

EDWARDS A G INC
Form 10-Q
January 09, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **November 30, 2006**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-8527

A.G. EDWARDS, INC.

State of Incorporation: **DELAWARE**
One North Jefferson Avenue

I.R.S. Employer Identification No: **43-1288229**

St. Louis, Missouri 63103

Registrant's telephone number, including area code **(314) 955-3000**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

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Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act: (Check one):.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

At December 31, 2006, there were 75,269,773 shares of A.G. Edwards, Inc. common stock, par value \$1, issued and outstanding.

A.G. EDWARDS, INC.

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PART I FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

A.G. EDWARDS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except per share amounts)

(Unaudited)

	November 30, 2006	February 28, 2006 (As Adjusted, See Note 2)
Assets		
Cash and cash equivalents	\$ 142,811	\$ 178,173
Cash and government securities deposited with clearing organizations or segregated under federal and other regulations	295,587	272,881
Securities purchased under agreements to resell	869,150	195,000
Securities borrowed	357,790	205,774
Receivables:		
Customers, less allowance for doubtful accounts of \$2,743 and \$2,600	1,699,945	2,084,278
Brokers and dealers	208,201	187,092
Clearing organizations	1,921	809
Fees, dividends and interest	133,030	118,465
Securities inventory, at fair value:		
State and municipal	279,620	284,539
Government and agencies	35,458	71,188
Corporate debt	40,825	35,638
Equities	10,424	22,788
Investments	413,357	367,822
Property and equipment, at cost, net of accumulated depreciation and amortization of \$715,820 and \$723,054	456,480	485,287
Deferred income taxes	94,153	107,114
Other assets	37,326	54,795
	\$ 5,076,078	\$ 4,671,643
Liabilities and Stockholders' Equity		
Checks payable	\$ 272,055	\$ 313,448
Securities loaned	239,406	200,988
Payables:		
Customers	1,322,274	1,102,040
Brokers and dealers	101,406	118,403
Clearing organizations	36,304	37,561
Securities sold but not yet purchased, at fair value:		
State and municipal	1,022	5,055
Government and agencies	76,781	21,041
Corporate debt	7,938	18,174
Equities	719	1,372
Employee compensation and related taxes	472,320	495,828
Deferred compensation	239,504	228,548
Income taxes	36,189	22,453
Other liabilities	231,019	219,720
Total Liabilities	3,036,937	2,784,631
Stockholders' Equity:		
Preferred stock, \$25 par value:		
Authorized, 4,000,000 shares; none issued		
Common stock, \$1 par value:		
Authorized, 550,000,000 shares; issued, 96,463,114 shares	96,463	96,463
Additional paid-in capital	300,389	293,362
Retained earnings	2,465,159	2,293,910
	2,862,011	2,683,735
Less: Treasury stock, at cost (20,986,504 and 20,872,779 shares)	822,870	796,723
Total Stockholders' Equity	2,039,141	1,887,012
	\$ 5,076,078	\$ 4,671,643

See Notes to Condensed Consolidated Financial Statements.

A.G. EDWARDS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(Dollars and shares in thousands, except per share amounts)

(Unaudited)

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2006	(As Adjusted, See Note 2) 2005	2006	(As Adjusted, See Note 2) 2005
Revenues				
Asset management and service fees	\$ 318,194	\$ 269,789	\$ 930,357	\$ 777,958
Commissions	247,621	247,209	761,649	744,175
Principal transactions	53,660	50,264	161,964	154,093
Investment banking	72,620	57,974	177,419	184,556
Interest	57,999	48,164	170,690	131,092
Other	21,390	3,966	55,789	15,441
Total Revenues	771,484	677,366	2,257,868	2,007,315
Interest expense	3,955	3,281	12,418	7,755
Net Revenues	767,529	674,085	2,245,450	1,999,560
Non-Interest Expenses				
Compensation and benefits	476,208	434,431	1,408,502	1,299,707
Communication and technology	64,736	56,938	187,972	172,788
Occupancy and equipment	37,584	36,423	111,445	107,809
Marketing and business development	17,669	16,554	61,088	55,650
Floor brokerage and clearance	4,895	5,095	13,995	15,024
Other	42,391	48,795	111,618	122,529
Total Non-Interest Expenses	643,483	598,236	1,894,620	1,773,507
Earnings before income taxes	124,046	75,849	350,830	226,053
Income Taxes	45,719	24,179	128,654	78,167
Earnings before cumulative effect of accounting change	\$ 78,327	\$ 51,670	\$ 222,176	\$ 147,886
Cumulative effect of accounting change, net of \$1,655 of income taxes	-	-	-	2,768
Net Earnings	\$ 78,327	\$ 51,670	\$ 222,176	\$ 150,654