

FC 11/08/04

Capital Research Company
Statement of Income
U.S. Dollars

	FYE 30/6/04	FYE 30/6/03
OPERATING REVENUES:		
Intercompany Revenues	620,898,404	425,988,243
Total Operating Revenues	620,898,404	425,988,243
OPERATING EXPENSES:		
Employee Compensation	259,209,026	171,138,690
Employee Benefits	12,721,373	10,238,017
Facilities and Communications	10,430,705	10,440,425
Computer Costs	4,830,162	4,297,212
Professional and Outside Services	2,100,437	1,860,451
Sales and Dealer Expenses	2,879	2,611
Travel and Business Meetings	5,440,689	4,873,851
Other Operating Expenses	415,166	453,555
Intercompany Expenses	29,667,658	29,661,985
Total Operating Expenses	324,818,095	232,966,797
Income From Operations	296,080,309	193,021,446
OTHER INCOME & EXPENSE		
Interest Income - Net	10,627,829	12,078,696
Gain/(Loss) on Investments and Currency	413,263	(255,228)
Money Market Fund Dividends	943,768	1,160,886
Total Other Income & Expense	11,984,860	12,984,354
Income Before Taxes	308,065,169	206,005,800
Income Taxes	(123,939,403)	(81,965,028)
NET INCOME	184,125,766	124,040,772



Capital Research Company
Balance Sheet
As of 30 June 2004
U.S. Dollars

	<u>As of 30/6/04</u>	<u>As of 30/6/03</u>
ASSETS		
Current Assets:		
Cash and Investment Securities Available for Sale	292,825,429	323,848,229
Intercompany Receivables	60,436,984	47,216,257
Receivables - Other	3,898,637	4,649,702
Prepaid Expenses	78,436	132,161
Total Current Assets	<u>357,239,486</u>	<u>375,846,350</u>
Property at Cost:		
Furniture and Fixtures	4,363,872	4,446,016
Land and Buildings	44,467,229	44,680,771
Leasehold Improvements	28,055,677	27,658,529
Personal Computers	1,181,063	1,346,332
Hardware and Software	1,256,875	1,219,247
Sub-Total Property at Cost	<u>79,324,716</u>	<u>79,350,895</u>
Accumulated Depreciation and Amortization	<u>(21,163,670)</u>	<u>(16,617,382)</u>
Total Property - Net	<u>58,161,046</u>	<u>62,733,513</u>
Other Assets:		
Deposits and Sundry Assets	2,672,799	2,352,301
Deferred Income Tax Benefit	7,263,022	5,298,863
Total Other Assets	<u>9,935,821</u>	<u>7,651,164</u>
TOTAL ASSETS	<u><u>425,336,353</u></u>	<u><u>446,231,027</u></u>
LIABILITIES AND EQUITY		
Current Liabilities:		
Intercompany Payables	26,756,452	21,405,600
Accounts Payable - Other	63,150	200,147
Accrued Compensation and Employee Benefits	20,519,350	6,623,392
Accrued Income Taxes	5,102,672	4,407,285
Short Term Note Payable	-	28,772,058
Other Accrued Expense and Deferrals	498,577	1,537,566
Total Current Liabilities	<u>52,940,201</u>	<u>62,946,048</u>
Accrued Postretirement Benefit	2,903,681	1,920,659
Total Liabilities	<u>55,843,882</u>	<u>64,866,707</u>
Equity:		
Capital Stock from Affiliate	1,000	1,000
Paid-in Surplus from Affiliate	1,500	1,500
Retained Earnings	368,965,692	374,839,926
Net Unrealized Appreciation on Investment	524,279	6,521,894
Total Equity	<u>369,492,471</u>	<u>381,364,320</u>
TOTAL LIABILITIES AND EQUITY	<u><u>425,336,353</u></u>	<u><u>446,231,027</u></u>