

**THIRD QUARTER 2008
EARNINGS CONFERENCE CALL**

**Jim Cracchiolo – Chairman and Chief Executive Officer
Walter S. Berman – Executive Vice President and CFO**

Jim Cracchiolo – Chairman and Chief Executive Officer

Good evening everyone. Thanks for joining us to discuss our third-quarter results. I'm going to give you an overview of the quarter and where we stand, and then Walter will take you through a fair amount of detail on our results and the balance sheet.

I don't have to tell you that we're operating in an extremely difficult environment—in fact, this is without question the most challenging time I've seen for the markets in my nearly three decades in the industry. We've reached a point where no one is immune to such extraordinary dislocation.

The markets clearly impacted us. The 24 percent year-over-year decline in the S&P 500 through September 30 took a toll on our asset levels and our fees, and clearly things have only intensified in October, as the S&P is down 20 percent just this month and is now down 37 percent for the year.

Despite the market effects, our business remains sound. Because our model is built around long-term financial planning, our clients are staying the course—client retention is at a very solid 94 percent. At the same time, our advisors are working to ease client anxiety over both the markets and the Reserve Funds issue, which I will address shortly. Still, with the strong support we provide, advisor satisfaction remains high, and our franchisee advisor retention is over 93 percent. In fact, among our most experienced franchisees, retention is at an all-time high of 96 percent.

We're able to weather these times because of the decisions we've made, and because of the strong operating platform we've built over the three years since our spinoff.

- Our enterprise risk management continues to serve us well;
- We have a high-quality investment portfolio, as well as strong liquidity and excess capital. I should note that, in order to maximize our liquidity in these highly uncertain markets, we are temporarily suspending our share repurchase program;
- We're also managing expenses aggressively and, in fact, we're escalating our expense initiatives; and
- We have the right business model, and the right leadership in place, to navigate tough times.

The decisions we're making now, as well as our overall positioning, will make us stronger when the markets and the economy emerge from this difficult period.

Now I'll give you some additional context for our third quarter results.

We reported a net loss of 32 cents per share, which was driven by several significant market impacts that I will describe shortly. Excluding these impacts, our core operating earnings of a dollar and four cents per share were also significantly affected by equity market depreciation, including its impact on DAC mean reversion. This was partially offset by DAC unlocking and continued tax benefits. To be clear, we consider these items part of our core operating earnings.

If we exclude the credit market impacts, net revenues were down 6 percent compared with a year ago primarily due to equity market impacts on asset balances and lower levels of client activity. Meanwhile, our core general and administrative expenses were down 6 percent. Our ROE, excluding the extraordinary credit market losses, realized gains and losses and separation costs, was 12.5 percent.

As we've told you since the outset of the credit crisis, our balance sheet is strong, but it is not immune to the credit market deterioration since September. As we disclosed a few weeks ago, we were affected in several ways by the Lehman Brothers bankruptcy, as well as by the WaMu failure. Despite our relatively limited holdings in non-agency residential mortgage-backed securities, severe deterioration in the real estate market also affected us. All told, we reported \$213 million in after-tax credit-related losses.

The Lehman Brothers bankruptcy impacted our RiverSource money market funds, which held Lehman paper. It's important to remember that Lehman held a commercial paper rating of A1/P1 at the close of business on Friday, September 12. Before the markets opened again, Lehman had declared bankruptcy—never before had a major corporation gone from A1/P1 straight to default. The default led us to provide capital to our money market funds in order to maintain their NAVs at a dollar.

As I'm sure you all know, the Reserve's Primary Fund did not maintain its one-dollar NAV following the Lehman filing, and The Reserve subsequently stopped redemptions from all of its funds. Our clients have significant assets in both The Primary Fund and The Government Fund, and all those funds are still frozen, more than 40 days later. Let me tell you how this has affected us:

- Because of our strong liquidity position, we have been one of the few affected firms able to provide clients with the interim cash they need to pay their routine expenses. Of course, this comes at a cost to us, because we are not recouping our cost of funds—but importantly, we are not jeopardizing the company's liquidity strength by helping clients.

- We also made the decision to mitigate our clients' losses in the Primary Fund. We took this step because of the extraordinary nature of the event. This reimbursement will be distributed to clients when the Primary Fund completes its liquidation and distributions, but we've recognized the \$23 million after-tax liability now. Our results also include an \$8 million after-tax provision for losses on Reserve-related receivables.

We have engaged in extensive outreach to regulators and legislators seeking their help and influence with the Reserve situation. We're disappointed with the lack of action, and we're fighting as hard as possible for a fair and reasonable resolution to this situation.

Now that we've addressed the extraordinary events, let me move on to discuss some of the trends we're seeing in the business.

Like most investors, our clients are worried about what will happen next. As a result, in many cases, they're frozen—they don't want to take action in these market conditions. However, they're maintaining their long-term focus, and they're working closely with their advisors. Our client relationships endure over time, even in such difficult markets. As evidence, our branded financial plan net cash sales were up 9 percent over a year ago, with sequential declines reflecting a seasonality impact, as the third quarter is often our slowest quarter.

In the advisor force, we're pleased with our strong retention and satisfaction, given the many stresses the advisors are facing right now. The number of advisors in the employee channel continues to decline, although at a slower pace than earlier this year, as we continue to reengineer our employee channel. Keep in mind: We will see an increase of about 950 employee advisors when we close our acquisition of H&R Block Financial Advisors. That closing is on track to occur next month, and we continue to feel very good about the transaction and the opportunities it presents both for H&R Block and Ameriprise advisors. In addition to the 950 new employee advisors, we expect the transaction to add \$27.5 billion in assets.

Now I'll move on to the product areas.

Owned, managed and administered assets declined 20 percent compared with a year ago primarily due to market depreciation. We also experienced outflows at both RiverSource and Threadneedle.

In general, clients are buying fewer variable products, like wrap, mutual funds and variable annuities, and opting instead for fixed products like certificates and fixed annuities.

In wrap accounts, we partially offset market impacts on assets with net inflows. However, inflows slowed to \$657 million during the quarter.

Overall RiverSource Funds flows were a negative \$1.4 billion, primarily due to lower sales as clients resisted putting money to work in equity funds. Redemptions were stable.

Investment performance continues to be a factor in our net flows. Our 3 and 5 year performance remains solid in many categories, and we have pockets of real strength this year, particularly in our Minneapolis office. But our other 1 and 2 year performance numbers have been weaker. We've addressed a key area of underperformance by parting ways with managers of some large, under-performing funds at our Boston office. We're in the process of moving these assets to other, better-performing funds, including some Seligman funds after we close our acquisition next month.

The Seligman acquisition gives us exciting opportunities. The transaction will add \$16 billion of assets, including \$3 billion of hedge fund assets. Seligman will bring us world-class technology and value teams, as well as significantly enhanced third-party distribution opportunities.

Threadneedle's investment performance remains competitive. Outflows at Threadneedle have resulted from both the continued outflow of Zurich funds and hedge fund redemptions, as well as from the overall pull-back from equities in the European marketplace. Threadneedle is also taking actions to adjust its expenses to the current revenue environment.

In our other product areas, net inflows in variable annuities slowed to \$568 million, while net outflows of \$184 million in fixed annuities improved by 75 percent over a year ago. Sales of variable annuities have slowed across the industry as clients remain in cash and other liquid positions—which in turn has benefitted our sales of certificates. Sales of certificates were up 47 percent sequentially.

In the insurance business, life insurance in force is up 4 percent over a year ago, to \$192 billion, despite a slow-growth market. Auto and Home policies increased by 5 percent. Total Protection segment premiums were up 4 percent compared with last year.

To summarize, this was clearly a very difficult quarter for the entire industry, and we were no exception. We're in the midst of an historic dislocation across the capital markets, and we're a market sensitive company. Down markets affect our fees, spreads and asset levels, and we obviously expect this to continue given the market conditions thus far in the fourth quarter. So to weather this storm, we're scaling back on our investments in a number of areas and we're cutting expenses aggressively. In fact, we expect to drive general and administrative expenses down further in 2009.

But I want you to understand that we remain 100 percent committed to our strategy—because we've demonstrated that it works. We're very confident that we have the ability to rebound and return to strong performance when markets stabilize. Let me tell you why:

- While the market environment could continue to impact our asset portfolio, our balance sheet remains strong;
- We continue to maintain significant excess capital, and we are in a very sound liquidity position;
- As result, we will not have to repair major problems caused by poor decision-making.
- Just as important, our model is built around long-term client relationships, and those relationships are enduring through this period;
- And our model provides a diversified set of revenue and income streams.

So overall, the economic and market environment remains very tough, but we continue to feel good about our financial position and our compelling long-term opportunity.

Now I'll turn it over to Walter for more detail on our balance sheet. After that, we will take your questions.

Walter S. Berman – Executive Vice President and CFO

Thanks, Jim.

In my remarks, I'm going to provide more insight into three critical areas: First, our financial and operational results for the quarter; next, the drivers of our financial position and balance sheet strength; and lastly, the going forward implications of the current environment.

First, let's take a look at the quarter.

Our net loss of \$0.32 per share was driven by the credit market dislocation we experienced in September, and the resulting high level of impairments.

As Jim told you, in September, we saw the overnight bankruptcy of Lehman Brothers and the take-over of Washington Mutual. These events, combined with others, significantly impacted liquidity and spreads across the market.

As it relates to our residential mortgage-backed securities impairments, we recorded \$66 million in after-tax losses, which reflected market conditions. We have now impaired all of the AAA-rated mezzanine tranches of our Alt-A securities backed by Option-ARM's. We continue to hold approximately \$400 million in non-impaired super-senior Alt-A securities backed by Option-ARM's,

but they're all in the most senior position in the structures, some with more than 50 percent subordination.

In the quarter our core operating earnings were \$1.04 per share. As Jim indicated earlier, these core results reflect continued strong client and advisor retention.

Core operating revenues and earnings include several negative market impacts totaling slightly more than \$75 million after-tax:

- First, lower equity markets affected our fee revenue;
- Second, we have lower net investment income because of the higher levels of liquidity we've chosen to build in this environment and lower fixed annuity balances;
- Finally, we've experienced a mix shift driven by increased risk aversion among our clients which has resulted in lower traditional sales and lower distribution fees.

Offsetting these negatives were three positives, which are detailed in our release.

- First, a \$40 million net after-tax benefit from items related to the valuation of DAC and other balances for our RiverSource Life products. This included \$69 million of benefits from our annual review and unlocking of longer-term valuation assumptions and from the implementation of new valuation systems. Those benefits were partially off-set by mean reversion, which was a \$29 million after-tax loss for the quarter.
- Next, a \$9 million benefit from ineffectiveness in our living benefit hedging program. While the impact of widening spreads was a positive, this was significantly offset by separate account underperformance compared to the indices we use to hedge those accounts or basis risk. This basis risk has a bigger impact to hedge effectiveness when client guarantees are in the money. Our models assume that clients will behave rationally and will therefore, be less likely to let their contracts lapse. Excluding the impact of wider credit spreads, we believe a loss of \$22 million is representative of our hedge ineffectiveness.
- Finally, as in most quarters, we continue to have tax benefits of \$14 million.

As Jim said, another positive is our strong control over G&A expenses. Core G&A expense were down 6 percent year-over-year, and 8 percent year-to-date.

So, in summing up our financial and operational results for the quarter, the 32 – cent loss was driven by dislocation in the credit markets. The \$1.04 core earnings was impacted by \$0.34 per share in negative market effects and offset by \$0.28 per share in the positives I just described.

The second topic to address is our financial strength.

Our earnings are supported by the financial strength that we've created over the past few years -- liquidity, capital position, and asset quality. Despite the impairments we took in the quarter, our assets are well positioned to deal with the current environment.

At Ameriprise we've always had a strong risk management culture and risk – reward decision process, a long-standing product approach to incorporating risk and return into all our decisions.

Let's first look at our liquidity. We have over \$4 billion in cash and equivalents, with \$1.3 billion at the holding company. We expect to maintain conservative levels of liquidity in this environment, ending the year with over \$1 billion at the holding company, after using approximately \$800 million for the two acquisitions we announced earlier this year.

We believe we have more than adequate and stable sources of liquidity for our future needs, as we do not have a security lending program, don't rely on bank loans, GICs or other short-term institutional financing, have no debt maturities until late 2010, and continue to retain lines-of-credit at the parent, subsidiary and mutual fund levels.

Second, our capital position, we continue to maintain substantial excess capital, and expect to end the year with approximately \$1 billion in excess capital.

On our website, you will find significantly enhanced disclosures for our entire owned asset portfolio. We have a portfolio that remains high quality, well diversified and well positioned to weather the economic cycle. I would encourage you to review the detail and make the comparisons – I believe you'll see why we feel good about our position.

Over the past several years, we have been quite measured in taking on credit risk where we believed the reward wasn't sufficient.

Therefore, we avoided:

- Credit Default Swaps or other structured credit exposures in the corporate bond portfolio,
- Private equity,
- Hybrids,
- And, have limited exposure to CLO's, equities, trading securities and hedge funds; totaling just over 1% of our investment portfolio, and almost entirely due to seed money for new investment products.

While unrealized losses have increased in the portfolio, they are generally the result of spread-widening across all fixed income asset classes. Year-to-date, our realized losses relative to our portfolio size are some of the lowest across the industry. And, our unrealized losses – at \$986 million after-tax -- are in line with

the industry. We do not believe we'll realize these losses as we have ample liquidity to hold to maturity.

Corporate spreads have reached 20-plus year highs, and we believe this sector will be the next area of heightened attention for the market given concerns about the economic weakness. Ultimately, we expect the contagion to also move to the CMBS sector and whole loan commercial mortgages. So, let me touch on each of our portfolios in these areas.

Our investment grade corporate bond portfolio experienced the biggest increase in unrealized losses, contributing almost 80% of the increase in unrealized losses in the quarter. Even so, the price decline experienced by our portfolio was only 4%, compared to 7.5% among the Lehman corporate index.

In our corporate bond portfolio, you'll see a preference for credits in industries with regulatory oversight and a bias toward asset rich companies with strong cash flow-generating capabilities – across multiple economic cycles. Within our BBB-rated exposure, 65% is in the Telecommunications, Electric Utilities, Consumer Non-cyclical, and Energy industries – all regulated, asset rich, or non-cyclical.

In our CMBS portfolio, the change in unrealized losses was less than 2% of book value. This portfolio is very high quality and well diversified. It's 100% AAA-rated and contains 37% agency paper. And, it's almost entirely in 2005 and earlier vintages, reflecting our decision in late 2006 to avoid the market when underwriting standards for securitizations deteriorated.

In our commercial mortgage whole loan portfolio, we continue to have low LTV's, high cash flow coverage, and no delinquencies. It is well diversified by both geography and property type.

Lastly, I want to address the implications of the current market for our ongoing performance.

Since the end of the third quarter, the equity markets are down another 20 percent. Lower equity markets in the future will naturally impact our asset levels and revenues. In addition, we would accelerate the write-off of our DAC balances. As most of you know, we adjust our DAC balances for markets on a quarterly basis.

In terms of our two acquisitions, based on current markets and what we know today, we continue to expect Seligman to be accretive in 2009, and H&R Block financial advisors to be accretive in early 2010.

If current markets persist, 2009 will be challenging. Therefore, we are aggressively stepping up our reengineering. Though we will continue to reinvest

in the business, we will bring more of these savings to the bottom line, as you've already seen so far this year.

We expect to continue to hold excess capital and end 2009 well in excess of \$1 billion. At current equity market levels, statutory reserves will certainly increase for variable annuities and we may be required to hold more capital to comply with C 3 Phase 2 – an analysis we run to determine regulatory capital requirements for variable annuity products. Even with these additional requirements, we believe RiverSource Life's RBC ratio will remain above levels appropriate to maintain our AA ratings.

Let me wrap my remarks up before Q&A.

Clearly the credit market dislocation and overall environment affected our financial and operational results for the quarter, but our business and balance sheet fundamentals remain strong.

In both the near and longer term, we believe our strong financial foundation and business model will allow us to continue to execute against our stated strategic objectives.