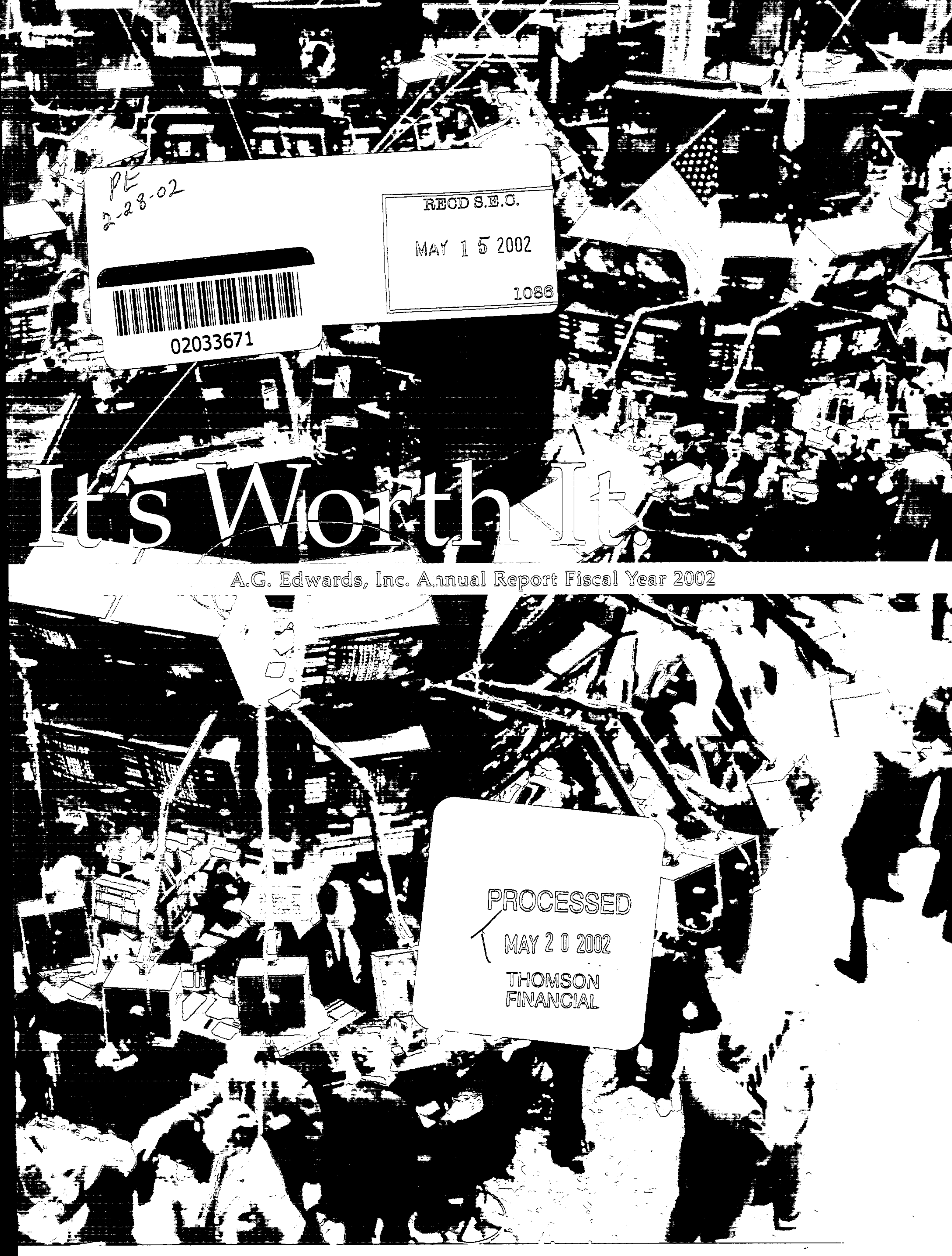
It's Worth It.

A.G. Edwards, Inc. Annual Report Fiscal Year 2002



COMPANY DESCRIPTION

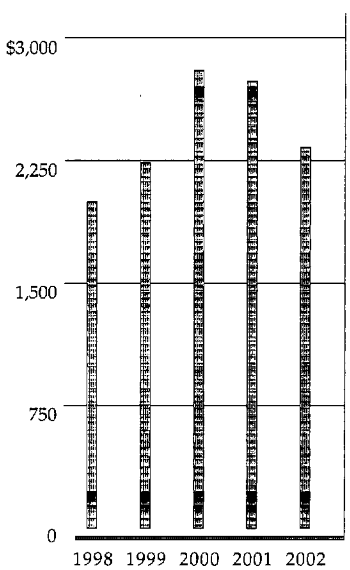
A.G. Edwards, Inc. is a holding company whose subsidiaries provide securities and commodities brokerage, investment banking, trust, asset management, retirement planning, and insurance products and services. Its principal subsidiary, A.G. Edwards & Sons, Inc. is a St. Louis-based financial services company with more than 700 locations in 49 states; the District of Columbia; and an affiliated office in London, England. A.G. Edwards & Sons, Inc. provides a full range of financial products and services to individual and institutional investors. The firm also offers investment banking services to corporate, governmental and municipal clients through 12 regional offices and its St. Louis headquarters.

FINANCIAL HIGHLIGHTS

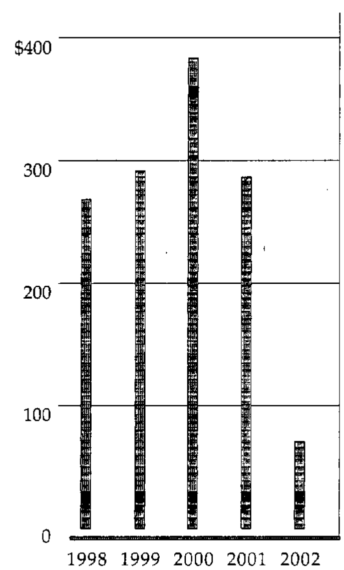
(For fiscal year ended February 28 or 29)

(In thousands, except per share data and other data)	2002	2001	2000	1999	1998
Operating Results					
Net Revenues	**$2,338,413**	$2,741,206	$2,796,189	$2,235,171	$2,002,697
Net Earnings	**$ 71,501**	$ 287,477	$ 382,921	$ 292,117	$ 269,297
Net Earnings as a Percent of Net Revenues	**3.1%**	10.5%	13.7%	13.1%	13.4%
Return on Average Equity	**4.4%**	17.2%	22.9%	18.9%	19.8%
Per Share Data					
Earnings					
Diluted	**$ 0.88**	$ 3.43	$ 4.08	$ 3.00	$ 2.75
Basic	**$ 0.89**	$ 3.50	$ 4.16	$ 3.07	$ 2.81
Cash Dividends	**$ 0.64**	$ 0.64	$ 0.61	$ 0.57	$ 0.51
Book Value	**$ 20.42**	$ 20.29	$ 19.69	$ 17.16	$ 15.21
Financial Condition					
Stockholders' Equity	**$1,647,796**	$1,626,344	$1,717,122	$1,627,737	$1,463,121
Total Assets	**$4,187,170**	$4,859,984	$5,347,587	$3,803,132	$4,193,328
Other Data					
Full-Time Employees	**16,791**	17,086	15,451	13,953	12,967
Financial Consultants	**7,384**	7,073	6,823	6,528	6,289
Locations	**705**	696	672	639	594

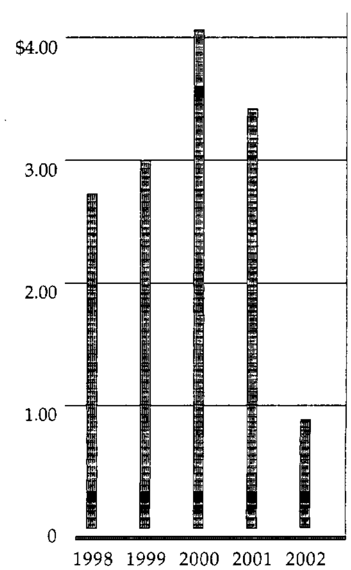
Net Revenues
(dollars in millions)



Net Earnings
(dollars in millions)



Diluted Earnings per Share
(in dollars)



TO FELLOW SHAREHOLDERS, CLIENTS AND ASSOCIATES:

Looking back on the challenges of the past year, I realize it is times like these that test our character as a nation, as an industry and as a company.

Although we were all deeply affected by the terrible devastation of September 11, I am thankful that none of our employees were lost or injured in the attacks. I am also proud of the way our employees, especially those in New York, responded to the crisis, working tirelessly to ensure that our company and our industry would be ready to serve investors when the markets reopened. By working together, we demonstrated to the world the strength of our resolve and the resilience of our free market system.

In the months before September 11, we, along with the rest of our industry, were dealing with a slowdown in our revenues following one of this country's longest economic expansions. The tragic events of September 11 only exacerbated these already challenging market conditions.

Despite the difficulties, we at A.G. Edwards chose to look at fiscal 2002 as a time of opportunity in many ways. Our ongoing commitment to support our financial consultants and their one-on-one client relationships enabled us to recruit many high-caliber financial consultants this year. We strengthened our national sales network by adding more than 300 financial consultants and nine new offices. While others in our industry reduced their ranks of financial consultants and assigned clients with smaller assets to service centers, we remained committed to providing personalized service to all of our clients regardless of the size of their accounts.

To ensure our financial consultants and support staff are equipped to provide our clients with the best service possible, we continued to invest in training. A.G. Edwards University, our online training program introduced in December 2000, greatly enhanced our training efforts this year, with our employees taking more than 16,000 online courses and more than 700 of our financial consultants earning one or more professional accreditations.

We achieved record-breaking revenues in investment banking this year thanks to the combined efforts of Investment Banking, Syndicate, and Institutional Sales and Trading. Our investment banking revenues for the year grew to $256 million from $173 million last year, despite the difficult market conditions. We are proud of this accomplishment and the people who contributed to these results. We remain committed to building our investment banking business.

This year we continued to grow our fee-based business, adding new services that give our financial consultants options to help their clients meet their investment objectives. Each year more of our clients choose to invest through fee-based accounts and services. We are committed to providing our clients the same level of excellent service and advice whether they choose to pay by the transaction or use one of our fee-based pricing options.

During the year we also made some important financial decisions to ensure that Edwards remains profitable, strong and independent. As firm revenues slowed and expenses increased, we took a number of steps – some of them difficult – to reduce long-term corporate expenses and better position us for a strong future. The initial costs of taking these steps were included in a fourth-quarter charge of $107 million ($67 million after taxes). As a result, A.G. Edwards' net earnings for the fiscal year declined to $72 million, or $0.88 diluted earnings per share, on revenues of $2.3 billion. We will maintain our cost-containment efforts while being careful not to diminish our ability to serve our clients.

Some of the specific steps we took this year to reduce expenses included a workforce reduction and the consolidation of several real estate holdings in St. Louis as we near the completion of the new addition to our headquarters complex. We also repositioned and, in some cases, eliminated technology projects as we undertook a new technology initiative that will redesign our operations platform enabling us to dramatically streamline our current operations and prepare us for tightened trade settlement requirements. Establishing an efficient, flexible technology infrastructure will help position Edwards for a strong, competitive future.

I would like to take this opportunity to thank the A.G. Edwards Board of Directors for their ongoing support and their commitment to keeping the best interests of Edwards, our clients and our shareholders foremost in mind when making decisions.

Unfortunately, we lost board member Charmaine Chapman, who died last July after a long fight with cancer. We remember Charmaine not only for her four years of service to A.G. Edwards, but also for her more than 30 years of leadership with the United Way. She is missed.

We elected Peter Madoff to our board. Peter is senior managing director of Bernard L. Madoff Investment Securities LLC, an international market maker headquartered in New York. He brings many years of valuable securities experience to the board.

As I look ahead, I realize that fiscal 2003 will most likely be another challenging year for our industry and our firm. However, economic conditions do seem to be improving, and I continue to be impressed by our employees' consistent dedication to doing whatever it takes to keep A.G. Edwards strong.

To be successful in the future, we must stay focused on reducing costs and growing our revenues through financial consultant training and recruitment, opening new branches, and increasing average production per financial consultant. Each one of us must remain committed to doing our personal best and holding ourselves individually accountable for our performance.

Most importantly, we must continue to strive to make Edwards the best brokerage firm in the industry, with the best-trained employees, the best array of financial products and the best client-centered service. This is how we pass the ultimate test with our clients — by delivering the best value for what we charge. That's how our clients know it's worth it.

Thank you for your continued loyalty and support.

Sincerely,

Robert L. Bagby
Chairman and CEO
April 5, 2002

As the stock market in the 1990s soared and the availability of financial information proliferated, some investors questioned the need for a relationship with a financial consultant. Many opted for the market's short-term action, hoping for quick trading gains, rather than taking a long-term approach to their future. But market volatility once again demonstrated the complexities of investing, underscoring the importance of planning and reminding investors of the value of a relationship with a financial consultant who offers professional financial advice and service. At A.G. Edwards we never lost sight of that. *We remain committed to building and nurturing personal relationships with each of our clients regardless of account size or market conditions. We believe it's worth it – now more than ever.*

By looking beyond daily market fluctuations, a financial consultant offers experience, perspective and the ability to assess each situation objectively, with each client's individual goals in mind. After all, planning for the future goes beyond stock quotes and trade executions. It involves collaboration, understanding and trust. Our financial consultants earn that trust from their clients daily by being there in good times and bad, asking the right questions, listening to their clients' answers, explaining things, and presenting sound advice and solutions to situations ranging from the basic to the complex.

It is for these reasons we will continue to provide *all* clients the service and attention of an A.G. Edwards financial consultant, whether they're a seasoned investor or just starting out. It's worth it for our clients because they can talk face to face with a highly trained professional who knows about their lives and is personally committed to their long-term financial success. It's worth it because their financial consultants have access to the specialized knowledge and resources of our headquarters personnel as they develop comprehensive financial plans tailored to a client's specific needs. But most importantly, it's worth it because they can develop meaningful long-term relationships with their financial consultant built on a foundation of trust.

Jack Liebert understands the value of hard work, having co-founded his own company more than 37 years ago. With A.G. Edwards' help, the company was taken public and later merged with a global corporation. "My wife Evelyn and I knew at that point we could provide nicely for our children, our grandchildren and even our great-grandchildren," Jack says. "We worked hard to get where we are, and we wanted to make sure our family was taken care of." He also wanted to be actively involved with his three children and their efforts to finance and develop luxury golf resort community projects. "We are a very close-knit family," Jack says, "so it just seemed natural for us to go into business together."

But along with the family business came additional financial responsibilities and complexities, which created a need for a more detailed financial plan that included not only Jack and Evelyn, but their three children as well. Jack said he had stayed in touch with A.G. Edwards after his company's initial public offering, "so we knew someone there could help us." They found that someone in financial consultant Michael McCain.

"We clicked right away," Jack says. "Evelyn and I could tell Mike was smart and sincere, and he immediately understood the importance of getting our children involved in our planning process. As a result, he helps all of our kids with their financial plans." Mike also works closely with Jack's attorney and accountant to develop a detailed estate plan, so, as Jack puts it, "our kids don't get stuck with a lot of problems along with their inheritance."

"The Lieberts do almost everything together, so their finances are quite interconnected," Mike says. "It's important to first look at the family as a whole and then assess how each individual's needs and circumstances factor into the equation."

After selling the company he co-founded in Columbus, Ohio, Jack Liebert (left) and his wife, Evelyn, moved to Naples, Florida, and turned to Michael McCain, senior vice president-investments at A.G. Edwards, to help them address their current business needs and pass along their assets smoothly to their children and grandchildren.

When addressing the Lieberts' unique situation, Mike says he takes advantage of the resources available at A.G. Edwards' headquarters. "It's a good feeling to know I have folks in St. Louis to consult with and help me develop solutions that really fit my clients' circumstances, no matter how complex their financial issues are."

When Dr. Martine Nelson first met Vicky Campbell, it wasn't to discuss finances. Martine, a pediatrician, first met Vicky, her A.G. Edwards financial consultant, when Vicky's daughter was sick and Martine had just opened her practice. Over time all three of Vicky's children became patients, and the two women became better acquainted. "I knew what Vicky did for a living," Martine explains, "but that was never a topic we discussed unless I had a question. I liked that."

Over time Martine and her husband, Glenn, also a doctor, realized they needed help developing a financial plan. "At the time, Glenn and I didn't have a lot of money to invest," Martine says. **"But our children were getting older, and both of us realized we needed a plan for our future – and theirs."**

As she and Glenn considered their options, both felt it was important to work with someone who not only knew what they were doing, but also was easy to talk to. "When it came to talking about money, both Glenn and I felt kind of like one of our patients – somewhat apprehensive but wanting help," Martine says. "So we wanted to work with someone who could put us at ease just as we do with our patients. Vicky immediately came to mind."

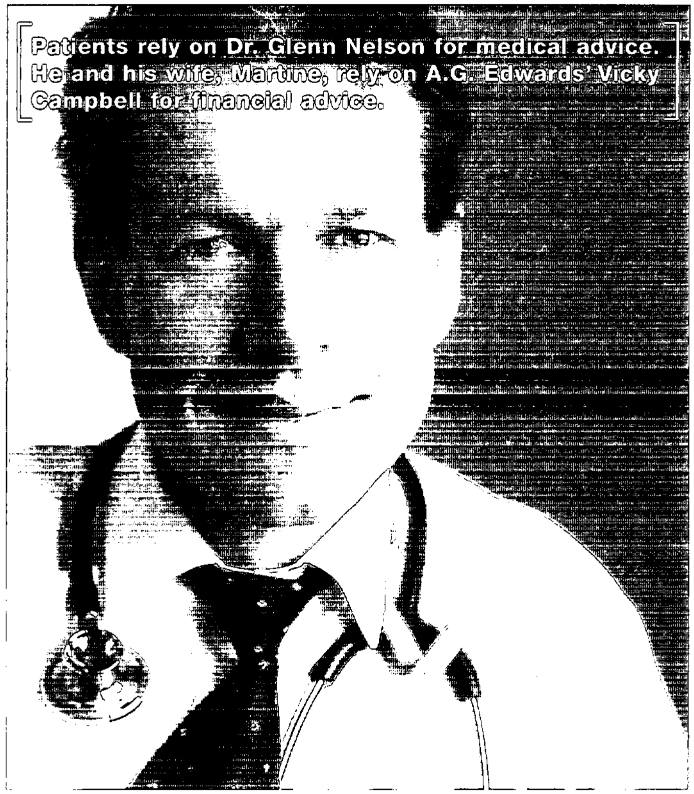
Dr. Martine Nelson takes time to get to know the young patients who come to her pediatric office in Naperville, Illinois, so they feel comfortable with her. It's that same approach to client care that Martine and her husband, Glenn, appreciate when working with Vicky Campbell, senior vice president-investments at A.G. Edwards.

The Nelsons sat down with Vicky and talked at length about their situation and their goals. "She really listened to us and asked a lot of questions about what we wanted to do," Martine recalls. "During those first few meetings, the size of our portfolio wasn't an issue. We told her how much money we had, but she focused more on our plans for the future – the kids' college educations, our medical practices and, of course, our retirement."

Understanding a client's specific needs is critical to gaining – and maintaining – a client's trust for the long term. "She took the time to really get to know both Glenn and me and how we wanted to approach investing," Martine says. As Vicky learned more, it became apparent the couple needed to first address other financial obligations, such as establishing their medical practices and repaying their college and medical school loans, before committing to a regular investing plan.

"Vicky never pushed us to do things we couldn't do," Martine says. "She got us started by consolidating all of our investments and getting us going with a simple buy-and-hold investing plan. Then, once we were in a position to do more, she worked with us to accelerate our savings efforts by investing more regularly." For instance, Vicky arranged for Martine and Glenn to make monthly contributions to a 529 college savings plan for their two sons.

Vicky Campbell knows there's more to a client relationship than the contents of a portfolio.



Patients rely on Dr. Glenn Nelson for medical advice. He and his wife, Martine, rely on A.G. Edwards' Vicky Campbell for financial advice.

Martine later asked Vicky to develop a retirement program for the employees in her medical practice. "I figured I already was entrusting her with my family's financial future, so I could also trust her to do the same for my employees," Martine recalls. "I want to take good care of them. After all, they work hard for my patients and me."

Knowledge and commitment are qualities that Monolithic System Technology CEO Fu-Chieh Hsu admires most in business colleagues. And he saw those qualities in John Moriarty, managing director-Investment Banking at A.G. Edwards. "I first heard about A.G. Edwards from one of my board members who had worked with the firm and couldn't say enough good things about them," Fu-Chieh says.

Fu-Chieh met John when the Monolithic System Technology (also known as MoSys) board of directors was considering an initial public offering to help the technology company continue to grow while also rewarding its loyal employees. Founded by Fu-Chieh in 1992, the company has grown to a $22 million revenue concern that designs the underlying memory technology to support consumer products and business devices, ranging from video games to digital cameras.

"When I first met John, it was obvious he had done his homework," Fu-Chieh says. "He knew a lot about our company, our industry and the competitive environment. But he also asked questions and listened to what we had to say. He really seemed to grasp the qualities that set us apart from other technology firms. That's the type of initiative and understanding we wanted and, as it turned out, we needed."

As plans to take the company public neared fruition, the bottom dropped out of the Nasdaq market and technology stocks in general. But as other investment firms were advising their corporate clients to delay their initial public offerings, John was not deterred. "This company had a great story – breakthrough technology, a strong business model and a proven revenue stream," John says. "As I saw it, it was our job to help them get

When looking to take his company public, Monolithic System Technology CEO Fu-Chieh Hsu (left) wanted to work with an investment firm that showed a commitment to his company's unique vision for success. He chose A.G. Edwards and John Moriarty, managing director-Investment Banking at A.G. Edwards, to make that vision a reality.

that story out to prospective investors." In the end, the initial public offering enjoyed broad participation from individual and institutional investors alike. "A.G. Edwards never lost sight of our goals," Fu-Chieh says. "That commitment meant a lot." It's a commitment that continued after MoSys' initial public offering. "They always look at our situation carefully and help us find ways to maintain investors' confidence," Fu-Chieh says.

One instance took place roughly three months after MoSys' initial public offering. "When the tragic events in September occurred, it seemed like every stock in the market fell, and we were no exception," Fu-Chieh recalls. "We looked to John for guidance, and he immediately gave us ideas and developed an action plan," which called for MoSys executives to meet with major shareholders.

Later, a longtime corporate partner who had financed MoSys as a start-up company indicated its intention to sell its position in the stock to secure profits. "Long-term start-up investors sometimes need liquidity," John explains. "As a result, this type of situation can have a significant impact on a company's stock if it's not handled right." Which is why A.G. Edwards' Investment Banking, Institutional Sales and Nasdaq Trading personnel worked with MoSys to attract new investors and complete the transaction in an orderly and efficient manner. In both instances, John says communication was the key. "As a newly public company," John explains, "it's crucial for MoSys to keep telling its story about the company's unique business model and how it is well-positioned for long-term growth."

These efforts reaffirmed Fu-Chieh's decision to work with John and A.G. Edwards. "They were there for us when we needed them most. So I felt it was worth it for us to expand our relationship with A.G. Edwards by asking them to handle our stock-option exercises as well as my own personal account. They did such a wonderful job, it just made sense."

Municipal clients – whether a state agency, a city or a school district – also want to work with someone who can bring the resources and expertise to offer innovative solutions for complex financing needs. As managing director-Investment Banking for A.G. Edwards, Larry J. Richardson works closely with his municipal clients to help them finance a variety of community-improvement projects. "Public entities want to work with a firm that understands their financing requirements and also respects their need to make their bonds available to a wide range of investors so their constituents can take part in helping their community," Larry explains. "For example, we provided the city of Chicago a detailed plan of how A.G. Edwards would sell its Midway and O'Hare airport-improvement bonds to individuals and institutions in Illinois and across the country. We've also worked with the city on a number of other occasions with this approach in mind." Larry says he enjoys how the relationships with his municipal clients also benefit other A.G. Edwards clients. **"Not only do we help these municipalities finance projects to better their communities," he says, "we also provide our other clients with access to investments that can fit nicely in their personal financial plans."**

Listening. Understanding. Explaining. Planning. Caring. These are the qualities that make a relationship with an A.G. Edwards financial consultant worth it. For Jack, it's worth it because his legacy is in the hands of someone he trusts who has the sophisticated resources needed to help that legacy live on with the generations who follow him. For Martine, it's worth it because she works with someone who cares more about her and her family than the size of her portfolio. For Monolithic Systems and our other corporate and municipal clients, it's worth it because they have a firm committed to helping them address their financing needs in a way that's as individual as each client.

Relationships matter. Our clients and their needs matter. That's why we believe every client deserves a personal financial consultant who shows them each and every day why it's worth it to bring their dreams to us.

Se[illegible]ving municipal clients for more than [illegible]rry J. Richardson, managing direc[illegible]nvestment Banking at A.G. Edwards, works to satisfy the fina[illegible]s of municipalities and public agencies while also creating investment opportunities for A.G. Edwards [illegible]ents.

QUARTERLY FINANCIAL INFORMATION

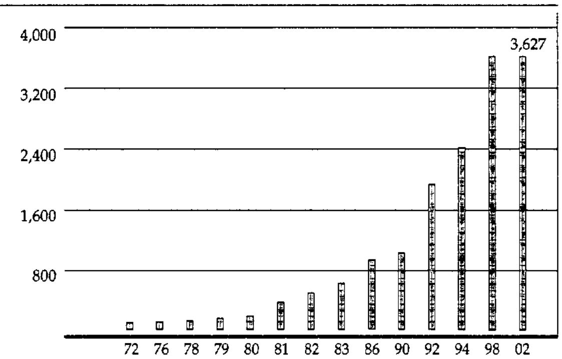
(Unaudited)

	Dividends Declared per Share	Stock Price Trading Range High – Low	Net Revenues (in millions)	Earnings (Loss) Before Tax (in millions)	Net Earnings (Loss) (in millions)	Earnings (Loss) per Share Diluted	Earnings (Loss) per Share Basic
Fiscal 2002 by Quarter							
First	$0.16	44.75 – 31.80	$605.7	$ 70.9	$ 45.3	$ 0.56	$ 0.57
Second	$0.16	48.29 – 40.00	$596.8	$ 62.1	$ 41.0	$ 0.50	$ 0.51
Third	$0.16	44.75 – 29.76	$555.9	$ 24.4	$ 22.2	$ 0.28	$ 0.28
Fourth	$0.16	46.70 – 38.85	$580.0	$ (65.3)	$ (37.0)	$(0.46)	$(0.46)
Fiscal 2001 by Quarter							
First	$0.16	40.81 – 31.50	$786.6	$170.7	$107.3	$ 1.24	$ 1.26
Second	$0.16	57.00 – 34.88	$680.1	$122.7	$ 77.0	$ 0.93	$ 0.95
Third	$0.16	57.94 – 42.18	$634.0	$ 89.9	$ 57.2	$ 0.69	$ 0.71
Fourth	$0.16	52.19 – 37.42	$640.5	$ 71.8	$ 45.9	$ 0.57	$ 0.58

INVESTMENT PERFORMANCE OVERVIEW

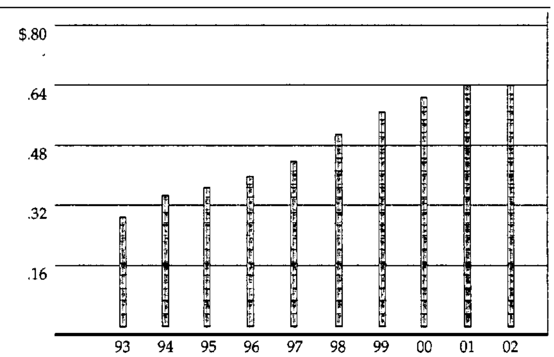
Stock Split History

As a result of stock splits and stock dividends, an investment of 100 shares of A.G. Edwards stock at the time of the firm's initial public offering in calendar 1971 has grown to 3,627 shares today. Given the initial offering price of $12 per share, the value of a $1,200 investment would have increased 12,247 percent, or 17.2 percent compounded annually, to $148,163 as of February 28, 2002.



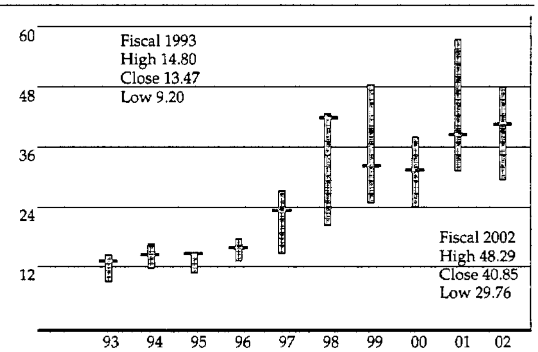
Dividend Growth History

A steadily increasing dividend has reflected A.G. Edwards' continued revenue and earnings growth. During the past 10-year period, the dividend has grown from $0.29 per share to $0.64 per share, an average 14 percent increase per year. Since the firm went public, dividend payments have totaled more than $588 million. (Per share data have been restated for stock splits and stock dividends.)



Stock Price History

A.G. Edwards stock, which trades on the New York Stock Exchange (symbol AGE), closed at 40.85 on February 28, 2002. This represents a 203 percent increase from the 13.47 closing price on February 28, 1993. (Per share data have been restated for stock splits and stock dividends.)



Introduction

A.G. Edwards, Inc. is a financial services holding company whose primary subsidiary is the national brokerage firm of A.G. Edwards & Sons, Inc. Through this and its other operating subsidiaries (collectively, the "Company"), A.G. Edwards, Inc. provides securities and commodities brokerage, investment banking, trust, asset management, retirement planning, and insurance products and services to its clients through one of the industry's largest retail branch distribution systems. The Company is a St. Louis-based financial services firm with more than 700 locations and more than 16,700 employees in 49 states; the District of Columbia; and London, England. The Company's primary business is to provide a full range of financial products and services, including investment banking, to its individual, institutional, corporate, governmental and municipal clients.

General Business Environment

Many factors affect the Company's net revenues and profitability, including the level and volatility of interest rates, inflation, political events, investor sentiment, and legislative and regulatory developments. Because many of these factors are unpredictable and beyond the Company's control, earnings may fluctuate significantly from year to year.

In addition to competition from firms traditionally engaged in the financial services business, there has been increased competition in recent years from other sources, such as commercial banks, insurance companies, online service providers, mutual fund sponsors and other companies offering financial services both in the United States and globally, creating increased competition for a similar client base, including the client base served by the Company. The financial services industry continues to experience consolidation and convergence as financial institutions offering a range of financial services have begun offering a broader array of securities and other investment products. These trends are expected to continue and could result in the Company's competitors acquiring greater capital and other resources as well as a broader range of products and services and geographic diversity.

The first half of 2002 produced challenging market and economic conditions. The U.S. economy began the year in a weakened condition with higher energy prices, lower consumer confidence and reduced spending in the business sector contributing to the slowdown. In an effort to boost the economy, Congress began distributing tax rebate checks in July as a result of the Economic Growth and Tax Relief Reconciliation Act of 2001, and the Federal Reserve Board, via five rate decreases in the first six months of the fiscal year, reduced the target rate from 5.5 percent to 3.5 percent. During this six-month period, the Dow Jones Industrial Average decreased 5 percent and the Nasdaq Composite Index decreased 16 percent. Despite concerns about the economy, activity on the major exchanges was high as overall trading volumes on the New York Stock Exchange and Nasdaq increased 14 percent and 15 percent, respectively.

The terrorist attacks of September 11th further weakened the economy as consumers and businesses reduced spending and travel. The attacks led to the closing of the financial markets for several days in September, and upon their reopening, the popular averages dropped dramatically in heavy trading volume with the Dow decreasing 14 percent from September 10th to September 21st. The Federal Reserve Board moved aggressively with three reductions to the target rate in a seven-week period and followed with a fourth in December, decreasing the Fed funds target rate to 1.75 percent. In addition, the Treasury Department announced that it would no longer issue 30-year Treasury bonds, leading to reduced long-term interest rates. By December the U.S. economy began to show signs of stabilization as layoffs began to ease and consumer confidence began to improve.

In 2002, the Federal Reserve Board decreased the target rate nine times from 5.5 percent to 1.75 percent as the U.S. economy showed continued signs of weakness and recession. The Dow Jones Industrial Average began the year at 10,495 and ended the year at 10,106, an overall decrease of 4 percent. This small decrease masks the record 685-point single day decline following the September 11th attacks. The Nasdaq Composite Index began the period at 2,152 and ended at 1,731, a decrease of 20 percent. Despite uncertainties about the economy, markets and the war on terrorism, activity on the major exchanges during the year was high as overall trading volumes on the New York Stock Exchange increased 15 percent and the Nasdaq increased slightly (1 percent) over last year.

Results of Operations

The Company experienced a decline in net revenues, net earnings and earnings per share for each of the last two fiscal years. Net revenues declined 15 percent ($403 million) in 2002 after decreasing 2 percent ($55 million) in 2001. Net earnings decreased 75 percent ($216 million) in 2002 and 25 percent ($95 million) in 2001 to $72 million and $287 million, respectively. Diluted earnings per share for the Company were $0.88 in 2002 versus $3.43 in 2001 and $4.08 in 2000. The Company's profit margin fell to 3.1 percent in 2002, compared with 10.5 percent and 13.7 percent in

2001 and 2000, respectively. The results for 2002 include charges of $127 million, which decreased net earnings $80 million or $0.98 per diluted share. Of the $127 million, $20 million in reserves for a margin account occurred in the third quarter and $107 million in restructuring and other charges occurred in the fourth quarter. The results for 2000 include a $75 million gain from an investment in a privately held investment management company, which increased net earnings by $35 million or $0.37 per diluted share.

The number of Company financial consultants reached 7,384 at year-end, an increase of 4 percent from the prior year-end. The total number of locations at the end of 2002 was 705, up from 696 at year-end 2001. The Company intends to continue to expand its branch distribution system as opportunities occur.

The following table and discussion summarize the changes in major categories of revenues and expenses for the past two fiscal years (dollars in thousands):

Increase (Decrease)	2002 vs. 2001		2001 vs. 2000	
Revenues				
Commissions	$(378,524)	(28)%	$ (97,877)	(7)%
Asset management and service fees	6,105	1	108,467	20
Principal transactions	27,409	9	8,057	3
Investment banking	83,132	48	(52,422)	(23)
Interest	(188,431)	(52)	111,811	45
Other	(25,038)	(79)	(57,895)	(65)
Total Revenues	(475,347)	(17)	20,141	1
Interest expense	(72,554)	(74)	75,124	329
Net Revenues	(402,793)	(15)	(54,983)	(2)
Non-Interest Expenses				
Compensation and benefits	(208,591)	(12)	(400)	–
Communication and technology	52,823	22	83,272	52
Occupancy and equipment	6,646	5	21,297	20
Marketing and business development	(10,155)	(20)	9,023	21
Floor brokerage and clearance	(1,045)	(5)	1,290	6
Other	38,163	50	(1,504)	(2)
Restructuring	82,462	n/a	–	n/a
Total Non-Interest Expenses	$ (39,697)	(2)%	$112,978	5%

Commissions

Commission revenues arise from activities in transaction-based accounts in listed and over-the-counter securities, mutual funds, futures, options, and insurance products. Commission revenues declined $379 million or 28 percent, from $1.3 billion in 2001 to $950 million in 2002. This decrease resulted from reduced retail investor participation in the equity markets, reflecting the difficult market conditions of the past year as evidenced by decreases in commissions from listed transactions of $106 million (20 percent), over-the-counter transactions of $185 million (62 percent) and mutual fund transactions of $79 million (27 percent). Many of the Company's clients opted out of the equities markets in favor of fixed income products or money market funds, reflecting uncertainty in the face of the economic conditions of the past year and continued market volatility. Trades in clients' commission-based accounts decreased 19 percent. Average client assets in money market funds increased 17 percent ($4 billion) over last year. As commissions are transaction-based revenues, they are influenced by the number and size of client transactions and product mix and may vary considerably from year to year.

Although commission revenues declined significantly in 2002, they remain an important source of revenue for the Company, accounting for more than 40 percent of total revenues for the last three years. However, the number of investors choosing fee-based alternatives over the traditional commission-based trading account continued to increase this year. As a result, the number of clients choosing fee-based pricing alternatives will likely affect future revenues within the commissions and asset management and service fees categories.

The 7 percent decline in commission revenues in 2001 was primarily due to a 10 percent ($98 million) decrease in equity-related commissions resulting from a 9 percent decline in trading volumes in transaction-based accounts.

Asset Management and Service Fees

Asset management and service fees consist primarily of revenues earned from providing support and services in connection with client assets under third-party management, including mutual funds, annuities, the Company's trust services and Client Choice – a fee-based pricing alternative available to individual investors instead of the traditional transaction-based account. These revenues include fees based on the amount of client assets under management and transaction-related service fees as well as fees related to the administration of custodial and other specialty accounts.

Asset management and service fees rose $6 million (1 percent). Fees generated from the administration of client assets under third-party management and from the Company's management services improved $6 million (3 percent) as a result of a 20 percent increase in the number of clients choosing fee-based pricing alternatives. Fees from third-party mutual funds and annuities were $13 million (5 percent) lower than in 2001 as investors retreated from these equity-based products. Distribution fees received from money market funds increased $18 million (18 percent) as many investors have opted out of the equity markets in favor of money market funds. If interest rates remain low, the Company expects money fund distribution fees to be significantly lower next year as several money funds offered by the Company are expected to reach expense caps resulting from the low yields these funds are currently offering to investors. Service fees, which are largely transaction-based, decreased $4 million (5 percent) following the decrease in client transactions.

In 2001, many investors were moving into mutual funds, annuities and fee-based pricing alternatives, and accordingly, asset management and service fees rose 20 percent ($108 million), reflecting a 12 percent ($37 million) increase in fees received from third-party mutual funds and annuities along with a 41 percent ($62 million) improvement in fees resulting from client assets under third-party management and from the Company's management services.

Principal Transactions

The Company maintains inventories of fixed income and equity securities to satisfy client demand and, therefore, effects certain transactions with its clients by acting as a principal. Realized and unrealized gains and losses result from the sale and holding of securities positions for resale to clients and are included in principal transactions revenue.

Principal transactions revenue increased 9 percent ($27 million) primarily resulting from a $68 million (38 percent) increase in revenue from the sale of fixed income products, reflecting client desire for more conservative investments given the volatility of the equity markets. Investor actions overrode the typical reaction to avoid fixed income products in a decreasing interest rate environment. This shift was demonstrated as these revenues from the sale of equities dropped $41 million (36 percent).

Revenues from principal transactions increased 3 percent ($8 million) in 2001 primarily resulting from a 27 percent ($24 million) rise in revenue from the sale of equity products offset by an 8 percent ($16 million) decline in sales from fixed income products. The Company increased its market making activities in equity products as falling yields resulted in decreased investor demand for fixed income products.

Investment Banking

The Company derives investment banking revenues from underwriting public offerings of securities for corporate and governmental entities for sale to its clients. The Company also provides advisory services to corporate and governmental entities.

Revenues from investment banking activities increased $83 million (48 percent), reflecting the popularity of trust preferred securities along with investor desire for fixed income products despite the declining interest rate environment that prompted issuers to refund existing debt or issue new debt at a reduced rate. Underwriting fees and selling concessions for sales of corporate debt, municipal debt and government debt rose $55 million (147 percent), while revenues from the sale of corporate equity transactions fell $13 million (12 percent). Management fees increased $41 million (144 percent) as the Company participated as a manager or co-manager in a larger number of offerings this year over last. The Company also experienced an increase in merger and acquisition activities and consulting arrangements.

In 2001, investment banking revenues decreased 23 percent ($52 million) as a result of decreased IPO activity in the volatile equity markets, declining yields on debt products, and decreased borrowing needs of state and local governments.

Interest Revenue

The Company earns interest revenue principally from financing client margin accounts, debt securities carried in inventory for resale and short-term investments. Interest revenue dropped $188 million (52 percent) in 2002, primarily because of a $182 million (55 percent) decrease in interest earned on margin account balances. The total average margin account balance decreased 32 percent from 2001, while the average interest rate charged on these balances decreased 38 percent.

The increase in interest revenue in 2001 of 45 percent ($112 million) was primarily the result of a 29 percent rise in average margin balances along with a higher average interest rate charged on these balances.

Other Revenues

Other revenues declined $25 million (79 percent) in 2002, primarily because of a decrease in private equity investment valuations of $7 million versus an increase of $13 million in 2001.

Other revenues decreased 65 percent ($58 million) in 2001 primarily due to a $75 million gain in the prior year from the sale of one-half of the Company's investment in a privately held investment management company and the related increase in the carrying value of the remaining investment to its fair value.

Interest Expense

Interest expense decreased $73 million (74 percent) in 2002 due to a decrease in short-term borrowings, which include short-term bank loans and securities lending arrangements, combined with lower average interest rates on borrowings. This decrease is primarily the result of lower financing needs due to decreased levels of customer margin balances. Interest expense increased $75 million (329 percent) in 2001, due to an increase in short-term borrowings used to finance increased average client margin balances and, to a lesser extent, capital expenditures and stock repurchases in a higher interest rate environment.

Non-Interest Expenses

Compensation and benefits decreased $209 million (12 percent) in 2002 and remained unchanged in 2001 from 2000. A significant portion of this expense is variable in nature and relates to commissionable sales and to the Company's profitability. The year-to-year comparisons generally reflect the changes in revenue and profitability in both 2002 and 2001. Commission expense decreased $130 million (14 percent) in 2002 and was down $28 million (3 percent) in 2001 as a result of decreased commissionable sales in both years. General and administrative salaries and benefits increased $29 million (5 percent) in 2002 and $94 million (19 percent) in 2001 due to general salary and employment increases. Included in general and administrative salaries and benefits are increases in medical benefits of $12 million (21 percent) and $7 million (13 percent) in 2002 and 2001, respectively, as the cost of medical insurance continues to increase. Incentive compensation decreased $109 million (38 percent) in 2002 and $67 million (19 percent) in 2001, reflecting decreased profitability in both years. In 2002, fourth-quarter restructuring and other charges of $107 million and a third-quarter charge of $20 million related to reserves for a margin account were excluded from the calculation of incentive-related compensation.

In 2002, communication and technology expense increased $53 million (22 percent) primarily due to the implementation of new technology initiatives and increased expenses related to the new financial consultant workstation, which experienced its first full year of implementation. Communication and technology expense in 2001 increased $83 million (52 percent) mainly due to the development, deployment, and ongoing maintenance and support of the new financial consultant workstation.

Other expenses in 2002 increased $38 million (50 percent). This increase is primarily due to the establishment of a $26 million reserve against a $37 million partly secured margin loan. Among other factors, this estimated reserve was based upon the number of shares, trading volume and price volatility of the underlying collateral securing the loan. Due to the facts and circumstances surrounding the margin loan and underlying collateral, management's estimate regarding collectibility may be susceptible to significant fluctuations in the near term. In addition, 2002 was impacted by $17 million in reserves established in connection with client litigation.

All remaining expenses decreased a combined $5 million (2 percent) in 2002 primarily as a result of a decrease in marketing and business development of $10 million (20 percent) as a result of costs in 2001 related to the Company's first national sales conference at its St. Louis headquarters. This was partially offset by a $7 million (5 percent) increase in occupancy and equipment expenses related to branch expansion and relocation. In 2001, all remaining expenses increased a combined 19 percent ($32 million) primarily due to increased occupancy and equipment costs related to branch and headquarters expansion and costs associated with the national sales conference.

Restructuring Charge

As a result of a number of actions taken to reduce costs, streamline its headquarters operations and better position the Company for improved profitability, a charge of $82 million ($52 million after-tax) was recorded in 2002. The charge included the following components:

- Approximately $46 million was due to the write-off of capitalized software related to the discontinuance or realignment of certain technology initiatives after a review of technology priorities as the Company redesigns its technology infrastructure.
- Approximately $19 million resulted from severance costs associated with job reductions of approximately 460 non-branch personnel achieved through a combination of voluntary and involuntary separations. This workforce reduction is estimated to decrease annual compensation and benefits expense by $28 million.

- Approximately $17 million relates to the planned sale or sublease of certain real estate holdings and leases as the Company consolidates its St. Louis non-branch workforce to its main headquarters campus. The Company expects to complete this consolidation in the next fiscal year.

Income Taxes

The Company's effective income tax rate for the fiscal year is 22 percent compared to 37 percent last year. This decrease is primarily attributable to research and development tax credits and a favorable reduction in state taxes due to corporate structure changes and the recent resolution of other matters. For additional information regarding the provision for income taxes and information regarding the difference between effective tax rates and statutory rates, see Note 8 (Income Taxes) of the Notes to Consolidated Financial Statements.

Liquidity and Capital Resources

The Company's assets fluctuate in the normal course of business, primarily due to the timing of certain transactions. Customer receivables decreased in 2002 as the Company's clients reduced their use of margin borrowings in reaction to the economic, market and other events of the past year. Short-term bank loans and securities lending arrangements decreased due to a reduced need to finance client margin balances.

The principal sources for financing the Company's business are stockholders' equity, cash generated from operations, short-term bank loans and securities lending arrangements. The Company has no long-term debt. Average short-term bank loans of $283 million and $406 million, and average securities lending arrangements of $371 million and $1.1 billion in 2002 and 2001, respectively, were primarily used to finance customer receivables.

In 2002, the Company completed construction of a parking garage at a cost of $24 million. The Company is expanding its headquarters with an additional office building and learning center. The total cost of this project is estimated to be $185 million. Total expenditures for this project through February 28, 2002, were $97 million.

Under the Company's stock repurchase program, which began in February 2001, the Company is authorized to purchase up to 10 million shares of the Company's common stock through December 31, 2002. The Company purchased 2.2 million shares at an aggregate cost of $85 million in 2002. No shares were purchased under this authorization in 2001. The Company completed its prior stock repurchase program with the purchase of 10.6 million shares in 2001 at an aggregate cost of $447 million. The Company was authorized to repurchase up to 33 million shares under the prior program.

The Company has commitments of $95 million to various private equity partnerships, of which $65 million remain unfunded at February 28, 2002.

Management believes the Company has adequate sources of credit available, if needed, to finance customer-trading volumes, expansion of its branch system, stock repurchases, dividend payments and major capital expenditures. Currently the Company has access to approximately $1.6 billion in uncommitted lines of credit as well as the ability to increase its securities lending activities.

The Company's principal subsidiary, A.G. Edwards & Sons, Inc., is required by the Securities and Exchange Commission to maintain specified amounts of liquid net capital to meet its obligations to clients – see Note 7 (Net Capital Requirements) of the Notes to Consolidated Financial Statements.

Critical Accounting Estimates

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. In preparing these consolidated financial statements management makes use of estimates and assumptions, see Note 1 (Summary of Significant Accounting Policies) of the Notes to Consolidated Financial Statements. The Company believes that of its significant accounting policies, the following critical policies, estimates and assumptions may involve a higher degree of judgment and complexity and are the most susceptible to significant fluctuations in the near term.

The fair value of investments, for which a quoted market or dealer price is not available, is based on management's estimate. Among the factors considered by management in determining the fair value of investments are the cost, terms and liquidity of the investment, developments since the acquisition of the investment, the sale price of recently issued securities, the financial condition and operating results of the issuer, earnings trends and consistency of operating cash flows, the long-term business potential of the issuer, the quoted market price of securities with similar quality and yield that are publicly traded, and other factors generally pertinent to the valuation of investments.

Receivables from customers consist primarily of floating rate loans collateralized by margin securities. Management estimates an allowance for doubtful accounts to reserve for potential losses from unsecured and partially unsecured customer accounts deemed uncollectible. The facts and circumstances surrounding each receivable and the number of shares, price and volatility of the underlying collateral are considered by management in determining the allowance. Management continually evaluates its receivables from customers for collectibility and possible write-off. The Company manages the credit risk associated with its receivables from customers through credit limits and continuous monitoring of collateral.

The Company is a defendant in several lawsuits and arbitrations, which arose from its business activities. Some of these lawsuits and arbitrations claim substantial amounts, including punitive damage claims. Management has determined that it is likely that ultimate resolution in favor of the claimant will result in losses to the Company on certain of these claims. The Company has, after consultation with outside counsel and consideration of facts currently known by management, recorded estimated losses to the extent they believe certain claims are probable of loss and the amount of the loss can be reasonably estimated. Factors considered by management in estimating the Company's liability are the loss and damages sought by the claimant/plaintiff, the merits of the claim, the total cost of defending the litigation and the likelihood of a successful defense against the claim, and the potential for fines and penalties from regulatory agencies. Results of litigation and arbitration are inherently uncertain, and management's assessment of risk associated therewith is subject to change as the proceedings evolve.

Risk Management

General

The business activities of the Company expose it to a variety of risks. Management of these risks is necessary for the long-term profitability of the Company. The Company manages these risks through the establishment of numerous policies, procedures and controls. The Company does not rely on off-balance sheet arrangements or transactions with unconsolidated, special purpose or limited purpose entities to manage its risks. The most significant risks to the Company are operational, legal, credit and market risk.

Operational Risk

Operational risk refers generally to the risk of loss resulting from the Company's operations including, but not limited to, improper or unauthorized execution and processing of transactions, deficiencies in the Company's operating systems and inadequacies or breaches in the Company's control processes. The Company operates in diverse markets and is reliant on the ability of its employees and systems to process high numbers of transactions. In the event of a breakdown or improper operation of systems or improper action by employees, the Company could suffer financial loss, regulatory sanctions and damage to its reputation.

In order to mitigate and control operational risk, the Company has developed and continues to enhance specific policies and procedures that are designed to identify and manage operational risk at appropriate levels. For example, the Company has procedures that require that all transactions are accurately recorded and properly reflected in the Company's books and records and are confirmed on a timely basis, that position valuations are subject to periodic independent review procedures, and that collateral and adequate documentation (e.g., master agreements) are obtained from counterparties in appropriate circumstances. The Company also uses periodic self-assessments and Internal Audit examinations as a further review of operational risk.

Legal Risk

Legal risk includes the risk of non-compliance with applicable legal and regulatory requirements and the risk that a counterparty's performance obligations will be unenforceable. The Company is generally subject to extensive regulation in the different jurisdictions in which it conducts its business. The Company has established procedures based on legal and regulatory requirements that are designed to ensure compliance with all applicable statutory and regulatory requirements. The Company has also established procedures that are designed to ensure that senior management's policies relating to conduct, ethics and business practices are followed. In connection with its businesses, the Company has various procedures addressing issues, such as regulatory capital requirements, sales and trading practices, new products, use and safekeeping of customer funds and securities, credit granting, collection activities, money laundering, privacy and record keeping.

Credit Risk

Credit risk is discussed in Note 12 (Financial Instruments – Off-Balance Sheet Risk and Concentration of Credit Risk) of the Notes to Consolidated Financial Statements.

Market Risk

Market risk is the risk of loss to the Company resulting from changes in interest rates, equity prices or both. The Company is exposed to market risk to the extent it maintains positions in fixed income and equity securities. The Company primarily manages its risk through the establishment of trading policies and guidelines and through the implementation of control and review procedures. The Company's management philosophy provides for communication among all responsible parties throughout the trading day.

The Company's policy is to purchase inventory to provide investment products for its clients. Consequently, the Company purchases only inventory that it believes it can readily sell to its clients, thus reducing the Company's exposure to liquidity risk but not market fluctuations. In addition, the Executive Committee of A.G. Edwards & Sons, Inc. establishes maximum inventory guidelines for fixed income and equity securities subject to certain limited exceptions.

Capital management and control are accomplished through review (by product managers and members of management outside of the trading areas) of various reports, including reports that show current inventory profit and loss, inventory positions exceeding set limits, and aged positions. Additionally, real-time capital management data are available for intraday assessments.

The Company does not act as a dealer, trader or end-user of complex derivative products such as swaps, collars and caps. The Company provides advice and guidance on complex derivative products to selected clients; however, this activity does not involve the Company acquiring a position or commitment in these products. The Company will occasionally hedge a position in its debt inventory through the use of financial futures contracts. These transactions are not material to the Company's financial condition or results of operations.

Equity Price Risk. Equity price risk refers to the risk of changes in the level or volatility of the price of equity securities. The Company is exposed to this risk as a result of its market making activities. At February 28, 2002 and 2001, the potential daily loss in the fair value of equity securities was not material.

Interest Rate Risk. Interest rate risk refers to the risk of changes in the level or volatility of interest rates, the speed of payments on mortgage-backed securities, the shape of the yield curve and credit spreads. The Company is exposed to this risk as a result of maintaining inventories of interest-rate-sensitive financial instruments. This is the Company's primary market risk.

The Company has elected to use a sensitivity approach to express the potential decrease in the fair value of the Company's interest-rate-sensitive financial instruments. The Company calculated the potential loss in fair value of its debt inventory by calculating the change in offering price of each inventory item resulting from a 10 percent increase in either the Treasury yield curve for taxable products or the Municipal Market Data Corporation's AAA rated yield curve for tax-exempt products. Using this method, if such a 10 percent increase were to occur, the Company calculated a potential loss in fair value of its debt inventory of $13 million at February 28, 2002, and $10.3 million at February 28, 2001.

Forward-Looking Statements

The Management's Financial Discussion contains forward-looking statements within the meaning of federal securities laws. Actual results are subject to risks and uncertainties, including both those specific to the Company and those specific to the industry, which could cause results to differ materially from those contemplated. The risks and uncertainties include, but are not limited to, general economic conditions, the actions of competitors, regulatory actions, changes in legislation, risk management, technology changes, implementation and effects of expense reduction strategies, workforce reductions, disposition of real estate holdings and estimates of capital expenditures. Undue reliance should not be placed on the forward-looking statements, which speak only as of the date of this Annual Report. The Company does not undertake any obligation to publicly update any forward-looking statements.

CONSOLIDATED FIVE-YEAR SUMMARY

Year Ended (In thousands, except per share amounts)	**February 28, 2002**	February 28, 2001	February 29, 2000	February 28, 1999	February 28, 1998
Revenues					
Commissions:					
Listed securities	**$ 403,921**	$ 482,136	$ 537,005	$ 505,226	$ 462,276
Options	**28,453**	55,883	62,708	49,830	44,188
Over-the-counter securities	**111,065**	295,921	331,992	199,472	190,092
Mutual funds	**214,339**	293,307	312,833	281,782	255,005
Commodities	**17,966**	16,540	17,305	15,518	16,315
Insurance	**174,281**	184,762	164,583	128,109	117,528
Total	**950,025**	1,328,549	1,426,426	1,179,937	1,085,404
Asset management and service fees	**659,103**	652,998	544,531	426,967	329,695
Principal transactions:					
Equities	**73,553**	114,363	90,202	60,538	61,184
Debt securities	**246,131**	177,912	194,016	141,484	146,768
Total	**319,684**	292,275	284,218	202,022	207,952
Investment banking:					
Underwriting fees and selling concessions	**186,839**	144,725	190,236	163,419	152,029
Management fees	**69,590**	28,572	35,483	55,582	38,889
Total	**256,429**	173,297	225,719	219,001	190,918
Interest:					
Margin account balances	**150,365**	331,980	225,319	170,982	149,738
Securities owned and deposits	**21,603**	28,419	23,269	30,530	31,132
Total	**171,968**	360,399	248,588	201,512	180,870
Other	**6,592**	31,630	89,525	11,360	9,294
Total Revenues	**2,363,801**	2,839,148	2,819,007	2,240,799	2,004,133
Interest expense	**25,388**	97,942	22,818	5,628	1,436
Net Revenues	**2,338,413**	2,741,206	2,796,189	2,235,171	2,002,697
Non-Interest Expenses					
Compensation and benefits	**1,557,720**	1,766,311	1,766,711	1,431,697	1,276,931
Communication and technology	**295,353**	242,530	159,258	123,126	113,556
Occupancy and equipment	**133,240**	126,594	105,297	100,972	82,605
Marketing and business development	**41,612**	51,767	42,744	34,617	29,790
Floor brokerage and clearance	**21,912**	22,957	21,667	20,933	19,825
Other	**114,056**	75,893	77,397	53,039	42,193
Restructuring	**82,462**	–	–	–	–
Total Non-Interest Expenses	**2,246,355**	2,286,052	2,173,074	1,764,384	1,564,900
Earnings Before Income Taxes	**92,058**	455,154	623,115	470,787	437,797
Income Taxes	**20,557**	167,677	240,194	178,670	168,500
Net Earnings	**$ 71,501**	$ 287,477	$ 382,921	$ 292,117	$ 269,297
Per Share Data:					
Diluted Earnings	**$ 0.88**	$ 3.43	$ 4.08	$ 3.00	$ 2.75
Basic Earnings	**$ 0.89**	$ 3.50	$ 4.16	$ 3.07	$ 2.81
Cash Dividends	**$ 0.64**	$ 0.64	$ 0.61	$ 0.57	$ 0.51
Book Value	**$ 20.42**	$ 20.29	$ 19.69	$ 17.16	$ 15.21
Other Data:					
Total Assets	**$4,187,170**	$4,859,984	$5,347,587	$3,803,132	$4,193,328
Stockholders' Equity	**$1,647,796**	$1,626,344	$1,717,122	$1,627,737	$1,463,121
Cash Dividends	**$ 51,043**	$ 51,962	$ 55,483	$ 54,002	$ 48,740
Pre-tax Return on Average Equity	**5.6%**	27.2%	37.3%	30.5%	32.1%
Return on Average Equity	**4.4%**	17.2%	22.9%	18.9%	19.8%
Net Earnings as a Percent of Net Revenues	**3.1%**	10.5%	13.7%	13.1%	13.4%
Average Common and Common Equivalent Shares Outstanding (Diluted)	**81,282**	83,925	93,814	97,322	98,051
Average Common Shares Outstanding (Basic)	**80,013**	82,096	92,140	95,252	95,950

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except per share amounts)	**February 28, 2002**	February 28, 2001
Assets		
Cash and cash equivalents	**$ 100,425**	$ 116,004
Cash and government securities, segregated under federal and other regulations	**92,921**	78,455
Securities purchased under agreements to resell	**44,823**	17,352
Securities borrowed	**68,264**	127,328
Receivables:		
Customers, less allowance for doubtful accounts of $38,214 and $10,697	**2,460,753**	3,285,220
Brokers, dealers and clearing organizations	**44,615**	30,314
Fees, dividends and interest	**76,004**	70,934
Securities inventory, at fair value:		
State and municipal	**254,582**	188,559
Government and agencies	**38,252**	41,024
Corporate	**84,674**	63,733
Investments	**217,954**	218,003
Property and equipment, at cost, net of accumulated depreciation and amortization of $470,805 and $362,615	**531,283**	508,970
Deferred income taxes	**93,460**	71,017
Other assets	**79,160**	43,071
	$4,187,170	$4,859,984
Liabilities and Stockholders' Equity		
Short-term bank loans	**$ 107,300**	$ 319,800
Checks payable	**239,607**	252,558
Securities loaned	**274,535**	780,666
Securities sold under agreements to repurchase	**45,861**	–
Payables:		
Customers	**982,371**	899,091
Brokers, dealers and clearing organizations	**141,511**	123,084
Securities sold but not yet purchased, at fair value	**30,200**	31,194
Employee compensation and related taxes	**392,187**	498,161
Deferred compensation	**184,999**	175,595
Income taxes	**12,878**	58,871
Other liabilities	**127,925**	94,620
Total Liabilities	**2,539,374**	3,233,640
Stockholders' Equity:		
Preferred stock, $25 par value: Authorized, 4,000,000 shares, none issued	**–**	–
Common stock, $1 par value: Authorized, 550,000,000 shares Issued, 96,463,114 shares	**96,463**	96,463
Additional paid-in capital	**286,480**	280,094
Retained earnings	**1,892,189**	1,875,379
	2,275,132	2,251,936
Less: Treasury stock, at cost (15,767,984 and 16,325,828 shares)	**627,336**	625,592
Total Stockholders' Equity	**1,647,796**	1,626,344
	$4,187,170	$4,859,984

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF EARNINGS

Year Ended *(Dollars in thousands, except per share amounts)*	**February 28, 2002**	February 28, 2001	February 29, 2000
Revenues			
Commissions	**$ 950,025**	$1,328,549	$1,426,426
Asset management and service fees	**659,103**	652,998	544,531
Principal transactions	**319,684**	292,275	284,218
Investment banking	**256,429**	173,297	225,719
Interest	**171,968**	360,399	248,588
Other	**6,592**	31,630	89,525
Total Revenues	**2,363,801**	2,839,148	2,819,007
Interest expense	**25,388**	97,942	22,818
Net Revenues	**2,338,413**	2,741,206	2,796,189
Non-Interest Expenses			
Compensation and benefits	**1,557,720**	1,766,311	1,766,711
Communication and technology	**295,353**	242,530	159,258
Occupancy and equipment	**133,240**	126,594	105,297
Marketing and business development	**41,612**	51,767	42,744
Floor brokerage and clearance	**21,912**	22,957	21,667
Other	**114,056**	75,893	77,397
Restructuring	**82,462**	-	-
Total Non-Interest Expenses	**2,246,355**	2,286,052	2,173,074
Earnings Before Income Taxes	**92,058**	455,154	623,115
Income Taxes	**20,557**	167,677	240,194
Net Earnings	**$ 71,501**	$ 287,477	$ 382,921
Earnings Per Share:			
Diluted	**$ 0.88**	$ 3.43	$ 4.08
Basic	**$ 0.89**	$ 3.50	$ 4.16

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Three Years Ended February 28, 2002)

(Dollars in thousands, except per share amounts)	Common Stock	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total Stockholders' Equity
Balances, March 1, 1999	$96,463	$239,998	$1,348,094	$ (56,818)	$1,627,737
Net earnings			382,921		382,921
Dividends declared — $0.61 per share			(55,483)		(55,483)
Treasury stock acquired				(336,028)	(336,028)
Stock issued:					
Employee stock purchase/option plans		7,694	(39,532)	89,453	57,615
Restricted stock		6,225	9,332	24,803	40,360
Balances, February 29, 2000	96,463	253,917	1,645,332	(278,590)	1,717,122
Net earnings			287,477		287,477
Dividends declared — $0.64 per share			(51,962)		(51,962)
Treasury stock acquired				(446,726)	(446,726)
Stock issued:					
Employee stock purchase/option plans		17,687	(5,464)	72,501	84,724
Restricted stock		8,490	(4)	27,223	35,709
Balances, February 28, 2001	96,463	280,094	1,875,379	(625,592)	1,626,344
Net earnings			71,501		71,501
Dividends declared — $0.64 per share			(51,043)		(51,043)
Treasury stock acquired				(85,137)	(85,137)
Stock issued:					
Employee stock purchase/option plans		908	(3,648)	66,520	63,780
Restricted stock		5,478		16,873	22,351
Balances, February 28, 2002	$96,463	$286,480	$1,892,189	$(627,336)	$1,647,796

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended (In thousands)	**February 28, 2002**	February 28, 2001	February 29, 2000
Cash Flows From Operating Activities:			
Net earnings	**$ 71,501**	$ 287,477	$ 382,921
Noncash and nonoperating items included in earnings:			
Depreciation and amortization	**123,125**	100,348	63,380
Expense of restricted stock awards	**22,568**	32,581	34,244
Deferred income taxes	**(22,443)**	4,344	12,951
Loss (gain) on investments, net	**5,625**	(11,751)	(75,236)
Allowance for doubtful accounts	**27,056**	6,341	507
Restructuring charge	**52,395**	–	–
(Increase) decrease in operating assets:			
Segregated cash and government securities	**(14,466)**	8,396	(28,892)
Securities purchased under agreements to resell	**(27,471)**	(6,678)	4,164
Securities borrowed	**59,064**	150,871	(34,692)
Receivable from customers	**797,411**	485,791	(1,151,543)
Receivable from brokers, dealers and clearing organizations	**(14,301)**	(7,785)	5,326
Fees, dividends and interest receivable	**(5,070)**	(7,945)	(10,912)
Securities inventory	**(84,192)**	115,092	(141,313)
Trading investments, net	**47,655**	(87,809)	29,390
Other assets	**(36,805)**	(2,158)	(24,083)
Increase (decrease) in operating liabilities:			
Checks payable	**(12,951)**	(31,044)	57,086
Securities sold under agreements to repurchase	**45,861**		
Securities loaned	**(98,699)**	(170,381)	106,213
Payable to customers	**83,280**	(47,282)	(2,703)
Payable to brokers, dealers and clearing organizations	**18,427**	(80,045)	134,710
Securities sold but not yet purchased	**(994)**	6,274	(20,739)
Employee compensation and related taxes	**(105,974)**	(90,729)	126,938
Deferred compensation	**9,404**	24,297	35,177
Income taxes	**(40,858)**	(992)	60,164
Other liabilities	**26,842**	12,752	29,547
Net cash from operating activities	**925,990**	689,965	(407,395)
Cash Flows From Investing Activities:			
Purchase of property and equipment	**(190,808)**	(295,801)	(130,912)
Purchase of other investments	**(72,926)**	(25,353)	(20,272)
Proceeds from sale or maturity of other investments	**19,695**	23,217	12,953
Net cash from investing activities	**(244,039)**	(297,937)	(138,231)
Cash Flows From Financing Activities:			
Short-term bank loans	**(212,500)**	(318,200)	638,000
Securities loaned	**(407,432)**	313,363	301,929
Employee stock transactions	**58,428**	74,158	52,479
Purchase of treasury stock	**(85,137)**	(446,726)	(336,028)
Cash dividends paid	**(50,889)**	(53,106)	(55,766)
Net cash from financing activities	**(697,530)**	(430,511)	600,614
Net (Decrease) Increase in Cash and Cash Equivalents	**(15,579)**	(38,483)	54,988
Cash and Cash Equivalents, at Beginning of Year	**116,004**	154,487	99,499
Cash and Cash Equivalents, at End of Year	**$ 100,425**	$ 116,004	$ 154,487

Interest payments totaled $29,125 in 2002, $97,017 in 2001 and $21,495 in 2000.
Income taxes paid totaled $85,947 in 2002, $165,304 in 2001 and $167,340 in 2000.
Supplemental disclosures of noncash financing activities: Restricted stock awards, net of forfeitures, totaled $22,422 in 2002, $32,813 in 2001 and $34,611 in 2000.

See Notes to Consolidated Financial Statements.

1. Summary of Significant Accounting Policies

Business Description

A.G. Edwards, Inc. and its wholly-owned subsidiaries (collectively referred to as the "Company") operate and are managed as a single business segment providing investment services to its clients. The Company offers a wide range of services designed to meet clients' individual investment needs, including securities and commodities brokerage, asset management, retirement planning, insurance, trust, investment banking and other related services. These services are provided by approximately 7,400 financial consultants in more than 700 locations of the Company's principal operating subsidiary, A.G. Edwards & Sons, Inc. Because these services are provided using the same sales and distribution personnel, support services and facilities, and all are provided to meet the needs of its clients, the Company does not identify or manage assets, revenues or expenses resulting from any service, or class of services, as a separate business segment. With headquarters in St. Louis, the Company has offices in 49 states; the District of Columbia; and London, England.

Basis of Financial Information

The consolidated financial statements of the Company are prepared in conformity with accounting principles generally accepted in the United States of America. All material intercompany balances and transactions have been eliminated in consolidation. Where appropriate, prior years' financial information has been reclassified to conform to the current-year presentation.

Use of Estimates

In preparing these consolidated financial statements, management makes use of estimates concerning certain assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and certain revenues and expenses during the reporting period. Management considers its significant estimates, which are most susceptible to change, to be the fair value of investments, the allowance for doubtful accounts, and the accrual for litigation, income tax and other reserves. Actual results could differ from these estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and highly liquid investments with maturities of 90 days or less at the date of acquisition.

Securities Transactions

Securities purchased under agreements to resell (Resale Agreements) and securities sold under agreements to repurchase are recorded at the contractual amounts that the securities will be resold/repurchased, including accrued interest. The Company's policy is to obtain possession or control of securities purchased under Resale Agreements and to obtain additional collateral when necessary to minimize the risk associated with this activity.

Securities borrowed and securities loaned are recorded at the amount of the cash collateral provided for securities borrowed transactions and received for securities loaned transactions, respectively. The adequacy of the collateral is continuously monitored and adjusted when considered necessary to minimize the risk associated with this activity. Substantially all of these transactions are executed under master netting agreements, which give the Company right of offset in the event of counterparty default.

Customer securities transactions are recorded on settlement date. Revenues and related expenses for transactions executed but unsettled are accrued on a trade-date basis. Receivables from and payables to customers include amounts due on cash and margin transactions. Securities owned by customers, including those that collateralize margin or other similar transactions, are not reflected on the consolidated balance sheets.

Investment Banking

Investment banking revenues, which include underwriting fees, selling concessions and management fees, are recorded when services for the transaction are substantially completed. Transaction-related expenses are deferred and later expensed to match revenue recognition.

Allowance for Doubtful Accounts

Receivables from customers, primarily consisting of floating rate loans collateralized by margin securities, are charged interest at rates similar to other such loans made throughout the industry. Management estimates an allowance for doubtful accounts to reserve for potential losses from unsecured and partially unsecured customer accounts deemed uncollectible. The facts and circumstances surrounding each receivable from customers and the number of shares, price and volatility of the underlying collateral are considered by management in determining the allowance. Management continually evaluates its receivables from customers for collectibility and possible write-off. The Company manages the credit risk associated with its receivables from customers through credit limits and continuous monitoring of collateral. The allowance for doubtful accounts may be susceptible to significant fluctuations in the near term.

Fair Value

Securities inventory, securities sold but not yet purchased and securities segregated under federal and other regulations are recorded on a trade-date basis and are carried at fair value. Fair value is based on quoted market or dealer prices, pricing models, or management's estimates. Unrealized gains and losses are reflected in revenue.

The fair value of investments, for which a quoted market or dealer price is not available, is based on management's estimate. Among the factors considered by management in determining the fair value of investments are the cost of the investment, terms and liquidity, developments since the acquisition of the investment, the sales price of recently issued securities, the financial condition and operating results of the issuer, earnings trends and consistency of operating cash flows, the long-term business potential of the issuer, the quoted market price of securities with similar quality and yield that are publicly traded, and other factors generally pertinent to the valuation of investments. The fair value of these investments is subject to a high degree of volatility and may be susceptible to significant fluctuations in the near term.

Investments

Investments consist of private equity investments, mutual funds, U.S. government securities and other investments. Private equity investments are held by investment company subsidiaries, which are outside the scope of Financial Accounting Standards Board (FASB) Statement of Financial Accounting Standards (SFAS) No. 115, "Accounting for Certain Investments in Debt and Equity Securities," and are carried at fair value. The Company classifies mutual fund investments as trading securities in accordance with SFAS No. 115. Trading securities are recorded at fair value. U.S. government securities are classified as held-to-maturity and are held at amortized cost as the Company has the intent and ability to hold the securities to maturity. The majority of other investments include securities held by the Company's broker-dealer subsidiary and are recorded at fair value. The unrealized gains and losses of investment securities are reflected in other revenue.

Property and Equipment

Property and equipment are carried at cost less accumulated depreciation and amortization; land is recorded at cost. Depreciation of buildings is provided using the straight-line method over estimated useful lives of 20 to 45 years. Leasehold improvements are amortized over the lesser of the life of the lease or estimated useful life of the improvement, generally five to 10 years. Equipment, primarily consisting of office equipment and building components, is depreciated over estimated useful lives of three to 15 years using accelerated methods of depreciation. Computer hardware, including servers and mainframes, and satellite equipment are depreciated over estimated useful lives of three to five years using the straight-line method. Internally developed applications and purchased software meeting the criteria for capitalization are amortized over their estimated useful lives, generally not exceeding three years, using the straight-line method. The Company periodically evaluates and adjusts the carrying value of its property and equipment when impairment exists.

Stock-Based Compensation

The Company applies the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB Opinion No. 25), and related interpretations to account for its employee stock plans. Based on the provisions of the plans, no compensation expense has been recognized for options issued under these plans. Restricted stock awards are expensed in the year granted, which is the defined service period.

Income Taxes

Income tax expense is provided for using the asset and liability method, under which deferred tax assets and liabilities are determined based upon the temporary differences between the financial statement and income tax bases of assets and liabilities, using current tax rates. The Company files a consolidated federal income tax return.

Comprehensive Earnings

Comprehensive earnings for each of the three years in the period ended February 28, 2002, was equal to the Company's net earnings.

Recent Accounting Pronouncements

On March 1, 2001, the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137 and SFAS No. 138. The statements establish accounting and reporting standards for derivative instruments and hedging activities. The Company does not act as dealer, trader or end-user of complex derivatives such as swaps, collars and caps; however, the Company will occasionally hedge a portion of its debt inventory through the use of financial futures contracts. These transactions and the adoption of these statements did not have a material impact on the Company's consolidated financial statements.

In September 2000, the FASB issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." This standard replaced SFAS No. 125 of the same name. SFAS No. 140 provides accounting and reporting standards for transfers and servicing of financial assets and extinguishments of liabilities. The Company adopted SFAS No. 140 in the fourth quarter of fiscal 2001 for disclosures relating to securitization transactions and collateral. The remaining provisions of SFAS No. 140 were adopted in the first quarter of fiscal 2002 for transfers and servicing of financial assets and extinguishments of liabilities and did not have a material impact on the Company's consolidated financial statements.

In July 2001, the FASB released SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires all business combinations initiated after June 30, 2001, to be accounted for using the purchase method. The adoption of SFAS No. 141 did not have a material impact on the Company's consolidated financial statements. Under SFAS No. 142, intangible assets with indefinite lives and goodwill will no longer be amortized. Instead, these assets are required to be tested at least annually for impairment. The adoption of SFAS No. 142 will not have a material impact on the Company's consolidated financial statements.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. SFAS No. 144 supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" and amends Accounting Research Bulletin No. 51, "Consolidated Financial Statements." This statement is effective for the Company's consolidated financial statements beginning in fiscal year 2003. The adoption of this statement will not have a material impact on the Company's consolidated financial statements.

2. Restructuring and Other Charges

As a result of a number of actions taken to reduce costs, streamline its headquarters operations and better position the Company for improved profitability, a restructuring charge of $82,462 was recorded in 2002. The Company also recorded other charges of $44,500.

Restructuring Charge

The restructuring charge consists of technology asset write-offs of $46,332, severance costs of $18,605 and real estate consolidations of $17,525. Technology asset write-offs resulted from the discontinuance of certain technology projects resulting from a review by management of the Company's technology priorities and redesign of its technology infrastructure. Workforce reductions of approximately 460 non-branch personnel were implemented through a combination of voluntary and involuntary separations. Real estate consolidation costs included the estimated loss on the planned sale or sublease of certain properties in the St. Louis area as the Company consolidates its headquarters staff to its main campus. The Company expects to complete the consolidation in the next fiscal year. No cash payments have been made as of February 28, 2002.

Other Charges

The Company incurred other charges of $44,500, which included reserves of $25,800 for a $37,660 partly secured margin loan. Among other factors, this estimated reserve was based upon the number of shares, trading volume and price volatility of the underlying collateral securing the loan. Due to the facts and circumstances surrounding the margin loan and underlying collateral, the Company's estimate regarding collectibility may be susceptible to significant fluctuations in the near term. In addition, reserves of $16,900 were established in connection with customer litigation.

3. Property and Equipment

At February 28, 2002 and 2001, property and equipment consists of:

	2002	2001
Land	$ 19,925	$ 17,979
Building and leasehold improvements	244,789	230,057
Equipment and computer hardware	458,226	441,111
Software and software applications	141,700	143,991
Construction in progress	137,448	38,447
Total property and equipment	1,002,088	871,585
Less: Accumulated depreciation and amortization	(470,805)	(362,615)
Total property and equipment, net	$ 531,283	$ 508,970

4. Short-Term Financing

The Company's short-term financing is generally obtained through the use of securities lending arrangements and bank loans. The interest rates on such short-term borrowings reflect market rates of interest or rebates at the time of the transactions. The average securities lending arrangements outstanding that were utilized in financing activities were $371,000 in 2002, $1,100,000 in 2001 and $200,000 in 2000, at average effective interest rates of 3.2 percent in 2002, 6.5 percent in 2001 and 5.6 percent in 2000. Bank loans are short-term borrowings that are payable on demand and may be unsecured or collateralized by customer-owned securities held in margin accounts. The average of such bank loans was $283,000 in 2002, $406,000 in 2001 and $218,000 in 2000, at effective interest rates of 3.3 percent, 6.5 percent and 5.5 percent, respectively. Company-owned investments of $33,376 in 2002 and $34,854 in 2001 were utilized to secure certain bank borrowings. Banks do not have the ability to sell or repledge such investments. Substantially all other bank borrowings were secured by customer-owned securities.

5. Employee Stock Plans

The Company applies the provisions of APB Opinion No. 25 to account for its employee stock plans. If compensation expense for the Company's stock option and stock purchase plans were determined based on the estimated fair value of the options granted, consistent with SFAS No. 123, "Accounting for Stock-Based Compensation," the Company's net earnings and earnings per share would have been as follows:

	2002	2001	2000
Pro forma net earnings	$63,000	$270,000	$372,000
Pro forma earnings per share:			
Diluted	$ 0.78	$ 3.22	$ 3.97
Basic	$ 0.79	$ 3.29	$ 4.04

The Black-Scholes option pricing model was used to calculate the estimated fair value of the options.

Employee Stock Purchase Plan

Options to purchase 1,875,000 shares of common stock granted to employees under the Employee Stock Purchase Plan are exercisable October 1, 2002, at 85 percent of market price based on dates specified in the plan. Employees purchased 1,708,788 shares at $29.58 per share in 2002, 1,870,983 shares at $32.33 per share in 2001 and 1,871,284 shares at $21.89 per share in 2000. Treasury shares were utilized for all of the shares issued. The fair value of the options granted under this plan was estimated using the following assumptions for 2002, 2001 and 2000, respectively: dividend yield of 1.56 percent, 1.44 percent and 2.01 percent; an expected life of one year; expected volatility of 39 percent, 46 percent and 36 percent; and risk-free interest rates of 2.47 percent, 6.21 percent and 5.42 percent. The fair value of the options granted in 2002, 2001 and 2000 was $8.03, $14.08 and $5.99 per option, respectively.

Restricted Stock and Stock Options

Under the Company's Incentive Stock Plan, three types of benefits may be awarded to officers and key employees: restricted stock, stock options and stock appreciation rights. Such awards are subject to forfeiture upon termination of employment during a restricted period, generally three years from the award date. Through February 28, 2002, no stock appreciation rights had been granted.

Restricted stock awards are made, and shares issued, without cash payment by the employee. Eligible employees at February 28, 2002, were awarded 564,550 shares with a market value of $24,614. At February 28, 2001 and 2000, the awards were 967,561 and 916,010 shares, respectively, with corresponding market values of $34,977 and $36,018. Treasury shares were utilized for these awards.

Nonqualified stock options are granted to purchase common stock at 100 percent of market value at date of grant. Such options are exercisable beginning three years from date of award and expire eight years from date of award or earlier upon termination of employment. The fair value of each option grant was estimated at the date of grant using the following assumptions for 2002, 2001 and 2000, respectively: dividend yield of 1.56 percent, 1.44 percent and 2.01 percent; expected lives of six years; expected volatility of 38 percent, 35 percent and 32 percent; risk-free interest rates of 4.6 percent, 4.86 percent and 6.62 percent; and a forfeiture rate of 8 percent, 8 percent and 7 percent. The fair value of options granted under this plan in 2002, 2001 and 2000 was $16.37, $13.27 and $13.96, respectively.

A summary of the status of the Company's stock options as of February 28 (29), 2002, 2001 and 2000, and changes during the years ended on those dates is presented as follows:

	2002		2001		2000	
	Shares (000)	Weighted Average Exercise Price	Shares (000)	Weighted Average Exercise Price	Shares (000)	Weighted Average Exercise Price
Outstanding, beginning of year	4,803	$30.74	4,840	$27.52	4,597	$22.91
Granted	446	$43.60	901	$36.15	1,006	$39.32
Exercised	(474)	$13.77	(828)	$16.95	(723)	$14.41
Forfeited	(45)	$37.12	(110)	$37.12	(40)	$32.03
Outstanding, end of year	4,730	$29.49	4,803	$30.74	4,840	$27.52
Treasury shares utilized for exercises	474		828		723	

The following table summarizes information about outstanding stock options at February 28, 2002:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding (000)	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number Exercisable (000)	Weighted Average Exercise Price
$11-$15	256	1	$14.50	256	$14.50
$16-$20	387	2	$16.59	387	$16.59
$21-$25	381	3	$21.21	381	$21.21
$26-$35	899	5	$32.50	899	$32.50
$36-$40	1,829	6.49	$37.78	–	–
$41-$45	978	5.82	$43.31	533	$43.06
	4,730			2,456	

6. Employee Profit Sharing Plan

The Company has a defined contribution plan [401(k)] covering substantially all employees, whereby the Company is obligated to match, in specified amounts as defined therein, portions of contributions made by eligible employees. Additional contributions may be made at the discretion of the Company and are generally based on the Company's pre-tax earnings. The Company expensed $62,650 in 2002, $86,873 in 2001 and $104,787 in 2000 in connection with the 401(k).

The Company has an unfunded, nonqualified deferred compensation plan that provides benefits to participants whose contributions from the Company in the 401(k) are subject to Internal Revenue Service limitations. Participants may choose to base their return on the broker call rate or on the performance of one or more of a combination of mutual funds as designated by the Company. Participants have no ownership in the mutual funds. Included in investments are $70,259 in 2002 and $52,115 in 2001 in mutual funds that were purchased by the Company to hedge its liability to the participants that chose to base the performance of their return on the mutual fund option. The Company expensed $25,226 in 2002, $41,895 in 2001 and $43,933 in 2000 in connection with this plan.

7. Net Capital Requirements

As a registered broker-dealer, A.G. Edwards & Sons, Inc. is subject to net capital rules administered by the Securities and Exchange Commission (SEC) and the New York Stock Exchange. Under such rules, this subsidiary must maintain net capital of not less than 2 percent of aggregate debit items, as defined, arising from customer transactions and would be restricted from expanding its business or paying cash dividends or advancing loans to affiliates if its net capital were less than 5 percent of such items. These rules also require A.G. Edwards & Sons, Inc. to notify and sometimes obtain approval of the SEC and other regulatory organizations for substantial withdrawals of capital or loans to affiliates. At February 28, 2002, the subsidiary's net capital of $616,892 was 25 percent of aggregate debit items and $566,624 in excess of the minimum required.

Certain other subsidiaries are also subject to minimum capital requirements that may restrict the payment of cash dividends and advances to A.G. Edwards, Inc. The only restriction with regard to the payment of cash dividends by A.G. Edwards, Inc. is its ability to obtain cash dividends and advances from its subsidiaries, if needed.

8. Income Taxes

The provisions for income taxes consist of:

	2002	2001	2000
Current:			
Federal	$ 53,282	$144,996	$188,529
State and local	(10,282)	18,337	38,714
	43,000	163,333	227,243
Deferred	(22,443)	4,344	12,951
	$ 20,557	$167,677	$240,194

Deferred income taxes reflect temporary differences in the bases of the Company's assets and liabilities for income tax purposes and for financial reporting purposes, using current tax rates. These temporary differences result in taxable or deductible amounts in future years.

Significant components of deferred tax assets and liabilities at February 28, 2002 and 2001, are as follows:

	2002	2001
Deferred Tax Assets:		
Employee benefits	$121,718	$138,341
Other	19,316	11,252
	141,034	149,593
Deferred Tax Liabilities:		
Receivables	16,471	33,386
Investments	18,571	21,042
Property and equipment	11,070	22,252
Other	1,462	1,896
	47,574	78,576
Net Deferred Tax Assets	$ 93,460	$ 71,017

The Company expects to fully realize these deferred tax assets given its historical level of earnings and related taxes paid; accordingly, no valuation allowance has been established. The Company's effective tax rate was 22.3 percent in 2002, 36.9 percent in 2001 and 38.5 percent in 2000, which differed from the federal statutory rate of 35 percent.

A reconciliation of the effective tax rate and the federal statutory rate for 2002, 2001 and 2000 is as follows:

	2002	2001	2000
Federal statutory rate	35.0%	35.0%	35.0%
State and local income taxes, net of Federal tax benefit	(6.1)	2.7	3.9
Research and development credits	(4.3)	–	–
Municipal bond interest	(3.3)	(0.9)	(0.5)
Meal and entertainment expenses	1.3	0.3	0.2
Other	(0.3)	(0.2)	(0.1)
	22.3%	36.9%	38.5%

9. Investments

Investments consist of:

	2002	2001
Private equity	$110,493	$107,202
Mutual funds	88,939	75,724
U.S. government	10,080	25,830
Other	8,442	9,247
Total Investments	$217,954	$218,003

Private equity primarily consists of investments in a privately held investment management company and in Company-sponsored private equity funds. The Company has commitments of $95,483 to various private equity partnerships, of which $64,733 remain unfunded at February 28, 2002. The Company's mutual fund investments are utilized primarily to hedge certain liabilities under its deferred compensation plan and also include a qualified investment by its trust company subsidiary. The Company primarily invests in U.S. government securities through its trust company subsidiary, and the majority of other investments include securities held by the Company's broker-dealer subsidiary.

In 2000, the Company recognized a gain of $75,200, which is included in other revenue, from the sale of one-half of the Company's investment in a privately held investment management company and the related increase in the carrying value of the remaining investment to its fair value. This investment had been carried on the equity method of accounting, which was discontinued due to the reduction of the Company's ownership and the terms surrounding the remaining investment.

10. Stockholders' Equity

Earnings Per Share

The following table presents the computations of basic and diluted earnings per share:

	2002	2001	2000
Net earnings available to common stockholders	$71,501	$287,477	$382,921
Shares (in thousands):			
Weighted average shares outstanding	80,013	82,096	92,140
Effect of dilutive common shares:			
Restricted shares	217	375	551
Stock purchase plan	276	508	357
Stock option plan	776	946	766
Dilutive common shares	1,269	1,829	1,674
Total weighted average diluted shares	81,282	83,925	93,814
Earnings per share:			
Diluted	$ 0.88	$ 3.43	$ 4.08
Basic	$ 0.89	$ 3.50	$ 4.16

Stock Repurchase Program

In February 2001, the Board of Directors authorized the repurchase of up to 10 million of the Company's outstanding shares during a 23-month period. Repurchased shares are added to treasury stock to be used for employee stock plans and to partially offset the past and future effect of these plans. The Company purchased 2,164,900 shares with an aggregate cost of $85,137 in 2002 under this program; no shares were repurchased under this program in 2001.

The Company's May 1996 stock repurchase program, which authorized the Company to purchase up to 33 million of its outstanding shares, ended in 2001 as the 33 million share limit was attained. The Company purchased 10,640,750 shares with an aggregate cost of $446,726 in 2001 and 11,032,500 shares at a cost of $336,028 in 2000 under this program.

Stockholders' Rights Plan

The Company's Stockholders' Rights Plan, as amended, provides for the distribution of one Common Stock Purchase Right for each outstanding share of the Company's common stock. The rights cannot be exercised or traded apart from the common stock until, without the prior consent of the Company, a third party acquires no less than 20 percent of the Company's outstanding common stock or commences a tender or exchange offer that would result in the third party acquiring no less than 20 percent of the outstanding common stock. The Board of Directors may decrease the 20 percent thresholds to 10 percent of the outstanding stock. Each right, upon becoming exercisable, entitles the registered holder to purchase one share of common stock for $150 from the Company. If a person actually acquires no less than 20 percent, or 10 percent if appropriate, of the Company's common stock without the Board of Directors' consent, then each right will entitle the holder, other than the acquiring third party, to purchase for $150 the number of shares of the Company's common stock (or in the event of a merger or other business combination, the number of shares of the acquirer's stock) that has a market value of $300. The rights, which are redeemable by the Company at a price of $0.01 each prior to the person's acquiring no less than 20 percent, or 10 percent if appropriate, of the Company's common stock are subject to adjustment to prevent dilution and expire June 25, 2005.

11. Commitments and Contingent Liabilities

The Company has long-term operating leases and commitments related to office space, equipment and service agreements. Minimum commitments under all such non-cancelable leases and service agreements, some of which contain escalation clauses and renewal options, at February 28, 2002, are as follows:

Year ending February 28 (29),	
2003	$105,600
2004	89,500
2005	67,300
2006	56,700
2007	47,500
Later years	114,000
	$480,600

Rental expense under all operating leases and service agreements was $115,816 in 2002, $94,455 in 2001 and $61,827 in 2000.

The Company has remaining commitments of $88,000 through 2004 for the construction of an additional office building and a learning center at its headquarters campus.

In the normal course of business, the Company enters into when-issued and underwriting commitments and delayed delivery transactions. Settlement of these transactions at February 28, 2002, would not have had a material effect on the consolidated financial statements.

At February 28, 2002, the Company had $70,106 of outstanding letters of credit, principally to satisfy margin deposit requirements with a clearing corporation. At February 28, 2001, the Company had $123,849 outstanding letters of credit, of which $10,000 was collateralized by customer-owned securities held in margin accounts.

The Company is a defendant in a number of lawsuits, in some of which plaintiffs claim substantial amounts, relating primarily to its securities and commodities business. Management has determined that it is likely that ultimate resolution in favor of the plaintiff will result in losses to the Company on certain of these claims. Factors considered by management in estimating the Company's liability are the loss and damages sought by the plaintiff, the merits of the claim, the total cost of defending the litigation and the likelihood of a successful defense against the claim, and the potential for fines and penalties from regulatory agencies. Management, based on its understanding of the facts, reasonably estimates a range of loss and accrues what it considers appropriate to reserve against probable loss for certain claims. While results of litigation cannot be predicted with certainty, management, after consultation with counsel, believes that resolution of all such litigation is not expected to have a material adverse effect on the consolidated balance sheets, statements of earnings or statements of cash flows of the Company.

12. Financial Instruments

Off-Balance Sheet Risk and Concentration of Credit Risk

The Company records customer transactions on a settlement date basis, generally three business days after trade date. The risk of loss on unsettled transactions is identical to that of settled transactions and relates to customers' and other counterparties' inability to fulfill their contracted obligations.

In the normal course of business, the Company also executes customer transactions involving the sale of securities not yet purchased, the purchase and sale of futures contracts, and the writing of option contracts on both securities and futures. In the event customers or other counterparties, such as broker-dealers or clearing organizations, fail to satisfy their obligations, the Company may be required to purchase or sell financial instruments in order to fulfill its obligations at prices that may differ from amounts recorded in the consolidated balance sheets.

Customer financing and securities settlement activities generally require the Company to pledge customer securities as collateral in support of various financing sources. Additionally, customer securities may be pledged as collateral to satisfy margin deposits at various clearing organizations. To the extent these counterparties are unable to fulfill their contracted obligation to return securities pledged, the Company is exposed to the risk of obtaining securities at prevailing market prices to meet its customer obligations.

Securities sold but not yet purchased represent obligations of the Company to deliver specified securities at contracted prices. Settlement of such obligations may be at amounts greater than those recorded on the consolidated balance sheets.

A substantial portion of the Company's assets and obligations result from transactions with customers and other counterparties who have provided financial instruments as collateral. Volatile trading markets could impair the value of such collateral and affect customers' and other counterparties' ability to satisfy their obligations to the Company.

The Company manages its risks associated with the aforementioned transactions through position and credit limits and the continuous monitoring of collateral. Additional collateral is requested from customers and other counterparties when appropriate.

The Company receives collateral in connection with resale agreements, securities borrowed transactions, customer margin loans and other loans. Under many agreements, the Company is permitted to sell or repledge these securities held as collateral and use these securities to enter into securities lending arrangements or deliver to counterparties to cover short positions. At February 28, 2002, the fair value of securities received as collateral where the Company is permitted to sell or repledge the securities was $3,367,130, and the fair value of the collateral that had been sold or repledged was $487,323.

Derivatives

The Company does not act as dealer, trader or end-user of complex derivatives such as swaps, collars and caps. The Company provides advice and guidance on complex derivative products to selected clients; however, this activity does not involve the Company acquiring a position or commitment in these products. The Company will occasionally hedge a portion of its debt inventory through the use of financial futures contracts. These transactions are not material to the Company's financial condition or results of operations.

Fair Value Consideration

Substantially all of the Company's financial instruments are carried at fair value or amounts that approximate fair value. Customer receivables, primarily consisting of floating rate loans collateralized by margin securities, are charged interest at rates similar to other such loans made throughout the industry. The Company's remaining financial instruments are generally short-term in nature and liquidate at their carrying values.

13. Enterprise Wide Disclosure

The Company provides investment services to its clients through its financial consultants in its network of branch offices in the United States and London, England. Revenues from the Company's non-U.S. operations are currently not material. Transaction services include commissions and sales credits earned by executing or facilitating the execution of security and commodity trades. Asset management fees are earned by providing portfolio advisory services through third-party managers, including mutual funds, annuities and insurance contracts, and the Company's in-house portfolio managers. The Company earns interest revenue principally from financing its customer margin accounts, debt securities carried for resale and short-term investments.

The following table presents the Company's net revenues by type of service for the years ended February 28 (29):

	2002	2001	2000
Transaction services	$1,548,824	$1,827,049	$1,971,589
Asset management services	579,588	569,373	470,125
Interest	146,580	262,457	225,770
Other	63,421	82,327	128,705
	$2,338,413	$2,741,206	$2,796,189

INDEPENDENT AUDITORS' REPORT

Deloitte & Touche

To the Board of Directors and Stockholders of
A.G. Edwards, Inc.:

We have audited the accompanying consolidated balance sheets of A.G. Edwards, Inc. and subsidiaries (the "Company") as of February 28, 2002 and 2001, and the related consolidated statements of earnings, stockholders' equity and cash flows for each of the three years in the period ended February 28, 2002. 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 of America. 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, such consolidated financial statements present fairly, in all material respects, the financial position of A.G. Edwards, Inc. and subsidiaries at February 28, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended February 28, 2002, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

April 18, 2002
St. Louis, Missouri

BOARD OF DIRECTORS

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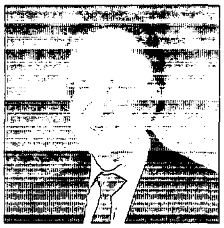
Chief Executive Officer



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Cambridge, Massachusetts

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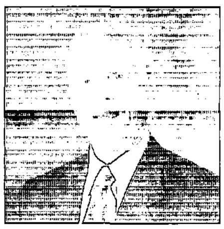
Vice Chairman of the Board,
President

Samuel C. Hutchinson Jr.[2,3,4]
President,
Interface Construction Corp.,
Berkeley, Missouri



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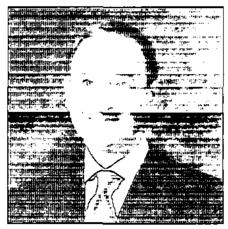
Peter B. Madoff[2,3,4]
Senior Managing Director,
Bernard L. Madoff Investment
Securities LLC,
New York, New York



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Chancellor,
Washington University,
St. Louis, Missouri

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2 Audit Committee
3 Compensation Committee
4 Nominating Committee

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Northeast Regional Officer,
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Market Analysis,
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Assistant Director of Sales & Marketing,
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Assistant Treasurer,
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Branch Operations,
38 years with A.G. Edwards

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6 Finance Committee
7 Compensation Committee

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Douglas L. Kelly
Director

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President

Sheryl K. Cheely
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Birmingham
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Dothan
Earl D. Laing*

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Thomas T. Ross

Gadsden
Troy D. Wagnon

Gulf Shores
Thomas S. Lott Sr.

Huntsville
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Inverness Center
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Mesa
William R. Berg

Oro Valley
Ben Palazzo

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Gerry M. Thornbro

Prescott Valley
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Joseph K. Patrico

Hot Springs Village
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Vallie B. Carney

Mountain Home
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Rogers
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Russell D. Beck

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D. Robert Frew

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Debra A. Grill

Evergreen
Robert C. Thompson

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Grand Junction
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Greeley
Rick L. Runyan

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Lakewood
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Loveland
Charles A. Bouchard

Pueblo
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Farmington
Peter M. Miller*
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John J. McDermott III

Greenwich
Lawrence A. Baker

Hamden
Richard Pignone
Kimberly S. Hurd

Hartford
Patrick J. Sheehan

Mystic
Frederick C. Leonard

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Edwin Rachleff

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Paul A. Steffany

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William C. Mitchell

Washington, D.C.-
Downtown
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Loren D. Evans

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Belleair Bluffs
Larry Rudolph

Boca Raton
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Bonita Springs
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Boynton Beach
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Bradenton
Gary M. Knuckles

Cape Coral
Patrick S. Zych

Citrus Hills
Michael T. Fels

Clearwater
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Clermont
Frederick S. Lipp

Coral Gables
Alfredo Oliva
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John D. Carl

Destin
Edmond Waters

Englewood
Burton E. Mason

Eustis
Tracy M. Belton

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Indialantic
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Lake Worth
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Merritt Island
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Ocala
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Palm Beach Gardens
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August F. Yanke

Panama City Beach
Michael A. Protz

Pensacola
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Port Richey
Ronald J. May

Punta Gorda
Joshua M. Howell

St. Armands Key
William G. McDaniel

St. Petersburg
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Sarasota
Paul D. Buskey

Sebring
John R. Clark

Seminole
Larry P. Rudolph

Spring Hill
Charles R. Morgan

Stuart
Robert J. Sander

Sun City Center
Richard W. Sheffield

Tallahassee
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Tampa
Robert B. Moler Jr.

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Venice-South
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John D. Orcutt Jr.

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The Villages
Gregory E. Sutfin

West Palm Beach
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Zephyrhills
Nancy L.
Duffield-Cook

Georgia

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Columbus
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Union Station
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Dennis L. Anderson
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Bloomington
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John J. Wingfield

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Paducah
John A. Williams

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Bart B. Schmolke

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Gerald T. Goss
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Herbert J. Payne
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Lafayette
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Lake Charles
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R. Barry Drew

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Stephen G. Mitchell

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Eric H. Burt

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Robert R. Wolanske

Peabody
E. Alan Freeman
Daniel R. Santanello

Pittsfield
Thomas W. Neely

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Fred J. Gennelly

Springfield
John J. Sullivan Jr.

Worcester
Sarah G. Berry

Michigan

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Michael J. Fulkerson

Battle Creek
Charles J. Carroll

Bay City
Harold M. Miller

Bloomfield Hills
Sarah K. Rosner

Cascade
Stephen D. Bowman

Clinton Township
Donald J. Van De Steene

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John P. Mathey

Farmington Hills
Stephen M. Sherline

Flint
Edwin E. Luke

Grand Rapids
James E. Marosi
James E. Preston

Gross Pointe Woods
Craig J. Kohler

Holland
David J. Young

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James S. Grace

Kalamazoo
Jerry J. Cross

Midland
Doak R. Stolz
Richard L. Smith

Okemos
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Owosso
Paul A. Schluckebier

Port Huron
Thomas K. Andison

St. Joseph
Craig A. Herrington

Traverse City
Glenn C. Hirt

Troy
F. Daniel Mirabella

Minnesota

Eden Prairie
Rick K. Kendall

Edina
Robert S. Hansen

Fergus Falls
Roger B. Johnson

Minneapolis
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Mississippi

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Hiram L. Dilworth

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J. Doug Medley

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Hance W. McKenzie Jr.

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Branson
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Cameron
William L. Nash

Cape Girardeau
Marsha M. Limbaugh

Clayton
Blake R. Dunlop

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Robert P. Stansberry

Festus
John D. McAtee Sr.

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Larry D. Richardson

Frontenac
Charles J. Galli*
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Kenneth W. Greger

Jackson
Timothy W. Gutwein

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Jon R. Gilstrap

Joplin
Bryan D. Vowels

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Brian T. Wall

Kirksville
Jeffrey Dudgeon

Lebanon
Gregory V. Sullivan

Liberty
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Clyde E. Penrod

Moberly
Jerry C. Jeffrey

O'Fallon
William H. Dillingham III

Osage Beach
James M. Herfurth

Rolla
Mark T. Riefer

St. Charles
Steve A. Mahler

St. Joseph
David M. Pickett

St. Louis-Downtown
Edward J. Costigan Jr.

Sikeston
Elmer E. Grant

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David L. Burnette

Sunset Hills
Patrick J. Howley

Town & Country
James K. McAtee

Washington
Charles J. Trankler

Montana

Missoula
Roger T. Roy

Nebraska

Beatrice
Thomas L. Shutts

Grand Island
Dan A. Govier
John C. Stinson

Lincoln
Loy U. Olson

North Platte
Kevin P. Kennedy Jr.

Omaha
Randall C. Peck

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Las Vegas
Fred T. Snyder

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John C. Meadows

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Henry R. Serrano Jr.

Summerlin
Daniel R. Jackson

New Hampshire

Claremont
Gisela M. Polleys

Concord
William D. Chapin

Hanover
E. Clinton Swift

Keene
Terry D. Schnare

Laconia
Richard V. Breton

Nashua
Richard T. Iannacone

New London
Philip D. Estabrook III

North Conway
Henry N. Forrest

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Rohe V. Pennington III

New Jersey

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Peter L. Roselle

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Henry S. Brzyski

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Walter J. Schwenk

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Brian J. McCafferty

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Patricia L. Halpern

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Joseph J. Bancheri

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Joseph Buono
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Constantine Giviskos

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Fred K. Ecke Jr.

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Frank M. Taylor

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James J. Coughlin

Voorhees
Charles J. McAfee

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Walter W. Roth

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Las Cruces
Bruce A. Reed

Roswell
Brian D. Stokes

Santa Fe
Robert E. Bennett

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Carol A. Eurillo

Buffalo
Karl I. Riner

Cooperstown
Carolyn L. Anderson

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Joseph E. Klarberg

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Kevin A. Healy

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Michael W. Kreimer

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Randall J. Powers
Bill Branson Jr.*

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Eugene L. D'Amico Sr.

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Robert R. Douglas

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Walter C. Martin

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James D. Mackintosh III
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Greenville
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Hendersonville
Scott E. Price

Hickory
Clifford J. Watts

Highlands
Steven R. Perry

High Point
Peter B. Wint

Lake Norman
Kevin D. Phillips

Morehead City
Phillip B. Nelson

Pinehurst
Walter L. McGowan

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Alexander Mihajlov

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Barden Winstead Jr.
John W. Lewis

Shallotte
Carolyn B. Felton

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Robert M. Tobey

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Michael A. Faulkenbury

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Irvin A. Smith III

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Dayton
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Findlay
Edward F. Abbey Jr.

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James R. Lewis

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Phillip L. Trueblood

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N. Thomas Steury

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Mentor
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Alan G. Stong

Grove
David L. East

Lawton
Charles E. Young
John B. Wolverton

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Barry D. Gangwer

Ponca City
Patrick J. Mulligan

Stillwater
Eric W. Hodson

Tulsa
George E. Ferguson

Oregon

Bend
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Corvallis
Andrew E. Jones

Eugene
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Medford
David R. McDermott

Portland
Burton L. Beahm

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Michael J. Kitzmiller

West Linn
Janet M. Hudson

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Gerald E. Gebbia

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Cranberry
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Harrisburg
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Media
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Sharon
Ronald J. Koshar

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Stephen P. Patrick

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Robert L. Capone

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Laurens
Mark A. Kelly

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Pawleys Island
Michael J. Hirsch
Perrin Q. Dargan

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Jesse E. Wright III

Spartanburg
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Sumter
Charles Alessandro

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Brett A. Tynes

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Rolfe R. Young

Conroe
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Matt P. Paul

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R. Kyle Ratcliff

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Kerrville
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Gary L. Foose Jr.

Laredo
Oscar O. Lopez

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Thomas E. Frye

Lewisville
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Lubbock
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J. Greg Gray

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Judy Carmeli

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Draper
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James B. Neligan

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Aubrey J. Ellis

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Daniel E. Grandstaff

Leesburg
Katherine M. Owens

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Robert J. Ballard

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W. Taliaferro Thompson III

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Robert H. Kulp

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Jeffrey D. Murray

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Bellingham
Scott A. Hume

Chehalis
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Edmonds
Douglas M. Reilly

Kirkland
Steven L. Tracy

Mount Vernon
Arthur E. Larvie

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Spokane
Chadwick C. Gladhart
Donald L. Cutler

Tacoma
Albert Sullivan

Vancouver
Dean G. Alsup

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Michael N. Barnett

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Calvin L. Hemling
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Michael D. Markin

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Tyson J. Ray

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Oconomowoc
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Oshkosh
Ronald L. Gray

Sturgeon Bay
David L. Harris

Wausau
Edward C. Fox III

Wyoming

Cheyenne
David E. Foreman

Jackson Hole
Kelly D. Lockhart

*Regional Officer
†Branch opened after February 28, 2002

London, England

A.G. Edwards & Sons (U.K.) Limited
Angus L. Carlill

Annual Meeting

The 2002 Annual Meeting of Stockholders will be held at the Company's headquarters, One North Jefferson, St. Louis, Missouri, on Thursday, June 20, 2002, at 10 a.m. The Notice of Annual Meeting, Proxy Statement and Proxy Voting Card are mailed in May to each stockholder. The Proxy Statement describes the items of business to be voted on at the Annual Meeting and provides information on the Board of Directors' nominees for director and their principal affiliations with other organizations as well as other information about the Company.

Dividend Payment Dates

The next four anticipated dividend payment dates are July 1 and October 1, 2002, and January 2 and April 1, 2003.

Form 10-K

The Form 10-K annual report filed with the Securities and Exchange Commission, which provides further details on A.G. Edwards' business, is available at no charge from:

Secretary, A.G. Edwards, Inc.
One North Jefferson
St. Louis, Missouri 63103

Stock Exchange Listing

A.G. Edwards, Inc. stock is traded on the New York Stock Exchange under the symbol AGE. The approximate number of stockholders on February 28, 2002, was 25,400.

Registrar/Transfer Agent

The Bank of New York
Shareholder Relations Department – 11E
P.O. Box 11258
Church Street Station
New York, New York 10286-1258
(800) 524-4458

Account Protection Package

The securities held by A.G. Edwards & Sons, Inc. for client accounts are protected up to $500,000, including up to $100,000 for cash claims, by the Securities Investor Protection Corporation (SIPC). In addition to the SIPC coverage, securities and cash held in client accounts are provided additional protection to the full value of the account (as determined by SIPC) by a commercial insurance company.

Exchange Memberships

A.G. Edwards companies are members of all major domestic stock and commodity exchanges, including the American, Boston, Chicago, New York, Pacific and Philadelphia stock exchanges; the Chicago Board Options Exchange; the Chicago Board of Trade; the Chicago Mercantile Exchange; the New York Board of Trade; the New York Mercantile Exchange; and other commodity exchanges. A.G. Edwards companies are also members of the National Futures Association and the National Association of Securities Dealers, Inc.

A.G. Edwards, Inc.

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(314) 955-3000

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