

AMERIPRISE FINANCIAL INC
Form 10-Q
August 06, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2007

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

(State or other jurisdiction of
incorporation or organization)

13-3180631

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

55 Ameriprise Financial Center, Minneapolis,

Minnesota

(Address of principal executive offices)

55474

(Zip Code)

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

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

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

Yes No

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

Class	Outstanding at July 27, 2007
Common Stock (par value \$.01 per share)	235,284,642 shares

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AMERIPRISE FINANCIAL, INC.

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(in millions, except per share amounts)

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Revenues				
Management, financial advice and service fees	\$ 863	\$ 721	\$ 1,654	\$ 1,431
Distribution fees	415	325	759	626
Net investment income	485	522	1,003	1,096
Premiums	243	229	479	449
Other revenues	176	256	350	400
Total revenues	2,182	2,053	4,245	4,002
Expenses				
Compensation and benefits	905	766	1,747	1,505
Interest credited to account values	303	307	590	631
Benefits, claims, losses and settlement expenses	230	225	449	452
Amortization of deferred acquisition costs	125	153	259	281
Interest and debt expense	32	28	64	51
Separation costs	63	84	148	151
Other expenses	279	304	527	554
Total expenses	1,937	1,867	3,784	3,625
Income before income tax provision	245	186	461	377
Income tax provision	49	45	100	91
Net income	\$ 196	\$ 141	\$ 361	\$ 286
Earnings per Common Share:				
Basic	\$ 0.83	\$ 0.57	\$ 1.51	\$ 1.15
Diluted	0.81	0.57	1.49	1.14
Weighted average common shares outstanding:				
Basic	237.4	246.3	239.0	249.3
Diluted	241.0	248.0	242.6	250.8
Cash dividends declared per common share	\$ 0.15	\$ 0.11	\$ 0.30	\$ 0.22

See Notes to Consolidated Financial Statements.

AMERIPRISE FINANCIAL, INC.

CONSOLIDATED BALANCE SHEETS

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(in millions, except share data)

	June 30, 2007 (unaudited)	December 31, 2006
Assets		
Cash and cash equivalents	\$ 3,303	\$ 2,717
Investments	31,704	35,553
Separate account assets	60,470	53,848
Receivables	3,207	2,960
Deferred acquisition costs	4,462	4,499
Restricted and segregated cash	1,277	1,236
Other assets	3,709	3,359
Total assets	\$ 108,132	\$ 104,172
Liabilities and Shareholders' Equity		
Liabilities:		
Future policy benefits and claims	\$ 28,318	\$ 30,033
Separate account liabilities	60,470	53,848
Customer deposits	6,055	6,707
Debt	2,197	2,225
Accounts payable and accrued expenses	1,850	1,788
Other liabilities	1,642	1,646
Total liabilities	100,532	96,247
Shareholders' Equity:		
Common shares (\$.01 par value; shares authorized, 1,250,000,000; shares issued, 255,563,468 and 252,909,389, respectively)	3	3
Additional paid-in capital	4,533	4,353
Retained earnings	4,428	4,268
Treasury shares, at cost (20,270,752 and 11,517,958 shares, respectively)	(1,009)	(490)
Accumulated other comprehensive loss, net of tax:		
Net unrealized securities losses	(333)	(187)
Net unrealized derivatives losses	(4)	(1)
Foreign currency translation adjustment	(15)	(18)
Defined benefit plans	(3)	(3)
Total accumulated other comprehensive loss	(355)	(209)
Total shareholders' equity	7,600	7,925
Total liabilities and shareholders' equity	\$ 108,132	\$ 104,172

See Notes to Consolidated Financial Statements.

AMERIPRISE FINANCIAL, INC.

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CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(in millions)

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	Six Months Ended June 30,	
	2007	2006
Cash Flows from Operating Activities		
Net income	\$ 361	\$ 286
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Capitalization of deferred acquisition and sales inducement costs	(465)	(428)
Amortization of deferred acquisition and sales inducement costs	289	304
Depreciation and amortization	85	97
Deferred income taxes	(19)	(36)
Share-based compensation	75	56
Net realized investment gains	(13)	(10)
Other-than-temporary impairments and provision for loan losses	2	1
Premium and discount amortization on Available-for-Sale and other securities	58	63
Changes in operating assets and liabilities:		
Segregated cash	3	154
Trading securities and equity method investments in hedge funds, net	(72)	27
Future policy benefits and claims, net	(122)	35
Receivables	(237)	(268)
Accounts payable and accrued expenses	57	414
Other, net	(14)	(159)
Net cash (used in) provided by operating activities	(12)	536
Cash Flows from Investing Activities		
Available-for-Sale securities:		
Proceeds from sales	2,659	1,185
Maturities, sinking fund payments and calls	1,446	1,696
Purchases	(636)	(1,770)
Open securities transactions payable and receivable, net	(30)	35
Proceeds from sales and maturities of commercial mortgage loans on real estate	284	241
Funding of commercial mortgage loans on real estate	(192)	(183)
Proceeds from sales of other investments	92	71
Purchase of other investments	(45)	(101)
Purchase of land, buildings, equipment and software	(155)	(68)
Proceeds from sale of land, buildings, equipment and other	8	66
Change in restricted cash	(50)	1
Other, net	(11)	(3)
Net cash provided by investing activities	3,370	1,170

See Notes to Consolidated Financial Statements.

AMERIPRISE FINANCIAL, INC.

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CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (CONTINUED)

(in millions)

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	Six Months Ended June 30,	
	2007	2006
Cash Flows from Financing Activities		
Investment certificates and banking time deposits:		
Proceeds from additions	466	849
Interest credited to account values	106	97
Maturities, withdrawals and cash surrenders	(1,130)	(1,731)
Change in other customer deposits	(94)	(152)
Policyholder and contractholder account values:		
Consideration received	491	652
Interest credited to account values	484	534
Surrenders and other benefits	(2,526)	(2,398)
Proceeds from issuance of debt, net of issuance costs		516
Principal repayments of debt	(28)	(83)
Dividends paid to shareholders	(63)	(55)
Repurchase of common shares	(519)	(332)
Exercise of stock options	27	10
Excess tax benefits from share-based compensation	22	16
Policy loans:		
Repayments	56	48
Issuances	(74)	(63)
Other, net	2	
Net cash used in financing activities	(2,780)	(2,092)
Effect of exchange rate changes on cash	8	13
Net increase (decrease) in cash and cash equivalents	586	(373)
Cash and cash equivalents at beginning of period	2,717	2,474
Cash and cash equivalents at end of period	\$ 3,303	\$ 2,101
Supplemental Disclosures:		
Interest paid	\$ 67	\$ 52
Income taxes paid	\$ 76	\$ 137

See Notes to Consolidated Financial Statements.

AMERIPRISE FINANCIAL, INC.

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CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)

(in millions, except share amounts)

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	Number of Outstanding Shares	Common Shares	Additional Paid-In Capital	Retained Earnings	Treasury Shares	Accumulated Other Comprehensive Loss	Total
Balances at December 31, 2005	249,875,554	\$ 2	\$ 4,091	\$ 3,745	\$	\$ (151)	\$ 7,687
Other comprehensive loss:							
Net income				286			286
Change in net unrealized securities losses						(518)	(518)
Foreign currency translation adjustment						3	3
Total other comprehensive loss							(229)
Dividends paid to shareholders				(55)			(55)
Treasury shares	(7,904,299)				(332)		(332)
Share-based compensation plans	2,104,267	1	163				164
Balances at June 30, 2006	244,075,522	\$ 3	\$ 4,254	\$ 3,976	\$ (332)	\$ (666)	\$ 7,235
Balances at December 31, 2006	241,391,431	\$ 3	\$ 4,353	\$ 4,268	\$ (490)	\$ (209)	\$ 7,925
Change in accounting principles				(138)			(138)
Other comprehensive income:							
Net income				361			361