AMERIPRISE FINANCIAL INC
Form 424B2
May 24, 2006

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Filed Pursuant to Rule 424(b)(2)
Registration No. 333-133860

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Maximum Aggregate Offering Price	Amount of Registration Fee
Debt Securities	$500,000,000	$53,500(1)(2)

(1) Calculated in accordance with Rule 457(r) under the Securities Act of 1933.

(2) Pursuant to Rule 457(p) under the Securities Act of 1933, Ameriprise Financial, Inc. (the 'Company') has carried forward to its Registration Statement on Form S-3 (No. 333-133860) registration fees of $24,593 that had been paid with respect to unsold debt securities that were previously registered pursuant to a Registration Statement on Form S-3 (No. 333-128834) filed by the Company on October 5, 2005. Such registration fees of $24,593 are being applied to offset $24,593 of the $53,500 of registration fees payable with respect to this offering of $500,000,000 of the Company's 7.518% Junior Subordinated Notes due 2066. The Company is paying the balance of such registration fees, $28,907, in connection with the filing of this prospectus supplement pursuant to Rule 424(b)(2).

PROSPECTUS SUPPLEMENT

(To Prospectus dated May 16, 2006)

$500,000,000
7.518% JUNIOR SUBORDINATED NOTES DUE 2066

This is an offering by Ameriprise Financial, Inc. of $500,000,000 of its 7.518% Junior Subordinated Notes due 2066. Interest on the notes will accrue from the issue date until June 1, 2016 at a fixed rate equal to 7.518% per year. Interest on the notes will be payable in arrears semi-annually on and of each year, commencing on December 1, 2006, subject to our right to defer interest payments for up to ten years and other conditions described in this prospectus supplement under "Description of the Notes." From June 1, 2016 until maturity, interest on the notes will be payable quarterly in arrears on March 1, June 1, September 1 and December 1 of each year, at an annual rate equal to 3-month LIBOR plus a margin equal to 290.5 basis points, subject to our right to defer interest payments for up to ten years and other conditions described in this prospectus supplement under "Description of the Notes."

At our option, we may redeem the notes in whole or in part at their aggregate principal amount, together with any accrued and unpaid interest, on or after June 1, 2016, for cash in an amount equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, including any compounded interest, on such notes to the redemption date, which amount we refer to as the "par redemption amount."

At any time, we may redeem the notes at our option, in whole but not in part, for cash in an amount equal to a specified "make-whole" redemption amount. See "Description of the Notes Redemption."

The notes will be issued in denominations of $1,000, will be our junior subordinated unsecured obligations and will rank junior to our existing senior indebtedness, as defined in this prospectus supplement, and any other senior indebtedness that we incur in the future, as well as indebtedness of our subsidiaries.

Although you will always receive cash in satisfaction of our obligations under the notes, we may, in certain circumstances, be required to satisfy our obligation to make interest payments in cash by using our commercially reasonable efforts, subject to market disruption events, to issue shares of common stock which, when sold, will provide a sufficient amount of cash necessary to make such payments. In such circumstances, if we do not or are unable to sell our common stock, we will be required to defer interest on the notes. In certain events of our bankruptcy, insolvency or receivership prior to the maturity or redemption of any notes, whether voluntary or not, a holder of notes will have no claim for unpaid mandatorily deferred interest (including compounded interest thereon) to the extent the amount of such interest exceeds 25% of the then outstanding principal amount of such holder's notes. The notes will not be subject to redemption at the option of the holder or to any sinking fund payments.

Investing in the notes involves risks. See "Risk Factors," beginning on page S-13 of this prospectus supplement to read about some of the risks you should consider before buying the notes.

	Per Note	Total
Public Offering Price	$ 1,000	$ 500,000,000
Underwriting discounts and commissions	$ 10	$ 5,000,000
Proceeds to us before expenses	$ 990	$ 495,000,000

None of the Securities and Exchange Commission, any state securities commission or any other regulatory body has approved or disapproved of these securities or passed upon the adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the notes only in book-entry form through the facilities of The Depository Trust Company and its participants on or about May 26, 2006.

Joint Bookrunners

LEHMAN BROTHERS JPMORGAN

(Structuring Advisor)

The date of this Prospectus Supplement is May 23, 2006.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the notes that we are offering and other matters relating to us and our financial condition. The second part is the attached base prospectus, which gives more general information about securities we may offer from time to time, some of which does not apply to the notes we are offering. The description of the terms of the notes contained in this prospectus supplement supplements the description under the "Description of Debt Securities We May Offer" in the attached prospectus, and to the extent it is inconsistent with that description, the information in this prospectus supplement replaces the information in the attached prospectus. Generally, when we refer to the prospectus, we are referring to both parts of this document combined. If information in the prospectus supplement differs from information in the attached base prospectus, you should rely on the information in this prospectus supplement.

When we use the terms "Ameriprise," "we," "us" or "our" in this prospectus supplement, we mean Ameriprise Financial, Inc. and its subsidiaries, on a consolidated basis, unless we state or the context implies otherwise.

You should rely only on the information contained in this prospectus supplement, the attached prospectus, the documents incorporated by reference and any written communication from us or the underwriters specifying the final terms of this offering. We have not authorized anyone to provide you with information that is different. This prospectus supplement and the attached prospectus may only be used where it is legal to sell these securities. The information in this prospectus supplement and the attached prospectus may only be accurate as of their respective dates and the information in the incorporated documents is only accurate as of their respective dates.

The distribution of this prospectus supplement and the attached prospectus and the offering of the notes in certain jurisdictions may be restricted by law. Persons into whose possession this prospectus supplement and the attached prospectus come should inform themselves about and observe any such restrictions. This prospectus supplement and the attached prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

SUMMARY

The following summary highlights selected information contained elsewhere in this prospectus supplement and in the documents incorporated by reference in this prospectus supplement and does not contain all the information you will need in making your investment decision. You should read carefully this entire prospectus supplement, the attached prospectus and the documents incorporated by reference in this prospectus supplement.

Ameriprise

We are a financial planning and financial services company that offers solutions for our clients' asset accumulation, income management and protection needs. We strive to deliver financial solutions to our clients through a tailored approach focused on building a long-term personal relationship through financial planning that is responsive to our clients' evolving needs. The financial solutions we offer include both our own products and services and products of other companies. We believe that our focus on personal relationships with our clients, together with our strengths in financial planning and product development, puts us in a strong position to capitalize on significant demographic and market trends. We believe these trends will continue to drive increased demand for financial planning and the other financial services we provide, particularly among our target mass affluent market.

We have two main operating segments aligned with the financial solutions we offer to address our clients' identified needs:

Asset Accumulation and Income and

Protection.

Our asset accumulation and income segment offers products and services, both ours and other companies', to help our retail clients address identified financial objectives related to asset accumulation and income management. Products and services in this segment are related to financial advice services, asset management, brokerage and banking, and include mutual funds, wrap accounts, variable and fixed annuities, brokerage accounts and investment certificates. This operating segment also serves institutional clients by providing investment management services in separately managed accounts, sub-advisory and alternative investment markets. We earn revenues in our asset accumulation and income segment primarily through fees we receive on managed assets and net asset flows. These fees are impacted by both market movements and net asset flows. We also earn net investment income on owned assets, principally supporting the fixed annuity business and distribution fees on sales of mutual funds and other products.

In our protection segment, we offer various life insurance, disability income and long-term care insurance products, both our products and those of other companies, through our advisor network. We also offer personal auto and home insurance products on a direct basis to retail clients principally through our strategic marketing alliances. We earn revenue in this operating segment primarily through premiums, fees and charges that we receive to assume insurance-related risk, fees we receive on owned assets and net investment income we earn on assets on our balance sheet related to this segment.

Our principal executive offices are located at 55 Ameriprise Financial Center, Minneapolis, Minnesota 55474, and our telephone number is 612-671-3131.

The Offering

Issuer	Ameriprise Financial, Inc. ("Ameriprise").
Securities	7.518% Junior Subordinated Notes due 2066 (the "notes").
Aggregate Principal Amount	$500,000,000.
Maturity Date	The notes will mature on June 1, 2066.
Interest	Subject to the right to defer interest payments through an extension of the interest payment period, as described below: interest on the notes will accrue from (and including) the date of initial issuance or from the last date in respect of which interest has been paid or duly provided for to, but excluding, the next interest payment date or redemption date, as the case may be, until June 1, 2016 at an annual rate equal to 7.518%; and thereafter until the maturity date at an annual rate equal to 3-month LIBOR plus a margin equal to 290.5 basis points. During the fixed rate period, interest will be payable semi-annually in arrears on June 1 and December 1 in each year, and during the floating rate period quarterly in arrears on March 1, June 1, September 1 and December 1 of each year.
Use of Proceeds	We anticipate that we will use the net proceeds from this offering for general corporate purposes.
Indenture	We will issue the notes under an indenture between Ameriprise, as issuer, and U.S. Bank National Association, as indenture trustee.
Ratings	Moody's Investors Service: Baa2 Standard & Poor's: BBB Fitch: BBB+ A.M. Best: bbb An explanation of the significance of ratings may be obtained from the rating agencies. Generally, rating agencies base their ratings on such material and information, and such of their own investigations, studies and assumptions, as they deem appropriate. The rating of the notes should be evaluated independently from similar ratings of other securities. A credit rating of a security is not a recommendation to buy, sell or hold securities and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency.

Redemption

We may, at our option, redeem the notes in whole or in part on or after June 1, 2016 at the par redemption amount (as defined below); provided, that if the notes are not redeemed in whole, at least $50 million aggregate principal amount of the notes (excluding any notes held by us or any of our affiliates) remains outstanding after giving effect to such redemption.

The notes will also be redeemable, in whole but not in part, at any time at the make-whole redemption amount.

We may not redeem fewer than all outstanding notes unless all accrued and unpaid interest, together with any compounded interest, has been paid in full, or duly provided for, for all interest payment periods terminating on or before the redemption date. See "Description of the Notes Redemption."

"Par redemption amount" means, with respect to the notes, a cash redemption price of 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, together with any compounded interest, on such notes to the redemption date.

The "make-whole redemption amount" will be equal to the greater of (i) the aggregate principal amount of the notes, and (ii) the sum of the present value of the aggregate principal amount outstanding of the notes on the interest payment date falling on June 1, 2016 together with the present values of scheduled semi-annual interest payments from the date fixed for redemption through and including the interest payment date on June 1, 2016, in each case discounted to the date fixed for redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the treasury rate plus (x) in the case of a tax event, 50 basis points, and (y) in the case of a redemption for any other reason, 40 basis points, plus, in each of cases (i) and (ii), any accrued and unpaid interest, together with any compounded interest to the date of redemption, as calculated by the quotation agent.

"Tax event" means, with respect to the notes, the receipt by us of an opinion of counsel, rendered by a law firm with experience in such matters, to the effect that, as a result of (a) any amendment to, or change (including any announced prospective change) in, the laws (or any regulations thereunder) of the United States or any political subdivision or taxing authority thereof or therein, (b) any official administrative pronouncement or judicial decision interpreting or applying such laws or regulations, or (c) a threatened challenge asserted in connection with an audit of us or any of our subsidiaries, or a threatened challenge asserted in writing against any other taxpayer that has raised capital through the issuance of securities that are substantially similar to the notes, which amendment or change is effective or which pronouncement or decision is announced or which challenge occurs on or after the date of issuance of the notes, there is more than an insubstantial increase in the risk that interest accruing or payable by us on the notes is not or, at any time subsequent to our receipt of such opinion, will not be, wholly deductible by us for United States federal income tax purposes.

Note Replacement Intention

If we redeem any notes prior to their maturity date, we intend to redeem such notes only to the extent that the aggregate principal amount of notes to be redeemed is equal to or less than the net proceeds we have received during the six months prior to the date of such redemption from the new issuance of qualifying securities.

"Qualifying securities" means: (i) our capital stock or (ii) other securities or combinations of securities which, as determined in good faith by our board of directors, rank equally with or junior to the notes and have a term of comparable duration, comparable deferral features and replacement intent provisions comparable to those of the notes, except that if we issue securities to any of our subsidiaries, such securities will be deemed to be qualifying securities only if such subsidiary receives net proceeds in an equal or greater amount from the contemporaneous issuance to a person other than us or our other subsidiaries of securities having the characteristics described above, as determined in good faith by our board of directors.

Optional Deferral

As long as no event of default with respect to the notes has occurred and is continuing, and as long as no trigger event, as described below, with respect to the notes has occurred and no trigger period, as described below, caused thereby is continuing, we may defer payments of interest on the notes at any time and from time to time for up to ten years following the first payment date in such period on which interest was deferred, but not beyond the maturity date, which we refer to as "optional deferral."

Upon optional deferral, any deferred interest will accrue and compound semi-annually or quarterly, as applicable, to the extent permitted by applicable law, at the then applicable rate of interest on the notes.

Upon an optional deferral, we may settle any and all optional deferred payments with cash from any source until the date that is five years after the first payment date as of which we deferred payments on the notes due to optional deferral. Thereafter, we must immediately and continuously use our commercially reasonable efforts to sell shares of our common stock and use the proceeds therefrom to pay any outstanding optional deferred payments in accordance with the alternative coupon satisfaction mechanism, subject to the occurrence of a market disruption event.

If a trigger event occurs after commencement of an optional deferral, the optional deferral will be deemed suspended for so long as the trigger period is continuing. Once the trigger period is no longer continuing, our right to optionally defer payment of interest will continue, subject to the limitations and consequences described herein, *provided, however* that in no event will any extension period extend beyond the date which is ten years from the first interest payment date on which an interest payment was deferred during such extension period, or extend beyond the stated maturity date.

Trigger Event

If a trigger event has occurred as of any trigger determination date, Ameriprise must defer payments of interest on the notes due on the interest payment date immediately following such trigger determination date, thereby extending the interest payment period during such deferral, except to the extent that interest on the notes is paid through the alternative coupon satisfaction mechanism, as described below.

If a trigger event has occurred as of any trigger determination date and a trigger period is continuing (regardless of whether a notice of an optional deferral has been delivered), Ameriprise will thereafter be required to use commercially reasonable efforts to satisfy any interest accrued and unpaid, including any compounded interest, using the alternative coupon satisfaction mechanism (as described below), except upon an event of default with respect to the notes. Any deferred interest that is accrued and unpaid during the mandatory extension of an interest payment period will continue to accrue and compound semi-annually or quarterly, as applicable, to the extent permitted by applicable law, at the then applicable rate of interest on the notes.

In the event that a trigger period is no longer continuing, subsequent interest may be paid in cash from any source. Notwithstanding the foregoing, any unpaid interest, together with any compounded interest, that accrued during a trigger period may only be satisfied using the alternative coupon satisfaction mechanism except upon an event of default with respect to the notes; provided, however, that any accrued and unpaid interest will in all events be due and payable upon maturity of the notes, except for certain foregone interest if there are certain events of bankruptcy, insolvency or receivership, whether voluntary or not, with respect to Ameriprise prior to the maturity or redemption of the notes. See " Limitation on Claims in the Event of our Bankruptcy, Insolvency or Receivership."

A "trigger event" shall occur on any trigger determination date if we determine that one of the following conditions exists:

(i) the risk based capital ratio for our covered life insurance subsidiaries, as defined below, calculated on a combined basis, is less than 175%, based on the most recent annual financial statements that such subsidiaries have filed with the applicable state insurance commissioners (annual statements for a year are generally required to be filed on or before February 28 of the following year); or

(ii) (x) the trailing four quarters consolidated net income amount, as defined below, for the period ending at the end of the quarter that ends two quarters prior to the most recently completed quarter prior to such trigger determination date is zero or a negative amount, and (y) the adjusted stockholders' equity amount, as defined below, as of the end of the most recently completed quarter and as of the end of the quarter that ends two quarters before the most recently completed quarter has declined by 10% or more as compared to the adjusted stockholders' equity amount at the end of the benchmark quarter, which is the later of (1) the quarter ended March 31, 2005 or (2) the quarter that is ten quarters prior to the most recently completed quarter.

"Trigger determination date" means the day that is the thirtieth day prior to any interest payment date (or, in the event that such date is not a business day, the immediately preceding business day).

"Trigger period" means the period of time beginning on any interest payment date for which interest on the notes is deferred pursuant to a trigger event until (but not including) the first subsequent interest payment date for which no trigger event has occurred as of the trigger determination date applicable to such interest payment date.

"Covered life insurance subsidiaries" means, as of any year end, life insurance subsidiaries that account for 80% or more of the combined general account admitted assets of our life insurance subsidiaries as of such year end. Our covered life insurance subsidiaries as of a year end will be identified by first ranking the life insurance subsidiaries from largest to smallest based upon the amount of each life insurance subsidiary's general account admitted assets and then, beginning with the life insurance subsidiary that has the largest amount of general account admitted assets as of such year end, identifying such life insurance subsidiaries as covered life insurance subsidiaries until the ratio of the combined general account admitted assets of the life insurance subsidiaries so identified to the combined general account admitted assets of all of the life insurance subsidiaries as of such year end equals or exceeds 80%.

"Life insurance subsidiary" means any of our subsidiaries that is organized under the laws of any state in the United States and is licensed as a life insurance company in any state in the United States but does not include any subsidiary of a life insurance subsidiary.

For more information, see "Description of the Notes Requirement to Extend Interest Payment Period."

Deferral of Distributions

As described in this prospectus we may elect to defer interest payments on the notes or be required to defer interest payment. The first interest payment date on which we defer the payment of any interest (whether due to an optional deferral or the occurrence of a trigger event) will commence an extension period, this extension period will not be considered terminated until the first date thereafter when all accrued and unpaid interest, together with any compounded interest, has been paid. An extension period may not, under any circumstances, extend beyond the tenth anniversary of its commencement or beyond the stated maturity date. When and if an extension period is terminated because we have paid in full all accrued and unpaid interest, together with any compounded interest, we may commence a new extension period, subject to the above requirements, there being no limit to the number of such new extension periods that we may begin.

Alternative Coupon Satisfaction Mechanism

Commencing at the date (i) on which a trigger event occurs or (ii) that is five years after the first payment date as of which Ameriprise opted to defer payments on the notes, we must use commercially reasonable efforts to satisfy our obligation to pay interest on the notes by selling shares of common stock including sales of our treasury shares and shares of common stock sold pursuant to any dividend reinvestment plan or employee benefit plan, the sale of which will provide a cash amount to be paid to the holders of the notes in satisfaction of accrued but unpaid interest, together with any compounded interest. However, we are not permitted to sell shares in an amount in excess of the share cap amount. The net proceeds received by Ameriprise from the issuance of shares of common stock (i) starting at the date that is 180 days prior to any interest payment date on which we intend to use the alternative coupon satisfaction mechanism and (ii) designated by Ameriprise at or before the time of such issuance as available to pay interest on the notes will, at the time such proceeds are delivered to the indenture trustee to satisfy the relevant interest payment, be deemed to satisfy Ameriprise's obligations to pay interest on the notes pursuant to the alternative coupon satisfaction mechanism. The "share cap amount" will initially equal 55,000,000 shares of our common stock. We may, at our discretion, increase the share cap amount (including through the increase of our authorized share capital, if necessary) if we determine that such increase is necessary to allow us to issue sufficient shares to satisfy Ameriprise's obligations to pay interest on the notes pursuant to the alternative coupon satisfaction mechanism.

"Commercially reasonable efforts" to sell our common stock means commercially reasonable efforts to complete the offer and sale of our common stock to third parties that are not subsidiaries of ours in public offerings or private placements, provided that we will be deemed to have made such commercially reasonable efforts during a market disruption event regardless of whether we make any offers or sales during such market disruption event. For the avoidance of doubt, we will not be considered to have used commercially reasonable efforts to effect a sale of qualifying securities, other than during a market disruption event, if we determine to not pursue or complete such sale solely due to pricing considerations.

Payment Restrictions	On any date on which accrued interest through the most recent interest payment date has not been paid in full, whether because of an optional deferral, the consequences of a trigger event or otherwise, Ameriprise will not, and will not permit any subsidiary to, declare or pay any dividends or any distributions on, or make any payments of interest, principal or premium, or any guarantee payments on, or redeem, purchase, acquire or make a liquidation payment on, any of Ameriprise's capital stock, debt securities or guarantees of Ameriprise that rank equal or junior to the notes, other than pro rata payments on securities that rank equally with the notes and other than for certain exceptions detailed in "Description of the Notes Certain Restrictions During Extension Period."
Subordination	The payment of principal of and interest on the notes will be, to the extent provided in the indenture, subordinated to the prior payment in full of all present and future senior indebtedness, as described in "Description of the Notes Subordination," and will be effectively subordinated to all indebtedness of our subsidiaries. The indenture places no limitation on the amount of additional indebtedness, including senior indebtedness that may be incurred by Ameriprise. Ameriprise expects, from time to time, to incur additional indebtedness, including senior indebtedness.
Limitation on Claims in the Event of our Bankruptcy, Insolvency or Receivership	In certain events of our bankruptcy, insolvency or receivership prior to the maturity or redemption of any notes, whether voluntary or not, holders of notes will have no claim for unpaid mandatorily deferred interest (including compounded interest thereon) to the extent the amount of such interest exceeds 25% of the then outstanding principal amount of our notes.

Events of Default	The indenture will provide the following events of default with respect to the notes: default for 30 calendar days in the payment of any interest on the notes when such interest becomes due and payable (whether or not such payment is prohibited by the subordination provisions); however, a default under this provision will not arise if we have properly deferred the interest in connection with an optional or mandatory extension period, if applicable. In no event will any extension period, whether optional, mandatory or any combination thereof (whether or not consecutive), extend beyond the date which is ten years from the first interest payment date on which an interest payment was deferred during such extension period, or extend beyond the stated maturity date; default in the payment of the principal of, and premium, if any, on the notes when due; or certain events of bankruptcy, insolvency, or receivership, whether voluntary or not. These events of default do not include failure to comply with covenants, including the alternative coupon satisfaction mechanism, other than the covenant to make payments when due (after giving effect to any optional or mandatory deferrals).
Form	The notes will be represented by one or more global securities registered in the name of Cede & Co., as nominee for DTC. Beneficial interests in the notes will be evidenced by, and transfers thereof will be effected only through, records maintained by the participants in DTC.
Trustee and Principal Paying Agent	U.S. Bank National Association
Governing Law	New York
Accounting Treatment	The notes will be reflected on our balance sheet as debt, and interest payments on the notes will be included as interest expense on our statement of income.
Certain U.S. Federal Income Tax Considerations	In connection with the issuance of the notes, Wachtell, Lipton, Rosen & Katz will provide us with an opinion generally to the effect that the notes will be treated as indebtedness of Ameriprise for U.S. federal income tax purposes (although there is no controlling authority directly on point). This opinion is subject to certain customary conditions. By investing in the notes, each beneficial owner of a note agrees to treat the notes as indebtedness for U.S. federal income tax purposes.

A holder will generally take into account interest on the notes at the time it is accrued or received, in accordance with such holder's method of accounting for U.S. federal income tax purposes. During any deferral period, a holder will be required to include interest in income as it accrues, regardless of such holder's method of accounting for U.S. federal income tax purposes, using a constant yield method. Consequently, holders of notes would be required to include interest in income even though no cash payments would be made during the deferral period. See "Certain U.S. Federal Income Tax Considerations."

RISK FACTORS

Investing in the notes offered by this prospectus supplement involves certain risks. You should carefully consider the following factors, as well as the other information contained or incorporated by reference in this prospectus supplement and the attached prospectus before deciding to purchase any notes. Any of these risks could materially adversely affect the value of the notes or our business, results of operations, or financial condition and could result in a loss of your investment.

Risks relating to ownership of the notes

Ameriprise may elect to defer interest payments on the notes in its sole discretion.

Interest payments on the notes may be deferred by us in our sole discretion from time to time for up to five years, and in certain circumstances up to ten years, as long as no event of default with respect to the notes has occurred and is continuing and no trigger event has occurred and no trigger period caused thereby is continuing, and so long as any deferral does not extend beyond the maturity date of the notes, but in no event beyond a date that is ten years following the date of the initial deferral. Upon termination of any extension period and the payment of all amounts then due, we may commence a new extension period, subject to certain requirements, there being no limit to the number of such new extension periods that we may begin. See "Description of the Notes Option to Extend Interest Payment Period." Holders of the notes are subject to the risk that we will not be able to pay the notes following deferral, or that such payments will adequately compensate them for not having been paid on the interest payment dates.

Our ability to pay interest on the notes will be limited if we fail to achieve specified net income, capital adequacy or stockholders' equity levels.

If we fail to achieve specified net income, capital adequacy or stockholders' equity levels, a trigger event will occur, in which case we must defer payments of interest on the notes, except to the extent that interest on the notes is paid through the alternative coupon satisfaction mechanism, as described under "Description of the Notes Alternative Coupon Satisfaction Mechanism." Our ability to raise proceeds in connection with a trigger event by issuing common stock will depend on, among other things, market conditions at the time, our financial performance and a variety of other factors beyond our control, including our ability to obtain any required consents or approvals, such as any corporate, shareholder, governmental or regulatory authorization that may be required. Accordingly, there could be circumstances where we would have sufficient cash to make interest payments, but we will be restricted from doing so because we have not been able to obtain sufficient proceeds from sales of common stock. In the event of our bankruptcy, insolvency or receivership prior to the maturity or redemption of any notes, whether voluntary or not, a holder of notes will have no claim for unpaid mandatorily deferred interest (including compounded interest) to the extent the amount of such interest exceeds 25% of the then outstanding principal amount of such holder's notes. See "Description of the Notes Requirement to Extend Interest Payment Period" and "Description of the Notes Limitation on Claims in the Event of our Bankruptcy, Insolvency or Receivership."

Interest payments on the notes may be deferred and, in such case, holders will be required to recognize income for U.S. federal income tax purposes in advance of the receipt of cash attributable to such income.

If interest payments on the notes are deferred, each holder will thereafter accrue interest income in respect of the notes for U.S. federal income tax purposes in the form of original issue discount using a constant yield method, regardless of such holder's regular method of accounting, before such holder receives any payment attributable to such income. See "Certain U.S. Federal Income Tax Considerations U.S. Holders Interest." In that event, such holder may not receive the cash related

to such income if such holder disposes of its notes at a price that does not fully reflect the deferred interest. We have no current plan or intention of exercising our right to defer interest payments on the notes.

We may redeem the notes prior to the maturity date, and you may not be able to reinvest in a comparable security.

We may redeem the notes for cash, in whole or in part, from time to time on or after June 1, 2016. The redemption price will equal 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest, together with any compounded interest, on such notes to the redemption date. We may also redeem the notes for cash, in whole, but not in part, at any time at a redemption price equal to the make-whole redemption amount, as described under "Description of the Notes Redemption." If we redeem your notes, you may not be able to reinvest the redemption proceeds in a comparable security at an effective yield comparable to the notes.

The notes are effectively subordinated to substantially all of our other debt.

Our obligations under the notes are subordinate and junior in right of payment to all of our indebtedness, except any indebtedness that by its terms is subordinated to, or ranks on an equal basis with, the notes and certain other indebtedness, including indebtedness incurred in the ordinary course of business. This means that we generally cannot make any payments on the notes if we default on a payment of our indebtedness and do not cure the default within the applicable grace period, if the holders of that indebtedness have the right to accelerate the maturity of their indebtedness and instruct us to cease payments on the notes. As of March 31, 2006, our consolidated indebtedness, all of which will rank senior to our obligations under the notes, aggregated approximately $1.5 billion, which consists of $800 million aggregate principal amount of our 5.35% Senior Notes due 2010 and $700 million aggregate principal amount of our 5.65% Senior Notes due 2015 but which does not include approximately $284 million of non-recourse indebtedness related to collateralized debt obligations and approximately $137 million of non-recourse indebtedness related to nonrecourse debt of limited partnerships for which the Company is the general partner. In addition, our obligations under the notes will be effectively subordinated to all existing and future liabilities of our subsidiaries. See " Ameriprise is a holding company, and payments on the notes will only be made from our earnings and assets, and not those of our subsidiaries."

Due to the subordination provisions described in "Description of the Notes Subordination," in the event of our insolvency, funds which would otherwise be available to pay the holders of the notes will be used to pay the holders of senior indebtedness to the extent necessary to pay the senior indebtedness in full. As a result of those payments, our general creditors may recover less, ratably, than the holders of our senior indebtedness and these general creditors may recover more, ratably, than the holders of the notes. In addition, the holders of our senior indebtedness may, under certain circumstances, restrict or prohibit us from making payments on the notes.

There are no terms in the indenture or the notes that limit our ability to incur additional indebtedness, and we expect from time to time to incur additional indebtedness.

Ameriprise is a holding company, and payments on the notes will only be made from our earnings and assets, and not those of our subsidiaries.

Ameriprise is a holding company, whose subsidiaries include regulated insurance companies, and depends on dividends from its subsidiaries and other payments under its intercompany arrangements with its subsidiaries as its principal sources of cash. The notes will be solely our obligations, and our subsidiaries will have no obligation (through a guarantee or otherwise) to pay any amount in respect of the notes or to make any funds available for any such payment. Accordingly, we will be dependent on

dividends and other distributions from our subsidiaries to generate the funds necessary to meet obligations with respect to such securities, including the payment of principal and interest, and if these sources are not adequate, we may be unable to make payments of principal or interest in respect of the notes.

Our ability to pay principal, premium, if any, and interest on any debt securities, including the notes, or dividends on any preferred or common stock depends in part on the ability of our insurance company subsidiaries to declare and distribute dividends or to advance money to us in the form of intercompany loans. Our insurance company subsidiaries are subject to various statutory and regulatory restrictions, applicable to insurance companies generally, that limit the amount of cash dividends, loans and advances that those subsidiaries may pay to us. Regulations relating to capital requirements affecting some of our more significant subsidiaries also restrict the ability of certain subsidiaries to pay dividends and other distributions and make loans to us.

As a result of our holding company structure, in the event of the insolvency, liquidation, reorganization, dissolution or other winding-up of any of our subsidiaries, creditors of that subsidiary would be entitled to payment in full out of the assets of such subsidiary before we, as shareholders, would be entitled to any payment. Our subsidiaries would have to pay their direct creditors in full before our creditors, including holders of the notes, could receive any payment from the assets of such subsidiaries.

Upon the occurrence of a bankruptcy, insolvency or receivership with respect to Ameriprise, claims for payment may be limited.

In the event of our bankruptcy, insolvency or receivership prior to the maturity or redemption of any notes, whether voluntary or not, a holder of notes will have no claim for unpaid mandatorily deferred interest (including compounded interest thereon) to the extent the amount of such interest exceeds 25% of the then outstanding principal amount of such holder's notes. See "Description of the Notes Limitations on Claims in the Event of our Bankruptcy, Insolvency or Receivership." Moreover, the claims of note holders in a bankruptcy, insolvency or similar proceeding are subject to the broad equitable powers of the court.

If the holders of the notes waive Ameriprise's covenants to mandatorily defer interest under certain circumstances or to pay deferred interest only with proceeds from the sale of Ameriprise common stock, our credit ratings may be negatively affected.

The indenture contains covenants that require Ameriprise to defer interest payments on the notes if a trigger event has occurred as of any trigger determination date. The indenture also contains covenants that require Ameriprise to pay interest deferred as a result of a trigger event only through the alternative coupon satisfaction mechanism with proceeds from the sale of its common stock.

These covenants may be amended, and compliance with these covenants may be waived, solely by Ameriprise with the consent of the holders of a majority of the aggregate principal amount of the notes, and no holder of our senior indebtedness will have the right to enforce these covenants. Although, in the short term, holders of the notes may have an economic incentive to waive these covenants in order to receive current or deferred interest if such covenants are waived and Ameriprise pays interest during a period where it would be required to defer interest following a trigger event or pays deferred interest with funds received from any other source, our credit ratings could be negatively affected, which in turn, may have an adverse effect on our business and financial condition.

The indenture limits the number of shares of common stock that we may issue to pay deferred interest.

The indenture governing the notes provides that we will only be permitted to pay deferred interest to holders of the notes from the proceeds of the sale of our common stock. The indenture further limits the amount of common stock that we may sell for this purpose to an amount we refer to as the "share cap amount." Although we have the right to increase the share cap amount, we have no obligation to do so. See "Description of the Notes Alternative Coupon Satisfaction Mechanism." If the number of shares of our common stock that we need to sell in order to pay deferred interest in full exceeds the share cap amount, we may have to continue to defer interest, and such deferral shall not constitute an event of default unless it extends beyond the date which is ten years following the first interest payment date on which we deferred interest.

Holders of the notes have limited rights to accelerate payment of the notes under the indenture.

Holders of the notes or the indenture trustee may accelerate payment of principal, premium, if any, and accrued and unpaid interest on the notes only upon the occurrence of an event of default under the indenture with respect to the notes, subject to the terms of the indenture. These indenture events of default generally include non-payment of interest, principal and premium, if any, and certain events of bankruptcy, insolvency or receivership of Ameriprise. Indenture events of default, however, do not include failure to comply with or breach of our other covenants in the indenture applicable to the notes, including the covenant to sell common stock through the alternative coupon satisfaction mechanism to meet deferred interest payment obligations.

Accordingly, our failure to comply with such other covenants will not result in the acceleration of payment of the notes. Although failure to comply with such other covenants could give rise to a claim against us relating to the specific breach, the remedy of holders of the notes may be limited to direct monetary damages (if any). Holders of the notes may not themselves institute a proceeding against Ameriprise on account of any such breach unless, among other things, the indenture trustee fails to institute such a proceeding, subject to the terms of the indenture. However, the holders of a majority in principal amount of the notes may direct the indenture trustee to bring such a proceeding if such breach continues for a period of 90 days after delivery of specified notice to us from the indenture trustee or to us and the indenture trustee from the holders of a majority in principal amount of the notes, subject to the terms of the indenture, which in certain circumstances allow the indenture trustee to require that it receive an indemnity before taking action under the indenture. Except with respect to covenants relating to our obligation to file periodic or other reports and an annual statement with respect to indenture defaults, the indenture will not require the indenture trustee to take any action in case of such a breach (other than to give notice of default under specified circumstances) unless so directed by holders and, possibly, indemnified. See "Description of the Notes Indenture Events of Default."

The interest rate of the notes will fluctuate when the fixed rate period ends, and may from time to time decline below the fixed rate.

At the conclusion of the fixed rate period for the notes on June 1, 2016, the notes will begin to accrue interest at a floating rate. The floating rate may be volatile over time and could be substantially less than the fixed rate, which could reduce the value of the notes in any available after-market, apart from the reduction in current interest income.

An active after-market for the notes may not develop.

The notes constitute a new issue of securities with no established trading market. We cannot assure you that an active after-market for the notes will develop or be sustained, that holders of the

notes will be able to sell their notes or that holders of the notes will be able to sell their notes at favorable prices. Although the underwriters have indicated to us that they intend to make a market in the notes, as permitted by applicable laws and regulations, they are not obligated to do so and may discontinue any such market-making at any time without notice. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the notes.

General market conditions and unpredictable factors could adversely affect market prices for the notes.

There can be no assurance about the market prices for the notes. Several factors, many of which are beyond our control, will influence the market value of the notes. Factors that might influence the market value of the notes include, but are not limited to:

- whether interest payments have been made and are likely to be made on the notes from time to time;
- our creditworthiness, financial condition, performance and prospects;
- whether the ratings on the notes provided by any ratings agency have changed;
- the market for similar securities; and
- economic, financial, geopolitical, regulatory or judicial events that affect us or the financial markets generally.

If you purchase notes, whether in this offering or in the secondary market, the notes may subsequently trade at a discount to the price that you paid for them.

The ratings on the notes could be lowered.

We expect that S&P will assign a rating to the preferred securities of "BBB" and that Moody's will assign a rating to the notes of "Baa2" In addition, other rating agencies may assign credit ratings to the notes with or without any solicitation from us and without any provision of information from us. Generally, rating agencies base their ratings on such material and information, and such of their own investigative studies and assumptions, as they deem appropriate. There is no assurance that any rating will apply for any given period of time or that a rating may not be adjusted or withdrawn. Currently our ratings are on a negative outlook by A.M. Best Co. A downgrade or potential downgrade in these ratings, the assignment of a new rating that is lower than existing ratings, or a downgrade or potential downgrade in the ratings assigned to us, our subsidiaries or any of our securities could adversely affect the price and liquidity of the notes.

A classification of the notes by the National Association of Insurance Commissioners ("NAIC") may impact U.S. insurance investors and the value of the notes.

The Securities Valuation Office (the "SVO") of the NAIC may from time to time classify securities in U.S. insurers' portfolios as either debt, preferred equity or common equity instruments. Under the written guidelines outlined by the SVO, it is not always clear which securities classify as debt, preferred equity or common equity or which features are specifically relevant in making this determination. We understand that the SVO is currently reviewing a number of securities for classification, some of which may have structural features similar to the notes offered hereby. We also are aware of at least two securities that have some features similar to the notes offered hereby and that have been reviewed by the SVO. The SVO has classified these two securities, either definitively or preliminarily, as common equity. For this reason, there is a risk that the notes may be classified as common equity. The NAIC classification of an investment directly affects U.S. insurance company investors because it affects the capital required for such investment by such investors, but it is not determinative in any way in respect

of any other tax, accounting or legal considerations for investors generally. If the NAIC were to classify the notes as common equity, the willingness of U.S. insurance investors to hold the notes could be reduced, which in turn could reduce the price of the notes in any available after-market. As of the date hereof, the NAIC has not provided a view on the classification of the notes. There can be no assurance of the classification that the SVO will initially assign to the notes or that the notes will be not be negatively reclassified by the SVO thereafter.

Risks Relating to Our Business

Our financial condition and results of operations may be adversely affected by market fluctuations and by economic and other factors.

Our financial condition and results of operations may be materially affected by market fluctuations and by economic and other factors. Many such factors of a global or localized nature include: political, economic and market conditions; the availability and cost of capital; the level and volatility of equity prices, commodity prices and interest rates; currency values and other market indices; technological changes and events; the availability and cost of credit; inflation; investor sentiment and confidence in the financial markets; terrorism events and armed conflicts; and natural disasters such as weather catastrophes and widespread health emergencies. Furthermore, changes in consumer economic variables, such as the number and size of personal bankruptcy filings, the rate of unemployment, and the level of consumer confidence and consumer debt, may substantially affect consumer loan levels and credit quality, which, in turn, could impact the results of our banking business. These factors also may have an impact on our ability to achieve our strategic objectives.

Our insurance products and certain of our investment products are sensitive to interest rate fluctuations, and our future costs associated with such variations may differ from our historical costs. In addition, interest rate fluctuations could result in fluctuations in the valuation of certain minimum guaranteed benefits contained in some of our variable annuity products.

During periods of increasing market interest rates, we must offer higher crediting rates on interest-sensitive products, such as fixed universal life insurance, fixed annuities and face-amount certificates, and we must increase crediting rates on in-force products to keep these products competitive. Because returns on invested assets may not increase as quickly as current interest rates, we may have to accept a lower spread and thus lower profitability or face a decline in sales and greater loss of existing contracts and related assets. In addition, increases in market interest rates may cause increased policy surrenders, withdrawals from life insurance policies and annuity contracts and requests for policy loans, as policyholders and contractholders seek to shift assets to products with perceived higher returns. This process may lead to an earlier than expected flow of cash out of our business. Also, increases in market interest rates may result in extension of certain cash flows from structured mortgage assets. These policyholder withdrawals and surrenders may require investment assets to be sold at a time when the prices of those assets are lower because of the increase in market interest rates, which may result in realized investment losses. Increases in crediting rates, as well as surrenders and withdrawals, could have an adverse effect on our financial condition and results of operations. An increase in policy surrenders and withdrawals also may require us to accelerate amortization of deferred acquisition costs or other intangibles or cause an impairment of goodwill, which would increase our expenses and reduce our net earnings.

During periods of falling interest rates, our "spread," or the difference between the returns we earn on the investments that support our obligations under these products and the amounts that we must pay policyholders and contractholders, may be reduced. Because we may adjust the interest rates we credit on most of these products downward only at limited, pre-established intervals, and because some of them have guaranteed minimum crediting rates, our spreads could decrease and potentially become negative.

Interest rate fluctuations also could have an adverse effect on the results of our investment portfolio. During periods of declining market interest rates, the interest we receive on variable interest rate investments decreases. In addition, during those periods, we are forced to reinvest the cash we receive as interest or return of principal on our investments in lower-yielding high-grade instruments or in lower-credit instruments to maintain comparable returns. Issuers of certain callable fixed income securities also may decide to prepay their obligations in order to borrow at lower market rates, which exacerbates the risk that we may have to invest the cash proceeds of these securities in lower-yielding or lower-credit instruments.

Significant downturns and volatility in equity markets could have an adverse effect on our financial condition and results of operations. Market downturns and volatility may cause potential new purchasers of our products to refrain from purchasing products, such as mutual funds, variable annuities and variable universal life insurance, that have returns linked to the performance of the equity markets. Downturns may also cause current shareholders in our mutual funds and contractholders in our annuity and protection products to withdraw cash values from those products.

Additionally, downturns and volatility in equity markets can have an adverse effect on the revenues and returns from our asset management services, wrap accounts, and variable annuity contracts. Because the profitability of these products and services depends on fees related primarily to the value of assets under management, declines in the equity markets will reduce our revenues because the value of the investment assets we manage will be reduced. In addition, some of our variable annuity products contain guaranteed minimum death benefits and guaranteed minimum income, withdrawal and accumulation benefits. A significant equity market decline could result in guaranteed minimum benefits being higher than what current account values would support, thus producing a loss as we pay the benefits, having an adverse effect on our financial condition and results of operations. We have hedged a portion of the guarantees for the variable annuity contracts in order to somewhat mitigate the financial loss of an equity markets decline.

We believe that investment performance is an important factor in the growth of our Asset Accumulation and Income segment. Poor investment performance could impair our revenues and earnings, as well as our prospects for growth. A significant portion of our revenue is derived from investment management agreements with our own RiverSource family of mutual funds that are terminable on 60 days' notice. In addition, although some contracts governing investment management services are subject to termination for failure to meet performance benchmarks, institutional and individual clients can generally terminate their relationships with us or our financial advisors at will or on relatively short notice. Our clients can also reduce the aggregate amount of managed assets or shift their funds to other types of accounts with different rate structures, for any number of reasons, including investment performance, changes in prevailing interest rates, changes in investment preferences, changes in our (or our financial advisors') reputation in the marketplace, changes in client management or ownership, loss of key investment management personnel and financial market performance. A reduction in managed assets, and the associated decrease in revenues and earnings, could have a material adverse effect on our business.

In addition, during periods of unfavorable market or economic conditions, the level of individual investor participation in the global markets may also decrease, which would negatively impact the results of our retail businesses. Moreover, fluctuations in global market activity could impact the flow of investment capital into or from assets under management and the way customers allocate capital among money market, equity, fixed income or other investment alternatives, which could negatively impact our Asset Accumulation and Income segment.

Defaults in our fixed income securities portfolio would adversely affect our earnings.

Issuers of the fixed income securities that we own may default on principal and interest payments. As of December 31, 2005, approximately 7% of our investment portfolio had ratings below investment-grade. Moreover, economic downturns and corporate malfeasance can increase the number of companies, including those with investment-grade ratings, that default on their debt obligations, as occurred in 2001 and 2002. As of December 31, 2005, we had fixed income securities in or near default (where the issuer had missed payment of principal or interest or entered bankruptcy) with a fair value of $58.1 million. Default-related declines in the value of our fixed income securities portfolio could cause our net earnings to decline and could also cause us to contribute capital to some of our regulated subsidiaries, which may require us to obtain funding during periods of unfavorable market conditions.

If the counterparties to our reinsurance arrangements or to the derivative instruments we use to hedge our business risks default, we may be exposed to risks we had sought to mitigate, which could adversely affect our financial condition and results of operations.

We use reinsurance to mitigate our risks in various circumstances. See Item 1 of our Annual Report on Form 10-K "Protection Reinsurance." Reinsurance does not relieve us of our direct liability to our policyholders, even when the reinsurer is liable to us. Accordingly, we bear credit and performance risk with respect to our reinsurers. A reinsurer's insolvency or its inability or unwillingness to make payments under the terms of our reinsurance agreement could have an adverse effect on our financial condition and results of operations that could be material.

In addition, we use a variety of derivative instruments to hedge several business risks. If our counterparties fail to honor their obligations under the derivative instruments, our hedges of the related risk will be ineffective. That failure could have an adverse effect on our financial condition and results of operations that could be material.

Some of our investments are relatively illiquid.

We invest a portion of our owned assets in privately placed fixed income securities, mortgage loans, policy loans, limited partnership interests, real estate and restricted investments held by securitization trusts, among others, all of which are relatively illiquid. These asset classes represented approximately 12.4% of the carrying value of our investment portfolio as of December 31, 2005. If we require significant amounts of cash on short notice in excess of our normal cash requirements, we may have difficulty selling these investments in a timely manner, or be forced to sell them for an amount less than we would otherwise have been able to realize, or both, which could have an adverse effect on our financial condition and results of operations.

Intense competition and the economics of changes in our product revenue mix and distribution channels could negatively affect our ability to maintain or increase our market share and profitability.

Our businesses operate in intensely competitive industry segments. We compete based on a number of factors including name recognition, service, the quality of investment advice, investment performance, product features, price, perceived financial strength, and claims-paying and credit ratings. Our competitors include broker-dealers, banks, asset managers, insurers and other financial institutions. Many of our businesses face competitors that have greater market share, offer a broader range of products, have greater financial resources, or have higher claims-paying or credit ratings than we do. In addition, over time certain sectors of the financial services industry have become considerably more concentrated, as financial institutions involved in a broad range of financial services have been acquired by or merged into other firms. This convergence could result in our competitors gaining greater

resources and we may experience pressures on our pricing and market share as a result of these factors and as some of our competitors seek to increase market share by reducing prices.

Over recent years, sales of our own mutual funds by our financial advisor network, including sales within our wrap account products (for which we receive a fee based on assets in the account), have declined as a percentage of our total mutual funds sales. We expect this trend to continue for the near-term. This is principally a result of the addition of mutual funds of other companies to our product offerings in response to competition and clients' desire for expanded product choice. In addition, other critical factors such as shareholder demographics and increasing sales of alternative investment products have caused our RiverSource Funds to experience significant net outflows overall since 2000.

In recent years, a substantial portion of the mutual funds sold by our financial advisors was comprised of the products of other companies. Generally, our profits from sales of other companies' mutual funds are lower than those from our own mutual funds. Part of our growth strategy is to expand alternative distribution channels for our own products. If we are unable to efficiently manage the economics of selling a growing proportion of mutual funds of other companies, to maintain an acceptable level of sales of our own products through our financial advisor network, to effectively develop third party distribution channels for our own mutual funds, or to expand the third party distribution channels for our annuity products, our results of operations could be adversely affected.

Currently, our branded advisor network distributes annuity and protection products issued almost exclusively by our subsidiary IDS Life Insurance Company and its subsidiaries. If our branded advisor distribution network is opened to annuity and protection products of other companies, there can be no assurance that there would not be a material adverse effect on our financial condition and results of operations.

We face intense competition in attracting and retaining key talent.

We are dependent on our network of branded advisors for a significant portion of the sales of our mutual funds, annuities, face-amount certificates and insurance protection products. In addition, our continued success depends to a substantial degree on our ability to attract and retain qualified personnel to conduct our fund management and investment advisory businesses, as well as senior management. The market for financial advisors, registered representatives, management talent, qualified fund managers, and investment analysts is extremely competitive and has grown more so in recent periods due to industry growth. If we are unable to attract and retain qualified individuals or our recruiting and retention costs increase significantly, our financial condition and results of operations could be materially adversely affected.

Our businesses are heavily regulated, and changes in regulation may reduce our profitability, limit our growth, or impact our ability to pay dividends or achieve targeted return-on-equity levels.

We operate in highly regulated industries, and are required to obtain and maintain licenses for many of the businesses we operate in addition to being subject to regulatory oversight. Securities regulators have significantly increased the level of regulation in recent years and have several outstanding proposals for additional regulation. In addition, we are subject to heightened regulatory requirements relating to privacy and the protection of customer data. These regulations, as well as possible legislative or regulatory changes, may constrain our ability to market our products and services to our potential customers and could negatively affect our profitability and make it more difficult for us to pursue our growth strategy.

Our insurance companies are subject to state regulation, so must comply with statutory reserve and capital requirements. State regulators are continually reviewing and updating these requirements. As of December 31, 2005, our life insurance companies were subject to new capital requirements for variable

annuity contracts with guaranteed death or living benefits. These new requirements had minimal impact on our balance sheet in 2005, but that may not continue to be true in the event equity market values fall in the future. Moreover, there is active discussion at the NAIC of moving to a principles-based reserving system. This could change statutory reserve requirements significantly, and it is not possible to estimate the impact at this time.

Compliance with applicable laws and regulations is time consuming and personnel-intensive. Changes in these laws and regulations may increase materially our direct and indirect compliance and other expenses of doing business. Our financial advisors may decide that the direct cost of compliance and the indirect cost of time spent on compliance matters outweigh the benefits of a career as a financial advisor, which could lead to financial advisor attrition. The costs of the compliance requirements we face, and the constraints they impose on our operations, could have a material adverse effect on our financial condition and results of operations.

In addition, we may be required to reduce our fee levels, or restructure the fees we charge, as a result of regulatory initiatives or proceedings that are either industry-wide or specifically targeted at our company. Reductions or other changes in the fees that we charge for our products and services could reduce our revenues and earnings. Moreover, in the years ended December 31, 2005 and 2004, we received approximately $1.2 billion and $1.1 billion, respectively, in distribution fees. A significant portion of these revenues was paid to us by our own RiverSource family of mutual funds in accordance with plans and agreements of distribution adopted under Rule 12b-1 promulgated under the Investment Company Act of 1940, as amended, or Rule 12b-1. We believe that these fees are a critical element in the distribution of our own mutual funds. There have recently been suggestions from regulatory agencies and other industry participants that Rule 12b-1 fees in the mutual fund industry should be reconsidered and potentially reduced or eliminated. We believe that distribution and servicing-related fees paid to financial advisors will remain a key element in the mutual fund industry. However, an industry-wide reduction or restructuring of Rule 12b-1 fees could have a material adverse effect on our ability to distribute our own mutual funds and the fees we receive for distributing other companies' mutual funds, which could, in turn, have an adverse effect on our revenues and earnings.

We are in the process of establishing a banking subsidiary which will replace our current relationship with American Express Bank and have received approval from the Office of Thrift Supervision ("OTS") to obtain a new federal savings bank ("FSB") charter. After we obtain the required regulatory approvals and our banking subsidiary is established, our FSB will be subject to regulation by the OTS, which is the primary regulator of federal savings banks, and by the Federal Deposit Insurance Company ("FDIC") in its role as insurer of our FSB's deposits. As its controlling company, we will become a savings and loan holding company and also be subject to regulation by the OTS. Furthermore, our ownership of Threadneedle Asset Management Holdings Ltd. subjects us to the EU Financial Conglomerates Directive to designate a global consolidated supervisory regulator, and we have designated the OTS for this purpose (subject to approval by the Financial Services Authority ("FSA"). Because of our status as a savings and loan holding company, our activities will be limited to those that are financial in nature, and OTS will have authority to regulate our capital and debt, although there are not specific holding company capital requirements. Our FSB will be subject to specific capital rules and if its capital falls below certain levels, OTS will be required to take certain remedial actions and may take other actions, including the imposition of limits on dividends or activities, and OTS could direct us to divest the subsidiary. Our FSB also will be subject to limits on capital distributions, including payment of dividends to us and on transactions with affiliates. In addition, an array of community reinvestment, fair lending, and other consumer protection laws and regulations will apply to our FSB. Either of the OTS or the FDIC may bring administrative enforcement actions against the FSB or its officers, directors or employees if any of them violate a law or engage in an unsafe or unsound practice.

For a further discussion of the regulatory framework in which we operate, see Item 1 of our Annual Report on Form 10-K "Regulation."

Conflicts of interest are increasing and a failure to appropriately deal with conflicts of interest could adversely affect our businesses.

Our reputation is one of our most important assets. As we have expanded the scope of our businesses and our client base, we increasingly have to address potential conflicts of interest, including those relating to our proprietary activities. For example, conflicts may arise between our position as a provider of financial planning products and a manufacturer and/or distributor or broker of asset accumulation, income or insurance protection products that one of our financial advisors may recommend to a financial planning client. We have procedures and controls that are designed to address conflicts of interest. However, appropriately dealing with conflicts of interest is complex and difficult and our reputation could be damaged if we fail, or appear to fail, to deal appropriately with conflicts of interest. In addition, the SEC and other federal and state regulators have increased their scrutiny of potential conflicts of interest. It is possible that potential or perceived conflicts could give rise to litigation or enforcement actions. It is possible that the regulatory scrutiny of, and litigation in connection with, conflicts of interest will make our clients less willing to enter into transactions in which such a conflict may occur, and will adversely affect our businesses.

Legal and regulatory actions are inherent in our businesses and could result in financial losses or harm our businesses.

We are, and in the future may be, subject to legal and regulatory actions in the ordinary course of our operations, both domestically and internationally. Various regulatory and governmental bodies have the authority to review our products and business practices and those of our employees and independent financial advisors and to bring regulatory or other legal actions against us if, in their view, our practices, or those of our employees or independent financial advisors, are improper. Pending legal and regulatory actions include proceedings relating to aspects of our businesses and operations that are specific to us and proceedings that are typical of the industries and businesses in which we operate. Some of these proceedings have been brought on behalf of various alleged classes of complainants. In certain of these matters, the plaintiffs are seeking large and/or indeterminate amounts, including punitive or exemplary damages. See Item 3 of our Annual Report on Form 10-K "Legal Proceedings." Substantial legal liability in these or future legal or regulatory actions could have a material adverse financial effect or cause significant reputational harm, which in turn could seriously harm our business prospects.

A downgrade or a potential downgrade in our financial strength or credit ratings could adversely affect our financial condition and results of operations.

Financial strength ratings, which various ratings organizations publish as a measure of an insurance company's ability to meet contractholder and policyholder obligations, are important to maintaining public confidence in our products, the ability to market our products and our competitive position. Any downgrade in our financial strength ratings, or the announced potential for a downgrade, could have a significant adverse effect on our financial condition and results of operations in many ways, including:

- reducing new sales of insurance products, annuities and investment products;
- adversely affecting our relationships with our financial advisors and third party distributors of our products;
- materially increasing the number or amount of policy surrenders and withdrawals by contractholders and policyholders;

requiring us to reduce prices for many of our products and services to remain competitive; and

adversely affecting our ability to obtain reinsurance or obtain reasonable pricing on reinsurance.

A downgrade in our credit ratings could also adversely impact our future cost and speed of borrowing and have an adverse effect on our financial condition, results of operations and liquidity.

If our reserves for future policy benefits and claims are inadequate, we may be required to increase our reserve liabilities, which could adversely affect our results of operations and financial condition.

We establish reserves as estimates of our liabilities to provide for future obligations under our insurance policies, annuities and investment certificate contracts. Reserves do not represent an exact calculation of liability, but rather are estimates of contract benefits and related expenses we expect to incur over time. The assumptions and estimates we make in establishing reserves require certain judgments about future experience and, therefore, are inherently uncertain. We monitor our reserve levels continually. If we were to conclude that our reserves are insufficient to cover actual or expected contract benefits, we would be required to increase our reserves and potentially incur income statement charges for the period in which we make the determination, which could adversely affect our results of operations and financial condition. For more information on how we set our reserves, see Note 2 to our consolidated financial statements included in our 2005 Annual Report to Shareholders.

Morbidity rates or mortality rates that differ significantly from our pricing expectations could negatively affect profitability.

We set prices for our life insurance, disability income insurance and some annuity products based upon expected claim payment patterns, derived from assumptions we make about the morbidity rates, or likelihood of sickness, and mortality rates, or likelihood of death, of our policyholders and contractholders. The long-term profitability of these products depends upon how our actual experience compares with our pricing assumptions. For example, if morbidity rates are higher, or mortality rates are lower, than our pricing assumptions, we could be required to make greater payments under disability income insurance policies and immediate annuity contracts than we had projected. The same holds true for long-term care policies we previously underwrote to the extent they are not fully reinsured. If mortality rates are higher than our pricing assumptions, we could be required to make greater payments under our life insurance policies and annuity contracts with guaranteed minimum death benefits than we had projected.

The risk that our claims experience may differ significantly from our pricing assumptions is particularly significant for our long-term care insurance products notwithstanding our ability to implement future price increases. As with life insurance, long-term care insurance policies provide for long-duration coverage and, therefore, our actual claims experience will emerge over many years. However, as a relatively new product in the market, long-term care insurance does not have the extensive claims experience history of life insurance, and, as a result, our ability to forecast future claim rates for long-term care insurance is more limited than for life insurance. We have sought to moderate these uncertainties to some extent by partially reinsuring long-term policies we previously underwrote and by limiting our present long-term care insurance offerings to policies underwritten fully by an unaffiliated third party.

We may face losses if there are significant deviations from our assumptions regarding the future persistency of our insurance policies and annuity contracts.

The prices and expected future profitability of our life insurance and deferred annuity products are based in part upon assumptions related to persistency, which is the probability that a policy or contract will remain in force from one period to the next. The effect of persistency on profitability varies for different products. For most of our life insurance and deferred annuity products, actual persistency that

is lower than our persistency assumptions could have an adverse impact on profitability, especially in the early years of a policy or contract, primarily because we would be required to accelerate the amortization of expenses we deferred in connection with the acquisition of the policy or contract.

For our long-term care insurance, actual persistency that is higher than our persistency assumptions could have a negative impact on profitability. If these policies remain in force longer than we assumed, then we could be required to make greater benefit payments than we had anticipated when we priced or partially reinsured these products. Some of our long-term care insurance policies have experienced higher persistency than we had assumed, which led us to increase premium rates on certain of these policies.

Because our assumptions regarding persistency experience are inherently uncertain, reserves for future policy benefits and claims may prove to be inadequate if actual persistency experience is different from those assumptions. Although some of our products permit us to increase premiums during the life of the policy or contract, we cannot guarantee that these increases would be sufficient to maintain profitability. Additionally, some of these pricing changes require regulatory approval, which may not be forthcoming. Moreover, many of our products do not permit us to increase premiums or limit those increases during the life of the policy or contract. Significant deviations in experience from pricing expectations regarding persistency could have an adverse effect on the profitability of our products.

We may be required to accelerate the amortization of deferred acquisition costs, which would increase our expenses and reduce profitability.

Deferred acquisition costs ("DAC") represent the costs of acquiring new business, principally direct sales commissions and other distribution and underwriting costs that have been deferred on the sale of annuity, life and disability income insurance and, to a lesser extent, marketing and promotional expenses for personal auto and home insurance, and distribution expense for certain mutual fund products. For annuity and insurance products, we amortize DAC over periods approximating the lives of the related policy or contract, generally as a percentage of premiums or estimated gross profits associated with that policy or contract. For certain mutual fund products, we generally amortize DAC over fixed periods on a straight-line basis.

Our projections underlying the amortization of DAC require the use of certain assumptions, including interest margins, mortality rates, persistency rates, maintenance expense levels and customer asset value growth rates for variable products. We periodically review and, where appropriate, adjust our assumptions. When we change our assumptions, we may be required to accelerate the amortization of DAC or to record a charge to increase benefit reserves.

As of December 31, 2005 and December 31, 2004, we had $4.2 billion