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STERIS CORP
Form 11-K
June 27, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 11-K

Annual Report Pursuant to Section 15(d) of the Securities Exchange Act of 1934

For the Twelve-Month Period Ended December 31, 2001

Commission File No. 0-20165

A. Full title of the plan and the address of the plan if different from that of the issuer named below:

STERIS Corporation 401(k) Plan and Trust

B. Name of issuer of securities held pursuant to the plan and the address of its principal executive office:

STERIS Corporation
5960 Heisley Road
Mentor, Ohio 44060

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTAL
SCHEDULE

STERIS Corporation 401(k) Plan and Trust

December 31, 2001 and 2000, and the Year ended December 31, 2001
with Report of Independent Auditors

STERIS Corporation 401(k) Plan and Trust

Audited Financial Statements and Supplemental Schedule

December 31, 2001 and 2000,
and the Year ended December 31, 2001

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Supplemental Schedule

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Exhibit

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Report of Independent Auditors

Board of Directors
STERIS Corporation
Mentor, Ohio

We have audited the accompanying statements of net assets available for benefits of the STERIS Corporation 401(k) Plan and Trust as of December 31, 2001 and 2000, and the related statement of changes in net assets available for benefits for the year ended December 31, 2001. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 net assets available for benefits of the Plan at December 31, 2001 and 2000, and the changes in its net assets available for benefits for the year ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2001 is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated, in all material respects in relation to the financial statements taken as a whole.

/s/ Ernst & Young LLP

Cleveland, OH
June 24, 2002

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401(k) Plan and Trust

Statements of Net Assets Available for Benefits

	December 31	
	2001	2000
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Assets		
Investments, at fair value	\$ 154,545,333	\$ 154,510,912
Receivables:		
Employer contributions	804,357	862,727
Employee contributions	-	74,738
Accrued income and other	56,192	103,144
Total receivables	<hr style="border-top: 1px dashed black;"/> 860,549	<hr style="border-top: 1px dashed black;"/> 1,040,609
Total assets	<hr style="border-top: 1px dashed black;"/> 155,405,882	<hr style="border-top: 1px dashed black;"/> 155,551,521
Liabilities		
Accrued purchase of investments	(54,968)	(77,672)
Net assets available for benefits	<hr style="border-top: 1px dashed black;"/> \$ 155,350,914	<hr style="border-top: 1px dashed black;"/> \$ 155,473,849 <hr style="border-top: 3px double black;"/>

See accompanying notes.

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STERIS Corporation 401(k) Plan and Trust

Statement of Changes in Net Assets Available for Benefits

For the Year ended December 31, 2001

Additions	
Interest and dividends	\$ 7,967,276
Contributions:	
Participant	10,559,982
Employer	3,698,167
Rollovers	340,047
	<hr style="border-top: 1px dashed black;"/> 14,598,196
Total additions	<hr style="border-top: 1px dashed black;"/> 22,565,472
Deductions	
Net depreciation in fair value of investments	10,448,609
Benefits paid directly to participants	12,131,210

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Administrative expenses	108,588

Total deductions	22,688,407

Net decrease	(122,935)
Net assets available for benefits:	
Beginning of year	155,473,849

End of year	\$ 155,350,914
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See accompanying notes.

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STERIS Corporation
401(k) Plan and Trust

Notes to Financial Statements

December 31, 2001 and 2000

1. Description of Plan

The following brief description of the STERIS Corporation 401(k) Plan and Trust (the Plan) provides only general information. Participants should refer to the Plan document for complete information regarding the Plan's provisions.

General

The Plan is a defined contribution plan administered by STERIS Corporation (the Company, STERIS, or Plan Administrator). All domestic employees of STERIS and certain subsidiaries who have completed three months of service and have attained the age of 18 are eligible to participate. The assets of the Plan are maintained and the transactions therein are executed by KeyBank (the Trustee), who also serves as the Plan recordkeeper. Employee participation in the Plan is voluntary and enrollment in the Plan is permitted on the first day of each January, April, July, and October (an entry date). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions

A participant is permitted to contribute between 1 percent and 10 percent of his or her compensation received during a calendar year. All contributions made by a participant must be "before-tax" deferred compensation contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans.

The Company may make matching discretionary contributions to a participant's account. The level of matching contributions is determined quarterly by the Company. Employer contributions are allocated to each participant's account in accordance with the investment election choices made by the participant. For the year ended December 31, 2001, the Company made a 50 percent matching

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contribution in cash on the first 6 percent of participant contributions.

Vesting

All participants are immediately vested in their contributions plus actual earnings thereon and are fully vested in Company matching contributions plus actual earnings thereon at such time the contribution is made, except for the participants of certain subsidiaries which are fully vested upon completion of seven years of service.

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STERIS Corporation 401(k) Plan and Trust

Notes to Financial Statements (continued)

1. Description of Plan (continued)

Participant Accounts

A separate account is maintained for each participant in the Plan, reflecting contributions, investments, investment gains and losses, loans, withdrawal transfers and investment fees. The net value of each participant account is established at the close of each business day through the valuation of each fund's assets at market value.

A participant may elect to invest contributions, including the Company contributions, in any combination of the investment funds offered by the Plan, including STERIS Corporation common stock, in 5 percent increments.

Participants can change their investment direction at any time. A participant may elect to have a portion or all of the balance of his prior contributions (in increments of 5 percent) transferred from any fund in which it is invested to any other fund.

Plan Withdrawals and Distributions

On termination of service, a participant may receive a lump sum amount equal to the vested value of his or her account, or upon death, disability or retirement elect to receive installment payments over a period not exceeding the life expectancy of the participant or their beneficiary. An employed participant who is age 59-1/2 or older or who has a specific financial hardship may withdraw a portion of their account.

Participants Loans

Participants currently employed may borrow from their fund accounts a minimum of \$500 up to a maximum equal to the lesser of \$50,000 or 50 percent of their vested account balance. Loan terms range from 1-5 years and are secured by the balance in the participants account. The loans bear interest at a rate established by the Trustee. Principal and interest is paid through payroll deductions.

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STERIS Corporation
401(k) Plan and Trust

Notes to Financial Statements (continued)

1. Description of Plan (continued)

Plan Termination

Although it has not expressed any intent to do so, the Company, by action of its Board of Directors and without approval of its shareholders, has the right under the Plan to amend, suspend, or terminate the Plan in its entirety subject to the provisions of ERISA. In the event of Plan termination, participants will become 100 percent vested in their accounts.

Plan Expenses

Costs incident to the purchase and sale of securities, such as brokerage commissions and stock transfer taxes, are paid by the respective funds. All other administrative expenses incurred in the administration of the Plan are charged against the respective funds, unless the employer elects to pay such amounts. The Company has elected to pay audit and consulting fees only.

2. Summary of Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Investment Valuation and Income Recognition

The Plan's investments in common stock are stated at fair value which equals the quoted market price on the last business day of the plan year. The fair value of the participation units held by the Plan in the mutual funds and common/collective fixed income investment funds are based on quoted redemption values on the last business day of the plan year. The participant loans are valued at their outstanding balances, which approximate fair value. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

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STERIS Corporation
401(k) Plan and Trust

Notes to Financial Statements (continued)

2. Summary of Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and

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accompanying notes. Actual results could differ from those estimates.

3. Transactions with Parties-in-Interest

Party-in-interest transactions include the investment in the special funds of the Trustee and the payment of administrative expenses.

The Plan purchased common shares of the Company for \$7,235,476 and sold common shares of the Company for \$8,429,383 during the year ended December 31, 2001.

4. Income Tax Status

The Plan has received an opinion letter from the Internal Revenue Service dated November 23, 1992, stating that the written form of the underlying prototype plan document is qualified under Section 401(a) of the Internal Revenue Code (the Code), and that any employer adopting this form of the Plan will be considered to have a plan qualified under Section 401(a) of the Code. Therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan Administrator believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

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STERIS Corporation 401(k) Plan and Trust

Notes to Financial Statements (continued)

5. Investments

During 2001, the Plan's investments (including investments purchased, sold, as well as held during the year) appreciated/(depreciated) in fair value as determined by quoted market prices as follows:

	Net Appreciation/ (Depreciation) in Fair Value of Investments

Fair value as determined by quoted market prices:	
STERIS Corporation common shares	\$ 4,605,486
Mutual funds	(14,096,737)
Common/collective fixed income investment funds	(957,358)

	\$ (10,448,609)
	=====

Investments that represent 5% or more of the fair value of the Plan's net assets are as follows:

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	December 31	
	2001	2000
Victory Stock Index Fund	\$ 43,920,306	\$ 57,116,818
Victory Balanced Fund	38,762,313	43,891,361
STERIS Corporation common shares	34,111,351	31,232,077
Victory DCS Magic Fund (EB Magic Fund in 2000)	17,856,888	14,772,920
Pimco Total Return Fund	8,519,030	-

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STERIS Corporation

401(k) Plan and Trust

EIN: 34-1482024 Plan Number--001

Schedule H, Line 4(i)--Schedule of Assets (Held at End of Year)

December 31, 2001

Identity of Issue, Borrower, or Lessor Similar Party	Description of Investment Including Maturity Date, Rate of Interest Par, or Maturity Value	Current Value

Common Stock		
*STERIS	STERIS Corporation common shares	\$ 34,111,351
Mutual Funds		
*KeyBank National Association	Victory Stock Index Fund	43,920,306
	Victory Balanced Fund	38,762,313
	Pimco Total Return Fund	8,519,030
	Neuberger Berman Genesis Asset Fund	2,902,726
	Fidelity Advisor Mid Cap Fund	2,132,986
	Victory Diversified Stock Fund	1,817,143
	American Europacific Growth Fund	506,676
	EB Money Market Fund	57,849

		98,619,029
Common/Collective Fixed Income Investment Funds		
*KeyBank National Association	Victory DCS Magic Fund	17,856,888
Other		
*Participant Loans	Bearing interest between 6% and 10.5% and maturing through 2006	3,958,065

		\$ 154,545,333

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* Indicates party-in-interest to the Plan.

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SIGNATURES

THE PLAN. Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Plan has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

STERIS Corporation 401 (k) Plan and Trust

Dated: June 26, 2002

By: /s/ William L. Aamoth

William L. Aamoth
Treasurer

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