AMERIPRISE FINANCIAL INC
Form 10-K
February 24, 2012

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

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

For the Fiscal Year Ended December 31, 2011

OR

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

For the Transition Period from ______________ to ______________
Commission File No. 1-32525

AMERIPRISE FINANCIAL, INC.
(Exact name of registrant as specified in its charter)

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

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name on each exchange on which registered**
Common Stock (par value $.01 per share)	The New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Yes ý No o

Securities Act.

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Yes o No ý

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 ý 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 ý No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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

The aggregate market value, as of June 30, 2011, of voting shares held by non-affiliates of the registrant was approximately $13.7 billion.

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

Class	**Outstanding at February 10, 2012**
Common Stock (par value $.01 per share)	221,898,756 shares

DOCUMENTS INCORPORATED BY REFERENCE

Part III: Portions of the registrant's Proxy Statement to be filed with the Securities and Exchange Commission in connection with the Annual Meeting of Shareholders to be held on April 25, 2012 ("Proxy Statement").

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Part I.

Item 1. Business.

Overview

Ameriprise Financial, Inc. is a holding company incorporated in Delaware primarily engaged in business through its subsidiaries. Accordingly, references below to "Ameriprise," "Ameriprise Financial," the "Company," "we," "us," and "our" may refer to Ameriprise Financial, Inc. exclusively, to our entire family of companies, or to one or more of our subsidiaries. Our headquarters is located at 55 Ameriprise Financial Center, Minneapolis, Minnesota 55474. We also maintain executive offices in New York City.

We are a diversified financial services company with $631 billion in assets under management and administration as of December 31, 2011. We serve individual investors' and institutions' financial needs, hold leadership positions in financial planning, wealth management, retirement, asset management, annuities and insurance, and we maintain a strong operating and financial foundation.

Ameriprise is in a strong position to capitalize on significant demographic and market trends, which we believe will continue to drive increased demand for our services. Our emphasis on deep client-advisor relationships has been central to the success of our business model, including through the extreme market conditions of the past few years, and we believe it will help us navigate future market and economic cycles. We continue to strengthen our position as a retail financial services leader as we focus on meeting the financial needs of the mass affluent and affluent, as evidenced by our leadership in financial planning, a client retention percentage rate of 92%, and our status as a top ten ranked firm within core portions of our four main business segments, including the size of our U.S. advisor force, and assets in long-term U.S. mutual funds, variable annuities and variable universal life insurance.

We go to market in two primary ways:

- Wealth Management and Retirement; and
- Asset Management.

With respect to our wealth management and retirement capabilities, we offer financial planning, products and services designed to be used as solutions for our clients' cash and liquidity, asset accumulation, income, protection, and estate and wealth transfer needs. Our model for delivering product solutions is built on long-term, personal relationships between our clients and our financial advisors and registered representatives ("affiliated advisors"). Our focus on personal relationships, together with our discipline in financial planning and strengths in product development and advice, allow us to address the evolving financial and retirement-related needs of our clients, including our primary target market segment, the mass affluent and affluent, which we define as households with investable assets of more than $100,000. The financial product solutions we offer through our affiliated advisors include both our own products and services and the products of other companies. Our affiliated advisor network is the primary channel through which we offer our life insurance and annuity products and services, as well as a range of banking and protection products.

Our affiliated advisors are focused on using a financial planning and advisory process designed to provide comprehensive advice that focuses on all aspects of our clients' finances. This approach allows us to recommend actions and a broad range of product solutions, including investment, annuity, insurance, banking and other financial products that can help clients attain a return or form of protection over time while accepting what they determine to be an appropriate range and level of risk. We believe our focus on meeting clients' needs through personal financial planning results in more satisfied clients with deeper, longer lasting relationships with our company and higher retention of our affiliated advisors.

As of December 31, 2011, we had a network of more than 9,700 affiliated advisors. We offer our affiliated advisors training, tools, leadership, marketing programs and other field and centralized support to assist them in delivering advice and product solutions to clients. We believe our comprehensive and client-focused approach not only improves the products and services we provide to their clients, but also allows us to reinvest in enhanced services for clients and increase support for financial advisors.

With respect to asset management, we have an increasingly global presence. We have two asset management platforms: Columbia Management in the U.S. and Threadneedle overseas. We serve individual, institutional and high-net worth investors. We offer a broad spectrum of equity, fixed income and alternative products that we primarily distribute through third-parties as well as through our own affiliated advisor channel. We are expanding beyond our traditional strengths in the U.S. and U.K. to gather assets in Continental Europe, Asia, Australia and the Middle East. We believe we are well positioned to continue to strengthen our offerings to existing and new clients and deliver profitable long-term growth to our shareholders.

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The financial results from the businesses underlying our go to market approach are reflected in our five operating segments:

- Advice & Wealth Management;
- Asset Management;
- Annuities;
- Protection; and
- Corporate & Other.

Financial markets and macroeconomic conditions have had and will continue to have a significant impact on the operating results of each of our segments. In 2011, persistent economic headwinds and geo-political crises increased volatility and weighed on the performance of financial markets. The S&P 500 Index ended the year virtually unchanged, while many international equity markets experienced sharp declines and interest rates remained exceptionally low. In addition to struggles in the economy and financial markets, the business and regulatory environment in which we operate remains subject to uncertainty and change, and we expect this challenging climate to continue. To succeed, we expect to continue focusing on each of our key strategic objectives. The success of these and other strategies may be affected by the factors discussed below in Item 1A of this Annual Report on Form 10-K "Risk Factors", and other factors as discussed herein.

In 2011, we generated $10.2 billion in total net revenues. Net income from continuing operations attributable to Ameriprise Financial for 2011 was $1.1 billion. Return on equity, excluding accumulated other comprehensive income ("AOCI"), was 11.5 percent.

As a diversified financial services firm, we believe our ability to gather assets across the enterprise is best measured by our assets under management and administration metric. At December 31, 2011, we had $631.3 billion in assets under management and administration worldwide compared to $647.5 billion as of December 31, 2010, as follows:

	As of December 31,	
	2011	**2010**
	(in billions)	
Managed	$ 527.6	$ 541.9
Administered	103.7	105.6
Total	$ 631.3	$ 647.5

For a more detailed discussion of assets under management and administration see "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Part II, Item 7 of this Annual Report on Form 10-K.

Our Principal Brands

We use three principal brands for our businesses in the United States: *Ameriprise Financial*, *Columbia Management* and *RiverSource*. We use our *Threadneedle* brand for our international asset manager's products. We believe that using distinct brands for the products and services of our various businesses allows us to differentiate them in the marketplace.

We use *Ameriprise Financial* as our holding company brand, as well as the name of our affiliated advisor network and certain of our retail products and services. The retail products and services that use the *Ameriprise Financial*® brand include those that we provide through our affiliated advisors (e.g., financial planning, investment advisory accounts, retail brokerage services and banking products) and products and services that we market directly to consumers (e.g., personal auto and home insurance).

We use *Columbia Management* as the primary brand for our U.S. asset management products and services. Following the completion of the acquisition of the long-term asset management business of the Columbia Management Group from Bank of America in April 2010, we combined RiverSource Investments, our legacy U.S. asset management business, with Columbia Management, under the *Columbia Management*® brand. Our U.S. asset management products, including retail and institutional asset management products, primarily use the *Columbia Management* name.

We use our *RiverSource*® brand for our annuities products and for the protection products issued by the RiverSource Life companies, including our life and disability income insurance products.

History and Development

Our company has a more than 117 year history of providing financial solutions designed to help clients achieve their financial objectives. Our earliest predecessor company, Investors Syndicate, was founded in 1894 to provide face-amount certificates to consumers with a need for conservative investments. By 1937, Investors Syndicate had expanded its

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product offerings through Federal Housing Authority mortgages, and later, mutual funds, by establishing Investors Mutual, one of the pioneers in the mutual fund industry. In 1949, Investors Syndicate was renamed Investors Diversified Services, Inc., or IDS. In 1957, IDS added life insurance products, and later, annuity products, through IDS Life Insurance Company (now known as "RiverSource Life Insurance Company"). In 1972, IDS began to expand its network by delivering investment products directly to clients of unaffiliated financial institutions. IDS also introduced its comprehensive financial planning processes to clients, integrating the identification of client needs with the products and services to address those needs in the 1970s, and it introduced fee-based planning in the 1980s.

In 1979, IDS became a wholly owned subsidiary of Alleghany Corporation pursuant to a merger. In 1983, our company was formed as a Delaware corporation in connection with American Express' 1984 acquisition of IDS Financial Services from Alleghany Corporation. We changed our name to "American Express Financial Corporation" ("AEFC") and began marketing our products and services under the American Express brand in 1994. To provide retail clients with a more comprehensive set of products and services, we significantly expanded our offering of the mutual funds of other companies in the late 1990s. In 2003, we acquired the business of Threadneedle Asset Management Holdings.

On September 30, 2005, American Express consummated a distribution of the shares of AEFC to American Express shareholders, at which time we became an independent, publicly traded company and changed our name to "Ameriprise Financial, Inc." In 2008, we completed the acquisitions of H&R Block Financial Advisors, Inc., Brecek & Young Advisors, Inc. and J. & W. Seligman & Co. Incorporated ("Seligman"), which further expanded our retail advisor network and our asset management capabilities. Also in 2008, we initiated the disposition of our institutional trust and custody business and completed that restructuring in early 2009. In 2010, we completed the acquisition of the long-term asset management business of Columbia Management from Bank of America. This acquisition, the integration of which is expected to be completed in 2012, has enhanced the scale and performance of our retail mutual fund and institutional asset management businesses.

In 2011, we completed the sale of Securities America Financial Corporation and its subsidiaries ("Securities America") to Ladenburg Thalmann Financial Services, Inc. Securities America had provided a platform for the affiliation of independent advisors and registered representatives to conduct business without utilizing the *Ameriprise*® brand. The sale allows us to focus our efforts on servicing and developing our branded advisor network.

Our Organization

The following is a depiction of the organizational structure for our company, showing the primary subsidiaries through which we operate our businesses. The current legal entity names are provided for each subsidiary.

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Following is a brief description of the business conducted by each subsidiary noted above, as well as the segment or segments in which it primarily operates.

Threadneedle Asset Management Holdings Sàrl is a Luxembourg-based holding company for the Threadneedle group of companies ("Threadneedle"), which provides investment management products and services to clients in the United Kingdom, Europe, the Middle East and the Asia-Pacific region independent from our other affiliates. Operating under its own brand name, management organization and operating, compliance and technology infrastructure, Threadneedle's results of operations are included in our Asset Management segment.

Columbia Management Investment Advisers, LLC ("CMIA") serves as investment adviser for the majority of funds in the *Columbia Management* family of mutual funds ("*Columbia Management* funds") and to institutional accounts. Its results of operations are included in our Asset Management and Corporate & Other segments.

J. & W. Seligman & Co., Incorporated is a holding company for Columbia Management Investment Distributors, Inc. and certain other subsidiaries within our Asset Management segment. Seligman's results of operations are included in our Asset Management segment.

Columbia Management Investment Distributors, Inc. is a broker-dealer subsidiary that serves as the principal underwriter and distributor for *Columbia Management* funds. Its results of operations are included in our Asset Management segment.

Columbia Management Investment Services Corp. is a transfer agent that processes client transactions for *Columbia Management* funds and Ameriprise face-amount certificates. Its results of operations are included in our Asset Management and Advice & Wealth Management segments.

AMPF Holding Corporation is a holding company for certain of our retail brokerage and advisory subsidiaries, including AFSI (defined below) and AEIS (defined below). AMPF Holding Corporation's results of operations are included in our Advice & Wealth Management segment.

American Enterprise Investment Services Inc. ("AEIS") is our registered clearing broker-dealer subsidiary. Brokerage transactions for accounts introduced by AFSI are executed, cleared and settled through AEIS. Its results of operations are included in our Advice & Wealth Management segment.

Ameriprise Financial Services, Inc. ("AFSI"), a registered broker-dealer and registered investment adviser, is our primary financial planning and retail distribution subsidiary. Its results of operations are included in our Advice & Wealth Management segment.

RiverSource Distributors, Inc. ("RiverSource Distributors") is a broker-dealer subsidiary that serves as the principal underwriter and/or distributor for our *RiverSource* annuities and insurance products sold through AFSI as well as through third-party channels. Its results of operations are included in our Annuities and Protection segments.

RiverSource Life Insurance Company ("RiverSource Life") conducts its insurance and annuity business in states other than New York. Its results of operations for our annuities business are included primarily in the Annuities segment, and its results of operations with respect to our life and health insurance products it manufactures are reflected primarily in the Protection segment. Investment income on excess capital is reported in the Corporate & Other segment.

RiverSource Life Insurance Co. of New York ("RiverSource Life of NY") conducts its insurance and annuity business in the State of New York. Its results of operations for our annuities business are included primarily in the Annuities segment, and its results of operations with respect to our life and health insurance products it manufactures are reflected primarily in the Protection segment. Investment income on excess capital is reported in the Corporate & Other segment. RiverSource Life of NY is a wholly owned subsidiary of RiverSource Life. We refer to RiverSource Life and RiverSource Life of NY as the "RiverSource Life companies."

IDS Property Casualty Insurance Company ("IDS Property Casualty" or "Ameriprise Auto & Home") provides personal auto, home and excess liability insurance products. *Ameriprise Insurance Company*, a wholly owned subsidiary of IDS Property Casualty, is also licensed to provide these products. The results of operations of these companies are included in the Protection segment.

Ameriprise Certificate Company issues a variety of face-amount certificates. Its results of operations are included in the Advice & Wealth Management segment.

Ameriprise Trust Company provides trust services to individuals and businesses. Its results of operations are included in the Asset Management segment.

Ameriprise Bank, FSB ("Ameriprise Bank") offers a variety of consumer banking and lending products and personal trust and related services. Its results of operations are included in the Advice & Wealth Management segment.

Our Segments   Advice & Wealth Management

Our Advice & Wealth Management segment provides financial planning and advice, as well as full-service brokerage and banking services, primarily to retail clients through our affiliated advisors. Our affiliated advisors have access to a diversified selection of both affiliated and non-affiliated products to help clients meet their financial needs. A significant portion of revenues in this segment is fee-based, driven by the level of client assets, which is impacted by both market movements and net asset flows. We also earn net investment income on owned assets primarily from certificate and banking products. This segment earns revenues (distribution fees) for providing non-affiliated products and earns intersegment revenues (distribution fees) for providing our affiliated products and services to our retail clients. Intersegment expenses for this segment include expenses for investment management services provided by our Asset Management segment. All intersegment activity is eliminated in our consolidated results. In 2011, 28% of our revenues from external clients were attributable to our Advice & Wealth Management business.

Our Financial Advisor Platform

We provide clients financial planning, advice and brokerage services through our nationwide network of more than 9,700 affiliated advisors, of which more than 2,200 are employees of our company and more than 7,500 are independent franchisees or employees or contractors of franchisees. With the sale of Securities America, we no longer offer a platform for unbranded financial advisors.

Advisors can choose to affiliate with our company in two different ways. Each affiliation offers different levels of support and compensation, with the amount of compensation we pay to each advisor determined by the type of service or product provided, the type of advisor affiliation and other criteria. The affiliation options are:

Employee Advisors. Under this affiliation, a financial advisor is an employee of our company. We pay compensation competitive with other employee advisor models and provide a high level of support, including local office space and staff support in exchange for a payout rate lower than that of our franchisee advisors. Employee advisors are also employed in the Ameriprise Advisor Center ("AAC"), a dedicated center for remote-based sales and service to Ameriprise retail customers. Advisors in the AAC serve retail customers who do not have access to a local advisor or who prefer a remote relationship with a financial advisor.

Franchisee Advisors. Under this affiliation, a financial advisor is an independent contractor franchisee who affiliates with our company and has the right to use the Ameriprise brand. We pay our franchisee advisors a higher payout rate than our employee advisors as they are responsible for paying their own overhead, staff compensation and other business expenses. In addition, our franchisee advisors pay a franchise association fee and other fees in exchange for the support we offer and the right to utilize our brand name. The support we offer to our franchisee advisors includes generalist and specialist leadership support, technology platforms and tools, training and marketing programs.

During 2011, we took a number of steps to enhance the public awareness of the Ameriprise brand and the performance of our affiliated advisors. In September, we introduced a new advertising campaign that builds on our MORE WITHIN REACH® brand platform and highlights the Company's rich history, financial strength and commitment to clients. We continued to invest in and implement the conversion to an enhanced brokerage platform designed to be the core technology tool our affiliated advisors use to service clients. The enhanced technology platform integrates with other advisor resources to help advisors run a more efficient practice, increase productivity and offer clients additional products and services. We expect to have all advisors on this technology platform by the end of 2012. We also continued to recruit experienced financial advisors from other firms and to affiliate such advisors within our affiliated advisor platform. Over the past three years, more than 1,100 experienced financial advisors have joined Ameriprise.

Our strong financial advisor retention rate speaks to the value proposition we offer advisors. As of December 31, 2011, over 55% of our affiliated advisors had been with us for more than 10 years, with an average tenure of nearly 18 years. Among affiliated advisors who have been with us for more than 10 years, we have a retention rate of over 97%. We believe this success is driven by the affiliation choices we offer affiliated advisors, together with our competitive payout arrangements and the broad support that helps them build their practices.

Our affiliated advisors can offer clients a diversified set of cash and liquidity, asset accumulation, income, protection, and estate and wealth transfer products and services, as well as a selection of products from other companies, as described below.

Brokerage and Investment Advisory Services

Individual and Family Financial Services

The personalized financial planning approach of our affiliated advisors focuses on all aspects of our clients' finances. After understanding our clients' needs, our advisors seek to identify solutions to address those needs across four cornerstones:

cash and liabilities, investments, protection and taxes. We believe this approach helps our clients build a solid financial foundation, persevere through difficult economies and challenging markets, and ultimately achieve their financial goals. We offer a broad array of products and services in each of these categories, including those carrying the Ameriprise Financial, Columbia or RiverSource name, as well as solutions offered by unaffiliated firms.

Our affiliated advisors deliver financial solutions to our advisory clients by building long-term personal relationships through financial planning that is responsive to clients' evolving needs. We utilize the Certified Financial Planner Board of Standards, Inc.'s defined financial planning process of Engage, Gather, Analyze, Recommend, Implement and Monitor. This process involves gathering relevant financial information, setting life goals, examining clients' current financial status and determining a strategy or plan for helping clients meet their goals given their current situation and future plans. Once we identify a financial planning client's objectives, we then recommend a solution set consisting of actions such as paying down debt, increasing savings and investment, protecting income and assets, creating a will, and including tax qualified formats in the client's allocation of savings and investment as well as offer products to address these objectives with clients accepting what they determine to be an appropriate range and level of risk. Our financial planning relationships with our clients are characterized by an ability to thoroughly understand their specific needs, which enables us to help them meet those needs, achieve high overall client satisfaction, hold more products in their accounts and increase our assets under management.

Our financial planning clients pay a fee for the receipt of financial planning services. This fee is based on the complexity of a client's financial and life situation and his or her advisor's experience. The fee for financial planning services is not based on or related to actual investment performance; however, our clients may elect to pay a consolidated, asset-based advisory fee for financial planning and managed account services. If clients elect to implement their financial plan with our company, we and our affiliated advisors generally receive a sales commission and/or sales load and other revenues for the products that they purchase from us. These commissions, sales loads and other revenues are separate from, and in addition to, the financial planning fees we and our affiliated advisors may receive.

Brokerage and Other Products and Services

We offer our retail and institutional clients a variety of brokerage and other investment products and services.

Our *Ameriprise ONE*® Financial Account is a single integrated financial management account that combines a client's investment, banking and lending relationships. The *Ameriprise ONE* Financial Account enables clients to access a single cash account to fund a variety of financial transactions, including investments in mutual funds, individual securities, cash products and margin lending. Additional features include unlimited check writing with overdraft protection, a MasterCard® debit card, online bill payments, ATM access and a savings account.

We provide securities execution and clearing services for our retail and institutional clients through our registered broker-dealer subsidiaries. Clients can use our online brokerage service to purchase and sell securities, obtain independent research and information about a wide variety of securities, and use self-directed asset allocation and other financial planning tools. We also offer shares in public non-exchange traded Real Estate Investment Trusts, structured notes, and other alternative investments issued by unaffiliated companies.

Through Ameriprise *Achiever Circle*, we offer benefits and rewards to clients who have $100,000 or more invested with us. Clients who have $500,000 or more invested with us are eligible for Ameriprise *Achiever Circle Elite*, which includes additional benefits. To qualify for and maintain *Achiever Circle* or *Achiever Circle Elite* status, clients must meet certain eligibility and maintenance requirements. Special benefits of the program may include fee reductions or waivers on Ameriprise IRAs and the *Ameriprise ONE* Financial Accounts, fee-waived Ameriprise Financial MasterCard®, fee or interest rate benefits on an *Ameriprise*® Savings or Advantage Savings Accounts, and fee or rate benefits on home equity lines of credit with Ameriprise Bank.

Fee-based Investment Advisory Accounts

In addition to purchases of affiliated and non-affiliated mutual funds and other securities on a stand-alone basis, clients may purchase mutual funds, among other securities, in connection with investment advisory fee-based "wrap account" programs or services. We currently offer both discretionary and non-discretionary investment advisory wrap accounts. In a discretionary wrap account, we (or an unaffiliated investment advisor) choose the underlying investments in the portfolio on behalf of the client, whereas in a non-discretionary wrap account, clients choose the underlying investments in the portfolio based on their financial advisor's recommendation. Investors in discretionary and non-discretionary wrap accounts generally pay a fee (for investment advice and other services) based on the assets held in that account as well as any related fees or costs included in the underlying securities held in that account (e.g., underlying mutual fund operating expenses, investment advisory or related fees, Rule 12b-1 fees, etc.). A significant portion of our affiliated mutual fund sales are made through wrap accounts. Client assets held in affiliated mutual funds in a wrap account generally produce higher revenues to us than client assets held in affiliated mutual funds on a stand-alone basis because, as noted above, we

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receive an investment advisory fee based on the asset values of the assets held in a wrap account in addition to revenues we normally receive for investment management of the funds included in the account.

We offer several types of investment advisory accounts. We sponsor Ameriprise Strategic Portfolio Service *Advantage*, a non-discretionary wrap account service, as well as SPS Advisor, a discretionary wrap account service. We also sponsor Ameriprise Separate Accounts (a separately managed account ("SMA") program), which is a discretionary wrap account service through which clients invest in strategies managed by us or by affiliated and non-affiliated investment managers. We offer a similar program on an accommodation basis where clients transfer assets to us and do not maintain an investment management relationship with the manager of those assets. We also sponsor *Active Portfolios*® investments, a discretionary mutual fund wrap account service that offers six strategic target allocations based on different risk profiles and tax sensitivities. *Active Portfolios* investments includes: *Active Accumulation Portfolios*® investments, *Active Income Portfolios*® investments, *Active Diversified Funds Portfolios*, *Active Diversified Alternatives Portfolios*, *Active Diversified Yield Portfolios* and *Active Opportunity ETF Portfolios*® investments. Additionally, we offer discretionary wrap account services through which clients may invest in SMAs, mutual funds and exchange traded funds.

Mutual Fund Offerings

In addition to the *Columbia Management* family of mutual funds (discussed below in "Our Segments Asset Management Columbia Management Mutual Funds"), we offer mutual funds from more than 250 mutual fund families on our brokerage platform and as part of our wrap accounts to provide our clients a broad choice of investment products. In 2011, retail sales of other companies' mutual funds accounted for the majority of our total retail mutual fund sales. Client assets held in mutual funds of other companies on a stand-alone basis generally produce lower total revenues than client assets held in our own mutual funds, as our Asset Management segment does not earn ongoing investment management fees for assets held in the funds of other companies.

Mutual fund families of other companies generally pay us a portion of the revenue generated from the sales of those funds and from the ongoing management of fund assets attributable to our clients' ownership of shares of those funds. These payments enable us to make the mutual fund families of other companies generally available through our affiliated advisors and through our online brokerage platform. We also receive administrative services fees from most mutual funds sold through our affiliated advisor network.

Insurance and Annuities

We offer insurance and annuities issued by the RiverSource Life companies (discussed below in "Business Our Segments Annuities" and in "Business Our Segments Protection"). The *RiverSource* insurance solutions available to our retail clients include variable and fixed universal life insurance, traditional life insurance and disability income insurance. *RiverSource* annuities include fixed annuities, as well as variable annuities that allow our clients to choose from a number of underlying investment options and to purchase certain guaranteed benefit riders. In addition to *RiverSource* insurance and annuity products, our affiliated advisors offer products of unaffiliated carriers on a limited basis, including variable annuities and long term care insurance products issued by a select number of unaffiliated insurance companies.

We receive a portion of the revenue generated from the sale of life and disability insurance policies of unaffiliated insurance companies. We are paid distribution fees on annuities sales of unaffiliated insurance companies based on a portion of the revenue generated from such sales. Such insurance companies may also pay us an administrative service fee in connection with the sale of their products.

Banking Products

We provide consumer lending and Federal Deposit Insurance Corporation ("FDIC") insured deposit products to our retail clients through our banking subsidiary, Ameriprise Bank. Our consumer lending products include first mortgages, home equity loans, home equity lines of credit, and investment secured loans. We also offer credit card products, including the Ameriprise World Elite MasterCard, World MasterCard and Platinum MasterCard. The majority of bank deposits are brokered deposits from affiliated broker-dealers or they are in the Ameriprise Personal Savings Account, which we offer in connection with the *Ameriprise ONE* Financial Account described above in "Brokerage and Investment Advisory Services Brokerage and Other Products and Services." We also offer checking, savings and money market accounts and certificates of deposit. We believe these products play a key role in our Advice & Wealth Management business by offering our clients an FDIC-insured alternative to other cash products. These products also provide pricing flexibility generally not available through money market funds.

To manage our exposure to residential real estate, we sell the majority of our originated first mortgage products to third parties shortly after origination. All other lending products are originated and held on the balance sheet of Ameriprise Bank, with the exception of investment secured loans, which are held on the balance sheet of Ameriprise Financial. As of December 31, 2011, there were $1.15 billion in home loans/equity line of credit balances, $11 million in investment

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secured loan balances and $234 million in unsecured balances, net of premiums and discounts, and capitalized lender paid origination fees.

Ameriprise Bank's strategy and operations are focused on serving affiliated advisor clients. We provide our banking products primarily through affiliated advisors. We believe that the availability of these products supports our financial advisors in their ability to meet the cash and liquidity needs of our clients. We also serve advisor clients through the Personal Trust Services division of Ameriprise Bank. Personal Trust Services provides personal trust, custodial, agency and investment management services to help meet estate and wealth transfer needs of individual and corporate clients of our affiliated advisors. Personal Trust Services also uses some of our investment products in connection with its services. Ameriprise Bank generally receives an asset-based fee for investment advice and other services based on assets managed, as well as related fees and costs.

Face-Amount Certificates

We currently issue four types of face-amount certificates through Ameriprise Certificate Company, a wholly owned subsidiary of Ameriprise Financial that is registered as an investment company under the Investment Company Act of 1940 ("Investment Company Act"). Owners of our certificates invest funds and are entitled to receive at maturity or at the end of a stated term, a determinable amount of money equal to their aggregate investments in the certificate plus interest at rates we determine, less any withdrawals and early withdrawal penalties. For two types of certificate products, the rate of interest is calculated in whole or in part based on any upward movement in a broad-based stock market index up to a maximum return, where the maximum is a fixed rate for a given term, but can be changed at our discretion for prospective terms.

At December 31, 2011, we had $2.8 billion in total certificate reserves underlying our certificate products. Our earnings are based upon the difference, or "spread," between the interest rates credited to certificate holders and the interest earned on the certificate assets invested. A portion of these earnings is used to compensate the various affiliated entities that provide management, administrative and other services to our company for these products. The certificates compete with investments offered by banks (including Ameriprise Bank), savings and loan associations, credit unions, mutual funds, insurance companies and similar financial institutions. In times of weak performance in the equity markets, certificate sales are generally stronger. In 2011, affiliated advisors' cash sales of our certificates were $729 million.

Business Alliances

We provide workplace financial planning and 403(b) educational programs to employees of major corporations, small businesses and school district employees through our Business Alliances group. Our Business Alliances group helps employees of client companies plan for and achieve their long-term financial objectives. It offers financial planning as an employee benefit supported by educational materials, tools and programs. In addition, we provide training and support to financial advisors working on-site at company locations to present educational seminars, conduct one-on-one meetings and participate in client educational events. We also provide financial advice service offerings, such as financial planning and executive financial services, tailored to discrete employee segments.

Strategic Alliances and Other Marketing Arrangements

We use strategic marketing alliances, local marketing programs for our affiliated advisors, and on-site workshops through our Business Alliances group to generate new clients for our financial planning and other financial services. An important aspect of our strategy is to leverage the client relationships of our other businesses by working with companies to create alliances that help us generate new financial services clients. For example, AFSI currently has a strategic alliance with H&R Block, Inc. designed to build relationships between our affiliated advisors and the tax professionals of H&R Block, Inc. and to leverage those relationships to better serve both AFSI and H&R Block, Inc. clients through referrals. Our alliance arrangements are generally for a limited duration of one to five years with an option to renew. Additionally, these types of marketing arrangements typically provide that either party may terminate the agreements on short notice, usually within sixty days. We compensate our alliance partners for providing opportunities to market to their clients.

In addition to our alliance arrangements, we have developed a number of local marketing programs for our affiliated advisors to use in building their client bases. These include pre-approved seminars, seminar and event training and referral tools and training designed to encourage both prospective and existing clients to refer or bring their friends to an event.

Ameriprise India

In early 2012, we began offering retail financial planning and distribution services in India through our subsidiary, Ameriprise India Private Limited ("Ameriprise India"). We have also established an insurance brokerage entity in India that is licensed to deal in insurance products by India's Insurance Regulatory and Development Authority ("IRDA"). We have established offices in Delhi, Mumbai and Gurgaon, and we plan to expand our reach to other Indian metro areas in the future.

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As with our U.S. financial planning business, Ameriprise India provides holistic financial planning services through its trained advisor force. Fees are received for delivering financial plans; however, Ameriprise India does not currently sell affiliated investment or insurance products. If clients elect to implement their financial plan, our advisors refer them to third-party product manufacturers to purchase recommended investment and/or insurance products. We generally receive a commission from such third-party product manufacturers for making these referrals.

Our Segments Asset Management

Our Asset Management segment provides investment advice and investment products to retail and institutional clients. We provide our products and services on a global scale through two complementary asset management businesses: Columbia Management and Threadneedle. Columbia Management primarily provides U.S. domestic products and services, and Threadneedle primarily provides international investment products and services. We provide clients with U.S. domestic retail products through unaffiliated third-party financial institutions and through our Advice & Wealth Management segment, and we provide institutional products and services through our institutional sales force. International retail products are primarily provided through third-party financial institutions. Retail products include mutual funds and variable product funds underlying insurance and annuity separate accounts. Institutional asset management services are designed to meet specific client objectives and may involve a range of products, including those that focus on traditional asset classes, separately managed accounts, collateralized loan obligations, hedge funds, collective funds and property funds. In addition to the products and services provided to third-party clients, management teams serving our Asset Management segment provide all intercompany asset management services for Ameriprise Financial subsidiaries. The fees for such services are reflected within the Asset Management segment results through intersegment transfer pricing. Intersegment expenses for this segment include distribution expenses for services provided by our Advice & Wealth Management, Annuities and Protection segments. All intersegment activity is eliminated in our consolidated results. In 2011, 27% of our total revenues from external clients were attributable to our Asset Management business.

We have continued to invest in the growth of our Asset Management segment, as we believe such investment affords attractive opportunities for growth and the achievement of our performance objectives. In May 2011, we completed the acquisition of Grail Advisors, LLC ("Grail"), which provides CMIA the capability of offering actively managed exchange-traded funds. In April 2010, we completed the acquisition of the long-term asset management business of the Columbia Management Group from Bank of America. The acquisition significantly enhanced the capabilities of the Asset Management segment by increasing its scale, broadening its retail and institutional distribution capabilities and strengthening and diversifying its lineup of retail and institutional products. The integration of the Columbia Management business, which is expected to be completed in 2012, has involved organizational changes to our portfolio management and analytical teams, changes to our operational, compliance, sales and marketing support staffs and the streamlining of our U.S. domestic product offerings. Prior to the Columbia Management acquisition, in November 2008, we acquired the Seligman companies. The business of the Seligman companies involved the management of open- and closed-end investment funds, hedge funds and institutional portfolios. We believe the Columbia Management, Seligman and Grail acquisitions will help us achieve our goal of delivering consistent, strong investment performance through a variety of products and platforms by enhancing our investment management leadership, talent, technology infrastructure, manufacturing and distribution capabilities.

Revenues in the Asset Management segment are primarily earned as fees based on managed asset balances, which are impacted by both market movements and net asset flows. We may also earn performance fees from certain accounts where investment performance meets or exceeds certain pre-identified targets. At December 31, 2011, our Asset Management segment had $436 billion in managed assets worldwide. 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 *Columbia Management* and *Threadneedle®* families of mutual funds and the assets of institutional clients. Managed external client assets include assets managed by sub-advisers we select. These external client assets are not reported on our Consolidated Balance Sheets. Managed owned assets include certain assets on our Consolidated Balance Sheets (such as the assets of the general account and the variable product funds held in the separate accounts of our life insurance subsidiaries) for which the Asset Management segment provides management services and recognizes management fees. For additional details regarding our assets under management and administration, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Part II, Item 7 of this Annual Report on Form 10-K.

Columbia Management

The investment management activities of Columbia Management are conducted primarily through investment management teams located throughout the United States. Each investment management team may focus on particular investment strategies, asset types, products and on services offered and distribution channels utilized. These teams manage the majority of assets in our *Columbia Management* family of mutual funds, as well as the assets we manage for institutional clients in separately managed accounts, collective funds, hedge funds, the general and separate accounts of the

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RiverSource Life companies, the assets of IDS Property Casualty and Ameriprise Certificate Company and the investment portfolio of Ameriprise Bank. These investment management teams also manage assets under sub-advisory arrangements.

We believe that delivering consistent, strong investment performance will positively impact our assets under management by increasing the competitiveness and attractiveness of many of our investment products. To achieve such performance, our investment teams are using a "5P" process that focuses on the five factors we believe are most significant for delivering results to clients: product definition, investment philosophy, people, investment process and performance expectation. These factors are continuously monitored and provide a framework around which portfolio managers can better define their objectives and the processes through which they plan to achieve them.

Each investment management team focuses on particular investment strategies and product sets. Our U.S. investment management teams are located in multiple locations, including Boston, Charlotte, Chicago, Los Angeles, Minneapolis, New York, Menlo Park and Portland. We have implemented a multi-platform approach to equity asset management using individual investment management teams with a combination of dedicated centralized analytical and equity trading resources. The portfolios we manage focus on varying sizes and categories of domestic and global equity securities. Our U.S. fixed income teams are organized by sectors, including investment grade, high yield, municipal, global and structured. This sector-based approach creates focused and accountable teams organized by expertise. Portfolio performance is measured to align client and corporate interests, and asset managers are incented to collaborate, employ best practices and execute in response to changing market and investment conditions consistent with established portfolio management principles.

In an effort to address changing market conditions and the evolving needs of investors, we may from time to time develop and offer new retail and institutional investment products with new and/or innovative investment strategies, including mutual funds, exchange-traded funds, separately managed accounts and collective funds. We may also provide seed money to our investment management teams to develop new products for our institutional clients.

Mutual Funds

We provide investment advisory, distribution and other services to the *Columbia Management* family of mutual funds. The *Columbia Management* family of funds includes retail mutual funds (both open- and closed-end funds) and variable product funds. Retail mutual funds are available through unaffiliated third-party financial institutions, the Ameriprise financial advisor network and as part of Ameriprise institutional 401(k) plans. Variable product funds are available as underlying investment options in variable annuity and variable life insurance products, including RiverSource products. The *Columbia Management* family of funds includes domestic and international equity funds, fixed income funds, cash management funds, balanced funds, specialty funds, absolute return funds and asset allocation funds, including fund-of-funds, with a variety of investment objectives. The consolidation of our legacy asset management business under the *Columbia Management* brand involved numerous fund mergers, which we completed during 2011. As the *Columbia Management* family of funds continues to evolve it is likely that additional fund mergers, as well as fund launches, will occur.

At December 31, 2011, our U.S. retail mutual funds had total managed assets of $148.9 billion in 141 funds. The variable insurance trust funds ("VIT Funds") that we manage had total managed assets at December 31, 2011 of $55.9 billion in 64 funds.

CMIA serves as investment manager for most of our U.S. mutual funds. Columbia Wanger Asset Management, LLC ("Columbia Wanger"), a subsidiary of CMIA, also serves as investment manager for certain funds. In addition, several of our subsidiaries perform ancillary services for the funds, including distribution, accounting, administrative and transfer agency services. CMIA and Columbia Wanger perform investment management services pursuant to contracts with the mutual funds that are subject to renewal by the mutual fund boards within two years after initial implementation, and thereafter, on an annual basis.

We earn management fees for managing the assets of the *Columbia Management* family of mutual funds based on the underlying asset values. We also earn fees by providing ancillary services to the *Columbia Management* family of mutual funds. Historically, certain *Columbia Management* equity and balanced funds included a performance incentive adjustment that changed the management fees, upward or downward, based on the fund's performance as measured against a designated index of peers. In 2011, in connection with various initiatives to achieve consistent fee structures across all *Columbia Management* funds, the boards and shareholders of such funds approved a modified fee structure that discontinued such performance incentive adjustments. Prior to such discontinuance, 2011 revenues were adjusted upward by approximately $5.5 million due to performance adjustments.

The *Columbia Management* family of funds also uses sub-advisers to diversify and enhance investment management expertise. Since the end of 2003, Threadneedle personnel have provided investment management services to *Columbia Management* global and international equity funds. In addition to Threadneedle, unaffiliated sub-advisers provide investment management services to certain *Columbia Management* funds.

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Separately Managed Accounts

We provide investment management services to pension, profit-sharing, employee savings and endowment funds, accounts of large- and medium-sized businesses and governmental clients, as well as the accounts of high-net-worth individuals and smaller institutional clients, including tax-exempt and not-for-profit organizations. Our services include investment of funds on a discretionary or non-discretionary basis and related services including trading, cash management and reporting. We offer various fixed income and equity investment strategies for our institutional clients with separately managed accounts. Through an arrangement with Threadneedle, we offer certain international and U.S. equity strategies to U.S. clients. We also offer U.S. equity and a variety of fixed income strategies to non-U.S. clients.

For our investment management services, we generally receive fees based on the market value of managed assets pursuant to contracts the client can terminate on short notice. Clients may also pay us fees based on the performance of their portfolio. At December 31, 2011, we managed a total of $32.2 billion in assets under this range of services.

Management of Institutional Owned Assets

We provide investment management services and recognize management fees for certain assets on our Consolidated Balance Sheets, such as the assets held in the general account of our RiverSource Life companies, assets held by Ameriprise Certificate Company and the investment portfolio of Ameriprise Bank. Our fixed income team manages the general account assets to produce a consolidated and targeted rate of return on investments based on a certain level of risk. Our fixed income and equity teams also manage separate account assets. The Asset Management segment's management of institutional owned assets for Ameriprise Financial subsidiaries is reviewed by the boards of directors and staff functions of the applicable subsidiaries consistent with regulatory investment requirements. At December 31, 2011, the Asset Management segment managed $40 billion of institutional owned assets.

Management of Collateralized Debt Obligations ("CDOs")

We provide collateral management services to special purpose vehicles that issue CDOs through a dedicated team of investment professionals. CDOs are securities collateralized by a pool of assets, primarily syndicated bank loans and, to a lesser extent, high-yield bonds. Multiple tranches of securities are issued by a CDO, offering investors various maturity and credit risk characteristics. Scheduled payments to investors are based on the performance of the CDO's collateral pool. For collateral management of CDOs, we earn fees based on the par value of assets and, in certain instances, we may also receive performance-based fees. At December 31, 2011, excluding CDOs managed by Threadneedle, we managed $5.3 billion of assets related to CDOs.

Private Funds

We provide investment advice and related services to private, pooled investment vehicles organized as limited partnerships, limited liability companies or foreign (non-U.S.) entities. These funds are currently exempt from registration under the Investment Company Act under either Section 3(c)(1) or Section 3(c)(7) or related interpretative relief and are organized as domestic and foreign funds. For investment management services, we generally receive fees based on the market value of assets under management, and we may also receive performance-based fees. As of December 31, 2011, we managed $2.8 billion in private fund assets.

Ameriprise Trust Collective Funds and Separately Managed Accounts

Collective funds are investment funds that are exempt from registration with the Securities and Exchange Commission ("SEC") and offered primarily through banks and other financial institutions to institutional clients such as retirement, pension and profit-sharing plans. We currently serve as investment manager to 38 Ameriprise Trust Company collective funds covering a broad spectrum of investment strategies. We receive fees for investment management services that are generally based upon a percentage of assets under management rather than performance. In addition to *Columbia Management* funds and *RiverSource* Trust Collective Funds, Ameriprise Trust Company offers separately managed accounts and collective funds to our retirement plan clients.

As of December 31, 2011, we managed $6.7 billion of Ameriprise Trust Collective Funds and separate accounts for Ameriprise Trust Company clients. This amount does not include the *Columbia Management* family of mutual funds held in other retirement plans because these assets are included under assets managed for institutional and retail clients and within the "Columbia Management   Mutual Funds" section above.

Sub-advised Accounts

CMIA acts as sub-adviser for certain domestic and international mutual funds, private banking individually managed accounts and common trust funds advised by other firms. CMIA continues to pursue opportunities to sub-advise additional investment company assets in the U.S. and overseas. As with the *Columbia Management* funds, we earn management fees for these services based on the underlying asset value of the funds we sub-advise. As of December 31, 2011, we managed over $34.1 billion in assets in a sub-advisory capacity.

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Retail Distribution

Columbia Management Investment Distributors, Inc. acts as the principal underwriter and distributor of our *Columbia Management* family of mutual funds. Pursuant to distribution agreements with the funds, we offer and sell fund shares on a continuous basis and pay certain costs associated with the marketing and selling of shares. We earn commissions for distributing the *Columbia Management* funds through sales charges (front-end or back-end loads) on certain classes of shares and distribution and servicing-related (12b-1) fees based on a percentage of fund assets, and receive intersegment allocation payments. This revenue is impacted by overall asset levels of the funds.

Columbia Management fund shares are sold through both our Advice & Wealth Management segment and through unaffiliated third-party financial intermediaries. Among our third-party distribution arrangements is a strategic distribution agreement entered into in connection with the acquisition of Columbia Management that provides ongoing access to clients of Bank of America affiliated distributors, including U.S. Trust. Fees and reimbursements paid to such intermediaries may vary based on sales, redemptions, asset values, and marketing and support activities provided by the intermediary. Intersegment distribution expenses for services provided by our Advice & Wealth Management Segment are eliminated in our consolidated results.

Institutional and High Net Worth Distribution

We offer separately managed account services and private funds to high net worth clients and to a variety of institutional clients, including pension plans, employee savings plans, foundations, endowments, corporations, banks, trusts, governmental entities, high-net-worth individuals and not-for-profit organizations. We provide investment management services for insurance companies, including our insurance subsidiaries, as well as hedge fund management and other alternative investment products. We also provide, primarily through our trust company subsidiary and one of our broker-dealer subsidiaries, a variety of services for our institutional clients that sponsor retirement plans. We have dedicated institutional and sub-advisory sales teams that market directly to such institutional clients.

At December 31, 2011, we managed $121.4 billion of assets for *Columbia Management* institutional clients.

Threadneedle

We offer international investment management products and services to both retail and institutional clients primarily through Threadneedle, which is headquartered in Luxembourg and maintains its primary investment operations in London. At December 31, 2011, Threadneedle had $113.6 billion in managed assets worldwide.

Investment Management Capabilities

Threadneedle's investment management activities are conducted primarily from its London office. Threadneedle's investment philosophy is to share investment ideas and alpha generation across teams and asset classes. Each investment management team may focus on particular investment strategies, asset types, products and services offered and distribution channels. These teams manage the majority of assets in the *Threadneedle* family of mutual funds, the assets of Threadneedle's alternative investment structures and the assets managed for Threadneedle's institutional clients. These investment management teams also manage assets under sub-advisory arrangements, including certain *Columbia Management* funds.

Offerings

Threadneedle offers a wide range of products and services, including segregated asset management, mutual funds and hedge funds to institutional clients as well as to retail clients in Europe, the United Kingdom, the Middle East and the Asia-Pacific region. Threadneedle's mutual fund and hedge fund product range includes different risk-return options across regions, markets, asset classes and product structures, which include Open Ended Investment Companies ("OEICs"), Societe d'Investissement A Capital Variable ("SICAV"), unit trusts, Undertakings for Collective Investments in Transferable Securities and offshore vehicles.

Threadneedle's institutional business offers separately managed accounts to pension funds and other institutions. At December 31, 2011, Threadneedle had $81 billion in managed assets in separately managed accounts including assets managed for the Zurich Financial Services Group. Threadneedle distributes its institutional products in Europe, Asia, the U.S., the Middle East and Australia.

For more information on the funds and other investment vehicles and services offered by Threadneedle, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Part II, Item 7 of this Annual Report on Form 10-K.

Distribution

Threadneedle has organized its sales force and support services into two major segments: retail markets and institutional markets. The institutional team concentrates on establishing strong relationships with institutional clients and the leading

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global and national consultancy firms. On the retail side, *Threadneedle* mutual funds are sold through financial intermediaries and institutions, including banks, life insurance companies, independent financial advisers, wealth managers and platforms offering a variety of investment products. Threadneedle's dedicated Global Financial Institutions team offers internationally coordinated coverage to such financial institutions.

Our Segments Annuities

Our Annuities segment provides *RiverSource* variable and fixed annuity products to retail clients. The RiverSource Life companies provide variable annuity products through our affiliated advisors, and fixed annuity products are provided through both affiliated and unaffiliated advisors and financial institutions. Revenues for our variable annuity products are primarily earned as fees based on underlying account balances, which are impacted by both market movements and net asset flows. Revenues for our fixed annuity products are primarily earned as net investment income on assets supporting fixed account balances, with profitability significantly impacted by the spread between net investment income earned and interest credited on the fixed account balances. We also earn net investment income on owned assets supporting reserves for immediate annuities and for certain guaranteed benefits offered with variable annuities and on capital supporting the business. Intersegment revenues for this segment reflect fees paid by our Asset Management segment for marketing support and other services provided in connection with the availability of VIT Funds under the variable annuity contracts. Intersegment expenses for this segment include distribution expenses for services provided by our Advice & Wealth Management segment, as well as expenses for investment management services provided by our Asset Management segment. All intersegment activity is eliminated in our consolidated results. In 2011, 24% of our revenues from external clients were attributable to our Annuities segment.

Our products include deferred variable and fixed annuities, in which assets accumulate until the contract is surrendered, the contractholder (or in some contracts, the annuitant) dies or the contractholder or annuitant begins receiving benefits under an annuity payout option. We also offer immediate annuities, in which payments begin within one year of issue and continue for life or for a fixed period of time. The relative proportion between fixed and variable annuity sales is generally driven by the relative performance of the equity and fixed income markets. Fixed sales are generally stronger when yields available in the fixed income markets are relatively high than when yields are relatively low. Variable sales are generally stronger in times of superior performance in equity markets than in times of weak performance in equity markets. The relative proportion between fixed and variable annuity sales is also influenced by product design and other factors. In addition to the revenues we generate on these products, we also receive fees charged on assets allocated to our separate accounts to cover administrative costs and a portion of the management fees from the underlying investment accounts in which assets are invested, as discussed below under "Variable Annuities." Investment management performance is critical to the profitability of our *RiverSource* annuity business.

Variable Annuities

A variable annuity provides a contractholder with investment returns linked to underlying investment accounts of the contractholder's choice. These underlying investment options may include the VIT Funds previously discussed (see "Business Our Segments Asset Management Columbia Management Mutual Funds," above) as well as variable portfolio funds of other companies*RiverSource* variable annuity products in force offer a fixed account investment option with guaranteed minimum interest crediting rates ranging up to 4% at December 31, 2011. In 2010, we introduced multiple versions of our RAVA 5^{SM} variable annuity, including RAVA 5 Access® variable annuity, RAVA 5 Advantage® variable annuity and RAVA 5 Select® variable annuity.

Our Portfolio Navigator asset allocation program is available under our variable annuities. The Portfolio Navigator program allows clients to allocate their contract value to one of five funds of funds, each of which invests in various underlying funds. The Portfolio Navigator program is designed to allow a contract purchaser to select investment options based on the purchaser's investment time horizon, risk tolerance and investment goals. We believe the Portfolio Navigator program helps a contract purchaser tailor the performance of annuities and life insurance policies to their specific needs and to keep investment allocations on track over time. CMIA, our investment management subsidiary, serves as investment adviser for the funds of funds and all of the underlying funds in which the funds of funds invest.

Substantially all of the variable annuity contracts we issue include guaranteed minimum death benefit ("GMDB") provisions designed to protect clients against market risk. Contract purchasers can choose to add optional benefit provisions to their contracts to meet their needs, including guaranteed minimum withdrawal benefit ("GMWB") and guaranteed minimum accumulation benefit ("GMAB") provisions. Approximately 98% of RiverSource Life's overall variable annuity assets include a GMDB provision and approximately 50% of RiverSource Life's overall variable annuity assets include a GMWB or GMAB provision. In general, these features can help protect contractholders and beneficiaries from a shortfall in death or living benefits due to a decline in the value of their underlying investment accounts.

The general account assets of our life insurance subsidiaries support the contractual obligations under the guaranteed benefit the company offers (see "Business Our Segments Asset Management Columbia Management

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Management of Institutional Owned Assets" above). As a result, we bear the risk that protracted under-performance of the financial markets could result in guaranteed benefit payments being higher than what current account values would support. Our exposure to risk from guaranteed benefits generally will increase when equity markets decline. You can find a discussion of liabilities and reserves related to our annuity products in Part II, Item 7A of this Annual Report on Form 10-K "Quantitative and Qualitative Disclosures About Market Risk", as well as in Note 2, Note 10, Note 11 and Note 15 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

RiverSource variable annuities provide us with fee-based revenue in the form of mortality and expense risk fees, marketing support and administrative fees, fees charged for optional features elected by the contractholder, and other contract charges. We receive marketing support payments from the VIT Funds underlying our variable annuity products as well as Rule 12b-1 distribution and servicing-related fees from the VIT Funds and the underlying funds of other companies. In addition, we receive marketing support payments from the affiliates of other companies' funds included as investment options in our *RiverSource* variable annuity products.

Fixed Annuities

RiverSource fixed annuity products provide a contractholder with cash value that increases by a fixed or indexed interest rate. We periodically reset rates at our discretion subject to certain policy terms establishing minimum guaranteed interest crediting rates. Our earnings from fixed annuities are based upon the spread between rates earned on assets purchased with fixed annuity deposits and the rates at which interest is credited to our *RiverSource* fixed annuity contracts.

In 2007, we discontinued new sales of equity indexed annuities, although we continue to service existing policies.

RiverSource fixed annuity contracts in force provide guaranteed minimum interest crediting rates ranging from 1.0% to 5.0% at December 31, 2011. New contracts issued provide guaranteed minimum interest rates in compliance with state laws.

Liabilities and Reserves for Annuities

We maintain adequate financial reserves to cover the risks associated with guaranteed benefit provisions added to variable annuity contracts in addition to liabilities arising from fixed and variable annuity base contracts. You can find a discussion of liabilities and reserves related to our annuity products in Part II, Item 7A of this Annual Report on Form 10-K "Quantitative and Qualitative Disclosures About Market Risk", as well as in Note 2, Note 10, Note 11 and Note 15 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Financial Strength Ratings

Our insurance company subsidiaries that issue *RiverSource* annuity products receive ratings from independent rating organizations. Ratings are important to maintain public confidence in our insurance subsidiaries and our protection and annuity products. For a discussion of the financial strength ratings of our insurance company subsidiaries, see the "Our Segments Protection Financial Strength Ratings" section, below.

Distribution

Our RiverSource Distributors subsidiary is a registered broker-dealer that serves as the principal underwriter and distributor of *RiverSource* variable and fixed annuities through AFSI, as well as serving as the distributor of fixed annuities through third-party channels such as banks and broker-dealer networks. Our affiliated advisors are the largest providers of *RiverSource* annuity products, although they can offer variable annuities from a select number of unaffiliated insurers as well.

In the fourth quarter of 2010, RiverSource Life companies discontinued the sale of variable annuity products through third-party channels in order to focus on the distribution of variable annuity products within our Advice & Wealth Management segment. We continue to provide *RiverSource* fixed annuity products through third-party channels. In 2011, we had total cash sales for fixed annuity products through third-party channels of $158 million. As of December 31, 2011, we had distribution agreements for *RiverSource* fixed annuity products in place with more than 120 third party firms.

Our Segments Protection

Our Protection segment provides a variety of products to address the protection and risk management needs of our retail clients, including life, disability income and property-casualty insurance. These products are designed to provide a lifetime of solutions that allow clients to protect income, grow assets and give to loved ones or charity.

Life and disability income products are primarily provided through our affiliated advisors. Our property-casualty products are sold primarily through affinity relationships. We issue insurance policies through our life insurance subsidiaries and the Property Casualty companies (as defined below under "Ameriprise Auto & Home Insurance Products"). The primary sources of revenues for this segment are premiums, fees and charges we receive to assume insurance-related risk. We earn net investment income on owned assets supporting insurance reserves and capital supporting the business. We also receive fees based on the level of assets supporting variable universal life separate account balances. This segment earns intersegment revenues from fees paid by our Asset Management segment for marketing support and other services provided in connection with the availability of VIT Funds under the variable universal life contracts. Intersegment expenses for this segment include distribution expenses for services provided by our Advice & Wealth Management segment, as well as expenses for investment management services provided by our Asset Management segment. All intersegment activity is eliminated in consolidation. In 2011, 19% of our revenues from external clients were attributable to our Protection business.

RiverSource Insurance Products

Through the RiverSource Life companies, we issue both variable and fixed universal life insurance, traditional life insurance and disability income insurance. These solutions are designed to help clients protect their income, grow assets and give to those individuals or causes that they care most about. Universal life insurance is a form of permanent life insurance characterized by flexible premiums, flexible death benefits and unbundled pricing factors (i.e., mortality, interest and expenses). Variable universal life insurance combines the premium and death benefit flexibility of universal life with underlying fund investment flexibility and the risks associated therewith. Traditional life insurance refers to whole and term life insurance policies. While traditional life insurance typically pays a specified sum to a beneficiary upon death of the insured for a fixed premium, we also offer a term life insurance product that will generally pay the death benefit in the form of a monthly income stream to a date specified at issue. We also offer a chronic care rider, AdvanceSource® rider, on our new permanent insurance products. This rider allows its policy holder to accelerate a portion of the life insurance death benefit in the event of a qualified chronic care need.

Our sales of *RiverSource* individual life insurance in 2011, as measured by scheduled annual premiums, lump sum and excess premiums, consisted of 30% variable universal life, 65% fixed universal life and 5% traditional life. Our RiverSource Life companies issue only non-participating policies that do not pay dividends to policyholders from the insurer's earnings.

Assets supporting policy values associated with fixed account life insurance and annuity products, as well as those assets associated with fixed account investment options under variable insurance and annuity products (collectively referred to as the "fixed accounts"), are part of the RiverSource Life companies' general accounts. Under fixed accounts, the RiverSource Life companies bear the investment risk. More information on the RiverSource Life companies' general accounts is found under "Business Our Segments Asset Management Columbia Management Management of Institutional Owned Assets" above.

Variable Universal Life Insurance

Variable universal life insurance provides life insurance coverage along with investment returns linked to underlying investment accounts of the policyholder's choice. Options may include VIT Funds discussed above, Portfolio Navigator funds of funds, as well as variable portfolio funds of other companies. *RiverSource* variable universal life insurance products in force offer a fixed account investment option with guaranteed minimum interest crediting rates ranging from 3.0% to 4.5% at December 31, 2011.

Fixed Universal Life Insurance and Traditional Whole Life Insurance

Fixed universal life and traditional whole life insurance policies do not subject the policyholder to the investment risks associated with variable universal life insurance.

RiverSource fixed universal life insurance products provide life insurance coverage and cash value that increases by a fixed interest rate. The rate is periodically reset at the discretion of the issuing company subject to certain policy terms relative to minimum interest crediting rates. *RiverSource* fixed universal life insurance policies in force provide guaranteed minimum interest crediting rates ranging from 2.0% to 5.0% at December 31, 2011. The majority of fixed universal life policies issued in recent years provide a secondary guarantee that ensures, 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. In 2009, we discontinued new sales of traditional whole life insurance; however, we continue to service existing policies. Our in force traditional whole life insurance policies combine a death benefit with a cash value that generally increases gradually over a period of years.

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In 2011, RiverSource Life began offering indexed universal life ("IUL") insurance. IUL is similar to universal life insurance in that it provides life insurance coverage and cash value that increases as a result of credited interest. In addition, as with universal life insurance, there is a minimum guaranteed credited rate of interest. Unlike universal life insurance, the rate of credited interest above the minimum guarantee is linked to the S&P 500 Index (subject to a cap).

Term Life Insurance

Term life insurance provides a death benefit, but it does not build up cash value. The policyholder chooses the term of coverage with guaranteed premiums at the time of issue. During the chosen term, we cannot raise premium rates even if claims experience deteriorates. At the end of the chosen term, coverage may continue with higher premiums until the maximum age is attained, or the policy expires with no value. We also offer a term life insurance product that pays the death benefit in the form of a monthly income stream.

Disability Income Insurance

Disability income insurance provides monthly benefits to individuals who are unable to earn income either at their occupation at time of disability ("own occupation") or at any suitable occupation ("any occupation") for premium payments that are guaranteed not to change. Depending upon occupational and medical underwriting criteria, applicants for disability income insurance can choose "own occupation" and "any occupation" coverage for varying benefit periods. In some states, applicants may also choose various benefit provisions to help them integrate individual disability income insurance benefits with social security or similar benefit plans and to help them protect their disability income insurance benefits from the risk of inflation.

Long Term Care Insurance

As of December 31, 2002, the RiverSource Life companies discontinued underwriting long term care insurance. However, our affiliated advisors sell long term care insurance issued by other companies, including Genworth Life Insurance Company, John Hancock Life Insurance Company and Prudential Insurance Company.

In 2004, RiverSource Life and RiverSource Life of NY began to file for approval to implement rate increases on most of their existing blocks of nursing home-only indemnity long term care insurance policies. Implementation of these rate increases began in early 2005 and continues. We have received approval for some or all requested increases in the 50 states where increases have been requested, with an average approved cumulative rate increase of 76.4% of premium on all such policies where an increase was requested.

In 2007, RiverSource Life and RiverSource Life of NY began to file for approval to implement rate increases on most of their existing blocks of comprehensive reimbursement long term care insurance policies. Implementation of these rate increases began in late 2007 and continues. We have received approval for some or all requested increases in 48 states, with an average approved cumulative rate increase of 23.9% of premium on all such policies where an increase was requested.

We intend to seek additional rate increases with respect to these and other existing blocks of long term care insurance policies, subject to regulatory approval.

Ameriprise Auto & Home Insurance Products

We offer personal auto, home and excess personal liability insurance products through IDS Property Casualty and its subsidiary, Ameriprise Insurance Company (the "Property Casualty companies"). Our Property Casualty companies provide personal auto, home and liability coverage to clients in 43 states and the District of Columbia.

Distribution and Marketing Channels

Our Property Casualty companies do not have field agents; rather, we use co-branded direct marketing to sell our personal auto and home insurance products through alliances with commercial institutions and affinity groups, and directly to our clients and the general public. We also receive referrals through our financial advisor network. Our Property Casualty companies have a multi-year distribution agreement with Costco Insurance Agency, Inc., Costco's affiliated insurance agency. Costco members represented 61% of all new policy sales of our Property Casualty companies in 2011. Through other alliances, we market our property casualty products to customers of Ford Motor Credit Company and offer personal home insurance products to customers of the Progressive Group. Termination of one or more of these alliances could adversely affect our ability to generate new sales and retain existing business.

We offer *RiverSource* life insurance products almost exclusively through our affiliated advisors. Our affiliated advisors offer insurance products issued predominantly by the RiverSource Life companies, though they may also offer insurance products of unaffiliated carriers, subject to certain qualifications.

Reinsurance

We reinsure a portion of the insurance risks associated with our life, disability income and long term care insurance products through reinsurance agreements with unaffiliated reinsurance companies. We use reinsurance to limit losses, reduce exposure to large risks and provide additional capacity for future growth. To manage exposure to losses from reinsurer insolvencies, we evaluate the financial condition of reinsurers prior to entering into new reinsurance treaties and on a periodic basis during the terms of the treaties. Our insurance companies remain primarily liable as the direct insurers on all risks reinsured.

Generally, we currently reinsure 90% of the death benefit liability related to almost all individual fixed and variable universal life and term life insurance products. As a result, the RiverSource Life companies typically retain and are at risk for, at most, 10% of each policy's death benefit from the first dollar of coverage for new sales of these policies, subject to the reinsurers fulfilling their obligations. The RiverSource Life companies began reinsuring risks at this level during 2001 (2002 for RiverSource Life of NY) for term life insurance and 2002 (2003 for RiverSource Life of NY) for individual fixed and variable universal life insurance. Policies issued prior to these dates are not subject to these reinsurance levels. Generally, the maximum amount of life insurance risk retained by the RiverSource Life companies is $1.5 million on a single life and $1.5 million on any flexible premium survivorship life policy. Risk on fixed and variable universal life policies is reinsured on a yearly renewable term basis. Risk on most term life policies starting in 2001 (2002 for RiverSource Life of NY) is reinsured on a coinsurance basis, a type of reinsurance in which the reinsurer participates proportionally in all material risks and premiums associated with a policy.

For existing long term care policies, RiverSource Life retained 50% of the risk and ceded on a coinsurance basis the remaining 50% of the risk to subsidiaries of Genworth Financial, Inc. ("Genworth"). For RiverSource Life of NY, this reinsurance arrangement applies for 1996 and later issues only. As of December 31, 2011, RiverSource Life companies' credit exposure to Genworth under this reinsurance arrangement was approximately $1.5 billion. Genworth also serves as claims administrator for our long term care policies.

Generally, RiverSource Life companies retain at most $5,000 per month of risk per life on disability income policies sold on policy forms introduced in most states in October 2007 (August 2010 for RiverSource Life of NY) and they reinsure the remainder of the risk on a coinsurance basis with unaffiliated reinsurance companies. RiverSource Life companies retain all risk for new claims on disability income contracts sold on other policy forms. Our insurance companies also retain all risk on accidental death benefit claims and substantially all risk associated with waiver of premium provisions.

We also reinsure a portion of the risks associated with our personal auto, home and excess liability insurance products through three types of reinsurance agreements with unaffiliated reinsurance companies, as follows:

- We purchase reinsurance with a limit of $5 million per loss, and we retain $750,000 per loss.

- We purchase catastrophe reinsurance that, for 2011, had a limit of $90 million per event and we retained $10 million per event. For 2012, our catastrophe reinsurance has a limit of $110 million per event and we retain $20 million.

- We purchase reinsurance that limits our personal liability insurance exposure to 10% of any loss. This 90% quota share treaty uses the same reinsurers as our excess of loss treaty.

See Note 7 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K for additional information on reinsurance.

Liabilities and Reserves

We maintain adequate financial reserves to cover the insurance risks associated with the insurance products we issue. Generally, reserves represent estimates of the invested assets that our insurance companies need to hold to provide adequately for future benefits and expenses. For a discussion of liabilities and reserves related to our insurance products, see Note 2 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Financial Strength Ratings

Independent rating organizations rate our insurance subsidiaries. Rating organizations evaluate the financial soundness and claims-paying ability of insurance companies continually, and they base their ratings on a number of different factors, including market position in core products and market segments, risk-adjusted capitalization and the quality of the company's investment portfolios. More specifically, the ratings assigned are developed from an evaluation of a company's balance sheet strength, operating performance and business profile. Balance sheet strength reflects a company's ability to meet its current and ongoing obligations to its contractholders and policyholders and includes analysis of a company's capital adequacy. The evaluation of operating performance centers on the stability and sustainability of a company's sources of earnings. The business profile component of the rating considers a company's mix of business, market position and depth and experience of management.

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Our insurance subsidiaries' ratings are important to maintain public confidence in our protection and annuity products. Lowering of our insurance subsidiaries' ratings could have a material adverse effect on our ability to market our protection and annuity products and could lead to increased surrenders of these products. We list our ratings on our website at ir.ameriprise.com. For the most current ratings information, please see the individual rating agency's website.

Our Segments   Corporate & Other

Our Corporate & Other segment consists of net investment income or loss on corporate level assets, including excess capital held in our subsidiaries and other unallocated equity and other revenues as well as unallocated corporate expenses.

Competition

We operate in a highly competitive global industry. As a diversified financial services firm, we compete directly with a variety of financial institutions, including registered investment advisors, securities brokers, asset managers, banks and insurance companies. Our competitors may have greater financial resources, broader and deeper distribution capabilities and products and services than we do. We compete directly with these entities for the provision of products and services to clients, as well as for our financial advisors and investment management personnel. Our products and services also compete indirectly in the marketplace with the products and services of our competitors.

Our Advice & Wealth Management segment competes with securities broker-dealers, independent broker-dealers, financial planning firms, registered investment advisors, insurance companies and other financial institutions in attracting and retaining financial advisors and their clients. Competitive factors influencing our ability to attract and retain financial advisors include compensation structures, brand recognition and reputation, product offerings and technology and service capabilities and support. Further, our financial advisors compete for clients with a range of other advisors, broker-dealers and direct channels, including wirehouses, regional broker-dealers, independent broker-dealers, insurers, banks, asset managers, registered investment advisers and direct distributors. Competitive factors influencing our ability to attract and retain clients include price, reputation, product offerings and technology and service quality.

Our Asset Management segment competes to acquire and retain managed and administered assets against a substantial number of firms, including those in the categories listed above. Such competitors may have achieved greater economies of scale, may offer a broader array of products and services, including affiliated products and services, and may have greater distribution capabilities. Competitive factors influencing our performance in this industry include investment performance, product offerings and innovation, product ratings, fee structures, advertising, service quality, and brand recognition and reputation. The ability to create and maintain and deepen relationships with distributors and clients also plays a significant role in our ability to acquire and retain managed and administered assets. Additional detail regarding the nature and effects of competition in the Asset Management segment is provided below in Item 1A of this Annual Report on Form 10-K   "Risk Factors."

Competitors of our Annuities and Protection segments consist of both stock and mutual insurance companies. Competitive factors affecting the sale of annuity and insurance products include price, product features, hedging capability, investment performance, commission structure, perceived financial strength, claims-paying ratings, service, brand recognition, distribution capabilities and financial strength ratings from rating organizations such as A.M. Best. Competitive factors affecting the sale of property casualty insurance products also include brand recognition and distribution capabilities.

Technology

We have an integrated customer management system that serves as the hub of our technology platform. In addition, we have specialized product engines that manage individual brokerage, mutual fund, insurance and banking client accounts. Over the years we have updated our platform to include new product lines such as brokerage, deposit, credit and products of other companies, wrap accounts and e-commerce capabilities for our financial advisors and clients. We also use a proprietary suite of processes, methods, and tools for our financial planning services. We update our technological capabilities regularly to help maintain an adaptive platform design that aims to enhance the productivity of our affiliated advisors and will allow a faster, lower-cost response to emerging business opportunities, compliance requirements and marketplace trends.

Most of our applications run on a technology infrastructure that we outsourced to IBM in 2002. Under this arrangement, IBM is responsible for all mainframe, midrange and end-user computing operations and a portion of our web hosting and help desk operations. Also, we outsource our voice network operations to AT&T. In addition to these two arrangements, we have outsourced our production support and a substantial portion of the development and maintenance of our computer applications to other firms. In 2009, we initiated a major replacement of our brokerage and clearing platforms, and we continue to roll out that implementation in stages across our affiliated advisor network. We expect to have all advisors on this technology platform by the end of 2012.

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We have developed a comprehensive business continuity plan that covers business disruptions of varying severity and scope and addresses the loss of a geographic area, building, staff, data systems and/or telecommunications capabilities. We review and test our business continuity plan on an ongoing basis and update it as necessary, and we require our key technology vendors and service providers to do the same. Under our business continuity plan, we expect to be able to continue doing business and to resume operations with minimal service impacts. However, under certain scenarios, the time that it would take for us to recover and resume operations may significantly increase depending on the extent and geographic scope of the disruption and the number of personnel affected.

Geographic Presence

For years ended December 31, 2011, 2010 and 2009, approximately 89%, 88% and 85%, respectively, of our long-lived assets were located in the United States and approximately 94%, 94% and 95%, respectively, of our net revenues were generated in the United States. Our foreign operations are conducted predominantly through Threadneedle, as described in this Annual Report on Form 10-K under "Business Our Segments Asset Management Threadneedle."

Employees

At December 31, 2011, we had 11,139 employees, including 2,230 employee affiliated advisors (which does not include our franchisee advisors, who are not employees of our company). We are not subject to collective bargaining agreements, and we believe that our employee relations are strong.

Intellectual Property

We rely on a combination of contractual rights and copyright, trademark, patent and trade secret laws to establish and protect our intellectual property. In the United States and other jurisdictions, we have established certain service marks and brand names that we consider important to the marketing of our products and services, including but not limited to Ameriprise Financial, Columbia Management, RiverSource and Threadneedle. We have in the past and will in the future take action to protect our intellectual property.

Regulation

Virtually all aspects of our business, including the activities of the parent company and our various subsidiaries, are subject to various federal, state and foreign laws and regulations. These laws and regulations provide broad regulatory, administrative and enforcement powers to supervisory agencies and other bodies, including U.S. federal and state regulatory agencies, foreign government agencies or regulatory bodies and U.S. and foreign securities exchanges. The costs of complying with such laws and regulations can be significant, and the consequences for the failure to comply may include civil or criminal charges, fines, censure, the suspension of individual employees, and restrictions on or prohibitions from engaging in certain lines of business.

In response to the economic crisis of 2008 and 2009, the laws and regulations governing the financial services industry have continued to evolve. In 2010, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") was enacted into law. The Dodd-Frank Act called for sweeping changes in the supervision and regulation of the financial services industry designed to provide for greater oversight of financial industry participants, reduce risk in banking practices and in securities and derivatives trading, enhance public company corporate governance practices and executive compensation disclosures, and provide greater protections to individual consumers and investors. Certain elements of the Dodd-Frank Act have since taken effect, though the details of many provisions remain subject to additional studies and the adoption of final rules by applicable regulatory agencies. Domestic and international legal and regulatory changes, including those resulting from the Dodd-Frank Act, have impacted and may in the future impact the manner in which we are regulated and the manner in which we operate and govern our businesses.

The discussion set forth below provides a general framework of the laws and regulations impacting our businesses. Certain of our subsidiaries may be subject to one or more elements of this regulatory framework depending on the nature of their business, the products and services they provide and the geographic locations in which they operate. To the extent the discussion includes references to statutory and regulatory provisions, it is qualified in its entirety by reference to these statutory and regulatory provisions.

Broker-Dealer and Securities Regulation

Certain of our subsidiaries are registered with the SEC as broker-dealers under the Securities Exchange Act of 1934 ("Exchange Act") and with certain states, the District of Columbia and other U.S. territories. Our broker-dealer subsidiaries are also members of self-regulatory organizations, including the Financial Industry Regulatory Authority ("FINRA"), and are subject to the regulations of these organizations. The

SEC and FINRA have stringent rules with respect to the net capital requirements and the marketing and trading activities of broker-dealers. Our broker-dealer subsidiaries, as well as our financial advisors and other personnel, must obtain all required state and FINRA licenses and registrations to engage in the

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securities business. SEC regulations also impose notice requirements and capital limitations on the payment of dividends by a broker-dealer to a parent.

Other agencies, exchanges and self-regulatory organizations of which certain of our broker-dealer subsidiaries are members, and subject to applicable rules and regulations of, include the Commodities Futures Trading Commission ("CFTC"), the National Futures Association and various stock exchanges. One of our broker-dealer subsidiaries is registered with the CFTC and is thus subject to the requirements of the Commodity Exchange Act. AEIS is a member of the Boston Stock Exchange and is a stockholder in the Chicago Stock Exchange. In addition, certain subsidiaries may also be registered as investment advisers or insurance agencies and subject to the regulations described in the following sections.

Ameriprise Certificate Company, our face-amount certificate company, is regulated as an investment company under the Investment Company Act. As a registered investment company, Ameriprise Certificate Company must observe certain governance, disclosure, record-keeping, operational and marketing requirements. Investment companies are required by the SEC to adopt and implement written policies and procedures designed to prevent violations of the federal securities laws and to designate a chief compliance officer. Ameriprise Certificate Company pays dividends to the parent company and is subject to capital requirements under applicable law and understandings with the SEC and the Minnesota Department of Commerce.

Ameriprise India Insurance Brokers Services Private Limited ("AIIBSPL"), an Indian subsidiary, is licensed by India's IRDA as a direct insurance broker and is subject to regulation by the IRDA and the Indian Registrar of Companies. AIIBSPL is subject to various ongoing internal control and compliance policies, capital requirements and statutory audit and reporting obligations as a condition to maintaining its license. Further, AIIBSPL employees are required to receive training prior to becoming licensed to provide insurance brokerage services.

Our financial advisors are subject to various regulations that impact how they operate their practices, including those related to supervision, sales methods, trading practices, record-keeping and financial reporting. As a result of the Dodd-Frank Act, our financial advisors may in the future become subject to a fiduciary standard of conduct in connection with their broker-dealer activities that is no less stringent than what is currently applied to investment advisers under the Investment Advisers Act of 1940 ("Advisers Act"). In January 2011, the SEC released a study recommending such a uniform fiduciary standard of conduct for broker-dealers and investment advisers. In addition, because our independent contractor advisor platform is structured as a franchise system, we are also subject to Federal Trade Commission and state franchise requirements. Compliance with these and other regulatory requirements adds to the cost and complexity of operating our business. We maintain franchise standards and requirements for our franchisees regardless of location. We have made and expect to continue to make significant investments in our compliance processes, enhancing policies, procedures and oversight to monitor our compliance with the numerous legal and regulatory requirements applicable to our business.

Investment Adviser and Asset Management Regulation

In the U.S., certain of our subsidiaries are registered as investment advisers under the Advisers Act and subject to regulation by the SEC. The Advisers Act imposes numerous obligations on registered investment advisers, including fiduciary duties, disclosure obligations and record-keeping, and operational and marketing restrictions. Investment advisers are required by the SEC to adopt and implement written policies and procedures designed to prevent violations of the Advisers Act and to designate a chief compliance officer responsible for administering these policies and procedures. Our registered investment advisers may also be subject to certain obligations of the Investment Company Act based on their status as investment advisers to investment companies that we, or third parties, sponsor. The SEC is authorized to institute proceedings and impose sanctions for violations of either the Advisers Act or the Investment Company Act, which may include fines, censure or the suspension or termination of an investment adviser's registration. As an outcome of the Dodd-Frank Act, Congress is considering whether to modify the SEC's investment adviser examination program by authorizing one or more self-regulatory organizations to examine, subject to SEC oversight, SEC-registered investment advisers.

Outside of the U.S., our Threadneedle group is authorized to conduct its financial services business in the United Kingdom under the Financial Services and Markets Act 2000. Threadneedle is regulated by the Financial Services Authority ("FSA"), which imposes certain capital, operational and compliance requirements. We expect that the FSA's responsibilities for the oversight of Threadneedle will be transitioned to the Financial Conduct Authority by the end of 2012. Threadneedle companies and activities are also subject to local country regulations in Europe, Dubai, Hong Kong, Singapore, the U.S. and Australia. Additionally, many of our subsidiaries are also subject to foreign, state and local laws with respect to advisory services that are offered and provided by these subsidiaries, including services provided to government pension plans. Foreign and state governments may also institute proceedings and impose sanctions for violations of their local laws, which may include fines, censure or the suspension or termination of the right to do certain types of business in a state.

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Our trust company is primarily regulated by the Minnesota Department of Commerce (Banking Division) and is subject to capital adequacy requirements under Minnesota law. It may not accept deposits or make personal or commercial loans. As a provider of products and services to tax-qualified retirement plans and IRAs, certain aspects of our business, including the activities of our trust company, fall within the compliance oversight of the U.S. Departments of Labor and Treasury, particularly regarding the enforcement of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the tax reporting requirements applicable to such accounts. Our trust company, as well as our investment adviser subsidiaries, may be subject to ERISA, and the regulations thereunder, insofar as they act as a "fiduciary" under ERISA with respect to certain ERISA clients. ERISA and related provisions of the Internal Revenue Code impose duties on persons who are fiduciaries under ERISA, and prohibit certain transactions involving the assets of ERISA plan clients and certain transactions by the fiduciaries to the plans. The Department of Labor is considering proposed regulations that would significantly expand the scope of who is considered an ERISA fiduciary and what activity constitutes acting as an ERISA fiduciary, while prohibiting certain additional types of transactions conducted by persons who are considered fiduciaries.

Insurance Regulation

Our insurance subsidiaries are subject to supervision and regulation by states and other territories where they are domiciled or otherwise licensed to do business. The primary purpose of this regulation and supervision is to protect the interests of contractholders and policyholders. The Minnesota Department of Commerce (Insurance Division), the Wisconsin Office of the Commissioner of Insurance, and the New York State Insurance Department (the "Domiciliary Regulators") regulate certain of the RiverSource Life companies, and the Property Casualty companies depending on each company's state of domicile. In addition to being regulated by their Domiciliary Regulators, our RiverSource Life companies and Property Casualty companies are regulated by each of the insurance regulators in the states where each is authorized to transact business. Other states also regulate the licensing of sales personnel, and in some cases, the underwriting, marketing and contents of insurance policies and annuity contracts. Financial regulation of our RiverSource Life companies and Property Casualty companies is extensive, and their financial and intercompany transactions (such as intercompany dividends, capital contributions and investment activity) are often subject to pre-notification and continuing evaluation by the Domiciliary Regulators. Virtually all states require participation in insurance guaranty associations, which assess fees to insurance companies in order to fund claims of policyholders and contractholders of insolvent insurance companies subject to statutory limits.

The Dodd-Frank Act created the Federal Insurance Office ("FIO") within the Department of Treasury. The FIO does not have substantive regulatory responsibilities, though it is tasked with monitoring the insurance industry and the effectiveness of its regulatory framework and providing periodic reports to the President and Congress. The scope and impact of the research and reports provided by the FIO, and the extent to which such work may ultimately lead to a more prominent role of the federal government in the regulation of the insurance industry, is uncertain.

Each of our insurance subsidiaries is subject to risk-based capital ("RBC") requirements designed to assess the adequacy of an insurance company's capital and surplus in relation to its investment and insurance risks. The National Association of Insurance Commissioners ("NAIC") has established RBC standards that virtually all state insurance departments have adopted, with minor modifications. The RBC requirements are used by the NAIC and state insurance regulators to identify companies that merit regulatory actions designed to protect policyholders. Our RiverSource Life companies and Property Casualty companies are subject to various levels of regulatory intervention should their total adjusted statutory capital fall below defined RBC action levels. At the "company action level," defined as total adjusted capital level between 100% and 75% of the RBC requirement, an insurer must submit a plan for corrective action with its primary state regulator. The "regulatory action level," which is between 75% and 50% of the RBC requirement, subjects an insurer to examination, analysis and specific corrective action prescribed by the primary state regulator. If a company's total adjusted capital falls between 50% and 35% of its RBC requirement, referred to as "authorized control level," the insurer's primary state regulator may place the insurer under regulatory control. Insurers with total adjusted capital below 35% of the requirement will be placed under regulatory control.

RiverSource Life, RiverSource Life of NY, IDS Property Casualty and Ameriprise Insurance Company maintain capital levels well in excess of the company action level required by state insurance regulators. For RiverSource Life, the company action level RBC was $619 million as of December 31, 2011, and the corresponding total adjusted capital was $3.1 billion, which represents 494% of company action level RBC. For RiverSource Life of NY, the company action level RBC was $41 million as of December 31, 2011, and the corresponding total adjusted capital was $254 million, which represents 619% of company action level RBC. As of December 31, 2011, the company action level RBC was $60 million for IDS Property Casualty and $648,000 for Ameriprise Insurance Company. As of December 31, 2011, IDS Property Casualty had $431 million of total adjusted capital, or 718% of the company action level RBC, and Ameriprise Insurance Company had $41 million of total adjusted capital, or 6362% of the company action level RBC.

Ameriprise Financial, as a direct and indirect owner of its insurance subsidiaries, is subject to the insurance holding companies laws of the states where its insurance subsidiaries are domiciled. These laws generally require insurance holding companies to register with the insurance department of the insurance company's state of domicile and to provide

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certain financial and other information about the operations of the companies within the holding company structure. In addition, transactions between an insurance company and other companies within the same holding company structure must be on terms that are considered to be fair and reasonable.

Federal Banking Regulation

Ameriprise Bank is a federal savings bank subject to regulation by the Office of the Comptroller of the Currency ("OCC"), which became the primary regulator of federal savings banks in 2011, and by the FDIC in its role as insurer of Ameriprise Bank's deposits. As a federally chartered bank, Ameriprise Bank is subject to numerous rules and regulations governing all aspects of the banking business, including lending practices and transactions with affiliates. Ameriprise Bank is also subject to specific capital rules. If Ameriprise Bank's capital falls below certain levels, the OCC is required to take remedial actions and may take other actions, including imposing limits on dividends or business activities and directing us to divest the subsidiary. Ameriprise Bank is also subject to limits on capital distributions, including payment of dividends. In addition, an array of community reinvestment, fair lending, and other consumer protection laws and regulations apply to Ameriprise Bank. Either of the OCC or the FDIC may bring administrative enforcement actions against Ameriprise Bank or its officers, directors or employees if any of them are found to be in violation of the law or engaged in an unsafe or unsound practice.

As the controlling company of Ameriprise Bank, Ameriprise Financial is a savings and loan holding company that is subject to regulation, supervision and examination by the Board of Governors for the Federal Reserve System ("FRB"). In December 2011, Ameriprise Financial elected to be classified as a financial holding company subject to regulation under the Bank Holding Company Act of 1956 (as amended). To ensure continued classification as a financial holding company, both Ameriprise Financial and Ameriprise Bank must be well capitalized, well managed and have a sufficient standing under the Community Reinvestment Act. In the event of our noncompliance with the foregoing requirements, the FRB may require us to take remedial actions to correct such noncompliance and may also impose restrictions on the conduct of Ameriprise Financial and its affiliates until such failures are corrected.

Ameriprise Financial is subject to ongoing supervision by the FRB that focuses on our corporate structure, risk exposure across our business segments and any potential weaknesses in control in our operations, management and reporting. As a financial holding company, our activities are limited to those that are financial in nature, incidental to a financial activity or, with FRB approval, complementary to a financial activity. We must also ensure that our depository institutions remain well capitalized. Ameriprise Financial has entered into a Source of Strength Agreement with Ameriprise Bank to reflect that it will commit such capital and managerial resources to support the subsidiary as the OCC may determine necessary under applicable regulations and supervisory standards. In the event of the appointment of a receiver or conservator for Ameriprise Bank, the FDIC would be entitled to enforce our Source of Strength Agreement.

The Dodd-Frank Act established numerous changes to the regulation of depository institutions and their holding companies, many of which have yet to be finalized and may in the future cause us to further modify how we engage in our banking activities, as well as the activities of our other businesses.

Parent Company Regulation

Ameriprise Financial is a publicly traded company that is subject to SEC and New York Stock Exchange ("NYSE") rules and regulations regarding public disclosure, financial reporting, internal controls, and corporate governance. The adoption of the Sarbanes-Oxley Act of 2002 significantly enhanced these rules and regulations and may continue to evolve. As noted above, the FRB now performs the role of supervisory regulator with respect to Ameriprise Financial following the transference of responsibilities from the Office of Thrift Supervision ("OTS") pursuant to the Dodd-Frank Act.

We have operations in a number of geographical regions outside of the U.S. through Threadneedle and certain of our other subsidiaries. We monitor developments in European Union ("EU") legislation, as well as in the other markets in which we operate, to ensure that we comply with all applicable legal requirements, including EU directives applicable to financial institutions as implemented in the various member states. Because of the mix of business activities we conduct, we continually assess the impact of, and insure compliance with, the EU Financial Conglomerates Directive, which contemplates that certain financial conglomerates involved in banking, insurance and investment activities will be subject to a system of supplementary supervision at the level of the holding company constituting the financial conglomerate. The directive requires financial conglomerates to, among other things, implement measures to prevent excessive leverage and multiple leveraging of capital and to maintain internal control processes to address risk concentrations as well as risks arising from significant intragroup transactions. The FRB serves as our global consolidated supervisory regulator under the EU Financial Conglomerates Directive.

Privacy

Many aspects of our business are subject to comprehensive legal requirements by a multitude of different functional regulators concerning the use and protection of personal information, particularly that of clients. This includes rules adopted pursuant to the Gramm-Leach-Bliley Act, the Fair and Accurate Credit Transactions Act, an ever increasing number of state laws, and the European Union data protection legislation as domestically implemented in the respective EU member states. We have also implemented policies and procedures in response to such requirements in the UK. We continue our efforts to safeguard the data entrusted to us in accordance with applicable law and our internal data protection policies, including taking steps to reduce the potential for identity theft or other improper use or disclosure of personal information, while seeking to collect and use data to properly achieve our business objectives and to best serve our clients.

USA Patriot Act

The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act, commonly referred to as the USA Patriot Act, was enacted in October 2001 in the wake of the September 11th terrorist attacks. The USA Patriot Act broadened existing anti-money laundering legislation and the extraterritorial jurisdiction of the United States substantially. In response, we enhanced our existing anti-money laundering programs and developed new procedures and programs. For example, we implemented a customer identification program applicable to many of our businesses and enhanced our "know your customer" "and "due diligence" programs. In addition, we will continue to comply with anti-money laundering legislation in the UK derived from applicable EU directives and international initiatives adopted in other jurisdictions in which we conduct business.

Securities Exchange Act Reports and Additional Information

We maintain an Investor Relations website at ir.ameriprise.com, and we make available our annual, quarterly and current reports free of charge and post any amendments to those reports as soon as reasonably practicable following the time they are electronically filed with or furnished to the SEC. To access these and other documents, click on the "SEC Filings" link found on our Investor Relations homepage.

Investors can also access our Investor Relations website through our main website at ameriprise.com by clicking on the "Investor Relations" link located at the bottom of our homepage. Information contained on our website is not incorporated by reference into this report or any other report filed with the SEC.

Segment Information and Classes of Similar Services

You can find financial information about our operating segments and classes of similar services in Note 25 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Item 1A. Risk Factors.

Our operations and financial results are subject to various risks and uncertainties, including those described below, that could have a material adverse effect on our business, financial condition or results of operations and could cause the trading price of our common stock to decline. We believe that the following information identifies the material factors affecting our company based on the information we currently know. However, the risks and uncertainties our company faces are not limited to those described below. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business.

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Risks Relating to Our Business

Our financial condition and results of operations may be adversely affected by market fluctuations and by economic and other factors.

Our financial condition and results of operations may be materially affected by market fluctuations and by economic and other factors. Many such factors of a global or localized nature include: political, social, economic and market conditions; the availability and cost of capital; the level and volatility of equity prices, commodity prices and interest rates, currency values and other market indices; technological changes and events; the availability and cost of credit; inflation; investor sentiment and confidence in the financial markets; terrorism and armed conflicts; and natural disasters such as weather catastrophes and widespread health emergencies. Furthermore, changes in consumer economic variables, such as the number and size of personal bankruptcy filings, the rate of unemployment, decreases in property values, and the level of consumer confidence and consumer debt, may substantially affect consumer loan levels and credit quality, which, in turn, could impact the results of our banking business and savings levels in all of our businesses. These factors also may have an impact on our ability to achieve our strategic objectives.

Declines and volatility in U.S. and global market conditions have impacted our businesses in the past and may continue to do so. Our businesses have been and in the future may be adversely affected by U.S. and global capital market and credit crises, the repricing of credit risk, equity market volatility and decline and stress or recession in the U.S. and global economies generally. Each of our segments operates in these markets with exposure for us and our clients in securities, loans, derivatives, alternative investments, seed capital and other commitments. It is difficult to predict how long and to what extent the aforementioned conditions may exist, which of our markets, products and businesses will be directly affected in terms of revenues, management fees and investment valuations and earnings, and to what extent our clients may seek to bring claims arising out of investment performance that is affected by these conditions. As a result, these factors could materially adversely impact our results of operations. Certain of our insurance and annuity products and certain of our investment and banking products are sensitive to interest rate fluctuations, and future impacts associated with such variations may differ from our historical costs. In addition, interest rate fluctuations could result in fluctuations in the valuation of certain minimum guaranteed benefits contained in some of our variable annuity products. Although we typically hedge to mitigate some of the effect of such fluctuations, significant changes in interest rates could have a material adverse impact on our results of operations.

During periods of increasing market interest rates, we offer higher crediting rates on interest-sensitive products, such as fixed universal life insurance, fixed annuities, face-amount certificates and certificates of deposit, and we increase crediting rates on in force products to keep these products competitive. Because returns on invested assets may not increase as quickly as current interest rates, we may have to accept a lower spread and thus lower profitability or face a decline in sales and greater loss of existing contracts and related assets. In addition, increases in market interest rates may cause increased policy surrenders, withdrawals from life insurance policies, annuity contracts and certificates of deposit and requests for policy loans, as policyholders, contractholders and depositors seek to shift assets to products with perceived higher returns. This process may lead to an earlier than expected outflow of cash from our business. Also, increases in market interest rates may result in extension of certain cash flows from structured mortgage assets. These withdrawals and surrenders may require investment assets to be sold at a time when the prices of those assets are lower because of the increase in market interest rates, which may result in realized investment losses. Increases in crediting rates, as well as surrenders and withdrawals, could have an adverse effect on our financial condition and results of operations. An increase in surrenders and withdrawals also may require us to accelerate amortization of deferred acquisition costs ("DAC") or other intangibles or cause an impairment of goodwill, which would increase our expenses and reduce our net earnings.

During periods of falling interest rates or stagnancy of low interest rates, our spread may be reduced or could become negative, primarily because some of our products have guaranteed minimum crediting rates. Due to the long-term nature of the liabilities associated with certain of our businesses, such as long-term care and fixed universal life with secondary guarantees as well as fixed annuities and guaranteed benefits on variable annuities, sustained declines in or stagnancy of low long-term interest rates may subject us to reinvestment risks and increased hedging costs. In addition, reduced or negative spreads may require us to accelerate amortization of DAC, which would increase our expenses and reduce our net earnings.

Interest rate fluctuations also could have an adverse effect on the results of our investment portfolio. During periods of declining market interest rates or stagnancy of low interest rates, the interest we receive on variable interest rate investments decreases. In addition, during those periods, we are forced to reinvest the cash we receive as interest or return of principal on our investments in lower-yielding high-grade instruments or in lower-credit instruments to maintain comparable returns. Issuers of certain callable fixed income securities also may decide to prepay their obligations in order to borrow at lower market rates, which increases the risk that we may have to invest the cash proceeds of these securities in lower-yielding or lower-credit instruments.

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Significant downturns and volatility in equity markets may have, and have in the past had, an adverse effect on our financial condition and results of operations. Market downturns and volatility may cause, and have caused, potential new purchasers of our products to refrain from purchasing products, such as mutual funds, OEICs, variable annuities and variable universal life insurance, which have returns linked to the performance of the equity markets. If we are unable to offer appropriate product alternatives which encourage customers to continue purchasing in the face of actual or perceived market volatility, our sales and management fee revenues could decline. Downturns may also cause current shareholders in our mutual funds and OEICs, contractholders in our annuity products and policyholders in our protection products to withdraw cash values from those products.

Additionally, downturns and volatility in equity markets can have, and have had, an adverse effect on the revenues and returns from our asset management services, wrap accounts and variable annuity contracts. Because the profitability of these products and services depends on fees related primarily to the value of assets under management, declines in the equity markets will reduce our revenues because the value of the investment assets we manage will be reduced. In addition, some of our variable annuity products contain guaranteed minimum death benefits and guaranteed minimum withdrawal and accumulation benefits. A significant equity market decline or volatility in equity markets could result in guaranteed minimum benefits being higher than what current account values would support, which would adversely affect our financial condition and results of operations. Although we have hedged a portion of the guarantees for the variable annuity contracts to mitigate the financial loss of equity market declines or volatility, there can be no assurance that such a decline or volatility would not materially impact the profitability of certain products or product lines or our financial condition or results of operations. Further, the cost of hedging our liability for these guarantees has increased as a result of low interest rates and volatility in the equity markets. In addition, heightened volatility creates greater uncertainty for future hedging effectiveness.

We believe that investment performance is an important factor in the success of many of our businesses. Poor investment performance could impair our revenues and earnings, as well as our prospects for growth. A significant portion of our revenue is derived from investment management agreements with the *Columbia Management* family of mutual funds that are terminable on 60 days' notice. In addition, although some contracts governing investment management services are subject to termination for failure to meet performance benchmarks, institutional and individual clients can terminate their relationships with us or our financial advisors at will or on relatively short notice. Our clients can also reduce the aggregate amount of managed assets or shift their funds to other types of accounts with different rate structures, for any number of reasons, including investment performance, changes in prevailing interest rates, changes in investment preferences, changes in our (or our financial advisors') reputation in the marketplace, changes in client management or ownership, loss of key investment management personnel and financial market performance. A reduction in managed assets, and the associated decrease in revenues and earnings, could have a material adverse effect on our business. Moreover, if our money market funds experience a decline in market value, we may choose to contribute capital to those funds without consideration, which would result in a loss.

In addition, during periods of unfavorable or stagnating market or economic conditions, the level of individual investor participation in the global markets may also decrease, which would negatively impact the results of our retail businesses. Concerns about current market and economic conditions, declining real estate values and decreased consumer confidence have caused, and in the future may cause, some of our clients to reduce the amount of business they do with us. Fluctuations in global market activity could impact the flow of investment capital into or from assets under management and the way customers allocate capital among money market, equity, fixed maturity or other investment alternatives, which could negatively impact our Asset Management, Advice & Wealth Management and Annuities businesses. Also, during periods of unfavorable economic conditions, unemployment rates can increase, and have increased, which can result in higher loan delinquency and default rates, and this can have a negative impact on our banking business. Uncertain economic conditions and heightened market volatility may also increase the likelihood that clients or regulators present or threaten legal claims, that regulators may increase the frequency and scope of their examinations of us or the financial services industry generally, and that lawmakers may enact new requirements or taxation which can have a material impact on our revenues, expenses or statutory capital requirements.

Adverse capital and credit market conditions may significantly affect our ability to meet liquidity needs, our access to capital and our cost of capital.

The capital and credit markets may experience, and have experienced, varying degrees of volatility and disruption. In some cases, the markets have exerted downward pressure on availability of liquidity and credit capacity for certain issuers. We need liquidity to pay our operating expenses, interest expenses and dividends on our capital stock. Without sufficient liquidity, we could be required to curtail our operations and our business would suffer.

We believe the level of cash and securities we maintain when combined with expected cash inflows from investments and operations, is adequate to meet anticipated short-term and long-term benefit and expense payment obligations. In the event current resources are insufficient to satisfy our needs, we may access financing sources such as bank debt. The availability of additional financing would depend on a variety of factors such as market conditions, the general availability of

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credit, the volume of trading activities, the overall availability of credit to the financial services industry, our credit ratings and credit capacity, as well as the possibility that our shareholders, customers or lenders could develop a negative perception of our long- or short-term financial prospects if we incur large investment losses or if the level of our business activity decreases due to a market downturn. Similarly, our access to funds may be impaired if regulatory authorities or rating organizations take actions against us.

Disruptions, uncertainty or volatility in the capital and credit markets may also limit our access to capital required to operate our business. Such market conditions may limit our ability to satisfy statutory capital requirements, generate fee income and market-related revenue to meet liquidity needs and access the capital necessary to grow our business. As such, we may be forced to delay raising capital, issue different types of capital than we would otherwise, less effectively deploy such capital, or bear an unattractive cost of capital which could decrease our profitability and significantly reduce our financial flexibility.

The impairment of other financial institutions could adversely affect us.

We have exposure to many different industries and counterparties, and we routinely execute transactions with counterparties in the financial services industry, including broker-dealers, commercial banks, investment banks, hedge funds, insurers, reinsurers and other investment funds and other institutions. The operations of U.S. and global financial services institutions are highly interconnected and a decline in the financial condition of one or more financial services institutions may expose us to credit losses or defaults, limit our access to liquidity or otherwise disrupt the operations of our businesses.

Many transactions with and investments in the products and securities of other financial institutions expose us to credit risk in the event of default of our counterparty. With respect to secured transactions, our credit risk may be exacerbated when the collateral we hold cannot be realized upon or is liquidated at prices insufficient to recover the full amount of the loan or derivative exposure due to it. We also have exposure to financial institutions in the form of unsecured debt instruments, derivative transactions (including with respect to derivatives hedging our exposure on variable annuity contracts with guaranteed benefits), reinsurance and underwriting arrangements and equity investments. There can be no assurance that any such losses or impairments to the carrying value of these assets would not materially and adversely impact our business and results of operations.

Downgrades in the credit or financial strength ratings assigned to the counterparties with whom we transact could create the perception that our financial condition will be adversely impacted as a result of potential future defaults by such counterparties. Additionally, we could be adversely affected by a general, negative perception of financial institutions caused by the downgrade of other financial institutions. Accordingly, ratings downgrades for other financial institutions could affect our market capitalization and could limit access to or increase our cost of capital.

The failure of other insurers could require us to pay higher assessments to state insurance guaranty funds.

Our insurance companies are required by law to be members of the guaranty fund association in every state where they are licensed to do business. In the event of insolvency of one or more unaffiliated insurance companies, our insurance companies could be adversely affected by the requirement to pay assessments to the guaranty fund associations. The financial crisis of 2008 and 2009 and subsequent uncertainty and volatility in the U.S. economy and financial markets have weakened the financial condition of numerous insurers, including insurers currently in receiverships, increasing the risk of triggering guaranty fund assessments.

Third party defaults, bankruptcy filings, legal actions and other events may limit the value of or restrict our access and our clients' access to cash and investments.

Capital and credit market volatility can exacerbate, and has exacerbated, the risk of third party defaults, bankruptcy filings, foreclosures, legal actions and other events that may limit the value of or restrict our access and our clients' access to cash and investments. Although we are not required to do so, we have elected in the past, and we may elect in the future, to compensate clients for losses incurred in response to such events, provide clients with temporary credit or liquidity or other support related to products that we manage, or provide credit liquidity or other support to the financial products we manage. Any such election to provide support may arise from factors specific to our clients, our products or industry-wide factors. If we elect to provide additional support, we could incur losses from the support we provide and incur additional costs, including financing costs, in connection with the support. These losses and additional costs could be material and could adversely impact our results of operations. If we were to take such actions we may also restrict or otherwise utilize our corporate assets, limiting our flexibility to use these assets for other purposes, and may be required to raise additional capital.

Changes in the supervision and regulation of the financial industry, both domestically and internationally, could materially impact our results of operations, financial condition and liquidity.

In July 2010, the Dodd-Frank Act was enacted into law. The Dodd-Frank Act calls for sweeping changes in the supervision and regulation of the financial services industry designed to provide for greater oversight of financial industry participants,

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reduce risk in banking practices and in securities and derivatives trading, enhance public company corporate governance practices and executive compensation disclosures, and provide greater protections to individual consumers and investors. Certain elements of the Dodd-Frank Act became effective immediately, though the details of many provisions are subject to additional studies and will not be known until regulatory agencies adopt final rules. The impact of the Dodd-Frank Act on our company, the financial industry and the economy cannot be known until the rules and regulations called for under the Act have been finalized, and, in some cases, implemented over time.

Accordingly, while certain elements of these reforms have yet to be finalized and implemented, the Act has impacted and is expected to further impact the manner in which we market our products and services, manage our company and its operations and interact with regulators, all of which could materially impact our results of operations, financial condition and liquidity. Certain provisions of the Dodd-Frank Act that may impact our business include but are not limited to restrictions on proprietary trading and investing in or sponsoring certain types of funds, the establishment of a fiduciary standard for broker-dealers, the imposition of capital requirements on financial holding companies, the resolution authority granted to the FDIC, changes in regulatory oversight and greater oversight over derivatives instruments and trading. We will need to respond to changes to the framework for the supervision of U.S. financial institutions, including the creation of the Financial Stability Oversight Council ("FSOC") and the transition to the FRB as our consolidated regulator and the OCC as the primary regulator of Ameriprise Bank. For example, if we were to be designated by the FSOC as a systemically important financial institution, we may become subject to additional regulatory oversight and enhanced prudential standards, including those related to capital requirements and risk management standards at the parent company level. To the extent the Dodd-Frank Act impacts the operations, financial condition, liquidity and capital requirements of unaffiliated financial institutions with whom we transact business, those institutions may seek to pass on increased costs, reduce their capacity to transact, or otherwise present inefficiencies in their interactions with us.

It is uncertain whether the Dodd-Frank Act, the rules and regulations developed thereunder, or any future legislation designed to stabilize the financial markets, the economy generally, or provide better protections to consumers, will have the desired effect. Any new domestic or international legislation or regulatory changes could require us to change certain business practices, impose additional costs, or otherwise adversely affect our business operations, regulatory reporting relationships, results of operations or financial condition. Consequences may include substantially higher compliance costs as well as material effects on interest rates and foreign exchange rates, which could materially impact our investments, results of operations and liquidity in ways that we cannot predict. In addition, prolonged government support for, and intervention in the management of, private institutions could distort customary and expected commercial behavior on the part of those institutions, adversely impacting us.

Our businesses are regulated heavily, and changes to the laws and regulations applicable to our businesses may have an adverse effect on our operations, reputation and financial condition.

Virtually all aspects of our business, including the activities of our parent company and our various subsidiaries, are subject to various federal, state and international laws and regulations. For a discussion of the regulatory framework in which we operate, see Item 1 of this Annual Report on Form 10-K "Business Regulation." Compliance with these applicable laws and regulations is time-consuming and personnel-intensive, and we have invested and will continue to invest substantial resources to ensure compliance by our parent company and our subsidiaries, directors, officers, employees, registered representatives and agents. Any changes to the laws and regulations applicable to our businesses, as well as changes to the interpretation and enforcement of such laws and regulations, may affect our operations and financial condition. Such changes may impact our operations and profitability and the practices of our financial advisors, including with respect to the scope of products and services provided, the manner in which products and services are marketed and sold and the incurrence of additional costs of doing business. The recent economic crisis has resulted in numerous changes to regulation and oversight of the financial industry, the full impact of which has yet to be realized. Any incremental requirements, costs and risks imposed on us in connection with such current or future legislative or regulatory changes, may constrain our ability to market our products and services to potential customers, and could negatively impact our profitability and make it more difficult for us to pursue our growth strategy.

Certain examples of legislative and regulatory changes that may impact our businesses are described below.

The Dodd-Frank Act mandates numerous changes to both the regulatory framework in which financial services companies operate and the specific regulations with which such companies must comply. Amongst the changes to the regulatory framework are the abolishment of the OTS and the transition of its responsibilities to other federal agencies. As a result, the OCC became the primary regulator of Ameriprise Bank and the FRB became the primary regulator of our parent company. We cannot predict how the transition to these new regulatory agencies, or the environment for supervisory expectations or enforcement actions, will impact us.

Some of the changes resulting from rules and regulations called for under the Dodd-Frank Act could present operational challenges and increase costs. For example, in the area of derivatives, higher margin and capital requirements, coupled with more restrictive collateral rules, could impact our ability to effectively manage and hedge risk. Ultimately these

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complexities and increased costs could have an impact on our ability to offer cost-effective and innovative insurance products to our clients. Similarly, the rules governing the capital requirements of financial institutions, both domestic and international, could have an adverse impact on our ability to allocate capital for strategic business purposes, while increasing costs for consumers of financial services.

Any mandated reductions or restructuring of the fees we charge for our products and services resulting from regulatory initiatives or proceedings could reduce our revenues and earnings. In the years ended December 31, 2011, 2010 and 2009, we earned $1.6 billion, $1.4 billion and $1.2 billion, respectively, in distribution fees. Our own *Columbia Management* family of mutual funds paid a significant portion of these revenues to us in accordance with plans and agreements of distribution adopted under Rule 12b-1 promulgated under the Investment Company Act. We believe that these fees are a critical element in the distribution of our own mutual funds. In July 2010, the SEC proposed certain measures that would establish a new framework to repeal Rule 12b-1. The proposed changes have been subject to a public comment period and, following any enactment, would be phased in over a number of years. Any industry-wide reduction or restructuring of Rule 12b-1 fees could have a material adverse effect on our ability to distribute our own mutual funds and the fees we receive for distributing other companies' mutual funds, which could, in turn, have a material adverse effect on our revenues and earnings.

We expect that the Department of Labor will reissue proposed regulations in 2012 seeking to change the definition of who is an investment advice fiduciary under ERISA and how such advice can be provided, which applies to both 401(k) plans and IRAs. These proposed regulations will again be subject to a public comment period upon their release. We cannot predict whether or when the regulations may be finalized, or how any final regulations may differ from the previously proposed regulations. If the regulations were to be issued substantially similar to previous drafts, they could impact how we receive fees, as well as how we compensate our advisors and design our investments and services for qualified accounts, which could negatively impact our results of operations.

In October 2011, the FRB, OCC, FDIC and SEC jointly issued a proposed rule that would implement Section 619 of the Dodd-Frank Act (the "Volcker Rule") which contains certain prohibitions and restrictions on the ability of banking entities and their affiliates to engage in proprietary trading and to have certain interests in, or relationships with, a wide variety of investment funds, including but not limited to hedge funds, foreign funds and private equity funds. This proposed rule would significantly impede our ability to launch investment products, including our ability to provide seed capital to US-based and foreign investment funds. We and our subsidiaries would also be prohibited from trading for our own accounts unless such trading qualifies for one of a limited number of exceptions. Additionally, the proposed rule to implement the Volcker Rule has created considerable debate regarding the potential adverse liquidity impact within the financial markets, especially with respect to the trading of non-government fixed income securities. To the extent that liquidity in the financial markets is adversely impacted, we and our clients may experience increased costs and volatility with respect to our business operations and earnings. Significant time and expense will be required to ensure that necessary compliance policies and procedures are implemented and to establish appropriate oversight. The proposed rule could also place U.S. asset managers at a competitive disadvantage in foreign markets. Depending on final parameters of the Volcker Rule, including the breadth of the permitted activities under the Volcker Rule and the nature of the investment funds covered by the prohibitions and limitations under the Volcker Rule, the full impact of the rule on our operations, results and growth strategies cannot be known.

Our insurance companies are subject to state regulation and must comply with statutory reserve and capital requirements. State regulators continually review and update these requirements and other requirements relating to the business operations of insurance companies, including their underwriting and sales practices. The NAIC adopted a change to require principles-based reserves for variable annuities at the end of 2009, and continues to discuss moving to a principles-based reserving system for other insurance and annuity products. The requirement for principles-based variable annuity reserves, along with a similar risk-based capital requirement adopted previously, may result in statutory reserves and risk-based capital for variable annuities being more sensitive to changes in equity prices and other market factors. It is not possible at this time to estimate the potential impact of future changes in statutory reserve and capital requirements on our insurance businesses. Further, we cannot predict the effect that proposed federal legislation, such as the option of federally chartered insurers or a mandated federal systemic risk regulator, may have on our insurance businesses or competitors.

The majority of our affiliated advisors are independent contractors. Legislative or regulatory action that redefines the criteria for determining whether a person is an employee or an independent contractor could materially impact our relationships with our advisors and our business, resulting in an adverse effect on our results of operations.

Changes in and the adoption of accounting standards could have a material impact on our financial statements.

We prepare our financial statements in accordance with U.S. generally accepted accounting principles. From time to time, the Financial Accounting Standards Board ("FASB"), the SEC and other regulators change the financial accounting and reporting standards governing the preparation of our financial statements. In some cases, we could be required to apply a new or revised standard retroactively, resulting in our restating prior period financial statements. These changes are difficult

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to predict, and it is possible that such changes could have a material effect on our financial condition and results of operations.

Defaults in our fixed maturity securities portfolio or consumer credit products could adversely affect our earnings.

Issuers of the fixed maturity securities that we own may default on principal and interest payments. As of December 31, 2011, 5% of our invested assets had ratings below investment-grade. Moreover, economic downturns and corporate malfeasance can increase the number of companies, including those with investment-grade ratings that default on their debt obligations. Default-related declines in the value of our fixed maturity securities portfolio or consumer credit products could cause our net earnings to decline and could also cause us to contribute capital to some of our regulated subsidiaries, which may require us to obtain funding during periods of unfavorable market conditions. Higher delinquency and default rates in our bank's customer loan portfolio could require us to contribute capital to Ameriprise Bank and may result in additional restrictions from our regulators that impact the use and access to that capital.

If the counterparties to our reinsurance arrangements or to the derivative instruments we use to hedge our business risks default, we may be exposed to risks we had sought to mitigate, which could adversely affect our financial condition and results of operations.

We use reinsurance to mitigate our risks in various circumstances as described in Item 1 of this Annual Report on Form 10-K "Business Our Segments Protection Reinsurance." Reinsurance does not relieve us of our direct liability to our policyholders, even when the reinsurer is liable to us. Accordingly, we bear credit and performance risk with respect to our reinsurers. A reinsurer's insolvency or its inability or unwillingness to make payments under the terms of our reinsurance agreement could have a material adverse effect on our financial condition and results of operations. See Notes 2 and 7 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

In addition, we use a variety of derivative instruments (including options, forwards, and interest rate and currency swaps) with a number of counterparties to hedge business risks. The amount and breadth of exposure to derivative counterparties, as well as the cost of derivative instruments, have increased significantly in connection with our strategies to hedge guaranteed benefit obligations under our variable annuity products. If our counterparties fail to honor their obligations under the derivative instruments in a timely manner, our hedges of the related risk will be ineffective. That failure could have a material adverse effect on our financial condition and results of operations. This risk of failure of our hedge transactions from counterparty default may be increased by capital market volatility.

The determination of the amount of allowances and impairments taken on certain investments is subject to management's evaluation and judgment and could materially impact our results of operations or financial position.

The determination of the amount of allowances and impairments vary by investment type and is based upon our periodic evaluation and assessment of inherent and known risks associated with the respective asset class. Such evaluations and assessments are revised as conditions change and new information becomes available. Management updates its evaluations regularly and reflects changes in allowances and impairments in operations as such evaluations are revised. Historical trends may not be indicative of future impairments or allowances.

The assessment of whether impairments have occurred is based on management's case-by-case evaluation of the underlying reasons for the decline in fair value that considers a wide range of factors about the security issuer, and management uses its best judgment in evaluating the cause of the decline in the estimated fair value of the security and in assessing the prospects for recovery. Inherent in management's evaluation of the security are assumptions and estimates about the operations of the issuer and its future earnings potential, which assumptions and estimates are more difficult to make with certainty under current market conditions.

Our valuation of fixed maturity and equity securities may include methodologies, estimations and assumptions which are subject to differing interpretations and could result in changes to investment valuations that may materially adversely impact our results of operations or financial condition.

Fixed maturity, equity, trading securities and short-term investments, which are reported at fair value on the consolidated balance sheets, represent the majority of our total cash and invested assets. The determination of fair values by management in the absence of quoted market prices is based on: (i) valuation methodologies; (ii) securities we deem to be comparable; and (iii) assumptions deemed appropriate given the circumstances. The fair value estimates are made at a specific point in time, based on available market information and judgments about financial instruments, including estimates of the timing and amounts of expected future cash flows and the credit standing of the issuer or counterparty. Factors considered in estimating fair value include: coupon rate, maturity, estimated duration, call provisions, sinking fund requirements, credit rating, industry sector of the issuer, and quoted market prices of comparable securities. The use of different methodologies and assumptions may have a material effect on the estimated fair value amounts.

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During periods of market disruption, including periods of significantly rising or high interest rates, rapidly widening credit spreads or illiquidity, it may be difficult to value certain of our securities. There may be certain asset classes that were in active markets with significant observable data that become illiquid due to the financial environment. In such cases, the valuation of certain securities may require additional subjectivity and management judgment. As such, valuations may include inputs and assumptions that are less observable or require greater estimation as well as valuation methods that are more sophisticated or require greater estimation, thereby resulting in values which may be less than the value at which the investments may be ultimately sold. Further, rapidly changing and unprecedented credit and equity market conditions could materially impact the valuation of securities as reported within our consolidated financial statements and the period-to-period changes in value could vary significantly. Decreases in value may have a material adverse effect on our results of operations or financial condition.

Some of our investments are relatively illiquid.

We invest a portion of our owned assets in certain privately placed fixed income securities, mortgage loans, policy loans, limited partnership interests, collateralized debt obligations and restricted investments held by securitization trusts, among others, all of which are relatively illiquid. These asset classes represented 13% of the carrying value of our investment portfolio as of December 31, 2011. If we require significant amounts of cash on short notice in excess of our normal cash requirements, we may have difficulty selling these investments in a timely manner or be forced to sell them for an amount less than we would otherwise have been able to realize, or both, which could have an adverse effect on our financial condition and results of operations.

Intense competition and the economics of changes in our product revenue mix and distribution channels could negatively impact our ability to maintain or increase our market share and profitability.

Our businesses operate in intensely competitive industry segments. We compete based on a number of factors, including name recognition, service, the quality of investment advice, investment performance, product features, price, perceived financial strength, claims-paying ability and credit ratings. Our competitors include broker-dealers, banks, asset managers, insurers and other financial institutions. Many of our businesses face competitors that have greater market share, offer a broader range of products, have greater financial resources, or have higher claims-paying ability or credit ratings than we do. Some of our competitors may possess or acquire intellectual property rights that could provide a competitive advantage to them in certain markets or for certain products, which could make it difficult for us to introduce new products and services. Some of our competitors' proprietary products or technology could be similar to our own, and this could result in disputes that could impact our financial condition or results of operations. In addition, over time certain sectors of the financial services industry have become considerably more concentrated, as financial institutions involved in a broad range of financial services have been acquired by or merged into other firms. This convergence could result in our competitors gaining greater resources, and we may experience pressures on our pricing and market share as a result of these factors and as some of our competitors seek to increase market share by reducing prices.

Historically, our affiliated advisor network (both franchise advisors and those employed by AFSI) provided annuity and insurance products issued almost exclusively (in the case of annuities) or predominantly (in the case of protection products) by our RiverSource Life companies. In 2010, we expanded the offerings available to all of our affiliated advisors to include variable annuities issued by a limited number of unaffiliated insurance companies. As a result of this and further openings of our affiliated advisor network to the products of other companies, we could experience lower sales of our companies' products, higher surrenders, or other developments which might not be fully offset by higher distribution revenues or other benefits, possibly resulting in an adverse effect on our results of operations.

In late 2010, we discontinued the distribution of *RiverSource* variable annuities through third-party channels. This could impact the persistency of business sold previously through these channels, possibly resulting in the acceleration of DAC amortization or other adverse effects on our results of operations.

A drop in investment performance as compared to our competitors could negatively impact our revenues and profitability.

Investment performance is a key competitive factor for our retail and institutional asset management products and services. Strong investment performance helps to ensure the retention of our products and services by our clients and creates new sales of products and services. It may also result in higher ratings by ratings services such as Morningstar or Lipper, which may further exacerbate the foregoing effects. Strong investment performance and its effects are important elements to our stated goals of growing assets under management and achieving economies of scale.

There can be no assurance as to how future investment performance will compare to our competitors or that historical performance will be indicative of future returns. Any drop or perceived drop in investment performance as compared to our competitors could cause a decline in sales of our mutual funds and other investment products, an increase in redemptions and the termination of institutional asset management relationships. These impacts may reduce our aggregate amount of assets under management and reduce management fees. Poor investment performance could also adversely affect our

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ability to expand the distribution of our products through unaffiliated third parties. Further, any drop in market share of mutual funds sales by our affiliated advisors may further reduce profits as sales of other companies' mutual funds are less profitable than sales of our proprietary funds.

We may not be able to maintain our unaffiliated third-party distribution channels or the terms by which unaffiliated third parties sell our products.

We distribute certain of our investment products and fixed annuities through unaffiliated third-party advisors and financial institutions. Maintaining and deepening relationships with these unaffiliated distributors is an important part of our growth strategy, as strong third-party distribution arrangements enhance our ability to market our products and to increase our assets under management, revenues and profitability. There can be no assurance that the distribution relationships we have established will continue, as our distribution partners may cease to operate or otherwise terminate their relationship with us. Any such reduction in access to third-party distributors may have a material adverse effect on our ability to market our products and to generate revenue in our Asset Management and Annuities segments.

Access to distribution channels is subject to intense competition due to the large number of competitors and products in the investment advisory and annuities industries. Relationships with distributors are subject to periodic negotiation that may result in increased distribution costs and/or reductions in the number of our products marketed. Any increase in the costs to distribute our products or reduction in the type or number of products made available for sale may have a material effect on our revenues and profitability.

We face intense competition in attracting and retaining key talent.

Our continued success depends to a substantial degree on our ability to attract and retain qualified people. We are dependent on our network of affiliated advisors for a significant portion of the sales of our mutual funds, annuities, face-amount certificates, banking and insurance products. The market for these financial advisors is extremely competitive, as are the markets for qualified and skilled portfolio managers, investment managers, executives and marketing, finance, legal, compliance and other professionals. If we are unable to attract and retain qualified individuals or our recruiting and retention costs increase significantly, our financial condition and results of operations could be materially adversely impacted.

We face risks arising from acquisitions and divestitures.

We have made acquisitions and divestitures in the past and may pursue similar strategic transactions in the future. Risks in acquisition transactions include difficulties in the integration of acquired businesses into our operations, difficulties in assimilating and retaining employees and intermediaries, difficulties in retaining the existing customers of the acquired entities, unforeseen liabilities that arise in connection with the acquired businesses, the failure of counterparties to satisfy any obligations to indemnify us against liabilities arising from the acquired businesses, and unfavorable market conditions that could negatively impact our growth expectations for the acquired businesses. Risks in divestiture transactions include difficulties in the separation of the disposed business, the failure of counterparties to satisfy payment obligations, unfavorable market conditions that may impact any earnout or contingency payment due to us and unexpected difficulties in losing employees of the disposed business. These risks may prevent us from realizing the expected benefits from acquisitions or divestitures and could result in the failure to realize the full economic value of a strategic transaction or the impairment of goodwill and/or intangible assets recognized at the time of an acquisition.

A failure to protect our reputation could adversely affect our businesses.

Our reputation is one of our most important assets. Our ability to attract and retain customers, investors, employees and affiliated advisors is highly dependent upon external perceptions of our company. Damage to our reputation could cause significant harm to our business and prospects and may arise from numerous sources, including litigation or regulatory actions, failing to deliver minimum standards of service and quality, compliance failures, unethical behavior and the misconduct of employees, affiliated advisors and counterparties. Negative perceptions or publicity regarding these matters could damage our reputation among existing and potential customers, investors, employees and affiliated advisors. Adverse developments with respect to our industry may also, by association, negatively impact our reputation or result in greater regulatory or legislative scrutiny or litigation against us.

Our reputation is also dependent on our continued identification of and mitigation against conflicts of interest. As we have expanded the scope of our businesses and our client base, we increasingly have to identify and address potential conflicts of interest, including those relating to our proprietary activities and those relating to our sales of non-proprietary products from manufacturers that have agreed to provide us marketing, sales and account maintenance support. For example, conflicts may arise between our position as a provider of financial planning services and as a manufacturer and/or distributor or broker of asset accumulation, income or insurance products that one of our affiliated advisors may recommend to a financial planning client. We have procedures and controls that are designed to identify, address and appropriately disclose perceived conflicts of interest. However, identifying and appropriately addressing conflicts of interest is complex, and our reputation could be damaged if we fail, or appear to fail, to address conflicts of interest appropriately.

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In addition, the SEC and other federal and state regulators have increased their scrutiny of potential conflicts of interest. It is possible that potential or perceived conflicts could give rise to litigation or enforcement actions. It is possible also that the regulatory scrutiny of, and litigation in connection with, conflicts of interest will make our clients less willing to enter into transactions in which such a conflict may occur, and will adversely affect our businesses.

Misconduct by our employees and affiliated advisors is difficult to detect and deter and could harm our business, results of operations or financial condition.

Misconduct by our employees and affiliated advisors could result in violations of law, regulatory sanctions and/or serious reputational or financial harm. Misconduct can occur in each of our businesses and could include: binding us to transactions that exceed authorized limits; hiding unauthorized or unsuccessful activities resulting in unknown and unmanaged risks or losses; improperly using, disclosing or otherwise compromising confidential information; recommending transactions that are not suitable; engaging in fraudulent or otherwise improper activity; engaging in unauthorized or excessive trading to the detriment of customers; or otherwise not complying with laws, regulations or our control procedures.

We cannot always deter misconduct by our employees and affiliated advisors, and the precautions we take to prevent and detect this activity may not be effective in all cases. Preventing and detecting misconduct among our franchisee advisors who are not employees of our company present additional challenges. We cannot also assure that misconduct by our employees and affiliated advisors will not lead to a material adverse effect on our business, results of operations or financial condition.

Legal and regulatory actions are inherent in our businesses and could result in financial losses or harm our businesses.

We are, and in the future may be, subject to legal and regulatory actions in the ordinary course of our operations, both domestically and internationally. Various regulatory and governmental bodies have the authority to review our products and business practices and those of our employees and independent financial advisors and to bring regulatory or other legal actions against us if, in their view, our practices, or those of our employees or affiliated advisors, are improper. Pending legal and regulatory actions include proceedings relating to aspects of our businesses and operations that are specific to us and proceedings that are typical of the industries and businesses in which we operate. Some of these proceedings have been brought on behalf of various alleged classes of complainants. In certain of these matters, the plaintiffs are seeking large and/or indeterminate amounts, including punitive or exemplary damages. See Item 3 of this Annual Report on Form 10-K "Legal Proceedings." In or as a result of turbulent times such as those we have experienced, the volume of claims and amount of damages sought in litigation and regulatory proceedings generally increase. Substantial legal liability in current or future legal or regulatory actions could have a material adverse financial effect or cause significant reputational harm, which in turn could seriously harm our business prospects.

A downgrade or a potential downgrade in our financial strength or credit ratings could adversely affect our financial condition and results of operations.

Financial strength ratings, which various ratings organizations publish as a measure of an insurance company's ability to meet contractholder and policyholder obligations, are important to maintain public confidence in our products, the ability to market our products and our competitive position. A downgrade in our financial strength ratings, or the announced potential for a downgrade, could have a significant adverse effect on our financial condition and results of operations in many ways, including: reducing new sales of insurance products, annuities and investment products; adversely affecting our relationships with our affiliated advisors and third-party distributors of our products; materially increasing the number or amount of policy surrenders and withdrawals by contractholders and policyholders; requiring us to reduce prices for many of our products and services to remain competitive; and adversely affecting our ability to obtain reinsurance or obtain reasonable pricing on reinsurance.

A downgrade in our credit ratings could also adversely impact our future cost and speed of borrowing and have an adverse effect on our financial condition, results of operations and liquidity.

In view of the difficulties experienced recently by many financial institutions, including our competitors in the insurance industry, the ratings organizations have heightened the level of scrutiny that they apply to such institutions and have requested additional information from the companies that they rate. They may increase the frequency and scope of their credit reviews, adjust upward the capital and other requirements employed in the ratings organizations' models for maintenance of ratings levels, or downgrade ratings applied to particular classes of securities or types of institutions. Ratings organizations may also become subject to tighter laws and regulations governing ratings, which may in turn impact ratings assigned to financial institutions.

We cannot predict what actions rating organizations may take, or what actions we may take in response to the actions of rating organizations, which could adversely affect our business. As with other companies in the financial services industry, our ratings could be changed at any time and without any notice by the ratings organizations.

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If our reserves for future policy benefits and claims or for our bank lending portfolio or for future certificate redemptions and maturities are inadequate, we may be required to increase our reserve liabilities, which would adversely affect our results of operations and financial condition.

We establish reserves as estimates of our liabilities to provide for future obligations under our insurance policies, annuities and investment certificate contracts. We also establish reserves as estimates of the potential for loan losses in our consumer lending portfolios. Reserves do not represent an exact calculation but, rather, are estimates of contract benefits or loan losses and related expenses we expect to incur over time. The assumptions and estimates we make in establishing reserves require certain judgments about future experience and, therefore, are inherently uncertain. We cannot determine with precision the actual amounts that we will pay for contract benefits, the timing of payments, or whether the assets supporting our stated reserves will increase to the levels we estimate before payment of benefits or claims. We monitor our reserve levels continually. If we were to conclude that our reserves are insufficient to cover actual or expected contract benefits or loan collections, we would be required to increase our reserves and incur income statement charges for the period in which we make the determination, which would adversely affect our results of operations and financial condition. For more information on how we set our reserves, see Note 2 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K.

Morbidity rates or mortality rates that differ significantly from our pricing expectations could negatively affect profitability.

We set prices for *RiverSource* life insurance and some annuity products based upon expected claim payment patterns, derived from assumptions we make about our policyholders and contractholders, the morbidity rates, or likelihood of sickness, and mortality rates, or likelihood of death. The long-term profitability of these products depends upon how our actual experience compares with our pricing assumptions. For example, if morbidity rates are higher, or mortality rates are lower, than our pricing assumptions, we could be required to make greater payments under disability income insurance policies, chronic care riders and immediate annuity contracts than we had projected. The same holds true for long term care policies we previously underwrote to the extent of the risks that we retained. If mortality rates are higher than our pricing assumptions, we could be required to make greater payments under our life insurance policies and annuity contracts with guaranteed minimum death benefits than we have projected.

The risk that our claims experience may differ significantly from our pricing assumptions is particularly significant for our long term care insurance products notwithstanding our ability to implement future price increases with regulatory approvals. As with life insurance, long term care insurance policies provide for long-duration coverage and, therefore, our actual claims experience will emerge over many years. However, as a relatively new product in the market, long term care insurance does not have the extensive claims experience history of life insurance and, as a result, our ability to forecast future claim rates for long term care insurance is more limited than for life insurance. We have sought to moderate these uncertainties to some extent by partially reinsuring long term care policies we previously underwrote and by limiting our present long term care insurance offerings to policies underwritten fully by unaffiliated third-party insurers, and we have also implemented rate increases on certain in force policies as described in Item 1 of this Annual Report on Form 10-K "Business Our Segments Protection *RiverSource* Insurance Products Long Term Care Insurance." We may be required to implement additional rate increases in the future and may or may not receive regulatory approval for the full extent and timing of any rate increases that we may seek.

We may face losses if there are significant deviations from our assumptions regarding the future persistency of our insurance policies and annuity contracts.

The prices and expected future profitability of our life insurance and deferred annuity products are based in part upon assumptions related to persistency, which is the probability that a policy or contract will remain in force from one period to the next. Given the ongoing economic and market dislocations, future consumer persistency behaviors could vary materially from the past. The effect of persistency on profitability varies for different products. For most of our life insurance and deferred annuity products, actual persistency that is lower than our persistency assumptions could have an adverse impact on profitability, especially in the early years of a policy or contract, primarily because we would be required to accelerate the amortization of expenses we deferred in connection with the acquisition of the policy or contract.

For our long term care insurance and universal life insurance policies with secondary guarantees, as well as variable annuities with guaranteed minimum withdrawal benefits, actual persistency that is higher than our persistency assumptions could have a negative impact on profitability. If these policies remain in force longer than we assumed, we could be required to make greater benefit payments than we had anticipated when we priced or partially reinsured these products. Some of our long term care insurance policies have experienced higher persistency and poorer loss experience than we had assumed, which led us to increase premium rates on certain policies.

Because our assumptions regarding persistency experience are inherently uncertain, reserves for future policy benefits and claims may prove to be inadequate if actual persistency experience is different from those assumptions. Although some of our products permit us to increase premiums during the life of the policy or contract, we cannot guarantee that these increases would be sufficient to maintain profitability. Additionally, some of these pricing changes require regulatory

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approval, which may not be forthcoming. Moreover, many of our products do not permit us to increase premiums or limit those increases during the life of the policy or contract, while premiums on certain other products (primarily long term care insurance) may not be increased without prior regulatory approval. Significant deviations in experience from pricing expectations regarding persistency could have an adverse effect on the profitability of our products.

We may be required to accelerate the amortization of DAC, which would increase our expenses and reduce profitability.

DAC represent the costs of acquiring new business, principally direct sales commissions and other distribution and underwriting costs that have been deferred on the sale of annuity, life and disability income insurance and, to a lesser extent, marketing and promotional expenses for personal auto and home insurance, and distribution expense for certain mutual fund products. For annuity and universal life products, DAC are amortized based on projections of estimated gross profits over amortization periods equal to the approximate life of the business. For other insurance products, DAC are generally amortized as a percentage of premiums over amortization periods equal to the premium-paying period. For certain mutual fund products, we generally amortize DAC over fixed periods on a straight-line basis, adjusted for redemptions.

Our projections underlying the amortization of DAC require the use of certain assumptions, including interest margins, mortality rates, persistency rates, maintenance expense levels and customer asset value growth rates for variable products. We periodically review and, where appropriate, adjust our assumptions. When we change our assumptions, we may be required to accelerate the amortization of DAC or to record a charge to increase benefit reserves.

For more information regarding DAC, see Part II, Item 7 of this Annual Report on Form 10-K under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations   Critical Accounting Policies   Deferred Acquisition Costs and Deferred Sales Inducement Costs" and "Management's Discussion and Analysis of Financial Condition and Results of Operations   Recent Accounting Pronouncements."

The occurrence of natural or man-made disasters and catastrophes could adversely affect our results of operations and financial condition.

The occurrence of natural disasters and catastrophes, including earthquakes, hurricanes, floods, tornadoes, fires, severe winter weather, explosions, pandemic disease and man-made disasters, including acts of terrorism, insurrections and military actions, could adversely affect our results of operations or financial condition. Such disasters and catastrophes may damage our facilities, preventing our employees and financial advisors from performing their roles or otherwise disturbing our ordinary business operations and by impacting insurance claims, as described below. Such disasters and catastrophes may also impact us indirectly by changing the condition and behaviors of our customers, business counterparties and regulators, as well as by causing declines or volatility in the economic and financial markets.

The effects of natural and man-made disasters and catastrophes on certain of our businesses include but are not limited to the following: a catastrophic loss of life may materially increase the amount of or accelerate the timing in which benefits are paid under our insurance policies; significant property damage may materially increase the amount of claims submitted under our property casualty insurance policies; an increase in claims and any resulting increase in claims reserves caused by a disaster may harm the financial condition of our reinsurers, thereby impacting the cost and availability of reinsurance and the probability of default on reinsurance recoveries; and declines and volatility in the financial markets may decrease the value of our assets under management and administration, which would harm our financial condition and reduce our management fees.

We cannot predict the timing and frequency with which natural and man-made disasters and catastrophes may occur, nor can we predict the impact that changing climate conditions may have on the frequency and severity of natural disasters. As such, we cannot be sure that our actions to identify and mitigate the risks associated with such disasters and catastrophes, including predictive modeling, establishing liabilities for expected claims, acquiring insurance and reinsurance and developing business continuity plans, will be effective.

We may not be able to protect our intellectual property and may be subject to infringement claims.

We rely on a combination of contractual rights and copyright, trademark, patent and trade secret laws to establish and protect our intellectual property. Although we use a broad range of measures to protect our intellectual property rights, third parties may infringe or misappropriate our intellectual property. We may have to litigate to enforce and protect our copyrights, trademarks, patents, trade secrets and know-how or to determine their scope, validity or enforceability, which represents a diversion of resources that may be significant in amount and may not prove successful. The loss of intellectual property protection or the inability to secure or enforce the protection of our intellectual property assets could have a material adverse effect on our business and our ability to compete.

We also may be subject to costly litigation in the event that another party alleges our operations or activities infringe upon such other party's intellectual property rights. Third parties may have, or may eventually be issued, patents or other protections that could be infringed by our products, methods, processes or services or could otherwise limit our ability to

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offer certain product features. Any party that holds such a patent could make a claim of infringement against us. We may also be subject to claims by third parties for breach of copyright, trademark, license usage rights, or misappropriation of trade secret rights. Any such claims and any resulting litigation could result in significant liability for damages. If we were found to have infringed or misappropriated a third party patent or other intellectual property rights, we could incur substantial liability, and in some circumstances could be enjoined from providing certain products or services to our customers or utilizing and benefiting from certain methods, processes, copyrights, trademarks, trade secrets or licenses, or alternatively could be required to enter into costly licensing arrangements with third parties, all of which could have a material adverse effect on our business, results of operations and financial condition.

Breaches of security or interference with our technology infrastructure could harm our business.

Our business is reliant upon technology systems and networks, including systems and networks managed by third parties, to process, transmit and store information and to conduct many of our business activities and transactions with clients, affiliated advisors, vendors and other third parties. We are also subject to certain federal and state regulations that require us to establish and maintain policies and procedures designed to protect sensitive client information. Maintaining the integrity of our systems and networks is critical to the success of our business operations, including the retention of affiliated advisors and clients, and to the protection of our proprietary information and our clients' personal information. Accordingly, any breaches or interference with such systems and networks by third parties or by our advisors or employees may have a material adverse impact on our business, financial condition or results of operations.

We have implemented security measures designed to protect against breaches of security and other interference with our systems and networks resulting from attacks by third parties, including hackers, and from employee or advisor error or malfeasance. We also require third party vendors, who in the provision of services to us are provided with or process information pertaining to our business or our clients, to meet certain information security standards. Despite these measures, we cannot assure that our systems and networks will not be subject to breaches or interference. Any such event may result in operational disruptions as well as unauthorized access to or the disclosure or loss of our proprietary information or our clients' personal information, which in turn may result in legal claims, regulatory scrutiny and liability, reputational damage, the incurrence of costs to eliminate or mitigate further exposure, the loss of clients or affiliated advisors or other damage to our business. In addition, the trend toward broad consumer and general public notification of such incidents could exacerbate the harm to our business, financial condition or results of operations. Even if we successfully protect our technology infrastructure and the confidentiality of sensitive data, we could suffer harm to our business and reputation if attempted security breaches are publicized. We cannot be certain that advances in criminal capabilities, discovery of new vulnerabilities, attempts to exploit vulnerabilities in our systems, data thefts, physical system or network break-ins or inappropriate access, or other developments will not compromise or breach the technology or other security measures protecting the networks and systems used in connection with our business.

Protection from system interruptions and operating errors is important to our business. If we experience a sustained interruption to our telecommunications or data processing systems, or other failure in operational execution, it could harm our business.

System or network interruptions could delay and disrupt our ability to develop, deliver or maintain our products and services, causing harm to our business and reputation and resulting in loss of affiliated advisors, clients or revenue. Interruptions could be caused by operational failures arising from employee or advisor error or malfeasance, interference by third parties, including hackers, our implementation of new technology, as well from our maintenance of existing technology. Our financial, accounting, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond our control, adversely affecting our ability to process transactions or provide products and services to our clients. These interruptions can include fires, floods, earthquakes and other natural disasters, power losses, equipment failures, failures of internal or vendor software or systems and other events beyond our control. Further, we face the risk of operational failure, termination or capacity constraints of any of the clearing agents, exchanges, clearing houses or other financial intermediaries that we use to facilitate or are component providers to our securities transactions and other product manufacturing and distribution activities. These risks are heightened by our deployment in response to both investor interest and evolution in the financial markets of increasingly sophisticated products, such as those which incorporate automatic asset re-allocation, long/short trading strategies or multiple portfolios or funds, and business-driven hedging, compliance and other risk management strategies. Any such failure, termination or constraint could adversely impact our ability to effect transactions, service our clients and manage our exposure to risk.

Risk management policies and procedures may not be fully effective in identifying or mitigating risk exposure in all market environments or against all types of risk, including employee and financial advisor misconduct.

We have devoted significant resources to develop our risk management policies and procedures and will continue to do so. Nonetheless, our policies and procedures to identify, monitor and manage risks may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk. Many of our methods of managing risk and exposures are based upon our use of observed historical market behavior or statistics based on historical models. During periods of

market volatility or due to unforeseen events, the historically derived correlations upon which these methods are based may not be valid. As a result, these methods may not predict future exposures accurately, which could be significantly greater than what our models indicate. This could cause us to incur investment losses or cause our hedging and other risk management strategies to be ineffective. Other risk management methods depend upon the evaluation of information regarding markets, clients, catastrophe occurrence or other matters that are publicly available or otherwise accessible to us, which may not always be accurate, complete, up-to-date or properly evaluated.

Moreover, we are subject to the risks of errors and misconduct by our employees and affiliated advisors, such as fraud, non-compliance with policies, recommending transactions that are not suitable, and improperly using or disclosing confidential information. These risks are difficult to detect in advance and deter, and could harm our business, results of operations or financial condition. We are further subject to the risk of nonperformance or inadequate performance of contractual obligations by third-party vendors of products and services that are used in our businesses. Management of operational, legal and regulatory risks requires, among other things, policies and procedures to record properly and verify a large number of transactions and events, and these policies and procedures may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk. Insurance and other traditional risk-shifting tools may be held by or available to us in order to manage certain exposures, but they are subject to terms such as deductibles, coinsurance, limits and policy exclusions, as well as risk of counterparty denial of coverage, default or insolvency.

As a holding company, we depend on the ability of our subsidiaries to transfer funds to us to pay dividends and to meet our obligations.

We act as a holding company for our subsidiaries, through which substantially all of our operations are conducted. Dividends from our subsidiaries and permitted payments to us under our intercompany arrangements with our subsidiaries are our principal sources of cash to pay shareholder dividends and to meet our other financial obligations. These obligations include our operating expenses and interest and principal on our borrowings. If the cash we receive from our subsidiaries pursuant to dividend payment and intercompany arrangements is insufficient for us to fund any of these obligations, we may be required to raise cash through the incurrence of additional debt, the issuance of additional equity or the sale of assets. If any of this happens, it could adversely impact our financial condition and results of operations.

Insurance, banking and securities laws and regulations regulate the ability of many of our subsidiaries (such as our insurance, banking and brokerage subsidiaries and our face-amount certificate company) to pay dividends or make other permitted payments. See Item 1 of this Annual Report on Form 10-K "Regulation" as well as the information contained in Part II, Item 7 under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources." In addition to the various regulatory restrictions that constrain our subsidiaries' ability to pay dividends or make other permitted payments to our company, the rating organizations impose various capital requirements on our company and our insurance company subsidiaries in order for us to maintain our ratings and the ratings of our insurance subsidiaries. The value of assets on the company-level balance sheets of our subsidiaries is a significant factor in determining these restrictions and capital requirements. As asset values decline, our and our subsidiaries' ability to pay dividends or make other permitted payments can be reduced. Additionally, the various asset classes held by our subsidiaries, and used in determining required capital levels, are weighted differently or are restricted as to the proportion in which they may be held depending upon their liquidity, credit risk and other factors. Volatility in relative asset values among different asset classes can alter the proportion of our subsidiaries' holdings in those classes, which could increase required capital and constrain our and our subsidiaries' ability to pay dividends or make other permitted payments. The regulatory capital requirements and dividend-paying ability of our subsidiaries may also be affected by a change in the mix of products sold by such subsidiaries. For example, fixed annuities typically require more capital than variable annuities, and an increase in the proportion of fixed annuities sold in relation to variable annuities could increase the regulatory capital requirements of our life insurance subsidiaries. This may reduce the dividends or other permitted payments which could be made from those subsidiaries in the near term without the rating organizations viewing this negatively. Further, the capital requirements imposed upon our subsidiaries may be impacted by heightened regulatory scrutiny and intervention, which could negatively affect our and our subsidiaries' ability to pay dividends or make other permitted payments. Additionally, in the past we have found it necessary to provide support to certain of our subsidiaries in order to maintain adequate capital for regulatory or other purposes and we may provide such support in the future. The provision of such support could adversely affect our excess capital, liquidity, and the dividends or other permitted payments received from our subsidiaries.

The operation of our business in foreign markets and our investments in non-U.S. denominated securities and investment products subjects us to exchange rate and other risks in connection with earnings and income generated overseas.

While we are a U.S.-based company, a portion of our business operations occur outside of the U.S. and some of our investments are not denominated in U.S. dollars. As a result, we are exposed to certain foreign currency exchange risks that could reduce U.S. dollar equivalent earnings as well as negatively impact our general account and other proprietary investment portfolios. Appreciation of the U.S. dollar could unfavorably affect net income from foreign operations, the value of non-U.S. dollar denominated investments and investments in foreign subsidiaries. In comparison, depreciation of the

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U.S. dollar could positively affect our net income from foreign operations and the value of non-U.S. dollar denominated investments, though such depreciation could also diminish investor, creditor and rating organizations perceptions of our company compared to peer companies that have a relatively greater proportion of foreign operations or investments.

We may seek to mitigate these risks by employing various hedging strategies including entering into derivative contracts. Currency fluctuations, including the effect of changes in the value of U.S. dollar denominated investments that vary from the amounts ultimately needed to hedge our exposure to changes in the U.S. dollar equivalent of earnings and equity of these operations, may adversely affect our results of operations, cash flows or financial condition.

Changes in U.S. federal income or estate tax law could make some of our products less attractive to clients.

Many of the products we issue or on which our businesses are based (including both insurance products and non-insurance products) enjoy favorable treatment under current U.S. federal income or estate tax law. Changes in U.S. federal income or estate tax law could thus make some of our products less attractive to clients.

We are subject to tax contingencies that could adversely affect our provision for income taxes.

We are subject to the income tax laws of the U.S., its states and municipalities and those of the foreign jurisdictions in which we have significant business operations. These tax laws are complex and may be subject to different interpretations. We must make judgments and interpretations about the application of these inherently complex tax laws when determining the provision for income taxes and must also make estimates about when in the future certain items affect taxable income in the various tax jurisdictions. Disputes over interpretations of the tax laws may be settled with the taxing authority upon examination or audit. In addition, changes to the Internal Revenue Code, administrative rulings or court decisions could increase our provision for income taxes.

Risks Relating to Our Common Stock

The market price of our shares may fluctuate.

The market price of our common stock may fluctuate widely, depending upon many factors, some of which may be beyond our control, including: changes in expectations concerning our future financial performance and the future performance of the financial services industry in general, including financial estimates and recommendations by securities analysts; differences between our actual financial and operating results and those expected by investors and analysts; our strategic moves and those of our competitors, such as acquisitions, divestitures or restructurings; changes in the regulatory framework of the financial services industry and regulatory action; changes in and the adoption of accounting standards applicable to our businesses and the financial services industry; and changes in general economic or market conditions.

Stock markets in general have experienced volatility that has often been unrelated to the operating performance of a particular company. These broad market fluctuations may adversely affect the trading price of our common stock.

Provisions in our certificate of incorporation and bylaws and of Delaware law may prevent or delay an acquisition of our company, which could decrease the market value of our common stock.

Our certificate of incorporation and bylaws and Delaware law contain provisions intended to deter coercive takeover practices and inadequate takeover bids by making them unacceptably expensive to the raider and to encourage prospective acquirors to negotiate with our board of directors rather than to attempt a hostile takeover. These provisions include, among others: a board of directors that is divided into three classes with staggered terms, however, in 2010, our shareholders approved an amendment to our certificate of incorporation that provides for the annual election of all directors beginning at our 2013 annual meeting of shareholders; elimination of the right of our shareholders to act by written consent; rules regarding how shareholders may present proposals or nominate directors for election at shareholder meetings; the right of our board of directors to issue preferred stock without shareholder approval; and limitations on the right of shareholders to remove directors.

Delaware law also imposes some restrictions on mergers and other business combinations between us and any holder of 15% or more of our outstanding common stock.

We believe these provisions protect our shareholders from coercive or otherwise unfair takeover tactics by requiring potential acquirors to negotiate with our board of directors and by providing our board of directors time to assess any acquisition proposal. They are not intended to make our company immune from takeovers. However, these provisions apply even if the offer may be considered beneficial by some shareholders and could delay or prevent an acquisition that our board of directors determines is not in the best interests of our company and our shareholders.

Item 1B. Unresolved Staff Comments.

None.

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Item 2. Properties.

We operate our business from two principal locations, both of which are located in Minneapolis, Minnesota: the Ameriprise Financial Center, an 848,000 square foot building that we lease, and our 885,000 square foot Client Service Center, which we own. Each of these principal locations meets high environmental standards: The Client Service Center has achieved the U.S. Green Building Council ("USGBC") LEED Gold Certification, and the Ameriprise Financial Center has achieved USGBC LEED Silver Certification. Our lease term for the Ameriprise Financial Center began in November 2000 and is for 20 years, with several options to extend the term. Our aggregate annual rent for the Ameriprise Financial Center is $15 million. Ameriprise Financial, Inc. owns the 171,000 square foot Oak Ridge Conference Center, a training facility and conference center in Chaska, Minnesota, which can also serve as a disaster recovery site, if necessary. We also lease space in an operations center located in Minneapolis, and we occupy space in a second operations center located in Phoenix, Arizona.

Our property and casualty subsidiary, Ameriprise Auto and Home Insurance, leases approximately 142,000 square feet at its corporate headquarters in DePere, Wisconsin, a suburb of Green Bay. The lease has a ten-year term expiring in 2014 with an option to renew the lease for up to six renewal terms of five years each. They also lease a 34,000 square foot office space in Phoenix, Arizona with a lease term expiring in 2014.

Threadneedle leases one office facility in London, England and one in Swindon, England. It is the sole tenant of its London office, a 60,410 square foot building, under a lease expiring in June 2018. Threadneedle also leases property in Frankfurt, Germany, Hong Kong, Luxembourg, Singapore and Australia and rents offices in a number of other European cities, and Dubai to support its global operations.

Columbia Management leases offices in Boston containing approximately 156,000 square feet under a lease that expires in 2021 and facilities in New York City containing approximately 90,000 square feet under a lease expiring in 2019. In addition, Seligman occupies a space of 11,425 square feet in Menlo Park, California under a lease that expires in 2023, and Columbia Wanger leases 48,000 square feet in Chicago, Illinois under a lease that expires in 2019.

AFSI leases offices containing approximately 84,000 square feet in Detroit, Michigan, under a lease expiring in 2016.

Generally, we lease the premises we occupy in other locations, including the executive and bank offices that we maintain in New York City and branch offices for our employee advisors throughout the United States. We believe that the facilities owned or occupied by our company suit our needs and are well maintained.

Item 3. Legal Proceedings.

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 and sustained volatility in the financial markets and significant financial reform legislation may increase the likelihood that clients and other persons or regulators may present or threaten legal claims or that regulators increase the scope or frequency of examinations of the Company or the financial services industry generally.

As with other financial services firms, the level of regulatory activity and inquiry concerning the Company's businesses remains elevated. From time to time, the Company receives requests for information from, and/or has been subject to examination or claims by, the SEC, FINRA, the Federal Reserve Bank, the OCC, the FSA, state insurance and securities regulators, state attorneys general and various other domestic or foreign governmental and quasi-governmental authorities on behalf of themselves or clients concerning the Company's business activities and practices, and the practices of the Company's financial advisors. During recent periods, the Company has received information requests, exams or inquiries regarding certain matters, including: sales of, or disclosures pertaining to, mutual funds, annuities, equity and fixed income securities, low priced securities, insurance products, brokerage services, financial advice offerings; trading practices within the Company's asset management business; supervision of the Company's financial advisors; company procedures and information security. The Company is also responding to regulatory audits, market conduct examinations and other inquiries (including inquiries from the states of Minnesota and New York) relating to an industry-wide investigation of unclaimed property and escheatment practices and procedures. The number of reviews and investigations has increased in recent years with regard to many firms in the financial services industry, including Ameriprise Financial. The Company has cooperated and will continue to cooperate with the applicable regulators regarding their inquiries.

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

Certain legal and regulatory proceedings are described below.

In June 2004, an action captioned John E. Gallus et al. v. American Express Financial Corp. and American Express Financial Advisors Inc., was filed in the United States District Court for the District of Arizona, and was later transferred to the United States District Court for the District of Minnesota. The plaintiffs alleged that they were investors in several of the Company's mutual funds and they purported to bring the action derivatively on behalf of those funds under the Investment Company Act of 1940 (the '40 Act). The plaintiffs alleged that fees allegedly paid to the defendants by the funds for investment advisory and administrative services were excessive. Plaintiffs seek an order declaring that defendants have violated the '40 Act and awarding unspecified damages including excessive fees allegedly paid plus interest and other costs. On July 6, 2007, the district court granted the Company's motion for summary judgment, dismissing all claims with prejudice. Plaintiffs appealed the district court's decision, and on April 8, 2009, the U.S. Court of Appeals for the Eighth Circuit reversed the district court's decision, and remanded the case for further proceedings. The Company filed with the United States Supreme Court a Petition for Writ of Certiorari to review the judgment of the Court of Appeals in this case in light of the Supreme Court's anticipated review of a similar excessive fee case captioned Jones v. Harris Associates. On March 30, 2010, the Supreme Court issued its ruling in Jones v. Harris Associates, and on April 5, 2010, the Supreme Court vacated the Eighth Circuit's decision in this case and remanded it to the Eighth Circuit for further consideration in light of the Supreme Court's decision in Jones v. Harris Associates. Without any further briefing or argument, on June 4, 2010, the Eighth Circuit remanded the case to the district court for further consideration in light of the Supreme Court's decision in Jones v. Harris Associates. On December 8, 2010, the district court re-entered its July 2007 order granting summary judgment in favor of the Company. Plaintiffs filed a notice of appeal with the Eighth Circuit on January 10, 2011. The Eighth Circuit Court heard oral arguments of the parties on November 17, 2011. The Company is awaiting the Court's ruling.

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

In October 2011, a putative class action lawsuit entitled Roger Krueger, et al. vs. Ameriprise Financial, et al. was filed in the United States District Court for the District of Minnesota against the Company, certain of its present or former employees and directors, as well as certain fiduciary committees on behalf of participants and beneficiaries of the Ameriprise Financial 401(k) Plan. The alleged class period is from October 1, 2005, to the present. The action alleges that Ameriprise breached fiduciary duties under ERISA by selecting and retaining primarily proprietary mutual funds with allegedly poor performance histories, higher expenses relative to other investment options, and improper fees paid to Ameriprise Financial, Inc. or its subsidiaries. The action also alleges that the Company breached fiduciary duties under ERISA because it used its affiliate Ameriprise Trust Company as the Plan trustee and record-keeper and improperly reaped profits from the sale of the record-keeping business to Wachovia Bank, N.A. Plaintiffs allege over $20 million in damages. On January 17, 2012, all defendants filed a brief and other documents in support of their motion to dismiss the complaint. Plaintiffs filed an amended complaint on February 7, 2012. An amended briefing and hearing schedule for the motion to dismiss this amended complaint will be set by the court.

Item 4. Mine Safety Disclosures.

Not applicable.

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PART II.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Our common stock trades principally on The New York Stock Exchange under the trading symbol AMP. As of February 10, 2012, we had approximately 20,549 common shareholders of record. Price and dividend information concerning our common shares may be found in Note 26 to our Consolidated Financial Statements included in Part II, Item 8 of this Annual Report on Form 10-K. Information regarding our equity compensation plans can be found in Part II, Item 12 of this Annual Report on Form 10-K. Information comparing the cumulative total shareholder return on our common stock to the cumulative total return for certain indices is set forth under the heading "Performance Graph" provided in our 2011 Annual Report to Shareholders and is incorporated herein by reference.

We are primarily a holding company and, as a result, our ability to pay dividends in the future will depend on receiving dividends from our subsidiaries. For information regarding our ability to pay dividends, see the information set forth under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources" contained in Part II, Item 7 of this Annual Report on Form 10-K.

Share Repurchases

The following table presents the information with respect to purchases made by or on behalf of Ameriprise Financial, Inc. or any "affiliated purchaser" (as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934) of our common stock during the fourth quarter of 2011:

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as part of Publicly Announced Plans or Programs(1)	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs(1)
October 1 to October 31, 2011				
Share repurchase program(1)	1,303,667	$ 42.20	1,303,667	$ 1,664,100,189
Employee transactions(2)	3,865	$ 39.36	N/A	N/A
November 1 to November 30, 2011				
Share repurchase program(1)	1,507,692	$ 44.42	1,507,692	$ 1,597,130,920
Employee transactions(2)	556	$ 46.56	N/A	N/A
December 1 to December 31, 2011				
Share repurchase program(1)	2,650,979	$ 47.53	2,650,979	$ 1,471,142,496
Employee transactions(2)	321	$ 45.48	N/A	N/A
Other transactions(3)	264,493	$ 49.64	N/A	N/A
Totals				

Share repurchase program	5,462,338	$	45.38	5,462,338
Employee transactions	4,742	$	40.62	N/A
Other transactions	264,493	$	49.64	N/A
	5,731,573			5,462,338

N/A Not applicable.

(1)
On June 15, 2011, we announced that our board of directors authorized us to repurchase up to $2.0 billion worth of our common stock through June 28, 2013. The share repurchase program does not require the purchase of any minimum number of shares, and depending on market conditions and other factors, these purchases may be commenced or suspended at any time without prior notice. Acquisitions under the share repurchase program may be made in the open market, through privately negotiated transactions or block trades or other means.

(2)
Restricted shares withheld pursuant to the terms of awards under the amended and revised Ameriprise Financial 2005 Incentive Compensation Plan (the "Plan") to offset tax withholding obligations that occur upon vesting and release of restricted shares. The Plan provides that the value of the shares withheld shall be the closing price of common stock of Ameriprise Financial, Inc. on the date the relevant transaction occurs.

(3)
Shares reacquired for the partial settlement of a total return swap to economically hedge our exposure to equity price risk of Ameriprise Financial, Inc. common stock granted as part of our Ameriprise Financial Franchise Advisor Deferred Compensation Plan.

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Item 6. Selected Financial Data

The following table sets forth selected consolidated financial information from our audited Consolidated Financial Statements as of December 31, 2011, 2010, 2009, 2008 and 2007 and for the five-year period ended December 31, 2011. On April 30, 2010, we acquired the long-term asset management business of Columbia Management Group. Results presented below include the results of this business after the date of acquisition. The selected financial data presented below should be read in conjunction with our Consolidated Financial Statements and Notes included elsewhere in this report and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Years Ended December 31,				
	2011	**2010**	**2009**	**2008**	**2007(1)**
	(in millions, except per share data)				
Income Statement Data:					
Total net revenues	$ 10,192	$ 9,512	$ 7,397	$ 6,433	$ 8,001
Total expenses	8,807	7,878	6,477	6,877	6,982
Income (loss) from continuing operations	$ 1,030	$ 1,284	$ 736	$ (100)	$ 813
Income (loss) from discontinued operations, net of tax	(60)	(24)	1	10	(7)
Net income (loss)	970	1,260	737	(90)	806
Less: Net income (loss) attributable to noncontrolling interests	(106)	163	15	(54)	(8)
Net income (loss) attributable to Ameriprise Financial	$ 1,076	$ 1,097	$ 722	$ (36)	$ 814
Earnings (Loss) Per Share Attributable to Ameriprise Financial, Inc. Common Shareholders:					
Basic					
Income (loss) from continuing operations	$ 4.71	$ 4.36	$ 2.98	$ (0.21)	$ 3.48
Income (loss) from discontinued operations	(0.25)	(0.10)		0.05	(0.03)
Net income (loss)	$ 4.46	$ 4.26	$ 2.98	$ (0.16)	$ 3.45
Diluted					
Income (loss) from continuing operations	$ 4.61	$ 4.27	$ 2.95	$ (0.21)	$ 3.42
Income (loss) from discontinued operations	(0.24)	(0.09)		0.05	(0.03)
Net income (loss)	$ 4.37	$ 4.18	$ 2.95	$ (0.16)(2)	$ 3.39
Cash Dividends Declared Per Common Share	$ 1.15	$ 0.71	$ 0.68	$ 0.64	$ 0.56

	December 31,				
	2011	2010	2009	2008	2007
	(in millions)				
Balance Sheet Data:(3)					
Investments	$ 38,775	$ 36,755	$ 36,642	$ 27,509	$ 30,478
Separate account assets	66,780	68,330	58,129	44,746	61,974
Total assets before consolidated investment entities	127,558	124,343	112,687	95,207	108,371
Future policy benefits and claims	31,723	30,208	30,886	29,293	27,446
Separate account liabilities	66,780	68,330	58,129	44,746	61,974
Customer deposits	9,850	8,779	8,554	8,229	6,206
Long-term debt	2,393	2,317	1,868	1,963	2,018
Short-term borrowings	504	397			
Total liabilities before consolidated investment entities	117,730	114,205	103,464	89,049	100,808
Total Ameriprise Financial, Inc. shareholders' equity	10,255	10,725	9,269	6,174	7,802

(1)

During 2007, we recorded non-recurring separation costs as a result of our separation from American Express. During the year ended December 31, 2007, $236 million ($154 million after-tax) of such costs were incurred. These costs were primarily associated with establishing the Ameriprise Financial brand, separating and reestablishing our technology platforms and advisor and employee retention programs.

(2)

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

(3)

Balance Sheet data represents assets and liabilities before consolidated investment entities, as reported on our Consolidated Balance Sheets.

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Item 7. 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," our Consolidated Financial Statements and Notes that follow and the "Consolidated Five-Year Summary of Selected Financial Data" and the "Risk Factors" included in our Annual Report on Form 10-K. Certain reclassifications of prior year amounts have been made to conform to the current presentation. References below to "Ameriprise Financial," the "Company," "we," "us," and "our" refer to Ameriprise Financial, Inc. exclusively, to our entire family of companies, or to one or more of our subsidiaries.

Overview

We are a diversified financial services company with $631 billion in assets under management and administration as of December 31, 2011. We serve individual investors' and institutions' financial needs, hold leadership positions in financial planning, wealth management, retirement, asset management, annuities and insurance, and we maintain a strong operating and financial foundation.

Ameriprise is in a strong position to capitalize on significant demographic and market trends, which we believe will continue to drive increased demand for our services. Our emphasis on deep client-advisor relationships has been central to the success of our business model, including through the extreme market conditions of the past few years, and we believe it will help us navigate future market and economic cycles. We continue to strengthen our position as a retail financial services leader as we focus on meeting the financial needs of the mass affluent and affluent, as evidenced by our leadership in financial planning, a client retention percentage rate of 92%, and our status as a top ten ranked firm within core portions of our four main business segments, including the size of our U.S. advisor force, and assets in long-term U.S. mutual funds, variable annuities and variable universal life ("VUL") insurance.

We offer financial planning, products and services designed to be used as solutions for our clients' cash and liquidity, asset accumulation, income, protection, and estate and wealth transfer needs. Our model for delivering product solutions is built on long-term, personal relationships between our clients and our financial advisors and registered representatives ("affiliated advisors"). Our focus on personal relationships, together with our discipline in financial planning and strengths in product development and advice, allow us to address the evolving financial and retirement-related needs of our clients, including our primary target market segment, the mass affluent and affluent, which we define as households with investable assets of more than $100,000. The financial product solutions we offer through our affiliated advisors include both our own products and services and the products of other companies. Our affiliated advisor network is the primary channel through which we offer our life insurance and annuity products and services, as well as a range of banking and protection products.

Our affiliated advisors are focused on using a financial planning and advisory process designed to provide comprehensive advice that focuses on all aspects of our clients' finances. This approach allows us to recommend actions and a broad range of product solutions, including investment, annuity, insurance, banking and other financial products that can help clients attain a return or form of protection over time while accepting what they determine to be an appropriate range and level of risk. We believe our focus on meeting clients' needs through personal financial planning results in more satisfied clients with deeper, longer lasting relationships with our company and higher retention of our affiliated advisors.

As of December 31, 2011, we had a network of more than 9,700 affiliated advisors. The financial product solutions we offer through our affiliated advisors include both our own products and services and the products of other companies. Our affiliated advisor network is the primary channel through which we offer our life insurance and annuity products and services, as well as a range of banking and protection products. We offer our affiliated advisors training, tools, leadership, marketing programs and other field and centralized support to assist them in delivering advice and product solutions to clients. We believe our comprehensive and client-focused approach not only improves the products and services we provide to their clients, but also allows us to reinvest in enhanced services for clients and increase support for financial advisors.

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 affected 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.

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Equity price, 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, the values of liabilities for guaranteed benefits associated with our variable annuities and the values of derivatives held to hedge these benefits.

In June 2009, the Financial Accounting Standards Board updated the accounting standards related to the required consolidation of certain variable interest entities ("VIEs"). We adopted the accounting standard effective January 1, 2010 and recorded as a cumulative change in accounting principle an increase to appropriated retained earnings of consolidated investment entities of $473 million and consolidated approximately $5.5 billion of client assets and $5.1 billion of liabilities in VIEs onto our Consolidated Balance Sheets that were not previously consolidated. Management views the VIE assets as client assets and the liabilities have recourse only to those assets. While the economics of our business have not changed, the financial statements were impacted. Prior to adoption, we consolidated certain property funds and hedge funds. These entities and the VIEs consolidated as of January 1, 2010, are defined as consolidated investment entities ("CIEs"). Changes in the valuation of the CIE assets and liabilities impact pretax income. The net income (loss) of the CIEs is reflected in net income (loss) attributable to noncontrolling interests. The results of operations of the CIEs are reflected in the Corporate & Other segment. On a consolidated basis, the management fees we earn for the services we provide to the CIEs and the related general and administrative expenses are eliminated and the changes in the assets and liabilities related to the CIEs, primarily debt and underlying syndicated loans, are reflected in net investment income. We continue to include the fees in the management and financial advice fees line within our Asset Management segment.

Management believes that operating measures, which exclude net realized gains or losses; the market impact on variable annuity guaranteed living benefits, net of hedges, DSIC and DAC amortization; integration and restructuring charges; income (loss) from discontinued operations; and the impact of consolidating CIEs, best reflect the underlying performance of our core operations and facilitate a more meaningful trend analysis. Management uses certain of these non-GAAP measures to evaluate our financial performance on a basis comparable to that used by some securities analysts and investors. Also, certain of these non-GAAP measures are taken into consideration, to varying degrees, for purposes of business planning and analysis and for certain compensation-related matters. Throughout our Management's Discussion and Analysis, these non-GAAP measures are referred to as operating measures. While the consolidation of the CIEs impacts our balance sheet and income statement, our exposure to these entities is unchanged and there is no impact to the underlying business results. The CIEs we manage have the following characteristics:

- They were formed on behalf of institutional investors to obtain a diversified investment portfolio and were not formed in order to obtain financing for Ameriprise Financial.

- Ameriprise Financial receives customary, industry standard management fees for the services it provides to these CIEs and has a fiduciary responsibility to maximize the investors' returns.

- Ameriprise Financial does not have any obligation to provide financial support to the CIEs, does not provide any performance guarantees of the CIEs and has no obligation to absorb the investors' losses.

- Management excludes the impact of consolidating the CIEs on assets, liabilities, pretax income and equity for setting our financial performance targets and annual incentive award compensation targets.

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:

- Operating total net revenue growth of 6% to 8%,

- Operating earnings per diluted share growth of 12% to 15%, and

- Operating return on equity excluding accumulated other comprehensive income of 12% to 15%.

Net revenues increased $680 million, or 7%, to $10.2 billion for the year ended December 31, 2011 compared to $9.5 billion for the prior year. Operating net revenues exclude net realized gains or losses and revenues or losses of the CIEs and include the fees we earn from services provided to the CIEs. Operating net revenues increased $933 million, or 10%, to $10.1 billion for the year ended December 31, 2011 compared to $9.1 billion for the prior year.

Net income from continuing operations attributable to Ameriprise Financial per diluted share increased $0.34, or 8%, to $4.61 for the year ended December 31, 2011 compared to $4.27 for the prior year. Operating earnings exclude net realized gains or losses; the market impact on variable annuity guaranteed living benefits, net of hedges, DSIC and DAC amortization; integration and restructuring charges; income (loss) from discontinued operations; and the impact of consolidating CIEs. Operating earnings per diluted share increased $0.47, or 10%, to $5.00 for the year ended December 31, 2011 compared to $4.53 for the prior year.

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Return on equity from continuing operations excluding accumulated other comprehensive income was 11.5% for the twelve months ended December 31, 2011 compared to 11.6% for the prior year. Operating return on equity is calculated using operating earnings for the last twelve months in the numerator and the average Ameriprise Financial, Inc. shareholders' equity from continuing operations excluding the impact of consolidating CIEs and accumulated other comprehensive income as of the last day of the trailing four quarters and the current quarter in the denominator. Operating return on equity excluding CIEs and accumulated other comprehensive income was 13.2% for the twelve months ended December 31, 2011 compared to 12.9% for the prior year.

On April 30, 2010, we acquired the long-term asset management business of Columbia Management Group from Bank of America (the "Columbia Management Acquisition"). The acquisition, the integration of which is expected to be completed in 2012, has enhanced the scale and performance of our retail mutual fund and institutional asset management businesses. We incurred pretax non-recurring integration costs related to the Columbia Management Acquisition of $95 million for the year ended December 31, 2011. In total, we have incurred $202 million of pretax non-recurring integration costs through December 31, 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.

During the fourth quarter of 2011, we sold Securities America Financial Corporation and its subsidiaries (collectively, "Securities America") to Ladenburg Thalmann Financial Services, Inc. for $150 million in cash and potential future payments if Securities America reaches certain financial criteria. The results of Securities America have been presented as discontinued operations for all periods presented and the related assets and liabilities have been classified as held for sale.

Critical Accounting Policies

The accounting and reporting policies that we use affect our Consolidated Financial Statements. Certain of our accounting and reporting policies are critical to an understanding of our consolidated results of operations and financial condition and, in some cases, the application of these policies can be significantly affected by the estimates, judgments and assumptions made by management during the preparation of our Consolidated Financial Statements. The accounting and reporting policies we have identified as fundamental to a full understanding of our consolidated results of operations and financial condition are described below. See Note 2 to our Consolidated Financial Statements for further information about our accounting policies.

Valuation of Investments

The most significant component of our investments is our Available-for-Sale securities, which we carry at fair value within our Consolidated Balance Sheets. The fair value of our Available-for-Sale securities at December 31, 2011 was primarily obtained from third-party pricing sources. We record unrealized securities gains (losses) in accumulated other comprehensive income (loss), net of impacts to DAC, DSIC, certain benefit reserves and income taxes. We recognize gains and losses in results of operations upon disposition of the securities.

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. When the fair value of an investment is less than its amortized cost, we assess whether or not: (i) we have the intent to sell the security (made a decision to sell) or (ii) it is more likely than not that we will be required to sell the security before its anticipated recovery. If either of these conditions is met, an other-than-temporary impairment is considered to have occurred and we 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 we do not expect to recover a security's amortized cost basis, the security is also considered other-than-temporarily impaired. For these securities, we separate 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 sustained 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.

For all securities that are considered temporarily impaired, we do not intend to sell these securities (have not made a decision to sell) and it is not more likely than not that we will be required to sell the security before recovery of its amortized cost basis. We believe that we 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.

Factors we consider 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

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a significant decline in value; (iii) fundamental analysis of the liquidity, business prospects and overall financial 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 our position in the debtor's overall capital structure.

For structured investments (e.g., residential mortgage backed securities, commercial mortgage backed securities, asset backed securities and other structured investments), we also consider factors such as overall deal structure and our 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.

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 30 to 50 years. Projection periods for our life insurance and long term care insurance products are often 50 years or longer and projection periods for our disability income products can be up to 45 years. Management regularly monitors financial market conditions and actual policyholder behavior experience and compares them to its assumptions.

For annuity and UL 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 Statements 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.

The client asset value growth rates are the rates at which variable annuity and VUL 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. The long-term client asset value growth rates are based on assumed gross annual returns of 9% for equity funds and 6% for fixed income funds. We typically use a five-year mean reversion process as a guideline in setting near-term equity fund growth rates based on a long-term view of financial market performance as well as recent actual performance. The suggested near-term equity fund growth rate is reviewed quarterly to ensure consistency with management's assessment of anticipated equity market performance.

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A decrease of 100 basis points in various rate assumptions is likely to result in an increase in DAC and DSIC amortization and an increase in benefits and claims expense from variable annuity guarantees. The following table presents the estimated impact to current period pretax income:

	Estimated Impact to Pretax Income(1) (in millions)
Decrease in future near and long-term fixed income returns by 100 basis points	$ (38)
Decrease in future near-term equity fund growth returns by 100 basis points	$ (37)
Decrease in future long-term equity fund growth returns by 100 basis points	(27)
Decrease in future near and long-term equity returns by 100 basis points	$ (64)

(1) An increase in the above assumptions by 100 basis points would result in an increase to pretax income for approximately the same amount.

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.

Future Policy Benefits and Claims

Fixed Annuities and Variable Annuity Guarantees

Future policy benefits and claims related to fixed annuities and variable annuity guarantees include liabilities for fixed account values on fixed and variable deferred annuities, guaranteed benefits associated with variable annuities, equity indexed annuities and fixed annuities in a payout status.

Liabilities for fixed account values on fixed and variable deferred annuities are equal to accumulation values, which are the cumulative gross deposits and credited interest less withdrawals and various charges.

The majority of the variable annuity contracts offered by us contain guaranteed minimum death benefit ("GMDB") provisions. When market values of the customer's accounts decline, the death benefit payable on a contract with a GMDB may exceed the contract accumulation value. We also offer 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 benefits. In addition, we offer contracts with guaranteed minimum withdrawal benefit ("GMWB") and guaranteed minimum accumulation benefit ("GMAB") provisions and, until May 2007, we offered contracts containing guaranteed minimum income benefit ("GMIB") provisions.

In determining the liabilities for GMDB, GMIB and the life contingent benefits associated with GMWB, we project these benefits and contract assessments using actuarial models to simulate various equity market scenarios. Significant assumptions made in projecting future benefits and assessments relate to customer asset value growth rates, mortality, persistency and investment margins and are consistent with those used for DAC asset valuation for the same contracts. As with DAC, management reviews, and where appropriate, adjusts its assumptions each quarter. Unless management identifies a material deviation over the course of quarterly monitoring, management reviews and updates these assumptions annually in the third quarter of each year. The amounts in the table above in "Deferred Acquisition Costs and Deferred Sales Inducement Costs" include the estimated impact to benefits and claims expense related to variable annuity guarantees resulting from a decrease of 100 basis points in various rate assumptions.

The GMDB liability is determined by estimating the expected value of death benefits in excess of the projected contract accumulation value and recognizing the excess over the estimated meaningful life based on expected assessments (e.g., mortality and expense fees, contractual administrative charges and similar fees).

If elected by the contract owner and after a stipulated waiting period from contract issuance, a GMIB guarantees a minimum lifetime annuity based on a specified rate of contract accumulation value growth and predetermined annuity purchase rates. The GMIB liability is determined each period by estimating the expected value of annuitization benefits in excess of the projected contract accumulation value at the date of annuitization and recognizing the excess over the estimated meaningful life based on expected assessments.

The embedded derivatives related to GMAB and the non-life contingent benefits associated with GMWB provisions are recorded at fair value. See Note 14 to our Consolidated Financial Statements for information regarding the fair value measurement of embedded derivatives. The liability for the life contingent benefits associated with GMWB provisions is

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determined in the same way as the GMDB liability. Significant assumptions made in projecting future benefits and fees relate to persistency and benefit utilization. As with DAC, management reviews, and where appropriate, adjusts its assumptions each quarter. Unless management identifies a material deviation over the course of quarterly monitoring, management reviews and updates these assumptions annually in the third quarter of each year. The changes in both the fair values of the GMWB and GMAB embedded derivatives and the liability for life contingent benefits are reflected in benefits, claims, losses and settlement expenses.

Liabilities for equity indexed annuities are equal to the accumulation of host contract values covering guaranteed benefits and the fair value of embedded equity options.

Liabilities for fixed annuities in a benefit or payout status are based on future estimated payments using established industry mortality tables and interest rates, ranging from 4.25% to 9.5% at December 31, 2011, depending on year of issue, with an average rate of approximately 5.47%.

Life, Disability Income and Long Term Care Insurance

Future policy benefits and claims related to life, disability income and long term care insurance include liabilities for fixed account values on fixed and variable universal life policies, liabilities for indexed accounts of indexed universal life ("IUL") products, liabilities for unpaid amounts on reported claims, estimates of benefits payable on claims incurred but not yet reported and estimates of benefits that will become payable on term life, whole life, disability income and long term care policies as claims are incurred in the future.

Liabilities for fixed account values on fixed and variable universal life insurance are equal to accumulation values. Accumulation values are the cumulative gross deposits and credited interest less various contractual expense and mortality charges and less amounts withdrawn by policyholders.

Liabilities for indexed accounts of IUL products are equal to the accumulation of host contract values covering guaranteed benefits and the fair value of embedded equity options.

A portion of our fixed and variable universal life contracts have product features that result in profits followed by losses from the insurance component of the contract. These profits followed by losses can be generated by the cost structure of the product or secondary guarantees in the contract. 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.

In determining the liability for contracts with profits followed by losses, we project benefits and contract assessments using actuarial models. Significant assumptions made in projecting future benefits and assessments relate to customer asset value growth rates, mortality, persistency and investment margins and are consistent with those used for DAC asset valuation for the same contracts. As with DAC, management reviews, and where appropriate, adjusts its assumptions each quarter. Unless management identifies a material deviation over the course of quarterly monitoring, management reviews and updates these assumptions annually in the third quarter of each year.

The liability for these future losses is determined by estimating the death benefits in excess of account value and recognizing the excess over the estimated meaningful life based on expected assessments (e.g. cost of insurance charges, contractual administrative charges, similar fees and investment margin). See Note 10 to our Consolidated Financial Statements for information regarding the liability for contracts with secondary guarantees.

Liabilities for unpaid amounts on reported life insurance claims are equal to the death benefits payable under the policies. Liabilities for unpaid amounts on reported disability income and long term care claims include any periodic or other benefit amounts due and accrued, along with estimates of the present value of obligations for continuing benefit payments. These amounts are calculated based on claim continuance tables which estimate the likelihood an individual will continue to be eligible for benefits. Present values are calculated at interest rates established when claims are incurred. Anticipated claim continuance rates are based on established industry tables, adjusted as appropriate for our experience. Interest rates used with disability income claims ranged from 3.0% to 8.0% at December 31, 2011, with an average rate of 4.5%. Interest rates used with long term care claims ranged from 4.0% to 7.0% at December 31, 2011, with an average rate of 4.2%.

Liabilities for estimated benefits payable on claims that have been incurred but not yet reported are based on periodic analysis of the actual time lag between when a claim occurs and when it is reported.

Liabilities for estimates of benefits that will become payable on future claims on term life, whole life, disability income and long term care policies are based on the net level premium method, using anticipated premium payments, mortality and morbidity rates, policy persistency and interest rates earned on assets supporting the liability. Anticipated mortality and morbidity rates are based on established industry mortality and morbidity tables, with modifications based on our experience. Anticipated premium payments and persistency rates vary by policy form, issue age, policy duration and certain other pricing factors. Anticipated interest rates for term and whole life ranged from 4.0% to 10.0% at December 31, 2011, depending on policy form, issue year and policy duration. Anticipated interest rates for disability income policies ranged from 4.0% to 7.5% at December 31, 2011, depending on policy form, issue year and policy duration. Anticipated interest rates for long term care policy reserves can vary by plan and year and ranged from 5.8% to 9.4% at December 31, 2011.

Where applicable, benefit amounts expected to be recoverable from reinsurance companies who share in the risk are separately recorded as reinsurance recoverable within receivables.

Derivative Instruments and Hedging Activities

We use derivative instruments to manage our exposure to various market risks. Examples include index options, interest rate swaps and swaptions, total return swaps, and futures that economically hedge the equity and interest rate exposure of derivatives embedded in certain annuity, life and certificate liabilities, as well as exposure to price risk arising from affiliated mutual fund seed money investments. All derivatives are recorded at fair value. The fair value of our derivative instruments is determined using either market quotes or valuation models that are based upon the net present value of estimated future cash flows and incorporate current market observable inputs to the extent available.

The accounting for changes in the fair value of a derivative instrument depends on its intended use and the resulting hedge designation, if any. We primarily use derivatives as economic hedges that are not designated as accounting hedges or do not qualify for hedge accounting treatment. We occasionally designate derivatives as (i) hedges of changes in the fair value of assets, liabilities or firm commitments ("fair value hedges"), (ii) hedges of a forecasted transaction or of the variability of cash flows to be received or paid related to a recognized asset or liability ("cash flow hedges") or (iii) hedges of foreign currency exposures of net investments in foreign operations ("net investment hedges in foreign operations").

Our policy is to not offset fair value amounts recognized for derivatives and collateral arrangements executed with the same counterparty under the same master netting arrangement. For derivative instruments that do not qualify for hedge accounting or are not designated as accounting hedges, changes in fair value are recognized in current period earnings. The changes in fair value of derivatives hedging variable annuity living benefits and certain variable annuity death benefits, when applicable, are included within benefits, claims, losses and settlement expenses. The changes in fair value of derivatives hedging equity indexed annuities and IUL products are included within interest credited to fixed accounts and the changes in fair value of derivatives hedging stock market certificates are included within banking and deposit interest expense. The changes in fair value of derivatives hedging equity price risk of Ameriprise Financial, Inc. common stock granted as part of the Ameriprise Financial Franchise Advisor Deferred Equity Plan are included in distribution expenses. The changes in fair value of all other derivatives that do not qualify for hedge accounting or are not designated as hedges are a component of net investment income.

For derivative instruments that qualify as fair value hedges, changes in the fair value of the derivatives, as well as changes in the fair value of the hedged assets, liabilities or firm commitments, are recognized on a net basis in current period earnings. The carrying value of the hedged item is adjusted for the change in fair value from the designated hedged risk. If a fair value hedge designation is removed or the hedge is terminated prior to maturity, previous adjustments to the carrying value of the hedged item are recognized into earnings over the remaining life of the hedged item.

For derivative instruments that qualify as cash flow hedges, the effective portion of the gain or loss on the derivative instruments is reported in accumulated other comprehensive income (loss) and reclassified into earnings when the hedged item or transaction impacts earnings. The amount that is reclassified into earnings is presented in the Consolidated Statements of Operations with the hedged instrument or transaction impact. Any ineffective portion of the gain or loss is reported in current period earnings as a component of net investment income. If a hedge designation is removed or a hedge is terminated prior to maturity, the amount previously recorded in accumulated other comprehensive income (loss) is reclassified to earnings over the period that the hedged item impacts earnings. 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 (loss) are recognized in earnings immediately.

For derivative instruments that qualify as net investment hedges in foreign operations, the effective portion of the change in fair value of the derivatives is recorded in accumulated other comprehensive income (loss) as part of the foreign currency translation adjustment. Any ineffective portion of net investment hedges in foreign operations is recognized in net investment income during the period of change.

For further details on the types of derivatives we use and how we account for them, see Note 2 and Note 15 to our Consolidated Financial Statements.

Income Tax Accounting

Income taxes, as reported in our Consolidated Financial Statements, represent the net amount of income taxes that we expect to pay to or receive from various taxing jurisdictions in connection with our operations. We provide for income taxes based on amounts that we believe we will ultimately owe taking into account the recognition and measurement for uncertain tax positions. Inherent in the provision for income taxes are estimates and judgments regarding the tax treatment

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of certain items. In the event that the ultimate tax treatment of items differs from our estimates, we may be required to significantly change the provision for income taxes recorded in our Consolidated Financial Statements.

In connection with the provision for income taxes, our Consolidated Financial Statements reflect certain amounts related to deferred tax assets and liabilities, which result from temporary differences between the assets and liabilities measured for financial statement purposes versus the assets and liabilities measured for tax return purposes. Included in deferred tax assets are significant capital losses that have been recognized for financial statement purposes but not yet for tax return purposes as well as future deductible capital losses realized 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.

We are required to establish a valuation allowance for any portion of our deferred tax assets that management believes will not be realized. Significant judgment is required in determining if a valuation allowance should be established, and the amount of such allowance if required. Factors used in making this determination include estimates relating to the performance of the business including the ability to generate capital gains. Consideration is given to, among other things in making this determination, (i) future taxable income exclusive of reversing temporary differences and carryforwards, (ii) future reversals of existing taxable temporary differences, (iii) taxable income in prior carryback years, and (iv) tax planning strategies. Management may need to identify and implement appropriate planning strategies to ensure our ability to realize our deferred tax assets and avoid the establishment of a valuation allowance with respect to such assets. Management believes it is more likely than not that we will not realize the full benefit of certain state net operating losses, and therefore a valuation allowance of $5 million has been established as of December 31, 2011.

Recent Accounting Pronouncements

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

We adopted new accounting rules for the deferral of insurance and annuity acquisition costs on January 1, 2012 on a retrospective basis. The change reduced our DAC asset by $2.0 billion, which decreased retained earnings by $1.4 billion after-tax. The retrospective adoption increased our return on equity from continuing operations excluding accumulated other comprehensive income by 2.4% for the twelve months ended December 31, 2011. The adoption will not impact our strong excess capital position or cash flow. We estimate that the adoption will have a marginal impact to operating earnings in 2012.

Sources of Revenues and Expenses

Management and Financial Advice Fees

Management and financial advice fees relate primarily to fees earned from managing mutual funds, separate account and wrap account assets and institutional investments, as well as fees earned from providing financial advice and administrative services (including transfer agent, administration and custodial fees earned from providing services to retail mutual funds). Management and financial advice fees also include mortality and expense risk fees earned on separate account assets.

Our management fees are generally accrued daily and collected monthly. A significant portion of our management fees are calculated as a percentage of the fair value of our managed assets. The substantial majority of our managed assets are valued by third party pricing services vendors based upon observable market data. The selection of our third party pricing services vendors and the reliability of their prices are subject to certain governance procedures, such as exception reporting, subsequent transaction testing, and annual due diligence of our vendors, which includes assessing the vendor's valuation qualifications, control environment, analysis of asset-class specific valuation methodologies and understanding of sources of market observable assumptions.

Several of our mutual funds had a performance incentive adjustment ("PIA"). The PIA increased or decreased the level of management fees received based on the specific fund's relative performance as measured against a designated external index. We discontinued the PIA earned by our domestic mutual funds during 2011. We recognized PIA revenue monthly on a 12 month rolling performance basis. We may also receive performance-based incentive fees from hedge funds, Threadneedle Open Ended Investment Companies ("OEICs"), or other structured investments that we manage. The annual performance fees for structured investments are recognized as revenue at the time the performance fee is finalized or no longer subject to adjustment. All other performance fees are based on a full contract year and are final at the end of the contract year. Any performance fees received are not subject to repayment or any other clawback provisions and approximately 1% of managed assets as of December 31, 2011 are subject to "high water marks" whereby we will not earn incentive fees even if the fund has positive returns until it surpasses the previous high water mark. Employee benefit plan and institutional investment management and administration services fees are negotiated and are also generally

based on underlying asset values. Fees from financial planning and advice services are recognized when the financial plan is delivered.

Distribution Fees

Distribution fees primarily include point-of-sale fees (such as mutual fund front-end sales loads) and asset-based fees (such as 12b-1 distribution and shareholder service fees) that are generally based on a contractual percentage of assets and recognized when earned. Distribution fees also include amounts received under marketing support arrangements for sales of mutual funds and other companies' products, such as through our wrap accounts, as well as surrender charges on fixed and variable universal life insurance and annuities.

Net Investment Income

Net investment income primarily includes interest income on fixed maturity securities classified as Available-for-Sale, commercial mortgage loans, policy loans, consumer loans, other investments and cash and cash equivalents; the changes in fair value of trading securities, certain derivatives and certain assets and liabilities of consolidated investment entities; the pro rata share of net income or loss on equity method investments; and realized gains and losses on the sale of securities and charges for other-than-temporary impairments of investments related to credit losses. Interest income is accrued as earned using the effective interest method, which makes an adjustment of the yield for security premiums and discounts on all performing fixed maturity securities classified as Available-for-Sale and commercial mortgage loans so that the related security or loan recognizes a constant rate of return on the outstanding balance throughout its term. Realized gains and losses on securities, other than trading securities and equity method investments, are recognized using the specific identification method on a trade date basis.

Premiums

Premiums include premiums on property-casualty insurance, traditional life and health (disability income and long term care) insurance and immediate annuities with a life contingent feature. Premiums on auto and home insurance are net of reinsurance premiums and are recognized ratably over the coverage period. Premiums on traditional life and health insurance are net of reinsurance ceded and are recognized as revenue when due.

Other Revenues

Other revenues include certain charges assessed on fixed and variable universal life insurance and annuities, which consist of cost of insurance charges, net of reinsurance premiums and cost of reinsurance for UL insurance products, variable annuity guaranteed benefit rider charges and administration charges against contractholder accounts or balances. Premiums paid by fixed and variable universal life policyholders and annuity contractholders are considered deposits and are not included in revenue. Other revenues also include revenues related to certain consolidated limited partnerships.

Banking and Deposit Interest Expense

Banking and deposit interest expense primarily includes interest expense related to banking deposits and investment certificates. Additionally, banking and deposit interest expense includes interest related to non-recourse debt of certain consolidated limited partnerships. The changes in fair value of stock market certificate embedded derivatives and the derivatives hedging stock market certificates are included within banking and deposit interest expense.

Distribution Expenses

Distribution expenses primarily include compensation paid to our financial advisors, registered representatives, third-party distributors and wholesalers, net of amounts capitalized and amortized as part of DAC. The amounts capitalized and amortized are based on actual distribution costs. The majority of these costs, such as advisor and wholesaler compensation, vary directly with the level of sales. Distribution expenses also include marketing support and other distribution and administration related payments made to affiliated and unaffiliated distributors of products provided by our affiliates. The majority of these expenses vary with the level of sales, or assets held, by these distributors, and the remainder is fixed. Distribution expenses also include wholesaling costs.

Interest Credited to Fixed Accounts

Interest credited to fixed accounts represents amounts earned by contractholders and policyholders on fixed account values associated with fixed and variable universal life and annuity contracts. The changes in fair value of equity indexed annuity and IUL embedded derivatives and the derivatives hedging these products are included within interest credited to fixed accounts.

Benefits, Claims, Losses and Settlement Expenses

Benefits, claims, losses and settlement expenses consist of amounts paid and changes in liabilities held for anticipated future benefit payments under insurance policies and annuity contracts, along with costs to process and pay such

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amounts. Amounts are net of benefit payments recovered or expected to be recovered under reinsurance contracts. Benefits under variable annuity guarantees include the changes in fair value of GMWB and GMAB embedded derivatives and the derivatives hedging these benefits, as well as the changes in fair value of derivatives hedging GMDB provisions. Benefits, claims, losses and settlement expenses also include amortization of DSIC.

Amortization of DAC

Direct sales commissions and other costs capitalized as DAC are amortized over time. For annuity and UL contracts, DAC are amortized based on projections of estimated gross profits over amortization periods equal to the approximate life of the business. For other insurance products, DAC are generally amortized as a percentage of premiums over amortization periods equal to the premium-paying period. For certain mutual fund products, DAC are generally amortized over fixed periods on a straight-line basis adjusted for redemptions. See "Deferred Acquisition Costs and Deferred Sales Inducement Costs" under "Critical Accounting Policies" for further information on DAC.

Interest and Debt Expense

Interest and debt expense primarily includes interest on corporate debt and debt of consolidated investment entities, the impact of interest rate hedging activities and amortization of debt issuance costs.

General and Administrative Expense

General and administrative expense includes compensation, share-based awards and other benefits for employees (other than employees directly related to distribution, including financial advisors), integration costs, professional and consultant fees, information technology, facilities and equipment, advertising and promotion, legal and regulatory and corporate related expenses.

Assets Under Management and Administration

Assets under management ("AUM") include assets for which we provide investment management services, such as the assets of the Columbia funds and Threadneedle funds, assets of institutional clients and assets of clients in our affiliated advisor platform held in wrap accounts as well as assets managed by sub-advisers selected by us. AUM also includes 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, RiverSource Variable Product funds held in separate accounts of our life insurance subsidiaries and client assets of CIEs. These assets do not include assets under advisement, for which we provide model portfolios but do not have full discretionary investment authority.

Assets under administration ("AUA") 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 generally record fees received from administered assets as distribution fees. 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. AUA also includes certain assets on our Consolidated Balance Sheets for which we do not provide investment management services and do not recognize management fees, such as investments in non-affiliated funds held in the separate accounts of our life insurance subsidiaries. These assets do not include assets under advisement, for which we provide model portfolios but do not have full discretionary investment authority.

The following table presents detail regarding our AUM and AUA:

	December 31, 2011	December 31, 2010	Change
	(in billions)		
Assets Under Management and Administration			
Advice & Wealth Management AUM	$ 104.7	$ 97.5	7%
Asset Management AUM	435.5	456.8	(5)
Eliminations	(12.6)	(12.4)	(2)
Total Assets Under Management	527.6	541.9	(3)
Total Assets Under Administration	103.7	105.6	(2)

Total AUM and AUA	$	631.3	$	647.5	(3)%

Total AUM decreased $14.3 billion, or 3%, to $527.6 billion as of December 31, 2011 compared to the prior year primarily due to Asset Management AUM net outflows, partially offset by wrap account net inflows.

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Consolidated Results of Operations

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Management believes that operating measures, which exclude net realized gains or losses; the market impact on variable annuity guaranteed living benefits, net of hedges, DSIC and DAC amortization; integration and restructuring charges; income (loss) from discontinued operations; and the impact of consolidating CIEs, best reflect the underlying performance of our core operations and facilitate a more meaningful trend analysis. See our discussion on the use of these non-GAAP measures in the Overview section above.

The following table presents our consolidated results of operations:

	Years Ended December 31, 2011			2010				
	GAAP	Less: Adjustments(1)	Operating	GAAP	Less: Adjustments(1)	Operating	Operating Change	
	(in millions)							
Revenues								
Management and financial advice fees	$ 4,537	$ (49)	$ 4,586	$ 3,784	$ (38)	$ 3,822	$ 764	20%
Distribution fees	1,573		1,573	1,447		1,447	126	9
Net investment income	2,046	97	1,949	2,309	308	2,001	(52)	(3)
Premiums	1,220		1,220	1,179		1,179	41	3
Other revenues	863	94	769	863	125	738	31	4
Total revenues	10,239	142	10,097	9,582	395	9,187	910	10
Banking and deposit interest expense	47		47	70		70	(23)	(33)
Total net revenues	10,192	142	10,050	9,512	395	9,117	933	10
Expenses								
Distribution expenses	2,497		2,497	2,065		2,065	432	21
Interest credited to fixed accounts	853		853	909		909	(56)	(6)
Benefits, claims, losses and settlement expenses	1,557	67	1,490	1,750	9	1,741	(251)	(14)
Amortization of deferred acquisition costs	618	(8)	626	127	16	111	515	NM
Interest and debt expense	317	221	96	290	181	109	(13)	(12)
General and administrative expense	2,965	116	2,849	2,737	129	2,608	241	9
Total expenses	8,807	396	8,411	7,878	335	7,543	868	12
Income from continuing operations before income tax provision	1,385	(254)	1,639	1,634	60	1,574	65	4
Income tax provision	355	(52)	407	350	(36)	386	21	5
	1,030	(202)	1,232	1,284	96	1,188	44	4

Income from continuing operations								
Loss from discontinued operations, net of tax	(60)	(60)		(24)	(24)			
Net income	970	(262)	1,232	1,260	72	1,188	44	4
Less: Net income (loss) attributable to non- controlling interests	(106)	(106)		163	163			
Net income attributable to Ameriprise Financial	$ 1,076	$ (156)	$ 1,232	$ 1,097	$ (91)	$ 1,188	$ 44	4%

NM
Not Meaningful.

(1)
Includes the elimination of management fees we earn for services provided to the CIEs and the related expense; revenues and expenses of the CIEs; net realized gains or losses; the market impact on variable annuity living benefits, net of hedges, DSIC and DAC amortization; integration and restructuring charges; and income (loss) from discontinued operations. Income tax provision is calculated using the statutory tax rate of 35% on applicable adjustments.

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The following table presents the components of the adjustments in the table above:

	Years Ended December 31,					
	2011			2010		
	CIEs	Other Adjustments(1)	Total Adjustments	CIEs	Other Adjustments(1)	Total Adjustments
	(in millions)					
Revenues						
Management and financial advice fees	$ (49)	$	$ (49)	$ (38)	$	$ (38)
Distribution fees						
Net investment income	91	6	97	275	33	308
Premiums						
Other revenues	94		94	125		125
Total revenues	136	6	142	362	33	395
Banking and deposit interest expense						
Total net revenues	136	6	142	362	33	395
Expenses						
Distribution expenses						
Interest credited to fixed accounts						
Benefits, claims, losses and settlement expenses		67	67		9	9
Amortization of deferred acquisition costs		(8)	(8)		16	16
Interest and debt expense	221		221	181		181
General and administrative expense	21	95	116	18	111	129
Total expenses	242	154	396	199	136	335
Income from continuing operations before income tax provision	(106)	(148)	(254)	163	(103)	60
Income tax provision		(52)	(52)		(36)	(36)
Income from continuing operations	(106)	(96)	(202)	163	(67)	96
Loss from discontinued operations, net of tax		(60)	(60)		(24)	(24)
Net income	(106)	(156)	(262)	163	(91)	72
Less: Net income (loss) attributable to noncontrolling interests	(106)		(106)	163		163
Net income attributable to Ameriprise Financial	$	$ (156)	$ (156)	$	$ (91)	$ (91)

(1)

Other adjustments include net realized gains or losses; the market impact on variable annuity living benefits, net of hedges, DSIC and DAC amortization; integration and restructuring charges; and income (loss) from discontinued operations.

The following table presents a reconciliation of operating earnings per diluted share:

	Years Ended December 31,		Per Diluted Share Years Ended December 31,	
	2011	2010	2011	2010
	(in millions, except per share amounts)			
Income from continuing operations	$ 1,030	$ 1,284		
Less: Net income (loss) attributable to noncontrolling interests	(106)	163		
Net income from continuing operations attributable to Ameriprise Financial	1,136	1,121	$ 4.61	$ 4.27
Loss from discontinued operations, net of tax	(60)	(24)	(0.24)	(0.09)
Net income attributable to Ameriprise Financial	1,076	1,097	4.37	4.18
Operating adjustments, after-tax	156	91	0.63	0.35
Operating earnings	$ 1,232	$ 1,188	$ 5.00	$ 4.53
Weighted average common shares outstanding:				
Basic	241.4	257.4		
Diluted	246.3	262.3		

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The following table presents a reconciliation of operating return on equity excluding CIEs and accumulated other comprehensive income:

	Twelve Months Ended December 31, 2011	Twelve Months Ended December 31, 2010
	(in millions)	
Net income from continuing operations attributable to Ameriprise Financial	$ 1,136	$ 1,121
Less: Adjustments(1)	(96)	(67)
Operating earnings	$ 1,232	$ 1,188
Total Ameriprise Financial, Inc. shareholders' equity	$ 10,470	$ 10,309
Less: Assets and liabilities held for sale	29	102
Less: Accumulated other comprehensive income, net of tax	603	540
Total Ameriprise Financial, Inc. shareholders' equity from continuing operations excluding AOCI	9,838	9,667
Less: Equity impacts attributable to CIEs	478	455
Operating equity	$ 9,360	$ 9,212
Return on equity from continuing operations, excluding AOCI	11.5%	11.6%
Operating return on equity excluding CIEs and AOCI(2)	13.2%	12.9%

(1) Adjustments reflect the trailing twelve months' sum of after-tax net realized gains or losses; the market impact on variable annuity guaranteed living benefits, net of hedges, DAC and DSIC amortization; and integration and restructuring charges.

(2) Operating return on equity excluding accumulated other comprehensive income is calculated using the trailing twelve months of earnings excluding the after-tax net realized gains or losses; the market impact on variable annuity guaranteed living benefits, net of hedges, DAC and DSIC amortization; integration and restructuring charges; and discontinued operations in the numerator, and Ameriprise Financial, Inc. shareholders' equity excluding accumulated other comprehensive income; the impact of CIEs; and the assets and liabilities held for sale using a five point average of quarter-end equity in the denominator.

Overall

Net income attributable to Ameriprise Financial decreased $21 million, or 2%, to $1.1 billion for the year ended December 31, 2011 compared to $1.1 billion for the prior year. Net income from continuing operations attributable to Ameriprise Financial increased $15 million, or 1%, to $1.1 billion for the year ended December 31, 2011 compared to $1.1 billion for the prior year. Loss from discontinued operations, net of tax, of $60 million for the year ended December 31, 2011 included a $77 million after-tax charge related to previously disclosed legal expenses and a $14 million after-tax gain on the sale of Securities America. Operating earnings exclude net realized gains or losses; the market impact on variable annuity guaranteed living benefits, net of hedges, DSIC and DAC amortization; integration and restructuring charges; income (loss) of discontinued operations; and the impact of consolidating CIEs. Operating earnings increased $44 million, or 4%, to $1.2 billion for the year ended December 31, 2011 compared to $1.2 billion for the prior year reflecting higher revenues from business growth and an additional four months of Columbia Management results, partially offset by the impact of updating valuation assumptions and models, the market impacts on DAC and DSIC amortization and the negative impact of the low interest rate environment. The market impact on DAC and DSIC amortization was a $17 million pretax charge for the year ended December 31, 2011 compared to a $34 million pretax benefit for the prior year.

Operating earnings will continue to be negatively impacted by the ongoing low interest rate environment in 2012. In addition to continuing spread compression in our interest sensitive product lines throughout the year, there is also the potential for interest rate related impacts to DAC and DSIC amortization and the level of reserves as a result of our ongoing review of various actuarial related assumptions, which could be material.

The total pretax impacts on our revenues and expenses for 2011 attributable to the review of valuation assumptions and models on an operating basis were as follows:

Segment Pretax Benefit (Charge)	Other Revenues	Benefits, Claims, Losses and Settlement Expenses	Amortization of DAC	Total
		(in millions)		
Valuation assumptions and model changes:				
Annuities	$ —	$ 40	$ (65)	$ (25)
Protection	(20)	4	2	(14)
Total	$ (20)	$ 44	$ (63)	$ (39)

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The total pretax impacts on our revenues and expenses for 2010 attributable to the review of valuation assumptions and models on an operating basis were as follows:

Segment Pretax Benefit (Charge)	Other Revenues	Benefits, Claims, Losses and Settlement Expenses	Amortization of DAC	Total
		(in millions)		
Valuation assumptions and model changes:				
Annuities	$ —	$ (256)	$ 353	$ 97
Protection	(20)	(44)	22	(42)
Total	$ (20)	$ (300)	$ 375	$ 55

Net Revenues

Net revenues increased $680 million, or 7%, to $10.2 billion for the year ended December 31, 2011 compared to $9.5 billion for the prior year. Operating net revenues exclude net realized gains or losses and revenues or losses of the CIEs and include the fees we earn from services provided to the CIEs. Operating net revenues increased $933 million, or 10%, to $10.1 billion for the year ended December 31, 2011 compared to $9.1 billion for the prior year driven by growth in asset-based fees from net inflows in wrap account assets, the Columbia Management Acquisition and increased client activity.

Management and financial advice fees increased $753 million, or 20%, to $4.5 billion for the year ended December 31, 2011 compared to $3.8 billion for the prior year. Operating management and financial advice fees include the fees we earn from services provided to the CIEs. Operating management and financial advice fees increased $764 million, or 20%, to $4.6 billion for the year ended December 31, 2011 compared to $3.8 billion for the prior year primarily due to an additional four months of business resulting from the Columbia Management Acquisition, as well as higher wrap account fees and variable annuity fees. Wrap account assets increased $5.9 billion, or 6%, to $103.4 billion at December 31, 2011 compared to the prior year due to net inflows. Average variable annuities contract accumulation values increased $6.4 billion, or 12%, from the prior year due to higher average equity market levels, as well as net inflows.

Distribution fees increased $126 million, or 9%, to $1.6 billion for the year ended December 31, 2011 compared to $1.4 billion for the prior year primarily due to higher asset-based fees driven by the Columbia Management Acquisition and net inflows in wrap account assets, as well as increased client activity.

Net investment income decreased $263 million, or 11%, to $2.0 billion for the year ended December 31, 2011 compared to $2.3 billion for the prior year. Net investment income for the year ended December 31, 2011 included a $91 million gain for changes in the assets and liabilities of CIEs, primarily debt and underlying syndicated loans, compared to a $275 million gain in the prior year. Operating net investment income excludes net realized gains or losses and changes in the assets and liabilities of CIEs. Operating net investment income decreased $52 million, or 3%, to $1.9 billion for the year ended December 31, 2011 compared to $2.0 billion for the prior year primarily due to a decrease in investment income on fixed maturity securities driven by lower invested assets and lower interest rates. The decrease in invested assets compared to the prior year resulted from net outflows in certificates driven by the low interest rate environment and lower investments in annuity general account assets due to the implementation of changes to the Portfolio Navigator program in the second quarter of 2010 and lower interest sensitive fixed annuity account balances. These negative impacts were partially offset by $43 million of additional bond discount accretion investment income related to prior periods resulting from revisions to the accounting classification of certain structured securities in the third quarter of 2011.

Premiums increased $41 million, or 3%, to $1.2 billion for the year ended December 31, 2011 compared to $1.2 billion for the prior year primarily due to growth in Auto and Home premiums driven by higher volumes, as well as higher sales of immediate annuities with life contingencies. Auto and Home policy counts increased 7% period-over-period.

Other revenues remained flat at $863 million for the year ended December 31, 2011 compared to the prior year. Operating other revenues exclude revenues of the CIEs. Operating other revenues increased $31 million, or 4%, to $769 million for the year ended December 31, 2011 compared to $738 million for the prior year due to higher fees from variable annuity guarantees driven by higher in force amounts. During the second quarter of 2011, we reclassified from accumulated other comprehensive income into earnings a $27 million gain on an interest rate hedge put in place in anticipation of issuing debt between December 2010 and June 2011. Operating other revenues for the year ended December 31, 2010 included a $25 million benefit from payments related to the Reserve Funds matter in the first quarter of 2010.

Banking and deposit interest expense decreased $23 million, or 33%, to $47 million for the year ended December 31, 2011 compared to $70 million for the prior year primarily due to lower certificate balances, as well as a decrease in crediting rates on certificate products.

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Expenses

Total expenses increased $929 million, or 12%, to $8.8 billion for the year ended December 31, 2011 compared to $7.9 billion for the prior year. Operating expenses exclude the market impact on variable annuity guaranteed living benefits, net of hedges, DSIC and DAC amortization; integration and restructuring charges; and expenses of the CIEs. Operating expenses increased $868 million, or 12%, to $8.4 billion for the year ended December 31, 2011 compared to $7.5 billion for the prior year primarily due to the impact of updating valuation assumptions and models, the market impact on DAC and DSIC amortization, and increases in distribution expenses and general and administrative expense.

Distribution expenses increased $432 million, or 21%, to $2.5 billion for the year ended December 31, 2011 compared to $2.1 billion for the prior year as a result of the Columbia Management Acquisition, as well as higher advisor compensation from business growth.

Interest credited to fixed accounts decreased $56 million, or 6%, to $853 million for the year ended December 31, 2011 compared to $909 million for the prior year driven by lower average variable annuities fixed sub-account balances and a lower average crediting rate on interest sensitive fixed annuities, as well as lower average fixed annuity account balances. Average variable annuities fixed sub-account balances decreased $580 million, or 11%, to $4.8 billion for the year ended December 31, 2011 compared to the prior year primarily due to the implementation of changes to the Portfolio Navigator program in the second quarter of 2010. The average fixed annuity crediting rate excluding capitalized interest decreased to 3.7% for the year ended December 31, 2011 compared to 3.8% for the prior year. Average fixed annuities contract accumulation values decreased $265 million, or 2%, to $14.3 billion for the year ended December 31, 2011 compared to the prior year due to outflows.

Benefits, claims, losses and settlement expenses decreased $193 million, or 11%, to $1.6 billion for the year ended December 31, 2011 compared to $1.8 billion for the prior year. Operating benefits, claims, losses and settlement expenses, which exclude the market impact on variable annuity guaranteed living benefits, net of hedges and DSIC amortization, decreased $251 million, or 14%, to $1.5 billion for the year ended December 31, 2011 compared to $1.7 billion for the prior year. Operating benefits, claims, losses and settlement expenses for the year ended December 31, 2011 included a benefit of $44 million from updating valuation assumptions and models compared to an expense of $300 million in the prior year. Benefits, claims, losses and settlement expenses related to our Auto and Home business increased from the prior year primarily due to $45 million of catastrophe losses in 2011 compared to $29 million in 2010, as well as higher auto liability reserves. Benefits, claims, losses and settlement expenses related to our immediate annuities with life contingencies increased from the prior year due to an unfavorable change in reserves primarily driven by higher premiums. In addition, benefits, claims, losses and settlement expenses increased as a result of higher UL claims and an increase in ongoing reserve levels for UL products with secondary guarantees compared to the prior year. The market impact to DSIC was an expense of $2 million in 2011 compared to a benefit of $3 million in the prior year. Benefits, claims, losses and settlement expenses for the prior year included a $21 million expense, net of DSIC, as a result of the implementation of changes to the Portfolio Navigator program.

Amortization of DAC increased $491 million to $618 million for the year ended December 31, 2011 compared to $127 million for the prior year. Operating amortization of DAC, which excludes the DAC offset to the market impact on variable annuity guaranteed living benefits, increased $515 million to $626 million for the year ended December 31, 2011 compared to $111 million for the prior year primarily due to the impact of updating valuation assumptions and models, as well as the market impact on amortization of DAC. Operating amortization of DAC in 2011 included an expense of $63 million from updating valuation assumptions and models compared to a benefit of $375 million in the prior year. The market impact on amortization of DAC was an expense of $15 million in 2011 compared to a benefit of $31 million in the prior year. Amortization of DAC for the year ended December 31, 2010 included a benefit of $19 million as a result of the implementation of changes to the Portfolio Navigator program.

Interest and debt expense increased $27 million, or 9%, to $317 million for the year ended December 31, 2011 compared to $290 million for the prior year. Operating interest and debt expense, which excludes interest expense on CIE debt, decreased $13 million, or 12%, to $96 million for the year ended December 31, 2011 compared to $109 million in the prior year primarily due to lower average debt balances.

General and administrative expense increased $228 million, or 8%, to $3.0 billion for the year ended December 31, 2011 compared to $2.7 billion for the prior year. Operating general and administrative expense excludes integration and restructuring charges and expenses of the CIEs. Integration and restructuring charges decreased $16 million to $95 million for the year ended December 31, 2011 compared to $111 million for the prior year. Operating general and administrative expense increased $241 million, or 9%, to $2.8 billion for the year ended December 31, 2011 compared to $2.6 billion for the prior year primarily reflecting an additional four months of ongoing expenses from the Columbia Management Acquisition, as well as higher compensation expense and an increase in advertising and investment spending compared to the prior year.

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Income Taxes

Our effective tax rate on income from continuing operations including income attributable to noncontrolling interests was 25.6% for the year ended December 31, 2011, compared to 21.5% for the prior year. Our effective tax rate on income from continuing operations excluding income attributable to noncontrolling interests was 23.8% for the years ended December 31, 2011 and 2010. Our operating effective tax rate was 24.8% for the year ended December 31, 2011, compared to 24.5% for the prior year.

It is possible there will be corporate tax reform in the next few years. While impossible to predict, corporate tax reform is likely to include a reduction in the corporate tax rate coupled with reductions in tax preferred items. Potential tax reform may also affect the U.S. tax rules regarding international operations. Any changes could have a material impact on our income tax expense and deferred tax balances.

The following table presents a reconciliation of our operating effective tax rate:

	Years Ended December 31, 2011		2010	
	GAAP	Operating	GAAP	Operating
	(in millions)			
Income from continuing operations before income tax provision	$ 1,385	$ 1,639	$ 1,634	$ 1,574
Less: Pretax income (loss) attributable to noncontrolling interests	(106)		163	
Income from continuing operations before income tax provision excluding CIEs	$ 1,491	$ 1,639	$ 1,471	$ 1,574
Income tax provision from continuing operations	$ 355	$ 407	$ 350	$ 386
Effective tax rate	25.6%	24.8%	21.5%	24.5%
Effective tax rate excluding noncontrolling interests	23.8%	24.8%	23.8%	24.5%

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Results of Operations by Segment

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

The following table presents summary financial information by segment:

	Years Ended December 31, 2011			Years Ended December 31, 2010		
	GAAP	Less: Adjustments(1)	Operating	GAAP	Less: Adjustments(1)	Operating
	(in millions)					
Advice & Wealth Management						
Net revenues	$ 3,708	$ (5)	$ 3,713	$ 3,343	$ 1	$ 3,342
Expenses	3,307		3,307	3,027	7	3,020
Pretax income	$ 401	$ (5)	$ 406	$ 316	$ (6)	$ 322
Asset Management						
Net revenues	$ 2,900	$ 3	$ 2,897	$ 2,368	$ 3	$ 2,365
Expenses	2,464	95	2,369	2,050	95	1,955
Pretax income	$ 436	$ (92)	$ 528	$ 318	$ (92)	$ 410
Annuities						
Net revenues	$ 2,631	$ 1	$ 2,630	$ 2,500	$ 9	$ 2,491
Expenses	2,110	59	2,051	1,852	25	1,827
Pretax income	$ 521	$ (58)	$ 579	$ 648	$ (16)	$ 664
Protection						
Net revenues	$ 2,072	$ 3	$ 2,069	$ 2,047	$ 1	$ 2,046
Expenses	1,702		1,702	1,644		1,644
Pretax income	$ 370	$ 3	$ 367	$ 403	$ 1	$ 402
Corporate & Other						
Net revenues	$ 192	$ 189	$ 3	$ 423	$ 419	$ 4
Expenses	535	291	244	474	246	228
Pretax loss	(343)	(102)	(241)	(51)	173	(224)
Less: Pretax income (loss) attributable to noncontrolling interests	(106)	(106)		163	163	
Pretax loss attributable to Ameriprise Financial	$ (237)	$ 4	$ (241)	$ (214)	$ 10	$ (224)
Eliminations						

Net revenues	$ (1,311)	$ (49)	$ (1,262)	$ (1,169)	$ (38)	$ (1,131)
Expenses	(1,311)	(49)	(1,262)	(1,169)	(38)	(1,131)
Pretax income	$	$	$	$	$	$

(1) Includes the elimination of management fees we earn for services provided to the CIEs and the related expense; revenues and expenses of the CIEs; net realized gains or losses; the market impact on variable annuity living benefits, net of hedges, DSIC and DAC amortization; and integration and restructuring charges.

Advice & Wealth Management

Our Advice & Wealth Management segment provides financial planning and advice, as well as brokerage and banking services, primarily to retail clients through our affiliated advisors. Our affiliated advisors have access to a diversified selection of both affiliated and non-affiliated products to help clients meet their financial needs. A significant portion of revenues in this segment is fee-based, driven by the level of client assets, which is impacted by both market movements and net asset flows. We also earn net investment income on invested assets primarily from certificate and banking products. This segment earns revenues (distribution fees) for distributing non-affiliated products and earns intersegment revenues (distribution fees) for distributing our affiliated products and services to our retail clients. Intersegment expenses for this segment include expenses for investment management services provided by the Asset Management segment.

In addition to purchases of affiliated and non-affiliated mutual funds and other securities on a stand-alone basis, clients may purchase mutual funds, among other securities, in connection with investment advisory fee-based "wrap account" programs or services, and pay fees based on a percentage of their assets.

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The following table presents the changes in wrap account assets for the years ended December 31:

	2011	2010
	(in billions)	
Beginning balance	$ 97.5	$ 81.3
Net flows	7.3	7.6
Market appreciation (depreciation) and other	(1.4)	8.6
Ending balance	$ 103.4	$ 97.5

Wrap account assets increased $5.9 billion, or 6%, to $103.4 billion compared to the prior year due to net inflows.

Management believes that operating measures, which exclude net realized gains or losses and integration and restructuring charges for our Advice & Wealth Management segment, best reflect the underlying performance of our core operations and facilitate a more meaningful trend analysis. See our discussion on the use of these non-GAAP measures in the Overview section above.

The following table presents the results of operations of our Advice & Wealth Management segment:

	Years Ended December 31, 2011			2010				
	GAAP	Less: Adjustments(1)	Operating	GAAP	Less: Adjustments(1)	Operating	Operating Change	
	(in millions)							
Revenues								
Management and financial advice fees	$ 1,590	$	$ 1,590	$ 1,370	$	$ 1,370	$ 220	16%
Distribution fees	1,849		1,849	1,696		1,696	153	9
Net investment income	256	(5)	261	273	1	272	(11)	(4)
Other revenues	61		61	71		71	(10)	(14)
Total revenues	3,756	(5)	3,761	3,410	1	3,409	352	10
Banking and deposit interest expense	48		48	67		67	(19)	(28)
Total net revenues	3,708	(5)	3,713	3,343	1	3,342	371	11
Expenses								
Distribution expenses	2,203		2,203	1,954		1,954	249	13
General and administrative expense	1,104		1,104	1,073	7	1,066	38	4
Total expenses	3,307		3,307	3,027	7	3,020	287	10
Pretax income	$ 401	$ (5)	$ 406	$ 316	$ (6)	$ 322	$ 84	26%

(1)

Adjustments include net realized gains or losses and integration and restructuring charges.

Our Advice & Wealth Management segment pretax income increased $85 million, or 27%, to $401 million for the year ended December 31, 2011 compared to $316 million for the prior year. Our Advice & Wealth Management segment pretax operating income, which excludes net realized gains or losses and integration and restructuring charges, increased $84 million, or 26%, to $406 million for the year ended December 31, 2011 compared to $322 million for the prior year due to improved advisor productivity and new client flows. Pretax margin was 10.8% for the year ended December 31, 2011 compared to 9.5% for the prior year. Pretax operating margin was 10.9% for the year ended December 31, 2011 compared to 9.6% for the prior year.

Net Revenues

Net revenues increased $365 million, or 11%, to $3.7 billion for the year ended December 31, 2011 compared to $3.3 billion for the prior year. Operating net revenues exclude net realized gains or losses. Operating net revenues increased $371 million, or 11%, to $3.7 billion for the year ended December 31, 2011 compared to $3.3 billion for the prior year driven by higher management and distribution fees from growth in assets under management and increased client activity.

Management and financial advice fees increased $220 million, or 16%, to $1.6 billion for the year ended December 31, 2011 compared to $1.4 billion for the prior year driven by growth in assets under management. Wrap account assets increased $5.9 billion, or 6%, to $103.4 billion compared to the prior year due to net inflows.

Distribution fees increased $153 million, or 9%, to $1.8 billion for the year ended December 31, 2011 compared to $1.7 billion for the prior year primarily driven by growth in assets under management and increased client activity.

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Net investment income decreased $17 million, or 6%, to $256 million for the year ended December 31, 2011 compared to $273 million for the prior year. Operating net investment income, which excludes net realized gains or losses, decreased $11 million, or 4%, to $261 million for the year ended December 31, 2011 compared to $272 million for the prior year due to a decrease in investment income on fixed maturity securities driven by lower invested assets resulting from net outflows in certificates driven by the low interest rate environment, partially offset by higher banking invested asset balances and $6 million of additional bond discount accretion investment income related to prior periods resulting from revisions to the accounting classification of certain structured securities in the third quarter of 2011.

Banking and deposit interest expense decreased $19 million, or 28%, to $48 million for the year ended December 31, 2011 compared to $67 million for the prior year primarily due to lower certificate balances, as well as a decrease in crediting rates on certificate products.

Expenses

Total expenses increased $280 million, or 9%, to $3.3 billion for the year ended December 31, 2011 compared to $3.0 billion for the prior year. Operating expenses, which exclude integration and restructuring charges, increased $287 million, or 10%, to $3.3 billion for the year ended December 31, 2011 compared to $3.0 billion for the prior year primarily due to an increase in distribution expenses.

Distribution expenses increased $249 million, or 13%, to $2.2 billion for the year ended December 31, 2011 compared to $2.0 billion for the prior year primarily due to higher advisor compensation from business growth.

General and administrative expense increased $31 million, or 3%, to $1.1 billion for the year ended December 31, 2011 compared to $1.1 billion for the prior year. Operating general and administrative expense, which excludes integration and restructuring charges, increased $38 million, or 4%, to $1.1 billion for the year ended December 31, 2011 compared to $1.1 billion for the prior year primarily due to an increase in investment spending, including costs associated with our new brokerage platform.

Asset Management

Our Asset Management segment provides investment advice and investment products to retail and institutional clients. We provide our products and services on a global scale through two complementary asset management businesses: Columbia Management Investment Advisers, LLC ("Columbia" or "Columbia Management") and Threadneedle Asset Management Holdings Sàrl ("Threadneedle"). Columbia Management predominantly provides U.S. domestic products and services and Threadneedle predominantly provides international investment products and services. We provide clients with Columbia retail products through unaffiliated third party financial institutions and through our Advice & Wealth Management segment. We provide institutional products and services through our institutional sales force. We provide Threadneedle retail products primarily through third parties. Retail products include mutual funds and variable product funds underlying insurance and annuity separate accounts. Institutional asset management services are designed to meet specific client objectives and may involve a range of products including those that focus on traditional asset classes, separately managed accounts, individually managed accounts, collateralized loan obligations, hedge funds, collective funds and property funds. Revenues in this segment are primarily earned as fees based on managed asset balances, which are impacted by both market movements and net asset flows. In addition to the products and services provided to third party clients, management teams serving our Asset Management segment provide all intercompany asset management services. The fees for such services are reflected within the Asset Management segment results through intersegment transfer pricing. Intersegment expenses for this segment include distribution expenses for services provided by our Advice & Wealth Management, Annuities and Protection segments.

On April 30, 2010, we completed the acquisition of the long-term asset management business of the Columbia Management Group from Bank of America. The acquisition significantly enhanced the capabilities of the Asset Management segment by increasing its scale, broadening its retail and institutional distribution capabilities and strengthening and diversifying its lineup of retail and institutional products. The integration of the Columbia Management business, which is expected to be completed in 2012, has involved organizational changes to our portfolio management and analytical teams and to our operational, compliance, sales and marketing support staffs. This integration has also involved the streamlining of our U.S. domestic product offerings. As a result of the integration, we combined RiverSource Investments, our legacy U.S. asset management business, with Columbia Management, under the Columbia brand. Total U.S. retail assets and number of funds under the Columbia brand as of December 31, 2011 were $204.8 billion and 205 funds, respectively.

Threadneedle remains our primary international investment management platform. Threadneedle manages seven OEICs and one Societe d'Investissement A Capital Variable ("SICAV") offering. The seven OEICs are Threadneedle Investment Funds ICVC ("TIF"), Threadneedle Specialist Investment Funds ICVC ("TSIF"), Threadneedle Focus Investment Funds ("TFIF"), Threadneedle Advantage Portfolio Funds ("TPAF"), Threadneedle Investment Funds ICVC II ("TIF II"), Threadneedle Investment Funds ICVC III ("TIF III") and Threadneedle Investment Funds ICVC IV ("TIF IV"). TIF, TSIF, TFIF, TPAF, TIF II, TIF

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III and TIF IV are structured as umbrella companies with a total of 72 (33, 14, 2, 2, 6, 9, and 6, respectively) sub funds covering the world's bond and equity markets. The SICAV is the Threadneedle (Lux) SICAV ("T(Lux)"). T(Lux) is structured as an umbrella company with a total of 30 sub funds covering the world's bond, commodities and equity markets. In addition, Threadneedle manages 13 unit trusts, 10 of which invest into the OEICs, 7 property unit trusts and 1 property fund of funds.

The following tables present the mutual fund performance of our retail Columbia and Threadneedle funds as of December 31, 2011:

Columbia

Mutual Fund Rankings in top 2 Lipper Quartiles

Domestic Equity	Equal weighted	1 year	37%
		3 year	48%
		5 year	61%
	Asset weighted	1 year	38%
		3 year	39%
		5 year	58%
International Equity	Equal weighted	1 year	61%
		3 year	65%
		5 year	50%
	Asset weighted	1 year	71%
		3 year	77%
		5 year	65%
Taxable Fixed Income	Equal weighted	1 year	85%
		3 year	55%
		5 year	68%
	Asset weighted	1 year	93%
		3 year	64%
		5 year	73%
Tax Exempt Fixed Income	Equal weighted	1 year	95%
		3 year	85%
		5 year	95%
	Asset weighted	1 year	85%
		3 year	84%
		5 year	99%
Asset Allocation Funds	Equal weighted	1 year	86%
		3 year	48%
		5 year	57%
	Asset weighted	1 year	85%
		3 year	79%

	5 year	88%
Number of funds with 4 or 5 Morningstar star ratings	Overall	52
	3 year	46
	5 year	49
Percent of funds with 4 or 5 Morningstar star ratings	Overall	44%
	3 year	39%
	5 year	44%
Percent of assets with 4 or 5 Morningstar star ratings	Overall	59%
	3 year	40%
	5 year	42%

Mutual fund performance rankings are based on the performance of Class Z fund shares for Columbia branded mutual funds. In instances where a fund's Class Z shares do not have a full one, three or five year track record, performance for an older share class of the same fund, typically Class A shares, is utilized for the period before Class Z shares were launched. No adjustments to the historical track records are made to account for differences in fund expenses between share classes of a fund.

Equal Weighted Rankings in Top 2 Quartiles: Counts the number of funds with above median ranking divided by the total number of funds. Asset size is not a factor.

Asset Weighted Rankings in Top 2 Quartiles: Sums the total assets of the funds with above median ranking (using Class Z and appended Class Z) divided by total assets of all funds. Funds with more assets will receive a greater share of the total percentage above or below median.

Aggregated data includes all Columbia branded mutual funds.

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Threadneedle

Retail Fund Rankings in Top 2 Morningstar Quartiles or Above Index Benchmark

Equity	Equal weighted	1 year	65%
		3 year	72%
		5 year	86%
	Asset weighted	1 year	68%
		3 year	76%
		5 year	86%
Fixed Income	Equal weighted	1 year	69%
		3 year	77%
		5 year	82%
	Asset weighted	1 year	69%
		3 year	75%
		5 year	97%
Allocation (Managed) Funds	Equal weighted	1 year	33%
		3 year	67%
		5 year	100%
	Asset weighted	1 year	14%
		3 year	49%
		5 year	100%

The performance of each fund is measured on a consistent basis against the most appropriate benchmark a peer group of similar funds or an index.

Equal weighted: Counts the number of funds with above median ranking (if measured against peer group) or above index performance (if measured against an index) divided by the total number of funds. Asset size is not a factor.

Asset weighted: Sums the assets of the funds with above median ranking (if measured against peer group) or above index performance (if measured against an index) divided by the total sum of assets in the funds. Funds with more assets will receive a greater share of the total percentage above or below median or index.

Aggregated Allocation (Managed) Funds include funds that invest in other funds of the Threadneedle range including those funds that invest in both equity and fixed income.

Aggregated Threadneedle data includes funds on the Threadneedle platform sub-advised by Columbia as well as advisors not affiliated with Ameriprise Financial, Inc.

The following tables present the changes in Columbia and Threadneedle managed assets:

	January 1, 2011	Net Flows	Market Appreciation/ (Depreciation) & Other(1)	Foreign Exchange	December 31, 2011

			(in billions)		
Columbia Managed Assets:					
Retail Funds	$ 218.5	$ (3.1)	$ (10.6)	$	$ 204.8
Institutional Funds	127.2	(9.8)	(4.1)(2)		113.3
Alternative Funds	10.0	(1.8)	(0.1)		8.1
Less: Eliminations	(0.2)		0.1		(0.1)
Total Columbia Managed Assets	355.5	(14.7)	(14.7)		326.1
Threadneedle Managed Assets:					
Retail Funds	33.4	0.8	(2.2)	(0.2)	31.8
Institutional Funds	70.9	10.0	0.1	(0.4)	80.6
Alternative Funds	1.3	(0.2)	0.1		1.2
Total Threadneedle Managed Assets	105.6	10.6	(2.0)	(0.6)	113.6
Less: Sub-Advised Eliminations	(4.3)	(0.8)	0.9		(4.2)
Total Managed Assets	$ 456.8	$ (4.9)	$ (15.8)	$ (0.6)	$ 435.5

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	January 1, 2010	Net Flows	Market Appreciation/ (Depreciation) & Other(1)	Foreign Exchange	December 31, 2010
			(in billions)		
Columbia Managed Assets:(3)					
Retail Funds	$ 76.9	$ (5.2)	$ 146.8(4)	$	$ 218.5
Institutional Funds	62.3	(7.1)	72.0(5)		127.2
Alternative Funds	9.9		0.1		10.0
Less: Eliminations	(0.1)		(0.1)		(0.2)
Total Columbia Managed Assets	149.0	(12.3)	218.8		355.5
Threadneedle Managed Assets:					
Retail Funds	29.1	1.9	3.5	(1.1)	33.4
Institutional Funds	66.8	(2.2)	8.7	(2.4)	70.9
Alternative Funds	1.9	(0.2)	(0.4)		1.3
Total Threadneedle Managed Assets	97.8	(0.5)	11.8	(3.5)	105.6
Less: Sub-Advised Eliminations	(3.6)	(0.1)	(0.6)		(4.3)
Total Managed Assets	$ 243.2	$ (12.9)	$ 230.0	$ (3.5)	$ 456.8

(1) Distributions of Retail Funds are included in market appreciation/(depreciation) and other.

(2) Included in Market appreciation/(depreciation) and other is ($4.7) billion due to the transfer of assets from Separately Managed Accounts (SMAs) to United Management Accounts (UMAs).

(3) Prior to the Columbia Management Acquisition, the domestic managed assets of our Asset Management segment, which are now included in Columbia Managed Assets, were managed by RiverSource Investments.

(4) Included in Market appreciation/(depreciation) and other is $118.1 billion due to the Columbia Management Acquisition, including $3 billion of assets that were transferred to RiverSource Sub-advised through the implementation of the Portfolio Navigator program, and an additional $13.1 billion of Portfolio Navigator related assets sub-advised by others.

(5) Included in Market appreciation/(depreciation) and other is $68.4 billion due to the Columbia Management Acquisition.

Total segment assets under management declined $21.3 billion, or 5%, from a year ago to $435.5 billion as of December 31, 2011, driven by a decrease in Columbia managed assets, partially offset by an increase in Threadneedle managed assets. Columbia managed assets declined $29.4 billion, or 8%, from a year ago to $326.1 billion as of December 31, 2011, primarily due to net outflows, as well as market depreciation and other, including a $4.7 billion decrease due to a former parent related program sponsor that shifted assets from a traditional separately managed account platform to a model-delivery only unified managed account platform that utilizes Columbia models. While the assets are excluded from managed assets, the movement in assets was neutral to earnings. Columbia net outflows of $14.7 billion in 2011 included $9.0 billion of outflows of low basis point, former parent company assets. Threadneedle managed assets increased $8.0 billion, or 8%, from a year ago to $113.6 billion as of December 31, 2011 due to net inflows. Threadneedle net inflows of $10.6 billion in 2011 reflected approximately $14 billion from a strategic relationship with Liverpool Victoria to manage its insurance and pension fund portfolio.

Management believes that operating measures, which exclude net realized gains or losses and integration charges for our Asset Management segment, best reflect the underlying performance of our core operations and facilitate a more meaningful trend analysis. See our discussion on the use of these non-GAAP measures in the Overview section above.

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The following table presents the results of operations of our Asset Management segment:

	Years Ended December 31, 2011									
	2011			2010						
	GAAP	Less: Adjustments(1)	Operating	GAAP	Less: Adjustments(1)	Operating	Operating Change			
	(in millions)									
Revenues										
Management and financial advice fees	$ 2,434	$	$ 2,434	$ 1,979	$	$ 1,979	$ 455	23%		
Distribution fees	450		450	358		358	92	26		
Net investment income	14	3	11	17	3	14	(3)	(21)		
Other revenues	5		5	15		15	(10)	(67)		
Total revenues	2,903	3	2,900	2,369	3	2,366	534	23		
Banking and deposit interest expense	3		3	1		1	2	NM		
Total net revenues	2,900	3	2,897	2,368	3	2,365	532	22		
Expenses										
Distribution expenses	1,026		1,026	734		734	292	40		
Amortization of deferred acquisition costs	19		19	20		20	(1)	(5)		
General and administrative expense	1,419	95	1,324	1,296	95	1,201	123	10		
Total expenses	2,464	95	2,369	2,050	95	1,955	414	21		
Pretax income	$ 436	$ (92)	$ 528	$ 318	$ (92)	$ 410	$ 118	29%		

NM Not Meaningful.

(1) Adjustments include net realized gains or losses and integration charges.

Our Asset Management segment pretax income increased $118 million, or 37%, to $436 million for the year ended December 31, 2011 compared to $318 million for the prior year. Our Asset Management segment pretax operating income, which excludes net realized gains or losses and integration charges, increased $118 million, or 29%, to $528 million for the year ended December 31, 2011 compared to $410 million for the prior year. Earnings in 2011 reflected twelve months of Columbia Management earnings compared to eight months in the prior year, which impacted revenues and expenses. Pretax margin was 15.0% for the year ended December 31, 2011 compared to 13.4% for the prior year. Pretax operating margin was 18.2% for the year ended December 31, 2011 compared to 17.3% for the prior year.

Net Revenues

Net revenues increased $532 million, or 22%, to $2.9 billion for the year ended December 31, 2011 compared to $2.4 billion for the prior year. Operating net revenues, which exclude net realized gains or losses, increased $532 million, or 22%, to $2.9 billion for the year ended December 31, 2011 compared to $2.4 billion for the prior year driven by an increase in management and distribution fees.

Management and financial advice fees increased $455 million, or 23%, to $2.4 billion for the year ended December 31, 2011 compared to $2.0 billion for the prior year due to an additional four months of business resulting from the Columbia Management Acquisition, as well the impact of higher average equity market levels on assets, partially offset by net outflows and lower hedge fund performance fees.

Distribution fees increased $92 million, or 26%, to $450 million for the year ended December 31, 2011 compared to $358 million for the prior year driven by an additional four months of business resulting from the Columbia Management Acquisition, as well the impact of higher average equity market levels on assets, partially offset by net outflows.

Expenses

Total expenses increased $414 million, or 20%, to $2.5 billion for the year ended December 31, 2011 compared to $2.1 billion for the prior year. Operating expenses, which exclude integration charges, increased $414 million, or 21%, to $2.4 billion for the year ended December 31, 2011 compared to $2.0 billion for the prior year due to an increase in distribution expenses and general and administrative expense.

Distribution expenses increased $292 million, or 40%, to $1.0 billion for the year ended December 31, 2011 compared to $734 million for the prior year due to an additional four months of business resulting from the Columbia Management Acquisition, as well the impact of higher average equity market levels on assets, partially offset by net outflows.

General and administrative expense increased $123 million, or 9%, to $1.4 billion for the year ended December 31, 2011 compared to $1.3 billion for the prior year. Integration charges remained flat at $95 million for both 2011 and 2010.

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Operating general and administrative expense, which excludes integration charges, increased $123 million, or 10%, to $1.3 billion for the year ended December 31, 2011 compared to $1.2 billion for the prior year reflecting an additional four months of ongoing expenses of Columbia Management, as well as higher investment spending compared to the prior year, partially offset by lower hedge fund performance compensation.

Annuities

Our Annuities segment provides variable and fixed annuity products of RiverSource Life companies to retail clients. Prior to the fourth quarter of 2010, we provided our variable annuity products through our affiliated advisors as well as unaffiliated advisors through third-party distribution. During the fourth quarter of 2010, we discontinued new sales of our variable annuities in non-Ameriprise channels to further strengthen the risk and return characteristics of the business. We provide our fixed annuity products through affiliated advisors as well as unaffiliated advisors through third-party distribution. Revenues for our variable annuity products are primarily earned as fees based on underlying account balances, which are impacted by both market movements and net asset flows. Revenues for our fixed annuity products are primarily earned as net investment income on invested assets supporting fixed account balances, with profitability significantly impacted by the spread between net investment income earned and interest credited on the fixed account balances. We also earn net investment income on invested assets supporting reserves for immediate annuities and for certain guaranteed benefits offered with variable annuities and on capital supporting the business. Intersegment revenues for this segment reflect fees paid by the Asset Management segment for marketing support and other services provided in connection with the availability of RiverSource Variable Series Trust, Columbia Funds Variable Insurance Trust, Columbia Funds Variable Insurance Trust I and Wanger Advisors Trust funds under the variable annuity contracts. Intersegment expenses for this segment include distribution expenses for services provided by the Advice & Wealth Management segment, as well as expenses for investment management services provided by the Asset Management segment.

Management believes that operating measures, which exclude net realized gains or losses and the market impact on variable annuity guaranteed living benefits, net of hedges, DSIC and DAC amortization, for our Annuities segment, best reflect the underlying performance of our core operations and facilitate a more meaningful trend analysis. See our discussion on the use of these non-GAAP measures in the Overview section above.

The following table presents the results of operations of our Annuities segment:

	Years Ended December 31,							
	2011			2010				
	GAAP	Less: Adjustments(1)	Operating	GAAP	Less: Adjustments(1)	Operating	Operating Change	
	(in millions)							
Revenues								
Management and financial advice fees	$ 622	$	$ 622	$ 546	$	$ 546	$ 76	14%
Distribution fees	312		312	284		284	28	10
Net investment income	1,280	1	1,279	1,318	9	1,309	(30)	(2)
Premiums	161		161	150		150	11	7
Other revenues	256		256	202		202	54	27
Total revenues	2,631	1	2,630	2,500	9	2,491	139	6
Banking and deposit interest expense								
Total net revenues	2,631	1	2,630	2,500	9	2,491	139	6
Expenses								
Distribution expenses	315		315	268		268	47	18
Interest credited to fixed accounts	711		711	762		762	(51)	(7)

Benefits, claims, losses and settlement expenses	472	67	405	691	9	682	(277)	(41)
Amortization of deferred acquisition costs	398	(8)	406	(76)	16	(92)	498	NM
Interest and debt expense	1		1	2		2	(1)	(50)
General and administrative expense	213		213	205		205	8	4
Total expenses	2,110	59	2,051	1,852	25	1,827	224	12
Pretax income	$ 521	$ (58)	$ 579	$ 648	$ (16)	$ 664	$ (85)	(13)%

NM Not Meaningful.

(1) Adjustments include net realized gains or losses and the market impact on variable annuity living benefits, net of hedges, DSIC and DAC amortization.

Our Annuities segment pretax income decreased $127 million, or 20%, to $521 million for the year ended December 31, 2011 compared to $648 million for the prior year. Our Annuities segment pretax operating income, which excludes net realized gains or losses and the market impact on variable annuity guaranteed living benefits, net of hedges, DSIC and DAC amortization, decreased $85 million, or 13%, to $579 million for the year ended December 31, 2011 compared to

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$664 million for the prior year primarily due to the impact of updating valuation assumptions and models and the market impact on DAC and DSIC amortization.

Net Revenues

Net revenues increased $131 million, or 5%, to $2.6 billion for the year ended December 31, 2011 compared to $2.5 billion for the prior year. Operating net revenues, which exclude net realized gains or losses, increased $139 million, or 6%, to $2.6 billion for the year ended December 31, 2011 compared to $2.5 billion for the prior year reflecting higher fee revenue from increased variable annuity separate account balances and higher fees from variable annuity guarantees.

Management and financial advice fees increased $76 million, or 14%, to $622 million for the year ended December 31, 2011 compared to $546 million for the prior year due to higher fees on variable annuities driven by higher separate account balances. Average variable annuities contract accumulation values increased $6.4 billion, or 12%, from the prior year due to higher average equity market levels, as well as net inflows. Variable annuity net inflows for the year ended December 31, 2011 included $1.6 billion of net inflows in the Ameriprise channel, partially offset by net outflows from the closed book of variable annuities sold through third-party channels.

Distribution fees increased $28 million, or 10%, to $312 million for the year ended December 31, 2011 compared to $284 million for the prior year primarily due to higher fees on variable annuities driven by higher average separate account balances.

Net investment income decreased $38 million, or 3%, to $1.3 billion for the year ended December 31, 2011 compared to $1.3 billion for the prior year. Operating net investment income, which excludes net realized gains or losses, decreased $30 million, or 2%, to $1.3 billion for the year ended December 31, 2011 compared to $1.3 billion for the prior year due to a decrease in investment income on fixed maturity securities reflecting lower invested assets and lower interest rates, partially offset by $37 million of additional bond discount accretion investment income related to prior periods resulting from revisions to the accounting classification of certain structured securities in the third quarter of 2011. The decrease in invested assets was driven by lower general account assets due to the implementation of changes to the Portfolio Navigator program in the second quarter of 2010 and lower interest sensitive fixed annuity account balances.

Premiums increased $11 million, or 7%, to $161 million for the year ended December 31, 2011 compared to $150 million for the prior year due to higher sales of immediate annuities with life contingencies.

Other revenues increased $54 million, or 27%, to $256 million for the year ended December 31, 2011 compared to $202 million for the prior year due to higher fees from variable annuity guarantees driven by higher in force amounts.

Expenses

Total expenses increased $258 million, or 14%, to $2.1 billion for the year ended December 31, 2011 compared to $1.9 billion for the prior year. Operating expenses, which exclude the market impact on variable annuity guaranteed living benefits, net of hedges, DSIC and DAC amortization, increased $224 million, or 12%, to $2.1 billion for the year ended December 31, 2011 compared to $1.8 billion for the prior year primarily due to the impact of updating valuation assumptions and models and the market impact on DAC and DSIC amortization.

Distribution expenses increased $47 million, or 18%, to $315 million for the year ended December 31, 2011 compared to $268 million for the prior year primarily due to higher variable annuity compensation due to increased sales.

Interest credited to fixed accounts decreased $51 million, or 7%, to $711 million for the year ended December 31, 2011 compared to $762 million for the prior year driven by lower average variable annuities fixed sub-account balances and a lower average crediting rate on interest sensitive fixed annuities, as well as lower average fixed annuity account balances. Average variable annuities fixed sub-account balances decreased $580 million, or 11%, to $4.8 billion for the year ended December 31, 2011 compared to the prior year primarily due to the implementation of changes to the Portfolio Navigator program in the second quarter of 2010. The average fixed annuity crediting rate excluding capitalized interest decreased to 3.7% for the year ended December 31, 2011 compared to 3.8% for the prior year. Average fixed annuities contract accumulation values decreased $265 million, or 2%, to $14.3 billion for the year ended December 31, 2011 compared to the prior year due to outflows. Fixed annuities remained in net outflows due to low client demand given current interest rates.

Benefits, claims, losses and settlement expenses decreased $219 million, or 32%, to $472 million for the year ended December 31, 2011 compared to $691 million for the prior year. Operating benefits, claims, losses and settlement expenses, which exclude the market impact on variable annuity guaranteed living benefits, net of hedges and DSIC amortization, decreased $277 million, or 41%, to $405 million for the year ended December 31, 2011 compared to $682 million for the prior year. Operating benefits, claims, losses and settlement expenses in 2011 included a benefit of $40 million from updating valuation assumptions and models compared to an expense of $256 million in the prior year.

Benefits, claims, losses and settlement expenses related to our immediate annuities with life contingencies increased from

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the prior year due to an unfavorable change in reserves primarily driven by higher premiums. The market impact to DSIC was an expense of $2 million in 2011 compared to a benefit of $3 million in the prior year. Benefits, claims, losses and settlement expenses for the prior year included a $21 million expense, net of DSIC, as a result of the implementation of changes to the Portfolio Navigator program.

Amortization of DAC increased $474 million to $398 million for the year ended December 31, 2011 compared to a benefit of $76 million for the prior year. Operating amortization of DAC, which excludes the DAC offset to the market impact on variable annuity guaranteed living benefits, increased $498 million to $406 million for the year ended December 31, 2011 compared to a benefit of $92 million for the prior year primarily due to the impact of updating valuation assumptions and models, as well as the market impact on amortization of DAC. Operating amortization of DAC in 2011 included an expense of $65 million from updating valuation assumptions and models compared to a benefit of $353 million in the prior year. The market impact on amortization of DAC was an expense of $13 million in 2011 compared to a benefit of $21 million in the prior year. Amortization of DAC in 2010 included a benefit of $13 million as a result of the implementation of changes to the Portfolio Navigator program.

Protection

Our Protection segment offers a variety of protection products to address the protection and risk management needs of our retail clients including life, disability income and property-casualty insurance. Life and disability income products are primarily provided through affiliated advisors. Our property-casualty products are provided direct, primarily through affinity relationships. We issue insurance policies through our life insurance subsidiaries and the property casualty companies. The primary sources of revenues for this segment are premiums, fees, and charges we receive to assume insurance-related risk. We earn net investment income on invested assets supporting insurance reserves and capital supporting the business. We also receive fees based on the level of assets supporting VUL separate account balances. This segment earns intersegment revenues from fees paid by the Asset Management segment for marketing support and other services provided in connection with the availability of RiverSource Variable Series Trust, Columbia Funds Variable Insurance Trust, Columbia Funds Variable Insurance Trust I and Wanger Advisors Trust funds under the VUL contracts. Intersegment expenses for this segment include distribution expenses for services provided by the Advice & Wealth Management segment, as well as expenses for investment management services provided by the Asset Management segment.

Management believes that operating measures, which exclude net realized gains or losses for our Protection segment, best reflect the underlying performance of our core operations and facilitate a more meaningful trend analysis. See our discussion on the use of these non-GAAP measures in the Overview section above.

The following table presents the results of operations of our Protection segment:

	Years Ended December 31, 2011			2010				
	GAAP	Less: Adjustments(1)	Operating	GAAP	Less: Adjustments(1)	Operating	Operating Change	
	(in millions)							
Revenues								
Management and financial advice fees	$ 56	$	$ 56	$ 54	$	$ 54	$ 2	4%
Distribution fees	95		95	96		96	(1)	(1)
Net investment income	429	3	426	429	1	428	(2)	
Premiums	1,076		1,076	1,047		1,047	29	3
Other revenues	417		417	422		422	(5)	(1)
Total revenues	2,073	3	2,070	2,048	1	2,047	23	1
Banking and deposit interest expense	1		1	1		1		
Total net revenues	2,072	3	2,069	2,047	1	2,046	23	1

Expenses								
Distribution expenses	32		32	32		32		
Interest credited to fixed accounts	142		142	147		147	(5)	(3)
Benefits, claims, losses and settlement expenses	1,085		1,085	1,059		1,059	26	2
Amortization of deferred acquisition costs	201		201	183		183	18	10
General and administrative expense	242		242	223		223	19	9
Total expenses	1,702		1,702	1,644		1,644	58	4
Pretax income	$ 370	$ 3	$ 367	$ 403	$ 1	$ 402	$ (35)	(9)%

(1) Adjustments include net realized gains or losses.

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Our Protection segment pretax income decreased $33 million, or 8%, to $370 million for the year ended December 31, 2011, compared to $403 million for the prior year. Our Protection segment pretax operating income, which excludes net realized gains or losses, decreased $35 million, or 9%, to $367 million for the year ended December 31, 2011, compared to $402 million for the prior year primarily due to higher claims and general and administrative expenses partially offset by higher premiums.

Net Revenues

Net revenues increased $25 million, or 1%, to $2.1 billion for the year ended December 31, 2011 compared to $2.0 billion for the prior year. Operating net revenues, which exclude net realized gains or losses, increased $23 million, or 1%, to $2.1 billion for the year ended December 31, 2011 compared to $2.0 billion for the prior year due to Auto and Home premium growth.

Premiums increased $29 million, or 3%, to $1.1 billion for the year ended December 31, 2011 compared to $1.0 billion for the prior year due to growth in Auto and Home premiums driven by higher volumes. Auto and Home policy counts increased 7% period-over-period.

Expenses

Total expenses increased $58 million, or 4%, to $1.7 billion for the year ended December 31, 2011 compared to $1.6 billion for the prior year due to increases in benefits, claims, losses and settlement expenses, amortization of DAC and general and administrative expense.

Benefits, claims, losses and settlement expenses increased $26 million, or 2%, to $1.1 billion for the year ended December 31, 2011 compared to $1.1 billion for the prior year. Benefits, claims, losses and settlement expenses in 2011 included a benefit of $4 million from updating valuation assumptions and models compared to an expense of $44 million in the prior year. Benefits, claims, losses and settlement expenses related to our Auto and Home business increased from the prior year primarily due to $45 million of catastrophe losses in 2011 compared to $29 million in 2010, as well as higher auto liability reserves. In addition, benefits, claims, losses and settlement expenses increased as a result of higher UL claims and an increase in ongoing reserve levels for UL products with secondary guarantees compared to the prior year.

Amortization of DAC increased $18 million, or 10%, to $201 million for the year ended December 31, 2011 compared to $183 million for the prior year. Amortization of DAC in 2011 included a benefit of $2 million from updating valuation assumptions and models compared to a benefit of $22 million in the prior year. Amortization of DAC in 2010 included a benefit of $6 million as a result of the implementation of changes to the Portfolio Navigator program. The market impact on amortization of DAC was an expense of $2 million in 2011 compared to a benefit of $10 million in the prior year, which was partially offset by a decrease in DAC amortization as a result of better persistency and lower current period profits due to higher direct claims.

Corporate & Other

Our Corporate & Other segment consists of net investment income or loss on corporate level assets, including excess capital held in our subsidiaries and other unallocated equity and other revenues as well as unallocated corporate expenses. The Corporate & Other segment also includes revenues and expenses of CIEs.

Management believes that operating measures, which exclude net realized gains or losses, integration and restructuring charges and the impact of consolidating CIEs for our Corporate & Other segment, best reflect the underlying performance of our core operations and facilitate a more meaningful trend analysis. See our discussion on the use of these non-GAAP measures in the Overview section above.

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The following table presents the results of operations of our Corporate & Other segment:

	Years Ended December 31,							
	2011			2010				
	GAAP	Less: Adjustments(1)	Operating	GAAP	Less: Adjustments(1)	Operating	Operating Change	
	(in millions)							
Revenues								
Management and financial advice fees	$ (1)	$	$ (1)	$	$	$	$ (1)	NM
Distribution fees								
Net investment income (loss)	68	95	(27)	273	294	(21)	(6)	(29)%
Other revenues	124	94	30	153	125	28	2	7
Total revenues	191	189	2	426	419	7	(5)	(71)
Banking and deposit interest expense	(1)		(1)	3		3	(4)	NM
Total net revenues	192	189	3	423	419	4	(1)	(25)
Expenses								
Distribution expenses	1		1	1		1		
Interest and debt expense	316	221	95	288	181	107	(12)	(11)
General and administrative expense	218	70	148	185	65	120	28	23
Total expenses	535	291	244	474	246	228	16	7
Pretax loss	(343)	(102)	(241)	(51)	173	(224)	(17)	(8)
Less: Net income (loss) attributable to noncontrolling interests	(106)	(106)		163	163			
Pretax loss attributable to Ameriprise Financial	$ (237)	$ 4	$ (241)	$ (214)	$ 10	$ (224)	$ (17)	(8)%

NM Not Meaningful.

(1) Includes revenues and expenses of the CIEs; net realized gains or losses; and integration and restructuring charges.

The following table presents the components of the adjustments in the table above:

	Years Ended December 31,					
	2011			2010		
	CIEs	Other Adjustments(1)	Total Adjustments	CIEs	Other Adjustments(1)	Total Adjustments

	(in millions)					
Revenues						
Net investment income (loss)	$ 91	$ 4	$ 95	$ 275	$ 19	$ 294
Other revenues	94		94	125		125
Total revenues	185	4	189	400	19	419
Banking and deposit interest expense						
Total net revenues	185	4	189	400	19	419
Expenses						
Distribution expenses						
Interest and debt expense	221		221	181		181
General and administrative expense	70		70	56	9	65
Total expenses	291		291	237	9	246
Pretax loss	(106)	4	(102)	163	10	173
Less: Net income (loss) attributable to noncontrolling interests	(106)		(106)	163		163
Pretax loss attributable to Ameriprise Financial	$	$ 4	$ 4	$	$ 10	$ 10

(1) Other adjustments include net realized gains or losses and integration and restructuring charges.

Our Corporate & Other segment pretax loss attributable to Ameriprise Financial was $237 million for the year ended December 31, 2011 compared to $214 million for the prior year. Our Corporate & Other segment pretax operating loss excludes net realized gains or losses, integration and restructuring charges and the impact of consolidating CIEs. Our Corporate & Other segment pretax operating loss was $241 million for the year ended December 31, 2011 compared to $224 million for the prior year.

Net revenues decreased $231 million, or 55%, to $192 million for the year ended December 31, 2011 compared to $423 million for the prior year reflecting the impact of consolidating CIEs. Operating net revenues, which exclude revenues or losses of CIEs and net realized gains or losses, decreased $1 million, or 25%, to $3 million for the year ended December 31, 2011 compared to $4 million for the prior year.

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Net investment income was $68 million for the year ended December 31, 2011 compared to $273 million for the prior year. Net investment income for the year ended December 31, 2011 included a $91 million gain for changes in the assets and liabilities of CIEs, primarily debt and underlying syndicated loans, compared to a $275 million gain for the prior year. Operating net investment loss, which excludes net investment income or loss of the CIEs and net realized gains or losses, was $27 million for the year ended December 31, 2011 compared to $21 million for the prior year.

Other revenues decreased $29 million, or 19%, to $124 million for the year ended December 31, 2011 compared to $153 million for the prior year. Operating other revenues, which exclude revenues or losses of the CIEs, increased $2 million, or 7%, to $30 million for the year ended December 31, 2011 compared to $28 million for the prior year. During the second quarter of 2011, we reclassified from accumulated other comprehensive income into earnings a $27 million gain on an interest rate hedge put in place in anticipation of issuing debt between December 2010 and June 2011. Operating other revenues for 2010 included a $25 million benefit from payments related to the Reserve Funds matter.

Total expenses increased $61 million, or 13%, to $535 million for the year ended December 31, 2011 compared to $474 million for the prior year. Operating expenses, which exclude expenses of CIEs and integration and restructuring charges, increased $16 million, or 7%, to $244 million for the year ended December 31, 2011 compared to $228 million for the prior year.

Interest and debt expense increased $28 million, or 10%, to $316 million for the year ended December 31, 2011 compared to $288 million for the prior year. Operating interest and debt expense, which excludes interest expense on CIE debt, decreased $12 million, or 11%, to $95 million for the year ended December 31, 2011 compared to $107 million for the prior year primarily due to lower average debt balances.

General and administrative expense increased $33 million, or 18%, to $218 million for the year ended December 31, 2011 compared to $185 million for the prior year. Operating general and administrative expense, which excludes expenses of the CIEs and integration and restructuring charges, increased $28 million, or 23%, to $148 million for the year ended December 31, 2011 compared to $120 million for the prior year.

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Consolidated Results of Operations

Year Ended December 31, 2010 Compared to Year Ended December 31, 2009

The following table presents our consolidated results of operations:

	Years Ended December 31, 2010			2009				
	GAAP	Less: Adjustments(1)	Operating	GAAP	Less: Adjustments(1)	Operating	Operating Change	
	(in millions)							
Revenues								
Management and financial advice fees	$ 3,784	$ (38)	$ 3,822	$ 2,558	$ (2)	$ 2,560	$ 1,262	49%
Distribution fees	1,447		1,447	1,182		1,182	265	22
Net investment income	2,309	308	2,001	1,998	55	1,943	58	3
Premiums	1,179		1,179	1,098		1,098	81	7
Other revenues	863	125	738	702	28	674	64	9
Total revenues	9,582	395	9,187	7,538	81	7,457	1,730	23
Banking and deposit interest expense	70		70	141	6	135	(65)	(48)
Total net revenues	9,512	395	9,117	7,397	75	7,322	1,795	25
Expenses								
Distribution expenses	2,065		2,065	1,462		1,462	603	41
Interest credited to fixed accounts	909		909	903		903	6	1
Benefits, claims, losses and settlement expenses	1,750	9	1,741	1,334	154	1,180	561	48
Amortization of deferred acquisition costs	127	16	111	217	(93)	310	(199)	(64)
Interest and debt expense	290	181	109	127		127	(18)	(14)
General and administrative expense	2,737	129	2,608	2,434	105	2,329	279	12
Total expenses	7,878	335	7,543	6,477	166	6,311	1,232	20
Income from continuing operations before income tax provision	1,634	60	1,574	920	(91)	1,011	563	56
Income tax provision	350	(36)	386	184	(37)	221	165	75
Income from continuing operations	1,284	96	1,188	736	(54)	790	398	50
Income (loss) from discontinued operations, net of tax	(24)	(24)		1	1			
Net income	1,260	72	1,188	737	(53)	790	398	50

Less: Net income attributable to non- controlling interests	163	163		15	15			
Net income attributable to Ameriprise Financial	$ 1,097	$ (91)	$ 1,188	$ 722	$ (68)	$ 790	$ 398	50%

(1) Includes the elimination of management fees we earn for services provided to the CIEs and the related expense; revenues and expenses of the CIEs; net realized gains or losses; the market impact on variable annuity living benefits, net of hedges, DSIC and DAC amortization; integration and restructuring charges; and income (loss) from discontinued operations. Income tax provision is calculated using the statutory tax rate of 35% on applicable adjustments.

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The following table presents the components of the adjustments in the table above:

	Years Ended December 31,					
	2010			2009		
	CIEs	Other Adjustments(1)	Total Adjustments	CIEs	Other Adjustments(1)	Total Adjustments
	(in millions)					
Revenues						
Management and financial advice fees	$ (38)	$	$ (38)	$ (2)	$	$ (2)
Distribution fees						
Net investment income	275	33	308	2	53	55
Premiums						
Other revenues	125		125	28		28
Total revenues	362	33	395	28	53	81
Banking and deposit interest expense				6		6
Total net revenues	362	33	395	22	53	75
Expenses						
Distribution expenses						
Interest credited to fixed accounts						
Benefits, claims, losses and settlement expenses		9	9		154	154
Amortization of deferred acquisition costs		16	16		(93)	(93)
Interest and debt expense	181		181			
General and administrative expense	18	111	129	7	98	105
Total expenses	199	136	335	7	159	166
Income from continuing operations before income tax provision	163	(103)	60	15	(106)	(91)
Income tax provision		(36)	(36)		(37)	(37)
Income from continuing operations	163	(67)	96	15	(69)	(54)
Income (loss) from discontinued operations, net of tax		(24)	(24)		1	1
Net income	163	(91)	72	15	(68)	(53)
Less: Net income attributable to noncontrolling interests	163		163	15		15
Net income attributable to Ameriprise Financial	$	$ (91)	$ (91)	$	$ (68)	$ (68)

(1)

Other adjustments include net realized gains or losses; the market impact on variable annuity living benefits, net of hedges, DSIC and DAC amortization; integration and restructuring charges; and income (loss) from discontinued operations.

Overall

Net income attributable to Ameriprise Financial increased $375 million, or 52%, to $1.1 billion for the year ended December 31, 2010 compared to $722 million for the prior year. Operating earnings exclude net realized gains or losses; the market impact on variable annuity guaranteed living benefits, net of hedges, DSIC and DAC amortization; integration and restructuring charges; income (loss) of discontinued operations; and the impact of consolidating CIEs. Operating earnings increased $398 million, or 50%, to $1.2 billion for the year ended December 31, 2010 compared to $790 million for the prior year driven by improved client activity, market appreciation and net inflows in wrap account assets and variable annuities, as well as improved scale from the Columbia Management Acquisition.

The total pretax impacts on our revenues and expenses for 2010 attributable to the review of valuation assumptions and models on an operating basis were as follows:

Segment Pretax Benefit (Charge)	**Other Revenues**	**Benefits, Claims, Losses and Settlement Expenses**	**Amortization of DAC**	**Total**
		(in millions)		
Valuation assumptions and model changes:				
Annuities	$	$ (256)	$ 353	$ 97
Protection	(20)	(44)	22	(42)
Total	$ (20)	$ (300)	$ 375	$ 55

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The total pretax impacts on our revenues and expenses for 2009 attributable to the review of valuation assumptions on an operating basis were as follows:

Segment Pretax Benefit (Charge)	Other Revenues	Benefits, Claims, Losses and Settlement Expenses	Amortization of DAC	Total
	(in millions)			
Valuation assumptions:				
Annuities	$	$ 57	$ 61	$ 118
Protection	(65)	33	55	23
Total	$ (65)	$ 90	$ 116	$ 141

Net Revenues

Net revenues increased $2.1 billion, or 29%, to $9.5 billion for the year ended December 31, 2010 compared to $7.4 billion for the prior year. Operating net revenues exclude net realized gains or losses and revenues or losses of the CIEs and include the fees we earn from services provided to the CIEs. Operating net revenues increased $1.8 billion, or 25%, to $9.1 billion for the year ended December 31, 2010 compared to $7.3 billion for the prior year primarily due to growth in asset-based management fees and distribution fees driven by higher asset levels reflecting the Columbia Management Acquisition, market appreciation and net inflows in wrap account assets and variable annuities, as well as increased client activity.

Management and financial advice fees increased $1.2 billion, or 48%, to $3.8 billion for the year ended December 31, 2010 compared to $2.6 billion for the prior year. Operating management and financial advice fees include the fees we earn from services provided to the CIEs. Operating management and financial advice fees increased $1.3 billion, or 49%, to $3.8 billion for the year ended December 31, 2010 compared to $2.6 billion for the prior year primarily due to higher asset levels reflecting the Columbia Management Acquisition, market appreciation and net inflows in wrap account assets and variable annuities. The daily average S&P 500 Index increased 20% compared to the prior year. Wrap account assets increased $16.2 billion, or 20%, to $97.5 billion at December 31, 2010 compared to the prior year due to net inflows and market appreciation. Average variable annuities contract accumulation values increased $10.3 billion, or 25%, from the prior year due to higher equity market levels and net inflows. Total Asset Management AUM increased $213.7 billion, or 88%, to $456.8 billion at December 31, 2010 compared to the prior year primarily due to the Columbia Management Acquisition and market appreciation, partially offset by net outflows.

Distribution fees increased $265 million, or 22%, to $1.4 billion for the year ended December 31, 2010 compared to $1.2 billion for the prior year primarily due to higher asset-based fees driven by growth in assets from the Columbia Management Acquisition, market appreciation and net inflows in wrap account assets and variable annuities, as well as increased client activity.

Net investment income increased $311 million, or 16%, to $2.3 billion for the year ended December 31, 2010 compared to $2.0 billion for the prior year. Net investment income for 2010 included a $275 million gain for changes in the assets and liabilities of CIEs, primarily debt and underlying syndicated loans, compared to $2 million in the prior year. Operating net investment income excludes net realized gains or losses and changes in the assets and liabilities of CIEs. Operating net investment income increased $58 million, or 3%, to $2.0 billion for the year ended December 31, 2010 compared to $1.9 billion for the prior year primarily due to a $42 million increase in investment income on fixed maturity securities driven by higher fixed annuity account balances and higher investment yields, as well as higher investment yields and increased account balances related to assets supporting our Protection business, partially offset by lower investment income related to certificates.

Premiums increased $81 million, or 7%, to $1.2 billion for the year ended December 31, 2010 compared to $1.1 billion for the prior year primarily due to growth in Auto and Home premiums driven by higher volumes, as well as higher sales of immediate annuities with life contingencies. Auto and Home policy counts increased 9% period-over-period.

Other revenues increased $161 million, or 23%, to $863 million for the year ended December 31, 2010 compared to $702 million for the prior year. Operating other revenues exclude revenues of the CIEs. Operating other revenues increased $64 million, or 9%, to $738 million for the year ended December 31, 2010 compared to $674 million for the prior year primarily due to lower charges related to updating valuation assumptions and models, higher fees from variable annuity guarantees, and a $25 million benefit from payments related to the Reserve Funds matter in 2010, partially offset by a $58 million benefit in 2009 from repurchasing our junior notes at a discount. Other revenues in 2010 included a charge of $20 million from updating valuation assumptions and models compared to a charge of $65 million in the prior year.

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Banking and deposit interest expense decreased $71 million, or 50%, to $70 million for the year ended December 31, 2010 compared to $141 million for the prior year primarily due to lower certificate balances as a result of the run-off of certificate rate promotions and a decrease in crediting rates on certificate products.

Expenses

Total expenses increased $1.4 billion, or 22%, to $7.9 billion for the year ended December 31, 2010 compared to $6.5 billion for the prior year. Operating expenses exclude the market impact on variable annuity guaranteed living benefits, net of hedges, DSIC and DAC amortization; integration and restructuring charges; and expenses of the CIEs. Operating expenses increased $1.2 billion, or 20%, to $7.5 billion for the year ended December 31, 2010 compared to $6.3 billion for the prior year primarily due to increases in distribution expenses, benefits, claims, losses and settlement expenses and general and administrative expense, partially offset by a decrease in amortization of DAC.

Distribution expenses increased $603 million, or 41%, to $2.1 billion for the year ended December 31, 2010 compared to $1.5 billion for the prior year as a result of market appreciation and the Columbia Management Acquisition, as well as higher advisor compensation from business growth.

Interest credited to fixed accounts increased $6 million, or 1%, to $909 million for the year ended December 31, 2010 compared to $903 million for the prior year driven by higher average fixed annuity account balances, partially offset by a lower average crediting rate on interest sensitive fixed annuities. Average fixed annuities contract accumulation values increased $600 million, or 4%, to $14.5 billion for 2010 compared to the prior year. The average fixed annuity crediting rate excluding capitalized interest decreased to 3.8% in 2010 compared to 3.9% in the prior year.

Benefits, claims, losses and settlement expenses increased $416 million, or 31%, to $1.8 billion for the year ended December 31, 2010 compared to $1.3 billion for the prior year. Operating benefits, claims, losses and settlement expenses, which exclude the market impact on variable annuity guaranteed living benefits, net of hedges and DSIC amortization, increased $561 million, or 48%, to $1.7 billion for the year ended December 31, 2010 compared to $1.2 billion for the prior year driven by the impact of updating valuation assumptions and models. Operating benefits, claims, losses and settlement expenses in 2010 included an expense of $300 million from updating valuation assumptions and models compared to a benefit of $90 million in the prior year. Benefits, claims, losses and settlement expenses related to our Auto and Home business increased compared to the prior year primarily due to higher business volumes and higher claims driven by $11 million in catastrophe losses from a hail storm in the Phoenix area and a $16 million reserve increase for higher auto liability claims. Benefits, claims, losses and settlement expenses related to our immediate annuities with life contingencies increased compared to the prior year primarily due to higher premiums. In addition, benefits, claims, losses and settlement expenses increased as a result of the implementation of changes to the Portfolio Navigator program in the second quarter of 2010, higher disability income and long-term care insurance claims and higher reserves for UL products with secondary guarantees compared to the prior year.

Amortization of DAC decreased $90 million, or 41%, to $127 million for the year ended December 31, 2010 compared to $217 million for the prior year. Operating amortization of DAC, which excludes the DAC offset to the market impact on variable annuity guaranteed living benefits, decreased $199 million, or 64%, to $111 million for the year ended December 31, 2010 compared to $310 million for the prior year primarily due to the impact of updating valuation assumptions and models, as well as the market impact on amortization of DAC. Operating amortization of DAC in 2010 included a benefit of $375 million from updating valuation assumptions and models compared to a benefit of $116 million in the prior year. The market impact on amortization of DAC was a benefit of $31 million in 2010 compared to a benefit of $26 million in the prior year. An increase in DAC amortization related to higher variable annuity gross profits was partially offset by a decrease as a result of the implementation of changes to the Portfolio Navigator program in the second quarter of 2010.

Interest and debt expense increased $163 million to $290 million for the year ended December 31, 2010 compared to $127 million for the prior year. Interest and debt expense in 2010 included $181 million of interest expense on CIE debt compared to nil in the prior year. Operating interest and debt expense excludes interest expense on CIE debt. Operating interest and debt expense decreased $18 million, or 14%, to $109 million for the year ended December 31, 2010 compared to $127 million for the prior year primarily due to an expense of $13 million in 2009 related to the early retirement of $450 million of our senior notes due 2010.

General and administrative expense increased $303 million, or 12%, to $2.7 billion for the year ended December 31, 2010 compared to $2.4 billion for the prior year. Operating general and administrative expense excludes integration and restructuring charges and expenses of the CIEs. Integration and restructuring charges increased $13 million to $111 million in 2010 compared to $98 million in the prior year. Operating general and administrative expense increased $279 million, or 12%, to $2.6 billion for the year ended December 31, 2010 compared to $2.3 billion for the prior year primarily reflecting ongoing expenses from the Columbia Management Acquisition, as well as higher performance based compensation partially offset by lower hedge fund performance compensation.

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Income Taxes

Our effective tax rate on income from continuing operations including income attributable to noncontrolling interests was 21.5% for the year ended December 31, 2010, compared to 20.0% for the year ended December 31, 2009. The increase in our effective tax rate primarily reflects an increase in pretax income relative to tax advantaged items, which was partially offset by $53 million in benefits from tax planning and the completion of certain audits. Our effective tax rate on income from continuing operations excluding net income attributable to noncontrolling interests was 23.8% for the year ended December 31, 2010, compared to 20.3% for the year ended December 31, 2009. Our operating effective tax rate was 24.5% for the year ended December 31, 2010, compared to 21.9% for the year ended December 31, 2009.

The following table presents a reconciliation of our operating effective tax rate:

	Years Ended December 31			
	2010		2009	
	GAAP	Operating	GAAP	Operating
	(in millions)			
Income from continuing operations before income tax provision	$ 1,634	$ 1,574	$ 920	$ 1,011
Less: Pretax income attributable to noncontrolling interests	163		15	
Income from continuing operations before income tax provision excluding CIEs	$ 1,471	$ 1,574	$ 905	$ 1,011
Income tax provision from continuing operations	$ 350	$ 386	$ 184	$ 221
Effective tax rate	21.5%	24.5%	20.0%	21.9%
Effective tax rate excluding noncontrolling interests	23.8%	24.5%	20.3%	21.9%

Results of Operations by Segment

Year Ended December 31, 2010 Compared to Year Ended December 31, 2009

The following table presents summary financial information by segment:

	Years Ended December 31,					
	2010			2009		
	GAAP	Less: Adjustments(1)	Operating	GAAP	Less: Adjustments(1)	Operating
	(in millions)					
Advice & Wealth Management						
Net revenues	$ 3,343	$ 1	$ 3,342	$ 2,804	$ (15)	$ 2,819
Expenses	3,027	7	3,020	2,837	64	2,773
Pretax income (loss)	$ 316	$ (6)	$ 322	$ (33)	$ (79)	$ 46
Asset Management						
Net revenues	$ 2,368	$ 3	$ 2,365	$ 1,346	$ (3)	$ 1,349
Expenses	2,050	95	1,955	1,286	30	1,256
Pretax income	$ 318	$ (92)	$ 410	$ 60	$ (33)	$ 93

Annuities						
Net revenues	$ 2,500	$ 9	$ 2,491	$ 2,265	$ 44	$ 2,221
Expenses	1,852	25	1,827	1,617	61	1,556
Pretax income	$ 648	$ (16)	$ 664	$ 648	$ (17)	$ 665
Protection						
Net revenues	$ 2,047	$ 1	$ 2,046	$ 1,964	$ 27	$ 1,937
Expenses	1,644		1,644	1,467		1,467
Pretax income	$ 403	$ 1	$ 402	$ 497	$ 27	$ 470
Corporate & Other						
Net revenues	$ 423	$ 419	$ 4	$ 26	$ 24	$ 2
Expenses	474	246	228	278	13	265
Pretax loss	(51)	173	(224)	(252)	11	(263)
Less: Pretax income attributable to noncontrolling interests	163	163		15	15	
Pretax loss attributable to Ameriprise Financial	$ (214)	$ 10	$ (224)	$ (267)	$ (4)	$ (263)
Eliminations						
Net revenues	$ (1,169)	$ (38)	$ (1,131)	$ (1,008)	$ (2)	$ (1,006)
Expenses	(1,169)	(38)	(1,131)	(1,008)	(2)	(1,006)
Pretax income	$	$	$	$	$	$

(1) Includes the elimination of management fees we earn for services provided to the CIEs and the related expense; revenues and expenses of the CIEs; net realized gains or losses; the market impact on variable annuity living benefits, net of hedges, DSIC and DAC amortization; and integration and restructuring charges.

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Advice & Wealth Management

The following table presents the changes in wrap account assets for the years ended December 31:

	2010	2009
	(in billions)	
Beginning balance	$ 81.3	$ 62.2
Net flows	7.6	7.9
Market appreciation and other	8.6	11.2
Ending balance	$ 97.5	$ 81.3

Wrap account assets increased $16.2 billion, or 20%, to $97.5 billion compared to the prior year due to market appreciation and net inflows.

The following table presents the results of operations of our Advice & Wealth Management segment:

	Years Ended December 31, 2010			2009				
	GAAP	Less: Adjustments(1)	Operating	GAAP	Less: Adjustments(1)	Operating	Operating Change	
	(in millions)							
Revenues								
Management and financial advice fees	$ 1,370	$	$ 1,370	$ 1,088	$	$ 1,088	$ 282	26%
Distribution fees	1,696		1,696	1,491		1,491	205	14
Net investment income	273	1	272	293	(15)	308	(36)	(12)
Other revenues	71		71	65		65	6	9
Total revenues	3,410	1	3,409	2,937	(15)	2,952	457	15
Banking and deposit interest expense	67		67	133		133	(66)	(50)
Total net revenues	3,343	1	3,342	2,804	(15)	2,819	523	19
Expenses								
Distribution expenses	1,954		1,954	1,644		1,644	310	19
General and administrative expense	1,073	7	1,066	1,193	64	1,129	(63)	(6)
Total expenses	3,027	7	3,020	2,837	64	2,773	247	9%
Pretax income (loss)	$ 316	$ (6)	$ 322	$ (33)	$ (79)	$ 46	$ 276	NM

NM Not Meaningful.

(1)

Adjustments include net realized gains or losses and integration and restructuring charges.

Our Advice & Wealth Management segment pretax income was $316 million for the year ended December 31, 2010 compared to a loss of $33 million in the prior year. Our Advice & Wealth Management segment pretax operating income, which excludes net realized gains or losses and integration charges, was $322 million for the year ended December 31, 2010 compared to $46 million in the prior year driven by higher asset-based fees partially offset by higher distribution expenses. Pretax margin for 2010 was 9.5% and operating pretax margin was 9.6%.

Net Revenues

Net revenues were $3.3 billion for the year ended December 31, 2010 compared to $2.8 billion in the prior year, an increase of $539 million, or 19%. Operating net revenues exclude net realized gains or losses. Operating net revenues were $3.3 billion for the year ended December 31, 2010 compared to $2.8 billion in the prior year, an increase of $523 million, or 19%, driven by growth in average fee-based assets, as well as increased client activity.

Management and financial advice fees increased $282 million, or 26%, to $1.4 billion for the year ended December 31, 2010 compared to $1.1 billion for the prior year driven by growth in average fee-based assets resulting from market appreciation and net inflows in wrap account assets. The daily average S&P 500 Index increased 20% compared to the prior year. Wrap account assets increased $16.2 billion, or 20%, to $97.5 billion at December 31, 2010 compared to the prior year due to market appreciation and net inflows.

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Distribution fees increased $205 million, or 14%, to $1.7 billion for the year ended December 31, 2010 compared to $1.5 billion for the prior year primarily driven by growth in average fee-based assets resulting from market appreciation and net inflows in wrap account assets, as well as increased client activity.

Net investment income decreased $20 million, or 7%, to $273 million for the year ended December 31, 2010 compared to $293 million for the prior year. Operating net investment income, which excludes net realized gains or losses, decreased $36 million, or 12%, to $272 million for the year ended December 31, 2010 compared to $308 million for the prior year driven by lower invested assets resulting from net outflows in certificates, as well as lower average yields on invested assets related to certificates.

Banking and deposit interest expense decreased $66 million, or 50%, to $67 million for the year ended December 31, 2010 compared to $133 million for the prior year primarily due to lower certificate balances as a result of the run-off of certificate rate promotions, as well as a decrease in crediting rates on certificate products.

Expenses

Total expenses increased $190 million, or 7%, to $3.0 billion for the year ended December 31, 2010 compared to $2.8 billion for the prior year. Operating expenses, which exclude integration charges, increased $247 million, or 9%, to $3.0 billion for the year ended December 31, 2010 compared to $2.8 billion for the prior year due to an increase in distribution expenses partially offset by a decrease in general and administrative expense.

Distribution expenses increased $310 million, or 19%, to $2.0 billion for the year ended December 31, 2010 compared to $1.6 billion for the prior year primarily due to growth in average fee-based assets, as well as higher advisor compensation from business growth.

General and administrative expense decreased $120 million, or 10%, to $1.1 billion for the year ended December 31, 2010 compared to $1.2 billion for the prior year. Integration charges decreased $57 million to $7 million in 2010 compared to $64 million in the prior year. Operating general and administrative expense, which excludes integration charges, decreased $63 million, or 6%, to $1.1 billion for the year ended December 31, 2010 reflecting cost controls.

Asset Management

The following tables present the changes in Columbia and Threadneedle managed assets:

	January 1, 2010	Net Flows	Market Appreciation/ (Depreciation) & Other(1)	Foreign Exchange	December 31, 2010
			(in billions)		
Columbia Managed Assets:(2)					
Retail Funds	$ 76.9	$ (5.2)	$ 146.8(3)	$	$ 218.5
Institutional Funds	62.3	(7.1)	72.0(4)		127.2
Alternative Funds	9.9		0.1		10.0
Less: Eliminations	(0.1)		(0.1)		(0.2)
Total Columbia Managed Assets	149.0	(12.3)	218.8		355.5
Threadneedle Managed Assets:					
Retail Funds	29.1	1.9	3.5	(1.1)	33.4
Institutional Funds	66.8	(2.2)	8.7	(2.4)	70.9
Alternative Funds	1.9	(0.2)	(0.4)		1.3
Total Threadneedle Managed Assets	97.8	(0.5)	11.8	(3.5)	105.6
Less: Sub-Advised Eliminations	(3.6)	(0.1)	(0.6)		(4.3)

Total Managed Assets	$	243.2	$	(12.9)	$	230.0	$	(3.5)	$	456.8

(1) Distributions of Retail Funds are included in market appreciation/(depreciation) and other.

(2) Prior to the Columbia Management Acquisition, the domestic managed assets of our Asset Management segment, which are now included in Columbia Managed Assets, were managed by RiverSource Investments.

(3) Included in Market appreciation/(depreciation) and other is $118.1 billion due to the Columbia Management Acquisition, including $3 billion of assets that were transferred to RiverSource Sub-advised through the implementation of the Portfolio Navigator program, and an additional $13.1 billion of Portfolio Navigator related assets sub-advised by others.

(4) Included in Market appreciation/(depreciation) and other is $68.4 billion due to the Columbia Management Acquisition.

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	January 1, 2009	Net Flows	Market Appreciation/ (Depreciation) & Other(1)	Foreign Exchange	December 31, 2009
			(in billions)		
Columbia Managed Assets:(2)					
Retail Funds	$ 63.9	$ (0.5)	$ 13.5	$	$ 76.9
Institutional Funds	54.7	2.6	5.0		62.3
Alternative Funds	9.4	(0.1)	0.6		9.9
Less: Eliminations	(0.1)				(0.1)
Total Columbia Managed Assets	127.9	2.0	19.1		149.0
Threadneedle Managed Assets:					
Retail Funds	16.3	4.9	6.1(3)	1.8	29.1
Institutional Funds	55.3	(1.4)	7.5	5.4	66.8
Alternative Funds	2.6	0.1	(1.0)	0.2	1.9
Total Threadneedle Managed Assets	74.2	3.6	12.6	7.4	97.8
Less: Sub-Advised Eliminations	(2.5)	0.3	(1.4)		(3.6)
Total Managed Assets	$ 199.6	$ 5.9	$ 30.3	$ 7.4	$ 243.2

(1) Distributions of Retail Funds are included in market appreciation/(depreciation) and other.

(2) Prior to the Columbia Management Acquisition, the domestic managed assets of our Asset Management segment, which are now included in Columbia Managed Assets, were managed by RiverSource Investments.

(3) Included in Market appreciation/(depreciation) and other are assets due to the addition of Standard Chartered Bank's World Express Funds investment business.

Columbia assets under management were $355.5 billion at December 31, 2010 compared to $149.0 billion a year ago, driven by the Columbia Management Acquisition and market appreciation, partially offset by net outflows. Equity and fixed income investment performance remained strong across one-, three- and five-year periods. Retail net outflows of $5.2 billion in 2010 were primarily in equity and subadvisory portfolios, reflecting industry-wide outflows in equities and lower retail sales as a result of pending fund mergers. Institutional net outflows of $7.1 billion in 2010 were primarily in lower basis point fixed income portfolios.

Threadneedle assets under management were $105.6 billion at December 31, 2010, up 8% from a year ago reflecting year-over-year market appreciation and retail net inflows, partially offset by negative foreign currency translation and institutional net outflows. Total net outflows of $0.5 billion in 2010 reflected net outflows in lower basis point institutional portfolios, partially offset by retail net inflows from higher sales from European investors. Institutional net outflows in 2010 primarily reflected continued outflows in Zurich-related portfolios. Investment track records remained strong across one-, three- and five-year periods.

The following table presents the results of operations of our Asset Management segment:

Years Ended December 31,

	2010			2009				
	GAAP	Less: Adjustments(1)	Operating	GAAP	Less: Adjustments(1)	Operating	Operating Change	
				(in millions)				
Revenues								
Management and financial advice fees	$ 1,979	$	$ 1,979	$ 1,106	$	$ 1,106	$ 873	79%
Distribution fees	358		358	216		216	142	66
Net investment income	17	3	14	18	(3)	21	(7)	(33)
Other revenues	15		15	8		8	7	88
Total revenues	2,369	3	2,366	1,348	(3)	1,351	1,015	75
Banking and deposit interest expense	1		1	2		2	(1)	(50)
Total net revenues	2,368	3	2,365	1,346	(3)	1,349	1,016	75
Expenses								
Distribution expenses	734		734	371		371	363	98
Amortization of deferred acquisition costs	20		20	21		21	(1)	(5)
General and administrative expense	1,296	95	1,201	894	30	864	337	39
Total expenses	2,050	95	1,955	1,286	30	1,256	699	56%
Pretax income	$ 318	$ (92)	$ 410	$ 60	$ (33)	$ 93	$ 317	NM

NM Not Meaningful.

(1) Adjustments include net realized gains or losses and integration charges.

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Our Asset Management segment pretax income was $318 million for the year ended December 31, 2010 compared to $60 million for the prior year. Our Asset Management segment pretax operating income, which excludes net realized gains or losses and integration charges, was $410 million for the year ended December 31, 2010 compared to $93 million for the prior year reflecting eight months of earnings from business acquired in the Columbia Management Acquisition and market appreciation. Pretax margin for 2010 was 13.4% and operating pretax margin was 17.3%.

Net Revenues

Net revenues increased $1.0 billion, or 76%, to $2.4 billion for the year ended December 31, 2010 compared to $1.3 billion for the prior year driven by an increase in asset-based management fees and distribution fees due to growth in assets from the Columbia Management Acquisition and market appreciation.

Management and financial advice fees increased $873 million, or 79%, to $2.0 billion for the year ended December 31, 2010 compared to $1.1 billion for the prior year primarily due to growth in assets from the Columbia Management Acquisition and market appreciation, partially offset by lower hedge fund performance fees. The daily average S&P 500 Index increased 20% compared to the prior year. Total Asset Management managed assets increased $213.7 billion, or 88%, to $456.8 billion at December 31, 2010 compared to the prior year primarily due to the Columbia Management Acquisition and market appreciation, partially offset by net outflows.

Distribution fees increased $142 million, or 66%, to $358 million for the year ended December 31, 2010 compared to $216 million for the prior year primarily driven by growth in assets from the Columbia Management Acquisition and market appreciation.

Expenses

Total expenses increased $764 million, or 59%, to $2.1 billion for the year ended December 31, 2010 compared to $1.3 billion for the prior year. Operating expenses, which exclude integration charges, increased $699 million, or 56%, to $2.0 billion for the year ended December 31, 2010 compared to $1.3 billion for the prior year due to an increase in distribution expenses and general and administrative expense. We realized integration gross expense synergies related to the Columbia Management Acquisition of approximately $75 million for the year ended December 31, 2010.

Distribution expenses increased $363 million, or 98%, to $734 million for the year ended December 31, 2010 compared to $371 million for the prior year primarily due to growth in assets from the Columbia Management Acquisition and market appreciation.

General and administrative expense increased $402 million, or 45%, to $1.3 billion for the year ended December 31, 2010 compared to $894 million for the prior year. Integration charges increased $65 million to $95 million in 2010 compared to $30 million in the prior year. Operating general and administrative expense, which excludes integration charges, increased $337 million, or 39%, to $1.2 billion for the year ended December 31, 2010 compared to $864 million for the prior year primarily due to increased operating costs of Columbia Management, as well as higher performance based compensation partially offset by lower legal expenses and lower hedge fund performance compensation.

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Annuities

The following table presents the results of operations of our Annuities segment:

	Years Ended December 31,							
	2010			2009				
	GAAP	Less: Adjustments(1)	Operating	GAAP	Less: Adjustments(1)	Operating	Operating Change	
	(in millions)							
Revenues								
Management and financial advice fees	$ 546	$	$ 546	$ 438	$	$ 438	$ 108	25%
Distribution fees	284		284	247		247	37	15
Net investment income	1,318	9	1,309	1,323	44	1,279	30	2
Premiums	150		150	104		104	46	44
Other revenues	202		202	153		153	49	32
Total revenues	2,500	9	2,491	2,265	44	2,221	270	12
Banking and deposit interest expense								
Total net revenues	2,500	9	2,491	2,265	44	2,221	270	12
Expenses								
Distribution expenses	268		268	211		211	57	27
Interest credited to fixed accounts	762		762	759		759	3	
Benefits, claims, losses and settlement expenses	691	9	682	418	154	264	418	NM
Amortization of deferred acquisition costs	(76)	16	(92)	37	(93)	130	(222)	NM
Interest and debt expense	2		2				2	NM
General and administrative expense	205		205	192		192	13	7
Total expenses	1,852	25	1,827	1,617	61	1,556	271	17%
Pretax income	$ 648	$ (16)	$ 664	$ 648	$ (17)	$ 665	$ (1)	

NM Not Meaningful.

(1) Adjustments include net realized gains or losses and the market impact on variable annuity living benefits, net of hedges, DSIC and DAC amortization.

Our Annuities segment pretax income was $648 million for both 2010 and 2009. Our Annuities segment pretax operating income, which excludes net realized gains or losses and the market impact on variable annuity guaranteed living benefits, net of hedges, DSIC and DAC amortization, decreased $1 million to $664 million for the year ended December 31, 2010 compared to $665 million in the prior year.

Net Revenues

Net revenues increased $235 million, or 10%, to $2.5 billion for the year ended December 31, 2010 compared to $2.3 billion for the prior year. Operating net revenues, which exclude net realized gains or losses, increased $270 million, or 12%, to $2.5 billion for the year ended December 31, 2010 compared to $2.2 billion for the prior year reflecting increased management fees from higher separate account balances, increased premiums from immediate annuities with life contingencies and higher fees from variable annuity guarantees.

Management and financial advice fees increased $108 million, or 25%, to $546 million for the year ended December 31, 2010 compared to $438 million for the prior year due to higher fees on variable annuities driven by higher separate account balances. Average variable annuities contract accumulation values increased $10.3 billion, or 25%, from the prior year due to higher equity market levels and net inflows. Variable annuity net inflows during 2010 were $1.2 billion driven by our introduction in the third quarter of a new variable annuity in the Ameriprise channel, RAVA 5, and an updated guaranteed minimum withdrawal benefit rider in the Ameriprise and third-party channels.

Distribution fees increased $37 million, or 15%, to $284 million for the year ended December 31, 2010 compared to $247 million for the prior year primarily due to higher fees on variable annuities driven by higher separate account balances.

Net investment income decreased $5 million to $1.3 billion for the year ended December 31, 2010. Operating net investment income, which excludes net realized gains or losses, increased $30 million, or 2%, to $1.3 billion for the year ended December 31, 2010, primarily driven by higher fixed annuity account balances and higher investment yields, partially offset by the negative impact of the implementation of changes to the Portfolio Navigator program. With these changes, assets of clients participating in the Portfolio Navigator program were reallocated, pursuant to their consent. This reallocation in part resulted in a shift of assets from interest bearing investments in the general account into separate accounts.

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Premiums increased $46 million, or 44%, to $150 million for the year ended December 31, 2010 compared to $104 million for the prior year due to higher sales of immediate annuities with life contingencies.

Other revenues increased $49 million, or 32%, to $202 million for the year ended December 31, 2010 compared to $153 million for the prior year due to higher fees from variable annuity guarantees.

Expenses

Total expenses increased $235 million, or 15%, to $1.9 billion for the year ended December 31, 2010 compared to $1.6 billion for the prior year. Operating expenses, which exclude the market impact on variable annuity guaranteed living benefits, net of hedges, DSIC and DAC amortization, increased $271 million, or 17%, to $1.8 billion for the year ended December 31, 2010 compared to $1.6 billion for the prior year primarily due to increases in distribution expenses and benefits, claims, losses and settlement expenses partially offset by a decrease in amortization of DAC.

Distribution expenses increased $57 million, or 27%, to $268 million for the year ended December 31, 2010 compared to $211 million for the prior year primarily due to higher variable annuity compensation.

Interest credited to fixed accounts increased $3 million to $762 million for the year ended December 31, 2010 compared to $759 million for the prior year due to higher average fixed annuity account balances partially offset by a lower average crediting rate on interest sensitive fixed annuities. Average fixed annuities contract accumulation values increased $600 million, or 4%, to $14.5 billion for 2010 compared to the prior year. The average fixed annuity crediting rate excluding capitalized interest decreased to 3.8% in 2010 compared to 3.9% in the prior year.

Benefits, claims, losses and settlement expenses increased $273 million, or 65%, to $691 million for the year ended December 31, 2010 compared to $418 million for the prior year. Operating benefits, claims, losses and settlement expenses, which exclude the market impact on variable annuity guaranteed living benefits, net of hedges and DSIC amortization, increased $418 million to $682 million for the year ended December 31, 2010 compared to $264 million for the prior year primarily driven by the impact of updating valuation assumptions and model changes. Operating benefits, claims, losses and settlement expenses in 2010 included an expense of $256 million from updating valuation assumptions and model changes compared to a benefit of $57 million in the prior year. The market impact to DSIC was a benefit of $3 million in 2010 compared to a benefit of $4 million in the prior year. Benefits, claims, losses and settlement expenses related to our immediate annuities with life contingencies increased compared to the prior year primarily due to higher premiums. In addition, benefits, claims, losses and settlement expenses increased as a result of the implementation of changes to the Portfolio Navigator program in the second quarter of 2010.

Amortization of DAC decreased $113 million to a benefit of $76 million for the year ended December 31, 2010 compared to an expense of $37 million in the prior year. Operating amortization of DAC, which excludes the DAC offset to the market impact on variable annuity guaranteed living benefits, decreased $222 million to a benefit of $92 million for the year ended December 31, 2010 compared to an expense of $130 million for the prior year primarily due to the impact of updating valuation assumptions and model changes. Operating amortization of DAC in 2010 included a benefit of $353 million from updating valuation assumptions and model changes compared to a benefit of $61 million in the prior year. The market impact on DAC amortization in 2010 was a benefit of $21 million compared to a benefit of $23 million in the prior year. An increase in DAC amortization related to higher variable annuity gross profits was partially offset by a decrease as a result of the implementation of changes to the Portfolio Navigator program in the second quarter of 2010.

General and administrative expense increased $13 million, or 7%, to $205 million for the year ended December 31, 2010 compared to $192 million for the prior year primarily driven by additional expenses related to new product introductions and enhancements.

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Protection

The following table presents the results of operations of our Protection segment:

	Years Ended December 31, 2010 GAAP	2010 Less: Adjustments(1)	2010 Operating	2009 GAAP	2009 Less: Adjustments(1)	2009 Operating	Operating Change	
	(in millions)							
Revenues								
Management and financial advice fees	$ 54	$	$ 54	$ 47	$	$ 47	$ 7	15%
Distribution fees	96		96	97		97	(1)	(1)
Net investment income	429	1	428	422	27	395	33	8
Premiums	1,047		1,047	1,013		1,013	34	3
Other revenues	422		422	386		386	36	9
Total revenues	2,048	1	2,047	1,965	27	1,938	109	6
Banking and deposit interest expense	1		1	1		1		
Total net revenues	2,047	1	2,046	1,964	27	1,937	109	6
Expenses								
Distribution expenses	32		32	22		22	10	45
Interest credited to fixed accounts	147		147	144		144	3	2
Benefits, claims, losses and settlement expenses	1,059		1,059	916		916	143	16
Amortization of deferred acquisition costs	183		183	159		159	24	15
General and administrative expense	223		223	226		226	(3)	(1)
Total expenses	1,644		1,644	1,467		1,467	177	12
Pretax income	$ 403	$ 1	$ 402	$ 497	$ 27	$ 470	$ (68)	(14)%

(1) Adjustments include net realized gains or losses.

Our Protection segment pretax income was $403 million for the year ended December 31, 2010, a decrease of $94 million, or 19%, from $497 million for the prior year. Our Protection segment pretax operating income, which excludes net realized gains or losses, was $402 million for the year ended December 31, 2010, a decrease of $68 million, or 14%, from $470 million for the prior year.

Net Revenues

Net revenues increased $83 million, or 4%, to $2.0 billion for the year ended December 31, 2010 compared to $2.0 billion for the prior year. Operating net revenues, which exclude net realized gains or losses, increased $109 million, or 6%, to $2.0 billion for the year ended December 31, 2010 compared to $1.9 billion for the prior year primarily due to the impact of updating valuation assumptions and model changes and an increase in net investment income and premiums.

Management and financial advice fees increased $7 million, or 15%, to $54 million for the year ended December 31, 2010 compared to $47 million for the prior year primarily due to higher management fees from VUL separate account growth due to market appreciation.

Net investment income increased $7 million, or 2%, to $429 million for the year ended December 31, 2010 compared to $422 million for the prior year. Operating net investment income, which excludes net realized gains or losses, increased $33 million, or 8%, to $428 million for the year ended December 31, 2010 compared to $395 million for the prior year primarily due to higher investment yields and increased general account assets.

Premiums increased $34 million, or 3%, to $1.0 billion for the year ended December 31, 2010 compared to $1.0 billion for the prior year due to growth in Auto and Home premiums driven by higher volumes. Auto and Home policy counts increased 9% period-over-period.

Other revenues increased $36 million, or 9%, to $422 million for the year ended December 31, 2010 compared to $386 million for the prior year primarily due to updating valuation assumptions and model changes. Other revenues in 2010 included a charge of $20 million from updating valuation assumptions and model changes compared to a charge of $65 million in the prior year.

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Expenses

Total expenses increased $177 million, or 12%, to $1.6 billion for the year ended December 31, 2010 compared to $1.5 billion for the prior year primarily due to updating valuation assumptions and model changes and an increase in insurance claims compared to the prior year.

Benefits, claims, losses and settlement expenses increased $143 million, or 16%, to $1.1 billion for the year ended December 31, 2010 compared to $916 million for the prior year primarily due to updating valuation assumptions and model changes and higher claims in 2010. Benefits, claims, losses and settlement expenses in 2010 included an expense of $44 million from updating valuation assumptions and model changes compared to a benefit of $33 million in the prior year. Benefits, claims, losses and settlement expenses related to our Auto and Home business increased compared to the prior year primarily due to higher business volumes and higher claims driven by $11 million in catastrophe losses from a hail storm in the Phoenix area and a $16 million reserve increase for higher auto liability claims. In addition, benefits, claims, losses and settlement expenses in 2010 included higher disability income and long-term care insurance claims and higher reserves for UL products with secondary guarantees compared to the prior year.

Amortization of DAC increased $24 million, or 15%, to $183 million for the year ended December 31, 2010 compared to $159 million in the prior year primarily due to updating valuation assumptions and model changes. Amortization of DAC for 2010 included a benefit of $22 million from updating valuation assumptions and model changes compared to a benefit of $55 million in the prior year. The market impact on DAC resulted in a benefit of $10 million in 2010 compared to a benefit of $3 million in the prior year.

Corporate & Other

The following table presents the results of operations of our Corporate & Other segment:

	Years Ended December 31, 2010			2009				
	GAAP	Less: Adjustments(1)	Operating	GAAP	Less: Adjustments(1)	Operating	Operating Change	
	(in millions)							
Revenues								
Net investment income (loss)	$ 273	$ 294	$ (21)	$ (57)	$ 2	$ (59)	$ 38	64%
Other revenues	153	125	28	90	28	62	(34)	(55)
Total revenues	426	419	7	33	30	3	4	NM
Banking and deposit interest expense	3		3	7	6	1	2	NM
Total net revenues	423	419	4	26	24	2	2	100
Expenses								
Distribution expenses	1		1	3		3	(2)	(67)
Interest and debt expense	288	181	107	127		127	(20)	(16)
General and administrative expense	185	65	120	148	13	135	(15)	(11)
Total expenses	474	246	228	278	13	265	(37)	(14)
Pretax loss	(51)	173	(224)	(252)	11	(263)	39	15
Less: Net income attributable to noncontrolling interests	163	163		15	15			
	$ (214)	$ 10	$ (224)	$ (267)	$ (4)	$ (263)	$ 39	15%

Pretax loss attributable to
Ameriprise Financial

NM Not Meaningful.

(1) Includes revenues and expenses of the CIEs, net realized gains or losses and integration and restructuring charges.

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The following table presents the components of the adjustments in the table above:

	Years Ended December 31,					
	2010			2009		
	CIEs	Other Adjustments(1)	Total Adjustments	CIEs	Other Adjustments(1)	Total Adjustments
	(in millions)					
Revenues						
Net investment income (loss)	$ 275	$ 19	$ 294	$ 2	$	$ 2
Other revenues	125		125	28		28
Total revenues	400	19	419	30		30
Banking and deposit interest expense				6		6
Total net revenues	400	19	419	24		24
Expenses						
Distribution expenses						
Interest and debt expense	181		181			
General and administrative expense	56	9	65	9	4	13
Total expenses	237	9	246	9	4	13
Pretax loss	163	10	173	15	(4)	11
Less: Net income attributable to noncontrolling interests	163		163	15		15
Pretax loss attributable to Ameriprise Financial	$	$ 10	$ 10	$	$ (4)	$ (4)

(1) Other adjustments include net realized gains or losses and integration and restructuring charges.

Our Corporate & Other segment pretax loss attributable to Ameriprise Financial was $214 million for the year ended December 31, 2010 compared to $267 million in the prior year. Our Corporate & Other segment pretax operating loss attributable to Ameriprise Financial excludes net realized gains or losses, integration and restructuring charges and the impact of consolidating CIEs. Our Corporate & Other segment pretax operating loss attributable to Ameriprise Financial was $224 million for the year ended December 31, 2010 compared to $263 million in the prior year.

Net revenues increased $397 million to $423 million for the year ended December 31, 2010 compared to $26 million for the prior year primarily reflecting revenues of CIEs. Operating net revenues, which exclude revenues of CIEs and net realized gains or losses, increased $2 million to $4 million for the year ended December 31, 2010.

Net investment income was $273 million for the year ended December 31, 2010 compared to a loss of $57 million in the prior year. Net investment income in 2010 primarily reflects changes in the assets and liabilities of CIEs, primarily debt and underlying syndicated loans. The decrease in operating net investment loss, which excludes revenues of CIEs and net realized gains or losses, reflects lower transfer priced interest income allocated to the Annuities and Protection segments for maintaining excess liquidity.

Other revenues increased $63 million, or 70%, to $153 million for the year ended December 31, 2010, primarily due to an increase in revenues of CIEs. Operating other revenues, which exclude revenues of CIEs, decreased $34 million, or 55%, to $28 million for the year ended December 31, 2010, due to a $58 million gain on the repurchase of certain of our junior notes in 2009 partially offset by a $25 million benefit from the payments related to the Reserve Funds matter in 2010.

Total expenses increased $196 million, or 71%, to $474 million for the year ended December 31, 2010 compared to $278 million for the prior year primarily reflecting expenses of CIEs. Operating expenses, which exclude expenses of CIEs and integration and restructuring charges, decreased $37 million, or 14%, to $228 million for the year ended December 31, 2010 compared to $265 million for the prior year.

Interest and debt expense increased $161 million to $288 million for the year ended December 31, 2010 compared to $127 million for the prior year primarily reflecting interest expense of the CIE debt. Operating interest and debt expense, which excludes interest expense of the CIE debt, decreased $20 million, or 16%, to $107 million for the year ended December 31, 2010 compared to $127 million for the prior year primarily due to an expense of $13 million in 2009 related to the early retirement of $450 million of our senior notes due 2010.

General and administrative expense increased $37 million, or 25%, to $185 million for the year ended December 31, 2010 compared to $148 million for the prior year. Operating general and administrative expense, which excludes expenses of the CIEs and integration and restructuring charges, decreased $15 million, or 11%, to $120 million for the year ended December 31, 2010 compared to $135 million for the prior year.

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Fair Value Measurements

We report certain assets and liabilities at fair value; specifically, separate account assets, derivatives, embedded derivatives, properties held by our consolidated property funds, and most investments and cash equivalents. Fair value assumes the exchange of assets or liabilities occurs in orderly transactions. Companies are not permitted to use market prices that are the result of a forced liquidation or distressed sale. We include actual market prices, or observable inputs, in our fair value measurements to the extent available. Non-binding broker quotes are obtained when quotes from third party pricing services are not available. We validate prices obtained from third parties through a variety of means as described in Note 14 to our Consolidated Financial Statements.

Non-Agency Residential Mortgage Backed Securities Backed by Sub-prime, Alt-A or Prime Collateral

Sub-prime mortgage lending is the origination of residential mortgage loans to customers with weak credit profiles. Alt-A mortgage lending is the origination of residential mortgage loans to customers who have credit ratings above sub-prime but may not conform to government-sponsored standards. Prime mortgage lending is the origination of residential mortgage loans to customers with good credit profiles. We have exposure to each of these types of loans predominantly through mortgage backed and asset backed securities. The slowdown in the U.S. housing market, combined with relaxed underwriting standards by some originators, has led to higher delinquency and loss rates for some of these investments. Persistent market conditions have increased the likelihood of other-than-temporary impairments for certain non-agency residential mortgage backed securities. As a part of our risk management process, an internal rating system is used in conjunction with market data as the basis of analysis to assess the likelihood that we will not receive all contractual principal and interest payments for these investments. For the investments that are more at risk for impairment, we perform our own assessment of projected cash flows incorporating assumptions about default rates, prepayment speeds and loss severity to determine if an other-than-temporary impairment should be recognized.

The following table presents, as of December 31, 2011, our non-agency residential mortgage backed and asset backed securities backed by sub-prime, Alt-A or prime mortgage loans by credit rating and vintage year:

	AAA		**AA**		**A**		**BBB**		**BB & Below**		**Total**	
	Amortized Cost	**Fair Value**	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**	**Amortized Cost**	**Fair Value**
						(in millions)						
Sub-prime												
2003 & prior	$ 5	$ 5	$	$	$	$	$	$	$	$	$ 5	$ 5
2004	20	18	2	2	5	5			14	10	41	35
2005	41	40	36	33	10	10			28	23	115	106
2006	41	40					4	4	42	29	87	73
2007	15	14					2	2	5	1	22	17
2008			6	5							6	5
Re-Remic(1)	10	10			3	3	27	26			40	39
Total Sub-prime	$ 132	$ 127	$ 44	$ 40	$ 18	$ 18	$ 33	$ 32	$ 89	$ 63	$ 316	$ 280
Alt-A												
2003 & prior	$ 1	$ 1	$ 11	$ 12	$	$	$ 3	$ 3	$	$	$ 15	$ 16
2004			11	10	16	17	53	46	31	22	111	95
2005					1	1	9	7	262	176	272	184
2006									114	74	114	74
2007									168	94	168	94
2008												

2009												
2010	67	66									67	66
Re-Remic(1)	180	178			3	3	7	7			190	188
Total Alt-A	$ 248	$ 245	$ 22	$ 22	$ 20	$ 21	$ 72	$ 63	$ 575	$ 366	$ 937	$ 717
Prime												
2003 & prior	$ 107	$ 110	$ 43	$ 42	$ 109	$ 105	$ 10	$ 10	$	$	$ 269	$ 267
2004	17	17	56	53	23	22	30	27	62	44	188	163
2005			3	3	18	19	6	6	221	182	248	210
2006					14	15			32	31	46	46
2007					27	25			31	28	58	53
Re-Remic(1)	1,664	1,734	255	266	238	241			9	16	2,166	2,257
Total Prime	$ 1,788	$ 1,861	$ 357	$ 364	$ 429	$ 427	$ 46	$ 43	$ 355	$ 301	$ 2,975	$ 2,996
Grand Total	$ 2,168	$ 2,233	$ 423	$ 426	$ 467	$ 466	$ 151	$ 138	$ 1,019	$ 730	$ 4,228	$ 3,993

(1)

Re-Remics of mortgage backed securities are prior vintages with cash flows structured into senior and subordinated bonds. Credit enhancement has been increased through the Re-Remic process on the securities we own.

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European Exposure

The following table presents, as of December 31, 2011, our exposure to European debt by country segregated between sovereign and non-sovereign (financial and non-financial corporate debt) exposure:

	Sovereign		Financials		Non-Financials		Total		
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	% of Invested Assets(1)
	(in millions, except percentage)								
Greece	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	0.0%
Italy					117	114	117	114	0.3%
Ireland					40	39	40	39	0.1%
Portugal									0.0%
Spain					134	130	134	130	0.3%
Subtotal					291	283	291	283	0.7%
Other European exposure	30	31	420	387	938	1,004	1,388	1,422	3.4%
Total	$ 30	$ 31	$ 420	$ 387	$ 1,229	$ 1,287	$ 1,679	$ 1,705	4.1%

(1) Invested assets include cash and cash equivalents and investments.

The non-financial corporate debt holdings in Greece, Italy, Ireland, Portugal and Spain are primarily in utilities/telecommunications. The non-financial corporate debt holdings in other European countries are multinational companies concentrated in utilities and non-cyclical industrials. We have no exposure to deeply subordinated instruments. We do not hedge our European exposure and we have no unfunded commitments related to our European debt holdings as of December 31, 2011.

Fair Value of Liabilities and Nonperformance Risk

Companies are required to measure the fair value of liabilities at the price that would be received to transfer the liability to a market participant (an exit price). Since there is not a market for our obligations of our variable annuity riders, we consider the assumptions participants in a hypothetical market would make to reflect an exit price. As a result, we adjust the valuation of variable annuity riders by updating certain contractholder assumptions, adding explicit margins to provide for profit, risk and expenses, and adjusting the rates used to discount expected cash flows to reflect a current market estimate of our nonperformance risk. The nonperformance risk adjustment is based on non-binding broker quotes for credit default swaps that are adjusted to estimate the risk of our life insurance company subsidiaries not fulfilling these liabilities. Consistent with general market conditions, this estimate resulted in a spread over the LIBOR swap curve as of December 31, 2011. As our estimate of this spread widens or tightens, the liability will decrease or increase. If this nonperformance credit spread moves to a zero spread over the LIBOR swap curve, the reduction to net income would be approximately $226 million, net of DAC and DSIC amortization and income taxes, based on December 31, 2011 credit spreads.

Liquidity and Capital Resources

Overview

We maintained substantial liquidity during the year ended December 31, 2011. At both December 31, 2011 and 2010, we had $2.8 billion in cash and cash equivalents. We have additional liquidity available through an unsecured revolving credit facility for up to $500 million that expires in November 2015. Under the terms of the underlying credit agreement, we can increase this facility to $750 million upon satisfaction of certain approval requirements. Available borrowings under this facility are reduced by any outstanding letters of credit. We have had no borrowings under this credit facility and had $2 million of outstanding letters of credit at December 31, 2011.

In March 2010, we issued $750 million of 5.30% senior notes due 2020. A portion of the proceeds was used to retire $340 million of debt that matured in November 2010. On April 30, 2010, we closed on the Columbia Management Acquisition and paid $866 million in the second quarter with cash on hand and assumed liabilities of $30 million. Our subsidiaries, Ameriprise Bank, FSB and RiverSource Life Insurance Company ("RiverSource Life"), are members of the Federal Home Loan Bank ("FHLB") of Des Moines, which provides these subsidiaries with access to collateralized borrowings. As of December 31, 2011, we had no borrowings from the FHLB. Beginning in 2010, we entered into repurchase agreements to reduce reinvestment risk from higher levels of expected annuity net cash flows. Repurchase agreements allow us to receive cash to reinvest in longer-duration assets, while paying back the short-term debt with cash flows generated by the fixed income portfolio. The balance of repurchase agreements at December 31, 2011 was $504 million, which is collateralized with agency residential mortgage backed securities and commercial mortgage backed securities from our investment portfolio. We believe cash flows from operating activities, available cash balances and our availability of revolver borrowings will be sufficient to fund our operating liquidity needs.

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Dividends from Subsidiaries

Ameriprise Financial is primarily a parent holding company for the operations carried out by our wholly owned subsidiaries. Because of our holding company structure, our ability to meet our cash requirements, including the payment of dividends on our common stock, substantially depends upon the receipt of dividends or return of capital from our subsidiaries, particularly our life insurance subsidiary, RiverSource Life; our face-amount certificate subsidiary, Ameriprise Certificate Company ("ACC"); AMPF Holding Corporation, which is the parent company of our retail introducing broker-dealer subsidiary, Ameriprise Financial Services, Inc. ("AFSI") and our clearing broker-dealer subsidiary, American Enterprise Investment Services Inc. ("AEIS"); our Auto and Home insurance subsidiary, IDS Property Casualty Insurance Company ("IDS Property Casualty"), doing business as Ameriprise Auto & Home Insurance; our transfer agent subsidiary, Columbia Management Investment Services Corp.; our investment advisory company, Columbia Management Investment Advisers, LLC; and Threadneedle. The payment of dividends by many of our subsidiaries is restricted and certain of our subsidiaries are subject to regulatory capital requirements.

Actual capital and regulatory capital requirements for our wholly owned subsidiaries subject to regulatory capital requirements were as follows:

	Actual Capital		Regulatory Capital Requirements	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	(in millions)			
RiverSource Life(1)(2)	$ 3,058	$ 3,813	$ 619	$ 652
RiverSource Life of NY(1)(2)	254	291	41	38
IDS Property Casualty(1)(3)	431	411	148	141
Ameriprise Insurance Company(1)(3)	41	44	2	2
ACC(4)(5)	164	184	151	173
Threadneedle(6)	218	182	170	104
Ameriprise Bank, FSB(7)	402	302	391	294
AFSI(3)(4)	115	119	2	1
Ameriprise Captive Insurance Company(3)	43	38	16	12
Ameriprise Trust Company(3)	44	41	41	40
AEIS(3)(4)	122	115	42	35
Securities America, Inc.(3)(4)(8)		2		#
RiverSource Distributors, Inc.(3)(4)	27	24	#	#
Columbia Management Investment Distributors, Inc.(3)(4)	30	27	#	#

#
Amounts are less than $1 million.

(1)
Actual capital is determined on a statutory basis.

(2)
Regulatory capital requirement is based on the statutory risk-based capital filing.

(3)
Regulatory capital requirement is based on the applicable regulatory requirement, calculated as of December 31, 2011 and 2010.

(4) Actual capital is determined on an adjusted GAAP basis.

(5) ACC is required to hold capital in compliance with the Minnesota Department of Commerce and SEC capital requirements.

(6) Actual capital and regulatory capital requirements are determined in accordance with U.K. regulatory legislation. The actual capital and the regulatory capital requirements at December 31, 2011 represent management's assessment at September 30, 2011 of the risk based requirements, as specified by FSA regulations and submitted to the FSA in December 2011.

(7) Ameriprise Bank is required to maintain capital in compliance with the Office of the Comptroller of Currency ("OCC") regulations and policies. Under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the responsibility for the ongoing examination, supervision, and regulation of federal savings associations, including Ameriprise Bank, transferred from the Office of Thrift Supervision to the OCC effective July 21, 2011.

(8) Securities America was sold in the fourth quarter of 2011.

In addition to the particular regulations restricting dividend payments and establishing subsidiary capitalization requirements, we take into account the overall health of the business, capital levels and risk management considerations in determining a dividend strategy for payments to our company from our subsidiaries, and in deciding to use cash to make capital contributions to our subsidiaries.

During the year ended December 31, 2011, the parent holding company received cash dividends or a return of capital from its subsidiaries of $1.2 billion (including $750 million from RiverSource Life) and contributed cash to its subsidiaries of $128 million. In addition, during the year ended December 31, 2011, RiverSource Life paid an $850 million dividend to the parent holding company consisting of high-quality, short-duration securities. During the year ended December 31, 2010, the parent holding company received cash dividends or a return of capital from its subsidiaries of $912 million (including $500 million from RiverSource Life) and contributed cash to its subsidiaries of $73 million.

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The following table presents the dividends that could have been paid within the limitations of the applicable regulatory authorities as further described below, excluding extraordinary dividends for the years ended December 31:

	2011	2010	2009
		(in millions)	
RiverSource Life(1)	$ 1,200	$ 886	$ 253
AEIS(2)			154
ACC(3)	70	171	87
Columbia Management Investment Advisers, LLC	295	191	89
Columbia Management Investment Services Corporation	5		3
Threadneedle	82	125	95
Ameriprise Trust Company	1		4
Securities America Financial Corporation(4)		2	15
AFSI(2)			78
IDS Property Casualty(5)	40	44	42
Ameriprise Captive Insurance Company	27	26	16
RiverSource Distributors, Inc.	26	23	41
AMPF Holding Corporation(2)	334	282	
Columbia Management Investment Distributors, Inc.	30	27	13
Total dividend capacity	$ 2,110	$ 1,777	$ 890

(1)

RiverSource Life dividends in excess of statutory unassigned funds require advance notice to the Minnesota Department of Commerce, RiverSource Life's primary regulator, and are subject to potential disapproval. In addition, dividends whose fair market value, together with that of other dividends or distributions made within the preceding 12 months, exceeds the greater of (1) the previous year's statutory net gain from operations or (2) 10% of the previous year-end statutory capital and surplus are referred to as "extraordinary dividends." Extraordinary dividends also require advance notice to the Minnesota Department of Commerce, and are subject to potential disapproval. For dividends exceeding these thresholds, RiverSource Life provided notice to the Minnesota Department of Commerce and received responses indicating that it did not object to the payment of these dividends.

(2)

In 2009, AEIS and AFSI became subsidiaries of AMPF Holding Corporation. For AEIS and AFSI the dividend capacity is based on an internal model used to determine the availability of dividends, while maintaining net capital at a level sufficiently in excess of minimum levels defined by Securities and Exchange Commission rules.

(3)

The dividend capacity for ACC is based on capital held in excess of regulatory requirements.

(4)

Securities America was sold in the fourth quarter of 2011.

(5)

The dividend capacity for IDS Property Casualty is based on the lesser of (1) 10% of the previous year-end capital and surplus or (2) the greater of (a) net income (excluding realized gains) of the previous year or (b) the aggregate net income of the previous three years excluding realized gains less any dividends paid within the first two years of the three-year period. Dividends that, together with the amount of other distributions made within the preceding 12 months, exceed this statutory limitation are referred to as "extraordinary dividends" and require advance notice to the Office of the Commissioner of Insurance of the State of Wisconsin, the primary state regulator of IDS Property Casualty, and are subject to potential disapproval.

The following table presents the cash dividends paid or return of capital to the parent holding company, net of cash capital contributions made by the parent holding company for the following subsidiaries for the years ended December 31:

	2011	2010	2009
		(in millions)	
RiverSource Life(1)	$ 750	$ 500	$
Ameriprise Bank, FSB	(71)	(35)	(85)
ACC	57	160	25
Columbia Management Investment Advisers, LLC	250	90	
Columbia Management Investment Services Corporation			3
Threadneedle	34	48	49
Ameriprise Trust Company	(3)	(5)	
Securities America Financial Corporation(2)	(10)		
IDS Property Casualty		30	85
Ameriprise Advisor Capital, LLC	(44)	(33)	(10)
AMPF Holding Corporation(3)	140	84	(38)
Other			2
Total	$ 1,103	$ 839	$ 31

(1) In addition, during the year ended December 31, 2011, RiverSource Life paid an $850 million dividend to the parent holding company consisting of high-quality, short-duration securities.

(2) Securities America was sold in the fourth quarter of 2011.

(3) In 2009, AEIS and AFSI became subsidiaries of AMPF Holding Corporation. For AEIS and AFSI the dividend capacity is based on an internal model used to determine the availability of dividends, while maintaining net capital at a level sufficiently in excess of minimum levels defined by Securities and Exchange Commission rules.

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Dividends Paid to Shareholders and Share Repurchases

We paid regular quarterly cash dividends to our shareholders totaling $212 million and $183 million for the year ended December 31, 2011 and 2010, respectively. On December 7, 2011, our Board of Directors declared a quarterly cash dividend of $0.28 per common share. The dividend will be paid on February 24, 2012 to our shareholders of record at the close of business on February 10, 2012.

On May 11, 2010, we announced that our board of directors authorized an expenditure of up to $1.5 billion for the repurchase of shares of our common stock through the date of our 2012 annual shareholders meeting. On June 15, 2011, we announced that our Board of Directors authorized an additional expenditure of up to $2.0 billion for the repurchase of shares of our common stock through June 28, 2013. We intend to fund share repurchases through existing working capital, future earnings and other customary financing methods. The share repurchase program does not require the purchase of any minimum number of shares, and depending on market conditions and other factors, these purchases may be commenced or suspended at any time without prior notice. Acquisitions under the share repurchase program may be made in the open market, through privately negotiated transactions or block trades or other means. During the year ended December 31, 2011, we repurchased a total of 27.9 million shares of our common stock at an average price of $52.15 per share. As of December 31, 2011, we had $1.5 billion remaining under our share repurchase authorizations.

In both 2011 and 2010, we extinguished $14 million principal amount of our junior notes due 2066. In the future, we may from time to time seek to retire or purchase additional outstanding debt through cash purchases in the open market, privately negotiated transactions or otherwise, without prior notice. Such repurchases, if any, will depend upon market conditions and other factors. The amounts involved could be material.

Cash Flows

Cash flows of CIEs are reflected in our cash flows provided by (used in) operating activities, investing activities and financing activities. Cash held by CIEs is not available for general use by Ameriprise Financial, nor is Ameriprise Financial cash available for general use by its CIEs. As such, the operating, investing and financing cash flows of the CIEs have no impact to the change in cash and cash equivalents.

Operating Activities

Net cash provided by operating activities for the year ended December 31, 2011 increased $331 million to $2.2 billion compared to $1.8 billion for the year ended December 31, 2010. Net cash provided by operating activities for the year ended December 31, 2011 included a negative impact of $188 million related to CIEs compared to a positive impact of $148 million in the prior year. In 2011, operating cash increased $738 million due to an increase in net cash collateral held related to derivative instruments compared to an increase of $111 million in the prior year. Income taxes paid increased $309 million in 2011 compared to the prior year. Net cash provided by operating activities in 2011 included an increase in cash generated from higher fee revenue, partially offset by higher payments for distribution expenses.

Net cash provided by operating activities for the year ended December 31, 2010 was $1.8 billion compared to net cash used in operating activities of $1.3 billion for the year ended December 31, 2009. Net cash provided by operating activities for the year ended December 31, 2010 included a positive impact of $148 million related to CIEs compared to a negative impact of $453 million in the prior year. In 2009, operating cash flows were reduced by $1.9 billion due to a decrease in net cash collateral held related to derivative instruments compared to an increase of $111 million in 2010. The increase in operating cash compared to the prior year was also driven by higher fee revenue, partially offset by higher advisor compensation.

Investing Activities

Our investing activities primarily relate to our Available-for-Sale investment portfolio. Further, this activity is significantly affected by the net flows of our investment certificate, fixed annuity and UL products reflected in financing activities.

Net cash used in investing activities was $1.1 billion for the year ended December 31, 2011 compared to $734 million for the year ended December 31, 2010. Cash used to purchase Available-for-Sale securities decreased $266 million compared to the prior year and cash proceeds from sales and maturities, sinking fund payments and calls of Available-for-Sale securities decreased $1.8 billion compared to the prior year. We paid cash of $866 million for the Columbia Management Acquisition in 2010 and received cash of $150 million in 2011 for the sale of Securities America.

Net cash used in investing activities decreased $5.6 billion to $734 million for the year ended December 31, 2010 compared to $6.4 billion for the year ended December 31, 2009, primarily due to a $10.3 billion decrease in cash used for purchases of Available-for-Sale securities, partially offset by a $3.6 billion reduction in proceeds from sales and maturities, sinking fund payments and calls of Available-for-Sale securities. We also paid cash of $866 million for the Columbia Management Acquisition in 2010.

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Financing Activities

Net cash used in financing activities was $1.1 billion for the year ended December 31, 2011 compared to $1.3 billion for the year ended December 31, 2010. Net cash inflows related to policyholder and contractholder account values were $106 million for the year ended December 31, 2011 compared to net cash outflows of $1.1 billion for the prior year. Net cash outflows related to policyholder and contractholder account values in the prior year included net transfers to separate accounts of $1.3 billion primarily due to the implementation of changes to the Portfolio Navigator program. Cash outflows related to investment certificates and banking time deposits decreased $472 million due to lower maturities, withdrawals and cash surrenders compared to the prior year. Cash provided by other banking deposits increased $368 million compared to the prior year. Net cash inflows related to changes in repurchase agreements decreased $290 million compared to the prior year. Cash proceeds from issuance of debt, net of issuance costs, was $744 million in 2010 compared to nil in 2011. Cash used for the repurchase of common stock increased $913 million for the year ended December 31, 2011 compared to the prior year.

Net cash used in financing activities was $1.3 billion for the year ended December 31, 2010 compared to net cash provided by financing activities of $4.5 billion for the year ended December 31, 2009. Net cash outflows related to policyholder and contractholder account values were $1.1 billion for the year ended December 31, 2010 compared to net cash inflows of $3.1 billion for the prior year primarily due to a decrease in fixed annuity deposits and the transfer of general account assets to separate accounts from the implementation of changes to the Portfolio Navigator program. Proceeds from sales of investment certificates and banking time deposits decreased $1.4 billion compared to the prior year primarily due to the run-off of certificate rate promotions, partially offset by a $1.3 billion decrease in maturities, withdrawals and cash surrenders. Cash provided by other banking deposits decreased $345 million compared to the prior year. Cash received due to issuance of debt, net of repayments, increased $449 million for the year ended December 31, 2010 compared to the prior year. In 2010, net cash received related to repurchase agreements was $397 million. In 2009, we received cash of $869 million from the issuance of common stock. Cash used for the repurchase of common stock increased $571 million for the year ended December 31, 2010 compared to the prior year.

Contractual Commitments

The contractual obligations identified in the table below include both our on and off-balance sheet transactions that represent material expected or contractually committed future obligations. Payments due by period as of December 31, 2011 were as follows:

	Total	2012	2013-2014	2015-2016	2017 and Thereafter
			(in millions)		
Balance Sheet:					
Long-term debt(1)	$ 2,244	$	$	$ 700	$ 1,544
Insurance and annuities(2)	48,653	2,582	5,587	5,834	34,650
Investment certificates(3)	2,771	2,554	217		
Deferred premium options(4)	2,531	372	673	561	925
Affordable housing partnerships(5)	267	168	96	1	2
Off-Balance Sheet:					
Lease obligations	608	97	171	134	206
Purchase obligations(6)	493	154	188	85	66
Interest on long-term debt(7)	2,273	139	278	233	1,623
Total	$ 59,840	$ 6,066	$ 7,210	$ 7,548	$ 39,016

(1) See Note 13 to our Consolidated Financial Statements for more information about our long-term debt.

(2) These scheduled payments are represented by reserves of approximately $31.2 billion at December 31, 2011 and are based on interest credited, mortality, morbidity, lapse, surrender and premium payment assumptions. Actual payment obligations may differ if experience varies from these assumptions. Separate account

liabilities have been excluded as associated contractual obligations would be met by separate account assets.

(3)

The payments due by year are based on contractual term maturities. However, contractholders have the right to redeem the investment certificates earlier and at their discretion subject to surrender charges, if any. Redemptions are most likely to occur in periods of substantial increases in interest rates.

(4)

The fair value of these commitments included on the Consolidated Balance Sheets was $2.4 billion as of December 31, 2011. See Note 15 to our Consolidated Financial Statements for more information about our deferred premium options.

(5)

Affordable housing partnership commitments are related to investments in low income housing tax credit partnerships. Call dates for the obligations presented are either date or event specific. For date specific obligations, the Company is required to fund a specific amount on a stated date provided there are no defaults under the agreement. For event specific obligations, the Company is required to fund a specific amount of its capital commitment when properties in a fund become fully stabilized. For event specific obligations, the estimated call date of these commitments is used in the table above.

(6)

Purchase obligations include the minimum contractual amounts by period under contracts that were in effect at December 31, 2011. Many of the purchase agreements giving rise to these purchase obligations include termination clauses that may require payment of termination fees if the agreements are terminated by the Company without cause prior to their stated expiration; however, the table reflects the amounts to be paid assuming the contracts are not terminated.

(7)

Interest on debt was estimated based on rates in effect as of December 31, 2011.

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In addition to the contractual commitments outlined in the table above, we periodically fund the employees' defined benefit plans. We contributed $72 million and $64 million in 2011 and 2010, respectively, to our pension plans. In 2012, we expect to contribute $46 million to our pension plans and $2 million to our defined benefit postretirement plans. See Note 21 to our Consolidated Financial Statements for additional information.

Total loan funding commitments, which are not included in the table above due to uncertainty with respect to timing of future cash flows, were $2.4 billion at December 31, 2011.

For additional information relating to these contractual commitments, see Note 22 to our Consolidated Financial Statements.

Off-Balance Sheet Arrangements

We provide asset management services to various collateralized debt obligations and other investment products, which are sponsored by us for the investment of client assets in the normal course of business. Certain of these investment entities are considered to be variable interest entities while others are considered to be voting rights entities. We consolidate certain of these investment entities. For entities that we do not consolidate, our maximum exposure to loss is our investment in the entity, which was not material as of December 31, 2011. We have no obligation to provide further financial or other support to these structured investments nor have we provided any support to these structured investments. See Note 4 to our Consolidated Financial Statements for additional information on our arrangements with structured investments.

Forward-Looking Statements

This report contains forward-looking statements that reflect management's plans, estimates and beliefs. Actual results could differ materially from those described in these forward-looking statements. Examples of such forward-looking statements include:

- statements of the Company's plans, intentions, positioning, expectations, objectives or goals, including those relating to asset flows, mass affluent and affluent client acquisition strategy, client retention and growth of our client base, financial advisor productivity, retention, recruiting and enrollments, acquisition integration, general and administrative costs; consolidated tax rate, return of capital to shareholders, and excess capital position and financial flexibility to capture additional growth opportunities;

- other statements about future economic performance, the performance of equity markets and interest rate variations and the economic performance of the United States and of global markets; and

- statements of assumptions underlying such statements.

The words "believe," "expect," "anticipate," "optimistic," "intend," "plan," "aim," "will," "may," "should," "could," "would," "likely," "forecast," "on pace," "project" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ materially from such statements.

Such factors include, but are not limited to:

- changes in the valuations, liquidity and volatility in the interest rate, credit default, equity market, and foreign exchange environments;

- changes in and the adoption of relevant accounting standards, as well as changes in the litigation and regulatory environment, including ongoing legal proceedings and regulatory actions, the frequency and extent of legal claims threatened or initiated by clients, other persons and regulators, and developments in regulation and legislation, including the rules and regulations implemented or to be implemented in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act;

investment management performance and distribution partner and consumer acceptance of the Company's products;

effects of competition in the financial services industry and changes in product distribution mix and distribution channels;

changes to the Company's reputation that may arise from employee or affiliated advisor misconduct, legal or regulatory actions, improper management of conflicts of interest or otherwise;

the Company's capital structure, including indebtedness, limitations on subsidiaries to pay dividends, and the extent, manner, terms and timing of any share or debt repurchases management may effect as well as the opinions of rating agencies and other analysts and the reactions of market participants or the Company's regulators, advisors, distribution partners or customers in response to any change or prospect of change in any such opinion;

changes to the availability of liquidity and the Company's credit capacity that may arise due to shifts in market conditions, the Company's credit ratings and the overall availability of credit;

- risks of default, capacity constraint or repricing by issuers or guarantors of investments the Company owns or by counterparties to hedge, derivative, insurance or reinsurance arrangements or by manufacturers of products the Company distributes, experience deviations from the Company's assumptions regarding such risks, the evaluations or the prospect of changes in evaluations of any such third parties published by rating agencies or other analysts, and the reactions of other market participants or the Company's regulators, advisors, distribution partners or customers in response to any such evaluation or prospect of changes in evaluation;

- with respect to VIE pooled investments the Company has determined do not require consolidation under GAAP, the Company's assessment that it does not have the power over the VIE or hold a variable interest in these investments for which the Company has the potential to receive significant benefits or to absorb significant losses;

- experience deviations from the Company's assumptions regarding morbidity, mortality and persistency in certain annuity and insurance products, or from assumptions regarding market returns assumed in valuing or unlocking DAC and DSIC or market volatility underlying the Company's valuation and hedging of guaranteed living benefit annuity riders; or from assumptions regarding anticipated claims and losses relating to the Company's automobile and home insurance products;

- changes in capital requirements that may be indicated, required or advised by regulators or rating agencies;

- the impacts of the Company's efforts to improve distribution economics and to grow third-party distribution of its products;

- the Company's ability to pursue and complete strategic transactions and initiatives, including acquisitions, divestitures, restructurings, joint ventures and the development of new products and services;

- the Company's ability to realize the financial, operating and business fundamental benefits or to obtain regulatory approvals regarding integrations we plan for the acquisitions we have completed or may pursue and contract to complete in the future, as well as the amount and timing of integration expenses;

- the ability and timing to realize savings and other benefits from re-engineering and tax planning;

- changes in the capital markets and competitive environments induced or resulting from the partial or total ownership or other support by central governments of certain financial services firms or financial assets; and

- general economic and political factors, including consumer confidence in the economy, the ability and inclination of consumers generally to invest as well as their ability and inclination to invest in financial instruments and products other than cash and cash equivalents, the costs of products and services the Company consumes in the conduct of its business, and applicable legislation and regulation and changes therein, including tax laws, tax treaties, fiscal and central government treasury policy, and policies regarding the financial services industry and publicly-held firms, and regulatory rulings and pronouncements.

Management cautions the reader that the foregoing list of factors is not exhaustive. There may also be other risks that management is unable to predict at this time that may cause actual results to differ materially from those in forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. Management undertakes no obligation to update publicly or revise any forward-looking statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market Risk

Our primary market risk exposures are interest rate, equity price, foreign currency exchange rate and credit risk. Equity price 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, brokerage client cash balances, and face amount certificate products and UL insurance products, the value of DAC and DSIC assets, the values of liabilities for guaranteed benefits associated with our variable annuities and the values of derivatives held to hedge these benefits.

The guaranteed benefits associated with our variable annuities are guaranteed minimum withdrawal benefits ("GMWB"), guaranteed minimum accumulation benefits ("GMAB"), guaranteed minimum death benefits ("GMDB") and guaranteed minimum income benefits ("GMIB"). Each of these guaranteed benefits guarantees payouts to the annuity holder under certain specific conditions regardless of the performance of the underlying investment assets.

We continue to utilize a hedging program which attempts to match the sensitivity of the assets with the sensitivity of the liabilities. This approach works with the premise that matched sensitivities will produce a highly effective hedging result. Our comprehensive hedging program focuses mainly on first order sensitivities of assets and liabilities; Equity Market Level (Delta), Interest Rate Level (Rho) and Volatility (Vega). Additionally, various second order sensitivities are managed. We use various index options across the term structure, interest rate swaps and swaptions, total return swaps and futures to

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manage the risk exposures. The exposures are measured and monitored daily, and adjustments to the hedge portfolio are made as necessary.

To evaluate interest rate and equity price risk we perform sensitivity testing which measures the impact on pretax income from the sources listed below for a 12 month period following a hypothetical 100 basis point increase in interest rates or a hypothetical 10% decline in equity prices. The interest rate risk test assumes a sudden 100 basis point parallel shift in the yield curve, with rates then staying at those levels for the next 12 months. The equity price risk test assumes a sudden 10% drop in equity prices, with equity prices then staying at those levels for the next 12 months. In estimating the values of variable annuity riders, equity indexed annuities, stock market certificates and the associated hedge assets, we assumed no change in implied market volatility despite the 10% drop in equity prices.

The following tables present our estimate of the impact on pretax income from these hypothetical market movements as of December 31, 2011:

	Equity Price Exposure to Pretax Income		
Equity Price Decline 10%	**Before Hedge Impact**	**Hedge Impact**	**Net Impact**
	(in millions)		
Asset-based management and distribution fees(1)	$ (174)	$ 4	$ (170)
DAC and DSIC amortization(2)(3)	(137)		(137)
Variable annuity riders:			
GMDB and GMIB(3)	(53)		(53)
GMWB	(148)	198	50
GMAB	(52)	68	16
DAC and DSIC amortization(4)	N/A	N/A	(25)
Total variable annuity riders	(253)	266	(12)
Equity indexed annuities	1	(1)	
Stock market certificates	2	(2)	
Total	$ (561)	$ 267	$ (319)

	Interest Rate Exposure to Pretax Income		
Interest Rate Increase 100 Basis Points	**Before Hedge Impact**	**Hedge Impact**	**Net Impact**
	(in millions)		
Asset-based management and distribution fees(1)	$ (36)	$	$ (36)
Variable annuity riders:			
GMWB	544	(580)	(36)
GMAB	51	(52)	(1)
DAC and DSIC amortization(4)	N/A	N/A	10
Total variable annuity riders	595	(632)	(27)
Fixed annuities, fixed portion of variable annuities and fixed insurance products	22		22
Brokerage client cash balances	86		86
Flexible savings and other fixed rate savings products	16		16
Total	$ 683	$ (632)	$ 61

N/A Not Applicable.

(1) Excludes incentive income which is impacted by market and fund performance during the period and cannot be readily estimated.

(2) Market impact on DAC and DSIC amortization resulting from lower projected profits.

(3) In estimating the impact on DAC and DSIC amortization resulting from lower projected profits, we have not changed our assumed equity asset growth rates. This is a significantly more conservative estimate than if we assumed management follows its mean reversion guideline and increased near-term rates to recover the drop in equity values over a five-year period. We make this same conservative assumption in estimating the impact from GMDB and GMIB riders.

(4) Market impact on DAC and DSIC amortization related to variable annuity riders is modeled net of hedge impact.

The above results compare to an estimated negative net impact to pretax income of $326 million related to a 10% equity price decline and an estimated positive net impact to pretax income of $11 million related to a 100 basis point increase in interest rates as of December 31, 2010. The change in interest rate sensitivity at December 31, 2011 compared to the prior year is primarily due to a decrease in interest rates.

Net impacts shown in the above table from GMWB and GMAB riders result largely from differences between the liability valuation basis and the hedging basis. Liabilities are valued using fair value accounting principles, with key policyholder behavior assumptions loaded to provide risk margins and with discount rates increased to reflect a current market estimate of our risk of nonperformance specific to these liabilities. For variable annuity riders introduced prior to mid-2009, management elected to hedge based on best estimate policyholder behavior assumptions. For riders issued since mid-2009, management has been hedging on a basis that includes risk margins related to policyholder behavior. The nonperformance spread risk is not hedged.

Actual results could differ materially from those illustrated above as they are based on a number of estimates and assumptions. These include assuming that implied market volatility does not change when equity prices fall by 10%, that management does not increase assumed equity asset growth rates to anticipate recovery of the drop in equity values when valuing DAC, DSIC and GMDB and GMIB liability values and that the 100 basis point increase in interest rates is a parallel shift of the yield curve. Furthermore, we have not tried to anticipate changes in client preferences for different types of assets or other changes in client behavior, nor have we tried to anticipate actions management might take to increase revenues or reduce expenses in these scenarios.

The selection of a 100 basis point interest rate increase as well as a 10% equity price decline should not be construed as a prediction of future market events. Impacts of larger or smaller changes in interest rates or equity prices may not be proportional to those shown for a 100 basis point increase in interest rates or a 10% decline in equity prices.

Asset-Based Management and Distribution Fees

We earn asset-based management fees and distribution fees on our assets under management. At December 31, 2011, the value of our assets under management was $527.6 billion. These sources of revenue are subject to both interest rate and equity price risk since the value of these assets and the fees they earn fluctuate inversely with interest rates and directly with equity prices. We do not currently hedge the interest rate or equity price risk of this exposure.

DAC and DSIC Amortization

For annuity and UL products, DAC and DSIC are amortized on the basis of estimated gross profits. Estimated gross profits are a proxy for pretax income prior to the recognition of DAC and DSIC amortization expense. When events occur that reduce or increase current period estimated gross profits, DAC and DSIC amortization expense is typically reduced or increased as well, somewhat mitigating the impact of the event on pretax income.

Variable Annuity Riders

The total contract value of all variable annuities at December 31, 2011 was $62.3 billion compared to $62.6 billion at December 31, 2010. These contract values include GMWB and GMAB contracts which were $27.6 billion and $3.5 billion, respectively, at December 31, 2011, compared to $24.7 billion and $3.5 billion, respectively, at December 31, 2010. At December 31, 2011, reserves for GMWB and GMAB were $1.4 billion and $237 million, respectively, compared to $337 million and $104 million, respectively, at December 31, 2010. The increase in reserves for GMWB and GMAB reflect the changes in economic factors impacting the mark-to-market value of the guarantees and increased volume of business. At December 31, 2011, the reserve for the other variable annuity guaranteed benefits, GMDB and GMIB, was $14 million compared to $13 million at December 31, 2010.

Equity Price Risk   Variable Annuity Riders

The variable annuity guaranteed benefits guarantee payouts to the annuity holder under certain specific conditions regardless of the performance of the investment assets. For this reason, when equity prices decline, the returns from the separate account assets coupled with guaranteed benefit fees from annuity holders may not be sufficient to fund expected payouts. In that case, reserves must be increased with a negative impact to earnings.

The core derivative instruments with which we hedge the equity price risk of our GMWB and GMAB provisions are longer dated put and call derivatives; these core instruments are supplemented with equity futures and total return swaps. See Note 15 to our Consolidated Financial Statements for further information on our derivative instruments.

Interest Rate Risk   Variable Annuity Riders

The GMAB and the non-life contingent benefits associated with the GMWB provisions create embedded derivatives which are carried at fair value separately from the underlying host variable annuity contract. Changes in the fair value of the GMWB and GMAB liabilities are recorded through earnings with fair value calculated based on projected, discounted cash flows over the life of the contract, including projected, discounted benefits and fees. Increases in interest rates reduce the fair value of the GMWB and GMAB liabilities. The GMWB and GMAB interest rate exposure is hedged with a portfolio of longer dated put and call derivatives, interest rate swaps and swaptions. We have entered into interest rate swaps according to risk exposures along maturities, thus creating both fixed rate payor and variable rate payor terms. If interest rates were to increase, we would have to pay more to the swap counterparty, and the fair value of our equity puts would decrease, resulting in a negative impact to our pretax income.

Fixed Annuities, Fixed Portion of Variable Annuities and Fixed Insurance Products

Interest rate exposures arise primarily with respect to the fixed account portion of annuity and insurance products of RiverSource Life companies and their investment portfolios. We guarantee an interest rate to the holders of these products. Premiums and deposits collected from clients are primarily invested in fixed rate securities to fund the client credited rate with the spread between the rate earned from investments and the rate credited to clients recorded as earned income. Client liabilities and investment assets generally differ as it relates to basis, repricing or maturity characteristics. Rates credited to clients' accounts generally reset at shorter intervals than the yield on the underlying investments. Therefore, in an increasing interest rate environment, higher interest rates are reflected in crediting rates to clients sooner than in rates earned on invested assets resulting in a reduced spread between the two rates, reduced earned income and a negative impact on pretax income. Of the $31.7 billion in future policy benefits and claims on our Consolidated Balance Sheets at December 31, 2011, $29.5 billion related to liabilities created by these products. We do not hedge this exposure.

Brokerage Client Cash Balances

We pay interest on certain brokerage client cash balances and have the ability to reset these rates from time to time based on prevailing economic and business conditions. We earn revenue to fund the interest paid from interest-earning assets or fees from off-balance sheet deposits at FDIC insured institutions, which are indexed to short-term interest rates. In general, the change in interest paid lags the change in revenues earned.

Flexible Savings and Other Fixed Rate Savings Products

We have interest rate risk from our flexible savings and other fixed rate savings products. These products are primarily investment certificates generally ranging in amounts from $1,000 to $1 million with interest crediting rate terms ranging from three to 36 months, as well as other savings products sold through Ameriprise Bank. We guarantee an interest rate to the holders of these products. Payments collected from clients are primarily invested in fixed rate securities to fund the client credited rate with the spread between the rate earned from investments and the rate credited to clients recorded as earned income. Client liabilities and investment assets generally differ as it relates to basis, repricing or maturity characteristics. Rates credited to clients generally reset at shorter intervals than the yield on underlying investments. This exposure is not currently hedged although we monitor our investment strategy and make modifications based on our changing liabilities and the expected interest rate environment. Of the $9.9 billion in customer deposits at December 31, 2011, $2.0 billion related to reserves for our fixed rate certificate products and $4.7 billion related to reserves for our banking products.

Equity Indexed Annuities

Our equity indexed annuity product is a single premium annuity issued with an initial term of seven years. The annuity guarantees the contractholder a minimum return of 3% on 90% of the initial premium or end of prior term accumulation value upon renewal plus a return that is linked to the performance of the S&P 500 Index. The equity-linked return is based on a participation rate initially set at between 50% and 90% of the S&P 500 Index, which is guaranteed for the initial seven-year term when the contract is held to full term. At December 31, 2011, we had $60 million in reserves related to equity indexed annuities. We discontinued new sales of equity indexed annuities in 2007.

Equity Price Risk Equity Indexed Annuities

The equity-linked return to investors creates equity price risk as the amount credited depends on changes in equity prices. To hedge this exposure, we purchase futures, calls and puts which generate returns to replicate what we must credit to client accounts. In conjunction with purchasing puts we also write puts. Pairing purchased puts with written puts allows us to better match the characteristics of the liability.

Interest Rate Risk Equity Indexed Annuities

Most of the proceeds received from equity indexed annuities are invested in fixed income securities with the return on those investments intended to fund the 3% guarantee. We earn income from the difference between the return earned on invested assets and the 3% guarantee rate credited to customer accounts. The spread between return earned and amount credited is affected by changes in interest rates.

Indexed Universal Life

In 2011, we began offering IUL insurance. IUL is similar to UL in that it provides life insurance coverage and cash value that increases as a result of credited interest. Also, like UL, there is a minimum guaranteed credited rate of interest. Unlike UL the rate of credited interest above the minimum guarantee is linked to the S&P 500 Index (subject to a cap). At December 31, 2011, we had $7 million in reserves related to the index account of IUL. The equity-linked return to investors creates equity price risk as the amount credited depends on changes in equity prices. To hedge this exposure, a portion of the proceeds from the sale of IUL is used to purchase call spreads which generate returns to replicate what we must credit to client accounts. The estimate of the impact on pretax income for a hypothetical 10% equity market movement as of December 31, 2011 is not material.

Stock Market Certificates

Stock market certificates are purchased for amounts generally from $1,000 to $1 million for terms of 52 weeks which can be extended to a maximum of 20 years. For each term the certificate holder can choose to participate 100% in any percentage increase in the S&P 500 Index up to a maximum return or choose partial participation in any increase in the S&P 500 Index plus a fixed rate of interest guaranteed in advance. If partial participation is selected, the total of equity-linked return and guaranteed rate of interest cannot exceed the maximum return. Reserves for our stock market certificates are included in customer deposits on our Consolidated Balance Sheets. At December 31, 2011, we had $737 million in reserves related to stock market certificates.

Equity Price Risk   Stock Market Certificates

As with the equity indexed annuities, the equity-linked return to investors creates equity price risk exposure. We seek to minimize this exposure with purchased futures and call spreads that replicate what we must credit to client accounts. This risk continues to be fully hedged.

Interest Rate Risk   Stock Market Certificates

Stock market certificates have some interest rate risk as changes in interest rates affect the fair value of the payout to be made to the certificate holder. This risk is not currently hedged.

Foreign Currency Risk

We have foreign currency risk through our net investment in foreign subsidiaries and our operations in foreign countries. We are primarily exposed to changes in British Pounds ("GBP") related to our net investment in Threadneedle, which was 450 million GBP at December 31, 2011. Our primary exposure related to operations in foreign countries is to the GBP and the Indian Rupee. We monitor the foreign exchange rates that we have exposure to and enter into foreign currency forward contracts to mitigate risk when economically prudent. At December 31, 2011, the notional value of outstanding contracts and our remaining foreign currency risk related to operations in foreign countries were not material.

Interest Rate Risk on External Debt

The stated interest rate on the $2.0 billion of our senior unsecured notes is fixed and the stated interest rate on the $294 million of junior notes is fixed until June 1, 2016. In 2010, we entered into interest rate swap agreements to effectively convert the fixed interest rate on $1.4 billion of the senior unsecured notes to floating interest rates based on six-month LIBOR. We hedged the debt in part to better align the interest expense on debt with the interest earned on cash equivalents held on our Consolidated Balance Sheets. The net interest rate risk of these items is immaterial.

Credit Risk

We are exposed to credit risk within our investment portfolio, including our loan portfolio, and through our derivative and reinsurance activities. Credit risk relates to the uncertainty of an obligor's continued ability to make timely payments in accordance with the contractual terms of the financial instrument or contract. We consider our total potential credit exposure to each counterparty and its affiliates to ensure compliance with pre-established credit guidelines at the time we enter into a transaction which would potentially increase our credit risk. These guidelines and oversight of credit risk are managed through a comprehensive enterprise risk management program that includes members of senior management.

We manage the risk of credit-related losses in the event of nonperformance by counterparties by applying disciplined fundamental credit analysis and underwriting standards, prudently limiting exposures to lower-quality, higher-yielding investments, and diversifying exposures by issuer, industry, region and underlying investment type. We remain exposed to occasional adverse cyclical economic downturns during which default rates may be significantly higher than the long-term historical average used in pricing.

We manage our credit risk related to over-the-counter derivatives by entering into transactions with creditworthy counterparties, maintaining collateral arrangements and through the use of master netting arrangements that provide for a single net payment to be made by one counterparty to another at each due date and upon termination. Generally, our current credit exposure on over-the-counter derivative contracts is limited to a derivative counterparty's net positive fair value of derivative contracts after taking into consideration the existence of netting arrangements and any collateral received. This exposure is monitored and managed to an acceptable threshold level.

Because exchange-traded futures are effected through regulated exchanges and positions are marked to market and generally cash settled on a daily basis, we have minimal exposure to credit-related losses in the event of nonperformance by counterparties to such derivative instruments.

We manage our credit risk related to reinsurance treaties by evaluating the financial condition of reinsurance counterparties prior to entering into new reinsurance treaties. In addition, we regularly evaluate their financial strength during the terms of the treaties. As of December 31, 2011, our largest reinsurance credit risk is related to a long term care coinsurance treaty with life insurance subsidiaries of Genworth Financial, Inc. See Note 7 to our Consolidated Financial Statements for additional information on reinsurance.

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Item 8. Financial Statements and Supplementary Data

Consolidated Financial Statements:

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Ameriprise Financial, Inc.:

In our opinion, the accompanying consolidated balance sheet and the related consolidated statement of operations, equity, and of cash flows present fairly, in all material respects, the financial position of Ameriprise Financial, Inc. and its subsidiaries (the "Company") at December 31, 2011, and the results of their operations and their cash flows for the year ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audit. We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audit of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Minneapolis, Minnesota
February 24, 2012

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Ameriprise Financial, Inc.

We have audited the accompanying consolidated balance sheet of Ameriprise Financial, Inc. (the Company) as of December 31, 2010, and the related consolidated statements of operations, equity, and cash flows for each of the two years in the period ended December 31, 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ameriprise Financial, Inc. at December 31, 2010, and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 31, 2010, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 3 to the consolidated financial statements, in 2010 the Company adopted new accounting guidance related to the consolidation of variable interest entities. Also, in 2009 the Company adopted new accounting guidance related to the recognition and presentation of other-than-temporary impairments.

As discussed in Note 24 to the consolidated financial statements, the accompanying 2010 and 2009 financial statements have been retrospectively adjusted to reclassify the assets, liabilities and results of operations of a certain subsidiary as discontinued operations.

Minneapolis, Minnesota
February 28, 2011, except for Note 24 (Discontinued Operations), as to which the date is February 24, 2012

Consolidated Statements of Operations
Ameriprise Financial, Inc.

	Years Ended December 31, 2011	2010	2009
	(in millions, except per share amounts)		
Revenues			
Management and financial advice fees	$ 4,537	$ 3,784	$ 2,558
Distribution fees	1,573	1,447	1,182
Net investment income	2,046	2,309	1,998
Premiums	1,220	1,179	1,098
Other revenues	863	863	702
Total revenues	10,239	9,582	7,538
Banking and deposit interest expense	47	70	141
Total net revenues	10,192	9,512	7,397
Expenses			
Distribution expenses	2,497	2,065	1,462
Interest credited to fixed accounts	853	909	903
Benefits, claims, losses and settlement expenses	1,557	1,750	1,334
Amortization of deferred acquisition costs	618	127	217
Interest and debt expense	317	290	127
General and administrative expense	2,965	2,737	2,434
Total expenses	8,807	7,878	6,477
Income from continuing operations before income tax provision	1,385	1,634	920
Income tax provision	355	350	184
Income from continuing operations	1,030	1,284	736
Income (loss) from discontinued operations, net of tax	(60)	(24)	1
Net income	970	1,260	737
Less: Net income (loss) attributable to noncontrolling interests	(106)	163	15
Net income attributable to Ameriprise Financial	$ 1,076	$ 1,097	$ 722
Earnings per share attributable to Ameriprise Financial, Inc. common shareholders			
Basic			
Income from continuing operations	$ 4.71	$ 4.36	$ 2.98
Income (loss) from discontinued operations	(0.25)	(0.10)	

Net income	$	4.46	$	4.26	$	2.98
Diluted						
Income from continuing operations	$	4.61	$	4.27	$	2.95
Income (loss) from discontinued operations		(0.24)		(0.09)		
Net income	$	4.37	$	4.18	$	2.95
Cash dividends declared per common share	$	1.15	$	0.71	$	0.68
Supplemental Disclosures:						
Net investment income:						
Net investment income before impairment losses on securities	$	2,080	$	2,346	$	2,091
Total other-than-temporary impairment losses on securities		(76)		(41)		(83)
Portion of loss recognized in other comprehensive income		42		4		(10)
Net impairment losses recognized in net investment income		(34)		(37)		(93)
Net investment income	$	2,046	$	2,309	$	1,998

See Notes to Consolidated Financial Statements.

Consolidated Balance Sheets
Ameriprise Financial, Inc.

	December 31, 2011	December 31, 2010
	(in millions, except share amounts)	
Assets		
Cash and cash equivalents	$ 2,781	$ 2,838
Investments	38,775	36,755
Separate account assets	66,780	68,330
Receivables	5,559	4,849
Deferred acquisition costs	4,402	4,619
Restricted and segregated cash and investments	1,793	1,814
Other assets	7,468	4,965
Assets held for sale		173
Total assets before consolidated investment entities	127,558	124,343
Consolidated Investment Entities:		
Cash	470	472
Investments, at fair value	4,789	5,444
Receivables (includes $39 and $33, respectively, at fair value)	59	60
Other assets, at fair value	1,110	895
Total assets of consolidated investment entities	6,428	6,871
Total assets	$ 133,986	$ 131,214
Liabilities and Equity		
Liabilities:		
Future policy benefits and claims	$ 31,723	$ 30,208
Separate account liabilities	66,780	68,330
Customer deposits	9,850	8,779
Short-term borrowings	504	397
Long-term debt	2,393	2,317
Accounts payable and accrued expenses	1,048	1,112
Other liabilities	5,432	2,983
Liabilities held for sale		79
Total liabilities before consolidated investment entities	117,730	114,205
Consolidated Investment Entities:		
Debt (includes $4,712 and $5,171, respectively, at fair value)	5,178	5,535
Accounts payable and accrued expenses	17	22
Other liabilities (includes $85 and $154, respectively, at fair value)	100	167

Total liabilities of consolidated investment entities		5,295		5,724
Total liabilities		123,025		119,929
Equity:				
Ameriprise Financial, Inc.:				
Common shares ($.01 par value; shares authorized, 1,250,000,000; shares issued, 303,757,574 and 301,366,044, respectively)		3		3
Additional paid-in capital		6,237		6,029
Retained earnings		6,983		6,190
Appropriated retained earnings of consolidated investment entities		428		558
Treasury shares, at cost (81,814,591 and 54,668,152 shares, respectively)		(4,034)		(2,620)
Accumulated other comprehensive income, net of tax		638		565
Total Ameriprise Financial, Inc. shareholders' equity		10,255		10,725
Noncontrolling interests		706		560
Total equity		10,961		11,285
Total liabilities and equity	$	133,986	$	131,214

See Notes to Consolidated Financial Statements.

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Consolidated Statements of Cash Flows
Ameriprise Financial, Inc.

	Years Ended December 31, 2011	2010	2009
	(in millions)		
Cash Flows from Operating Activities			
Net income	$ 970	$ 1,260	$ 737
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation, amortization and accretion, net	110	110	120
Deferred income tax expense (benefit)	61	513	(24)
Share-based compensation	145	158	182
Net realized investment gains	(34)	(60)	(163)
Other-than-temporary impairments and provision for loan losses	43	47	132
Net loss (income) attributable to noncontrolling interests	106	(163)	(15)
Changes in operating assets and liabilities before consolidated investment entities:			
Restricted and segregated cash and investments	(11)	(186)	245
Deferred acquisition costs	126	(398)	(403)
Other investments, net	48	2	301
Future policy benefits and claims, net	(28)	383	105
Receivables	(260)	(441)	(186)
Brokerage deposits	225	222	(94)
Accounts payable and accrued expenses	(80)	195	26
Derivatives collateral, net	738	111	(1,914)
Other, net	207	(54)	86
Changes in operating assets and liabilities of consolidated investment entities, net	(188)	148	(453)
Net cash provided by (used in) operating activities	2,178	1,847	(1,318)
Cash Flows from Investing Activities			
Available-for-Sale securities:			
Proceeds from sales	888	1,519	5,630
Maturities, sinking fund payments and calls	5,206	6,404	5,855
Purchases	(7,236)	(7,502)	(17,815)
Proceeds from sales, maturities and repayments of commercial mortgage loans	224	226	294
Funding of commercial mortgage loans	(238)	(154)	(104)
Proceeds from sales of other investments	360	189	75
Purchase of other investments	(422)	(102)	(14)
Purchase of investments by consolidated investment entities	(2,871)	(1,935)	
Proceeds from sales, maturities and repayments of investments by consolidated investment entities	3,399	2,005	
Purchase of land, buildings, equipment and software	(250)	(131)	(83)

Acquisitions		(866)	
Proceeds from sale of business	150		
Change in consumer banking loans and credit card receivables, net	(349)	(372)	(218)
Other, net	(7)	(15)	7
Net cash used in investing activities	(1,146)	(734)	(6,373)
Cash Flows from Financing Activities			
Investment certificates and banking time deposits:			
Proceeds from additions	$ 873	$ 1,029	$ 2,411
Maturities, withdrawals and cash surrenders	(1,243)	(1,871)	(3,177)
Change in other banking deposits	1,210	842	1,187
Policyholder and contractholder account values:			
Consideration received	1,378	1,593	4,863
Net transfers from (to) separate accounts	39	(1,337)	195
Surrenders and other benefits	(1,311)	(1,338)	(1,923)
Deferred premium options, net	(254)	(182)	(82)
Proceeds from issuance of common stock			869
Issuance of debt, net of issuance costs		744	491
Repayments of debt	(20)	(354)	(550)
Change in short-term borrowings, net	107	397	
Dividends paid to shareholders	(212)	(183)	(164)
Repurchase of common shares	(1,495)	(582)	(11)
Exercise of stock options	66	113	6
Excess tax benefits from share-based compensation	90	9	12
Borrowings by consolidated investment entities	163	163	234
Repayments of debt by consolidated investment entities	(603)	(287)	
Noncontrolling interests investments in subsidiaries	155	77	231
Distributions to noncontrolling interests	(54)	(171)	(45)
Other, net		(5)	(2)
Net cash provided by (used in) financing activities	(1,111)	(1,343)	4,545
Effect of exchange rate changes on cash	(1)	(6)	15
Net decrease in cash and cash equivalents(1)	(80)	(236)	(3,131)
Cash and cash equivalents at beginning of period(1)	2,861	3,097	6,228
Cash and cash equivalents at end of period(1)	$ 2,781	$ 2,861	$ 3,097
Supplemental Disclosures:			
Interest paid before consolidated investment entities	$ 201	$ 231	$ 251
Income taxes paid, net	370	61	98
Non-cash investing activity:			
Affordable housing partnership commitments not yet remitted	137	188	
Non-cash financing activity:			
Dividends declared but not paid	62		

(1) Cash and cash equivalents includes cash held for sale. See Note 24 for additional information.

See Notes to Consolidated Financial Statements.

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Consolidated Statements of Equity
Ameriprise Financial, Inc.

	Ameriprise Financial, Inc.								
	Number of Outstanding Shares	Common Shares	Additional Paid-In Capital	Retained Earnings	Appropriated Retained Earnings of Consolidated Investment Entities	Treasury Shares	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interests	Total
	(in millions, except share data)								
Balances at January 1, 2009	216,510,699	$ 3	$ 4,688	$ 4,586	$	$ (2,012)	$ (1,091)	$ 289	$ 6,463
Change in accounting principles, net of tax				132			(132)		
Comprehensive income:									
Net income				722				15	737
Other comprehensive income, net of tax:									
Change in net unrealized securities losses							1,354		1,354
Change in noncredit related impairments on securities and net unrealized securities losses on previously impaired securities							49		49
Change in net unrealized derivatives losses							11		11
Change in defined benefit plans							19		19
Foreign currency translation adjustment							55	22	77
Total comprehensive income									2,247
Issuance of common stock	36,000,000		869						869
Dividends to shareholders				(164)					(164)
Noncontrolling interests investments in subsidiaries								322	322
Distributions to noncontrolling interests								(45)	(45)
Repurchase of common shares	(822,166)					(11)			(11)
	3,406,958		191						191

Share-based compensation plans									
Balances at December 31, 2009	255,095,491	3	5,748	5,276		(2,023)	265	603	9,872
Change in accounting principles					473				473
Comprehensive income:									
Net income				1,097				163	1,260
Net income reclassified to appropriated retained earnings					85			(85)	
Other comprehensive income, net of tax:									
Change in net unrealized securities gains							288		288
Change in noncredit related impairments on securities and net unrealized securities losses on previously impaired securities							17		17
Change in net unrealized derivatives gains							15		15
Change in defined benefit plans							(4)		(4)
Foreign currency translation adjustment							(16)	(27)	(43)
Total comprehensive income									1,533
Dividends to shareholders				(183)					(183)
Noncontrolling interests investments in subsidiaries								77	77
Distributions to noncontrolling interests								(171)	(171)
Repurchase of common shares	(13,924,062)					(597)			(597)
Share-based compensation plans	5,526,463		281						281
Balances at December 31, 2010	246,697,892	$ 3	$ 6,029	$ 6,190	$ 558	$ (2,620)	$ 565	$ 560	$ 11,285
Comprehensive income:									
Net income (loss)				1,076				(106)	970
Net loss reclassified to appropriated retained earnings					(130)			130	
Other comprehensive income, net of tax:									
							164		164

Change in net unrealized securities gains							
Change in noncredit related impairments on securities and net unrealized securities losses on previously impaired securities					(9)		(9)
Change in net unrealized derivatives gains					(29)		(29)
Change in defined benefit plans					(51)		(51)
Foreign currency translation adjustment					(2)	(8)	(10)
Total comprehensive income							1,035
Dividends to shareholders			(274)				(274)
Noncontrolling interests investments in subsidiaries						155	155
Distributions to noncontrolling interests						(54)	(54)
Repurchase of common shares	(28,812,873)			(1,495)			(1,495)
Share-based compensation plans	4,057,964	208	(9)				