Ameriprise Financial, Inc.
Third Quarter 2005 Conference Call Remarks

Laura Gagnon, VP Investor Relations:

Thank you and welcome to the Ameriprise Financial third quarter earnings call. With me on the call today are Jim Cracchiolo, Chairman and CEO and Walter Berman, Chief Financial Officer. We have approximately 20 minutes of prepared remarks, after which we will open the lines for Q&A.

During the call, we will be referring to various non-GAAP financial metrics like “Adjusted earnings or adjusted premiums”. Management believes that the presentation of these adjusted financial metrics best reflects the underlying performance of the company’s ongoing operations. The adjusted numbers exclude accounting change, discontinued operations, AMEX Assurance and non-recurring separation costs as described in our Form 10 filed with the SEC on August 19, 2005. The majority of AMEX Assurance profits from July 1, 2005 and forward will be transferred to American Express as per the separation agreements. The agreements also specify our intent to sell the legal entity back to American Express within two years. The presentation of adjusted earnings aligns with the pro forma financial information contained in that Form 10. Reconciliations of non-GAAP numbers discussed in this presentation to the respective GAAP numbers can be found in the press release issued earlier today, and available on our web site, www.ameriprise.com.

Some of the statements that we make in this discussion may constitute "forward-looking statements." These statements reflect management's expectations about future events and operating plans and performance and speak only as of today’s date. These forward-looking statements involve a number of risks and uncertainties. A list of the factors that could cause actual results to be materially different from those expressed or implied by any of these forward-looking statements is detailed under "Risk Factors" and elsewhere in our Registration Statement on Form 10, as amended, filed with the SEC. We undertake no obligation to update publicly or revise these forward-looking statements for any reason.

With that, I’d like to turn the call over to Jim Cracchiolo, Chairman and CEO

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Jim Cracchiolo, Chairman and CEO:

Welcome and thank you for joining us.

As you have seen in the earnings release distributed earlier today, our third quarter results - adjusted for separation impacts – are strong, reflecting continued success in our strategies to increase financial plan penetration, target mass affluent clients, improve advisor productivity, and introduce new products.

We have succeeded in enhancing our operating performance while successfully executing one of the largest spin-offs in the financial services industry. I feel very good about what we have accomplished.

We completed a substantial number of tasks to separate from American Express. We rebranded our company to Ameriprise Financial and launched our largest advertising campaign ever. I hope you've seen some of our ads. We are receiving favorable reports from our clients, advisors and the public indicating the advertising campaign is beginning to have an impact in building awareness for our new name. We also introduced the RiverSource brand for our products.

I'm extremely proud of all of the efforts made by my leadership team and everyone at Ameriprise Financial to execute the spin off while continuing to drive results.

Now, to the numbers:

On an adjusted basis, compared to the third quarter last year:

Earnings increased 11% to $179 million

Revenues grew 15% to $1.9 billion

Earnings per share increased 11% to 73 cents using an equal number of shares in both periods

We believe these adjusted earnings, which remove transaction-related effects, reflect the improvements in the underlying business.

This quarter's results reflect strong underlying trends that bode well for our future. We believe the strength in our revenues and underlying financial performance is directly attributable to our success at asset gathering and increasing advisor productivity.

Owned, managed and administered assets rose 11% to more than $420 billion.

- Mutual fund wrap assets were up 49% from a year ago
- Threadneedle assets were up over 12% ,and
- Our variable annuity net flows approached $1 billion, an increase of over 240% from the year ago quarter

A substantial portion of our asset gathering was driven by continued improvements in our advisor productivity.

Compared to the third quarter last year:

- Branded advisor cash sales, including wrap account net flows, are up over 16%
- Retail managed assets are up 13%, and
- Total Gross Dealer Concession, the most comprehensive measure of advisor productivity, is up 17%

We attribute our performance improvements to the successful execution of our strategies: Targeting mass affluent clients and increasing financial planning penetration.

Mass affluent clients grew 12% year over year, while total clients increased 2%. Of these new clients coming in, a larger percentage are coming in with a plan.

> Overall, clients with a financial plan increased to 43% from 42%, with approximately 54,500 financial plans sold - an increase of 7% from the year ago period.

Now let me turn to the areas we are focused on improving:
Even though flows are strong in a number of our products, we continue to be challenged by proprietary fund outflows.

To address this, improving investment performance continues to be one of our top priorities, and we're making good progress.

> Overall, our equity funds continue to show improved performance with 66% of equity funds above the Lipper median for 12-month performance as of September 2005 and no internally managed equity funds in the fourth quartile year-to-date.

> On the fixed income side, we are producing consistent, competitive performance in multiple portfolios. We focused on improving taxable performance first, and are now beginning to focus on tax exempt fund performance.

> Threadneedle continues to perform well across a wide range of asset classes.

We fully intend to leverage our investment and proprietary asset allocation capabilities to define the RiverSource Investments brand and drive improved asset flows. This will take time, but we are focused on client needs and are proactively positioning the business for long-term growth. For example, we recently transferred portfolio management responsibilities for the underperforming New Dimension fund to our high performing Boston office.

In addition, while we are showing strong productivity gains in our advisor force, the number of branded advisors has been relatively flat. This is due primarily to three factors:

1. We introduced tighter requirements for our new employee advisors, which led to a decline in the number of new hires. These changes were implemented in late last year, and we began to see the effects in the fourth quarter. Over time, we expect these changes will result in higher productivity and higher retention of our advisors.
2. There have been fewer advisor hires, in part due to the uncertainty in the first half of the year regarding our spin.
3. A small increase in terminations. On average, those advisors leaving us are substantially less productive than those remaining.

Last, but not least, we still have substantial work to do in executing our separation from American Express. Everything is on pace today.

That said, I am confident about our ability to continue to grow revenue over the next few quarters.

Improving profit margins, driven by both growth in revenues and our focus on reengineering resulted in strong underlying earnings trends as well.

Consolidated expenses totaled $1.7 billion for the quarter, up 17%.
This increase includes $92 million in non-recurring separation costs.
Adjusted expenses were up 13% from a year ago.

These adjusted expenses include $70 million dollars attributable to the settlement of a class action law suit

This settlement – subject to court approval – relates to the sale of mutual funds that were part of a revenue sharing program, the sale of proprietary mutual funds, and the sale of financial plans and product recommendations contained in financial plans from March 10, 1999 to the settlement date.

The settlement, under which the company denies any liability, was signed Friday, and includes a one-time payment of $100 million to the class members. We had established reserves of $30 million in the second quarter, and put up additional reserves of $70 million in the third quarter.

We settled the litigation to remove the distraction, expense and uncertainty that accompanies it.

Because this settlement achieves a release from a broad range of claims, we can now put litigation on these topics behind us.

Our capital position as we came out of the spin off took into account a settlement of this size. We received $1.1 billion in capital on September 28, leaving us with low leverage, solid ratings, and a strong position from which to start our journey.

Now, I'd like to turn it over to Walter Berman, our CFO, to provide additional commentary on our financials. Walter…

Walter Berman, Chief Financial Officer:

Thank you, Jim.

I'd like to start by providing some color on consolidated margins.

Our reported consolidated contribution margins and pretax income margins have shown continued declines.

- We have indicated that we expect some continued pressure on contribution margins, and we have seen that.
- However, we have also indicated we plan to offset those impacts by improving our pretax margins through reengineering.

From management's standpoint, normalizing for items we have disclosed in the third quarter, while our contribution margins post normalization has decreased marginally, we have successfully improved our normalized pretax margins by almost 200 basis points since the third quarter of 2004. We will continue to focus on reengineering and expansion in our margins going forward.

Turning to the segment highlights:

For asset accumulation and income the reported numbers and adjusted numbers are approximately the same. However, a number of items disclosed in the press release did impact this segment.

Asset accumulation and income revenues grew 16% over the prior year period, while contribution margins decreased from 55.9% to 57.6%. This increase in margin is primarily driven by strong net flows in our variable annuity business and Threadneedle funds, as well as market appreciation.

The Asset Accumulation and Income segment's pretax income growth of $9 million, or 7%, includes the $70 million in expense for legal settlement and a $14 million benefit from our annual DAC review.

The segment's pretax return on average allocated equity was 17.6% for the twelve-month period ending September 30, 2005.

The Protection segment was significantly impacted by AMEX Assurance, part of the spin-off transaction. As such, we will focus on adjusted financial performance drivers.

Adjusted revenues were up 12%. This growth was primarily driven by growth in our auto and home insurance business, with policy counts up 13% in the quarter over last year's quarter. Adjusted pretax income for this segment was up $39 million, or 41%, reflecting a $53 million benefit related to our annual deferred acquisition course review, compared to a $16 million benefit in 2004. The 2005 quarter includes a $13 million expense related to increased maintenance reserves for Long Term Care.

Contribution margin in this segment declined to 38.9% from 48.1% in the third quarter of last year. On an adjusted basis contribution margin declined 500 points, primarily related to the continued rapid growth of our property casualty activity, which has lower contribution margin.

During the quarter we disclosed five items of interest in our earnings release, which I would like to spend a few minutes discussing.

First, the most significant of these items is the $70 million expense related to the legal settlement Jim talked about. The $70 million of reserves established in the third quarter, plus the $30 million established in the second quarter, fully covered the settlement amount of $100 million.

The second item is a $57 million benefit for our annual Deferred Acquisition Cost review. The third quarter is our normal time of year for reviewing deferred acquisition cost assumptions. During the review we performed a detailed analysis of underlying trends of our products and compared them to current assumptions. As actual experience differs from our existing assumptions, we revised our assumptions. The revision can result in either a benefit or detriment to our deferred acquisition cost expense.

In the third quarter 2005, these actions resulted in a net benefit. The bulk of the benefit relates to two items:

- The largest benefit, $33 million, resulted from customers holding on to their products longer than we anticipated.
- A similar amount of benefit, $32 million resulted from lower mortality than expected.

It is important to recognize that the DAC assumptions are evaluated on a product by product basis. Our methodologies are consistent over time and consistent with GAAP principles.

The remaining items were:

- A$13 million pretax expense we established in the course of our actuarial review, related to the inclusion of an explicit maintenance reserve for long term care insurance
- A $13 million tax expense related to the finalization of prior period returns, which drove our effective tax rate in the quarter up to 32%.
- And finally, a $4 million of after-tax realized investment losses, primarily for shortening the investment portfolio backing certificates relating to the transfer of international deposits originated from American Express Bank.

Finally, I would like to spend the remaining time talking about our balance sheet. During the third quarter we continued to maintain a conservative approach to managing our balance sheet.

Our debt to Capital ratio dropped to 15.2% from the $1.1 billion capital contribution from American Express. This is well within the range of our targeted debt to capital ratio of 15 to 20%.

At the end of the third quarter our cash balances were $2.6 billion, reflecting both our initial conservative position and the cash we received from American Express only two days prior to the end of the quarter.

Our fixed-income investments quality remains high, reflecting our decision that credit spreads remain insufficient to compensate for all the additional risks. Therefore the below investment grade bonds remain at the 7% fixed-income portfolio rate. We have given up some current yield, but we have to date avoided many of the market's recent negative impacts. We have no exposure to Delphi, Delta, Northwest or Trump Atlantic City. In addition, we have been conservatively positioned in our mortgage and structured portfolios over the past couple of years by shifting towards commercial MBS's, lowering duration and convexity, while minimizing the income and capital gains impacts of this repositioning.

Finally, we are continuing to implement a return on equity and capital management improvement strategy.

During the quarter our reported return on equity for continuing operations was 9.8% for the 12 months ended September 30, 2005.

- It should be noted that the additional $1.1 billion in capital we received from American Express two days prior to the end of the quarter had a 20% weighting impact on our average equity calculation.
- The after-tax cost in the period included in the numerator was $109 million.
- And profits from AMEX Assurance of approximately $80 million after-tax are also included for the first nine months of the measurement period.

While there are a number of subjective ways to adjust for the impact of this separation cost and our changing capital structure, in our view they all result in returns on equity below our targeted 12 to 15% range.

Our underlying results for the quarter show solid improvement as our strategies drive revenue and adjusted earnings growth. We believe these strategies will also drive return on equity improvement over time. In addition, we've set our capital management and capital optimization strategies to drive return on equity expansion towards our on average over time goal of 12 to 15%.

One of the drivers is shifting the business mix from capital intense to less capital intense products. For example, variable annuity sales are up 64% versus fixed annuity sales being down 46% in the quarter.

Coupled with implementation of balance sheet optimization programs, we should be positioned to achieve our stated on average over time objectives in a reasonable time frame. The effective use of capital includes when appropriate, and if authorized by the Board, the redeployment of capital to pay dividends, fund organic growth, fund acquisitions, or to buy back shares. Please note that we are not precluded from buying back stock. It is acceptable within the terms of the separation agreement.

As we move forward, we are solidly committed to retaining our AA- level financial strength ratings. Importantly, we are committed to remain conservative as we maneuver through the transition and separation from American Express over the next few years. We are committed to the effective use of capital and deploying it in its most appropriate way.

Jim Cracchiolo:

In closing, I'm very proud of the way this company has continued to drive our underlying performance while preparing for -- and executing on -- a number of fronts related to our separation from American Express.

The fact that we can continue to grow revenues, attract mass affluent clients, deepen financial planning penetration, enhance advisor productivity and separate from American Express -- all in 8 months speaks volumes about the dedication and capabilities of this organization.

Looking forward, we will continue to focus on driving the key metrics that produce shareholder value. Our pipeline of marketing, product and service-related initiatives is particularly strong today, and will enhance our value proposition for customers and advisors.

Thanks for listening. I'd like to open it up for questions.