Steris plc
Form DEF 14A
June 13, 2016
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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 x

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))

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to § 240.14a-12

STERIS plc

(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):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(3) Filing Party:

(4) Date Filed:

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STERIS plc

Chancery House, 190 Waterside Road, Hamilton Industrial Park, Leicester, LE5 1Q2,

England, United Kingdom

To Our Shareholders:

The 2016 Annual General Meeting of Shareholders of STERIS plc will be held at 9:00 a.m., British Summer Time, on Tuesday, August 2, 2016 at Brown s Hotel, Albemarle Street, Mayfair, London, England, WIS 4BP United Kingdom. At the Annual General Meeting, shareholders will be asked to vote on a number of matters described in the Notice of 2016 Annual General Meeting of Shareholders, including the re-election of directors for terms expiring at the 2017 Annual General Meeting. We urge our shareholders to attend the meeting and to vote FOR all proposals presented to shareholders and described in the Notice of 2016 Annual General Meeting of Shareholders.

The formal Notice of 2016 Annual General Meeting of Shareholders 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

STERIS plc

(a public limited company having its registered office at Chancery House, 190 Waterside Road, Hamilton Industrial Park, Leicester, LE5 1Q2, England, United Kingdom, and incorporated in England and Wales with company number 09257343)

NOTICE OF 2016 ANNUAL GENERAL MEETING OF SHAREHOLDERS

To the Holders of Ordinary Shares of STERIS plc:

The 2016 Annual General Meeting (the Annual Meeting) of shareholders of STERIS plc (the Company) will be held on Tuesday, August 2, 2016 at 9:00 a.m. (British Summer Time), at Brown s Hotel, Albemarle Street, Mayfair, London, England, WIS 4BP United Kingdom. At the Annual Meeting, you will be asked to consider and vote on resolutions 1 to 24 below.

Certain of the proposals shareholders of the Company will be asked to consider may not be familiar to them because, unlike many companies with shares traded on the New York Stock Exchange, we are incorporated under the laws of England and Wales and subject to the U.K. Companies Act 2006 (the Act). The Act obligates us to propose certain matters to shareholders for approval that would generally not be subject to periodic approval by shareholders of companies incorporated in the United States but are considered routine items for approval by shareholders of companies incorporated in England and Wales. Each of these proposals is described more fully below.

Proposal 1 Ordinary resolutions to elect directors of the Company:

1. To re-elect Richard C. Breeden as a director of the Company.

2. To re-elect Cynthia L. Feldmann as a director of the Company.

3. To re-elect Jacqueline B. Kosecoff as a director of the Company.

4. To re-elect David B. Lewis as a director of the Company.

5. To re-elect Sir Duncan K. Nichol as a director of the Company.

6. To re-elect Walter M Rosebrough, Jr. as a director of the Company.

7. To re-elect Mohsen M. Sohi as a director of the Company.

8. To re-elect Richard M. Steeves as a director of the Company.

9. To re-elect John P. Wareham as a director of the Company.

10. To re-elect Loyal W. Wilson as a director of the Company.

11. To re-elect Michael B. Wood as a director of the Company.

Proposal 2 Ordinary resolution regarding ratification of independent registered public accounting firm:

12. To ratify the appointment of Ernst & Young LLP as the Company s independent registered public accounting firm for the year ending March 31, 2017.

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Proposal 3 Ordinary resolution to appoint Ernst & Young LLP as our U.K. statutory auditor:

13. To appoint Ernst & Young LLP as the Company s U.K. statutory auditor under the Act to hold office until the conclusion of the Company s next Annual General Meeting.

Proposal 4 Ordinary resolution regarding our U.K. statutory auditor s remuneration:

14. To authorize the Directors of the Company or the Audit Committee to determine the remuneration of Ernst & Young as the Company s U.K. statutory auditor.

Proposal 5 Advisory resolution (to be proposed as an ordinary resolution) on executive compensation:

15. To approve, on a non-binding advisory basis, the compensation of 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 and the tabular and narrative disclosure contained in the Company s proxy statement dated June 13, 2016.

Proposal 6 Advisory resolution (to be proposed as an ordinary resolution) on the Directors Remuneration Report:

16. To approve, on a non-binding advisory basis, the Directors Remuneration Report (other than the part containing the directors remuneration policy) for the period ended March 31, 2016 contained within the Company s annual report and accounts for the year ended March 31, 2016.

Proposal 7 Ordinary resolution regarding the Directors Remuneration Policy:

17. To approve the Directors Remuneration Policy.

Proposal 8 Ordinary resolution regarding the STERIS plc Senior Executive Management Incentive Compensation Plan, Effective April 1, 2016:

18. To approve the STERIS plc Senior Executive Management Incentive Compensation Plan, Effective April 1, 2016.

Proposal 9 Ordinary resolution regarding the STERIS plc 2006 Long-Term Equity Incentive Plan, as Amended and Restated Effective August 2, 2016:

19. To approve the STERIS plc 2006 Long-Term Equity Incentive Plan, as Amended and Restated Effective August 2, 2016.

Proposal 10 Ordinary resolution regarding forms of share repurchase contracts and repurchase counterparties:

20. To (a) authorize the Company to make off-market purchases (within the meaning of section 694 of the Companies Act 2006); (b) approve the share repurchase contracts in the forms produced to the Meeting and initialed by the Chairman for the purposes of identification to be used by the Company to repurchase its ordinary shares of £0.10 per share (the Ordinary Shares) pursuant to and in accordance with the terms set out therein; and (c) approve the list of counterparties with whom the Company may conduct such repurchase transactions. The authority conferred by this resolution shall expire on the fifth anniversary of the date of the 2016 Annual General Meeting of Shareholders, except that the Company may, before the expiration of the authority granted by this resolution, enter into a contract to purchase Ordinary Shares which will or may be executed wholly or partly after the expiration of such authority.

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Proposal 11 Ordinary resolution regarding off-market purchase:

21. To authorize the Company to make an off-market purchase (within the meaning of section 694 of the Companies Act 2006) of the one Ordinary Share of the Company held by STERIS Corporation, and approve a share repurchase contract in the form produced to the Meeting and initialed by the Chairman for the purposes of identification to be used to effect such repurchase.

Proposal 12 Special resolution regarding amendment of the Company s Articles of Association:

22. To approve the deletion of Article 154(1) of the Company s Articles of Association relating to business combinations and its replacement with the following:

The adoption or authorisation of any Business Combination must be pre-approved with the sanction of an ordinary resolution of the Company. The foregoing vote shall be in addition to any class vote or other vote otherwise required by law, these Articles, or any agreement to which the Company is a party.

Proposal 13 Special resolution regarding March 29, 2016 dividend payment:

23. To ratify and confirm:

a. the payment of $0.25 per Ordinary Share interim dividend made by the Company on March 29, 2016 (the Interim Dividend) and the entry in the audited accounts of the Company for the fiscal year ended March 31, 2016, whereby distributable profits of the Company were appropriated to the payment of the Interim Dividend;

b. that any and all claims which the Company may have in respect of the payment of the Interim Dividend against its shareholders who appeared on the register of shareholders and/or against holders of depositary interests in respect of Ordinary Shares on the record date for the Interim Dividend be released effective as of March 29, 2016, and that a deed of release in favor of such persons be entered into by the Company in the form of the deed produced to the Meeting and initialed by the Chairman for the purposes of identification; and

c. that any and all claims which the Company has or may have against its directors (whether past, present or future) arising in connection with the payment of the Interim Dividend be released and that a deed of release in favor of such persons be entered into by the Company in the form of the deed produced to the Meeting and initialed by the Chairman for the purposes of identification.

Proposal 14 Other business:

24.

To transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

Proposals 3, 4, 6, 7, 10, 11, and 13 are items required to be approved by shareholders under the Act and generally do not have an analogous requirement under United States law.

OUR BOARD OF DIRECTORS CONSIDERS THAT ALL THE RESOLUTIONS TO BE PUT TO THE MEETING ARE IN THE BEST INTERESTS OF THE COMPANY AND ITS SHAREHOLDERS AS A WHOLE. OUR BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR EACH RESOLUTION.

In accordance with our Articles of Association (the Articles), all resolutions will be taken on a poll. Voting on a poll means that each share represented in person or by proxy will be counted in the vote.

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All resolutions other than proposals 12 and 13 will be proposed as ordinary resolutions, which under applicable law means that such resolutions must be passed by a simple majority of the total voting rights of members who vote on such resolution, whether in person or by proxy. The resolutions included in proposals 12 and 13 will be proposed as a special resolution, which under applicable law means that each such resolution must be passed by at least 75% of the total voting rights of members who vote on such resolution, whether in person or by proxy (in the case of joint holders, the holder whose name appears first in the joint registry and who tenders a vote shall be accepted to the exclusion of the votes of the other joint holders). Explanatory notes regarding each of the proposals (and related resolutions) are set out in the relevant sections of the accompanying proxy materials relating to such proposals.

Only shareholders of record of Ordinary Shares at the close of business in New York on May 27, 2016 are entitled to notice of and to vote at the Annual Meeting and any adjournment or postponement thereof. In accordance with provisions of the Act and in accordance with our Articles, a shareholder of record is entitled to appoint another person as his or her proxy (or in the case of a corporation which is a shareholder of record, a corporate representative) to exercise all or any of his or her rights to attend and to speak and vote at the Annual Meeting and to appoint more than one proxy in relation to the Annual Meeting (provided that each proxy is appointed to exercise the rights attached to a different share or shares). Such proxy need not be a shareholder of record. When you vote by telephone, through the Internet or by returning a completed proxy card, this proxy will be given to the Directors and employees of the Company and its affiliates.

Pursuant to the rules of the Securities and Exchange Commission (the SEC), we provide access to our proxy materials through the Internet. As a result, on or before June 23, 2016, a Notice of Internet Availability of Proxy Materials will be mailed to shareholders as of the close of business on May 27, 2016 who are not included on our share register or who have not previously requested paper copies of the proxy materials. On the date of mailing of the Notice of Internet Availability of Proxy Materials, all shareholders will be able to access the proxy materials on a website referred to and at the URL address included in the Notice of Internet Availability of Proxy Materials and in the proxy statement. These proxy materials will be available free of charge.

The results of the polls taken on the resolutions at the Annual Meeting and any other information required by the Act will be made available on the Company s website as soon as reasonably practicable following the Annual Meeting and for a period of two years thereafter.

By Order of the Board of Directors,

J. Adam Zangerle

Company Secretary

The Company s registered office is at Chancery House, 190 Waterside Road, Hamilton Industrial Park, Leicester, LE5 1Q2, England, United Kingdom.

June 13, 2016

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting to be held on August 2, 2016. Our Proxy Statement for the Annual Meeting (which includes the notice

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of the Annual Meeting), the Annual Report to Shareholders (including the Company s Annual Report on Form 10-K) for the fiscal year ended March 31, 2016 and the Annual Report and Accounts for the year ended March 31, 2016 are available at www.proxyvote.com if you are a shareholder of record. You can also view these materials in the Online IR Kit in the Shareholder Resources section of http://steris-ir.com.

Your vote is important. Whether or not you plan to attend the Annual Meeting, please vote as promptly as possible by telephone, through the Internet or by requesting a paper proxy card to complete, sign and return by mail. Details of the deadlines for when your vote(s) must be submitted are described subsequently. If you attend the Annual Meeting, you may revoke your proxy and vote your shares in person.

STERIS plc

Chancery House, 190 Waterside Road,
Hamilton Industrial Park, Leicester,
LE5 1Q2, England, United Kingdom
www.steris.com

Annual Meeting of Shareholders

August 2, 2016 9:00 a.m. (British Summer Time)

PROXY STATEMENT

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GENERAL INFORMATION

Proxy Voting and Solicitation of Proxies

This Proxy Statement was furnished on or about June 17, 2016, to the shareholders of STERIS plc (STERIS or the Company) of record as of the close of the stock transfer books on May 27, 2016. This Proxy Statement is provided in connection with the solicitation by the Board of Directors of proxies for the 2016 Annual General Meeting of Shareholders to be held at 9:00 a.m., British Summer Time, on Tuesday, August 2, 2016, at Brown s Hotel, Albemarle Street, Mayfair, London, England, WIS 4BP, United Kingdom. The cost of soliciting the proxies will be borne by the Company. Directors, officers, and designated employees of the Company and affiliates 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 LLC (Georgeson), to assist in tracking voting with brokers, banks and other institutional holders. The Company will pay Georgeson a fee of approximately $12,500 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 2016 Annual Report to shareholders, which includes STERIS s Annual Report on Form 10-K (sometimes referred to as Annual Report), and our U.K. Annual Report and Accounts (sometimes referred to as U.K. Annual Report) available at 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 2016 Annual Report and our fiscal 2016 U.K. Annual Report and Accounts, 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 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 held on their behalf by 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 27, 2016), the Company had 86,000,248 Ordinary Shares outstanding and entitled to vote at the 2016 Annual General Meeting, each of which is entitled to one vote.

Combination

On November 2, 2015, we completed our corporate redomiciliation and acquisition of Synergy Health plc (the Combination). Pursuant to the Combination, STERIS Corporation (sometimes referred to as

Old STERIS) became a wholly-owned indirect subsidiary of the Company and Synergy Health plc became a wholly-owned subsidiary of the Company. Also in conjunction with the Combination, all ten STERIS Corporation directors became directors of the Company and three Synergy Health plc (Synergy Health) directors became directors of the Company.

References in this proxy statement to the actions of the Company, us, we or STERIS (or its Board of Directors, Committees of its Board of Directors, or any of its directors and/or officers) or any similar references relating to periods before the date of the Combination should be construed as references to the actions of STERIS Corporation (or, where appropriate, its Board of Directors, Committees of its Board or its Directors and/or officers) unless the context requires otherwise and such references relating to periods from and after the date of the Combination such be construed as references to the actions of STERIS plc (or, where appropriate, its Board of Directors, Committees of its Board or its Directors and/or officers) unless the context requires otherwise.

STERIS s Annual Report to Shareholders, which includes STERIS s Annual Report on Form 10-K, including consolidated financial statements for the year ended March 31, 2016 but excluding exhibits, and STERIS s U.K. Annual Report and Accounts accompany this proxy statement. Requests for copies of exhibits to STERIS s Annual Report on Form 10-K should be submitted to the Office of the Company Secretary, STERIS plc, Chancery House, 190 Waterside Road, Hamilton Industrial Park, Leicester, LE5 1Q2, England, United Kingdom. A nominal fee may be charged for Exhibits (which fee will be limited to the expenses we incur in providing you with the requested exhibits). STERIS s Annual Report on Form 10-K, including exhibits, and STERIS s U.K. Annual Report and Accounts, including Directors Remuneration Report, are also available free of charge through our website in the Online IR Kit in the Shareholder Resources section of http://steris-ir.com.

Votes Required to Adopt Proposals

Ordinary 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 all of the proposals contained in the foregoing Notice of 2016 Annual General Meeting of Shareholders.

Abstentions and broker non-votes are tabulated in determining the votes present at a meeting for purposes of determining a quorum. An abstention or a broker non-vote will have no effect with respect to the election of a director nominee. Each Director nominee will be elected if a majority of the votes cast are in favor of his or her election. The other proposals are proposed as ordinary or special resolutions requiring, assuming a quorum is present, a majority or at least seventy-five percent, respectively, of the votes cast for passage. Consequently, an abstention or broker non-vote also will have no effect on the passage of any of these proposals as the abstention or broker non-vote will not be counted in determining the number of votes cast.

Shareholder 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 set forth in the foregoing Notice of 2016 Annual General Meeting of Shareholders. 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 FOR all proposals contained in the foregoing Notice of 2016 Annual General Meeting of Shareholders.

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PROPOSAL 1 RESOLUTIONS REGARDING THE ELECTION OF DIRECTORS

Eleven of the thirteen current members of our Board of Directors (the Board) have been nominated for and are standing for re-election at the Annual Meeting. The Board unanimously determined that, in order to improve effectiveness, the size of the Board should be reduced from 13 members to 11, effective as of the 2016-2017 term. The Nominating and Governance Committee recommended the eleven Directors for re-nomination to the full Board to serve for an additional term. All nominees for Director have consented to be named and have agreed to serve as Directors, if re-elected. We have no reason to believe that any of the nominees will not be available to serve as a Director. However, if any nominee should become unavailable to serve for any reason, the proxies will be voted for such substitute nominees as may be designated by the Board.

The term of each re-elected Director will expire at the next Annual General Meeting of Shareholders, and each Director will continue in office until the election and qualification of his or her respective successor or until his or her earlier death, removal or resignation. Consistent with the terms of the Articles, the Board currently is authorized to have up to fifteen members and the number of Directors was most recently set by the Board at eleven. Proxies cannot be voted for a greater number of Directors than the eleven nominees as identified in this Proxy Statement.

Each of the eleven nominees for Director will be elected by the vote of a majority of the votes cast with respect to such nominee, which means that the number of votes cast for a nominee must exceed the number of votes cast against that nominee. A shareholder may: (i) vote for the election of a nominee; (ii) vote against the election of a nominee; or (iii) abstain from voting for a nominee.

Unless a proxy contains instructions to the contrary, it is assumed that the proxy will be voted FOR the re-election of each of the eleven nominees for Director named on the following pages.

STERIS values a number of attributes and criteria when identifying nominees to serve as a Director, including professional background, expertise, reputation for integrity, business, financial and management experience, leadership capabilities, time availability and diversity. In addition to the specific experience and qualifications set forth below, we believe all of the nominees are individuals with a reputation for integrity, demonstrate strong leadership capabilities and are able to work collaboratively to make contributions to the Board and management.

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NOMINEES FOR ELECTION AS DIRECTORS

Set forth below are biographical and other background information concerning each nominee for Director. This information includes each nominee s principal occupation as well as a discussion of the specific experience, qualifications, attributes, and skills of each nominee that led to the Board s conclusion that such nominee should serve as a Director. Ages shown for all Directors are as of June 13, 2016. In addition, set forth below is the period during which each nominee has served as a Director of STERIS. For those persons who served as Directors of STERIS Corporation immediately prior to the Combination, the specified period includes their periods of service as Directors of STERIS Corporation, as STERIS plc s predecessor. The information presented below has been confirmed by each nominee for purposes of its inclusion in this proxy statement.

Richard C. Breeden, age 66, director since April 2008, and Chairman and Chief Executive Officer of Breeden Capital Management LLC, a manager of equity investment, since 2005. Since 1996 he has also been Chairman of Richard C. Breeden & Co., LLC, a professional services firm providing consulting services. From time to time Mr. Breeden also handles asset distributions to victims of unlawful conduct, typically on behalf of U.S. Government agencies. Since late 2012, Mr. Breeden has served as Special Master on behalf of the U.S. Department of Justice (DOJ) to administer and distribute just over $4 billion in forfeited assets to victims of the fraud at Madoff Securities through the Madoff Victim Fund. Mr. Breeden is currently handling distributions of Fair Funds aggregating over $700 million for the SEC in cases involving British Petroleum s disclosures involving the oil spill in the Gulf of Mexico, and J.P. Morgan s disclosures involving the so-called London Whale . Mr. Breeden has previously handled asset distributions to victims of unlawful conduct at WorldCom, Enron, Adelphia, Royal Dutch Shell and other companies. Mr. Breeden served as Chairman of the SEC from 1989 to 1993. During the past five years, Mr. Breeden has also served on the boards of Zale Corporation and H&R Block, Inc., where he was a non-executive Chairman as well as a director.

Cynthia L. Feldmann, age 63, director since March 2005 and President and Founder of Jetty Lane Associates, a consulting firm, from December 2005 to December 2011. Ms. Feldmann is a retired certified public accountant with 27 years of experience in two large global accounting firms. From 2003 to 2005, Ms. Feldmann served as the Life Sciences Business Development Officer for the Boston law firm Palmer & Dodge, LLP. From 1994 to 2002, Ms. Feldmann was a partner with KPMG LLP, primarily serving as Partner-in-Charge of its National Medical Technologies Practice. From 1975 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 has a Bachelor of Science, Accounting, from Boston College and holds a Master Professional Director Certification from the American College of Corporate Directors. Ms. Feldmann is a director of Hanger, Inc. and HeartWare International, Inc.

Jacqueline B. Kosecoff, age 66, director since October 2003 and, since March 2012, Managing Partner, Moriah Partners, LLC, a private equity firm focused on health services and technology and Senior Advisor to Warburg Pincus LLC, a private equity fund. She also has served as a member of the Executive Advisory Board of SAP America, Inc., a software and enterprise applications provider, since November 2010. From October 2007 to November 2011, Dr. Kosecoff served as Chief Executive Officer of OptumRx (formerly named Prescriptions Solutions), a pharmacy benefits management company and subsidiary of UnitedHealth Group, and continued to serve as a senior advisor to OptumRx from December 2011 to February 2012. 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

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Nominees for Election as Directors

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 athenahealth, Inc.

David B. Lewis, age 72, director since July 2010 and of counsel with the firm of Lewis & Munday since August 1, 2014, a Detroit based law firm with offices in Washington, D.C. and New York, NY. He was a partner in the firm from its creation in 1972 to August 2014. He served as its President and Chief Executive Officer from 1972 to 1982 and its Chairman and Chief Executive Officer 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. Mr. Lewis is a member of the committee which governs the UAW Retiree Medical Benefits Trust, a voluntary employee benefits trust which delivers medical/health benefits to retired employees of Fiat Chrysler, Ford and General Motors.

Sir Duncan K. Nichol, age 75, director since November 2015. In November 2015, Sir Duncan Nichol resigned as Chairman of Synergy Health plc, a provider of specialty outsourced services to healthcare related industries, a position he had held since June 2012. Sir Duncan Nichol also has served from November 2012 to the present as Chairman of the Countess of Chester NHS Trust, a general acute hospital, from 2004 to the present as a director of Deltex Medical Group plc, a medical technology company, and from 2009 to the present as a director of United Kingdom Accreditation Services, the national ISO standards accreditation and certification body. Sir Duncan Nichol was previously Chief Executive Officer of the NHS Management Executive between December 1989 and March 1994, and a director of the Christie NHS Foundation Trust between April 2008 and October 2012.

Walter M Rosebrough, Jr., age 62, director and President and Chief Executive Officer of STERIS Corporation since October 2007, and President and Chief Executive Officer of STERIS plc since November, 2015. From February 2005 to September 2007, Mr. Rosebrough served as President and Chief Executive Officer of Coastal Hydraulics, Inc., a hydraulic and pneumatic systems company he purchased in 2005, and he continues to serve on its board of directors. Previously, Mr. Rosebrough spent nearly 20 years in the healthcare industry in various roles as a senior executive with Hill-Rom Holdings, Inc. (at the time, Hillenbrand Industries, Inc.), a worldwide provider of medical equipment and related services, including President and Chief Executive Officer of Support Systems International and President and Chief Executive Officer of Hill-Rom.

Mohsen M. Sohi, age 57, director since July 2005, and since July 2012, Chief Executive Officer of Freudenberg and Co., a general multi-industry company serving industries that include automotive, medical, aerospace, oil and gas and power generation and transmission. From July 2010 to June 2012, Dr. Sohi served as Managing Partner of Freudenberg and Co. 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 previously served as a director of Aviat Networks, Inc. (formerly known as Harris Stratex Networks, Inc.) from 2007 until January 2015.

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Nominees for Election as Directors

Dr. Richard Steeves, age 54, director since November 2015. In November 2015 Mr. Steeves resigned as Chief Executive Officer and director of Synergy Health plc, a provider of specialty outsourced services to the healthcare and related industries, a position he had held since 1992. Dr. Steeves also served as non-executive Chairman of Toumaz plc, a semiconductor company focusing on digital radio, connected audio and wireless healthcare, between September 2013 and May 2015.

John P. Wareham, age 74, director since November 2000 and Chairman of the Board of Directors of STERIS since 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 Chief Executive Officer from August 1998 to April 2005 and President and Chief Operating Officer of Beckman Coulter from 1993 to 2004. 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 68, director since 1987, and since the end of December 2013, Founder and Senior Advisor of Primus Capital Partners, Inc., a private equity investment and management firm. From 1994 to December 2013, Mr. Wilson served as Managing Director of Primus Capital Partners, Inc. From 1983 to 1994, Mr. Wilson served as a Managing Partner of Primus Venture Partners, L.P. Primus invests in established, high growth firms in the healthcare, software, and technology enabled business services industries.

Michael B. Wood, age 72, director since October 2004, and from August 2004 to the present a consultant orthopedic surgeon at the Mayo Clinic in Jacksonville, Florida and a Professor of Orthopedics at the Mayo Clinic College of Medicine. Dr. Wood served as President Emeritus of the Mayo Clinic Foundation from February 2003 until February 2004, and President and Chief Executive Officer 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 served as a director of Cubist Pharmaceuticals, Inc. until June 2014.

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.

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.

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 s many years experience as a practicing attorney and as a director of several public companies, as well as his extensive experience within U.S. public company financial statements and financial reporting, including systems of internal accounting and financial controls, having served as audit committee chair of four other public companies. Mr. Lewis s 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).

Sir Duncan Nichol s many years of experience with organizations in the healthcare field, including his tenure as Chief Executive of the UK National Health Service. Sir Duncan Nichol provides the Board a unique perspective with respect to international healthcare industry operations, management and regulatory matters.

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 international industrial companies 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.

Dr. Steeves s role as founder and former Chief Executive Officer of Synergy Health plc. Dr. Steeves provides the Board with extensive and invaluable legacy business knowledge, as well as a strong technical and science background and knowledge of issues facing healthcare companies.

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.

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PROPOSAL 2 RESOLUTION REGARDING RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has appointed Ernst & Young as STERIS s independent registered public accounting firm for the year ending March 31, 2017. Ernst & Young was first retained as the independent registered public accounting firm of our predecessor entity, STERIS Corporation, and has served in that capacity for many years. Although the ratification of this appointment is not required to be submitted to a vote of the shareholders, the Board believes it appropriate as a matter of policy to request that the shareholders ratify the appointment of the independent registered public accounting firm for the fiscal year ending March 31, 2017. If this proposal does not receive the affirmative vote of the holders of a majority of the shares entitled to vote and present in person or represented by proxy at the Annual Meeting, the Audit Committee will reconsider the appointment, but may decide to maintain its appointment of Ernst & Young.

We anticipate that a representative of Ernst & Young will be present at the Annual Meeting. The representative will be given the opportunity to make a statement if he or she desires to do so, and is expected to be available to respond to any appropriate questions that may be submitted by shareholders at the Annual Meeting.

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PROPOSAL 3 RESOLUTION APPOINTING ERNST & YOUNG AS THE COMPANY S STATUTORY AUDITORS UNDER THE COMPANIES ACT 2006

Under the U.K. Companies Act 2006 (the Act), our U.K. statutory auditors must be appointed at each general meeting at which the annual report and accounts are presented to shareholders. Ernst & Young has served as our statutory auditors since we re-registered as a public limited company in November 2015. If this proposal does not receive the affirmative vote of the holders of a majority of the shares entitled to vote and present in person or represented by proxy at the Annual Meeting, the Board may appoint an auditor to fill the vacancy.

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PROPOSAL 4 RESOLUTION TO AUTHORIZE THE BOARD OF DIRECTORS OR THE AUDIT COMMITTEE OF THE BOARD TO DETERMINE THE COMPANY S U.K. STATUTORY AUDITOR S REMUNERATION

Under the Act, the remuneration of our U.K. statutory auditor must be fixed in a general meeting or in such manner as may be determined in a general meeting. We are asking our shareholders to authorize our Board or the Audit Committee to determine Ernst & Young s remuneration as our U.K. statutory auditor. It is expected that the Board would delegate the authority to determine the remuneration of the U.K. statutory auditor to the Audit Committee in accordance with the Board s procedures and applicable law.

Table of CEIGHT: bold">Summary of Cash and Other Compensation The following table sets forth the total compensation received for services rendered in all capacities to our company during the fiscal years ended December 31, 2008 and 2009 by our three "named executive officers," namely Peng K. Lim, our Chief Executive Officer, and our two other executive officers during fiscal 2009. 15

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary $	Bonus $	Stock Awards ($)(1)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)	All Other Compensation ($)(3)	Total ($)
Peng K. Lim	2009	$381,411	—	$ —	$ 71,120	$ 87,500(4)	$11,796	$551,827
			—	—				
Chief Executive Officer (6)	2008	300,000			259,607	175,000(5)	10,579	745,186
Frederick W. Jones Acting Chief Financial Officer, MTI and subsidiaries, Vice President of Finance & Operations of MTI Instruments(7)	2009	110,002	—	—	6,096	6,400(10)	4,751	127,249
James K. Prueitt, Vice President of Engineering and Operations, MTI MicroFuel Cells Inc(8) (9)	2009	188,300	—	—	—	—	7,358	195,658
	2008	188,300	—	—	29,009	18,830(7)	5,372	241,511

(1) The amounts shown in this column represent the grant date fair values of restricted stock awards awarded each of the past two years. The award values prior to 2009 were recalculated from the amounts shown in prior Proxy Statements to reflect the grant date fair value, as required by SEC rules effective for 2010. The assumptions we use in calculating these amounts are discussed in Note 13 to the financial statements on the Company's Annual Report on Form 10-K for the year ended December 31, 2009, filed with the SEC on March 31, 2010.

(2) The amounts shown in this column represent the grant date fair values of any stock option awards awarded each of the past two years. The award values prior to 2009 were recalculated from the amounts shown in prior Proxy Statements to reflect the grant date fair value, as required by SEC rules effective for 2010. The assumptions we use in calculating these amounts are discussed in Note 13 to the financial statements on the Company's Annual Report on Form 10-K for the year ended December 31, 2009, filed with the SEC on March 30, 2010.

(3) The following is a summary of the major categories included in 'All Other Compensation:'

	2009 All Other Compensation			
	401(k) Matching	Severance	Other	Total - All Other Compensation
Peng K. Lim	$ 11,180	$ —	$ 617	$11,796
Frederick W. Jones	4,751	—	—	4,751
James K. Prueitt	7,358	—	—	7,358

(4) Mr. Lim is eligible for a potential bonus of up to $175,000 for the period June 1, 2009 – May 31, 2010 based on the achievement of certain performance objectives. As of December 31, 2009, 50% of the bonus had been earned.

(5) The Company had accrued for Mr. Lim, as of December 31, 2008, a $175,000 bonus related to successful completion of certain performance objectives established for 2008. The entire $175,000 was paid out in 2009.

(6) Included in Mr. Lim’s salary for 2009 is $41,665 of compensation which Mr. Lim elected to defer during the period January 1, 2009 – May 31, 2009 and $50,000 of compensation in consideration of Mr. Lim’s postponement of his annual salary increase from his May 2008 anniversary date until January 2009. These were converted, net of taxes to 753,558 shares of MTI Micro common stock as part of MTI Micro’s December 9, 2009 Secured Convertible Promissory Note Negotiated Conversion Agreement.

(7) Mr. Jones did not become a named executive officer until 2009.

(8) Included in Mr. Prueitt's salary for 2009 is $4,345 of compensation which Mr. Prueitt elected to defer during the period March 1, 2009 – May 31, 2009 which was converted, net of taxes, to 58,806 shares of MTI Micro common stock as part of MTI Micro's December 9, 2009 Secured Convertible Promissory Note Negotiated Conversion Agreement.

(9) The Company had accrued for Mr. Prueitt, as of December 31, 2008, an $18,830 bonus related to successful completion of certain performance objectives established for 2008. The entire $18,830 was paid out in 2009.

(10) The Company has accrued for Mr. Jones, as of December 31, 2009, $6,400 related to successful completion of certain performance objectives established for 2009. The entire amount was paid out in 2010.

Base Salary and Cash Incentives of the Chief Executive Officer

Mr. Lim joined our company in May 2006 as President and Chief Executive Officer of MTI Micro at an annual salary of $300,000, and was promoted to our Chief Executive Officer in December 2006, receiving no base salary change. During our annual Chief Executive Officer compensation review in 2007, the Governance, Compensation and Nominating Committee engaged Radford to review the compensation package of our Chief Executive Officer based upon competitive market data. After consideration of the analysis and information provided by and the recommendations from Radford, we determined that no base salary adjustment was required for Mr. Lim during 2007. Mr. Lim's base salary was not changed during 2008.

Effective January 1, 2009, Mr. Lim's base annual salary was increased to $350,000 with a cash incentive compensation bonus targeted at 50% of base salary as described in his employment agreement dated December 31, 2008. As part of Mr. Lim's amended employment agreement, Mr. Lim's salary was reduced by $8,333 per month (or 28.57%) for the months of January and February 2009.

On February 24, 2009, we entered into a letter agreement with Mr. Lim amending certain terms of Mr. Lim's current employment agreement. In an effort to reduce our cash requirements, Mr. Lim agreed to extend the deferral of $8,333 (or 28.57%) of his base salary per month commencing March 1, 2009 through May 31, 2009.

In consideration of Mr. Lim's postponement of his annual salary increase from his May 2008 anniversary date until January 2009 and for the salary deferrals from January 1 through May 31, 2009, net of taxes, Mr. Lim was issued 753,558 shares of MTI Micro common stock as part of MTI Micro's December 9, 2009 Secured Convertible Promissory Note Negotiated Conversion Agreement.

In April 2010, Mr. Lim voluntarily reduced the portion of his monthly salary that is allocated to MTI Micro from $9,722.22 to $2,430.56 as part of a cash conservation program. The voluntary reduction in salary does not affect the amount of potential bonus or severance benefits that Mr. Lim is otherwise entitled to under the terms of his employment agreement, and will continue until such time as MTI Micro secures additional funding. The portions of his salary allocated to MTII and MTI were not affected.

During 2008 and 2009, Mr. Lim participated in an annual cash incentive compensation plan with a bonus targeted at 50% of base salary as described in his employment agreement. Mr. Lim was paid a $175,000 bonus in 2009 related to his performance in 2008 under his annual cash incentive plan.

Mr. Lim is eligible for future bonus arrangements with a targeted annual payout of 50% of base salary payable for the twelve month period of June through May each year. Any future bonus compensation to Mr. Lim will be contingent solely upon the determination of the Governance, Compensation and Nominating Committee that set objectives for Mr. Lim have been satisfied. For the June 2009 to May 2010 period, 50% of Mr. Lim's bonus target will be based on MTI Instruments achieving certain revenue and cash flow targets in 2009, and 50% will be based on MTI Micro receiving additional government funding on or before May 8, 2010. We have accrued for Mr. Lim, as of December 31, 2009, a $95,455 bonus under his annual cash incentive compensation plan.

Base Salary and Cash Incentives of Other Named Executive Officers

We evaluated other named executive officer base salaries during 2009 and maintained current base salary levels for all of our other named executive officers.

Table of CEIGHT: bold">Summary of Cash and Other Compensation The following table sets forth the total com

On February 24, 2009, we entered into a letter agreement with Mr. Prueitt amending certain terms of Mr. Prueitt's current employment agreement dated December 31, 2008. In an effort to reduce our cash requirements, Mr. Prueitt agreed to defer 10% of his monthly base salary per month ($1,569.16 per month) commencing March 1, 2009 through May 31, 2009. In consideration of this salary deferral, Mr. Prueitt was paid for such deferred salary amounts, less appropriate tax withholdings, by the issuance of 58,806 shares of MTI Micro common stock as part of MTI Micro's December 9, 2009 Secured Convertible Promissory Note Negotiated Conversion Agreement.

As part of a cash conservation program at MTI Micro, Mr. Prueitt's salary was reduced by 20% starting April 12 and continuing until such time as MTI Micro secures additional funding.

Mr. Prueitt is eligible to receive a bonus payment for the period from May 2009 to May 2010 of up to 10% of his base salary if MTI Micro receives additional government funding on or before May 8, 2010 and meets certain milestone developments before the same date.

During 2008, Mr. Prueitt participated in an annual cash incentive compensation plan and was paid a bonus of $18,830 based on the successful completion of certain performance objectives established for 2008.

In addition to base salary compensation, we consider short-term cash incentives to be an important tool in motivating and rewarding near-term performance against established short-term goals. We do not utilize a specific formula, but executive management is eligible for cash awards contingent upon achievement of individual, financial, or company-wide performance criteria. The criteria are established to ensure that a reasonable portion of an executive's total annual compensation is performance based.

We believe that the higher an executive's level of responsibility, the greater the portion of that executive's total earnings potential should be tied to the achievement of critical technological, operational and financial goals. Our Chief Executive Officer generally is eligible for annual cash incentive awards of up to 50% of his base salary, with other named executive officer eligibility between 5% and 10% of base salary. We believe this strategy places the desired proportionate level of risk and reward on performance by the Chief Executive Officer and other named executive officers.

While performance targets are established at levels that are intended to be achievable, we believe that we have structured these incentives so that maximum bonus payouts would require a substantial level of both individual and company performance.

Long-Term Equity Incentive Compensation

Equity awards typically take the form of stock options and restricted stock grants. Authority to make equity awards to executive officers rests with our Governance, Compensation and Nominating Committee. In determining the size of awards for new or current executives, we consider the competitive market, strategic plan performance, contribution to future initiatives, benchmarking of comparative equity ownership for executives in comparable positions at similar companies, individual option history, and recommendations of our Chief Executive Officer and Chairman.

We generally base our criteria for performance-based equity awards on one or more of the following long-term measurements:

- procurement and maintenance of OEM alliance/strategic agreements;
- manufacturing readiness;
- financing targets;
- gross revenue and profit goals;
- operating expense improvements; and

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- product launches, new product introductions or improvements to existing products or product-intent prototypes.

These performance measurements support various initiatives identified by our Board of Directors as critical to our future success, and are either expressed as absolute in terms of success or failure, or will be measured in more qualitative terms.

The timing of all equity awards for our Chief Executive Officer and our Chief Financial Officer in the past have generally coincided with either employment anniversary dates or the annual meeting dates. Other executive officer equity awards have occurred in conjunction with completion or assignment of objectives, promotions, commencement of employment, or coincide with our annual meeting date. We do not time option grants to our executives in coordination with the release of material non-public information, nor do we impose any equity ownership guidelines on our executives.

The following table sets forth certain information regarding the options held and value of each such officer's unexercised options as of December 31, 2009.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR END 2009

		Option Awards				
Name	Option Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price ($)	Option Expiration Date
Peng K. Lim	05/08/2006	20,213	—	—	35.44	05/07/2013
	05/08/2006	35,553	5,072(1)	—	35.44	05/07/2013
	05/08/2006	20,313	—	—	35.44	05/07/2013
	06/18/2007	8,750	—	—	10.72	06/17/2014
	06/18/2007	14,224	14,214(2)	—	10.72	06/17/2014
	06/18/2007	6,563	—	—	10.72	06/17/2014
	05/21/2008	13,750	13,750(3)	—	3.60	05/20/2015
	05/21/2008	5,000	5,000(4)	—	3.60	05/20/2015
	12/31/2008	46,668	23,332(5)	—	1.16	12/31/2015
	11/13/2009	35,000	35,000(6)	—	1.40	11/13/2019
James K. Prueitt	03/17/2007	4,375	—	—	10.72	03/16/2014
	10/08/2007	—	—	6,250(7)	9.84	10/07/2014
	10/08/2007	9,376	9,374(8)	—	9.84	10/07/2014
	05/21/2008	8,750	8,750(9)	—	3.60	05/20/2015
	04/19/2006	1,875	—	—	35.04	04/18/2016
	04/19/2006	2,346	779(10)	—	35.04	04/18/2016
Frederick Jones	12/15/2000	1,250	—	—	23.00	12/14/2010
	04/17/2003	938	—	—	16.15	04/16/2013
	06/23/2004	469	—	—	49.33	06/22/2014
	09/23/2004	657	—	—	33.08	09/22/2014
	03/17/2007	750	—	—	10.72	03/16/2014
	11/13/2009	3,000	3,000(6)	—	1.40	11/13/2019

(1) The options vest at a rate of 6.25% per quarter beginning August 8, 2006, becoming fully exercisable on May 8, 2010.

(2) The options vest at a rate of 6.25% quarterly beginning January 1, 2008, becoming fully exercisable on October 1, 2011 unless performance targets for accelerated vesting of this grant are achieved.

(3)	The options vest at a rate of 50% annually beginning May 21, 2009, becoming fully exercisable on May 21, 2010
(4)	The options vest at a rate of 50% annually beginning May 21, 2009, becoming fully exercisable on May 21, 2010
(5)	The options vested 50% immediately on the grant date, with the remaining options vesting at a rate of 4.17% quarterly over three years beginning March 31, 2009, becoming fully exercisable on December 31, 2011.
(6)	The options vested 50% immediately on the grant date, with the remaining options vesting at a rate of 4.17% quarterly over three years beginning February 13, 2010, becoming fully exercisable on November 13, 2012.
(7)	The options were scheduled to vest 100% only upon successful achievement of performance targets by March 31, 2010. The performance targets were not met and the options were cancelled.
(8)	The options vested at a rate of 25% on the first anniversary of the grant date and 6.25% on each quarterly anniversary thereafter beginning October 1, 2009, becoming fully exercisable on October 8, 2011 unless performance targets for accelerated vesting of this grant are achieved.
(9)	The options vest at a rate of 50% annually beginning on the first anniversary of the grant date, becoming fully exercisable on May 21, 2010.
(10)	The options vest at a rate of 25% annually beginning on the first anniversary of the grant date, becoming fully exercisable on April 19, 2010.

Equity Awards to Officers

Equity Awards of the Chief Executive Officer

During November 2009, we awarded Mr. Lim the following:

- options to purchase 70,000 shares of Common Stock that vested 50% on November 13, 2009, with the remaining options vesting quarterly over three years beginning February 13, 2010, with a 10-year term.

Equity Awards of Other Named Executive Officers

During November 2009, we awarded Mr. Jones the following:

- options to purchase 6,000 shares of Common Stock that vested 50% on November 13, 2009, with the remaining options vesting quarterly over three years beginning February 13, 2010, with a 10-year term.

MTI Equity Incentive Plans

As of December 31, 2009, we have three equity compensation plans: 1) 1996 Stock Incentive Plan; 2) 1999 Employee Stock Incentive Plan; and 3) 2006 Equity Incentive Plan. The Governance, Compensation and Nominating Committee administers all equity compensation plans and has the authority to determine the terms and conditions of the awards granted under equity plans.

1996 Stock Incentive Plan

The 1996 Stock Incentive Plan, or 1996 Plan, was approved by our stockholders during December 1996. Under the 1996 Plan, our Board of Directors was authorized to award stock options, stock appreciation rights, restricted stock, and other stock-based incentives to our officers, employees and others. As of December 31, 2009, there were 71,591 options outstanding under the 1996 Plan, of which 71,023 were exercisable with zero shares reserved for future grants.

1999 Employee Stock Incentive Plan

The 1999 Employee Stock Incentive Plan, or 1999 Plan, was approved by our stockholders during March 1999. Under the 1999 Plan, our Board of Directors is authorized to award stock options and restricted stock to our officers, employees and others. The 1999 Plan expired on March 18, 2009. As of December 31, 2009, options to purchase 367,278 shares of our Common Stock were outstanding under the 1999 Plan, of which 315,332 were exercisable with zero shares reserved for future grants.

Options issued under both the 1996 Plan and 1999 Plan terminate between seven and ten years after the date of grant. Stock option grants or restricted stock awards under these plans can be issued to vest immediately, vest over a certain period, vest based upon successful completion of a performance measure specified by our Governance, Compensation and Nominating Committee, or a prescribed combination of performance and time vesting (i.e. a time vesting option accelerated by achievement of a performance objective or a performance vesting option that will vest at a certain date in the future).

The 1996 Plan and 1999 Plan provide that in the event of a change of control all unexercised and outstanding options and restricted stock shall become fully vested and exercisable as of the date of the change of control, provided the optionee is employed by us at the date of the change. This is commonly referred to as a single trigger acceleration of option vesting.

2006 Equity Incentive Plan

The 2006 Equity Incentive Plan, or 2006 Plan, was approved by our stockholders during May 2006. The plan was amended and restated by our Board effective September 16, 2009 to increase the initial aggregate number of 250,000 shares of common stock which may be awarded or issued to 600,000. We were not required to obtain stockholder approval of the amendment. Under the 2006 Plan, the Board of Directors is authorized to issue stock options, stock appreciation rights, restricted stock, and other stock-based incentives to officers, employees and others. The number of shares which may be awarded under the 2006 Plan and awards outstanding have been adjusted for stock splits and other similar events. As of December 31, 2009, 277,534 options to purchase our Common Stock were outstanding under the 2006 Plan, of which 185,262 were exercisable with an additional 316,216 shares reserved for future grants.

The 2006 Plan provides for the grant of incentive stock options intended to qualify under Section 422 of the Internal Revenue Code of 1986, nonqualified stock options, stock appreciation rights, restricted stock, restricted stock units and other stock-based awards.

Our Governance, Compensation and Nominating Committee selects the recipients of awards and determines (i) the number of shares of Common Stock covered by options and the dates upon which such options become exercisable, (ii) the exercise price of options (which may not be less than 100% of fair market value of the Common Stock), (iii) the duration of options (which may not exceed seven years), and (iv) the number of shares of Common Stock subject to any stock appreciation rights, restricted stock award, restricted stock unit award or other stock-based awards and the terms and conditions of such awards, including conditions for forfeiture, repurchase, issue price and repurchase price, if any.

Upon a “Substantial Corporate Change,” as such term is defined in the 2006 Plan, the 2006 Plan and any unexercised or forfeitable awards will terminate unless either (i) an award agreement with a participant provides otherwise or (ii) provision is made in writing in connection with such transaction for the assumption or continuation of outstanding awards, or the substitution for such awards with awards covering the stock or securities of a successor employer entity, or a parent or subsidiary of such successor. If an award would otherwise terminate under the preceding sentence, we will either provide that optionees or holders of stock appreciation rights or other exercisable awards will have the right, at such time before the completion of the transaction causing such termination as we reasonably designate, to exercise any unexercised portions of the options or stock appreciation rights or other exercisable awards, including portions of such awards not already exercisable, or for any awards including the foregoing, cause us, or agree to allow the successor, to cancel each award after payment to the participant of an amount, if any, in cash, cash equivalents, or successor equity interests substantially equal to the fair market value of the consideration (as valued by the administrator) paid for our shares, under the transaction minus, for options and stock appreciation rights or other exercisable awards, the exercise price for the shares covered by such awards (and, for any awards, where we determine it is appropriate, any required tax withholdings), and with such allocation among cash, cash equivalents, and successor equity interests as we determine or approve.

Perquisites and Other Benefits

Our executive officers are eligible to participate in similar benefit plans available to all our other employees including medical, dental, vision, group life, disability, accidental death and dismemberment, paid time off, and 401(k) plan benefits. In addition, we pay 100% of Mr. Lim's group term life insurance premiums, representing an additional cost in 2009 of $617.

We also maintain a standard directors and officers liability insurance policy with coverage similar to the coverage typically provided by other small publicly held technology companies.

Severance, Change in Control and Non-Compete Agreements

Most of the our executive officers are entitled to receive severance payments equal to a specified number of months of base salary and benefits in the event their employment is terminated "without cause" or in Mr. Lim's case, if he is terminated "without cause" or if he terminates his employment with us for "good reason." Mr. Lim's stock options are also subject to acceleration or a continuation of vesting should we terminate his employment without cause or if he terminates his employment with us for good reason.

A change in control will accelerate the vesting of outstanding stock options issued under the 1996 and 1999 Stock Incentive Plans; however options outstanding under the 2006 Equity Plan will not automatically accelerate vesting unless provided in an employment agreement. See "Employment Agreements."

We believe these severance and change in control arrangements are reasonable and mitigate some of the risk that exists for executives working in small technology companies by maintaining employee engagement and encouraging retention in an environment with substantial challenges and changes. This is especially true considering each executive officer has signed a Non-Competition and Non-Solicitation Agreement limiting future opportunities in the event the executive's employment is terminated for any reason. These agreements specify that the executive will not compete with our businesses for a period of one year following such termination.

Peng K. Lim

Mr. Peng's amended employment agreement also provides that if we terminate Mr. Lim's employment without cause or if Mr. Lim terminates his employment for good reason he will receive 1) his accrued salary, business expenses, and earned bonus through the date of termination; 2) 100% of his regular base salary and target bonus (in monthly installments) for 12 months, and certain other benefits for one year from the date of termination; 3) the first year premium for converting his group life insurance coverage to an individual policy; and 4) continued vesting of his outstanding options at the rate described in the each respective option agreement (including the full acceleration of the vesting of the performance-based options) for one year from the date of termination, with continued exercisability for all vested options for five years following the period ending one year after the date of termination.

If Mr. Lim's employment is terminated for "cause," Mr. Lim will receive his accrued salary, business expenses, and earned bonus through the date of termination. If Mr. Lim's employment is terminated by reason of death or disability, in addition to these accrued entitlements, Mr. Lim will receive a pro-rata bonus, continuation of vesting of outstanding time-based options for one additional quarter, vesting of performance-based options as of the date of termination, and all vested options will remain exercisable for one year.

For purposes of this agreement, "cause" means gross misconduct, gross negligence, theft, dishonesty, fraud, or gross dereliction of duties; or indictment on any felony charge or misdemeanor charge involving theft, moral turpitude; or a violation of the federal securities laws whether or not related to his conduct at work. "Good reason" means our failure to renew the agreement at substantially equivalent or greater salary and target bonus; a significant diminution of Mr. Lim's job title, responsibilities or reporting relationship; or relocation of the job to a location outside a 50 mile radius of MTI Micro's office location on the commencement date.

Other Named Executive Officers

Our employment agreement with Mr. Prueitt provides that if we terminate Mr. Prueitt's employment without cause, he will continue to receive his base salary and benefits for a four-month period. In addition, Mr. Jones is entitled to receive his base salary and benefits for a four month period if he is terminated in connection with a change of control of MTI Instruments.

Potential Payments upon Termination

The following table sets forth a breakdown of termination payments and the net realizable value of stock and stock options if the employment of any of our named executive officers had been terminated as of December 31, 2009. Severance payments are made either on a salary continuation basis paid over the severance period or on a lump sum basis payable upon a fixed date subsequent to termination of employment.

Name	Severance Term	Salary	Guaranteed Bonus	Health & Life Insurance Continuation	Intrinsic Value of Stock Options at Separation	Accrued Vacation	Total
Peng K. Lim	One (1) year salary & benefits	$350,000	$175,000	$14,122	$—	$14,492	$553,614
James K. Prueitt	Four (4) months salary & benefits	62,767	—	5,978	—	7,797	76,542
Frederick Jones	Four (4) months salary & benefits (A)	43,708	—	5,170	—	4,483	4,483

(A) Mr. Jones is only entitled to severance if he is terminated in connection with a change of control of MTI Instruments.

Directors' Compensation

Directors who are also our employees are not compensated for serving on the Board. Information regarding compensation otherwise received by our directors who are also executive officers is provided under the heading "Executive Compensation."

On April 20, 2007, our Board of Directors adopted a new compensation plan for non-management directors that eliminated the quarterly cash retainer compensation of $12,000 per year, after reducing it from $16,000 per year, on March 13, 2007. Beginning in 2007, non-employee directors annually received the following: 1) options to purchase 50,000 shares of our Common Stock, 2) the Chairman of the Audit Committee, the Chairman of the Governance, Compensation and Nominating Committee each received additional options to purchase 7,500 shares of our Common Stock, and 3) members of the Audit Committee, the Governance, Compensation and Nominating Committee and the Technical Committee of our MTI Micro subsidiary each received additional options to purchase 5,000 shares of our Common Stock. Future compensation will be issued on an annual basis thereafter on the third Monday of each March. These options were priced based on the closing price of our Common Stock on the date of grant, vest immediately and have a seven-year term. Each non-employee director is also reimbursed for reasonable travel and related expenses incurred on our behalf.

On March 12, 2008, the Board of Directors approved the deferral of the issuance of all annual stock option compensation for the Company's non-management directors until a later date in 2008. The Board of Directors determined in November 2008 to waive any cash compensation for the Company's non-management directors for fiscal 2008. The Board also waived its cash fees for fiscal 2009.

On September 18, 2009, the Board of Directors approved a grant of 15,000 stock options to each non-management Director to purchase shares of our common stock.

DIRECTOR COMPENSATION FOR FISCAL YEAR 2009

Name	Fees Earned or Paid in Cash ($)	Option Awards (5)($)	All Other Compensation	Total ($)
Thomas J. Marusak (1)	—	12,356	—	12,356
E. Dennis O'Connor (2)	—	12,356	—	12,356
William P. Phelan (3)	—	12,356	—	12,356
Dr. Walter Robb (4)	—	12,356	—	12,356

(1) As of December 31, 2009, Mr. Marusak had 31,147 options outstanding and exercisable.

(2) As of December 31, 2009, Mr. O'Connor had 45,012 options outstanding and exercisable.

(3) As of December 31, 2009, Mr. Phelan had 33,127 options outstanding and exercisable.

(4) As of December 31, 2009, Dr. Robb had 44,607 options outstanding and exercisable.

(5) The amounts shown in this column represent the grant date fair values of stock option awards awarded during 2009.

ADDITIONAL INFORMATION

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The following table sets forth information regarding the beneficial ownership of our Common Stock as of March 31, 2010 by each of our directors and named executive officers and all of our executive officers and directors as a group. We are not aware of any stockholders that beneficially own more than 5% of our Common Stock.

	Shares Beneficially Owned	
Name and Address of Beneficial Owner (1)	Number (2)	Percent of Class
Executive Officers		
Peng K. Lim (3)	253,651	5.0%
James K. Prueitt (4)	39,845	*
Frederick Jones (5)	7,564	*
Non-Employee Directors		
Thomas J. Marusak (6)	32,022	*
E. Dennis O'Connor (7)	62,700	1.3%
William P. Phelan (8)	33,127	*
Dr. Walter L. Robb (9)	98,982	2.1%
All current directors and officers as a group (7 persons) (10)	527,891	10.0%

* Less than 1%.

(1) Unless otherwise indicated, each of the stockholders has sole voting and investment power with respect to the shares of Common Stock beneficially owned by the stockholder. The address of all listed stockholders is c/o Mechanical Technology, Incorporated, 431 New Karner Road, Albany, New York 12205.

(2) The number of shares beneficially owned by each stockholder is determined under rules promulgated by the SEC and includes voting or investment power with respect to

securities. Under these rules, beneficial ownership includes any shares as to which the individual or entity has sole or shared voting power or investment power and includes any shares as to which the individual or entity has the right to acquire beneficial ownership within 60 days after March 31, 2010, through the exercise of any warrant, stock option or other right. The inclusion in this schedule of such shares, however, does not constitute an admission that the named stockholder is a direct or indirect beneficial owner of such shares. The number of shares of Common Stock outstanding used in calculating the percentage for each listed person includes the shares of Common Stock underlying options held by such person, which are exercisable within 60 days of March 31, 2010, but excludes shares of Common Stock underlying options held by any other person. Percentage of beneficial ownership is based on 4,771,658 shares of Common Stock outstanding as of March 31, 2010.

(3) Includes 242,263 shares of Common Stock issuable upon exercise of stock options exercisable within 60 days of March 31, 2010.

(4) Includes 38,595 shares of Common Stock issuable upon exercise of stock options exercisable within 60 days of March 31, 2010.

(5) Includes 7,564 shares of Common Stock issuable upon exercise of stock options exercisable within 60 days of March 31, 2010.

(6) Includes 31,147 shares of Common Stock issuable upon exercise of stock options exercisable within 60 days of March 31, 2010.

(7) Includes 43,137 shares of Common Stock issuable upon exercise of stock options exercisable within 60 days of March 31, 2010.

(8) Includes 33,127 shares of Common Stock issuable upon exercise of stock options exercisable within 60 days of March 31, 2010.

(9) Includes 42,732 shares of Common Stock issuable upon exercise of stock options exercisable within 60 days of March 31, 2010.

(10) Includes 118,996 shares of Common Stock issuable upon exercise of stock options exercisable within 60 days of March 31, 2010.

ANNUAL REPORT TO STOCKHOLDERS

Our Annual Report to Stockholders accompanies this Proxy Statement. Our Annual Report on Form 10-K for the year ended December 31, 2009, as filed with the SEC, will be promptly delivered to any stockholder, without charge, upon written or oral request. Requests may be made by mail to: Mechanical Technology, Incorporated, ATTN: Investor Relations Department, 431 New Karner Road, Albany, New York 12205; by e-mail: contact@mechtech.com; or by telephone: (518) 533-2200.

STOCKHOLDER PROPOSALS

We did not receive any stockholder proposals for inclusion in this Proxy Statement.

In order to be included in proxy material for the 2011 Annual Meeting of Stockholders, stockholders’ proposed resolutions must be received by us at our offices, 431 New Karner Road, Albany, New York 12205 on or before January 3, 2011. We suggest that proponents submit their proposals by certified mail, return receipt requested, addressed to our Secretary.

If the Company does not receive notice of a proposal to be presented at the 2011 Annual Meeting of Stockholders on or before March 19, 2011, the proxies designated by the Board will have discretionary authority to vote on any such proposal.

OTHER MATTERS

We do not know of any matters which will be brought before the meeting other than those specifically set forth in the notice thereof. If any other matter properly comes before the meeting, however, it is intended that the shares represented by proxies will be voted with respect thereto in accordance with the best judgment of the persons voting them.

By Order of the Board of Directors,

/s/ PENG K. LIM
Peng K. Lim
Chief Executive Officer

Albany, New York
May 3, 2010

Appendix A – Proxy Card

ANNUAL MEETING OF STOCKHOLDERS OF

MECHANICAL TECHNOLOGY, INCORPORATED

June 17, 2010

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIAL:
The Notice of Meeting, Proxy Statement, Proxy Card
are available at http://www.amstock.com/proxyservices/viewmaterial.asp?CoNumber=15895

Please sign, date and mail your proxy card in the envelope provided as soon as possible.

ê Please detach along perforated line and mail in the envelope provided. ê

The Board of Directors recommends a vote FOR the following proposals:
PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x

1. ELECTION OF DIRECTORS:

NOMINEES FOR THREE YEAR TERM:
O Peng K. Lim
O Dr. Walter L. Robb

c FOR THE NOMINEE

c WITHHOLD AUTHORITY FOR THE NOMINEE

c FOR ALL EXCEPT (See instructions below)

		FOR	AGAINST	ABSTAIN
2.	TO RATIFY THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT AUDITOR FOR FISCAL YEAR 2010.	c	c	c

IF THIS PROXY IS PROPERLY EXECUTED AND RETURNED, THE SHARES REPRESENTED THEREBY WILL BE VOTED. IF A CHOICE IS SPECIFIED BY THE STOCKHOLDER, THE SHARES WILL BE VOTED ACCORDINGLY. IF NOT OTHERWISE SPECIFIED, THE SHARES REPRESENTED BY THIS PROXY WILL BE VOTED BY THE PERSONS NAMED AS PROXIES, IN ACCORDANCE WITH THE RECOMMENDATIONS OF THE BOARD OF DIRECTORS, CONTAINED IN THIS PROXY STATEMENT.

INSTRUCTIONS: To withhold authority to vote for any individual nominee(s), mark "FOR ALL EXCEPT" and fill in the circle next to each nominee you wish to withhold, as shown here: l

MARK "X" HERE IF YOU PLAN TO ATTEND THE MEETING. c

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

c

Signature of Shareholder	Date:
Signature of Shareholder	Date:

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

2010 ANNUAL MEETING OF STOCKHOLDERS PROXY

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby revokes any proxy heretofore given to vote such shares, and hereby ratifies and confirms all that said proxies may do by virtue hereof.

The undersigned hereby appoints Mr. James K. Prueitt and Mr. Rick Jones, or either of them, as proxies to vote all the stock of the undersigned with all the powers which the undersigned would possess if personally present at the Annual Meeting of the Stockholders of Mechanical Technology, Incorporated, to be held at our corporate headquarters located at 431 New Karner Road, Albany, New York 12205 at 10:00 a.m., local time, on Thursday, June 17, 2010, or any adjournment thereof, as follows:

(Continued and to be signed on the reverse side.)
