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

Form 10-K

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

For the fiscal year ended December 31, 2013

OR

☐ **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. 1-7657

American Express Company

(Exact name of registrant as specified in its charter)

New York	**13-4922250**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
200 Vesey Street, New York, New York	**10285**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code: (212) 640-2000

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

Title of each class	Name of each exchange on which registered
Common Shares (par value $0.20 per Share)	**New York Stock Exchange**

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, 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 a shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

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

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

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

As of June 30, 2013, the aggregate market value of the registrant's voting shares held by non-affiliates of the registrant was approximately $80.8 billion based on the closing sale price as reported on the New York Stock Exchange.

As of February 14, 2014, there were 1,062,568,163 common shares of the registrant outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Parts I, II and IV: Portions of Registrant’s 2013 Annual Report to Shareholders.

Part III: Portions of Registrant’s Proxy Statement to be filed with the Securities and Exchange Commission in connection with the Annual Meeting of Shareholders to be held on May 12, 2014.

TABLE OF CONTENTS

Form 10-K Item Number		Page
	PART I	
1.	Business	
	Introduction	1
	Global Network & Merchant Services	4
	U.S. Card Services	17
	International Card Services	26
	Global Commercial Services	28
	Corporate & Other	32
	Supervision and Regulation	36
	Foreign Operations	56
	Segment Information and Classes of Similar Services	56
	Executive Officers of the Company	57
	Employees	59
	Guide 3 — Statistical Disclosure by Bank Holding Companies	59
1A.	Risk Factors	78
1B.	Unresolved Staff Comments	100
2.	Properties	100
3.	Legal Proceedings	100
4.	Mine Safety Disclosures	103
	PART II	
5.	Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	104
6.	Selected Financial Data	105
7.	Management’s Discussion and Analysis of Financial Condition and Results of Operations	105
7A.	Quantitative and Qualitative Disclosures about Market Risk	105
8.	Financial Statements and Supplementary Data	105
9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	105
9A.	Controls and Procedures	105
9B.	Other Information	106
	PART III	
10.	Directors, Executive Officers and Corporate Governance	106
11.	Executive Compensation	106
12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	106
13.	Certain Relationships and Related Transactions, and Director Independence	106
14.	Principal Accounting Fees and Services	107
	PART IV	
15.	Exhibits, Financial Statement Schedules	107
	Signatures	108
	Index to Financial Statements	F-1
	Exhibit Index	E-1

PART I*

ITEM 1. BUSINESS

INTRODUCTION

Overview

American Express Company, together with its consolidated subsidiaries ("American Express," the "Company," "we," "us" or "our"), is a global services company that provides customers with access to products, insights and experiences that enrich lives and build business success. Our principal products and services are charge and credit payment card products and travel-related services offered to consumers and businesses around the world.

We were founded in 1850 as a joint stock association. We were incorporated in 1965 as a New York corporation. American Express Company and its principal operating subsidiary, American Express Travel Related Services Company, Inc. ("TRS"), are bank holding companies under the Bank Holding Company Act of 1956, as amended (the "BHC Act"), subject to supervision and examination by the Board of Governors of the Federal Reserve System (the "Federal Reserve").

Our headquarters are located in New York, New York in lower Manhattan. We also have offices in other locations in North America, as well as throughout the world.

We are principally engaged in businesses comprising four reportable operating segments: U.S. Card Services, International Card Services, Global Commercial Services and Global Network & Merchant Services, all of which are described below. Corporate functions and auxiliary businesses, including the Company's Enterprise Growth Group, are included in Corporate & Other.

We compete in the global payments industry with charge, credit and debit card networks, issuers and acquirers, as well as evolving alternative payment mechanisms, systems and products. As the payments industry continues to evolve, we are facing increasing competition from non-traditional players that leverage new technologies and customers' existing card accounts and bank relationships to create payment or other fee-based solutions. We are transforming our existing businesses and creating new products and services for the digital marketplace as we seek to enhance our customers' digital experiences and develop platforms for online and mobile commerce. Emerging technologies also provide an opportunity to deliver financial products and services that help new and existing customer segments move and manage their money, which we are pursuing through our Enterprise Growth Group.

Securities Exchange Act Reports and Additional Information

We maintain an Investor Relations website on the internet at http://ir.americanexpress.com. We make available free of charge, on or through this website, our annual, quarterly and current reports and any

* Some of the statements in this report constitute forward-looking statements. You can identify forward-looking statements by words such as "believe," "expect," "anticipate," "optimistic," "intend," "plan," "aim," "will," "may," "should," "could," "would," "likely," "estimate," "predict," "potential," "continue" or other similar expressions. We discuss certain factors that affect our business and operations and that may cause our actual results to differ materially from these forward-looking statements under "Risk Factors" below. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We undertake no obligation to update publicly or revise any forward-looking statements.

amendments to those reports as soon as reasonably practicable following the time they are electronically filed with or furnished to the Securities and Exchange Commission ("SEC"). To access these materials, click on the "SEC Filings" link under the caption "Financial Information" on our Investor Relations homepage.

You can also access our Investor Relations website through our main website at www.americanexpress.com by clicking on the "Investor Relations" link, which is located at the bottom of our homepage. Information contained on our Investor Relations website, our main website and other websites referred to in this report is not incorporated by reference into this report or any other report filed with or furnished to the SEC. We have included such website addresses only as inactive textual references and do not intend them to be active links.

This report includes trademarks, such as American Express ®, which are protected under applicable intellectual property laws and are the property of American Express Company or its subsidiaries. This report also contains trademarks, service marks, copyrights and tradenames of other companies, which are the property of their respective owners. Solely for convenience, our trademarks and tradenames referred to in this report may appear without the ® or ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks and tradenames.

2013 Highlights

Our results for 2013 reflected healthy spending growth, continuing strong credit quality, effective control of operating expenses and a strong capital position. Compared with 2012, we delivered:

- Total revenues net of interest expense of $33.0 billion, up 4 percent from $31.6 billion
- Net income of $5.4 billion, up 20 percent from $4.5 billion
- Diluted earnings per share based on net income attributable to common shareholders of $4.88, up 25 percent from $3.89
- Return on average equity of 27.8 percent, compared with 23.1 percent

Despite a challenging economic environment, billed business grew 7 percent over the prior year. Our average loans also continued to grow year over year. At the same time, lending write-off rates remained at historically low levels. While we expect lending write-off rates will increase from such levels, we have not experienced overall credit deterioration, as total delinquency rates remained consistently low during the year. We effectively controlled our expenses, while continuing to invest in growth opportunities in the United States and internationally.

For a complete discussion of our 2013 financial results, including financial information regarding each of our reportable operating segments, see pages 16-108 of our 2013 Annual Report to Shareholders, which is incorporated herein by reference. For a discussion of our principal sources of revenue, see pages 65-66 of our 2013 Annual Report to Shareholders.

Products and Services

Our range of products and services includes:

- Charge and credit card products
- Expense management products and services
- Consumer and business travel services
- Stored value/prepaid products such as American Express Serve, Bluebird and Travelers Cheques
- Network services

- Merchant acquisition and processing, servicing and settlement, and point-of-sale, marketing and information products and services for merchants
- Fee services, including fraud prevention services and the design of customized customer loyalty and rewards programs

Our various products and services are sold globally to diverse customer groups, including consumers, small businesses, mid-sized companies and large corporations. These products and services are sold through various channels, including direct mail, online applications, in-house and third-party sales forces and direct response advertising.

Our products and services generate the following types of revenue:

- Discount revenue, our largest revenue source, which represents fees generally charged to merchants when Card Members use their cards to purchase goods and services at merchants on our network
- Net card fees, which represent revenue earned for annual Card Memberships
- Travel commissions and fees, which are earned by charging a transaction or management fee to both customers and suppliers for travel-related transactions
- Other commissions and fees, which are earned on foreign exchange conversions, card-related fees and assessments and other service fees
- Other revenue, which represents revenues arising from contracts with partners of our Global Network Services ("GNS") business (including royalties and signing fees), insurance premiums earned from Card Member travel and other insurance programs, Travelers Cheques and prepaid card-related revenues and other miscellaneous revenue and fees
- Interest on loans, which principally represents interest income earned on outstanding balances

Our general-purpose card network, card-issuing and merchant-acquiring and processing businesses are global in scope. We are a world leader in providing charge and credit cards to consumers, small businesses and corporations. These cards include cards issued by American Express as well as cards issued by third-party banks and other institutions that are accepted by merchants on the American Express network (collectively, "Cards"). American Express Cards permit Card Members to charge purchases of goods and services in most countries around the world at the millions of merchants that accept Cards bearing our logo. At December 31, 2013, we had total worldwide Cards-in-force of 107.2 million (including Cards issued by third parties). In 2013, our worldwide billed business (spending on American Express ® Cards, including Cards issued by third parties) was $952.4 billion.

Our business as a whole has not experienced significant seasonal fluctuations, although Card billed business tends to be moderately higher in the fourth quarter than in other quarters. As a result, the amount of Card Member loans outstanding tends to be moderately higher during that quarter. The average discount rate also tends to be slightly lower during the fourth quarter due to a higher level of retail-related billed business volumes.

Competitive Advantages of our Closed-Loop Network and Spend-Centric Model

We believe our "closed-loop" network and "spend-centric" business model continue to be competitive advantages by giving us the ability to provide more value to Card Members, merchants and our Card-issuing partners.

Wherever we manage both the acquiring relationship with merchants and the Card-issuing side of the business, there is a "closed-loop," which distinguishes our network from the bankcard networks, in that we have access to information at both ends of the Card transaction. We maintain direct relationships with both our Card

Members (as a card issuer) and our merchants (as an acquirer), and we handle all key aspects of those relationships. This allows us to analyze information on Card Member spending and build algorithms and other analytical tools that enable us to provide targeted marketing and other information services for merchants and special offers and services to Card Members through a variety of channels, while at the same time respecting Card Member preferences and protecting Card Member data in compliance with applicable policies and legal requirements.

Our "spend-centric" business model focuses on generating revenues primarily by driving spending on our Cards and secondarily by finance charges and fees. Spending on our Cards, which is higher on average on a per-card basis versus our competitors, offers greater value to merchants in the form of loyal customers and higher sales. This enables us to earn discount revenue that allows us to invest in greater value-added services for merchants and Card Members. Because of the revenues generated from having higher-spending Card Members, we have the flexibility to invest in attractive rewards and other benefits to Card Members, as well as targeted marketing and other programs and investments for merchants, all of which in turn create incentives for Card Members to spend more on their Cards. The significant investments we make in rewards and other compelling value propositions for Card Members incent Card usage at merchants and Card Member loyalty.

The American Express Brand

Our brand and its attributes — trust, security, integrity, quality and customer service — are key assets of the Company. We continue to focus on our brand, and our programs, products and services are evidence of our commitment to its attributes. Our brand has consistently been rated one of the most valuable brands in the world in published studies, and we believe it provides us with a significant competitive advantage.

We believe our brand and its attributes are critical to our success, and we invest heavily in managing, marketing, promoting and protecting it. We place significant importance on trademarks, service marks and patents, and seek to secure our intellectual property rights around the world.

GLOBAL NETWORK & MERCHANT SERVICES

The Global Network & Merchant Services ("GNMS") segment operates a global payments network that processes and settles proprietary and non-proprietary card transactions. GNMS acquires merchants, provides point-of-sale products and services, and leverages our closed-loop network to offer multi-channel marketing programs and capabilities, services, and reporting and analytical data to our merchants around the world. It enters into agreements with third-party card issuers and acquirers, licensing the American Express brand and extending the reach of the global network.

The majority of Cards bearing our logo are issued by our principal operating subsidiary, TRS, by the Company's U.S. banking subsidiaries, American Express Centurion Bank ("Centurion Bank") and American Express Bank, FSB ("AEBFSB"), and by other operating and banking subsidiaries outside the United States. In addition, our GNS business establishes and maintains relationships with banks and other institutions around the world that issue Cards and, in certain countries, acquire local merchants on the American Express network. GNS is key to our strategy of broadening the Card Member and merchant base for our network worldwide. Cards bearing our logo are accepted at all merchant locations worldwide that accept American Express-branded Cards and, depending on the product, they are generally accepted at ATM locations worldwide that accept Cards.

Our Global Merchant Services ("GMS") business provides us with access to transaction and merchant data through our closed-loop network, which encompasses relationships with both the Card Member and the merchant. This capability helps us acquire new merchants, deepen relationships with existing merchants, process transactions, and provide targeted marketing, analytics and other value-added services to merchants on our network. In addition, it allows us to analyze trends and spending patterns among various segments of our customer base.

Global Network Services

We continue to pursue a strategy, through our GNS business, of inviting U.S. and foreign banks and other institutions to issue Cards and, in some countries, act as merchant acquirers on the American Express network. By leveraging our global infrastructure and the appeal of the American Express brand, we broaden our Card Member and merchant bases for our network worldwide. This strategy also enables us to enhance our presence in countries where we already do business and expand our presence into new geographic areas at economic scale and cost levels that would be difficult for us to achieve on our own. The GNS business has established 148 Card-issuing and/or merchant-acquiring arrangements with banks and other institutions in 136 countries. In assessing whether we should pursue a proprietary or GNS strategy in a given country, or some combination thereof, we consider a wide range of country-specific factors, including the stability and attractiveness of financial returns, the size of the affluent segment, the strength of available marketing and credit data, the size of co-brand opportunities and how we can best create strong merchant value. For a discussion of our proprietary Card-issuing business, see "U.S. Card Services" and "International Card Services" below.

In 2013, GNS signed five new partners to issue Cards and/or acquire merchants on the American Express network, including new card-issuing partnerships with Wells Fargo and U.S. Bank in the United States, Shanghai Pudong Development Bank in China, IndusInd Bank in India and Barclaycard in the United Kingdom. GNS also supported existing partners in launching approximately 95 new products during 2013, with the total number of American Express-branded GNS partner products standing at over 1,200. New products launched in 2013 include the Centurion ® Card from American Express issued by Nedbank in South Africa, the TSB Avios Credit Card Account in the United Kingdom and the KB Kookmin Good Day Platinum American Express ® Card in South Korea.

GNS focuses on partnering with qualified third-party banks and other institutions to issue Cards accepted on our global network and/or acquire merchants on our network. Although we customize our network arrangements to the particular country and each partner's requirements, as well as to our strategic plans in that marketplace, all GNS arrangements are designed to help issuers develop products for their highest-spending and most affluent customers and to support the value of American Express Card acceptance to merchants. We choose to partner with institutions that share a core set of attributes compatible with the American Express brand, such as commitment to high quality standards and strong marketing expertise, and we require adherence to our product, brand and service standards.**

With over 1,200 different Card products launched on our network so far by our partners, GNS is an increasingly important business that is strengthening our brand visibility around the world, driving more transaction volume onto our merchant network and increasing the number of merchants choosing to accept the American Express Card. GNS enables us to expand our network's global presence generally without assuming additional Card Member credit risk or having to invest a large amount of resources, as our GNS partners already have established attractive customer bases to whom they can target American Express-branded products, and are responsible for managing the credit risk associated with the Cards they issue. Since 1999, Cards-in-force issued by GNS partners have grown at a compound annual growth rate of 21 percent, and totaled over 40 million Cards at the end of 2013. Outside the United States, approximately 80 percent of new Cards issued in 2013 were Cards issued by GNS partners. Spending on GNS Cards has grown at a compound annual rate of 23 percent since 1999, with spending on these Cards at $144 billion in 2013, up 12 percent from a year ago.

GNS Arrangements

Although the structures and details of each of the GNS arrangements vary, all of them generate revenues for us from the Card transaction volumes they drive on the American Express network. Gross revenues we receive

** The use of the term "partner" or "partnering" does not mean or imply a formal legal partnership, and is not meant in any way to alter the terms of American Express' relationship with third-party issuers and merchant acquirers.

per dollar spent on a Card issued by a GNS partner are generally lower than those from our proprietary Card-issuing business. However, because the GNS partner is responsible for most of the operating costs and risk of its Card-issuing business, our operating expenses and credit losses are generally lower than those in our proprietary Card-issuing business. The GNS business model generates an attractive earnings stream and risk profile that requires a lower level of capital support. The return on equity in our GNS business can thus be significantly higher than that of our proprietary Card-issuing business. In addition, since the majority of GNS costs are fixed, the business is highly scalable. GNS partners benefit from their association with the American Express brand and their ability to gain attractive revenue streams and expand and differentiate their product offerings with innovative marketing programs.

Our GNS arrangements fall into the following three main categories: Independent Operator Arrangements, Network Card License Arrangements and Joint Venture Arrangements.

Independent Operator Arrangements . The first type of GNS arrangement is known as an independent operator ("IO") arrangement. As of the end of 2013, we had 65 of these arrangements around the world. We pursue these arrangements to expand the presence of the American Express network in countries in which we do not offer a proprietary local currency Card. The partner's local presence and relationships help us enhance the impact of our brand in the country, reach merchant coverage goals more quickly, and operate at economic scale and cost levels that would be difficult for us to achieve on our own. Subject to meeting our standards, IO partners are licensed to issue local currency Cards in their countries, including the American Express classic Green, Gold, Platinum and Centurion Cards. In addition, most of these partners serve as the merchant acquirer and processor for local merchants. American Express retains the relationship with multinational merchants. Our IO partners own the customer relationships and credit risk for the Cards they issue, and make the decisions about which customers will be issued Cards. GNS generates revenues in IO arrangements from Card licensing fees, royalties on Card Member billings, foreign exchange conversion revenue, royalties on charge volume at merchants, share of discount revenue and, in some partnerships, royalties on net spread revenue or royalties on Cards-in-force. Our IO partners are responsible for transaction authorization, billing and pricing, Card Member and merchant servicing, and funding Card receivables for their Cards and payables for their merchants.

We bear the credit risk arising from the IO partner's potential failure to meet its settlement obligations to us. This exposure arises when their Card Members make purchases at merchants on the American Express network or use the Card for cash advances at ATMs and we submit such transactions to the IO partner for settlement. We mitigate this risk by partnering with institutions that we believe are financially sound and will meet their obligations, and by monitoring their financial health, their compliance with the terms of their relationship with us and the political, economic and regulatory environment in which they operate. In addition, depending on an IO partner's credit rating and other indicators of financial health, we may require an IO partner to post a letter of credit, bank guarantee or other collateral to reduce this risk.

Examples of countries where we have entered into IO arrangements include Brazil, Colombia, Croatia, Indonesia, Malaysia, Peru, Portugal, Russia, South Africa, South Korea, Turkey and Vietnam. Through our IO partnerships, we believe we can accelerate growth in Card Member spending, Cards-in-force and merchant acceptance in these countries.

Network Card License Arrangements . The second type of GNS arrangement is known as a network Card license ("NCL"). At the end of 2013, we had 79 of these arrangements in place worldwide. We pursue these arrangements to increase our brand presence and gain share in countries in which we have a proprietary Card-issuing and/or merchant acquiring business and, in a few cases, those in which we have IO partners. In an NCL arrangement, we grant the third-party institution a license to issue American Express-branded Cards. The NCL issuer owns the customer relationships for all Cards it issues, provides customer service to its Card Members, authorizes transactions, manages billing and credit, is responsible for marketing the Cards, and designs Card product features (including rewards and other incentives for Card Members), subject to meeting certain standards. We operate the merchant network, route and process Card transactions from the merchant's point of

sale through submission to the issuer, and settle with issuers. The NCL is the type of arrangement we have implemented with banks in Australia, Japan, the United Kingdom and the United States.

GNS' revenues in NCL arrangements are driven by a variety of factors, including the level of Card Member spending, royalties, currency conversions and licensing fees paid by the NCL issuer and fees charged to the NCL issuer based on charge volume, plus our provision of value-added services such as Card Member insurance products and other Card features and benefits for the NCL issuer's Cards. As indicated above, the NCL issuer bears the credit risk for the issued Cards, as well as the Card marketing and acquisition costs, Card Member fraud risks, and costs of rewards and other loyalty initiatives. We bear the risk arising from the NCL issuer's potential failure to meet its settlement obligations to us. This exposure arises when their Card Members make purchases at merchants on the American Express network or use the Card for cash advances at ATMs and we submit such transactions to the NCL partner for settlement. We mitigate this risk by partnering with institutions that we believe are financially sound and will meet their obligations, and by monitoring their financial health, their compliance with the terms of their relationship with us and the political, economic and regulatory environment in which they operate. In addition, depending on an NCL issuer's credit rating and other indicators of financial health, we may require an NCL issuer to post a letter of credit, bank guarantee or other collateral to reduce this risk.

Examples of NCL arrangements include our relationships with Wells Fargo in the United States, Lloyds Bank in the United Kingdom and Westpac Banking Corporation in Australia.

Joint Venture Arrangements . The third type of GNS arrangement is a joint venture ("JV") arrangement. We have utilized this type of arrangement in Switzerland and Belgium, as well as in other countries. In these countries, we join with a third party to establish a separate business in which we have a significant ownership stake. The JV typically signs new merchants to accept Cards on the American Express network and issues local and U.S. dollar-denominated currency Cards that carry our logo. In a JV arrangement, the JV is responsible for the Card Member credit risk and bears the operating and marketing costs. Unlike the other two types of GNS arrangements, we share management, risk, and profit and loss responsibility with our JV partners. Income is generated by discount revenues, Card fees and net spread revenues. The economics of the JV are similar to those of our proprietary Card-issuing business, which we discuss under "U.S. Card Services," and we receive a portion of the JV's income depending on, among other things, the level of our ownership interest. Our subsidiary, American Express Overseas Credit Corporation Limited, purchases Card receivables from certain of the GNS JVs from time to time.

Global Merchant Services

Our GMS business builds and maintains relationships with merchants, processes Card transactions and settles with merchants that choose to accept Cards for Card purchases ("Charges"). We sign merchants to accept Cards and provide marketing information and other programs and services to merchants, leveraging the capabilities provided by our closed-loop network. We also offer point-of-sale products and services, support for Card acceptance, fraud prevention and other value-added services.

Our objective is for Card Members to be able to use the Card wherever and however they desire, and to increase merchant acceptance in key geographic areas and industries that have not traditionally accepted the Card. We add new merchants to our network through a number of sales channels: an in-house sales force; third-party sales and service agents; third-party acquirers; aggregators; strategic alliances with banks and processors; the internet; telemarketing; and inbound "Want to Honor" calls (i.e., where merchants desiring to accept the Card contact us directly). As discussed in the "Global Network Services" section, our IO partners and JVs also add new local merchants to the American Express network.

We continued expanding our integrated American Express OnePoint ® program in 2013 by adding third-party agents to service many of our small- and medium-sized merchants in the United States. Under this

program, third-party service agents identify potential new merchants and provide payment processing services to merchants on our behalf for Card transactions, while we retain the Card acceptance agreement with participating merchants, determine the merchant pricing, and receive the same transactional information we always have received through our closed-loop network. This program simplifies Card processing for small- and medium-sized merchants by providing them with a single source for statements, settlement and customer service. We have similar arrangements in Spain and Mexico.

During 2013, we also launched a program called OptBlue SM in order to expand Card acceptance by U.S. small merchants that have a projected American Express charge volume of less than $1 million per year. Under OptBlue, a third-party acquirer or processor will have the Card acceptance agreement with the merchant and determine the merchant pricing. Small merchants who sign up through OptBlue will be able to work with a single source — the third-party acquirer — for all the major card brands the merchant chooses to accept. OptBlue acquirers will provide relevant merchant data back to us so we can maintain our closed loop of transaction data.

GMS continues to expand the number of merchants that accept our Cards as well as the kinds of businesses that accept the Card in order to address Card Member needs. Over the last several years, we have focused our efforts on increasing the use of our Cards for everyday spending. In 1990, 64 percent of our U.S. billings came from the travel and entertainment sectors and 36 percent came from retail and other sectors. In 2013, only 26 percent of U.S. billings came from the travel and entertainment sectors. This shift resulted, in part, from the growth, over time, in the types of merchants that began to accept payment cards in response to consumers' increased desire to use these cards for more of their purchases, our focus on expanding Card acceptance to meet Card Members' needs, and increased competition for travel and entertainment sector spending.

During 2013, we continued our efforts to bring Card acceptance to industries where cash or checks are the predominant form of payment. For example, we have made headway in promoting Card acceptance in industries such as construction, industrial supply and insurance. We also continued our drive to expand Card acceptance among small merchants and for retail, everyday, online and business-to-business spending categories.

Globally, acceptance of general-purpose cards continues to increase. As in prior years, during 2013, we continued to grow merchant acceptance of Cards around the world and to refine our approach to calculating merchant coverage in accordance with changes in the marketplace. We estimate that, as of the end of 2013, our merchant network in the United States accommodated more than 90 percent of our Card Members' general-purpose card spending. Our international spend coverage is more limited, although we continue to expand our merchant network in locations outside the United States. We estimate that our international merchant network as a whole accommodated approximately 80 percent of our Card Members' general-purpose card spending. These percentages are based on comparing our Card Members' spending on our network currently with our estimate of what our Card Members would spend on our network if all merchants that accept general-purpose credit and charge cards accepted American Express Cards.

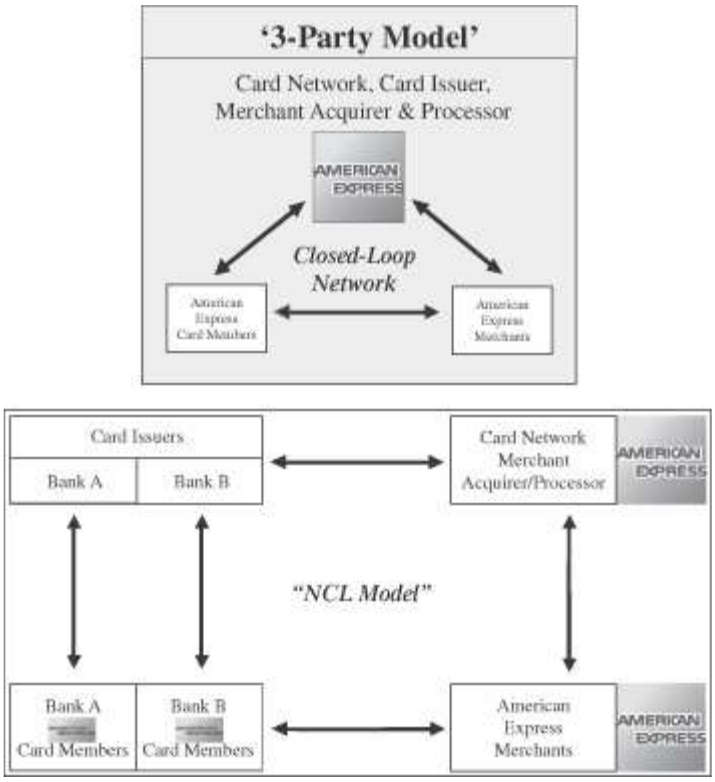
Discount Revenue

We earn "discount" revenue from fees charged to merchants for accepting Cards as payment for goods or services sold. The merchant discount, or discount rate, is a fee charged to the merchant for accepting Cards and is generally expressed as a percentage of the Charge amount. In some instances, an additional flat transaction fee is assessed as part of the merchant discount. The merchant discount is generally deducted from the amount of the payment that the "merchant acquirer" (in most cases, TRS or one of its subsidiaries) pays to a merchant for Charges submitted. A merchant acquirer is the entity that contracts for Card acceptance with the merchant, accepts transactions from the merchant, pays the merchant for these transactions and submits the transactions to the American Express network, which submits the transactions to the appropriate Card issuer. When a Card Member presents the Card for payment, the merchant creates a record of charge for the transaction and submits it to the merchant acquirer for payment. To the extent that TRS or one of its subsidiaries is the merchant acquirer, the merchant discount is recorded by us as discount revenue at the time the transaction is received by us. We may

also charge additional fees to merchants, such as a variable fee for "non-swiped" Card transactions or for transactions using Cards issued outside the United States and used at merchants located in the United States.

Where we act as the merchant acquirer and the Card presented at a merchant is issued by a third-party bank or financial institution, such as in the case of our GNS partners, we will make financial settlement to the merchant and receive the discount revenue. In our role as the operator of the Card network, we will also receive financial settlement from the GNS Card issuer, who receives an issuer rate (i.e., the individually negotiated amount that GNS Card issuers receive for transactions charged on our network with Cards they issue, which is usually expressed as a percentage of the Charge amount). The difference between the discount revenue (received by us in the form of the merchant discount) and the issuer rate received by the GNS Card issuer generates a return to us. In cases where American Express is the Card issuer and the merchant acquirer is a third party (which can be the case in a country in which the IO is the local merchant acquirer or in the United States under our new OptBlue program with certain third-party merchant acquirers), we receive an individually negotiated network rate in our settlement with the merchant acquirer, which is recorded by us as discount revenue. By contrast with networks such as those operated by Visa Inc. ("Visa") and MasterCard International, Inc. ("MasterCard"), there is no collectively set interchange rate on the American Express network and no fees are agreed or due between third-party banks or financial institutions on the network.

The following diagrams depict the relationships among the parties in a point-of-sale transaction effected on the American Express network where we act as both the Card issuer and merchant acquirer and under an NCL arrangement where third-party financial institutions act as Card issuers:



The merchant discount we charge reflects the value we deliver to the merchant and the investments we make in providing that value. We deliver greater value to merchants as compared to our competitors in a variety of ways, including through higher spending by our Card Members relative to users of cards issued on competing card networks, our product and network features and functionality, our marketing expertise and programs, information services, fraud prevention services, our dedicated client management group, and other investments that enhance the merchant value propositions associated with acceptance of the Card.

The merchant discount varies with, among other factors, the industry in which the merchant does business, the merchant's Charge volume, the timing and method of payment to the merchant, the method of submission of Charges and, in certain instances, the geographic scope of the Card acceptance agreement signed with us (e.g., local or global) and the Charge amount. In the United States and Canada, we charge a different discount rate for our prepaid cards.

In recent years, we experienced some reduction in our global weighted average merchant discount rate. The average discount rate was 2.51 percent and 2.52 percent for 2013 and 2012, respectively. Over time, changes in the mix of spending by location and industry, volume-related pricing discounts, strategic investments, certain pricing initiatives and other factors will likely result in further erosion of the average discount rate. In addition, differentiated payment models from non-traditional players in the alternative payments space (such as PayPal and Square) could pose challenges to our traditional payment model and adversely impact our average discount rate or our ability to access transaction data through our closed-loop network.

While we believe merchants that accept our Cards understand our merchant discount pricing in relation to the value provided, we do encounter merchants that accept our Cards, but tell their customers that they prefer to accept another type of payment or otherwise seek to suppress use of the Card. Our Card Members value the ability to use their Cards where and when they want to, and we, therefore, take steps to meet our Card Members' expectations and to protect the American Express brand, subject to local legal requirements, such as the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") in the United States. We make efforts to limit Card suppression by focusing on acquiring merchants where Card Members want to use the Card; continuing to enhance the value we provide to merchants through marketing programs such as our Small Business Saturday ® event targeted to encourage Card Members to shop at small merchants; and providing earlier and more frequent communication of our value proposition. We have the right, when appropriate, to terminate Card acceptance agreements with merchants who seek to suppress the use of our Card products. We have a client management organization dedicated to growing our merchants' businesses and finding ways to enhance the effectiveness of our relationships with these key business partners. Most importantly, we recognize that it is the merchant's choice whether or not to accept American Express Cards and that all merchants have numerous options given the intense competition from new and traditional forms of payment. Therefore, we dedicate substantial resources to delivering superior and differentiated value to attract and retain our merchants.

The laws of a number of states in the United States prohibit the surcharging of credit card purchases. Conversely, there are certain countries in which surcharging is specifically permitted, such as Australia and certain countries in the European Union. The settlement by MasterCard and Visa of a U.S. merchant class litigation, which received final Court approval in December 2013, required, among other things, MasterCard and Visa to permit U.S. merchants, under certain terms and conditions, to surcharge credit cards, while allowing them to continue to prohibit surcharges on debit card transactions. Where permitted by local law, our Card acceptance agreements generally include a provision under which the merchant agrees not to discriminate against the Card, such as by surcharging higher amounts on purchases with the Card than on purchases with any other cards the merchant accepts or by imposing a surcharge only on Card purchases, but not on purchases made with other cards. We do not prohibit merchants from offering discounts to customers who pay with cash, check or inter-bank transfers (i.e., Automated Clearing House or "ACH"). In addition, we do not prohibit U.S. merchants from offering discounts or in-kind incentives to customers who pay with particular forms of payment, in accordance with the provisions of Dodd-Frank.

In December 2013, we announced the proposed settlement of U.S. merchant class action lawsuits under which we would change our U.S. Card acceptance agreement provisions to permit merchants to surcharge American Express charge and credit Card transactions no more than the surcharge on other charge and credit cards or other forms of payment the merchant accepts, other than cash, checks, debit cards or inter-bank transfers. While we continue to believe surcharging is not a customer-friendly practice, this proposed settlement provides merchants with additional flexibility, while protecting our Card Members against discriminatory treatment and fees. We will not be required to put these contract changes into effect any sooner than the date that

the settlement agreement receives final approval, including any appeal period. For more detail on the proposed settlement, see "Legal Proceedings" below, and for information on the potential impacts of surcharging on our business, see " *An increasing prevalence of surcharging by merchants could materially adversely affect our business and results of operations* " in "Risk Factors" below.

Enhancing Merchant Satisfaction

GMS is focused on understanding and addressing factors that influence merchant satisfaction, including developing and executing programs that increase Card usage at merchants, using technology resources and innovative marketing tools such as social media, and applying our closed-loop capabilities and deep marketing expertise. In the United States, we also offer our merchants a full range of point-of-sale solutions, including integrated point-of-sale terminals, software, online solutions and direct links that allow merchants to accept American Express Cards (as well as credit and debit cards issued on other networks and checks). Virtually all proprietary point-of-sale solutions support direct processing by (i.e., direct connectivity to) American Express, which can lower a merchant's cost of Card acceptance and enhance payment efficiency.

Our closed-loop network and relationships allow us to analyze merchant data and information on Card Member spending. This enables us to offer a range of targeted marketing services, network capabilities and special offers for the benefit of merchants and Card Members through a variety of channels. At the same time, we protect the confidentiality of Card Member information in compliance with applicable privacy, data protection and information security laws, rules and regulations (hereinafter, "Privacy, Data Protection and Information Security Laws"), our privacy, data protection, information security and firewall policies, and other applicable legal requirements. We also work closely with our Card-issuing and merchant-acquiring partners to maintain the information that supports key elements of this closed loop, providing value to Card Members and merchants.

In 2013, we continued to connect merchants and Card Members via our proprietary Card Sync technology and Smart Offer APIs. We expanded the benefits of connecting an American Express Card with Twitter to enable Card Members who connect their eligible Cards to use special Twitter #hashtags to make purchases.

We offer fraud prevention services to merchants for transactions on the American Express network, and our subsidiary, Accertify, Inc., which we acquired in November 2010, is a leading provider of solutions that help merchants combat fraudulent online and other card-not-present transactions. Accertify provides a hosted software application that offers an extra level of security for transactions on any of the major payment networks, including American Express, Visa, MasterCard, Discover and PayPal, or using any other alternative payment method. Accertify also offers merchants the option to outsource their end-to-end fraud management process to Accertify and provides other value-added services.

We also offer Merchant Financing, a set of financing products that provides qualified merchants with access to a convenient, attractively priced source of financing for their business needs through their relationship with American Express. The financing offered is a commercial loan, which is repaid automatically through the merchant's daily Charge submissions and accompanied by low fixed fees.

We continue to focus our efforts in areas that make use and acceptance of the Card more secure and convenient for merchants and Card Members. We participate in standard-setting bodies, such as EMVCo and PCI Security Standards Council, LLC, designed to help drive secure and interoperable payments globally. Our goal is to make it easier for merchants to accept our Cards, for Card Members to have seamless experiences at the point of sale, and for issuers and acquirers that have more than one network relationship to have uniform technology standards across their card products and platforms. These efforts are particularly important as emerging technologies enabled on contactless cards, mobile phones and new payment devices offer consumers new, convenient ways to pay for their purchases. For example, we offer a contactless payment feature embedded in certain Cards, which can provide speed and convenience for making everyday purchases with merchants such as Transport for London, which now accepts contactless payment cards on all of London's 8,500 buses. During

2013, we announced, along with Visa and MasterCard, a proposed framework for a new global standard to enhance the security of digital payments and simplify the purchasing experience when shopping on a mobile phone, tablet, personal computer or other smart device by replacing traditional account numbers with digital payment "tokens" for online and mobile transactions. The proposed standard, which will be developed and administered by EMVCo, would seek to reduce fraud in the evolving payments landscape by providing an additional layer of security and eliminating the need for merchants, digital wallet operators or others to store account numbers.

Billing Disputes

As the merchant acquirer, we have certain exposures that arise if a billing dispute between a Card Member and a merchant is settled in favor of the Card Member. Drivers of this liability are returns in the normal course of business, disputes over fraudulent Charges, the quality or non-delivery of goods and services, and billing errors. Typically, we offset the amount due to the Card Member against payments for the merchant's current or future Charge submissions. We can realize losses when a merchant's offsetting Charge submissions cease, such as when the merchant decides to no longer accept the Card or goes out of business. We actively monitor our merchant base to assess the risk of this exposure. When appropriate, we will take action to reduce the net exposure to a given merchant by establishing reserves of Charge payable holdbacks from a merchant, lengthening the time between when the merchant submits a Charge for payment and when we pay the merchant, requiring the merchant to secure a letter of credit or a parent company guarantee, or implementing other appropriate risk management tools. We also establish reserves on our balance sheet for these contingencies in accordance with relevant accounting rules.

Global Network & Merchant Services — Competition

Our global card network competes in the global payments industry with other card networks, including, among others, Visa, MasterCard, Diners Club International (which is owned by Discover Financial Services), Discover (primarily in the United States) and JCB and China UnionPay (primarily in Asia). We are the fourth largest general-purpose card network on a global basis based on purchase volume, behind Visa, MasterCard and China UnionPay. In addition to such networks, a range of companies globally, including merchant acquirers and processors and companies such as PayPal, carry out some activities similar to those performed by our GMS and GNS businesses. No other single entity engages on a global basis in the full range of activities that are encompassed by our closed-loop business model.

The principal competitive factors that affect the network and merchant service businesses include:

- The number of cards-in-force and amount of spending on those cards
- The quantity and quality of the establishments where the cards can be used
- The economic attractiveness to card issuers and merchants participating in the network
- The success of marketing and promotional campaigns
- Reputation and brand recognition
- Innovation and investment in systems, technology, product and service offerings, particularly in online and mobile commerce, including through partnerships with leading companies in the digital space
- The quality of customer service
- The payments industry expertise and capabilities that can be provided to partners in areas such as customer servicing, loyalty and data analytics
- The security of customer and merchant information
- The impact of court orders and litigation settlements, ongoing litigation, legislation and government regulation

Another aspect of network competition is the recent emergence and rapid growth of alternative payment mechanisms and systems, which include aggregators (such as PayPal, Square and Amazon), wireless payment technologies (including using mobile telephone networks to carry out transactions), electronic wallet providers, prepaid systems and systems linked to payment cards, and bank transfer models such as ACH and wire transfers.

New technologies, together with the portability provided by smartphones and tablets and evolving consumer behavior with social media and networking, are rapidly changing the way people interact with each other and transact business all around the world. Traditional and non-traditional competitors such as mobile telecommunications companies and aggregators are working to deliver digital and mobile payment services for both consumers and merchants. Competition remains fierce for capturing and maintaining online and mobile spend in the ever-increasing digital world, and alternative business models present a significant challenge. For example, aggregators like PayPal have the ability to provide payment services to merchants for multiple payment networks. In addition, new entrants to the digital payments space such as online, social media, telecommunications and technology companies represent additional competitive and potentially disintermediating factors in the card payment industry given the scale of their customer relationships, large cash reserves and other resources available to develop new platforms and technologies, and their strategies to use payments as a tool to support other sources of revenue.

To the extent alternative payment mechanisms and systems, such as aggregators, continue to expand successfully, discount revenues and potentially other revenues, as well as our ability to access transaction data through our closed-loop network, could be negatively impacted. In the United States, alternative payment vehicles that seek to redirect customers to payment systems based on ACH continue to emerge and grow, merchants with recurring billing models actively seek to switch customers to payment through direct debits from bank accounts, and existing debit networks also continue to expand both on- and off-line and are making efforts to develop online PIN functionality, which could further reduce the relative use of charge and credit cards online. For a further discussion of the competitive environment in the emerging payments area, see “Enterprise Growth Group — Competition” under “Corporate & Other” below.

Some of our competitors have attempted to replicate our closed-loop functionality. During the first quarter of 2013, for example, JPMorgan Chase announced it would partner with Visa to develop Chase Merchant Services. Efforts by some card networks, payment providers and non-traditional competitors to replicate the closed loop reflect both its continued value and the intensely competitive environment in which we operate.

In some countries outside the United States, third-party processors and some acquirers offer merchants the capability of converting payment card transactions from the local currency to the currency of the cardholder’s residence (i.e., the cardholder’s billing currency) at the point-of-sale, and submitting the transaction in the cardholder’s billing currency, thus bypassing the traditional foreign currency conversion process of the card network. This practice, known as “dynamic currency conversion,” reduces or eliminates revenue for card issuers and card networks relating to the conversion of foreign charges to the cardholder’s billing currency. While we are starting to see more activity related to this practice, it is still not widespread. Our policy generally requires merchants to submit Charges and be paid in the currency of the country in which the transaction occurs, and we convert the transaction to the Card Member’s billing currency.

In addition to the discussion in this section, see “ *Our operating results may suffer because of substantial and increasingly intense competition worldwide in the payments industry* ” in “Risk Factors” below for further discussion of the potential impact of competition on our business.

Global Network & Merchant Services — Regulation

Local regulations governing the issuance of charge and credit cards have not been a significant factor impacting GNS’ arrangements with banks and qualifying financial institutions, because such banks and institutions generally are already authorized to issue general-purpose cards and, in the case of our IO arrangements, to operate merchant-acquiring businesses. Accordingly, our GNS partners have generally not had

difficulty obtaining appropriate government authorization in the countries in which we have chosen to enter into GNS arrangements. As a service provider to regulated U.S. banks, our GNS business is subject to review by certain federal banking regulators, including the Federal Reserve, the Federal Deposit Insurance Corporation ("FDIC") and the Office of the Comptroller of the Currency ("OCC").

As the operator of a general-purpose card network, we are also subject to certain provisions of the Currency and Foreign Transactions Reporting Act and the accompanying regulations issued by the U.S. Department of the Treasury (collectively referred to as the "Bank Secrecy Act"), as amended by the USA PATRIOT Act of 2001 (the "Patriot Act"). We conduct due diligence on our GNS partners to ensure that they have implemented and maintain sufficient anti-money laundering ("AML") controls to prevent our network from being used for money laundering or terrorist financing purposes. As aggregators and other third parties add merchants to the American Express network, we have expanded our due diligence to review the AML and "know your customer" policies and controls of those third parties, and retain the right to require termination of merchants' Card acceptance under appropriate circumstances. Since American Express Company and TRS are each bank holding companies, our business is also subject to further regulation and regulatory oversight by the Federal Reserve. For additional information about our regulatory status, see "Supervision and Regulation" below.

Over the last decade, legislators and regulators in a number of countries have focused on the fees involved in the operation of card networks, including interchange fees paid to card issuers on certain card networks and the fees merchants are charged for card acceptance, as well as the rules and contracts governing merchant acceptance. The interchange fee, which is the collectively-set fee paid by the merchant acquirer to the card issuing bank in "four-party" payment networks like Visa and MasterCard, is generally the largest component of the merchant service charge payable by merchants for debit and credit card acceptance in these systems. By contrast, the American Express network does not have such interchange fees. For this reason, as well as the fact that Visa and MasterCard are the dominant card networks, regulatory focus has primarily been on such "four-party" payment networks. However, antitrust actions and government regulation relating to merchant pricing or terms of merchant rules and contracts could ultimately affect all networks as well as adversely impact consumers. Among other things, lower interchange and/or merchant discount revenue may lead card issuers to look for other sources of revenue from consumers such as higher annual card fees or interest charges, as well as to reduce costs by scaling back or eliminating rewards programs.

In certain countries where regulations have led our competitors to lower their fees, we have made adjustments to our pricing to merchants to reflect local competitive trends. For example, reductions in bankcard interchange mandated by the Reserve Bank of Australia in 2003 resulted in lower merchant discount rates for Visa and MasterCard acceptance. As a result of these regulation-driven changes in the marketplace, we reduced our own merchant discount rates in Australia over time, although we have been able to increase billed business and the number of merchants accepting our Cards. We have seen selective, but increasing, merchant surcharging on our Cards in Australia in certain industries and, in some cases, on a basis that is greater than that applied to cards issued on the bankcard networks, which is known as differential surcharging. The Reserve Bank of Australia changed the Australian surcharging standards beginning March 18, 2013 to allow us and other networks to limit a merchant's right to surcharge to "the reasonable cost of card acceptance." This could lead to an increase in the number of merchants that differentially surcharge American Express Cards.

In the United States, Dodd-Frank gave the Federal Reserve the authority to establish rules regarding interchange fees charged by payment card issuers for electronic debit transactions (which include transactions using a debit card or general-use prepaid card) and to enforce a statutory requirement that such fees be "reasonable and proportional" to the cost of a transaction to the issuer, with specific allowances for the costs of fraud prevention, as well as to prohibit exclusive network routing restrictions for electronic debit transactions. Reloadable general-use prepaid cards (but not those marketed or labeled as gift cards or gift certificates) are exempt from the interchange fee limitations provided they meet certain requirements. The Federal Reserve's rule provides that the regulations on interchange and routing do not apply to a three-party network like American Express when it acts as both the issuer and the network for its prepaid cards, and is therefore not a "payment card

network" as that term is defined and used for the specific purposes of the rule. As a result, American Express is not subject to this rule with regard to the prepaid cards it issues. A court case challenging the Federal Reserve's debit interchange and routing rules alleges the interchange fees were set too high and the routing regulations are insufficient to provide the choices required by the law. See " *The Dodd-Frank Wall Street Reform and Consumer Protection Act may continue to have a significant adverse impact on our business, results of operations and financial condition* " in "Risk Factors" below for further discussion of the potential impact resulting from the implementation of the Federal Reserve's rule.

Additionally, Dodd-Frank prohibits payment card networks from restricting merchants from offering discounts or incentives to encourage customers to pay with particular forms of payment such as cash, check, credit or debit card, provided that offers to encourage debit or credit card payments do not discriminate on the basis of the network or issuer. Further, to the extent required by federal law or applicable state law, the discount or incentive must be offered to all prospective buyers and must be clearly and conspicuously disclosed. Dodd-Frank also permits U.S. merchants to establish minimum purchase amounts of no more than $10 for credit card purchases, provided that the merchants do not discriminate between networks or issuers. Federal government agencies and institutions of higher learning are also permitted to establish maximum amounts for credit card purchases provided they do not discriminate between networks or issuers. As a result of Dodd-Frank, customers may be incentivized by merchants to move away from the use of charge and credit card products to other forms of payment with lower fees, such as debit cards, which could adversely affect our revenues and profitability.

In January 2012, the European Commission ("EC") published a Green Paper (a document to begin a process of consultation toward potential regulation) covering a range of issues affecting the payments industry. The EC completed the consultation process and on July 24, 2013, issued its recommendations, which included draft legislation now under consideration within the European Parliament and Council (the "EU Payments Package"). The EC's recommendations included a number of proposals that would likely have significant impact across the industry and would apply either in whole or in part to us. The proposed changes include:

- Price caps — The EC proposed capping interchange fees at 20 basis points for debit and prepaid cards and 30 basis points for credit and charge cards. Although we do not have interchange fees like four-party networks such as Visa and MasterCard have, the caps would be deemed to apply to elements of the financial arrangements agreed between us and each GNS partner in the EU. The discount rates we agree with merchants would not be capped, but the interchange caps could exert downward pressures on merchant fees across the industry, including our discount rates. The EC would exclude commercial card transactions generally from the scope of these caps.
- Network rules on card acceptance — The EC proposed to prohibit honor-all-cards and anti-steering rules across all card networks. In addition, the draft proposals sought harmonization of surcharging rules so that, across the EU, transactions that are subject to the interchange caps may not be surcharged, but transactions falling outside the scope of the caps could be surcharged up to cost.
- Network licensing — The EC proposed to require all networks, including three-party payment networks that operate with licensing arrangements, which would include our GNS business, to establish objective, proportionate and non-discriminatory criteria under which a financial institution could qualify to be licensed to operate on the network. In addition, the scope of network licenses would be required to cover the entire EU. These requirements are inconsistent with the flexibility and discretion that we have had to date in deciding when, where and with whom to grant a license in the GNS business.
- Separation of network processing — The EC proposed to require card networks to separate their network processing functions (in which transactions between different issuers and acquirers are processed for authorization, clearing and settlement). This proposal does not apply to three-party payment networks, such as American Express, but may be deemed applicable in situations where a different GNS issuer and acquirer is involved in a transaction, which represent a very small percentage of transactions on our network. Further clarification of the applicability of this requirement is needed where, as with GNS, licensing arrangements do not give rise to inter-bank transactions or relationships.

The proposed EU Payments Package is currently subject to debate and amendment by the European Parliament and Council in a complex legislative process and will also involve the EC. It is too early to assess the exact scope and impact of any final legislation.

The Payment Services Directive ("PSD") prescribes common rules across the European Union for licensing and supervision of payment services providers, including card issuers and merchant acquirers, and for their conduct of business with customers. The objective of the PSD is to facilitate the operation of a single internal payments market in the EU through harmonization of EU Member State laws governing payment services. One provision of the PSD permits merchants to surcharge, subject to disclosure requirements, but also allows individual Member States to override this rule by prohibiting or limiting surcharging. To date, the Member States are split on whether they prohibit or permit surcharging, with countries such as the United Kingdom (which for a number of years has permitted it for credit card purchases), the Netherlands and Spain permitting it and other countries such as France, Italy and Sweden prohibiting it. All Member States permit merchants to offer discounts for particular forms of payment. In 2012, the EC commenced a review of the PSD, and its recommendations were included in the proposed EU Payments Package discussed above.

The PSD complements another European initiative, the Single Euro Payments Area ("SEPA"), which is an industry-led initiative with support from EU institutions. Among other changes, SEPA involves the adoption of new, pan-European technical standards for cards and card transactions. Compliance with the PSD, SEPA and related requirements has involved significant costs to implement and maintain. In addition, the Consumer Rights Directive ("CRD") prohibits merchants from surcharging card purchases more than the merchants' cost of acceptance in those Member States that permit surcharging pursuant to the PSD. The CRD provides no guidance to merchants on how to assess the cost of acceptance or take into account the relative value of different payment methods. A cost-based limit on surcharging could result in merchants imposing higher surcharges on American Express transactions if, in the absence of clear guidance, merchants take the position that the cost of American Express acceptance is higher than other payment cards. These elements of the CRD may be superseded by proposals now under consideration as part of the EU Payments Package discussed above.

Regulators in Australia, Brazil, Canada, Hungary, Italy, Mexico, New Zealand, Poland, Switzerland, the United Kingdom, Venezuela and the European Union, among others, have conducted investigations into, or initiated proceedings with respect to, interchange fees that are ongoing, concluded or on appeal. For example, in December 2007 the EC ruled that MasterCard's multilateral interchange fees ("MIF") for cross-border payment card transactions violate EC Treaty rules on restrictive business practices, which was upheld by the European General Court in 2012. In 2008, the EC opened formal antitrust proceedings against Visa Europe Limited in relation to Visa's MIFs for cross-border consumer card transactions within Europe. In 2010, the EC accepted Visa Europe's pledge to cut its cross-border debit card MIF to 20 basis points for four years and in May 2013 the EC published for comment Visa Europe's proposed commitments to cut its cross-border credit card MIF to 30 basis points and change its rules on how cross-border interchange is applied.

In some countries in Asia, governments have established regulatory regimes that require international card networks to be locally licensed and/or to localize aspects of their operations. For example, card network operators in India must obtain authorization from the Reserve Bank of India, which has broad power under the Payment and Settlement Systems Act 2007 to regulate the membership and operations of card networks. In Indonesia, bank regulations require participants in a card payment and settlement business to obtain a license and establish a local legal entity. Governments in some countries also provide resources or protection to select domestic payment card networks. The development and enforcement of these and other similar laws, regulations and policies in international markets may adversely affect our ability to compete effectively in such countries and extend our global network.

U.S. CARD SERVICES

As a significant part of our proprietary Card-issuing business, our U.S. banking subsidiaries, Centurion Bank and AEBFSB, issue a wide range of Card products and services to consumers and small businesses in the United States. Our consumer travel business, which provides travel services to Card Members and other consumers, complements our core Card business.

The proprietary Card business offers a broad set of Card products to attract our target customer base. Core elements of our strategy are:

- Focusing on acquiring and retaining high-spending, creditworthy Card Members
- Designing Card products with features that appeal to traditional and newer customer segments
- Using strong incentives to drive spending on our various Card products and generate loyal customers, including our Membership Rewards ® program and other rewards features
- Participating in loyalty programs such as Delta SkyMiles, sponsored by our co-brand and other partners, to drive spending
- Developing and nurturing wide-ranging relationships with co-brand and other partners
- Promoting and using incentives for Card Members to use their Cards in new and expanded merchant categories, including everyday spend and traditional cash and check categories
- Providing solutions to support the everyday business operations of our small business customers
- Providing exceptional customer service
- Providing opportunities to drive spending and loyalty programs in digital channels

In August 2013, J.D. Power and Associates released its annual nationwide credit card satisfaction study and ranked American Express #1 in overall customer satisfaction among the top 10 largest card issuers in the United States, for the seventh consecutive year.

Consumer and Small Business Services

We offer individual consumer charge Cards such as the American Express ® Green Card, the American Express ® Gold Card, the Platinum Card ® and the Centurion ® Card, as well as small business charge Cards. We also offer revolving credit Cards such as Blue from American Express ® , Blue Cash Everyday ® Card from American Express, Blue Sky from American Express ® and, for small businesses, Blue for Business ® Credit Card and SimplyCash ® Business Card. In addition, we offer a variety of Cards sponsored by and co-branded with other corporations and institutions for consumers and small businesses, such as the Delta SkyMiles Credit Card from American Express, TrueEarnings ® Card from Costco and American Express, Starwood Preferred Guest Credit Card from American Express, JetBlue Card from American Express, Hilton HHonors Card from American Express and Lowe’s Business Rewards Card. For the year ended December 31, 2013, billed business from charge Cards comprised 58 percent of total U.S. Card Services billed business. We also offer deposit products directly to consumers through American Express Personal Savings.

Centurion Bank and AEBFSB as Issuers of Certain Cards and Deposit Products

We have two U.S. banking subsidiaries, Centurion Bank and AEBFSB, which are both FDIC-insured depository institutions and wholly owned subsidiaries of TRS. Centurion Bank and AEBFSB are regulated, supervised and examined by their respective banking regulators, identified in the table below. In addition, Centurion Bank, AEBFSB and their affiliates, including the Company and TRS, are subject to supervision, examination and enforcement by the Consumer Financial Protection Bureau (the “CFPB”) with respect to our marketing and sale of consumer financial products and our compliance with certain federal consumer financial

laws, including, among other laws, the Consumer Financial Protection Act of 2010 (the "CFPA") and the Truth in Lending Act ("TILA"). Both banks take steps to maintain compliance programs to address the various safety and soundness, internal control and compliance requirements, including AML requirements and consumer protection laws that apply to them. A further discussion of the AML initiatives affecting us can be found under "Supervision and Regulation" below.

Certain additional information regarding each bank is set forth in the table below:

	Centurion Bank	AEBFSB
Type of Bank	Utah-chartered industrial bank	Federal savings bank
Regulatory Supervision	Regulated, supervised and regularly examined by the Utah Department of Financial Institutions ("UDFI") and the FDIC Subject to supervision, examination and enforcement by the CFPB with respect to marketing and sale of consumer financial products and compliance with federal consumer financial laws	Regulated, supervised and regularly examined by the OCC, an independent bureau of the U.S. Department of the Treasury Subject to supervision, examination and enforcement by the CFPB with respect to marketing and sale of consumer financial products and compliance with federal consumer financial laws
Types of cards issued	• Consumer credit Cards • Consumer charge Cards (including co-brand charge Cards)	• Consumer credit Cards (including all co-brand credit Cards) • Consumer charge Cards (including co-brand charge Cards) • All OPEN ® credit and charge Cards
Card marketing methods	Primarily direct mail, online and other remote marketing channels	• Direct mail, online and other remote marketing channels • In-person marketing, including by third-party co-brand partners
Deposit Programs	Deposits obtained only through third-party brokerage channels	Deposits obtained through third-party brokerage channels and accepted directly from consumers
Risk-based capital adequacy requirements, based on Tier 1 risk-based capital, total risk-based capital and Tier 1 leverage ratios at December 31, 2013*	Well capitalized	Well capitalized

* The risk-based capital standards for both the FDIC and OCC are substantively identical. Currently, a bank generally is deemed to be well capitalized if it maintains a Tier 1 capital ratio of at least 6 percent, a total capital ratio of at least 10 percent and a Tier 1 leverage ratio of at least 5 percent. As of the phase-in of the Basel III capital rules on January 1, 2015, a bank will be deemed to be well capitalized if it maintains a common equity Tier 1 capital ratio of at least 6.5 percent, a Tier 1 capital ratio of at least 8 percent, a total capital ratio of at least 10 percent, a Tier 1 leverage ratio of at least 5 percent and a new supplementary leverage ratio of at least 3 percent. For further discussion regarding capital adequacy, including changes to

capital adequacy rules, see “Financial Holding Company Status and Activities — Capital Adequacy” under “Supervision and Regulation” below.

Charge Cards

Our charge Cards, which generally carry no preset spending limits, are primarily designed as a method of payment and not as a means of financing purchases of goods or services. Charges are approved based on a variety of factors including a Card Member’s current spending patterns, payment history, credit record and financial resources. Card Members generally must pay the full amount billed each month. Charge Card accounts that are past due are subject, in most cases, to a delinquency assessment and, if not brought to current status, may be cancelled. The no-preset spending limit and pay-in-full nature of these products attract high-spending Card Members.

The charge Cards also offer several ways for eligible U.S. Card Members to pay off certain of their purchases over time. The Sign & Travel ® feature permits eligible U.S. Card Members to extend payment for airline tickets, cruise ship tickets and other travel items purchased with our charge Cards. The Extended Payment Option provides eligible U.S. Card Members the ability to extend payment for eligible Charges above a certain dollar amount.

Revolving Credit Cards

We offer a variety of revolving credit Cards that have a range of different payment terms, interest rate and fee structures, rewards programs, and Card Member benefits. Revolving credit Card products, such as Blue from American Express ® , Blue Cash Everyday ® Card from American Express, Blue Sky from American Express ® and Blue for Business ® Card, provide Card Members with the flexibility to pay their bill in full each month or carry a monthly balance on their Cards to finance the purchase of goods or services. Along with charge Cards and co-brand Cards, these revolving credit Cards promote increased relevance for our expanding merchant network.

Co-brand Cards

We issue Cards under co-brand agreements with selected commercial firms in the United States. Attaining attractive co-brand card partnerships is intensely competitive among card issuers and networks as these partnerships can generate high-spending loyal customers. The duration of our co-brand arrangements generally ranges from five to seven years. Card Members earn rewards provided by the partners’ respective loyalty programs based upon their spending on the co-brand Cards, such as frequent flyer miles, hotel loyalty points and cash back. We make payments to our co-brand partners, which can be significant, based primarily on the amount of Card Member spending and corresponding rewards earned on such spending and, under certain arrangements, on the number of accounts acquired and retained. We expense amounts due under co-brand arrangements in the month earned. Payment terms vary by arrangement, but are monthly or quarterly. In some cases, the partner is solely liable for providing rewards to the Card Member under the co-brand partner’s own loyalty program. As the issuer of the co-brand Card, we retain all the credit risk with the Card Member and bear the receivables funding and operating expenses for such Cards. The co-brand partner retains the risk associated with the miles, points or other currency earned by the Card Member under the partner’s loyalty program.

Card Pricing and Account Management

On certain Cards we charge an annual fee that varies based on the type of Card and the number of Cards for each account. We also offer many revolving credit Cards on which we assess finance charges for revolving balances. Depending on the product, we may also charge Card Members an annual program fee to participate in the Membership Rewards programs and fees for account performance (e.g., late fees) or for certain optional services. We apply standards and criteria for creditworthiness to each Card Member through a variety of means both at the time of initial solicitation or application and on an ongoing basis during the Card relationship. We use sophisticated credit models and techniques in our risk management operations. For a further description of our

risk management policies, see “Risk Management” beginning on page 43 of our 2013 Annual Report to Shareholders, which information is incorporated herein by reference.

Membership Rewards ® Program

The Membership Rewards program from American Express allows Card Members to earn one point for virtually every dollar charged on eligible, enrolled American Express Cards, and then redeem points for a wide array of rewards, including travel, retail merchandise, dining and entertainment, financial services and donations to benefit charities. A significant portion of our Cards by their terms allow Card Members to earn bonus points for purchases at merchants in particular industry categories. Points generally have no expiration date and there is no limit on the number of points one can earn. A large majority of spending by eligible Card Members earns points under this program. Membership Rewards program tiers are aligned with specific Card products to better meet Card Member lifestyle and rewards program usage needs. American Express Card Members participate in one of three Membership Rewards program tiers based on their credit or charge Card.

We believe our Membership Rewards point bank is a substantial asset and a competitive advantage. We continue to evolve Membership Rewards to provide innovative ways to use points. In 2013 we introduced a new “Use Points for Charges” feature in the American Express mobile app that gives eligible Card Members the option to use Membership Rewards points to pay for any eligible transaction above $1 once the charge appears on the Card Member’s statement. We also launched a new partnership with Verifone Systems, Inc. that enables eligible Card Members to use Membership Rewards points for their fares in certain New York City taxi cabs.

When a Card Member enrolled in the Membership Rewards program uses the Card, we establish reserves to cover the cost of estimated future reward redemptions for points earned to date. When a Membership Rewards program enrollee redeems a reward using Membership Rewards points, we make a payment to the Membership Rewards program partner providing the reward pursuant to contractual arrangements. Membership Rewards expense is driven by Card Member Charge volume, customer participation in the program and contractual arrangements with redemption partners. For more information on our Membership Rewards program, see “Critical Accounting Estimates — Liability for Membership Rewards Expense” appearing on page 47 of our 2013 Annual Report to Shareholders, which information is incorporated herein by reference.

Membership Rewards continues to be an important driver of Card Member spending and loyalty. We believe, based on historical experience, Card Members enrolled in rewards programs yield higher spend, stronger credit performance and greater profit for us. By offering a broader range of redemption choices, we have given our Card Members more flexibility in the use of their rewards points on a cost effective basis. We continue to seek to optimize the overall economics of the program and make changes to enhance its value to Card Members and to merchants. Our program is also valuable to merchants that become redemption partners as we bring them high-spending Card Members and new marketing channels to reach these Card Members.

Card Member Special Services and Programs

Throughout the world, our Card Members have access to a variety of special services and programs depending on the type of Cards they have. Examples of these special services and programs, some of which are fee-based, include:

- Membership Rewards ® program
- Global Assist ® Hotline
- Car Rental Loss and Damage Insurance
- Extended Warranty
- Purchase Protection
- Return Protection
- Emergency Card Replacement
- Online Account Management
- Online Year-End Summary
- Roadside Assistance
- Advance Ticket Sales
- Exclusive Access to Card Member Events
- Business Platinum Office Program

As part of our effort to deliver additional value for existing Card Members, to provide services to our Card Members in places convenient to them and to attract new high-spending customers to American Express, we established American Express-branded airport lounges at two U.S. locations, Dallas/Fort Worth International Airport and McCarran Airport in Las Vegas, Nevada. Entry to the lounges is complimentary for Platinum Card and Centurion Card Members. In addition, we launched a multi-year partnership with ShopRunner to offer eligible Card Members free 2-day shipping at more than 80 online retailers. We also partnered with TripAdvisor to enhance the online Card Member experience by allowing Card Members in the United States, United Kingdom and Australia to connect their American Express Cards with their TripAdvisor profiles.

OPEN

In addition to our U.S. Consumer Card business, through AEBFSB we are also a leading payment card issuer for small businesses (generally, firms with fewer than 100 employees and/or annual sales up to $10 million). American Express OPEN ("OPEN") offers small business owners a wide range of tools, services and savings designed to meet their evolving payment and business needs, including:

- charge and credit Cards
- rewards on eligible spend and business-relevant rewards redemption options
- travel and concierge services
- business, retail and travel protections such as employee card misuse protection, purchase protection and baggage insurance
- up to 10 percent discounts at select suppliers of travel, business services and products through OPEN Savings ®
- expense management tools and reporting
- online account management capabilities
- resources to help grow and manage a business through the award-winning community-driven website, OPEN Forum ®
- client managers for our top spending and higher revenue clients to support business growth

In 2013, we introduced ReceiptMatch (SM), a new feature that allows OPEN ® Card Members to match images of Business Card receipts to transactions on their online statements.

In addition to the products and services outlined above, OPEN engages in advocacy efforts on behalf of U.S. small businesses. These advocacy efforts include our OPEN for Government Contracts: Victory in Procurement ® program to help small businesses obtain government contracts, programs designed to help women entrepreneurs grow and sustain businesses, and our efforts to increase awareness of the importance of small businesses in our communities generally. For example, in 2013, we led the fourth Small Business Saturday ®, a day to increase consumer awareness and patronage of local businesses and their role in the economy and local neighborhoods.

Card-Issuing Business — Competition

Our proprietary Card business encounters substantial and intense competition in the United States and internationally. As a card issuer, we compete in the United States with financial institutions that issue general-purpose charge and revolving credit cards (such as Bank of America, Capital One Financial, Citibank, Discover Financial Services and JPMorgan Chase). We also encounter competition from businesses that issue their own private label cards or otherwise extend credit to their customers, such as retailers and airline associations, although these cards are generally accepted only at limited locations. In recent years, we have faced increasingly intense competition in the small business sector, as competitors have targeted OPEN's customer base and our leadership position in providing financial services and other fee-based solutions to small businesses.

The largest competing issuers have continued to grow, in several cases by acquiring card portfolios, and also by cross-selling through their retail branch networks. Competing card issuers offer a variety of products and services to attract cardholders, including premium cards with enhanced services or lines of credit, airline frequent flyer program mileage credits, cash rebates and other reward or rebate programs, services for small business owners, “teaser” promotional interest rates and rewards points for both credit card acquisition and balance transfers, and co-branded arrangements with partners that offer benefits to cardholders.

Most financial institutions that offer demand deposit accounts also issue debit cards to permit depositors to access their funds. Use of debit cards for point-of-sale purchases has grown as most financial institutions have replaced ATM cards with general-purpose debit cards bearing either the Visa or MasterCard logo. Debit cards were historically marketed as replacements for cash and checks, and transactions made with debit cards have typically been for smaller dollar amounts. However, debit cards are increasingly perceived as an alternative to credit or charge cards and used in that manner. Additionally, overdraft accounts can be used by our competitors to extend credit to customers when transaction values exceed monies available in a linked demand deposit account.

As the payments industry continues to evolve, we are also facing increasing competition from non-traditional players, such as online networks, telecom providers and software-as-a-service providers, that leverage new technologies and customers’ existing charge and credit card accounts and bank relationships to create payment or other fee-based solutions. In addition, the evolution of payment products in emerging markets may be different than it has been in developed markets. Instead of migrating from cash to checks to plastic, technology and consumer behaviors in these markets may result in the skipping of one or more steps to alternative payment mechanisms such as mobile payments. For a further discussion of the evolving competitive landscape in the payments industry, see “Global Network & Merchant Services — Competition” under “Global Network & Merchant Services” above and “Enterprise Growth Group — Competition” under “Corporate & Other” below.

The principal competitive factors that affect the card-issuing business include:

- The features and quality of the products and services, including customer care, rewards programs, partnerships, benefits and digital resources, provided to customers, and the costs associated with providing such features and services
- The number, spending characteristics and credit performance of customers
- The quantity, diversity and quality of the establishments that accept cards
- The pricing, payment and other card account terms and conditions
- The number and quality of other payment cards and other forms of payment, such as debit cards and electronic wallets, available to customers
- Reputation and brand recognition
- The level and effectiveness of advertising investments and marketing and promotional campaigns
- The nature and quality of expense management data capture and reporting capability, particularly for small businesses
- The ability to manage credit and interest rate risk throughout the economic cycle and implement operational and cost efficiencies

In addition to the discussion in this section, see “ *Our operating results may suffer because of substantial and increasingly intense competition worldwide in the payments industry* ” in “Risk Factors” below for further discussion of the potential impact of competition on our business.

Financing Activities

The Company meets its funding needs through a variety of sources, including direct and third-party sourced deposits and debt instruments, such as senior unsecured debentures, asset securitizations, secured borrowing facilities and long-term committed bank borrowing facilities in certain countries outside the United States.

American Express Credit Corporation, a wholly owned subsidiary of TRS, along with its subsidiaries (collectively, "Credco") acquires or finances the majority of charge Card receivables arising from the use of corporate Cards issued in the United States and consumer and corporate Cards issued in certain countries outside the United States. Credco funds the acquisition or financing of receivables principally through the sale of medium- and long-term notes. Centurion Bank and AEBFSB finance their revolving credit receivables and consumer and small business charge card receivables, in part, through the sale of medium-term notes and by accepting consumer deposits in the United States. TRS, Centurion Bank and AEBFSB also fund receivables through asset securitization programs. The cost of funding Card Member receivables and loans is a major expense of Card operations.

There is a discussion of our securitization and other financing activities on pages 37-41 under the caption "Financial Review," and Note 7 on page 80 of our 2013 Annual Report to Shareholders, which portions we incorporate herein by reference. In addition, see " *Difficult conditions in the business and economic environment, as well as political conditions in the United States and elsewhere, may materially adversely affect our business and results of operations* " and " *Adverse capital and credit market conditions may significantly affect our ability to meet liquidity needs, access to capital and cost of capital* " in "Risk Factors" below.

Deposit Programs

Centurion Bank and AEBFSB accept deposits from individuals through third-party brokerage networks. AEBFSB also accepts deposits directly from consumers through American Express ® Personal Savings, a set of deposit products, including High-Yield Savings and Certificate of Deposit accounts. As of December 31, 2013, we had approximately $40.8 billion in total U.S. retail deposits. Our deposit-taking activities compete with those of other deposit-taking organizations that source deposits through telephone, internet and other electronic delivery channels, brokerage networks and/or branch locations. We compete primarily in the deposit sector on the basis of rates and our brand and its attributes.

Our ability to obtain deposit funding and offer competitive interest rates on deposits is dependent on the capital levels of our U.S. banking subsidiaries. The Federal Deposit Insurance Act ("FDIA") generally prohibits a bank, including Centurion Bank and AEBFSB, from accepting brokered deposits or offering interest rates on any deposits significantly higher than the prevailing rate in its normal market area or nationally (depending upon where the deposits are solicited), unless (1) it is well capitalized or (2) it is adequately capitalized and receives a waiver from the FDIC. A bank that is less than well capitalized generally may not pay an interest rate on any deposit, including direct-to-consumer deposits, in excess of 75 basis points over the national rate published by the FDIC unless the FDIC determines that the bank is operating in a high-rate area. An adequately capitalized insured depository institution may not accept, renew or roll over any brokered deposit unless it has applied for and been granted a waiver of this prohibition by the FDIC. Undercapitalized depository institutions may not solicit deposits by offering interest rates that are significantly higher than the prevailing rates of interest on insured deposits in such institution's normal market areas or in the market area in which such deposits would otherwise be accepted. There are no such restrictions on a bank that is well capitalized (provided such bank is not subject to a capital maintenance provision within a written agreement, consent order, order to cease and desist, capital directive, or prompt corrective action directive issued by its federal regulator). If a depository institution's federal regulator determines that the institution is in an unsafe or unsound condition or is engaging in unsafe or unsound banking practices, the regulator may reclassify a well capitalized institution as adequately capitalized, require an adequately capitalized institution to comply with certain restrictions as if it were undercapitalized, or require an undercapitalized institution to take certain actions applicable to significantly undercapitalized institutions, all of which would adversely impact the institution's ability to accept brokered deposits.

Card-Issuing Business and Deposit Programs — Regulation

Our charge Card, consumer lending and deposit operations are subject to extensive regulation. In the United States, we are subject to a number of federal laws and regulations, including:

- The Equal Credit Opportunity Act (which generally prohibits discrimination in the granting and handling of credit)
- The Fair Credit Reporting Act ("FCRA"), as amended by the Fair and Accurate Credit Transactions Act ("FACT Act") (which, among other things, regulates use by creditors of consumer credit reports and credit prescreening practices and requires certain disclosures when an application for credit is rejected)
- The Truth in Lending Act (which, among other things, requires extensive disclosure of the terms upon which credit is granted), including the amendments to TILA that were adopted through the enactment of the Fair Credit and Charge Card Disclosure Act (which mandates certain disclosures on credit and charge card applications)
- The Fair Credit Billing Act (which, among other things, regulates the manner in which billing inquiries are handled and specifies certain billing requirements)
- The Truth in Savings Act (which requires certain disclosures about rates paid and other terms of deposit accounts)
- The Electronic Funds Transfer Act (which, among other things, governs disclosures and settlement of transactions for electronic funds transfers and customer rights and liability arising from the use of ATMs and other electronic banking services and, after the enactment of Dodd-Frank, imposes a cap on debit card interchange fees and prohibits exclusivity arrangements for payment card networks)
- The Credit Card Accountability Responsibility and Disclosure Act of 2009 (the "CARD Act") (which prohibits certain acts and practices in connection with consumer credit card accounts)
- The CFPA (Title X of Dodd-Frank)
- The Telephone Consumer Protection Act (which prohibits contacting customers on their cellular telephones without their express consent, and provides for significant statutory damages)
- Regulation Z (which implements TILA and was recently amended by the Federal Reserve to extensively revise the open end consumer credit disclosure requirements and implement the requirements of the CARD Act)
- Federal and state laws and regulations that generally prohibit engaging in unfair, deceptive and abusive acts and practices ("UDAAP") in offering consumer financial products and services

In the United States, certain applicable federal and state Privacy, Data Protection and Information Security Laws govern the collection, use, sharing and safeguarding of customer information by financial institutions, including certain requirements related to security breach notification. Other countries in which we operate, including those in the European Union, also have certain applicable Privacy, Data Protection and Information Security Laws that govern the collection, use, sharing and safeguarding of customer information by financial institutions, in some cases more stringent than the requirements in the United States. U.S. federal law also regulates abusive debt collection practices. In addition, a number of U.S. states, the European Union and many foreign countries in which we operate have significant consumer credit protection and disclosure laws (in certain cases more stringent than U.S. federal laws). Bankruptcy and debtor relief laws affect us to the extent that such laws result in amounts owed being classified as delinquent and/or charged off as uncollectible. As stated above, since American Express Company and TRS are each bank holding companies, our business is also subject to certain activity restrictions under the BHC Act and to certain provisions of the Bank Secrecy Act, as amended by the Patriot Act, with regard to maintaining effective AML programs. For a discussion of these and other regulations and legislation that impact our business, see "Supervision and Regulation" below.

American Express Company and its subsidiaries, including in particular our U.S. banking subsidiaries, Centurion Bank and AEBFSB, and our other banking subsidiaries, are subject to a variety of laws and regulations applicable to financial institutions. Changes in such laws and regulations or in the regulatory application or judicial interpretation thereof could impact the manner in which we conduct our business and the costs of compliance. We regularly review and, as appropriate, refine our business practices in light of existing and anticipated developments in laws, regulations and industry trends so we can continue to manage our business prudently and consistent with regulatory requirements and expectations.

The regulatory environment in which we operate has become increasingly complex and robust, and supervisory efforts to apply relevant laws, regulations and policies have become more intense. Internal and regulatory reviews have resulted in, and are likely to continue to result in, changes to practices, products and procedures. Such reviews are also likely to continue to result in increased costs related to regulatory oversight, supervision and examination and additional restitution to Card Members, and may result in additional regulatory actions, including civil money penalties. In October 2012, the Company, TRS, Centurion Bank and AEBFSB reached settlements with several bank regulators relating to certain aspects of our U.S. consumer card practices. In December 2013, TRS, Centurion Bank and AEBFSB reached settlements with the FDIC, OCC and CFPB to resolve regulatory reviews of marketing and billing practices related to several credit card add-on products. AEBFSB's settlement with the OCC replaced and terminated a public, written supervisory agreement with the Office of Thrift Supervision ("OTS"), which was then its primary federal banking regulator and continued to remain in effect following the transfer of supervision of AEBFSB from the OTS to the OCC. AEBFSB's settlement with the OCC also replaced and terminated the public consent order with the OCC entered into in connection with the October 2012 settlements. For a further description of the settlements reached in December 2013, see "Legal Proceedings" below.

In January 2003, the Federal Financial Institutions Examination Council, an interagency body composed of the principal U.S. federal entities that regulate banks and other financial institutions, issued guidance to the industry on credit card account management and loss allowance practices (the "Guidance"). The Guidance covers five areas: (1) credit line management; (2) over-limit practices; (3) minimum payment and negative amortization practices; (4) workout and forbearance practices; and (5) certain income (fee) recognition and loss allowance practices. Centurion Bank and AEBFSB evaluate and discuss the Guidance with their respective regulators on an ongoing basis as part of their regulatory examination processes, and, as a result, may refine their practices from time to time based on regulatory input. The Guidance has not had, nor do we expect it to have, any material impact on our businesses or practices.

American Express Travel & Lifestyle Services

American Express Travel & Lifestyle Services is focused on delivering premium travel and related services to Card Members and other consumers in the United States and internationally. Services are provided through travel counselors, consumer travel websites in nine countries and the U.S. American Express Travel Representative Network (which consists of independently-owned travel agencies that license the American Express Travel brand).

The U.S. consumer travel website, amextravel.com, and our international websites offer a range of travel rates and discounts on airfares, hotels, car rentals, cruises and vacation packages, with offline customer service available. We also provide Card Members benefits in some countries, such as earning one extra Membership Rewards ® point for each dollar spent when booking eligible travel using an American Express Card enrolled in the Membership Rewards program. In addition, Card Members are able to Pay with Points by redeeming Membership Rewards points for some categories of travel through our consumer travel websites, as well as through our travel and lifestyle counselors and the U.S. American Express Travel Representative Network.

Additional services are offered to Platinum and Centurion Card Members. These exclusive travel benefits include the International Airline Program, which offers savings on a ticket for a companion when an international business- or first-class ticket is purchased using an eligible American Express Card on over 20 airlines, and Fine Hotels & Resorts, a luxury hotel program offering value-added amenities.

During 2013, the U.S. Consumer Travel Network and international consumer travel and lifestyle servicing teams were combined to form one global business unit, American Express Travel & Lifestyle Services. Additionally, we sold our wholesale tour operator business, which included our wholly owned subsidiary Travel Impressions. The remaining American Express-owned travel service offices were also closed in 2013 in order to focus on interacting with consumers via phone, email or online.

American Express Travel & Lifestyle Services — Competition

American Express Travel & Lifestyle Services competes with a variety of competitors including traditional "brick and mortar" travel agents, travel agencies that provide travel benefits to consumers through credit card issuers and other competitors of our proprietary Card business, online travel agencies and travel suppliers that distribute their products directly via the internet or telephone-based customer service centers. In recent years we have experienced an increasing presence of "niche" players that are seeking to capitalize on the growth in the luxury travel segment by combining luxury travel offers with concierge-type services. Because the travel business is broad, we also compete with travel agencies that provide both consumer and business travel services. For more information about the competitive environment in the travel business, see "Global Business Travel — Competition" under "Global Commercial Services" below.

American Express Travel & Lifestyle Services — Regulation

American Express Travel & Lifestyle Services is subject to domestic and international laws applicable to the provision of travel services, including: licensure requirements; laws and regulations regarding airline passenger protections such as the Enhancing Airline Passenger Protections rule issued by the U.S. Department of Transportation; and laws and regulations regarding airline passenger screening and registration such as the Secure Flight Rule issued by the U.S. Transportation Security Administration. American Express Travel & Lifestyle Services is subject to applicable Privacy, Data Protection, and Information Security Laws, including certain requirements related to security breach notification, in the United States and other countries in which we operate, including those in the European Union. In addition, since American Express Company and TRS are each bank holding companies, our business is also subject to certain activity restrictions under the BHC Act and to certain provisions of the Bank Secrecy Act, as amended by the Patriot Act, with regard to maintaining effective AML programs. For more information about the applicable activity restrictions under the BHC Act, see "Supervision and Regulation" below.

INTERNATIONAL CARD SERVICES

We issue our charge and credit Cards in numerous countries around the globe. Our geographic scope is widespread and we focus primarily on those countries that we believe offer us the greatest financial opportunity. For a discussion of Cards issued internationally through our GNS partner relationships, see "Global Network Services" above.

The Company continued to bolster its international proprietary Card business through the launch of a number of new or enhanced Card products during 2013. These are Cards that we issue, either on our own or as co-brands with partnering institutions. In 2013, among other new proprietary products, we announced or launched several new co-branded products, including Interjet in Mexico and Payback in Germany and India. We offer many of the same programs and services in our international proprietary Card-issuing business as we do in our U.S. proprietary issuing business. Also, as in the United States, we issue Cards internationally under distribution agreements with financial services institutions. Another example of our distribution partnerships is affinity cards with fraternal, professional, educational and other organizations. For instance, we have been successful in penetrating the affinity card segment in Australia, where we issue Cards with some of the largest professional associations in that country. In Australia, affinity cards are a substantial part of our consumer lending portfolio.

As in the United States, the Membership Rewards ® program is a strong driver of Card Member spending in the international consumer business. Our redemption options include travel, retail merchandise, entertainment, shopping and recreation gift certificates, experiences, financial services and donations to benefit charities. In 2013, we continued to enhance our rewards programs in several countries, providing more flexibility in the way Card Members can use their rewards points and upgrading digital capabilities to give Card Members access to rewards through additional online channels as well as at the point of sale in select retail locations. We also offer the flexibility of payment for travel services by allowing International Consumer Card Members to use their Membership Rewards points to pay for their travel purchases and other charges in 15 countries outside the United States.

We continue to build on our strengths and look for further opportunities to increase our presence internationally. In 2011, we acquired a controlling interest in Loyalty Partner, a leading marketing services company known for the coalition loyalty programs it operates in Germany and Poland, and more recently in India, Mexico and Italy. Coalition loyalty programs enable consumers to collect rewards points from a variety of participating merchants through just one program. Loyalty Partner builds coalitions, such as its Payback ® program, and offers loyalty cards good for discounts and rewards at participating coalition partners. Merchants fund the consumer offers and are responsible for the accumulated loyalty points, and Loyalty Partner earns revenue from operating the loyalty platform and by providing marketing support. Loyalty Partner also provides market analysis, operating platforms and consulting services that help merchants grow their businesses. Using these services, participating merchants are able to run targeted and tailored campaigns across various channels. Loyalty Partner has deepened our merchant relationships in certain countries, added approximately 60 million consumers to our international customer base and expanded our range of rewards and loyalty marketing services. It also provides us opportunities to offer American Express products and services to new customer segments and develop new co-brand products, such as the Payback co-brand products in Germany and India mentioned above.

International Card Services — Competition

Compared with the United States, consumers outside the United States use general-purpose charge and credit cards for a smaller percentage of their total payments, with some large emerging-market countries only just beginning to transition to card usage in any meaningful way. Although our geographic scope is widespread, we generally do not have significant share in the countries in which we operate internationally. Our proprietary Card-issuing business is subject to competition from multinational banks, such as Banco Santander, Citibank and HSBC, as well as many local banks and financial institutions. We view Banco Santander and Citibank as our strongest competitors on a global basis, as they currently offer card products in a large number of countries.

International Card Services — Regulation

As discussed elsewhere in this report, regulators continued to propose and enact a variety of new regulatory changes to the payments industry during the course of 2013.

In Europe, the EU continued in its efforts to work towards greater harmonization on a number of fronts, in particular in relation to payments, AML, consumer rights, data protection and information security. These pan-European initiatives have been supplemented by a broad range of consumer protection and transparency initiatives at an individual Member State level.

In countries outside Europe, we have seen regulators initiate new regulations in relation to a number of key themes, particularly fairness (such as Canada), responsible lending (such as Canada, Mexico, New Zealand and Singapore), privacy and data protection (such as Australia, Canada, Mexico and Singapore) and financial crime.

Regulators in a number of countries are shifting their focus from just ensuring compliance with local rules and regulations towards paying greater attention to the product design and operation with a focus on customers and outcomes. Regulators' expectations of firms in relation to their compliance, risk and control frameworks

continue to increase and regulators are placing significant emphasis on a firm's systems and controls relating to the identification and resolution of issues.

We expect this activity to continue in 2014. We continue to evaluate our business planning in light of changing market circumstances and the evolving political, economic, regulatory and media environment.

GLOBAL COMMERCIAL SERVICES

In our Global Commercial Services ("GCS") segment, we provide expense management and travel services to companies and organizations worldwide through our Global Corporate Payments and Global Business Travel businesses. American Express is a leading provider of corporate payment solutions and a leading travel management company for businesses worldwide.

GCS offers a wide range of expense management and travel-related products and services to companies worldwide, including:

- A comprehensive offering of Corporate Card Programs, such as:
  - *Corporate Cards* : issued to individuals through a corporate account established by their employer and that many business Card Members use to manage travel and entertainment spending
  - *Corporate Meeting Cards* : provided primarily to corporate meeting planners as a tool to help companies control their meetings and events expenses
  - *Business Travel Accounts ("BTAs")* : centrally billed to and paid directly by corporate clients, BTAs are used by companies to pay for their employees' travel expenses
- A suite of Business-to-Business (" *B2B* ") Payment Solutions, including:
  - *Corporate Purchasing Card* : an account established by companies to pay for everyday and large-ticket business expenses such as office and computer supplies
  - *vPayment* : offers companies single-use virtual account numbers for business-related purchases and permits the processing of transactions with fraud controls
  - *Buyer-Initiated Payments ("BIP")* : an electronic solution for companies looking to automate their accounts payable processes
- A variety of business travel-related products, services and solutions, including:
  - *Travel Services* : online, offline and on-the-go travel offerings tailored to client needs
  - *Meetings & Events* : a suite of solutions and tools to help organizations of all sizes gain control of and insight into their meetings spend and help mitigate risk
  - *Advisory Services* : a leading practice line offering tools and consulting to help companies maximize their travel program through corporate travel policy compliance and solution optimization

Global Corporate Payments

Global Corporate Payments ("GCP") offers a range of payments and expense management solutions to companies worldwide through our Corporate Card Programs and Business-to-Business Payment Solutions. During 2013, we added or retained major Global Corporate Payments clients in the United States and internationally, including Consolidated Container, KPMG, McKesson, Mohawk Industries and Rogers Communications.

Corporate Card Programs

The American Express ® Corporate Card is a charge card that individuals may obtain through a corporate account established by their employer for business purposes. Through our Corporate Card Program, companies can manage their travel, entertainment and everyday business expenses and negotiate more effectively with suppliers, among other benefits. We use our direct relationships with merchants to offer Corporate Card clients superior data about company spending, as well as streamlined dispute resolution. We issue local currency Corporate Cards in 64 countries and territories, and have Global U.S. dollar and Euro Corporate Cards available in 102 countries and territories. We also offer Corporate Cards issued through our GNS partner relationships in an additional 32 countries and territories. In 2013, we began issuing Corporate Cards with chip and signature technology to U.S. Corporate Card Members. Chip-enabled cards offer an extra level of transaction security by employing dynamic encryption technology, which makes it more difficult for unauthorized users to copy or access card information.

With the heightened focus on cost containment, many companies are interested in our Corporate Meeting Card program which helps businesses control meeting-related expenses. It allows clients to capture meeting spending, simplify the payment process and gain access to data that supports negotiations with suppliers.

American Express also partners with many other companies around the world to offer a number of co-brand Corporate Cards in various countries. To date, American Express has 13 Corporate Card co-brand partnerships issued in 14 countries and territories. These products, typically suited for mid-sized companies (defined in the United States as firms with annual revenues of $10 million to $1 billion worldwide), provide a range of rewards and benefits. GCP is focused on continuing to expand its business with mid-sized companies, which represent a significant growth opportunity. Businesses of this size often do not have a corporate card program; however, once enrolled, mid-sized companies typically put a significant portion of their business spending on the Corporate Card because they can gain control, savings and employee benefits.

GCP offers the Savings@Work ® Program to mid-sized companies in the United States, as well as similar programs globally, which provide companies with cash back and/or discounted pricing on everyday business products and services, such as car rentals, hotels, restaurants and courier services. Corporate Card Members can also take advantage of our Membership Rewards program to earn points that can be redeemed for air travel and hotel stays, as well as retail, home and recreation items. In select regions we also offer Corporate Membership Rewards that allows a company to earn points to redeem for enterprise-level rewards. Membership Rewards is an effective tool for encouraging Corporate Card usage, leading to greater expense control and savings.

Business-to-Business Payment Solutions

We offer a series of Business-to-Business Payment Solutions to help companies manage their spend. These solutions provide a variety of benefits to companies, including cost savings, process efficiency, improved cash flow and increased visibility on spend. In addition, our solutions offer control and security over business expenses. This type of spending by companies also helps to diversify our spend mix. The Corporate Purchasing Card helps large corporations and mid-sized companies manage their everyday spending. It is used to pay for everyday goods and business expenses, such as office supplies, industrial supplies and business equipment. We issue local currency Corporate Purchasing Cards in 29 countries. We also offer Corporate Purchasing Cards issued through our GNS partner relationships in an additional five countries.

vPayment, which offers companies single-use virtual account numbers, allows corporate clients to make payments with enhanced controls, data capture and reconciliation capabilities. Charges are authorized for a specified amount during a designated time window. The solution automates reconciliation, eliminates manual check requests and interfaces with a client’s enterprise resource planning, procurement and accounts payable systems. vPayment can be used as the form of payment throughout the stages of a typical procure-to-pay process.

Buyer Initiated Payments allows us to pay American Express merchants electronically on behalf of our clients, permitting our clients to have more control over their payments, extend their own days payable outstanding (or "float"), and increase their cash on hand. Examples of BIP purchases by our clients include hospital equipment, industrial supplies, and construction and building materials; airlines also use BIP for purchases of jet fuel. This solution is best suited for mid- to large-sized companies that want to convert from paper to electronic payments and optimize cash flow. BIP is currently available to companies in the United States, Canada and Australia. BIP Express, a Web-hosted version of BIP, is also available in Mexico and Germany.

Online Capabilities

GCP offers companies and individual Card Members the ability to manage their Corporate Card Programs, and offers companies the ability to manage their Business-to-Business Payment Solutions, on a 24/7 basis through a suite of secure Web-based online tools. American Express @ Work ® provides clients' authorized users online access to global management information to help them gain visibility into their spending patterns, as well as the ability to make changes to their Corporate Card, Corporate Purchasing Card, BTA and Corporate Meeting Card accounts. Card Members can use the online Manage Your Card Account tool to manage their individual Corporate Card account. Business-to-Business Payment Solutions also offers clients the option to use online access to manage their vPayment and BIP solutions.

Global Corporate Payments — Competition

The corporate payments sector is dynamic and highly competitive, with much overlap between corporate and consumer payment cards and services and competition increasingly intense at both the payment provider and network levels. We are seeing increased product and price competition from payment providers, including larger regional and national banks. Customers are increasingly seeking payment products that integrate with their expense management tools and support electronic payment methods. With respect to competition at the network level, both Visa and MasterCard continue to support card issuers such as Citibank, JPMorgan Chase and U.S. Bank, including by improving data collection and reporting to meet customers' requirements. In addition to product and price competition, other key competitive factors in the corporate payments business include global servicing capability, quality of data, and access to additional services, such as reporting and program management tools, and customer experience.

Global Corporate Payments — Regulation

The GCP business, which engages in the extension of commercial credit, is subject to more limited regulation than our consumer lending business. In the United States, we are subject to certain of the federal and state laws applicable to our consumer lending business, including the Equal Credit Opportunity Act, the FCRA (as amended by the FACT Act), as well as laws that generally prohibit engaging in unfair, deceptive or abusive acts or business practices. We are also subject to certain state laws that regulate fees and charges on our products. In the United States, we are subject to certain applicable Privacy, Data Protection and Information Security Laws, including certain requirements related to breach notification. Other countries in which we operate, including those in the European Union, also have certain applicable Privacy, Data Protection and Information Security Laws, in some cases more stringent than the requirements in the United States. We are also subject to bankruptcy and debtor relief laws that can affect our ability to collect amounts owed to us. As discussed above, along with the rest of our business, we are subject to certain provisions of the Bank Secrecy Act as amended by the Patriot Act, with regard to maintaining effective AML programs. For a discussion of this legislation and its effect on our business, see "Supervision and Regulation" below. In some countries, regulation of card practices and consumer protection legislation may apply to some corporate payments relationships.

Global Business Travel

American Express Global Business Travel ("GBT") offers globally integrated online, offline and mobile travel solutions, which are designed to help its clients service their traveling employees and manage and optimize their travel expenses. GBT has a presence in approximately 140 countries through its proprietary operations, joint ventures and an independent third-party network of American Express licensees. GBT provides the following services to its corporate clients, which include small to mid-size businesses, and large, multinational and global companies: full-service online and offline travel booking and reservation services and support; travel program management services; consulting services; and meetings and events management services. During 2013, we added or retained Global Business Travel clients in the United States and internationally, including Canadian Bank Note Company, European Commission, Fidelity National Financial, Inc., Lear Corporation and Western Union.

As announced during the third quarter of 2013, we plan to create a new joint venture for our GBT business. It is expected that GBT's operations, business relationships and other assets would be held and operated by the joint venture. As presently contemplated, at the closing of the joint venture transaction we would maintain an approximate 50 percent ownership stake in the joint venture, while an investor group would own the remaining interest. The joint venture transaction is expected to create greater investment capacity for GBT to further enhance its suite of products and services, attract new customers and grow internationally. The proposed transaction remains subject to the execution of definitive agreements and receipt of regulatory and other approvals.

In 2013, we launched several new technology-related programs and capabilities to support our corporate clients, including a new mobile version of AX CONNECT ®, our traveler tracking and alert management system that provides travelers with alerts and travel information customized to their travel itinerary directly to their mobile devices.

Global Business Travel — Competition

GBT continues to adjust to the shift of its clients' preferences, and the resulting shift of some volume, from high-touch personal service to online channels and automated servicing tools. GBT also continues to face intense competition in the United States and internationally from numerous traditional and online travel management companies, as well as from airlines' direct-to-consumer business, other travel suppliers, accredited in-house corporate travel agents and new entrants to the travel industry. Competition among travel management companies is mainly based on price, service, value creation, convenience, global capabilities and proximity to the customer.

For many years, consumer and business travel agencies (including travel management companies) have faced pressure on revenues from airlines, as most airlines have stopped paying "base" commissions to travel agents for tickets sold and significantly reduced other forms of travel agent compensation. Airlines have also made efforts to increase the number of transactions booked directly through their websites. These trends have reduced the revenue opportunities for travel management companies because they do not receive distribution revenue from transactions booked directly with the airlines. In recent years, the airline industry has undergone bankruptcies, restructurings, consolidations and other similar events including expanded grants of antitrust immunity to airline alliances. This antitrust immunity enables otherwise independent airlines to closely coordinate their international operations and to launch highly integrated joint ventures in transatlantic and other regions. These types of structural changes may result in additional challenges to travel management companies. For additional information concerning these issues, see "Risk Factors" below.

Overall, intense competition among travel management companies, the ongoing trends of increased bookings directly with airlines, the rise of low-cost carriers, ongoing reductions in or elimination of airline commissions and fees, and the shift of customer preferences to online channels and automated servicing tools continue to put pressure on revenue and profitability for travel agencies.

As noted above, because the travel business is broad, GBT also competes with travel agencies that provide both consumer and business travel services. See “American Express Travel & Lifestyle Services — Competition” under “U.S. Card Services” above for additional information on the competitive environment in the travel business.

Global Business Travel — Regulation

The GBT business is subject to domestic and international laws applicable to the provision of travel services, including licensure requirements; laws and regulations regarding airline passenger protections such as the Enhancing Airline Passenger Protections rule issued by the U.S. Department of Transportation; and regulations regarding airline passenger screening and registration such as the Secure Flight Rule issued by the U.S. Transportation Security Administration. We are subject to applicable Privacy, Data Protection and Information Security Laws, including certain requirements related to security breach notification, in the United States and other countries in which we operate, including those in the European Union. We are also subject to bankruptcy and debtor relief laws that can affect our ability to collect amounts owed to us. In addition, since American Express Company and TRS are each bank holding companies, GBT is also subject to certain activity restrictions under the BHC Act and certain provisions of the Bank Secrecy Act, as amended by the Patriot Act, with regard to maintaining effective AML programs. For more information about the applicable activity restrictions under the BHC Act, see “Supervision and Regulation” below.

CORPORATE & OTHER

Corporate & Other consists of corporate functions and auxiliary businesses, including the Company’s Enterprise Growth Group as well as other company operations. We also discuss information relevant to the Company as a whole in this section. Our publishing business, which had previously been included in Corporate & Other, was sold to Time Inc. on October 1, 2013.

As discussed in “Consolidated Capital Resources and Liquidity” on page 35 of our 2013 Annual Report to Shareholders, our corporate liquidity objective is to maintain access to cash, readily-marketable securities and contingent sources of liquidity, such that we can continuously meet expected future financing obligations and business requirements for at least a twelve-month period, even in the event we are unable to raise new funds under regular funding programs during a substantial weakening in economic conditions. A large portion of the interest expense in Corporate & Other includes the interest expense related to maintaining this liquidity pool since all of our businesses benefit from the liquidity, as well as interest expense related to other corporate indebtedness.

Enterprise Growth Group

The Enterprise Growth Group was established to pursue new forms of payments and digital commerce that open American Express to new customer segments across the world. This includes driving adoption of our Serve ® software platform, expanding alternative mobile and online payment services, growing our prepaid products, forming new partnerships and building new revenue streams beyond the traditional Card and travel businesses. We believe the assets we have, together with emerging technologies, can, among other things, provide us the capabilities to deliver products that offer a competitive and differentiated value proposition compared to alternative financial services, such as check cashers, money order services and traditional retail branch banks. The convergence of software platforms and increasing mobile phone penetration across the world provides an opportunity to deliver financial products and services that help new and existing customer segments move and manage their money.

Enterprise Growth offers a wide range of payment products, including American Express Serve, a full service reloadable prepaid card; Bluebird ®, our alternative to checking/debit product with Walmart; other general

purpose reloadable prepaid cards; single load prepaid cards, such as the American Express ® Gift Card, rebate cards and B2B prepaid cards; and Travelers Cheques. In 2013, we re-launched the American Express Serve product with a free cash reloading network at over 14,000 locations and expanded capabilities including direct deposit, mobile check capture and personal financial management tools. As part of the re-launch, we introduced a $1 monthly fee, which will be waived if customers use direct deposit to load their Serve prepaid account or add $500 or more per month. We also expanded the funding capabilities of Bluebird during 2013 and announced that all funds in permanent Serve and Bluebird accounts are eligible for FDIC pass-through insurance.

We are able to leverage the Serve software platform to offer different capabilities and feature sets for a number of our payment products. The Serve software platform unifies multiple funding sources and payment options into a single account, enabling customers to load cash, pay bills, manage budgets, write pre-authorized checks, send peer-to-peer payments and pay for goods both offline and online. Customers can access their account online, via a mobile app, as well as by using a physical card to make purchases at merchants that accept American Express Cards. In addition to direct-to-consumer distribution of our payment products, we have established business relationships in the mobile and gaming spaces to drive adoption of the Serve software platform. For example, as a result of our partnership with the Lianlian Group, the mobile top-up company has leveraged the Serve software platform in connection with the processing of certain top-up transactions in nine provinces in China as of the end of 2013.

In addition, we have been selling the American Express ® Travelers Cheque since 1891. Travelers Cheques are currently available in U.S. dollars and six foreign currencies. Sales of Travelers Cheques and net interest income from the Travelers Cheque investment portfolio continued to decline in 2013. We also issue general purpose reloadable prepaid travel cards denominated in U.S. dollars, euro and pound sterling in Australia, Brazil, China, India and South Africa and in U.S. dollars in the United States.

Enterprise Growth also manages LoyaltyEdge ®, a private-labeled loyalty solution, our foreign exchange services and the online flash sales site, vente-privee USA LLC, a joint venture between American Express and vente-privee.com, Europe’s leader in online private sales. During 2013, LoyaltyEdge launched programs with Wells Fargo and First Bankcard, a division of First National Bank of Omaha, while expanding its suite of services to include analytics, marketing and point-earn management. Our foreign exchange services consist of retail and wholesale currency exchange services and our FX International Payments operation, a service that allows customers to make cross-border payments for goods and services.

Enterprise Growth Group — Competition

Our payment products compete with a wide variety of financial payment products including cash, foreign currency, checks, other brands of travelers checks, credit, charge, debit, prepaid and ATM cards, bank accounts, alternative financial services such as check cashing and money orders, store branded gift cards, other network branded cards and other payment accounts and services. The principal competitive factors vary depending on the type of product, but some are:

- Number and location of merchants accepting the form of payment
- Availability to the consumer of other forms of payment
- Amount of fees charged to the consumer or merchant
- Compensation paid to, and frequency of settlement by, selling outlets
- Accessibility of sales and refunds for the products
- Success of marketing and promotional campaigns
- Ability to service the customer and/or merchant satisfactorily, including for lost or stolen instruments
- Availability of the service via multiple access devices, including mobile

The alternative payments sector is particularly dynamic and highly competitive, with a variety of different competitors that offer or are developing payment systems in e-commerce and across mobile devices, and with frequent product introductions in response to evolving consumer habits and merchant needs. These competitors include traditional financial institutions, such as payment card issuers and networks, banking institutions, alternative financial services providers, and increasingly alternative payment providers, such as PayPal, Google Wallet and Square, as well as other non-traditional industry players, such as mobile operators, handset manufacturers, technology companies, retailers and other start-ups and new entrants to the payments industry. Partnerships are also being formed among various competitors, such as partnerships between PayPal and Discover or between Square and Starbucks, and merchant coalitions like the Merchant Customer Exchange (MCX). Among other services, these competitors provide or are seeking to develop digital payment and/or stored value capabilities that can be used to buy and sell goods online, that can make more efficient the movement and management of money, alternative point-of-sale systems that enable digital payments at the physical point of sale, and services that support payments to and from deposit accounts or proprietary accounts for digital, mobile commerce and other applications. A number of competitors rely principally on the internet, mobile devices, and wireless communication networks to support their services, and may enjoy lower costs than we do. Other competitors working to deliver digital and mobile payment services may have and may deploy substantially greater cash reserves and other financial resources than we have or may offer a wider range of services and capabilities than we offer. Other competitors may also have relationships and licenses that enable easier market entry, particularly in countries outside the United States. Consumer and merchant adoption is a key competitive factor and our competitors may develop platforms or technologies that become more widely adopted than ours. Micro-payments on social networks and emerging digital currency systems are relatively small today but have the potential to grow rapidly, representing the possibility for competition from these new payment forms and protocols. Competition will remain fierce as payment services and technologies continue to evolve.

Enterprise Growth Group — Regulation

As an issuer of prepaid cards and Travelers Cheques, we are regulated in the United States under the “money transmitter” or “sale of check” laws in effect in most states. These laws require issuers to meet certain safety and soundness criteria, to hold outstanding proceeds of sale in highly rated and secure investments, and to provide detailed reports. We hold the funds received for prepaid cards and Travelers Cheques in accordance with applicable law, predominantly in highly rated debt securities consisting primarily of intermediate- and long-term federal, state and municipal obligations and bank deposit accounts. Many states examine licensees annually.

In addition, the Bank Secrecy Act, as amended by the Patriot Act, requires, among other things, the registration of travelers check issuers and the providers of foreign exchange services as “Money Service Businesses” and compliance with applicable AML recordkeeping and reporting requirements. Further, the Bank Secrecy Act requires that we maintain an effective AML program for prepaid products. Outside the United States, there are varying licensing and AML requirements, including some that are similar to those in the United States.

Prepaid card and travelers check issuers are required by the laws of many states to comply with state unclaimed and abandoned property laws, under which such issuers must pay to states the face amount of any travelers check or prepaid card that is uncashed or unredeemed after a period of time depending on the type of product. In recent years, a number of states have passed legislation establishing shorter periods for travelers checks and/or prepaid cards, often with retroactive application. We have challenged, and intend to continue to challenge, what we believe are significant defects in these laws, which can have a significant impact on our Travelers Cheques and prepaid cards business in the states in which they are enacted.

More generally, we continuously monitor state legislative activity concerning any of our prepaid offerings. In certain states where regulation continues to restrict fees and has made it unprofitable for us to offer prepaid cards, we have either limited or withdrawn from selling in these states.

The Global Services Group

The Global Services Group ("Global Services") was created to heighten the Company's focus on customer service and to ensure all business operations are managed as effectively and efficiently as possible. We have organized support functions by process rather than business unit, which the Company believes serves to streamline costs, reduce duplication of work, better integrate skills and expertise, and improve customer service.

Global Services comprised principally the following divisions:

World Service

Our U.S. and international service organizations are consolidated under World Service. Our customer service units have worked over a number of years to ensure outstanding service to customers, while at the same time improving operating margins. As mentioned above, J.D. Power and Associates released its annual nationwide credit card satisfaction study and ranked American Express highest in overall satisfaction among 10 of the largest card issuers in the United States for the seventh consecutive year.

Global Business Services

The Global Business Services division is a shared services organization that includes procurement, real estate, financial operations and processing, and business transformation. These internal process-driven activities are consolidated to simplify and standardize processes for increased quality, efficiency and cost savings.

Global Credit Administration

Global Credit Administration ("GCA") is responsible for the end-to-end management of our credit, collections and fraud operations around the world. GCA aims to strike the right balance between helping Card Members in need through a range of repayment options, and taking actions to recover balances and limit exposure for American Express.

Technologies

We continue to make investments in our systems and infrastructure to allow faster introduction and greater differentiation of products, while maintaining the security of customer data. We also use technology to develop and improve our service capabilities to continue to deliver a high quality customer experience. For example, we maintain a service delivery platform that our employees use in the Card business to support a variety of customer servicing and account management activities such as account maintenance, updating of Card Member information, the addition of new Cards to an account and resolving customer satisfaction issues.

We continue to devote resources to our technology platforms to ensure a high level of data integrity, information security, data protection and privacy. Our internal IT organization retains key technology competencies, such as information technology strategy and information security, while outsourcing most of our technology infrastructure management and application development and maintenance to third-party service providers. This enables us to benefit from third-party expertise and lower information technology costs per transaction. We continue our efforts to safeguard the data entrusted to us in accordance with our internal policies and applicable Privacy, Data Protection and Information Security Laws, as described under "Supervision and Regulation — Privacy and Data Protection" below.

We continue to leverage online channels to lower costs, improve service quality and enhance our business model. As of the end of 2013, customers had enrolled approximately 31 million accounts globally in our online account management capability at americanexpress.com. This service enables Card Members to review all of their card transactions online (whether via desktop, tablet or mobile device), pay their American Express bills electronically, view and service their Membership Rewards program accounts and conduct various other

functions quickly and securely online in accordance with applicable Privacy, Data Protection and Information Security Laws. We now have an online presence in 22 countries around the world, including Australia, Canada, France, Italy, Japan, Mexico and the United Kingdom. We also have a presence on social media networks, such as Facebook, Foursquare and Twitter, which provide us with another channel to communicate and interact with our Card Members.

SUPERVISION AND REGULATION

Overview

Federal and state banking laws, regulations and policies extensively regulate the Company, TRS, Centurion Bank and AEBFSB, including prescribing standards relating to capital, earnings, liquidity, stress tests, resolution planning, dividends, the repurchase or redemption of shares, loans or extension of credit to affiliates and insiders, corporate governance, internal controls, information systems, risk management, internal audit systems, compensation, loan documentation, credit underwriting, asset growth and impaired assets, among other things. Such laws and regulations are intended primarily for the protection of our depositors and other customers and the federal deposit insurance funds, as well as to minimize systemic risk, and not for the protection of our shareholders or other creditors. Following the financial crisis of 2008, new laws and regulations were promulgated, and supervisory efforts to apply laws, regulations and policies have become more intense through increased examination scrutiny, heightened regulatory expectations regarding compliance and enforcement actions.

American Express Company and TRS are bank holding companies, and have elected to be treated as financial holding companies, under the BHC Act. As bank holding companies under the BHC Act, American Express Company and TRS are subject to supervision and examination by the Federal Reserve. Under the system of "functional regulation" established under the BHC Act, the Federal Reserve supervises the Company, including all its non-bank subsidiaries, as an "umbrella regulator" of the consolidated organization and generally defers to the primary U.S. regulators of the Company's U.S. depository institution subsidiaries with respect to the supervision and regulation of those institutions. Banking regulators have broad examination and enforcement power over bank holding companies and their subsidiaries, including the power to impose substantial fines, limit dividends and other capital distributions, restrict operations and acquisitions and require divestitures. Bank holding companies and banks, as well as subsidiaries of both, are prohibited by law from engaging in practices that the relevant regulatory authority deems unsafe or unsound. The Company and its subsidiaries, including Centurion Bank and AEBFSB, also are subject to supervision, examination and enforcement by the CFPB with respect to marketing and sale of consumer financial products and compliance with certain federal consumer financial laws, including, among other laws, the CFPA and the TILA. See "Card-Issuing Business and Deposit Programs — Regulation" within "U.S. Card Services" above for additional information about the regulation and review of consumer financial products and services.

Many aspects of our business also are subject to rigorous regulation by other U.S. federal and state regulatory agencies and securities exchanges and by non-U.S. government agencies or regulatory bodies and securities exchanges. Certain of our public disclosure, internal control environment and corporate governance principles are subject to the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley") and related regulations and rules of the SEC and the New York Stock Exchange. As a global financial institution, to the extent that different regulatory systems impose overlapping or inconsistent requirements on the conduct of our business, we face complexity and additional costs in our compliance efforts. New laws or regulations or changes to existing laws and regulations (including changes in interpretation or enforcement), as well as the enforcement of both existing and new laws and regulations, could materially adversely affect our financial condition or results of operations. In addition to the discussion in this section, see "Risk Factors—Legal and Regulatory Risks" below for a further discussion of the potential impact legislative and regulatory changes may have on our results of operations and financial condition.

Financial Holding Company Status and Activities

The BHC Act limits the non-banking activities of bank holding companies. The activities of bank holding companies that have not elected to be treated as "financial holding companies" are restricted to those activities that the Federal Reserve has determined are "so closely related to banking as to be a proper incident thereto." An eligible bank holding company may elect to be treated as a financial holding company, which is authorized to engage in a broader range of financial activities. A financial holding company may engage in any activity that has been determined by rule or order to be financial in nature, incidental to such financial activity, or (with prior Federal Reserve approval) complementary to a financial activity and that does not pose a substantial risk to the safety or soundness of a depository institution or to the financial system generally. As a financial holding company, American Express engages in various activities permissible only for a bank holding company that has elected to be treated as a financial holding company including, in particular, providing travel agency services, acting as a finder and engaging in certain insurance underwriting and agency services.

For a bank holding company to become and remain eligible for financial holding company status, the bank holding company and each of its subsidiary U.S. depository institutions must be "well capitalized" and "well managed," and each of its subsidiary U.S. depository institutions must have received at least a satisfactory rating on its most recent assessment under the Community Reinvestment Act of 1977 (the "CRA"). If the bank holding company fails to meet applicable standards for financial holding company status (which, in most cases, is confidential supervisory information), it is likely to be barred from engaging in new types of financial activities or making certain types of acquisitions or investments in reliance on its status as a financial holding company, and ultimately could be required to either discontinue the broader range of activities permitted to financial holding companies or divest its subsidiary U.S. depository institutions.

Dodd-Frank prohibits banks and their affiliates from engaging in proprietary trading and investing in and sponsoring hedge funds and private equity funds. The statutory provision is commonly called the "Volcker Rule." In December 2013, federal regulators adopted final rules to implement the Volcker Rule. The final rules are highly complex, and many aspects of their application remain uncertain. The final rules also require that large bank holding companies, such as the Company, design and implement compliance programs to ensure adherence to the Volcker Rule's prohibitions. We are continuing to evaluate the effects of the final rules, but we do not currently anticipate that the Volcker Rule will have a material effect on our operations. Development and monitoring of the required compliance program, however, may require the expenditure of significant resources and management attention.

See " *Our business is subject to significant and extensive government regulation and supervision, which could adversely affect our results of operations and financial condition* " in "Risk Factors" below.

Heightened Prudential Requirements for Large Bank Holding Companies

Dodd-Frank imposes heightened prudential requirements on bank holding companies with at least $50 billion in total consolidated assets, including the Company, and requires the Federal Reserve to establish prudential standards for such large bank holding companies that are more stringent than those applicable to other bank holding companies, including standards for risk-based capital requirements and leverage limits, liquidity, risk management requirements, resolution plans (referred to as "living wills"), stress tests, early remediation, credit exposure reporting and concentration. The Federal Reserve has discretionary authority to establish additional prudential standards on its own, or at the recommendation of the Financial Stability Oversight Council ("FSOC"), regarding contingent capital, enhanced public disclosures, short-term debt limits and otherwise as it deems appropriate. Because the Federal Reserve may, on its own volition or in response to a recommendation by the FSOC, tailor the application of these enhanced prudential standards to specific companies, including the Company, the ultimate impact of these enhanced standards on the Company is not certain and may change in the future depending on the application of these standards to us and other participants in the financial services industry.

The Federal Reserve has issued several proposed and final rules under its authority to establish such enhanced prudential standards for large bank holding companies, including the stress testing and capital adequacy rules discussed below. In addition, on February 18, 2014, the Federal Reserve approved a final rule implementing several heightened prudential requirements, including the following:

- *Enhanced Liquidity Management Standards:* The Federal Reserve's rule focuses on prudential steps to manage liquidity risk, which comprehensively detail liquidity risk management responsibilities for boards of directors and senior management, and require, among other things, maintenance of a liquidity buffer, consisting of assets meeting certain standards, that is sufficient to meet projected net cash outflows and projected loss or impairment of existing funding sources for 30 days over a range of liquidity stress scenarios. To complement these liquidity standards, the Federal Reserve and the other federal banking regulators issued a proposed rule in October 2013 to implement the liquidity framework derived from the international liquidity standards incorporated into the Basel III framework. See " *Capital Adequacy — Liquidity Ratios under Basel III* " below.
- *Enhanced Risk Management Requirements:* Bank holding companies with $50 billion or more in consolidated assets, and publicly traded bank holding companies with $10 billion or more in consolidated assets, are required to establish a dedicated risk committee reporting directly to the company's board of directors, comprised of members of the bank holding company's board of directors, which would review and approve the enterprise-wide risk management policies of the company. The risk committee is required to have an appropriate number of independent directors, at least one risk management expert and oversight of the operation of an enterprise-wide risk management framework commensurate with the company's capital structure, risk profile, complexity, activities, size and other appropriate risk-related factors, and is subject to certain governance provisions set forth in the rule. Such bank holding companies, including the Company, are also required to appoint a Chief Risk Officer. We have already established such a risk committee and appointed a Chief Risk Officer.

While the final rule adopted by the Federal Reserve largely implements the December 2011 proposals regarding liquidity and risk management, the final rule does not address the Federal Reserve's proposals regarding single counterparty credit exposure or early remediation requirements. We are continuing to review the final rule and assess its impact on our operations. Under the terms of the final rule, we are generally required to fully comply with liquidity management and risk management requirements as of January 1, 2015.

Stress Testing

As part of its implementation of the enhanced prudential requirements of Dodd-Frank, the Federal Reserve issued rules relating to supervisory and company-run analyses of certain large bank holding companies to evaluate whether the companies have sufficient capital on a total consolidated basis necessary to absorb losses as a result of adverse economic conditions (so-called "stress tests"). The Federal Reserve applies its stress tests rules and its capital planning requirements, discussed in " *Capital Planning* " below, on a consolidated basis:

- *Supervisory Stress Testing:* The Federal Reserve must conduct annual stress tests of bank holding companies with at least $50 billion in total consolidated assets, such as the Company. Under this rule, the stress tests use a minimum of three economic and financial scenarios generated by the Federal Reserve (baseline, adverse and severely adverse), and are based on methodologies and data that the Federal Reserve makes available to companies no later than November 15 of each year. A summary of results of individual stress tests will be made public by the Federal Reserve on a company-specific basis.
- *Company Stress Testing:* Bank holding companies with at least $50 billion in total consolidated assets, such as the Company, are also required to conduct a similar stress test on a semiannual basis. A summary of the results of each of these tests must be publicly disclosed.

The FDIC and the OCC have also issued rules consistent with the Federal Reserve's regulations governing company-conducted stress testing to implement annual company stress testing requirements applicable to certain banking organizations, including Centurion Bank and AEBFSB. Centurion Bank and AEBFSB will be required to report the results of their stress tests in 2015.

Capital Planning

Bank holding companies with $50 billion or more in total consolidated assets, including the Company, are required to develop and maintain a so-called "capital plan," and to submit the capital plan to the Federal Reserve for review under its Comprehensive Capital Analysis and Review ("CCAR") process. The capital plan must cover a "planning horizon" of at least nine quarters (beginning with the quarter preceding the submission of the plan) and include the following components:

- an assessment of the bank holding company's expected uses and sources of capital over the planning horizon that accounts for the bank holding company's size, complexity, risk profile and scope of operations, and under expected and stressful conditions according to scenarios developed by the bank holding company and the Federal Reserve;
- a detailed description of the bank holding company's process for assessing capital adequacy, including how it will, under expected and stressful conditions, maintain capital commensurate with its risks, above the minimum regulatory ratios, and to serve as a source of strength to its subsidiary depository institutions, and sufficient to continue operations by maintaining steady access to funding, meeting obligations to creditors and other counterparties and continuing to serve as a credit intermediary;
- the bank holding company's capital policy; and
- a discussion of any expected changes to the bank holding company's business.

Each capital plan must consider a minimum of four planning scenarios, including separate baseline and stressed scenarios developed by the bank holding company and the Federal Reserve. The severely adverse stress scenario developed by the Federal Reserve for the 2014 process is designed to represent an outcome that, in the opinion of the Federal Reserve, is unlikely, but could occur if the U.S. economy were to experience a deep recession while at the same time economic activity in other major economies were also to contract significantly. In addition to other limitations, our ability to make any capital distributions (including dividends and share repurchases) is contingent on the Federal Reserve's approval or non-objection to our capital plan under both quantitative and qualitative tests. Likewise, the Federal Reserve may limit our ability to take any capital actions should the Company fail to include any intended action in its capital plan.

A bank holding company's board of directors, or a designated committee thereof, is required, at least annually, to review the "robustness" of the bank holding company's process for assessing capital adequacy, ensure that any deficiencies are remedied and approve the capital plan.

In its review of the capital plan, the Federal Reserve will consider the plan's comprehensiveness, the reasonableness of its assumptions and analysis, and the bank holding company's methodologies for reviewing the robustness of the capital adequacy process and ability to maintain capital above minimum regulatory ratios under expected and stressful conditions throughout the planning horizon. In addition, the Federal Reserve will engage in a qualitative review of a bank holding company's capital planning processes and procedures. Based on its overall review and the regulatory capital requirements described below, the Federal Reserve will either object or not object to the capital plan. The Federal Reserve has broad authority to object to capital plans, and to require bank holding companies to revise and resubmit their capital plans for approval. Bank holding companies are also subject to an ongoing requirement to revise and resubmit their capital plans upon the occurrence of certain events specified by rule, or when required by the Federal Reserve. If a bank holding company receives an objection to its capital plan, it must resubmit a revised plan within 30 days. Should the Federal Reserve object to a capital plan, a bank holding company may not make any capital distribution other than those capital distributions that the Federal Reserve has indicated non-objection to in writing.

The Federal Reserve has indicated that it intends to publish the results of its supervisory stress test for the portion of each bank holding company's capital plan that relates to the adverse and severely adverse stress scenarios developed by the Federal Reserve. The information to be released will include, among other things, the Federal Reserve's projection of company-specific information, including post-stress capital ratios and the minimum value of these ratios over the planning horizon.

Similar to last year, the Federal Reserve has noted that bank holding companies will have limited ability to adjust downward planned capital actions in light of stress test results. Should any adjustment occur, the Federal Reserve intends to publicly disclose the results of stress tests using both the original and adjusted 2014 capital plans. Additionally, in September 2013, the Federal Reserve issued an interim final rule amending its capital plan and stress test rules to clarify how bank holding companies with over $50 billion in total consolidated assets should incorporate the recently adopted New Capital Rules (as defined below) for the 2014 CCAR process and the supervisory and company run stress tests. Under the Federal Reserve's interim final rule such bank holding companies, including the Company, must both: (1) project its regulatory capital ratios and meet the required minimums under the New Capital Rules for each quarter of the nine-quarter planning horizon in accordance with the minimum capital requirements that are in effect during that quarter, subject to appropriate phase-ins/phase-outs under the new rules; and (2) continue to meet the minimum 5 percent Tier 1 common equity ratio as calculated under the previously generally applicable risk-based capital rules.

On January 6, 2014, we submitted our capital plan to the Federal Reserve. We expect a response from the Federal Reserve during the first quarter of 2014.

Dividends

The Company and TRS, as well as Centurion Bank and AEBFSB, are limited by banking statutes, regulations and supervisory policy in their ability to pay dividends. In general, federal and applicable state banking laws prohibit, without first obtaining regulatory approval, insured depository institutions, such as Centurion Bank and AEBFSB, from making dividend distributions if such distributions are not paid out of available recent earnings or would cause the institution to fail to meet capital adequacy standards. As described below under " *Prompt Corrective Action* ," the FDIA also generally prohibits an FDIC-insured depository institution from making any capital distribution (including payment of dividends) or paying any management fee to its holding company if the depository institution would thereafter be undercapitalized. In addition to specific limitations on the dividends that subsidiary banks can pay to their holding companies, federal banking regulators could prohibit a dividend that would constitute an unsafe or unsound banking practice in light of the financial condition of the banking organization.

Dividend payments by the Company and TRS to shareholders are subject to the oversight of the Federal Reserve. It is Federal Reserve policy that bank holding companies generally should pay dividends on common stock only out of net income available to common shareholders generated over the past year and only if prospective earnings retention is consistent with the organization's current and expected future capital needs, asset quality and overall financial condition. The Federal Reserve has indicated, however, that capital plans implying dividend payout ratios above 30 percent of projected after-tax net income will receive "particularly close scrutiny." Moreover, bank holding companies should not maintain dividend levels that place undue pressure on the capital of depository institution subsidiaries or that may undermine the bank holding company's ability to be a source of strength to its banking subsidiaries. The Federal Reserve could prohibit a dividend by the Company or TRS that would constitute an unsafe or unsound banking practice in light of the financial condition of the banking organization.

Because the Company is a bank holding company with more than $50 billion in consolidated assets, its payment of dividends is subject to heightened regulatory requirements. The Company is required to include projected dividend payments in the capital plan required to be submitted to the Federal Reserve, discussed above under " *Capital Planning* ," and the restrictions imposed as part of the capital planning process will likely be the principal limitation on our ability to make capital distributions (including dividends and share repurchases). In addition, the Company generally is required to obtain prior approval from the Federal Reserve before it can make capital distributions, including dividend payments, under any of the following circumstances (regardless of whether the distribution is part of a capital plan to which the Federal Reserve has not objected):

- the Company will not meet a minimum regulatory capital ratio or a Tier 1 common equity ratio of at least 5 percent after giving effect to the capital distribution;

- the Federal Reserve has notified the Company that it has determined that either (i) the capital distribution will result in a material adverse change to the Company's capital or liquidity structure, or (ii) the Company's earnings are materially underperforming projections;
- the dollar amount of the capital distribution will exceed the projected distribution described in the Company's approved capital plan; or
- the capital distribution will occur after the occurrence of an event requiring the resubmission (other than pursuant to an objection) of the Company's capital plan and before the Federal Reserve has acted on the resubmitted plan.

Living Wills

In December 2013, we filed our initial plan for the rapid and orderly resolution of the Company under the Bankruptcy Code in the event of material distress or failure. Under rules adopted by the Federal Reserve and the FDIC pursuant to Dodd-Frank, we are required to update this plan annually and may be required to update it upon the occurrence of material changes in our business, structure or operations. This resolution planning requirement may, as a practical matter, present additional constraints on our structure, operations and business strategy, and on transactions and business arrangements between our bank and non-bank subsidiaries, because we must consider the impact of these matters on our ability to prepare and submit a resolution plan that demonstrates that we may be resolved under the Bankruptcy Code in a rapid and orderly manner. If the Federal Reserve and the FDIC determine that our plan is not credible and we fail to cure the deficiencies, we may be subject to more stringent capital, leverage or liquidity requirements, or restrictions on our growth, activities or operations, or ultimately be required to divest certain assets or operations to facilitate an orderly resolution.

Acquisitions and Investments

As a bank holding company with insured depository institution subsidiaries, we are subject to banking laws and regulations that limit our investments and acquisitions. In addition, acquisitions and investments may be subject to the prior review and approval of our regulators, including the Federal Reserve, the OCC and the FDIC. The banking agencies have broad discretion in evaluating proposed acquisitions and investments. In deciding whether to approve an acquisition, federal banking regulators may consider, among other factors, effects of the acquisition on competition, financial and managerial resources, and financial stability; future prospects, including current and projected capital ratios and levels; the competence and expertise of management and our record of compliance with laws and regulations; public benefits; the convenience and needs of the community and our depository institution subsidiaries' record of compliance with the CRA; risks to the stability of the U.S. banking or financial system; and our effectiveness in combating money laundering.

Among other things, the BHC Act requires a bank holding company to obtain the prior approval of the Federal Reserve before: (1) it may acquire direct or indirect ownership or control of any voting shares of any bank or savings and loan association, if after such acquisition, the bank holding company will directly or indirectly own or control more than 5 percent of any class of the voting securities of the institution; (2) it or any of its subsidiaries, other than a bank, may acquire all or substantially all of the assets of any bank or savings and loan association (the Bank Merger Act requires regulatory approval before a bank subsidiary may make such an acquisition); or (3) it may merge or consolidate with any other bank holding company.

The Federal Reserve must approve certain additional capital contributions to an existing non-U.S. investment and certain direct and indirect acquisitions by the Company of an interest in a non-U.S. company, including in a foreign bank. Dodd-Frank requires bank holding companies with total consolidated assets equal to or greater than $50 billion to provide the Federal Reserve with written notice (which is largely tantamount to an approval process) prior to acquiring direct or indirect ownership or control of any voting shares of any company (other than an insured depository institution) that is engaged in financial activities described in section 4(k) of the BHC Act and that has total consolidated assets of $10 billion or more, subject to certain exceptions. Dodd-Frank

also requires financial holding companies to obtain Federal Reserve approval prior to acquiring any non-bank company with total consolidated assets in excess of $10 billion.

Applicable federal and state laws also limit the ability of persons to invest in or acquire control of the Company without providing notice to or obtaining the approval of one or more of our regulators. The Change in Bank Control Act prohibits a person, entity, or group of persons or entities acting in concert, from directly or indirectly acquiring "control" of a bank holding company such as the Company, unless the Federal Reserve has been given prior notice and has not objected to the transaction. Under Federal Reserve regulations, the acquisition of 10 percent or more of a class of voting stock of the Company would generally create a rebuttable presumption of acquisition of control of the Company and require prior notice to and non-objection by the Federal Reserve. Additionally, under the BHC Act, any person or company is required to obtain the approval of the Federal Reserve before acquiring control of the Company, which, among other things, includes the acquisition of ownership of or control over 25 percent or more of any class of voting securities of the Company or the power to exercise a "controlling influence" over the Company. In the case of an acquirer that is a bank or bank holding company, the BHC Act requires approval of the Federal Reserve for the acquisition of ownership or control of any voting securities of the Company, if the acquisition results in the bank or bank holding company controlling more than 5 percent of the outstanding shares of any class of voting securities of the Company.

Source of Strength

Bank holding companies are required by statute to act as a source of strength to all of their insured depository institution subsidiaries. Therefore, the Company is required to act as a source of strength to Centurion Bank and AEBFSB and may be required to commit capital and financial resources to support both institutions. Such support may be required at times when, absent this requirement, the Company otherwise might determine not to provide it.

Capital loans by a bank holding company to any of its subsidiary banks are subordinate in right of payment to deposits and to certain other indebtedness of such subsidiary banks. In the event of a bank holding company's bankruptcy, any commitment by the bank holding company to a federal banking regulator to maintain the capital of a subsidiary bank will be assumed by the bankruptcy trustee and entitled to a priority of payment.

Capital Adequacy

The Company, TRS, Centurion Bank and AEBFSB are required to comply with the applicable capital adequacy rules established by federal banking regulators. These rules are intended to ensure that bank holding companies and banks (collectively, "banking organizations") have adequate capital given the level of assets and off-balance sheet obligations, and to minimize disincentives for holding liquid assets.

Since the late 1980s, the federal banking regulators' capital adequacy rules have been based on accords agreed to by the Basel Committee on Banking Supervision (the "Basel Committee"). These frameworks include general risk-based capital rules applicable to all banking organizations based on the 1988 Capital Accord, known as Basel I, and risk-based capital rules applicable to banking organizations having $250 billion or more in total consolidated assets or $10 billion or more in foreign exposures, known as advanced approaches institutions, based on the advanced internal ratings-based approach for credit risk and the advanced measurement approach for operational risk in the Revised Framework for the International Convergence of Capital Measurement and Capital Standards issued by the Basel Committee in June 2006, known as Basel II.

In July 2013, federal banking regulators adopted rules (the "New Capital Rules") substantially revising the general risk-based capital rules previously applicable to banking organizations to make them more risk sensitive and implementing the final framework for strengthening international capital and liquidity regulation, known as Basel III, released by the Basel Committee in December 2010. The New Capital Rules are currently being phased-in and, subject to transition provisions for certain adjustments to the components of capital, will begin to

take effect for all banking organizations as of January 1, 2015. As an advanced approaches institution, the Company and, consequently, each of TRS, Centurion Bank and AEBFSB are required to comply with portions of the New Capital Rules beginning in 2014, specifically the revised capital definitions and minimum capital ratio requirements, while still using Basel I risk-weighted assets.

For additional information regarding our capital ratios, see "Consolidated Capital Resources and Liquidity" on pages 35-37 of our 2013 Annual Report to Shareholders, which information is incorporated herein by reference.

New Capital Rules. Under the New Capital Rules, new minimum capital and buffer requirements were established and will be fully phased-in by 2019. Specifically, banking organizations are required to maintain minimum ratios for Common Equity Tier 1 ("CET1"), Tier 1 and Total capital to risk-weighted assets. In addition, all banking organizations remain subject to a minimum leverage ratio of Tier 1 capital to average balance sheet assets. Advanced approaches institutions will also become subject to a supplementary leverage ratio. For purposes of calculating these ratios, a banking organization's capital is classified into the following categories:

- *Common Equity Tier 1 Capital.* CET1 includes common equity, retained earnings and a limited amount of minority interests in CET1 of consolidated subsidiaries.
- *Additional Tier 1 Capital.* Additional Tier 1 capital includes non-cumulative perpetual preferred stock and a limited amount of minority interests in Additional Tier 1 capital instruments of consolidated subsidiaries, in each case subject to specific requirements of the New Capital Rules.
- *Tier 2 Capital.* Tier 2 capital includes certain subordinated debt, preferred stock that is cumulative or has a mandatory redemption date and a limited amount of minority interests in Tier 2 capital of consolidated subsidiaries, in each case subject to specific requirements of the New Capital Rules.

The inclusion in a bank holding company's Additional Tier 1 capital and Tier 2 capital of trust preferred securities and the inclusion in a bank holding company's Tier 1 capital of cumulative perpetual preferred stock, in each case issued prior to May 19, 2010 (and both included in a bank holding company's Tier 1 capital under the risk-based capital rules as in effect prior to January 1, 2015), will be completely phased-out on January 1, 2015. Additionally, the New Capital Rules also require the deduction of certain assets from CET1 (deferred tax assets dependent upon future taxable income, mortgage servicing rights, investments in financial firms and pension assets, among others, within prescribed limitations) and the inclusion of accumulated OCI in capital. Goodwill and most intangible assets will also be subject to a full deduction from CET1.

A banking organization's assets and some of its specified off-balance sheet commitments and obligations are also assigned to various risk categories for purposes of calculating the required risk-based ratios. The New Capital Rules amend and replace the current risk-weighting categories used to calculate risk-weighted assets in the denominator of capital ratios with a broader array of risk weighting categories that are intended to be more risk sensitive based on the standardized approach proposed by Basel II. The new risk-weights for the standardized approach range from 0 percent to 600 percent compared with the risk-weights of 0 percent to 100 percent, in general, in the regulators' existing general risk-based capital guidelines. Higher risk-weights would apply to a variety of exposures, including certain securitization exposures, equity exposures, claims on securities firms and exposures to counterparties on OTC derivatives. In addition, advanced approaches banking organizations will calculate risk-based capital ratios under both the generally applicable standardized approach and the advanced approaches rule, and then use the lower of each capital ratio to determine whether it meets its minimum risk-based capital requirements. The portions of the New Capital Rules implementing the standardized approach become effective January 1, 2015.

During 2014, we will begin reporting our capital adequacy standards on a parallel basis to federal banking regulators using both risk-weighted assets calculated under the current Basel I-based capital framework, as adjusted for certain items, and the requirements for an advanced approaches institution. The parallel period will

continue until we receive regulatory approval to exit parallel reporting, at which point we will begin publicly reporting capital ratios using risk-weighted assets calculated under the higher of the advanced approaches and the standardized approaches in the New Capital Rules.

During the 2014 calendar year, while the New Capital Rules are being phased-in, the Company, TRS, Centurion Bank and AEBFSB must each maintain CET1, Tier 1 capital (that is, CET1 plus additional Tier 1 capital) and Total capital (that is, Tier 1 capital plus Tier 2 capital) ratios of at least 4.0 percent, 5.5 percent and 8.0 percent, respectively. As of January 1, 2015, however, all applicable banking organizations must maintain CET1, Tier 1 capital and Total capital ratios of at least 4.5 percent, 6.0 percent and 8.0 percent, respectively, without giving effect to the capital conservation buffer, countercyclical capital buffer or deductions from regulatory capital discussed below.

The New Capital Rules also implement a 2.5 percent capital conservation buffer composed entirely of CET1, on top of these minimum risk-weighted asset ratios. As a result, the minimum ratios are effectively 7.0 percent, 8.5 percent and 10.5 percent for the CET1, Tier 1 capital and Total capital ratios, respectively, on a fully phased-in basis. Implementation of the capital conservation buffer will begin on January 1, 2016 at the 0.625 percent level and will increase in equal increments at the beginning of each year until it is fully implemented on January 1, 2019. Additionally, the required minimum CET1, Tier 1 capital and Total capital ratios for advanced approaches institutions such as the Company may be further increased by a countercyclical capital buffer composed entirely of CET1 up to 2.5 percent, which may be assessed when federal banking regulators determine that such a buffer is necessary to protect the banking system from disorderly downturns associated with excessively expansionary periods. When fully phased-in, the countercyclical capital buffer and capital conservation buffer could potentially result in up to an additional 5.0 percent being added to each of the ratios of CET1, Tier 1 capital and Total capital to risk-weighted assets.

Banking institutions whose ratio of CET1, Tier 1 Capital or Total capital to risk-weighted assets is above the minimum but below the capital conservation buffer (or below the combined capital conservation buffer and countercyclical capital buffer, when the latter is applied) will face constraints on discretionary distributions such as dividends, repurchases and redemptions of capital securities, and executive compensation based on the amount of the shortfall.

As a supervisory matter, federal banking regulators expect most bank holding companies, and in particular larger bank holding companies such as the Company, to maintain regulatory capital ratios that, at a minimum, qualify a bank holding company and its depository institution subsidiaries as “well capitalized.” The rules also provide that bank holding companies experiencing internal growth or making acquisitions will be expected to maintain strong capital positions substantially above the minimum supervisory levels without significant reliance on intangible assets. Following the recent financial crisis, federal banking regulators have encouraged larger bank holding companies to maintain capital ratios appreciably above the “well capitalized” standard. Moreover, the Federal Reserve is focusing more on the regulatory requirement that common equity be the “predominant” element of Tier 1 capital. Furthermore, the Federal Reserve has indicated that it will consider a “tangible Tier 1 capital leverage ratio” (deducting all intangibles) and other indicators of capital strength in evaluating proposals for expansion or new activities.

In November 2011, the Basel Committee supplemented Basel III by issuing final provisions applying a new CET1 surcharge to certain global systemically important banks (“G-SIBs”). In a companion release addressing progress on a variety of financial regulatory reforms relating to global systemically important financial institutions, the Financial Stability Board released a list of 29 such institutions and indicated that it used the G-SIB surcharge methodology in creating the list. The Company was not included on either the original or revised lists of G-SIBs released in November 2012 and November 2013.

In October 2012, the Basel Committee issued final rules intended to supplement the G-SIB framework by imposing a CET1 surcharge on certain banks that may not be significant from an international perspective, but

nevertheless have an important impact on their domestic economies ("D-SIBs"). The framework establishes a minimum set of principles against which the federal banking regulators would evaluate whether a bank is a D-SIB and determine the amount of capital that a D-SIB is required to hold and/or whether the D-SIB should be subject to other policy tools. However, the New Capital Rules do not indicate whether any, or to what extent, banking organizations that are not designated as G-SIBs may be subject to a D-SIB surcharge. In line with the Basel Committee's stated objective that the D-SIB framework complement the G-SIB framework, the D-SIB surcharge will be implemented together with the G-SIB surcharge beginning in January 2016. While the New Capital Rules did not address the adoption of the surcharge on G-SIBs or D-SIBs, federal banking regulators noted that they are considering a capital surcharge for institutions with $50 billion or more in total consolidated assets, or some subset of such institutions, consistent with the Basel Committee's surcharge proposals.

Leverage Requirements. Banking organizations are also required to comply with minimum leverage ratio requirements. The leverage ratio is the ratio of a banking organization's Tier 1 capital to its total adjusted quarterly average assets (as defined for regulatory purposes). The existing rules require a minimum leverage ratio of 3.0 percent for banking organizations that meet certain specified criteria, including having the highest regulatory rating. All other banking organizations are generally required to maintain a leverage ratio of at least 4.0 percent. The New Capital Rules eliminate the 3.0 percent minimum leverage ratio for highly-rated banking organizations, with the consequence that all banking organizations will be required to maintain a leverage ratio of at least 4.0 percent as of January 1, 2015. The elimination of the 3.0 percent minimum leverage ratio with respect to advanced approaches institutions became effective on January 1, 2014.

The New Capital Rules also establish a supplementary leverage ratio requirement for advanced approaches banking organizations such as the Company, consistent with the Basel III framework. The supplementary leverage ratio is the ratio of Tier 1 capital to an expanded concept of leverage exposure that includes both on-balance sheet and certain off-balance sheet exposures. The New Capital Rules require a minimum supplemental leverage ratio of 3.0 percent for advanced approaches banking organizations, with reporting to the federal banking regulators commencing January 1, 2015 and full implementation and compliance by January 1, 2018.

The Basel Committee and the federal banking regulators are each independently considering potential changes to the supplementary leverage ratio that, individually or taken together, could make it substantially more restrictive. In particular, the Basel Committee has proposed revisions to the supplementary leverage ratio's denominator, including modifications regarding the treatment of securities financing transactions and certain derivatives. Separately, the federal banking regulators have proposed revisions to the supplementary leverage ratio that would increase the supplementary leverage requirement for certain holding companies to exceed 5 percent. In addition, this proposal would establish a supplemental leverage ratio "well capitalized" threshold of 6 percent for certain insured depository institutions under the prompt corrective action framework.

Liquidity Ratios under Basel III . Historically, regulation and monitoring of bank and bank holding company liquidity has been addressed as a supervisory matter, both in the United States and internationally, without required formulaic measures. The Basel III framework requires banks and bank holding companies to measure their liquidity against specific liquidity tests that, although similar in some respects to liquidity measures historically applied by banks and regulators for management and supervisory purposes, going forward will be required by regulation. One test, referred to as the liquidity coverage ratio ("LCR"), is designed to ensure that the banking entity maintains an adequate level of unencumbered high-quality liquid assets that can be converted into cash to meet its liquidity needs for a 30-day time horizon under a significantly severe liquidity stress scenario specified by supervisors. The ratio of a firm's liquid assets to its projected net outflows is its LCR. In October 2013, federal banking regulators issued a proposed rule implementing the LCR requirement for advanced approaches banking organizations, such as the Company, and their depository institution subsidiaries with $10 billion or more in total consolidated assets, such as AEBSFB and Centurion Bank. Under the federal banking regulators' LCR proposal, covered banking organizations would be required to comply with the LCR on an accelerated schedule, maintaining a minimum of 80 percent of the required LCR by January 1, 2015, 90 percent by January 1, 2016 and 100 percent by January 1, 2017. The comment period on the federal banking regulators' LCR proposal ended on January 31, 2014.

The other test, referred to as the net stable funding ratio ("NSFR"), is designed to promote more medium- and long-term funding of the assets and activities of banking entities over a one-year time horizon. These requirements will incent banking entities to increase their holdings of cash, U.S. Treasury securities and other sovereign debt as a component of assets and increase the use of long-term debt as a funding source. Federal banking regulators have not yet proposed rules implementing the NSFR liquidity framework for U.S. banking institutions. The Basel III liquidity framework contemplates that the NSFR will be implemented as a minimum standard by January 1, 2018.

The Federal Reserve's proposed heightened prudential requirements for bank holding companies with $50 billion or more of consolidated total assets also include enhanced liquidity standards, as discussed above under " *Heightened Prudential Requirements for Large Bank Holding Companies* ."

Prompt Corrective Action

The FDIA requires, among other things, that federal banking regulators take prompt corrective action in respect of FDIC-insured depository institutions (such as Centurion Bank and AEBFSB) that do not meet minimum capital requirements. The FDIA specifies five capital tiers: "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized" and "critically undercapitalized." A depository institution's capital tier depends upon how its capital levels compare to various relevant capital measures and certain other factors, as established by regulation. A bank may be deemed to be in a capitalization category that is lower than is indicated by its actual capital position if it receives an unsatisfactory examination rating. Once an institution becomes "undercapitalized," the FDIA imposes progressively more restrictive constraints on operations, management and capital distributions, depending on the capital category in which an institution is classified. A depository institution that is not well capitalized is also subject to restrictions on the acceptance of brokered deposits including Certificate of Deposit Account Registry Service deposits. A significant amount of the Company's outstanding U.S. retail deposits has been raised through third-party channels, and such deposits are considered brokered deposits for bank regulatory purposes. For a description of our deposit programs, see "Deposit Programs" under "U.S. Card Services — Consumer and Small Business Services" above and "Deposit Programs" on page 39 of our 2013 Annual Report to Shareholders, which information is incorporated herein by reference.

The FDIA generally prohibits an FDIC-insured depository institution from making any capital distribution (including payment of dividends) or paying any management fee to its holding company if the depository institution would thereafter be undercapitalized. Undercapitalized depository institutions are subject to restrictions on borrowing from the Federal Reserve and to growth limitations, and are required to submit a capital restoration plan. For a capital restoration plan to be acceptable, any holding company must guarantee the capital plan up to an amount equal to the lesser of 5 percent of the depository institution's assets at the time it became undercapitalized and the amount of the capital deficiency at the time it fails to comply with the plan. In the event of the holding company's bankruptcy, such guarantee would take priority over claims of its general unsecured creditors. If a depository institution fails to submit an acceptable plan, it is treated as if it is significantly undercapitalized.

Significantly undercapitalized depository institutions may be subject to a number of requirements and restrictions, including orders to sell sufficient voting stock to become adequately capitalized, requirements to reduce total assets and cessation of receipt of deposits from correspondent banks. Critically undercapitalized depository institutions are subject to appointment of a receiver or conservator.

Early Remediation Regime

Dodd-Frank requires the establishment of an "early remediation" regime for bank holding companies with $50 billion or more in consolidated assets, including the Company. In January 2012, the Federal Reserve published a notice of proposed rulemaking that included a proposed early remediation system based in part on

the prompt corrective action regime that currently applies to insured depository institutions under the FDIA. The proposed rule, however, utilizes "forward-looking" triggers based on capital and leverage, stress test requirements, risk management, liquidity and publicly available market data. Because these rules are not yet final, their ultimate impact on us is not certain.

Transactions Between Centurion Bank or AEBFSB and Their Respective Affiliates

Certain transactions (including loans and credit extensions from Centurion Bank and AEBFSB) between Centurion Bank and AEBFSB, on the one hand, and their affiliates (including the Company, TRS and their non-bank subsidiaries), on the other hand, are subject to quantitative and qualitative limitations, collateral requirements, and other restrictions imposed by statute and Federal Reserve regulation. Transactions subject to these restrictions are generally required to be made on an arms-length basis. These restrictions generally do not apply to transactions between a depository institution and its subsidiaries.

FDIC Insurance Assessments

Centurion Bank and AEBFSB accept deposits and those deposits are insured by the FDIC up to the applicable limits. The FDIC's deposit insurance fund ("Deposit Insurance Fund") is funded by assessments on insured depository institutions.

Each institution's assessments are based on the average consolidated total assets less the average tangible equity of the insured depository institution during the assessment period (the "assessment base"). The assessment rate applicable to large depository institutions, such as Centurion Bank and AEBFSB, is adjusted based upon the insured depository institution's ratio of (1) long-term unsecured debt to the assessment base, (2) long-term unsecured debt issued by another insured depository institution to the assessment base and (3) brokered deposits to the assessment base. The adjustments for brokered deposits to the assessment base do not apply so long as the institution is well capitalized and has a composite CAMELS rating of 1 or 2. The rules permit the FDIC to impose additional discretionary assessment rate adjustments.

Dodd-Frank requires the FDIC to maintain a minimum reserve ratio for the Deposit Insurance Fund of 1.35 percent of estimated insured deposits by September 30, 2020. On December 20, 2010, the FDIC issued a final rule setting the increased reserve ratio at 2 percent. This rule represents an increase in the reserve ratio and will result in increased costs for Centurion Bank and AEBFSB. In addition, Dodd-Frank eliminated the ceiling (1.5 percent of insured deposits) on the size of the Deposit Insurance Fund and made the payment of dividends from the Deposit Insurance Fund by the FDIC discretionary.

Under the FDIA, the FDIC may terminate the insurance of an institution's deposits upon a finding that the institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC. We do not know of any practice, condition or violation that might lead to termination of deposit insurance at either of our insured depository institution subsidiaries.

FDIC Powers upon Insolvency of Insured Depository Institutions

If the FDIC is appointed the conservator or receiver of an insured depository institution, such as Centurion Bank or AEBFSB, upon its insolvency or in certain other events, the FDIC has the power: (1) to transfer any of the depository institution's assets and liabilities to a new obligor without the approval of the depository institution's creditors; (2) to enforce the terms of the depository institution's contracts pursuant to their terms; or (3) to repudiate or disaffirm any contract or lease to which the depository institution is a party, the performance of which is determined by the FDIC to be burdensome and the disaffirmation or repudiation of which is determined by the FDIC to promote the orderly administration of the depository institution.

In addition, under federal law, the claims of holders of U.S. deposit liabilities and certain claims for administrative expenses of the FDIC against an insured depository institution would be afforded a priority over other general unsecured claims against the institution, including claims of debt holders of the institution and depositors in non-U.S. offices, in the liquidation or other resolution of the institution by a receiver. As a result, whether or not the FDIC ever sought to repudiate any debt obligations of Centurion Bank or AEBFSB, the debt holders and depositors in non-U.S. offices would be treated differently from, and could receive substantially less, if anything, than the depositors in U.S. offices of the depository institution.

Orderly Liquidation Authority under Dodd-Frank

Dodd-Frank created the Orderly Liquidation Authority ("OLA"), a resolution regime for systemically important non-bank financial companies, including bank holding companies, under which the Treasury Secretary may appoint the FDIC as receiver to liquidate such a company if the company is in danger of default and presents a systemic risk to U.S. financial stability. This determination by the Treasury Secretary must come after supermajority recommendations by the Federal Reserve and the FDIC and consultation by the Treasury Secretary with the President of the United States, and after certain other conditions are met. OLA is similar to the FDIC resolution model for depository institutions, including granting very broad powers to the FDIC as receiver. Though creditors' rights under OLA were modified from the FDIC regime to reduce disparities in treatment between OLA and the U.S. Bankruptcy Code, substantial differences exist between the two regimes, including the right of the FDIC to disregard the strict priority of creditor claims in limited circumstances, the use of an administrative claims procedure to determine creditor claims (as opposed to the judicial procedure used in bankruptcy proceedings), and the right of the FDIC to transfer claims to a "bridge" entity.

Dodd-Frank also established an Orderly Liquidation Fund that may provide liquidity to the receivership or a related "bridge" entity in an OLA liquidation proceeding. The Orderly Liquidation Fund would be funded through borrowings from the U.S. Department of Treasury and repaid from the assets of the failed financial company and, if necessary, risk-based assessments made, first, on entities that received more in the OLA proceeding than they would have received in a Chapter 7 liquidation to the extent of such excess and, second, on bank holding companies with total consolidated assets of $50 billion or more, such as the Company, and on certain other non-bank financial companies. If an orderly liquidation is triggered, the Company could face assessments for the Orderly Liquidation Fund. It is not possible to determine the level of any such future assessments.

The FDIC has developed a strategy under OLA, referred to as the "single point of entry" or "SPOE" strategy, under which the FDIC would resolve a failed financial holding company by transferring its assets (including shares of its operating subsidiaries) and, potentially, very limited liabilities to a "bridge" holding company; utilize the resources of the failed financial holding company to recapitalize the operating subsidiaries; and satisfy the claims of unsecured creditors of the failed financial holding company and other claimants in the receivership by delivering securities of one or more new financial companies that would emerge from the bridge holding company. Under this strategy, management of the failed financial holding company would be replaced and shareholders and creditors of the failed financial holding company would bear the losses resulting from the failure. The FDIC issued a notice in December 2013 describing some elements of the SPOE strategy, and seeking public comment to further develop the strategy.

Cross-Guarantee Provisions

Under the "cross-guarantee" provision of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), insured depository institutions, such as Centurion Bank and AEBFSB, may be liable to the FDIC with respect to any loss incurred or reasonably anticipated to be incurred by the FDIC in connection with the default of, or FDIC assistance to, any commonly controlled insured depository institution. Centurion Bank and AEBFSB are commonly controlled within the meaning of the FIRREA cross-guarantee provision.

Community Reinvestment Act

Centurion Bank and AEBFSB are subject to the CRA, which imposes affirmative, ongoing obligations on depository institutions to meet the credit needs of their local communities, including low- and moderate-income neighborhoods, consistent with the safe and sound operation of the institution. The CRA requires an institution's primary federal regulator, as part of the examination process, to assess the institution's record in meeting its obligations under the CRA, and also to take such assessment into account in evaluating merger and acquisition proposals and applications to open or relocate a branch office. AEBFSB was examined by the OCC for CRA compliance during the third quarter of 2012 and received a "satisfactory" CRA rating. Centurion Bank was examined by the FDIC during the fourth quarter of 2013 and is awaiting the results of this examination. In its last examination, Centurion Bank received a "satisfactory" CRA rating.

In the case of a bank holding company, such as the Company and TRS, applying for approval to acquire a bank or bank holding company, the Federal Reserve will assess the record of each subsidiary depository institution of the applicant bank holding company in considering the application. In addition, as discussed previously, the failure of the Company's U.S. banking subsidiaries to maintain satisfactory CRA ratings could result in restrictions on the Company's and TRS' ability to engage in activities in reliance on financial holding company authority.

Privacy and Data Protection

We have established and continue to maintain policies that provide the framework for compliance with applicable Privacy, Data Protection and Information Security Laws, meet evolving customer privacy expectations and support and enable business innovation and growth.

We use information about our customers to develop and make available relevant, personalized products and services. Customers are given choices about how we use and disclose their information, and we give them notice regarding the measures we take to safeguard this information in accordance with applicable Privacy, Data Protection and Information Security Laws.

Regulatory and legislative activity, as well as media and public focus, in the areas of privacy, data protection and information security continues to increase worldwide, spurred by advancements in technology (including mobile devices), broad use of the internet, expanding uses of mobile commerce and social networking, related concerns about the rapid and widespread collection, dissemination and use of personal information, and highly publicized security breaches and cybersecurity incidents. Our regulators, including regulatory examiners, are increasingly focused on ensuring that our privacy, data protection and information security-related policies and practices, including those related to access controls, are adequate to inform consumers of our data collection, use, sharing and/or security practices, to provide them with choices, if required, about how we use and share their information, and to safeguard their personal information in accordance with applicable Privacy, Data Protection and Information Security Laws.

In the United States, certain of our businesses may be subject to the Gramm-Leach-Bliley Act ("GLBA") and its implementing regulations and guidance. Among other things, the GLBA imposes certain limitations on the ability of a financial institution to share consumers' nonpublic personal information with nonaffiliated third parties; requires that a financial institution provide certain disclosures to consumers about its data collection, sharing and security practices and affords customers the right to "opt out" of the institution's disclosure of their personal financial information to nonaffiliated third parties (with limited exceptions), and requires the financial institution to develop, implement and maintain a written comprehensive information security program containing safeguards that are appropriate to the financial institution's size and complexity, the nature and scope of the financial institution's activities and the sensitivity of customer information processed by the financial institution. The GLBA does not preempt state laws that afford greater privacy protections to consumers. Various states also have adopted laws, rules and/or regulations pertaining to privacy and/or information security, including certain potentially applicable financial privacy laws (such as a law in effect in California); data security and/or data

disposal requirements (including potentially applicable requirements adopted in states such as Massachusetts and Nevada); online privacy laws (such as a law in effect in California); and laws relating to the confidentiality of certain types of data (such as laws governing certain health-related information and/or Social Security numbers, for which there are also potentially applicable federal laws, rules, regulations and/or guidance as well). Certain of these requirements may apply to the personal information of our employees and/or contractors as well as our customers.

Various U.S. federal banking regulators, and 46 U.S. states, the District of Columbia, Puerto Rico and the Virgin Islands, have enacted data security breach notification requirements with varying levels of individual, consumer, regulator and/or law enforcement notification in certain circumstances in the event of a data security breach. Data breach notification laws are also becoming more prevalent in other parts of the world where we operate, including Germany, Japan, Mexico, South Korea and Taiwan. In many countries that have yet to impose data breach notification requirements, regulators have increasingly used the threat of significant sanctions and penalties by data protection authorities to encourage voluntary breach notification.

We are also subject to certain Privacy, Data Protection and Information Security Laws in other countries in which we operate (including countries in the European Union, Australia, Canada, Japan, Hong Kong, Mexico and Singapore), some of which are more stringent than those in the United States.

In Europe, European Directive 95/46/EC (commonly referred to as the “Data Protection Directive”), which has been in place since 1995, provides for the protection of individuals with regard to the processing of personal data and on the free movement of such data. The Data Protection Directive requires the controller and/or processor of an individual’s personal data to, among other things, take the necessary technical and organizational steps to protect personal data. More recently, Directive 2009/136/EC (commonly referred to as the “e-Privacy Directive” or “Cookies Directive”) introduced new requirements on the collection and use of data about internet users and required Member States to enact national laws to comply with such requirements. Compliance with data protection laws in Europe and elsewhere could result in higher technology, administrative and other costs for the Company and limit our ability to optimize the use of our closed-loop data.

The European Commission released on January 25, 2012 the text of its draft proposed data protection framework regulation to replace the EU Data Protection Directive (95/46/EC). The EU legislation process is still ongoing, however if enacted, the new regulation will affect parties, such as the Company, that collect and/or process the personal data of residents of Member States and may result in additional compliance requirements and costs. The draft General Data Protection Regulation proposes, among other things, a requirement for prompt notice of data breaches, in certain circumstances, to data subjects and supervisory authorities, applying uniformly across sectors and across the European Union and proposes significant fines for non-compliance with the proposed regulation’s requirements.

In November 2012, we received approval from the data protection authority in the United Kingdom of our binding corporate rules (“BCR”) for transferring personal data collected in European Economic Area countries to American Express group companies worldwide. This approval became effective January 28, 2013. Following a consultation process between the U.K. authority and the data protection authorities in other countries in Europe, we have also received the formal approval for our BCR in the following countries: Belgium, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Norway, Spain, Sweden and The Netherlands.

We continue our efforts to safeguard the personal information entrusted to us in accordance with applicable Privacy, Data Protection and Information Security Laws, and our internal privacy, data protection and information security-related policies, including taking steps to reduce the potential for identity theft or other fraud, while seeking to collect and use personal information in an appropriate manner to achieve our business objectives. We also have undertaken measures to assess the level of access to customer and employee data by our employees, partners and service providers.

Fair Credit Reporting

The FCRA regulates the disclosure of consumer credit reports by consumer reporting agencies and the use of consumer credit report information by banks and other companies. Among other things, FCRA places restrictions (with limited exceptions) on the sharing and use of certain personal financial and creditworthiness information of our customers with and by our affiliates.

The FCRA was significantly amended by the enactment in December 2003 of the FACT Act. The FACT Act requires any company that receives information concerning a consumer from an affiliate, subject to certain exceptions, to permit the consumer to opt out from having that information used to market the company's products to the consumer. In November 2007, federal banking regulators issued a final rule implementing the affiliate marketing provisions of the FACT Act. Companies subject to oversight by these agencies were required to comply with the rule by October 1, 2008. We have implemented various mechanisms to allow our customers to opt out of affiliate sharing and of marketing by the Company and our affiliates, and we continue to review and enhance these mechanisms to ensure compliance with applicable laws, rules and regulations and a favorable customer experience.

The FACT Act further amended the FCRA by adding several new provisions designed to prevent or decrease identity theft and to improve the accuracy of consumer credit information. Federal banking regulators and the Federal Trade Commission ("FTC") published a final rule in November 2007 requiring financial institutions to implement a program containing reasonable policies and procedures to address the risk of identity theft and to identify accounts where identity theft is more likely to occur. Companies subject to oversight by federal banking regulators originally were required to comply with the rule by November 1, 2008, but the FTC suspended enforcement of its rule through December 31, 2010 pending consideration of legislation by Congress to clarify the scope of entities covered by the law and the implementing regulations. On December 18, 2010, the President signed into law the Red Flag Program Clarification Act of 2010. Our internal policies and standards, as well as our enterprise-wide data protection, information security and fraud prevention programs, are designed to comply with the new identity theft requirements.

The FACT Act also imposes duties on both consumer reporting agencies and on businesses that furnish or use information contained in consumer credit reports. For example, a furnisher of information is required to implement procedures to prevent the reporting of any information that it learns is the result of identity theft. Also, if a consumer disputes the accuracy of information provided to a consumer reporting agency, the furnisher of that information must conduct an investigation and respond to the consumer in a timely fashion. Federal banking regulators and the FTC have issued rules that specify the circumstances under which furnishers of information would be required to investigate disputes regarding the accuracy of the information provided to a consumer reporting agency. The FACT Act also requires grantors of credit that use consumer credit report information in making a determination to offer a borrower credit on terms that are "materially less favorable" than the terms offered to most of the lender's other customers to notify the borrower that the terms are based on a consumer credit report. In such a case the borrower is entitled to receive a free copy of the report from the consumer reporting agency. Federal banking regulators and the FTC have issued rules that specify the circumstances under which "risk-based pricing" notices must be provided to customers and the content, format and timing of such notices. Since July 21, 2011, Dodd-Frank requires the addition of certain information about credit scores to "risk-based pricing" notices and to adverse action notices otherwise required by the FCRA. Grantors of credit using prescreened consumer credit report information in credit solicitations are also required to include an enhanced notice to consumers that they have the right to opt out from receiving further prescreened offers of credit. The enactment of the FACT Act and the promulgation of rules implementing it are not expected to have a significant impact on our business or practices.

The CARD Act

We are subject to the provisions of the legislation known as the CARD Act, which was enacted in May 2009. The CARD Act and the regulations implementing the CARD Act regulate credit card billing, pricing, disclosure and other practices, as well as certain aspects of gift certificates, store gift cards and general-use prepaid cards primarily for personal use.

With respect to billing and payment, the CARD Act prohibits a card issuer from treating any payment as late for any purpose, including imposing a penalty interest rate or late fee, unless the issuer has adopted reasonable procedures designed to ensure that a periodic statement showing the required minimum payment is mailed to the consumer at least 21 days before the payment due date. Issuers are required to apply payment amounts in excess of the required minimum payment first to the balance with the highest annual percentage rate ("APR") and then to each successive balance bearing the next highest APR.

With respect to pricing, the CARD Act prohibits an issuer from increasing any APR on an outstanding balance, except in specific enumerated circumstances, such as when a promotional rate expires, a variable rate adjusts, or an account is 60 or more days delinquent. An issuer also generally may not increase an APR applicable to future uses of a credit card, or an annual fee, within the first year after account opening, and then, in each case, only with advance notice. If an issuer increases an APR, the CARD Act requires that the issuer periodically reevaluate the APR increase to determine if a decrease is "appropriate."

With respect to disclosure, the CARD Act generally requires issuers to provide certain repayment disclosures on periodic statements, such as a disclosure of the total cost to the consumer, including interest charges, of paying off a balance by making only the required minimum payment each billing cycle. An issuer is also obligated to provide 45 days' advance notice prior to making "significant" changes to the terms of an account (such as increasing an APR or a late fee) and, in some cases, gives the consumer the right to reject the proposed change.

Other significant CARD Act provisions include requirements that the amount of each penalty fee for a violation with respect to the account be "reasonable and proportional" to such violation; that issuers must not open a credit card account or increase a credit line without considering the consumer's ability to make the required minimum payments under the terms of the account; and that issuers must periodically provide card account agreements to the CFPB for posting on its public website.

With respect to gift certificates, store gift cards and general-use prepaid cards primarily for personal use, the CARD Act permits the imposition of dormancy, inactivity and service fees only after one year of inactivity. Additionally, the rules prohibit the sale or issuance of a gift certificate, store gift card and general-use prepaid card that has funds with an expiration date of less than, with respect to a gift certificate, five years after the date the certificate was issued and, with respect to a store gift card or general-use prepaid card, five years after the date on which funds were last loaded. The rules also require implementation of policies and procedures intended to give consumers a reasonable opportunity to purchase a certificate or card with at least five years before the applicable expiration date. The rules prohibit fees for replacing an expired certificate or card or refunding the remaining balance if the underlying funds remain valid (except for lost or stolen cards). The CARD Act also requires certain disclosures regarding any fee other than a dormancy, inactivity or service fee.

Anti-Money Laundering Compliance

American Express is subject to a significant number of AML laws and regulations as a result of being a financial company headquartered in the United States, as well as having a global presence. In the United States, the majority of AML requirements is derived from the Bank Secrecy Act, as it has been amended by the Patriot Act. In Europe, AML requirements are largely the result of countries transposing the 3rd European Union Money Laundering Directive (and preceding EU Money Laundering Directives) into local laws and regulations. We anticipate the passage of the 4th European Money Laundering Directive in 2014, which may add new AML requirements. Numerous other countries, such as Argentina, Australia, Canada and Mexico, have also enacted or proposed new or enhanced AML legislation and regulations applicable to American Express.

The underpinnings of these laws and regulations are the efforts of each government to prevent the financial system from being used by criminals to hide their illicit proceeds and to impede terrorists' ability to access and move funds used in support of terrorist activities. Among other things, these laws and regulations require

financial institutions to establish AML programs that meet certain standards, including, in some instances, expanded reporting, particularly in the area of suspicious transactions, and enhanced information gathering and recordkeeping requirements. Any errors, failures or delays in complying with federal, state or foreign AML and counter-terrorist financing laws could result in significant criminal and civil lawsuits, penalties and forfeiture of significant assets or other enforcement actions.

American Express has established and continues to maintain a Global Anti-Money Laundering Policy, designed to ensure that, at a minimum, American Express and all of its businesses are in compliance with all applicable laws, rules and regulations related to AML and anti-terrorist financing initiatives. The American Express Global Anti-Money Laundering Policy requires that each American Express business maintains a compliance program that provides for a system of internal controls to ensure that appropriate due diligence and, when necessary, enhanced due diligence, including obtaining and maintaining appropriate documentation, is conducted at account opening and updated, as necessary, through the course of the customer relationship. The Global Anti-Money Laundering Policy is also designed to ensure there are appropriate methods of monitoring transactions and account relationships to identify potentially suspicious activity and reporting suspicious activity to governmental authorities in accordance with applicable laws, rules and regulations. In addition, the American Express Global Anti-Money Laundering Policy requires the training of appropriate personnel with regard to AML and anti-terrorist financing issues and provides for independent testing to ensure that the Global Anti-Money Laundering Policy is in compliance with all applicable laws and regulations.

Office of Foreign Assets Control Regulation

The United States has imposed economic sanctions that affect transactions with designated foreign countries, nationals and others. The United States prohibits U.S. persons from engaging with individuals and entities identified as “Specially Designated Nationals,” such as terrorists and narcotics traffickers. These prohibitions are administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) and are typically known as the OFAC rules. The OFAC rules prohibit U.S. persons from engaging in financial transactions with or relating to the prohibited individual, entity or country, require the blocking of assets in which the individual, entity or country has an interest, and prohibit transfers of property subject to U.S. jurisdiction (including property in the possession or control of U.S. persons) to such individual, entity or country. Blocked assets (e.g., property or bank deposits) cannot be paid out, withdrawn, set off or transferred in any manner without a license from OFAC. We maintain a global sanctions program designed to ensure compliance with OFAC requirements. Failure to comply with such requirements could subject us to serious legal and reputational consequences, including criminal penalties.

Pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012, which added Section 13(r) to the Securities Exchange Act of 1934, as amended (the “Exchange Act”), an issuer is required to disclose in its annual or quarterly reports, as applicable, whether it or any of its affiliates knowingly engaged in certain activities, transactions or dealings relating to Iran or with individuals or entities designated pursuant to certain Executive Orders. Disclosure is generally required even where the activities, transactions or dealings were conducted outside the United States by non-U.S. affiliates in compliance with applicable law, and whether or not the activities are sanctionable under U.S. law.

Since 2011, American Express Global Business Travel booked approximately 363 flights on Iran Air and 2 flights on Mahan Air for passengers. We had approximately $5,900 in gross revenues and negligible net profits attributable to these transactions. Although these transactions were permissible pursuant to certain exemptions from U.S. sanctions for travel-related transactions under the International Emergency Economic Powers Act, as amended, we do not intend to continue to engage in this activity. In addition, a travel company that may be considered an affiliate of ours, American Express Nippon Travel Agency, Inc. (“Nippon Travel Agency”), has informed us that during 2013 it obtained 21 visas from the Iranian embassy in Japan in connection with certain travel arrangements on behalf of clients. Nippon Travel Agency had approximately $150 in gross revenues and negligible net profits attributable to these transactions. Nippon Travel Agency has informed us that it intends to continue to engage in this activity so long as such activity is permitted under U.S. law.

Compensation Practices

Our compensation practices are subject to oversight by the Federal Reserve. In June 2010, the Federal Reserve, the OCC, the FDIC and the OTS jointly issued final guidance on sound incentive compensation policies that applies to all banking organizations supervised by the Federal Reserve, including bank holding companies, such as the Company, as well as all insured depository institutions, including Centurion Bank and AEBFSB. The final guidance sets forth three key principles for incentive compensation arrangements that are designed to help ensure that incentive compensation plans do not encourage excessive risk-taking and are consistent with the safety and soundness of banking organizations. The three principles provide that a banking organization's incentive compensation arrangements should (1) provide incentives that appropriately balance risk and financial results in a manner that does not encourage employees to expose their organizations to imprudent risks, (2) be compatible with effective internal controls and risk management, and (3) be supported by strong corporate governance, including active and effective oversight by the organization's board of directors. Any deficiencies in compensation practices of a banking institution that are identified by the Federal Reserve or other banking regulators in connection with its review of such organization's compensation practices may be incorporated into the organization's supervisory ratings, which can affect its ability to make acquisitions or perform other actions. The final guidance provides that enforcement actions may be taken against a banking organization if its incentive compensation arrangements or related risk-management control or governance processes pose a risk to the organization's safety and soundness and the organization is not taking prompt and effective measures to correct the deficiencies.

Additionally, in 2011, the Federal Reserve, the OCC, the FDIC, the OTS, the SEC, the Federal Housing Finance Agency and the National Credit Union Administration issued proposed rulemaking pursuant to Dodd-Frank on incentive-based compensation practices. Under the proposed rule, all financial institutions with total consolidated assets of $1 billion or more (such as the Company, Centurion Bank and AEBFSB) would be prohibited from offering incentive-based compensation arrangements that encourage inappropriate risk taking by offering "excessive" compensation or compensation that could lead the company to material financial loss. All covered institutions would be required to provide federal regulators with additional disclosures to determine compliance with the proposed rule and also to maintain policies and procedures to ensure compliance. Additionally, for covered institutions with at least $50 billion in total consolidated assets, such as the Company, the proposed rule requires that at least 50 percent of certain executive officers' incentive-based compensation be deferred for a minimum of three years and provides for the adjustment of deferred payments to reflect actual losses or other measures of performance that become known during the deferral period. Moreover, the board of directors of a covered institution with at least $50 billion in total consolidated assets must identify employees who have authority to expose an institution to substantial risk, evaluate and document the incentive-based compensation methods used to balance risk and financial rewards for the identified employees, and approve incentive-based compensation arrangements for those employees after appropriately considering other available methods for balancing risk and financial rewards. The form and timing of any final rule cannot be determined at this time.

The scope and content of these policies and regulations on executive compensation are continuing to develop and are likely to continue evolving in the near future. It cannot be determined at this time whether compliance with such policies and regulations will adversely affect our ability to hire, retain and motivate key employees.

Anti-Corruption

We are subject to complex international and U.S. anti-corruption laws and regulations, including the U.S. Foreign Corrupt Practices Act (the "FCPA"), the U.K. Bribery Act and other laws that prohibit the making or offering of improper payments. The FCPA makes it illegal to corruptly offer or provide anything of value to foreign government officials, political parties or political party officials for the purpose of obtaining or retaining business or an improper advantage. The anti-bribery provisions of the FCPA are enforced by Department of Justice ("DOJ"). The FCPA also requires us to strictly comply with certain accounting and internal controls

standards, which are enforced by the SEC. In recent years, DOJ and SEC enforcement of the FCPA has become more intense. The U.K. Bribery Act, which took effect in July 2011, also prohibits commercial bribery, and the receipt of a bribe, and makes it a corporate offense to fail to prevent bribery by an associated person, in addition to prohibiting improper payments to foreign government officials. Failure to comply with the FCPA, the U.K. Bribery Act and other laws can expose us and/or individual employees to potentially severe criminal and civil penalties. The risk may be greater when we transact business, whether through subsidiaries or joint ventures or other partnerships, in countries with higher perceived levels of corruption. We have risk-based policies and procedures designed to detect and deter prohibited practices, provide specialized training, monitor our operations and payments, and investigate allegations of improprieties relating to transactions and the manner in which transactions are recorded. However, if our employees, contractors or agents fail to comply with applicable laws governing our international operations, the Company, as well as individual employees, may face investigations or prosecutions, which could have a material adverse effect on our financial condition or results of operations.

FOREIGN OPERATIONS

We derive a significant portion of our revenues from the use of our Card products, Travelers Cheques, travel and other financial products and services in countries outside the United States and continue to broaden the use of these products and services outside the United States. (For a discussion of our revenue by geographic region, see Note 25 to our Consolidated Financial Statements, which you can find on pages 102-104 of our 2013 Annual Report to Shareholders and which is incorporated herein by reference.) Our revenues can be affected by political and economic conditions in these countries (including the availability of foreign exchange for the payment by the local Card issuer of obligations arising out of local Card Members' spending outside such country, for the payment of Card bills by Card Members who are billed in a currency other than their local currency, and for the remittance of the proceeds of Travelers Cheque sales). Substantial and sudden devaluation of local Card Members' currency can also affect their ability to make payments to the local issuer of the Card in connection with spending outside the local country.

As a result of our foreign operations, we are exposed to the possibility that, because of foreign exchange rate fluctuations, assets and liabilities denominated in currencies other than the U.S. dollar may be realized in amounts greater or less than the U.S. dollar amounts at which they are currently recorded in our Consolidated Financial Statements. Examples of transactions in which this may occur include the purchase by Card Members of goods and services in a currency other than the currency in which they are billed; the sale in one currency of a Travelers Cheque denominated in a second currency; and, in most instances, investments in foreign operations. These risks, unless properly monitored and managed, could have an adverse effect on our operations. For more information on how we manage risk relating to foreign exchange, see "Risk Management — Market Risk Management Process" on pages 45-46 of our 2013 Annual Report to Shareholders, which information is incorporated herein by reference.

SEGMENT INFORMATION AND CLASSES OF SIMILAR SERVICES

You can find information regarding the Company's reportable operating segments, geographic operations and classes of similar services in Note 25 to our Consolidated Financial Statements, which appears on pages 102-104 of our 2013 Annual Report to Shareholders, which Note is incorporated herein by reference.

EXECUTIVE OFFICERS OF THE COMPANY

Set forth below in alphabetical order is a list of all our executive officers as of February 25, 2014. None of our executive officers has any family relationship with any other executive officer, and none of our executive officers became an officer pursuant to any arrangement or understanding with any other person. Each executive officer has been elected to serve until the next annual election of officers or until his or her successor is elected and qualified. Each officer's age is indicated by the number in parentheses next to his or her name.

DOUGLAS E. BUCKMINSTER — President, Global Network and International Consumer Services

Mr. Buckminster (53) has been President, Global Network and International Consumer Services since February 2012. He has been President, International Consumer and Small Business Services of the Company since November 2009. Prior thereto, he had been Executive Vice President, International Consumer Products and Marketing since July 2002.

JAMES BUSH — Executive Vice President, World Service

Mr. Bush (55) has been Executive Vice President, World Service since October 2009. Prior thereto, he served as Executive Vice President, U.S. Service Delivery Network since June 2005.

JEFFREY C. CAMPBELL — Executive Vice President and Chief Financial Officer

Mr. Campbell (53) has been Executive Vice President, Finance, of the Company since July 2013 and Executive Vice President and Chief Financial Officer of the Company since August 2013. Mr. Campbell joined American Express from McKesson Corporation, a health care services company, where he served as Executive Vice President and Chief Financial Officer since 2004.

KENNETH I. CHENAULT — Chairman and Chief Executive Officer

Mr. Chenault (62) has been Chairman since April 2001 and Chief Executive Officer since January 2001.

L. KEVIN COX — Chief Human Resources Officer

Mr. Cox (50) has been Chief Human Resources Officer of the Company since April 2005.

EDWARD P. GILLIGAN — President

Mr. Gilligan (54) has been President of the Company since April 2013. He has been head of the Company's Global Consumer and Small Business Card Issuing, Network and Merchant businesses since October 2009. Prior thereto, he had been Vice Chairman of the Company and head of the Company's Global Business-to-Business Group since July 2007.

MARC D. GORDON — Executive Vice President and Chief Information Officer

Mr. Gordon (53) has been Executive Vice President and Chief Information Officer since September 2012. Mr. Gordon joined American Express from Bank of America, where he served as Enterprise Chief Information Officer from December 2011 until April 2012. Prior thereto, he had been Chief Technology Officer and head of Global Delivery Operations at Bank of America from May 2008 until November 2011. Prior thereto, he had been Chief Information Officer, Global Consumer Bank at Bank of America from September 2004 until April 2008.

ASH GUPTA — Chief Risk Officer and President, Risk and Information Management

Mr. Gupta (60) has been President of Risk and Information Management and Chief Risk Officer since July 2007. Prior thereto, he had been Executive Vice President and Chief Risk Officer of the Company since July 2003.

JOHN D. HAYES — Executive Vice President and Chief Marketing Officer

Mr. Hayes (59) has been Executive Vice President since May 1995 and Chief Marketing Officer of the Company since August 2003.

TIMOTHY J. HEINE — Senior Vice President and Interim General Counsel

Mr. Heine (58) has been interim General Counsel since January 2014. He has been Senior Vice President and Managing Counsel since March 1995.

THOMAS SCHICK — Executive Vice President, Corporate and External Affairs

Mr. Schick (67) has been Executive Vice President, Corporate and External Affairs since March 1993.

DANIEL H. SCHULMAN — Group President, Enterprise Growth

Mr. Schulman (56) has been Group President, Enterprise Growth since August 2010. Mr. Schulman joined American Express from Sprint Nextel Corporation, where he served as President of the Prepaid group from 2009 until August 2010. Before joining Sprint, Mr. Schulman was the founding CEO of Virgin Mobile USA, a mobile virtual operator, acquired by Sprint in 2009.

JOSHUA G. SILVERMAN — President, U.S. Consumer Services

Mr. Silverman (45) has been President, U.S. Consumer Services since July 2011. Before joining American Express, Mr. Silverman served as Executive in Residence for Greylock Ventures, a venture capital firm, from October 2010 until June 2011. Mr. Silverman was the Chief Executive Officer of Skype from March 2008 until October 2010. Prior to that he was a senior executive at eBay from 2003 until 2008.

SUSAN SOBBOTT — President, Global Corporate Payments

Ms. Sobbott (49) has been President, Global Corporate Payments since January 2014. Prior thereto, she had been President, American Express OPEN since 2004.

STEPHEN J. SQUERI — Group President, Global Corporate Services

Mr. Squeri (54) has been Group President, Global Corporate Services since November 2011. Prior thereto, he had been Group President, Global Services since October 2009. From May 2005 to October 2009, he served as Executive Vice President and Chief Information Officer for the Company. In addition, from July 2008 to September 2010, he was the head of Corporate Development, overseeing mergers and acquisitions for the Company.

ANRÉ WILLIAMS — President, Global Merchant Services

Mr. Williams (48) has been President of Global Merchant Services since November 2011. Prior thereto, he had been President of Global Corporate Payments since June 2007. Prior thereto, he had been Executive Vice President of U.S. Commercial Card from January 2004 through May 2007.

EMPLOYEES

We had approximately 62,800 employees on December 31, 2013.

GUIDE 3 — STATISTICAL DISCLOSURE BY BANK HOLDING COMPANIES

The accompanying supplemental information should be read in conjunction with the Consolidated Financial Statements and the Notes to the Consolidated Financial Statements in the Company's 2013 Annual Report to Shareholders, which information is incorporated herein by reference.

Certain reclassifications of prior period amounts have been made to conform to the current period presentation. These reclassifications did not have a material impact on the Company's financial position or results of operations.

Distribution of Assets, Liabilities, and Shareholders' Equity; Interest Rates and Interest Differential

The following tables provide a summary of the Company's consolidated average balances including major categories of interest-earning assets and interest-bearing liabilities along with an analysis of net interest earnings. Consolidated average balances, interest, and average yields are segregated between U.S. and non-U.S. offices. Assets, liabilities, interest income and interest expense are attributed to U.S. and non-U.S. based on location of the office recording such items.

	2013			2012			2011		
Years Ended December 31, ***(Millions, except percentages)***	**Average Balance (a)**	**Interest Income**	**Average Yield**	**Average Balance (a)**	**Interest Income**	**Average Yield**	**Average Balance (a)**	**Interest Income**	**Average Yield**
Interest-earning assets									
Interest-bearing deposits in other banks (b)									
U.S.	**$ 19,230**	**$ 49**	**0.3%**	$ 19,495	$ 49	0.3%	$ 18,773	$ 49	0.3%
Non-U.S.	**2,409**	**26**	**1.1**	2,224	31	1.4	2,242	30	1.3
Federal funds sold and securities purchased under agreements to resell									
Non-U.S.	**136**	**5**	**3.7**	240	10	4.2	436	19	4.4
Short-term investment securities									
U.S.	**154**	**—**	**—**	192	—	—	406	—	—
Non-U.S.	**204**	**1**	**0.5**	111	2	1.8	138	3	2.2
Card Member loans (c)									
U.S.	**54,845**	**5,555**	**10.1**	52,907	5,354	10.1	50,512	5,086	10.1
Non-U.S.	**8,431**	**1,111**	**13.2**	8,594	1,114	13.0	8,622	1,157	13.4
Other loans									
U.S.	**329**	**29**	**8.8**	203	20	9.9	66	3	4.5
Non-U.S.	**235**	**23**	**9.8**	301	23	7.6	341	26	7.6
Taxable investment securities (d)									
U.S.	**596**	**12**	**2.1**	1,143	24	2.2	4,191	50	1.2
Non-U.S.	**255**	**11**	**4.5**	217	12	5.9	203	11	5.6
Non-taxable investment securities (d)									
U.S.	**4,331**	**175**	**6.3**	4,747	204	6.8	5,225	228	6.5
Other assets (e)									
Primarily U.S.	**222**	**8**	**n.m.**	348	11	n.m.	500	34	n.m.
Total interest-earning assets (f)	**$ 91,377**	**$ 7,005**	**7.8%**	$ 90,722	$ 6,854	7.7%	$ 91,655	$ 6,696	7.4%
U.S.	**79,707**	**5,828**		79,035	5,662		79,673	5,450	
Non-U.S.	**11,670**	**1,177**		11,687	1,192		11,982	1,246	

Years Ended December 31, *(Millions, except percentages)*	2013 Average Balance (a)	2012 Average Balance (a)	2011 Average Balance (a)
Non-interest-earning assets			
Cash and due from banks			
U.S.	**$ 2,082**	$ 1,884	$ 1,742
Non-U.S.	**580**	612	717
Card Member receivables, net			
U.S.	**21,197**	20,701	19,741
Non-U.S.	**21,386**	20,351	19,039
Other receivables, net			
U.S.	**1,553**	1,506	1,921
Non-U.S.	**1,733**	1,595	1,541
Reserves for Card Member and other loans losses			
U.S.	**(1,172)**	(1,397)	(2,308)
Non-U.S.	**(185)**	(225)	(366)
Other assets (g)			
U.S.	**10,868**	11,331	11,665
Non-U.S.	**2,862**	2,945	2,828
Total non-interest-earning assets	**60,904**	59,303	56,520
U.S.	**34,528**	34,025	32,761
Non-U.S.	**26,376**	25,278	23,759
Total assets	**$152,281**	$150,025	$148,175
U.S.	**114,235**	113,060	112,434
Non-U.S.	**38,046**	36,965	35,741
Percentage of total average assets attributable to non-U.S. activities	**25.0%**	24.6%	24.1%

(a) Averages based on month end balances.

(b) Amounts include (i) average interest-bearing restricted cash balances of $832 million, $1,102 million and $851 million for 2013, 2012 and 2011, respectively, which are included in other assets on the Consolidated Balance Sheets, and (ii) the associated interest income.

(c) Average non-accrual loans were included in the average loan balances used to determine the average yield on loans in amounts of $349 million, $463 million and $517 million in U.S. as well as $4 million, $5 million and $7 million in non-U.S. for 2013, 2012 and 2011, respectively.

(d) Average yields for taxable investment securities have been calculated using amortized cost balances and do not include changes in fair value recorded in other comprehensive (loss) income. Average yield on non-taxable investment securities is calculated on a tax-equivalent basis using the U.S. federal statutory tax rate of 35 percent.

(e) Amounts include (i) average equity securities balances, which are included in investment securities on the Consolidated Balance Sheets, and (ii) the associated dividend income. The average yield on other assets has not been shown as it would not be meaningful.

(f) The average yield on total interest-earning assets is adjusted for the impacts of items mentioned in (d) above.

(g) Includes premises and equipment, net of accumulated depreciation and amortization.

Years Ended December 31, *(Millions, except percentages)*	2013 Average Balance (a)	2013 Interest Expense	2013 Average Rate	2012 Average Balance (a)	2012 Interest Expense	2012 Average Rate	2011 Average Balance (a)	2011 Interest Expense	2011 Average Rate
Interest-bearing liabilities									
Customer deposits									
U.S.	**$ 40,925**	**$ 439**	**1.1%**	$ 37,414	$ 469	1.3%	$ 32,168	$ 505	1.6%
Non-U.S.	**124**	**3**	**2.4**	343	11	3.2	672	23	3.4
Short-term borrowings (b)									
U.S.	**767**	**1**	**0.1**	1,353	3	0.2	1,800	4	0.2
Non-U.S.	**2,454**	**21**	**0.9**	2,260	22	1.0	2,140	9	0.4
Long-term debt (b)									
U.S.	**52,125**	**1,392**	**2.7**	54,406	1,615	3.0	60,113	1,768	3.0
Non-U.S.	**2,553**	**78**	**3.1**	2,504	92	3.7	2,085	(2)	4.2
Other liabilities (c)									
Primarily U.S.	**325**	**24**	**n.m.**	317	14	n.m.	300	13	n.m.
Total interest-bearing liabilities	**$ 99,273**	**$1,958**	**2.0%**	$ 98,597	$2,226	2.3%	$ 99,278	$2,320	2.3%
U.S.	**94,142**	**1,856**		93,490	2,101		94,381	2,290	
Non-U.S.	**5,131**	**102**		5,107	125		4,897	30	
Non-interest-bearing liabilities									
Travelers Cheques outstanding									
U.S.	**4,075**			4,458			5,034		
Non-U.S.	**129**			165			195		
Accounts payable									
U.S.	**7,225**			6,726			6,485		
Non-U.S.	**4,989**			4,238			3,866		
Customer Deposits (d) (e)									
U.S.	**167**			—			—		
Non-U.S.	**229**			—			—		
Other liabilities									
U.S.	**12,507**			12,017			11,173		
Non-U.S.	**4,433**			4,398			4,300		
Total non-interest-bearing liabilities	**33,754**			32,002			31,053		
U.S.	**23,974**			23,201			22,692		
Non-U.S.	**9,780**			8,801			8,361		
Total liabilities	**133,027**			130,599			130,331		
U.S.	**118,116**			116,691			117,073		
Non-U.S.	**14,911**			13,908			13,258		
Total shareholders' equity	**19,254**			19,426			17,844		
Total liabilities and shareholders' equity	**$152,281**			$150,025			$148,175		
Percentage of total average liabilities attributable to non-U.S. activities	**11.2%**			10.6%			10.2%		
Interest rate spread			**5.8%**			5.4%			5.1%
Net interest income and net average yield on interest-earning assets (f)		**$5,047**	**5.6%**		$4,628	5.2%		$4,376	4.9%

(a) Averages based on month end balances.

(b) Interest expense incurred on derivative instruments in qualifying hedging relationships has been reported along with the related interest expense incurred on the hedged debt instrument. In 2011, for long-term debt, interest expense also included income earned on forward points related to the Company's foreign exchange swaps. This income was $41 million and $89 million for U.S .and non-U.S. entities, respectively, and the average rates presented exclude the effects of forward points. For 2013 and 2012, the interest has been reclassified to other, net expenses.

(c) Amounts include (i) average deferred compensation liability balances, which are included in other liabilities on the Consolidated Balance Sheets, and (ii) the associated interest expense. The average rate on other liabilities has not been shown as it would not be meaningful.

(d) Beginning the first quarter of 2013, the Company reclassified prospectively its Card Member credit balances from Card Member loans, Card Member receivables and Other liabilities to Customer deposits.

(e) Immaterial amounts of other non-interest-bearing deposits for previous years remain included in interest-bearing deposits.

(f) Net average yield on interest-earning assets is defined as net interest income divided by average total interest-earning assets as adjusted for the items mentioned in note (d) on page 60.

Changes in Net Interest Income – Volume and Rate Analysis (a)

The following table presents the amount of changes in interest income and interest expense due to changes in both average volume and average rate. Major categories of interest-earning assets and interest-bearing liabilities have been segregated between U.S. and non-U.S. offices. Average volume/rate changes have been allocated between the average rate and average volume variances on a consistent basis based upon the respective percentage changes in average balances and average rates.

	2013 Versus 2012			2012 Versus 2011		
	Increase (Decrease) due to change in:			Increase (Decrease) due to change in:		
Years Ended December 31, *(Millions)*	Average Volume	Average Rate	Net Change	Average Volume	Average Rate	Net Change
Interest-earning assets						
Interest-bearing deposits in other banks						
U.S.	**$ (1)**	**$ 1**	**$ —**	$ 2	$ (2)	$ —
Non-U.S.	**3**	**(8)**	**(5)**	—	1	1
Federal funds sold and securities purchased under agreements to resell						
Non-U.S.	**(4)**	**(1)**	**(5)**	(9)	—	(9)
Short-term investment securities						
U.S.	**—**	**—**	**—**	—	—	—
Non-U.S.	**2**	**(3)**	**(1)**	(1)	—	(1)
Card Member loans						
U.S.	**196**	**5**	**201**	241	27	268
Non-U.S.	**(21)**	**18**	**(3)**	(4)	(39)	(43)
Other loans						
U.S.	**12**	**(3)**	**9**	6	11	17
Non-U.S.	**(5)**	**5**	**—**	(3)	—	(3)
Taxable investment securities						
U.S.	**(11)**	**(1)**	**(12)**	(37)	11	(26)
Non-U.S.	**2**	**(3)**	**(1)**	—	1	1
Non-taxable investment securities						
U.S.	**(16)**	**(13)**	**(29)**	(35)	11	(24)
Other assets						
Primarily U.S.	**(4)**	**1**	**(3)**	(10)	(13)	(23)
Change in interest income	**153**	**(2)**	**151**	150	8	158
Interest-bearing liabilities						
Customer deposits						
U.S.	**44**	**(74)**	**(30)**	82	(118)	(36)
Non-U.S.	**(7)**	**(1)**	**(8)**	(11)	(1)	(12)
Short-term borrowings						
U.S.	**(1)**	**(1)**	**(2)**	(1)	—	(1)
Non-U.S.	**2**	**(3)**	**(1)**	1	12	13
Long-term debt (b)						
U.S.	**(68)**	**(155)**	**(223)**	(172)	(22)	(194)
Non-U.S.	**2**	**(16)**	**(14)**	17	(12)	5
Other liabilities						
Primarily U.S.	**—**	**10**	**10**	1	—	1
Change in interest expense	**(28)**	**(240)**	**(268)**	(83)	(141)	(224)
Change in net interest income	**$ 181**	**$ 238**	**$ 419**	$ 233	$ 149	$ 382

(a) Refer to the notes on pages 60 and 62 for additional information.

(b) Long-term debt volume and rate analysis does not include the impact of income earned on forward points related to the Company's foreign exchange swaps. Refer to page 62 sub-footnote (b) for further details.

Investment Securities Portfolio

The following table presents the fair value of the Company's available-for-sale investment securities portfolio. Refer to Note 6 "Investment Securities" on page 79 in the 2013 Annual Report to Shareholders for additional information.

December 31, *(Millions)*	2013	2012	2011
State and municipal obligations	**$4,035**	$4,474	$4,999
U.S. Government agency obligations	**3**	3	354
U.S. Government treasury obligations	**320**	338	340
Corporate debt securities	**46**	79	632
Mortgage-backed securities	**164**	224	278
Equity securities	**124**	296	360
Foreign government bonds and obligations	**276**	149	130
Other	**48**	51	54
Total available-for-sale securities	**$5,016**	$5,614	$7,147

The following table presents an analysis of remaining contractual maturities and weighted average yields for available-for-sale investment securities. Yields on tax-exempt obligations have been computed on a tax-equivalent basis as discussed earlier.

December 31, *(Millions, except percentages)*	2013				
	Due in 1 year or less	Due after 1 through 5 years	Due after 5 through 10 years	Due after 10 years	Total
State and municipal obligations (a)	**$ 172**	**$ 242**	**$ 216**	**$ 3,405**	**$4,035**
U.S. Government agency obligations	**—**	**—**	**—**	**3**	**3**
U.S. Government treasury obligations	**102**	**199**	**8**	**11**	**320**
Corporate debt securities	**—**	**46**	**—**	**—**	**46**
Mortgage-backed securities (a)	**—**	**2**	**—**	**162**	**164**
Foreign government bonds and obligations	**231**	**7**	**—**	**38**	**276**
Total fair value (b)	**$ 505**	**$ 496**	**$ 224**	**$ 3,619**	**$4,844**
Weighted average yield (c)	**2.24 %**	**1.73 %**	**6.81 %**	**6.56 %**	**5.63 %**

(a) The expected payments on state and municipal obligations and mortgage-backed securities may not coincide with their contractual maturities because the issuers have the right to call or prepay certain obligations.

(b) Excludes equity securities and other securities included in the prior table above as these are not debt securities with contractual maturities.

(c) Average yields for available-for-sale investment securities have been calculated using the effective yield on the date of purchase.

As of December 31, 2013, no investments exceeded 10 percent of shareholders' equity.

Loans and Card Member Receivables Portfolios

The following table presents gross loans, net of unearned income, and gross Card Member receivables by customer type segregated between U.S. and non-U.S., based on the domicile of the borrowers. Allowance for losses is presented beginning on page 71. Refer to Note 4 “Accounts Receivable and Loans” on page 72 and Note 5 “Reserves for Losses” on page 77 in the 2013 Annual Report to Shareholders for additional information.

December 31, *(Millions)*	2013	2012	2011	2010	2009
Loans					
U.S. loans					
Card Member (a) (b)	**$58,530**	$56,104	$53,850	$51,738	$23,699
Other (c)	**411**	285	108	44	46
Non-U.S. loans					
Card Member (b)	**8,708**	9,125	8,771	9,112	9,073
Other (c)	**210**	286	329	392	487
Total loans	**$67,859**	$65,800	$63,058	$61,286	$33,305
Card Member receivables					
U.S. Card Member receivables					
Consumer (d)	**21,842**	21,124	20,645	19,155	17,750
Commercial (e)	**8,480**	7,924	7,495	6,439	5,587
Non-U.S. Card Member receivables					
Consumer (d)	**7,930**	7,967	7,412	6,852	6,149
Commercial (e)	**5,911**	5,751	5,338	4,820	4,257
Total Card Member receivables	**$44,163**	$42,766	$40,890	$37,266	$33,743

(a) The increase in U.S. Card Member loans between 2009 and 2010 was due to the adoption of accounting standards related to transfers of financial assets and consolidation of variable interest entities (“VIEs”), which resulted in the consolidation of the American Express Credit Account Master Trust (the “Lending Trust”) beginning January 1, 2010.

(b) Represents loans to individual and small business consumers.

(c) Other loans primarily represent loans to merchants and a store card portfolio.

(d) Represents receivables from individual and small business charge card consumers.

(e) Represents receivables from corporate charge card clients.

Maturities and Sensitivities to Changes in Interest Rates

The following table presents contractual maturities of loans and Card Member receivables by customer type and segregated between U.S. and non-U.S. borrowers, and distribution between fixed and floating interest rates for loans due after one year based upon the stated terms of the loan agreements.

December 31, *(Millions)*	2013			
	Within 1 year (a)(b)	1-5 years (b)(c)	After 5 years (c)	Total
Loans				
U.S. loans				
Card Member	$ 58,418	$ 112	$ —	$58,530
Other	312	4	95	411
Non-U.S. loans				
Card Member	8,704	1	3	8,708
Other	193	17	—	210
Total loans	$ 67,627	$ 134	$ 98	$67,859
Loans due after one year at fixed interest rates		$ 134	$ 20	$ 154
Loans due after one year at variable interest rates		—	78	78
Total loans		$ 134	$ 98	$ 232
Card Member receivables				
U.S. Card Member receivables				
Consumer	$ 21,841	$ 1	$ —	$21,842
Commercial	8,480	—	—	8,480
Non-U.S. Card Member receivables				
Consumer	7,930	—	—	7,930
Commercial	5,911	—	—	5,911
Total Card Member receivables	$ 44,162	$ 1	$ —	$44,163

(a) Card Member loans have no stated maturity and are therefore included in the due within one year category. However, many of the Company's Card Members will revolve their balances, which may extend their repayment period beyond one year for balances due at December 31, 2013.

(b) Card Member receivables are immediately due upon receipt of Card Member statements and have no stated interest rate and are included within the due within one year category. Receivables due after one year represent modification programs classified as Troubled Debt Restructurings ("TDRs"), wherein the terms of a receivable have been modified for Card Members that are experiencing financial difficulties and a long-term concession (more than 12 months) has been granted to the borrower.

(c) Card Member and other loans due after one year primarily represent installment loans and approximately $116 million of TDRs.

Card Member Loan and Card Member Receivable Concentrations

The following table presents the Company's exposure to any concentration of gross Card Member loans and Card Member receivables which exceeds 10 percent of total Card Member loans and Card Member receivables. Card Member loan and Card Member receivable concentrations are defined as Card Member loans and Card Member receivables due from multiple borrowers engaged in similar activities that would cause these borrowers to be impacted similarly to certain economic or other related conditions.

December 31, *(Millions)*	2013 (a)
Individuals	**$ 96,957**
Commercial (b)	**$ 14,444**
Total on-balance sheet	**$111,401**
Unused lines of credit-individuals (c)	**$265,324**

(a) Refer to Note 22 "Significant Credit Concentrations" on page 99 in the 2013 Annual Report to Shareholders for additional information on concentrations, including exposure to the airline industry, and for a discussion of how the Company manages concentration exposures. Certain distinctions between categories require management judgment.

(b) Includes corporate charge card receivables of $788 million from financial institutions, $27 million from U.S. Government agencies and $13.6 billion from other corporate institutions.

(c) The Company's charge card products generally have no pre-set limit, and therefore are not reflected in unused credit available to Card Members.

Risk Elements

The following table presents the amounts of non-performing loans and Card Member receivables that are either non-accrual, past due, or restructured, segregated between U.S. and non-U.S. borrowers. Past due loans are loans that are contractually past due 90 days or more as to principal or interest payments. Restructured loans and Card Member receivables are those that meet the definition of TDR.

December 31, *(Millions)*	2013 (a)	2012 (a)	2011 (a)	2010 (a)	2009
Loans					
Non-accrual loans (b)					
U.S.	**$ 244**	$ 433	$ 529	$ 628	$ 480
Non-U.S.	**4**	8	9	12	14
Total non-accrual loans	**248**	441	538	640	494
Loans contractually 90 days past-due and still accruing interest					
U.S.	**177**	77	64	90	102
Non-U.S.	**54**	61	70	99	151
Total loans contractually 90 days past-due and still accruing interest	**231**	138	134	189	253
Restructured loans (c)					
U.S.	**373**	627	736	1,076	706
Non-U.S.	**5**	6	8	11	15
Total restructured loans	**378**	633	744	1,087	721
Total non-performing loans	**$ 857**	$1,212	$1,416	$1,916	$1,468
Card Member receivables					
Restructured Card Member receivables (c)					
U.S.	**50**	117	174	114	94
Total restructured Card Member receivables	**$ 50**	$ 117	$ 174	$ 114	$ 94

(a) The increase in non-performing loans between 2009 and 2010 was due to the adoption of accounting standards related to transfers of financial assets and consolidation of VIEs, which resulted in the consolidation of the Lending Trust beginning January 1, 2010. As a result of these changes, amounts as of December 31, 2013, 2012, 2011 and 2010 include impaired loans and receivables for both the American Express Issuance Trust (the "Charge Trust") and the Lending Trust; correspondingly, 2009 amounts only include impaired loans and receivables for the Charge Trust and the seller's interest portion of the Lending Trust.

(b) The Company's policy is generally to cease accruing interest income once a related Card Member loan is 180 days past due at which time the Card Member loan is written off. The Company establishes loan loss reserves for estimated uncollectible interest receivable balances prior to write-off. For the U.S., as of December 31, 2009, these amounts primarily include certain Card Member loans placed with outside collection agencies.

(c) Represents modification programs classified as TDRs, wherein the terms of a loan or receivable have been modified for Card Members that are experiencing financial difficulties and a concession has been granted to the borrower. Such modifications to the loans and receivables primarily include (i) temporary interest rate reductions (possibly as low as zero percent, in which case the loan is characterized as non-accrual in the Company's TDR disclosures), (ii) placing the Card Member on a fixed payment plan not to exceed 60 months and (iii) suspending delinquency fees until the Card Member exits the modification program. Upon entering the modification program, the Card Member's ability to make future purchases is either cancelled or in certain cases suspended until the Card Member successfully exits the modification program. In accordance with the modification agreement with the Card Member, loans revert back to the original contractual terms (including the contractual interest rate) when the Card Member exits the modification program, which is either (i) when all payments have been made in accordance with the modification agreement or (ii) when the Card Member defaults out of the modification program.

Impact of Non-performing Loans on Interest Income

The following table presents the gross interest income for both non-accrual and restructured loans for 2013 that would have been recognized if such loans had been current in accordance with their original contractual terms, and had been outstanding throughout the period or since origination if held for only part of 2013. The table also presents the interest income related to these loans that was actually recognized for the period. These amounts are segregated between U.S. and non-U.S. borrowers.

	2013		
Year Ended December 31, *(Millions)*	**U.S.**	**Non-U.S.**	**Total**
Gross amount of interest income that would have been recorded in accordance with the original contractual terms (a)	**$130**	**$ 1**	**$131**
Interest income actually recognized	**25**	**—**	**25**
Total interest revenue foregone	**$105**	**$ 1**	**$106**

(a) The Company determines the original effective interest rate as the interest rate in effect prior to the imposition of any penalty interest rate.

Potential Problem Receivables

This disclosure presents outstanding amounts as well as specific reserves for certain receivables where information about possible credit problems of borrowers causes management to have serious doubts as to the ability of such borrowers to comply with the present repayment terms. At December 31, 2013, the Company did not identify any potential problem loans or receivables within the Card Member loans and receivables portfolio that were not already included in “Risk Elements” above.

Cross-border Outstandings

Cross-border disclosure is based upon the Federal Financial Institutions Examination Council’s (“FFIEC”) guidelines governing the determination of cross-border risk. The Company has adopted the FFIEC guidelines for its cross-border disclosure starting with 2009 reporting. FFIEC guidelines have been revised effective December 31, 2013, accordingly this disclosure has been revised to conform with the revised guidelines.

The primary differences between the FFIEC and Guide 3 guidelines for reporting cross-border exposure are: i) the FFIEC methodology includes mark-to-market exposures of derivative assets which are excluded under Guide 3; and ii) investments in unconsolidated subsidiaries are included under FFIEC but excluded under Guide 3.

The following table presents the aggregate amount of cross-border outstandings from borrowers or counterparties for each foreign country that exceed 1 percent of consolidated total assets for any of the periods reported below. Cross-border outstandings include loans, receivables, interest-bearing deposits with other banks, other interest-bearing investments and other monetary assets that are denominated in either dollars or other non-local currency.

The table separately presents the amounts of cross-border outstandings by type of borrower including Governments and official institutions, Banks and other financial institutions, Non-Bank Financial Institutions ("NBFIs") and Other.

Years Ended December 31, *(Millions)*		Governments and official institutions	Banks and other financial institutions	NBFIs (a)	Other	Total cross-border outstandings	Gross foreign-office liabilities	Cross-border commitments (c)	Total Exposure (net of liabilities)
Australia	**2013**	**$ 8**	**$ 227**	**$ —**	**$3,499**	**$ 3,734**	**$ 529**	**$ —**	**$ 3,205**
	2012	7	483	—	4,260	4,750	814	—	3,936
	2011	11	768	—	4,183	4,962	547	—	4,415
Canada	**2013**	**$ 513**	**$ 890**	**$ 57**	**$4,271**	**$ 5,731**	**$ 3,027**	**$ —**	**$ 2,704**
	2012	165	671	—	4,481	5,317	3,128	—	2,189
	2011	147	912	—	4,126	5,185	3,163	—	2,022
United Kingdom	**2013**	**$ 37**	**$ 2,164**	**$ 17**	**$3,205**	**$ 5,423**	**$ 3,318**	**$ —**	**$ 2,105**
	2012	32	2,347	—	3,216	5,595	3,574	—	2,021
	2011	35	2,614	—	3,082	5,731	3,381	—	2,350
Mexico	**2013**	**$ 128**	**$ 191**	**$ 7**	**$2,133**	**$ 2,459**	**$ 647**	**$ —**	**$ 1,812**
	2012	129	99	—	2,172	2,400	752	—	1,648
	2011	120	484	—	1,818	2,422	1,168	—	1,254
France	**2013**	**$ 113**	**$ 52**	**$ 12**	**$1,507**	**$ 1,684**	**$ 376**	**$ —**	**$ 1,308**
	2012	17	28	—	1,525	1,570	386	—	1,184
	2011	21	97	—	1,253	1,371	362	—	1,009
Japan	**2013**	**$ 1**	**$ 64**	**$ 31**	**$1,812**	**$ 1,908**	**$ 1,794**	**$ —**	**$ 114**
	2012	23	192	—	2,149	2,364	2,172	—	192
	2011	22	64	—	2,220	2,306	2,141	—	165
Other countries (b)	**2013**	**$ 14**	**$ 114**	**$ 4**	**$2,593**	**$ 2,725**	**$ 598**	**$ —**	**$ 2,127**
	2012	75	145	—	2,335	2,555	742	—	1,813
	2011	58	97	—	2,163	2,318	608	—	1,710

(a) Due to the revised FFIEC instructions issued by the Federal Reserve as well as system constraints, the exposure under the category of 'NBFIs' has been included under the 'Other' category for the years 2012 and 2011.

(b) Cross-border outstandings between 0.75 percent and 1.0 percent of consolidated total assets are included in Other Countries. For comparability, countries that meet the threshold for any year presented are included for all years. For all three periods, the countries included are Italy and Germany.

(c) Generally, all charge and credit cards have revocable lines of credit, and therefore, are not disclosed as cross-border commitments. Refer to loan concentrations on page 67 for amount of unused lines of credit.

Summary of Loan Loss Experience — Analysis of the Allowance for Loan Losses

The following table summarizes the changes to the Company's allowance for Card Member loan losses. The table segregates such changes between U.S. and non-U.S. borrowers.

Years Ended December 31, *(Millions, except percentages)*	2013	2012	2011	2010	2009
Card Member loans					
Allowance for loan losses at beginning of year—U.S. loans	**$ 1,274**	$ 1,611	$ 3,153	$ 2,541	$ 2,164
Reserves established for consolidation of a variable interest entities	**—**	—	—	2,531	—
U.S. loans—adjusted balance	**1,274**	1,611	3,153	5,072	2,164
Non-U.S. loans	**197**	263	493	727	406
Total allowance for losses – beginning of year	**1,471**	1,874	3,646	5,799	2,570
Card Member lending provisions (a)					
U.S. loans	**1,014**	979	169	1,291	3,276
Non-U.S. loans	**215**	170	84	236	990
Total Card Member lending provisions	**1,229**	1,149	253	1,527	4,266
Write-offs					
U.S. loans	**(1,463)**	(1,621)	(2,105)	(3,614)	(2,914)
Non-U.S. loans	**(280)**	(309)	(394)	(573)	(810)
Total write-offs	**(1,743)**	(1,930)	(2,499)	(4,187)	(3,724)
Recoveries					
U.S. loans	**368**	395	477	468	230
Non-U.S. loans	**84**	98	101	100	97
Total recoveries	**452**	493	578	568	327
Net write-offs (b)	**(1,291)**	(1,437)	(1,921)	(3,619)	(3,397)
Other (c)					
U.S. loans	**(110)**	(91)	(83)	(64)	(215)
Non-U.S. loans	**(38)**	(24)	(21)	3	44
Total other	**(148)**	(115)	(104)	(61)	(171)
Allowance for loan losses at end of year					
U.S. loans	**1,083**	1,274	1,611	3,153	2,541
Non-U.S. loans	**178**	197	263	493	727
Total allowance for losses	**$ 1,261**	$ 1,471	$ 1,874	$ 3,646	$ 3,268
Principal only net write-offs / average Card Member loans outstanding (b) (d)	**1.8%**	2.1%	2.9%	5.6%	8.5%
Principal, interest and fees net write-offs / average Card Member loans outstanding (b) (d)	**2.0%**	2.3%	3.3%	6.2%	9.8%

(a) Refer to Note 5 "Reserves for Losses" on page 77 in the 2013 Annual Report to Shareholders for a discussion of management's process for evaluating allowance for loan losses.

(b) The Company presents a net write-off rate based on principal losses only (i.e., excluding interest and fees) to be consistent with industry convention. In addition, because the Company's practice is to include uncollectible interest and fees as part of its total provision for losses, a net write-off rate including principal, interest and fees is also presented.

(c) These amounts include net write-offs related to unauthorized transactions and foreign currency translation adjustments. The amount for 2009 includes $160 million of reserves that were removed in the reclassification in connection with securitizations during the year. The offset is in the allocated cost of the associated retained subordinated securities.

(d) Average Card Member loans are based on month end balances.

The following table summarizes the changes to the Company's allowance for other loan losses. The table segregates such changes between U.S. and non-U.S. borrowers.

Years Ended December 31, *(Millions, except percentages)*	2013	2012	2011	2010	2009
Other loans					
Allowance for loan losses at beginning of year					
U.S. loans	**$ 1**	$ 1	$ 2	$ 2	$ 15
Non-U.S. loans	**19**	17	22	25	24
Total allowance for losses	**20**	18	24	27	39
Provisions for other loan losses (a)					
U.S. loans	**—**	(1)	—	3	5
Non-U.S. loans	**7**	14	13	22	45
Total provisions for other loan losses	**7**	13	13	25	50
Write-offs					
U.S. loans	**—**	(1)	(2)	(4)	(19)
Non-U.S. loans	**(20)**	(16)	(24)	(34)	(50)
Total write-offs	**(20)**	(17)	(26)	(38)	(69)
Recoveries					
U.S. loans	**—**	1	1	1	1
Non-U.S. loans	**7**	4	6	8	10
Total recoveries	**7**	5	7	9	11
Net write-offs	**(13)**	(12)	(19)	(29)	(58)
Other (b)					
U.S. loans	**(1)**	—	—	—	—
Non-U.S. loans	**—**	—	—	1	(4)
Total other	**(1)**	—	—	1	(4)
Allowance for loan losses at end of year					
U.S. loans	**—**	1	1	2	2
Non-U.S. loans	**13**	19	17	22	25
Total allowance for losses	**$ 13**	$ 20	$ 18	$ 24	$ 27
Net write-offs/average other loans outstanding (c)	**2.3 %**	2.5 %	4.7 %	6.5 %	8.7 %

(a) Provisions for other loan losses are determined based on a specific identification methodology and models that analyze specific portfolio statistics.

(b) Includes primarily foreign currency translation adjustments.

(c) The net write-off rate presented is on a worldwide basis and is based on write-offs of principal, interest and fees. Average other loans are based on month end balances.

The following table summarizes the changes to the Company's allowance for losses on Card Member receivables. The table segregates such changes between U.S. and non-U.S. borrowers.

Years Ended December 31, *(Millions, except percentages)*	2013	2012	2011	2010	2009
Card Member receivables					
Allowance for losses at beginning of year					
U.S. receivables					
Consumer	**$ 273**	$ 293	$ 193	$ 256	$ 474
Commercial	**37**	33	79	93	113
Total U.S. receivables	**310**	326	272	349	587
Non-U.S. receivables					
Consumer	**86**	86	84	148	173
Commercial	**32**	26	30	49	50
Total non-U.S. receivables	**118**	112	114	197	223
Total allowance for losses	**428**	438	386	546	810
Provisions for losses (a)					
U.S. receivables					
Consumer	**406**	451	519	296	492
Commercial	**70**	71	26	105	106
Total U.S. provisions	**476**	522	545	401	598
Non-U.S. receivables					
Consumer	**229**	160	182	148	196
Commercial	**84**	60	43	46	63
Total non-U.S. provisions	**313**	220	225	194	259
Total provisions for losses	**789**	742	770	595	857
Write-offs					
U.S. receivables					
Consumer	**(662)**	(674)	(576)	(528)	(984)
Commercial	**(92)**	(92)	(90)	(128)	(154)
Total U.S. write-offs	**(754)**	(766)	(666)	(656)	(1,138)
Non-U.S. receivables					
Consumer	**(227)**	(190)	(187)	(222)	(261)
Commercial	**(90)**	(67)	(56)	(77)	(81)
Total non-U.S. write-offs	**(317)**	(257)	(243)	(299)	(342)
Total write-offs	**$(1,071)**	$(1,023)	$(909)	$(955)	$(1,480)

Years Ended December 31, *(Millions, except percentages)*	2013	2012	2011	2010	2009
Card Member receivables					
Recoveries					
U.S. receivables					
Consumer	**$ 279**	$ 267	$ 225	$ 227	$ 268
Commercial	**38**	37	42	50	29
Total U.S. recoveries	**317**	304	267	277	297
Non-U.S. receivables					
Consumer	**57**	54	59	55	37
Commercial	**28**	25	23	25	15
Total non-U.S. recoveries	**85**	79	82	80	52
Total recoveries	**402**	383	349	357	349
Net write-offs	**(669)**	(640)	(560)	(598)	(1,131)
Other (b)					
U.S. receivables					
Consumer	**(80)**	(64)	(68)	(58)	6
Commercial	**(18)**	(11)	(24)	(41)	(1)
Total U.S. other	**(98)**	(75)	(92)	(99)	5
Non-U.S. receivables					
Consumer	**(47)**	(25)	(52)	(45)	3
Commercial	**(17)**	(12)	(14)	(13)	2
Total non-U.S. other	**(64)**	(37)	(66)	(58)	5
Total other	**(162)**	(112)	(158)	(157)	10
Allowance for losses at end of year					
U.S. receivables					
Consumer	**216**	273	293	193	256
Commercial	**35**	37	33	79	93
Total U.S. receivables	**251**	310	326	272	349
Non-U.S. receivables					
Consumer	**98**	86	86	84	148
Commercial	**37**	32	26	30	49
Total non-U.S. receivables	**135**	118	112	114	197
Total allowance for losses	**$ 386**	$ 428	$ 438	$ 386	$ 546
Net write-offs / average Card Member receivables outstanding (c)	**1.6 %**	1.5 %	1.4 %	1.7 %	3.6 %

(a) Refer to Note 5 “Reserves for Losses” on page 77 in the 2013 Annual Report to Shareholders for a discussion of management’s process for evaluating allowance for receivable losses.

(b) For the years ended December 31, 2013, 2012, 2011 and 2010, trend amounts include net write-offs related to unauthorized transactions and, for all periods, foreign currency translation adjustments.

(c) The net write-off rate presented is on a worldwide basis and is based on write-offs of principal and fees. Averages are based on month end balances.

Allocation of Allowance for Losses

The following table presents an allocation of the allowance for losses for loans and Card Member receivables and the percent of loans and Card Member receivables in each category of total loans and Card Member receivables, respectively, by customer type. The table segregates loans and Card Member receivables and related allowances for losses between U.S. and non-U.S. borrowers.

December 31, *(Millions, except percentages)*	2013		2012		2011		2010		2009	
Allowance for losses at end of year applicable to	**Amount**	**Percent of loans/ receivables in each category to total loans/ receivables**	**Amount**	**Percent of loans/ receivables in each category to total loans/ receivables**	**Amount**	**Percent of loans/ receivables in each category to total loans/ receivables**	**Amount**	**Percent of loans/ receivables in each category to total loans/ receivables**	**Amount**	**Percent of loans/ receivables in each category to total loans/ receivables**
Loans										
U.S. loans										
Card Member	**$ 1,083**	**85 %**	$ 1,274	86 %	$ 1,611	85 %	$ 3,153	84 %	$ 2,541	71 %
Other	**—**	**—**	1	—	1	—	2	—	2	—
Non-U.S. loans										
Card Member	**178**	**14**	197	13	263	14	493	15	727	28
Other	**13**	**1**	19	1	17	1	22	1	25	1
	$ 1,274	**100 %**	$ 1,491	100 %	$ 1,892	100 %	$ 3,670	100 %	$ 3,295	100 %
Card Member receivables										
U.S. Card Member receivables										
Consumer	**$ 216**	**56 %**	$ 273	64 %	$ 293	67 %	$ 193	52 %	$ 256	53 %
Commercial	**35**	**9**	37	8	33	7	79	17	93	17
Non-U.S. Card Member receivables										
Consumer	**98**	**25**	86	20	86	20	84	18	148	18
Commercial	**37**	**10**	32	8	26	6	30	13	49	12
	$ 386	**100 %**	$ 428	100 %	$ 438	100 %	$ 386	100 %	$ 546	100 %

Customer Deposits

The following table presents the average balances and average interest rates paid for types of customer deposits segregated between U.S. and non-U.S. offices. Refer to Note 9 "Customer Deposits" on page 83 in the 2013 Annual Report to Shareholders for additional information.

Years Ended December 31, *(Millions, except percentages)*	2013		2012		2011	
	Average Balance (a)	Average Rate	Average Balance (a)	Average Rate	Average Balance (a)	Average Rate
U.S. customer deposits						
Savings	**$ 31,650**	**0.7 %**	$ 26,739	0.8 %	$ 21,179	1.0 %
Time	**9,047**	**2.3**	10,380	2.4	10,740	2.7
Interest-bearing demand (b)	**228**	**0.4**	295	0.7	249	0.8
Non-interest-bearing demand (includes average Card Member credit balances of: 2013, $150 million; 2012, nil; 2011, nil) (b) (c) (d)	**167**	**—**	—	—	—	—
Total U.S. customer deposits	**41,092**	**1.1**	37,414	1.3	32,168	1.6
Non-U.S. customer deposits (b)						
Other foreign time & savings	**3**	**6.4**	193	4.2	502	4.2
Other foreign demand	**121**	**2.6**	150	2.0	170	1.2
Non-interest-bearing demand (includes average Card Member credit balances of: 2013, $219 million; 2012, nil; 2011, nil) (c) (d)	**229**	**—**	—	—	—	—
Total Non-U.S. customer deposits	**353**	**0.9**	343	3.2	672	3.4
Total customer deposits	**$ 41,445**	**1.1 %**	$ 37,757	1.3 %	$ 32,840	1.6 %

(a) Averages are based on month end balances.

(b) None of these customer deposit categories exceeded 10 percent of average total customer deposits for any of the periods presented.

(c) Beginning the first quarter 2013, the Company reclassified prospectively its Card Member credit balances from Card Member loans, Card Member receivables and Other liabilities to Customer deposits.

(d) Immaterial amounts of other non-interest-bearing deposits for previous years remain included in interest-bearing deposits.

Time Certificates of Deposit of $100,000 or More

The following table presents the amount of time certificates of deposit of $100,000 or more issued by the Company in its U.S. offices, further segregated by time remaining until maturity.

	By remaining maturity as of December 31, 2013				
(Millions)	3 months or less	Over 3 months but within 6 months	Over 6 months but within 12 months	Over 12 months	Total
U.S. time certificates of deposit ($100,000 or more)	$ 157	$ 25	$ 46	$ 96	$ 324

As of December 31, 2013, time certificates of deposit and other time deposits in amounts of $100,000 or more issued by non-U.S. offices was $2 million.

Return on Equity and Assets

The following table presents the Company's return on average total assets, return on average shareholders' equity, dividend payout ratio, and average shareholders' equity to average total assets ratio.

Years Ended December 31, *(Millions, except percentages and per share amounts)*	2013	2012	2011
Net income	**$5,359**	$4,482	$4,935
Net income per share—basic	**$ 4.91**	$ 3.91	$ 4.14
Dividends declared per share	**$ 0.89**	$ 0.80	$ 0.72
Return on average total assets (a)	**3.5 %**	3.0 %	3.3 %
Return on average shareholders' equity (b)	**27.8 %**	23.1 %	27.7 %
Dividend payout ratio (c)	**18.1 %**	20.5 %	17.4 %
Average shareholders' equity to average total assets ratio	**12.6 %**	12.9 %	12.0 %

(a) Based on the year's net income as a percentage of average total assets calculated using month end average balances.

(b) Based on the year's net income as a percentage of average shareholders' equity calculated using month end average balances.

(c) Calculated on the year's dividends declared per share as a percentage of the year's net income per basic share.

Short-term Borrowings

The following table presents amounts and weighted average rates for categories of short-term borrowings. Refer to Note 10 "Debt" on page 84 in the 2013 Annual Report to Shareholders for additional information.

Years Ended December 31, *(Millions, except percentages)*	2013	2012	2011
Commercial paper			
Balance at the end of the year	**$ 200**	$ —	$ 608
Monthly average balance outstanding during the year	**$ 52**	$ 400	$ 675
Maximum month-end balance during the year	**$ 471**	$ 635	$ 792
Stated rate at December 31(a)	**0.19%**	—%	0.03%
Weighted average rate during the year	**0.96%**	0.08%	0.11%
Other short-term borrowings			
Balance at the end of the year	**$4,821**	$3,314	$3,729
Monthly average balance outstanding during the year	**$3,169**	$3,354	$3,266
Maximum month-end balance during the year	**$4,821**	$3,684	$3,729
Stated rate at December 31(a)	**1.08%**	1.46%	1.32%
Weighted average rate during the year (b)	**0.73%**	0.67%	0.42%

(a) For floating rate debt issuances, the stated interest rates are based on the floating rates in effect as of December 31, 2013, 2012 and 2011, respectively.

(b) Does not include non-interest-bearing short-term borrowings (i.e., book overdrafts).

Short-term borrowings, including commercial paper, are defined as any debt instrument with an original maturity of 12 months or less. Commercial paper generally is issued in amounts not less than $ 100,000 and with maturities of 270 days or less.

ITEM 1A. RISK FACTORS

This section highlights specific risks that could affect our Company and its businesses. You should carefully consider each of the following risks and all of the other information set forth in this Annual Report on Form 10-K. Based on the information currently known to us, we believe the following information identifies the most significant risk factors affecting our Company. However, the risks and uncertainties our Company faces are not limited to those described below. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business.

If any of the following risks and uncertainties develops into actual events or if the circumstances described in the risks and uncertainties occur or continue to occur, these events or circumstances could have a material adverse effect on our business, financial condition or results of operations. These events could also have a negative effect on the trading price of our securities.

Current Economic and Political Risks

Difficult conditions in the business and economic environment, as well as political conditions in the United States and elsewhere, may materially adversely affect our business and results of operations.

Our results of operations are materially affected by economic and market conditions, both in the United States and elsewhere around the world. Uncertain expectations for an economic recovery have had, and may continue to have, an adverse effect on us, in part because we are very dependent upon consumer and business behavior. A prolonged period of slow economic growth or deterioration in economic conditions could change customer behaviors further. If economic conditions were to persist or worsen, we could experience adverse effects on our results of operations and financial condition.

Factors such as consumer spending, business investment, government spending, interest rates, tax rates, fuel and other energy costs, the volatility and strength of the capital markets and inflation all affect the business and economic environment and, ultimately, our profitability. An economic downturn characterized by higher unemployment, lower family income, lower corporate earnings, lower business investment and lower consumer spending is likely to materially and adversely affect our business, results of operations and financial condition. Furthermore, such factors may cause our earnings, credit metrics and margins to fluctuate and diverge from expectations of analysts and investors, who may have differing assumptions regarding their impact on our business, and may impact the trading price of our common shares.

Political or economic instability in certain regions or countries could also affect consumer spending and our lending activities, among other businesses, or result in restrictions on convertibility of certain currencies. In addition, our travel network may be adversely affected by world geopolitical and other conditions. Travel expenditures are sensitive to business and personal discretionary spending levels and tend to decline during general economic downturns.

We held approximately $4.0 billion of investment securities of state and municipal obligations as of December 31, 2013. In the event that actual default rates of these investment securities were to significantly change from historical patterns due to challenges in the economy or otherwise, it could have a material adverse impact on the value of our investment portfolio. While we do not have any material exposure to European sovereign debt as of December 31, 2013, economic disruptions in other countries, even in countries in which we do not conduct business or have operations, could adversely affect us.

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

The global money and capital markets, while demonstrating generally improved conditions, remain susceptible to volatility and disruption, which could negatively impact market liquidity conditions.

We need liquidity to pay merchants, operating expenses, interest on debt and dividends on capital stock and to repay maturing liabilities. Without sufficient liquidity, we could be forced to limit our investments in growth opportunities or curtail operations. The principal sources of our liquidity are payments from Card Members and merchants, cash flow from our investment portfolio and assets, consisting mainly of cash or assets that are readily convertible into cash, direct and third-party sourced deposits, debt instruments such as unsecured medium- and long-term notes and asset securitizations, securitized borrowings through our secured financing facilities, the Federal Reserve discount window and long-term committed bank borrowing facilities.

Our ability to obtain financing in the debt capital markets for unsecured term debt and asset securitizations is dependent on investor demand. Notwithstanding our solid financial position, we are not immune from pressures experienced broadly across the financial markets. The fragility of the credit markets and the current economic and regulatory environment have impacted financial services companies. Although markets for unsecured term debt and asset securitizations have improved, there is no assurance that such markets will be open to us in the future. For example, concerns regarding U.S. debt and budget matters and sovereign debt and related austerity measures in Europe have caused uncertainty in financial markets. The impact of the potential end to the Federal Reserve's quantitative easing policy could also have an adverse impact on the capital markets generally.

In the event that current sources of liquidity, including internal sources, do not satisfy our needs, we would be required to seek additional financing. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit and consumer deposits, the overall availability of credit to the financial services industry, new regulatory restrictions and requirements, our credit ratings (which were downgraded in April 2009 by two of the major ratings agencies) and credit capacity, as well as the possibility that lenders or depositors could develop a negative perception of our long- or short-term financial prospects if we incur large credit losses or if the level of our business activity decreases due to an economic downturn. See *"An inability to accept or maintain deposits due to market demand or regulatory constraints could materially adversely affect our liquidity position and our ability to fund our business"* below.

While we have experienced positive credit trends since the latter half of 2009, if the performance of our charge and lending portfolios were to weaken through increasing delinquencies and write-offs, our long-term and short-term debt ratings could be downgraded and our access to capital could be materially adversely affected and our cost of capital could increase. Disruptions, uncertainty or volatility in the capital and credit markets may also limit our access to capital required to operate our business. Such market conditions may limit our ability to replace, in a timely manner, maturing liabilities, satisfy regulatory capital requirements and access the capital necessary to grow our business. As such, we may be forced to delay raising capital or bear an unattractive cost to raise capital, which could decrease profitability and significantly reduce financial flexibility. Market disruption and volatility could have an adverse effect, which may be material, on our ability to access capital and on our business, financial condition and results of operations.

For a further discussion of our liquidity and funding needs, see "Financial Review — Funding Programs and Activities" on pages 38-40 of our 2013 Annual Report to Shareholders, which information is incorporated herein by reference.

We can be adversely affected by the impairment of other financial institutions.

Our ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial services institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. We routinely execute transactions with counterparties in the financial services industry, including commercial banks, investment banks and insurance companies. Defaults or non-performance by, or even rumors or questions about, one or more financial services institutions, or the financial services industry generally, have led to market-wide liquidity problems and could lead to losses or defaults by one or more of our counterparties, which, in turn, could have a material adverse effect on our results of operations and financial condition.

Any reduction in our and our subsidiaries' credit ratings could increase the cost of our funding from, and restrict our access to, the capital markets and have a material adverse effect on our results of operations and financial condition.

Although our and our subsidiaries' long-term debt is currently rated investment grade by the major rating agencies, the ratings of that debt were downgraded during the second quarter of 2009 by Moody's Investors Services ("Moody's") and Standard & Poor's ("S&P"), two of the major rating agencies. The rating agencies regularly evaluate us and our subsidiaries, and their ratings of our and our subsidiaries' long-term and short-term debt are based on a number of factors, including financial strength as well as factors not entirely within our control, including conditions affecting the financial services industry generally, and the wider state of the economy. There can be no assurance that our and our subsidiaries will maintain our current respective ratings. Failure to maintain those ratings could, among other things, adversely limit our access to the capital markets and adversely affect the cost and other terms upon which we and our subsidiaries are able to obtain funding.

We cannot predict what actions rating agencies may take. As with other companies in the financial services industry, our and our subsidiaries' ratings could be downgraded at any time and without any notice by any of the rating agencies.

Adverse currency fluctuations and foreign exchange controls could decrease earnings we receive from our international operations and impact our capital.

During 2013, approximately 28 percent of our total revenues net of interest expense were generated from activities outside the United States. We are exposed to foreign exchange risk from our international operations, and some of the revenue we generate outside the United States is subject to unpredictable and indeterminate fluctuations if the values of other currencies change relative to the U.S. dollar. Resulting exchange gains and losses are included in our net income. Furthermore, we may become subject to exchange control regulations that might restrict or prohibit the conversion of other currencies into U.S. dollars. The occurrence of any of these events or circumstances could decrease the U.S. dollar value of the revenues from our international operations and have a material adverse effect on our results of operations. For the year ended December 31, 2013, foreign currency movements relative to the U.S. dollar negatively impacted our net revenues of $33.0 billion by approximately $0.3 billion.

Legal and Regulatory Risks

Ongoing legal proceedings regarding our non-discrimination and honor-all-cards provisions in merchant contracts could require changes to those provisions that could result in a material loss of revenue or increased expenses, substantial monetary judgments and/or damage to our global reputation and brand.

The DOJ and certain states' attorneys general have brought an action against us alleging that the provisions in our Card acceptance agreements with merchants that prohibit merchants from discriminating against our Card products at the point of sale violate the U.S. antitrust laws. Visa and MasterCard, which were also defendants in the DOJ and state action, entered into a settlement and have been dismissed as parties pursuant to that agreement, which was approved by the Court. The settlement enjoins Visa and MasterCard from entering into contracts that prohibit merchants from engaging in various actions to steer cardholders to other card products or payment forms at the point of sale. In addition, we are a defendant in a number of actions, including proposed class actions filed by merchants that challenge the non-discrimination and honor-all-cards provisions in our Card acceptance agreements. In December 2013, we agreed to settle these merchant class actions and the settlement agreement has been preliminarily approved by the Court. There can be no assurance that the Court will grant final approval of the settlement agreement, which can be impacted by objections to the settlement agreement by plaintiffs and other parties, as well as by the appeals process. A description of these legal proceedings is contained in "Legal Proceedings" below.

An adverse outcome in these proceedings against us could materially and adversely impact our profitability, require us to change our merchant agreements in a way that could expose our Card products to increased steering, selective acceptance or other forms of discrimination at the point of sale that would impair our Card Members' experience, could impose substantial monetary damages and/or could damage our global reputation and brand. Even if we were not required to change our merchant agreements, changes in Visa's and MasterCard's policies or practices as a result of legal proceedings, lawsuit settlements or regulatory actions could result in changes to our business practices and materially and adversely impact our profitability.

The Dodd-Frank Wall Street Reform and Consumer Protection Act may continue to have a significant adverse impact on our business, results of operations and financial condition.

Dodd-Frank, as well as regulations promulgated thereunder, may continue to have a significant adverse impact on our business, results of operations and financial condition by, for example, requiring us to change our business practices, requiring us to comply with more stringent capital, liquidity and leverage ratio requirements, limiting our ability to pursue business opportunities, imposing additional costs on us (including increased compliance costs and increased costs of funding raised through the issuance of asset-backed securities), limiting the fees we can charge for services, impacting the value of our assets, and increasing our collateral posting requirements on interest rate and currency swaps we enter. A description of certain provisions of Dodd-Frank and other legislative and regulatory developments is contained in "Supervision and Regulation" above. In particular, because the Company and TRS are large bank holding companies they will be subject to the restrictions discussed above under "Financial Holding Company Status and Activities — Heightened Prudential Requirements for Large Bank Holding Companies" under "Supervision and Regulation" above.

Dodd-Frank has resulted in increased scrutiny and oversight of consumer financial services and products, primarily through the establishment of the CFPB. The CFPB has broad rulemaking and enforcement authority over providers of credit, savings and payment services and products and authority to prevent "unfair, deceptive or abusive" acts or practices. The CFPB has the authority to write regulations under federal consumer financial protection laws, and to enforce those laws against and examine for compliance large financial institutions like the Company, TRS, Centurion Bank and AEBFSB. It is also authorized to collect fines and require consumer restitution in the event of violations, engage in consumer financial education, track consumer complaints, request data and promote the availability of financial services to underserved consumers and communities. Our compliance with such regulations is likely to result in increased costs to the Company and require additional attention from the Company's senior management. Likewise, any failure to follow such regulations may result in restitution to Card Members or regulatory actions, including civil money penalties. In addition to increasing our compliance costs, CFPB oversight has resulted, and is likely to continue to result, in changes to practices, products and procedures and may potentially impair our ability to respond to marketplace changes. Such changes could make our products and services less attractive to consumers and impair our ability to offer them profitably. Such changes could also have an adverse effect on the Company's brand and reputation. See " *Litigation and regulatory actions could subject us to significant fines, penalties, judgments and/or requirements resulting in increased expenses* " below.

Many provisions of Dodd-Frank, including numerous provisions not described above, require the adoption of rules to implement. In addition, Dodd-Frank mandates multiple studies, which could result in additional legislative or regulatory action. Therefore, the ultimate consequences of Dodd-Frank and its implementing regulations on our business, results of operations and financial condition remain uncertain.

Our business is subject to significant and extensive government regulation and supervision, which could adversely affect our results of operations and financial condition.

On November 14, 2008, American Express Company and TRS each became bank holding companies under the BHC Act and elected to be treated as financial holding companies under the BHC Act. As a result of becoming a bank holding company, we are subject to regulation by the Federal Reserve, including, without

limitation, consolidated capital regulation at the holding company level, maintenance of certain capital and management standards in connection with our two U.S. depository institutions and restrictions on our non-banking activities, investments and acquisitions under the Federal Reserve's regulations.

Banking regulations are primarily intended to protect depositors' funds, federal deposit insurance funds and the banking system as a whole, and not for the protection of our shareholders or creditors. If we fail to satisfy regulatory requirements applicable to bank holding companies that have elected to be treated as financial holding companies, our financial condition and results of operations could be adversely affected, and we may be restricted in our ability to take certain capital actions (such as declaring dividends or repurchasing outstanding shares) or engage in certain activities or acquisitions. Additionally, our banking regulators have wide discretion in the examination and the enforcement of applicable banking statutes and regulations, and may restrict our ability to engage in certain activities or acquisitions, or may require us to maintain more capital.

We are also subject to extensive government regulation and supervision in jurisdictions around the world, both as a participant in the financial services industry and otherwise. Among other things, as a result of regulators enforcing existing laws and regulations, we could be fined, required to pay restitution, prohibited from engaging in some of our business activities, subjected to limitations or conditions on our business activities or subjected to new or substantially higher taxes or other governmental charges in connection with the conduct of our business or with respect to our employees. Regulatory action could cause significant damage to our global reputation and brand and any change to our business practices that makes our products and services less attractive to our customers could adversely affect our results of operations and financial condition. Moreover, enforcement of laws in some overseas jurisdictions can be inconsistent and unpredictable, which can affect both our ability to enforce our rights and to undertake activities that we believe are beneficial to our business. As a result, the profitability of our operations outside the United States may be adversely affected.

There is also the risk that new laws or regulations or changes in enforcement of existing laws or regulations applicable to our businesses may be imposed, which could impact the profitability of our business activities, limit our ability to pursue business opportunities, require us to change certain of our business practices or alter our relationships with customers, affect retention of our key personnel, or expose us to additional costs (including increased compliance costs). Such changes also may require us to invest significant management attention and resources to make any necessary changes and could adversely affect our results of operations and financial condition. For example, the Credit Card Accountability Responsibility and Disclosure Act of 2009 required us to make fundamental changes to many of our business practices, including marketing, underwriting, pricing and billing. We have made changes to Card product terms and practices that are designed to comply with, and mitigate the impact of the changes required by, the CARD Act; however, there is no assurance that such changes will continue to be successful. In the event the CARD Act constrains our ability to respond to economic, market and other conditions, it could have a material adverse effect on our results of operations, including our revenue and net income.

In addition to proposed legislation affecting the financial services industry, our results of operations could be adversely impacted by other legislative action or inaction, including the failure of the U.S. Congress to renew the active financing exception to Subpart F of the Internal Revenue Code, which could increase our effective tax rate and have an adverse impact on our net income.

Many of our competitors are subject to different, and in some cases, less stringent, legislative and regulatory regimes. The more restrictive laws and regulations applicable to U.S. financial institutions like us can put us at a competitive disadvantage to non-traditional players in the alternative payments space and non-U.S. competitors, including prohibiting us from engaging in certain transactions, making the pricing of our products and services more expensive or adversely affecting our cost structure.

See "Supervision and Regulation" above for more information about the regulations to which we are subject.

Litigation and regulatory actions could subject us to significant fines, penalties, judgments and/or requirements resulting in increased expenses.

Businesses in the payments industry have historically been subject to significant legal actions and investigations alleging violations of competition/antitrust law, consumer protection law and intellectual property rights, among others. Many of these actions have included claims for substantial compensatory or punitive damages. We have also been subject to regulatory actions and may continue to be involved in such actions, including subpoenas, investigations and enforcement proceedings, in the event of noncompliance or alleged noncompliance with laws or regulations. The current environment of additional regulation, enhanced compliance efforts and increased regulatory investigations and enforcement is likely to continue to result in changes to practices, products and procedures, increased costs related to regulatory oversight, supervision and examination and additional restitution to Card Members. Litigation and regulatory actions generally could subject us to significant fines, increased expenses, restrictions on our activities and damage to our global reputation and our brand, and could adversely affect our business, financial condition or results of operations.

We are subject to capital adequacy rules, and if we fail to meet these rules, our financial condition would be adversely affected.

Under regulatory capital adequacy rules and other regulatory requirements, the Company, TRS and our U.S. banking subsidiaries, Centurion Bank and AEBFSB, must meet rules for capital adequacy and leverage ratios that include quantitative measures of assets, liabilities and certain off-balance sheet items, subject to qualitative judgments by regulators about components, risk weightings and other factors. Failure by any of the Company, TRS or a U.S. subsidiary depository institution to maintain its respective status as “well capitalized” and “well managed,” if un-remedied over a period of time, could compromise our competitive position and could result in restrictions imposed by the Federal Reserve, including limiting our ability to pay common stock dividends, repurchase our common stock or invest in our business.

The capital requirements applicable to the Company and TRS as bank holding companies and our U.S. banking subsidiaries have recently been substantially revised to implement the international Basel III framework and are in the process of being phased-in. Once these revisions are fully phased-in, the Company, TRS and our U.S. banking subsidiaries will be required to satisfy more stringent capital adequacy standards than in the past. We estimate that, had Basel III been fully phased-in during the fourth quarter of 2013, the Company’s capital ratios under the U.S. Basel Capital III Rules would have exceeded the minimum requirements. This estimate could change in the future. As part of our required stress testing, both internally and by the Federal Reserve, we must continue to comply with applicable capital standards in the adverse and severely adverse economic scenarios published by the Federal Reserve each year. To satisfy these requirements, it may be necessary for us to hold additional capital in excess of that required by the New Capital Rules as they are phased-in.

In addition to the New Capital Rules, there are several proposals or potential proposals that could significantly impact the regulatory capital standards and requirements applicable to financial institutions such as the Company and our U.S. bank subsidiaries, as well as our ability to meet these requirements. The Basel Committee has adopted a framework for D-SIBs that would impose a capital buffer on certain banks that have an important impact on their domestic economies. While the New Capital Rules did not address the adoption of a surcharge on D-SIBs, federal banking regulators noted that they are considering a capital surcharge for institutions with $50 billion or more in total consolidated assets, or some subset of such institutions, consistent with the Basel Committee’s surcharge proposals. In addition, the Basel Committee has revised the exposure calculation methodology for the Basel III Leverage ratio (known in the United States as the “supplementary leverage ratio”) that, if implemented by the federal banking regulators, would substantially increase the denominator of the supplementary leverage ratio — primarily with regard to exposures for derivatives and securities financing transactions — and could further increase the capital requirements applicable to us and our U.S. bank subsidiaries. Accordingly, there continues to be substantial uncertainty regarding significant portions of the capital regime that will apply to us and our U.S. banking subsidiaries, and, as a result, the ultimate impact these capital requirements will have on our long-term capital planning and the results of our operations.

While we expect to meet the requirements of the New Capital Rules, inclusive of the capital conservation buffer, as phased-in by the Federal Reserve, these requirements could have a negative impact on our ability to lend, grow deposit balances, make acquisitions and make capital distributions in the form of increased dividends or share repurchases. Higher capital levels could also lower our return on equity. Failure to meet current or future capital requirements, including those imposed by the New Capital Rules or by regulators in implementing other portions of the Basel III framework, could materially adversely affect our financial condition.

Compliance with capital adequacy rules, including the New Capital Rules, will require a material investment of resources. Although we have current estimates of risk weight calculations under the Basel III standardized approach, we cannot assure you that our current estimates will be correct and we may need to hold significantly more regulatory capital than we currently estimate in order to maintain a given capital ratio. An inability to meet regulatory expectations regarding our compliance with applicable capital adequacy rules may also negatively impact the assessment of the Company, TRS and its U.S. banking subsidiaries by federal banking regulators.

For more information on capital adequacy requirements, see “Financial Holding Company Status and Activities — Capital Adequacy” under “Supervision and Regulation” above.

We are subject to restrictions that limit our ability to pay dividends and repurchase our capital stock. Our subsidiaries are also subject to restrictions that limit their ability to pay dividends to us, which may adversely affect our liquidity.

We are limited in our ability to pay dividends and repurchase capital stock by our regulators who have broad authority to prohibit any action that would be considered an unsafe or unsound banking practice. For example, it is the policy of the Federal Reserve that bank holding companies should generally pay dividends on common stock only out of earnings, and only if prospective earnings retention is consistent with the organization’s expected future needs, asset quality and financial condition. We are also subject to a requirement to submit capital plans that include, among other things, projected dividend payments and repurchases of capital stock, to the Federal Reserve for review. As part of the capital planning and stress testing process, our proposed capital actions are assessed against our ability to satisfy applicable capital requirements, including our ability to achieve Basel III capital ratio requirements under the New Capital Rules. If our capital plan is not approved for any reason or if we fail to satisfy applicable capital requirements, our ability to undertake capital actions may be restricted.

American Express Company relies on dividends from its subsidiaries for liquidity, and federal and state law limit the amount of dividends that our subsidiaries may pay to the parent company. In particular, our U.S. depository institution subsidiaries are subject to various statutory and regulatory limitations on their declaration and payment of dividends. The Company’s liquidity could be reduced to the extent our subsidiaries are unable to declare and pay dividends to the Company when necessary for the Company to meet its obligations, and the Company may be unable to make dividend payments on its outstanding capital stock, make principal and interest payments on its outstanding debt or make other payments on its outstanding obligations.

For more information on bank holding company and depository institution dividend restrictions, see “Supervision and Regulation — Financial Holding Company Status and Activities — Dividends” above, as well as “Consolidated Capital Resources and Liquidity — Share Repurchases and Dividends” on page 37 and Note 23 on pages 100-101 of our 2013 Annual Report to Shareholders, which information is incorporated herein by reference.

Banks, card issuers and card network operators generally are the subject of increasing global regulatory focus, which may impose costly new compliance burdens and lead to decreased transaction volumes and revenues through our network.

We are subject to regulations that affect banks and the payments industry in the United States and many other countries in which our charge and credit Cards are used and where we conduct banking and Card activities. In particular, we are subject to numerous regulations applicable to financial institutions in the United States and abroad. We are also subject to regulations as a provider of services to financial institutions. Regulation of the payments industry has evolved and increased significantly. For example, we are subject to certain provisions of the Bank Secrecy Act, as amended by the Patriot Act, with regard to maintaining effective AML programs. Increased regulatory focus in this area could result in additional obligations or restrictions with respect to the types of products and services we may offer to consumers, the countries in which our charge and credit Cards may be used, and the types of customers and merchants who can obtain or accept our charge and credit Cards. In addition, Member States of the European Economic Area have implemented the Payment Services Directive for electronic payment services that put in place a common legal framework for licensing and supervision of payment services providers, including card issuers and merchant acquirers, and for their conduct of business. The Directive is now undergoing review and further changes, as yet to be defined, are anticipated. Complying with these and other regulations increases our costs and can reduce our revenue opportunities.

Various regulatory agencies and legislatures are also considering regulations and legislation covering identity theft, account management guidelines, credit bureau reporting, disclosure rules, security and marketing that would impact us directly, in part due to increased scrutiny of our underwriting and account management standards. These new requirements may restrict our ability to issue charge and credit cards or partner with other financial institutions, which could decrease our transaction volumes. In some circumstances, new regulations and legislation could have the effect of limiting our ability to offer new types of charge or credit cards or restricting our ability to offer existing Cards, such as stored-value cards, which could materially and adversely reduce our revenues and revenue growth.

Legislators and regulators around the world are aware of each other's approaches to the regulation of the payments industry. Consequently, a development in one country, state or region may influence regulatory approaches in another. In recent years, several countries outside the United States have focused on the fees involved in the operation of card networks, including interchange fees paid to card issuers in "four party" payment networks such as Visa and MasterCard and the fees merchants are charged to accept cards, as well as the terms and conditions of merchant acceptance contracts and rules. For example, certain countries in the European Union (e.g., Poland, Hungary) have enacted local regulation on interchange fees. In Mexico, the government has recently passed payment network laws that give the Central Bank and National Banking Commission, acting together, the power to issue rules about payment systems including interchange and other fees that, when promulgated, may impact our card businesses in that country. Regulators in Australia, Brazil, Canada, Hungary, Italy, Mexico, New Zealand, Poland, Switzerland, the United Kingdom, Venezuela and the European Union, among others, have conducted investigations into, or initiated proceedings with respect to, interchange fees that are ongoing, concluded or on appeal. In some cases these investigations have led to changes in network practices, such as non-discrimination and honor-all-card provisions.

The interchange fee, which is the collectively set fee paid by the merchant acquirer to the card issuing bank in "four party" payment networks, is generally the largest component of the merchant service charge charged to merchants for debit and credit card acceptance in these systems. By contrast, the American Express network does not have such interchange fees. For this reason, as well as the fact that Visa and MasterCard are the dominant card networks, the regulators' focus has primarily been on these networks. However, antitrust actions and government regulation relating to merchant pricing could ultimately affect all networks. Among other impacts, lower interchange and/or merchant discount revenue may lead card issuers to look for other sources of revenue such as higher annual card fees or interest charges, as well as to reduce costs by scaling back or eliminating rewards programs.

Dodd-Frank prohibits payment card networks from restricting merchants from offering discounts or incentives to encourage customers to pay with particular forms of payment such as cash, check, credit or debit cards, so long as offers to encourage credit or debit card payments do not discriminate on the basis of the network or issuer. Further, to the extent required by federal law or applicable state law, the discount or incentive must be offered to all prospective buyers and must be clearly and conspicuously disclosed. Dodd-Frank also permits U.S. merchants to establish minimum purchase amounts of no more than $10 for credit card purchases, provided that the merchants do not discriminate between networks or issuers. Federal government agencies and institutions of higher learning are also permitted to establish maximum amounts for credit card purchases provided they do not discriminate between networks or issuers. As a result of this law, customers may be incentivized by merchants to move away from the use of charge and credit card products to other forms of payment, such as debit, which could adversely affect our revenues and profitability. In addition, a number of bills have been proposed in individual U.S. state legislatures in recent years seeking to permit merchants to impose surcharges for the use of credit and debit cards; to impose caps on credit card interchange fees; to prohibit credit card companies from charging a merchant discount on the sales tax portion of credit card purchases; or to affect the transparency of card network rules for merchants.

In Europe, some countries such as Italy and Poland have proposed or adopted regulation of interchange or merchant fees. In January 2012, the EC published a Green Paper (a document to begin a process of consultation toward potential regulation) covering a range of issues affecting the payments industry. The EC has completed a consultation period and issued its preliminary conclusions in the form of proposed legislation on July 24, 2013 (the "EU Payments Package"). Among other things, the proposed EU Payments Package addresses interchange fees, anti-steering and honor-all-cards rules, surcharging, separation of processing from card network management, access rights to payment systems, perceived barriers to cross-border acquiring, mobile payments and technical standardization. For a description of certain of the proposals and their potential impacts on us, see "Global Network & Merchant Services — Regulation" above. We cannot predict the final form, or effects on us, of this proposed legislation. These and other potential or proposed legislative and regulatory changes could negatively impact the discount revenue derived from our business in the EU as a result of downward pressure on the discount rate from anticipated decreases in competitor pricing in connection with the proposed caps on interchange fees. We may also be required to change certain of our business practices, including contractual provisions relating to card acceptance by merchants, or alter our business relationships in the EU, including arrangements with GNS partners. If the scope of permissible surcharging or steering is expanded, there could be an adverse impact on our Cards-in-force, transaction volumes, discount revenue or other parameters impacting financial performance. See " *An increasing prevalence of surcharging by merchants could materially adversely affect our business and results of operations* " below. The proposed legislation also may require us to invest significant management attention and resources to make any necessary changes and could adversely affect our results of operations and financial condition.

Increased regulatory focus on us, such as in connection with the matters discussed above, may increase our compliance costs or result in a reduction of transactions processed on our networks or merchant discount revenues from such transactions, which could materially and adversely impact our results of operations.

If we are not able to protect our intellectual property, and invest successfully in, and compete at the leading edge of, technological developments across all our businesses, our revenue and profitability could be negatively affected.

Our industry is subject to rapid and significant technological changes. In order to compete in our industry, we need to continue to invest in business process and technology advances across all areas of our business, including in transaction processing, data management and analysis, customer interactions and communications, travel reservations systems, prepaid products, alternative payment mechanisms and risk management and compliance systems. We rely in part on third parties, including some of our competitors and potential competitors, for the development of and access to new technologies. We expect that new technologies applicable to the payments industry will continue to emerge, and these new technologies may be superior to, or render

obsolete, the technologies we currently use in our Cards, networks and other services. Because of evolving payments technologies and the competitive landscape, we may not, among other things, be successful in increasing or maintaining our share of online spending and enhancing our Card Members' digital experience, which could have an adverse effect on our revenues and profitability. We also expect increased regulatory and legal scrutiny and requirements with respect to data privacy and protection in connection with these new technologies. Our ability to develop, acquire or access competitive technologies or business processes on acceptable terms may be limited by patent rights that third parties, including competitors and potential competitors, may assert. In addition, our ability to adopt new technologies may be inhibited by a need for industry-wide standards, by resistance to change from Card Members or merchants, by the complexity of our systems or by intellectual property rights of third parties.

We rely on a variety of measures to protect our intellectual property and proprietary information, including copyrights, trademarks, patents and controls on access and distribution. These measures may not prevent misappropriation or infringement of our intellectual property or proprietary information and a resulting loss of competitive advantage. In addition, competitors or other third parties may allege that our systems, processes or technologies infringe on their intellectual property rights. Given the complex, rapidly changing and competitive technological and business environment in which we operate, and the potential risks and uncertainties of intellectual property-related litigation, a future assertion of an infringement claim against us could cause us to lose significant revenues, incur significant license, royalty or technology development expenses, or pay significant monetary damages.

Regulation in the areas of privacy, information security and data protection could increase our costs and affect or limit how we collect and/or use personal information and our business opportunities.

We are subject to various applicable Privacy, Information Security and Data Protection Laws, including requirements concerning security breach notification, and we could be negatively impacted by them. For example, in the United States, certain of our businesses may be subject to the Gramm-Leach-Bliley Act and implementing regulations and guidance. Among other things, the GLBA imposes certain limitations on the ability of financial institutions to share consumers' nonpublic personal information with nonaffiliated third parties; requires that financial institutions provide certain disclosures to consumers about their data collection, sharing and security practices and affords customers the right to "opt out" of the institution's disclosure of their personal financial information to nonaffiliated third parties (with limited exceptions); and requires financial institutions to develop, implement and maintain a written comprehensive information security program containing safeguards that are appropriate to the financial institution's size and complexity, the nature and scope of the financial institution's activities, and the sensitivity of customer information processed by the financial institution. For more information on the GLBA and various state laws, see "Privacy and Data Protection" under "Supervision and Regulation" above.

In the European Union, the European Data Protection Directive, which obligates the controller and/or processor of an individual's personal data to, among other things, take the necessary technical and organizational measures to protect personal data, has been implemented through local laws in Member States. As these laws are interpreted throughout the European Union, compliance costs are increasing, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place. The European Commission proposed in January 2012 a new regulation to replace the current Data Protection Directive that, among other things, would tighten data protection requirements and make enforcement more rigorous, for example, by streamlining enforcement at a European level, introducing data breach notification requirements and increasing penalties for non-compliance. This proposed regulation follows the implementation of the European Union's e-Privacy Directive, which imposes consent requirements on the use of "cookies" for certain purposes such as online behavioral advertisement.

Various U.S. federal banking regulators, states and foreign jurisdictions have enacted data security breach notification requirements with varying levels of individual, consumer, regulatory and/or law enforcement

notification in certain circumstances in the event of a security breach. Many of these requirements also apply broadly to merchants that accept our Cards and our business partners. In many countries that have yet to impose data security breach notification requirements, regulators have increasingly used the threat of significant sanctions and penalties by data protection authorities to encourage voluntary notification.

In addition, legislators and/or regulators in the United States and other countries in which we operate are increasingly adopting or revising Privacy, Information Security and Data Protection Laws that potentially could have significant impact on our current and planned privacy, data protection and information security-related practices, our collection, use, sharing, retention and safeguarding of consumer and/or employee information, and some of our current or planned business activities. For example, the U.S. House of Representatives and Senate considered a number of privacy, security breach notification, cybersecurity and information-security related bills during the 113th Congress and various committee hearings were held on related subjects. There also continues to be legislative activity in these areas at the state level. New legislation or regulation could increase our costs of compliance and business operations and could reduce revenues from certain business initiatives. Moreover, the application of existing laws to technology developments can be uncertain, increasing compliance risk.

Compliance with current or future Privacy, Data Protection and Information Security Laws to which we are subject affecting customer and/or employee data could result in higher compliance and technology costs and could restrict our ability to fully exploit our closed-loop capability or provide certain products and services, which could materially and adversely affect our profitability. Our failure to comply with Privacy, Data Protection and Information Security Laws could result in potentially significant regulatory and/or governmental investigations and/or actions, litigation, fines, sanctions and damage to our global reputation and our brand. In recent years, there has been increasing enforcement activity in the areas of privacy, data protection and information security in various countries in which we operate.

Our success is dependent, in part, upon our executive officers and other key personnel, and the loss of key personnel could materially adversely affect our business.

Our success depends, in part, on our executive officers and other key personnel. Our senior management team has significant industry experience and would be difficult to replace. Our senior management team is relatively small and we believe we are in a critical period of competition in the financial services and payments industry. The market for qualified individuals is highly competitive, and we may not be able to attract and retain qualified personnel or candidates to replace or succeed members of our senior management team or other key personnel. As further described in “Supervision and Regulation — Compensation Practices” above, our compensation practices are subject to review and oversight by the Federal Reserve and the compensation practices of our U.S. depository institution subsidiaries are subject to review and oversight by the FDIC and the OCC. As a large financial and banking institution, we may be subject to limitations on compensation practices, which may or may not affect our competitors, by the Federal Reserve, the FDIC or other regulators worldwide. These limitations, including limitations on any incentive compensation policies pursuant to Dodd-Frank, could further affect our ability to attract and retain our executive officers and other key personnel. The loss of key personnel could materially adversely affect our business.

Tax and abandoned property legislative initiatives or assessments by governmental authorities could adversely affect our results of operations and financial condition.

We operate in jurisdictions throughout the world. As such, we remit a variety of taxes and fees to various governmental authorities, including U.S. federal, state and local governments and various foreign jurisdictions. The taxes and fees remitted by us are subject to review and audit by the applicable governmental authorities, which could result in liability for additional assessments. In addition, we are subject to unclaimed or abandoned property (escheat) laws that require us to turn over to certain governmental authorities the property of others held by us (such as uncashed stored-value products like Travelers Cheques and other prepaid products) that has been

unclaimed for a specified period of time. The laws and regulations related to tax and unclaimed property matters are extremely complex and subject to varying interpretations. Although management believes our positions are reasonable, various authorities may challenge our positions or apply existing laws and regulations more broadly, which may potentially result in a significant increase in liabilities for taxes, unclaimed property and interest in excess of accrued liabilities.

Legislative initiatives may be proposed from time to time, such as proposals for fundamental tax reform in the United States or multi-jurisdictional actions to address "base erosion and profit shifting" by multinational companies, which may impact our effective tax rate and could adversely affect our tax positions and/or our tax liabilities. Legislation has been proposed, and in some states enacted, to establish shorter escheatment periods for travelers checks and/or prepaid cards, often with retroactive application. We have challenged, and intend to continue to challenge, what we believe are significant defects in these laws, which can have a significant impact on our Travelers Cheques and prepaid cards business in the states in which they are enacted, as well as increase the estimated liability recorded in our financial statements with respect to uncashed stored-value products.

Business Risks

Our operating results may suffer because of substantial and increasingly intense competition worldwide in the payments industry.

The payments industry is highly competitive and includes charge, credit and debit card networks and issuers, paper-based transactions (e.g., cash and checks), bank transfer models (e.g., wire transfers and ACH), as well as evolving alternative payment mechanisms, systems and products, such as aggregators and web-based payment platforms (e.g., PayPal, Square and Amazon), wireless payment technologies (including using mobile telephone networks to carry out transactions), prepaid systems and other systems linked to payment cards. We are the fourth largest general-purpose card network on a global basis based on purchase volume, behind Visa, MasterCard and China UnionPay. We believe Visa and MasterCard are larger than we are in most countries. As a result, competitive card issuers and acquirers on the Visa and MasterCard networks may be able to benefit from the dominant position, resources, marketing and pricing of Visa and MasterCard.

Because of consolidations among banking and financial services companies and credit card portfolio acquisitions by major card issuers, there are now a smaller number of significant issuers. Continuing consolidation in the banking industry may result in a financial institution with a strong relationship with us being acquired by an institution that has a strong relationship with a competitor, resulting in a potential loss of business for us. The largest competing issuers have continued to grow, in several cases by acquiring card portfolios, and also by cross-selling through their retail branch networks, and competition among all issuers remains intense. We are also subject to increasing pricing pressure from our competitors.

In addition, some of our competitors have developed, or may develop, substantially greater financial and other resources than we have, including larger cash reserves, may offer a wider range of programs and services than we offer or may use more effective advertising and marketing strategies to achieve broader brand recognition, co-brand card programs or merchant acceptance than we have. We may not continue to be able to compete effectively against these threats or respond or adapt to changes in consumer spending habits as effectively as our competitors. Our competitors may also be more efficient in introducing innovative products, programs and services on different platforms than we are. Spending on our charge, credit and prepaid Cards and accounts could continue to be impacted by increasing consumer usage of debit cards issued on competitive networks.

Internationally, competition remains fierce, and as a result, we may not be successful in accelerating our growth outside of the United States through proprietary consumer, small business and corporate products, GNS partners and alternative payment vehicles such as prepaid services.

New technologies, including continuing advancements in the areas of proximity payment devices (such as contactless cards) and remote payment technologies (such as cloud based accounts), and evolving consumer behavior are rapidly changing the way people interact with each other and transact business all around the world. In this connection, traditional and non-traditional competitors such as mobile, technology and telecommunications companies and aggregators are working to deliver digital and mobile payment services for both consumers and merchants. Our competitors may be able to innovate faster than we can, and new technologies may further increase the competitive pressures by enabling our competitors to offer more efficient or lower-cost services. Our success will depend in part on our ability to develop new technologies and adapt to technological changes and evolving industry standards. If we are unable to continue to keep pace with innovation, manage the shift to mobile, device-based and multi-channel commerce or improve the quality of the Card Member experience, our business and results of operations could be adversely affected.

In the United States, alternative payment vehicles that seek to redirect customers to payment systems based on ACH continue to emerge and grow, and existing debit networks also continue to expand both on- and off-line and are making efforts to develop online PIN functionality, which could further reduce the relative use of charge and credit cards online.

To the extent alternative payment mechanisms, systems and products continue to successfully expand in the online and mobile payments space, our discount revenues and our ability to access transaction data through our closed-loop network could be negatively impacted. Our Enterprise Growth Group focuses on this strategic challenge by leveraging its Serve software platform to develop low-cost and more efficient alternatives to traditional banking, payment and prepaid services. The long-term goal is to generate alternative sources of revenue globally in areas such as alternative mobile and online payments, fee-based services and emerging technologies that help new and existing customer segments move and manage their money. While expanding the Enterprise Growth Group is a top priority for us, many of the growth initiatives will involve new areas for us and we may not be successful in executing our strategy. Our failure to expand Enterprise Growth and drive adoption of new products and services, including new technology and payment options such as prepaid products and services that we offer, would negatively impact our future growth.

Our products, including those offered by our Enterprise Growth Group, compete with a wide variety of financial payment products including cash, foreign and digital currencies, checks, other brands of travelers checks, debit, prepaid and ATM cards, store branded gift cards, other network branded cards and other payment cards. These payment products are subject to intense and increasing competition. We also compete with companies that market open-loop prepaid debit cards through retail and online distribution, banks and other providers that offer demand deposit and savings accounts, other issuers of debit cards, check cashers, money order services, and large retailers or retailer coalitions who are seeking to integrate more financial services into their product offerings. We anticipate increased competition from traditional and alternative financial services providers that are often well-positioned to service customers, including those previously excluded or poorly served by the traditional financial system, and that may wish to develop their own prepaid card programs. The increased desire of banks, retailers and alternative financial services providers to develop and promote prepaid card programs could have an adverse effect on our prepaid offerings, such as American Express Serve.

To the extent we expand into new business areas and new geographic regions, we may face competitors with more experience and more established relationships with relevant customers, regulators and industry participants, which could adversely affect our ability to compete. In addition, companies that control access to consumer and merchant payment method preferences through digital wallets, mobile applications or at the point-of-sale could choose not to accept or could suppress use of our products or could restrict our access to our customers and transaction data. Laws and business practices that favor local competitors, require card transactions to be routed over domestic networks or prohibit or limit foreign ownership of certain businesses could slow our growth in international regions. Further, expanding our service offerings, adding customer acquisition channels and forming new partnerships could have higher cost structures than our current arrangements, adversely impact our average discount rate or dilute our brand.

Regulators have recently put forward various proposals that may impact our businesses, including proposals relating to restrictions on the type of activities in which financial institutions are permitted to engage and the size of financial institutions, and proposals to impose taxes or fees on certain financial institutions. These or similar proposals, which may not apply to all of our competitors, could impact our ability to compete effectively.

We face increasingly intense competitive pressure that may impact the prices we charge merchants that accept our Cards for payment for goods and services.

Unlike our competitors in the payments industry that rely on high revolving credit balances to drive profits, our business model is focused on Card Member spending. Discount revenue, which represents fees charged to merchants when Card Members use their Cards to purchase goods and services on our network, is primarily driven by billed business volumes and is our largest single revenue source. In recent years, we have been under market pressure, including pressure created by regulatory-mandated reductions to competitors' pricing, to reduce merchant discount rates and undertake other repricing initiatives. In addition, differentiated payment models from non-traditional players in the alternative payments space and the regulatory and litigation environment could pose challenges to our traditional payment model and adversely impact our average discount rate. Some merchants also continue to invest in their own payment solutions, using both traditional and new technology platforms. If merchants are able to drive broad consumer adoption and usage, it could adversely impact our merchant discount rate and billed business volumes.

A continuing priority of ours is to drive greater value to our merchants, which, if not successful, could negatively impact our discount revenue and financial results. If we continue to experience a decline in the average merchant discount rate, we will need to find ways to offset the financial impact by increasing billed business volumes, increasing other sources of revenue, such as fee-based revenue or interest income, or both. We may not succeed in sustaining merchant discount rates or offsetting the impact of declining merchant discount rates, particularly in the current regulatory environment, which could materially and adversely affect our revenues and profitability, and therefore our ability to invest in innovation and in value-added services to merchants and Card Members.

An increasing prevalence of surcharging by merchants could materially adversely affect our business and results of operations.

In certain countries, such as Australia and certain Member States in the European Union, merchants are permitted by law to surcharge card purchases. The number of countries in the EU that permit surcharging could increase as the European Parliament and the European Council consider recommendations by the European Commission to change surcharging laws, as discussed in "Global Network & Merchant Services — Regulation" above. We cannot predict the final form, or effects on us, of this proposed legislation. In Australia, we have seen selective, but increasing, merchant surcharging on American Express Cards in certain merchant categories and, in some cases, on a basis that is greater than that applied to cards issued on the bankcard networks, which is known as differential surcharging. New rules issued by the Reserve Bank of Australia that took effect in 2013 allow us and other payment networks to prohibit merchants from surcharging by more than their reasonable costs of accepting a particular payment card. This could lead to an increase in the number of merchants that differentially surcharge American Express Cards.

The settlement by MasterCard and Visa of a merchant class litigation required, among other things, MasterCard and Visa to permit U.S. merchants to surcharge MasterCard and Visa credit card transactions under certain terms and subject to certain conditions, while permitting the networks to continue to prohibit surcharges on debit card transactions. MasterCard and Visa's revised network rules that went into effect in January 2013 prohibit merchants that also accept American Express Cards from implementing surcharges of MasterCard and/or Visa credit card transactions unless they also surcharge American Express transactions in a manner that would violate the non-discrimination provisions generally agreed to by most merchants that accept Cards on the American Express network (i.e., by surcharging American Express transactions but not surcharging MasterCard

and Visa debit card transactions). This may encourage merchants that currently accept American Express Cards to either violate their Card acceptance agreements with American Express or to discontinue acceptance of American Express Cards. If this occurs, it could materially and adversely affect American Express merchant coverage and Charge volumes.

In December 2013, we announced the proposed settlement of U.S. merchant class action lawsuits under which we would change our U.S. Card acceptance agreement provisions to permit merchants to surcharge American Express charge and credit Card transactions no more than the surcharge on other charge and credit cards or other forms of payment the merchant accepts (other than cash, checks, debit cards or inter-bank transfers). While we continue to believe surcharging is not a customer-friendly practice, this proposed settlement provides merchants with additional flexibility to surcharge American Express charge and credit Cards on an equal basis with other charge and credit cards, even if the merchant does not surcharge debit cards. We will not be required to put these contract changes into effect any sooner than the date that the settlement agreement receives final approval, including any appeal period. If the settlement receives final approval, these contract changes, combined with U.S. merchants' options under Dodd-Frank to offer discounts or incentives to induce payment by debit cards could shift spending from American Express charge and credit Cards to debit cards. For more detail on the proposed settlement, see "Legal Proceedings" below.

If surcharging becomes widespread, American Express Cards and credit and charge cards generally could become less desirable to consumers, which could result in a decrease in Cards-in-force and transaction volumes. The impact could vary depending on the manner in which a surcharge is levied and whether surcharges are levied upon all payment cards, whether debit cards are excluded, or whether the amount of the surcharge varies depending on the card, network, acquirer or issuer. Surcharging could have a material adverse effect on our business, financial condition and results of operations, particularly to the extent surcharging disproportionately impacts American Express Card Members.

We may not be successful in our efforts to promote Card usage through our marketing, promotion and rewards programs, or to effectively control the costs of such programs, both of which may impact our profitability.

Our business is characterized by the high level of spending by our Card Members. Increasing consumer and business spending on our payment services products, particularly credit and charge Cards and prepaid products, and growth in Card lending balances, depend in part on our ability to develop and issue new or enhanced Card and prepaid products and increase revenues from such products. One of the ways in which we attract new Card Members, reduce Card Member attrition and seek to retain or capture a greater share of customers' total spending is through our Membership Rewards program, as well as other Card Member benefits. We may not be able to cost-effectively manage and expand Card Member benefits, including containing the growth of marketing, promotion and rewards expenses and Card Member services expenses. Our prospects for growth also depend on our ability to innovate by offering new, and adding value to our existing, payment services products. If customers do not perceive our new offerings as providing significant value, they may fail to accept our new products and services, which would negatively impact our operating revenues. In addition, many credit card issuers have instituted rewards and co-brand programs that are similar to ours, and issuers may in the future institute programs and services that are more attractive than ours.

If we continue to increase our investments in marketing, promotion and rewards programs, we will need to find ways to offset the financial impact by increasing payments volume, the amount of fee-based services we provide or both. We may not succeed in doing so, particularly in the current regulatory environment.

Our brand and reputation are key assets of our Company, and our business may be affected by how we are perceived in the marketplace.

Our brand and its attributes are key assets of the Company, and we believe our continued success depends on our ability to preserve, grow and leverage the value of our brand. Our ability to attract and retain consumer and small business Card Members and corporate clients is highly dependent upon the external perceptions of our

level of service, trustworthiness, business practices, merchant acceptance, financial condition and other subjective qualities. Negative perceptions or publicity regarding these matters — even if related to seemingly isolated incidents — could erode trust and confidence and damage our reputation among existing and potential Card Members and corporate clients, which could make it difficult for us to attract new Card Members and customers and maintain existing ones. Negative public opinion could also result from actual or alleged conduct in any number of activities or circumstances, including card practices, regulatory compliance and the use and protection of customer information, and from actions taken by regulators or others in response to such conduct. Social media channels can also cause rapid, widespread reputational harm to our brand.

Our brand and reputation may also be harmed by actions taken by third parties that are outside our control. For example, any shortcoming of a third-party vendor or GNS partner that issues Cards or acquires merchants on the American Express network may be attributed by Card Members and merchants to us, thus damaging our reputation and brand value. The lack of acceptance or suppression of Card usage by merchants can also negatively impact perceptions of our brand and our products, lower overall transaction volume and increase the attractiveness of other payments systems. Adverse developments with respect to our industry may also, by association, negatively impact our reputation, or result in greater regulatory or legislative scrutiny or litigation against us. Furthermore, as a corporation with headquarters and operations located in the United States, a negative perception of the United States arising from its political or other positions could harm the perception of our company and our brand. Although we monitor developments for areas of potential risk to our reputation and brand, negative perceptions or publicity could materially and adversely affect our revenues and profitability.

If we cannot successfully execute on our strategy, our business and financial results may be adversely impacted.

We may not be able to implement important strategic initiatives in accordance with our expectations, which may result in an adverse impact on our business and financial results. These strategic initiatives are designed to improve our results of operations and drive long-term shareholder value, and include:

- Increasing plastic penetration, including by growing our share of premium and small business spend and B2B payments
- Continuing to expand internationally through proprietary and GNS offerings
- Expanding our presence in the digital payments space, including online and mobile channels
- Growing our loyalty coalition business, Loyalty Partner, and our newer payment products, including Serve and Bluebird

The process of developing new products and services and enhancing existing products and services is complex, costly and uncertain, and any failure by us to anticipate customers' changing needs and emerging technological trends accurately could significantly harm our market share and results of operations.

We also continue to pursue a disciplined expense-management strategy, including reengineering operations. However, there is no guarantee that we will be able to control the growth of expenses in the future, particularly as expenses incurred in our foreign entities are subject to foreign exchange volatility and regulatory compliance and legal and related costs are difficult to predict or control, particularly given the current regulatory and litigation environment. Moreover, we have incurred, and will continue to incur, costs of investing in our businesses. These investments may not be as productive as we expect or at all.

We may not be successful in realizing the benefits associated with our acquisitions, strategic alliances, joint ventures and investment activity, and our business and reputation could be negatively impacted.

We have recently acquired a number of businesses, including our acquisitions of Serve, Accertify and Loyalty Partner, and made a number of strategic investments. We may also evaluate other potential transactions. These transactions could be material to our financial condition and results of operations. There is no assurance

that we will be able to successfully identify suitable candidates, value potential investment or acquisition opportunities accurately and negotiate acceptable terms for those opportunities, and complete proposed acquisitions and investments. Our failure to successfully integrate acquired companies, businesses or technologies into our existing operations could cause us to fail to realize the anticipated benefits of the acquisition or investment, incur unanticipated liabilities and harm our business generally.

As discussed in "Global Business Travel" under "Global Commercial Services" above, we announced plans to create a new joint venture for our GBT operations. The transaction remains subject to the execution of definitive agreements and receipt of regulatory and other approvals. There can be no assurance that we will be able to consummate the transaction. If we are able to close the transaction, the joint venture may not be able to realize the underlying assumptions related to the transaction, including accelerating the transformation and growth of the corporate travel business, creating additional investment capacity and enhancing its suite of products and services. Following and continuing after the consummation of the transaction, we and the joint venture face the potential loss of key customers, vendors and other key business partners. Our failure to address these risks or other problems encountered in connection with the joint venture transaction could cause us to fail to realize the anticipated benefits of such transaction, incur unanticipated liabilities and adversely affect our operations.

Joint ventures and minority investments inherently involve a lesser degree of control over business operations, thereby potentially increasing the financial, legal, operational and/or compliance risks associated with the joint venture or minority investment. In addition, we may be dependent on joint venture partners, controlling shareholders or management who may have business interests, strategies or goals that are inconsistent with ours. Business decisions or other actions or omissions of the joint venture partner, controlling shareholders or management may adversely affect the value of our investment, result in litigation or regulatory action against us and otherwise damage our reputation and brand.

A significant disruption or breach in the security of our information technology systems or an increase in fraudulent activity using our Cards could lead to reputational damage to our brand and significant legal, regulatory and financial exposure and could reduce the use and acceptance of our charge and credit Cards.

We and other third parties process, transmit and store account information in connection with our charge and credit Cards and prepaid products, and in the normal course of our business, we collect, analyze and retain significant volumes of certain types of personally identifiable and other information pertaining to our customers and employees.

Information security risks for large financial institutions like us have generally increased in recent years. We have identified four categories of "threat actors" that we currently believe pose the greatest risk, namely cyber criminals, nation state sponsored groups, determined insiders and "hacktivists" or social objectors. These threat actors are using increasingly sophisticated methods to capture various types of information relating to Card Members' accounts, including Membership Rewards accounts, to engage in illegal activities such as fraud and identity theft, to disrupt information technology systems, and to expose and exploit potential security and privacy vulnerabilities in corporate systems and websites. As outsourcing and specialization of functions within the payments industry increase, there are more third parties involved in processing transactions using our Cards and there is a risk the confidentiality, privacy and/or security of data held by third parties, including merchants that accept our Cards and our business partners, may be compromised.

We develop and maintain systems and processes to detect and prevent data breaches and fraudulent activity, but the development and maintenance of these systems are costly and require ongoing monitoring and updating as technologies and regulatory requirements change and efforts to overcome security measures become more sophisticated. Despite our efforts, the possibility of data breaches, malicious social engineering and fraudulent or other malicious activities cannot be eliminated entirely, and risks associated with each of these remain, including the unauthorized disclosure, release, gathering, monitoring, misuse, loss or destruction of confidential, proprietary and other information (including account data information).

Our information technology systems, including our transaction authorization, clearing and settlement systems, may experience service disruptions or degradation because of technology malfunction, sudden increases in customer transaction volume, natural disasters, accidents, power outages, telecommunications failures, fraud, denial-of-service and other cyber attacks, terrorism, computer viruses, physical or electronic break-ins, or similar events. For example, we and other U.S. financial services providers were targeted recently with distributed denial-of-service attacks from sophisticated third parties. Service disruptions could prevent access to our online services and account information, compromise Company or customer data, and impede transaction processing and financial reporting. Inadequate infrastructure in lesser developed countries could also result in service disruptions, which could impact our ability to do business in those countries.

If our information technology systems experience a significant disruption or breach or if actual or perceived fraud levels or other illegal activities involving our Cards were to rise due to the actions of third parties, employee error, malfeasance or otherwise, it could lead to regulatory intervention (such as mandatory card reissuance), increased litigation and remediation costs, greater concerns of customers and/or business partners relating to the privacy and security of their data, and reputational and financial damage to our brand, which could reduce the use and acceptance of our Cards, and have a material adverse impact on our business. Data breaches and other actual or perceived failures to maintain confidentiality, privacy and/or security of data may also negatively impact the assessment of the Company, TRS and its U.S. banking subsidiaries by banking regulators.

We have agreements with business partners in a variety of industries, including the airline industry, that represent a significant portion of our business. We are exposed to risks associated with these industries, including bankruptcies, liquidations, restructurings, consolidations and alliances of our partners, and the possible obligation to make payments to our partners.

In the ordinary course of our business we enter into different types of contractual arrangements with business partners in a variety of industries. For example, we have partnered with Costco and Delta Air Lines to offer co-branded cards for consumers and small businesses, and through our Membership Rewards program we have partnered with businesses in many industries, including the airline industry, to offer benefits to Card Member participants. Competition for relationships with key business partners is very intense and there can be no assurance we will be able to grow or maintain these partner relationships. We face the risk that we could lose partner relationships, even after we have invested significant resources, time and expense in acquiring and developing the relationships. The loss of any of our business partners could have a negative impact on our business and results of operations, including as a result of Card Member attrition or additional costs we incur to retain Card Members.

We may be obligated to make or accelerate payments to certain business partners such as co-brand partners and merchants upon the occurrence of certain triggering events such as: (i) our filing for bankruptcy, (ii) our economic condition deteriorating such that our senior unsecured debt rating is downgraded significantly below investment grade by S&P and Moody’s, (iii) our ceasing to have a public debt rating, or (iv) a shortfall in certain performance levels. If we are not able to effectively manage the triggering events, we could unexpectedly have to make payments to these partners, which could have a negative effect on our financial condition and results of operations. Similarly, we have credit risk to certain co-brand partners relating to our prepayments for loyalty program points that may not be fully redeemed. We are also exposed to risk from bankruptcies, liquidations, insolvencies, financial distress, restructurings, consolidations and other similar events that may occur in any industry representing a significant portion of our billed business, which could negatively impact particular Card products and services (and billed business generally) and our financial condition and results of operations. For example, we could be materially impacted if we were obligated to or elected to reimburse Card Members for products and services purchased from merchants that have ceased operations or stopped accepting our Cards.

The airline industry represents a significant portion of our billed business and in recent years has undergone bankruptcies, restructurings, consolidations and other similar events. The airline industry accounted for approximately 9 percent of our worldwide billed business for the year ended December 31, 2013.

There continues to be significant consolidation in the airline industry, particularly in the United States (e.g., American/US Airways and United Airlines/Continental Airlines), through mergers and/or grants of antitrust immunity to airline alliances and joint ventures, and this trend could continue. In particular, the United States Department of Transportation has granted antitrust immunity to members of the Skyteam, Star and Oneworld Alliances, enabling the covered airlines to closely coordinate their cross-regional operations and to launch highly integrated joint ventures in transatlantic and other markets, including jointly pricing and managing capacity on covered routes, sharing revenues and costs, and coordinating sales and corporate contracts, all outside the scope of the U.S. antitrust laws. The EC has similarly approved the Star and Oneworld Alliances, and its review of the Skyteam Alliance and cooperation between its members is continuing. Increasing consolidation and expanded antitrust immunity could create challenges for our relationships with the airlines including reducing our profitability on our airline business.

Airlines are also some of the most important and valuable partners in our Membership Rewards program. If a participating airline merged with an airline that did not participate in Membership Rewards, the combined airline would have to determine whether or not to continue participation. Similarly, if one of our co-brand airline partners merged with an airline that had a competing co-brand card, the combined airline would have to determine which co-brand cards it would offer. Our largest airline co-brand loan portfolio, American Express' Delta SkyMiles Credit Card, accounted for less than 15 percent of worldwide Card Member loans as of December 31, 2013.

If an airline determined to withdraw from Membership Rewards or to cease offering an American Express co-brand Card, whether as the result of a merger or otherwise, such as the withdrawal of Continental Airlines in 2011 from our Airport Club Access program for Centurion and Platinum Card Members and our Membership Rewards points transfer program or the withdrawal of American Airlines in 2014 from our Airport Club Access program for Centurion and Platinum Card Members, our business could be adversely affected. For additional information relating to the general risks related to the airline industry, see "Risk Management — Exposure to the Airline Industry" on page 44 of our 2013 Annual Report to Shareholders, which is incorporated herein by reference.

Our reengineering and other cost control initiatives may not prove successful, and we may not realize all or a significant portion of the benefits we intended.

Many factors can influence the amount of our expenses, as well as how quickly they may increase. Our ongoing investments, which may be necessary to maintain a competitive business, may increase our expenses. We have regularly undertaken, and are currently undertaking, a variety of efforts to reengineer our business operations in order to achieve cost savings and other benefits (including the reinvestment of such savings in key areas such as marketing, promotion, rewards and infrastructure), enhance revenue-generating opportunities and improve our operating expense to revenue ratio both in the short-term and over time. These efforts include cost management, structural and strategic measures such as vendor, process, facilities and operations consolidation, outsourcing functions (including, among others, technologies operations), relocating certain functions to lower-cost overseas locations, moving internal and external functions to the internet and mobile channels to save costs and planned staff reductions relating to certain of these reengineering actions. If we do not successfully achieve these efforts in a timely manner or if we are not able to capitalize on these efforts, or if the actions taken ultimately come at the expense of operational efficiency, we may not realize all or a significant portion of the benefits we intended. Failure to achieve these benefits or successfully manage our expenses could have a negative effect on our financial condition, results of operations and ability to achieve our previously announced financial targets.

Our risk management policies and procedures may not be effective.

Our risk management framework seeks to mitigate risk and appropriately balance risk and return. We have established policies and procedures intended to identify, monitor and manage the types of risk to which we are subject, including credit risk, market risk, asset liability risk, liquidity risk, operational risk, compliance risk and

reputational risk. See “Risk Management” on pages 43-46 of our 2013 Annual Report to Shareholders for a discussion of the policies and procedures we use to identify, monitor and manage the risks we assume in conducting our businesses. Although we have devoted significant resources to develop our risk management policies and procedures and expect to continue to do so in the future, these policies and procedures, as well as our risk management techniques such as our hedging strategies, may not be fully effective. In addition, as regulations and markets in which we operate continue to evolve, our risk management framework may not always keep sufficient pace with those changes. If our risk management framework does not effectively identify or mitigate our risks, we could suffer unexpected losses and could be materially adversely affected.

Management of our risks in some cases depends upon the use of analytical and/or forecasting models. If the models we use to mitigate these risks are inadequate, we may incur increased losses. In addition, there may be risks that exist, or that develop in the future, that we have not appropriately anticipated, identified or mitigated.

We must effectively manage credit risk related to consumer debt, business loans, settlement with GNS partners, merchant and consumer bankruptcies, delinquencies and other credit trends that can affect spending on Card products, debt payments by individual and corporate customers and businesses that accept our Card products.

Credit risk is the risk of loss from obligor or counterparty default. We are exposed to both individual credit risk, principally from consumer and small business Card Member receivables and loans, and institutional credit risk from merchants, GNS partners, GCP clients and treasury and investment counterparties. Third parties may default on their obligations to us due to bankruptcy, lack of liquidity, operational failure or other reasons. Country, regional and political risks can contribute to credit risk. Our ability to assess creditworthiness may be impaired if the criteria or models we use to manage our credit risk become less predictive of future losses, which could cause our losses to rise and have a negative impact on our results of operations. Rising delinquencies and rising rates of bankruptcy are often precursors of future write-offs and may require us to increase our reserve for loan losses. Although delinquencies and charge-offs declined in 2013, we believe we are experiencing historical lows in these rates and they are likely to increase. In addition, if economic conditions do not improve, these rates may increase more than expected. Higher write-off rates and an increase in our reserve for loan losses adversely affect our profitability and the performance of our securitizations, and may increase our cost of funds. In addition, our ability to recover amounts that we have previously written off may be limited, which could have a negative impact on our revenues.

Although we make estimates to provide for credit losses in our outstanding portfolio of loans and receivables, these estimates may not be accurate. In addition, the information we use in managing our credit risk may be inaccurate or incomplete. Although we regularly review our credit exposure to specific clients and counterparties and to specific industries, countries and regions that we believe may present credit concerns, default risk may arise from events or circumstances that are difficult to foresee or detect, such as fraud. We may also fail to receive full information with respect to the credit risks of our customers. Increased credit risk, whether resulting from underestimating the credit losses inherent in our portfolio of loans and receivables, deteriorating economic conditions, changes in our mix of business or otherwise, could require us to increase our provision for losses and could have a material adverse effect on our results of operations and financial condition.

We must also effectively manage market risk to which we are exposed. Market risk represents the loss in value of portfolios and financial instruments due to adverse changes in market variables. We are exposed to market risk from interest rates in our Card business and in our investment portfolios. Changes in the interest rates at which we borrow and lend money affect the value of our assets and liabilities. If the rate of interest we pay on our borrowings increases more than the rate of interest we earn on our loans, our net interest yield, and consequently our net income, could fall.

We must also accurately estimate the fair value of certain of our assets and our liabilities and, in particular, those investments that are not readily marketable, including our investment portfolio and derivative instruments.

Additionally, we must effectively manage liquidity risk to which we are exposed. Liquidity risk is defined as the inability to access cash and equivalents needed to meet business requirements and satisfy our obligations. If we are unsuccessful in managing our liquidity risk, we may maintain too much liquidity, which can be costly and limit financial flexibility; or we may be too illiquid, which could result in financial distress during a liquidity event. For additional information regarding our management of liquidity risk, see " *Adverse capital and credit market conditions may significantly affect our ability to meet liquidity needs, access to capital and cost of capital* " above.

Finally, we must also manage the operational and compliance risks to which we are exposed. We consider operational risk to be the risk of not achieving business objectives due to inadequate or failed processes or information systems, poor data quality, human error or the external environment (i.e., natural disasters). Operational risk includes, among others, the risk that employee error or intentional misconduct could result in a material financial misstatement; a failure to monitor an outsource partner's compliance with a service level agreement or regulatory or legal requirements; or a failure to adequately monitor and control access to data in our systems we grant to third-party service providers. As processes are changed, or new products and services are introduced, we may not fully appreciate or identify new operational risks that may arise from such changes. Compliance risk arises from the failure to adhere to applicable laws, rules, regulations and internal policies and procedures. Operational and compliance risks can expose us to reputational risks as well as fines, civil money penalties or payment of damages and can lead to diminished business opportunities and diminished ability to expand key operations.

An inability to accept or maintain deposits due to market demand or regulatory constraints could materially adversely affect our liquidity position and our ability to fund our business.

As a source of funding, our U.S. banking subsidiaries accept deposits from individuals through third-party brokerage networks as well as directly from consumers through American Express Personal Savings. As of December 31, 2013, we had approximately $40.8 billion in total U.S. retail deposits. Many other financial services firms are increasing their use of deposit funding, and as such we may experience increased competition in the deposit markets, particularly as to brokerage networks. We cannot predict how this increased competition will affect deposit renewal rates, costs or availability. If we are required to offer higher interest rates to attract or maintain deposits, our funding costs will be adversely impacted.

Our ability to obtain deposit funding and offer competitive interest rates on deposits also is dependent on capital levels of our U.S. banking subsidiaries. The FDIA generally prohibits a bank, including Centurion Bank and AEBFSB, from accepting brokered deposits or offering interest rates on any deposits significantly higher than the prevailing rate in its normal market area or nationally (depending upon where the deposits are solicited), unless (1) it is well capitalized or (2) it is adequately capitalized and receives a waiver from the FDIC. A significant amount of our outstanding U.S. retail deposits has been raised through third-party brokerage networks, and such deposits are considered brokered deposits for bank regulatory purposes. A bank that is less than well capitalized generally may not pay an interest rate on any deposit, including direct-to-consumer deposits, in excess of 75 basis points over the national rate published by the FDIC unless the FDIC determines that the bank is operating in a high-rate area. An adequately capitalized insured depository institution may not accept, renew or roll over any brokered deposit unless it has applied for and been granted a waiver of this prohibition by the FDIC. Undercapitalized depository institutions may not solicit deposits by offering interest rates that are significantly higher than the prevailing rates of interest on insured deposits in such institution's normal market areas or in the market area in which such deposits would otherwise be accepted. There are no such restrictions on a bank that is well capitalized (provided such bank is not subject to a capital maintenance provision within a written agreement, consent order, order to cease and desist, capital directive, or prompt corrective action directive issued by its federal regulator). If a depository institution's federal regulator determines that it is in an unsafe or unsound condition or is engaging in unsafe or unsound banking practices, the regulator may reclassify a well capitalized institution as adequately capitalized, require an adequately capitalized institution to comply with certain restrictions as if it were undercapitalized, and require an undercapitalized institution take certain actions applicable to significantly undercapitalized institutions.

While Centurion Bank and AEBFSB were considered "well capitalized" for these purposes as of December 31, 2013, there can be no assurance that they will continue to meet this definition. The New Capital Rules, when fully phased-in, will require bank holding companies and their bank subsidiaries to maintain substantially more capital, with a greater emphasis on common equity. Additionally, our regulators can adjust the requirements to be well capitalized at any time and have authority to place limitations on our deposit businesses, including the interest rate we pay on deposits. An inability to attract or maintain deposits in the future could materially adversely affect our liquidity position and our ability to fund our business.

We rely on third-party providers of various computer systems, platforms and other services integral to the operations of our businesses. These third parties may act in ways that could harm our business.

We operate a service network around the world. In order to achieve cost and operational efficiencies, we outsource to third-party vendors many of the computer systems and other services that are integral to the operations of our global businesses. A significant amount of this outsourcing occurs in developing countries. We also rely on third parties to interact with our customers, including through social media platforms and mobile technologies. We are subject to the risk that certain decisions are subject to the control of our third-party service providers and that these decisions may adversely affect our activities. A failure to adequately monitor a third-party service provider's compliance with a service level agreement or regulatory or legal requirements could result in economic and reputational harm to us. There is also a risk the confidentiality, privacy and/or security of data held by third parties or communicated over third-party networks or platforms could become compromised. In addition, the management of multiple third-party vendors increases our operational complexity and decreases our control. It is also possible that the cost efficiencies of certain outsourcings will decrease as the demand for these services increases around the world.

Additionally, we rely on third-party service providers, merchants, processors, aggregators, GNS partners and other third parties for the timely transmission of accurate information across our global network. If a service provider or other third party fails to provide the data quality, communications capacity or services we require, as a result of natural disaster, operational disruptions, terrorism, hacking or other cybersecurity incidents or any other reason, the failure could interrupt or compromise the quality of our services to customers. See " *A significant disruption or breach in the security of our information technology systems or an increase in fraudulent activity using our Cards could lead to reputational damage to our brand and significant legal, regulatory and financial exposure and could reduce the use and acceptance of our charge and credit Cards* " above.

Our business is subject to the effects of geopolitical events, weather, natural disasters and other conditions.

Geopolitical events, terrorist attacks, natural disasters, severe weather conditions, health pandemics, intrusion into or degradation of our infrastructure by hackers and other catastrophic events can have a negative effect on our business. Because of our proximity to the World Trade Center, our headquarters were damaged as a result of the terrorist attacks of September 11, 2001. Similar events or other disasters or catastrophic events in the future could have a negative effect on our businesses and infrastructure, including our information technology systems. Because we derive a portion of our revenues from travel-related spending, our business will be sensitive to safety concerns, and thus is likely to decline during periods in which travelers become concerned about safety issues or when travel might involve health-related risks. In addition, disruptions in air travel and other forms of travel caused by such events can result in the payment of claims under travel interruption insurance policies that we offer and, if such disruptions to travel are prolonged, they can materially adversely affect overall travel-related spending. If the conditions described above (or similar ones) result in widespread or lengthy disruptions to travel, they could have a material adverse effect on our results of operations. Card Member spending may also be negatively impacted in areas affected by natural disasters or other catastrophic events. The impact of such events on the overall economy may also adversely affect our financial condition or results of operations.

Special Note About Forward-Looking Statements

We have made various statements in this Report that may constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may also be made in our other reports filed with or furnished to the SEC, in our press releases and in other documents. In addition, from time to time, we, through our management, may make oral forward-looking statements. Forward-looking statements are subject to risks and uncertainties, including those identified above and on pages 54-56 of the 2013 Annual Report to Shareholders, which could cause actual results to differ materially from such statements. The words “believe,” “expect,” “anticipate,” “optimistic,” “intend,” “plan,” “aim,” “will,” “may,” “should,” “could,” “would,” “likely” and similar expressions are intended to identify forward-looking statements. We caution you that the risk factors described above and in the 2013 Annual Report to Shareholders are not exclusive. There may also be other risks that we are 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. We undertake no obligation to update publicly or revise any forward-looking statements.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Our principal executive offices are in a 51-story, 2.2 million square foot building located in lower Manhattan on land leased from the Battery Park City Authority for a term expiring in 2069. We have a 49 percent ownership interest in the building and Brookfield Financial Properties owns the remaining 51 percent interest in the building. We also lease space in the building from Brookfield.

Other owned or leased principal locations currently include the American Express Service Centers in Fort Lauderdale, Florida, Phoenix, Arizona, Salt Lake City, Utah, Mexico City, Mexico, Sydney, Australia, Gurgaon, India and Brighton, England; the American Express Data Centers in Phoenix, Arizona, Minneapolis, Minnesota, and Greensboro, North Carolina; a multi-building campus in Phoenix, Arizona; the headquarters for American Express Services Europe Limited in London, England; and the Amex Bank of Canada and Amex Canada Inc. headquarters in Markham, Ontario, Canada.

During 2004 and 2005, we engaged in several sale-leaseback transactions pursuant to which we sold various owned properties to third parties and leased back the properties under long-term net leases whereby each American Express entity that leases back the property is responsible for all costs and expenses relating to the property (including maintenance, repair, utilities, operating expenses and insurance costs) in addition to annual rent. The sale-leaseback transactions have not materially impacted our financial results in any year. Gains resulting from completed sale and leaseback transactions are amortized over the initial ten-year lease periods. We continue to consider whether sale-leaseback transactions are appropriate for other properties that we currently own.

Generally, we lease the premises we occupy in other locations. We believe the facilities we own or occupy suit our needs and are well maintained.

ITEM 3. LEGAL PROCEEDINGS

We and our subsidiaries are involved in a number of legal and arbitration proceedings, including class actions, arising out of the conduct of their respective business activities. We believe we have meritorious defenses to each of these actions and intend to defend them vigorously. In the course of our business, we and our subsidiaries are also subject to governmental examinations, information gathering requests, subpoenas, inquiries

and investigations. We believe we are not a party to, nor are any of our properties the subject of, any pending legal, arbitration, regulatory or investigative proceedings that would have a material adverse effect on our consolidated financial condition or liquidity. However, it is possible that the outcome of any such proceeding could have a material impact on results of operations in any particular reporting period as the proceedings are resolved. Certain legal proceedings involving us or our subsidiaries are described below.

For those legal proceedings and governmental examinations disclosed below where a loss is reasonably possible in future periods, whether in excess of a related accrued liability or where there is no accrued liability, and for which we are able to estimate a range of possible loss, the current estimated range is zero to $440 million in excess of the accrued liability (if any) related to those matters. This aggregate range represents management's estimate of possible loss with respect to these matters and is based on currently available information. This estimated range of possible loss does not represent our maximum loss exposure. The legal proceedings and governmental examinations underlying the estimated range will change from time to time and actual results may vary significantly from current estimates. For additional information, see Note 24 to our Consolidated Financial Statements, which can be found on pages 101-102 of our 2013 Annual Report to Shareholders.

Corporate Matters

During the last few years as regulatory interest in credit card network pricing to merchants or terms of merchant rules and contracts has increased, we have responded to many inquiries from banking and competition authorities throughout the world.

In 2010, the DOJ, along with Attorneys General from Arizona, Connecticut, Hawaii (Hawaii has since withdrawn its claim), Idaho, Illinois, Iowa, Maryland, Michigan, Missouri, Montana, Nebraska, New Hampshire, Ohio, Rhode Island, Tennessee, Texas, Utah and Vermont filed a complaint in the U.S. District Court for the Eastern District of New York against us, MasterCard International Incorporated and Visa, Inc., alleging a violation of Section 1 of the Sherman Antitrust Act. The complaint alleges that the defendants' policies prohibiting merchants from steering a customer to use another network's card, another type of card or another method of payment ("anti-steering" and "non-discrimination" rules and contractual provisions) violate the antitrust laws. The complaint seeks a judgment permanently enjoining the defendants from enforcing their anti-steering and non-discrimination rules and contractual provisions. The complaint does not seek monetary damages.

The DOJ matter was coordinated pre-trial with individual and putative class actions pending in the Eastern District of New York against American Express brought by merchants alleging that our "anti-steering" provisions in its merchant acceptance agreements with the plaintiffs violate federal antitrust laws. As alleged by the plaintiffs, these provisions prevent merchants from offering consumers incentives to use alternative forms of payment when consumers wish to use an American Express-branded card. Plaintiffs seek damages and injunctive relief.

In July 2004, we were named as a defendant in a putative class action captioned The Marcus Corporation v. American Express Company, et al. , in which the plaintiffs allege an unlawful antitrust tying arrangement between certain of our charge cards and credit cards in violation of various state and federal laws. The plaintiffs in these actions seek injunctive relief and an unspecified amount of damages.

In December 2013, we announced a proposed settlement of the Marcus case and the putative class actions challenging our anti-steering or non-discrimination provisions. The settlement, which provides for certain injunctive relief for the proposed classes, received preliminary approval in the United States District Court for the Eastern District of New York. The final approval hearing is scheduled for September 17, 2014.

Trial of the DOJ matter is to commence on June 16, 2014. A trial date for the individual merchant actions has not been set. Defendants' motions for summary judgment in those cases are also pending.

We are a defendant in a class action captioned Kaufman v. American Express Travel Related Services , which was filed on February 14, 2007, and is pending in the United States District Court for the Northern District of Illinois. Plaintiffs' principal allegation is that our gift cards violate consumer protection statutes because consumers allegedly have difficulty spending small residual amounts on the gift cards prior to the imposition of monthly service fees. The Court preliminarily certified a settlement class consisting of (with some exceptions) "all purchasers, recipients and holders of all gift cards issued by American Express from January 1, 2002 through the date of preliminary approval of the settlement." We are also a defendant in Goodman v. American Express Travel Related Services , a putative class action pending in the United States District Court for the Eastern District of New York, that involves allegations similar to those made in Kaufman . Plaintiffs in Goodman have intervened in the Kaufman proceedings and will be subject to any final settlement in Kaufman that may be approved over their objections. A final settlement approval hearing is scheduled for June 11, 2014.

On December 24, 2013, TRS, Centurion Bank and AEBFSB reached settlements with several bank regulators to resolve regulatory reviews of marketing and billing practices related to several credit card add-on products. The settlements were signed by TRS with the CFPB; Centurion Bank with the CFPB and FDIC; and AEBFSB with the CFPB and OCC. The American Express entities agreed to pay civil money penalties totaling $16.2 million and provide at least $59.5 million in customer remediation. As noted above under "Card-Issuing Business and Deposit Programs — Regulation" within "U.S. Card Services," in connection with regulatory settlements, ongoing discussions with regulators and our own internal reviews, we and our subsidiaries have made and are likely to continue to make changes to certain card practices and products, which are likely to continue to result in additional restitution to Card Members and may result in additional regulatory actions, which could include civil money penalties.

U.S. Card Services and Global Merchant Services Matters

In July 2004, a purported class action complaint, Ross, et al. v. American Express Company, American Express Travel Related Services and American Express Centurion Bank , was filed in the United States District Court for the Southern District of New York alleging that we conspired with Visa, MasterCard and Diners Club in the setting of foreign currency conversion rates and in the inclusion of arbitration clauses in certain of their cardholder agreements. The suit seeks injunctive relief and unspecified damages. The class is defined as "all Visa, MasterCard and Diners Club general-purpose cardholders who used cards issued by any of the MDL Defendant Banks." American Express Card Members are not part of the class. The settlement of the claims asserted on behalf of the damage class concerning foreign currency conversion rates was approved in 2012. Trial of the claims asserted by the injunction class concerning cardholder arbitration clauses concluded in February 2013. We are awaiting decision.

In October 2009, a putative class action, captioned Lopez, et al. v. American Express Bank, FSB and American Express Centurion Bank , was filed in the United States District Court for the Central District of California. The amended complaint seeks to certify a class of California American Express Card Members whose interest rates were changed from fixed to variable in or around August 2009 or otherwise increased.

In September 2010, a putative class action, captioned Meeks v. American Express Centurion Bank , was filed in Fulton County Superior Court, Georgia and later moved to federal court. Plaintiffs seek to certify a nationwide class of all American Express Card Members who received unilateral interest rate increases despite their accounts being in good standing. The case is administratively closed pending further developments in Ross v. American Express Company .

In 2013, two putative class actions, captioned Seldes v. American Express Centurion Bank and Manhattan Steamboat LLC v, American Express Bank, FSB , were filed by plaintiffs making allegations similar to those in Meeks and seeking to certify nationwide classes. We have moved to dismiss or, in the alternative, to stay these actions.

In October 2012, a putative class action captioned Clarke v. American Express Company, et al. was filed in the United States District Court for the Southern District of New York alleging that American Express Company, American Express Travel Related Services, Inc., American Express Centurion Bank and American Express Bank, FSB violated state consumer protection laws, state common law and federal statutory law in the marketing, selling and implementation of a credit card product known as "Account Protector." The complaint seeks unspecified compensatory and punitive damages along with injunctive and declaratory relief.

International Matters

In a class action captioned Sylvan Adams v. Amex Bank of Canada , filed in the Superior Court of Quebec, District of Montreal in 2004, plaintiffs allege that prior to December 2003, Amex Bank of Canada charged a foreign currency conversion commission on transactions to purchase goods and services in currencies other than Canadian dollars and failed to disclose the commissions in monthly billing statements or solicitations directed to prospective Card Members. The action further alleges that conversion commissions made on foreign currency transactions are credit charges under the Quebec Consumer Protection Act (the "QCPA") and cannot be charged prior to the 21-day grace period under the QCPA. The class, consisting of all personal and small business Card Members residing in Quebec that purchased goods or services in a foreign currency prior to December 2003, claims reimbursement of all foreign currency conversion commissions, CDN$1,000 in punitive damages per class member, interest and fees and costs. On June 11, 2009, following trial, the Superior Court rendered a judgment in favor of the plaintiffs against Amex Bank of Canada and awarded damages in the amount of approximately CDN$13.1 million plus interest on the non-disclosure claims, and punitive damages in the amount of CDN$2.5 million. The Court of Appeal overturned the decision in part, with regard to the award of punitive damages. Amex Bank of Canada further appealed and that appeal was heard in the Supreme Court of Canada on February 13, 2014. A decision of the Supreme Court is pending.

In a class action captioned Marcotte v. Bank of Montreal, et al. , filed in the Superior Court of Quebec, District of Montreal in 2003, against Amex Bank of Canada, Bank of Montreal, Toronto-Dominion Bank, Royal Bank of Canada, Canadian Imperial Bank of Commerce, Scotiabank, National Bank of Canada, Laurentian Bank of Canada and Citibank Canada, plaintiffs alleges that conversion commissions made on foreign currency transactions are credit charges under the QCPA and cannot be charged prior to the 21-day grace period under the QCPA. The class includes all persons residing in Quebec holding a credit card issued by one of the defendants to whom fees were charged since April 17, 2000, for transactions made in foreign currency before expiration of the period of 21 days following the statement of account. The class claims reimbursement of all foreign currency conversions, CDN$400 per class member for trouble, inconvenience and punitive damages, interest and fees and costs. On June 11, 2009, following trial, the Superior Court rendered a judgment in favor of the plaintiffs against Amex Bank of and awarded damages in the amount of approximately CDN$8.3 million plus interest on the QCPA and non-disclosure claims and punitive damages in the amount of CDN$25 per Card Member. The Court of Appeal overturned the decision against Amex Bank of Canada and certain of the other co-defendants. The remaining co-defendants and the plaintiffs appealed and that appeal was heard by the Supreme Court of Canada on February 13, 2014. A decision of the Supreme Court is pending.

Two purported class actions raising allegations similar to those in Marcotte and Adams have been filed in the Superior Court of Quebec, District of Montreal and the Superior Court of Quebec, District of Quebec City against Amex Bank of Canada. These cases cover foreign currency conversion commissions for the time frame starting as of January 1, 2008. Further proceedings in those cases have been stayed pending final judgment in Marcotte . There are four other class actions against Amex Bank of Canada that also allege that the QCPA applies and that Amex Bank of Canada violated that QCPA. The subject matter of these class actions include the credit card grace period prior to imposing finance charges, cash advance fees and unilateral credit limit increases and over limit fees. One case is stayed pending final judgment in Marcotte and defendants have filed a motion to stay the other class actions pending final judgment in Marcotte .

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

(a) Our common stock trades principally on The New York Stock Exchange under the trading symbol AXP. As of December 31, 2013, we had 22,238 common shareholders of record. You can find price and dividend information concerning our common stock in Note 27 to our Consolidated Financial Statements, which can be found on page 107 of our 2013 Annual Report to Shareholders, which note is incorporated herein by reference. For information on dividend restrictions, see "Consolidated Capital Resources and Liquidity — Share Repurchases and Dividends" on page 37 and Note 23 on pages 100-101 of our 2013 Annual Report to Shareholders, which information is incorporated herein by reference. You can find information on securities authorized for issuance under our equity compensation plans under the captions "Executive Compensation — Equity Compensation Plans" to be contained in the Company's definitive 2013 proxy statement for our Annual Meeting of Shareholders, which is scheduled to be held on May 12, 2014. The information to be found under such captions is incorporated herein by reference. Our definitive 2014 proxy statement for our Annual Meeting of Shareholders is expected to be filed with the SEC in March 2014 (and, in any event, not later than 120 days after the close of our most recently completed fiscal year).

(b) Not applicable.

(c) **Issuer Purchases of Securities**

The table below sets forth the information with respect to purchases of our common stock made by us or on our behalf during the quarter ended December 31, 2013.

	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (3)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
October 1-31, 2013				
Repurchase program(1)	2,396,600	$ 81.67	2,396,600	114,758,887
Employee transactions(2)	19,638	$ 74.61	N/A	N/A
November 1-30, 2013				
Repurchase program(1)	3,441,393	$ 82.75	3,441,393	111,317,494
Employee transactions(2)	42,124	$ 82.73	N/A	N/A
December 1-31, 2013				
Repurchase program(1)	3,702,223	$ 86.26	3,702,223	107,615,271
Employee transactions(2)	183	$ 78.16	N/A	N/A
Total				
Repurchase program(1)	9,540,216	$ 83.84	9,540,216	107,615,271
Employee transactions(2)	61,945	$ 80.14	N/A	N/A

(1) As of December 31, 2013, there were approximately 108 million shares of common stock remaining under Board authorization. Such authorization does not have an expiration date and, at present, there is no intention to modify or otherwise rescind such authorization.

(2) Includes: (i) shares surrendered by holders of employee stock options who exercised options (granted under our incentive compensation plans) in satisfaction of the exercise price and/or tax withholding obligation of such holders and (ii) restricted shares withheld (under the terms of grants under our incentive compensation plans) to offset tax withholding obligations that occur upon vesting and release of restricted shares. Our incentive

compensation plans provide that the value of the shares delivered or attested to, or withheld, be based on the price of our common stock on the date the relevant transaction occurs.

(3) Share purchases under publicly announced programs are made pursuant to open market purchases or privately negotiated transactions (including with employee benefit plans) as market conditions warrant and at prices we deem appropriate.

ITEM 6. SELECTED FINANCIAL DATA

The "Consolidated Five-Year Summary of Selected Financial Data" appearing on page 108 of our 2013 Annual Report to Shareholders is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information set forth under the heading "Financial Review" appearing on pages 16-56 of our 2013 Annual Report to Shareholders is incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information set forth under the heading "Risk Management" appearing on pages 43-46 and in Note 12 to our Consolidated Financial Statements on pages 87-90 of our 2013 Annual Report to Shareholders is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The "Report of Independent Registered Public Accounting Firm," the "Consolidated Financial Statements" and the "Notes to Consolidated Financial Statements" appearing on pages 58-107 of our 2013 Annual Report to Shareholders are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this Report. Based on such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of such period, the Company's disclosure controls and procedures are effective and designed to ensure that the information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the requisite time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

There have not been any changes in the Company's 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 Company's fourth quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

"Management's Report on Internal Control over Financial Reporting," which sets forth management's evaluation of internal control over financial reporting, and the "Report of Independent Registered Public Accounting Firm" on the effectiveness of the Company's internal control over financial reporting as of December 31, 2013, appearing on pages 57 and 58 of our 2013 Annual Report to Shareholders, are incorporated herein by reference.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

I TEMS 10, 11, 12 and 13. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE; EXECUTIVE COMPENSATION; SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS; CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

We expect to file with the SEC in March 2014 (and, in any event, not later than 120 days after the close of our last fiscal year), a definitive proxy statement, pursuant to SEC Regulation 14A in connection with our Annual Meeting of Shareholders to be held May 12, 2014 **,** which involves the election of directors. The following information to be included in such proxy statement is incorporated herein by reference:

- Information included under the caption "Corporate Governance at American Express — Corporate Governance Principles and Practices — Board Independence"
- Information included under the caption "Corporate Governance at American Express — Board Meetings and Board Committees — Committee Membership and Meetings Held in 2013"
- Information under the captions "Corporate Governance at American Express — Board Meetings and Board Committees — Board Committee Responsibilities — Compensation and Benefits Committee — Compensation and Benefits Committee Interlocks and Insider Participation" and "Executive Compensation — Report of the Compensation and Benefits Committee"
- Information included under the caption "Corporate Governance at American Express — Board Meetings and Board Committees — Board Committee Responsibilities — Audit and Compliance Committee"
- Information included under the caption "Compensation of Directors"
- Information included under the caption "Ownership of Our Common Shares"
- Information included under the caption "Item 1 — Election of Directors for a Term of One Year"
- Information included under the caption "Executive Compensation"
- Information under the caption "Additional Information — Certain Relationships and Transactions"
- Information under the caption "Additional Information — Section 16(a) Beneficial Ownership Reporting Compliance"

In addition, the information regarding executive officers called for by Item 401(b) of Regulation S-K may be found under the caption "Executive Officers of the Company" in this Report.

We have adopted a set of Corporate Governance Principles, which together with the charters of the six standing committees of the Board of Directors (Audit and Compliance; Compensation and Benefits; Innovation and Technology; Nominating and Governance; Public Responsibility; and Risk), our Code of Conduct (which constitutes our code of ethics) and the Code of Business Conduct for the Members of the Board of Directors, provide the framework for our governance. A complete copy of our Corporate Governance Principles, the charters of each of the Board committees, the Code of Conduct (which applies not only to our Chief Executive Officer, Chief Financial Officer and Comptroller, but also to all our other employees) and the Code of Business Conduct for the Members of the Board of Directors may be found by clicking on the "Corporate Governance" link found on our Investor Relations website at http://ir.americanexpress.com. You may also access our Investor Relations website through our main website at www.americanexpress.com by clicking on the "About American Express" link, which is located at the bottom of the Company's homepage. (Information from such sites is not incorporated by reference into this Report.) You may also obtain free copies of these materials by writing to our Secretary at our headquarters.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information set forth under the heading "Item 2 — Ratification of Appointment of Independent Registered Public Accounting Firm — PricewaterhouseCoopers LLP Fees and Services," which will appear in our definitive proxy statement in connection with our Annual Meeting of Shareholders to be held May 12, 2014, is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a)

1. *Financial Statements:*

The financial statements filed as a part of this Report are listed on page F-1 hereof under "Index to Financial Statements," which is incorporated herein by reference.

2. *Financial Statement Schedules* :

All schedules are omitted since the required information is either not applicable, not deemed material, or shown in the respective financial statements or in notes thereto.

3. *Exhibits* :

The list of exhibits required to be filed as exhibits to this Report is listed on pages E-1 through E-5 hereof under "Exhibit Index," which is incorporated herein by reference.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERICAN EXPRESS COMPANY

/s/ Jeffrey C. Campbell

Jeffrey C. Campbell
Executive Vice President and
Chief Financial Officer

February 24, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the date indicated.

/s/ Kenneth I. Chenault

Kenneth I. Chenault
Chairman, Chief Executive Officer and
Director

/s/ Richard C. Levin

Richard C. Levin
Director

/s/ Jeffrey C. Campbell

Jeffrey C. Campbell
Executive Vice President and
Chief Financial Officer

/s/ Richard A. McGinn

Richard A. McGinn
Director

/s/ Linda Z ukauckas

Linda Zukauckas
Executive Vice President and
Comptroller

/s/ Samuel J. Palmisano

Samuel J. Palmisano
Director

/s/ Charlene Barshefsky

Charlene Barshefsky
Director

/s/ Steven S Reinemund

Steven S Reinemund
Director

/s/ Ursula M. Burns

Ursula M. Burns
Director

/s/ Daniel Vasella

Daniel Vasella
Director

/s/ Peter Chernin

Peter Chernin
Director

/s/ Robert D. Walter

Robert D. Walter
Director

/s/ Anne Lauvergeon

Anne Lauvergeon
Director

/s/ Ronald A. Williams

Ronald A. Williams
Director

/s/ Theodore J. Leonsis

Theodore J. Leonsis
Director

February 24, 2014

Table of Contents

AMERICAN EXPRESS COMPANY
INDEX TO FINANCIAL STATEMENTS
(Items 15(a)(1) and 15(a)(2) of Form 10-K)

	Form 10-K	Annual Report to Shareholders (Page)
Data incorporated by reference from 2013 Annual Report to Shareholders:		
Management's report on internal control over financial reporting		57
Report of independent registered public accounting firm (PricewaterhouseCoopers LLP)		58
Consolidated statements of income for each of the three years in the period ended December 31, 2013		60
Consolidated statements of comprehensive income for each of the three years in the period ended December 31, 2013		61
Consolidated balance sheets at December 31, 2013 and 2012		62
Consolidated statements of cash flows for each of the three years in the period ended December 31, 2013		63
Consolidated statements of shareholders' equity for each of the three years in the period ended December 31, 2013		64
Notes to consolidated financial statements		65
Consent of independent registered public accounting firm	F-2	
Schedules:		

All schedules for American Express Company and subsidiaries have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the respective financial statements or notes thereto. Refer to Notes 4, 5 and 26 to the Consolidated Financial Statements in our 2013 Annual Report to Shareholders for information on accounts receivable reserves, loan reserves and condensed financial information of the Parent Company only, respectively.

* * *

The Consolidated Financial Statements of American Express Company (including the report of independent registered public accounting firm) listed in the above index, which are included in our 2013 Annual Report to Shareholders, are hereby incorporated by reference. With the exception of the pages listed in the above index, unless otherwise incorporated by reference elsewhere in this Report, our 2013 Annual Report to Shareholders is not to be deemed filed as part of this report.

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 33-53801, No. 333-52699, No. 333-98479 and No. 333-142710) and Form S-3 (No. 2-89469, No. 333-32525 and No. 333-185242) of American Express Company of our report dated February 25, 2014, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in the 2013 Annual Report to Shareholders, which is incorporated by reference in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP
New York, New York
February 25, 2014

EXHIBIT INDEX

The following exhibits are filed as part of this Annual Report. The exhibit numbers preceded by an asterisk (*) indicate exhibits electronically filed herewith. All other exhibit numbers indicate exhibits previously filed and are hereby incorporated herein by reference. Exhibits numbered 10.1 through 10.45 are management contracts or compensatory plans or arrangements.

3.1	Company's Restated Certificate of Incorporation (incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form S-3, dated July 31, 1997 (Commission File No. 333-32525)).
3.2	Company's Certificate of Amendment of the Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Company's Quarterly Report on Form 10-Q (Commission File No. 1-7657) for the quarter ended March 31, 2000).
3.3	Company's Certificate of Amendment of the Certificate of Incorporation (incorporated by reference to Exhibit 3.3 of the Company's Quarterly Report on Form 10-Q (Commission File No. 1-7657) for the quarter ended March 31, 2008).
3.4	Company's Certificate of Amendment of the Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K (Commission File No. 1-7657), dated January 7, 2009 (filed January 9, 2009)).
3.5	Company's By-Laws, as amended through February 24, 2011, (incorporated by reference to Exhibit 3.5 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2010).
4.1	The instruments defining the rights of holders of long-term debt securities of the Company and its subsidiaries are omitted pursuant to Section (b)(4)(iii)(A) of Item 601 of Regulation S-K. The Company hereby agrees to furnish copies of these instruments to the SEC upon request.
10.1	American Express Company 1998 Incentive Compensation Plan, as amended through July 25, 2005 (incorporated by reference to Exhibit 10.4 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2005).
10.2	American Express Company 1998 Incentive Compensation Plan Master Agreement, dated April 27, 1998 (for awards made prior to January 22, 2007) (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (Commission File No. 1-7657) for the quarter ended September 30, 2004).
10.3	Amendment of American Express Company 1998 Incentive Compensation Plan Master Agreement, dated April 27, 1998 (for awards made prior to January 22, 2007) (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (Commission File No. 1-7657) for the quarter ended March 31, 2000).
10.4	American Express Company 1998 Incentive Compensation Plan Master Agreement, dated January 22, 2007 (for awards made on or after such date) (as amended and restated effective January 1, 2009) (incorporated by reference to Exhibit 10.4 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2008).
10.5	American Express Company 2007 Incentive Compensation Plan (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (Commission File No. 1-7657), dated April 23, 2007 (filed April 27, 2007)).
10.6	American Express Company 2007 Incentive Compensation Plan Master Agreement (as amended and restated effective January 1, 2011), (incorporated by reference to Exhibit 10.8 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2010).

10.7	Form of award agreement for executive officers in connection with Performance Grant awards (a/k/a Incentive Awards) under the American Express Company 2007 Incentive Compensation Plan (as amended and restated effective January 1, 2009) (incorporated by reference to Exhibit 10.11 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2008).
10.8	American Express Company Deferred Compensation Plan for Directors and Advisors, as amended through January 1, 2009 (incorporated by reference to Exhibit 10.13 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2008).
10.9	American Express Company 2007 Pay-for-Performance Deferral Program Document (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (Commission File No. 1-7657), dated November 20, 2006 (filed November 22, 2006)).
10.10	Description of amendments to 1994 – 2006 Pay-for-Performance Deferral Programs (incorporated by reference to Exhibit 10.13 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2006).
10.11	American Express Company 2006 Pay-for-Performance Deferral Program Guide (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (Commission File No. 1-7657), dated November 21, 2005 (filed November 23, 2005)).
10.12	American Express Company 2005 Pay-for-Performance Deferral Program Guide (incorporated by reference to Exhibit 10.10 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2004).
10.13	Description of American Express Company Pay-for-Performance Deferral Program (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K (Commission File No. l-7657), dated November 22, 2004 (filed January 28, 2005)).
10.14	Amendment to the Pre-2008 Nonqualified Deferred Compensation Plans of American Express Company (incorporated by reference to Exhibit 10.19 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2008).
10.15	American Express Company Retirement Plan for Non-Employee Directors, as amended (incorporated by reference to Exhibit 10.12 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 1988).
10.16	Certificate of Amendment of the American Express Company Retirement Plan for Non-Employee Directors dated March 21, 1996 (incorporated by reference to Exhibit 10.11 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 1995).
10.17	American Express Key Executive Life Insurance Plan, as amended (incorporated by reference to Exhibit 10.12 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the fiscal year ended December 31, 1991).
10.18	Amendment to American Express Company Key Executive Life Insurance Plan (incorporated by reference to Exhibit 10.3 of the Company's Quarterly Report on Form 10-Q (Commission File No. 1-7657) for the quarter ended September 30, 1994).
10.19	Amendment to American Express Company Key Executive Life Insurance Plan, effective as of January 22, 2007 (incorporated by reference to Exhibit 10.22 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2006).
10.20	Amendment to American Express Company Key Executive Life Insurance Plan, effective as of January 1, 2011 (incorporated by reference to Exhibit 10.24 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2010).

10.21	American Express Key Employee Charitable Award Program for Education (incorporated by reference to Exhibit 10.13 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 1990).
10.22	American Express Directors' Charitable Award Program (incorporated by reference to Exhibit 10.14 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 1990).
10.23	American Express Company Salary/Bonus Deferral Plan (incorporated by reference to Exhibit 10.20 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 1988).
10.24	Amendment to American Express Company Salary/Bonus Deferral Plan (incorporated by reference to Exhibit 10.4 of the Company's Quarterly Report on Form 10-Q (Commission File No. 1-7657) for the quarter ended September 30, 1994).
10.25	American Express Company 1993 Directors' Stock Option Plan, as amended (incorporated by reference to Exhibit 10.11 of the Company's Quarterly Report on Form 10-Q (Commission File No. 1-7657) for the quarter ended March 31, 2000).
10.26	American Express Senior Executive Severance Plan, effective January 1, 1994 (as amended and restated through January 1, 2011) (incorporated by reference to Exhibit 10.30 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2010).
10.27	First Amendment to the American Express Senior Executive Severance Plan, effective January 1, 1994 (as amended and restated through January 1, 2011) (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (Commission File No. 1-7657) for the quarter ended September 30, 2012).
10.28	Second Amendment to the American Express Senior Executive Severance Plan, effective January 1, 1994 (as amended and restated through January 1, 2011) (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (Commission File No. 1-7657), dated July 22, 2013 (filed July 25, 2013)).
10.29	Amendments of (i) the American Express Salary/Bonus Deferral Plan and (ii) the American Express Key Executive Life Insurance Plan (incorporated by reference to Exhibit 10.37 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 1997).
10.30	Second Amendment and Restatement of the American Express Retirement Restoration Plan (f/k/a Supplemental Retirement Plan) (as amended and restated effective as of January 1, 2012) (incorporated by reference to Exhibit 10.28 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2011).
10.31	Third Amendment to the American Express Retirement Restoration Plan (f/k/a Supplemental Retirement Plan) (as amended and restated effective as of January 1, 2012) (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (Commission File No. 1-7657) for the quarter ended March 31, 2012).
10.32	Fourth Amendment to the American Express Retirement Restoration Plan (f/k/a Supplemental Retirement Plan) (as amended and restated effective as of January 1, 2013) (incorporated by reference to Exhibit 10.31 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2012).
10.33	Fifth Amendment to the American Express Retirement Restoration Plan (f/k/a Supplemental Retirement Plan) (dated May 1, 2013) (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (Commission File No. 1-7657) for the quarter ended March 31, 2013).

10.34	Sixth Amendment to the American Express Retirement Restoration Plan (f/k/a Supplemental Retirement Plan) (dated August 16, 2013) (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (Commission File No. 1-7657) for the quarter ended September 30, 2013).
10.35	Seventh Amendment to the American Express Retirement Restoration Plan (f/k/a Supplemental Retirement Plan) (dated September 26, 2013) (incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q (Commission File No. 1-7657) for the quarter ended September 30, 2013).
*10.36	Eighth Amendment to the American Express Retirement Restoration Plan (f/k/a Supplemental Retirement Plan) (dated December 1, 2013).
10.37	American Express Annual Incentive Award Plan (as amended and restated effective January 1, 2011) (incorporated by reference to Exhibit 10.34 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2010).
10.38	American Express Company 2003 Share Equivalent Unit Plan for Directors, as amended and restated, effective November 20, 2012 (incorporated by reference to Exhibit 10.33 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2012).
10.39	Description of Compensation Payable to Non-Management Directors (incorporated by reference to Exhibit 10.34 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2012).
10.40	American Express Company 2007 Incentive Compensation Plan Master Agreement (as amended and restated effective January 23, 2012) (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (Commission File No. 1-7657), dated January 23, 2012 (filed January 27, 2012)).
10.41	Form of award agreement for executive officers in connection with Performance Grant awards (a/k/a Incentive Awards) under the American Express Company 2007 Incentive Compensation Plan (for awards made after January 23, 2012) (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K (Commission File No. 1-7657), dated January 23, 2012 (filed January 27, 2012)).
10.42	Form of award agreement for executive officers in connection with Portfolio Grant awards under the American Express Company 2007 Incentive Compensation Plan (for awards made after January 23, 2012) (incorporated by reference to Exhibit 10.3 of the Company's Current Report on Form 8-K (Commission File No. 1-7657), dated January 23, 2012 (filed January 27, 2012)).
10.43	Form of award agreement for executive officers in connection with Performance Grant awards (a/k/a Incentive Awards) under the American Express Company 2007 Incentive Compensation Plan (for awards made after January 29, 2013) (incorporated by reference to Exhibit 10.38 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2012).
10.44	Form of award agreement for executive officers in connection with Portfolio Grant awards under the American Express Company 2007 Incentive Compensation Plan (for awards made after January 29, 2013) (incorporated by reference to Exhibit 10.39 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2012).
10.45	Employment offer letter by and between the Company and Jeffrey C. Campbell (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (Commission File No. 1-7657), dated June 19, 2013 (filed June 21, 2013)).

10.46	Agreement dated February 27, 1995 between the Company and Berkshire Hathaway Inc. (incorporated by reference to Exhibit 10.43 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 1994).
10.47	Agreement dated July 20, 1995 between the Company and Berkshire Hathaway Inc. and its subsidiaries (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (Commission File No. 1-7657) for the quarter ended September 30, 1995).
10.48	Amendment dated September 8, 2000 to the agreement dated February 27, 1995 between the Company and Berkshire Hathaway Inc. (incorporated by reference to Exhibit 99.3 of the Company's Current Report on Form 8-K (Commission File No. 1-7657), dated January 22, 2001 (filed January 22, 2001)).
10.49	Tax Allocation Agreement, dated as of September 30, 2005, by and between American Express Company and Ameriprise Financial, Inc. (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K (Commission File No. 1-7657), dated September 30, 2005 (filed October 6, 2005)).
10.50	Time Sharing Agreement, dated May 27, 2010, by and between National Express Company and Kenneth I. Chenault (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (Commission File No. 1-7657) for the quarter ended June 30, 2010).
10.51	Amendment No. 1 dated February 21, 2013 to the Time Sharing Agreement, dated May 27, 2010, by and between National Express Company and Kenneth I. Chenault (incorporated by reference to Exhibit 10.45 of the Company's Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 2012).
*10.52	Amendment No. 2 dated November 14, 2013 to the Time Sharing Agreement, dated May 27, 2010, by and between National Express Company and Kenneth I. Chenault.
*12	Computation in Support of Ratio of Earnings to Fixed Charges.
*13	Portions of the Company's 2013 Annual Report to Shareholders that are incorporated herein by reference.
*21	Subsidiaries of the Company.
*23.1	Consent of PricewaterhouseCoopers LLP (contained on page F-2 of this Annual Report on Form 10-K).
*31.1	Certification of Kenneth I. Chenault, Chief Executive Officer, pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
*31.2	Certification of Jeffrey C. Campbell, Chief Financial Officer, pursuant to Rule 13a-14(a) promulgated under the Securities Exchange Act of 1934, as amended.
*32.1	Certification of Kenneth I. Chenault, Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*32.2	Certification of Jeffrey C. Campbell, Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
*101.INS	XBRL Instance Document
*101.SCH	XBRL Taxonomy Extension Schema Document
*101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
*101.LAB	XBRL Taxonomy Extension Label Linkbase Document
*101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
*101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

Table of Contents

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

Form 10-K

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

For the fiscal year ended December 31, 2013 **Commission File No. 1-7657**

American Express Company

(Exact name of Company as specified in charter)

EXHIBITS

EIGHTH AMENDMENT
TO THE
AMERICAN EXPRESS RETIREMENT RESTORATION PLAN

WHEREAS, pursuant to its delegation powers, the Compensation and Benefits Committee (the "CBC") of the Board of Directors of American Express Company (the "Company") has authorized the Chief Executive Officer to adopt amendments to the American Express Retirement Restoration Plan (the "Plan"), so long as such amendments do not pertain to an executive officer or involve an estimated annual impact to the Company's P&L statement in excess of $5 million at the time of approval;

WHEREAS, pursuant to his delegation powers, the Chief Executive Officer of the Company has authorized the Senior Vice President of Human Resources, Global Compensation and Benefits, to amend the Retirement Restoration Plan so long as such amendments do not pertain to an executive officer or involve an estimated annual impact to the Company's P&L statement of $1 million or greater;

WHEREAS, pursuant to its delegation powers, the CBC has authorized the Senior Vice President, Global Compensation & Benefits of the Company generally to make administrative amendments to the Plan as he shall deem reasonably necessary or appropriate; and

WHEREAS, the undersigned Senior Vice President, Global Compensation & Benefits deems it reasonably necessary and appropriate to amend the American Express Retirement Restoration Plan (the "Plan") in order to accommodate continued participation by employees (none of whom is an executive officer) affected by the establishment of a proposed joint venture of the Company's Global Business Travel business and to reflect changes for open enrollment under the Plan for subsequent years; now

THEREFORE, the Plan is hereby amended as set forth below:

1. Effective for Deferral Elections filed on or after January 1, 2014, Section 6.5(a) of the Plan is amended to read as follows:

(a) Time of Deferral Election . An eligible Employee for a Plan Year who wants to participate in the Plan with respect to Deferral Benefits for a Plan Year must make an irrevocable Deferral Election for the Plan Year on or before the third Friday of the December preceding the Plan Year, or as of such other deadline as the Administrator may establish (but in all events prior to the beginning of such Plan Year); provided, however, that an Employee permitted under Section 6.2 to make a mid-year Deferral Election for the Plan Year in which he or she becomes eligible to participate may make a Deferral Election by the deadline established under that Section (or by such earlier deadline as may be established by the Administrator).

2. A new Schedule E is added to and made a part of the Plan to read as follows, effective January 1, 2014 but provided that this Schedule shall have no practical impact until and unless the Global Business Travel business is made part of a joint venture as described therein:

SCHEDULE E
American Express Global Business Travel Divestiture

Effective upon the establishment of the proposed joint venture involving the Global Business Travel business (as it may be defined in one or more documents governing the joint venture) (the "Business"), this Schedule shall govern Plan participation by individuals who are Participants in this Plan and who as of or after the establishment of the Business are or become employees of one or more entities forming part of the Business

under circumstances in which the documents governing the Business obligate the Business to provide such individuals with benefits comparable to those offered by the Company for some period of time (a "Business Employee"). In the event of any conflict between this Schedule E and other provisions of the Plan, this Schedule shall control for Business Employees; provided, however, that nothing in this Schedule shall affect the time of payment, form of payment or amount of benefits accrued prior to the date this Schedule becomes applicable to a Participant, or the Participant's other rights and obligations with respect to such benefits.

ARTICLE 1
CONTINUED PARTICIPATION

Section 1.1 Eligibility to Participate. A Business Employee may continue to participate in this Plan during such period as may be established under the documents governing the Business as the period during which the Business Employee will receive benefits comparable to those offered by the Company.

(a) In order to be entitled to participate, the Business Employee must have been a Participant in the Plan immediately prior to the establishment of the Business (or, if later, the date the employee became a Business Employee) (in either case, the Business Employee's "Transition Date"), or must have been offered the opportunity to enroll prior to his or her Transition Date and must either have enrolled in the Plan prior to the Transition Date or after the Transition Date but prior to the enrollment deadline that would have applied if the Business Employee had remained an Employee of the Company.

(b) The Administrator retains the discretion to decline to permit continued participation by any Business Employee, so long as such exclusion does not cause a violation of Section 409A.

(c) Participation under this Schedule is intended to be limited to a select group of management or highly compensated employees, so as to maintain the qualification of the Plan as a "top-hat" plan for purposes of ERISA.

Section 1.2 Termination of Participation. A Business Employee's ability to continue to make and receive contributions under the Plan will terminate as of the earlier of:

(a) The date the Business Employee has a Separation from Service from the Business (or such later date as is required by Section 409A), provided that an individual who is rehired prior to termination of participation under paragraph (b) below may resume participation in accordance with the terms of the Plan, this Schedule and Section 409A;

(b) The later of the following dates (which dates and hence the applicable time of termination of participation may differ for different types of contributions):

(i) The end of the period during which comparable benefits are required under the documents governing the Business; or

(ii) The date cessation of contributions is permissible under Section 409A.

Section 1.3 Change of Status. An individual who was a Business Employee but who again becomes an Employee of the Company will cease to have participation in the Plan governed by this Schedule, except for benefits attributable to his or her time as a Business Employee, and provided that this change in status will not invalidate any elections filed as a Business Employee.

ARTICLE 2
CONTRIBUTIONS

Section 2.1 Deferral Benefits. Deferral Benefits will be deducted from each participating Business Employee's Base Salary and Incentive Pay in accordance with the Business Employee's timely filed Deferral Election and the following rules:

(a) The term "Base Salary" shall be deemed to include amounts paid by the Business that correspond on the relevant payroll system to amounts which would be "Base Salary" if paid by the Company to an Employee, determined in compliance with applicable law.

(b) The term "Incentive Pay" shall be deemed to include amounts paid by the Business that correspond on the relevant payroll system to amounts which would be "Incentive Pay" if paid by the Company to an Employee, determined in compliance with applicable law.

(c) For purposes of determining whether any Deferral Election that takes effect after the Participant reaches the Section 401(a)(17) Limitation has been activated, compensation from the Company and the Business will be aggregated unless otherwise required by law.

(d) A Business Employee's Deferral Elections filed prior to the individual's becoming a Business Employee shall not be affected by the individual's change in status to a Business Employee. A Business Employee may not file a new Deferral Election after his or her participation ceases in accordance with Article 1 of this Schedule (without prejudice to the Business Employee's rights under Article 1 of this Schedule to resume participation and file any appropriate Deferral Elections upon qualifying to do so again).

Section 2.2 Supplemental Benefits. Supplemental Benefits may be allocated to a Business Employee's RSP-Related Account in such amounts as Amex may determine, in its sole discretion. Without limiting Amex's discretion under the foregoing, Amex is expressly authorized to take into account amounts paid by the Business when calculating Supplemental Benefits for a Business Employee attributable to periods after the establishment of the Business.

Section 2.3 No Duplication. Nothing herein entitles any Business Employee or other person to duplicative benefits.

Section 2.4 Funding of Benefits. Benefits under the Plan shall at all times be unfunded obligations of the Company, without prejudice to the Company's right to require the Business to provide it (or any rabbi trust established under the Plan) with such payments as may be agreed between the Company and the Business from time to time. No such agreement may give the Plan, any Participant or any Beneficiary a right to any such funds or to payment of Plan benefits in preference to the general creditors of the Business, and any amounts paid to the Company (or any rabbi trust established under the Plan) by the Business with respect to the Plan shall remain subject to the claims of the general creditors of the Business to the extent necessary to preserve the unfunded nature of the Plan.

ARTICLE 3
VESTING

Vesting of benefits shall be determined in the same fashion as if employment with the Business were employment with the Company, and the vesting of contributions shall be accelerated to the extent the vesting of similar contributions is accelerated under the RSP with respect to Business Employees; provided, however, that with respect to Company contributions attributable to employment with the Business, the normal vesting schedule applicable to comparable contributions under the Business' 401(k) plan shall apply and vesting will not be accelerated.

ARTICLE 4
EARNINGS

Credits to a Participant's Deferral Account and RSP-Related Account with respect to benefits earned while a Business Employee shall be made in accordance with Article 7 of the Plan.

ARTICLE 5
PAYMENT OF BENEFITS

Section 5.1 Normal Time and Form of Payment. The time and form of payment for a Business Employee shall be determined as if employment with the Business were employment with the Company, and a Participant shall not experience a Separation from Service merely on account of employment with the Business instead of the Company, unless otherwise provided by Section 409A. A Participant shall not be treated as commencing a new period of participation in the Plan merely because of employment with the Business instead of the Company, although a Participant who Separates from Service from the Business and subsequently is rehired shall be subject to the normal rules for rehires (as expressly modified by this Schedule E, if applicable to the Participant upon rehire).

Section 5.2 Separation from Service. Once a Participant becomes a Business Employee, the occurrence of a Separation from Service shall be determined by treating the Business (along with any affiliates of the Business treated as a single employer with the Business under Section 414(b) or (c) of the Code, using the 80 percent common ownership standard) as the "service recipient." (In the event of any future transactions involving the Business or other events which may require alteration of the definition of "service recipient," the application of the Separation from Service rules shall be adjusted as necessary to continue to comply with Section 409A.) If the Participant subsequently again becomes an Employee of the Company, benefits attributable to the Participant's reemployment by the Company shall be governed by the Plan's normal rules regarding Separation from Service, but benefits attributable to periods during and prior to the Participant's employment as a Business Employee shall continue to be governed by this Section.

Section 5.3 Beneficiaries. A Participant's designation of a Beneficiary will not be affected merely because the Participant becomes a Business Employee.

ARTICLE 6
MISCELLANEOUS

Section 6.1 Reservation of Rights. The Committee reserves the right to amend or terminate this Schedule or any other part of the Plan at any time, without the approval of any individual (including Business Employees), subject to compliance with Section 409A.

Section 6.2 Scope of Schedule. Nothing in this Schedule gives any Business Employee or any other individual a right to payment of benefits superior to that of any other Participant or Beneficiary under the Plan, or the right to be hired by or remain in the employ of the Company, the Business or any affiliate of either. Nothing in the Plan or this Schedule is intended to create any third-party beneficiary rights under the documents governing the establishment of the Business.

Section 6.3 Construction. The Administrator shall have the right to construe, interpret and administer this Schedule to the same extent as the rest of the Plan, and to decide any claims arising from this Schedule pursuant to the Plan's normal claims process. This Schedule constitutes part of the Plan and shall at all times be interpreted in a manner compliant with Section 409A.

Dated: 12/16/13

AMERICAN EXPRESS COMPANY

By: /s/ David Kasiarz
Its: SVP, Global Compensation & Benefits

EXHIBIT 10.52

AMENDMENT NO. 2 TO THE TIME SHARING AGREEMENT

This Amendment No. 2 (including the Schedules A and B attached hereto, collectively hereinafter "Amendment No. 2"), dated as of November 14, 2013, to the Time Sharing Agreement will amend that certain Time Sharing Agreement (including any Schedules attached thereto, collectively hereinafter "Time Sharing Agreement"), by and between National Express Company, Inc. ("NEC") and Kenneth I. Chenault ("User"), dated as of May 27, 2010, as previously amended by that Amendment No. 1 to the Time Sharing Agreement ("Amendment No. 1") by and between NEC and User, dated February 21, 2013.

W I T N E S S E T H:

WHEREAS, pursuant to Section 1 of the Time Sharing Agreement, NEC and User desire to further amend the Time Sharing Agreement, as provided herein, to reflect the removal of one (1) 1996 Gulfstream Aerospace [redacted] aircraft, bearing manufacturer's serial number [redacted] and Federal Aviation Administration Registration Number [redacted], from the list of Aircraft on Schedule A.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto covenant and agree that, from and as of the date hereof, the Time Sharing Agreement shall be, and hereby is, amended as set forth below.

1. NEC and User hereby expressly agree that the Schedule A attached hereto amends and replaces the Schedule A attached to the Amendment No. 1 (and, correspondingly, and for the avoidance of doubt, the Schedule A attached to the Time Sharing Agreement, which was previously amended and replaced by the Amendment No. 1).

2. All notices and other communications given pursuant to Section 12 of the Time Sharing Agreement under this Amendment No. 2 and/or the Time Sharing Agreement and/or Amendment No. 1 shall be addressed to the parties as provided on the signature page of this Amendment No. 2.

3. All capitalized terms not defined herein shall have the meanings ascribed to them in the Time Sharing Agreement.

4. Except as expressly amended by this Amendment No. 2, the Time Sharing Agreement remains in full force and effect, and this Amendment No. 2 shall not be construed to alter or amend any of the other terms or conditions set forth in the Time Sharing Agreement. In the event of a conflict between the terms of the Time Sharing Agreement and this Amendment No. 2, or between the terms of the Amendment No. 1 and this Amendment No. 2, the provisions of this Amendment No. 2 shall prevail.

5. This Amendment No. 2 may be executed in counterparts, each of which will be deemed to be an original, but both of which together shall constitute one and the same instrument.

6. TRUTH-IN-LEASING STATEMENT PURSUANT TO SECTION 91.23 OF THE FEDERAL AVIATION REGULATIONS.

   THE AIRCRAFT LISTED ON SCHEDULE A ATTACHED HERETO HAVE BEEN MAINTAINED AND INSPECTED UNDER FAR PART 91 DURING THE 12-MONTH PERIOD PRECEDING THE DATE OF THIS AGREEMENT OR, IF THE AIRCRAFT ARE LESS THAN 12 MONTHS OLD, SINCE NEW. NATIONAL EXPRESS COMPANY, INC., 1 EXPRESS DR., NEWBURGH, NY 12550, CERTIFIES THAT ALL OF THE AIRCRAFT LISTED ON SCHEDULE A ATTACHED HERETO ARE COMPLIANT WITH APPLICABLE MAINTENANCE AND INSPECTION REQUIREMENTS OF FAR PART 91 FOR THE OPERATIONS TO BE CONDUCTED UNDER THIS AGREEMENT. ALL OF THE AIRCRAFT LISTED ON SCHEDULE A ATTACHED HERETO WILL BE MAINTAINED AND INSPECTED UNDER FAR PART 91 FOR OPERATIONS TO BE CONDUCTED UNDER THIS AGREEMENT.

DURING THE DURATION OF THIS AGREEMENT, NATIONAL EXPRESS COMPANY, INC., 1 EXPRESS DR., NEWBURGH, NY 12550, IS CONSIDERED RESPONSIBLE FOR OPERATIONAL CONTROL OF ALL OF THE AIRCRAFT UNDER THIS AGREEMENT.

AN EXPLANATION OF FACTORS BEARING ON OPERATIONAL CONTROL AND PERTINENT FEDERAL AVIATION REGULATIONS CAN BE OBTAINED FROM THE NEAREST FAA FLIGHT STANDARDS DISTRICT OFFICE.

THE “INSTRUCTIONS FOR COMPLIANCE WITH TRUTH-IN-LEASING REQUIREMENTS” ATTACHED HERETO IN SCHEDULE B ARE INCORPORATED HEREIN BY REFERENCE.

THE UNDERSIGNED, AS A DULY AUTHORIZED OFFICER OF NATIONAL EXPRESS COMPANY, INC., 1 EXPRESS DR., NEWBURGH, NY 12550, CERTIFIES THAT IT IS RESPONSIBLE FOR OPERATIONAL CONTROL OF ALL OF THE AIRCRAFT LISTED ON SCHEDULE A ATTACHED HERETO AND THAT IT UNDERSTANDS ITS RESPONSIBILITIES FOR COMPLIANCE WITH APPLICABLE FEDERAL AVIATION REGULATIONS.

[SIGNATURES ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 2 to be duly executed on the day and year first above written. The persons signing below warrant their authority to sign.

NATIONAL EXPRESS COMPANY, INC.

By: /s/ Carol V. Schwartz
Name: Carol V. Schwartz
Title: Secretary

Address: National Express Company, Inc.
Attn: VP of Flight Operations
1 Express Dr.
Newburgh, NY 12550
Phone: [redacted]
Facsimile: [redacted]
Email: [redacted] @aexp.com

KENNETH I. CHENAULT

/s/ Kenneth I. Chenault

Address: Kenneth I. Chenault
c/o American Express Company
200 Vesey St., [redacted]
New York, NY 10285
Phone: [redacted]
Facsimile: [redacted]
Email: [redacted]@aexp.com

A legible copy of this Amendment No. 2 shall be kept in the Aircraft for all operations conducted hereunder.

SCHEDULE A

One (1) Gulfstream Aerospace [redacted] aircraft bearing Federal Aviation Administration Registration Number [redacted] and Manufacturer's Serial Number [redacted];

One (1) Gulfstream Aerospace [redacted] aircraft bearing Federal Aviation Administration Registration Number [redacted] and Manufacturer's Serial Number [redacted];

One (1) Sikorsky [redacted] aircraft bearing Federal Aviation Administration Registration Number [redacted] and Manufacturer's Serial Number [redacted]; and

One (1) Gulfstream Aerospace [redacted] aircraft bearing Federal Aviation Administration Registration Number [redacted] and Manufacturer's Serial Number [redacted].

SCHEDULE B

INSTRUCTIONS FOR COMPLIANCE
WITH "TRUTH-IN-LEASING" REQUIREMENTS

1. Mail a copy of the lease to the following address via certified mail, return receipt requested, immediately upon execution of the lease (14 C.F.R. 91.23 requires that the copy be sent within twenty-four hours after it is signed):

   Federal Aviation Administration
   Aircraft Registration Branch
   ATTN: Technical Section
   P.O. Box 25724
   Oklahoma City, Oklahoma 73125

2. Telephone or fax the nearest Flight Standards District Office at least forty-eight hours prior to the first flight under this lease.

3. Carry a copy of the lease in the aircraft at all times.

EXHIBIT 12

AMERICAN EXPRESS COMPANY
COMPUTATION IN SUPPORT OF RATIO OF EARNINGS TO FIXED CHARGES
(Dollars in Millions)

	Years Ended December 31,				
	2013	2012	2011	2010	2009
Earnings:					
Pretax income from continuing operations	**$ 7,888**	$ 6,451	$ 6,956	$ 5,964	$ 2,841
Interest expense [(a)]	**1,958**	2,226	2,320	2,423	2,208
Other adjustments [(b)]	**133**	117	124	126	129
Total earnings	**$ 9,979**	$ 8,794	$ 9,400	$ 8,513	$ 5,178
Fixed charges:					
Interest expense	**$ 1,958**	$ 2,226	$ 2,320	$ 2,423	$ 2,208
Other adjustments [(c)]	**93**	102	94	85	121
Total fixed charges	**$ 2,051**	$ 2,328	$ 2,414	$ 2,508	$ 2,329
Ratio of earnings to fixed charges	**4.87**	3.78	3.89	3.39	2.22

(a) Included in interest expense is interest expense related to the Card Member lending activities, international banking operations, and charge card and other activities in the Consolidated Statements of Income. Interest expense does not include interest on liabilities recorded under GAAP governing accounting for uncertainty in income taxes. The Company's policy is to classify such interest in income tax provision in the Consolidated Statements of Income.

(b) For purposes of the "earnings" computation, "other adjustments" include adding the amortization of capitalized interest, the net loss of affiliates accounted for under the equity method whose debt is not guaranteed by the Company, the non-controlling interest in the earnings of majority-owned subsidiaries with fixed charges, and the interest component of rental expense, and subtracting undistributed net income of affiliates accounted for under the equity method.

(c) For purposes of the "fixed charges" computation, "other adjustments" include capitalized interest costs and the interest component of rental expense.

EXHIBIT 13

2013 FIN ANCIAL RESULTS

16 FINANCIAL REVIEW
EXECUTIVE OVERVIEW
CONSOLIDATED RESULTS OF OPERATIONS
BUSINESS SEGMENT RESULTS
CONSOLIDATED CAPITAL RESOURCES AND LIQUIDITY
OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS
RISK MANAGEMENT
CRITICAL ACCOUNTING ESTIMATES
OTHER MATTERS
57 MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
58 REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
59 INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
60 CONSOLIDATED FINANCIAL STATEMENTS
65 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
108 CONSOLIDATED FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA
109 COMPARISON OF FIVE-YEAR TOTAL RETURN TO SHAREHOLDERS

AMERICAN EXPRESS COMPANY
2013 FINANCIAL REVIEW

FINANCIAL REVIEW

The financial section of American Express Company's Annual Report consists of this Financial Review, the Consolidated Financial Statements and the Notes to the Consolidated Financial Statements. The following discussion is designed to provide perspective and understanding regarding the consolidated financial condition and results of operations. Certain key terms are defined in the Glossary of Selected Terminology.

This Financial Review and the Notes to the Consolidated Financial Statements exclude discontinued operations unless otherwise noted.

EXECUTIVE OVERVIEW

BUSINESS INTRODUCTION

American Express Company (the Company) is a global services company, comprised of four reportable operating segments: U.S. Card Services (USCS), International Card Services (ICS), Global Commercial Services (GCS) and Global Network and Merchant Services (GNMS). The Company provides customers with access to products, insights and experiences that enrich lives and build business success. The Company's principal products and services are charge and credit payment card products and travel-related services offered to consumers and businesses around the world. The Company's range of products and services includes:

- charge and credit card products;
- expense management products and services;
- consumer and business travel services;
- stored-value products such as Travelers Cheques and other prepaid products;
- network services;
- merchant acquisition and processing, servicing and settlement, and point-of-sale, marketing and information products and services for merchants; and
- fee services, including fraud prevention services and the design of customized customer loyalty and rewards programs.

The Company's products and services are sold globally to diverse customer groups, including consumers, small businesses, mid-sized companies and large corporations. These products and services are sold through various channels, including direct mail, online applications, in-house and third-party sales forces and direct response advertising.

The Company competes in the global payments industry with charge, credit and debit card networks, issuers and acquirers, as well as evolving alternative payment mechanisms, systems and products. As the payments industry continues to evolve, the Company is facing increasing competition from non-traditional players that leverage new technologies and customers' existing card accounts and bank relationships to create payment or other fee-based solutions. The Company is transforming its existing businesses and creating new products and services for the digital marketplace as it seeks to enhance its customers' digital experiences and develop platforms for online and mobile commerce. Emerging technologies also provide an opportunity to deliver financial products and services that help new and existing customer segments move and manage their money, which we are pursuing through our Enterprise Growth Group (EGG).

The Company's products and services generate the following types of revenue for the Company:

- Discount revenue, the Company's largest revenue source, which represents fees generally charged to merchants when Card Members use their cards to purchase goods and services at merchants on the Company's network;
- Net card fees, which represent revenue earned for annual card membership fees;
- Travel commissions and fees, which are earned by charging a transaction or management fee to both customers and suppliers for travel-related transactions;
- Other commissions and fees, which are earned on foreign exchange conversions, card-related fees and assessments and other service fees;
- Other revenue, which represents revenues arising from contracts with partners of our Global Network Services (GNS) business (including royalties and signing fees), insurance premiums earned from Card Member travel and other insurance programs, Travelers Cheques and prepaid card-related revenues and other miscellaneous revenue and fees; and
- Interest on loans, which principally represents interest income earned on outstanding balances.

In addition to funding and operating costs associated with these types of revenue, other major expense categories are related to marketing and rewards programs that add new Card Members and promote Card Member loyalty and spending, and provisions for Card Member credit and fraud losses.

FINANCIAL HIGHLIGHTS

For 2013, the Company reported net income of $5.4 billion and diluted earnings per share of $4.88. This compared to $4.5 billion of net income and $3.89 diluted earnings per share for 2012 and $4.9 billion of net income and $4.09 diluted earnings per share from continuing operations for 2011.

2013 included a fourth quarter charge of $66 million ($41 million after-tax) related to a proposed merchant litigation settlement.

AMERICAN EXPRESS COMPANY
2013 FINANCIAL REVIEW

2012 results included:

- $461 million ($328 million after-tax) of net charges for costs related to reengineering initiatives, including a $400 million ($287 million after-tax) restructuring charge in the fourth quarter;
- $342 million ($212 million after-tax) in expense resulting from enhancements to the process that estimates future redemptions of Membership Rewards points by U.S. Card Members;
- $153 million ($95 million after-tax) in charges related to Card Member reimbursements in the fourth quarter, in addition to amounts incurred in prior quarters during the year; and
- A tax benefit of $146 million related to the realization of certain foreign tax credits.

2011 results from continuing operations included:

- $300 million and $280 million ($186 million and $172 million after-tax) of benefits related to the MasterCard and Visa litigation settlements, respectively;
- $188 million ($117 million after-tax) in expense reflecting enhancements to the process that estimates future redemptions of Membership Rewards points by U.S. Card Members;
- $153 million ($106 million after-tax) of net charges for costs related to reengineering initiatives; and
- Tax benefits of $102 million and $77 million related to the favorable resolution of certain prior years' tax items and the realization of certain foreign tax credits, respectively.

FINANCIAL TARGETS

The Company seeks to achieve three financial targets, on average and over time:

- Revenues net of interest expense growth of at least 8 percent;
- Earnings per share (EPS) growth of 12 to 15 percent; and
- Return on average equity (ROE) of 25 percent or more.

If the Company achieves its EPS and ROE targets, it will seek to return on average and over time approximately 50 percent of the capital it generates to shareholders as dividends or through the repurchases of common stock, which may be subject to certain regulatory restrictions as described herein.

FORWARD-LOOKING STATEMENTS AND NON-GAAP MEASURES

Certain of the statements in this Annual Report are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Refer to the "Cautionary Note Regarding Forward-Looking Statements" section.

The Company prepares its Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States (GAAP). However, certain information included within this Annual Report constitute non-GAAP financial measures. The Company's calculations of non-GAAP financial measures may differ from the calculations of similarly titled measures by other companies.

BANK HOLDING COMPANY

The Company is a bank holding company under the Bank Holding Company Act of 1956 and the Federal Reserve Board (Federal Reserve) is the Company's primary federal regulator. As such, the Company is subject to the Federal Reserve's regulations, policies and minimum capital standards.

CURRENT ECONOMIC ENVIRONMENT/OUTLOOK

The Company's results for 2013 reflect healthy spending growth, continuing strong credit quality, effective control of operating expenses and a strong capital position. Despite a challenging economic environment, billed business grew 7 percent over the prior year. Card Member billed business volumes grew both in the U.S. and internationally, and across all of the Company's businesses.

The Company's average loans also continued to grow year over year, which, along with a higher net yield and a lower cost of funds, led to a 9 percent increase in net interest income. At the same time, lending write-off rates remained at historically low levels. While the Company expects lending write-off rates will increase from such levels, the Company has not experienced overall credit deterioration, as total delinquency rates remained consistently low during the year.

The Company effectively controlled its expenses, with total expenses decreasing 1 percent over the prior year. The Company continued to invest in growth opportunities in the U.S. and internationally as marketing and promotion expense grew by 5 percent as compared to the prior year. Operating expenses decreased 4 percent as compared to the prior year. Excluding the impact of the restructuring charge taken in the fourth quarter of 2012, adjusted operating expenses were flat year over year. [1] The Company's aim is to have operating expenses grow at an annual rate of less than 3 percent in 2014.

As discussed below within Certain Legislative, Regulatory and Other Developments, the regulatory environment continues to evolve and has heightened the focus that all financial services firms, including the Company, must have on their controls and processes. The review of products and practices will be a continuing focus of the Company, as well as by regulators. In addition, regulation of the payments industry has increased significantly in recent years and governments in several countries have established or are proposing to establish payment system regulatory regimes.

[1] Adjusted operating expenses, a non-GAAP measure, is calculated by excluding from 2012 operating expenses of $13.2 billion the $400 million

restructuring charge taken in the fourth quarter of 2012. The year over year growth rate is calculated by comparing 2012 adjusted operating expenses of $12.8 billion with 2013 operating expenses of $12.7 billion. Management believes adjusted operating expenses is a useful metric to evaluate the Company’s performance against its operating expense goal for 2013.

Competition remains extremely intense across the Company's businesses. While the Company's business is diversified, including the corporate card business, a large international business and GNS partners around the world, the global economic environment remains challenging. In addition, any impact of potential U.S. income tax law changes or volatility in foreign exchange rates remains uncertain.

As announced during the third quarter of 2013, the Company plans to create a new joint venture for its Global Business Travel (GBT) operations. It is expected that GBT's operations, business relationships and other assets would be held and operated by the joint venture entity. As presently contemplated, at the closing of the transaction the Company would maintain an approximate 50 percent ownership stake in the joint venture, while an investor group would own the remaining interest. The transaction remains subject to the execution of definitive agreements and receipt of regulatory and other approvals. Assuming these conditions are met, the Company would plan to close the transaction in the second quarter of 2014. The Company would expect to use a substantial portion of any gain recognized upon a closing of the transaction to invest in the Company's growth initiatives.

AMERICAN EXPRESS COMPANY
2013 FINANCIAL REVIEW

AMERICAN EXPRESS COMPANY CONSOLIDATED RESULTS OF OPERATIONS

Refer to the "Glossary of Selected Terminology" for the definitions of certain key terms and related information appearing within this section.

TABLE 1: SUMMARY OF THE COMPANY'S FINANCIAL PERFORMANCE

Years Ended December 31, *(Millions, except percentages and per share amounts)*	2013	2012	2011	Change 2013 vs. 2012		Change 2012 vs. 2011	
Total revenues net of interest expense	$ 32,974	$ 31,555	$ 29,962	$ 1,419	4%	$ 1,593	5%
Provisions for losses	2,110	1,990	1,112	120	6	878	79
Expenses	22,976	23,114	21,894	(138)	(1)	1,220	6
Income from continuing operations	5,359	4,482	4,899	877	20	(417)	(9)
Net income	5,359	4,482	4,935	877	20	(453)	(9)
Earnings per common share from continuing operations – diluted [(a)]	4.88	3.89	4.09	0.99	25	(0.20)	(5)
Earnings per common share – diluted [(a)]	$ 4.88	$ 3.89	$ 4.12	$ 0.99	25%	$ (0.23)	(6)%
Return on average equity [(b)]	27.8%	23.1%	27.7%				
Return on average tangible common equity [(c)]	34.9%	29.2%	35.8%				

(a) Earnings per common share from continuing operations — diluted and Earnings per common share — diluted were both reduced by the impact of earnings allocated to participating share awards and other items of $47 million, $49 million and $58 million for the years ended December 31, 2013, 2012 and 2011, respectively.

(b) ROE is computed by dividing (i) one-year period net income ($5.4 billion, $4.5 billion and $4.9 billion for 2013, 2012 and 2011, respectively) by (ii) one-year average total shareholders' equity ($19.3 billion, $19.4 billion and $17.8 billion for 2013, 2012 and 2011, respectively).

(c) Return on average tangible common equity, a non-GAAP measure, is computed in the same manner as ROE except the computation of average tangible common equity, a non-GAAP measure, excludes from average total shareholders' equity, average goodwill and other intangibles of $4.1 billion, $4.2 billion and $4.2 billion as of December 31, 2013, 2012 and 2011, respectively. The Company believes return on average tangible common equity is a useful measure of the profitability of its business.

TABLE 2: TOTAL REVENUES NET OF INTEREST EXPENSE SUMMARY

Years Ended December 31, *(Millions, except percentages, per share amounts and ratio data)*	2013	2012	2011	Change 2013 vs. 2012		Change 2012 vs. 2011	
Discount revenue	$ 18,695	$ 17,739	$ 16,734	$ 956	5%	$ 1,005	6%
Net card fees	2,631	2,506	2,448	125	5	58	2
Travel commissions and fees	1,913	1,940	1,971	(27)	(1)	(31)	(2)
Other commissions and fees	2,414	2,317	2,269	97	4	48	2
Other	2,274	2,425	2,164	(151)	(6)	261	12
Total non-interest revenues	27,927	26,927	25,586	1,000	4	1,341	5
Total interest income	7,005	6,854	6,696	151	2	158	2
Total interest expense	1,958	2,226	2,320	(268)	(12)	(94)	(4)
Net interest income	5,047	4,628	4,376	419	9	252	6
Total revenues net of interest expense	$ 32,974	$ 31,555	$ 29,962	$ 1,419	4%	$ 1,593	5%

TOTAL REVENUES NET OF INTEREST EXPENSE

Discount revenue increased $956 million or 5 percent in 2013 as compared to 2012, and $1,005 million or 6 percent in 2012 as compared to 2011. The 2013 increase reflects a 7 percent increase in worldwide billed business, which was partially offset by faster growth in GNS billings than overall Company billings, higher contra-revenue items, including cash rebate rewards, and a slight decline in the average discount rate. U.S. billed business and billed business outside the U.S. increased 8 percent and 6 percent, respectively, in 2013 as compared to the prior year, reflecting increases in average spending per proprietary basic card and basic cards-in-force. Excluding the impact of changes in foreign exchange rates billed business outside the U.S. increased 10 percent. See Tables 5 and 6 for more detail on billed business performance. The 2012 increase in discount revenue as compared to 2011 reflects an 8 percent increase in worldwide billed business volumes, partially offset by a slight decline in the average discount rate and higher contra-revenue items, including cash rebate rewards and corporate client incentives. The average discount rate was 2.51 percent and 2.52 percent for 2013 and 2012, respectively. Over time, changes in the mix of spending by location and industry, volume-related pricing discounts, strategic investments, certain pricing initiatives and other factors will likely result in further erosion of the average discount rate.

Net card fees increased $125 million or 5 percent in 2013 as compared to 2012, and $58 million or 2 percent in 2012 as compared to 2011. The 2013 increase reflects higher average proprietary cards-in-force and higher average card fees in ICS and USCS. Excluding the impact of changes in foreign exchange rates, net card fees increased 8 percent in 2013 compared to 2012. [2] The increase in 2012 as compared to 2011 reflects higher average proprietary cards-in-force.

[2] The foreign currency adjusted information, a non-GAAP measure, assumes a constant exchange rate between the periods being compared for purposes of currency translation into U.S. dollars (i.e., assumes the foreign exchange rates used to determine results for the current year apply to the corresponding year period against which such results are being compared). The Company believes the presentation of information on a foreign currency adjusted basis is helpful to investors by making it easier to compare the Company's performance in one period to that of another period without the variability caused by fluctuations in currency exchange rates.

Travel commissions and fees decreased $27 million or 1 percent in 2013 as compared to 2012, and $31 million or 2 percent in 2012 as compared to 2011. The decrease in 2013 reflects flat sales in business travel and a 2 percent decline in U.S. consumer travel sales. The decrease in 2012 as compared to 2011 reflects a 1 percent decline in worldwide travel sales. In 2012, business travel sales declined 4 percent, while U.S. consumer travel sales increased 12 percent.

Other commissions and fees increased $97 million or 4 percent in 2013 as compared to 2012, and $48 million or 2 percent in 2012 as compared to 2011. The 2013 increase was primarily due to lower Card Member reimbursements versus the prior year and marginally higher late fees and foreign currency conversion revenues, as well as higher revenue from the Company's Loyalty Partner business. The increase in 2012 as compared to 2011 reflects higher revenues from the Loyalty Partner business.

Other revenues decreased $151 million or 6 percent in 2013 as compared to 2012, and increased $261 million or 12 percent in 2012 as compared to 2011. The 2013 decrease reflects the effect of a benefit in the first half of 2012 due to revised estimates of the liability for uncashed Travelers Cheques in certain international countries. The decrease also reflects the loss of revenue from the publishing business in the fourth quarter of 2013, and higher Card Member reimbursements within other revenue in 2013 as compared to 2012. These decreases were partially offset by an increase in Loyalty Edge revenue from additional client signings and a larger gain on the sale of investment securities in 2013. The increase in 2012 as compared to 2011 reflects higher gains on the sale of investment securities, higher GNS partner royalty revenues, and the previously mentioned favorable effects of revised estimates in the liability for uncashed Travelers Cheques in international countries.

Interest income increased $151 million or 2 percent in 2013 as compared to 2012, and $158 million or 2 percent in 2012 as compared to 2011. The increase in both years reflects an increase in interest on loans driven by higher average Card Member loans, partially offset by decreases in interest and dividends on investment securities driven by lower average investment securities.

Interest expense decreased $268 million or 12 percent in 2013 as compared to 2012, and $94 million or 4 percent in 2012 as compared to 2011. The decrease in both years was due to lower interest on deposits, reflecting a lower cost of funds, partially offset by increases in average customer deposit balances. The decreases also reflect lower interest on long-term debt and other, lower average long-term debt balances and, in 2013, a lower cost of funds on long-term debt.

TABLE 3: PROVISIONS FOR LOSSES SUMMARY

Years Ended December 31, *(Millions, except percentages)*	2013	2012	2011	Change 2013 vs. 2012		Change 2012 vs. 2011	
Charge card	$ 789	$ 742	$ 770	$ 47	6%	$ (28)	(4)%
Card Member loans	1,229	1,149	253	80	7	896	#
Other	92	99	89	(7)	(7)	10	11
Total provisions for losses	$ 2,110	$ 1,990	$ 1,112	$ 120	6%	$ 878	79%

# Denotes a variance of more than 100 percent.

PROVISIONS FOR LOSSES

Charge card provision for losses increased $47 million or 6 percent in 2013 as compared to 2012, and decreased $28 million or 4 percent in 2012 as compared to 2011. The 2013 increase reflects higher average Card Member receivable balances resulting in higher amounts of net write-offs, partially offset by a higher reserve release in 2013 than 2012. The 2012 decrease reflects a net reserve release in 2012 compared to a reserve build in 2011. Card Member loans provision for losses increased $80 million or 7 percent in 2013 as compared to 2012, and $896 million or over 100 percent in 2012 as compared to 2011. The 2013 increase reflects lower reserve releases as compared to the prior year, partially offset by the benefit of lower net write-offs in 2013 due to improved credit performance. The 2012 increase from 2011 reflects a smaller reserve release in 2012 than in 2011. Other provision for losses decreased $7 million or 7 percent in 2013 as compared to 2012, and increased $10 million or 11 percent in 2012 as compared to 2011.

TABLE 4: EXPENSES SUMMARY

Years Ended December 31, *(Millions, except percentages)*	2013	2012	2011	Change 2013 vs. 2012		Change 2012 vs. 2011	
Marketing and promotion	$ 3,043	$ 2,890	$ 2,996	$ 153	5%	$ (106)	(4)%
Card Member rewards	6,457	6,282	6,218	175	3	64	1
Card Member services	767	772	716	(5)	(1)	56	8
Total marketing, promotion, rewards and Card Member services	10,267	9,944	9,930	323	3	14	—
Salaries and employee benefits	6,191	6,597	6,252	(406)	(6)	345	6
Other, net	6,518	6,573	5,712	(55)	(1)	861	15
Total expenses	$ 22,976	$ 23,114	$ 21,894	$ (138)	(1)%	$ 1,220	6%

EXPENSES

Marketing and promotion expenses increased $153 million or 5 percent in 2013 as compared to 2012, and decreased $106 million or 4 percent in 2012 as compared to 2011. The 2013 increase reflects higher spend on Card Member acquisition marketing. The 2012 decrease reflects lower loyalty and brand advertising.

Card Member rewards expenses increased $175 million or 3 percent in 2013 as compared to 2012, and $64 million or 1 percent in 2012 as compared to 2011. The 2013 increase reflects higher co-brand rewards expenses of $283 million, primarily relating to higher spending volumes, partially offset by a decrease in Membership Rewards expenses of $108 million. The 2013 decrease in Membership Rewards expenses resulted primarily from:

- a $208 million decrease related to the liability for Membership Rewards points earned by Card Members but not redeemed. This decrease includes the impact of a $342 million prior year expense relating to enhancements made to the U.S. URR estimation process which was partially offset by a net increase in expenses related to slower average declines in the WAC per point assumption and slower average growth in the URR as compared to the prior year, and
- a $100 million increase relating to higher new points earned. The increase for new points earned in 2013 was lower than the 2012 increase, primarily as a result of a decline in WAC per point during 2013, in relation to 2012.

The 2012 increase reflects higher co-brand rewards expenses of $148 million, primarily relating to higher spending volumes, partially offset by a decrease in Membership Rewards expenses of $84 million. The 2012 decrease in Membership Rewards expenses resulted primarily from:

- a $353 million decrease related to the liability for Membership Rewards points earned by Card Members but not yet redeemed. This decrease includes the aforementioned enhancements to the U.S. URR estimation process of $342 million recognized in 2012 which was more than offset by a $188 million expense relating to enhancements to the U.S. URR estimation process in 2011 and a net decrease in expenses related to slower average URR growth and favorable changes in the WAC per point assumption, and
- a $269 million increase relating to higher new points earned.

The Company's Membership Rewards URR for current program participants was 94 percent *(rounded down)* at December 31, 2013, an increase from 94 percent *(rounded up)* at December 31, 2012 and 92 percent *(rounded down)* at December 31, 2011. The increases in the URR reflect greater engagement in the Company's Membership Rewards program.

Card Member services expenses decreased $5 million or 1 percent in 2013 compared to 2012, and increased $56 million or 8 percent in 2012 as compared to 2011. The 2012 increase was driven by increases in the costs associated with enhanced benefits to U.S. Card Members.

Salaries and employee benefits expenses decreased $406 million or 6 percent in 2013 as compared to 2012, and increased $345 million or 6 percent in 2012 as compared to 2011. The change in both years was primarily driven by the restructuring charge in the fourth quarter of 2012.

Other, net decreased $55 million or 1 percent in 2013 as compared to 2012, and increased $861 million or 15 percent in 2012 as compared to 2011. The 2013 decrease reflects higher Card Member reimbursements and investment impairments in the prior year. This decrease was partially offset by higher professional services expenses in the current year driven by increased investments in technology development and other investments in the business, as well as higher occupancy and equipment expenses, primarily reflecting higher data processing expenses as well as the fourth quarter proposed merchant litigation settlement. The 2012 increase reflects the absence of the benefits of the Visa and MasterCard litigation settlement payments that ceased in the fourth quarter 2011. In addition, the increase includes higher costs associated with Card Member reimbursements of $143 million in 2012, as well as impairments of certain cost method investments.

INCOME TAXES

The effective tax rate on continuing operations was 32.1 percent in 2013 compared to 30.5 percent in 2012 and 29.6 percent in 2011. The tax rate for 2013 included benefits of $150 million related to the resolution of certain prior years' items. The tax rates for 2012 and 2011 included benefits of $146 million and $77 million, respectively, related to the realization of certain foreign tax credits. The tax rate for 2011 also included a benefit of $102 million related to the resolution of certain prior years' tax items.

The tax rates in all years reflect the level of pretax income in relation to recurring permanent tax benefits and variances in the geographic mix of business.

AMERICAN EXPRESS COMPANY
2013 FINANCIAL REVIEW

TABLE 5: SELECTED STATISTICAL INFORMATION

Years Ended December 31,	2013	2012	2011	Change 2013 vs. 2012	Change 2012 vs. 2011
Card billed business: *(billions)*					
United States	$ 637.0	$ 590.7	$ 542.8	8%	9%
Outside the United States	315.4	297.7	279.4	6	7
Total	$ 952.4	$ 888.4	$ 822.2	7	8
Total cards-in-force: *(millions)*					
United States	53.1	52.0	50.6	2	3
Outside the United States	54.1	50.4	46.8	7	8
Total	107.2	102.4	97.4	5	5
Basic cards-in-force: *(millions)*					
United States	41.1	40.3	39.3	2	3
Outside the United States	44.0	40.5	37.4	9	8
Total	85.1	80.8	76.7	5	5
Average discount rate	2.51%	2.52%	2.54%		
Average basic Card Member spending *(dollars)* [(a)]	$ 16,334	$ 15,720	$ 14,881	4	6
Average fee per card *(dollars)* [(a)]	40	39	39	3	—
Average fee per card adjusted *(dollars)* [(a)]	$ 44	$ 43	$ 43	2%	—%

(a) Average basic Card Member spending and average fee per card are computed from proprietary card activities only. Average fee per card is computed based on net card fees, including the amortization of deferred direct acquisition costs divided by average worldwide proprietary cards-in-force. The adjusted average fee per card, which is a non-GAAP measure, is computed in the same manner, but excludes amortization of deferred direct acquisition costs. The amount of amortization excluded was $262 million, $257 million and $219 million for the years ended December 31, 2013, 2012 and 2011, respectively. The Company presents adjusted average fee per card because the Company believes this metric presents a useful indicator of card fee pricing across a range of its proprietary card products.

AMERICAN EXPRESS COMPANY
2013 FINANCIAL REVIEW

TABLE 6: SELECTED STATISTICAL INFORMATION

	2013		2012	
	Percentage Increase (Decrease)	Percentage Increase (Decrease) Assuming No Changes in Foreign Exchange Rates [a]	Percentage Increase (Decrease)	Percentage Increase (Decrease) Assuming No Changes in Foreign Exchange Rates [a]
Worldwide [b]				
Billed business	7%	8%	8%	9%
Proprietary billed business	6	7	8	8
GNS billed business [c]	12	16	10	14
Airline-related volume (9% and 10% of worldwide billed business for 2013 and 2012, respectively)	3	3	3	4
United States [b]				
Billed business	8		9	
Proprietary consumer card billed business [d]	7		8	
Proprietary small business billed business [d]	11		12	
Proprietary corporate services billed business [e]	8		11	
T&E-related volume (26% and 27% of U.S. billed business for 2013 and 2012, respectively)	6		6	
Non-T&E-related volume (74% and 73% of U.S. billed business for 2013 and 2012, respectively)	9		10	
Airline-related volume (8% and 9% of U.S. billed business for 2013 and 2012, respectively)	4		4	
Outside the United States [b]				
Billed business	6	10	7	10
Japan, Asia Pacific & Australia (JAPA) billed business	6	13	12	12
Latin America & Canada (LACC) billed business	6	11	7	12
Europe, the Middle East & Africa (EMEA) billed business	7	6	—	5
Proprietary consumer and small business billed business [f]	2	6	4	6
JAPA billed business	(4)	6	7	7
LACC billed business	4	7	5	8
EMEA billed business	7	6	(1)	4
Proprietary corporate services billed business [e]	2%	3%	3%	7%

(a) The foreign currency adjusted information assumes a constant exchange rate between the periods being compared for purposes of currency translation into U.S. dollars (i.e., assumes the foreign exchange rates used to determine results for the current year apply to the corresponding year-earlier period against which such results are being compared). The Company believes the presentation of information on a foreign currency adjusted basis is helpful to investors by making it easier to compare the Company's performance in one period to that of another period without the variability caused by fluctuations in currency exchange rates.
(b) Captions in the table above not designated as "proprietary" or "GNS" include both proprietary and GNS data.
(c) Included in the GNMS segment.
(d) Included in the USCS segment.
(e) Included in the GCS segment.
(f) Included in the ICS segment.

AMERICAN EXPRESS COMPANY
2013 FINANCIAL REVIEW

TABLE 7: SELECTED STATISTICAL INFORMATION

As of or for the Years Ended December 31, *(Millions, except percentages and where indicated)*	2013	2012	2011	Change 2013 vs. 2012	Change 2012 vs. 2011
Worldwide Card Member receivables					
Total receivables *(billions)*	$ 44.2	$ 42.8	$ 40.9	3%	5%
Loss reserves:					
Beginning balance	428	438	386	(2)	13
Provisions [a]	647	601	603	8	—
Other additions [b]	142	141	167	1	(16)
Net write-offs [c]	(669)	(640)	(560)	5	14
Other deductions [d]	(162)	(112)	(158)	45	(29)
Ending balance	$ 386	$ 428	$ 438	(10)%	(2)%
% of receivables	0.9%	1.0%	1.1%		
Net write-off rate – principal only – USCS [e]	1.7%	1.9%	1.7%		
Net write-off rate – principal and fees – USCS [e]	1.9%	2.1%	1.9%		
30 days past due as a % of total – USCS	1.6%	1.8%	1.9%		
Net loss ratio as a % of charge volume – ICS/GCS	0.12%	0.10%	0.09%		
90 days past billing as a % of total – ICS/GCS	1.0%	0.9%	0.9%		
Worldwide Card Member loans					
Total loans *(billions)*	$ 67.2	$ 65.2	$ 62.6	3%	4%
Loss reserves:					
Beginning balance	1,471	1,874	3,646	(22)	(49)
Provisions [a]	1,114	1,031	145	8	#
Other additions [b]	115	118	108	(3)	9
Net write-offs – principal only [c]	(1,141)	(1,280)	(1,720)	(11)	(26)
Net write-offs – interest and fees [c]	(150)	(157)	(201)	(4)	(22)
Other deductions [d]	(148)	(115)	(104)	29	11
Ending balance	$ 1,261	$ 1,471	$ 1,874	(14)	(22)
Ending reserves – principal only	$ 1,212	$ 1,423	$ 1,818	(15)	(22)
Ending reserves – interest and fees	$ 49	$ 48	$ 56	2	(14)
% of loans	1.9%	2.3%	3.0%		
% of past due	169%	182%	206%		
Average loans *(billions)*	$ 63.3	$ 61.5	$ 59.1	3%	4%
Net write-off rate – principal only [e]	1.8%	2.1%	2.9%		
Net write-off rate – principal, interest and fees [e]	2.0%	2.3%	3.3%		
30 days past due as a % of total	1.1%	1.2%	1.5%		
Net interest income divided by average loans [f]	8.0%	7.5%	7.4%		
Net interest yield on Card Member loans [f]	9.3%	9.1%	9.1%		

\# Denotes a variance greater than 100 percent.

(a) Provisions for principal (resulting from authorized transactions), interest and/or fees on Card Member loans and principal (resulting from authorized transactions) and fee reserve components on Card Member receivables.

(b) Provisions for unauthorized transactions.

(c) Net write-offs, less recoveries.

(d) For Card Member receivables, includes net write-offs resulting from unauthorized transactions of $(160) million, $(141) million and $(161) million for the years ended December 31, 2013, 2012 and 2011, respectively; foreign currency translation adjustments of $(4) million, $2 million and $(2) million for the years ended December 31, 2013, 2012 and 2011, respectively; a reclassification of Card Member bankruptcy reserves of $18 million from other liabilities to credit reserves in 2012; and other items of $2 million, $9 million and $5 million for the years ended December 31, 2013, 2012 and 2011, respectively. For Card Member loans, includes net write-offs for unauthorized transactions of $(130) million, $(116) million and $(103) million for the years ended December 31, 2013, 2012 and 2011, respectively; foreign currency translation adjustments of $(12) million, $7 million and $(2) million for the years ended December 31, 2013, 2012 and 2011, respectively; a reclassification of Card Member bankruptcy reserves of $4 million from other liabilities to credit reserves in 2012; and other items of $(6) million, $(10) million and $1 million for the years ended December 31, 2013, 2012 and 2011, respectively.

(e) The Company presents a net write-off rate based on principal losses only (i.e., excluding interest and/or fees) to be consistent with industry convention. In addition, because the Company's practice is to include uncollectible interest and/or fees as part of its total provision for losses, a net write-off rate including principal, interest and/or fees is also presented.

(f) Refer to the following table for the calculation of net interest yield on Card Member loans, a non-GAAP measure, net interest income divided by average loans, a GAAP measure, and the Company's rationale for presenting net interest yield on Card Member loans.

TABLE 8: NET INTEREST YIELD ON CARD MEMBER LOANS

Years Ended December 31, *(Millions, except percentages and where indicated)*	2013	2012	2011
Net interest income	$ 5,047	$ 4,628	$ 4,376
Exclude:			
Interest expense not attributable to the Company's Card Member loan portfolio	1,181	1,366	1,445
Interest income not attributable to the Company's Card Member loan portfolio	(361)	(401)	(476)
Adjusted net interest income [(a)]	$ 5,867	$ 5,593	$ 5,345
Average loans *(billions)*	$ 63.3	$ 61.5	$ 59.1
Exclude:			
Unamortized deferred card fees, net of direct acquisition costs of Card Member loans, and other *(billions)*	(0.3)	(0.2)	(0.1)
Adjusted average loans *(billions)* [(a)]	$ 63.0	$ 61.3	$ 59.0
Net interest income divided by average loans	8.0%	7.5%	7.4%
Net interest yield on Card Member loans [(a)]	9.3%	9.1%	9.1%

(a) Adjusted average loans, adjusted net interest income and net interest yield on Card Member loans are non-GAAP measures. The Company believes adjusted net interest income and adjusted average loans are useful to investors because they are components of net interest yield on Card Member loans, which provides a measure of profitability of the Company's Card Member loan portfolio.

BUSINESS SEGMENT RESULTS OVERVIEW

The Company considers a combination of factors when evaluating the composition of its reportable operating segments, including the results reviewed by the chief operating decision maker, economic characteristics, products and services offered, classes of customers, product distribution channels, geographic considerations (primarily U.S. versus non-U.S.) and regulatory environment considerations. Refer to Note 25 of the Consolidated Financial Statements for additional discussion of the products and services by segment.

Results of the business segments essentially treat each segment as a stand-alone business. The management reporting process that derives these results allocates revenue and expense using various methodologies as described below.

Refer to the "Glossary of Selected Terminology" for the definitions of certain key terms and related information appearing in this section.

TOTAL REVENUES NET OF INTEREST EXPENSE

The Company allocates discount revenue and certain other revenues among segments using a transfer pricing methodology. Within the USCS, ICS and GCS segments, discount revenue reflects the issuer component of the overall discount revenue generated by each segment's Card Members; within the GNMS segment, discount revenue reflects the network and acquirer component of the overall discount revenue. Net card fees and travel commissions and fees are directly attributable to the segment in which they are reported.

Interest and fees on loans and certain investment income is directly attributable to the segment in which it is reported. Interest expense reflects an allocated funding cost based on a combination of segment funding requirements and internal funding rates.

PROVISIONS FOR LOSSES

The provisions for losses are directly attributable to the segment in which they are reported.

EXPENSES

Marketing and promotion expenses are reflected in each segment based on actual expenses incurred, with the exception of brand advertising, which is primarily reflected in the GNMS and USCS segments. Rewards and Card Member services expenses are reflected in each segment based on actual expenses incurred within each segment.

Salaries and employee benefits and other operating expenses reflect expenses such as professional services, occupancy and equipment and communications incurred directly within each segment. In addition, expenses related to the Company's support services, such as technology costs, are allocated to each segment primarily based on support service activities directly attributable to the segment. Other overhead expenses, such as staff group support functions, are allocated from Corporate & Other to the other segments based on a mix of each segment's direct consumption of services and relative level of pretax income.

CAPITAL

Each business segment is allocated capital based on established business model operating requirements, risk measures and regulatory capital requirements. Business model operating requirements include capital needed to support operations and specific balance sheet items. The risk measures include considerations for credit, market and operational risk.

INCOME TAXES

An income tax provision (benefit) is allocated to each business segment based on the effective tax rates applicable to various businesses that comprise the segment.

AMERICAN EXPRESS COMPANY
2013 FINANCIAL REVIEW

U.S. CARD SERVICES SEGMENT
TABLE 9: USCS SELECTED INCOME STATEMENT DATA

Years Ended December 31, *(Millions, except percentages)*	2013	2012	2011	Change 2013 vs. 2012		Change 2012 vs. 2011	
Revenues							
Discount revenue, net card fees and other	$ 12,123	$ 11,469	$ 10,804	$ 654	6%	$ 665	6%
Interest income	5,565	5,342	5,074	223	4	268	5
Interest expense	693	765	807	(72)	(9)	(42)	(5)
Net interest income	4,872	4,577	4,267	295	6	310	7
Total revenues net of interest expense	16,995	16,046	15,071	949	6	975	6
Provisions for losses	1,417	1,429	687	(12)	(1)	742	#
Total revenues net of interest expense after provisions for losses	15,578	14,617	14,384	961	7	233	2
Expenses							
Marketing, promotion, rewards and Card Member services	6,825	6,552	6,593	273	4	(41)	(1)
Salaries and employee benefits and other operating expenses	3,759	3,996	3,662	(237)	(6)	334	9
Total expenses	10,584	10,548	10,255	36	—	293	3
Pretax segment income	4,994	4,069	4,129	925	23	(60)	(1)
Income tax provision	1,801	1,477	1,449	324	22	28	2
Segment income	$ 3,193	$ 2,592	$ 2,680	$ 601	23%	$ (88)	(3)%
Effective tax rate	36.1%	36.3%	35.1%				

# Denotes a variance greater than 100 percent.

USCS issues a wide range of card products and services to consumers and small businesses in the U.S., and provides consumer travel services to Card Members and other consumers.

TOTAL REVENUES NET OF INTEREST EXPENSE

Discount revenue, net card fees and other revenues increased $654 million or 6 percent in 2013 as compared to the prior year, primarily due to higher discount revenue, resulting from billed business growth, and higher net card fees, partially offset by higher Card Member reimbursements within other revenue. Billed business increased 8 percent in 2013 as compared to the prior year, primarily driven by a 5 percent increase in average spending per proprietary basic card and 4 percent higher cards-in-force.

Interest income increased $223 million or 4 percent in 2013 as compared to the prior year, primarily due to a 4 percent increase in average Card Member loans and higher net interest yield on Card Member loans as compared to the prior year.

Interest expense decreased $72 million or 9 percent in 2013 as compared to the prior year, due to a lower cost of funds, partially offset by higher average Card Member receivable and loan balances.

Total revenues net of interest expense increased $975 million or 6 percent in 2012 as compared to the prior year, primarily driven by higher discount revenue, increased net interest income, higher other revenues and higher net card fees.

PROVISIONS FOR LOSSES

Provisions for losses decreased $12 million or 1 percent in 2013 as compared to the prior year.

Provisions for losses increased $742 million or over 100 percent in 2012 as compared to the prior year, primarily reflecting a smaller reserve release in 2012 than in 2011, partially offset by lower net write-offs in 2012.

Refer to Table 10 for the lending and charge card write-off rates for 2013, 2012 and 2011.

EXPENSES

Marketing, promotion, rewards and Card Member services expenses increased $273 million or 4 percent in 2013 as compared to the prior year, primarily reflecting higher marketing and promotion expenses and higher Card Member rewards in 2013. Card Member rewards expenses increased $78 million or 2 percent in 2013 as compared to 2012. The increase reflects higher co-brand rewards expenses of $265 million, primarily related to higher spending volumes, partially offset by a decrease in Membership Rewards expenses of $187 million. The 2013 decrease in Membership Rewards expenses resulted primarily from an increase in expenses relating to higher new points earned which was more than offset by a decrease in expenses related to the liability for Membership Rewards points earned by Card Members but not redeemed. This decrease includes the impact of a $317 million prior year expense relating to enhancements made to the U.S. URR estimation process which was partially offset by a net increase in expenses related to slower average declines in the WAC per point assumption and slower average growth in the URR as compared to the prior year.

Marketing, promotion, rewards and Card Member services expenses decreased $41 million or 1 percent in 2012 as compared to the prior year, due to lower marketing, promotion and rewards expenses, partially offset by higher Card Member services expenses. Card Member rewards expenses decreased $33 million or 1 percent in 2012 as compared to 2011. The decrease reflects higher co-brand rewards expenses of $75 million, primarily relating to higher spending volumes, which was more than offset by a decrease in Membership Rewards expenses of $108 million. The 2012 decrease in Membership Rewards expenses resulted primarily from an increase in expenses relating to higher new points earned which was more than offset by a decrease in expenses related to the liability for Membership Rewards points earned by Card Members but not yet redeemed. This decrease includes the aforementioned enhancements to the U.S. URR estimation process of $317 million recognized in 2012 which was more than offset by a $188 million expense relating to enhancements to the U.S. URR estimation process in 2011 and a

decrease in expenses related to slower average URR growth and favorable changes in the WAC per point assumption.

Salaries and employee benefits and other operating expenses decreased $237 million or 6 percent in 2013 as compared to the prior year, reflecting lower Card Member reimbursement costs, as compared to the prior year. The 2013 decrease also reflects the restructuring charge in the fourth quarter of 2012. Salaries and employee benefits and other operating expenses increased $334 million or 9 percent in 2012 as compared to the prior year, primarily driven by higher other operating expenses related to Card Member reimbursement costs, an increase in expenses related to higher costs associated with hedging the Company's fixed rate debt exposures and higher restructuring charges.

INCOME TAXES

The tax rate in all periods reflects the benefits from the resolution of certain prior years' tax items and the relationship of recurring permanent tax benefits to varying levels of pretax income.

TABLE 10: USCS SELECTED STATISTICAL INFORMATION

As of or for the Years Ended December 31, *(Millions, except percentages and where indicated)*	2013	2012	2011	Change 2013 vs. 2012	Change 2012 vs. 2011
Card billed business *(billions)*	$ 501.0	$ 462.3	$ 424.3	8%	9%
Total cards-in-force	43.7	42.2	40.9	4	3
Basic cards-in-force	32.5	31.3	30.4	4	3
Average basic Card Member spending *(dollars)* *	$ 15,689	$ 14,986	$ 14,124	5	6
U.S. Consumer Travel:					
Travel sales	$ 3,967	$ 4,042	$ 3,603	(2)	12
Travel commissions and fees/sales	7.1%	7.6%	8.3%		
Total segment assets *(billions)*	$ 103.5	$ 98.3	$ 97.8	5	1
Segment capital	$ 9,269	$ 8,714	$ 8,804	6	(1)
Return on average segment capital [a]	35.6%	28.8%	33.0%		
Return on average tangible segment capital [a]	37.0%	30.1%	34.8%		
Card Member receivables:					
Total receivables *(billions)*	$ 21.8	$ 21.1	$ 20.6	3	2
30 days past due as a % of total	1.6%	1.8%	1.9%		
Average receivables *(billions)*	$ 20.6	$ 19.8	$ 18.8	4	5
Net write-off rate – principal only [b]	1.7%	1.9%	1.7%		
Net write-off rate – principal, interest and fees [b]	1.9%	2.1%	1.9%		
Card Member loans:					
Total loans *(billions)*	$ 58.4	$ 56.0	$ 53.7	4%	4%
30 days past due loans as a % of total	1.1%	1.2%	1.4%		
Net write-off rate – principal only [b]	1.8%	2.1%	2.9%		
Net write-off rate – principal, interest and fees [b]	2.0%	2.3%	3.2%		
Calculation of Net Interest Yield on Card Member Loans:					
Net interest income	$ 4,872	$ 4,577	$ 4,267		
Exclude:					
Interest expense not attributable to the Company's Card Member loan portfolio	183	204	233		
Interest income not attributable to the Company's Card Member loan portfolio	(9)	(9)	(10)		
Adjusted net interest income [c]	$ 5,046	$ 4,772	$ 4,490		
Average loans *(billions)*	$ 54.7	$ 52.8	$ 50.3		
Exclude:					
Unamortized deferred card fees, net of direct acquisition costs of Card Member loans *(billions)*	—	—	—		
Adjusted average loans *(billions)* [c]	$ 54.7	$ 52.8	$ 50.3		
Net interest income divided by average loans	8.9%	8.7%	8.5%		
Net interest yield on Card Member loans [c]	9.2%	9.0%	8.9%		

* Proprietary cards only.

(a) Return on average segment capital is calculated by dividing (i) one-year period segment income ($3.2 billion, $2.6 billion and $2.7 billion for 2013, 2012 and 2011, respectively) by (ii) one-year average segment capital ($9.0 billion for both 2013 and 2012 and $8.1 billion for 2011). Return on average tangible segment capital, a non-GAAP measure, is computed in the same manner as return on average segment capital except the computation of average tangible segment capital, a non-GAAP measure, excludes from average segment capital average goodwill and other intangibles of $334 million, $379 million and $425 million as of December 31, 2013, 2012 and 2011, respectively. The Company believes return on average tangible segment capital is a useful measure of the profitability of its business.

(b) Refer to Table 7 footnote (e) on page 24.

(c) Adjusted net interest income, adjusted average loans and net interest yield on Card Member loans are non-GAAP measures. Refer to "Glossary of Selected Terminology" for the definitions of these terms. The Company believes adjusted net interest income and adjusted average loans are useful to investors because they are components of net interest yield on Card Member loans, which provides a measure of profitability of the Company's Card Member loan portfolio.

AMERICAN EXPRESS COMPANY
2013 FINANCIAL REVIEW

INTERNATIONAL CARD SERVICES SEGMENT
TABLE 11: ICS SELECTED INCOME STATEMENT DATA

Years Ended December 31, *(Millions, except percentages)*	2013	2012	2011	Change 2013 vs. 2012		Change 2012 vs. 2011	
Revenues							
Discount revenue, net card fees and other	$ 4,644	$ 4,561	$ 4,470	$ 83	2%	$ 91	2%
Interest income	1,118	1,147	1,195	(29)	(3)	(48)	(4)
Interest expense	361	402	426	(41)	(10)	(24)	(6)
Net interest income	757	745	769	12	2	(24)	(3)
Total revenues net of interest expense	5,401	5,306	5,239	95	2	67	1
Provisions for losses	444	330	268	114	35	62	23
Total revenues net of interest expense after provisions for losses	4,957	4,976	4,971	(19)	—	5	—
Expenses							
Marketing, promotion, rewards and Card Member services	2,013	1,927	1,857	86	4	70	4
Salaries and employee benefits and other operating expenses	2,301	2,390	2,352	(89)	(4)	38	2
Total expenses	4,314	4,317	4,209	(3)	—	108	3
Pretax segment income	643	659	762	(16)	(2)	(103)	(14)
Income tax provision	12	25	39	(13)	(52)	(14)	(36)
Segment income	$ 631	$ 634	$ 723	$ (3)	—%	$ (89)	(12)%
Effective tax rate	1.9%	3.8%	5.1%				

ICS issues proprietary consumer and small business cards outside the U.S.

TOTAL REVENUES NET OF INTEREST EXPENSE

Discount revenue, net card fees and other revenues increased $83 million or 2 percent in 2013 as compared to the prior year, primarily due to an increase in net card fees, as well as higher Loyalty Partner commissions and fees and foreign exchange conversion fee revenue. Excluding the impact of changes in foreign exchange rates, discount revenue, net card fees and other revenues increased 6 percent in 2013 as compared to the prior year. [3]

Billed business increased 2 percent in 2013 as compared to the prior year, primarily reflecting an increase in average spending per proprietary basic card. Excluding the impact of changes in foreign exchange rates, billed business increased 6 percent in 2013 as compared to the prior year. Refer to Table 6 for additional information on billed business by region.

Interest income decreased $29 million or 3 percent in 2013 as compared to the prior year, primarily due to lower average Card Member loans as well as charges related to Card Member reimbursements in 2013. Excluding the impact of changes in foreign exchange rates, interest income increased 1 percent in 2013 as compared to the prior year. [3]

Interest expense decreased $41 million or 10 percent in 2013 as compared to the prior year, reflecting a lower cost of funds. Excluding the impact of changes in foreign exchange rates, interest expense decreased 6 percent in 2013 as compared to the prior year. [3]

Total revenues net of interest expense increased $67 million or 1 percent in 2012 as compared to the prior year, primarily due to higher discount revenue, net card fees and other revenues, partially offset by lower net interest income.

PROVISIONS FOR LOSSES

Provisions for losses increased $114 million or 35 percent in 2013 as compared to the prior year, primarily driven by a higher provision for both charge cards and Card Member loans. The increase in charge card provision reflects higher average receivables resulting in higher net write-offs and a reserve build in 2013. The increase in Card Member loans provision reflects a lower reserve release compared to the prior year, partially offset by lower net write-offs. Excluding the impact of changes in foreign exchange rates, provisions for losses increased 38 percent in 2013 as compared to the prior year. [3]

Provisions for losses increased $62 million or 23 percent in 2012 as compared to the prior year, primarily driven by higher Card Member loans provision due to lower reserve releases in 2012, partially offset by lower charge card provision and lower Card Member lending net write-off rates.

Refer to Table 12 for the lending and charge write-off rates for 2013, 2012 and 2011.

EXPENSES

Marketing, promotion, rewards and Card Member services expenses increased $86 million or 4 percent in 2013 as compared to the prior year, driven primarily by higher Card Member rewards expenses, which includes a charge related to a change in the International Membership Rewards URR estimation process for certain international countries, as well as higher marketing and promotion expenses. Excluding the impact of changes in foreign exchange rates, marketing, promotion, rewards and Card Member services expenses increased 8 percent in 2013 as compared to the prior year. [3] Marketing, promotion, rewards and Card Member services expenses increased $70 million or 4 percent in 2012 as compared to the prior year, driven by higher volume-related rewards costs and co-brand expenses and higher Card Member services expenses, partially offset by lower marketing and promotion expenses.

[3] Refer to footnote 2 on page 19 relating to changes in foreign exchange rates.

Salaries and employee benefits and other operating expenses decreased $89 million or 4 percent in 2013 as compared to the prior year, primarily driven by lower salaries and employee benefits, as well as lower other operating expenses reflecting the restructuring charge in the fourth quarter of 2012. Excluding the impact of changes in foreign exchange rates, salaries and employee benefits and other operating expenses decreased 1 percent in 2013 as compared to the prior year. [4] Salaries and employee benefits and other operating expenses increased $38 million or 2 percent in 2012 as compared to the prior year, primarily due to higher restructuring charges, partially offset by lower other operating expenses.

[4] Refer to footnote 2 on page 19 relating to changes in foreign exchange rates.

INCOME TAXES

The effective tax rate in all periods reflects the recurring permanent tax benefit related to the segment's ongoing funding activities outside the U.S., which is allocated to ICS under the Company's internal tax allocation process. The effective tax rate for 2013 also reflects the allocated share of tax benefits related to the resolution of certain prior years' items and the effective tax rate for 2012 and 2011 reflects the allocated share of tax benefits related to the realization of certain foreign tax credits. In addition, the effective tax rate in each of the periods reflects the impact of recurring permanent tax benefits on varying levels of pretax income.

AMERICAN EXPRESS COMPANY
2013 FINANCIAL REVIEW

TABLE 12: ICS SELECTED STATISTICAL INFORMATION

As of or for the Years Ended December 31, *(Millions, except percentages and where indicated)*	2013	2012	2011	Change 2013 vs. 2012	Change 2012 vs. 2011
Card billed business *(billions)*	$ 131.7	$ 128.9	$ 124.2	2%	4%
Total cards-in-force	15.7	15.6	15.3	1	2
Basic cards-in-force	10.7	10.6	10.5	1	1
Average basic Card Member spending *(dollars)* *	$ 12,429	$ 12,221	$ 11,935	2	2
International Consumer Travel:					
Travel sales	$ 1,420	$ 1,372	$ 1,324	3	4
Travel commissions and fees/sales	6.9%	7.2%	7.8%		
Total segment assets *(billions)*	$ 31.1	$ 31.8	$ 29.1	(2)	9
Segment capital	$ 3,132	$ 2,875	$ 2,840	9	1
Return on average segment capital (a)	20.9%	21.8%	25.8%		
Return on average tangible segment capital (a)	38.8%	43.0%	49.8%		
Card Member receivables:					
Total receivables *(billions)*	$ 7.8	$ 7.8	$ 7.2	—	8
90 days past billing as a % of total	1.1%	0.9%	0.9%		
Net loss ratio (as a % of charge volume)	0.20%	0.16%	0.15%		
Card Member loans:					
Total loans *(billions)*	$ 8.8	$ 9.2	$ 8.9	(4)%	3%
30 days past due loans as a % of total	1.4%	1.5%	1.7%		
Net write-off rate – principal only (b)	1.9%	1.9%	2.7%		
Net write-off rate – principal, interest and fees (b)	2.3%	2.4%	3.3%		
Calculation of Net Interest Yield on Card Member Loans:					
Net interest income	$ 757	$ 745	$ 769		
Exclude:					
Interest expense not attributable to the Company's Card Member loan portfolio	93	102	125		
Interest income not attributable to the Company's Card Member loan portfolio	(29)	(25)	(38)		
Adjusted net interest income (c)	$ 821	$ 822	$ 856		
Average loans *(billions)*	$ 8.5	$ 8.7	$ 8.8		
Exclude:					
Unamortized deferred card fees, net of direct acquisition costs of Card Member loans, and other *(billions)*	(0.2)	(0.2)	(0.1)		
Adjusted average loans *(billions)* (c)	$ 8.3	$ 8.5	$ 8.7		
Net interest income divided by average loans	8.9%	8.5%	8.8%		
Net interest yield on Card Member loans (c)	9.9%	9.6%	9.9%		

* Proprietary cards only.

(a) Return on average segment capital is calculated by dividing (i) one-year period segment income ($631 million, $634 million and $723 million for 2013, 2012 and 2011, respectively) by (ii) one-year average segment capital ($3.0 billion, $2.9 billion and $2.8 billion for 2013, 2012 and 2011, respectively). Return on average tangible segment capital, a non-GAAP measure, is computed in the same manner as return on average segment capital except the computation of average tangible segment capital, a non-GAAP measure, excludes from average segment capital average goodwill and other intangibles of $1.4 billion at both December 31, 2013 and 2012 and $1.3 billion as of December 31, 2011. The Company believes return on average tangible segment capital is a useful measure of the profitability of its business.

(b) Refer to Table 7 footnote (e) on page 24.

(c) Adjusted net interest income, adjusted average loans and net interest yield on Card Member loans are non-GAAP measures. The Company believes adjusted net interest income and adjusted average loans are useful to investors because they are components of net interest yield on Card Member loans, which provides a measure of profitability of the Company's Card Member loan portfolio.

AMERICAN EXPRESS COMPANY
2013 FINANCIAL REVIEW

GLOBAL COMMERCIAL SERVICES SEGMENT
TABLE 13: GCS SELECTED INCOME STATEMENT DATA

Years Ended December 31, *(Millions, except percentages)*	2013	2012	2011	Change 2013 vs. 2012		Change 2012 vs. 2011	
Revenues							
Discount revenue, net card fees and other	$ 5,085	$ 4,995	$ 4,880	$ 90	2%	$ 115	2%
Interest income	13	11	9	2	18	2	22
Interest expense	245	257	264	(12)	(5)	(7)	(3)
Net interest expense	(232)	(246)	(255)	(14)	(6)	(9)	(4)
Total revenues net of interest expense	4,853	4,749	4,625	104	2	124	3
Provisions for losses	159	136	76	23	17	60	79
Total revenues net of interest expense after provisions for losses	4,694	4,613	4,549	81	2	64	1
Expenses							
Marketing, promotion, rewards and Card Member services	604	579	547	25	4	32	6
Salaries and employee benefits and other operating expenses	2,846	3,074	2,927	(228)	(7)	147	5
Total expenses	3,450	3,653	3,474	(203)	(6)	179	5
Pretax segment income	1,244	960	1,075	284	30	(115)	(11)
Income tax provision	384	316	337	68	22	(21)	(6)
Segment income	$ 860	$ 644	$ 738	$ 216	34%	$ (94)	(13)%
Effective tax rate	30.9%	32.9%	31.3%				

GCS offers global corporate payment and travel-related products and services to large and mid-sized companies.

TOTAL REVENUES NET OF INTEREST EXPENSE

Discount revenue, net card fees, and other revenues increased $90 million or 2 percent in 2013 as compared to the prior year, primarily due to higher discount revenue resulting from an increased level of Card Member spending and higher other commissions and fees. Billed business increased 5 percent in 2013 as compared to the prior year, primarily driven by a 5 percent increase in average spending per proprietary basic card. Billed business volume increased 8 percent within the U.S. and 2 percent outside the U.S.

Net interest expense decreased $14 million or 6 percent in 2013 as compared to the prior year, primarily driven by a lower cost of funds, partially offset by increased funding requirements due to higher average Card Member receivable balances. Excluding the impact of changes in foreign exchange rates, net interest expense decreased 3 percent for 2013 as compared to the prior year. [5]

Total revenues net of interest expense increased $124 million or 3 percent in 2012 as compared to the prior year, primarily due to higher discount revenue, net card fees, and other revenues.

PROVISIONS FOR LOSSES

Provisions for losses increased $23 million or 17 percent in 2013 as compared to the prior year, primarily reflecting higher average Card Member receivables resulting in higher net write-offs, partially offset by a lower reserve build compared to the prior year. Provisions for losses increased $60 million or 79 percent in 2012 as compared to the prior year, reflecting a change in estimate for certain credit reserves that resulted in higher reserve releases in 2011. Refer to Table 14 for the charge card net loss ratio as a percentage of charge volume.

EXPENSES

Marketing, promotion, rewards and Card Member services expenses increased $25 million or 4 percent in 2013 as compared to the prior year, primarily reflecting higher rewards costs related to higher volumes and an enhancement in the International Membership Rewards URR estimation process. Marketing, promotion, rewards and Card Member services expenses increased $32 million or 6 percent in 2012 as compared to the prior year, primarily due to a $25 million charge related to a change in the U.S. Membership Rewards URR estimation process.

Salaries and employee benefits and other operating expenses decreased $228 million or 7 percent in 2013 as compared to the prior year, primarily due to higher restructuring costs in 2012, as well as lower payroll and benefit costs in 2013. Salaries and employee benefits and other operating expenses increased $147 million or 5 percent in 2012 as compared to the prior year, primarily driven by higher restructuring charges and other operating expenses.

INCOME TAXES

The effective tax rate for 2013 reflects the reversal of a valuation allowance related to deferred tax assets associated with certain of the Company's non-U.S. business travel operations, as well as the allocated share of tax benefits related to the resolution of certain prior years' tax items. Based on management's intent to reorganize its business travel operations through the creation of a joint venture, it is more likely than not that future taxable income will be sufficient to support the realization of the benefit of the associated non-US deferred tax assets.

[5] Refer to footnote 2 on page 19, relating to changes in foreign exchange rates.

The effective tax rate for 2012 and 2011 reflects the allocated share of tax benefits related to the realization of certain foreign tax credits. The effective tax rate for 2012 also reflects the impact of a valuation allowance primarily related to restructuring charges associated with certain non-U.S. travel operations.

TABLE 14: GCS SELECTED STATISTICAL INFORMATION

As of or for the Years Ended December 31, *(Millions, except percentages and where indicated)*	2013	2012	2011	Change 2013 vs. 2012	Change 2012 vs. 2011
Card billed business *(billions)*	$ 175.4	$ 166.4	$ 154.2	5%	8%
Total cards-in-force	7.1	7.0	7.0	1	—
Basic cards-in-force	7.1	7.0	7.0	1	—
Average basic Card Member spending *(dollars)* *	$ 24,924	$ 23,737	$ 21,898	5	8
Global Corporate Travel:					
Travel sales	$ 18,869	$ 18,894	$ 19,618	—	(4)
Travel commissions and fees/sales	8.1%	8.1%	8.0%		
Total segment assets *(billions)*	$ 19.2	$ 18.9	$ 18.8	2	1
Segment capital	$ 3,688	$ 3,625	$ 3,564	2	2
Return on average segment capital (a)	23.6%	17.6%	20.4%		
Return on average tangible segment capital (a)	45.8%	35.1%	42.1%		
Card Member receivables:					
Total receivables *(billions)*	$ 14.4	$ 13.7	$ 12.8	5%	7%
90 days past billing as a % of total	0.9%	0.8%	0.8%		
Net loss ratio (as a % of charge volume)	0.08%	0.06%	0.06%		

* Proprietary cards only.

(a) Return on average segment capital is calculated by dividing (i) one-year period segment income ($860 million, $644 million and $738 million for 2013, 2012 and 2011, respectively) by (ii) one-year average segment capital ($3.6 billion for each of 2013, 2012 and 2011). Return on average tangible segment capital, a non-GAAP measure, is computed in the same manner as return on average segment capital except the computation of average tangible segment capital, a non-GAAP measure, excludes from average segment capital average goodwill and other intangibles of $1.8 billion at both December 31, 2013 and 2012 and $1.9 billion at December 31, 2011. The Company believes return on average tangible segment capital is a useful measure of the profitability of its business.

AMERICAN EXPRESS COMPANY
2013 FINANCIAL REVIEW

GLOBAL NETWORK & MERCHANT SERVICES SEGMENT
TABLE 15: GNMS SELECTED INCOME STATEMENT DATA

Years Ended December 31, *(Millions, except percentages)*	2013	2012	2011	Change 2013 vs. 2012		Change 2012 vs. 2011	
Revenues							
Discount revenue, net card fees and other	$ 5,229	$ 5,005	$ 4,713	$ 224	4%	$ 292	6%
Interest income	32	23	5	9	39	18	#
Interest expense	(252)	(243)	(224)	(9)	4	(19)	8
Net interest income	284	266	229	18	7	37	16
Total revenues net of interest expense	5,513	5,271	4,942	242	5	329	7
Provisions for losses	69	74	75	(5)	(7)	(1)	(1)
Total revenues net of interest expense after provisions for losses	5,444	5,197	4,867	247	5	330	7
Expenses							
Marketing, promotion, rewards and Card Member services	704	744	755	(40)	(5)	(11)	(1)
Salaries and employee benefits and other operating expenses	2,271	2,234	2,133	37	2	101	5
Total expenses	2,975	2,978	2,888	(3)	—	90	3
Pretax segment income	2,469	2,219	1,979	250	11	240	12
Income tax provision	894	776	686	118	15	90	13
Segment income	$ 1,575	$ 1,443	$ 1,293	$ 132	9%	$ 150	12%
Effective tax rate	36.2%	35.0%	34.7%				

# Denotes a variance greater than 100 percent.

GNMS operates a global payments network which processes and settles proprietary and non-proprietary card transactions. GNMS acquires merchants and provides point-of-sale products, multi-channel marketing programs and capabilities, services and data, leveraging the Company's global closed-loop network. It provides ATM services and enters into partnership agreements with third-party card issuers and acquirers, licensing the American Express brand and extending the reach of the global network.

TOTAL REVENUES NET OF INTEREST EXPENSE

Discount revenue, net card fees and other revenues increased $224 million or 4 percent in 2013 as compared to the prior year. The increase primarily reflects higher merchant-related revenues, driven by a 7 percent increase in global card billed business, as well as higher GNS revenues.

The interest expense credit increased $9 million or 4 percent in 2013 as compared to the prior year, reflecting the Company's internal transfer pricing and funding rates, which results in a net benefit for GNMS due to its merchant payables.

Total revenues net of interest expense increased $329 million or 7 percent in 2012 as compared to the prior year, primarily due to higher discount revenue, net card fees and other revenues and higher net interest income.

PROVISIONS FOR LOSSES

Provisions for losses decreased $5 million or 7 percent in 2013 as compared to the prior year. Provisions for losses decreased $1 million or 1 percent in 2012 as compared to the prior year.

EXPENSES

Marketing, promotion, rewards and Card Member services expenses decreased $40 million or 5 percent in 2013 as compared to 2012 and $11 million or 1 percent in 2012 compared to 2011. The decrease in both years reflects lower marketing and promotion expenses.

Salaries and employee benefits and other operating expenses increased $37 million or 2 percent in 2013 as compared to the prior year, primarily reflecting increased other operating expenses related to the proposed merchant litigation settlement, partially offset by decreases in professional services and salary and employee benefits. Salaries and employee benefits and other operating expenses increased $101 million or 5 percent in 2012 as compared to the prior year, primarily due to higher professional services costs and increases in salary and employee benefits costs, partially offset by other operating expenses.

TABLE 16: GNMS SELECTED STATISTICAL INFORMATION

As of or for the Years Ended December 31, *(Millions, except percentages and where indicated)*	2013	2012	2011	Change 2013 vs. 2012	Change 2012 vs. 2011
Global Worldwide Card billed business *(billions)*	$ 952.4	$ 888.4	$ 822.2	7%	8%
Global Network & Merchant Services:					
Total segment assets *(billions)*	$ 17.1	$ 16.5	$ 17.8	4	(7)
Segment capital	$ 1,952	$ 2,048	$ 2,037	(5)	1
Return on average segment capital [(a)]	76.8%	68.6%	66.3%		
Return on average tangible segment capital [(a)]	84.9%	75.9%	74.3%		
Global Network Services:					
Card billed business *(billions)*	$ 144.1	$ 128.8	$ 116.8	12	10
Total cards-in-force	40.7	37.6	34.2	8%	10%

(a) Return on average segment capital is calculated by dividing (i) one-year period segment income ($1.6 billion, $1.4 billion and $1.3 billion for 2013, 2012 and 2011, respectively) by (ii) one-year average segment capital ($2.1 billion for both 2013 and 2012 and $1.9 billion for 2011). Return on average tangible segment capital, a non-GAAP measure, is computed in the same manner as return on average segment capital except the computation of average tangible segment capital, a non-GAAP measure, excludes from average segment capital average goodwill and other intangibles of $195 million, $203 million and $209 million as of December 31, 2013, 2012 and 2011, respectively. The Company believes return on average tangible segment capital is a useful measure of the profitability of its business.

CORPORATE & OTHER

Corporate functions and auxiliary businesses, including the Company's EGG (including Global Payment Options) and other Company operations, are included in Corporate & Other.

Corporate & Other had net after-tax expense of $900 million, $831 million and $535 million in 2013, 2012 and 2011, respectively. The increase in net after-tax expense for 2013 was primarily a result of favorable effects in 2012 of revised estimates of the liability for uncashed Travelers Cheques in certain international countries, as well as higher tax expenses in the current year. The 2013 increase was partially offset by the impact of restructuring costs in 2012.

The increase in net after-tax expense in 2012 was primarily a result of the loss of after-tax income related to the MasterCard and Visa settlements of $186 million and $172 million, respectively which ended in the fourth quarter of 2011, as well as an increase in restructuring costs. The 2012 increase was partially offset by higher gains on sales of investment securities and the aforementioned favorable effects of revised estimates of the liability for uncashed international Travelers Cheques.

Results for all periods disclosed also included net interest expense related to maintaining the liquidity pool discussed in "Consolidated Capital Resources and Liquidity — Liquidity Management", as well as interest expense related to other corporate indebtedness.

AMERICAN EXPRESS COMPANY
2013 FINANCIAL REVIEW

CONSOLIDATED CAPITAL RESOURCES AND LIQUIDITY

The Company's balance sheet management objectives are to maintain:

- A solid and flexible equity capital profile;
- A broad, deep and diverse set of funding sources to finance its assets and meet operating requirements; and
- Liquidity programs that enable the Company to continuously meet expected future financing obligations and business requirements for at least a 12-month period, even in the event it is unable to continue to raise new funds under its traditional funding programs during a substantial weakening in economic conditions.

CAPITAL STRATEGY

The Company's objective is to retain sufficient levels of capital generated through earnings and other sources to maintain a solid equity capital base and to provide flexibility to support future business growth. The Company believes capital allocated to growing businesses with a return on risk-adjusted equity in excess of its costs will generate shareholder value.

The level and composition of the Company's consolidated capital position are determined through the Company's internal capital adequacy assessment process, which reflects its business activities, as well as marketplace conditions and requirements or expectations of credit rating agencies, regulators and shareholders, among others. The Company's consolidated capital position is also influenced by subsidiary capital requirements. The Company, as a bank holding company, is also subject to regulatory requirements administered by the U.S. federal banking agencies. The Federal Reserve has established specific capital adequacy guidelines that involve quantitative measures of assets, liabilities and certain off-balance sheet items.

The Company currently calculates and reports its capital ratios under the standards commonly referred to as Basel I. The Company has adopted Basel III in certain non-U.S. jurisdictions and is currently taking steps toward Basel III advanced approaches implementation in the U.S. As an advanced approaches institution, the Company will report its 2014 capital ratios using Basel III capital definitions and Basel I risk-weighted assets. Beginning in 2015, the Company will report its capital ratios under the Basel III standardized approach to risk-weighted assets.

During 2014, the Company will begin reporting its capital adequacy standards on a parallel basis to its regulators under Basel requirements for an advanced approaches institution. The parallel period will continue until the Company receives regulatory approval to exit parallel reporting and subsequently begin publicly reporting its capital ratios using both Basel III standardized and advanced approaches.

The following table presents the regulatory risk-based capital ratios and leverage ratios for the Company and its significant bank subsidiaries, as well as additional ratios widely utilized in the marketplace, as of December 31, 2013.

TABLE 17: REGULATORY RISK-BASED CAPITAL AND LEVERAGE RATIOS

	Well-Capitalized Ratios [a]	Ratios as of December 31, 2013
Risk-Based Capital		
Tier 1	6%	
American Express Company		12.5%
American Express Centurion Bank		19.9
American Express Bank, FSB		15.6
Total	10	
American Express Company		14.4
American Express Centurion Bank		21.2
American Express Bank, FSB		17.7
Tier 1 Leverage	5%	
American Express Company		10.9
American Express Centurion Bank		19.0
American Express Bank, FSB		17.5
Common Equity to Risk- Weighted Assets		
American Express Company		15.1
Tier 1 Common Risk-Based [b]		
American Express Company		12.5
Tangible Common Equity to Risk-Weighted Assets [b]		
American Express Company		12.0%

(a) As defined by the Federal Reserve.
(b) Refer to page 36 for a reconciliation of Tier 1 common equity and tangible common equity, both non-GAAP measures.

The following provides definitions for the Company's regulatory risk-based capital ratios and leverage ratio, which are calculated as per standard regulatory guidance, if applicable:

Risk-Weighted Assets — Assets are weighted for risk according to a formula used by the Federal Reserve to conform to capital adequacy guidelines. On- and off-balance sheet items are weighted for risk, with off-balance sheet items converted to balance sheet equivalents, using risk conversion factors, before being allocated a risk-adjusted weight. The off-balance sheet items comprise a minimal part of the overall calculation. Risk-weighted assets under Basel I as of December 31, 2013 were $129.5 billion.

Tier 1 Risk-Based Capital Ratio — The Tier 1 capital ratio is calculated as Tier 1 capital divided by risk-weighted assets. Tier 1 capital is the sum of common shareholders' equity, certain perpetual preferred stock (not applicable to the Company), and non-controlling interests in consolidated subsidiaries, adjusted for ineligible goodwill and intangible assets, as well as certain other comprehensive income items as follows: net unrealized gains/losses on securities and derivatives, and net unrealized pension and other postretirement benefit losses, all net of tax. Tier 1 capital as of December 31, 2013 was $16.2 billion. This ratio is commonly used by regulatory agencies to assess a financial institution's financial strength. Tier 1 capital is the primary form of capital used to absorb losses beyond current loss accrual estimates.

Total Risk-Based Capital Ratio — The total risk-based capital ratio is calculated as the sum of Tier 1 capital and Tier 2 capital, divided by risk-weighted assets. Tier 2 capital is the sum of the allowance for receivable and loan losses (limited to 1.25 percent of risk-weighted assets) and 45 percent of the unrealized gains on equity securities, plus a $750 million subordinated hybrid security, for which the Company received approval from the Federal Reserve for treatment as Tier 2 capital. Tier 2 capital as of December 31, 2013 was $2.4 billion. The $750 million subordinated hybrid security is not expected to meet the requirements of Tier 2 capital under Basel III, and will begin to be transitioned out of capital beginning in 2014. See "Basel III" below.

Tier 1 Leverage Ratio — The Tier 1 leverage ratio is calculated by dividing Tier 1 capital by the Company's average total consolidated assets for the most recent quarter. Average total consolidated assets as of December 31, 2013 were $148.6 billion.

The following provides definitions for capital ratios widely used in the marketplace, although they may be calculated differently by different companies:

Tier 1 Common Risk-Based Capital Ratio — The Tier 1 common risk-based capital ratio is calculated as Tier 1 common equity, a non-GAAP measure, divided by risk-weighted assets. Tier 1 common equity is calculated by reference to total shareholders' equity as shown below:

TABLE 18: TOTAL TIER 1 COMMON EQUITY

	December 31,
(Billions)	2013
Total shareholders' equity	$ 19.5
Net effect of certain items in accumulated other comprehensive loss excluded from Tier 1 common equity	0.4
Less: Ineligible goodwill and intangible assets	(3.5)
Less: Ineligible deferred tax assets	(0.2)
Total Tier 1 common equity	$ 16.2

The Company believes the Tier 1 common risk-based capital ratio is useful because it can be used to assess and compare the quality and composition of the Company's capital with the capital of other financial services companies. Moreover, Basel III includes measures that rely on the Tier 1 common risk-based capital ratio.

Common Equity and Tangible Common Equity to Risk-Weighted Assets Ratios — Common equity equals the Company's shareholders' equity of $19.5 billion as of December 31, 2013, and tangible common equity, a non-GAAP measure, equals common equity less goodwill and other intangibles of $4.0 billion as of December 31, 2013. The Company believes presenting the ratio of tangible common equity to risk-weighted assets is a useful measure of evaluating the strength of the Company's capital position.

The Company seeks to maintain capital levels and ratios in excess of the minimum regulatory requirements and finance such capital in a cost efficient manner; failure to maintain minimum capital levels could affect the Company's status as a financial holding company and cause the respective regulatory agencies to take actions that could limit the Company's business operations.

The Company's primary source of equity capital has been the generation of net income. Historically, capital generated through net income and other sources, such as the exercise of stock options by employees, has exceeded the annual growth in its capital requirements. To the extent capital has exceeded business, regulatory and rating agency requirements, the Company has historically returned excess capital to shareholders through its regular common share dividend and share repurchase program.

The Company maintains certain flexibility to shift capital across its businesses as appropriate. For example, the Company may infuse additional capital into subsidiaries to maintain capital at targeted levels in consideration of debt ratings and regulatory requirements. These infused amounts can affect the capital profile and liquidity levels at the American Express parent company level. The Company does not currently intend or foresee a need to shift capital from non-U.S. subsidiaries with permanently reinvested earnings to a U.S. parent company.

Basel III

Basel III, when fully phased-in, will require bank holding companies and their bank subsidiaries to maintain substantially more capital than prior requirements, with a greater emphasis on common equity. The Company estimates that had Basel III been fully phased-in during 2013, its reported Tier 1 risk-based capital and Tier 1 common risk-based ratios would have been 12.2 percent, and its reported Tier 1 leverage ratio would have been 10.7 percent. As of December 31, 2013, had the Basel III rules been effective, the Company's supplementary leverage ratio would be 9.0 percent. [6] These ratios are calculated using the standardized approach for determining risk-weighted assets. As noted

[6] The capital ratios are non-GAAP measures. The Company believes the presentation of the capital ratios is helpful to investors by showing the impact of Basel III.

above, the Company is currently taking steps toward Basel III advanced approaches implementation in the U.S. The Company's $750 million subordinated hybrid security, which is presently included in Tier 2 capital (but not in Tier 1 capital), is not expected to meet the requirements of Tier 2 capital under Basel III. The disqualification of this subordinated hybrid security from Tier 2 capital will affect our total risk-based capital ratio under Basel III; however, this ratio is expected to remain well in excess of the required minimum.

The following provides definitions for capital ratios as defined by Basel III using the standardized approach. All calculations are non-GAAP measures.

Basel III Tier 1 Common Risk-Based Capital Ratio — The Basel III Tier 1 common risk-based capital ratio is calculated as adjusted Tier 1 common equity divided by adjusted risk-weighted assets.

Basel III Tier 1 Risk-Based Capital Ratio — The Basel III Tier 1 risk-based capital ratio is calculated as adjusted Tier 1 capital divided by adjusted risk-weighted assets.

The following table presents a comparison of the Company's Tier 1 and Tier 1 common risk-based capital under Basel I to its estimated Tier 1 and Tier 1 common risk-based capital under Basel III.

TABLE 19: BASEL I VERSUS BASEL III

	December 31,
(Billions)	2013
Tier 1 and Tier 1 Common Risk-Based Capital under Basel I	$ 16.2
Adjustments related to:	
AOCI [(a)] for available for sale securities	0.1
Pension, other post-retirement benefit costs and other	(0.4)
Estimated Tier 1 and Tier 1 Common Risk-Based Capital under Basel III [(b)]	$ 15.9

(a) Accumulated Other Comprehensive Income.
(b) Estimated Basel III Tier 1 capital and Tier 1 common equity reflects the Company's current interpretation of Basel III. The estimated Basel III Tier 1 capital and Tier 1 common equity could change if the Company's business changes; and the estimated impact for 2013 is not necessarily indicative of the impact in future periods.

Basel III Risk-Weighted Assets — The Basel III risk-weighted assets reflect the Company's Basel I risk-weighted assets, adjusted for the impact of the incremental risk weighting applied to deferred tax assets and significant investments in unconsolidated financial institutions, as well as exposures to past due accounts, equities and sovereigns. Basel III risk-weighted assets as of December 31, 2013 were estimated to be $130.5 billion.

Basel III Tier 1 Leverage Ratio — The Basel III Tier 1 leverage ratio is calculated by dividing Basel III Tier 1 capital by the Company's average total consolidated assets.

Basel III Supplementary Leverage Ratio — The Basel III supplementary leverage ratio is calculated by dividing Basel III Tier 1 capital by the Company's total assets for leverage capital purposes under Basel III. Total assets for leverage capital purposes includes adjustments for Tier 1 capital deductions, off-balance sheet derivatives, undrawn unconditionally cancellable commitments and other off-balance sheet liabilities. Total assets for leverage capital purposes as of December 31, 2013 were $176.3 billion.

SHARE REPURCHASES AND DIVIDENDS

The Company has a share repurchase program to return excess capital to shareholders. The share repurchases reduce shares outstanding and offset, in whole or part, the issuance of new shares as part of employee compensation plans.

During 2013, the Company returned approximately $5.0 billion to its shareholders in the form of dividends ($967 million) and share repurchases ($4.0 billion). The Company repurchased 55 million common shares at an average price of $72.51 in 2013. These dividend and share repurchase amounts represent approximately 81 percent of total capital generated during the year. This percentage for 2013 is significantly greater than the on average and over time target to distribute approximately 50 percent of the capital to shareholders as dividends or through the repurchases of common stock. These distribution percentages result from the strength of the Company's capital ratios and the amount of capital it generates from net income and through employee stock plans in relation to the amount of capital required to support its organic business growth and through acquisitions.

On January 6, 2014, the Company submitted its comprehensive capital plan to the Federal Reserve. The capital plan includes an analysis of performance and capital availability under certain adverse economic assumptions. The capital plan was submitted to the Federal Reserve pursuant to its guidance on dividends and capital distributions. The Company expects a response from the Federal Reserve by March 31, 2014. In the first quarter of 2014, the Company is expected to execute share repurchases up to $1.0 billion pursuant to its capital plan that received no objections from the Federal Reserve in March 2013.

FUNDING STRATEGY

The Company's principal funding objective is to maintain broad and well-diversified funding sources to allow it to meet its maturing obligations, cost-effectively finance current and future asset growth in its global businesses as well as to maintain a strong liquidity profile. The diversity of funding sources by type of debt instrument, by maturity and by investor base, among other factors, provides additional insulation from the impact of disruptions in any one type of debt, maturity or investor. The mix of the Company's funding in any period will seek to achieve cost efficiency consistent with both maintaining diversified sources and achieving its liquidity objectives. The Company's funding strategy and activities are integrated into its

asset-liability management activities. The Company has in place a funding policy covering American Express Company and all of its subsidiaries.

The Company's proprietary card businesses are the primary asset-generating businesses, with significant assets in both domestic and international Card Member receivable and lending activities. The Company's financing needs are in large part a consequence of its proprietary card-issuing businesses and the maintenance of a liquidity position to support all of its business activities, such as merchant payments. The Company generally pays merchants for card transactions prior to reimbursement by Card Members and therefore funds the merchant payments during the period Card Member loans and receivables are outstanding. The Company also has additional financing needs associated with general corporate purposes, including acquisition activities.

FUNDING PROGRAMS AND ACTIVITIES

The Company meets its funding needs through a variety of sources, including direct and third-party distributed deposits and debt instruments, such as senior unsecured debentures, asset securitizations, borrowings through secured borrowing facilities and long-term committed bank borrowing facilities in certain non-U.S. regions.

The Company had the following consolidated debt and customer deposits outstanding as of December 31:

TABLE 20: SUMMARY OF CONSOLIDATED DEBT AND CUSTOMER DEPOSITS

(Billions)	2013	2012
Short-term borrowings	$ 5.0	$ 3.3
Long-term debt	55.3	59.0
Total debt	60.3	62.3
Customer deposits	41.8	39.8
Total debt and customer deposits	$ 102.1	$ 102.1

The Company seeks to raise funds to meet all of its financing needs, including seasonal and other working capital needs, while also seeking to maintain sufficient cash and readily marketable securities that are easily convertible to cash, in order to meet the scheduled maturities of all long-term funding obligations on a consolidated basis for a 12-month period. Management does not currently expect to make any significant changes to the Company's funding programs or liquidity strategy in order to satisfy Basel III's liquidity coverage ratio standard based upon its current understanding of the requirements.

The Company's funding plan for the full year 2014 includes, among other sources, approximately $6.0 billion to $12.0 billion of unsecured term debt issuance and $3.0 billion to $9.0 billion of secured term debt issuance. The Company's funding plans are subject to various risks and uncertainties, such as future business growth, the impact of global economic, political and other events on market capacity, demand for securities offered by the Company, regulatory changes, ability to securitize and sell receivables, and the performance of receivables previously sold in securitization transactions. Many of these risks and uncertainties are beyond the Company's control.

The Company's equity capital and funding strategies are designed, among other things, to maintain appropriate and stable unsecured debt ratings from the major credit rating agencies: Moody's Investor Services (Moody's), Standard & Poor's (S&P), Fitch Ratings (Fitch) and Dominion Bond Rating Services (DBRS). Such ratings help support the Company's access to cost-effective unsecured funding as part of its overall funding strategy. The Company's asset-backed securitization (ABS) activities are rated separately.

TABLE 21: UNSECURED DEBT RATINGS

Credit Agency	Entity Rated	Short-Term Ratings	Long-Term Ratings	Outlook
DBRS	All rated entities	R-1 (middle)	A (high)	Stable
Fitch	All rated entities	F1	A+	Stable
Moody's	TRS [(a)] and rated operating subsidiaries	Prime-1	A2	Stable
Moody's	American Express Company	Prime-2	A3	Stable
S&P	TRS and rated operating subsidiaries [(b)]	A-2	A-	Stable
S&P	American Express Company	A-2	BBB+	Stable

(a) American Express Travel Related Services Company, Inc.
(b) S&P does not provide a rating for TRS short-term debt.

Downgrades in the ratings of the Company's unsecured debt or asset securitization program securities could result in higher funding costs, as well as higher fees related to borrowings under its unused lines of credit. Declines in credit ratings could also reduce the Company's borrowing capacity in the unsecured debt and asset securitization capital markets. The Company believes its funding mix, including the proportion of U.S. retail deposits insured by the Federal Deposit Insurance Corporation (FDIC), should reduce the impact that credit rating downgrades would have on the Company's funding capacity and costs.

SHORT-TERM FUNDING PROGRAMS

Short-term borrowings, such as commercial paper, are defined as any debt with an original maturity of 12 months or less, as well as interest-bearing overdrafts with banks. The Company's short-term funding programs are used primarily to meet working capital needs, such as managing seasonal variations in receivables balances. The amount of short-term borrowings issued in the future will depend on the Company's funding

strategy, its needs and market conditions.

The Company had the following short-term borrowings outstanding as of December 31:

TABLE 22: SHORT-TERM BORROWINGS OUTSTANDING

(Billions)	2013	2012
Commercial paper	$ 0.2	$ —
Other short-term borrowings [a]	4.8	3.3
Total	$ 5.0	$ 3.3

(a) Includes $2.0 billion draw on American Express Credit Account Master Trust (Lending Trust) secured borrowing facility, maturing on September 15, 2015, which was repaid on February 18, 2014.

Refer to Note 10 to the Consolidated Financial Statements for further description of these borrowings.

As of December 31, 2013, the Company had $0.2 billion commercial paper outstanding. Average commercial paper outstanding was $0.1 billion and $0.4 billion in 2013 and 2012, respectively.

DEPOSIT PROGRAMS

The Company offers deposits within its American Express Centurion Bank (Centurion Bank) and American Express Bank, FSB (FSB) subsidiaries (together, the Banks). These funds are currently insured up to $250,000 per account holder through the FDIC. The Company's ability to obtain deposit funding and offer competitive interest rates is dependent on the Banks' capital levels. The Company, through the FSB, has a direct retail deposit program, Personal Savings from American Express, to supplement its distribution of deposit products sourced through third-party distribution channels. The direct retail program makes FDIC-insured certificates of deposit (CDs) and high-yield savings account products available directly to consumers.

The Company held the following deposits as of December 31:

TABLE 23: CUSTOMER DEPOSITS

(Billions)	2013	2012
U.S. retail deposits:		
Savings accounts – Direct	$ 24.6	$ 18.7
Certificates of deposit: [a]		
Direct	0.5	0.7
Third-party	6.9	8.9
Sweep accounts – Third-party	8.9	11.4
Other retail deposits:		
Non-U.S. deposits and U.S. non-interest Bearing	0.1	0.1
Card Member credit balances – U.S. and non-U.S. [b]	0.8	—
Total customer deposits	$ 41.8	$ 39.8

(a) The weighted average remaining maturity and weighted average rate at issuance on the total portfolio of U.S. retail CDs, issued through direct and third-party programs, were 25.3 months and 1.8 percent, respectively, as of December 31, 2013.

(b) Beginning 2013, the Company reclassified prospectively Card Member credit balances from Card Member loans, Card Member receivables and Other liabilities to Customer deposits.

LONG-TERM DEBT PROGRAMS

During 2013, the Company and its subsidiaries issued debt and asset securitizations with maturities ranging from 3 to 5 years. These amounts included approximately $3.3 billion of AAA-rated securitization certificates and notes, $0.2 billion of subordinated securities and $5.5 billion of unsecured debt across a variety of maturities and markets. During the year, the Company retained approximately $0.3 billion of subordinated securities, as the pricing and yields for these securities were not attractive compared to other sources of financing available to the Company.

The Company's 2013 debt issuances were as follows:

TABLE 24: DEBT ISSUANCES

(Billions)	Amount
American Express Company:	
Fixed Rate Senior Notes (weighted-average coupon of 1.55%)	$ 1.0
Floating Rate Senior Notes (3-month LIBOR plus 59 basis points)	0.9
American Express Credit Corporation:	
Fixed Rate Senior Notes (weighted-average coupon of 1.82%)	2.3
Floating Rate Senior Notes (3-month LIBOR plus 51 basis points)	1.2
American Express Centurion Bank:	
Floating Rate Senior Notes (3-month LIBOR plus 30 basis points)	0.1
American Express Credit Account Master Trust: [a]	
Floating Rate Senior Certificates (1-month LIBOR plus 42 basis points on average)	1.6
Floating Rate Subordinated Certificates (1-month LIBOR plus 70 basis points on average)	0.1
Fixed Rate Senior Certificates (weighted-average coupon of 0.98%)	0.5
American Express Issuance Trust II: [a]	
Floating Rate Senior Notes (1-month LIBOR plus 37 basis points)	1.2
Floating Rate Subordinated Notes (1-month LIBOR plus 64 basis points)	0.1
Total	$ 9.0

(a) Issuances from the Lending Trust and the American Express Issuance Trust II (Charge Trust II) do not include $0.3 billion of subordinated securities retained by the Company during the year.

ASSET SECURITIZATION PROGRAMS

The Company periodically securitizes Card Member receivables and loans arising from its card business, as the securitization market provides the Company with cost-effective funding. Securitization of Card Member receivables and loans is accomplished through the transfer of those assets to a trust, which in turn issues securities collateralized by the transferred assets to third-party investors. The proceeds from issuance are distributed to the Company, through its wholly owned subsidiaries, as consideration for the transferred assets.

The receivables and loans being securitized are reported as assets on the Company's Consolidated Balance Sheets and the related securities issued to third-party investors are reported as long-term debt.

Under the respective terms of the securitization trust agreements, the occurrence of certain triggering events associated with the performance of the assets of each trust could result in payment of trust expenses, establishment of reserve funds, or in a worst-case scenario, early amortization of investor certificates. During the year ended December 31, 2013, no such triggering events occurred.

AMERICAN EXPRESS COMPANY
2013 FINANCIAL REVIEW

During 2013, the Company transferred Card Member receivables from the American Express Issuance Trust (Charge Trust) to the Charge Trust II, dissolving the Charge Trust. The Company will continue to utilize the Charge Trust II for securitization of Card Member receivables.

LIQUIDITY MANAGEMENT

The Company's liquidity objective is to maintain access to a diverse set of cash, readily marketable securities and contingent sources of liquidity, so that the Company can continuously meet expected future financing obligations and business requirements for at least a 12-month period, even in the event it is unable to raise new funds under its regular funding programs during a substantial weakening in economic conditions. The Company has in place a liquidity risk policy that sets out the Company's approach to managing liquidity risk on an enterprise-wide basis.

The Company incurs and accepts liquidity risk arising in the normal course of offering its products and services. The liquidity risks that the Company is exposed to can arise from a variety of sources, and thus its liquidity management strategy includes a variety of parameters, assessments and guidelines, including, but not limited to:

- Maintaining a diversified set of funding sources (refer to Funding Strategy section for more details);
- Maintaining unencumbered liquid assets and off-balance sheet liquidity sources; and
- Projecting cash inflows and outflows from a variety of sources and under a variety of scenarios, including collateral requirements for derivative transactions.

The Company's current liquidity target is to have adequate liquidity in the form of excess cash and readily marketable securities that are easily convertible into cash to satisfy all maturing long-term funding obligations for a 12-month period. In addition to its cash and readily marketable securities, the Company maintains a variety of contingent liquidity resources, such as access to undrawn amounts under its secured borrowing facilities, committed bank credit facilities and the Federal Reserve discount window.

As of December 31, 2013, the Company had $13.0 billion in excess cash available to fund long-term maturities:

TABLE 25: SUMMARY OF EXCESS CASH AVAILABLE FOR LONG-TERM MATURITIES

(Billions)	Total
Cash [(a)]	$13.2
Less:	
Commercial Paper	0.2
Cash available to fund maturities	$13.0

(a) Includes $19.5 billion classified as cash and cash equivalents, less $6.3 billion of cash available to fund day-to-day operations. The $13.2 billion represents cash residing in the U.S.

The upcoming approximate maturities of the Company's long-term unsecured debt, debt issued in connection with asset-backed securitizations and long-term certificates of deposit are as follows:

TABLE 26: DEBT MATURITIES

(Billions)	Debt Maturities			
2014 Quarters Ending:	Unsecured Debt	Asset-Backed Securitizations [(a)]	Certificates of Deposit	Total
March 31	$ —	$ 0.5	$ 0.7	$ 1.2
June 30	2.1	1.0	0.5	3.6
September 30	1.5	2.5	0.5	4.5
December 31	2.2	—	1.0	3.2
Total	$ 5.8	$ 4.0	$ 2.7	$12.5

(a) Excludes a $3.0 billion draw on the Charge Trust II secured borrowing facility, maturing on July 15, 2016 and a $2.0 billion draw on the Lending Trust secured borrowing facility maturing on September 15, 2015. The draw on the Charge Trust II facility was repaid on January 15, 2014 and the draw on the Lending Trust facility was repaid on February 18, 2014.

The Company's financing needs for the next 12 months are expected to arise from these debt and deposit maturities as well as changes in business needs, including changes in outstanding Card Member loans and receivables and acquisition activities.

The Company considers various factors in determining the amount of liquidity it maintains, such as economic and financial market conditions, seasonality in business operations, growth in its businesses, potential acquisitions or dispositions, the cost and availability of alternative liquidity sources, and regulatory and credit rating agency considerations.

The yield the Company receives on its cash and readily marketable securities is, generally, less than the interest expense on the sources of funding for these balances. Thus, the Company incurs substantial net interest costs on these amounts. The level of net interest costs will be dependent on the size of the Company's cash and readily marketable securities holdings, as well as the difference between its cost of funding these amounts and their investment yields.

Securitized Borrowing Capacity

As of December 31, 2013, the Company maintained its committed, revolving, secured borrowing facility, with a maturity date of September 15, 2015, that gives the Company the right to sell up to $2.0 billion face amount of eligible AAA certificates from the Lending Trust. On July 18, 2013, the Company terminated its existing $3.0 billion Charge Trust II committed, revolving, secured borrowing facility with a maturity date of July 15, 2014 and entered into a new three-year committed, revolving, secured borrowing facility with a maturity date of July 15, 2016 that gives the Company the right to sell up to $3.0 billion face amount of eligible AAA notes from the Charge Trust II. Both facilities are used in the ordinary course of business to fund seasonal working capital needs, as well as to further enhance the Company's contingent funding resources.

As of December 31, 2013, $3.0 billion and $2.0 billion were drawn on the Charge Trust II facility and Lending Trust facility, respectively.

Federal Reserve Discount Window

As insured depository institutions, the Banks may borrow from the Federal Reserve Bank of San Francisco, subject to the amount of qualifying collateral that they may pledge. The Federal Reserve has indicated that both credit and charge card receivables are a form of qualifying collateral for secured borrowings made through the discount window. Whether specific assets will be considered qualifying collateral and the amount that may be borrowed against the collateral remain at the discretion of the Federal Reserve.

The Company had approximately $48.5 billion as of December 31, 2013 in U.S. credit card loans and charge card receivables that could be sold over time through its existing securitization trusts, or pledged in return for secured borrowings to provide further liquidity, subject in each case to applicable market conditions and eligibility criteria.

Committed Bank Credit Facilities

In addition to the secured borrowing facilities described above, the Company maintained committed syndicated bank credit facilities as of December 31, 2013 of $7.0 billion, which expire as follows:

TABLE 27: EXPIRATION OF COMMITTED SYNDICATED BANK CREDIT FACILITIES

(Billions)	
2015	$4.8
2016	2.2
Total	$7.0

The availability of the credit lines is subject to the Company's compliance with certain financial covenants, principally the maintenance by Credco of a certain ratio of combined earnings and fixed charges to fixed charges. As of December 31, 2013, the Company was in compliance with each of its covenants. The drawn balance of the committed credit facilities of $4.0 billion as of December 31, 2013 was used to fund the Company's business activities in the normal course. The remaining capacity of the facilities mainly served to further enhance the Company's contingent funding resources.

The Company's committed bank credit facilities do not contain material adverse change clauses, which might otherwise preclude borrowing under the credit facilities, nor are they dependent on the Company's credit rating.

CASH FLOWS

Cash Flows from Operating Activities

Cash flows from operating activities primarily include net income adjusted for (i) non-cash items included in net income, including provisions for losses, depreciation and amortization, deferred taxes, and stock-based compensation and (ii) changes in the balances of operating assets and liabilities, which can vary significantly in the normal course of business due to the amount and timing of various payments.

For the year ended December 31, 2013, net cash provided by operating activities of $8.5 billion increased $1.4 billion compared to $7.1 billion in 2012, primarily due to higher net income, premium paid on debt exchange in 2012 and smaller changes in accounts payable and other liabilities, partially offset by a decrease in deferred taxes and other.

For the year ended December 31, 2012, net cash provided by operating activities of $7.1 billion decreased $2.7 billion compared to $9.8 billion in 2011. The decrease was primarily due to a decrease in the liabilities for accounts payable and other liabilities in 2012 as compared to the prior year versus an increase in 2011 as compared to the prior year.

Cash Flows from Investing Activities

The Company's investing activities primarily include funding Card Member loans and receivables and the Company's available-for-sale investment portfolio.

For the year ended December 31, 2013, net cash used in investing activities of $7.3 billion increased $0.8 billion compared to $6.5 billion in 2012, primarily due to higher purchases of investments.

For the year ended December 31, 2012, net cash used in investing activities of $6.5 billion increased $6.0 billion compared to $0.5 billion in 2011, primarily due to a reduction in maturities, redemptions and sales of investments, and a net decrease in the cash flows related to Card Member loans and receivables and restricted cash, partially offset by lower purchases of investments and fewer acquisitions in 2012 as compared to 2011.

Cash Flows from Financing Activities

The Company's financing activities primarily include issuing and repaying debt, taking customer deposits, issuing and repurchasing its common shares, and paying dividends.

For the year ended December 31, 2013, net cash used in financing activities of $3.9 billion increased $0.6 billion compared to $3.3 billion in 2012, due to lower issuances of long-term debt, slowing growth in customer deposits and higher principal payments on long-term debt, partially offset by an increase in short-term borrowings and the issuance of American Express common shares to employees.

For the year ended December 31, 2012, net cash used in financing activities of $3.3 billion increased $2.6 billion compared to $0.7 billion in 2011, due to a decrease in short-term borrowings, and an increase in the repurchase of common shares in 2012, which more than offset a decrease in principal payments on long-term debt.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

The Company has identified both on and off-balance sheet transactions, arrangements, obligations and other relationships that may have a

material current or future effect on its financial condition, changes in financial condition, results of operations, or liquidity and capital resources.

CONTRACTUAL OBLIGATIONS

The table below identifies transactions that represent contractually committed future obligations of the Company. Purchase obligations include agreements to purchase goods and services that are enforceable and legally binding on the Company and that specify significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum or variable price provisions; and the approximate timing of the transaction.

TABLE 28: COMMITTED FUTURE OBLIGATIONS BY YEAR

	Payments due by year [a]				
(Millions)	2014	2015–2016	2017–2018	2019 and thereafter	Total
Long-term debt	$ 9,849	$ 25,435	$ 16,711	$ 3,972	$55,967
Interest payments on long-term debt [b]	1,198	1,729	682	1,817	5,426
Certificates of deposit	2,738	2,881	1,611	191	7,421
Other long-term liabilities [c]	235	87	15	18	355
Operating lease obligations	237	353	246	922	1,758
Purchase obligations [d]	390	190	76	23	679
Total	$14,647	$ 30,675	$ 19,341	$ 6,943	$71,606

(a) The above table excludes approximately $1.0 billion of tax liabilities that have been recorded in accordance with GAAP governing the accounting for uncertainty in income taxes as inherent complexities and the number of tax years currently open for examination in multiple jurisdictions do not permit reasonable estimates of payments, if any, to be made over a range of years.

(b) Estimated interest payments were calculated using the effective interest rate in place as of December 31, 2013, and reflects the effect of existing interest rate swaps. Actual cash flows may differ from estimated payments.

(c) As of December 31, 2013, there were no minimum required contributions, and no contributions are currently planned, for the U.S. American Express Retirement Plan. For the U.S. American Express Retirement Restoration Plan and non-U.S. defined benefit pension and postretirement benefit plans, contributions in 2014 are anticipated to be approximately $61 million, and this amount has been included within other long-term liabilities. Remaining obligations under defined benefit pension and postretirement benefit plans aggregating $600 million have not been included in the table above as the timing of such obligations is not determinable. Additionally, other long-term liabilities do not include $6.2 billion of Membership Rewards liabilities, which are not considered long-term liabilities as Card Members in good standing can redeem points immediately, without restrictions, and because the timing of point redemption is not determinable.

(d) The purchase obligation amounts represent non-cancelable minimum contractual obligations by period under contracts that were in effect as of December 31, 2013. Termination fees are included in these amounts.

The Company also has certain contingent obligations to make payments under contractual agreements entered into as part of the ongoing operation of the Company's business, primarily with co-brand partners. The contingent obligations under such arrangements were approximately $2.8 billion as of December 31, 2013.

In addition to the contractual obligations noted above, the Company has off-balance sheet arrangements that include guarantees and other off-balance sheet arrangements as more fully described below.

GUARANTEES

The Company's principal guarantees are associated with Card Member services to enhance the value of owning an American Express card. As of December 31, 2013, the Company had guarantees totaling approximately $45 billion related to Card Member protection plans, as well as other guarantees in the ordinary course of business that are within the scope of GAAP governing the accounting for guarantees. Refer to Note 13 to the Consolidated Financial Statements for further discussion regarding the Company's guarantees.

CERTAIN OTHER OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2013, the Company had approximately $265 billion of unused credit available to Card Members as part of established lending product agreements. Total unused credit available to Card Members does not represent potential future cash requirements, as a significant portion of this unused credit will likely not be drawn. The Company's charge card products generally have no pre-set limit, and therefore are not reflected in unused credit available to Card Members.

To mitigate counterparty credit risk related to derivatives, the Company accepted noncash collateral in the form of security interest in U.S. Treasury securities from its derivatives counterparties with a fair value of nil and $335 million as of December 31, 2013 and 2012, respectively, none of which was sold or repledged.

Refer to Note 24 to the Consolidated Financial Statements for discussion regarding the Company's other off-balance sheet arrangements.

RISK MANAGEMENT

GOVERNANCE

The Company uses its comprehensive Enterprise-wide Risk Management (ERM) program to measure, aggregate, monitor, and manage risks. The ERM program is designed to enable the Board of Directors and management to assess the effectiveness of risk management capabilities, policies, processes and controls. It also contributes to the risk-adjusted performance evaluation of the Company's businesses and business leaders. The implementation and execution of the ERM program is headed by the Company's Chief Risk Officer.

Risk management and key risks identified by management are overseen by the Company's Board of Directors and three of its committees: the Risk Committee, the Audit and Compliance Committee, and the Compensation and Benefits Committee. Each of these committees consists entirely of independent directors and provides regular reports to the Board of Directors regarding matters reviewed at the committee level. In addition to the risks under the purview of a particular committee, the Board of Directors monitors the "tone at the top" and risk culture of the Company, oversees strategic risk, and reviews specific and significant risks facing the Company from time to time. These Committees meet regularly in private sessions with the Company's Chief Risk Officer, the Chief Compliance Officer, the General Auditor and other senior management with regard to the Company's risk management processes, controls and capabilities.

The Risk Committee of the Company's Board of Directors provides risk oversight on risk policies and the risk management performance of the Company. The Risk Committee approves key risk management policies and monitors the Company's risk culture, talent, capabilities and risk outcomes. In particular, it approves the Company's ERM policy along with its sub-policies governing individual credit risk, institutional credit risk, market risk, liquidity risk, operational risk, reputational risk, and asset/liability risk, as well as the launch of new products and services. The ERM policy sets the Company's risk appetite and defines governance over risk taking and the risk monitoring processes across the Company. Risk appetite defines the overall risk levels the Company is willing to accept while operating in full compliance with regulatory and legal requirements. In addition, it establishes principles for risk taking in the aggregate and for each risk type, and is supported by a comprehensive system of risk limits, escalation triggers and controls designed to ensure that the risks remain within the defined risk appetite boundaries. Furthermore, the policy defines risk management roles and responsibilities.

The Risk Committee also regularly reviews the credit risk profile of the Company, risk trends and risk management capabilities. The Risk Committee receives regular updates from the Company's Global Risk Oversight team, which reports to the Chief Risk Officer, on key risks affecting the Company, including transaction and exposure level approvals driven by policy-based risk escalations and risk limits.

The Risk Committee reviews enterprise-wide operational risk trends, events and capabilities, with an emphasis on compliance, fraud, legal, process or control failures, information security, and privacy impacts, as well as trends in market, funding, liquidity and reputational risk. The Risk Committee also provides risk oversight of the Company's compliance with Basel capital and liquidity standards and its Internal Capital Adequacy Assessment Process, including its Comprehensive Capital and Review (CCAR) submissions.

As it relates to risk management, the Audit and Compliance Committee of the Company's Board of Directors approves the Company's compliance policies and compliance risk tolerance statement, which reinforces the importance of compliance risk management at the Company. In addition, the Audit and Compliance Committee reviews the effectiveness of the Company's Corporate-wide Compliance Risk Management Program. More broadly, the Committee is responsible for assisting the Board of Directors in its oversight responsibilities relating to the integrity of the Company's financial statements and financial reporting process; internal and external auditing, including the qualifications and independence of the independent registered public accounting firm and the performance of the Company's internal audit services function; and the integrity of the Company's systems of internal accounting and financial controls.

The Compensation and Benefits Committee of the Company's Board of Directors works with the Chief Risk Officer to ensure the compensation programs covering risk-taking employees, business units, and the Company overall appropriately balance risk with incentives such that business performance is achieved without taking imprudent or uneconomic risks. The Company's Chief Risk Officer is actively involved in the goal-setting process, reviews the current and forward-looking risk profiles of each business unit, and provides input into performance evaluation. The Chief Risk Officer meets with the Compensation and Benefits Committee and attests that performance goals and actual results have been achieved without taking imprudent risks. The Compensation and Benefits Committee uses a risk-balanced incentive compensation framework to decide on the Company's bonus pools and the compensation of senior executives.

There are several internal management committees, including the Enterprise-wide Risk Management Committee (ERMC), chaired by the Company's Chief Risk Officer, and the Asset-Liability Committee (ALCO), chaired by the Company's Chief Financial Officer, which oversee risks and implementation of risk policies across the Company with approval by the appropriate board committee. The ERMC is responsible for overseeing all risks, while the ALCO is responsible for managing market, liquidity, asset/liability risk, and the Company's capital position.

As defined in the ERM policy, the Company follows the "three lines of defense" approach to risk management. The first line of defense comprises functions and management committees directly initiating risk taking. Business Unit presidents, the Chief Credit Officer of the Company, the Chief Operational Risk Officer, and the Chief Market Risk Officer are part of the first line of defense. The second line of defense comprises functions overseeing risk taking activities of the first line. The Global Risk Oversight (GRO) and Market Risk Oversight groups, the ERMC and certain control groups, both at the enterprise level and within regulated entities, are part of the second line of defense. The GRO oversees the framework and processes for managing credit, operational and model risks the Company faces and

acts as a check to the first line of defense managing these risks. The Internal Audit Group constitutes the third line of defense, and provides independent assurance that the first and second lines of defense operate as intended.

CREDIT RISK MANAGEMENT PROCESS

Credit risk is defined as loss due to obligor or counterparty default or changes in the credit quality of a security. Credit risks in the Company are divided into two broad categories: individual and institutional. Each has distinct risk management tools and metrics. Business units that create individual or institutional credit risk exposures of significant importance are supported by dedicated risk management teams, each led by a Chief Credit Officer. To preserve independence, Chief Credit Officers for all business units report to the Chief Credit Officer of the Company, who in turn reports directly to the Company's Chief Risk Officer.

INDIVIDUAL CREDIT RISK

Individual credit risk arises principally from consumer and small business charge cards, credit cards, lines of credit, and loans. These portfolios consist of millions of customers across multiple geographies, occupations, industries and levels of net worth. The Company benefits from the high-quality profile of its customers, which is driven by brand, premium customer servicing, product features and risk management capabilities, which span underwriting, customer management and collections. Externally, the risk in these portfolios is correlated to broad economic trends, such as unemployment rates and GDP growth, which can affect customer liquidity.

The business unit leaders and their Chief Credit Officers take the lead in managing the individual credit risk process. These Chief Credit Officers are guided by the Individual Credit Risk Committee, which is responsible for implementation and enforcement of the Individual Credit Risk Management Policy. This policy is further supported by subordinate policies and operating manuals covering decision logic and processes of credit extension, including prospecting, new account approvals, authorizations, line management and collections. The subordinate risk policies and operating manuals are designed to ensure consistent application of risk management principles and standardized reporting of asset quality and loss recognition.

Individual credit risk management is supported by sophisticated proprietary scoring and decision-making models that use the most up-to-date proprietary information on prospects and customers, such as spending and payment history and data feeds from credit bureaus. Additional data, such as new commercial variables, continue to be integrated into the risk models to further mitigate small business risk. The Company has developed data-driven economic decision logic for customer interactions to better serve its customers.

INSTITUTIONAL CREDIT RISK

Institutional credit risk arises principally within the Company's Global Corporate Payments, Global Merchant Services, GNS, Prepaid Services and Foreign Exchange Services businesses, as well as investment and liquidity management activities. Unlike individual credit risk, institutional credit risk is characterized by a lower loss frequency but higher severity. It is affected both by general economic conditions and by client-specific events. The absence of large losses in any given year or over several years is not necessarily representative of the level of risk of institutional portfolios, given the infrequency of loss events in such portfolios.

Similar to Individual Credit Risk, business units taking institutional credit risks are supported by Chief Credit Officers. These officers are guided by the Institutional Risk Management Committee (IRMC), which is responsible for implementation and enforcement of the Institutional Credit Risk Management Policy and for providing guidance to the credit officers of each business unit with substantial institutional credit risk exposures. The committee, along with the business unit Chief Credit Officers, makes investment decisions in core risk capabilities, ensure proper implementation of the underwriting standards and contractual rights of risk mitigation, monitor risk exposures, and determine risk mitigation actions. The IRMC formally reviews large institutional risk exposures to ensure compliance with ERMC guidelines and procedures and escalates them to the ERMC as appropriate. At the same time, the IRMC provides guidance to the business unit risk teams to optimize risk-adjusted returns on capital. A centralized risk rating unit and a specialized airline risk group provide risk assessment of institutional obligors across the Company.

Exposure to the Airline Industry

The Company has multiple important co-brand, rewards and corporate payments arrangements with airlines. The Company's largest airline partner is Delta Air Lines and this relationship includes exclusive co-brand credit card partnerships and other arrangements including Membership Rewards, merchant acceptance, travel and corporate payments. Refer to Note 22 in the Consolidated Financial Statements for further details of these relationships.

Sovereign Debt Exposure

As part of its ongoing risk management process, the Company monitors its financial exposure to both sovereign and non-sovereign customers and counterparties, and measures and manages concentrations of risk by geographic regions, as well as by economic sectors and industries. A primary focus area for monitoring is credit deterioration due to weaknesses in economic and fiscal profiles. The Company evaluates countries based on the market assessment of the riskiness of their sovereign debt and the Company's assessment of their economic and financial outlook and closely monitors those deemed high risk. As of December 31, 2013, the Company considers its gross credit exposures to government entities, financial institutions and corporations in those countries to be individually and collectively not material.

OPERATIONAL RISK MANAGEMENT PROCESS

The Company defines operational risk as the risk of not achieving business objectives due to inadequate or failed processes, people, or information systems, or the external environment, including failures

to comply with laws and regulations. Operational risk is inherent in all business activities and can impact an organization through direct or indirect financial loss, brand damage, customer dissatisfaction, or legal and regulatory penalties.

To appropriately measure and manage operational risk, the Company has implemented a comprehensive operational risk framework that is defined in the Operational Risk Management Policy approved by the Risk Committee. The Operational Risk Management Committee (ORMC) coordinates with all control groups on effective risk assessments and controls and oversees the preventive, responsive and mitigation efforts by Lead Operational Risk Officers in the business units and staff groups. To preserve independence, the Lead Operational Risk Officers for all business units report to the Chief Operational Risk Officer of the Company, who in turn reports directly to the Company's Chief Risk Officer.

The Company uses the operational risk framework to identify, measure, monitor and report inherent and emerging operational risks. This framework, supervised by the ORMC, consists of (a) operational risk event capture, (b) a project office to coordinate issue management and control enhancements, (c) key risk indicators such as customer complaints or pre-implementation test metrics, and (d) process and entity-level risk assessments.

The framework requires the assessment of operational risk events to determine root causes, impact to customers and/or the Company, and resolution plan accountability to correct any defect, remediate customers, and enhance controls and testing to mitigate future issues. The impact on the Company is assessed from an operational, financial, brand, regulatory compliance and legal perspective.

COMPLIANCE RISK MANAGEMENT PROCESS

The Company defines compliance risk as the risk of legal or reputational harm, fines, monetary penalties, payment of damages or other forms of sanction as a result of non-compliance with applicable laws, regulations, rules or standards of conduct.

The Company views its ability to effectively mitigate compliance risk as an important aspect of its business model. The Company's Global Compliance and Ethics organization is responsible for establishing and maintaining the Company's Corporate-wide Compliance Risk Management Program. Pursuant to this program, the Company seeks to manage and mitigate compliance risk by assessing, controlling, monitoring, measuring and reporting the regulatory risks to which it is exposed.

REPUTATIONAL RISK MANAGEMENT PROCESS

The Company defines reputational risk as the risk that negative public perceptions regarding the Company's products, services, business practices, management, clients and partners, whether true or not, could cause a decline in the customer base, costly litigation, or revenue reductions.

The Company views protecting its reputation as core to its vision of becoming the world's most respected service brand and fundamental to its long-term success.

General principles and the overall framework for managing reputational risk across the Company are defined in the Reputational Risk Management Policy. The Reputational Risk Management Committee is responsible for implementation of and adherence to this policy, and for performing periodic assessments of the Company's reputation and brand health based on internal and external assessments.

Business leaders across the Company are responsible for ensuring that reputation risk implications of transactions, business activities and management practices are appropriately considered and relevant subject matter experts are engaged as needed. In addition, the ERMC and its sub-committees are responsible for ensuring that reputational risk considerations are properly reflected in all decisions escalated to the committees.

MARKET RISK MANAGEMENT PROCESS

Market risk is the risk to earnings or value resulting from movements in market prices. The Company's market risk exposure is primarily generated by:

- Interest rate risk in its card, insurance and Travelers Cheque businesses, as well as in its investment portfolios; and
- Foreign exchange risk in its operations outside the U.S.

Market risk limits and escalation triggers within the Market Risk and Asset Liability Management Policies are approved by the Risk Committee of the Board of Directors and the ERMC, based on recommendations by the ALCO. Market risk is centrally monitored for compliance with policy and limits by the Market Risk Committee, which reports into the ALCO and is chaired by the Chief Market Risk Officer. Market risk management is also guided by policies covering the use of derivative financial instruments, funding and liquidity and investments.

The Company's market exposures are in large part by-products of the delivery of its products and services. Interest rate risk arises through the funding of Card Member receivables and fixed-rate loans with variable-rate borrowings as well as through the risk to net interest margin from changes in the relationship between benchmark rates such as Prime and LIBOR.

Interest rate exposure within the Company's charge card and fixed-rate lending products is managed by varying the proportion of total funding provided by variable-rate debt and deposits compared to fixed-rate debt and deposits. In addition, interest rate swaps are used from time to time to effectively convert fixed-rate debt to variable-rate or to convert variable-rate debt to fixed-rate. The Company may change the mix between variable-rate and fixed-rate funding based on changes in business volumes and mix, among other factors.

The Company does not engage in derivative financial instruments for trading purposes. Refer to Note 12 to the Consolidated Financial Statements for further discussion of the Company's derivative financial instruments.

The Company analyzes a variety of scenarios to inform management of potential impacts to earnings and economic value of equity, which may occur given changes in interest rate curves using a range of severities. As of December 31, 2013, the detrimental effect on the Company's annual net interest income of a hypothetical 100 basis point increase in interest rates would be approximately $227 million. To calculate this effect, the Company first measures the potential change in net interest income over the following 12 months taking into consideration anticipated future business growth and market-based forward interest rates. The Company then measures the impact of the assumed forward interest rate plus the 100 basis point increase on the projected net interest income. This effect is primarily driven by the volume of charge card receivables and loans deemed to be fixed-rate and funded by variable-rate liabilities. As of December 31, 2013, the percentage of worldwide charge card accounts receivable and credit card loans that were deemed to be fixed rate was 67.6 percent, or $77 billion, with the remaining 32.4 percent, or $37 billion, deemed to be variable rate.

The Company is also subject to market risk from changes in the relationship between the benchmark Prime rate that determines the yield on its variable-rate lending receivables and the benchmark LIBOR rate that determines the effective interest cost on a significant portion of its outstanding debt. Differences in the rate of change of these two indices, commonly referred to as basis risk, would impact the Company's variable-rate U.S. lending net interest margins because the Company borrows at rates based on LIBOR but lends to its customers based on the Prime rate. The detrimental effect on the Company's net interest income of a hypothetical 10 basis point decrease in the spread between Prime and one-month LIBOR over the next 12 months is estimated to be $31 million. The Company currently has approximately $36 billion of Prime-based, variable-rate U.S. lending receivables and $31 billion of LIBOR-indexed debt, including asset securitizations.

Foreign exchange risk is generated by Card Member cross-currency charges, foreign subsidiary equity and foreign currency earnings in units outside the U.S. The Company's foreign exchange risk is managed primarily by entering into agreements to buy and sell currencies on a spot basis or by hedging this market exposure to the extent it is economically justified through various means, including the use of derivative financial instruments such as foreign exchange forward and cross-currency swap contracts, which can help "lock in" the value of the Company's exposure to specific currencies.

As of both December 31, 2013 and 2012, foreign currency derivative instruments with total notional amounts of approximately $27 billion were outstanding. Derivative hedging activities related to cross-currency charges, balance sheet exposures and foreign currency earnings generally do not qualify for hedge accounting; however, derivative hedging activities related to translation exposure of foreign subsidiary equity generally do.

The Company conducts scenario analysis to inform management of potential impacts to earnings that may occur due to changes in foreign exchange rates of various severities. With respect to cross-currency charges and balance sheet exposures, including related foreign exchange forward contracts outstanding, the effect on the Company's earnings of a hypothetical 10 percent change in the value of the U.S. dollar would be immaterial as of December 31, 2013. With respect to earnings denominated in foreign currencies, the adverse impact on pretax income of a hypothetical 10 percent strengthening of the U.S. dollar related to anticipated overseas operating results for the next 12 months would be approximately $192 million as of December 31, 2013. With respect to translation exposure of foreign subsidiary equity, including related foreign exchange forward contracts outstanding, a hypothetical 10 percent strengthening in the U.S. dollar would result in an immaterial reduction in equity as of December 31, 2013.

The actual impact of interest rate and foreign exchange rate changes will depend on, among other factors, the timing of rate changes, the extent to which different rates do not move in the same direction or in the same direction to the same degree, changes in the cost, volume and mix of the Company's hedging activities and changes in the volume and mix of the Company's businesses.

FUNDING & LIQUIDITY RISK MANAGEMENT PROCESS

Liquidity risk is defined as the inability of the Company to meet its ongoing financial and business obligations as they become due at a reasonable cost. General principles and the overall framework for managing liquidity risk across the Company are defined in the Liquidity Risk Policy approved by the Risk Committee of the Board of Directors and the ALCO. Liquidity risk limits are approved by the Risk Committee of the Board of Directors and the ERMC. Liquidity risk is centrally managed by the Funding and Liquidity Committee, which reports into the ALCO. The Company manages liquidity risk by maintaining access to a diverse set of cash, readily-marketable securities and contingent sources of liquidity, such that the Company can continuously meet its business requirements and expected future financing obligations for at least a 12-month period, even in the event it is unable to raise new funds under its regular funding programs during a substantial weakening in economic conditions. The Company balances the trade-offs between maintaining too much liquidity, which can be costly and limit financial flexibility, and having inadequate liquidity, which may result in financial distress during a liquidity event.

Liquidity risk is managed both at an aggregate company level and at the major legal entities in order to ensure that sufficient funding and liquidity resources are available in the amount and in the location needed in a stress event. The Funding and Liquidity Committee reviews the forecasts of the Company's aggregate and subsidiary cash positions and financing requirements, approves the funding plans designed to satisfy those requirements under normal conditions, establishes guidelines to identify the amount of liquidity resources required and monitors positions and determines any actions to be taken. Liquidity planning also takes into account operating cash flexibilities.

AMERICAN EXPRESS COMPANY
2013 FINANCIAL REVIEW

CRITICAL ACCOUNTING ESTIMATES

Refer to Note 1 to the Consolidated Financial Statements for a summary of the Company's significant accounting policies referenced, as applicable, to other financial statement footnotes. Certain of the Company's accounting policies that require significant management assumptions and judgments are set forth below.

RESERVES FOR CARD MEMBER LOSSES

Reserves for Card Member losses represent management's best estimate of the probable losses inherent in the Company's outstanding portfolio of Card Member loans and receivables, as of the balance sheet date.

In estimating these losses, management uses statistical and analytical models that take into account several factors, including loss migration rates, loss emergence periods, historical losses and recoveries, portfolio specific risk indicators, current risk management initiatives and concentration of credit risk. Management also considers other external environmental factors in establishing reserves for Card Member losses.

The process of estimating these reserves requires a high degree of judgment. To the extent historical credit experience updated for external environmental trends is not indicative of future performance, actual losses could differ significantly from management's judgments and expectations, resulting in either higher or lower future provisions for Card Member losses in any quarter.

As of December 31, 2013, a 10 percent increase in management's estimate of losses inherent in the outstanding portfolio of Card Member loans and receivables evaluated collectively for impairment at such date would increase reserves for Card Member losses with a corresponding change to provision for Card Member losses by approximately $165 million. This sensitivity analysis is provided as a hypothetical scenario to assess the sensitivity of the provision for Card Member losses. It does not represent management's expectations for losses in the future, nor does it include how other portfolio factors such as loss migration rates or recoveries, or the amount of outstanding balances, may impact the level of reserves for Card Member losses and the corresponding impact on the provision for Card Member losses.

LIABILITY FOR MEMBERSHIP REWARDS EXPENSE

The Membership Rewards program is the Company's largest card-based rewards program. Card Members can earn points for purchases charged on their enrolled card products. Certain types of purchases allow Card Members to also earn bonus points. Membership Rewards points are redeemable for a broad variety of rewards including travel, entertainment, retail certificates and merchandise. Points typically do not expire, and there is no limit on the number of points a Card Member may earn.

The Company records a Membership Rewards liability that represents the estimated cost of points earned that are expected to be redeemed by Card Members in the future. The Membership Rewards liability is impacted over time by enrollment levels, points earned and redeemed, and the weighted-average cost per point, which is influenced by redemption choices made by Card Members, reward offerings by partners and other Membership Rewards program changes. The liability reflects management's judgment regarding ultimate redemptions and associated redemption costs. Actual redemptions and associated redemption costs could differ significantly from management's judgment resulting in either higher or lower Membership Rewards expense.

Management uses statistical and actuarial models to estimate URRs of points earned to date by current Card Members based on redemption trends of current enrollees, card product type, enrollment tenure, card spend levels and credit attributes. A WAC per point redeemed during the previous 12 months, adjusted as appropriate for certain changes in redemption costs that are not representative of future cost expectations, is used to estimate future redemption costs. Management periodically evaluates its liability estimation process and assumptions based on developments in redemption patterns, cost per point redeemed, partner contract changes and other factors.

Changes in the Membership Rewards URR and WAC per point have the effect of either increasing or decreasing the liability through the current period marketing, promotion, rewards and Card Member services expense by an amount estimated to cover the cost of all points previously earned but not yet redeemed by current enrollees as of the end of the reporting period. As of December 31, 2013, an increase in the estimated URR of current enrollees of 100 basis points would increase the balance sheet liability and corresponding expense for the cost of Membership Rewards by approximately $290 million. Similarly, an increase in the WAC per point of 1 basis point would increase the balance sheet liability and corresponding expense for the cost of Membership Rewards by approximately $86 million.

FAIR VALUE MEASUREMENT

The Company holds investment securities and derivative instruments that are carried at fair value on the Consolidated Balance Sheets. Management makes assumptions and judgments when estimating the fair values of these financial instruments.

In accordance with fair value measurement and disclosure guidance, the objective of a fair value measurement is to determine 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 based on the principal or, in the absence of a principal, most advantageous market for the specific asset or liability. The disclosure guidance establishes a three-level hierarchy of inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to the measurement of fair value based on unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), followed by the measurement of fair value based on pricing models with significant observable inputs (Level 2), with the lowest priority given to the measurement of fair value based on pricing models with significant unobservable inputs (Level 3). The Company did not have any Level 3 assets measured on a recurring

basis during the year ended December 31, 2013. Refer to Note 3 to the Consolidated Financial Statements.

Investment Securities
The Company's investment securities are mostly composed of fixed-income securities issued by states and municipalities as well as the U.S. Government and Agencies.

The fair market values for the Company's investment securities, including investments comprising defined benefit pension plan assets, are obtained primarily from pricing services engaged by the Company. For each security, the Company receives one price from a pricing service. The fair values provided by the pricing services are estimated using pricing models, where the inputs to those models are based on observable market inputs or recent trades of similar securities. The pricing services did not apply any adjustments to the pricing models used as of December 31, 2013 and 2012. In addition, the Company did not apply any adjustments to prices received from the pricing services. The Company reaffirms its understanding of the valuation techniques used by its pricing services at least annually. In addition, the Company corroborates the prices provided by its pricing services for reasonableness by comparing the prices from the respective pricing services to valuations obtained from different pricing sources as well as comparing prices to the sale prices received from sold securities at least quarterly.

In the measurement of fair value for the Company's investment securities, even though the underlying inputs used in the pricing models are directly observable from active markets or recent trades of similar securities in inactive markets, the pricing models do entail a certain amount of subjectivity and therefore differing judgments in how the underlying inputs are modeled could result in different estimates of fair value.

Other-Than-Temporary Impairment of Investment Securities
Realized losses are recognized when management determines that a decline in the fair value of investment securities is other-than-temporary. Such determination requires judgment regarding the amount and timing of recovery. The Company reviews and evaluates its investment securities at least quarterly, and more often as market conditions may require, to identify investment securities that have indications of other-than-temporary impairments. The Company considers several factors when evaluating debt securities for other-than-temporary impairment, including the determination of the extent to which a decline in the fair value of a security is due to increased default risk for the specific issuer or market interest rate risk. With respect to market interest rate risk, the Company assesses whether it has the intent to sell the investment securities and whether it is more likely than not that the Company will be required to sell the investment securities before recovery of any unrealized losses.

In determining whether any of the Company's investment securities are other-than-temporarily impaired, a change in facts and circumstances could lead to a change in management judgment about the Company's view on collectability and credit quality of the issuer, or the impact of market interest rates on the investment securities. Any such changes could result in the Company recognizing an other-than-temporary impairment loss through earnings.

Derivative Instruments
The Company's primary derivative instruments are interest rate swaps, foreign currency forward agreements, cross-currency swaps and a total return swap relating to a foreign equity investment.

The fair value of the Company's derivative instruments is estimated by using either a third-party valuation service that uses proprietary pricing models, or by internal pricing models, where the inputs to those models are readily observable from actively quoted markets. The Company reaffirms its understanding of the valuation techniques used by a third-party valuation service at least annually.

To mitigate credit risk arising from the Company's derivative instruments, counterparties are required to be pre-approved and rated as investment grade. In addition, the Company manages certain counterparty credit risks by exchanging cash and noncash collateral under executed credit support agreements. The noncash collateral does not reduce the derivative balance reflected in the other assets line but effectively reduces risk exposure as it is available in the event of counterparty default. Based on the assessment of credit risk of the Company's derivative counterparties, the Company does not have derivative positions that warrant credit valuation adjustments.

In the measurement of fair value for the Company's derivative instruments, although the underlying inputs used in the pricing models are readily observable from actively quoted markets, the pricing models do entail a certain amount of subjectivity and, therefore, differing judgments in how the underlying inputs are modeled could result in different estimates of fair value.

GOODWILL RECOVERABILITY
Goodwill represents the excess of acquisition cost of an acquired company over the fair value of assets acquired and liabilities assumed. In accordance with U.S. GAAP, goodwill is not amortized but is tested for impairment at the reporting unit level annually or when events or circumstances arise, such as adverse changes in the business climate, that would more likely than not reduce the fair value of the reporting unit below its carrying value. The Company's approach and methodology for conducting its goodwill impairment testing is described in Note 8 to the Consolidated Financial Statements, but is fundamentally based on the measurement of fair value for the Company's reporting units, which inherently entails the use of significant judgment.

For valuation, the Company uses a combination of the income approach (discounted cash flows) and market approach (market multiples) in estimating the fair value of its reporting units.

When preparing discounted cash flow models under the income approach, the Company estimates future cash flows using the reporting unit's internal multi-year forecast, and a terminal value calculated using a growth rate that management believes is appropriate in light of current and expected future economic

conditions. To discount these cash flows the Company uses its expected cost of equity, determined using a capital asset pricing model. When using the market method under the market approach, the Company applies comparable publically traded companies' multiples (e.g., earnings, revenues) to its reporting units' actual results. The judgment in estimating forecasted cash flows, discount rates and market comparables is significant, and imprecision could materially affect the fair value of the Company's reporting units.

Based upon the updated valuations for the Company's reporting units, the Company has concluded goodwill is not impaired as of December 31, 2013, nor was any goodwill written off during 2013. However, the Company could be exposed to increased risk of goodwill impairment if future operating results or macroeconomic conditions differ significantly from management's current assumptions.

INCOME TAXES

The Company is subject to the income tax laws of the U.S., its states and municipalities and those of the foreign jurisdictions in which the Company operates. These tax laws are complex, and the manner in which they apply to the taxpayer's facts is sometimes open to interpretation. In establishing a provision for income tax expense, the Company must make judgments about the application of inherently complex tax laws.

Unrecognized Tax Benefits

The Company establishes a liability for unrecognized tax benefits, which are the differences between a tax position taken or expected to be taken in a tax return and the benefit recognized in the financial statements.

In establishing a liability for an unrecognized tax benefit, assumptions may be made in determining whether, and the extent to which, a tax position should be sustained. A tax position is recognized only when it is more likely than not to be sustained upon examination by the relevant taxing authority based on its technical merits. The amount of tax benefit recognized is the largest benefit that management believes is more likely than not to be realized on ultimate settlement. As new information becomes available, the Company evaluates its tax positions, and adjusts its unrecognized tax benefits, as appropriate.

Tax benefits ultimately realized can differ from amounts previously recognized due to uncertainties, with any such differences generally impacting the provision for income tax.

Deferred Tax Asset Realization

Deferred tax assets and liabilities are determined based on the differences between the financial statement and tax bases of assets and liabilities using the enacted tax rates expected to be in effect for the years in which the differences are expected to reverse.

Since deferred taxes measure the future tax effects of items recognized in the Consolidated Financial Statements, certain estimates and assumptions are required to determine whether it is more likely than not that all or some portion of the benefit of a deferred tax asset will not be realized. In making this assessment, management analyzes and estimates the impact of future taxable income, reversing temporary differences and available tax planning strategies. These assessments are performed quarterly, taking into account any new information.

Changes in facts or circumstances can lead to changes in the ultimate realization of deferred tax assets due to uncertainties.

OTHER MATTERS

CERTAIN LEGISLATIVE, REGULATORY AND OTHER DEVELOPMENTS

As a participant in the financial services industry and as a bank holding company, the Company is subject to comprehensive examination and supervision by the Federal Reserve and to a range of laws and regulations that impact its business and operations. In light of legislative initiatives over the last several years and continuing regulatory reform implementation, compliance requirements and expenditures have risen for financial services firms, including the Company, and the Company expects compliance requirements and expenditures will continue to rise in the future.

Dodd-Frank Wall Street Reform and Consumer Protection Act

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) contains a wide array of provisions intended to govern the practices and oversight of financial institutions and other participants in the financial markets. Among other matters, the law created an independent Consumer Financial Protection Bureau (the CFPB), which has broad rulemaking authority over providers of credit, savings, payment and other consumer financial products and services with respect to certain federal consumer financial laws. Moreover, the CFPB has examination and enforcement authority with respect to certain federal consumer financial laws for providers of consumer financial products and services, including the Company and certain of its subsidiaries. The CFPB is directed to prohibit "unfair, deceptive or abusive" acts or practices, and to ensure that all consumers have access to fair, transparent and competitive markets for consumer financial products and services.

The review of products and practices to prevent unfair, deceptive or abusive conduct will be a continuing focus of the CFPB and banking regulators more broadly, as well as by the Company itself. Internal and regulatory reviews have resulted in, and are likely to continue to result in, changes to the Company's practices, products and procedures. Such reviews are also likely to continue to result in increased costs related to regulatory oversight, supervision and examination and additional restitution to the Company's Card Members and may result in additional regulatory actions, including civil money penalties.

In December 2013, the Company announced that certain of its subsidiaries reached settlements with several banking regulators, including the CFPB, to resolve regulatory reviews of marketing and billing practices related to several credit card add-on products. For a description of these settlements, see "Legal Proceedings" in the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

In October 2012, the Company announced that it and certain of its subsidiaries reached settlements with several bank regulators, including the CFPB, relating to certain aspects of the Company's U.S. consumer card practices, which requires the Company to undertake certain actions that will continue in 2014. For a description of these settlements, see "Legal Proceedings" in the Company's Annual Report on Form 10-K for the year ended December 31, 2012.

Dodd-Frank prohibits payment card networks from restricting merchants from offering discounts or incentives to customers to pay with particular forms of payment, such as cash, check, credit or debit card, or restricting merchants from setting certain minimum, and for certain merchants maximum, transaction amounts for credit cards, as long as any such discounts or incentives or any minimum or maximum transaction amounts do not discriminate on the basis of the issuer or network and comply with applicable federal or state disclosure requirements.

Under Dodd-Frank, the Federal Reserve is also authorized to regulate interchange fees paid to financial institutions on debit card and certain general-use prepaid card transactions to ensure that they are "reasonable and proportional" to the cost of processing individual transactions, and to prohibit payment card networks and issuers from requiring transactions to be processed on a single payment network or fewer than two unaffiliated networks. The Federal Reserve's rule provides that the regulations on interchange and routing do not apply to a three-party network like American Express when it acts as both the issuer and the network for its prepaid cards, and the Company is therefore not a "payment card network" as that term is defined and used for the specific purposes of the rule.

Dodd-Frank also authorizes the Federal Reserve to establish enhanced prudential regulatory requirements, including capital, leverage and liquidity standards, risk management requirements, concentration limits on credit exposures, mandatory resolution plans (so-called "living wills") and stress tests for, among others, large bank holding companies, such as the Company, that have greater than $50 billion in assets. The Company is also required to develop and maintain a "capital plan," and to submit the capital plan to the Federal Reserve for its quantitative and qualitative review under the Federal Reserve's CCAR process. In addition, certain derivative transactions are now required to be centrally cleared, which will increase collateral posting requirements for the Company.

Many provisions of Dodd-Frank require the adoption of additional rules or regulatory guidance for complete implementation. In addition, Dodd-Frank mandates multiple studies, which could result in additional legislative or regulatory action. Accordingly, the ultimate consequences of Dodd-Frank and its implementing regulations on the Company's business, results of operations and financial condition continues to be uncertain at this time.

Department of Justice Litigation

The U.S. Department of Justice (DOJ) and certain states attorneys general have brought an action against the Company alleging that the provisions in the Company's card acceptance agreements with merchants that prohibit merchants from discriminating against the Company's card products at the point of sale violate the U.S. antitrust laws. See Item 1. "Legal Proceedings" in the Company's Annual Report on Form 10-K for the year ended December 31, 2013, for descriptions of the DOJ action and related cases. Visa and MasterCard, which were also defendants in the DOJ and state action, entered into a settlement agreement and have been dismissed as parties pursuant to that agreement. The settlement enjoins Visa and MasterCard, with certain exceptions, from adopting or enforcing rules or entering into contracts that prohibit merchants from engaging in various actions to steer cardholders to other card products or payment forms at the point of sale. If similar conditions were imposed on American Express, it could have a material adverse effect on American Express' business.

Other Legislative and Regulatory Initiatives

The payment card sector also faces continuing scrutiny in connection with the fees merchants pay to accept cards and terms of merchant rules and contracts. Regulators and legislators outside the U.S. have focused on the way bankcard network members collectively set the "interchange" (that is, the fee paid by the bankcard merchant acquirer to the card issuer in "four-party" payment networks, like Visa and MasterCard). Although, unlike the Visa and MasterCard networks, the American Express "three-party" payment network does not have interchange fees or collectively set any fees, antitrust actions and government regulation relating to merchant pricing or terms of merchant rules and contracts could affect all networks.

In January 2012, the European Commission (the Commission) published a Green Paper (a document to begin a process of consultation toward potential regulation) covering a range of issues affecting the payments industry. The Commission completed the consultation process and on July 24, 2013, issued its recommendations, which included draft legislation now under consideration within the European Parliament. The Commission's recommendations included a number of proposals that would likely have significant impact across the industry and would apply either in whole or in part to American Express. The proposed changes include:

- Price caps — The Commission proposed capping interchange fees at 20 basis points for debit and prepaid cards and 30 basis points for credit and charge cards. Although American Express does not have interchange fees like four-party networks such as Visa and MasterCard have, the caps would be deemed to apply to elements of the financial arrangements agreed between American Express and each GNS partner in the European Union (the EU). The discount rates American Express agrees with merchants would not be capped, but the interchange caps could exert downward pressures on merchant fees across the industry, including American Express discount rates. The Commission would exclude commercial card transactions generally from the scope of these caps.
- Network rules on card acceptance — The Commission proposed to prohibit honor-all-cards and anti-steering rules across all card networks. In addition, the draft proposals sought harmonization of surcharging rules so that, across the EU, transactions that are subject to the interchange caps may not be surcharged, but transactions falling outside the scope of the caps could be surcharged up to cost.
- Network licensing — The Commission proposed to require all networks, including three-party payment networks that operate with licensing arrangements, which would include the Company's GNS business, to establish objective, proportionate and non-discriminatory criteria under which a financial institution could qualify to be licensed to operate on the network. In addition, the scope of network licenses would be required to cover the entire EU. These requirements are inconsistent with the flexibility and discretion that American Express has had to date in deciding when, where and with whom to grant a license in the GNS business.
- Separation of network processing — The Commission proposed to require card networks to separate their network processing functions (in which transactions between different issuers and acquirers are processed for authorization, clearing and settlement). This proposal does not apply to three-party payment networks, such as American Express, but may be deemed applicable in situations where a different GNS issuer and acquirer is involved in a transaction, which represent a very small percentage of transactions on the American Express network. Further clarification of the applicability of this requirement is needed where, as with GNS, licensing arrangements do not give rise to inter-bank transactions or relationships.

These proposals are currently subject to debate and amendment by the European Parliament and Council in a complex legislative process that will also involve the EC. It is too early to assess the exact scope and impact of any final legislation.

In certain countries, such as Australia, and in certain member states in the EU, merchants are permitted by law to surcharge card purchases. While surcharging continues to be actively considered in certain jurisdictions, the benefits to customers have not been apparent in countries that have allowed it, and in some cases regulators are addressing concerns about excessive surcharging by merchants. Surcharging, particularly where it disproportionately impacts American Express Card Members, which is known as differential surcharging, could have a material adverse effect on the Company if it becomes widespread. The Reserve Bank of Australia changed the Australian surcharging standards beginning March 18, 2013 to allow the Company and other networks to limit a merchant's right to surcharge to "the reasonable cost of card acceptance." In the EU, the Consumer Rights Directive, prohibits merchants from surcharging

card purchases more than the merchants' cost of acceptance in those member states that permit surcharging.

Although neither a legislative nor regulatory initiative, the settlement by MasterCard and Visa in a U.S. merchant class litigation required, among other things, MasterCard and Visa to permit U.S. merchants, subject to certain conditions, to surcharge credit cards, while allowing them to continue to prohibit surcharges on debit and prepaid card transactions. In December 2013, we announced the proposed settlement of a number of U.S. merchant class action lawsuits, which if approved, would change certain surcharging provisions in our U.S. card acceptance agreements. For a further description of the proposed settlement, see Item 1. "Legal Proceedings" in the Company's Annual Report on Form 10-K for the year ended December 31, 2013.

Also, other countries in which the Company operates have been considering, and in some cases adopting similar legislation and rules that would impose changes on certain practices of card issuers, merchant acquirers and payment networks. Governments in several countries have established or are proposing to establish payment system regulatory regimes. Broad regulatory oversight over payment systems can include rules regarding fees involved in the operation of card networks and, in some cases, requirements for international card networks to be locally licensed and/or to localize aspects of their operations. The development and enforcement of regulatory regimes may adversely affect our ability to maintain or increase our revenues and extend our global network.

Refer to "Consolidated Capital Resources and Liquidity" for a discussion of capital adequacy requirements established by federal banking regulators.

RECENTLY ISSUED ACCOUNTING STANDARDS

Refer to the Recently Issued Accounting Standards section of Note 1 to the Consolidated Financial Statements.

GLOSSARY OF SELECTED TERMINOLOGY

Adjusted average loans — Represents average Card Member loans excluding the impact of deferred card fees, net of direct acquisition costs of Card Member loans and certain other immaterial items.

Adjusted net interest income — Represents net interest income attributable to the Company's Card Member loans portfolio excluding the impact of interest expense and interest income not attributable to the Company's Card Member loans portfolio.

Asset securitizations — Asset securitization involves the transfer and sale of receivables or loans to a special-purpose entity created for the securitization activity, typically a trust. The trust, in turn, issues securities, commonly referred to as asset-backed securities, that are secured by the transferred receivables or loans. The trust uses the proceeds from the sale of such securities to pay the purchase price for the underlying receivables or loans. The receivables and loans of the Company's Charge Trust II and Lending Trust being securitized are reported as assets on the Company's Consolidated Balance Sheets.

Average discount rate — This calculation is designed to reflect pricing at merchants accepting general purpose American Express cards. It represents the percentage of billed business (both proprietary and GNS) retained by the Company from merchants it acquires, prior to payments to third parties unrelated to merchant acceptance.

Basel III supplementary leverage ratio — Refer to the Capital Strategy section under "Consolidated Capital Resources and Liquidity" for the definition .

Basic cards-in-force — Proprietary basic consumer cards-in-force includes basic cards issued to the primary account owner and does not include additional supplemental cards issued on that account. Proprietary basic small business and corporate cards-in-force include basic and supplemental cards issued to employee Card Members. Non-proprietary basic cards-in-force includes cards that are issued and outstanding under network partnership agreements, except for supplemental cards and retail co-brand Card Member accounts which have had no out-of-store spend activity during the prior 12-month period.

Billed business — Includes activities (including cash advances) related to proprietary cards, cards issued under network partnership agreements (non-proprietary billed business), corporate payments and certain insurance fees charged on proprietary cards. In-store spend activity within retail co-brand portfolios in GNS, from which the Company earns no revenue, is not included in non-proprietary billed business. Card billed business is reflected in the U.S. or outside the U.S. based on where the Card Member is domiciled.

Capital asset pricing model — Generates an appropriate discount rate using internal and external inputs to value future cash flows based on the time value of money and the price for bearing uncertainty inherent in an investment.

Capital ratios — Represents the minimum standards established by the regulatory agencies as a measure to determine whether the regulated entity has sufficient capital to absorb on- and off-balance sheet losses beyond current loss accrual estimates.

Card acquisition — Primarily represents the issuance of new cards to either new or existing Card Members through marketing and promotion efforts.

Card Member — The individual holder of an issued American Express branded charge or credit card.

Card Member loans — Represents the outstanding amount due from Card Members for charges made on their American Express credit cards, as well as any interest charges and card-related fees. Card Member loans also include revolving balances on certain American Express charge card products and are net of deferred card fees.

Card Member receivables — Represents the outstanding amount due from Card Members for charges made on their American Express charge cards as well as any card-related fees.

Charge cards — Represents cards that generally carry no pre-set spending limits and are primarily designed as a method of payment and not as a means of financing purchases. Charge Card Members generally must pay the full amount billed each month. No finance charges are

assessed on charge cards. Each charge card transaction is authorized based on its likely economics reflecting a customer's most recent credit information and spend patterns. Some charge card accounts have an additional lending-on-charge feature that allows revolving certain balances.

Credit cards — Represents cards that have a range of revolving payment terms, grace periods, and rate and fee structures.

Discount revenue — Represents revenue earned from fees generally charged to merchants with whom the Company has entered into a card acceptance agreement for processing Card Member transactions. The discount fee generally is deducted from the Company's payment reimbursing the merchant for Card Member purchases. Discount revenue is reduced by other payments made to merchants, third-party card issuing partners, cash-back reward costs, corporate incentive payments and other contra-revenue items.

Interest expense — Interest expense includes interest incurred primarily to fund Card Member loans, charge card product receivables, general corporate purposes, and liquidity needs, and is recognized as incurred. Interest expense is divided principally into two categories: (i) deposits, which primarily relates to interest expense on deposits taken from customers and institutions and (ii) long-term debt, which primarily relates to interest expense on the Company's long-term financing and short-term borrowings, which primarily relates to interest expense on commercial paper, federal funds purchased, bank overdrafts and other short-term borrowings.

Interest income — Interest income includes (i) interest on loans, (ii) interest and dividends on investment securities and (iii) interest income on deposits with banks and others.

Interest on loans — is assessed using the average daily balance method for loans. Unless the loan is classified as non-accrual, interest is recognized based upon the principal amount outstanding in accordance with the terms of the applicable account agreement until the outstanding balance is paid or written off.

Interest and dividends on investment securities — primarily relates to the Company's performing fixed-income securities. Interest income is accrued as earned using the effective interest method, which adjusts the yield for security premiums and discounts, fees and other payments, so that the related investment security recognizes a constant rate of return on the outstanding balance throughout its term. These amounts are recognized until these securities are in default or when it is likely that future interest payments will not be made as scheduled.

Interest income on deposits with banks and other — is recognized as earned, and primarily relates to the placement of cash in excess of near-term funding requirements in interest-bearing time deposits, overnight sweep accounts, and other interest bearing demand and call accounts.

Merchant acquisition — Represents the signing of merchants to accept American Express-branded cards.

Net card fees — Represents the card membership fees earned during the period. These fees are recognized as revenue over the covered card membership period (typically one year), net of provision for projected refunds for cancellation of card membership.

Net interest yield on Card Member loans — Net interest yield on Card Member loans is computed by dividing adjusted net interest income by adjusted average loans, computed on an annualized basis. The calculation of net interest yield on Card Member loans includes interest that is deemed uncollectible. For all presentations of net interest yield on Card Member loans, reserves and net write-offs related to uncollectible interest are recorded through provisions for losses — Card Member loans; therefore, such reserves and net write-offs are not included in the net interest yield calculation.

Net loss ratio — Represents the ratio of ICS and GCS charge card write-offs consisting of principal (resulting from authorized and unauthorized transactions) and fee components, less recoveries, on Card Member receivables expressed as a percentage of gross amounts billed to Card Members.

Net write-off rate — principal only — Represents the amount of Card Member loans or USCS Card Member receivables written off consisting of principal (resulting from authorized transactions), less recoveries, as a percentage of the average loan balance or USCS average receivables during the period.

Net write-off rate — principal, interest and fees — Includes, in the calculation of the net write-off rate, amounts for interest and fees in addition to principal for Card Member loans, and fees in addition to principal for USCS Card Member receivables.

Operating expenses — Represents salaries and employee benefits, professional services, occupancy and equipment, communications and other expenses.

Return on average equity — Calculated by dividing one-year period net income by one-year average total shareholders' equity.

Return on average segment capital — Calculated by dividing one-year period segment income by one-year average segment capital.

Return on average tangible segment capital — Computed in the same manner as return on average segment capital except the computation of average tangible segment capital excludes from average segment capital average goodwill and other intangibles.

Risk-weighted assets — Refer to the Capital Strategy section under "Consolidated Capital Resources and Liquidity" for the definitions under Basel I and Basel III.

Segment capital — Represents the capital allocated to a segment based upon specific business operational needs, risk measures and regulatory capital requirements.

Three-party network — A payment network, such as American Express, that acts as both the card issuer and merchant acquirer.

Tier 1 common risk-based capital ratio — Refer to the Capital Strategy section under "Consolidated Capital Resources and Liquidity" for the definitions under Basel I and Basel III.

Tier 1 leverage ratio — Refer to the Capital Strategy section under "Consolidated Capital Resources and Liquidity" for the definitions under Basel I and Basel III.

Tier 1 risk-based capital ratio — Refer to the Capital Strategy section under "Consolidated Capital Resources and Liquidity" for the definitions under Basel I and Basel III.

Total cards-in-force — Represents the number of cards that are issued and outstanding. Non-proprietary cards-in-force includes all cards that are issued and outstanding under network partnership agreements, except for retail co-brand Card Member accounts which have no out-of-store spend activity during the prior 12-month period.

Total risk-based capital ratio — Refer to the Capital Strategy section under "Consolidated Capital Resources and Liquidity" for the definition.

Travel sales — Represents the total dollar amount of travel transaction volume for airline, hotel, car rental and other travel arrangements made for consumers and corporate clients. The Company earns revenue on these transactions by charging a transaction or management fee.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The forward-looking statements, which address the Company's expected business and financial performance, among other matters, contain words such as "believe," "expect," "estimate," "anticipate," "optimistic," "intend," "plan," "aim," "will," "may," "should," "could," "would," "likely," and similar expressions. 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. The Company undertakes no obligation to update or revise any forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements, include, but are not limited to, the following:

- the ability to hold annual operating expense growth to less than 3 percent during 2014, which will depend in part on unanticipated increases in significant categories of operating expenses, such as consulting or professional fees, compliance or regulatory-related costs and technology costs, the payment of monetary damages and penalties, disgorgement and restitution, the Company's decision to increase or decrease discretionary operating expenses depending on overall business performance, the Company's ability to achieve the expected benefits of the Company's reengineering plans, which will be impacted by, among other things, the factors identified in the third bullet below, the Company's ability to balance expense control and investments in the business, the impact of changes in foreign currency exchange rates on costs and results, the impact of accounting changes and reclassifications, and the level of acquisition activity and related expenses;
- the actual amount to be spent by the Company on investments in the business, including on marketing, promotion, rewards and Card Member services and certain operating expenses and in such areas as affluent consumers, small businesses, business-to-business payments, merchant coverage, international growth, prepaid and online/mobile commerce, as well as the actual amount of any potential gain arising from the proposed GBT joint venture transaction the Company decides to invest in growth initiatives, which will be based in part on management's assessment of competitive opportunities and the Company's performance and the ability to control operating, infrastructure, advertising, promotion and rewards expenses as business expands or changes, including the changing behavior of Card Members;
- changes affecting the Company's ability or desire to repurchase up to $1.0 billion of its common shares in the first quarter of 2014, such as acquisitions, results of operations, capital needs and the amount of shares issued by the Company to employees upon the exercise of options, among other factors, which will significantly impact the potential decrease in the Company's capital ratios;
- the possibility of not achieving the expected timing and financial impact of the Company's reengineering plans, which could be caused by factors such as the Company's inability to mitigate the operational and other risks posed by planned staff reductions, the Company's inability to develop and implement technology resources to realize cost savings, underestimating hiring needs related to some of the job positions being eliminated and other employee needs not currently anticipated, lower than expected attrition rates and higher than expected redeployment rates;
- the ability of the Company to meet its on-average and over-time growth targets for revenues net of interest expense, earnings per share and return on average equity, which will depend on factors such as the Company's success in implementing its strategies and business initiatives including growing the Company's share of overall spending, increasing merchant coverage, enhancing its pre-paid offerings, expanding the GNS business and controlling expenses, and on factors outside management's control including the willingness of Card Members to sustain spending, the effectiveness of marketing and loyalty programs, regulatory and market pressures on pricing, credit trends, currency and interest rate fluctuations, and changes in general economic conditions, such as GDP growth, consumer confidence, unemployment and the housing market;
- the ability of the Company to meet its on-average and over-time objective to return 50 percent of capital generated to shareholders through dividends and share repurchases, which will depend on factors such as approval of the Company's capital plans by its regulators, the amount the Company spends on acquisitions, the Company's results of operations and capital needs in any given period, and the amount of shares issued by the Company to employees upon the exercise of options;

- uncertainties associated with creation of a joint venture for the Company's GBT operations, including events impacting the likelihood and timing of the creation of the joint venture, execution of transaction documentation and completion of the transaction, such as continued negotiations, ongoing diligence, regulatory and other approvals and consultation requirements; the ability of the potential investors to fund their investment in the joint venture; uncertainty relating to the timing and magnitude of the recognition of a gain by American Express as a result of the transaction, such as the amount of the funds ultimately raised by the joint venture and when assets are transferred to the joint venture; the underlying assumptions related to the transaction proving to be inaccurate or unrealized, such as the ability of the transaction to accelerate the transformation and growth of the corporate travel business and the ability to realize strategic linkages between the business operations of the joint venture and American Express following the transaction, including the acceleration of growth in the corporate payments business; and the joint venture's ability to successfully create additional investment capacity and enhance the suite of products and services available upon consummation of the transaction;
- uncertainty relating to the outcomes and costs associated with merchant class actions, including the success or failure of the proposed settlement agreement, such as objections to the settlement agreement by plaintiffs and other parties and uncertainty and timing related to the approval of the settlement agreement by the Court, which can be impacted by appeals;
- changes in global economic and business conditions, including consumer and business spending, the availability and cost of credit, unemployment and political conditions, all of which may significantly affect spending on American Express cards, delinquency rates, loan balances and other aspects of the Company's business and results of operations;
- changes in capital and credit market conditions, including sovereign creditworthiness, which may significantly affect the Company's ability to meet its liquidity needs, expectations regarding capital and liquidity ratios, access to capital and cost of capital, including changes in interest rates; changes in market conditions affecting the valuation of the Company's assets; or any reduction in the Company's credit ratings or those of its subsidiaries, which could materially increase the cost and other terms of the Company's funding, restrict its access to the capital markets or result in contingent payments under contracts;
- the Company's funding plan for the full year 2014 being implemented in a manner inconsistent with current expectations, which will depend on various factors such as future business growth, the impact of global economic, political and other events on market capacity, demand for securities offered by the Company, regulatory changes, ability to securitize and sell receivables and the performance of receivables previously sold in securitization transactions;
- litigation, such as class actions or proceedings brought by governmental and regulatory agencies (including the lawsuit filed against the Company by the U.S. Department of Justice and certain state attorneys general), that could result in (i) the imposition of behavioral remedies against the Company or the Company voluntarily making certain changes to its business practices, the effects of which in either case could have a material adverse impact on the Company's financial performance; (ii) the imposition of substantial monetary damages and penalties, disgorgement and restitution; and/or (iii) damage to the Company's global reputation and brand;
- legal and regulatory developments wherever the Company does business, including legislative and regulatory reforms in the U.S., such as the establishment of the CFPB and Dodd-Frank's stricter regulation of large, interconnected financial institutions, which could make fundamental changes to many of the Company's business practices or materially affect its capital or liquidity requirements, results of operations, or ability to pay dividends or repurchase its stock; actions and potential future actions by the FDIC and credit rating agencies applicable to securitization trusts, which could impact the Company's ABS program; or potential changes to the taxation of the Company's businesses, the allowance of deductions for significant expenses, or the incidence of consumption taxes on the Company's transactions, products and services;
- changes in the substantial and increasing worldwide competition in the payments industry, including competitive pressure that may impact the prices the Company charges merchants that accept the Company's cards and the success of marketing, promotion or rewards programs;
- changes in the financial condition and creditworthiness of the Company's business partners, such as bankruptcies, restructurings or consolidations, involving merchants that represent a significant portion of the Company's business, such as the airline industry, or the Company's partners in GNS or financial institutions that the Company relies on for routine funding and liquidity, which could materially affect the Company's financial condition or results of operations;
- the impact of final laws and regulations, if any, arising from the European Commission's legislative proposals covering a range of issues affecting the payments industry, which will depend on various factors, including, but not limited to, the issues presented and decisions made in the European legislative and regulatory processes addressing the proposed regulation of interchange fees and other practices related to card-based payment transactions, the amount of time these processes take to reach completion, and the actual pricing and other requirements ultimately adopted in the final laws and regulations in the European Union and its member states;

- the ability of the Company to maintain and expand its presence in the digital payments space, including online and mobile channels, which will depend on the Company's success in evolving its business models and processes for the digital environment, building partnerships and executing programs with companies, and utilizing digital capabilities that can be leveraged for future growth;
- factors beyond the Company's control such as fire, power loss, disruptions in telecommunications, severe weather conditions, natural disasters, terrorism, cyber attacks or fraud, which could significantly affect spending on American Express cards, delinquency rates, loan balances and travel-related spending or disrupt the Company's global network systems and ability to process transactions; and
- the potential failure of the U.S. Congress to renew legislation regarding the active financing exception to Subpart F of the Internal Revenue Code, which could increase the Company's effective tax rate and have an adverse impact on net income.

A further description of these uncertainties and other risks can be found in the Company's Annual Report on Form 10-K for the year ended December 31, 2013 and the Company's other reports filed with the Securities and Exchange Commission.

AMERICAN EXPRESS COMPANY
MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting.

The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP in the United States of America, and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2013. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control — Integrated Framework (1992)*.

Based on management's assessment and those criteria, we conclude that, as of December 31, 2013, the Company's internal control over financial reporting is effective.

PricewaterhouseCoopers LLP, the Company's independent registered public accounting firm, has issued an attestation report appearing on the following page on the effectiveness of the Company's internal control over financial reporting as of December 31, 2013.

AMERICAN EXPRESS COMPANY
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF AMERICAN EXPRESS COMPANY:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, cash flows and shareholders' equity present fairly, in all material respects, the financial position of American Express Company and its subsidiaries at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



New York, New York
February 25, 2014

Table of Contents

AMERICAN EXPRESS COMPANY

INDEX TO CONSOLID ATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS	PAGE
Consolidated Statements of Income — For the Years Ended December 31, 2013, 2012 and 2011	60
Consolidated Statements of Comprehensive Income — For the Years Ended December 31, 2013, 2012 and 2011	61
Consolidated Balance Sheets — December 31, 2013 and 2012	62
Consolidated Statements of Cash Flows — For the Years Ended December 31, 2013, 2012 and 2011	63
Consolidated Statements of Shareholders' Equity — For the Years Ended December 31, 2013, 2012 and 2011	64

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	
Note 1 — Summary of Significant Accounting Policies	65
Note 2 — Acquisitions and Divestitures	68
Note 3 — Fair Values	68
Note 4 — Accounts Receivable and Loans	72
Note 5 — Reserves for Losses	77
Note 6 — Investment Securities	79
Note 7 — Asset Securitizations	80
Note 8 — Other Assets	81
Note 9 — Customer Deposits	83
Note 10 — Debt	84
Note 11 — Other Liabilities	87
Note 12 — Derivatives and Hedging Activities	87
Note 13 — Guarantees	91
Note 14 — Common and Preferred Shares	91
Note 15 — Changes in Accumulated Other Comprehensive (Loss) Income	92
Note 16 — Restructuring	93
Note 17 — Income Taxes	94
Note 18 — Earnings Per Common Share	96
Note 19 — Details of Certain Consolidated Statements of Income Lines	96
Includes further details of: • Other Commissions and Fees • Other Revenues • Marketing, Promotion, Rewards and Card Member Services • Other, Net	
Note 20 — Stock Plans	97
Note 21 — Retirement Plans	98
Note 22 — Significant Credit Concentrations	99
Note 23 — Regulatory Matters and Capital Adequacy	100
Note 24 — Commitments and Contingencies	101
Note 25 — Reportable Operating Segments and Geographic Operations	102
Note 26 — Parent Company	105
Note 27 — Quarterly Financial Data (Unaudited)	107

AMERICAN EXPRESS COMPANY
CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 31 *(Millions, except per share amounts)*	2013	2012	2011
Revenues			
Non-interest revenues			
Discount revenue	$ 18,695	$ 17,739	$ 16,734
Net card fees	2,631	2,506	2,448
Travel commissions and fees	1,913	1,940	1,971
Other commissions and fees	2,414	2,317	2,269
Other	2,274	2,425	2,164
Total non-interest revenues	27,927	26,927	25,586
Interest income			
Interest on loans	6,718	6,511	6,272
Interest and dividends on investment securities	201	246	327
Deposits with banks and other	86	97	97
Total interest income	7,005	6,854	6,696
Interest expense			
Deposits	442	480	528
Long-term debt and other	1,516	1,746	1,792
Total interest expense	1,958	2,226	2,320
Net interest income	5,047	4,628	4,376
Total revenues net of interest expense	32,974	31,555	29,962
Provisions for losses			
Charge card	789	742	770
Card Member loans	1,229	1,149	253
Other	92	99	89
Total provisions for losses	2,110	1,990	1,112
Total revenues net of interest expense after provisions for losses	30,864	29,565	28,850
Expenses			
Marketing, promotion, rewards and Card Member services	10,267	9,944	9,930
Salaries and employee benefits	6,191	6,597	6,252
Other, net	6,518	6,573	5,712
Total	22,976	23,114	21,894
Pretax income from continuing operations	7,888	6,451	6,956
Income tax provision	2,529	1,969	2,057
Income from continuing operations	5,359	4,482	4,899
Income from discontinued operations, net of tax	—	—	36
Net income	$ 5,359	$ 4,482	$ 4,935
Earnings per Common Share – Basic: (Note 18)			
Income from continuing operations attributable to common shareholders [(a)]	$ 4.91	$ 3.91	$ 4.11
Income from discontinued operations	—	—	0.03
Net income attributable to common shareholders [(a)]	$ 4.91	$ 3.91	$ 4.14
Earnings per Common Share – Diluted: (Note 18)			
Income from continuing operations attributable to common shareholders [(a)]	$ 4.88	$ 3.89	$ 4.09
Income from discontinued operations	—	—	0.03
Net income attributable to common shareholders [(a)]	$ 4.88	$ 3.89	$ 4.12
Average common shares outstanding for earnings per common share:			
Basic	1,082	1,135	1,178
Diluted	1,089	1,141	1,184

(a) Represents income from continuing operations or net income, as applicable, less earnings allocated to participating share awards and other items of $47 million, $49 million and $58 million for the years ended December 31, 2013, 2012 and 2011, respectively.

See Notes to Consolidated Financial Statements.

Table of Contents

AMERICAN EXPRESS COMPANY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31 *(Millions)*	2013	2012	2011
Net income	$ 5,359	$ 4,482	$ 4,935
Other comprehensive (loss) income:			
Net unrealized securities (losses) gains, net of tax	(252)	27	231
Net unrealized derivatives gains, net of tax	—	1	6
Foreign currency translation adjustments, net of tax	(336)	(72)	(179)
Net unrealized pension and other postretirement benefit gains (losses), net of tax	89	(7)	(17)
Other comprehensive (loss) income	(499)	(51)	41
Comprehensive income	$ 4,860	$ 4,431	$ 4,976

See Notes to Consolidated Financial Statements.

AMERICAN EXPRESS COMPANY
CONSOLIDATED BALANCE SHEETS

December 31 *(Millions, except per share data)*	2013	2012
Assets		
Cash and cash equivalents		
Cash and due from banks	$ 2,212	$ 2,020
Interest-bearing deposits in other banks (includes securities purchased under resale agreements: 2013, $143; 2012, $58)	16,776	19,892
Short-term investment securities	498	338
Total cash and cash equivalents	19,486	22,250
Accounts receivable		
Card Member receivables (includes gross receivables available to settle obligations of consolidated variable interest entities: 2013, $7,329; 2012, $8,012), less reserves: 2013, $386; 2012, $428	43,777	42,338
Other receivables, less reserves: 2013, $71; 2012, $86	3,408	3,576
Loans		
Card Member loans (includes gross loans available to settle obligations of consolidated variable interest entities: 2013, $31,245; 2012, $32,731), less reserves: 2013, $1,261; 2012, $1,471	65,977	63,758
Other loans, less reserves: 2013, $13; 2012, $20	608	551
Investment securities	5,016	5,614
Premises and equipment, less accumulated depreciation and amortization: 2013, $5,978; 2012, $5,429	3,875	3,635
Other assets (includes restricted cash of consolidated variable interest entities: 2013, $58; 2012, $76)	11,228	11,418
Total assets	$ 153,375	$ 153,140
Liabilities and Shareholders' Equity		
Liabilities		
Customer deposits	$ 41,763	$ 39,803
Travelers Cheques and other prepaid products	4,240	4,601
Accounts payable	10,615	10,006
Short-term borrowings (includes debt issued by consolidated variable interest entities: 2013, $2,000; 2012, nil)	5,021	3,314
Long-term debt (includes debt issued by consolidated variable interest entities: 2013, $18,690; 2012, $19,277)	55,330	58,973
Other liabilities	16,910	17,557
Total liabilities	$ 133,879	$ 134,254
Commitments and Contingencies (Note 24)		
Shareholders' Equity		
Common shares, $0.20 par value, authorized 3.6 billion shares; issued and outstanding 1,064 million shares as of December 31, 2013 and 1,105 million shares as of December 31, 2012	213	221
Additional paid-in capital	12,202	12,067
Retained earnings	8,507	7,525
Accumulated other comprehensive (loss) income		
Net unrealized securities gains, net of tax of: 2013, $33; 2012, $175	63	315
Foreign currency translation adjustments, net of tax of: 2013, $(526); 2012, $(611)	(1,090)	(754)
Net unrealized pension and other postretirement benefit losses, net of tax of: 2013, $(177); 2012, $(233)	(399)	(488)
Total accumulated other comprehensive loss	(1,426)	(927)
Total shareholders' equity	19,496	18,886
Total liabilities and shareholders' equity	$ 153,375	$ 153,140

See Notes to Consolidated Financial Statements.

AMERICAN EXPRESS COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31 *(Millions)*	2013	2012	2011
Cash Flows from Operating Activities			
Net income	$ 5,359	$ 4,482	$ 4,935
Income from discontinued operations, net of tax	—	—	(36)
Income from continuing operations	5,359	4,482	4,899
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:			
Provisions for losses	2,110	1,990	1,112
Depreciation and amortization	1,020	991	918
Deferred taxes and other	(283)	218	818
Stock-based compensation	350	297	301
Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:			
Other receivables	(73)	153	663
Other assets	335	390	(635)
Accounts payable and other liabilities	88	(358)	2,186
Travelers Cheques and other prepaid products	(359)	(540)	(494)
Premium paid on debt exchange	—	(541)	—
Net cash provided by operating activities	8,547	7,082	9,768
Cash Flows from Investing Activities			
Sale of investments	217	525	1,176
Maturity and redemption of investments	1,292	1,562	6,074
Purchase of investments	(1,348)	(473)	(1,158)
Net increase in Card Member loans/receivables	(6,301)	(6,671)	(8,358)
Purchase of premises and equipment, net of sales: 2013, $72; 2012, $3; 2011, $16	(1,006)	(1,053)	(1,189)
Acquisitions/dispositions, net of cash acquired/sold	(195)	(466)	(610)
Net decrease in restricted cash	72	31	3,574
Net cash used in investing activities	(7,269)	(6,545)	(491)
Cash Flows from Financing Activities			
Net increase in customer deposits	1,195	2,300	8,232
Net increase (decrease) in short-term borrowings	1,843	(1,015)	705
Issuance of long-term debt	11,995	13,934	13,982
Principal payments on long-term debt	(14,763)	(14,076)	(21,029)
Issuance of American Express common shares	721	443	594
Repurchase of American Express common shares	(3,943)	(3,952)	(2,300)
Dividends paid	(939)	(902)	(861)
Net cash used in financing activities	(3,891)	(3,268)	(677)
Effect of exchange rate changes on cash and cash equivalents	(151)	88	(63)
Net (decrease) increase in cash and cash equivalents	(2,764)	(2,643)	8,537
Cash and cash equivalents at beginning of year	22,250	24,893	16,356
Cash and cash equivalents at end of year	$ 19,486	$ 22,250	$ 24,893
Supplemental cash flow information			
Non-cash financing activities			
Impact of debt exchange on long-term debt	$ —	$ 439	$ —

See Notes to Consolidated Financial Statements.

AMERICAN EXPRESS COMPANY

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Three Years Ended December 31, 2013 *(Millions, except per share amounts)*	Total	Common Shares	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss) Income	Retained Earnings
Balances as of December 31, 2010	$16,230	$ 238	$ 11,937	$ (917)	$ 4,972
Net income	4,935				4,935
Other comprehensive income	41			41	
Repurchase of common shares	(2,300)	(10)	(494)		(1,796)
Other changes, primarily employee plans	744	4	774		(34)
Cash dividends declared common, $0.72 per share	(856)				(856)
Balances as of December 31, 2011	18,794	232	12,217	(876)	7,221
Net income	4,482				4,482
Other comprehensive loss	(51)			(51)	
Repurchase of common shares	(4,000)	(14)	(765)		(3,221)
Other changes, primarily employee plans	570	3	615		(48)
Cash dividends declared common, $0.80 per share	(909)				(909)
Balances as of December 31, 2012	18,886	221	12,067	(927)	7,525
Net income	5,359				5,359
Other comprehensive loss	(499)			(499)	
Repurchase of common shares	(4,000)	(11)	(648)		(3,341)
Other changes, primarily employee plans	717	3	783		(69)
Cash dividends declared common, $0.89 per share	(967)				(967)
Balances as of December 31, 2013	$19,496	$ 213	$ 12,202	$ (1,426)	$ 8,507

See Notes to Consolidated Financial Statements.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

THE COMPANY

American Express Company (the Company) is a global services company that provides customers with access to products, insights and experiences that enrich lives and build business success. The Company's principal products and services are charge and credit payment card products and travel-related services offered to consumers and businesses around the world. The Company also focuses on generating alternative sources of revenue on a global basis in areas such as online and mobile payments and fee-based services. The Company's various products and services are sold globally to diverse customer groups, including consumers, small businesses, mid-sized companies and large corporations. These products and services are sold through various channels, including direct mail, online applications, targeted direct and third-party sales forces and direct response advertising.

PRINCIPLES OF CONSOLIDATION

The Consolidated Financial Statements of the Company are prepared in conformity with U.S. generally accepted accounting principles (GAAP). Significant intercompany transactions are eliminated.

The Company consolidates entities in which it holds a "controlling financial interest." For voting interest entities, the Company is considered to hold a controlling financial interest when it is able to exercise control over the investees' operating and financial decisions. For variable interest entities (VIEs), it is considered to hold a controlling financial interest when it is determined to be the primary beneficiary. A primary beneficiary is the party that has both: (1) the power to direct the activities that most significantly impact that entity's economic performance, and (2) the obligation to absorb losses of, or the right to receive benefits from, the VIE that could potentially be significant to the VIE. The determination of whether an entity is a VIE is based on the amount and characteristics of the entity's equity.

Entities in which the Company's voting interest in common equity does not provide it with control, but allows the Company to exert significant influence over the operating and financial decisions, are accounted for under the equity method. All other investments in equity securities, to the extent that they are not considered marketable securities, are accounted for under the cost method.

FOREIGN CURRENCY

Assets and liabilities denominated in foreign currencies are translated into U.S. dollars based upon exchange rates prevailing at the end of each year. The resulting translation adjustments, along with any related qualifying hedge and tax effects, are included in accumulated other comprehensive (loss) income (AOCI), a component of shareholders' equity. Translation adjustments, including qualifying hedge and tax effects, are reclassified to earnings upon the sale or substantial liquidation of investments in foreign operations. Revenues and expenses are translated at the average month-end exchange rates during the year. Gains and losses related to transactions in a currency other than the functional currency, including operations outside the U.S. where the functional currency is the U.S. dollar, are reported net in the Company's Consolidated Statements of Income, in other non-interest revenue, interest income, interest expense, or other expenses, depending on the nature of the activity. Net foreign currency transaction gains amounted to approximately $108 million, $120 million and $145 million in 2013, 2012 and 2011, respectively.

AMOUNTS BASED ON ESTIMATES AND ASSUMPTIONS

Accounting estimates are an integral part of the Consolidated Financial Statements. These estimates are based, in part, on management's assumptions concerning future events. Among the more significant assumptions are those that relate to reserves for Card Member losses on loans and receivables, the proprietary point liability for Membership Rewards costs, fair value measurement, goodwill and income taxes. These accounting estimates reflect the best judgment of management, but actual results could differ.

TOTAL REVENUES NET OF INTEREST EXPENSE

Discount Revenue

Discount revenue represents fees generally charged to merchants with which the Company, or a Global Network Services (GNS) partner, has entered into card acceptance agreements for facilitating transactions between the merchants and the Company's Card Members. The discount fee generally is deducted from the payment to the merchant and recorded as discount revenue at the time the charge is captured.

Net Card Fees

Card fees, net of direct card acquisition costs and a reserve for projected membership cancellations, are deferred and recognized on a straight-line basis over the 12-month card membership period as Net Card Fees in the Consolidated Statements of Income. The unamortized net card fee balance is reported net in Other Liabilities on the Consolidated Balance Sheets (refer to Note 11).

Travel Commissions and Fees

The Company earns travel commissions and fees by charging clients transaction or management fees for selling and arranging travel and for travel management services. Client transaction fee revenue is recognized at the time the client books the travel arrangements. Travel management services revenue is recognized over the contractual term of the agreement. The Company's travel suppliers (e.g., airlines, hotels and car rental companies) pay commissions and fees on tickets issued, sales and other services based on contractual agreements. Commissions and fees from travel suppliers are generally recognized at the time a ticket is purchased or over the term of the contract. Commissions and fees that are based on services rendered (e.g., hotel stays and car rentals) are recognized based on usage.

Other Commissions and Fees

Other commissions and fees include foreign currency conversion fees, Card Member delinquency fees, service fees and other card related assessments, which are recognized primarily in the period in which they are charged to the Card Member (refer to Note 19). In addition, service fees are also earned from other customers (e.g., merchants) for a variety of services and are recognized when the service is performed, which is generally in the period the fee is charged. Also included are fees related to the Company's Membership Rewards program, which are deferred and recognized over the period covered by the fee. The unamortized Membership Rewards fee balance is included in other liabilities on the Consolidated Balance Sheets (refer to Note 11).

Contra-revenue

The Company regularly makes payments through contractual arrangements with merchants, corporate payments clients, Card Members and certain other customers. Payments to such customers, including cash rebates paid to Card Members, are generally classified as contra-revenue unless a specifically identifiable benefit (e.g., goods or services) is received by the Company or its Card Members in consideration for that payment, and the fair value of such benefit is determinable and measurable. If no such benefit is identified, then the entire payment is classified as contra-revenue and included in the Consolidated Statements of Income in the revenue line item where the related transactions are recorded (e.g., discount revenue, travel commissions and fees and other commissions and fees). If such a benefit is identified, then the payment is classified as expense up to the estimated fair value of the benefit.

Interest Income

Interest on Card Member loans is assessed using the average daily balance method. Unless the loan is classified as non-accrual, interest is recognized based upon the outstanding balance, in accordance with the terms of the applicable account agreement, until the outstanding balance is paid or written off.

Interest and dividends on investment securities primarily relates to the Company's performing fixed-income securities. Interest income is accrued as earned using the effective interest method, which adjusts the yield for security premiums and discounts, fees and other payments, so that a constant rate of return is recognized on the investment security's outstanding balance. Amounts are recognized until such time as a security is in default or when it is likely that future interest payments will not be received as scheduled.

Interest on deposits with banks and other is recognized as earned, and primarily relates to the placement of cash in interest-bearing time deposits, overnight sweep accounts, and other interest-bearing demand and call accounts.

Interest Expense

Interest expense includes interest incurred primarily to fund Card Member loans, charge card product receivables, general corporate purposes, and liquidity needs, and is recognized as incurred. Interest expense is divided principally into two categories: (i) deposits, which primarily relates to interest expense on deposits taken from customers and institutions, and (ii) long-term debt and other, which primarily relates to interest expense on the Company's long-term financing and short-term borrowings, and the realized impact of derivatives hedging interest rate risk.

BALANCE SHEET

Cash and Cash Equivalents

Cash and cash equivalents include cash and amounts due from banks, interest-bearing bank balances, including securities purchased under resale agreements, and other highly liquid investments with original maturities of 90 days or less.

Premises and Equipment

Premises and equipment, including leasehold improvements, are carried at cost less accumulated depreciation. Costs incurred during construction are capitalized and are depreciated once an asset is placed in service. Depreciation is generally computed using the straight-line method over the estimated useful lives of assets, which range from 3 to 10 years for equipment, furniture and building improvements. Premises are depreciated based upon their estimated useful life at the acquisition date, which generally ranges from 30 to 50 years.

Leasehold improvements are depreciated using the straight-line method over the lesser of the remaining term of the leased facility or the economic life of the improvement, which ranges from 5 to 10 years. The Company maintains operating leases worldwide for facilities and equipment. Rent expense for facility leases is recognized ratably over the lease term, and includes adjustments for rent concessions, rent escalations and leasehold improvement allowances. The Company recognizes lease restoration obligations at the fair value of the restoration liabilities when incurred, and amortizes the restoration assets over the lease term.

The Company capitalizes certain costs associated with the acquisition or development of internal-use software. Once the software is ready for its intended use, these costs are amortized on a straight-line basis over the software's estimated useful life, generally 5 years.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

OTHER SIGNIFICANT ACCOUNTING POLICIES

The following table identifies the Company's other significant accounting policies, the Note and page where the Note can be found.

Significant Accounting Policy	Note Number	Note Title	Page
Fair Value Measurements	Note 3	Fair Values	Page 68
Accounts Receivable	Note 4	Accounts Receivable and Loans	Page 72
Loans	Note 4	Accounts Receivable and Loans	Page 72
Reserves for Losses	Note 5	Reserves for Losses	Page 77
Investment Securities	Note 6	Investment Securities	Page 79
Asset Securitizations	Note 7	Asset Securitizations	Page 80
Goodwill and Other Intangible Assets	Note 8	Other Assets	Page 81
Membership Rewards	Note 11	Other Liabilities	Page 87
Derivative Financial Instruments and Hedging Activities	Note 12	Derivatives and Hedging Activities	Page 87
Income Taxes	Note 17	Income Taxes	Page 94
Stock-based Compensation	Note 20	Stock Plans	Page 97
Retirement Plans	Note 21	Retirement Plans	Page 98
Regulatory Matters and Capital Adequacy	Note 23	Regulatory Matters and Capital Adequacy	Page 100
Legal Contingencies	Note 24	Commitments and Contingencies	Page 101
Reportable Operating Segments	Note 25	Reportable Operating Segments and Geographic Operations	Page 102

RECENTLY ISSUED ACCOUNTING STANDARDS

The Financial Accounting Standards Board recently issued Accounting Standards Update (ASU) No. 2014-01, Investments – Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Qualified Affordable Housing Projects. Provided certain conditions are met, this standard permits entities to account for investments in qualified affordable housing projects using the proportional amortization method, which results in amortizing the initial cost of the investment in proportion to the tax credits and other tax benefits received, and recognizing the net investment performance in the income statement as a component of income tax expense. Additionally, the standard requires new disclosures about all investments in qualified affordable housing projects irrespective of the method used to account for the investments. The standard, which is to be retrospectively applied, will be effective beginning in the first quarter of 2015; however, early adoption is permitted. This standard is not expected to have a material impact on the Company's financial position or results of operations upon adoption.

CLASSIFICATION OF VARIOUS ITEMS

Certain reclassifications of prior period amounts have been made to conform to the current period presentation. These reclassifications did not have a material impact on the Company's financial position, results of operations or cash flows.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2
ACQUISITIONS AND DIVESTITURES

Loyalty Partner Acquisition

On March 1, 2011, the Company completed the acquisition of a controlling interest in Loyalty Partner, a leading marketing services company that operates loyalty programs in Germany, Poland, India and Mexico. Loyalty Partner also provides market analysis, operating platforms and consulting services that help merchants grow their businesses. Total consideration was $616 million. Upon acquisition, the Company had an option to acquire the remaining non-controlling equity interest (NCI) over a three-year period beginning at the end of 2013 at a price based on business performance, which had an estimated fair value of $148 million at the acquisition date.

This acquisition did not have a significant impact on either the Company's consolidated results of operations or the International Card Services segment (ICS) for the years ended December 31, 2013, 2012 and 2011.

The following table summarizes the assets acquired and liabilities assumed for this acquisition as of the acquisition date:

(Millions)	Loyalty Partner [(a)]
Goodwill	$ 539
Definite-lived intangible assets	295
Other assets	208
Total assets	1,042
Total liabilities (including NCI)	426
Net assets acquired	$ 616

(a) The final purchase price allocation was completed in 2012. The above amounts do not differ significantly from the estimates at the acquisition date.

In November 2013, the Company entered into an agreement to extinguish a portion of the NCI in exchange for a cash payment of $132 million and to convert the remaining NCI to an option that is accounted for as a long-term liability with an initial value of $121 million. The Company reduced equity by $107 million in connection with this agreement.

GLOBAL BUSINESS TRAVEL DIVESTITURE

As announced during the third quarter of 2013, the Company plans to create a new joint venture for its Global Business Travel (GBT) operations. It is expected that GBT's operations, business relationships and other assets would be held and operated by the joint venture entity. As presently contemplated, at the closing of the transaction the Company would maintain an approximate 50 percent ownership stake in the joint venture, while an investor group would own the remaining interest. The transaction remains subject to the execution of definitive agreements and receipt of regulatory and other approvals. Assuming these conditions are met, the Company would plan to close the transaction in the second quarter of 2014.

NOTE 3
FAIR VALUES

Fair value is defined 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, based on the Company's principal or, in the absence of a principal, most advantageous market for the specific asset or liability.

GAAP provides for a three-level hierarchy of inputs to valuation techniques used to measure fair value, defined as follows:

- Level 1 — Inputs that are quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity can access.
- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability, including:
  - — Quoted prices for similar assets or liabilities in active markets;
  - — Quoted prices for identical or similar assets or liabilities in markets that are not active;
  - — Inputs other than quoted prices that are observable for the asset or liability; and
  - — Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3 — Inputs that are unobservable and reflect the Company's own estimates about the estimates market participants would use in pricing the asset or liability based on the best information available in the circumstances (e.g., internally derived assumptions surrounding the timing and amount of expected cash flows). The Company did not measure any financial instruments presented on the Consolidated Balance Sheets at fair value on a recurring basis using significant unobservable inputs (Level 3) during the years ended December 31, 2013 and 2012, although the disclosed fair value of certain assets that are not carried at fair value, as presented later in this Note, are classified within Level 3.

The Company monitors the market conditions and evaluates the fair value hierarchy levels at least quarterly. For any transfers in and out of the levels of the fair value hierarchy, the Company discloses the fair value measurement at the beginning of the reporting period during which the transfer occurred.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL ASSETS AND FINANCIAL LIABILITIES CARRIED AT FAIR VALUE

The following table summarizes the Company's financial assets and financial liabilities measured at fair value on a recurring basis, categorized by GAAP's valuation hierarchy (as described in the preceding paragraphs), as of December 31:

	2013			2012		
(Millions)	Total	Level 1	Level 2	Total	Level 1	Level 2
Assets:						
Investment securities: [a]						
Equity securities	$ 124	$ 124	$ —	$ 296	$ 296	$ —
Debt securities and other	4,892	320	4,572	5,318	338	4,980
Derivatives [a]	701	—	701	942	—	942
Total assets	5,717	444	5,273	6,556	634	5,922
Liabilities:						
Derivatives [a]	213	—	213	329	—	329
Total liabilities	$ 213	$ —	$ 213	$ 329	$ —	$ 329

(a) Refer to Note 6 for the fair values of investment securities and to Note 12 for the fair values of derivative assets and liabilities, on a further disaggregated basis.

VALUATION TECHNIQUES USED IN THE FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES CARRIED AT FAIR VALUE

For the financial assets and liabilities measured at fair value on a recurring basis (categorized in the valuation hierarchy table above) the Company applies the following valuation techniques:

Investment Securities

When available, quoted prices of identical investment securities in active markets are used to estimate fair value. Such investment securities are classified within Level 1 of the fair value hierarchy.

When quoted prices of identical investment securities in active markets are not available, the fair values for the Company's investment securities are obtained primarily from pricing services engaged by the Company, and the Company receives one price for each security. The fair values provided by the pricing services are estimated using pricing models, where the inputs to those models are based on observable market inputs or recent trades of similar securities. Such investment securities are classified within Level 2 of the fair value hierarchy. The inputs to the valuation techniques applied by the pricing services vary depending on the type of security being priced but are typically benchmark yields, benchmark security prices, credit spreads, prepayment speeds, reported trades and broker-dealer quotes, all with reasonable levels of transparency. The pricing services did not apply any adjustments to the pricing models used. In addition, the Company did not apply any adjustments to prices received from the pricing services.

The Company reaffirms its understanding of the valuation techniques used by its pricing services at least annually. In addition, the Company corroborates the prices provided by its pricing services for reasonableness by comparing the prices from the respective pricing services to valuations obtained from different pricing sources as well as comparing prices to the sale prices received from sold securities at least quarterly. In instances where price discrepancies are identified between different pricing sources, the Company evaluates such discrepancies to ensure that the prices used for its valuation represent
the fair value of the underlying investment securities. Refer to Note 6 for additional fair value information.

Derivative Financial Instruments

The fair value of the Company's derivative financial instruments is estimated by third-party valuation services that use proprietary pricing models or by internal pricing models, where the inputs to those models are readily observable from actively quoted markets. The pricing models used are consistently applied and reflect the contractual terms of the derivatives as described below. The Company reaffirms its understanding of the valuation techniques used by the third-party valuation services at least annually. The Company's derivative instruments are classified within Level 2 of the fair value hierarchy.

The fair value of the Company's interest rate swaps is determined based on a discounted cash flow method using the following significant inputs: the contractual terms of the swap such as the notional amount, fixed coupon rate, floating coupon rate (based on interbank rates consistent with the frequency and currency of the interest cash flows) and tenor, as well as discount rates consistent with the underlying economic factors of the currency in which the cash flows are denominated.

The fair value of the Company's total return contract, which serves as a hedge against the Hong Kong dollar (HKD) change in fair value associated with the Company's investment in the Industrial and Commercial Bank of China (ICBC), is determined based on a discounted cash flow method using the following significant inputs as of the valuation date: number of shares of the Company's underlying ICBC investment, the quoted market price of the shares in HKD and the monthly settlement terms of the contract inclusive of price and tenor.

The fair value of foreign exchange forward contracts is determined based on a discounted cash flow method using the following significant inputs: the contractual terms of the forward contracts such as the notional amount, maturity dates and contract rate, as well as relevant foreign currency forward curves, and discount rates consistent with the underlying economic factors of the currency in which the cash flows are denominated.

Credit valuation adjustments are necessary when the market parameters, such as a benchmark curve, used to value derivatives are not indicative of the credit quality of the Company or its counterparties. The Company considers the counterparty credit risk by applying an observable forecasted default rate to the current exposure. Refer to Note 12 for additional fair value information.

FINANCIAL ASSETS AND FINANCIAL LIABILITIES CARRIED AT OTHER THAN FAIR VALUE

The following table discloses the estimated fair value for the Company's financial assets and financial liabilities that are not required to be carried at fair value on a recurring basis, as of December 31, 2013 and 2012:

2013 *(Billions)*	Carrying Value	Corresponding Fair Value Amount			
		Total	Level 1	Level 2	Level 3
Financial Assets:					
Financial assets for which carrying values equal or approximate fair value					
Cash and cash equivalents	$ 19	$ 19	$ 17	$ 2[a]	$ —
Other financial assets [b]	48	48	—	48	—
Financial assets carried at other than fair value					
Loans, net	67	67[c]	—	—	67
Financial Liabilities:					
Financial liabilities for which carrying values equal or approximate fair value	60	60	—	60	—
Financial liabilities carried at other than fair value					
Certificates of deposit [d]	7	8	—	8	—
Long-term debt	$ 55	$ 58[c]	$ —	$ 58	$ —

2012 *(Billions)*	Carrying Value	Corresponding Fair Value Amount			
		Total	Level 1	Level 2	Level 3
Financial Assets:					
Financial assets for which carrying values equal or approximate fair value					
Cash and cash equivalents	$ 22	$ 22	$ 21	$ 1[a]	$ —
Other financial assets [b]	47	47	—	47	—
Financial assets carried at other than fair value					
Loans, net	64	65[c]	—	—	65
Financial Liabilities:					
Financial liabilities for which carrying values equal or approximate fair value	55	55	—	55	—
Financial liabilities carried at other than fair value					
Certificates of deposit [d]	10	10	—	10	—
Long-term debt	$ 59	$ 62[c]	$ —	$ 62	$ —

(a) Reflects time deposits.
(b) Includes accounts receivable (including fair values of Card Member receivables of $7.3 billion and $8.0 billion held by consolidated VIEs as of December 31, 2013 and 2012, respectively), restricted cash and other miscellaneous assets.
(c) Includes fair values of loans of $31.0 billion and $32.4 billion, and long-term debt of $18.8 billion and $19.5 billion, held by consolidated VIEs as of December 31, 2013 and 2012, respectively.
(d) Presented as a component of customer deposits on the Consolidated Balance Sheets.

The fair values of these financial instruments are estimates based upon the market conditions and perceived risks as of December 31, 2013, and require management judgment. These figures may not be indicative of future fair values. The fair value of the Company cannot be reliably estimated by aggregating the amounts presented.

VALUATION TECHNIQUES USED IN THE FAIR VALUE MEASUREMENT OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES CARRIED AT OTHER THAN FAIR VALUE

For the financial assets and liabilities that are not required to be carried at fair value on a recurring basis (categorized in the valuation hierarchy table above) the Company applies the following valuation techniques to measure fair value:

Financial Assets For Which Carrying Values Equal or Approximate Fair Value

Financial assets for which carrying values equal or approximate fair value include cash and cash equivalents, Card Member receivables, accrued interest and certain other assets. For these assets, the carrying values approximate fair value because they are short term in duration, have no defined maturity or have a market-based interest rate.

Financial Assets Carried At Other Than Fair Value

Loans

Loans are recorded at historical cost, less reserves, on the Consolidated Balance Sheets. In estimating the fair value for the Company's loans the Company uses a discounted cash flow model. Due to the lack of a comparable whole loan sales market for similar credit card receivables and the lack of observable pricing inputs thereof, the Company uses various inputs derived from an equivalent securitization market to estimate fair value. Such inputs include projected income (inclusive of future interest payments and late fee revenue), estimated pay-down rates, discount rates and relevant credit costs.

Financial Liabilities For Which Carrying Values Equal Or Approximate Fair Value

Financial liabilities for which carrying values equal or approximate fair value include accrued interest, customer deposits (excluding certificates of deposit, which are described further below), Travelers Cheques and other prepaid products outstanding, accounts payable, short-term borrowings and certain other liabilities for which the carrying values approximate fair value because they are short term in duration, have no defined maturity or have a market-based interest rate.

Financial Liabilities Carried At Other Than Fair Value

Certificates of Deposit

Certificates of deposit (CDs) are recorded at their historical issuance cost on the Consolidated Balance Sheets. Fair value is estimated using a discounted cash flow methodology based on the future cash flows and the discount rate that reflects the Company's current rates for similar types of CDs within similar markets.

Long-term Debt

Long-term debt is recorded at historical issuance cost on the Consolidated Balance Sheets adjusted for the impact of fair value hedge accounting on certain fixed-rate notes and current translation rates for foreign-denominated debt. The fair value of the Company's long-term debt is measured using quoted offer prices when quoted market prices are available. If quoted market prices are not available, the fair value is determined by discounting the future cash flows of each instrument at rates currently observed in publicly-traded debt markets for debt of similar terms and credit risk. For long-term debt, where there are no rates currently observable in publicly traded debt markets of similar terms and comparable credit risk, the Company uses market interest rates and adjusts those rates for necessary risks, including its own credit risk. In determining an appropriate spread to reflect its credit standing, the Company considers credit default swap spreads, bond yields of other long-term debt offered by the Company, and interest rates currently offered to the Company for similar debt instruments of comparable maturities.

NONRECURRING FAIR VALUE MEASUREMENTS

The Company has certain assets that are subject to measurement at fair value on a nonrecurring basis. For these assets, measurement at fair value in periods subsequent to their initial recognition is applicable if determined to be impaired. During the twelve months ended December 31, 2013 and 2012, the Company did not have any material assets that were measured at fair value due to impairment.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4
ACCOUNTS RECEIVABLE AND LOANS

As described below, the Company's charge and lending payment card products result in the generation of Card Member receivables and Card Member loans, respectively.

CARD MEMBER AND OTHER RECEIVABLES

Card Member receivables, representing amounts due on charge card products, are recorded at the time a Card Member enters into a point-of-sale transaction with a merchant. Each charge card transaction is authorized based on its likely economics reflecting a Card Member's most recent credit information and spend patterns. Additionally, global spend limits are established to limit the maximum exposure for the Company.

Charge Card Members generally must pay the full amount billed each month. Card Member receivable balances are presented on the Consolidated Balance Sheets net of reserves for losses (refer to Note 5), and include principal and any related accrued fees.

Accounts receivable as of December 31, 2013 and 2012 consisted of:

(Millions)	2013	2012
U.S. Card Services [a]	$ 21,842	$ 21,124
International Card Services	7,771	7,778
Global Commercial Services [b]	14,391	13,671
Global Network & Merchant Services [c]	159	193
Card Member receivables [d]	44,163	42,766
Less: Reserve for losses	386	428
Card Member receivables, net	43,777	42,338
Other receivables, net [e]	$ 3,408	$ 3,576

(a) Includes $7.3 billion and $7.5 billion of gross Card Member receivables available to settle obligations of consolidated VIEs as of December 31, 2013 and 2012, respectively.
(b) Includes $476 million of gross Card Member receivables available to settle obligations of a consolidated VIE as of December 31, 2012. Also includes $836 million and $913 million due from airlines, of which Delta Air Lines (Delta) comprises $628 million and $676 million as of December 31, 2013 and 2012, respectively.
(c) Includes receivables primarily related to the Company's International Currency Card portfolios.
(d) Includes approximately $13.8 billion and $13.7 billion of Card Member receivables outside the U.S. as of December 31, 2013 and 2012, respectively.
(e) Other receivables primarily represent amounts related to (i) purchased joint venture receivables, (ii) certain merchants for billed discount revenue, and (iii) GNS partner banks for items such as royalty and franchise fees. Other receivables are presented net of reserves for losses of $71 million and $86 million as of December 31, 2013 and 2012, respectively.

CARD MEMBER AND OTHER LOANS

Card Member loans, representing revolving amounts due on lending card products, are recorded at the time a Card Member enters into a point-of-sale transaction with a merchant, as well as amounts due from charge Card Members who elect to revolve a portion of the outstanding balance by entering into a revolving payment arrangement with the Company. These loans have a range of terms such as credit limits, interest rates, fees and payment structures, which can be revised over time based on new information about Card Members and in accordance with applicable regulations and the respective product's terms and conditions. Card Members holding revolving loans are typically required to make monthly payments based on pre-established amounts. The amounts that Card Members choose to revolve are subject to finance charges.

Card Member loans are presented on the Consolidated Balance Sheets net of reserves for losses (refer to Note 5), and include principal, accrued interest and fees receivable. The Company's policy generally is to cease accruing interest on a Card Member loan at the time the account is written off, and establish reserves for interest that the Company believes will not be collected.

Loans as of December 31, 2013 and 2012 consisted of:

(Millions)	2013	2012
U.S. Card Services [a]	$ 58,395	$ 55,953
International Card Services	8,790	9,236
Global Commercial Services	53	40
Card Member loans	67,238	65,229
Less: Reserve for losses	1,261	1,471
Card Member loans, net	65,977	63,758
Other loans, net [b]	$ 608	$ 551

(a) Includes approximately $31.2 billion and $32.7 billion of gross Card Member loans available to settle obligations of consolidated VIEs as of December 31, 2013 and 2012, respectively.
(b) Other loans primarily represent loans to merchants and a store card loan portfolio. Other loans are presented net of reserves for losses of $13 million and $20 million as of December 31, 2013 and 2012, respectively.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CARD MEMBER LOANS AND CARD MEMBER RECEIVABLES AGING

Generally, a Card Member account is considered past due if payment is not received within 30 days after the billing statement date. The following table represents the aging of Card Member loans and receivables as of December 31, 2013 and 2012:

2013 *(Millions)*	Current	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total
Card Member Loans:					
U.S. Card Services	$57,772	$ 183	$ 134	$306	$58,395
International Card Services	8,664	43	28	55	8,790
Card Member Receivables:					
U.S. Card Services	$21,488	$ 125	$ 69	$160	$21,842
International Card Services [(a)]	(b)	(b)	(b)	83	7,771
Global Commercial Services [(a)]	(b)	(b)	(b)	132	14,391

2012 *(Millions)*	Current	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total
Card Member Loans:					
U.S. Card Services	$ 55,281	$ 200	$ 147	$ 325	$55,953
International Card Services	9,099	47	30	60	9,236
Card Member Receivables:					
U.S. Card Services	$ 20,748	$ 116	$ 76	$ 184	$21,124
International Card Services [(a)]	(b)	(b)	(b)	74	7,778
Global Commercial Services [(a)]	(b)	(b)	(b)	112	13,671

(a) For Card Member receivables in ICS and GCS, delinquency data is tracked based on days past billing status rather than days past due. A Card Member account is considered 90 days past billing if payment has not been received within 90 days of the Card Member's billing statement date. In addition, if the Company initiates collection procedures on an account prior to the account becoming 90 days past billing, the associated Card Member receivable balance is considered as 90 days past billing. These amounts are shown above as 90+ Days Past Due for presentation purposes.

(b) Data for periods prior to 90 days past billing are not available due to financial reporting system constraints. Therefore, it has not been relied upon for risk management purposes. The balances that are current to 89 days past due can be derived as the difference between the Total and the 90+ Days Past Due balances.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CREDIT QUALITY INDICATORS FOR CARD MEMBER LOANS AND RECEIVABLES

The following tables present the key credit quality indicators as of or for the years ended December 31:

	2013			2012		
	Net Write-Off Rate			Net Write-Off Rate		
	Principal Only [a]	Principal, Interest, & Fees [a]	30 Days Past Due as a % of Total	Principal Only [a]	Principal, Interest, & Fees [a]	30 Days Past Due as a % of Total
Card Member Loans:						
U.S. Card Services	1.8%	2.0%	1.1%	2.1%	2.3%	1.2%
International Card Services	1.9%	2.3%	1.4%	1.9%	2.4%	1.5%
Card Member Receivables:						
U.S. Card Services	1.7%	1.9%	1.6%	1.9%	2.1%	1.8%

	2013		2012	
	Net Loss Ratio as a % of Charge Volume	90 Days Past Billing as a % of Receivables	Net Loss Ratio as a % of Charge Volume	90 Days Past Billing as a % of Receivables
Card Member Receivables:				
International Card Services	0.20%	1.1%	0.16%	0.9%
Global Commercial Services	0.08%	0.9%	0.06%	0.8%

(a) The Company presents a net write-off rate based on principal losses only (i.e., excluding interest and/or fees) to be consistent with industry convention. In addition, because the Company's practice is to include uncollectible interest and/or fees as part of its total provision for losses, a net write-off rate including principal, interest and/or fees is also presented.

Refer to Note 5 for additional indicators, including external environmental qualitative factors, management considers in its monthly evaluation process for reserves for losses.

IMPAIRED CARD MEMBER LOANS AND RECEIVABLES

Impaired loans and receivables are defined by GAAP as individual larger balance or homogeneous pools of smaller balance loans and receivables for which it is probable that the Company will be unable to collect all amounts due according to the original contractual terms of the Card Member agreement. The Company considers impaired loans and receivables to include: (i) loans over 90 days past due still accruing interest, (ii) non-accrual loans and (iii) loans and receivables modified as troubled debt restructurings (TDRs).

The Company may modify, through various company sponsored programs, Card Member loans and receivables in instances where the Card Member is experiencing financial difficulty in order to minimize losses and improve collectability while providing Card Members with temporary or permanent financial relief. The Company has classified Card Member loans and receivables in these modification programs as TDRs. Such modifications to the loans and receivables primarily include (i) temporary interest rate reductions (possibly as low as zero percent, in which case the loan is characterized as non-accrual in the Company's TDR disclosures), (ii) placing the Card Member on a fixed payment plan not to exceed 60 months and (iii) suspending delinquency fees until the Card Member exits the modification program. Upon entering the modification program, the Card Member's ability to make future purchases is either cancelled or in certain cases suspended until the Card Member successfully exits the modification program. In accordance with the modification agreement with the Card Member, loans revert back to the original contractual terms (including the contractual interest rate) when the Card Member exits the modification program, which is either (i) when all payments have been made in accordance with the modification agreement or (ii) when the Card Member defaults out of the modification program. In either case, the Company establishes a reserve for Card Member interest charges and fees considered to be uncollectible.

Reserves for Card Member loans and receivables modified as TDRs are determined as the difference between the cash flows expected to be received from the Card Member (taking into consideration the probability of subsequent defaults), discounted at the original effective interest rates, and the carrying value of the Card Member loan or receivable balance. The Company determines the original effective interest rate as the interest rate in effect prior to the imposition of any penalty interest rate. All changes in the impairment measurement are included in the provision for losses in the Consolidated Statements of Income.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table provides additional information with respect to the Company's impaired Card Member loans, which are not significant for GCS, and Card Member receivables, which are not significant for ICS and GCS, as of or for the years ended December 31:

	As of December 31, 2013						For the Year Ended December 31, 2013	
2013 *(Millions)*	Loans over 90 Days Past Due & Accruing Interest [a]	Non-Accrual Loans [b]	Loans & Receivables Modified as a TDR [c]	Total Impaired Loans & Receivables	Unpaid Principal Balance [d]	Allowance for TDRs [e]	Average Balance of Impaired Loans	Interest Income Recognized
Card Member Loans:								
U.S. Card Services	$ 170	$ 244	$ 373	$ 787	$ 731	$ 84	$ 943	$ 46
International Card Services	54	4	5	63	62	—	67	16
Card Member Receivables:								
U.S. Card Services	—	—	50	50	49	38	81	—
Total	$ 224	$ 248	$ 428	$ 900	$ 842	$ 122	$ 1,091	$ 62

	As of December 31, 2012						For the Year Ended December 31, 2012	
2012 *(Millions)*	Loans over 90 Days Past Due & Accruing Interest [a]	Non-Accrual Loans [b]	Loans & Receivables Modified as a TDR [c]	Total Impaired Loans & Receivables	Unpaid Principal Balance [d]	Allowance for TDRs [e]	Average Balance of Impaired Loans	Interest Income Recognized
Card Member Loans:								
U.S. Card Services	$ 73	$ 426	$ 627	$ 1,126	$ 1,073	$ 152	$ 1,221	$ 47
International Card Services	59	5	6	70	69	1	75	16
Card Member Receivables:								
U.S. Card Services	—	—	117	117	111	91	135	—
Total	$ 132	$ 431	$ 750	$ 1,313	$ 1,253	$ 244	$ 1,431	$ 63

	As of December 31, 2011						For the Year Ended December 31, 2011	
2011 *(Millions)*	Loans over 90 Days Past Due & Accruing Interest [a]	Non-Accrual Loans [b]	Loans & Receivables Modified as a TDR [c]	Total Impaired Loans & Receivables	Unpaid Principal Balance [d]	Allowance for TDRs [e]	Average Balance of Impaired Loans	Interest Income Recognized
Card Member Loans:								
U.S. Card Services	$ 64	$ 529	$ 736	$ 1,329	$ 1,268	$ 174	$ 1,498	$ 52
International Card Services	67	6	8	81	80	2	98	26
Card Member Receivables:								
U.S. Card Services	—	—	174	174	165	118	145	—
Total	$ 131	$ 535	$ 918	$ 1,584	$ 1,513	$ 294	$ 1,741	$ 78

(a) The Company's policy is generally to accrue interest through the date of write-off (at 180 days past due). The Company establishes reserves for interest that the Company believes will not be collected. Excludes loans modified as a TDR.

(b) Non-accrual loans not in modification programs primarily include certain Card Member loans placed with outside collection agencies for which the Company has ceased accruing interest.

(c) Total loans and receivables modified as a TDR includes $92 million, $320 million and $410 million that are non-accrual and $26 million, $6 million and $4 million that are past due 90 days and still accruing interest as of December 31, 2013, 2012 and 2011, respectively.

(d) Unpaid principal balance consists of Card Member charges billed and excludes other amounts charged directly by the Company such as interest and fees.

(e) Represents the reserve for losses for TDRs, which are evaluated individually for impairment. The Company records a reserve for losses for all impaired loans. Refer to Card Member Loans Evaluated Individually and Collectively for Impairment in Note 5 for further discussion of the reserve for losses on loans over 90 days past due and accruing interest and non-accrual loans, which are evaluated collectively for impairment.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CARD MEMBER LOANS AND RECEIVABLES MODIFIED AS TDRS

The following table provides additional information with respect to the Card Member loans and receivables modified as TDRs, which are not significant for ICS and GCS, during the years ended December 31:

2013 *(Accounts in thousands, Dollars in millions)*	Number of Accounts	Aggregated Outstanding Balances [a,b]
Troubled Debt Restructurings:		
U.S. Card Services – Card Member Loans	60	$ 448
U.S. Card Services – Card Member Receivables	20	247
Total	80	$ 695

2012 *(Accounts in thousands, Dollars in millions)*	Number of Accounts	Aggregated Outstanding Balances [a,b]
Troubled Debt Restructurings:		
U.S. Card Services – Card Member Loans	106	$ 779
U.S. Card Services – Card Member Receivables	37	425
Total	143	$ 1,204

2011 *(Accounts in thousands, Dollars in millions)*	Number of Accounts	Aggregated Outstanding Balances [a,b]
Troubled Debt Restructurings:		
U.S. Card Services – Card Member Loans	147	$ 1,110
U.S. Card Services – Card Member Receivables	50	402
Total	197	$ 1,512

(a) Represents the outstanding balance immediately prior to modification. In certain modifications the principal balance was reduced in the aggregate amount of $4 million, $24 million and $59 million for the years ended December 31, 2013, 2012 and 2011, respectively.
(b) Includes principal and accrued interest.

The Company has evaluated the primary financial effects of the impact of the changes to an account upon modification as follows:

- Temporary Interest Rate Reduction: For the years ended December 31, 2013, 2012 and 2011, the average interest rate reduction was 10 percentage points, 12 percentage points and 11 percentage points, respectively. None of these interest rate reductions had a significant impact on interest on loans in the Consolidated Statements of Income. The Company does not offer interest rate reduction programs for U.S. Card Services (USCS) Card Member receivables as these receivables are non-interest bearing.
- Placing Card Members on a Fixed Payment Plan: For the years ended December 31, 2013, 2012 and 2011, the average payment term extension was approximately 12 months, 13 months, and 15 months, respectively, for USCS Card Member receivables. For USCS Card Member loans, there have been no payment term extensions.

The following table provides information for the years ended December 31, 2013, 2012, and 2011, with respect to the Card Member loans and receivables modified as TDRs that subsequently defaulted within 12 months of modification. A Card Member will default from a modification program after one and up to two consecutive missed payments, depending on the terms of the modification program. For all Card Members that defaulted from a modification program, the probability of default is factored into the reserves for Card Member loans and receivables. The defaulted ICS Card Member loan and receivable modifications were not significant.

2013 *(Accounts in thousands, Dollars in millions)*	Number of Accounts	Aggregated Outstanding Balances Upon Default [a]
Troubled Debt Restructurings That Subsequently Defaulted:		
U.S. Card Services – Card Member Loans	18	$ 159
U.S. Card Services – Card Member Receivables	3	38
Total	21	$ 197

2012 *(Accounts in thousands, Dollars in millions)*	Number of Accounts	Aggregated Outstanding Balances Upon Default [a]
Troubled Debt Restructurings That Subsequently Defaulted:		
U.S. Card Services – Card Member Loans	23	$ 182
U.S. Card Services – Card Member Receivables	1	37

Total	24	$ 219

2011 *(Accounts in thousands, Dollars in millions)*	Number of Accounts	Aggregated Outstanding Balances Upon Default [(a)]
Troubled Debt Restructurings That Subsequently Defaulted:		
U.S. Card Services – Card Member Loans	46	$ 343
U.S. Card Services – Card Member Receivables	6	45
Total	52	$ 388

(a) The outstanding balance includes principal, fees, and accrued interest on Card Member Loans and principal and fees on Card Member Receivables.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5
RESERVES FOR LOSSES

Reserves for losses relating to Card Member loans and receivables represent management's best estimate of the probable inherent losses in the Company's outstanding portfolio of loans and receivables, as of the balance sheet date. Management's evaluation process requires certain estimates and judgments.

Reserves for losses are primarily based upon statistical and analytical models that analyze portfolio performance and reflect management's judgment regarding the quantitative components of the reserve. The models take into account several factors, including delinquency based loss migration rates, loss emergence periods and average losses and recoveries over an appropriate historical period. Management considers whether to adjust the models for specific qualitative factors such as increased risk in certain portfolios, impact of risk management initiatives on portfolio performance and concentration of credit risk based on factors such as vintage, industry or geographic regions. In addition, management may increase or decrease the reserves for losses on Card Member loans for other external environmental qualitative factors, including various indicators related to employment, spend, sentiment, housing and credit, as well as the legal and regulatory environment. Generally, due to the short-term nature of Card Member receivables, the impact of additional external qualitative factors on the probable losses inherent within the Card Member receivables portfolio is not significant. As part of this evaluation process, management also considers various reserve coverage metrics, such as reserves as a percentage of past due amounts, reserves as a percentage of Card Member receivables or loans and net write-off coverage.

Card Member loans and receivables balances are written off when management considers amounts to be uncollectible, which is generally determined by the number of days past due and is typically no later than 180 days past due. Card Member loans and receivables in bankruptcy or owed by deceased individuals are generally written off upon notification, and recoveries are recognized as they are collected.

CHANGES IN CARD MEMBER RECEIVABLES RESERVE FOR LOSSES

The following table presents changes in the Card Member receivables reserve for losses for the years ended December 31:

(Millions)	2013	2012	2011
Balance, January 1	$ 428	$ 438	$ 386
Additions:			
Provisions [a]	647	601	603
Other [b]	142	141	167
Total provision	789	742	770
Deductions:			
Net write-offs [c]	(669)	(640)	(560)
Other [d]	(162)	(112)	(158)
Balance, December 31	$ 386	$ 428	$ 438

(a) Provisions for principal (resulting from authorized transactions) and fee reserve components.
(b) Provisions for unauthorized transactions.
(c) Consists of principal (resulting from authorized transactions) and fee components, less recoveries of $402 million, $383 million and $349 million, including net write-offs from TDRs of $12 million, $87 million and $82 million, for the years ended 2013, 2012 and 2011, respectively.
(d) Includes net write-offs resulting from unauthorized transactions of $(160) million, $(141) million and $(161) million for the years ended December 31, 2013, 2012 and 2011, respectively; foreign currency translation adjustments of $(4) million, $2 million and $(2) million for the years ended December 31, 2013, 2012 and 2011, respectively; a reclassification of Card Member bankruptcy reserves of $18 million from other liabilities to credit reserves in 2012 and other items of $2 million, $9 million and $5 million for the years ended December 31, 2013, 2012 and 2011, respectively.

CARD MEMBER RECEIVABLES EVALUATED INDIVIDUALLY AND COLLECTIVELY FOR IMPAIRMENT

The following table presents Card Member receivables evaluated individually and collectively for impairment and related reserves as of December 31:

(Millions)	2013	2012	2011
Card Member receivables evaluated individually for impairment [a]	$ 50	$ 117	$ 174
Related reserves [a]	$ 38	$ 91	$ 118
Card Member receivables evaluated collectively for impairment	$ 44,113	$ 42,649	$ 40,716
Related reserves	$ 348	$ 337	$ 320

(a) Represents receivables modified in a TDR and related reserves. Refer to the Impaired Card Member Loans and Receivables discussion in Note 4 for further information.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CHANGES IN CARD MEMBER LOANS RESERVE FOR LOSSES

The following table presents changes in the Card Member loans reserve for losses for the years ended December 31:

(Millions)	2013	2012	2011
Balance, January 1	$ 1,471	$ 1,874	$ 3,646
Additions:			
Provisions [a]	1,114	1,031	145
Other [b]	115	118	108
Total provision	1,229	1,149	253
Deductions:			
Net write-offs			
Principal [c]	(1,141)	(1,280)	(1,720)
Interest and fees [c]	(150)	(157)	(201)
Other [d]	(148)	(115)	(104)
Balance, December 31	$ 1,261	$ 1,471	$ 1,874

(a) Provisions for principal (resulting from authorized transactions), interest and fee reserves components.
(b) Provisions for unauthorized transactions.
(c) Consists of principal write-offs (resulting from authorized transactions), less recoveries of $452 million, $493 million and $578 million, including net write-offs from TDRs of $(1) million, $25 million and $29 million, for the years ended December 31, 2013, 2012 and 2011, respectively. Recoveries of interest and fees were de minimis.
(d) Includes net write-offs resulting from unauthorized transactions of $(130) million, $(116) million and $(103) million for the years ended December 31, 2013, 2012 and 2011, respectively; foreign currency translation adjustments of $(12) million, $7 million and $(2) million for the years ended December 31, 2013, 2012 and 2011, respectively; a reclassification of Card Member bankruptcy reserves of $4 million from other liabilities to credit reserves in 2012 and other items of $(6) million, $(10) million and $1 million, for the years ended December 31, 2013, 2012 and 2011, respectively.

CARD MEMBER LOANS EVALUATED INDIVIDUALLY AND COLLECTIVELY FOR IMPAIRMENT

The following table presents Card Member loans evaluated individually and collectively for impairment and related reserves as of December 31:

(Millions)	2013	2012	2011
Card Member loans evaluated individually for impairment [a]	$ 378	$ 633	$ 744
Related reserves [a]	$ 84	$ 153	$ 176
Card Member loans evaluated collectively for impairment [b]	$ 66,860	$ 64,596	$ 61,877
Related reserves [b]	$ 1,177	$ 1,318	$ 1,698

(a) Represents loans modified in a TDR and related reserves. Refer to the Impaired Card Member Loans and Receivables discussion in Note 4 for further information.
(b) Represents current loans and loans less than 90 days past due, loans over 90 days past due and accruing interest, and non-accrual loans and related reserves. The reserves include the quantitative results of analytical models that are specific to individual pools of loans and reserves for external environmental qualitative factors that apply to loans in geographic markets that are collectively evaluated for impairment and are not specific to any individual pool of loans.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6
INVESTMENT SECURITIES

Investment securities include debt and equity securities classified as available for sale. The Company's investment securities, principally debt securities, are carried at fair value on the Consolidated Balance Sheets with unrealized gains (losses) recorded in AOCI, net of income taxes. Realized gains and losses are recognized in results of operations upon disposition of the securities using the specific identification method on a trade date basis. Refer to Note 3 for a description of the Company's methodology for determining the fair value of investment securities.

The following is a summary of investment securities as of December 31:

	2013				2012			
Description of Securities *(Millions)*	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
State and municipal obligations	$ 4,060	$ 54	$ (79)	$ 4,035	$ 4,280	$ 199	$ (5)	$ 4,474
U.S. Government agency obligations	3	—	—	3	3	—	—	3
U.S. Government treasury obligations	318	3	(1)	320	330	8	—	338
Corporate debt securities	43	3	—	46	73	6	—	79
Mortgage-backed securities [(a)]	160	5	(1)	164	210	14	—	224
Equity securities [(b)]	29	95	—	124	64	232	—	296
Foreign government bonds and obligations	272	5	(1)	276	134	15	—	149
Other [(c)]	50	—	(2)	48	51	—	—	51
Total	$ 4,935	$ 165	$ (84)	$ 5,016	$ 5,145	$ 474	$ (5)	$ 5,614

(a) Represents mortgage-backed securities guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae.
(b) Primarily represents the Company's investment in ICBC.
(c) Other comprises investments in various mutual funds.

The following table provides information about the Company's investment securities with gross unrealized losses and the length of time that individual securities have been in a continuous unrealized loss position as of December 31:

	2013				2012			
	Less than 12 months		12 months or more		Less than 12 months		12 months or more	
Description of Securities *(Millions)*	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
State and municipal obligations	$ 1,320	$ (63)	$ 106	$ (16)	$ 100	$ (1)	$ 73	$ (4)
Foreign government bonds and obligations	208	(1)	—	—	—	—	—	—
U.S. Government treasury obligations	166	(1)	—	—	—	—	—	—
Mortgage-backed securities	35	(1)	—	—	—	—	—	—
Other	30	(1)	17	(1)	—	—	—	—
Total	$ 1,759	$ (67)	$ 123	$ (17)	$ 100	$ (1)	$ 73	$ (4)

The following table summarizes the gross unrealized losses due to temporary impairments by ratio of fair value to amortized cost as of December 31:

	Less than 12 months			12 months or more			Total		
Ratio of Fair Value to Amortized Cost *(Dollars in millions)*	Number of Securities	Estimated Fair Value	Gross Unrealized Losses	Number of Securities	Estimated Fair Value	Gross Unrealized Losses	Number of Securities	Estimated Fair Value	Gross Unrealized Losses
2013:									
90% – 100%	228	$ 1,665	$ (53)	6	$ 24	$ (2)	234	$ 1,689	$ (55)
Less than 90%	13	94	(14)	5	99	(15)	18	193	(29)
Total as of December 31, 2013	241	$ 1,759	$ (67)	11	$ 123	$ (17)	252	$ 1,882	$ (84)
2012:									
90% – 100%	46	$ 100	$ (1)	4	$ 73	$ (4)	50	$ 173	$ (5)
Total as of December 31, 2012	46	$ 100	$ (1)	4	$ 73	$ (4)	50	$ 173	$ (5)

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The gross unrealized losses are attributed to overall wider credit spreads for state and municipal securities, wider credit spreads for specific issuers, adverse changes in market benchmark interest rates, or a combination thereof, all as compared to those prevailing when the investment securities were acquired.

Overall, for the investment securities in gross unrealized loss positions identified above, (i) the Company does not intend to sell the investment securities, (ii) it is more likely than not that the Company will not be required to sell the investment securities before recovery of the unrealized losses, and (iii) the Company expects that the contractual principal and interest will be received on the investment securities. As a result, the Company recognized no other-than-temporary impairment during the periods presented.

SUPPLEMENTAL INFORMATION

Gross realized gains and losses on the sales of investment securities, included in other non-interest revenues, were as follows:

(Millions)	2013	2012	2011
Gains	$ 136	$ 127	$ 16
Losses	—	(1)	—
Total	$ 136	$ 126	$ 16

Contractual maturities of investment securities, excluding equity securities and other securities, as of December 31, 2013 were as follows:

		Estimated
(Millions)	Cost	Fair Value
Due within 1 year	$ 505	$ 505
Due after 1 year but within 5 years	489	496
Due after 5 years but within 10 years	215	224
Due after 10 years	3,647	3,619
Total	$4,856	$ 4,844

The expected payments on state and municipal obligations and mortgage-backed securities may not coincide with their contractual maturities because the issuers have the right to call or prepay certain obligations.

NOTE 7
ASSET SECURITIZATIONS

The Company periodically securitizes Card Member receivables and loans arising from its card business through the transfer of those assets to securitization trusts. The trusts then issue securities to third-party investors, collateralized by the transferred assets.

Card Member receivables are transferred to the American Express Issuance Trust II (the Charge Trust II). [7] Card Member loans are transferred to the American Express Credit Account Master Trust (the Lending Trust). The Charge Trust II and the Lending Trust are consolidated by American Express Travel Related Services Company, Inc. (TRS), which is a consolidated subsidiary of the Company. The trusts are considered VIEs as they have insufficient equity at risk to finance their activities, which are to issue securities that are collateralized by the underlying Card Member receivables and loans.

[7] During 2013, the Company transferred Card Member receivables from the American Express Issuance Trust (the Charge Trust) to the Charge Trust II, collectively referred to as the Charge Trusts, and as such, the Charge Trust was dissolved, and the Company intends to utilize the Charge Trust II for securitization of Card Member receivables.

TRS, in its role as servicer of the Charge Trust II and the Lending Trust, has the power to direct the most significant activity of the trusts, which is the collection of the underlying Card Member receivables and loans in the trusts. In addition, TRS, excluding its consolidated subsidiaries, owns approximately $1.1 billion of subordinated securities issued by the Lending Trust as of December 31, 2013. These subordinated securities have the obligation to absorb losses of the Lending Trust and provide the right to receive benefits from the Lending Trust, both of which are significant to the VIE. TRS' role as servicer for the Charge Trust II does not provide it with a significant obligation to absorb losses or a significant right to receive benefits. However, TRS' position as the parent company of the entities that transferred the receivables to the Charge Trust II makes it the party most closely related to the Charge Trust II. Based on these considerations, TRS is the primary beneficiary of both the Charge Trust II and the Lending Trust.

The debt securities issued by the Charge Trust II and the Lending Trust are non-recourse to the Company. Securitized Card Member receivables and loans held by the Charge Trust II and the Lending Trust are available only for payment of the debt securities or other obligations issued or arising in the securitization transactions. The long-term debt of each trust is payable only out of collections on their respective underlying securitized assets.

There was approximately $2 million and $3 million of restricted cash held by the Charge Trusts as of December 31, 2013 and 2012, respectively, and approximately $56 million and $73 million of restricted cash held by the Lending Trust as of December 31, 2013 and 2012, respectively, included in other assets on the Company's Consolidated Balance Sheets. These amounts relate to collections of Card Member receivables and loans to be used by the trusts to fund future expenses and obligations, including interest payable on investor certificates, credit losses and upcoming debt maturities.

Under the respective terms of the Charge Trust II and the Lending Trust agreements, the occurrence of certain triggering events associated with the performance of the assets of each trust could result in payment of trust expenses, establishment of reserve funds, or in a worst-case scenario, early amortization of investor certificates. During the year ended December 31, 2013, no such triggering events occurred.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 8
OTHER ASSETS

The following is a summary of other assets as of December 31:

(Millions)	2013	2012
Goodwill	$ 3,198	$ 3,181
Deferred tax assets, net [(a)]	2,443	2,458
Prepaid expenses [(b)]	1,998	1,960
Other intangible assets, at amortized cost	817	993
Restricted cash [(c)]	486	568
Derivative assets [(a)]	329	593
Other	1,957	1,665
Total	$ 11,228	$ 11,418

(a) Refer to Notes 17 and 12 for a discussion of deferred tax assets, net, and derivative assets, respectively, as of December 31, 2013 and 2012. Derivative assets reflect the impact of master netting agreements.
(b) Includes prepaid miles and reward points acquired primarily from airline partners of approximately $1.5 billion and $1.4 billion, as of December 31, 2013 and 2012, respectively, including approximately $0.9 billion and $1.1 billion, respectively, from Delta.
(c) Includes restricted cash of approximately $58 million and $76 million, respectively, as of December 31, 2013 and 2012, which is primarily held for coupon and certain asset-backed securitization maturities.

GOODWILL

Goodwill represents the excess of acquisition cost of an acquired company over the fair value of assets acquired and liabilities assumed. The Company assigns goodwill to its reporting units for the purpose of impairment testing. A reporting unit is defined as an operating segment, or a business that is one level below an operating segment for which discrete financial information is regularly reviewed by the operating segment manager. The Company evaluates goodwill for impairment annually as of June 30 and between annual tests if events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying value. The goodwill impairment test utilizes a two-step approach. The first step in the impairment test identifies whether there is potential impairment by comparing the fair value of a reporting unit to the carrying amount, including goodwill. If the fair value of a reporting unit is less than its carrying amount, the second step of the impairment test is required to measure the amount of any impairment loss. As of December 31, 2013 and 2012, goodwill was not impaired and there were no accumulated impairment losses.

Goodwill impairment testing involves management judgment, requiring an assessment of whether the carrying value of the reporting unit can be supported by its fair value using widely accepted valuation techniques. The Company uses a combination of the income approach (discounted cash flows) and market approach (market multiples).

When preparing discounted cash flow models under the income approach, the Company uses internal forecasts to estimate future cash flows expected to be generated by the reporting units. Actual results may differ from forecasted results. The Company calculates discount rates based on the expected cost of equity financing, estimated using a capital asset pricing model, to discount future cash flows for each reporting unit. The Company believes the discount rates used appropriately reflect the risks and uncertainties in the financial markets generally and specifically in the Company's internally developed forecasts. When using market multiples under the market approach, the Company applies comparable publically traded companies' multiples (e.g. earnings, revenues) to its reporting units' actual results.

The changes in the carrying amount of goodwill reported in the Company's reportable operating segments and Corporate & Other were as follows:

(Millions)	USCS	ICS	GCS	GNMS	Corporate & Other	Total
Balance as of January 1, 2012	$ 175	$1,023	$1,543	$ 160	$ 271	$3,172
Acquisitions	—	1	—	—	—	1
Dispositions	—	(2)	(1)	—	—	(3)
Other, including foreign currency translation	—	9	2	—	—	11
Balance as of December 31, 2012	$ 175	$1,031	$1,544	$ 160	$ 271	$3,181
Acquisitions	—	—	—	—	—	—
Dispositions	—	—	—	—	—	—
Other, including foreign currency translation	(1)	21	(1)	—	(2)	17
Balance as of December 31, 2013	$ 174	$1,052	$1,543	$ 160	$ 269	$3,198

OTHER INTANGIBLE ASSETS

Intangible assets, primarily customer relationships, are amortized over their estimated useful lives of 1 to 22 years on a straight-line basis. The Company reviews intangible assets for impairment quarterly and whenever events and circumstances indicate their carrying amounts may not be recoverable. In addition, on an annual basis, the Company performs an impairment evaluation of all intangible assets by assessing the recoverability of the asset values based on the cash flows generated by the relevant assets or asset groups. An impairment is recognized if the carrying amount is not recoverable and exceeds the asset's fair value.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The components of other intangible assets were as follows:

	2013			2012		
	Gross Carrying	Accumulated	Net Carrying	Gross Carrying	Accumulated	Net Carrying
(Millions)	Amount	Amortization	Amount	Amount	Amortization	Amount
Customer relationships [(a)]	$ 1,297	$ (660)	$ 637	$ 1,238	$ (526)	$ 712
Other	269	(89)	180	428	(147)	281
Total	$ 1,566	$ (749)	$ 817	$ 1,666	$ (673)	$ 993

(a) Includes net intangibles acquired from airline partners of $290 million and $358 million as of December 31, 2013 and 2012, respectively, including approximately $117 million and $156 million, respectively, from Delta.

Amortization expense for the years ended December 31, 2013, 2012 and 2011 was $193 million, $198 million and $189 million, respectively. Intangible assets acquired in both 2013 and 2012 are being amortized, on average, over 6 years.

Estimated amortization expense for other intangible assets over the next five years is as follows:

(Millions)	2014	2015	2016	2017	2018
Estimated amortization expense	$ 184	$ 164	$ 123	$ 72	$ 61

OTHER

The Company had $541 million and $427 million in affordable housing and other tax credit investment partnership interests as of December 31, 2013 and 2012, respectively, included in other assets in the table above. The Company is a non-controlling partner in these tax credit investment partnerships, and therefore accounts for its ownership interests in accordance with GAAP governing equity method investments and joint ventures.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9
CUSTOMER DEPOSITS

As of December 31, customer deposits were categorized as interest-bearing or non-interest-bearing as follows:

(Millions)	2013	2012
U.S.:		
Interest-bearing	$ 40,831	$ 39,649
Non-interest-bearing (includes Card Member credit balances of: 2013, $340 million; 2012, nil) [(a)]	360	10
Non-U.S.:		
Interest-bearing	121	135
Non-interest-bearing (includes Card Member credit balances of: 2013, $437 million; 2012, nil) [(a)]	451	9
Total customer deposits	$ 41,763	$ 39,803

(a) Beginning the first quarter of 2013, the Company reclassified prospectively its Card Member credit balances from Card Member loans, Card Member receivables and other liabilities to customer deposits.

Customer deposits by deposit type as of December 31 were as follows:

(Millions)	2013	2012
U.S. retail deposits:		
Savings accounts – Direct	$ 24,550	$ 18,713
Certificates of deposit:		
Direct	489	725
Third-party	6,929	8,851
Sweep accounts – Third-party	8,863	11,360
Other retail deposits:		
Non-U.S. deposits and U.S. non- interest bearing deposits	155	154
Card Member credit balances – U.S. and non-U.S.	777	—
Total customer deposits	$ 41,763	$ 39,803

The scheduled maturities of certificates of deposit as of December 31, 2013 were as follows:

(Millions)	U.S.	Non-U.S.	Total
2014	$ 2,735	$ 3	$ 2,738
2015	1,223	—	1,223
2016	1,658	—	1,658
2017	571	—	571
2018	1,040	—	1,040
After 5 years	191	—	191
Total	$ 7,418	$ 3	$ 7,421

As of December 31, certificates of deposit in denominations of $100,000 or more were as follows:

(Millions)	2013	2012
U.S.	$ 324	$ 475
Non-U.S.	2	1
Total	$ 326	$ 476

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10
DEBT
SHORT-TERM BORROWINGS

The Company's short-term borrowings outstanding, defined as borrowings with original maturities of less than one year, as of December 31 were as follows:

	2013		2012	
(Millions, except percentages)	Outstanding Balance	Year-End Stated Rate on Debt [a]	Outstanding Balance	Year-End Stated Rate on Debt [a]
Commercial paper	$ 200	0.19%	$ —	—%
Other short-term borrowings [b][c]	4,821	1.08	3,314	1.46
Total	$ 5,021	1.03%	$ 3,314	1.46%

(a) For floating-rate debt issuances, the stated interest rates are based on the floating rates in effect as of December 31, 2013 and 2012, respectively.
(b) Includes interest-bearing overdrafts with banks of $489 million and $615 million as of December 31, 2013 and 2012, respectively. In addition, balances include fully drawn secured borrowing facility (maturing on September 15, 2015, which was repaid on February 18, 2014), certain book overdrafts (i.e., primarily timing differences arising in the ordinary course of business), short-term borrowings from banks, as well as interest-bearing amounts due to merchants in accordance with merchant service agreements. The secured borrowing facility gives the Company the right to sell up to $2.0 billion face amount of eligible certificates issued from the Lending Trust.
(c) The Company paid $12.5 million and $1.4 million in fees to maintain the secured borrowing facility in 2013 and 2012, respectively.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

LONG-TERM DEBT

The Company's long-term debt outstanding, defined as debt with original maturities of one year or greater, as of December 31 was as follows:

		2013			2012		
(Millions, except percentages)	Maturity Dates	Outstanding Balance [a]	Year-End Stated Rate on Debt [b]	Year-End Effective Interest Rate with Swaps [b][c]	Outstanding Balance [a]	Year-End Stated Rate on Debt [b]	Year-End Effective Interest Rate with Swaps [b][c]
American Express Company (Parent Company only)							
Fixed Rate Senior Notes	2014-2042	$ 8,784	5.43%	4.60%	$ 8,848	5.78%	4.95%
Floating Rate Senior Notes	2018	850	0.84	—	—	—	—
Subordinated Debentures [d]	2036	749	6.80	—	749	6.80	—
American Express Credit Corporation							
Fixed Rate Senior Notes	2014-2018	14,875	3.13	2.03	17,163	4.20	2.39
Floating Rate Senior Notes	2014-2016	2,855	1.14	—	2,203	1.59	—
Borrowings under Bank Credit Facilities	2015-2016	4,012	4.18	—	4,672	4.87	—
American Express Centurion Bank							
Fixed Rate Senior Notes	2015-2017	2,102	4.12	3.32	2,120	4.12	3.32
Floating Rate Senior Notes	2015-2018	675	0.67	—	550	0.76	—
American Express Bank, FSB							
Fixed Rate Senior Notes	2017	999	6.00	—	2,764	5.68	3.68
Floating Rate Senior Notes	2017	300	0.47	—	300	0.51	—
American Express Charge Trust II							
Floating Rate Senior Notes	2016-2018	4,200	0.49	—	3,000	0.49	—
Floating Rate Subordinated Notes	2016-2018	87	0.80	—	—	—	—
American Express Lending Trust							
Fixed Rate Senior Notes	2015-2016	2,600	0.72	—	2,100	0.65	—
Floating Rate Senior Notes	2014-2018	10,685	0.81	—	12,810	0.90	—
Fixed Rate Subordinated Notes	2015	300	1.08	—	300	1.08	—
Floating Rate Subordinated Notes	2014-2018	847	0.81	—	1,091	0.93	—
Other							
Fixed Rate Instruments [e]	2014-2030	239	3.95	—	123	5.94	—
Floating Rate Borrowings	2014-2016	276	0.62	—%	292	0.65	—%
Unamortized Underwriting Fees		(105)			(112)		
Total Long-Term Debt		$ 55,330	2.56%		$ 58,973	3.04%	

(a) The outstanding balances include (i) unamortized discount and premium, (ii) the impact of movements in exchange rates on foreign currency denominated debt and (iii) the impact of fair value hedge accounting on certain fixed-rate notes that have been swapped to floating rate through the use of interest rate swaps. Under fair value hedge accounting, the outstanding balances on these fixed-rate notes are adjusted to reflect the impact of changes in fair value due to changes in interest rates. Refer to Note 12 for more details on the Company's treatment of fair value hedges.

(b) For floating-rate debt issuances, the stated and effective interest rates are based on the floating rates in effect as of December 31, 2013 and 2012, respectively.

(c) Effective interest rates are only presented when swaps are in place to hedge the underlying debt.

(d) The maturity date will automatically be extended to September 1, 2066, except in the case of either (i) a prior redemption or (ii) a default. See further discussion on this page.

(e) Includes $109 million and $118 million as of December 31, 2013 and 2012, respectively, related to capitalized lease transactions.

As of December 31, 2013 and 2012, the Parent Company had $750 million principal outstanding of Subordinated Debentures that accrue interest at an annual rate of 6.8 percent until September 1, 2016, and at an annual rate of three-month LIBOR plus 2.23 percent thereafter. At the Company's option, the Subordinated Debentures are redeemable for cash after September 1, 2016 at 100 percent of the principal amount plus any accrued but unpaid interest. If the Company fails to achieve specified performance measures, it will be required to issue common shares and apply the net proceeds to make interest payments on the Subordinated Debentures. No dividends on the Company's common or preferred shares could be paid until such interest payments are made. The Company would fail to meet these specific performance measures if (i) the Company's tangible common equity is less than 4 percent of total adjusted assets for the most recent quarter or (ii) if the trailing two quarters' consolidated net income is equal to or less than zero and tangible common equity as of the trigger determination date, and as of the end of the quarter end six months prior, has in each case declined by 10 percent or more from tangible common equity as of the end of the quarter 18 months prior to the trigger determination date. The Company met the specified performance measures in 2013.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Aggregate annual maturities on long-term debt obligations (based on final maturity dates) as of December 31, 2013 were as follows:

(Millions)	2014	2015	2016	2017	2018	Thereafter	Total
American Express Company (Parent Company only)	$ 1,250	$ —	$ 600	$ 1,500	$ 3,850	$ 3,939	$ 11,139
American Express Credit Corporation	4,420	7,010	7,293	1,500	1,340	—	21,563
American Express Centurion Bank	—	1,305	—	1,300	125	1	2,731
American Express Bank, FSB	—	—	—	1,300	—	—	1,300
American Express Charge Trust II	—	—	3,000	—	1,287	—	4,287
American Express Lending Trust	4,000	5,423	500	1,623	2,886	—	14,432
Other	179	143	161	—	—	32	515
	$ 9,849	$ 13,881	$ 11,554	$ 7,223	$ 9,488	$ 3,972	55,967
Unamortized Underwriting Fees							(105)
Unamortized Discount and Premium							(960)
Impacts due to Fair Value Hedge Accounting							428
Total Long-Term Debt							$ 55,330

As of December 31, 2013 and 2012, the Company maintained total bank lines of credit of $7.0 billion and $7.7 billion, respectively. Of the total credit lines, $3.0 billion was undrawn as of both December 31, 2013 and 2012. Undrawn amounts support commercial paper borrowings and contingent funding needs. $4.8 billion and $2.2 billion of these credit facilities will expire in 2015 and 2016, respectively. The availability of these credit lines is subject to the Company's compliance with certain financial covenants, principally, the maintenance by American Express Credit Corporation (Credco) of a 1.25 ratio of combined earnings and fixed charges to fixed charges. As of December 31, 2013 and 2012, the Company was not in violation of any of its debt covenants.

Additionally, the Company maintained a 3-year committed, revolving, secured borrowing facility that gives the Company the right to sell up to $3.0 billion face amount of eligible notes issued from the Charge Trust II at any time through July 15, 2016. As of December 31, 2013, $3.0 billion was drawn on this facility. This facility was repaid on January 15, 2014.

The Company paid $44.9 million and $46.7 million in fees to maintain these lines in 2013 and 2012, respectively. These committed facilities do not contain material adverse change clauses, which might otherwise preclude borrowing under the credit facilities, nor are they dependent on the Company's credit rating.

The Company paid total interest primarily related to short- and long-term debt, corresponding interest rate swaps and customer deposits of $2.0 billion, $2.2 billion and $2.4 billion in 2013, 2012 and 2011, respectively.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 11
OTHER LIABILITIES

The following is a summary of other liabilities as of December 31:

(Millions)	2013	2012
Membership Rewards liability	$ 6,151	$ 5,832
Employee-related liabilities [(a)]	2,227	2,224
Rebate and reward accruals [(b)]	2,210	2,079
Deferred card and other fees, net	1,314	1,286
Book overdraft balances	442	532
Other [(c)]	4,566	5,604
Total	$ 16,910	$ 17,557

(a) Employee-related liabilities include employee benefit plan obligations and incentive compensation.
(b) Rebate and reward accruals include payments to third-party card-issuing partners and cash-back reward costs.
(c) Other includes accruals for general operating expenses, client incentives, advertising and promotion, restructuring and reengineering reserves and derivatives.

MEMBERSHIP REWARDS

The Membership Rewards program allows enrolled Card Members to earn points that can be redeemed for a broad range of rewards including travel, entertainment, retail certificates and merchandise. The Company records a balance sheet liability that represents management's best estimate of the cost of points earned that are expected to be redeemed. An ultimate redemption rate and weighted average cost per point are key factors used to approximate Membership Rewards liability. Management uses statistical and actuarial models to estimate ultimate redemption rates based on redemption trends, current enrollee redemption behavior, card product type, enrollment tenure, card spend levels and credit attributes. The weighted-average cost per point is determined using actual redemptions during the previous 12 months, adjusted as appropriate for certain changes in redemption costs that are not representative of future cost expectations.

The expense for Membership Rewards points is included in marketing, promotion, rewards and Card Member services expenses. The Company periodically evaluates its liability estimation process and assumptions based on developments in redemption patterns, cost per point redeemed, partner contract changes and other factors.

DEFERRED CARD AND OTHER FEES, NET

The carrying amount of deferred card and other fees, net of deferred direct acquisition costs and reserves for membership cancellations as of December 31 was as follows:

(Millions)	2013	2012
Deferred card and other fees [(a)]	$ 1,609	$ 1,566
Deferred direct acquisition costs	(164)	(154)
Reserves for membership cancellations	(131)	(126)
Deferred card and other fees, net	$ 1,314	$ 1,286

(a) Includes deferred fees for Membership Rewards program participants.

NOTE 12
DERIVATIVES AND HEDGING ACTIVITIES

The Company uses derivative financial instruments (derivatives) to manage exposures to various market risks. Derivatives derive their value from an underlying variable or multiple variables, including interest rate, foreign exchange, and equity index or price. These instruments enable end users to increase, reduce or alter exposure to various market risks and, for that reason, are an integral component of the Company's market risk management. The Company does not engage in derivatives for trading purposes.

Market risk is the risk to earnings or value resulting from movements in market prices. The Company's market risk exposure is primarily generated by:

- Interest rate risk in its card, insurance and Travelers Cheque and other prepaid products businesses, as well as its investment portfolios; and
- Foreign exchange risk in its operations outside the U.S. and the associated funding of such operations.

The Company centrally monitors market risks using market risk limits and escalation triggers as defined in its Asset/Liability Management Policy.

The Company's market exposures are in large part byproducts of the delivery of its products and services. Interest rate risk arises through the funding of Card Member receivables and fixed-rate loans with variable-rate borrowings as well as through the risk to net interest margin from changes in the relationship between benchmark rates such as Prime and LIBOR.

Interest rate exposure within the Company's charge card and fixed-rate lending products is managed by varying the proportion of total funding provided by short-term and variable-rate debt and deposits compared to fixed-rate debt and deposits. In addition, interest rate swaps are used from time to time to economically convert fixed-rate debt obligations to variable-rate obligations or to convert variable-rate debt obligations to fixed-rate obligations. The Company may change the mix between variable-rate and fixed-rate funding based on changes in business volumes and mix, among other factors.

Foreign exchange risk is generated by Card Member cross-currency charges, foreign currency balance sheet exposures, foreign subsidiary equity and foreign currency earnings in entities outside the U.S. The Company's foreign exchange risk is managed primarily by entering into agreements to buy and sell currencies on a spot basis or by hedging this market exposure to the extent it is economically justified through various means, including the use of derivatives such as foreign exchange forwards and cross-currency swap contracts, which can help mitigate the

Company’s exposure to specific currencies.

In addition to the exposures identified above, effective August 1, 2011, the Company entered into a total return contract (TRC) to hedge its exposure to changes in the fair value of its equity investment in ICBC in local currency. Under the terms of the TRC, the Company receives from the TRC counterparty an amount equivalent to any reduction in the fair value of its investment in ICBC in local currency, and the Company pays to the TRC counterparty an amount equivalent to any increase in the fair value of its investment in local currency, along with

all dividends paid by ICBC, as well as ongoing hedge costs. The TRC matures on August 1, 2014.

Derivatives may give rise to counterparty credit risk, which is the risk that a derivative counterparty will default on, or otherwise be unable to perform pursuant to, an uncollateralized derivative exposure. The Company manages this risk by considering the current exposure, which is the replacement cost of contracts on the measurement date, as well as estimating the maximum potential value of the contracts over the next 12 months, considering such factors as the volatility of the underlying or reference index. To mitigate derivative credit risk, counterparties are required to be pre-approved by the Company and rated as investment grade. Counterparty risk exposures are centrally monitored by the Company. Additionally, in order to mitigate the bilateral counterparty credit risk associated with derivatives, the Company has in certain instances entered into master netting agreements with its derivative counterparties, which provide a right of offset for certain exposures between the parties. A significant portion of the Company's derivative assets and liabilities as of December 31, 2013 and 2012 is subject to such master netting agreements with its derivative counterparties. There are no instances in which management makes an accounting policy election to not net assets and liabilities subject to an enforceable master netting agreement on the Company's Consolidated Balance Sheets. To further mitigate bilateral counterparty credit risk, the Company exercises its rights under executed credit support agreements with certain of its derivative counterparties. These agreements require that, in the event the fair value change in the net derivatives position between the two parties exceeds certain dollar thresholds, the party in the net liability position posts collateral to its counterparty. All derivative contracts cleared through a central clearinghouse are collateralized to the full amount of the fair value of the contracts.

In relation to the Company's credit risk, under the terms of the derivative agreements it has with its various counterparties, the Company is not required to either immediately settle any outstanding liability balances or post collateral upon the occurrence of a specified credit risk-related event. Based on the assessment of credit risk of the Company's derivative counterparties as of December 31, 2013 and 2012, the Company does not have derivative positions that warrant credit valuation adjustments.

The Company's derivatives are carried at fair value on the Consolidated Balance Sheets. The accounting for changes in fair value depends on the instruments' intended use and the resulting hedge designation, if any, as discussed below. Refer to Note 3 for a description of the Company's methodology for determining the fair value of derivatives.

The following table summarizes the total fair value, excluding interest accruals, of derivative assets and liabilities as of December 31:

	Other Assets Fair Value		Other Liabilities Fair Value	
(Millions)	2013	2012	2013	2012
Derivatives designated as hedging instruments:				
Interest rate contracts				
Fair value hedges	$ 455	$ 824	$ 2	$ —
Total return contract				
Fair value hedge	8	—	—	19
Foreign exchange contracts				
Net investment hedges	174	43	116	150
Total derivatives designated as hedging instruments	637	867	118	169
Derivatives not designated as hedging instruments:				
Foreign exchange contracts, including certain embedded derivatives [a]	64	75	95	160
Total derivatives not designated as hedging instruments	64	75	95	160
Total derivatives, gross	701	942	213	329
Cash collateral netting [b]	(336)	(326)	—	(21)
Derivative asset and derivative liability netting [c]	(36)	(23)	(36)	(23)
Total derivatives, net [d]	$ 329	$ 593	$ 177	$ 285

(a) Includes foreign currency derivatives embedded in certain operating agreements.

(b) Represents the offsetting of derivative instruments and the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) arising from derivative instrument(s) executed with the same counterparty under an enforceable master netting arrangement. Additionally, the Company received noncash collateral in the form of security interest in U.S. Treasury securities with a fair value of nil and $335 million as of December 31, 2013 and 2012, respectively, none of which was sold or repledged. Such noncash collateral effectively further reduces the Company's risk exposure to $329 million and $258 million as of December 31, 2013 and 2012, respectively, but does not reduce the net exposure on the Company's Consolidated Balance Sheets. Additionally, the Company posted $26 million and nil as of December 31, 2013 and 2012, respectively, as initial margin on its centrally cleared interest rate swaps not netted against the derivative balances.

(c) Represents the amount of netting of derivative assets and derivative liabilities executed with the same counterparty under an enforceable master netting arrangement.

(d) The Company has no individually significant derivative counterparties and therefore, no significant risk exposure to any single derivative counterparty. The total net derivative assets and derivative liabilities are presented within other assets and other liabilities on the Company's Consolidated Balance Sheets.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DERIVATIVE FINANCIAL INSTRUMENTS THAT QUALIFY FOR HEDGE ACCOUNTING

Derivatives executed for hedge accounting purposes are documented and designated as such when the Company enters into the contracts. In accordance with its risk management policies, the Company structures its hedges with terms similar to that of the item being hedged. The Company formally assesses, at inception of the hedge accounting relationship and on a quarterly basis, whether derivatives designated as hedges are highly effective in offsetting the fair value or cash flows of the hedged items. These assessments usually are made through the application of a regression analysis method. If it is determined that a derivative is not highly effective as a hedge, the Company will discontinue the application of hedge accounting.

FAIR VALUE HEDGES

A fair value hedge involves a derivative designated to hedge the Company's exposure to future changes in the fair value of an asset or a liability, or an identified portion thereof that is attributable to a particular risk.

Interest Rate Contracts

The Company is exposed to interest rate risk associated with its fixed-rate long-term debt. The Company uses interest rate swaps to economically convert certain fixed-rate long-term debt obligations to floating-rate obligations at the time of issuance. As of December 31, 2013 and 2012, the Company hedged $14.7 billion and $18.4 billion, respectively, of its fixed-rate debt to floating-rate debt using interest rate swaps.

To the extent the fair value hedge is effective, the gain or loss on the hedging instrument offsets the loss or gain on the hedged item attributable to the hedged risk. Any difference between the changes in the fair value of the derivative and the hedged item is referred to as hedge ineffectiveness and is reflected in earnings as a component of other expenses. Hedge ineffectiveness may be caused by differences between the debt's interest coupon and the benchmark rate, primarily due to credit spreads at inception of the hedging relationship that are not reflected in the valuation of the interest rate swap. Furthermore, hedge ineffectiveness may be caused by changes in the relationship between 3-month LIBOR and 1-month LIBOR, as well as between the overnight indexed swap rate (OIS) and 1-month LIBOR, as basis spreads may impact the valuation of the interest rate swap without causing an offsetting impact in the value of the hedged debt. If a fair value hedge is de-designated or no longer considered to be effective, changes in fair value of the derivative continue to be recorded through earnings but the hedged asset or liability is no longer adjusted for changes in fair value resulting from changes in interest rates. The existing basis adjustment of the hedged asset or liability is amortized or accreted as an adjustment to yield over the remaining life of that asset or liability.

Total Return Contract

The Company hedges its exposure to changes in the fair value of its equity investment in ICBC in local currency. The Company uses a TRC to transfer this exposure to its derivative counterparty. As of December 31, 2013 and 2012, the fair value of the equity investment in ICBC was $122 million (180.7 million shares) and $295 million (415.9 million shares), respectively. To the extent the hedge is effective, the gain or loss on the TRC offsets the loss or gain on the investment in ICBC. Any difference between the changes in the fair value of the derivative and the hedged item results in hedge ineffectiveness and is recognized in other expenses in the Consolidated Statements of Income.

The following table summarizes the impact on the Consolidated Statements of Income associated with the Company's hedges of its fixed-rate long-term debt and its investment in ICBC for the years ended December 31:

(Millions)	Gains (losses) recognized in income											
	Derivative contract				Hedged item				Net hedge ineffectiveness			
	Income Statement	Amount			Income Statement	Amount						
Derivative relationship	Line Item	2013	2012	2011	Line Item	2013	2012	2011	2013	2012	2011	
Interest rate contracts	Other expenses	$(370)	$(178)	$128	Other expenses	$351	$132	$(102)	$ (19)	$ (46)	$ 26	
Total return contract	Other non-interest revenues	$ 15	$ (53)	$100	Other non-interest revenues	$ (15)	$ 54	$(112)	$ —	$ 1	$ (12)	

The Company also recognized a net reduction in interest expense on long-term debt of $346 million, $491 million and $503 million for the years ended December 31, 2013, 2012 and 2011, respectively, primarily related to the net settlements (interest accruals) on the Company's interest rate derivatives designated as fair value hedges.

CASH FLOW HEDGES

A cash flow hedge involves a derivative designated to hedge the Company's exposure to variable future cash flows attributable to a particular risk. Such exposures may relate to either an existing recognized asset or liability or a forecasted transaction. The Company hedges existing long-term variable-rate debt, the rollover of short-term borrowings and the anticipated forecasted issuance of additional funding through the use of derivatives, primarily interest rate swaps. These derivative instruments economically convert floating-rate debt obligations to fixed-rate obligations for the duration of the instrument. As of December 31, 2013 and 2012, the Company did not hedge any of its floating-rate debt using interest rate swaps.

For derivatives designated as cash flow hedges, the effective portion of the gain or loss on the derivatives is recorded in AOCI and reclassified into earnings when the hedged cash flows are recognized in earnings. The amount that is reclassified into earnings is presented in the Consolidated Statements of Income in the same line item in which the hedged instrument or transaction is recognized, primarily in interest expense. During the years ended December 31, 2013, 2012 and 2011, the Company reclassified nil, $(1) million and $(13) million, respectively, from AOCI into earnings as a component of interest expense. Any ineffective portion of the gain or loss on the derivatives is reported as a component of other expenses. If a cash flow hedge is

de-designated or terminated prior to maturity, the amount previously recorded in AOCI is recognized into earnings over the period that the hedged item impacts earnings. If a hedge relationship is discontinued because it is probable that the forecasted transaction will not occur according to the original strategy, any related amounts previously recorded in AOCI are recognized into earnings immediately. No ineffectiveness associated with cash flow hedges was reclassified from AOCI into income for the years ended December 31, 2013, 2012 and 2011.

In the normal course of business, as the hedged cash flows are recognized into earnings, the Company does not expect to reclassify any amount of net pretax losses on derivatives from AOCI into earnings during the next 12 months.

NET INVESTMENT HEDGES

A net investment hedge is used to hedge future changes in currency exposure of a net investment in a foreign operation. The Company primarily designates foreign currency derivatives, typically foreign exchange forwards, and on occasion foreign currency denominated debt, as hedges of net investments in certain foreign operations. These instruments reduce exposure to changes in currency exchange rates on the Company's investments in non-U.S. subsidiaries. The effective portion of the gain or (loss) on net investment hedges, net of taxes, recorded in AOCI as part of the cumulative translation adjustment, was $253 million, $(288) million and $(26) million for the years ended 2013, 2012 and 2011, respectively. Any ineffective portion of the gain or (loss) on net investment hedges is recognized in other expenses during the period of change. Ineffectiveness associated with net investment hedges of nil, nil and $(3) million were recognized as a component of other expenses for the years ended December 31, 2013, 2012 and 2011, respectively. No amounts associated with net investment hedges were reclassified from AOCI to income during the years ended December 31, 2013, 2012 and 2011.

DERIVATIVES NOT DESIGNATED AS HEDGES

The Company has derivatives that act as economic hedges, but are not designated as such for hedge accounting purposes. Foreign currency transactions and non-U.S. dollar cash flow exposures from time to time may be partially or fully economically hedged through foreign currency contracts, primarily foreign exchange forwards, options and cross-currency swaps. These hedges generally mature within one year. Foreign currency contracts involve the purchase and sale of a designated currency at an agreed upon rate for settlement on a specified date. The changes in the fair value of the derivatives effectively offset the related foreign exchange gains or losses on the underlying balance sheet exposures. From time to time, the Company may enter into interest rate swaps to specifically manage funding costs related to its proprietary card business.

The Company has certain operating agreements containing payments that may be linked to a market rate or price, primarily foreign currency rates. The payment components of these agreements may meet the definition of an embedded derivative, in which case the embedded derivative is accounted for separately and is classified as a foreign exchange contract based on its primary risk exposure.

For derivatives that are not designated as hedges, changes in fair value are reported in current period earnings.

The following table summarizes the impact on pretax earnings of derivatives not designated as hedges, as reported on the Consolidated Statements of Income for the years ended December 31:

		Pretax gains (losses)		
		Amount		
Description *(Millions)*	Income Statement Line Item	2013	2012	2011
Interest rate contracts	Other expenses	$ 1	$ (1)	$ 3
Foreign exchange contracts [a]	Interest and dividends on investment securities	—	—	9
	Interest expense on short-term borrowings	—	—	3
	Interest expense on long-term debt and other	—	(1)	130
	Other expenses	72	(56)	51
Total		$ 73	$ (58)	$196

(a) Foreign exchange contracts include embedded foreign currency derivatives. Gains (losses) on these embedded derivatives are included in other expenses.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 13
GUARANTEES

The Company provides Card Member protection plans that cover losses associated with purchased products, as well as certain other guarantees in the ordinary course of business which are within the scope of GAAP governing the accounting for guarantees. For the Company, guarantees primarily consist of card and travel protection programs, including:

- Return Protection — refunds the price of qualifying purchases made with the eligible cards where the merchant will not accept the return for up to 90 days from the date of purchase; and
- Merchant Protection — protects Card Members primarily against non-delivery of goods and services, usually in the event of bankruptcy or liquidation of a merchant. When this occurs, the Card Member may dispute the transaction for which the Company will generally credit the Card Member's account. If the Company is unable to collect the amount from the merchant, it will bear the loss for the amount credited to the Card Member.

In relation to its maximum potential undiscounted future payments as shown in the table that follows, to date, the Company has not experienced any significant losses related to guarantees. The Company's initial recognition of guarantees is at fair value, which has been determined in accordance with GAAP governing fair value measurement. In addition, the Company establishes reserves when a loss is probable and the amount can be reasonably estimated.

The following table provides information related to such guarantees as of December 31:

	Maximum potential undiscounted future payments [a] *(Billions)*		Related liability [b] *(Millions)*	
Type of Guarantee	2013	2012	2013	2012
Card and travel operations [c]	$ 44	$ 44	$ 88	$ 93
Other [d]	1	1	73	93
Total	$ 45	$ 45	$ 161	$ 186

(a) Represents the notional amounts that could be lost under the guarantees and indemnifications if there were a total default by the guaranteed parties. The Merchant Protection guarantee is calculated using management's best estimate of maximum exposure based on all eligible claims as measured against annual billed business volumes.
(b) Included in other liabilities on the Company's Consolidated Balance Sheets.
(c) Primarily includes Return Protection and Merchant Protection.
(d) Primarily includes guarantees related to the Company's business dispositions and real estate.

NOTE 14
COMMON AND PREFERRED SHARES

The following table shows authorized shares and provides a reconciliation of common shares issued and outstanding for the years ended December 31:

(Millions, except where indicated)	2013	2012	2011
Common shares authorized *(billions)* [a]	3.6	3.6	3.6
Shares issued and outstanding at beginning of year	1,105	1,164	1,197
Repurchases of common shares	(55)	(69)	(48)
Other, primarily stock option exercises and restricted stock awards granted	14	10	15
Shares issued and outstanding as of December 31	1,064	1,105	1,164

(a) Of the common shares authorized but unissued as of December 31, 2013, approximately 63 million shares are reserved for issuance under employee stock and employee benefit plans.

On March 25, 2013, the Board of Directors authorized the repurchase of 150 million common shares over time, in accordance with the Company's capital distribution plans submitted to the Federal Reserve and subject to market conditions. This authorization replaces all prior repurchase authorizations. During 2013 and 2012, the Company repurchased 55 million common shares with a cost basis of $4.0 billion and 69 million common shares with a cost basis of $4.0 billion, respectively. The cost basis includes commissions paid of $1.1 million and $1.0 million in 2013 and 2012, respectively. As of December 31, 2013, the Company has 108 million common shares remaining under the Board share repurchase authorization. Such authorization does not have an expiration date.

Common shares are generally retired by the Company upon repurchase (except for 3.5 million, 3.9 million and 4.2 million shares held as treasury shares as of December 31, 2013, 2012 and 2011, respectively); retired common shares and treasury shares are excluded from the shares outstanding in the table above. The treasury shares, with a cost basis of $260 million, $236 million and $217 million as of December 31, 2013, 2012 and 2011, respectively, are included as a reduction to additional paid-in capital in shareholders' equity on the Consolidated Balance Sheets.

The Board of Directors is authorized to permit the Company to issue up to 20 million preferred shares at a par value of $1.66 2/3 without further shareholder approval. There were no preferred shares or warrants issued and outstanding as of December 31, 2013, 2012 and 2011.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 15
CHANGES IN ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

AOCI is a balance sheet item in the Shareholders' Equity section of the Company's Consolidated Balance Sheets. It is comprised of items that have not been recognized in earnings but may be recognized in earnings in the future when certain events occur. Changes in each component of AOCI for the three years ended December 31 were as follows:

(Millions), net of tax [(a)]	Net Unrealized Gains (Losses) on Investment Securities	Net Unrealized Gains (Losses) on Cash Flow Hedges	Foreign Currency Translation Adjustments	Net Unrealized Pension and Other Postretirement Benefit Losses	Accumulated Other Comprehensive (Loss) Income
Balances as of December 31, 2010	$ 57	$ (7)	$ (503)	$ (464)	$ (917)
Net unrealized gains (losses)	245	(2)			243
Reclassification for realized (gains) losses into earnings	(14)	8			(6)
Net translation of investments in foreign operations			(153)		(153)
Net losses related to hedges of investment in foreign operations			(26)		(26)
Pension and other postretirement benefit losses				(17)	(17)
Net change in accumulated other comprehensive (loss) income	231	6	(179)	(17)	41
Balances as of December 31, 2011	288	(1)	(682)	(481)	(876)
Net unrealized gains (losses)	106				106
Reclassification for realized (gains) losses into earnings	(79)	1	1		(77)
Net translation of investments in foreign operations			215		215
Net losses related to hedges of investment in foreign operations			(288)		(288)
Pension and other postretirement benefit losses				(7)	(7)
Net change in accumulated other comprehensive (loss) income	27	1	(72)	(7)	(51)
Balances as of December 31, 2012	315	—	(754)	(488)	(927)
Net unrealized gains (losses)	(159)				(159)
Reclassification for realized (gains) losses into earnings	(93)				(93)
Net translation of investments in foreign operations			(589)		(589)
Net gains related to hedges of investment in foreign operations			253		253
Pension and other postretirement benefit gains				89	89
Net change in accumulated other comprehensive (loss) income	(252)	—	(336)	89	(499)
Balances as of December 31, 2013	$ 63	—	$ (1,090)	$ (399)	$ (1,426)

(a) The following table shows the tax impact for the three years ended December 31 for the changes in each component of accumulated other comprehensive (loss) income:

(Millions)	2013	2012	2011
Investment securities	$ (142)	$ 7	$ 149
Cash flow hedges	—	1	3
Foreign currency translation adjustments	(49)	24	(40)
Net investment hedges	135	(176)	(14)
Pension and other postretirement benefit losses	56	—	(7)
Total tax impact	$ —	$ (144)	$ 91

The following table presents the effects of reclassifications out of AOCI and into the Consolidated Statement of Income for the year ended December 31, 2013:

(Millions) Description	Income Statement Line Item	Amount
Net gain in AOCI reclassifications for previously unrealized net gains on investment securities	Other non-interest revenues	$ 145
Related income tax expense	Income tax provision	(52)
Total		$ 93

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 16
RESTRUCTURING

From time to time, the Company initiates restructuring programs to become more efficient and effective, and to support new business strategies. In connection with these programs, the Company typically will incur severance and other exit costs.

During 2013, the Company recorded $(4) million of restructuring charges, consisting of revisions to prior estimates.

During 2012, the Company recorded $403 million of restructuring charges, net of revisions to prior estimates. The 2012 activity primarily relates to $400 million of restructuring charges recorded in the fourth quarter as the Company committed to undertake a Company-wide restructuring plan designed to contain future operating expenses, adapt parts of the business as more customers transact online or through mobile channels, and provide the resources for additional growth initiatives worldwide.

During 2011, the Company recorded $119 million of restructuring charges, net of revisions to prior estimates. The 2011 activity primarily relates to $105 million of restructuring charges the Company recorded throughout the year to further reduce its operating costs by reorganizing certain operations that occurred across all business units, markets and staff groups.

Restructuring charges related to severance obligations are included in salaries and employee benefits in the Company's Consolidated Statements of Income, while charges pertaining to other exit costs are included in occupancy and equipment and other expenses.

The following table summarizes the Company's restructuring reserves activity for the years ended December 31, 2013, 2012 and 2011:

(Millions)	Severance [(a)]	Other [(b)]	Total
Liability balance as of December 31, 2010	$ 199	$ 16	$ 215
Restructuring charges, net of $27 in revisions [(c)]	96	23	119
Payments	(121)	(8)	(129)
Other non-cash [(d)]	(4)	(1)	(5)
Liability balance as of December 31, 2011	170	30	200
Restructuring charges, net of $16 in revisions [(c)]	366	37	403
Payments	(124)	(9)	(133)
Liability balance as of December 31, 2012	412	58	470
Restructuring charges, $4 in revisions [(c)]	(7)	3	(4)
Payments	(206)	(23)	(229)
Other non-cash [(d)]	(3)	(1)	(4)
Liability balance as of December 31, 2013 [(e)]	$ 196	$ 37	$ 233

(a) Accounted for in accordance with GAAP governing the accounting for nonretirement postemployment benefits and for costs associated with exit or disposal activities.
(b) Other primarily includes facility exit and contract termination costs.
(c) Revisions primarily relate to higher than anticipated redeployments of displaced employees to other positions within the Company, business changes and modifications to existing initiatives.
(d) Consists primarily of foreign exchange impacts.
(e) The majority of cash payments related to the remaining restructuring liabilities are expected to be completed in 2014, and to a lesser extent certain contractual long-term severance arrangements and lease obligations are expected to be completed in 2015 and 2019, respectively.

The following table summarizes the Company's restructuring charges, net of revisions, by reportable operating segment and Corporate & Other for the year ended December 31, 2013, and the cumulative amounts relating to the restructuring programs that were in progress during 2013 and initiated at various dates between 2009 and 2013.

	2013 Total Restructuring	Cumulative Restructuring Expense Incurred To Date On In-Progress Restructuring Programs		
(Millions)	Charges, net revisions	Severance	Other	Total
USCS	$ (7)	$ 71	$ 6	$ 77
ICS	(8)	110	1	111
GCS	(4)	204	18	222
GNMS	7	55	—	55
Corporate & Other	8	89	68	157[(a)]
Total	$ (4)	$ 529	$ 93	$ 622[(b)]

(a) Corporate & Other includes certain severance and other charges of $147 million related to Company-wide support functions which were not allocated to the Company's reportable operating segments, as these were corporate initiatives, which is consistent with how such charges were reported internally.
(b) As of December 31, 2013, the total expenses to be incurred for previously approved restructuring activities that were in progress are not expected to be materially different than the cumulative expenses incurred to date for these programs.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17
INCOME TAXES

The components of income tax expense for the years ended December 31 included in the Consolidated Statements of Income were as follows:

(Millions)	2013	2012	2011
Current income tax expense:			
U.S. federal	$ 1,730	$ 982	$ 958
U.S. state and local	288	189	156
Non-U.S.	514	445	434
Total current income tax expense	2,532	1,616	1,548
Deferred income tax expense (benefit):			
U.S. federal	113	359	464
U.S. state and local	4	39	68
Non-U.S.	(120)	(45)	(23)
Total deferred income tax expense	(3)	353	509
Total income tax expense on continuing operations	$ 2,529	$ 1,969	$ 2,057
Income tax benefit from discontinued operations	$ —	$ —	$ (36)

A reconciliation of the U.S. federal statutory rate of 35 percent to the Company's actual income tax rate for the years ended December 31 on continuing operations was as follows:

	2013	2012	2011
U.S. statutory federal income tax rate	35.0%	35.0%	35.0%
Increase (decrease) in taxes resulting from:			
Tax-exempt income	(1.6)	(1.6)	(1.5)
State and local income taxes, net of federal benefit	3.1	2.5	2.6
Non-U.S. subsidiaries earnings [(a)]	(2.8)	(5.2)	(4.4)
Tax settlements [(b)]	(1.9)	(0.2)	(1.9)
All other	0.3	—	(0.2)
Actual tax rates [(a)]	32.1%	30.5%	29.6%

(a) Results for all years primarily included tax benefits associated with the undistributed earnings of certain non-U.S. subsidiaries that were deemed to be reinvested indefinitely. In addition, 2012 and 2011 included tax benefits of $146 million and $77 million, which decreased the actual tax rates by 2.3 percent and 1.1 percent, respectively, related to the realization of certain foreign tax credits.
(b) Relates to the resolution of tax matters in various jurisdictions.

The Company records a deferred income tax (benefit) provision when there are differences between assets and liabilities measured for financial reporting and for income tax return purposes. These temporary differences result in taxable or deductible amounts in future years and are measured using the tax rates and laws that will be in effect when such differences are expected to reverse.

The significant components of deferred tax assets and liabilities as of December 31 are reflected in the following table:

(Millions)	2013	2012
Deferred tax assets:		
Reserves not yet deducted for tax purposes	$ 3,813	$ 3,828
Employee compensation and benefits	721	761
Other	546	537
Gross deferred tax assets	5,080	5,126
Valuation allowance	(121)	(162)
Deferred tax assets after valuation allowance	4,959	4,964
Deferred tax liabilities:		
Intangibles and fixed assets	1,325	1,346
Deferred revenue	453	403
Deferred interest	363	378
Asset Securitization	130	73
Other	245	306
Gross deferred tax liabilities	2,516	2,506
Net deferred tax assets	$ 2,443	$ 2,458

A valuation allowance is established when management determines that it is more likely than not that all or some portion of the benefit of the deferred tax assets will not be realized. The valuation allowances as of December 31, 2013 and 2012 are associated with net operating losses and other deferred tax assets in certain non-U.S. operations of the Company.

Accumulated earnings of certain non-U.S. subsidiaries, which totaled approximately $9.6 billion as of December 31, 2013, are intended to be permanently reinvested outside the U.S. The Company does not provide for federal income taxes on foreign earnings intended to be permanently reinvested outside the U.S. Accordingly, federal taxes, which would have aggregated approximately $3.0 billion as of December 31, 2013, have not been provided on those earnings.

Net income taxes paid by the Company (including amounts related to discontinued operations) during 2013, 2012 and 2011, were approximately $2.0 billion, $1.9 billion and $0.7 billion, respectively. These amounts include estimated tax payments and cash settlements relating to prior tax years.

The Company is subject to the income tax laws of the U.S., its states and municipalities and those of the foreign jurisdictions in which the Company operates. These tax laws are complex, and the manner in which they apply to the taxpayer's facts is sometimes open to interpretation. Given these inherent complexities, the Company must make judgments in assessing the likelihood that a tax position will be sustained upon

examination by the taxing authorities based on the technical merits of the tax position. A tax position is recognized only when, based on management's judgment regarding the application of income tax laws, it is more likely than not that the tax position will be sustained upon examination. The amount of benefit recognized for financial reporting purposes is based on management's best judgment of the largest amount of benefit that is more likely than not to be realized on ultimate settlement with the taxing authority given the facts, circumstances and information available at the reporting date. The Company adjusts the level of unrecognized tax benefits when there is new information available to assess the likelihood of the outcome.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company is under continuous examination by the Internal Revenue Service (IRS) and tax authorities in other countries and states in which the Company has significant business operations. The tax years under examination and open for examination vary by jurisdiction. The IRS has completed its field examination of the Company's federal tax returns for years through 2007; however, refund claims for certain years continue to be reviewed by the IRS. In addition, the Company is currently under examination by the IRS for the years 2008 through 2011.

The following table presents changes in unrecognized tax benefits:

(Millions)	2013	2012	2011
Balance, January 1	$ 1,230	$ 1,223	$ 1,377
Increases:			
Current year tax positions	124	51	77
Tax positions related to prior years	176	64	247
Decreases:			
Tax positions related to prior years	(371)	(44)	(457)
Settlements with tax authorities	(94)	(25)	(2)
Lapse of statute of limitations	(21)	(37)	(19)
Effects of foreign currency translations	—	(2)	—
Balance, December 31	$ 1,044	$ 1,230	$ 1,223

Included in the unrecognized tax benefits of $1.0 billion for December 31, 2013 and $1.2 billion for both December 31, 2012 and 2011, are approximately $427 million, $452 million and $440 million, respectively, that, if recognized, would favorably affect the effective tax rate in a future period.

The Company believes it is reasonably possible that its unrecognized tax benefits could decrease within the next 12 months by as much as $632 million principally as a result of potential resolutions of prior years' tax items with various taxing authorities. The prior years' tax items include unrecognized tax benefits relating to the deductibility of certain expenses or losses and the attribution of taxable income to a particular jurisdiction or jurisdictions. Of the $632 million of unrecognized tax benefits, approximately $474 million relates to amounts that if recognized would be recorded to shareholders' equity and would not impact the effective tax rate. With respect to the remaining $158 million, it is not possible to quantify the impact that the decrease could have on the effective tax rate and net income due to the inherent complexities and the number of tax years open for examination in multiple jurisdictions. Resolution of the prior years' items that comprise this remaining amount could have an impact on the effective tax rate and on net income, either favorably (principally as a result of settlements that are less than the liability for unrecognized tax benefits) or unfavorably (if such settlements exceed the liability for unrecognized tax benefits).

Interest and penalties relating to unrecognized tax benefits are reported in the income tax provision. During the years ended December 31, 2013, 2012 and 2011, the Company recognized benefits of approximately $31 million, $8 million and $63 million, respectively, of interest and penalties. The Company has approximately $144 million and $155 million accrued for the payment of interest and penalties as of December 31, 2013 and 2012, respectively.

Discontinued operations for 2011 included the impact of a $36 million tax benefit related to the favorable resolution of certain prior years' tax items related to American Express Bank, Ltd., which was sold to Standard Chartered PLC during the quarter ended March 31, 2008.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 18
EARNINGS PER COMMON SHARE (EPS)

The computations of basic and diluted EPS for the years ended December 31 were as follows:

(Millions, except per share amounts)	2013	2012	2011
Numerator:			
Basic and diluted:			
Income from continuing operations	$ 5,359	$ 4,482	$ 4,899
Earnings allocated to participating share awards [a]	(47)	(49)	(58)
Income from discontinued operations, net of tax	—	—	36
Net income attributable to common shareholders	$ 5,312	$ 4,433	$ 4,877
Denominator: [a]			
Basic: Weighted-average common stock	1,082	1,135	1,178
Add: Weighted-average stock options [b]	7	6	6
Diluted	1,089	1,141	1,184
Basic EPS:			
Income from continuing operations attributable to common shareholders	$ 4.91	$ 3.91	$ 4.11
Income from discontinued operations	—	—	0.03
Net income attributable to common shareholders	$ 4.91	$ 3.91	$ 4.14
Diluted EPS:			
Income from continuing operations attributable to common shareholders	$ 4.88	$ 3.89	$ 4.09
Income from discontinued operations	—	—	0.03
Net income attributable to common shareholders	$ 4.88	$ 3.89	$ 4.12

(a) The Company's unvested restricted stock awards, which include the right to receive non-forfeitable dividends or dividend equivalents, are considered participating securities. Calculations of EPS under the two-class method exclude from the numerator any dividends paid or owed on participating securities and any undistributed earnings considered to be attributable to participating securities. The related participating securities are similarly excluded from the denominator.

(b) For the years ended December 31, 2013, 2012 and 2011, the dilutive effect of unexercised stock options excludes 0.1 million, 7.6 million and 19.2 million options, respectively, from the computation of EPS because inclusion of the options would have been anti-dilutive.

For the years ended December 31, 2013, 2012 and 2011, the Company met specified performance measures related to the Subordinated Debentures of $750 million issued in 2006, which resulted in no impact to EPS. If the performance measures were not achieved in any given quarter, the Company would be required to issue common shares and apply the proceeds to make interest payments.

NOTE 19
DETAILS OF CERTAIN CONSOLIDATED STATEMENTS OF INCOME LINES

The following is a detail of other commissions and fees for the years ended December 31:

(Millions)	2013	2012	2011
Foreign currency conversion revenue	$ 877	$ 855	$ 861
Delinquency fees	667	604	567
Service fees	375	362	355
Other [a]	495	496	486
Total other commissions and fees	$ 2,414	$ 2,317	$ 2,269

(a) Other primarily includes fee revenue from the Loyalty Partner business and fees related to Membership Rewards programs.

The following is a detail of other revenues for the years ended December 31:

(Millions)	2013	2012	2011
Global Network Services partner revenues	$ 650	$ 664	$ 655
Net gain on investment securities	136	126	16
Other [a]	1,488	1,635	1,493
Total other revenues	$ 2,274	$ 2,425	$ 2,164

(a) Other includes revenues arising from insurance premiums earned from Card Member travel and other insurance programs, Travelers Cheques-related revenues, publishing revenues and other miscellaneous revenue and fees.

The following is a detail of marketing, promotion, rewards and Card Member services for the years ended December 31:

(Millions)	2013	2012	2011
Marketing and promotion	$ 3,043	$ 2,890	$ 2,996
Card Member rewards	6,457	6,282	6,218
Card Member services	767	772	716
Total marketing, promotion, rewards and Card Member services	$ 10,267	$ 9,944	$ 9,930

Marketing and promotion expense includes advertising costs, which are expensed in the year in which the advertising first takes place. Card Member rewards expense includes the costs of rewards programs, including Membership Rewards and co-brand arrangements. Card Member services expense includes protection plans and complimentary services provided to Card Members.

The following is a detail of other, net for the years ended December 31:

(Millions)	2013	2012	2011
Professional services	$ 3,102	$ 2,963	$ 2,951
Occupancy and equipment	1,904	1,823	1,685
Communications	379	383	378
MasterCard and Visa settlements, net of legal fees	—	—	(562)

Other	1,133	1,404	1,260
Total other, net	$ 6,518	$ 6,573	$ 5,712

(a) Other expense includes general operating expenses, gains (losses) on sale of assets or businesses not classified as discontinued operations, litigation, certain internal and regulatory review-related reimbursements and insurance costs or settlements, investment impairments and certain Loyalty Partner expenses.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 20
STOCK PLANS
STOCK OPTION AND AWARD PROGRAMS

Under the 2007 Incentive Compensation Plan and previously under the 1998 Incentive Compensation Plan, awards may be granted to employees and other key individuals who perform services for the Company and its participating subsidiaries. These awards may be in the form of stock options, restricted stock awards or units (RSAs), portfolio grants (PGs) or other incentives, and similar awards designed to meet the requirements of non-U.S. jurisdictions.

For the Company's Incentive Compensation Plans, there were a total of 35 million, 36 million and 38 million common shares unissued and available for grant as of December 31, 2013, 2012 and 2011, respectively, as authorized by the Company's Board of Directors and shareholders.

The Company granted stock option awards to its Chief Executive Officer (CEO) in November 2007 and January 2008 that have performance-based and market-based conditions. These option awards are separately disclosed and are excluded from the information and tables presented in the following paragraphs.

A summary of stock option and RSA activity as of December 31, 2013, and changes during the year is presented below:

	Stock Options		RSAs	
(Shares in thousands)	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Grant Price
Outstanding as of December 31, 2012	31,861	$ 43.62	11,800	$ 40.31
Granted	463	61.76	3,867	60.13
Exercised/vested	(13,672)	42.39	(5,559)	33.24
Forfeited	(22)	39.25	(530)	50.31
Expired	(15)	45.61	—	—
Outstanding as of December 31, 2013	18,615	44.98	9,578	$ 51.88
Options vested and expected to vest as of December 31, 2013	18,600	44.98	—	—
Options exercisable as of December 31, 2013	16,842	$ 44.51	—	—

The Company recognizes the cost of employee stock awards granted in exchange for employee services based on the grant-date fair value of the award, net of expected forfeitures. Those costs are recognized ratably over the vesting period.

STOCK OPTIONS

Each stock option has an exercise price equal to the market price of the Company's common stock on the date of grant and a contractual term of 10 years from the date of grant. Stock options generally vest 25 percent per year beginning with the first anniversary of the grant date.

The weighted-average remaining contractual life and the aggregate intrinsic value (the amount by which the fair value of the Company's stock exceeds the exercise price of the option) of the stock options outstanding, exercisable, and vested and expected to vest as of December 31, 2013 are as follows:

	Outstanding	Exercisable	Vested and Expected to Vest
Weighted-average remaining contractual life *(in years)*	4.4	4.0	4.4
Aggregate intrinsic value *(millions)*	$ 852	$ 778	$ 851

The intrinsic value for options exercised during 2013, 2012 and 2011 was $374 million, $209 million and $206 million, respectively (based upon the fair value of the Company's stock price at the date of exercise). Cash received from the exercise of stock options in 2013, 2012 and 2011 was $580 million, $368 million and $503 million, respectively. The tax benefit realized from income tax deductions from stock option exercises, which was recorded in additional paid-in capital, in 2013, 2012 and 2011 was $84 million, $45 million and $60 million, respectively.

The fair value of each option is estimated on the date of grant using a Black-Scholes-Merton option-pricing model. The following weighted-average assumptions were used for grants issued in 2013, 2012 and 2011, the majority of which were granted in the beginning of each year:

	2013	2012	2011
Dividend yield	1.4%	1.5%	1.6%
Expected volatility [(a)]	39%	41%	40%
Risk-free interest rate	1.3%	1.3%	2.3%
Expected life of stock option (*in years*) [(b)]	6.3	6.3	6.2
Weighted-average fair value per option	$ 21.11	$ 17.48	$ 16.21

(a) The expected volatility is based on both weighted historical and implied volatilities of the Company's common stock price.
(b) In 2013, 2012 and 2011, the expected life of stock options was determined using both historical data and expectations of option exercise behavior.

STOCK OPTIONS WITH PERFORMANCE-BASED AND MARKET-BASED CONDITIONS

On November 30, 2007 and January 31, 2008, the Company's CEO was granted in the aggregate 2,750,000 of non-qualified stock option awards with performance-based and market-based conditions. Both awards have a contractual term of 10 years and a vesting period of 6 years.

The aggregate grant date fair value of options with performance-based conditions was approximately $33.8 million. Compensation expense for these awards will be recognized over the vesting period when it is determined it is probable that the performance metrics will be achieved. No compensation expense for these awards was recorded in 2013, 2012 and 2011.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The aggregate grant date fair value of options with market-based conditions was approximately $10.5 million. Compensation expense for these awards is recognized ratably over the vesting period irrespective of the probability of the market metric being achieved. Total compensation expense of approximately $0.3 million, $0.5 million and $2.4 million was recorded in 2013, 2012 and 2011, respectively.

RESTRICTED STOCK AWARDS

RSAs are valued based on the stock price on the date of grant and generally vest 25 percent per year, beginning with the first anniversary of the grant date. RSA holders receive non-forfeitable dividends or dividend equivalents. The total fair value of shares vested during 2013, 2012 and 2011 was $336 million, $296 million and $221 million, respectively (based upon the Company's stock price at the vesting date).

The weighted-average grant date fair value of RSAs granted in 2013, 2012 and 2011, is $60.13, $49.80 and $45.11, respectively.

LIABILITY-BASED AWARDS

Certain employees are awarded PGs and other incentive awards that can be settled with cash or equity shares at the Company's discretion and final Compensation and Benefits Committee payout approval. These awards earn value based on performance, market and service conditions and vest over periods of one to three years.

PGs and other incentive awards are generally settled with cash and thus are classified as liabilities and, therefore, the fair value is determined at the date of grant and remeasured quarterly as part of compensation expense over the vesting period. Cash paid upon vesting of these awards in 2013, 2012 and 2011 was $45 million, $66 million and $58 million, respectively.

Summary of Stock Plan Expense

The components of the Company's total stock-based compensation expense (net of forfeitures) for the years ended December 31 are as follows:

(Millions)	2013	2012	2011
Restricted stock awards [(a)]	$ 208	$ 197	$ 176
Stock options [(a)]	23	29	40
Liability-based awards	119	70	83
Performance/market-based stock options	—	1	2
Total stock-based compensation expense [(b)]	$ 350	$ 297	$ 301

(a) As of December 31, 2013, the total unrecognized compensation cost related to unvested RSAs and options of $232 million and $14 million, respectively, will be recognized ratably over the weighted-average remaining vesting period of 2.1 years and 1.8 years, respectively.

(b) The total income tax benefit recognized in the Consolidated Statements of Income for stock-based compensation arrangements for the years ended December 31, 2013, 2012 and 2011 was $127 million, $107 million and $105 million, respectively.

NOTE 21
RETIREMENT PLANS

DEFINED CONTRIBUTION RETIREMENT PLANS

The Company sponsors defined contribution retirement plans, the principal plan being the Retirement Savings Plan (RSP), a 401(k) savings plan with a profit-sharing component. The RSP is a tax-qualified retirement plan subject to the Employee Retirement Income Security Act of 1974 (ERISA) and covers most employees in the U.S. The total expense for all defined contribution retirement plans globally was $281 million, $254 million and $252 million in 2013, 2012 and 2011, respectively.

DEFINED BENEFIT PENSION AND OTHER POSTRETIREMENT BENEFIT PLANS

The Company's primary defined benefit pension plans that cover certain employees in the U.S. and United Kingdom are closed to new entrants and existing participants do not accrue any additional benefits. Most employees outside the U.S. and United Kingdom are covered by local retirement plans, some of which are funded, while other employees receive payments at the time of retirement or termination under applicable labor laws or agreements. The Company complies with minimum funding requirements in all countries. The Company sponsors unfunded other postretirement benefit plans that provide health care and life insurance to certain retired U.S. employees. The total expense for these plans was $59 million, $93 million and $74 million in 2013, 2012 and 2011, respectively.

The Company recognizes the funded status of its defined benefit pension plans and other postretirement benefit plans, measured as the difference between the fair value of the plan assets and the projected benefit obligation, in the Consolidated Balance Sheets. As of December 31, 2013 and 2012, the funded status related to the defined benefit pension plans and other postretirement benefit plans was underfunded by $661 million and $796 million, respectively, and is recorded in other liabilities.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 22
SIGNIFICANT CREDIT CONCENTRATIONS

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is material in relation to American Express' total credit exposure. The Company's customers operate in diverse industries, economic sectors and geographic regions.

The following table details the Company's maximum credit exposure by category, including the credit exposure associated with derivative financial instruments, as of December 31:

(Billions)	2013	2012
On-balance sheet:		
Individuals [a]	$ 98	$ 95
Financial institutions [b]	22	25
U.S. Government and agencies [c]	4	5
All other [d]	17	16
Total on-balance sheet [e]	141	141
Unused lines-of-credit – individuals [f]	$ 265	$ 253

(a) Individuals primarily include Card Member loans and receivables.
(b) Financial institutions primarily include debt obligations of banks, broker-dealers, insurance companies and savings and loan associations.
(c) U.S. Government and agencies represent debt obligations of the U.S. Government and its agencies, states and municipalities and government-sponsored entities.
(d) All other primarily includes Card Member receivables from other corporate institutions.
(e) Certain distinctions between categories require management judgment.
(f) Because charge card products generally have no preset spending limit, the associated credit limit on charge products is not quantifiable. Therefore, the quantified unused line-of-credit amounts only include the approximate credit line available on lending products.

As of December 31, 2013 and 2012, the Company's most significant concentration of credit risk was with individuals, including Card Member receivables and loans. These amounts are generally advanced on an unsecured basis. However, the Company reviews each potential customer's credit application and evaluates the applicant's financial history and ability and willingness to repay. The Company also considers credit performance by customer tenure, industry and geographic location in managing credit exposure.

The following table details the Company's Card Member loans and receivables exposure (including unused lines-of-credit on Card Member loans) in the U.S. and outside the U.S. as of December 31:

(Billions)	2013	2012
On-balance sheet:		
U.S.	$ 89	$ 85
Non-U.S.	22	23
On-balance sheet [a][b]	111	108
Unused lines-of-credit – individuals:		
U.S.	219	208
Non-U.S.	46	45
Total unused lines-of-credit – individuals	$ 265	$ 253

(a) Represents Card Member loans to individuals as well as receivables from individuals and corporate institutions as discussed in footnotes (a) and (d) from the previous table.
(b) The remainder of the Company's on-balance sheet exposure includes cash, investments, other loans, other receivables and other assets including derivative financial instruments. These balances are primarily within the U.S.

EXPOSURE TO THE AIRLINE INDUSTRY

The Company has multiple important co-brand, rewards and corporate payment arrangements with airlines. The Company's largest airline partner is Delta and this relationship includes exclusive co-brand credit card partnerships and other arrangements including Membership Rewards, merchant acceptance, travel and corporate payments programs. American Express' Delta SkyMiles Credit Card co-brand portfolio accounts for approximately 5 percent of the Company's worldwide billed business and less than 15 percent of worldwide Card Member loans. Refer to Notes 4 and 8 for further information on receivables and other assets recorded by the Company relating to these relationships.

In recent years, the airline industry has undergone bankruptcies, restructurings, consolidations and other similar events. Historically, the Company has not experienced significant revenue declines when a particular airline scales back or ceases operations due to a bankruptcy or other financial challenges because volumes generated by that airline are typically shifted to other participants in the industry that accept the Company's card products. The Company's exposure to business and credit risk in the airline industry is primarily through business arrangements where the Company has remitted payment to the airline for a Card Member purchase of tickets that have not yet been used or "flown". The Company mitigates this risk by delaying payment to the airlines with deteriorating financial situations, thereby increasing cash withheld to protect the Company in the event the airline is liquidated. To date, the Company has not experienced significant losses from airlines that have ceased operations.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 23
REGULATORY MATTERS AND CAPITAL ADEQUACY

The Company is supervised and regulated by the Federal Reserve and is subject to the Federal Reserve's requirements for risk-based capital and leverage ratios. The Company's two U.S. bank operating subsidiaries, American Express Centurion Bank (Centurion Bank) and American Express Bank, FSB (FSB) (together, the Banks), are subject to supervision and regulation, including similar regulatory capital requirements by the Federal Deposit Insurance Corporation (FDIC) and the Office of the Comptroller of the Currency (OCC), respectively.

The Federal Reserve's guidelines for capital adequacy define two categories of risk-based capital: Tier 1 and Tier 2 capital (as defined in the regulations). Under the risk-based capital guidelines of the Federal Reserve, the Company is required to maintain minimum ratios of Tier 1 and Total (Tier 1 plus Tier 2) capital to risk-weighted assets, as well as a minimum leverage ratio (Tier 1 capital to average adjusted on-balance sheet assets).

Failure to meet minimum capital requirements can initiate certain mandatory, and possibly additional, discretionary actions by regulators, that, if undertaken, could have a direct material effect on the Company's and the Banks' operating activities.

As of December 31, 2013 and 2012, the Company and its Banks met all capital requirements to which each was subject and maintained regulatory capital ratios in excess of those required to qualify as well capitalized.

The following table presents the regulatory capital ratios for the Company and the Banks:

(Millions, except percentages)	Tier 1 capital	Total capital	Tier 1 capital ratio	Total capital ratio	Tier 1 leverage ratio
December 31, 2013:					
American Express Company	$16,174	$18,585	12.5%	14.4%	10.9%
American Express Centurion Bank	6,366	6,765	19.9	21.2	19.0
American Express Bank, FSB	6,744	7,662	15.6	17.7	17.5[a]
December 31, 2012:					
American Express Company	$14,920	$17,349	11.9%	13.8%	10.2%
American Express Centurion Bank	5,814	6,227	17.6	18.9	17.0
American Express Bank, FSB	6,649	7,556	16.5	18.7	17.5[a]
Well-capitalized ratios [c]			6.0%	10.0%	5.0% [b]
Minimum capital ratios [c]			4.0%	8.0%	4.0%

(a) FSB leverage ratio is calculated using ending total assets as prescribed by OCC regulations applicable to federal savings banks.
(b) Represents requirements for banking subsidiaries to be considered "well-capitalized" pursuant to regulations issued under the Federal Deposit Insurance Corporation Improvement Act. There is no "well-capitalized" definition for the Tier 1 leverage ratio for a bank holding company.
(c) As defined by the regulations issued by the Federal Reserve, OCC and FDIC.

RESTRICTED NET ASSETS OF SUBSIDIARIES

Certain of the Company's subsidiaries are subject to restrictions on the transfer of net assets under debt agreements and regulatory requirements. These restrictions have not had any effect on the Company's shareholder dividend policy and management does not anticipate any impact in the future. Procedures exist to transfer net assets between the Company and its subsidiaries, while ensuring compliance with the various contractual and regulatory constraints. As of December 31, 2013, the aggregate amount of net assets of subsidiaries that are restricted to be transferred to the Company was approximately $9.9 billion.

BANK HOLDING COMPANY DIVIDEND RESTRICTIONS

The Company is limited in its ability to pay dividends by the Federal Reserve, which could prohibit a dividend that would be considered an unsafe or unsound banking practice. It is the policy of the Federal Reserve that bank holding companies generally should pay dividends on common stock only out of net income available to common shareholders generated over the past year, and only if prospective earnings retention is consistent with the organization's current and expected future capital needs, asset quality and overall financial condition. Moreover, bank holding companies are required by statute to be a source of strength to their insured depository institution subsidiaries and should not maintain dividend levels that undermine their ability to do so. On an annual basis, the Company is required to develop and maintain a capital plan, which includes planned dividends over a two-year horizon, and to submit the capital plan to the Federal Reserve.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

BANKS' DIVIDEND RESTRICTIONS

In the years ended December 31, 2013 and 2012, Centurion Bank paid dividends from retained earnings to its parent of $1.4 billion and $2.0 billion, respectively, and FSB paid dividends from retained earnings to its parent of $1.8 billion and $1.5 billion, respectively.

The Banks are subject to statutory and regulatory limitations on their ability to pay dividends. The total amount of dividends that may be paid at any date, subject to supervisory considerations of the Banks' regulators, is generally limited to the retained earnings of the respective bank. As of December 31, 2013 and 2012, the Banks' retained earnings, in the aggregate, available for the payment of dividends were $4.6 billion and $4.7 billion, respectively. In determining the dividends to pay its parent, the Banks must also consider the effects on applicable risk-based capital and leverage ratio requirements, as well as policy statements of the federal regulatory agencies. In addition, the Banks' banking regulators have authority to limit or prohibit the payment of a dividend by the Banks under a number of circumstances, including if, in the banking regulator's opinion, payment of a dividend would constitute an unsafe or unsound banking practice in light of the financial condition of the banking organization.

NOTE 24
COMMITMENTS AND CONTINGENCIES
LEGAL CONTINGENCIES

The Company and its subsidiaries are involved in a number of legal proceedings concerning matters arising out of the conduct of their respective business activities and are periodically subject to governmental and regulatory examinations, information gathering requests, subpoenas, inquiries and investigations (collectively, governmental examinations). As of December 31, 2013, the Company and various of its subsidiaries were named as a defendant or were otherwise involved in numerous legal proceedings and governmental examinations in various jurisdictions, both in and outside the U.S. The Company discloses its material legal proceedings and governmental examinations under "Legal Proceedings" in its Annual Report on Form 10-K for the year ended December 31, 2013 (Legal Proceedings).

The Company has recorded liabilities for certain of its outstanding legal proceedings and governmental examinations. A liability is accrued when it is both (a) probable that a loss has occurred and (b) the amount of loss can be reasonably estimated. As discussed below, there may be instances in which an exposure to loss exceeds the accrued liability. The Company evaluates, on a quarterly basis, developments in legal proceedings and governmental examinations that could cause an increase or decrease in the amount of the liability that has been previously accrued or a revision to the disclosed estimated range of possible losses, as applicable.

The Company's legal proceedings range from cases brought by a single plaintiff to class actions with millions of putative class members. These legal proceedings, as well as governmental examinations, involve various lines of business of the Company and a variety of claims (including, but not limited to, common law tort, contract, antitrust and consumer protection claims), some of which present novel factual allegations and/or unique legal theories. While some matters pending against the Company specify the damages claimed by the plaintiff, many seek a not-yet-quantified amount of damages or are at very early stages of the legal process. Even when the amount of damages claimed against the Company are stated, the claimed amount may be exaggerated and/or unsupported. As a result, some matters have not yet progressed sufficiently through discovery and/or development of important factual information and legal issues to enable the Company to estimate a range of possible loss.

Other matters have progressed sufficiently through discovery and/or development of important factual information and legal issues so that the Company is able to estimate a range of possible loss. Accordingly, for those legal proceedings and governmental examinations disclosed or referred to in Legal Proceedings where a loss is reasonably possible in future periods, whether in excess of a related accrued liability or where there is no accrued liability, and for which the Company is able to estimate a range of possible loss, the current estimated range is zero to $440 million in excess of any accrued liability related to these matters. This aggregate range represents management's estimate of possible loss with respect to these matters and is based on currently available information. This estimated range of possible loss does not represent the Company's maximum loss exposure. The legal proceedings and governmental examinations underlying the estimated range will change from time to time and actual results may vary significantly from current estimates.

Based on its current knowledge, and taking into consideration its litigation-related liabilities, the Company believes it is not a party to, nor are any of its properties the subject of, any pending legal proceeding or governmental examination that would have a material adverse effect on the Company's consolidated financial condition or liquidity. However, in light of the uncertainties involved in such matters, the ultimate outcome of a particular matter could be material to the Company's operating results for a particular period depending on, among other factors, the size of the loss or liability imposed and the level of the Company's earnings for that period.

VISA AND MASTERCARD SETTLEMENTS

As previously disclosed, the Company reached settlement agreements with Visa and MasterCard. Under the terms of the settlement agreements, the Company received aggregate maximum payments of $4.05 billion. The settlement with Visa comprised an initial payment of $1.13 billion ($700 million after-tax) that was recorded as a gain in 2007. Having met quarterly performance criteria, the Company recognized $280 million ($172 million after-tax) from Visa in 2011, and $300 million ($186 million after-tax) from MasterCard in 2011. These payments are included in other expenses within Corporate & Other. During the second and fourth quarter of 2011, the Company received the final payments on the MasterCard and Visa litigation settlements, respectively.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

OTHER CONTINGENCIES

The Company also has contingent obligations to make payments under contractual agreements entered into as part of the ongoing operation of the Company's business, primarily with co-brand partners. The contingent obligations under such arrangements were approximately $2.8 billion as of December 31, 2013.

RENT EXPENSE AND LEASE COMMITMENTS

The Company leases certain facilities and equipment under noncancelable and cancelable agreements. The total rental expense amounted to $281 million in 2013 (including lease termination penalties of $6 million), $305 million in 2012 (including lease termination penalties of $13 million) and $280 million in 2011.

As of December 31, 2013, the minimum aggregate rental commitment under all noncancelable operating leases (net of subleases of $23 million) was as follows:

(Millions)	
2014	$ 237
2015	196
2016	157
2017	132
2018	114
Thereafter	922
Total	$1,758

As of December 31, 2013, the Company's future minimum lease payments under capital leases or other similar arrangements is approximately $11 million in 2014, $4 million in 2015 through 2018, and $14 million thereafter.

NOTE 25
REPORTABLE OPERATING SEGMENTS AND GEOGRAPHIC OPERATIONS
REPORTABLE OPERATING SEGMENTS

The Company is a leading global payments and travel company that is principally engaged in businesses comprising four reportable operating segments: USCS, ICS, GCS and GNMS.

The Company considers a combination of factors when evaluating the composition of its reportable operating segments, including the results reviewed by the chief operating decision maker, economic characteristics, products and services offered, classes of customers, product distribution channels, geographic considerations (primarily U.S. versus non-U.S.), and regulatory environment considerations. The following is a brief description of the primary business activities of the Company's four reportable operating segments:

- USCS issues a wide range of card products and services to consumers and small businesses in the U.S., and provides consumer travel services to Card Members and other consumers.
- ICS issues proprietary consumer and small business cards outside the U.S.
- GCS offers global corporate payment and travel-related products and services to large and mid-sized companies.
- GNMS operates a global payments network which processes and settles proprietary and non-proprietary card transactions. GNMS acquires merchants and provides point-of-sale products, multi-channel marketing programs and capabilities, services and data, leveraging the Company's global closed-loop network. It provides ATM services and enters into partnership agreements with third-party card issuers and acquirers, licensing the American Express brand and extending the reach of the global network.

Corporate functions and auxiliary businesses, including the Company's Enterprise Growth Group (including Global Payment Options) and other Company operations, are included in Corporate & Other.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table presents certain selected financial information as of or for the years ended December 31, 2013, 2012 and 2011:

(Millions, except where indicated)	USCS	ICS	GCS	GNMS	Corporate & Other [a]	Consolidated
2013						
Non-interest revenues	$12,123	$4,644	$5,085	$5,229	$ 846	$ 27,927
Interest income	5,565	1,118	13	32	277	7,005
Interest expense	693	361	245	(252)	911	1,958
Total revenues net of interest expense	16,995	5,401	4,853	5,513	212	32,974
Total provision	1,417	444	159	69	21	2,110
Pretax income (loss) from continuing operations	4,994	643	1,244	2,469	(1,462)	7,888
Income tax provision (benefit)	1,801	12	384	894	(562)	2,529
Income (loss) from continuing operations	3,193	631	860	1,575	(900)	5,359
Total equity *(billions)*	9.3	3.1	3.7	2.0	1.4	19.5
2012						
Non-interest revenues	11,469	4,561	4,995	5,005	897	26,927
Interest income	5,342	1,147	11	23	331	6,854
Interest expense	765	402	257	(243)	1,045	2,226
Total revenues net of interest expense	16,046	5,306	4,749	5,271	183	31,555
Total provision	1,429	330	136	74	21	1,990
Pretax income (loss) from continuing operations	4,069	659	960	2,219	(1,456)	6,451
Income tax provision (benefit)	1,477	25	316	776	(625)	1,969
Income (loss) from continuing operations	2,592	634	644	1,443	(831)	4,482
Total equity *(billions)*	8.7	2.9	3.6	2.0	1.7	18.9
2011						
Non-interest revenues	10,804	4,470	4,880	4,713	719	25,586
Interest income	5,074	1,195	9	5	413	6,696
Interest expense	807	426	264	(224)	1,047	2,320
Total revenues net of interest expense	15,071	5,239	4,625	4,942	85	29,962
Total provision	687	268	76	75	6	1,112
Pretax income (loss) from continuing operations	4,129	762	1,075	1,979	(989)	6,956
Income tax provision (benefit)	1,449	39	337	686	(454)	2,057
Income (loss) from continuing operations	2,680	723	738	1,293	(535)	4,899
Total equity *(billions)*	$ 8.8	$ 2.8	$ 3.6	$ 2.0	$ 1.6	$ 18.8

(a) Corporate & Other includes adjustments and eliminations for intersegment activity.

Total Revenues Net of Interest Expense

The Company allocates discount revenue and certain other revenues among segments using a transfer pricing methodology. Within the USCS, ICS and GCS segments, discount revenue reflects the issuer component of the overall discount revenue generated by each segment's Card Members; within the GNMS segment, discount revenue reflects the network and acquirer component of the overall discount revenue. Net card fees and travel commissions and fees are directly attributable to the segment in which they are reported.

Interest and fees on loans and certain investment income is directly attributable to the segment in which it is reported. Interest expense reflects an allocated funding cost based on a combination of segment funding requirements and internal funding rates.

Provisions for Losses

The provisions for losses are directly attributable to the segment in which they are reported.

Expenses

Marketing and promotion expenses are reflected in each segment based on actual expenses incurred, with the exception of brand advertising, which is primarily reflected in the GNMS and USCS segments. Rewards and Card Member services expenses are reflected in each segment based on actual expenses incurred within each segment.

Salaries and employee benefits and other operating expenses reflect expenses such as professional services, occupancy and equipment and communications incurred directly within each segment. In addition, expenses related to the Company's support services, such as technology costs, are allocated to each segment primarily based on support service activities directly attributable to the segment. Other overhead expenses, such as staff group support functions, are allocated from Corporate & Other to the other segments based on a mix of each segment's direct consumption of services and relative level of pretax income.

Capital

Each business segment is allocated capital based on established business model operating requirements, risk measures and regulatory capital requirements. Business model operating requirements include capital needed to support operations and specific balance sheet items. The risk measures include considerations for credit, market and operational risk.

Income Taxes

An income tax provision (benefit) is allocated to each business segment based on the effective tax rates applicable to various businesses that comprise the segment.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

GEOGRAPHIC OPERATIONS

The following table presents the Company's total revenues net of interest expense and pretax income (loss) from continuing operations in different geographic regions:

(Millions)	U.S.	EMEA [a]	JAPA [a]	LACC [a]	Other Unallocated [b]	Consolidated
2013 [c]						
Total revenues net of interest expense	$23,745	$ 3,700	$ 2,952	$ 2,900	$ (323)	$ 32,974
Pretax income (loss) from continuing operations	7,679	524	488	701	(1,504)	7,888
2012 [c]						
Total revenues net of interest expense	$22,631	$ 3,594	$ 3,106	$ 2,774	$ (550)	$ 31,555
Pretax income (loss) from continuing operations	6,468	505	426	605	(1,553)	6,451
2011 [c]						
Total revenues net of interest expense	$21,254	$ 3,551	$ 3,071	$ 2,706	$ (620)	$ 29,962
Pretax income (loss) from continuing operations	6,971	620	430	583	(1,648)	6,956

(a) EMEA represents Europe, the Middle East and Africa; JAPA represents Japan, Asia/Pacific and Australia; and LACC represents Latin America, Canada and the Caribbean.
(b) Other Unallocated includes net costs which are not directly allocable to specific geographic regions, including costs related to the net negative interest spread on excess liquidity funding and executive office operations expenses.
(c) The data in the above table is, in part, based upon internal allocations, which necessarily involve management's judgment.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 26
PARENT COMPANY
PARENT COMPANY – CONDENSED STATEMENTS OF INCOME

Years Ended December 31 *(Millions)*	2013	2012	2011
Revenues			
Non-interest revenues			
Gain on sale of securities	$ 135	$ 121	$ 15
Other	5	(12)	3
Total non-interest revenues	140	109	18
Interest income	134	137	142
Interest expense	(583)	(609)	(633)
Total revenues net of interest expense	(309)	(363)	(473)
Expenses			
Salaries and employee benefits	206	165	173
Other	261	214	186
Total	467	379	359
Pretax loss	(776)	(742)	(832)
Income tax benefit	(297)	(258)	(346)
Net loss before equity in net income of subsidiaries and affiliates	(479)	(484)	(486)
Equity in net income of subsidiaries and affiliates	5,838	4,966	5,385
Income from continuing operations	5,359	4,482	4,899
Income from discontinued operations, net of tax	—	—	36
Net income	$ 5,359	$ 4,482	$ 4,935

PARENT COMPANY – CONDENSED BALANCE SHEETS

As of December 31 *(Millions)*	2013	2012
Assets		
Cash and cash equivalents	$ 6,076	$ 4,797
Investment securities	123	296
Equity in net assets of subsidiaries and affiliates of continuing operations	19,571	19,087
Accounts receivable, less reserves	378	655
Premises and equipment, less accumulated depreciation: 2013, $76; 2012, $59	136	117
Loans to subsidiaries and affiliates	5,236	6,733
Due from subsidiaries and affiliates	1,126	1,189
Other assets	335	441
Total assets	32,981	33,315
Liabilities and Shareholders' Equity		
Liabilities		
Accounts payable and other liabilities	1,386	1,474
Due to subsidiaries and affiliates	926	1,069
Short-term debt of subsidiaries and affiliates	819	2,316
Long-term debt	10,354	9,570
Total liabilities	13,485	14,429
Shareholders' equity		
Common shares	213	221
Additional paid-in capital	12,202	12,067
Retained earnings	8,507	7,525
Accumulated other comprehensive loss	(1,426)	(927)
Total shareholders' equity	19,496	18,886
Total liabilities and shareholders' equity	$ 32,981	$ 33,315

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PARENT COMPANY — CONDENSED STATEMENTS OF CASH FLOWS

Years Ended December 31 *(Millions)*	2013	2012	2011
Cash Flows from Operating Activities			
Net income	$ 5,359	$ 4,482	$ 4,935
Adjustments to reconcile net income to cash provided by operating activities:			
Equity in net income of subsidiaries and affiliates:			
– Continuing operations	(5,838)	(4,966)	(5,385)
– Discontinued operations	—	—	(36)
Dividends received from subsidiaries and affiliates	4,768	3,355	3,773
Gain on sale of securities	(135)	(121)	(15)
Other operating activities, primarily with subsidiaries and affiliates	324	196	671
Premium paid on debt exchange	—	(541)	—
Net cash provided by operating activities	4,478	2,405	3,943
Cash Flows from Investing Activities			
Sale of investments	157	118	20
Purchase of investments	—	—	(2)
Purchase of premises and equipment	(39)	(38)	(35)
Loans to subsidiaries and affiliates	1,498	(1,601)	(189)
Investments in subsidiaries and affiliates	—	(11)	(18)
Net cash provided by (used in) investing activities	1,616	(1,532)	(224)
Cash Flows from Financing Activities			
Issuance/(principal payments) of/on long-term debt	843	—	(400)
Short-term debt of subsidiaries and affiliates	(1,497)	1,421	895
Issuance of American Express common shares and other	721	443	594
Repurchase of American Express common shares	(3,943)	(3,952)	(2,300)
Dividends paid	(939)	(902)	(861)
Net cash used in financing activities	(4,815)	(2,990)	(2,072)
Net increase (decrease) in cash and cash equivalents	1,279	(2,117)	1,647
Cash and cash equivalents at beginning of year	4,797	6,914	5,267
Cash and cash equivalents at end of year	$ 6,076	$ 4,797	$ 6,914
Supplemental cash flow information			
Non-cash financing activities			
Impact of debt exchange on long-term debt	$ —	$ 439	$ —

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 27
QUARTERLY FINANCIAL DATA (UNAUDITED)

(Millions, except per share amounts)	2013				2012			
Quarters Ended	12/31	9/30	6/30	3/31	12/31 [b]	9/30	6/30	3/31
Total revenues net of interest expense	$ 8,547	$ 8,301	$ 8,245	$ 7,881	$ 8,141	$ 7,862	$ 7,965	$ 7,587
Pretax income	1,980	2,004	1,995	1,909	929	1,870	1,879	1,773
Net income	1,308	1,366	1,405	1,280	637	1,250	1,339	1,256
Earnings Per Common Share – Basic:								
Net income attributable to common shareholders [a]	$ 1.22	$ 1.26	$ 1.28	$ 1.15	$ 0.57	$ 1.10	$ 1.16	$ 1.07
Earnings Per Common Share – Diluted:								
Net income attributable to common shareholders [a]	1.21	1.25	1.27	1.15	0.56	1.09	1.15	1.07
Cash dividends declared per common share	0.23	0.23	0.23	0.20	0.20	0.20	0.20	0.20
Common share price:								
High	90.79	78.63	78.61	67.48	59.40	59.73	61.42	59.26
Low	$ 72.08	$ 71.47	$ 63.43	$ 58.31	$ 53.02	$ 54.35	$ 53.18	$ 47.40

(a) Represents net income, less earnings allocated to participating share awards of $11 million for the quarter ended December 31, 2013, $12 million for the quarter ended September 30, 2013, $13 million for the quarter ended June 30, 2013, $11 million for the quarter ended March 31, 2013, $7 million for the quarter ended December 31, 2012, and $14 million for each of the quarters ended September 30, 2012, June 30, 2012 and March 31, 2012.

(b) The results of operations for the quarter ended December 31, 2012 included a $400 million restructuring charge ($287 million after-tax), a $342 million Membership Rewards expense ($212 million after-tax) and $153 million ($95 million after-tax) of Card Member reimbursements. The $153 million includes amounts related to prior periods, with $49 million relating to the first three quarters of 2012 and $83 million relating to periods prior to January 1, 2012. The Company has assessed the materiality of these errors on all prior periods and concluded that the impact was not material to those prior periods or to any quarter or full year for 2012.

AMERICAN EXPRESS COMPANY

CONSOLIDATED FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA

(Millions, except per share amounts, share data, percentages and where indicated)	2013	2012	2011	2010	2009
Operating Results					
Total revenues net of interest expense [a]	$ 32,974	$ 31,555	$ 29,962	$ 27,582	$ 24,336
Expenses [a]	22,976	23,114	21,894	19,411	16,182
Provisions for losses	2,110	1,990	1,112	2,207	5,313
Income from continuing operations	5,359	4,482	4,899	4,057	2,137
Income (loss) from discontinued operations	—	—	36	—	(7)
Net income	$ 5,359	$ 4,482	$ 4,935	$ 4,057	$ 2,130
Return on average equity [b]	27.8%	23.1%	27.7%	27.5%	14.6%
Balance Sheet					
Cash and cash equivalents	$ 19,486	$ 22,250	$ 24,893	$ 16,356	$ 16,599
Accounts receivable, net	47,185	45,914	44,109	40,434	38,204
Loans, net	66,585	64,309	61,166	57,616	30,010
Investment securities	5,016	5,614	7,147	14,010	24,337
Total assets	153,375	153,140	153,337	146,689	125,145
Customer deposits	41,763	39,803	37,898	29,727	26,289
Travelers Cheques outstanding and other prepaid products	4,240	4,601	5,123	5,618	5,975
Short-term borrowings [c]	5,021	3,314	4,337	3,620	2,344
Long-term debt	55,330	58,973	59,570	66,416	52,338
Shareholders' equity	$ 19,496	$ 18,886	$ 18,794	$ 16,230	$ 14,406
Common Share Statistics					
Earnings per share:					
Income from continuing operations:					
Basic	$ 4.91	$ 3.91	$ 4.11	$ 3.37	$ 1.55
Diluted	4.88	3.89	4.09	3.35	1.54
Income (loss) from discontinued operations:					
Basic	—	—	0.03	—	(0.01)
Diluted	—	—	0.03	—	—
Net income:					
Basic	4.91	3.91	4.14	3.37	1.54
Diluted	4.88	3.89	4.12	3.35	1.54
Cash dividends declared per share	0.89	0.80	0.72	0.72	0.72
Book value per share	18.32	17.09	16.15	13.56	12.08
Market price per share:					
High	90.79	61.42	53.8	49.19	42.25
Low	58.31	47.40	41.30	36.6	9.71
Close	$ 90.73	$ 57.48	$ 47.17	$ 42.92	$ 40.52
Average common shares outstanding for earnings per share:					
Basic	1,082	1,135	1,178	1,188	1,168
Diluted	1,089	1,141	1,184	1,195	1,171
Shares outstanding at period end	1,064	1,105	1,164	1,197	1,192
Other Statistics					
Number of employees at period end *(thousands)*:					
U.S.	26	27	29	29	28
Outside the U.S.	37	37	33	32	31
Total [d]	63	64	62	61	59
Number of shareholders of record	22,238	32,565	35,541	38,384	41,273

(a) In the first quarter of 2013, the Company reclassified $27 million on the December 31, 2012 Consolidated Statements of Income by reducing other revenue and reducing marketing, promotion, rewards, and Card Member services expense, from amounts previously reported in order to conform to the current period presentation.

(b) Return on average equity is calculated by dividing one-year period of net income by one-year average of total shareholders' equity.

(c) In the first quarter of 2012, the Company reclassified $913 million and $206 million on the December 31, 2011 and 2010 Consolidated Balance Sheets, respectively, by increasing short-term borrowings and reducing other liabilities, from amounts previously reported in order to correct the effect of a misclassification.

(d) Amounts include employees from discontinued operations.

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

Unless otherwise indicated, all of the voting securities of these subsidiaries are directly or indirectly owned by the registrant. Where the name of the subsidiary is indented, the voting securities of such subsidiary are owned directly by the company under which its name is indented.

Name	Country Name	Jurisdiction
American Express Company	United States	New York
56th Street AXP Campus LLC	United States	Arizona
American Express Austria Bank GmbH	Austria	Austria
American Express Bank LLC	Russian Federation	Russia
American Express Banking Corp.	United States	New York
American Express Travel Related Services Company, Inc.	United States	New York
Accertify, Inc.	United States	Delaware
American Express Bank (Mexico) S.A. Institucion de Banca Multiple	Mexico	Mexico
American Express Bank Services, S. de R.L. de C.V.	Mexico	Mexico
American Express Bank, FSB	United States	United States, Federal
American Express Receivables Financing Corporation IV LLC	United States	Delaware
American Express Centurion Bank	United States	Utah
American Express Receivables Financing Corporation III LLC	United States	Delaware
American Express Company (Mexico) S.A. de C.V.	Mexico	Mexico
American Express Insurance Services, Agente de Seguros, S.A. de C.V.	Mexico	Mexico
American Express Servicios Profesionales, S. de R.L. de C.V.	Mexico	Mexico
American Express Credit Corporation	United States	Delaware
American Express Capital Australia	Australia	New South Wales
American Express Credit Mexico, LLC	United States	Delaware
Fideicomiso Empresarial Amex	Mexico	Mexico
American Express Luxembourg S.a.r.l	Luxembourg	Luxembourg
American Express Overseas Credit Corporation Limited	Jersey	Jersey
AEOCC Management Company Limited	Jersey	Jersey
American Funding (Luxembourg) S.a.r.l	Luxembourg	Luxembourg
American Express Overseas Credit Corporation N.V.	Netherlands Antilles	Netherlands Antilles
AE Hungary Holdings Limited Liability Company	Hungary	Hungary
American Express Canada Credit Corporation	Canada	Nova Scotia
American Express Canada Finance Limited	Canada	British Columbia
American Express Jersey Finance Limited	Jersey	Jersey
Credco Receivables Corp.	United States	Delaware
American Express GP Japan K.K.	Japan	Japan
American Express Insurance Agency of Puerto Rico, Inc.	Puerto Rico	Puerto Rico
American Express International (NZ), Inc.	United States	Delaware
American Express Limited	United States	Delaware
American Express Service (Thailand) Company Limited	Thailand	Thailand

Name	Country Name	Jurisdiction
PT American Express Indonesia	Indonesia	Indonesia
American Express (Malaysia) SDN. BHD.	Malaysia	Malaysia
American Express Brasil Assessoria Empresarial Ltda.	Brazil	Brazil
American Express de Espana, S.A. (Sociedad Unipersonal)	Spain	Spain
American Express Card Espana, S.A.U.	Spain	Spain
American Express Viajes, S.A. (Sociedad Unipersonal)	Spain	Spain
American Express Barcelo Viajes SL	Spain	Spain
Amex Asesores de Seguros, S.A. (Sociedad Unipersonal)	Spain	Spain
American Express European Holdings B.V.	Netherlands	Netherlands
Alpha Card S.C.R.L./C.V.B.A.	Belgium	Belgium
Alpha Card Merchant Services S.C.R.L./C.V.B.A.	Belgium	Belgium
BCC Corporate NV/SA	Belgium	Belgium
American Express International, Inc.	United States	Delaware
AE Exposure Management Limited	Jersey	Jersey
American Express (India) Private Limited	India	India
American Express (Thai) Company Limited	Thailand	Thailand
American Express Advanced Services Europe Limited	United Kingdom	England and Wales
American Express Asia Network Consulting (Beijing) Limited Company	China	China
American Express Continental, LLC	United States	Delaware
American Express Australia Limited	Australia	Victoria
American Express Wholesale Currency Services Pty Limited	Australia	New South Wales
Centurion Finance Limited	New Zealand	New Zealand
American Express Dutch Capital, LLC	United States	Delaware
American Express Euro Travel Holdings B.V.	Netherlands	Netherlands
American Express Business Travel AB	Sweden	Sweden
American Express Business Travel ApS	Denmark	Denmark
American Express Business Travel AS	Norway	Norway
American Express Corporate Travel BVBA	Belgium	Belgium
American Express Hungary Travel Related Services Ltd.	Hungary	Hungary
American Express Poland S.A.	Poland	Poland
American Express Travel Services Vostok LLC	Russian Federation	Russia
American Express, spol. s.r.o.	Czech Republic	Czech Republic
Uvet American Express Corporate Travel S.p.A.	Italy	Italy
Congress Lab S.r.l.	Italy	Italy
Amex Funding Management (Europe) Limited	Jersey	Jersey
Amex Global Holdings C.V.	Jersey	Netherlands
Amex NL Holdings 99, LLC	United States	Delaware
American Express Holdings Netherlands CV	Netherlands	Netherlands
Loyalty Partner Holdings B.V.	Netherlands	Netherlands
Loyalty Partner Services México, S. de R.L. de C.V.	Mexico	Mexico
Payback Mexico S. de R.L. de C.V	Mexico	Mexico

Name	Country Name	Jurisdiction
Loyalty Partner Holdings S.A.	Luxembourg	Luxembourg
LB Luxembourg Two S.a.r.l.	Luxembourg	Luxembourg
Loyalty Partner GmbH	Germany	Germany
Loyalty Partner Singapore Pte Ltd.	Singapore	Singapore
Loyalty Solutions & Research Pte Ltd.	India	India
Loyalty Partner Solutions GmbH	Germany	Germany
LP Management Verwaltung GmbH	Germany	Germany
LP Management Beteiligung GmbH & Co. KG	Germany	Germany
Payback GmbH	Germany	Germany
emnos GmbH	Germany	Germany
emnos Iberia S.L	Spain	Spain
emnos S.a.r.l.	France	France
emnos UK Ltd.	United Kingdom	United Kingdom
emnos USA Corp.	United States	Delaware
Loyalty Partner Polska Sp. z.o.o.	Poland	Poland
Loyalty Partner Polska Sp. z.o.o. Sp. komandytowa	Poland	Poland
American Express Denmark A/S	Denmark	Denmark
American Express Europe LLC	United States	Delaware
American Express Group Services Limited	United Kingdom	England and Wales
American Express Holdings Limited	United Kingdom	England and Wales
American Express Insurance Services Europe Limited	United Kingdom	England and Wales
American Express Services Europe Limited	United Kingdom	England and Wales
American Express International (Taiwan), Inc.	Taiwan	Taiwan
American Express International Holdings, LLC	United States	Delaware
American Express Argentina S.A.	Argentina	Argentina
American Express Holdings (France) SAS	France	France
American Express France SAS	France	France
American Express Canada Holdings B.V.	Netherlands	Netherlands
American Express Holding AB	Sweden	Sweden
Forsakringsaktiebolaget Viator	Sweden	Sweden
Amex Broker Assicurativo s.r.l.	Italy	Italy
Amex Canada Inc.	Canada	Ontario
American Express Carte France SA	France	France
American Express Services SA	France	France
American Express Paris SAS	France	France
American Express Voyages SAS	France	France
American Express Management	France	France
American Express France Finance SNC	France	France
American Express International SA	Greece	Greece
American Express Japan Co., Ltd.	Japan	Japan
American Express Locazioni Finanziarie s.r.l.	Italy	Italy
American Express Payment Services Limited	United Kingdom	England and Wales
American Express Services India Limited	India	India
American Express Swiss Holdings GmbH	Switzerland	Switzerland
Swisscard AECS AG	Switzerland	Switzerland
American Express Technology Service (Hangzhou) Company Limited	China	China

Name	Country Name	Jurisdiction
American Express Travel (Singapore) Pte. Ltd.	Singapore	Singapore
American Express Travel Holdings (Hong Kong) Limited	Hong Kong	Hong Kong
CITS American Express Air Services Limited	China	China
CITS American Express Southern China Air Services Limited	China	China
CITS American Express Travel Services Limited	China	China
Farrington American Express Travel Services Limited	Hong Kong	Hong Kong
Amex General Insurance Agency, Inc.	Taiwan	Taiwan
Amex Life Insurance Marketing, Inc.	Taiwan	Taiwan
Amex Taiwan Trust	United States	Delaware
Amex Travel Holding (Japan) Limited	Japan	Japan
American Express Nippon Travel Agency, Inc.	Japan	Japan
American Express Marketing & Development Corp.	United States	Delaware
American Express Prepaid Card Management Corporation	United States	Arizona
American Express Receivables Financing Corporation II	United States	Delaware
American Express Receivables Financing Corporation VIII LLC	United States	Delaware
Amex (Middle East) B.S.C. (closed)	Bahrain	Bahrain
Amex (Saudi Arabia) Limited	Saudi Arabia	Saudi Arabia
Amex Al Omania LLC	Oman	Oman
Amex Egypt Company Limited Liability Company	Egypt	Egypt
Amex Bank of Canada	Canada	Canada
Amex Card Services Company	United States	Delaware
Amex Services, Inc.	United States	Delaware
vente-privee USA, LLC	United States	Delaware
Asesorías e Inversiones American Express Chile Limitada	Chile	Chile
Bansamex, S.A.	Spain	Spain
Cavendish Holdings, Inc.	United States	Delaware
Serve Virtual Enterprises, Inc.	United States	Delaware
Sometrics, Inc.	United States	California
Southern Africa Travellers Cheque Company (Pty) Ltd.	South Africa	South Africa
Travellers Cheque Associates Limited	United Kingdom	England and Wales
AMEX Assurance Company	United States	Illinois
AMEXCO Insurance Company	United States	Vermont
National Express Company, Inc.	United States	New York
Rexport, Inc.	United States	Delaware

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (No. 33-53801, No. 333-52699, No. 333-98479 and No. 333-142710) and Form S-3 (No. 2-89469, No. 333-32525 and No. 333-185242) of American Express Company of our report dated February 25, 2014, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in the 2013 Annual Report to Shareholders, which is incorporated by reference in this Annual Report on Form 10-K.

/s/ PricewaterhouseCoopers LLP
New York, New York
February 25, 2014

EXHIBIT 31.1

CERTIFICATION

I, Kenneth I. Chenault, certify that:

1. I have reviewed this annual report on Form 10-K of American Express Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2014

/s/ Kenneth I. Chenault
Kenneth I. Chenault
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Jeffrey C. Campbell, certify that:

1. I have reviewed this annual report on Form 10-K of American Express Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 25, 2014

/s/ Jeffrey C. Campbell
Jeffrey C. Campbell
Chief Financial Officer

EXHIBIT 32.1

Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K of American Express Company (the "Company") for the fiscal year ended December 31, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Kenneth I. Chenault, as Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Kenneth I. Chenault
Name: Kenneth I. Chenault
Title: Chief Executive Officer
Date: February 25, 2014

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is not being "filed" as part of the Form 10-K or as a separate disclosure document for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to liability under that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act except to the extent that this Exhibit 32.1 is expressly and specifically incorporated by reference in any such filing.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K of American Express Company (the "Company") for the fiscal year ended December 31, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Jeffrey C. Campbell, as Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey C. Campbell
Name: Jeffrey C. Campbell
Title: Chief Financial Officer
Date: February 25, 2014

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, and is not being "filed" as part of the Form 10-K or as a separate disclosure document for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to liability under that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act except to the extent that this Exhibit 32.2 is expressly and specifically incorporated by reference in any such filing.

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.