

Edgar Filing: ARVINMERITOR INC - Form 11-K

ARVINMERITOR INC  
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 FISCAL YEAR ENDED DECEMBER 31, 2001

COMMISSION FILE NO. 1-15983

ARVINMERITOR, INC. SAVINGS PLAN

(Full title of the plan)

ARVINMERITOR, INC.  
2135 WEST MAPLE ROAD  
TROY, MICHIGAN 48084

(Name of issuer of the securities held pursuant to the plan and the address of  
its principal executive office)

Table of Contents

Independent Auditors' Report	1
Financial Statements:	
Statements of Net Assets Available for Benefits as of December 31, 2001 and 2000	2
Statements of Changes in Net Assets Available For Benefits for the Year Ended December 31, 2001	3
Notes to Financial Statements	4-8
Supplemental Schedules as of and for the Year ended December 31, 2001:	
Schedule of Assets Held at End of Year	9

## Edgar Filing: ARVINMERITOR INC - Form 11-K

Schedule of Reportable Transactions	10
Signatures	11
Exhibit:	
Independent Auditors' Consent	12

### INDEPENDENT AUDITORS' REPORT

To the ArvinMeritor, Inc. Savings Plan and to Participants therein:

We have audited the accompanying statements of net assets available for benefits of the ArvinMeritor, Inc. Savings Plan (formerly the Meritor Automotive, Inc. Savings Plan) (the "Plan") 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 of America. 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, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2001 and 2000, and the changes in net assets available for benefits for the year ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are 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. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in our audit of the basic December 31, 2001 financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

Edgar Filing: ARVINMERITOR INC - Form 11-K

DELOITTE & TOUCHE LLP

Detroit, Michigan

June 26, 2002

ARVINMERITOR, INC. SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS  
AS OF DECEMBER 31, 2001 AND 2000

	2001	2000
	----	----
ASSETS:		
Investments (Note 3)	\$196,077,033	\$ 44,009,675
Due from other plans (Note 1)	-	118,779,710
	-----	-----
TOTAL ASSETS	196,077,033	162,789,385
LIABILITIES - Accrued expenses	85,083	56,860
	-----	-----
NET ASSETS AVAILABLE FOR BENEFITS	\$195,991,950	\$162,732,525
	=====	=====

See accompanying notes to financial statements.

-2-

ARVINMERITOR, INC. SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS  
FOR THE YEAR ENDED DECEMBER 31, 2001

Year Ended  
December 31, 2001  
-----

ADDITIONS:

Edgar Filing: ARVINMERITOR INC - Form 11-K

Employee contributions	\$ 21,607,955
Employer contributions	10,689,464
	-----
	32,297,419
Net appreciation	
in fair value of investments (Note 3)	11,691,200
Dividends and interest	5,851,987
Transfers in (Note 1)	4,603,090
	-----
Total additions	54,443,696
DEDUCTIONS:	
Benefits paid to participants	(20,774,040)
Administrative expenses	(410,231)
	-----
Total deductions	(21,184,271)
Net additions	33,259,425
NET ASSETS AVAILABLE FOR PLAN BENEFITS, beginning of year	162,732,525
	-----
NET ASSETS AVAILABLE FOR PLAN BENEFITS, end of year	\$ 195,991,950
	=====

See accompanying notes to financial statements.

-3-

ARVINMERITOR, INC. SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

1. DESCRIPTION OF THE PLAN

The following general description of the ArvinMeritor, Inc. Savings Plan (formerly the Meritor Automotive, Inc. Savings Plan) (the "Plan"), as in effect at December 31, 2001, is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

GENERAL - The Plan was established October 1, 1997. The Plan is a defined contribution savings plan covering all eligible employees of ArvinMeritor, Inc. and certain affiliated companies (the "Company"). Eligible employees may participate in the Plan immediately on the date on which the individual becomes an employee. The Plan is administered by the Company's Employee Benefit Plan Committee and the Plan Administrator. The Trustee for the Plan assets is T. Rowe Price Trust Company. The Plan is subject to the

## Edgar Filing: ARVINMERITOR INC - Form 11-K

provisions of the Employee Retirement Income Security Act of 1974.

On July 7, 2000, Meritor Automotive, Inc. merged with Arvin Industries, Inc. to become ArvinMeritor, Inc. ("ArvinMeritor"). The new company, ArvinMeritor, Inc., is now the Plan sponsor and administrator.

On December 31, 2000, all or a portion of four plans were merged into the Plan: Meritor Heavy Vehicle Braking Systems Salaried Savings Plan, Arvin Savings Plan, Euclid Industries 401(k) Plan and the Euclid Industries, Inc. Profit Sharing Plan. This has been reflected as a receivable due from other plans on the statement of net assets available for benefits at December 31, 2000. Effective January 1, 2001, the name of the Plan was changed from the Meritor Automotive, Inc. Savings Plan to the ArvinMeritor, Inc. Savings Plan.

For the year ended December 31, 2001, various transfers to the Plan occurred as a result of additional employees being transferred from the ArvinMeritor, Inc. Hourly Employees Savings Plan. These have been reflected as transfers in on the Statement of Changes in Net Assets.

CONTRIBUTIONS - Eligible employees may elect to contribute up to 20% of their base compensation, by electing to defer receipt of compensation (pre-tax contribution) or authorizing deductions from compensation (after-tax contribution). Participants can elect to have their contributions invested in 5% increments in various investment funds.

The participants are immediately eligible for matching contributions. The Company matches 100% of the participant's contribution up to the first 3% of eligible compensation and 50% of the participant's contribution on the next 3% of eligible compensation. Company contributions may be in the form of ArvinMeritor common stock or cash invested in ArvinMeritor common stock. The Company match for employees in a joint venture is payable in cash.

VESTING - Amounts attributable to participant contributions and Company contributions are fully vested at all times.

PLAN WITHDRAWALS - Amounts contributed may be withdrawn by, or distributed to, a participant only upon (1) termination of employment or (2) attaining the age of 59 1/2. Withdrawals prior to

-4-

attaining age 59 1/2 are not permitted except in the event of retirement, disability or as a hardship distribution. Certain income tax penalties may apply to withdrawals or distributions prior to age 59 1/2.

PAYMENT OF BENEFITS - On termination of service due to death, disability or retirement, a participant generally receives an amount equal to the value of the participant's vested interest in their account in a lump-sum amount. For termination of service due to other reasons, a participant may receive the value of the vested interest in their account as a lump-sum distribution.

LOANS TO PARTICIPANTS - Participants may borrow from the Plan an amount not less than \$1,000 and not greater than the lesser of (i) \$50,000 less the amount of loans outstanding during the preceding 12-month period, (ii) amounts in the participant's account attributable to participant contributions, or (iii) one-half of the participant's vested account balance.

Interest is charged at 1% over the prime rate, which is defined as the

## Edgar Filing: ARVINMERITOR INC - Form 11-K

base rate on corporate loans posted by at least 75% of the 30 largest U.S. banks. The loans are repaid through payroll deductions over periods generally not to exceed 60 months. Payments of principal and interest are reinvested under the participant's current investment election for new contributions.

GUARANTEED INVESTMENT CONTRACTS AND COMMON TRUST FUND - The prior Stable Value Fund (discontinued April 1, 1999) held two guaranteed investment contracts. These funds were to remain so invested until expiration of the contracts or an interest guarantee under those contracts. These contracts guarantee the principal and fixed interest thereon for a specified period of time and accrue such fixed interest on a monthly basis. One of the two contracts expired on March 31, 2000 and the funds were reinvested in the Stable Value Common Trust Fund. The remaining guaranteed investment contract expired on April 2, 2001 and was also reinvested in the Stable Value Common Trust Fund.

The detail of the contract outstanding at December 31, 2000 is as follows.

ISSUING COMPANY	PERIODS OF CONTRIBUTION	GUARANTEED ANNUAL RETURN	MATURITY DATE	CONTRACT V DECEMBER 3
Prudential	April 1, 1998 - March 31, 1999	5.82%	April 2, 2001	\$ 454,149

The crediting interest rate for the guaranteed investment contracts equals the guaranteed annual return for the year ended December 31, 2001 and the three months ended December 31, 2000.

PARTICIPANT ACCOUNTS - Each participant's account is credited with the participant's contribution and an allocation of the Company's contribution and Plan earnings and charged with an allocation of administrative expenses. Allocations are based on a participant's earnings or account balances as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

PLAN TERMINATION - Although the Company has not expressed any intent to terminate the Plan, it reserves the right to do so at any time.

-5-

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements of the Plan are prepared under the accrual method of accounting.

INVESTMENT VALUATION - Investments, other than benefit-responsive investment contracts, are stated at fair value as measured by readily available market prices. The T. Rowe Price Stable Value Common Trust Fund is comprised of individual investment contracts, including synthetic investment contracts and are stated at contract value. The investment contracts are nontransferable, but provide for benefit-responsive withdrawals by plan participants at contract value. Benefit-responsive withdrawals are provided for on a proportional basis by the issuers of the investment contracts. The trustee's valuation committee primarily considers factors such as the benefit responsiveness of the investment contract and the ability of the parties to the investment contract to perform in

## Edgar Filing: ARVINMERITOR INC - Form 11-K

accordance with the terms of the contract. Generally, contract value approximates fair value (contributions made plus interest accrued at the contract rate, less withdrawals and fees). If, however an event has occurred that may impair the ability of the contract issuer to perform in accordance with the contract term, fair value may be less than the contract terms.

SECURITY TRANSACTIONS AND INVESTMENT INCOME - Purchases and sales of securities are reported on a trade date basis. Dividends are recorded on the ex-dividend date and interest income is recorded on the accrual basis.

PLAN EXPENSES - Administrative expenses of the Plan are paid by the Plan or the Company, as provided by the Plan document.

BENEFIT PAYMENTS - Benefits are recorded when paid.

USE OF ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates. The Plan utilizes various investments, which are exposed to various risks such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities, will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Net Assets Available for Benefits.

-6-

### 3. INVESTMENTS

The following presents investments that represent 5% or more of the Plan's net assets.

	December 31, 2001	December 31, 2000
	-----	-----
Mutual Funds:		
T. Rowe Price Growth and Income Fund	\$17,009,672	\$13,124,914
T. Rowe Price Mid-Cap Growth Fund	-	2,786,825
T. Rowe Price Balanced Fund	11,921,425	-
Common Stock:		
ArvinMeritor *	45,110,777	10,026,173
ArvinMeritor	14,695,288	5,124,175
T. Rowe Price Stable Value Common Trust Fund - at contract value	43,683,110	5,396,154
T. Rowe Price Equity Index Trust Fund	33,994,298	-

\* Nonparticipant - directed

Edgar Filing: ARVINMERITOR INC - Form 11-K

The Plan's investments (including gains and losses on investments bought and sold, as well as held during the period) appreciated (depreciated) in value as follows:

	Year Ended December 31, 2001 -----
Common Stock	\$ 22,674,059
Mutual Funds	(10,982,859) -----
Net appreciation	\$ 11,691,200 =====

4. NONPARTICIPANT-DIRECTED INVESTMENTS

Information about the net assets and the significant components of the changes in net assets relating to the non-participant-directed investments is as follows:

	Year Ended December 31, 2001 -----
Net assets - ArvinMeritor Common Stock Fund	\$ 45,110,777
Changes in net assets - ArvinMeritor Common Stock Fund:	
Employer contributions	10,074,288
Net appreciation	16,371,562
Dividends	1,256,204
Benefits paid to participants or beneficiaries	(2,911,780)
Other (primarily transfers in)	10,294,330 -----
Total	\$ 35,084,604 =====

-7-

5. TAX STATUS

The Internal Revenue Service determined and informed the Company by a letter dated January 17, 2002, that the Plan was designed in accordance with



Edgar Filing: ARVINMERITOR INC - Form 11-K

applicable sections of the Internal Revenue Code ("IRC"). The Plan has been amended since receiving the determination letter.

The Plan has requested an updated determination letter based on current year Plan amendments. The Company believes that the Plan qualifies under Section 401(a) of the IRC and is exempt from federal income taxes as of December 31, 2001. Therefore, no provision for income taxes has been included in the Plan's financial statements.

6. RELATED PARTY TRANSACTIONS

Plan investments are shares of mutual funds managed by T. Rowe Price. T. Rowe Price is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions.

-8-

ARVINMERITOR, INC. SAVINGS PLAN

SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT YEAR END)  
DECEMBER 31, 2001

IDENTITY OF ISSUER, BORROWER, LESSOR OR SIMILAR PARTY	DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR OR MATURITY VALUE	CURRENT VALUE
* T. Rowe Price	International Stock Fund	\$ 2,444,051
* T. Rowe Price	Equity Index Trust Fund	33,994,298
* T. Rowe Price	Growth and Income Fund	17,009,672
* T. Rowe Price	Mid-Cap Growth Fund	6,925,405
Franklin	Small-Cap Stock Fund	7,430,494
* T. Rowe Price	Balanced Fund	11,921,425
* T. Rowe Price	Stable Value Common Trust Fund	43,683,110
Janus Fund	Large-Cap Growth Fund	3,122,503
Pimco	US Treasury Intermediate Fund	3,356,267
	Cash	35,534
*	ArvinMeritor Common Stock	59,806,065
* Participant loans	Rates recorded at 1% over prime rate, and maturities up to	

Edgar Filing: ARVINMERITOR INC - Form 11-K

120 months

6,348,209  
 -----  
 \$196,077,033  
 =====

\* Party-in-interest.

-9-

ARVINMERITOR, INC. SAVINGS PLAN

SCHEDULE H, LINE 4j - SCHEDULE OF REPORTABLE TRANSACTIONS  
 YEAR ENDED DECEMBER 31, 2001

-----  
 Series of transactions, when aggregated, involving an amount in excess of 5% of beginning plan net assets.

(a) IDENTITY OF PARTY INVOLVED	(b) DESCRIPTION OF ASSET	(c) PURCHASE PRICE	(d) SELLING PRICE	(g) COST OF ASSET
T. Rowe Price	ArvinMeritor Common Stock (53 purchases)	\$ 28,830,779		
T. Rowe Price	ArvinMeritor Common Stock (154 sales)		\$ 2,297,013	\$ 2,789,35

- 10 -

SIGNATURES

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

ARVINMERITOR, INC. SAVINGS PLAN

By: /s/ Richard D. Greb  
 -----

Edgar Filing: ARVINMERITOR INC - Form 11-K

Richard D. Greb, Plan Administrator

June 26, 2002

-11-

EXHIBIT INDEX

EXHIBIT  
23

INDEPENDENT AUDITORS' CONSENT