AMERIPRISE FINANCIAL INC
Form 10-Q
November 05, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

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

For the Quarterly Period Ended September 30, 2013

OR

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

For the Transition Period from_____to_____

Commission File No. 1-32525

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

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

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

Former name, former address and former fiscal year, if changed since last report: Not Applicable

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

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

Large Accelerated Filer x	Accelerated Filer o
Non-Accelerated Filer (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 x

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

Class	Outstanding at	October 18, 2013
Common Stock (par value $.01 per share)	194,540,676 shares	

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AMERIPRISE FINANCIAL, INC.
PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(in millions, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Revenues				
Management and financial advice fees	$1,318	$1,191	$3,856	$3,475
Distribution fees	441	391	1,323	1,189
Net investment income	491	427	1,431	1,430
Premiums	324	309	949	912
Other revenues	247	161	718	569
Total revenues	2,821	2,479	8,277	7,575
Banking and deposit interest expense	8	11	24	32
Total net revenues	2,813	2,468	8,253	7,543
Expenses				
Distribution expenses	757	667	2,243	1,996
Interest credited to fixed accounts	204	207	600	622
Benefits, claims, losses and settlement expenses	492	542	1,391	1,456
Amortization of deferred acquisition costs	(14)	67	153	197
Interest and debt expense	68	68	194	209
General and administrative expense	704	718	2,181	2,243
Total expenses	2,211	2,269	6,762	6,723
Income from continuing operations before income tax provision	602	199	1,491	820
Income tax provision	154	47	395	248
Income from continuing operations	448	152	1,096	572
Income (loss) from discontinued operations, net of tax	1	(1)	(1)	(3)
Net income	449	151	1,095	569
Less: Net income (loss) attributable to noncontrolling interests	67	(22)	57	(71)
Net income attributable to Ameriprise Financial	$382	$173	$1,038	$640
Earnings per share attributable to Ameriprise Financial, Inc. common shareholders				
Basic				
Income from continuing operations	$1.90	$0.81	$5.07	$2.91
Loss from discontinued operations	—	(0.01)	—	(0.02)
Net income	$1.90	$0.80	$5.07	$2.89
Diluted				
Income from continuing operations	$1.86	$0.79	$4.97	$2.85
Loss from discontinued operations	—	—	—	(0.01)
Net income	$1.86	$0.79	$4.97	$2.84
Cash dividends declared per common share	$0.52	$0.35	$1.49	$0.70
Supplemental Disclosures:				
Total other-than-temporary impairment losses on securities	$(7)	$(8)	$(11)	$(27)
Portion of loss recognized in other comprehensive income (loss) (before taxes)	6	(7)	5	(2)
Net impairment losses recognized in net investment income	$(1)	$(15)	$(6)	$(29)

See Notes to Consolidated Financial Statements.

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AMERIPRISE FINANCIAL, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net income	$449	$151	$1,095	$569
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment	80	33	7	43
Net unrealized gains (losses) on securities:				
Net unrealized securities gains (losses) arising during the period	(67)	378	(869)	615
Reclassification of net securities (gains) losses included in net income	(5)	44	(5)	49
Impact on deferred acquisition costs, deferred sales inducement costs, benefit reserves and reinsurance recoverables	18	(112)	283	(174)
Total net unrealized gains (losses) on securities	(54)	310	(591)	490
Net unrealized gains on derivatives:				
Net unrealized derivative gains arising during the period	—	—	—	10
Reclassification of net derivative (gains) losses included in net income	1	—	1	(1)
Total net unrealized gains on derivatives	1	—	1	9
Total other comprehensive income (loss), net of tax	27	343	(583)	542
Total comprehensive income	476	494	512	1,111
Less: Comprehensive income (loss) attributable to noncontrolling interests	114	(4)	63	(45)
Comprehensive income attributable to Ameriprise Financial	$362	$498	$449	$1,156

See Notes to Consolidated Financial Statements.

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AMERIPRISE FINANCIAL, INC.
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(in millions, except share amounts)

	September 30, 2013	December 31, 2012
Assets		
Cash and cash equivalents	$3,125	$2,371
Cash of consolidated investment entities	340	579
Investments	35,404	36,877
Investments of consolidated investment entities, at fair value	4,636	4,370
Separate account assets	77,788	72,397
Receivables	4,362	4,220
Receivables of consolidated investment entities (includes $26 and $77, respectively, at fair value)	141	95
Deferred acquisition costs	2,610	2,399
Restricted and segregated cash and investments	2,259	2,538
Other assets	7,943	7,667
Other assets of consolidated investment entities, at fair value	1,600	1,216
Total assets	$140,208	$134,729
Liabilities and Equity		
Liabilities:		
Policyholder account balances, future policy benefits and claims	$29,943	$31,217
Separate account liabilities	77,788	72,397
Customer deposits	6,744	6,526
Short-term borrowings	500	501
Long-term debt	2,947	2,403
Debt of consolidated investment entities (includes $4,459 and $4,450, respectively, at fair value)	5,242	4,981
Accounts payable and accrued expenses	1,290	1,228
Accounts payable and accrued expenses of consolidated investment entities	127	96
Other liabilities	6,329	5,467
Other liabilities of consolidated investment entities (includes $94 and $166, respectively, at fair value)	129	201
Total liabilities	131,039	125,017
Equity:		
Ameriprise Financial, Inc.:		
Common shares ($.01 par value; shares authorized, 1,250,000,000; shares issued, 316,115,977 and 309,399,529, respectively)	3	3
Additional paid-in capital	6,840	6,503
Retained earnings	7,107	6,381
Appropriated retained earnings of consolidated investment entities	335	336
Treasury shares, at cost (120,876,387 and 105,456,535 shares, respectively)	(6,565)	(5,325)
Accumulated other comprehensive income, net of tax	605	1,194
Total Ameriprise Financial, Inc. shareholders' equity	8,325	9,092
Noncontrolling interests	844	620
Total equity	9,169	9,712
Total liabilities and equity	$140,208	$134,729

See Notes to Consolidated Financial Statements.

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AMERIPRISE FINANCIAL, INC.
CONSOLIDATED STATEMENTS OF EQUITY (UNAUDITED)
(in millions, except share data)

	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	Total Ameriprise Financial, Inc. Shareholders' Equity	Non-controlling Interests	Total
Balances at January 1, 2012	221,942,983	$ 3	$ 6,237	$ 5,603	$ 428	$ (4,034)	$ 751	$ 8,988	$ 706	$ 9,694
Comprehensive income (loss):										
Net income (loss)	—	—	—	640	—	—	—	640	(71)	569
Other comprehensive income, net of tax	—	—	—	—	—	—	516	516	26	542
Total comprehensive income (loss)								1,156	(45)	1,111
Net loss reclassified to appropriated retained earnings	—	—	—	—	(30)	—	—	(30)	30	—
Dividends to shareholders	—	—	—	(156)	—	—	—	(156)	—	(156)
Noncontrolling interests investments in subsidiaries	—	—	—	—	—	—	—	—	123	123
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(158)	(158)
Repurchase of common shares	(19,209,287)	—	—	—	—	(1,008)	—	(1,008)	—	(1,008)
Share-based compensation plans	4,693,531	—	126	—	—	89	—	215	8	223
Other	—	—	—	—	(8)	—	—	(8)	—	(8)
Balances at September 30, 2012	207,427,227	$ 3	$ 6,363	$ 6,087	$ 390	$ (4,953)	$ 1,267	$ 9,157	$ 664	$ 9,821
Balances at January 1, 2013	203,942,994	$ 3	$ 6,503	$ 6,381	$ 336	$ (5,325)	$ 1,194	$ 9,092	$ 620	$ 9,712
Comprehensive income:										
Net income	—	—	—	1,038	—	—	—	1,038	57	1,095
Other comprehensive income (loss),	—	—	—	—	—	—	(589)	(589)	6	(583)

net of tax										
Total comprehensive income								449	63	512
Net loss reclassified to appropriated retained earnings	—	—	—	—	(1)	—	—	(1)	1	—
Dividends to shareholders	—	—	—	(307)	—	—	—	(307)	—	(307)
Noncontrolling interests investments in subsidiaries	—	—	—	—	—	—	—	—	290	290
Distributions to noncontrolling interests	—	—	—	—	—	—	—	—	(142)	(142)
Repurchase of common shares	(17,362,549)	—	—	—	—	(1,339)	—	(1,339)	—	(1,339)
Share-based compensation plans	8,659,145	—	337	(5)	—	99	—	431	12	443
Balances at September 30, 2013	195,239,590	$3	$6,840	$7,107	$335	$(6,565)	$605	$8,325	$844	$9,169

See Notes to Consolidated Financial Statements.

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AMERIPRISE FINANCIAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in millions)

	Nine Months Ended September 30,	
	2013	2012
Cash Flows from Operating Activities		
Net income	$1,095	$569
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion, net	175	168
Deferred income tax benefit	(73)	—
Share-based compensation	106	98
Net realized investment losses (gains)	(13)	46
Net unrealized trading losses	—	2
Loss (income) and gain from sale of equity method investments	(28)	9
Other-than-temporary impairments and provision for loan losses	7	33
Net losses (gains) of consolidated investment entities	(63)	95
Changes in operating assets and liabilities:		
Restricted and segregated cash and investments	193	(109)
Deferred acquisition costs	(98)	(32)
Other investments, net	(2)	19
Policyholder account balances, future policy benefits and claims, net	(1,024)	(428)
Derivatives, net of collateral	1,094	309
Receivables	(138)	(139)
Brokerage deposits	(157)	207
Accounts payable and accrued expenses	62	90
Cash held by consolidated investment entities	249	(137)
Investment properties of consolidated investment entities	(357)	(94)
Other operating assets and liabilities of consolidated investment entities, net	(46)	25
Other, net	124	152
Net cash provided by operating activities	1,106	883
Cash Flows from Investing Activities		
Available-for-Sale securities:		
Proceeds from sales	327	600
Maturities, sinking fund payments and calls	3,826	3,668
Purchases	(4,094)	(3,345)
Proceeds from sales, maturities and repayments of commercial mortgage loans	229	197
Funding of commercial mortgage loans	(292)	(162)
Proceeds from sales of other investments	248	136
Purchase of other investments	(267)	(273)
Purchase of investments by consolidated investment entities	(2,437)	(1,215)
Proceeds from sales, maturities and repayments of investments by consolidated investment entities	2,215	1,619
Purchase of land, buildings, equipment and software	(68)	(143)
Change in consumer loans, net	143	40
Other, net	27	(9)
Net cash provided by (used in) investing activities	(143)	1,113

See Notes to Consolidated Financial Statements.

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AMERIPRISE FINANCIAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (Continued)
(in millions)

	Nine Months Ended September 30,	
	2013	2012
Cash Flows from Financing Activities		
Investment certificates and banking time deposits:		
Proceeds from additions	$1,724	$966
Maturities, withdrawals and cash surrenders	(1,349)	(724)
Change in other banking deposits	—	(246)
Policyholder account balances:		
Consideration received	1,020	1,082
Net transfers to separate accounts	(54)	(30)
Surrenders and other benefits	(910)	(909)
Cash paid for purchased options with deferred premiums	(290)	(256)
Issuance of debt, net of issuance costs	593	—
Change in short-term borrowings, net	(2)	(5)
Dividends paid to shareholders	(300)	(212)
Repurchase of common shares	(1,205)	(1,008)
Exercise of stock options	100	77
Excess tax benefits from share-based compensation	101	41
Borrowings by consolidated investment entities	1,187	175
Repayments of debt by consolidated investment entities	(969)	(374)
Noncontrolling interests investments in subsidiaries	290	123
Distributions to noncontrolling interests	(142)	(158)
Other, net	(1)	(3)
Net cash used in financing activities	(207)	(1,461)
Effect of exchange rate changes on cash	(2)	9
Net increase in cash and cash equivalents	754	544
Cash and cash equivalents at beginning of period	2,371	2,781
Cash and cash equivalents at end of period	$3,125	$3,325
Supplemental Disclosures:		
Interest paid before consolidated investment entities	$124	$133
Income taxes paid, net	182	174
Non-cash investing activity:		
Affordable housing partnership commitments not yet remitted	26	16

See Notes to Consolidated Financial Statements.

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AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
1. Basis of Presentation

Ameriprise Financial, Inc. is a holding company, which primarily conducts business through its subsidiaries to provide financial planning, products and services that are designed to be utilized as solutions for clients' cash and liquidity, asset accumulation, income, protection and estate and wealth transfer needs. The foreign operations of Ameriprise Financial, Inc. are conducted primarily through its subsidiary, Threadneedle Asset Management Holdings Sàrl ("Threadneedle").

The accompanying Consolidated Financial Statements include the accounts of Ameriprise Financial, Inc., companies in which it directly or indirectly has a controlling financial interest and variable interest entities ("VIEs") in which it is the primary beneficiary (collectively, the "Company"). The income or loss generated by consolidated entities which will not be realized by the Company's shareholders is attributed to noncontrolling interests in the Consolidated Statements of Operations. Noncontrolling interests are the ownership interests in subsidiaries not attributable, directly or indirectly, to Ameriprise Financial, Inc. and are classified as equity within the Consolidated Balance Sheets. The Company, excluding noncontrolling interests, is defined as "Ameriprise Financial." All intercompany transactions and balances have been eliminated in consolidation. See Note 3 for additional information related to VIEs.

The results of Securities America Financial Corporation and its subsidiaries (collectively, "Securities America") have been presented as discontinued operations for all periods presented. The Company completed the sale of Securities America in the fourth quarter of 2011.

The accompanying Consolidated Financial Statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Certain reclassifications of prior period amounts have been made to conform to the current presentation. Results of operations reported for interim periods are not necessarily indicative of results for the entire year. These Consolidated Financial Statements and Notes should be read in conjunction with the consolidated Financial Statements and Notes in the Company's annual report on Form 10-K for the year ended December 31, 2012, filed with the Securities and Exchange Commission ("SEC") on February 27, 2013.

The Company has reclassified certain prior year amounts in the Consolidated Statements of Cash Flows within operating activities to provide more detail related to derivatives. The Company previously classified the change in freestanding derivatives hedging guaranteed minimum withdrawal benefits ("GMWB") and guaranteed minimum accumulation benefits ("GMAB") liabilities in the "Policyholder account balances, future policy benefits and claims" line, the change in all other freestanding derivatives in the "Other, net" line, and the change in derivatives collateral in the "Derivatives collateral, net" line within operating cash flows. The Company reclassified the changes in freestanding derivatives, as well as the change in derivatives collateral, to a new line titled "Derivatives, net of collateral" within operating cash flows.

The interim financial information in this report has not been audited. In the opinion of management, all adjustments necessary for a fair presentation of the consolidated results of operations and financial position for the interim periods have been made. Except for the adjustment described below, all adjustments made were of a normal recurring nature.

In the second quarter of 2012, the Company made a correction for a tax item related to prior periods, which resulted in a $32 million decrease to net income attributable to Ameriprise Financial. The Company discovered it had received incomplete data from a third party service provider for securities lending activities that resulted in the miscalculation of the Company's dividend received deduction and foreign tax credit, which resulted in an understatement of taxes payable and an overstatement of reported earnings in prior periods. Management determined that the effect of this correction was not material to the Consolidated Financial Statements for all prior periods. The Company resolved the

data issue and stopped the securities lending that negatively impacted its tax position.

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

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AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

2. Recent Accounting Pronouncements

Adoption of New Accounting Standards

Comprehensive Income

In February 2013, the Financial Accounting Standards Board ("FASB") updated the accounting standard related to comprehensive income. The update requires entities to provide information about significant amounts reclassified out of accumulated other comprehensive income ("AOCI"). The standard is effective for interim and annual periods beginning after December 15, 2012 and is required to be applied prospectively. The Company adopted the standard in the first quarter of 2013. The adoption of the standard did not have any effect on the Company's consolidated results of operations and financial condition. See Note 13 for the required disclosures.

Balance Sheet

In December 2011, the FASB updated the accounting standards to require new disclosures about offsetting assets and liabilities. The standard requires an entity to disclose both gross and net information about certain financial instruments and transactions subject to master netting arrangements (or similar agreements) or eligible for offset in the statement of financial position. The standard is effective for interim and annual periods beginning on or after January 1, 2013 on a retrospective basis. The Company adopted the standard in the first quarter of 2013. The adoption of the standard did not have any effect on the Company's consolidated results of operations and financial condition. See Note 11 for the required disclosures.

Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts

In October 2010, the FASB updated the accounting standard for deferred acquisition costs ("DAC"). Under this new standard, only the following costs incurred in the acquisition of new and renewal insurance contracts are capitalizable as DAC: (i) incremental direct costs of a successful contract acquisition, (ii) portions of employees' compensation and benefits directly related to time spent performing acquisition activities (that is, underwriting, policy issuance and processing, medical and inspection, and contract selling) for a contract that has been acquired, (iii) other costs related to acquisition activities that would not have been incurred had the acquisition of the contract not occurred, and (iv) advertising costs that meet the capitalization criteria in other GAAP guidance for certain direct-response marketing. All other acquisition related costs are expensed as incurred. The Company retrospectively adopted the new standard on January 1, 2012. The cumulative effect of the adoption reduced retained earnings by $1.4 billion after-tax and increased AOCI by $113 million after-tax, totaling to a $1.3 billion after-tax reduction in total equity at January 1, 2012.

Future Adoption of New Accounting Standards

Income Taxes

In July 2013, the FASB updated the accounting standard for income taxes. The update provides guidance on the financial statement presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The standard is effective for interim and annual periods beginning after December 15, 2013 and should be applied prospectively to all unrecognized tax benefits that exist at the effective date. Retrospective application is permitted. The adoption of the standard is not expected to have a material impact on

the Company's consolidated results of operations and financial condition.

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AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

3. Consolidated Investment Entities

The Company provides asset management services to various collateralized debt obligations ("CDOs") and other investment products (collectively, "investment entities"), which are sponsored by the Company. Certain of these investment entities are considered to be VIEs while others are considered to be voting rights entities ("VREs"). The Company consolidates certain of these investment entities.

The CDOs managed by the Company are considered VIEs. These CDOs are asset backed financing entities collateralized by a pool of assets, primarily syndicated loans and, to a lesser extent, high-yield bonds. Multiple tranches of debt securities are issued by a CDO, offering investors various maturity and credit risk characteristics. The debt securities issued by the CDOs are non-recourse to the Company. The CDO's debt holders have recourse only to the assets of the CDO. The assets of the CDOs cannot be used by the Company. Scheduled debt payments are based on the performance of the CDO's collateral pool. The Company generally earns management fees from the CDOs based on the par value of outstanding debt and, in certain instances, may also receive performance-based fees. In the normal course of business, the Company has invested in certain CDOs, generally an insignificant portion of the unrated, junior subordinated debt.

For certain of the CDOs, the Company has determined that consolidation is required as it has power over the CDOs and holds a variable interest in the CDOs for which the Company has the potential to receive benefits or the potential obligation to absorb losses that are significant to the CDO. For other CDOs managed by the Company, the Company has determined that consolidation is not required as the Company does not hold a variable interest in the CDOs or it does hold a variable interest but does not have the potential to receive benefits or the potential obligation to absorb losses that are significant to the CDO.

The Company provides investment advice and related services to private, pooled investment vehicles organized as limited partnerships, limited liability companies or foreign (non-U.S.) entities. Certain of these pooled investment vehicles are considered VIEs while others are VREs. For investment management services, the Company generally earns management fees based on the market value of assets under management, and in certain instances may also receive performance-based fees. The Company provides seed money occasionally to certain of these funds. For certain of the pooled investment vehicles, the Company has determined that consolidation is required as the Company stands to absorb a majority of the entity's expected losses or receive a majority of the entity's expected residual returns. For other VIE pooled investment vehicles, the Company has determined that consolidation is not required because the Company is not expected to absorb the majority of the expected losses or receive the majority of the expected residual returns. For the pooled investment vehicles which are VREs, the Company consolidates the structure when it has a controlling financial interest.

The Company also provides investment advisory, distribution and other services to the Columbia and Threadneedle mutual fund families. The Company has determined that consolidation is not required for these mutual funds.

In addition, the Company may invest in structured investments including VIEs for which it is not the sponsor. These structured investments typically invest in fixed income instruments and are managed by third parties and include asset backed securities, commercial mortgage backed securities and residential mortgage backed securities. The Company includes these investments in Available-for-Sale securities. The Company has determined that it is not the primary beneficiary of these structures due to its relative size, position in the capital structure of these entities and the Company's lack of power over the structures. The Company's maximum exposure to loss as a result of its investment in structured investments that it does not consolidate is limited to its carrying value. The Company has no obligation to

provide further financial or other support to these structured investments nor has the Company provided any support to these structured investments. See Note 4 for additional information about these structured investments.

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AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Fair Value of Assets and Liabilities

The Company categorizes its fair value measurements according to a three-level hierarchy. See Note 10 for the definition of the three levels of the fair value hierarchy.

The following tables present the balances of assets and liabilities held by consolidated investment entities measured at fair value on a recurring basis:

	September 30, 2013			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets				
Investments:				
Corporate debt securities	$—	$217	$2	$219
U.S. government and agencies obligations	3	—	—	3
Common stocks	136	32	7	175
Other structured investments	—	33	—	33
Syndicated loans	—	3,904	302	4,206
Total investments	139	4,186	311	4,636
Receivables	—	26	—	26
Other assets	—	9	1,591	1,600
Total assets at fair value	$139	$4,221	$1,902	$6,262
Liabilities				
Debt	$—	$—	$4,459	$4,459
Other liabilities	—	94	—	94
Total liabilities at fair value	$—	$94	$4,459	$4,553

	December 31, 2012			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets				
Investments:				
Corporate debt securities	$—	$251	$3	$254
Common stocks	91	32	14	137
Other structured investments	—	57	—	57
Syndicated loans	—	3,720	202	3,922
Total investments	91	4,060	219	4,370
Receivables	—	77	—	77
Other assets	—	2	1,214	1,216
Total assets at fair value	$91	$4,139	$1,433	$5,663
Liabilities				
Debt	$—	$—	$4,450	$4,450
Other liabilities	—	166	—	166
Total liabilities at fair value	$—	$166	$4,450	$4,616

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AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

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

	Corporate Debt Securities	Common Stocks	Syndicated Loans	Other Assets	Debt
	(in millions)				
#VALUE!	$3	$16	$292	$1,322	$(4,677)
Total gains (losses) included in:					
Net income	—	(1)[1]	(1)[1]	20[2]	50[1]
Other comprehensive income	—	—	—	73	—
Purchases	—	—	72	239	—
Sales	—	—	(8)	(54)	—
Issues	—	—	—	—	—
Settlements	(1)	—	(13)	—	168
Transfers into Level 3	—	—	105	—	—
Transfers out of Level 3	—	(8)	(145)	(9)	—
Balance, September 30, 2013	$2	$7	$302	$1,591	$(4,459)
Changes in unrealized gains (losses) included in income relating to assets and liabilities held at September 30, 2013	$—	$(1)[1]	$(2)[1]	$(1)[2]	$50[1]

[1] Included in net investment income in the Consolidated Statements of Operations.
[2] Included in other revenues in the Consolidated Statements of Operations.

	Corporate Debt Securities	Common Stocks	Syndicated Loans	Other Assets	Debt
	(in millions)				
#VALUE!	$4	$12	$169	$1,080	$(4,726)
Total gains (losses) included in:					
Net income	—	—	2[1]	(27)[2]	(82)[1]
Other comprehensive income	—	—	—	21	—
Purchases	—	—	26	146	—
Sales	—	—	(2)	(62)	—
Settlements	—	—	(22)	—	117
Transfers into Level 3	—	1	59	—	—
Transfers out of Level 3	—	—	(49)	—	—
Balance, September 30, 2012	$4	$13	$183	$1,158	$(4,691)
Changes in unrealized gains (losses) included in income relating to assets and liabilities held at September 30, 2012	$—	$—	$1[1]	$(39)[2]	$(81)[1]

[1] Included in net investment income in the Consolidated Statements of Operations.
[2] Included in other revenues in the Consolidated Statements of Operations.

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AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

	Corporate Debt Securities	Common Stocks	Syndicated Loans	Other Assets	Debt
	(in millions)				
Balance, January 1, 2013	$3	$14	$202	$1,214	$(4,450)
Total gains (losses) included in:					
Net income	—	—	—	22 [2]	(38) [1]
Other comprehensive income (loss)	—	—	—	(1)	—
Purchases	1	—	265	434	—
Sales	(1)	(3)	(52)	(77)	—
Issues	—	—	—	—	(926)
Settlements	(1)	—	(46)	—	955
Transfers into Level 3	—	15	232	8	—
Transfers out of Level 3	—	(19)	(299)	(9)	—
Balance, September 30, 2013	$2	$7	$302	$1,591	$(4,459)
Changes in unrealized gains (losses) included in income relating to assets and liabilities held at September 30, 2013	—	(2) [1]	(1) [1]	5 [2]	(10) [1]

[1] Included in net investment income in the Consolidated Statements of Operations.
[2] Included in other revenues in the Consolidated Statements of Operations.

	Corporate Debt Securities	Common Stocks	Syndicated Loans	Other Assets	Debt
	(in millions)				
Balance, January 1, 2012	$4	$13	$342	$1,108	$(4,712)
Total gains (losses) included in:					
Net income	—	(1) [1]	6 [1]	(64) [2]	(223) [1]
Other comprehensive income	—	—	—	20	—
Purchases	—	6	59	254	—
Sales	—	(4)	(8)	(160)	—
Issues	—	—	—	—	—
Settlements	—	—	(84)	—	244
Transfers into Level 3	—	14	186	—	—
Transfers out of Level 3	—	(15)	(318)	—	—
Balance, September 30, 2012	$4	$13	$183	$1,158	$(4,691)
Changes in unrealized losses included in income relating to assets and liabilities held at September 30, 2012	$—	$—	$—	$(86) [2]	$(221) [1]

[1] Included in net investment income in the Consolidated Statements of Operations.
[2] Included in other revenues in the Consolidated Statements of Operations.

Securities and loans transferred from Level 2 to Level 3 represent assets with fair values that are now based on a single non-binding broker quote. Securities and loans transferred from Level 3 to Level 2 represent assets with fair values that are now obtained from a third party pricing service with observable inputs or priced in active markets.

During the reporting periods, there were no transfers between Level 1 and Level 2.

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AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

The following tables provide a summary of the significant unobservable inputs used in the fair value measurements developed by the Company or reasonably available to the Company of Level 3 assets and liabilities held by consolidated investment entities:

	September 30, 2013								
	Fair Value	Valuation Technique	Unobservable Input	Range				Weighted Average	
	(in millions)								
Other assets	$1,591	Discounted cash flow/ market comparables	Equivalent yield	3.5	%	– 12.5%		7.6	%
			Expected rental value (per square foot)	$5		– $308		$29	
Debt	$4,459	Discounted cash flow	Annual default rate	2.5	%	– 2.5%		2.5	%
			Discount rate	1.5	%	– 9.3%		2.8	%
			Constant prepayment rate	5.0	%	– 10.0%		9.7	%
			Loss recovery	36.4	%	– 63.6%		62.5	%

	December 31, 2012								
	Fair Value	Valuation Technique	Unobservable Input	Range				Weighted Average	
	(in millions)								
Other assets	$1,214	Discounted cash flow/ market comparables	Equivalent yield	4.1	%	– 12.9%		7.2	%
			Expected rental value (per square foot)	$4		– $309		$32	
Debt	$4,450	Discounted cash flow	Annual default rate	2.5	%	– 4.5%		2.5	%
			Discount rate	1.6	%	– 30.0%		2.9	%
			Constant prepayment rate	5.0	%	– 10.0%		9.6	%
			Loss recovery	36.4	%	– 63.6%		62.0	%

Level 3 measurements not included in the tables above are obtained from non-binding broker quotes where unobservable inputs are not reasonably available to the Company.

Sensitivity of Fair Value Measurements to Changes in Unobservable Inputs

Generally, a significant increase (decrease) in the expected rental value used in the fair value measurement of properties held by consolidated investment entities in isolation would result in a significantly higher (lower) fair value measurement and a significant increase (decrease) in the equivalent yield in isolation would result in a significantly lower (higher) fair value measurement.

Generally, a significant increase (decrease) in the annual default rate and discount rate used in the fair value measurement of the CDO’s debt in isolation would result in a significantly lower (higher) fair value measurement and a significant increase (decrease) in loss recovery in isolation would result in a significantly higher (lower) fair value measurement. A significant increase (decrease) in the constant prepayment rate in isolation would result in a

significantly higher (lower) fair value measurement.

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AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Determination of Fair Value

Assets

Investments

The fair value of syndicated loans obtained from third party pricing services with multiple non-binding broker quotes as the underlying valuation source is classified as Level 2. The fair value of syndicated loans obtained from third party pricing services with a single non-binding broker quote as the underlying valuation source is classified as Level 3. The underlying inputs used in non-binding broker quotes are not readily available to the Company.

In consideration of the above, management is responsible for the fair values recorded on the financial statements. Prices received from third party pricing services are subjected to exception reporting that identifies loans with significant daily price movements as well as no movements. The Company reviews the exception reporting and resolves the exceptions through reaffirmation of the price or recording an appropriate fair value estimate. The Company also performs subsequent transaction testing. The Company performs annual due diligence of the third party pricing services. The Company's due diligence procedures include assessing the vendor's valuation qualifications, control environment, analysis of asset-class specific valuation methodologies and understanding of sources of market observable assumptions and unobservable assumptions, if any, employed in the valuation methodology. The Company also considers the results of its exception reporting controls and any resulting price challenges that arise.

See Note 10 for a description of the Company's determination of the fair value of corporate debt securities, U.S. government and agencies obligations, common stocks and other structured investments.

Receivables

For receivables of the consolidated CDOs, the carrying value approximates fair value as the nature of these assets has historically been short term and the receivables have been collectible. The fair value of these receivables is classified as Level 2.

Other Assets

Other assets consist primarily of properties held in consolidated pooled investment vehicles managed by Threadneedle. The fair value of these properties is calculated by a third party appraisal service by discounting future cash flows generated by the expected market rental value for the property using the equivalent yield of a similar investment property. Inputs used in determining the equivalent yield and expected rental value of the property may include: rental cash flows, current occupancy, historical vacancy rates, tenant history and assumptions regarding how quickly the property can be occupied and at what rental rates. Management reviews the valuation report and assumptions used to ensure that the valuation was performed in accordance with applicable independence, appraisal and valuation standards. Given the significance of the unobservable inputs to these measurements, these assets are classified as Level 3.

Other assets of the consolidated CDO's consist primarily of warrants. Warrants that are traded directly with the issuer are classified as Level 2 when the price is derived from observable market data. Warrants from an issuer whose securities are not priced in active markets are classified as Level 3.

Liabilities

Debt

The fair value of the CDOs' debt is determined using a discounted cash flow model. Inputs used to determine the expected cash flows include assumptions about default, discount, prepayment and recovery rates of the CDOs' underlying assets. Given the significance of the unobservable inputs to this fair value measurement, the fair value of the CDOs' debt is classified as Level 3.

Other Liabilities

Other liabilities consist primarily of securities purchased but not yet settled held by consolidated CDOs. The carrying value approximates fair value as the nature of these liabilities has historically been short term. The fair value of these liabilities is classified as Level 2.

The Company has elected the fair value option for the financial assets and liabilities of the consolidated CDOs. Management believes that the use of the fair value option better matches the changes in fair value of assets and liabilities related to the CDOs.

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AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

The following table presents the fair value and unpaid principal balance of loans and debt for which the fair value option has been elected:

	September 30, 2013	December 31, 2012
	(in millions)	
Syndicated loans		
Unpaid principal balance	$4,261	$4,023
Excess unpaid principal over fair value	(55)	(101)
Fair value	$4,206	$3,922
Fair value of loans more than 90 days past due	$24	$34
Fair value of loans in nonaccrual status	24	34
Difference between fair value and unpaid principal of loans more than 90 days past due, loans in nonaccrual status or both	34	38
Debt		
Unpaid principal balance	$4,696	$4,757
Excess unpaid principal over fair value	(237)	(307)
Fair value	$4,459	$4,450

Interest income from syndicated loans, bonds and structured investments is recorded based on contractual rates in net investment income. Gains and losses related to changes in the fair value of investments and gains and losses on sales of investments are also recorded in net investment income. Interest expense on debt is recorded in interest and debt expense with gains and losses related to changes in the fair value of debt recorded in net investment income.

Total net gains (losses) recognized in net investment income related to changes in the fair value of financial assets and liabilities for which the fair value option was elected were $32 million and $(8) million for the three months ended September 30, 2013 and 2012, respectively. Total net gains (losses) recognized in net investment income related to changes in the fair value of financial assets and liabilities for which the fair value option was elected were $23 million and $(34) million for the nine months ended September 30, 2013 and 2012, respectively. The majority of the syndicated loans and debt have floating rates; as such, changes in their fair values are primarily attributable to changes in credit spreads.

Debt of the consolidated investment entities and the stated interest rates were as follows:

	Carrying Value		Weighted Average Interest Rate	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
	(in millions)			
Debt of consolidated CDOs due 2016-2025	$4,459	$4,450	1.0%	0.9%
Floating rate revolving credit borrowings due 2014	302	309	2.6	2.6
Floating rate revolving credit borrowings due 2015	95	104	2.4	2.4
Floating rate revolving credit borrowings due 2017	118	118	4.5	4.5
Floating rate revolving credit borrowings due 2018	268	—	3.5	—
Total	$5,242	$4,981		

The debt of the consolidated CDOs has both fixed and floating interest rates, which range from 0% to 13.2%. The interest rates on the debt of CDOs are weighted average rates based on the outstanding principal and contractual interest rates. The carrying value of the debt of the consolidated CDOs represents the fair value of the aggregate debt. The carrying value of the floating rate revolving credit borrowings represents the outstanding principal amount of debt

of certain consolidated pooled investment vehicles managed by Threadneedle. The fair value of this debt was $783 million and $531 million as of September 30, 2013 and December 31, 2012, respectively. The consolidated pooled investment vehicles have entered into interest rate swaps and collars to manage the interest rate exposure on the floating rate revolving credit borrowings. The fair value of these derivative instruments is recorded gross and was a liability of $11 million and $17 million at September 30, 2013 and December 31, 2012, respectively. The overall effective interest rate reflecting the impact of the derivative contracts was 4.3% and 4.8% as of September 30, 2013 and December 31, 2012, respectively.

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AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

4. Investments

The following is a summary of Ameriprise Financial investments:

	September 30, 2013	December 31, 2012
	(in millions)	
Available-for-Sale securities, at fair value	$30,084	$31,472
Mortgage loans, net	3,524	3,609
Policy and certificate loans	769	754
Other investments	1,027	1,042
Total	$35,404	$36,877

The following is a summary of net investment income:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(in millions)			
Investment income on fixed maturities	$390	$442	$1,194	$1,353
Net realized gains (losses)	6	(68)	7	(75)
Affordable housing partnerships	(3)	(5)	(11)	(17)
Other	17	15	76	51
Consolidated investment entities	81	43	165	118
Total net investment income	$491	$427	$1,431	$1,430

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

	September 30, 2013				
Description of Securities	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Noncredit OTTI [1]
	(in millions)				
Corporate debt securities	$16,198	$1,392	$(88)	$17,502	$2
Residential mortgage backed securities	5,895	171	(123)	5,943	(43)
Commercial mortgage backed securities	2,612	166	(8)	2,770	—
Asset backed securities	1,377	54	(6)	1,425	—
State and municipal obligations	2,079	116	(72)	2,123	—
U.S. government and agencies obligations	47	6	—	53	—
Foreign government bonds and obligations	240	19	(7)	252	—
Common stocks	7	9	—	16	3
Total	$28,455	$1,933	$(304)	$30,084	$(38)

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AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Description of Securities	December 31, 2012				
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Noncredit OTTI [1]
	(in millions)				
Corporate debt securities	$16,628	$2,196	$(9)	$18,815	$—
Residential mortgage backed securities	5,280	261	(112)	5,429	(58)
Commercial mortgage backed securities	3,120	299	—	3,419	—
Asset backed securities	1,204	75	(4)	1,275	—
State and municipal obligations	2,034	241	(36)	2,239	—
U.S. government and agencies obligations	49	9	—	58	—
Foreign government bonds and obligations	188	36	—	224	—
Common stocks	7	6	—	13	2
Total	$28,510	$3,123	$(161)	$31,472	$(56)

[1] Represents the amount of other-than-temporary impairment ("OTTI") losses in accumulated other comprehensive income. Amount includes unrealized gains and losses on impaired securities subsequent to the initial impairment measurement date. These amounts are included in gross unrealized gains and losses as of the end of the period.

At September 30, 2013 and December 31, 2012, fixed maturity securities comprised approximately 85% of Ameriprise Financial investments. Rating agency designations are based on the availability of ratings from Nationally Recognized Statistical Rating Organizations ("NRSROs"), including Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Services ("S&P") and Fitch Ratings Ltd. ("Fitch"). The Company uses the median of available ratings from Moody's, S&P and Fitch, or, if fewer than three ratings are available, the lower rating is used. When ratings from Moody's, S&P and Fitch are unavailable, the Company may utilize ratings from other NRSROs or rate the securities internally. At September 30, 2013 and December 31, 2012, the Company's internal analysts rated $1.4 billion and $1.7 billion, respectively, of securities using criteria similar to those used by NRSROs. A summary of fixed maturity securities by rating was as follows:

Ratings	September 30, 2013			December 31, 2012		
	Amortized Cost	Fair Value	Percent of Total Fair Value	Amortized Cost	Fair Value	Percent of Total Fair Value
	(in millions, except percentages)					
AAA	$7,365	$7,631	25 %	$7,462	$8,021	26 %
AA	1,620	1,750	6	1,620	1,827	6
A	5,812	6,171	21	5,456	6,069	19
BBB	11,705	12,642	42	11,939	13,575	43
Below investment grade	1,946	1,874	6	2,026	1,967	6
Total fixed maturities	$28,448	$30,068	100 %	$28,503	$31,459	100 %

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At September 30, 2013 and December 31, 2012, approximately 43% and 35%, respectively, of the securities rated AAA were GNMA, FNMA and FHLMC mortgage backed securities. No holdings of any other issuer were greater than 10% of total equity.

The following tables provide information about Available-for-Sale securities with gross unrealized losses and the length of time that individual securities have been in a continuous unrealized loss position:

	September 30, 2013								
	Less than 12 months			12 months or more			Total		
Description of Securities	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses
	(in millions, except number of securities)								
Corporate debt securities	168	$2,496	$(79)	4	$70	$(9)	172	$2,566	$(88)
Residential mortgage backed securities	114	1,941	(47)	113	528	(76)	227	2,469	(123)
Commercial mortgage backed securities	26	243	(8)	1	—	—	27	243	(8)
Asset backed securities	34	453	(5)	3	21	(1)	37	474	(6)
State and municipal obligations	153	420	(35)	7	106	(37)	160	526	(72)
Foreign government bonds and obligations	22	71	(7)	—	—	—	22	71	(7)
Total	517	$5,624	$(181)	128	$725	$(123)	645	$6,349	$(304)

	December 31, 2012								
	Less than 12 months			12 months or more			Total		
Description of Securities	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses	Number of Securities	Fair Value	Unrealized Losses
	(in millions, except number of securities)								
Corporate debt securities	76	$801	$(6)	6	$70	$(3)	82	$871	$(9)
Residential mortgage backed securities	22	408	(5)	134	658	(107)	156	1,066	(112)
Asset backed securities	9	108	(1)	5	86	(3)	14	194	(4)
State and municipal obligations	13	34	(1)	8	113	(35)	21	147	(36)
Total	120	$1,351	$(13)	153	$927	$(148)	273	$2,278	$(161)

As part of Ameriprise Financial's ongoing monitoring process, management determined that a majority of the change in gross unrealized losses on its Available-for-Sale securities is attributable to movement in interest rates.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

The following table presents a rollforward of the cumulative amounts recognized in the Consolidated Statements of Operations for other-than-temporary impairments related to credit losses on securities for which a portion of the securities' total other-than-temporary impairments was recognized in other comprehensive income (loss):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(in millions)			
Beginning balance	$157	$294	$176	$303
Credit losses for which an other-than-temporary impairment was not previously recognized	2	1	2	2
Credit losses for which an other-than-temporary impairment was previously recognized	—	12	4	25
Reductions for securities sold during the period (realized)	—	(125)	(23)	(148)
Ending balance	$159	$182	$159	$182

The change in net unrealized securities gains (losses) in other comprehensive income (loss) includes three components, net of tax: (i) unrealized gains (losses) that arose from changes in the market value of securities that were held during the period; (ii) (gains) losses that were previously unrealized, but have been recognized in current period net income due to sales of Available-for-Sale securities and due to the reclassification of noncredit other-than-temporary impairment losses to credit losses; and (iii) other items primarily consisting of adjustments in asset and liability balances, such as DAC, deferred sales inducement costs ("DSIC"), benefit reserves and reinsurance recoverables, to reflect the expected impact on their carrying values had the unrealized gains (losses) been realized as of the respective balance sheet dates.

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

	Net Unrealized Securities Gains	Deferred Income Tax	Accumulated Other Comprehensive Income Related to Net Unrealized Securities Gains	
	(in millions)			
Balance at January 1, 2012	$1,350	$(467)	$ 883	
Net unrealized securities gains arising during the period [1]	959	(344)	615	
Reclassification of net securities losses included in net income	75	(26)	49	
Impact of DAC, DSIC, benefit reserves and reinsurance recoverables	(268)	94	(174)	
Balance at September 30, 2012	$2,116	$(743)	$ 1,373	[2]
Balance at January 1, 2013	$2,017	$(705)	$ 1,312	
Net unrealized securities losses arising during the period [1]	(1,326)	457	(869)	
Reclassification of net securities gains included in net income	(7)	2	(5)	
Impact of DAC, DSIC, benefit reserves and reinsurance recoverables	436	(153)	283	
Balance at September 30, 2013	$1,120	$(399)	$ 721	[2]

(1) Includes other-than-temporary impairment losses on Available-for-Sale securities related to factors other than credit that were recognized in other comprehensive income (loss) during the period.
(2) Includes $11 million and $27 million of noncredit related impairments on securities and net unrealized securities losses on previously impaired securities at September 30, 2013 and 2012, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(in millions)			
Gross realized gains	$8	$11	$15	$19
Gross realized losses	—	(64)	(2)	(65)
Other-than-temporary impairments	(1)	(15)	(6)	(29)
Total	$7	$(68)	$7	$(75)

Other-than-temporary impairments for the three months and nine months ended September 30, 2013 and 2012 primarily related to credit losses on non-agency residential mortgage backed securities.

Available-for-Sale securities by contractual maturity at September 30, 2013 were as follows:

	Amortized Cost	Fair Value
	(in millions)	
Due within one year	$1,498	$1,520
Due after one year through five years	6,125	6,533
Due after five years through 10 years	6,306	6,731
Due after 10 years	4,635	5,146
	18,564	19,930
Residential mortgage backed securities	5,895	5,943
Commercial mortgage backed securities	2,612	2,770
Asset backed securities	1,377	1,425
Common stocks	7	16
Total	$28,455	$30,084

Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations. Residential mortgage backed securities, commercial mortgage backed securities and asset backed securities are not due at a single maturity date. As such, these securities, as well as common stocks, were not included in the maturities distribution.

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5. Financing Receivables

The Company's financing receivables include commercial mortgage loans, syndicated loans, consumer loans, policy loans, certificate loans and margin loans. Commercial mortgage loans, syndicated loans, consumer loans, policy loans and certificate loans are reflected in investments. Margin loans are recorded in receivables. Policy and certificate loans do not exceed the cash surrender value at origination. As there is minimal risk of loss related to policy and certificate loans, the Company does not record an allowance for loan losses. The Company monitors collateral supporting margin loans and requests additional collateral when necessary in order to mitigate the risk of loss. As there is minimal risk of loss related to margin loans, the allowance for loan losses is immaterial.

Allowance for Loan Losses

The following tables present a rollforward of the allowance for loan losses for the nine months ended and the ending balance of the allowance for loan losses by impairment method and type of loan:

	September 30, 2013			
	Commercial Mortgage Loans	Syndicated Loans	Consumer Loans	Total
	(in millions)			
Beginning balance	$29	$7	$8	$44
Charge-offs	(3)	(1)	(2)	(6)
Recoveries	—	—	1	1
Ending balance	$26	$6	$7	$39
Individually evaluated for impairment	$6	$—	$1	$7
Collectively evaluated for impairment	20	6	6	32

	September 30, 2012			
	Commercial Mortgage Loans	Syndicated Loans	Consumer Loans	Total
	(in millions)			
Beginning balance	$35	$9	$16	$60
Charge-offs	(6)	(2)	(7)	(15)
Recoveries	—	—	1	1
Provisions	—	—	4	4
Ending balance	$29	$7	$14	$50
Individually evaluated for impairment	$6	$1	$1	$8
Collectively evaluated for impairment	23	6	13	42

The recorded investment in financing receivables by impairment method and type of loan was as follows:

	September 30, 2013			
	Commercial Mortgage Loans	Syndicated Loans	Consumer Loans	Total

	(in millions)			
Individually evaluated for impairment	$46	$5	$7	$58
Collectively evaluated for impairment	2,609	304	918	3,831
Total	$2,655	$309	$925	$3,889

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

	December 31, 2012			
	Commercial Mortgage Loans	Syndicated Loans	Consumer Loans	Total
	(in millions)			
Individually evaluated for impairment	$44	$2	$8	$54
Collectively evaluated for impairment	2,562	335	1,061	3,958
Total	$2,606	$337	$1,069	$4,012

As of September 30, 2013 and December 31, 2012, the Company's recorded investment in financing receivables individually evaluated for impairment for which there was no related allowance for loan losses was $23 million and $17 million, respectively. Unearned income, unamortized premiums and discounts, and net unamortized deferred fees and costs are not material to the Company's total loan balance.

Purchases and sales of loans were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(in millions)			
Purchases				
Consumer loans	$—	$—	$—	$51
Syndicated loans	8	21	67	74
Total loans purchased	$8	$21	$67	$125
Sales				
Consumer loans	$—	$78	$—	$199
Syndicated loans	—	5	2	5
Total loans sold	$—	$83	$2	$204

The Company has not acquired any loans with deteriorated credit quality as of the acquisition date.

Credit Quality Information

Nonperforming loans, which are generally loans 90 days or more past due, were $15 million and $7 million as of September 30, 2013 and December 31, 2012, respectively. All other loans were considered to be performing.

Commercial Mortgage Loans

The Company reviews the credit worthiness of the borrower and the performance of the underlying properties in order to determine the risk of loss on commercial mortgage loans. Based on this review, the commercial mortgage loans are assigned an internal risk rating, which management updates as necessary. Commercial mortgage loans which management has assigned its highest risk rating were 2% of total commercial mortgage loans at both September 30, 2013 and December 31, 2012. Loans with the highest risk rating represent distressed loans which the Company has identified as impaired or expects to become delinquent or enter into foreclosure within the next six months. In addition, the Company reviews the concentrations of credit risk by region and property type.

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Concentrations of credit risk of commercial mortgage loans by U.S. region were as follows:

	Loans		Percentage			
	September 30, 2013	December 31, 2012	September 30, 2013		December 31, 2012	
	(in millions)					
East North Central	$256	$260	10	%	10	%
East South Central	71	66	2		3	
Middle Atlantic	204	207	8		8	
Mountain	259	272	10		10	
New England	143	146	5		6	
Pacific	643	597	24		23	
South Atlantic	710	661	27		25	
West North Central	203	232	8		9	
West South Central	166	165	6		6	
	2,655	2,606	100	%	100	%
Less: allowance for loan losses	26	29				
Total	$2,629	$2,577				

Concentrations of credit risk of commercial mortgage loans by property type were as follows:

	Loans		Percentage			
	September 30, 2013	December 31, 2012	September 30, 2013		December 31, 2012	
	(in millions)					
Apartments	$484	$450	18	%	17	%
Hotel	33	36	1		1	
Industrial	462	474	18		18	
Mixed use	27	42	1		2	
Office	565	610	21		24	
Retail	924	858	35		33	
Other	160	136	6		5	
	2,655	2,606	100	%	100	%
Less: allowance for loan losses	26	29				
Total	$2,629	$2,577				

Syndicated Loans

The Company’s syndicated loan portfolio is diversified across industries and issuers. The primary credit indicator for syndicated loans is whether the loans are performing in accordance with the contractual terms of the syndication. Total nonperforming syndicated loans at September 30, 2013 and December 31, 2012 were $4 million and $3 million, respectively.

Consumer Loans

The Company considers the credit worthiness of borrowers (FICO score), collateral characteristics such as loan-to-value (“LTV”) and geographic concentration in determining the allowance for loan losses for consumer loans. At a minimum, management updates FICO scores and LTV ratios semiannually.

As of both September 30, 2013 and December 31, 2012, approximately 5% of consumer loans had FICO scores below 640. At September 30, 2013 and December 31, 2012, approximately 5% and 8%, respectively, of the Company's residential mortgage loans had LTV ratios greater than 90%. The Company's most significant geographic concentration for consumer loans is in California representing 38% of the portfolio as of both September 30, 2013 and December 31, 2012. No other state represents more than 10% of the total consumer loan portfolio.

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Troubled Debt Restructurings

The following table presents the number of loans restructured by the Company during the period and their recorded investment at the end of the period:

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2013		2012		2013		2012	
	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment	Number of Loans	Recorded Investment
	(in millions, except number of loans)							
Commercial mortgage loans	3	$ 12	3	$ 12	7	$ 22	4	$ 13
Syndicated loans	—	—	—	—	1	—	2	2
Consumer bank loans	4	—	17	—	13	—	56	1
Total	7	$ 12	20	$ 12	21	$ 22	62	$ 16

The troubled debt restructurings did not have a material impact to the Company's allowance for loan losses or income recognized for the three months and nine months ended September 30, 2013 and 2012. There are no material commitments to lend additional funds to borrowers whose loans have been restructured.

6. Deferred Acquisition Costs and Deferred Sales Inducement Costs

In the third quarter of the year, management conducts its annual review of insurance and annuity valuation assumptions
relative to current experience and management expectations. To the extent that expectations change as a result of this review, management updates valuation assumptions. The impact in the third quarter of 2013 primarily reflected the impact of expected higher interest rates and changes in assumed policyholder behavior. The impact in the third quarter of 2012 primarily
reflected the low interest rate environment and the assumption of continued low interest rates over the near-term.

The balances of and changes in DAC were as follows:

	2013	2012
	(in millions)	
Balance at January 1	$2,399	$2,440
Capitalization of acquisition costs	252	229
Amortization, excluding the impact of valuation assumptions review	(231)	(186)
Amortization impact of valuation assumptions review	78	(11)
Impact of change in net unrealized securities losses (gains)	112	(75)
Balance at September 30	$2,610	$2,397

The balances of and changes in DSIC, which is included in other assets, were as follows:

	2013	2012
	(in millions)	
Balance at January 1	$404	$464
Capitalization of sales inducement costs	4	6
Amortization, excluding the impact of valuation assumptions review	(39)	(30)

Amortization impact of valuation assumptions review	25	(13)
Impact of change in net unrealized securities losses (gains)	18	(11)
Balance at September 30	$412	$416

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

7. Policyholder Account Balances, Future Policy Benefits and Claims and Separate Account Liabilities

Policyholder account balances, future policy benefits and claims consisted of the following:

	September 30, 2013	December 31, 2012
	(in millions)	
Policyholder account balances		
Fixed annuities	$13,998	$14,420
Variable annuity fixed sub-accounts	4,912	4,833
Variable universal life (“VUL”)/universal life (“UL”) insurance	2,770	2,725
Indexed universal life (“IUL”) insurance	263	137
Other life insurance	911	943
Total policyholder account balances	22,854	23,058
Future policy benefits		
Variable annuity GMWB	(109)	799
Variable annuity GMAB	(24)	103
Other annuity liabilities	96	158
Fixed annuities life contingent liabilities	1,524	1,520
Equity indexed annuities ("EIA")	28	33
Life, disability income and long term care insurance	4,686	4,703
VUL/UL insurance additional liabilities	287	296
Total future policy benefits	6,488	7,612
Policy claims and other policyholders’ funds	601	547
Total policyholder account balances, future policy benefits and claims	$29,943	$31,217

Separate account liabilities consisted of the following:

	September 30, 2013	December 31, 2012
	(in millions)	
Variable annuity variable sub-accounts	$67,907	$63,302
VUL insurance variable sub-accounts	6,562	6,051
Other insurance variable sub-accounts	43	42
Threadneedle investment liabilities	3,276	3,002
Total	$77,788	$72,397

8. Variable Annuity and Insurance Guarantees

The majority of the variable annuity contracts offered by the Company contain guaranteed minimum death benefit (“GMDB”) provisions. The Company also offers variable annuities with death benefit provisions that gross up the amount payable by a certain percentage of contract earnings, which are referred to as gain gross-up (“GGU”) benefits. In addition, the Company offers contracts with GMWB and GMAB provisions. The Company previously offered contracts containing guaranteed minimum income benefit (“GMIB”) provisions.

Certain UL policies offered by the Company provide secondary guarantee benefits. The secondary guarantee ensures that, subject to specified conditions, the policy will not terminate and will continue to provide a death benefit even if there is insufficient policy value to cover the monthly deductions and charges.

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The following table provides information related to variable annuity guarantees for which the Company has established additional liabilities:

	September 30, 2013				December 31, 2012			
Variable Annuity Guarantees by Benefit Type[1]	Total Contract Value	Contract Value in Separate Accounts	Net Amount at Risk[2]	Weighted Average Attained Age	Total Contract Value	Contract Value in Separate Accounts	Net Amount at Risk[2]	Weighted Average Attained Age
	(in millions, except age)							
GMDB:								
Return of premium	$50,219	$48,406	$37	63	$45,697	$43,942	$61	63
Five/six-year reset	11,096	8,549	55	64	11,233	8,722	115	63
One-year ratchet	7,508	7,088	54	65	7,367	6,933	106	65
Five-year ratchet	1,712	1,657	2	62	1,616	1,563	3	61
Other	997	977	45	69	912	885	62	68
Total — GMDB	$71,532	$66,677	$193	63	$66,825	$62,045	$347	63
GGU death benefit	$1,015	$962	$110	64	$958	$907	$93	63
GMIB	$410	$386	$45	66	$425	$399	$72	66
GMWB:								
GMWB	$3,873	$3,857	$14	67	$3,898	$3,880	$34	66
GMWB for life	32,290	32,143	211	65	28,588	28,462	263	64
Total — GMWB	$36,163	$36,000	$225	65	$32,486	$32,342	$297	64
GMAB	$4,026	$4,012	$2	57	$3,773	$3,762	$5	57

[1] Individual variable annuity contracts may have more than one guarantee and therefore may be included in more than one benefit type. Variable annuity contracts for which the death benefit equals the account value are not shown in this table.

[2] Represents the current guaranteed benefit amount in excess of the current contract value. GMIB, GMWB and GMAB benefits are subject to waiting periods and payment periods specified in the contract.

Changes in variable annuity and insurance guarantees were as follows:

	GMDB & GGU	GMIB	GMWB	GMAB	UL
	(in millions)				
Balance at January 1, 2012	$5	$9	$1,377	$237	$111
Incurred claims	5	1	(304)	(103)	39
Paid claims	(6)	(1)	—	—	(8)
Balance at September 30, 2012	$4	$9	$1,073	$134	$142
Balance at January 1, 2013	$4	$9	$799	$103	$155
Incurred claims	2	(2)	(908)	(127)	45
Paid claims	(3)	—	—	—	(11)
Balance at September 30, 2013	$3	$7	$(109)	$(24)	$189

The liabilities for guaranteed benefits are supported by general account assets.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

The following table summarizes the distribution of separate account balances by asset type for variable annuity contracts providing guaranteed benefits:

	September 30, 2013	December 31, 2012
	(in millions)	
Mutual funds:		
Equity	$34,204	$32,054
Bond	25,366	26,165
Other	7,184	3,991
Total mutual funds	$66,754	$62,210

9. Debt

The balances and the stated interest rates of outstanding debt of Ameriprise Financial were as follows:

	Outstanding Balance		Stated Interest Rate	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
	(in millions)			
Long-term debt:				
Senior notes due 2015	$736 [1]	$750 [1]	5.7 %	5.7 %
Senior notes due 2019	331 [1]	347 [1]	7.3	7.3
Senior notes due 2020	789 [1]	812 [1]	5.3	5.3
Senior notes due 2023	597	—	4.0	—
Senior notes due 2039	200	200	7.8	7.8
Junior subordinated notes due 2066	294	294	7.5	7.5
Total long-term debt	2,947	2,403		
Short-term borrowings:				
Federal Home Loan Bank (“FHLB”) advances	350	—	0.3	—
Repurchase agreements	150	501	0.3	0.4
Total short-term borrowings	500	501		
Total	$3,447	$2,904		

[1] Amounts include adjustments for fair value hedges on the Company’s long-term debt. See Note 12 for information on the Company’s fair value hedges.

The amounts included in the table above are net of any unamortized discount associated with issuing these notes.

On September 6, 2013, the Company issued $600 million of unsecured senior notes due October 15, 2023, and incurred debt issuance costs of $5 million. Interest payments are due semi-annually in arrears on April 15 and October 15, commencing
April 15, 2014.

In October 2013, the Company issued a notice of redemption for $350 million of its senior notes due November 2015. The notes were redeemed pursuant to the terms of the indenture at the principal value plus an aggregate premium and accrued interest to the redemption date. The redemption date of the notes was November 4, 2013. The Company will record a net pretax loss of approximately $20 million on the redemption of the notes in the fourth quarter of 2013.

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On September 30, 2013, the Company entered into a restated credit agreement for $500 million expiring on September 28, 2018. Under the terms of the agreement, the Company may increase the amount of this facility to $750 million upon satisfaction of certain approval requirements. Available borrowings under the agreement are reduced by any outstanding letters of credit. The Company had no borrowings outstanding under this facility and outstanding letters of credit issued against this facility were $2 million as of September 30, 2013.

The Company's junior subordinated notes due 2066 and credit facility contain various administrative, reporting, legal and financial covenants. The Company was in compliance with all such covenants at both September 30, 2013 and December 31, 2012.

Short-term Borrowings

The Company enters into repurchase agreements in exchange for cash, which it accounts for as secured borrowings. The Company has pledged Available-for-Sale securities consisting of agency residential mortgage backed securities and commercial mortgage backed securities to collateralize its obligation under the repurchase agreements. The fair value of the securities pledged is recorded in investments and was $156 million and $518 million at September 30, 2013 and December 31, 2012, respectively. The stated interest rate of the repurchase agreements is a weighted average annualized interest rate on repurchase agreements held as of the balance sheet date.

The Company's insurance subsidiary is a member of the FHLB of Des Moines which provides access to collateralized borrowings. The Company has pledged Available-for-Sale securities consisting of commercial mortgage backed securities to collateralize its obligation under these borrowings. The fair value of the securities pledged is recorded in investments and was $436 million at September 30, 2013. The stated interest rate of the FHLB advances is a weighted average annualized interest rate on the outstanding borrowings as of the balance sheet date.

10. Fair Values of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; that is, an exit price. The exit price assumes the asset or liability is not exchanged subject to a forced liquidation or distressed sale.

Valuation Hierarchy

The Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

Level 1 Unadjusted quoted prices for identical assets or liabilities in active markets that are accessible at the measurement date.

Level 2 Prices or valuations based on observable inputs other than quoted prices in active markets for identical assets and liabilities.

Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

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AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

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

	September 30, 2013			
	Level 1	Level 2	Level 3	Total
	(in millions)			
Assets				
Cash equivalents	$19	$2,375	$—	$2,394
Available-for-Sale securities:				
Corporate debt securities	—	15,870	1,632	17,502
Residential mortgage backed securities	—	5,655	288	5,943
Commercial mortgage backed securities	—	2,755	15	2,770
Asset backed securities	—	1,222	203	1,425
State and municipal obligations	—	2,123	—	2,123
U.S. government and agencies obligations	17	36	—	53
Foreign government bonds and obligations	—	252	—	252
Common stocks	5	6	5	16
Total Available-for-Sale securities	22	27,919	2,143	30,084
Trading securities	3	23	—	26
Separate account assets	—	77,788	—	77,788
Other assets:				
Interest rate derivative contracts	—	1,642	—	1,642
Equity derivative contracts	385	1,133	—	1,518
Foreign currency derivative contracts	1	2	—	3
Total other assets	386	2,777	—	3,163
Total assets at fair value	$430	$110,882	$2,143	$113,455
Liabilities				
Future policy benefits:				
EIA embedded derivatives	$—	$4	$—	$4
IUL embedded derivatives	—	—	96	96
GMWB and GMAB embedded derivatives	—	—	(256)	(256) [2]
Total future policy benefits	—	4	(160)	(156) [1]
Customer deposits	—	7	—	7
Other liabilities:				
Interest rate derivative contracts	—	1,554	—	1,554
Equity derivative contracts	333	2,083	—	2,416
Credit derivative contracts	—	6	—	6
Foreign currency derivative contracts	1	—	—	1
Other	—	12	—	12
Total other liabilities	334	3,655	—	3,989
Total liabilities at fair value	$334	$3,666	$(160)	$3,840

[1] The Company’s adjustment for nonperformance risk resulted in a $238 million cumulative increase to the embedded derivatives.

[2] The fair value of the GMWB and GMAB embedded derivatives was a net asset at September 30, 2013 and the amount is reported as a contra liability.

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	December 31, 2012				
	Level 1	Level 2	Level 3	Total	
	(in millions)				
Assets					
Cash equivalents	$18	$1,539	$—	$1,557	
Available-for-Sale securities:					
Corporate debt securities	—	17,051	1,764	18,815	
Residential mortgage backed securities	—	5,145	284	5,429	
Commercial mortgage backed securities	—	3,213	206	3,419	
Asset backed securities	—	1,097	178	1,275	
State and municipal obligations	—	2,239	—	2,239	
U.S. government and agencies obligations	19	39	—	58	
Foreign government bonds and obligations	—	224	—	224	
Common stocks	3	4	6	13	
Total Available-for-Sale securities	22	29,012	2,438	31,472	
Trading securities	1	24	—	25	
Separate account assets	—	72,397	—	72,397	
Other assets:					
Interest rate derivative contracts	—	2,358	—	2,358	
Equity derivative contracts	285	973	—	1,258	
Foreign currency derivative contracts	—	6	—	6	
Commodity derivative contracts	—	1	—	1	
Total other assets	285	3,338	—	3,623	
Total assets at fair value	$326	$106,310	$2,438	$109,074	
Liabilities					
Future policy benefits:					
EIA embedded derivatives	$—	$2	$—	$2	
IUL embedded derivatives	—	—	45	45	
GMWB and GMAB embedded derivatives	—	—	833	833	
Total future policy benefits	—	2	878	880	(1)
Customer deposits	—	8	—	8	
Other liabilities:					
Interest rate derivative contracts	—	1,486	—	1,486	
Equity derivative contracts	258	1,565	—	1,823	
Foreign currency derivative contracts	1	—	—	1	
Other	1	3	—	4	
Total other liabilities	260	3,054	—	3,314	
Total liabilities at fair value	$260	$3,064	$878	$4,202	

(1) The Company’s adjustment for nonperformance risk resulted in a $398 million cumulative decrease to the embedded derivatives.

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AMERIPRISE FINANCIAL, INC.
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The following tables provide a summary of changes in Level 3 assets and liabilities of Ameriprise Financial measured at fair value on a recurring basis:

	Available-for-Sale Securities						Future Policy Benefits		
	Corporate Debt Securities	Residential Mortgage Backed Securities	Commercial Mortgage Backed Securities	Asset Backed Securities	Common Stocks	Total	IUL Embedded Derivatives	GMWB and GMAB Embedded Derivatives	Total
	(in millions)								
Balance, July 1, 2013	$1,667	$ 69	$ 210	$ 214	$ 5	$2,165	$(76)	$ (11)	$(87)
Total gains (losses) included in:									
Net income	(1)	—	—	—	—	(1)[1]	(2)[2]	322[3]	320
Other comprehensive income	3	(1)	—	(2)	—	—	—	—	—
Purchases	—	245	—	29	—	274	—	—	—
Sales	—	—	—	—	—	—	—	—	—
Issues	—	—	—	—	—	—	(17)	(60)	(77)
Settlements	(37)	(6)	(36)	(1)	—	(80)	(1)	5	4
Transfers into Level 3	—	—	—	—	—	—	—	—	—
Transfers out of Level 3	—	(19)	(159)	(37)	—	(215)	—	—	—
Balance, September 30, 2013	$1,632	$ 288	$ 15	$ 203	$ 5	$2,143	$(96)	$ 256	$160
Changes in unrealized gains (losses) relating to assets and liabilities held at September 30, 2013 included in:									
Net investment income	$(1)	$ —	$ —	$ 1	$ —	$—	$—	$ —	$—
Interest credited to fixed accounts	—	—	—	—	—	—	(2)	—	(2)
Benefits, claims, losses and settlement expenses	—	—	—	—	—	—	—	321	321

[1] Included in net investment income in the Consolidated Statements of Operations.
[2] Included in interest credited to fixed accounts in the Consolidated Statements of Operations.
[3] Included in benefits, claims, losses and settlement expenses in the Consolidated Statements of Operations.

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	Available-for-Sale Securities						Future Policy Benefits		
	Corporate Debt Securities	Residential Mortgage Backed Securities	Commercial Mortgage Backed Securities	Asset Backed Securities	Common Stocks	Total	IUL Embedded Derivatives	GMWB and GMAB Embedded Derivatives	Total
	(in millions)								
Balance, July 1, 2012	$1,485	$ 238	$ 69	$ 185	$5	$1,982	$—	$ (1,406)	$(1,406)
Total gains (losses) included in:									
Net income	(1)	(31)	1	1	—	(30)[1]	1[2]	321[3]	322
Other comprehensive income	14	40	4	3	—	61	—	—	—
Purchases	139	54	—	—	—	193	—	—	—
Sales	—	(75)	—	—	—	(75)	—	—	—
Issues	—	—	—	—	—	—	(16)	(49)	(65)
Settlements	(40)	(8)	(1)	(4)	—	(53)	—	(8)	(8)
Transfers into Level 3	—	—	146	15	—	161	(22)	—	(22)
Transfers out of Level 3	—	(146)	(7)	—	—	(153)	—	—	—
Balance, September 30, 2012	$1,597	$ 72	$ 212	$ 200	$5	$2,086	$(37)	$ (1,142)	$(1,179)
Changes in unrealized gains (losses) relating to assets and liabilities held at September 30, 2012 included in:									
Net investment income	$(1)	$—	$ 1	$ 1	$—	1	$—	$—	$—
Interest credited to fixed accounts	—	—	—	—	—	—	1	—	1
Benefits, claims, losses and settlement expenses	—	—	—	—	—	—	—	310	310

[1] Included in net investment income in the Consolidated Statements of Operations.
[2] Included in interest credited to fixed accounts in the Consolidated Statements of Operations.
[3] Included in benefits, claims, losses and settlement expenses in the Consolidated Statements of Operations.

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	Available-for-Sale Securities						Future Policy Benefits		
	Corporate Debt Securities	Residential Mortgage Backed Securities	Commercial Mortgage Backed Securities	Asset Backed Securities	Common Stocks	Total	IUL Embedded Derivatives	GMWB and GMAB Embedded Derivatives	Total
	(in millions)								
Balance, January 1, 2013	$1,764	$ 284	$ 206	$ 178	$6	$2,438	$(45)	$ (833)	$(878)
Total gains (losses) included in:									
Net income	(2)	—	—	1	—	(1)[1]	(8)[2]	1,246[3]	1,238
Other comprehensive loss	(34)	(1)	(6)	5	—	(36)	—	—	—
Purchases	74	307	10	200	—	591	—	—	—
Sales	—	—	—	—	—	—	—	—	—
Issues	—	—	—	—	—	—	(42)	(163)	(205)
Settlements	(170)	(7)	(36)	(4)	—	(217)	(1)	6	5
Transfers into Level 3	—	—	—	8	—	8	—	—	—
Transfers out of Level 3	—	(295)	(159)	(185)	(1)	(640)	—	—	—
Balance, September 30, 2013	$1,632	$ 288	$ 15	$ 203	$5	$2,143	$(96)	$ 256	$160
Changes in unrealized gains (losses) relating to assets and liabilities held at September 30, 2013 included in:									
Net investment income	$(2)	$ —	$ —	$ 1	$—	$(1)	$—	$ —	$—
Interest credited to fixed accounts	—	—	—	—	—	—	(8)	—	(8)
Benefits, claims, losses and settlement expenses	—	—	—	—	—	—	—	1,229	1,229

[1] Included in net investment income in the Consolidated Statements of Operations.
[2] Included in interest credited to fixed accounts in the Consolidated Statements of Operations.
[3] Included in benefits, claims, losses and settlement expenses in the Consolidated Statements of Operations.

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AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

	Available-for-Sale Securities						Future Policy Benefits		
	Corporate Debt Securities	Residential Mortgage Backed Securities	Commercial Mortgage Backed Securities	Asset Backed Securities	Common Stocks	Total	IUL Embedded Derivatives	GMWB and GMAB Embedded Derivatives	Total
	(in millions)								
Balance, January 1, 2012	$1,355	$ 215	$ 50	$ 189	$ 5	$1,814	$—	$ (1,585)	$(1,585)
Total gains (losses) included in:									
Net income	(1)	(45)	1	2	—	(43)[1]	1[2]	577[3]	578
Other comprehensive income	19	68	6	4	—	97	—	—	—
Purchases	349	99	9	—	1	458	—	—	—
Sales	—	(75)	—	—	—	(75)	—	—	—
Issues	—	—	—	—	—	—	(16)	(131)	(147)
Settlements	(135)	(38)	(3)	(17)	—	(193)	—	(3)	(3)
Transfers into Level 3	10	22	183	22	—	237	(22)	—	(22)
Transfers out of Level 3	—	(174)	(34)	—	(1)	(209)	—	—	—
Balance, September 30, 2012	$1,597	$ 72	$ 212	$ 200	$ 5	$2,086	$(37)	$ (1,142)	$(1,179)
Changes in unrealized gains (losses) relating to assets and liabilities held at September 30, 2012 included in:									
Net investment income	$(1)	$ —	$ 1	$ 1	$ —	$1	$—	$ —	$—
Interest credited to fixed accounts	—	—	—	—	—	—	1	—	1
Benefits, claims, losses and settlement expenses	—	—	—	—	—	—	—	544	544

[1] Included in net investment income in the Consolidated Statements of Operations.
[2] Included in interest credited to fixed accounts in the Consolidated Statements of Operations.
[3] Included in benefits, claims, losses and settlement expenses in the Consolidated Statements of Operations.

The impact to pretax income of the Company's adjustment for nonperformance risk on the fair value of its embedded derivatives was $(14) million and $(51) million, net of DAC, DSIC and unearned revenue amortization and the reinsurance accrual, for the three months ended September 30, 2013 and 2012, respectively. The impact to pretax income of the Company's adjustment for nonperformance risk on the fair value of its embedded derivatives was $(104) million and $(45) million, net of DAC, DSIC and unearned revenue amortization and the reinsurance accrual, for the nine months ended September 30, 2013 and 2012, respectively.

Securities transferred from Level 3 primarily represent securities with fair values that are now obtained from a third party pricing service with observable inputs. Securities transferred to Level 3 represent securities with fair values that are now based on a single non-binding broker quote. The transfer of the IUL embedded derivatives to Level 3 is due to the impact of the unobservable inputs to the valuation becoming more significant. The Company recognizes transfers between levels of the fair value hierarchy as of the beginning of the quarter in which each transfer occurred. For assets and liabilities held at the end of the reporting periods that are measured at fair value on a recurring basis, there were no transfers between Level 1 and Level 2.

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AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

The following tables provide a summary of the significant unobservable inputs used in the fair value measurements developed by the Company or reasonably available to the Company of Level 3 assets and liabilities:

	September 30, 2013						
	Fair Value	Valuation Technique	Unobservable Input	Range			Weighted Average
	(in millions)						
Corporate debt securities (private placements)	$1,583	Discounted cash flow	Yield/spread to U.S. Treasuries	1.0	% –	5.5%	1.8%
IUL embedded derivatives	$96	Discounted cash flow	Nonperformance risk [3]	95		bps	
GMWB and GMAB embedded derivatives	$(256)	Discounted cash flow	Utilization of guaranteed withdrawals [1]	0.0	% –	51.1%	
			Surrender rate	0.1	% –	57.9%	
			Market volatility [2]	5.1	% –	19.1%	
			Nonperformance risk [3]	95		bps	
			Elective contractholder strategy allocations [4]	0.0	% –	50.0%	

	December 31, 2012						
	Fair Value	Valuation Technique	Unobservable Input	Range			Weighted Average
	(in millions)						
Corporate debt securities (private placements)	$1,712	Discounted cash flow	Yield/spread to U.S. Treasuries	1.1	% –	8.5%	2.1%
IUL embedded derivatives	$45	Discounted cash flow	Nonperformance risk [3]	97		bps	
GMWB and GMAB embedded derivatives	$833	Discounted cash flow	Utilization of guaranteed withdrawals [1]	0.0	% –	56.4%	
			Surrender rate	0.0	% –	56.3%	
			Market volatility [2]	5.6	% –	21.2%	
			Nonperformance risk [3]	97		bps	

[1] The utilization of guaranteed withdrawals represents the percentage of policyholders that will begin withdrawing in any given year.
[2] Market volatility is implied volatility of fund of funds and portfolio stabilizer funds.
[3] The nonperformance risk is the spread added to the observable interest rates used in the valuation of the embedded derivatives.
[4] The elective allocation represents the percentage of contractholders that are assumed to electively switch their investment allocation to a different allocation model.

Level 3 measurements not included in the table above are obtained from non-binding broker quotes where unobservable inputs are not reasonably available to the Company.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Sensitivity of Fair Value Measurements to Changes in Unobservable Inputs

Significant increases (decreases) in the yield/spread to U.S. Treasuries used in the fair value measurement of Level 3 corporate debt securities in isolation would result in a significantly lower (higher) fair value measurement.

Significant increases (decreases) in nonperformance risk used in the fair value measurement of the IUL embedded derivatives in isolation would result in a significantly lower (higher) fair value measurement.

Significant increases (decreases) in utilization and volatility used in the fair value measurement of the GMWB and GMAB embedded derivatives in isolation would result in a significantly higher (lower) fair value measurement. Significant increases (decreases) in surrender rate, nonperformance risk and elective allocation used in the fair value measurement of the GMWB and GMAB embedded derivatives in isolation would result in a significantly lower (higher) fair value measurement. Utilization of guaranteed withdrawals and surrender rates vary with the type of rider, the duration of the policy, the age of the contractholder, the distribution system and whether the value of the guaranteed benefit exceeds the contract accumulation value.

Determination of Fair Value

The Company uses valuation techniques consistent with the market and income approaches to measure the fair value of its assets and liabilities. The Company’s market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The Company’s income approach uses valuation techniques to convert future projected cash flows to a single discounted present value amount. When applying either approach, the Company maximizes the use of observable inputs and minimizes the use of unobservable inputs.

The following is a description of the valuation techniques used to measure fair value and the general classification of these instruments pursuant to the fair value hierarchy.

Assets

Cash Equivalents

Cash equivalents include highly liquid investments with original maturities of 90 days or less. Actively traded money market funds are measured at their net asset value (“NAV”) and classified as Level 1. The Company’s remaining cash equivalents are classified as Level 2 and measured at amortized cost, which is a reasonable estimate of fair value because of the short time between the purchase of the instrument and its expected realization.

Investments (Available-for-Sale Securities and Trading Securities)

When available, the fair value of securities is based on quoted prices in active markets. If quoted prices are not available, fair values are obtained from third party pricing services, non-binding broker quotes, or other model-based valuation techniques. Level 1 securities primarily include U.S. Treasuries. Level 2 securities primarily include corporate bonds, residential mortgage backed securities, commercial mortgage backed securities, asset backed securities, municipal bonds and U.S. agency and foreign government securities. The fair value of these Level 2 securities is based on a market approach with prices obtained from third party pricing services. Observable inputs used to value these securities can include, but are not limited to, reported trades, benchmark yields, issuer spreads and

non-binding broker quotes. Level 3 securities primarily include certain corporate bonds, non-agency residential mortgage backed securities, commercial mortgage backed securities and asset backed securities. The fair value of corporate bonds, non-agency residential mortgage backed securities, commercial mortgage backed securities and certain asset backed securities classified as Level 3 is typically based on a single non-binding broker quote. The underlying inputs used for some of the non-binding broker quotes are not readily available to the Company. The Company's privately placed corporate bonds are typically based on a single non-binding broker quote. In addition to the general pricing controls, the Company reviews the broker prices to ensure that the broker quotes are reasonable and, when available, compares prices of privately issued securities to public issues from the same issuer to ensure that the implicit illiquidity premium applied to the privately placed investment is reasonable considering investment characteristics, maturity, and average life of the investment.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

In consideration of the above, management is responsible for the fair values recorded on the financial statements. Prices received from third party pricing services are subjected to exception reporting that identifies investments with significant daily price movements as well as no movements. The Company reviews the exception reporting and resolves the exceptions through reaffirmation of the price or recording an appropriate fair value estimate. The Company also performs subsequent transaction testing. The Company performs annual due diligence of third party pricing services. The Company's due diligence procedures include assessing the vendor's valuation qualifications, control environment, analysis of asset-class specific valuation methodologies, and understanding of sources of market observable assumptions and unobservable assumptions, if any, employed in the valuation methodology. The Company also considers the results of its exception reporting controls and any resulting price challenges that arise.

Separate Account Assets

The fair value of assets held by separate accounts is determined by the NAV of the funds in which those separate accounts are invested. The NAV represents the exit price for the separate account. Separate account assets are classified as Level 2 as they are traded in principal-to-principal markets with little publicly released pricing information.

Other Assets

Derivatives that are measured using quoted prices in active markets, such as foreign currency forwards, or derivatives that are exchange-traded are classified as Level 1 measurements. The fair value of derivatives that are traded in less active over-the-counter ("OTC") markets are generally measured using pricing models with market observable inputs such as interest rates and equity index levels. These measurements are classified as Level 2 within the fair value hierarchy and include swaps and the majority of options. The counterparties' nonperformance risk associated with uncollateralized derivative assets was immaterial at September 30, 2013 and December 31, 2012. See Note 11 and Note 12 for further information on the credit risk of derivative instruments and related collateral.

Liabilities

Future Policy Benefits

The Company values the embedded derivatives attributable to the provisions of certain variable annuity riders using internal valuation models. These models calculate fair value by discounting expected cash flows from benefits plus margins for profit, risk and expenses less embedded derivative fees. The projected cash flows used by these models include observable capital market assumptions and incorporate significant unobservable inputs related to contractholder behavior assumptions, implied volatility, and margins for risk, profit and expenses that the Company believes an exit market participant would expect. The fair value also reflects a current estimate of the Company's nonperformance risk specific to these embedded derivatives. Given the significant unobservable inputs to this valuation, these measurements are classified as Level 3. The embedded derivatives attributable to these provisions is recorded in policyholder account balances, future policy benefits and claims.

The Company uses various Black-Scholes calculations to determine the fair value of the embedded derivatives associated with the provisions of its EIA and IUL products. Significant inputs to the EIA calculation include observable interest rates, volatilities and equity index levels and, therefore, are classified as Level 2. The fair value of the IUL embedded derivatives includes significant observable interest rates, volatilities and equity index levels and the significant unobservable estimate of the Company's nonperformance risk. Given the significance of the

nonperformance risk assumption to the fair value, the IUL embedded derivatives are classified as Level 3. The embedded derivatives attributable to these provisions are recorded in policyholder account balances, future policy benefits and claims.

The Company's Corporate Actuarial Department calculates the fair value of the embedded derivatives on a monthly basis. During this process, control checks are performed to validate the completeness of the data. Actuarial management approves various components of the valuation along with the final results. The change in the fair value of the embedded derivatives is reviewed monthly with senior management. The Level 3 inputs into the valuation are consistent with the pricing assumptions and updated as experience develops. Significant unobservable inputs that reflect policyholder behavior are reviewed quarterly along with other valuation assumptions.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Customer Deposits

The Company uses various Black-Scholes calculations to determine the fair value of the embedded derivative liability associated with the provisions of its stock market certificates. The inputs to these calculations are primarily market observable and include interest rates, volatilities and equity index levels. As a result, these measurements are classified as Level 2.

Other Liabilities

Derivatives that are measured using quoted prices in active markets, such as foreign currency forwards, or derivatives that are exchange-traded, are classified as Level 1 measurements. The fair value of derivatives that are traded in less active OTC markets are generally measured using pricing models with market observable inputs such as interest rates and equity index levels. These measurements are classified as Level 2 within the fair value hierarchy and include swaps and the majority of options. The Company's nonperformance risk associated with uncollateralized derivative liabilities was immaterial at September 30, 2013 and December 31, 2012. See Note 11 and Note 12 for further information on the credit risk of derivative instruments and related collateral.

Securities sold but not yet purchased include highly liquid investments which are short-term in nature. Securities sold but not yet purchased are measured using amortized cost, which is a reasonable estimate of fair value because of the short time between the purchase of the instrument and its expected realization and are classified as Level 2.

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

The following tables provide the carrying value and the estimated fair value of financial instruments that are not reported at fair value. All other financial instruments that are reported at fair value have been included above in the table with balances of assets and liabilities Ameriprise Financial measured at fair value on a recurring basis.

	September 30, 2013				
	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
	(in millions)				
Financial Assets					
Mortgage loans, net	$3,524	$—	$—	$3,544	$3,544
Policy and certificate loans	769	—	1	756	757
Receivables	1,092	95	989	8	1,092
Restricted and segregated cash	2,259	2,259	—	—	2,259
Other investments and assets	362	—	294	69	363
Financial Liabilities					
Policyholder account balances, future policy benefits and claims	$14,283	$—	$—	$14,853	$14,853
Investment certificate reserves	3,869	—	—	3,878	3,878
Brokerage customer deposits	2,868	2,868	—	—	2,868
Separate account liabilities	3,654	—	3,654	—	3,654
Debt and other liabilities	3,554	131	3,632	82	3,845

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AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

	December 31, 2012				
	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
	(in millions)				
Financial Assets					
Mortgage loans, net	$3,609	$—	$—	$3,694	$3,694
Policy and certificate loans	754	—	2	725	727
Receivables	1,067	135	926	12	1,073
Restricted and segregated cash	2,538	2,538	—	—	2,538
Other investments and assets	390	—	333	60	393
Financial Liabilities					
Policyholder account balances, future policy benefits and claims	$14,701	$—	$—	$15,982	$15,982
Investment certificate reserves	3,494	—	—	3,494	3,494
Brokerage customer deposits	3,024	3,024	—	—	3,024
Separate account liabilities	3,362	—	3,362	—	3,362
Debt and other liabilities	3,033	145	3,109	142	3,396

Mortgage Loans, Net

The fair value of commercial mortgage loans, except those with significant credit deterioration, is determined by discounting contractual cash flows using discount rates that reflect current pricing for loans with similar remaining maturities, liquidity and characteristics including loan-to-value ratio, occupancy rate, refinance risk, debt-service coverage, location, and property condition. For commercial mortgage loans with significant credit deterioration, fair value is determined using the same adjustments as above with an additional adjustment for the Company’s estimate of the amount recoverable on the loan. Given the significant unobservable inputs to the valuation of commercial mortgage loans, these measurements are classified as Level 3.

The fair value of consumer loans is determined by discounting estimated cash flows and incorporating adjustments for prepayment, administration expenses, loss severity, liquidity and credit loss estimates, with discount rates based on the Company’s estimate of current market conditions. The fair value of consumer loans is classified as Level 3 as the valuation includes significant unobservable inputs.

Policy and Certificate Loans

Policy loans represent loans made against the cash surrender value of the underlying life insurance or annuity product. These loans and the related interest are usually realized at death of the policyholder or contractholder or at surrender of the contract and are not transferable without the underlying insurance or annuity contract. The fair value of policy loans is determined by estimating expected cash flows discounted at rates based on the U.S. Treasury curve. Policy loans are classified as Level 3 as the discount rate used may be adjusted for the underlying performance of individual policies.

Certificate loans represent loans made against and collateralized by the underlying certificate balance. These loans do not transfer to third parties separate from the underlying certificate. The outstanding balance of these loans is considered a reasonable estimate of fair value and is classified as Level 2.

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Receivables

Brokerage margin loans are measured at outstanding balances, which are a reasonable estimate of fair value because of the sufficiency of the collateral and short term nature of these loans. Margin loans that are sufficiently collateralized are classified as Level 2. Margin loans that are not sufficiently collateralized are classified as Level 3.

Securities borrowed require the Company to deposit cash or collateral with the lender. As the market value of the securities borrowed is monitored daily, the carrying value is a reasonable estimate of fair value. The fair value of securities borrowed is classified as Level 1 as the value of the underlying securities is based on unadjusted prices for identical assets.

Restricted and Segregated Cash

Restricted and segregated cash is generally set aside for specific business transactions and restrictions are specific to the Company and do not transfer to third party market participants; therefore, the carrying amount is a reasonable estimate of fair value.

Amounts segregated under federal and other regulations may also reflect resale agreements and are measured at the cost at which the securities will be sold. This measurement is a reasonable estimate of fair value because of the short time between entering into the transaction and its expected realization and the reduced risk of credit loss due to pledging U.S. government-backed securities as collateral.

The fair value of restricted and segregated cash is classified as Level 1.

Other Investments and Assets

Other investments and assets primarily consist of syndicated loans. The fair value of syndicated loans is obtained from a third party pricing service or non-binding broker quotes. Syndicated loans that are priced by multiple non-binding broker quotes are classified as Level 2 and loans priced using a single non-binding broker quote are classified as Level 3.

Other investments and assets also include the Company’s membership in the Federal Home Loan Bank of Des Moines and investments related to the Community Reinvestment Act. The fair value of these assets is approximated by the carrying value and classified as Level 3 due to restrictions on transfer and lack of liquidity in the primary market for these assets.

Policyholder Account Balances, Future Policy Benefits and Claims

The fair value of fixed annuities, in deferral status, is determined by discounting cash flows using a risk neutral discount rate with adjustments for profit margin, expense margin, early policy surrender behavior, a provision for adverse deviation from estimated early policy surrender behavior and the Company’s nonperformance risk specific to these liabilities. The fair value of other liabilities including non-life contingent fixed annuities in payout status, equity indexed annuity host contracts and the fixed portion of a small number of variable annuity contracts classified as investment contracts is determined in a similar manner. Given the use of significant unobservable inputs to these valuations, the measurements are classified as Level 3.

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AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Investment Certificate Reserves

The fair value of investment certificate reserves is determined by discounting cash flows using discount rates that reflect current pricing for assets with similar terms and characteristics, with adjustments for early withdrawal behavior, penalty fees, expense margin and the Company's nonperformance risk specific to these liabilities. Given the use of significant unobservable inputs to this valuation, the measurement is classified as Level 3.

Brokerage Customer Deposits

Brokerage customer deposits are liabilities with no defined maturities and fair value is the amount payable on demand at the reporting date. The fair value of these deposits is classified as Level 1.

Separate Account Liabilities

Certain separate account liabilities are classified as investment contracts and are carried at an amount equal to the related separate account assets. The NAV of the related separate account assets represents the exit price for the separate account liabilities. Separate account liabilities are classified as Level 2 as they are traded in principal-to-principal markets with little publicly released pricing information. A nonperformance adjustment is not included as the related separate account assets act as collateral for these liabilities and minimize nonperformance risk.

Debt and Other Liabilities

The fair value of long-term debt is based on quoted prices in active markets, when available. If quoted prices are not available, fair values are obtained from third party pricing services, broker quotes, or other model-based valuation techniques such as present value of cash flows. The fair value of long-term debt is classified as Level 2.

The fair value of short-term borrowings is obtained from a third party pricing service. A nonperformance adjustment is not included as collateral requirements for these borrowings minimize the nonperformance risk. The fair value of short-term borrowings is classified as Level 2.

The fair value of future funding commitments to affordable housing partnerships is determined by discounting cash flows. The fair value of these commitments is classified as Level 3 as the discount rate is adjusted.

Securities loaned require the borrower to deposit cash or collateral with the Company. As the market value of the securities loaned is monitored daily, the carrying value is a reasonable estimate of fair value. Securities loaned are classified as Level 1 as the fair value of the underlying securities is based on unadjusted prices for identical assets.

11. Offsetting Assets and Liabilities

Certain financial instruments and derivative instruments are eligible for offset in the Consolidated Balance Sheets under GAAP. The Company's derivative instruments, repurchase agreements and securities borrowing and lending agreements are subject to master netting arrangements and collateral arrangements and meet the GAAP guidance to qualify for offset. A master netting arrangement with a counterparty creates a right of offset for amounts due to and from that same counterparty that is enforceable in the event of a default or bankruptcy. Securities borrowed and loaned result from transactions between the Company's broker dealer subsidiary and other financial institutions and are

recorded at the amount of cash collateral advanced or received. The Company's policy is to recognize amounts subject to master netting arrangements on a gross basis on the Consolidated Balance Sheets.

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AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

The following tables present the gross and net information about the Company's assets subject to master netting arrangements:

	September 30, 2013						
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Consolidated Balance Sheets	Amounts of Assets Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets			
				Financial Instruments [1]	Cash Collateral	Securities Collateral	Net Amount
	(in millions)						
Derivatives:							
OTC	$3,030	$—	$3,030	$(2,875)	$(97)	$(35)	$23
OTC cleared	17	—	17	(13)	(4)	—	—
Exchange-traded	116	—	116	—	—	—	116
Total derivatives	3,163	—	3,163	(2,888)	(101)	(35)	139
Securities borrowed	95	—	95	(40)	(55)	—	—
Total	$3,258	$—	$3,258	$(2,928)	$(156)	$(35)	$139

	December 31, 2012						
	Gross Amounts of Recognized Assets	Gross Amounts Offset in the Consolidated Balance Sheets	Amounts of Assets Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets			
				Financial Instruments [1]	Cash Collateral	Securities Collateral	Net Amount
	(in millions)						
Derivatives:							
OTC	$3,527	$—	$3,527	$(2,706)	$(428)	$(355)	$38
Exchange-traded	96	—	96	—	—	—	96
Total derivatives	3,623	—	3,623	(2,706)	(428)	(355)	134
Securities borrowed	135	—	135	(67)	(68)	—	—
Total	$3,758	$—	$3,758	$(2,773)	$(496)	$(355)	$134

[1] Represents the amount of assets that could be offset by liabilities with the same counterparty under master netting or similar arrangements that management elects not to offset on the Consolidated Balance Sheets.

The following tables present the gross and net information about the Company's liabilities subject to master netting arrangements:

	September 30, 2013						
	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance	Amounts of Liabilities Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets			
				Financial Instruments [1]	Cash Collateral	Securities Collateral	Net Amount

	Sheets					
	(in millions)					
OTC derivatives	$3,962	$—	$3,962	$(2,875)	$—	$(1,070)	$17
OTC cleared derivatives	15	—	15	(13)	(2)	—	—
Total derivatives	3,977	—	3,977	(2,888)	(2)	(1,070)	17
Securities loaned	92	—	92	(40)	(52)	—	—
Repurchase agreements	150	—	150	—	—	(150)	—
Total	$4,219	$—	$4,219	$(2,928)	$(54)	$(1,220)	$17

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AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

	December 31, 2012						
	Gross Amounts of Recognized Liabilities	Gross Amounts Offset in the Consolidated Balance Sheets	Amounts of Liabilities Presented in the Consolidated Balance Sheets	Gross Amounts Not Offset in the Consolidated Balance Sheets			
				Financial Instruments [1]	Cash Collateral	Securities Collateral	Net Amount
	(in millions)						
OTC derivatives	$3,310	$—	$3,310	$(2,706)	$(67)	$(531)	$6
Securities loaned	145	—	145	(67)	(78)	—	—
Repurchase agreements	501	—	501	—	—	(501)	—
Total	$3,956	$—	$3,956	$(2,773)	$(145)	$(1,032)	$6

[1] Represents the amount of liabilities that could be offset by assets with the same counterparty under master netting or similar arrangements that management elects not to offset on the Consolidated Balance Sheets.

In the tables above, the amounts of assets or liabilities presented in the Consolidated Balance Sheets are offset first by financial instruments that have the right of offset under master netting or similar arrangements, then any remaining amount is reduced by the amount of cash and securities collateral. The actual amounts of collateral may be greater than amounts presented in the tables.

The Company's freestanding derivative instruments are reflected in other assets and other liabilities. Repurchase agreements are reflected in short-term borrowings. Securities borrowing and lending agreements are reflected in receivables and other liabilities, respectively. See Note 12 for additional disclosures related to the Company's derivative instruments, Note 9 for additional disclosures related to the Company's repurchase agreements and Note 3 for information related to derivatives held by consolidated investment entities.

12. Derivatives and Hedging Activities

Derivative instruments enable the Company to manage its exposure to various market risks. The value of such instruments is derived from an underlying variable or multiple variables, including equity, foreign exchange and interest rate indices or prices. The Company primarily enters into derivative agreements for risk management purposes related to the Company's products and operations.

The Company's freestanding derivatives are recorded at fair value and are reflected in other assets or other liabilities. The Company's freestanding derivative instruments are all subject to master netting arrangements. The Company's policy on the recognition of derivatives on the Consolidated Balance Sheets is to not offset fair value amounts recognized for derivatives and collateral arrangements executed with the same counterparty under the same master netting arrangement. See Note 11 for additional information regarding the estimated fair value of the Company's freestanding derivatives after considering the effect of master netting arrangements and collateral.

In April 2012, the Financial Stability Oversight Council approved the final rule and interpretive guidance that provides the framework it will follow to determine if a nonbank financial company is a Systemically Important Financial Institution. The framework includes a three-stage process to help narrow down the pool of nonbank financial companies for review and possible designation. Stage 1 criteria include having at least $50 billion in assets and meeting one of five additional quantitative measures. One of the five thresholds is $3.5 billion of derivative liabilities after considering the effects of master netting arrangements and cash collateral held with the same counterparty. The

Company believes that after the application of master netting arrangements and cash collateral, its net derivative liability is less than the threshold based on the Company's interpretation of the rule. See Note 11 for additional information related to the impacts of master netting arrangements and cash collateral on the Company's freestanding derivative liabilities.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

The Company uses derivatives as economic hedges and accounting hedges. The following table presents the balance sheet location and the gross fair value of derivative instruments, including embedded derivatives:

	Assets			Liabilities		
	Balance Sheet Location	September 30, 2013	December 31, 2012	Balance Sheet Location	September 30, 2013	December 31, 2012
		(in millions)			(in millions)	
Derivatives designated as hedging instruments						
Fair value hedges						
Fixed rate debt	Other assets	$117	$167	Other liabilities	$—	$—
Total qualifying hedges		117	167		—	—
Derivatives not designated as hedging instruments						
GMWB and GMAB						
Interest rate contracts	Other assets	1,525	2,191	Other liabilities	1,554	1,486
Equity contracts	Other assets	1,443	1,215	Other liabilities	2,360	1,792
Credit contracts	Other assets	—	—	Other liabilities	6	—
Foreign currency contracts	Other assets	2	6	Other liabilities	—	—
Embedded derivatives [1]	N/A	—	—	Policyholder account balances, future policy benefits and claims	(256) [2]	833
Total GMWB and GMAB		2,970	3,412		3,664	4,111
Other derivatives:						
Equity						
EIA embedded derivatives	N/A	—	—	Policyholder account balances, future policy benefits and claims	4	2
IUL	Other assets	19	6	Other liabilities	7	1
IUL embedded derivatives	N/A	—	—	Policyholder account balances, future policy benefits and claims	96	45
Stock market certificates	Other assets	56	37	Other liabilities	49	30
Stock market certificates embedded derivatives	N/A	—	—	Customer deposits	7	8
Foreign exchange						
Foreign currency	Other assets	1	—	Other liabilities	1	1
Commodity						
Seed money	Other assets	—	1	Other liabilities	—	—
Total other		76	44		164	87
Total non-designated hedges		3,046	3,456		3,828	4,198
Total derivatives		$3,163	$3,623		$3,828	$4,198

N/A Not applicable.

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

[2] The fair value of the GMWB and GMAB embedded derivatives was a net asset at September 30, 2013 and the amount is reported as a contra liability.

See Note 10 for additional information regarding the Company’s fair value measurement of derivative instruments.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

Derivatives Not Designated as Hedges

The following table presents a summary of the impact of derivatives not designated as hedging instruments on the Consolidated Statements of Operations:

Derivatives not designated as hedging instruments	Location of Gain (Loss) on Derivatives Recognized in Income	Amount of Gain (Loss) on Derivatives Recognized in Income			
		Three Months Ended September 30,		Nine Months Ended September 30,	
		2013	2012	2013	2012
		(in millions)			
GMWB and GMAB					
Interest rate contracts	Benefits, claims, losses and settlement expenses	$(63)	$(12)	$(575)	$91
Equity contracts	Benefits, claims, losses and settlement expenses	(319)	(402)	(799)	(909)
Credit contracts	Benefits, claims, losses and settlement expenses	(3)	—	5	(2)
Foreign currency contracts	Benefits, claims, losses and settlement expenses	8	(6)	15	(5)
Embedded derivatives [1]	Benefits, claims, losses and settlement expenses	267	264	1,089	443
Total GMWB and GMAB		(110)	(156)	(265)	(382)
Other derivatives:					
Interest					
Bank assets	Net investment income	—	(7)	—	(7)
Seed money	Net investment income	—	—	2	—
Equity					
IUL	Interest credited to fixed accounts	2	1	8	1
IUL embedded derivatives	Interest credited to fixed accounts	3	1	8	1
EIA	Interest credited to fixed accounts	1	—	2	1
EIA embedded derivatives	Interest credited to fixed accounts	—	—	(1)	—
Stock market certificates	Banking and deposit interest expense	1	2	5	6
Stock market certificates embedded derivatives	Banking and deposit interest expense	—	2	(4)	5
Seed money	Net investment income	(4)	(2)	(12)	(5)
Ameriprise Financial Franchise Advisor Deferred Compensation Plan	Distribution expenses	—	2	—	3
Deferred compensation	Distribution expenses	1	—	3	—
Deferred compensation	General and administrative expense	2	—	2	—
Foreign exchange					
Foreign currency	Net investment income	—	1	(3)	1
Commodity					
Seed money	Net investment income	—	(1)	1	(1)
Total other		6	(1)	11	5

Total derivatives	$(104)	$(157)	$(254)	$(377)

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

The Company holds derivative instruments that either do not qualify or are not designated for hedge accounting treatment. These derivative instruments are used as economic hedges of equity, interest rate, credit and foreign currency exchange rate risk related to various products and transactions of the Company.

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Certain annuity contracts contain GMWB or GMAB provisions, which guarantee the right to make limited partial withdrawals each contract year regardless of the volatility inherent in the underlying investments or guarantee a minimum accumulation value of consideration received at the beginning of the contract period, after a specified holding period, respectively. The Company economically hedges the exposure related to non-life contingent GMWB and GMAB provisions primarily using various futures, options, interest rate swaptions, interest rate swaps, total return swaps, variance swaps and credit default swaps. At September 30, 2013 and December 31, 2012, the gross notional amount of derivative contracts for the Company's GMWB and GMAB provisions was $145.9 billion and $142.1 billion, respectively.

The deferred premium associated with certain of the above options is paid or received semi-annually over the life of the option contract or at maturity. The following is a summary of the payments the Company is scheduled to make and receive for these options:

	Premiums Payable	Premiums Receivable
	(in millions)	
2013[(1)]	$104	$20
2014	347	58
2015	320	65
2016	289	49
2017	238	44
2018-2027	783	107

[(1)] 2013 amounts represent the amounts payable and receivable for the period from October 1, 2013 to December 31, 2013.

Actual timing and payment amounts may differ due to future contract settlements, modifications or exercises of options prior to the full premium being paid or received.

EIA, IUL and stock market certificate products have returns tied to the performance of equity markets. As a result of fluctuations in equity markets, the obligation incurred by the Company related to EIA, IUL and stock market certificate products will positively or negatively impact earnings over the life of these products. As a means of economically hedging its obligations under the provisions of these products, the Company enters into index options and futures contracts. The gross notional amount of these derivative contracts was $1.5 billion and $1.3 billion at September 30, 2013 and December 31, 2012, respectively.

The Company enters into forward contracts, futures and commodity swaps to manage its exposure to price risk arising from seed money investments in proprietary investment products. The gross notional amount of these contracts was $128 million and $146 million at September 30, 2013 and December 31, 2012, respectively.

The Company enters into foreign currency forward contracts to economically hedge its exposure to certain receivables and obligations denominated in non-functional currencies. The gross notional amount of these contracts was $34 million and $14 million at September 30, 2013 and December 31, 2012, respectively.

The Company enters into futures contracts to economically hedge its exposure related to deferred compensation plans. The gross notional amount of these contracts was $35 million and $5 million at September 30, 2013 and December 31, 2012, respectively.

Embedded Derivatives

Certain annuities contain GMAB and non-life contingent GMWB provisions, which are considered embedded derivatives. In addition, the equity component of the EIA, IUL and stock market certificate product obligations are also considered embedded derivatives. These embedded derivatives are bifurcated from their host contracts for valuation purposes and reported on the Consolidated Balance Sheets at fair value with changes in fair value reported in earnings. As discussed above, the Company uses derivatives to mitigate the financial statement impact of these embedded derivatives.

Cash Flow Hedges

The Company has designated and accounts for the following as cash flow hedges: (i) interest rate swaps to hedge interest rate exposure on debt, (ii) interest rate lock agreements to hedge interest rate exposure on debt issuances and (iii) swaptions used to hedge the risk of increasing interest rates on forecasted fixed premium product sales.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

During the nine months ended September 30, 2012, the Company reclassified from accumulated other comprehensive income into earnings a $3 million gain on an interest rate hedge put in place in anticipation of issuing debt. The gain was reclassified due to the forecasted transaction not occurring according to the original hedge strategy. For the three months and nine months ended September 30, 2013 and 2012, amounts recognized in earnings related to cash flow hedges due to ineffectiveness were not material. The estimated net amount of existing pretax losses as of September 30, 2013 that the Company expects to reclassify to earnings within the next twelve months is $1 million, which consists of $5 million of pretax gains to be recorded as a reduction to interest and debt expense and $6 million of pretax losses to be recorded in net investment income. The following tables present the impact of the effective portion of the Company's cash flow hedges on the Consolidated Statements of Operations and the Consolidated Statements of Equity:

	Amount of Gain Recognized in Other Comprehensive Income (Loss) on Derivatives			
	Three Months Ended September 30,		Nine Months Ended September 30,	
Derivatives designated as hedging instruments	2013	2012	2013	2012
	(in millions)			
Interest on debt	$—	$—	$—	$14

Location of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income into Income	Amount of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income into Income			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(in millions)			
Other revenues	$—	$—	$—	$3
Interest and debt expense	2	1	3	3
Net investment income	(3)	(2)	(4)	(5)
Total	$(1)	$(1)	$(1)	$1

Currently, the longest period of time over which the Company is hedging exposure to the variability in future cash flows is 22 years and relates to forecasted debt interest payments.

Fair Value Hedges

In 2010, the Company entered into and designated as fair value hedges three interest rate swaps to convert senior notes due 2015, 2019 and 2020 from fixed rate debt to floating rate debt. The swaps have identical terms as the underlying debt being hedged so no ineffectiveness is expected to be realized. The Company recognizes gains and losses on the derivatives and the related hedged items within interest and debt expense. The following table presents the amounts recognized in income related to fair value hedges:

		Amount of Gain Recognized in Income on Derivatives			
		Three Months Ended September 30,		Nine Months Ended September 30,	
Derivatives designated as hedging instruments	Location of Gain Recorded into Income	2013	2012	2013	2012
		(in millions)			
Fixed rate debt	Interest and debt expense	$20	$9	$30	$28

Credit Risk

Credit risk associated with the Company’s derivatives is the risk that a derivative counterparty will not perform in accordance with the terms of the applicable derivative contract. To mitigate such risk, the Company has established guidelines and oversight of credit risk through a comprehensive enterprise risk management program that includes members of senior management. Key components of this program are to require preapproval of counterparties and the use of master netting arrangements and collateral arrangements whenever practical. See Note 11 for additional information on the Company’s credit exposure related to derivative assets.

Certain of the Company’s derivative contracts contain provisions that adjust the level of collateral the Company is required to post based on the Company’s debt rating (or based on the financial strength of the Company’s life insurance subsidiaries for contracts in which

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those subsidiaries are the counterparty). Additionally, certain of the Company's derivative contracts contain provisions that allow the counterparty to terminate the contract if the Company's debt does not maintain a specific credit rating (generally an investment grade rating) or the Company's life insurance subsidiary does not maintain a specific financial strength rating. If these termination provisions were to be triggered, the Company's counterparty could require immediate settlement of any net liability position. At September 30, 2013 and December 31, 2012, the aggregate fair value of derivative contracts in a net liability position containing such credit contingent provisions was $690 million and $364 million, respectively. The aggregate fair value of assets posted as collateral for such instruments as of September 30, 2013 and December 31, 2012 was $674 million and $360 million, respectively. If the credit contingent provisions of derivative contracts in a net liability position at September 30, 2013 and December 31, 2012 were triggered, the aggregate fair value of additional assets that would be required to be posted as collateral or needed to settle the instruments immediately would have been $16 million and $4 million, respectively.

13. Shareholders' Equity

The following table provides information related to amounts reclassified from AOCI:

AOCI Reclassification	Location of Loss (Gain) Recognized in Income	Amount Reclassified from AOCI Three Months Ended September 30, 2013	Nine Months Ended September 30, 2013
		(in millions)	
Net unrealized gains on Available-for-Sale securities	Net investment income	$(7)	$(7)
Tax expense	Income tax provision	2	2
Net of tax		$(5)	$(5)
Losses (gains) on cash flow hedges:			
Interest rate contracts	Interest and debt expense	$(2)	$(3)
Swaptions	Net investment income	3	4
Total before tax		1	1
Tax benefit	Income tax provision	—	—
Net of tax		$1	$1

The Company made adjustments to AOCI for the impact to DAC, DSIC, benefit reserves and reinsurance recoverable on net unrealized securities gains of $18 million and $283 million, net of tax, for the three months and nine months ended September 30, 2013, respectively. See Note 4 for additional information related to the impact of DAC, DSIC, benefit reserves and reinsurance recoverable on net unrealized securities gains/losses included in AOCI. See Note 12 for additional information regarding the Company's cash flow hedges.

During the nine months ended September 30, 2013 and 2012, the Company repurchased a total of 14.3 million shares and 18.7 million shares, respectively, of its common stock for an aggregate cost of $1.1 billion and $990 million, respectively. As of September 30, 2013, the Company had $1.0 billion remaining under its share repurchase authorization.

The Company may also reacquire shares of its common stock under its share-based compensation plans related to restricted stock awards and certain option exercises. The holders of restricted shares may elect to surrender a portion

of their shares on the vesting date to cover their income tax obligation. These vested restricted shares are reacquired by the Company and the Company's payment of the holders' income tax obligations are recorded as a treasury share purchase. For the nine months ended September 30, 2013 and 2012, the Company reacquired 0.4 million and 0.3 million shares, respectively, of its common stock through the surrender of shares upon vesting and paid in the aggregate $26 million and $18 million, respectively, related to the holders' income tax obligations on the vesting date. Beginning in 2013, option holders may elect to net settle their vested awards resulting in the surrender of the number of shares required to cover the strike price and tax obligation of the options exercised. These shares are reacquired by the Company and recorded as treasury shares. For the nine months ended September 30, 2013, the Company reacquired 2.7 million shares of its common stock through the net settlement of options for an aggregate value of $203 million, of which $130 million related to the strike price and $73 million related to the holders' income tax obligation.

During the nine months ended September 30, 2013 and 2012, the Company reissued 1.9 million and 1.8 million treasury shares, respectively, for restricted stock award grants and issuance of shares vested under the Ameriprise Financial Franchise Advisor Deferred Compensation Plan.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

14. Income Taxes

The Company's effective tax rate on income from continuing operations was 25.5% and 23.8% for the three months ended September 30, 2013 and 2012, respectively. The Company's effective tax rate on income from continuing operations was 26.4% and 30.3% for the nine months ended September 30, 2013 and 2012, respectively. The Company's effective tax rates for the three months and nine months ended September 30, 2013 are lower than the statutory rate as a result of tax preferred items including the dividends received deduction, foreign tax credits and low income housing credits. The decrease in the effective tax rate for the nine months ended September 30, 2013 compared to the nine months ended September 30, 2012 is primarily the result of a $32 million correction of tax related to securities lending activities in 2012.

Included in the Company's deferred income tax assets are tax benefits related to state net operating losses of $38 million which will expire beginning December 31, 2014.

The Company is required to establish a valuation allowance for any portion of the deferred tax assets that management believes will not be realized. Included in deferred tax assets is a significant deferred tax asset relating to capital losses that have been recognized for financial statement purposes but not yet for tax return purposes. Under current U.S. federal income tax law, capital losses generally must be used against capital gain income within five years of the year in which the capital losses are recognized for tax purposes. Significant judgment is required in determining if a valuation allowance should be established, and the amount of such allowance if required. Factors used in making this determination include estimates relating to the performance of the business including the ability to generate capital gains. Consideration is given to, among other things in making this determination, (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. Based on analysis of the Company's tax position, management believes it is more likely than not that the Company will not realize the full benefit of certain state net operating losses and therefore a valuation allowance has been established. The valuation allowance was $16 million at both September 30, 2013 and December 31, 2012.

As of September 30, 2013 and December 31, 2012, the Company had $181 million and $116 million, respectively, of gross unrecognized tax benefits. If recognized, approximately $55 million and $38 million, net of federal tax benefits, of unrecognized tax benefits would affect the effective tax rate as of September 30, 2013 and December 31, 2012, respectively.

It is reasonably possible that the total amounts of unrecognized tax benefits will change in the next 12 months. Based on the current audit position of the Company, it is estimated that the total amount of gross unrecognized tax benefits may decrease by $143 million in the next 12 months.

The Company recognizes interest and penalties related to unrecognized tax benefits as a component of the income tax provision. The Company recognized a net increase of $2 million and $4 million in interest and penalties for the three months and nine months ended September 30, 2013, respectively. The Company recognized a net increase of nil and a net reduction of $4 million in interest and penalties for the three months and nine months ended September 30, 2012, respectively. At September 30, 2013 and December 31, 2012, the Company had a payable of $40 million and $36 million, respectively, related to accrued interest and penalties.

The Company or one or more of its subsidiaries files income tax returns in the U.S. federal jurisdiction, and various state and foreign jurisdictions. The Internal Revenue Service ("IRS") has completed its field examination of the 1997

through 2007 tax returns. However, for federal income tax purposes, these years, except for 2007, continue to remain open as a consequence of certain unagreed-upon issues. The IRS is in the process of completing the audit of the Company's U.S. income tax returns for 2008 and 2009 and began auditing the Company's U.S. income tax returns for 2010 and 2011 in the fourth quarter of 2012. The Company's or certain of its subsidiaries' state income tax returns are currently under examination by various jurisdictions for years ranging from 1997 through 2008 and remain open for all years after 2008. The Company filed its 2012 tax return in the third quarter of 2013, but the IRS has not yet begun its examination of 2012.

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AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

15. Guarantees and Contingencies

Guarantees

The Company is required by law to be a member of the guaranty fund association in every state where it is licensed to do business. In the event of insolvency of one or more unaffiliated insurance companies, the Company could be adversely affected by the requirement to pay assessments to the guaranty fund associations. Uncertainty and volatility in the U.S. economy and financial markets in recent years have weakened the financial condition of numerous insurers, including insurers currently in receiverships, increasing the risk of triggering guaranty fund assessments.

The Company projects its cost of future guaranty fund assessments based on estimates of insurance company insolvencies provided by the National Organization of Life and Health Insurance Guaranty Associations ("NOLHGA") and the amount of its premiums written relative to the industry-wide premium in each state. The Company accrues the estimated cost of future guaranty fund assessments when it is considered probable that an assessment will be imposed, the event obligating the Company to pay the assessment has occurred and the amount of the assessment can be reasonably estimated.

Executive Life Insurance Company of New York ("ELNY") was placed into rehabilitation by a New York state court in 1991. On April 16, 2012, the court issued an order converting the rehabilitation into a liquidation proceeding under a plan submitted by the New York insurance regulator with support from NOLHGA and the industry. Closing under the liquidation plan took place in August 2013.

During the second quarter of 2012, the Company established a liability for estimated guaranty fund assessments and a related premium tax asset, primarily associated with ELNY. At September 30, 2013 and December 31, 2012, the estimated liability was $18 million and $26 million, respectively, and the related premium tax asset was $15 million and $19 million, respectively. The Company has recently received assessments related to ELNY from some of the state guaranty fund associations, however the expected period over which all of the assessments will be made and the related tax credits recovered is not known.

Contingencies

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, the Financial Industry Regulatory Authority, the Office of the Comptroller of the Currency, the UK Financial Conduct Authority, 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 and distribution of, or disclosures pertaining to, mutual funds, annuities, equity and fixed income securities; real estate investment trusts; insurance products; brokerage services and financial advice offerings; front office systems and controls at the Company's UK subsidiary; supervision of the Company's financial advisors; 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 and a multistate examination) 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, it is inherently difficult to determine whether any loss is probable or even possible, or to reasonably estimate the amount of any loss. The Company cannot predict with certainty if, how or when such proceedings will be resolved or what the eventual settlement, fine, penalty or other relief, if any, may be, particularly for proceedings that are in their early stages of development or where plaintiffs seek indeterminate damages. Numerous issues may need to be resolved, including through potentially lengthy discovery and determination of important factual

matters, and by addressing unsettled legal questions relevant to the proceedings in question, before a loss or range of loss can be reasonably estimated for any proceeding. An adverse outcome in one or more of these proceedings could eventually 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.

In accordance with applicable accounting standards, the Company establishes an accrued liability for contingent litigation and regulatory matters when those matters present loss contingencies that are both probable and can be reasonably estimated. In such cases, there still may be an exposure to loss in excess of any amounts reasonably estimated and accrued. When a loss contingency is not both probable and estimable, the Company does not establish an accrued liability, but continues to monitor, in conjunction with any outside counsel handling a matter, further developments that would make such loss contingency both probable and reasonably estimable. Once the Company establishes an accrued liability with respect to a loss contingency, the Company continues to monitor the matter for further developments that could affect the amount of the accrued liability that has been previously established, and any appropriate adjustments are made each quarter.

Certain legal and regulatory proceedings are described below.

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 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. Plaintiffs filed an amended complaint on February 7, 2012. On April 11, 2012, the Company filed its motion to dismiss the Amended Complaint, which was denied on November 20, 2012. The parties are engaged in discovery. On July 3, 2013, the Company moved for summary judgment on statute of limitations grounds. The hearing on the motion was heard on August 14, 2013, and the parties are awaiting a decision by the Court. A hearing on class certification is scheduled for December 9, 2013, and the trial is currently scheduled for January 1, 2015. The Company cannot reasonably estimate the range of loss, if any, that may result from this matter due to the early procedural status of the case, the absence of class certification, the lack of a formal demand on the Company by the plaintiffs and plaintiffs' failure to allege any specific, evidence-based damages.

In October 2012, a putative class action lawsuit entitled Jeffers vs. Ameriprise Financial Services, et al. was filed against the Company in the United States District Court for the Northern District of Illinois relating to its sales of the Inland Western (now known as Retail Properties of America, Inc. ("RPAI")) REIT. The action also names as defendants RPAI, several of RPAI's executives, and several members of RPAI's board. The action alleges that the Company failed to perform required due diligence and misrepresented various aspects of the REIT including fees charged to clients, risks associated with the product, and valuation of the shares on client account statements. Plaintiffs seek unspecified damages. The Company was served in December 2012, and, on April 19, 2013, moved to dismiss the complaint. The motion has been fully briefed and submitted to the Court for review and decision. The Company cannot reasonably estimate the range of loss, if any, that may result from this matter due to the early procedural status of the case, the absence of class certification, the lack of a formal demand on the Company by the plaintiffs and plaintiffs' failure to

allege any specific, evidence-based damages.

In November 2012, a lawsuit entitled Versata Software, Inc., f/k/a Trilogy Software, Inc., et al. ("Versata") v. Ameriprise Financial, Inc., Ameriprise Financial Services, Inc. & American Enterprise Investment Services, Inc. was filed in the District Court of Travis County, Texas relating to the Company's licensing and use of software owned by Versata that the Company uses to manage registration, licensing and compensation, among other things. The lawsuit alleges the Company violated the terms of the license agreement by allowing an impermissible third-party contractor to decompile Versata's software code, and failing to have the third-party contractor execute individual non-disclosure agreements. The relief requested is for the Company to return the software and unspecified damages. The lawsuit is subject to indemnification by the third-party contractor. On April 16, 2013, Ameriprise Financial, Inc. filed counterclaims asserting as causes of action breach of contract, breach of warranty, breach of escrow agreement, constructive trust and declaratory judgment. The relief requested against Versata is delivery and free use by the Company of the Versata source code and unspecified damages. The matter is in the discovery stage, and trial has been set for February 24, 2014. The Company cannot reasonably estimate the range of loss, if any, that may result from this matter due to the procedural status of the case.

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AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

16. Earnings per Share Attributable to Ameriprise Financial, Inc. Common Shareholders

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(in millions, except per share amounts)			
Numerator:				
Income from continuing operations	$448	$152	$1,096	$572
Less: Net income (loss) attributable to noncontrolling interests	67	(22)	57	(71)
Income from continuing operations attributable to Ameriprise Financial	381	174	1,039	643
Income (loss) from discontinued operations, net of tax	1	(1)	(1)	(3)
Net income attributable to Ameriprise Financial	$382	$173	$1,038	$640
Denominator:				
Basic: Weighted-average common shares outstanding	201.3	215.0	204.8	221.3
Effect of potentially dilutive nonqualified stock options and other share-based awards	3.8	4.1	3.9	4.1
Diluted: Weighted-average common shares outstanding	205.1	219.1	208.7	225.4
Earnings per share attributable to Ameriprise Financial, Inc. common shareholders:				
Basic:				
Income from continuing operations	$1.90	$0.81	$5.07	$2.91
Loss from discontinued operations	—	(0.01)	—	(0.02)
Net income	$1.90	$0.80	$5.07	$2.89
Diluted:				
Income from continuing operations	$1.86	$0.79	$4.97	$2.85
Loss from discontinued operations	—	—	—	(0.01)
Net income	$1.86	$0.79	$4.97	$2.84

For the nine months ended September 30, 2013 and 2012, the dilutive effect of nonqualified stock options and other share based-awards excludes nil and 3.3 million options, respectively, from the computation of earnings per share attributable to Ameriprise Financial, Inc. common shareholders. The inclusion of the options would have been anti-dilutive.

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AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

17. Segment Information

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

Management uses segment operating measures in goal setting, as a basis for determining employee compensation and in evaluating performance on a basis comparable to that used by some securities analysts and investors. Consistent with GAAP accounting guidance for segment reporting, operating earnings is the Company's measure of segment performance. Operating earnings should not be viewed as a substitute for GAAP income from continuing operations before income tax provision. The Company believes the presentation of segment operating earnings as the Company measures it for management purposes enhances the understanding of its business by reflecting the underlying performance of its core operations and facilitating a more meaningful trend analysis.

The accounting policies of the segments are the same as those of the Company, except for operating adjustments defined below, the method of capital allocation, the accounting for gains (losses) from intercompany revenues and expenses and not providing for income taxes on a segment basis.

Operating earnings is defined as operating net revenues less operating expenses. Operating net revenues and operating expenses exclude the results of discontinued operations, the market impact on IUL benefits (net of hedges and the related DAC amortization, unearned revenue amortization, and the reinsurance accrual), integration and restructuring charges and the impact of consolidating investment entities. Operating net revenues also exclude net realized gains or losses. Operating expenses also exclude the market impact on variable annuity guaranteed living benefits (net of hedges and the related DSIC and DAC amortization). The market impact on variable annuity guaranteed living benefits and IUL benefits includes changes in liability values caused by changes in financial market conditions, net of changes in associated economic hedge values. The market impact also includes certain valuation adjustments made in accordance with FASB Accounting Standards Codification 820, Fair Value Measurements and Disclosures, including the impact on liability values of discounting projected benefits to reflect a current estimate of the Company's life insurance subsidiary's nonperformance spread. Integration and restructuring charges primarily relate to the Company's acquisition of the long-term asset management business of Columbia Management Group on April 30, 2010. The costs include system integration costs, proxy and other regulatory filing costs, employee reduction and retention costs and investment banking, legal and other acquisition costs. Beginning in the second quarter of 2012, integration and restructuring charges also include expenses related to the Company's transition of its federal savings bank subsidiary, Ameriprise Bank, FSB, to a limited powers national trust bank.

The following tables summarize selected financial information by segment and reconcile segment totals to those reported on the consolidated financial statements:

	September 30, 2013	December 31, 2012
	(in millions)	
Advice & Wealth Management	$9,177	$8,962
Asset Management	7,124	6,267
Annuities	95,330	91,587
Protection	18,905	19,065
Corporate & Other	9,672	8,848
Total assets	$140,208	$134,729

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AMERIPRISE FINANCIAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (continued)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(in millions)			
Operating net revenues:				
Advice & Wealth Management	$1,074	$961	$3,168	$2,868
Asset Management	777	733	2,345	2,151
Annuities	654	632	1,925	1,888
Protection	536	496	1,625	1,546
Corporate & Other	(5)	5	(12)	20
Eliminations[1] [2]	(341)	(310)	(1,010)	(927)
Total segment operating revenues	2,695	2,517	8,041	7,546
Net realized gains (losses)	6	(68)	7	(75)
Revenues of CIEs	114	27	208	80
Market impact on IUL benefits, net	(2)	—	(3)	—
Integration and restructuring charges	—	(8)	—	(8)
Total net revenues per consolidated statements of operations	$2,813	$2,468	$8,253	$7,543

[1] Represents the elimination of intersegment revenues recognized for the three months ended September 30, 2013 and 2012 in each segment as follows: Advice & Wealth Management ($243 and $219, respectively); Asset Management ($10 and $10, respectively); Annuities ($77 and $71, respectively); Protection ($10 and $10, respectively); and Corporate & Other ($1 and nil, respectively).

[2] Represents the elimination of intersegment revenues recognized for the nine months ended September 30, 2013 and 2012 in each segment as follows: Advice & Wealth Management ($723 and $666, respectively); Asset Management ($29 and $32, respectively); Annuities ($226 and $200, respectively); Protection ($30 and $28, respectively); and Corporate & Other ($2 and $1, respectively).

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(in millions)			
Operating earnings:				
Advice & Wealth Management	$153	$119	$436	$324
Asset Management	178	155	521	416
Annuities	219	91	499	396
Protection	75	89	283	305
Corporate & Other	(73)	(57)	(239)	(189)
Total segment operating earnings	552	397	1,500	1,252
Net realized gains (losses)	6	(68)	7	(75)
Net income (loss) attributable to noncontrolling interests	67	(22)	57	(71)
Market impact on variable annuity living benefits, net	(21)	(91)	(66)	(220)
Market impact on IUL benefits, net	(2)	—	(4)	—
Integration and restructuring charges	—	(17)	(3)	(66)
Income from continuing operations before income tax provision per consolidated statements of operations	$602	$199	$1,491	$820

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ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our consolidated financial condition and results of operations should be read in conjunction with the "Forward-Looking Statements" that follow and our Consolidated Financial Statements and Notes presented in Item 1. Our Management's Discussion and Analysis should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2012, filed with the Securities and Exchange Commission ("SEC") on February 27, 2013 ("2012 10-K"), as well as our current reports on Form 8-K and other publicly available information. Certain reclassifications of prior year amounts have been made to conform to the current presentation. References below to "Ameriprise Financial," "Ameriprise," 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

Ameriprise Financial is a diversified financial services company with a 118 year history of providing financial solutions. We offer a broad range of products and services designed to achieve the financial objectives of individual and institutional clients. We are America's leader in financial planning and a leading global financial institution with more than $734 billion in assets under management and administration as of September 30, 2013.

Our strategy is centered on helping our clients confidently achieve their goals by providing advice and managing their assets and protecting their assets and income. We utilize two go-to-market approaches in carrying out this strategy: Wealth Management and Asset Management.

Our wealth management capabilities are centered on the long-term, personal relationships between our clients and our financial advisors and registered representatives (our "advisors"). Through our advisors, 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 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 advisors include both our own products and services and the products of other companies. Our advisor network is the primary channel through which we offer our affiliated insurance and annuity products and services.

Our network of more than 9,700 advisors is the primary means through which we engage in our wealth management activities. We offer our advisors training, tools, leadership, marketing programs and other field and centralized support to assist them in delivering advice and product solutions. We believe that our nationally recognized brand and practice vision, local marketing support, integrated operating platform and comprehensive set of products and solutions constitute a compelling value proposition for financial advisors, as evidenced by our strong advisor retention rate and our ability to attract and retain experienced and productive advisors. We have and will continue to invest in and develop capabilities and tools designed to maximize advisor productivity and client satisfaction.

We are in a strong position to capitalize on significant demographic and market trends driving increased demand for financial advice and solutions. In the U.S., the ongoing transition of baby boomers into retirement, as well as recent economic and financial market crises, continues to drive demand for financial advice and solutions. In addition, the amount of investable assets held by mass affluent and affluent households, our target market, have grown and accounts for over half of U.S. investable assets. We believe our differentiated financial planning model, broad range of products and solutions, as well as our demonstrated financial strength in the face of persistent economic headwinds, will help us capitalize on these trends.

Our asset management capabilities are global in scale, with Columbia Management Investment Advisers, LLC ("Columbia" or "Columbia Management") as the primary provider of U.S. products and services and Threadneedle Asset Management Holdings Sàrl ("Threadneedle") as the primary provider of products and services outside of the U.S. We offer a broad spectrum of investment advice and products to individual, institutional and high-net worth investors. These investment products are primarily provided through third parties, though we also provide our asset management products through our advisor channel. Our underlying asset management philosophy is based on delivering consistently strong and competitive investment performance. The quality and breadth of our asset management capabilities are demonstrated by 120 of our mutual funds, including 51 Columbia Management funds and 69 Threadneedle funds, being rated as four- and five-star funds by Morningstar.

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We are positioned to continue to grow our assets under management and to strengthen our asset management offerings to existing and new clients. Our asset management capabilities are well positioned to address mature markets in the U.S. and Europe. We also have the capability to leverage existing strengths to effectively expand into new global and emerging markets, to which investors are increasingly looking as a source of growth and income. In the past few years, we have expanded beyond our traditional strengths in the U.S. and U.K. to gather assets in Continental Europe, Asia, Australia, the Middle East and Africa. In addition, we expect to leverage the collective investment and distribution capabilities of Columbia and Threadneedle to develop new solutions designed to manage an increasingly complex and volatile marketplace.

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

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

Our 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.

Financial markets and macroeconomic conditions have had and will continue to have a significant impact on our operating and performance results. The economy continues to show positive but slow growth and conflict over U.S. budgetary policy persists. The full effect of these factors on client confidence and activity continues to create uncertainty. In addition, the business and regulatory environment in which we operate remains subject to elevated uncertainty and change. To succeed, we expect to continue focusing on our key strategic objectives. The success of these and other strategies may be affected by the factors discussed in "Item 1A Risk Factors" in our 2012 10-K and other factors as discussed herein.

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 fixed annuities, fixed insurance, deposit products and the fixed portion of variable annuities and variable insurance contracts, 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.

Earnings, as well as operating earnings, will continue to be negatively impacted by the ongoing low interest rate environment. In addition to continuing spread compression in our interest sensitive product lines, a sustained low interest rate environment may result in increases to our reserves and changes in various rate assumptions we use to amortize DAC and DSIC, which may negatively impact our operating earnings. For additional discussion on our interest rate risk, see Item 3. "Quantitative and Qualitative Disclosures About Market Risk."

In the third quarter of the year, we conduct our annual review of insurance and annuity valuation assumptions relative to current experience and management expectations. To the extent that expectations change as a result of this review, we update valuation assumptions and the impact is reflected as part of our annual review of life insurance and annuity valuation assumptions and modeling changes ("unlocking"). The unlocking impact in the third quarter of 2013 primarily

reflected the impact of expected higher interest rates and changes in assumed policyholder behavior. See our Consolidated and Segment Results of Operations sections below for the pretax impacts on our revenues and expenses attributable to unlocking and additional discussion of the drivers of the unlocking impact.

In January 2013, we completed the conversion of our federal savings bank subsidiary, Ameriprise Bank, FSB, to a limited powers national trust bank, which conversion included changing the name of this subsidiary to Ameriprise National Trust Bank (references herein to “Ameriprise Bank” pertain to this same subsidiary whether before or after its conversion). In connection with this conversion, deposit-taking and credit-originating activities of Ameriprise Bank were terminated. In addition, Ameriprise Financial was deregistered by the Federal Reserve as a savings and loan holding company and will no longer be subject to supervision and regulation as such. We will continue to make available to our clients certain deposit and credit products via referral arrangements with respected third party financial institutions. The transition released approximately $375 million of

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formerly required capital, which we have been using to repurchase shares during 2013. We estimate that the transition will reduce our annual earnings by approximately $60 million in 2013. At the enterprise level, we anticipate that the earnings per share impact will be neutralized by the end of 2013, as we redeploy the excess capital to shareholders through share repurchases.

We consolidate certain collateralized debt obligations ("CDOs") and other investment products (collectively, "investment entities") for which we provide asset management services to and sponsor for the investment of client assets in the normal course of business. These entities are defined as consolidated investment entities ("CIEs"). For further information on CIEs, see Note 3 to our Consolidated Financial Statements. 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.

While our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), management believes that operating measures, which exclude net realized gains or losses; the market impact on variable annuity guaranteed living benefits, net of hedges and the related DSIC and DAC amortization; the market impact on indexed universal life benefits, net of hedges and the related DAC amortization, unearned revenue amortization and the reinsurance accrual; 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. 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. 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.

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 15% to 18%.

The following tables reconcile our GAAP measures to operating measures:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
	(in millions)			
Total net revenues	$2,813	$2,468	$8,253	$7,543
Less: Revenue attributable to CIEs	114	27	208	80
Less: Net realized gains (losses)	6	(68)	7	(75)
Less: Market impact on indexed universal life benefits	(2)	—	(3)	—
Less: Integration/restructuring charges	—	(8)	—	(8)
Operating total net revenues	$2,695	$2,517	$8,041	$7,546

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	Three Months Ended September 30,		Per Diluted Share Three Months Ended September 30,	
	2013	2012	2013	2012
	(in millions, except per share amounts)			
Net income	$449	$151		
Less: Net income (loss) attributable to noncontrolling interests	67	(22)		
Net income attributable to Ameriprise Financial	382	173	$1.86	$0.79
Less: Income (loss) from discontinued operations, net of tax	1	(1)	—	—
Net income from continuing operations attributable to Ameriprise Financial	381	174	1.86	0.79
Add: Integration/restructuring charges, net of tax [1]	—	11	—	0.05
Add: Market impact on variable annuity guaranteed living benefits, net of tax [1]	13	60	0.06	0.28
Add: Market impact on indexed universal life benefits, net of tax [1]	2	—	0.01	—
Less: Net realized gains (losses), net of tax [1]	4	(44)	0.02	(0.20)
Operating earnings	$392	$289	$1.91	$1.32
Weighted average common shares outstanding:				
Basic	201.3	215.0		
Diluted	205.1	219.1		

[1] Calculated using the statutory tax rate of 35%.

	Nine Months Ended September 30,		Per Diluted Share Nine Months Ended September 30,	
	2013	2012	2013	2012
	(in millions, except per share amounts)			
Net income	$1,095	$569		
Less: Net income (loss) attributable to noncontrolling interests	57	(71)		
Net income attributable to Ameriprise Financial	1,038	640	$4.97	$2.84
Less: Loss from discontinued operations, net of tax	(1)	(3)	—	(0.01)
Net income from continuing operations attributable to Ameriprise Financial	1,039	643	4.97	2.85
Add: Integration/restructuring charges, net of tax [1]	2	43	0.01	0.19
Add: Market impact on variable annuity guaranteed living benefits, net of tax [1]	43	143	0.21	0.64
Add: Market impact on indexed universal life benefits, net of tax [1]	3	—	0.01	—
Less: Net realized gains (losses), net of tax [1]	5	(49)	0.02	(0.22)
Operating earnings	$1,082	$878	$5.18	$3.90
Weighted average common shares outstanding:				
Basic	204.8	221.3		
Diluted	208.7	225.4		

[1] Calculated using the statutory tax rate of 35%.

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The following table reconciles the trailing twelve months' sum of net income attributable to Ameriprise Financial to operating earnings and the five-point average of quarter-end equity to operating equity:

	Twelve Months Ended September 30,	
	2013	2012
	(in millions)	
Net income attributable to Ameriprise Financial	$1,427	$876
Less: Income from discontinued operations, net of tax	—	10
Net income from continuing operations attributable to Ameriprise Financial	1,427	866
Less: Adjustments [1]	(22)	(320)
Operating earnings	$1,449	$1,186
Total Ameriprise Financial, Inc. shareholders' equity	$8,775	$9,057
Less: Assets and liabilities held for sale	—	21
Less: Accumulated other comprehensive income, net of tax	955	912
Total Ameriprise Financial, Inc. shareholders' equity from continuing operations, excluding AOCI	7,820	8,124
Less: Equity impacts attributable to CIEs	344	406
Operating equity	$7,476	$7,718
Return on equity from continuing operations, excluding AOCI	18.2%	10.7%
Operating return on equity, excluding AOCI [2]	19.4%	15.4%

[1] Adjustments reflect the trailing twelve months' sum of after-tax net realized gains/losses; the market impact on variable annuity guaranteed living benefits, net of hedges and related DSIC and DAC amortization; the market impact on indexed universal life benefits, net of hedges and the related DAC amortization, unearned revenue amortization, and the reinsurance accrual; and integration and restructuring charges. After-tax is calculated using the statutory tax rate of 35%.

[2] Operating return on equity, excluding accumulated other comprehensive income ("AOCI"), is calculated using the trailing twelve months of earnings excluding the after-tax net realized gains/losses; market impact on variable annuity guaranteed living benefits, net of hedges and related DSIC and DAC amortization; the market impact on indexed universal benefits, net of hedges and the related DAC amortization, unearned revenue amortization, and the reinsurance accrual; integration and restructuring charges; and discontinued operations in the numerator, and Ameriprise Financial shareholders' equity, excluding AOCI; the impact of consolidating investment entities; and the assets and liabilities held for sale using a five-point average of quarter-end equity in the denominator.

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. These accounting policies are discussed in detail in "Management's Discussion and Analysis — Critical Accounting Policies" in our 2012 10-K.

Deferred Acquisition Costs and Deferred Sales Inducement Costs

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	$(47)
Decrease in future near-term equity fund growth returns by 100 basis points	$(36)
Decrease in future long-term equity fund growth returns by 100 basis points	(27)
Decrease in future near and long-term equity fund growth returns by 100 basis points	$(63)

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

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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.

Assets Under Management and Administration

Assets under management ("AUM") include external client 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 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 and the variable product funds held in the 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. Corporate & Other AUM primarily includes former bank assets that are managed within our Corporate & Other segment.

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 revenues 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:

	September 30, 2013	2012	Change		
	(in billions)				
Assets Under Management and Administration					
Advice & Wealth Management AUM	$144.5	$121.7	$22.8	19	%
Asset Management AUM	479.3	460.9	18.4	4	
Corporate & Other AUM	1.0	—	1.0	NM	
Eliminations	(19.7)	(18.1)	(1.6)	(9)	
Total Assets Under Management	605.1	564.5	40.6	7	
Total Assets Under Administration	129.8	114.0	15.8	14	
Total AUM and AUA	$734.9	$678.5	$56.4	8	%

Total AUM increased $40.6 billion, or 7%, to $605.1 billion as of September 30, 2013 compared to $564.5 billion as September 30, 2012 due to a $22.8 billion increase in Advice & Wealth Management AUM driven by wrap account net inflows and market appreciation and an $18.4 billion increase in Asset Management AUM driven by market appreciation, partially offset by net outflows. See our segment results of operations discussion below for additional information on changes in our AUM.

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Consolidated Results of Operations for the Three Months Ended September 30, 2013 and 2012

The following table presents our consolidated results of operations:

	Three Months Ended September 30,				
	2013	2012	Change		
	(in millions)				
Revenues					
Management and financial advice fees	$1,318	$1,191	$127	11	%
Distribution fees	441	391	50	13	
Net investment income	491	427	64	15	
Premiums	324	309	15	5	
Other revenues	247	161	86	53	
Total revenues	2,821	2,479	342	14	
Banking and deposit interest expense	8	11	(3)	(27)	
Total net revenues	2,813	2,468	345	14	
Expenses					
Distribution expenses	757	667	90	13	
Interest credited to fixed accounts	204	207	(3)	(1)	
Benefits, claims, losses and settlement expenses	492	542	(50)	(9)	
Amortization of deferred acquisition costs	(14)	67	(81)	NM	
Interest and debt expense	68	68	—	—	
General and administrative expense	704	718	(14)	(2)	
Total expenses	2,211	2,269	(58)	(3)	%
Income from continuing operations before income tax provision	602	199	403	NM	
Income tax provision	154	47	107	NM	
Income from continuing operations	448	152	296	NM	
Income (loss) from discontinued operations, net of tax	1	(1)	2	NM	
Net income	449	151	298	NM	
Less: Net income (loss) attributable to noncontrolling interests	67	(22)	89	NM	
Net income attributable to Ameriprise Financial	$382	$173	$209	NM	

NM Not Meaningful.

Overall

Income from continuing operations before income tax provision increased $403 million to $602 million for the three months ended September 30, 2013 compared to $199 million for the prior year period primarily reflecting the impact of unlocking, the impact of market appreciation and wrap account net inflows, the market impact on variable annuity guaranteed living benefits (net of hedges and the related DSIC and DAC amortization), an increase in net income attributable to noncontrolling interests and net realized losses on securities recognized in the prior year period, partially offset by the negative impact from spread compression in our interest sensitive product lines and asset management net outflows. The market impact on variable annuity guaranteed living benefits (net of hedges and the related DSIC and DAC amortization) was an expense of $21 million for the third quarter of 2013, which included a $17 million benefit associated with unlocking. This compares to an expense of $91 million for the prior year period, which included a $10 million expense associated with unlocking. The negative impact on earnings from spread compression in our interest sensitive product lines was approximately $39 million pretax for the three months ended September 30, 2013 compared to the prior year period.

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The following table presents the total pretax impacts on our revenues and expenses attributable to unlocking for the three months ended September 30:

Pretax Increase (Decrease)	2013	2012
	(in millions)	
Other revenues	$(18)	$(41)
Benefits, claims, losses and settlement expenses	(5)	30
Amortization of DAC	(79)	12
Total expenses	(84)	42
Total [1]	$66	$(83)

[1] Includes a $17 million benefit and a $10 million expense related to the market impact on variable annuity guaranteed living benefits for the three months ended September 30, 2013 and 2012, respectively.

Net Revenues

Net revenues increased $345 million, or 14%, to $2.8 billion for the three months ended September 30, 2013 compared to $2.5 billion for the prior year period primarily due to higher management and financial advice fees, distribution fees, net investment income and other revenues.

Management and financial advice fees increased $127 million, or 11%, to $1.3 billion for the three months ended September 30, 2013 compared to $1.2 billion for the prior year period primarily due to higher asset-based fees driven by an increase in average AUM, partially offset by $17 million of redemption-driven hedge fund performance fees in the prior year period, which was partially offset by $10 million of related compensation expense in general and administrative expense. Average AUM increased $37.4 billion, or 7%, compared to the prior year period primarily due to market appreciation and wrap account net inflows, partially offset by asset management net outflows. See our discussion on the changes in AUM in our segment results of operations section below.

Distribution fees increased $50 million, or 13%, to $441 million for the three months ended September 30, 2013 compared to $391 million for the prior year period due to higher client assets and increased client activity.

Net investment income increased $64 million, or 15%, to $491 million for the three months ended September 30, 2013 compared to $427 million for the prior year period primarily due to net realized investment losses recognized in the prior year period and a $38 million increase in net investment income of CIEs, partially offset by a $52 million decrease in investment income on fixed maturity securities. The decrease in investment income on fixed maturity securities was primarily due to low interest rates and approximately $31 million of lower net investment income due to the sale of Ameriprise Bank’s investment portfolio as a result of the transition of banking operations in the fourth quarter of 2012. Net investment income for the third quarter of 2013 included net realized investment gains of $6 million compared to net realized investment losses of $68 million in the third quarter of 2012, primarily associated with the Ameriprise Bank transition.

Other revenues increased $86 million, or 53%, to $247 million for the three months ended September 30, 2013 compared to $161 million for the prior year period due to the impact of unlocking, a $51 million increase in other revenues of CIEs and higher fees from variable annuity guarantees driven by higher volumes and higher fee rates. Other revenues for the third quarter of 2013 included an $18 million negative impact from unlocking compared to a $41 million negative impact in the prior year period. The primary driver of the unlocking impact to other revenues in both periods was lower projected gains on reinsurance contracts resulting from favorable mortality experience.

Expenses

Total expenses decreased $58 million, or 3%, to $2.2 billion for the three months ended September 30, 2013 compared to $2.3 billion for the prior year period primarily due to decreases in benefits, claims, losses and settlement expenses and amortization of DAC, partially offset by an increase in distribution expenses.

Distribution expenses increased $90 million, or 13%, to $757 million for the three months ended September 30, 2013 compared to $667 million for the prior year period driven by growth in assets under management. See our discussion on the changes in AUM in our segment results of operations section below.

Benefits, claims, losses and settlement expenses decreased $50 million, or 9%, to $492 million for the three months ended September 30, 2013 compared to $542 million for the prior year period primarily reflecting the following items:

- The three months ended September 30, 2013 included a $5 million benefit from unlocking, which included a $22 million benefit related to the market impact on variable annuity guaranteed living benefits, and the prior year period included a $30 million expense from unlocking, which included a $12 million expense related to the market impact on variable annuity

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guaranteed living benefits. The market impact on variable annuity guaranteed living benefits is discussed below. The unlocking impact for the three months ended September 30, 2013 reflected the impact of expected higher interest rates and changes in assumed policyholder behavior, partially offset by the impact of variable annuity model changes. The unlocking impact for the prior year period primarily reflected lower bond fund returns related to the life contingent benefits associated with GMWB.

- An increase in expenses related to our auto and home business compared to the prior year period driven by growth in exposure due to a 34% increase in gross new policies and $10 million in higher catastrophe losses compared to the prior year period.
- An increase in expenses of approximately $10 million related to higher reserve funding driven by the impact of higher fees from prior year sales with variable annuity guarantees.
- A $48 million decrease in expense compared to the prior year period from the unhedged non-performance credit spread risk adjustment on variable annuity guaranteed living benefits.
- A $44 million decrease in expense from other market impacts on variable annuity guaranteed living benefits, net of hedges in place to offset those risks and the related DSIC amortization. The $44 million decrease was the result of a favorable $7 million change in the market impact on variable annuity guaranteed living benefits reserves, a favorable $41 million change in the market impact on derivatives hedging the variable annuity guaranteed living benefits and an unfavorable $4 million DSIC offset. The main market drivers contributing to these changes are summarized below:

- Interest rates were up for the third quarter of 2013 and down for the third quarter of 2012 resulting in a favorable change in the variable annuity guaranteed living benefits liability, partially offset by an unfavorable change in the related hedge assets.
- Equity market and volatility impacts on the hedge assets for the third quarter of 2013 were a lower expense than the impacts for the third quarter of 2012, offset by the year over year corresponding liability result.
- Other unhedged items including the difference between the assumed and actual underlying separate account investment performance, fixed income credit exposures, transaction costs and various behavioral items were a net unfavorable impact compared to the prior year period.

Amortization of DAC decreased $81 million to a $14 million benefit for the three months ended September 30, 2013 compared to a $67 million expense for the prior year period due to the impact of unlocking, partially offset by the DAC offset to the market impact on variable annuity guaranteed living benefits (net of hedges and the related DSIC amortization). Amortization of DAC for the third quarter of 2013 included a $79 million benefit from unlocking, which included a $5 million expense related to the DAC offset to the market impact on variable annuity guaranteed living benefits, primarily driven by the impact of expected higher interest rates and changes in assumed policyholder behavior. Amortization of DAC for the third quarter of 2012 included a $12 million expense from unlocking, which included a $2 million benefit related to the DAC offset to the market impact on variable annuity guaranteed living benefits, primarily reflecting a decrease in income earned on assets due to the low interest rate environment compared to the interest credited to the contractholders, which in many instances are at their minimum guarantees, and lower bond fund growth rates, partially offset by a benefit from improved persistency and lowered mortality assumption. The DAC offset to the market impact on variable annuity guaranteed living benefits (net of hedges and the related DSIC amortization) was a benefit of $4 million for the third quarter of 2013 compared to a benefit of $26 million for the prior year period.

General and administrative expense decreased $14 million, or 2%, to $704 million for the three months ended September 30, 2013 compared to $718 million for the prior year period primarily due to a $9 million decrease in integration and restructuring charges, $17 million of lower bank-related expenses, lower investment spending primarily associated with the completion of the brokerage platform conversion and lower expenses from re-engineering efforts, partially offset by higher compensation related accruals.

Income Taxes

Our effective tax rate on income from continuing operations including income attributable to noncontrolling interests was 25.5% for the three months ended September 30, 2013 compared to 23.8% for the prior year period. Our effective tax rate on income from continuing operations excluding income attributable to noncontrolling interests was 28.7% for the three months ended September 30, 2013 compared to 21.4% for the prior year period. The effective tax rate for the three months ended September 30, 2013 was lower than the statutory rate as a result of tax preferred items including the dividends received deduction, foreign tax credits and low income housing credits.

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.

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Results of Operations by Segment for the Three Months Ended September 30, 2013 and 2012

Operating earnings is the measure of segment profit or loss management uses to evaluate segment performance. Operating earnings should not be viewed as a substitute for GAAP income from continuing operations before income tax provision. We believe the presentation of segment operating earnings as we measure it for management purposes enhances the understanding of our business by reflecting the underlying performance of our core operations and facilitating a more meaningful trend analysis. See Note 17 to the Consolidated Financial Statements for further information on the presentation of segment results and our definition of operating earnings.

The following table presents summary financial information by segment:

	Three Months Ended September 30,	
	2013	2012
	(in millions)	
Advice & Wealth Management		
Net revenues	$1,074	$961
Expenses	921	842
Operating earnings	$153	$119
Asset Management		
Net revenues	$777	$733
Expenses	599	578
Operating earnings	$178	$155
Annuities		
Net revenues	$654	$632
Expenses	435	541
Operating earnings	$219	$91
Protection		
Net revenues	$536	$496
Expenses	461	407
Operating earnings	$75	$89
Corporate & Other		
Net revenues	$(5)	$5
Expenses	68	62
Operating loss	$(73)	$(57)

The following table presents the segment pretax operating impacts on our revenues and expenses attributable to unlocking:

	Three Months Ended September 30,			
	2013		2012	
Segment Pretax Operating Increase (Decrease)	Annuities	Protection	Annuities	Protection
	(in millions)			
Other revenues	$—	$(18)	$—	$(41)
Benefits, claims, losses and settlement expenses	21	(4)	32	(14)
Amortization of DAC	(81)	(3)	28	(14)
Total expenses	(60)	(7)	60	(28)
Total	$60	$(11)	$(60)	$(13)

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Advice & Wealth Management

Our Advice & Wealth Management segment provides financial planning and advice, as well as full-service brokerage services, primarily to retail clients through our advisors. Our 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 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.

In January 2013, we completed the conversion of our federal savings bank subsidiary, Ameriprise Bank to a limited powers national trust bank. In 2012, all checking, savings and money market accounts and certificates of deposit were liquidated and returned to our clients, Ameriprise Bank's consumer loan portfolio, including first mortgages, home equity loans, home equity lines of credit and unsecured loans, was sold to affiliates of Ameriprise Bank, and Ameriprise Bank's credit card account portfolio was sold to Barclays Bank Delaware ("Barclays"). See additional discussion on the transition and the impact to our business in the Overview section above.

The following table presents the changes in wrap account assets and average balances for the three months ended September 30:

	2013	2012
	(in billions)	
Beginning balance	$135.9	$113.4
Net flows	3.0	2.1
Market appreciation and other	5.2	5.1
Ending balance	$144.1	$120.6
Average balance [1]	$140.0	$117.0

[1] Average ending balances are calculated using a simple average of two quarters of data.

Wrap account assets increased $8.2 billion, or 6%, during the three months ended September 30, 2013 due to net inflows of $3.0 billion and market appreciation and other of $5.2 billion. Wrap account net inflows increased $0.9 billion, or 43%, compared to the prior year period reflecting higher advisor productivity, experienced advisor recruiting and investor confidence. Average wrap account assets increased $23.0 billion, or 20%, compared to the prior year period due to net inflows and market appreciation.

The following table presents the changes in wrap account assets for the twelve months ended September 30:

	2013	2012
	(in billions)	
Beginning balance	$120.6	$96.9
Net flows	12.3	8.9
Market appreciation and other	11.2	14.8
Ending balance	$144.1	$120.6

Wrap account assets increased $23.5 billion, or 19%, from the prior year period reflecting net inflows and market appreciation.

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The following table presents the results of operations of our Advice & Wealth Management segment on an operating basis:

	Three Months Ended September 30,			
	2013	2012	Change	
	(in millions)			
Revenues				
Management and financial advice fees	$515	$438	$77	18 %
Distribution fees	519	452	67	15
Net investment income	31	63	(32)	(51)
Other revenues	17	18	(1)	(6)
Total revenues	1,082	971	111	11
Banking and deposit interest expense	8	10	(2)	(20)
Total net revenues	1,074	961	113	12
Expenses				
Distribution expenses	660	572	88	15
General and administrative expense	261	270	(9)	(3)
Total expenses	921	842	79	9
Operating earnings	$153	$119	$34	29 %

Our Advice & Wealth Management segment pretax operating earnings, which exclude net realized gains or losses, increased $34 million, or 29%, to $153 million for the three months ended September 30, 2013 compared to $119 million for the prior year period primarily due to strong growth in wrap account assets, increased client activity and continued expense management, partially offset by the impact of low interest rates and lower earnings due to the transition of banking operations in the fourth quarter of 2012. The negative impact of lower spreads on cash sweep accounts and certificates was approximately $18 million compared to the prior year period. We expect there will continue to be earnings pressure from low short-term interest rates during the balance of the year. Pretax operating earnings for the three months ended September 30, 2012 included $16 million of earnings from former banking operations. Pretax operating margin was 14.2% for the three months ended September 30, 2013 compared to 12.4% for the prior year period.

Net Revenues

Net revenues exclude net realized gains or losses. Net revenues increased $113 million, or 12%, to $1.1 billion for the three months ended September 30, 2013 compared to $961 million for the prior year period reflecting retail client net inflows, market appreciation and increased client activity, partially offset by lower net revenues due to the transition of banking operations in the fourth quarter of 2012 and the negative impact of low interest rates. Net revenues for the three months ended September 30, 2012 included $33 million from former banking operations. Advice & Wealth Management delivered strong growth in assets and revenues through the combination of improved advisor productivity and experienced advisor recruiting. Operating net revenue per branded advisor was $110,000 for the three months ended September 30, 2013, up 12% from the prior year period driven by the combination of asset growth and strong client activity. Total branded advisors were 9,761 at September 30, 2013 compared to 9,815 at September 30, 2012.

Management and financial advice fees increased $77 million, or 18%, to $515 million for the three months ended September 30, 2013 compared to $438 million for the prior year period driven by growth in wrap account assets. Average wrap account assets increased $23.0 billion, or 20%, to $140.0 billion at September 30, 2013 compared to the prior year period due to net inflows and market appreciation. See our discussion of the changes in wrap account assets above.

Distribution fees increased $67 million, or 15%, to $519 million for the three months ended September 30, 2013 compared to $452 million for the prior year period primarily due to higher client assets and increased client activity.

Net investment income, which excludes net realized gains or losses, decreased $32 million, or 51%, to $31 million for the three months ended September 30, 2013 compared to $63 million for the prior year period primarily due to the transition of banking operations in the fourth quarter of 2012, as well as a lower asset earnings rate on invested assets, partially offset by higher average certificate investment balances. Net investment income of former banking operations was $31 million for the three months ended September 30, 2012.

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Expenses

Total expenses increased $79 million, or 9%, to $921 million for the three months ended September 30, 2013 compared to $842 million for the prior year period due to an $88 million increase in distribution expenses driven by higher compensation due to strong growth in client assets, partially offset by a $9 million decrease in general and administrative expense primarily due to the transition of banking operations in the fourth quarter of 2012 and lower investment spending associated with the completion of the brokerage platform conversion, partially offset by higher performance-driven compensation accruals. General and administrative expense of former banking operations was $17 million for the three months ended September 30, 2012.

Asset Management

Our Asset Management segment provides investment advice and investment products to retail, high net worth and institutional clients. Such products and services are provided on a global scale through 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 individual 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 distributed through third-party financial institutions and unaffiliated financial advisors. Individual products include mutual funds, exchange-traded 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. Collateralized loan obligations and hedge funds are classified as alternative assets. Revenues in this segment are primarily earned as fees based on managed asset balances, which are impacted by market movements, net asset flows, asset allocation and product mix. We may also earn performance fees from certain accounts where investment performance meets or exceeds certain pre-identified targets. 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.

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 was completed in the second quarter of 2012, involved organizational changes to our portfolio management and analytical teams and to our operational, compliance, sales and marketing support staffs. This integration 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 September 30, 2013 were $230.6 billion and 210 funds, respectively.

From time to time, fee waivers have been provided to the Columbia Money Market Funds (the “Funds”) by Columbia Management and certain other subsidiaries performing services for the Funds for the purposes of reducing the expenses charged to a Fund in a given period to maintain or improve a Fund’s net yield in that period. Our subsidiaries may enter into contractual arrangements with the Funds identifying the specific fees to be waived and/or expenses to be reimbursed, as well as the time period for which such waivers will apply. In aggregate, we voluntarily waived fees of $3 million for both the three months ended September 30, 2013 and 2012.

Threadneedle remains our primary international investment management platform. Threadneedle manages eight OEICs and two Societe d'Investissement A Capital Variable ("SICAV") offering. The eight OEICs are Threadneedle Investment Funds ICVC ("TIF"), Threadneedle Specialist Investment Funds ICVC ("TSIF"), Threadneedle Focus Investment Funds ("TFIF"), Threadneedle Portfolio Advantage Funds ("TPAF"), Threadneedle Investment Funds ICVC II ("TIF II"), Threadneedle Investment Funds ICVC III ("TIF III"), Threadneedle Investment Funds ICVC IV ("TIF IV") and Threadneedle Opportunity Investment Funds ICVC ("TOIF"). TIF, TSIF, TFIF, TPAF, TIF II, TIF III, TIF IV and TOIF are structured as umbrella companies with a total of 70 (32, 14, 1, 2, 6, 8, 6 and 1, respectively) subfunds covering the world's bond and equity markets. The SICAVs are the Threadneedle (Lux) SICAV ("T(Lux)") and the Columbia Threadneedle SICAV-SIF ("SIF"). T(Lux) and SIF are structured as umbrella companies with a total of 32 (30 and 2, respectively) 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, 12 property unit trusts and one property fund of funds.

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The following tables present the mutual fund performance of our retail Columbia and Threadneedle funds as of September 30:

Columbia

Mutual Fund Rankings in top 2 Lipper Quartiles			2013		2012	
Domestic Equity	Equal weighted	1 year	55	%	54	%
		3 year	63	%	47	%
		5 year	61	%	57	%
	Asset weighted	1 year	35	%	64	%
		3 year	76	%	69	%
		5 year	73	%	72	%
International Equity	Equal weighted	1 year	47	%	67	%
		3 year	41	%	50	%
		5 year	56	%	64	%
	Asset weighted	1 year	22	%	80	%
		3 year	26	%	65	%
		5 year	81	%	80	%
Taxable Fixed Income	Equal weighted	1 year	61	%	70	%
		3 year	71	%	65	%
		5 year	50	%	74	%
	Asset weighted	1 year	72	%	72	%
		3 year	83	%	80	%
		5 year	62	%	81	%
Tax Exempt Fixed Income	Equal weighted	1 year	94	%	85	%
		3 year	94	%	95	%
		5 year	100	%	95	%
	Asset weighted	1 year	98	%	77	%
		3 year	98	%	86	%
		5 year	100	%	99	%
Asset Allocation Funds	Equal weighted	1 year	62	%	40	%
		3 year	70	%	85	%
		5 year	80	%	85	%
	Asset weighted	1 year	65	%	43	%
		3 year	85	%	91	%
		5 year	92	%	91	%

Number of funds with 4 or 5 Morningstar star ratings	Overall	51		53	
	3 year	45		52	
	5 year	40		43	
Percent of funds with 4 or 5 Morningstar star ratings	Overall	52	%	47	%
	3 year	46	%	46	%
	5 year	43	%	41	%
Percent of assets with 4 or 5 Morningstar star ratings	Overall	54	%	66	%
	3 year	39	%	47	%
	5 year	43	%	43	%

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.

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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.

Threadneedle Retail Fund Rankings in Top 2 Morningstar Quartiles or Above Index Benchmark			2013		2012	
Equity	Equal weighted	1 year	70	%	59	%
		3 year	80	%	78	%
		5 year	84	%	83	%
	Asset weighted	1 year	45	%	61	%
		3 year	85	%	80	%
		5 year	90	%	88	%
Fixed Income	Equal weighted	1 year	54	%	92	%
		3 year	78	%	76	%
		5 year	67	%	73	%
	Asset weighted	1 year	61	%	99	%
		3 year	72	%	52	%
		5 year	44	%	75	%
Allocation (Managed) Funds	Equal weighted	1 year	100	%	67	%
		3 year	83	%	67	%
		5 year	100	%	83	%
	Asset weighted	1 year	100	%	77	%
		3 year	92	%	77	%
		5 year	100	%	86	%

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.

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The following table presents ending balances and average managed assets:

	September 30,				Average[1] Three Months Ended September 30,			
	2013	2012	Change		2013	2012	Change	
	(in billions)				(in billions)			
Columbia managed assets	$345.0	$339.9	$5.1	2 %	$340.1	$335.9	$4.2	1 %
Threadneedle managed assets	137.4	123.7	13.7	11	132.2	120.2	12.0	10
Less: Sub-advised eliminations	(3.1)	(2.7)	(0.4)	(15)	(3.0)	(2.8)	(0.2)	(7)
Total managed assets	$479.3	$460.9	$18.4	4 %	$469.3	$453.3	$16.0	4 %

[1] Average ending balances are calculated using a simple average of two quarters of data.

The following table presents managed asset net flows:

	Three Months Ended September 30,			
	2013	2012	Change	
	(in billions)			
Columbia managed asset net flows	$(4.2)	$(3.5)	$(0.7)	(20)%
Threadneedle managed asset net flows	(0.1)	(0.2)	0.1	50
Less: Sub-advised eliminations	—	0.2	(0.2)	NM
Total managed asset net flows	$(4.3)	$(3.5)	$(0.8)	(23)%

NM Not Meaningful.

The following table presents managed assets by type:

	September 30,			
	2013	2012	Change	
	(in billions)			
Equity	$254.7	$224.1	$30.6	14 %
Fixed income	197.8	209.7	(11.9)	(6)
Money market	6.6	6.8	(0.2)	(3)
Alternative	6.1	7.4	(1.3)	(18)
Hybrid and other	14.1	12.9	1.2	9
Total managed assets by type	$479.3	$460.9	$18.4	4 %

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

	Three Months Ended September 30,	
	2013	2012
	(in billions)	
Columbia Managed Assets Rollforward		
Retail Funds		
Beginning assets	$223.3	$211.4
Mutual fund inflows	8.6	8.4
Mutual fund outflows	(12.3)	(10.2)
Net VP/VIT fund flows	(0.1)	(0.1)
Net new flows	(3.8)	(1.9)
Reinvested dividends	0.5	0.5
Net flows	(3.3)	(1.4)
Distributions	(0.6)	(0.6)
Market appreciation and other	11.2	9.4
Total ending assets	230.6	218.8
Institutional		
Beginning assets	71.1	72.8
Inflows	5.1	4.3
Outflows	(5.9)	(4.9)
Net flows	(0.8)	(0.6)
Market appreciation and other	2.4	2.3
Total ending assets	72.7	74.5
Alternative		
Beginning assets	5.5	7.8
Inflows	—	0.4
Outflows	(0.1)	(1.9)
Net flows	(0.1)	(1.5)
Market appreciation and other	—	0.1
Total ending assets	5.4	6.4
Affiliated General Account Assets	36.3	40.4
Other and Eliminations	—	(0.2)
Total Columbia managed assets	$345.0	$339.9
Total Columbia net flows	$(4.2)	$(3.5)

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	Three Months Ended September 30,	
	2013	2012
	(in billions)	
Threadneedle Managed Assets Rollforward		
Retail Funds		
Beginning assets	$41.8	$33.3
Mutual fund inflows	6.3	4.1
Mutual fund outflows	(5.4)	(2.8)
Net new flows	0.9	1.3
Reinvested dividends	—	0.1
Net flows	0.9	1.4
Distributions	(0.1)	(0.1)
Market appreciation	0.8	1.2
Foreign currency translation [1]	2.7	1.0
Other	0.2	0.1
Total ending assets	46.3	36.9
Institutional		
Beginning assets	84.3	82.3
Inflows	1.8	1.9
Outflows	(2.7)	(3.4)
Net flows	(0.9)	(1.5)
Market appreciation	0.8	2.0
Foreign currency translation [1]	5.5	2.4
Other	0.6	0.6
Total ending assets	90.3	85.8
Alternative		
Beginning assets	0.9	1.0
Inflows	—	0.1
Outflows	(0.1)	(0.2)
Net flows	(0.1)	(0.1)
Other	—	0.1
Total ending assets	0.8	1.0
Total Threadneedle managed assets	$137.4	$123.7
Total Threadneedle net flows	$(0.1)	$(0.2)

[1] Amounts represent British Pound to US dollar conversion.

Total segment AUM increased $19.9 billion, or 4%, during the three months ended September 30, 2013 driven by market appreciation and a positive impact of foreign currency translation, partially offset by net outflows. Total segment AUM net outflows were $4.3 billion for the three months ended September 30, 2013. Management expects, consistent with prior patterns of outflows, that outflows of primarily low margin assets directly or indirectly affiliated with Threadneedle and Columbia former parent companies will continue for the foreseeable future. The overall impact to segment results is difficult to quantify due to uncertain timing, volume and mix of the outflows.

Columbia managed assets increased $9.8 billion, or 3%, during the three months ended September 30, 2013 primarily due to market appreciation, partially offset by net outflows. Total Columbia net outflows were $4.2 billion for the three months ended September 30, 2013. Columbia retail funds increased $7.3 billion, or 3%, during the three months

ended September 30, 2013

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primarily due to market appreciation, partially offset by net outflows. Columbia retail net outflows of $3.3 billion in the third quarter of 2013 included $1.2 billion of outflows from a large distribution partner that continued to re-balance asset concentrations, $0.9 billion of continued outflows from a third party sub-advisor and $0.4 billion of outflows associated with a share class change in the Registered Investment Advisor ("RIA") channel. Columbia institutional AUM increased $1.7 billion, or 2%, during the three months ended September 30, 2013 due to market appreciation, partially offset by net outflows of $0.8 billion primarily reflecting $1.2 billion of outflows in former parent influenced mandates and former parent affiliated distribution, some of which was low basis points, partially offset by new mandates funded in the quarter.

Threadneedle managed assets increased $10.4 billion, or 8%, during the three months ended September 30, 2013 due to market appreciation and an $8.2 billion positive impact of foreign currency translation. Threadneedle retail funds increased $4.5 billion, or 11%, during the three months ended September 30, 2013 due to net inflows of $0.9 billion, market appreciation of $0.8 billion and a $2.7 billion positive impact of foreign currency translation. Threadneedle institutional AUM increased $6.0 billion, or 7%, during the three months ended September 30, 2013 primarily due to a $5.5 billion positive impact of foreign currency translation. Threadneedle institutional net outflows of $0.9 billion during the third quarter of 2013 reflected $0.9 billion of outflows largely from legacy insurance assets.

Overall flows also reflected net outflows in fixed income portfolios, consistent with industry trends.

The following table presents the results of operations of our Asset Management segment on an operating basis:

	Three Months Ended September 30,				
	2013	2012	Change		
Revenues					
Management and financial advice fees	$655	$620	$35	6	%
Distribution fees	118	109	9	8	
Net investment income	5	5	—	—	
Other revenues	—	(1)	1	NM	
Total revenues	778	733	45	6	
Banking and deposit interest expense	1	—	1	NM	
Total net revenues	777	733	44	6	
Expenses					
Distribution expenses	297	276	21	8	
Amortization of deferred acquisition costs	5	4	1	25	
General and administrative expense	297	298	(1)	—	
Total expenses	599	578	21	4	
Operating earnings	$178	$155	$23	15	%

NM Not Meaningful.

Our Asset Management segment pretax operating earnings, which exclude net realized gains or losses and integration charges, increased $23 million, or 15%, to $178 million for the three months ended September 30, 2013 compared to $155 million for the prior year period reflecting equity market appreciation and expense management, partially offset by the impact of net outflows and redemption-driven hedge fund performance fees recognized in the third quarter of 2012.

Net Revenues

Net revenues, which exclude net realized gains or losses, increased $44 million, or 6%, to $777 million for the three months ended September 30, 2013 compared to $733 million for the prior year period driven by asset growth from

market appreciation and a shift to higher fee retail assets at Threadneedle, partially offset by the impact of net outflows.

Management and financial advice fees increased $35 million, or 6%, to $655 million for the three months ended September 30, 2013 compared to $620 million for the prior year period primarily due to an increase in assets under management, as well as a shift to higher fee retail assets at Threadneedle. Management and financial advice fees in the prior year period included $17 million of redemption-driven hedge fund performance fees, which was partially offset by $10 million of related compensation

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expense in general and administrative expense. Average assets under management increased 4% compared to the prior year period driven by equity market appreciation, partially offset by net outflows. See our discussion and tables above for more detail on the changes in assets under management.

Expenses

Total expenses, which exclude integration charges, increased $21 million, or 4%, to $599 million for the three months ended September 30, 2013 compared to $578 million for the prior year period due to a $21 million increase in distribution expenses driven by higher retail fund assets.

Annuities

Our Annuities segment provides variable and fixed annuity products of RiverSource Life companies to individual clients. We provide our variable annuity products through our 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 variable insurance trust funds (“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.

The following table presents the results of operations of our Annuities segment on an operating basis:

	Three Months Ended September 30,			
	2013	2012	Change	
	(in millions)			
Revenues				
Management and financial advice fees	$179	$163	$16	10 %
Distribution fees	86	82	4	5
Net investment income	265	276	(11)	(4)
Premiums	27	30	(3)	(10)
Other revenues	97	81	16	20
Total revenues	654	632	22	3
Banking and deposit interest expense	—	—	—	—
Total net revenues	654	632	22	3
Expenses				
Distribution expenses	107	98	9	9
Interest credited to fixed accounts	164	173	(9)	(5)
Benefits, claims, losses and settlement expenses	150	143	7	5
Amortization of deferred acquisition costs	(41)	72	(113)	NM
Interest and debt expense	1	—	1	NM
General and administrative expense	54	55	(1)	(2)
Total expenses	435	541	(106)	(20)%
Operating earnings	$219	$91	$128	NM

NM Not Meaningful.

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 and the related DSIC and DAC amortization), increased $128 million to $219

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million for the three months ended September 30, 2013 compared to $91 million for the prior year period primarily due to the impact of unlocking, which was an increase to pretax operating income of $60 million for the third quarter of 2013 compared to a decrease of $60 million for the prior year period. Results for the third quarter of 2013 also reflected new business growth and market appreciation, partially offset by fixed annuity spread compression.

RiverSource variable annuity account balances increased 8% to $72.7 billion at September 30, 2013 compared to the prior year period due to market appreciation, partially offset by net outflows. Variable annuity net outflows of $154 million for the third quarter of 2013 reflected the closed book of annuities previously sold through third parties, partially offset by $88 million of net inflows in the Ameriprise channel. Variable annuity cash sales increased 14% compared to the prior year period. RiverSource fixed annuity account balances declined 4% to $13.4 billion at September 30, 2013 compared to the prior year period due to ongoing net outflows resulting from low client demand given the interest rate environment.

Recently, we announced product feature and fee changes for our in-force variable annuities with living benefit guarantees to reflect the market environment, including providing policyholders with additional investment options designed to improve volatility management.

Net Revenues

Net revenues, which exclude net realized gains or losses, increased $22 million, or 3%, to $654 million for the three months ended September 30, 2013 compared to $632 million for the prior year period primarily due to higher management and financial advice fees and other revenues, partially offset by a decrease in net investment income.

Management and financial advice fees increased $16 million, or 10%, to $179 million for the three months ended September 30, 2013 compared to $163 million for the prior year period due to higher fees on variable annuities driven by higher separate account balances. Average variable annuities contract accumulation values increased $5.5 billion, or 9%, compared to the prior year period due to market appreciation, partially offset by net outflows.

Net investment income, which excludes net realized gains or losses, decreased $11 million, or 4%, to $265 million for the three months ended September 30, 2013 compared to $276 million for the prior year period primarily reflecting a decrease of approximately $3 million from lower invested assets due to net outflows and approximately $7 million from lower interest rates.

Other revenues increased $16 million, or 20%, to $97 million for the three months ended September 30, 2013 compared to $81 million for the prior year period due to higher fees from variable annuity guarantees driven by higher volumes and higher fee rates.

Expenses

Total expenses, which exclude the market impact on variable annuity guaranteed living benefits (net of hedges and the related DSIC and DAC amortization) decreased $106 million, or 20%, to $435 million for the three months ended September 30, 2013 compared to $541 million for the prior year period primarily due to the impact of unlocking, as well as higher distribution expenses.

Distribution expenses increased $9 million, or 9%, to $107 million for the three months ended September 30, 2013 compared to $98 million for the prior year period primarily due to higher variable annuity compensation due to business growth and market appreciation.

Interest credited to fixed accounts decreased $9 million, or 5%, to $164 million for the three months ended September 30, 2013 compared to $173 million for the prior year period driven by lower average fixed annuity account balances. Average fixed annuities contract accumulation values decreased $572 million, or 4%, to $13.5 billion for the three months ended September 30, 2013 compared to the prior year period due to net outflows. Fixed annuities remain in net outflows due to low client demand given the interest rate environment.

Benefits, claims, losses and settlement expenses, which exclude the market impact on variable annuity guaranteed living benefits (net of hedges and the related DSIC amortization), increased $7 million, or 5%, to $150 million for the three months ended September 30, 2013 compared to $143 million for the prior year period due to higher reserves primarily related to the impact of higher fees from prior year sales with variable annuity guarantees, partially offset by the impact of unlocking. Benefits, claims, losses and settlement expenses for the third quarter of 2013 included a $21 million expense from unlocking primarily reflecting the impact of variable annuity model changes. Benefits, claims, losses and settlement expenses for the third quarter of 2012

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included a $32 million expense from unlocking primarily reflecting lower bond fund returns related to liabilities for the life contingent benefits associated with GMWB.

Amortization of DAC, which excludes the DAC offset to the market impact on variable annuity guaranteed living benefits, decreased $113 million to a benefit of $41 million for the three months ended September 30, 2013 compared to a $72 million expense for the prior year period primarily due to the impact of unlocking. Amortization of DAC for the third quarter of 2013 included an $81 million benefit from unlocking primarily driven by the impact of expected higher interest rates and changes in assumed policyholder behavior. Amortization of DAC for the third quarter of 2012 included a $28 million expense from unlocking, primarily reflecting spread compression and lower bond fund growth rates, partially offset by a benefit from improved persistency.

Protection

Our Protection segment offers a variety of 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 our 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. 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 VUL 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 VUL 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.

The following table presents the results of operations of our Protection segment on an operating basis:

	Three Months Ended September 30,			
	2013	2012	Change	
	(in millions)			
Revenues				
Management and financial advice fees	$15	$14	$1	7 %
Distribution fees	22	22	—	—
Net investment income	111	110	1	1
Premiums	301	283	18	6
Other revenues	87	67	20	30
Total revenues	536	496	40	8
Banking and deposit interest expense	—	—	—	—
Total net revenues	536	496	40	8
Expenses				
Distribution expenses	20	16	4	25
Interest credited to fixed accounts	40	34	6	18
Benefits, claims, losses and settlement expenses	317	282	35	12
Amortization of deferred acquisition costs	26	17	9	53
General and administrative expense	58	58	—	—
Total expenses	461	407	54	13
Operating earnings	$75	$89	$(14)	(16)%

Our Protection segment pretax operating income, which excludes net realized gains or losses and the market impact on indexed universal life benefits (net of hedges and the related DAC amortization, unearned revenue amortization and the reinsurance accrual), decreased $14 million, or 16%, to $75 million for the three months ended September 30, 2013 compared to $89 million for the prior year period primarily due to lower auto and home earnings.

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Net Revenues

Net revenues, which exclude net realized gains or losses and the unearned revenue amortization and the reinsurance accrual offset to the market impact on indexed universal life benefits, increased $40 million, or 8%, to $536 million for the three months ended September 30, 2013 compared to $496 million for the prior year period due to the impact of unlocking and growth in auto and home premiums.

Premiums increased $18 million, or 6%, to $301 million for the three months ended September 30, 2013 compared to $283 million for the prior year period primarily due to growth in auto and home premiums driven by continued strong new policy sales growth across market segments, primarily from our affinity relationships with Costco and Progressive. Auto and home policy counts increased 10% year-over-year.

Other revenues increased $20 million, or 30%, to $87 million for the three months ended September 30, 2013 compared to $67 million for the prior year period due to an $18 million unfavorable impact from unlocking in the third quarter of 2013 compared to a $41 million unfavorable impact in the prior year period. The primary driver of the unlocking impact to other revenues in both periods was lower projected gains on reinsurance contracts resulting from favorable mortality experience.

Expenses

Total expenses, which exclude the market impact on indexed universal life benefits (net of hedges and the related DAC amortization), increased $54 million, or 13%, to $461 million for the three months ended September 30, 2013 compared to $407 million for the prior year period primarily due to the impact of unlocking and higher expenses related to our auto and home business.

Benefits, claims, losses and settlement expenses, which exclude the market impact on indexed universal life benefits (net of hedges), increased $35 million, or 12%, to $317 million for the three months ended September 30, 2013 compared to $282 million for the prior year period due to the impact of unlocking and higher expenses related to our auto and home business primarily due to growth in exposure due to a 34% increase in gross new policies and $10 million in higher catastrophe losses compared to the prior year period. The impact of unlocking was a $4 million benefit in the third quarter of 2013 compared to a $14 million benefit in the prior year period. The primary driver of the unlocking impact in both periods was favorable mortality experience.

Amortization of DAC increased $9 million, or 53%, to $26 million for the three months ended September 30, 2013 compared to $17 million for the prior year period due to the impact of unlocking. The impact of unlocking was a $3 million benefit in the third quarter of 2013 compared to a $14 million benefit in the prior year period. The primary driver of the unlocking impact in both periods was a lower mortality assumption.

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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, which are excluded on an operating basis.

The following table presents the results of operations of our Corporate & Other segment on an operating basis:

	Three Months Ended September 30,			
	2013	2012	Change	
	(in millions)			
Revenues				
Management and financial advice fees	$—	$(1)	$1	NM
Net investment income (loss)	(7)	5	(12)	NM
Other revenues	2	1	1	NM
Total revenues	(5)	5	(10)	NM
Banking and deposit interest expense	—	—	—	NM
Total net revenues	(5)	5	(10)	NM
Expenses				
Interest and debt expense	25	24	1	4 %
General and administrative expense	43	38	5	13
Total expenses	68	62	6	10
Operating loss	$(73)	$(57)	$(16)	(28)%

NM Not Meaningful.

Our Corporate & Other segment pretax operating loss excludes net realized gains or losses, the impact of consolidating CIEs and restructuring charges. Our Corporate & Other segment pretax operating loss was $73 million for the three months ended September 30, 2013 compared to $57 million for the prior year period. Operating losses for the third quarter of 2013 included a loss of $10 million primarily due to how we offset accretion from an intercompany transfer of former bank assets. Approximately $8 million of this loss was reflected in net investment loss and approximately $2 million was reflected in general and administrative expense. The loss of $8 million in the Corporate & Other segment was offset by the associated incremental accretion income, primarily in the Annuities segment, that relates to the transfer of the bank assets and eliminates on a consolidated basis.

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Consolidated Results of Operations for the Nine Months Ended September 30, 2013 and 2012

The following table presents our consolidated results of operations:

	Nine Months Ended September 30,				
	2013	2012	Change		
	(in millions)				
Revenues					
Management and financial advice fees	$3,856	$3,475	$381	11	%
Distribution fees	1,323	1,189	134	11	
Net investment income	1,431	1,430	1	—	
Premiums	949	912	37	4	
Other revenues	718	569	149	26	
Total revenues	8,277	7,575	702	9	
Banking and deposit interest expense	24	32	(8)	(25)	
Total net revenues	8,253	7,543	710	9	
Expenses					
Distribution expenses	2,243	1,996	247	12	
Interest credited to fixed accounts	600	622	(22)	(4)	
Benefits, claims, losses and settlement expenses	1,391	1,456	(65)	(4)	
Amortization of deferred acquisition costs	153	197	(44)	(22)	
Interest and debt expense	194	209	(15)	(7)	
General and administrative expense	2,181	2,243	(62)	(3)	
Total expenses	6,762	6,723	39	1	
Income from continuing operations before income tax provision	1,491	820	671	82	
Income tax provision	395	248	147	59	
Income from continuing operations	1,096	572	524	92	
Loss from discontinued operations, net of tax	(1)	(3)	2	67	
Net income	1,095	569	526	92	
Less: Net income (loss) attributable to noncontrolling interests	57	(71)	128	NM	
Net income attributable to Ameriprise Financial	$1,038	$640	$398	62	%

NM Not Meaningful.

Overall

Income from continuing operations before income tax provision increased $671 million, or 82%, to $1.5 billion for the nine months ended September 30, 2013 compared to $820 million for the prior year period primarily reflecting the impact from unlocking and model changes, the impact of market appreciation and wrap account net inflows, the market impact on variable annuity guaranteed living benefits (net of hedges and the related DSIC and DAC amortization), an increase in net income attributable to noncontrolling interests, a $30 million gain on the sale of Threadneedle's strategic business investment in Cofunds in the second quarter of 2013 and net realized losses on securities recognized in the prior year period, partially offset by the negative impact from spread compression in our interest sensitive product lines and asset management net outflows. The market impact on variable annuity guaranteed living benefits (net of hedges and the related DSIC and DAC amortization) was an expense of $66 million for the nine months ended September 30, 2013, which included a $17 million benefit associated with unlocking. This compares to an expense of $220 million for the prior year period, which included a $12 million expense associated with unlocking and model changes. The negative impact on earnings from spread compression in our interest sensitive product lines

was approximately $98 million pretax for the nine months ended September 30, 2013 compared to the prior year period. Results for the prior year period included a $40 million unfavorable impact from a tax-related item primarily related to an out-of-period correction in the second quarter of 2012.

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The following table presents the total pretax impacts on our revenues and expenses attributable to unlocking and model changes for the nine months ended September 30:

Pretax Increase (Decrease)	2013	2012
	(in millions)	
Other revenues	$(18)	$(41)
Benefits, claims, losses and settlement expenses	(5)	22
Amortization of DAC	(79)	14
Interest credited to fixed accounts	—	2
Total expenses	(84)	38
Total [1]	$66	$(79)

[1] Includes a $17 million benefit and a $12 million expense related to the market impact on variable annuity guaranteed living benefits for the nine months ended September 30, 2013 and 2012, respectively.

Net Revenues

Net revenues increased $710 million, or 9%, to $8.3 billion for the nine months ended September 30, 2013 compared to $7.5 billion for the prior year period primarily due to higher management and financial advice fees, distribution fees and other revenues.

Management and financial advice fees increased $381 million, or 11%, to $3.9 billion for the nine months ended September 30, 2013 compared to $3.5 billion for the prior year period primarily due to higher asset-based fees driven by an increase in average AUM, as well as revenue enhancements related to various pricing adjustments, partially offset by $22 million of redemption-driven hedge fund performance fees in the prior year period, which was partially offset by $13 million of related compensation expense in general and administrative expense. Average AUM increased $32.1 billion, or 6%, compared to the prior year period primarily due to market appreciation and wrap account net inflows, partially offset by asset management net outflows. See our discussion on the changes in AUM in our segment results of operations section below.

Distribution fees increased $134 million, or 11%, to $1.3 billion for the nine months ended September 30, 2013 compared to $1.2 billion for the prior year period due to higher client assets and increased client activity.

Net investment income was essentially flat compared to the prior year period reflecting a $30 million gain on the sale of Threadneedle’s investment in Cofunds in the second quarter of 2013, a $47 million increase in net investment income of CIEs and net realized losses on securities in the prior year period, partially offset by a $159 million decrease in investment income on fixed maturity securities. Net investment income for the nine months ended September 30, 2013 included net realized gains on securities of $7 million, compared to net realized losses on securities of $75 million in the prior year period, primarily associated with the transition of banking operations in the fourth quarter of 2012. The decrease in investment income on fixed maturity securities was primarily due to low interest rates and approximately $94 million of lower investment income due to the sale of Ameriprise Bank’s investment portfolio as a result of the transition of banking operations.

Other revenues increased $149 million, or 26%, to $718 million for the nine months ended September 30, 2013 compared to $569 million for the prior year period due to the impact of unlocking, a $104 million increase in other revenues of CIEs and higher fees from variable annuity guarantees driven by higher volumes and higher fee rates. Other revenues for the nine months ended September 30, 2013 included an $18 million negative impact from unlocking compared to a $41 million negative impact in the prior year period. The primary driver of the unlocking impact to other revenues in both periods was lower projected gains on reinsurance contracts resulting from favorable mortality experience.

Expenses

Total expenses increased $39 million, or 1%, to $6.8 billion for the nine months ended September 30, 2013 compared to $6.7 billion for the prior year period primarily due to an increase in distribution expenses, partially offset by decreases in benefits, claims, losses and settlement expenses, amortization of DAC and general and administrative expense.

Distribution expenses increased $247 million, or 12%, to $2.2 billion for the nine months ended September 30, 2013 compared to $2.0 billion for the prior year period driven by growth in assets under management. See our discussion on the changes in AUM in our segment results of operations section below.

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Interest credited to fixed accounts decreased $22 million, or 4%, to $600 million for the nine months ended September 30, 2013 compared to $622 million for the prior year period driven by lower average fixed annuity account balances. Average fixed annuities contract accumulation values decreased $493 million, or 3%, to $13.6 billion for the nine months ended September 30, 2013 compared to the prior year period due to net outflows. Fixed annuities remain in net outflows due to low client demand given the interest rate environment.

Benefits, claims, losses and settlement expenses decreased $65 million, or 4%, to $1.4 billion for the nine months ended September 30, 2013 compared to $1.5 billion for the prior year period primarily reflecting the following items:

- The nine months ended September 30, 2013 included a $5 million benefit from unlocking, which included a $22 million benefit related to the market impact on variable annuity guaranteed living benefits, and the prior year period included a $22 million expense, which included a $15 million expense related to the market impact on variable annuity guaranteed living benefits. The market impact on variable annuity guaranteed living benefits is discussed below. The unlocking impact for the nine months ended September 30, 2013 reflected the impact of expected higher interest rates and changes in assumed policyholder behavior, partially offset by the impact of variable annuity model changes. The unlocking impact for the prior year period primarily reflected lower bond fund returns related to the life contingent benefits associated with GMWB.
- An increase in expenses related to our auto and home business compared to the prior year period driven by growth in exposure due to a 30% increase in gross new policies, increased reserves for auto liability loss development and $10 million in higher catastrophe losses compared to the prior year period.
- An increase in expenses of approximately $30 million related to higher reserve funding driven by the impact of higher fees from prior year sales with variable annuity guarantees.
- An $8 million increase in disability income reserves in the second quarter of 2013 related to prior periods and a $9 million benefit from a life insurance reserve release in the prior year period.
- A $93 million increase in expense compared to the prior year period from the unhedged non-performance credit spread risk adjustment on variable annuity guaranteed living benefits.
- A $293 million decrease in expense from other market impacts on variable annuity guaranteed living benefits, net of hedges in place to offset those risks and the related DSIC amortization. The $293 million decrease was the result of a favorable $835 million change in the market impact on variable annuity guaranteed living benefits reserves, partially offset by an unfavorable $530 million change in the market impact on derivatives hedging the variable annuity guaranteed living benefits and an unfavorable $12 million DSIC offset. The main market drivers contributing to these changes are summarized below:

- Interest rates were up for the 2013 period and down for the 2012 period resulting in a favorable change in the variable annuity guaranteed living benefits liability, partially offset by an unfavorable change in the related hedge assets.
- Equity market and volatility impacts on the hedge assets for the 2013 period were a lower expense than the impacts in the 2012 period, offset by the year over year corresponding liability result.
- Other unhedged items including the difference between the assumed and actual underlying separate account investment performance, fixed income credit exposures, transaction costs and various behavioral items were a net favorable impact compared to the prior year period.

Amortization of DAC decreased $44 million, or 22%, to $153 million for the nine months ended September 30, 2013 compared to $197 million for the prior year period primarily due to the impact of unlocking and model changes, partially offset by the DAC offset to the market impact on variable annuity guaranteed living benefits (net of hedges and the related DSIC amortization). Amortization of DAC for the nine months ended September 30, 2013 included a $79 million benefit from unlocking, which included a $5 million expense related to the DAC offset to the market impact on variable annuity guaranteed living benefits, primarily driven by the impact of expected higher interest rates and changes in assumed policyholder behavior. Amortization of DAC for the prior year period included a $14 million expense from unlocking and model changes, which included a $3 million benefit related to the DAC offset to the

market impact on variable annuity guaranteed living benefits, primarily reflecting spread compression and lower bond fund growth rates, partially offset by a benefit from improved persistency and lowered mortality assumption. The DAC offset to the market impact on variable annuity guaranteed living benefits (net of hedges and the related DSIC amortization) was a benefit of $11 million for the nine months ended September 30, 2013 compared to a benefit of $57 million in the prior year period.

Interest and debt expense decreased $15 million, or 7%, to $194 million for the nine months ended September 30, 2013 compared to $209 million for the prior year period due to a decrease in interest expense on CIE debt.

General and administrative expense decreased $62 million, or 3%, to $2.2 billion for the nine months ended September 30, 2013 compared to the prior year period primarily due to a $55 million decrease in integration and restructuring charges, $29 million in

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lower expenses associated with the completion of the brokerage platform conversion, $49 million of lower bank-related expenses and lower expenses from re-engineering efforts, partially offset by a $20 million increase in expenses of CIEs, higher compensation related accruals and higher expenses from investments in the business.

Income Taxes

Our effective tax rate on income from continuing operations including income attributable to noncontrolling interests was 26.4% for the nine months ended September 30, 2013 compared to 30.3% for the prior year period. Our effective tax rate on income from continuing operations excluding income attributable to noncontrolling interests was 27.5% for the nine months ended September 30, 2013 compared to 27.9% for the prior year period. The effective tax rate for the nine months ended September 30, 2013 was lower than the statutory rate as a result of tax preferred items including the dividends received deduction, foreign tax credits and low income housing credits. The decrease in the effective tax rate for the nine months ended September 30, 2013 compared to the prior year period is primarily the result of a $32 million correction of tax related to securities lending activities in the prior year period.

Results of Operations by Segment for the Nine Months Ended September 30, 2013 and 2012

Operating earnings is the measure of segment profit or loss management uses to evaluate segment performance. Operating earnings should not be viewed as a substitute for GAAP income from continuing operations before income tax provision. We believe the presentation of segment operating earnings as we measure it for management purposes enhances the understanding of our business by reflecting the underlying performance of our core operations and facilitating a more meaningful trend analysis. See Note 17 to the Consolidated Financial Statements for further information on the presentation of segment results and our definition of operating earnings.

The following table presents summary financial information by segment:

	Nine Months Ended September 30,	
	2013	2012
	(in millions)	
Advice & Wealth Management		
Net revenues	$3,168	$2,868
Expenses	2,732	2,544
Operating earnings	$436	$324
Asset Management		
Net revenues	$2,345	$2,151
Expenses	1,824	1,735
Operating earnings	$521	$416
Annuities		
Net revenues	$1,925	$1,888
Expenses	1,426	1,492
Operating earnings	$499	$396
Protection		
Net revenues	$1,625	$1,546
Expenses	1,342	1,241
Operating earnings	$283	$305
Corporate & Other		
Net revenues	$(12)	$20
Expenses	227	209
Operating loss	$(239)	$(189)

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The following table presents the segment pretax operating impacts on our revenues and expenses attributable to unlocking and model changes:

	Nine Months Ended September 30,			
	2013		2012	
Segment Pretax Operating Increase (Decrease)	Annuities	Protection	Annuities	Protection
	(in millions)			
Other revenues	$—	$(18)	$—	$(41)
Benefits, claims, losses and settlement expenses	21	(4)	21	(14)
Amortization of DAC	(81)	(3)	31	(14)
Interest credited to fixed accounts	—	—	2	—
Total expenses	(60)	(7)	54	(28)
Total	$60	$(11)	$(54)	$(13)

Advice & Wealth Management

The following table presents the changes in wrap account assets and average balances for the nine months ended September 30:

	2013	2012
	(in billions)	
Beginning balance	$124.6	$103.4
Net flows	10.2	7.6
Market appreciation and other	9.3	9.6
Ending balance	$144.1	$120.6
Average balance [1]	$134.6	$112.6

[1] Average ending balances are calculated using a simple average of the prior year's ending balance and all periods in the current period.

Wrap account assets increased $19.5 billion, or 16%, during the nine months ended September 30, 2013 due to net inflows of $10.2 billion and market appreciation and other of $9.3 billion. Wrap account net inflows increased $2.6 billion, or 34%, compared to the prior year period reflecting higher advisor productivity, experienced advisor recruiting and investor confidence. Average wrap account assets increased $22.0 billion, or 20%, compared to the prior year period due to net inflows and market appreciation.

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The following table presents the results of operations of our Advice & Wealth Management segment on an operating basis:

	Nine Months Ended September 30,			
	2013	2012	Change	
	(in millions)			
Revenues				
Management and financial advice fees	$1,496	$1,280	$216	17 %
Distribution fees	1,557	1,377	180	13
Net investment income	94	191	(97)	(51)
Other revenues	45	51	(6)	(12)
Total revenues	3,192	2,899	293	10
Banking and deposit interest expense	24	31	(7)	(23)
Total net revenues	3,168	2,868	300	10
Expenses				
Distribution expenses	1,950	1,711	239	14
General and administrative expense	782	833	(51)	(6)
Total expenses	2,732	2,544	188	7
Operating earnings	$436	$324	$112	35 %

Our Advice & Wealth Management segment pretax operating earnings, which exclude net realized gains or losses, increased $112 million, or 35%, to $436 million for the nine months ended September 30, 2013 compared to $324 million for the prior year period primarily due to strong growth in wrap account assets, increased client activity and continued expense management, partially offset by the impact of low interest rates and lower earnings due to the transition of banking operations in the fourth quarter of 2012. The negative impact of lower spreads on cash sweep accounts and certificates was approximately $43 million compared to the prior year period. Pretax operating earnings for the nine months ended September 30, 2012 included $49 million of earnings from former banking operations. Pretax operating margin was 13.8% for the nine months ended September 30, 2013 compared to 11.3% for the prior year period.

Net Revenues

Net revenues exclude net realized gains or losses. Net revenues increased $300 million, or 10%, to $3.2 billion for the nine months ended September 30, 2013 compared to $2.9 billion for the prior year period reflecting retail client net inflows, market appreciation and increased client activity, partially offset by lower net revenues due to the transition of banking operations in the fourth quarter of 2012 and the negative impact of low interest rates. Net revenues for the nine months ended September 30, 2012 included $99 million from former banking operations. Advice & Wealth Management delivered strong growth in assets and revenues through the combination of improved advisor productivity and experienced advisor recruiting. Operating net revenue per branded advisor was $324,000 for the nine months ended September 30, 2013, up 11% from the prior year period driven by the combination of asset growth and strong client activity.

Management and financial advice fees increased $216 million, or 17%, to $1.5 billion for the nine months ended September 30, 2013 compared to $1.3 billion for the prior year period driven by growth in wrap account assets. Average wrap account assets increased $22.0 billion, or 20%, to $134.6 billion at September 30, 2013 compared to the prior year period due to net inflows and market appreciation. See our discussion of the changes in wrap account assets above.

Distribution fees increased $180 million, or 13%, to $1.6 billion for the nine months ended September 30, 2013 compared to $1.4 billion for the prior year period primarily due to higher client assets and increased client activity.

Net investment income, which excludes net realized gains or losses, decreased $97 million, or 51%, to $94 million for the nine months ended September 30, 2013 compared to $191 million for the prior year period due to $94 million of lower net investment income due to the transition of banking operations in the fourth quarter of 2012, as well as a lower asset earnings rate on invested assets, partially offset by higher average certificate investment balances.

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Expenses

Total expenses increased $188 million, or 7%, to $2.7 billion for the nine months ended September 30, 2013 compared to $2.5 billion for the prior year period due to a $239 million increase in distribution expenses driven by higher compensation due to strong growth in client assets, partially offset by a $51 million decrease in general and administrative expense primarily due to $49 million of lower expenses from the transition of banking operations in the fourth quarter of 2012 and $29 million of lower expenses associated with the completion of the brokerage platform conversion, partially offset by higher performance-driven compensation accruals.

Asset Management

In aggregate, we voluntarily waived fees to the Funds of $9 million and $8 million for the nine months ended9/30/2013 and 2012, respectively. See our discussion on fee waivers within our Asset Management Results of Operations for the three months ended September 30, 2013.

The following table presents ending balances and average managed assets:

	September 30,				Average[1] Nine Months Ended September 30,			
	2013	2012	Change		2013	2012	Change	
	(in billions)				(in billions)			
Columbia managed assets	$345.0	$339.9	$5.1	2 %	$338.0	$335.5	$2.5	1 %
Threadneedle managed assets	137.4	123.7	13.7	11	129.9	119.3	10.6	9
Less: Sub-advised eliminations	(3.1)	(2.7)	(0.4)	(15)	(2.7)	(3.5)	0.8	23
Total managed assets	$479.3	$460.9	$18.4	4 %	$465.2	$451.3	$13.9	3 %

[1] Average ending balances are calculated using a simple average of the prior year's ending balance and all periods in the current period.

The following table presents managed asset net flows:

	Nine Months Ended September 30,			
	2013	2012	Change	
	(in billions)			
Columbia managed asset net flows	$(11.8)	$(14.0)	$2.2	16 %
Threadneedle managed asset net flows [1]	(0.3)	(2.3)	2.0	87
Less: Sub-advised eliminations [1]	(0.1)	1.6	(1.7)	NM
Total managed asset net flows	$(12.2)	$(14.7)	$2.5	17 %

[1] Threadneedle net flows in Q2 2012 include $1.2 billion of outflows primarily due to a change in subadvisory relationship between Threadneedle and Columbia. These outflows are eliminated at the segment level.

NM Not Meaningful.

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

	Nine Months Ended September 30,	
	2013	2012
	(in billions)	
Columbia Managed Assets Rollforward		
Retail Funds		
Beginning assets	$216.3	$204.8
Mutual fund inflows	28.4	28.3
Mutual fund outflows	(38.1)	(39.3)
Net VP/VIT fund flows	(0.4)	0.1
Net new flows	(10.1)	(10.9)
Reinvested dividends	3.4	2.8
Net flows	(6.7)	(8.1)
Distributions	(4.0)	(3.5)
Market appreciation and other [1]	25.0	25.6
Total ending assets	230.6	218.8
Institutional		
Beginning assets	72.4	73.3
Inflows	15.0	12.3
Outflows	(19.6)	(16.1)
Net flows	(4.6)	(3.8)
Market appreciation and other	4.9	5.0
Total ending assets	72.7	74.5
Alternative		
Beginning assets	5.7	8.1
Inflows	0.9	0.7
Outflows	(1.4)	(2.8)
Net flows	(0.5)	(2.1)
Market appreciation and other	0.2	0.4
Total ending assets	5.4	6.4
Affiliated General Account Assets	36.3	40.4
Other and Eliminations	—	(0.2)
Total Columbia managed assets	$345.0	$339.9
Total Columbia net flows	$(11.8)	$(14.0)

[1] Included in Market appreciation and other for retail funds in Q2 2012 are $3 billion due to the transfer of Active Diversified Portfolio assets from non-proprietary to proprietary funds.

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	Nine Months Ended September 30,	
	2013	2012
	(in billions)	
Threadneedle Managed Assets Rollforward		
Retail Funds		
Beginning assets	$39.1	$31.8
Mutual fund inflows	17.3	12.0
Mutual fund outflows [2]	(14.1)	(10.8)
Net new flows	3.2	1.2
Reinvested dividends	—	0.1
Net flows	3.2	1.3
Distributions	(0.3)	(0.3)
Market appreciation	3.6	2.3
Foreign currency translation [1]	0.2	1.4
Other	0.5	0.4
Total ending assets	46.3	36.9
Institutional		
Beginning assets	87.6	80.6
Inflows	5.5	6.6
Outflows	(8.9)	(10.0)
Net flows	(3.4)	(3.4)
Market appreciation	4.2	3.5
Foreign currency translation [1]	(0.2)	3.3
Other	2.1	1.8
Total ending assets	90.3	85.8
Alternative		
Beginning assets	1.0	1.1
Inflows	—	0.1
Outflows	(0.1)	(0.3)
Net flows	(0.1)	(0.2)
Market depreciation	(0.1)	—
Other	—	0.1
Total ending assets	0.8	1.0
Total Threadneedle managed assets	$137.4	$123.7
Total Threadneedle net flows	$(0.3)	$(2.3)

[1] Amounts represent British Pound to US dollar conversion.

[2] Retail fund outflows in Q2 2012 include $1.2 billion due to a change in subadvisory relationship between Threadneedle and Columbia. These outflows are eliminated at the segment level.

Total segment AUM increased $23.9 billion, or 5%, during the nine months ended September 30, 2013 due to market appreciation, partially offset by net outflows of $12.2 billion. Management expects, consistent with prior patterns of outflows, that outflows of primarily low margin assets directly or indirectly affiliated with Threadneedle and Columbia former parent companies will continue for the foreseeable future. The overall impact to segment results is difficult to quantify due to uncertain timing, volume and mix of the outflows.

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Columbia managed assets increased $14.6 billion, or 4%, during the nine months ended September 30, 2013 due to market appreciation, partially offset by net outflows of $11.8 billion. Columbia retail funds increased $14.3 billion, or 7%, during the nine months ended September 30, 2013 due to market appreciation, partially offset by net outflows. Columbia retail net outflows of $6.7 billion for the nine months ended September 30, 2013 included outflows from a large distribution partner that continued to re-balance asset concentrations, continued outflows from a third party sub-advisor and outflows associated with a share class change in the RIA channel. Columbia institutional AUM increased $0.4 billion, or 1%, during the nine months ended September 30, 2013 due to market appreciation, partially offset by net outflows. Columbia institutional net outflows of $4.6 billion for the nine months ended September 30, 2013 primarily reflected outflows in former parent influenced mandates and former parent affiliated distribution, some of which was low basis points, as well as first quarter outflows in investment grade and high yield credit mandates given strong performance in these asset classes, partially offset by new mandates funded in 2013.

Threadneedle managed assets increased $9.6 billion, or 8%, during the nine months ended September 30, 2013 primarily due to market appreciation. Threadneedle retail funds increased $7.2 billion, or 18%, during the nine months ended September 30, 2013 due to market appreciation and net inflows of $3.2 billion. Threadneedle retail fund net inflows for the nine months ended September 30, 2013 were driven by recovering consumer confidence and good sales in key areas such as Europe. Threadneedle institutional AUM increased $2.7 billion, or 3%, due to market appreciation, partially offset by net outflows. Threadneedle institutional net outflows of $3.4 billion for the nine months ended September 30, 2013 primarily reflected $3.8 billion of outflows from legacy insurance assets, including $1.0 billion from a Japanese mandate, partially offset by new mandate funding and additional flows into existing funds.

The following table presents the results of operations of our Asset Management segment on an operating basis:

	Nine Months Ended September 30,				
	2013	2012	Change		
	(in millions)				
Revenues					
Management and financial advice fees	$1,944	$1,798	$146	8	%
Distribution fees	348	331	17	5	
Net investment income	50	12	38	NM	
Other revenues	5	11	(6)	(55)	
Total revenues	2,347	2,152	195	9	
Banking and deposit interest expense	2	1	1	NM	
Total net revenues	2,345	2,151	194	9	
Expenses					
Distribution expenses	886	822	64	8	
Amortization of deferred acquisition costs	13	12	1	8	
General and administrative expense	925	901	24	3	
Total expenses	1,824	1,735	89	5	
Operating earnings	$521	$416	$105	25	%

NM Not Meaningful.

Our Asset Management segment pretax operating earnings, which exclude net realized gains or losses and integration charges, increased $105 million, or 25%, to $521 million for the nine months ended September 30, 2013 compared to $416 million for the prior year period reflecting equity market appreciation, a $30 million gain on the sale of Threadneedle's strategic business investment in Cofunds, a $19 million benefit from a CDO unwind, continued revenue enhancements related to various pricing adjustments and expense re-engineering, partially offset by the impact of net outflows and redemption-driven hedge fund performance fees recognized in the prior year period.

Net Revenues

Net revenues, which exclude net realized gains or losses, increased $194 million, or 9%, to $2.3 billion for the nine months ended September 30, 2013 compared to $2.2 billion for the prior year period driven by an increase in management and financial advice fees and higher net investment income.

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Management and financial advice fees increased $146 million, or 8%, to $1.9 billion for the nine months ended September 30, 2013 compared to $1.8 billion for the prior year period primarily due to an increase in assets under management, as well as a shift to higher fee retail assets at Threadneedle, revenue enhancements related to various pricing adjustments and $17 million of performance based incentive fees on a CDO unwind, partially offset by $22 million of redemption-driven hedge fund performance fees recognized in the prior year period. Average assets under management increased 3% compared to the prior year period driven by equity market appreciation, partially offset by net outflows. See our discussion above on the changes in assets under management.

Net investment income, which excludes net realized gains or losses, increased $38 million to $50 million for the nine months ended September 30, 2013 compared to $12 million for the prior year period due to a $30 million gain on the sale of Threadneedle's strategic business investment in Cofunds, as well as a $10 million residual gain on a CDO unwind.

Expenses

Total expenses, which exclude integration charges, increased $89 million, or 5%, to $1.8 billion for the nine months ended September 30, 2013 compared to $1.7 billion for the prior year period primarily due to a $64 million increase in distribution expenses driven by higher retail fund assets and a $24 million increase in general and administrative expense driven by higher performance-based compensation, including $8 million of higher compensation related to a CDO unwind, and investments in the business, partially offset by re-engineering benefits and $13 million of expense in the prior year period related to redemption-driven hedge fund performance fees.

Annuities

The following table presents the results of operations of our Annuities segment on an operating basis:

	Nine Months Ended September 30,			
	2013	2012	Change	
	(in millions)			
Revenues				
Management and financial advice fees	$523	$482	$41	9 %
Distribution fees	252	236	16	7
Net investment income	801	856	(55)	(6)
Premiums	81	90	(9)	(10)
Other revenues	268	224	44	20
Total revenues	1,925	1,888	37	2
Banking and deposit interest expense	—	—	—	—
Total net revenues	1,925	1,888	37	2
Expenses				
Distribution expenses	317	295	22	7
Interest credited to fixed accounts	490	518	(28)	(5)
Benefits, claims, losses and settlement expenses	396	342	54	16
Amortization of deferred acquisition costs	66	163	(97)	(60)
Interest and debt expense	1	1	—	—
General and administrative expense	156	173	(17)	(10)
Total expenses	1,426	1,492	(66)	(4)
Operating earnings	$499	$396	$103	26 %

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 and the related DSIC and DAC amortization), increased $103 million, or 26%, to $499 million for the nine months ended September 30, 2013 compared to $396 million for the prior year period primarily due to the impact of unlocking and model changes, which was an increase to pretax operating income of $60 million for the nine months ended September 30, 2013 compared to a decrease of $54 million for the prior year period. The market impact on DAC

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and DSIC was a benefit of $15 million for the nine months ended9/30/2013 compared to a benefit of $27 million in the prior year period.

RiverSource variable annuity account balances increased 8% to $72.7 billion at September 30, 2013 compared to the prior year period due to market appreciation, partially offset by net outflows. Variable annuity net outflows of $482 million for the nine months ended9/30/2013 reflected the closed book of annuities previously sold through third parties, partially offset by $263 million of net inflows in the Ameriprise channel. RiverSource fixed annuity account balances declined 4% to $13.4 billion at September 30, 2013 compared to the prior year period due to ongoing net outflows resulting from low client demand given the interest rate environment.

Net Revenues

Net revenues, which exclude net realized gains or losses, increased $37 million, or 2%, to $1.9 billion for the nine months ended9/30/2013 compared to the prior year period primarily due to higher management and financial advice fees and other revenues, partially offset by a decrease in net investment income.

Management and financial advice fees increased $41 million, or 9%, to $523 million for the nine months ended9/30/2013 compared to $482 million for the prior year period due to higher fees on variable annuities driven by higher separate account balances. Average variable annuities contract accumulation values increased $5.4 billion, or 9%, from the prior year period due to market appreciation, partially offset by net outflows.

Distribution fees increased $16 million, or 7%, to $252 million for the nine months ended9/30/2013 compared to $236 million for the prior year period primarily due to higher fees on variable annuities driven by higher separate account balances.

Net investment income, which excludes net realized gains or losses, decreased $55 million, or 6%, to $801 million for the nine months ended9/30/2013 compared to $856 million for the prior year period reflecting a decrease of approximately $26 million from lower invested assets due to net outflows and approximately $25 million from lower interest rates.

Premiums decreased $9 million, or 10%, to $81 million for the nine months ended9/30/2013 compared to $90 million for the prior year period due to lower sales of immediate annuities with life contingencies.

Other revenues increased $44 million, or 20%, to $268 million for the nine months ended9/30/2013 compared to $224 million for the prior year period due to higher fees from variable annuity guarantees driven by higher volumes and higher fee rates.

Expenses

Total expenses, which exclude the market impact on variable annuity guaranteed living benefits (net of hedges and the related DSIC and DAC amortization) decreased $66 million, or 4%, to $1.4 billion for the nine months ended9/30/2013 compared to $1.5 billion for the prior year period primarily due to the impact of unlocking and model changes.

Distribution expenses increased $22 million, or 7%, to $317 million for the nine months ended9/30/2013 compared to $295 million for the prior year period primarily due to higher variable annuity compensation due to business growth and market appreciation.

Interest credited to fixed accounts decreased $28 million, or 5%, to $490 million for the nine months ended9/30/2013 compared to $518 million for the prior year period driven by lower average fixed annuity account balances. Average fixed annuities contract accumulation values decreased $493 million, or 3%, to $13.6 billion for the nine months ended9/30/2013 compared to the prior year period due to outflows. Fixed annuities remain in net outflows due to low client demand given the interest rate environment.

Benefits, claims, losses and settlement expenses, which exclude the market impact on variable annuity guaranteed living benefits (net of hedges and the related DSIC amortization), increased $54 million, or 16%, to $396 million for the nine months ended9/30/2013 compared to $342 million for the prior year period primarily due to higher reserve funding related to higher fees from prior year sales with variable annuity guarantees. Benefits, claims, losses and settlement expenses for the nine months ended9/30/2013 included a $21 million expense from unlocking primarily reflecting the impact of variable annuity model changes. Benefits, claims, losses and settlement expenses for the prior year period included a $21 million expense from unlocking and model

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changes primarily reflecting lower bond fund returns related to liabilities for the life contingent benefits associated with GMWB.

Amortization of DAC, which excludes the DAC offset to the market impact on variable annuity guaranteed living benefits, decreased $97 million, or 60%, to $66 million for the nine months ended9/30/2013 compared to $163 million for the prior year period due to the impact of unlocking and model changes, partially offset by the market impact on DAC. Amortization of DAC for the nine months ended September 30, 2013 included an $81 million benefit from unlocking primarily driven by the impact of expected higher interest rates and changes in assumed policyholder behavior. Amortization of DAC for the prior year period included a $31 million expense from unlocking and model changes primarily reflecting spread compression and lower bond fund growth rates, partially offset by a benefit from improved persistency. The market impact on DAC was a benefit of $12 million for the nine months ended9/30/2013 compared to a benefit of $21 million in the prior year period.

Protection

The following table presents the results of operations of our Protection segment on an operating basis:

	Nine Months Ended September 30,			
	2013	2012	Change	
	(in millions)			
Revenues				
Management and financial advice fees	$43	$41	$2	5 %
Distribution fees	67	68	(1)	(1)
Net investment income	334	322	12	4
Premiums	880	834	46	6
Other revenues	301	282	19	7
Total revenues	1,625	1,547	78	5
Banking and deposit interest expense	—	1	(1)	NM
Total net revenues	1,625	1,546	79	5
Expenses				
Distribution expenses	56	49	7	14
Interest credited to fixed accounts	108	104	4	4
Benefits, claims, losses and settlement expenses	918	837	81	10
Amortization of deferred acquisition costs	86	79	7	9
General and administrative expense	174	172	2	1
Total expenses	1,342	1,241	101	8
Operating earnings	$283	$305	$(22)	(7)%

NM Not Meaningful.

Our Protection segment pretax operating income, which excludes net realized gains or losses and the market impact on indexed universal life benefits (net of hedges and the related DAC amortization, unearned revenue amortization and the reinsurance accrual), decreased $22 million, or 7%, to $283 million for the nine months ended9/30/2013 compared to $305 million for the prior year period reflecting lower auto and home earnings.

Net Revenues

Net revenues, which exclude net realized gains or losses and the unearned revenue amortization and the reinsurance accrual offset to the market impact on indexed universal life benefits, increased $79 million, or 5%, to $1.6 billion for the nine months ended9/30/2013 compared to $1.5 billion for the prior year period primarily due to the impact of

unlocking and growth in auto and home premiums, as well as an increase in net investment income.

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Net investment income, which excludes net realized gains or losses, increased $12 million, or 4%, to $334 million for the nine months ended9/30/2013 compared to $322 million for the prior year period due to an increase in investment income on fixed maturities.

Premiums increased $46 million, or 6%, to $880 million for the nine months ended9/30/2013 compared to $834 million for the prior year period primarily due to growth in auto and home premiums driven by continued strong new policy sales growth across market segments, primarily from our affinity relationships with Costco and Progressive. Auto and home policy counts increased 10% year-over-year.

Other revenues increased $19 million, or 7%, to $301 million for the nine months ended September 30, 2013 compared to $282 million for the prior year period due to an $18 million unfavorable impact from unlocking for the nine months ended9/30/2013 compared to a $41 million unfavorable impact in the prior year period. The primary driver of the unlocking impact to other revenues in both periods was lower projected gains on reinsurance contracts resulting from favorable mortality experience.

Expenses

Total expenses, which exclude the market impact on indexed universal life benefits (net of hedges and the related DAC amortization), increased $101 million, or 8%, to $1.3 billion for the nine months ended9/30/2013 compared to $1.2 billion for the prior year period primarily due to an increase in benefits, claims, losses and settlement expenses.

Distribution expenses increased $7 million, or 14%, to $56 million for the nine months ended9/30/2013 compared to $49 million for the prior year period driven by higher sales.

Benefits, claims, losses and settlement expenses, which exclude the market impact on indexed universal life benefits (net of hedges), increased $81 million, or 10%, to $918 million for the nine months ended9/30/2013 compared to $837 million for the prior year period due to the impact of unlocking, higher expenses related to our auto and home business, an $8 million increase in disability income reserves in the second quarter of 2013 related to prior periods and a $9 million benefit from a life insurance reserve release in the prior year period. The increase in expenses related to our auto and home business compared to the prior year period was driven by growth in exposure due to a 30% increase in gross new policies, increased reserves for auto liability loss development and $10 million in higher catastrophe losses compared to the prior year period. Benefits, claims, losses and settlement expenses for the nine months ended September 30, 2013 included a $4 million benefit from unlocking compared to a $14 million benefit for the prior year period. The primary driver of the unlocking impact in both periods was favorable mortality experience.

Amortization of DAC increased $7 million, or 9%, to $86 million for the nine months ended9/30/2013 compared to $79 million for the prior year period due to the impact of unlocking. The impact of unlocking was a $3 million benefit for the nine months ended9/30/2013 compared to a $14 million benefit in the prior year period. The primary driver of the unlocking impact in both periods was a lower mortality assumption.

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Corporate & Other

The following table presents the results of operations of our Corporate & Other segment on an operating basis:

	Nine Months Ended September 30,			
	2013	2012	Change	
	(in millions)			
Revenues				
Management and financial advice fees	$—	$(1)	$1	NM
Distribution fees	1	—	1	NM
Net investment income (loss)	(18)	13	(31)	NM
Other revenues	5	8	(3)	(38)%
Total revenues	(12)	20	(32)	NM
Banking and deposit interest expense	—	—	—	NM
Total net revenues	(12)	20	(32)	NM
Expenses				
Distribution expenses	1	—	1	NM
Interest and debt expense	75	70	5	7
General and administrative expense	151	139	12	9
Total expenses	227	209	18	9
Operating loss	$(239)	$(189)	$(50)	(26)%

NM Not Meaningful.

Our Corporate & Other segment pretax operating loss excludes net realized gains or losses, the impact of consolidating CIEs and restructuring charges. Our Corporate & Other segment pretax operating loss was $239 million for the nine months ended9/30/2013 compared to $189 million for the prior year period. Operating losses for the nine months ended9/30/2013 included a loss of $31 million primarily due to how we offset accretion from an intercompany transfer of former bank assets. Approximately $24 million of this loss was reflected in net investment loss and approximately $7 million was reflected in general and administrative expense. The loss of $24 million in the Corporate & Other segment was offset by the associated incremental accretion income, primarily in the Annuities segment, that relates to the transfer of the bank assets and eliminates on a consolidated basis. Corporate & Other segment results for the nine months ended September 30, 2013 also reflected higher compensation-related accruals, $6 million of lower losses on affordable housing partnerships and $5 million of higher interest and debt expense compared to the prior year period.

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 fixed annuities, fixed insurance, brokerage client cash balances, face amount certificate products and the fixed portion of our variable annuities and variable insurance contracts, the value of DAC and DSIC assets, the value of liabilities for guaranteed benefits associated with our variable annuities and the value of derivatives held to hedge these benefits.

Our earnings from fixed annuities, fixed insurance, and the fixed portion of variable annuities and variable insurance contracts are based upon the spread between rates earned on assets held and the rates at which interest is credited to accounts. We guarantee an interest rate to the holders of these products. We primarily invest in fixed rate securities to fund the rate credited to clients. As a result of the low interest rate environment, our current reinvestment yields are generally lower than the current portfolio yield. We expect our portfolio income yields to continue to decline in future

periods if interest rates remain low. The carrying value and weighted average yield of non-structured fixed maturity securities and commercial mortgage loans that may generate proceeds to reinvest through 2015 due to prepayment, maturity or call activity at the option of the issuer, excluding securities with a make-whole provision, was $4.4 billion and 4.3%, respectively, as of September 30, 2013. In addition, residential mortgage-backed securities, which are subject to prepayment risk as a result of the low interest rate environment, totaled $5.9 billion and had a weighted average yield of 3.6% as of September 30, 2013.

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The reinvestment of proceeds from maturities, calls and prepayments at rates below the current portfolio yield, which may be below the level of some liability guaranteed minimum interest rates, will have a negative impact to future operating results. To mitigate the unfavorable impact that the low interest rate environment has on our spread income, we assess reinvestment risk in our investment portfolio and monitor this risk in accordance with our asset/liability management framework. In addition, we may reduce the crediting rates on our fixed products when warranted, subject to guaranteed minimums.

The following table presents the account values of fixed annuities, fixed insurance, and the fixed portion of variable annuities and variable insurance contracts by range of guaranteed minimum crediting rates and the range of the difference between rates credited to contractholders as of September 30, 2013 and the respective guaranteed minimums:

	Account Values with Crediting Rates					
	At Guaranteed Minimum	1-49 bps above Guaranteed Minimum	50-99 bps above Guaranteed Minimum	100-150 bps above Guaranteed Minimum	Greater Than 150 bps above Guaranteed Minimum	Total
Range of Guaranteed Minimum Crediting Rates	(in billions)					
1% - 1.99%	$0.4	$0.4	$0.4	$0.4	$3.0	$4.6
2% - 2.99%	0.5	0.1	—	—	—	0.6
3% - 3.99%	9.1	0.1	—	0.1	0.6	9.9
4% - 5.00%	5.8	—	—	—	—	5.8
Total	$15.8	$0.6	$0.4	$0.5	$3.6	$20.9
Percentage of total	76 %	3 %	2 %	2 %	17 %	100 %

In addition to the fixed rate exposures noted above, RiverSource Life also has the following variable annuity guarantee benefits: 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.

The variable annuity guarantees continue to be managed by utilizing 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 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, indexed universal life insurance and the associated hedge assets, we assume no change in implied market volatility despite the 10% drop in equity prices.

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The following tables present our estimate of the impact on pretax income from the above defined hypothetical market movements as of September 30, 2013:

Equity Price Decline 10%	Equity Price Exposure to Pretax Income Before Hedge Impact	Hedge Impact	Net Impact
	(in millions)		
Asset-based management and distribution fees [1]	$(223)	$7	$(216)
DAC and DSIC amortization [2] [3]	(96)	—	(96)
Variable annuity riders:			
GMDB and GMIB [3]	(79)	—	(79)
GMWB	(161)	163	2
GMAB	(40)	39	(1)
DAC and DSIC amortization [4]	N/A	N/A	1
Total variable annuity riders	(280)	202	(77)
Equity indexed annuities	1	(1)	—
Certificates	3	(3)	—
Indexed universal life insurance	5	(7)	(2)
Total	$(590)	$198	$(391)

Interest Rate Increase 100 Basis Points	Interest Rate Exposure to Pretax Income Before Hedge Impact	Hedge Impact	Net Impact
	(in millions)		
Asset-based management and distribution fees [1]	$(43)	$—	$(43)
Variable annuity riders:			
GMDB and GMIB	—	—	—
GMWB	470	(548)	(78)
GMAB	27	(30)	(3)
DAC and DSIC amortization [4]	N/A	N/A	15
Total variable annuity riders	497	(578)	(66)
Fixed annuities, fixed insurance and fixed portion of variable annuities and variable insurance products	57	—	57
Brokerage client cash balances	129	—	129
Certificates	5	—	5
Indexed universal life insurance	5	—	5
Total	$650	$(578)	$87

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 $318 million related to a 10% equity price decline and an estimated positive net impact to pretax income of $185 million related to a 100 basis point increase in interest rates as of December 31, 2012. The change in the interest rate exposure related to GMWB

liabilities is from a refinement in our hedging strategy.

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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.

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 and is not 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. Broker quotes are obtained when quotes from pricing services are not available. We validate prices obtained from third parties through a variety of means such as: price variance analysis, subsequent sales testing, stale price review, price comparison across pricing vendors and due diligence reviews of vendors. See Note 10 to the Consolidated Financial Statements for additional information on our fair value measurements.

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 and indexed universal life insurance, 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 and indexed universal life insurance 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 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 September 30, 2013. 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 $124 million, net of DAC, DSIC and unearned revenue amortization, the reinsurance accrual and income taxes (calculated at the statutory tax rate of 35%), based on September 30, 2013 credit spreads.

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Liquidity and Capital Resources

Overview

We maintained substantial liquidity during the nine months ended September 30, 2013. At September 30, 2013, we had $3.1 billion in cash and cash equivalents compared to $2.4 billion at December 31, 2012. We have additional liquidity available through an unsecured revolving credit facility for up to $500 million that expires in September 2018. 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. At September 30, 2013, we had no outstanding borrowings under this credit facility and had $2 million of outstanding letters of credit. Our junior subordinated notes due 2066 and credit facility contain various administrative, reporting, legal and financial covenants. We were in compliance with all such covenants at September 30, 2013.

In September 2013, we issued $600 million of 4.00% senior notes due 2023. In November 2013, we used a portion of the proceeds to redeem $350 million par amount of our 5.65% senior notes due 2015. We expect to record a net pretax loss of approximately $20 million on the redemption of the notes in the fourth quarter of 2013. We expect to use the remainder of the proceeds for general corporate purposes, which may include the additional repayment of our 5.65% senior notes due 2015 and/or our 7.75% senior notes due 2039. For further information on the issuance and redemption of debt, see Note 9 to our Consolidated Financial Statements.

We enter into short-term borrowings, which may include repurchase agreements and Federal Home Loan Bank (“FHLB”) advances, to reduce reinvestment risk from higher levels of expected annuity net cash flows. Short-term borrowings 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 September 30, 2013 and December 31, 2012 was $150 million and $501 million, respectively, which is collateralized with agency residential mortgage backed securities and commercial mortgage backed securities from our investment portfolio. Our subsidiary, RiverSource Life Insurance Company (“RiverSource Life”), is a member of the FHLB of Des Moines, which provides access to collateralized borrowings. As of September 30, 2013 and December 31, 2012, we had $350 million and nil, respectively, of borrowings from the FHLB, which is collateralized with commercial mortgage backed securities. 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.

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.

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

	Actual Capital		Regulatory Capital Requirements	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
	(in millions)			
RiverSource Life[1][2]	$2,872	$3,257	N/A	$ 620
RiverSource Life of NY[1][2]	249	256	N/A	44
IDS Property Casualty[1][3]	482	462	$ 173	160
Ameriprise Insurance Company[1][3]	43	43	2	2
ACC[4][5]	228	204	209	187
Threadneedle[6]	244	183	153	156
Ameriprise National Trust Bank[7]	16	142	10	14
AFSI[3][4]	95	88	2	2
Ameriprise Captive Insurance Company[3]	60	59	12	12
Ameriprise Trust Company[3]	55	48	53	47
AEIS[3][4]	109	114	42	39
RiverSource Distributors, Inc.[3][4]	25	25	#	#
Columbia Management Investment Distributors, Inc.[3][4]	33	29	#	#

N/A Not applicable.

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 September 30, 2013 and December 31, 2012.

[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 regulatory capital requirements at September 30, 2013 represent management's assessment at June 30, 2013 of the risk based requirements, as specified by FCA regulations.

[7] In January 2013, we completed the conversion of our federal savings bank subsidiary, Ameriprise Bank, FSB, to a limited powers national trust bank, which conversion included changing the name of this subsidiary to Ameriprise National Trust Bank. As of September 30, 2013 and December 31, 2012, this subsidiary was required to maintain capital in compliance with the Office of the Comptroller of the Currency (“OCC”) regulations and policies.

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 nine months ended September 30, 2013, the parent holding company received cash dividends or a return of capital from its subsidiaries of $1.3 billion (including $675 million from RiverSource Life and $130 million from Ameriprise Bank) and contributed cash to its subsidiaries of $44 million. During the nine months ended September 30, 2012, the parent holding company received cash dividends or a return of capital from its subsidiaries of $1.2 billion (including $740 million from RiverSource Life) and contributed cash to its subsidiaries of $98 million.

Dividends Paid to Shareholders and Share Repurchases

We paid regular quarterly dividends to our shareholders totaling $307 million and $218 million for the nine months ended9/30/2013 and 2012, respectively. On October 29, 2013, we announced a quarterly dividend of $0.52 per common share. The dividend will be paid on November 22, 2013 to our shareholders of record at the close of business on November 12, 2013.

On October 24, 2012, we announced that our Board of Directors authorized an expenditure of up to an additional $2.0 billion for the repurchase of shares of our common stock through 2014. As of September 30, 2013, we had $1.0 billion remaining under this

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share repurchase authorization. We intend to fund share repurchases through existing working capital, capital released from the transition of Ameriprise Bank from a federal savings bank to a limited powers national trust bank, 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 nine months ended9/30/2013, we repurchased a total of 14.3 million shares of our common stock at an average price of $77.81 per share.

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 was $1.1 billion for the nine months ended9/30/2013 compared to $883 million for the prior year period primarily reflecting higher earnings.

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 universal life products reflected in financing activities.

Net cash used in investing activities was $143 million for the nine months ended9/30/2013 compared to net cash provided by investing activities of $1.1 billion for the prior year period. The decrease in cash of $1.3 billion compared to the prior year period was primarily due to a $749 million increase in purchases of Available-for-Sale securities, a $115 million decrease in proceeds from sales and maturities, sinking fund payments and calls of Available-for-Sale securities and a $1.2 billion increase in purchases of investments by consolidated investment entities, partially offset by a $596 million increase in proceeds from sales, maturities and repayments of investments by consolidated investment entities.

Financing Activities

Net cash used in financing activities decreased $1.3 billion to $207 million for the nine months ended9/30/2013 compared to $1.5 billion for the prior year period. Net cash inflows related to investment certificates and banking time deposits increased $133 million compared to the prior year period driven by higher net proceeds from investment certificates. Cash flows for the prior year period included a $246 million decrease from the net change in banking deposits. Cash proceeds from issuance of debt, net of issuance costs, was $593 million for the nine months ended September 30, 2013 compared to nil for the prior year period. Cash outflows for dividends paid to shareholders increased $88 million compared to the prior year period. Cash used for the repurchase of common stock, which includes stock repurchases and shares surrendered to cover income tax obligations of holders of share-based compensation awards, increased $197 million compared to the prior year period. Cash flows related to CIEs increased $600 million compared to the prior year period primarily due to changes in CIE debt.

Contractual Commitments

There have been no material changes to our contractual obligations disclosed in our 2012 10-K.

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 September 30, 2013. 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 3 to our Consolidated Financial Statements for additional information on our arrangements with structured investments.

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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, the introduction, cessation, terms or pricing of new or existing products and services, 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," "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:

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

- changes in and the adoption of relevant accounting standards and securities rating agency standards and processes, 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, including pricing pressure, the introduction of new products and services and changes in product distribution mix and distribution channels;

- changes to the Company's reputation that may arise from employee or advisor misconduct, legal or regulatory actions, perceptions of the financial services industry generally, 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 and cost 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;

- 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

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

- the ability to realize the financial, operating and business fundamental benefits of strategic transactions and initiatives the Company has completed, is pursuing or may pursue in the future, which may be impacted by the ability to obtain regulatory approvals, the ability to effectively manage related expenses and by market, business partner and consumer reactions to such strategic transactions and initiatives;

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

- interruptions or other failures in the Company's communications, technology and other operating systems, including errors or failures caused by third party service providers, interference or failures caused by third party attacks on the Company's systems, or the failure to safeguard the privacy or confidentiality of sensitive information and data on such systems; and

- general economic and political factors, including consumer confidence in the economy and the financial industry, 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. The foregoing list of factors should be read in conjunction with the "Risk Factors" discussion included in Part I, Item 1A of our 2012 10-K.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information set forth in Part I, Item 2, “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Market Risk” in this report is incorporated herein by reference. These disclosures should be read in conjunction with the “Quantitative and Qualitative Disclosures About Market Risk” discussion included as Part II, Item 7A of our 2012 10-K filed with the SEC on February 27, 2013.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) designed to provide reasonable assurance that the information required to be reported in the Exchange Act filings is recorded, processed, summarized and reported within the time periods specified in and pursuant to SEC regulations, including controls and procedures designed to ensure that this information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding the required disclosure. It should be noted that, because of inherent limitations, our company’s disclosure controls and procedures, however well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of the disclosure controls and procedures are met.

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, our company’s Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at a reasonable level of assurance as of September 30, 2013.

Changes in Internal Control over Financial Reporting

There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our company’s internal control over financial reporting.

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PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information set forth in Note 15 to the Consolidated Financial Statements in Part I, Item 1 is incorporated herein by reference.

ITEM 1A. RISK FACTORS

There have been no material changes in the risk factors provided in Part I, Item 1A of our 2012 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

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 third quarter of 2013:

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]
July 1 to July 31, 2013				
Share repurchase program [1]	1,245,893	$85.71	1,245,893	$ 1,283,671,643
Employee transactions[2]	131,285	$87.89	N/A	N/A
August 1 to August 31, 2013				
Share repurchase program [1]	1,673,059	$89.03	1,673,059	$ 1,134,714,475
Employee transactions[2]	208,088	$90.62	N/A	N/A
September 1 to September 30, 2013				
Share repurchase program [1]	1,254,228	$90.90	1,254,228	$ 1,020,710,276
Employee transactions [2]	190,755	$90.59	N/A	N/A
Totals				
Share repurchase program [1]	4,173,180	$88.60	4,173,180	
Employee transactions [2]	530,128	$89.93	N/A	
	4,703,308		4,173,180	

N/A Not applicable.

[1] On October 24, 2012, we announced that our board of directors authorized us to repurchase up to $2.0 billion worth of our common stock through 2014. 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] Includes restricted shares withheld pursuant to the terms of awards under the Company's share-based compensation plans to offset tax withholding obligations that occur upon vesting and release of restricted shares. The value of the restricted shares withheld is the closing price of common stock of Ameriprise Financial, Inc. on the date the relevant

transaction occurs. Also includes shares withheld pursuant to the net settlement of Non-Qualified Stock Option ("NQSO") exercises to offset tax withholding obligations that occur upon exercise and to cover the strike price of the NQSO. The value of the shares withheld pursuant to the net settlement of NQSO exercises is the closing price of common stock of Ameriprise Financial, Inc. on the day prior to the date the relevant transaction occurs.

ITEM 6. EXHIBITS

The list of exhibits required to be filed as exhibits to this report are listed on page E-1 hereof, under "Exhibit Index," which is incorporated herein by reference.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERIPRISE FINANCIAL, INC.
(Registrant)

Date:	November 4, 2013	By	/s/ Walter S. Berman Walter S. Berman Executive Vice President and Chief Financial Officer
Date:	November 4, 2013	By	/s/ David K. Stewart David K. Stewart Senior Vice President and Controller (Principal Accounting Officer)

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EXHIBIT INDEX

Pursuant to the rules and regulations of the Securities and Exchange Commission, we have filed certain agreements as exhibits to this Quarterly Report on Form 10-Q. These agreements may contain representations and warranties by the parties. These representations and warranties have been made solely for the benefit of the other party or parties to such agreements and (i) may have been qualified by disclosures made to such other party or parties, (ii) were made only as of the date of such agreements or such other date(s) as may be specified in such agreements and are subject to more recent developments, which may not be fully reflected in our public disclosure, (iii) may reflect the allocation of risk among the parties to such agreements and (iv) may apply materiality standards different from what may be viewed as material to investors. Accordingly, these representations and warranties may not describe our actual state of affairs at the date hereof and should not be relied upon.

The following exhibits are filed as part of this Quarterly Report on Form 10-Q. The exhibit numbers followed by an asterisk (*) indicate exhibits electronically filed herewith. All other exhibit numbers indicate exhibits previously filed and are hereby incorporated herein by reference.

Exhibit	Description
3.1	Amended Restated Certificate of Incorporation of Ameriprise Financial, Inc. (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K, File No. 1-32525, filed on April 30, 2010).
3.2	Amended and Restated Bylaws of Ameriprise Financial, Inc. (incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K, File No. 1-32525, filed on October 7, 2013).
4.1	Form of Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to Amendment No. 3 to Form 10 Registration Statement, File No. 1-32525, filed on August 19, 2005).
	Other instruments defining the rights of holders of long-term debt securities of the registrant are omitted pursuant to Section (b)(4)(iii)(A) of Item 601 of Regulation S-K. The registrant agrees to furnish copies of these instruments to the SEC upon request.
10.1	Amended and Restated Credit Agreement, dated as of September 30, 2013, among Ameriprise Financial, Inc., the lenders party thereto, Wells Fargo Bank, National Association, as Administrative Agent, Bank of America, N.A., as Syndication Agent, and Credit Suisse AG, Cayman Islands Branch, HSBC Bank USA, National Association, Citibank, N.A., and JPMorgan Chase Bank, N.A., as Co-Documentation Agents (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, File No. 1-32525, filed on October 1, 2013).
31.1*	Certification of James M. Cracchiolo pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
31.2*	Certification of Walter S. Berman pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
32*	Certification of James M. Cracchiolo and Walter S. Berman pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	The following materials from Ameriprise Financial, Inc.'s Quarterly Report on Form 10-Q for the period ended September 30, 2013, formatted in XBRL: (i) Consolidated Statements of Operations for the three months and nine months ended September 30, 2013 and 2012; (ii) Consolidated Statements of Comprehensive Income for the three months and nine months ended September 30, 2013 and 2012; (iii) Consolidated Balance Sheets at September 30, 2013 and December 31, 2012; (iv) Consolidated Statements of Equity for the nine months ended September 30, 2013 and 2012; (v) Consolidated Statements of Cash Flows for the nine months ended September 30, 2013 and 2012; and (vi) Notes to the Consolidated Financial Statements.