



Ameriprise Financial

Fourth Quarter 2018 Conference Call

January 31, 2019



Forward-looking statements

Some of the statements made in our January 30, 2019 earnings release and/or in this January 31, 2019 presentation constitute forward-looking statements. These statements reflect management's estimates, plans, beliefs and expectations, and speak only as of January 31, 2019. These forward-looking statements involve a number of risks and uncertainties.

A list of certain factors that could cause actual results to be materially different from those expressed or implied by any of these forward-looking statements is set forth under the heading "Forward-looking statements" in our January 30, 2019 earnings release, a complete copy of which is available on our website and under the heading "Risk Factors" and elsewhere in our Annual Report on Form 10-K for the year ended December 31, 2017. We undertake no obligation to update publicly or revise these forward-looking statements for any reason. In addition, the financial results and values presented in our fourth quarter earnings release and/or in this presentation are based upon asset valuations that represent estimates as of January 30, 2019 and may be revised in our Form 10-K for the year ended December 31, 2018.

Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures that our management feels best reflect the underlying performance of our operations. Reconciliations of such non-GAAP financial measures to the most directly comparable GAAP financial measure have been provided along with the presentation.



Consolidated fourth quarter results

GAAP Results	Q4 2018	Q4 2017	Better/(Worse)
Net Revenues (\$M)	\$3,179	\$3,180	--
Expenses (\$M)	\$2,527	\$2,585	2%
Net Income (\$M)	\$539	\$177	NM
Diluted EPS	\$3.76	\$1.15	NM
ROE, ex. AOCI	36.0%	24.8%	1120 bps

Adjusted Operating Results ex. Tax Act, unlocking and mean reversion-related impacts	Q4 2018	Q4 2017	Better/(Worse)
Net Revenues (\$M)	\$3,168	\$3,182	--
Expenses (\$M)	\$2,510	\$2,555	2%
Earnings (\$M)	\$544	\$485	12%
Diluted EPS	\$3.80	\$3.15	21%
ROE, ex. AOCI	37.8%	30.9%	690 bps

- Management's discussion today is adjusted for mean reversion-related impacts and the one-time negative impact from the enactment of the Tax Cuts and Jobs Act ("Tax Act") in the fourth quarter of 2017.
- Mean reversion-related items are influenced by markets in two areas, which drove the non-cash impact in the quarter:
 - Increased DAC and DSIC amortization
 - Increased accrual for SOP 03-1 reserves for living benefit riders



See non-GAAP financial measure reconciliations in appendix.

Q4 2018 Business & Financial Results

Walter Berman

Chief Financial Officer



Strong full year financial performance in the face of fourth quarter market dislocation

+4%
Revenue
Growth⁽¹⁾

+27%
EPS
Growth⁽¹⁾

38%
Return on
Equity
ex. AOCI⁽¹⁾



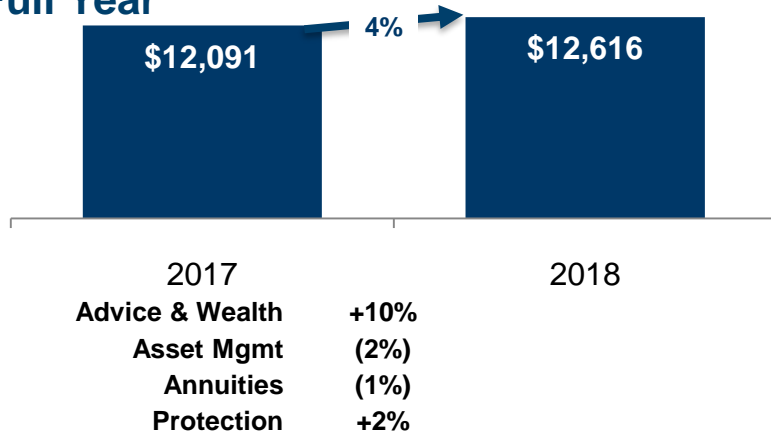
(1) Excluding the Tax Act impact in Q4 2017, as well as unlocking and mean reversion-related impacts in both years. Unlocking represents the company's annual review of insurance and annuity valuation assumptions and model changes, and the long term care review in the third quarter.

See non-GAAP financial measure reconciliations in appendix.

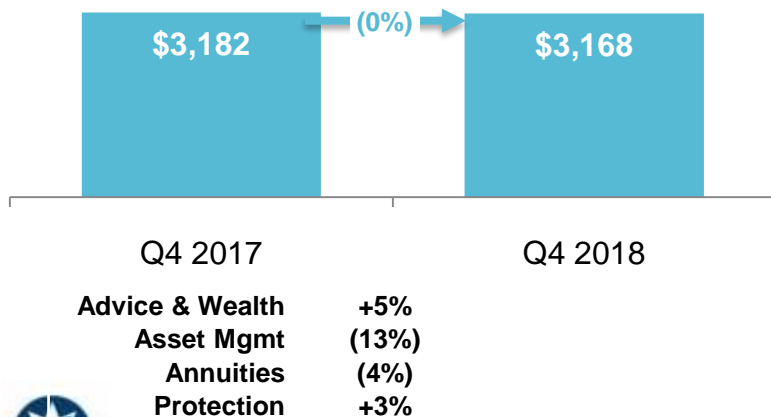
Revenue growth in 2018 was strong, but reflects substantial market dislocation in the fourth quarter

Adjusted Operating Net Revenues
excluding Tax Act and unlocking
(\$ millions)

Full Year



Fourth Quarter



- Full year revenue growth of 4% driven by strong 10% revenue growth in Advice & Wealth Management
- Substantial market dislocation in the fourth quarter reduced revenue growth
 - AWM revenue trend for the full year was 10%, reflecting lower 5% revenue growth in the fourth quarter
 - Asset Management revenues were down slightly for the year including fourth quarter market volatility and lower performance fee revenue
 - Annuities revenues were down slightly for the year from fourth quarter market impacts
 - Protection revenues were up for the full year and quarter from an increase in Auto & Home net earned premiums



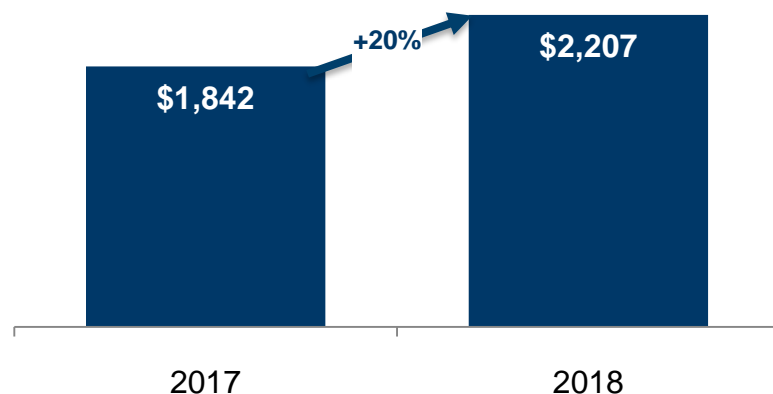
See non-GAAP financial measure reconciliations in appendix.

Fourth quarter earnings growth of 12% reflects substantial market dislocation, with strong 20% full year growth

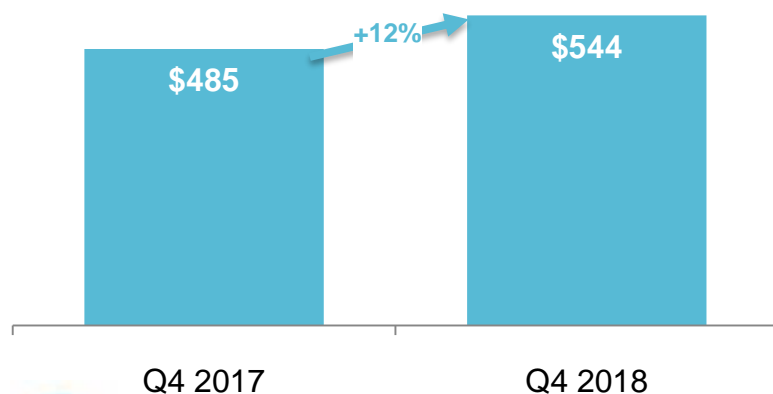
Adjusted Operating Earnings

ex. Tax Act, unlocking and mean reversion-related impacts
(\$ millions)

Full Year



Fourth Quarter



- Full year earnings growth of 20% driven by Advice & Wealth Management
- Advice & Wealth Management made up 48% of earnings⁽¹⁾ in the year; combined with Asset Management, it was 74%
- Focused G&A expense management – down 5% in the quarter and flat for the full year
- Effective tax planning resulted in a 17.3% adjusted tax rate⁽²⁾ in the quarter



(1) Pretax adjusted operating earnings excluding Corporate & Other segment, as well as mean reversion-related impacts and unlocking

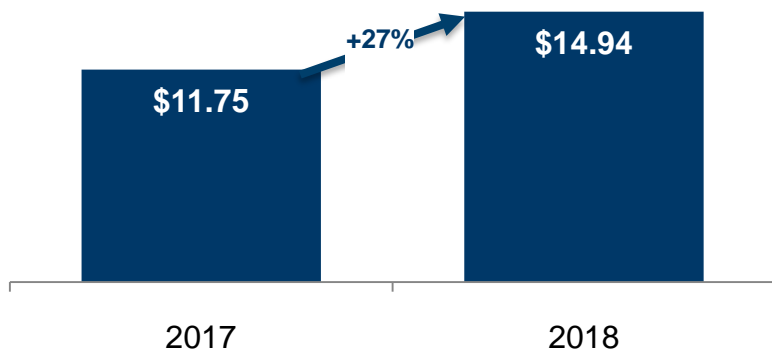
(2) Effective tax rate excluding mean reversion-related impacts

See non-GAAP financial measure reconciliations in appendix.

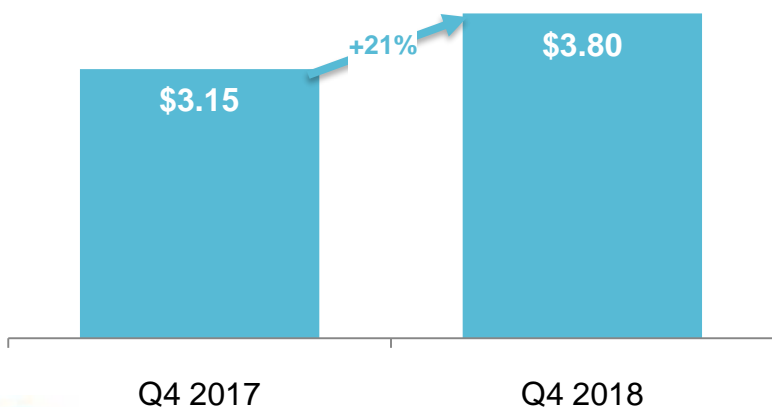
EPS growth of 21% for the quarter and 27% for the full year reflects effective capital management

Adjusted Operating Earnings Per Diluted Share
ex. Tax Act, unlocking and mean reversion-related impacts
(\$ millions)

Full Year



Fourth Quarter



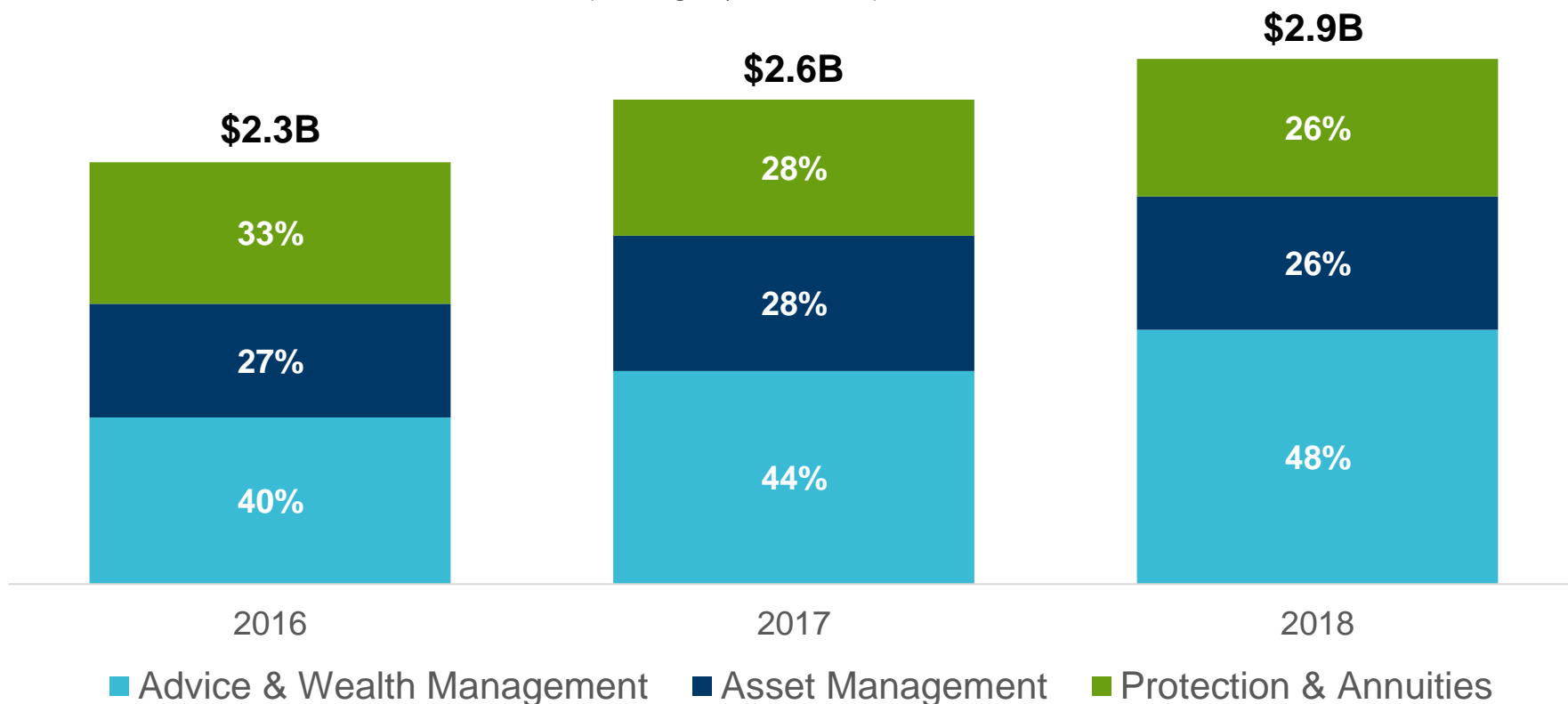
- Strong earnings and continued effective capital management drove robust 21% EPS growth in the quarter and 27% EPS growth for the year
- Excellent balance sheet fundamentals
 - Strong excess capital of \$1.5 billion
 - Strong available liquidity of \$1.6 billion
 - Continued good free cash flow generation
 - Investment portfolio credit quality remains strong
- Significant capital deployment in 2018 with accelerated repurchase in the fourth quarter
 - Share repurchase of \$1,576 million
 - Dividends of \$516 million



See non-GAAP financial measure reconciliations in appendix.

Advice & Wealth Management is the growth engine of Ameriprise and accounted for nearly half of pretax adjusted operating earnings

Pretax Adjusted Operating Earnings⁽¹⁾
 (excluding Corporate & Other)



Diversified and growing sources of free cash flow generation

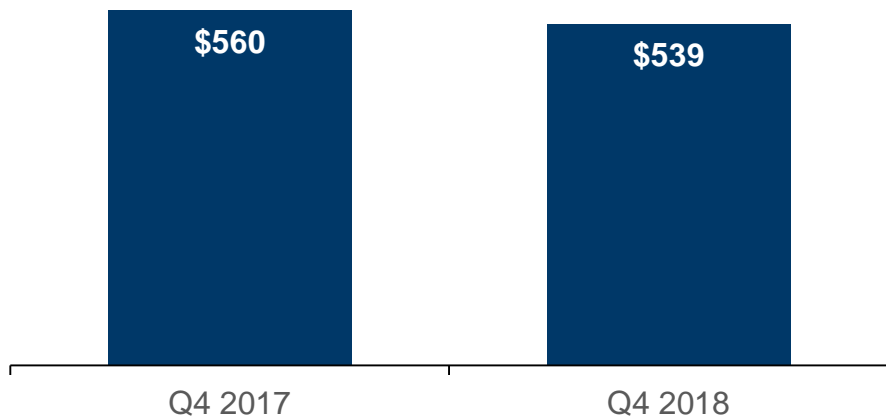


(1) Excluding unlocking and mean reversion-related impacts
 See non-GAAP financial measure reconciliations in appendix.

Strong Advice & Wealth Management organic growth was partially offset by market dislocation in the fourth quarter

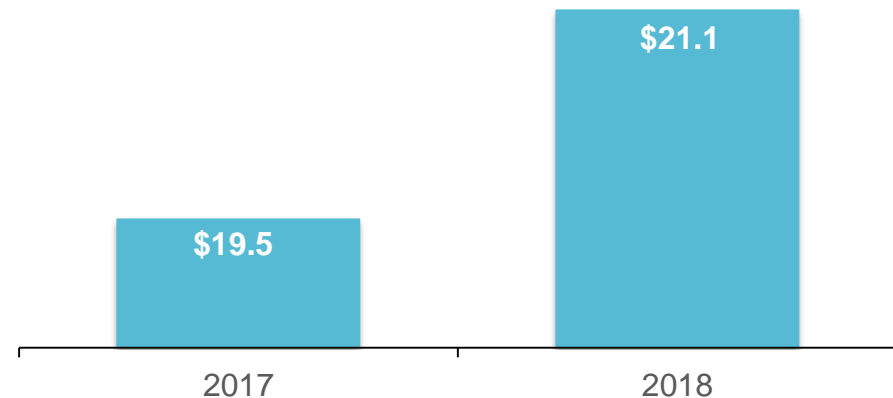
Total Client Assets

\$ in billions



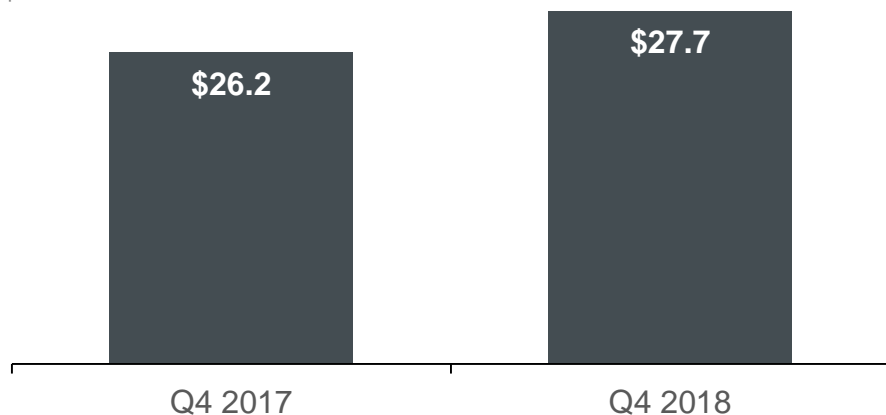
Full Year Wrap Net Flows

\$ in billions



Brokerage Cash Balance

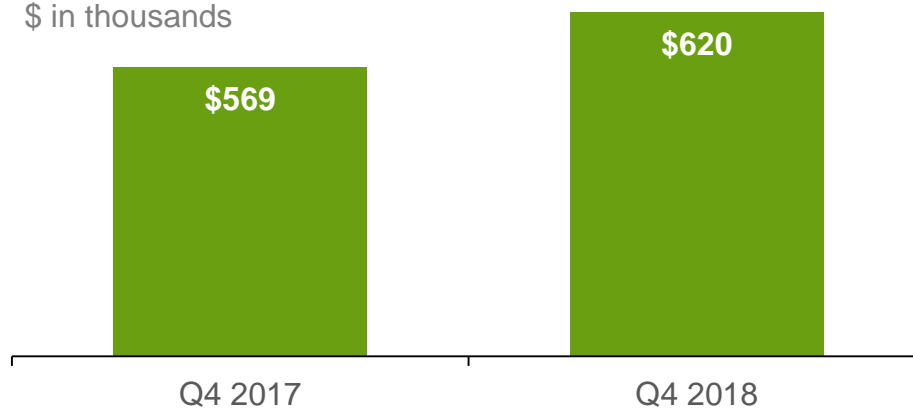
\$ in billions



Advisor Productivity

Trailing 12 months excluding net 12b-1 fee changes

\$ in thousands



Spread: 1.14%

1.95%



See non-GAAP financial measure reconciliations in appendix.

Advice & Wealth Management continues to deliver strong top line and earnings increases – the growth engine for Ameriprise

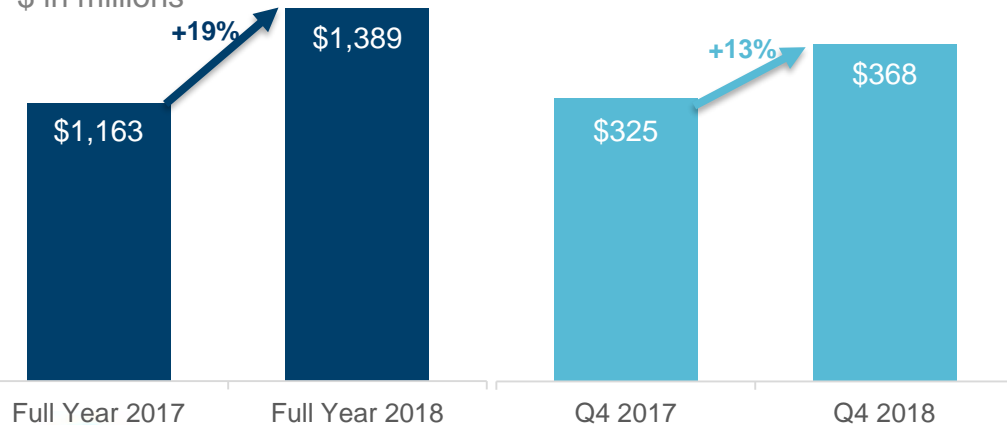
Adjusted Operating Total Net Revenue

\$ in millions



Pretax Adjusted Operating Earnings

\$ in millions



Highlights

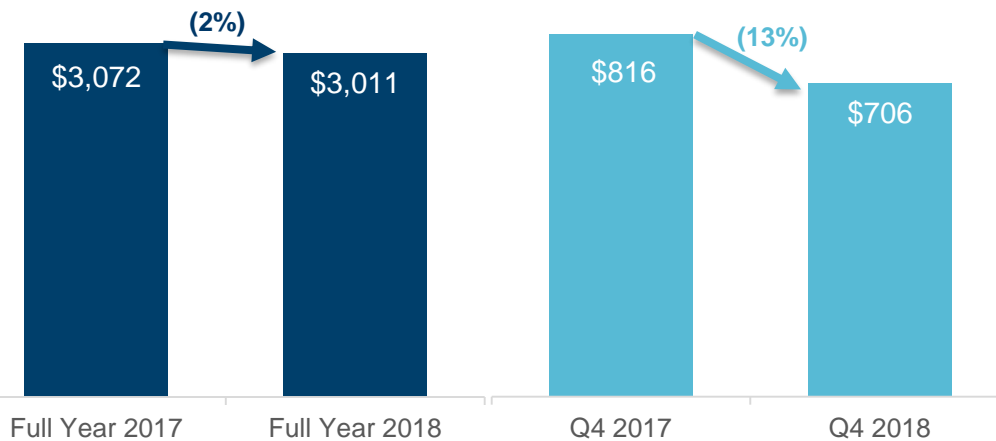
- Strong revenue growth despite market declines:
 - September YTD: +12%
 - Q4: +5%
 - Full Year: +10%
- Expenses are well controlled with G&A up 2% for the quarter, reflecting:
 - Investments to drive future growth
 - Expense base prudently managed with expense reductions in the quarter given market declines
- Strong pretax adjusted operating earnings:
 - September YTD: +22%
 - Q4: +13%
 - Full Year: +19%
- Continued margin expansion:
 - 23.3% in the quarter – up 180 bps
 - 22.4% for the year – up 170 bps



Asset Management financial performance impacted by market declines, aligned with the industry

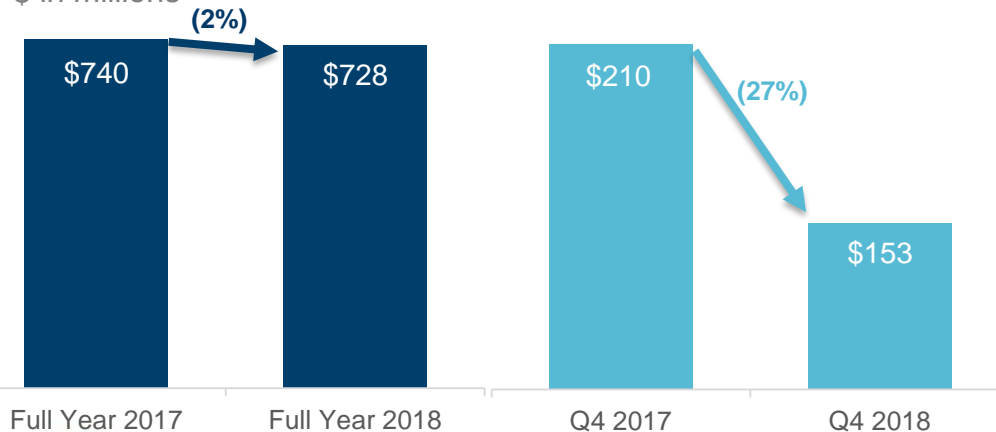
Adjusted Operating Total Net Revenue

\$ in millions



Pretax Adjusted Operating Earnings

\$ in millions



Highlights

- Substantial industry headwinds for active managers – results reflect market decline impact on AUM, which also exacerbated outflows
- Asset Management consistent earnings trends through the first three quarters of 2018 were disrupted by market decline in the fourth quarter
- On a sequential basis, earnings declined \$44 million, including \$22 million due to market depreciation, as well as impacts from:
 - \$9 million lower performance fees
 - \$8 million one-time Brexit expenses in the quarter
- Expenses are well managed:
 - G&A down 9% in the quarter versus prior year
 - Adjusted for net change in performance fees/CLOs and incremental Brexit expenses, G&A down 6%
- Adjusted margin declined to 35% driven primarily by lower margins in EMEA from Brexit expenses



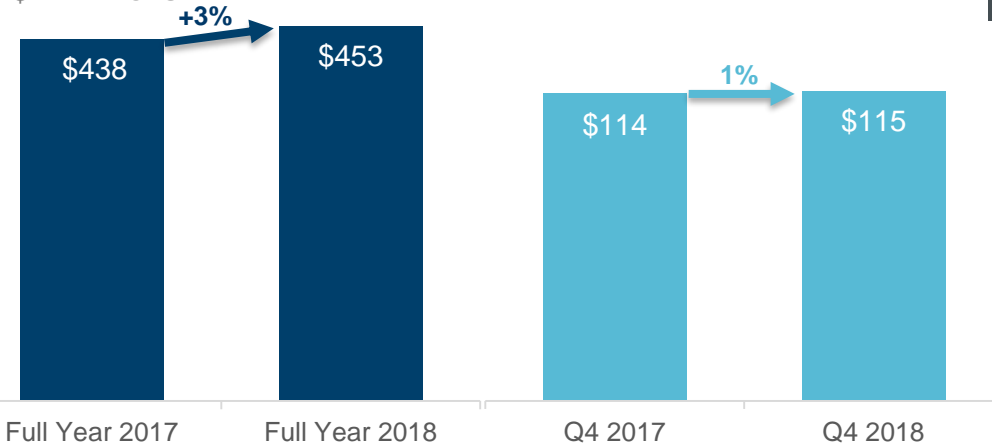
See non-GAAP financial measure reconciliations in appendix.

Annuities earnings on track adjusted for non-cash items

VA Pretax Adjusted Operating Earnings

excluding unlocking and mean reversion-related impacts

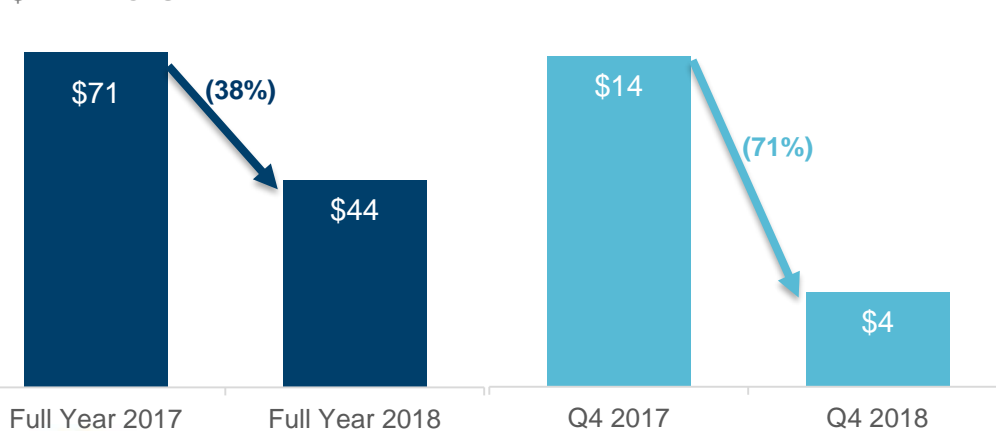
\$ in millions



FA Pretax Adjusted Operating Earnings

excluding unlocking and mean reversion-related impacts

\$ in millions



Highlights

Variable Annuities

- Pretax adjusted operating earnings were essentially flat in the quarter, excluding mean reversion-related impacts
 - Unfavorable \$68 million mean reversion-related impact in the quarter from the 14% point-to-point decline in equity markets
- Variable annuity sales were up 6% for the full year with sales in products without living benefit riders of ~29%
- Net amount at risk as a percent of account value increased slightly given the market dislocation
 - 1.7% with living benefits and 1.6% with death benefits
 - Remains substantially lower than the industry

Fixed Annuities

- Pretax adjusted operating earnings down as account balances and portfolio yield continue to decline
- Results muted by lower mortality for income annuity policyholders



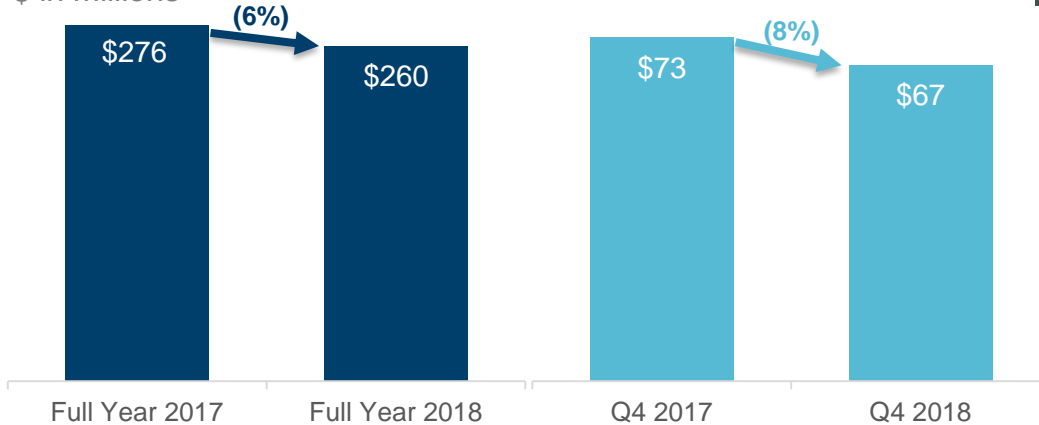
See non-GAAP financial measure reconciliations in appendix.

Protection results improved substantially driven by Auto & Home

Life & Health Pretax Adjusted Operating Earnings

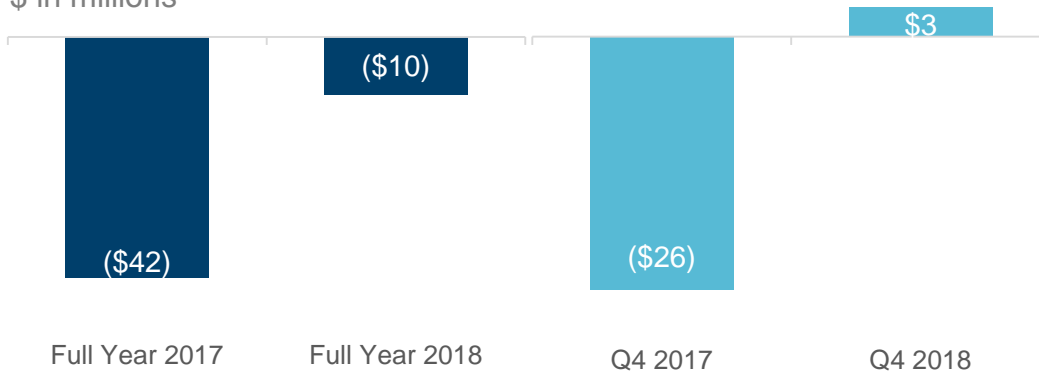
excluding unlocking and mean reversion-related impacts

\$ in millions



Auto & Home Pretax Adjusted Operating Earnings

\$ in millions



	Full Year 2017	Full Year 2018	Q4 2017	Q4 2018
Gross CATs	\$226	\$146	\$60	\$62
Net CATs	\$122	\$82	\$38	\$12

Highlights

Life & Health

- Pretax adjusted operating earnings were down 8% in the quarter from lower portfolio yields and timing-related adjustments, consistent with the full year trend
- Claims were in line with expectations for the quarter and the year
- Investment portfolio is well managed from asset class and ratings perspectives, and the duration remains defensively positioned

Auto & Home

- Pretax adjusted operating earnings of \$3 million, including \$12 million from net catastrophe losses
- Substantial benefit from reinsurance programs that mitigated CA wildfire impacts
- Favorable development from improvements to claims processes, underwriting and pricing to date has not been fully reflected in reserve estimates

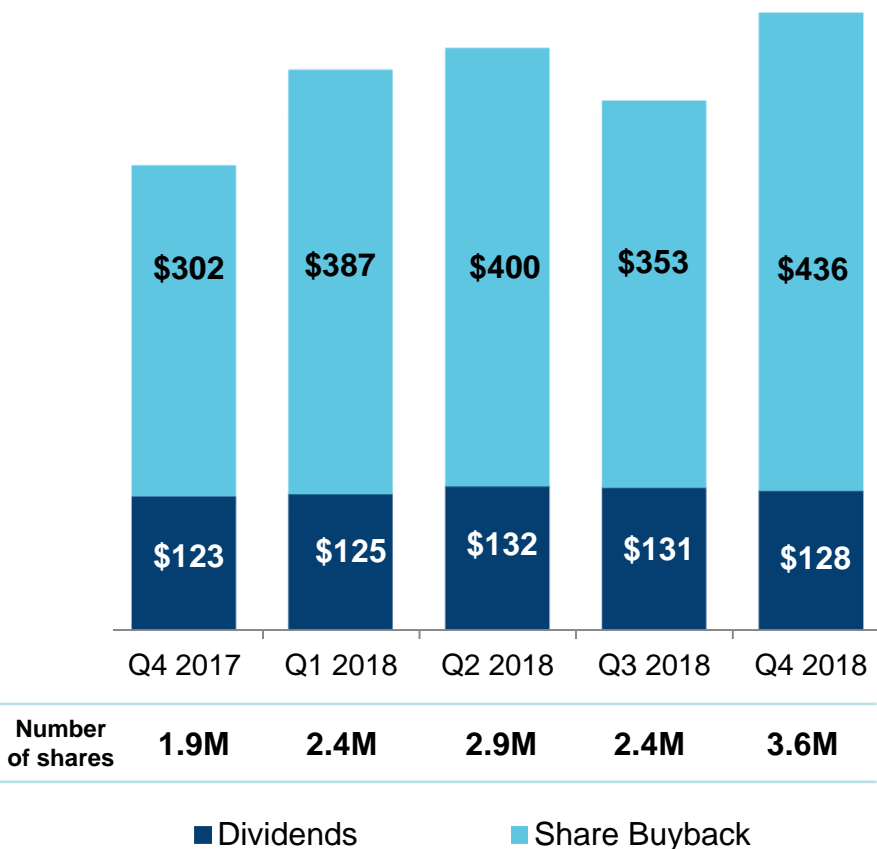


See non-GAAP financial measure reconciliations in appendix.

Differentiated capital management with \$2.1 billion of capital returned to shareholders in 2018

Capital Returned to Shareholders

\$ in millions



Highlights

- Strong balance sheet fundamentals
 - Excess capital was \$1.5 billion, with an estimated RBC ratio of ~500%
 - Excellent free cash flow generation
 - Strong investment portfolio credit quality
 - Hedge effectiveness of 98% with significant benefit in the quarter
 - Long term care remains well managed with no impact on capital return
- Balance sheet strength and strong free cash flow generation enables capital management
 - \$2.1 billion returned to shareholders throughout 2018
 - Increased number of shares repurchased by 50% in the fourth quarter
 - 7% of stock retired in 2018



Conclusion

- Ameriprise continues to deliver strong results, led by Advice & Wealth Management
- Advice & Wealth Management continues to demonstrate profitable growth that is sustainable across market cycles
- Asset Management results were impacted by the market environment
- Business has performed well across market cycles
- Expense base is well managed and will be adjusted as needed in 2019
- Maintaining strong balance sheet fundamentals, generating significant free cash flow and returning substantial capital to shareholders



Reconciliation tables

Adjusted operating net revenues

(\$ in millions)	Q4 2017	Q4 2018	% Better/ (Worse)
Total net revenues	\$ 3,180	\$ 3,179	(0)%
Less: CIEs revenue	24	34	
Less: Net realized investment gains (losses)	11	(5)	
Less: Market impact on indexed universal life benefits	8	(2)	
Less: Market impact of hedges on investments	6	(16)	
Adjusted operating total net revenues	3,131	3,168	1%
Less: Tax impact on low income housing assets	(51)	-	
Adjusted operating total net revenues excluding tax impact	<u>\$ 3,182</u>	<u>\$ 3,168</u>	0%

Adjusted operating net revenues

(\$ in millions)	Full Year 2017	Full Year 2018	% Better/ (Worse)
Total net revenues	\$ 12,132	\$ 12,835	6%
Less: CIEs revenue	94	127	
Less: Net realized investment gains (losses)	46	10	
Less: Market impact on indexed universal life benefits	1	(7)	
Less: Market impact of hedges on investments	(2)	11	
Adjusted operating total net revenues	11,993	12,694	6%
Less: Tax impact on low income housing assets	(51)	-	
Less: Unlocking	(47)	78	
Adjusted operating total net revenues excluding tax impact and unlocking	<u>\$ 12,091</u>	<u>\$ 12,616</u>	4%

Adjusted operating net revenues

(\$ in millions)	YTD Q3 2017	YTD Q3 2018	% Better/ (Worse)
Total net revenues	\$ 8,952	\$ 9,656	8%
Less: CIEs revenue	70	93	
Less: Net realized investment gains (losses)	35	15	
Less: Market impact on indexed universal life benefits	(7)	(5)	
Less: Market impact of hedges on investments	(8)	27	
Adjusted operating total net revenues	8,862	9,526	7%
Less: Unlocking	(47)	78	
Adjusted operating total net revenues excluding unlocking	<u>\$ 8,909</u>	<u>\$ 9,448</u>	6%



Reconciliation tables

Adjusted operating expenses

(\$ in millions)	Q4 2017	Q4 2018	% Better/ (Worse)
Total expenses	\$ 2,585	\$ 2,527	2%
Less: CIEs expenses	24	35	
Less: Integration/restructuring charges	4	3	
Less: Market impact on variable annuity guaranteed benefits	34	(99)	
Less: Market impact on indexed universal life benefits	(12)	7	
Less: Market impact on fixed index annuity benefits	-	(1)	
Less: DAC/DSIC offset to net realized investment gains (losses)	-	1	
Adjusted operating expenses	2,535	2,581	(2)%
Less: Mean reversion-related impacts	(20)	71	
Adjusted operating expenses excluding mean reversion-related impacts	\$ 2,555	\$ 2,510	2%



Reconciliation tables

Adjusted operating earnings per diluted share

(\$ in millions, except per share amounts)	Q4		Per Diluted Share	
	2017	2018	2017	2018
Net income	\$ 177	\$ 539	\$ 1.15	\$ 3.76
Less net income (loss) attributable to the CIEs	-	(1)	-	(0.01)
Integration/restructuring charges ⁽¹⁾	4	3	0.03	0.02
Market impact on variable annuity guaranteed benefits ⁽¹⁾	34	(99)	0.22	(0.69)
Market impact on indexed universal life benefits ⁽¹⁾	(20)	9	(0.13)	0.07
Market impact on fixed index annuity benefits ⁽¹⁾	-	(1)	-	(0.01)
Market impact of hedges on investments ⁽¹⁾	(6)	16	(0.04)	0.11
Net realized investment losses (gains) ⁽¹⁾	(11)	6	(0.07)	0.04
Tax effect of adjustments ⁽²⁾	-	14	-	0.10
Adjusted operating earnings	178	488	1.16	3.41
Tax Act impact:				
Less: Tax impact on low income housing assets	(51)	-	(0.33)	-
Less: Tax effect of adjustments ⁽³⁾	(269)	-	(1.75)	-
Total Tax Act impact	(320)	-	(2.08)	-
Excluded items:				
Less: Mean reversion-related impacts	20	(71)	0.13	(0.50)
Less: Tax effect of excluded items ⁽²⁾	(7)	15	(0.04)	0.11
Total excluded items	13	(56)	0.09	(0.39)
Adjusted operating earnings excluding items	\$ 485	\$ 544	\$ 3.15	\$ 3.80
Weighted average common shares outstanding:				
Basic	151.0	141.5		
Diluted	153.8	143.2		

⁽¹⁾ Pretax adjusted operating adjustment.

⁽²⁾ Calculated using the statutory tax rate of 35% in 2017 and 21% in 2018.

⁽³⁾ Amounts represent the impact of the Tax Act including remeasurement of net deferred tax assets using the lowered corporate tax rate, repatriation tax and the tax effect of low income housing assets.



Reconciliation tables

Adjusted operating earnings per diluted share

(\$ in millions, except per share amounts)	Per Diluted Share			
	Full Year 2017	Full Year 2018	Full Year 2017	Full Year 2018
Net income	\$ 1,480	\$ 2,098	\$ 9.44	\$ 14.20
Less net income (loss) attributable to the CIEs	1	(1)	-	(0.01)
Integration/restructuring charges ⁽¹⁾	5	19	0.03	0.13
Market impact on variable annuity guaranteed benefits ⁽¹⁾	232	31	1.48	0.21
Market impact on indexed universal life benefits ⁽¹⁾	(4)	17	(0.02)	0.12
Market impact on fixed index annuity benefits ⁽¹⁾	-	(1)	-	(0.01)
Market impact of hedges on investments ⁽¹⁾	2	(11)	0.01	(0.08)
Net realized investment losses (gains) ⁽¹⁾	(44)	(9)	(0.28)	(0.06)
Tax effect of adjustments ⁽²⁾	(67)	(10)	(0.43)	(0.07)
Adjusted operating earnings	1,603	2,135	10.23	14.45
Tax Act impact:				
Less: Tax impact on low income housing assets	(51)	-	(0.32)	-
Less: Tax effect of adjustments ⁽³⁾	(269)	-	(1.72)	-
Total Tax Act impact	(320)	-	(2.04)	-
Excluded items:				
Less: Mean reversion-related impacts	83	(33)	0.53	(0.22)
Less: Unlocking	42	(58)	0.27	(0.39)
Less: Tax effect of excluded items ⁽²⁾	(44)	19	(0.28)	0.12
Total excluded items	81	(72)	0.52	(0.49)
Adjusted operating earnings excluding items	\$ 1,842	\$ 2,207	\$ 11.75	\$ 14.94
Weighted average common shares outstanding:				
Basic	154.1	145.6		
Diluted	156.7	147.7		

⁽¹⁾ Pretax operating adjustment.

⁽²⁾ Calculated using the statutory tax rate of 35% in 2017 and 21% in 2018.

⁽³⁾ Amounts represent the impact of the Tax Act including remeasurement of net deferred tax assets using the lowered corporate tax rate, repatriation tax and the tax effect of low income housing assets.



Reconciliation tables

Adjusted operating return on equity

(\$ in millions)	Twelve Months Ended December 31, 2017	Twelve Months Ended December 31, 2018
Net income	\$ 1,480	\$ 2,098
Less: Adjustments ⁽¹⁾	(123)	(37)
Adjusted operating earnings	1,603	2,135
Less: Unlocking, net of tax ⁽²⁾	27	(46)
Less: Mean reversion-related impacts, net of tax ⁽²⁾	54	(26)
Less: Tax Act impact	(320)	-
Adjusted operating earnings excluding unlocking, mean reversion related impacts and Tax Act impact	<u>\$ 1,842</u>	<u>\$ 2,207</u>
Total Ameriprise Financial, Inc. shareholders' equity	\$ 6,212	\$ 5,735
Less: Accumulated other comprehensive income, net of tax	252	(98)
Total Ameriprise Financial, Inc. shareholders' equity excluding AOCI	<u>5,960</u>	<u>5,833</u>
Less: Equity impacts attributable to the consolidated investment entities	-	1
Adjusted operating equity	<u>\$ 5,960</u>	<u>\$ 5,832</u>
Return on equity, excluding AOCI	24.8%	36.0%
Adjusted operating return on equity, excluding AOCI ⁽³⁾	26.9%	36.6%
Adjusted operating return on equity, excluding AOCI, unlocking, mean reversion related impacts and Tax Act impact	30.9%	37.8%

⁽¹⁾ Adjustments reflect the trailing twelve months' sum of after-tax net realized investment gains/losses, net of deferred sales inducement costs ("DSIC") and deferred acquisition costs ("DAC") amortization, unearned revenue amortization and the reinsurance accrual; the market impact on variable annuity guaranteed benefits, net of hedges and related DSIC and DAC amortization; the market impact on indexed universal life benefits, net of hedges and related DAC amortization, unearned revenue amortization, and the reinsurance accrual; the market impact on fixed index annuity benefits, net of hedges and the related DAC amortization; the market impact of hedges to offset interest rate changes on unrealized gains or losses for certain investments; integration/restructuring charges; and the impact of consolidating certain investment entities. After-tax is calculated using the statutory tax rate of 35% in 2017 and 21% in 2018.

⁽²⁾ After-tax is calculated using the statutory tax rate of 35% in 2017 and 21% in 2018.

⁽³⁾ Adjusted operating return on equity excluding accumulated other comprehensive income (AOCI) is calculated using the trailing twelve months of earnings excluding the after-tax net realized investment gains/losses, net of DSIC and DAC amortization, unearned revenue amortization and the reinsurance accrual; market impact on variable annuity guaranteed benefits, net of hedges and related DSIC and DAC amortization; the market impact on indexed universal life benefits, net of hedges and related DAC amortization, unearned revenue amortization, and the reinsurance accrual; the market impact on fixed index annuity benefits, net of hedges and the related DAC amortization; the market impact of hedges to offset interest rate changes on unrealized gains or losses for certain investments; integration/restructuring charges; the impact of consolidating certain investment entities; and discontinued operations in the numerator, and Ameriprise Financial shareholders' equity excluding AOCI and the impact of consolidating investment entities using a five-point average of quarter-end equity in the denominator. After-tax is calculated using the statutory tax rate of 35% in 2017 and 21% in 2018.



Reconciliation tables

Protection adjusted operating net revenues

(\$ in millions)	Full Year 2017	Full Year 2018	% Better/ (Worse)
Adjusted operating total net revenues	\$ 2,044	\$ 2,206	8%
Less: Unlocking	(47)	78	
Adjusted operating total net revenues excluding unlocking	<u>\$ 2,091</u>	<u>\$ 2,128</u>	2%



Reconciliation tables

Mix Shift

(\$ in millions)	Full Year 2015	Full Year 2016	Full Year 2017	Full Year 2018
Advice & Wealth Management pretax adjusted operating earnings	\$ 859	\$ 910	\$ 1,163	\$ 1,389
Less: Unlocking	-	-	-	-
Less: Mean reversion-related impacts	-	-	-	-
Pretax adjusted operating earnings excluding unlocking and mean reversion-related impacts	<u>\$ 859</u>	<u>\$ 910</u>	<u>\$ 1,163</u>	<u>\$ 1,389</u>
Asset Management pretax adjusted operating earnings	\$ 761	\$ 621	\$ 740	\$ 728
Less: Unlocking	-	-	-	-
Less: Mean reversion-related impacts	-	-	-	-
Pretax adjusted operating earnings excluding unlocking and mean reversion-related impacts	<u>\$ 761</u>	<u>\$ 621</u>	<u>\$ 740</u>	<u>\$ 728</u>
Annuities and Protection pretax adjusted operating earnings	\$ 848	\$ 592	\$ 926	\$ 708
Less: Unlocking	42	(198)	100	(6)
Less: Mean reversion-related impacts	(13)	18	83	(33)
Pretax adjusted operating earnings excluding unlocking and mean reversion-related impacts	<u>\$ 819</u>	<u>\$ 772</u>	<u>\$ 743</u>	<u>\$ 747</u>
Percent pretax adjusted operating earnings from Advice & Wealth Management	35%	43%	41%	49%
Percent pretax adjusted operating earnings from Asset Management	31%	29%	26%	26%
Percent pretax adjusted operating earnings from Annuities and Protection	34%	28%	33%	25%
Percent pretax adjusted operating earnings from Advice & Wealth Management excluding unlocking and mean reversion-related impacts	35%	40%	44%	48%
Percent pretax adjusted operating earnings from Asset Management excluding unlocking and mean reversion-related impacts	31%	27%	28%	26%
Percent pretax adjusted operating earnings from Annuities and Protection excluding unlocking and mean reversion-related impacts	34%	33%	28%	26%

Excludes Corporate & Other Segment



Reconciliation tables

Adjusted operating general and administrative expense

(\$ in millions)	Q4 2017	Q4 2018	% Better/ (Worse)
General and administrative expense	\$ 833	\$ 792	5%
Less: CIEs expense	-	3	
Less: Integration/restructuring charges	4	3	
Adjusted operating general and administrative expense	<u>\$ 829</u>	<u>\$ 786</u>	5%

Adjusted operating general and administrative expense

(\$ in millions)	Full Year 2017	Full Year 2018	% Better/ (Worse)
General and administrative expense	\$ 3,158	\$ 3,171	(0)%
Less: CIEs expense	3	7	
Less: Integration/restructuring charges	5	19	
Adjusted operating general and administrative expense	<u>\$ 3,150</u>	<u>\$ 3,145</u>	0%



Reconciliation tables

Adjusted operating effective tax rate

(\$ in millions)

	Q4 2018
Pretax income	\$ 652
Less: Adjustments ⁽¹⁾	65
Pretax adjusted operating earnings	587
Less: Mean reversion-related impacts	(71)
Pretax adjusted operating earnings excluding mean reversion-related impacts	<u>\$ 658</u>
Income tax provision	\$ 113
Less: Adjustments ⁽²⁾	14
Adjusted operating income tax provision	99
Less: Tax effect of mean reversion-related impacts ⁽²⁾	(15)
Adjusted operating income tax provision excluding mean reversion-related impacts	<u>\$ 114</u>
Effective tax rate	17.3%
Adjusted operating effective tax rate	16.9%
Adjusted operating effective tax rate excluding mean reversion-related impacts	17.3%

⁽¹⁾ Adjustments reflect net realized investment gains/losses, net of deferred sales inducement costs ("DSIC") and deferred acquisition costs ("DAC") amortization, unearned revenue amortization and the reinsurance accrual; the market impact on variable annuity guaranteed benefits, net of hedges and related DSIC and DAC amortization; the market impact on indexed universal life benefits, net of hedges and related DAC amortization, unearned revenue amortization, and the reinsurance accrual; the market impact on fixed index annuity benefits, net of hedges and the related DAC amortization; the market impact of hedges to offset interest rate changes on unrealized gains or losses for certain investments; integration/restructuring charges; and the impact of consolidating certain investment entities.

⁽²⁾ Calculated using the statutory tax rate of 21%.



Reconciliation tables

Advice & Wealth Management adjusted operating net revenues (trailing 12 months)

(\$ in millions)	TTM	TTM
	Q4 2017	Q4 2018
Adjusted operating total net revenues	\$ 5,616	\$ 6,189
Less: Net impact of transitioning advisory accounts to share classes without 12b-1 fees	60	40
Adjusted operating total net revenues normalized for 12b-1 impact	<u>\$ 5,556</u>	<u>\$ 6,149</u>

Asset Management adjusted operating general and administrative expense

(\$ in millions)	Q4	Q4	% Better/ (Worse)
	2017	2018	
Adjusted operating general and administrative expense	\$ 348	\$ 316	9%
Less: Performance fee and CLO compensation	21	2	
Less: Brexit-related costs	-	8	
Adjusted operating general and administrative expense excluding items	<u>\$ 327</u>	<u>\$ 306</u>	6%



Reconciliation tables

Asset Management net pretax adjusted operating margin

(\$ in millions)	Q4
	2018
Adjusted operating total net revenues	\$ 706
Less: Distribution pass through revenues	180
Less: Subadvisory and other pass through revenues	81
Net adjusted operating revenues	<u>\$ 445</u>
Pretax adjusted operating earnings	\$ 153
Less: Adjusted operating net investment income	2
Add: Amortization of intangibles	4
Net adjusted operating earnings	<u>\$ 155</u>
Pretax adjusted operating margin	21.7%
Net pretax adjusted operating margin	34.8%



Reconciliation tables

Asset Management pretax adjusted operating earnings

(\$ in millions)	Q3 2018	Q4 2018	% Better/ (Worse)
Pretax adjusted operating earnings	\$ 197	\$ 153	(22)%
Less: Performance fees	14	5	
Less: Brexit-related costs	(2)	(8)	
Pretax adjusted operating earnings excluding items	<u>\$ 185</u>	<u>\$ 156</u>	(16)%



Reconciliation tables

Variable annuities pretax adjusted operating earnings

(\$ in millions)	Q4 2017	Q4 2018	% Better/ (Worse)
Pretax adjusted operating earnings	\$ 134	\$ 47	(65)%
Less: Mean reversion-related impacts	20	(68)	
Pretax adjusted operating earnings excluding mean reversion-related impacts	<u>\$ 114</u>	<u>\$ 115</u>	1%

Variable annuities pretax adjusted operating earnings

(\$ in millions)	Full Year 2017	Full Year 2018	% Better/ (Worse)
Pretax adjusted operating earnings	\$ 639	\$ 427	(33)%
Less: Unlocking	120	5	
Less: Mean reversion-related impacts	81	(31)	
Pretax adjusted operating earnings excluding unlocking and mean reversion-related impacts	<u>\$ 438</u>	<u>\$ 453</u>	3%

Fixed annuities pretax adjusted operating earnings

(\$ in millions)	Full Year 2017	Full Year 2018	% Better/ (Worse)
Pretax adjusted operating earnings	\$ 71	\$ 38	(46)%
Less: Unlocking	-	(6)	
Pretax adjusted operating earnings excluding unlocking	<u>\$ 71</u>	<u>\$ 44</u>	(38)%



Reconciliation tables

Life & Health pretax adjusted operating earnings

(\$ in millions)	Q4 2017	Q4 2018	% Better/ (Worse)
Pretax adjusted operating earnings	\$ 73	\$ 64	(12)%
Less: Mean reversion-related impacts	-	(3)	
Pretax adjusted operating earnings excluding mean reversion-related impacts	<u>\$ 73</u>	<u>\$ 67</u>	(8)%

Life & Health pretax adjusted operating earnings

(\$ in millions)	Full Year 2017	Full Year 2018	% Better/ (Worse)
Pretax adjusted operating earnings	\$ 258	\$ 253	(2)%
Less: Unlocking	\$ (20)	\$ (5)	
Less: Mean reversion-related impacts	2	(2)	
Pretax adjusted operating earnings excluding unlocking and mean reversion-related impacts	<u>\$ 276</u>	<u>\$ 260</u>	(6)%

