

EAGLE STAR ISA MANAGER LIMITED

(Registered Number: 2558025)

**Report and Accounts
for the Year Ended
31st December 2005**



Eagle Star ISA Manager Limited
Report and Accounts for the Year Ended 31st December 2005

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DIRECTORS

S H Davies Chairman

D Gasparro Managing Director – Appointed 3rd April 2006

D F Sachon Managing Director – Resigned 31st March 2006

A J Ainsworth Resigned 31st March 2006

T W Challenor

T Gillbanks Appointed 9th March 2005

C J Henderson

W D Lowndes

Secretary and registered office

A Kaye
60 St. Mary Axe
London
EC3A 8JQ

Auditors

Ernst & Young LLP
1 More London Place
London
SE1 2AF

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DIRECTORS' REPORT FOR THE YEAR ENDED 31st DECEMBER 2005

The Directors present their report and the audited financial statements for the year ended 31st December 2005.

Significant developments and principal activities

Eagle Star ISA Manager Limited ("the Company") acts as manager of Individual Savings Accounts. The Company is authorised and regulated by the Financial Services Authority.

On 30th September 2005, American Express Company engaged in a spin-off of its financial advisory business unit, the holding company of which was Ameriprise Financial, Inc. ("Ameriprise", formerly American Express Financial Corporation). With effect from 30th September 2005, and as a result of the spin-off, Ameriprise became an independently quoted company on the New York Stock Exchange and became the ultimate parent company of the Company.

Results and dividends

The profit and loss account for the year is set out on page 9.

The retained profit for the year is £18,000 (15 month period ended 31st December 2004: £17,000).

The level of business and the financial position at the end of the year are satisfactory, and the Directors do not anticipate any change to the nature of the business in the foreseeable future. The Directors do not recommend the payment of a dividend (15 month period ended 31st December 2004: £nil).

Directors

The names of the Directors and Secretary of the Company are listed on page 2. The Directors all held office throughout the year unless otherwise shown.

Directors' and Officers' liability insurance

During the year ended 31st December 2005, Threadneedle Asset Management Holdings Limited purchased and maintained liability insurance for the Directors and Officers of the Company. The company also maintained a qualifying third party indemnity provision.

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Directors' interests

The Directors had no interest in the shares or debentures of companies required to be disclosed under the Companies Act 1985, except as shown below:

Threadneedle Asset Management Holdings Limited

Directors' interests in the shares of Threadneedle Asset Management Holdings Limited (including shares held in trust, through ISAs and by immediate family members)

	'A' Ordinary shares	'B' Ordinary shares
Holdings as at 1st January 2005 (or date of appointment if later)		
A J Ainsworth	916,000	265,125
T W Challenor	687,461	112,500
T Gillbanks	9,349	-
C J Henderson	561,245	187,500
W D Lowndes	516,589	108,000
D F Sachon	1,763,565	480,375
Holdings as at 31st December 2005		
A J Ainsworth	957,915	265,125
T W Challenor	568,158	112,500
T Gillbanks	27,422	-
C J Henderson	716,794	187,500
W D Lowndes	399,693	54,000
D F Sachon	1,376,679	240,188

As Mr S H Davies is a Director of Threadneedle Asset Management Holdings Limited, the Company's ultimate holding company in the United Kingdom, his interests in the shares of Threadneedle Asset Management Holdings Limited are shown in the Threadneedle Asset Management Holdings Limited Directors' Report.

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Statement of Directors' responsibilities

The following statement sets out the responsibilities of the Directors for preparing the financial statements of the Company in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Principles.

Company law requires the Directors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Company as at the end of the financial period and of the profit or loss for the financial period. In preparing those financial statements, the Directors are required to:

- select appropriate accounting policies and apply them consistently, subject to any material departures being disclosed and explained;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis, unless they consider that to be inappropriate.

The Directors are responsible for ensuring that the Company keeps sufficient accounting records to disclose with reasonable accuracy the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors are responsible for ensuring that to their knowledge, there is no relevant audit information of which the Company's auditors are unaware. The Directors must make themselves aware of all relevant audit information and establish that this information is passed on to the auditors.

The Directors are responsible for taking reasonable steps to safeguard the assets of the Company, and in that context to have proper regard to the establishment of appropriate systems of internal control with a view to the prevention and detection of fraud and other irregularities.

The Directors consider that they have pursued the actions necessary to meet their responsibilities as set out in this statement.

Creditor payment policy

In respect of all of its suppliers, it is the Company's policy to:

- settle the terms of payment with those suppliers when agreeing the terms of each transaction;
- ensure that those suppliers are made aware of the terms of payment;
- abide by the terms of payment.

The Company's average creditor payment period, calculated by reference to the ratio of business trade creditors at 31st December 2005 to amounts invoiced by suppliers during the year was nil days (2004: nil days).

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Consolidated supervision

The rules of the UK Financial Services Authority ("FSA") under its Interim Prudential Sourcebook for investment businesses (IPRU(INV),14.1.4R), require that an investment firm that is a member of a group and subject to the requirements of the Capital Adequacy Directive (a "CAD" firm) must apply the rules of consolidated financial supervision. However, if the group and that firm meets certain conditions to the satisfaction of the FSA then it may be excused strict compliance with consolidated capital requirements.

Threadneedle Asset Management Holdings Limited ("the Group") is the parent company of certain wholly owned subsidiaries that are classified under FSA rules as CAD firms. Eagle Star ISA Manager Limited is one such company. The Group and the affected subsidiaries have determined that they meet the conditions specified by the FSA that enable them to be excused from strict compliance with consolidated capital requirements.

The Group has notified the FSA that it believes that it meets such conditions in respect of its CAD subsidiaries. Accordingly, subject to any objection from the FSA at any time and to continuing compliance by the Group and its subsidiaries with the conditions for the waiver, the Group and its subsidiaries that are CAD firms intend not to apply regulatory consolidated capital requirements as set out in IPRU(INV). The FSA are currently considering the position of the Group under the terms of the Financial Groups Directive the consequence of which might be that the Group, de facto, can no longer seek to rely upon the waiver.

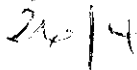
Auditors

The Company has elected by a resolution passed in accordance with Section 386 of the Companies Act 1985 and dated 11th November 1991, to dispense with the obligation to appoint auditors annually.

By order of the Board



A Kaye
Company Secretary



2006

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EAGLE STAR ISA MANAGER LIMITED

We have audited the Company's financial statements for the year ended 31st December 2005 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 12. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Principles) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EAGLE STAR ISA
MANAGER LIMITED**

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Principles, of the state of the Company's affairs as at 31st December 2005 and of its profit for the year then ended; and the financial statements have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

26 April

2006

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PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER 2005

	Notes	Year Ended 31st December 2005 £'000	15 Months Ended 31st December 2004 £'000
Turnover		1,240	2,681
Cost of sales		(1,240)	(2,681)
Operating profit		-	-
Other interest receivable and similar income	3	26	24
Profit on ordinary activities before taxation	4	26	24
Taxation on profit on ordinary activities	5	(8)	(7)
Retained profit for the financial year		18	17

The movements in reserves are set out in note 9.

All results are derived from continuing operations.

There is no difference between the profit on ordinary activities for the year and the retained profit above, and their historical cost equivalents.

The Company has no recognised gains or losses in the year other than the profit for the year, therefore no statement of total recognised gains or losses has been included.

The notes on pages 11 to 13 form an integral part of these financial statements.

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BALANCE SHEET
AS AT 31st DECEMBER 2005

	Notes	2005 £'000	2004 £'000
Current assets			
Debtors	6	8	2
Cash at bank and in hand		550	539
		<u>558</u>	<u>541</u>
Creditors:			
Amounts falling due within one year	7	(8)	(9)
		<u>550</u>	<u>532</u>
Net current assets			
		<u>550</u>	<u>532</u>
Net assets			
		<u>550</u>	<u>532</u>
Capital and reserves			
Called up share capital	8	500	500
Profit and loss account	9	50	32
		<u>550</u>	<u>532</u>
Total equity shareholders' funds	10	<u>550</u>	<u>532</u>

The notes on pages 11 to 13 form an integral part of these financial statements.

The financial statements on pages 9 to 13 were authorised for issue by the Board of Directors on 26/4 2006 and were signed on its behalf by:



C J Henderson
Director

NOTES TO THE ACCOUNTS

1. Accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. Under Financial Reporting Standard 1, the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

The following is a summary of the Company's principal accounting policies:

a) Accounting convention

The financial statements are prepared under the historical cost convention.

b) Turnover

Turnover represents amounts receivable in order to purchase the stocks and shares element of Individual Savings Accounts and is stated net of VAT and any discounts.

c) Cost of sales

Cost of sales represents the cost of purchasing units from Eagle Star Unit Managers Limited.

d) Administrative expenses

All administrative expenses were borne by the holding company and were not recharged to the Company.

e) Deferred taxation

Provision is made for deferred tax liabilities, using the liability method, on all material timing differences, including revaluation gains and losses on investments recognised in the profit and loss account. Deferred tax is calculated at the rates at which it is expected that the tax will arise and discounted to take into account the likely timing of payments and the pattern of the expected realisation of investments. The discount rates used are the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with maturity dates and in currencies similar to those of the deferred tax assets or liabilities. Deferred tax is recognised in the profit and loss account for the year, except to the extent that it is attributable to a gain or loss that is recognised directly in the statement of total recognised gains and losses.

f) Value Added Tax

Irrecoverable VAT is included with the expense on which it has been suffered.

2. Directors

None of the Directors received any remuneration during the year in respect of their services to the Company (2004: £nil).

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3. Other interest receivable and similar income

	2005 £'000	2004 £'000
Bank interest receivable	<u>26</u>	<u>24</u>

4. Profit on ordinary activities before taxation

The audit fees were borne by Threadneedle Asset Management Holdings Limited and not recharged to the Company (15 month period ended 31st December 2004: £nil). No remuneration was paid to the Company's auditors in respect of non-audit services (15 month period ended 31st December 2004: £nil).

The Company had no employees working directly for the Company during the current financial year (2004: nil).

5. Taxation

Taxation in the profit and loss account is as follows:

	2005 £'000	2004 £'000
UK corporation tax at 30% (2004: 30%) for the year	<u>8</u>	<u>7</u>

The tax assessed for the year is equivalent to the standard rate of corporation tax in the UK of 30% (2004: 30%).

6. Debtors

	2005 £'000	2004 £'000
Amounts due from parent company and fellow subsidiary undertakings	8	2
	<u>8</u>	<u>2</u>

7. Creditors: amounts falling due within one year

	2005 £'000	2004 £'000
Amounts due to fellow subsidiary undertakings	-	2
Corporation tax	8	7
	<u>8</u>	<u>9</u>

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8. Called up share capital

	2005 £'000	2004 £'000
Authorised		
5,000,000 (2004: 5,000,000) ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
Allotted, called up and fully paid		
500,000 (2004: 500,000) ordinary shares of £1 each	<u>500</u>	<u>500</u>

9. Movements in reserves

	2005 £'000	2004 £'000
At 1 st January 2005	32	15
Retained profit for the financial year	18	17
At 31st December 2005	<u>50</u>	<u>32</u>

10. Movement in equity shareholders' funds

	2005 £'000	2004 £'000
Equity shareholders' funds at beginning of year	532	515
Retained profit for the financial year	18	17
Equity shareholders' funds at end of year	<u>550</u>	<u>532</u>

11. Ultimate parent company

The largest group in which the results of the Company are consolidated is that of Ameriprise Financial, Inc., a company incorporated in the state of Delaware, United States of America. Copies of the consolidated financial statements of Ameriprise Financial, Inc., can be obtained by writing to the Corporate Secretary, Ameriprise Financial, Inc., 1098 Ameriprise Financial Center, Minneapolis, Minnesota, USA, 55474 or by visiting the Ameriprise Financial website at ameriprise.com.

Threadneedle Asset Management Holdings Limited is the parent company of the smallest group of companies, of which the Company is a member, for which group accounts are drawn up. Copies of the consolidated financial statements of Threadneedle Asset Management Holdings Limited can be obtained from The Secretary, Threadneedle Asset Management Holdings Limited, 60 St. Mary Axe, London EC3A 8JQ.

12. Related party transactions

Advantage has been taken of the exemption provided by FRS8 ("Related Party Disclosures") from disclosing details of transactions with Ameriprise and its subsidiary undertakings.