances render the Management Objectives unsuitable, the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may in its, his, her or their discretion modify such Management Objectives or the related levels of achievement, in whole or in part, as the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, deems appropriate and equitable, except in the case of an award to a Covered Employee that is designated by the Board as intended to satisfy the requirements for qualified performance-based compensation under Section 162(m) of the Code where such action would result in the loss of the otherwise available exemption of the award under Section 162(m) of the Code. In such case, neither the Management Objectives nor the level or levels of achievement with respect to such award shall be modified.

- (z) Market Value per Share means, as of any particular date, the closing sales price per share of the Common Shares as reported on the New York Stock Exchange Composite Tape or, if not listed on such exchange, on any other national securities exchange on which the Common Shares are listed. If there is

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no regular trading market for such Common Shares, the Market Value per Share shall be determined by the Board or, in the case of awards permitted to be made by the Chief Executive Officer or his delegatee or delegates, by the Chief Executive Officer or such delegatee or delegates.

- (aa) **Non-Employee Director** means a person who is a non-employee director of the Company within the meaning of Rule 16b-3 of the Securities and Exchange Commission promulgated under the Exchange Act.
- (bb) **Nonqualified Stock Options** means Option Rights intended by the Board not to qualify as incentive stock options under Section 422 of the Code.
- (cc) **Optionee** means the optionee named in an Evidence of Award evidencing an outstanding Option Right.
- (dd) **Option Expiration Date** means the date selected by the Board or, in the case of awards permitted to be made by the Chief Executive Officer or his delegatee or delegates, by the Chief Executive Officer or his delegatee or delegates, after which, except as provided in Section 11(d) in the case of the death of the Participant to whom the Option Right was granted, the Option Right may not be exercised.
- (ee) **Option Price** means the purchase price payable on exercise of an Option Right, which Option Price shall be specified in the Evidence of Award in respect of the relevant Option Right, subject to adjustment pursuant to the provisions hereof.
- (ff) **Option Right** means the right to purchase Common Shares upon exercise of an option granted pursuant to Section 4 or Section 9 of this Plan.
- (gg) **Participant** means a person who is selected or designated to receive benefits under this Plan pursuant to the provisions hereof and who is at the time an officer or other key employee of the Company or any one or more of its Subsidiaries, or who has agreed to commence serving in any of such capacities within 90 days of the Date of Grant, and also includes each Non-Employee Director who receives Common Shares or an award of Option Rights, Appreciation Rights, Restricted Stock, Restricted Stock Units or other awards under this Plan.
- (hh) **Participant's Representative** means (i) in the case of a deceased Participant, the Participant's executor or administrator or, if the deceased Participant's estate is exempt from or not otherwise subject to administration, the person or persons to whom the Participant's rights under any Option Rights have been transferred by will or the laws of descent and distribution, and (ii) in the case of a disabled or incapacitated Participant, the Participant's attorney-in-fact or legal guardian.
- (ii) **Performance Period** means, in respect of a Performance Share or Performance Unit, a period of time established pursuant to Section 8 of this Plan within which the Management Objectives relating to such Performance Share or Performance Unit are to be achieved.
- (jj) **Performance Share** means a bookkeeping entry that records the equivalent of one Common Share awarded pursuant to Section 8 of this Plan.
- (kk) **Performance Unit** means a bookkeeping entry that records a unit equivalent to \$1.00 or such other value as is determined by the Board or the Chief Executive Officer or his delegatee or delegates awarded pursuant to Section 8 of this Plan.

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- (ll) Plan means this STERIS Corporation Long-Term Incentive Plan, as may be amended from time to time.
- (mm) Qualifying Retirement has the meaning specified in Section 11(b)(iii) of this Plan.
- (nn) Qualifying Retirement Eligible means that a Participant has attained age 55 and has been in the service of the Company and/or a Subsidiary for at least five consecutive years.
- (oo) Restricted Stock means Common Shares granted or sold pursuant to Section 6 or Section 9 of this Plan as to which neither the substantial risk of forfeiture nor the prohibition on transfers has expired.
- (pp) Restricted Stock Unit means an award of the right to receive Common Shares or cash at the end of a specified period made pursuant to Section 7 or Section 9 of this Plan.

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- (qq) **Restriction Period** means the period of time during which Restricted Stock Units are subject to restrictions, as provided in Section 7 or Section 9 of this Plan.
- (rr) **Service Termination Date** means (i) with respect to an Employee, the first date on which, as of the end of the day, the Employee is no longer employed by the Company or any Subsidiary and (ii) with respect to a Director who is a Non-Employee Director, the first date on which, as of the end of the day, the Non-Employee Director ceases to serve as a Director. References in the Plan to a Participant's service shall be deemed to be, with respect to an Employee, to the Employee's employment with the Company or a Subsidiary, and with respect to a Director who is a Non-Employee Director, to the Director's service on the Board.
- (ss) **Spread** means the excess of the Market Value per Share on the date when an Option Right or Appreciation Right is exercised over the Option Price or Base Price provided for in the related Option Right or Free-Standing Appreciation Right, respectively.
- (tt) **Subsidiary** means a corporation, company or other entity (i) at least 50 percent of whose outstanding shares or securities (representing the right to vote for the election of directors or other managing authority) are, or (ii) which does not have outstanding shares or securities (as may be the case in a partnership, joint venture or unincorporated association), but at least 50 percent of whose ownership interest representing the right generally to make decisions for such other entity is, now or hereafter, owned or controlled, directly or indirectly, by the Company except that for purposes of determining whether any person may be a Participant for purposes of any grant of Incentive Stock Options, **Subsidiary** means any corporation in which at the time the Company owns or controls, directly or indirectly, at least 50 percent of the total combined voting power represented by all classes of stock issued by such corporation.
- (uu) **Tandem Appreciation Right** means an Appreciation Right granted pursuant to Section 5 or Section 9 of this Plan that is granted in tandem with an Option Right.
- (vv) **Voting Stock** means securities entitled to vote generally in the election of directors.

**3. Shares Available Under the Plan.**

- (a) *Maximum Shares Available Under Plan.*
- (i) Subject to adjustment as provided in Section 13 of this Plan, the number of Common Shares that may be issued or transferred on or after the Effective Date (A) upon the exercise of Option Rights or Appreciation Rights, (B) in payment of Restricted Stock and released from substantial risks of forfeiture thereof, (C) as Restricted Stock Units, (D) in payment of Performance Shares or Performance Units that have been earned, (E) as awards contemplated by Section 10 of this Plan, or (F) in payment of dividend equivalents paid with respect to awards made under the Plan will not exceed in the aggregate Eight Million Two Hundred Thousand (8,200,000) Common Shares. In addition to the Common Shares authorized by the preceding sentence, to the extent any award under the Plan otherwise terminates without the issuance of some or all of the Common Shares underlying the award to a participant or if any option under the Plan terminates without having been exercised in full, the Common Shares underlying such award, to the extent of any such forfeiture or termination, shall be available for future grant under the Plan and credited toward the Plan limit. Such shares may be shares of original issuance or treasury shares or a combination of the foregoing.
- (ii) The total number of shares available under the Plan as of a given date shall not be reduced by any shares relating to prior awards that have expired or have been forfeited or cancelled. Notwithstanding anything to the contrary contained herein: (A) the number of Common Shares tendered or otherwise used in payment of the Option Price of a Option Right shall nonetheless reduce the aggregate plan limit described above; (B) the number of Common Shares withheld by the Company to satisfy the tax withholding obligation shall reduce the aggregate plan limit described above; and (C) the number of Common Shares covered by an Appreciation Right, to the extent that it is exercised and settled in Common Shares, and whether or not shares are actually issued to the participant upon exercise of the





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right, shall be considered issued or transferred pursuant to the Plan. In the event that the Company repurchases shares with Option Right proceeds, those shares will not be added to the aggregate plan limit described above.

- (b) *Limits.* Notwithstanding anything elsewhere in this Plan to the contrary, but subject as well to the other limitations contained in this Section 3 and subject to adjustment as provided in Section 13 of this Plan:
- (i) The aggregate number of Common Shares actually issued or transferred by the Company upon the exercise of Incentive Stock Options (after taking into account forfeitures and cancellations) shall not exceed Two Million (2,000,000) Common Shares.
  - (ii) No Participant will be granted Option Rights or Appreciation Rights, in the aggregate, for more than One Million (1,000,000) Common Shares during any calendar year.
  - (iii) No Participant will be granted Restricted Stock or Restricted Stock Units that specify Management Objectives, Performance Shares, Performance Units or other awards under Section 10 of this Plan that specify Management Objectives, in the aggregate, for more than Five Hundred Thousand (500,000) Common Shares (or, in the case of Performance Units, the cash equivalent thereof based on the Market Value per Share as of the Date of Grant) during any calendar year.

**4. Option Rights.** The Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may, from time to time and upon such terms and conditions as it may determine, authorize the granting to Participants of options to purchase Common Shares. Each such grant will be subject to all of the requirements contained in, and may contain such provisions as are authorized by, the following provisions:

- (a) Each grant will specify the number of Common Shares to which it pertains subject to the limitations set forth in Section 3 of this Plan.
- (b) Each grant will specify an Option Price per share, which may not be less than the Market Value per Share on the Date of Grant.
- (c) Each grant will specify whether the Option Price will be payable (i) in cash or by check acceptable to the Company or by wire transfer of immediately available funds, (ii) by the actual or constructive transfer to the Company of Common Shares owned by the Optionee having a value at the time of exercise equal to the total Option Price, (iii) by a combination of such methods of payment, or (iv) by such other methods as may be approved by the Board or the Chief Executive Officer or his delegatee or delegates, as applicable.
- (d) To the extent permitted by law, any grant may provide for deferred payment of the Option Price from the proceeds of sale through a bank or broker on a date satisfactory to the Company of some or all of the shares to which such exercise relates.
- (e) Successive grants may be made to the same Participant whether or not any Option Rights previously granted to such Participant remain unexercised.
- (f) Each grant will specify the period or periods of continuous service by the Optionee with the Company or any Subsidiary that is necessary before the Option Rights or installments thereof will become exercisable. A grant of Option Rights may provide for the earlier exercise of such Option Rights in the event of the retirement, death or disability of a Participant. Unless otherwise provided in the relevant Evidence of Award, each grant of Option Rights shall become immediately exercisable upon a Change in Control.
- (g) Any grant of Option Rights may specify Management Objectives that must be achieved as a condition to the exercise of such rights.

- (h) Option Rights granted under this Plan may be (i) options, including, without limitation, Incentive Stock Options, that are intended to qualify under particular provisions of the Code, (ii) options that are not intended so to qualify, or (iii) combinations of the foregoing. Incentive Stock Options may only be granted to Participants who meet the definition of employees under Section 3401(c) of the Code.

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- (i) The exercise of an Option Right will result in the cancellation on a share- for-share basis of any Tandem Appreciation Right authorized under Section 5 of this Plan that was granted therewith.
- (j) Except as otherwise provided herein or in an Evidence of Award, no Option Right will be exercisable more than 10 years from the Date of Grant.
- (k) Each grant of Option Rights will be evidenced by an Evidence of Award. Each Evidence of Award shall be subject to this Plan and shall contain such terms and provisions, consistent with this Plan, as the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may approve.

**5. Appreciation Rights.**

- (a) The Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may also authorize the granting (i) to any Optionee, of Tandem Appreciation Rights in respect of Option Rights granted hereunder, and (ii) to any Participant, of Free-Standing Appreciation Rights. A Tandem Appreciation Right will be a right of the Optionee, exercisable by surrender of the related Option Right, to receive from the Company an amount determined by the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, which will be expressed as a percentage of the Spread (not exceeding 100 percent) at the time of exercise. Tandem Appreciation Rights may be granted at any time prior to the exercise or termination of the related Option Rights; *provided, however*, that a Tandem Appreciation Right awarded in relation to an Incentive Stock Option must be granted concurrently with such Incentive Stock Option. A Free-Standing Appreciation Right will be a right of the Participant to receive from the Company an amount determined by the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, which will be expressed as a percentage of the Spread (not exceeding 100 percent) at the time of exercise.
- (b) Each grant of Appreciation Rights will be subject to all of the requirements contained in, and may contain such provisions as are authorized by, the following provisions:
  - (i) Any grant may specify that the amount payable on exercise of an Appreciation Right may be paid by the Company in cash, in Common Shares or in any combination thereof and may either grant to the Participant or retain in the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, the right to elect among those alternatives.
  - (ii) Any grant may specify that the amount payable on exercise of an Appreciation Right may not exceed a maximum specified by the Board at the Date of Grant.
  - (iii) Any grant may specify waiting periods before exercise and permissible exercise dates or periods.
  - (iv) Any grant may specify that such Appreciation Right may be exercised only in the event of, or earlier in the event of, the retirement, death or disability of a Participant. Unless otherwise provided in the relevant Evidence of Award, each grant of Appreciation Rights shall become immediately exercisable upon a Change in Control.
  - (v) Any grant of Appreciation Rights may specify Management Objectives that must be achieved as a condition of the exercise of such Appreciation Rights.
  - (vi) Each grant of Appreciation Rights will be evidenced by an Evidence of Award, which Evidence of Award will describe such Appreciation Rights, identify the related Option Rights (if applicable), and contain such other terms and provisions, consistent with

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this Plan, as the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may approve.

- (c) Any grant of Tandem Appreciation Rights will provide that such Tandem Appreciation Rights may be exercised only at a time when the related Option Right is also exercisable and at a time when the Spread is positive, and by surrender of the related Option Right for cancellation. Successive grants of Tandem Appreciation Rights may be made to the same Participant regardless of whether any Tandem Appreciation Rights previously granted to the Participant remain unexercised.

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(d) Regarding Free-Standing Appreciation Rights only:

- (i) Each grant will specify in respect of each Free-Standing Appreciation Right a Base Price, which may not be less than the Market Value per Share on the Date of Grant;
- (ii) Successive grants may be made to the same Participant regardless of whether any Free-Standing Appreciation Rights previously granted to the Participant remain unexercised; and
- (iii) Except as otherwise provided herein or in an Evidence of Award, no Free-Standing Appreciation Right granted under this Plan may be exercised more than 10 years from the Date of Grant.

**6. Restricted Stock.** The Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may also authorize the grant or sale of Restricted Stock to Participants. Each such grant or sale will be subject to all of the requirements contained in, and may contain such provisions as are authorized by, the following provisions and the other provisions of the Plan:

- (a) Each such grant or sale will constitute an immediate transfer of the ownership of Common Shares to the Participant in consideration of the performance of services, entitling such Participant to voting, dividend and other ownership rights, but subject to the substantial risk of forfeiture and restrictions on transfer hereinafter referred to.
- (b) Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value per Share at the Date of Grant.
- (c) Each such grant or sale will provide that the Restricted Stock covered by such grant or sale that vests upon the passage of time will be subject to a substantial risk of forfeiture within the meaning of Section 83 of the Code for a period to be determined by the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, at the Date of Grant and may provide for the earlier lapse of such substantial risk of forfeiture as provided in Section 6(e) below or in the event of the retirement, death or disability of a Participant or as otherwise provided herein. Unless otherwise provided in the relevant Evidence of Award, all substantial risks of forfeiture or restrictions on transfer applicable to any grant of Restricted Stock shall lapse and terminate upon a Change in Control.
- (d) Each such grant or sale will provide that during the period for which such substantial risk of forfeiture is to continue, the transferability of the Restricted Stock will be prohibited or restricted in the manner and to the extent prescribed by the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, at the Date of Grant (which restrictions may include, without limitation, rights of repurchase or first refusal in the Company or provisions subjecting the Restricted Stock to a continuing substantial risk of forfeiture in the hands of any transferee).
- (e) Any grant of Restricted Stock may specify Management Objectives that, if achieved, will result in termination or early termination of the restrictions applicable to such Restricted Stock. Each grant may specify in respect of such Management Objectives a minimum acceptable level of achievement and may set forth a formula for determining the number of shares of Restricted Stock on which restrictions will terminate if performance is below, at or above the minimum or threshold level or levels, or is at or above the target level or levels, but falls short of maximum achievement of the specified Management Objectives.
- (f) Any such grant or sale of Restricted Stock may require that any or all dividends or other distributions paid thereon during the period of such restrictions be automatically deferred and reinvested in additional shares of Restricted Stock, which may be subject to the same restrictions as the underlying award.

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- (g) Each grant or sale of Restricted Stock will be evidenced by an Evidence of Award and will contain such terms and provisions, consistent with this Plan, as the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may approve. Unless otherwise directed by the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, all certificates representing shares of Restricted Stock will be held in custody by the Company until all restrictions thereon will have lapsed, together with a stock power or powers executed by the Participant in whose name such certificates are registered, endorsed in blank and covering such Shares.

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**7. Restricted Stock Units.** The Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may also authorize the granting or sale of Restricted Stock Units to Participants. Each such grant or sale will be subject to all of the requirements contained in, and may contain such provisions as are authorized by, the following provisions and the other provisions of the Plan:

- (a) Each such grant or sale will constitute the agreement by the Company to deliver Common Shares or cash to the Participant in the future in consideration of the performance of services, but subject to the fulfillment of such conditions (which may include the achievement of Management Objectives) during the Restriction Period as the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may specify. Each grant that specifies Management Objectives may further specify in respect of such Management Objectives a minimum acceptable level of achievement and may set forth a formula for determining the number of shares of Restricted Stock Units on which restrictions will terminate if performance is at or above the minimum level, but falls short of full achievement of the specified Management Objectives. In addition, any grant of such Restricted Stock Units will further specify that, before the termination or early termination of restrictions applicable to such Restricted Stock Units, the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, must determine that the Management Objectives have been satisfied.
- (b) Each such grant or sale may be made without additional consideration or in consideration of a payment by such Participant that is less than the Market Value per Share at the Date of Grant.
- (c) If the Restriction Period lapses only by the passage of time, each such grant or sale will be subject to a Restriction Period, as determined by the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, at the Date of Grant, and may provide for the earlier lapse or other modification of such Restriction Period in the event of the retirement, death or disability of a Participant or as otherwise provided herein. Unless otherwise provided on the relevant Evidence of Award, the Restriction Period applicable to any grant of Restricted Stock Units shall lapse and terminate upon a Change in Control.
- (d) During the Restriction Period, the Participant will have no right to transfer any rights under his or her award and will have no rights of ownership in the Restricted Stock Units and will have no right to vote them, but the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may at the Date of Grant, authorize the payment of dividend equivalents on such Restricted Stock Units on either a current or deferred or contingent basis, either in cash or in additional Common Shares.
- (e) Each grant or sale will specify the time and manner of payment of the Restricted Stock Units that have been earned. Any grant or sale may specify that the amount payable with respect thereto may be paid by the Company in cash, in Common Shares or in any combination thereof and may either grant to the Participant or retain in the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, the right to elect among those alternatives.
- (f) Each grant or sale of Restricted Stock Units will be evidenced by an Evidence of Award and will contain such terms and provisions, consistent with this Plan, as the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may approve.

**8. Performance Shares and Performance Units.** The Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may also authorize the granting of Performance Shares and Performance Units that will become payable to a Participant upon achievement of specified Management Objectives during the Performance Period. Each such grant will be subject to all of the requirements contained in, and may contain such provisions as are authorized by, the following provisions:

- (a) Each grant will specify the number of Performance Shares or Performance Units to which it pertains, which number may be subject to adjustment to reflect changes in compensation or other factors; *provided, however*, that no such adjustment will be made in the case of an award to a Covered Employee that is designated by the Board as intended to satisfy the requirements for qualified performance-based compensation under Section 162(m) of the Code where such action would result in the loss of the otherwise available exemption of the award under Section 162(m) of the Code.





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- (b) The Performance Period with respect to each Performance Share or Performance Unit will be such period of time as will be determined by the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, at the time of grant, which may be subject to earlier lapse or other modification in the event of the retirement, death or disability of a Participant. Unless otherwise provided in the relevant Evidence of Award, the Performance Period applicable to any grant of Performance Shares or Performance Units shall lapse and terminate, and the Management Objectives applicable thereto shall be treated as having been achieved, upon a Change in Control.
  - (c) Any grant of Performance Shares or Performance Units will specify Management Objectives which, if achieved, will result in payment or early payment of the award, and each grant may specify in respect of such specified Management Objectives a level or levels of achievement and will set forth a formula for determining the number of Performance Shares or Performance Units that will be earned if performance is at or above the minimum level or levels, but falls short of full achievement of the specified Management Objectives. The grant of Performance Shares or Performance Units will specify that, before the Performance Shares or Performance Units will be earned and paid, the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, must determine that the Management Objectives have been satisfied.
  - (d) Each grant will specify the time and manner of payment of Performance Shares or Performance Units that have been earned. Any grant may specify that the amount payable with respect thereto may be paid by the Company in cash, in Common Shares or in any combination thereof and may either grant to the Participant or retain in the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, the right to elect among those alternatives.
  - (e) Any grant of Performance Shares may specify that the amount payable with respect thereto may not exceed a maximum specified by the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, at the Date of Grant. Any grant of Performance Units may specify that the amount payable or the number of Common Shares issued with respect thereto may not exceed maximums specified by the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, at the Date of Grant.
  - (f) The Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may at the Date of Grant of Performance Shares, provide for the payment of dividend equivalents to the holder thereof on a deferred or contingent basis, either in cash or in additional Common Shares; provided, however, no dividend equivalents will be payable in respect of Performance Shares prior to such time, if any, as the Performance Shares are earned or become payable.
  - (g) Each grant of Performance Shares or Performance Units will be evidenced by an Evidence of Award and will contain such other terms and provisions, consistent with this Plan, as the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may approve.
9. **Awards to Non-Employee Directors.** The Board may, from time to time and upon such terms and conditions as it may determine, authorize the granting to Non-Employee Directors of Option Rights, Appreciation Rights or other awards contemplated by Section 10 of this Plan and may also authorize the grant or sale of Common Shares, Restricted Stock or Restricted Stock Units to Non-Employee Directors. Each grant of an award to a Non-Employee Director will be upon such terms and conditions as approved by the Board and will be evidenced by an Evidence of Award in such form as will be approved by the Board. Each grant will specify in the case of an Option Right an Option Price per share, and in the case of a Free-Standing Appreciation Right, a Base Price per share, which will not be less than the Market Value per Share on the Date of Grant. Except as otherwise provided herein or in the applicable Evidence of Award, each Option Right and Free-Standing Appreciation Right granted under the Plan to a Non-Employee Director will expire not more than 10 years from the Date of Grant and will be subject to earlier termination as hereinafter provided. If a Non-Employee Director subsequently becomes an employee of the Company or a Subsidiary while remaining a member of the Board, any award held under this Plan by such individual at the time of such commencement of employment will not be affected thereby. Non-Employee Directors, pursuant to this Section 9, may be awarded, or may be permitted to elect to receive, pursuant to procedures established by the Board, all or any portion of their annual retainer, meeting fees, chairman and committee chair fees or other fees in grants of awards pursuant to the preceding provisions or in Common Shares in lieu of cash.

**Table of Contents****10. Other Awards.**

- (a) The Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may, subject to limitations under applicable law, grant to any Participant such other awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Common Shares or factors that may influence the value of such shares, including, without limitation, convertible or exchangeable debt securities, other rights convertible or exchangeable into Common Shares, purchase rights for Common Shares, awards with value and payment contingent upon performance of the Company or specified Subsidiaries, affiliates or other business units thereof or any other factors designated by the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, and awards valued by reference to the book value of Common Shares or the value of securities of, or the performance of specified Subsidiaries or affiliates or other business units of the Company. The Board or the Chief Executive Officer or his delegatee or delegates, as applicable, shall determine the terms and conditions of such awards. Common Shares delivered pursuant to an award in the nature of a purchase right granted under this Section 10 shall be purchased for such consideration, paid for at such time, by such methods, and in such forms, including, without limitation, cash, Common Shares, other awards, notes or other property, as the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, shall determine.
- (b) Cash awards, as an element of or supplement to any other award granted under this Plan, may also be granted pursuant to this Section 10 of this Plan.
- (c) The Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may grant Common Shares as a bonus, or may grant other awards in lieu of obligations of the Company or a Subsidiary to pay cash or deliver other property under this Plan or under other plans or compensatory arrangements, subject to such terms as shall be determined by the Board or the Chief Executive Officer or his delegatee or delegates, as applicable.

**11. Termination of Service.** After a Participant's Service Termination Date, unless otherwise provided in the relevant Evidence of Award, the rules set forth in this Section 11 shall apply. All factual determinations with respect to the termination of a Participant's service that may be relevant under this Section 11 shall be made by the Board in its sole discretion or by such other person as may be authorized to make such determination pursuant to the provisions hereof, or by the person or persons to whom such authority has been delegated pursuant to the provisions hereof, in his, her or their sole discretion.

- (a) **Termination Other Than Upon Qualifying Retirement, Death or Disability or for Cause.** Upon any termination of a Participant's service for any reason other than the Participant's Qualifying Retirement, disability, or death or, in the case of Participants who are Employees, other than for Cause:
- (i) Unless otherwise provided in the relevant Evidence of Award, the Participant shall have the right during the period ending three months after the Service Termination Date, but not later than the Option Expiration Date or Appreciation Right Expiration Date, as applicable, to exercise any Option Rights and Appreciation Rights that were outstanding on the Service Termination Date, if and to the same extent as those Option Rights and Appreciation Rights were exercisable by the Participant on the Service Termination Date;
- (ii) Unless otherwise provided in the relevant Evidence of Award, in the case of any Restricted Stock for which the Participant paid an Acquisition Price, the Participant shall offer for resale at the Acquisition Price to the Company each Common Share of Restricted Stock held by the Participant at the Service Termination Date with respect to which, as of that date, any restrictions, conditions, or contingencies have not lapsed; and
- (iii) Unless otherwise provided in the relevant Evidence of Award, the Participant shall forfeit each (A) Common Share of Restricted Stock for which the Participant did not pay an Acquisition Price, (B) Restricted Stock Unit, (C) Performance Share, (D) Performance Unit, and/or (E) other award granted pursuant to Section 10 hereof, in each case with respect to which, as of the Participant's Service Termination Date, any restrictions, conditions, or contingencies have not lapsed.



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- (b) **Qualifying Retirement.** Upon a Participant's Qualifying Retirement (as defined below):
- (i) Unless otherwise provided in the relevant Evidence of Award and so long as the Participant remains in Good Standing (as defined below):
    - (A) The Participant will be entitled to exercise vested Option Rights and Appreciation Rights granted under the relevant Evidence of Award from time to time on any date during the period (the Extended Exercise Period) that begins on the date of retirement and ends on the first to occur of (xxx) the expiration date of the relevant award, and (xxxi) the fifth anniversary of the date of retirement;
    - (B) If, at any time during the Extended Exercise Period, the Participant fails to remain in Good Standing, any Option Rights and Appreciation Rights granted under the relevant Evidence of Award that are then outstanding and held by the Participant shall be forfeited and of no force or effect; and
    - (C) If the Participant dies during the Extended Exercise Period and while in Good Standing, vested Option Rights and Appreciation Rights granted under the Evidence of Award will thereafter be exercisable, to the extent exercisable by the Participant on the date of his death, at the same times (for so long and only so long after the Participant's death) as if the Participant had continued in the service of the Company through the date of the Participant's death.
  - (ii) For the purposes of this Plan, a Participant will cease to remain in Good Standing during his or her Extended Exercise Period if he or she engages or has engaged in any Detrimental Activity or commits or has committed a material violation of any applicable provision of any Company policy or of any Evidence of Award or other agreement with the Company or a Subsidiary or if, at any time during the Extended Exercise Period, he or she otherwise acts in a manner detrimental to the interests of the Company or any of its Subsidiaries, including but not limited to, in the case of a Participant who is a Non-Employee Director, directly or indirectly materially competing with the Company or any of its Subsidiaries.
  - (iii) For the purposes of this Plan, Qualifying Retirement means that a Participant terminates service with the Company and/or a Subsidiary (A) with the consent of or under guidelines approved by the Board, or the Chief Executive Officer or his delegatee or delegates, if applicable pursuant to Section 12(d) of this Plan, without having engaged in any Detrimental Activity, (B) before the expiration date of the relevant award, (C) after having attained age 55, and (D) after having been in the service of the Company for at least five consecutive years. Unless otherwise determined by the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, the Participant will be deemed to have been in the service of the Company for at least five consecutive years only if the Participant was in the active service of the Company and/or one or more Subsidiaries, on a full-time basis in the case of a Participant who is an Employee, throughout the five year period ending on the Service Termination Date.
  - (iv) The provisions of this Section 11(b) shall apply only to Plan awards with a Date of Grant on or after July 28, 2011. Plan awards with a Date of Grant prior to such date shall be governed by the provisions of Section 11(b) of the Plan as in effect prior to such date, as modified by an applicable Evidence of Award.
- (c) **Termination Due to Disability.** Upon any termination of a Participant's service due to disability:
- (i) Unless otherwise provided in the relevant Evidence of Award, the Participant, or the Participant's Representative, shall have the right (1) to exercise, from time to time during the period ending one year after the Service Termination Date, but not later than the Option Expiration Date or Appreciation Right Expiration Date, as applicable, any Nonqualified Stock Options and Appreciation Rights that were outstanding on the Service Termination Date, if and to the same extent those Option Rights and Appreciation Rights were

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exercisable by the Participant on the Service Termination Date, and (2) to exercise, from time to time during the period ending one year after the Service Termination Date, but not later than the Option Expiration Date, any Incentive Stock Options that were outstanding on the

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Service Termination Date, if and to the same extent as those Option Rights were exercisable by the Participant on the Service Termination Date (even though exercise of the Incentive Stock Option more than three months after the Service Termination Date may cause the Option Right to fail to qualify for Incentive Stock Option treatment under the Code);

- (ii) Unless otherwise provided in the relevant Evidence of Award, in the case of any Restricted Stock for which the Participant paid an Acquisition Price, the Participant, or the Participant's Representative, shall offer for resale at the Acquisition Price to the Company each Common Share of Restricted Stock held by the Participant at the Service Termination Date with respect to which, as of that date, any restrictions, conditions, or contingencies have not lapsed; and
  - (iii) Unless otherwise provided in the relevant Evidence of Award, the Participant shall forfeit each (A) Common Share of Restricted Stock for which the participant did not pay an Acquisition Price, (B) Restricted Stock Unit, (C) Performance Share, (D) Performance Unit, and/or (E) other award granted pursuant to Section 10 hereof, in each case with respect to which, as of the Participant's Service Termination Date, any restrictions, conditions, or contingencies have not lapsed.
- (d) **Death of an Employee.** Upon the death of a Participant while in the service of the Company or any Subsidiary or within any of the periods referred to in any of Sections 11(a), 11(b), or 11(c):
- (i) Unless otherwise provided in the relevant Evidence of Award (in which a different period of extension of the Option Expiration Date or Appreciation Right Expiration Date, as applicable, in the event of the death of the Participant may be specified), if the Option Expiration Date or Appreciation Right Expiration Date, as applicable, of any Nonqualified Stock Option or Appreciation Right that had not expired before the Participant's death would otherwise expire before the first anniversary of the Participant's death, that Option Expiration Date or Appreciation Right Expiration Date, as applicable, shall automatically be extended to the first anniversary of the Participant's death;
  - (ii) Unless otherwise provided in the relevant Evidence of Award, any Option Rights and Appreciation Rights that are outstanding on the date of the Participant's death shall become immediately exercisable in full and the Participant's Representative shall have the right to exercise any or all of those Option Rights and Appreciation Rights in accordance with Section 4(f) (as to any Option Rights) or Section 5(b) (as to any Appreciation Rights), from time to time during the period ending on the first anniversary of the Participant's death.
  - (iii) Unless otherwise provided in the relevant Evidence of Award, the restrictions, conditions, or contingencies on any (A) Restricted Stock, (B) Restricted Stock Units, (C) Performance Shares, (D) Performance Units, and/or (E) any other award granted pursuant to Section 10 hereof held by the Participant at the date of death shall be modified in such manner as the Board or the Chief Executive Officer or his delegatee or delegatees, as applicable, may specify to give the Participant's Representative the benefit of those awards through that date.
- (e) **Termination for Cause.** Upon any termination of service for Cause of a Participant who is an Employee, and unless otherwise provided in the relevant Evidence of Award:
- (i) All of the Participant's rights with respect to unexercised Option Rights and Appreciation Rights shall expire immediately before the Service Termination Date;
  - (ii) In the case of any Restricted Stock for which the Participant paid an Acquisition Price, the Participant shall offer for resale at the Acquisition Price to the Company all Restricted Stock held by the Participant at the Service Termination Date with respect to which, as of that date, any restrictions, conditions, or contingencies have not lapsed; and

- (iii) The Participant shall forfeit all (A) Common Shares of Restricted Stock for which the Participant did not pay an Acquisition Price, (B) Restricted Stock Units, (C) Performance Shares, (D) Performance Units and (E) any other awards granted pursuant to Section 10 hereof, in each case with respect to which, as of the Participant's Service Termination Date, any restrictions, conditions, or contingencies have not lapsed.

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For the avoidance of doubt, the provisions of this Section 11(e) do not apply to any Participant who was a Non-Employee Director immediately prior to his or her Service Termination Date.

**12. Administration of the Plan.**

- (a) Except as set forth in Section 12(d) of this Plan, this Plan will be administered by the Board of Directors of the Company, which may from time to time delegate all or any part of its authority under this Plan to the Compensation and Corporate Governance Committee of the Board of Directors of the Company or any other Committee of the Board of Directors of the Company (or a subcommittee thereof), as constituted from time to time.
- (b) The interpretation and construction by the Board, or the Chief Executive Officer or his delegatee or delegates, if applicable, of any provision of this Plan or of any agreement, notification or document evidencing the grant of Option Rights, Appreciation Rights, Restricted Stock, Restricted Stock Units, Performance Shares, Performance Units or other awards pursuant to Section 10 of this Plan and any determination by the Board, or the Chief Executive Officer or his delegatee or delegates, if applicable, pursuant to any provision of this Plan or of any such agreement, notification or document, will be final and conclusive.
- (c) The Board may delegate to one or more of its members or to one or more officers of the Company, or to one or more agents or advisors, such administrative duties or powers as it may deem advisable, and the Board or any person to whom duties or powers have been delegated as aforesaid, may employ one or more persons to render advice with respect to any responsibility the Board or such person may have under the Plan. The Board may, by resolution, authorize the Chief Executive Officer (or his delegatee or delegates) to do one or both of the following on the same basis as the Board: (i) designate employees to be recipients of awards under this Plan; (ii) determine the size of any such awards; *provided, however*, that (A) the Board shall not so delegate such responsibilities for awards granted to an individual who is a Director or an officer (as defined in Rule 16a-1(f) promulgated under the Exchange Act, or in any successor to such rule) of the Company or any person subject to Section 162(m) of the Code; and (B) the resolution providing for such authorization sets forth the total number of Common Shares the Chief Executive Officer (or his delegatee or delegates) may grant; and (iii) the Chief Executive Officer (or his delegatee or delegates) shall report periodically to the Board regarding the nature and scope of the awards granted pursuant to the authority delegated.
- (d) Notwithstanding anything to the contrary, other than Section 12(c) hereof to which this Section 12(d) is subject, all interpretations, conclusions or determinations with respect to any provisions of this Plan or of any related agreement, notification or document, and all factual determinations, including but not limited to determinations made pursuant to Sections 11 and 15 of this Plan and determinations regarding Cause and Detrimental Activity and Good Standing and Qualifying Retirement (i) shall be made by the Board, with respect to the Chief Executive Officer, all other officers (as defined in Rule 16a-1(f) promulgated under the Exchange Act, or in any successor to such rule), all persons subject to Section 162(m) of the Code and all Directors; *provided, however*, that any Director whose specific rights under the Plan are the subject of any interpretation, conclusion or determination by the Board shall not take part in or contribute to such interpretation, conclusion or determination, and (ii) with respect to all Participants other than the individuals described in clause (i) of this sentence, shall be made by the Board or by the Chief Executive Officer or his delegatee or delegates; *provided, however*, that in the event of any conflict between a determination made by the Board and a determination made by the Chief Executive Officer or his delegatee or delegates, the determination of the Board shall control.

**13. Adjustments.** The Board shall make or provide for such adjustments in the numbers of Common Shares covered by outstanding Option Rights, Appreciation Rights, Restricted Stock Units, Performance Shares and Performance Units granted hereunder and, if applicable, in the number of Common Shares covered by other awards granted pursuant to Section 10 hereof, in the Option Price and Base Price provided in outstanding Option Rights and Appreciation Rights, and in the kind of shares covered thereby, as is equitably required to prevent

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dilution or enlargement of the rights of Participants or Optionees that otherwise would result from (a) any stock dividend, stock split, combination of shares, recapitalization or other change in the capital structure of the Company, or (b) any merger, consolidation, spin-off, split-off, spin-out, split-up, reorganization, partial or complete liquidation or other distribution of assets, issuance of rights or warrants to purchase securities, or (c) any other corporate transaction or event having an effect similar to any of the foregoing. The Board shall also make or provide for such adjustments in the numbers of shares specified in Section 3 of this Plan as is appropriate to reflect any transaction or event described in the preceding sentence. Any such adjustment to the number specified in Section 3(b)(i) shall be made in such manner as to not cause any option intended to qualify as an Incentive Stock Option to fail so to qualify. Moreover, in the event of any such transaction or event or in the event of a Change in Control, the Board, in its discretion, may provide in substitution for any or all outstanding awards under this Plan such alternative consideration (including cash), if any, as it may determine to be equitable in the circumstances and may require in connection therewith the surrender of all awards so replaced. In addition, for each Option Right or Appreciation Right with an Option Price or Base Price greater than the consideration offered in connection with any such transaction or event or Change in Control, the Board may in its discretion elect to cancel such Option Right or Appreciation Right without any payment to the person holding such Option Right or Appreciation Right.

**14. Change in Control.** For purposes of this Plan, except as may be otherwise prescribed by the Board or the Chief Executive Officer or his delegatee or delegatees, as applicable, in an Evidence of Award made under this Plan, a Change in Control shall be deemed to have occurred upon the occurrence of any of the following events:

- (a) any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) (a Person) is or becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 25% or more of the combined voting power of the then-outstanding Voting Stock of the Company; *provided, however*, that:
  - (i) for purposes of this Section 13(a), the following acquisitions shall not constitute a Change in Control: (A) any acquisition of Voting Stock of the Company directly from the Company that is approved by a majority of the Incumbent Directors, (B) any acquisition of Voting Stock of the Company by the Company or any Subsidiary, (C) any acquisition of Voting Stock of the Company by the trustee or other fiduciary holding securities under any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, and (D) any acquisition of Voting Stock of the Company by any Person pursuant to a Business Transaction that complies with clauses (i), (ii) and (iii) of Section 14(c) below;
  - (ii) if any Person is or becomes the beneficial owner of 25% or more of combined voting power of the then-outstanding Voting Stock of the Company as a result of a transaction described in clause (A) of Section 14(a)(i) above and such Person thereafter becomes the beneficial owner of any additional shares of Voting Stock of the Company representing 1% or more of the then-outstanding Voting Stock of the Company, other than in an acquisition directly from the Company that is approved by a majority of the Incumbent Directors or other than as a result of a stock dividend, stock split or similar transaction effected by the Company in which all holders of Voting Stock are treated equally, such subsequent acquisition shall be treated as a Change in Control;
  - (iii) a Change in Control will not be deemed to have occurred if a Person is or becomes the beneficial owner of 25% or more of the Voting Stock of the Company as a result of a reduction in the number of shares of Voting Stock of the Company outstanding pursuant to a transaction or series of transactions that is approved by a majority of the Incumbent Directors unless and until such Person thereafter becomes the beneficial owner of any additional shares of Voting Stock of the Company representing 1% or more of the then-outstanding Voting Stock of the Company, other than as a result of a stock dividend, stock split or similar transaction effected by the Company in which all holders of Voting Stock are treated equally; and

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- (iv) if at least a majority of the Incumbent Directors determine in good faith that a Person has acquired beneficial ownership of 25% or more of the Voting Stock of the Company inadvertently, and such Person divests as promptly as practicable but no later than the date, if any, set by the Incumbent Board a sufficient number of shares so that such Person beneficially owns less than 25% of the Voting Stock of the Company, then no Change in Control shall have occurred as a result of such Person's acquisition; or
  
- (b) a majority of the Board ceases to be comprised of Incumbent Directors; or
  
- (c) the consummation of a reorganization, merger or consolidation, or sale or other disposition of all or substantially all of the assets of the Company or the acquisition of the stock or assets of another corporation, or other transaction (each, a Business Transaction), unless, in each case, immediately following such Business Transaction (i) the Voting Stock of the Company outstanding immediately prior to such Business Transaction continues to represent (either by remaining outstanding or by being converted into Voting Stock of the surviving entity or any parent thereof), more than 50% of the combined voting power of the then outstanding shares of Voting Stock of the entity resulting from such Business Transaction (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries), (ii) no Person (other than the Company, such entity resulting from such Business Transaction, or any employee benefit plan (or related trust) sponsored or maintained by the Company, any Subsidiary or such entity resulting from such Business Transaction) beneficially owns, directly or indirectly, 25% or more of the combined voting power of the then outstanding shares of Voting Stock of the entity resulting from such Business Transaction, and (iii) at least a majority of the members of the Board of Directors of the entity resulting from such Business Transaction were Incumbent Directors at the time of the execution of the initial agreement or of the action of the Board providing for such Business Transaction; or
  
- (d) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company, except pursuant to a Business Transaction that complies with clauses (i), (ii) and (iii) of Section 14(c).

**15. Detrimental Activity.** Any Evidence of Award may provide that if a Participant, either during service with the Company or a Subsidiary or within a period of two years (or such other period as may be specified in the Evidence of Award) after termination of such service, shall engage in any Detrimental Activity, and the Board, or the Chief Executive Officer or his delegatee or delegatees, if applicable, shall so find, forthwith upon notice of such finding, the Participant shall:

- (a) Forfeit any award granted under the Plan then held by the Participant;
  
- (b) In the sole and complete discretion of the Company, return to the Company, in exchange for payment by the Company of any amount actually paid therefor by the Participant, all Common Shares that the Participant has not disposed of that were offered, acquired or paid out pursuant to or in connection with this Plan within a period of two years (or such longer period as may be specified in an Evidence of Award) prior to the date of the commencement of such Detrimental Activity or during or after the Detrimental Activity; and
  
- (c) In the sole and complete discretion of the Company, with respect to any Common Shares so acquired or paid out that the Participant has disposed of within a period of two years (or such longer period as may be specified in an Evidence of Award) prior to the date of the commencement of such Detrimental Activity or during or after such Detrimental Activity, pay to the Company in cash the difference between:
  - (i) Any amount actually paid therefor by the Participant pursuant to this Plan, and
  
  - (ii) The Market Value per Share of the Common Shares on the date the Common Shares were acquired or paid out.

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- (d) To the extent that such amounts are not paid to the Company, the Company may set off the amounts so payable to it against any amounts that may be owing from time to time by the Company or a Subsidiary to the Participant, whether as wages, retainer fees, deferred compensation or vacation pay or in the form of any other benefit or for any other reason.

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The remedies set forth in this Section 15 in the event that a Participant engages in a Detrimental Activity shall be in addition to any and all other remedies that the Company may have against the Participant in that event and shall not be deemed exclusive remedies. The remedies set forth in this Section 15 also do not limit the remedies that the Company may be required or permitted to exercise in respect of Participants pursuant to the provisions of Section 954 of the Wall Street Reform and Consumer Protection Act and the regulations thereunder.

**16. Non U.S. Participants.** In order to facilitate the making of any grant or combination of grants under this Plan, the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may provide for such special terms for awards to Participants who are foreign nationals or who are employed by the Company or any Subsidiary outside of the United States of America or who provide services to the Company under an agreement with a foreign nation or agency, as the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may approve such supplements to or amendments, restatements or alternative versions of this Plan (including, without limitation, sub-plans) as it may consider necessary or appropriate for such purposes, without thereby affecting the terms of this Plan as in effect for any other purpose, and the Secretary or other appropriate officer of the Company may certify any such document as having been approved and adopted in the same manner as this Plan. No such special terms, supplements, amendments or restatements, however, will include any provisions that are inconsistent with the terms of this Plan as then in effect unless this Plan could have been amended to eliminate such inconsistency without further approval by the shareholders of the Company.

**17. Transferability.**

- (a) Except as otherwise determined by the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, no Option Right, Appreciation Right, Restricted Stock, Restricted Stock Unit, Performance Share, Performance Unit, award contemplated by Section 9 or 10 of this Plan, or dividend equivalents paid with respect to awards made under the Plan shall be transferable by the Participant except by will or the laws of descent and distribution and, in no event shall any such award granted under the Plan be transferred for value. Except as otherwise determined by the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, Option Rights and Appreciation Rights will be exercisable during the Participant's lifetime only by him or her or, in the event of the Participant's legal incapacity to do so, by his or her guardian or legal representative acting on behalf of the Participant in a fiduciary capacity under state law and/or court supervision.
- (b) The Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may specify at the Date of Grant that part or all of the Common Shares that are (i) to be issued or transferred by the Company upon the exercise of Option Rights or Appreciation Rights, upon the termination of the Restriction Period applicable to Restricted Stock Units or upon payment under any grant of Performance Shares or Performance Units or (ii) no longer subject to the substantial risk of forfeiture and restrictions on transfer referred to in Section 6 of this Plan, will be subject to further restrictions on transfer.

**18. Withholding Taxes.** To the extent that the Company is required to withhold federal, state, local or foreign taxes in connection with any payment made or benefit realized by a Participant or other person under this Plan, and the amounts available to the Company for such withholding are insufficient, it will be a condition to the receipt of such payment or the realization of such benefit that the Participant or such other person make arrangements satisfactory to the Company for payment of the balance of such taxes required to be withheld, which arrangements (in the discretion of the Board or the Chief Executive Officer or his delegatee or delegates, as applicable) may include relinquishment of a portion of such benefit. If a Participant's benefit is to be received in the form of Common Shares, and such Participant fails to make arrangements for the payment of tax, the Company shall withhold such Common Shares having a value equal to the amount required to be withheld. Notwithstanding the foregoing, when a Participant is required to pay the Company an amount required to be withheld under applicable income and employment tax laws, the Participant may elect, with the Company's approval, to satisfy the obligation, in whole or in part, by electing to have withheld, from the shares required to

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be delivered to the Participant, Common Shares having a value equal to the amount required to be withheld (except in the case of Restricted Stock where an election under Section 83(b) of the Code has been made), or by delivering to the Company other Common Shares held by such Participant. The shares used for tax withholding will be valued at an amount equal to the Market Value per Share of such Common Shares on the date the benefit is to be included in the Participant's income. In no event shall the Market Value per Share of the Common Shares to be withheld and/or delivered pursuant to this Section to satisfy applicable withholding taxes in connection with the benefit exceed the minimum amount of taxes required to be withheld. Participants shall also make such arrangements as the Company may require for the payment of any withholding tax obligation that may arise in connection with the disposition of Common Shares acquired upon the exercise of Option Rights.

**19. Compliance with Section 409A of the Code.**

- (a) To the extent applicable, it is intended that this Plan and any grants made hereunder comply with the provisions of Section 409A of the Code. This Plan and any grants made hereunder shall be administered in a manner consistent with this intent, and any provision that would cause this Plan or any grant made hereunder to fail to satisfy Section 409A of the Code shall have no force and effect unless and until amended to comply with Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of Participants). Any reference in this Plan to Section 409A of the Code will also include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.
- (b) In order to determine for purposes of Section 409A of the Code whether a Participant is in the service of a member of the Company's controlled group of corporations under Section 414(b) of the Code (or by a member of a group of trades or businesses under common control with the Company under Section 414(c) of the Code) and, therefore, whether the Common Shares that are or have been purchased by or awarded under this Plan to the Participant are shares of service recipient stock within the meaning of Section 409A of the Code:
- (i) In applying Code Section 1563(a)(1), (2) and (3) for purposes of determining the Company's controlled group under Section 414(b) of the Code, the language "at least 50 percent" is to be used instead of "at least 80 percent" each place it appears in Code Section 1563(a)(1), (2) and (3), and
- (ii) In applying Treasury Regulation Section 1.414(c)-2 for purposes of determining trades or businesses under common control with the Company for purposes of Section 414(c) of the Code, the language "at least 50 percent" is to be used instead of "at least 80 percent" each place it appears in Treasury Regulation Section 1.414(c)-2.

**20. Amendments.**

- (a) The Board may at any time and from time to time amend this Plan in whole or in part; *provided, however*, that if an amendment to this Plan (i) would materially increase the benefits accruing to participants under this Plan, (ii) would materially increase the number of securities which may be issued under this Plan, (iii) would materially modify the requirements for participation in this Plan or (iv) must otherwise be approved by the shareholders of the Company in order to comply with applicable law or the rules of the New York Stock Exchange or, if the Common Shares are not traded on the New York Stock Exchange, the principal national securities exchange upon which the Common Shares are traded or quoted, then, such amendment will be subject to shareholder approval and will not be effective unless and until such approval has been obtained.
- (b) Neither the Board nor the Chief Executive Officer or his delegatee or delegatees, as applicable, will, without the further approval of the shareholders of the Company, authorize the amendment of any outstanding Option Right or Appreciation Right to reduce the Option Price or Base Price, as applicable. Furthermore, no Option Right or Appreciation Right will be cancelled and replaced with awards having a lower Option Price

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- or Base Price without further approval of the shareholders of the Company. This Section 20(b) is intended to prohibit the repricing of underwater Option Rights and Appreciation Rights and will not be construed to prohibit the adjustments provided for in Section 13 of this Plan.
- (c) If permitted by Section 409A of the Code, in case of termination of service by reason of death, disability or normal or early retirement, or in the case of unforeseeable emergency or other special circumstances, of a Participant who holds an Option Right or Appreciation Right not immediately exercisable in full, or any shares of Restricted Stock as to which the substantial risk of forfeiture or the prohibition or restriction on transfer has not lapsed, or any Restricted Stock Units as to which the Restriction Period has not been completed, or any Performance Shares or Performance Units which have not been fully earned, or any other awards made pursuant to Section 10 subject to any vesting schedule or transfer restriction, or who holds Common Shares subject to any transfer restriction imposed pursuant to Section 17(b) of this Plan, the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may, in its sole discretion, accelerate the time at which such Option Right, Appreciation Right or other award may be exercised or the time at which such substantial risk of forfeiture or prohibition or restriction on transfer will lapse or the time when such Restriction Period will end or the time at which such Performance Shares or Performance Units will be deemed to have been fully earned or the time when such transfer restriction will terminate or may waive any other limitation or requirement under any such award, except in the case of an award to a Covered Employee that is designated by the Board as intended to satisfy the requirements for qualified performance-based compensation under Section 162(m) of the Code where such action would result in the loss of the otherwise available exemption of the award under Section 162(m) of the Code.
- (d) Subject to Section 20(b) hereof, the Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may amend the terms of any award theretofore granted under this Plan prospectively or retroactively, except in the case of an award to a Covered Employee that is designated by the Board as intended to satisfy the requirements for qualified performance-based compensation under Section 162(m) of the Code where such action would result in the loss of the otherwise available exemption of the award under Section 162(m) of the Code. In such case, no modification of the Management Objectives or the level or levels of achievement with respect to such award shall be made. Subject to Section 13 above, no such amendment shall impair the rights of any Participant without his or her consent. The Board may, in its discretion, terminate this Plan at any time. Termination of this Plan will not affect the rights of Participants or their successors under any awards outstanding hereunder and not exercised in full on the date of termination.
21. **Governing Law.** The Plan and all grants and awards and actions taken thereunder shall be governed by and construed in accordance with the internal substantive laws of the State of Ohio.
22. **Effect on Prior Plans.** No grants will be made on or after the Effective Date under any of the following plans: (i) STERIS Corporation 2002 Stock Option Plan; (ii) STERIS Corporation 1998 Long-Term Incentive Stock Plan; (iii) STERIS Corporation 1997 Stock Option Plan; (iv) STERIS Corporation 1994 Equity Compensation Plan; and (v) STERIS Corporation 1994 Nonemployee Directors Equity Compensation Plan. Notwithstanding the foregoing, outstanding options and other awards granted under the plans described in the preceding sentence will continue unaffected following the Effective Date.
23. **Certain Additional Special Rules Concerning Vesting of Awards Granted on or after July 28, 2011.** Unless otherwise provided in the relevant Evidence of Award, each grant of Restricted Stock and Restricted Stock Units made on or after July 28, 2011 to any Participant who is not a Non-Employee Director shall be subject to the following provisions, subject to the provisions of Section 11 hereof:
- (a) If at the Date of Grant the Participant is Qualifying Retirement Eligible, the award shall vest and become nonforfeitable in four (4) equal annual installments, on each of the first through fourth anniversaries of the Date of Grant.

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- (b) If at the Date of Grant the Participant is not Qualifying Retirement Eligible, the award shall vest and become nonforfeitable on the fourth anniversary of the Date of Grant; provided, however, that if before the award has otherwise become vested and nonforfeitable pursuant to the foregoing provision the Participant becomes Qualifying Retirement Eligible, then on the anniversary of the Date of Grant that coincides with or immediately succeeds the date the Participant becomes Qualifying Retirement Eligible and provided the Participant has remained in the service of the Company or a Subsidiary through such anniversary, the award will become vested and nonforfeitable to the same extent as it would have been on such date under paragraph (a) had the Participant been Qualifying Retirement Eligible at the Date of Grant, and if such anniversary is not the fourth anniversary of the Date of Grant, the award will thereafter continue to vest in the same manner and to the same extent as would have been the case under paragraph (a) had the Participant been Qualifying Retirement Eligible at the Date of Grant.
- (c) Notwithstanding the foregoing, if any such anniversary on which an award or portion thereof would otherwise vest is not a trading day on the New York Stock Exchange, such vesting shall be deferred until the first trading day thereafter.
- (d) Not in limitation of the other forfeiture provisions contained in the Plan or the relevant Evidence of Award, if the Participant terminates service with the Company and all Subsidiaries prior to the date on which the Participant's award has become fully vested and nonforfeitable, and subject to the provisions of Section 11 of the Plan, those portions of the award not vested at the time of such termination shall be forfeited.
- (e) Also notwithstanding the foregoing, if on any anniversary of a Date of Grant any portion of an award that would otherwise vest on that anniversary represents a fractional share, that portion shall be aggregated with any portions of the award that represent fractional shares and would otherwise vest on succeeding anniversary dates and all portions so aggregated shall vest on the first of the aforesaid anniversary dates.
- (f) For the avoidance of doubt, the provisions of this Section 23 do not apply to any Option Rights, Appreciation Rights, Performance Shares, Performance Units or other awards granted pursuant to Section 10 hereof, do not apply to any other awards with a Date of Grant prior to July 28, 2011 and do not apply to awards to Non-Employee Directors.

**24. Miscellaneous Provisions.**

- (a) The Company will not be required to issue any fractional Common Shares pursuant to this Plan. The Board or the Chief Executive Officer or his delegatee or delegatees, as applicable, may provide for the elimination of fractions or for the settlement of fractions in cash.
- (b) This Plan will not confer upon any Participant any right with respect to continuance of employment or other service with the Company or any Subsidiary, nor will it interfere in any way with any right the Company or any Subsidiary would otherwise have to terminate such Participant's employment or other service at any time.
- (c) To the extent that any provision of this Plan would prevent any Option Right that was intended to qualify as an Incentive Stock Option from qualifying as such, that provision will be null and void with respect to such Option Right. Such provision, however, will remain in effect for other Option Rights and there will be no further effect on any provision of this Plan.
- (d) No award under this Plan may be exercised by the holder thereof if such exercise, and the receipt of cash or stock thereunder, would be, in the opinion of counsel selected by the Board, contrary to law or the regulations of any duly constituted authority having jurisdiction over this Plan.
- (e)



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Absence on leave approved by a duly constituted officer of the Company shall not be considered interruption or termination of service of any employee for any purposes of this Plan or awards granted hereunder, except that no awards may be granted to an employee while he or she is absent on leave.

- (f) No Participant shall have any rights as a stockholder with respect to any shares subject to awards granted to him or her under this Plan prior to the date as of which he or she is actually recorded as the holder of such shares upon the stock records of the Company.

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- (g) The Board or the Chief Executive Officer or his delegatee or delegates, as applicable, may condition the grant of any award or combination of awards authorized under this Plan on the surrender or deferral by the Participant of his or her right to receive a cash bonus or other compensation otherwise payable by the Company or a Subsidiary to the Participant.
  
- (h) If any provision of this Plan is or becomes invalid or unenforceable in any jurisdiction, or would disqualify this Plan or any award under any law deemed applicable by the Board, such provision shall be construed or deemed amended or limited in scope to conform to applicable laws or, in the discretion of the Board, it shall be stricken and the remainder of this Plan shall remain in full force and effect.

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**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy card and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY INTERNET - [www.proxyvote.com](http://www.proxyvote.com)**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BOXES BELOW IN BLUE OR BLACK INK, SIGN, AND RETURN:

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KEEP THIS PORTION FOR YOUR RECORDS

**THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.**

DETACH AND RETURN THIS PORTION ONLY

**STERIS CORPORATION**

**For All      Withhold All      For All Except**

To withhold authority to vote for any individual nominee(s), mark **For All Except** and write the number(s) of the nominee(s) on the line below.

**The Board of Directors recommends a vote FOR all the below nominees.  
Vote on Directors**

.. .. .

1. Election of Directors

**Nominees:**

- |                            |                              |
|----------------------------|------------------------------|
| 01) Richard C. Breeden     | 06) Walter M Rosebrough, Jr. |
| 02) Cynthia L. Feldmann    | 07) Mohsen M. Sohi           |
| 03) Jacqueline B. Kosecoff | 08) John P. Wareham          |
| 04) David B. Lewis         | 09) Loyal W. Wilson and      |
| 05) Kevin M. McMullen      | 10) Michael B. Wood          |

**The Board of Directors recommends a vote FOR Proposals 2, 3, and 5 and FOR 1 Year under Proposal 4.**

**For    Against    Abstain**

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2.	Approving the amendment and restatement of the STERIS Corporation 2006 Long-Term Equity Incentive Plan.	..	..	..
3.	Approving, on a non-binding advisory basis, the compensation of our named executive officers.	..	..	..
		<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b> <b>Abstain</b>
4.	For, on a non-binding advisory basis, holding an advisory vote regarding executive compensation of our named executive officers to occur every 1, 2 or 3 years.	..	..	..
			<b>For</b>	<b>Against</b> <b>Abstain</b>
5.	Ratifying the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2012.	..	..	..

In their discretion, the Proxies are authorized to vote upon such other matters as may properly come before the meeting or at any adjournment thereof.

**NOTE:** Please sign exactly as name above. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

Signature [PLEASE SIGN WITHIN BOX]

Date

Signature (Joint Owners)

Date

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**YOUR VOTE IS IMPORTANT**

Regardless of whether you plan to attend the Annual Meeting of Shareholders, you can be sure the shares are represented at the meeting by promptly returning your proxy in the enclosed envelope.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be held on July 28, 2011:**

The Notice and Proxy Statement and Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).

**Sign and date proxy card on the reverse side.**

**i Please fold and detach card at perforation before mailing. i**

M37090-P14655

**PROXY**

**STERIS CORPORATION**

**PROXY**

**ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JULY 28, 2011**

**This Proxy is solicited by the Board of Directors**

At the Annual Meeting of Shareholders of the Company to be held on July 28, 2011, and at any adjournment thereof, Walter M Rosebrough, Jr., John P. Wareham, Michael J. Tokich, Mark D. McGinley and Dennis P. Patton, and each of them, with full power of substitution in each (the Proxies ), are hereby authorized to represent me and to vote the shares on the following Proposals:

1. Electing directors to serve for a one-year term of office expiring at the Company's 2012 Annual Meeting of Shareholders. The nominees for the Board of Directors are: Richard C. Breeden, Cynthia L. Feldmann, Jacqueline B. Kosecoff, David B. Lewis, Kevin M. McMullen, Walter M Rosebrough, Jr., Mohsen M. Sohi, John P. Wareham, Loyal W. Wilson, and Michael B. Wood.
2. Approving the amendment and restatement of the STERIS Corporation 2006 Long-Term Equity Incentive Plan.
3. Approving, on a non-binding advisory basis, the compensation of our named executive officers.
4. For, on a non-binding advisory basis, holding an advisory vote regarding executive compensation of our named executive officers to occur every 1, 2 or 3 years.

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5. Ratifying the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2012.

**The Board of Directors recommends votes FOR the election of the nominees listed above, FOR the amendment and restatement of the STERIS Corporation 2006 Long-Term Equity Incentive Plan, FOR approval, on a non-binding advisory basis, of the compensation of our named executive officers, FOR, on a non-binding advisory basis, holding an advisory vote regarding executive compensation of our named executive officers to occur every year, and FOR the ratification of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2012.**

Unless otherwise specified, this Proxy will be voted FOR the election of the nominees listed above, FOR the amendment and restatement of the STERIS Corporation 2006 Long-Term Equity Incentive Plan, FOR approval, on a non-binding advisory basis, of the compensation of our named executive officers, FOR, on a non-binding advisory basis, holding an advisory vote regarding executive compensation of our named executive officers to occur every year, FOR the ratification of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2012, and in the Proxies' discretion on all other matters as may properly come before the meeting or any adjournment thereof.

**SEE REVERSE SIDE.**



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2. Approving the amendment and restatement of the STERIS Corporation 2006 Long-Term Equity Incentive Plan.	..	..	..	
3. Approving, on a non-binding advisory basis, the compensation of our named executive officers.	..	..	..	
	<b>1 Year</b>	<b>2 Years</b>	<b>3 Years</b>	<b>Abstain</b>
4. For, on a non-binding advisory basis, holding an advisory vote regarding executive compensation of our named executive officers to occur every 1, 2 or 3 years.	..	..	..	..
		<b>For</b>	<b>Against</b>	<b>Abstain</b>
5. Ratifying the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2012.	..	..	..	

In its discretion, the Trustee is authorized to vote upon such other matters as may properly come before the meeting or at any adjournment thereof.

**NOTE:** Please sign exactly as name above. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

Signature [PLEASE SIGN WITHIN BOX]

Date

Signature (Joint Owners)

Date



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**YOUR VOTE IS IMPORTANT**

Regardless of whether you plan to attend the Annual Meeting of Shareholders, you can be sure the shares are represented at the meeting by promptly returning your direction form in the enclosed envelope.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be held on July 28, 2011:**

The Notice and Proxy Statement and Annual Report are available at [www.proxyvote.com](http://www.proxyvote.com).

**Sign and date direction form on the reverse side.**

**i Please fold and detach direction form at perforation before mailing. i**

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**DIRECTION FORM**

**STERIS CORPORATION**

**DIRECTION FORM**

**ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JULY 28, 2011**

**Instructions for Voting Shares Held by Vanguard Fiduciary Trust Company, Trustee under the STERIS**

**Corporation 401(k) Plan and Trust (the Plan )**

Pursuant to the Plan, and in my capacity as a Named Fiduciary for this purpose, I hereby direct Vanguard Fiduciary Trust Company, as Trustee, to vote in person or by proxy (i) all Common Shares of the Company credited to the employer stock fund account under the Plan and (ii) all Common Shares of the Company credited to accounts under the Plan for which the Trustee does not receive direction, at the Annual Meeting of Shareholders of the Company to be held on July 28, 2011, and at any adjournment thereof, as specified on the reverse side of this direction form on all matters properly coming before said meeting, including:

1. Electing directors to serve for a one-year term of office expiring at the Company's 2012 Annual Meeting of Shareholders. The nominees for the Board of Directors are: Richard C. Breeden, Cynthia L. Feldmann, Jacqueline B. Kosecoff, David B. Lewis, Kevin M. McMullen, Walter M. Rosebrough, Jr., Mohsen M. Sohi, John P. Wareham, Loyal W. Wilson, and Michael B. Wood.
2. Approving the amendment and restatement of the STERIS Corporation 2006 Long-Term Equity Incentive Plan.
3. Approving, on a non-binding advisory basis, the compensation of our named executive officers.
4. For, on a non-binding advisory basis, holding an advisory vote regarding executive compensation of our named executive officers to occur every 1, 2 or 3 years.
5. Ratifying the appointment of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2012.

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**The Board of Directors recommends votes FOR the election of the nominees listed above, FOR the amendment and restatement of the STERIS Corporation 2006 Long-Term Equity Incentive Plan, FOR approval, on a non-binding advisory basis, of the compensation of our named executive officers, FOR, on a non-binding advisory basis, holding an advisory vote regarding executive compensation of our named executive officers to occur every year and FOR the ratification of Ernst & Young LLP as the Company's independent registered public accounting firm for the fiscal year ending March 31, 2012.**

ALL COMMON SHARES OF THE COMPANY HELD UNDER THE PLAN FOR WHICH THE TRUSTEE DOES NOT RECEIVE A DIRECTION (INCLUDING THOSE CREDITED TO YOUR EMPLOYER STOCK FUND ACCOUNT IF YOU DO NOT TIMELY PROVIDE THE TRUSTEE WITH A DIRECTION) WILL BE VOTED BY THE TRUSTEE IN THE SAME PROPORTION AS IT VOTES THOSE SHARES WITH RESPECT TO WHICH IT DOES RECEIVE VOTING INSTRUCTIONS REGARDING THE ELECTION OF THE NOMINEES FOR DIRECTOR LISTED ABOVE, APPROVAL OF THE AMENDED AND RESTATEMENT OF THE STERIS CORPORATION 2006 LONG-TERM EQUITY INCENTIVE PLAN, APPROVAL, ON A NON-BINDING BASIS, OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, FOR, ON A NON-BINDING ADVISORY BASIS, HOLDING AN ADVISORY VOTE REGARDING EXECUTIVE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS TO OCCUR EVERY 1, 2 OR 3 YEARS, THE RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING MARCH 31, 2012 AND ALL OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENT THEREOF. SEE REVERSE SIDE.

DIRECTION FORMS MUST ARRIVE AT THE OFFICES OF BROADRIDGE FINANCIAL SOLUTIONS, THE TABULATING AGENT, NO LATER THAN 5:00 P.M., EASTERN TIME, ON JULY 22, 2011, FOR TABULATION.

**SEE REVERSE SIDE.**