

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

Laura Gagnon – VP, 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. 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 ROE.” 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 full year 2005, and non-recurring separation costs in all 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 and the Earnings Release, copies of which are 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.

Individual RiverSourceSM mutual fund investment performance information and important disclosures are included in Exhibit A in our Quarterly Statistical Supplement available on our website.

With that, I'd like to turn the call over to Jim Cracchiolo, Chairman and CEO.

Jim Cracchiolo, Chairman and Chief Executive Officer

Thank you, Laura.

And - - welcome everyone.

I'd like to begin by sharing what a strong fourth quarter we had, a quarter which capped a transformational year for us.

We're executing well against our strategy, generating continued growth in our metrics and bottom line results. At the same time, we continue to effectively manage the separation from American Express, while strengthening our operating foundation and establishing Ameriprise Financial as a strong financial services company.

Let's take a look at our overall results:

In the quarter,

- Adjusted revenue growth was 15.6 percent,
- Adjusted earnings growth was 30.1 percent
- Adjusted return on equity was 11.8 percent

For the year,

- Adjusted revenue growth was 10.8 percent, and
- Adjusted earnings growth was 25.0 percent

Our adjusted revenue and adjusted earnings growth exceeded our on-average, over-time goals – for both the quarter and the year – and adjusted ROE continues to improve – nearing the lower end of our near-term goal and ahead of where we expected it would be at year-end.

I'm feeling good about these results and our ability to continue to grow the company and achieve our objectives.

Before I discuss our business performance, I'd like to update you on our separation activities, which are going well.

- Separation from American Express remains on budget and on track -- we're about 75 percent of the way complete.
- We've made tremendous progress in establishing the Ameriprise Financial brand – ending the year at 50 percent total brand awareness – well above where we thought we would be. This higher brand awareness is enabling us to be recognized by our target market – the mass affluent and affluent.
- We've built new public company functions, undertook a complex technology separation and implemented SOX 404 compliance processes.

Now, let's discuss our business results for the quarter. I believe we've been able to strengthen our distribution capabilities, grow our fee-based businesses and gather assets.

As you know, our business model starts with the client, and we're growing our target client base as we strive to help them achieve their financial goals.

- Mass affluent and affluent clients ended the year up 10 percent.

And, as our advisors serve more of these clients, their productivity is growing. Per branded advisor GDC increased 27 percent compared to the fourth quarter of 2005, and was up 18 percent for the year.

We're supporting continued improvements in advisor productivity by growing our target client base and deepening our relationships with them. To better serve our clients and advisors, we're providing advisors with:

- enhanced local marketing efforts,
- wholesaling,
- segmented client offerings,
- training programs through Ameriprise University,
- and, new and better tools.

In fact, we're half way through a phased desktop technology release program that's been very well received by the field and is directly linked to the productivity improvements and overall satisfaction we're achieving.

As many of you heard me share in November, our advisors are embracing our independence. They're engaged and motivated to meet more of their client needs and grow their practices. Total branded advisors increased 2 percent, and we continue to experience strong franchisee advisor retention, clearly answering the question of how advisors would react to our independence.

Very clearly, financial planning aligns well with our target client base. Total financial planning penetration improved to 45 percent, with financial planning penetration of mass affluent and affluent clients reaching significantly higher levels.

Financial planning is an integral part of our investment agenda as we strengthen our leadership position. Throughout 2007, we will be implementing new processes and tools that will better enable our advisors to:

- provide on-going financial planning,
- deepen client relationships
- and, enhance our *Dream > Plan > Track* >SM client experience – our approach to financial planning.

The items I just mentioned contributed to our owned, managed and administered assets increasing 9 percent year-over-year. If you take into account the \$17 billion reduction in administered assets from the sale of our 401(k) business, growth would have been 13 percent. This was attributable to strong equity markets and growth in our fee-based flows.

- We gathered \$1.6 billion in wrap net inflows in the quarter, bringing total wrap net inflows to more than \$8 billion during the year.
- We saw very strong sales of direct investments in the quarter as a result of a now robust selection of alternative investments and the reinvestment of liquidation proceeds from real estate investment trusts held by some of our clients.
- Variable annuity sales continued to be strong resulting in \$1.5 billion in net inflows in the fourth quarter and \$5.3 billion for the year. This includes sales within our channel as well as from outside distribution. We generated a 61 percent year-over-year increase in third party sales - a key component of annuity variable account net inflows.
- We're managing asset declines in our fixed annuity business -- with annuity fixed account net outflows of \$1.1 billion in the quarter and \$3.8 billion in the year. Spreads remain around 200 basis points, where they have been for several quarters, and we expect to continue facing headwinds in this business.

- Within protection, we're gaining market share in variable universal life and universal life -- with life insurance in-force up 9 percent to \$174 billion. We continue to be the leader in variable universal life insurance, an asset accumulation product.
- We're also seeing growth in Auto & Home premiums – up 8 percent – as we generate targeted returns and grow this direct business in alignment with our target client base.
- Within asset management, 2006 was a strong year for our investment teams as we continue to improve three-year and longer-term track records at RiverSource Investments and Threadneedle.
 - For the year, 77 percent of RiverSource equity funds we manage ended the year above the median of their Lipper peer groups for one year performance.
 - 72 percent of fixed income funds were above the median of their respective peer groups for the same time period.
- We launched innovative, new products like RiverSource Income Builder Series – a sophisticated fund-of-funds – that gathered almost \$700 million in less than a year.
- In fact, we've had a strong reception to funds we launched in 2006, gathering more than \$1.2 billion. This positive sales momentum is reflected in a 35 percent increase in sales of RiverSource Funds compared to fourth quarter of 2005, combined with significantly reduced redemptions. While RiverSource Funds remains in net outflows, flows are significantly improved and heading in the right direction.
- Internationally, Threadneedle profitability continues to grow. They have a clear focus to increase profits while diversifying revenue streams from across their retail, institutional, alternative and property businesses.
- We're also extending our distribution reach through institutional and third party channels. We're signing agreements to offer RiverSource Funds through third party bank and broker-dealer channels consistent with our

third party sales of annuities. We're now staffing up wholesaling and are focused on driving sales this year.

Overall, we have good revenue diversity across our business. This is contributing to the mix-shift, where we are deriving more of our revenue and pre-tax income from higher-returning, less capital intensive products. This creates more capital flexibility for redeployment.

During the quarter, we repurchased close to 1 million shares of our stock, bringing the full year total to almost 10.7 million shares – returning over \$470 million in capital through share repurchases. We will continue to execute against our remaining authorization, which has more than \$300 million outstanding.

And based on our strong operating performance, I will review our dividend, share repurchase and acquisition strategy and plans with the board this spring as we evaluate the best way to further redeploy our excess capital.

Before I turn it over to Walter, I'd like to close by reinforcing how good I feel about our business growth and our financial results for the quarter and the year. We're executing well against a clear strategy and robust investment agenda, and we feel good about the shareholder value we're delivering.

I'll now turn it over to Walter for his perspective on the quarter.

Walter Berman, Chief Financial Officer

Thanks Jim.

What I'd like to do now is add some additional context to the backdrop that Jim just shared with us.

I believe the favorable results in the fourth quarter, and in the prior three quarters, clearly reflect strong performance against our strategy and the leverage in our diversified business model.

So, let's focus on the quarter, and the four areas of strength that contributed to our results. They are:

- Double digit year over year revenue growth,
- Improving PTI margins,
- Our continued investment spending in growth, franchise and infrastructure initiatives, and finally,
- Our ongoing focus and commitment to balance sheet optimization, effective capital management and prudent management of risk.

Let's look at each of these four areas in a bit more detail:

First, in the quarter, our 16 percent revenue growth reflects the productivity generated from our advisor network and strong net inflows in fee-based products:

- \$8 billion into wrap
- Over \$5 billion into variable annuities, and
- Substantial improvements in proprietary mutual fund flows.

While our revenue growth is very strong, keep in mind that our on average, over time revenue target is 6 to 8 percent. Realistically for 2007 - - we do anticipate continuing revenue pressure from declines in spread income, based on declining trends in fixed annuity and certificate account balances.

Next, let's turn to fourth quarter adjusted PTI margin, which increased to 15.1 percent, from 13.5 percent.

The margin improvement impact of strong equity markets offset the continued headwinds from declining contributions from fixed annuities and certificates. We expect these headwinds to continue in 2007, but at a slower pace.

The key driver for us in PTI margin improvement has been our continued focus on managing operating expenses and implementing comprehensive reengineering actions.

- For the year, we exceeded our \$175 million reengineering target through strategic, structural and cost-focused activities.
- These saves have primarily been utilized to fund our robust investment spending program.
- Looking forward, we expect to continue on this trajectory, with another \$175 million in reengineering benefits committed for 2007.

Our third underlying area of strength is our ongoing focus on return on equity, balance sheet optimization and risk management.

- Here, our trend continues with product mix shifting away from fixed annuities and other capital intensive products to less capital intensive, fee-based products, like variable annuities.
- Another contributor is consolidation of our 5 life insurance entities, which freed up over \$125 million in capital,
- In the quarter, we've maintained and increased the strength of our balance sheet to insure appropriate risk-return tradeoffs -
 - In our Available-for-Sale investment portfolio:
 - High yield bonds remain a low 7 percent
 - Bonds rated AA and above are now 52 percent, and
 - We've seen a shortening of the duration of our Mortgage-backed securities to 2.8 years and improving convexity over the year.

- Our capital ratios remain strong. Excluding non-recourse debt and with 75 percent equity credit for our hybrids, our debt to total capital is 16.4 percent.
- And we maintain ample liquidity to manage the shift away from fixed annuities.
- As previously indicated, we continue to be very successful in our variable annuity sales due to strong wholesaling, superior service and a competitive product. And we are continuing to prudently manage risk with our program to hedge equity, interest rate and volatility risk. We believe we are generating appropriate returns for this risk.

Now, as you are aware, SOP 05-1 was scheduled to be implemented as of January 1, 2007.

- We've completed our analysis based on preliminary FASB guidance. But -----
- The FASB is considering modifying its guidance and / or delaying the implementation of the accounting change.
- We think it is best to wait until the FASB finalizes guidance, after which we will disclose our impact to.

Based on their current guidance, we do not believe this below the line charge will materially impact our capital position.

Like Jim, I remain confident in our ability to reach our long term return on equity targets, given our adjusted return on equity for the full year was 11.8 percent - - that's within 20 basis points of our near-term goal. Obviously, we are ahead of the 2008 projection we made earlier in the year.

With that, I'll turn it back to Laura so we can take your questions.