AMERIPRISE FINANCIAL, INC.

Fourth Quarter/Full Year 2005 Earnings Conference Call Remarks

Laura Gagnon, Vice President – Investor Relations

Thank you and welcome to the Ameriprise Financial fourth 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 from separation.

The presentation of adjusted earnings aligns with the pro forma financial information contained in our Form 10. Reconciliations of non-GAAP numbers discussed in this presentation to the respective GAAP numbers can be found in the press release issued late yesterday, 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

Jim Cracchiolo, Chairman and CEO

Welcome. Thank you for joining us.

Today marks the first opportunity to discuss our results as an independent company.

2005 was a historic year for Ameriprise Financial. We started the year focused on continuing to build on the traction we'd already gained from the transformation we began a few years ago. But – our focus shifted when American Express announced its intent to spin us off in early February. On September 30th, we successfully executed one of the largest spin-offs in US history.

The successful launch of the Company was a significant achievement, and yet what was equally significant was our employees' and advisors' ability to remain focused on meeting client needs. As a result, the Company drove solid business results despite significantly lower equity market appreciation during the fourth quarter of 2005 compared to fourth quarter 2004.

As we've stated previously, our on average, over time financial targets are:

- revenue growth of 6 to 8%
- net income growth of 10 to 13%, and
- ROE of 12 to 15%.

While we present both GAAP and "Adjusted" results in our release, Walter and I will address adjusted metrics, which best reflect the underlying performance of the business.

Fourth quarter 2005 adjusted revenue grew 5% over last year, slightly below our 6 to 8% target. For the full year, we delivered adjusted revenue growth of 9%, which is slightly above our targeted range and brings our total annual adjusted revenue base up to $7.4 billion.

Adjusted earnings for the quarter and full year were down 4%. The full-year decline is primarily the result of higher legal and regulatory costs in 2005 that we've already told you about. In addition, our transition to an independent company raised our expense base, which impacted both our fourth quarter and full-year numbers.

In terms of the fourth quarter decline, lower taxes last year had a significant impact. Pre-tax adjusted earnings were up 13%.

Our trailing 12 month adjusted Return On Equity was 10.2%, reflecting the more conservative capital position we took to support our business as we separated from American Express.

I'd like to now address five core growth and profitability objectives, which we believe drive future financial results – related to

- Our clients,
- Financial planning,
- Our advisors,
- Owned, Managed and Administered Assets, and
- Our diverse product mix.

Our first objective is **growing our mass affluent client base**. Our focus remains on increasing the number of mass affluent clients and deepening our relationships with these clients. We believe we have a competitive position in the market place due to our ability to profitably serve the needs of the mass affluent – most notably their retirement needs. In fact, our number of mass affluent clients was up 6% versus the prior year. Importantly, assets from this client base grew double digits.

A key component of our focus on the mass affluent is **maintaining our leadership in financial planning**, our second objective. Our experience shows that "financial planning" results in longer, deeper relationships and more satisfied clients. We continued to make steady progress in the quarter – increasing the percentage of retail clients with a financial plan to 44% at year end and selling approximately 55,000 plans in the quarter.

The combination of growth in mass affluent clients combined with increased financial planning penetration helped drive advisor productivity up 9 percent -- even in the face of a relatively flat market.

Our success in **enhancing advisor productivity,** our third key objective, reflects the efforts of our advisors and field management organization to remain focused on meeting client needs and growing individual practices.

This year, we ranked number 5 in JD Power's full-service investor survey, 31 points above the industry and higher than many other well respected firms.

While the number of advisors is essentially flat for the year, I am pleased with our branded advisor retention. The separation and loss of the American Express brand, the aggressive recruiting by competitors, and initial advisor concerns created a challenge for us in managing our branded advisors. While we've done well, we will continue to be very diligent in our efforts to effectively manage through the transition.

Our client acquisition and advisor productivity objectives require us to establish the Ameriprise Financial brand, and I am very pleased with where we are today. While our advertising has only been in market for a little over four months, our research shows a significant increase, and strong momentum in building overall Ameriprise Financial brand awareness – on target with our expectations.

Our **fourth objective is increasing Owned, Managed and Administered assets** by driving our key client, advisor and financial planning objectives, improving and expanding our product solutions and extending our distribution reach. We ended 2005 with more than $428 billion in owned, managed and administered assets, up 5 percent. We've seen strong asset growth in our wrap business as well as variable annuities. In other areas, like RiverSource mutual funds, we have experienced declines.

Enhancing our products and distribution is the final key objective I want to talk about today. Underlying our business is a very broad and diverse product mix –

We continue to strengthen our position as the largest mutual fund wrap provider, with total wrap assets up 36% in 2005. Our clients increasingly choose to use wrap products in an asset-based fee relationship where they can work with an advisor to manage those assets as part our financial advisory services.

RiverSource variable annuities contributed significantly to our overall asset flows as a result of successful new product enhancements and expanded third party distribution. During the year, RiverSource variable annuity sales grew by 44%, ending 2005 with assets of $33 billion, up 17% from year end 2004.

In asset management, each of our investment platforms is delivering solid investment performance. RiverSource managed equity mutual funds had their best performance year since I arrived. We've also seen strong improvements in taxable fixed income fund performance. In fact, during the past two quarters, we've seen improved proprietary mutual fund sales in both direct-at-fund accounts and within our growing wrap account business, which we believe are early indications of the acknowledgement of the quality of our investment operation.

That said, we continue to manage through significant redemptions in RiverSource Funds that are caused by the transition to an open architecture environment. This has been compounded by underperformance in our largest mutual fund, RiverSource New Dimensions, which we addressed by repositioning the fund and transferring portfolio management responsibilities to our high-performing Boston office.

Threadneedle, our UK-based asset management platform, is beginning to be an important contributor to our results. It's delivering strong investment performance while executing against its strategies of shifting its mix to higher margin retail and alternative assets and implementing strict cost controls. While this shift results in lower net flows, it has the intended effect of driving higher fees and revenues In 2005, Threadneedle delivered double-digit growth in revenues and pre-tax income.

We are achieving strong sales in our insurance business. Last year, Variable Universal Live, or VUL, cash sales were up 17% in the fourth quarter and 11% for the year. As of the last 2005 Tillinghast survey, we were number one in VUL sales – in policies, face amount and premiums. Also, Ameriprise Auto & Home reported earned premium growth of 15% to $129 million, and we recently announced a renewal of our alliance with Costco.

In summary, 2005 was an historic year and our success in achieving these objectives positions us well as we execute against our plans to build on this momentum in 2006.

Going forward, our strategic plan and overall focus remains the same. Our plans are intended to drive continued momentum against the same core growth objectives we had in 2005, as well as ensure an increasingly strong and efficient operating platform that delivers the financial targets we have set.

I would like to describe for you the actions we are taking to build the business in 2006. I've organized this discussion under our strategic priorities, which align with our key objectives.

This first set of initiatives supports our primary objective of **continuing to focus on the mass affluent**, in particular, their growing retirement needs:

- We plan to continue to build out the Ameriprise brand;

- We intend to drive new mass affluent client acquisition through our national and local marketing programs, including our successful private dining events.

- We will provide research and tools to help advisors engage these new clients

    - Our recently released research on the New Retirement Mindscape is just one example. This research is the first in the industry to explore people's attitudes, worries, behaviors, ambitions and needs before and after retirement. This research, conducted for us by AgeWave and Harris interactive, increases our understanding of our clients' retirement needs and dreams.
    - We will also be continuing and expanding our client loyalty programs, Gold and Platinum financial services, to offer a differentiated experience to our mass affluent clients.

Our second set of initiatives focus on **strengthening our lead in financial planning and advice**, and we have a range of actions planned throughout the year, including:

- Introducing new retirement focused planning and advice approaches to increase client engagement, such as our recently launched Dream Book, a way to help individuals define their dreams. Our research shows that those who write down their dreams and goals, and then develop a plan, are far more likely to achieve them. The client response rate to date on our Dream Book offers has been great, reaching the highest level of response we have ever achieved on a client mailing.

- We will focus even greater levels of advisor engagement through increasing linkages between planning and advisor compensation. For example, our equity compensation plan for advisors provides the greatest rewards to those advisors that are more productive and do more planning.

- And finally, we will continue to strengthen our tools and processes that support our advisors in planning.

Third, we have a number of initiatives to support **profitable growth and improved productivity in our advisor channel**.

Delivering profitable growth is a balance of improving per advisor productivity while growing the size of our force. In the near term, more of our efforts are focused on improving existing advisor productivity such as helping advisors be more effective in serving our targeted mass affluent clients, and ensuring we are easy to do business with.

Some of the major items for 2006 include:

- Strengthen leadership support and training – including optimizing the mix of specialist support we provide advisors on topics such as client acquisition, financial planning and practice development.

- We will continue with our Ameriprise equity ownership program.

- We intend to release enhanced advisor desktop tools and technology throughout 2006, which will improve advisor productivity and free them to spend more time with clients and prospects to better meet client needs while growing their practices.

Our fourth set of initiatives drive our ability to **capture greater assets and net flows by improving and expanding our product solutions, as well as by extending our distribution** reach to alternative channels.   These are our plans in each major product area:

– **In Wrap products** – Our plans are to continue our industry leading position in mutual fund wraps, while also improving and expanding our range of other wrap offerings and services

– **In Annuities** – Our plans are to continue to expand the use of living benefits by our clients, and to expand our outside distribution further, with a continued focus on variable annuities over fixed annuities.

– **In our Asset management business** – We plan to continue to drive improved investment performance, and will be introducing several new retail products which focus on helping our clients reach their asset accumulation and income goals for retirement. These new products effectively embed advice within the products. We are also investing in growing our presence in other channels – institutional, sub-advisory, and later in 2006 -- retail third party.

– **In Life Insurance –** Earlier this week we launched two new universal life products and we plan to follow with additional retirement oriented solutions in our variable universal life product line later in the year.

– **In Auto & Home insurance** – We expect to continue to develop alliances to expand our distribution.

– **In Banking** - Pending regulatory approval, we expect to launch our Ameriprise FSB by mid year. This will enable us to better serve our clients deposit and credit needs, rounding out our solution set for our clients. This has been a substantial contributor to some of our competitors' earnings over the recent past.

Last, but not least, is our **fifth set of initiatives targeted to ensure an increasingly strong and efficient operating platform**. For us this means five major things:

- First -- Ensuring compliant business practices – We are firmly committed to maintaining adherence to evolving regulatory and compliance requirements of our industry

- Second -- Continuing to execute through the transition from American Express – Everything is on plan and we are comfortable we can continue to meet the plans we laid out earlier in 2005

- Third -- Enhancing the requisite technology infrastructure

- Fourth -- Expanding operating margins through reengineering, a program that has delivered substantial savings for us in the recent past, and

- Fifth -- Improving our ROE through capital optimization.

In summary, I feel good about the significant progress we made in 2005 and believe that the strategies and initiatives we have in place for 2006 will deliver the momentum we need to meet our targets on average, over time.

With that, I'd like to turn it over to Walter Berman, our CFO, who will give you his perspective. Walter --

Walter Berman - CFO

Thanks, Jim.

I'd like to give you my perspective on the quarter, and then expand on our 2006 initiatives related to reengineering and capital optimization.

I continue to be pleased with our positioning, and believe we have a solid foundation to build on in 2006.

Balance sheet strength is key to our foundation, and we remain committed to our double-A minus financial strength ratings.

- The quality of our Invested assets remains very high, with the percentage of A rated bonds and above increasing to 70% from 65% at the end of 2004, and below investment grade declining to 7% from 8%.
    - Included in the net realized gains during the quarter was an impairment of $18 million, related to GM and Ford bonds – the only significant credit loss this year – At this point, we do not expect to stretch investment yields by assuming more credit risk, as we don't believe the risk / return characteristics are currently attractive.
    - We remain pleased with our mortgage and asset backed portfolio – about 34 percent of our Insurance Company invested assets
        - Prepayments in the quarter were immaterial, and

  - During the quarter, duration fell slightly and negative convexity improved

Our adjusted revenues for the quarter were up 5 percent, and overall, I'm please with that growth relative to our targets. I'd like to mention two items:

- Market driven declines of $28 million in our Net Investment Income line, impacted growth by 2 percent
- The quarter's revenues are also impacted by a shift in the mix of products sold -- from fixed annuities to variable annuities -- which trades off fixed annuity revenues reported gross of crediting amounts for variable annuity revenues which are reported net.

Our expenses remain well managed, with adjusted expenses up only 4 percent, in spite of the higher costs associated with being a stand alone entity. .

The four percent decline in the quarter's adjusted earnings was primarily the result of taxes, with pretax adjusted earnings up 13 percent.

Note that the market's impact on Net Investment Income and revenue growth, as well as the higher costs associated with being a stand alone entity, also impacted our segments' results.

As a result of the separation, there are some changes you should be aware of.

For the first three quarters of 2005, we reported our results two ways: as a single segment under American Express and as the three segments under Ameriprise. During this period, we did not automate the process of mapping products to segments. In the fourth quarter, we automated the mapping of revenues to the Ameriprise segments, and, as a result, Asset Accumulation & Income and the Corporate & Other segments were impacted, but consolidated fourth quarter results and full year consolidated and segment results were not impacted. We will continue to enhance our processes, and expect to complete the automation of expense mapping in the first quarter.

Second, you will see movement from the “other expense” line to the “Compensation and Benefits – non-field” line as individuals supporting our technology services contract with American Express shift to Ameriprise employees.

Before I get into our initiatives to enhance margins and ROE, I’d like to give you some context in terms of how we make decisions as well as our market assumptions for next year.

Our business decision making model considers our customers’ needs, current and expected market conditions, our capabilities, as well as risk return financial metrics. With a goal to create <u>sustainable</u> shareholder value creation, we take a multi-year view and make decisions that balance tradeoffs in three areas:

- Growth in profits and margin improvement

- Return on capital, and
- Stability and Safety

Our decisions are made within this context.

Our decisions and expectations include key assumptions about the market. For 2006, we are expecting average equity returns of 7%, interest rates based on the forward yield curve, and a benign credit market.

In 2006, our plan is to improve our margins and return on equity. We expect to achieve this improvement while assuming additional costs associated with being an independent company, minimal growth in our Fixed Annuity product, and a continuing, while slowing, shift from proprietary mutual funds to non-proprietary funds.

While many factors will drive our anticipated improvements, my focus today will be on reengineering initiatives that are expected to drive a significant portion of the improvement.

As a backdrop, our reengineering efforts in 2005 yielded over $175 million in savings, in spite of the distraction and efforts associated with the spin-off. This level is consistent with the savings we realized in 2001 through 2004 – which totaled approximately $900 million.

In 2006, our reengineering projects are expected to yield results similar to what we've achieved over the past 5 years.

Most of the 2006 initiatives are already under-way, and span all three major reengineering categories: strategic, structural and cost control. The bulk of the expected savings are in the strategic and cost control areas. Our current initiatives are focused on improving processes through-out AMP, and impact all three of our segments. Let me give you some examples.

A large component of our 2006 initiatives focus on our Technology and the Service Delivery organization, where we are redesigning management structures to lower costs and optimizing our outsourcing relationships to improve efficiency, effectiveness and service levels.

In addition, we are in the process of a realignment of some of our employee, or P1 offices, to reduce costs, improve advisor training and enhance the quality of services we provide in certain regions.

We are also redesigning corporate and field college recruiting programs to increase effectiveness and efficiency … and

We have several procurement related initiatives to curtail bypassing preferred vendor relationships and an end-to-end redesign of key print production processes to improve costs, quality and speed.

Improvement in our margins and return on equity is also expected to be generated by our strategy to continue to shift our business mix:

- From High capital to Low capital intensity products, and
- From Low margin to High margin products

In 2005, two thirds of our pretax income came from products that generated returns in excess of 12 percent – an improvement of 9 percent over 2004.

In 2006, we are expecting that mix shift to continue, as momentum in our core business drivers leads to a higher contribution from lower capital intensive – and higher margin – businesses.

We believe this mix shift, coupled with our capital optimization initiatives will generate the targeted ROE improvements.

Before I get into specifics about capital optimization initiatives, I want to remind you of our starting point. Our adjusted ROE, 10.2 percent, is calculated on a 12-month trailing basis, and removes the short-term impacts related to the separation. If we do nothing, the increase in average equity from the capital contribution we received in the third quarter will continue to push our ROE down - it's simply the math in calculation of average equity. To get a sense for the magnitude, the average adjusted equity for the year, used in calculating the 10.2 percent, was $6.82 billion. The average adjusted equity for the quarter was $7.32 billion.

We believe we can overcome this negative impact AND continue to close the gap in 2006.

There are two critical steps for us to hit our target.

First -- create and identify excess capital.

Second --- deploying that excess capital. Without this, the first step really doesn't matter.

In 2006, we will continue to work on capital optimization:

- As discussed, we believe our increasing product mix shift will improve capital utilization and ROE. In addition,
- We are well on our way to consolidating our 5 insurance entities into 2.
    - The consolidation is expected to be complete in 2006 and should free up approximately $80 million in regulatory capital requirements.
- We will also use hedging to manage risk exposure and capital requirements

    - For example, in late 2005, we established our GMWB hedging program using long-term options. We believe these hedges substantially cover our economic exposure and lower future regulatory capital requirements significantly.
- We will continue to look for opportunities to minimize regulatory capital requirements by optimizing where assets are held in our legal entities.
    - For example, it may require less capital to hold certain assets at the parent level, than in the Life insurance company, bank or property – casualty company.
- Finally, we will continue to use our decision support framework to optimize returns and business objectives.

We believe that through these actions, we will be able to achieve a reduction of required capital of up to 5 to 10 percent of our current equity.

Ultimately, we must redeploy excess capital to have any impact on our ROE. We've told you we will pursue acquisitions, dividends and share buybacks -- all as approved by the board -- to redeploy this capital effectively.

Yesterday, we announced that the board has approved

- A limited share repurchase program -- to mitigate the impact of stock issued to advisors under their 2005 incentive and retention plan, and
- A quarterly dividend.

For concluding remarks, I'll now turn it back to Jim…..

Jim Cracchiolo

In summary, I'm very pleased with all that we accomplished last year. We enter 2006 with a solid foundation to continue to build our business.

Based on that strong foundation in our core business and all of the initiatives we have in place to continue to drive our results -- we believe we will be able to achieve our targeted ROE by the end of 2008.

Before I open it up for questions, I want to clarify a few points related to recent media reports on a company laptop, stolen from an Ameriprise employee's locked car.

- First, the laptop held only two pieces of client data -- their names and an internal reference number – not enough information to access any accounts or account data. In spite of that, we have increased security on their Ameriprise accounts.
- Second, for advisors, the data included social security numbers, and we will provide additional service to advisors to help them to monitor for any potential fraud.

- Third, we have taken all the required legal and regulatory steps and taken additional measures to protect the affected clients and advisors. Since storing this data on the laptop was against company policy, measures have been taken to reinforce that policy and the employee has been terminated.

Because of the specific circumstances surrounding this crime we believe the risk is low. No one breached our systems. No one stole or misplaced any data tapes. A car was broken into and property was stolen … that property unfortunately included a laptop with private data.

I will now open it up for your questions.