AMERIPRISE FINANCIAL INC Form 10-O August 06, 2007

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

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

For the Transition Period from

Commission File No. 1-32525

to

AMERIPRISE FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

(State or other jurisdiction of incorporation or organization)

55 Ameriprise Financial Center, Minneapolis,

Minnesota

(Address of principal executive offices)

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.

Yesx Noo

13-3180631 (I.R.S. Employer Identification No.)

(Zip Code)

55474

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.

> Non-Accelerated Filer o Accelerated Filer o Large Accelerated Filer X

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

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

Class

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

Outstanding at July 27, 2007

235,284,642 shares

Yeso Nox

FORM 10-Q

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Edgar Filing: AMERIPRISE FINANCIAL INC - Form 10-Q CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(in millions, except per share amounts)

	Three Months June 30,	Three Months Ended		led		
	2007	2006	June 30, 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		
Emeran						
Expenses	905	766	1 747	1,505		
Compensation and benefits Interest credited to account values	303	307	1,747 590	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	\$ 0.85 0.81	\$ 0.57 0.57	\$ 1.51 1.49	\$ 1.13 1.14		
Difuted	0.01	0.37	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 dividanda daalarad nar common share	\$ 0.15	\$ 0.11	\$ 0.30	\$ 0.22		
Cash dividends declared per common share	р 0.15	\$ 0.11	р 0.30	э 0.22		

See Notes to Consolidated Financial Statements.

CONSOLIDATED BALANCE SHEETS

(in millions, except share data)

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 \$ 103,359 Total assets 60,470 53,848 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 1,642 1,646 Total liabilities 1,642 4,268 Teresury shares, at cost (20,270,752 and 11,517,958 shares, respectively) 3 3 Additional paid-in capital 4,533 4,268 Tereaury shares, at cost (20,270,752 and 11,517,958 shares, respectively) 3 3 </th <th>Assets</th> <th>June 2007 (una</th> <th></th> <th></th> <th>Decei 2006</th> <th>nber 31,</th>	Assets	June 2007 (una			Decei 2006	nber 31,	
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					·	5	
	Total liabilities and shareholders equity	\$	108,132			104,172	

See Notes to Consolidated Financial Statements.

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Edgar Filing: AMERIPRISE FINANCIAL INC - Form 10-Q CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (in millions)

Cash Flows from Operating Activities \$ 361 \$ 286 Net income \$ 361 \$ 286 Adjustments to reconcile net income to net cash (used in) provided by operating activities: (465) (423) Capitalization of deferred acquisition and sales inducement costs (465) (423) Amoritzation of deferred acquisition and sales inducement costs (465) (423) Depreciation and amoritzation 85 97 Deferred income taxes (19) (36) Share-based compensation 75 56 Net realized investment gains (10) (10) Other-than-temporary impairments and provision for loan losses 2 1 Premium and discount amoritzation 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 (12 2 2 Future policy benefits and claims, net (12 1 53 Receivable (237) 2(68) Accounts payable and accrued expenses 57		Six Months Ended June 30, 2007 2006			
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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 (237) (14) Other, net (14) (159) Net cash (used in) provided by operating activities (12) 536 Cash Flows from Investing ActivitiesAvailable-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 of other investments (192) (183) $)$ Proceeds from sales of other investments $92 $ $71 $ Purchase of other investments (45) (101) $)$ Proceeds from sales of other investments (45) (101) $)$ Purchase of land, buildings, equipment and other $8 $ $66 $ $66 $ Change in restricted cash (50) $1 $ 0 $1 $					
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Receivables(237)(268)Accounts payable and accrued expenses57414Other, net(14)(159)Net cash (used in) provided by operating activities(12)536Cash Flows from Investing ActivitiesAvailable-for-Sale securities:Proceeds from sales2,6591,185Maturities, sinking fund payments and calls1,4461,696Purchases(636)(1,770)Open securities transactions payable and receivable, net(30)35Proceeds from sales and maturities of commercial mortgage loans on real estate284241Funding of commercial mortgage loans on real estate(192)(183)Proceeds from sales of other investments9271Purchase of land, buildings, equipment and other(45)(101)Purchase of land, buildings, equipment and other86666Change in restricted cash(50)1Other, net(11)(3)1111111	Trading securities and equity method investments in hedge funds, net	(72)	27	
Accounts payable and accrued expenses57414Other, net(14)(159)Net cash (used in) provided by operating activities(12)536Cash Flows from Investing ActivitiesAvailable-for-Sale securities:Proceeds from sales2,6591,185Maturities, sinking fund payments and calls1,4461,696Purchases(636)(1,770)Open securities transactions payable and receivable, net(30)35Proceeds from sales and maturities of commercial mortgage loans on real estate284241Funding of commercial mortgage loans on real estate(192)(183)Proceeds from sales of other investments9271Purchase of land, buildings, equipment and other(45)(101)Purchase of land, buildings, equipment and other86666Change in restricted cash(50)1Other, net(11)(3)11111111	Future policy benefits and claims, net	(122)	35	
Other, net(14)(159)Net cash (used in) provided by operating activities(12)536Cash Flows from Investing ActivitiesAvailable-for-Sale securities:Proceeds from sales2,6591,185Maturities, sinking fund payments and calls1,4461,696Purchases(636)(1,770Open securities transactions payable and receivable, net(30)35Proceeds from sales and maturities of commercial mortgage loans on real estate284241Funding of commercial mortgage loans on real estate(192)(183)Proceeds from sales of other investments9271Purchase of land, buildings, equipment and other(45)(101)Proceeds from sale of land, buildings, equipment and other866Change in restricted cash(50)1Other, net(11)(3)351		(237)	(268)
Net cash (used in) provided by operating activities(12)536Cash Flows from Investing ActivitiesAvailable-for-Sale securities:Proceeds from sales2,6591,185Maturities, sinking fund payments and calls1,4461,696Purchases(636)(1,770))Open securities transactions payable and receivable, net(30))35Proceeds from sales and maturities of commercial mortgage loans on real estate284241Funding of commercial mortgage loans on real estate(192))(183)Proceeds from sales of other investments9271Purchase of land, buildings, equipment and other866Change in restricted cash(50)1Other, net(11))(3))	Accounts payable and accrued expenses	57		414	
Cash Flows from Investing ActivitiesAvailable-for-Sale securities:Proceeds from sales2,6591,185Maturities, sinking fund payments and calls1,4461,696Purchases(636)(1,770)Open securities transactions payable and receivable, net(30)35Proceeds from sales and maturities of commercial mortgage loans on real estate284241Funding of commercial mortgage loans on real estate(192)(183)Proceeds from sales of other investments9271Purchase of other investments(45)(101)Purchase of land, buildings, equipment and other866Change in restricted cash(50)1Other, net(11)(3)	Other, net	(14)	(159)
Available-for-Sale securities:2,6591,185Proceeds from sales1,4461,696Maturities, sinking fund payments and calls1,4461,696Purchases(636)(1,770))Open securities transactions payable and receivable, net(30)35Proceeds from sales and maturities of commercial mortgage loans on real estate284241Funding of commercial mortgage loans on real estate(192)(183))Proceeds from sales of other investments9271Purchase of other investments(45)(101))Purchase of land, buildings, equipment and other866Change in restricted cash(50)1Other, net(11)(3))	Net cash (used in) provided by operating activities	(12)	536	
Available-for-Sale securities:2,6591,185Proceeds from sales1,4461,696Maturities, sinking fund payments and calls1,4461,696Purchases(636)(1,770))Open securities transactions payable and receivable, net(30)35Proceeds from sales and maturities of commercial mortgage loans on real estate284241Funding of commercial mortgage loans on real estate(192)(183))Proceeds from sales of other investments9271Purchase of other investments(45)(101))Purchase of land, buildings, equipment and other866Change in restricted cash(50)1Other, net(11)(3))					
Proceeds from sales2,6591,185Maturities, sinking fund payments and calls1,4461,696Purchases(636)(1,770)Open securities transactions payable and receivable, net(30)35Proceeds from sales and maturities of commercial mortgage loans on real estate284241Funding of commercial mortgage loans on real estate(192)(183)Proceeds from sales of other investments9271Purchase of other investments(45)(101)Purchase of land, buildings, equipment and software(155)(68)Proceeds from sale of land, buildings, equipment and other866Change in restricted cash(50)1Other, net(11)(3)					
Maturities, sinking fund payments and calls1,4461,696Purchases(636)(1,770)Open securities transactions payable and receivable, net(30)35Proceeds from sales and maturities of commercial mortgage loans on real estate284241Funding of commercial mortgage loans on real estate(192)(183)Proceeds from sales of other investments9271Purchase of other investments(45)(101)Purchase of land, buildings, equipment and software(155)(68)Proceeds from sale of land, buildings, equipment and other866Change in restricted cash(50)1Other, net(11)(3)	Available-for-Sale securities:				
Purchases(636)(1,770)Open securities transactions payable and receivable, net(30)35Proceeds from sales and maturities of commercial mortgage loans on real estate 284 241Funding of commercial mortgage loans on real estate(192)(183)Proceeds from sales of other investments92711Purchase of other investments(45)(101)Purchase of land, buildings, equipment and other86666Change in restricted cash(50)1Other, net(11)(3)		2,659		1,185	
Open securities transactions payable and receivable, net(30)35Proceeds from sales and maturities of commercial mortgage loans on real estate284241Funding of commercial mortgage loans on real estate(192)(183)Proceeds from sales of other investments9271)Purchase of other investments(45)(101)Purchase of land, buildings, equipment and software(155)(68)Proceeds from sale of land, buildings, equipment and other86666Change in restricted cash(50)1)Other, net(11)(3)	Maturities, sinking fund payments and calls	1,446		1,696	
Proceeds from sales and maturities of commercial mortgage loans on real estate284241Funding of commercial mortgage loans on real estate(192)(183))Proceeds from sales of other investments9271Purchase of other investments(45)(101))Purchase of land, buildings, equipment and software(155)(68))Proceeds from sale of land, buildings, equipment and other86666Change in restricted cash(50)11Other, net(11)(3))		(636)	(1,770)
Funding of commercial mortgage loans on real estate(192)(183)Proceeds from sales of other investments9271Purchase of other investments(45)(101)Purchase of land, buildings, equipment and software(155)(68)Proceeds from sale of land, buildings, equipment and other866Change in restricted cash(50)1Other, net(11)(3)		(30)	35	
Proceeds from sales of other investments9271Purchase of other investments(45)(101)Purchase of land, buildings, equipment and software(155)(68)Proceeds from sale of land, buildings, equipment and other86666Change in restricted cash(50)1Other, net(11)(3)	66	284		241	
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)		×))
Purchase of land, buildings, equipment and software(155)(68)Proceeds from sale of land, buildings, equipment and other866Change in restricted cash(50)1Other, net(11)(3)		92		71	
Proceeds from sale of land, buildings, equipment and other866Change in restricted cash(50)1Other, net(11)(3)		× *))
Change in restricted cash (50) 1 Other, net (11) (3)		(155)	(68)
Other, net (11) (3)				66	
)	-	
Net cash provided by investing activities 3,370 1,170	,))
	Net cash provided by investing activities	3,370		1,170	

See Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (CONTINUED)

(in millions)

	Six Months Ended June 30, 2007 2006		6			
Cash Flows from Financing Activities						
Investment certificates and banking time deposits:						
Proceeds from additions	466	5		849	1	
Interest credited to account values	106		97			
Maturities, withdrawals and cash surrenders	(1,	130)	(1,731)
Change in other customer deposits	(94	ļ)	(15	2)
Policyholder and contractholder account values:						
Consideration received	49 1	1		652		
Interest credited to account values	484	1		534		
Surrenders and other benefits	(2,	526)	(2,3	98)
Proceeds from issuance of debt, net of issuance costs				516		
Principal repayments of debt	(28	5)	(83)
Dividends paid to shareholders	(63	6)	(55)
Repurchase of common shares	(519))	(33	2)
Exercise of stock options	27	27		10		
Excess tax benefits from share-based compensation	22			16		
Policy loans:						
Repayments	56			48		
Issuances	(74	ļ)	(63	(63	
Other, net	2					
Net cash used in financing activities	(2,780)		(2,0	92)	
Effect of exchange rate changes on cash				13		
Net increase (decrease) in cash and cash equivalents		5		(37	3)
Cash and cash equivalents at beginning of period		17		2,4′	74	
Cash and cash equivalents at end of period	\$	3,303		\$	2,101	
Supplemental Disclosures:						
Interest paid	\$	67		\$	52	
Income taxes paid	\$	76		\$	137	
neone also para	Ψ	10		Ψ	157	

See Notes to Consolidated Financial Statements.

Edgar Filing: AMERIPRISE FINANCIAL INC - Form 10-Q CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY (UNAUDITED)

SIX MONTHS ENDED JUNE 30, 2007 AND 2006

(in millions, except share amounts)

	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