Ameriprise Financial
Fourth Quarter 2009 Conference Call

February 4, 2010

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Forward-looking statement

Some of the statements made in our February 3, 2010 earnings release and/or in this February 4, 2010 presentation constitute forward-looking statements. These statements reflect management's estimates, beliefs and expectations, and speak only as of February 4, 2010. 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 February 3, 2010 earnings release, a complete copy of which is available on our website, under the heading "Forward-Looking Statements" in our Form 8-K dated February 3, 2010 on file with the SEC, and under the heading “Risk Factors” and elsewhere in our 2008 10-K report, also on file with the SEC. 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 third quarter earnings release and/or in this presentation are based upon asset valuations that represent estimates as of February 3, 2010 and may be revised in our 2009 10-K report.

Jim Cracchiolo, Chairman and CEO

Good morning. Thanks for joining us for our fourth quarter earnings discussion. Today Walter and I will give you some insight into our performance for the quarter; we’ll provide an update on our acquisitions; and I’ll give you some thoughts on our positioning for 2010.

We generated solid results in the quarter, and for the year. Now that market conditions have been stable and improving for three quarters, our metrics are rebounding from their low points, and we’re beginning to regain the earnings power of our diversified model. As we begin to derive benefits from our acquisitions and other investments, and with the continuing support of our strong balance sheet and expense control, I believe we are in good position for 2010 and beyond. Clearly, the nation still faces economic concerns, but we feel good about our ability to execute our agenda. We have emerged from 2009 stronger and with many opportunities ahead.

As our fourth quarter business results demonstrate, we’re driving positive trends across our segments. Our clients are continuing to gain confidence as they emerge from the long-lasting paralysis brought on by the financial crisis. During the quarter, we drove improved client growth; our advisor productivity increased nicely; and our asset flows were strong across product lines. As a result of the good flows and rising markets, our asset levels increased significantly. In fact, our total owned, managed and administered assets increased to $458 billion, a 23 percent increase over a year ago. Just as important, our client and advisor retention continue to hold at very high levels, and the long-lasting client relationships that define our franchise remain strong.

We're also making good progress on our recent acquisitions. The Seligman and H&R Block Financial Advisors integrations are essentially complete, and each is giving us additional leverage. Seligman drove strong growth in our hedge fund business in 2009, and our employee advisor channel is now operating on a more efficient and productive model as a result of the H&R Block Financial Advisors acquisition. During the fourth quarter, we accomplished the last major phase of the Block integration, with a successful merging of technology platforms. We also continue to feel good about our Columbia Management acquisition, and I'll give you an update on that shortly.

Our strong financial foundation and prudent operating principals continue to serve us well. The balance sheet remains in excellent condition, and we remain in a net unrealized gain position. We are also maintaining our capital flexibility, with over $2 billion in excess capital—including the capital we raised to pre-fund the Columbia acquisition—and a strong liquidity pool of $1.8 billion in free cash.

In addition, we remain focused on expense control and re-engineering. We accelerated our reengineering agenda in 2009 to offset the effects of weak operating conditions, and we achieved over $400 million in full-year savings, with about two-third of those savings going to the bottom line. Walter will give you some detail on our fourth quarter expenses shortly, but I want to emphasize that we fully intend to maintain this long-term expense discipline even as conditions continue to improve.

So overall, I feel quite good about our earnings trends, and I'm pleased with both our positioning and the opportunities we've created.

Now, before Walter gives you more detail on our results, I'd like to provide some insight into our segment performance.

First, in Advice and Wealth Management, we reported pretax income of $18 million, and our core earnings in the segment were $35 million. Retail client assets increased 22 percent over a year ago, which reflects both higher markets and incremental increases in client flows. The positive trends in client activity are meeting our expectations. We knew from past downturns that retail clients would return to investing slowly, and we expected the upswing to take longer this time around because of the depth and severity of the crisis.

So while client activity is improving, it remains below pre-crisis levels. At the same time, we're still earning very small spreads on cash as a result of the near-zero short-term interest rates, and these two factors have compressed our margins in the segment. If conditions remain stable, we expect the slow improvement in client trends to continue. As that occurs, and if interest rates begin to rise, we will have the opportunity to drive margins higher.

We also believe that our new advertising campaign, which launched two weeks ago, will help us reach more of our target market. The campaign is built around real Ameriprise advisors and the tagline, "More Within Reach," which brings to life the value of our close advisor-client relationships. It's a broad campaign that you will see on TV, in print and online, and we hope to expand on its multimedia possibilities going forward.

Our advisors are enthusiastic about the new exposure for the brand, which they view as an important element of support we provide to help them grow their practices. We've always been focused on advisor support, and over the past two years in particular we've made great strides in the tools, technology, marketing and other support we provide, including the new brokerage platform we began rolling out in the fourth quarter. As a result, our advisors remain satisfied and engaged, and our advisor retention rate remains very high. At the same time, advisor productivity has begun to rebound, with net revenue per advisor increasing 7 percent compared with the sequential quarter, and with a solid increase in financial plan sales in the fourth quarter.

The increase in productivity is also evident in our wrap business, where we had net inflows of $2.6 billion. Total wrap assets were $95 billion at year-end, a 30 percent increase over a year ago.

Our support for advisors is one of the reasons we've had success in ramping up our experienced advisor recruitment efforts. For all of 2009, we recruited approximately 500 experienced advisors, and while we slowed the pipeline in the fourth quarter as we completed the Block integration and rolled out the new brokerage platform, we still see good opportunity to bring in experienced people.

You'll notice that our total advisor count decreased during the quarter. That's a result of our continued focus on productivity and the re-engineering of our employee advisor group. We've been removing less-productive advisors from our system and bringing in established and more productive advisors, a strategy that should generate stronger economics over time.

In the Asset Management segment, we generated a significant improvement in profitability, with pretax income of $70 million, or $77 million excluding integration costs. The stronger earnings were driven by net inflows, market appreciation and hedge fund performance fees. We drove total inflows of $1.4 billion for the quarter and $3.6 billion for the year—which represents a dramatic turnaround from significant outflows during 2008. The inflows in the fourth quarter came from both the U.S. and our international business, and from strong institutional net inflows.

Internationally, Threadneedle built on the strength of the third quarter and delivered solid results, highlighted by strong sales and net inflows.

In terms of investment performance, domestic performance continued its positive trend in the quarter, with 72 percent of equity funds and 80 percent of fixed income funds above their peer medians on an asset-weighted basis for the year. At Threadneedle, while one-year performance was down, 90 percent of equity funds were above median for three-year performance.

We firmly believe the Columbia Management acquisition we announced in September will be an excellent addition to our asset management business, and we remain on track to close in the spring. The assets we will acquire ended the year at $186 billion, a 13 percent increase since we announced the deal. Our planning for integration is proceeding according to schedule and expectations, with most personnel decisions made and communicated. We remain confident that we will be able to execute the transaction and deliver on our financial projections for the deal.

The annuities segment reported pretax income for the quarter of $157 million, and I continue to feel good about both the results and direction of that business.

In variable annuities, asset balances increased to $55 billion, a 27 percent increase over a year ago and a 4 percent sequential increase. Net flows remained positive despite slower sales, as clients continued to be reluctant to enter long-dated contracts.

In fixed annuities, our balances were up 20 percent compared with a year ago, but flat compared with the third quarter. Following several months of very strong fixed annuities sales through the middle of last year, we lowered our rates in response to the changing spread environment. While we have slowed the faucet on fixed annuities sales, the higher balances in the book are continuing to generate solid returns.

The protection segment generated pretax income of $129 million for the quarter. Life insurance in force remained at $193 billion, which is flat compared with last year. Sales were weak for most of the year, but during the fourth quarter, we saw early signs of improvement in variable universal life sales, as well as continued strong sales in UL. The overall book of insurance business remains very solid, and it continues to generate strong returns.

I should point out an ongoing strength in Auto and Home. This business continued its steady growth, with another 9 percent year-over-year increase in policy count, and it continued to deliver solid margins.

In total, as I look across our businesses, I'm seeing improvements in our key metrics, with client activity, advisor productivity and asset flows all pointing in the right direction.

To wrap up, as I think about the very volatile period that began in 2008, I feel good about where we stand today. It's been a tough time, but we are emerging a stronger firm, and rather than having to fix problems, we are focusing on realizing the opportunities we've created.

I believe we're positioned well for 2010. We have:

Solid and improving business fundamentals;

A promising opportunity ahead through our Columbia acquisition;

A strong balance sheet, including appropriate excess capital and liquidity;

And an ongoing commitment to prudent expense management.

While we obviously don't know where markets and the economy will head this year, especially considering the weak January, I feel comfortable with our ability to navigate the conditions.

Now I'll turn it over to Walter, and later we'll take your questions.

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Fourth quarter 2009

Underlying business strength driving improved financial performance

- Reported earnings per diluted share $0.90
- Double digit revenue growth
- Expense management on target
- Continued strong balance sheet fundamentals

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Walter Berman, CFO
Thanks, Jim.

We've posted slides on our website again this quarter, and they will be updated with my talking points after the call.

Please turn to slide 3….

As Jim mentioned, we're pleased with the fundamental strength of the business and our improved financial performance. Let me take you through the highlights:

Fourth quarter 2009 reported earnings per diluted share were $0.90, compared to a net loss last year, and core operating earnings were $0.91 in the quarter.

We're generating double digit net revenue growth driven by strong fee- and spread-based businesses.

G&A expenses remain well controlled – we met our fourth quarter and full year expense targets and remain committed to effective expense management.

And our balance sheet remains strong.

Let me talk you through each of these points in more detail.

Please turn to slide 4.

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Fourth quarter results

($ in millions, except per share amounts)	Reported		Core		% Change B/(W)	
	4Q 2009	4Q 2008	4Q 2009	4Q 2008	Reported	Core
Net Income	$237	($369)	$240	$176	NM	36%
Earnings Per Diluted Share	$0.90	($1.69)	$0.91	$0.80	NM	14%
Adjusted Earnings Per Diluted Share (Excluding June 2009 equity issuance)	$1.04	($1.69)	$1.06	$0.80	NM	33%

Reported results reflect underlying business growth

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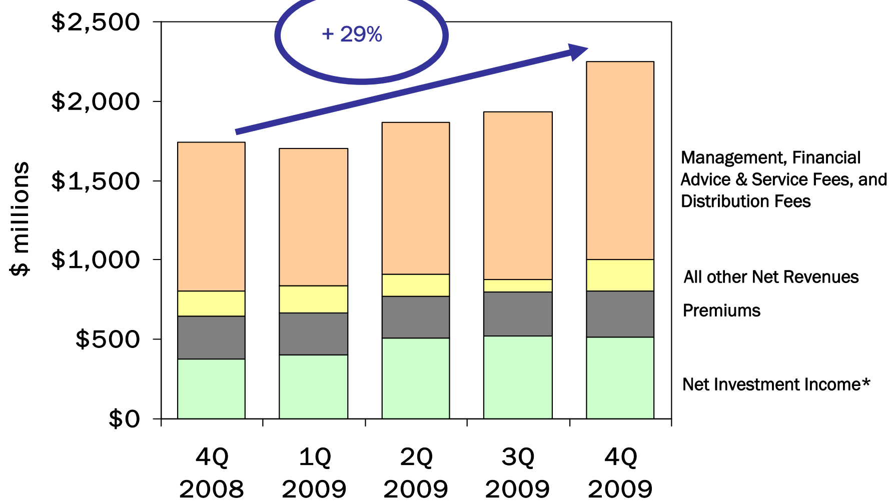
Net income in the fourth quarter of 2009 was $237 million, compared to a loss a year ago.

Earnings per diluted share in the quarter were 90 cents, compared to a loss of $1.69 last year. I should note that the current quarter's EPS calculation included 36 million shares we issued to pre-fund the Columbia acquisition. We will not capture the earnings from the acquisition until we close, so for year-over-year comparison, we are showing you the adjusted EPS, excluding the shares issued for the acquisition, of $1.04.

As for core results, we established the "Core earnings" concept to help segregate the impact of the market dislocation from the underlying business trends, and recently, to provide transparency in year-over-year comparisons. In 2010, we will transition to focus on reported earnings, excluding integration costs, primarily for the Columbia acquisition. That said, we will continue to provide the same level of transparency in factors impacting earnings.

In summary, earnings growth was solid, with strong revenue growth driven by the business trends, favorable market comparisons and expense controls.

On slide 5, we show revenue growth trends….



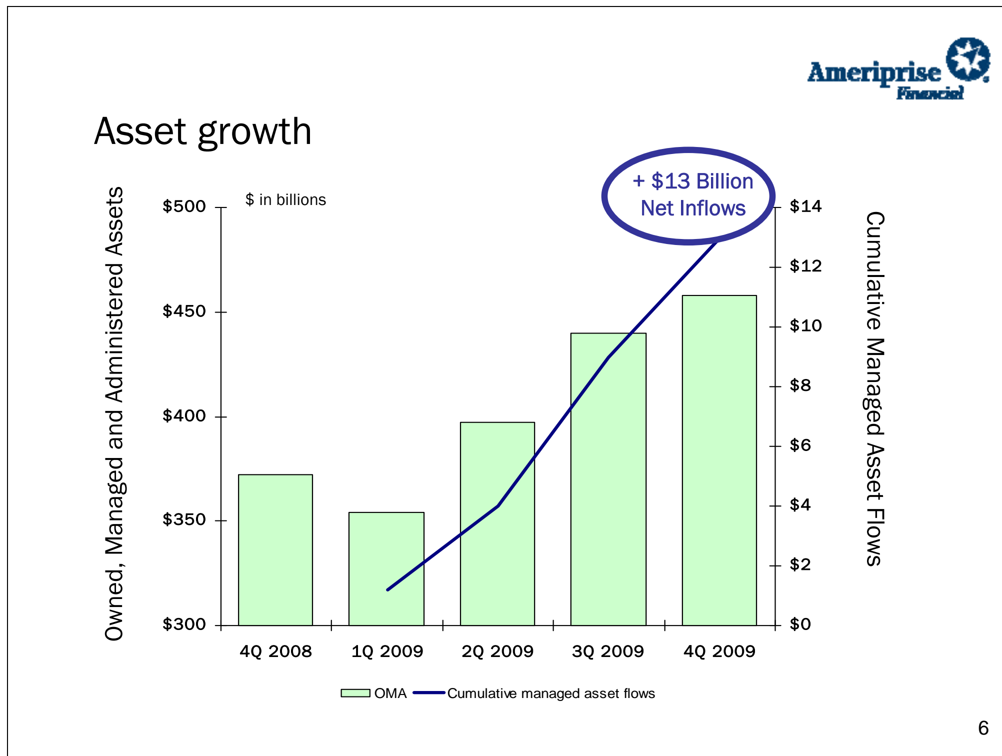
Year over year net revenue, excluding realized gains and losses, increased 29 percent.

Management and Financial Advice Fees grew 41 percent, with about a third of the growth coming from market. The remainder was driven by business growth, positive flows in Asset Management and wrap accounts, and strong hedge fund performance.

Distribution fees grew 17 percent. While a portion of these fees are asset based and impacted by the market, the portion related to client activity is still below pre-crisis levels.

Net investment income, excluding realized gains and losses, was up 37 percent, driven by higher fixed annuity balances due to the strong fixed annuity flows in the first half of the year, as well as benefits from repositioning our portfolio and cash during 2009. Net investment income growth does not reflect equity driven returns in hedge funds or alternative investments, but rather base revenues generated from the bond portfolio.

Please turn to slide 6.



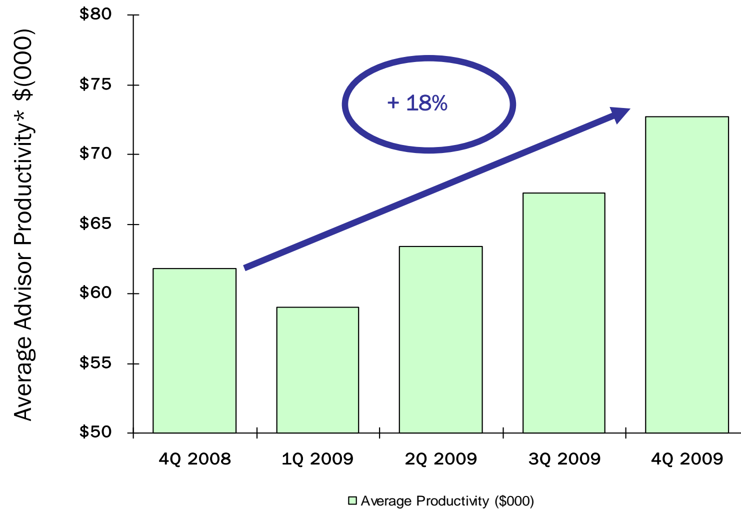
Our improving revenue picture also reflects our growth in assets. Owned, Managed and Administered Assets were $458 billion at year end, up 23 percent, or $86 billion, year-over-year.

•Owned assets grew $5 billion, or 16%, primarily due to the market's impact on non-prop separate account assets, as well as business growth.

•Managed assets, in both wrap accounts and the Asset Management Segment, grew 23% or $61 billion. Market appreciation drove a substantial portion of the increase, with $13 billion driven from net inflows in 2009. This is a substantial improvement from the $23 billion in net outflows in 2008.

•And Administered assets, primarily brokerage accounts, grew 26% or $20 billion, driven by both markets and retail inflows.

Let's turn to the next slide.



In spite of slower overall client activity, average per advisor productivity has seen a steady increase over the past several quarters and is up 18% in the current quarter. This is primarily driven by market appreciation and improvements in client activity, and the actions we've taken to improve our advisor's productivity.

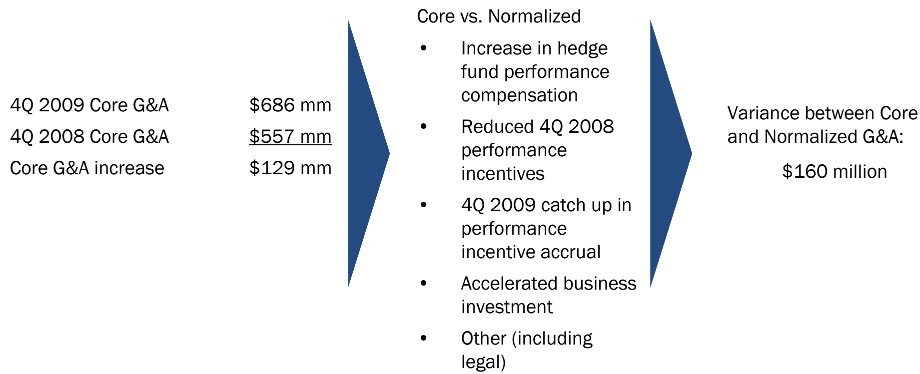
As a result of these actions, our overall advisor count is down 4% from a year ago consistent with our efforts to re-engineer our employee advisor platform. Advisors must meet productivity requirements, and the vast majority of departing advisors had less than $50,000 in annual production.

However, we've also seen solid growth in experienced advisor recruiting – as we've stated, more than 500 experienced advisors joined the firm last year. In fact, productivity of the new advisors is over four times the departing advisors, which is contributing to our productivity growth.

Let's turn to page 8.

Fourth quarter and full year 2009 G&A expenses remain well controlled

Fourth quarter normalized G&A down 6 percent; full year normalized G&A down 10 percent



FY 2010: maintain commitment to expense controls

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I want to spend a few minutes on our general and administrative expense line. It's important that you understand the various movements to get a picture of the underlying trends.

Core G&A, which excludes market and integration impacts, increased $129 million year-over-year. However, on a fully normalized basis, G&A is down approximately 6% for the quarter and 10% for the full year.

I want to provide insight into the items we take out to get normalized trends.

You saw that we booked strong hedge fund earnings in the fourth quarter of 2009, which also includes the related compensation. In addition, the year-over-year increase in G&A expenses is distorted by the decrease in performance-based compensation in the fourth quarter of 2008 when our overall firm-wide performance suffered due to the market. In 2009 we had the reverse impact due to strong year-end performance. Both of these items are timing issues and are not expected to carry into the first quarter. We also had accelerated business investment, systems and marketing, and other expenses, including a legal settlement.

Normalized for these impacts, we achieved our expectations of a fourth quarter 6-8% decline in G&A expenses as well as a full-year 10% decline.

This brings us to our balance sheet discussion on slide 9.

Strong balance sheet fundamentals and financial flexibility

- Excess capital over $2 billion, over $1 billion after closing Columbia acquisition
- RiverSource Life RBC ratio over 400 percent
- Net unrealized gain position
- Strong capital ratios and liquidity
- Continued effective variable annuity hedging program

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We continue to maintain strong balance sheet fundamentals.

Our excess capital position was over $2 billion, or over $1 billion when factoring in the capital for the Columbia acquisition.

RiverSource Life ended 2009 with an estimated RBC ratio of more than 400 percent.

Our investment portfolio remains well diversified and high quality – we reported a $700 million unrealized gain at year-end.

Our capital ratios are strong – our debt to capital ratio was 19.5% or 14.5% when excluding non-recourse debt and the credit for the hybrids.

We continue to maintain a prudent liquidity position. We ended the year with $1.8 billion in free cash and over $900 million in cash at the holding company. In addition we expect to take a material dividend from the Life Co. in the first quarter.

And finally, our variable annuity hedging continues to perform well.

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Summary

- Solid performance in the quarter
- Business trends broadly positive
- Market trends evolving
- Focus on execution

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In closing, we had a solid quarter.

Our business metrics are heading in the right direction and our foundation remains strong.

While markets continue to evolve, we will monitor them closely to make sure we are managing prudently within the context of the environment.

We are well positioned and focused on execution.

With that, I'll turn it back to the operator so we can answer your questions.

Operator?