

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

Unaudited
(\$ Millions)

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Revenues:					
Investment income	\$2,279	\$2,058	\$1,162	\$2,292	\$2,443
Investment management and services fees	1,366	1,316	1,538	1,853	1,461
Distribution fees	1,092	976	921	959	808
Variable annuity and variable life insurance charges	424	416	389	334	328
Life insurance premiums	351	334	315	290	256
Property-Casualty insurance premiums	326	229	167	136	124
Other	334	288	299	266	216
Total revenues	6,172	5,617	4,791	6,130	5,636
Benefits and Expenses:					
Benefits:					
Annuities	1,104	1,034	989	1,018	1,071
Life insurance	560	560	522	468	438
Investment certificates	201	183	329	337	306
Property/Casualty	257	177	126	88	84
Expenses:					
Compensation and benefits	2,090	1,898	1,969	2,093	1,744
Professional fees	231	261	211	185	190
Occupancy and equipment costs	217	237	261	230	199
Taxes, other than income taxes	37	35	33	33	27
Interest	49	38	26	22	32
Restructuring charge	-	-	107	-	-
Disaster recovery charge	-	(7)	11	-	-
Other	567	336	231	173	182
Total benefits and expenses	5,313	4,752	4,815	4,647	4,273
Pretax income before accounting change	859	865	(24)	1,483	1,363
Income tax expense (benefit)	177	233	(76)	451	428
Income before accounting change	682	632	52	1,032	935
Cumulative effect of accounting change, net of tax (A)	(13)	-	-	-	-
Net income	\$669	\$632	\$52	\$1,032	\$935

Note: Certain reclassifications of prior period amounts have been made to conform to the current presentation.

(A) Reflects a \$20 million non-cash pre-tax charge (\$13 million after-tax) related to the December 31, 2003 adoption of Financial Accounting Standards Board (FASB) Interpretation No. 46, "Consolidation of Variable Interest Entities," as revised.

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

Unaudited
(\$ Millions)

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
ASSETS					
Investments					
Securities	\$38,261	\$34,171	\$29,596	\$26,383	\$26,270
Mortgage loans	3,793	3,980	4,024	4,097	3,984
Other investments	346	419	511	674	617
Total investments	42,400	38,570	34,131	31,154	30,871
Cash and cash equivalents	2,155	6,370	2,673	2,219	1,534
Life insurance policy and investment certificate loans	594	610	641	644	591
Consumer loans	184	215	296	326	190
Accounts, notes and investment income receivable	1,479	1,025	1,388	2,158	1,284
Land, buildings and equipment--less accumulated depreciation	699	714	679	605	373
Deferred acquisition costs	3,997	3,783	3,652	3,502	3,176
Goodwill--less accumulated amortization	574	223	221	232	243
Intangible assets--less accumulated amortization	279	11	-	-	-
Separate account assets	30,809	21,981	27,334	32,349	35,895
Restricted Cash	844	-	-	-	-
Other assets	555	222	456	371	450
	\$84,569	\$73,724	\$71,471	\$73,560	\$74,607

Note: Certain reclassifications of prior period amounts have been made to conform to the current presentation.

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

Unaudited
(\$ Millions)

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
LIABILITIES AND SHAREHOLDER'S EQUITY					
Liabilities:					
Future policy benefits:					
Fixed annuities	\$26,377	\$23,411	\$19,592	\$19,418	\$20,552
Life and disability insurance	5,592	5,272	4,944	4,681	4,459
Investment certificate reserves	9,207	8,666	8,227	7,348	5,951
Property/Casualty insurance reserves	247	172	129	110	114
Deferred income taxes, net	281	286	-	-	-
Other liabilities:					
Accounts payable and accrued expenses	2,230	2,094	2,681	3,343	2,296
Open securities transactions	45	3,614	1,450	614	96
Short-term debt - due to Parent	1,118	897	664	326	241
Long-term debt - due to Parent	270	250	-	-	-
Long-term debt	120	120	120	123	125
Career Distributors' Retirement Plan	50	75	111	141	164
Non-recourse debt	325	-	-	-	-
Other	835	610	821	685	861
Total other liabilities	4,993	7,660	5,847	5,232	3,783
Liabilities related to separate account assets	30,809	21,981	27,334	32,349	35,895
Total liabilities	77,506	67,448	66,073	69,138	70,754
Shareholder's Equity:					
Additional paid-in capital	2,509	1,941	1,943	1,412	1,402
Other comprehensive income	486	661	90	(409)	(477)
Retained earnings	4,068	3,674	3,365	3,419	2,928
Total shareholder's equity	7,063	6,276	5,398	4,422	3,853
	\$84,569	\$73,724	\$71,471	\$73,560	\$74,607

Note: Certain reclassifications of prior period amounts have been made to conform to the current presentation.

**AMERICAN EXPRESS FINANCIAL ADVISORS
SEGMENT SELECTED STATISTICAL INFORMATION
YEARS ENDED DECEMBER 31**

Unaudited

(Dollars in millions, except where indicated)

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Net Income	\$669	\$632	\$52	\$1,032	\$935
Revenues, Net of Provisions	\$4,050	\$3,663	\$2,825	\$4,219	\$3,737
Return on Average Equity (A)	10.4%	10.9%	1.0%	25.8%	23.6%
Investment Certificate Reserves (billions)	\$9.2	\$8.7	\$8.2	\$7.3	\$6.0
Deferred Annuities in Force (billions)	\$47.4	\$41.0	\$41.3	\$45.3	\$47.4
Life Insurance in Force (billions)	\$131.4	\$119.0	\$107.9	\$98.1	\$89.2
Assets Owned, Managed or Administered (billions):					
Assets managed for institutions (B)	\$116.4 (D)	\$42.3	\$49.7	\$55.0	\$55.5
Assets owned and managed for individuals:					
Owned Assets:					
Separate Account Assets (B)	30.8	22.0	27.3	32.3	35.9
Other Owned Assets (B)	53.8 (E)	51.7	44.2	41.3	38.7
Total Owned Assets	<u>84.6</u>	<u>73.7</u>	<u>71.5</u>	<u>73.6</u>	<u>74.6</u>
Managed Assets (B)	110.2	81.6	98.7	112.0	115.1
Administered Assets (C)	54.1	33.0	33.4	34.4	24.8
Total	<u>365.3</u>	<u>230.6</u>	<u>\$253.3</u>	<u>\$275.0</u>	<u>\$270.0</u>
Market Appreciation/(Depreciation) During the Period:					
Owned Assets:					
Separate Account Assets	\$5,514	(\$5,057)	(\$5,752)	(\$5,109)	\$8,172
Other Owned Assets	(\$244)	\$898	\$879	\$106	(\$1,126)
Managed Assets	\$26,213	(\$16,788)	(\$18,662)	(\$14,467)	\$23,774
Sales of Selected Products:					
Mutual Funds	\$30,407	\$31,945	\$33,581	\$44,068	\$34,269
Annuities	8,335	8,541	5,648	5,886	3,902
Investment Certificates	5,736	4,088	3,788	3,297	3,591
Life and Other Insurance Products	760	710	895	900	746
Institutional	3,033	3,331 (F)	5,006	6,601	5,012
Other	5,787	5,201	5,276	3,557	3,514
Total Cash Sales	<u>\$54,058</u>	<u>\$53,816 (F)</u>	<u>\$54,194</u>	<u>\$64,309</u>	<u>\$51,034</u>
Number of Financial Advisors	12,121	11,689	11,535	12,663	11,366
Fees From Financial Plans and Advice Services	\$120.7	\$113.9	\$107.5	\$97.7	\$88.5
Percentage of Total sales from Financial Plans and Advice Services	74.8%	73.3%	72.5%	68.1%	66.7%

(A) Computed on a trailing 12-month basis using income before cumulative effect of accounting change and total shareholder's equity as included in the Consolidated Financial Statements prepared in accordance with GAAP. Prior period amounts have been revised to conform to current presentation.

(B) At September 30, 2003 includes \$73.2 billion of assets managed for institutions, \$2.6 billion of separate account assets, \$1.0 billion of other owned assets and \$7.9 billion of assets managed for individuals related to the September 30, 2003 Threadneedle acquisition.

(C) Excludes non-branded administered assets of \$3.6 billion and \$2.3 billion at December 31, 2002 and 2001, respectively.

(D) As a result of AEFA's December 31, 2003 adoption of FIN 46, as revised, managed assets decreased by \$3.8 billion.

(E) As a result of AEFA's December 31, 2003 adoption of FIN 46, as revised, \$0.5 billion of additional assets were consolidated.

(F) Revised from previously reported December 31, 2002 institutional cash sales of \$3,727 million and total cash sales of \$54,212 million.