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, 2014

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 ☐ (Do not check if a smaller reporting company)	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, 2014, the aggregate market value of the registrant's voting shares held by non-affiliates of the registrant was approximately $99.1 billion based on the closing sale price as reported on the New York Stock Exchange.

As of February 13, 2015, there were 1,019,175,304 common shares of the registrant outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Parts I, II and IV: Portions of Registrant's 2014 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 11, 2015.

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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 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 certain other businesses, including our Enterprise Growth Group and other operations, 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 providers. As the payments industry continues to evolve, we are facing increasing competition from non-traditional players that leverage new technologies and customers’ existing accounts and 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.

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 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

* 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.

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 trade names of other companies, which are the property of their respective owners. Solely for convenience, our trademarks and trade names 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 trade names.

2014 Highlights

Our results for 2014 reflected higher spending by our Card Members, growth in average Card Member loans, credit quality indicators at or near historical lows and continued control over operating expenses, while our strong balance sheet allowed us to return a substantial amount of capital to our shareholders. In 2014, we exceeded $1 trillion in annual Card Member global spend on our network for the first time, with Card Member billed business increasing 7 percent annually over the prior year. Compared with 2013, we delivered:

- Total revenues net of interest expense of $34.3 billion, up 4 percent from $33.0 billion
- Net income of $5.9 billion, up 10 percent from $5.4 billion
- Diluted earnings per share based on net income attributable to common shareholders of $5.56, up 14 percent from $4.88
- Return on average equity of 29.1 percent, compared with 27.8 percent

For a complete discussion of our 2014 financial results, including financial information regarding each of our reportable operating segments, see pages 18-124 of our 2014 Annual Report to Shareholders, which is incorporated herein by reference. For a discussion of our principal sources of revenue, see pages 76-77 of our 2014 Annual Report to Shareholders. For a discussion of our current business environment and outlook, which describes certain challenges we face going forward, see pages 20-21 of our 2014 Annual Report to Shareholders.

Products and Services

Our range of products and services includes:

- Charge and credit card products
- Expense management products and services
- Travel-related services
- Stored value/prepaid products
- 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. Business travel-related services are offered through American Express Global Business Travel (“GBT JV”), a non-consolidated joint venture. Until June 30, 2014, the business travel operations were wholly owned.

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 from 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 (business travel commissions and fees included through June 30, 2014)
- Other commissions and fees, which are earned on foreign exchange conversions, card-related fees and assessments, Loyalty Partner-related fees and other service fees
- Other revenue, which represents revenues arising from contracts with partners of our Global Network Services ("GNS") business (including commissions and signing fees), insurance premiums earned from Card Member travel and other insurance programs, prepaid card-related revenues, revenues related to the GBT JV transition services agreement, earnings from equity method investments (including the GBT JV) 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, 2014, we had total worldwide Cards-in-force of 112.2 million (including Cards issued by third parties). In 2014, our worldwide billed business (spending on American Express Cards, including Cards issued by third parties) was $1,022.8 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 differentiated 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 merchants (as an acquirer), and we handle all key aspects of those relationships. Through contractual relationships, we also obtain closed-loop data from merchant acquirers and processors with whom we do business. This "closed loop" 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 and merchant 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 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 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 to license the American Express brand and extend 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 a key part of 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, 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 Card Members, merchants and merchant acquirers and processors. 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 159 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 potential Card Member base, the strength of available marketing and credit data, the size of cobrand 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 2014, GNS signed five new partners to issue Cards and/or acquire merchants on the American Express network, including a new card-issuing partnership with BBVA in the United States, new card-issuing and merchant acquiring partnerships with Santander in Mexico and Dashen Bank in Ethiopia, among others. GNS also supported existing partners in launching approximately 80 new products during 2014, with the total number of American Express-branded GNS partner products standing at over 1,300.

New products launched in 2014 include the U.S. Bank FlexPerks ® Select+ American Express ® Card and the Wells Fargo Propel World American Express ® Card in the United States, the Barclaycard Cashback American Express ® Card in the United Kingdom, the Santander American Express ® Card in Mexico, the China Minsheng Banking Corp American Express ® Multi Currency Platinum Credit Card in China, and the Equity Bank American Express ® Gold Card in Kenya.

GNS focuses on partnering with select 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 that are relevant and attractive to their 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 1,300 different Card products launched on our network so far by our partners, GNS strengthens our brand visibility around the world, drives more transaction volume onto our merchant network and increases 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 Cards, 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 20 percent, totaling over 44 million Cards at the end of 2014. Outside the United States, approximately 80 percent of new Cards issued in 2014 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 $161 billion in 2014, 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 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 scalable. GNS partners benefit from their association with the American Express brand and their

** 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.

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 2014, we had 69 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, commissions on Card Member billings, foreign exchange conversion revenue, commissions on charge volume at merchants, share of discount revenue and, in some partnerships, commissions on net spread revenue or commissions 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 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 2014, we had 86 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 (or an IO partner) 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, commissions, 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 and U.S. Bank in the United States, Lloyds Bank in the United Kingdom, Credit Saison in Japan 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 and merchant acquirers and processors, processes Card transactions and settles with merchants that choose to accept Cards for Card purchases. 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 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, industries and businesses 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.

With our direct and inbound channels, we acquire the merchant, own the contract, agree with the merchant on the discount rate and provide all servicing. Since 1995, we have worked with third-party acquirers to acquire small- and medium-sized merchants using several different models. External sales agents, for example, acquire the merchant on our behalf, while we retain the Card acceptance agreement with participating merchants, agree on the discount rate and handle servicing. In 2007, we established the American Express OnePoint ® program in the United States through which third-party acquirers identify potential new merchants and provide payment processing services to merchants on our behalf for Card transactions, while we retain the Card acceptance agreement and agree on the discount rate. We have a similar arrangement in Spain. In 2014, we launched a new merchant-acquiring program, OptBlue, 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. In the OptBlue ® program, third-party acquirers or processors contract directly with merchants for Card acceptance and determine merchant pricing. The OptBlue program provides an alternative for eligible small merchants who may prefer to deal with one acquirer for all their card acceptance needs. OptBlue acquirers 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 continued our efforts to bring Card acceptance to industries where cash or checks are the predominant form of payment and have focused on increasing the use of our Cards for everyday, online and business-to-business spending. In 2001, 40 percent of our U.S. billings came from the travel and entertainment sectors and 60 percent came from retail and other sectors. In 2014, only 25 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.

Globally, acceptance of general-purpose cards continues to increase. As in prior years, during 2014, we continued to grow merchant acceptance of Cards around the world and refine our approach to calculating merchant coverage in accordance with changes in the marketplace. We estimate that, as of the end of 2014, 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' current spending on our network 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 in turn 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, which in turn receives an issuer rate that is individually negotiated between the issuer and us (i.e., the amount the GNS Card issuer receives for a transaction on our network with a Card they issue – usually expressed as a percentage of the charge amount). The difference between the discount revenue received by us from the merchant (which is directly agreed between a merchant and us and is not based on the issuer rate) 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 OptBlue program with certain third-party merchant acquirers), we receive a network rate in our settlement with the merchant acquirer, which is individually negotiated between us and the merchant acquirer and is recorded by us as discount revenue. In contrast with networks such as those operated by Visa Inc. (“Visa”) and MasterCard International, Inc. (“MasterCard”), there are no collectively set interchange rates on the American Express network, issuer rates do not serve as a basis for merchant discount rates and no fees are agreed or due between third-party bank or financial institution participants on the network.

We work hard to persuade merchants to choose to accept our payment products in addition to those of our competitors. As such, we compete on our ability to innovate and deliver meaningful value to merchants to justify the cost of acceptance. 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. We may also charge a different discount rate for our corporate purchasing cards if the merchant meets certain requirements.

In recent years, we experienced some reduction in our global weighted average merchant discount rate. The average discount rate was 2.48 percent and 2.51 percent for 2014 and 2013, respectively. Over time, changes in the mix of spending by location and industry, volume-related pricing discounts, strategic investments, certain pricing initiatives, competition, pricing regulation (including regulation of competitors’ interchange rates) and other factors will likely result in continued 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; addressing factors that influence merchant satisfaction; 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 other card networks with larger cardholder bases and from new and traditional forms of payment. Therefore, we dedicate substantial resources to delivering superior and differentiated value to attract and retain merchants on our network.

The U.S. Department of Justice (“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 (“anti-steering” and “non-discrimination” contractual provisions) violate the U.S. antitrust laws. The complaint seeks a judgment permanently enjoining us from enforcing these contractual provisions. On February 19, 2015, the trial court found that the challenged provisions were anticompetitive and will now determine the scope of the remedy when it enters judgment in the case. We intend to vigorously pursue an appeal of the decision and judgment. An adverse final judgment against us could 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. For more detail on the case, see “Legal Proceedings” below, and for information on the potential impacts of an adverse decision on our business, see “ *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 reputation and brand* ” in “Risk Factors” below.

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. 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 or prepaid 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. Our closed-loop network and other 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”), other applicable legal requirements and our internal policies. 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 2014, we continued to connect merchants and Card Members by launching amexoffers.com, a centralized portal that provides Card Members with merchant offers. Card Members can add these offers to their Card and redeem them for couponless savings, reflected as statement credits. Card Members can continue to access merchant offers via their online account and mobile app. Amex Offers can also help merchants attract new customers and generate repeat business by targeting relevant offers to Card Members.

We offer fraud prevention services to merchants for transactions on the American Express network, and our subsidiary, Accertify, Inc., which we acquired in 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 safe and 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. During 2014, we broadened acceptance in the United Kingdom for American Express-branded contactless cards across the Transport for London transportation network. In the United States, we launched the American Express Token Service, which can be used by our card-issuing partners, as well as processors, acquirers and merchants who operate on the American Express network, to replace traditional card account numbers with unique "tokens." We also made available globally network specifications for Host Card Emulation, which provides Card issuers with additional security options and solutions for enabling payments made with certain Near Field Communications-enabled mobile devices.

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 of the network to card issuers, cardholders and merchants
- The success of marketing and promotional campaigns
- Reputation and brand recognition
- Innovation and investment in systems, technologies and 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 cardholder and merchant information
- The impact of court orders and litigation settlements, ongoing litigation, legislation and government regulation

As discussed above, on February 19, 2015, the trial court ruled in favor of the DOJ in a case challenging provisions in our Card acceptance agreements with merchants that prohibit merchants from discriminating against our Card products at the point of sale. If we are required 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, it could impact our ability to compete effectively.

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 payments competitors continue to emerge such as merchant coalitions like the Merchant Customer Exchange initiative of U.S. retailers to develop a payments system.

New technologies and evolving consumer behavior are rapidly changing the way people interact with each other and transact business all around the world. Traditional and non-traditional competitors such as technology companies, telecommunication providers and aggregators are working to deliver digital and mobile payment services for both consumers and merchants. Competition remains fierce for obtaining and retaining online and mobile spend in the ever-increasing digital world. Alternative business models represent potentially disintermediating factors in the card payment industry and new entrants to the digital payments space may have large cash reserves and other resources available to develop new platforms and technologies, large existing customer bases and the ability 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. 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 continue to see activity related to this practice, it is 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

Legislators and regulators in various countries in which we operate have focused on the operation of card networks, including through antitrust actions, legislation to regulate particular practices or prices and the establishment of broad and ongoing regulatory oversight regimes for payment systems. Regulators and legislators have focused on the fees merchants pay to accept cards, including the way bankcard network members collectively set the “interchange” (that is, the fee paid by the bankcard merchant acquirer to the card issuer in payment networks like Visa and MasterCard) and the fees merchants are charged for card acceptance, as well as the rules, contracts and monitoring and other controls governing merchant card acceptance. Although, unlike the Visa and MasterCard networks, the American Express payment network does not have interchange fees or any collectively set fees or rules, antitrust actions and government regulation relating to merchant pricing or terms governing card acceptance can affect all networks, whether directly or indirectly, as well as adversely impact consumers and merchants. 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 services or benefits to cardholders.

In certain countries where regulations have required 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 in 2013 to allow us and other networks to limit merchant surcharges to “the reasonable cost of card acceptance.” This could lead to an increase in the number of merchants that differentially surcharge American Express Cards if a surcharging merchant took the position that the cost of American Express acceptance is higher than other payment cards.

In December 2014, the Australian Financial System Inquiry published a report to the Australian Federal Government that included a number of recommendations for changing the way payment cards are regulated in

Australia. If implemented by the government or the Reserve Bank of Australia, these recommendations would have a significant impact across the industry, including American Express. The Financial System Inquiry's recommendations included the following:

- Publishing thresholds for determining which payment networks are designated for regulation
- Broadening interchange fee caps to include all amounts payable to card issuers in regulated payment systems as well as other payments to card issuers across both three- and four-party card payment networks
- Lowering interchange fee caps, replacing periodic weighted-average caps with fixed percentage caps and applying caps as the lesser of a fixed amount or a fixed percentage
- Changing the rules on merchant surcharging to allow "low-cost" payment networks to prohibit surcharging, "medium-cost" networks to cap surcharges and "high-cost" networks to limit surcharging (as is currently the case) to the reasonable cost of card acceptance

The Australian Federal Government and Reserve Bank of Australia will now determine whether and how any of these recommendations, or alternative options, should be implemented. We do not expect changes, if any, to take effect before late 2015.

In the European Union, the Payment Services Directive ("PSD") prescribes common rules across the EU 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.

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 has involved the adoption of new, pan-European technical standards for card transactions and the introduction of new direct debit and credit transfer systems, which we can use for collecting and initiating payments with Card Members, merchants and other counterparties. 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, a surcharging merchant took 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.

In July 2013, the European Commission (the "Commission") proposed legislation in two parts, covering a wide range of topics across the payments industry. The first part was a proposed EU-wide regulation on interchange fees (the "Interchange Fee Regulation"); the second consisted of revisions to the PSD (the "PSD2"). As part of the EU legislative process, these proposals have been subject to review by the European Parliament and the Council of the European Union, after which these institutions then meet with the Commission to finalize the legislation in a process known as a trialogue.

The Interchange Fee Regulation is now in the final stages of the legislative process following political agreement on its substantive content among the Council, the Parliament and the Commission in December 2014.

Although the regulation is still subject to final review and formal adoption, the substantive terms agreed among the institutions include the following:

- Price caps — Interchange fees on consumer card transactions would be capped, generally at 20 basis points for debit and prepaid cards and 30 basis points for credit and charge cards, with opportunity for lower caps in some instances. Although we do not have interchange fees, as “four-party” networks such as Visa and MasterCard have, and “three-party” networks such as American Express are exempt from the application of the caps, the regulation provides that “three-party” networks should be treated as “four-party” networks when they license third-party providers to issue cards and/or acquire merchants or when they issue cards with a cobrand partner or through an agent. This means, for example, the caps would apply to elements of the financial arrangements agreed to between us and each of our GNS partners in the EU. The caps would take effect six months after the regulation would become effective; however, the effectiveness of these caps in relation to our transactions with no cross-border component may be extended for a further three years. The discount rates we agree to with merchants would not be capped, but the interchange caps would likely exert additional downward pressures on merchant fees across the industry, including our discount rates, and may undermine our ability to attract and retain GNS partners. The Interchange Fee Regulation would exclude commercial card transactions from the scope of the caps.
- Card acceptance terms —“Anti-steering” and honor-all-cards rules across all card networks, including non-discrimination and honor-all-cards provisions in our Card acceptance agreements, would be prohibited with some limited exceptions. Removal of these provisions creates significant risk of customer confusion and Card Member dissatisfaction, which would result in harm to the American Express brand. The prohibition on “anti-steering rules” would take effect immediately upon effectiveness of the regulation; the prohibition on honor-all-cards rules would take effect one year later.
- Network licensing — Beginning six months after the regulation would become effective, the geographic scope of network licenses, including those we agree to with our GNS partners, would cover the entire EU. This may undermine the value of licenses granted to some GNS partners to date, which have been subject to varying levels of exclusivity in relation to a particular country.
- Separation of network processing — Beginning one year after the date the regulation would become effective, card networks would be required 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.
- Co-badging of cards — Beginning one year after the regulation would become effective, a single card may bear the brand of multiple networks and be used to process transactions on any of those networks. Merchants may install automatic mechanisms in point-of-sale equipment to prioritize selection of a particular network, subject to override by the cardholder. These provisions may harm the American Express brand insofar as GNS issuing partners will be able to offer multiple networks on a single card and merchants may program their point-of-sale equipment to prioritize selection of another network on such cards.

The Commission’s PSD2 proposal has been considered by both the Parliament and the Council; however, the trialogue process has only recently begun. Among other terms, the PSD2 could include in its final form provisions that would (i) further regulate surcharging so that transactions falling in scope of the interchange caps could not be surcharged, but transactions falling outside the scope of the caps could be surcharged up to cost, subject potentially to the ability of an individual Member State to prohibit surcharging altogether; and (ii) require all networks, including “three-party” payment networks that operate with licensing arrangements, such as our GNS business, to establish objective, proportionate and non-discriminatory criteria under which a financial institution may access the network, for example, as a licensed issuer or acquirer. The former may increase instances of differential surcharging of our Cards and prompt customer and merchant confusion as to which transactions may be surcharged and Card Member dissatisfaction. The latter would undermine the flexibility and discretion we have had to date in deciding with whom to partner in our GNS business. Unlike the Interchange

Fee Regulation, the PSD2 would require transposition into national law by each Member State, likely over a period of two years.

We see a trend toward similar regulation in other countries, too. For example, in Mexico, the central bank issued rules in March 2014 for the regulation of payment instruments and the authorization of payment clearinghouses, including requirements on non-discrimination and access; however, “closed-loop” networks such as American Express are exempt as are also our licensing arrangements, provided that volumes under these arrangements fall below a certain sector share (as do currently our GNS volumes in Mexico). In Canada, regulators have prompted the major international card networks to make voluntary commitments on pricing, specifically interchange fee levels; in the case of American Express, our commitment extends to maintaining current pricing practices whereby issuer rates received by GNS partners are agreed to bilaterally with each partner, rather than multilaterally, and merchant pricing is simple, transparent and value-based with the same rate for the acquiring of credit and charge Card transactions for a particular merchant regardless of the type of Card that is presented. In Malaysia, the central bank has introduced rules to take effect primarily in July 2015 that would impose caps on interchange fees, permit steering by merchants and co-badging of debit cards with other card networks, and require issuers to offer cardholders the option of taking up a basic card product with minimal or no cardholder incentives or rewards and at zero or nominal cost to the cardholder.

Regulators in Canada, Hungary, Italy, Poland, Switzerland, the United Kingdom and the EU, among others, have conducted antitrust-related investigations into, or initiated proceedings with respect to, interchange fees that are ongoing, concluded or on appeal. For example, in December 2007 the Commission ruled that MasterCard’s multilateral interchange fees (“MIF”) for cross-border payment card transactions violate Commission Treaty rules on restrictive business practices, which was upheld by the European General Court in 2012 and the European Court of Justice in 2014. In 2008, the Commission 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 Commission accepted Visa Europe’s pledge to cut its cross-border debit card MIF to 20 basis points for four years and in 2014 the Commission accepted Visa Europe’s commitments to cap its cross-border credit card MIF to 30 basis points and change its rules on how cross-border interchange is applied.

In some countries 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, and the central bank is now considering the establishment of a domestic processing infrastructure for local transactions. In Russia, card network operators must be authorized by the central bank, and newly enacted regulation requires networks to place security deposits with the central bank, process all local transactions using government-owned infrastructure and insure that local transaction data remains within the country. 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 maintain and extend our global network.

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 bank holding companies, our business is also subject to further regulation and regulatory oversight by the Federal Reserve. 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"). For additional information about our regulatory status, see "Supervision and Regulation" below.

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, rewards and services to acquire and retain high-spending, creditworthy Card Members. Core elements of our strategy are:

- Designing Card products with features that appeal to our target customer base in 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, cash-back reward features and participation in loyalty programs such as Delta SkyMiles sponsored by our cobrand and other partners
- Providing an array of other benefits and services across Card products to address travel and other needs
- Driving spending in online and offline channels and accommodating spending wherever and however Card Members desire
- Developing and nurturing wide-ranging relationships with cobrand 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

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, including the Plum Card ® . We also offer revolving credit Cards such as the Amex EveryDay ® Credit Card, Blue Cash Everyday ® 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 cobranded 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, Hilton HHonors Card from American Express and Lowe's Business Rewards Card. For the year ended December 31, 2014, billed business from charge Cards comprised 57 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 charge and credit Cards	• Consumer charge and credit 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 cobrand 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, 2014*	Well capitalized	Well capitalized

* The risk-based capital standards for both the FDIC and OCC are substantively identical. As of December 31, 2014, a bank generally was deemed to be well capitalized if it maintained 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 generally is 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 and Liquidity” 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, while allowing us to manage risk accordingly.

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 eligible travel-related charges such as airline tickets, hotel stays, car rentals, cruises 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 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 cobrand Cards, these revolving credit Cards promote increased relevance for our expanding merchant network. During 2014 we announced the launch of a new no annual fee credit card, the Amex EveryDay ® Credit Card, which allows Card Members to earn extra Membership Rewards points when the Card is used 20 or more times on purchases in a billing period.

Cobrand Cards

We issue Cards under cobrand agreements with selected commercial firms in the United States. Attaining attractive cobrand card partnerships is intensely competitive among card issuers and networks as these partnerships can generate high-spending loyal customers. Cobrand arrangements are entered into for a fixed period, generally ranging from five to eight years, and will terminate in accordance with their terms, including at the end of the fixed period unless extended or renewed at the option of the parties, or upon early termination as a result of an event of default or otherwise. Card Members typically earn rewards provided by the partners' respective loyalty programs based upon their spending on the cobrand Cards, such as frequent flyer miles, hotel loyalty points and cash back.

We make payments to our cobrand 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. The amount we pay to our cobrand partners has increased and will continue to increase as arrangements are renegotiated due to increasingly intense competition for cobrand partners among card issuers and networks. We expense amounts due under cobrand 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 cobrand partner's own loyalty program. As the issuer of the cobrand Card, we retain all the credit risk with the Card Member and bear the receivables funding and operating expenses for such Cards. The cobrand partner retains the risk associated with the miles, points or other currency earned by the Card Member under the partner's loyalty program.

During 2014, we renewed several key cobrand relationships, including our long-standing partnerships with Delta Air Lines and Starwood. In February 2015, we announced our cobrand and merchant acceptance agreements with Costco Wholesale Corporation in the United States are set to end on March 31, 2016. For a discussion on Costco and our expectations regarding the impact, see pages 20-21 of our 2014 Annual Report to Shareholders, which is incorporated herein by reference.

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 50 of our 2014 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. For example, in 2014 we partnered with McDonald's to allow eligible U.S. Card Members to use points at participating McDonald's restaurants nationwide. We also announced a partnership with Uber to allow eligible U.S. Card Members to use points for Uber rides through the Uber app.

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 pages 55-56 of our 2014 Annual Report to Shareholders, which information is incorporated herein by reference.

Membership Rewards continues to be an important competitive differentiator and 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. 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
- Advance Ticket Sales
- Exclusive Access to Card Member Events

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 expanded our proprietary lounge network to include two U.S. locations in New York's LaGuardia Airport and San Francisco International Airport. In addition, we enabled our Card Members to make purchases through Apple Pay with compatible devices at Apple Pay accepting contactless merchants or in participating apps where Cards are accepted.

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
- Retail and travel protections such as purchase protection and baggage insurance
- A five percent discount or two Membership Rewards points 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 2014, we launched ReceiptMatch SM with QuickBooks, with support from Intuit, which allows OPEN Card Members with linked Cards to take a picture of a business receipt and match the receipt to a Card transaction, tag an expense category to the transaction and transfer the information directly into their QuickBooks company file. We also announced the launch of the Enhanced SimplyCash ® Business Credit Card, which provides OPEN Card Members the flexibility to choose three percent cash back in one of seven business-related expense categories.

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 Contracting program to help small

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businesses obtain government contracts, programs designed to help women entrepreneurs learn how to grow and sustain businesses, and our efforts to increase awareness of the importance of small businesses in our communities generally. For example, in 2014, we led the fifth Small Business Saturday ®, a day to increase consumer awareness and patronage of local businesses and their role in the economy and local neighborhoods. Small Business Saturday now takes place in the United States, the United Kingdom, Australia, Israel, Canada and South Africa.

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. We face increasing competition for cobrand relationships, as both card issuer and network competitors have targeted key business partners with attractive value propositions for access to high-spending loyal customers. For example, although we competed aggressively to renew our cobrand and merchant acceptance agreements with Costco in the United States, which was a sizeable and growing business relationship for us, we were unable in the end to reach terms that would have made economic sense for our Company and our shareholders. See "— Cobrand Cards" above.

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 cobranded 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, which 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 issuance of medium-term notes. Centurion Bank and AEBFSB finance their revolving credit receivables and consumer and small business charge card receivables, in part, through the issuance 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 43-47 under the caption "Financial Review," and Note 6 to our Consolidated Financial Statements on page 88 of our 2014 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, 2014, we had approximately $43.3 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

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.

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 Consumer Financial Protection Act (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)
- The Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (which established national requirements for sending of commercial email messages and which provides for significant statutory damages for violations)
- Regulation Z (which implements TILA and was 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, our marketing and sale of consumer financial products and our compliance with certain federal consumer financial laws, including the CFPA and TILA, are supervised and examined by 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. In addition, a number of U.S. states have significant consumer credit protection and disclosure laws (in certain cases more stringent than U.S. federal laws). U.S. federal law also regulates abusive debt collection practices. Bankruptcy and debtor relief laws can affect our ability to collect amounts owed to us.

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.

We are subject to certain applicable federal and state privacy, data protection and information security laws, including certain requirements related to breach notification. Such laws also govern the collection, use, sharing and safeguarding of personal information. As stated above, since American Express Company and TRS are 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.

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 leisure travel and lifestyle-related services to Card Members and other customers in the United States and internationally. Services are provided through a proprietary network of travel and lifestyle consultants, consumer travel websites available in 13 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 the ability to earn 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 use the Pay with Points feature by redeeming Membership Rewards points for some categories of travel through our consumer travel websites, as well as through our travel and lifestyle consultants and the U.S. American Express Travel Representative Network.

Additional services are offered to Platinum and Centurion Card Members when booking through American Express Travel & Lifestyle Services. In the United States, these exclusive travel benefits include the International Airline Program, which offers savings on a ticket for a companion when a qualifying international business- or first-class ticket is purchased using an eligible American Express Card on over 25 airlines, and Fine Hotels & Resorts, a luxury hotel program offering value-added amenities.

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 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.

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 EU. Such laws also govern the collection, use, sharing and safeguarding of personal information. In addition, since American Express Company and TRS are 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 2014. These are Cards that we issue, either on our own or as cobrands with partnering institutions. In 2014, among other new proprietary Card products, we announced or launched several new cobranded Card products, including the American Express ® Make My Trip Credit Card in India and the American Express ® AeroplanPlus ® Reserve Card in Canada. 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 significant 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 2014, we continued to enhance our rewards programs. We provided more flexibility in the way Card Members can use their rewards points by upgrading our capabilities in certain countries to allow Card Members to use rewards to pay for eligible transactions on the Card Member's statement as well as at the point of sale in select retail locations in store and online. We also offer the opportunity to pay 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 18 countries outside the United States.

We continue to build on our strengths and look for further opportunities to increase our presence internationally. Through Loyalty Partner, our marketing services company, we build coalition loyalty programs, such as the Payback ® program, and offer loyalty cards good for discounts and rewards at participating coalition partners. Coalition loyalty programs enable consumers to collect rewards points from a variety of participating merchants through just one program. 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. During 2014, we expanded Payback into Italy, joining Germany, India, Mexico and Poland as the fifth country in which Loyalty Partner operates coalition loyalty programs. As of December 31, 2014, Loyalty Partner had approximately 60 million active collectors, meaning consumers who collected and/or redeemed points at a Loyalty Partner merchant during 2014, up 38 percent from 2013. 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 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 cobrand Card products, such as the Payback cobrand Card products in Germany, India, Mexico and Italy.

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 2014.

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 have also seen a further increase in regulatory focus on consumer protection, with a number of regulators (such as those in the United Kingdom and Canada) being given a stronger mandate in this area.

We expect this activity to continue in 2015. 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. Business travel-related services are offered through the GBT JV, a non-consolidated joint venture. Until June 30, 2014, the business travel operations were wholly owned. We are a leading provider of corporate payment solutions, and the GBT JV is a leading travel management company for businesses worldwide.

GCS offers a wide range of expense management 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 and everyday business expenses
  - *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

Through the GBT JV, GCS also offers a variety of business travel-related services to its corporate clients, including: full-service online and offline travel booking and reservation services and support; travel program management services; consulting services; and meetings and events management services. The GBT JV operates under the “American Express Global Business Travel” brand, pursuant to a trademark license agreement provided by us. We have also entered into a transition services agreement and certain other operating agreements with the GBT JV, pursuant to which we and the GBT JV provide one another with certain services and that result in related-party receivables and payables. For more information on the GBT JV transaction, see Note 2 to our Consolidated Financial Statements on page 78 of our 2014 Annual Report to Shareholders, which information is incorporated herein by reference.

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 2014, we added or retained major Global Corporate Payments clients in the United States and internationally, including E.ON, Facebook, General Electric, Halliburton and Schneider Electric.

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 that can result in more effective negotiations with suppliers, among other benefits. We use our direct relationships with merchants to offer Corporate Card clients enhanced data about company spending as well as streamlined dispute resolution. We issue local currency Corporate Cards in more than 65 countries and territories, and have global U.S. dollar and Euro Corporate Cards available in approximately 100 countries and territories. We also offer Corporate Cards issued through our GNS partner relationships in an additional 35 countries and territories.

American Express also partners with many other companies around the world to offer a number of cobrand Corporate Cards in various countries. To date, American Express has 12 Corporate Card cobrand partnerships issued in 12 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 are seeking greater control over their business expenses and the potential savings and employee benefits that can result.

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, which may lead to greater expense control and savings.

Business-to-Business Payment Solutions

We offer Business-to-Business Payment Solutions to help companies manage their spend and recognize other potential benefits, including cost savings, process control and efficiency, improved cash flow and increased visibility on spend. This type of spending by companies also helps 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 more than 25 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 companies to pay merchants electronically, which gives them more control over their payments, extends their own days payable outstanding (or "float") and increases 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 available in Mexico, Germany, the United Kingdom, France, the Netherlands and Spain, in addition to also being offered in the United States, Canada and Australia.

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 or deceptive 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. Such laws also govern the collection, use, sharing and safeguarding of personal information. Other countries in which we operate 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.

CORPORATE & OTHER

Corporate & Other consists of corporate functions and certain other businesses, including the Company's Enterprise Growth Group as well as other operations. We also discuss information relevant to the Company as a whole in this section.

As discussed in "Consolidated Capital Resources and Liquidity" on pages 46-47 of our 2014 Annual Report to Shareholders, our corporate liquidity objective is to maintain various liquidity sources in amounts sufficient to satisfy a variety of stress scenarios, including those required by regulation. 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

Through our Enterprise Growth Group, we seek 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 business. 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 2014, we expanded the retail availability of American Express Serve and the Serve cash reload network. We also added free personal financial management tools to American Express Serve and Bluebird, allowing customers to monitor spending, create budgets, set spending limits and alerts, and set and track financial goals.

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, we have been selling the American Express ® Travelers Cheque since 1891. Sales of Travelers Cheques and net interest income from the Travelers Cheque investment portfolio continued to decline in 2014. 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 ® and our foreign exchange services. LoyaltyEdge is a private-labeled loyalty solution that helps companies design, implement and manage customized points-based loyalty programs to engage and retain their customers. Our foreign exchange services consist of retail and wholesale currency exchange services and our FX International Payments operation. Our retail foreign exchange business is concentrated primarily in select international airports. This airport-based retail business is supplemented in Australia with foreign exchange offices in city locations and through selected partner locations serving retail customers. Our FX International Payments service enables companies, financial institutions and, in the case of Australia and the United Kingdom, consumers to make cross-border payments in foreign currencies 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, debit, prepaid and ATM cards, bank accounts, alternative financial services such as check cashing and money orders, store-branded gift cards, other network-branded credit and charge 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 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 to create various competitors, such as merchant coalitions like the Merchant Customer Exchange. 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 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.

In November 2014, the CFPB proposed regulatory standards for prepaid cards, including uniform disclosures, certain protections for consumers and other requirements. Because the proposed rule is not final, the ultimate impact of these measures on us is not certain.

The Global Services Group

The Global Services Group (“Global Services”) was created to heighten our 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 we believe serves to streamline costs, reduce duplication of work, better integrate skills and expertise, and improve customer service.

Global Services comprises principally the following divisions:

World Service

World Service is our global servicing organization whose goal is to provide extraordinary customer care at attractive operating margins. World Service’s approach to customer service, called Relationship Care ®, is at the heart of our reputation for world-class service, as recognized by numerous awards over the years.

Global Business Services

The Global Business Services division is a shared services organization that includes procurement, real estate, financial operations and processing, and business strategy and execution. 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, prevent fraud and limit exposure for American Express.

Global Security

Global Security strives to protect American Express customers and employees against harm and losses via a range of protective, investigative, risk assessment and crisis management services.

Technology

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 2014, 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 personal computer, 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 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, 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.

The BHC Act, as amended by 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 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 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, in February 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 and comprehensively details liquidity risk management responsibilities for boards of directors and senior management. It requires, among other things, the 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.
- *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.

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. Under the terms of this final rule, we are required to fully comply with liquidity management and risk management requirements as of January 1, 2015.

On September 2, 2014, the OCC issued final guidelines setting forth governance and risk management requirements for insured national banks, insured federal savings associations, and insured federal branches of foreign banks with $50 billion or more in average total consolidated assets (the OCC may also apply the guidelines to a bank with fewer than $50 billion in assets if it determines that the bank's operations are highly complex or otherwise present a heightened risk). The OCC has previously indicated that the guidelines generally would apply to a bank (including a federal savings association such as AEBFSB) with average total consolidated assets of less than $50 billion if the bank and its sister banks under a common parent holding company, together, have combined average total consolidated assets greater than $50 billion, as is the case with respect to AEBFSB. The guidelines provide that a covered institution should establish and adhere to a written risk governance framework, generally independent from that of its parent, to manage and control its risk-taking activities. The guidelines also provide minimum standards for a covered institution's board of directors, including with respect to board composition, talent management and oversight of the institution's risk governance framework. Covered institutions must come into compliance within certain specified time periods ranging from November 10, 2014 to May 10, 2016.

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 and support operations under 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 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 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.

For the purpose of CCAR, each bank holding company is required to submit the results of its stress tests based on three supervisory scenarios, at least one stress scenario developed by the bank holding company and a baseline scenario. The severely adverse stress scenario developed by the Federal Reserve for the 2015 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.

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. 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. In addition to other limitations, our ability to make any capital distributions (including dividends and share repurchases) is contingent on the Federal Reserve's non-objection to our capital plan under both quantitative and qualitative tests. 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. On January 5, 2015, we submitted our capital plan to the Federal Reserve.

The Federal Reserve has indicated that it intends to publish the decisions for all the bank holding companies participating in CCAR 2015, including the reasons for any objection to capital plans on March 11, 2015. In addition, the Federal Reserve will separately publish the results of its supervisory stress test under both the supervisory severely adverse and adverse scenarios. 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.

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 2015 capital plans. On October 17, 2014, the Federal Reserve issued a final rule amending its capital planning and stress testing regulations. Among other things, commencing April 1, 2015, the amended regulations will limit, in general, our ability to make quarterly capital distributions — that is, dividends and share repurchases — to the extent that our actual cumulative quarterly capital issuances of instruments that qualify as regulatory capital are less than we had indicated in our submitted capital plan (as to which we receive a non-objection from the Federal Reserve). The final rule also adjusted the schedule for annual stress testing and capital planning cycle for covered bank holding companies. Beginning in 2016, participating firms will be required to submit their capital plans and stress testing results to the Federal Reserve on or before April 5 of each year, instead of on or before January 5 of each year under the prior rules.

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. 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 2014, we filed an updated 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. In a separate provision, 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 and Liquidity

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, took effect for all banking organizations as of January 1, 2015. As an advanced approaches institution, the Company and, consequently, TRS, Centurion Bank and AEBFSB, were 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 39-42 of our 2014 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 total adjusted quarterly average assets (as defined for regulatory purposes). 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, a limited amount of minority interests in Tier 2 capital of consolidated subsidiaries and a portion of the allowance for loan and lease losses, in each case subject to specific requirements of the New Capital Rules.

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 assigned to various risk categories for purposes of calculating the required risk-based ratios. The New Capital Rules amend and replace the prior 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 Basel III standardized approach. The current risk-weights for the standardized approach range from 0 percent to 1,250 percent compared with the risk-weights of 0 percent to 100 percent, in general, in the regulators’ prior general risk-based capital guidelines based on Basel I. Higher risk-weights 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 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 became effective January 1, 2015.

During 2014, we began reporting our capital adequacy ratios on a parallel basis to federal banking regulators using both risk-weighted assets calculated under the 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 approach in the New Capital Rules.

During 2014, while the New Capital Rules were being phased-in, the Company, TRS, Centurion Bank and AEBFSB each were required to 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, the Company, TRS, Centurion Bank and AEBFSB must each 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 or countercyclical capital buffer 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. As a result, when fully phased-in, the countercyclical capital buffer and capital conservation buffer could potentially result in effective minimum CET1, Tier 1 capital and Total capital ratios of 9.5 percent, 11.0 percent and 13.0 percent, respectively.

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 October 2012, the Basel Committee issued final rules imposing a CET1 surcharge on certain banks that may have an important impact on their domestic economies (so-called "domestic systemically important banks", or "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, such as the Company, that have not been designated as global systemically important banks (or "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 existing G-SIB framework, the D-SIB surcharge will be implemented together with the G-SIB surcharge beginning in January 2016. While U.S. rules have not addressed the adoption of the surcharge on D-SIBs (or the specific methodology U.S. federal banking regulators would use to designate institutions as D-SIBs), federal banking regulators have previously 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). All banking organizations are required to maintain a leverage ratio of at least 4.0 percent as of January 1, 2015.

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.

Liquidity Regulation. Liquidity risk management and supervision have become increasingly important since the financial crisis. During 2014, the federal banking regulators adopted final rules implementing for certain U.S. banking organizations one of the two new standards provided for in the Basel III liquidity framework — the liquidity coverage ratio ("LCR"), which 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 an acute liquidity stress scenario specified by supervisors. The ratio of a firm's high-quality liquid assets to its projected net outflows is its LCR. The most comprehensive form of the LCR requirement applies only to 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 rule, covered banking organizations are required to comply with the LCR on an accelerated schedule, maintaining a minimum ratio of 80 percent beginning January 1, 2015, 90 percent by January 1, 2016 and 100 percent by January 1, 2017. The Company is required to calculate and report the LCR on a monthly basis starting January 31, 2015, and on a daily basis starting July 1, 2016. The Company, AEBSFB and Centurion Bank expect to meet the requirements of the LCR rule, as phased-in and on a fully phased-in basis.

The Basel III framework also included a second standard, referred to as the net stable funding ratio ("NSFR"), which 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, so the ultimate requirements to which we may be subject are not yet known. On October 31, 2014, the Basel Committee published the final NSFR, which contemplates that the NSFR will be implemented as a minimum standard by January 1, 2018. The Basel Committee's final NSFR document states that the NSFR applies to internationally active banks, as did its final LCR document.

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 pages 44-45 of our 2014 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. The OLA is separate from the Company's resolution plan discussed above in " *Financial Holding Company Status and Activities — Living Wills* ."

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 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 47 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 EU, 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. European Directive 2002/58/EC (commonly referred to as the "e-Privacy Directive") sets out requirements for the processing of personal data and the protection of privacy in the electronic communications sector. The ePrivacy Directive places restrictions on, among other things, the sending of unsolicited marketing communications, as well as on the collection and use of data about internet users. 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 Commission released in January 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 EU 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.

On July 1, 2014, part of Canada's Anti-Spam Law ("CASL") became effective. CASL is broader in scope than the anti-spam laws of the United States and other countries. In addition, CASL has extra-territorial reach, meaning that it can apply to senders outside Canada. Compliance with CASL, as well as other Canadian privacy laws, could result in higher costs for us or require operational changes.

In recent years we have seen some countries consider in-country data processing laws and/or laws requiring in-country storage of the personal data of its citizens. One such law was passed in Russia and, at present, the deadline for compliance is September 1, 2015. Compliance with such laws in Russia and elsewhere could result in higher technology, administrative and other costs for us and limit our ability to optimize the use of our closed-loop data.

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 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 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 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 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 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 2011, Dodd-Frank has required 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 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.

The CARD Act imposes certain restrictions on gift certificates, store gift cards and general-use prepaid cards issued primarily for personal, family or household use (subject to certain exclusions and exceptions). The CARD Act permits the imposition of dormancy, inactivity and service fees on gift certificates, store gift cards and general-use prepaid cards 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 are 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 2015, 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.

During the year ended December 31, 2014, American Express Global Business Travel booked one ticket on Iran Air, three tickets on Mahan Air and one hotel reservation at Homa Hotel Tehran. In addition, certain third-party service providers obtained approximately 50 visas from Iranian embassies and consulates around the world during the year ended December 31, 2014 in connection with certain travel arrangements on behalf of American Express Global Business Travel clients. American Express Global Business Travel had negligible gross revenues and net profits attributable to these transactions. American Express Global Business Travel believes 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. American Express Global Business Travel has informed us that it intends to continue to engage in this activity on a limited basis so long as such activity is permitted under U.S. law.

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 the year ended December 31, 2014 it obtained 47 visas from the Iranian embassy in Japan in connection with certain travel arrangements on behalf of its clients. Nippon Travel Agency had negligible gross revenues and 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 imprudent 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 comment period for this rule ended in May 2011. Although final rules have not yet been adopted, officials from the Federal Reserve have indicated that federal banking regulators are in the process of preparing for public comment a new rule on incentive compensation. If these or other regulations are adopted in a form similar to what was initially proposed, they will impose limitations on the manner in which we may structure compensation for our executives.

The scope and content of these policies and regulations on executive compensation are continuing to develop and are likely to continue evolving in the 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 the 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 and other financial 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 118-120 of our 2014 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 and for the payment of Card bills by Card Members who are billed in a currency other than their local currency). 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 53-54 of our 2014 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 118-120 of our 2014 Annual Report to Shareholders, which Note is incorporated herein by reference.

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EXECUTIVE OFFICERS OF THE COMPANY

Set forth below in alphabetical order is a list of all our executive officers as of February 24, 2015, including each executive officer's principal occupation and employment during the past five years. 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 Card Services

Mr. Buckminster (54) has been President, Global Network and International Card Services since February 2012. He has been President, International Consumer and Small Business Services of the Company since November 2009.

JAMES BUSH — Executive Vice President, World Service

Mr. Bush (56) has been Executive Vice President, World Service since October 2009.

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

Mr. Campbell (54) 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 (63) has been Chairman since April 2001 and Chief Executive Officer since January 2001.

L. KEVIN COX — Chief Human Resources Officer

Mr. Cox (51) has been Chief Human Resources Officer of the Company since April 2005.

EDWARD P. GILLIGAN — President

Mr. Gilligan (55) 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 (54) 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.

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

Mr. Gupta (61) has been President of Risk and Information Management and Chief Risk Officer since July 2007.

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

Mr. Hayes (60) has been Executive Vice President since May 1995 and Chief Marketing Officer of the Company since August 2003.

MICHAEL J. O'NEILL — Executive Vice President, Corporate Affairs and Communications

Mr. O'Neill (61) has been Executive Vice President, Corporate Affairs and Communications since September 2014. Prior thereto, he had been Senior Vice President, Corporate Affairs and Communications since March 1991.

NEAL SAMPLE — President, Enterprise Growth

Mr. Sample (40) has been President, Enterprise Growth since September 2014. Prior thereto, he had been Executive Vice President, Chief Information Officer and Chief Marketing Technologist for Enterprise Growth since April 2012. Mr. Sample joined American Express from eBay where he served as the Chief Technology Officer of X.commerce, eBay's open development and commerce platform, from May 2011 until April 2012. Prior thereto, he was the Vice President of Architecture and Platform Products at eBay from September 2010 until May 2011. Prior thereto, he was a Vice President at Yahoo! from 2008 until 2010.

LAUREEN E. SEEGER — Executive Vice President and General Counsel

Ms. Seeger (53) has been Executive Vice President and General Counsel since July 2014. Ms. Seeger joined American Express from McKesson Corporation where she served as Executive Vice President, General Counsel and Chief Compliance Officer since 2006.

JOSHUA G. SILVERMAN — President, Consumer Products and Services

Mr. Silverman (46) has been President, Consumer Products and 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.

SUSAN SOBBOTT — President, Global Corporate Payments

Ms. Sobbott (50) 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 (55) 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.

ANRÉ WILLIAMS — President, Global Merchant Services

Mr. Williams (49) has been President of Global Merchant Services since November 2011. Prior thereto, he had been President of Global Corporate Payments since June 2007.

EMPLOYEES

We had approximately 54,000 employees on December 31, 2014.

GUIDE 3 — STATISTICAL DISCLOSURE BY BANK HOLDING COMPANIES

You can find certain statistical disclosures required of bank holding companies starting on page A-1, which are incorporated herein by reference.

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 develop 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.

Economic and Market 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 a global 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, including spending on our Cards and the ability and willingness of Card Members to pay amounts owed to us. If economic conditions were to 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 consumer spending, lower demand for credit, lower corporate earnings or lower business investment 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, adversely affecting 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 $4.4 billion of investment securities of state and municipal obligations as of December 31, 2014. 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, 2014, 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.

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. Disruptions, uncertainty or volatility across the financial markets could negatively impact market liquidity and 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 43-45 of our 2014 Annual Report to Shareholders, which information is incorporated herein by reference.

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 within our control, including conditions affecting the financial services industry generally, and the wider state of the economy. There can be no assurance that we 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 2014, 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, 2014, foreign currency movements relative to the U.S. dollar negatively impacted our net revenues of $34.3 billion by approximately $0.4 billion as the U.S. dollar strengthened against many currencies over the course of the year, and we currently expect foreign exchange to have an adverse impact on our results in 2015.

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 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. On February 19, 2015, the Court found that the challenged provisions were anticompetitive and will now determine the scope of the remedy when it enters judgment in the case. We intend to vigorously pursue an appeal of the decision and judgment. 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 (including an adverse final judgment following appeal in the DOJ and state action) 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 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.

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 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.

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 continue the renewal of 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 material laws and regulations to which we are subject.

Litigation and regulatory actions could subject us to significant fines, penalties, judgments and/or requirements resulting in significantly increased expenses, damage to our reputation and/or adverse effects on our business.

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, penalties and fines. The continued focus of merchants on the costs of accepting various forms of payment may lead to additional litigation and other legal actions. Given the inherent uncertainties involved in litigation, and the very large or indeterminate damages sought in some matters asserted against us, there is significant uncertainty as to the ultimate liability we may incur from litigation matters. The finding, or even the assertion, of substantial legal liability against us could have a material adverse effect on our business and financial condition and could cause significant reputational harm to us, which could seriously harm our business.

Financial institutions, such as us, have faced significant regulatory scrutiny over the past several years, which has increasingly led to public enforcements actions. The Company and its subsidiaries have been subject to regulatory actions by the CFPB and other regulators and may continue to be involved in such actions, including governmental inquiries, investigations and enforcement proceedings, in the event of noncompliance or alleged noncompliance with laws or regulations. Recently, several large financial institutions have announced well-publicized public settlements of regulatory enforcement actions that have been dramatically larger in size than those seen historically. The recent trend towards larger settlement amounts could lead to a more adverse outcome for a financial institution involved in an enforcement action in the future. We expect that regulators will continue taking formal enforcement actions against financial institutions in addition to addressing supervisory concerns through non-public supervisory actions or findings, which could involve restrictions on our activities, among other limitations that could adversely affect our business.

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 reputation and our brand, and could adversely affect our business, financial condition and results of operations.

We are subject to capital adequacy and liquidity 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 unremedied 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 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 2014, 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.

Similarly, the Company, AEBFSB and Centurion Bank are subject to new liquidity rules, including the Basel III-based LCR, focused on a 30-day horizon, and complementary liquidity rules under the Dodd-Frank Act’s enhanced prudential standards for institutions having $50 billion or more in total consolidated assets. Additionally, the Basel Committee has adopted the NSFR as a liquidity measure, focused on a one-year time horizon, for internationally active banks. The U.S. federal banking regulators have not yet proposed rules implementing the NSFR in the United States.

Accordingly, there continues to be substantial uncertainty regarding significant portions of the capital and liquidity regime that will apply to us and our U.S. banking subsidiaries, and, as a result, the ultimate impact these capital and liquidity requirements will have on our long-term capital and liquidity 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) and the LCR, each 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 and liquid asset levels could also lower our return on equity. Failure to meet current or future capital or liquidity requirements, including those imposed by the New Capital Rules, the LCR or by regulators in implementing other portions of the Basel III framework, could materially adversely affect our financial condition.

Compliance with capital adequacy and liquidity rules, including the New Capital Rules and the LCR, 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 and liquidity 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 and Liquidity” 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 in the event of a stressed market environment. 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. A failure to increase dividends along with our competitors, or any reduction of, or elimination of, our common stock dividend or share repurchase program would likely adversely affect the market price of our common stock and market perceptions of American Express.

Our ability to declare or pay dividends on, or purchase, redeem or otherwise acquire, shares of our common stock will be prohibited, subject to certain exceptions, in the event that we do not declare and pay in full dividends for the last preceding dividend period of our Series B preferred stock.

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 42 and Note 23 to our Consolidated Financial Statements on pages 116-117 of our 2014 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 Cards may be used, and the types of customers and merchants who can obtain or accept our Cards. Activity such as money laundering or terrorist financing involving our Cards could result in enforcement action, and our reputation may suffer due to our customers’ association with certain countries, persons or entities or the existence of any such transactions. 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 payment networks such as Visa and MasterCard and the fees merchants are charged to accept cards, as well as the terms for merchant card acceptance, including terms relating to non-discrimination and honor-all-cards. For example, certain countries in the EU (e.g., Poland, Hungary, Spain) have enacted local regulation on interchange fees. The EU itself moved significantly toward finalizing EU-wide regulation in 2014 that would cap interchange fees and regulate several other matters related to merchant card acceptance, as described below. In Mexico, the government passed payment network laws that give the central bank and National Banking Commission, acting together, the power to issue regulations about payment systems including interchange and other fees. In Malaysia, the National Bank has issued rules on the regulation of interchange fees and other matters related to card acceptance. In some cases such regulation extends to certain aspects of our business, for example, financial arrangements with GNS partners or terms of card acceptance for merchants. In addition, regulators in Canada, Hungary, Italy, Poland, Switzerland, the United Kingdom and the EU, among others, have conducted antitrust-related investigations into, or initiated proceedings with respect to, multilateral 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 certain 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 lawsuits have been filed by merchants seeking to overturn some of the existing state laws in the United States banning credit card surcharges.

In the EU, new, sweeping regulatory changes in the card payment sector, including the introduction of price regulation, the elimination of honor-all-cards and "anti-steering" rules, and requirements on granting access to our network, among other important changes, moved forward significantly during 2014 and are now nearly final. For a description of certain of the proposals and their potential impacts on us, see "Global Network & Merchant Services — Regulation" above. These and other potential or proposed legislative and regulatory changes could significantly limit our flexibility to compete with the more entrenched bankcard networks and 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 will also be required to change certain of our business practices, including contractual provisions relating to card acceptance by merchants, and alter our business relationships in the EU, including arrangements with GNS partners, which could result in an adverse impact on our Cards-in-force and transaction volumes. 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.

The impact of the evolving regulatory environment on our business and operations, including in connection with the matters discussed above, depends upon a number of factors including final implementing regulations, guidance and interpretations of regulatory agencies, supervisory actions and priorities, the actions of our competitors and other marketplace participants, and the behavior of consumers. The evolving regulatory environment 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. Increased regulatory focus could also require us to limit or change our business practices or product offerings, limit our ability to pursue business opportunities, limit fees we can charge for services, or otherwise materially and adversely affect our results of operations.

If we are not able to invest successfully in, and compete at the leading edge of, technological developments across all our businesses, or to protect our intellectual property, 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, 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 of our proprietary information or infringement of our intellectual property rights 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, data protection and information security 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 EU, 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 EU, compliance costs are increasing, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

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.

Recent account data compromise events at large retailers, as well as the disclosure of the monitoring activities by certain governmental agencies, have resulted in heightened legislative and regulatory focus on privacy, data protection and information security around the world. Legislators and/or regulators in the United States and other countries in which we operate are increasingly adopting or revising privacy, data protection and information security 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. 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 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 we compete with a wide variety of financial payment products, including 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), digital currencies, prepaid systems, gift cards 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, scale, resources, marketing and pricing of Visa and MasterCard. 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, marketing or cross-selling strategies to achieve broader brand recognition, cobrand 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.

Internationally, competition remains fierce, and as a result, we may not be successful in accelerating our growth outside 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.

Spending on our Cards and prepaid accounts could continue to be impacted by increasing consumer usage of debit cards issued on competitive networks. 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.

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 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. If we are not able to differentiate ourselves from our competitors, drive value for our customers and/or effectively grow in areas such as mobile and online payments, fee-based services and emerging technologies, we may not be able to compete effectively against these threats. Many of our growth initiatives involve new areas for us and we may not be successful in executing our strategy. Our failure to drive adoption of new products and services, including new technology and payment options such as the prepaid products and services that we offer through our Enterprise Growth Group, would negatively impact our future growth.

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. We may face additional compliance and regulatory risk to the extent that we expand into new business areas and we may need to dedicate more expense, time and resources to comply with regulatory requirements than our competitors, particularly those that are not regulated financial institutions. 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. Such companies could also require payments from us to participate in such digital wallets and applications, impacting our profitability on transactions. 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, as well as the outcomes of litigation, which may not apply to all of our competitors, could impact our ability to compete effectively.

We face continued 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 generally 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. We have been under increasing market pressure, including pressure created by regulatory-mandated reductions to competitors' pricing, to reduce merchant discount rates and undertake other repricing initiatives. We also face pressure from competitors that have other sources of income or lower expense bases that can make their pricing more attractive to key business partners and merchants. Merchants are also able to negotiate incentives and pricing concessions from us as a condition to accepting our Cards. As merchants consolidate and become even larger, we may have to increase the amount of incentives and/or concessions we provide to certain merchants, which could materially and adversely affect our results of operations. Competitive and regulatory pressures on pricing could make it difficult to offset the costs of these incentives.

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, such as CurrentC on the Merchant Customer Exchange, 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 and differentiated 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 EU, 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 meet with the Commission to finalize changes to EU law on surcharging, 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.

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, merchant acceptance 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. It also depends on our continued expansion of merchant acceptance of our Cards. If the rate of merchant acceptance growth slows or reverses itself, our business could suffer.

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. Any significant change in, or failure by management to reasonably estimate, actual redemptions of Membership Rewards points and associated redemption costs could adversely affect our profitability. In addition, 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 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 cobrand 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, increasing other areas of revenues such as fee-based revenues 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 ours, 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 penetration in payments and merchant coverage
- 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 American Express 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. In addition, we may underestimate the time and expense we must invest in new products and services before they generate material revenues, if at all.

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. In addition, regulatory compliance and legal and related costs are difficult to predict or control given the current regulatory and litigation environment. As cybersecurity threats continue to evolve, we may also be required to expend significant additional resources to continue to modify or strengthen our protective security measures, investigate and remediate any vulnerabilities of our information systems and infrastructure or invest in new technology designed to mitigate security risks. If we are unable to successfully manage our expenses, our financial results will be negatively affected. 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.

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, which could lead to unauthorized transactions on our Cards.

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 have been the targets of 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 a data breach at a business partner, merchant or other market participant, 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. If such disruptions or breaches are not detected immediately, their effect could be compounded. 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.

Successful cyber-attacks or data breaches at other large financial institutions, large retailers or other market participants, whether or not we are impacted, could lead to a general loss of customer confidence that could negatively affect us, including harming the market perception of the effectiveness of our security measures or the financial system in general, which could result in reduced use of our products and services. Although we have insurance against some cyber-risks and attacks, it may not be sufficient to offset the impact of a material loss event.

We have agreements with business partners that represent a significant portion of our business. We are exposed to risks associated with these business partners, including bankruptcies, liquidations, restructurings, consolidations and alliances of our partners, and the possible obligation to make payments to our partners. We also face substantial and increasingly intense competition for partner relationships, which could result in a loss or renegotiation of these arrangements that could have a material adverse impact on our business and results of operations.

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, as well as many others globally, to offer cobranded 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. Our cobrand portfolio accounted for less than 25 percent of our worldwide billed business for the year ended December 31, 2014 and less than 50 percent of our worldwide Card Member loans as of December 31, 2014. The volume of billed business and Card Member loans generated by our cobrand portfolio could decline significantly, including as a result of the termination of one or more cobrand arrangements. In addition, some of our cobrand arrangements provide that, upon expiration or termination, the cobrand partner may purchase or designate a third party to purchase the receivables generated with respect to its program, which could result in a significant decline in our Card Member loans outstanding.

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. Establishing and retaining attractive cobrand card partnerships is particularly competitive among card issuers and networks as these partnerships typically have high-spending loyal customers. 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, which could result in Card Member attrition or additional costs to retain Card Members. We also face the risk that existing relationships will be renegotiated with less favorable terms for us as competition for such relationships increases. The loss of business partners (whether by non-renewal at the end of the contract period or early termination) or the renegotiation of existing relationships with terms that are significantly worse for us could have a material adverse impact on our business and results of operations. For example, we recently announced that our U.S. cobrand relationship with Costco, one of our two largest cobrand relationships, is set to end on March 31, 2016. For a discussion on Costco and our expectations regarding the impact, see pages 20-21 of our 2014 Annual Report to Shareholders, which information is incorporated herein by reference. We were also unable to reach terms to renew our cobrand relationships with Costco in Canada and JetBlue recently. In addition, any publicity associated with the loss of any of our key business partners could harm our reputation, making it more difficult to attract and retain Card Members and merchants, and could lessen our negotiating power with our remaining and prospective business partners.

We may be obligated to make or accelerate payments to certain business partners such as cobrand 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 these 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 cobrand 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, which represents a significant portion of our billed business, has undergone bankruptcies, restructurings, consolidations and other similar events in the past. The airline industry accounted for approximately 8 percent of our worldwide billed business for the year ended December 31, 2014. We have credit risk to the airline industry to the extent we protect Card Members against non-delivery of goods and services, such as where we have remitted payment to an airline for a Card Member purchase of tickets that have not yet been used or "flown." If we are unable to collect the amount from the airline, we will bear the loss for the amount credited to the Card Member.

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 cobrand airline partners merged with an airline that had a competing cobrand card, the combined airline would have to determine which cobrand cards it would offer. Our largest airline cobrand portfolio, American Express' Delta SkyMiles, accounted for approximately 6 percent of our worldwide billed business for the year ended December 31, 2014 and approximately 15 percent of worldwide Card Member loans as of December 31, 2014.

If an airline determined to withdraw from Membership Rewards or other benefits programs offered to Card Members, change the terms under which it participates in these programs or cease participating as an American Express cobrand partner, whether as the result of a merger or otherwise, such as 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 — Institutional Credit Risk — Exposure to the Airline Industry" on page 52 of our 2014 Annual Report to Shareholders, which is incorporated herein by reference.

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, model risk and reputational risk. See "Risk Management" on pages 50-55 of our 2014 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. There may also be risks that exist, or that develop in the future, that we have not appropriately anticipated, identified or mitigated. 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. Although we have a governance framework for model development and independent model validation, the modeling methodology could be erroneous or the models could be misused. If our decisions are based on incorrect or misused model outputs and reports, we may face adverse consequences, such as financial loss, poor business and strategic decision-making, or damage to our reputation. In addition, some decisions our regulators make, including those related to our capital distribution plans, may be adversely impacted if they perceive the quality of our models to be insufficient.

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 2014, we believe we are experiencing historical lows in these rates and they will be increasing over time. 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. In addition, our ability to manage credit risk may be adversely affected by legal or regulatory changes (such as bankruptcy laws and minimum payment regulations). 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 and asset-liability risks to which we are exposed. Market risk represents the loss in value of portfolios and financial instruments due to adverse changes in market variables, which could negatively impact our financial condition. 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. As of December 31, 2014, a hypothetical 1.0 percent increase in interest rates would have resulted in a decrease to our annual net interest income of approximately $212 million.

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.

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, outsourcing functions, moving internal and external functions to internet and mobile channels and planned staff reductions. If we do not successfully achieve these efforts in a timely manner or if the actions taken ultimately come at the expense of operational efficiency or compliance and control processes, we may not realize all or a significant portion of the benefits we intended. Failure to achieve or capitalize on 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.

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 acquired a number of businesses, including our acquisitions of Revolution Money, 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 under "Global Commercial Services" above, we created a new joint venture for our Global Business Travel operations in 2014. There can be no assurance that we will be able to realize the underlying assumptions related to the joint venture transaction, including accelerating the transformation and growth of the corporate travel business, creating additional investment capacity and enhancing its suite of products and services. We and the GBT JV face the risk of potential loss of key customers, vendors and other key business partners as a result of the joint venture transaction. 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 the 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.

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, 2014, we had approximately $43.3 billion in total U.S. retail deposits. We face strong competition in the deposit markets, particularly as to brokerage networks. Aggressive pricing throughout the industry may adversely affect the retention of existing balances and the cost-efficient acquisition of new deposit funds, and may affect our growth and profitability. If we are required to offer higher interest rates to attract or maintain deposits, our funding costs will be adversely impacted. Customers could close their accounts or reduce balances or deposits in favor of products and services offered by competitors for other reasons. These shifts, which could be rapid, could result from general dissatisfaction with our products or services, including concerns over pricing, online security or our reputation.

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, 2014, 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, which could significantly harm our business even if the attack or breach does not impact our systems. 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 64-66 of the 2014 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 2014 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 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 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 Toronto, Ontario, Canada.

We own 40 acres of developable land in Sunrise, Florida, on which we plan to construct the new South Florida Campus.

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 our 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 $360 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 13 to our Consolidated Financial Statements, which can be found on pages 98-99 of our 2014 Annual Report to Shareholders.

Corporate Matters

During the last several 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 our merchant acceptance agreements with the plaintiffs violate federal antitrust laws. As alleged by the plaintiffs, these provisions prevent merchants from steering consumers or 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. Arbitration proceedings raising similar claims also have been filed.

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 was held on September 17, 2014 and we are awaiting decision.

A non-jury trial in the DOJ matter concluded on August 18, 2014. Closing arguments were held on October 9, 2014 following submission of post-trial proposed findings and briefs. On February 19, 2015, the trial court found that the challenged provisions were anticompetitive and will now determine the scope of the remedy when it enters judgment in the case. We intend to vigorously pursue an appeal of the decision and judgment. A trial date for the individual merchant actions has not been set. Defendants' motion for summary judgment in the individual merchant actions is 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. On December 18, 2014, the Court denied final approval pending further proceedings.

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. On April 10, 2014, following a trial of the claims asserted by the injunction class concerning cardholder arbitration clauses, the Court dismissed plaintiffs' claims and granted judgment in favor of us. Plaintiffs have appealed.

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 sought 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. On August 20, 2014, plaintiffs filed an amended nationwide complaint and an unopposed motion for preliminary approval of a settlement of the claims alleged in that complaint. The settlement provides for certain relief to class members, attorneys' fees and costs of up to $6 million. On September 22, 2014, the motion for preliminary approval was denied without prejudice to renew. The parties are responding to the Court's questions regarding the class notice and claims processes and the request for preliminary approval will be renewed.

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. On September 19, 2014, the Supreme Court of Canada denied the appeal. The judgment will be subject to a Court ordered claims administration process.

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 allege 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 Canada 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. On September 19, 2014, the Supreme Court of Canada denied the co-defendants' appeal but granted plaintiffs' appeal in part, partially restoring the trial court's award against Amex Bank of Canada as well as the punitive damages award against all defendants. The judgment will be subject to a Court ordered claims administration process.

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. These cases were withdrawn on January 28, 2015.

In a matter captioned Option Consommateurs and Benoit Fortin v. Amex Bank of Canada filed in the Superior Court of Quebec, District of Montreal (originally filed in July 2003), the Court authorized a class action against Amex Bank of Canada. The plaintiff alleges Amex Bank of Canada violated the QCPA by imposing finance charges on credit card transactions prior to 21 days following the receipt of the statement containing the charge. The class seeks reimbursement of all such finance charges, punitive damages, interest, fees and costs.

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, 2014, we had 25,767 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 123 of our 2014 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 42 and Note 23 to our Consolidated Financial Statements on pages 116-117 of our 2014 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 2015 proxy statement for our Annual Meeting of Shareholders, which is scheduled to be held on May 11, 2015. The information to be found under such captions is incorporated herein by reference. Our definitive 2015 proxy statement for our Annual Meeting of Shareholders is expected to be filed with the SEC in March 2015 (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, 2014.

	Total Number of Shares Purchased	Average Price Paid Per Share		Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (c)	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
October 1-31, 2014					
Repurchase program(a)	3,460,800	$	86.78	3,460,800	67,966,200
Employee transactions(b)	1,184	$	87.62	N/A	N/A
November 1-30, 2014					
Repurchase program(a)	3,952,702	$	91.17	3,952,702	64,013,498
Employee transactions(b)	48,393	$	89.13	N/A	N/A
December 1-31, 2014					
Repurchase program(a)	5,250,088	$	92.63	5,250,088	58,763,410
Employee transactions(b)	9,279	$	91.41	N/A	N/A
Total					
Repurchase program(a)	12,663,590	$	90.55	12,663,590	58,763,410
Employee transactions(b)	58,856	$	89.46	N/A	N/A

(a) As of December 31, 2014, there were approximately 59 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.

(b) 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.

(c) 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 124 of our 2014 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 18-66 of our 2014 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 50-55 and in Note 14 to our Consolidated Financial Statements on pages 100-103 of our 2014 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 68-123 of our 2014 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, 2014, appearing on pages 67 and 68 of our 2014 Annual Report to Shareholders, respectively, are incorporated herein by reference.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEMS 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 2015 (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 11, 2015, 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 — Our Corporate Governance Framework — Corporate Governance Principles and Practices — Board Independence"
- Information included under the caption "Corporate Governance at American Express — Board Meetings and Board Committees — Director Attendance — Committee Membership and Meetings Held in 2014"
- 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.

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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 11, 2015, 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 88 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.

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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, 2015

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/ THEODORE J. LEONSIS **Theodore J. Leonsis** **Director**
/s/ JEFFREY C. CAMPBELL **Jeffrey C. Campbell** **Executive Vice President and Chief Financial Officer**	/s/ RICHARD C. LEVIN **Richard C. Levin** **Director**
/s/ LINDA ZUKAUCKAS **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**

February 24, 2015

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AMERICAN EXPRESS COMPANY

INDEX TO CERTAIN STATISTICAL DISCLOSURES AND FINANCIAL STATEMENTS

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 3, 4 and 26 to the Consolidated Financial Statements in our 2014 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 2014 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 2014 Annual Report to Shareholders is not to be deemed filed as part of this report.

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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 2014 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.

Years Ended December 31, *(Millions, except percentages)*	2014 Average Balance (a)	2014 Interest Income	2014 Average Yield	2013 Average Balance (a)	2013 Interest Income	2013 Average Yield	2012 Average Balance (a)	2012 Interest Income	2012 Average Yield
Interest-earning assets									
Interest-bearing deposits in other banks (b)									
U.S.	**$ 16,851**	**$ 41**	**0.2%**	$ 19,230	$ 49	0.3%	$ 19,495	$ 49	0.3%
Non-U.S.	**2,091**	**18**	**0.9**	2,409	26	1.1	2,224	31	1.4
Federal funds sold and securities purchased under agreements to resell									
Non-U.S.	**235**	**8**	**3.4**	136	5	3.7	240	10	4.2
Short-term investment securities									
U.S.	**62**	**—**	**—**	154	—	—	192	—	—
Non-U.S.	**272**	**1**	**0.4**	204	1	0.5	111	2	1.8
Card Member loans (c)									
U.S.	**57,826**	**5,778**	**10.0**	54,845	5,555	10.1	52,907	5,354	10.1
Non-U.S.	**8,211**	**1,072**	**13.1**	8,431	1,111	13.2	8,594	1,114	13.0
Other loans									
U.S.	**547**	**49**	**9.0**	329	29	8.8	203	20	9.9
Non-U.S.	**209**	**30**	**14.4**	235	23	9.8	301	23	7.6
Taxable investment securities (d)									
U.S.	**611**	**10**	**1.7**	596	12	2.1	1,143	24	2.2
Non-U.S.	**329**	**13**	**4.1**	255	11	4.5	217	12	5.9
Non-taxable investment securities (d)									
U.S.	**3,806**	**154**	**6.4**	4,331	175	6.3	4,747	204	6.8
Other assets (e)									
Primarily U.S.	**45**	**5**	**n.m.**	222	8	n.m.	348	11	n.m.
Total interest-earning assets (f)	**$ 91,095**	**$ 7,179**	**8.0%**	$ 91,377	$ 7,005	7.8%	$ 90,722	$ 6,854	7.7%
U.S.	**79,748**	**6,037**		79,707	5,828		79,035	5,662	
Non-U.S.	**11,347**	**1,142**		11,670	1,177		11,687	1,192	

Years Ended December 31, *(Millions, except percentages)*	2014 Average Balance (a)	2013 Average Balance (a)	2012 Average Balance (a)
Non-interest-earning assets			
Cash and due from banks			
U.S.	**$ 2,125**	$ 2,082	$ 1,884
Non-U.S.	**671**	580	612
Card Member receivables, net			
U.S.	**21,679**	21,197	20,701
Non-U.S.	**22,701**	21,386	20,351
Other receivables, net			
U.S.	**1,585**	1,553	1,506
Non-U.S.	**1,618**	1,733	1,595
Reserves for Card Member and other loans losses			
U.S.	**(1,014)**	(1,172)	(1,397)
Non-U.S.	**(173)**	(185)	(225)
Other assets (g)			
U.S.	**10,686**	10,868	11,331
Non-U.S.	**3,453**	2,862	2,945
Total non-interest-earning assets	**63,331**	60,904	59,303
U.S.	**35,061**	34,528	34,025
Non-U.S.	**28,270**	26,376	25,278
Total assets	**$154,426**	$152,281	$150,025
U.S.	**114,809**	114,235	113,060
Non-U.S.	**39,617**	38,046	36,965
Percentage of total average assets attributable to non-U.S. activities	**25.7%**	25.0%	24.6%

(a) Averages based on month end balances.

(b) Amounts include (i) average interest-bearing restricted cash balances of $945 million, $832 million and $1,102 million for 2014, 2013 and 2012, 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 Card Member loan balances used to determine the average yield on loans in amounts of $269 million, $349 million and $463 million in U.S. as well as nil, $4 million and $5 million in non-U.S. for 2014, 2013 and 2012, respectively.

(d) Average yields for both taxable and non 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 (n.m.).

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

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

Years Ended December 31, *(Millions, except percentages)*	2014 Average Balance (a)	2014 Interest Expense	2014 Average Rate	2013 Average Balance (a)	2013 Interest Expense	2013 Average Rate	2012 Average Balance (a)	2012 Interest Expense	2012 Average Rate
Interest-bearing liabilities									
Customer deposits									
U.S.									
Savings	**$ 34,689**	**$ 239**	**0.7%**	$ 31,650	232	0.7%	$ 26,739	220	0.8%
Time	**6,961**	**129**	**1.9**	9,047	206	2.3	10,380	247	2.4
Demand	**176**	**1**	**0.6**	228	1	0.4	295	2	0.7
Non-U.S.									
Other time and savings	**7**	**1**	**14.3**	3	—	6.4	193	8	4.2
Other demand	**104**	**3**	**2.9**	121	3	2.6	150	3	2.0
Short-term borrowings (b)									
U.S.	**1,060**	**2**	**0.2**	767	1	0.1	1,353	3	0.2
Non-U.S.	**2,534**	**21**	**0.8**	2,454	21	0.9	2,260	22	1.0
Long-term debt (b)									
U.S.	**52,476**	**1,226**	**2.3**	52,125	1,392	2.7	54,406	1,615	3.0
Non-U.S.	**2,206**	**60**	**2.7**	2,553	78	3.1	2,504	92	3.7
Other liabilities (c)									
Primarily U.S.	**353**	**25**	**n.m.**	325	24	n.m.	317	14	n.m.
Total interest-bearing liabilities	**$100,566**	**$1,707**	**1.7%**	$ 99,273	$1,958	2.0%	$ 98,597	$2,226	2.3%
U.S.	**95,715**	**1,622**		94,142	1,856		93,490	2,101	
Non-U.S.	**4,851**	**85**		5,131	102		5,107	125	
Non-interest-bearing liabilities									
Travelers Cheques outstanding									
U.S.	**3,641**			4,075			4,458		
Non-U.S.	**128**			129			165		
Accounts payable									
U.S.	**7,321**			7,225			6,726		
Non-U.S.	**5,084**			4,989			4,238		
Customer Deposits (d)									
U.S.	**349**			167			—		
Non-U.S.	**358**			229			—		
Other liabilities									
U.S.	**12,350**			12,507			12,017		
Non-U.S.	**4,375**			4,433			4,398		
Total non-interest-bearing liabilities	**33,606**			33,754			32,002		
U.S.	**23,661**			23,974			23,201		
Non-U.S.	**9,945**			9,780			8,801		
Total liabilities	**134,172**			133,027			130,599		
U.S.	**119,376**			118,116			116,691		
Non-U.S.	**14,796**			14,911			13,908		
Total shareholders' equity	**20,254**			19,254			19,426		
Total liabilities and shareholders' equity	**$154,426**			$152,281			$150,025		
Percentage of total average liabilities attributable to non-U.S. activities	**11.0%**			11.2%			10.6%		
Interest rate spread			**6.3%**			5.8%			5.4%
Net interest income and net average yield on interest-earning assets (e)		**$5,472**	**6.1%**		$5,047	5.6%		$4,628	5.2%

(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.

(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 (n.m.).

(d) Beginning in 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. Immaterial amounts of other non-interest-bearing deposits for 2012 remain included in interest-bearing deposits. U.S. non-interest-bearing customer deposits include average Card Member credit balance of $313 million and $150 million for the year 2014 and 2013, respectively and Non-U.S. non-interest-bearing customer deposits include average Card Member credit balance of $344 million and $219 million for the year 2014 and 2013, respectively.

(e) 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 footnote (d) from the previous table.

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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.

Years Ended December 31, *(Millions)*	2014 vs. 2013 Increase (Decrease) due to change in: Average Volume	Average Rate	Net Change	2013 vs. 2012 Increase (Decrease) due to change in: Average Volume	Average Rate	Net Change
Interest-earning assets						
Interest-bearing deposits in other banks						
U.S.	**$ (6)**	**$ (2)**	**$ (8)**	$ (1)	$ 1	$ —
Non-U.S.	**(3)**	**(5)**	**(8)**	3	(8)	(5)
Federal funds sold and securities purchased under agreements to resell						
Non-U.S.	**4**	**(1)**	**3**	(4)	(1)	(5)
Short-term investment securities						
U.S.	**—**	**—**	**—**	—	—	—
Non-U.S.	**—**	**—**	**—**	2	(3)	(1)
Card Member loans						
U.S.	**302**	**(79)**	**223**	196	5	201
Non-U.S.	**(29)**	**(10)**	**(39)**	(21)	18	(3)
Other loans						
U.S.	**19**	**1**	**20**	12	(3)	9
Non-U.S.	**(3)**	**10**	**7**	(5)	5	—
Taxable investment securities						
U.S.	**—**	**(2)**	**(2)**	(11)	(1)	(12)
Non-U.S.	**3**	**(1)**	**2**	2	(3)	(1)
Non-taxable investment securities						
U.S.	**(23)**	**2**	**(21)**	(16)	(13)	(29)
Other assets						
Primarily U.S.	**(6)**	**3**	**(3)**	(4)	1	(3)
Change in interest income	**258**	**(84)**	**174**	153	(2)	151
Interest-bearing liabilities						
Customer deposits						
U.S.						
Savings	**22**	**(15)**	**7**	40	(28)	12
Time	**(47)**	**(30)**	**(77)**	(32)	(9)	(41)
Demand	**—**	**—**	**—**	—	(1)	(1)
Non-U.S.						
Other time and savings	**—**	**1**	**1**	(8)	—	(8)
Other demand	**—**	**—**	**—**	(1)	1	—
Short-term borrowings						
U.S.	**—**	**1**	**1**	(1)	(1)	(2)
Non-U.S.	**1**	**(1)**	**—**	2	(3)	(1)
Long-term debt						
U.S.	**9**	**(175)**	**(166)**	(68)	(155)	(223)
Non-U.S.	**(11)**	**(7)**	**(18)**	2	(16)	(14)
Other liabilities						
Primarily U.S.	**2**	**(1)**	**1**	—	10	10
Change in interest expense	**(24)**	**(227)**	**(251)**	(66)	(202)	(268)
Change in net interest income	**$ 282**	**$ 143**	**$ 425**	$ 219	$ 200	$ 419

(a) Refer to footnotes from “Distribution of Assets, Liabilities and Shareholders’ Equity” for additional information.

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Loans and Card Member Receivables Portfolios

The following table presents gross loans and gross Card Member receivables by customer type segregated between U.S. and non-U.S., based on the domicile of the borrowers. Refer to Notes 3 and 4 to the Consolidated Financial statements in our 2014 Annual Report to Shareholders for additional information.

December 31, *(Millions)*	2014	2013	2012	2011	2010
Loans (a) (b)					
U.S. loans					
Card Member (c) (d)	**$ 62,592**	$ 58,530	$ 56,104	$ 53,850	$ 51,738
Other (e)	**726**	411	285	108	44
Non-U.S. loans					
Card Member (c) (d)	**7,793**	8,708	9,125	8,771	9,112
Other (e)	**206**	210	286	329	392
Total loans	**$ 71,317**	$ 67,859	$ 65,800	$ 63,058	$ 61,286
Card Member receivables (a) (b)					
U.S. Card Member receivables					
Consumer (f)	**22,468**	21,842	21,124	20,645	19,155
Commercial (g)	**9,082**	8,480	7,924	7,495	6,439
Non-U.S. Card Member receivables					
Consumer (f)	**7,800**	7,930	7,967	7,412	6,852
Commercial (g)	**5,501**	5,911	5,751	5,338	4,820
Total Card Member receivables	**$ 44,851**	$ 44,163	$ 42,766	$ 40,890	$ 37,266

(a) As of December 31, 2014, the Company had approximately $278 billion of unused credit available to Card Members. 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.

(b) As of December 31, 2014, the Company's exposure to any concentration of gross loans and Card Member receivables combined, which exceeds 10 percent of total loans and Card Member receivables is further split between $101 billion for individuals and $15 billion for commercial. Loans and Card Member receivables concentrations are defined as 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. Refer to Note 24 to the Consolidated Financial Statements in our 2014 Annual Report to Shareholders for additional information on concentrations.

(c) Card Member loans include unamortized net card fees of $140 million and $134 million for 2011 and 2010 respectively. Beginning in 2012, unamortized net card fees are reported under Other liabilities.

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

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

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

(g) Represents receivables from corporate charge card clients.

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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)*	2014			
	Within 1 year (a)(b)	1-5 years (b)(c)	After 5 years (c)	Total
Loans				
U.S. loans				
Card Member	$ 62,512	$ 80	$ —	$ 62,592
Other	404	157	165	726
Non-U.S. loans				
Card Member	7,790	1	2	7,793
Other	151	55	—	206
Total loans	$ 70,857	$ 293	$ 167	$ 71,317
Loans due after one year at fixed interest rates		$ 252	$ 78	$ 330
Loans due after one year at variable interest rates		41	89	130
Total loans		$ 293	$ 167	$ 460
Card Member receivables				
U.S. Card Member receivables				
Consumer	$ 22,467	$ 1	$ —	$ 22,468
Commercial	9,082	—	—	9,082
Non-U.S. Card Member receivables				
Consumer	7,800	—	—	7,800
Commercial	5,501	—	—	5,501
Total Card Member receivables	$ 44,850	$ 1	$ —	$ 44,851

(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, 2014.

(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 $83 million of TDRs.

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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)*	2014	2013	2012	2011	2010
Loans					
Non-accrual loans (a)					
U.S.	**$ 241**	$ 294	$ 433	$ 529	$ 628
Non-U.S.	**—**	4	8	9	12
Total non-accrual loans	**241**	298	441	538	640
Loans contractually 90 days past-due and still accruing interest (b)					
U.S.	**162**	174	77	64	90
Non-U.S.	**58**	54	61	70	99
Total loans contractually 90 days past-due and still accruing interest	**220**	228	138	134	189
Restructured loans (c)					
U.S.	**286**	351	627	736	1,076
Non-U.S.	**—**	5	6	8	11
Total restructured loans	**286**	356	633	744	1,087
Total non-performing loans	**$ 747**	$ 882	$ 1,212	$ 1,416	$ 1,916
Card Member receivables					
Restructured Card Member receivables (c)					
U.S.	**48**	50	117	174	114
Total restructured Card Member receivables	**$ 48**	$ 50	$ 117	$ 174	$ 114

(a) Non-accrual loans not in modification programs include certain Card Member loans placed with outside collection agencies for which the Company has ceased accruing interest.

(b) The Company's policy is generally to accrue interest through the date of write-off (i.e. 180 days past due). The Company establishes reserves for interest that the Company believes will not be collected. Amounts presented exclude loans modified as a TDR.

(c) 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. Refer to Note 3 to the Consolidated Financial Statements in our 2014 Annual Report to Shareholders for additional information about TDRs.

Impact of Non-performing Loans on Interest Income

The following table presents the gross interest income for both non-accrual and restructured loans for 2014 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 2014. 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.

	2014		
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)	**$ 97**	**$ —**	**$ 97**
Interest income actually recognized	**20**	**—**	**20**
Total interest revenue foregone	**$ 77**	**$ —**	**$ 77**

(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, 2014, 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” section.

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.

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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	Total exposure (net of liabilities)	Cross-border commitments (c)
Australia	**2014**	**$ —**	**$ 287**	**$ —**	**$3,089**	**$ 3,376**	**$ 488**	**$ 2,888**	**$ 5,915**
	2013	8	227	—	3,499	3,734	529	3,205	6,648
	2012	7	483	—	4,260	4,750	814	3,936	6,256
Canada	**2014**	**$ 710**	**$ 353**	**$ 52**	**$3,416**	**$ 4,531**	**$ 1,731**	**$ 2,800**	**$ 17,763**
	2013	513	890	57	4,271	5,731	3,027	2,704	19,927
	2012	165	671	—	4,481	5,317	3,128	2,189	19,984
United Kingdom	**2014**	**$ 23**	**$ 2,415**	**$ 16**	**$3,466**	**$ 5,920**	**$ 3,465**	**$ 2,455**	**$ 11,183**
	2013	37	2,164	17	3,205	5,423	3,318	2,105	10,291
	2012	32	2,347	—	3,216	5,595	3,574	2,021	10,732
Mexico	**2014**	**$ 115**	**$ 241**	**$ 5**	**$1,997**	**$ 2,358**	**$ 622**	**$ 1,736**	**$ 1,154**
	2013	128	191	7	2,133	2,459	647	1,812	1,313
	2012	129	99	—	2,172	2,400	752	1,648	1,267
Japan	**2014**	**$ 1**	**$ 41**	**$ 62**	**$1,824**	**$ 1,928**	**$ 1,804**	**$ 124**	**$ 66**
	2013	1	64	31	1,812	1,908	1,794	114	68
	2012	23	192	—	2,149	2,364	2,172	192	17
Other countries (b)	**2014**	**$ 105**	**$ 208**	**$ 17**	**$4,951**	**$ 5,281**	**$ 976**	**$ 4,305**	**$ 706**
	2013	127	203	16	4,351	4,697	1,034	3,663	832
	2012	93	203	—	4,082	4,378	1,200	3,178	842

(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 year 2012.

(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 this year the countries are France, Italy, Netherlands and Germany.

(c) Beginning 2014, the cross border commitments have been disclosed to report unused credit line on lending products, to align with the FFIEC reporting. Comparative balances for 2013 and 2012 have also been disclosed.

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)*	2014	2013	2012	2011	2010
Card Member loans					
Allowance for loan losses at beginning of year—U.S. loans	**$ 1,083**	$ 1,274	$ 1,611	$ 3,153	$ 2,541
Reserves established for consolidation of a variable interest entities	**—**	—	—	—	2,531
U.S. loans—adjusted balance	**1,083**	1,274	1,611	3,153	5,072
Non-U.S. loans	**178**	197	263	493	727
Total allowance for losses—beginning of year	**1,261**	1,471	1,874	3,646	5,799
Card Member lending provisions (a)					
U.S. loans	**944**	916	882	79	1,224
Non-U.S. loans	**194**	199	148	66	221
Total Card Member lending provisions	**1,138**	1,115	1,030	145	1,445
Write-offs					
U.S. loans	**(1,346)**	(1,463)	(1,621)	(2,105)	(3,614)
Non-U.S. loans	**(269)**	(280)	(309)	(394)	(573)
Total write-offs	**(1,615)**	(1,743)	(1,930)	(2,499)	(4,187)
Recoveries					
U.S. loans	**356**	368	395	477	468
Non-U.S. loans	**72**	84	98	101	100
Total recoveries	**428**	452	493	578	568
Net write-offs (b)	**(1,187)**	(1,291)	(1,437)	(1,921)	(3,619)
Other (c)					
U.S. loans	**(1)**	(12)	7	7	3
Non-U.S. loans	**(10)**	(22)	(3)	(3)	18
Total other	**(11)**	(34)	4	4	21
Allowance for loan losses at end of year					
U.S. loans	**1,036**	1,083	1,274	1,611	3,153
Non-U.S. loans	**165**	178	197	263	493
Total allowance for losses	**$ 1,201**	$ 1,261	$ 1,471	$ 1,874	$ 3,646
Principal only net write-offs / average Card Member loans outstanding (d) (e)	**1.5%**	1.8%	2.1%	2.9%	5.6%
Principal, interest and fees net write-offs / average Card Member loans outstanding (d) (e)	**1.8%**	2.0%	2.3%	3.3%	6.2%

(a) Refer to Note 4 to the Consolidated Financial Statements in our 2014 Annual Report to Shareholders for a discussion of management's process for evaluating allowance for loan losses.

(b) Net write-offs include principal, interest and fees balances.

(c) Beginning in the first quarter 2014, reserves for card related fraud losses of $(6) million are included in Other liabilities. Also includes foreign currency translation adjustments and other items.

(d) 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.

(e) 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)*	2014	2013	2012	2011	2010
Other loans					
Allowance for loan losses at beginning 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
Provisions for other loan losses (a)					
U.S. loans	**—**	—	(1)	—	3
Non-U.S. loans	**8**	7	14	13	22
Total provisions for other loan losses	**8**	7	13	13	25
Write-offs					
U.S. loans	**—**	—	(1)	(2)	(4)
Non-U.S. loans	**(14)**	(20)	(16)	(24)	(34)
Total write-offs	**(14)**	(20)	(17)	(26)	(38)
Recoveries					
U.S. loans	**—**	—	1	1	1
Non-U.S. loans	**5**	7	4	6	8
Total recoveries	**5**	7	5	7	9
Net write-offs	**(9)**	(13)	(12)	(19)	(29)
Other (b)					
U.S. loans	**—**	(1)	1	—	—
Non-U.S. loans	**—**	—	—	—	1
Total other	**—**	(1)	1	—	1
Allowance for loan losses at end of year					
U.S. loans	**—**	—	1	1	2
Non-U.S. loans	**12**	13	19	17	22
Total allowance for losses	**$ 12**	$ 13	$ 20	$ 18	$ 24
Net write-offs/average other loans outstanding (c)	**1.2%**	2.3%	2.5%	4.7%	6.5%

(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)*	2014	2013	2012	2011	2010
Card Member receivables					
Allowance for losses at beginning 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
Provisions for losses (a)					
U.S. receivables					
Consumer	**451**	336	372	438	237
Commercial	**98**	53	57	7	64
Total U.S. provisions	**549**	389	429	445	301
Non-U.S. receivables					
Consumer	**172**	188	128	130	104
Commercial	**71**	71	44	29	34
Total non-U.S. provisions	**243**	259	172	159	138
Total provisions for losses	**792**	648	601	604	439
Write-offs					
U.S. receivables					
Consumer	**(618)**	(662)	(674)	(576)	(528)
Commercial	**(120)**	(92)	(92)	(90)	(128)
Total U.S. write-offs	**(738)**	(754)	(766)	(666)	(656)
Non-U.S. receivables					
Consumer	**(211)**	(227)	(190)	(187)	(222)
Commercial	**(92)**	(90)	(67)	(56)	(77)
Total non-U.S. write-offs	**(303)**	(317)	(257)	(243)	(299)
Total write-offs	**$ (1,041)**	$ (1,071)	$ (1,023)	$ (909)	$ (955)

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Years Ended December 31, *(Millions, except percentages)*	2014	2013	2012	2011	2010
Card Member receivables					
Recoveries					
U.S. receivables					
Consumer	**$ 230**	$ 279	$ 267	$ 225	$ 227
Commercial	**41**	38	37	42	50
Total U.S. recoveries	**271**	317	304	267	277
Non-U.S. receivables					
Consumer	**58**	57	54	59	55
Commercial	**29**	28	25	23	25
Total non-U.S. recoveries	**87**	85	79	82	80
Total recoveries	**358**	402	383	349	357
Net write-offs (b)	**(683)**	(669)	(640)	(560)	(598)
Other (c)					
U.S. receivables					
Consumer	**(3)**	(10)	15	13	1
Commercial	**(1)**	(1)	3	(5)	—
Total U.S. other	**(4)**	(11)	18	8	1
Non-U.S. receivables					
Consumer	**(24)**	(6)	7	—	(1)
Commercial	**(2)**	(4)	4	—	(1)
Total non-U.S. other	**(26)**	(10)	11	—	(2)
Total other	**(30)**	(21)	29	8	(1)
Allowance for losses at end of year					
U.S. receivables					
Consumer	**276**	216	273	293	193
Commercial	**53**	35	37	33	79
Total U.S. receivables	**329**	251	310	326	272
Non-U.S. receivables					
Consumer	**93**	98	86	86	84
Commercial	**43**	37	32	26	30
Total non-U.S. receivables	**136**	135	118	112	114
Total allowance for losses	**$ 465**	$ 386	$ 428	$ 438	$ 386
Net write-offs / average Card Member receivables outstanding (d)	**1.5%**	1.6%	1.5%	1.4%	1.7%

(a) Refer to Note 4 to the Consolidated Financial Statements in our 2014 Annual Report to Shareholders for a discussion of management's process for evaluating allowance for receivable losses.

(b) Net write-offs include principal and fees balances.

(c) Beginning in the first quarter 2014, reserves for card-related fraud losses of $(7) million are included in Other liabilities. Also includes foreign currency translation adjustments and other items.

(d) 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 monthly 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)*	2014		2013		2012		2011		2010	
Allowance for losses at end of year applicable to	Amount	Percentage (a)	Amount	Percentage (a)	Amount	Percentage (a)	Amount	Percentage (a)	Amount	Percentage (a)
Loans										
U.S. loans										
Card Member	**$ 1,036**	**85%**	$ 1,083	85%	$ 1,274	86%	$ 1,611	85%	$ 3,153	84%
Other	—	—	—	—	1	—	1	—	2	—
Non-U.S. loans										
Card Member	**165**	**14**	178	14	197	13	263	14	493	15
Other	**12**	**1**	13	1	19	1	17	1	22	1
	$ 1,213	**100%**	$ 1,274	100%	$ 1,491	100%	$ 1,892	100%	$ 3,670	100%
Card Member receivables										
U.S. Card Member receivables										
Consumer	**$ 276**	**59%**	$ 216	56%	$ 273	64%	$ 293	67%	$ 193	52%
Commercial	**53**	**12**	35	9	37	8	33	7	79	17
Non-U.S. Card Member receivables										
Consumer	**93**	**20**	98	25	86	20	86	20	84	18
Commercial	**43**	**9**	37	10	32	8	26	6	30	13
	$ 465	**100%**	$ 386	100%	$ 428	100%	$ 438	100%	$ 386	100%

(a) Percent of loans/receivables in each category to total loans/receivables.

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, 2014				
(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 ($100,000 or more)	**$ 95**	**$ 21**	**$ 43**	**$ 64**	**$ 223**

As of December 31, 2014, time certificates of deposit and other time deposits in amounts of $100,000 or more issued by non-U.S. offices was $19 million.

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 24, 2015, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in the 2014 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 24, 2015

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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 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 November 5, 2014 (filed November 12, 2014)).
3.6	Company's By-Laws, as amended through October 20, 2014, (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K (Commission File No. 1-7657) dated October 20, 2014).
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 December 2, 2014.
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) (incorporated by reference to Exhibit 10.36 of the Company’s Annual Report on Form 10-K (Commission File No. 1-7657) for the year ended December 31, 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 December 2, 2014.
*10.39	Description of Compensation Payable to Non-Management Directors effective January 1, 2015.
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	Amended and Restated Time Sharing Agreement, dated March 26, 2014, by and between American Express Travel Related Services Company, Inc. 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 March 31, 2014).
*10.51	Amendment No. 1, dated February 12, 2015, to the Amended and Restated Time Sharing Agreement, dated March 26, 2014, by and between American Express Travel Related Services Company, Inc. and Kenneth I. Chenault.
*12	Computation in Support of Ratio of Earnings to Fixed Charges.
*13	Portions of the Company's 2014 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-1 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

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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, 2014 **Commission File No. 1-7657**

American Express Company

(Exact name of Company as specified in charter)

EXHIBITS

EXHIBIT 10.8

AMERICAN EXPRESS COMPANY
AMERICAN EXPRESS CENTURION BANK
AMERICAN EXPRESS BANK, FSB

DEFERRED COMPENSATION PLAN FOR DIRECTORS AND ADVISORS

(As amended and restated effective January 1, 2015)

Section 1. Effective Date

The original effective date of this Plan was October 1, 1973. This Plan is amended and restated as provided herein effective January 1, 2015.

Section 2. Eligibility

Any Director of or Advisor to the Board of Directors of American Express Company (the "Company"), any Director of American Express Centurion Bank ("Centurion") and/or any Director of American Express Bank, FSB ("FSB") (hereinafter "Directors") who is not an officer or employee of the Company, Centurion, FSB or a subsidiary thereof is eligible to participate in this Deferred Compensation Plan for Directors and Advisors (this "Plan").

Section 3. Administration

The Nominating and Governance Committee (the "Committee") of the Board of Directors shall administer this Plan. The Committee shall have all the powers necessary to administer this Plan, including the right to interpret the provisions of this Plan and to establish rules and prescribe any forms for the administration of this Plan.

Section 4. Amount of Deferral

A Director may elect to defer receipt of 50% or 100% for any calendar year of the compensation payable to the Director for service as a Director or Advisor of the Company, Centurion and FSB and including service on Committees of the Board of Directors thereof.

A deferral election with respect to the compensation earned in a particular calendar year shall be made no later than the end of the preceding calendar year; provided, however, to the extent permissible under Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the treasury regulations and other official guidance issued thereunder (collectively, "Section 409A"), a Director who is newly elected to the Board of Directors during a calendar year may make an irrevocable election within thirty (30) days after his or her election to the Board of Directors, which election shall only apply to the Director's compensation earned after the date such election became irrevocable.

Section 5. Director Class Year Accounts

Compensation deferred by a Director will be credited to bookkeeping accounts established under this Plan. The compensation deferred by a Director attributable to calendar years prior to 2015 shall be credited to one account and the compensation deferred by a Director for calendar year 2015 and each calendar year thereafter shall be credited to separate accounts for each such calendar year.

For purposes of this Plan, the account established for the compensation deferred by a Director attributable to calendar years prior to 2015 shall be referred to as the Director's "Pre-2015 Class Year Account" and the account established for the compensation deferred by a Director attributable to calendar year 2015 and each calendar year thereafter shall be referred to as the Director’s “Class Year Account” for the respective calendar year (e.g., the account established for the compensation deferred by a Director attributable to calendar year 2015 shall be referred to as the Director’s “2015 Class Year Account” and the account established for the compensation deferred by a Director attributable to calendar year 2016 shall be referred to as the Director’s “2016 Class Year Account”). And for purposes of this Plan, the Pre-2015 Class Year Account and each Class Year Account of a Director for a calendar year may be referred to individually as a “Class Year Account,” and collectively as the “Class Year Accounts” of the Director.

Section 6. Investment Options

Amounts held in a Director’s Class Year Accounts will be credited and debited with earnings and losses based on the hypothetical investment options made available by the Company (the “Investment Options”). The available Investment Options for a Director’s Class Year Accounts shall be an option with credits based on a rate linked to 120% of the applicable federal rate (the “AFR-Based Option”) and an option linked to the performance of the Company’s common stock, par value $0.20 per share (the “Share Equivalent Option”), each as more completely described below.

At the time that a Director makes an election to defer receipt of his or her compensation for a calendar year pursuant to Section 4, the Director may choose to have the amounts credited to the Class Year Account for that calendar year allocated in one of the following ways: (i) 100% to the AFR-Based Option; (ii) 100% to the Share Equivalent Option; or (iii) 50% to the AFR-Based Option and 50% to the Share Equivalent Option, unless the Committee provides otherwise.

(a) AFR-Based Option

Amounts for which a Director has chosen the AFR-Based Option shall be credited for each calendar quarter with interest at a rate equal to 120% of the annual applicable federal long-term rate for December of the preceding calendar year, as prescribed under Section 1274(d) of the Code (the “AFR”) (e.g., amounts that are credited during 2015 shall be credited at a rate equal to 120% of the annual applicable federal long-term rate for December 2014). The amounts held in a Director’s Class Year Account at the end of each calendar quarter within a calendar year for which the Director has chosen the AFR-Based Option shall be credited interest at the AFR as follows: (i) amounts that were held in a Director’s Class Year Account for the entire calendar quarter will be credited at a rate equal to the AFR; and (ii) amounts that were deferred and credited to or held in a Director’s Class Year Account for less than the entire calendar quarter will be credited at a proration of the AFR based on the number of days during such calendar quarter they were held in the Director’s Class Year Account (e.g., the number of days actually held divided by the number of days in the quarter).

(b) Share Equivalent Option

(A) Amounts for which a Director has chosen the Share Equivalent Option will be converted hypothetically into a number of units equivalent to a number of shares of the Company’s common stock, par value $0.20 per share (“ SEUs ”), determined by dividing the amount of deferred compensation in each calendar quarter for which the Director has chosen the Share Equivalent Option, by the average closing price of the common stock, par value $0.20 per share, for the last ten (10) trading days of such calendar quarter.

(B) On the date on which the Company pays a dividend on its common stock, par value $0.20 per share, dividend equivalents in the form of additional SEUs will be credited to the Director’s Class Year Accounts for the number of SEUs equal to (i) the per-share cash dividend, divided by the closing price of the common stock, par value $0.20 per share, on the dividend payment date, multiplied by (ii) the number of SEUs credited to each such Class Year Account on the dividend payment date.

(C) In the event of any change in the outstanding common stock, par value $0.20 per share, by reasons of any stock split, stock dividend, split up, split-off, spin-off, recapitalization, merger, consolidation, rights offering, reorganization, combination or exchange of shares, a sale by the

Company of all or part of its assets, any distribution to the shareholders other than a normal cash dividend, or other extraordinary or unusual event, the number of SEUs credited to a Director's Class Year Accounts shall be automatically adjusted on the same basis so that the proportionate interest of the Director shall be maintained as before the occurrence of such event.

(D) On any date on which SEUs are payable to a Director, the SEUs will be valued for payment by multiplying the applicable number of SEUs by the average of the closing price of the common stock, par value $0.20 per share, as reported on the New York Stock Exchange Composite Transactions Tape, for the fifteen (15) trading days immediately preceding the date of payment.

The Committee may in its discretion allow Directors to change the Investment Options previously chosen by the Director for an existing Class Year Account pursuant to such rules and restrictions as the Committee may prescribe.

Section 7. Credits to Class Year SEU Award Accounts for SEU Plan Awards

A number of SEUs equal to the number of Share Equivalent Units, if any, awarded to a Director during a calendar year under the American Express Company 2003 Share Equivalent Unit Plan for Directors, as amended and restated from time to time (the "SEU Plan") for calendar year 2015 and subsequent calendar years, will be credited to a bookkeeping account established under this Plan for such Director for that calendar year. A Director's SEUs attributable to awards of Share Equivalent Units for calendar year 2015 and each calendar year thereafter shall be credited to separate accounts for each such calendar year, and such separate account shall be referred to as the Director's "Class Year SEU Award Account" for the respective calendar year (e.g., the account established for the Director's SEUs attributable to awards of Share Equivalent Units for 2015 shall be referred to as the Director's "2015 Class Year SEU Award Account" and the account established for the Director's SEUs attributable to awards of Share Equivalent Units for calendar year 2016 shall be referred to as the Director's "2016 Class Year SEU Award Account"). And for purposes of this Plan, each Class Year SEU Award Account of a Director for a calendar year may be referred to individually as a "Class Year SEU Award Account," and collectively as the "Class Year SEU Award Accounts" of the Director.

If a Director has a Pre-2015 Class Year Account for the compensation deferred by the Director attributable to calendar years prior to 2015, then the Director's SEUs attributable to awards of Share Equivalent Units for calendar years prior to 2015 shall be credited to such existing Pre-2015 Class Year Account and treated as SEUs under the Share Equivalent Option, and adjusted and paid accordingly. If a Director does not have a Pre-2015 Class Year Account for the compensation deferred by the Director attributable to calendar years prior to 2015, then the Director's SEUs attributable to awards of Share Equivalent Units for calendar years prior to 2015 shall be credited to a new Pre-2015 Class Year Account and treated as SEUs under the Share Equivalent Option.

The SEUs to be credited pursuant to this Section 7 for calendar year 2015 and each calendar year thereafter shall be credited to a Class Year SEU Award Account for such calendar year at the time specified by the SEU Plan, and thereafter, shall be adjusted, valued and paid in the same manner as the SEUs credited to a Class Year Account under the Share Equivalent Option under Sections 6(b)(B), (C) and (D). For the avoidance of doubt, a Director cannot choose or change the Investment Option for any Class Year SEU Award Account.

Section 8. Form of Distribution of Accounts

(a) To the extent permissible under Section 409A, a Director who is newly elected to the Board of Directors must make an irrevocable payment election within thirty (30) days after his or her election to the Board of Directors, which payment election will be applicable to the Director's Class Year Account and Class Year SEU Award Account for the calendar year in which elected, which the Director may elect to receive as follows:

(A) Time of Payment. Either:

(i) upon the Director's separation from service (or as soon as administratively practicable thereafter, but in no event later than ninety (90) days thereafter); or

(ii) a specified anniversary following the Director's separation from service, but not later than the tenth (10th) anniversary thereafter (or as soon as administratively practicable after such specified anniversary, but in no event later than ninety (90) days thereafter).

(B) Form of Payment. In cash, in either:

(i) a lump sum; or

(ii) a specified number of annual installments (not to exceed ten (10)).

If a Director does not make an irrevocable payment election within such 30-day period, then the Director will be deemed to have elected to receive his or her Class Year Account and Class Year SEU Award Account for the calendar year in which elected to the Board of Directors in a lump sum upon such Director's separation from service.

(b) For each calendar year following the calendar year in which a Director is elected to the Board of Directors, the Director may make an irrevocable payment election no later than the end of the preceding calendar year, specifying the time and form of payment (which time and form of payment shall be selected from the options described in Sections 8(a)(A) and (B)) for the amounts credited to the Director's Class Year Account and Class Year SEU Award Account for such calendar year. If a Director does not make a payment election under this Section 8(b) for the Class Year Account and Class Year SEU Award Account of a subsequent calendar year, then the Director's actual (or default) payment election applicable to the Class Year Account and Class Year SEU Award Account for the preceding calendar year shall apply to the Class Year Account and Class Year SEU Award Account for such subsequent calendar year.

(c) A Director may change an existing (or default) payment election for a Class Year Account and Class Year SEU Award Account, provided that such subsequent payment election:

(A) does not take effect for twelve (12) months following the date such subsequent election becomes effective;

(B) specifies a new payment date (or a new payment commencement date in the case of annual installment payments) that is no sooner than five years after the original payment date (or the original payment commencement date in the case of installment payments); and

(C) the new payment date (or a new payment commencement date in the case of annual installment payments) is no later than the tenth (10th) anniversary of the Director's separation from service.

(d) Upon a Director's separation from service, the Director's payment election in effect on such date for each of the Director's Class Year Accounts and Class Year SEU Award Accounts shall govern the time and form of the distribution of the respective Class Year Account and Class Year SEU Award Account.

If the Director elects to receive payment of a Class Year Account or a Class Year SEU Award Account in a specified number of annual installments, then subsequent annual installments will be distributed to the Director on the anniversary date of the first distribution, or as soon as administratively practicable thereafter, but in no event later than ninety (90) days after the applicable anniversary of the Director's separation from service. Each installment will be paid proportionally, based on the number of remaining installment payments and the balance of the Class Year Account or Class Year SEU Award Account, as applicable, including the related earnings and losses credited and debited to such Class Year Account or Class Year SEU Award Account pursuant to Sections 6 and 7 (and in the case of a Class Year Account, the Investment Options chosen by the Director for such Class Year Account). (As an example, if a Director chooses to have an account paid in four annual installments, the payment for the first year shall be 1/4 of the value of the account; the payment for the second year shall be 1/3 of the value of the account; the payment for the third year shall be 1/2 of the value of the account; and the payment for the fourth year shall be 1/1 of the value of the account.)

If a Director has both a Class Year Account and a Class Year SEU Award Account for a calendar year, then the payment election (or default payment election) for the Director's Class Year Account for such calendar year and any change to such existing payment election (or default payment election) relating to the Director's Class Year Account for such calendar year shall apply to the Director's Class Year SEU Award Account for such calendar year. Similarly, if a Director has both a Pre-2015 Class Year Account and a Pre-2015 Class Year SEU Award Account, then the payment election (or default payment election) for the Director's Pre-2015 Class Year Account and any change to such existing payment election (or default payment election) relating to the Director's Pre-2015 Class Year Account shall apply to the Director's Pre-2015 Class Year SEU Award Account.

Section 9. Death Prior to Receipt

In the event that a Director dies prior to receipt of any or all of the amounts payable to him or her pursuant to this Plan, except as otherwise provided by this Section 9, any amounts that are then credited to the Director's Class Year Accounts and Class Year SEU Award Accounts shall be paid to the legal representative of the Director's estate.

The Committee may allow Directors to designate a beneficiary or beneficiaries to receive payment of their respective Class Year Accounts and Class Year SEU Award Accounts in the event of the Director's death, and to prescribe the terms of and procedures for any such beneficiary designations. In the event that the Committee allows Directors to make such beneficiary designations, then in the event of the death of a Director with a valid beneficiary election in place at that time, amounts that are then credited to such deceased Director's Class Year Accounts and Class Year SEU Award Accounts shall be paid to the designated beneficiary or beneficiaries of the deceased Director pursuant to and in accordance with the terms of such valid beneficiary designation (instead of to the legal representative of the Director's estate). Any payments under this Section 9 shall be paid in a lump sum within ninety (90) days following the date of the Director's death (or such later date, if any, permitted by Section 409A).

Section 10. Director's Rights Unsecured

The right of any Director to receive future payments under the provisions of this Plan shall be an unsecured, contractual claim against the general assets of the Company. This Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any segregation of assets for the payment of any amounts under this Plan.

Participants may not sell, transfer, assign, pledge, levy, attach, encumber or alienate any amounts payable under this Plan.

Section 11. Statement of Account

The Committee will provide or make available to each Director a statement of account that will confirm the Director's Class Year Account and Class Year SEU Award Account balance(s) as of the end of the preceding quarter, or on such more frequent basis as determined by the Committee. The Committee may provide for such statement of accounts to be in writing (including electronic format) or by means of access to such statement in electronic format.

Section 12. Amendment

This Plan may be amended at any time and from time to time by the Board of Directors of the Company; provided, however, that the Board of Directors may not adopt any amendment that would (a) materially and adversely affect any right of or benefit to any Director with respect to any of the benefits theretofore credited without such Director's written consent, or (b) result in a violation of Section 409A. Any amendment to this Plan that would cause a violation of Section 409A shall be null and void and of no effect.

Section 13. Termination

This Plan shall terminate upon the adoption of a resolution of the Board of Directors terminating this Plan. The termination of this Plan shall not affect the distribution of the Class Year Accounts and Class Year SEU Award Accounts maintained under this Plan, and the balances of each Class Year Account and Class Year SEU Award Account shall continue to become due and payable in accordance with the provisions of this Plan in effect immediately prior to the termination of this Plan and each Director's payment election (or default payment election) applicable to such Class Year Account and Class Year SEU Award Account; provided, however, if the Board of Directors so chooses, the payment of all Class Year Accounts and Class Year SEU Award Accounts may be accelerated upon the termination of this Plan to the extent permissible under and in accordance with Section 1.409A-3(j)(4)(xi) of the treasury regulations.

Section 14. Section 409A

This Plan and the benefits provided thereunder, including SEUs credited pursuant to Section 7, are intended to comply with the requirements of Section 409A, and this Plan, and with respect to SEUs credited pursuant to Section 7, together with the SEU Plan, shall be administered and interpreted consistent with such intention and the American Express Section 409A Compliance Policy.

*   *   *   *   *

EXHIBIT 10.38

AMERICAN EXPRESS COMPANY

2003 SHARE EQUIVALENT UNIT PLAN FOR DIRECTORS

(As amended and restated effective January 1, 2015)

Section 1. Effective Date

The original effective date of this Plan was April 28, 2003. This Plan is amended and restated as set forth herein effective January 1, 2015.

Section 2. Eligibility

Any Director of American Express Company (the “Company”) who is not a current or former officer or employee of the Company or a subsidiary thereof is eligible to participate in this 2003 Share Equivalent Unit Plan for Directors (this “Plan”).

Section 3. Administration

The Nominating and Governance Committee of the Board of Directors (the “Committee”) shall administer this Plan. The Committee shall have all the powers necessary to administer this Plan, including the right to interpret the provisions of this Plan and to establish rules and prescribe any forms for the administration of this Plan.

Section 4. Share Equivalent Units

The Committee shall, on an annual basis, determine, in its discretion, either a number or a value of Share Equivalent Units (“SEUs”) to be awarded to each non-employee Director under this Plan on the date of his or her election or reelection to the Board of Directors of the Company at the Annual Meeting of the Company’s Shareholders held in such year, provided that the number of SEUs to be awarded must be the same for each such non-employee Director for such year. If the Committee specifies the value of SEUs to be awarded, the number of SEUs to be awarded shall be equal to the specified value divided by the average of the closing price of the Company’s common stock, par value $0.20 per share, as reported on the New York Stock Exchange Composite Transactions Tape for the fifteen (15) trading days immediately preceding the date of the Annual Meeting of the Company’s Shareholders.

Section 5. SEU Credits to the Deferred Compensation Plan for Directors and Advisors

SEUs awarded to a Director under this Plan shall be credited to the American Express Deferred Compensation Plan for Directors and Advisors, as amended and restated from time to time (the “Director DCP”), as follows:

(a) SEUs awarded to a Director for a calendar year shall be credited to a Class Year SEU Award Account under the Director DCP (as defined therein) for such Director for that calendar year, with one SEU awarded under this Plan being credited as one SEU to such Class Year SEU Award Account under the Director DCP;

(b) SEUs awarded under this Plan shall be credited to the Director DCP on the date on which such SEUs are awarded under this Plan, provided that if the Company is precluded from crediting SEUs to the Director DCP on that date as a result of the application of securities or other laws, then such SEUs shall be credited to the Director DCP as soon as feasible thereafter, but no later than December 31st of the calendar year in which such SEUs were awarded under this Plan; and

(c) once the SEUs under this Plan are credited as SEUs to such Class Year SEU Award Account under the Director DCP, the SEUs so credited shall thereafter be adjusted, valued and paid in accordance with and pursuant to the terms of the Director DCP, and in the same manner as the Share Equivalent Option thereunder.

Section 6. Amendment

This Plan may be amended at any time and from time to time by the Board of Directors of the Company; provided, however, that the Board of Directors may not adopt any amendment to this Plan that would (a) materially and adversely affect any right of or benefit to any Director with respect to any SEUs previously awarded without such Director's written consent, or (b) result in a violation of Section 409A of the Internal Revenue Code of 1986, as amended, and the treasury regulations and other official guidance issued thereunder (collectively, "Section 409A"). Any amendment to this Plan that would cause a violation of Section 409A shall be null and void and of no effect.

Section 7. Termination

This Plan shall terminate upon the adoption of a resolution of the Board of Directors terminating this Plan. The termination of this Plan shall not affect the validity, existence or status of the Director DCP, including, but not limited to, the payment of the SEUs previously awarded under this Plan and credited to the Director DCP.

Section 8. Section 409A

This Plan and the benefits provided thereunder, together with the Director DCP, are intended to comply with the requirements of Section 409A, and this Plan shall be administered and interpreted, together with the Director DCP, consistent with such intention and the American Express Section 409A Compliance Policy.

* * * * *

DESCRIPTION OF COMPENSATION PAYABLE TO NON-MANAGEMENT DIRECTORS

Upon the recommendation of the Nominating and Governance Committee of the Board of Directors of American Express Company, on December 2, 2014, the Board approved the payment of the following compensation to each non-management director of the Board in respect of his/her service on the Board effective January 1, 2015:

- an annual retainer of $95,000; provided that this amount shall be reduced by $20,000 if the Director does not attend at least 75% of the meetings of the Board and meetings of the committees on which the Director serves;
- a grant of Share Equivalent Units having a value of $165,000 to be awarded under the 2003 Share Equivalent Unit Plan for Directors upon the Director's election or reelection to the Board at the Annual Meeting of Shareholders;
- an annual retainer of $20,000 for the chairs of the Audit and Compliance Committee, Compensation and Benefits Committee, Nominating and Governance Committee and Risk Committee and an annual retainer of $10,000 for the chairs of the Innovation and Technology Committee and Public Responsibility Committee;
- an annual retainer of $20,000 for each member of the Audit and Compliance Committee and Risk Committee, an annual retainer of $10,000 for each member of the Compensation and Benefits Committee, and an annual retainer of $5,000 for each member of the Innovation and Technology Committee, Nominating and Governance Committee, and Public Responsibility Committee;
- an annual lead director fee of $25,000 (provided that if the lead director is the chair of the Nominating and Governance Committee, the retainer for service as chair of the Nominating and Governance Committee shall not be paid); and
- reimbursement of customary expenses for attending Board, committee, and shareholder meetings.

Exhibit 10.51

AMENDMENT NO. 1 TO THE AMENDED AND RESTATED TIME SHARING AGREEMENT

This Amendment No. 1 (including the Schedules A and B attached hereto, collectively hereinafter "Amendment No. 1"), dated as of February 12, 2015, to the Amended and Restated Time Sharing Agreement will amend that certain Amended and Restated Time Sharing Agreement (including any Schedules attached thereto, collectively hereinafter "Time Sharing Agreement"), dated as of March 26, 2014, by and between American Express Travel Related Services Company, Inc., ("AETRSC") and Kenneth I. Chenault ("User").

W I T N E S S E T H:

WHEREAS, pursuant to Section 1 of the Time Sharing Agreement, AETRSC and User desire to amend the Time Sharing Agreement, as provided herein, to reflect the deletion of the Gulfstream Aerospace G-V aircraft bearing Federal Aviation Administration Registration Number [redacted] and Manufacturer's Serial Number [redacted], from 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. AETRSC and User hereby expressly agree that the Schedule A attached hereto amends and replaces the Schedule A attached to the Time Sharing Agreement.
2. All notices and other communications given pursuant to Section 12 of the Time Sharing Agreement under this Amendment No. 1 and/or the Time Sharing Agreement shall be addressed to the parties as provided on the signature page of this Amendment No. 1.
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. 1, the Time Sharing Agreement remains in full force and effect, and this Amendment No. 1 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. 1, the provisions of this Amendment No. 1 shall prevail.
5. This Amendment No. 1 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. AMERICAN EXPRESS TRAVEL RELATED SERVICES 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, AMERICAN EXPRESS TRAVEL RELATED SERVICES 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 AMERICAN EXPRESS TRAVEL RELATED SERVICES 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. 1 to be duly executed on the day and year first above written. The persons signing below warrant their authority to sign.

AMERICAN EXPRESS TRAVEL RELATED SERVICES COMPANY, INC.

By: /s/ Jeffrey W. Lee
Name: Jeffrey W. Lee
Title: VP of Flight Operations

Address: American Express Travel
Related Services 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. 1 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) 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,				
	2014	2013	2012	2011	2010
Earnings:					
Pretax income from continuing operations	**$ 8,991**	$7,888	$6,451	$6,956	$5,964
Interest expense(a)	**1,707**	1,958	2,226	2,320	2,423
Other adjustments(b)	**402**	133	117	124	126
Total earnings	**$11,100**	$9,979	$8,794	$9,400	$8,513
Fixed charges:					
Interest expense	**$ 1,707**	$1,958	$2,226	$2,320	$2,423
Other adjustments(c)	**79**	93	102	94	85
Total fixed charges	**$ 1,786**	$2,051	$2,328	$2,414	$2,508
Ratio of earnings to fixed charges	**6.22**	4.87	3.78	3.89	3.39

(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

2014 FINANCIAL RESULTS

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".

When we use the terms "American Express," "the Company," "we," "our" or "us," we mean American Express Company and its subsidiaries on a consolidated basis, unless we state or the context implies otherwise.

EXECUTIVE OVERVIEW

BUSINESS INTRODUCTION

We are a global services company with four reportable operating segments: U.S. Card Services (USCS), International Card Services (ICS), Global Commercial Services (GCS) and Global Network and Merchant Services (GNMS). We provide our 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. After June 30, 2014, business travel-related services are offered through the non-consolidated joint venture, American Express Global Business Travel (GBT JV). Until June 30, 2014, the business travel operations were wholly owned. Our range of products and services includes:

- charge and credit card products;
- expense management products and services;
- travel-related services;
- stored-value/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.

Our 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.

We compete in the global payments industry with charge, credit and debit card networks, issuers and acquirers, as well as evolving alternative payment providers. As the payments industry continues to evolve, we face increasing competition from non-traditional players that leverage new technologies and customers' existing accounts and 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.

Our products and services generate the following types of revenue for the Company:

- 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 from 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 (business travel commissions and fees included through June 30, 2014);
- Other commissions and fees, which are earned on foreign exchange conversions, card-related fees and assessments, Loyalty Partner-related fees and other service fees;
- Other revenue, which represents revenues arising from contracts with partners of our Global Network Services (GNS) business (including commissions and signing fees), insurance premiums earned from Card Member travel and other insurance programs, prepaid card-related revenues, revenues related to the GBT JV transition services agreement, earnings from equity method investments (including the GBT JV) and other miscellaneous revenue and fees; and

- Interest on loans, which principally represents interest income earned on outstanding balances.

FINANCIAL HIGHLIGHTS

For 2014, we reported net income of $5.9 billion and diluted earnings per share of $5.56. This compared to $5.4 billion of net income and $4.88 diluted earnings per share for 2013 and $4.5 billion of net income and $3.89 diluted earnings per share for 2012.

2014 results included:

- A $719 million ($453 million after-tax) gain on the sale of our investment in Concur Technologies (Concur) in the fourth quarter;
- A $626 million ($409 million after-tax) gain as a result of the business travel joint venture transaction in the second quarter;
- $420 million ($277 million after-tax) of net charges for costs related to reengineering initiatives, including $313 million ($206 million after-tax) and $133 million ($90 million after-tax) of restructuring charges in the fourth and second quarter, respectively; and
- A $109 million ($68 million after-tax) charge related to the renewal of our partnership with Delta Air Lines (Delta) in the fourth quarter.

2013 results included:

- A $66 million ($41 million after-tax) charge related to a proposed merchant litigation settlement in the fourth quarter.

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; and
- A tax benefit of $146 million related to the realization of certain foreign tax credits.

FINANCIAL TARGETS

We seek to achieve three financial targets, on average and over time:

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

If we achieve our EPS and ROE targets, we will seek to return on average and over time approximately 50 percent of the capital we generate to shareholders as dividends or through the repurchases of common stock, which may be subject to certain regulatory restrictions as described herein. See “Current Business Environment/Outlook” for a discussion of certain factors regarding our ability to achieve our financial targets.

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. We prepare our Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States of America (GAAP). However, certain information included within this Annual Report constitutes non-GAAP financial measures. Our calculations of non-GAAP financial measures may differ from the calculations of similarly titled measures by other companies.

BANK HOLDING COMPANY

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

CURRENT BUSINESS ENVIRONMENT/OUTLOOK

Our results for 2014 reflect higher spending by our Card Members, growth in average Card Member loans, credit quality indicators at or near historical lows and continued control over operating expenses, while our strong balance sheet allowed us to return a substantial amount of capital to our shareholders. We believe we produced solid earnings given the current economic and competitive environment, but recognize we face a number of increasing challenges in 2015.

In 2014, we exceeded $1 trillion in annual Card Member global spend on our network for the first time. Card Member billed business increased 7 percent annually over the prior year, with a modest deceleration of the growth rate in the fourth quarter. Discount revenue increased 4 percent annually over the prior year. Billed business growth outpaced discount revenue growth primarily due to accelerated growth of our GNS business (where we share discount revenue we earn from merchants with our issuing bank partners), certain contract signings and payments made to corporate clients and merchant partners, strong growth in our cash rebate rewards products and changes in the mix of spending by location and industry. These factors as well as competition and pricing regulation (including regulation of competitors' interchange rates) will likely result in a continuation of this trend over time.

Average loans grew 4 percent during 2014, which, along with lower funding costs, led to an 8 percent increase in net interest income. Net write-off rates remained at or near historically low levels, though the overall rate of improvement slowed in 2014. We expect, at some point, net write-off rates will increase from these historic lows, which will result in a growth in provision for losses assuming average loans remain at or above current levels.

As previously noted, our 2014 results include net gains from the business travel joint venture transaction in the second quarter ($626 million pretax) and the sale of our investment in Concur in the fourth quarter ($719 million pretax). We used a substantial portion of those gains to make additional investments in business building activities and initiatives designed to improve operating efficiencies. Specifically, marketing, promotion and rewards expenses reflect incremental investments, as well as a charge related to the renewal of our long-term relationship with Delta. We also undertook restructuring actions in the second quarter ($133 million pretax) and fourth quarter ($313 million pretax) designed to make us more efficient, contain operating expenses, and, as a result, better enable us to invest in new and enhanced products and services.

Operating expenses for the year decreased 6 percent and adjusted operating expenses, a non-GAAP measure, were flat year over year. Refer to Table 1 for details of adjusted operating expenses.

While our business is diversified by product and geography, including a range of consumer and commercial card offerings, a large international business and GNS partners around the world, we face a number of increasing challenges in 2015.

Regulation of the payments industry has increased significantly in recent years and various governments around the world have established or are proposing to establish payment system regulatory regimes. In the European Union (EU), proposed regulatory changes in the card payment sector, including the introduction of price regulation, the elimination of honor-all-cards and "anti-steering" rules, and requirements on granting access to our network, among other important changes, will likely negatively impact the discount revenue derived from our business in the EU and could significantly limit our flexibility to compete with the more entrenched bankcard networks. See ''Certain Legislative, Regulatory and Other Developments" for additional information on the legislative and regulatory environment.

In addition, global economic growth continues at a modest and mixed pace. Our 2014 results were negatively impacted by the strengthening U.S. dollar, and we currently expect foreign exchange to have an adverse impact in 2015. Our results could be adversely affected by increases in short-term interest rates or the failure of the U.S. Congress to continue the renewal of legislation regarding our active financing income, which could increase our effective tax rate and have an adverse impact on net income in 2015 and beyond.

Competition remains extremely intense across the payments industry. Within the co-brand space, we are focusing on those relationships that offer the best value to our Card Members while also providing appropriate returns to our business and shareholders. We recently renewed and extended our relationships with Delta, Starwood and Cathay Pacific. More intense competition has generally increased our cost of renewing and extending co-brand relationships which are an important component of our business model. We will continue to strive for a diverse and balanced portfolio of product categories.

As announced on February 12, 2015, we sought to renew our co-brand and merchant acceptance agreements with Costco in the United States, a substantial and growing business relationship. We were unable to agree to terms that would have provided attractive returns for our Company and our shareholders compared to alternative investments. U.S. Costco co-brand accounts generated approximately 8 percent of our worldwide billed business for the year ended December 31, 2014. Over 70 percent of the spending on these accounts occurred outside Costco warehouses. As of December 31, 2014, these co-brand accounts were responsible for approximately 20 percent of our worldwide Card Member loans and approximately 10 percent of our total cards-in-force. In addition, 1 percent of our worldwide billed business for the year ended December 31, 2014 came from spending on other American Express cards at Costco warehouses. Our current co-brand and merchant acceptance agreements with Costco are set to expire on March 31, 2016. The term of any sale of the existing Costco U.S. Card Member loan portfolio will depend on a series of decisions and negotiations among Costco, us and the new co-brand card issuers.

We intend to make investments to attract Card Members, including those from the Costco co-brand relationship, by offering them attractive products from our suite of proprietary offerings. We will also be making investments in other growth initiatives across our Company that we believe offer more attractive returns over time and position us for continued long-term growth. We believe having greater certainty regarding our existing co-brand relationships gives us more flexibility to invest in growth opportunities in the co-brand space and across our Company to help us drive innovation in the world of payments and commerce.

At the same time, we are prepared to re-scale our overall cost base so that it is appropriately sized, which could include a restructuring charge in the future and help us to maintain discipline over operating expenses in 2015 and 2016. The timing and size of any restructuring charge will be dependent on a number of factors, including whether there is a portfolio sale as well as the rate the billed business associated with the Costco U.S. co-brand portfolio declines and how quickly we can grow billed business with other products.

The cumulative effect of increased competition and pricing regulation, the strengthening of the U.S. dollar, the expiration of our U.S. Costco co-brand relationship in 2016 and other factors previously discussed leads us to expect earnings per share in 2015 will likely be significantly adversely affected year over year as we manage through these near-term challenges and invest aggressively to prepare for the end of the Costco U.S. relationship. The impact of these challenges in 2016 will depend on factors such as our ability to offer attractive products and services to Card Members, grow other sources of revenue and implement expense control initiatives, although there can be no assurance that these measures will be successful. We are confident in our business model and believe our financial targets remain appropriate over the longer term once our year over year results are not impacted by the loss of Costco or the renewal of our other co-brand partner relationships.

On February 19, 2015, a trial court ruled in favor of the U.S. Department of Justice (DOJ) in a case challenging provisions in our card acceptance agreements with merchants that prohibit merchants from discriminating against our card products at the point of sale. See "Certain Legislative, Regulatory and Other Developments" for information on the potential impacts of an adverse decision on our business.

TABLE 1: ADJUSTED OPERATING EXPENSES

Years Ended December 31, *(Millions, except percentages)*	2014	2013	Change 2014 vs. 2013
Salaries and employee benefits	$ 6,095	$ 6,191	
Other, net	6,089	6,796	
Total reported operating expenses	12,184	12,987	(6)%
Gain on GBT JV transaction, net of transaction-related costs	547	—	
Global Business Travel (GBT) operating expenses (a)	—	(696)	
Contribution to the American Express Foundation (b)	(40)	—	
Restructuring charges (b)	(446)	—	
Adjusted operating expenses (c)	$ 12,245	$ 12,291	—%

(a) Represents operating expenses of GBT as reported in the third and fourth quarters of 2013. It does not include other GBT-related items, including transaction-related costs and impacts related to a transition service agreement that will phase out over time.
(b) To the extent comparable categories of charges were recognized in periods other than the second or fourth quarters of 2014, they have not been excluded.
(c) Adjusted operating expense and the related growth rate are non-GAAP measures. Management believes these metrics are useful in evaluating the ongoing performance of the Company.

AMERICAN EXPRESS COMPANY
2014 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 2: SUMMARY OF FINANCIAL PERFORMANCE

Years Ended December 31, *(Millions, except percentages and per share amounts)*	2014	2013	2012	Change 2014 vs. 2013		Change 2013 vs. 2012	
Total revenues net of interest expense	$ 34,292	$ 32,974	$ 31,555	$ 1,318	4 %	$ 1,419	4 %
Provisions for losses	2,044	1,832	1,712	212	12	120	7
Expenses	23,257	23,254	23,392	3	—	(138)	(1)
Net income	5,885	5,359	4,482	526	10	877	20
Earnings per common share – diluted (a)	$ 5.56	$ 4.88	$ 3.89	$ 0.68	14 %	$ 0.99	25 %
Return on average equity (b)	29.1%	27.8%	23.1%				
Return on average tangible common equity (c)	35.9%	34.9%	29.2%				

(a) Earnings per common share — diluted was reduced by the impact of earnings allocated to participating share awards and other items of $46 million, $47 million and $49 million for the years ended December 31, 2014, 2013 and 2012, respectively.
(b) ROE is computed by dividing (i) one-year period net income ($5.9 billion, $5.4 billion and $4.5 billion for 2014, 2013 and 2012, respectively) by (ii) one-year average total shareholders' equity ($20.3 billion, $19.3 billion and $19.4 billion for 2014, 2013 and 2012, 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 $3.9 billion, $4.1 billion and $4.2 billion as of December 31, 2014, 2013 and 2012, respectively, and preferred shares of $0.7 billion as of December 31, 2014. We believe return on average tangible common equity is a useful measure of the profitability of our business.

TABLE 3: TOTAL REVENUES NET OF INTEREST EXPENSE SUMMARY

Years Ended December 31, *(Millions, except percentages)*	2014	2013	2012	Change 2014 vs. 2013		Change 2013 vs. 2012	
Discount revenue	$ 19,493	$ 18,695	$ 17,739	$ 798	4 %	$ 956	5 %
Net card fees	2,712	2,631	2,506	81	3	125	5
Travel commissions and fees	1,118	1,913	1,940	(795)	(42)	(27)	(1)
Other commissions and fees	2,508	2,414	2,317	94	4	97	4
Other	2,989	2,274	2,425	715	31	(151)	(6)
Total non-interest revenues	28,820	27,927	26,927	893	3	1,000	4
Total interest income	7,179	7,005	6,854	174	2	151	2
Total interest expense	1,707	1,958	2,226	(251)	(13)	(268)	(12)
Net interest income	5,472	5,047	4,628	425	8	419	9
Total revenues net of interest expense	$ 34,292	$ 32,974	$ 31,555	$ 1,318	4 %	$ 1,419	4 %

TOTAL REVENUES NET OF INTEREST EXPENSE

Discount revenue increased $798 million or 4 percent in 2014 as compared to 2013, and $956 million or 5 percent in 2013 as compared to 2012. The increase in both years was driven by a 7 percent growth in billed business volumes, partially offset by a decline in the average discount rate, faster growth in GNS billings than in overall Company billings, and increased cash rebate rewards and corporate client incentives. U.S. billed business and billed business outside the U.S. increased 8 percent and 6 percent, respectively, in 2014 as compared to 2013, due to 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 6 and 7 for more detail on billed business performance. The average discount rate was 2.48 percent, 2.51 percent and 2.52 percent for 2014, 2013 and 2012 respectively. Changes in the mix of spending by location and industry, volume-related pricing discounts, strategic investments, certain pricing initiatives, competition, pricing regulation (including regulation of competitors' interchange rates) and other factors will likely result in continued erosion of the average discount rate over time.

Net card fees increased $81 million or 3 percent in 2014 as compared to 2013, and $125 million or 5 percent in 2013 as compared to 2012. The increase in both years was primarily driven by 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 5 percent in 2014 compared to 2013 and 8 percent in 2013 compared to 2012. [1]

[1] 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). We believe the presentation of information on a foreign currency adjusted basis is helpful to investors by making it easier to compare our performance in one period to that of another period without the variability caused by fluctuations in currency exchange rates.

Travel commissions and fees decreased $795 million or 42 percent in 2014 as compared to 2013, and $27 million or 1 percent in 2013 as compared to 2012. The decrease in 2014 as compared to 2013 was primarily due to the business travel joint venture transaction, resulting in a lack of comparability between periods. The decrease in 2013 as compared to 2012 was primarily driven by flat business travel sales and a 2 percent decline in U.S. consumer travel sales.

Other commissions and fees increased $94 million or 4 percent in 2014 as compared to 2013, and $97 million or 4 percent in 2013 as compared to 2012. The increase in 2014 as compared to 2013 was primarily driven by higher revenue from our Loyalty Partner business and delinquency fees. The increase in 2013 as compared to 2012 was primarily driven by lower Card Member reimbursements and marginally higher delinquency fees and foreign currency conversion revenues, as well as higher revenue from our Loyalty Partner business.

Other revenues increased $715 million or 31 percent in 2014 as compared to 2013 and decreased $151 million or 6 percent in 2013 as compared to 2012. The increase in 2014 as compared to 2013 was primarily driven by the $719 million gain on the sale of our investment in Concur, revenues received for transitional services provided to the GBT JV and higher Loyalty Edge revenues, partially offset by the loss of revenue from the publishing business, which was sold in the fourth quarter of 2013. The decrease in 2013 as compared to 2012 was driven by 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 2013 decrease also includes the loss of revenue from the publishing business in the fourth quarter of 2013, and higher Card Member reimbursements within other revenues 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.

Interest income increased $174 million or 2 percent in 2014 as compared to 2013, and $151 million or 2 percent in 2013 as compared to 2012. The increase in both years was primarily due to 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 $251 million or 13 percent in 2014 as compared to 2013, and $268 million or 12 percent in 2013 as compared to 2012. The decrease in both years was primarily driven by a lower cost of funds on debt and customer deposits, partially offset by increases in average customer deposit balances. The decrease in 2013 was also driven by lower average long-term debt balances.

TABLE 4: PROVISIONS FOR LOSSES SUMMARY

Years Ended December 31, *(Millions, except percentages)*	2014	2013	2012	Change 2014 vs. 2013		Change 2013 vs. 2012	
Charge card	$ 792	$ 648	$ 601	$ 144	22 %	$ 47	8 %
Card Member loans	1,138	1,115	1,030	23	2	85	8
Other	114	69	81	45	65	(12)	(15)
Total provisions for losses	$ 2,044	$ 1,832	$ 1,712	$ 212	12 %	$ 120	7 %

PROVISIONS FOR LOSSES

Charge card provision for losses increased $144 million or 22 percent in 2014 as compared to 2013, and $47 million or 8 percent in 2013 as compared to 2012. The increase in 2014 was primarily due to a slower reserve rate improvement in 2014 versus 2013, higher corporate card write-offs and the effects of changes in other loss reserve assumptions resulting in a reserve build versus a reserve release in 2013. The 2013 increase was driven by higher average Card Member receivable balances resulting in higher net write-offs, partially offset by a higher reserve release in 2013 than 2012.

Card Member loans provision for losses increased $23 million or 2 percent in 2014 as compared to 2013, and $85 million or 8 percent in 2013 as compared to 2012. The increase in 2014 was driven by higher average Card Member loans, a slower improvement in the reserve rate and the effects of changes in other loss reserve assumptions resulting in a lower reserve release as compared to 2013, partially offset by the benefit of lower net write-offs due to improved credit performance. The 2013 increase was primarily driven by lower reserve releases as compared to 2012, partially offset by the benefit of lower net write-offs in 2013 due to improved credit performance.

Other provision for losses increased $45 million or 65 percent in 2014 as compared to 2013, and decreased $12 million or 15 percent in 2013 as compared to 2012. The increase in 2014 was due, in part, to a merchant-related charge in the fourth quarter of 2014.

TABLE 5: EXPENSES SUMMARY

Years Ended December 31, (Millions, except percentages)	2014	2013	2012	Change 2014 vs. 2013		Change 2013 vs. 2012	
Marketing and promotion	$ 3,320	$ 3,043	$ 2,890	$ 277	9 %	$ 153	5 %
Card Member rewards	6,931	6,457	6,282	474	7	175	3
Card Member services and other	822	767	772	55	7	(5)	(1)
Total marketing, promotion, rewards and Card Member services and other	11,073	10,267	9,944	806	8	323	3
Salaries and employee benefits	6,095	6,191	6,597	(96)	(2)	(406)	(6)
Other, net	6,089	6,796	6,851	(707)	(10)	(55)	(1)
Total expenses	$ 23,257	$ 23,254	$ 23,392	$ 3	— %	$ (138)	(1) %

EXPENSES

Marketing and promotion expenses increased $277 million or 9 percent in 2014 as compared to 2013, and $153 million or 5 percent in 2013 as compared to 2012. The increase in 2014 as compared to 2013 was primarily driven by the reinvestment of a portion of the gains from the business travel joint venture transaction and the sale of our investment in Concur in growth initiatives. The 2013 increase as compared to 2012 was driven by higher spend on Card Member acquisition marketing.

Card Member rewards expenses increased $474 million or 7 percent in 2014 as compared to 2013, and $175 million or 3 percent in 2013 as compared to 2012. The increase in 2014 as compared to 2013 was primarily due to higher Membership Rewards expense of $263 million, driven by a $266 million increase related to new points earned, in line with higher spending volumes, and a higher weighted average cost (WAC) per point assumption, including the impact of the $109 million charge related to the Delta partnership renewal in the fourth quarter of 2014; these increases were offset by slower average growth in the Ultimate Redemption Rate (URR). Co-brand rewards expense increased $211 million, primarily driven by higher spending volumes.

The 2013 increase in Card Member rewards expenses was driven by 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 decrease in Membership Rewards expenses was primarily driven by a $208 million decrease related to the liability for points earned but not yet redeemed, including the impact of a 2012 charge related to enhancements made to the U.S. URR estimation process of $342 million, 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 2012. The $208 million decrease was partially offset by an increase in expense related to new points earned of $100 million.

The Membership Rewards URR for current program participants was 95 percent *(rounded up)* at December 31, 2014, an increase from 94 percent *(rounded down)* at December 31, 2013 and 94 percent *(rounded up)* at December 31, 2012. The increases in the URR were driven by greater engagement in our Membership Rewards program.

Card Member services expenses increased $55 million or 7 percent in 2014 compared to 2013 and decreased $5 million or 1 percent in 2013 as compared to 2012. The increase in 2014 as compared to 2013 was primarily driven by increased engagement levels and use of certain Card Member benefits, as well as recently opened American Express-branded airport lounges.

Salaries and employee benefits expenses decreased $96 million or 2 percent in 2014 as compared to 2013, and $406 million or 6 percent in 2013 as compared to 2012. The decrease in 2014 as compared to 2013 was primarily due to the business travel joint venture transaction, resulting in a lack of comparability between periods. This decrease was partially offset by restructuring charges in the second and fourth quarters of 2014. The decrease in 2013 as compared to 2012 was primarily driven by a restructuring charge in the fourth quarter of 2012.

Other expenses decreased $707 million or 10 percent in 2014 as compared to 2013, and $55 million or 1 percent in 2013 as compared to 2012. The decrease in 2014 as compared to 2013 was primarily driven by the business travel joint venture transaction, which resulted in a gain in the second quarter of 2014 and a lack of comparability between periods beginning in the third quarter of 2014, and the proposed merchant litigation settlement in 2013. The decrease was also due to lower professional services and occupancy and equipment expenses in 2014. These benefits were partially offset by higher fraud expense and non-income tax items in 2014, as well as the American Express Foundation contribution in the second quarter of 2014. The 2013 decrease was driven by higher Card Member reimbursements and investment impairments in 2012, partially offset by higher professional services expenses, driven by increased investments in technology development and other investments in the business, as well as higher occupancy and equipment expenses, primarily driven by higher data processing expenses as well as the proposed merchant litigation settlement in the fourth quarter of 2013.

INCOME TAXES

The effective tax rate was 34.5 percent in 2014 compared to 32.1 percent in 2013 and 30.5 percent in 2012. The tax rates for 2014 and 2013 included expenses of $40 million and benefits of $150 million, respectively, related to the resolution of certain prior years' items. The tax rate for 2012 included benefits of $146 million related to the realization of certain foreign tax credits. 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.

TABLE 6: SELECTED STATISTICAL INFORMATION

Years Ended December 31,	2014	2013	2012	Change 2014 vs. 2013	Change 2013 vs. 2012
Card billed business: *(billions)*					
United States	$ 688.1	$ 637.0	$ 590.7	8%	8%
Outside the United States	334.7	315.4	297.7	6	6
Total	$ 1,022.8	$ 952.4	$ 888.4	7	7
Total cards-in-force: *(millions)*					
United States	54.9	53.1	52.0	3	2
Outside the United States	57.3	54.1	50.4	6	7
Total	112.2	107.2	102.4	5	5
Basic cards-in-force: *(millions)*					
United States	42.6	41.1	40.3	4	2
Outside the United States	47.0	44.0	40.5	7	9
Total	89.6	85.1	80.8	5	5
Average discount rate	2.48%	2.51%	2.52%		
Average basic Card Member spending *(dollars)* (a)	$ 16,884	$ 16,334	$ 15,720	3	4
Average fee per card *(dollars)* (a)	40	40	39	—	3
Average fee per card adjusted *(dollars)* (a)	$ 45	$ 44	$ 43	2%	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 $306 million, $262 million and $257 million for the years ended December 31, 2014, 2013 and 2012, respectively. We present adjusted average fee per card because we believe this metric presents a useful indicator of card fee pricing across a range of its proprietary card products.

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TABLE 7: SELECTED STATISTICAL INFORMATION

	2014		2013	
	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 %	9%	7%	8%
Proprietary billed business	7	7	6	7
GNS billed business [(c)]	12	15	12	16
Airline-related volume				
(9% of worldwide billed business for both 2014 and 2013)	5	6	3	3
United States [(b)]				
Billed business	8		8	
Proprietary consumer card billed business [(d)]	7		7	
Proprietary small business billed business [(d)]	10		11	
Proprietary corporate services billed business [(e)]	8		8	
T&E-related volume				
(26% of U.S. billed business for both 2014 and 2013)	6		6	
Non-T&E-related volume				
(74% of U.S. billed business for both 2014 and 2013)	9		9	
Airline-related volume				
(8% of U.S. billed business for both 2014 and 2013)	3		4	
Outside the United States [(b)]				
Billed business	6	10	6	10
Japan, Asia Pacific & Australia (JAPA) billed business	10	14	6	13
Latin America & Canada (LACC) billed business	(1)	8	6	11
Europe, the Middle East & Africa (EMEA) billed business	7	7	7	6
Proprietary consumer and small business billed business [(f)]	2	6	2	6
JAPA billed business	—	6	(4)	6
LACC billed business	(5)	2	4	7
EMEA billed business	9	8	7	6
Proprietary corporate services billed business [(e)]	3 %	6%	2%	3%

(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). We believe the presentation of information on a foreign currency adjusted basis is helpful to investors by making it easier to compare our 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.

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TABLE 8: SELECTED STATISTICAL INFORMATION

As of or for the Years Ended December 31, *(Millions, except percentages and where indicated)*	2014	2013	2012	Change 2014 vs. 2013	Change 2013 vs. 2012
Worldwide Card Member receivables					
Total receivables *(billions)*	$ 44.9	$ 44.2	$ 42.8	2 %	3 %
Loss reserves:					
Beginning balance	386	428	438	(10)	(2)
Provisions [(a)]	792	648	601	22	8
Net write-offs [(b)]	(683)	(669)	(640)	2	5
Other [(c)]	(30)	(21)	29	43	#
Ending balance	$ 465	$ 386	$ 428	20 %	(10) %
% of receivables	1.0 %	0.9 %	1.0 %		
Net write-off rate – principal only – USCS/ICS [(e)]	1.7 %	(d)	(d)		
Net write-off rate – principal and fees – USCS/ICS [(e)]	1.9 %	(d)	(d)		
30 days past due as a % of total – USCS/ICS	1.6 %	(d)	(d)		
Net loss ratio as a % of charge volume – GCS	0.09 %	0.08 %	0.06 %		
90 days past billing as a % of total – GCS	0.8 %	0.9 %	0.8 %		
Worldwide Card Member loans					
Total loans *(billions)*	$ 70.4	$ 67.2	$ 65.2	5 %	3 %
Loss reserves:					
Beginning balance	1,261	1,471	1,874	(14)	(22)
Provisions [(a)]	1,138	1,115	1,030	2	8
Net write-offs – principal only [(b)]	(1,023)	(1,141)	(1,280)	(10)	(11)
Net write-offs – interest and fees [(b)]	(164)	(150)	(157)	9	(4)
Other [(c)]	(11)	(34)	4	(68)	#
Ending balance	$ 1,201	$ 1,261	$ 1,471	(5)	(14)
Ending reserves – principal only	$ 1,149	$ 1,212	$ 1,423	(5)	(15)
Ending reserves – interest and fees	$ 52	$ 49	$ 48	6	2
% of loans	1.7 %	1.9 %	2.3 %		
% of past due	167 %	169 %	182 %		
Average loans *(billions)*	$ 66.0	$ 63.3	$ 61.5	4 %	3 %
Net write-off rate – principal only [(e)]	1.5 %	1.8 %	2.1 %		
Net write-off rate – principal, interest and fees [(e)]	1.8 %	2.0 %	2.3 %		
30 days past due as a % of total	1.0 %	1.1 %	1.2 %		
Net interest income divided by average loans [(f)]	8.3 %	8.0 %	7.5 %		
Net interest yield on Card Member loans [(f)]	9.3 %	9.3 %	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) Write-offs, less recoveries.

(c) Card Member receivables includes a reclassification of card-related fraud losses of $(7) million to other liabilities in 2014; foreign currency translation adjustments of $(15) million, $(4) million and $2 million for the years ended December 31, 2014, 2013 and 2012, respectively; a reclassification of Card Member bankruptcy reserves of $18 million from other liabilities to credit reserves in 2012; and other adjustments of $(8) million, $(17) million and $9 million for the years ended December 31, 2014, 2013 and 2012, respectively. Card Member loans includes a reclassification of card-related fraud losses of $(6) million to other liabilities in 2014; foreign currency translation adjustments of $(17) million, $(12) million and $7 million for the years ended December 31, 2014, 2013 and 2012, respectively; a reclassification of Card Member bankruptcy reserves of $4 million from other liabilities to credit reserves in 2012; and other adjustments of $12 million and $(22) million and $(7) million for the years ended December 31, 2014, 2013 and 2012, respectively.

(d) Historically, net loss ratio as a % of charge volume and 90 days past billing as a % of receivables were presented for ICS. Beginning in the first quarter 2014, as a result of system enhancements, 30 days past due as a % of total, net write-off rate (principal only) and net write-off rate (principal and fees) have been presented.

(e) We present 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 our practice is to include uncollectible interest and/or fees as part of our total provision for losses, a net write-off rate including principal, interest and/or fees is also presented.

(f) Refer to Table 9 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 our rationale for presenting net interest yield on Card Member loans.

TABLE 9: NET INTEREST YIELD ON CARD MEMBER LOANS

Years Ended December 31, *(Millions, except percentages and where indicated)*	2014	2013	2012
Net interest income	$ 5,472	$ 5,047	$ 4,628
Exclude:			
Interest expense not attributable to the Company's Card Member loan portfolio	1,019	1,181	1,366
Interest income not attributable to the Company's Card Member loan portfolio	(359)	(361)	(401)
Adjusted net interest income (a)	$ 6,132	$ 5,867	$ 5,593
Average loans *(billions)*	$ 66.0	$ 63.3	$ 61.5
Exclude certain non-traditional Card Member loans and other fees *(billions)*	(0.2)	(0.3)	(0.2)
Adjusted average loans *(billions)* (a)	$ 65.8	$ 63.0	$ 61.3
Net interest income divided by average loans	8.3 %	8.0 %	7.5 %
Net interest yield on Card Member loans (a)	9.3 %	9.3 %	9.1 %

(a) Adjusted average loans, adjusted net interest income and net interest yield on Card Member loans are non-GAAP measures. We believe 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 our Card Member loan portfolio.

BUSINESS SEGMENT RESULTS OVERVIEW

We consider a combination of factors when evaluating the composition of our 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 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

We allocate discount revenue and certain other revenues among segments using a transfer pricing methodology. Within the USCS, ICS and GCS segments, discount revenue generally reflects the issuer component of the overall discount revenue generated by each segment’s Card Members; within the GNMS segment, discount revenue generally 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 represents 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 included 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 included 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 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 reflect capital needed to support operations and specific balance sheet items. The risk measures reflect 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.

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U.S. CARD SERVICES SEGMENT

TABLE 10: USCS SELECTED INCOME STATEMENT DATA

Years Ended December 31, *(Millions, except percentages)*	2014	2013	2012	Change 2014 vs. 2013		Change 2013 vs. 2012	
Revenues							
Discount revenue, net card fees and other	$ 12,732	$ 12,123	$ 11,469	$ 609	5 %	$ 654	6 %
Interest income	5,786	5,565	5,342	221	4	223	4
Interest expense	604	693	765	(89)	(13)	(72)	(9)
Net interest income	5,182	4,872	4,577	310	6	295	6
Total revenues net of interest expense	17,914	16,995	16,046	919	5	949	6
Provisions for losses	1,396	1,250	1,253	146	12	(3)	—
Total revenues net of interest expense after provisions for losses	16,518	15,745	14,793	773	5	952	6
Expenses							
Marketing, promotion, rewards, Card Member services and other	7,301	6,825	6,552	476	7	273	4
Salaries and employee benefits and other operating expenses	4,117	3,926	4,172	191	5	(246)	(6)
Total expenses	11,418	10,751	10,724	667	6	27	—
Pretax segment income	5,100	4,994	4,069	106	2	925	23
Income tax provision	1,900	1,801	1,477	99	5	324	22
Segment income	$ 3,200	$ 3,193	$ 2,592	$ 7	— %	$ 601	23 %
Effective tax rate	37.3%	36.1%	36.3%				

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 $609 million or 5 percent in 2014 as compared to 2013, primarily driven by higher discount revenue, due to billed business growth, partially offset by a decrease in the average discount rate and higher cash rebate rewards. Billed business increased 8 percent in 2014 as compared to 2013, primarily driven by a 4 percent increase in average spending per proprietary basic card and 4 percent higher cards-in-force.

Interest income increased $221 million or 4 percent in 2014 as compared to 2013, primarily driven by higher average Card Member loans, partially offset by higher Card Member reimbursements. Interest expense decreased $89 million or 13 percent in 2014 as compared to 2013, due to lower funding costs.

Total revenues net of interest expense increased $949 million or 6 percent in 2013 as compared to 2012, primarily driven by higher discount revenue, due to 8 percent growth in billed business and increased net interest income.

PROVISIONS FOR LOSSES

Provisions for losses increased $146 million or 12 percent in 2014 as compared to 2013, primarily due to higher average Card Member loans, a slower improvement in the reserve rate, and the effects of changes in other loss reserve assumptions resulting in a lower reserve release in 2014, partially offset by the benefit of lower net write-offs for Card Member loans due to improved credit performance. Provisions for losses decreased $3 million in 2013 as compared to 2012.

Refer to Table 11 for the lending and charge card write-off rates for 2014, 2013 and 2012.

EXPENSES

Marketing, promotion, rewards and Card Member services and other expenses increased $476 million or 7 percent in 2014 as compared to 2013, primarily driven by a $397 million or 8 percent increase in Card Member rewards expenses. The increase in rewards costs was driven by higher co-brand rewards expenses of $203 million, primarily relating to higher spending volumes, and an increase in Membership Rewards expense of $194 million. The increase in Membership Rewards expense was primarily due to higher new points earned and a higher WAC per point assumption, including the impact of a $96 million charge related to the Delta partnership renewal in the fourth quarter of 2014.

Salaries and employee benefits and other operating expenses increased $191 million or 5 percent in 2014, as compared to 2013, primarily driven by higher card-related fraud losses, a change in the estimated value of certain investments in our Community Reinvestment Act portfolio and higher restructuring charges compared to 2013.

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Total expenses increased $27 million in 2013 as compared to 2012 primarily driven by higher marketing and promotion expenses and rewards costs. The increase in Card Member rewards was driven by higher co-brand rewards expenses, substantially offset by the impact of a $317 million expense in 2012 related to enhancements to the U.S. URR estimation process. These increases were largely offset by lower Card Member reimbursement costs in 2013 and the impact of the restructuring charge in the fourth quarter of 2012.

INCOME TAXES

The tax rate in all periods includes 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 11: USCS SELECTED STATISTICAL INFORMATION

As of or for the Years Ended December 31, *(Millions, except percentages and where indicated)*	2014	2013	2012	Change 2014 vs. 2013	Change 2013 vs. 2012
Card billed business *(billions)*	$ 542.0	$ 501.0	$ 462.3	8 %	8 %
Total cards-in-force	45.6	43.7	42.2	4	4
Basic cards-in-force	34.0	32.5	31.3	5	4
Average basic Card Member spending *(dollars)* *	$ 16,294	$ 15,689	$ 14,986	4	5
U.S. Consumer Travel:					
Travel sales	$ 3,774	$ 3,967	$ 4,042	(5)	(2)
Travel commissions and fees/sales	7.2 %	7.1 %	7.6 %		
Total segment assets *(billions)*	$ 113.2	$ 103.5	$ 98.3	9	5
Segment capital	$ 10,433	$ 9,269	$ 8,714	13	6
Return on average segment capital [(a)]	32.5 %	35.6 %	28.8 %		
Return on average tangible segment capital [(a)]	33.6 %	37.0 %	30.1 %		
Card Member receivables:					
Total receivables *(billions)*	$ 22.5	$ 21.8	$ 21.1	3	3
Net write-off rate – principal only [(b)]	1.6 %	1.7 %	1.9 %		
Net write-off rate – principal and fees [(b)]	1.8 %	1.9 %	2.1 %		
30 days past due as a % of total	1.7 %	1.6 %	1.8 %		
Card Member loans:					
Total loans *(billions)*	$ 62.6	$ 58.4	$ 56.0	7 %	4 %
Net write-off rate – principal only [(b)]	1.5 %	1.8 %	2.1 %		
Net write-off rate – principal, interest and fees [(b)]	1.7 %	2.0 %	2.3 %		
30 days past due as a % of total	1.0 %	1.1 %	1.2 %		
Calculation of Net Interest Yield on Card Member Loans:					
Net interest income	$ 5,182	$ 4,872	$ 4,577		
Exclude:					
Interest expense not attributable to the Company's Card Member loan portfolio	157	183	204		
Interest income not attributable to the Company's Card Member loan portfolio	(12)	(9)	(9)		
Adjusted net interest income [(c)]	$ 5,327	$ 5,046	$ 4,772		
Average loans *(billions)*	$ 57.8	$ 54.7	$ 52.8		
Exclude certain non-traditional Card Member loans and other fees *(billions)*	—	—	—		
Adjusted average loans *(billions)* [(c)]	$ 57.8	$ 54.7	$ 52.8		
Net interest income divided by average loans	9.0 %	8.9 %	8.7 %		
Net interest yield on Card Member loans [(c)]	9.2 %	9.2 %	9.0 %		

* Proprietary cards only.

(a) Return on average segment capital is calculated by dividing (i) one-year period segment income ($3.2 billion, $3.2 billion and $2.6 billion for 2014, 2013 and 2012, respectively) by (ii) one-year average segment capital ($9.8 billion for 2014, and $9.0 billion for both 2013 and 2012). 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 $319 million, $334 million and $379 million as of December 31, 2014, 2013 and 2012, respectively. We believe return on average tangible segment capital is a useful measure of the profitability of our business.

(b) Refer to Table 8 footnote (e).

(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. We believe 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 our Card Member loan portfolio.

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INTERNATIONAL CARD SERVICES SEGMENT

TABLE 12: ICS SELECTED INCOME STATEMENT DATA

Years Ended December 31, *(Millions, except percentages)*	2014	2013	2012	Change 2014 vs. 2013		Change 2013 vs. 2012	
Revenues							
Discount revenue, net card fees and other	$ 4,737	$ 4,644	$ 4,561	$ 93	2 %	$ 83	2 %
Interest income	1,085	1,118	1,147	(33)	(3)	(29)	(3)
Interest expense	330	361	402	(31)	(9)	(41)	(10)
Net interest income	755	757	745	(2)	—	12	2
Total revenues net of interest expense	5,492	5,401	5,306	91	2	95	2
Provisions for losses	370	388	279	(18)	(5)	109	39
Total revenues net of interest expense after provisions for losses	5,122	5,013	5,027	109	2	(14)	—
Expenses							
Marketing, promotion, rewards, Card Member services and other	2,160	2,013	1,927	147	7	86	4
Salaries and employee benefits and other operating expenses	2,513	2,357	2,441	156	7	(84)	(3)
Total expenses	4,673	4,370	4,368	303	7	2	—
Pretax segment income	449	643	659	(194)	(30)	(16)	(2)
Income tax provision	38	12	25	26	#	(13)	(52)
Segment income	$ 411	$ 631	$ 634	$ (220)	(35) %	$ (3)	— %
Effective tax rate	8.5%	1.9%	3.8%				

# Denotes a variance greater than 100 percent

ICS issues proprietary consumer and small business cards outside the U.S. and operates a coalition loyalty business in various countries.

TOTAL REVENUES NET OF INTEREST EXPENSE

Discount revenue, net card fees and other revenues increased $93 million or 2 percent in 2014 as compared to 2013, and increased 6 percent excluding the impact of foreign exchange rates. [2] The increase was primarily driven by higher Loyalty Partner-related fees, higher discount revenue and an increase in net card fees. Billed business increased 2 percent in 2014 as compared to 2013, and 6 percent excluding the impact of foreign exchange rates. Refer to Table 7 for additional information on billed business by region.

Interest income decreased $33 million or 3 percent in 2014 as compared to 2013, and increased 2 percent excluding the impact of foreign exchange rates. [2]

Interest expense decreased $31 million or 9 percent in 2014 as compared to 2013, and decreased 2 percent excluding the impact of foreign exchange rates, [2] primarily due to lower funding costs.

Total revenues net of interest expense increased $95 million or 2 percent in 2013 as compared to 2012, primarily driven by higher net card fees, Loyalty Partner-related fees and foreign exchange conversion fee revenue.

PROVISIONS FOR LOSSES

Provisions for losses decreased $18 million or 5 percent in 2014, as compared to 2013, and decreased 1 percent excluding the impact of foreign exchange rates, [2] primarily driven by a lower provision for charge cards.

Provisions for losses increased $109 million or 39 percent in 2013 as compared to 2012, primarily driven by a higher provision for both charge cards and Card Member loans. The increase in charge card provision was driven by higher average receivables resulting in higher net write-offs and a reserve build in 2013. The increase in Card Member loans provision was driven by a lower reserve release compared to 2012, partially offset by lower net write-offs.

Refer to Table 13 for the lending and charge write-off rates for 2014, 2013 and 2012.

[2] Refer to footnote 1 on page 22 relating to changes in foreign exchange rate.

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EXPENSES

Marketing, promotion, rewards and Card Member services and other expenses increased $147 million or 7 percent in 2014 as compared to 2013, and increased 11 percent excluding the impact of foreign exchange rates. [3] The increase was primarily driven by higher marketing and promotion expenses, as a result of the reinvestment of a significant portion of the gains from the business travel joint venture transaction and the sale of our investment in Concur in growth initiatives, and higher Loyalty Partner expenses.

Salaries and employee benefits and other operating expenses increased $156 million or 7 percent in 2014 as compared to 2013, primarily driven by restructuring charges in 2014.

Total expenses increased $2 million in 2013 as compared to 2012, primarily driven by a charge related to a change in the Membership Rewards URR estimation process for certain international countries in 2013, substantially offset by the restructuring charge in the fourth quarter of 2012.

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 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.

[3] Refer to footnote 1 on page 22 relating to changes in foreign exchange rate.

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TABLE 13: ICS SELECTED STATISTICAL INFORMATION

As of or for the Years Ended December 31, *(Millions, except percentages and where indicated)*	2014	2013	2012	Change 2014 vs. 2013	Change 2013 vs. 2012
Card billed business *(billions)*	$ 133.8	$ 131.7	$ 128.9	2 %	2 %
Total cards-in-force	15.7	15.7	15.6	—	1
Basic cards-in-force	11.0	10.7	10.6	3	1
Average basic Card Member spending *(dollars)* *	$ 12,297	$ 12,429	$ 12,221	(1)	2
International Consumer Travel:					
Travel sales	$ 1,422	$ 1,420	$ 1,372	—	3
Travel commissions and fees/sales	6.8 %	6.9 %	7.2 %		
Total segment assets *(billions)*	$ 30.7	$ 31.1	$ 31.8	(1)	(2)
Segment capital	$ 2,948	$ 3,132	$ 2,875	(6)	9
Return on average segment capital (a)	13.6 %	20.9 %	21.8 %		
Return on average tangible segment capital (a)	24.6 %	38.8 %	43.0 %		
Card Member receivables:					
Total receivables *(billions)*	$ 7.7	$ 7.8	$ 7.8	(1)	—
Net write-off rate – principal only (c)	1.9 %	(b)	(b)		
Net write-off rate – principal and fees (c)	2.1 %	(b)	(b)		
30 days past due as a % of total	1.3 %	(b)	(b)		
90 days past billing as a % of total	(b)	1.1 %	0.9 %		
Net loss ratio (as a % of charge volume)	(b)	0.20 %	0.16 %		
Card Member loans:					
Total loans *(billions)*	$ 7.7	$ 8.8	$ 9.2	(13)%	(4)%
Net write-off rate – principal only (c)	2.0 %	1.9 %	1.9 %		
Net write-off rate – principal, interest and fees (c)	2.4 %	2.3 %	2.4 %		
30 days past due as a % of total	1.6 %	1.4 %	1.5 %		
Calculation of Net Interest Yield on Card Member Loans:					
Net interest income	$ 755	$ 757	$ 745		
Exclude:					
Interest expense not attributable to the Company's Card Member loan portfolio	89	93	102		
Interest income not attributable to the Company's Card Member loan portfolio	(39)	(29)	(25)		
Adjusted net interest income (d)	$ 805	$ 821	$ 822		
Average loans *(billions)*	$ 8.2	$ 8.5	$ 8.7		
Exclude certain non-traditional Card Member loans and other fees *(billions)*	(0.2)	(0.2)	(0.2)		
Adjusted average loans *(billions)* (d)	$ 8.0	$ 8.3	$ 8.5		
Net interest income divided by average loans	9.2 %	8.9 %	8.5 %		
Net interest yield on Card Member loans (d)	10.0 %	9.9 %	9.6 %		

* Proprietary cards only.

(a) Return on average segment capital is calculated by dividing (i) one-year period segment income ($411 million, $631 million and $634 million for 2014, 2013 and 2012, respectively) by (ii) one-year average segment capital ($3.0 billion for both 2014 and 2013 and $2.9 billion for 2012). 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 December 31, 2014, 2013 and 2012. We believe return on average tangible segment capital is a useful measure of the profitability of our business.

(b) Historically, due to system constraints, net loss ratio as a % of charge volume and 90 days past billing as a % of receivables were presented. Beginning in the first quarter of 2014, as a result of system enhancements, net write-off rate — principal only, net write-off rate — principal and fees and 30 days past due as a % of total are presented.

(c) Refer to Table 8 footnote (e).

(d) Adjusted net interest income, adjusted average loans and net interest yield on Card Member loans are non-GAAP measures. We believe 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 our Card Member loan portfolio.

GLOBAL COMMERCIAL SERVICES SEGMENT

TABLE 14: GCS SELECTED INCOME STATEMENT DATA

Years Ended December 31, *(Millions, except percentages)*	2014	2013	2012	Change 2014 vs. 2013		Change 2013 vs. 2012	
Revenues							
Discount revenue, net card fees and other	$ 5,173	$ 5,085	$ 4,995	$ 88	2 %	$ 90	2 %
Interest income	15	13	11	2	15	2	18
Interest expense	240	245	257	(5)	(2)	(12)	(5)
Net interest expense	(225)	(232)	(246)	(7)	(3)	(14)	(6)
Total revenues net of interest expense	4,948	4,853	4,749	95	2	104	2
Provisions for losses	180	129	106	51	40	23	22
Total revenues net of interest expense after provisions for losses	4,768	4,724	4,643	44	1	81	2
Expenses							
Marketing, promotion, rewards, Card Member services and other	682	604	579	78	13	25	4
Salaries and employee benefits and other operating expenses	1,678	2,876	3,104	(1,198)	(42)	(228)	(7)
Total expenses	2,360	3,480	3,683	(1,120)	(32)	(203)	(6)
Pretax segment income	2,408	1,244	960	1,164	94	284	30
Income tax provision	865	384	316	481	#	68	22
Segment income	$ 1,543	$ 860	$ 644	$ 683	79 %	$ 216	34 %
Effective tax rate	35.9 %	30.9 %	32.9 %				

\# Denotes a variance greater than 100 percent

GCS offers global corporate payment services to large and mid-sized companies. Our business travel operations, which had been included in GCS, were deconsolidated effective June 30, 2014 in connection with the business travel joint venture transaction, discussed previously; therefore, there is a lack of comparability against periods prior to the deconsolidation. Our proportional share of the GBT JV's net income is now reported within other revenues.

TOTAL REVENUES NET OF INTEREST EXPENSE

Discount revenue, net card fees, and other revenues increased $88 million or 2 percent in 2014 as compared to 2013. The increase was primarily due to the gain on the sale of our investment in Concur and higher discount revenue due to an increased level of Card Member spending, partially offset by the impact of the business travel joint venture transaction, resulting in a lack of comparability between periods. Billed business increased 6 percent in 2014 as compared to 2013, primarily driven by a 7 percent increase in average spending per proprietary basic card. Billed business volume increased 8 percent within the U.S. and increased 3 percent outside the U.S. in 2014.

Net interest expense decreased $7 million or 3 percent in 2014 as compared to 2013, primarily driven by a lower cost of funds.

Total revenues net of interest expense increased $104 million or 2 percent in 2013 as compared to 2012, primarily due to higher discount revenue from an increased level of Card Member spending.

PROVISIONS FOR LOSSES

Provisions for losses increased $51 million or 40 percent in 2014 as compared to 2013, primarily driven by a higher provision for charge cards. The increase in charge card provisions was primarily due to higher average Card Member receivables resulting in higher corporate card net write-offs. Provisions for losses increased $23 million or 22 percent in 2013 as compared to 2012, primarily driven by higher average Card Member receivables resulting in higher net write-offs, partially offset by a lower reserve build compared to 2012. Refer to Table 15 for the charge card net loss ratio as a percentage of charge volume.

EXPENSES

Marketing, promotion, rewards, Card Member services and other expenses increased $78 million or 13 percent in 2014 as compared to 2013, primarily driven by higher Card Member rewards and marketing and promotion expenses. The increase in rewards costs was primarily driven by higher spending volumes and includes the impact of a $13 million charge related to the Delta partnership renewal in the fourth quarter of 2014. The increase in marketing and promotion expenses was driven by the reinvestment of a significant portion of the gains from the business travel joint venture transaction and the sale of our investment in Concur in growth initiatives.

Salaries and employee benefits and other operating expenses decreased $1.2 billion or 42 percent in 2014 as compared to 2013, primarily due to the impact of the global business travel joint venture transaction, resulting in a lack of comparability between periods, and the gain associated with the transaction in the second quarter of 2014, partially offset by transaction-related costs and restructuring charges.

Total expenses decreased $203 million or 6 percent in 2013 as compared to 2012, primarily driven by higher restructuring costs in 2012.

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.

The effective tax rate for 2012 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 15: GCS SELECTED STATISTICAL INFORMATION

As of or for the Years Ended December 31, *(Millions, except percentages and where indicated)*	2014	2013	2012	Change 2014 vs. 2013	Change 2013 vs. 2012
Card billed business *(billions)*	$ 186.7	$ 175.4	$ 166.4	6 %	5 %
Total cards-in-force	6.9	7.1	7.0	(3)	1
Basic cards-in-force	6.9	7.1	7.0	(3)	1
Average basic Card Member spending *(dollars)* *	$ 26,706	$ 24,924	$ 23,737	7	5
Total segment assets *(billions)*	$ 18.5	$ 19.2	$ 18.9	(4)	2
Segment capital	$ 3,782	$ 3,688	$ 3,625	3	2
Return on average segment capital (a)	40.9%	23.6%	17.6%		
Return on average tangible segment capital (a)	74.4%	45.8%	35.1%		
Card Member receivables:					
Total receivables *(billions)*	$ 14.6	$ 14.4	$ 13.7	1 %	5 %
90 days past billing as a % of total	0.8%	0.9%	0.8%		
Net loss ratio (as a % of charge volume)	0.09%	0.08%	0.06%		

* Proprietary cards only.

(a) Return on average segment capital is calculated by dividing (i) one-year period segment income ($1.5 billion, $860 million and $644 million for 2014, 2013 and 2012, respectively) by (ii) one-year average segment capital ($3.8 billion for 2014 and $3.6 billion for each 2013 and 2012). 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 $1.7 billion at December 31, 2014 and $1.8 billion at both December 31, 2013 and 2012. We believe return on average tangible segment capital is a useful measure of the profitability of our business.

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GLOBAL NETWORK & MERCHANT SERVICES SEGMENT

TABLE 16: GNMS SELECTED INCOME STATEMENT DATA

Years Ended December 31, *(Millions, except percentages)*	2014	2013	2012	Change 2014 vs. 2013		Change 2013 vs. 2012	
Revenues							
Discount revenue, net card fees and other	$ 5,426	$ 5,229	$ 5,005	$ 197	4 %	$ 224	4 %
Interest income	52	32	23	20	63	9	39
Interest expense	(269)	(252)	(243)	(17)	7	(9)	4
Net interest income	321	284	266	37	13	18	7
Total revenues net of interest expense	5,747	5,513	5,271	234	4	242	5
Provisions for losses	93	67	73	26	39	(6)	(8)
Total revenues net of interest expense after provisions for losses	5,654	5,446	5,198	208	4	248	5
Expenses							
Marketing, promotion, rewards, Card Member services and other	819	704	744	115	16	(40)	(5)
Salaries and employee benefits and other operating expenses	2,215	2,273	2,235	(58)	(3)	38	2
Total expenses	3,034	2,977	2,979	57	2	(2)	—
Pretax segment income	2,620	2,469	2,219	151	6	250	11
Income tax provision	960	894	776	66	7	118	15
Segment income	$ 1,660	$ 1,575	$ 1,443	$ 85	5 %	$ 132	9 %
Effective tax rate	36.6%	36.2%	35.0%				

GNMS operates a global payments network that 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 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 $197 million or 4 percent in 2014 as compared to 2013. The increase was primarily driven by higher merchant-related revenues, driven by a 7 percent increase in global card billed business.

Net interest income increased $37 million or 13 percent in 2014 as compared to 2013, and increased 21 percent excluding the impact of foreign exchange rates. [4] The increase was primarily driven by increased revenues on our merchant loans. The interest expense credit relates to internal transfer pricing and funding rates, which resulted in a net benefit for GNMS due to its merchant payables.

Total revenues net of interest expense increased $242 million or 5 percent in 2013 as compared to 2012 primarily due to higher discount revenue and net interest income.

PROVISIONS FOR LOSSES

Provisions for losses increased $26 million or 39 percent in 2014 as compared to 2013, primarily driven by a merchant-related charge in the fourth quarter. Provisions for losses decreased $6 million or 8 percent in 2013 as compared to 2012.

EXPENSES

Marketing, promotion, rewards, Card Member services and other expenses increased $115 million or 16 percent in 2014 as compared to 2013, primarily driven by the reinvestment of a significant portion of the gain from the business travel joint venture transaction in growth initiatives.

Salaries and employee benefits and other operating expenses decreased $58 million or 3 percent in 2014 as compared to 2013, primarily driven by the proposed merchant litigation settlement in the prior year.

Total expenses decreased $2 million in 2013 as compared to 2012, primarily driven by lower marketing and promotion, professional services and salary and employee benefit expenses, substantially offset by the proposed merchant litigation settlement in 2013.

[4] Refer to footnote 1 on page 22 relating to changes in foreign exchange rate.

TABLE 17: GNMS SELECTED STATISTICAL INFORMATION

As of or for the Years Ended December 31, *(Millions, except percentages and where indicated)*	2014	2013	2012	Change 2014 vs. 2013	Change 2013 vs. 2012
Global worldwide card billed business *(billions)*	$ 1,022.8	$ 952.4	$ 888.4	7 %	7 %
Total segment assets *(billions)*	$ 18.1	$ 17.1	$ 16.5	6	4
Segment capital	$ 1,970	$ 1,952	$ 2,048	1	(5)
Return on average segment capital [(a)]	84.0%	76.8%	68.6%		
Return on average tangible segment capital [(a)]	92.9%	84.9%	75.9%		
Global Network Services:					
Card billed business *(billions)*	$ 160.7	$ 144.1	$ 128.8	12	12
Total cards-in-force	44.0	40.7	37.6	8 %	8 %

(a) Return on average segment capital is calculated by dividing (i) one-year period segment income ($1.7 billion, $1.6 billion and $1.4 billion for 2014, 2013 and 2012, respectively) by (ii) one-year average segment capital ($2.0 billion for 2014 and $2.1 billion for both 2013 and 2012). 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 $189 million, $195 million and $203 million as of December 31, 2014, 2013 and 2012, respectively. We believe return on average tangible segment capital is a useful measure of the profitability of our business.

CORPORATE & OTHER

Corporate functions and certain other businesses, including our Enterprise Growth Group and other operations, are included in Corporate & Other.

Corporate & Other net expense increased to $929 million in 2014, as compared to $900 million and $831 million in 2013 and 2012, respectively. The increase in net expense in 2014 was due to higher restructuring charges, a charitable contribution to the American Express Foundation combined with incremental investments in growth initiatives, partially offset by lower salary and benefits expense. The increase in net after-tax expense for 2013 was primarily due to 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 2013, partially offset by the impact of restructuring costs in 2012.

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.

CONSOLIDATED CAPITAL RESOURCES AND LIQUIDITY

Our 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 our assets and meet operating requirements; and
- Liquidity programs that enable us to continuously meet expected future financing obligations and business requirements for at least a 12-month period, even in the event we are unable to continue to raise new funds under our traditional funding programs during a substantial weakening in economic conditions.

CAPITAL STRATEGY

Our 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. We believe capital allocated to growing businesses with a return on risk-adjusted equity in excess of our costs will generate shareholder value.

The level and composition of our consolidated capital position are determined through our internal capital adequacy assessment process, which takes into account our business activities, as well as marketplace conditions and requirements or expectations of credit rating agencies, regulators and shareholders, among others. Our consolidated capital position is also influenced by subsidiary capital requirements. As a bank holding company, we are 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.

As a Basel III Advanced Approaches institution, we reported our capital ratios using Basel III capital definitions, inclusive of transition provisions, and Basel I risk-weighted assets. Beginning in 2015, we will report our capital ratios using the Basel III capital definitions, inclusive of transition provisions, and the Basel III Standardized Approach for calculating risk-weighted assets. The Basel III standards will be fully phased-in by January 1, 2019. We have also adopted Basel III in certain non-U.S. jurisdictions.

We also report capital adequacy standards on a parallel basis to regulators under Basel requirements for a Basel III Advanced Approaches institution. The parallel period will continue until we receive regulatory approval to exit parallel reporting and subsequently begin publicly reporting our capital ratios using both Basel III Standardized and Advanced Approaches.

The following table presents our regulatory risk-based capital ratios and leverage ratios and those of our significant bank subsidiaries, as well as additional ratios widely utilized in the marketplace, as of December 31, 2014.

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TABLE 18: REGULATORY RISK-BASED CAPITAL AND LEVERAGE RATIOS

	Basel III Standards 2014 [(a)]	Ratios as of December 31, 2014
Risk-Based Capital		
Common Equity Tier 1	4.0%	
American Express Company		13.1%
American Express Centurion Bank		18.8
American Express Bank, FSB		14.2
Tier 1	5.5	
American Express Company		13.6
American Express Centurion Bank		18.8
American Express Bank, FSB		14.2
Total	8.0	
American Express Company		15.6
American Express Centurion Bank		20.1
American Express Bank, FSB		16.0
Tier 1 Leverage	4.0%	
American Express Company		11.8
American Express Centurion Bank		18.7
American Express Bank, FSB		15.1
Common Equity to Risk-Weighted Assets		
American Express Company		15.0
Tangible Common Equity to Risk-Weighted Assets [(b)]		
American Express Company		12.0%

(a) Transitional Basel III minimum and conservation buffer as defined by the Federal Reserve for calendar year 2014 for Advanced Approaches institutions.
(b) Refer to page 41 for a discussion of tangible common equity, a non-GAAP measure.

The transition provisions for 2014 under Basel III cause our reported capital ratios to be higher than they would have been under the prior regulatory standards, known as Basel I. Specifically, the Common Equity Tier 1 risk-based capital and Tier 1 risk-based capital ratios would have been approximately 45 and 40 basis points lower, respectively, under Basel I. The largest contributor to the difference is the way intangible assets are being treated and ultimately transitioned in over a 5-year period under Basel III.

We seek 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 our status as a financial holding company and cause the respective regulatory agencies to take actions that could limit our business operations.

Our 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 our capital requirements. To the extent capital has exceeded business, regulatory and rating agency requirements, we have historically returned excess capital to shareholders through our regular common share dividend and share repurchase program.

We maintain certain flexibility to shift capital across our businesses as appropriate. For example, we 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. We do 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.

The following provides definitions for our regulatory risk-based capital ratios and leverage ratio, which are calculated as per standard regulatory guidance:

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, 2014 were $133.3 billion.

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Common Equity Tier 1 Risk-Based Capital Ratio — The Common Equity Tier 1 risk-based capital ratio is calculated as Common Equity Tier 1 capital, divided by risk-weighted assets. Common Equity Tier 1 is the sum of common shareholders' equity, adjusted for ineligible goodwill and intangible assets, certain deferred tax 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 and subject to transition provision. Common Equity Tier 1 capital as of December 31, 2014 was $17.5 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 Equity Tier 1 capital, our perpetual preferred stock and third-party non-controlling interests in consolidated subsidiaries. Tier 1 capital as of December 31, 2014 was $18.2 billion.

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) a portion of the unrealized gains on equity securities, $600 million of subordinated notes issued in the fourth quarter of 2014 and a $750 million subordinated hybrid security. The $750 million subordinated hybrid security does not meet the requirements of Tier 2 capital under Basel III, and is being transitioned out of capital (the total amount included in Tier 2 capital as of December 31, 2014 was $375 million). Hence, the total amount of subordinated debt included in Tier 2 capital as of December 31, 2014 was $975 million. Tier 2 capital as of December 31, 2014 was $2.6 billion. See "Fully Phased-in Basel III" section.

Tier 1 Leverage Ratio — The Tier 1 leverage ratio is calculated by dividing Tier 1 capital by our average total consolidated assets for the most recent quarter. Average total consolidated assets as of December 31, 2014 were $154.7 billion.

The following provides a definition for Tangible Common Equity to Risk-Weighted Assets ratio, which is widely used in the marketplace, although it may be calculated differently by different companies:

Common Equity and Tangible Common Equity to Risk-Weighted Assets Ratios — Common equity equals our shareholders' equity of $20.7 billion as of December 31, 2014, less preferred shares of $0.7 billion. Tangible common equity, a non-GAAP measure, equals common equity less goodwill and other intangibles of $3.9 billion as of December 31, 2014. We believe presenting the ratio of tangible common equity to risk-weighted assets is a useful measure of evaluating the strength of our capital position.

FULLY PHASED-IN BASEL III

Basel III, when fully phased-in, will require bank holding companies and their bank subsidiaries to maintain more capital than prior requirements, with a greater emphasis on common equity. We estimate that had Basel III been fully phased-in during the twelve months ended December 31, 2014, our reported Common Equity Tier 1 risk-based capital and Tier 1 risk-based capital ratios would have been 12.2 percent and 12.8 percent, respectively, and our reported Tier 1 leverage ratio would have been 11.1 percent. As of December 31, 2014, had the Basel III rules been fully phased-in, our supplementary leverage ratio would be 9.4 percent. [5] These ratios are calculated using the Standardized Approach for determining risk-weighted assets. As noted previously, we are currently taking steps toward Basel III Advanced Approaches implementation in the U.S.

The Basel capital standards establish minimum requirements for the Tier 1 risk-based capital ratios that are 1.5 percent higher than the minimum requirements for Common Equity Tier 1 risk-based capital ratios. This difference between Tier 1 capital, which includes common equity and qualifying preferred securities, and Common Equity Tier 1 is also present in the minimum capital requirements within Comprehensive Capital Analysis and Review (CCAR), beginning with the 2014 plan submissions. We received no-objection to issue preferred stock in our 2014 CCAR submission. Accordingly, we issued $750 million of preferred shares in the fourth quarter of 2014. We also anticipate a further issuance of preferred shares in the first quarter of 2015, subject to market conditions. The preferred shares issuance helps to finance a portion of the Tier 1 capital requirements in excess of common equity requirements.

Our $750 million subordinated hybrid security, which was previously fully included in Tier 2 capital (but not in Tier 1 capital), does not meet the requirements of Tier 2 capital under Basel III. The phase-out of this subordinated hybrid security from Tier 2 capital began in the first quarter of 2014, which affects our total risk-based capital ratio. As previously mentioned, we issued $600 million of subordinated debt in the fourth quarter of 2014, which qualifies as Tier 2 capital under Basel rules. Our total risk-based capital ratio is expected to remain well in excess of the required minimum.

[5] The Fully Phased-in Basel III capital ratios are non-GAAP measures. We believe the presentation of the capital ratios is helpful to investors by showing the impact of future regulatory capital standards on our capital ratios.

The following provides definitions for Fully Phased-in Basel III capital ratios as defined by the Basel III rules using the Standardized Approach. All calculations are non-GAAP measures.

Fully Phased-in Basel III Common Equity Tier 1 Risk-Based Capital Ratio – The Fully Phased-in Basel III Common Equity Tier 1 risk-based capital ratio is calculated as Common Equity Tier 1 under Fully Phased-in Basel III rules divided by risk-weighted assets under Fully Phased-in Basel III rules.

Fully Phased-in Basel III Tier 1 Risk-Based Capital Ratio – The Fully Phased-in Basel III Tier 1 risk-based capital ratio is calculated as Tier 1 capital under Fully Phased-in Basel III rules divided by risk-weighted assets under Fully Phased-in Basel III rules.

The following table presents a comparison of our Common Equity Tier 1 and Tier 1 risk-based capital under Transitional Basel III rules to our estimated Common Equity Tier 1 and Tier 1 risk-based capital under Fully Phased-in Basel III rules as of December 31, 2014.

TABLE 19: TRANSITIONAL BASEL III VERSUS FULLY PHASED-IN BASEL III

(Billions)	CET1	Tier 1
Risk-Based Capital under Transitional Basel III	$ 17.5	$ 18.2
Adjustments related to:		
AOCI	(0.3)	(0.3)
Transition provisions for intangible assets	(0.7)	(0.7)
Deferred tax assets	(0.1)	(0.1)
Other	—	0.1
Estimated Common Equity Tier 1 (CET1) and Tier 1 Risk-Based Capital under Fully Phased-in Basel III	$ 16.4	$ 17.2

Fully Phased-in Basel III Risk-Weighted Assets – The Fully Phased-in Basel III risk-weighted assets reflect our Basel I risk-weighted assets, adjusted under Fully Phased-in Basel III rules. This includes 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. The Fully Phased-in Basel III risk-weighted assets as of December 31, 2014 were estimated to be $134.3 billion.

Fully Phased-in Basel III Tier 1 Leverage Ratio – The Fully Phased-in Basel III Tier 1 leverage ratio is calculated by dividing Fully Phased-in Basel III Tier 1 capital by our average total consolidated assets.

Basel III Supplementary Leverage Ratio – The supplementary leverage ratio under Fully Phased-in Basel III rules is calculated by dividing Fully Phased-in Basel III Tier 1 capital by our total assets for supplementary leverage capital purposes under Basel III. Total assets for supplementary leverage capital purposes reflect total consolidated assets with adjustments for Tier 1 capital deductions, off-balance sheet derivatives, undrawn unconditionally cancellable commitments and other off-balance sheet liabilities. Total assets for supplementary leverage capital purposes as of December 31, 2014 were estimated to be $183.1 billion.

SHARE REPURCHASES AND DIVIDENDS

We have 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 the year ended December 31, 2014, we returned $5.4 billion to our shareholders in the form of dividends ($1.0 billion) and share repurchases ($4.4 billion). We repurchased 49 million common shares at an average price of $89.60 in 2014. These dividend and share repurchase amounts represent approximately 86.1 percent of total capital generated during the year. This distribution percentage for 2014 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. The 2014 percentage results from the strength of our capital ratios and the amount of capital we generate from net income and through employee stock plans in relation to the amount of capital required to support our organic business growth and acquisitions.

On January 5, 2015, we submitted our 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. We expect a response from the Federal Reserve by March 11, 2015. In the first quarter of 2015, we expect to execute share repurchases up to $1.0 billion pursuant to our capital plan that received no objections from the Federal Reserve in March 2014. The actual number of shares that will be repurchased will be based on market conditions and employee plan activities.

FUNDING STRATEGY

Our principal funding objective is to maintain broad and well-diversified funding sources to allow us to meet our maturing obligations, cost-effectively finance current and future asset growth in our global businesses as well as to maintain a strong liquidity profile. The diversity of funding sources by type of instrument, by maturity and by investor base, among other factors, provides additional insulation from the impact of disruptions in any one type of instrument, maturity or investor. The mix of our funding in any period will seek to achieve cost efficiency consistent with both maintaining diversified sources and achieving our liquidity objectives. Our funding strategy and activities are integrated into our asset-liability management activities. We have in place a funding policy covering American Express Company and all of our subsidiaries.

Our proprietary card businesses are the primary asset-generating businesses, with significant assets in both domestic and international Card Member receivable and lending activities. Our financing needs are in large part a consequence of our proprietary card-issuing businesses and the maintenance of a liquidity position to support all of our business activities, such as merchant payments. We generally pay merchants for card transactions prior to reimbursement by Card Members and therefore fund the merchant payments during the period Card Member loans and receivables are outstanding. We also have 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)	2014	2013
Short-term borrowings	$ 3.5	$ 5.0
Long-term debt	58.0	55.3
Total debt	61.5	60.3
Customer deposits	44.2	41.8
Total debt and customer deposits	$ 105.7	$ 102.1

Management does not currently expect to make any significant changes to our funding programs in order to satisfy Basel III's liquidity coverage ratio standard based upon its current understanding of the requirements, which may be subject to change as we receive additional clarification and implementation guidance from regulators relating to the requirements and as the interpretation of the requirements evolve over time.

Our funding plan for the full year 2015 includes, among other sources, approximately $3 billion to $9 billion of unsecured term debt issuance and $3 billion to $9 billion of secured term debt issuance. Our 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 us, 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 our control.

Our 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 our access to cost-effective unsecured funding as part of our overall funding strategy. Our asset-backed securitization (ABS) activities are rated separately.

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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 and rated operating subsidiaries [(a)]	Prime-1	A2	Stable
Moody's	American Express Company	Prime-2	A3	Stable
S&P	TRS and rated operating subsidiaries [(a)(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 our unsecured debt or asset securitization program securities could result in higher funding costs, as well as higher fees related to borrowings under our unused lines of credit. Declines in credit ratings could also reduce our borrowing capacity in the unsecured debt and asset securitization capital markets. We believe our 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 our 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. Our 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 our funding strategy, our needs and market conditions.

We had the following short-term borrowings outstanding as of December 31:

TABLE 22: SHORT-TERM BORROWINGS OUTSTANDING

(Billions)	2014	2013
Commercial paper [(a)]	$ 0.8	$ 0.2
Other short-term borrowings	2.7	4.8
Total	$ 3.5	$ 5.0

(a) Average commercial paper outstanding was $0.2 billion and $0.1 billion in 2014 and 2013, respectively.

Refer to Note 9 to the Consolidated Financial Statements for further description of these borrowings.

DEPOSIT PROGRAMS

We offer deposits within our 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. Our ability to obtain deposit funding and offer competitive interest rates is dependent on the Banks' capital levels. We, through the FSB, have a direct retail deposit program, Personal Savings from American Express, to supplement our 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.

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We held the following deposits as of December 31:

TABLE 23: CUSTOMER DEPOSITS

(Billions)	2014	2013
U.S. retail deposits:		
Savings accounts – Direct	$ 26.2	$ 24.6
Certificates of deposit: (a)		
Direct	0.3	0.5
Third-party	7.8	6.9
Sweep accounts – Third-party	9.0	8.9
Other retail deposits:		
Non-U.S. deposits and U.S. non-interest bearing	0.2	0.1
Card Member credit balances – U.S. and non-U.S.	0.7	0.8
Total customer deposits	$ 44.2	$ 41.8

(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 29.5 months and 1.54 percent, respectively, as of December 31, 2014.

LONG-TERM DEBT PROGRAMS

During 2014, we and our subsidiaries issued debt and asset securitizations with maturities ranging from 3 to 10 years. These amounts included approximately $5.3 billion of AAA-rated securitization certificates and notes, $0.1 billion of subordinated securities and $8.2 billion of unsecured debt across a variety of maturities and markets. During the year, we retained approximately $0.8 billion of subordinated securities, as the pricing and yields for these securities were not attractive compared to our other sources of financing available.

Our 2014 debt issuances were as follows:

TABLE 24: DEBT ISSUANCES

(Billions)	
American Express Company:	
Fixed Rate Subordinated Notes (weighted-average coupon of 3.63%)	$ 0.6
American Express Credit Corporation:	
Fixed Rate Senior Notes (weighted-average coupon of 1.76%)	5.1
Floating Rate Senior Notes (3-month LIBOR plus 42 basis points on average)	2.5
American Express Credit Account Master Trust: (a)	
Fixed Rate Senior Certificates (weighted-average coupon of 1.41%)	3.5
Floating Rate Senior Certificates (1-month LIBOR plus 35 basis points on average)	1.8
Floating Rate Subordinated Certificates (1-month LIBOR plus 49 basis points on average)	0.1
Total	$ 13.6

(a) Issuances from the American Express Credit Account Master Trust (the Lending Trust) do not include $0.8 billion of subordinated securities retained by us during the year.

ASSET SECURITIZATION PROGRAMS

We periodically securitize Card Member receivables and loans arising from our card business, as the securitization market provides us 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 us, through our wholly owned subsidiaries, as consideration for the transferred assets.

The receivables and loans being securitized are reported as assets on our 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 securities. During the twelve months ended December 31, 2014, no such triggering events occurred.

LIQUIDITY MANAGEMENT

Our liquidity objective is to maintain access to a diverse set of on- and off-balance sheet liquidity sources. We maintain liquidity sources in amounts sufficient to meet business requirements and expected future financial obligations for a period of at least twelve months in the event we are unable to raise new funds under our regular funding programs during a substantial weakening in economic conditions. We have in place a liquidity risk policy that sets out our approach to managing liquidity risk on an enterprise-wide basis.

We incur and accept liquidity risk arising in the normal course of offering our products and services. The liquidity risks that we are exposed to can arise from a variety of sources, and thus our 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 available to meet obligations;
- Projecting cash inflows and outflows from a variety of sources and under a variety of scenarios; and
- Incorporating into the Internal Capital Adequacy Assessment Process trade-offs between the risk of insufficient liquidity and our profitability.

We seek to maintain access to a diverse set of liquidity sources, including cash and other liquid assets on-balance sheet as well as off-balance sheet financing sources such as committed bank facilities and ABS conduit facilities, in order to comply with requirements of the Dodd-Frank Act and other regulatory measures of liquidity such as the Liquidity Coverage Ratio (LCR). We, through our U.S. bank subsidiaries, also hold collateral eligible for use at the Federal Reserve's discount window.

We seek to satisfy the requirements of a variety of stress scenarios, including those required by law and regulation as well as our own stress scenario, in order to determine the amount and mix of the liquidity sources we maintain at any given time. These stress scenarios possess distinct characteristics and vary by cash flow assumptions, time horizon and qualifying liquidity sources, among other factors. Our own stress scenario assumes we are unable to access our regular funding programs during a severe macroeconomic scenario, in which case we would target a mix of on- and off-balance sheet liquidity sources to satisfy financial obligations, such as debt maturities, and the projected net cash flows needs of our businesses for a period of at least twelve months. The LCR is another form of stress scenario that prescribes distinct cash flow assumptions over a 30-day period, and establishes criteria for qualifying on balance sheet assets as High-Quality Liquid Assets.

We consider various factors in determining the amount of liquidity we maintain, such as economic and financial market conditions, seasonality in business operations, growth in our businesses, potential acquisitions or dispositions, the cost and availability of alternative liquidity sources, and regulatory and credit rating agency considerations.

The yield we receive on our cash and readily marketable securities is, generally, less than the interest expense on the sources of funding for these balances. Thus, we incur substantial net interest costs on these amounts. The level of net interest costs will be dependent on the size of our cash and readily marketable securities holdings, as well as the difference between our cost of funding these amounts and their investment yields.

Securitized Borrowing Capacity

As of December 31, 2014, we maintained our committed, revolving, secured borrowing facility, with a maturity date of July 15, 2016, that gives us the right to sell up to $3.0 billion face amount of eligible AAA notes from the American Express Issuance Trust II (the Charge Trust). We also maintained our committed, revolving, secured borrowing facility, with a maturity date of September 15, 2017, that gives us the right to sell up to $2.0 billion face amount of eligible AAA certificates from the Lending Trust. Both facilities are used in the ordinary course of business to fund seasonal working capital needs, as well as to further enhance our contingent funding resources. As of December 31, 2014, $2.5 billion was drawn on the Charge Trust facility, which was repaid on February 17, 2015, and no amounts were drawn on the Lending Trust facility.

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.

We had approximately $55.3 billion as of December 31, 2014 in U.S. credit card loans and charge card receivables that could be sold over time through our 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 earlier in this section, we maintained committed syndicated bank credit facilities as of December 31, 2014 of $6.7 billion through facilities in the U.S. and Australia, which expire as follows:

TABLE 25: EXPIRATION OF COMMITTED SYNDICATED BANK CREDIT FACILITIES

(Billions)	
2016	$2.0
2017	4.7
Total	$6.7

The availability of the credit lines is subject to our compliance with certain financial covenants, principally the maintenance by American Express Credit Corporation (Credco) of a certain ratio of combined earnings and fixed charges to fixed charges. As of December 31, 2014, we were in compliance with each of our covenants. The drawn balance of the committed credit facilities of $3.7 billion as of December 31, 2014 was used to fund our business activities in the normal course. The remaining capacity of the facilities mainly served to further enhance our contingent funding resources.

Our 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 our credit rating.

CASH FLOWS

The following table summarizes our cash flow activity, followed by a discussion of the major drivers impacting operating, investing and financing cash flows.

TABLE 26: CASH FLOWS

(Billions)	2014	2013	2012
Total cash provided by (used in):			
Operating activities	$ 11.0	$ 8.5	$ 7.1
Investing activities	(8.0)	(7.2)	(6.5)
Financing activities	—	(3.9)	(3.3)
Effect of exchange rates changes on cash and cash equivalents	(0.2)	(0.2)	0.1
Net increase (decrease) in cash and cash equivalents	$ 2.8	$ (2.8)	$ (2.6)

Cash Flows from Operating Activities

Cash flows from operating activities primarily include net income adjusted for (i) non-cash items included in net income 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, 2014, net cash provided by operating activities was $11.0 billion as a result of net income of $5.9 billion adjusted for non-cash items such as certain changes in provisions for losses, depreciation and amortization, stock-based compensation and the pretax gain of $0.6 billion related to the GBT JV transaction. In addition, the pretax gain of $0.7 billion on the sale of our investment in Concur is removed from operating activities since the proceeds of $1.0 billion are included as a cash inflow within investing activities. An increase in accounts payable and other liabilities, which is a source of cash, was driven by higher discount business volumes and the restructuring charge taken in the fourth quarter of the current year.

For the year ended December 31, 2013, net cash provided by operating activities was $8.5 billion as a result of net income of $5.4 billion adjusted for non-cash items such as certain changes in provisions for losses, depreciation and amortization and stock-based compensation.

For the year ended December 31, 2012, net cash provided by operating activities was $7.1 billion as a result of net income of $4.5 billion adjusted for non-cash items such as certain changes in provisions for losses, depreciation and amortization, deferred taxes and other, stock-based compensation. This was partially offset by the cash outflow due to the premium paid on the debt exchange of $0.5 billion.

Cash Flows from Investing Activities

Our investing activities primarily include changes in Card Member loans and receivables and our available-for-sale investment portfolio.

For the year ended December 31, 2014, net cash used in investing activities was $(8.0) billion consisting of a net increase in Card Member receivables and loans as well as purchases of premises and equipment, net of sales. This was partially offset by the sales and maturities of investments, including the $1.0 billion of proceeds from the sale of our investment in Concur.

For the year ended December 31, 2013, net cash used in investing activities was $(7.2) billion consisting of a net increase in Card Member receivables and loans as well as purchases of premises and equipment, net of sales.

For the year ended December 31, 2012, net cash used in investing activities was $(6.5) billion consisting of a net increase in Card Member receivables and loans as well as purchases of premises and equipment, net of sales, partially offset by the sales and maturities of investments.

Cash Flows from Financing Activities

Our financing activities primarily include issuing and repaying debt, changes in customer deposits, issuing and repurchasing our common shares, and paying dividends.

For the year ended December 31, 2014, net cash provided by financing activities was $11 million, primarily driven by net increases in customer deposits and short- and long-term debt, partially offset by repurchases of American Express common shares.

For the year ended December 31, 2013, net cash used in financing activities was $(3.9) billion, primarily driven by repurchases of American Express common shares.

For the year ended December 31, 2012, net cash used in financing activities was $(3.3) billion, primarily driven by repurchases of American Express common shares and a net reduction in short- and long-term debt, partially offset by a net increase in customer deposits.

OFF-BALANCE SHEET ARRANGEMENTS AND CONTRACTUAL OBLIGATIONS

We have identified both on- and off-balance sheet transactions, arrangements, obligations and other relationships that may have a material current or future effect on our financial condition, changes in financial condition, results of operations, or liquidity and capital resources.

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CONTRACTUAL OBLIGATIONS

The table below identifies transactions that represent our contractually committed future obligations. Purchase obligations include our agreements to purchase goods and services that are enforceable and legally binding 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 27: COMMITTED FUTURE OBLIGATIONS BY YEAR

	Payments due by year [(a)]				
(Millions)	2015	2016-2017	2018-2019	2020 and thereafter	Total
Long-term debt	$ 12,079	$ 27,906	$ 15,557	$ 3,180	$ 58,722
Interest payments on long-term debt [(b)]	1,032	1,450	390	1,301	4,173
Certificates of deposit	1,765	3,627	2,784	16	8,192
Other long-term liabilities [(c)]	207	88	17	20	332
Operating lease obligations	189	305	220	921	1,635
Purchase obligations [(d)]	364	122	51	—	537
Total	$ 15,636	$ 33,498	$ 19,019	$ 5,438	$ 73,591

(a) The table above excludes approximately $0.9 billion of tax liabilities related to the 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, 2014, and includes the effect of existing interest rate swaps. Actual cash flows may differ from estimated payments.

(c) As of December 31, 2014, 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 2015 are anticipated to be approximately $60 million, and this amount has been included within other long-term liabilities. Remaining obligations under defined benefit pension and postretirement benefit plans aggregating $707 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 $6.5 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 either the early termination fees or non-cancelable minimum contractual obligations, as applicable, by period under contracts that were in effect as of December 31, 2014.

We also have obligations to make payments under contractual agreements with certain co-brand partners. We expect to fully satisfy these obligations over the remaining term of these agreements, which range from 2015 to 2022, as part of the ongoing operations of our business. The obligations under such arrangements were approximately $1.0 billion as of December 31, 2014.

In addition to the contractual obligations noted above, we have off-balance sheet arrangements that include guarantees and other off-balance sheet arrangements.

GUARANTEES

Our principal guarantees are associated with Card Member services to enhance the value of owning an American Express card. As of December 31, 2014, we had guarantees totaling approximately $45 billion related to Card Member protection plans, as well as other guarantees in the ordinary course of business. Refer to Note 16 to the Consolidated Financial Statements for further discussion regarding our guarantees.

CERTAIN OTHER OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2014, we had approximately $278 billion of unused credit available to Card Members. 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. Our charge card products generally have no pre-set limit, and therefore are not included in unused credit available to Card Members.

To mitigate counterparty credit risk related to derivatives, the Company accepted non-cash collateral in the form of security interests in U.S. Treasury securities from its derivatives counterparties with a fair value of $91 million and nil as of December 31, 2014 and 2013, respectively, none of which was sold or repledged.

Refer to Note 13 to the Consolidated Financial Statements for discussion regarding our other off-balance sheet arrangements.

RISK MANAGEMENT

GOVERNANCE

We use our comprehensive Enterprise-wide Risk Management (ERM) program to identify, aggregate, monitor, and manage risks. The program also defines our risk appetite, governance, culture and capabilities. The implementation and execution of the ERM program is headed by our Chief Risk Officer.

Risk management is overseen by our Board of Directors through three committees: the Risk Committee, the Audit and Compliance Committee, and the Compensation and Benefits Committee. Each committee 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 our risk culture, oversees strategic risk, and reviews specific and aggregate risks we face from time to time. These Board committees meet regularly in private sessions with our Chief Risk Officer, the Chief Compliance & Ethics Officer, the General Auditor and other senior management with regard to our risk management processes, controls and capabilities.

The Risk Committee of our Board of Directors provides risk oversight on risk policies and our risk management performance. The Risk Committee approves key risk management policies and monitors risk culture, talent, capabilities and outcomes. In particular, the Risk Committee approves our 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 policies governing the launch of new products and services, third-party management and resolution planning. The ERM policy defines the risk appetite as well as governance over risk taking and our risk oversight processes. Risk appetite defines the levels and types of risks we are willing to assume to achieve our business plans while controlling risk exposures well within our risk capacity. 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 control programs.

The Risk Committee reviews and concurs in the appointment, replacement, performance and compensation of the Company's Chief Risk Officer. The Risk Committee receives regular updates from the global risk oversight teams that report to the Chief Risk Officer on key risks, transactions and exposures.

The Risk Committee reviews our credit risk profile as well as credit risk performance, trends and risk management capabilities.

The Risk Committee also reviews enterprise-wide operational risk trends, events and capabilities, with an emphasis on compliance, fraud, legal, process or control failures, information security, and privacy, as well as trends in market, funding, liquidity and reputational risks. The Risk Committee also provides oversight of our compliance with Basel capital and liquidity standards and its Internal Capital Adequacy Assessment Process, including its CCAR submissions; and resolution planning.

The Audit and Compliance Committee of our Board of Directors approves our compliance policies and risk tolerance, and reinforces the importance of our compliance risk management. In addition, the Audit and Compliance Committee reviews the effectiveness of our Corporate-wide Compliance Risk Management Program. More broadly, this committee is responsible for assisting the Board in its oversight responsibilities relating to the integrity of our 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 our internal audit services function; and the integrity of our systems of internal accounting and financial controls.

The Audit and Compliance Committee provides oversight of the Company's Internal Audit Group. The Audit and Compliance Committee reviews and concurs in the appointment, replacement, performance and compensation of the Company's General Auditor and approves Internal Audit's annual Audit Plan, charter, policies and budget. The Audit and Compliance Committee also receives regular updates on the Audit Plan's status and results including significant reports issued by Internal Audit and the status of management's corrective actions.

The Compensation and Benefits Committee of our Board of Directors works with the Chief Risk Officer to ensure the compensation programs covering the Company overall, our business units and risk-taking employees appropriately balance risk with incentives such that business performance is achieved without taking imprudent or uneconomic risks. Our Chief Risk Officer is actively involved in setting goals for the Company and our business units. Our Chief Risk Officer also 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 whether performance goals and results have been achieved without taking imprudent risks. The Compensation and Benefits Committee uses a risk-balanced incentive compensation framework to decide on our bonus pools and the compensation of senior executives.

There are several internal management committees, including the Enterprise-wide Risk Management Committee (ERMC), chaired by our Chief Risk Officer, which oversee risks. The ERMC is responsible for risk governance and oversight. It maintains the enterprise-wide risk appetite framework and monitors compliance with limits and escalations defined in it. The ERMC oversees implementation of risk policies across the Company with approval by the appropriate board committee. The ERMC reviews key risk exposures, trends and concentrations, significant compliance matters, economic capital and Basel capital trends, and provides guidance on the steps to monitor, control and report major risks.

As defined in the ERM policy, we follow 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, our Chief Credit Officer, Chief Operational Risk Officer, Chief Market Risk Officer and Functional Risk Officer are part of the first line of defense.

The second line comprises independent functions overseeing risk taking activities of the first line. The Global Risk Oversight Officer and Market Risk Oversight Officer, the Chief Compliance & Ethics Officer, the Corporate Comptroller and certain control groups, both at the enterprise level and within regulated entities, are part of the second line of defense. The global risk oversight teams oversee the policies, strategies, frameworks, processes and capabilities deployed by the first line teams and act as a check to the first line of defense in managing risks.

Our Internal Audit Group constitutes the third line of defense, and provides independent assessments and effective challenge of the first and second lines of defense.

In addition, the Asset-Liability Committee (ALCO), chaired by the Company’s Chief Financial Officer, is responsible for managing market, liquidity, asset/liability risk and capital.

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. Our credit risks are divided into two broad categories: individual and institutional. Each has distinct risk management capabilities, strategies, and tools. 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 our Chief Credit Officer, who in turn reports directly to our 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, industries and levels of net worth. We benefit from the high-quality profile of our customers, which is driven by our 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, point-of-sale authorizations, credit 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 information on prospects and customers, such as spending and payment history and data feeds from credit bureaus. Additional data, such as commercial variables, are integrated to further mitigate small business risk. We have developed data-driven economic decision logic for customer interactions to better serve our customers.

INSTITUTIONAL CREDIT RISK

Institutional credit risk arises principally within our 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, ensures proper implementation of the underwriting standards and contractual rights of risk mitigation, monitors risk exposures, and determines 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 management teams to optimize risk-adjusted returns on capital. A centralized risk rating unit and a specialized airline risk group provide risk assessment of our institutional obligors.

Exposure to the Airline Industry

We have multiple important co-brand, rewards and corporate payments arrangements with airlines. The ERM program evaluates the risks posed by our airline partners and the overall airline strategy to all functions within the Company through comprehensive business analysis of global airlines. Our largest airline partner is Delta, and this relationship includes exclusive co-brand credit card partnerships and other arrangements including Membership Rewards redemption, merchant acceptance, travel and corporate payments. See Part I, Item 1A, “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2014.

Sovereign Debt Exposure

As part of our ongoing risk management process, we monitor our financial exposure to both sovereign and non-sovereign customers and counterparties, and measure and manage 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. We evaluate countries based on the market assessment of the riskiness of their sovereign debt and our assessment of our economic and financial outlook and closely monitor those deemed high risk. As of December 31, 2014, we considered our gross credit exposures to government entities, financial institutions and corporations in those countries deemed high risk to be individually and collectively not material.

OPERATIONAL RISK MANAGEMENT PROCESS

We define 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, we have 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 our Chief Operational Risk Officer, who in turn reports directly to our Chief Risk Officer.

We use 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 us, and resolution plan accountability to correct any defect, remediate customers, and enhance controls and testing to mitigate future issues. Our impact is assessed from an operational, financial, brand, regulatory compliance and legal perspective.

INFORMATION SECURITY, PRIVACY, AND DATA GOVERNANCE

We have implemented an Information Security Framework and Operating Model that is designed to protect information and information systems from unauthorized access, use, disclosure, disruption, modification or destruction.

Chaired by the Chief Information Security Officer, our Information Security Risk Management Committee, a sub-committee of the ORMC, provides oversight and governance for our information security risk management activities. In addition, the committee is responsible for establishing cyber risk tolerances and in managing cyber crisis preparedness.

We assesses our cyber risk across 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. Our Information Security Framework and Operating Model uses an approach that looks at different phases of security to prepare, prevent, detect, respond and recover from cyber-security attacks.

Our Privacy Framework and Operating Model follows a similar structure. It is led by the Chief Privacy Officer and is integrated with the Chief Information Security Officer and Compliance Risk Management leaders. Our Privacy Risk Management Committee, another sub-committee of the ORMC, provides oversight and governance over the collection, notice, use, sharing, transfer, confidentiality and retention of personal data.

Our Enterprise Data Governance Framework and Policy defines governance and data standards for data used in regulatory reporting, risk management as well as other critical systems including big data capabilities.

COMPLIANCE RISK MANAGEMENT PROCESS

We define compliance risk as the risk of legal or reputational harm, fines, monetary penalties and payment of damages or other forms of sanction as a result of non-compliance with applicable laws, regulations, rules or standards of conduct.

We view our ability to effectively mitigate compliance risk as an important aspect of our business model. Our Global Compliance and Ethics organization is responsible for establishing and maintaining our corporate-wide Compliance Risk Management Program. Pursuant to this program, we seek to manage and mitigate compliance risk by assessing, controlling, monitoring, measuring and reporting the regulatory risks to which we are exposed.

REPUTATIONAL RISK MANAGEMENT PROCESS

We define reputational risk as the risk that negative publicity regarding our products, services, business practices, management, clients and partners, whether perceived or real, could cause a decline in the customer base, costly litigation, or revenue reductions.

We view protecting our reputation as core to our vision of becoming the world’s most respected service brand and fundamental to our long-term success.

Our business leaders are responsible for ensuring that reputational risk implications of transactions, business activities and management practices are appropriately considered and relevant subject matter experts are engaged as needed. The ERMC and its sub-committees are responsible for reviewing decisions where reputational risk may exist and ensuring that reputational risk considerations are properly reflected.

MARKET RISK MANAGEMENT PROCESS

Market risk is the risk to earnings or value resulting from movements in market prices. Our market risk exposure is primarily generated by:

- Interest rate risk in our card and insurance businesses, as well as in our investment portfolios; and
- Foreign exchange risk in our operations outside the U.S.

Market risk limits and escalation triggers within the Market Risk and Asset Liability Management (ALM) Policies are approved by the Risk Committee of the Board of Directors and the ERMC. Market risk is centrally monitored for compliance with policy and limits by our 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 Market Risk Oversight Officer provides an independent risk assessment and oversight over the policies for market risk, liquidity risk and ALM activities.

Our market exposures are in large part by-products of the delivery of our 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 our 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. We may change the mix between variable-rate and fixed-rate funding based on changes in business volumes and mix, among other factors.

We do not engage in derivative financial instruments for trading purposes. Refer to Note 14 to the Consolidated Financial Statements for further discussion of our derivative financial instruments.

We analyze 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, 2014, the detrimental effect on our annual net interest income of a hypothetical 100 basis point increase in interest rates would be approximately $212 million. To calculate this effect, we first measure 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. We then stress the implied forward interest rate curve with a 100 basis point increase to measure the impact on the projected net interest income. This effect is primarily driven by the volume of charge card receivables that are non-interest earning and credit card loans deemed to be fixed-rate, which are funded by variable-rate liabilities. As of December 31, 2014, the percentage of worldwide charge card accounts receivable and credit card loans that were deemed to be fixed rate was 66.7 percent, or $78 billion, with the remaining 33.3 percent, or $39 billion, deemed to be variable-rate credit card loans.

We are also subject to market risk from changes in the relationship between the benchmark Prime rate that determines the yield on our variable-rate lending receivables and the benchmark LIBOR rate that determines the effective interest cost on a significant portion of our outstanding debt. Differences in the rate of change of these two indices, commonly referred to as basis risk, would impact our variable-rate U.S. lending net interest margins because we borrow at rates based on LIBOR but lend to our customers based on the Prime rate. The detrimental effect on our 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 $38 million. We currently have approximately $38 billion of Prime-based, variable-rate U.S. lending receivables and $38 billion of LIBOR-indexed debt, including asset securitizations.

Foreign exchange risk is generated from three principal sources: 1) Card Member cross-currency charges, 2) foreign subsidiary equity and 3) foreign currency earnings in units outside the U.S. Our foreign exchange risk is managed primarily by entering into agreements to buy and sell currencies on a spot basis or by hedging a significant proportion of our foreign currency earnings. The exposures that are hedged are based on an economic justification and are executed through various means, including the use of derivative financial instruments such as foreign exchange forward and cross-currency swap contracts.

As of December 31, 2014 and 2013, foreign currency derivative instruments with total notional amounts of approximately $30 billion and $27 billion were outstanding, respectively. 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.

We conduct 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 our earnings of a hypothetical 10 percent change in the value of the U.S. dollar would be immaterial as of December 31, 2014. 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 $182 million as of December 31, 2014. 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, 2014.

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 our hedging activities and changes in the volume and mix of our businesses.

FUNDING & LIQUIDITY RISK MANAGEMENT PROCESS

Liquidity risk is defined as our inability to meet our ongoing financial and business obligations as they become due at a reasonable cost. General principles and our overall framework for managing liquidity risk 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. In addition, the Market Risk Oversight Officer provides independent oversight of liquidity risk. We manage liquidity risk by maintaining access to a diverse set of cash, readily-marketable securities and contingent sources of liquidity, such that we can continuously meet our business requirements and expected future financing obligations for at least a 12-month period, even in the event we are unable to raise new funds under our regular funding programs during a substantial weakening in economic conditions. We balance 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 corporate 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 our 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.

CRITICAL ACCOUNTING ESTIMATES

Refer to Note 1 to the Consolidated Financial Statements for a summary of our significant accounting policies referenced, as applicable, to other financial statement footnotes. Certain of our 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 our 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 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 over an appropriate historical period, as well as expected future recoveries. Management considers whether to adjust the quantitative reserve for certain external and internal qualitative factors that may increase or decrease the reserves for losses on Card Member loans and receivables.

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, 2014, 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 losses with a corresponding change to provision for losses by approximately $167 million. This sensitivity analysis is provided as a hypothetical scenario to assess the sensitivity of the provision for losses. It does not represent management's expectations for losses in the future, nor does it include how other portfolio factors such as delinquency-based loss migration rates or recoveries, or the amount of outstanding balances, may impact the level of reserves for losses and the corresponding impact on the provision for losses.

LIABILITY FOR MEMBERSHIP REWARDS EXPENSE

The Membership Rewards program is our 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.

We record 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, attrition, the volume of points earned and redeemed, and the associated redemption costs. We estimate the Membership Rewards liability by determining the URR and the WAC per point, which are applied to the points of current enrollees.

The URR assumption is used to estimate the number of points earned by current enrollees that will ultimately be redeemed in future periods. Management uses statistical and actuarial models to estimate the URR of points earned to date by current Card Members based on redemption trends, card product type, enrollment tenure, card spend levels and credit attributes.

The WAC per point assumption is used to estimate future redemption costs and is primarily based on redemption choices made by Card Members, reward offerings by partners, and Membership Rewards program changes. The WAC per point is derived from the previous 12 months of redemptions and is adjusted as appropriate for certain changes in redemption costs that are not representative of future cost expectations.

The process of estimating the Membership Rewards liability includes a high degree of judgment. Actual redemptions and associated redemption costs could differ significantly from management's judgment, resulting in either higher or lower Membership Rewards expense. 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, 2014, an increase in the estimated URR of current enrollees of 100 basis points would increase the Membership Rewards liability and corresponding rewards expense by approximately $319 million. Similarly, an increase in the WAC per point of 1 basis point would increase the Membership Rewards liability and corresponding rewards expense by approximately $82 million.

FAIR VALUE MEASUREMENT

We hold 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). We did not have any Level 3 assets measured on a recurring basis during the year ended December 31, 2014. Refer to Note 15 to the Consolidated Financial Statements.

Investment Securities

Our 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 our investment securities, including investments comprising defined benefit pension plan assets, are obtained primarily from pricing services we engage. For each security, we receive one price from a pricing service we engage. 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 2014. In addition, we did not apply any adjustments to prices received from the pricing services. We reaffirm our understanding of the valuation techniques used by our pricing services at least annually. In addition, we corroborate the prices provided by our 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 our 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. We review and evaluate our 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. We consider 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, we assess whether we have the intent to sell the investment securities and whether we are more likely than not that we will be required to sell the investment securities before recovery of any unrealized losses.

In determining whether any of our investment securities are other-than-temporarily impaired, a change in facts and circumstances could lead to a change in management judgment about our 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 us recognizing an other-than-temporary impairment loss through earnings.

Derivative Instruments
Our primary derivative instruments are interest rate swaps and foreign currency forward agreements.

The fair value of our 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. We reaffirm our understanding of the valuation techniques used by a third-party valuation service at least annually.

To mitigate credit risk arising from our derivative instruments, counterparties are required to be pre-approved and rated as investment grade. In addition, we manage certain counterparty credit risks by exchanging cash and non-cash collateral under executed credit support agreements. The non-cash collateral does not reduce the derivative balance included 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 our derivative counterparties, we do not have derivative positions that warrant credit valuation adjustments.

In the measurement of fair value for our 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 business over the fair value of assets acquired and liabilities assumed. 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. Our approach and methodology for conducting our goodwill impairment testing is described in Note 7 to the Consolidated Financial Statements, but is fundamentally based on the measurement of fair value for our reporting units, which inherently entails the use of significant judgment.

For valuation, we use a combination of the income approach (discounted cash flows) and market approach (market multiples) in estimating the fair value of our reporting units.

When preparing discounted cash flow models under the income approach, we estimate 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 we use our expected cost of equity, determined using a capital asset pricing model. When using the market method under the market approach, we apply comparable publically traded companies' multiples (e.g., earnings, revenues) to our 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 our reporting units.

Based upon the updated valuations for our reporting units, we have concluded goodwill is not impaired as of December 31, 2014, nor was any goodwill written off during 2014. However, we 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
We are subject to the income tax laws of the U.S., its states and municipalities and those of the foreign jurisdictions in which we operate. 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, we must make judgments about the application of inherently complex tax laws.

Unrecognized Tax Benefits
We establish 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, we evaluate our tax positions and adjust our 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, we are subject to comprehensive examination and supervision by the Federal Reserve and to a range of laws and regulations that impact our 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 us, and we expect compliance requirements and expenditures will continue to rise in the future.

In addition, legislators and regulators in various countries in which we operate have focused on the operation of card networks, including through antitrust actions, legislation and rules that would or do impose changes on certain practices or pricing of card issuers, merchant acquirers and payment networks and the establishment of broad and ongoing regulatory oversight regimes for payment systems. Regulators and legislators have focused on the fees merchants pay to accept cards, including the way bankcard network members collectively set the “interchange” (that is, the fee paid by the bankcard merchant acquirer to the card issuer in payment networks like Visa and MasterCard) and the fees merchants are charged for card acceptance, as well as the rules, contracts and monitoring and other controls governing merchant card acceptance. Although, unlike the Visa and MasterCard networks, the American Express payment network does not have interchange fees or collectively set any fees or rules, antitrust actions and government regulation relating to merchant pricing or terms of merchant rules and contracts could affect all networks directly or indirectly. For example, the European Commission’s (the Commission) decision to make binding Visa Europe’s commitments to cap its cross-border credit card multilateral interchange fees to 30 basis points and change its rules on how cross-border interchange is applied could negatively impact the discount revenue we derive from our business in the EU as a result of downward marketplace pressure on merchant fees, including our discount rates. Broad regulatory oversight over payment systems can also include, 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.

European Union Payments Legislation

In July 2013, the Commission proposed legislation in two parts, covering a wide range of topics across the payments industry. The first part was a proposed EU-wide regulation on interchange fees (the Interchange Fee Regulation); the second consisted of revisions to the Payment Services Directive (the PSD2). As part of the EU legislative process, these proposals have been subject to review by the European Parliament and the Council of the European Union, after which these institutions then meet with the Commission to finalize the legislation in a process known as a trialogue.

The Interchange Fee Regulation is now in the final stages of the legislative process following political agreement on its substantive content among the Council, the Parliament and the Commission in December 2014. Although the regulation is still subject to final review and formal adoption, the substantive terms agreed among the institutions include the following:

- Price caps — Interchange fees on consumer card transactions would be capped, generally at 20 basis points for debit and prepaid cards and 30 basis points for credit and charge cards, with opportunity for lower caps in some instances. Although we do not have interchange fees, as “four party” networks such as Visa and MasterCard have, and “three party” networks such as American Express are exempt from the application of the caps, the regulation provides that “three party” networks should be treated as “four party” networks when they license third party providers to issue cards and/or acquire merchants or when they issue cards with a co-brand partner or through an agent. This means, for example, the caps would apply to elements of the financial arrangements agreed to between us and each of our GNS partners in the EU. The caps would take effect six months after the regulation would become effective; however, the effectiveness of these caps in relation to our transactions with no cross-border component may be extended for a further three years. The discount rates we agree to with merchants would not be capped, but the interchange caps would likely exert additional downward pressures on merchant fees across the industry, including our discount rates, and may undermine our ability to attract and retain GNS partners. The Interchange Fee Regulation would exclude commercial card transactions from the scope of the caps.

- Card acceptance terms —"Anti-steering" and honor-all-cards rules across all card networks, including non-discrimination and honor-all-cards provisions in our card acceptance agreements, would be prohibited with some limited exceptions. Removal of these provisions creates significant risk of customer confusion and Card Member dissatisfaction, which would result in harm to the American Express brand. The prohibition on "anti-steering rules" would take effect immediately upon effectiveness of the regulation; the prohibition on honor-all-cards rules would take effect one year later.
- Network licensing — Beginning six months after the regulation would become effective, the geographic scope of network licenses, including those we agree to with our GNS partners, would cover the entire EU. This may undermine the value of licenses granted to some GNS partners to date, which have been subject to varying levels of exclusivity in relation to a particular country.
- Separation of network processing — Beginning one year after the date the regulation would become effective, card networks would be required 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.
- Co-badging of cards — Beginning one year after the regulation would become effective, a single card may bear the brand of multiple networks and be used to process transactions on any of those networks. Merchants may install automatic mechanisms in point-of-sale equipment to prioritize selection of a particular network, subject to override by the cardholder. These provisions may harm the American Express brand insofar as GNS issuing partners will be able to offer multiple networks on a single card and merchants may program their point-of-sale equipment to prioritize selection of another network on such cards.

The Commission's PSD2 proposal has been considered by both the Parliament and the Council; however, the trialogue process has only recently begun. Among other terms, the PSD2 could include in its final form provisions that would (i) further regulate surcharging so that transactions falling in scope of the interchange caps could not be surcharged, but transactions falling outside the scope of the caps could be surcharged up to cost, subject potentially to the ability of an individual Member State to prohibit surcharging altogether; and (ii) require all networks, including three-party payment networks that operate with licensing arrangements, such as our GNS business, to establish objective, proportionate and non-discriminatory criteria under which a financial institution may access the network, for example, as a licensed issuer or acquirer. The former may increase instances of differential surcharging of our cards and prompt customer and merchant confusion as to which transactions may be surcharged and Card Member dissatisfaction. The latter would undermine the flexibility and discretion we have had to date in deciding with whom to partner in our GNS business. Unlike the Interchange Fee Regulation, the PSD2 would require transposition into national law by each Member State, likely over a period of two years.

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 American Express Company and certain of our 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 our own internal reviews. Internal and regulatory reviews have resulted in, and are likely to continue to result in, changes to our 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 our Card Members and may result in additional regulatory actions, including civil money penalties.

In December 2013, we announced that certain of our 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 Part I, Item 3. "Legal Proceedings" in our Annual Report on Form 10-K for the year ended December 31, 2013.

In October 2012, we announced that American Express Company and certain of our subsidiaries reached settlements with several bank regulators, including the CFPB, relating to certain aspects of our U.S. consumer card practices. For a description of these settlements, see Part I, Item 3. "Legal Proceedings" in our 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 prepaid cards, and we are 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 American Express Company, that have greater than $50 billion in assets. We are also required to develop and maintain a "capital plan," and to submit the capital plan to the Federal Reserve for our quantitative and qualitative review under the Federal Reserve's CCAR process. In addition, certain derivative transactions are now required to be centrally cleared, which have increased our collateral posting requirements. In September 2014, the CFTC and the U.S. federal banking agencies issued proposals that would impose mandatory margining requirements for certain non-cleared swaps, which may further increase collateral posting requirements for us.

Department of Justice Litigation

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. On February 19, 2015, the trial court found that the challenged provisions were anticompetitive and will now determine the scope of the remedy when it enters judgment in the case. We intend to vigorously pursue an appeal of the decision and judgment. See Part I, Item 3. "Legal Proceedings" in our Annual Report on Form 10-K for the year ended December 31, 2014 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 our business. See Part I, Item 1A, "Risk Factors" in our Annual Report on Form 10-K for further information on the potential impacts of an adverse decision on our business.

Other Legislative and Regulatory Initiatives

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 us if it becomes widespread. The Reserve Bank of Australia allows us 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 Part I, Item 3. "Legal Proceedings" in our Annual Report on Form 10-K for the year ended December 31, 2014.

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 certain non-traditional Card Member loans and other fees.

Adjusted net interest income — Represents net interest income attributable to our Card Member loans portfolio excluding the impact of interest expense and interest income not attributable to our 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 our Charge Trust and Lending Trust being securitized are reported as assets on our Consolidated Balance Sheets.

Average discount rate — This calculation is generally designed to reflect pricing at merchants accepting general purpose American Express cards. It represents the percentage of billed business (generated from both proprietary and GNS Card Member spend) retained by us from merchants we acquire or, for merchants acquired by a third party on our behalf, net of amounts retained by such third party.

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 we earn no revenue, is not included in non-proprietary billed business. Card billed business is included in the U.S. or outside the U.S. based on where the issuer is located.

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 Member — The individual holder of an issued American Express-branded charge, credit card and certain prepaid cards.

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.

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.

Common Equity Tier 1 risk-based capital ratio — Refer to the Capital Strategy section under "Consolidated Capital Resources and Liquidity" for the definitions under Transitional Basel III and Fully Phased-in Basel III.

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 we have entered into a card acceptance agreement for processing Card Member transactions. The discount fee generally is deducted from our 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) debt, which primarily relates to interest expense on our 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 other.

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 our 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.

Liquidity Coverage Ratio — Represents the proposed minimum standards being established by the regulatory agencies as a measure to determine whether the regulated entity has sufficient liquidity to meet liquidity needs in periods of financial and economic stress.

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 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 and ICS Card Member receivables written off consisting of principal (resulting from authorized transactions), less recoveries, as a percentage of the average loan balance or USCS and ICS 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 and ICS 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 Fully Phased-in Basel III.

Segment capital — Represents the capital allocated to a segment based upon specific business operational needs, risk measures, and regulatory capital requirements.

Tier 1 leverage ratio — Refer to the Capital Strategy section under “Consolidated Capital Resources and Liquidity” for the definitions under Transitional Basel III and Fully Phased-in Basel III.

Tier 1 risk-based capital ratio — Refer to the Capital Strategy section under “Consolidated Capital Resources and Liquidity” for the definitions under Transitional Basel III and Fully Phased-in 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 small businesses. We earn 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 our 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. We undertake 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 maintain discipline over operating expenses during 2015 and 2016 as well as management's ability to re-scale our expense base, 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 civil money penalties, disgorgement and restitution, our decision to increase or decrease discretionary operating expenses depending on overall business performance, our ability to achieve the expected benefits of our reengineering plans, our 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 impact on our year over year EPS for the full year 2015 from increased competition and pricing regulation, the strengthening of the U.S. dollar, the expiration of our U.S. Costco co-brand relationship in 2016 and other factors discussed under "Current Business Environment/Outlook," which will depend on the factors described herein, the behavior of Card Members and their actual spending patterns, credit trends, currency and interest rate fluctuations, the timing and size of the investments we make to attract Card Members, including those from the Costco relationship, and in other growth initiatives, as well as our success in implementing our strategies and business initiatives including growing profitable spending through proprietary, co-brand and network products, increasing penetration among corporate clients, expanding our international footprint, growing reloadable prepaid, loyalty coalitions and marketing services, increasing merchant acceptance, controlling expenses and executing our share repurchase program;
- the actual amount to be spent by us on investments in the business, which will be based in part on management's assessment of competitive opportunities, our ability to control operating, infrastructure, advertising, promotion and rewards expenses, credit trends and changes in macroeconomic conditions;
- uncertainty related to our ability to drive growth from discretionary investments, which will depend in part on our ability to develop and market value propositions that appeal to Card Members and new customers and on our ability to offer attractive services and rewards programs, as well as increasing competition, brand perceptions and reputation and ineffective or diminished investments by us;
- changes affecting our ability or desire to repurchase up to $1.0 billion of our common shares in the first quarter of 2015, such as acquisitions, results of operations, capital needs and the amount of shares issued by us to employees upon the exercise of options, among other factors, which could significantly impact our capital ratios;
- changes affecting our ability or desire to issue preferred shares during the first quarter of 2015, such as actions by bank regulatory agencies, capital needs, any reduction in our credit ratings, which could materially increase the cost and other terms of preferred shares, and market conditions, among other factors;
- our funding plan for the full year 2015 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 we offer, regulatory changes, ability to securitize and sell receivables and the performance of receivables previously sold in securitization transactions;

- our ability to meet our on-average and over-time growth targets for revenues net of interest expense, EPS and ROE, which will depend on factors such as our success in implementing our strategies and business initiatives including growing our share of overall spending, addressing the loss of the Costco U.S. relationship, retaining and growing our other co-brand and other partner relationships, increasing merchant coverage, enhancing our prepaid offerings, expanding the GNS business and controlling expenses, and on factors outside management's control including the willingness and ability of Card Members to sustain spending, the effectiveness of marketing and loyalty programs, regulatory and market pressures on pricing, credit trends, changes in foreign currency exchange and interest rates, and changes in general economic conditions, such as GDP growth, consumer confidence, unemployment and the housing market;
- our ability to meet our 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 our capital plans by our regulators, the amount we spend on acquisitions, our results of operations and capital needs in any given period, and the amount of shares issued by us to employees upon the exercise of options;
- uncertainty relating to the outcomes and costs associated with merchant class actions, including the success or failure of the 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 our business and results of operations;
- changes in capital and credit market conditions, including sovereign creditworthiness, which may significantly affect our ability to meet our 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 our assets; or any reduction in our credit ratings or those of our subsidiaries, which could materially increase the cost and other terms of our funding, restrict our access to the capital markets or result in contingent payments under contracts;
- litigation, such as class actions or proceedings brought by governmental and regulatory agencies (including the lawsuit filed against us by the U.S. Department of Justice and certain state attorneys general), that could result in (i) the imposition of behavioral remedies against us or us voluntarily making certain changes to our business practices, the effects of which in either case could have a material adverse impact on our business; (ii) the imposition of substantial monetary damages and penalties, disgorgement and restitution; and/or (iii) damage to our global reputation and brand;
- legal and regulatory developments wherever we do business, including legislative and regulatory reforms in the U.S., such as the actions of the CFPB and Dodd-Frank's stricter regulation of large, interconnected financial institutions, which could make fundamental changes to many of our business practices or materially affect our capital or liquidity requirements, results of operations, or ability to pay dividends or repurchase our stock; actions and potential future actions by the FDIC and credit rating agencies applicable to securitization trusts, which could impact our ABS program; or potential changes to the taxation of our businesses, the allowance of deductions for significant expenses, or the incidence of consumption taxes on our transactions, products and services;
- changes in the substantial and increasing worldwide competition in the payments industry, including competitive pressure that may impact the prices we charge merchants that accept our cards, competition for co-brand relationships and the success of marketing, promotion or rewards programs;
- changes in the financial condition and creditworthiness of our business partners, such as bankruptcies, restructurings or consolidations, involving merchants that represent a significant portion of our business, such as the airline industry, or our partners in GNS or financial institutions that we rely on for routine funding and liquidity, which could materially affect our financial condition or results of operations;
- the impact of regulatory changes in the EU, including the introduction of price regulation, the elimination of honor all cards and “anti-steering” rules and requirements on granting access to our network, among other important changes, which will depend on various factors, including, but not limited to the actual final laws and regulations ultimately adopted in the EU and its Member States, including any exemptions and phase-in periods, our ability to adapt and change our business model to address regulatory requirements and competitive pressures, and our success in continuing to offer value propositions that potential partners, merchants and customers find attractive;

- our ability to maintain and expand our presence in the digital payments space, including online and mobile channels, which will depend on our success in evolving our 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 our control such as fire, power loss, disruptions in telecommunications, severe weather conditions, natural disasters, health pandemics, terrorism, cyber-attacks or fraud, which could significantly affect spending on American Express cards, delinquency rates, loan balances and travel-related spending or disrupt our 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 our effective tax rate and have an adverse impact on net income.

A further description of these uncertainties and other risks can be found in our Annual Report on Form 10-K for the year ended December 31, 2014 and our other reports filed with the Securities and Exchange Commission.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for establishing and maintaining adequate internal control over financial reporting.

Our 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 accounting principles generally accepted in the United States of America (GAAP), and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our 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.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2014. In making this assessment, our management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control — Integrated Framework (2013)* .

Based on management's assessment and those criteria, we conclude that, as of December 31, 2014, our internal control over financial reporting is effective.

PricewaterhouseCoopers LLP, our independent registered public accounting firm, has issued an attestation report appearing on the following page on the effectiveness of our internal control over financial reporting as of December 31, 2014.

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, 2014 and 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014, 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, 2014, based on criteria established in *Internal Control — Integrated Framework (2013)* 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.

PricewaterhouseCoopers LLP

New York, New York
February 24, 2015

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AMERICAN EXPRESS COMPANY
CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 31 *(Millions, except per share amounts)*	2014	2013	2012
Revenues			
Non-interest revenues			
Discount revenue	$ 19,493	$ 18,695	$ 17,739
Net card fees	2,712	2,631	2,506
Travel commissions and fees	1,118	1,913	1,940
Other commissions and fees	2,508	2,414	2,317
Other	2,989	2,274	2,425
Total non-interest revenues	28,820	27,927	26,927
Interest income			
Interest on loans	6,929	6,718	6,511
Interest and dividends on investment securities	179	201	246
Deposits with banks and other	71	86	97
Total interest income	7,179	7,005	6,854
Interest expense			
Deposits	373	442	480
Long-term debt and other	1,334	1,516	1,746
Total interest expense	1,707	1,958	2,226
Net interest income	5,472	5,047	4,628
Total revenues net of interest expense	34,292	32,974	31,555
Provisions for losses			
Charge card	792	648	601
Card member loans	1,138	1,115	1,030
Other	114	69	81
Total provisions for losses	2,044	1,832	1,712
Total revenues net of interest expense after provisions for losses	32,248	31,142	29,843
Expenses			
Marketing, promotion, rewards and Card Member services	11,073	10,267	9,944
Salaries and employee benefits	6,095	6,191	6,597
Other, net	6,089	6,796	6,851
Total expenses	23,257	23,254	23,392
Pretax income	8,991	7,888	6,451
Income tax provision	3,106	2,529	1,969
Net income	$ 5,885	$ 5,359	$ 4,482
Earnings per Common Share – (Note 22)			
Basic (a)	$ 5.58	$ 4.91	$ 3.91
Diluted	5.56	4.88	3.89
Average common shares outstanding for earnings per common share:			
Basic	1,045	1,082	1,135
Diluted	1,051	1,089	1,141

(a) Represents net income less earnings allocated to participating share awards of $46 million, $47 million and $49 million for the years ended December 31, 2014, 2013 and 2012, respectively.

See Notes to Consolidated Financial Statements.

AMERICAN EXPRESS COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31 *(Millions)*	2014	2013	2012
Net income	$ 5,885	$ 5,359	$ 4,482
Other comprehensive income (loss):			
Net unrealized securities gains (losses), net of tax	33	(252)	27
Net unrealized derivatives gains, net of tax	—	—	1
Foreign currency translation adjustments, net of tax	(409)	(336)	(72)
Net unrealized pension and other postretirement benefit (losses) gains, net of tax	(117)	89	(7)
Other comprehensive loss	(493)	(499)	(51)
Comprehensive income	$ 5,392	$ 4,860	$ 4,431

See Notes to Consolidated Financial Statements.

AMERICAN EXPRESS COMPANY
CONSOLIDATED BALANCE SHEETS

December 31 *(Millions, except per share data)*		2014		2013
Assets				
Cash and cash equivalents				
Cash and due from banks	$	2,628	$	2,212
Interest-bearing deposits in other banks (includes securities purchased under resale agreements: 2014, $204; 2013, $143)		19,190		16,776
Short-term investment securities		470		498
Total cash and cash equivalents		22,288		19,486
Accounts receivable				
Card Member receivables (includes gross receivables available to settle obligations of a consolidated variable interest entity: 2014, $7,025; 2013, $7,329 less reserves: 2014, $465; 2013, $386		44,386		43,777
Other receivables, less reserves: 2014, $61; 2013, $71		2,614		3,408
Loans				
Card Member loans (includes gross loans available to settle obligations of a consolidated variable interest entity: 2014, $30,115; 2013, $31,245), less reserves: 2014, $1,201; 2013, $1,261		69,184		65,977
Other loans, less reserves: 2014, $12; 2013, $13		920		608
Investment securities		4,431		5,016
Premises and equipment, less accumulated depreciation and amortization: 2014, $6,270; 2013, $5,978		3,938		3,875
Other assets (includes restricted cash of consolidated variable interest entities: 2014, $64; 2013, $58)		11,342		11,228
Total assets	$	159,103	$	153,375
Liabilities and Shareholders' Equity				
Liabilities				
Customer deposits	$	44,171	$	41,763
Travelers Cheques and other prepaid products		3,673		4,240
Accounts payable		11,300		10,615
Short-term borrowings (includes debt issued by consolidated variable interest entities: 2014, nil; 2013, $2,000)		3,480		5,021
Long-term debt (includes debt issued by consolidated variable interest entities: 2014, $19,516; 2013, $18,690)		57,955		55,330
Other liabilities		17,851		16,910
Total liabilities	$	138,430	$	133,879
Commitments and Contingencies (Note 13)				
Shareholders' Equity				
Preferred shares, $1.66 2/3 par value, authorized 20 million shares; issued and outstanding 750 shares as of December 31, 2014 and nil as of December 31, 2013 (Note 17)		—		—
Common shares, $0.20 par value, authorized 3.6 billion shares; issued and outstanding 1,023 million shares as of December 31, 2014 and 1,064 million shares as of December 31, 2013		205		213
Additional paid-in capital		12,874		12,202
Retained earnings		9,513		8,507
Accumulated other comprehensive income (loss)				
Net unrealized securities gains, net of tax of: 2014, $52; 2013, $33		96		63
Foreign currency translation adjustments, net of tax of: 2014, $(317); 2013, $(526)		(1,499)		(1,090)
Net unrealized pension and other postretirement benefit losses, net of tax of: 2014, $(223); 2013, $(177)		(516)		(399)
Total accumulated other comprehensive loss		(1,919)		(1,426)
Total shareholders' equity		20,673		19,496
Total liabilities and shareholders' equity	$	159,103	$	153,375

See Notes to Consolidated Financial Statements.

AMERICAN EXPRESS COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31 *(Millions)*	2014	2013	2012
Cash Flows from Operating Activities			
Net income	$ 5,885	$ 5,359	$ 4,482
Adjustments to reconcile net income to net cash provided by operating activities:			
Provisions for losses	2,044	1,832	1,712
Depreciation and amortization	1,012	1,020	991
Deferred taxes and other	(941)	(5)	496
Stock-based compensation	290	350	297
Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:			
Other receivables	(56)	(73)	153
Other assets	650	335	390
Accounts payable and other liabilities	2,594	88	(358)
Travelers Cheques and other prepaid products	(488)	(359)	(540)
Premium paid on debt exchange	—	—	(541)
Net cash provided by operating activities	10,990	8,547	7,082
Cash Flows from Investing Activities			
Sales of available-for-sale investment securities	242	217	525
Maturities and redemptions of available-for-sale investment securities	1,116	1,292	1,562
Sales of other investments	990	—	—
Purchase of investments	(886)	(1,348)	(473)
Net increase in Card Member loans/receivables	(8,077)	(6,301)	(6,671)
Purchase of premises and equipment, net of sales: 2014, $3; 2013, $72; 2012, $3	(1,195)	(1,006)	(1,053)
Acquisitions/dispositions, net of cash acquired	(229)	(195)	(466)
Net decrease in restricted cash	72	72	31
Net cash used in investing activities	(7,967)	(7,269)	(6,545)
Cash Flows from Financing Activities			
Net increase in customer deposits	2,459	1,195	2,300
Net (decrease) increase in short-term borrowings	(1,374)	1,843	(1,015)
Issuance of long-term debt	16,020	11,995	13,934
Principal payments on long-term debt	(12,768)	(14,763)	(14,076)
Issuance of American Express preferred shares	742	—	—
Issuance of American Express common shares	362	721	443
Repurchase of American Express common shares	(4,389)	(3,943)	(3,952)
Dividends paid	(1,041)	(939)	(902)
Net cash provided by (used in) financing activities	11	(3,891)	(3,268)
Effect of exchange rate changes on cash and cash equivalents	(232)	(151)	88
Net increase (decrease) in cash and cash equivalents	2,802	(2,764)	(2,643)
Cash and cash equivalents at beginning of year	19,486	22,250	24,893
Cash and cash equivalents at end of year	$ 22,288	$ 19,486	$ 22,250
Supplemental cash flow information			
Non-cash financing activities			
Charge related to impact of debt exchange on long-term debt	$ —	$ —	$ 439
Gain on business travel joint venture transaction	$ 630	$ —	$ —

See Notes to Consolidated Financial Statements.

AMERICAN EXPRESS COMPANY
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Three Years Ended December 31, 2014 *(Millions, except per share amounts)*	Total	Preferred Shares	Common Shares	Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings
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
Net income	5,885					5,885
Other comprehensive loss	(493)				(493)	
Preferred shares issued	742			742		
Repurchase of common shares	(4,378)		(10)	(604)		(3,764)
Other changes, primarily employee plans	476		2	534		(60)
Cash dividends declared common, $1.01 per share	(1,055)					(1,055)
Balances as of December 31, 2014	$ 20,673	$ —	$ 205	$ 12,874	$ (1,919)	$ 9,513

See 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. After June 30, 2014, business travel-related services are offered through the non-consolidated joint venture, American Express Global Business Travel (GBT JV). Until June 30, 2014, the business travel operations were wholly owned. 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 accounting principles generally accepted in the United States of America (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 income (loss) (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 $44 million, $108 million and $120 million in 2014, 2013 and 2012, 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.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TOTAL REVENUES NET OF INTEREST EXPENSE

Discount Revenue

Discount revenue represents the amount earned by the Company on transactions occurring at 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 10).

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 10).

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.

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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.

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
Accounts Receivable	Note 3	Accounts Receivable and Loans	Page 79
Loans	Note 3	Accounts Receivable and Loans	Page 79
Reserves for Losses	Note 4	Reserves for Losses	Page 84
Investment Securities	Note 5	Investment Securities	Page 86
Asset Securitizations	Note 6	Asset Securitizations	Page 88
Goodwill and Other Intangible Assets	Note 7	Other Assets	Page 89
Membership Rewards	Note 10	Other Liabilities	Page 95
Stock-based Compensation	Note 11	Stock Plans	Page 95
Retirement Plans	Note 12	Retirement Plans	Page 98
Legal Contingencies	Note 13	Commitments and Contingencies	Page 98
Derivative Financial Instruments and Hedging Activities	Note 14	Derivatives and Hedging Activities	Page 100
Fair Value Measurements	Note 15	Fair Values	Page 104
Income Taxes	Note 21	Income Taxes	Page 113
Regulatory Matters and Capital Adequacy	Note 23	Regulatory Matters and Capital Adequacy	Page 116
Reportable Operating Segments	Note 25	Reportable Operating Segments and Geographic Operations	Page 118

RECENTLY ISSUED ACCOUNTING STANDARDS

Accounting Standards Update (ASU) No. 2014-09, Revenue Recognition (Topic 606): Revenue from Contracts with Customers was issued on May 28, 2014. The guidance establishes the principles to apply to determine the amount and timing of revenue recognition, specifying the accounting for certain costs related to revenue, and requiring additional disclosures about the nature, amount, timing and uncertainty of revenues and related cash flows. The guidance supersedes most of the current revenue recognition requirements, and will be effective January 1, 2017. The Company is currently evaluating the impact this guidance, including the method of implementation, will have on its financial position, results of operations and cash flows, among other items.

ASU No. 2014-01, Investments – Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Qualified Affordable Housing Projects was issued on January 15, 2014. 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, is effective January 1, 2015, and if adopted 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.

NOTE 2

ACQUISITIONS AND DIVESTITURES

GLOBAL BUSINESS TRAVEL

On June 30, 2014, the Company completed a transaction to establish a non-consolidated joint venture, GBT JV, comprising the former Global Business Travel (GBT) operations of the Company and an external cash investment. Historically, the Company reported the GBT operations within the Global Commercial Services (GCS) segment. The Company has retained a 50 percent ownership interest in the GBT JV with an estimated fair value of that interest of approximately $900 million, which is accounted for as an equity method investment effective June 30, 2014 and reported in other assets within the Consolidated Balance Sheet. In exchange for a cash contribution of $900 million paid into the GBT JV, an unrelated investor group holds the remaining 50 percent ownership interest. The investor group’s cash contribution provides the primary basis for the Company’s determination of the estimated fair value of its 50 percent ownership interest at June 30, 2014.

As a result of this transaction, the Company deconsolidated the GBT net assets and for the year ended December 31, 2014, recognized a net gain of $630 million ($412 million after-tax), as a reduction to other expense. The Company recognized $626 million ($409 million after-tax) in the second quarter and subsequently recognized the remaining closing-related amounts in the third and fourth quarters. Prior to the deconsolidation, the carrying amount of GBT’s assets and liabilities were not material to the Company’s financial position.

The GBT JV operates under the “American Express Global Business Travel” brand, pursuant to a trademark license agreement provided by the Company. The Company has also entered into a transition services agreement and certain other operating agreements with the GBT JV, pursuant to which the Company and the GBT JV provide one another with certain services and that result in related-party receivables and payables. There was no material impact to the Company during the year ended December 31, 2014, related to the GBT JV’s results of operations or the Company’s agreements with the GBT JV.

LOYALTY PARTNER

In conjunction with the March 1, 2011 acquisition of a controlling interest in Loyalty Partner, the Company had an option to acquire the remaining non-controlling equity interest (NCI) in the future. In November 2013, the Company entered into an agreement to extinguish a portion of the NCI in its Loyalty Partner subsidiary, 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.

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NOTE 3

ACCOUNTS RECEIVABLE AND LOANS

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, 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 4), and include principal and any related accrued fees.

Accounts receivable by segment as of December 31, 2014 and 2013 consisted of:

(Millions)	2014	2013
U.S. Card Services [(a)]	$ 22,468	$ 21,842
International Card Services	7,653	7,771
Global Commercial Services [(b)]	14,583	14,391
Global Network & Merchant Services [(c)]	147	159
Card Member receivables [(d)]	44,851	44,163
Less: Reserve for losses	465	386
Card Member receivables, net	$ 44,386	$ 43,777
Other receivables, net [(e)]	$ 2,614	$ 3,408

(a) Includes $7.0 billion and $7.3 billion of gross Card Member receivables available to settle obligations of a consolidated VIE as of December 31, 2014 and 2013, respectively.
(b) Includes $636 million and $836 million due from airlines, of which Delta Air Lines (Delta) comprises $606 million and $628 million as of December 31, 2014 and 2013, respectively.
(c) Includes receivables primarily related to the Company’s International Currency Card portfolios.
(d) Includes approximately $13.3 billion and $13.8 billion of Card Member receivables outside the U.S. as of December 31, 2014 and 2013, respectively.
(e) Other receivables primarily represent amounts related to (i) certain merchants for billed discount revenue and (ii) GNS partner banks for items such as royalty and franchise fees. Additionally, for 2013, the balance also included purchased GNS joint venture receivables. Other receivables are presented net of reserves for losses of $61 million and $71 million as of December 31, 2014 and 2013, 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 utilize the lending-on-charge feature on their account and 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 4), 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.

AMERICAN EXPRESS COMPANY
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Loans by segment as of December 31, 2014 and 2013 consisted of:

(Millions)	2014	2013
U.S. Card Services [(a)]	$ 62,592	$ 58,395
International Card Services	7,744	8,790
Global Commercial Services	49	53
Card Member loans	70,385	67,238
Less: Reserve for losses	1,201	1,261
Card Member loans, net	$ 69,184	$ 65,977
Other loans, net [(b)]	$ 920	$ 608

(a) Includes approximately $30.1 billion and $31.2 billion of gross Card Member loans available to settle obligations of a consolidated VIE as of December 31, 2014 and 2013, 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 $12 million and $13 million as of December 31, 2014 and 2013, respectively.

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 presents the aging of Card Member loans and receivables as of December 31, 2014 and 2013:

2014 *(Millions)*	Current	30-59 Days Past Due	60-89 Days Past Due	90+ Days Past Due	Total
Card Member Loans:					
U.S. Card Services	$ 61,995	$ 179	$ 128	$ 290	$ 62,592
International Card Services	7,621	39	27	57	7,744
Card Member Receivables:					
U.S. Card Services	$ 22,096	$ 129	$ 72	$ 171	$ 22,468
International Card Services [(a)]	7,557	29	20	47	7,653
Global Commercial Services	(b)	(b)	(b)	120	14,583

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	(b)	(b)	(b)	83	7,771
Global Commercial Services	(b)	(b)	(b)	132	14,391

(a) Beginning in the first quarter 2014, as a result of system enhancements, delinquency data is now available and presented on a prospective basis for the indicated aging categories. Comparable data for prior periods is not available. For risk management purposes, the Company has historically utilized 90 days past billing for the International Card Services (ICS) segment, as described below in (b).
(b) Delinquency data for periods other than 90 days past billing is not available due to system constraints. Therefore, such data has not been utilized 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. For Card Member receivables in GCS as of December 31, 2014 and ICS and GCS as of December 31, 2013, 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 classified as 90 days past billing. These amounts are shown above as 90+ Days Past Due for presentation purposes.

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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:

	2014			2013		
	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	1.5%	1.7%	1.0%	1.8%	2.0%	1.1%
International Card Services [(b)]	2.0%	2.4%	1.6%	1.9%	2.3%	1.4%
Card Member Receivables:						
U.S. Card Services	1.6%	1.8%	1.7%	1.7%	1.9%	1.6%
International Card Services [(b)]	1.9%	2.1%	1.3%	(c)	(c)	(c)

	2014		2013	
	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	(c)	(c)	0.20%	1.1%
Global Commercial Services	0.09%	0.8%	0.08%	0.9%

(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 considers uncollectible interest and/or fees in estimating its reserves for credit losses, a net write-off rate including principal, interest and/or fees is also presented.

(b) Beginning in 2014, write-offs for certain installment loan products have been reclassified from Card Member receivables to Card Member loans. Prior period write-offs have not been reclassified.

(c) Historically, net loss ratio as a % of charge volume and 90 days past billings as a % of receivables were presented. Beginning in the first quarter 2014, as a result of system enhancements, 30 days past due as a % of total, net write-off rate (principal only) and Net write-off rate (principal and fees) have been presented.

Refer to Note 4 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 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 may revert back to the original contractual terms (including the contractual interest rate) when the Card Member exits the modification program, which is (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. The Company establishes a reserve for Card Member interest charges and fees considered to be uncollectible.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

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, 2014						For the Year Ended December 31, 2014	
2014 *(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	$ 161	$ 241	$ 286	$ 688	$ 646	$ 67	$ 750	$ 49
International Card Services	57	—	—	57	56	—	62	16
Card Member Receivables:								
U.S. Card Services	—	—	48	48	48	35	47	—
Total	$ 218	$ 241	$ 334	$ 793	$ 750	$ 102	$ 859	$ 65

	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 (f)	$ 167	$ 294	$ 351	$ 812	$ 775	$ 78	$ 948	$ 46
International Card Services	54	4	5	63	62	—	67	16
Card Member Receivables:								
U.S. Card Services	—	—	50	50	49	38	81	—
Total	$ 221	$ 298	$ 406	$ 925	$ 886	$ 116	$ 1,096	$ 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

(a) The Company's policy is generally to accrue interest through the date of write-off (i.e. 180 days past due). The Company establishes reserves for interest that the Company believes will not be collected. Amounts presented exclude loans modified as a TDR.
(b) Non-accrual loans not in modification programs 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 $34 million, $43 million and $320 million that are non-accrual and $26 million, $29 million and $6 million that are past due 90 days and still accruing interest as of December 31, 2014, 2013 and 2012, 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 4 for further disclosures regarding the reserve for losses on loans over 90 days past due and accruing interest and non-accrual loans, which are evaluated collectively for impairment.
(f) For the year 2013, certain amounts and their related reserves have been reclassified between Non-Accrual Loans & Receivables Modified as TDR.

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 U.S. Card Services (USCS) Card Member loans and receivables modified as TDRs for the years ended December 31. The ICS and GCS Card Member loans and receivables modifications were not significant.

2014	Number of Accounts (in thousands)	Outstanding Balances (a,b) ($ in millions)	Average Interest Rate Reduction (% points)	Average Payment Term Extensions (# of months)
Troubled Debt Restructurings:				
Card Member Loans	46	$ 342	10	(c)
Card Member Receivables	15	176	(c)	12
Total	61	$ 518		

2013	Number of Accounts (in thousands)	Outstanding Balances (a,b) ($ in millions)	Average Interest Rate Reduction (% points)	Average Payment Term Extensions (# of months)
Troubled Debt Restructurings:				
Card Member Loans	60	$ 448	10	(c)
Card Member Receivables	20	247	(c)	12
Total	80	$ 695		

2012	Number of Accounts (in thousands)	Outstanding Balances (a,b) ($ in millions)	Average Interest Rate Reduction (% points)	Average Payment Term Extensions (# of months)
Troubled Debt Restructurings:				
Card Member Loans	106	$ 779	12	(c)
Card Member Receivables	37	425	(c)	13
Total	143	$ 1,204		

(a) Represents the outstanding balance immediately prior to modification. In certain modifications, the principal balance was reduced in the aggregate amount of $4 million and $24 million for the years ended December 31, 2013 and 2012, respectively. Modifications did not reduce the aggregate principal balance for the year ended December 31, 2014.

(b) The outstanding balance includes principal, fees and accrued interest on Card Member loans and principal and fees on Card Member receivables.

(c) For Card Member loans, there have been no payment term extensions. The Company does not offer interest rate reduction programs for Card Member receivables as the receivables are non-interest bearing.

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The following table provides information for the years ended December 31, 2014, 2013 and 2012, with respect to the USCS Card Member loans and receivables modified as TDRs that subsequently defaulted within 12 months of modification. A Card Member is considered in 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.

2014 *(Accounts in thousands, Dollars in millions)*	Number of Accounts	Aggregated Outstanding Balances Upon Default (a)
Troubled Debt Restructurings That Subsequently Defaulted:		
Card Member Loans	10	$ 85
Card Member Receivables	3	44
Total	13	$ 129

2013 *(Accounts in thousands, Dollars in millions)*	Number of Accounts	Aggregated Outstanding Balances Upon Default (a)
Troubled Debt Restructurings That Subsequently Defaulted:		
Card Member Loans	18	$ 159
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:		
Card Member Loans	23	$ 182
Card Member Receivables	1	37
Total	24	$ 219

(a) The outstanding balance includes principal, fees, and accrued interest on Card Member loans and principal and fees on Card Member receivables.

NOTE 4

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 quantitative reserves for certain external and internal qualitative factors, which may increase or decrease the reserves for losses on Card Member loans and receivables. External factors include employment, spend, sentiment, housing and credit, and changes in the legal and regulatory environment while internal factors include increased risk in certain portfolios, impact of risk management initiatives, changes in underwriting requirements and overall process stability. 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 ratios.

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.

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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)	2014	2013	2012
Balance, January 1	$ 386	$ 428	$ 438
Provisions [(a)]	792	648	601
Net write-offs [(b)]	(683)	(669)	(640)
Other [(c)]	(30)	(21)	29
Balance, December 31	$ 465	$ 386	$ 428

(a) Provisions for principal (resulting from authorized transactions) and fee reserve components.
(b) Consists of principal (resulting from authorized transactions) and fee components, less recoveries of $358 million, $402 million and $383 million, including net write-offs from TDRs of $15 million, $12 million and $87 million, for the years ended December 31, 2014, 2013 and 2012, respectively.
(c) Beginning in the first quarter 2014, reserves for card-related fraud losses of $(7) million are included in Other liabilities. Also includes foreign currency translation adjustments of $(15) million, $(4) million and $2 million for the years ended December 31, 2014, 2013 and 2012, respectively; a reclassification of Card Member bankruptcy reserves of $18 million from Other liabilities to credit reserves in 2012 only and other items of $(8) million, $(17) million and $9 million for the years ended December 31, 2014, 2013 and 2012, 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)	2014	2013	2012
Card Member receivables evaluated individually for impairment [(a)]	$ 48	$ 50	$ 117
Related reserves [(a)]	$ 35	$ 38	$ 91
Card Member receivables evaluated collectively for impairment	$ 44,803	$ 44,113	$ 42,649
Related reserves [(b)]	$ 430	$ 348	$ 337

(a) Represents receivables modified in a TDR and related reserves. Refer to the Impaired Card Member Loans and Receivables discussion in Note 3 for further information.
(b) The reserves include the quantitative results of analytical models that are specific to individual pools of receivables and reserves for internal and external qualitative risk factors that apply to receivables that are collectively evaluated for impairment.

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)	2014	2013	2012
Balance, January 1	$ 1,261	$ 1,471	$ 1,874
Provisions [(a)]	1,138	1,115	1,030
Net write-offs			
Principal [(b)]	(1,023)	(1,141)	(1,280)
Interest and fees [(b)]	(164)	(150)	(157)
Other [(c)]	(11)	(34)	4
Balance, December 31	$ 1,201	$ 1,261	$ 1,471

(a) Provisions for principal (resulting from authorized transactions), interest and fee reserves components.
(b) Consists of principal write-offs (resulting from authorized transactions), less recoveries of $428 million, $452 million and $493 million, including net write-offs from TDRs of $(10) million, $(1) million and $25 million, for the years ended December 31, 2014, 2013 and 2012, respectively. Recoveries of interest and fees were de minimis.
(c) Beginning in the first quarter 2014, reserves for card-related fraud losses of $(6) million are included in Other liabilities. Also includes foreign currency translation adjustments of $(17) million, $(12) million and $7 million for the years ended December 31, 2014, 2013 and 2012, respectively, a reclassification of Card Member bankruptcy reserves of $4 million from Other liabilities to credit reserves in 2012 only and other items of $12 million, $(22) million and $(7) million for the years ended December 31, 2014, 2013 and 2012, 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)	2014	2013	2012
Card Member loans evaluated individually for impairment [(a)]	$ 286	$ 356	$ 633
Related reserves [(a)]	$ 67	$ 78	$ 153
Card Member loans evaluated collectively for impairment [(b)]	$ 70,100	$ 66,882	$ 64,596
Related reserves [(b)]	$ 1,134	$ 1,183	$ 1,318

(a) Represents loans modified in a TDR and related reserves. Refer to the Impaired Card Member Loans and Receivables discussion in Note 3 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. The reserves include the quantitative results of analytical models that are specific to individual pools of loans and reserves for internal and external qualitative risk factors that apply to loans that are collectively evaluated for impairment.

NOTE 5

INVESTMENT SECURITIES

Investment securities include debt and equity securities that the Company classifies 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 15 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:

	2014				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	Estimated Fair Value
State and municipal obligations	$3,366	$ 129	$ (2)	$ 3,493	$4,060	$ 54	$ (79)	$ 4,035	$ 4,474
U.S. Government agency obligations	3	—	—	3	3	—	—	3	3
U.S. Government treasury obligations	346	4	—	350	318	3	(1)	320	338
Corporate debt securities	37	3	—	40	43	3	—	46	79
Mortgage-backed securities [(a)]	128	8	—	136	160	5	(1)	164	224
Equity securities [(b)]	—	1	—	1	29	95	—	124	296
Foreign government bonds and obligations	350	9	—	359	272	5	(1)	276	149
Other [(c)]	50	—	(1)	49	50	—	(2)	48	51
Total	$4,280	$ 154	$ (3)	$ 4,431	$4,935	$ 165	$ (84)	$ 5,016	$ 5,614

(a) Represents mortgage-backed securities guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae.
(b) Primarily represents the Company's investment in the Industrial and Commercial Bank of China (ICBC) as of December 31, 2013 and 2012.
(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:

	2014				2013			
	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	$ —	$ —	$ 72	$ (2)	$ 1,320	$ (63)	$ 106	$(16)
Foreign government bonds and obligations	—	—	—	—	208	(1)	—	—
U.S. Government treasury obligations	—	—	—	—	166	(1)	—	—
Mortgage-backed securities	—	—	—	—	35	(1)	—	—
Other	—	—	33	(1)	30	(1)	17	(1)
Total	$ —	$ —	$ 105	$ (3)	$ 1,759	$ (67)	$ 123	$(17)

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The following table summarizes the gross unrealized losses due to temporary impairments by ratio of fair value to amortized cost as of December 31:

Ratio of Fair Value to Amortized Cost (Dollars in millions)	Less than 12 months Number of Securities	Estimated Fair Value	Gross Unrealized Losses	12 months or more Number of Securities	Estimated Fair Value	Gross Unrealized Losses	Total Number of Securities	Estimated Fair Value	Gross Unrealized Losses
2014:									
90%–100%	—	$ —	$ —	15	$ 105	$ (3)	15	$ 105	$ (3)
Total as of December 31, 2014	—	$ —	$ —	15	$ 105	$ (3)	15	$ 105	$ (3)
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)

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

Contractual maturities and weighted average yields for investment securities, excluding equity securities and other securities, as of December 31, 2014 were as follows:

(Millions)	Due within 1 year	Due after 1 year but within 5 years	Due after 5 years but within 10 years	Due after 10 years	Total
State and municipal obligations [(a)]	$ 182	$ 74	$ 233	$ 3,004	$3,493
U.S. Government agency obligations	—	—	—	3	3
U.S. Government treasury obligations	66	264	8	12	350
Corporate debt securities	6	34	—	—	40
Mortgage-backed securities [(a)]	—	2	—	134	136
Foreign government bonds and obligations	307	7	—	45	359
Total Estimated Fair Value	$ 561	$ 381	$ 241	$ 3,198	4,381
Total Cost	$ 560	$ 374	$ 225	$ 3,071	4,230
Weighted average yields [(b)(c)]	2.50%	2.07%	6.71%	6.81%	

(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) Average yields for investment securities have been calculated using the effective yield on the date of purchase.
(c) Yields on tax-exempt investment securities have been computed on a tax-equivalent basis using the U.S. federal statutory tax rate of 35 percent.

NOTE 6

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). Card Member loans are transferred to the American Express Credit Account Master Trust (the Lending Trust). The Charge Trust 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. Details on the principles of consolidation can be found in the summary of significant accounting policies (refer to Note 1).

TRS, in its role as servicer of the Charge Trust 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 $1.2 billion of subordinated securities issued by the Lending Trust as of December 31, 2014. 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 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 makes it the party most closely related to the Charge Trust. Based on these considerations, TRS is the primary beneficiary of both the Charge Trust and the Lending Trust.

The debt securities issued by the Charge Trust and the Lending Trust are non-recourse to the Company. Securitized Card Member receivables and loans held by the Charge Trust and the Lending Trust are available only for payment of the debt securities or other obligations issued or arising in the securitization transactions (refer to Note 3). The long-term debt of each trust is payable only out of collections on their respective underlying securitized assets (refer to Note 9).

The following table presents the restricted cash held by the Charge Trust and the Lending Trust as of December 31, 2014 and 2013, included in Other Assets on the Company's Consolidated Balance Sheets:

(Millions)	2014	2013
Charge Trust	$ 2	$ 2
Lending Trust	62	56
Total	$ 64	$ 58

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 paid on investor securities, credit losses and upcoming debt maturities.

Under the respective terms of the Charge Trust 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, 2014, no such triggering events occurred.

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NOTE 7
OTHER ASSETS

The following is a summary of other assets as of December 31:

(Millions)	2014	2013
Goodwill	$ 3,024	$ 3,198
Deferred tax assets, net [(a)]	2,110	2,443
Prepaid expenses [(b)]	1,626	1,998
Other intangible assets, at amortized cost	854	817
Derivative assets [(a)]	711	329
Restricted cash [(c)]	384	486
Other	2,633	1,957
Total	$ 11,342	$ 11,228

(a) Refer to Notes 21 and 14 for a discussion of deferred tax assets, net and derivative assets, respectively, as of December 31, 2014 and 2013. Derivative assets reflect the impact of master netting agreements. For 2014, $96 million of foreign deferred tax liabilities is reflected in Other Liabilities.

(b) Includes prepaid miles and reward points acquired primarily from airline partners of approximately $1.1 billion and $1.5 billion as of December 31, 2014 and 2013, respectively, including approximately $0.6 billion and $0.9 billion, respectively, from Delta.

(c) Includes restricted cash of approximately $64 million and $58 million as of December 31, 2014 and 2013, respectively, which is primarily held for coupon and certain asset-backed securitization maturities.

GOODWILL

Goodwill represents the excess of acquisition cost of an acquired business 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, 2014 and 2013, 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, 2013	$ 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
Acquisitions	—	—	—	—	—	—
Dispositions	—	—	(102)	—	—	(102)
Other, including foreign currency translation	—	(70)	—	—	(2)	(72)
Balance as of December 31, 2014	$ 174	$ 982	$1,441	$ 160	$ 267	$3,024

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OTHER INTANGIBLE ASSETS

Intangible assets, primarily customer relationships, are amortized over their estimated useful lives of 3 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.

The components of other intangible assets were as follows:

	2014			2013		
(Millions)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships [(a)]	$ 1,455	$ (754)	$ 701	$ 1,297	$ (660)	$ 637
Other	255	(102)	153	269	(89)	180
Total	$ 1,710	$ (856)	$ 854	$ 1,566	$ (749)	$ 817

(a) Includes net intangibles acquired from airline partners of $340 million and $290 million as of December 31, 2014 and 2013, respectively, including approximately $206 million and $117 million, respectively, from Delta.

Amortization expense for the years ended December 31, 2014, 2013 and 2012 was $174 million, $193 million and $198 million, respectively. Intangible assets acquired in 2014 and 2013 are being amortized, on average, over 7 and 6 years, respectively.

Estimated amortization expense for other intangible assets over the next five years is as follows:

(Millions)	2015	2016	2017	2018	2019
Estimated amortization expense	$ 158	$ 134	$ 117	$ 109	$ 87

OTHER

The Company had $622 million and $541 million in affordable housing and other tax credit investment partnership interests as of December 31, 2014 and 2013, 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 as equity method investment joint ventures. In 2014, the Company received $990 million in net cash proceeds for the sale of its equity method investment in Concur Technologies (Concur) with a carrying amount of $246 million and recognized a gain of $744 million in Other revenues.

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NOTE 8
CUSTOMER DEPOSITS

As of December 31, customer deposits were categorized as interest-bearing or non-interest-bearing as follows:

(Millions)	2014	2013
U.S.:		
Interest-bearing	$ 43,279	$ 40,831
Non-interest-bearing (includes Card Member credit balances of: 2014, $372 million; 2013, $340 million)	418	360
Non-U.S.:		
Interest-bearing	115	121
Non-interest-bearing (includes Card Member credit balances of: 2014, $347 million; 2013, $437 million)	359	451
Total customer deposits	$ 44,171	$ 41,763

Customer deposits by deposit type as of December 31 were as follows:

(Millions)	2014	2013
U.S. retail deposits:		
Savings accounts – Direct	$ 26,159	$ 24,550
Certificates of deposit:		
Direct	333	489
Third-party	7,838	6,929
Sweep accounts –Third-party	8,949	8,863
Other retail deposits:		
Non-U.S. deposits and U.S. non-interest bearing deposits	173	155
Card Member credit balances – U.S. and non-U.S.	719	777
Total customer deposits	$ 44,171	$ 41,763

The scheduled maturities of certificates of deposit as of December 31, 2014 were as follows:

(Millions)	U.S.	Non-U.S.	Total
2015	1,744	$ 21	$ 1,765
2016	2,136	—	2,136
2017	1,491	—	1,491
2018	1,480	—	1,480
2019	1,304	—	1,304
After 5 years	16	—	16
Total	$ 8,171	$ 21	$ 8,192

As of December 31, certificates of deposit in denominations of $250,000 or more, in the aggregate, were as follows:

(Millions)	2014	2013
U.S.	$ 111	$ 148
Non-U.S.	17	—
Total	$ 128	$ 148

NOTE 9

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:

	2014		2013	
(Millions, except percentages)	Outstanding Balance	Year-End Stated Rate on Debt [(a)]	Outstanding Balance	Year-End Stated Rate on Debt [(a)]
Commercial paper	$ 769	0.29%	$ 200	0.19%
Other short-term borrowings [(b)(c)]	2,711	0.81	4,821	1.08
Total	$ 3,480	0.69%	$ 5,021	1.04%

(a) For floating-rate debt issuances, the stated interest rates are weighted based on outstanding balances and floating rates in effect as of December 31, 2014 and 2013.

(b) Includes interest-bearing overdrafts with banks of $470 million and $489 million as of December 31, 2014 and 2013, 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 $7.0 million and $7.2 million in fees to maintain the secured borrowing facility in 2014 and 2013, respectively.

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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:

	2014				2013		
(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	2016-2042	$ 7,535	5.15%	4.20%	$ 8,784	5.43%	4.60%
Floating Rate Senior Notes	2018	850	0.85	—	850	0.84	—
Subordinated Notes (d)	2024-2036	1,350	5.39	4.42	749	6.80	—
American Express Credit Corporation							
Fixed Rate Senior Notes	2015-2019	16,260	2.26	1.22	14,875	3.13	2.03
Floating Rate Senior Notes	2015-2019	4,400	0.82	—	2,855	1.14	—
Borrowings under Bank Credit Facilities	2016-2017	3,672	4.25	—	4,012	4.18	—
American Express Centurion Bank							
Fixed Rate Senior Notes	2015-2017	2,089	4.12	3.32	2,102	4.12	3.32
Floating Rate Senior Notes	2015-2018	675	0.68	—	675	0.67	—
American Express Bank, FSB							
Fixed Rate Senior Notes	2017	999	6.00	—	999	6.00	—
Floating Rate Senior Notes	2017	300	0.46	—	300	0.47	—
American Express Charge Trust II							
Floating Rate Senior Notes	2016-2018	3,700	0.41	—	4,200	0.49	—
Floating Rate Subordinated Notes	2016-2018	87	0.80	—	87	0.80	—
American Express Lending Trust							
Fixed Rate Senior Notes	2015-2017	6,100	1.11	—	2,600	0.72	—
Floating Rate Senior Notes	2015-2019	8,876	0.72	—	10,685	0.81	—
Fixed Rate Subordinated Notes	2015-2017	300	1.08	—	300	1.08	—
Floating Rate Subordinated Notes	2015-2019	488	0.73	—	847	0.81	—
Other							
Fixed Rate Instruments (e)	2016-2033	143	3.09	—	239	3.95	—
Floating Rate Borrowings	2015-2019	247	0.59	—%	276	0.62	—%
Unamortized Underwriting Fees		(116)			(105)		
Total Long-Term Debt		$ 57,955	2.34%		$ 55,330	2.56%	

(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 14 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 weighted based on outstanding balances and floating rates in effect as of December 31, 2014 and 2013.
(c) Effective interest rates are only presented when swaps are in place to hedge the underlying debt.
(d) For the $750 million of subordinated debentures issued in 2006 and outstanding as of December 31, 2014, 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.
(e) Includes $31 million and $109 million as of December 31, 2014 and 2013, respectively, related to capitalized lease transactions.

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As of December 31, 2014 and 2013, the 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, these 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 these 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 2014. The Company issued $600 million of 3.6 percent subordinated notes on December 5, 2014 that are senior in right of payment to the outstanding $750 million of Subordinated Debentures.

Aggregate annual maturities on long-term debt obligations (based on final maturity dates) as of December 31, 2014 were as follows:

(Millions)	2015	2016	2017	2018	2019	Thereafter	Total
American Express Company (Parent Company only)	$ —	$ 1,350	$ 1,500	$ 3,850	$ 641	$ 3,147	$ 10,488
American Express Credit Corporation	5,227	7,057	6,532	1,295	4,150	—	24,261
American Express Centurion Bank	1,305	—	1,300	125	—	2	2,732
American Express Bank, FSB	—	—	1,300	—	—	—	1,300
American Express Charge Trust II	—	2,500	—	1,287	—	—	3,787
American Express Lending Trust	5,422	500	5,639	2,886	1,317	—	15,764
Other	125	145	83	—	6	31	390
	$ 12,079	$ 11,552	$ 16,354	$ 9,443	$ 6,114	$ 3,180	58,722
Unamortized Underwriting Fees							(116)
Unamortized Discount and Premium							(932)
Impacts due to Fair Value Hedge Accounting							281
Total Long-Term Debt							$ 57,955

As of December 31, 2014 and 2013, the Company maintained total bank lines of credit of $6.7 billion and $7.0 billion, respectively. Of the total credit lines, $3.0 billion were undrawn as of both December 31, 2014 and 2013. Undrawn amounts support commercial paper borrowings and contingent funding needs. 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, 2014 and 2013, 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 at any time through July 15, 2016. As of December 31, 2014, $2.5 billion was drawn on this facility.

The Company paid $49.9 million and $50.2 million in fees to maintain these lines in 2014 and 2013, 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 $1.7 billion, $2.0 billion and $2.2 billion in 2014, 2013 and 2012, respectively.

NOTE 10

OTHER LIABILITIES

The following is a summary of Other liabilities as of December 31:

(Millions)	2014	2013
Membership Rewards liability	$ 6,521	$ 6,151
Employee-related liabilities (a)	2,258	2,227
Rebate and reward accruals (b)	2,389	2,210
Deferred card and other fees, net	1,308	1,314
Book overdraft balances	647	442
Other (c)	4,728	4,566
Total	$ 17,851	$ 16,910

(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 in the future. The Ultimate Redemption Rate (URR) and weighted average cost (WAC) per point are key assumptions used to approximate the Membership Rewards liability.

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)	2014	2013
Deferred card and other fees (a)	$ 1,615	$ 1,609
Deferred direct acquisition costs	(176)	(164)
Reserves for membership cancellations	(131)	(131)
Deferred card and other fees, net	$ 1,308	$ 1,314

(a) Includes deferred fees for Membership Rewards program participants.

NOTE 11

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, 35 million and 36 million common shares unissued and available for grant as of December 31, 2014, 2013 and 2012, 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.

AMERICAN EXPRESS COMPANY
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A summary of stock option and RSA activity as of December 31, 2014, 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, 2013	18,615	$ 44.98	9,578	$ 51.88
Granted	295	86.64	2,639	86.65
Exercised/vested	(5,893)	48.05	(3,427)	47.25
Forfeited	(242)	51.83	(916)	60.98
Expired	(46)	47.84	—	—
Outstanding as of December 31, 2014	12,729	44.39	7,874	$ 64.48
Options vested and expected to vest as of December 31, 2014	12,726	44.39	—	—
Options exercisable as of December 31, 2014	11,628	$ 42.64	—	—

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 or at 100 percent on the third 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, 2014 are as follows:

	Outstanding	Exercisable	Vested and Expected to Vest
Weighted-average remaining contractual life *(in years)*	3.8	3.5	3.8
Aggregate intrinsic value *(millions)*	$ 619	$ 586	$ 619

The intrinsic value for options exercised during 2014, 2013 and 2012 was $245 million, $374 million and $209 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 2014, 2013 and 2012 was $283 million, $580 million and $368 million, respectively. The tax benefit realized from income tax deductions from stock option exercises, which was recorded in additional paid-in capital, in 2014, 2013 and 2012 was $54 million, $84 million and $45 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 2014, 2013 and 2012, the majority of which were granted in the beginning of each year:

	2014	2013	2012
Dividend yield	1.1%	1.4%	1.5%
Expected volatility (a)	46%	39%	41%
Risk-free interest rate	2.2%	1.3%	1.3%
Expected life of stock option *(in years)* (b)	6.7	6.3	6.3
Weighted-average fair value per option	$ 32.36	$ 21.11	$ 17.48

(a) The expected volatility is based on both weighted historical and implied volatilities of the Company's common stock price.
(b) In 2014, 2013 and 2012, the expected life of stock options was determined using both historical data and expectations of option exercise behavior.

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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 was not recognized as the performance metrics were not achieved, and therefore, these stock options were forfeited. No compensation expense for these awards was recorded in 2014, 2013 and 2012.

The aggregate grant date fair value of options with market-based conditions was approximately $10.5 million. Compensation expense for these awards was recognized ratably over the vesting period. In January 2014, following the completion of the performance period, the Compensation and Benefits Committee reviewed the Company's performance and confirmed that the market-based condition was achieved, resulting in a vesting of these stock options (687,000 out of 2,750,000 options became exercisable). No compensation expense for these awards was recorded in 2014. Total compensation expense of approximately $0.3 million and $0.5 million was recorded in 2013 and 2012, 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 or at 100 percent on the third anniversary of the grant date. RSA holders receive non-forfeitable dividends or dividend equivalents. The total fair value of shares vested during 2014, 2013 and 2012 was $298 million, $336 million and $296 million, respectively (based upon the Company's stock price at the vesting date).

The weighted-average grant date fair value of RSAs granted in 2014, 2013 and 2012, is $86.65, $60.13 and $49.80, 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 2014, 2013 and 2012 was $62 million, $43 million and $66 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)	2014	2013	2012
Restricted stock awards [(a)]	$ 193	$ 208	$ 197
Stock options [(a)]	13	23	29
Liability-based awards	84	119	70
Performance/market-based stock options	—	—	1
Total stock-based compensation expense [(b)]	$ 290	$ 350	$ 297

(a) As of December 31, 2014, the total unrecognized compensation cost related to unvested RSAs and options of $211 million and $6 million, respectively, will be recognized ratably over the weighted-average remaining vesting period of 1.3 years and 2.1 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, 2014, 2013 and 2012 was $104 million, $127 million and $107 million, respectively.

NOTE 12
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 $272 million, $281 million and $254 million in 2014, 2013 and 2012, 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 $24 million, $59 million and $93 million in 2014, 2013 and 2012, 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, 2014 and 2013, the funded status related to the defined benefit pension plans and other postretirement benefit plans was underfunded by $767 million and $661 million, respectively, and is recorded in Other liabilities.

NOTE 13
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, 2014, 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, 2014 (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. 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 an unspecified 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 $360 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.

OTHER COMMITMENTS

The Company also has obligations to make payments under contractual agreements with certain co-brand partners. The Company expects to fully satisfy these obligations over the remaining term of these agreements, which range from 2015 to 2022, as part of the ongoing operations of its business. The obligations under such arrangements were approximately $1.0 billion as of December 31, 2014.

RENT EXPENSE AND LEASE COMMITMENTS

The Company leases certain facilities and equipment under non-cancelable and cancelable agreements. The total rental expense amounted to $237 million in 2014, $281 million in 2013 and $305 million in 2012.

As of December 31, 2014, the minimum aggregate rental commitment under all non-cancelable operating leases (net of subleases of $34 million) was as follows:

(Millions)	
2015	$ 189
2016	161
2017	144
2018	126
2019	94
Thereafter	921
Total	$ 1,635

As of December 31, 2014, the Company's future minimum lease payments under capital leases or other similar arrangements is approximately $4 million in 2015 through 2019, and $19 million thereafter.

NOTE 14

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 received 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 paid 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 was fully unwound on July 18, 2014 upon the sale of the remaining underlying ICBC shares.

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 majority of the Company's derivative assets and liabilities as of December 31, 2014 and 2013 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, 2014 and 2013, the Company does not have derivative positions that warrant credit valuation adjustments.

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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 15 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)	2014	2013	2014	2013
Derivatives designated as hedging instruments:				
Interest rate contracts				
Fair value hedges	$ 314	$ 455	$ 4	$ 2
Total return contract				
Fair value hedge	—	8	—	—
Foreign exchange contracts				
Net investment hedges	492	174	46	116
Total derivatives designated as hedging instruments	806	637	50	118
Derivatives not designated as hedging instruments:				
Foreign exchange contracts, including certain embedded derivatives [(a)]	185	64	114	95
Total derivatives, gross	991	701	164	213
Less: Cash collateral netting [(b)]	(158)	(336)	(4)	—
Derivative asset and derivative liability netting [(c)]	(122)	(36)	(122)	(36)
Total derivatives, net [(d)]	$ 711	$ 329	$ 38	$ 177

(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 non-cash collateral from a counterparty in the form of security interest in U.S. Treasury securities with a fair value of $91 million and nil as of December 31, 2014 and 2013, respectively, none of which was sold or repledged. Such non-cash collateral economically reduces the Company's risk exposure to $620 million as of December 31, 2014, but does not reduce the net exposure on the Company's Consolidated Balance Sheets. Additionally, the Company posted $114 million and $26 million as of December 31, 2014 and 2013, respectively, as initial margin on its centrally cleared interest rate swaps; such amounts are recorded within Other receivables on the Company's Consolidated Balance Sheets and are 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.

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, 2014 and 2013, the Company hedged $17.6 billion and $14.7 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 hedged its exposure to changes in the fair value of its equity investment in ICBC in local currency. The Company used a TRC to transfer this exposure to its derivative counterparty. On July 18, 2014, the Company sold its remaining 34.3 million shares in ICBC and terminated the TRC. As of December 31, 2013 only, the fair value of the equity investment in ICBC was $122 million (180.7 million shares). Prior to termination, to the extent the hedge was effective, the gain or loss on the TRC offset the gain or loss on the investment in ICBC. Any difference between the changes in the fair value of the derivative and the hedged item resulted in hedge ineffectiveness and was 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:

	Gains (losses) recognized in income										
(Millions)	Derivative contract				Hedged item						
	Income Statement	Amount			Income Statement	Amount			Net hedge ineffectiveness		
Derivative relationship	Line Item	2014	2013	2012	Line Item	2014	2013	2012	2014	2013	2012
Interest rate contracts	Other expenses	$ (143)	$ (370)	$ (178)	Other expenses	$ 148	$ 351	$ 132	$ 5	$ (19)	$ (46)
Total return contract	Other non-interest revenues	$ 11	$ 15	$ (53)	Other non-interest revenues	$ (11)	$ (15)	$ 54	$ —	$ —	$ 1

The Company also recognized a net reduction in interest expense on long-term debt of $283 million, $346 million and $491 million for the years ended December 31, 2014, 2013 and 2012, respectively, primarily related to the net settlements (interest accruals) on the Company's interest rate derivatives designated as fair value hedges.

CASH FLOW HEDGES

As of December 31, 2014 and 2013, the Company did not have any designated cash flow hedges.

During the year ended December 31, 2012 only, the Company reclassified $(1) million 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. No ineffectiveness associated with cash flow hedges was reclassified from AOCI into income for the years ended December 31, 2014, 2013 and 2012.

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 $455 million, $253 million and $(288) million for the years ended 2014, 2013 and 2012, respectively. Any ineffective portion of the gain or (loss) on net investment hedges is recognized in other expenses during the period of change. During the years ended December 31, 2014, 2013 and 2012, the Company reclassified $10 million, nil and nil, respectively, from AOCI to earnings as a component of Other expenses. No ineffectiveness associated with net investment hedges was reclassified from AOCI into income during the years ended December 31, 2014, 2013 and 2012.

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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	2014	2013	2012
Interest rate contracts	Other expenses	$ —	$ 1	$ (1)
Foreign exchange contracts [(a)]	Interest expense on long-term debt and other	—	—	(1)
	Other expenses	194	72	(56)
	Cost of Card Member services	4	—	—
Total		$ 198	$ 73	$ (58)

(a) Foreign exchange contracts include forwards and embedded foreign currency derivatives. Gains (losses) on these embedded derivatives are included in Other expenses.

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NOTE 15

FAIR VALUES

Fair value is defined as the price that would be required 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, 2014 and 2013, 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. For the year ended December 31, 2014, there were no significant transfers between levels.

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:

	2014			2013		
(Millions)	Total	Level 1	Level 2	Total	Level 1	Level 2
Assets:						
Investment securities: (a)						
Equity securities	$ 1	$ 1	$ —	$ 124	$ 124	$ —
Debt securities and other	4,430	350	4,080	4,892	320	4,572
Derivatives (a)	991	—	991	701	—	701
Total assets	5,422	351	5,071	5,717	444	5,273
Liabilities:						
Derivatives (a)	164	—	164	213	—	213
Total liabilities	$ 164	$ —	$ 164	$ 213	$ —	$ 213

(a) Refer to Note 5 for the fair values of investment securities and to Note 14 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. 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 5 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 served as a hedge against the Hong Kong dollar (HKD) change in fair value associated with the Company's investment in 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 14 for additional fair value information.

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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, 2014 and 2013:

		Corresponding Fair Value Amount			
2014 *(Billions)*	Carrying Value	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)]	48	48	—	48	—
Financial assets carried at other than fair value					
Loans, net	70	71[(c)]	—	—	71
Financial Liabilities:					
Financial liabilities for which carrying values equal or approximate fair value	61	61	—	61	—
Financial liabilities carried at other than fair value					
Certificates of deposit [(d)]	8	8	—	8	—
Long-term debt					$ —
	$ 58	$ 60[(c)]	$ —	$ 60	—

		Corresponding Fair Value Amount			
2013 *(Billions)*	Carrying Value	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	$ —

(a) Reflects time deposits.
(b) Includes accounts receivable (including fair values of Card Member receivables of $7.0 billion and $7.3 billion held by consolidated VIEs as of December 31, 2014 and 2013, respectively), restricted cash and other miscellaneous assets.
(c) Includes fair values of loans of $29.9 billion and $31.0 billion, and long-term debt of $19.5 billion and $18.8 billion, held by consolidated VIEs as of December 31, 2014 and 2013, 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, 2014, 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.

AMERICAN EXPRESS COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 years ended December 31, 2014 and 2013, the Company did not have any material assets that were measured at fair value due to impairment.

NOTE 16

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. 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. The largest component of the maximum potential future payments relates to Card Member transactions associated with travel-related merchants, primarily through business arrangements where the Company has remitted payment to such merchant for a Card Member travel purchase that has not yet been used or "flown".

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. 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	2014	2013	2014	2013
Return and Merchant Protection	$ 37	$ 37	$ 44	$ 84
Other (c)	8	8	67	77
Total	$ 45	$ 45	$ 111	$ 161

(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 maximum potential undiscounted future payments for Merchant Protection are measured using management's best estimate of maximum exposure based on all eligible claims in relation to annual billed business volumes.

(b) Included in Other liabilities on the Company's Consolidated Balance Sheets.

(c) Primarily includes guarantees related to the Company's purchase protection, business dispositions and real estate.

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NOTE 17

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)	2014	2013	2012
Common shares authorized *(billions)* (a)	3.6	3.6	3.6
Shares issued and outstanding at beginning of year	1,064	1,105	1,164
Repurchases of common shares	(49)	(55)	(69)
Other, primarily stock option exercises and restricted stock awards granted	8	14	10
Shares issued and outstanding as of December 31	1,023	1,064	1,105

(a) Of the common shares authorized but unissued as of December 31, 2014, approximately 56 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 of 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 2014 and 2013, the Company repurchased 49 million common shares with a cost basis of $4.4 billion and 55 million common shares with a cost basis of $4.0 billion, respectively. The cost basis includes commissions paid of $1.0 million and $1.1 million in 2014 and 2013, respectively. As of December 31, 2014, the Company has 59 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 3.2 million, 3.5 million and 3.9 million shares held as treasury shares as of December 31, 2014, 2013 and 2012, 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 $280 million, $260 million and $236 million as of December 31, 2014, 2013 and 2012, 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. On November 10, 2014, the Company issued 750,000 depositary shares with an aggregate liquidation preference of $750 million, each representing a 1/1000 th interest in a perpetual Fixed Rate/Floating Rate Noncumulative Preferred Share, Series B (Preferred Shares). Dividends on the Preferred Shares are payable, if declared, semi-annually at an annual rate of 5.2 percent on May 15 and November 15 of each year beginning on May 15, 2015 to, but excluding, November 15, 2019. From, and including, November 15, 2019, dividends will be paid, if declared, quarterly at an annual rate equal to three-month LIBOR plus 3.428 percent on February 15, May 15, August 15 and November 15 of each year, beginning on February 15, 2020. The Company may redeem the Preferred Shares in whole, or in part, from time to time, on any dividend payment date on or after November 15, 2019 or in whole, but not in part, within 90 days of certain bank regulatory changes at $1,000 per depositary share plus any declared but unpaid dividends.

There were no preferred shares issued and outstanding as of December 31, 2013 and 2012. There were no warrants issued and outstanding as of December 31, 2014, 2013 and 2012.

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NOTE 18

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, 2011	$ 288	$ (1)	$ (682)	$ (481)	$ (876)
Net unrealized gains	106				106
(Decrease) increase due to amounts reclassified into earnings	(79)	1	1		(77)
Net translation gain of investments in foreign operations			215		215
Net (losses) related to hedges of investment in foreign operations			(288)		(288)
Pension and other postretirement (losses) benefit				(7)	(7)
Net change in accumulated other comprehensive income (loss)	27	1	(72)	(7)	(51)
Balances as of December 31, 2012	315	—	(754)	(488)	(927)
Net unrealized (losses)	(159)				(159)
(Decrease) due to amounts reclassified into earnings	(93)				(93)
Net translation (loss) 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)
Net unrealized gains	104				104
(Decrease) increase due to amounts reclassified into earnings	(71)		5		(66)
Net translation (loss) of investments in foreign operations			(869)		(869)
Net gains related to hedges of investment in foreign operations			455		455
Pension and other postretirement (losses) benefit				(117)	(117)
Net change in accumulated other comprehensive income (loss)	33	—	(409)	(117)	(493)
Balances as of December 31, 2014	$ 96	$ —	$ (1,499)	$ (516)	$ (1,919)

(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)	2014	2013	2012
Investment securities	$ 19	$ (142)	$ 7
Cash flow hedges	—	—	1
Foreign currency translation adjustments	(64)	(49)	24
Net investment hedges	273	135	(176)
Pension and other postretirement benefit losses	(46)	56	—
Total tax impact	$ 182	$ —	$ (144)

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The following table presents the effects of reclassifications out of AOCI and into the Consolidated Statements of Income for the years ended December 31:

		(Gains) losses recognized in income	
		Amount	
Description *(Millions)*	Income Statement Line Item	2014	2013
Available-for-sale securities			
Net gain in AOCI reclassifications for previously unrealized net gains on investment securities	Other non-interest revenues	$ 111	$ 145
Related income tax expense	Income tax provision	(40)	(52)
Reclassification to net income related to available-for-sale securities		71	93
Foreign currency translation adjustments			
Reclassification of realized losses on translation adjustments and related hedges	Other expenses	(9)	—
Related income tax expense	Income tax provision	4	—
Reclassification of foreign currency translation adjustments		(5)	—
Total		$ 66	$ 93

NOTE 19

NON-INTEREST REVENUE AND EXPENSE DETAIL

The following is a detail of Other commissions and fees for the years ended December 31:

(Millions)	2014	2013	2012
Foreign currency conversion fee revenue	$ 877	$ 877	$ 855
Delinquency fees	722	667	604
Loyalty Partner-related fees	383	310	290
Service fees	366	375	362
Other [(a)]	160	185	206
Total Other commissions and fees	$ 2,508	$ 2,414	$ 2,317

(a) Other primarily includes fee revenue from fees related to Membership Rewards programs.

The following is a detail of Other revenues for the years ended December 31:

(Millions)	2014	2013	2012
Gain on sale of investment in Concur Technologies	$ 744	$ —	$ —
Global Network Services partner revenues	694	650	664
Net realized gains on investment securities [(a)]	100	136	126
Other [(b)]	1,451	1,488	1,635
Total Other revenues	$ 2,989	$ 2,274	$ 2,425

(a) Net realized gains on investment securities include gross losses of nil, nil and $1 million for the years ended December 31, 2014, 2013 and 2012. Specific identification method is used to reclass unrealized gain (losses) into earnings from AOCI upon sale or maturity.

(b) Other includes revenues arising from foreign exchange gains on cross-border Card Member spending, merchant-related fees, insurance premiums earned from Card Member travel and other insurance programs, Travelers Cheques-related revenues, revenues related to the GBT JV transition services agreement, earnings from equity method investments and other miscellaneous revenue and fees.

The following is a detail of Marketing, promotion, rewards, Card Member services and other for the years ended December 31:

(Millions)	2014	2013	2012
Marketing and promotion	$ 3,320	$ 3,043	$ 2,890
Card Member rewards	6,931	6,457	6,282
Card Member services and other	822	767	772
Total Marketing, promotion, rewards, Card Member services and other	$ 11,073	$ 10,267	$ 9,944

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.

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The following is a detail of Other, net expenses for the years ended December 31:

(Millions)	2014	2013	2012
Professional services	$ 3,008	$ 3,102	$ 2,963
Occupancy and equipment	1,807	1,904	1,823
Card-related fraud losses	369	278	278
Communications	383	379	383
Gain on business travel joint venture transaction	(630)	—	—
Other [(a)]	1,152	1,133	1,404
Total Other, net	$ 6,089	$ 6,796	$ 6,851

(a) Other expense includes general operating expenses, gains (losses) on sale of assets or businesses not classified as discontinued operations (other than the business travel joint venture transaction), litigation, certain internal and regulatory review-related reimbursements and insurance costs or settlements, investment impairments and certain Loyalty Partner-related expenses.

NOTE 20

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 2014, the Company recorded $411 million of restructuring charges, net of revisions to prior estimates. The 2014 activity primarily relates to $313 million and $133 million of restructuring charges recorded in the fourth quarter and second quarter, respectively.

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.

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, 2014, 2013 and 2012:

(Millions)	Severance	Other [(a)]	Total
Liability balance as of December 31, 2011	$ 170	$ 30	$ 200
Restructuring charges, net of $16 in revisions [(b)]	366	37	403
Payments	(124)	(9)	(133)
Liability balance as of December 31, 2012	412	58	470
Restructuring charges, net of $4 in revisions [(b)]	(7)	3	(4)
Payments	(206)	(23)	(229)
Other non-cash [(c)]	(3)	(1)	(4)
Liability balance at December 31, 2013	196	37	233
Restructuring charges, net of $35 in revisions [(b)]	383	28	411
Payments	(93)	(22)	(115)
Other non-cash [(d)]	(51)	(8)	(59)
Liability balance as of December 31, 2014 [(e)]	$ 435	$ 35	$ 470

(a) Other primarily includes facility exit and contract termination costs.
(b) Revisions primarily relate to higher than anticipated redeployments of displaced employees to other positions within the Company, business changes and modifications to existing initiatives.
(c) Consists primarily of foreign exchange impacts.
(d) Consists of $42 million reserve transferred to the GBT JV in the second quarter of 2014 as part of the GBT sale and $17 million of foreign exchange and other non-cash charges.
(e) The majority of cash payments related to the remaining restructuring liabilities are expected to be completed in 2015, and to a lesser extent certain contractual long-term severance arrangements and lease obligations are expected to be completed in 2016 and 2019, respectively.

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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, 2014, and the cumulative amounts relating to the restructuring programs that were in progress during 2014 and initiated at various dates between 2009 and 2014.

	2014	Cumulative Restructuring Expense Incurred To Date On In-Progress Restructuring Programs		
(Millions)	Total Restructuring Charges, net revisions	Severance	Other	Total
USCS	$ 38	$ 66	$ 6	$ 72
ICS	139	220	1	221
GCS	54	249	18	267
GNMS	25	68	—	68
Corporate & Other	155	195	96	291[(a)]
Total	$ 411	$ 798	$ 121	$ 919[(b)]

(a) Corporate & Other includes certain severance and other charges of $222 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, 2014, 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.

NOTE 21
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)	2014	2013	2012
Current income tax expense:			
U.S. federal	$ 2,136	$ 1,730	$ 982
U.S. state and local	264	288	189
Non-U.S.	412	514	445
Total current income tax expense	2,812	2,532	1,616
Deferred income tax expense (benefit):			
U.S. federal	352	113	359
U.S. state and local	39	4	39
Non-U.S.	(97)	(120)	(45)
Total deferred income tax expense	294	(3)	353
Total income tax expense	$ 3,106	$ 2,529	$ 1,969

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:

	2014	2013	2012
U.S. statutory federal income tax rate	35.0%	35.0%	35.0 %
(Decrease) increase in taxes resulting from:			
Tax-exempt income	(1.5)	(1.6)	(1.6)
State and local income taxes, net of federal benefit	2.7	3.1	2.5
Non-U.S. subsidiaries earnings [(a)]	(2.2)	(2.8)	(5.2)
Tax settlements [(b)]	(0.5)	(1.9)	(0.2)
All other	1.0	0.3	—
Actual tax rates [(a)]	34.5%	32.1%	30.5 %

(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 included tax benefits of $146 million, which decreased the actual tax rates by 2.3 percent 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.

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The significant components of deferred tax assets and liabilities as of December 31 are reflected in the following table:

(Millions)	2014	2013
Deferred tax assets:		
Reserves not yet deducted for tax purposes	$ 3,926	$ 3,813
Employee compensation and benefits	789	721
Other	266	546
Gross deferred tax assets	4,981	5,080
Valuation allowance	(75)	(121)
Deferred tax assets after valuation allowance	4,906	4,959
Deferred tax liabilities:		
Intangibles and fixed assets	1,597	1,465
Deferred revenue	498	453
Deferred interest	350	363
Asset securitization	162	130
Investment in joint ventures	223	10
Other	62	95
Gross deferred tax liabilities	2,892	2,516
Net deferred tax assets	$ 2,014	$ 2,443

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, 2014 and 2013 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 $9.7 billion as of December 31, 2014, 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, 2014, have not been provided on those earnings.

Net income taxes paid by the Company during 2014, 2013 and 2012, were approximately $2.5 billion, $2.0 billion and $1.9 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.

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)	2014	2013	2012
Balance, January 1	$ 1,044	$ 1,230	$ 1,223
Increases:			
Current year tax positions	4	124	51
Tax positions related to prior years	111	176	64
Decreases:			
Tax positions related to prior years	(181)	(371)	(44)
Settlements with tax authorities	(67)	(94)	(25)
Lapse of statute of limitations	(1)	(21)	(37)
Effects of foreign currency translations	(1)	—	(2)
Balance, December 31	$ 909	$ 1,044	$ 1,230

Included in the unrecognized tax benefits of $0.9 billion, $1.0 billion and $1.2 billion for December 31, 2014, 2013 and 2012 are approximately $412 million, $427 million and $452 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 $489 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 $489 million of unrecognized tax benefits, approximately $369 million relates to amounts that if recognized would be recorded to shareholders' equity and would not impact the Company's results of operations or the effective tax rate.

Interest and penalties relating to unrecognized tax benefits are reported in the income tax provision. During the years ended December 31, 2014, 2013 and 2012, the Company recognized benefits of approximately $19 million, $31 million and $8 million, respectively, of interest and penalties. The Company has approximately $126 million and $144 million accrued for the payment of interest and penalties as of December 31, 2014 and 2013, respectively.

NOTE 22

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)	2014	2013	2012
Numerator:			
Basic and diluted:			
Net income	$ 5,885	$ 5,359	$ 4,482
Earnings allocated to participating share awards [(a)]	(46)	(47)	(49)
Net income attributable to common shareholders	$ 5,839	$ 5,312	$ 4,433
Denominator: [(a)]			
Basic: Weighted-average common stock	1,045	1,082	1,135
Add: Weighted-average stock options [(b)]	6	7	6
Diluted	1,051	1,089	1,141
Basic EPS	$ 5.58	$ 4.91	$ 3.91
Diluted EPS	$ 5.56	$ 4.88	$ 3.89

(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) The dilutive effect of unexercised stock options excludes 0.2 million, 0.1 million and 7.6 million options from the computation of EPS for the years ended December 31, 2014, 2013 and 2012, respectively, because inclusion of the options would have been anti-dilutive.

For the years ended December 31, 2014, 2013 and 2012, the Company met specified performance measures related to the Subordinated Debentures of $750 million issued in 2006, and maturing in 2036. 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.

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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.

Under the risk-based capital guidelines of the Federal Reserve, the Company is required to maintain minimum ratios of Common Equity Tier 1 (CET1), 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, 2014 and 2013, 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)	CET1 capital [(b)]	Tier 1 capital	Total capital	CET1 capital ratio [(b)]	Tier 1 capital ratio	Total capital ratio	Tier 1 leverage ratio
December 31, 2014: [(a)]							
American Express Company	$ 17,525	$ 18,176	$ 20,801	13.1 %	13.6%	15.6%	11.8 %
American Express Centurion Bank	6,174	6,174	6,584	18.8	18.8	20.1	18.7
American Express Bank, FSB	6,722	6,722	7,604	14.2	14.2	16.0	15.1 [(c)]
December 31, 2013:							
American Express Company	(b)	$ 16,174	$ 18,585	(b)	12.5%	14.4%	10.9 %
American Express Centurion Bank	(b)	6,366	6,765	(b)	19.9	21.2	19.0
American Express Bank, FSB	(b)	6,744	7,662	(b)	15.6	17.7	17.5 [(c)]
Well-capitalized ratios [(e)]				(f)	6.0%	10.0%	5.0 % [(d)]
Minimum capital ratios [(e)]				4.0 %	5.5%	8.0%	4.0 %

(a) Beginning in 2014, as a Basel III Advanced Approaches institution, capital ratios are reported using Basel III capital definitions, inclusive of transition provisions and Basel I risk-weighted assets.
(b) As part of the new Basel III capital rule, effective for 2014, Basel III Advanced Approaches institutions are required to disclose Common Equity Tier 1 capital and associated ratio.
(c) FSB Tier 1 leverage ratio is calculated using ending total assets in 2013 and average total assets in 2014 as prescribed by OCC regulations applicable to federal savings banks.
(d) 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.
(e) As defined by the regulations issued by the Federal Reserve, OCC and FDIC for the year ended December 31, 2014.
(f) Beginning January 1, 2015, Basel III CET1 well-capitalized ratios become relevant capital measures under the prompt and corrective action requirements defined by the regulations for Advanced Approaches institutions.

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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, 2014, the aggregate amount of net assets of subsidiaries that are restricted to be transferred to the Company was approximately $11.0 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 preferred and 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.

BANKS’ DIVIDEND RESTRICTIONS

In the years ended December 31, 2014 and 2013, Centurion Bank paid dividends from retained earnings to its parent of $1.9 billion and $1.4 billion, respectively, and FSB paid dividends from retained earnings to its parent of $2.1 billion and $1.8 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, 2014 and 2013, the Banks’ retained earnings, in the aggregate, available for the payment of dividends were $3.6 billion and $4.6 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

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)	2014	2013
On-balance sheet:		
Individuals [(a)]	$ 101	$ 98
Financial institutions [(b)]	25	22
U.S. Government and agencies [(c)]	4	4
All other [(d)]	17	17
Total on-balance sheet [(e)]	147	141
Unused lines-of-credit – individuals [(f)]	$ 278	$ 265

(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.

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As of December 31, 2014 and 2013, 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)	2014	2013
On-balance sheet:		
U.S.	$ 94	$ 89
Non-U.S.	21	22
On-balance sheet (a)(b)	115	111
Unused lines-of-credit – individuals:		
U.S.	234	219
Non-U.S.	44	46
Total unused lines-of-credit – individuals	$ 278	$ 265

(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.

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. and operates coalition loyalty business in various countries.
- GCS offers global corporate payment services to large and mid-sized companies. The Company's business travel operations, which had been included in GCS, were deconsolidated effective June 30, 2014 in connection with the GBT JV transaction.
- GNMS operates a global payments network that 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 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 certain other businesses, including the Company's Enterprise Growth Group and other operations, are included in Corporate & Other.

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The following table presents certain selected financial information as of or for the years ended December 31, 2014, 2013 and 2012:

(Millions, except where indicated)	USCS	ICS	GCS	GNMS	Corporate & Other [(a)]	Consolidated
2014						
Non-interest revenues	$ 12,732	$ 4,737	$ 5,173	$ 5,426	$ 752	$ 28,820
Interest income	5,786	1,085	15	52	241	7,179
Interest expense	604	330	240	(269)	802	1,707
Total revenues net of interest expense	17,914	5,492	4,948	5,747	191	34,292
Total provision	1,396	370	180	93	5	2,044
Pretax income (loss) from continuing operations	5,100	449	2,408	2,620	(1,586)	8,991
Income tax provision (benefit)	1,900	38	865	960	(657)	3,106
Net income (loss)	3,200	411	1,543	1,660	(929)	5,885
Total equity *(billions)*	10.4	3.0	3.8	2.0	1.5	20.7
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	1,250	388	129	67	(2)	1,832
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
Net income (loss)	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	1,253	279	106	73	1	1,712
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
Net income (loss)	2,592	634	644	1,443	(831)	4,482
Total equity *(billions)*	$ 8.7	$ 2.9	$ 3.6	$ 2.0	$ 1.7	$ 18.9

(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 represents 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 included 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 included in each segment based on actual expenses incurred within each segment.

Salaries and employee benefits and other operating expenses include 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

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
2014 (c)						
Total revenues net of interest expense	$ 24,855	$ 3,767	$ 2,934	$ 2,888	$ (152)	$ 34,292
Pretax income (loss) from continuing operations	8,869	525	463	683	(1,549)	8,991
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

(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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 26
PARENT COMPANY
PARENT COMPANY — CONDENSED STATEMENTS OF INCOME

Years Ended December 31 *(Millions)*	2014	2013	2012
Revenues			
Non-interest revenues			
Gain on sale of securities	$ 99	$ 135	$ 121
Other	270	5	(12)
Total non-interest revenues	369	140	109
Interest income	141	134	137
Interest expense	(543)	(583)	(609)
Total revenues net of interest expense	(33)	(309)	(363)
Expenses			
Salaries and employee benefits	275	206	165
Other	357	261	214
Total	632	467	379
Pretax loss	(665)	(776)	(742)
Income tax benefit	(249)	(297)	(258)
Net loss before equity in net income of subsidiaries and affiliates	(416)	(479)	(484)
Equity in net income of subsidiaries and affiliates	6,301	5,838	4,966
Net income	$ 5,885	$ 5,359	$ 4,482

PARENT COMPANY — CONDENSED BALANCE SHEETS

As of December 31 *(Millions)*	2014	2013
Assets		
Cash and cash equivalents	$ 8,824	$ 6,076
Investment securities	1	123
Equity in net assets of subsidiaries and affiliates	20,123	19,571
Accounts receivable, less reserves	134	378
Premises and equipment, less accumulated depreciation: 2014, $106; 2013, $76	139	136
Loans to subsidiaries and affiliates	7,809	5,236
Due from subsidiaries and affiliates	1,477	1,126
Other assets	365	335
Total assets	38,872	32,981
Liabilities and Shareholders' Equity		
Liabilities		
Accounts payable and other liabilities	1,590	1,386
Due to subsidiaries and affiliates	964	926
Short-term debt of subsidiaries and affiliates	5,937	819
Long-term debt	9,708	10,354
Total liabilities	18,199	13,485
Shareholders' equity		
Preferred Shares	—	—
Common shares	205	213
Additional paid-in capital	12,874	12,202
Retained earnings	9,513	8,507
Accumulated other comprehensive loss	(1,919)	(1,426)
Total shareholders' equity	20,673	19,496
Total liabilities and shareholders' equity	$ 38,872	$ 32,981

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PARENT COMPANY — CONDENSED STATEMENTS OF CASH FLOWS

Years Ended December 31 *(Millions)*	2014	2013	2012
Cash Flows from Operating Activities			
Net income	$ 5,885	$ 5,359	$ 4,482
Adjustments to reconcile net income to cash provided by operating activities			
Equity in net income of subsidiaries and affiliates	(6,301)	(5,838)	(4,966)
Dividends received from subsidiaries and affiliates	5,455	4,768	3,355
Gain on sale of securities	(99)	(135)	(121)
Other operating activities, primarily with subsidiaries and affiliates	173	324	196
Premium paid on debt exchange	—	—	(541)
Net cash provided by operating activities	5,113	4,478	2,405
Cash Flows from Investing Activities			
Sales of available-for-sale investment securities	111	157	118
Purchase of premises and equipment	(39)	(39)	(38)
Loans to subsidiaries and affiliates	(2,574)	1,498	(1,601)
Investments in subsidiaries and affiliates	—	—	(11)
Net cash (used in) provided by investing activities	(2,502)	1,616	(1,532)
Cash Flows from Financing Activities			
(Principal payments on) / issuance of long-term debt	(655)	843	—
Short-term debt of subsidiaries and affiliates	5,118	(1,497)	1,421
Issuance of American Express preferred shares	742	—	—
Issuance of American Express common shares and other	362	721	443
Repurchase of American Express common shares	(4,389)	(3,943)	(3,952)
Dividends paid	(1,041)	(939)	(902)
Net cash provided by (used in) financing activities	137	(4,815)	(2,990)
Net increase (decrease) in cash and cash equivalents	2,748	1,279	(2,117)
Cash and cash equivalents at beginning of year	6,076	4,797	6,914
Cash and cash equivalents at end of year	$ 8,824	$ 6,076	$ 4,797
Supplemental cash flow information			
Non-cash financing activities			
Charge related to impact of debt exchange on long-term debt	$ —	$ —	$ 439
Gain on business travel joint venture transaction	$ 630	$ —	$ —

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NOTE 27
QUARTERLY FINANCIAL DATA (UNAUDITED)

(Millions, except per share amounts)	2014				2013			
Quarters Ended	12/31	9/30	6/30	3/31	12/31	9/30	6/30	3/31
Total revenues net of interest expense	$ 9,107	$ 8,329	$ 8,657	$ 8,199	$ 8,547	$ 8,301	$ 8,245	$ 7,881
Pretax income	2,225	2,246	2,312	2,208	1,980	2,004	1,995	1,909
Net income	1,447	1,477	1,529	1,432	1,308	1,366	1,405	1,280
Earnings Per Common Share – Basic:								
Net income attributable to common shareholders (a)	$ 1.40	$ 1.41	$ 1.44	$ 1.34	$ 1.22	$ 1.26	$ 1.28	$ 1.15
Earnings Per Common Share – Diluted:								
Net income attributable to common shareholders (a)	1.39	1.40	1.43	1.33	1.21	1.25	1.27	1.15
Cash dividends declared per common share	0.26	0.26	0.26	0.23	0.23	0.23	0.23	0.20
Common share price:								
High	94.89	96.24	96.04	94.35	90.79	78.63	78.61	67.48
Low	$ 78.41	$ 85.75	$ 83.99	$ 82.63	$ 72.08	$ 71.47	$ 63.43	$ 58.31

(a) Represents net income, less earnings allocated to participating share awards of $11 million for the quarter ended December 31, 2014, $11 million for the quarter ended September 30, 2014, $12 million for the quarter ended June 30, 2014, $12 million for the quarter ended March 31, 2014, $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 and $11 million for the quarter ended March 31, 2013.

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AMERICAN EXPRESS COMPANY
CONSOLIDATED FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA

(Millions, except per share amounts, share data, percentages and where indicated)	2014	2013	2012	2011	2010
Operating Results					
Total revenues net of interest expense [(a)]	$ 34,292	$ 32,974	$ 31,555	$ 29,962	$ 27,582
Expenses [(a)]	23,257	23,254	23,392	21,894	19,411
Provisions for losses	2,044	1,832	1,712	1,112	2,207
Income from continuing operations	5,885	5,359	4,482	4,899	4,057
Income (loss) from discontinued operations	—	—	—	36	—
Net income	$ 5,885	$ 5,359	$ 4,482	$ 4,935	$ 4,057
Return on average equity [(b)]	29.1%	27.8%	23.1%	27.7%	27.5%
Return on average assets [(c)]	3.8%	3.5%	3.0%	3.3%	2.8%
Balance Sheet					
Cash and cash equivalents	$ 22,288	$ 19,486	$ 22,250	$ 24,893	$ 16,356
Accounts receivable, net	47,000	47,185	45,914	44,109	40,434
Loans, net	70,104	66,585	64,309	61,166	57,616
Investment securities	4,431	5,016	5,614	7,147	14,010
Total assets	159,103	153,375	153,140	153,337	146,689
Customer deposits	44,171	41,763	39,803	37,898	29,727
Travelers Cheques outstanding and other prepaid products	3,673	4,240	4,601	5,123	5,618
Short-term borrowings [(d)]	3,480	5,021	3,314	4,337	3,620
Long-term debt	57,955	55,330	58,973	59,570	66,416
Shareholders' equity	$ 20,673	$ 19,496	$ 18,886	$ 18,794	$ 16,230
Average shareholders' equity to average total assets ratio	13.1%	12.6%	12.9%	12.0%	10.2%
Common Share Statistics					
Earnings per share:					
Income from continuing operations:					
Basic	$ 5.58	$ 4.91	$ 3.91	$ 4.11	$ 3.37
Diluted	5.56	4.88	3.89	4.09	3.35
Income (loss) from discontinued operations:					
Basic	—	—	—	0.03	—
Diluted	—	—	—	0.03	—
Net income:					
Basic	5.58	4.91	3.91	4.14	3.37
Diluted	5.56	4.88	3.89	4.12	3.35
Cash dividends declared per share	1.01	0.89	0.80	0.72	0.72
Dividend payout ratio [(e)]	18.1%	18.1%	20.5%	17.4%	21.4%
Book value per share	20.21	18.32	17.09	16.15	13.56
Market price per share:					
High	96.24	90.79	61.42	53.8	49.19
Low	78.41	58.31	47.40	41.30	36.6
Close	$ 93.04	$ 90.73	$ 57.48	$ 47.17	$ 42.92
Average common shares outstanding for earnings per share:					
Basic	1,045	1,082	1,135	1,178	1,188
Diluted	1,051	1,089	1,141	1,184	1,195
Shares outstanding at period end	1,023	1,064	1,105	1,164	1,197
Other Statistics					
Number of employees at period end *(thousands)* :					
U.S.	22	26	27	29	29
Outside the U.S.	32	37	37	33	32
Total [(f)]	54	63	64	62	61
Number of shareholders of record	25,767	22,238	32,565	35,541	38,384

(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) Return on average assets is calculated by dividing one-year period of net income by one-year average of total assets.
(d) 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.
(e) Calculated on year's dividends declared per share as a percentage of the year's net income per basic share.
(f) Amounts include employees from discontinued operations.

SUBSIDIARIES OF THE REGISTRANT

Unless otherwise indicated by an asterisk (*), all of the voting securities of these subsidiaries are directly or indirectly owned by the registrant. The indentation reflects the principal parent of each subsidiary.

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	Federal, United States
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 Express 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 (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
Amex Asesores de Seguros, S.A. (Sociedad Unipersonal)	Spain	Spain

Name	Country Name	Jurisdiction
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 Travel Holdings Netherlands B.V.	Netherlands	Netherlands
American Express Travel Holdings Netherlands Cooperatief U.A.	Netherlands	Netherlands
GBT III B.V.*	Netherlands	Netherlands
American Express Travel Services Vostok LLC	Russian Federation	Russian Federation
American Express, spol. s r.o.	Czech Republic	Czech Republic
Amex Funding Management (Europe) Limited	Jersey	Jersey
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
Amex Global Holdings C.V.	Netherlands	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 Mexico, S. de R.L. de C.V.	Mexico	Mexico
PAYBACK Italia S.r.l.	Italy	Italy
Payback Mexico S. de R.L. de C.V.	Mexico	Mexico
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

Name	Country Name	Jurisdiction
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 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 Management	France	France
American Express France Finance SNC	France	France
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 GmbH *	Switzerland	Switzerland
American Express Technology Service (Hangzhou) Company Limited	China	China
American Express TLS HK 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
American Express Service (Thailand) Company Limited	Thailand	Thailand
PT American Express Indonesia	Indonesia	Indonesia
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	Federal, Canada
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
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
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 24, 2015, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in the 2014 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 24, 2015

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 24, 2015

/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 24, 2015

/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, 2014, 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 24, 2015

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.

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, 2014, 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 24, 2015

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.