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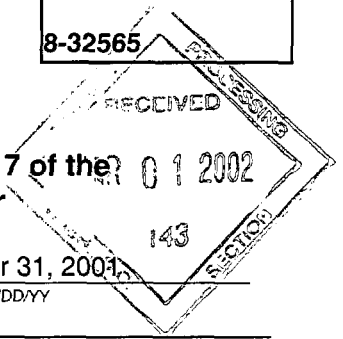
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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER  
8-32565

**FACING PAGE**

**Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**



REPORT FOR THE PERIOD BEGINNING January 1, 2001 AND ENDING December 31, 2001  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

*AM South Investment Services, Inc.*

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

250 Riverchase Parkway East

OFFICIAL USE ONLY  
FIRM ID. NO.

Birmingham Alabama 35244  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Richard D. Thompson (205)560-7534

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
**Ernst & Young LLP**

1901 Sixth Avenue North, Suite 1900 Birmingham Alabama 35203  
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

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MAR 15 2002  
THOMSON FINANCIAL

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

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**OATH OR AFFIRMATION**

I, Richard D. Thompson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of AmSouth Investment Services, Inc., as of December 31, 20 01, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Richard D. Thompson  
Signature  
Controller / Vice President  
\_\_\_\_\_  
Title

Wendy Ann Lea  
Notary Public

My Commission Expires November 1, 2004

This report\*\* contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims or Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A or Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Schedule of Segregation Requirements and Funds in Segregation for Customers Trading on U.S. Commodity Exchanges.
- (p) Statement of Secured Amount and Funds Held in Separate Accounts for Foreign Futures and Options Customers Pursuant to Commission Regulation 30.7.
- (q) Report of Independent Auditors on Internal Control.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

AmSouth Investment Services, Inc.

Financial Statements  
and Other Financial Information

Years ended December 31, 2001 and 2000

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## Report of Independent Auditors

Board of Directors and Stockholder  
AmSouth Investment Services, Inc.

We have audited the accompanying statements of financial condition of AmSouth Investment Services, Inc. as of December 31, 2001 and 2000, and the related statements of income, stockholder's equity and cash flows for the years then ended. These financial statements are the responsibility of the Company'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. 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, the financial statements referred to above present fairly, in all material respects, the financial position of AmSouth Investment Services, Inc. as of December 31, 2001 and 2000, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.



February 22, 2002

AmSouth Investment Services, Inc.

Statements of Financial Condition

	December 31	
	2001	2000
<b>Assets</b>		
Cash	\$ 1,032,260	\$ 758,345
Securities owned at market value:		
U.S. Government obligations	2,120,375	2,961,929
Mortgage backed securities	46,375,266	25,668,305
Other securities	12,794,170	12,441,748
Receivables from clearing brokers and dealers	1,963,350	1,100,050
Annuity receivables	1,810,818	1,087,917
Furniture and equipment (net of accumulated depreciation of \$1,742,901 and \$1,240,966 at December 31, 2001 and 2000, respectively)	1,823,886	1,673,745
Other assets	613,015	521,926
Total assets	<u>\$ 68,533,140</u>	<u>\$ 46,213,965</u>
<b>Liabilities and stockholder's equity</b>		
Liabilities:		
Accrued personnel expenses	\$ 3,184,299	\$ 2,249,699
Current income taxes payable	180,739	1,079,593
Deferred income tax liability	618,459	400,830
Other liabilities	4,408,423	744,204
Total liabilities	<u>8,391,920</u>	<u>4,474,326</u>
Stockholder's equity:		
Common stock - \$100 par; one share authorized, issued and outstanding	100	100
Capital surplus	274,900	274,900
Retained earnings	59,866,220	41,464,639
Total stockholder's equity	<u>60,141,220</u>	<u>41,739,639</u>
Total liabilities and stockholder's equity	<u>\$ 68,533,140</u>	<u>\$ 46,213,965</u>

*See accompanying notes.*

AmSouth Investment Services, Inc.

Statements of Income

	Year ended December 31	
	2001	2000
Revenues:		
Mutual fund commissions	\$ 16,762,990	\$ 20,972,404
Brokerage fees	5,215,937	9,060,095
Annuity commissions	62,576,891	51,074,188
Fixed income securities fees	8,611,203	7,802,579
Interest on investments	2,739,577	2,220,115
Directed trades	455,392	409,970
Miscellaneous	2,396,423	1,588,544
Total revenues	<u>98,758,413</u>	<u>93,127,895</u>
Expenses:		
Personnel expense	54,191,391	47,074,038
Occupancy expense	1,937,214	821,378
Equipment	552,235	381,750
Depreciation - furniture and equipment	501,952	297,697
Clearing and execution	2,466,264	3,503,953
Travel and convention	1,607,262	1,038,704
Management fee AmSouth Bank	-	3,142,316
Data subscription services	1,459,796	1,605,975
Fees to clearing firm	1,189,350	1,030,900
Subscriber commissions	-	873,896
Postage and office supplies	500,682	958,636
Telephone and telegraph	1,027,309	774,328
Non-credit losses	1,352,381	730,498
Professional fees	342,502	344,325
Advertising	150,322	60,760
Other operating expenses	1,409,165	1,085,215
Total expenses	<u>68,687,825</u>	<u>63,724,369</u>
Income before income taxes	30,070,588	29,403,526
Income tax expense	11,669,007	11,497,937
Net income	<u>\$ 18,401,581</u>	<u>\$ 17,905,589</u>

See accompanying notes.

AmSouth Investment Services, Inc.

Statements of Changes in Stockholder's Equity

	<u>Common Stock</u>	<u>Capital Surplus</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at January 1, 2000	\$ 100	\$ 274,900	\$ 23,559,050	\$ 23,834,050
Net income	—	—	17,905,589	17,905,589
Balance at December 31, 2000	100	274,900	41,464,639	41,739,639
Net income	—	—	18,401,581	18,401,581
Balance at December 31, 2001	<u>\$ 100</u>	<u>\$ 274,900</u>	<u>\$ 59,866,220</u>	<u>\$ 60,141,220</u>

*See accompanying notes.*

AmSouth Investment Services, Inc.

Statements of Cash Flows

	<b>Year ended December 31</b>	
	<b>2001</b>	<b>2000</b>
<b>Operating activities</b>		
Net income	\$ 18,401,581	\$ 17,905,589
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation – furniture and equipment	501,935	297,697
Provision for deferred income taxes	217,629	49,966
(Increase) decrease in assets:		
Securities	(20,217,829)	(17,021,375)
Receivables from clearing brokers and dealers	(863,300)	(575,269)
Annuity receivables	(722,901)	97,599
Other assets	(91,086)	(316,305)
Increase (decrease) in liabilities:		
Accrued personnel expenses	934,600	1,104,792
Current income tax payable	(898,854)	(779,975)
Due to clearing firm	3,517,834	8565
Other liabilities	146,385	484,893
Net cash provided by operating activities	<u>925,994</u>	<u>1,256,177</u>
<b>Investing activities</b>		
Purchases of premises and equipment	(652,079)	(1,207,923)
Net cash used in investing activities	<u>(652,079)</u>	<u>(1,207,923)</u>
Increase in cash	273,915	48,254
Cash and cash equivalents at beginning of year	758,345	710,091
Cash and cash equivalents at end of year	<u>\$ 1,032,260</u>	<u>\$ 758,345</u>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the year for:		
Income taxes	<u>\$ 12,341,939</u>	<u>\$ 12,227,946</u>

See accompanying notes.



# AmSouth Investment Services, Inc.

## Notes to Financial Statements

December 31, 2001 and 2000

### **1. Summary of Significant Accounting Policies**

AmSouth Investment Services, Inc. (AIS or Company) is a wholly-owned subsidiary of AmSouth Bank (a wholly-owned subsidiary of AmSouth Bancorporation, the Parent Company). AIS provides securities brokerage services to Alabama, Florida, Tennessee, Mississippi, Louisiana and Georgia markets. The financial statements of AIS conform to accounting principles generally accepted in the United States.

On October 1, 1999, the Parent Company merged with First American Corporation (FAM). First American National Bank (FANB), a wholly owned subsidiary of FAM, provided brokerage services through the Retail Securities Division of its Investment Services Group (ISG). ISG representatives' licenses were held by IFC Holdings, Inc. (IFC), a subsidiary of FANB. The representatives of the Retail Securities Division of ISG transferred to the Company on February 14, 2000. The Company received no assets or liabilities from ISG in connection with the transfer. AmSouth Bank sold IFC on September 29, 2000.

AIS has a clearing agreement with National Financial Services Corporation (NFSC) whereby NFSC clears security transactions for AIS customers and carries the accounts of such customers on a fully disclosed basis. AIS also has clearing agreements with several investment companies whereby these companies clear mutual fund and unit investment trust transactions for AIS customers. These investment companies carry the accounts of such customers on a fully disclosed basis. AIS brokers sell fixed and variable rate annuities through agreements with several insurance companies. AIS acts only as an agent of the respective insurance companies issuing the annuities.

Securities transactions and related revenues are recorded in the accounts on a trade date basis.

Depreciation of furniture and equipment is computed using the straight-line method over the estimated useful lives of the assets (up to 10 years). Furniture and equipment are recorded at cost, less accumulated depreciation.

The Company has defined cash and cash equivalents as those amounts included in the statements of financial condition as cash.

AmSouth Investment Services, Inc.

Notes to Financial Statements (continued)

**1. Summary of Significant Accounting Policies (continued)**

At December 31, 2001 and 2000, investments consist primarily of United States government agency securities, mortgage backed securities, and other securities consisting of money market investments and other short-term investments. Investments are valued at market with unrealized gains and losses reflected in revenue. For the purposes of fair value disclosure, the estimated fair value of investments with immediate and shorter-term maturities (generally 90 days or less) is assumed to be the same as the recorded book value. While certain investments at December 31, 2001 and 2000 have purchased maturities of less than 90 days, the Company has not classified such amounts as cash equivalents as the funds are held for investment purposes.

Certain items in the 2000 financial statements have been reclassified to conform with the 2001 presentation. These reclassifications have no effect on stockholder's equity or net income.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

**2. Receivables from/Payables to Clearing Brokers or Dealers**

The receivables from clearing brokers and dealers consist of commissions and/or fees from clearing brokers or dealers earned during the year but not yet paid.

AmSouth Investment Services, Inc.

Notes to Financial Statements (continued)

**3. Related Party Transactions**

The Company engaged in transactions with AmSouth Bank and its affiliates as shown below:

	<b>December 31,</b>	
	<b>2001</b>	<b>2000</b>
Transactions included in the statements of financial condition:		
Current income taxes payable	\$ 180,739	\$ 1,079,593
Accrued management fee payable	-	60,463
Receivable from AmSouth Bank	157,893	34,471
Transactions included in statements of income:		
Investment services income	653,005	929,624
Occupancy expense	1,848,577	734,868
Management fee	-	3,142,316
Subscriber commissions paid to IFC	-	873,896
Transactions included in statements of cash flows:		
Cash paid for income taxes	11,168,049	11,801,033

The management fee relates to the activities of the former First American representatives prior to their joining the Company in February 2000. The subscriber commissions relate to activities of IFC, which was sold in September 2000.

**4. Net Capital Requirements**

Pursuant to the Uniform Net Capital requirement of the Securities and Exchange Commission (Rule 15c3-1), the Company is required to maintain Minimum Net Capital, as defined by such rule. At December 31, 2001 the Company had net capital of \$51,629,500 or an excess of \$51,111,269 over required net capital of \$518,231. In addition, "Aggregate Indebtedness", as defined, cannot exceed 1,500% of Net Capital. At December 31, 2000 the Company's percentage of Aggregate Indebtedness to Net Capital was approximately 15%.

AmSouth Investment Services, Inc.

Notes to Financial Statements (continued)

**5. Income Taxes**

The Company is included in the Parent Company's consolidated federal income tax return and state excise tax return for Alabama, Tennessee and Mississippi. Income tax expenses or benefits are computed on a separate return basis without giving effect to consolidated return exemptions and tax brackets. The Company makes payments to, or receives reimbursement from, the parent of the consolidated group for federal and state excise taxes in accordance with the consolidated group's tax sharing agreement. The portion of the Company's expense which relates to current and deferred income taxes is \$11,451,378 and \$217,629 respectively, for the year ended December 31, 2001 and the portion of the Company's expense which relates to current and deferred income taxes is \$11,447,971 and \$49,966, respectively, for the year ended December 31, 2000. The difference between the effective tax rate and the federal statutory rate is primarily due to state taxes.

The tax effects of temporary differences that give rise to significant portions of the deferred income tax assets and deferred income tax liabilities are presented below:

	<b>December 31</b>	
	<b>2001</b>	<b>2000</b>
Deferred tax assets:		
Depreciation	\$ 57,747	\$ 44,334
Deferred compensation	4,560	26,458
Miscellaneous reserves	58,050	-
Total deferred tax assets	<u>120,357</u>	<u>70,792</u>
Deferred tax liabilities:		
Pension expense	(400,733)	(400,733)
Mark to market	(298,239)	(56,024)
Other	(39,844)	(14,865)
Total deferred tax liabilities	<u>\$ (738,816)</u>	<u>\$ (471,622)</u>
Net deferred tax liability	<u>\$ (618,459)</u>	<u>\$ (400,830)</u>

## AmSouth Investment Services, Inc.

### Notes to Financial Statements (continued)

#### **6. Benefit Plans**

AIS participates in a trustee pension plan for the benefit of substantially all employees of the Parent Company and its subsidiaries. Costs of the pension plan are computed under the projected unit credit method under the provisions of Statement No. 87 of the Financial Accounting Standards Board. Net assets of the plan at December 31, 2001 exceed the projected benefit obligation. The Parent Company's funding policy is to contribute amounts to the plan sufficient to meet minimum funding requirements as set by law. The assets of the plan are invested primarily in listed stocks, bonds and U.S. obligations. The weighted average discount rate and the rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation was 7.50% and 7.75%, at December 31, 2001 and December 31, 2000, respectively. The average expected long-term rate of return on plan assets was approximately 9.50% at December 31, 2001 and December 31, 2000. Benefit information is not available from the actuary for individual subsidiaries of the Parent Company.

AIS participates in the Parent Company's 401(K) plan. Matching contributions were \$1,021,065 and \$819,955 in December 31, 2001 and 2000, respectively.

#### **7. Contingencies**

Various legal proceedings are pending against the Company. The actions arise in the ordinary course of the Company's business and include actions related to its investment, trust and other activities. Because some of these actions are complex, and for other reasons, it may take a number of years to finally resolve them. Based upon legal counsel's opinion, management considers that any liability resulting from the proceedings would not have a material impact on the financial condition or results of operations of the Company.

Other Financial Information

AmSouth Investment Services, Inc.

Schedule I

Computation of Net Capital and Aggregate Indebtedness Under  
Rule 15c3-1 of the Securities and Exchange Commission

	<u>December 31,</u> <u>2001</u>
<b>Computation of net capital</b>	
Total stockholder's equity from statement of financial condition	\$ 60,141,220
Nonallowable assets:	
Furniture and equipment	1,823,886
Prepaid expenses	253,669
Annuity receivables	1,810,818
Unsecured debit balances and other nonallowable assets	-
Aged margin calls	-
Receivables from clearing brokers and dealers	1,435,340
Receivable from AmSouth Bank	157,893
Securities haircuts	3,030,114
Net capital	<u>\$ 51,629,500</u>
<b>Computation of basic net capital requirements</b>	
Minimum net capital required (6-2/3% of aggregate indebtedness)	<u>\$ 518,231</u>
Minimum dollar net capital requirement	<u>\$ 250,000</u>
Net capital requirement (greater of above amounts)	<u>\$ 518,231</u>
Excess net capital	<u>\$ 51,111,269</u>
Excess net capital at 1,000% (net capital less 10% of aggregate indebtedness)	<u>\$ 50,852,154</u>
<b>Computation of aggregate indebtedness</b>	
Total aggregate indebtedness from statement of financial condition	\$ 8,391,920
Exclusions from aggregate indebtedness:	
Deferred income tax	618,459
Total aggregate indebtedness	<u>\$ 7,773,461</u>
Percentage of aggregate indebtedness to net capital	<u>15%</u>

AmSouth Investment Services, Inc.

Schedule I (continued)

Computation of Net Capital and Aggregate Indebtedness Under  
Rule 15c3-1 of the Securities and Exchange Commission

There were no material differences between the Computation of Net Capital under Rule 15c3-1 included in this audited report and the computation included in the respondent's corresponding unaudited Form X-17a-5 Part II filing as of December 31, 2001.



AmSouth Investment Services, Inc.

Schedule II

Information Relating to Possession or Control Requirements  
Under Rule 15c3-3 of the Securities and Exchange Commission

December 31, 2001

AIS did not maintain physical possession or control of any securities for the account of customers during the year ended December 31, 2001. Accordingly, the possession or control requirements under Rule 15c3-3 are not applicable to AIS.

## Report on Internal Controls Required by SEC Rule 17a-5 for a Broker-Dealer Claiming an Exemption from SEC Rule 15c3-3

### Report of Independent Auditors

Board of Directors and Stockholder  
AmSouth Investment Services, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of AmSouth Investment Services, Inc. (the "Company") for the year ended December 31, 2001, we considered its internal control, including control activities for safeguarding securities, to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of such practices and procedures that we considered relevant to the criteria stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemption provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions related to customer securities, we did not review the practices and procedures followed by the company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements of prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal controls and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned criteria. Two of the criteria of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional criteria of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control or the practices and procedures referred to above, misstatement due to errors or fraud may occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that internal control may become inadequate because of changes in conditions, or that the effectiveness of its design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, and its operation that we consider to be material weaknesses as defined above.

We understand that practices and procedures that meet the criteria referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not meet such criteria in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2001, to meet the SEC's criteria.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*Ernst & Young LLP*

February 22, 2002

CONFIDENTIAL

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C.

ANNUAL AUDITED REPORT

CONFIDENTIAL PURSUANT TO RULE 17a-5(e) (3)

DATE--DECEMBER 31, 2001

AmSouth Investment Services, Inc.  
(Name of Respondent)

250 Riverchase Parkway East, Birmingham, AL 35244  
(Address of principal executive office)

Richard Thompson  
Controller  
AmSouth Investment Services, Inc.  
P.O. Box 830329  
Birmingham, Alabama 35283  
(Name and address of person authorized to receive notices and  
communications from the Securities and Exchange Commission)

FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION  
AmSouth Investment Services, Inc.  
*Years ended December 31, 2001 and 2000*  
*with Report of Independent Auditors*

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