UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED MARCH 31, 1999

COMMISSION FILE NUMBER 0-20165

STERIS CORPORATION
(Exact name of registrant as specified in its charter)

OHIO	34-1482024
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
5960 HEISLEY ROAD MENTOR, OHIO 44060-1834	440-354-2600
(Address of principal executive offices)	(Registrant's telephone number including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EXCHANGE ON WHICH REGISTERED
Common Shares, without par value	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
NONE

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [X] Yes No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

The aggregate market value of the voting stock held by non-affiliates of the Registrant, computed by reference to the average of the bid and asked prices of such stock as of May 28, 1999: $1,107,229,043

The number of Common Shares outstanding as of May 28, 1999: 67,273,468

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the 1999 Annual Meeting -- Part III

PART I

ITEM 1. BUSINESS

DESCRIPTION OF BUSINESS

STERIS Corporation, an Ohio corporation organized in 1987 (the "Company" or "STERIS"), develops, manufactures, and markets infection prevention, contamination prevention, microbial reduction, and surgical support systems, products, services, and technologies for healthcare, scientific, research, food, and industrial Customers throughout the world. STERIS is focused on helping Customers address today's trends in the healthcare and scientific industries. The healthcare industry is changing rapidly due to the growth of minimally invasive surgical and diagnostic procedures; heightened public and professional awareness and concern for the increasing number of transmittable and antibiotic-resistant infectious diseases; the shifting of patient care from acute care hospital settings to alternate sites; and the overall need to reduce the cost of healthcare delivery. These trends have expanded the demand for rapid, safe, and efficient infection prevention systems for critical tasks such as the sterile processing of devices and the handling, decontamination, destruction, and disposal of potentially infectious biohazardous waste. In the scientific industry, the market is expanding as pharmaceutical, biotech, medical device, food, and other FDA-regulated manufacturers are under increasing pressure to adhere to stricter guidelines for the validation and control of their antimicrobial processes, as well as the trend towards global standardization of protocols.

The Company has 4,744 Associates (employees) worldwide, including 1,935 direct sales, service, field, and Customer Support personnel. Customer Support and Training facilities are located in major global market centers with production and manufacturing operations in the United States, Australia, Canada, Germany, Finland, and Sweden.

The Company operates in a single business segment. See the accompanying consolidated financial statements on page 17 of this Form 10-K for financial information regarding the Company.

PRINCIPAL PRODUCTS AND SERVICES

Through a consistent strategic plan, a focused research and development effort, and several business acquisitions, STERIS has emerged as a market leader in low temperature sterilization, high temperature sterilization, washing and decontamination systems, surgical tables, surgical lights, and consumables. The Company has expanded from its original narrow product line to become a multi-faceted global organization that serves healthcare, scientific, research, food, and industrial markets. Revenues by principal market are as follows (in thousands):

	YEARS ENDED MARCH 31		
	1999	1998	1997
Health Care	$597,146	$547,809	$449,166
Scientific and Industrial	200,465	171,847	138,686
Total	$797,611	$719,656	$587,852

HEALTH CARE. Health Care products, systems, and services are used by Customers to significantly reduce or eliminate microbial contamination of surfaces with which human contact might occur. The Company provides complete infection prevention material processing systems and specialty chemical products, including those used for cleaning, decontaminating, disinfecting, sterilizing, drying, and aerating medical and surgical instruments, devices, and hard surfaces. Specialty chemical products are generally employed in the material processing systems or used for high risk and routine skin care, hard surface disinfection, and surgical preparation. STERIS infection prevention systems support cost containment, productivity increases, and risk reduction in a wide variety of healthcare, scientific, industrial, and research settings through process standardization, automatic monitoring and documentation, processing site flexibility, and reduction in processing time.

One of the Company's well known product lines is STERIS SYSTEM 1(R), a complete system for just-in-time sterile processing at or near the site of patient care. SYSTEM 1 enables healthcare professionals to safely,

easily, and economically sterilize immersible surgical and diagnostic devices between patient procedures in less than thirty minutes. The use of SYSTEM 1 also eliminates time consuming transportation to and from central processing sites. Customers are able to use delicate, expensive, heat-sensitive devices and instrument sets many times per day without compromising sterilization standards.

STERIS SYSTEM 1 consists of a tabletop microprocessor-controlled unit, a patented, proprietary, single-use sterilant, and multiple adapter trays and containers. Installation requirements are tap water, electricity, and a drain. STERIS 20(TM), the sterilant component of SYSTEM 1, combines a powerful chemical biocidal agent with a proprietary anti-corrosion formulation to provide low temperature destruction of microorganisms. The STERIS process significantly reduces processing time and safety concerns associated with conventional low temperature sterilization and disinfection systems. SYSTEM 1 has particular appeal in the increasingly decentralized delivery of therapeutic patient services where capitated costs and standardized outcomes are emphasized. Since commercially introducing SYSTEM 1 in November 1988, the Company has produced over 17,000 SYSTEM 1 units for thousands of healthcare facilities, including hospitals, medical centers, ambulatory facilities, and physician offices in major markets throughout the world.

Sales of STERIS 20 Sterilant Concentrate, the proprietary consumable component of STERIS SYSTEM 1, continued to grow faster than overall sales. We estimate that our Customers have now safely processed approximately 200 million surgical and diagnostic devices in STERIS SYSTEM 1.

The products and services of STERIS are sold under a variety of brand and product names. As acquired businesses have been integrated and consolidated, the STERIS name is increasingly visible on the product and service offerings.

The fundamental technology of the original STERIS brand is the rapid, safe destruction of microorganisms on surfaces. STERIS's strategy is to employ this technology in commercial applications with a focus on sterile processing, biohazardous waste processing, and other surface safety applications in the healthcare industry. The technology also has applications in a wide variety of other settings where cleanliness and destruction of microorganisms is important.

Recognized for years as the industry standard in large and medium scale, high quality hardware systems and related service, the Amsco(R) brand represents a leading choice in infection prevention and surgical support. Amsco brand products include thermal and low temperature gaseous sterilization systems, cleaning and decontamination systems, accessories, and related consumables that are used to prevent the spread of infectious diseases and reduce microbial contamination.

The Company's thermal sterilization systems use saturated steam to sterilize items through a combination of heat, moisture, and pressure. Thermal sterilizers are offered in a number of sizes based on Customer throughput requirements and are designed for use in centralized or decentralized processing environments. The product line includes a versatile microprocessor-based control system which is designed to monitor each phase of the sterilization cycle and provide the Customer a permanent record of important cycle information, including type and parameters of sterilization cycle, temperature, pressure, vacuum, and total cycle time. The Company's sterilizer chambers are made of highly durable nickel-clad carbon steel or 316L stainless steel.

In fiscal 1999, the FDA cleared the STERIS System 2S(TM) for marketing. STERIS System 2S is a self-generating steam sterilizer that is particularly well suited for the alternate healthcare and research laboratory markets. The needs for the costly installation of steam lines and the purchase of a separate steam generator are eliminated. This product is now available for sale in both the US and international markets.

In addition to thermal sterilization systems, the Company manufactures low temperature ethylene oxide (EO) gas sterilizers which provide Customers the capability to sterilize heat sensitive medical devices in a safe, controlled processing environment. Each sterilization system includes an advanced microprocessor-based control system which monitors cycle parameters and provides the Customer a permanent record of each sterilization cycle. The Company's leading ethylene oxide gas sterilization system, the Amsco 3017(TM) 100% EO Sterilizer/Aerator, utilizes a proprietary, single-use sterilant cartridge and includes a built-in exhaust system.

STERIS develops, manufactures, and distributes infection prevention consumables and supplies that are used to prevent the spread of infectious diseases and to monitor sterilization and decontamination processes. STERIS consumable products offer quality choices for infection and contamination prevention in the following categories: Instrument Cleaning and Decontamination Systems; High Risk and Routine Skin Care Products; Hard Surface Disinfectants; and Surgical Scrubs. STERIS quality assurance products to monitor sterilization processes include over 300 sterility assurance and sterility maintenance products for the worldwide healthcare market, including: Protective and Decontamination Packaging; Biological Monitoring Systems; Barrier Wraps; Integrator/Indicator Monitoring Systems; and Record Keeping Systems.

The Company's Health Care product line also includes general and specialty surgical tables, surgical and examination lights, operating room (OR) storage cabinets, fluid waste management systems, warming cabinets, scrub sinks, and other complementary products and accessories for hospital and non-hospital applications. The Company's versatile surgical table product line includes powered and manual general surgical tables and an orthopedic specialty table. A wide variety of general and specialty surgical procedures are accommodated through the use of attachable accessories which increase the versatility of the tables. The Company produces and sells its own line of accessories, as well as accessories manufactured by outside sources.

The Company's illumination and space management systems are designed for a wide variety of locations where diagnostic and therapeutic procedures are performed, including the emergency room, general surgery suite, OB/GYN suite, ICU/CCU suite, and ambulatory surgery suite. The lighting products combine optical performance with positioning flexibility that accommodate the surface and cavity illumination needs of virtually all types of surgical procedures. The Company's SurgiVision(TM) Surgical Lighting and Video System combines high quality illumination with a technically advanced video system to provide innovative and cost-effective systems for both acute care and non-acute care Customers. The Company's products range from major surgical lights to minor examination lights, and include the Orbiter(R) line of ceiling management products for the operating room and critical care markets.

During fiscal 1999, STERIS entered into a joint development agreement with Computer Motion, Inc. to develop and market voice controlled operating room systems. The strategic alliance will integrate Computer Motion's HERMES(TM) Control Center with STERIS's operating room equipment. Under this arrangement, Computer Motion and STERIS will develop the software and hardware necessary to make STERIS's products HERMES-Ready(TM). STERIS will purchase HERMES software and hardware from Computer Motion on an OEM basis for final sale to its Customers. Pending regulatory market clearance, STERIS will market HERMES voice control capabilities as a value-added option on its current and future operating room tables, lights, and surgical cameras.

The Company's Health Care product line includes SafeCycle(R) 40, a self-contained, high volume fluid waste management system designed for the collection, containment, transport, and safe disposal of potentially infectious fluid waste generated during surgical and diagnostic procedures. The system eliminates the need for up to thirteen three-liter suction canisters while significantly reducing the possibility of human exposure to biologically contaminated fluids.

SCIENTIFIC AND INDUSTRIAL. Scientific and Industrial contamination prevention and control products and services are used in the pharmaceutical, biotechnology, medical device, research, food, and industrial markets worldwide. These products and services assist Customers in assuring sterility and other microbial reduction processes according to worldwide regulatory and validation requirements. The Company provides complete contamination prevention systems including steam sterilization, liquid sterilization, electron-beam, gamma radiation, vaporized hydrogen peroxide, and EO systems; high purity water systems and lyophilizers (freeze drying systems); high level disinfection and surface decontamination systems; and monitoring products.

High temperature sterilizers used by Scientific and Industrial Customers range from standard table top and mid-sized units to large room-sized custom installed units. The Company's line of low temperature infection control equipment ranges from high level disinfectants to vaporized hydrogen peroxide (VHP(R)) sterilizers. All of the Company's GMP (Good Manufacturing Practices) systems are designed in accordance with the latest U.S. Pharmacopeia XXIII and European Pharmacopoeia 3rd Edition requirements. Demand is fueled by the level of scientific research and production, particularly in the pharmaceutical and medical device industries.

STERIS's Scientific and Industrial Group provides contract sterilization and microbial reduction services to manufacturers of pre-packaged products, including healthcare and consumer products. During fiscal 1998, STERIS acquired Isomedix, Inc., a leading North American provider of contract sterilization and microbial reduction services for manufacturers and producers of medical and non-medical products.

STERIS established a Food Safety Division to help Customers meet the growing consumer and regulatory demands for improved food safety. The irradiation services of the Isomedix subsidiary recently gained media attention with the December 1997 approval by the FDA of the irradiation ("cold pasteurization") of red meat. The increased emphasis on food safety, supported by the U.S. government's new Food Safety Initiative, presents new business opportunities for STERIS because of our extensive portfolio of antimicrobial technologies, systems, products, and services. STERIS has a network of eleven gamma facilities and six ethlyene oxide facilities (four of which are combined gamma/ethylene oxide) in the United States and Canada. A new electron-beam facility in Illinois began operations in fiscal 1999.

MANUFACTURING

The Company manufactures, assembles, and packages products in Erie, Pennsylvania; Medina, Ohio; Mentor, Ohio; Montgomery, Alabama; Research Triangle Park, North Carolina; St. Louis, Missouri; Cologne, Germany; Helsinki, Finland; Quebec City, Canada; Stockholm, Sweden; and Sydney, Australia. Each of the production facilities focuses on particular processes and products. All of the Company's equipment production facilities throughout the world are ISO 9001 certified. These factories and production facilities supply products to both Health Care and Scientific and Industrial Customers.

Raw materials, sub-assemblies, and other components essential to the Company's business are readily available within the lead times specified to vendors. The supply of such raw materials has posed no significant problem in the operation of the Company's business. All major raw materials are available from multiple sources, both domestic and foreign.

FOREIGN OPERATIONS

The Company's foreign operations are subject to the usual risks that may affect such operations. These include, among other things, exchange controls and currency restrictions, currency fluctuations, changes in local economic conditions, unsettled political conditions, and foreign government-sponsored boycotts of the Company's products or services for noncommercial reasons. Most of the identifiable assets associated with the Company's foreign operations are located in countries where the Company believes such risks to be minimal. For certain financial information regarding the Company's international operations, see Note K-Business Segment Information to the accompanying consolidated financial statements on page 29 of this Form 10-K.

MARKETS AND METHODS OF DISTRIBUTION

STERIS has, as of March 31, 1999, over 1,000 direct field sales and service representatives in North America. The representatives reside in metropolitan market areas throughout the U.S. and Canada. Sales and service activities are supported by a staff of regionally based clinical specialists, systems planners, corporate account managers, and an in-house Customer service and field support department.

Customer training is an important aspect of the STERIS business. In addition to training at Customer locations, STERIS provides a variety of courses for Customers at the Company's training and education center. The programs enable Customer representatives to understand the science, technology, and operation of STERIS products. Many of the Operator Training Programs are approved by professional certifying organizations to offer contact hours for continuing education to eligible course participants. The first program was implemented in July 1991, and, as of March 31, 1999, approximately 15,000 Customer representatives, primarily nurses, department managers, and biomedical engineers, have received training at STERIS training and education centers.

The Company has adopted a strategy focused on employing direct sales, service, and support personnel in developed international markets while contracting with distributors in other selected markets. STERIS currently

has sales offices in Belgium, Canada, Costa Rica, Finland, France, Germany, Hong Kong, Italy, Japan, Korea, Mexico, the Netherlands, Puerto Rico, Singapore, Spain, Sweden, and the United Kingdom. STERIS has distribution agreements with medical supply distributors in Australia, and various countries in North and South America, Asia, Europe, and the Middle East.

The Company believes that one of its strengths is its broad Customer base with no single Customer accounting for more than two percent of sales during the fiscal year ended March 31, 1999. Customers who are part of a buying group generally make individual purchasing decisions and are invoiced directly by the Company.

COMPETITION

A number of methodologies and commercial products are available for general sterilization purposes. Getinge/Castle, Advanced Sterilization Products (Johnson & Johnson), and 3M Corporation are well-known U.S. companies offering products for general sterilization and disinfection. Skytron (division of KMW Group, Inc.), Getinge/Castle, Maquet and Midmark are competitors in providing general surgical tables. Berchtold Corporation, ALM Surgical Equipment, Inc., Heraeus Surgical, Inc., Hill-Rom and Skytron are competitors in major surgery OR light products. Competitors in sterility assurance products include Kimberly-Clark Corporation, 3M Healthcare, and Allegiance (Cardinal Health). Competitors in environmental and instrument decontamination products include Getinge/Castle, Ecolab Inc., and Allegiance. The Company's high risk and routine skin care products compete against the products of Ecolab, Provon (Gojo), and SaniFresh (Kimberly-Clark). Allegiance, Becton Dickinson, Ecolab, and Purdue Frederick are competitors in providing surgical scrubs. Competitors in the OEM service business are local and in-hospital service groups. In contract sterilization, the Company primarily competes with Griffith Micro Science (a business unit of Ion Beam Applications), SteriGenics International, Inc., and companies that sterilize products in-house. The primary competitor for the Company's Scientific and Industrial sterilization systems is Getinge/Castle.

In the surgical support market the United States Food and Drug Administration ("FDA") has reclassified certain products from a Device II (which require a 510(k) application) to a Device I classification which lessens the requirements for new products. The lower regulatory barriers could accelerate new product introductions for the Company as well as improve the ability of foreign competitors to introduce products into the U.S. market and as a result increase competition.

Competition in the product markets served by the Company is based upon product design and quality, product innovation, and product serviceability that results in the greatest overall value to the Customer. In addition, there is significant price competition among various instrument preparation processes and services.

Several smaller, early-stage companies are believed to be working with a variety of technologies and sterilizing agents, including microwave, ozone, plasma, chlorine dioxide, peracids, and formaldehyde. In addition, a number of companies have developed disposable medical instruments and other devices designed to address the risk of contamination.

STERIS anticipates that it may face increased competition in the future as new sterile processing, contamination control, and surgical support products and services enter the market. There can be no assurance that new products or services developed by the Company's competitors will not be more commercially successful than those currently developed by STERIS or that may be developed by STERIS. In addition, some of STERIS's existing or potential competitors have greater financial, technical, and human resources than the Company. Accordingly, the Company's competitors may succeed in developing and commercializing products more rapidly than the Company.

GOVERNMENT REGULATION

Many of the Company's products and manufacturing processes are subject to regulation by the United States Food and Drug Administration ("FDA"), the United States Environmental Protection Agency ("EPA"), the United States Nuclear Regulatory Commission, and other governmental authorities. Similar regulatory agencies exist in other countries with a wide variety of regulatory review processes and procedures. Many products offered for sale in Europe must meet CE mark requirements, and must be manufactured in accordance with ISO 9001 and

EN 46001 certification requirements. The Company's products are also subject to review or certification by various non-governmental certification authorities, including Underwriter's Laboratories, Canadian Standards Association, British Standards Institute, and TUV/VDE (Europe). Compliance with the regulations and certification requirements of domestic and foreign government regulatory and certification authorities may delay or prevent product introductions, require additional studies or tests prior to product introduction, require product modifications, recalls, or mandate cessation of production and marketing of existing products. The cost of compliance with applicable regulations represents a considerable expense, and significant changes in such regulations or their interpretation could have a material adverse impact.

In the United States, the FDA regulates the introduction, manufacturing, labeling, and record keeping procedures for medical devices and drugs. The FDA regulates the majority of products manufactured by the Company, through marketing clearance, pre-market approvals, new drug approvals, or compliance with established monographs. The process of obtaining marketing clearance from the FDA for new products, new applications for existing products, and changes to existing products can be time-consuming and expensive. In addition, whether separate marketing clearance is required under applicable regulations for any particular product is often a matter of interpretation and judgment. There is no assurance that marketing clearances will be granted, that the FDA will agree or continue to agree with all judgments made from time to time by the Company with respect to whether or not marketing clearance is required for any particular new or existing product, or that the FDA review will not involve delays that would adversely affect the Company's ability to commercialize additional products or applications for existing products. Similar approvals by comparable agencies are required in most countries. Foreign regulatory requirements may vary widely from country to country. The time required to obtain market clearance from a foreign country may be longer or shorter than that required by the FDA or other agencies, and clearance or approval or other product requirements may differ.

Even if regulatory clearances to market a product are obtained from the FDA or comparable foreign agencies, these clearances may entail limitations on the indicated uses of the product. Product clearances granted by the FDA or comparable foreign agencies can also be withdrawn due to failure to comply with regulatory standards or the occurrence of unforeseen problems following initial approval. The FDA could also limit or prevent the manufacture or distribution of the Company's products and has the power to require the recall of such products. FDA regulations depend heavily on administrative interpretation and there can be no assurance that future interpretations made by the FDA or other regulatory bodies, with possible retroactive effect, will not adversely affect the Company. Further, additional government regulation may be established that could prevent, delay, or result in the rejection of regulatory clearance of the Company's products. The effect of government regulation that may arise from future legislation or administrative action cannot be predicted.

The FDA, various state agencies, and foreign regulatory agencies also have the right to inspect the Company's facilities from time to time to determine whether the Company is in compliance with various regulations relating to the Quality Systems Regulations ("QSR"), validation, testing, quality control, and product labeling. In complying with QSR, manufacturers must continue to expend time, money, and effort in the areas of production and quality control in order to ensure full regulatory compliance.

Failure to comply with any applicable regulatory requirements could result in sanctions being imposed on the Company, including warning letters, injunctions, civil money penalties, failure of the FDA or comparable foreign agencies to grant pre-market clearance or pre-market approval of medical devices, product recalls, operating restrictions, and, in extreme cases, criminal sanctions.

In addition, the Company is and may be subject to regulation under state, federal, and foreign law regarding occupational safety, environmental protection, and hazardous and toxic substance control, and to other present and possible future local, state, federal, and foreign regulation. The gamma irradiation and ethylene oxide sterilization activities of the Company produce virtually no harmful solid, liquid, or gaseous effluents or pollutants.

The Company believes that it is currently in conformity in all material respects with applicable regulatory requirements. The Company has received licenses and permits it believes necessary to conduct its current manufacturing and contract sterilization business and believes that it will be able to obtain any permits necessary for the future conduct of its manufacturing and contract sterilization business. The Company is committed to

maintaining compliance with applicable FDA, EPA, and other governmental laws, regulations and nongovernmental certification authorities.

EMPLOYEES

As of March 31, 1999, the Company employed 4,744 Associates (employees). Management considers its relations with its Associates to be good. During fiscal 1999, STERIS and various union locals announced the early negotiation and ratification of new collective bargaining agreements, each of which extend for eight or more years. The new contracts were reached with UAW Local 832 and IAM Local 1968, District Lodge 116, at the STERIS Erie plant, Teamsters Local 688 at the St. Louis plant, and IUE Local 823 at the St. Louis plant. The progressive contracts enhance overall productivity, efficiency, cost control, and future job opportunities.

INTELLECTUAL PROPERTY AND RESEARCH AND DEVELOPMENT

The Company protects its technology and products by, among other means, filing U.S. and foreign patent applications that it considers important to its business. There can be no assurance, however, that any patent will provide adequate protection for the technology or product it covers. In addition, the process of obtaining and protecting patents can be long and expensive. The Company also relies upon trade secrets, technical know-how, and continuing technological innovation to develop and maintain its competitive position.

Research activities are important to the Company's business. The costs of the Company's research activities relating to the discovery and development of new products and the improvement of existing products amounted to $24.8 million, $23.9 million, and $22.0 million in fiscal years 1999, 1998, and 1997, respectively. These costs are charged directly to income in the year in which incurred.

As of March 31, 1999, the Company held 234 U.S. patents and 333 foreign patents with expiration dates ranging from 1999 to the year 2017. In addition, the Company, as of March 31, 1999, had 93 U.S. patents and 197 foreign patents pending.

The Company also considers its various trademarks to be valuable in the marketing of its products. The Company has a total of 779 trademark registrations in the United States and in various foreign countries in which the Company does business.

ITEM 2. PROPERTIES

At March 31, 1999, the Company operated 23 manufacturing, distribution, and engineering facilities comprising approximately 2.4 million square feet. Substantially all such facilities are owned. Seventeen of these sites are located in the United States, with the others located in Australia, Canada, Finland, Germany, and Sweden. Management believes that its facilities are adequate for operations and are maintained in good condition. At March 31, 1999, the Company leased or owned sales, service and support offices in 18 countries. The Company is confident that, if needed, it will be able to acquire additional facilities at commercially reasonable rates.

ITEM 3. LEGAL PROCEEDINGS

Reference is made to Note J-Contingencies to the accompanying consolidated financial statements on page 29 of this Form 10-K.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of the Company's 1999 fiscal year.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information regarding the executive officers of the Company.

NAME	AGE	POSITION
Bill R. Sanford.....	55	Chairman of the Board of Directors, President, and Chief Executive Officer
Michael A. Keresman, III.....	41	Senior Vice President and Chief Information Officer
Thomas J. Magulski.....	54	Senior Vice President
David C. Dvorak.....	35	Vice President, General Counsel, and Secretary
William A. O'Riordan.....	40	Vice President
Paul A. Zamecnik.....	39	Vice President

The following is a brief account of the business experience during the past five years of each such executive officer:

BILL R. SANFORD serves as Chairman of the Board of Directors, President, and Chief Executive Officer. He joined the Company April 1, 1987.

MICHAEL A. KERESMAN, III serves as a Senior Vice President and Chief Information Officer. He joined the Company in January 1988 as Director of Finance and has held positions as Chief Financial Officer, Vice President of Finance, Vice President of Finance and Administration, Vice President of Finance and Operations, Secretary, and Vice President of Business Development.

THOMAS J. MAGULSKI serves as a Senior Vice President and Group President of the Scientific & Industrial Group. He joined the Company in January 1999. Mr. Magulski served as an outside member of the STERIS Corporation Board of Directors since 1989. Mr. Magulski served as President and Chief Operating Officer of Versa Technologies, Inc., a manufacturer of custom engineered components and systems, from 1993 to 1998.

WILLIAM A. O'RIORDAN serves as Vice President and Group President of the Health Care Group. He joined the Company in 1991 and has served as Division Vice President -- Customer Support, Vice President -- Operations, Group Vice President -- Customer Support and Corporate Vice President -- Global Operations. He became Group President in April 1999.

DAVID C. DVORAK serves as Vice President, General Counsel, and Secretary. He joined the Company in June 1996. Prior to joining the Company, Mr. Dvorak served as an attorney with Thompson Hine & Flory LLP from 1994 to 1996, and with Jones, Day, Reavis & Pogue from 1991 to 1994.

PAUL A. ZAMECNIK serves as Vice President and Group President of the Product Systems Group. He joined the Company in July 1992 as Director of Marketing and was appointed Vice President with responsibility for Regulatory Affairs and Quality Systems in November 1993. He became Group President in January 1997.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED SHAREHOLDER MATTERS

MARKET INFORMATION AND DIVIDENDS

The Company's Common Shares are traded on the New York Stock Exchange under the symbol "STE." The following table sets forth, for the periods indicated, the high and low sales prices for the Company's Common Shares.

	QUARTERS ENDED			
	MARCH 31	DECEMBER 31	SEPTEMBER 30	JUNE 30
FISCAL 1999				
High	$35.06	$29.00	$35.94	$33.50
Low	25.00	18.50	22.59	25.44
FISCAL 1998				
High	$30.50	$25.13	$22.06	$19.50
Low	22.66	16.13	17.19	11.75

The Company has not paid any cash dividends on its Common Shares since its inception and does not anticipate paying any such dividends in the foreseeable future. The Company has entered into a credit agreement which includes operational conditions and financial ratio covenants that, in certain circumstances, could limit the Company's ability to pay dividends. The Company currently intends to retain all of its earnings for the operation and expansion of its businesses. At May 28, 1999, there were approximately 2,024 holders of record of the Company's Common Shares.

ITEM 6. SELECTED FINANCIAL DATA

	YEARS ENDED MARCH 31				
	1999(1)	1998(1)	1997(1)	1996(2)	1995(2)
	(IN THOUSANDS, EXCEPT PER SHARE DATA)				
STATEMENT OF OPERATIONAL DATA:					
Net revenue	$797,611	$719,656	$587,852	$534,612	$545,752
Gross profit	368,591	324,558	231,845	202,701	204,824
Non-recurring expenses			90,831		26,996
Income (loss) from operations	136,379	112,614	(6,487)	69,731	38,645
Income (loss) from continuing operations	84,854	65,496	(30,606)	40,790	15,736
Loss from discontinued operation					(51,658)
Loss on the extinguishment of debt					(1,655)
Net income (loss)	$ 84,854	$ 65,496	$(30,606)	$ 40,790	$(37,577)
Income (loss) per Common Share -- basic					
From continuing operations	$ 1.24	$ 0.96	$ (0.45)	$ 0.63	$ 0.25
From discontinued operation					(0.83)
From extinguishment of debt					(0.03)
Net income (loss)	$ 1.24	$ 0.96	$ (0.45)	$ 0.63	$ (0.61)
Shares used in computing net income (loss) per share -- basic	68,200	67,898	67,356	65,022	62,048
Income (loss) per Common Share -- diluted					
From continuing operations	$ 1.20	$ 0.93	$ (0.45)	$ 0.59	$ 0.23
From discontinued operation					(0.77)
From extinguishment of debt					(0.02)
Net income (loss)	$ 1.20	$ 0.93	$ (0.45)	$ 0.59	$ (0.56)
Shares used in computing net income (loss) per share -- diluted	70,592	70,224	67,356	69,714	67,072
BALANCE SHEET DATA:					
Working Capital	$236,260	$174,678	$143,734	$231,996	$177,470
Total assets	865,996	728,069	539,455	592,697	535,454
Long-term debt	221,500	152,879	35,879	102,631	103,585
Total liabilities	430,059	369,117	244,739	288,638	297,645
Total shareholders' equity	435,937	358,952	294,716	304,059	237,809

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(1) See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

(2) Includes the combined results of STERIS and Amsco on a pooling-of-interests basis.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FISCAL YEAR 1999 COMPARED TO FISCAL YEAR 1998

Net revenues increased by 10.8% to $797.6 million in fiscal 1999 from $719.7 million in fiscal 1998. Health Care Group revenues increased by 9.0% to $597.1 million in fiscal 1999 from $547.8 million in fiscal 1998. Scientific & Industrial Group revenues increased 16.7% to $200.5 million in fiscal 1999 from $171.8 million in fiscal 1998. North America revenues for fiscal 1999 were $701.1 million, or 87.9% of total revenues, with $96.5 million, or 12.1%, from International markets. North America revenues for fiscal 1998 were $633.3

million, or 88.0% of total revenues, with $86.4 million, 12.0% from International markets. Revenues from consumables and services contributed $429.3 million, or 53.8%, of total revenues for fiscal 1999 compared to $359.6 million, or 50.0% in the prior year. The increase in net revenues was due principally to higher sales of capital equipment, consumable products, and services.

The cost of products and services sold increased by 8.6% to $429.0 million in fiscal 1999 from $395.1 million in fiscal 1998. The cost of products and services sold as a percentage of net revenues was 53.8% in fiscal 1999 compared to 54.9% in fiscal 1998. The decrease in the cost of products and services sold as a percentage of net revenue for fiscal 1999 resulted principally from improved overhead absorption from volume increases, favorable changes in the mix of products sold, and the benefits from the restructuring of the acquired and merged businesses.

Selling, informational, and administrative expenses increased in fiscal 1999 by 10.3% to $207.4 million from $188.0 million in fiscal 1998. The increase in expenses was attributable to the continued investments in customer support systems, information technology systems, and to support the increased level of business. The expenses as a percentage of net revenue decreased to 26.0% in fiscal 1999 from 26.1% in fiscal 1998.

Research and development expenses increased by 3.9% to $24.8 million in fiscal 1999 from $23.9 million in fiscal 1998. Research and development expenses as a percentage of net revenues were 3.1% in fiscal 1999 compared to 3.3% in fiscal 1998.

Interest expense increased by 72.1% to $10.7 million in fiscal 1999 from $6.2 million in the fiscal 1998. The increase was due to the additional borrowing under the Credit Facility principally for the purchase of acquired companies and funding the Company's share repurchase plan.

Income tax expense decreased to 33.3% of pretax income in fiscal 1999 from 39.0% of pretax income in fiscal 1998. The decrease was due to recent events which enabled STERIS to capitalize on its previously implemented tax planning strategies and the effective integration of its previously acquired businesses. A significant component of the decrease was a one-time $6.0 million reduction in the income tax accruals. Excluding the one-time reduction, the effective income tax rate decreased to 38.0% of pretax income in fiscal 1999 from 39.0% of pretax income in fiscal 1998.

Net income for fiscal 1999 increased by 29.6% to $84.9 million ($1.20 per diluted share) from $65.5 million ($.93 per diluted share) in fiscal 1998.

FISCAL YEAR 1998 COMPARED TO FISCAL YEAR 1997

Net revenues increased by 22.4% to $719.7 million in fiscal 1998 from $587.9 million in fiscal 1997. Health Care Group revenues increased by 22.0% to $547.8 million in fiscal 1998 from $449.2 million in fiscal 1997. Scientific & Industrial Group revenues increased 23.9% to $171.8 million in fiscal 1998 from $138.7 million in fiscal 1997. North America revenues for fiscal 1998 were $633.3 million, or 88.0% of total revenues, with $86.4 million, or 12.0%, from International markets. North America revenues for fiscal 1997 were $522.9 million, or 88.9% of total revenues, with $65.0 million, 11.1% from International markets. Revenues from consumables and services contributed $359.6 million, or 50.0%, of total revenues for fiscal 1998 compared to $282.8 million, or 48.1% in the prior year. The increase in net revenues was due principally to higher sales of capital equipment and consumable products as well as higher Scientific and Industrial revenues through the acquisition of Isomedix. (See Note-A -- Accounting Policies -- Business Combinations to the accompanying consolidated financial statements on page 22 of this Form 10-K.) In addition to higher sales of previously existing products, a portion of the increase in sales of consumable products was a result of the full year effect of the December 1996 acquisition of the assets of the infection prevention and contamination prevention businesses of Calgon Vestal Laboratories, and the fiscal second quarter 1997 acquisition of Surgicot, Inc., a manufacturer and supplier of biological and chemical sterile process monitors, sterilization wraps and pouches, and other quality assurance products. Revenues related to the Health Care and Scientific and Industrial classifications each include revenues from capital equipment, consumable products, and services.

The cost of products and services sold increased by 11.0% to $395.1 million in fiscal 1998 from $356.0 million in fiscal 1997. The cost of products and services sold as a percentage of net revenues was 54.9%

in fiscal 1998 compared to 60.6% in fiscal 1997. The decrease in the cost of products and services sold as a percentage of net revenues in fiscal 1998 resulted principally from improved overhead absorption from plant consolidation and volume increases, vertical integration, favorable changes in the mix of products sold, and the benefits from the restructuring of the acquired and merged businesses.

Selling, informational, and administrative expenses increased in fiscal 1998 by 49.8% to $188.0 million from $125.5 million in fiscal 1997. The increase was primarily attributable to investments in Customer Support, direct sales efforts in key global markets, business development and management information systems as well as the inclusion of selling, informational, and administrative expenses of acquired companies.

Research and development expenses increased by 8.8% to $23.9 million in fiscal 1998 from $22.0 million in fiscal 1997. Research and development expenses as a percentage of net revenues were 3.3% in fiscal 1998 compared to 3.7% in fiscal 1997.

Non-recurring charges of $81.3 million net of tax ($90.8 million pre-tax), or $1.22 per share, were recorded in the 1997 fiscal first quarter for costs connected to the Amsco Merger. The charges include transaction costs of $15.0 million and restructuring charges of $66.3 million net of tax.

Interest expense increased by 113.7% to $6.2 million in fiscal 1998 from $2.9 million in fiscal 1997. The increase was due to the additional borrowing under the Credit Facility for the purchase of Isomedix common shares.

Interest income and other decreased by 78.4% to $1.0 million in fiscal 1998 from $4.5 million in fiscal 1997. The decrease in interest income was due primarily to lower cash, cash equivalents, and marketable security balances, with the lower balances resulting from the July 1996 redemption of approximately $100 million of Amsco 4.5%/6.5% Convertible Subordinated Notes.

Excluding the effect of non-recurring items, income increased by 29.2% to $65.5 million ($.93 per diluted share) in fiscal 1998 from $50.7 million ($.71 per diluted share) in fiscal 1997.

The effective income tax rate for fiscal year 1997 differed from statutory rates principally because certain non-recurring items that increased the net loss are non-deductible for tax purposes. Non-deductible items include the write-off of goodwill related to Amsco's Finn-Aqua business and provisions for certain executive severance costs. Also, additional tax valuation allowances were provided to reflect the effects of merger activities.

As a result of the foregoing factors, net income for fiscal 1998 was $65.5 million compared to a net loss for fiscal 1997 of $30.6 million.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 1999, the Company had $23.7 million in cash and cash equivalents, compared to $17.2 million of cash, cash equivalents, and marketable securities at March 31, 1998. The increase was primarily a result of net cash provided by operating and financing activities, offset by net cash used in investing activities.

At March 31, 1999, the Company had accounts receivable of $230.3 million, compared to $204.0 million at March 31, 1998. The increase was primarily attributed to increased revenues in the fourth quarter fiscal 1999 compared to the fourth quarter fiscal 1998.

At March 31, 1999, the Company had inventory of $99.3 million, compared to $83.1 million at March 31, 1998. The increase was necessary to support the increase in product sales.

Property, plant, and equipment increased by 28.6% to $372.4 million as of March 31, 1999, compared to $289.7 million at March 31, 1998. The increase was due primarily to the increases resulting from the investment in information systems, plant and equipment, facility renovations, and acquired businesses that were accounted for using the purchase method of accounting.

Intangibles increased by 16.7% to $280.8 million as of March 31, 1999, compared to $240.5 million at March 31, 1998. The change resulted primarily because of an increase related to goodwill and intangibles of acquired companies.

Net deferred income tax assets decreased by 34.9% to $19.1 million as of March 31, 1999, compared to $29.3 million at March 31, 1998. The decrease was due primarily to the recognition of amounts for tax purposes during fiscal 1999 that were previously recognized for financial reporting purposes.

Current liabilities decreased by 5.0% to $157.1 million as of March 31, 1999, compared to $165.4 million at March 31, 1998. Accruals for warranty and product upgrade costs declined during fiscal 1999 principally because of changes in the delivery of warranty service and the ending of product upgrade programs.

Other liabilities were $48.6 million as of March 31, 1999, compared to $50.8 million of the same at March 31, 1998.

On January 26, 1999, STERIS entered into a $400 million Credit Facility, which replaced the prior revolving Credit Facility. The new Credit Facility includes an unsecured revolver of $250 million which matures January 26, 2002. The remaining $150 million is an unsecured 364 day facility maturing on January 25, 2000, which can be extended annually for 364 days. The new $400 million Credit Facility may be used for general corporate purposes and will bear interest at either KeyBank National Association's prime rate or LIBOR rates plus .325 percent to .700 percent, which amounted to 5.4 percent and 6.0 percent at March 31, 1999 and 1998, respectively. The Credit Facility contains customary covenants which include maintenance of certain financial ratios. As of March 31, 1999, $28 million could be used for dividend distributions under these provisions.

The Company has no material commitments for capital expenditures. The Company believes that its cash requirements will increase due to increased sales requiring more working capital, accelerated research and development, and potential acquisitions or investments in complementary businesses. However, the Company believes that its available cash, cash flow from operations, and sources of credit will be adequate to satisfy its capital needs for the foreseeable future.

The overall effects of inflation on the Company's business during the periods discussed have not been significant. The Company monitors the prices it charges for its products and services on an ongoing basis and believes that it will be able to adjust those prices to take into account future changes in the rate of inflation.

The overall effects of foreign currency exchange rates on the Company's business during the periods discussed have not been significant. Movements in foreign currency exchange rates create a degree of risk to the Company's operations. These movements affect the U.S. dollar value of sales made in foreign currencies, and the U.S. dollar value of costs incurred in foreign currencies. Changing currency exchange rates also affect the company's competitive position, as exchange rate changes may affect profitability and business and/or pricing strategies of non-U.S. based competitors.

CONTINGENCIES

For a discussion of contingencies, see Note J to the consolidated financial statements.

YEAR 2000 DATE CONVERSION

An issue affecting STERIS and most other companies is how computer systems and applications recognize and process date-sensitive information. Some older computer programs were written using two digits rather than four to define the applicable year. As a result, those computer programs have time-sensitive software that recognize a date using "00" as the year 1900 rather than the year 2000. Without corrective actions, this could cause a system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, send invoices, or engage in similar normal business activities.

The Company has investigated the impact of the year 2000 issue on its products and does not anticipate any effect on the performance of its products. The Company is in the process of assessing and implementing necessary changes for all areas of the Company's business which could be impacted; these include such areas as business computer systems, technical infrastructure, plant floor equipment, building infrastructure, end-user computing, and suppliers. The Company has initiated a project to prepare its computer systems for the year 2000 and is addressing the year 2000 issues.

The Company's year 2000 program activities include the identification of affected hardware and software, the development of a plan for remediating those systems in the most effective manner, the execution of that plan, which includes continuous testing, and the monitoring of the program's success. Although various locations are at differing stages of readiness with respect to the various focus areas, the identification and plan development phases of the project are substantially completed. The Company is well underway in the execution phase and anticipates completing the majority of the program by mid-year 1999 although certain applications will be completed throughout the second half of 1999. Continuous review and testing are being conducted throughout all phases of the program to help ensure that compliance is achieved and maintained as the year 2000 approaches.

The Company has implemented year 2000 compliant systems in a number of areas, including order entry systems. In a number of instances, the Company is replacing non-compliant systems with newer systems which will significantly improve functionality as well as appropriately interpret the calendar year 2000 and beyond. Although the timing of these actions may have been influenced by the year 2000 issue, in virtually all instances they involve capital expenditures that would have occurred in the normal course of business. While the Company is implementing a year 2000 vendor compliance program, the Company has little direct control over whether its suppliers will make the appropriate modifications to their systems and applications on a timely basis.

As part of the year 2000 program, contingency plans are being formalized as the target date for completion approaches. Business disruption scenarios are currently being identified and appropriate strategies are being evaluated in the development of these various plans. The Company is in the process of developing contingency plans (e.g., the selection of alternative suppliers) to address the potential business disruption scenarios that are being identified.

Operating expenses include costs incurred in preparing systems and applications for the year 2000. The Company expects to incur internal staff costs as well as outside services (including consultants) and other expenses related to the conversion and testing of the systems and applications. These costs, which are expensed as incurred, have been immaterial to date. The year 2000 costs include internal modification and testing costs as well as costs associated with supply chain risk assessment and contingency planning.

Based on assessments completed to date and compliance plans in process, the Company believes that it has an effective program in place to resolve the year 2000 challenges in a timely manner and the Company does not expect that the year 2000 issues will have a material effect on its business operations or results of operations. However, satisfactory completion of the program may not prevent business disruptions resulting from actions of critical suppliers and Customers. Such disruptions would impair the Company's ability to obtain necessary materials for production or sell products to Customers. If such disruptions occurred, the Company may experience lost or delayed sales and profits depending on the duration of the disruptions. Key aspects of the program are addressing potential uncertainties but the Company's ability to be fully confident of conditions related to third parties is limited. Currently, the Company cannot reasonably estimate the amount of potential lost or delayed sales and profits.

EURO

On January 1, 1999, eleven of the fifteen member countries of the European Monetary Union (EMU) began a three-year transition phase during which a common currency called the Euro was adopted as their legal currency. The Euro began trading on currency exchanges and is available for non-cash transactions. During the transition period, parties may pay for goods and services using either the Euro or the participating country's legacy currency on a "no compulsion, no prohibition" basis. The conversion rates between the existing legacy currencies and the Euro were fixed on January 1, 1999. The legacy currencies will remain legal tender for cash transactions between January 1, 1999, and January 1, 2002, at which time all legacy currencies will be withdrawn from circulation and the new Euro denominated bills and coins will be used for cash transactions.

The Company has several operations within the eleven participating countries that will be utilizing the Euro as their local currency in 1999. Additionally, the Company's operations in other European countries and elsewhere in the world will be conducting business transactions with Customers and suppliers that will be denominated in the Euro. Euro denominated bank accounts have been established to accommodate Euro

transactions. The Company's exposure to changes in foreign exchange rates may also be reduced as a result of the Euro conversion.

The Company has established plans to review strategic and tactical areas arising from the Euro conversion. Immediate efforts have been focused on aspects of the Euro conversion that required adjustment or compliance by January 1, 1999, and for conducting Euro-denominated business during 1999. These aspects included transacting business in the Euro, the competitive impact on product pricing, and adjustments to billing systems to handle parallel currencies. The Company has determined that these systems have the capability to handle Euro transactions and is currently in a position to transact business in Euros. Continuing analysis and development efforts will help ensure that the implementation of the Euro meets the timetable and regulations established by the EMU.

Based on current estimates, the Company does not expect the costs incurred to address the Euro will have a material impact on its financial condition or results of operations.

FORWARD-LOOKING STATEMENTS

This discussion contains statements concerning certain trends and other forward-looking information affecting or relating to the Company and its industry that are intended to qualify for the protections afforded "forward-looking statements" under the Private Securities Litigation Reform Act of 1995. There are many important factors that could cause actual results to differ materially from those in the forward-looking statements. Many of these important factors are outside STERIS's control. Changes in market conditions, including competitive factors and changes in government regulations, could cause actual results to differ materially from the Company's expectations. No assurance can be provided as to any future financial results. Other potentially negative factors that could cause actual results to differ materially from those in the forward-looking statements include (a) the possibility that the continuing integration of acquired businesses will take longer than anticipated, (b) the potential for increased pressure on pricing that leads to erosion of profit margins, (c) the possibility that market demand will not develop for new technologies, products, and applications, (d) the potential effects of fluctuations in foreign currencies, (e) the potential that the impact of weakened currencies in Southeast Asia could spread to countries where the Company does a sizable amount of business, and (f) the possibility of reduced demand, or reductions in the rate of growth in demand, for the Company's products.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company is exposed to market risk through various financial instruments, including fixed rate and floating rate debt instruments. Based on March 31, 1999 debt levels, a 1% change in interest rates would impact interest expense by approximately $1.6 million annually. Additionally, the Company operates internationally and as a result is exposed to foreign currency fluctuations. Specifically, the exposure includes intercompany loans, and third party sales or payments. The Company does not consider the market risk associated with its international operations to be material. The Company does not use derivative financial instruments for hedging or speculative purposes.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT AUDITORS

Board of Directors and Shareholders
STERIS Corporation

We have audited the accompanying consolidated balance sheets of STERIS Corporation and subsidiaries as of March 31, 1999 and 1998, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended March 31, 1999. Our audits also included the financial statement schedule listed in the index at Item 14(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of STERIS Corporation and subsidiaries at March 31, 1999 and 1998, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 1999, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

Ernst & Young LLP

Cleveland, Ohio
April 26, 1999

STERIS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	MARCH 31	
	1999	1998
ASSETS		
Current assets:		
Cash and cash equivalents	$ 23,680	$ 17,172
Accounts receivable (net of allowances of $6,000 and $6,780, respectively)	230,346	203,992
Inventories	99,279	83,149
Deferred income taxes	21,910	23,609
Prepaid expenses and other assets	18,182	12,154
TOTAL CURRENT ASSETS	393,397	340,076
Property, plant, and equipment	372,386	289,658
Accumulated depreciation	(111,105)	(84,366)
Net property, plant, and equipment	261,281	205,292
Intangibles	280,750	240,488
Accumulated amortization	(72,499)	(66,516)
Net intangibles	208,251	173,972
Deferred income taxes	0	5,710
Other assets	3,067	3,019
TOTAL ASSETS	$ 865,996	$728,069
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term indebtedness	$ 2,200	$ 2,200
Accounts payable	47,431	37,213
Accrued expenses and other	107,506	125,985
TOTAL CURRENT LIABILITIES	157,137	165,398
Long-term indebtedness	221,500	152,879
Deferred income taxes	2,810	0
Other liabilities	48,612	50,840
TOTAL LIABILITIES	430,059	369,117
Shareholders' equity:		
Serial preferred shares, without par value, 3,000 shares authorized; no shares outstanding		
Common Shares, without par value, 300,000 shares authorized; issued and outstanding shares of 67,956 at March 31, 1999 and 68,021 at March 31, 1998, excluding 523 and 458 treasury shares, respectively	222,946	230,477
Retained earnings	219,863	135,009
Cumulative translation adjustment	(6,872)	(6,534)
TOTAL SHAREHOLDERS' EQUITY	435,937	358,952
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 865,996	$728,069

See notes to consolidated financial statements.

STERIS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	YEARS ENDED MARCH 31		
	1999	1998	1997
Net revenues	$797,611	$719,656	$587,852
Cost of products sold	429,020	395,098	356,007
GROSS PROFIT	368,591	324,558	231,845
Cost and expenses:			
Selling, informational, and administrative	207,375	188,030	125,515
Research and development	24,837	23,914	21,986
Non-recurring items			90,831
	232,212	211,944	238,332
INCOME (LOSS) FROM OPERATIONS	136,379	112,614	(6,487)
Interest expense	(10,736)	(6,239)	(2,919)
Interest income and other	1,553	980	4,544
INCOME (LOSS) BEFORE INCOME TAXES	127,196	107,355	(4,862)
Income taxes	42,342	41,859	25,744
NET INCOME (LOSS)	$ 84,854	$ 65,496	$(30,606)
NET INCOME (LOSS) PER SHARE -- BASIC	$ 1.24	$ 0.96	$ (0.45)
NET INCOME (LOSS) PER SHARE -- DILUTED	$ 1.20	$ 0.93	$ (0.45)

See notes to consolidated financial statements.

STERIS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN THOUSANDS)

	YEARS ENDED MARCH 31		
	1999	1998	1997
OPERATING ACTIVITIES			
Net income (loss)	$ 84,854	$ 65,496	$(30,606)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	33,279	24,202	18,681
Deferred income taxes	14,000	7,446	(12,173)
Non-recurring items			55,944
Other items	(1,252)	(5,577)	(664)
Changes in operating assets and liabilities:			
Accounts receivable	(22,654)	(31,945)	(33,559)
Inventories	(12,998)	(11,311)	5,086
Other assets	(5,229)	368	2,645
Accounts payable and accruals	(25,541)	(36,686)	10,932
NET CASH PROVIDED BY OPERATING ACTIVITIES	64,459	11,993	16,286
INVESTING ACTIVITIES			
Purchases of property, plant, equipment, and patents	(77,286)	(39,181)	(20,468)
Proceeds from sales of assets		43,084	
Investment in businesses, net of cash acquired	(41,457)	(126,505)	(82,586)
Proceeds from notes receivable			8,438
Purchases of marketable securities			(6,970)
Proceeds from sales of marketable securities		2,977	13,231
NET CASH USED IN INVESTING ACTIVITIES	(118,743)	(119,625)	(88,355)
FINANCING ACTIVITIES			
Payments on long term obligations	(206,339)	(4,512)	(106,802)
Borrowing under line of credit	275,000	110,000	40,000
Purchase of treasury shares	(17,697)	(10,051)	(11,418)
Stock option and other equity transactions	10,166	9,250	32,945
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	61,130	104,687	(45,275)
Effect of exchange rate changes on cash and cash equivalents	(338)	(459)	(2,869)
Increase (decrease) in cash and cash equivalents	6,508	(3,404)	(120,213)
Cash and cash equivalents at beginning of period	17,172	20,576	140,789
Cash and cash equivalents at end of period	$ 23,680	$ 17,172	$ 20,576

See notes to consolidated financial statements.

STERIS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(IN THOUSANDS)

	COMMON SHARES		RETAINED	CUMULATIVE TRANSLATION	TOTAL SHAREHOLDERS
	NUMBER	AMOUNT	EARNINGS	AND OTHER	EQUITY
BALANCE AT APRIL 1, 1996	65,972	$209,751	$100,119	$(5,811)	$304,059
Net loss			(30,606)		(30,606)
Foreign currency translation adjustment (including taxes of $1,545)				(2,869)	(2,869)
Comprehensive loss					(33,475)
Stock options exercised	2,897	27,807			27,807
Tax benefit of stock options exercised		5,138			5,138
Treasury shares purchased	(900)	(11,418)			(11,418)
Amortization of Restricted Stock Award and options issued at a discounted price				2,605	2,605
BALANCE AT MARCH 31, 1997	67,969	231,278	69,513	(6,075)	294,716
Net income			65,496		65,496
Foreign currency translation adjustment (including taxes of $247)				(459)	(459)
Comprehensive income					65,037
Stock options exercised	652	6,584			6,584
Tax benefit of stock options exercised		2,666			2,666
Treasury shares purchased	(600)	(10,051)			(10,051)
BALANCE AT MARCH 31, 1998	68,021	230,477	135,009	(6,534)	358,952
Net income			84,854		84,854
Foreign currency translation adjustment (including taxes of $207)				(338)	(338)
Comprehensive income					84,516
Stock options exercised	631	5,489			5,489
Other equity transactions	4	109			109
Tax benefit of stock options exercised		4,568			4,568
Treasury shares purchased	(700)	(17,697)			(17,697)
BALANCE AT MARCH 31, 1999	67,956	$222,946	$219,863	$(6,872)	$435,937

See notes to consolidated financial statements.

STERIS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

YEARS ENDED MARCH 31, 1999 AND 1998

A. ACCOUNTING POLICIES

STERIS Corporation (the "Company" or "STERIS") develops, manufactures, and markets infection prevention, contamination prevention, microbial reduction, and surgical support systems, products, services, and technologies for healthcare, scientific, research, food, and industrial Customers throughout the world.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. Intercompany accounts and transactions have been eliminated upon consolidation. Certain reclassifications have been made to the Company's prior year financial statements to agree with current year classifications.

The Company continually evaluates whether events and circumstances have occurred that indicate the remaining estimated useful life of any long-lived asset may warrant revision or that the remaining balance of the asset may not be recoverable. When factors indicate that the long-lived assets should be evaluated for possible impairment, the Company uses an estimate of the related operation's cash flow from operations over the remaining life to determine recoverability.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances that affect the amounts reported in the accompanying consolidated financial statements and notes. Actual results could differ from these estimates.

The accounts of the Company's foreign subsidiaries are recorded in the currency of the country in which they operate. All balance sheet accounts except stockholders' equity are translated at current exchange rates, and revenue and expense items are translated at rates of exchange prevailing during the year. Gains and losses resulting from the translation of foreign currency financial statements, which amounted to $6,872 and $6,534 as of March 31, 1999 and 1998, respectively, represent other comprehensive income and are reflected in the cumulative translation adjustment component of stockholders' equity.

BUSINESS COMBINATIONS

In late September 1998, the Company completed the acquisition of Hausted Inc. for cash. Hausted is a leading provider of mobile systems for surgical and diagnostic patient positioning and transport. The acquisition resulted in an increase in goodwill of $41,977. During the third quarter fiscal 1999, the Company acquired Detach AB. Detach AB, located in Sweden, possesses proprietary technology and produces innovative systems for the Company's scientific and industrial marketplace. These acquisitions were accounted for as purchase transactions and did not have a material effect on the operations of the Company.

In September 1997, STERIS purchased the common shares of Isomedix Inc. in exchange for cash of $134,102. Isomedix is a leading provider of contract sterilization and microbial reduction services, with gamma irradiation, ethylene oxide, and electron-beam processing facilities across North America. The acquisition was accounted for using the purchase method of accounting and resulted in an increase in goodwill of $53,376. Following is an allocation of the purchase price:

Current assets	$ 21,633
Property, plant, and equipment	94,546
Excess purchase price over net assets acquired	53,376
Other assets	3,284
Current liabilities	(27,917)
Long-term debt	(7,900)
Deferred income taxes	(2,920)
Total cost of acquisition	$134,102

The following unaudited pro forma results of operations assume the acquisition occurred on April 1, 1996. These pro forma results have been prepared for comparative purposes only and do not purport to be indicative of the results of operations which actually would have resulted had the acquisition occurred on the date indicated, or which may result in the future.

	YEAR ENDED MARCH 31	
	1998	1997
Net revenues	$740,926	$633,085
Income (loss) from continuing operations	$ 65,393	$(30,873)
Income (loss) from discontinued operations	200	(2,394)
Net income (loss)	$ 65,593	$(33,267)
Income (loss) from continuing operations per share -- diluted	$ 0.93	$ (0.46)
Net income (loss) per share -- diluted	$ 0.93	$ (0.49)

In July 1997, STERIS acquired the assets of Joslyn Sterilizer Corporation, a designer and manufacturer of high quality, high performance sterile processing systems based upon widely accepted steam and gas sterilization methodologies. The acquisition was accounted for using the purchase method of accounting and resulted in an increase in goodwill of $7,367.

In late December 1996, STERIS completed the acquisition of the assets of the infection prevention and contamination prevention businesses of Calgon Vestal Laboratories from Bristol-Myers Squibb Company. The acquisition expanded STERIS's consumable product lines for surface cleaning and decontamination. The acquisition was accounted for using the purchase method of accounting and resulted in an increase in goodwill of $51,120.

During the second quarter of fiscal 1997, STERIS acquired Surgicot, Inc., a privately held manufacturer and supplier of biological and chemical sterile process monitors, sterilization wraps and pouches, and other consumable infection prevention products for the health care and scientific markets. The acquisition was accounted for using the purchase method of accounting and resulted in an increase in goodwill of $3,795.

On May 13, 1996, STERIS merged with Amsco International, Inc. ("Amsco") in a tax-free, stock-for-stock transaction (the "Amsco Merger"). The Amsco Merger has been accounted using the pooling-of-interests method and resulted in the issuance of approximately 30,400,000 STERIS Common Shares.

CASH EQUIVALENTS AND SUPPLEMENTAL CASH FLOW INFORMATION

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consisted exclusively of interest-bearing savings accounts and U.S. government securities.

Supplemental disclosure of cash flow information follows:

	YEARS ENDED MARCH 31		
	1999	1998	1997
Cash paid during the year for:			
Interest	$ 8,942	$ 5,885	$ 6,130
Income taxes	$20,042	$27,193	$17,286

REVENUES

The Company's net revenues include revenues earned on product sales and related after-sales, third-party service contracts and long-term construction contracts. The Company recognizes product revenues upon shipment

to a location designated by the Customer. After-sales and third-party service contract revenues are recognized upon completion of the work. Advance billings for products or service work are recorded as deferred revenue until earned. Revenue on long-term construction contracts is recognized on the percentage-of-completion basis, using the cost-to-cost method. Accrued revenue for contracts accounted for on the percentage-of-completion basis was approximately one percent of fiscal 1999 net revenues.

The Company performs periodic credit evaluations of its Customers' financial condition and generally does not require collateral on sales. The Company principally sells to health care, scientific, and industrial institutions and companies with no single Customer accounting for more than two percent of sales during the year ended March 31, 1999.

B. INVENTORIES

Inventories are stated at cost, which did not exceed market. The Company uses the last-in, first-out (LIFO) and first-in, first-out (FIFO) cost methods. Inventories utilizing LIFO represent approximately 57% and 54% of the inventory at March 31, 1999 and 1998, respectively. Inventory costs include material, labor and overhead. If the FIFO method of inventory costing had been used exclusively, inventories would have been $11,025 and $9,087 higher than those reported at March 31, 1999 and 1998, respectively. Inventories were as follows:

	MARCH 31	
	1999	1998
Raw material	$36,878	$33,007
Work in process	19,585	17,666
Finished goods	42,816	32,476
	$99,279	$83,149

C. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment are stated at cost, less accumulated depreciation. Property, plant, and equipment costs include capitalized labor, overhead and interest costs. As a result of a capital improvements campaign to add significant manufacturing assets at several locations, labor and overhead capitalized in fiscal 1999 totaled $4,850 and interest capitalized totaled $961.

The Company provides for depreciation of the net carrying cost less anticipated salvage value over the estimated remaining useful lives of property, plant, and equipment, principally by using the straight-line method. Depreciation of radioisotope is determined by use of the annual decay factor inherent in the material, which is similar to the sum-of-the-years-digits method. Depreciation expense was $27,367, $18,929 and $11,147 for the years ended March 31, 1999, 1998 and 1997, respectively. Expenditures that increase the value or productive capacity of assets, including information systems, are capitalized. Capitalized internal costs associated with information systems implementation amounted to $1,623 in fiscal 1999. Property, plant, and equipment consisted of the following:

	MARCH 31	
	1999	1998
ASSET (ASSET LIVES)		
Land and land improvements (12 years)	$ 18,300	$ 12,512
Buildings and leasehold improvements (7-50 yrs)	115,678	91,426
Machinery and equipment (3-15 years)	195,191	149,473
Radioisotope (20 years)	43,217	36,247
TOTAL	372,386	289,658
Less: accumulated depreciation	111,105	84,366
PROPERTY, PLANT, AND EQUIPMENT, NET	$261,281	$205,292

Rental expense under all leases was approximately $12,366, $11,727 and $10,784 for the years ended March 31, 1999, 1998 and 1997, respectively. Operating leases relate principally to warehouse and office space, service facilities, vehicles, equipment and communication systems. Future minimum annual rentals payable under noncancelable leases in fiscal 2000, 2001, 2002, 2003, and 2004, and thereafter are $9,761, $8,268, $5,807, $3,326, $1,012, and $3,604, respectively.

D. INTANGIBLE ASSETS

Costs incurred to obtain product technology rights, including patents, have been capitalized and are being amortized over their estimated useful lives of five to seventeen years using the straight-line method. The Company currently provides for the amortization of intangible assets, including goodwill, over lives ranging from 17-40 years. Intangible assets consisted of the following:

	MARCH 31	
	1999	1998
ASSETS (AMORTIZATION PERIOD)		
Goodwill, net of accumulated amortization of $24,420 and $19,542, respectively (35-40 years)	$196,831	$163,752
Patents, trademarks and other intangible assets, net of accumulated amortization of $48,079 and $46,974, respectively (17 years)	11,420	10,220
TOTAL	$208,251	$173,972

E. FINANCIAL INSTRUMENTS

Long-term indebtedness was as follows:

	MARCH 31	
	1999	1998
Credit Facility	$215,000	$145,000
Other debt	8,700	10,079
Total	223,700	155,079
Less current portion	2,200	2,200
Long-term portion	$221,500	$152,879

On January 26, 1999, STERIS entered into a $400,000 Credit Facility, which replaced the prior revolving Credit Facility. The new Credit Facility includes an unsecured revolver of $250,000 which matures January 26, 2002. The remaining $150,000 is an unsecured 364 day facility maturing on January 25, 2000, which can be extended annually for 364 days. The new $400,000 Credit Facility may be used for general corporate purposes and will bear interest at either KeyBank National Association's prime rate or LIBOR rates plus .325 percent to .700 percent, which amounted to 5.4 percent and 6.0 percent at March 31, 1999 and 1998, respectively. The Credit Facility contains customary covenants which include maintenance of certain financial ratios. As of March 31, 1999, $28,000 could be used for dividend distributions under these provisions.

Additional obligations consisted mainly of industrial development revenue bonds which bear interest at a variable rate based on the bank/marketing agent's demand note index. These bond agreements contain various covenants relating to minimum capitalization, net worth, and working capital. At March 31, 1999, outstanding obligations under the industrial development revenue bonds were $7,100, with a weighted average interest rate of 3.2 percent.

Amounts payable for borrowings in fiscal 2000, 2001, 2002, 2003, 2004 and thereafter are $2,200, $800, $215,700, $700, $700 and $3,600, respectively.

As of March 31, 1999 and 1998, the Company was contingently liable in the amount of $21,066 and $15,980, respectively, under standby letters of credit and guarantees. Approximately $11,500 of the totals at March 31, 1999 and 1998 relate to letters of credit required as security under the Company's self-insured risk retention policies. The remaining balance in each year relates to performance bonds on long-term contracts.

The fair value of the Company's financial instruments, including long-term indebtedness and cash, and cash equivalents that amounted to $23,680 and $17,172 as of March 31, 1999 and 1998, respectively, approximated their carrying values.

F. ACCRUED EXPENSES AND OTHER

Accrued expenses and other consisted of the following:

	MARCH 31	
	1999	1998
Associate compensation	$ 15,313	$ 18,082
Self insured retention	8,000	9,045
Taxes	40,732	33,147
Warranty and product upgrade costs	5,490	13,646
Other	37,971	52,065
TOTAL	$107,506	$125,985

G. INCOME TAXES

The Company records the effect of income taxes using the liability method. Income (loss) from continuing operations before income taxes was as follows:

	MARCH 31		
	1999	1998	1997
U.S. operations	$112,889	$110,755	$ 2,995
Non-U.S. operations	14,307	(3,400)	(7,857)
	$127,196	$107,355	$(4,862)

The components of the provision for income taxes consisted of the following:

	MARCH 31		
	1999	1998	1997
Current provision:			
U.S. federal	$23,899	$27,211	$34,385
U.S. state and local	3,218	4,465	2,471
Non-U.S.	3,176	2,742	1,061
Total current provision	30,293	34,418	37,917
Deferred expense (benefit)	12,049	7,441	(12,173)
Total provision for income taxes	$42,342	$41,859	$25,744

The total provision for income taxes can be reconciled to the tax computed at the U.S. federal statutory rate as follows:

	MARCH 31		
	1999	1998	1997
Tax computed at the U.S. federal statutory tax rate...	$44,518	$37,574	$(1,702)
Reduction of income tax accruals.....	(6,000)	0	0
Merger and related costs for which no tax benefit was provided.....	0	0	22,260
State and local taxes, net of federal income tax benefit.....	2,092	2,902	1,606
Amortization of excess cost over net assets acquired.....	629	530	831
Valuation allowance, net.....	0	0	1,646
Difference in non-U.S. tax rates.....	1,046	532	500
All other, net.....	57	321	603
Total provision for income taxes.....	$42,342	$41,859	$25,744

The $6,000 reduction in the income tax accruals represents a one-time benefit related to fourth-quarter fiscal 1999 developments in the Company's various tax planning strategies.

The significant components of the deferred tax assets and liabilities recorded in the accompanying balance sheets at March 31, 1999 and 1998, were as follows:

	MARCH 31	
	1999	1998
DEFERRED TAX ASSETS		
Post-retirement benefit accrual.....	$ 16,768	$ 17,029
Net operating loss carryforwards.....	1,929	1,339
Inventory.....	1,559	0
Accrued expenses and other.....	21,247	33,789
Gross deferred tax assets.....	41,503	52,157
Valuation allowance.....	(1,929)	(1,339)
Total deferred tax assets.....	$ 39,574	$ 50,818
DEFERRED TAX LIABILITIES		
Plant & equipment.....	$(16,669)	$(13,031)
Intangibles.....	(3,236)	(2,802)
Inventory.....	0	(538)
Other.....	(569)	(5,128)
Total deferred tax (liabilities).....	$(20,474)	$(21,499)

For tax return purposes, certain subsidiaries, both U.S. and non-U.S., had operating loss carryforwards of $5,041. Carryforwards of $1,099 have no expiration dates and the balance expires at various dates from 2001 through 2011. The valuation allowance applies to net operating loss carryforwards that may expire before the Company can utilize them. The net change in deferred tax assets related to carryforwards and the valuation allowance for the year ended March 31, 1999 was an increase of $590, primarily due to the increase in foreign operating loss carryforwards.

At March 31, 1999, undistributed earnings of non-U.S. subsidiaries included in consolidated retained earnings amounted to $32,721. These earnings are indefinitely reinvested in non-U.S. operations. Accordingly, no provision has been made for withholding taxes related to such earnings, nor is it practicable to determine the amount of this liability.

H. BENEFIT PLANS

The following table sets forth the funded status and amounts recognized in the accompanying consolidated balance sheets for the Company's defined benefit plans:

	PENSION BENEFITS		OTHER POST-RETIREMENT BENEFITS	
	1999	1998	1999	1998
BENEFIT OBLIGATION:				
Balance at beginning of measurement period	$41,638	$31,326	$ 47,704	$ 52,897
Service cost	1,081	989	399	399
Interest cost	2,768	2,701	3,187	3,529
Actuarial (gains) loss	202	5,727	5,689	(3,209)
Benefits paid	(2,616)	(2,185)	(3,394)	(2,973)
Plan curtailment (gain)	(451)	0	0	(2,939)
Acquisition	0	3,080	0	0
Balance at end of measurement period	42,622	41,638	53,585	47,704
FAIR VALUE OF PLAN ASSETS:				
Balance at beginning of measurement period	43,966	32,579	0	0
Actual return on plan assets	4,044	9,672	0	0
Employer contribution	103	427	3,394	2,973
Benefits paid	(2,575)	(2,185)	(3,394)	(2,973)
Acquisition	0	3,473	0	0
Balance at end of measurement period	45,538	43,966	0	0
Funded status	2,916	2,328	(53,585)	(47,704)
Unamortized transition amount	(1,180)	(1,291)	0	0
Unamortized prior service cost	3,052	2,687	(752)	(949)
Unamortized (gain) loss	(6,814)	(5,901)	5,725	0
Prepaid (accrued) benefit cost	$(2,026)	$(2,177)	$(48,612)	$(48,653)

Net periodic cost of the Company's defined benefit plans includes the following components:

	PENSION BENEFITS			OTHER POST-RETIREMENT BENEFITS		
	1999	1998	1997	1999	1998	1997
Service cost	$ 1,081	$ 989	$ 685	$ 399	$ 399	$ 99
Interest cost	2,768	2,701	2,227	3,187	3,529	3,321
Expected return on plan assets	(3,423)	(2,963)	(2,542)	0	0	0
Net amortization and deferral	(576)	351	244	(233)	0	0
Net periodic (benefit) cost	$ (150)	$ 1,078	$ 614	$3,353	$3,928	$3,420

A weighted average discount rate of 6.75%, 7.0%, and 7.75% was used in determining the actuarial present value of the projected benefit obligations at March 31, 1999, 1998 and 1997, respectively. The expected long-term rates of return on assets at the respective measurement dates were 8.0% at March 31, 1999, 1998 and 1997. Unrecognized gains and losses and the initial net pension asset are amortized over a fifteen-year period.

Future benefit costs for other post-retirement benefit plans were estimated assuming medical costs would increase at approximately a 6.5% annual rate (6.5% in fiscal 1998 and 7.25% in fiscal 1997), decreasing to approximately a 5% annual growth rate ratably over a five-year period and then remaining at that rate. A 1%

change in the annual trend rate would have changed the accumulated postretirement benefit obligation at March 31, 1999, by $5,000 and changed the fiscal 1999 postretirement benefit expense by $400.

The Company's contributions to defined contribution plans were $3,231, $2,936 and $2,979 for fiscal 1999, 1998 and 1997, respectively.

I. NON-RECURRING TRANSACTIONS

Non-recurring charges of $90,831 ($81,300 net of tax, or $1.22 per share) were recorded in the 1997 fiscal first quarter for costs related to the Amsco Merger. The charges include transaction costs of approximately $15,000 and other non-recurring charges of approximately $75,800 ($66,300 net of tax). The transaction costs are for legal, accounting, investment banking, and related expenses. The other non-recurring charges are for (i) elimination of redundant facilities and other assets ($27,000), (ii) satisfaction of Amsco executive employment agreements and other Associate severance ($19,300), (iii) write-off of goodwill related to Amsco's Finn-Aqua business which was impaired as a result of the planned merger activities ($27,250), and (iv) other merger-related items. Property write downs of $20,000 were recorded as part of the estimated cost of eliminating redundant facilities based on fair value estimates. During fiscal 1997, STERIS closed a manufacturing and research facility in Apex, North Carolina, Amsco's headquarters in Pittsburgh, Pennsylvania, as well as Customer Service facilities in Dallas, Texas and Atlanta, Georgia. Operations of the closed facilities were consolidated into existing STERIS facilities. Cash payments related principally to transaction costs, executive employment agreements and Associate severance. Associate severance costs incurred related to closed facilities. The planned Associate severance was substantially complete as of March 31, 1997. Such severance included approximately 150 individuals and cost approximately $6,000.

During the second quarter of fiscal 1998, STERIS completed the sale of the assets of its Management Services Division to General Electric Medical Systems, a business of General Electric Company. The transaction did not result in a material income statement effect. The transaction included tangible and intangible assets relating to the business, and costs included impairment of redundant assets and transaction related costs.

J. CONTINGENCIES

There are various pending lawsuits and claims arising out of the conduct of STERIS's business. In the opinion of management, the ultimate outcome of these lawsuits and claims will not have a material adverse effect on STERIS's consolidated financial position or results of operations. STERIS presently maintains product liability insurance coverage in amounts and with deductibles that it believes are prudent.

K. BUSINESS SEGMENT INFORMATION

The Company operates in a single business segment. The following is information about the Company's operations by geographic area:

	MARCH 31		
	1999	1998	1997
Net revenues			
United States	$649,990	$582,644	$487,679
Foreign	147,621	137,012	100,173
Consolidated net revenues	$797,611	$719,656	$587,852
Long-lived assets			
United States	$245,447	$192,538	$ 90,265
Foreign	18,901	15,773	14,901
Consolidated long-lived assets	$264,348	$208,311	$105,166

Revenues are attributed to countries based on the location of subsidiaries. Long-lived assets are those assets that are identified with the operations in each geographic area. Revenues to a single Customer did not aggregate two percent or more of total revenues. Revenues by principal market are as follows:

	YEARS ENDED MARCH 31		
	1999	1998	1997
Health Care	$597,146	$547,809	$449,166
Scientific and Industrial	200,465	171,847	138,686
Total	$797,611	$719,656	$587,852

L. COMMON SHARES

Basic earnings per share is based on average Common Shares outstanding. Diluted earnings per share includes the dilutive effect of stock options. Incremental Common Share equivalents are calculated for each measurement using the treasury stock method. Common Share equivalents were antidilutive for the fiscal year 1997 and accordingly were excluded from the computation of earnings (loss) per Common Share for such period. Following is a summary, in thousands, of Common Shares and Common Share equivalents outstanding used in the calculations of earnings (loss) per share:

	YEARS ENDED MARCH 31		
	1999	1998	1997
Weighted average Common Shares outstanding -- basic	68,200	67,898	67,356
Dilutive effect of stock options	2,392	2,326	0
Weighted average Common Shares and equivalents -- diluted	70,592	70,224	67,356

On July 28, 1998, the Company announced a 2-for-1 stock split effected by means of a 100% stock dividend on STERIS Common Shares. The stock split was effective August 24, 1998 to shareholders of record on August 10, 1998. The net income per common share and the weighted average number of common shares outstanding as well as number of shares issued and outstanding for all periods shown have been adjusted to reflect this stock split. During fiscal 1999, the Company increased its authorized Common Shares from 100,000,000 to 300,000,000.

The Company has granted nonqualified stock options to certain Associates to purchase the Company's Common Shares at the market price on the date of grant. Stock options granted become exercisable to the extent of one-fourth of the optioned shares for each full year of employment following the date of grant and expire 10 years after the date of grant, or earlier if an option holder ceases to be employed by the Company. The Company recognizes no compensation expense when the exercise price equals the market price of the stock on the date of grant.

Effective July 11, 1995, Amsco entered into an employment agreement with its President and Chief Executive Officer (CEO) that included the granting of 1,380,000 nonqualified stock options at a discounted exercise price of $13.18. The fair value of the options was $8.25 per share. 920,000 of the stock options were performance-based and vested if Amsco's common stock achieved certain market value criteria. During the second quarter of fiscal 1996, 460,000 of these performance-based options vested because the average fair market value of Amsco's common stock exceeded target prices. The remaining performance-based options vested in fiscal 1997. The employment agreement referred to above also included an award of 75,878 shares of restricted stock of Amsco. Based on the terms of the award, this stock became completely vested during fiscal 1997. Upon granting the stock options and awarding the restricted stock to the Amsco CEO, Amsco recorded $4,363 of deferred compensation expense, which was amortized over defined vesting schedules. The unamortized portion of the awards was $2,605 as of March 31, 1996, and was recorded as a component of the special equity account entitled "cumulative translation and other" on the accompanying consolidated statements of shareholders' equity.

During the second quarter of fiscal 1996, Amsco recorded an approximate $1,000 charge to selling, informational and administrative expense because of the accelerated vesting of the 460,000 options discussed above. As a result of the Amsco Merger, vesting accelerated for the remaining stock options and restricted stock agreements. The related charges were recorded in fiscal 1997 as part of the non-recurring charge in the accompanying consolidated statement of operations.

Following is a summary of option share information.

	BEGINNING OF YEAR	GRANTED	EXERCISED	CANCELED	END OF YEAR
Fiscal 1999					
Option Shares	6,228,596	1,162,604	(630,937)	(187,159)	6,573,104
Average Price	$9.52	$30.40	$8.70	$16.96	$13.07
Fair Value		$14.24			
Fiscal 1998					
Option Shares	5,922,772	1,196,404	(652,242)	(238,338)	6,228,596
Average Price	$8.31	$19.06	$10.10	$25.47	$9.52
Fair Value		$9.14			
Fiscal 1997					
Option Shares	7,702,936	1,450,576	(2,897,390)	(333,350)	5,922,772
Average Price	$8.05	$13.69	$9.66	$14.02	$8.31
Fair Value		$6.62			

In relation to the exercise of 373,000 options during the 1997 fiscal year, an executive officer of the Company has, as of March 31, 1999, an outstanding balance of $2,501. The related full recourse note bears interest at 5.7% and is payable on or before February 28, 2002.

Shares available for future grants were 4,130,447 at March 31, 1999. At March 31, 1999, the range and weighted average per share exercise prices of options outstanding and exercisable, and the weighted average remaining contractual life (years), was as follows:

	OUTSTANDING			EXERCISABLE	
RANGE OF EXERCISE PRICES	OPTION SHARES	WEIGHTED AVERAGE EXERCISE PRICE	CONTRACT LIFE (YEARS)	OPTION SHARES	WEIGHTED AVERAGE EXERCISE PRICE
$0.48 -- $3.49	1,371,115	$ 1.00	2.1	1,371,115	$ 1.00
$3.50 -- $9.99	1,578,262	5.88	4.9	1,486,258	5.65
$10.00 -- $18.99	2,113,167	15.24	7.5	961,666	14.51
$19.00 -- $30.66	1,510,560	28.53	8.9	288,060	23.99
	6,573,104	$13.07	6.1	4,107,099	$ 7.46

At March 31, 1998, options with an average exercise price of $5.90 were exercisable on 3,761,000 shares; at March 31, 1997, options with an average exercise price of $6.63 were exercisable on 3,785,722 shares.

Had the compensation cost for the stock options granted in fiscal 1999, 1998 and 1997 been determined based on the value at the grant date consistent with the Financial Accounting Standards Board's fair value method, the Company's net earnings and earnings per share would have been reduced by $5,104 ($.07 per share) in fiscal 1999, $3,197 ($.05 per share) in fiscal 1998, net loss and loss per share would have been increased by $3,060 ($.05 per share) in fiscal 1997. The effect on fiscal 1999, 1998 and 1997 net earnings (loss) may not be representative of the effect on future years' net earnings amounts as the compensation cost of each year's grant is recognized over the four-year vesting period. Fair value was estimated at the date of grant using the Black-

Scholes option pricing model and the following weighted-average assumptions for fiscal 1999, 1998 and 1997: risk-free interest rate of 6.1%; dividend yield of 0%; expected volatility of 45%; and an expected option life of 5 years.

On January 30, 1997, the Company announced that its Board of Directors had authorized the periodic repurchase of up to six million STERIS Common Shares in the open market. As of March 1999, the Company had repurchased 2,200,100 STERIS Common Shares.

Under a Shareholder Rights Agreement, one Common Share purchase Right is attached to each outstanding Common Share. Each Right is exercisable only if a person or group acquires 15% or more of the outstanding Common Shares. If the Rights become exercisable, each Right will entitle the holder (other than the acquiring person or group) to acquire one Common Share for an exercise price of $.50 per share. The Rights will expire on November 7, 2006, unless redeemed earlier at one half cent per Right.

M. QUARTERLY DATA (UNAUDITED)

	QUARTERS ENDED			
	MARCH 31	DECEMBER 31	SEPTEMBER 30	JUNE 30
FISCAL 1999				
Net revenues	$226,917	$205,794	$191,125	$173,775
Gross profit	101,239	96,534	89,504	81,314
Percentage of revenues	45%	47%	47%	47%
NET INCOME	$ 28,763	$ 22,975	$ 18,771	$ 14,345
Earnings per share -- basic	$ 0.42	$ 0.34	$ 0.27	$ 0.21
Earnings per share -- diluted	$ 0.41	$ 0.33	$ 0.27	$ 0.20
FISCAL 1998				
Net revenues	$204,500	$186,639	$173,383	$155,134
Gross profit	95,489	84,048	78,187	66,834
Percentage of revenues	47%	45%	45%	43%
NET INCOME	$ 20,270	$ 18,170	$ 15,309	$ 11,747
Earnings per share -- basic	$ 0.30	$ 0.27	$ 0.23	$ 0.17
Earnings per share -- diluted	$ 0.29	$ 0.26	$ 0.22	$ 0.17

Refer to Note G regarding a fourth-quarter fiscal 1999 reduction in income tax accruals.

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS
(IN THOUSANDS)

COL. A	COL. B	COL. C	COL. D	COL. E	COL. F
		ADDITIONS			
DESCRIPTION	BEGINNING OF PERIOD	CHARGES TO COSTS AND EXPENSES	CHARGES TO OTHER ACCTS.	DEDUCTIONS(1)	BALANCE AT END OF PERIOD
Year ended March 31, 1999					
Deducted from asset accounts:					
Allowance for doubtful accounts....	$6,780	$ 379	$500	$1,659	$6,000
Year ended March 31, 1998					
Deducted from asset accounts:					
Allowance for doubtful accounts....	$3,810	$3,561	$ 0	$ 591	$6,780
Year ended March 31, 1997					
Deducted from asset accounts:					
Allowance for doubtful accounts....	$1,947	$2,557	$ 0	$ 694	$3,810

(1) Uncollectible accounts written off, net of recoveries.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The Company incorporates herein by reference the information appearing under the captions "Board of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" of the Company's definitive Proxy Statement to be filed with the Securities and Exchange Commission on or about June 22, 1999.

Executive officers of the Company serve for a term of one year from the date of election to the next organizational meeting of the Board of Directors and until their respective successors are elected and qualified, except in the case of death, resignation, or removal. Information concerning executive officers of the Company is contained in Part I of this report under the caption "Executive Officers of the Registrant."

ITEM 11. EXECUTIVE COMPENSATION

The Company incorporates herein by reference the information appearing under the caption "Compensation of Executive Officers" of the Company's definitive Proxy Statement to be filed with the Securities and Exchange Commission on or about June 22, 1999.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The Company incorporates herein by reference the information appearing under the caption "Ownership of Voting Securities" of the Company's definitive Proxy Statement to be filed with the Securities and Exchange Commission on or about June 22, 1999.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company incorporates herein by reference the information appearing under the caption "Compensation of Executive Officers" of the Company's definitive Proxy Statement to be filed with the Securities and Exchange Commission on or about June 22, 1999.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULE, AND REPORTS ON FORM 8-K

LIST OF CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

(a)(1) The following consolidated financial statements of STERIS Corporation and subsidiaries are included in Item 8:

Consolidated Balance Sheets -- March 31, 1999 and 1998.

Consolidated Statements of Operations -- Years ended March 31, 1999, 1998 and 1997.

Consolidated Statements of Cash Flows -- Years ended March 31, 1999, 1998 and 1997.

Consolidated Statements of Shareholders' Equity -- Years ended March 31, 1999, 1998 and 1997.

Notes to Consolidated Financial Statements -- March 31, 1999 and 1998.

(a)(2) The following consolidated financial statement schedule of STERIS Corporation and subsidiaries is included in Item 8:

Schedule II -- Valuation and Qualifying Accounts

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore, have been omitted.

(a)(3) Exhibits

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
3.1(a)	1992 Amended Articles of Incorporation of STERIS Corporation, as amended on May 14, 1996 (filed as Exhibit 4.2 to the Registration Statement on Form S-3 filed June 21, 1996, and incorporated herein by reference).
3.1(b)	Amendments to the 1992 Amended Articles of Incorporation of STERIS Corporation on November 6, 1996 and August 6, 1998.
3.2	1992 Amended Regulations of STERIS Corporation. (filed as Exhibit 3.2 to Form 10-K filed for the fiscal year ended March 31, 1998, and incorporated herein by reference).
4.1	Specimen Form of Common Stock Certificate.
4.2	Amended and Restated Rights Agreement, dated as of January 21, 1999, between STERIS Corporation and Harris Trust and Savings Bank, Rights Agent (filed as Exhibit 4.2 to the Registration Statement on Form 8-A filed April 16, 1999, and incorporated herein by reference).
10.1	Amended Non-Qualified Stock Option Plan (filed as Exhibit 10.4 to Amendment No. 1 to the Registration Statement on Form S-1 filed April 23, 1992, and incorporated herein by reference).
10.2	STERIS Corporation 1994 Equity Compensation Plan (filed as Exhibit 99 to the Registration Statement on Form S-8 filed April 21, 1995, and incorporated herein by reference).
10.3	STERIS Corporation 1994 Nonemployee Directors Equity Compensation Plan (filed as Exhibit 10.3 to Form 10-K filed for the fiscal year ended March 31, 1997, and incorporated herein by reference). (A management contract or compensatory plan or arrangement required to be filed as an exhibit hereto).
10.4	Amsco International, Inc. Stock Option Plan (incorporated by reference to Exhibit 4.1 to the Registration Statement of Amsco International, Inc. on Form S-8, Registration No. 33-79566, filed on June 2, 1994).

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
10.5	Form of grant of Incentive Stock Option under Amsco International, Inc. Stock Option Plan (filed as Exhibit 10.6 to Form 10-K filed for the fiscal year ended March 31, 1997, and incorporated herein by reference).
10.6	Form of grant of Non-Qualified Stock Option under the Amsco International, Inc. Stock Option Plan (filed as Exhibit 10.7 to Form 10-K filed for the fiscal year ended March 31, 1997, and incorporated herein by reference).
10.7	STERIS Corporation 1997 Stock Option Plan (filed as Exhibit 10.14 to Form 10-K filed for the fiscal year ended March 31, 1998, and incorporated herein by reference).
10.8	STERIS Corporation 1998 Long-Term Incentive Stock Plan.
10.9	Credit Agreement, dated January 26, 1999, among STERIS Corporation, various financial institutions and KeyBank National Association, as Agent (filed as Exhibit 10.1 to Form 10-Q filed for the quarter ended December 31, 1998, and incorporated herein by reference).
10.10	Management Incentive Compensation Plan FY 1999.
10.11	Senior Executive Management Incentive Compensation Plan.
10.12	Promissory Note (filed as Exhibit 10.12 to Form 10-K filed for the fiscal year ended March 31, 1998, and incorporated herein by reference).
10.13	The Agreement and Plan of Merger, dated August 12, 1997, by and among Isomedix Inc., STERIS Corporation, and STERIS Acquisition Corporation (filed as Exhibit (c)(1) to the Tender Offer Statement on Schedule 14D-1 filed by STERIS Corporation and STERIS Acquisition Corporation on August 18, 1997, and incorporated herein by reference).
21.1	Subsidiaries of STERIS Corporation.
23.1	Consent of Independent Auditors.
24	Power of Attorney.
27	Financial Data Schedules.

STERIS or its subsidiaries are parties to several indentures relating to long-term debt instruments, which, individually or in the aggregate, do not exceed 10% of the total assets of STERIS and its subsidiaries on a consolidated basis. STERIS will furnish a copy of any such indenture to the Securities and Exchange Commission upon request.

(b) Reports on Form 8-K

No Current Reports on Form 8-K were filed by STERIS during the fourth quarter of fiscal 1999.

SIGNATURES

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the date indicated.

STERIS Corporation
(Registrant)

/s/ JANET L. KAPOSTASY

Janet L. Kapostasy
Controller and Principal Accounting Officer
June 18, 1999

/s/ MARK L. FAGERHOLM

Mark L. Fagerholm
Vice President Finance and Principal Financial Officer
June 18, 1999

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

BILL R. SANFORD, Chairman of the Board of Directors, President, and Chief Executive Officer (Principal Executive Officer); JANET L. KAPOSTASY, Controller (Principal Accounting Officer); MARK L. FAGERHOLM, Vice President Finance (Principal Financial Officer); RAYMOND A. LANCASTER, Director; THOMAS J. MAGULSKI, Director; J.B. RICHEY, Director; JERRY E. ROBERTSON, Director; FRANK E. SAMUEL, JR., Director; and LOYAL W. WILSON, Director.

STERIS Corporation
(Registrant)

/s/ MICHAEL A. KERESMAN, III

Michael A. Keresman, III
Attorney-in-Fact
June 18, 1999

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23.1	Consent of Independent Auditors.
24	Power of Attorney.
27	Financial Data Schedules.

STERIS or its subsidiaries are parties to several indentures relating to long-term debt instruments, which, individually or in the aggregate, do not exceed 10% of the total assets of STERIS and its subsidiaries on a consolidated basis. STERIS will furnish a copy of any such indenture to the Securities and Exchange Commission upon request.

EXHIBIT 3.1(b)

Amendments to the 1992 Amended Articles of Incorporation of STERIS Corporation on November 6, 1996 and August 6, 1998.

On November 6, 1996, Article Fourth of STERIS Corporation's 1992 Amended Articles of Incorporation was amended to add a new Section 8, as follows:

SECTION 8. Series A Preferred Shares.

(a) Of the 3,000,000 Serial Preferred Shares without par value, 1,000,000 shall be Series A Preferred Shares. Series A Preferred Shares may be issued in fractions of a share that shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and have the benefit of all other rights of holders of Series A Preferred Shares. The express terms of Series A Preferred Shares, in addition to those set forth in Sections 1 through 7 of this Article Fourth, shall be as hereinafter set forth in this Section 8.

(b) The holders of Series A Preferred Shares shall be entitled to receive, out of any funds legally available and when and as declared by the Board of Directors, dividends and other distributions of the same kind as, but at a rate equal to one hundred (100) times the amount per share of, the dividends or other distributions received by the holders of Common Shares, subject to the provision for adjustment hereinafter set forth. The record date and payment date of the dividends and other distributions payable to the holders of the Series A Preferred Shares shall be the same as the record date and the payment date of the dividends and other distributions payable to the holders of the Common Shares. Dividends on the Series A Preferred Shares shall not accrue or be cumulative. In the event the Corporation at any time declares or pays any dividend on the Common Shares payable in Common Shares, or effects a subdivision or combination or consolidation of the outstanding Common Shares (by reclassification or otherwise than by payment of a dividend in Common Shares) into a greater or lesser number of Common Shares, then in each such case the amount of dividends payable to holders of the Series A Preferred Shares under this paragraph (b) shall be adjusted by multiplying the amount to which such holders were entitled immediately prior to such event by a fraction, the numerator of which is the number of Common Shares outstanding immediately after such event and the denominator of which is the number of Common Shares outstanding immediately prior to such event.

(c) The outstanding Series A Preferred Shares shall not be redeemable.

(d) The holders of Series A Preferred Shares shall, in case of liquidation, dissolution, or winding up of the affairs of the Corporation, be entitled to receive in full, out of the assets of the Corporation, including its capital, an amount equal to one hundred (100) times the amount to be distributed per share to holders of Common Shares, subject to the provision for adjustment hereinafter set forth. In the event the Corporation at any time declares or pays any dividend on the Common Shares payable in Common Shares, or effects a subdivision or combination or consolidation of the outstanding Common Shares (by reclassification or otherwise than by payment of a dividend in Common Shares) into a greater or lesser number of

Common Shares, then in each such case the amount to be distributed to holders of the Series A Preferred Shares under this paragraph (d) shall be adjusted by multiplying amount to which such holders were entitled immediately prior to such event by a fraction, the numerator of which is the number of Common Shares outstanding immediately after such event and the denominator of which is the number of Common Shares outstanding immediately prior to such event. Except as set forth above, the holders of Series A Preferred Shares shall have the same rights and shall be treated in the same manner with respect to any liquidation, dissolution or winding up as holders of Common Shares.

(e) In the event that the Corporation enters into any consolidation, merger, combination or other stock transaction in which the Common Shares are exchanged for or changed into other stock (and other securities and assets, if any), then in any such case each Series A Preferred Share shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to one hundred (100) times the aggregate amount of stock (and other securities and assets, if any), as the case may be, into which or for which each Common Share is changed or exchanged. In the event the Corporation at any time declares or pays any dividend on the Common Shares payable in Common Shares, or effects a subdivision or combination or consolidation of the outstanding Common Shares (by reclassification or otherwise than by payment of a dividend in Common Shares) into a greater or lesser number of Common Shares, then in each such case the amount to be distributed to holders of the Series A Preferred Shares under this paragraph (e) shall be adjusted by multiplying amount to which such holders were entitled immediately prior to such event by a fraction, the numerator of which is the number of Common Shares outstanding immediately after such event and the denominator of which is the number of Common Shares outstanding immediately prior to such event.

On August 6, 1998, the first paragraph of Article Fourth of STERIS Corporation's 1992 Amended Articles of Incorporation was amended to read as follows:

> FOURTH. The authorized number of shares of the Corporation is 303 million of which 300 million shall be Common Shares, without par value (the "Common Shares"), and 3 million shall be Serial Preferred Shares, without par value (the "Serial Preferred Shares").

EXHIBIT 4.1 Specimen form of Common Stock Certificate.

TEMPORARY CERTIFICATE - EXCHANGEABLE FOR DEFINITIVE WHEN AVAILABLE

STERIS

NUMBER ("logo") SHARES

INCORPORATED UNDER THE LAWS OF THE STATE OF OHIO
STERIS CORPORATION
This certificate is transferable in Chicago, IL or New York, NY
CUSIP 859152 10 0

THIS CERTIFIES THAT

is the owner of

FULLY PAID AND NON-ASSESSABLE COMMON SHARES, WITHOUT PAR VALUE, OF
STERIS CORPORATION

transferable on the books of the Corporation by the holder hereof in person or by duly authorized attorney upon surrender of this certificate properly endorsed. This certificate is not valid until countersigned by the Transfer Agent of the Corporation and registered by the Registrar.

WITNESS the facsimile signatures of the duly authorized officers of the Corporation.

Dated

SECRETARY PRESIDENT

Countersigned and Registered:

HARRIS TRUST AND SAVINGS BANK
Transfer Agent and Registrar,

BY

Authorized Signature

AMERICAN BANK NOTE COMPANY.

STERIS CORPORATION

As required by Ohio law, the Corporation will mail to the record holder of this certificate, without charge, within five (5) days after receipt of written request therefor addressed to the Secretary of the Corporation at its principal place of business, a copy of the express terms of the shares represented by this certificate and of all other classes and series of shares which the Corporation is authorized to issue.

The following abbreviations, when used in the inscription on the face of this instrument, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM - as tenants in common	UNIF GIFT MIN ACT - _____ Custodian _____
TEN ENT - as tenants by the entireties	(Cust) (Minor)
JT TEN - as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act _____ (State)

Additional abbreviations may also be used though not in the above list.

FOR VALUE RECEIVED, _____ HEREBY SELL, ASSIGN AND TRANSFER UNTO

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE

- _____

- _____
(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

- _____

- _____
OF THE SHARES
- _____
REPRESENTED BY THE WITHIN CERTIFICATE AND DO HEREBY IRREVOCABLY CONSTITUTE AND APPOINT ATTORNEY
_____
TO TRANSFER THE SAID SHARES ON THE BOOKS OF THE WITHIN-NAMED CORPORATION WITH FULL POWER OF SUBSTITUTION IN THE PREMISES.

DATED 19 --
_____

_____
NOTICE: THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT, OR ANY CHANGE WHATEVER.

Signature(s) Guaranteed:

- _____
THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APPROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15.

THIS CERTIFICATE ALSO EVIDENCES AND ENTITLES THE HOLDER HEREOF TO CERTAIN RIGHTS AS SET FORTH IN A RIGHTS AGREEMENT BETWEEN STERIS CORPORATION AND HARRIS TRUST AND SAVINGS BANK, AS SUCCESSOR RIGHTS AGENT, DATED AS OF OCTOBER 24, 1996 (THE "RIGHTS AGREEMENT"), AS SUCH RIGHTS AGREEMENT MAY BE AMENDED FROM TIME TO TIME THEREAFTER, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL EXECUTIVE OFFICES OF STERIS CORPORATION. UNDER CERTAIN CIRCUMSTANCES, AS SET FORTH IN THE RIGHTS AGREEMENT, SUCH RIGHTS WILL BE EVIDENCED BY SEPARATE CERTIFICATES AND WILL NO LONGER BE EVIDENCED BY THIS CERTIFICATE. STERIS CORPORATION WILL MAIL TO THE HOLDER OF THIS CERTIFICATE A COPY OF THE RIGHTS AGREEMENT (AS IN EFFECT ON THE DATE OF MAILING) WITHOUT CHARGE PROMPTLY AFTER RECEIPT OF A WRITTEN REQUEST THEREFOR. UNDER CERTAIN CIRCUMSTANCES, RIGHTS WHICH ARE OR WERE BENEFICIALLY OWNED BY ACQUIRING PERSONS OR THEIR AFFILIATES OR ASSOCIATES (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) AND ANY SUBSEQUENT HOLDER OF SUCH RIGHTS MAY BECOME NULL AND VOID.

EXHIBIT 10.8

STERIS CORPORATION
1998 LONG-TERM INCENTIVE STOCK PLAN

1. Purpose. The STERIS Corporation 1998 Long-Term Incentive Stock Plan is intended to promote the interests of STERIS Corporation and its shareholders by enabling the Company and its Subsidiaries to attract and retain key Employees and by stimulating the interest of those Employees in the development and financial success of the Company. To achieve these purposes, the Company may grant Awards of Options, Stock Appreciation Rights, Restricted Shares, and Performance Shares to key Employees selected by the Compensation Committee, all in accordance with the terms and conditions set forth in the Plan. Capitalized terms used in the Plan have the meanings ascribed to them in Section 25, the last section hereof.

2. Shares Subject to the Plan. The number of Common Shares that may be issued pursuant to the Plan shall be subject to the overall aggregate limit set forth in Section 2.1 and the specific further limits set forth in Section 2.2, in each case subject to adjustment under Section 12. Common Shares issued pursuant to the Plan may be authorized and unissued Common Shares, treasury Common Shares, or Common Shares acquired on the open market specifically for distribution under the Plan, as the Board of Directors may from time to time determine. If any Award for any reason expires or is terminated, in whole or in part, without the receipt by an Employee of Common Shares (or the equivalent thereof in cash or other property) or if Common Shares issued as Restricted Shares are reacquired by the Company as a result of rights reserved in the Award Instrument pursuant to which the Restricted Shares were granted, the Common Shares subject to that part of the Award that has so expired or terminated or the Restricted Shares that have been reacquired by the Company, as the case may be, shall again be available for the future grant of Awards under the Plan.

2.1 Overall Aggregate Limit. The aggregate number of Common Shares that may be issued pursuant to Awards granted under the Plan shall be 1,650,000 Common Shares.

2.2 Specific Further Limits. In addition to the overall aggregate limit set forth in Section 2.1, the following specific limits shall apply to Awards made pursuant to the Plan:

(a) Restricted Share Limit. The aggregate number of Common Shares that may be issued as Restricted Shares pursuant to Awards made under the Plan shall be 300,000 Common Shares.

(b) Incentive Stock Option Limit. The maximum number of Common Shares that may be issued under the Plan pursuant to Awards of Incentive Stock Options made under the Plan shall be 1,650,000 Common Shares.

(c) Per Employee Limit. The maximum number of Common Shares that may be subject to Awards granted under the Plan to any Employee during any calendar year shall be 500,000 Common Shares.

3. Eligibility. Awards may be granted to officers and to other key Employees selected by the Committee in its sole discretion. The granting of any Award to an Employee shall not entitle that Employee to, nor disqualify that Employee from, participation in any other grant of an Award.

4. Administration. The Plan shall be administered by the Committee. No Award may be made under the Plan to any member or alternate member of the Committee. The Committee shall have authority, subject to the terms of the Plan, (a) to determine the Employees who are eligible to participate in the Plan, the type, size, and terms of Awards to be granted to any Employee, the restrictions, conditions, and contingencies to be applicable in the case of specific Awards, the time or times at which Awards shall be exercisable or at which restrictions, conditions, and contingencies shall lapse, and the terms and provisions of the instruments by which Awards shall be evidenced, (b) to establish and administer Performance Goals and any other restrictions, conditions, and contingencies on Awards in addition to those prescribed by the Plan and to certify whether particular Performance Goals have been met, (c) to interpret the Plan, and (d) to make all determinations necessary for the administration of the Plan. The construction and interpretation by the Committee of any provision of the Plan or any Award Instrument delivered pursuant to the Plan and any determination by the Committee pursuant to any provision of the Plan or any Award Instrument shall be final and conclusive. No member or alternate member of the Committee shall be liable for any such action or determination made in good faith. The Committee may act only by a majority of its members. Any determination of the Committee may be made, without a meeting, by a writing or writings signed by all of the members of the Committee. In addition, the Committee may authorize any one or more of their number or any officer of the Company to execute and deliver documents on behalf of the Committee and the Committee may delegate to one or more employees, agents, or officers of the Company, or to one or more third party consultants, accountants, lawyers, or other advisors, such ministerial duties related to the operation of the Plan as it may deem appropriate.

5. Stock Options.

5.1 Type and Date of Grant of Options.

(a) The Award Instrument pursuant to which any Incentive Stock Option is granted shall specify that the Option granted thereby shall be treated as an Incentive Stock Option. The Award Instrument pursuant to which any Nonqualified Option is granted shall specify that the Option granted thereby shall not be treated as an Incentive Stock Option.

(b) The day on which the Committee authorizes the grant of an Incentive Stock Option shall be the date on which that Option is granted. No Incentive Stock Option may be granted on any date after the tenth anniversary of the date of adoption of the Plan.

(c) The day on which the Committee authorizes the grant of a Nonqualified Option shall be considered the date on which that Option is granted, unless the Committee specifies a later date.

5.2 Exercise Price. The Exercise Price under any Option shall be not less than the Fair Market Value of the Common Shares subject to the Option on the date the Option is granted.

5.3 Option Expiration Date. The Option Expiration Date under any Incentive Stock Option shall not be later than ten years from the date on which the Option is granted. The Option Expiration Date under any Nonqualified Option shall not be later than ten years and one month from the date on which the Option is granted.

5.4 Exercise of Options.

(a) Except as otherwise provided in Section 9, an Option may be exercised only while the Employee to whom the Option was granted is in the employ of the Company or of a Subsidiary. Once any portion of an Option becomes exercisable, whether by lapse of time or upon satisfaction of any other restriction, condition, or contingency that may have been established by the Committee and contained in the Award Instrument, that portion shall remain exercisable until expiration or termination of the Option. An Employee to whom an Option is granted may exercise the Option from time to time, in whole or in part, up to the total number of Common Shares with respect to which the Option is then exercisable, except that no fraction of a Common Share may be purchased upon the exercise of any Option.

(b) An Employee electing to exercise an Option shall deliver to the Company (i) the Exercise Price payable in accordance with Section 5.5 and (ii) written notice of the election that states the number of whole Common Shares with respect to which the Employee is exercising the Option.

5.5 Payment For Common Shares. Upon exercise of an Option by an Employee, the Exercise Price shall be payable by the Employee in cash or in such other form of consideration as the Committee determines may be accepted, including, without limitation, securities or other property, or any combination of cash, securities, or other property, or by delivery by the Employee (with the written notice of election to exercise) of irrevocable instructions to a broker registered under the 1934 Act to promptly deliver to the Company the amount of sale or loan proceeds to pay the Exercise Price. The Committee, in its sole discretion, may grant to an Employee the right to transfer Common Shares acquired upon the exercise of a part of an Option in payment of the Exercise Price payable upon immediate exercise of a further part of the Option.

6. Stock Appreciation Rights.

6.1 Grant of SARs. An SAR may be granted only in connection with an Option. An SAR granted in connection with an Incentive Stock Option may be granted only when the Incentive Stock Option is granted. An SAR granted in connection with a Nonqualified Option may be granted either when the related Nonqualified Option is granted or at any time thereafter, including, in the case of any Nonqualified Option resulting from the conversion of an Incentive Stock Option to a Nonqualified Stock Option, simultaneously with or after the conversion.

6.2 Exercise of SARs.

(a) An Employee electing to exercise an SAR shall deliver written notice to the Company of the election identifying the SAR and the related Option with respect to which the SAR was granted to the Employee, and specifying the number of whole Common Shares with respect to which the Employee is exercising the SAR. Upon exercise of the SAR, the related Option shall be deemed to be surrendered to the extent that the SAR is exercised.

(b) SARs may be exercised only (i) on a date when the Fair Market Value of a Common Share exceeds the Exercise Price stated in the Option related to that SAR, (ii) at a time and to the same extent as the related Option is exercisable, (iii) by surrender to the Company, unexercised, of the related Option or any applicable portion thereof, and (iv) in

compliance with any restrictions that may be set forth in the Award Instrument pursuant to which the SAR was granted.

6.3 Payment for SARs. The amount payable upon exercise of an SAR may be paid by the Company in cash, or, if the Committee shall determine in its sole discretion, in whole Common Shares (taken at their Fair Market Value at the time of exercise of the SAR) or in a combination of cash and whole Common Shares; provided, however, that in no event shall the total number of Common Shares that may be paid to an Employee pursuant to the exercise of an SAR exceed the total number of Common Shares subject to the related Option.

6.4 Termination, Amendment, or Suspension of SARs. An SAR shall terminate and may no longer be exercised upon the first to occur of (a) exercise or termination of the related Option, or (b) any termination date specified by the Committee at the time of grant of the SAR. In addition, the Committee may, in its sole discretion at any time before the occurrence of a Change of Control, amend, suspend, or terminate any SAR theretofore granted under the Plan without the holder's consent; provided that, in the case of amendment, no provision of the SAR, as amended, shall be in conflict with any provision of the Plan. The amendment, suspension, or termination of any SAR by the Committee as described in the immediately preceding sentence shall not affect the holder's rights in any related Option.

7. Restricted Shares.

7.1 Additional Conditions on Restricted Shares. In addition to the restrictions on disposition of Restricted Shares during the Restriction Period and the requirement to offer Restricted Shares to the Company if the Employee's employment terminates during the Restriction Period, the Committee may provide in the Award Instrument with respect to any Award of Restricted Shares other restrictions, conditions, and contingencies, which other restrictions, conditions, and contingencies, if any, may relate to, in addition to such other matters as the Committee may deem appropriate, the Employee's personal performance, corporate performance, or the performance of any subunit of the Company or any Subsidiary, in each case measured in such manner as may be specified by the Committee. The Committee may impose different restrictions, conditions, and contingencies on separate Awards of Restricted Shares granted to different Employees, whether at the same or different times, and on separate Awards of Restricted Shares granted to the same Employee, whether at the same or different times. The Committee may specify a single Restriction Period for all of the Restricted Shares subject to any particular Award Instrument or may specify multiple Restriction Periods so that the restrictions with respect to the Restricted Shares subject to the Award will expire in stages according to a schedule specified by the Committee and set forth in the Award Instrument.

7.2 Payment for Restricted Shares. Each Employee to whom an Award of Restricted Shares is made shall pay the Acquisition Price with respect to that Restricted Shares to the Company not later than 30 days after the delivery to the Employee of the Award Instrument with respect to that Restricted Shares. If any Employee fails to pay the Acquisition Price with respect to any Award of Restricted Shares within that 30-day period, the Employee's rights under that Award shall be forfeited.

7.3 Rights as a Shareholder. Upon payment by an Employee in full of the Acquisition Price for Restricted Shares under an Award, the Employee shall have all of the rights of a shareholder with respect to the Restricted Shares, including voting and dividend rights, subject only to such restrictions and requirements referred to in Section 7.1 as may be incorporated in the

Award Instrument with respect to that Restricted Shares.

7.4 Lapse of Restrictions following Unaccepted Offer of Resale. If (a) an Employee or an Employee's Representative becomes required, under the terms of the Plan or any provision of an Award Instrument, to offer for resale to the Company at the Acquisition Price Restricted Shares held by the Employee at the Employment Termination Date and the Employee makes the required offer to the Company in writing, and (b) the Company fails to repurchase those Restricted Shares at the Acquisition Price within 60 days of the date on which the Company receives that written offer, all restrictions on those Restricted Shares shall lapse and neither the Employee nor the Employee's Representative shall thereafter be required to offer to resell those Restricted Shares to the Company.

8. Performance Shares. The Committee may grant Awards of Performance Shares that are intended to qualify as "performance based" within the meaning of Code Section 162(m)(4)(C) ("Section 162(m) Performance Awards") and the Committee may also grant Awards of Performance Shares that are not intended to so qualify.

8.1 Discretion of Committee with Respect to Performance Shares. Except as may be otherwise provided below in this Section 8 with respect to Section 162(m) Performance Awards, the Committee shall have full discretion to select the Employees to whom Awards of Performance Shares are made, the number of Performance Shares to be granted to any Employee so selected, the kind and level of the Performance Goals and whether those Performance Goals are to apply to the Company, a Subsidiary, or any one or more subunits of the Company or of any Subsidiary, and the dates on which each Performance Period shall begin and end, and to determine the form and provisions of the Award Instrument to be used in connection with any Award of Performance Shares.

8.2 Conditions Applicable to Section 162(m) Performance Awards. The provisions of this Section 8.2 shall apply to all Section 162(m) Performance Awards. The Committee shall (i) designate the Section 162(m) Performance Awards as being intended to qualify as "performance based" within the meaning of Code Section 162(m)(4)(C), (ii) select the Employees to whom Section 162(m) Performance Awards are to be granted, and (iii) establish in writing the applicable Performance Goals and all related terms no later that 90 days after the commencement of the relevant Performance Period (or such earlier or later date as may be the applicable deadline for payments with respect to the Section 162(m) Performance Shares to qualify as "performance based" within the meaning of Code Section 162(m)(4)(C)). The Committee shall establish in writing the Performance Goals for each Award Period which shall be based on any of the following performance criteria, either alone or in any combination, and applying to the Company, to a Subsidiary, or to any one or more subunits of the Company or of any Subsidiary, and which shall include or exclude discontinued operations and acquisition expenses (e.g., pooling of interests), as the Committee may determine: return on net assets, return on capital employed, economic value added, level of sales, earnings per share, income before income taxes and cumulative effect of accounting changes, net income, return on equity, total shareholder return, market valuation, cash flow, and completion of acquisitions. The foregoing criteria shall have any reasonable definitions that the Committee may specify at the time the Performance Goal is established, which may include or exclude any or all of the following items, as the Committee may specify: extraordinary, unusual, or nonrecurring items; effects of accounting changes; effects of currency fluctuations; effects of financing activities; expenses for restructuring or productivity initiatives; nonoperating items; acquisition expenses; and effects of divestitures. Any such performance criterion or combination of such criteria may apply to an

Employee's award opportunity in its entirety or to any designated portion or portions of the opportunity, as the Committee may specify.

8.3 No Discretion to Increase Payments Under Section 162(m) Performance Awards. The Committee shall not have any discretion to increase the amount to be paid to an Employee pursuant to any Section 162(m) Performance Award upon attainment of the applicable Performance Goal. However, the Committee may reserve to itself the right to exercise negative discretion with respect to any Section 162(m) Performance Award (i.e., to reduce or eliminate the amount payable pursuant to the Section 162(m) Performance Award) within the meaning of Treasury Regulation Section 1.162-27(e)(2)(iii)(A).

8.4 Performance Shares Earned Upon Attainment of Performance Goals. The Committee may establish one or more formulas to be applied against the Performance Goals to determine whether all, some portion but less than all, or none of the Performance Shares granted with respect to a Performance Period are earned pursuant to any Award of Performance Shares. An Employee will be entitled to receive payments with respect to any Performance Shares only to the extent that those Performance Shares are earned under one or more such formulas and no payments shall be made under any Section 162(m) Performance Award unless and until the Committee has certified the extent to which the Performance Goals have been attained.

8.5 Unless otherwise provided in the relevant Award Instrument or as permitted by the last sentence of this Section 8.5, an Employee must be employed by the Company or a Subsidiary on the last day of a Performance Period to be entitled to payment for any Performance Shares. The Committee may, in its sole discretion, provide for a partial or full payment of a Performance Award following termination of an Employee's employment before the end of a Performance Period, which payment shall be made at the same time as the payment would have been made if the Employee's employment had continued through the end of the Performance Period, except that the Committee shall not exercise this discretion in any manner that would cause any Section 162(m) Performance Award to fail to qualify as "performance based" within the meaning of Code Section 162(m)(4)(C).

8.6 Payment for Performance Shares. The Company shall pay each Employee who is entitled to payment for Performance Shares earned with respect to any Performance Period an amount for those Performance Shares (a) in cash (based upon the per share Fair Market Value of Common Shares on the last day of the Performance Period), (b) in Common Shares (one Common Share for each Performance Share earned), (c) in Restricted Shares (one Common Share of Restricted Shares for each Performance Share earned), or (d) any combination of the foregoing, in such proportions as the Committee may determine. Restricted Shares issued by the Company in payment of Performance Shares shall be subject to the provisions of Section 7 to the extent provided by the Committee.

8.7 Dividends. The Committee may, in its sole discretion, at the time a Performance Shares are granted, provide that any dividends, if any, declared on Common Shares from the beginning of the Performance Period through the date of payment of the Award of Performance Shares that would have been paid with respect to Performance Shares had they been Common Shares owned by a grantee, shall be (a) paid to the grantee in cash, or (b) accumulated for the benefit of the grantee and converted into an increased number of Performance Shares to be paid to the grantee pursuant to the Award.

8.7 Delayed Payment. If the Committee, in its sole discretion, determines that any

amount payable as a Performance Award (a) will not be deductible by the Company by reason of Code Section 162(m) if paid when otherwise scheduled but (b) will be deductible if paid by the Company at a later date, the Committee may cause the Company to delay the payment of that amount until the amount so paid will be deductible under Code Section 162(m). The delayed payment of a Performance Award payable in Common Shares or Restricted Shares shall be equal to the number of Performance Shares earned but unpaid. The delayed payment of a Performance Award payable in cash shall be equal to the Fair Market Value of the earned but unpaid Performance Shares as of the appropriate date selected by the Committee.

9. Termination of Employment. After an Employee's Employment Termination Date, the rules set forth in this Section 9 shall apply. All factual determinations with respect to the termination of an Employee's employment that may be relevant under this Section 9 shall be made by the Committee in its sole discretion.

9.1 Termination Other Than Upon Death or Disability or for Cause. Upon any termination of an Employee's employment for any reason other than the Employee's disability or death or the Employee's termination for Cause:

(a) Unless otherwise provided in the relevant Award Instrument, the Employee shall have the right during the period ending three months after the Employment Termination Date, but not later than the Option Expiration Date, to exercise any Options and related SARs that were outstanding on the Employment Termination Date, if and to the same extent as those Options and SARs were exercisable by the Employee on the Employment Termination Date,

(b) Unless otherwise provided in the relevant Award Instrument, the Employee shall offer for resale at the Acquisition Price to the Company each Common Share of Restricted Shares held by the Employee at the Employment Termination Date with respect to which, as of that date, any restrictions, conditions, or contingencies have not lapsed, and

(c) Unless otherwise provided in the relevant Award Instrument, the Employee shall forfeit each Performance Share with respect to which, as of that date, any restrictions, conditions, or contingencies have not lapsed.

9.2 Termination Due To Disability. Upon any termination of an Employee's employment due to disability:

(a) Unless otherwise provided in the relevant Award Instrument, the Employee, or the Employee's Representative, shall have the right (i) to exercise, from time to time during the period ending one year after the Employment Termination Date, but not later than the Option Expiration Date, any Nonqualified Options and related SARs that were outstanding on the Employment Termination Date, if and to the same extent those Options and SARs were exercisable by the Employee on the Employment Termination Date, and (ii) to exercise, from time to time during the period ending one year after the Employment Termination Date, but not later than the Option Expiration Date, any Incentive Stock Options and related SARs that were outstanding on the Employment Termination Date, if and to the same extent as those Options and SARs were exercisable by the Employee on the Employment Termination Date (even though exercise of the Incentive Stock Option more than three months after the Employment Termination Date

may cause the Option to fail to qualify for Incentive Stock Option treatment under the Code),

(b) Unless otherwise provided in the relevant Award Instrument, the Employee, or the Employee's Representative, shall offer for resale at the Acquisition Price to the Company each Common Share of Restricted Shares held by the Employee at the Employment Termination Date with respect to which, as of that date, any restrictions, conditions, or contingencies have not lapsed, and

(c) Unless otherwise provided in the relevant Award Instrument, the Employee shall forfeit each Performance Share with respect to which, as of that date, any restrictions, conditions, or contingencies have not lapsed.

9.3 Death of an Employee. Upon the death of an Employee while employed by the Company or any Subsidiary or within any of the periods referred to in either of Section 9.1 or Section 9.2 during which any particular Option or SAR remains potentially exercisable:

(a) Unless otherwise provided in the relevant Award Instrument (in which the Committee may specify a different period of extension of the Option Expiration Date in the event of the death of the Employee), if the Option Expiration Date of any Nonqualified Option that had not expired before the Employee's death would otherwise expire before the first anniversary of the Employee's death, that Option Expiration Date shall automatically be extended to the first anniversary of the Employee's death,

(b) Unless otherwise provided in the relevant Award Instrument, any Options and related SARs that are outstanding on the date of the Employee's death shall become immediately exercisable in full and the Employee's Representative shall have the right to exercise, from time to time during the period ending one year after the date of the Employee's death, but not later than the Option Expiration Date, any such Options and related SARs in accordance with Section 5.4 (as to any Options) or Section 6.2 (as to any SARs),

(c) Unless otherwise provided in the relevant Award Instrument, the Restriction Period with respect to all outstanding Awards of Restricted Shares that had been outstanding on the date of the Employee's death shall immediately terminate, and

(d) Unless otherwise provided in the relevant Award Instrument, the restrictions, conditions, or contingencies on any Performance Shares held by the Employee at the date of death shall be modified in such manner as the Committee may specify to give the Employee's Representative the benefit of those Performance Shares through that date.

9.4 Termination for Cause. Upon any termination of an Employee's employment for Cause:

(a) All of the Employee's rights with respect to unexercised Options and SARs shall expire immediately before the Employment Termination Date,

(b) The Employee shall offer for resale at the Acquisition Price to the Company all Restricted Shares held by the Employee at the Employment Termination Date with respect to which, as of that date, any restrictions, conditions, or contingencies have not lapsed, and

(c) The Employee shall forfeit all Performance Shares with respect to which, as of the Employment Termination Date, any restrictions, conditions, or contingencies have not lapsed.

10. Acceleration Upon Change of Control. Unless otherwise specified in the relevant Award Instrument, upon the occurrence of a Change of Control of the Company, each Award theretofore granted to any Employee that then remains outstanding shall be modified as follows: (a) any outstanding Option shall become immediately exercisable in full, (b) SARs related to any such Options shall also become immediately exercisable in full, (c) the Restriction Period with respect to all outstanding Awards of Restricted Shares shall immediately terminate, and (d) the restrictions, conditions, or contingencies on any Performance Shares shall be modified in such manner as the Committee may specify to give the Employee the benefit of those Performance Shares through the date of Change of Control.

11. Assignability. Except as may be otherwise provided by the Committee and reflected in the Award Instrument, no Option, SAR, Restricted Shares, or Performance Share may be transferred other than by will or by the laws of descent and distribution. During an Employee's lifetime, only the Employee (or in the case of incapacity of an Employee, the Employee's attorney-in-fact or legal guardian) may exercise any Award requiring or permitting exercise.

12. Adjustment Upon Changes in Common Shares. In the event of any stock dividend, stock split, or share combination of the Common Shares or any reclassification, recapitalization, merger, consolidation, other form of business combination, liquidation, or dissolution involving the Company or any spin-off or other distribution to shareholders of the Company (other than normal cash dividends), (a) the Committee shall make appropriate adjustments to the overall aggregate limit set forth in Section 2.1 and to the specific further limits set forth in Section 2.2, and (b) the Committee shall adjust the number and kind of shares subject to, the price per share under, and the terms and conditions of each then outstanding Award to the extent necessary and in such manner that the benefits of Employees under all then outstanding Awards shall be maintained substantially as before the occurrence of such event. Any adjustment so made by the Committee shall be conclusive and binding for all purposes of the Plan as of such date as the Committee may determine.

13. Purchase For Investment. Each person acquiring Common Shares pursuant to any Award may be required by the Company to furnish a representation that he or she is acquiring the Common Shares so acquired as an investment and not with a view to distribution thereof if the Company, in its sole discretion, determines that such representation is required to insure that a resale or other disposition of the Common Shares would not involve a violation of the Securities Act of 1933, as amended, or of applicable blue sky laws. Any investment representation so furnished shall no longer be applicable at any time such representation is no longer necessary for such purposes.

14. Withholding of Taxes. The Company will withhold from any payments of cash made pursuant to the Plan such amount as is necessary to satisfy all applicable federal, state, and local withholding tax obligations. The Committee may, in its sole discretion and subject to such rules as the Committee may adopt from time to time, permit or require an Employee to satisfy, in whole or in part, any withholding tax obligation that may arise in connection with the grant of an Award, the lapse of any restrictions with respect to an Award, the acquisition of Common Shares pursuant to any Award, or the disposition of any Common Shares received pursuant to any Award by such means as the Committee may determine including, without limitation, by having

the Company hold back some portion of the Common Shares that would otherwise be delivered pursuant to the Award or by delivering to the Company an amount equal to the withholding tax obligation arising with respect to such grant, lapse, acquisition, or disposition in (a) cash, (b) Common Shares, or (c) such combination of cash and Common Shares as the Committee may determine. The Fair Market Value of the Common Shares to be so held back by the Company or delivered by the Employee shall be determined as of the date on which the obligation to withhold first arose. The Company may apply the provisions of this Section 14 based upon generally applicable withholding rates and without regard to any statutory minimum rate applicable to special payments.

15. Awards in Substitution for Awards Granted by Other Companies. Awards, whether Incentive Stock Options, Nonqualified Options, SARs, Restricted Shares, or Performance Shares, may be granted under the Plan in substitution for awards held by employees of a company who become Employees of the Company or a Subsidiary as a result of the merger or consolidation of the employer company with the Company or a Subsidiary, or the acquisition by the Company or a Subsidiary of the assets of the employer company, or the acquisition by the Company or a Subsidiary of stock of the employer company as a result of which it becomes a Subsidiary. The terms, provisions, and benefits of the substitute Awards so granted may vary from the terms, provisions, and benefits set forth in or authorized by the Plan to such extent as the Committee at the time of the grant may deem appropriate to conform, in whole or in part, to the terms, provisions, and benefits of the awards in substitution for which they are granted.

16. Legal Requirements. No Awards shall be granted and the Company shall have no obligation to make any payment under the Plan, whether in Common Shares, cash, or any combination thereof, except in compliance with all applicable Federal and state laws and regulations, including, without limitation, the Code and Federal and state securities laws.

17. Duration and Termination of the Plan. The Plan shall become effective and shall be deemed to have been adopted on the date on which it is approved by the shareholders of the Company and shall remain in effect thereafter until terminated by action of the Board of Directors. No termination of the Plan shall adversely affect the rights of any Employee with respect to any Award granted before the effective date of the termination.

18. Amendments. The Board of Directors, or a duly authorized committee thereof, may alter or amend the Plan from time to time prior to its termination in any manner the Board of Directors, or such duly authorized committee, may deem to be in the best interests of the Company and its shareholders, except that no amendment that would increase the overall aggregate limit set forth in Section 2.1 or any of the specific further limits set forth in Section 2.2, in each case as adjusted by Section 12, may be made without shareholder approval. The Committee shall have the authority to amend the terms and conditions applicable to outstanding Awards (a) in any case where expressly permitted by the terms of the Plan or of the relevant Award Instrument or (b) in any other case with the consent of the Employee to whom the Award was granted, except that no amendment of an Option, or an Option and its related SAR, may reduce the exercise price of such Option. Except as expressly provided in the Plan or in the Award Instrument evidencing the Award, the Committee may not, without the consent of the holder of an Award granted under the Plan, amend the terms and conditions applicable to that Award in a manner adverse to the interests of the Employee.

19. Plan Noncontractual. Nothing herein contained shall be construed as a commitment to or agreement with any person employed by the Company or a Subsidiary to continue such

person's employment with the Company or the Subsidiary, and nothing herein contained shall be construed as a commitment or agreement on the part of the Company or any Subsidiary to continue the employment or the annual rate of compensation of any such person for any period. All Employees shall remain subject to discharge to the same extent as if the Plan had never been put into effect.

20. Interest of Employees. Any obligation of the Company under the Plan to make any payment at any future date merely constitutes the unsecured promise of the Company to make such payment from its general assets in accordance with the Plan, and no Employee shall have any interest in, or lien or prior claim upon, any property of the Company or any Subsidiary by reason of that obligation.

21. Claims of Other Persons. The provisions of the Plan shall in no event be construed as giving any person, firm, or corporation any legal or equitable right against the Company or any Subsidiary, their officers, employees, agents, or directors, except any such rights as are specifically provided for in the Plan or are hereafter created in accordance with the terms and provisions of the Plan.

22. Absence of Liability. No member of the Board of Directors of the Company or a Subsidiary, of the Committee, of any other committee of the Board of Directors, or any officer or Employee of the Company or a Subsidiary shall be liable for any act or action under the Plan, whether of commission or omission, taken by any other member, or by any officer, agent, or Employee, or, except in circumstances involving his bad faith or willful misconduct, for anything done or omitted to be done by himself.

23. Severability. The invalidity or unenforceability of any particular provision of the Plan shall not affect any other provision hereof, and the Plan shall be construed in all respects as if such invalid or unenforceable provision were omitted herefrom.

24. Governing Law. The provisions of the Plan shall be governed and construed in accordance with the laws of the State of Ohio.

25. Definitions.

25.1 1934 Act. The term "1934 Act" shall mean the Securities Exchange Act of 1934, as amended.

25.2 Acquisition Price. The term "Acquisition Price" with respect to any Restricted Shares shall mean such amount, if any, as may be specified by the Committee in the Award Instrument with respect to those Restricted Shares as the consideration to be paid by the Employee for those Restricted Shares.

25.3 Award. The term "Award" shall mean an award granted under the Plan of an Option, of Stock Appreciation Rights, of Restricted Shares, or of Performance Shares.

25.4 Award Instrument. The term "Award Instrument" shall mean a written instrument evidencing an Award in such form and with such provisions as the Committee may prescribe, including, without limitation, an agreement to be executed by the Employee and the Company, a certificate issued by the Company, or a letter executed by the Committee or its designee. Each Award Instrument shall provide that acceptance of the Award Instrument by an Employee

constitutes agreement to the terms of the Award evidenced thereby.

25.5 Cause. The Company shall be deemed to have "Cause" for the termination of an Employee's employment if the Employee has committed any act or series of acts determined by the Committee (in a determination made either before or after the Employment Termination Date) to warrant discharge from employment, including, without limitation, any act of theft or dishonesty in connection with the Employee's employment with the Company, any unauthorized disclosure of confidential information belonging to the Company, or other similar action.

25.6 Change of Control. A "Change of Control" shall be deemed to have occurred if at any time or from time to time after the date of adoption of the Plan:

(a) there is a report filed on Schedule 13D or Schedule 14D-1 (or any successor schedule, form, or report), each as adopted under the 1934 Act, disclosing the acquisition of 25% or more of the voting stock of the Company in a transaction or series of transactions by any person (as the term "person" is used in Section 13(d) and Section 14(d)(2) of the 1934 Act),

(b) during any period of 730 consecutive days or less, individuals who at the beginning of such period constitute the directors of the Company cease for any reason to constitute at least a majority thereof unless the election of each new director of the Company was approved or recommended by the vote of at least two-thirds of the directors of the Company then still in office who were directors of the Company at the beginning of that period,

(c) the Company merges with or into or consolidates with another corporation following approval of the shareholders of the Company of such merger or consolidation and, after giving effect to such merger or consolidation, less than 50% of the then outstanding voting securities of the surviving or resulting corporation represent or were issued in exchange for voting securities of the Company outstanding immediately prior to such merger or consolidation,

(d) there is a sale, lease, exchange, or other transfer (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company following approval of the shareholders of the Company of such transaction or series of transactions, or

(e) the shareholders of the Company shall approve any plan or proposal for the liquidation or dissolution of the Company.

25.7 Code. The term "Code" shall mean the Internal Revenue Code of 1986, as amended.

25.8 Committee. The term "Committee" shall mean a committee appointed by the Board of Directors of the Company to administer the Plan. The Committee shall be composed of not less than two directors of the Company. The Board of Directors may also appoint one or more directors as alternate members of the Committee. No officer or Employee of the Company or of any Subsidiary shall be a member or alternate member of the Committee. The Committee shall at all times be comprised solely of "outside directors" within the meaning of Code Section 162(m) and in such a manner as to satisfy the "non-employee" director standard contained in Rule 16b-3.

25.9 Common Shares. The term "Common Shares" shall mean common shares of the Company without par value.

25.10 Company. The term "Company" shall mean STERIS Corporation and its successors, including the surviving or resulting corporation of any merger of STERIS Corporation with or into, or any consolidation of STERIS Corporation with, any other corporation or corporations.

25.11 Disability. An Employee shall be deemed to have suffered a "Disability" if and only if (a) the Employee has established to the satisfaction of the Committee that the Employee is unable to perform the Employee's normal duties and responsibilities with the Company by reason of a medically determinable physical or metal impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of not less than 12 months, all within the meaning of Section 22(e)(3) of the Code, and (b) the Employee has satisfied any other requirement that may be imposed by the Committee.

25.12 Employee. The term "Employee" shall mean any individual employed by the Company or by any Subsidiary (including any individual employed by the Company or any Subsidiary who is also a member of the Board of Directors of the Company or of any Subsidiary).

25.13 Employee's Representative. The term "Employee's Representative" shall mean, (a) in the case of a deceased Employee, the Employee's executor or administrator or the person or persons to whom the Employee's rights under any Award are transferred by will or the laws of descent and distribution, and (b) in the case of a disabled or incapacitated Employee, the Employee's attorney-in-fact or legal guardian.

25.14 Employment Termination Date. The term "Employment Termination Date" with respect to an Employee shall mean the first date on which, as of the end of the day, the Employee is no longer employed by the Company or any Subsidiary.

25.15 Exercise Price. The term "Exercise Price" with respect to an Option shall mean the price specified in the Option at which the Common Shares subject to the Option may be purchased by the holder of the Option.

25.16 Fair Market Value. Except as otherwise determined by the Committee, the term "Fair Market Value" with respect to Common Shares shall mean the closing sales price of the Common Shares as reported on the national securities exchange on which the Common Shares are traded, or, if applicable, as reported on the National Association of Securities Dealers Automated Quotation System ("NASDAQ") National Market, on the date for which the determination of fair market value is made or, if there are no sales of Common Shares on that date, then on the next preceding date on which there were any sales of Common Shares. If the Common Shares are not or cease to be traded on a national securities exchange or on the NASDAQ National Market, the "Fair Market Value" of Common Shares shall be determined in the manner prescribed by the Committee.

25.17 Incentive Stock Option. The term "Incentive Stock Option" shall mean an Option intended by the Committee to qualify as an "incentive stock option" within the meaning of Section 422 of the Code.

25.18 Nonqualified Option. The term "Nonqualified Option" shall mean an Option intended by the Committee not to qualify as an "incentive stock option" under Section 422 of the Code.

25.19 Option. The term "Option," shall mean an Award entitling the holder thereof to purchase a specified number of Common Shares at a specified price during a specified period of time.

25.20 Option Expiration Date. The term "Option Expiration Date" with respect to any Option shall mean the date selected by the Committee after which, except as provided in Section 9.3 in the case of the death of the Employee to whom the option was granted, the Option may not be exercised.

25.21 Performance Goal. The term "Performance Goal" shall mean a performance goal specified by the Committee in connection with the potential grant of Performance Shares and may include, without limitation, goals based upon cumulative earnings per Common Share, return on investment, return on shareholders' equity, or achievement of any other goals, whether or not readily expressed in financial terms, that are related to the performance by the Company, by any Subsidiary, or by any Employee or group of Employees in connection with services performed by that Employee or those Employees for the Company, a Subsidiary, or any one or more subunits of the Company or of any Subsidiary.

25.22 Performance Period. The term "Performance Period" shall mean such one or more periods of time, which may be of varying and overlapping durations, as the Committee may select, over which the attainment of one or more Performance Goals will be relevant in connection with one or more Awards of Performance Shares.

25.23 Performance Shares. The term "Performance Shares" shall mean an Award denominated in Common Shares and contingent upon attainment of one or more Performance Goals by the Company or a Subsidiary or any subunit of the Company or of any Subsidiary over a Performance Period.

25.24 Plan. The term "Plan" shall mean this STERIS Corporation 1998 Long-Term Incentive Stock Plan as from time to time hereafter amended in accordance with Section 18.

25.25 Restricted Shares. The term "Restricted Shares" shall mean Common Shares of the Company delivered to an Employee pursuant to an Award subject in every case to:

(a) the restriction that the Employee not sell, transfer, otherwise dispose of, or pledge or otherwise hypothecate the Restricted Shares during the applicable Restriction Period, and

(b) the requirement that, subject to the provisions of Section 9, if the Employee's employment terminates so that the Employee is no longer employed by the Company or any Subsidiary before the end of the applicable Restriction Period, the Employee will offer to sell to the Company at the Acquisition Price each Common Share of Restricted Shares held by the Employee at the Employment Termination Date with respect to which, as of that date, any restrictions, conditions, or contingencies have not lapsed.

In addition to the restriction and requirement set forth in (a) and (b), above, each Common Share of Restricted Shares shall be subject to such other restrictions, conditions, and contingencies, if any, as the Committee may provide in the Award Instrument with respect to that Restricted Shares.

25.25 Restriction Period. The term "Restriction Period" with respect to an Award of Restricted Shares shall mean the period selected by the Committee and specified in the Award Instrument with respect to those Restricted Shares during which the Employee may not sell, transfer, otherwise dispose of, or pledge or otherwise hypothecate the Restricted Shares. The length of the Restriction Period shall be determined by the Committee in its sole discretion.

25.27 Rule 16b-3. The term "Rule 16b-3" shall mean Rule 16b-3 or any successor provision under the 1934 Act.

25.28 Stock Appreciation Right. The term "Stock Appreciation Right" or "SAR" shall mean an Award granted to an Employee with respect to all or any part of any Option that entitles the holder thereof to receive from the Company, upon exercise of the SAR and surrender of the related Option, or any portion of the SAR and the related Option, an amount equal to 100%, or such lesser percentage as the Committee may determine at the time of the grant of the Award, of the excess, if any, measured at the time of the exercise of the SAR, of (a) the Fair Market Value of the Common Shares subject to the Option with respect to which the SAR is exercised over (b) the Exercise Price of those Common Shares under the Option.

25.29 Subsidiary. The term "Subsidiary" shall mean any corporation, partnership, joint venture, or other business entity in which the Company owns, directly or indirectly, 50% or more of the total combined voting power of all classes of stock (in the case of a corporation) or other ownership interests (in the case of any entity other than a corporation).

EXHIBIT 10.10

STERIS CORPORATION

MANAGEMENT INCENTIVE COMPENSATION PLAN
FY 1999

OBJECTIVE

The objective of the STERIS Corporation Management Incentive Compensation Plan (MICP) is to encourage greater initiative, resourcefulness, teamwork, efficiency, and achievement of objectives on the part of key management whose performance and responsibilities directly affect Company profits.

GENERAL PROVISIONS

The MICP for FY 1999 may be reviewed and revised at the Chief Executive Officer's discretion within the guidelines established by the Compensation Committee of the Board of Directors. Any incentive payouts under the terms of this Plan will be limited by any governmental regulations that are in effect at the time of such incentive payouts.

The incentive compensation fund available for disbursement to participants shall be determined by achievement of key parameters of the approved Annual Business Plan.

Management Incentive Compensation will be calculated after the close of each quarter and will be cumulative and retroactive. That is, deficiencies in year-to-date (YTD) performance can be made up by overachievement in subsequent quarters during the fiscal year.

A portion of the earned Management Incentive Compensation will be paid on a quarterly basis with another portion held in an escrow account to be paid on an annual basis. An accrual funding schedule will be developed and maintained by the Finance Department to reserve adequate funds for the payment of earned Management Incentive Compensation.

KEY PARAMETERS

MICP compensation will be determined through achievement of a combination of Annual Business Plan (ABP) objectives and Quarterly Individual Objectives (IO). ABP parameters are the Net Revenue, Operating Income, and Net Income objectives. IO parameters are approved quarterly personal objectives that are brief, specific, measurable, and consistent with overall Company objectives.

MANAGEMENT INCENTIVE COMPENSATION PLAN - FY'99
PAGE TWO

ELIGIBILITY

The management level classifications of individuals who may be eligible to participate in the MICP are the following:

- Sr. Vice President
- Division President/Unit Head
- Vice President
- Director
- Manager
- Supervisor/Professional

Incumbents holding a key management position with one of the above titles are immediately eligible for participation. New hires for an above titled position will begin participation in the MICP during the first full fiscal quarter of employment unless otherwise specified in the employment offer. An individual promoted to a higher management level during a quarter will have MICP compensation for that quarter at the management level held by the individual for the majority of the quarter.

Termination of employment of a participant shall result in his or her forfeiture of all unpaid incentive earnings.

MICP FY'99 PARTICIPANT BONUS SCHEDULE

The bonus opportunity for each management level upon 100% achievement of the FY'99 Net Revenue, Operating Income, and Net Income objectives is as follows:

Management Level	Quarterly Funding
Senior Vice President	100% of Base Income
Division President/Unit Head	75% of Base Income
Vice President	50% of Base Income
Director	35% of Base Income
Manager	20% of Base Income
Supervisor/Professional	$625

MANAGEMENT INCENTIVE COMPENSATION PLAN - FY'99
PAGE THREE

BONUS POOL FUNDING

The funding of the bonus pool will be determined quarterly on a YTD basis. Any funding will be dependent upon the Company's YTD achievement of net revenue and operating income in relationship to the Annual Business Plan parameters. The following weighting factor will apply to the qualification parameters:

Net Revenue	75%
Operating Income	25%

Funding will occur on a sliding scale basis from 80% to 120% of the Blended Achievement Percentage. The following is a calculation example based upon YTD achievement of 104% of net revenue and 110% of operating income parameters of the ABP.

```
104 x 3 = 312
110 x 1 = 110
          ---
          422/4 = 105.5% - Blended Rate
```

During FY'99, the Company must achieve at least an 80% blended rate to be eligible for MICP participation. For divisional MICP participation the Company and the respective division must achieve an 80% blended rate to be eligible for MICP participation.

INDIVIDUAL OBJECTIVES (IO)

Quantifiable management objectives are developed and approved quarterly for each MICP participant. An individual's performance is evaluated at the end of each quarter and a percentage Individual Objectives (IO) Achievement calculated. The Individual Objectives are consistent with the quarterly and longer term objectives for the Company and the individual business units, profit centers, corporate services groups, or departments.

BONUS CALCULATION

Individual participant bonuses and bonus payouts will be determined as defined in this bonus calculation section.

1. The bonus qualifier will be based on the Blended Achievement Percentage of the Company's Net Revenue and Operating Income objectives.

2. The performance in achieving the Net Revenue and Operating Income bonus qualification parameters will be determined on a YTD basis with a weighting of 3X for Net Revenue and 1X for Operating Income.

3. Individual participant payout targets will be taken from the then current Participant and Target Bonus Schedule.

4. The YTD Blended Achievement Percentage will be applied to the individual Target Bonus to determine the quarterly MICP eligible bonus amount.

5. If bonus eligibility on a YTD quarterly basis has occurred, the individual MICP eligible bonus amount is multiplied by the percentage achievement of the quarterly Individual Objectives that have been approved at the beginning of each quarter by the participant's direct supervisor and the senior executive/business head of the individual's business unit.

Bonus calculation example:

Vice President	$80,000 Base Salary	
	50% Target Bonus	
Corp Achievement	104% Net Revenue	
	110% Op Income	
	104 x 3 =	312
	110 x 1 =	110

		422/4 = 105.5% - Blended Rate
Individual Objectives (IO) Achievement		
	96%	
Quarterly Target Bonus		
	$80,000 x 50%/4 =	$10,000
Sliding Scale Blended Target		
	$10,000 x 105.5% =	$10,550
Earned Bonus		
	$10,550 x 96% (IO) =	$10,128

BONUS PAYMENT

Seventy-five percent (75%) of the eligible individual quarterly bonus will be paid following the end of each quarter. Twenty-five percent (25%) of the eligible individual quarterly bonus will be held in a bonus escrow account and will be paid following the end of the fiscal year only if the Corporation meets or exceeds its Net Income objective for the full fiscal year. Should the Corporation fail to meet or exceed its Net Income objective for the full fiscal year, all funds in the bonus escrow account will be forfeited.

EFFECTIVE DATE

The STERIS Management Incentive Compensation Plan is effective April 1, 1998, through March 31, 1999.

EXHIBIT 10.11

STERIS CORPORATION

SENIOR EXECUTIVE MANAGEMENT INCENTIVE COMPENSATION PLAN

1. OBJECTIVE

The Senior Executive Management Incentive Compensation Plan (the "Plan") is intended to provide incentive compensation for those employees ("Covered Employees") of STERIS Corporation (the "Company") whose annual incentive compensation for any taxable year of the Company commencing on or after April 1, 1998 the Committee (as defined below) anticipates would not be fully deductible by the Company due to the application of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code"). The objective of the Plan is to encourage greater initiative, resourcefulness, teamwork, efficiency, and achievement of objectives on the part of Covered Employees whose performance and responsibilities directly affect Company profits.

2. ELIGIBILITY

All Covered Employees will be eligible to be selected to participate in the Plan. The Committee shall select the Covered Employees who will participate in the Plan for any period. A Covered Employee who is so selected with respect to any such period is sometimes referred to in the remainder of this Plan as a "Participant." A Covered Employee who is selected to be a Participant in the Plan for any period shall be ineligible to be a participant for that period in the Company's Management Incentive Compensation Plan applicable to other officers of the Company.

3. ADMINISTRATION

The Plan shall be administered by the Compensation Committee of the Board of Directors (the "Board"), or by another committee appointed by the Board (the "Committee"). The Committee shall be comprised exclusively of Directors who are not employees and who are "outside directors" within the meaning of Section 162(m)(4)(C) of the Code. The Committee shall have authority, subject to the provisions herein, to select employees to participate in the Plan; establish and administer the performance goals and the award opportunities applicable to each Participant and certify whether the goals have been attained; construe and interpret the Plan and any agreement or instrument entered into under the Plan; establish, amend, and waive rules and regulations for the Plan's administration; and make all other determinations that may be necessary or advisable for the administration of the Plan. Any determination by the Committee pursuant to the Plan shall be final, binding, and conclusive on all employees and Participants and anyone claiming under or through any of them.

4. ESTABLISHMENT OF PERFORMANCE GOALS

The Committee shall establish in writing the performance goals for each performance period, which shall be based on any of the following business criteria, either alone or in any combination, and on either a consolidated or business unit level, as the Committee may in each case determine: return on net assets, return on capital employed, economic value added, level of sales, net revenue, earnings per share, income before income taxes and the cumulative effect of accounting changes, operating income, net income, earnings before interest and taxes, return on equity, total shareholder return, market valuation, cash flow, completion of acquisitions, product and market development, and customer satisfaction criteria. The foregoing terms shall have any reasonable definitions that the Committee may specify, which may include or exclude any or all of the following items, as the Committee may specify: extraordinary, unusual, or non-recurring items; effects of accounting changes; effects of currency fluctuations; effects of financing activities; expenses for restructuring or productivity initiatives; non-operating items; acquisition expenses; and effects of divestitures. Any of the foregoing criteria may apply to a Participant's award opportunity for any period in its entirety or to any designated portion of the award opportunity, as the Committee may specify.

5. ESTABLISHMENT OF AWARD OPPORTUNITIES

The Committee shall establish in writing the method for computing the amount of compensation that will be payable under the Plan with respect to each performance period to each Participant if the performance goals established by the Committee for that performance period are attained in whole or in part and if the Participant's employment by the Company continues throughout the end of that performance period. Any such method established shall be stated in terms of an objective formula or standard that precludes discretion to increase the amount of the award that would otherwise be due upon attainment of the goals. No provision of the Plan shall be deemed to preclude the Committee from exercising negative discretion (within the meaning of Treasury Regulation Section 1.162-27(e)(2)(iii)(A)) with respect to any award.

6. MAXIMUM AWARD

The maximum amount of compensation that may be paid under the Plan to any Participant for any year is $3,000,000.

7. ATTAINMENT AND CERTIFICATION OF PERFORMANCE GOALS REQUIRED

Except in those cases referred to in Section 8 below, awards under the Plan with respect to any period will be paid only if (a) the performance goals established by the Committee for that period have been attained, and (b) the Committee certifies in writing, prior to the payment of the award, that the performance goals and any other material terms were in fact satisfied. For these purposes, approved minutes of the Committee meeting in which such a certification is made will be treated as a written certification. Unless the Committee determines otherwise, earned awards shall be paid (x) promptly following certification by the Committee and (y) in cash, net of applicable payroll tax withholding.

8. PRO RATA AWARDS IN CERTAIN CIRCUMSTANCES

If a Participant's employment with STERIS is terminated before the end of a fiscal year on account of (a) death, (b) disability, or (c) retirement or resignation with the consent of the Committee, the Company shall pay to the Participant (or to the Participant's personal representative, if the Committee so determines), not later than 30 days after the date of termination, a pro rata award for the fiscal year in which the termination occurs equal to the Participant's target award for the entire fiscal year (as determined by the Committee) multiplied by a fraction, the numerator of which is the number of full or partial calendar months between the beginning of the fiscal year and the date of termination and the denominator of which is twelve (net of any payments previously made with respect to that award opportunity). If there occurs a Change of Control of the Company (as defined in the Company's 1998 Long-Term Incentive Stock Plan), the Company shall pay to the Participant, not later than five days after the occurrence of the Change of Control, a pro rata award for the fiscal year in which the Change of Control occurs equal to the Participant's target award for the entire fiscal year (as determined by the Committee) multiplied by a fraction, the numerator of which is the number of full or partial calendar months between the beginning of the fiscal year and the date of the occurrence of the Change of Control and the denominator of which is twelve (net of any payments previously made with respect to that award opportunity). If the Participant's employment continues after the Change of Control, any amount paid pursuant to the immediately preceding sentence shall be credited against any award to be made under the Plan to the Participant for the full fiscal year in which the Change of Control occurred.

9. AMENDMENT, TERMINATION, AND TERM

The Board may amend, modify, or terminate the Plan at any time, provided that no such amendment, modification, or termination shall adversely affect the incentive opportunity of any Participant with respect to the portion of the year elapsed before the date of the amendment, modification, or termination, without the Participant's written consent. The Plan will remain in effect until terminated by the Board.

10. SHAREHOLDER APPROVAL

Payment of awards under the Plan is contingent upon shareholder approval of the Plan, in accordance with applicable Treasury regulations under Section 162(m) of the Code. Unless and until shareholder approval is obtained, no awards will be paid under the Plan.

11. INTERPRETATION AND CONSTRUCTION

Unless and to the extent otherwise determined by the Committee, awards under the Plan are intended to qualify as performance-based compensation under Section 162(m)(4)(C) of the Code and any provision of the Plan that would prevent an award under the Plan that is so intended to qualify from so qualifying shall be administered, interpreted, and construed to carry out such intention and any provision that cannot be so administered, interpreted, and construed shall to that extent be disregarded. No provision of the Plan, nor the selection of any eligible employee to participate in the Plan, shall constitute an employment agreement or affect the duration of any Participant's employment, which shall remain "employment at will" unless an employment agreement between the Company and the Participant provides otherwise. Both the Participant and the Company shall remain free to terminate employment at any time to the same extent as if the Plan had not been adopted.

12. GOVERNING LAW

The Plan and its administration shall be governed by the laws of the State of Ohio, without reference to the conflicts of laws principles of that State.

EXHIBIT 21.1 SUBSIDIARIES OF STERIS CORPORATION

STERIS has no parent company. As of March 31, 1999, certain of its direct and indirect subsidiaries were as follows:

Subsidiary	Location
STERIS Foreign Sales Corporation	US Virgin Islands
Medical & Environmental Designs, Inc. (MED Inc.)	Missouri
STERIS S.r.l.	Italy
Ecomed, Inc.	Indiana
Isomedix Inc.	Delaware
Isomedix Corporation	Canada
Isomedix Operations Inc	Delaware
Hausted, Inc.	Delaware
American Sterilizer Company	Pennsylvania
STERIS Inc.	Delaware
STERIS Canada Inc.	Canada
STERIS (Barbados) Corp.	Barbados
STERIS Canada Corporation	Canada
STERIS Europe, Inc.	Delaware
STERIS Holdings B.V.	Netherlands
AMSCO Finn-Aqua Oy	Finland
STERIS GmbH	Germany
AMSCO S.A./N.V.	Belgium
STERIS Iberia, S.A. (Spain)	Spain
STERIS S.A. (France)	France
STERIS Limited	United Kingdom
Detach AB	Sweden
STERIS Asia Pacific, Inc.	Delaware
STERIS Japan, K.K.	Japan
STERIS Hong Kong Limited	Hong Kong
STERIS Singapore Pte. Ltd.	Singapore
STERIS Latin America, Inc.	Delaware
AMSCO Brasil Comercio e Servicos Ltda.	Brazil
AMSCO de Costa Rica, S.A.	Costa Rica

EXHIBIT 23.1 CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements and related Prospectuses of our report dated April 26, 1999, with respect to the consolidated financial statements and schedule of STERIS Corporation and Subsidiaries included in this Annual Report (Form 10-K) for the year ended March 31, 1999:

Registration Number	Description	Filing Date
333-65155	Form S-8 Registration Statement -- STERIS Corporation 1998 Long Term Incentive Compensation Plan	October 1, 1998
333-55839	Form S-8 Registration Statement -- Nonqualified Stock Option Agreement between STERIS Corporation and John Masefield and the Nonqualified Stock Option Agreement between STERIS Corporation and Thomas J. DeAngelo	June 2, 1998
333-32005	Form S-8 Registration Statement -- STERIS Corporation 1997 Stock Option Plan	July 24, 1997
333-06529	Form S-3 Registration Statement -- STERIS Corporation	June 21, 1996
333-01610	Post-effective Amendment to Form S-4 on Form S-8 -- STERIS Corporation	May 16, 1996
33-91444	Form S-8 Registration Statement -- STERIS Corporation 1994 Equity Compensation Plan	April 24, 1995
33-91442	Form S-8 Registration Statement -- STERIS Corporation 1994 Nonemployee Directors Equity Compensation Plan	April 24, 1995
33-55976	Form S-8 Registration Statement -- STERIS Corporation 401(k)Plan	December 21, 1992
33-55258	Form S-8 Registration Statement -- STERIS Corporation Amended and Restated Non-Qualified Stock Option Plan	December 4, 1992

Ernst & Young LLP

Cleveland, Ohio
June 18, 1999

EXHIBIT 24
POWER OF ATTORNEY

The undersigned, an officer or director, or both an officer and director, of STERIS Corporation, an Ohio corporation, which proposes to file with the Securities and Exchange Commission, Washington, D. C. under the provisions of the Securities and Exchange Act of 1934, as amended, its Annual Report on Form 10-K for the fiscal year ended March 31, 1999 (the "Annual Report"), hereby constitutes Bill R. Sanford, Michael A. Keresman, III, David C. Dvorak, and Roy L. Turnell, and each of them, as attorney for the undersigned, with full power of substitution and resubstitution, for and in the name, place, and stead of the undersigned, to sign and file the Annual Report, and exhibits thereto, and any and all amendments thereto, with full power and authority to do and perform any and all acts whatsoever requisite and necessary to be done in the premises, hereby ratifying and approving the acts of such attorney or any such substitute.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand as of June 11, 1999.

/s/ Bill R. Sanford
- ----------
Bill R. Sanford
Chairman of the Board, President, and
Chief Executive Officer

/s/ Raymond A. Lancaster
- ----------
Raymond A. Lancaster
Director

/s/ J.B. Richey
- ----------
J. B. Richey
Director

/s/ Frank E. Samuel, Jr.
- ----------
Frank E. Samuel, Jr.
Director

/s/ Michael A. Keresman, III

Michael A. Keresman, III
Senior Vice President and
Chief Information Officer

/s/ Thomas J. Magulski

Thomas J. Magulski
Director

/s/ Jerry E. Robertson, Ph.D

Jerry E. Robertson, Ph.D.
Director

/s/ Loyal W. Wilson

Loyal W. Wilson
Director

12-MOS	
MAR-31-1999	
MAR-31-1999	
	23,680
	0
	230,346
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	393,397
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	222,946
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	435,937
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	1.20