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Via Email:

director@fasb.org

August 08, 2008

Mr. Russell G. Golden Technical Director File Reference No. 1600-100 Financial Accounting Standards Board 401 Merritt 7 Post Office Box 5116 Norwalk, Connecticut 06856-5116



LETTER OF COMMENT NO. 153

Dear Mr. Golden:

Ameriprise Financial is a diversified financial services company serving the comprehensive financial planning needs of the mass affluent and affluent through our 11,500 financial advisors. We appreciate the opportunity to offer comments with respect to the Proposed Statement of Financial Accounting Standard, "Disclosure of Certain Loss Contingencies - an amendment of FASB Statements No. 5 and 141(R)." We understand that the FASB has received comments that contingencies are often disclosed late and that entities often indicate they cannot estimate the amount of the loss even within a range of possibilities. We support meaningful and reliable disclosures of loss contingencies that are useful to users of financial statements; however, we are concerned that requirements contained in the Proposed Statement would produce disclosures that are not only prejudicial in nature but may also prove to be neither useful nor reliable.

Our primary concerns are summarized below:

Focus of Proposed Statement is on expanding disclosures instead of improving measurement under FAS 5

Expanding disclosure requirements for loss contingencies to those that are more than remote and to remote for contingencies expected to be resolved in the near term and that could severely impact an entity: (i) are likely to confuse financial statement users by providing information regarding events that are not likely to actually result in a significant impact to the financial statements, (ii) are less reliable, and (iii) could be misleading regarding future financial results. Instead we believe the FASB should provide clarity around disclosure requirements by providing guidance regarding measurement of contingencies under FASB Statement No. 5 using the existing threshold for disclosure.

Tabular reconciliation would provide prejudicial information and would not reliably predict future cash flows

The Proposed Statement requires a tabular reconciliation of loss contingencies that would include disclosures of accruals, changes in accruals, and settlements paid. The objective of the tabular reconciliation is to provide more transparency about the effects of loss contingencies on the financials and to improve a user's ability to predict future cash flows. The tabular reconciliation of loss contingency reserves would provide too much transparency into an entity's accruals to its legal adversaries; thereby harming the entity's ability to successfully defend itself in litigation and increasing overall costs to the entity for preparation of the tabular reconciliation as well as costs of providing potential prejudicial information to plaintiffs. Additionally, the tabular reconciliation would not be an accurate predictor of future losses because the resolutions of certain contingencies, especially legal cases, are unique from quarter to quarter.

We have included a discussion of these primary concerns, along with our other comments in our responses to the specific questions outlined by the FASB in the Exposure Draft, as shown below.

Question 1 - Will the proposed Statement meet the project's objective of providing enhanced disclosures about loss contingencies so that the benefits of those disclosures justify the incremental costs? Why or why not? What costs do you expect to incur if the Board were to issue this proposed Statement in its current form as a final Statement? How could the Board further reduce the costs of applying these requirements without significantly reducing the benefits?

We do not believe the benefits of the disclosures required under this Proposed Statement justify the incremental costs. We believe the primary beneficiaries of these expanded disclosures will be an entity's legal adversaries. The incremental costs would extend beyond the staff, management, and auditor hours to prepare, review and audit these disclosures. Additional costs would include providing information that would be useful to an entity's legal adversaries and prejudicial to an entity's efforts to successfully defend itself in litigation. More specifically, these costs would include larger settlement costs and litigation losses as a result of the prejudicial information that would now be disclosed to an entity's legal adversaries. Legal fees would also increase in order to both (i) prepare the additional documentation to support the disclosures and (ii) defend the entity against its legal adversaries that could use this information against the entity. Although the Board has proposed to reduce these costs by allowing entities to aggregate their loss contingencies, such an aggregation would not solve the problem because an entity's legal adversaries could still obtain through discovery the case-specific information that was documented and later aggregated for disclosure in the financial statements.

Question 2 - Do you agree with the Board's decision to include within the scope of this proposed Statement obligations that may result from withdrawal from a multiemployer plan for a portion of its unfunded benefit obligations, which are currently subject to the provisions of Statement 5? Why or why not?

We do not have a comment on this question.

Question 3 - Should an entity be required to provide disclosures about loss contingencies, regardless of the likelihood of loss, if the resolution of the contingencies is expected to occur within one year of the date of the financial statements and the loss contingencies could have a severe impact upon the operations of the entity? Why or why not?

The likelihood of loss is an important consideration that should remain as a key factor in determining whether disclosure is appropriate. Requiring disclosures regardless of the likelihood of loss would represent a radical departure from the generally accepted methodology for assessing materiality, which takes into account both the likelihood of an event and the impact of the event. Statement of Financial Accounting Standards No. 5, Accounting for Contingencies ("SFAS 5") has appropriately established the threshold of disclosures at "reasonably possible", that is, where the "chance of the future event or events occurring is more than remote but less than likely." This threshold is also used in the American Institute of Certified Public Accountants' Statement of Position ("SOP") 94-6, "Disclosure of Certain Significant Risks and Uncertainties" ("SOP 94-6"). SOP 94-6 already effectively uses the concepts of "severe impact" and "near term" with the reasonably possible threshold. This Proposed Statement should not delve deeper into contingencies that are less likely to occur. To go beyond the reasonably possible threshold would be overly conservative and not useful to financial statement users.

Statement of Financial Accounting Concepts No. 2, Qualitative Characteristics of Accounting Information ("CON 2") establishes that a more pessimistic disclosure is not necessarily aligned with proper conservatism. Paragraph 95 of CON 2 states, "if two amounts are not equally likely, conservatism does not necessarily dictate using the more pessimistic amount rather than the more likely one." By requiring disclosures about loss contingencies regardless of the likelihood of loss, the Proposed Statement would require users of financial statements to attempt to distinguish between contingencies that have a remote chance of occurring and those that are likely to occur.

For example, valid lawsuits would be combined with frivolous lawsuits filed for publicity and the Proposed Statement would require entities to disclose information about both types of cases. This information overload would effectively detract from the users' ability to focus on those cases that are likely to occur and impact the entities' financial statements. Moreover, estimates regarding litigation in which losses are remote or uncertain will involve speculation and will often turn out to be inaccurate. The estimates themselves may be misleading to users, and when they prove to be inaccurate, may be a source of additional claims against a company.

For unasserted claims that would be required to be disclosed under this requirement, the disclosures would not only be unnecessary but also highly prejudicial. Under the Proposed Statement, disclosure would be required even if the potential claimant has evidenced no awareness of the potential claim and even if the likelihood of an adverse outcome is remote. Such disclosure could expose a company to a heightened risk of frivolous litigation by highlighting unasserted claims that may have a low probability of success.

Similarly, where a company concludes resolution of the unasserted claim within the next year is likely because the statute of limitations for an unasserted claim will expire within that year, requiring disclosure of the contingency and the company's analysis could jeopardize the potential statute of limitations defense by reminding potential claimants of the need to bring suit to preserve their rights. While the exception to disclosure of prejudicial items may provide some relief, it is unlikely to be sufficient to resolve the issue, because it would still require mandatory disclosure of facts that are likely to be prejudicial. Therefore, disclosure of contingencies that are expected to occur within one year of the date of the financial statements where a loss is expected to be remote should not be disclosed.

Rather than requiring additional disclosures and estimates for litigation matters that are remote or uncertain, the FASB would be better served to offer guidance as to how companies should interpret and apply the current disclosure thresholds of "probable" and "reasonably possible." For example, it would not be prudent to make putative class actions a required disclosure item as soon as they are threatened or filed, since so many are dismissed in their early stages or settled for "cost of defense" type amounts. However, the FASB could provide guidance suggesting that nationwide class actions which have survived motions to dismiss and in which a class has been certified will typically meet either the "reasonably possible" or "probable" categories as to likelihood of loss.

Question 4 - Paragraph 10 of Statement 5 requires entities to "give an estimate of the possible loss or range of loss or state that such an estimate cannot be made." One of financial statement users' most significant concerns about disclosures under Statement 5's requirements is that the disclosures rarely include quantitative information. Rather, entities often state that the possible loss cannot be estimated. The Board decided to require entities to disclose the amount of the claim or assessment against the entity, or, if there is no claim or assessment amount, the entity's best estimate of the maximum possible exposure to loss. Additionally, entities would be permitted, but not required, to disclose the possible loss or range of loss if they believe the amount of the claim or assessment is not representative of the entity's actual exposure.

a. Do you believe that this change would result in an improvement in the reporting of quantitative information about loss contingencies? Why or why not? b. Do you believe that disclosing the possible loss or range of loss should be required, rather than optional, if an entity believes the amount of the claim or assessment or its best estimate of the maximum possible exposure to loss is not representative of the entity's actual exposure? Why or why not?

c. If you disagree with the proposed requirements, what quantitative disclosures do you believe would best fulfill users' needs for quantitative information and at the same time not reveal significant information that may be prejudicial to an entity's position in a dispute?

We believe that the ability of entities to consistently measure loss contingencies is an area of key concern for users of financial statements. However, rather than requiring expanded disclosures, we believe the FASB should provide guidance on how probable loss contingencies are to be measured. There is diversity in practice regarding disclosing loss contingencies where one entity will disclose the best estimate of a range while another entity might elect not to disclose a matter because the range of estimates includes no loss and management does not believe one point in the range is more representative of the outcome than any other point. Therefore, we believe FASB's efforts should be focused on consistency in measurement rather than on disclosure.

Question 5 - If a loss contingency does not have a specific claim amount, will an entity be able to provide a reliable estimate of the maximum exposure to loss (as required by paragraph 7(a)) that is meaningful to users? Why or why not?

We believe entities would not be able to provide a reliable estimate of the maximum exposure to loss that is meaningful to users particularly for litigation loss contingencies because of the inherent uncertainty in litigation loss reserves and the numerous factors that impact the Company's exposure to loss such as, applicable case law or common law, the venue, the practices of the lawyers and judge and/or magistrate involved, the current political and media environment, potential defense costs, the presence of third parties and potential outcomes of similar cases involving other companies. The maximum exposure to loss would not be reliable and would primarily benefit the Company's legal adversaries as this amount could indicate to the legal adversary a sum not previously considered.

Other loss contingencies such as those that are created through a contract and where the amount of the loss can be calculated by a formula established by the contract, an entity would be able to provide a reliable estimate of the maximum exposure to loss that could be meaningful to users.

Question 6 - Financial statement users suggested that the Board require disclosure of settlement offers made between counterparties in a dispute. The Board decided not to require that disclosure because often those offers expire quickly and may not reflect the status of negotiations only a short time later. Should disclosure of the amount of settlement offers made by either party be required? Why or why not?

We agree with the Board's decision to not require disclosure of settlement offers. We believe disclosure of settlement offers should be kept confidential as they are often used to further negotiations between both sides. Disclosure of these offers could hinder or otherwise negatively impact negotiations and could also confuse the user of financial statements with information that is misleading or potentially irrelevant in terms of the

amount for which the entity is actually willing to settle. Furthermore, an entity would not be able to provide users of its financial statements with the necessary context for these settlement amounts without providing prejudicial information.

Question 7 - Will the tabular reconciliation of recognized loss contingencies, provided on an aggregated basis, provide useful information about loss contingencies for assessing future cash flows and understanding changes in the amounts recognized in the financial statements? Why or why not?

We believe that the aggregation and presentation of a tabular reconciliation of loss contingencies would still result in the disclosure of prejudicial information and would not allow a financial statement user to reliably assess future cash flows because of the unique nature of most loss contingencies, especially litigation matters. More often than not, aggregating disclosures would not prevent the disclosure of prejudicial information because either there will not be enough cases to mask the input of a large case or the information will be obtained by an entity's legal adversary during the discovery process. Most contingent liabilities are inherently unique and their outcomes may be influenced by numerous factors; consequently, aggregating these varied liabilities is neither helpful nor meaningful to readers. Furthermore, the aggregation of loss contingencies will not provide an historic pattern that would provide insight into the future development of pending claims because of the unique nature of each contingency and the large number of factors that could impact the outcome of the varied cases. Accordingly, a tabular reconciliation of these varied contingencies would be inherently misleading as a predictor of future outcomes.

Question 8 - This proposed Statement includes a limited exemption from disclosing prejudicial information. Do you agree that such an exemption should be provided? Why or why not?

If the Proposed Statement is issued in its current form as final, the limited exemption from disclosing prejudicial information must be provided and such an exemption would likely be invoked more often than not due to the benefits a legal adversary of the entity would obtain from this information in its discovery process.

Question 9 - If you agree with providing a prejudicial exemption, do you agree with the two-step approach in paragraph 11? Why or why not? If not, what approach would you recommend and why?

We do not believe the first step of the approach (that is, aggregating disclosures) will solve entities' concerns over disclosing prejudicial information. The aggregation of contingencies would provide illusory protection to the Company and its shareholders from the Company's legal adversaries because those adversaries would be able to look through the aggregation to the specific case during their discovery process. For example, legal adversaries will request documentation that was used to develop estimated maximum loss and/or range of estimated loss disclosures applicable to each particular case that was aggregated with other cases to produce the amount disclosed in the

financial statements. Prejudicial information by its nature should not be disclosed regardless of whether it is able to be aggregated.

Question 10 - The International Accounting Standards Board (IASB) continues to deliberate changes to IAS 37, Provisions, Contingent Liabilities and Contingent Assets, but has not yet reconsidered the disclosure requirements. The existing disclosure requirements of IAS 37 include a prejudicial exemption with language indicating that the circumstances under which that exemption may be exercised are expected to be extremely rare. This proposed Statement includes language indicating that the circumstances under which the prejudicial exemption may be exercised are expected to be rare (instead of extremely rare). Do you agree with the Board's decision and, if so, why? If not, what do you recommend as an alternative and why?

The IASB definition of prejudicial exemption may reflect the different litigation processes of the countries in which it was developed. In the U.S., we believe that the use of the prejudicial exemption under this Proposed Standard will be exercised more frequently than in "rare" or "extremely rare" circumstances.

Question 11 - Do you agree with the description of prejudicial information as information whose "disclosure... could affect, to the entity's detriment, the outcome of the contingency itself"? If not, how would you describe or define prejudicial information and why?

We believe the description is reasonable.

Question 12 - Do you believe it is operational for entities to disclose all of the proposed requirements for interim and annual reporting periods? Should the tabular reconciliation be required only annually? Why or why not?

We believe the proposed disclosures would require an unnecessary drain on an entity's resources and would result in the release of information to financial statement users that is at best confusing and not helpful and at worse misleading and harmful to shareholders' interests. The preparation of this reconciliation would require many additional hours of our legal and accounting resources to ensure the numbers are accurate and properly describe the reasons for the changes during the period. As noted earlier, the unique nature of loss contingencies from quarter to quarter would prevent this reconciliation from being able to be a reliable predictor of future outcomes. Furthermore, the detailed information required to support the tabular reconciliation could also be harmful to shareholders' interests if legal adversaries use this detail to bolster their case against the entity.

The tabular reconciliation should not be required. However, if the tabular reconciliation were to be required, it should only be required annually due to resource constraints an entity would face in preparing the reconciliation quarterly. If material changes occur in any loss contingencies within an interim period these changes are required to be disclosed by other guidance.

Question 13 - Do you believe other information about loss contingencies should be disclosed that would not be required by this proposed Statement? If so, what other information would you require?

We believe the disclosures under existing accounting standards are appropriate, auditable, and well-understood and have well served financial statement users. Instead of increasing the quantity of disclosures provided by entities, the FASB should focus on improving the quality of the disclosures by providing guidance on how loss contingencies are measured. We believe that there is diversity in practice regarding the measurement and recording of loss contingencies and that additional guidance from the FASB regarding how these contingencies should be measured would be helpful to preparers and users of financial statements.

Question 14 - Do you believe it is operational for entities to implement the proposed Statement in fiscal years ending after December 15, 2008? Why or why not?

If the FASB proceeds with the release of a Final Statement on loss contingency disclosures, we believe the effective date should be deferred until December 15, 2009 to allow entities time to implement the significantly lower disclosure threshold of this Standard. Additional time would also likely be required to ensure entities establish auditable processes and produce sufficient documentation to support these new disclosures and to allow auditors time to audit the new disclosures and processes. Legal arrangements with external counsel would also likely need to be reassessed and updated for additional information/services that these service providers would be required to perform for financial statement support.

In conclusion, we believe that the concerns of financial statement users regarding disclosures about loss contingencies are best addressed by a Statement that would provide guidance on how those contingencies should be measured. We believe that the expanded disclosures required under this Proposed Statement would not address the concerns of financial statement users but would in fact raise new concerns by providing information that is unreliable and misleading to financial statement users and that is prejudicial to the entities (and their shareholders) that are providing these additional disclosures.

Thank you for your consideration of our comments on these very important matters. If you have any questions, comments or would like further information, please contact me at (612) 678-4769.

Sincerely,

David K. Stewart

Senior Vice President & Controller