AMERIPRISE FINANCIAL INC
Form 10-Q
November 03, 2009
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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 September 30, 2009

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 October 23, 2009**
Common Stock (par value $.01 per share)	255,003,596 shares

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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 September 30, 2009	Three Months Ended September 30, 2008	Nine Months Ended September 30, 2009	Nine Months Ended September 30, 2008
Revenues				
Management and financial advice fees	$ 689	$ 721	$ 1,849	$ 2,292
Distribution fees	367	376	1,029	1,231
Net investment income	542	62	1,477	856
Premiums	276	264	811	777
Other revenues	109	249	493	564
Total revenues	1,983	1,672	5,659	5,720
Banking and deposit interest expense	33	43	113	132
Total net revenues	1,950	1,629	5,546	5,588
Expenses				
Distribution expenses	466	461	1,274	1,499
Interest credited to fixed accounts	232	200	674	587
Benefits, claims, losses and settlement expenses	306	196	993	794
Amortization of deferred acquisition costs	(64)	240	97	538
Interest and debt expense	45	27	99	81
General and administrative expense	625	681	1,820	1,843
Total expenses	1,610	1,805	4,957	5,342
Pretax income (loss)	340	(176)	589	246
Income tax provision (benefit)	80	(92)	126	(61)
Net income (loss)	260	(84)	463	307
Less: Net loss attributable to noncontrolling interests		(14)	(22)	(24)
Net income (loss) attributable to Ameriprise Financial	$ 260	$ (70)	$ 485	$ 331
Earnings (loss) per share attributable to Ameriprise Financial common shareholders				
Basic	$ 1.00	$ (0.32)	$ 2.05	$ 1.48
Diluted	1.00	(0.32)(1)	2.04	1.46
Weighted average common shares outstanding				
Basic	258.7	219.1	236.6	223.6
Diluted	260.7	221.7	238.0	226.4
Cash dividends paid per common share	$ 0.17	$ 0.17	$ 0.51	$ 0.47
Supplemental Disclosures:				
Net investment income:				
Net investment income before impairment losses on securities	$ 561		$ 1,562	
Total other-than-temporary impairment losses on securities	(18)		(68)	
Portion of loss recognized in other comprehensive income	(1)		(17)	
Net impairment losses recognized in net investment income	(19)		(85)	
Net investment income	$ 542		$ 1,477	

(1) Diluted shares used in this calculation represent basic shares due to the net loss. Using actual diluted shares would result in anti-dilution.

See Notes to Consolidated Financial Statements.

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AMERIPRISE FINANCIAL, INC.

CONSOLIDATED BALANCE SHEETS

(in millions, except share amounts)

	September 30, 2009 (unaudited)	December 31, 2008
Assets		
Cash and cash equivalents	$ 3,580	$ 6,228
Investments	36,847	27,522
Separate account assets	55,576	44,746
Receivables	4,247	3,887
Deferred acquisition costs	4,323	4,383
Restricted and segregated cash	1,822	1,883
Other assets	4,806	6,928
Total assets	$ 111,201	$ 95,577
Liabilities and Equity		
Liabilities:		
Future policy benefits and claims	$ 31,042	$ 29,293
Separate account liabilities	55,576	44,746
Customer deposits	9,028	8,229
Debt	2,076	2,027
Accounts payable and accrued expenses	765	887
Other liabilities	3,320	3,928
Total liabilities	101,807	89,110
Equity:		
Ameriprise Financial:		
Common shares ($.01 par value; shares authorized, 1,250,000,000; shares issued, 295,679,166 and 256,432,623, respectively)	3	3
Additional paid-in capital	5,699	4,688
Retained earnings	5,091	4,592
Treasury shares, at cost (40,619,335 and 39,921,924 shares, respectively)	(2,021)	(2,012)
Accumulated other comprehensive income (loss), net	277	(1,093)
Total Ameriprise Financial shareholders' equity	9,049	6,178
Noncontrolling interests	345	289
Total equity	9,394	6,467
Total liabilities and equity	$ 111,201	$ 95,577

See Notes to Consolidated Financial Statements.

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AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)

	Nine Months Ended September 30, 2009	2008
Cash Flows from Operating Activities		
Net income	$ 463	$ 307
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Capitalization of deferred acquisition and sales inducement costs	(560)	(543)
Amortization of deferred acquisition and sales inducement costs	95	599
Depreciation, amortization and accretion, net	101	214
Deferred income tax expense (benefit)	103	(187)
Share-based compensation	138	114
Net realized investment gains	(132)	(5)
Other-than-temporary impairments recognized in net investment income and provision for loan losses	107	380
Changes in operating assets and liabilities:		
Segregated cash	82	(663)
Trading securities and equity method investments, net	253	115
Future policy benefits and claims, net	294	341
Receivables	(207)	(588)
Brokerage deposits	23	834
Accounts payable and accrued expenses	(128)	(413)
Liability for derivatives collateral held	(1,659)	(102)
Other, net	89	(214)
Net cash (used in) provided by operating activities	(938)	189
Cash Flows from Investing Activities		
Available-for-Sale securities:		
Proceeds from sales	3,910	316
Maturities, sinking fund payments and calls	4,375	2,864
Purchases	(14,497)	(2,393)
Proceeds from sales and maturities of commercial mortgage loans	235	265
Funding of commercial mortgage loans	(83)	(88)
Proceeds from sales of other investments	47	40
Purchase of other investments	(14)	(345)
Purchase of land, buildings, equipment and software	(56)	(100)
Change in policy loans, net	9	(26)
Change in restricted cash	16	151
Change in consumer banking loans and credit card receivables, net	(107)	(60)
Other, net		3
Net cash (used in) provided by investing activities	(6,165)	627

See Notes to Consolidated Financial Statements.

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AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (CONTINUED)

(in millions)

	Nine Months Ended September 30, 2009	2008
Cash Flows from Financing Activities		
Investment certificates and banking time deposits:		
Proceeds from additions	$ 2,141	$ 1,813
Maturities, withdrawals and cash surrenders	(2,515)	(1,033)
Change in other banking deposits	1,157	(87)
Policyholder and contractholder account values:		
Consideration received	4,386	1,569
Net transfers from separate accounts	174	
Surrenders and other benefits	(1,587)	(2,223)
Deferred premium options, net	(38)	(40)
Proceeds from issuance of common stock, net of issuance costs	869	
Proceeds from issuance of debt, net of issuance costs	553	73
Repayments of debt	(550)	(6)
Dividends paid to shareholders	(118)	(105)
Repurchase of common shares	(9)	(636)
Exercise of stock options	1	9
Excess tax benefits from share-based compensation	12	7
Noncontrolling interests investments in subsidiaries	7	108
Distributions to noncontrolling interests	(42)	(33)
Other, net	(2)	(1)
Net cash provided by (used in) financing activities	4,439	(585)
Effect of exchange rate changes on cash	16	(24)
Net increase (decrease) in cash and cash equivalents	(2,648)	207
Cash and cash equivalents at beginning of period	6,228	3,836
Cash and cash equivalents at end of period	$ 3,580	$ 4,043
Supplemental Disclosures:		
Interest paid on debt	$ 84	$ 61
Income taxes paid, net	13	165

See Notes to Consolidated Financial Statements.

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AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)

Nine Months Ended September 30, 2009 and 2008

(in millions, except share amounts)

		Ameriprise Financial						
	Number of Outstanding Shares	**Common Shares**	**Additional Paid-In Capital**	**Retained Earnings**	**Treasury Shares**	**Accumulated Other Comprehensive Income (Loss)**	**Non-controlling Interests**	**Total**
Balances at January 1, 2008	227,747,843	$ 3	$ 4,630	$ 4,811	$ (1,467)	$ (167)	$ 378	$ 8,188
Change in accounting principle, net				(30)				(30)
Comprehensive income:								
Net income (loss)				331			(24)	307
Other comprehensive loss, net:								
Change in net unrealized securities losses						(778)		(778)
Change in net unrealized derivatives losses						(2)		(2)
Foreign currency translation adjustment						(26)	(37)	(63)
Total comprehensive loss								(536)
Dividends paid to shareholders				(105)				(105)
Noncontrolling interests investments in subsidiaries							108	108
Distributions to noncontrolling interests							(33)	(33)
Repurchase of common shares	(13,293,913)				(636)			(636)
Share-based compensation plans	2,189,349		74	(3)	82			153
Balances at September 30, 2008	216,643,279	$ 3	$ 4,704	$ 5,004	$ (2,021)	$ (973)	$ 392	$ 7,109
Balances at January 1, 2009	216,510,699	$ 3	$ 4,688	$ 4,592	$ (2,012)	$ (1,093)	$ 289	$ 6,467
Change in accounting principle, net				132		(132)		
Comprehensive income:								
Net income (loss)				485			(22)	463
Other comprehensive income, net:								
Change in net unrealized securities losses						1,411		1,411
Change in noncredit related impairments on securities and net unrealized securities losses on previously impaired securities						41		41
Change in net unrealized derivative losses						(1)		(1)
Foreign currency translation adjustment						51	24	75
Total comprehensive income								1,989
Issuance of common stock	36,000,000		869					869
Dividends paid to shareholders				(118)				(118)
Noncontrolling interests investments in subsidiaries							96	96
Distributions to noncontrolling interests							(42)	(42)
Repurchase of common shares	(697,411)				(9)			(9)
Share-based compensation plans	3,246,543		142					142
Balances at September 30, 2009	255,059,831	$ 3	$ 5,699	$ 5,091	$ (2,021)	$ 277	$ 345	$ 9,394

See Notes to Consolidated Financial Statements.

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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 and 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 Company s foreign operations in the United Kingdom are conducted 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, variable interest entities (VIEs) in which it is the primary beneficiary and certain limited partnerships for which it is the general partner (collectively, the Company). 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 (Ameriprise Financial) includes ownership interests in subsidiaries that are attributable, directly or indirectly, to Ameriprise Financial, Inc. All material intercompany transactions and balances between or among Ameriprise Financial, Inc. and its subsidiaries and affiliates have been eliminated in consolidation.

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. All adjustments made were of a normal recurring nature.

The accompanying Consolidated Financial Statements are prepared in accordance with U.S. generally accepted accounting principles (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, 2008, filed with the Securities and Exchange Commission (SEC) on March 2, 2009.

The Company evaluated events or transactions that may have occurred after the balance sheet date for potential recognition or disclosure through November 2, 2009, the date the financial statements were issued.

2. Recent Accounting Pronouncements

Adoption of New Accounting Standards

The Hierarchy of GAAP

In June 2009, the Financial Accounting Standards Board (FASB) established the FASB Accounting Standards CodificationTM (Codification) as the single source of authoritative accounting principles recognized by the FASB in the preparation of financial statements in conformity with GAAP. The Codification supersedes existing nongrandfathered, non-SEC accounting and reporting standards. The Codification did not change GAAP but rather organized it into a hierarchy where all guidance within the Codification carries an equal level of authority. The Codification became effective on July 1, 2009. The Codification did not have a material effect on the Company s consolidated results of operations and financial condition.

Subsequent Events

In May 2009, the FASB updated the accounting standards on the recognition and disclosure of subsequent events. The standard also requires the disclosure of the date through which subsequent events were evaluated. The standard is effective for interim and annual reporting periods ending after June 15, 2009, and shall be applied prospectively. The Company adopted the standard in the second quarter of 2009. The adoption did not have a material effect on the Company s consolidated results of operations and financial condition.

Fair Value

In April 2009, the FASB updated the accounting standards to provide guidance on estimating the fair value of a financial asset or liability when the trade volume and level of activity for the asset or liability have significantly decreased relative to historical levels. The standard requires entities to disclose the inputs and valuation techniques used to measure fair value and any changes in valuation inputs or techniques. In addition, debt and equity securities as defined by GAAP shall be disclosed by major category. This standard is effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009, and is to be applied prospectively. The Company early adopted the standard in the first quarter of 2009. The adoption did not have a material effect on the Company s consolidated results of operations and financial condition.

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

In April 2009, the FASB updated the accounting standards to require interim disclosures about the fair value of in-scope financial instruments that are not reported at fair value. This standard is effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The Company applied the disclosure requirements of the standard in the first quarter of 2009. See Note 9 for the required disclosures.

In September 2006, the FASB updated the accounting standards to define fair value, establish a framework for measuring fair value and expand disclosures about fair value measurements. The new standard applies under other accounting standards that require or permit fair value measurements. Accordingly, the standard does not require any new fair value measurements. The provisions of the standard are required to be applied prospectively as of the beginning of the fiscal year in which it is initially applied, except for certain financial instruments as defined in the standard that require retrospective application. Any retrospective application will be recognized as a cumulative effect adjustment to the opening balance of retained earnings for the fiscal year of adoption. The Company adopted the standard effective January 1, 2008 and recorded a cumulative effect reduction to the opening balance of retained earnings of $30 million, net of deferred acquisition costs (DAC) and deferred sales inducement costs (DSIC) amortization and income taxes. This reduction to retained earnings was related to adjusting the fair value of certain derivatives the Company uses to hedge its exposure to market risk related to certain variable annuity riders. Prior to January 1, 2009, the Company recorded these derivatives in accordance with accounting guidance for derivative contracts held for trading purposes and contracts involved in energy trading and risk management activities. The new standard nullifies the previous guidance and requires these derivatives to be marked to the price the Company would receive to sell the derivatives to a market participant (an exit price). The adoption of the standard also resulted in adjustments to the fair value of the Company s embedded derivative liabilities associated with certain variable annuity riders. Since there is no market for these liabilities, the Company considered the assumptions participants in a hypothetical market would make to determine an exit price. As a result, the Company adjusted the valuation of these liabilities by updating certain policyholder assumptions, adding explicit margins to provide for profit, risk, and expenses, and adjusting the rate used to discount expected cash flows to reflect a current market estimate of the Company s risk of nonperformance specific to these liabilities. These adjustments resulted in an adoption impact of a $4 million increase in earnings, net of DAC and DSIC amortization and income taxes, at January 1, 2008. The nonperformance risk component of the adjustment is specific to the risk of RiverSource Life Insurance Company (RiverSource Life) and RiverSource Life Insurance Co. of New York (RiverSource Life of NY) (collectively, RiverSource Life companies) not fulfilling these liabilities. As the Company s estimate of this credit spread widens or tightens, the liability will decrease or increase.

Recognition and Presentation of Other-Than-Temporary Impairment

In April 2009, the FASB updated the accounting standards for the recognition and presentation of other-than-temporary impairments. The standard amends existing guidance on other-than-temporary impairments for debt securities and requires that the credit portion of other-than-temporary impairments be recorded in earnings and the noncredit portion of losses be recorded in other comprehensive income. The standard requires separate presentation of both the credit and noncredit portions of other-than-temporary impairments on the financial statements and additional disclosures. This standard is effective for interim and annual reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. At the date of adoption, the portion of previously recognized other-than-temporary impairments that represent the noncredit related loss component shall be recognized as a cumulative effect of adoption with an adjustment to the opening balance of retained earnings with a corresponding adjustment to accumulated other comprehensive income (loss). The Company adopted the standard in the first quarter of 2009 and recorded a cumulative effect increase to the opening balance of retained earnings of $132 million, net of DAC and DSIC amortization, certain benefit reserves and income taxes, and a corresponding increase to accumulated other comprehensive loss, net of impacts to DAC and DSIC amortization, certain benefit reserves and income taxes. See Note 3 for the Company s updated accounting policy and disclosures required by this standard.

Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities

In June 2008, the FASB updated the accounting standards for determining whether instruments granted in share-based payment transactions are participating securities. The standard clarifies that unvested share-based payment awards with nonforfeitable rights to dividends or dividend equivalents are considered participating securities and should be included in the calculation of earnings per share pursuant to the two-class method. The standard is effective for financial statements issued for periods beginning after December 15, 2008, with early adoption prohibited. The standard requires that all prior-period earnings per share data be adjusted retrospectively to conform with the provisions of the new standard. The Company adopted the new standard as of January 1, 2009. The adoption did not have a material effect on the Company s earnings per share.

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Disclosures about Derivative Instrument and Hedging Activities

In March 2008, the FASB updated the accounting standards for disclosures about derivative instruments and hedging activities. The standard intends to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures about their impact on an entity s financial position, financial performance, and cash flows. The standard requires disclosures regarding the objectives for using derivative instruments, the fair value of derivative instruments and their related gains and losses, and the accounting for derivatives and related hedged items. The standard is effective for fiscal years and interim periods beginning after November 15, 2008, with early adoption permitted. The Company applied the new disclosure requirements in the first quarter of 2009. See Note 10 for the required disclosures.

Noncontrolling Interests in Consolidated Financial Statements

In December 2007, the FASB updated the accounting standards for noncontrolling interests in consolidated financial statements to establish the accounting and reporting for ownership interest in subsidiaries not attributable, directly or indirectly, to a parent. The standard requires noncontrolling (minority) interests to be classified as equity (instead of as a liability) within the consolidated balance sheet, and net income (loss) attributable to both the parent and the noncontrolling interests to be disclosed on the face of the consolidated statement of operations. The standard is effective for fiscal years beginning after December 15, 2008, and interim periods within those years with early adoption prohibited. The provisions of the standard are to be applied prospectively, except for the presentation and disclosure requirements which are to be applied retrospectively to all periods presented. The Company adopted the new standard as of January 1, 2009. The adoption did not have a material effect on the Company s consolidated results of operations and financial condition.

Future Adoption of New Accounting Standards

Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)

In September 2009, the FASB updated the accounting standards to allow for net asset value (NAV) to be used as a practical expedient in estimating the fair value of alternative investments without readily determinable fair values. The standard also requires additional disclosure by major category of investment related to restrictions on the investor s ability to redeem the investment as of the measurement date, unfunded commitments and the investment strategies of the investees. The disclosures are required for all investments within the scope of the standard regardless of whether the fair value of the investment is measured using the NAV or another method. The standard is effective for interim and annual periods ending after December 15, 2009, with early adoption permitted. The Company does not expect the adoption to have a material effect on its consolidated results of operations and financial condition.

Measuring Liabilities at Fair Value

In August 2009, the FASB updated the accounting standards to provide additional guidance on estimating the fair value of a liability in a hypothetical transaction where the liability is transferred to a market participant. The standard is effective for the first reporting period, including interim periods, beginning after issuance. The Company does not expect the adoption to have a material effect on the Company s consolidated results of operations and financial condition.

Consolidation of Variable Interest Entities

In June 2009, the FASB updated the accounting standards related to the consolidation of variable interest entities. The standard amends current consolidation guidance and requires additional disclosures about an enterprise s involvement in VIEs. The standard is effective for interim and annual reporting periods beginning after November 15, 2009, with early adoption prohibited. The Company is currently evaluating the impact of the standard on its consolidated results of operations and financial condition.

Accounting for Transfers of Financial Assets

In June 2009, the FASB updated the accounting standards related to accounting for transfers of financial assets. The standard improves the relevance, representational faithfulness, and comparability of the information that a reporting entity provides in its financial statements about a transfer of financial assets; the effects of a transfer on its financial position, financial performance, and cash flows; and a transferor s continuing involvement, if any, in transferred financial assets. The standard is effective for interim and annual reporting periods beginning after November 15, 2009, with early adoption prohibited, and must be applied to transfers of financial assets occurring on or after the effective date. The adoption of the standard is not expected to have a material effect on the Company s consolidated results of operations and financial condition.

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Employer s Disclosures about Postretirement Benefit Plan Assets

In December 2008, the FASB updated the accounting standards to require enhanced disclosure related to postretirement benefit plan assets, including information about inputs and techniques used to determine the fair value of plan assets. The standard is effective for the first fiscal year ending after December 15, 2009, with early adoption permitted. The Company will apply the disclosure requirements of this standard as of December 31, 2009.

3. Investments

The following is a summary of investments:

	September 30, 2009	December 31, 2008
	(in millions)	
Available-for-Sale securities, at fair value	$ 32,625	$ 22,873
Commercial mortgage loans, net	2,706	2,887
Trading securities	313	501
Policy loans	719	729
Other investments	484	532
Total	$ 36,847	$ 27,522

Available-for-Sale Securities

Effective January 1, 2009, the Company early adopted an accounting standard that significantly changed the Company s accounting policy regarding the timing and amount of other-than temporary impairments for Available-for-Sale securities as follows. When the fair value of an investment is less than its amortized cost, the Company assesses whether or not: (i) it has the intent to sell the security (made a decision to sell) or (ii) it is more likely than not that the Company will be required to sell the security before its anticipated recovery. If either of these conditions are met, the Company must recognize an other-than-temporary impairment for the difference between the investment s amortized cost basis and its fair value through earnings. For securities that do not meet the above criteria, and the Company does not expect to recover a security s amortized cost basis, the security is considered other-than temporarily impaired. For these securities, the Company separates the total impairment into the credit loss component and the amount of the loss related to other factors. The amount of the total other-than-temporary impairment related to credit loss is recognized in earnings. The amount of the total other-than-temporary impairment related to other factors is recognized in other comprehensive income, net of impacts to DAC, DSIC, certain benefit reserves and income taxes. For Available-for-Sale securities that have recognized an other-than-temporary impairment through earnings, if through subsequent evaluation there is a significant increase in the cash flow expected, the difference between the amortized cost basis and the cash flows expected to be collected is accreted as interest income. Subsequent increases and decreases in the fair value of Available-for-Sale securities are included in other comprehensive income. The Company s Consolidated Statements of Equity present all changes in other comprehensive income associated with Available-for-Sale debt securities that have been other-than-temporarily impaired on a separate line from fair value changes recorded in other comprehensive income from all other securities.

The Company provides a supplemental disclosure on the face of its Consolidated Statements of Operations that presents: (i) total other-than-temporary impairment losses recognized during the period and (ii) the portion of other-than-temporary impairment losses recognized in other comprehensive income. The sum of these amounts represents the credit-related portion of other-than-temporary impairments that were recognized in earnings during the period. The portion of other-than-temporary losses recognized in other comprehensive income includes: (i) the portion of other-than-temporary impairment losses related to factors other than credit recognized during the period and (ii) reclassifications of other-than-temporary impairment losses previously determined to be related to factors other than credit that are determined to be credit-related in the current period. The amount presented on the Consolidated Statements of Operations as the portion of other-than-temporary losses recognized in other comprehensive income excludes subsequent increases and decreases in the fair value of these securities.

For all securities that are considered temporarily impaired, the Company does not intend to sell these securities (has not made a decision to sell) and it is not more likely than not that the Company will be required to sell the security before recovery of its amortized cost basis. The Company believes that it will collect all principal and interest due on all investments that have amortized cost in excess of fair value that are considered only temporarily impaired.

Corporate debt securities

Factors the Company considers in determining whether declines in the fair value of fixed maturity securities are other-than-temporary include: (i) the extent to which the market value is below amortized cost; (ii) the duration of time in which there has been a significant decline in value; (iii) fundamental analysis of the liquidity, business prospects and overall financial

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

condition of the issuer; and (iv) market events that could impact credit ratings, economic and business climate, litigation and government actions, and similar external business factors. In order to determine the amount of the credit loss component for corporate debt securities considered other-than-temporarily impaired, a best estimate of the present value of cash flows expected to be collected discounted at the security s effective interest rate is compared to the amortized cost basis of the security. The significant inputs to cash flow projections consider potential debt restructuring terms, projected cash flows available to pay creditors and the Company s position in the debtor s overall capital structure.

Structured investments

For structured investments (e.g., residential mortgage backed securities, commercial mortgage backed securities, asset backed securities and other structured investments), the Company also considers factors such as overall deal structure and its position within the structure, quality of underlying collateral, delinquencies and defaults, loss severities, recoveries, prepayments and cumulative loss projections in assessing potential other-than-temporary impairments of these investments. Based upon these factors, securities that have indicators of potential other-than-temporary impairment are subject to detailed review by management. Securities for which declines are considered temporary continue to be carefully monitored by management. For the nine months ended September 30, 2009, certain non-agency mortgage backed securities were deemed other-than temporarily impaired. Generally, the credit loss component for the non-agency mortgage backed securities is determined as the amount the amortized cost basis exceeds the present value of the projected cash flows expected to be collected. Significant inputs considered in these projections are consistent with the factors considered in assessing potential other-than-temporary impairment for these investments. Forward interest rates are considered in the cash flow projections and are used to calculate the discount rate used to determine the present value of the expected cash flows when structures are supported by variable rate securities. Current effective interest rates are used to discount cash flows supported by fixed rate securities.

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

	September 30, 2009			
Description of Securities	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
	(in millions)			
Corporate debt securities	$ 15,662	$ 962	$ (137)	$ 16,487
Residential mortgage backed securities	8,311	236	(498)	8,049
Commercial mortgage backed securities	4,188	208	(23)	4,373
Asset backed securities	1,837	79	(70)	1,846
State and municipal obligations	1,332	46	(56)	1,322
U.S. government and agencies obligations	303	9		312
Foreign government bonds and obligations	93	16		109
Common and preferred stocks	53	7	(12)	48
Other structured investments	23	32		55
Other debt obligations	24			24
Total	$ 31,826	$ 1,595	$ (796)	$ 32,625

	December 31, 2008			
Description of Securities	**Amortized Cost**	**Gross Unrealized Gains**	**Gross Unrealized Losses**	**Fair Value**
	(in millions)			
Corporate debt securities	$ 13,687	$ 86	$ (1,174)	$ 12,599
Residential mortgage backed securities	5,616	71	(452)	5,235
Commercial mortgage backed securities	2,880	36	(183)	2,733
Asset backed securities	1,055	4	(101)	958
State and municipal obligations	1,024	4	(155)	873
U.S. government and agencies obligations	257	14		271
Foreign government bonds and obligations	95	17	(5)	107
Common and preferred stocks	53	6	(22)	37
Other structured investments	31	19		50
Other debt obligations	10			10
Total	$ 24,708	$ 257	$ (2,092)	$ 22,873

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

At September 30, 2009 and December 31, 2008, fixed maturity securities comprised approximately 88% and 83%, respectively, of the Company s total investments. These securities were rated by Moody s Investors Service (Moody s), Standard & Poor s Rating Services (S&P) and Fitch Ratings Ltd. (Fitch), except for approximately $1.2 billion of securities at both September 30, 2009 and December 31, 2008, which were rated by the Company s internal analysts using criteria similar to Moody s, S&P and Fitch. Ratings on fixed maturity securities are presented using the median of ratings from Moody s, S&P and Fitch. If only two of the ratings are available, the lower rating is used. A summary of fixed maturity securities by rating was as follows:

	September 30, 2009			December 31, 2008		
Ratings	Amortized Cost	Fair Value	Percent of Total Fair Value	Amortized Cost	Fair Value	Percent of Total Fair Value
	(in millions, except percentages)					
AAA	$ 12,892	$ 13,356	41%	$ 9,475	$ 8,988	40%
AA	1,401	1,394	4	1,698	1,571	7
A	4,930	5,085	16	4,689	4,396	19
BBB	10,152	10,755	33	7,299	6,707	29
Below investment grade	2,398	1,987	6	1,494	1,174	5
Total fixed maturities	$ 31,773	$ 32,577	100%	$ 24,655	$ 22,836	100%

At September 30, 2009 and December 31, 2008, approximately 28% and 45%, 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 Ameriprise Financial shareholders 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:

	September 30, 2009					
	Less than 12 months		12 months or more		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(in millions)					
Corporate debt securities	$ 351	$ (5)	$ 2,157	$ (132)	$ 2,508	$ (137)
Residential mortgage backed securities	914	(33)	958	(465)	1,872	(498)
Commercial mortgage backed securities	102	(1)	514	(22)	616	(23)
Asset backed securities	126	(5)	230	(65)	356	(70)
State and municipal obligations	1		397	(56)	398	(56)
Foreign government bonds and obligations			4		4	
Common and preferred stocks			38	(12)	38	(12)
Total	$ 1,494	$ (44)	$ 4,298	$ (752)	$ 5,792	$ (796)

	December 31, 2008					
	Less than 12 months		12 months or more		Total	
Description of Securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
	(in millions)					
Corporate debt securities	$ 6,250	$ (396)	$ 3,544	$ (778)	$ 9,794	$ (1,174)
Residential mortgage backed securities	765	(164)	786	(288)	1,551	(452)
	473	(27)	997	(156)	1,470	(183)

Commercial mortgage backed securities						
Asset backed securities	373	(52)	231	(49)	604	(101)
State and municipal obligations	438	(64)	295	(91)	733	(155)
U.S. government and agencies obligations			11		11	
Foreign government bonds and obligations	20	(5)			20	(5)
Common and preferred stocks			27	(22)	27	(22)
Total	$ 8,319	$ (708)	$ 5,891	$ (1,384)	$ 14,210	$ (2,092)

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

The following tables summarize gross unrealized losses by ratio of fair value to amortized cost:

	September 30, 2009								
	Less than 12 months			12 months or more			Total		
Ratio of Fair Value to Amortized Cost	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses
	(in millions, except number of securities)								
95% - 100%	94	$ 1,335	$ (13)	228	$ 2,174	$ (48)	322	$ 3,509	$ (61)
90% - 95%	10	100	(7)	72	574	(47)	82	674	(54)
80% - 90%	5	24	(4)	68	576	(87)	73	600	(91)
Less than 80%	6	35	(20)	145	974	(570)	151	1,009	(590)
Total	115	$ 1,494	$ (44)	513	$ 4,298	$ (752)	628	$ 5,792	$ (796)

	December 31, 2008								
	Less than 12 months			12 months or more			Total		
Ratio of Fair Value to Amortized Cost	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses
	(in millions, except number of securities)								
95% - 100%	328	$ 4,717	$ (100)	105	$ 1,392	$ (30)	433	$ 6,109	$ (130)
90% - 95%	169	1,980	(152)	64	1,117	(96)	233	3,097	(248)
80% - 90%	162	974	(156)	124	1,624	(297)	286	2,598	(453)
Less than 80%	108	648	(300)	281	1,758	(961)	389	2,406	(1,261)
Total	767	$ 8,319	$ (708)	574	$ 5,891	$ (1,384)	1,341	$ 14,210	$ (2,092)

As part of the Company s ongoing monitoring process, management determined that a majority of the gross unrealized losses on its Available-for-Sale securities are attributable to changes in credit spreads across sectors. The primary driver of lower unrealized losses in 2009 compared to 2008 was the tightening of credit spreads across sectors. A portion of the decrease in unrealized losses was offset by an increase due to the adoption of a new accounting standard effective January 1, 2009. The Company recorded a cumulative effect increase to the amortized cost of previously other-than-temporarily impaired investments that increased the gross unrealized losses on Available-for-Sale securities by $211 million. This impact is due to the impairment of Available-for-Sale securities recognized in other comprehensive income previously recognized through earnings for factors other than credit.

The following table presents the 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 September 30, 2009	Nine Months Ended September 30, 2009
	(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	$ 310	$ 258
Additional amount related to credit losses for which an other-than-temporary impairment was not previously recognized		8
Reductions for securities sold during the period (realized)	(17)	(20)
Additional increases to the amount related to credit losses for which an other-than-temporary impairment was previously recognized	3	50
	$ 296	$ 296

Ending balance of credit losses on securities held as of September 30 for which a portion of other-than-temporary impairment was recognized in other comprehensive income	

The change in net unrealized securities losses in other comprehensive income (loss) 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 (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. As a result of the adoption of a new accounting standard effective January 1, 2009, net unrealized investment gains (losses) arising during the period also includes

AMERIPRISE FINANCIAL, INC.

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. Additionally, reclassification of (gains) losses included in net income contains noncredit other-than-temporary impairment losses that were previously unrealized, but have been recognized in current period net income due to their reclassification as credit losses.

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

	Net Unrealized Investment Gains (Losses)	Deferred Income Tax	Accumulated Other Comprehensive Income (Loss) Related to Net Unrealized Investment Gains (Losses)
		(in millions)	
Balance at January 1, 2008	$ (258)	$ 90	$ (168)
Net unrealized investment losses arising during the period	(1,568)	549	(1,019)
Reclassification of losses included in net income	368	(129)	239
Impact of net unrealized investment gains on DAC, DSIC and benefit reserves	3	(1)	2
Balance at September 30, 2008	$ (1,455)	$ 509	$ (946)
Balance at January 1, 2009	$ (1,478)	$ 517	$ (961)
Cumulative effect of accounting change	(203)(1)	71	(132)
Net unrealized investment gains arising during the period	2,892	(1,012)	1,880
Reclassification of gains included in net income	(47)	16	(31)
Impact of net unrealized investment losses on DAC, DSIC, benefit reserves and reinsurance recoverables	(611)	214	(397)
Balance at September 30, 2009	$ 553	$ (194)	$ 359(2)

(1) Amount represents the cumulative effect of adopting a new accounting standard on January 1, 2009, net of DAC and DSIC amortization and certain benefit reserves. See Note 2 for additional information on the adoption impact.

(2) At September 30, 2009, Accumulated Other Comprehensive Income Related to Net Unrealized Investment Gains included $(91) million of noncredit related impairments on securities and net unrealized securities losses on previously impaired securities.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008	2009	2008
	(in millions)		(in millions)	
Gross realized gains from sales	$ 56	$ 4	$ 165	$ 15
Gross realized losses from sales	(21)	(8)	(33)	(10)
Impairment losses	(19)	(313)	(85)	(373)

The $19 million of other-than-temporary impairments recognized in net investment income for the three months ended September 30, 2009 were related primarily to the Company s decision to sell certain corporate debt securities in the banking and finance industries. The $85 million of other-than-temporary impairments recognized in net investment income for the nine months ended September 30, 2009 were related to credit losses on non-agency residential mortgage backed securities, corporate debt securities primarily in the gaming, banking and finance industries and other structured investments.

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Available-for-Sale securities by contractual maturity as of September 30, 2009 were as follows:

	Amortized Cost	Fair Value
	(in millions)	
Due within one year	$ 1,329	$ 1,348
Due after one year through five years	7,794	8,020
Due after five years through 10 years	4,739	5,027
Due after 10 years	3,552	3,859
	17,414	18,254
Residential mortgage backed securities	8,311	8,049
Commercial mortgage backed securities	4,188	4,373
Asset backed securities	1,837	1,846
Other structured investments	23	55
Common and preferred stocks	53	48
Total	$ 31,826	$ 32,625

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, asset backed securities and other structured investments 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 September 30, 2009 were $14 million and $33 million, respectively, for the three months and nine months then ended. Net recognized losses related to trading securities held at September 30, 2008 were $30 million and $48 million, respectively, for the three months and nine months then ended.

4. Deferred Acquisition Costs and Deferred Sales Inducement Costs

During the third quarter of 2009 and 2008, the Company completed the annual detailed review of valuation assumptions for RiverSource Life products. In addition, during the third quarter of 2008, the Company converted to a new industry standard valuation system that provides enhanced modeling capabilities.

The total pretax impacts on the Company s assets and liabilities attributable to the review of valuation assumptions during the third quarter of 2009 and 2008 and the valuation system conversion during the third quarter of 2008 were as follows:

Balance Sheet Impact Debit (Credit)	Receivables	DAC	Other Assets	Future Policy Benefits and Claims	Other Liabilities	Total
			(in millions)			
2009 period	$ (65)	$ 119	$ 9	$ 71	$	$ 134

2008 period	92	(81)	(5)	95	5	106

The total pretax impacts on the Company s revenues and expenses attributable to the review of the valuation assumptions for the three and nine months ended September 30, 2009 and 2008 and the valuation system conversion for the three and nine months ended September 30, 2008 were as follows:

Pretax Benefit (Charge)	**Premiums**	**Other Revenues**	**Distribution Expenses**	**Benefits, Claims, Losses and Settlement Expenses**	**Amortization of DAC**	**Total**
			(in millions)			
2009 period	$	$ (65)	$	$ 80	$ 119	$ 134
2008 period	2	95	1	89	(81)	106

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

The balances of and changes in DAC were as follows:

	2009	2008
	(in millions)	
Balance at January 1	$ 4,383	$ 4,408
Cumulative effect of accounting change		36
Capitalization of acquisition costs	499	479
Amortization, excluding impacts of valuation assumptions review and valuation system conversion	(216)	(457)
Amortization, impact of valuation assumptions review and valuation system conversion	119	(81)
Impact of change in net unrealized securities losses	(462)	(11)
Balance at September 30	$ 4,323	$ 4,374

The balances of and changes in DSIC, included in other assets on the Consolidated Balance Sheets, were as follows:

	2009	2008
	(in millions)	
Balance at January 1	$ 518	$ 511
Cumulative effect of accounting change		9
Capitalization of sales inducement costs	61	64
Amortization, excluding impacts of valuation assumptions review and valuation system conversion	(7)	(55)
Amortization, impact of valuation assumptions review and valuation system conversion	9	(6)
Impact of change in net unrealized securities losses	(67)	
Balance at September 30	$ 514	$ 523

The Company adopted a new accounting standard on the recognition and presentation of other-than-temporary impairments in the first quarter of 2009. The adoption had no net impact to DAC and DSIC.

Effective January 1, 2008, the Company adopted a new accounting standard on fair value measurements and recorded as a cumulative change in accounting principle a pretax increase of $36 million and $9 million to DAC and DSIC, respectively. See Note 2 and Note 9 for additional information regarding the Company s adoption of fair value accounting standards.

5. Future Policy Benefits and Claims and Separate Account Liabilities

Future policy benefits and claims consisted of the following:

	September 30, 2009	December 31, 2008
	(in millions)	
Fixed annuities	$ 16,551	$ 14,058
Equity indexed annuities accumulated host values	183	228
Equity indexed annuities embedded derivatives	13	16
Variable annuities fixed sub-accounts	6,040	5,623
Variable annuity guaranteed minimum withdrawal benefits (GMWB)	468	1,471
Variable annuity guaranteed minimum accumulation benefits (GMAB)	151	367
Other variable annuity guarantees	16	67
Total annuities	23,422	21,830
Variable universal life (VUL)/universal life (UL) insurance	2,584	2,526
Other life, disability income and long term care insurance	4,548	4,397
Auto, home and other insurance	373	368
Policy claims and other policyholders funds	115	172
Total	$ 31,042	$ 29,293

Separate account liabilities consisted of the following:

	September 30, 2009	December 31, 2008
	(in millions)	
Variable annuity variable sub-accounts	$ 46,959	$ 37,657
VUL insurance variable sub-accounts	5,033	4,091
Other insurance variable sub-accounts	45	39
Threadneedle investment liabilities	3,539	2,959
Total	$ 55,576	$ 44,746

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

6. 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 provisions. The Company suspended sales of contracts with GMAB provisions June 1, 2009. The Company previously offered contracts containing guaranteed minimum income benefit (GMIB) provisions.

Certain universal life 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 summary information related to all variable annuity guarantees for which the Company has established additional liabilities:

	September 30, 2009				December 31, 2008			
Variable annuity guarantees by benefit type(1)	**Total contract value**	**Contract value in separate accounts**	**Net amount at risk(2)**	**Weighted average attained age**	**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	$ 29,238	$ 26,816	$ 1,445	61	$ 22,249	$ 20,153	$ 4,873	61
Six-Year Reset	13,805	11,098	1,185	61	12,719	10,063	2,802	61
One-Year Ratchet	6,883	6,189	1,082	63	5,770	5,061	2,163	62
Five-Year Ratchet	1,197	1,119	56	59	951	888	199	59
Other	566	525	112	67	471	429	192	66
Total GMDB	$ 51,689	$ 45,747	$ 3,880	61	$ 42,160	$ 36,594	$ 10,229	61
GGU death benefit	$ 824	$ 745	$ 69	63	$ 699	$ 619	$ 65	63
GMIB	$ 626	$ 578	$ 145	63	$ 567	$ 511	$ 245	63
GMWB:								
GMWB	$ 4,110	$ 3,994	$ 591	63	$ 3,513	$ 3,409	$ 1,312	63
GMWB for life	13,770	13,189	1,077	63	9,194	8,764	2,704	63
Total GMWB	$ 17,880	$ 17,183	$ 1,668	63	$ 12,707	$ 12,173	$ 4,016	63
GMAB	$ 2,813	$ 2,743	$ 220	56	$ 2,006	$ 1,937	$ 608	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 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.

Changes in additional liabilities were as follows:

	GMDB & GGU	GMIB	GMWB (in millions)	GMAB	UL
Liability balance at January 1, 2008	$ 24	$ 3	$ 136	$ 33	$ 4
Incurred claims	1	3	94	70	4
Paid claims	(7)				(2)
Liability balance at September 30, 2008	$ 18	$ 6	$ 230	$ 103	$ 6
Liability balance at January 1, 2009	$ 55	$ 12	$ 1,471	$ 367	$ 7
Incurred claims	7	(5)	(1,003)	(216)	5
Paid claims	(53)				
Liability balance at September 30, 2009	$ 9	$ 7	$ 468	$ 151	$ 12

AMERIPRISE FINANCIAL, INC.

7. Customer Deposits

Customer deposits consisted of the following:

	September 30, 2009	December 31, 2008
	(in millions)	
Fixed rate certificates	$ 3,549	$ 3,909
Stock market based certificates	854	909
Stock market embedded derivative reserve	28	5
Other	60	62
Less: accrued interest classified in other liabilities	(39)	(11)
Total investment certificate reserves	4,452	4,874
Brokerage deposits	2,011	1,988
Banking deposits	2,565	1,367
Total	$ 9,028	$ 8,229

8. Debt

Debt and the stated interest rates were as follows:

	Outstanding Balance		Stated Interest Rate	
	September 30, 2009	December 31, 2008	September 30, 2009	December 31, 2008
	(in millions)			
Senior notes due 2010	$ 340	$ 800	5.4%	5.4%
Senior notes due 2015	700	700	5.7	5.7
Senior notes due 2019	300		7.3	
Senior notes due 2039	200		7.8	
Junior subordinated notes due 2066	322	457	7.5	7.5
Floating rate revolving credit borrowings due 2013	135	64	4.6	3.6
Floating rate revolving credit borrowings due 2014	73		5.2	
Municipal bond inverse floater certificates due 2021	6	6	0.4	2.2
Total	$ 2,076	$ 2,027		

In July 2009, the Company purchased $450 million aggregate principal amount of its 5.35% senior notes due November 15, 2010, pursuant to a cash tender offer. The tender offer consideration per $1,000 principal amount of these notes accepted for purchase was $1,000, with an early tender payment of $30. Payments for these notes purchased pursuant to the tender offer included accrued and unpaid interest from the last interest payment date to, but not including, the settlement date. The Company also repurchased $10 million of these notes in the second quarter of 2009 in open market transactions.

On June 8, 2009, the Company issued $300 million of unsecured senior notes which mature June 28, 2019 and carry a fixed interest rate of 7.30%. Interest payments are due semi-annually in arrears on June 28 and December 28, commencing December 28, 2009.

On June 3, 2009, the Company issued $200 million of unsecured senior notes which mature June 15, 2039 and carry a fixed interest rate of 7.75%. Interest payments are due quarterly in arrears on March 15, June 15, September 15 and December 15, commencing September 15, 2009.

In 2009, the Company extinguished $135 million of its 7.5% junior subordinated notes due June 1, 2066 in open market transactions.

The floating rate revolving credit borrowings due in 2013 and 2014 are non-recourse debt related to certain consolidated property funds. The debt will be extinguished with the cash flows from the sale of the investments held within the partnerships.

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

9. Fair Values of Assets and Liabilities

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.

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 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 such as the present value of cash flows. Level 1 securities include U.S. Treasuries and seed money in funds traded in active markets. Level 2 securities 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. Level 3 securities include non-agency residential mortgage backed securities, commercial mortgage backed securities, asset backed securities, and corporate bonds.

Through the Company s own experience transacting in the marketplace and through discussions with its pricing vendors, the Company believes that the market for non-agency residential mortgage backed securities is inactive. Indicators of inactive markets include: pricing services reliance on brokers or discounted cash flow analyses to provide prices, an increase in the disparity between prices provided by different pricing services for the same security, unreasonably large bid-offer spreads and a significant decrease in the volume of trades relative to historical levels. In certain cases, this market inactivity has resulted in the Company applying valuation techniques that rely more on an income approach (discounted cash flows using market rates) than on a market approach (prices from pricing services). The Company considers market observable yields for other asset classes it considers to be of similar risk which includes nonperformance and liquidity for individual securities to set the discount rate for applying the income approach to certain non-agency residential mortgage backed securities.

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

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.

Derivatives

Derivatives that are measured using quoted prices in active markets, such as foreign exchange forwards, or derivatives that are exchanged-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 interest rate swaps and options. Derivatives that are valued using pricing models that have significant unobservable inputs are classified as Level 3 measurements. Structured derivatives that are used by the Company to hedge its exposure to market risk related to certain variable annuity riders are classified as Level 3. As of September 30, 2009, the Company had no structured derivatives.

Consolidated Property Funds

The Company records the fair value of the properties held by its consolidated property funds within other assets. The fair value of these assets is determined using discounted cash flows and market comparables. Given the significance of the unobservable inputs to these measurements, the assets are classified as Level 3.

Liabilities

Embedded Derivatives

Variable Annuity Riders GMAB and GMWB

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 and incorporate significant unobservable inputs related to contractholder behavior assumptions 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.

Equity Indexed Annuities and Stock Market Certificates

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 and stock market certificates. The inputs to these calculations are primarily market observable. As a result, these measurements are classified as Level 2. The embedded derivative liability attributable to the provisions of the Company s equity indexed annuities and stock market certificates is recorded in future policy benefits and claims and customer deposits, respectively.

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

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

	September 30, 2009			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets				
Cash equivalents	$ 60	$ 3,224	$	$ 3,284
Available-for-Sale securities:				
Corporate debt securities		15,268	1,219	16,487
Residential mortgage backed securities		4,209	3,840	8,049
Commercial mortgage backed securities		4,304	69	4,373
Asset backed securities		1,493	353	1,846
State and municipal obligations		1,322		1,322
U.S. government and agencies obligations	65	247		312
Foreign government bonds and obligations		109		109
Common and preferred stocks		38	10	48
Other structured investments			55	55
Other debt obligations	2	22		24
Total Available-for-Sale securities	67	27,012	5,546	32,625
Trading securities	106	186	18	310
Separate account assets		55,576		55,576
Other assets	3	986	476	1,465
Total assets at fair value	$ 236	$ 86,984	$ 6,040	$ 93,260
Liabilities				
Future policy benefits and claims	$	$ 13	$ 610	$ 623
Customer deposits		28		28
Other liabilities	1	785		786
Total liabilities at fair value	$ 1	$ 826	$ 610	$ 1,437

	December 31, 2008			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets				
Cash equivalents	$ 504	$ 5,446	$	$ 5,950
Available-for-Sale securities:				
Corporate debt securities		11,479	1,120	12,599
Residential mortgage backed securities		4,027	1,208	5,235
Commercial mortgage backed securities		2,730	3	2,733
Asset backed securities		736	222	958
State and municipal obligations		873		873
U.S. government and agencies obligations	32	239		271
Foreign government bonds and obligations		107		107
Common and preferred stocks		27	10	37
Other structured investments			50	50
Other debt obligations		10		10
Total Available-for-Sale securities	32	20,228	2,613	22,873
Trading securities	224	244	30	498
Separate account assets		44,746		44,746
Other assets	1	2,308	487	2,796
Total assets at fair value	$ 761	$ 72,972	$ 3,130	$ 76,863
Liabilities				
Future policy benefits and claims	$	$ 16	$ 1,832	$ 1,848
Customer deposits		5		5
Other liabilities	7	673		680
Total liabilities at fair value	$ 7	$ 694	$ 1,832	$ 2,533

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

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

	Balance, July 1, 2009	Total Gains (Losses) Included in Net Income	Total Gains (Losses) Included in Other Comprehensive Income	Purchases, Sales, Issuances and Settlements, Net	Transfers In/(Out) of Level 3	Balance, September 30, 2009
	(in millions)					
Available-for-Sale securities:						
Corporate debt securities	$ 1,178	$	$ 94	$ (7)	$ (46)	$ 1,219
Residential mortgage backed securities	3,451	30	148	211		3,840
Commercial mortgage backed securities	64		5			69
Asset backed securities	379	5	14	(36)	(9)	353
Common and preferred stocks	10					10
Other structured investments	49		7	(1)		55
Other debt obligations						
Total Available-for-Sale securities	5,131	35(1)	268	167	(55)(4)	5,546
Trading securities	23	(1)(1)	(1)	(3)		18
Other assets	342	(10)(2)	(10)	154		476
Future policy benefits and claims	(759)	166(3)		(17)		(610)

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

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

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

(4) Represents two securities with a fair value of $64 million that were transferred to Level 2 as the fair value of the securities is now obtained from a nationally-recognized pricing service and one security with a fair value of $9 million that was transferred to Level 3 as the fair value of the security is now based on broker quotes.

	Balance, July 1, 2008	Total Gains (Losses) Included in Net Income	Total Gains (Losses) Included in Other Comprehensive Income	Purchases, Sales, Issuances and Settlements, Net	Transfers In/(Out) of Level 3	Balance, September 30, 2008
	(in millions)					
Available-for-Sale securities:						
Corporate debt securities	$ 1,257	$ (1)	$ (42)	$ 7	$	$ 1,221
Residential mortgage backed securities	1,080	(85)	103	(43)		1,055
Commercial mortgage backed securities	4			(1)		3
Asset backed securities	249	(10)	10	(9)		240
Common and preferred stocks	10					10
Other structured investments	38	1		(3)		36
Total Available-for-Sale securities	2,638	(95)(1)	71	(49)		2,565
Trading securities	44	(2)(1)	(5)			37
Other assets	437	3(2)	(38)	77		479
Future policy benefits and claims	(154)	(159)(3)		(18)		(331)
Other liabilities	(4)	(1)(3)				(5)

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

(2) Represents a $21 million gain included in benefits, claims, losses and settlement expenses and a $18 million loss included in other revenues in the Consolidated Statements of Operations.

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

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

The following table presents the changes in unrealized gains (losses) included in net income related to Level 3 assets and liabilities held at September 30 for the three months then ended:

	2009			2008		
	Net Investment Income	Other Revenue	Benefits, Claims, Losses and Settlement Expenses	Net Investment Income	Other Revenue	Benefits, Claims, Losses and Settlement Expenses
	(in millions)					
Available-for-Sale securities:						
Corporate debt securities	$	$	$	$ 1	$	$
Residential mortgage backed securities	28			(86)		
Commercial mortgage backed securities						
Asset backed securities	3			(10)		
Other structured investments						
Other debt obligations						
Total Available-for-Sale securities	31			(95)		
Trading securities	(1)			2		
Other assets		(12)			(18)	21
Future policy benefits and claims			165			(158)
Other liabilities						(1)

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

	Balance, January 1, 2009	Total Gains (Losses) Included in Net Income	Total Gains (Losses) Included in Other Comprehensive Income	Purchases, Sales, Issuances and Settlements, Net	Transfers In/(Out) of Level 3	Balance, September 30, 2009
	(in millions)					
Available-for-Sale securities:						
Corporate debt securities	$ 1,120	$	$ 173	$ (13)	$ (61)	$ 1,219
Residential mortgage backed securities	1,208	37	63	2,532		3,840
Commercial mortgage backed securities	3		6	60		69
Asset backed securities	222	13		127	(9)	353
Common and preferred stocks	10					10
Other structured investments	50	(3)	13	(5)		55
Other debt obligations						
Total Available-for-Sale securities	2,613	47(1)	255	2,701	(70)(4)	5,546
Trading securities	30	(6)(1)	2	(8)		18
Other assets	487	(81)(2)	23	47		476
Future policy benefits and claims	(1,832)	1,268(3)		(46)		(610)

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

(2) Represents a $37 million loss included in benefits, claims, losses and settlement expenses and a $44 million loss included in other revenues in the Consolidated Statements of Operations.

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

(4) Represents three securities with a fair value of $79 million that were transferred to Level 2 as the fair value of the securities is now obtained from a nationally-recognized pricing service and one security with a fair value of $9 million that was transferred to Level 3 as the fair value of the security is now based on broker quotes.

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

	Balance, January 1, 2008	Total Gains (Losses) Included in Net Income	Total Gains (Losses) Included in Other Comprehensive Income	Purchases, Sales, Issuances and Settlements, Net	Transfers In/(Out) of Level 3	Balance, September 30, 2008
			(in millions)			
Available-for-Sale securities:						
Corporate debt securities	$ 1,339	$ (1)	$ (73)	$ (44)	$	$ 1,221
Residential mortgage backed securities	1,267	(143)	(142)	73		1,055
Commercial mortgage backed securities	5			(2)		3
Asset backed securities	242	(9)	(10)	17		240
Common and preferred stocks	9		1			10
Other structured investments	46	3		(13)		36
Total Available-for-Sale securities	2,908	(150)(1)	(224)	31		2,565
Trading securities	44	(2)	(5)			37
Other assets	629	6(2)	(37)	(119)		479
Future policy benefits and claims	(158)	(125)(3)		(48)		(331)
Other Liabilities		(1)(3)		(4)		(5)

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

(2) Represents a $44 million gain included in benefits, claims, losses and settlement expenses and a $38 million loss included in other revenues in the Consolidated Statements of Operations.

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

The following table presents the changes in unrealized gains (losses) included in net income related to Level 3 assets and liabilities held at September 30 for the nine months then ended:

	2009			2008		
	Net Investment Income	Other Revenue	Benefits, Claims, Losses and Settlement Expenses	Net Investment Income	Other Revenue	Benefits, Claims, Losses and Settlement Expenses
			(in millions)			
Available-for-Sale securities:						
Corporate debt securities	$	$	$	$	$	$
Residential mortgage backed securities	15			(142)		
Commercial mortgage backed securities						
Asset backed securities	7			(9)		
Other structured investments	(3)			(2)		
Other debt obligations						
Total Available-for-Sale securities	19			(153)		
Trading securities	(1)			(2)		
Other assets		(40)			(38)	21
Future policy benefits and claims			1,244			(123)
Other liabilities						(1)

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

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AMERIPRISE FINANCIAL, INC.

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 in the table above with balances of assets and liabilities measured at fair value on a recurring basis.

	September 30, 2009	
	Carrying Value	Fair Value
	(in millions)	
Financial Assets		
Commercial mortgage loans, net	$ 2,706	$ 2,616
Policy loans	719	800
Receivables	1,324	1,025
Restricted and segregated cash	1,822	1,822
Other investments and assets	473	496
Financial Liabilities		
Future policy benefits and claims	$ 15,517	$ 15,429
Investment certificate reserves	4,424	4,424
Banking and brokerage customer deposits	4,576	4,576
Separate account liabilities	3,940	3,940
Debt and other liabilities	2,245	2,224

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 banking 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 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.

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, expense and risk margins and for the Company s non-performance 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.

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

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 non-performance 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 non-performance adjustment is not included as the related separate account assets act as collateral for these liabilities and minimize non-performance risk.

Debt and other liabilities

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

10. 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 occasionally holds derivatives designated for hedge accounting. The following table presents the balance sheet location and the gross fair value of derivative instruments, including embedded derivatives, by type of derivative and product at September 30, 2009:

Derivatives not designated as hedging instruments	Balance Sheet Location	Asset (in millions)	Balance Sheet Location	Liability (in millions)
Interest rate contracts				
GMWB and GMAB	Other assets	$ 240	Other liabilities	$ 231
Equity contracts				
GMWB and GMAB	Other assets	572	Other liabilities	399
GMDB			Other liabilities	1
Equity indexed annuities	Other assets	2		
Equity indexed annuities embedded derivatives			Future policy benefits and claims	13
Stock market certificates	Other assets	152	Other liabilities	124
Stock market certificates embedded derivatives			Customer deposits	28
Foreign exchange contracts				
Seed money	Other assets	2		
Other				
GMWB and GMAB embedded derivatives(1)			Future policy benefits and claims	610
Total		$ 968		$ 1,406

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

See Note 9 for additional information regarding the Company s fair value measurement of derivative instruments.

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 September 30, 2009	Nine Months Ended September 30, 2009
		(in millions)	
Interest rate contracts			
GMWB and GMAB	Benefits, claims, losses and settlement expenses	$ 63	$ (322)
Interest rate lock commitments	Other revenues	(1)	
Equity contracts			
GMWB and GMAB	Benefits, claims, losses and settlement expenses	(266)	(1,078)
GMDB	Benefits, claims, losses and settlement expenses	(7)	(7)
Equity indexed annuities	Interest credited to fixed accounts	3	1
Equity indexed annuities embedded derivatives	Interest credited to fixed accounts	2	3
Stock market certificates	Banking and deposit interest expense	9	10
Stock market certificates embedded derivatives	Banking and deposit interest expense	(12)	(23)
Seed money	Net investment income	(10)	(10)
Foreign exchange contracts			
Seed money	General and administrative expense	3	2
Other			
GMWB and GMAB embedded derivatives	Benefits, claims, losses and settlement expenses	149	1,222
Total		$ (67)	$ (202)

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 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 considerations 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 using various equity futures, equity options, total return swaps, interest rate swaptions and interest rate swaps. In the third quarter of 2009, the Company entered into a limited number of derivative contracts to economically hedge equity exposure related to GMDB provisions on variable annuity contracts written previously in 2009. At September 30, 2009, the gross notional amount of these contracts was $37.2 billion and $75 million for the Company s GMWB and GMAB provisions and GMDB provisions, respectively. The premium associated with certain 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)	
2009(1)	$ (55)	$ 3
2010	(189)	5
2011	(181)	4
2012	(165)	3
2013	(153)	2
2014-2023	(511)	5

(1) 2009 amounts represent the amounts payable and receivable for the period from October 1, 2009 to December 31, 2009.

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.

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

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 occasionally enters into futures contracts. The gross notional amount of these derivative contracts was $1.7 billion at September 30, 2009.

The Company enters into futures and total return swaps to manage its exposure to price risk arising from seed money investments made in proprietary mutual funds. The gross notional amount of these contracts was $195 million at September 30, 2009.

The Company enters into foreign currency forward contracts to hedge its exposure to certain receivables and obligations denominated in non-functional currencies. The gross notional amount of these contracts was $9 million at September 30, 2009.

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 investment certificate product obligations are also considered embedded derivatives. As captured in the tables above, 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 noted above, the Company uses derivatives to mitigate the financial statement impact of these embedded derivatives.

Cash Flow Hedges

The Company has amounts classified in accumulated other comprehensive income related to gains and losses associated with the effective portion of previously designated cash flow hedges. The Company reclassifies these amounts into income as the forecasted transactions impact earnings. During the nine months ended September 30, 2009, the Company held no derivatives that were designated as cash flow hedges. The following table shows the impact of the Company s previously designated cash flow hedges on the Consolidated Statements of Operations:

		Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income into Income	
Derivatives designated as hedging instruments	**Location of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income into Income**	**Three Months Ended September 30, 2009**	**Nine Months Ended September 30, 2009**
		(in millions)	

Cash flow hedges					
Interest on debt	Interest and debt expense	$	2	$	6
Fixed annuity products	Net investment income		(2)		(5)
Total		$		$	1

At September 30, 2009, the Company expects to reclassify $2 million of net pretax gains on derivative instruments from accumulated other comprehensive income to earnings during the next 12 months. The $2 million net pretax gain is made up of an $8 million deferred gain related to interest rate swaps that will be recorded as a reduction to interest and debt expense, partially offset by a $6 million deferred loss related to interest rate swaptions that will be recorded in net investment income. For any hedge relationships that are discontinued because the forecasted transaction is not expected to occur according to the original strategy, any related amounts previously recorded in accumulated other comprehensive income are recognized in earnings immediately. No hedge relationships were discontinued during the nine months ended September 30, 2009 due to forecasted transactions no longer expected to occur according to the original hedge strategy.

Currently, the longest period of time over which the Company is hedging exposure to the variability in future cash flows is 26 years and relates to forecasted debt interest payments.

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 wherever practical. As of September 30, 2009, the Company held $222 million 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 September 30, 2009, the Company s maximum credit exposure related to derivative assets after considering netting arrangements with counterparties and collateral arrangements was approximately $68 million.

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

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 September 30, 2009, the aggregate fair value of all derivative instruments containing such credit risk features was $75 million. The aggregate fair value of assets posted as collateral for such instruments as of September 30, 2009 was $43 million. If the credit risk features of derivative contracts that were in a net liability position at September 30, 2009 were triggered, the additional fair value of assets needed to settle these derivative liabilities would have been $32 million.

11. Income Taxes

The Company s effective tax rates were 23.7% and 21.5% for the three months and nine months ended September 30, 2009, respectively. The Company s effective tax rates were 52.5% and (24.9)% for the three months and nine months ended September 30, 2008, respectively. The effective tax rate for the three months ended September 30, 2008 included a $14 million tax benefit from finalizing prior period tax returns. The effective tax rate for the nine months ended September 30, 2008 included $79 million in tax benefits related to changes in the status of current audits and closed audits, tax planning initiatives, and the finalization of prior year tax returns.

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, a) future taxable income exclusive of reversing temporary differences and carryforwards, b) future reversals of existing taxable temporary differences, c) taxable income in prior carryback years, and d) 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 September 30, 2009 and December 31, 2008.

Included in the Company s deferred income tax assets are net operating loss carryforwards of $125 million which will expire beginning December 31, 2025 as well as tax credit carryforwards of $144 million which will expire beginning December 31, 2025. The Company also has $20 million of foreign tax credit carryforwards which will expire beginning December 31, 2016.

As of September 30, 2009 and December 31, 2008, the Company had $44 million and $56 million of gross unrecognized tax expense, respectively. If recognized, approximately $81 million and $62 million, net of federal tax benefits, of unrecognized tax benefits as of September 30, 2009 and December 31, 2008, 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 a net reduction of $1 million in interest and penalties for the nine months ended September 30, 2009. At September 30, 2009 and December 31, 2008, the Company had a receivable of $14 million and $13 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. However, there are a number of open audits and quantification of a range cannot be made at this time.

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), as part of the overall examination of the American Express Company consolidated return, completed its field examination of the Company s U.S. income tax returns for 1997 through 2002 during 2008 and completed its field examination of 2003 through 2004 in the third quarter of 2009. 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 2008, the IRS commenced an examination of the Company s U.S. income tax returns for 2005 through 2007. The Company s or certain of its subsidiaries state income tax returns are currently under examination by various jurisdictions for years ranging from 1998 through 2006.

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. Revenue Ruling 2007-61 suspended a revenue ruling issued in August 2007 that purported to change accepted industry and IRS interpretations of the statutes governing these computational questions. 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. Management believes that it is likely that any such regulations would apply prospectively only.

12. Contingencies

Owing to prevailing conditions in the credit markets and the isolated defaults of unaffiliated structured investment vehicles (SIVs) held in the portfolios of money market funds advised by its RiverSource Investments LLC subsidiary (the 2a-7 Funds), the Company continues to monitor the net asset value of the 2a-7 Funds and as circumstances warrant from time to time inject capital to one or more of the 2a-7 Funds. Management expects this to have an immaterial impact in subsequent periods. The Company has not provided a formal capital support agreement or net asset value guarantee to any of the 2a-7 Funds.

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 for over the past year, and significant regulatory reform proposals 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 by, the SEC, Financial Industry Regulatory Authority (FINRA), Office of Thrift Supervision (OTS), state insurance and securities regulators, state attorneys general and various other governmental and quasi-governmental authorities concerning the Company s business activities and practices, and the practices of the Company s financial advisors. Pending matters about which the Company has recently received information requests include: sales and product or service features of, or disclosures pertaining to, mutual funds, annuities, equity and fixed income securities, insurance products, brokerage services, financial plans and other advice offerings; supervision of the Company s financial advisors; supervisory practices in connection with financial advisors outside business activities; sales practices and supervision associated with the sale of fixed and variable annuities; the delivery of financial plans and the suitability of particular trading strategies, investments and product selection processes. 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 estimate the possible loss 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 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 plaintiffs alleged that fees allegedly paid to the defendants by the funds for investment advisory and administrative services were excessive. On July 6, 2007, the Court granted the Company s motion for summary judgment, dismissing all claims with prejudice. Plaintiffs appealed the 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 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 on August 6, 2009.

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Relevant to market conditions since the latter part of 2007, a large client claimed a breach of certain contractual investment guidelines. In April 2009, the client presented a formal Request for Arbitration. The parties subsequently submitted to mediation and have agreed to a structure for a comprehensive settlement of the dispute. Subject to ongoing discussions, execution of a definitive settlement agreement is expected before the end of the year.

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 our subsidiary Securities America, Inc. (SAI) were placed into receivership, which has resulted in several putative class action lawsuits naming both SAI and Ameriprise Financial as well as related regulatory inquiries. The class actions generally allege violations of state and/or federal securities laws in connection with SAI s sales of these private placement interests. The actions were commenced in and around September 2009 and are all in their earliest procedural stages.

13. Guarantees

An unaffiliated third party is providing liquidity to clients of Securities America, Inc. (SAI) registered representatives that have assets in the Reserve Primary Fund that have been blocked from redemption and frozen by the Reserve Fund since September 16, 2008. The Company has agreed to indemnify the unaffiliated third party up to $10 million until April 15, 2015, for costs incurred as a result of an arbitration or litigation initiated against the unaffiliated third party by clients of SAI registered representatives. In the event that a client defaults in the repayment of an advance, SAI has recourse to collect from the defaulting client.

Certain property fund limited partnerships that the Company consolidates have floating rate revolving credit borrowings of $208 million as of September 30, 2009. Certain Threadneedle subsidiaries guarantee the repayment of outstanding borrowings up to the value of the assets of the partnerships. The debt is secured by the assets of the partnerships and there is no recourse to Ameriprise Financial.

14. Pending Transaction

On September 30, 2009, the Company announced a definitive agreement to acquire the long-term asset management business of Columbia Management. The total consideration to be paid will be between $900 million and $1.2 billion based on net asset flows at Columbia Management before closing. The acquisition is expected to be funded through the use of cash on hand and is expected to close in the spring of 2010, subject to regulatory review and approval.

15. Earnings per Share Attributable to Ameriprise Financial Common Shareholders

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	**2008**	**2009**	**2008**
	(in millions, except per share amounts)			
Numerator:				
Net income (loss) attributable to Ameriprise Financial	$ 260	$ (70)	$ 485	$ 331
Denominator:				
Basic: Weighted-average common shares outstanding	258.7	219.1	236.6	223.6
Effect of potentially dilutive nonqualified stock options and other share-based awards	2.0	2.6	1.4	2.8
Diluted: Weighted-average common shares outstanding	260.7	221.7	238.0	226.4
Earnings (loss) per share attributable to Ameriprise Financial common shareholders:				
Basic	$ 1.00	$ (0.32)	$ 2.05	$ 1.48
Diluted	1.00	(0.32)(1)	2.04	1.46

(1) Diluted shares used in this calculation represent basic shares due to the net loss. Using actual diluted shares would result in anti-dilution.

Basic weighted average common shares for the three months and nine months ended September 30, 2009 included 4.6 million and 4.7 million, respectively, of non-vested restricted stock awards and restricted stock units that are forfeitable but receive nonforfeitable dividends and 3.4 million vested nonforfeitable restricted stock units for both periods. Potentially dilutive securities include nonqualified stock options and other share-based awards. Basic weighted average common shares for the three months and the nine months ended September 30, 2008 included 1.9 million and 2.2 million, respectively, of vested, nonforfeitable restricted stock units and 3.2 million non-vested restricted stock awards and restricted stock units that are forfeitable but receive nonforfeitable dividends for both periods.

16. Variable Interest Entities

The Company consolidates all VIEs for which it is considered to be the primary beneficiary. The determination as to whether an entity is a VIE is based on the amount and nature of the Company s equity investment in the entity. The Company also considers other characteristics such as the ability to influence the decision making about the entity s activities and how the entity is financed. The determination as to whether the Company is considered to be the primary beneficiary is based on whether the Company will absorb a majority of the VIE s expected losses, receive a majority of the VIE s expected residual return or both.

AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

The Company consolidates a VIE for which it is considered the primary beneficiary. The Company had investments of $10 million and non-recourse debt of $6 million on the Consolidated Balance Sheets as of both September 30, 2009 and December 31, 2008, respectively, related to this entity.

The Company has variable interests for which it is not the primary beneficiary and, therefore, does not consolidate. The Company s maximum exposure to loss as a result of its investment in these entities is limited to its carrying value. The Company has no obligation to provide further financial or other support to the VIEs nor has the Company provided any additional support to the VIEs other than services it is separately compensated for through management agreements. The Company had no liabilities recorded as of September 30, 2009 and December 31, 2008 related to these entities.

The Company is a limited partner in affordable housing partnerships which qualify for government sponsored low income housing tax credit programs. In most cases, the Company has less than 50% interest in the partnerships sharing in benefits and risks with other limited partners in proportion to the Company s ownership interest. In the limited cases in which the Company has a greater than 50% interest in affordable housing partnerships, it was determined that the relationship with the general partner is an agent relationship and the general partner was most closely related to the partnership as it is the key decision maker and controls the operations. The carrying values of the affordable housing partnerships are reflected in investments and were $33 million and $54 million as of September 30, 2009 and December 31, 2008, respectively.

For the collateralized debt obligations (CDOs) managed by the Company, the Company has evaluated its variability in losses and returns considering its investment levels, which are less than 50% of the residual tranches, and the fees received from managing the structures and has determined that consolidation is not required. The carrying values of the CDOs are reflected in investments and were $55 million and $50 million as of September 30, 2009 and December 31, 2008, respectively. The Company manages $6.6 billion of underlying collateral consisting primarily of below investment grade syndicated bank loans within the CDOs.

17. Segment Information

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

The following is a summary of assets by segment:

	September 30, 2009	December 31, 2008
	(in millions)	
Advice & Wealth Management	$ 11,705	$ 10,624
Asset Management	6,369	5,363

Annuities		74,850		63,659
Protection		16,520		14,270
Corporate & Other		1,757		1,661
Total assets	$	111,201	$	95,577

The following is a summary of segment operating results:

	Three Months Ended September 30, 2009						
	Advice & Wealth Management	Asset Management	Annuities	Protection (in millions)	Corporate & Other	Eliminations	Consolidated
Revenue from external customers	$ 666	$ 321	$ 571	$ 434	$ (9)	$	$ 1,983
Intersegment revenue	199	11	20	16		(246)	
Total revenues	865	332	591	450	(9)	(246)	1,983
Banking and deposit interest expense	29	2			2		33
Net revenues	836	330	591	450	(11)	(246)	1,950
Pretax income (loss)	$ 12	$ 10	$ 268	$ 145	$ (95)	$	340
Income tax provision							80
Net income							260
Less: Net loss attributable to noncontrolling interests							
Net income attributable to Ameriprise Financial							$ 260

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AMERIPRISE FINANCIAL, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

	Three Months Ended September 30, 2008						
	Advice & Wealth Management	Asset Management	Annuities	Protection (in millions)	Corporate & Other	Eliminations	Consolidated
Revenue from external customers	$ 540	$ 302	$ 317	$ 522	$ (9)	$	$ 1,672
Intersegment revenue	215	5	19	20		(259)	
Total revenues	755	307	336	542	(9)	(259)	1,672
Banking and deposit interest expense	43	2				(2)	43
Net revenues	712	305	336	542	(9)	(257)	1,629
Pretax income (loss)	$ (77)	$ 1	$ (34)	$ 104	$ (170)	$	(176)
Income tax benefit							(92)
Net loss							(84)
Less: Net loss attributable to noncontrolling interests							(14)
Net loss attributable to Ameriprise Financial							$ (70)

	Nine Months Ended September 30, 2009						
	Advice & Wealth Management	Asset Management	Annuities	Protection (in millions)	Corporate & Other	Eliminations	Consolidated
Revenue from external customers	$ 1,819	$ 836	$ 1,593	$ 1,398	$ 13	$	$ 5,659
Intersegment revenue	642	32	52	45	1	(772)	
Total revenues	2,461	868	1,645	1,443	14	(772)	5,659
Banking and deposit interest expense	108	5			1	(1)	113
Net revenues	2,353	863	1,645	1,443	13	(771)	5,546
Pretax income (loss)	$ (52)	$ (32)	$ 491	$ 367	$ (185)	$	589
Income tax provision							126
Net income							463
Less: Net loss attributable to noncontrolling interests							(22)
Net income attributable to							$ 485

Ameriprise Financial

	Advice & Wealth Management	Asset Management	Annuities	Protection	Corporate & Other	Eliminations	Consolidated
	Nine Months Ended September 30, 2008 (in millions)						
Revenue from external customers	$ 1,999	$ 1,012	$ 1,242	$ 1,457	$ 10	$	$ 5,720
Intersegment revenue	672	17	66	48	5	(808)	
Total revenues	2,671	1,029	1,308	1,505	15	(808)	5,720
Banking and deposit interest expense	132	5		1	1	(7)	132
Net revenues	2,539	1,024	1,308	1,504	14	(801)	5,588
Pretax income (loss)	$ 38	$ 51	$ 85	$ 319	$ (247)	$	246
Income tax benefit							(61)
Net income							307
Less: Net loss attributable to noncontrolling interests							(24)
Net income attributable to Ameriprise Financial							$ 331

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AMERIPRISE FINANCIAL, INC.

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, 2008, filed with the Securities and Exchange Commission (SEC) on March 2, 2009 (2008 10-K), as well as our current reports on Form 8-K and other publicly available information.

Overview

We are engaged in providing 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. As of September 30, 2009, we had a network of more than 12,300 financial advisors and registered representatives (affiliated financial advisors). In addition to serving clients through our affiliated financial advisors, our asset management, annuity, and auto and home protection products are distributed through third-party advisors and affinity relationships.

We deliver solutions to our clients through an approach focused on building long term personal relationships between our advisors and clients. We offer financial planning and advice that are responsive to our clients evolving needs and help them achieve their identified financial goals by recommending actions and a range of product solutions consisting of investment, annuities, insurance, banking and other financial products that help them attain over time a return or form of protection while accepting what they determine to be an appropriate range and level of risk. The financial product solutions we offer through our affiliated advisors include both our own products and services and products of other companies. Our financial planning and advisory process is designed to provide comprehensive advice, when appropriate, to address our clients cash and liquidity, asset accumulation, income, protection, and estate and wealth transfer needs. We believe that our focus on personal relationships, together with our strengths in financial planning and product development, allows us to better address our clients financial needs, including the financial needs of our primary target market segment, the mass affluent and affluent, which we define as households with investable assets of more than $100,000. This focus also 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. Deep client-advisor relationships are central to the ability of our business model to succeed through market cycles.

We have four main operating segments: Advice & Wealth Management, Asset Management, Annuities and Protection, as well as our Corporate & Other segment. Our four main operating segments are aligned with the financial solutions we offer to address our clients needs. The products and services we provide retail clients and, to a lesser extent, institutional clients, are the primary source of our revenues and net income. Revenues and net income are significantly impacted by investment performance and the total value and composition of assets we manage and administer for our retail and institutional clients as well as the distribution fees we receive from other companies. These factors, in turn, are largely determined by overall investment market performance and the depth and breadth of our individual client relationships.

Equity market, credit market and interest rate fluctuations can have a significant impact on our results of operations, primarily due to the effects they have on the asset management and other asset-based fees we earn, the spread income generated on our annuities, banking and deposit products and universal life (UL) insurance products, the value of deferred acquisition costs (DAC) and deferred sales inducement costs (DSIC) assets associated with variable annuity and variable UL products, the values of liabilities for guaranteed benefits associated with our variable annuities and the values of derivatives held to hedge these benefits. For additional information regarding our sensitivity to equity risk and interest rate risk, see Quantitative and Qualitative Disclosures About Market Risk.

It is management s priority to increase shareholder value over a multi-year horizon by achieving our on-average, over-time financial targets. Our financial targets are:

- **Net revenue growth of 6% to 8%,**

- **Earnings per diluted share growth of 12% to 15%, and**

- **Return on equity of 12% to 15%.**

Net revenues for the three months ended September 30, 2009 were $2.0 billion, an increase of $321 million, or 20%, from the prior year period. Revenue growth reflects the year-over-year improvement in net investment income, primarily driven by net investment losses in the prior-year period. Net revenues for the nine months ended September 30, 2009 were $5.5 billion, a decrease of $42 million, or 1%, from the prior year period.

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Net income attributable to Ameriprise Financial for the three months ended September 30, 2009 was $260 million compared to a net loss attributable to Ameriprise Financial of $70 million for the three months ended September 30, 2008. Net income attributable to Ameriprise Financial for the nine months ended September 30, 2009 was $485 million, an increase of $154 million from $331 million for the nine months ended September 30, 2008. Earnings per diluted share for the three months ended September 30, 2009 were $1.00, compared to loss per share of $0.32 for the three months ended September 30, 2008. Earnings per diluted share for the nine months ended September 30, 2009 were $2.04, compared to $1.46 for the nine months ended September 30, 2008.

We continue to establish Ameriprise Financial as a financial services leader as we focus on meeting the financial needs of the mass affluent and affluent, as evidenced by our continued leadership in financial planning and our strong corporate foundation. Total advisors increased 8% compared to the third quarter of 2008, reflecting acquisitions, experienced advisor recruiting and continued strong advisor retention rates. Our franchisee advisor and client retention rates were 91% and 93%, respectively, as of September 30, 2009.

On September 30, 2009, we announced a definitive agreement to acquire the long-term asset management business of Columbia Management from an affiliate of Bank of America Corporation. The total consideration to be paid will be between $900 million and $1.2 billion based on net asset flows at Columbia Management before closing and is expected to be funded through the use of cash on hand. The transaction is expected to close in the spring of 2010, subject to regulatory review and approval. Related to the transaction, we incurred $4 million of pretax non-recurring acquisition and integration costs during the three months ended September 30, 2009, and expect to incur between $130 million and $160 million through 2011. These costs include system integration costs, proxy and other regulatory filing costs, employee reduction and retention costs, and investment banking, legal and other acquisition costs.

Critical Accounting Policies

Valuation of Investments

Effective January 1, 2009, we early adopted an accounting standard that significantly changed our accounting policy regarding the timing and amount of other-than temporary impairments for Available-for-Sale securities. For information regarding the changes to our accounting policy, see Note 3 to our Consolidated Financial Statements.

Deferred Acquisition Costs and Deferred Sales Inducement Costs

For our annuity and life, disability income and long term care insurance products, our DAC and DSIC balances at any reporting date are supported by projections that show management expects there to be adequate premiums or estimated gross profits after that date to amortize the remaining DAC and DSIC balances. These projections are inherently uncertain because they require management to make assumptions about financial markets, anticipated mortality and morbidity levels and policyholder behavior over periods extending well into the future. Projection periods used for our annuity products are typically 10 to 25 years, while projection periods for our life, disability income and long term care insurance products are often 50 years or longer. Management regularly monitors financial market conditions and actual policyholder behavior experience and compares them to its assumptions.

For annuity and universal life insurance products, the assumptions made in projecting future results and calculating the DAC balance and DAC amortization expense are management s best estimates. Management is required to update these assumptions whenever it appears that, based on actual experience or other evidence, earlier estimates should be revised. When assumptions are changed, the percentage of estimated gross profits used to amortize DAC might also change. A change in the required amortization percentage is applied retrospectively; an increase in amortization percentage will result in a decrease in the DAC balance and an increase in DAC amortization expense, while a decrease in amortization percentage will result in an increase in the DAC balance and a decrease in DAC amortization expense. The impact on results of operations of changing assumptions can be either positive or negative in any particular period and is reflected in the period in which such changes are made. For products with associated DSIC, the same policy applies in calculating the DSIC balance and periodic DSIC amortization.

For other life, disability income and long term care insurance products, the assumptions made in calculating our DAC balance and DAC amortization expense are consistent with those used in determining the liabilities and, therefore, are intended to provide for adverse deviations in experience and are revised only if management concludes experience will be so adverse that DAC are not recoverable. If management concludes that DAC are not recoverable, DAC are reduced to the amount that is recoverable based on best estimate assumptions and there is a corresponding expense recorded in our consolidated results of operations.

For annuity and life, disability income and long term care insurance products, key assumptions underlying these long-term projections include interest rates (both earning rates on invested assets and rates credited to contractholder and policyholder accounts), equity market performance, mortality and morbidity rates and the rates at which policyholders are expected to surrender their contracts, make withdrawals from their contracts and make additional deposits to their contracts. Assumptions about earned and credited interest rates are the primary factors used to project interest margins, while assumptions about equity and bond market performance are the primary factors used to project client asset value growth rates, and assumptions about surrenders, withdrawals and deposits comprise projected persistency rates. Management must also make assumptions to project maintenance expenses associated with servicing our annuity and insurance businesses during the DAC amortization period.

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The client asset value growth rates are the rates at which variable annuity and variable universal life insurance contract values invested in separate accounts are assumed to appreciate in the future. The rates used vary by equity and fixed income investments. Management reviews and, where appropriate, adjusts its assumptions with respect to client asset value growth rates on a regular basis. We typically use a five-year mean reversion process as a guideline in setting near-term equity asset growth rates based on a long-term view of financial market performance as well as recent actual performance. The suggested near-term growth rate is reviewed to ensure consistency with management s assessment of anticipated equity market performance. For the nine months ended September 30, 2009, management elected to follow the mean reversion guideline, decreasing near-term equity asset growth rates to reflect the positive market on a year-to-date basis. At recent equity market levels, increasing the annualized equity market return projected during the five-year mean reversion period by 100 basis points reduces DAC amortization and other impacted expenses by $15-$20 million after tax.

We monitor other principal DAC and DSIC amortization assumptions, such as persistency, mortality, morbidity, interest margin and maintenance expense levels each quarter and, when assessed independently, each could impact our DAC and DSIC balances.

The analysis of DAC and DSIC balances and the corresponding amortization is a dynamic process that considers all relevant factors and assumptions described previously. Unless management identifies a significant deviation over the course of the quarterly monitoring, management reviews and updates these DAC and DSIC amortization assumptions annually in the third quarter of each year. An assessment of sensitivity associated with changes in any single assumption would not necessarily be an indicator of future results.

Recent Accounting Pronouncements

For information regarding recent accounting pronouncements and their expected impact on our future consolidated results of operations or financial condition, see Note 2 to our Consolidated Financial Statements.

Owned, Managed and Administered Assets

Owned assets include certain assets on our Consolidated Balance Sheets for which we do not provide investment management services, such as investments in non-proprietary funds held in the separate accounts of our life insurance subsidiaries, as well as restricted and segregated cash and receivables.

Managed assets include managed external client assets and managed owned assets. Managed external client assets include client assets for which we provide investment management services, such as the assets of the RiverSource family of mutual funds and Seligman family of mutual funds, assets of institutional clients and client assets held in wrap accounts. Managed external client assets also include assets managed by sub-advisors selected by us. Managed external client assets are not reported on our Consolidated Balance Sheets. Managed owned assets include certain assets on our Consolidated Balance Sheets for which we provide investment management services and recognize management fees in our Asset Management segment, such as the assets of the general account and RiverSource Variable Product funds held in the separate accounts of our life insurance subsidiaries.

Administered assets include assets for which we provide administrative services such as client assets invested in other companies products that we offer outside of our wrap accounts. These assets include those held in clients brokerage accounts. We do not exercise management discretion over these assets and do not earn a management fee. These assets are not reported on our Consolidated Balance Sheets.

We earn management fees on our owned separate account assets based on the market value of assets held in the separate accounts. We record the income associated with our owned investments, including net realized gains and losses associated with these investments and other-than-temporary impairments related to credit losses on these investments, as net investment income. For managed assets, we receive management fees based on the value of these assets. We generally report these fees as management and financial advice fees. We may also receive distribution fees based on the value of these assets. We generally record fees received from administered assets as distribution fees.

Fluctuations in our owned, managed and administered assets impact our revenues. Our owned, managed and administered assets are impacted by net flows of client assets, market movements and foreign exchange rates. Owned assets are also affected by changes in our capital structure.

Our owned, managed and administered assets increased to $439.9 billion at September 30, 2009, a net increase of 12% from September 30, 2008, primarily due to strong product flows, bond market appreciation and our 2008 acquisitions, partially offset by the 9% decline in the S&P 500 Index compared to the prior year period.

Total annuity net inflows in the third quarter of 2009 were $527 million, comprised almost entirely of variable annuity net inflows, compared to $384 million in the prior year period consisting of $568 million in variable annuity net inflows partially offset by $184 million in fixed annuity net outflows. Wrap account net inflows of $2.7 billion and market appreciation in the third quarter of 2009 increased total wrap account assets to $90 billion, a 7% increase compared to the prior year period.

Fixed annuities had total net inflows of $2.0 billion for the nine months ended September 30, 2009 compared to net outflows of $1.1 billion in the prior year period. Variable annuities had net inflows of $1.4 billion for the nine months ended September 30, 2009 compared to $2.2 billion in the prior year period. Wrap account assets had net inflows of $6.8 billion for the nine months ended September 30, 2009 compared to $4.9 billion in the prior year period.

Total Asset Management net inflows were $2.3 billion in the third quarter of 2009, reflecting improved Domestic and International flows, compared to net outflows of $9.6 billion in the prior year period. Domestic managed assets net outflows were $152 million in the third quarter of 2009 compared to $5.5 billion in the prior year period, an improvement of $5.3 billion. The 13% increase in Domestic managed assets compared to the prior year period also reflects market appreciation. International managed assets net inflows were $2.5 billion in the third quarter of 2009 compared to net outflows of $4.2 billion in the prior year period. Market appreciation of international managed assets was $10.8 billion in the third quarter of 2009 compared to market depreciation of $7.2 billion in the prior year period. The negative impact on International managed assets due to changes in foreign currency exchange rates was $2.7 billion in the third quarter of 2009 compared to $12.5 billion in the prior year period.

Total Asset Management net inflows were $2.2 billion for the nine months ended September 30, 2009 compared to net outflows of $19.3 billion for the prior year period. Domestic managed assets net outflows were $402 million for the 2009 period compared to $10.2 billion in the prior year period. Market appreciation also contributed to the 13% increase in Domestic managed assets compared to the prior year period. International managed assets net inflows were $2.6 billion for the nine months ended September 30, 2009 compared to net outflows of $9.2 billion in the prior year period. Market appreciation of International managed assets was $6.8 billion for the 2009 period compared to market depreciation of $17.8 billion in the prior year period. The positive impact on International managed assets due to changes in foreign currency exchange rates was $6.2 billion for the nine months ended September 30, 2009 compared to a negative impact of $12.1 billion in the prior year period.

The following table presents detail regarding our owned, managed and administered assets:

	September 30, 2009	September 30, 2008	Change
	(in billions, except percentages)		
Owned Assets	$ 36.0	$ 34.4	5%
Managed Assets(1):			
Domestic	145.8	128.7	13
International	93.7	97.9	(4)
Wrap account assets	89.6	84.1	7
Eliminations(2)	(13.7)	(12.4)	(10)
Total Managed Assets	315.4	298.3	6
Administered Assets	88.5	60.8	46
Total Owned, Managed and Administered Assets	$ 439.9	$ 393.5	12%

(1) Includes managed external client assets and managed owned assets.

(2)

Includes eliminations for RiverSource mutual fund assets included in wrap account assets and RiverSource assets sub-advised by Threadneedle.

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Consolidated Results of Operations for the Three Months Ended September 30, 2009 and 2008

The following table presents our consolidated results of operations for the three months ended September 30, 2009 and 2008:

	Three Months Ended September 30, 2009	2008	Change	
		(in millions, except percentages)		
Revenues				
Management and financial advice fees	$ 689	$ 721	$ (32)	(4)%
Distribution fees	367	376	(9)	(2)
Net investment income	542	62	480	NM
Premiums	276	264	12	5
Other revenues	109	249	(140)	(56)
Total revenues	1,983	1,672	311	19
Banking and deposit interest expense	33	43	(10)	(23)
Total net revenues	1,950	1,629	321	20
Expenses				
Distribution expenses	466	461	5	1
Interest credited to fixed accounts	232	200	32	16
Benefits, claims, losses and settlement expenses	306	196	110	56
Amortization of deferred acquisition costs	(64)	240	(304)	NM
Interest and debt expense	45	27	18	67
General and administrative expense	625	681	(56)	(8)
Total expenses	1,610	1,805	(195)	(11)
Pretax income (loss)	340	(176)	516	NM
Income tax provision (benefit)	80	(92)	172	NM
Net income (loss)	260	(84)	344	NM
Less: Net loss attributable to noncontrolling interests		(14)	14	100
Net income (loss) attributable to Ameriprise Financial	$ 260	$ (70)	$ 330	NM
Supplemental Disclosures:				
Net investment income:				
Net investment income before impairment losses on securities	$ 561			
Total other-than-temporary impairment losses on securities	(18)			
Portion of loss recognized in other comprehensive income	(1)			
Net impairment losses recognized in net investment income	(19)			
Net investment income	$ 542			

NM Not Meaningful.

Overall

Net income attributable to Ameriprise Financial for the three months ended September 30, 2009 was $260 million compared to a net loss attributable to Ameriprise Financial of $70 million for the prior year period, primarily due to unfavorable market impacts in the third quarter of 2008. The impact of lower equity markets and the cost of maintaining high liquidity levels in the third quarter of 2009 was substantially offset by growth in spread products and re-engineering benefits.

Our annual review of valuation assumptions for RiverSource Life Insurance Company (RiverSource Life) products in the third quarter of 2009 resulted in a net pretax benefit of $134 million, consisting of a decrease in expenses primarily from updating product mortality assumptions for certain life insurance products and from the impact of updating product spreads and expense assumptions, partially offset by a decrease in revenues related to the reinsurance impacts from updating product mortality assumptions. Third quarter 2008 results included a $106 million pretax benefit resulting from our review of valuation assumptions and our conversion to a new industry standard valuation system that provides enhanced modeling capabilities. The review of valuation assumptions in the third quarter of 2008 resulted in a decrease in expenses primarily from updating mortality and expense assumptions for certain life insurance products and from updating fund mix and policyholder behavior assumptions for variable annuities with guaranteed benefits. The valuation system conversion also resulted in an increase in revenue primarily from improved modeling of the expected value of existing reinsurance agreements and a decrease in expense from modeling annuity amortization periods at the individual policy level.

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Third quarter 2009 results included a $27 million pretax benefit from the market s impact on DAC and DSIC for RiverSource Life products compared to a pretax expense of $44 million in the third quarter of 2008.

The total pretax impacts on our revenues and expenses for the third quarter of 2009 attributable to the review of valuation assumptions for RiverSource Life products and the impact of markets were as follows:

Segment Pretax Benefit (Charge)	**Premiums**	**Other Revenues**	**Distribution Expenses**	**Benefits, Claims, Losses and Settlement Expenses**	**Amortization of DAC**	**Total**
			(in millions)			
Review of valuation assumptions:						
Annuities	$	$	$	$ 47	$ 64	$ 111
Protection		(65)		33	55	23
Total	$	$ (65)	$	$ 80	$ 119	$ 134
Market impacts:						
Annuities	$	$	$			