AMERIPRISE FINANCIAL INC
Form 10-Q
August 09, 2011
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2011

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from to

Commission File No. 1-32525

AMERIPRISE FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Delaware	**13-3180631**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1099 Ameriprise Financial Center, Minneapolis, Minnesota	**55474**
(Address of principal executive offices)	(Zip Code)

Registrant s telephone number, including area code: **(612) 671-3131**

Former name, former address and former fiscal year, if changed since last report: **Not Applicable**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer x	Accelerated Filer o
Non-Accelerated Filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Class	**Outstanding at July 22, 2011**
Common Stock (par value $.01 per share)	236,078,732 shares

Table of Contents

AMERIPRISE FINANCIAL, INC.

FORM 10-Q

INDEX

Table of Contents

AMERIPRISE FINANCIAL, INC.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(in millions, except per share amounts)

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Revenues				
Management and financial advice fees	$ 1,172	$ 910	$ 2,309	$ 1,642
Distribution fees	416	387	813	713
Net investment income	498	655	1,013	1,244
Premiums	312	299	604	581
Other revenues	236	231	440	481
Total revenues	2,634	2,482	5,179	4,661
Banking and deposit interest expense	11	20	24	41
Total net revenues	2,623	2,462	5,155	4,620
Expenses				
Distribution expenses	643	528	1,262	964
Interest credited to fixed accounts	212	231	419	459
Benefits, claims, losses and settlement expenses	406	297	788	649
Amortization of deferred acquisition costs	138	171	254	289
Interest and debt expense	75	74	150	138
General and administrative expense	750	699	1,496	1,301
Total expenses	2,224	2,000	4,369	3,800
Income from continuing operations before income tax provision	399	462	786	820
Income tax provision	114	66	207	130
Income from continuing operations	285	396	579	690
Income (loss) from discontinued operations, net of tax	(4)	2	(75)	4
Net income	281	398	504	694
Less: Net income (loss) attributable to noncontrolling interests	(28)	139	(46)	221
Net income attributable to Ameriprise Financial	$ 309	$ 259	$ 550	$ 473
Earnings per share attributable to Ameriprise Financial, Inc. common shareholders				
Basic				
Income from continuing operations	$ 1.28	$ 0.98	$ 2.51	$ 1.80
Income (loss) from discontinued operations	(0.02)	0.01	(0.30)	0.01
Net income	$ 1.26	$ 0.99	$ 2.21	$ 1.81

Diluted								
Income from continuing operations	$	1.25	$	0.97	$	2.46	$	1.77
Income (loss) from discontinued operations		(0.02)		0.01		(0.30)		0.01
Net income	$	1.23	$	0.98	$	2.16	$	1.78
Weighted average common shares outstanding								
Basic		245.5		261.1		248.5		260.9
Diluted		251.0		265.3		254.3		265.1
Cash dividends paid per common share	$	0.23	$	0.18	$	0.41	$	0.35
Supplemental Disclosures:								
Net investment income:								
Net investment income before impairment losses on securities	$	514	$	656	$	1,031	$	1,275
Total other-than-temporary impairment losses on securities		(43)				(43)		(32)
Portion of loss recognized in other comprehensive income		27		(1)		25		1
Net impairment losses recognized in net investment income		(16)		(1)		(18)		(31)
Net investment income	$	498	$	655	$	1,013	$	1,244

See Notes to Consolidated Financial Statements.

Table of Contents

AMERIPRISE FINANCIAL, INC.

CONSOLIDATED BALANCE SHEETS

(in millions, except share amounts)

	June 30, 2011 (unaudited)	December 31, 2010
Assets		
Cash and cash equivalents	$ 2,528	$ 2,838
Investments	37,947	37,053
Separate account assets	70,763	68,330
Receivables	5,239	4,849
Deferred acquisition costs	4,582	4,619
Restricted and segregated cash	1,478	1,516
Other assets	5,341	4,965
Assets held for sale	162	173
Total assets before consolidated investment entities	128,040	124,343
Consolidated Investment Entities:		
Cash	479	472
Investments, at fair value	5,416	5,444
Receivables (includes $62 and $33, respectively, at fair value)	96	60
Other assets, at fair value	1,107	895
Total assets of consolidated investment entities	7,098	6,871
Total assets	$ 135,138	$ 131,214
Liabilities and Equity Liabilities:		
Future policy benefits and claims	$ 30,002	$ 30,208
Separate account liabilities	70,763	68,330
Customer deposits	9,430	8,779
Short-term borrowings	505	397
Long-term debt	2,332	2,317
Accounts payable and accrued expenses	1,045	1,112
Other liabilities	3,724	2,983
Liabilities held for sale	190	79
Total liabilities before consolidated investment entities	117,991	114,205
Consolidated Investment Entities:		
Debt (includes $5,234 and $5,171, respectively, at fair value)	5,702	5,535
Accounts payable and accrued expenses	27	22
Other liabilities (includes $177 and $154, respectively, at fair value)	190	167
Total liabilities of consolidated investment entities	5,919	5,724
Total liabilities	123,910	119,929
Equity:		
Ameriprise Financial, Inc.:		
Common shares ($.01 par value; shares authorized, 1,250,000,000; shares issued, 303,034,371 and 301,366,044, respectively)	3	3
Additional paid-in capital	6,108	6,029
Retained earnings	6,629	6,190

Appropriated retained earnings of consolidated investment entities		494		558
Treasury shares, at cost (65,974,154 and 54,668,152 shares, respectively)		(3,319)		(2,620)
Accumulated other comprehensive income, net of tax		633		565
Total Ameriprise Financial, Inc. shareholders equity		10,548		10,725
Noncontrolling interests		680		560
Total equity		11,228		11,285
Total liabilities and equity	$	135,138	$	131,214

See Notes to Consolidated Financial Statements.

Table of Contents

AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)

	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Cash Flows from Operating Activities		
Net income	$ 504	$ 694
Adjustments to reconcile net income to net cash provided by operating activities:		
Capitalization of deferred acquisition and sales inducement costs	(254)	(259)
Amortization of deferred acquisition and sales inducement costs	284	324
Depreciation, amortization and accretion, net	67	48
Deferred income tax expense	45	426
Share-based compensation	80	70
Net realized investment gains	(21)	(39)
Other-than-temporary impairments and provision for loan losses	24	35
Net loss (income) attributable to noncontrolling interests	46	(221)
Changes in operating assets and liabilities before consolidated investment entities:		
Restricted and segregated cash	(13)	22
Trading securities and equity method investments, net	(61)	7
Future policy benefits and claims, net	17	54
Receivables	(157)	(319)
Brokerage deposits	48	(39)
Accounts payable and accrued expenses	(75)	83
Derivatives collateral, net	61	533
Other, net	225	(200)
Changes in operating assets and liabilities of consolidated investment entities, net	(162)	179
Net cash provided by operating activities	658	1,398
Cash Flows from Investing Activities		
Available-for-Sale securities:		
Proceeds from sales	644	1,192
Maturities, sinking fund payments and calls	3,025	3,204
Purchases	(4,111)	(3,474)
Proceeds from sales, maturities and repayments of commercial mortgage loans	112	107
Funding of commercial mortgage loans	(62)	(82)
Proceeds from sales of other investments	88	92
Purchase of other investments	(151)	(23)
Purchase of investments by consolidated investment entities	(1,785)	(1,010)
Proceeds from sales, maturities and repayments of investments by consolidated investment entities	1,949	933
Return of capital in investments of consolidated investment entities	6	2
Purchase of land, buildings, equipment and software	(89)	(54)
Change in policy and certificate loans, net	(4)	(6)
Acquisitions		(866)
Change in consumer banking loans and credit card receivables, net	(216)	(196)
Other, net	(2)	(8)
Net cash used in investing activities	(596)	(189)

See Notes to Consolidated Financial Statements.

Table of Contents

AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (continued)

(in millions)

	Six Months Ended June 30, 2011		Six Months Ended June 30, 2010	
Cash Flows from Financing Activities				
Investment certificates and banking time deposits:				
Proceeds from additions	$	487	$	554
Maturities, withdrawals and cash surrenders		(750)		(1,120)
Change in other banking deposits		864		463
Policyholder and contractholder account values:				
Consideration received		626		833
Net transfers to separate accounts		(59)		(1,277)
Surrenders and other benefits		(712)		(692)
Deferred premium options, net		(125)		(77)
Issuance of debt, net of issuance costs				744
Repayments of debt		(6)		
Change in short-term borrowings, net		108		484
Dividends paid to shareholders		(103)		(91)
Repurchase of common shares		(795)		(206)
Exercise of stock options		49		45
Excess tax benefits from share-based compensation		37		5
Borrowings by consolidated investment entities		121		58
Repayments of debt by consolidated investment entities		(180)		(177)
Noncontrolling interests investments in subsidiaries		101		29
Distributions to noncontrolling interests		(36)		(40)
Other, net		(1)		(2)
Net cash used in financing activities		(374)		(467)
Effect of exchange rate changes on cash		4		(12)
Net increase (decrease) in cash and cash equivalents (1)		(308)		730
Cash and cash equivalents at beginning of period (1)		2,861		3,097
Cash and cash equivalents at end of period (1)	$	2,553	$	3,827
Supplemental Disclosures:				
Interest paid on debt before consolidated investment entities	$	70	$	61
Income taxes paid, net		223		53
Non-cash investing activity:				
Affordable housing partnership commitments not yet remitted		111		17

(1) Cash and cash equivalents includes cash held for sale. See Note 17 for additional information.

See Notes to Consolidated Financial Statements.

6

Table of Contents

AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)

(in millions, except share data)

	Ameriprise Financial, Inc.								
	Number of Outstanding Shares	**Common Shares**	**Additional Paid-In Capital**	**Retained Earnings**	**Appropriated Retained Earnings of Consolidated Investment Entities**	**Treasury Shares**	**Accumulated Other Comprehensive Income**	**Non-controlling Interests**	**Total**
Balances at January 1, 2010	255,095,491	$ 3	$ 5,748	$ 5,276	$	$ (2,023)	$ 265	$ 603	$ 9,872
Change in accounting principle					473				473
Comprehensive income:									
Net income				473				221	694
Net income reclassified to appropriated retained earnings					147			(147)	
Other comprehensive income, net of tax:									
Change in net unrealized securities gains							379		379
Change in noncredit related im-pairments on securities and net unrealized securities losses on previously impaired securities							2		2
Change in net unrealized derivatives gains							(2)		(2)
Foreign currency translation adjustment							(37)	(45)	(82)
Total comprehensive income									991
Dividends paid to shareholders				(91)					(91)
Noncontrolling interests investments in subsidiaries								29	29
Distributions to noncontrolling interests								(40)	(40)
Repurchase of common shares	(6,270,836)					(236)			(236)
Share-based compensation plans	3,213,595		121						121
Balances at June 30, 2010	252,038,250	$ 3	$ 5,869	$ 5,658	$ 620	$ (2,259)	$ 607	$ 621	$ 11,119
Balances at January 1, 2011	246,697,892	$ 3	$ 6,029	$ 6,190	$ 558	$ (2,620)	$ 565	$ 560	$ 11,285
Comprehensive income:									
Net income (loss)				550				(46)	504
Net loss reclassified to appropriated retained earnings					(64)			64	
Other comprehensive income, net of tax:									
Change in net unrealized securities gains							73		73
							4		4

Change in noncredit related impairments on securities and net unrealized securities losses on previously impaired securities									
Change in net unrealized derivatives gains							(22)		(22)
Foreign currency translation adjustment							13	14	27
Total comprehensive income									586
Dividends paid to shareholders				(103)					(103)
Noncontrolling interests investments in subsidiaries								101	101
Distributions to noncontrolling interests								(36)	(36)
Repurchase of common shares	(12,972,436)					(780)			(780)
Share-based compensation plans	3,334,761		79	(8)		81		23	175
Balances at June 30, 2011	237,060,217	$ 3	$ 6,108	$ 6,629	$ 494	$ (3,319)	$ 633	$ 680	$ 11,228

See Notes to Consolidated Financial Statements.

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of Presentation

Ameriprise Financial, Inc. is a holding company, which primarily conducts business through its subsidiaries to provide financial planning, products and services that are designed to be utilized as solutions for clients cash and liquidity, asset accumulation, income, protection and estate and wealth transfer needs. The foreign operations of Ameriprise Financial, Inc. are conducted primarily through its subsidiary, Threadneedle Asset Management Holdings Sàrl (Threadneedle).

The accompanying Consolidated Financial Statements include the accounts of Ameriprise Financial, Inc., companies in which it directly or indirectly has a controlling financial interest and variable interest entities (VIEs) in which it is the primary beneficiary (collectively, the Company). The income or loss generated by consolidated entities which will not be realized by the Company s shareholders is attributed to noncontrolling interests in the Consolidated Statements of Operations. Noncontrolling interests are the ownership interests in subsidiaries not attributable, directly or indirectly, to Ameriprise Financial, Inc. and are classified as equity within the Consolidated Balance Sheets. The Company excluding noncontrolling interests is defined as Ameriprise Financial. All material intercompany transactions and balances have been eliminated in consolidation. See Note 3 for additional information related to VIEs.

During the first quarter of 2011, management decided to identify an appropriate buyer for Securities America Financial Corporation and its subsidiaries (collectively, Securities America). Management believes a sale would allow Securities America to focus on growth opportunities in the independent channel and would allow the Company to devote resources to the Ameriprise branded advisor business. During the second quarter of 2011, the results of Securities America have been presented as discontinued operations for all periods presented and the related assets and liabilities have been classified as held for sale. See Note 17 for additional information on discontinued operations.

The interim financial information in this report has not been audited. In the opinion of management, all adjustments necessary for a fair presentation of the consolidated results of operations and financial position for the interim periods have been made. Except for the adjustment described below, all adjustments made were of a normal recurring nature.

In the second quarter of 2010, the Company made an adjustment for revisions to certain calculations in its valuation of deferred acquisition costs (DAC) and deferred sales inducement costs (DSIC) which resulted in a $33 million pretax benefit ($21 million after-tax).

The accompanying Consolidated Financial Statements are prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP). Certain reclassifications of prior period amounts have been made to conform to the current presentation. Results of operations reported for interim periods are not necessarily indicative of results for the entire year. These Consolidated Financial Statements and Notes should be read in conjunction with the Consolidated Financial Statements and Notes in the Company s Annual Report on Form 10-K for the year ended December 31, 2010, filed with the Securities and Exchange Commission (SEC) on February 28, 2011.

The Company evaluated events or transactions that may have occurred after the balance sheet date for potential recognition or disclosure through the date the financial statements were issued.

2. Recent Accounting Pronouncements

Adoption of New Accounting Standards

Fair Value

In January 2010, the Financial Accounting Standards Board (FASB) updated the accounting standards related to disclosures on fair value measurements. The standard expands the current disclosure requirements to include additional detail about significant transfers between Levels 1 and 2 within the fair value hierarchy and presents activity in the rollforward of Level 3 activity on a gross basis. The standard also clarifies existing disclosure requirements related to the level of disaggregation to be used for assets and liabilities as well as disclosures on the inputs and valuation techniques used to measure fair value. The standard is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosure requirements related to the Level 3 rollforward, which are effective for interim and annual periods beginning after December 15, 2010. The Company adopted the standard in the first quarter of 2010, except for the additional disclosures related to the Level 3 rollforward, which the Company adopted in the first quarter of 2011. The adoption did not have any effect on the Company s consolidated results of operations and financial condition. See Note 3 and Note 11 for the required disclosures.

Consolidation of Variable Interest Entities

In June 2009, the FASB updated the accounting standards related to the consolidation of VIEs. The standard amends the guidance on the determination of the primary beneficiary of a VIE from a quantitative model to a qualitative model and requires

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

additional disclosures about an enterprise s involvement in VIEs. Under the new qualitative model, the primary beneficiary must have both the power to direct the activities of the VIE and the obligation to absorb losses or the right to receive gains that could be potentially significant to the VIE. In February 2010, the FASB amended this guidance to defer application of the consolidation requirements for certain investment funds. The standards are effective for interim and annual reporting periods beginning after November 15, 2009. The Company adopted the standards effective January 1, 2010 and as a result consolidated certain collateralized debt obligations (CDOs). At adoption, the Company recorded a $5.5 billion increase to assets and a $5.1 billion increase to liabilities. The difference between the fair value of the assets and liabilities of the CDOs was recorded as a cumulative effect increase of $473 million to appropriated retained earnings of consolidated investment entities. Such amounts are recorded as appropriated retained earnings as the CDO note holders, not Ameriprise Financial, ultimately will receive the benefits or absorb the losses associated with the assets and liabilities of the CDOs. Subsequent to the adoption, the net change in fair value of the assets and liabilities of the CDOs will be recorded as net income attributable to noncontrolling interests and as an adjustment to appropriated retained earnings of consolidated investment entities. See Note 3 for additional information related to the application of the amended VIE consolidation model and the required disclosures.

Future Adoption of New Accounting Standards

Comprehensive Income

In June 2011, the FASB updated the accounting standards related to the presentation of comprehensive income. The standard requires entities to present all nonowner changes in stockholders equity either in a single continuous statement of comprehensive income or in two separate but consecutive statements. For both options, an entity is required to present reclassification adjustments for items that are reclassified from other comprehensive income to net income in the statement(s) where the components of net income and the components of other comprehensive income are presented. The amendments do not affect how earnings per share is calculated or presented. The standard is effective for interim and annual periods beginning after December 15, 2011. The standard is to be applied retrospectively. The adoption of the standard will not impact the Company s consolidated results of operations and financial condition.

Fair Value

In May 2011, the FASB updated the accounting standards related to fair value measurement and disclosure requirements. The standard requires entities, for assets and liabilities measured at fair value in the statement of financial position which are Level 3 fair value measurements, to disclose quantitative information about unobservable inputs and assumptions used in the measurements, a description of the valuation processes in place, and a qualitative discussion about the sensitivity of the measurements to changes in unobservable inputs and interrelationships between those inputs if a change in those inputs would result in a significantly different fair value measurement. In addition, the standard requires disclosure of fair value by level within the fair value hierarchy for each class of assets and liabilities not measured at fair value in the statement of financial position but for which the fair value is disclosed. The standard is effective for interim and annual periods beginning on or after December 15, 2011. The adoption of the standard is not expected to have a material impact on the Company s consolidated results of operations and financial condition.

Transfers and Servicing: Reconsideration of Effective Control for Repurchase Agreements

In April 2011, the FASB updated the accounting standards related to accounting for repurchase agreements and other similar agreements. The standard modifies the criteria for determining when these transactions would be accounted for as secured borrowings as opposed to sales. The standard is effective prospectively for new transfers and existing transactions that are modified in the first interim or annual period beginning on or after December 31, 2011. The adoption of the standard is not expected to have a material impact on the Company s consolidated results of operations and financial condition.

Receivables

In April 2011, the FASB updated the accounting standards for troubled debt restructurings. The new standard includes indicators that a lender should consider in determining whether a borrower is experiencing financial difficulties and provides clarification for determining whether the lender has granted a concession to the borrower. The standard sets the effective dates for troubled debt restructuring disclosures required by recent guidance on credit quality disclosures. The standard is effective for interim and annual periods beginning on or after June 15, 2011, and is to be applied retrospectively to modifications occurring on or after the beginning of the annual period of adoption. For purposes of measuring impairments of receivables that are considered impaired as a result of applying the new guidance, the standard should be applied prospectively for the interim or annual period beginning on or after June 15, 2011. The adoption of the standard is not expected to have a material impact on the Company s consolidated results of operations and financial condition.

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts

In October 2010, the FASB updated the accounting standards for DAC. Under this new standard, only the following costs incurred in the acquisition of new and renewal insurance contracts would be capitalizable as DAC: (i) incremental direct costs of a successful contract acquisition, (ii) portions of employees salaries and benefits directly related to time spent performing specified acquisition activities (that is, underwriting, policy issuance and processing, medical and inspection, and sales force contract selling) for a contract that has actually been acquired, (iii) other costs related to the specified acquisition activities that would not have been incurred had the acquisition contract not occurred, and (iv) advertising costs that meet the capitalization criteria in other U.S. GAAP guidance for certain direct-response marketing. All other costs are to be expensed as incurred. The standard is effective for interim and annual periods beginning after December 15, 2011, with earlier adoption permitted if it is at the beginning of an entity s annual reporting period. The standard is to be applied prospectively; however, retrospective application to all prior periods presented is permitted but not required. The Company will adopt the standard on January 1, 2012. The Company is currently evaluating the impact of the standard on its consolidated results of operations and financial condition.

3. Consolidated Investment Entities

The Company provides asset management services to various CDOs and other investment products (collectively, investment entities), which are sponsored by the Company for the investment of client assets in the normal course of business. Certain of these investment entities are considered to be VIEs while others are considered to be voting rights entities (VREs). The Company consolidates certain of these investment entities.

The CDOs managed by the Company are considered VIEs. These CDOs are asset backed financing entities collateralized by a pool of assets, primarily syndicated loans and, to a lesser extent, high-yield bonds. Multiple tranches of debt securities are issued by a CDO, offering investors various maturity and credit risk characteristics. The debt securities issued by the CDOs are non-recourse to the Company. The CDO s debt holders have recourse only to the assets of the CDO. The assets of the CDOs cannot be used by the Company. Scheduled debt payments are based on the performance of the CDO s collateral pool. The Company generally earns management fees from the CDOs based on the par value of outstanding debt and, in certain instances, may also receive performance-based fees. In the normal course of business, the Company has invested in certain CDOs, generally an insignificant portion of the unrated, junior subordinated debt.

For certain of the CDOs, the Company has determined that consolidation is required as it has power over the CDOs and holds a variable interest in the CDOs for which the Company has the potential to receive significant benefits or the potential obligation to absorb significant losses. For other CDOs managed by the Company, the Company has determined that consolidation is not required as the Company does not hold a variable interest in the CDOs.

The Company provides investment advice and related services to private, pooled investment vehicles organized as limited partnerships, limited liability companies or foreign (non-U.S.) entities. Certain of these pooled investment vehicles are considered VIEs while others are VREs. For investment management services, the Company generally earns management fees based on the market value of assets under management, and in certain instances may also receive performance-based fees. The Company provides seed money occasionally to certain of these funds. For certain of the pooled investment vehicles, the Company has determined that consolidation is required as the Company stands to absorb a majority of the entity s expected losses or receive a majority of the entity s expected residual returns. For other VIE pooled investment vehicles, the Company has determined that consolidation is not required because the Company is not expected to absorb the majority of the expected losses or receive the majority of the expected residual returns. For the pooled investment vehicles which are VREs, the Company consolidates the structure when it has a controlling financial interest.

The Company also provides investment advisory, distribution and other services to the Columbia and Threadneedle mutual fund families. The Company has determined that consolidation is not required for these mutual funds.

In addition, the Company may invest in structured investments including VIEs for which it is not the sponsor. These structured investments typically invest in fixed income instruments and are managed by third parties and include asset backed securities, commercial mortgage backed securities, and residential mortgage backed securities. The Company includes these investments in Available-for-Sale securities. The Company has determined that it is not the primary beneficiary of these structures due to its relative size, position in the capital structure of these entities, and the Company s lack of power over the structures. The Company s maximum exposure to loss as a result of its investment in structured investments that it does not consolidate is limited to its carrying value. The Company has no obligation to provide further financial or other support to these structured investments nor has the Company provided any support to these structured investments. See Note 4 for additional information about these structured investments.

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

The following tables reflect the impact of consolidated investment entities on the Consolidated Balance Sheets and the Consolidated Statements of Operations:

	June 30, 2011			
	Before Consolidation	Consolidated Investment Entities	Eliminations	Total
		(in millions)		
Total assets	$ 128,099	$ 7,098	$ (59)	$ 135,138
Total liabilities	$ 117,991	$ 5,919	$	$ 123,910
Total Ameriprise Financial, Inc. shareholders equity	10,084	523	(59)	10,548
Noncontrolling interests equity	24	656		680
Total liabilities and equity	$ 128,099	$ 7,098	$ (59)	$ 135,138

	December 31, 2010			
	Before Consolidation	Consolidated Investment Entities	Eliminations	Total
		(in millions)		
Total assets	$ 124,401	$ 6,871	$ (58)	$ 131,214
Total liabilities	$ 114,205	$ 5,724	$	$ 119,929
Total Ameriprise Financial, Inc. shareholders equity	10,196	587	(58)	10,725
Noncontrolling interests equity		560		560
Total liabilities and equity	$ 124,401	$ 6,871	$ (58)	$ 131,214

	Three Months Ended June 30, 2011			
	Before Consolidation	Consolidated Investment Entities	Eliminations	Total
		(in millions)		
Total net revenues	$ 2,598	$ 35	$ (10)	$ 2,623
Total expenses	2,171	63	(10)	2,224
Income (loss) from continuing operations before income tax provision	427	(28)		399
Income tax provision	114			114
Income (loss) from continuing operations	313	(28)		285
Loss from discontinued operations, net of tax	(4)			(4)
Net income (loss)	309	(28)		281
Net loss attributable to noncontrolling interests		(28)		(28)
Net income attributable to Ameriprise Financial	$ 309	$	$	$ 309

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

	Six Months Ended June 30, 2011			
	Before Consolidation	Consolidated Investment Entities	Eliminations	Total
	(in millions)			
Total net revenues	$ 5,093	$ 82	$ (20)	$ 5,155
Total expenses	4,261	128	(20)	4,369
Income (loss) from continuing operations before income tax provision	832	(46)		786
Income tax provision	207			207
Income (loss) from continuing operations	625	(46)		579
Loss from discontinued operations, net of tax	(75)			(75)
Net income (loss)	550	(46)		504
Net loss attributable to noncontrolling interests		(46)		(46)
Net income attributable to Ameriprise Financial	$ 550	$	$	$ 550

	Three Months Ended June 30, 2010			
	Before Consolidation	Consolidated Investment Entities	Eliminations	Total
	(in millions)			
Total net revenues	$ 2,271	$ 201	$ (10)	$ 2,462
Total expenses	1,948	62	(10)	2,000
Income from continuing operations before income tax provision	323	139		462
Income tax provision	66			66
Income from continuing operations	257	139		396
Income from discontinued operations, net of tax	2			2
Net income	259	139		398
Net income attributable to noncontrolling interests		139		139
Net income attributable to Ameriprise Financial	$ 259	$	$	$ 259

	Six Months Ended June 30, 2010			
	Before Consolidation	Consolidated Investment Entities	Eliminations	Total
	(in millions)			
Total net revenues	$ 4,302	$ 337	$ (19)	$ 4,620
Total expenses	3,703	116	(19)	3,800
Income from continuing operations before income tax provision	599	221		820
Income tax provision	130			130
Income from continuing operations	469	221		690
Income from discontinued operations, net of tax	4			4
Net income	473	221		694

Net income attributable to noncontrolling interests		221		221
Net income attributable to Ameriprise Financial	$ 473	$	$	$ 473

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

The following tables present the balances of assets and liabilities held by consolidated investment entities measured at fair value on a recurring basis:

	June 30, 2011			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets				
Investments				
Corporate debt securities	$	$ 347	$ 6	$ 353
Common stocks	38	88	23	149
Other structured investments		60	3	63
Syndicated loans		4,605	246	4,851
Total investments	38	5,100	278	5,416
Receivables		62		62
Other assets		10	1,097	1,107
Total assets at fair value	$ 38	$ 5,172	$ 1,375	$ 6,585
Liabilities				
Debt	$	$	$ 5,234	$ 5,234
Other liabilities		177		177
Total liabilities at fair value	$	$ 177	$ 5,234	$ 5,411

	December 31, 2010			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets				
Investments				
Corporate debt securities	$	$ 418	$ 6	$ 424
Common stocks	26	53	11	90
Other structured investments		39	22	61
Syndicated loans		4,867		4,867
Trading securities		2		2
Total investments	26	5,379	39	5,444
Receivables		33		33
Other assets		8	887	895
Total assets at fair value	$ 26	$ 5,420	$ 926	$ 6,372
Liabilities				
Debt	$	$	$ 5,171	$ 5,171
Other liabilities		154		154
Total liabilities at fair value	$	$ 154	$ 5,171	$ 5,325

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

The following tables provide a summary of changes in Level 3 assets and liabilities held by consolidated investment entities measured at fair value on a recurring basis:

	Corporate Debt Securities	Common Stocks	Other Structured Investments	Syndicated Loans	Other Assets	Debt
			(in millions)			
Balance, April 1, 2011	$ 6	$ 26	$	$ 216	$ 920	$ (5,333)
Total gains (losses) included in:						
Net income		(1)(1)				(31)(1)
Other comprehensive income					1	
Purchases			3	68	184	
Sales				(4)		
Issues						(17)
Settlements				(54)		147
Transfers into (out of) of Level 3		(2)(2)		20(3)	(8)(4)	
Balance, June 30, 2011	$ 6	$ 23	$ 3	$ 246	$ 1,097	$ (5,234)
Changes in unrealized gains (losses) included in income relating to assets held at June 30, 2011	$	$ (1)(1)	$	$ 1(1)	$	$ (27)(1)

(1) Included in net investment income in the Consolidated Statements of Operations.

(2) Represents securities with a fair value of $5 million that were transferred to Level 2 as the fair value of the securities is now obtained from a nationally-recognized pricing service with observable inputs and securities with a fair value of $3 million that were transferred to Level 3 as the fair value of the securities is now based on a single broker quote.

(3) Represents securities with a fair value of $47 million that were transferred to Level 2 as the fair value of the securities is now obtained from a nationally-recognized pricing service with observable inputs and securities with a fair value of $67 million that were transferred to Level 3 as the fair value of the securities is now based on a single broker quote.

(4) Represents securities that were transferred to Level 2 as the fair value of these securities is now obtained from a nationally-recognized pricing service with observable inputs.

	Corporate Debt Securities	Common Stocks	Other Structured Investments	Other Assets	Debt
			(in millions)		
Balance, April 1, 2010	$ 15	$	$ 6	$ 870	$ (5,144)
Cumulative effect of accounting change					
Total gains (losses) included in:					

Net income		(1)(1)		1		(1)(1)		35(2)		77(1)
Other comprehensive income								(14)		
Purchases, sales, issues and settlements, net		(8)		3		5		(209)		19
Balance, June 30, 2010	$	6	$	4	$	10	$	682	$	(5,048)
Changes in unrealized gains (losses) included in income relating to assets held at June 30, 2010	$		$	1(1)	$		$	5(3)	$	77(1)

(1) Included in net investment income in the Consolidated Statements of Operations.

(2) Represents a $36 million gain included in other revenues and a $1 million loss included in net investment income in the Consolidated Statements of Operations.

(3) Represents a $6 million gain included in other revenues and a $1 million loss included in net investment income in the Consolidated Statements of Operations.

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

	Corporate Debt Securities	Common Stocks	Other Structured Investments	Syndicated Loans	Other Assets	Debt
			(in millions)			
Balance, January 1, 2011	$ 6	$ 11	$ 22	$	$ 887	$ (5,171)
Total gains (losses) included in:						
Net income		5(1)	(1)(1)	4(1)	4(2)	(215)(1)
Other comprehensive income					25	
Purchases			3	93	196	
Sales	(1)			(6)	(15)	
Issues						(27)
Settlements				(56)	1	179
Transfers into (out of) of Level 3	1(3)	7(4)	(21)(5)	211(6)	(1)(7)	
Balance, June 30, 2011	$ 6	$ 23	$ 3	$ 246	$ 1,097	$ (5,234)
Changes in unrealized gains (losses) included in income relating to assets and liabilities held at June 30, 2011	$	$ 3(1)	$ (1)(1)	$ 3(1)	$ (1)(1)	$ (211)(1)

(1) Included in net investment income in the Consolidated Statements of Operations.

(2) Included in other revenues in the Consolidated Statements of Operations.

(3) Represents securities that were transferred to Level 3 as the fair value of these securities is now based on a single broker quote.

(4) Represents securities with a fair value of $7 million that were transferred to Level 2 as the fair value of the securities is now obtained from a nationally-recognized pricing service with observable inputs and securities with a fair value of $14 million that were transferred to Level 3 as the fair value of the securities is now based on a single broker quote.

(5) Represents securities that were transferred to Level 2 as the fair value of these securities is now obtained from a nationally-recognized pricing service with observable inputs.

(6) Represents securities with a fair value of $47 million that were transferred to Level 2 as the fair value of the securities is now obtained from a nationally-recognized pricing service with observable inputs and securities with a fair value of $258 million that were transferred to Level 3 as the fair value of the securities is now based on a single broker quote.

(7) Represents securities with a fair value of $8 million that were transferred to Level 2 as the fair value of the securities is now obtained from a nationally-recognized pricing service with observable inputs and securities with a fair value of $7 million that were transferred to Level 3 as the fair value of the securities is now based on a single broker quote.

	Corporate Debt Securities	Common Stocks	Other Structured Investments	Other Assets	Debt

Balance, January 1, 2010	$	$	$	$ 831	$
Cumulative effect of accounting change	15		5		(4,962)
Total gains (losses) included in:					
Net income	(1)[1]	1	1[1]	72[2]	(106)[1]
Other comprehensive income				(64)	
Purchases, sales, issues and settlements, net	(8)	3	4	(157)	20
Balance, June 30, 2010	$ 6	$ 4	$ 10	$ 682	$ (5,048)
Changes in unrealized gains (losses) included in income relating to assets and liabilities held at June 30, 2010	$	$ 1[1]	$ 1[1]	$ 42[3]	$ (106)[1]

(1) Included in net investment income in the Consolidated Statements of Operations.

(2) Represents a $73 million gain included in other revenues and a $1 million loss included in net investment income in the Consolidated Statements of Operations.

(3) Represents a $43 million gain included in other revenues and a $1 million loss included in net investment income in the Consolidated Statements of Operations.

The Company has elected the fair value option for the financial assets and liabilities of the consolidated CDOs. Management believes that the use of the fair value option better matches the changes in fair value of assets and liabilities related to the CDOs.

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

For receivables, certain other assets and other liabilities of the consolidated CDOs, the carrying value approximates fair value as the nature of these assets and liabilities has historically been short term and the receivables have been collectible. The fair value of these assets and liabilities is classified as Level 2. Other liabilities consist primarily of securities purchased but not yet settled held by consolidated CDOs. The fair value of syndicated loans obtained from nationally-recognized pricing services is classified as Level 2. The fair value of syndicated loans obtained from a single broker quote is classified as Level 3. Other assets consist primarily of properties held in consolidated pooled investment vehicles managed by Threadneedle. The fair value of these properties is determined using discounted cash flows and market comparables. Inputs into the valuation of these properties include: rental cash flows, current occupancy, historical vacancy rates, tenant history and assumptions regarding how quickly the property can be occupied and at what rental rates. Given the significance of the unobservable inputs to these measurements, these assets are classified as Level 3. The fair value of the CDO s debt is valued using a discounted cash flow methodology. Inputs used to determine the expected cash flows include assumptions about default and recovery rates of the CDO s underlying assets. Given the significance of the unobservable inputs to this fair value measurement, the CDO debt is classified as Level 3. See Note 11 for a description of the Company s determination of the fair value of investments.

The following table presents the fair value and unpaid principal balance of assets and liabilities carried at fair value under the fair value option:

		June 30, 2011		December 31, 2010
		(in millions)		
Syndicated loans				
Unpaid principal balance	$	4,980	$	5,107
Excess estimated unpaid principal over fair value		(129)		(240)
Fair value	$	4,851	$	4,867
Fair value of loans more than 90 days past due	$	37	$	71
Fair value of loans in non-accrual status		37		71
Difference between fair value and unpaid principal of loans more than 90 days past due, loans in non-accrual status or both		26		62
Debt				
Unpaid principal balance	$	5,740	$	5,893
Excess estimated unpaid principal over fair value		(506)		(722)
Fair value	$	5,234	$	5,171

Interest income from syndicated loans, bonds and structured investments is recorded based on contractual rates in net investment income. Gains and losses related to changes in the fair value of investments and gains and losses on sales of investments are recorded in net investment income. Interest expense on debt is recorded in interest and debt expense with gains and losses related to changes in the fair value of debt recorded in net investment income.

Total net gains and (losses) recognized in net investment income related to changes in the fair value of financial assets and liabilities for which the fair value option was elected were $(33) million and $100 million for the three months ended June 30, 2011 and 2010, respectively. Total net gains and (losses) recognized in net investment income related to changes in the fair value of financial assets and liabilities for which the fair value option was elected were $(66) million and $128 million for the six months ended June 30, 2011 and 2010, respectively. The majority of the syndicated loans and debt have floating rates; as such, changes in their fair values are primarily attributable to changes in credit spreads.

Debt of the consolidated investment entities and the stated interest rates were as follows:

	Carrying Value		Weighted Average Interest Rate	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
	(in millions)			
Debt of consolidated CDOs due 2012-2021	$ 5,234	$ 5,171	0.9%	1.0%
Floating rate revolving credit borrowings due 2014	419	329	5.4	5.6
Floating rate revolving credit borrowings due 2015	49	35	4.5	5.2
Total	$ 5,702	$ 5,535		

The debt of the consolidated CDOs has both fixed and floating interest rates, which range from 0% to 13.3%. The interest rates on the debt of consolidated investment entities are weighted average rates based on the outstanding principal and contractual

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

interest rates. The carrying value of the debt of the consolidated CDOs represents the fair value of the aggregate debt as of June 30, 2011 and December 31, 2010. The carrying value of the floating rate revolving credit borrowings represents the outstanding principal amount of debt of certain consolidated pooled investment vehicles managed by Threadneedle. The fair value of this debt was $468 million and $364 million as of June 30, 2011 and December 31, 2010, respectively.

4. Investments

The following is a summary of Ameriprise Financial investments:

	June 30, 2011	December 31, 2010
	(in millions)	
Available-for-Sale securities, at fair value	$ 33,348	$ 32,619
Commercial mortgage loans, net	2,524	2,577
Trading securities	644	565
Policy loans	736	733
Other investments	695	559
Total	$ 37,947	$ 37,053

Available-for-Sale securities distributed by type were as follows:

			June 30, 2011		
Description of Securities	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Noncredit OTTI (1)
			(in millions)		
Corporate debt securities	$ 15,366	$ 1,298	$ (30)	$ 16,634	$
Residential mortgage backed securities	7,647	350	(285)	7,712	(117)
Commercial mortgage backed securities	4,453	286	(4)	4,735	
Asset backed securities	2,020	76	(33)	2,063	(15)
State and municipal obligations	1,971	59	(73)	1,957	
U.S. government and agencies obligations	86	8		94	
Foreign government bonds and obligations	107	17		124	
Common and preferred stocks	6	4		10	
Other debt obligations	19			19	
Total	$ 31,675	$ 2,098	$ (425)	$ 33,348	$ (132)

	December 31, 2010	
Description of Securities		Fair Value

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses		Noncredit OTTI (1)
			(in millions)		
Corporate debt securities	$ 15,433	$ 1,231	$ (58)	$ 16,606	$
Residential mortgage backed securities	7,213	368	(323)	7,258	(117)
Commercial mortgage backed securities	4,583	293	(8)	4,868	
Asset backed securities	1,982	78	(40)	2,020	(16)
State and municipal obligations	1,666	21	(105)	1,582	
U.S. government and agencies obligations	135	8		143	
Foreign government bonds and obligations	91	17		108	
Common and preferred stocks	6	4		10	
Other debt obligations	24			24	
Total	$ 31,133	$ 2,020	$ (534)	$ 32,619	$ (133)

(1) Represents the amount of other-than-temporary impairment (OTTI) losses in accumulated other comprehensive income. Amount includes unrealized gains and losses on impaired securities subsequent to the initial impairment measurement date. These amounts are included in gross unrealized gains and losses as of the end of the period.

At both June 30, 2011 and December 31, 2010, fixed maturity securities comprised approximately 88% of Ameriprise Financial investments. Rating agency designations are based on the availability of ratings from Nationally Recognized Statistical Rating Organizations (NRSROs), including Moody s Investors Service (Moody s), Standard & Poor s Ratings Services (S&P) and Fitch Ratings Ltd. (Fitch). The Company uses t median of available ratings from Moody s, S&P

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

and Fitch, or, if fewer than three ratings are available, the lower rating is used. When ratings from Moody s, S&P and Fitch are unavailable, the Company may utilize ratings from other NRSROs or rate the securities internally. At both June 30, 2011 and December 31, 2010, the Company s internal analysts rated $1.2 billion of securities, using criteria similar to those used by NRSROs. A summary of fixed maturity securities by rating was as follows:

	June 30, 2011			December 31, 2010		
Ratings	Amortized Cost	Fair Value	Percent of Total Fair Value	Amortized Cost	Fair Value	Percent of Total Fair Value
	(in millions, except percentages)					
AAA	$ 12,202	$ 12,854	39%	$ 12,142	$ 12,809	39%
AA	1,833	1,917	6	1,843	1,899	6
A	4,916	5,195	15	4,449	4,670	14
BBB	10,801	11,737	35	10,536	11,408	35
Below investment grade	1,917	1,635	5	2,157	1,823	6
Total fixed maturities	$ 31,669	$ 33,338	100%	$ 31,127	$ 32,609	100%

At June 30, 2011 and December 31, 2010, approximately 34% and 29%, respectively, of the securities rated AAA were GNMA, FNMA and FHLMC mortgage backed securities. No holdings of any other issuer were greater than 10% of total equity.

The following tables provide information about Available-for-Sale securities with gross unrealized losses and the length of time that individual securities have been in a continuous unrealized loss position:

	June 30, 2011								
	Less than 12 months			12 months or more			Total		
Description of Securities	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses
	(in millions, except number of securities)								
Corporate debt securities	98	$ 1,304	$ (23)	7	$ 115	$ (7)	105	$ 1,419	$ (30)
Residential mortgage backed securities	142	1,175	(17)	132	714	(268)	274	1,889	(285)
Commercial mortgage backed securities	33	419	(4)				33	419	(4)
Asset backed securities	27	231	(3)	29	154	(30)	56	385	(33)
State and municipal obligations	109	342	(11)	57	235	(62)	166	577	(73)
Total	409	$ 3,471	$ (58)	225	$ 1,218	$ (367)	634	$ 4,689	$ (425)

	December 31, 2010								
	Less than 12 months			12 months or more			Total		
Description of Securities	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses
	(in millions, except number of securities)								
Corporate debt securities	115	$ 1,859	$ (46)	13	$ 157	$ (12)	128	$ 2,016	$ (58)
Residential mortgage backed securities	108	782	(12)	133	712	(311)	241	1,494	(323)
Commercial mortgage backed securities	30	498	(7)	1	23	(1)	31	521	(8)
Asset backed securities	29	354	(8)	25	123	(32)	54	477	(40)
State and municipal obligations	206	696	(31)	60	232	(74)	266	928	(105)
Total	488	$ 4,189	$ (104)	232	$ 1,247	$ (430)	720	$ 5,436	$ (534)

As part of Ameriprise Financial s ongoing monitoring process, management determined that a majority of the gross unrealized losses on its Available-for-Sale securities are attributable to movement in credit spreads.

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

The following table presents a rollforward of the cumulative amounts recognized in the Consolidated Statements of Operations for other-than-temporary impairments related to credit losses on securities for which a portion of the securities total other-than-temporary impairments was recognized in other comprehensive income:

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
	(in millions)			
Beginning balance of credit losses on securities held for which a portion of other-than-temporary impairment was recognized in other comprehensive income	$ 283	$ 290	$ 297	$ 263
Additional amount related to credit losses for which an other-than-temporary impairment was not previously recognized	13		13	15
Reductions for securities sold during the period (realized)			(16)	
Additional increases to the amount related to credit losses for which an other-than-temporary impairment was previously recognized	3	1	5	13
Ending balance of credit losses on securities held as of June 30 for which a portion of other-than-temporary impairment was recognized in other comprehensive income	$ 299	$ 291	$ 299	$ 291

The change in net unrealized securities gains (losses) in other comprehensive income includes three components, net of tax: (i) unrealized gains (losses) that arose from changes in the market value of securities that were held during the period; (ii) (gains) losses that were previously unrealized, but have been recognized in current period net income due to sales of Available-for-Sale securities and due to the reclassification of noncredit other-than-temporary impairment losses to credit losses and (iii) other items primarily consisting of adjustments in asset and liability balances, such as DAC, DSIC, benefit reserves and reinsurance recoverables, to reflect the expected impact on their carrying values had the unrealized gains (losses) been realized as of the respective balance sheet dates.

The following table presents a rollforward of the net unrealized securities gains (losses) on Available-for-Sale securities included in accumulated other comprehensive income:

	Net Unrealized	Accumulated Other Comprehensive Income

	Securities Gains (Losses)	Deferred Income Tax (in millions)	Related to Net Unrealized Securities Gains (Losses)
Balance at January 1, 2010	$ 474	$ (164)	$ 310
Net unrealized securities gains arising during the period (2)	898	(315)	583
Reclassification of gains included in net income	(8)	3	(5)
Impact of DAC, DSIC, benefit reserves and reinsurance recoverables	(305)	107	(198)
Balance at June 30, 2010	$ 1,059	$ (369)	$ 690(1)
Balance at January 1, 2011	$ 946	$ (331)	$ 615
Net unrealized securities gains arising during the period (2)	192	(66)	126
Reclassification of gains included in net income	(5)	2	(3)
Impact of DAC, DSIC, benefit reserves and reinsurance recoverables	(71)	25	(46)
Balance at June 30, 2011	$ 1,062	$ (370)	$ 692(1)

(1) Includes $(62) million and $(82) million of noncredit related impairments on securities and net unrealized securities losses on previously impaired securities at June 30, 2011 and June 30, 2010, respectively.

(2) Includes other-than-temporary impairment losses on Available-for-Sale securities related to factors other than credit that were recognized in other comprehensive income during the period.

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Net realized gains and losses on Available-for-Sale securities, determined using the specific identification method, recognized in earnings were as follows:

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
	(in millions)		(in millions)	
Gross realized gains from sales	$ 21	$ 7	$ 39	$ 40
Gross realized losses from sales	(1)		(18)	(1)
Other-than-temporary impairments	(16)	(1)	(18)	(31)

Other-than-temporary impairments for the three months and six months ended June 30, 2011and 2010 primarily related to credit losses on non-agency residential mortgage backed securities.

Available-for-Sale securities by contractual maturity at June 30, 2011 were as follows:

	Amortized Cost	Fair Value
	(in millions)	
Due within one year	$ 903	$ 920
Due after one year through five years	5,690	6,043
Due after five years through 10 years	6,287	6,829
Due after 10 years	4,669	5,036
	17,549	18,828
Residential mortgage backed securities	7,647	7,712
Commercial mortgage backed securities	4,453	4,735
Asset backed securities	2,020	2,063
Common and preferred stocks	6	10
Total	$ 31,675	$ 33,348

Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations. Residential mortgage backed securities, commercial mortgage backed securities and asset backed securities are not due at a single maturity date. As such, these securities, as well as common and preferred stocks, were not included in the maturities distribution.

Trading Securities

Net recognized gains related to trading securities held at June 30, 2011 and 2010 were $2 million and $7 million, respectively, for the three months then ended. Net recognized gains related to trading securities held at June 30, 2011 and 2010 were $5 million and $9 million, respectively, for the six months then ended.

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

5. Financing Receivables

The Company s financing receivables include commercial mortgage loans, syndicated loans, consumer bank loans, policy loans and margin loans. The Company does not hold any loans acquired with deteriorated credit quality. Commercial mortgage loans, syndicated loans and policy loans are reflected in investments. Consumer bank loans and margin loans are reflected in receivables. Policy loans do not exceed the cash surrender value of the policy at origination. As there is minimal risk of loss related to policy loans, the Company does not record an allowance for loan losses for policy loans. The Company monitors collateral supporting margin loans and requests additional collateral when necessary in order to mitigate the risk of loss. As there is minimal risk of loss related to margin loans, the allowance for loan losses is immaterial.

Allowance for Loan Losses

The following tables present a rollforward of the allowance for loan losses for the six months ended and the ending balance of the allowance for loan losses by impairment method and type of loan:

	June 30, 2011			
	Commercial Mortgage Loans	Syndicated Loans	Consumer Bank Loans	Total
	(in millions)			
Beginning balance	$ 38	$ 10	$ 16	$ 64
Charge-offs	(2)		(6)	(8)
Provisions		(1)	7	6
Ending balance	$ 36	$ 9	$ 17	$ 62
Ending balance: Individually evaluated for impairment	$ 10	$ 1	$ 2	$ 13
Ending balance: Collectively evaluated for impairment	26	8	15	49

	June 30, 2010			
	Commercial Mortgage Loans	Syndicated Loans	Consumer Bank Loans	Total
	(in millions)			
Beginning balance	$ 32	$ 26	$ 13	$ 71
Charge-offs	(1)	(2)	(5)	(8)
Provisions	8	(10)	8	6
Ending balance	$ 39	$ 14	$ 16	$ 69
	$ 7	$ 1	$ 2	$ 10

Ending balance: Individually evaluated for impairment				
Ending balance: Collectively evaluated for impairment	32	13	14	59

The recorded investment in financing receivables by impairment method and type of loan was as follows:

	June 30, 2011			
	Commercial Mortgage Loans	Syndicated Loans	Consumer Bank Loans	Total
	(in millions)			
Ending balance: Individually evaluated for impairment	$ 76	$ 2	$ 12	$ 90
Ending balance: Collectively evaluated for impairment	2,484	332	1,243	4,059
Ending balance	$ 2,560	$ 334	$ 1,255	$ 4,149

	December 31, 2010			
	Commercial Mortgage Loans	Syndicated Loans	Consumer Bank Loans	Total
	(in millions)			
Ending balance: Individually evaluated for impairment	$ 75	$ 1	$ 12	$ 88
Ending balance: Collectively evaluated for impairment	2,540	310	1,054	3,904
Ending balance	$ 2,615	$ 311	$ 1,066	$ 3,992

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

As of June 30, 2011 and December 31, 2010, the Company s recorded investment in financing receivables individually evaluated for impairment for which there was no related allowance for loan losses was $16 million and $19 million, respectively. Unearned income, unamortized premiums and discounts, and net unamortized deferred fees and costs are not material to the Company s total loan balance. During the three months and six months ended June 30, 2011, the Company purchased $108 million and $221 million, respectively, and sold $46 million and $140 million, respectively, of consumer bank loans. During the three months and six months ended June 30, 2010, the Company purchased $92 million and $149 million, respectively, and sold $82 million and $185 million, respectively, of consumer bank loans. During the three months and six months ended June 30, 2011, the Company purchased $40 million and $103 million, respectively, and sold $1 million and $2 million, respectively, of syndicated loans. During the three months and six months ended June 30, 2010, the Company purchased $6 million and sold $18 million and $22 million, respectively, of syndicated loans.

Credit Quality Information

Nonperforming loans, which are generally loans 90 days or more past due, were $8 million and $15 million as of June 30, 2011 and December 31, 2010, respectively. All other loans were considered to be performing.

Commercial Mortgage Loans

The Company reviews the credit worthiness of the borrower and the performance of the underlying properties in order to determine the risk of loss on commercial mortgage loans. Based on this review, the commercial mortgage loans are assigned an internal risk rating, which management updates as necessary. Commercial mortgage loans which management has assigned its highest risk rating were 3% of commercial mortgage loans as of both June 30, 2011 and December 31, 2010. Loans with the highest risk rating represent distressed loans which the Company has identified as impaired or expects to become delinquent or enter into foreclosure in the next six months. In addition, the Company reviews the concentrations of credit risk by region and property type.

Concentrations of credit risk of commercial mortgage loans by U.S. region were as follows:

	Loans		Percentage	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
	(in millions)			
East North Central	$ 232	$ 242	9%	9%
East South Central	63	66	2	3
Middle Atlantic	219	215	9	8
Mountain	288	301	11	11
New England	143	156	6	6

Pacific		559		541	22	21
South Atlantic		619		625	24	24
West North Central		258		271	10	10
West South Central		179		198	7	8
		2,560		2,615	100%	100%
Less: allowance for loan losses		36		38		
Total	$	2,524	$	2,577		

Concentrations of credit risk of commercial mortgage loans by property type were as follows:

	Loans				Percentage	
		June 30, 2011		December 31, 2010	June 30, 2011	December 31, 2010
	(in millions)					
Apartments	$	347	$	351	13%	13%
Hotel		55		57	2	2
Industrial		476		475	19	18
Mixed Use		41		43	2	2
Office		700		747	27	29
Retail		837		843	33	32
Other		104		99	4	4
		2,560		2,615	100%	100%
Less: allowance for loan losses		36		38		
Total	$	2,524	$	2,577		

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Syndicated Loans

The Company s syndicated loan portfolio is diversified across industries and issuers. The primary credit indicator for syndicated loans is whether the loans are performing in accordance with the contractual terms of the syndication. Total nonperforming syndicated loans at June 30, 2011 and December 31, 2010 were $2 million and $3 million, respectively.

Consumer Bank Loans

The Company considers the credit worthiness of borrowers (FICO score), collateral characteristics such as loan-to-value (LTV) and geographic concentration in determining the allowance for loan losses for residential mortgage loans, credit cards and other consumer bank loans. At a minimum, management updates FICO scores and LTV ratios semiannually.

As of June 30, 2011 and December 31, 2010, approximately 5% and 7%, respectively, of residential mortgage loans and credit cards and other consumer bank loans had FICO scores below 640. At June 30, 2011 and December 31, 2010, approximately 2% and 3%, respectively, of the Company s residential mortgage loans had LTV ratios greater than 90%. The Company s most significant geographic concentration for the consumer bank loans is in California representing 37% and 33% of the portfolio as of June 30, 2011 and December 31, 2010, respectively. No other state represents more than 10% of the total consumer bank loan portfolio.

6. Deferred Acquisition Costs and Deferred Sales Inducement Costs

The balances of and changes in DAC were as follows:

	2011	2010
	(in millions)	
Balance at January 1	$ 4,619	$ 4,334
Capitalization of acquisition costs	249	233
Amortization	(254)	(289)
Impact of change in net unrealized securities gains	(32)	(155)
Balance at June 30	$ 4,582	$ 4,123

The balances of and changes in DSIC, which is included in other assets, were as follows:

	2011	2010
	(in millions)	
Balance at January 1	$ 545	$ 524
Capitalization of sales inducement costs	5	26
Amortization	(30)	(35)
Impact of change in net unrealized securities gains	(5)	(22)
Balance at June 30	$ 515	$ 493

7. Future Policy Benefits and Claims and Separate Account Liabilities

Future policy benefits and claims consisted of the following:

	June 30, 2011	December 31, 2010
	(in millions)	
Fixed annuities	$ 16,381	$ 16,520
Equity indexed annuity (EIA) accumulated host values	74	100
EIA embedded derivatives	2	3
Variable annuity fixed sub-accounts	4,755	4,868
Variable annuity guaranteed minimum withdrawal benefits (GMWB)	269	337
Variable annuity guaranteed minimum accumulation benefits (GMAB)	71	104
Other variable annuity guarantees	13	13
Total annuities	21,565	21,945
Variable universal life (VUL)/ universal life (UL) insurance	2,604	2,588
VUL/UL insurance additional liabilities	172	143
Other life, disability income and long term care insurance	5,114	5,004
Auto, home and other insurance	407	394
Policy claims and other policyholders funds	140	134
Total	$ 30,002	$ 30,208

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Separate account liabilities consisted of the following:

	June 30, 2011	December 31, 2010
	(in millions)	
Variable annuity variable sub-accounts	$ 60,542	$ 57,862
VUL insurance variable sub-accounts	6,096	5,887
Other insurance variable sub-accounts	45	46
Threadneedle investment liabilities	4,080	4,535
Total	$ 70,763	$ 68,330

8. Variable Annuity and Insurance Guarantees

The majority of the variable annuity contracts offered by the Company contain guaranteed minimum death benefit (GMDB) provisions. The Company also offers variable annuities with death benefit provisions that gross up the amount payable by a certain percentage of contract earnings, which are referred to as gain gross-up (GGU) benefits. In addition, the Company offers contracts with GMWB and GMAB provisions. The Company previously offered contracts containing guaranteed minimum income benefit (GMIB) provisions.

Certain UL contracts offered by the Company provide secondary guarantee benefits. The secondary guarantee ensures that, subject to specified conditions, the policy will not terminate and will continue to provide a death benefit even if there is insufficient policy value to cover the monthly deductions and charges.

The following table provides information related to variable annuity guarantees for which the Company has established additional liabilities:

Variable Annuity Guarantees by Benefit Type(1)	June 30, 2011 Total Contract Value	Contract Value in Separate Accounts	Net Amount at Risk(2)	Weighted Average Attained Age	December 31, 2010 Total Contract Value	Contract Value in Separate Accounts	Net Amount at Risk(2)	Weighted Average Attained Age
	(in millions, except age)							
GMDB:								
Return of premium	$ 40,591	$ 38,931	$ 105	62	$ 37,714	$ 36,028	$ 173	62
Five/six-year reset	13,186	10,696	211	62	13,689	11,153	312	62
One-year ratchet	7,821	7,358	184	64	7,741	7,242	287	63
Five-year ratchet	1,542	1,490	6	60	1,466	1,414	8	60
Other	748	721	54	67	680	649	61	67
Total GMDB	$ 63,888	$ 59,196	$ 560	62	$ 61,290	$ 56,486	$ 841	62

GGU death benefit	$	992	$	936	$	84	62	$	970	$	912	$	79	64
GMIB	$	549	$	517	$	66	64	$	597	$	561	$	76	64
GMWB:														
GMWB	$	4,284	$	4,263	$	62	65	$	4,341	$	4,317	$	106	64
GMWB for life		22,999		22,899		83	64		20,374		20,259		129	63
Total GMWB	$	27,283	$	27,162	$	145	64	$	24,715	$	24,576	$	235	63
GMAB	$	3,707	$	3,700	$	10	56	$	3,540	$	3,523	$	22	56

(1) Individual variable annuity contracts may have more than one guarantee and therefore may be included in more than one benefit type. Variable annuity contracts for which the death benefit equals the account value are not shown in this table.

(2) Represents the current guaranteed benefit amount in excess of the current contract value. GMIB, GMWB and GMAB benefits are subject to waiting periods and payment periods specified in the contract.

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Changes in additional liabilities for variable annuity and insurance guarantees were as follows:

	GMDB & GGU	GMIB	GMWB	GMAB	UL
			(in millions)		
Liability balance at January 1, 2010	$ 6	$ 6	$ 204	$ 100	$ 15
Incurred claims	11	1	638	147	8
Paid claims	(10)				(3)
Liability balance at June 30, 2010	$ 7	$ 7	$ 842	$ 247	$ 20
Liability balance at January 1, 2011	$ 5	$ 8	$ 337	$ 104	$ 68
Incurred claims	3		(68)	(33)	25
Paid claims	(3)				(5)
Liability balance at June 30, 2011	$ 5	$ 8	$ 269	$ 71	$ 88

The liabilities for guaranteed benefits are supported by general account assets.

The following table summarizes the distribution of separate account balances by asset type for variable annuity contracts providing guaranteed benefits:

	June 30, 2011	December 31, 2010
	(in millions)	
Mutual funds:		
Equity	$ 33,703	$ 32,310
Bond	23,683	22,319
Other	2,084	2,208
Total mutual funds	$ 59,470	$ 56,837

9. Customer Deposits

Customer deposits consisted of the following:

	June 30, 2011	December 31, 2010
	(in millions)	
Fixed rate certificates	$ 2,083	$ 2,313
Stock market based certificates	753	790
Stock market embedded derivative reserve	10	14

Other	39	43
Less: accrued interest classified in other liabilities	(11)	(19)
Total investment certificate reserves	2,874	3,141
Brokerage deposits	2,164	2,116
Banking deposits	4,392	3,522
Total	$ 9,430	$ 8,779

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

10. Debt

The balances and the stated interest rates of outstanding debt of Ameriprise Financial were as follows:

	Outstanding Balance		Stated Interest Rate	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
	(in millions)			
Senior notes due 2015	$ 737(1)	$ 728(1)	5.7%	5.7%
Senior notes due 2019	317(1)	312(1)	7.3	7.3
Senior notes due 2020	770(1)	763(1)	5.3	5.3
Senior notes due 2039	200	200	7.8	7.8
Junior subordinated notes due 2066	308	308	7.5	7.5
Municipal bond inverse floater certificates due 2021		6		0.3
Total long-term debt	2,332	2,317		
Short-term borrowings	505	397	0.3	0.3
Total	$ 2,837	$ 2,714		

(1) Amounts include adjustments for fair value hedges on the Company s long-term debt and any unamortized discounts. See Note 12 for information on the Company s fair value hedges.

Long-term debt

During the first quarter of 2011, the Company extinguished $6 million of its municipal bond inverse floater certificates funded through the call of a $10 million portfolio of municipal bonds.

Short-term borrowings

The Company enters into repurchase agreements in exchange for cash, which it accounts for as secured borrowings. The Company has pledged Available-for-Sale securities consisting of agency residential mortgage backed securities and commercial mortgage backed securities to collateralize its obligation under the repurchase agreements. The fair value of the securities pledged is recorded in investments and was $520 million and $412 million at June 30, 2011 and December 31, 2010, respectively. The stated interest rate of the short-term borrowings is a weighted average annualized interest rate on repurchase agreements held as of the balance sheet date.

11. Fair Values of Assets and Liabilities

U.S. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; that is, an exit price. The exit price assumes the asset or liability is not exchanged subject to a forced liquidation or distressed sale.

Valuation Hierarchy

The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company s valuation techniques. A level is assigned to each fair value measurement based on the lowest level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

Level 1	Unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.
Level 2	Prices or valuations based on observable inputs other than quoted prices in active markets for identical assets and liabilities.
Level 3	Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Determination of Fair Value

The Company uses valuation techniques consistent with the market and income approaches to measure the fair value of its assets and liabilities. The Company s market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The Company s income approach uses valuation techniques to convert future projected cash flows to a single discounted present value amount. When applying either approach, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs.

The following is a description of the valuation techniques used to measure fair value and the general classification of these instruments pursuant to the fair value hierarchy.

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Assets

Cash Equivalents

Cash equivalents include highly liquid investments with original maturities of 90 days or less. Actively traded money market funds are measured at their net asset value (NAV) and classified as Level 1. The Company s remaining cash equivalents are classified as Level 2 and measured at amortized cost, which is a reasonable estimate of fair value because of the short time between the purchase of the instrument and its expected realization.

Investments (Trading Securities and Available-for-Sale Securities)

When available, the fair value of securities is based on quoted prices in active markets. If quoted prices are not available, fair values are obtained from nationally-recognized pricing services, broker quotes, or other model-based valuation techniques. Level 1 securities primarily include U.S. Treasuries and seed money in funds traded in active markets. Level 2 securities primarily include agency mortgage backed securities, commercial mortgage backed securities, asset backed securities, municipal and corporate bonds, U.S. and foreign government and agency securities, and seed money and other investments in certain hedge funds. The fair value of these Level 2 securities is based on a market approach with prices obtained from nationally-recognized pricing services. Observable inputs used to value these securities can include: reported trades, benchmark yields, issuer spreads and broker/dealer quotes. Level 3 securities primarily include non-agency residential mortgage backed securities, asset backed securities and corporate bonds. The fair value of these Level 3 securities is typically based on a single broker quote, except for the valuation of non-agency residential mortgage backed securities. The Company uses prices from nationally-recognized pricing services to determine the fair value of non-agency residential mortgage backed securities; however, the Company classifies these securities as Level 3 because it believes the market for these securities is inactive and their valuation includes significant unobservable inputs.

Separate Account Assets

The fair value of assets held by separate accounts is determined by the NAV of the funds in which those separate accounts are invested. The NAV represents the exit price for the separate account. Separate account assets are classified as Level 2 as they are traded in principal-to-principal markets with little publicly released pricing information.

Other Assets

Derivatives that are measured using quoted prices in active markets, such as foreign exchange forwards, or derivatives that are exchange-traded are classified as Level 1 measurements. The fair value of derivatives that are traded in less active over-the-counter markets are generally measured using pricing models with market observable inputs such as interest rates and equity index levels. These measurements are classified as Level 2 within the fair value hierarchy and include swaps and the majority of options.

Assets Held for Sale

Assets held for sale consist of cash equivalents of Securities America.

Liabilities

Future Policy Benefits and Claims

The Company values the embedded derivative liability attributable to the provisions of certain variable annuity riders using internal valuation models. These models calculate fair value by discounting expected cash flows from benefits plus margins for profit, risk and expenses less embedded derivative fees. The projected cash flows used by these models include observable capital market assumptions (such as, market implied equity volatility and the LIBOR swap curve) and incorporate significant unobservable inputs related to contractholder behavior assumptions (such as withdrawals and lapse rates) and margins for risk, profit and expenses that the Company believes an exit market participant would expect. The fair value of these embedded derivatives also reflects a current estimate of the Company s nonperformance risk specific to these liabilities. Given the significant unobservable inputs to this valuation, these measurements are classified as Level 3. The embedded derivative liability attributable to these provisions is recorded in future policy benefits and claims. The Company uses various Black-Scholes calculations to determine the fair value of the embedded derivative liability associated with the provisions of its equity indexed annuities. The inputs to these calculations are primarily market observable and include interest rates, volatilities, and equity index levels. As a result, these measurements are classified as Level 2.

Customer Deposits

The Company uses various Black-Scholes calculations to determine the fair value of the embedded derivative liability associated with the provisions of its stock market certificates. The inputs to these calculations are primarily market observable and include interest rates, volatilities and equity index levels. As a result, these measurements are classified as Level 2.

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Other Liabilities

Derivatives that are measured using quoted prices in active markets, such as foreign exchange forwards, or derivatives that are exchange-traded are classified as Level 1 measurements. The fair value of derivatives that are traded in less active over-the-counter markets are generally measured using pricing models with market observable inputs such as interest rates and equity index levels. These measurements are classified as Level 2 within the fair value hierarchy and include swaps and the majority of options.

Securities sold but not yet purchased include highly liquid investments which are short-term in nature. Level 1 securities include U.S. Treasuries and securities traded in active markets. The remaining securities sold but not yet purchased are measured using amortized cost, which is a reasonable estimate of fair value because of the short time between the purchase of the instrument and its expected realization and are classified as Level 2.

The following tables present the balances of assets and liabilities of Ameriprise Financial measured at fair value on a recurring basis:

	June 30, 2011			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets				
Cash equivalents	$ 4	$ 2,275	$	$ 2,279
Available-for-Sale securities:				
Corporate debt securities		15,360	1,274	16,634
Residential mortgage backed securities		3,615	4,097	7,712
Commercial mortgage backed securities		4,671	64	4,735
Asset backed securities		1,565	498	2,063
State and municipal obligations		1,957		1,957
U.S. government and agencies obligations	43	51		94
Foreign government bonds and obligations		124		124
Common stocks	2	3	5	10
Other debt obligations		19		19
Total Available-for-Sale securities	45	27,365	5,938	33,348
Trading securities:				
Seed money	198	57	12	267
Investments segregated for regulatory purposes	1	14		15
Other		361		361
Total trading securities	199	432	12	643
Separate account assets		70,763		70,763
Other assets:				
Interest rate derivative contracts		546		546
Equity derivative contracts	77	344		421
Credit derivative contracts		1		1

Foreign currency derivative contracts		1		2				3
Total other assets		78		893				971
Assets held for sale		10						10
Total assets at fair value	$	336	$	101,728	$	5,950	$	108,014
Liabilities								
Future policy benefits and claims:								
EIA embedded derivatives	$		$	2	$		$	2
GMWB and GMAB embedded derivatives						316		316
Total future policy benefits and claims				2		316		318
Customer deposits				10				10
Other liabilities:								
Interest rate derivative contracts				451				451
Equity derivative contracts		68		773				841
Credit derivative contracts				1				1
Foreign currency derivative contracts		1		1				2
Other				3				3
Total other liabilities		69		1,229				1,298
Total liabilities at fair value	$	69	$	1,241	$	316	$	1,626

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

	December 31, 2010			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets				
Cash equivalents	$ 42	$ 2,481	$	$ 2,523
Available-for-Sale securities:				
Corporate debt securities		15,281	1,325	16,606
Residential mortgage backed securities		3,011	4,247	7,258
Commercial mortgage backed securities		4,817	51	4,868
Asset backed securities		1,544	476	2,020
State and municipal obligations		1,582		1,582
U.S. government and agencies obligations	64	79		143
Foreign government bonds and obligations		108		108
Common stocks	2	3	5	10
Other debt obligations		24		24
Total Available-for-Sale securities	66	26,449	6,104	32,619
Trading securities:				
Seed money	133	71	19	223
Investments segregated for regulatory purposes	2	14		16
Fixed income trading		323		323
Total trading securities	135	408	19	562
Separate account assets		68,330		68,330
Other assets:				
Interest rate derivative contracts		438		438
Equity derivative contracts	32	420		452
Credit derivative contracts		4		4
Foreign currency derivative contracts	1			1
Other		2		2
Total other assets	33	864		897
Assets held for sale		15		15
Total assets at fair value	$ 276	$ 98,547	$ 6,123	$ 104,946
Liabilities				
Future policy benefits and claims:				
EIA embedded derivatives	$	$ 3	$	$ 3
GMWB and GMAB embedded derivatives			421	421
Total future policy benefits and claims		3	421	424
Customer deposits		14		14
Other liabilities:				
Interest rate derivative contracts		379		379
Equity derivative contracts	18	722		740
Credit derivative contracts		1		1
Foreign currency derivative contracts	1			1
Other		2		2
Total other liabilities	19	1,104		1,123
Total liabilities at fair value	$ 19	$ 1,121	$ 421	$ 1,561

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

The following tables provide a summary of changes in Level 3 assets and liabilities of Ameriprise Financial measured at fair value on a recurring basis:

	Available-for-Sale Securities							Future Policy Benefits and Claims:
	Corporate Debt Securities	Residential Mortgage Backed Securities	Commercial Mortgage Backed Securities	Asset Backed Securities	Common Stocks	Total	Trading Securities	GMWB and GMAB Embedded Derivatives
					(in millions)			
Balance, April 1, 2011	$ 1,315	$ 4,093	$ 26	$ 488	$ 5	$ 5,927	$ 13	$ (190)
Total gains (losses) included in:								
Net income	7			1		8(1)		(88)(2)
Other comprehensive income	11	(11)		(4)		(4)		
Purchases	36	349	74	41		500		
Sales							(1)	
Issues								(36)
Settlements	(93)	(278)		(28)		(399)		(2)
Transfers into (out of) Level 3	(2)	(56)	(36)			(94)(3)		
Balance, June 30, 2011	$ 1,274	$ 4,097	$ 64	$ 498	$ 5	$ 5,938	$ 12	$ (316)
Changes in unrealized gains (losses) relating to assets and liabilities held at June 30, 2011 included in:								
Net investment income	$	$	$	$ 1	$	$ 1	$	$
Benefits, claims, losses and settlement expenses								(90)

(1) Included in net investment income in the Consolidated Statements of Operations.

(2) Included in benefits, claims, losses and settlement expenses in the Consolidated Statements of Operations.

(3) Represents securities with a fair value of $104 million that were transferred to Level 2 as the fair value of the securities is now obtained from a nationally-recognized pricing service with observable inputs and a security with a fair value of $10 million that was transferred to Level 3 as the fair value of the security is now based on a single broker quote.

	Available-for-Sale Securities								Future Policy Benefits and Claims:
	Corporate Debt Securities	Residential Mortgage Backed Securities	Commercial Mortgage Backed Securities	Asset Backed Securities	Common Stocks	Total	Trading Securities	Other Assets	GMWB and GMAB Embedded Derivatives
					(in millions)				
Balance, April 1, 2010	$ 1,258	$ 3,885	$ 80	$ 459	$ 4	$ 5,686	$ 16	$	$ (193)
Total gains (losses) included in:									

Net income	1	21	1	4		27(1)	1(1)	1(1)	(851)(2)
Other comprehensive income	24	120	1	10		155			
Purchases, sales, issues and settlements, net	(40)	147	62	(8)		161	1		(39)
Transfers into (out of) Level 3				(23)		(23)(3)			
Balance, June 30, 2010	$ 1,243	$ 4,173	$ 144	$ 442	$ 4	$ 6,006	$ 18	$ 1	$ (1,083)
Changes in unrealized gains (losses) relating to assets and liabilities held at June 30, 2010 included in:									
Net investment income	$	$ 20	$ 1	$ 4	$	$ 25	$ 2	$	$
Benefits, claims, losses and settlement expenses									(852)

(1) Included in net investment income in the Consolidated Statements of Operations.

(2) Included in benefits, claims, losses and settlement expenses in the Consolidated Statements of Operations.

(3) Represents a security transferred to Level 2 as the fair value is now obtained from a nationally-recognized pricing service with observable inputs.

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

	Available-for-Sale Securities							Future Policy Benefits and Claims:
	Corporate Debt Securities	Residential Mortgage Backed Securities	Commercial Mortgage Backed Securities	Asset Backed Securities	Common Stocks	Total	Trading Securities	GMWB and GMAB Embedded Derivatives
					(in millions)			
Balance, January 1, 2011	$ 1,325	$ 4,247	$ 51	$ 476	$ 5	$ 6,104	$ 19	$ (421)
Total gains included in:								
Net income	7	7		3		17(1)	1(1)	175(2)
Other comprehensive income	12	2		1		15	1	
Purchases	73	499	89	70		731	2	
Sales		(3)				(3)	(11)	
Issues								(68)
Settlements	(131)	(599)	(1)	(52)		(783)		(2)
Transfers into (out of) Level 3	(12)	(56)	(75)			(143)(3)		
Balance, June 30, 2011	$ 1,274	$ 4,097	$ 64	$ 498	$ 5	$ 5,938	$ 12	$ (316)
Changes in unrealized gains (losses) relating to assets and liabilities held at June 30, 2011 included in:								
Net investment income	$	$ 17	$	$ 4	$	$ 21	$	$
Benefits, claims, losses and settlement expenses								166

(1) Included in net investment income in the Consolidated Statements of Operations.

(2) Included in benefits, claims, losses and settlement expenses in the Consolidated Statements of Operations.

(3) Represents securities with a fair value of $145 million that were transferred to Level 2 as the fair value of the securities is now obtained from a nationally-recognized pricing service with observable inputs and a security with a fair value of $2 million that was transferred to Level 3 as the fair value of the security is now based on a single broker quote.

	Available-for-Sale Securities									Future Policy Benefits and Claims:
	Corporate Debt Securities	Residential Mortgage Backed Securities	Commercial Mortgage Backed Securities	Asset Backed Securities	Common Stocks	Other Structured Investments	Total	Trading Securities	Other Assets	GMWB and GMAB Embedded Derivatives
						(in millions)				
Balance, January 1, 2010	$ 1,252	$ 3,982	$ 72	$ 455	$ 4	$ 58	$ 5,823	$ 16	$	$ (299)
Total gains (losses) included in:										
Net income	1	15	1	8			25(1)	2(1)	1(1)	(716)(2)
Other comprehensive income	43	196	10	28			277	(1)		
Purchases, sales, issues and settlements, net	(53)	(20)	61	(26)		(58)(4)	(96)	1		(68)
Transfers into (out of) Level 3				(23)			(23)(3)			
Balance, June 30, 2010	$ 1,243	$ 4,173	$ 144	$ 442	$ 4	$	$ 6,006	$ 18	$ 1	$ (1,083)

Changes in unrealized gains (losses) relating to assets and liabilities held at June 30, 2010 included in:										
Net investment income	$	$ 15	$ 1	$ 7	$	$	$ 23	$ 2	$	$
Benefits, claims, losses and settlement expenses										(719)

(1) Included in net investment income in the Consolidated Statements of Operations.

(2) Included in benefits, claims, losses and settlement expenses in the Consolidated Statements of Operations.

(3) Represents a security transferred to Level 2 as the fair value is now obtained from a nationally-recognized pricing service with observable inputs.

(4) Represents the elimination of Ameriprise Financial s investment in CDOs, which were consolidated due to the adoption of a new accounting standard. See Note 3 for additional information related to the consolidation of CDOs.

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

The Company recognizes transfers between levels of the fair value hierarchy as of the beginning of the quarter in which each transfer occurred.

During the reporting periods, there were no material assets or liabilities measured at fair value on a nonrecurring basis.

The following table provides the carrying value and the estimated fair value of financial instruments that are not reported at fair value. All other financial instruments that are reported at fair value have been included above in the table with balances of assets and liabilities Ameriprise Financial measured at fair value on a recurring basis.

	June 30, 2011		December 31, 2010	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(in millions)			
Financial Assets				
Commercial mortgage loans, net	$ 2,524	$ 2,650	$ 2,577	$ 2,671
Policy loans	736	734	733	808
Receivables	2,254	2,023	1,852	1,566
Restricted and segregated cash	1,478	1,478	1,516	1,516
Assets held for sale	19	18	18	18
Other investments and assets	357	361	331	338
Financial Liabilities				
Future policy benefits and claims	$ 15,130	$ 15,555	$ 15,328	$ 15,768
Investment certificate reserves	2,864	2,860	3,127	3,129
Banking and brokerage customer deposits	6,556	6,558	5,638	5,642
Separate account liabilities	4,478	4,478	4,930	4,930
Debt and other liabilities	3,194	3,427	2,710	2,907

Investments

The fair value of commercial mortgage loans, except those with significant credit deterioration, is determined by discounting contractual cash flows using discount rates that reflect current pricing for loans with similar remaining maturities and characteristics including loan-to-value ratio, occupancy rate, refinance risk, debt-service coverage, location, and property condition. For commercial mortgage loans with significant credit deterioration, fair value is determined using the same adjustments as above with an additional adjustment for the Company s estimate of the amount recoverable on the loan.

The fair value of policy loans is determined using discounted cash flows.

Receivables

The fair value of consumer bank loans is determined by discounting estimated cash flows and incorporating adjustments for prepayment, administration expenses, severity and credit loss estimates, with discount rates based on the Company s estimate of current market conditions.

Loans held for sale are measured at the lower of cost or market and fair value is based on what secondary markets are currently offering for loans with similar characteristics.

Brokerage margin loans are measured at outstanding balances, which are a reasonable estimate of fair value because of the sufficiency of the collateral and short term nature of these loans.

Restricted and Segregated Cash

Restricted and segregated cash is generally set aside for specific business transactions and restrictions are specific to the Company and do not transfer to third party market participants; therefore, the carrying amount is a reasonable estimate of fair value.

Amounts segregated under federal and other regulations may also reflect resale agreements and are measured at the cost at which the securities will be sold. This measurement is a reasonable estimate of fair value because of the short time between entering into the transaction and its expected realization and the reduced risk of credit loss due to pledging U.S. government-backed securities as collateral.

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Assets Held for Sale

Assets held for sale reflect notes receivable of Securities America. See Note 1 and Note 17 for additional information on the Company s presentation of discontinued operations.

Other Investments and Assets

Other investments and assets primarily consist of syndicated loans. The fair value of syndicated loans is obtained from a nationally-recognized pricing service.

Future Policy Benefits and Claims

The fair value of fixed annuities, in deferral status, is determined by discounting cash flows using a risk neutral discount rate with adjustments for profit margin, expense margin, early policy surrender behavior, a provision for adverse deviation from estimated early policy surrender behavior, and the Company s nonperformance risk specific to these liabilities. The fair value of other liabilities including non-life contingent fixed annuities in payout status, equity indexed annuity host contracts and the fixed portion of a small number of variable annuity contracts classified as investment contracts is determined in a similar manner.

Customer Deposits

The fair value of investment certificate reserves is determined by discounting cash flows using discount rates that reflect current pricing for assets with similar terms and characteristics, with adjustments for early withdrawal behavior, penalty fees, expense margin and the Company s nonperformance risk specific to these liabilities.

Banking and brokerage customer deposits are liabilities with no defined maturities and fair value is the amount payable on demand at the reporting date.

Separate Account Liabilities

Certain separate account liabilities are classified as investment contracts and are carried at an amount equal to the related separate account assets. Carrying value is a reasonable estimate of the fair value as it represents the exit value as evidenced by withdrawal transactions between contractholders and the Company. A nonperformance adjustment is not included as the related separate account assets act as collateral for these liabilities and minimize nonperformance risk.

Debt and Other Liabilities

The fair value of long-term debt is based on quoted prices in active markets, when available. If quoted prices are not available fair values are obtained from nationally-recognized pricing services, broker quotes, or other model-based valuation techniques such as present value of cash flows.

The fair value of short-term borrowings is obtained from a nationally-recognized pricing service. A nonperformance adjustment is not included as collateral requirements for these borrowings minimize the nonperformance risk.

The fair value of future funding commitments to affordable housing partnerships is determined by discounting cash flows.

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

12. Derivatives and Hedging Activities

Derivative instruments enable the Company to manage its exposure to various market risks. The value of such instruments is derived from an underlying variable or multiple variables, including equity, foreign exchange and interest rate indices or prices. The Company primarily enters into derivative agreements for risk management purposes related to the Company s products and operations.

The Company uses derivatives as economic hedges and accounting hedges. The following table presents the balance sheet location and the gross fair value of derivative instruments, including embedded derivatives:

		Asset			Liability	
Derivatives designated as hedging instruments	**Balance Sheet Location**	**June 30, 2011**	**December 31, 2010**	**Balance Sheet Location**	**June 30, 2011**	**December 31, 2010**
		(in millions)			(in millions)	
Cash flow hedges						
Asset-based distribution fees	Other assets	$	$ 10	Other liabilities	$	$
Fair value hedges						
Fixed rate debt	Other assets	82	61	Other liabilities		
Total qualifying hedges		82	71			
Derivatives not designated as hedging instruments						
GMWB and GMAB						
Interest rate contracts	Other assets	464	366	Other liabilities	451	379
Equity contracts	Other assets	342	354	Other liabilities	780	665
Credit contracts	Other assets	1	4	Other liabilities	1	1
Foreign currency contracts	Other assets	2		Other liabilities	2	
Embedded derivatives(1)	N/A			Future policy benefits and claims	316	421
Total GMWB and GMAB		809	724		1,550	1,466
Other derivatives:						
Interest rate						
Interest rate lock commitments	Other assets		1	Other liabilities		
Equity						
EIA	Other assets		1	Other liabilities		
EIA embedded derivatives	N/A			Future policy benefits and claims	2	3
Stock market certificates	Other assets	71	89	Other liabilities	61	75
Stock market certificates embedded derivatives	N/A			Customer deposits	10	14
Ameriprise Financial Franchise Advisor Deferred Equity Plan	Other assets	8	8	Other liabilities		
Foreign exchange						
Foreign currency	Other assets	1	1	Other liabilities		1
Total other		80	100		73	93
Total non-designated hedges		889	824		1,623	1,559

Total derivatives	$	971	$	895	$	1,623	$	1,559

N/A Not applicable.

(1) The fair values of GMWB and GMAB embedded derivatives fluctuate based on changes in equity, interest rate and credit markets.

See Note 11 for additional information regarding the Company s fair value measurement of derivative instruments.

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Derivatives Not Designated as Hedges

The following table presents a summary of the impact of derivatives not designated as hedging instruments on the Consolidated Statements of Operations:

Derivatives not designated as hedging instruments	Location of Gain (Loss) on Derivatives Recognized in Income	Amount of Gain (Loss) on Derivatives Recognized in Income: Three Months Ended June 30, 2011	2010	Six Months Ended June 30, 2011	2010
		(in millions)			
GMWB and GMAB					
Interest rate contracts	Benefits, claims, losses and settlement expenses	$ 87	$ 185	$ 62	$ 211
Equity contracts	Benefits, claims, losses and settlement expenses	5	747	(250)	574
Credit contracts	Benefits, claims, losses and settlement expenses	(5)	(20)	(7)	(30)
Foreign currency contracts	Benefits, claims, losses and settlement expenses	(4)		(6)	
Embedded derivatives(1)	Benefits, claims, losses and settlement expenses	(125)	(890)	105	(784)
Total GMWB and GMAB		(42)	22	(96)	(29)
Other derivatives:					
Interest rate					
Interest rate lock commitments	Other revenues			(1)	
Equity					
GMDB	Benefits, claims, losses and settlement expenses		8		5
EIA	Interest credited to fixed accounts	(1)	(1)		
EIA embedded derivatives	Interest credited to fixed accounts	1	4	1	6
Stock market certificates	Banking and deposit interest expense		(5)	3	(2)
Stock market certificates embedded derivatives	Banking and deposit interest expense	1	5	(2)	2
Seed money	Net investment income		5	(3)	3
Ameriprise Financial Franchise Advisor Deferred Equity Plan	Distribution expenses	(2)			
Foreign exchange					
Seed money	General and administrative expense		(1)		1
Foreign currency	Net investment income	1		1	
Total other			15	(1)	15
Total derivatives		$ (42)	$ 37	$ (97)	$ (14)

(1) The fair values of GMWB and GMAB embedded derivatives fluctuate based on changes in equity, interest rate and credit markets.

The Company holds derivative instruments that either do not qualify or are not designated for hedge accounting treatment. These derivative instruments are used as economic hedges of equity, interest rate, credit and foreign currency exchange rate risk related to various products and transactions of the Company.

The majority of the Company s annuity contracts contain GMDB provisions, which may result in a death benefit payable that exceeds the contract accumulation value when market values of customers accounts decline. Certain annuity contracts contain GMWB or GMAB provisions, which guarantee the right to make limited partial withdrawals each contract year regardless of the volatility inherent in the underlying investments or guarantee a minimum accumulation value of consideration received at the beginning of the contract period, after a specified holding period, respectively. The Company economically hedges the exposure related to non-life contingent GMWB and GMAB provisions primarily using various futures, options, total return swaps, interest rate swaptions, interest rate swaps, variance swaps and credit default swaps. At June 30, 2011 and December 31, 2010, the gross notional amount of derivative contracts for the Company s GMWB and GMAB provisions was $67.9 billion and $55.5 billion, respectively. The Company had previously entered into a limited number of derivative contracts to economically hedge equity exposure related to GMDB provisions on variable annuity contracts written in 2009. As of both June 30, 2011 and December 31, 2010, the Company did not have any outstanding hedges on its GMDB provisions.

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

The deferred premium associated with some of the above options is paid or received semi-annually over the life of the option contract. The following is a summary of the payments the Company is scheduled to make and receive for these options:

	Premiums Payable	Premiums Receivable
	(in millions)	
2011(1)	$ 151	$ 21
2012	285	40
2013	262	25
2014	236	22
2015	212	21
2016-2026	813	38

(1) 2011 amounts represent the amounts payable and receivable for the period from July 1, 2011 to December 31, 2011.

Actual timing and payment amounts may differ due to future contract settlements, modifications or exercises of options prior to the full premium being paid or received.

Equity indexed annuities and stock market certificate products have returns tied to the performance of equity markets. As a result of fluctuations in equity markets, the obligation incurred by the Company related to equity indexed annuities and stock market certificate products will positively or negatively impact earnings over the life of these products. As a means of economically hedging its obligations under the provisions of these products, the Company enters into index options and futures contracts. The gross notional amount of these derivative contracts was $1.4 billion and $1.5 billion at June 30, 2011 and December 31, 2010, respectively.

The Company enters into forward contracts, futures and total return swaps to manage its exposure to price risk arising from seed money investments in proprietary investment products. The gross notional amount of these contracts was $152 million and $174 million at June 30, 2011 and December 31, 2010, respectively.

The Company enters into foreign currency forward contracts to economically hedge its exposure to certain receivables and obligations denominated in non-functional currencies. The gross notional amount of these contracts was $24 million and $21 million at June 30, 2011 and December 31, 2010, respectively.

In the first quarter of 2010, the Company entered into a total return swap to economically hedge its exposure to equity price risk of Ameriprise Financial, Inc. common stock granted as part of its Ameriprise Financial Franchise Advisor Deferred Equity Plan. In the fourth quarter of 2010, the Company extended the contract through 2011. As part of the contract, the Company expects to cash settle the difference between the value of a fixed number of shares at the contract date (which may be increased from time to time) and the value of those shares over an unwind period ending on December 31, 2011. The gross notional value of this contract was $35 million at both June 30, 2011 and December 31, 2010.

Embedded Derivatives

Certain annuities contain GMAB and non-life contingent GMWB provisions, which are considered embedded derivatives. In addition, the equity component of the equity indexed annuity and stock market certificate product obligations are also considered embedded derivatives. These embedded derivatives are bifurcated from their host contracts and reported on the Consolidated Balance Sheets at fair value with changes in fair value reported in earnings. As discussed above, the Company uses derivatives to mitigate the financial statement impact of these embedded derivatives.

Cash Flow Hedges

The Company has designated and accounts for the following as cash flow hedges: (i) interest rate swaps to hedge interest rate exposure on debt, (ii) interest rate lock agreements to hedge interest rate exposure on debt issuances and (iii) swaptions used to hedge the risk of increasing interest rates on forecasted fixed premium product sales. The Company previously designated and accounted for as cash flow hedges interest rate swaps to hedge certain asset-based distribution fees.

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

During the second quarter of 2011, the Company reclassified from accumulated other comprehensive income into earnings a $27 million gain on an interest rate hedge put in place in anticipation of issuing debt between December 2010 and June 2011. The gain was reclassified due to the forecasted transaction not occurring according to the original hedge strategy. For the three months and six months ended June 30, 2011, amounts recognized in earnings related to cash flow hedges due to ineffectiveness were not material. The estimated net amount of existing pretax losses on June 30, 2011 that the Company expects to reclassify to earnings within the next twelve months is $1 million, which consists of $5 million of pretax gains to be recorded as a reduction to interest and debt expense and $6 million of pretax losses to be recorded in net investment income. The following tables present the impact of the effective portion of the Company s cash flow hedges on the Consolidated Statements of Operations and the Consolidated Statements of Equity:

	Amount of Gain (Loss) Recognized in Other Comprehensive Income on Derivatives			
	Three Months Ended June 30,		Six Months Ended June 30,	
Derivatives designated as hedging instruments	**2011**	**2010**	**2011**	**2010**
	(in millions)			
Interest on debt	$	$	$	$ (10)
Asset-based distribution fees		9	1	9
Total	$	$ 9	$ 1	$ (1)

	Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income into Income			
Location of Gain (Loss) Reclassified from Accumulated	Three Months Ended June 30,		Six Months Ended June 30,	
Other Comprehensive Income into Income	**2011**	**2010**	**2011**	**2010**
	(in millions)			
Other revenues	$ 27	$	$ 27	$
Interest and debt expense	1	2	2	4
Distribution fees	4		9	
Net investment income	(2)	(1)	(3)	(3)
Total	$ 30	$ 1	$ 35	$ 1

Currently, the longest period of time over which the Company is hedging exposure to the variability in future cash flows is 24 years and relates to forecasted debt interest payments.

Fair Value Hedges

During the first quarter of 2010, the Company entered into and designated as fair value hedges three interest rate swaps to convert senior notes due 2015, 2019 and 2020 from fixed rate debt to floating rate debt. The swaps have identical terms as the underlying debt being hedged so no ineffectiveness is expected to be realized. The Company recognizes gains and losses on the derivatives and the related hedged items within interest and debt expense. The following table presents the amounts recognized in income related to fair value hedges:

		Amount of Gain Recognized in Income on Derivatives			
Derivatives designated as hedging instruments	Location of Gain Recorded into Income	Three Months Ended June 30,		Six Months Ended June 30,	
		2011	2010	2011	2010
		(in millions)		(in millions)	
Fixed rate debt	Interest and debt expense	$ 10	$	$ 20	$ 6
Total		$ 10	$	$ 20	$ 6

Credit Risk

Credit risk associated with the Company s derivatives is the risk that a derivative counterparty will not perform in accordance with the terms of the applicable derivative contract. To mitigate such risk, the Company has established guidelines and oversight of credit risk through a comprehensive enterprise risk management program that includes members of senior management. Key components of this program are to require preapproval of counterparties and the use of master netting arrangements and collateral arrangements whenever practical. As of June 30, 2011 and December 31, 2010, the Company held $105 million and $98 million, respectively, in cash and cash equivalents and recorded a corresponding liability in other liabilities for collateral the Company is obligated to return to counterparties. As of June 30, 2011 and December 31, 2010, the Company had accepted additional collateral consisting of various securities with a fair value of $3 million and $23 million, respectively, which are not reflected on the Consolidated Balance Sheets. As of June 30, 2011 and December 31, 2010, the

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Company s maximum credit exposure related to derivative assets after considering netting arrangements with counterparties and collateral arrangements was approximately $14 million and $45 million, respectively.

Certain of the Company s derivative instruments contain provisions that adjust the level of collateral the Company is required to post based on the Company s debt rating (or based on the financial strength of the Company s life insurance subsidiaries for contracts in which those subsidiaries are the counterparty). Additionally, certain of the Company s derivative contracts contain provisions that allow the counterparty to terminate the contract if the Company s debt does not maintain a specific credit rating (generally an investment grade rating) or the Company s life insurance subsidiary does not maintain a specific financial strength rating. If these termination provisions were to be triggered, the Company s counterparty could require immediate settlement of any net liability position. At June 30, 2011 and December 31, 2010, the aggregate fair value of all derivative instruments in a net liability position containing such credit risk features was $384 million and $412 million, respectively. The aggregate fair value of assets posted as collateral for such instruments as of June 30, 2011 and December 31, 2010 was $361 million and $406 million, respectively. If the credit risk features of derivative contracts that were in a net liability position at June 30, 2011 and December 31, 2010 were triggered, the additional fair value of assets needed to settle these derivative liabilities would have been $23 million and $6 million, respectively.

13. Income Taxes

The Company s effective tax rate on income from continuing operations was 28.7% and 14.3% for the three months ended June 30, 2011 and 2010, respectively. The Company s effective tax rate on income from continuing operations was 26.4% and 15.8% for the six months ended June 30, 2011 and 2010, respectively.

The Company is required to establish a valuation allowance for any portion of the deferred tax assets that management believes will not be realized. Included in deferred tax assets is a significant deferred tax asset relating to capital losses that have been recognized for financial statement purposes but not yet for tax return purposes. Under current U.S. federal income tax law, capital losses generally must be used against capital gain income within five years of the year in which the capital losses are recognized for tax purposes. Significant judgment is required in determining if a valuation allowance should be established, and the amount of such allowance if required. Factors used in making this determination include estimates relating to the performance of the business including the ability to generate capital gains. Consideration is given to, among other things in making this determination, (i) future taxable income exclusive of reversing temporary differences and carryforwards, (ii) future reversals of existing taxable temporary differences, (iii) taxable income in prior carryback years, and (iv) tax planning strategies. Based on analysis of the Company s tax position, management believes it is more likely than not that the results of future operations and implementation of tax planning strategies will generate sufficient taxable income to enable the Company to utilize all of its deferred tax assets. Accordingly, no valuation allowance for deferred tax assets has been established as of June 30, 2011 and December 31, 2010.

Included in the Company s deferred income tax assets are tax benefits related to capital loss carryforwards of $29 million which will expire beginning December 31, 2015. As a result of the Company s ability to file a consolidated U.S. federal income tax return including the Company s life insurance subsidiaries starting in 2010, as well as the expected level of taxable income, management believes the Company s net operating loss carryforwards and tax credit carryforwards will be utilized in the current year.

As of June 30, 2011 and December 31, 2010, the Company had $167 million and $75 million, respectively, of gross unrecognized tax benefits. If recognized, approximately $44 million and $54 million, net of federal tax benefits, of unrecognized tax benefits as of June 30, 2011 and December 31, 2010, respectively, would affect the effective tax rate.

The Company recognizes interest and penalties related to unrecognized tax benefits as a component of the income tax provision. The Company recognized $49 million and $65 million of interest and penalties for the three months and six months ended June 30, 2011, respectively. The Company recognized $10 million and $20 million of interest and penalties for the three months and six months ended June 30, 2010, respectively. At June 30, 2011 and December 31, 2010, the Company had a payable of $36 million and a receivable of $29 million, respectively, related to accrued interest and penalties.

It is reasonably possible that the total amounts of unrecognized tax benefits will change in the next 12 months. Based on the current audit position of the Company, it is estimated that the total amount of gross unrecognized tax benefits may decrease by $130 million to $140 million in the next 12 months.

The Company or one or more of its subsidiaries files income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 1997. The Internal Revenue Service (IRS) completed its field examination of the Company s U.S. income tax returns for 2005 through 2007 during the third and fourth quarters of 2010. The IRS had previously completed its field examination of the 1997 through 2004 tax returns in recent years as part of the overall examination of the American Express Company consolidated returns. However, for federal income tax purposes these years continue to remain open as a consequence of certain issues under appeal. In the fourth quarter of 2010, the IRS commenced an examination of the Company s U.S income tax returns for 2008 and 2009. The Company s or certain of its subsidiaries state income tax returns are currently under examination by various jurisdictions for years ranging from 1999 through 2009.

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

On September 25, 2007, the IRS issued Revenue Ruling 2007-61 in which it announced that it intends to issue regulations with respect to certain computational aspects of the Dividends Received Deduction (DRD) related to separate account assets held in connection with variable contracts of life insurance companies. Any regulations that the IRS ultimately proposes for issuance in this area will be subject to public notice and comment, at which time insurance companies and other members of the public will have the opportunity to raise legal and practical questions about the content, scope and application of such regulations. As a result, the ultimate timing and substance of any such regulations are unknown at this time, but they may result in the elimination of some or all of the separate account DRD tax benefit that the Company receives.

14. Guarantees and Contingencies

Guarantees

Owing to conditions then-prevailing in the credit markets and the isolated defaults of unaffiliated structured investment vehicles held in the portfolios of money market funds advised by its Columbia Management Investment Advisers, LLC subsidiary (the 2a-7 Funds), the Company closely monitored the net asset value of the 2a-7 Funds during 2008 and through the date of this report and, as circumstances warranted from time to time, injected capital into one or more of the 2a-7 Funds. Management believes that the market conditions which gave rise to those circumstances have significantly diminished. The Company has not provided a formal capital support agreement or net asset value guarantee to any of the 2a-7 Funds.

Contingencies

The Company and its subsidiaries are involved in the normal course of business in legal, regulatory and arbitration proceedings, including class actions, concerning matters arising in connection with the conduct of its activities as a diversified financial services firm. These include proceedings specific to the Company as well as proceedings generally applicable to business practices in the industries in which it operates. The Company can also be subject to litigation arising out of its general business activities, such as its investments, contracts, leases and employment relationships. Uncertain economic conditions, heightened volatility in the financial markets, such as those which have been experienced from the latter part of 2007 through 2009, and significant financial reform legislation may increase the likelihood that clients and other persons or regulators may present or threaten legal claims or that regulators increase the scope or frequency of examinations of the Company or the financial services industry generally.

As with other financial services firms, the level of regulatory activity and inquiry concerning the Company s businesses remains elevated. From time to time, the Company receives requests for information from, and/or has been subject to examination or claims by, the SEC, the Financial Industry Regulatory Authority (FINRA), the Office of Thrift Supervision, state insurance and securities regulators, state attorneys general and various other domestic or foreign governmental and quasi-governmental authorities on behalf of themselves or clients concerning the Company s business activities and practices, and the practices of the Company s financial advisors. During recent periods, the Company has received information requests or inquiries regarding certain pending matters, including: sales of, or disclosures pertaining to, mutual funds, annuities, equity and fixed income securities, low priced securities, insurance products, brokerage services, financial advice offerings; trading practices within the Company s asset management business; supervision of the Company s financial advisors; supervisory practices in connection with financial advisors outside business activities; information security; and abandoned property and escheatment practices. The number of reviews and investigations has increased in recent years with regard to many firms in the financial services industry, including Ameriprise Financial. The Company has cooperated and will continue to cooperate with the applicable regulators regarding their inquiries.

These legal and regulatory proceedings and disputes are subject to uncertainties and, as such, the Company is unable to predict the ultimate resolution or range of loss that may result. An adverse outcome in one or more of these proceedings could result in adverse judgments, settlements, fines, penalties or other relief, in addition to further claims, examinations or adverse publicity that could have a material adverse effect on the Company s consolidated financial condition or results of operations.

Certain legal and regulatory proceedings are described below.

In June 2004, an action captioned John E. Gallus et al. v. American Express Financial Corp. and American Express Financial Advisors Inc., was filed in the United States District Court for the District of Arizona, and was later transferred to the United States District Court for the District of Minnesota. The plaintiffs alleged that they were investors in several of the Company s mutual funds and they purported to bring the action derivatively on behalf of those funds under the Investment Company Act of 1940 (the 40 Act). The plaintiffs alleged that fees allegedly paid to the defendants by the funds for investment advisory and administrative services were excessive. Plaintiffs seek an order declaring that defendants have violated the 40 Act and awarding unspecified damages including excessive fees allegedly paid plus interest and other costs. On July 6, 2007, the district court granted the Company s motion for summary judgment, dismissing all claims with prejudice. Plaintiffs appealed the district court s decision, and on April 8, 2009, the U.S. Court of Appeals for the Eighth Circuit reversed the district court s decision, and

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

remanded the case for further proceedings. The Company filed with the United States Supreme Court a Petition for Writ of Certiorari to review the judgment of the Court of Appeals in this case in light of the Supreme Court s anticipated review of a similar excessive fee case captioned Jones v. Harris Associates. On March 30, 2010, the Supreme Court issued its ruling in Jones v. Harris Associates, and on April 5, 2010, the Supreme Court vacated the Eighth Circuit s decision in this case and remanded it to the Eighth Circuit for further consideration in light of the Supreme Court s decision in Jones v. Harris Associates. Without any further briefing or argument, on June 4, 2010, the Eighth Circuit remanded the case to the district court for further consideration in light of the Supreme Court s decision in Jones v. Harris Associates. The district court ordered briefing and heard oral argument on September 22, 2010 on the impact of the Jones v. Harris Associates decision. On December 8, 2010, the district court re-entered its July 2007 order granting summary judgment in favor of the Company. Plaintiffs filed a notice of appeal with the Eighth Circuit on January 10, 2011. The briefing on the appeal is complete and the parties are awaiting a date for oral argument.

In July 2009, two issuers of private placement interests (Medical Capital Holdings, Inc./Medical Capital Corporation and affiliated corporations and Provident Shale Royalties, LLC and affiliated corporations) sold by the Company s subsidiary Securities America, Inc. (SAI) were the subject of SEC actions (brought against those entities and individuals associated with them), which has resulted in the filing of several putative class action lawsuits naming both SAI and Ameriprise Financial, as well as related regulatory inquiries. Approximately $400 million of Medical Capital and Provident Shale investments made by SAI clients are outstanding and currently in default. Medical Capital and Provident Royalties are both in receivership. A significant volume of FINRA arbitrations were brought against SAI. Several of them were individually settled, and there was one adverse ruling. The putative class actions and arbitrations generally allege violations of state and/or federal securities laws in connection with SAI s sales of these private placement interests. These actions were commenced in September 2009 and thereafter. The Medical Capital-related class actions were centralized and moved to the Central District of California by order of the United States Judicial Panel on Multidistrict Litigation under the caption In re: Medical Capital Securities Litigation. The Provident Shale-related class actions remain pending in Texas federal court. On June 22, 2010, the Liquidating Trustee of the Provident Liquidating Trust filed an adversary action (Liquidating Trustee Action) in the Provident bankruptcy proceeding naming SAI on behalf of both the Provident Liquidating Trust and a number of individual Provident investors who are alleged to have assigned their claims. The Liquidating Trustee Action generally alleges the same types of claims as are alleged in the Provident class actions as well as a claim under the Bankruptcy Code. The Liquidating Trustee Action has been moved from bankruptcy court to the Texas federal court with the other Provident class actions. On January 24, 2011 the Medical Capital Class Action was temporarily transferred to the federal court for the Northern District of Texas (the Court), where the Provident class action is pending, so that coordinated settlement negotiations can be conducted under that single Court s supervision. On February 17, 2011, the named plaintiffs to the class actions filed with the Court a Settlement Agreement and Motion for Preliminary Approval of Class Action Settlement, seeking the Court s approval of agreed-upon settlement terms. That settlement was recorded as a subsequent event to the 2010 fourth quarter and reflected in the Company s audited 2010 financial statements. On March 18, 2011, the Court declined to grant preliminary approval of that settlement. On April 15, 2011, SAI and its holding company, Securities America Financial Corporation entered into new settlement agreements which, in exchange for release of pending arbitration and litigation claims (including certain class action claims pending against the Company and the claims brought by the Liquidating Trustee), provide for the payment of a total of $150 million, $40 million of which was previously reported and charged to the Company s fourth quarter 2010 results as described above. The combined settlements, together with other provisions for claims relating to Medical Capital or Provident Royalties resulted in a $118 million pre-tax expense in the Company s first quarter 2011 results. The new settlements are subject to certain conditions, including participation requirements for claimants to be covered by the settlements, and preliminary and final review and Court approval of the class action settlement. The Court issued an order finally approving the class action settlement on August 4, 2011. A related Administrative Complaint brought against SAI by the Commonwealth of Massachusetts on January 26, 2010, was also settled on May 24, 2011 with an agreement to pay $2.8 million to Massachusetts investors.

In November 2010, the Company s J.& W. Seligman & Co. Incorporated subsidiary (Seligman) received a governmental inquiry regarding an industry insider trading investigation, as previously stated by the Company in general media reporting. The Company continues to cooperate fully with that inquiry. Neither the Company nor Seligman has been accused of any wrongdoing, and the government has confirmed that neither the Company nor any of its affiliated entities is a target of its investigation into potential insider trading.

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

15. Earnings per Share Attributable to Ameriprise Financial, Inc. Common Shareholders

The computations of basic and diluted earnings per share attributable to Ameriprise Financial, Inc. common shareholders are as follows:

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
	(in millions, except per share amounts)			
Numerator:				
Income from continuing operations	$ 285	$ 396	$ 579	$ 690
Less: Net income (loss) attributable to noncontrolling interests	(28)	139	(46)	221
Income from continuing operations attributable to Ameriprise Financial	313	257	625	469
Income (loss) from discontinued operations, net of tax	(4)	2	(75)	4
Net income attributable to Ameriprise Financial	$ 309	$ 259	$ 550	$ 473
Denominator:				
Basic: Weighted-average common shares outstanding	245.5	261.1	248.5	260.9
Effect of potentially dilutive nonqualified stock options and other share-based awards	5.5	4.2	5.8	4.2
Diluted: Weighted-average common shares outstanding	251.0	265.3	254.3	265.1
Earnings per share attributable to Ameriprise Financial, Inc. common shareholders:				
Basic:				
Income from continuing operations	$ 1.28	$ 0.98	$ 2.51	$ 1.80
Income (loss) from discontinued operations	(0.02)	0.01	(0.30)	0.01
Net income	$ 1.26	$ 0.99	$ 2.21	$ 1.81
Diluted:				
Income from continuing operations	$ 1.25	$ 0.97	$ 2.46	$ 1.77
Income (loss) from discontinued operations	(0.02)	0.01	(0.30)	0.01
Net income	$ 1.23	$ 0.98	$ 2.16	$ 1.78

16. Segment Information

The Company s segments are Advice & Wealth Management, Asset Management, Annuities, Protection and Corporate & Other.

During the first quarter of 2011, as a result of management s decision to pursue a sale of Securities America, results of operations of Securities America were transferred to the Corporate & Other segment from the Advice & Wealth Management. During the second quarter of 2011, the results of operations of Securities America have been presented as discontinued operations for all periods presented and the related assets and liabilities have been classified as held for sale. See Note 1 and Note 17 for additional information on discontinued operations.

The following is a summary of assets by segment:

	June 30, 2011	December 31, 2010
	(in millions)	
Advice & Wealth Management	$ 12,072	$ 11,241
Asset Management	7,489	7,854
Annuities	87,869	84,836
Protection	18,826	18,571
Corporate & Other	8,720	8,539
Assets held for sale	162	173
Total assets	$ 135,138	$ 131,214

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

The following is a summary of segment results:

	Three Months Ended June 30, 2011						
	Advice & Wealth Management	Asset Management	Annuities	Protection	Corporate & Other	Eliminations	Consolidated
	(in millions)						
Revenue from external customers	$ 725	$ 732	$ 630	$ 488	$ 59	$	$ 2,634
Intersegment revenue	243	21	36	37		(337)	
Total revenues	968	753	666	525	59	(337)	2,634
Banking and deposit interest expense	11						11
Net revenues	957	753	666	525	59	(337)	2,623
Income (loss) from continuing operations before income tax provision	$ 108	$ 125	$ 143	$ 90	$ (67)	$	399
Income tax provision							114
Income from continuing operations							285
Loss from discontinued operations, net of tax							(4)
Net income							281
Less: Net loss attributable to noncontrolling interests							(28)
Net income attributable to Ameriprise Financial							$ 309

	Three Months Ended June 30, 2010						
	Advice & Wealth Management	Asset Management	Annuities	Protection	Corporate & Other	Eliminations	Consolidated
	(in millions)						
Revenue from external customers	$ 650	$ 541	$ 603	$ 497	$ 191	$	$ 2,482
Intersegment revenue	220	22	27	22		(291)	
Total revenues	870	563	630	519	191	(291)	2,482
Banking and deposit interest expense	17	1			3	(1)	20
Net revenues	853	562	630	519	188	(290)	2,462
Income from continuing operations before income tax provision	$ 83	$ 56	$ 133	$ 134	$ 56	$	462
Income tax provision							66
Income from continuing operations							396
Income from discontinued operations, net of tax							2

Net income		398
Less: Net income attributable to noncontrolling interests		139
Net income attributable to Ameriprise Financial	$	259

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

	Six Months Ended June 30, 2011						
	Advice & Wealth Management	Asset Management	Annuities	Protection	Corporate & Other	Eliminations	Consolidated
	(in millions)						
Revenue from external customers	$ 1,421	$ 1,450	$ 1,238	$ 969	$ 101	$	$ 5,179
Intersegment revenue	474	41	68	73	1	(657)	
Total revenues	1,895	1,491	1,306	1,042	102	(657)	5,179
Banking and deposit interest expense	24	1				(1)	24
Net revenues	1,871	1,490	1,306	1,042	102	(656)	5,155
Income (loss) from continuing operations before income tax provision	$ 208	$ 232	$ 297	$ 197	$ (148)	$	786
Income tax provision							207
Income from continuing operations							579
Loss from discontinued operations, net of tax							(75)
Net income							504
Less: Net loss attributable to noncontrolling interests							(46)
Net income attributable to Ameriprise Financial							$ 550

	Six Months Ended June 30, 2010						
	Advice & Wealth Management	Asset Management	Annuities	Protection	Corporate & Other	Eliminations	Consolidated
	(in millions)						
Revenue from external customers	$ 1,252	$ 892	$ 1,182	$ 987	$ 348	$	$ 4,661
Intersegment revenue	404	41	50	37		(532)	
Total revenues	1,656	933	1,232	1,024	348	(532)	4,661
Banking and deposit interest expense	38	1			3	(1)	41
Net revenues	1,618	932	1,232	1,024	345	(531)	4,620
Income from continuing operations before income tax provision	$ 131	$ 74	$ 253	$ 253	$ 109	$	820
Income tax provision							130
Income from continuing operations							690
Income from discontinued operations, net of tax							4
Net income							694
Less: Net income attributable to noncontrolling interests							221
Net income attributable to Ameriprise Financial							$ 473

43

Table of Contents

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

17. Discontinued Operations

During the first quarter of 2011, management decided to identify an appropriate buyer for Securities America. Management believes a sale would allow Securities America to focus on growth opportunities in the independent channel and would allow the Company to devote resources to the Ameriprise branded advisor business. During the second quarter of 2011, the results of Securities America have been presented as discontinued operations for all periods presented and the related assets and liabilities have been classified as held for sale.

The components of income (loss) from discontinued operations, net of tax, are as follows:

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
	(in millions)			
Total net revenues	$ 118	$ 116	$ 240	$ 230
Pretax income (loss)	(3)	4	(119)	7
Income tax provision (benefit)	1	2	(44)	3
Income (loss) from discontinued operations, net of tax	$ (4)	$ 2	$ (75)	$ 4

Assets and liabilities classified as held for sale are as follows:

	June 30, 2011	December 31, 2010
	(in millions)	
Assets:		
Cash and cash equivalents	$ 25	$ 23
Receivables	38	40
Other assets	99	110
Total assets held for sale	$ 162	$ 173
Liabilities:		
Long-term debt	$ 5	$ 5
Accounts payable and accrued expenses	28	26
Other liabilities	157	48
Total liabilities held for sale	$ 190	$ 79

18. Common Share Repurchases

In May 2010, the Company s Board of Directors authorized the expenditure of up to $1.5 billion for the repurchase of the Company s common stock through the date of its 2012 annual shareholders meeting. In June 2011, the Company s Board of Directors authorized an additional expenditure of up to $2.0 billion for the repurchase of the Company s common stock through June 28, 2013. For the six months ended June 30, 2011 and 2010, the Company repurchased a total of 12.5 million shares and 5.7 million shares, respectively, of its common stock for an aggregate cost of $761 million and $220 million, respectively. As of June 30, 2011, the Company had $2.2 billion remaining under the share repurchase authorizations.

The Company may also reacquire shares of its common stock under its 2005 Incentive Compensation Plan (the 2005 ICP) related to restricted stock awards. Restricted shares that are forfeited before the vesting period has lapsed are recorded as treasury shares. In addition, the holders of restricted shares may elect to surrender a portion of their shares on the vesting date to cover their income tax obligations. These vested restricted shares reacquired by the Company and the Company s payment of the holders income tax obligations are recorded as a treasury share purchase. For both the six months ended June 30, 2011 and 2010, the restricted shares forfeited under the 2005 ICP and recorded as treasury shares were 0.1 million. For both the six months ended June 30, 2011 and 2010, the Company reacquired 0.4 million shares of its common stock through the surrender of restricted shares upon vesting and paid in the aggregate $19 million and $16 million, respectively, related to the holders income tax obligations on the vesting date.

During the six months ended June 30, 2011, the Company reissued 1.7 million treasury shares for restricted stock award grants and issuance of shares vested under the Ameriprise Financial Franchise Advisor Deferred Equity Plan.

Table of Contents

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our consolidated financial condition and results of operations should be read in conjunction with the Forward-Looking Statements that follow and our Consolidated Financial Statements and Notes presented in Item 1. Our Management s Discussion and Analysis should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2010, filed with the Securities and Exchange Commission (SEC) on February 28, 2011 (2010 10-K), as well as our current reports on Form 8-K and other publicly available information. Certain reclassifications of prior year amounts have been made to conform to the current presentation. References below to Ameriprise Financial, the Company, we, us, and our refer to Ameriprise Financial, Inc. exclusively, to our entire family companies, or to one or more of our subsidiaries.

Overview

We provide financial planning, products and services that are designed to be utilized as solutions for our clients cash and liquidity, asset accumulation, income, protection and estate and wealth transfer needs. Our model for delivering these solutions is centered on building long-term personal relationships between our branded advisors and clients, and in the case of our products distributed through unaffiliated advisors, by supporting those advisors in building strong client relationships. We believe that our focus on personal relationships, together with our strengths in financial planning and product development and distribution, allow us to fully address the evolving financial needs of our clients and our primary target market segment, the mass affluent and affluent, which we define as households with investable assets of more than $100,000.

Our branded advisors use a financial planning and advisory process designed to provide comprehensive advice that focuses on all aspects of our clients finances. This approach allows us to recommend actions and a broad range of product solutions consisting of investment, annuity, insurance, banking and other financial products that can help clients attain over time a return or form of protection while accepting what they determine to be an appropriate range and level of risk. Our approach puts us in a strong position to capitalize on significant demographic and market trends, which we believe will continue to drive increased demand for our financial planning and other financial services. Our emphasis on deep client-advisor relationships has been central to the success of our business model through the extreme market conditions of the past few years, and we believe it will help us to navigate future market and economic cycles.

As of June 30, 2011, we had a network of more than 9,600 financial advisors and registered representatives affiliated with us and doing business under our brand name (Ameriprise advisors). The financial product solutions we offer through Ameriprise advisors include both our own products and services and the products of other companies. The Ameriprise advisor network is the primary distribution channel through which we offer our life insurance and annuity products and services, as well as a range of banking and protection products. We offer our advisors training, tools, leadership, marketing programs and other field and centralized support to assist them in delivering advice and product solutions to clients. We support unaffiliated advisors with sales and service support and our solutions which they provide to clients. We believe our approach not only improves the products and services we provide to their clients, but also allows us to reinvest in enhanced services for clients and increase support for financial advisors. Our integrated model of financial planning, diversified product manufacturing and affiliated and non-affiliated product distribution affords us a d