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AMERICAN EXPRESS FINANCIAL ADVISORS

Form 13F-HR

November 06, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 13 (F) COVER PAGE

Report for the Calendar Year or Quarter Ended: September 30, 2002

Check here if Amendment [] ; Amendment Number:
This Amendment (Check only one.): [] is a restatement.
[] adds new holdings entries.

Institutional Investment Manager Filing this Report:

Name: American Express Financial Corporation
Address: 430 AXP Financial Center
Minneapolis, MN 55474-0000

Form 13F File Number: 28-139

The institutional investment manager filing this report and the person by whom it is signed hereby represent that the person signing the report is authorized to submit it, that all information contained herein is true, correct and complete, and that it is understood that all required items, statements, schedules, lists, and tables, are considered integral parts of this form.

Person Signing this Report on Behalf of Reporting Manager:

Name: John Knight
Title: V.P. Investment Accounting
Phone: 612-671-3618

Signature, Place, and Date of Signing:

/s/ John Knight	Minneapolis, MN	October 22, 2002
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[Signature]	[City, State]	[Date]

Report Type (Check only one.):

[] 13F HOLDINGS REPORT.
[] 13F NOTICE.
[x] 13F COMBINATION REPORT.

FORM 13F SUMMARY PAGE

Report Summary:
Number of Other Included Managers: 13
Form 13F Information Table Entry Total: 7593
Form 13F Information Table Value Total: \$61466787 (thousands)

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List of Other Included Managers:

No.	13F File Number	Name
01	28-698	American Express Company
02	28-2069	IDS Advisory Group, Inc.
03	28-1151	American Express Trust Company
04	28-140	American Express Certificate Company
05	28-143	IDS Life Insurance Company
06		IDS Life Insurance Company of New York
07		American Partners Life
08		American Centurion Life of New York
09		American Enterprise Life
10		State Street
11		American Express Asset Management International
12		American Express Asset Management International-Japan
13		American Express Asset Management Limited

FORM 13F INFORMATION TABLE									
NAME OF ISSUER	TITLE OF CLASS	CUSIP	VALUE (x\$1000)	SHARES/ PRN AMT	SH/ PRN CALL	PUT/ CALL	INVSTMT DSCRETN		
AAR	COM	000361105	475	99925	SH		DEFINED	01	
ABENGOA	COM	000369991	171	37600	SH		DEFINED	01	
ABN AMRO HOLDING NV	COM	000770990	1551	141648	SH		DEFINED	01	
ADC TELECOMMUNICATIONS	COM	000886101	59	51368	SH		DEFINED	01	
ADC TELECOMMUNICATIONS	COM	000886101	213	185378	SH		DEFINED	01	0
ADC TELECOMMUNICATIONS	COM	000886101	11	9300	SH		DEFINED	01	0
ACTV INC	COM	00088E104	0	131	SH		DEFINED	01	
ADIDAS AG	COM	000900993	88	1286	SH		DEFINED	01	0
ABM INDS	COM	000957100	2170	153894	SH		DEFINED	01	
ADVANTECH CO LTD	COM	001009992	382	199200	SH		DEFINED	01	
AFC ENTERPRISES	COM	00104Q107	4	190	SH		DEFINED	01	
AFLAC	COM	001055102	24801	808106	SH		DEFINED	01	
AFLAC	COM	001055102	3695	120385	SH		DEFINED	01	0
AFLAC	COM	001055102	4681	152524	SH		DEFINED	01	0
AFLAC INC	COM	001055102	3437	112000	SH		DEFINED	01	
AFLAC INC	COM	001055102	4976	162112	SH		DEFINED	01	0
AGCO	COM	001084102	8480	365585	SH		DEFINED	01	
AGCO	COM	001084102	3	128	SH		DEFINED	01	0
AGCO	COM	001084102	379	16293	SH		DEFINED	01	0
AGCO CORP	COM	001084102	52	2196	SH		DEFINED	01	0
MY TRAVLE PLC	COM	0010979	1	1124	SH		DEFINED	01	1
AGL RESOURCES	COM	001204106	16188	732817	SH		DEFINED	01	
AGL RESOURCES	COM	001204106	5	206	SH		DEFINED	01	0
AGL RESOURCES INC	COM	001204106	74	3315	SH		DEFINED	01	0
AES	COM	00130H105	46	18442	SH		DEFINED	01	
AES	COM	00130H105	317	126327	SH		DEFINED	01	0
AES	COM	00130H105	16	6340	SH		DEFINED	01	0
CHUBB PLC	COM	0015219	3	1717	SH		DEFINED	01	1
KIDDE PLC	COM	0015402	2	1717	SH		DEFINED	01	1
AK STEEL HOLDINGS	COM	001547108	324	44394	SH		DEFINED	01	
AMB PROPERTY CORP	COM	00163T109	4	135	SH		DEFINED	01	
AMC ENTERTAINMENT	COM	001669100	710	96000	SH		DEFINED	01	
AMN HEALTHCARE SERV	COM	001744101	1301	70332	SH		DEFINED	01	
AMR	COM	001765106	11921	2852095	SH		DEFINED	01	
AMR	COM	001765106	424	101399	SH		DEFINED	01	0
AMR	COM	001765106	1602	383130	SH		DEFINED	01	0
AMR CORP DEL	COM	001765106	74	17600	SH		DEFINED	01	0

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ANC RENTAL CORPORATION	COM	001813104	0	91	SH	DEFINED	01
AOL TIME WARNER	COM	00184A105	184853	15799508	SH	DEFINED	01
AOL TIME WARNER	COM	00184A105	13410	1146150	SH	DEFINED	01 0
AOL TIME WARNER	COM	00184A105	131919	11275140	SH	DEFINED	01 0
AOL TIME WARNER INC	COM	00184A105	1100	94000	SH	DEFINED	01
AOL TIME WARNER INC	COM	00184A105	368	31489	SH	DEFINED	01 0
APAC CUSTOMER SVCS	COM	00185E106	32	10911	SH	DEFINED	01 0
APAC CUSTOMER SVCS	COM	00185E106	2	666	SH	DEFINED	01 0
AT&T	COM	001957109	114717	9551804	SH	DEFINED	01
AT&T	COM	001957109	13212	1100033	SH	DEFINED	01 0
AT&T	COM	001957109	62316	5188550	SH	DEFINED	01 0
AT&T CORP	COM	001957109	661	55000	SH	DEFINED	01 0
A S A LIMITED	COM	002050102	4579	141900	SH	DEFINED	01
A S A LIMITED	COM	002050102	442	13700	SH	DEFINED	01 0
ATMI	COM	00207R101	2422	171757	SH	DEFINED	01
A T & T WIRELESS SERVICES	COM	00209A106	115	27900	SH	DEFINED	01 1
AT&T WIRELESS SERVICES	COM	00209A106	4132	1003086	SH	DEFINED	01
AT&T WIRELESS SERVICES	COM	00209A106	2607	632742	SH	DEFINED	01 0
AT&T WIRELESS SERVICES	COM	00209A106	214	52126	SH	DEFINED	01 0
AVX	COM	002444107	2469	285000	SH	DEFINED	01
AVX	COM	002444107	99	11400	SH	DEFINED	01 0
AXT	COM	00246W103	340	163602	SH	DEFINED	01
AXT	COM	00246W103	26	12477	SH	DEFINED	01 0
AARON RENTS	COM	002535201	1716	74621	SH	DEFINED	01
AARON RENTS INC-CL A	COM	002535300	48	2000	SH	DEFINED	01
ABBOTT LABORATORIES	COM	002824100	93669	2318541	SH	DEFINED	01
ABBOTT LABORATORIES	COM	002824100	14981	370839	SH	DEFINED	01 0
ABBOTT LABORATORIES	COM	002824100	67381	1667867	SH	DEFINED	01 0
ABBOTT LABS	COM	002824100	889	22000	SH	DEFINED	01
ABBOTT LABS	COM	002824100	32423	802628	SH	DEFINED	01 0
AMEC ORD	COM	0028262	2	478	SH	DEFINED	01 1
ABERCROMBIE & FITCH	COM	002896207	1420	72164	SH	DEFINED	01
ABERCROMBIE & FITCH	COM	002896207	126	6400	SH	DEFINED	01 0
ABGENIX	COM	00339B107	460	70889	SH	DEFINED	01
ABGENIX	COM	00339B107	2	288	SH	DEFINED	01 0
ABGENIX INC	COM	00339B107	30	4553	SH	DEFINED	01 0
ABITIBI-CONSOLIDATED	COM	003924107	14890	2199350	SH	DEFINED	01
ABITIBI-CONSOLIDATED	COM	003924107	1905	281298	SH	DEFINED	01 0
SIGNET GROUP PLC	COM	0040374	7	5047	SH	DEFINED	01 1
ACESA INFRAESTRUCTOR	COM	004318994	189	16615	SH	DEFINED	01
ACCOR	COM	004340998	713	24398	SH	DEFINED	01
ACCOR	COM	004347993	7568	259141	SH	DEFINED	01
ACCOR	COM	004347993	11395	390180	SH	DEFINED	01 0
ACCREDO HEALTH	COM	00437V104	7492	157131	SH	DEFINED	01
ACCREDO HEALTH	COM	00437V104	81	1700	SH	DEFINED	01 0
ACCREDO HEALTH INC	COM	00437V104	1	30	SH	DEFINED	01 0
ACCRUE SOFTWARE	COM	00437W102	0	64	SH	DEFINED	01
EMI GROUP	COM	0044473	5	1800	SH	DEFINED	01 1
ACLARA BIOSCIENCES	COM	00461P106	0	80	SH	DEFINED	01
DIXONS GROUP PLC	COM	0047245	14	5004	SH	DEFINED	01 1
ACOM	COM	004900999	844	20000	SH	DEFINED	01
SAFEWAY	COM	0049241	10	3123	SH	DEFINED	01 1
ACTIVISION	COM	004930202	719	30059	SH	DEFINED	01
ACTIVISION	COM	004930202	73	3050	SH	DEFINED	01 0
ACTIVISION INC	COM	004930202	1	45	SH	DEFINED	01 0
ACTION PERFORMANCE	COM	004933107	3	100	SH	DEFINED	01 0
ACTION PERFORMANCE COMPANIES	COM	004933107	3028	117827	SH	DEFINED	01
ACTION PERFORMANCE COMPANIES	COM	004933107	200	7800	SH	DEFINED	01 0
ACTEL	COM	004934105	1947	187136	SH	DEFINED	01
ACTEL	COM	004934105	2	175	SH	DEFINED	01 0
ACTEL	COM	004934105	75	7251	SH	DEFINED	01 0
ACTEL CORP	COM	004934105	291	28000	SH	DEFINED	01

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ACTEL CORP	COM	004934105	32	3000	SH	DEFINED	01	0
ACTUATE	COM	00508B102	293	308790	SH	DEFINED	01	
ACTUATE	COM	00508B102	34	36146	SH	DEFINED	01	0
ACTUANT	COM	00508X203	1219	33035	SH	DEFINED	01	
ACTUANT	COM	00508X203	4	114	SH	DEFINED	01	0
ACTUANT	COM	00508X203	148	4000	SH	DEFINED	01	0
ACTUANT CORPORATION	COM	00508X203	68	1839	SH	DEFINED	01	0
ACUITIY BRANDS	COM	00508Y102	1677	136763	SH	DEFINED	01	
ACXIOM	COM	005125109	20356	1435576	SH	DEFINED	01	
ACXIOM	COM	005125109	1930	136100	SH	DEFINED	01	0
ACXIOM	COM	005125109	1014	71495	SH	DEFINED	01	0
ACXIOM CORP	COM	005125109	1078	76050	SH	DEFINED	01	0
ADERANS	COM	005320999	270	14000	SH	DEFINED	01	
SEVERN TRENT	COM	0054632	10	1019	SH	DEFINED	01	1
ASSOCIATED BRITISH PORTS	COM	0056434	6	979	SH	DEFINED	01	1
BILLITON A	COM	0056650	32	6918	SH	DEFINED	01	1
ARM HOLDING PLC	COM	0059585	4	2222	SH	DEFINED	01	1
ADAPTEC	COM	00651F108	2366	536452	SH	DEFINED	01	
ADAPTEC	COM	00651F108	1	307	SH	DEFINED	01	0
ADAPTEC	COM	00651F108	3056	693000	SH	DEFINED	01	0
ADAPTEC INC	COM	00651F108	21	4688	SH	DEFINED	01	0
ADECCO SA REG	COM	006700991	240	7101	SH	DEFINED	01	
ADECCO SA REG	COM	006700991	320	9458	SH	DEFINED	01	0
BAA	COM	0067340	24	2917	SH	DEFINED	01	1
BBA GROUP	COM	0067748	3	966	SH	DEFINED	01	1
BPB	COM	0068707	6	1459	SH	DEFINED	01	1
ADAYTUM SOFTWARE SERIES E	PRF	006900XX7	2626	669857	SH	DEFINED	01	
ADAYTUM SOFTWARE SERIES E	PRF	006900XX7	3626	925039	SH	DEFINED	01	0
ADAYTUM SOFTWARE SERIES E	PRF	006900XY5	220	56179	SH	DEFINED	01	
ADAYTUM SOFTWARE SERIES E	PRF	006900XY5	304	77582	SH	DEFINED	01	0
ADMINISTAFF	COM	007094105	336	87250	SH	DEFINED	01	
ADOBE SYSTEMS	COM	00724F101	268	14006	SH	DEFINED	01	
ADOBE SYSTEMS	COM	00724F101	1067	55866	SH	DEFINED	01	0
ADOBE SYSTEMS	COM	00724F101	54	2806	SH	DEFINED	01	0
ADTRAN	COM	00738A106	897	57449	SH	DEFINED	01	
ADTRAN	COM	00738A106	29	1847	SH	DEFINED	01	0
ADTRAN	COM	00738A106	2	119	SH	DEFINED	01	0
ADTRAN	COM	00738A106	103	6600	SH	DEFINED	01	0
ADVANCE AUTO PARTS	COM	00751Y106	475	9000	SH	DEFINED	01	
ADVANCE AUTO PARTS	COM	00751Y106	6033	114400	SH	DEFINED	01	0
ADV DIGITAL INFORMAT	COM	007525108	1	139	SH	DEFINED	01	
ADVANCED MARKETING SERVICES	COM	00753T105	835	60526	SH	DEFINED	01	
ADVANCED FIBRE COMMUNICATIONS	COM	00754A105	943	71069	SH	DEFINED	01	
ADV SELECT ABSOL LLC	COM	007551997	12590	12500000	SH	DEFINED	01	0
ADV SELECT ABSOL LTD	COM	007552995	12568	12500000	SH	DEFINED	01	0
ADV SEL ENH OPPT LLC	COM	007553993	12526	12500000	SH	DEFINED	01	0
ADV SEL ENH OPPT LTD	COM	007554991	12510	12500000	SH	DEFINED	01	0
ADV SELECT OPPOR LLC	COM	007555998	12546	12500000	SH	DEFINED	01	0
ADV SELECT OPPOR LTD	COM	007556996	12459	12500000	SH	DEFINED	01	0
ADV CREDIT OPPORT LP	COM	007557994	19950	25000000	SH	DEFINED	01	0
ADVO	COM	007585102	3472	109346	SH	DEFINED	01	
ADVANCED POWER TECHNOLOGY	COM	00761E108	857	220400	SH	DEFINED	01	
ADVANCED POWER TECHNOLOGY	COM	00761E108	195	50200	SH	DEFINED	01	0
ADVANCED MEDICAL OPT	COM	00763M108	1	65	SH	DEFINED	01	0
ADVANCED MEDICAL OPTICS	COM	00763M108	858	90155	SH	DEFINED	01	
ADVANCED MEDICAL OPTICS	COM	00763M108	0	0	SH	DEFINED	01	0
AEROFLEX	COM	007768104	2246	445520	SH	DEFINED	01	
AEROFLEX	COM	007768104	1	296	SH	DEFINED	01	0
AEROFLEX	COM	007768104	104	20574	SH	DEFINED	01	0
AEROFLEX INC	COM	007768104	25	4898	SH	DEFINED	01	0
ADVANCED MICRO DEVICES	COM	007903107	1435	268562	SH	DEFINED	01	
ADVANCED MICRO DEVICES	COM	007903107	425	79675	SH	DEFINED	01	0

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ADVANCED MICRO DEVICES	COM	007903107	2157	403991	SH	DEFINED	01	0
ADVANCEPCS	COM	00790K109	18769	833076	SH	DEFINED	01	
ADVANCEPCS	COM	00790K109	4688	208100	SH	DEFINED	01	0
AEGON	COM	007930993	11410	1215125	SH	DEFINED	01	
AEGON	COM	007930993	119	12697	SH	DEFINED	01	0
AEGON	COM	007930993	9121	971514	SH	DEFINED	01	0
ADVANTA CORP - CL A	COM	007942105	1	114	SH	DEFINED	01	
ADVANCED ENERGY INDS	COM	007973100	895	100642	SH	DEFINED	01	
ADVENT SOFTWARE	COM	007974108	3450	301327	SH	DEFINED	01	
ADVENT SOFTWARE	COM	007974108	179	15666	SH	DEFINED	01	0
ADVENT SOFTWARE	COM	007974108	319	27900	SH	DEFINED	01	0
ADVENT SOFTWARE	COM	007974108	176	15414	SH	DEFINED	01	0
AEON CREDIT SERVICES	COM	008010993	62	200000	SH	DEFINED	01	
AEON CREDIT SERVICE	COM	008011991	399	7600	SH	DEFINED	01	
AETHER SYS	COM	00808V105	0	61	SH	DEFINED	01	
BARRATT DEVE	COM	0081180	3	509	SH	DEFINED	01	1
AETNA	COM	00817Y108	181	5044	SH	DEFINED	01	
AETNA	COM	00817Y108	1253	35001	SH	DEFINED	01	0
AETNA	COM	00817Y108	63	1761	SH	DEFINED	01	0
AFFILIATED COMPUTER SERVICES C	COM	008190100	9887	232353	SH	DEFINED	01	
AFFILIATED COMPUTER SERVICES C	COM	008190100	13042	306500	SH	DEFINED	01	0
AFFILIATED MANAGERS	COM	008252108	17255	386790	SH	DEFINED	01	0
AFFILIATED MANAGERS GROUP	COM	008252108	4724	105882	SH	DEFINED	01	
AFFILIATED MANAGERS GROUP	COM	008252108	484	10850	SH	DEFINED	01	0
AFFILIATED MANAGERS GROUP	COM	008252108	156	3500	SH	DEFINED	01	0
AFL/CIO UNITS OF	COM	008270993	499	460	SH	DEFINED	01	0
AFRICAN RAINBOW MIN	COM	008279994	797	120000	SH	DEFINED	01	
AFTER MARKET TECH	COM	008318107	996	77000	SH	DEFINED	01	
AFTER MARKET TECH	COM	008318107	41	3227	SH	DEFINED	01	0
AFTER MARKET TECH	COM	008318107	3	198	SH	DEFINED	01	0
AFTER MARKET TECH	COM	008318107	116	9000	SH	DEFINED	01	0
AGFA GEVAERT NV	COM	008453995	1216	66000	SH	DEFINED	01	
AGERE SYSTEMS CL A	COM	00845V100	1082	982766	SH	DEFINED	01	
AGERE SYSTEMS INC-CL	COM	00845V209	5	5238	SH	DEFINED	01	
AGILENT TECHNOLOGIES	COM	00846U101	1915	146741	SH	DEFINED	01	
AGILENT TECHNOLOGIES	COM	00846U101	1411	108058	SH	DEFINED	01	0
AGILENT TECHNOLOGIES	COM	00846U101	985	75423	SH	DEFINED	01	0
AGILENT TECH CVT	CONV BND	00846UAB7	185	230000	PRN	DEFINED	01	0
AGILE SOFTWARE	COM	00846X105	1112	173411	SH	DEFINED	01	
AJINOMOTO CO INC	COM	008601999	318	30000	SH	DEFINED	01	
AGRIUM INC	COM	008916108	940	102700	SH	DEFINED	01	
L'AIR LIQUIDE	COM	009126103	169	1371	SH	DEFINED	01	
AIR PROD & CHEM	COM	009158106	2773	66000	SH	DEFINED	01	
AIR PROD & CHEM	COM	009158106	10734	255540	SH	DEFINED	01	0
AIR PRODUCTS & CHEMICALS	COM	009158106	138273	3291434	SH	DEFINED	01	
AIR PRODUCTS & CHEMICALS	COM	009158106	4121	98093	SH	DEFINED	01	0
AIR PRODUCTS & CHEMICALS	COM	009158106	24404	580894	SH	DEFINED	01	0
AIRBORNE	COM	009269101	1427	125856	SH	DEFINED	01	
AIRBORNE	COM	009269101	4	311	SH	DEFINED	01	0
AIRBORNE	COM	009269101	179	15800	SH	DEFINED	01	0
AIRBORNE INC	COM	009269101	55	4909	SH	DEFINED	01	0
AIRGAS	COM	009363102	5441	414423	SH	DEFINED	01	
AIRGAS	COM	009363102	3	266	SH	DEFINED	01	0
AIRGAS	COM	009363102	404	30794	SH	DEFINED	01	0
AIRGAS INC	COM	009363102	57	4380	SH	DEFINED	01	0
BERKELEY GRO	COM	0094177	3	276	SH	DEFINED	01	1
AIRNET COMMUNICATION	COM	00941P106	0	49	SH	DEFINED	01	
BALFOUR BEATTY PLC	COM	0096162	2	935	SH	DEFINED	01	1
AKAMAI TECHNOLOGIES	COM	00971T101	8	10000	SH	DEFINED	01	
AKAMAI TECHNOLOGIES	COM	00971T101	0	180	SH	DEFINED	01	
BTG PLC	COM	0100159	1	246	SH	DEFINED	01	1
AKZO NOBEL	COM	010199990	4511	140000	SH	DEFINED	01	

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AKZO NOBEL	COM	010199990	168	5200	SH	DEFINED	01 0
BOC GROUP	COM	0108120	19	1364	SH	DEFINED	01 1
BOOTS CO	COM	0111441	21	2526	SH	DEFINED	01 1
ALAMO GROUP	COM	011311107	1435	116100	SH	DEFINED	01
ALAMO GROUP	COM	011311107	182	14700	SH	DEFINED	01 0
ALAMOSA HOLDINGS INC	COM	011589108	0	347	SH	DEFINED	01
ALASKA AIR GROUP	COM	011659109	18	1018	SH	DEFINED	01
ALASKA COMM SYSTEM GROUP	COM	01167P101	1	748	SH	DEFINED	01
ALBANY INTL CL A	COM	012348108	1542	81229	SH	DEFINED	01
ALBANY INTL CL A	COM	012348108	3	144	SH	DEFINED	01 0
ALBANY INTL CL A	COM	012348108	198	10410	SH	DEFINED	01 0
ALBANY INTL CORP NEW	COM	012348108	45	2441	SH	DEFINED	01 0
ALBANY MOLECULAR RESEARCH	COM	012423109	4	211	SH	DEFINED	01
ALBEMARLE	COM	012653101	3539	139961	SH	DEFINED	01
ALBEMARLE	COM	012653101	313	12390	SH	DEFINED	01 0
AMVESCAP PLC	COM	0128269	10	2024	SH	DEFINED	01 1
BRITISH AIRW	COM	0129057	4	2538	SH	DEFINED	01 1
ALBERTO-CULVER CL B	COM	013068101	99	2017	SH	DEFINED	01
ALBERTO-CULVER CL B	COM	013068101	663	13526	SH	DEFINED	01 0
ALBERTO-CULVER CL B	COM	013068101	33	683	SH	DEFINED	01 0
ALBERTSON'S	COM	013104104	1789	74085	SH	DEFINED	01
ALBERTSON'S	COM	013104104	2289	94751	SH	DEFINED	01 0
ALBERTSON'S	COM	013104104	115	4752	SH	DEFINED	01 0
BRITISH LAND	COM	0136701	10	1506	SH	DEFINED	01 1
ALCAN	COM	013716105	2849	115446	SH	DEFINED	01
ALCAN	COM	013716105	2221	90000	SH	DEFINED	01 0
ALCOA	COM	013817101	154022	7980425	SH	DEFINED	01
ALCOA	COM	013817101	5614	290892	SH	DEFINED	01 0
ALCOA	COM	013817101	26685	1382602	SH	DEFINED	01 0
ALCOA INC	COM	013817101	4254	220395	SH	DEFINED	01
ALCOA INC	COM	013817101	9376	485736	SH	DEFINED	01 0
BRITISH SKY	COM	0141192	31	3797	SH	DEFINED	01 1
ALEXANDER & BALDWIN	COM	014482103	5976	268577	SH	DEFINED	01
ALEXANDER & BALDWIN	COM	014482103	95	4290	SH	DEFINED	01 0
ALEXANDER & BALDWIN	COM	014482103	6	269	SH	DEFINED	01 0
ALEXANDER & BALDWIN	COM	014482103	413	18560	SH	DEFINED	01 0
ALEXANDRIA REAL ESTATE	COM	015271109	347	8175	SH	DEFINED	01
ALEXANDRIA REAL ESTATE	COM	015271109	70	1650	SH	DEFINED	01 0
ALEXION PHARMACEUTIC	COM	015351109	1	69	SH	DEFINED	01
ALFA LAVAL - AB	COM	015355993	170	20472	SH	DEFINED	01 0
BUNZL	COM	0154004	9	1349	SH	DEFINED	01 1
CABLE & WIRE	COM	0162557	12	6694	SH	DEFINED	01 1
ALKERMES	COM	01642T108	1	188	SH	DEFINED	01
ALLEGHANY	COM	017175100	1521	8027	SH	DEFINED	01
CAPITA GROUP	COM	0173474	5	1500	SH	DEFINED	01 1
ALLEGHENY ENERGY	COM	017361106	4729	360982	SH	DEFINED	01
ALLEGHENY ENERGY	COM	017361106	383	29253	SH	DEFINED	01 0
ALLEGHENY ENERGY	COM	017361106	1742	132963	SH	DEFINED	01 0
ALLEGHENY TECHNOLOGIES	COM	01741R102	21	3019	SH	DEFINED	01
ALLEGHENY TECHNOLOGIES	COM	01741R102	130	18765	SH	DEFINED	01 0
ALLEGHENY TECHNOLOGIES	COM	01741R102	6	939	SH	DEFINED	01 0
ALLEGIANT BANCORP	COM	017476102	767	47200	SH	DEFINED	01
ALLEGIANT BANCORP	COM	017476102	3	173	SH	DEFINED	01 0
ALLEGIANT BANCORP	COM	017476102	102	6300	SH	DEFINED	01 0
ALLEGIANT BANCORP IN	COM	017476102	42	2599	SH	DEFINED	01 0
ALLEGIANCE TELECOM	COM	01747T102	1	604	SH	DEFINED	01
NOVAR PLC	COM	0176268	2	1018	SH	DEFINED	01 1
ALLEN TELECOM	COM	018091108	511	95659	SH	DEFINED	01
CELLTECH CHIRO	COM	0182276	3	615	SH	DEFINED	01 1
ALLERGAN	COM	018490102	9982	183490	SH	DEFINED	01
ALLERGAN	COM	018490102	1909	35062	SH	DEFINED	01 0
ALLERGAN	COM	018490102	6082	111807	SH	DEFINED	01 0

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ALLERGAN INC	COM	018490102	20718	380811	SH	DEFINED	01	0
ALLERGAN INC CVT	CONV BND	018490AA0	260	410000	PRN	DEFINED	01	0
ALLETE	COM	018522102	13253	613552	SH	DEFINED	01	0
ALLETE	COM	018522102	44	2050	SH	DEFINED	01	0
ALLIANCE CAPITAL MANAGEMENT HO	COM	01855A101	5	167	SH	DEFINED	01	0
ALLIANCE DATA SYSTEMS	COM	018581108	7473	493300	SH	DEFINED	01	0
ALLIANCE DATA SYSTEMS	COM	018581108	10127	668400	SH	DEFINED	01	0
ALLIANCE GAMING	COM	01859P609	841	54390	SH	DEFINED	01	0
ALLIANCE & LEICESTER	COM	018655993	325	26305	SH	DEFINED	01	0
ALLIANCE SEMICONDUCTOR	COM	01877H100	446	117274	SH	DEFINED	01	0
ALLIANT ENERGY	COM	018802108	69	3610	SH	DEFINED	01	0
ALLIANT TECHSYSTEMS	COM	018804104	9464	136666	SH	DEFINED	01	0
ALLIED CAPITAL	COM	01903Q108	4	191	SH	DEFINED	01	0
ALLIED IRISH BANKS	COM	019224880	3467	289913	SH	DEFINED	01	0
ALLIED WASTE INDS	COM	019589308	1666	226652	SH	DEFINED	01	0
ALLIED WASTE INDS	COM	019589308	337	45880	SH	DEFINED	01	0
ALLIED WASTE INDS	COM	019589308	17	2298	SH	DEFINED	01	0
ALLMERICA FINANCIAL	COM	019754100	25	2120	SH	DEFINED	01	0
ALLOY	COM	019855105	2630	316500	SH	DEFINED	01	0
ALLOY	COM	019855105	100	12000	SH	DEFINED	01	0
ALLOY INC	COM	019855105	1	180	SH	DEFINED	01	0
ALLSCRIPTS HEALTHCARE SOLUTION	COM	01988P108	471	164805	SH	DEFINED	01	0
ALLIANCE UNICHEM	COM	020000998	478	60000	SH	DEFINED	01	0
ALLSTATE	COM	020002101	29788	837913	SH	DEFINED	01	0
ALLSTATE	COM	020002101	5839	164244	SH	DEFINED	01	0
ALLSTATE	COM	020002101	24149	679302	SH	DEFINED	01	0
ALLSTATE CORP	COM	020002101	2666	75000	SH	DEFINED	01	0
ALLTEL	COM	020039103	30674	764380	SH	DEFINED	01	0
ALLTEL	COM	020039103	2918	72717	SH	DEFINED	01	0
ALLTEL	COM	020039103	7262	180961	SH	DEFINED	01	0
ALLTEL CORP	COM	020039103	482	12000	SH	DEFINED	01	0
ALLTEL CVT PFD CVT	PRF	020039822	7612	175000	SH	DEFINED	01	0
ALPHARMA CL A	COM	020813101	1546	161086	SH	DEFINED	01	0
ALTANA	COM	021275995	1091	30100	SH	DEFINED	01	0
ALTADIS	COM	021280995	13230	592319	SH	DEFINED	01	0
ALTADIS	COM	021280995	148	6621	SH	DEFINED	01	0
ALTADIS	COM	021280995	8371	374776	SH	DEFINED	01	0
ALTERA	COM	021441100	2116	244112	SH	DEFINED	01	0
ALTERA	COM	021441100	771	88900	SH	DEFINED	01	0
ALTERA	COM	021441100	4282	493860	SH	DEFINED	01	0
ALTERA CORP	COM	021441100	312	36000	SH	DEFINED	01	0
ALTERA CORP	COM	021441100	970	111900	SH	DEFINED	01	0
AVIVA	COM	0216238	35	6274	SH	DEFINED	01	1
ALZA (JNJ) CVT	CONV BND	02261WAB5	236	300000	PRN	DEFINED	01	0
AMADA	COM	022631105	691	183000	SH	DEFINED	01	0
AMADA	COM	022631105	11	3000	SH	DEFINED	01	0
AMADA	COM	022631105	1315	348000	SH	DEFINED	01	0
AMAZON COM INC	COM	023135106	6546	410928	SH	DEFINED	01	0
AMAZON COM INC	COM	023135106	6930	435000	SH	DEFINED	01	0
AMB GENERALI HOLDING	COM	023138993	910	18496	SH	DEFINED	01	0
AMBAC FINANCIAL GROUP	COM	023139108	192	3554	SH	DEFINED	01	0
AMBAC FINANCIAL GROUP	COM	023139108	1328	24640	SH	DEFINED	01	0
AMBAC FINANCIAL GROUP	COM	023139108	67	1236	SH	DEFINED	01	0
AMERADA HESS	COM	023551104	824	12149	SH	DEFINED	01	0
AMERADA HESS	COM	023551104	1410	20775	SH	DEFINED	01	0
AMERADA HESS	COM	023551104	71	1047	SH	DEFINED	01	0
AMERCO	COM	023586100	1	73	SH	DEFINED	01	0
AMEREN	COM	023608102	15251	366175	SH	DEFINED	01	0
AMEREN	COM	023608102	1414	33965	SH	DEFINED	01	0
AMEREN	COM	023608102	121	2893	SH	DEFINED	01	0
AMERICA WEST HLDG CP	COM	023657208	0	110	SH	DEFINED	01	0
REUTERS GROU	COM	0236913	13	3710	SH	DEFINED	01	1

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DIAGEO	COM	0237400	118	9522	SH	DEFINED	01	1
AMCORE FINL INC	COM	023912108	2	92	SH	DEFINED	01	
SCHROEDERS	COM	0240549	5	699	SH	DEFINED	01	1
AMERICAN AXLE & MFG HOLDINGS	COM	024061103	605	24229	SH	DEFINED	01	
SIX CONTINENTS PLC	COM	0243195	22	2376	SH	DEFINED	01	1
AMER CAP STRATEGIES	COM	024937104	4	217	SH	DEFINED	01	
AMERICAN ELECTRIC POWER	COM	025537101	3926	137683	SH	DEFINED	01	
AMERICAN ELECTRIC POWER	COM	025537101	2260	79291	SH	DEFINED	01	0
AMERICAN ELECTRIC POWER	COM	025537101	199	6962	SH	DEFINED	01	0
AMER ELEC PFD CVT PFD	PRF	025537200	5842	150000	SH	DEFINED	01	
AMERICAN EAGLE OUTFITTERS	COM	02553E106	33	2767	SH	DEFINED	01	
AMERICAN EAGLE OUTFITTERS	COM	02553E106	3131	259600	SH	DEFINED	01	0
AMERICAN EXPRESS	COM	025816109	1392	44665	SH	DEFINED	01	
AMERICAN EXPRESS	COM	025816109	9645	309332	SH	DEFINED	01	0
AMERICAN EXPRESS	COM	025816109	484	15528	SH	DEFINED	01	0
AMERICAN FINANCIAL GROUP	COM	025932104	61	2643	SH	DEFINED	01	
AMERICAN FINANCIAL HOLDINGS	COM	026075101	2037	66978	SH	DEFINED	01	
BAE SYSTEMS PLC	COM	0263494	27	9001	SH	DEFINED	01	1
AMERICAN GREETINGS CL A	COM	026375105	8974	557403	SH	DEFINED	01	
AMERICAN GREETINGS CL A	COM	026375105	268	16586	SH	DEFINED	01	0
AMERICAN GREETINGS CL A	COM	026375105	272	16921	SH	DEFINED	01	0
AMER GROUP	COM	026377994	310	11600	SH	DEFINED	01	
PROVIDENT FI	COM	0268596	5	573	SH	DEFINED	01	1
AMERICAN INTL GROUP	COM	026874107	11407	208522	SH	DEFINED	01	
AMERICAN INTL GROUP	COM	026874107	368000	6727560	SH	DEFINED	01	
AMERICAN INTL GROUP	COM	026874107	19731	360674	SH	DEFINED	01	0
AMERICAN INTL GROUP	COM	026874107	33467	611820	SH	DEFINED	01	0
AMERICAN INTL GROUP	COM	026874107	114786	2098483	SH	DEFINED	01	0
AMERICAN INTL GROUP	CONV BND	026874AP2	416	670000	PRN	DEFINED	01	0
AMERICAN ITALIAN PASTA CL A	COM	027070101	2748	76997	SH	DEFINED	01	
AMERICAN MANAGEMENT	COM	027352103	29	2219	SH	DEFINED	01	0
AMERICAN MANAGEMENT SYSTEMS	COM	027352103	3909	307131	SH	DEFINED	01	
AMERICAN MANAGEMENT SYSTEMS	COM	027352103	2	143	SH	DEFINED	01	0
AMERICAN MANAGEMENT SYSTEMS	COM	027352103	132	10400	SH	DEFINED	01	0
AMERICAN MEDICAL SYSTEMS HOLDI	COM	02744M108	1434	69100	SH	DEFINED	01	
AMERICAN MEDICAL SEC	COM	02744P101	556	39300	SH	DEFINED	01	
AMERSHAM PLC	COM	0274753	17	2071	SH	DEFINED	01	1
AMERICAN NATL INS CO	COM	028591105	5	78	SH	DEFINED	01	
BRIT AMER TO	COM	0287580	58	5655	SH	DEFINED	01	1
AMER PWR CONVERSION	COM	029066107	738	77320	SH	DEFINED	01	0
AMERICAN POWER CONVERSION	COM	029066107	18287	1912918	SH	DEFINED	01	
AMERICAN POWER CONVERSION	COM	029066107	1771	185312	SH	DEFINED	01	0
AMERICAN POWER CONVERSION	COM	029066107	1704	178234	SH	DEFINED	01	0
MAN E.D & F	COM	0294405	11	716	SH	DEFINED	01	1
AMERICAN STANDARD	COM	029712106	2789	43836	SH	DEFINED	01	
AMERICAN STANDARD	COM	029712106	1064	16720	SH	DEFINED	01	0
AMERICAN STANDARD	COM	029712106	53	836	SH	DEFINED	01	0
AMERICAN STATES WATER	COM	029899101	1246	47510	SH	DEFINED	01	
AMERICAN TOWER CL A	COM	029912201	3	1612	SH	DEFINED	01	
AMERICAN TOWER CORP	COM	029912201	40	25000	SH	DEFINED	01	
AMERICAN WATER WORKS	COM	030411102	13579	304072	SH	DEFINED	01	
AMERICREDIT	COM	03060R101	512	63501	SH	DEFINED	01	
AMERISTAR CASINOS	COM	03070Q101	1327	70000	SH	DEFINED	01	
AMERISTAR CASINOS	COM	03070Q101	173	9100	SH	DEFINED	01	0
AMERISTAR CASINOS IN	COM	03070Q101	1	60	SH	DEFINED	01	0
AMERSHAM	COM	030719108	3	60	SH	DEFINED	01	0
AMERSHAM	COM	030719991	1275	151642	SH	DEFINED	01	
AMERSHAM	COM	030719991	1532	182232	SH	DEFINED	01	0
AMERIPATH	COM	03071D109	2706	181601	SH	DEFINED	01	
AMERIPATH	COM	03071D109	163	10926	SH	DEFINED	01	0
AMERIPATH INC	COM	03071D109	2	140	SH	DEFINED	01	0
AMERUS GROUP	COM	03072M108	7752	273363	SH	DEFINED	01	

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AMERUS GROUP	COM	03072M108	737	26000	SH	DEFINED	01	0
AMERISOURCEBERGEN	COM	03073E105	39892	558555	SH	DEFINED	01	
AMERISOURCEBERGEN	COM	03073E105	978	13697	SH	DEFINED	01	0
AMERISOURCEBERGEN	COM	03073E105	3554	49750	SH	DEFINED	01	0
AMERISOURCEBERGEN	COM	03073E105	30078	421134	SH	DEFINED	01	0
AMERIGROUP	COM	03073T102	7369	219593	SH	DEFINED	01	0
AMERIGROUP	COM	03073T102	661	19700	SH	DEFINED	01	0
AMERIGROUP CORP	COM	03073T102	2	70	SH	DEFINED	01	0
AMERITRADE HLDGS	COM	03074K100	3	931	SH	DEFINED	01	
ELECTROCOMPO	COM	0309644	4	1019	SH	DEFINED	01	1
AMETEK	COM	031100100	608	20870	SH	DEFINED	01	
AMETEK INC (NEW)	COM	031100100	2	80	SH	DEFINED	01	0
AMGEN	COM	031162100	157947	3787710	SH	DEFINED	01	
AMGEN	COM	031162100	14336	343809	SH	DEFINED	01	0
AMGEN	COM	031162100	23437	562046	SH	DEFINED	01	0
AMGEN INC	COM	031162100	6964	167000	SH	DEFINED	01	0
AMGEN INC	COM	031162100	24506	587648	SH	DEFINED	01	0
AMGEN	CONV BND	031162AE0	415	590000	PRN	DEFINED	01	0
AMKOR TECHNOLOGY	COM	031652100	1	578	SH	DEFINED	01	
AMPHENOL CL A	COM	032095101	1790	57767	SH	DEFINED	01	
AMPHENOL CL A	COM	032095101	2325	75000	SH	DEFINED	01	0
AMSOUTH BANCORPORATION	COM	032165102	250	12052	SH	DEFINED	01	
AMSOUTH BANCORPORATION	COM	032165102	1731	83474	SH	DEFINED	01	0
AMSOUTH BANCORPORATION	COM	032165102	87	4187	SH	DEFINED	01	0
AMSURG	COM	03232P405	2965	98270	SH	DEFINED	01	
AMSURG	COM	03232P405	127	4200	SH	DEFINED	01	0
AMSURG CORP	COM	03232P405	3	110	SH	DEFINED	01	0
AMYLIN PHARM	COM	032346108	54	3186	SH	DEFINED	01	0
AMYLIN PHARMACEUTICALS	COM	032346108	981	59000	SH	DEFINED	01	
AMYLIN PHARMACEUTICALS	COM	032346108	3	199	SH	DEFINED	01	0
AMYLIN PHARMACEUTICALS	COM	032346108	121	7300	SH	DEFINED	01	0
AMVESCAP	COM	03235E993	288	60863	SH	DEFINED	01	
ANADARKO PETRO CORP	COM	032511107	579	13000	SH	DEFINED	01	0
ANADARKO PETROLEUM	COM	032511107	17218	386557	SH	DEFINED	01	
ANADARKO PETROLEUM	COM	032511107	4160	93396	SH	DEFINED	01	0
ANADARKO PETROLEUM	COM	032511107	3292	73906	SH	DEFINED	01	0
ANADIGICS	COM	032515108	426	200183	SH	DEFINED	01	
ANALOG DEVICES	COM	032654105	13666	693688	SH	DEFINED	01	
ANALOG DEVICES	COM	032654105	5064	257045	SH	DEFINED	01	0
ANALOG DEVICES	COM	032654105	1691	85848	SH	DEFINED	01	0
ANALOG DEVICES	COM	032654105	445	22576	SH	DEFINED	01	0
ANALOGIC	COM	032657207	3949	94269	SH	DEFINED	01	
ANALOGIC	COM	032657207	314	7500	SH	DEFINED	01	0
ANALYSTS INTL	COM	032681108	220	75891	SH	DEFINED	01	
ANAREN MICROWAVE	COM	032744104	757	92128	SH	DEFINED	01	
ANAREN MICROWAVE	COM	032744104	29	3472	SH	DEFINED	01	0
ANAREN MICROWAVE	COM	032744104	2	225	SH	DEFINED	01	0
ANAREN MICROWAVE	COM	032744104	57	6900	SH	DEFINED	01	0
ANCHOR BANCORP	COM	032839102	85	4210	SH	DEFINED	01	0
ANCHOR BANCORP WISCONSIN	COM	032839102	3302	163496	SH	DEFINED	01	
ANCHOR BANCORP WISCONSIN	COM	032839102	5	252	SH	DEFINED	01	0
ANCHOR BANCORP WISCONSIN	COM	032839102	224	11100	SH	DEFINED	01	0
FKI	COM	0329459	2	1243	SH	DEFINED	01	1
CARLTON	COM	0341925	2	1453	SH	DEFINED	01	1
ANDREW CORP	COM	034425108	23	3581	SH	DEFINED	01	
ANDREW CORP	COM	034425108	20	2960	SH	DEFINED	01	0
ANDREW CORP	COM	034425108	150	23010	SH	DEFINED	01	0
ANDREW CORP	COM	034425108	7	1143	SH	DEFINED	01	0
BIRSTGROUP PLC	COM	0345217	5	1259	SH	DEFINED	01	1
ANDRX CORP-ANDRX GROUP	COM	034553107	650	29359	SH	DEFINED	01	
ANDRX CORP-ANDRX GROUP	COM	034553107	1079	48700	SH	DEFINED	01	0
ANGELICA	COM	034663104	582	27089	SH	DEFINED	01	

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ANGLO AMERICAN PLC	COM	034671883	5678	448505	SH	DEFINED	01
ANGLO AMERICAN PLC	COM	034671883	281	22211	SH	DEFINED	01
ANGLO IRISH BANK CRP	COM	034675959	419	70000	SH	DEFINED	01
ANGLOGOLD ADR	COM	035128206	11318	424700	SH	DEFINED	01
ANGLOGOLD ADR	COM	035128206	416	15600	SH	DEFINED	01
ANGLOGOLD LTD ORD	COM	035128990	984	18206	SH	DEFINED	01
ANGLOGOLD LTD ORD	COM	035128990	48	890	SH	DEFINED	01
ANHEUSER BUSCH CO	COM	035229103	17455	344960	SH	DEFINED	01
ANHEUSER-BUSCH	COM	035229103	205075	4052859	SH	DEFINED	01
ANHEUSER-BUSCH	COM	035229103	10265	202867	SH	DEFINED	01
ANHEUSER-BUSCH	COM	035229103	34502	681876	SH	DEFINED	01
ANIXTER INTL	COM	035290105	3457	167846	SH	DEFINED	01
ANIXTER INTL	COM	035290105	3	163	SH	DEFINED	01
ANIXTER INTL	COM	035290105	136	6600	SH	DEFINED	01
ANIXTER INTL INC	COM	035290105	53	2585	SH	DEFINED	01
ANN TAYLOR STORES	COM	036115103	4434	192499	SH	DEFINED	01
ANN TAYLOR STORES	COM	036115103	4	162	SH	DEFINED	01
ANN TAYLOR STORES	COM	036115103	114	4970	SH	DEFINED	01
ANN TAYLOR STORES COR	COM	036115103	66	2902	SH	DEFINED	01
ANSYS	COM	03662Q105	1839	106710	SH	DEFINED	01
ANSYS	COM	03662Q105	2	100	SH	DEFINED	01
ANSYS	COM	03662Q105	138	8000	SH	DEFINED	01
ANTHEM	COM	03674B104	49837	766729	SH	DEFINED	01
ANTHEM	COM	03674B104	2133	32810	SH	DEFINED	01
ANTHEM	COM	03674B104	22088	339823	SH	DEFINED	01
ANTHEM INC.	COM	03674B104	13	200	SH	DEFINED	01
ANTEON INTERNATIONAL CORP	COM	03674E108	357	13140	SH	DEFINED	01
ANSWERTHINK	COM	036916104	1281	883700	SH	DEFINED	01
ANSWERTHINK	COM	036916104	116	79900	SH	DEFINED	01
ANTIGENICS	COM	037032109	3206	396800	SH	DEFINED	01
ANTIGENICS	COM	037032109	298	36900	SH	DEFINED	01
ANTOFAGASTA PLC	COM	037111994	3638	451877	SH	DEFINED	01
ANTOFAGASTA PLC	COM	037111994	180	22343	SH	DEFINED	01
ANWORTH MORTGAGE ASSET	COM	037347101	131	10725	SH	DEFINED	01
ANWORTH MORTGAGE ASSET	COM	037347101	24	2000	SH	DEFINED	01
TATNEFT ADR	COM	03737P306	2338	150000	SH	DEFINED	01
TATNEFT ADR	COM	03737P306	98	6303	SH	DEFINED	01
AON	COM	037389103	3120	152283	SH	DEFINED	01
AON	COM	037389103	1301	63490	SH	DEFINED	01
AON	COM	037389103	65	3192	SH	DEFINED	01
AON CORP	COM	037389103	2315	113000	SH	DEFINED	01
APACHE	COM	037411105	60448	1016802	SH	DEFINED	01
APACHE	COM	037411105	3690	62073	SH	DEFINED	01
APACHE	COM	037411105	31663	532595	SH	DEFINED	01
APACHE CORP	COM	037411105	23502	395330	SH	DEFINED	01
APARTMENT INVESTMENT & MANAGEM	COM	03748R101	3145	80946	SH	DEFINED	01
APARTMENT INVESTMENT & MANAGEM	COM	03748R101	5245	135000	SH	DEFINED	01
APOGEE ENTERPRISES	COM	037598109	1895	173254	SH	DEFINED	01
APOGEE ENTERPRISES	COM	037598109	2	170	SH	DEFINED	01
APOGEE ENTERPRISES	COM	037598109	114	10400	SH	DEFINED	01
APOLLO GROUP CL A	COM	037604105	18030	414233	SH	DEFINED	01
APOLLO GROUP CL A	COM	037604105	4641	106610	SH	DEFINED	01
APOLLO GROUP CL A	COM	037604105	18937	435034	SH	DEFINED	01
APOLLO GROUP INC -C	COM	037604105	112040	2573947	SH	DEFINED	01
UNIVERSITY OF PHOENIX ONLINE	COM	037604204	530	16493	SH	DEFINED	01
APOGENT TECHNOLOGIES	COM	03760A101	15941	854263	SH	DEFINED	01
APOGENT TECHNOLOGIES	COM	03760A101	32399	1736297	SH	DEFINED	01
APOGENT TECHNOLOGIES	COM	03760A101	2412	129250	SH	DEFINED	01
APOGENT TECHNOLOGIES	COM	03760A101	811	43480	SH	DEFINED	01
STRIKE=1.60 5/21/04	COM	03761E110	16	156250	SH	DEFINED	01
APOLLO GOLD CORP	COM	03761E995	681	400000	SH	DEFINED	01
APPALACHIAN PWR \$100	PRF	037735842	1098	10000	SH	DEFINED	01

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APPALACHIAN PWR \$100	PRF	037735859	1125	11000	SH	DEFINED	01	0
APPLE COMPUTER	COM	037833100	46402	3200127	SH	DEFINED	01	
APPLE COMPUTER	COM	037833100	1211	83543	SH	DEFINED	01	0
APPLE COMPUTER	COM	037833100	65094	4489297	SH	DEFINED	01	0
APPLEBEE'S INTL	COM	037899101	3854	175832	SH	DEFINED	01	
APRIA HEALTHCARE GRO	COM	037933108	3	120	SH	DEFINED	01	0
APRIA HEALTHCARE GROUP	COM	037933108	1905	80856	SH	DEFINED	01	
APRIA HEALTHCARE GROUP	COM	037933108	240	10200	SH	DEFINED	01	0
APPLERA - APP BIOSYS	COM	038020103	17154	937239	SH	DEFINED	01	0
APPLERA - APPLIED BIOSYSTEMS G	COM	038020103	15291	835561	SH	DEFINED	01	
APPLERA - APPLIED BIOSYSTEMS G	COM	038020103	2428	132634	SH	DEFINED	01	0
APPLERA - APPLIED BIOSYSTEMS G	COM	038020103	793	43357	SH	DEFINED	01	0
APPLERA - CELERA GENOMICS GROU	COM	038020202	3316	417059	SH	DEFINED	01	
APPLERA - CELERA GENOMICS GROU	COM	038020202	254	31900	SH	DEFINED	01	0
APPLICA	COM	03815A106	390	73594	SH	DEFINED	01	
APPLIED INDUSTRIAL TECHNOLOGIE	COM	03820C105	1020	60176	SH	DEFINED	01	
APPLIED MATERIALS	COM	038222105	1051	91000	SH	DEFINED	01	
APPLIED MATERIALS	COM	038222105	90675	7850648	SH	DEFINED	01	
APPLIED MATERIALS	COM	038222105	14443	1250118	SH	DEFINED	01	0
APPLIED MATERIALS	COM	038222105	4570	395603	SH	DEFINED	01	0
APPLIED MATERIALS	COM	038222105	15180	1314320	SH	DEFINED	01	0
APPLIED MICRO CIRCUITS	COM	03822W109	54	18770	SH	DEFINED	01	
APPLIED MICRO CIRCUITS	COM	03822W109	200	70087	SH	DEFINED	01	0
APPLIED MICRO CIRCUITS	COM	03822W109	10	3510	SH	DEFINED	01	0
APTARGROUP	COM	038336103	3776	140518	SH	DEFINED	01	
AQUILA	COM	03840P102	645	157279	SH	DEFINED	01	
GUS PLC	COM	0384704	24	2778	SH	DEFINED	01	1
CMG PLC -- (GBP)	COM	0384737	1	1419	SH	DEFINED	01	1
ARACRUZ CELULOSE ADR	COM	038496204	2315	157914	SH	DEFINED	01	
ARACRUZ CELULOSE ADR	COM	038496204	100	6802	SH	DEFINED	01	0
ARADIGM	COM	038505103	262	125000	SH	DEFINED	01	
ARAMARK CL B	COM	038521100	5	254	SH	DEFINED	01	
MISYS	COM	0385785	3	1305	SH	DEFINED	01	1
ARBITRON	COM	03875Q108	4561	133736	SH	DEFINED	01	
ARCELOR	COM	039366992	9830	969411	SH	DEFINED	01	
ARCELOR	COM	039366992	9693	955881	SH	DEFINED	01	0
ARCH CHEMICALS	COM	03937R102	1245	70237	SH	DEFINED	01	
ARCH COAL	COM	039380100	191	11584	SH	DEFINED	01	
ARCH COAL	COM	039380100	31	1900	SH	DEFINED	01	0
ARCHER-DANIELS-MIDLAND	COM	039483102	37341	2984944	SH	DEFINED	01	
ARCHER-DANIELS-MIDLAND	COM	039483102	1933	154555	SH	DEFINED	01	0
ARCHER-DANIELS-MIDLAND	COM	039483102	2287	182771	SH	DEFINED	01	0
ARCHSTONE-SMITH TRUS	COM	039583109	3904	163470	SH	DEFINED	01	
ARCHSTONE-SMITH TRUST	COM	039583109	11	460	SH	DEFINED	01	
ARCTIC CAT	COM	039670104	3598	257729	SH	DEFINED	01	
ARCTIC CAT	COM	039670104	237	17000	SH	DEFINED	01	0
ARDEN REALTY	COM	039793104	156	6608	SH	DEFINED	01	
ARDEN REALTY	COM	039793104	31	1310	SH	DEFINED	01	0
ARENA BRANDS HLD CRP ARENA BRA	COM	03999M207	889	111111	SH	DEFINED	01	
ARGONAUT GROUP	COM	040157109	1588	92100	SH	DEFINED	01	
ARGONAUT GROUP	COM	040157109	121	7000	SH	DEFINED	01	0
ARGOSY GAMING	COM	040228108	3109	135429	SH	DEFINED	01	
ARGOSY GAMING	COM	040228108	2	100	SH	DEFINED	01	0
ARGOSY GAMING	COM	040228108	150	6510	SH	DEFINED	01	0
ARIBA	COM	04033V104	2911	2156620	SH	DEFINED	01	
HAMMERSON	COM	0406501	4	629	SH	DEFINED	01	1
ARKANSAS BEST	COM	040790107	2647	92265	SH	DEFINED	01	
ARKANSAS BEST	COM	040790107	85	2960	SH	DEFINED	01	0
HANSON	COM	0408983	9	1845	SH	DEFINED	01	1
STAGECOACH	COM	0414667	1	3754	SH	DEFINED	01	1
HAYS PLC	COM	0416102	7	4052	SH	DEFINED	01	1
NEXT	COM	0421861	14	980	SH	DEFINED	01	1

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ARMOR HOLDINGS	COM	042260109	1383	92217	SH	DEFINED	01
ARMSTRONG WORLD IND	COM	042384107	0	88	SH	DEFINED	01
REXAM	COM	0425045	8	1261	SH	DEFINED	01
ARQULE	COM	04269E107	343	66584	SH	DEFINED	01
ARRIS GROUP	COM	04269Q100	1059	286021	SH	DEFINED	01
ARRIS GROUP	COM	04269Q100	3	878	SH	DEFINED	01
ARRIS GROUP	COM	04269Q100	127	34328	SH	DEFINED	01
ARRIS GROUP INC	COM	04269Q100	59	15836	SH	DEFINED	01
ARRAY BIOPHARMA	COM	04269X105	904	116000	SH	DEFINED	01
ARRAY BIOPHARMA	COM	04269X105	2	257	SH	DEFINED	01
ARRAY BIOPHARMA	COM	04269X105	104	13300	SH	DEFINED	01
ARRAY BIOPHARMA INC	COM	04269X105	33	4218	SH	DEFINED	01
ARRK CORPORATION	COM	042700997	353	10000	SH	DEFINED	01
ARROW ELECTRONICS	COM	042735100	51	4001	SH	DEFINED	01
ARROW ELECTRONIC CVT	CONV BND	042735AY6	347	850000	PRN	DEFINED	01
ARROW FINANCIAL CORP	COM	042744102	2	70	SH	DEFINED	01
ARROW INTL	COM	042764100	4	112	SH	DEFINED	01
ART TECH GROUP	COM	04289L107	0	318	SH	DEFINED	01
ARTISAN COMPONENTS	COM	042923102	1990	218500	SH	DEFINED	01
ARTESYN TECHNOLOGIES	COM	043127109	182	120575	SH	DEFINED	01
ARTHROCARE	COM	043136100	815	67245	SH	DEFINED	01
ARVINMERITOR	COM	043353101	53	2804	SH	DEFINED	01
ASAHI GLASS	COM	043393990	4732	770000	SH	DEFINED	01
ASAHI GLASS	COM	043393990	74	12000	SH	DEFINED	01
ASAHI GLASS	COM	043393990	3429	558000	SH	DEFINED	01
ASBURY AUTOMOTIVE GROUP	COM	043436104	3	335	SH	DEFINED	01
ASCENTIAL SOFTWARE	COM	04362P108	126	68000	SH	DEFINED	01
ASCENTIAL SOFTWARE	COM	04362P108	419	225377	SH	DEFINED	01
ASCENTIAL SOFTWARE	COM	04362P108	35	18352	SH	DEFINED	01
ASCENTIAL SOFTWARE	COM	04362P108	2	1172	SH	DEFINED	01
ASCENTIAL SOFTWARE	COM	04362P108	49	26500	SH	DEFINED	01
ASHANTI GOLDFLDS-GDR	COM	043743202	1420	250000	SH	DEFINED	01
ASHLAND	COM	044204105	61	2292	SH	DEFINED	01
ASHLAND	COM	044204105	430	16050	SH	DEFINED	01
ASHLAND	COM	044204105	21	799	SH	DEFINED	01
EXEL PLC	COM	0448688	7	698	SH	DEFINED	01
ASHWORTH	COM	04516H101	206	41670	SH	DEFINED	01
ASK JEEVES INC	COM	045174109	0	128	SH	DEFINED	01
ASPECT COMMUNICATIONS	COM	04523Q102	0	107	SH	DEFINED	01
ASPEN TECHNOLOGY	COM	045327103	334	111437	SH	DEFINED	01
IMPERIAL TOBACCO GROUP PLC	COM	0454492	34	2152	SH	DEFINED	01
ASSOCIATED BANC-CORP	COM	045487105	100	3142	SH	DEFINED	01
ASSURANCES GENERALES DE FRANCE	COM	045611993	2346	94000	SH	DEFINED	01
IMI	COM	0457963	3	764	SH	DEFINED	01
IMPERIAL CHE	COM	0459497	11	3457	SH	DEFINED	01
ASTECH INDS	COM	046224101	666	61791	SH	DEFINED	01
ASTORIA FINANCIAL	COM	046265104	346	14152	SH	DEFINED	01
ASTORIA FINANCIAL	COM	046265104	5	220	SH	DEFINED	01
ASTRAZENECA	COM	046322996	1321	43580	SH	DEFINED	01
ASTRAZENECA PLC-ADR	COM	046353108	17	560	SH	DEFINED	01
ASTROPOWER	COM	04644A101	485	68245	SH	DEFINED	01
ASYST	COM	04648X107	38	6414	SH	DEFINED	01
ASYST	COM	04648X107	8	1300	SH	DEFINED	01
ASTRA F	COM	046550992	1071	3602500	SH	DEFINED	01
ASTRA F	COM	046550992	49	164500	SH	DEFINED	01
SPIRENT	COM	0472609	1	2418	SH	DEFINED	01
ATHEROGENICS	COM	047439104	651	104000	SH	DEFINED	01
ATHEROGENICS	COM	047439104	80	12800	SH	DEFINED	01
ATHEROGENICS INC	COM	047439104	1	180	SH	DEFINED	01
JOHNSON MATT	COM	0476407	8	636	SH	DEFINED	01
AGILITI SERIES C CV	PRF	047800XX0	0	2250000	SH	DEFINED	01
AGILITI SERIES C CV	PRF	047800XX0	0	2750000	SH	DEFINED	01

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SABMILLER	COM	0483548	17	2445	SH	DEFINED	01	1
ATLANTIC COAST AIRLINES HOLDIN	COM	048396105	1312	141862	SH	DEFINED	01	
ATLAS AIR WORLDWIDE HOLDINGS	COM	049164106	4	1672	SH	DEFINED	01	
ATMEL	COM	049513104	48	45536	SH	DEFINED	01	
ATMOS ENERGY	COM	049560105	13553	630367	SH	DEFINED	01	
ATRIX LABORATORIES	COM	04962L101	227	15310	SH	DEFINED	01	
HILTON GROUP	COM	0500254	11	4416	SH	DEFINED	01	1
ATWOOD OCEANICS	COM	050095108	3426	117122	SH	DEFINED	01	
ATWOOD OCEANICS	COM	050095108	1	50	SH	DEFINED	01	0
ATWOOD OCEANICS	COM	050095108	132	4500	SH	DEFINED	01	0
AUDIOVOX CL A	COM	050757103	523	74668	SH	DEFINED	01	
AUGUST TECH CORP	COM	05106U105	1	210	SH	DEFINED	01	0
AUGUST TECHNOLOGY	COM	05106U105	907	201550	SH	DEFINED	01	
AUGUST TECHNOLOGY	COM	05106U105	103	22950	SH	DEFINED	01	0
AURIGIN SYSTEMS 2.46%	PRF	051400XX2	0	2285975	SH	DEFINED	01	
AURIGIN SYSTEMS 2.46%	PRF	051400XX2	0	3811586	SH	DEFINED	01	0
AURIONGOLD LIMITED	COM	051455996	1053	600000	SH	DEFINED	01	
AUSPEX SYSTEMS	COM	052116100	183	470000	SH	DEFINED	01	
LOGICA	COM	0522708	2	1051	SH	DEFINED	01	1
AUSTRALIA & NEW ZEALAND BANKIN	COM	052545993	2099	218900	SH	DEFINED	01	
AUSTRALIA & NEW ZEALAND BANKIN	COM	052545993	126	13100	SH	DEFINED	01	0
AUTODESK	COM	052769106	190	15040	SH	DEFINED	01	
AUTODESK	COM	052769106	338	26692	SH	DEFINED	01	0
AUTODESK	COM	052769106	17	1337	SH	DEFINED	01	0
AUTOGRILL SPA	COM	052775996	436	55200	SH	DEFINED	01	
AUTOMATIC DATA PROCESSING	COM	053015103	66788	1920844	SH	DEFINED	01	
AUTOMATIC DATA PROCESSING	COM	053015103	5019	144349	SH	DEFINED	01	0
AUTOMATIC DATA PROCESSING	COM	053015103	13784	396451	SH	DEFINED	01	0
AUTONATION	COM	05329W102	5437	472051	SH	DEFINED	01	
AUTONATION	COM	05329W102	3125	271300	SH	DEFINED	01	0
AUTOLIV	COM	053300992	1415	67300	SH	DEFINED	01	
AUTOSTRIDE SPA	COM	053309993	802	103699	SH	DEFINED	01	
COMPASS GROUP	COM	0533153	27	6585	SH	DEFINED	01	1
AUTOZONE	COM	053332102	36245	459607	SH	DEFINED	01	
AUTOZONE	COM	053332102	3273	41470	SH	DEFINED	01	0
AUTOZONE	COM	053332102	1964	24899	SH	DEFINED	01	0
AUTOZONE	COM	053332102	65043	824803	SH	DEFINED	01	0
AVALONBAY COMMUNITIES	COM	053484101	153	3661	SH	DEFINED	01	
AVANEX CORP	COM	05348W109	0	111	SH	DEFINED	01	
AVAYA	COM	053499109	18	13149	SH	DEFINED	01	
AVAYA	COM	053499109	120	84238	SH	DEFINED	01	0
AVAYA	COM	053499109	6	4221	SH	DEFINED	01	0
Avantgo	COM	05349M928	142153	56	SH	DEFINED	1	
AVENTIS	COM	053561106	15	290	SH	DEFINED	01	0
AVENTIS	COM	053561999	12626	241057	SH	DEFINED	01	
AVENTIS	COM	053561999	176	3358	SH	DEFINED	01	0
AVENTIS	COM	053561999	16275	310700	SH	DEFINED	01	0
AVERY DENNISON	COM	053611109	1003	17593	SH	DEFINED	01	
AVERY DENNISON	COM	053611109	1457	25570	SH	DEFINED	01	0
AVERY DENNISON	COM	053611109	73	1281	SH	DEFINED	01	0
AVICI SYSTEMS INC	COM	05367L109	0	270	SH	DEFINED	01	
AVID TECHNOLOGY	COM	05367P100	851	82625	SH	DEFINED	01	
AVIRON CVT	CONV BND	053762AD2	388	430000	PRN	DEFINED	01	0
AVIVA PLC	COM	053795993	1485	264100	SH	DEFINED	01	
AVISTA	COM	05379B107	1682	150163	SH	DEFINED	01	
AVNET	COM	053807103	445	41132	SH	DEFINED	01	
AVOCENT	COM	053893103	618	46159	SH	DEFINED	01	
AVOCENT CORPORATION	COM	053893103	2	135	SH	DEFINED	01	0
HSBC HLDGS	COM	0540528	279	27532	SH	DEFINED	01	1
AVON PRODUCTS	COM	054303102	10936	237219	SH	DEFINED	01	
AVON PRODUCTS	COM	054303102	15145	328520	SH	DEFINED	01	0
AVON PRODUCTS	COM	054303102	2532	54920	SH	DEFINED	01	0

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AVON PRODUCTS	COM	054303102	61672	1337747	SH	DEFINED	01	0
AWARE	COM	05453N100	148	71230	SH	DEFINED	01	
AXCELIS TECH INC	COM	054540109	2	340	SH	DEFINED	01	0
AXCELIS TECHNOLOGIES	COM	054540109	2170	444602	SH	DEFINED	01	
AXCELIS TECHNOLOGIES	COM	054540109	84	17200	SH	DEFINED	01	0
AZTAR	COM	054802103	3264	247132	SH	DEFINED	01	0
AZTAR	COM	054802103	4	326	SH	DEFINED	01	0
AZTAR	COM	054802103	166	12564	SH	DEFINED	01	0
AZTAR CORP	COM	054802103	75	5696	SH	DEFINED	01	0
BB&T	COM	054937107	1186	33849	SH	DEFINED	01	
BB&T	COM	054937107	3944	112546	SH	DEFINED	01	0
BB&T	COM	054937107	198	5648	SH	DEFINED	01	0
BACHEM AG-REG B	COM	055100994	348	6400	SH	DEFINED	01	
BCE	COM	055340996	4696	265067	SH	DEFINED	01	
BCE	COM	055340996	34	1900	SH	DEFINED	01	0
BCE	COM	05534B109	17700	1000000	SH	DEFINED	01	
BEI TECHNOLOGIES	COM	05538P104	497	45202	SH	DEFINED	01	
BISYS GROUP	COM	055472104	10532	630266	SH	DEFINED	01	
BISYS GROUP	COM	055472104	29957	1792750	SH	DEFINED	01	0
BISYS GROUP	COM	055472104	836	50000	SH	DEFINED	01	0
BISYS GROUP	COM	055472104	10862	650000	SH	DEFINED	01	0
BJ SERVICES	COM	055482103	10642	409325	SH	DEFINED	01	
BJ SERVICES	COM	055482103	948	36480	SH	DEFINED	01	0
BJ SERVICES	COM	055482103	15078	579926	SH	DEFINED	01	0
BKF CAPITAL GROUP	COM	05548G102	407	19300	SH	DEFINED	01	
BJ'S WHOLESALE CLUB	COM	05548J106	1685	88634	SH	DEFINED	01	
BJ'S WHOLESALE CLUB	COM	05548J106	2756	145000	SH	DEFINED	01	0
BAYERISCHE MOTOREN WERKE	COM	055501993	505	15719	SH	DEFINED	01	
BAYERISCHE MOTOREN WERKE	COM	055501993	141	4393	SH	DEFINED	01	0
BP ADR	COM	055622104	31873	798800	SH	DEFINED	01	
BP ADR	COM	055622104	1584	39700	SH	DEFINED	01	0
BP ADR	COM	055622104	5156	129217	SH	DEFINED	01	0
BP PLC ADR	COM	055622104	6777	169860	SH	DEFINED	01	
BP PLC ADR	COM	055622104	453	11350	SH	DEFINED	01	0
BP	COM	055622997	37540	5616837	SH	DEFINED	01	
BP	COM	055622997	532	79668	SH	DEFINED	01	0
BP	COM	055622997	35044	5243260	SH	DEFINED	01	0
BRE PROPERTIES CL A	COM	05564E106	4	119	SH	DEFINED	01	
BT GROUP ADR	COM	05577E101	336	13000	SH	DEFINED	01	
BT GROUP PLC	COM	055885990	844	326100	SH	DEFINED	01	
BMC SOFTWARE	COM	055921100	33755	2582677	SH	DEFINED	01	
BMC SOFTWARE	COM	055921100	3516	269013	SH	DEFINED	01	0
BMC SOFTWARE	COM	055921100	13137	1005078	SH	DEFINED	01	0
BMC SOFTWARE INC	COM	055921100	1513	115720	SH	DEFINED	01	0
BWAY CORP	COM	056039100	2	170	SH	DEFINED	01	0
LEGAL & GENE	COM	0560399	20	14970	SH	DEFINED	01	1
BACOU DALLOZ	COM	056437999	231	3000	SH	DEFINED	01	
BAKER HUGHES	COM	057224107	31817	1096040	SH	DEFINED	01	
BAKER HUGHES	COM	057224107	421	14500	SH	DEFINED	01	0
BAKER HUGHES	COM	057224107	3427	118045	SH	DEFINED	01	0
BAKER HUGHES	COM	057224107	2436	83944	SH	DEFINED	01	0
CENTRICA	COM	0573438	32	12454	SH	DEFINED	01	1
UNILEVER	COM	0574873	74	8105	SH	DEFINED	01	1
BALDOR ELECTRIC	COM	057741100	2044	107031	SH	DEFINED	01	
BALL	COM	058498106	100	1972	SH	DEFINED	01	
BALL	COM	058498106	665	13204	SH	DEFINED	01	0
BALL	COM	058498106	33	662	SH	DEFINED	01	0
BALLY TOTAL FITNESS HOLDINGS	COM	05873K108	1029	103870	SH	DEFINED	01	
INTESABCI	COM	059422998	12286	7312895	SH	DEFINED	01	
INTESABCI	COM	059422998	145	86407	SH	DEFINED	01	0
INTESABCI	COM	059422998	8626	5134404	SH	DEFINED	01	0
BANCO POPULAR E	COM	059444992	290	7540	SH	DEFINED	01	

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BANCO SANTANDER CENTRAL HISPAN	COM	059469999	12176	2382806	SH	DEFINED	01
BANCO SANTANDER CENTRAL HISPAN	COM	059469999	104	20369	SH	DEFINED	01 0
BANCO SANTANDER CENTRAL HISPAN	COM	059469999	9760	1910084	SH	DEFINED	01 0
BANGKOK BANK PUBLIC-F/REG	COM	059688994	3104	2533600	SH	DEFINED	01
BANGKOK BANK PUBLIC-F/REG	COM	059688994	132	107400	SH	DEFINED	01 0
BANDAG	COM	059815100	25	842	SH	DEFINED	01
BANDWIDTH9 SERIES F	PRF	0600001A4	738	1413043	SH	DEFINED	01
BANK OF AMERICA	COM	060505104	594765	9322354	SH	DEFINED	01
BANK OF AMERICA	COM	060505104	22715	356030	SH	DEFINED	01 0
BANK OF AMERICA	COM	060505104	127489	1998254	SH	DEFINED	01 0
BANK OF AMERICA CORP	COM	060505104	11881	186221	SH	DEFINED	01
BANK OF AMERICA CORP	COM	060505104	43827	686931	SH	DEFINED	01 0
CADBURY SCHW	COM	0610700	40	6056	SH	DEFINED	01 1
PACIFIC CENTURY FINANCIAL	COM	062540109	79	2812	SH	DEFINED	01
INTERNATIONAL POWER	COM	0632016	4	2704	SH	DEFINED	01 1
BANK OF THE OZARKS INC.	COM	063904106	24	1050	SH	DEFINED	01
BANK OF THE OZARKS INC.	COM	063904106	3	150	SH	DEFINED	01 0
BANK OF NEW YORK	COM	064057102	6105	212445	SH	DEFINED	01
BANK OF NEW YORK	COM	064057102	4858	169049	SH	DEFINED	01 0
BANK OF NEW YORK	COM	064057102	4555	158478	SH	DEFINED	01 0
BANK OF NOVA SCOTIA	COM	064100993	5784	204799	SH	DEFINED	01
BANK ONE	COM	06423A103	34922	933762	SH	DEFINED	01
BANK ONE	COM	06423A103	10261	274361	SH	DEFINED	01 0
BANK ONE	COM	06423A103	16389	438207	SH	DEFINED	01 0
BANK ONE CORP	COM	06423A103	4329	115748	SH	DEFINED	01
BANK POLSKA KASA OPIEKI	COM	064269996	2765	135763	SH	DEFINED	01
BANK POLSKA KASA OPIEKI	COM	064269996	138	6754	SH	DEFINED	01 0
UTD UTILITIE	COM	0646233	15	1613	SH	DEFINED	01 1
BANKATLANTIC CL A	COM	065908501	1172	130463	SH	DEFINED	01
BANKATLANTIC CL A	COM	065908501	41	4674	SH	DEFINED	01 0
BANKATLANTIC CL A	COM	065908501	3	296	SH	DEFINED	01 0
BANKATLANTIC CL A	COM	065908501	149	16537	SH	DEFINED	01 0
ROYAL&SUN	COM	0661689	6	4262	SH	DEFINED	01 1
BANK OF IRELAND	COM	066206996	4454	453365	SH	DEFINED	01
BANKNORTH GROUP	COM	06646R107	144	6046	SH	DEFINED	01
BANKUNITED FINANCIAL	COM	06652B103	1691	106000	SH	DEFINED	01
BANKUNITED FINANCIAL	COM	06652B103	76	4806	SH	DEFINED	01 0
BANKUNITED FINANCIAL	COM	06652B103	5	309	SH	DEFINED	01 0
BANKUNITED FINANCIAL	COM	06652B103	212	13300	SH	DEFINED	01 0
BANRO CORP	COM	066800996	883	350000	SH	DEFINED	01
BANTA	COM	066821109	37	1054	SH	DEFINED	01
BANYU PHARMACEUTICAL CO LTD	COM	066907999	264	25000	SH	DEFINED	01
BNP PARIBAS	COM	067250993	24520	752282	SH	DEFINED	01
BNP PARIBAS	COM	067250993	147	4515	SH	DEFINED	01 0
BNP PARIBAS	COM	067250993	21364	655444	SH	DEFINED	01 0
BARD (CR)	COM	067383109	97	1772	SH	DEFINED	01
BARD (CR)	COM	067383109	655	11998	SH	DEFINED	01 0
BARD (CR)	COM	067383109	32	593	SH	DEFINED	01 0
PEARSON	COM	0677608	17	2130	SH	DEFINED	01 1
BARNES & NOBLE	COM	067774109	55	2586	SH	DEFINED	01
BARNES GROUP	COM	067806109	1186	59047	SH	DEFINED	01
BARNESANDNOBLE.COM	COM	067846105	0	105	SH	DEFINED	01
BARRICK GOLD	COM	067901108	35998	2315000	SH	DEFINED	01
BARRICK GOLD	COM	067901108	947	60894	SH	DEFINED	01 0
P & O	COM	0680048	4	1520	SH	DEFINED	01 1
BARPLATS INVESTMENTS	COM	068299999	324	900000	SH	DEFINED	01
BARR LABORATORIES	COM	068306109	33436	536778	SH	DEFINED	01
BARR LABORATORIES	COM	068306109	1389	22300	SH	DEFINED	01 0
BARRA	COM	068313105	1746	63916	SH	DEFINED	01
PILKINGTON	COM	0688462	2	2433	SH	DEFINED	01 1
SCOT POWER	COM	0690070	29	5378	SH	DEFINED	01 1
BASF	COM	069730992	2369	66784	SH	DEFINED	01

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BASSETT FURNITURE INDS	COM	070203104	508	36869	SH	DEFINED	01
PRUDENTIAL	COM	0709954	30	5591	SH	DEFINED	01
BAUSCH & LOMB	COM	071707103	57	1714	SH	DEFINED	01
BAUSCH & LOMB	COM	071707103	416	12544	SH	DEFINED	01
BAUSCH & LOMB	COM	071707103	21	628	SH	DEFINED	01
BAXTER INTL	COM	071813109	40612	1329370	SH	DEFINED	01
BAXTER INTL	COM	071813109	4288	140374	SH	DEFINED	01
BAXTER INTL	COM	071813109	13123	429567	SH	DEFINED	01
BAXTER INTL INC	COM	071813109	11307	370105	SH	DEFINED	01
BAXTER INTL INC	COM	071813109	3103	101600	SH	DEFINED	01
RIO TINTO	COM	0718875	50	3091	SH	DEFINED	01
VODAFONE GROUP PLC	COM	0719210	257	200584	SH	DEFINED	01
RANK GROUP	COM	0724076	7	1688	SH	DEFINED	01
RMC GROUP	COM	0726641	4	569	SH	DEFINED	01
BAYCORP HOLDINGS LTD	COM	072728108	0	28	SH	DEFINED	01
RECKITT BENCKISER PLC	COM	0727871	30	1591	SH	DEFINED	01
REED	COM	0730835	30	3489	SH	DEFINED	01
RENTOKIL INI	COM	0732712	17	5118	SH	DEFINED	01
BE AEROSPACE	COM	073302101	533	111929	SH	DEFINED	01
BEA SYSTEMS	COM	073325102	10733	2072037	SH	DEFINED	01
BEA SYSTEMS	COM	073325102	18187	3511100	SH	DEFINED	01
BEAR STEARNS COMPANIES	COM	073902108	4194	74368	SH	DEFINED	01
BEAR STEARNS COMPANIES	COM	073902108	1295	22961	SH	DEFINED	01
BEAR STEARNS COMPANIES	COM	073902108	65	1152	SH	DEFINED	01
BEASLEY BROADCAST GROUP CL A	COM	074014101	377	30000	SH	DEFINED	01
ROLLS ROYCE	COM	0747761	7	4279	SH	DEFINED	01
ROYAL BK SCO	COM	0754783	151	8010	SH	DEFINED	01
BEAZER HOMES USA	COM	07556Q105	269	4400	SH	DEFINED	01
BEBE STORES INC	COM	075571109	1	102	SH	DEFINED	01
BEC WORLD PUBLIC - NVDR	COM	075677997	83	18000	SH	DEFINED	01
BECKMAN COULTER	COM	075811109	100	2567	SH	DEFINED	01
BECTON, DICKINSON & CO	COM	075887109	7444	262127	SH	DEFINED	01
BECTON, DICKINSON & CO	COM	075887109	1720	60574	SH	DEFINED	01
BECTON, DICKINSON & CO	COM	075887109	272	9592	SH	DEFINED	01
BED BATH & BEYOND	COM	075896100	68836	2113480	SH	DEFINED	01
BED BATH & BEYOND	COM	075896100	2252	69156	SH	DEFINED	01
BED BATH & BEYOND	COM	075896100	30674	941814	SH	DEFINED	01
BED BATH & BEYOND IN	COM	075896100	847	26000	SH	DEFINED	01
BED BATH & BEYOND IN	COM	075896100	156	4800	SH	DEFINED	01
CLOSE BROTHERS	COM	0766807	3	432	SH	DEFINED	01
SAINSBURY (J)	COM	0767640	20	4514	SH	DEFINED	01
BEL FUSE CL B	COM	077347300	5379	250780	SH	DEFINED	01
BEL FUSE CL B	COM	077347300	526	24500	SH	DEFINED	01
BELDEN	COM	077459105	1050	78207	SH	DEFINED	01
BELL MICROPRODUCTS	COM	078137106	344	82294	SH	DEFINED	01
SCOT & NEWCA	COM	0783969	20	2295	SH	DEFINED	01
SCOT & SOUTH	COM	0790873	27	2540	SH	DEFINED	01
SERCO GROUP	COM	0797379	3	1306	SH	DEFINED	01
BP PLC	COM	0798059	460	68776	SH	DEFINED	01
SSL INTERNATIONAL	COM	0798112	2	402	SH	DEFINED	01
BELL SOUTH	COM	079860102	3033	165184	SH	DEFINED	01
BELLSOUTH	COM	079860102	49111	2674838	SH	DEFINED	01
BELLSOUTH	COM	079860102	8033	437544	SH	DEFINED	01
BELLSOUTH	COM	079860102	14802	806257	SH	DEFINED	01
BELLSYSTEM 24 INC	COM	079869996	147	850	SH	DEFINED	01
SAGE GROUP PLC	COM	0802165	5	3029	SH	DEFINED	01
SHELL TRAN	COM	0803414	171	28710	SH	DEFINED	01
BELO CL A	COM	080555105	688	31462	SH	DEFINED	01
BELO CL A	COM	080555105	53	2430	SH	DEFINED	01
INVENSYS	COM	0807041	8	8574	SH	DEFINED	01
SLOUGH ESTAT	COM	0814104	5	897	SH	DEFINED	01
BEMIS	COM	081437105	89	1810	SH	DEFINED	01

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BEMIS	COM	081437105	609	12322	SH	DEFINED	01	0
BEMIS	COM	081437105	30	617	SH	DEFINED	01	0
BENCHMARK ELECTRONIC	COM	08160H101	44	2090	SH	DEFINED	01	0
BENCHMARK ELECTRONICS	COM	08160H101	2401	114063	SH	DEFINED	01	0
BENCHMARK ELECTRONICS	COM	08160H101	3	135	SH	DEFINED	01	0
BENCHMARK ELECTRONICS	COM	08160H101	97	4600	SH	DEFINED	01	0
SMITHS GROUP	COM	0818270	16	1631	SH	DEFINED	01	1
BENNETT ENVIRONMENTAL INC	COM	081906109	485	100000	SH	DEFINED	01	1
BENTLEY PHARMACEUTICALS INC	COM	082657107	255	30000	SH	DEFINED	01	1
GRANADA PLC	COM	0827566	7	6738	SH	DEFINED	01	1
CORUS GROUP	COM	0828053	4	7377	SH	DEFINED	01	1
ANGLIAN WATE	COM	0843443	4	594	SH	DEFINED	01	1
WR BERKLEY	COM	084423102	5	135	SH	DEFINED	01	1
BERKSHIRE HATHAWAY I	COM	084670108	147	2	SH	DEFINED	01	1
BERKSHIRE HATHAWAY B	COM	084670207	468	190	SH	DEFINED	01	0
BERKSHIRE HATHAWAY CL B	COM	084670207	23899	9695	SH	DEFINED	01	0
BERKSHIRE HATHAWAY CL B	COM	084670207	1684	683	SH	DEFINED	01	0
BERKSHIRE HATHAWAY CL B	COM	084670207	3463	1405	SH	DEFINED	01	0
SECURICOR	COM	0849902	3	1939	SH	DEFINED	01	1
BERU AG	COM	086066990	135	3500	SH	DEFINED	01	1
BEST BUY	COM	086516101	56954	2552853	SH	DEFINED	01	1
BEST BUY	COM	086516101	1813	81255	SH	DEFINED	01	0
BEST BUY	COM	086516101	9938	445458	SH	DEFINED	01	0
BEST BUY CO	COM	086516101	301	13500	SH	DEFINED	01	1
BEST BUY CO	COM	086516101	19099	855921	SH	DEFINED	01	0
BEST BUY CVT	CONV BND	086516AF8	265	340000	PRN	DEFINED	01	0
LLOYDS TSB G	COM	0870612	121	16383	SH	DEFINED	01	1
BETHLEHEM STEEL	COM	087509105	0	317	SH	DEFINED	01	1
TATE & LYLE	COM	0875413	6	996	SH	DEFINED	01	1
BG	COM	0876289	41	10406	SH	DEFINED	01	1
TAYLOR WOODR	COM	0878230	2	879	SH	DEFINED	01	1
BEVERLY ENTERPRISES	COM	087851309	1	516	SH	DEFINED	01	1
TESCO	COM	0884709	67	20614	SH	DEFINED	01	1
BHP BILLITON	COM	088606991	1821	370303	SH	DEFINED	01	1
BHP BILLITON	COM	088606991	64	12985	SH	DEFINED	01	0
3I GROUP PLC	COM	0888693	12	1710	SH	DEFINED	01	1
BIG LOTS	COM	089302103	3388	214025	SH	DEFINED	01	1
BIG LOTS	COM	089302103	427	26989	SH	DEFINED	01	0
BIG LOTS	COM	089302103	160	10151	SH	DEFINED	01	0
BINDVIEW DEVEL CORP	COM	090327107	0	150	SH	DEFINED	01	1
BHP BILLITON	COM	090525999	2288	493213	SH	DEFINED	01	1
BHP BILLITON	COM	090525999	96	20601	SH	DEFINED	01	0
BHP BILLITON	COM	090527995	5689	1226458	SH	DEFINED	01	1
BHP BILLITON	COM	090527995	88	18899	SH	DEFINED	01	0
BHP BILLITON	COM	090527995	7893	1701443	SH	DEFINED	01	0
BIO-RAD LABS CL A	COM	090572207	4	110	SH	DEFINED	01	0
BIO-TECHNOLOGY GENERAL	COM	090578105	1737	586505	SH	DEFINED	01	1
BIO-TECHNOLOGY GENERAL	COM	092px;">36,111						

Less: net income attributable to noncontrolling interests 19,766
32,802

Net income attributable to Manning & Napier, Inc. \$2,418
\$3,309

Net income per share available to Class A common stock

Basic \$0.16

\$0.24

Diluted \$0.16

\$0.24

Weighted average shares of Class A common stock outstanding

Basic 13,745,130

13,713,540

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Diluted 14,084,903

13,914,908

Cash dividends declared per share of Class A common stock \$0.16
\$0.16

The accompanying notes are an integral part of these consolidated financial statements.

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Manning & Napier, Inc.

Consolidated Statements of Comprehensive Income

(In thousands)

(Unaudited)

	Three months ended March 31,	
	2016	2015
Net income attributable to controlling and noncontrolling interests	\$22,184	\$36,111
Net unrealized holding gain (loss) on investment securities, net of tax	3	(1)
Comprehensive income	\$22,187	\$36,110
Less: Comprehensive income attributable to noncontrolling interests	19,769	32,801
Comprehensive income attributable to Manning & Napier, Inc.	\$2,418	\$3,309

The accompanying notes are an integral part of these consolidated financial statements.

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Manning & Napier, Inc.

Consolidated Statements of Shareholders' Equity

(In thousands, except share data)

(Unaudited)

	Common Stock – class A		Common Stock – class B Additional Paid in Capital		Retained Deficit	Accumulated Other Comprehensive Income (Loss)	Non Controlling Interests	Total
	Shares	Amount	Shares	Amount				
Balance—December 31, 2014	13,713,540	\$ 137	1,000	\$ –\$209,284	\$(41,087)	\$ —	\$(19,623)	\$148,711
Net income	—	—	—	—	3,309	—	32,802	36,111
Distributions to noncontrolling interests	—	—	—	—	—	—	(26,787)	(26,787)
Net changes in unrealized investment securities gains or losses	—	—	—	—	—	(1)	—	(1)
Equity-based compensation	—	—	—	85	—	—	502	587
Dividends declared on Class A common stock - \$0.16 per share	—	—	—	—	(2,194)	—	—	(2,194)
Purchase of Class A units of Manning & Napier Group, LLC held by noncontrolling interests	—	—	—	(4,394)	—	—	(33,326)	(37,720)
Balance—March 31, 2015	13,713,540	\$ 137	1,000	\$ –\$204,975	\$(39,972)	\$ (1)	\$(46,432)	\$118,707
Balance—December 31, 2015	14,755,130	\$ 148	1,000	\$ –\$205,760	\$(37,149)	\$ (3)	\$(33,976)	\$134,780
Net income	—	—	—	—	2,418	—	19,766	22,184
Distributions to noncontrolling interests	—	—	—	—	—	—	(9,798)	(9,798)
Net changes in unrealized investment securities gains or losses	—	—	—	—	—	3	—	3
Common stock issued under equity compensation plan, net of forfeitures	(20,000)	(1)	—	—	—	—	—	(1)
Equity-based compensation	—	—	—	214	—	—	1,070	1,284
Dividends declared on Class A common stock - \$0.16 per share	—	—	—	—	(2,349)	—	—	(2,349)
Balance—March 31, 2016	14,735,130	\$ 147	1,000	\$ –\$205,974	\$(37,080)	\$ —	\$(22,938)	\$146,103

The accompanying notes are an integral part of these consolidated financial statements.

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Manning & Napier, Inc.

Consolidated Statements of Cash Flows

(In thousands)

(Unaudited)

	Three months ended March 31,	
	2016	2015
Cash flows from operating activities:		
Net income	\$22,184	\$36,111
Adjustment to reconcile net income to net cash provided by operating activities:		
Equity-based compensation	1,284	587
Depreciation and amortization	508	642
Change in amounts payable under tax receivable agreement	18	17
Net gains on investment securities	(1,066)	(613)
Deferred income taxes	893	720
Amortization of debt issuance costs	39	—
(Increase) decrease in operating assets and increase (decrease) in operating liabilities:		
Accounts receivable	791	1,815
Accounts receivable—Manning & Napier Fund, Inc.	1,117	2,334
Due from broker - consolidated funds	3,795	(5,000)
Prepaid expenses and other assets	350	1,387
Accounts payable	(105)	(1,245)
Accrued expenses and other liabilities	(14,448)	(16,856)
Deferred revenue	128	683
Other long-term liabilities	(108)	(71)
Net cash provided by operating activities	15,380	20,511
Cash flows from investing activities:		
Purchase of property and equipment	(120)	(374)
Sale of investments	3,541	3,765
Purchase of investments	(1,222)	(1,998)
Due from broker	4,019	—
Net cash provided by investing activities	6,218	1,393
Cash flows from financing activities:		
Distributions to noncontrolling interests	(9,798)	(26,787)
Dividends paid on Class A common stock	(2,361)	(3,291)
Payment of shares withheld to satisfy withholding requirements	—	(64)
Payment of capital lease obligations	(60)	(51)
Purchase of Class A units of Manning & Napier Group, LLC	—	(36,326)
Net cash used in financing activities	(12,219)	(66,519)
Net increase (decrease) in cash and cash equivalents	9,379	(44,615)
Cash and cash equivalents:		
Beginning of period	117,591	124,992
End of period	\$126,970	\$80,377

The accompanying notes are an integral part of these consolidated financial statements.

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Manning & Napier, Inc.

Notes to Consolidated Financial Statements

Note 1—Organization and Nature of the Business

Manning & Napier, Inc. ("Manning & Napier", or the "Company") provides a broad range of investment solutions through separately managed accounts, mutual funds, and collective investment trusts, as well as a variety of consultative services that complement its investment process. Founded in 1970, the Company offers equity, fixed income and alternative strategies, as well as a range of blended asset portfolios, such as life cycle funds. Headquartered in Fairport, New York, the Company serves a diversified client base of high net worth individuals and institutions, including 401(k) plans, pension plans, Taft-Hartley plans, endowments and foundations. The Company is the sole managing member of Manning & Napier Group, LLC and its subsidiaries ("Manning & Napier Group"), a holding company for the investment management businesses conducted by its operating subsidiaries. The diagram below depicts the Company's organization structure as of March 31, 2016.

The operating subsidiaries of Manning & Napier Group include Manning & Napier Advisors, LLC ("MNA"), Manning & Napier Alternative Opportunities, LLC, Perspective Partners LLC, Manning & Napier Information (1) Services, LLC, Manning & Napier Benefits, LLC, Manning & Napier Investor Services, Inc. and Exeter Trust Company.

Note 2—Summary of Significant Accounting Policies

Critical Accounting Policies

There have been no significant changes in our critical accounting policies and estimates from those that were disclosed in our Annual Report on Form 10-K for the year ended December 31, 2015.

The Company believes that the disclosures herein are adequate so that the information presented is not misleading; however, these financial statements should be read in conjunction with the financial statements and the notes thereto in our Annual Report on Form 10-K for the year ended December 31, 2015. The financial data for the interim periods may not necessarily be indicative of results for future interim periods or for the full year.

Manning & Napier, Inc.
Notes to Consolidated Financial Statements (Continued)

Basis of Presentation

The accompanying unaudited consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and related rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for interim financial reporting and include all adjustments, consisting only of normal recurring adjustments which are, in the opinion of management, necessary for a fair statement of the results for the interim period.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates or assumptions that affect the reported amounts and disclosures in the consolidated financial statements. Actual results could differ from these estimates or assumptions.

Principles of Consolidation

As of March 31, 2016, Manning & Napier holds an economic interest of approximately 16.7% in Manning & Napier Group but, as managing member, controls all of the business and affairs of Manning & Napier Group. As a result, the Company consolidates the financial results of Manning & Napier Group and records a noncontrolling interest on its consolidated statements of financial condition with respect to the remaining economic interest in Manning & Napier Group held by Manning & Napier Group Holdings, LLC ("M&N Group Holdings") and Manning & Napier Capital Company, LLC ("MNCC").

All material intercompany transactions have been eliminated in consolidation.

In accordance with Accounting Standards Codification ("ASU") 2015-02, Consolidation (Topic 810) – Amendments to the Consolidation Analysis, the determination of whether a company is required to consolidate an entity is based on, among other things, an entity's purpose and design, a company's ability to direct the activities of the entity that most significantly impact the entity's economic performance, and whether a company is obligated to absorb losses or receive benefits that could potentially be significant to the entity. The standard also requires ongoing assessments of whether a company is the primary beneficiary of a variable interest entity ("VIE").

The Company provides seed capital to its investment teams to develop new products and services for its clients. The original seed investment may represent all or a majority of the equity investment in the new product. Pursuant to U.S. GAAP, the Company evaluates its seed investments on a regular basis and consolidates such investments for which it holds a controlling financial interest.

The Company serves as the investment adviser for Manning & Napier Fund, Inc. series of mutual funds (the "Fund") and the Exeter Trust Company Collective Investment Trusts ("CIT"). The Fund and CIT are legal entities, the business and affairs of which are managed by their respective boards of directors. As a result, each of these entities is a voting interest entity ("VOE"). The Company holds, in limited cases, direct investments in a fund (which are made on the same terms as are available to other investors) and consolidates each of these entities where it has a controlling financial interest or a majority voting interest.

The Company is the General Partner of the MN Xenon Managed Futures Fund LP ("LP Fund"). The Company has determined that the LP Fund is not a VIE as (a) the entity has enough equity to finance its activities without additional financial support and (b) the limited partners, as a group, have the ability to remove the general partner ("kick-out rights") with a majority vote of partnership percentage. Under the voting interest model, the Company does not consolidate VOEs in which the presumption of control by the general partner is overcome by kick-out rights.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents are primarily held in operating accounts at major financial institutions and also in money market securities. Cash equivalents are stated at cost, which approximates market value due to the short-term maturity of these investments. The fair value of cash equivalents have been classified as Level 1 in accordance with the fair value hierarchy.

Investment Securities

Investment securities are classified as either trading or available-for-sale and are carried at fair value. Fair value is determined based on quoted market prices in active markets for identical or similar instruments.

Investment securities classified as trading consist of equity securities, fixed income securities, and investments in mutual funds and hedge funds for which the Company provides advisory services. Realized and unrealized gains and losses on trading securities are recorded in net gains (losses) on investments in the consolidated statements of operations. At March 31, 2016, trading securities consist solely of investments held by the Company to provide initial cash seeding for product development purposes.

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Manning & Napier, Inc.
Notes to Consolidated Financial Statements (Continued)

Operating Segments

The Company operates in one segment, the investment management industry. The Company primarily provides investment management services to separately managed accounts, mutual funds and collective investment trust funds. Management assesses the financial performance of these vehicles on a combined basis.

Revenue

The majority of the Company's revenues are based on fees charged to manage customers' portfolios. Investment management fees are generally computed as a percentage of assets under management ("AUM") and recognized as earned. Fees for providing investment advisory services are computed and billed in accordance with the provisions of the applicable investment management agreements. For the Company's separately managed accounts, clients either pay investment management fees in advance, typically for a semi-annual or quarterly period, or in arrears, typically for a monthly or quarterly period. When investment management fees are paid in advance, the Company defers the revenue and recognizes it over the applicable period. When investment management fees are paid in arrears, the Company estimates revenues based on AUM market values as of the most recent month end date, and adjusts to actual when billed. For mutual funds and collective investment trust vehicles, the Company's fees are calculated and earned daily based on AUM.

The Company has agreements with third parties who provide distribution and administrative services for its mutual funds, collective investment trusts and certain separately managed accounts. Third party agreements are evaluated against Financial Accounting Standards Board ("FASB") ASC 605-45 Revenue Recognition - Principal Agent Considerations to determine whether revenue should be reported gross or net of payments to third-party service providers. In management's judgment there are various indicators that support gross revenue reporting, the most notable being the Company acts as primary obligor and therefore principal service provider. Based on this evaluation, investment management service revenue is recorded gross of distribution and administrative fees paid to third parties.

Advisory Agreements

The Company derives significant revenue from its role as advisor to the Fund and the CIT.

The Company's investments in the Fund amounted to approximately \$1.3 million as of March 31, 2016 and \$1.2 million as of December 31, 2015.

Fees earned for advisory related services provided to the Fund and CIT investment vehicles were approximately \$28.1 million and \$45.2 million for the three months ended March 31, 2016 and 2015, respectively. These amounts represent greater than 10% of the Company's revenue in each respective period.

Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers, which supersedes existing accounting standards for revenue recognition and creates a single framework. The new guidance will be effective on January 1, 2018 and requires either a retrospective or a modified retrospective approach to adoption. Early application is permitted. The Company is currently evaluating its transition method and the potential impact on its consolidated financial statements.

In January 2016, the FASB issued ASU 2016-01, Recognition and Measurement of Financial Assets and Financial Liabilities, which requires all equity investments to be measured at fair value with changes in the fair value recognized through net income. ASU 2016-01 will be effective on January 1, 2018 and will result in a cumulative-effect adjustment to the balance sheet upon adoption. The Company is currently evaluating the impact that ASU 2016-01 will have on its consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which is intended to increase transparency and comparability among organizations by recognizing all lease transactions (with terms in excess of 12 months) on the balance sheet as a lease liability and a right-of-use asset (as defined). The new guidance will be effective for fiscal years beginning after December 15, 2018, with earlier application permitted. Upon adoption, the lessee will apply the new standard retrospectively to all periods presented or retrospectively using a cumulative effect adjustment in the year of adoption. The Company is currently evaluating the impact that ASU 2016-02 will have on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, Stock Compensation (Topic 718), which is intended to simplify several aspects of the accounting for share-based payment award transactions. The guidance will be effective for the fiscal year beginning after December 15, 2016, including interim periods within that year. Early application is permitted. The Company is currently evaluating the impact that ASU 2016-09 will have on its consolidated financial statements.

Manning & Napier, Inc.
Notes to Consolidated Financial Statements (Continued)

Note 3—Noncontrolling Interests

Manning & Napier holds an economic interest of approximately 16.7% in Manning & Napier Group, but as managing member controls all of the business and affairs of Manning & Napier Group. As a result, the Company consolidates the financial results of Manning & Napier Group and records a noncontrolling interest on its consolidated statement of financial condition with respect to the remaining approximately 83.3% aggregate economic interest in Manning & Napier Group held by M&N Group Holdings and MNCC. Net income attributable to noncontrolling interests on the statements of operations represents the portion of earnings attributable to the economic interest in Manning & Napier Group held by the noncontrolling interests.

The following provides a reconciliation from “Income before provision for income taxes” to “Net income attributable to Manning & Napier, Inc.”:

	Three months ended March 31,	
	2016	2015
	(in thousands)	
Income before provision for income taxes	\$23,858	\$38,590
Less: loss before provision for income taxes of Manning & Napier, Inc. (a)	(17)	(18)
Income before provision for income taxes, as adjusted	23,875	38,608
Controlling interest percentage (b)	16.7 %	14.5 %
Net income attributable to controlling interest	3,979	5,614
Plus: loss before provision for income taxes of Manning & Napier, Inc. (a)	(17)	(18)
Income before income taxes attributable to Manning & Napier, Inc.	3,962	5,596
Less: provision for income taxes of Manning & Napier, Inc. (c)	1,544	2,287
Net income attributable to Manning & Napier, Inc.	\$2,418	\$3,309

a) Manning & Napier, Inc. incurs certain gains or expenses that are only attributable to it and are therefore excluded from the net income attributable to noncontrolling interests.

Income before provision for income taxes is allocated to the controlling interest based on the percentage of units of Manning & Napier Group held by Manning & Napier, Inc. The amount represents the Company's weighted ownership of Manning & Napier Group for the respective periods.

The consolidated provision for income taxes is equal to the sum of (i) the provision for income taxes for entities other than Manning & Napier, Inc. and (ii) the provision for income taxes of Manning & Napier, Inc. which includes all U.S. federal and state income taxes. The consolidated provision for income taxes was \$1.7 million and \$2.5 million for the three months ended March 31, 2016 and 2015, respectively.

A total of 67,896,484 units of Manning & Napier Group are held by the noncontrolling interests as of March 31, 2016. Pursuant to the terms of the exchange agreement entered into at the time of the Company's initial public offering, such units may be exchangeable for shares of the Company's Class A common stock. For any units exchanged, the Company will (i) pay an amount of cash equal to the number of units exchanged multiplied by the value of one share of the Company's Class A common stock less a market discount and expected expenses, or, at the Company's election, (ii) issue shares of the Company's Class A common stock on a one-for-one basis, subject to customary adjustments. As the Company receives units of Manning & Napier Group that are exchanged, the Company's ownership of Manning & Napier Group will increase.

Approximately 34.6 million Class A units of Manning & Napier Group are eligible for exchange in fiscal 2016, of which approximately 31.1 million are held by William Manning. In the event that William Manning maximizes his participation, the amount eligible would increase to approximately 35.5 million to allow for other owners to participate in a similar proportion.

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At March 31, 2016 and December 31, 2015, the Company had recorded a liability of \$42.0 million and \$41.9 million, respectively, representing the estimated payments due to the selling unit holders under the tax receivable agreement ("TRA") entered into between Manning & Napier and the holders of Manning & Group. Of these amounts, \$3.3 million were included in accrued expenses and other liabilities at March 31, 2016 and December 31, 2015. The Company made no payments pursuant to the TRA during the three months ended March 31, 2016 and 2015.

Manning & Napier, Inc.
Notes to Consolidated Financial Statements (Continued)

Obligations pursuant to the TRA are obligations of Manning & Napier. They do not impact the noncontrolling interests. These obligations are not income tax obligations. Furthermore, the TRA has no impact on the allocation of the provision for income taxes to the Company's net income.

Note 4—Investment Securities

The following represents the Company's investment securities holdings as of March 31, 2016 and December 31, 2015:

	March 31, 2016			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
	(in thousands)			
Available-for-sale securities				
U.S. Treasury notes (0.35%, 10/31/2016)	\$2,105	\$	—\$ (3)	\$2,102
Trading securities				
Equity securities				7,044
Fixed income securities				7,864
Mutual funds				273
Mutual funds - consolidated funds				981
Hedge funds				2,700
				18,862
Total investment securities				\$20,964

	December 31, 2015			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
	(in thousands)			
Available-for-sale securities				
U.S. Treasury notes (0.35%, 10/31/2016)	\$2,105	\$	—\$ (6)	\$2,099
Trading securities				
Equity securities				8,967
Fixed income securities				7,624
Mutual funds				116
Mutual funds - consolidated funds				1,107
Hedge funds				2,654
				20,468
Total investment securities				\$22,567

Investment securities are classified as either trading or available-for-sale and are carried at fair value. Fair value is determined based on quoted market prices in active markets for identical or similar instruments.

Investment securities classified as trading consist of equity securities, fixed income securities and investments in mutual funds and hedge funds for which the Company provides advisory services. At March 31, 2016 and December 31, 2015, trading securities consist solely of investments held by the Company to provide initial cash seeding for product development purposes. The Company recognized approximately \$1.0 million and \$0.2 million of net unrealized gains related to investments classified as trading during the three months ended March 31, 2016 and 2015, respectively.

Investment securities classified as available-for-sale consist of U.S. Treasury notes for compliance with certain regulatory requirements. As of March 31, 2016 and December 31, 2015, \$0.6 million of these securities was considered restricted. The Company periodically reviews each individual security position that has an unrealized loss, or impairment, to determine if that impairment is other-than-temporary. No other-than-temporary impairment charges have been recognized by the Company during the three months ended March 31, 2016 and 2015.

Note 5—Derivative Instruments

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Manning & Napier, Inc.
Notes to Consolidated Financial Statements (Continued)

The Company enters into futures contracts for product development purposes. Futures are commitments either to purchase or sell a designated financial instrument, currency, commodity or an index at a specified future date for a specified price and may be settled in cash or another financial asset. Upon entering into a futures contract, the Company is required to pledge to the broker an amount of cash, which is reported in due from broker within the consolidated statements of financial condition. Futures contracts have little credit risk because the counterparties are futures exchanges. The Company does not hold any derivatives in a formal hedge relationship under ASC 815-10, Derivatives and Hedging.

As of March 31, 2016, the Company had no open futures contracts. The following table presents the notional value and fair value as of December 31, 2015 for derivative instruments not designated as hedging instruments:

	December 31, 2015	
	Notional Value	Fair Value
	Derivative	Derivative
	(in thousands)	
Interest rate futures	\$124,470	\$169
Index futures	3,715	57
Commodity futures	2,440	27
Currency futures	6,921	35
Total derivatives	\$137,546	\$288

As of December 31, 2015, the derivative assets and liabilities were included in due from broker in the consolidated statements of financial condition. Derivative activity concluded on February 4, 2016 with a year to date average volume of derivative activity (measured in terms of notional value) of approximately \$127.8 million. The average notional volume of derivative activity for the three months ended March 31, 2015 was approximately \$199.9 million. The following table presents the gains (losses) recognized in net gains (losses) on investments in the consolidated statements of operations for the three months ended March 31, 2016 and 2015:

	Three months ended	
	March 31, 2016	March 31, 2015
	(in thousands)	
Interest rate futures	\$494	\$118
Index futures	(37)	71
Commodity futures	(13)	20
Currency futures	(102)	294
Gains (losses) recognized, net	\$342	\$503

The Company discloses information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position in accordance with ASU 2011-11, Disclosures about Offsetting Assets and Liabilities. The derivatives instruments are subject to a master netting agreement allowing for the netting of assets and liabilities on the consolidated statements of financial position.

The following table presents the offsetting of managed futures as of March 31, 2016 and December 31, 2015:

Gross Amounts of Recognized	Gross Offset	Net Amounts of Assets (Liabilities)	Financial Instruments	Cash Collateral Received	Net Amount

Liabilities Statement Presented in
of the
Financial Statement
Position of Financial
Position

(in thousands)

March 31, 2016	\$—	\$ —	\$ —	\$ —	—\$	—\$ —
December 31, 2015	\$(232)	\$ 288	\$ 56	\$ —	—\$	—\$ 56

Note 6—Fair Value Measurements

Fair value is defined as the price that the Company would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market of the investment. A fair value hierarchy is provided that

Manning & Napier, Inc.
Notes to Consolidated Financial Statements (Continued)

gives the highest priority to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The following three-tier fair value hierarchy prioritizes the inputs used in measuring fair value:

- Level 1—observable inputs such as quoted prices in active markets for identical securities;
- Level 2—other significant observable inputs (including but not limited to quoted prices for similar securities, interest rates, prepayment rates, credit risk, etc.); and
- Level 3—significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments).

The following provides the hierarchy of inputs used to derive the fair value of the Company's financial instruments as of March 31, 2016 and December 31, 2015:

	March 31, 2016			
	Level 1	Level 2	Level 3	Totals
	(in thousands)			
Equity securities	\$7,044	\$—	\$—	—\$7,044
Fixed income securities	1,086	6,778	—	7,864
Mutual funds	273	—	—	273
Mutual funds - consolidated funds	981	—	—	981
U.S. Treasury notes	—	2,102	—	2,102
Total assets at fair value	\$9,384	\$8,880	\$—	—\$18,264
	December 31, 2015			
	Level 1	Level 2	Level 3	Totals
	(in thousands)			
Equity securities	\$8,967	\$—	\$—	—\$8,967
Fixed income securities	1,008	6,616	—	7,624
Mutual funds	116	—	—	116
Mutual funds - consolidated funds	1,107	—	—	1,107
U.S. Treasury notes	—	2,099	—	2,099
Derivatives	288	—	—	288
Total assets at fair value	\$11,486	\$8,715	\$—	—\$20,201
Derivatives	232	—	—	232
Total liabilities at fair value	\$232	\$—	\$—	—\$232

Valuations of investments in fixed income securities and U.S. Treasury notes can generally be obtained through independent pricing services. For most bond types, the pricing service utilizes matrix pricing, which considers one or more of the following factors: yield or price of bonds of comparable quality, coupon, maturity, current cash flows, type and current day trade information, as well as dealer supplied prices. These valuations are categorized as Level 2 in the hierarchy.

Certain hedge fund investments that are measured at fair value using the net asset value per share have not been categorized in the fair value hierarchy. The net asset values have been derived from the fair values of underlying futures contracts as of the respective reporting dates. As of March 31, 2016 and December 31, 2015 the fair value of these investments were \$2.7 million.

There were no Level 3 securities held by the Company at March 31, 2016 or December 31, 2015.

The Company's policy is to recognize transfers in and transfers out of the valuation levels as of the beginning of the reporting period. There were no transfers between Levels during the three months ended March 31, 2016.

Manning & Napier, Inc.

Notes to Consolidated Financial Statements (Continued)

Note 7—Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities as of March 31, 2016 and December 31, 2015 consisted of the following:

	March 31, 2016	December 31, 2015
	(in thousands)	
Accrued bonus and sales commissions	\$ 11,688	\$ 22,584
Accrued payroll and benefits	2,298	2,844
Accrued sub-transfer agent fees	4,749	6,148
Dividends payable	2,358	2,361
Amounts payable under tax receivable agreement	3,278	3,278
Other accruals and liabilities	3,629	5,265
	\$ 28,000	\$ 42,480

Note 8—Borrowings

Revolving Credit Facility

On April 23, 2015, Manning & Napier, Inc., Manning & Napier Group and MNA (collectively, the "Borrowers") entered into an unsecured revolving credit agreement (the "Credit Agreement") with Wells Fargo Bank, National Association, as administrative agent, lender, swingline lender and issuing bank, Manufacturers and Traders Trust Company, as syndication agent and lender, and First Niagara Bank, The Bank of New York Mellon, and The Huntington National Bank, as lenders (collectively, the "Lenders") that has a four-year term (until April 23, 2019) and provides borrowing capacity of up to \$100.0 million, with a feature providing for an increase in the line to \$150.0 million on approval by the Lenders. The Credit Agreement also provides for a \$5.0 million sub-limit for the issuance of standby letters of credit and a \$5.0 million swingline facility. At March 31, 2016, there were no amounts outstanding under the Credit Agreement and the Company had the capacity to draw on the entire \$100.0 million under the Credit Agreement.

Amounts outstanding under the Credit Agreement bear interest at an annual rate equal to, at the Company's option, either LIBOR (adjusted for reserves and not below 0.0%) for interest periods of one, two, three or six months or a base rate (as defined in the Credit Agreement), plus, in each case, an applicable margin. The applicable margins range from 1.50% to 2.50% in the case of LIBOR-based loans, and 0.50% to 1.50% in the case of base rate loans. Under the terms of the Credit Agreement, the Company is also required to pay certain fees, including among other things a one-time initial commitment fee, and a quarterly fee based on the average unused amount of the facility ranging from 0.25% to 0.45%.

The Credit Agreement contains customary covenants, including covenants that restrict (subject in certain instances to minimum thresholds or exceptions) the ability of the Company and certain of its subsidiaries to incur additional indebtedness, create liens, merge, dispose of assets, and make distributions, dividends, investments or capital expenditures, among other things. In addition, the Credit Agreement contains certain financial covenants, including: (i) a minimum interest coverage ratio (generally, adjusted EBITDA to interest expense as defined in and for the period specified in the Credit Agreement) of at least 4.00:1.00 and (ii) a leverage ratio (generally, total debt as of any date to adjusted EBITDA as defined in and for the period specified in the Credit Agreement) of no greater than 2.75:1.00. For purposes of the Credit Agreement, adjusted EBITDA generally means, for any period, net income of the Company before interest expense, income taxes, depreciation and amortization expense, non-cash stock-based compensation expense, and certain non-cash nonrecurring gains and losses as described in and specified under the Credit Agreement. At March 31, 2016, the Company was in compliance with all financial covenants under the Credit Agreement. The Credit Agreement also contains customary provisions regarding events of default which could result in an acceleration of amounts due under the facility. Such events of default include the Company's failure to pay principal or interest when due, the Company's failure to satisfy or comply with covenants and a change of control.

Note 9—Commitments and Contingencies

The Company may from time to time enter into agreements that contain certain representations and warranties and which provide general indemnifications. The Company may also serve as a guarantor of such obligations of one or more of the Manning & Napier Group entities. The Company's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Company that have not yet occurred. The Company expects any risk of liability associated with such guarantees to be remote.

Manning & Napier, Inc.

Notes to Consolidated Financial Statements (Continued)

Regulation

As an investment adviser to a variety of investment products, the Company and its affiliated broker-dealer are subject to routine reviews and inspections by the SEC, Financial Industry Regulatory Authority, Inc., National Futures Association and U.S. Commodity Futures Trading Commission. From time to time, the Company may also be subject to claims, be involved in various legal proceedings arising in the ordinary course of its business and be subject to other contingencies. The Company does not believe that the outcome of any of these reviews, inspections or other legal proceedings will have a material impact on its consolidated financial statements; however, litigation is subject to many uncertainties, and the outcome of individual litigated matters is difficult to predict. The Company will establish accruals for matters that are probable, can be reasonably estimated, and may take into account any related insurance recoveries to the extent of such recoveries. As of March 31, 2016 and December 31, 2015, the Company has not accrued for any such claims, legal proceedings, or other contingencies.

Note 10—Earnings per Common Share

Basic earnings per share (“basic EPS”) is computed using the two-class method to determine net income available to Class A common stock. The two-class method includes an earnings allocation formula that determines earnings per share for each participating security according to dividends declared and undistributed earnings for the period. The Company's restricted Class A common shares granted under the 2011 Equity Compensation Plan (the "Equity Plan") have non-forfeitable dividend rights during their vesting period and are therefore considered participating securities under the two-class method. Under the two-class method, the Company's net income available to Class A common stock is reduced by the amount allocated to the unvested restricted Class A common stock. Basic EPS is calculated by dividing net income available to Class A common stock by the weighted average number of common shares outstanding during the period.

Diluted earnings per share (“diluted EPS”) is computed under the more dilutive of either the treasury method or the two-class method. For the diluted calculation, the weighted average number of common shares outstanding during the period is increased by the assumed conversion into Class A common stock of the unvested equity awards and the exchangeable units of Manning & Napier Group, to the extent that such conversion would dilute earnings per share. The following is a reconciliation of the income and share data used in the basic and diluted earnings per share computations for the three months ended March 31, 2016 and 2015 under the two-class method:

	Three months ended March 31,	
	2016	2015
	(in thousands, except share data)	
Net income attributable to controlling and noncontrolling interests	\$ 22,184	\$ 36,111
Less: net income attributable to noncontrolling interests	19,766	32,802
Net income attributable to Manning & Napier, Inc.	\$ 2,418	\$ 3,309
Less: allocation to participating securities	162	—
Net income available to Class A common stock	\$ 2,256	\$ 3,309
Weighted average shares of Class A common stock outstanding - basic	13,745,130	13,713,540
Dilutive effect from unvested equity awards	339,773	201,368
Weighted average shares of Class A common stock outstanding - diluted	14,084,903	13,914,908
Net income available to Class A common stock per share - basic	\$ 0.16	\$ 0.24
Net income available to Class A common stock per share - diluted	\$ 0.16	\$ 0.24

The Company's Class B common stock represent voting interests and do not participate in the earnings of the Company. Accordingly, there is no basic or diluted EPS related to the Company's Class B common stock.

For the three months ended March 31, 2016, 990,000 unvested restricted Class A common shares and 20,000 restricted stock units were excluded from the calculation of diluted earnings per common share because the effect would have been anti-dilutive. For the three months ended March 31, 2016 and 2015, 120,919 and 181,378, respectively, restricted stock units with performance conditions were excluded from the calculation of diluted earnings per common share because the performance conditions had not yet been satisfied.

At March 31, 2016 and 2015 there were 67,896,484 Class A Units of Manning & Napier Group outstanding which, subject to certain restrictions, may be exchangeable for up to an equivalent number of the Company's Class A common stock. These units were not included in the calculation of diluted earnings per common share for the three months ended March 31, 2016 and 2015 because the effect would have been anti-dilutive.

Manning & Napier, Inc.
Notes to Consolidated Financial Statements (Continued)

Note 11—Equity Based Compensation

The Equity Plan was adopted by the Company's board of directors and approved by the Company's stockholders prior to the consummation of the IPO. A total of 13,142,813 equity interests are authorized for issuance. The equity interests may be issued in the form of the Company's Class A common stock, restricted stock units, units of Manning & Napier Group, or certain classes of membership interests in the Company which may convert into units of Manning & Napier Group.

The following table summarizes the equity award activity for the three months ended March 31, 2016 under the Company's Equity Plan:

	Restricted Stock Awards	Weighted Average Grant Date Fair Value
Stock awards outstanding at January 1, 2016	2,031,629	\$ 12.92
Granted	—	\$ —
Vested	—	\$ —
Forfeited	(30,115)	\$ 13.06
Stock awards outstanding at March 31, 2016	2,001,514	\$ 12.91

For the three months ended March 31, 2016 and 2015, the Company recorded approximately \$1.3 million and \$0.6 million, respectively, of compensation expense related to awards under the Equity Plan. As of March 31, 2016, there was unrecognized compensation expense related to Equity Plan awards of approximately \$14.8 million, which the Company expects to recognize over a weighted average period of approximately 3.9 years.

Note 12—Income Taxes

The Company is comprised of entities that have elected to be treated as either a limited liability company ("LLC") or a "C-Corporation". As such, the entities functioning as LLC's are not liable for or able to benefit from U.S. federal and most state income taxes on their earnings, and earnings (losses) will be included in the personal income tax returns of each entity's unit holders. The entities functioning as C-Corporations are liable for or able to benefit from U.S. federal and state and local income taxes on their earnings and losses, respectively.

The Company's income tax provision and effective tax rate were as follows:

	Three months ended March 31,	
	2016	2015
	(in thousands)	
Earnings from continuing operations before income taxes	\$23,858	\$38,590
Effective tax rate	7.0 %	6.4 %
Provision for income taxes	1,674	2,479
Provision for income taxes @ 35%	8,350	13,507
Difference between tax at effective vs. statutory rate	\$(6,676)	\$(11,028)

For the three months ended March 31, 2016 and 2015, the difference between the Company's recorded provision and the provision that would result from applying the U.S. statutory rate of 35% is primarily attributable to the benefit resulting from the fact that a significant portion of the Company's operations include a series of flow-through entities which are generally not subject to federal and most state income taxes. Accordingly, a portion of the Company's earnings are not subject to corporate level taxes.

Note 13—Related Party Transactions

Transactions with noncontrolling members

From time to time, the Company may be asked to provide certain services, including accounting, legal and other administrative functions for the noncontrolling members of Manning & Napier Group. While immaterial, the Company has not received any reimbursement for such services.

The Company manages the personal funds of certain of the Company's executive officers, including William Manning. Pursuant to the respective investment management agreements, in some instances the Company waives or reduces its regular advisory fees for these accounts and personal funds utilized to incubate products. The aggregate value of the fees earned and fees waived was less than \$0.1 million for the three months ended March 31, 2016. Affiliate transactions - Manning & Napier Fund, Inc.

Manning & Napier, Inc.

Notes to Consolidated Financial Statements (Continued)

The Company has agreements to serve as the investment manager of Manning & Napier Fund, Inc., with which certain of its officers are affiliated. Under the terms of these agreements, which are generally reviewed and continued by the board of directors of Manning & Napier Fund, Inc. annually, the Company receives a fee based on an annual percentage of the average daily net assets of each series within the Manning & Napier Fund, Inc. The Company has contractually agreed to limit its fees and reimburse expenses to limit operating expenses incurred by certain of Manning & Napier Fund, Inc. series.

Note 14—Subsequent Events

Distributions and dividends

On April 26, 2016, the Board of Directors approved a distribution from Manning & Napier Group to Manning & Napier and the noncontrolling interests of Manning & Napier Group. The amount of the distribution to the members of Manning & Napier Group is approximately \$12.5 million, of which approximately \$10.4 million is expected to be payable to the noncontrolling interests. Concurrently, the Board of Directors declared a \$0.16 per share dividend to the holders of Class A common stock. The dividend is payable on or about August 1, 2016 to shareholders of record as of July 15, 2016.

Exchange of Class A units of Manning & Napier Group

Pursuant to the terms of the exchange agreement entered into at the time of the Company's initial public offering, M&N Group Holdings and MNCC exchanged a total of 2,111,913 Class A units of Manning & Napier Group on April 27, 2016 for approximately \$16.1 million in cash. Subsequent to the exchange, the Class A units were retired.

Acquisition of Rainier Investment Management, LLC

On April 30, 2016, the Company acquired a majority interest in Rainier Investment Management, LLC ("Rainier"), an active investment management firm. Rainier specializes in capitalization-based U.S. and non-U.S. equity strategies and fixed income products, is headquartered in Seattle, Washington, and had approximately \$3.0 billion in assets under management at the closing of the transaction. Under the terms of the transaction, the Company acquired a 75% ownership interest in Rainier, with the remaining 25% ownership maintained by key professionals at Rainier. The consideration transferred includes an upfront cash payment on the transaction closing date of approximately \$13.0 million from cash on hand, with additional payments of up to \$32.5 million over a four year period, which are contingent upon Rainier's achievement of certain annual financial targets.

The Company will account for the transaction as a business combination and apply the acquisition method under generally accepted accounting principles. Due to the limited time since the transaction closing date, an initial allocation of the purchase price based upon the respective fair values of the assets acquired and liabilities assumed as part of the transaction, including the fair value of the contingent consideration liability, is not practicable as of the issuance date of these financial statements.

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Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

This report contains forward-looking statements within the meaning of section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, which reflect our views with respect to, among other things, our operations and financial performance. Words like "believes," "expects," "may," "estimates," "will," "should," "could," "intends," "likely," "plans," or "anticipates" or the negative thereof or other variations thereon or comparable terminology, are used to identify forward-looking statements, although not all forward-looking statements contain these words. Although we believe that we are basing our expectations and beliefs on reasonable assumptions within the bounds of what we currently know about our business and operations, there can be no assurance that our actual results will not differ materially from what we expect or believe. Some of the factors that could cause our actual results to differ materially from our expectations or beliefs are disclosed in the “Risk Factors” section, as well as other sections, of our Annual Report on Form 10-K which include, without limitation: changes in securities or financial markets or general economic conditions; a decline in the performance of our products; client sales and redemption activity; any loss of an executive officer or key personnel; changes in our business related to strategic acquisitions and other transactions; and changes of government policy or regulations. All forward-looking statements speak only as of the date on which they are made and we undertake no duty to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Overview

Business

We are an independent investment management firm that provides a broad range of investment solutions, as well as a variety of consultative services that complement our investment process. Founded in 1970, we offer equity, fixed income, and alternative strategies, as well as a range of blended asset portfolios, such as life cycle funds. We serve a diversified client base of high net worth individuals and institutions, including 401(k) plans, pension plans, Taft-Hartley plans, endowments and foundations. Our operations are based principally in the United States, with our headquarters located in Fairport, New York.

Our Products

We derive substantially all of our revenues from investment management fees earned from providing advisory services to separately managed accounts and mutual funds and collective investment trusts—including those offered by the Manning & Napier Fund, Inc. (the "Fund") and Exeter Trust Company.

Our separate accounts are primarily distributed through our Direct Channel, where our representatives form relationships with high net worth individuals, middle market institutions or large institutions that are working with a consultant. To a lesser extent, we also obtain a portion of our separate account distribution via third parties, either through our Intermediary Channel where national brokerage firm representatives or independent financial advisors select our separate account strategies for their clients, or through our Platform/Sub-Advisory Channel, where unaffiliated registered investment advisors approve our strategies for their product platforms. Our separate account products are a primary driver of our blended asset portfolios for high net worth and middle market institutional clients and financial intermediaries. In contrast, larger institutions and unaffiliated registered investment advisor platforms are a driver of our separate account equity portfolios.

Our mutual funds and collective investment trusts are distributed through financial intermediaries, including brokers, financial advisors, retirement plan advisors and platform relationships. We also obtain our mutual fund and collective investment trust distribution through our direct sales representatives, in particular within the defined contribution and institutional marketplace. Our mutual fund and collective investment trust products are an important driver of our blended asset class portfolios, in particular with 401(k) plan sponsors, advisors and recordkeepers that select our funds as default options for participants. In addition, financial intermediaries, mutual fund advisory programs and retail platforms are a driver of equity strategies within our mutual fund offerings.

Our assets under management (“AUM”) was \$34.7 billion as of March 31, 2016. The composition of our AUM by vehicle and portfolio is illustrated in the table below.

	March 31, 2016			
AUM - by investment vehicle and portfolio	Blended Asset	Equity	Fixed Income	Total

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	(in millions)			
Separately managed accounts	\$11,659.6	\$7,514.7	\$ 1,114.9	\$20,289.2
Mutual funds and collective investment trusts	10,376.6	3,957.5	73.1	14,407.2
Total	\$22,036.2	\$11,472.2	\$ 1,188.0	\$34,696.4

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The composition of our separately managed accounts as of March 31, 2016, by channel and portfolio, is set forth in the table below.

	March 31, 2016				
	Blended Asset	Equity	Fixed Income	Total	
	(dollars in millions)				
Separate account AUM					
Direct Channel	\$8,475.2	\$5,543.0	\$ 988.3	\$ 15,006.5	
Intermediary Channel	3,180.1	705.9	123.6	4,009.6	
Platform/Sub-advisor Channel	4.3	1,265.8	3.0	1,273.1	
Total	\$11,659.6	\$7,514.7	\$ 1,114.9	\$ 20,289.2	
Percentage of separate account AUM					
Direct Channel	42	% 27	% 5	% 74	%
Intermediary Channel	16	% 3	% 1	% 20	%
Platform/Sub-advisor Channel	0	% 6	% 0	% 6	%
Total	58	% 36	% 6	% 100	%
Percentage of portfolio by channel					
Direct Channel	73	% 74	% 89	% 74	%
Intermediary Channel	27	% 9	% 11	% 20	%
Platform/Sub-advisor Channel	0	% 17	% 0	% 6	%
Total	100	% 100	% 100	% 100	%
Percentage of channel by portfolio					
Direct Channel	56	% 37	% 7	% 100	%
Intermediary Channel	79	% 18	% 3	% 100	%
Platform/Sub-advisor Channel	0	% 100	% 0	% 100	%

Our separate accounts contributed 28% of our total gross client inflows for the three months ended March 31, 2016 and represented 58% of our total AUM as of March 31, 2016.

Our separate account business has historically been driven primarily by our Direct Channel, where sales representatives form a relationship with high net worth investors, middle market institutions, and large institutional clients working in conjunction with a consultant. The Direct Channel contributed 62% of the total gross client inflows for our separate account business for the three months ended March 31, 2016 and represented 74% of our total separate account AUM as of March 31, 2016. We anticipate the Direct Channel to continue to be the largest driver of new separate account business going forward, given the Direct Channel's high net worth and middle market institutional client-type focus.

During the three months ended March 31, 2016, blended asset portfolios represented 62% of the separate account gross client inflows from the Direct Channel, while equity and fixed income portfolios each accounted for 19%. As of March 31, 2016, blended asset and equity portfolios represented 56% and 37%, respectively, of total Direct Channel separate account AUM, while our fixed income portfolios were 7%. We expect our focus on individuals and middle market institutions to continue to drive interest in our blended asset class portfolios, where we provide a comprehensive portfolio of stocks and bonds managed to a client's specific investment objectives. Our relationships with larger institutions may also be a driver of growth in separately managed account equity strategies, though many of these larger institutions may seek exposure to non-U.S. equity strategies through commingled vehicles rather than separately managed accounts to limit related custody expenses.

To a lesser extent, we also obtain separate account business from third parties, including financial advisors or unaffiliated registered investment advisor programs or platforms. During the three months ended March 31, 2016, 16% of the total gross client inflows for separate accounts came from financial advisor representatives (Intermediary Channel), and an additional 22% came from registered investment advisor platforms (Platform/Sub-advisor Channel). The Intermediary and Platform/Sub-advisor Channels represented 26% of our total separate account AUM as of March 31, 2016.

New separate account business through the Intermediary Channel flowed into both our blended asset and equity portfolios, driven by advisors' needs to identify either a one-stop solution (blended asset portfolio) or to fill a mandate within a multi-strategy portfolio. During the three months ended March 31, 2016, blended asset and equity portfolios represented 68% and 23%, respectively, of the separate account gross client inflows from the Intermediary Channel, while fixed income portfolios represented 9%. As of March 31, 2016, 79% of our separate account AUM derived from financial advisors was

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allocated to blended asset portfolios, with 18% allocated to equity and 3% allocated to fixed income. We expect that equity and fixed income portfolios may see additional interest from financial advisors over time as more and more advisors structure a multi-strategy portfolio for their clients.

In contrast, gross client inflows through the Platform/Sub-advisor Channel are primarily directed to our equity strategies, where we are filling a specific mandate within the investment program or platform product. During the three months ended March 31, 2016, 100% of our separate account gross client inflows from the Platform/Sub-advisory Channel were into equity portfolios.

Our annualized separate account retention rate across all channels was approximately 90% during the three months ended March 31, 2016, representing the strong relationship focus that is inherent in our direct sales model, which is the primary driver of our separate account business.

The composition of our mutual fund and collective investment trust AUM as of March 31, 2016, by portfolio, is set forth in the table below.

	March 31, 2016			
	Blended Asset	Equity	Fixed Income	Total
	(in millions)			
Mutual fund and collective investment trust AUM	\$10,376.6	\$3,957.5	\$ 73.1	\$14,407.2

Our mutual funds and collective investment trusts contributed 72% of our total gross client inflows for the three months ended March 31, 2016 and represented 42% of our total AUM as of March 31, 2016. As of March 31, 2016, our mutual fund and collective investment trust AUM consisted of 72% from blended asset portfolios and 27% from equity portfolios. During the three months ended March 31, 2016, 82% and 16% of the gross client inflows were attributable to blended assets and equity portfolios, respectively.

Our mutual fund and collective investment trust business is driven by financial intermediaries and to a lesser extent, our direct sales representatives. Intermediary distribution of our mutual fund and collective investment trust vehicles is achieved via financial advisors, brokers and retirement plan advisors. Through our Intermediary Channel, we are focused on our blended asset life cycle fund vehicles given our emphasis on advisors who work with retirement plans. Our blended asset portfolios are also used by advisors seeking a multi-asset class solution for their retail clients. In addition, we are focused on equity and fixed income portfolios within the Intermediary Channel for intermediaries who wish to use our mutual funds as a component of a larger portfolio.

Through our Platform/Sub-advisor Channel, we have relationships with consultants and manager research teams at platforms. We are focused on equity and fixed income portfolio assets in this channel through the selection of our funds within advisory programs, or through placement on platforms' approved lists of funds. To facilitate our relationships with intermediaries, we currently have more than 290 dealer relationships. These relationships are important to our retail business as well as our 401(k) life cycle and institutional business.

Our Direct Sales Representatives distribute our equity portfolios to large institutional clients with which we have direct relationships and often, the client's consultant. Through the Direct Channel, we also form relationships with middle market and large market defined contribution plan sponsors seeking to use our life cycle mutual funds and collective investment trusts as default options on their investment menu. We expect this channel to be focused on distributing blended asset and equity portfolio funds in the future.

Recent Developments

On April 30, 2016, we acquired a majority interest in Rainier Investment Management, LLC ("Rainier"), an active investment management firm with approximately \$3.0 billion in assets under management at the closing of the transaction. Under the transaction terms of the purchase agreement, entered into in December 2015, the Company acquired a 75% ownership interest in Rainier for total consideration of up to \$45.5 million, consisting of an upfront cash payment on the transaction closing date of \$13.0 million from cash on hand, with additional payments of up to \$32.5 million over a four-year period, which are contingent upon Rainier's achievement of certain annual financial targets. The remaining 25% ownership in Rainier has been maintained by key professionals at Rainier.

Results of Operations

Below is a discussion of our consolidated results of operations for the three months ended March 31, 2016 and 2015.

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Key Components of Results of Operations

Overview

Changes to our operating results over time are largely driven by net client asset flows and changes to the market value of our AUM. The line item "market appreciation/(depreciation) and other" within our AUM tables throughout "Management's Discussion and Analysis of Financial Condition and Results of Operations" includes investment gains/(losses) on AUM, net flows from non-sales related activities including asset acquisitions and net reinvested dividends.

An important factor influencing inflows and outflows of our AUM is the investment performance of our various investment approaches. Our variety of stock selection strategies, absolute pricing discipline and active asset allocation management approach generally results in specific absolute and relative return characteristics in different market environments. For example, during a fundamental-driven bull market when prices are rising alongside improving fundamentals, we are likely to experience positive absolute returns and competitive relative returns. However, in a more momentum-driven bull market, when prices become disconnected from underlying fundamentals, or narrow market environment where a small handful of stocks outperform the average stock, we are likely to experience positive absolute returns but lagging relative returns. Similarly, during a valuation-driven bear market, when markets experience a period of price correction following a momentum-driven bull market, we are likely to experience negative absolute returns but strong relative returns. However, in a momentum-driven bear market, which is typically characterized by broad price declines in a highly correlated market, we are likely to experience negative absolute returns and potentially lagging relative returns. Essentially, our approach is likely to do well when markets are driven by fundamentals, but lag when markets are driven primarily by momentum.

Other components impacting our operating results include:

- asset-based fee rates and changes in those rates;
- the composition of our AUM among various portfolios, vehicles and client types;
- changes in our variable costs, including incentive compensation and distribution, servicing and custody expenses, which are affected by our investment performance, level of our AUM and revenue; and
- fixed costs, including changes to base compensation, vendor-related costs and investment spending on new products.

Assets Under Management and Investment Performance

The following tables reflect the indicated components of our AUM for our investment vehicles for the three months ended March 31, 2016 and 2015.

	Separately managed accounts	Mutual funds and collective investment trusts (in millions)	Total	Separately managed accounts	Mutual funds and collective investment trusts	Total
As of December 31, 2015	\$20,735.4	\$ 14,706.8	\$35,442.2	59 %	41 %	100 %
Gross client inflows	384.8	968.1	1,352.9			
Gross client outflows	(1,187.4)	(1,542.2)	(2,729.6)			
Market appreciation/(depreciation) & other	356.4	274.5	630.9			
As of March 31, 2016	\$20,289.2	\$ 14,407.2	\$34,696.4	58 %	42 %	100 %
Average AUM for period	\$20,242.1	\$ 14,014.8	\$34,256.9			
As of December 31, 2014	\$25,408.7	\$ 22,392.9	\$47,801.6	53 %	47 %	100 %
Gross client inflows	691.4	1,275.9	1,967.3			
Gross client outflows	(1,140.4)	(3,434.7)	(4,575.1)			
Market appreciation/(depreciation) & other	191.9	235.3	427.2			
As of March 31, 2015	\$25,151.6	\$ 20,469.4	\$45,621.0	55 %	45 %	100 %
Average AUM for period	\$25,430.0	\$ 21,675.7	\$47,105.7			

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The following tables reflect the indicated components of our AUM for our portfolios for the three months ended March 31, 2016 and 2015.

	Blended Asset	Equity	Fixed Income	Total	Blended Asset	Equity	Fixed Income	Total
	(in millions)							
As of December 31, 2015	\$22,442.4	\$11,828.4	\$1,171.4	\$35,442.2	64 %	33 %	3 %	100 %
Gross client inflows	938.8	346.1	68.0	1,352.9				
Gross client outflows	(1,655.5)	(998.8)	(75.3)	(2,729.6)				
Market appreciation/(depreciation) & other	310.5	296.5	23.9	630.9				
As of March 31, 2016	\$22,036.2	\$11,472.2	\$1,188.0	\$34,696.4	64 %	33 %	3 %	100 %
Average AUM for period	\$21,796.8	\$11,279.8	\$1,180.3	\$34,256.9				
As of December 31, 2014	\$25,279.0	\$21,284.1	\$1,238.5	\$47,801.6	53 %	44 %	3 %	100 %
Gross client inflows	1,308.6	606.1	52.6	1,967.3				
Gross client outflows	(1,312.2)	(3,213.2)	(49.7)	(4,575.1)				
Market appreciation/(depreciation) & other	138.0	280.4	8.8	427.2				
As of March 31, 2015	\$25,413.4	\$18,957.4	\$1,250.2	\$45,621.0	55 %	42 %	3 %	100 %
Average AUM for period	\$25,374.6	\$20,481.5	\$1,249.6	\$47,105.7				

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The following table summarizes the annualized returns for our key investment strategies and the relative performance of the industry benchmark over the periods indicated. Since inception and over long-term periods, these strategies have earned attractive returns on both an absolute and relative basis. These strategies are used across separate account, mutual fund and collective investment trust vehicles, and represent approximately 79% of our AUM as of March 31, 2016.

Key Strategies	AUM as of March 31, 2016 (in millions)	Inception Date	Annualized Returns as of March 31, 2016 (3)						
			One Year	Three Year	Five Year	Ten Year	Market Cycle (1)	Inception	
Long-Term Growth 30%-80% Equity Exposure	\$ 9,748.8	1/1/1973	(2.7)%	4.4%	5.5%	5.2%	6.2%	9.6%	
Blended Benchmark: 55% S&P 500 Total Return / 45% Barclays Government/Credit Bond			2.0%	7.7%	8.4%	6.4%	5.0%	9.2%	
Growth with Reduced Volatility 20%-60% Equity Exposure	\$ 4,502.1	1/1/1973	(2.0)%	3.5%	4.6%	4.8%	5.8%	8.9%	
Blended Benchmark: 40% S&P 500 Total Return / 60% Barclays Government/Credit Bond			2.0%	6.3%	7.2%	6.1%	5.2%	8.8%	
Aggregate Fixed Income	\$ 515.6	1/1/1984	2.4%	2.1%	3.6%	4.9%	5.2%	7.6%	
Benchmark: Barclays U.S. Aggregate Bond			2.0%	2.5%	3.8%	4.9%	5.4%	7.5%	
Equity-Oriented	\$ 2,960.9	1/1/1993	(3.9)%	5.7%	5.9%	5.2%	6.4%	9.7%	
Blended Benchmark: 65% Russell 3000® / 20% ACWIxUS / 15% Barclays U.S. Aggregate Bond			(1.7)%	7.7%	7.9%	5.8%	4.4%	8.2%	
Core Equity (Unrestricted) 90%-100% Equity Exposure	\$ 1,176.1	1/1/1995	(4.0)%	7.1%	7.2%	6.1%	7.0%	10.8%	
Blended Benchmark: 80% Russell 3000® / 20% ACWIxUS			(2.1)%	8.9%	8.8%	6.0%	4.0%	8.6%	
Core Non-U.S. Equity	\$ 7,273.2	10/1/1996	(3.4)%	0.4%	0.4%	3.0%	5.4%	7.4%	
Benchmark: ACWIxUS Index			(9.2)%	0.3%	0.3%	1.9%	2.6%	4.5%	
Core U.S. Equity	\$ 1,216.4	7/1/2000	(3.0)%	8.4%	7.7%	6.1%	N/A (2)	6.7%	
Benchmark: Russell 3000® Index			(0.3)%	11.2%	11.0%	6.9%	4.3%	4.6%	

The market cycle performance numbers are calculated from April 1, 2000 to March 31, 2016. We believe that a full market cycle time period should contain a wide range of market conditions and usually consists of a bear market, recovery and bull market stage. Our definition of the current market cycle includes the bear market that began with (1) an abrupt decline in the technology sector (4/1/2000 - 9/30/2002), the subsequent failed recovery (10/1/2002 - 10/31/2007), the financial crisis bear market (11/1/2007 - 2/28/2009), and the current bull market (3/1/2009 - current). The period utilized in our current market cycle may differ from periods used by other investment managers.

(2) Market Cycle performance not available given the product's July 1, 2000 inception date.

(3) Key investment strategy returns are presented net of fees. Benchmark returns do not reflect any fees or expenses.

Revenue

Our revenues primarily consist of investment management fees earned from managing our clients' AUM. We earn our investment management fees as a percentage of our clients' AUM either as of a specified date or on a daily basis. Our

investment management fees can fluctuate based on the average fee rate for our investment management products, which are affected by the composition of our AUM among various portfolios and investment vehicles. Manning & Napier Advisors, LLC ("MNA"), a subsidiary of Manning & Napier Group, serves as the investment advisor to the Fund and Exeter Trust Company. The Fund is a family of open-end mutual funds that offer no-load share classes designed to meet the needs of a range of institutional and other investors. Exeter Trust Company is an affiliated New Hampshire-chartered trust company that sponsors a family of collective investment trusts for qualified retirement plans, including 401(k) plans. These mutual funds and collective investment trusts comprised \$14.4 billion, or 42%, of our AUM as of March 31, 2016, and investment management fees from these mutual funds and collective investment trusts were \$28.1 million, or 44% of our revenues for the three months ended March 31, 2016. MNA also serves as the investment advisor to all of our

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separately managed accounts, managing \$20.3 billion, or 58%, of our AUM as of March 31, 2016, including assets managed as a sub-advisor to pooled investment vehicles and assets in client accounts invested in the Fund.

Operating Expenses

Our largest operating expenses are employee compensation and distribution, servicing and custody expenses, discussed further below, with a significant portion of these expenses varying in a direct relationship to our absolute and relative investment management performance, as well as AUM and revenues. We review our operating expenses in relation to the investment market environment and changes in our revenues. However, we are generally willing to make expenditures as necessary even when faced with declining rates of growth in revenues in order to support our investment products, our client service levels, strategic initiatives and our long-term value.

Compensation and related costs. Employee compensation and related costs represent our largest expense, including employee salaries and benefits, incentive compensation to investment and sales professionals and equity-based compensation issued under our equity compensation plan. These costs are affected by changes in the employee headcount, the mix of existing job descriptions, competitive factors, the addition of new skill sets, variations in the level of our AUM and revenues, changes in our stock price reflected in share-based compensation and/or the number of awards issued. In addition, incentive compensation for our research team considers the cumulative impact of both absolute and relative investment performance over the trailing one-, two- and three-year time periods, with more weight placed on the recent periods. As such, incentive compensation paid to our research team will vary based on absolute and relative investment performance.

Distribution, servicing and custody expenses. Distribution, servicing and custody expense represent amounts paid to various platforms that distribute our mutual funds and collective trust funds, as well as costs for custodial services and 12b-1 distribution. These expenses generally increase or decrease in line with changes in our mutual fund and collective investment trust AUM or services performed by these intermediaries.

Other operating expenses. Other operating expenses include fund fee waiver and/or expense reimbursement, professional fees, including accounting and legal fees, occupancy and facility costs, travel and entertainment expenses, insurance, market data service expenses and all other miscellaneous costs associated with managing the day-to-day operations of our business.

Non-Operating Income (Loss)

Non-operating income (loss) includes interest expense, interest and dividend income, changes in liability under the tax receivable agreement and gains (losses) related to investment securities sales and changes in values of those investment securities designated as trading. Interest expense primarily relates to unused commitment fees and amortization of debt issuance costs. We expect the interest and investment components of non-operating income (loss) to fluctuate based on market conditions, the performance of our investments and the overall amount of our investments held by the Company to provide initial cash seeding for product development purposes as well as the timing and amounts (if any) outstanding under the revolving credit agreement.

Provision for Income Taxes

The Company is comprised of entities that have elected to be treated as either a limited liability company ("LLC") or a "C-Corporation". As such, the entities functioning as LLC's are not liable for or able to benefit from U.S. federal or most state and local income taxes on their earnings, and their earnings (losses) will be included in the personal income tax returns of each entity's unit holders. The entities functioning as C-Corporations are liable for or able to benefit from U.S. federal and state and local income taxes on their earnings and losses, respectively.

Noncontrolling Interests

Manning & Napier, Inc. holds an economic interest of approximately 16.7% in Manning & Napier Group as of March 31, 2016 but, as managing member, controls all of the business and affairs of Manning & Napier Group. As a result, the Company consolidates the financial results of Manning & Napier Group and records a noncontrolling interest in our consolidated financial statements. Net income attributable to noncontrolling interests on the consolidated statements of operations represents the portion of earnings attributable to the economic interest in Manning & Napier Group held by the noncontrolling interests.

Critical Accounting Policies and Estimates

There have been no significant changes in our critical accounting policies and estimates from those that were disclosed in our Annual Report on Form 10-K for the year ended December 31, 2015.

This management's discussion and analysis should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2015 together with the consolidated financial statements and related notes and the other financial information that appear elsewhere in this report.

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Revenue Recognition

Because the majority of our revenues are earned based on AUM that has been determined using fair value methods and since market appreciation/depreciation has a significant impact on our revenue, we have presented our AUM using the U.S. GAAP ("GAAP") framework for measuring fair value. A fair value hierarchy is provided that gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The following three-tier fair value hierarchy prioritizes the inputs used in measuring fair value:

Level 1—observable inputs such as quoted prices in active markets for identical securities;

Level 2—other significant observable inputs (including but not limited to quoted prices for similar securities, interest rates, prepayment rates, credit risk, etc.); and

Level 3—significant unobservable inputs (including the Company's own assumptions in determining the fair value of investments).

The table below summarizes the approximate amount of AUM for the periods indicated for which fair value is measured based on Level 1, Level 2 and Level 3.

	Level 1	Level 2	Level 3	Total
	(in millions)			
March 31, 2016	\$21,351	\$13,345	\$	—\$34,696
December 31, 2015	\$21,188	\$14,254	\$	—\$35,442

As substantially all our AUM is valued by independent pricing services based upon observable market prices or inputs, we believe market risk is the most significant risk underlying valuation of our AUM, as discussed in this Form 10-Q under "Item 3. Quantitative and Qualitative Disclosures About Market Risk" and in "Part II. Item 1A. Risk Factors" of our Form 10-K for the year ended December 31, 2015.

Recent Accounting Pronouncements

See Note 2, "Summary of Significant Accounting Policies - Recent Accounting Pronouncements" to the Consolidated Financial Statements included in Item 1 of Part I of this Form 10-Q for additional information.

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015

Assets Under Management

The following table reflects changes in our AUM for the three months ended March 31, 2016 and 2015:

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	Three months ended		Period-to-Period	
	March 31, 2016	2015	\$	%
(in millions)				
Separately managed accounts				
Beginning assets under management	\$20,735.4	\$25,408.7	\$(4,673.3)	(18)%
Gross client inflows	384.8	691.4	(306.6)	(44)%
Gross client outflows	(1,187.4)	(1,140.4)	(47.0)	4 %
Market appreciation (depreciation) & other	356.4	191.9	164.5	86 %
Ending assets under management	\$20,289.2	\$25,151.6	\$(4,862.4)	(19)%
Mutual funds and collective investment trusts				
Beginning assets under management	\$14,706.8	\$22,392.9	\$(7,686.1)	(34)%
Gross client inflows	968.1	1,275.9	(307.8)	(24)%
Gross client outflows	(1,542.2)	(3,434.7)	1,892.5	(55)%
Market appreciation (depreciation) & other	274.5	235.3	39.2	17 %
Ending assets under management	\$14,407.2	\$20,469.4	\$(6,062.2)	(30)%
Total assets under management				
Beginning assets under management	\$35,442.2	\$47,801.6	\$(12,359.4)	(26)%
Gross client inflows	1,352.9	1,967.3	(614.4)	(31)%
Gross client outflows	(2,729.6)	(4,575.1)	1,845.5	(40)%
Market appreciation (depreciation) & other	630.9	427.2	203.7	48 %
Ending assets under management	\$34,696.4	\$45,621.0	\$(10,924.6)	(24)%

The total AUM decrease of \$0.7 billion, or 2%, to \$34.7 billion at March 31, 2016 from \$35.4 billion at December 31, 2015 was attributable net client cash outflows of \$1.4 billion partially offset by market appreciation of \$0.6 billion. Our net client flows were comprised of separate accounts net client outflows of approximately \$0.8 billion and mutual funds and collective investment trusts net client outflows of approximately \$0.6 billion. The blended investment gain was 1.7% in separately managed accounts and 1.9% in mutual funds and collective investment trusts. While our relative investment performance improved over the first quarter of 2016, net client outflows during the three months ended March 31, 2016 were primarily driven by challenging near-term investment performance in a number of our key investment strategies. By portfolio, our AUM decreases were \$0.4 billion or 3% in our equity portfolio and \$0.4 billion or 2% in our blended asset portfolio. Our ability to improve cash flows going forward will likely depend in part on our ability to sustain the recently improved performance in future quarters, thus improving our one, three and five year track records across our key strategies.

Our total AUM decreased by \$10.9 billion from \$45.6 billion at March 31, 2015 to \$34.7 billion at March 31, 2016. The decrease was attributable to net client outflows of \$9.8 billion and market depreciation and other changes of \$1.2 billion. Net client outflows consisted of approximately \$4.3 billion of net outflows for separate accounts and \$5.4 billion for mutual funds and collective investment trusts. The rates of change in AUM were most significant in our equity portfolios from March 31, 2015 to March 31, 2016, with a decrease of \$7.5 billion, or 39%, while our blended asset portfolio and fixed income portfolios decreased by 13% and 5%, respectively.

As of March 31, 2016, the composition of our AUM was 58% in separate accounts and 42% in mutual funds and collective investment trusts, compared to 55% in separate accounts and 45% in mutual funds and collective investment trusts at March 31, 2015. The composition of our AUM across portfolios at March 31, 2016 was 64% in blended assets, 33% in equity, and 3% in fixed income, compared to 55% in blended assets, 42% in equity, and 3% in fixed income at March 31, 2015.

With regard to our separate accounts, gross client inflows of \$0.4 billion were offset by approximately \$1.2 billion of gross client outflows during the three months ended March 31, 2016. The \$0.4 billion of gross client inflows included \$0.2 billion into our blended asset portfolios and \$0.2 billion into our U.S. Equity products. During the three months ended March 31, 2016, 62% of our separate account gross client inflows were derived from our Direct Channel with 49% representing contributions from existing Direct Channel relationships. With regard to gross client outflows, \$0.6

billion, or 53%, of outflows resulted from withdrawals from existing accounts, particularly accounts invested in our blended asset portfolios. Our blended asset and equity portfolios experienced net client outflows of \$0.5 billion and \$0.3 billion, respectively. In light of challenging relative returns during the latter half of 2014 and 2015, our separate account clients redeemed assets at a rate of 13% during the quarter, compared to a 14% redemption rate over the trailing twelve months ended March 31, 2016. The annualized separate account retention rate was 90% for the three months ended March 31, 2016 compared to 88% for the rolling twelve months ended March 31, 2016.

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Net client outflows of \$0.6 billion from our mutual fund and collective investment trusts included gross client inflows of \$1.0 billion offset by gross client outflows of \$1.6 billion during the three months ended March 31, 2016. Gross client inflows into our blended asset life cycle vehicles, including both risk based and target date strategies, represented \$0.8 billion, or 81%, of mutual fund and collective trust fund gross client inflows during the three months ended March 31, 2016. With regard to gross client outflows, \$1.0 billion, or 65%, of mutual fund and collective investment trust gross client outflows were from blended asset mutual fund and collective trust products. The remaining net cash flow was concentrated in our Non U.S. Equity products including our World Opportunities Series and Overseas Series.

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The following table sets forth our results of operations and related data for the three months ended March 31, 2016 and 2015:

	Three months ended		Period-to-Period	
	March 31, 2016	2015	\$	%
(in thousands, except share data)				
Revenues				
Investment management services revenue	\$64,538	\$ 90,426	\$(25,888)	(29)%
Expenses				
Compensation and related costs	21,967	26,818	(4,851)	(18)%
Distribution, servicing and custody expenses	11,338	16,832	(5,494)	(33)%
Other operating costs	8,453	8,942	(489)	(5)%
Total operating expenses	41,758	52,592	(10,834)	(21)%
Operating income	22,780	37,834	(15,054)	(40)%
Non-operating income (loss)				
Non-operating income (loss), net	1,078	756	322	43 %
Income before provision for income taxes	23,858	38,590	(14,732)	(38)%
Provision for income taxes	1,674	2,479	(805)	(32)%
Net income attributable to controlling and noncontrolling interests	22,184	36,111	(13,927)	(39)%
Less: net income attributable to noncontrolling interests	19,766	32,802	(13,036)	(40)%
Net income attributable to Manning & Napier, Inc.	\$2,418	\$ 3,309	\$(891)	(27)%
Per Share Data				
Net income per share available to Class A common stock				
Basic	\$0.16	\$ 0.24		
Diluted	\$0.16	\$ 0.24		
Weighted average shares of Class A common stock outstanding				
Basic	13,745,131	13,713,540		
Diluted	14,084,903	13,914,908		
Cash dividends declared per share of Class A common stock	\$0.16	\$ 0.16		
Other financial and operating data				
Economic net income ⁽¹⁾	\$15,031	\$ 24,312	\$(9,281)	(38)%
Economic net income per adjusted share ⁽¹⁾	\$0.18	\$ 0.28		
Weighted average adjusted Class A common stock outstanding ⁽¹⁾	83,659,018	88,078,806		

See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Supplemental (1) Non-GAAP Financial Information" for Manning & Napier's reasons for including these non-GAAP measures in this report in addition to a reconciliation of non-GAAP financial measures to GAAP measures for the periods indicated.

Revenues

Our investment management services revenue decreased by \$25.9 million, or 29%, to \$64.5 million for the three months ended March 31, 2016 from \$90.4 million for the three months ended March 31, 2015. This decrease is driven primarily by a \$12.8 billion, or 27%, decrease in our average AUM to \$34.3 billion for the three months ended March 31, 2016 from \$47.1 billion for the three months ended March 31, 2015. Average AUM decreased as a result of net client outflows of \$9.8 billion and market depreciation and other changes of \$1.2 billion during the rolling twelve months ended March 31, 2016. By portfolio, our AUM decreases were concentrated in our equity portfolios, which decreased by 39% compared to March 31, 2015. The outflows were largely attributable to challenging portfolio performance relative to benchmarks.

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Our average separately managed account fee for the three months ended March 31, 2016 was consistent with the three months ended March 31, 2015 at 63 basis points. For the three months ended March 31, 2016 and 2015, separately managed account standard fees ranged from 15 basis points to 125 basis points depending on investment objective and account size. As of March 31, 2016, the concentration of assets in our separately managed accounts was 58% blended assets, 36% equity and 6% fixed income, compared to 53% blended assets, 42% equity and 5% fixed income as of March 31, 2015.

Our average fee on mutual fund and collective investment trust products decreased to 81 basis points for the three months ended March 31, 2016 compared to 85 basis points for the three months ended March 31, 2015. This decrease was primarily due to a shift in the mix of our AUM from higher fee mutual funds and collective investment trusts to those with lower fees. The management fees earned on our mutual fund and collective investment trust management fees ranged from 24 basis points to 100 basis points, depending on investment strategy, for the three months ended March 31, 2016 and 2015. As of March 31, 2016 the concentration of assets in our mutual fund and collective investment trusts was 72% blended assets and 27% equity, compared to 59% blended assets and 41% equity of March 31, 2015.

Operating Expenses

Our operating expenses decreased by \$10.8 million, or 21%, to \$41.8 million for the three months ended March 31, 2016 from \$52.6 million for the three months ended March 31, 2015.

Compensation and related costs decreased by \$4.9 million, or 18%, to \$22.0 million for the three months ended March 31, 2016 from \$26.8 million for the three months ended March 31, 2015. The decrease was due to a lower overall workforce coupled with lower variable incentive costs. Included within compensation and related costs was \$1.3 million and \$0.6 million of equity-based compensation charges under our 2011 long-term incentive plan for the three months ended March 31, 2016 and 2015, respectively. This increase is primarily due to the 2015 purchase of unvested pre-IPO ownership interests that were subsequently reissued as Class A common stock with a six-year vesting period. When considered as a percentage of revenue, compensation and related costs for the three months ended March 31, 2016 was 34% compared to 30% for the three months ended March 31, 2015.

Distribution, servicing and custody expenses decreased by \$5.5 million, or 33%, to \$11.3 million for the three months ended March 31, 2016 from \$16.8 million for the three months ended March 31, 2015. The decrease was generally driven by a 35% decrease in mutual funds and collective investment trusts average AUM for the three months ended March 31, 2016 compared to the three months ended March 31, 2015. As a percentage of mutual fund and collective investment trust revenue, distribution, servicing and custody expense was 40% for the three months ended March 31, 2016, compared to 37% for the three months ended March 31, 2015.

Other operating costs decreased by \$0.5 million, or 5%, to \$8.5 million for the three months ended March 31, 2016 from \$8.9 million for the three months ended March 31, 2015. As a percentage of revenue, other operating costs for the three months ended March 31, 2016 was 13% compared to 10% for 2015.

Non-Operating Income (Loss)

Non-operating income for the three months ended March 31, 2016 was \$1.1 million, compared to \$0.8 million for the three months ended March 31, 2015. Included within non-operating income for the three months ended March 31, 2016 and 2015 was \$1.1 million and \$0.6 million, respectively, of net gains on investments held by the Company to provide initial cash seeding for product development purposes. In addition, interest expense increased by \$0.1 million during the three months ended March 31, 2016 as compared to 2015 driven by the credit facility entered into during 2015.

Provision for Income Taxes

The Company's tax provision decreased by \$0.8 million, or 32%, to \$1.7 million for the three months ended March 31, 2016 from \$2.5 million for the three months ended March 31, 2015. The change is primarily driven by a decrease in taxable earnings as compared to the prior year.

Supplemental Non-GAAP Financial Information

To provide investors with greater insight, promote transparency and allow for a more comprehensive understanding of the information used by management in its financial and operational decision-making, we supplement our consolidated statements of operations presented on a GAAP basis with non-GAAP financial measures of earnings.

Management uses economic net income and economic net income per adjusted share as financial measures to evaluate the profitability and efficiency of its business. Economic net income and economic net income per adjusted share are not presented in accordance with GAAP.

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Economic net income is a non-GAAP measure of after-tax operating performance and equals the Company's income before provision for income taxes less adjusted income taxes. Adjusted income taxes are estimated assuming the exchange of all outstanding units of Manning & Napier Group into Class A common stock on a one-to-one basis. Therefore, all income of Manning & Napier Group allocated to the units of Manning & Napier Group is treated as if it were allocated to the Company and represents an estimate of income tax expense at an effective rate of 37% for the three months ended March 31, 2016 and 2015, reflecting assumed federal, state and local income taxes. Economic net income per adjusted share is equal to economic net income divided by the weighted average adjusted Class A common shares outstanding. The number of weighted average adjusted Class A common shares outstanding for all periods presented is determined by assuming the weighted average exchangeable units of Manning & Napier Group and unvested equity awards are converted into our outstanding Class A common stock as of the respective reporting date, on a one-to-one basis. The Company's management uses economic net income, among other financial data, to determine the earnings available to distribute as dividends to holders of its Class A common stock and to the holders of the units of Manning & Napier Group.

Non-GAAP measures are not a substitute for financial measures prepared in accordance with GAAP. Additionally, the Company's non-GAAP measures may differ from similar measures used by other companies, even if similar terms are used to identify such measures.

The following table sets forth our other financial and operating data for the three months ended March 31, 2016 and 2015:

	Three months ended March 31, 2016 2015 (in thousands, except share data)	
Income before provision for income taxes	\$23,858	\$ 38,590
Economic net income (Non-GAAP)	\$15,031	\$ 24,312
Economic net income per adjusted share (Non-GAAP)	\$0.18	\$ 0.28
Weighted average adjusted Class A common stock outstanding (Non-GAAP)	83,659,018	88,078,806

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The following table sets forth, for the periods indicated, a reconciliation of non-GAAP financial measures to GAAP measures:

	Three months ended March 31,	
	2016	2015
	(in thousands, except share data)	
Net income attributable to Manning & Napier, Inc.	\$ 2,418	\$ 3,309
Add back: Net income attributable to noncontrolling interests	19,766	32,802
Add back: Provision for income taxes	1,674	2,479
Income before provision for income taxes	23,858	38,590
Adjusted income taxes	8,827	14,278
Economic net income (Non-GAAP)	\$ 15,031	\$ 24,312
Weighted average shares of Class A common stock outstanding - Basic	13,745,130	13,713,540
Assumed vesting, conversion or exchange of:		
Manning & Napier Group, LLC units outstanding (non-controlling interest)	67,896,484	73,511,251
Unvested restricted share-based awards	2,017,398	854,015
Weighted average adjusted shares (Non-GAAP)	83,659,012	88,078,806
Economic net income per adjusted share (Non-GAAP)	\$ 0.18	\$ 0.28

Liquidity and Capital Resources

Historically, our cash and liquidity needs have been met primarily through cash generated by our operations. Our current financial condition is highly liquid, with a significant amount of our assets comprised of cash and cash equivalents, accounts receivable and investment securities held by us for the purpose of providing initial cash seeding for product development purposes.

The following table sets forth certain key financial data relating to our liquidity and capital resources as of March 31, 2016 and December 31, 2015.

	March 31, 2016	December 31, 2015
	(in thousands)	
Cash and cash equivalents	\$ 126,970	\$ 117,591
Accounts receivable	\$ 22,372	\$ 24,280
Due from broker	\$ —	\$ 3,962
Due from broker - consolidated funds	\$ —	\$ 3,510
Investment securities	\$ 19,983	\$ 21,460
Investment securities - consolidated funds	\$ 981	\$ 1,107
Amounts payable under tax receivable agreement ⁽¹⁾	\$ 41,957	\$ 41,939

In light of numerous factors affecting our obligation to make such payments, the timing and amounts of any such (1) actual payments are based on our best estimate as of March 31, 2016 and December 31, 2015, including our ability to realize the expected tax benefits. Actual payments may significantly differ from estimated payments.

In determining the sufficiency of liquidity and capital resources to fund our business, we regularly monitor our liquidity position, including among other things, cash, working capital, long-term liabilities, lease commitments and operating company distributions.

Our revolving credit agreement has a four-year term expiring in April 2019 and provides borrowing capacity of up to \$100.0 million, with a feature providing for an increase in the line to \$150.0 million on approval by the lending group. The Credit Agreement also provides for a \$5.0 million sub-limit for the issuance of standby letters of credit and a \$5.0

million

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swingline facility. At March 31, 2016, there were no amounts outstanding under the revolving credit agreement and the Company had the capacity to draw on the entire \$100.0 million.

Amounts outstanding under the revolving credit agreement bear interest at an annual rate equal to, at our option, either LIBOR (adjusted for reserves and not below 0.0%) for interest periods of one, two, three or six months or a base rate (as defined in the agreement), plus, in each case, an applicable margin. The applicable margins range from 1.50% to 2.50% in the case of LIBOR-based loans, and 0.50% to 1.50% in the case of base rate loans. Under the terms of the revolving credit agreement, we are also required to pay certain fees including a quarterly fee based on the average unused amount of the facility ranging from 0.25% to 0.45%.

The revolving credit agreement contains customary covenants, including covenants that restrict (subject in certain instances to minimum thresholds or exceptions) the ability of us to incur additional indebtedness, create liens, merge, sell or dispose of assets, and make distributions, dividends, investments or capital expenditures, among other things. In addition, we are required to maintain compliance with certain financial covenants, including: (i) a minimum interest coverage ratio (generally, adjusted EBITDA to interest expense as defined in and for the period specified in the revolving credit agreement) of at least 4.00:1.00 and (ii) a leverage ratio (generally, total debt as of any date to adjusted EBITDA as defined in and for the period specified in the revolving credit agreement) of no greater than 2.75:1.00. For purposes of the revolving credit agreement, adjusted EBITDA generally means, for any period, net income before interest expense, income taxes, depreciation and amortization expense, non-cash stock-based compensation expense, and certain non-cash nonrecurring gains and losses as described in and specified under the revolving credit agreement. At March 31, 2016, the Company was in compliance with all financial covenants.

The revolving credit agreement also contains customary provisions regarding events of default which could result in an acceleration of amounts due under the facility. Such events of default include our failure to pay principal or interest when due, our failure to satisfy or comply with covenants and a change of control. See Note 8, "Borrowings" to the Consolidated Financial Statements included in Item 1 of this Form 10-Q for additional information.

We believe that cash on hand and cash generated from operations will be sufficient over the next twelve months to meet our working capital requirements, including the \$13.0 million initial upfront cash payment for the acquisition of a majority interest in Rainier Investment Management, LLC and the \$16.1 million purchase of Class A Units of Manning & Napier Group in April 2016. Further, we expect that cash on hand, cash generated by operations and availability under our revolving credit agreement will be sufficient to meet our liquidity needs for the foreseeable future.

Cash Flows

The following table sets forth our cash flows for the three months ended March 31, 2016 and 2015. Operating activities consist primarily of net income subject to adjustments for changes in operating assets and liabilities, equity-based compensation expense, changes in the liability under the tax receivable agreement, deferred income tax expense and depreciation and amortization. Investing activities consist primarily of the purchase and sale of investments for the purpose of providing initial cash seeding for product development purposes, as well as purchases of property and equipment. Financing activities consist primarily of distributions to noncontrolling interests, dividends paid on our Class A common stock, and purchases of Class A units held by noncontrolling interests of Manning & Napier Group.

	Three months ended	
	March 31,	
	2016	2015
	(in thousands)	
Net cash provided by operating activities	\$15,380	\$20,511
Net cash provided by investing activities	6,218	1,393
Net cash used in financing activities	(12,219)	(66,519)
Net change in cash and cash equivalents	\$9,379	\$(44,615)

Three Months Ended March 31, 2016 Compared to Three Months Ended March 31, 2015

Operating Activities

Operating activities provided \$15.4 million and \$20.5 million of net cash for the three months ended March 31, 2016 and 2015, respectively. This overall \$5.1 million decrease in net cash provided by operating activities for the three months ended March 31, 2016 compared to 2015 was due to a decrease in net income after adjustment for non-cash items of approximately \$13.6 million driven by lower revenues resulting primarily from changes in our average AUM. The decrease was partially offset by \$8.8 million of cash from consolidated funds due to the timing of trading activity.

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Investing Activities

Investing activities provided \$6.2 million and \$1.4 million of net cash for the three months ended March 31, 2016 and 2015, respectively. The increase in cash provided by investing activities was driven by changes in investing activities of \$4.6 million due to the Company's funding of and timing of activity within our investment securities designated as trading for the seeding of new products. In addition, property and equipment purchases decreased by \$0.3 million for the three months ended March 31, 2016 compared to 2015.

Financing Activities

Financing activities used \$12.2 million and \$66.5 million of net cash for the three months ended March 31, 2016 and 2015, respectively. This overall \$54.3 million decrease in net cash used in financing activities was primarily due to cash used of \$36.3 million during the three months ended March 31, 2015 for the purchase of Class A units of Manning & Napier Group pursuant to the exchange agreement entered into at the time of the Company's initial public offering. There were no Class A units of Manning & Napier Group purchased during the three months ended March 31, 2016. This decrease in cash used in financing activities was also driven by a reduction in distributions to noncontrolling interests of \$17.0 million for the three months ended March 31, 2016 compared to 2015 due to lower income after adjustment for non-cash items in 2016 compared to 2015.

Dividends

On November 2, 2015, the Board of Directors declared a \$0.16 per share dividend to the holders of Class A common stock. The dividend was paid on February 1, 2016 to shareholders of record as of January 15, 2016.

On March 1, 2016, the Board of Directors declared a \$0.16 per share dividend to the holders of Class A common stock. The dividend was paid on May 2, 2016 to shareholders of record as of April 15, 2016.

On April 26, 2016, the Board of Directors declared a \$0.16 per share dividend to the holders of Class A common stock. The dividend is payable on or about August 1, 2016 to shareholders of record as of July 15, 2016.

We currently intend to pay quarterly cash dividends on our Class A common stock. We intend to fund such dividends from our portion of distributions made by Manning & Napier Group, from its available cash generated from operations. William Manning, as the holder of our Class B common stock, will not be entitled to any cash dividends in his capacity as a Class B stockholder, but will, in his capacity as an indirect holder of Class A units of Manning & Napier Group, generally participate on a pro rata basis in distributions by Manning & Napier Group.

The declaration and payment of all future dividends, if any, will be at the sole discretion of our board of directors. In determining the amount of any future dividends, our board of directors will take into account:

- the financial results of Manning & Napier Group;
- our available cash, as well as anticipated cash requirements, including any debt servicing and payments required under the tax receivable agreement;
- our capital requirements and the capital requirements of our subsidiaries, including Manning & Napier Group; contractual, legal, tax and regulatory restrictions on, and implications of, the payment of dividends by us to our stockholders or distributions by Manning & Napier Group to us, including the obligation of Manning & Napier Group to make tax distributions to its unitholders, including us;
- general economic and business conditions; and
- any other factors that our board of directors may deem relevant.

We have no material assets other than our ownership of Class A units of Manning & Napier Group and, accordingly, will depend on distributions from Manning & Napier Group to fund any dividends we may pay. As managing member of Manning & Napier Group, we will determine the timing and amount of any distributions to be paid to its members, other than mandatory tax distributions required under Manning & Napier Group's operating agreement. We intend to cause Manning & Napier Group to distribute cash to its members, including us, in an amount sufficient to cover dividends, if any, declared by us. If we do cause Manning & Napier Group to make such distributions, M&N Group Holdings, MNCC and any other holders of units of Manning & Napier Group will be entitled to receive equivalent distributions on a pari passu basis.

Contractual Obligations

There have been no material changes in our contractual obligations as set forth in our Annual Report on Form 10-K for the year ended December 31, 2015.

Off Balance Sheet Arrangements

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We did not have any off-balance sheet arrangements as of March 31, 2016.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market Risk

Our exposure to market risk is directly related to the role of our operating company as an investment advisor for the mutual funds and separate accounts it manages. Substantially all of our revenues are derived from investment management agreements with these funds and accounts. Under these agreements, the investment management fees we receive are based on the value of our AUM and our fee rates. Accordingly, our revenues and net income may decline as a result of our AUM decreasing due to depreciation of our investment portfolios. In addition, such a decline could cause our clients to withdraw their funds in favor of investments offering higher returns or lower risk, which would cause our revenues to decline further.

The value of our AUM was \$34.7 billion as of March 31, 2016. Assuming a 10% increase or decrease in the value of our AUM and the change being proportionally distributed over all our products, the value would increase or decrease by approximately \$3.5 billion, which would cause an annualized increase or decrease in revenues of approximately \$26.4 million at our current weighted average fee rate of 0.76%.

We have not adopted a corporate-level risk management policy regarding client assets, nor have we attempted to hedge at the corporate level the market risks that would affect the value of our overall AUM and related revenues. Some of these risks (e.g., sector risks and currency risks) are inherent in certain strategies, and clients may invest in particular strategies to gain exposure to these risks.

We also are subject to market risk from a decline in the prices of investment securities that we own. These securities consist primarily of equity securities, fixed-income securities, investments in hedge funds and mutual funds, including the Fund for which MNA provides advisory services. The value of these investments was \$21.0 million as of March 31, 2016 of which \$18.9 million is investment securities classified as trading, and \$2.1 million is investment securities classified as available-for-sale. Management regularly monitors the value of these investments; however, given their nature and relative size, we have not adopted a specific risk management policy to manage the associated market risk. Assuming a 10% increase or decrease in the values of these investment securities, the fair value would increase or decrease by approximately \$2.1 million at March 31, 2016. Due to the nature of our business, we believe that we do not face any material risk from inflation.

Exchange Rate Risk

A substantial portion of the accounts that we advise, or sub-advise, hold investments that are denominated in currencies other than the U.S. dollar. Movements in the rate of exchange between the U.S. dollar and the underlying foreign currency affect the values of assets held in accounts we manage, thereby affecting the amount of revenues we earn. The value of the assets we manage was \$34.7 billion as of March 31, 2016. As of March 31, 2016, approximately 16% of our AUM across our investment strategies was invested in securities denominated in currencies other than the U.S. dollar. To the extent our AUM are denominated in currencies other than the U.S. dollar, the value of those AUM would decrease, with an increase in the value of the U.S. dollar, or increase, with a decrease in the value of the U.S. dollar.

We monitor our exposure to exchange rate risk and make decisions on how to manage such risk accordingly; however, we have not adopted a corporate-level risk management policy to manage exchange rate risk. Assuming that 16% of our AUM is invested in securities denominated in currencies other than the U.S. dollar and excluding the impact of any hedging arrangements, a 10% increase or decrease in the value of the U.S. dollar would increase or decrease the fair value of our AUM by approximately \$0.6 billion, which would cause an annualized increase or decrease in revenues of approximately \$4.3 million at our current weighted average fee rate of 0.76%.

Interest Rate Risk

At March 31, 2016, the Company was exposed to interest-rate risk primarily due to our AUM that is invested in debt securities, as well as corporate assets that are invested in debt securities. Management considered a hypothetical 100 basis point fluctuation in interest rates and estimated the impact of such a fluctuation on these investments.

Management determined there was no material impact as of March 31, 2016. Additionally, given the current level of income we earn from our cash and cash equivalent balances, interest rate changes would not have a material impact on

us.

Borrowing under our revolving credit agreement bears interest as described under "Management's Discussion and Analysis of Financial Condition and Results of Operations-Liquidity and Capital Resources". Interest rate changes may affect the amount of our interest payments in connection with our revolving credit agreement, and thereby affect future earnings and cash flows. At March 31, 2016, there were no borrowings outstanding under the revolving credit agreement.

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Item 4. Controls and Procedures

Disclosure Controls and Procedures

Our management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2016 pursuant to Rule 13a-15 under the Exchange Act. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of March 31, 2016, our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) were effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2016 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II—OTHER INFORMATION

Item 1A. Risk Factors

We have set forth in Item 1A to our Annual Report on Form 10-K for the year ended December 31, 2015 risk factors relating to our business, our industry, our structure and our Class A common stock. Readers of this Quarterly Report on Form 10-Q are referred to such Item 1A for a more complete understanding of risks concerning our company. There have been no material changes in our risk factors since those published in such Form 10-K for the year ended December 31, 2015.

Item 6. Exhibits

Exhibit No. Description

10.1	Form of Redemption Agreement between M&N Group Holdings, LLC and Manning & Napier Group, LLC, dated April 27, 2016 (1)
10.2	Form of Redemption Agreement between Manning & Napier Capital Company and Manning & Napier Group, LLC, dated April 27, 2016 (2)
10.3	First Amendment to Credit Agreement, dated April 29, 2016, among Manning & Napier Group, LLC and Manning & Napier Advisors, LLC as borrowers, Manning & Napier, Inc., Wells Fargo Bank, National Association, as administrative agent, lender, swingline lender and issuing bank, Manufacturers and Traders Trust Company, as syndication agent and lender, and First Niagara Bank, The Bank of New York Mellon, and The Huntington National Bank, as lenders.
31.1	Certification of the Company's Chief Executive Officer pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Company's Chief Financial Officer pursuant to Exchange Act Rules 13a-14(a)/15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Company's Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Company's Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	Materials from the Manning & Napier, Inc. Quarterly Report on Form 10-Q for the quarter ended March 31, 2016, formatted in Extensible Business Reporting Language (XBRL): (i) Consolidated Statements of Financial Condition, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statement of Shareholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) related Notes to the Unaudited Consolidated Financial Statements.

(1) Incorporated by reference to exhibit 10.1 to the Company's Current Report on Form 8-K as filed with the Securities and Exchange Commission on May 2, 2016

(2) Incorporated by reference to exhibit 10.2 to the Company's Current Report on Form 8-K as filed with the Securities and Exchange Commission on May 2, 2016

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MANNING & NAPIER, INC.

Dated: May 10, 2016 By: /s/ WILLIAM MANNING

William Manning
Chief Executive Officer
(principal executive officer)

/s/ JAMES MIKOLAICHIK

James Mikolaichik
Chief Financial Officer
(principal financial and accounting officer)