

AMERIPRISE FINANCIAL INC  
Form 10-Q  
August 04, 2008  
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**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, 2008**

**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)

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**Delaware**

(State or other jurisdiction of incorporation or organization)

**13-3180631**

(I.R.S. Employer Identification No.)

**1099 Ameriprise Financial Center, Minneapolis, Minnesota**  
(Address of principal executive offices)

**55474**  
(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  No

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

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

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

**Class**  
Common Stock (par value \$.01 per share)

**Outstanding at July 25, 2008**  
216,935,125 shares

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(in millions, except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
<b>Revenues</b>				
Management and financial advice fees	\$ 780	\$ 788	\$ 1,571	\$ 1,510
Distribution fees	422	494	855	912
Net investment income	393	507	794	1,042
Premiums	268	266	533	523
Other revenues	158	164	315	331
Total revenues	2,021	2,219	4,068	4,318
Banking and deposit interest expense	42	66	89	133
Total net revenues	1,979	2,153	3,979	4,185
<b>Expenses</b>				
Distribution expenses	517	533	1,058	1,011
Interest credited to fixed accounts	192	215	387	433
Benefits, claims, losses and settlement expenses	294	288	598	543
Amortization of deferred acquisition costs	144	125	298	259
Interest and debt expense	28	29	54	58
Separation costs		63		148
General and administrative expense	567	655	1,152	1,272
Total expenses	1,742	1,908	3,547	3,724
Pretax income	237	245	432	461
Income tax provision	27	49	31	100
Net income	\$ 210	\$ 196	\$ 401	\$ 361
<b>Earnings per common share</b>				
Basic	\$ 0.94	\$ 0.83	\$ 1.77	\$ 1.51
Diluted	\$ 0.93	\$ 0.81	\$ 1.75	\$ 1.49
<b>Weighted average common shares outstanding</b>				
Basic	223.2	237.4	225.8	239.0
Diluted	226.0	241.0	228.8	242.6
<b>Cash dividends paid per common share</b>	\$ 0.15	\$ 0.15	\$ 0.30	\$ 0.30

*See Notes to Consolidated Financial Statements.*



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**AMERIPRISE FINANCIAL, INC.**  
**CONSOLIDATED BALANCE SHEETS**

(in millions, except share data)

	June 30, 2008 (Unaudited)	December 31, 2007
<b>Assets</b>		
Cash and cash equivalents	\$ 3,373	\$ 3,836
Investments	29,506	30,625
Separate account assets	58,725	61,974
Receivables	3,614	3,441
Deferred acquisition costs	4,611	4,503
Restricted and segregated cash	994	1,332
Other assets	3,444	3,519
<b>Total assets</b>	<b>\$ 104,267</b>	<b>\$ 109,230</b>
<b>Liabilities and Shareholders Equity</b>		
<b>Liabilities:</b>		
Future policy benefits and claims	\$ 26,744	\$ 27,446
Separate account liabilities	58,725	61,974
Customer deposits	6,382	6,201
Debt	2,018	2,018
Accounts payable and accrued expenses	890	1,187
Other liabilities	2,194	2,594
<b>Total liabilities</b>	<b>96,953</b>	<b>101,420</b>
<b>Shareholders Equity:</b>		
Common shares (\$.01 par value; shares authorized, 1,250,000,000; shares issued, 256,239,107 and 255,925,436, respectively)	3	3
Additional paid-in capital	4,649	4,630
Retained earnings	5,111	4,811
Treasury shares, at cost (37,300,932 and 28,177,593 shares, respectively)	(1,927)	(1,467)
<b>Accumulated other comprehensive loss, net of tax:</b>		
Net unrealized securities losses	(511)	(168)
Net unrealized derivatives losses	(7)	(6)
Foreign currency translation adjustments	(30)	(19)
Defined benefit plans	26	26
<b>Total accumulated other comprehensive loss</b>	<b>(522)</b>	<b>(167)</b>
<b>Total shareholders equity</b>	<b>7,314</b>	<b>7,810</b>
<b>Total liabilities and shareholders equity</b>	<b>\$ 104,267</b>	<b>\$ 109,230</b>

*See Notes to Consolidated Financial Statements.*

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## AMERIPRISE FINANCIAL, INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)

	Six Months Ended June 30,	
	2008	2007
<b>Cash Flows from Operating Activities</b>		
Net income	\$ 401	\$ 361
Adjustments to reconcile net income to net cash provided by operating activities:		
Capitalization of deferred acquisition and sales inducement costs	(375)	(465)
Amortization of deferred acquisition and sales inducement costs	334	289
Depreciation and amortization	95	85
Deferred income taxes	(35)	(19)
Share-based compensation	75	75
Net realized investment gains	(9)	(13)
Other-than-temporary impairments and provision for loan losses	60	2
Premium and discount amortization on Available-for-Sale and other securities	46	58
Changes in operating assets and liabilities:		
Segregated cash	143	3
Trading securities and equity method investments in hedge funds, net	131	(82)
Future policy benefits and claims, net	21	21
Receivables	(159)	(390)
Brokerage deposits	(112)	36
Accounts payable and accrued expenses	(297)	(89)
Other, net	(119)	216
Net cash provided by operating activities	200	88
<b>Cash Flows from Investing Activities</b>		
Available-for-Sale securities:		
Proceeds from sales	155	2,646
Maturities, sinking fund payments and calls	2,025	1,446
Purchases	(1,678)	(653)
Proceeds from sales and maturities of commercial mortgage loans	142	284
Funding of commercial mortgage loans	(84)	(192)
Proceeds from sales of other investments	31	92
Purchase of other investments	(308)	(44)
Purchase of land, buildings, equipment and software	(80)	(134)
Proceeds from sale of land, buildings, equipment and other		8
Change in policy loans, net	(21)	(18)
Change in restricted cash	197	(50)
Other, net	2	(14)
Net cash provided by investing activities	381	3,371

*See Notes to Consolidated Financial Statements.*

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## AMERIPRISE FINANCIAL, INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (CONTINUED)

(in millions)

	Six Months Ended June 30,	
	2008	2007
<b>Cash Flows from Financing Activities</b>		
Investment certificates and banking time deposits:		
Proceeds from additions	\$ 930	\$ 466
Maturities, withdrawals and cash surrenders	(621)	(1,022)
Change in other banking deposits	(15)	(128)
Policyholder and contractholder account values:		
Consideration received	876	491
Net transfers to separate accounts	(46)	(201)
Surrenders and other benefits	(1,540)	(1,984)
Dividends paid to shareholders	(68)	(63)
Principal repayments of debt	(28)	(28)
Repurchase of common shares	(540)	(526)
Exercise of stock options	8	27
Excess tax benefits from share-based compensation	4	22
Other, net	(32)	51
Net cash used in financing activities	(1,044)	(2,895)
Effect of exchange rate changes on cash		9
Net increase (decrease) in cash and cash equivalents	(463)	573
Cash and cash equivalents at beginning of period	3,836	2,760
Cash and cash equivalents at end of period	\$ 3,373	\$ 3,333
<b>Supplemental Disclosures:</b>		
Interest paid on debt	\$ 61	\$ 67
Income taxes paid, net	127	76

*See Notes to Consolidated Financial Statements.*



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## AMERIPRISE FINANCIAL, INC.

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)

## SIX MONTHS ENDED JUNE 30, 2008 AND 2007

(in millions, except share amounts)

	Number of Outstanding Shares	Common Shares	Additional Paid-In Capital	Retained Earnings	Treasury Shares	Accumulated Other Comprehensive Loss	Total
<b>Balances at December 31, 2006</b>	241,391,431	\$ 3	\$ 4,353	\$ 4,268	\$ (490)	\$ (209)	\$ 7,925
Change in accounting principles				(138)			(138)
Comprehensive income:							
Net income				361			361
Change in net unrealized securities losses						(146)	(146)
Change in net unrealized derivatives losses						(3)	(3)
Foreign currency translation adjustment						3	3
Total comprehensive income							215
Dividends paid to shareholders				(63)			(63)
Repurchase of common shares	(8,752,794)				(519)		(519)
Share-based compensation plans	2,654,079		129				129
Other, net			51				51
<b>Balances at June 30, 2007</b>	235,292,716	\$ 3	\$ 4,533	\$ 4,428	\$ (1,009)	\$ (355)	\$ 7,600
<b>Balances at December 31, 2007</b>	227,747,843	\$ 3	\$ 4,630	\$ 4,811	\$ (1,467)	\$ (167)	\$ 7,810
Change in accounting principle				(30)			(30)
Comprehensive income:							
Net income				401			401
Change in net unrealized securities losses						(343)	(343)
Change in net unrealized derivatives losses							