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

FORM 10-Q

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTER ENDED JUNE 30, 1998

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)

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 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. Yes [X] No [ ].

The number of Common Shares outstanding as of June 30, 1998: 34,137,724

PART I FINANCIAL INFORMATION

STERIS CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS
(IN THOUSANDS) (UNAUDITED)

	JUNE 30, 1998	MARCH 31, 1998
ASSETS		
Current assets:		
Cash and cash equivalents	$ 21,825	$ 17,172
Accounts receivable	187,511	203,992
Inventories	106,206	87,405
Current portion of deferred income taxes	23,542	23,609
Prepaid expenses and other assets	11,651	12,154
TOTAL CURRENT ASSETS	350,735	344,332
Property, plant, and equipment	300,451	289,658
Accumulated depreciation	(90,201)	(84,366)
Net property, plant, and equipment	210,250	205,292
Intangibles	241,338	240,488
Accumulated amortization	(67,786)	(66,516)
Net intangibles	173,552	173,972
Deferred income taxes	5,722	5,710
Other assets	3,774	3,019
TOTAL ASSETS	$ 744,033	$ 732,325
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term indebtedness	$ 2,200	$ 2,200
Accounts payable	32,613	37,213
Accrued expenses and other	128,924	130,241
TOTAL CURRENT LIABILITIES	163,737	169,654
Long-term indebtedness	152,854	152,879
Other liabilities	50,888	50,840
TOTAL LIABILITIES	367,479	373,373
Shareholders' equity:		
Serial preferred shares, without par value, 3,000 shares authorized; no shares outstanding		
Common Shares, without par value, 100,000 shares authorized; issued and outstanding shares of 34,138 at June 30, 1998 and 34,010 at March 31, 1998, excluding 102 and 229 treasury shares, respectively	234,396	230,477
Retained earnings	149,354	135,009
Cumulative translation adjustment	(7,196)	(6,534)
TOTAL SHAREHOLDERS' EQUITY	376,554	358,952
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 744,033	$ 732,325

See notes to consolidated condensed financial statements.

STERIS CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS) (UNAUDITED)

	THREE MONTHS ENDED JUNE 30	
	1998	1997
Net revenues	$ 173,775	$ 155,134
Cost of goods and services sold	92,461	88,300
Gross profit	81,314	66,834
Costs and expenses:		
Selling, informational, and administrative	49,531	41,143
Research and development	6,029	5,956
	55,560	47,099
Income from operations	25,754	19,735
Interest expense	(2,394)	(522)
Interest income and other	155	60
Income before income taxes	23,515	19,273
Income tax expense	9,170	7,526
Net income	$ 14,345	$ 11,747
Net income per share--pre-split-- Note H:		
Net income per share - basic	$ 0.42	$ 0.35
Net income per share - diluted	$ 0.41	$ 0.34

See notes to consolidated condensed financial statements.

STERIS CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(IN THOUSANDS) (UNAUDITED)

	THREE MONTHS ENDED JUNE 30	
	1998	1997
OPERATING ACTIVITIES		
Net income	$ 14,345	$ 11,747
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	7,145	4,593
Deferred income taxes	55	0
Other items	48	(1,233)
Changes in operating assets and liabilities:		
Accounts receivable	16,481	7,982
Inventories	(18,801)	(4,114)
Other assets	(252)	1,948
Accounts payable and accruals	(11,533)	(12,323)
Accrued income taxes	5,664	795
NET CASH PROVIDED BY OPERATING ACTIVITIES	13,152	9,395
INVESTING ACTIVITIES		
Purchases of property, plant, equipment, and patents	(11,731)	(6,999)
Proceeds from sales of marketable securities	0	1,957
NET CASH USED IN INVESTING ACTIVITIES	(11,731)	(5,042)
FINANCING ACTIVITIES		
Payments on long-term obligations	(25)	(37)
Purchase of treasury shares	0	(2,386)
Proceeds from exercise of stock options	1,958	364
Tax benefits from exercise of stock options	1,961	621
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	3,894	(1,438)
Effect of exchange rate changes on cash and cash equivalents	(662)	938
INCREASE IN CASH AND CASH EQUIVALENTS	4,653	3,853
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	17,172	20,576
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 21,825	$ 24,429

See notes to consolidated condensed financial statements.

STERIS CORPORATION

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS) (UNAUDITED)

PERIODS ENDED JUNE 30, 1998 AND 1997

A. - REPORTING ENTITY

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 Company has over 4,500 Associates (employees) worldwide, including more than 1,700 direct sales, service, and field support personnel. Customer Support facilities are located in major global market centers with manufacturing operations in the United States, Canada, Germany, and Finland. STERIS operates in a single business segment.

B. - BASIS OF PRESENTATION

The accompanying unaudited consolidated condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q; they do not include all of the information and footnotes required by generally accepted accounting principles for complete audited financial statements. Accordingly, the reader of these financial statements may wish to refer to the audited consolidated financial statements of STERIS filed with the Securities and Exchange Commission as part of STERIS's Form 10-K for the year ended March 31, 1998.

The accompanying consolidated condensed financial statements have been prepared in accordance with STERIS's customary accounting practices and have not been audited. Management believes that the financial information included herein reflects all adjustments necessary for a fair presentation of interim results and all such adjustments are of a normal and recurring nature. The interim results reported are not necessarily indicative of the results to be expected for the fiscal year ending March 31, 1999.

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.

STERIS CORPORATION

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS) (UNAUDITED)

C. - EARNINGS PER SHARE

Following is a summary, in thousands, of Common Shares and Common Share equivalents outstanding used in the calculations of earnings per share:

	THREE MONTHS ENDED JUNE 30	
	1998	1997
Weighted average Common Shares outstanding - basic	34,059	33,935
Dilutive effect of stock options	1,282	1,021
Weighted average Common Shares and equivalents - diluted	35,341	34,956

D. - COMPREHENSIVE INCOME

Comprehensive income amounted to $13,683 and $12,685, net of tax, for the quarters ended June 30, 1998 and 1997, respectively. The difference between net income and comprehensive income is the changes in cumulative translation adjustment for the periods presented.

E. - INVENTORIES

Inventories were as follows:

	JUNE 30, 1998	MARCH 31, 1998
Raw material	$38,240	$33,007
Work in process	21,532	17,666
Finished goods	46,434	36,732
	$106,206	$87,405

STERIS CORPORATION

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS) (UNAUDITED)

F. - FINANCING

During the first fiscal quarter 1998, STERIS increased the amount available for borrowing under its unsecured revolving Credit Facility from $125,000 to $215,000. The amended Credit Facility expires September 30, 2001 and may be used for general corporate purposes. Loans under the Credit Facility will bear interest, at STERIS's option, at either KeyBank National Association's prime rate or LIBOR rates plus 0.25 percent to 0.35 percent. The Credit Facility contains customary covenants which include maintenance of certain financial ratios. Outstanding borrowings under the Credit Facility were $145,000 at June 30, 1998.

During the first fiscal quarter 1999, STERIS entered into a six month $85,000 line of credit with substantially the same terms and conditions as the Credit Facility. The line of credit expires September 30, 1998 and there were no outstanding borrowings at June 30, 1998.

G. - 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.

As of June 30, 1998 the Company employed 588 persons, or 13% of its total workforce, who are covered by domestic collective bargaining agreements. Approximately 481 of these Associates are covered by agreements that will expire before June 30, 1999. Management considers its relationship with these Associates to be good.

H. - STOCK SPLIT

On July 28, 1998, STERIS Corporation announced a 2-for-1 stock split by means of a 100% stock dividend on STERIS Common Shares. The stock split is 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 for all periods shown have not been adjusted to reflect this stock split. Including the effect of the 2-for-1 stock split, net income per share would be as follows:

	THREE MONTHS ENDED JUNE 30	
	1998	1997
Net income per share - basic	$ 0.21	$ 0.17
Net income per share - diluted	$ 0.20	$ 0.17

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Net revenue increased by 12.0% to $173.8 million in the first quarter fiscal 1999 from $155.1 million in the first quarter fiscal 1998. Infection Prevention revenues increased by 15.6% to $102.7 million in the first quarter fiscal 1999 from $88.8 million in the first quarter fiscal 1998. Surgical Support revenues decreased by 13.1% to $28.1 million in the first quarter fiscal 1999 from $32.4 million in the first quarter fiscal 1998. Scientific, Management Services, and Other revenue increased by 26.5% to $43.0 million in the first quarter fiscal 1999 from $33.9 million in the first quarter fiscal 1998. The increase in net revenues was due mainly to increases in the sales of capital equipment, consumables, and services.

The costs of products and services sold increased by 4.7% to $92.5 million in the first quarter fiscal 1999 from $88.3 million in the first quarter fiscal 1998. The cost of products and services sold as a percentage of net revenue was 53.2% for the first quarter fiscal 1999 compared to 56.9% for the same period in fiscal 1998. The decrease in the cost of products and services sold as a percentage of net revenue for the first quarter fiscal 1999 resulted principally from improved overhead absorption from plant consolidation and volume increases, vertical integration, and benefits from acquired companies.

Selling, informational, and administrative expenses increased by 20.4% to $49.5 million in the first quarter fiscal 1999 from $41.1 million in the first quarter fiscal 1998. The expenses as a percentage of net revenue increased to 28.5% in the first quarter fiscal 1999 from 26.5% in the first quarter fiscal 1998. 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 were $6.0 million in the first quarter fiscal 1999 and fiscal 1998. Research and development expenses as a percentage of net revenue were 3.5% for the first quarter fiscal 1999 compared to 3.8% for the first quarter fiscal 1998.

Interest expense increased by 358.6% to $2.4 million in the first quarter fiscal 1999 from $0.5 million in the first quarter fiscal 1998. The increase was due to the additional borrowing under the Credit Facility for the purchase of acquired companies.

Net income for the first quarter fiscal 1999 was $14.3 million, compared to net income of $11.7 million in the first quarter fiscal 1998.

LIQUIDITY AND CAPITAL RESOURCES

The Company had $21.8 million in cash and cash equivalents as of June 30, 1998, compared to $17.2 million of the same at March 31, 1998. The increase was primarily attributable to cash received from operations and the exercise of stock options offset by the cash used for purchases of property, plant, and equipment.

Accounts receivable decreased by 8.1% to $187.5 million as of June 30, 1998, compared to $204.0 million at March 31, 1998.

Inventory increased by 21.5% to $106.2 million as of June 30, 1998, compared to $87.4 million at March 31, 1998. The increase was necessary to support the increase in product sales and anticipated future product sales.

Property, plant, and equipment increased by 3.7% to $300.5 million as of June 30, 1998, compared to $289.7 million at March 31, 1998.

Intangibles increased by 0.4% to $241.3 million as of June 30, 1998, compared to $240.5 million at March 31, 1998.

Current liabilities decreased by 3.5% to $163.7 as of June 30, 1998, compared to $169.7 million at March 31, 1998.

Other liabilities were $50.9 million as of June 30, 1998, compared to $50.8 million of the same at March 31, 1998.

During the first fiscal quarter 1998, STERIS increased the amount available for borrowing under its unsecured revolving Credit Facility from $125 million to $215 million. The amended Credit Facility expires September 30, 2001 and may be used for general corporate purposes. Loans under the Credit Facility will bear interest, at STERIS's option, at either KeyBank National Association's prime rate or LIBOR rates plus 0.25 percent to 0.35 percent. The Credit Facility contains customary covenants which include maintenance of certain financial ratios. Outstanding borrowing under the Credit Facility was $145 million at June 30, 1998.

During the first fiscal quarter 1999, STERIS entered into a six month $85 million line of credit with substantially the same terms and conditions as the Credit Facility. The line of credit expires September 30, 1998, and there were no outstanding borrowings at June 30, 1998.

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.

CONTINGENCIES

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

SEASONALITY

Historical data indicates that financial results of acquired businesses were subject to recurring seasonal fluctuations. A number of factors have contributed to the seasonal patterns, including sales promotion and compensation programs, customer buying patterns of capital equipment, and international business practices. Sales and profitability of certain of the acquired and consolidated product lines have historically been disproportionately weighted toward the latter part of each quarter and each fiscal year. Various changes in business practices resulting from the integration of acquired businesses into STERIS, including the change to a March ending fiscal year, may alter the historical patterns of the previously independent businesses.

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 has implemented year 2000 compliant systems in a number of areas, including order entry systems. The Company plans to have necessary modifications made to most of its other critical systems and applications by the end of 1998 and to complete testing by 1999. The Company, however, has little direct control over whether its suppliers will make the appropriate modifications to their systems and applications on a timely basis. The Company is implementing a vendor compliance program.

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 consulting 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. Based on assessments completed to date and compliance plans in process, the Company does not expect that the year 2000 issues will have a material effect on its business operations or results of operations. However, if appropriate modifications are not made by the Company's suppliers on a timely basis, or if the Company's actual costs or timing for the year 2000 conversion differ materially from its present estimates, the Company's operations and financial results could be significantly affected.

FORWARD-LOOKING INFORMATION

This Form 10-Q 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, and (e) the possibility of reduced demand, or reductions in the rate of growth in demand, for the Company's products.

PART II OTHER INFORMATION

ITEM 1 LEGAL PROCEEDINGS

Reference is made to Part I, Item 1., Note G of this Report on Form 10-Q, which is incorporated herein by reference.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The company held its Annual Meeting of Shareholders on July 23, 1998, at 5960 Heisley Road, Mentor, Ohio. At the Annual Meeting, shareholders: (a) re-elected four Class II directors to serve with a term expiring at the Annual Meeting of Shareholders in 2000, (b) approved an Amendment to the Articles of Incorporation to increase the Authorized Number of Common Shares, (c) approved the STERIS Corporation Senior Executive Management Incentive Compensation Plan, and (d) approved the STERIS Corporation 1998 Long-Term Incentive Stock Plan. Results of the voting on directors were: Jerry E. Robertson 29,341,208 votes for, 151,012 withheld, Frank E. Samuel, Jr. 29,363,732 votes for, 128,488 withheld, Bill R. Sanford 29,363,631 votes for, 128,589 withheld, and Loyal W. Wilson 29,360,496 votes for, 131,724 withheld. Results of the voting on the Amendment to the Articles of Incorporation to increase the Authorized Number of Common Shares were 20,774,961 votes for, 8,650,001 against, 53,257 abstain, and 14,000 broker non-votes. Results of the voting on the STERIS Corporation Senior Executive Management Incentive Compensation Plan were 28,350,451 votes for, 980,301 against, 160,968 abstain, and 500 broker non-votes. Results of the voting on the STERIS Corporation 1998 Long-Term Incentive Stock Plan were 21,663,808 votes for, 7,702,930 against, 111,481 abstain, and 14,000 broker non-votes.

ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

EXHIBIT NUMBER	EXHIBIT DESCRIPTION
27.1	Financial Data Schedule

(b) Reports on Form 8-K

None

SIGNATURE

Pursuant to the requirements 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.

STERIS Corporation
(Registrant)

/s/ Michael A. Keresman, III

Michael A. Keresman, III
Chief Financial Officer and
Senior Vice President
(Principal Financial Officer)
August 13, 1998

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