

STERIS CORP
Form DEFR14A
June 21, 2005

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 (Amendment No. 1)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- | | |
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| <input type="checkbox"/> Preliminary Proxy Statement | <input type="checkbox"/> Confidential, for Use of the Commission Only (as |
| <input checked="" type="checkbox"/> Definitive Proxy Statement | permitted by Rule 14a-6(e)(2)) |
| <input type="checkbox"/> Definitive Additional Materials | |
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STERIS CORPORATION

(Name of Registrant as Specified in its Charter)

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

Payment of Filing Fee (Check the appropriate box):

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(3) Filing Party:

(4) Date Filed:

STERIS CORPORATION

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

TO OUR SHAREHOLDERS:

The 2005 Annual Meeting of Shareholders of STERIS Corporation will be held at 9:00 a.m., Eastern Daylight Saving Time, on Friday, July 29, 2005, at the Renaissance Quail Hollow Resort, 11080 Concord-Hambden Road, Concord, Ohio, USA. At the Annual Meeting, shareholders will be asked to elect eight directors for terms running through the 2006 Annual Meeting and to approve a senior executive management incentive compensation plan. Management will also report on fiscal year 2005 results. We urge you to attend the meeting and to vote FOR the nominees for director listed in the Proxy Statement and FOR the senior executive management incentive compensation plan.

The formal notice of the meeting and the Proxy Statement containing information relative to the meeting follow this letter. We urge you to read the Proxy Statement carefully.

Please sign and return the enclosed Proxy whether or not you plan to attend the meeting to assure your shares will be voted. If you do attend the meeting, and the Board of Directors hopes that you will, there will be an opportunity to revoke your Proxy and to vote in person if you prefer.

Sincerely,

LES C. VINNEY

President and

Chief Executive Officer

JOHN P. WAREHAM

Chairman of the Board

June 22, 2005

STERIS CORPORATION

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

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

JULY 29, 2005

The Annual Meeting of Shareholders of STERIS Corporation will be held at 9:00 a.m., Eastern Daylight Saving Time, on Friday, July 29, 2005, at the Renaissance Quail Hollow Resort, 11080 Concord-Hambden Road, Concord, Ohio, USA, for the following purposes:

1. To elect eight directors to serve until the 2006 Annual Meeting;
2. To approve the STERIS Corporation Senior Executive Management Incentive Compensation Plan; and
3. To transact such other business as may properly come before the meeting.

The Board of Directors has fixed June 3, 2005 as the record date for determining shareholders entitled to notice and to vote at the meeting and any adjournments.

The Company's Annual Report to Shareholders for the year ended March 31, 2005 is being mailed to shareholders with the Proxy Statement. The Proxy Statement accompanies this Notice.

By Order of the Board of Directors,

MARK D. MCGINLEY
Secretary

June 22, 2005

Please sign and return the enclosed Proxy in the envelope provided for that purpose, whether or not you expect to be present at the Annual Meeting. 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 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.

STERIS CORPORATION

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

PROXY STATEMENT

Annual Meeting, July 29, 2005

General This Proxy Statement was mailed on or about June 22, 2005, to the shareholders of STERIS Corporation ("STERIS" or the "Company") of record as of the close of the stock transfer books on June 3, 2005. This Proxy Statement is provided in connection with the solicitation

Information by the Board of Directors of the enclosed form of Proxy for the Annual Meeting of Shareholders to be held at 9:00 a.m., Eastern Daylight Saving Time, on Friday, July 29, 2005, at the Renaissance Quail Hollow Resort, 11080 Concord-Hambden Road, Concord, Ohio, USA. Pursuant to the Ohio General Corporation Law, a shareholder may revoke a writing appointing a Proxy by giving notice to the Company in writing or in open meeting, or by submitting a subsequent Proxy. The cost of soliciting the Proxies will be borne by the Company. In addition to solicitations by mail, the Company may solicit Proxies in person, by telephone, fax, or e-mail. STERIS has engaged a professional proxy solicitation firm, Georgeson Shareholder Communications, Inc. ("Georgeson"), to aid in the solicitation of Proxies. The Company will pay Georgeson a fee of approximately \$10,000 for its services. The agreement with Georgeson provides that they will provide base shareholder meeting services including solicitation of ADP, brokers, banks and institutional holders and delivery of executed Proxies. Additional shareholder meeting services may be contracted for additional fees.

Voting As of the record date set by the Board of Directors (June 3, 2005), the Company had 68,760,766 Common Shares outstanding and entitled to vote at the 2005 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

Securities 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 3 and 4, allocating the votes among the nominees in accordance with their discretion.

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 and FOR approval of the senior executive management incentive compensation plan. 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. Accordingly, 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. 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.

Purposes of Annual Meeting The Annual Meeting has been called for the purposes of (1) electing eight directors to serve until the Company's 2006 Annual Meeting of Shareholders, (2) approving the STERIS Corporation Senior Executive Management Incentive Compensation Plan, and (3) transacting such other business as may properly come before the meeting.

The persons named in the enclosed Proxy 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 eight nominees listed on pages 3 and 4 and to approve the STERIS Corporation Senior Executive Management Incentive Compensation Plan.

Election of Directors STERIS's Board of Directors was declassified by a vote of the shareholders at the 2004 Annual Meeting that amended the Company's Code of Regulations to provide for the elimination of the classification of the Board. As a result, all directors will be elected each year beginning with the 2006 Annual Meeting. This year, eight of the eleven directors will

be elected at the 2005 Annual Meeting. Current director, Dr. Jerry E. Robertson, as announced in May of 2005, has stepped down as Chairman of the Board and will retire from the Board as of the 2005 Annual Meeting.

PROPOSAL 1: To elect Stephen R. Hardis, Jacqueline B. Kosecoff, Raymond A. Lancaster, J.B. Richey, Les C. Vinney, Michael B. Wood, Cynthia L. Feldmann and Mohsen M. Sohi as directors for terms expiring at the 2006 Annual Meeting of Shareholders.

Messrs. Hardis, Lancaster, Richey, and Vinney were last elected as directors by the shareholders at the 2003 Annual Meeting for terms expiring at the 2005 Annual Meeting. Dr. Kosecoff, Dr. Wood and Ms. Feldmann were appointed as directors by the Board of Directors, in accordance with the Company's Code of Regulations, in October 2003, October 2004 and March 2005, respectively. Each of them has been nominated for reelection as a director of the Company for a term to expire at the 2006 Annual Meeting. Dr. Sohi is a new nominee for election as a director of the Company for a term to expire at the 2006 Annual Meeting.

The Board of Directors 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 of Directors may recommend unless the Board of Directors, in response to the death or unavailability, chooses to reduce the number of directors.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF CYNTHIA L. FELDMANN, STEPHEN R. HARDIS, JACQUELINE B. KOSECOFF, RAYMOND A. LANCASTER, J. B. RICHEY, MOHSEN M. SOHI, LES C. VINNEY AND MICHAEL B. WOOD.

Board of Directors As to nominees for terms expiring in 2006 and as to directors whose terms of office will continue until the 2006 Annual Meeting, the following provides their age, the year in which each became a director of the Company, their principal occupation and employment, and their directorships in companies having securities registered pursuant to the Securities Exchange Act of 1934, as amended.

NOMINEES FOR TERMS EXPIRING AT THE ANNUAL

MEETING IN 2006

Cynthia L. Feldmann, age 52, director since March 2005. Ms. Feldmann has served as the Life Sciences Business Development Officer for the Boston law firm Palmer & Dodge, LLP since November 2003. Previously, Ms. Feldmann was with the global accounting firm, KPMG, LLP, from July 1994 to September 2002, holding various leadership roles in the firm's Medical Technology and Health Care & Life Sciences industry groups, including Partner, Northeast Regional Relationships. Prior to that, she spent 15 years with the accounting firm Coopers & Lybrand (now PricewaterhouseCoopers), ultimately as National Partner-in-Charge of its Life Sciences practice. Ms. Feldmann is a director of Hanger Orthopedic Group, Inc.

Stephen R. Hardis, age 69, director since September 2000. Mr. Hardis is Lead Director of Axcelis Technologies, Inc., a semiconductor equipment business which was spun-off in an initial public offering from Eaton Corporation, a global manufacturer of highly engineered products that serve industrial, vehicle, construction, commercial, aerospace, and semiconductor markets. Prior to his appointment as Lead Director, Mr. Hardis was Chairman at Axcelis Technologies from 2000 to May 2005. Mr. Hardis served as Eaton Corporation's Chairman and Chief Executive Officer from January 1, 1996 until his retirement on July 31, 2000. Mr. Hardis is a director of American Greetings Corporation, Lexmark International Corporation, Marsh & McLennan Companies, Nordson Corporation, and Progressive Corporation.

Jacqueline B. Kosecoff, age 56, director since October 2003. Dr. Kosecoff has served as Executive Vice President, Speciality Companies, of PacifiCare Health Systems, Inc., one of the nation's largest consumer health organizations, since July 2002. From 1998 to July 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.

Raymond A. Lancaster, age 59, director since 1988. Mr. Lancaster has served as Managing Director of South Franklin Street Partners (formerly known as Candlewood Partners, LLC), an investment banking firm specializing in ESOPs and restructurings, since 2002. During 2001, Mr. Lancaster was a self-employed consultant specializing in leveraged buyouts of manufacturing companies. From January 1995 to December 2000, Mr. Lancaster held the position of Managing Partner of Kirtland Capital Partners II L.P., a middle market leveraged buyout partnership.

J. B. Richey, age 68, director since 1987. Mr. Richey has been Senior Vice President of Invacare Corporation, a provider of home healthcare medical equipment, since 1984. Mr. Richey is a director of Invacare Corporation.

Mohsen M. Sohi, age 46, new nominee. Dr. Sohi has served as President and CEO of Freudenberg-NOK General Partnership, a joint venture between Freudenberg & Co. of Germany and NOK Corp. of Japan, since March 2003. Freudenberg-NOK is a supplier of sealing, noise and vibration control products to automotive and other industries. 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. Before serving with NCR, Dr. Sohi spent more than 14 years at Honeywell International Inc. and its pre-merger constituent, Allied Signal, Inc., providers of aerospace, automation & control solutions, specialty materials and transportation systems, serving from July 2000 to January 2001 as President, Honeywell Electronic Materials. Dr. Sohi is a director of Hayes Lemmerz International, Inc.

Les C. Vinney, age 56, director since March 2000. Mr. Vinney is currently President and Chief Executive Officer of STERIS. Mr. Vinney joined STERIS in August 1999 as Senior Vice President and Chief Financial Officer, and was elected Senior Vice President Finance and Operations in October 1999, President and Chief Operating Officer in March 2000, and President and Chief Executive Officer in July 2000. Immediately before his employment with STERIS, Mr. Vinney served as Senior Vice President and Chief Financial Officer of The BF Goodrich

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Company, a manufacturer of advanced aerospace systems, performance materials, and

engineered industrial products. During his eight-year career with BF Goodrich, Mr. Vinney held a variety of senior operating and financial management positions, including Vice President and Treasurer, President and CEO of the former Tremco subsidiary, and Senior Vice President, Finance and Administration of BF Goodrich Specialty Chemicals. Mr. Vinney is a director of Campbell Soup Company.

Michael B. Wood, age 61, director since October 2004. Dr. Wood has served as an orthopedic surgeon at the Mayo Clinic in Jacksonville, Florida since August 2004, and also serves as a Professor of Orthopedics at the Mayo Clinic College of Medicine. Previously, Dr. Wood served from June 2004 to August 2004 as a staff orthopedic surgeon at Luther-Midelfort Clinic in Eau Claire, Wisconsin. Previously, Dr. Wood held positions of increasing responsibility within the Mayo Foundation, culminating in his service as President and CEO from January 1999 to February 2003 and President Emeritus until February 2004. Mayo 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.

CONTINUING DIRECTORS WHOSE TERMS EXPIRE

AT THE ANNUAL MEETING IN 2006

Kevin M. McMullen, age 44, director since July 2000. Mr. McMullen is 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. Mr. McMullen was Vice President of GenCorp Inc., a technology-based manufacturer with leading positions in the aerospace and defense, polymer products, and automotive industries, and President of GenCorp's Decorative & Building Products business unit from September 1996 until GenCorp's spin-off of OMNOVA in October 1999. Mr. McMullen was Vice President of OMNOVA and President of its Decorative & Building Products unit from September 1999 until January 2000, was President and Chief Operating Officer of OMNOVA from January to December 2000, became Chief Executive Officer and President of OMNOVA in December 2000, and became Chairman of the Board of OMNOVA in February 2001. Before joining GenCorp, Mr. McMullen held the position of General Manager of the Commercial & Industrial Lighting business of General Electric Corporation, a diversified services, technology, and manufacturing company, from 1993 to 1996.

John P. Wareham, age 63, 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 Office of Beckman Coulter, Inc., a leading provider of laboratory systems and complementary products used in biomedical analysis. Mr. Wareham became CEO of Beckman Coulter in September 1998 and was named Chairman in February 1999. Prior to these appointments, Mr. Wareham served as President and Chief Operating Officer of Beckman Coulter, a position he assumed in 1993. Mr. Wareham is a director of Wilson Greatbatch Technologies, Inc. and ResMed Inc.

Loyal W. Wilson, age 57, director since 1987. Mr. Wilson has been a Managing Director of Primus Venture Partners, Inc., a private equity investment and management firm, since 1993. He has been a Managing Partner of Primus Venture Partners, L.P. since 1983. Mr. Wilson is a director of Corinthian Colleges, Inc. and Marlin Business Services Corp.

Approval of Senior Executive Management Incentive Compensation Plan

The Board of Directors has approved, subject to the approval of STERIS's shareholders, the adoption of the new STERIS Corporation Senior Executive Management Incentive Compensation Plan, which is intended to establish criteria for the payment of incentive compensation to certain executive officers of the Company so that the incentive compensation can be fully deductible by the Company for federal income tax purposes.

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PROPOSAL 2: To approve the STERIS Corporation Senior Executive Management Incentive Compensation Plan.

**APPROVAL OF THE STERIS CORPORATION SENIOR EXECUTIVE
MANAGEMENT INCENTIVE COMPENSATION PLAN**

The Board recommends a vote for approval of the new STERIS Corporation Senior Executive Management Incentive Compensation Plan (the Plan). The purpose of the Plan is to attract and retain key executives for the Company and its subsidiaries and to provide such persons with incentives for superior performance. Incentive compensation payments made under the Plan are intended to constitute qualified performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code, as amended, and Section 1.162-27 of the Treasury Regulations promulgated thereunder. Generally, Section 162(m) prevents a publicly-held corporation from receiving a federal income tax deduction for compensation paid to any one of the five most highly compensated executive officers in excess of \$1.0 million for any year, unless that compensation is performance-based. One of the requirements of performance-based compensation for purposes of Section 162(m) is that the compensation be paid pursuant to a plan that has been approved by the Company's shareholders.

To qualify under Section 162(m), the Plan would restrict the Compensation and Corporate Governance Committee of the Board from exercising discretion in making incentive compensation adjustments to meet individual circumstances and reflect the outcome of individual performance. The Plan will require the Compensation and Corporate Governance Committee to use goals and formulas that could be verified by an independent third party, without the exercise of discretion, except to reduce the amount of compensation that might otherwise be payable under the Plan.

Summary of Terms. The following is a summary of the terms of the Plan and is qualified and superseded in its entirety by reference to the complete text of the Plan, which is set forth in Appendix A.

Administration. The Plan shall be administered by the Compensation and Corporate Governance Committee or any other committee appointed by the Board to administer the Plan (consisting of at least two directors, each of whom must be an outside director within the meaning of Section 162(m)). In administering the Plan, the Compensation and Corporate Governance Committee shall have full power and authority to interpret and administer the Plan and shall have the exclusive right to establish Performance Objectives (as defined below) and the amount of incentive compensation payable upon achievement of such objectives, subject to the limitations contained in the Plan.

Eligible Executive. Participation in the Plan will be limited to an Eligible Executive, which is defined as the Company's Chief Executive Officer and any other executive officer or other employee of the Company designated by the Compensation and Corporate Governance Committee. It is anticipated that only those employees whose compensation might create Section 162(m) issues for the Company will be selected for participation. At present, there would be one Eligible Executive the Company's President and Chief Executive Officer participating in the Plan.

Performance Objectives. An Eligible Executive's right to receive compensation under the Plan depends on achievement of certain specified Performance Objectives. Performance Objectives may be described in terms of Company-wide objectives or objectives that are related to the performance of the individual Eligible Executive or of the subsidiary, division, department or function within the Company or subsidiary in which the Eligible Executive is employed or for which the Eligible Executive has responsibilities. The Performance Objectives will be limited to specified levels of, growth in, or relative peer company performance in one or more of the following: earnings per share; return on invested capital; return on total capital; return on assets; return on equity; total shareholder return; net income; revenue; free cash flow; operating profit; gross margin and/or contribution margin; earnings before interest and taxes; earnings before interest, taxes, depreciation and amortization; and/or productivity improvement.

Awards.

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Not later than the 90th day of each fiscal year, the Compensation and Corporate Governance Committee shall establish the Performance Objectives for all Eligible Executives and the amount of

incentive compensation payable (or formula for determining such amount) upon full achievement of the specified Performance Objectives. 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. The Compensation and Corporate Governance Committee may not modify any terms of awards established for a particular fiscal year, except to the extent that after such modification the incentive compensation would continue to constitute qualified performance-based compensation for purposes of Section 162(m).

The Compensation and Corporate Governance Committee retains the discretion to reduce the amount of any incentive compensation that would be otherwise payable to an Eligible Executive (including a reduction in such amount to zero).

Notwithstanding any other provision of the Plan to the contrary, the incentive compensation paid to an Eligible Executive under the Plan for a fiscal year shall not exceed two and one-half (2 1/2) times the annual base salary of the applicable Eligible Executive, and in no event shall such incentive compensation exceed \$2,000,000.

Committee Certification. As soon as practicable after the end of each fiscal year, the Compensation and Corporate Governance Committee shall determine whether and to the extent to which the Performance Objectives have been achieved and the amount of the incentive compensation to be paid to each Eligible Executive for such fiscal year and shall document such determinations.

Amendment and Termination. The Compensation and Corporate Governance Committee may amend the Plan from time to time, provided that any such amendment is subject to shareholder approval to the extent required to satisfy Section 162(m). The Compensation and Corporate Governance Committee may also terminate the Plan, on a prospective basis only, at any time.

Effective Date. Subject to its approval by the shareholders, the Plan shall become effective for the Company's 2006 fiscal year, and shall remain effective until the first annual meeting of shareholders to be held in the 2011 fiscal year, subject to any further shareholder approvals (or reapprovals) mandated for performance-based compensation under Section 162(m).

Plan Benefits. Since the Plan affords the Compensation and Corporate Governance Committee discretion in establishing target incentive compensation (subject to the maximum annual limit per person noted above), it is not possible to determine the amount of the benefits that may become payable under the Plan. If the Plan had been in effect for fiscal year 2005, and the Plan incentive compensation objectives were the same as those applicable to the Company's President and Chief Executive Officer under his actual incentive compensation arrangement for fiscal year 2005, he would have received Plan incentive compensation identical in amount to that which he received for fiscal year 2005 as provided in the Summary Compensation Table below.

Federal Income Tax Consequences. Under present federal income tax law, a Plan participant will be taxed at ordinary income rates on the amount of any payment received pursuant to the Plan. Generally, and subject to the provisions of Section 162(m), the Company will receive a federal income tax deduction corresponding to the amount of income recognized by a Plan participant.

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.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR APPROVAL OF THE STERIS CORPORATION SENIOR EXECUTIVE MANAGEMENT INCENTIVE COMPENSATION PLAN.

UNLESS OTHERWISE SPECIFIED, THE PROXY HOLDERS WILL VOTE FOR PROPOSALS 1 AND 2.

The Company has 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 will vote in accordance with their judgment on such matters.

Ownership of

Voting The following table sets forth information furnished to the Company with respect to the beneficial ownership of the Company's Common Shares by each director, director nominee, and executive officer named in the Summary Compensation Table below, and by all directors, director nominees, and executive officers as a group, as of May 31, 2005.

Securities

Unless otherwise indicated, each of the persons listed has sole voting and dispositive power with respect to the shares shown as beneficially owned.

Name	Number of Shares Beneficially Owned	Percent of Class
Les C. Vinney(1)	622,700	*
Laurie Brlas(2)	98,000	*
Charles L. Immel(3)	177,000	*
Peter A. Burke(4)	62,000	*
Gerard J. Reis(5)	142,150	*
Cynthia L. Feldmann	213	*
Stephen R. Hardis(6)	63,654	*
Jacqueline B. Kosecoff(7)	21,161	*
Raymond A. Lancaster(8)	102,348	*
Kevin M. McMullen(6)	55,886	*
J. B. Richey(9)	212,759	*
Jerry E. Robertson(10)	199,548	*
John P. Wareham(6)	53,306	*
Loyal W. Wilson(11)	115,654	*
Michael B. Wood(12)	10,537	*
All directors, director nominees and executive officers as a group (21 persons)(13)	2,078,648	2.9%

* Less than one percent.

- (1) Includes 532,500 Common Shares subject to options that are exercisable within 60 days.
- (2) Includes 93,000 Common Shares subject to options that are exercisable within 60 days.
- (3) Includes 152,000 Common Shares subject to options that are exercisable within 60 days.
- (4) Includes 57,000 Common Shares subject to options that are exercisable within 60 days.
- (5) Includes 141,750 Common Shares subject to options that are exercisable within 60 days.
- (6) Includes 50,000 Common Shares subject to options that are exercisable within 60 days.
- (7) Includes 20,000 Common Shares subject to options that are exercisable within 60 days.
- (8) Includes 90,000 Common Shares subject to options that are exercisable within 60 days and 2,000 Common Shares as to which Mr. Lancaster's wife has sole voting and dispositive power.
- (9) Includes 100,000 Common Shares subject to options that are exercisable within 60 days.
- (10) Includes 100,000 Common Shares subject to options that are exercisable within 60 days, 20,000 Common Shares held by the J. J. Robertson Limited Partnership in which Dr. Robertson and his wife are general partners, and 71,000 Common Shares held by the Jerry E. Robertson Living Trust of which Dr. Robertson is the trustee.
- (11) Includes 90,000 Common Shares subject to options that are exercisable within 60 days.
- (12) Includes 10,000 Common Shares subject to options that are exercisable within 60 days.
- (13) Includes 1,661,713 Common Shares subject to options that are exercisable within 60 days.

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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 May 31, 2005.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Mac-Per-Wolf Company 310 S. Michigan Ave., Suite 2600, Chicago, IL 60604	6,185,912(1)	8.90%
Barclays Global Investors NA 45 Fremont St. 17 th Floor, San Francisco CA 94105	4,508,395(2)	6.52%
Shapiro Capital Management Company, Inc. 3060 Peachtree Road, NW, Suite 1555, Atlanta, GA 30305	3,757,780(3)	5.43%
Private Capital Management 8889 Pelican Bay Blvd., Ste 500, Naples, FL 34108	3,561,191(4)	5.15%

- (1) Based upon information contained in a Schedule 13G filed with the Securities and Exchange Commission on January 31, 2005, which Schedule specifies that Mac-Per-Wolf Company has sole voting and dispositive power with respect to all of these shares.
- (2) Based upon information contained in a Schedule 13G filed with the Securities and Exchange Commission on February 14, 2005, which Schedule specifies that Barclays Global Investors NA, as part of a group and reporting on behalf of itself and its affiliates, has sole voting power with respect to 4,241,341 of these shares and dispositive power with respect to all of these shares.
- (3) Based upon information contained in a Schedule 13G filed with the Securities and Exchange Commission on February 15, 2005, which Schedule specifies that Shapiro Capital Management Company, Inc. has sole voting power with respect to 3,340,280 of these shares, shared voting power with respect to 417,500 of these shares and dispositive power with respect to all of these shares.
- (4) Based upon information contained in a Schedule 13G filed with the Securities and Exchange Commission on February 14, 2005, which Schedule specifies that Private Capital Management has shared voting and dispositive power with respect to all of these shares.

Section 16(a) Based on Company records and information including a review of Forms 3 and 4 and Form 5 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, as amended, for the fiscal year ended March 31, 2005, were complied with on a timely basis.

Beneficial

Ownership

Reporting

Compliance

Corporate

The Company's business is managed by its employees under the direction and oversight of the Board of Directors. Except for Mr. Vinney, none of the Board members is an employee of the Company. The Board limits membership of the Audit and Financial Policy Committee and Compensation and Corporate Governance Committee to independent non-management directors.

Governance

Generally

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

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Complete copies of the Company's Governance Guidelines, the charters of the Board committees, the Code of Business Conduct for Employees, and the Director Code of Ethics may be found on the Company's Investor

Relations website at www.steris.com. The charters of the Board committees are also attached as appendices to this Proxy Statement. Copies of these materials are also available without charge upon written request to the Secretary of the Company.

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. An independent director is one who meets the definition of independence as defined by NYSE listing requirements and rules of the SEC. 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 is, or has been within the last three years, an executive officer, of the Company;

The director has received, or has an immediate family member who has received, during any 12-month period within the last three years, more than \$100,000 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 the Company's 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 and 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 the Company's 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 Company's present executive officers at the same time serves or served on that entity's compensation committee; or

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 \$1,000,000, or two percent of such entity's consolidated gross revenues.

A relationship will be considered material if a Company 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.

Based upon the foregoing criteria, the Board of Directors has determined that the following directors and nominee directors are independent : Cynthia L. Feldmann, Stephen R. Hardis, Jacqueline B. Kosecoff, Raymond A. Lancaster, Kevin M. McMullen, J.B. Richey, Jerry E. Robertson, Mohsen M. Sohi, John P. Wareham, Loyal W. Wilson and Michael B. Wood.

The remainder of this Section highlights select provisions contained in the Company's Governance Guidelines.

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The independent directors of the Board will meet separately as a group at least every other regularly scheduled Board meeting. The Chairman (if independent) or Lead Director (if the Chairman is not independent) will assume the chair of the meetings of independent directors and assume such further tasks as set forth in the Governance Guidelines and as the independent directors may determine from time to time. As indicated above, the current Chairman and his successor have been determined to be independent.

Each member of the Board has complete and open access to the Company's management. Board members are expected to use their judgment so as to not distract the Company's 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 of the Company in advance.

The Board also has imposed upon itself a requirement to conduct an annual self-evaluation to assess the effectiveness of the Board and its committees. The Chairman (or Lead Director, if the Chairman is not independent) will coordinate the Board self-evaluation and the results thereof will be discussed with the full Board. 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 compensation, if any, are to be evaluated and recommended by the Compensation and Corporate Governance Committee, but with the concurrence of the full Board.

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. The orientation may also introduce new directors to the Company's senior management, its internal auditor, and its 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.

In order to effectively oversee the management of the Company, 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 the Company's management and 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.

The Board of Directors encourages all of its members to attend the Annual Meeting of Shareholders. In July 2004, all of the Company's directors and director nominees were present at the Company's Annual Meeting of Shareholders.

Board Meetings

The Company's Board of Directors met six times during the fiscal year ended March 31, 2005. The Board of Directors has established three standing committees of the Board: an Audit and Financial Policy Committee, a Compensation and Corporate

And Committees

Governance Committee, and a Compliance Committee. Each committee charter is attached as an appendix and may be found as well on the Company's Investor Relations website at www.steris.com. A copy of each charter will also be made available upon a request sent to the Company's Secretary.

Ms. Feldmann and Messrs. Hardis, McMullen, and Wilson are the current members of the Audit and Financial Policy Committee. The Audit and Financial Policy Committee provides oversight relating to the Company's financial statements and financial reporting process, its systems of internal accounting and financial controls, the internal audit process, the annual independent audit process of the Company's annual financial statements, and the Company's 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. Hardis, McMullen, 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 also has determined that each of Ms. Feldmann and Messrs. Hardis, McMullen, and Wilson is financially literate within the meaning of the NYSE listing standards. The Board has further determined that Mr. Hardis satisfies the definition of audit committee financial expert under the Securities Exchange Act of 1934 Act, as amended. The Audit and Financial Policy Committee met six times during the last fiscal year. A copy of the Audit and Financial Policy Committee's Charter is attached as Appendix B.

Messrs. Lancaster and Wareham and Dr. Robertson are the current members of the Compensation and Corporate Governance Committee. The Compensation and Corporate Governance Committee is responsible for

the Company's compensation philosophy for senior management, including review, approval and/or recommendations concerning the compensation of the President and CEO and other executive officers, as described in more detail below, and the directors. In addition, it 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 and Corporate Governance 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 five times during the last fiscal year. A copy of the Compensation and Corporate Governance Committee's Charter is attached as Appendix C.

Messrs. Richey, Vinney and Wareham, and Drs. Kosecoff and Wood, are the current members of the Compliance Committee. The Compliance Committee provides oversight relating to the Company's compliance with applicable laws and regulations and the development and implementation of compliance programs and policies. The Compliance Committee met four times during the last fiscal year. A copy of the Compliance Committee's Charter is attached as Appendix D.

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 the last fiscal year.

Report of Audit

and Financial

The Board of Directors of the Company has adopted a written Audit and Financial Policy Committee Charter, a copy of which is attached as Appendix B. The Audit and Financial Policy Committee has been established in accordance with the Securities Exchange Act of 1934, as amended. Based on the review and determination of the

Policy Committee

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, 2005. 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 SAS No. 61 (Codification of Statements on Auditing Standards, *Communication with Audit Committees*).

The Audit and Financial Policy Committee has received and reviewed the written disclosures and the letter from Ernst & Young LLP required by Independence Standards Board Standard No. 1 (titled *Independence Discussions with Audit Committees*), 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, 2005, filed with the Securities and Exchange Commission.

Audit and Financial Policy Committee of the

Board of Directors

Stephen R. Hardis Chairman

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Cynthia L. Feldmann

Kevin M. McMullen

Loyal W. Wilson

Board Compensation Each director who is not an employee of the Company is paid a retainer of \$24,000 per year (for the 2005-2006 annual term, \$75,000 for the Chairman of the Board), plus \$1,000 for each Board meeting attended and \$500 (\$1,000 for the committee chairman) for each committee meeting attended. At the beginning of each annual term of service on the Board, approximately \$14,000 of the annual retainer is paid in Restricted Common Shares granted under the 1994 Nonemployee Directors Equity Compensation Plan and the balance of approximately \$10,000 (for the 2005-2006 annual term, \$61,000 for the Chairman of the Board) is paid in cash. In addition, each director automatically receives a stock option for 10,000 of the Company's Common Shares (for the 2005-2006 annual term, 15,000 for the Chairman of the Board; for the 2004-2005 annual term, 21,000 for the Chairman of the Board), which may be exercised no earlier than six months after the date of grant and no later than ten years and a month after the date of grant with an option price equal to the fair market value of the Common Shares as of the date of the grant. The Restricted Common Shares that have not vested are subject to forfeiture if the director does not serve for a full year following grant of those shares. All directors are reimbursed for certain expenses in connection with attendance at Board and committee meetings.

Compensation of Executive Officers Shown below is information concerning the annual, long-term, and other compensation for services in all capacities to the Company for the fiscal years ended March 31, 2005, 2004, and 2003 of the Company's chief executive officer and the Company's four other most highly compensated executive officers (all five, the Named Executive Officers):

SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	ANNUAL COMPENSATION			LONG-TERM COMPENSATION		
		Salary	Bonus(1)	Other Annual Compensation	Restricted Stock Awards(2)	Options	All Other Compensation(3)
Les C. Vinney President and Chief Executive Officer	2005	\$ 689,964	\$ 450,000			90,000	\$ 5,576
	2004	660,418	506,730			100,000	6,297
	2003	634,992	800,100			100,000	5,742
Laurie Brlas Senior Vice President and Chief Financial Officer	2005	\$					
	2004						
	2003						