

AMERICAN EXPRESS FINANCIAL ADVISORS
SEGMENT CONSOLIDATED INCOME STATEMENTS
FOR YEARS ENDED DECEMBER 31

Unaudited
(\$ Thousands)

	2001	2000	1999	1998	1997
Revenues:					
Investment income	\$1,161,774	\$2,292,145	\$2,443,338	\$2,436,958	\$2,338,996
Investment management and services fees	1,538,101	1,852,864	1,461,282	1,221,885	1,060,007
Distribution fees	921,543	958,854	808,139	629,440	425,408
Variable annuity and variable life insurance charges	388,996	333,981	328,023	311,374	280,285
Life insurance premiums	314,845	289,532	255,427	229,429	206,494
Property-Casualty insurance premiums	167,465	136,073	123,746	108,984	94,701
Other	298,756	266,290	215,962	157,077	192,216
Total revenues	<u>4,791,480</u>	<u>6,129,739</u>	<u>5,635,917</u>	<u>5,095,147</u>	<u>4,598,107</u>
Benefits and Expenses:					
Benefits:					
Annuities	989,675	1,018,355	1,070,670	1,150,535	1,213,990
Life insurance	522,088	468,471	437,797	417,711	384,134
Investment certificates	328,692	336,527	306,112	274,626	200,295
Property/Casualty	126,298	87,642	84,277	71,501	67,953
Expenses:					
Compensation and benefits	1,995,224	2,152,625	1,744,487	1,530,102	1,282,308
Professional fees	210,949	184,551	189,521	152,275	138,135
Occupancy and equipment costs	261,162	230,356	199,281	152,077	153,815
Taxes, other than income taxes	33,364	32,760	26,678	24,971	21,658
Interest	25,927	22,419	32,304	29,847	23,304
Restructuring charges	107,040	-	-	-	-
Disaster recovery charge	10,900	-	-	-	-
Other	203,663	113,221	182,027	99,414	90,640
Total benefits and expenses	<u>4,814,982</u>	<u>4,646,927</u>	<u>4,273,154</u>	<u>3,903,059</u>	<u>3,576,232</u>
(Loss) income before income tax (benefit) expense	(23,502)	1,482,812	1,362,763	1,192,088	1,021,875
Income tax (benefit) expense	<u>(75,788)</u>	<u>450,706</u>	<u>427,859</u>	<u>374,057</u>	<u>314,844</u>
Net income	<u>\$52,286</u>	<u>\$1,032,106</u>	<u>\$934,904</u>	<u>\$818,031</u>	<u>\$707,031</u>

AMERICAN EXPRESS FINANCIAL ADVISORS
SEGMENT CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31

Unaudited
(\$ Thousands)

	2001	2000	1999	1998	1997
ASSETS					
Investments:					
Securities	\$29,595,926	\$26,383,159	\$26,270,148	\$27,014,363	\$26,875,845
Mortgage loans	4,023,828	4,096,665	3,984,424	3,839,738	3,831,080
Other investments	511,548	674,141	616,504	438,431	274,104
Total investments	34,131,302	31,153,965	30,871,076	31,292,532	30,981,029
Cash and cash equivalents	2,673,069	2,218,736	1,533,754	603,609	566,651
Life insurance policy and investment certificate loans	641,378	644,521	590,729	557,775	535,971
Consumer loans	296,421	326,110	189,786	212,944	214,643
Accounts, notes and investment income receivable	1,388,066	2,157,862	1,284,168	1,014,332	847,169
Land, buildings and equipment--less accumulated depreciation	679,131	604,663	373,398	261,811	236,777
Deferred acquisition costs	3,652,310	3,502,504	3,176,282	2,934,391	2,835,191
Goodwill--less accumulated amortization	220,593	232,099	243,656	255,207	218,309
Other assets	455,516	370,507	449,711	103,738	177,846
Separate account assets	27,333,697	32,349,347	35,894,732	27,349,401	23,214,504
	<u>\$71,471,483</u>	<u>\$73,560,314</u>	<u>\$74,607,292</u>	<u>\$64,585,740</u>	<u>\$59,828,090</u>

AMERICAN EXPRESS FINANCIAL ADVISORS
SEGMENT CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31

Unaudited
(\$ Thousands)

	2001	2000	1999	1998	1997
LIABILITIES AND STOCKHOLDER'S EQUITY					
Liabilities:					
Future policy benefits:					
Fixed annuities	\$19,592,273	\$19,417,446	\$20,552,159	\$21,172,303	\$22,009,747
Life and disability insurance	4,943,880	4,681,289	4,458,940	4,261,413	4,052,831
Investment certificate reserves	8,226,630	7,348,196	5,950,985	4,854,448	4,148,803
Property/Casualty insurance reserves	129,032	110,336	113,849	110,459	107,622
Other liabilities:					
Accounts payable and accrued expenses	2,681,654	3,343,130	2,295,555	1,553,068	1,395,964
Open securities transactions	1,449,948	613,895	95,995	66,586	170,843
Short-term debt	667,427	327,963	241,237	103,789	149,167
Long-term debt	119,974	123,022	124,734	126,442	119,937
Career Distributors' Retirement Plan	110,678	141,134	164,372	179,934	201,962
Other	818,085	682,805	861,207	722,031	523,030
Total other liabilities	5,847,766	5,231,949	3,783,100	2,751,850	2,560,903
Liabilities related to separate account assets	27,333,697	32,349,347	35,894,732	27,349,401	23,214,504
Total liabilities	66,073,278	69,138,563	70,753,765	60,499,874	56,094,410
Stockholder's Equity:					
Additional paid-in capital	1,943,233	1,411,937	1,402,331	1,388,752	1,359,950
Other comprehensive income	89,839	(409,093)	(477,072)	230,813	299,550
Retained earnings	3,365,133	3,418,907	2,928,268	2,466,301	2,074,180
Total stockholder's equity	5,398,205	4,421,751	3,853,527	4,085,866	3,733,680
	\$71,471,483	\$73,560,314	\$74,607,292	\$64,585,740	\$59,828,090

AMERICAN EXPRESS FINANCIAL ADVISORS
SEGMENT SELECTED STATISTICAL INFORMATION
(Unaudited)

(Dollars in millions, except where indicated)

	Years Ended December 31				
	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
Net Income	\$52	\$1,032	\$935	\$818	\$707
Revenues, Net of Provisions	\$2,825	\$4,219	\$3,737	\$3,181	\$2,732
Return on Average Equity*	1.0%	22.6%	22.9%	22.5%	21.8%
Investment Certificate Reserves (billions)	\$8.2	\$7.3	\$6.0	\$4.9	\$4.1
Deferred Annuities in Force (billions)	\$41.3	\$45.3	\$47.4	\$42.8	\$41.7
Life Insurance in Force (billions)	\$107.9	\$98.1	\$89.2	\$81.1	\$74.5
Assets Owned, Managed or Administered (billions):					
Assets managed for institutions	\$49.7	\$55.0	\$55.5	\$45.7	(a)
Assets owned, managed or administered for individuals:					
Owned Assets:					
Separate Account Assets	27.3	32.3	35.9	27.3	23.2
Other Owned Assets	44.2	41.3	38.7	37.3	36.6
Total Owned Assets	<u>71.5</u>	<u>73.6</u>	<u>74.6</u>	<u>64.6</u>	<u>59.8</u>
Managed Assets	98.7	112.0	115.1	92.0	(a)
Administered Assets	33.4	34.4	24.8	16.6	(a)
Total	<u>\$253.3</u>	<u>\$275.0</u>	<u>\$270.0</u>	<u>\$218.9</u>	
Market Appreciation/(Depreciation) During the Period:					
Owned Assets:					
Separate Account Assets	(\$5,752)	(\$5,109)	\$8,172	\$3,547	\$3,170
Other Owned Assets	\$879	\$106	(\$1,126)	(\$109)	\$262
Managed Assets	(\$18,662)	(\$14,467)	\$23,774	\$13,954	(a)
Cash Sales:					
Mutual Funds	\$33,581	\$44,068	\$34,269	\$27,567	(a)
Annuities	5,648	5,886	3,902	3,298	(a)
Investment Certificates	3,788	3,297	3,591	2,342	(a)
Life and Other Insurance Products	895	900	746	605	(a)
Institutional	5,006	6,601	5,012	5,113	(a)
Other	5,276	3,557	3,514	3,167	(a)
Total Cash Sales	<u>\$54,194</u>	<u>\$64,309</u>	<u>\$51,034</u>	<u>\$42,092</u>	
Number of Financial Advisors	11,535	12,663	11,366	10,350	8,776
Fees From Financial Plans and Advice Services	\$107.5	\$97.7	\$88.5	\$72.4	\$60.8
Percentage of Total sales from Financial Plans and Advice Services	72.5%	68.1%	66.7%	65.4%	65.7%

* Excluding the effect of SFAS No. 115 and SFAS No. 133. The company adopted SFAS No. 133 on January 1, 2001.

a) In 2000, reporting of data related to cash sales and assets owned, managed, and administered was revised to better reflect AEFA's multiple sales channel strategy and broadening of its product portfolio through additional non-proprietary offerings. Comparable data for 1997 is not available, where noted.

