

AMERICAN AXLE & MANUFACTURING HOLDINGS INC

Form 11-K

June 28, 2004

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549-1004

FORM 11-K

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

- x ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2003

Or

- o TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 1-14303

AMERICAN AXLE & MANUFACTURING, INC. SALARIED SAVINGS PLAN

(Full title of the plan)

American Axle & Manufacturing Holdings, Inc.
One Dauch Drive, Detroit, MI 48211-1198

(Name of issuer of the securities held pursuant to the plan and the address of its principal
executive offices)
(313) 758-2000

(Registrant's telephone number,
including area code)

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**AMERICAN AXLE & MANUFACTURING, INC.
SALARIED SAVINGS PLAN**

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

June 1, 2004

To the Participants and Plan Administrator
American Axle & Manufacturing, Inc. Salaried Savings Plan
Detroit, Michigan

We have audited the accompanying statement of assets available for benefits of the American Axle & Manufacturing, Inc. Salaried Savings Plan (the Plan) as of December 31, 2003, and the related statement of changes in assets available for benefits for the year then ended. 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 audit. The statement of assets available for benefits of the Plan as of December 31, 2002 was audited by other auditors whose report dated June 16, 2003 expressed an unqualified opinion on that statement.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (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 audit provides a reasonable basis for our opinion.

In our opinion, the aforementioned 2003 financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2003, and the changes in net assets available for benefits for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held for investment purposes as of December 31, 2003 is presented for purposes of complying with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is not a required part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

/s/ GEORGE JOHNSON & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
Detroit, Michigan

Table of Contents**AMERICAN AXLE & MANUFACTURING, INC.
SALARIED SAVINGS PLAN****STATEMENTS OF ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2003 AND 2002**

| | <u>2003</u> | <u>2002</u> |
|---|---------------------|---------------------|
| ASSETS: | | |
| Participant-directed investments: | | |
| Investments, at fair value (Notes 2 and 3): | | |
| Investments in registered investment companies | \$68,170,229 | \$43,716,590 |
| Common stock American Axle & Manufacturing Holdings, Inc. | 3,539,948 | 2,458,680 |
| Collective trust fund | <u>10,423,476</u> | <u>9,527,530</u> |
| | | |
| Total Investments, at Fair Value | 82,133,653 | 55,702,800 |
| Investments, at cost (Note 2): | | |
| Participant loans receivable | <u>2,445,280</u> | <u>2,501,840</u> |
| | | |
| TOTAL ASSETS AVAILABLE FOR BENEFITS | <u>\$84,578,933</u> | <u>\$58,204,640</u> |

See accompanying notes to financial statements.

Table of Contents**AMERICAN AXLE & MANUFACTURING, INC.
SALARIED SAVINGS PLAN****STATEMENT OF CHANGES IN ASSETS AVAILABLE FOR BENEFITS
YEAR ENDED DECEMBER 31, 2003**

| | |
|--|--------------|
| ADDITIONS: | |
| Participant contributions | \$ 9,265,876 |
| Employer contributions | 2,366,126 |
| | <hr/> |
| Total Contributions | 11,632,002 |
| Interest income on participant loans | 140,798 |
| Dividends | 1,530,751 |
| Net appreciation in fair value of investments (Note 3) | 16,084,443 |
| | <hr/> |
| Total Additions | 29,387,994 |
| | <hr/> |
| DEDUCTIONS: | |
| Benefits paid to participants | 3,002,435 |
| Administrative expenses | 11,266 |
| | <hr/> |
| Total Deductions | 3,013,701 |
| | <hr/> |
| INCREASE IN ASSETS AVAILABLE FOR BENEFITS | 26,374,293 |
| ASSETS AVAILABLE FOR BENEFITS, BEGINNING OF YEAR | 58,204,640 |
| | <hr/> |
| ASSETS AVAILABLE FOR BENEFITS, END OF YEAR | \$84,578,933 |
| | <hr/> |

See accompanying notes to financial statements.

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**AMERICAN AXLE & MANUFACTURING, INC.
SALARIED SAVINGS PLAN**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002 AND FOR THE YEAR ENDED DECEMBER 31, 2003**

1. DESCRIPTION OF THE PLAN

General - The following description of the American Axle & Manufacturing, Inc. Salaried Savings Plan (the Plan) provides only general information. Participants should refer to the summary plan description for more complete details of the Plan's provisions. Copies of the summary plan description are available from the human resource department of American Axle & Manufacturing, Inc. (the Company).

The Plan, established March 1, 1994, is a defined contribution plan covering substantially all salaried employees of the Company and salaried employees of the Company's U.S. subsidiaries. The Company may amend, modify, suspend, or terminate the Plan to the extent not prohibited by the Plan. No amendment, modification, suspension, or termination of the Plan shall have the effect of providing that any amounts then held under the Plan may be used or diverted to any purpose other than for the exclusive benefit of participants or their beneficiaries. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Contributions - The Plan provides for each participant to contribute from 1% to 40% of their eligible earnings. The employee contributions may be made on a pre-tax or after-tax basis. Participant contributions up to 6% receive an additional matching amount equal to 50% from the Company. Employees over age 50 may contribute an additional 1% to 40% as a catch-up contribution. Certain limitations exist as defined in the Plan agreement as to maximum contribution amounts. Additionally, participants may transfer funds into the Plan from other qualified plans. Employee participation is voluntary.

Vesting - Contributions made by participants shall vest immediately upon allocation to the account of the participant. The Company's contributions and earnings thereon shall vest upon the attainment of three years of credited service. Assets representing Company contributions which are not vested prior to a participant's withdrawal or termination of employment shall be applied to reduce subsequent Company contributions. If the Plan is terminated, any amount not so applied shall be credited ratably to the accounts of all participants.

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**AMERICAN AXLE & MANUFACTURING, INC.
SALARIED SAVINGS PLAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003 AND 2002 AND FOR THE YEAR ENDED DECEMBER 31, 2003**

1. DESCRIPTION OF THE PLAN (CONTINUED)

Investment Options - Participants may direct investments to be split among any of the investment fund options available.

Participant Loans - The Plan allows participants to borrow against their account balances with repayment through payroll deductions. Loans can be from a minimum of \$1,000 to a maximum of \$50,000 or 50%, whichever is less, of the participant's vested account balance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General - The financial statements of the Plan are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Valuation of Investments - The Plan's investments are stated at fair value. The shares of registered investment companies are valued at quoted market prices that represent the asset value of the shares held by the Plan at year-end. Participant loans are recorded at cost, which approximates fair value.

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets available for benefits at the date of the financial statements and the reported amounts of increases or decreases in assets available for benefits during the reporting period. Actual results could differ from those estimates. The Plan invests in various securities, including mutual funds. Investment securities, in general, 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 statements of assets available for benefits.

Table of Contents**AMERICAN AXLE & MANUFACTURING, INC.
SALARIED SAVINGS PLAN****NOTES TO FINANCIAL STATEMENTS (CONTINUED)****DECEMBER 31, 2003 AND 2002 AND FOR THE YEAR ENDED DECEMBER 31, 2003****3. INVESTMENTS**

The fair value of individual investments that exceed five percent of the Plan's assets available for benefits is as follows as of December 31, 2003 and 2002:

| | <u>2003</u> | <u>2002</u> |
|--|--------------|--------------|
| PIMCO Total Return Administrative Class Fund | \$ 4,410,603 | \$ 3,491,568 |
| Fidelity Low-Priced Stock Fund | 27,883,374 | 17,637,494 |
| Fidelity Diversified International Fund | 7,637,943 | 4,417,363 |
| Fidelity Freedom 2020 Fund | 4,339,816 | 2,915,122 |
| Spartan U.S. Equity Index Fund | 17,951,760 | 12,542,840 |
| Fidelity Managed Income Portfolio II Fund | 10,423,476 | 9,527,530 |

For the year ended December 31, 2003, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows:

| | |
|---|---------------------|
| Common stock - American Axle & Manufacturing Holdings, Inc. | \$ 1,719,905 |
| Investments in registered investment companies | <u>14,364,538</u> |
| Net Appreciation in Value | <u>\$16,084,443</u> |

4. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company reserves the right to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA and any applicable agreements. In the event of Plan termination, each participant would have a nonforfeitable right to his or her total account balance as of the date of termination. Company contributions and earnings thereon which are not vested at the time of termination would be credited ratably to the accounts of all participants.

5. TRANSACTIONS WITH PARTIES-IN-INTEREST

Fees for accounting, legal, and trustee services were paid by the Company on behalf of the Plan. The fees paid by the Company for services rendered by parties-in-interest were based on customary and reasonable rates for such services.

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**AMERICAN AXLE & MANUFACTURING, INC.
SALARIED SAVINGS PLAN**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2003 AND 2002 AND FOR THE YEAR ENDED DECEMBER 31, 2003**

5. TRANSACTIONS WITH PARTIES-IN-INTEREST (CONTINUED)

Certain investments held by the Plan as of December 31, 2003 and 2002 are managed by Fidelity, the trustee and custodian of the Plan. Such investments fall within the investment guidelines of the Plan and are considered parties-in-interest. As of December 31, 2003 and 2002, the Plan held \$78,683,245 and \$54,358,042, respectively, in investments with various parties-in-interest.

6. INCOME TAX STATUS

The Internal Revenue Service has determined and informed the Company by letter dated July 18, 2002 that the Plan qualifies under section 401(a) of the Internal Revenue Code (IRC) and, therefore, the related trust is not subject to tax under present income tax law. Once qualified, the Plan is required to operate in conformity with the IRC to maintain its qualification. The Plan administrator is not aware of any course of action or series of events that have occurred that might adversely affect the Plan's qualified status.

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SUPPLEMENTAL SCHEDULE

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DECEMBER 31, 2003**

| Party-in-Interest | Identity of Issue, Borrower, Lessor, or Similar Party | Description of Investment (Including Maturity Date, Rate of Interest, Collateral, and Par or Maturity Value) | Cost | Current Value |
|-------------------|---|--|-------|---------------------|
| | Registered Investment Companies: | | | |
| | PIMCO Total Return Administrative Class Fund | 411,821.021 shares | (a) | \$ 4,410,603 |
| | PIMCO High Yield Administrative Class Fund | 103,640.941 shares | (a) | 1,012,572 |
| | Domini Social Equity Fund | 17,301.832 shares | (a) | 472,513 |
| * | Fidelity Low-Priced Stock Fund | 797,123.333 shares | (a) | 27,883,374 |
| * | Fidelity Diversified International Fund | 316,664.287 shares | (a) | 7,637,943 |
| * | Fidelity Freedom Income Fund | 80,992.725 shares | (a) | 898,209 |
| * | Fidelity Freedom 2000 Fund | 13,069.928 shares | (a) | 153,964 |
| * | Fidelity Freedom 2010 Fund | 56,304.785 shares | (a) | 733,088 |
| * | Fidelity Freedom 2020 Fund | 333,319.228 shares | (a) | 4,339,816 |
| * | Fidelity Freedom 2030 Fund | 167,309.262 shares | (a) | 2,166,655 |
| * | Spartan U.S. Equity Index Fund | 455,512.820 shares | (a) | 17,951,760 |
| * | Fidelity Freedom 2040 Fund | 67,424.838 shares | (a) | 509,732 |
| | | | | 68,170,229 |
| | Common Stock: | | | |
| * | American Axle & Manufacturing Holdings, Inc. | 87,579.114 shares | (a) | 3,539,948 |
| | Collective Trust Fund: | | | |
| * | Fidelity Managed Income Portfolio II Fund | 10,423,475.830 units | (a) | 10,423,476 |
| | Participant Loans Receivable: | | | |
| * | Plan participants | Loans receivable; interest rates ranged from 4.00 percent to 4.75 percent during 2003 | \$-0- | 2,445,280 |
| | | | | \$84,578,933 |

(a) These are participant-directed investments; therefore, the cost is not required to be reported.

There were no investment assets reportable as acquired and disposed of during the year ended December 31, 2003.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMERICAN AXLE & MANUFACTURING,
INC.
SALARIED SAVINGS PLAN
(Name of Plan)

June 28, 2004

By: /s/Michael K. Simonte

Michael K. Simonte
Vice President
and Treasurer of American Axle
& Manufacturing Holdings, Inc.

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| <u>Exhibit No.</u> | <u>Description</u> |
|---------------------------|--|
| Exhibit 23 | Consent of George Johnson & Company, Independent Registered Public Accounting Firm |