

# Association of Insurance and Financial Analysts Conference

Gumer Alvero  
Senior Vice President & General Manager  
RiverSource Annuities

Brian J. McGrane  
Executive Vice President, Finance  
Ameriprise Financial

March 1, 2010

This presentation is not a solicitation.

## Forward-looking statements

The forward-looking statements in this presentation reflect management's expectations about future events, plans and performance. These forward-looking statements and the many assumptions upon which they are based involve 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 headings "Forward-Looking Statements" and "Risk Factors", and elsewhere, in the Ameriprise Financial Annual Report on Form 10-K for the year ended December 31, 2009. These forward-looking statements speak only as of today's date and we undertake no obligation to update publicly or revise them for any reason.

### **Non-GAAP Financial Measure (Return on Allocated Equity):**

This presentation communicates the Company's Return on Allocated Equity, which is a non-GAAP financial measure. A reconciliation of this non-GAAP measure to the most directly comparable GAAP financial measure is included herein.

This presentation is not a solicitation for any of the products mentioned.

RiverSource Distributors, Inc. (Distributor), member FINRA. Insurance and annuity products are issued by RiverSource Life Insurance Company and, in New York, by RiverSource Life Insurance Co. of New York. Both companies are affiliated with Ameriprise Financial Services, Inc.

# RiverSource Annuities

*A key component of the Ameriprise Financial integrated business model*



## Business Segments

- ▶ **Advice & Wealth Management**
- ▶ **Asset Management**
- ▶ **Annuities**
- ▶ **Protection**

▶ **Ameriprise Financial:**

**Financial planning leader**

**\$458 billion in owned, managed and administered assets**

## Annuities: critical retirement capability

*Annuities are the only guaranteed source of lifetime income. We primarily sell annuities through our channel as a solution to clients needs identified through a financial planning relationship.*

### Client Drivers

- Accumulation
- Tax planning
- Longevity risk
- Income needs
- Equity market risk

### Environmental Factors

- Savings requirement
  - More individual accountability
  - Healthcare costs
- Tax changes
- Increased market volatility

# RiverSource Life Insurance: Solid history, strong financials, sound solutions



RiverSource Life founded in 1953

“AA” Financial strength ratings

Risk-based capital of 430% at 12-31-09

	RiverSource Variable Annuity Sales*		
	2007	2008	YTD Q3 09
Industry Sales (\$B)	\$178.82	\$151.63	\$91.67
RiverSource Sales (\$B)	\$10.68	\$7.42	\$4.15
RiverSource Market Share (%)	5.97%	4.89%	4.53%
RiverSource Industry Rank by Sales	9	11	8

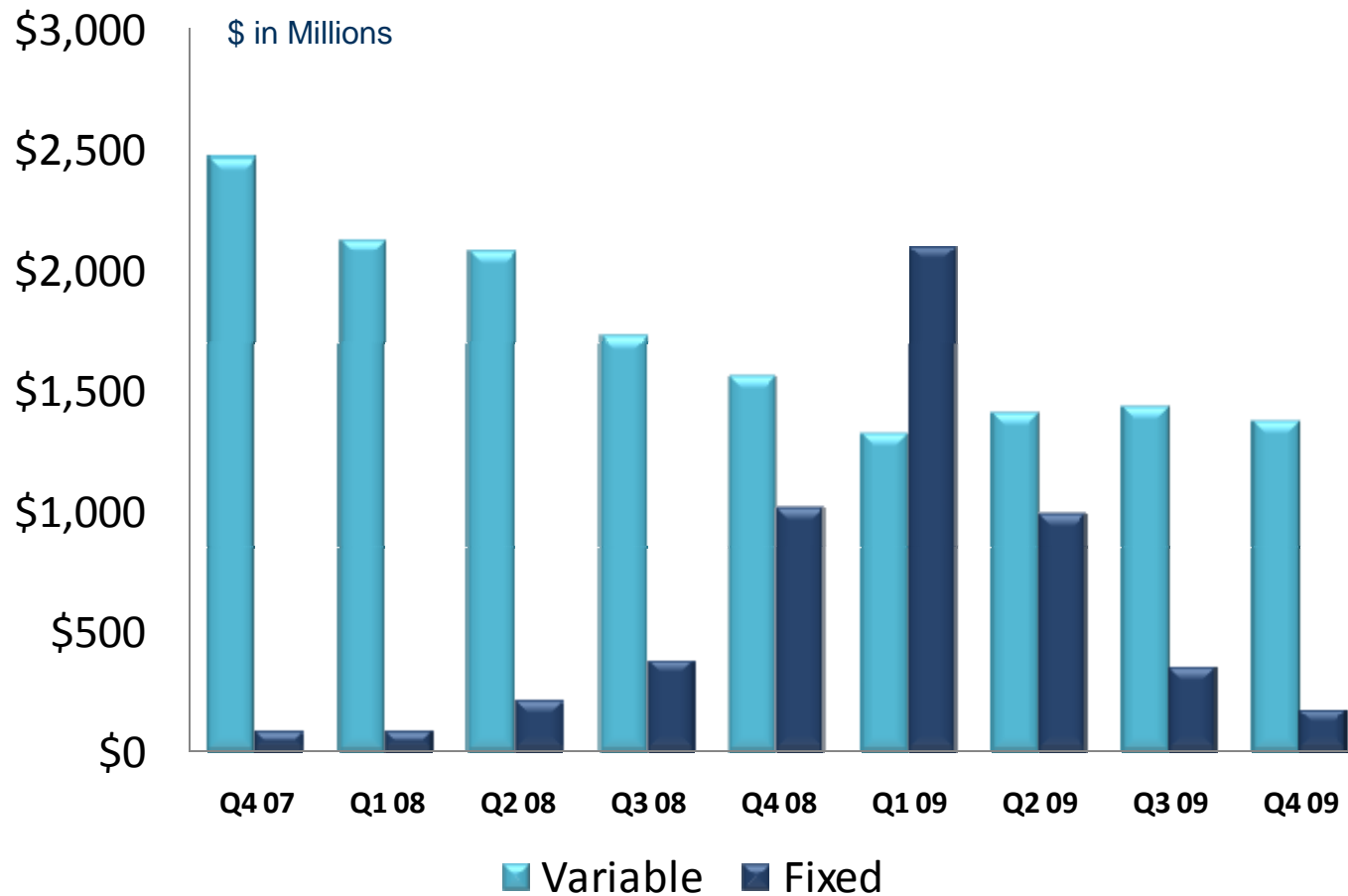
	RiverSource Fixed Annuity Sales*		
	2007	2008	YTD Q3 09
Industry Sales (\$B)	\$42.3	\$76.60	\$60.45
RiverSource Sales (\$B)	\$0.57	\$1.82	\$3.53
RiverSource Market Share (%)	1.35%	2.38%	5.84%
RiverSource Industry Rank by Sales	19	12	5

Sales and information as of 12-31-09.

\* Sources: LIMRA / MARC. FA industry sales exclude equity-indexed annuities and structured settlements.

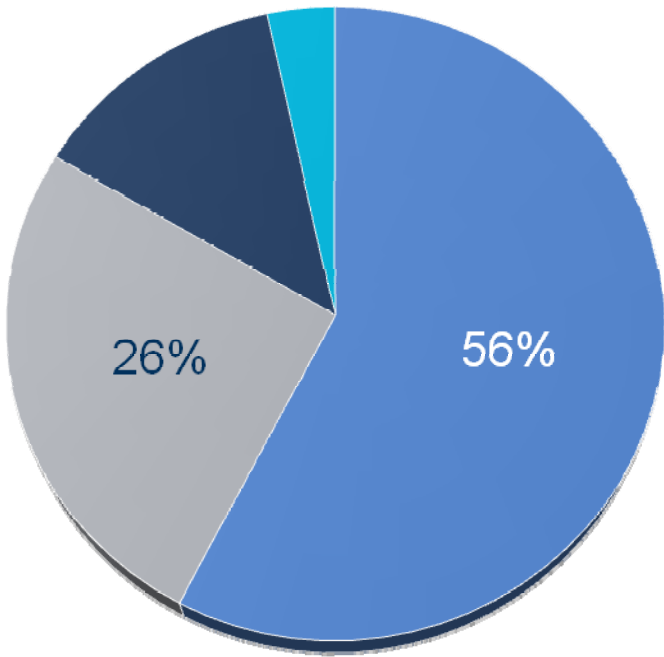
# Product diversity serves clients' evolving needs

## RiverSource Fixed and Variable Annuity Deposits



# Variable annuity benefits

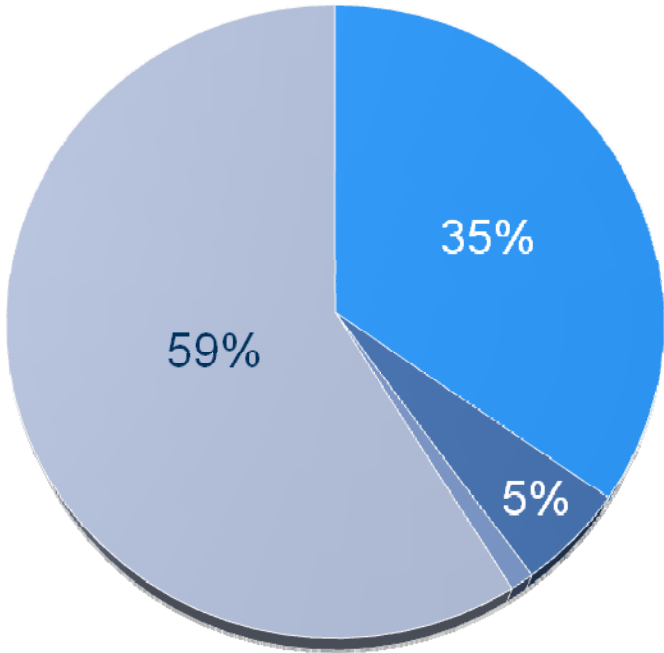
## Death Benefits



- ROP
- 1-yr ratchet
- No Guarantee
- 6-yr reset
- Other

**\$55 billion total contract values**

## Living Benefits



- GMWB
- GMIB
- GMAB
- No Guarantee

**\$55 billion total contract values**

Data as of 12-31-09

# Uniquely positioned to serve client needs while generating appropriate risk adjusted returns



- Primarily financial planning based distribution
- Diversified products with balanced product development and proactive pricing
- Effective hedging program
- Prudent investment management



## Primarily financial planning based distribution

### Ameriprise Channel

- 12,000 financial advisors – fourth largest distribution force<sup>1</sup>
- Financial planning focus
- Higher retention
- Deep client-advisor relationships limit emotion in decision-making

### Non-affiliated Channels

- Began distributing through third parties in 1988
- 15% of 2009 variable annuity sales
- 35% of 2009 fixed annuity sales
- Over 400 selling agreements with over 120 firms, concentrated in large wire-houses

## Variable annuity product enhancements

*RiverSource Annuities has a history of developing advice-driven solutions, using financial discipline consistent with our prudent approach.*

### **2004**

- Launched our first living benefit requiring well-diversified model portfolios

### **2007**

- Required move to moderate in withdrawal stage
- Resisted arms race and did not move to aggressive annual credits

### **Early 2009**

- Restricted add-on purchases for existing and new sales
- Increased pricing on current product offering
- Suspended sales of accumulation benefit rider (June to Nov. 2009)
- Reassessed Portfolio Navigator to beta-constrained models

### **Second half 2009**

- Introduced *SecureSource* Flex rider

### **2010**

- Plan to recommend enhanced Portfolio Navigator

**Throughout this period we maintained strong wholesaler and advisor support**

## Effective variable annuity hedging program

### Key Product Attributes

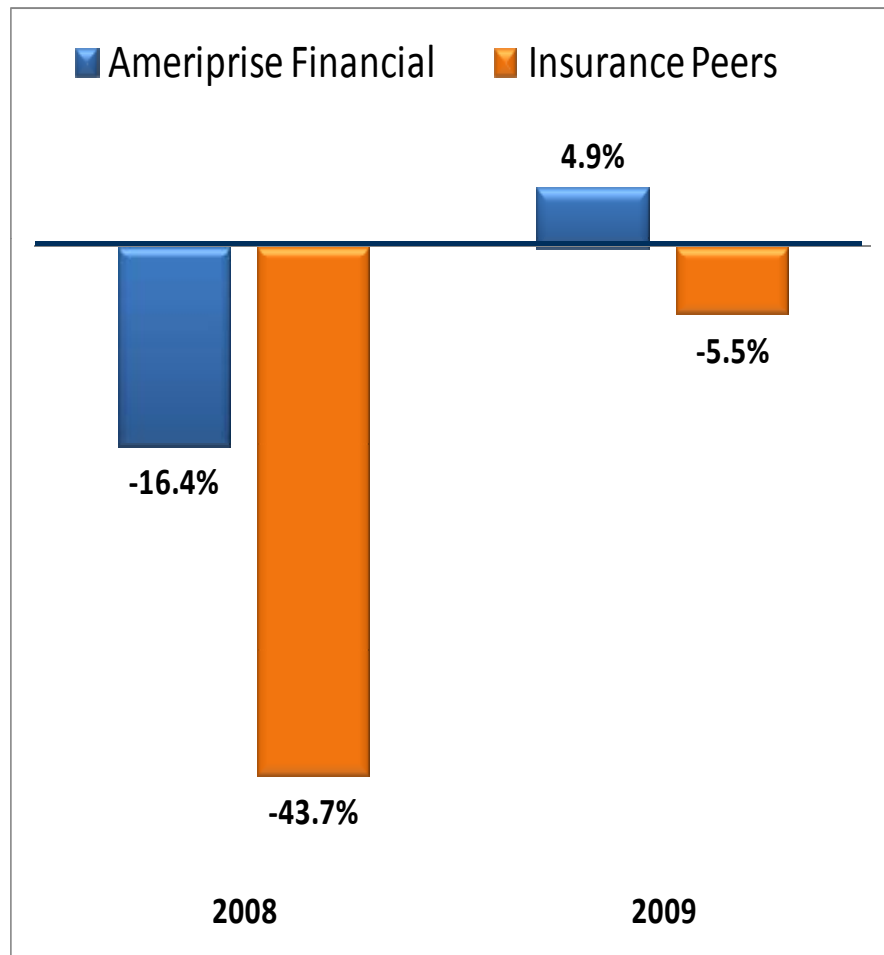
- Asset allocation
- Fee flexibility
- Risk sharing
- Beta-constrained active management

### Hedging

- Primarily living benefits (WB & AB)
- How we hedge:
  - Primarily economic hedge focused
  - Long-dated – “Static”
  - Full capital markets model – Three Greek
  - Basis risk management

# High-quality and well-positioned investment portfolio

## Net After-tax Unrealized Gains/(Losses) as a Percent of Equity – excluding OCI (at 12-31)

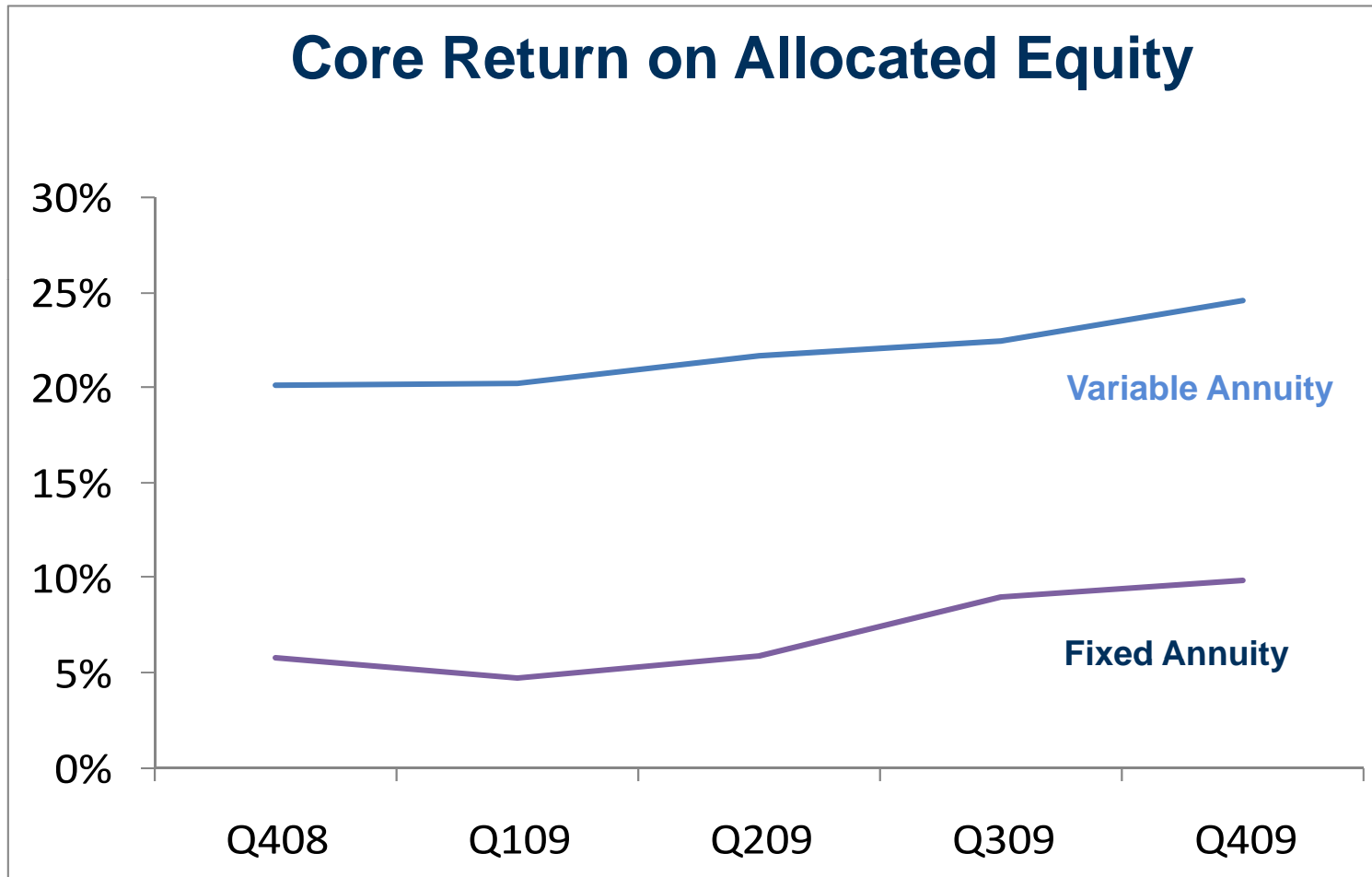


Source: Company reports, peer group includes HIG, LNC, MET, PFG and PRU. Calculated using the statutory tax rate of 35%

## Investment Portfolio

- Segregated portfolios
- Asset-liability matching
- Risk-return decision making
- High-quality bias
- Realized losses well below peer average

# Appropriate risk adjusted returns



\* Based on trailing four quarter after-tax core earnings, calculated using the statutory tax rate of 35% and five period average allocated equity. See reconciliation to the most directly comparable GAAP financial measure included in this presentation.

## Summary

- Help meet a critical client need – retirement income
- Core growing business
- Flexibility to adapt to evolving environment
- Proven track record of managing four key enablers of achieving appropriate risk adjusted returns

# Return on Allocated Equity GAAP to Core Reconciliation



	Q4 '08	Q1 '09	Q2 '09	Q3 '09	Q4 '09
<b>Variable Annuities</b>					
Reported PTI - Trailing 12 Months	\$ (98)	\$ (35)	\$ (71)	\$ 36	\$ 379
Non-Core Items - Trailing 12 Months	419	369	421	332	15
Core PTI - Trailing 12 Months	<u>\$ 321</u>	<u>\$ 334</u>	<u>\$ 350</u>	<u>\$ 368</u>	<u>\$ 394</u>
5 pt Avg Allocated Equity	\$ 1,037	\$ 1,073	\$ 1,051	\$ 1,068	\$ 1,042
Reported Return on Allocated Equity*	-6.1%	-2.1%	-4.4%	2.2%	23.7%
Core Return on Allocated Equity*	20.1%	20.2%	21.7%	22.4%	24.6%
<b>Fixed Annuities</b>					
Reported PTI - Trailing 12 Months	\$ (189)	\$ (165)	\$ (112)	\$ 83	\$ 269
Non-Core Items - Trailing 12 Months	293	256	231	106	(51)
Core PTI - Trailing 12 Months	<u>\$ 104</u>	<u>\$ 91</u>	<u>\$ 119</u>	<u>\$ 189</u>	<u>\$ 218</u>
5 pt Avg Allocated Equity	\$ 1,172	\$ 1,271	\$ 1,311	\$ 1,366	\$ 1,439
Reported Return on Allocated Equity*	-10.5%	-8.4%	-5.6%	4.0%	12.2%
Core Return on Allocated Equity*	5.8%	4.7%	5.9%	9.0%	9.8%

\* After-tax, calculated using the statutory tax rate of 35%