Ameriprise Financial, Inc.
Third Quarter 2006 Earnings
Conference Call Talking Points

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. After our prepared remarks, we will open the lines for Q&A.

During the call, you will hear references to various non-GAAP financial measures like “adjusted earnings” or “adjusted premiums.” Management believes that the presentation of these adjusted financial measures best reflects the underlying performance of the company’s operations. The adjusted numbers exclude discontinued operations and AMEX Assurance from prior periods, and non-recurring separation costs in both periods.

The presentation of adjusted earnings is consistent with the non-GAAP financial information presented in the Company’s annual report and Form 10-K for the year ended 2005. Reconciliations of non-GAAP numbers discussed in this presentation to the respective GAAP numbers can be found in the Earnings Release and Statistical Supplement issued today available on our website and furnished under an 8-K filed with the Securities and Exchange Commission.

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 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 the heading “Forward-Looking Statements” in our 2005 Annual Report to Shareholders, a complete copy of which is available on our website, and under the heading "Risk Factors," and elsewhere in our 2005 10-K report, already on file 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.

James Cracchiolo, Chairman and Chief Executive Officer

Thank you, Laura.

And - - welcome everyone.

I'm pleased to have you join us today, to review not only our third quarter results, but also the completion of our first full year as an independent company.

Overall, I'm particularly satisfied with how we've executed a large and complex separation while delivering solid business results.

There are three main areas I want to touch on today:

- First, the key challenges we faced when we went public and how we responded to them;
- Second, the results we've achieved against our financial targets for the third quarter;
- And, lastly the overall progress we continue to make as we execute our strategy.

So, let's begin with the main challenges we faced when we went public. At the time, we knew we needed to:

- Establish a recognizable brand - - to replace the American Express brand,
- Retain our advisor force and ensure their continued productivity,

- And, lastly, successfully execute our separation to establish our public company.

I believe we've been effectively addressing these challenges, while positioning the firm to capitalize on our growth opportunities, serve client and advisor needs, and generate shareholder value. In fact, our independence presented a terrific opportunity for the company.

- First, we've been building a strong position with our brand.
    - We're gaining traction in the marketplace with awareness well above what we expected. After just one year, our brand has achieved greater than 45 percent awareness, which is significantly higher than when we were American Express Financial Advisors.
    - Importantly, our brand is now more closely established around our core value proposition, which better reinforces our leadership in financial planning and advice.
- Next, is the challenge we faced with our advisor force.
- I've never felt better about our connection with advisors. Many of our most senior and productive advisors tell me this is the best they've felt in decades – they're energized by our independence and what we're building for the future.
    - They're pleased with our focus on the business, the investments we've made in our brand and marketing, and the enhanced products, services and technology we're delivering to help them better meet client needs and grow their practices.
    - This focus has led to a turnaround in advisor retention and strong improvements in productivity.
        - Franchisee retention has returned to pre-separation levels at 93 percent - - the same level we reported in the fourth quarter of 2004, which was just prior to the spin off announcement.

    - And, we've seen a 14 percent increase in advisor productivity, as measured by our total gross dealer concession.

- As for the spin-off, we've completed a major portion of the separation without any material, negative impact to the business. From de-linking and re-establishing our technology platform, creating our capital structure, to revamping marketing materials and advisor office signage across the country - - we're on track and on budget to complete the separation while further establishing our platform for growth.

- Overall, against the major challenges presented by the spin-off, we're on target and delivering what we said we would do, with a strong foundation in place.

Now, to our third quarter results, which reflect this continued progress:

- Adjusted revenue grew 5 percent,
- Adjusted earnings grew 29 percent,
- And, adjusted return on equity reached 11.2 percent, up from 10.4 percent in the prior-year period and 10.7 percent at the end of the second quarter.

This performance reflects our ability to continue to meet client needs and grow our mass affluent base, contributing to growth in retail client assets and increases in advisor productivity. With that, we're experiencing strong inflows to fee-based wrap products as well as movement to variable equity-based products, like variable annuities. This aligns with our efforts to derive an increasing portion of revenues from higher-margin, less capital-intensive businesses.

These positives more than offset the pressure we, and others in the industry, are experiencing from the reduction in investment income in our spread products, due to declining account balances and a challenging rate environment.

Let's now turn to the progress we're making in executing our strategy.

First, our strategy remains the same. This continued focus ensures we draw upon the strengths and differentiators in our model to deliver on our shareholder objectives.

Beginning with our clients, and our target market - - mass affluent clients, our focus is to attract them to our franchise and grow their assets.

- Total mass affluent client groups increased 7 percent year-over-year.
- And, average assets from newly acquired mass affluent clients are now more than $300,000.

Second - - Financial Planning. We continue to focus on financial planning, especially for mass affluent clients. That has resulted in:

- A 59 percent financial planning penetration of newly acquired mass affluent clients.
- At the same time, we're also moving toward a more prescribed client experience. In fact, our most recent advertising highlights the client experience we've built around financial planning - - our unique **Dream > Plan > Track >**^{SM} approach.
- It's one-to-one, face-to-face financial planning that focuses on helping clients engage in planning that goes beyond the numbers.
- Moving forward, we are further refining our financial planning capabilities, tools and processes ensuring an enhanced value proposition that we intend to deliver next year.

Our third strategic objective is to deliver profitable growth and productivity in our advisor network. As I mentioned, I feel good about the stability and productivity of our advisors. This is clearly evident in the 93 percent franchisee retention rate, and the 13 percent increase in per branded advisor GDC.

- Total advisors grew 2 percent to 12,427 with branded advisors up 1 percent. We continue to emphasize productivity and will further refine our platforms to drive improved economics in our retail network.

- One of the major satisfiers for advisors this year has been our focus on upgrading their systems environment. We're about mid-way through a phased technology release to provide them with enhanced tools and programs supporting their practices.

Let's now turn to our fourth strategic objective - - capturing greater assets through enhanced product solutions. Today, our product solutions are broader, deeper and higher performing.

Over the last year, we've introduced more than 20 new asset management, annuity, insurance and lending products.

- We're seeing that clients are increasingly choosing fee-based arrangements, leading to strong growth in our #1 ranked wrap program, where assets are up 31 percent year-over-year.

- Consistent with the industry, living benefits on RiverSource variable annuities resulted in strong sales and net inflows of $1.4 billion, both within Ameriprise and through third-party banks and broker-dealers.

Within asset management, I'm pleased with the progress we're making at RiverSource Investments. We're delivering strong performance across our investment teams demonstrated in many of our one-, three-, and in some instances, five-year track records. In addition, our product enhancements include innovative new solutions that align with investor goals like the RiverSource Retirement Plus and Income Builder Series.

These improvements and our expanded wholesaling capabilities are helping to drive more sales and fewer redemptions in our advisor channel.

During the quarter, we established the operational infrastructure necessary to distribute RiverSource Funds in third party channels. We now intend to sign selling agreements with banks and other broker-dealers for RiverSource mutual funds, as we have been doing for annuities.

Overall, I feel good about the improved flow momentum we're seeing. However, there is one outflow we anticipate in the fourth quarter. American Express has informed us that they intend to reposition their 401(k) investment alternatives, which will primarily impact the y-share balances we report by approximately $800 million. Once this is complete, our y-share balances will be below $2 billion.

In addition to RiverSource, Threadneedle is becoming a key contributor to our results. Threadneedle is growing profitability according to its plan, with strong investment performance, a broad product suite and positive flows in higher margin products. Threadneedle's institutional outflows were driven by continued withdrawals of lower margin assets, which is similar to what we've seen in earlier quarters.

Beyond asset accumulation, we also help protect client assets. We are a leader in variable universal life and offer a broad suite of variable universal life, universal life and disability income insurance products. At quarter-end, life insurance in-force reached $171 billion, up 9 percent.

Another growing contributor in our protection segment is Auto and Home, where we're experiencing good performance with solid growth in premiums and effective risk management, which is achieving the target returns we've established for this business.

Finally, we're committed to our fifth strategic objective, further strengthening our operating platform and infrastructure. We're completing the build out of our corporate structure and our people are fully engaged - - embracing our independence. Significant investments are being made in technology, compliance, marketing capabilities, client servicing and advisor training.

Reengineering continues to free up resources, with the majority of our saves allocated to support our investment agenda. We have more than 100 projects in place focused on process and capability improvements and are on track to deliver our annual target of $175 million.

So, in sum, it was a strong quarter and full year as an independent company. We continue to build momentum against our targets and believe the focus we've had on our separation, and on our strategy, have served our clients, advisors and shareholders quite well.

With that, I'd like to turn it over to Walter.

Walter Berman, Chief Financial Officer

Thanks Jim,

- Adjusted revenue growth in the quarter of 5 percent was slightly below our targeted range, primarily as a result of product mix shifts, as well as the impact of the sale of our 401(k) business.

- Adjusted profit measures are quite good:
    - PTI is up 13 percent vs. last year
    - Adjusted earnings and EPS are both up 29 percent vs. last year, and
    - And finally, adjusted ROE, including OCI, increased 11.2 percent, vs. 10.4 percent last year – narrowing the gap to our target of 12 percent in 2008.

The drivers of this performance were:

- Significant growth in fee-based equity products --- balanced by an anticipated decline in income from spread products, and
- Effective management of operating expenses.

Let me give you more insight into each of these two trends:

First, growth in fee based equity products:

In the third quarter, this growth was fueled by a 31 percent increase in wrap assets and 24 percent growth in annuity variable account assets. Assets in our wrap products are now over $70 billion and total managed assets are $283 billion, up 9 percent vs. last year.

This strong growth was balanced by the impact of declining spread income

The year-over-year decline in pretax spread income, from annuities and certificates, was $42 million – excluding the impact of the hedge fund loss. It's a testament to the benefits and diversity of our model that we generated solid financial results in-spite of this headwind.

The decrease in spread income is the result of two factors:

- First, the anticipated $1.3 billion in outflows as we shift our product mix, and
- Declining spread rates driven by the challenging interest rate environment faced by all annuity writers.

However, these product mix shifts, away from fixed annuities and certificates, are resulting in declines in required capital - relative to our overall growth. Our capital position is increasingly strong, driven by our earnings growth and lower levels of capital needed to support our business activities. Our balance sheet remains conservative, positioning us well for future redeployment.

The second trend driving this quarter's results is the continued tight control of our operating expenses.

Combined, our Non-field Compensation and Benefits line and Other Expense line showed a 4 percent year-over-year decline.

If you exclude the impact of higher legal expenses in 2005 and higher expenses in 2006 from consolidating certain limited partnerships under EITF-04-5, year-over-year expenses in those combined lines increased 4 percent.

This relates to our tight control of staff counts, which is virtually flat vs. last year. Increases are primarily driven by the higher cost of being an independent company and accruals in the quarter in recognition of the impact of our year-to-date financial performance on our annual management incentives.

In the quarter, we also continued our stock buyback program.

In the third quarter, we repurchased 2.3 million shares for $106 million. Total year-to-date repurchases were 9.7 million shares for a total of $422 million. This program reduced our basic shares to 243.5 million vs. approximately 250 million at year end 2005, a decline of almost 4 percent. The third quarter ending diluted share count of 245.8 million reflected both these repurchases and an increase in dilution caused primarily by an increase in our stock price.

In addition, we report the impact of our annual DAC unlocking in the third quarter of each year.

The impact this year was a pretax benefit of $25 million vs. a benefit of $67 million last year – a $42 million decline. The Asset Accumulation & Income segment reflects $28 million of that decline.

As many of you already know, there is an accounting change expected in the first quarter of 2007 related to SOP 05-1. This change will require us to record a below the line write-off of DAC associated with internal replacement of insurance and annuity contracts, when adopted. While we are in the process of assessing and quantifying the implications of this change, we do expect to be impacted. Our advice model inherently creates internal replacement activity at a level we generally believe is above the industry. We will communicate the expected impact early next year.

Let's take a look at our segment financials.

The 13 percent increase in overall pretax income was generated by:

- Asset Accumulation and Income segment growth of 4 percent
- Protection segment growth of 17 percent, and
- A 9 percent improvement in the Corporate segment

On the segment front, the AA&I pretax income growth of 4 percent reflects:

- The good growth in our core fee-based products in the quarter, partially offset by the full impact of our annuity fixed account and certificate spread declines
- Second, while outflows of RiverSource mutual funds are less than half what they were a year ago, this product is still in outflows,
- And finally, the strong variable annuity flows we've reported this year don't have an immediate PTI impact, but will drive PTI growth in the future.

In addition, the AA&I segment PTI growth reflects the significant decline in legal and regulatory expenses compared to last year, offset by

- A year-over-year decline of $28 million from DAC unlocking, and
- The impact of recognizing $8 million in PTI related to Threadneedle's hedge fund performance fees in the third quarter of 2005. All fees for 2006 will be recognized when earned, in the fourth quarter.
- And finally, the increased accruals in the quarter for higher estimated annual performance compensation for year-to-date performance and for year-end improved investment management performance.

In the Protection segment, strong results reflected in PTI growth of 17 percent were driven by solid performance across all of our Life & Health products and

Auto & Home. This strong PTI growth is a result of a combination of good revenue growth and stable margins in these products.

Before I finish, I'd like to spend a few minutes reviewing the highlights on our overall GMWB hedging program.

- First, our products are designed to both meet our clients needs and give us a balanced risk-return profile

  - For example, while our GMWB for Life product has a higher initial percentage withdrawal than some competitors, we balance this risk through:
    - The use of a required investment allocation model, and
    - By not increasing this percentage over time, as other competitors do.

- Second, we believe our current variable annuity hedging program is within the best practices in the industry.

  - Our core program is static. Meaning, we've purchased long-dated customized options that closely match the options we've sold to our customers.

- We believe our approach is superior to dynamic hedging for several reasons:

  - We are not exposed to the risk of discontinuous market movements and severe liquidity events because our program doesn't rely on frequent dynamic rebalancing and the ability to trade in the market.

  - Second, because we do not rely on frequent rebalancing, our transaction costs are mostly fixed up-front when the hedge is established.

  - And then finally, in addition, we believe our static program results in lower aggregate operational costs and risks such as systems and execution errors.

- The hedging program has two objectives: to manage economic risk and to mitigate earnings volatility. We believe the program is working effectively on both counts.

In conclusion,

I'd like to say that, with another quarter behind us and the benefits of our diversified model strongly visible, I am confident in our plans to deliver on our shareholder targets and reach a 12 percent return on equity in 2008.

With that, let me turn it back to Jim.

James Cracchiolo, Chairman and Chief Executive Officer

I'll close our formal remarks up by sharing that Walter and I feel good about the continued progress we're making and the direction we're headed. We're highly focused on our strategic initiatives to grow mass affluent clients, continue our lead in financial planning, build a productive advisor force, gather assets by developing high performing product solutions and enable our operations through investments in our underlying infrastructure.

For those of you who will be in attendance at our November 15th financial community presentation, I look forward to sharing my view of our key points of differentiation and plans for the journey ahead, to ensure we deliver on our long-term commitments.