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SECURITIES



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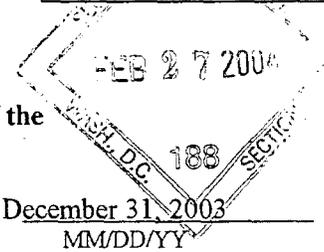
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| OMB APPROVAL  |  |
| OMB Number: 3235-0123                                   |  |
| Expires: October 31, 2004                               |  |
| Estimated average burden hours per response . . . 12.00 |  |

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| SEC FILE NUMBER |
| 8-35220-FIVED   |

ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III  
FACING PAGE

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

REPORT FOR THE PERIOD BEGINNING January 1, 2003 AND ENDING December 31, 2003  
MM/DD/YY MM/DD/YY



A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:

American Century Investment Services, Inc.

|                   |
|-------------------|
| OFFICIAL USE ONLY |
| FIRM ID. NO.      |

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

4500 Main Street  
(No. and Street)

Kansas City Missouri 64111  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

David K. Anderson (816) 340-3050  
(Area Code - Telephone No.)

Financial Operations Principal

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Deloitte & Touche LLP  
(Name - if individual, state last, first, middle name)

1010 Grand Boulevard, Suite 400 Kansas City Missouri 64106-2232  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED  
MAR 19 2004  
THOMSON FINANCIAL

AK  
3.18.04

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|-----------------------|
| FOR OFFICIAL USE ONLY |
|                       |

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2). SEC 1710 (2.01)

**AFFIRMATION**

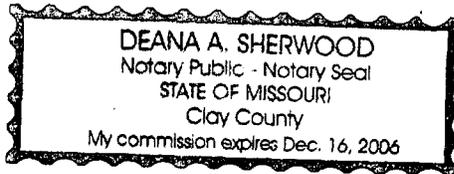
I, David K. Anderson, affirm that, to the best of my knowledge and belief, the accompanying financial statements and supplemental schedule pertaining to American Century Investment Services, Inc. (the "Company") for the year ended December 31, 2003, are true and correct. I further affirm that neither the Company nor any officer or director has any proprietary interest in any account classified solely as that of a customer.

David K. Anderson  
Signature

2/25/2004  
Date

Financial Operations Principal  
Title

Deana A. Sherwood  
Notary Public





# **American Century Investment Services, Inc.**

*(A Wholly Owned Subsidiary of American  
Century Companies, Inc.)*

*SEC I.D. No. 8-35220*

*Statement of Financial Condition as of December  
31, 2003, and Independent Auditors' Report and  
Supplemental Report on Internal Control*

*Filed Pursuant to Rule 17a-5(e)(3) as a  
PUBLIC DOCUMENT.*

Deloitte & Touche LLP  
Suite 400  
1010 Grand Boulevard  
Kansas City, Missouri 64106-2232

Tel: (816) 474-6180  
www.deloitte.com

**Deloitte  
& Touche**

## INDEPENDENT AUDITORS' REPORT

The Stockholder and Board of Directors of  
American Century Investment Services, Inc.  
Kansas City, Missouri

We have audited the accompanying statement of financial condition of American Century Investment Services, Inc. (the "Company") (a wholly owned subsidiary of American Century Companies, Inc.) as of December 31, 2003, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. Our procedures included a review of the Company's control activities for safeguarding securities. 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 audit provides a reasonable basis for our opinion.

In our opinion, such statement of financial condition presents fairly, in all material respects, the financial position of the Company as of December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

*Deloitte & Touche LLP*

February 6, 2004

# AMERICAN CENTURY INVESTMENT SERVICES, INC.

(A Wholly Owned Subsidiary of American Century Companies, Inc.)

## STATEMENT OF FINANCIAL CONDITION

December 31, 2003

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### ASSETS

|  |                     |
|--|---------------------|
| Cash and cash equivalents  | \$ 1,229,464        |
| Prepaid expenses   | 1,045,358           |
| Investment in common stock and warrants of The NASDAQ Stock Market, Inc.,<br>at fair value | <u>86,460</u>       |
| TOTAL  | <u>\$ 2,361,282</u> |

### STOCKHOLDER'S EQUITY

|  |                     |
|--|---------------------|
| Common stock, \$1 par value; authorized 30,000 shares,<br>issued and outstanding 11,900 shares | \$ 11,900           |
| Additional paid-in-capital   | 10,633,520          |
| Accumulated deficit  | <u>(8,284,138)</u>  |
| Total Stockholder's Equity   | <u>\$ 2,361,282</u> |
| TOTAL  | <u>\$ 2,361,282</u> |

See notes to statement of financial condition.

**AMERICAN CENTURY INVESTMENT SERVICES, INC.**  
(A Wholly Owned Subsidiary of American Century Companies, Inc.)

**NOTES TO STATEMENT OF FINANCIAL CONDITION  
AS OF DECEMBER 31, 2003**

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**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Operations* - American Century Investment Services, Inc. (the "Company") is a registered broker-dealer and a wholly owned subsidiary of American Century Companies, Inc. ("ACC"). The Company is economically dependent upon ACC. The Company's primary purpose is the marketing and distribution of the American Century family of mutual funds, which are related parties through common management.

The Company is exempt from the computation for determination of reserve requirements under Rule 15c3-3 of the Securities Exchange Act of 1934 under paragraph (k)(2)(i) of the Rule, since its transactions are limited to the purchase, sale and redemption of redeemable securities of registered investment companies and units in a qualified tuition program under Section 529 of the Internal Revenue Code. The Company does not receive, directly or indirectly, or hold funds or securities for, or owe money or securities to, customers.

*Cash and Cash Equivalents* - The Company considers all liquid investments with original maturities of three months or less to be cash equivalents, which consisted of an investment in a money market mutual fund as of December 31, 2003.

*Investments* - Investments, which consist of common stock and warrants of The NASDAQ Stock Market, Inc. are carried at fair value with unrealized gains or losses included in the statement of operations. The fair value of the common stock is based on quoted market prices. The fair value of the warrants is based on the Company's best estimates considering its knowledge of the investee, the investee's relative market strength and other pertinent considerations.

*Income Taxes* - The Company is included in the consolidated tax return of ACC with other ACC subsidiaries. In accordance with the provisions of the tax sharing agreement between the Company and ACC, ACC allocates income tax expenses or benefits to members of the consolidated group based on each subsidiary's contribution to consolidated taxable income or loss, using the statutory rate applicable to the consolidated group. The amounts are settled through intercompany transactions on a monthly basis. Deferred income tax expense or benefit is recorded similarly and results from differences between the Company's assets and liabilities reported for financial reporting purposes and the tax basis of such assets and liabilities.

*Use of Estimates* - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and

assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

## **2. RELATED PARTIES**

ACC, through American Century Services Corporation (also a wholly owned subsidiary of ACC) or through other wholly owned subsidiaries of ACC, incurs operating expenses on behalf of the Company. Accordingly, the Company recognizes certain expenses and a corresponding capital contribution. ACC, American Century Services Corporation or the other wholly owned subsidiaries have no intention of requiring reimbursement for these services.

As a result of recent interpretive guidance issued by the U.S. Securities and Exchange Commission (the "SEC") regarding the treatment of certain broker/dealer expenses and liabilities, beginning December 1, 2003, the Company began to record its share of certain distribution revenue and expense activity, which were previously recorded in the books and records of affiliated companies.

## **3. NET CAPITAL REQUIREMENTS**

The Company is subject to the uniform net capital rule (Rule 15c3-1) under the Securities Exchange Act of 1934. Rule 15c3-1 requires the Company to maintain minimum net capital equal to the greater of \$25,000 or 6 2/3% of aggregate indebtedness. The Company had net capital, as defined, of \$1,130,560 as of December 31, 2003, which was \$1,105,560 in excess of its required net capital of \$25,000. The Company's ratio of aggregate indebtedness to net capital was 0 to 1 as of December 31, 2003.

\* \* \* \* \*

Deloitte & Touche LLP  
Suite 400  
1010 Grand Boulevard  
Kansas City, Missouri 64106-2232

Tel: (816) 474-6180  
www.deloitte.com



## SUPPLEMENTAL REPORT ON INTERNAL CONTROL

February 6, 2004

The Stockholder and Board of Directors of  
American Century Investment Services, Inc.  
Kansas City, Missouri

In planning and performing our audit of the financial statements of American Century Investment Services, Inc. (the "Company") (a wholly owned subsidiary of American Century Companies, Inc.) for the year ended December 31, 2003 (on which we have issued our report dated February 6, 2004), we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the Company's internal control.

Also, as required by Rule 17a-5(g)(1) under the Securities Exchange Act of 1934, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by the Company that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities.

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

Because of inherent limitations in any internal control or the practices and procedures referred to above, misstatements due to error or fraud may occur and not be detected. Also, projection of any evaluation of the internal control or of such practices and procedures to future periods are subject to the risk that they may become inadequate because of changes in conditions or that the degree of compliance with the practices or procedures may deteriorate.

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

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate as of December 31, 2003, to meet the Commission's objectives.

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

Yours truly,

*Deloitte & Touche LLP*