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MONRO MUFFLER BRAKE INC

Form 11-K

October 12, 2001

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15 (D) OF THE
SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)

For the fiscal year ended March 31, 2001

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from ____ to ____

Commission File Number 0-19357

MONRO MUFFLER BRAKE, INC.
PROFIT SHARING PLAN

(Full title of the plan)

MONRO MUFFLER BRAKE, INC.
200 HOLLEDER PARKWAY
ROCHESTER, NY 14615

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

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MONRO MUFFLER BRAKE, INC.
PROFIT SHARING PLAN

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All other schedules required by Section 2520.103-10 of the Department of Labor Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.	
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REPORT OF INDEPENDENT ACCOUNTANTS

To the Participants and Administrator of
Monro Muffler Brake, Inc. Profit Sharing Plan

In our opinion, the accompanying statements of net assets available for plan benefits and the related statement of changes in net assets available for plan benefits present fairly, in all material respects, the net assets available for plan benefits of Monro Muffler Brake, Inc. Profit Sharing Plan (the "Plan") at March 31, 2001 and 2000, and the changes in net assets available for plan benefits for the year ended March 31, 2001 in conformity with accounting principles generally accepted in the United States of America. 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 of these statements in accordance with auditing standards generally accepted in the United States of America, which 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, assessing the accounting principles used and significant estimates

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made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic 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. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits 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/ PricewaterhouseCoopers LLP

September 24, 2001

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MONRO MUFFLER BRAKE, INC.
PROFIT SHARING PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

	MARCH 31, -----
	2001 ----
ASSETS	
Cash and cash equivalents	\$ 8,567 -----
Investments, at fair value	12,574,365 -----
Receivables:	
Participants' contributions	129,855
Employer's contributions	109,500
Loans receivable	199,813 -----
Total receivables	439,168

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Net assets available for plan benefits

\$13,022,100

The accompanying notes are an integral part of the financial statements.

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MONRO MUFFLER BRAKE, INC.
PROFIT SHARING PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

	Year ended March 31,
	2001

ADDITIONS TO NET ASSETS ATTRIBUTED TO:	
Contributions:	
Employer	\$ 467,010
Participants	1,604,935
Rollover	318,785
Total contributions	----- 2,390,730 -----
Investment Income:	
Net appreciation (depreciation) in fair value of investments:	
Common stocks	16,849
Mutual funds	(1,894,960)
	----- (1,878,111) -----
Interest and dividend income	1,623
Other income	721
Total additions	----- 514,963 -----
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:	
Benefits paid to participants	1,664,504
Administrative expenses	11,827
Total deductions	----- 1,676,331 -----

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Decrease in net assets available for benefits	(1,161,368)
Net assets available for plan benefits:	
Beginning of year	14,183,468

End of year	\$13,022,100
	=====

The accompanying notes are an integral part of the financial statements.

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MONRO MUFFLER BRAKE, INC.
PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE PLAN:

The following brief description of the Monro Muffler Brake, Inc. Profit Sharing Plan ("the Plan") is provided for general information purposes only. Participants should refer to the Plan documents for more complete information.

GENERAL

Monro Muffler Brake, Inc. (the employer and Plan sponsor) (the "Company") voluntarily contributes funds to provide for retirement, termination, disability and death benefits of plan participants.

On November 18, 1999, the Board of Directors approved amending the Plan to add a 401(k) salary deferral option. Prior to this amendment, participant fund balances consisted solely of employer-contributed Profit Sharing amounts adjusted for related gains/losses. In connection with this amendment, a new trustee (the "Trustee") and custodian were appointed by the Board of Directors. Plan assets were initially transferred from the former custodian to a balanced fund, consisting of fixed income and equity investments, managed by the new custodian. These funds remained there during the "black out" period beginning January 2000 and continuing through April 2000. Employee fund balances could not be withdrawn from the Plan during this period, until the custodian and Trustee had time to accurately complete the conversion. At the end of the conversion, Plan assets were invested in funds designated by each participant. Participant contributions under the 401(k) salary deferral option began in March 2000. The legal effective date of the Plan amendment was March 1, 2000.

PARTICIPATION

Full-time, permanent employees of Monro Muffler Brake, Inc. become participants of the Plan on the first of the month following the completion of 90 days of service. To participate, an employee must be 21 years of age. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

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CONTRIBUTIONS

Participants may contribute from 1% to 15% of their annual pre-tax compensation. Participants may also contribute amounts representing rollovers from other qualified plans. Contributions are subject to certain limitations as required under the Internal Revenue Code.

Participants' contributions are matched ("401(k) Matching Contributions") by the Company in an amount determined by the Board of Directors of the Company. The Board has currently decided to match the amount of \$.50 for every dollar contributed, up to 4% of the participant's pre-tax compensation. The Company does not make a matching contribution on employee contributions greater than 4%.

Additionally, the Company may contribute to the Plan an additional amount, either in the form of a "Profit Sharing Contribution", or in the form of an additional match on 401(k) participant contributions, based on the sole discretion of the Board of Directors.

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MONRO MUFFLER BRAKE, INC.
PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

VESTING

Profit Sharing Contributions are allocated by the custodian based on the proportionate share of wages earned by each participant in relation to the total qualified wages for all participants in the Plan.

Participants are immediately vested in their own salary reduction contributions plus actual earnings thereon. Vesting in the Company 401(k) Matching Contribution portion of their accounts, plus actual earnings thereon, is based on years of service as defined in the Plan. A participant vests 25% at the end of his/her second year of service, and an additional 25% each year thereafter.

Participants become 100% vested in the Company's Profit Sharing Contributions at the end of five years of service with no vesting in prior years.

Forfeited balances of terminated participants' nonvested accounts are used to reduce future Company contributions and to pay administrative expenses of the Plan. Forfeited accounts amounted to approximately \$67,000 and \$53,000 for the years ended March 31, 2001 and 2000, respectively.

INVESTMENT OPTIONS

All investment options are participant-directed. Participants may change their investment options daily.

PARTICIPANT LOANS

Participants may borrow from their 401(k) and profit sharing fund accounts in various amounts as specified by the Plan. Loans must be a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balances. Loan terms range from one to five years, or up to ten years for

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purchase of a primary residence. The loans are secured by the balance in the participant's account and bear interest at a rate commensurate with local prevailing rates as determined by the Benefits Committee. Principal and interest are paid ratably through payroll deductions. Loans totaling \$205,000 were granted during the year ended March 31, 2001. There were no loans during the year ended March 31, 2000.

ADMINISTRATION

The Monro Muffler Brake, Inc. Benefits Committee is solely responsible for the general administration of the plan and carrying out the Plan provisions. The Company reserves the right, by action of the Board of Directors, to discontinue contributions and terminate the Plan at any time. In the event of a termination of the Plan, each participant shall immediately become fully vested. The Trustee of the Plan's assets is Investors Bank & Trust Company of Boston. The custodian is Diversified Investment Advisors.

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MONRO MUFFLER BRAKE, INC.
PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

ADMINISTRATIVE EXPENSES

Plan expenses are primarily paid by the Plan.

BENEFIT PAYMENTS

Benefits are recorded when paid.

NOTE 2 - SUMMARY OF ACCOUNTING PRINCIPLES AND PRACTICES:

BASIS OF ACCOUNTING

The financial statements of the Plan have been prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States.

REVENUE RECOGNITION

Income on plan assets is accrued when earned, and gains or losses on the disposition of such assets are recorded when realized.

VALUATION OF INVESTMENT ASSETS

Plan assets are reported at fair market value measured by quoted prices in an active market as of the plan year-end date. Mutual fund investments are valued at net asset value representing the value at which shares of the fund may be purchased or redeemed.

The Plan presents, in the Statement of Changes in Net Assets, the net appreciation (depreciation) in the fair value of its investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) of those investments.

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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 net assets available for benefits and changes therein. Actual results could differ from those estimates.

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MONRO MUFFLER BRAKE, INC.
PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

RISKS AND UNCERTAINTIES

Investment securities are exposed to various risks, such as interest rate and market risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risk in the near term would materially affect participants' account balances and the amount reported in the Statement of Net Assets Available for Plan Benefits and the Statement of Changes in Net Assets Available for Plan Benefits.

NOTE 3 - INVESTMENTS:

The following table presents the fair values of investments held by the Plan's trustees. Investments that represent five per cent or more of the Plan's net assets available for benefits are separately identified.

	MARCH 31,	
	2001	2000
	----	----
COMMON STOCKS	\$ 104,713	
MUTUAL FUNDS		
Stock Index	895,352	\$ 736,644
Intermediate Horizon SAF *	4,646,799	7,128,615
Intermediate/Long Horizon SAF *	1,743,997	1,954,720
Long Horizon SAF *	1,310,132	1,135,929
Other	3,873,372	3,046,312
	-----	-----
TOTAL MUTUAL FUNDS	12,469,652	14,002,220
	-----	-----
	\$12,574,365	\$14,002,220

* SAF - Strategic Allocation Fund

NOTE 4 - PARTY-IN-INTEREST TRANSACTIONS:

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The Plan held investments in Company securities with a fair value of approximately \$105,000 as of March 31, 2001. There were no investments in Company securities at March 31, 2000.

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MONRO MUFFLER BRAKE, INC.
PROFIT SHARING PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500:

Benefit obligations for persons who have withdrawn from participation in the Plan were \$1,632,000 and \$751,000 at March 31, 2001 and March 31, 2000, respectively. These amounts are reflected as liabilities in the Plan's Form 5500.

NOTE 6 - FEDERAL INCOME TAX STATUS:

The Plan administrator has obtained a favorable determination letter from the Internal Revenue Service, which qualifies the Plan under Section 401(a) of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Internal Revenue Code.

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MONRO MUFFLER BRAKE, INC.
PROFIT SHARING PLAN

SCHEDULE OF ASSETS HELD
AT END OF YEAR
MARCH 31, 2001

SCHEDULE H
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DIVERSIFIED INVESTMENT ADVISORS

IDENTITY OF ISSUE,
BORROWER, LESSOR
OR SIMILAR PARTY

DESCRIPTION
OF INVESTMENT

Diversified Investment Money Market Fund

Mutual Funds

Diversified Investment High Quality Bond Fund

Mutual Funds

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Diversified Investment Core Bond Fund	Mutual Funds
Diversified Investment Stock Index	Mutual Funds
Diversified Investment Value & Income Fund	Mutual Funds
Diversified Investment Growth & Income Fund	Mutual Funds
Diversified Investment Equity Growth Fund	Mutual Funds
Diversified Investment Special Equity Fund	Mutual Funds
Diversified Investment International Equity Fund	Mutual Funds
Diversified Investment Short Horizon SAF *	Mutual Funds
Diversified Investment Short/Intermediate Horizon SAF *	Mutual Funds
Diversified Investment Intermediate Horizon SAF *	Mutual Funds
Diversified Investment Intermediate/Long Horizon SAF *	Mutual Funds
Diversified Investment Long Horizon SAF *	Mutual Funds
Diversified Investment Monro Stock Fund **	Mutual Funds

Total Assets

* SAF - Strategic Allocation Fund
** Indicates a party-in-interest to the Plan

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, Monro Muffler Brake, Inc., as Administrator, has duly caused this Annual Report to be signed on its behalf by the undersigned hereunto duly authorized.

Monro Muffler Brake, Inc.
AS ADMINISTRATOR OF
Monro Muffler Brake, Inc.
Profit Sharing Plan

DATE: October 12, 2001

By /s/ Catherine D'Amico

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Catherine D'Amico
Senior Vice President - Finance and
Chief Financial Officer

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EXHIBIT INDEX

Exhibit

23 Consent of PricewaterhouseCoopers LLP, Independent Accountants,
dated October 11, 2001

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