

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

Laura Gagnon – VP, Investor Relations

Thank you and welcome to the Ameriprise Financial second 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 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, AMEX Assurance and non-recurring separation costs.

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 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 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 CEO

Good afternoon. Thank you for joining us today.

We've just finished our third quarter as an independent company and I feel very good about the progress we're making.

We had a very solid operating quarter and are doing well against our shareholder targets and executing against our strategic objectives. At the same time, we continue to make tremendous progress in managing through the separation and establishing ourselves as a public company.

Relative to the corporate targets:

- Adjusted revenues grew 13 percent and adjusted earnings were up 22 percent. Both measures are above our on-average, over-time targets.
- Adjusted return on equity continues to improve - reaching 10.7 percent as of the end of the second quarter. While this is below our 12-15 percent target, I'm pleased with the progress we made again this quarter. I believe we will reach our target range on a 12-month trailing basis by the end of 2008.

As we grow retained earnings and free up capital through our optimization efforts, we're committed to re-deploying that capital most effectively – either by returning it to shareholders or for targeted acquisitions. During the quarter, we repurchased 1 million shares of Ameriprise common stock for a little less than \$42 million as part of our approximately \$840 million share repurchase authorizations.

Now, let's review our business results for the quarter, which I've grouped based on our five strategic objectives:

First, is growing our mass affluent client base.

Here, our focus is on meeting the financial needs and dreams of the mass affluent through a financial planning relationship. The number

of our mass affluent clients grew 8 percent year-over-year. Importantly, average assets per new client increased 24 percent year-over-year, reflecting our focus on acquiring these clients through a comprehensive planning relationship.

We are also making great progress in continuing to raise awareness of the Ameriprise Financial brand nationwide, helping to define our Company in the mass affluent space. In fact, we're ahead of where we thought we'd be at this point. We will continue to focus on moving our campaign forward in the fourth quarter. We have also recently completed the resignage of all of our offices around the country.

Our second objective is to maintain our focus on financial planning.

We know that financial planning leads to deeper client relationships and more satisfied clients. Advisors who do planning are more productive, and advisors who develop ongoing planning relationships with their clients are even more productive. Financial planning is at the core of the Company, and moving forward, we will devote even greater emphasis to helping our clients through a financial planning relationship. This includes investing in systems, tools and strategies to drive new planning relationships with the mass affluent.

Today, 58 percent of new mass affluent clients are joining us through a financial planning relationship. This is significantly higher than our total financial plan penetration of 44 percent.

Our third objective is delivering profitable growth and productivity in the advisor network.

Advisor productivity continues to show strong year-over-year improvement, with per advisor gross dealer concession up 14 percent. Near term, we will continue to focus on delivering productivity gains across the advisor base.

Technology enhancements are an important part of our strategy to improve advisor productivity. Earlier this year, we rolled out the first of four new advisor desktop releases to improve platform stability, provide new tools and make it easier to do business. --- The reaction thus far from our advisors has been great. --- In the end, our goal is to offer a leading advisor desktop technology.

One of the challenges created by the spin was maintaining the stability of our advisor force. As I've met with advisors across the country, they're very positive about the changes that resulted from our independence. Franchisee advisor retention, based on the past 12 months, remains strong at 91 percent, and we're seeing an improving trend over the past two quarters.

In regard to our employee advisors, retention is at 60 percent reflecting higher productivity requirements and the closing of certain field offices as part of our ongoing efforts to ensure efficient use of our resources and alignment with our mass affluent strategy.

Our fourth strategic objective is to develop new, innovative solutions and extend distribution beyond current channels to capture greater asset flows.

Advisor clients continue to choose our industry leading wrap program, and it remains number one in assets. Combined, our wrap products now hold more than \$66 billion in assets, up 36 percent from the prior year.

RiverSource variable annuities continue to achieve strong growth in both the Ameriprise and third party channels. Variable annuity sales rose 56 percent from the prior year and contributed \$1.3 billion in net flows. In the quarter, we introduced the new RiverSourceSM Retirement Advisor 4 Variable Annuity Series and a new rider, the Guarantor Withdrawal Benefit for LifeSM.

As clients and advisors are increasingly recognizing our performance improvements, investment capabilities and more effective wholesaling, we are experiencing increased sales in our RiverSource funds, and a decline in redemptions. We've essentially cut net outflows in RiverSource Funds in half both year-over-year and sequentially. Even with continued positive momentum, we expect to experience net outflows in 2007 due largely to our move to open architecture.

During the quarter, we launched 10 new mutual funds including the RiverSourceSM Retirement Plus Series, an innovative target-date

fund-of-funds solution that utilizes our quantitative capabilities. This is a product that is central to our IRA and defined contribution investment only activities.

Expanding third party distribution and our institutional asset management business are also important to accumulate greater assets. Advisors at Securities America can now offer RiverSource Funds, and we're working to open third party distribution of our funds by the end of the third quarter. We're also focused on growing our institutional and subadvisory businesses and we acquired high yield and deep value mandates during the quarter.

Insurance is a critical need for many of our clients, and our portfolio of products emphasizes asset accumulation. Life insurance in force was up 9 percent over the past 12 months reaching \$167 billion. Our market share continues to increase in variable universal life, where we are a leader, with sales up 8 percent year-over-year. We also recently launched new universal life products in support of our retirement strategy and are seeing strong growth in Auto and Home.

The fifth objective - - ensuring an increasingly strong and efficient operating platform.

Let's begin with how we are leveraging the separation from American Express and subsequent reestablishment of our infrastructure. These efforts are going very well, are on track and on budget. We're

accomplishing this while continuing to focus on the core of our business.

Meanwhile, we continue to reengineer to improve our effectiveness and efficiency, with more than 100 initiatives underway across the Company.

Our reengineering program is on track to deliver targeted savings --- both to improve our pretax margins and to fund new investments in the business. The pretax improvement from reengineering initiatives is consistent with our plan and will allow us to reinvest in improved business systems, capabilities, products and services.

Capital optimization is another priority area, and we're re-deploying against higher returning businesses to derive greater growth, while managing capital intensive business like fixed annuities and certificates, which have been impacted by the flat yield curve.

One challenge that we, like others in the industry, face is the evolving regulatory environment. We've invested heavily in compliance over the past several years. We continue to make significant investments and believe we're making substantial progress. We've put a number of matters behind us and continue to work with the regulators. We regularly review our legal and regulatory reserves and make adjustments if and when necessary.

Lastly, we made the strategic decision to exit the recordkeeping portion of the defined contribution business, announcing its sale in May. We generated a net gain of \$36 million on the sale and are now focused on capitalizing on the growth opportunities of our defined contribution investment management only business, where we sell our funds on other platforms. This was an opportunity to make a strategic exit from the technology processing part of this business to focus more on growth opportunities while assuring our client needs were met.

That concludes my formal comments. I'd like to turn it over to Walter who will provide more comments and context about the financials. I do want to reiterate that I feel very good about our underlying business results and the execution focus that the organization is maintaining.

Walter Berman – Chief Financial Officer

Thank you, Jim.

The second quarter of 2006 was financially successful on a multitude of dimensions.

Adjusted earnings were \$195 million, or 22 percent higher than prior year performance.

This adjusted earnings growth was generated by a double digit increase in adjusted revenue coupled with tight management of our ongoing operating expenses.

As a result, adjusted contribution and PTI margins improved, along with performance in our two operating segments.

ROE on an adjusted basis reached 10.7 percent, as compared to 10.4 percent last quarter.

And finally, we successfully executed the sale of our 401(k) record-keeping business and handled several special items during the quarter. The net effect of this and all other special items was a marginally negative impact on our strong operating performance for the quarter. The details on all special items have been included in our statistical supplement, available on our web site.

The strong performance in our brokerage, SPS, variable annuity and improved sales in our retail mutual funds led to a double digit year-over-year growth in both our management, financial advice and service fees and distribution fees. This positive momentum was partially offset by the negative growth in our net investment income as a result of the anticipated decline in our certificate and fixed annuity balances.

Adjusted expenses increased 11 percent in the quarter vs. last year. However, operating expenses, net of these special items, showed a

significantly lower increase due to strong expense controls and reengineering.

As a result of the underlying revenue growth and product mix shifts, our adjusted contribution margin, excluding the 401(k) transaction, increased to 51.3 percent, from 49.6 percent in the year-ago period and, excluding special items in both periods, PTI margin improved substantially.

We also continue to drive progress on optimizing our capital structure. During the quarter we issued \$500 million of hybrid securities, junior subordinated debt with tax deductible interest, which receives equity credit from the rating agencies. This hybrid security is a very attractive way of lowering our overall long-term cost of capital.

We've continued to return capital to shareholders through dividends and share repurchases, buying back one million shares for about \$42 million. During the first four months of the two year authorization, we've repurchased 7.4 million shares for \$316 million, leaving approximately \$520 million.

As I indicated, we had a number of special items disclosed in the quarter. I'd like to provide you more context concerning four of these items.

First, we announced the sale of our recordkeeping business on May 3rd this year and closed the transaction on June 1st. In addition to the

long-term strategic benefits, we recorded a net pretax gain of \$36 million in the AA&I segment. The \$66 million in proceeds from the sale are included in “other revenue”, with \$30 million in transaction-related costs included in “other expenses” in the segment. These costs reflect system write-downs, as well as related severance.

In addition to the current quarter financial impact, the sale resulted in a decline in low margin, administered assets of \$17 billion. We will continue to manage about \$13 billion in assets on a Defined Contribution - Investment Management Only basis. We expect additional outflows of 401(k) managed assets in the third and fourth quarter before we begin to capitalize on our efforts to grow this business. Over the next year during the transition period, there will be a decline in revenue and expense related to exiting this business. The annualized revenue was approximately \$60 million, but as we’ve indicated, we expect this sale to be neutral to marginally accretive going forward. We anticipate an additional \$5-10 million in final exit costs, in the first half of 2007.

Our protection segment was impacted by a number of special items. Two of these items occurred in our Auto and Home business. First, we recognized \$28 million in additional DAC expense due to shortening the amortization period. We do not expect this change will have a material impact on future period profits. Second, we recorded a \$12 million reserve release relating to the lower than expected claim frequency and severity for accident years 2004 and 2005.

Lastly, after a third party peer review of our deferred revenues, we determined it was appropriate to recognize \$18 million in revenue that was previously deferred related to Cost of Insurance for our VUL/UL products. Three lines have been impacted: 1) We recognized the \$18 million in “other revenue”, 2) As a consequence of this revenue recognition, we established a related reserve for future claims in the amount of \$7 million, Finally, 3) as a consequence of the new claim reserve liability, we decreased our DAC amortization by \$5 million. The net of these three lines was a pretax benefit of \$16 million.

In addition to the items I've noted, other special items are disclosed in our release and in our statistical supplement. In aggregate, the impact of all of these items on adjusted earnings was immaterial.

I'll turn it over to Jim to summarize...

James Cracchiolo – Chairman and CEO

Thanks Walter.

While we're only three quarters removed from becoming an independent company, our employees and advisors have accomplished a tremendous amount. We continue to execute against our strategic objectives and are focused on building the company for the long-term. I feel very good about what we've accomplished and the work ahead to achieve our on-average, over-time goals.