

American Express Company

Financial Community Meeting

February 5, 2014

AMERICAN EXPRESS



Financial Community Meeting

Kenneth Chenault

Chairman and Chief Executive Officer

Susan Sobbott

President, OPEN

Anré Williams

President, Global Merchant Services

Agenda

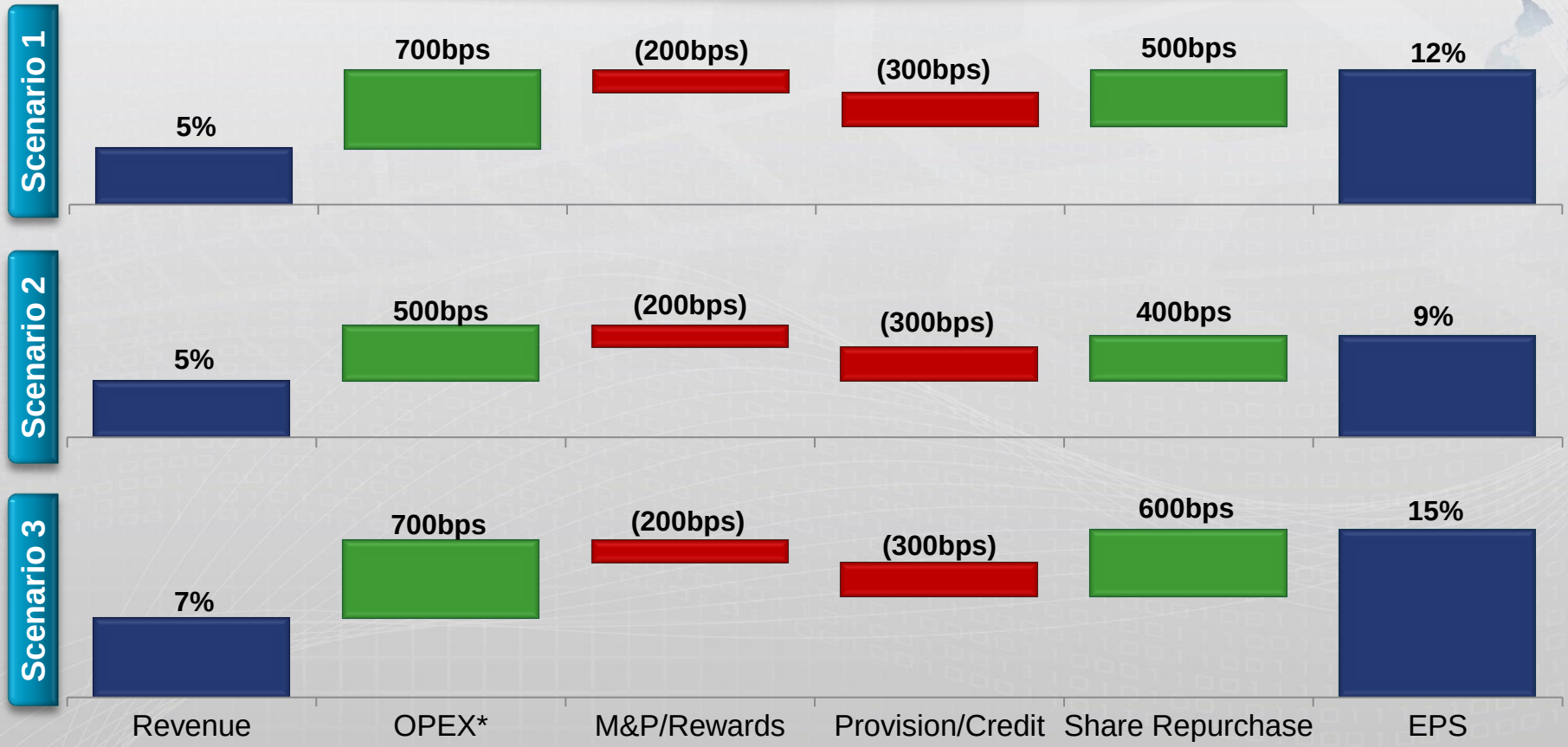
- Financial and Business Performance
- Business Model Advantages
- Growth Opportunities
- Small Business Opportunity
  - Global Small Business Issuing
  - Small Merchant Coverage Strategy
- Q&A

Financial Performance

$ in billions; except per share amounts	Q1'13	Q2'13	Q3'13	Q4'13	2013
Total Revenues Net of Interest Expense	$7.9	$8.2	$8.3	$8.5	$33.0
Growth vs. Prior Year	*4%*	*4%*	*6%*	*5%*	*4%*
FX Adjusted Growth vs. Prior Year†	*5%*	*4%*	*7%*	*6%*	*5%*
Net Income	$1.3	$1.4	$1.4	$1.3	$5.4
Diluted EPS*	$1.15	$1.27	$1.25	$1.21	$4.88
Growth vs. Prior Year	*7%*	*10%*	*15%*	*#*	*25%*
*Adjusted Growth vs. Prior Year***				*11%*	*11%*
Return on Average Equity	23%	24%	24%	28%	28%

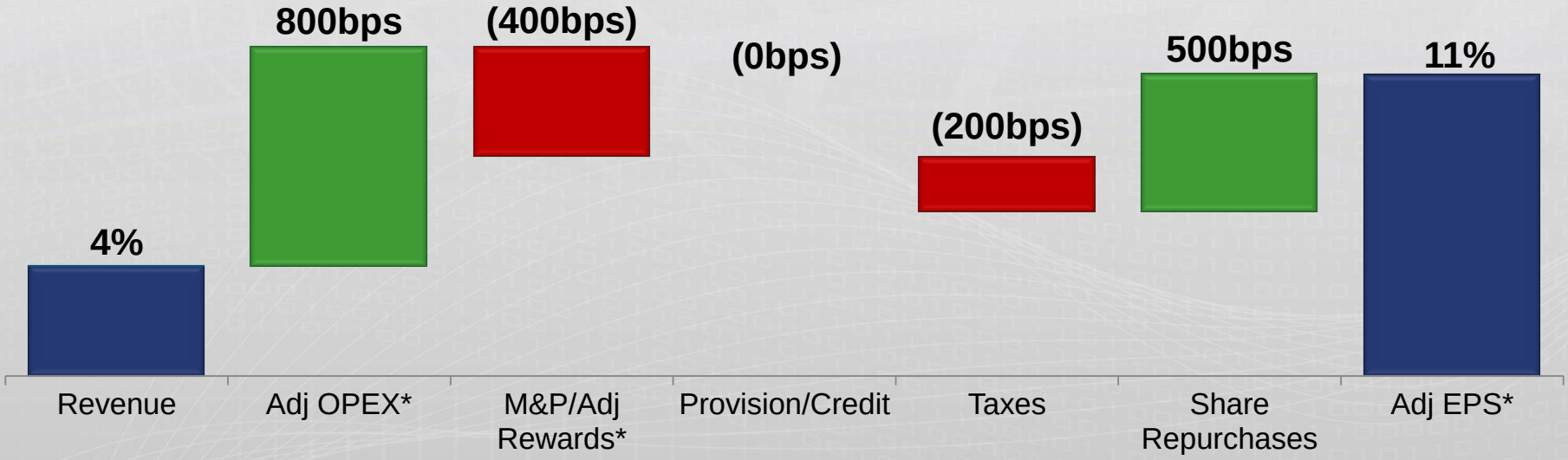
*# Denotes variance of more than 100%. *Attributable to common shareholders. Represents net income less earnings allocated to participating share awards and other items of $11MM in Q1'13, $13MM in Q2'13, $12MM in Q3'13, $11MM in Q4'13 and $47MM for FY'13. **The growth rate of adjusted diluted earnings per share, a non-GAAP measure, is calculated by excluding from diluted EPS the Q4'12 restructuring charges, Membership Rewards U.S. URR estimation process enhancement expense, and Card Member reimbursements. Refer to Annex 1 for a breakdown of these amounts and a reconciliation to diluted EPS on a GAAP basis. A Membership Rewards international URR estimation process enhancement expense, reengineering costs and Card Member reimbursements were not excluded from Q4'13 or FY'13 diluted EPS. †Total revenue net of interest expense on an FX-adjusted basis is a non-GAAP measure. FX adjusted information assumes a constant exchange rate between the periods being compared for purposes of currency translation into U.S. dollars (e.g., assumes foreign exchange rates used for Q4'13 applies to Q4'12, rate used for Q3'13 applies to Q3'12, etc).*

February '13 Potential Slow Growth Scenarios



*Operating expense includes salaries and employee benefits, professional services, occupancy and equipment, communications, and other, net.

2013 Contribution to Adjusted EPS* Growth



*Note: Figures rounded. *The growth rates of adjusted diluted earnings per share, adjusted operating expense and adjusted rewards expense, non-GAAP measures, are calculated by excluding from 2012 diluted EPS, operating expense and rewards expense the Q4'12 restructuring charges, Membership Rewards U.S.URR estimation process enhancement expense and Card Member reimbursements, as applicable. Refer to Annex 1 and 2 for a breakdown of these amounts and a reconciliation to diluted EPS, operating expense and rewards expense on a GAAP basis. An MR international URR estimation process enhancement expense, reengineering costs, and Card Member reimbursement were not excluded from 2013 diluted EPS, operating expense and rewards expense.*

AXP Financial Target

On average and over time:

EPS	2010-2013 CAGR
12-15%	**13%**

Metric Trends

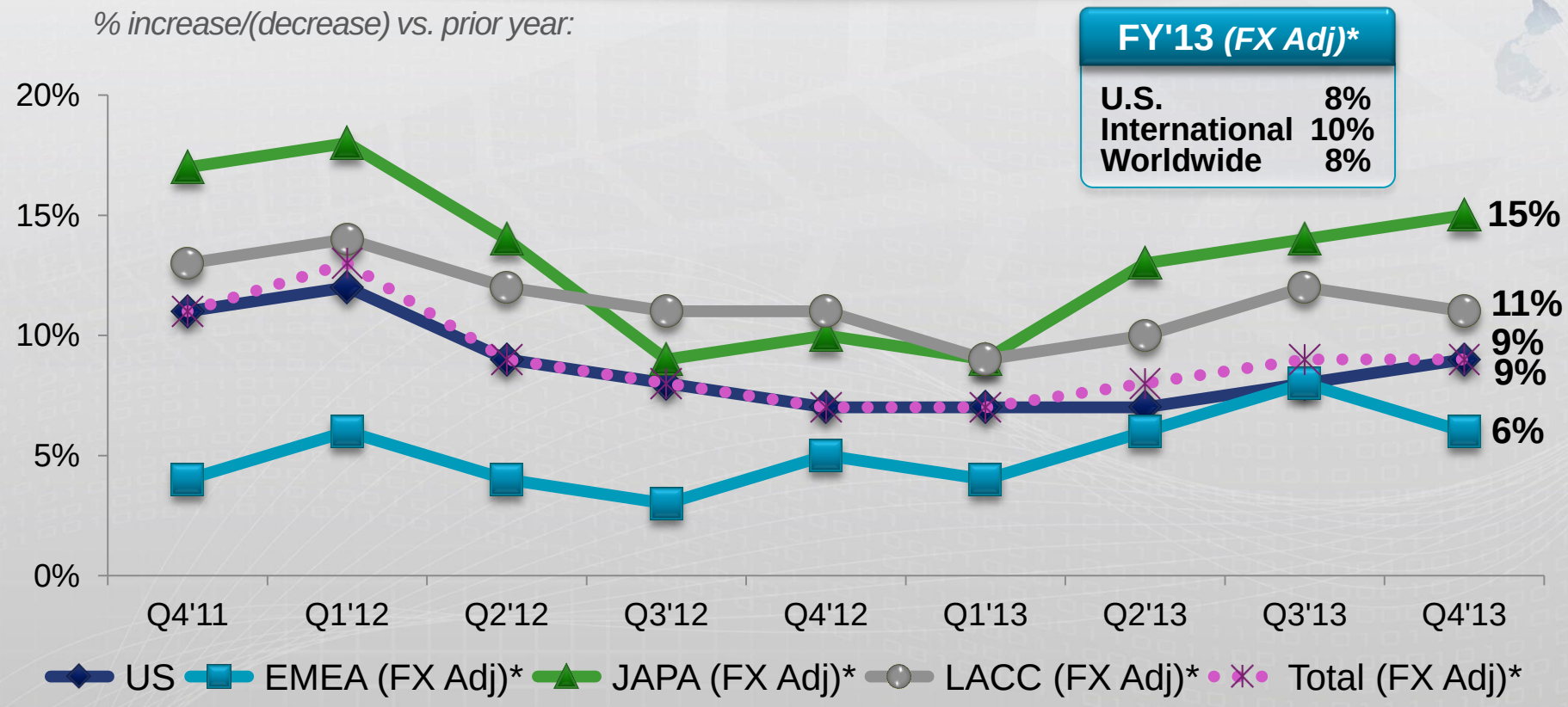
% increase/(decrease) vs. prior year



**Card billed business includes activities (including cash advances) related to proprietary cards, cards issued under network partnership agreements (non-proprietary billed business), and certain insurance fees charged on proprietary cards. **See slide 4 for an explanation of FX adjusted information. †Principal Only. See Statistical tables in Q4'13 Earnings Release for net write-off rates including interest and/or fees.*

Billed Business Growth by Region

% increase/(decrease) vs. prior year:

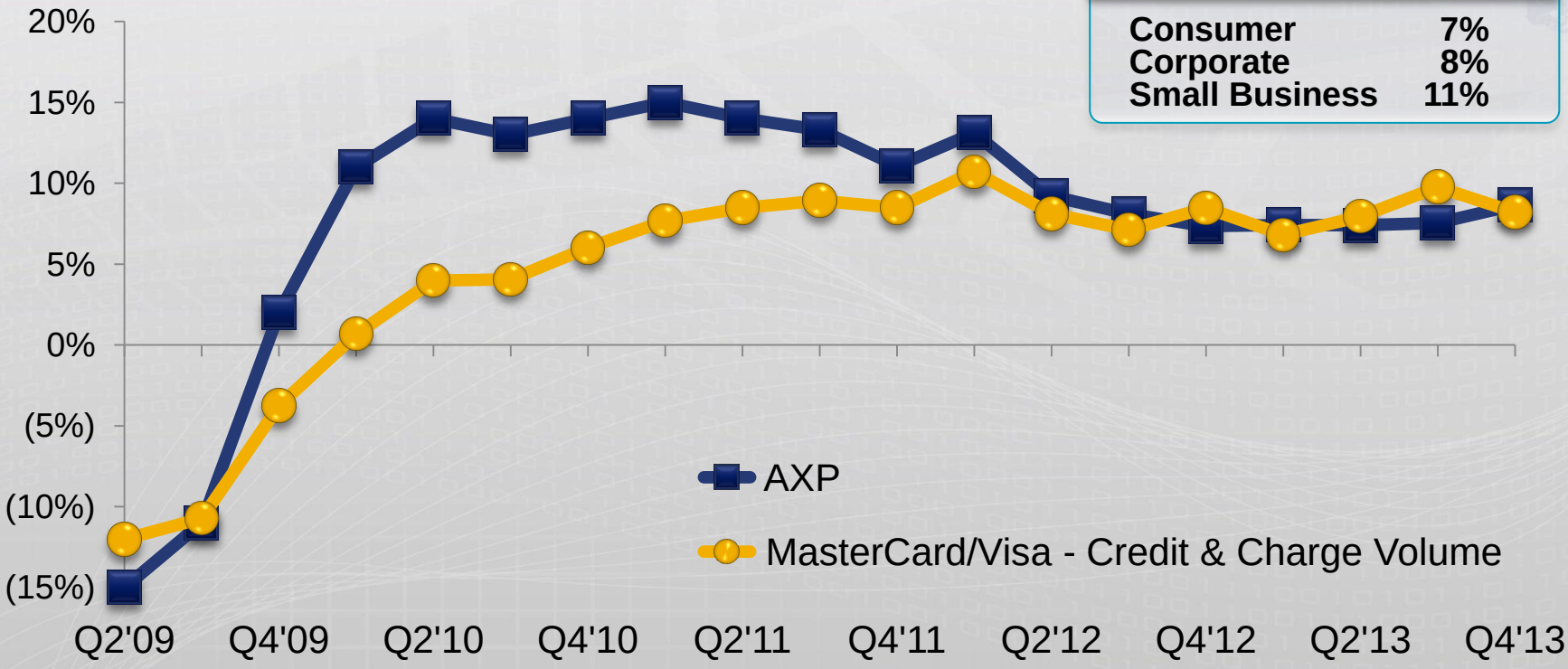


*See slide 4 for a definition of FX-Adjusted and Annex 3 for reported billings growth rates.

Billings Growth – U.S.

% increase/(decrease) vs. prior year:

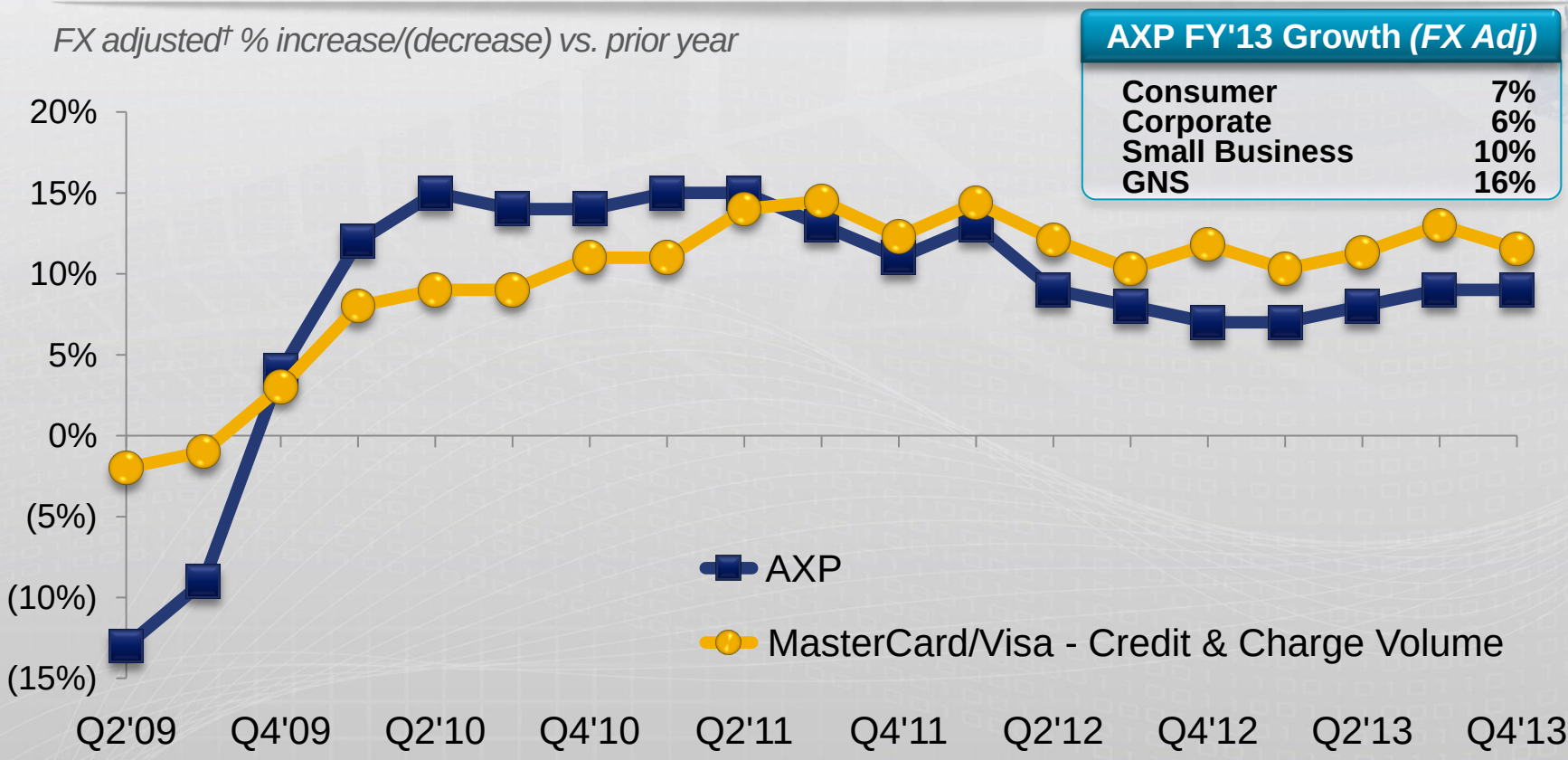
AXP U.S. FY'13 Growth	
Consumer	7%
Corporate	8%
Small Business	11%



Source: Company filed reports.

Billings Growth – Global

FX adjusted† % increase/(decrease) vs. prior year



AXP FY'13 Growth *(FX Adj)*	
Consumer	7%
Corporate	6%
Small Business	10%
GNS	16%

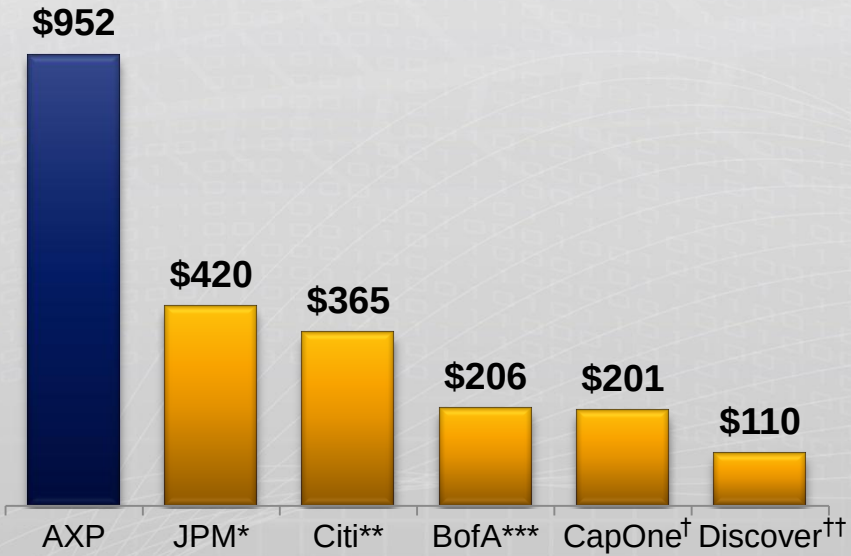
Source: Company filed reports. Note: Visa results exclude Visa Europe, which is a separate entity. †See slide 4 for definition of FX adjusted and Annex 4 for AXP reported basis.

2013 Volumes – Relative Performance

Billed Business

$ in billions

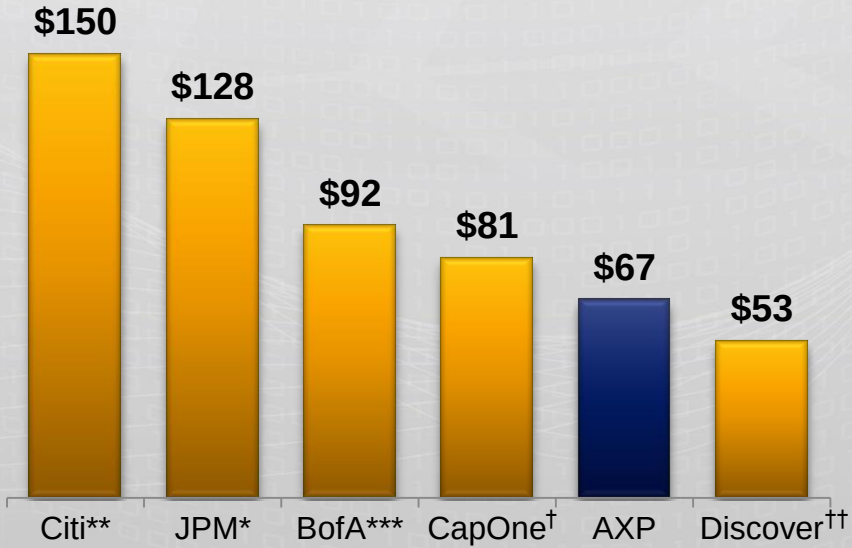
	AXP	JPM*	Citi**	BofA***	CapOne†	Discover††
Growth vs. PY	7%	10%	2%	6%	11%	4%



Ending Loans

$ in billions

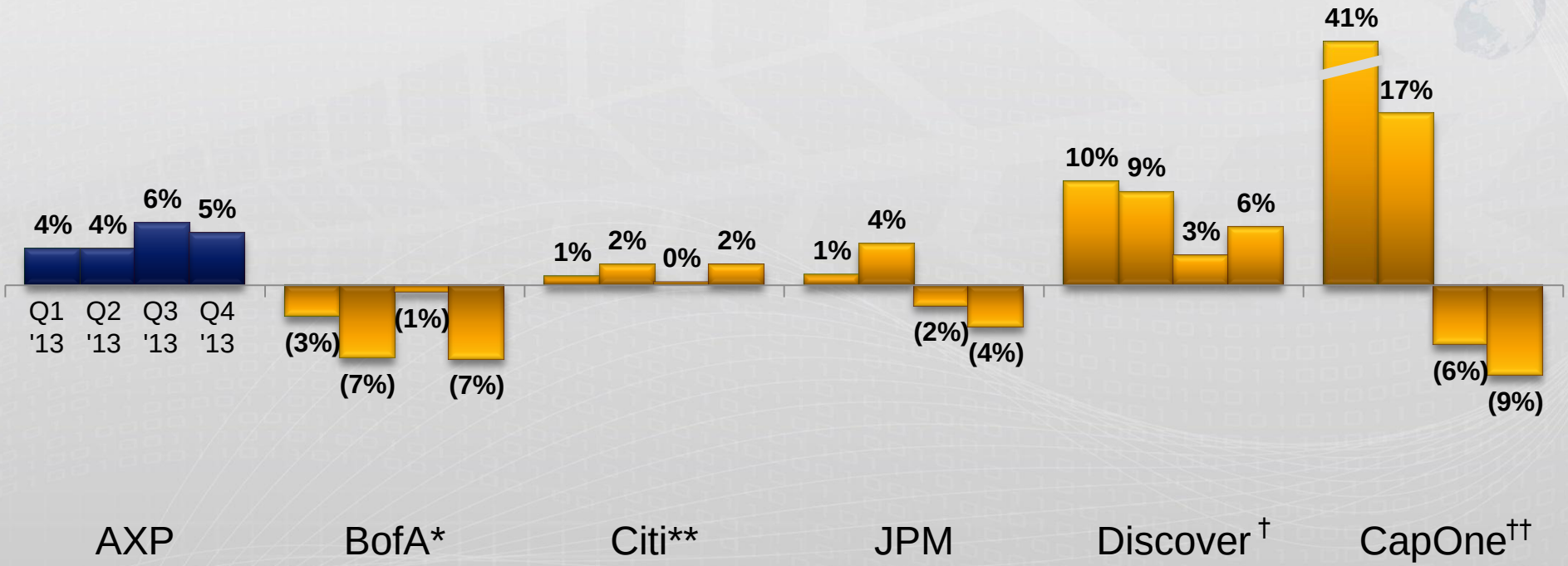
	Citi**	JPM*	BofA***	CapOne†	AXP	Discover††
Growth vs. PY	1%	0%	(3%)	(11%)	3%	4%



*See slide 8 for a definition of AXP Billed Business.*Billings exclude commercial card. **Global. ***U.S. Consumer Credit Card. †Global card; 2013 billings growth rate impacted by HSBC acquisition which increased billings growth in Q1'13 and Q2'13. ††Billed business is credit card sales volume; disclosed credit card volume was $119B and increased 3% vs. prior year.*

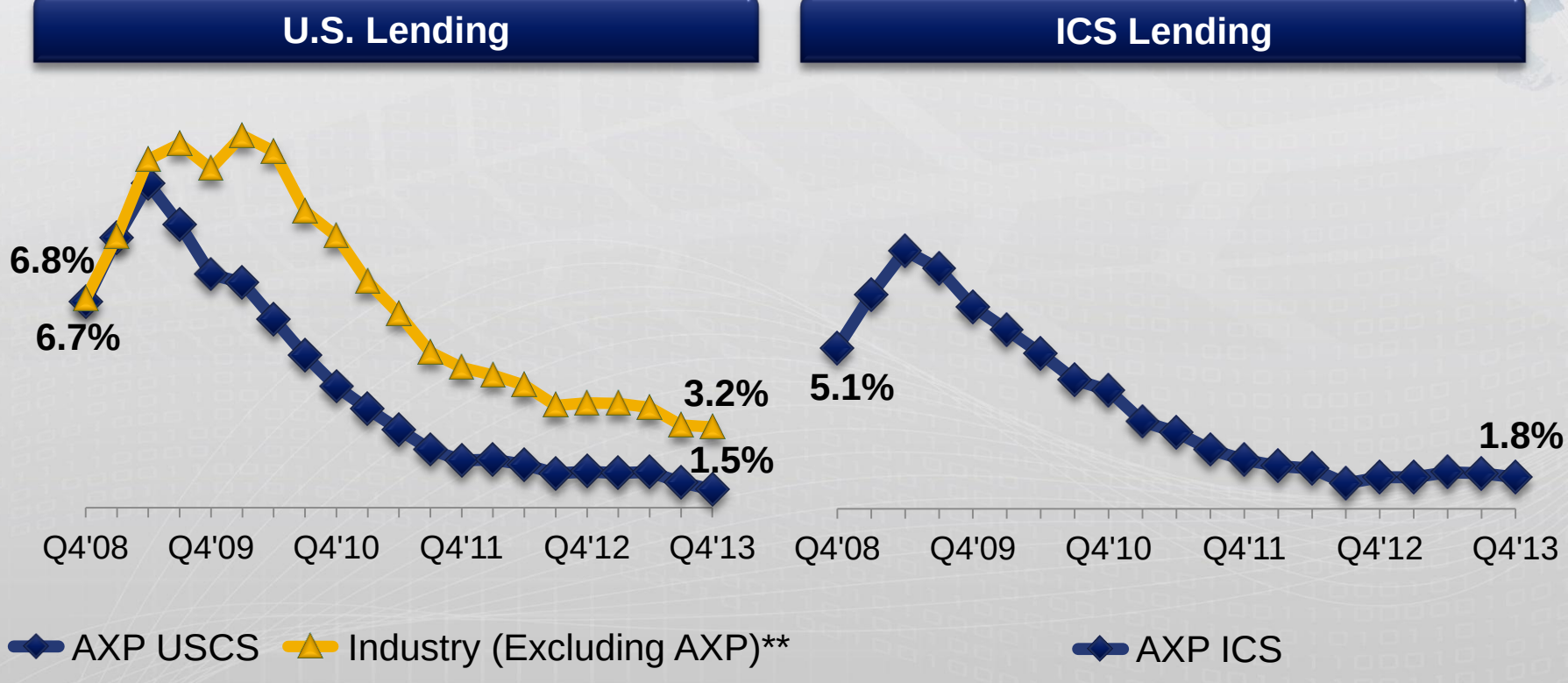
Revenue Growth vs. Issuing Competitors

% increase/(decrease) vs. prior year



Source: Company Reports. Note: Issuing Competitors reflect rewards costs as a contra revenue item whereas the majority of AXP rewards costs are reported as an expense.
**Card Services reclassified in Q2'13 as "Consumer Lending" to include Dealer Financial Services (auto). **Global Card. †Represent total company results, including Student Loan Portfolio and Home Loan Center acquisitions. ††Global Card, includes HSBC acquisition.*

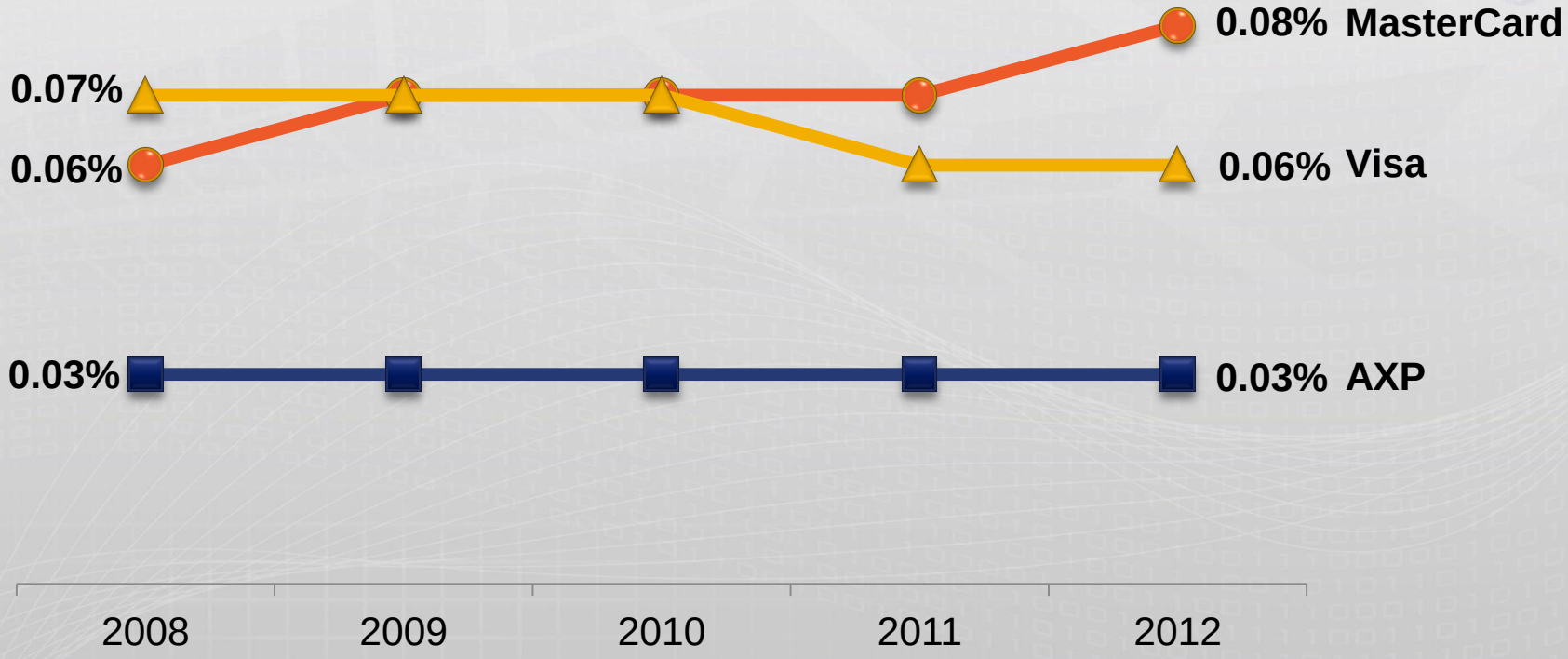
Lending Managed Net Write-off Rate*



*Managed Net Write-off Rate (Principal Only). See Statistical Tables in the Company's Fourth Quarter 2013 Earnings Release for net write-off rates including interest and/or fees. See Annex 5 for GAAP basis for USCS for periods prior to 2010. There are no off-balance sheet ICS securitizations; therefore, the net write-off rates for ICS are on an GAAP basis. **Industry weighted average includes Bank of America Card, Citi North America (Retail and Branded Cards), Capital One US Card, Discover and JP Morgan.

Net Fraud Losses

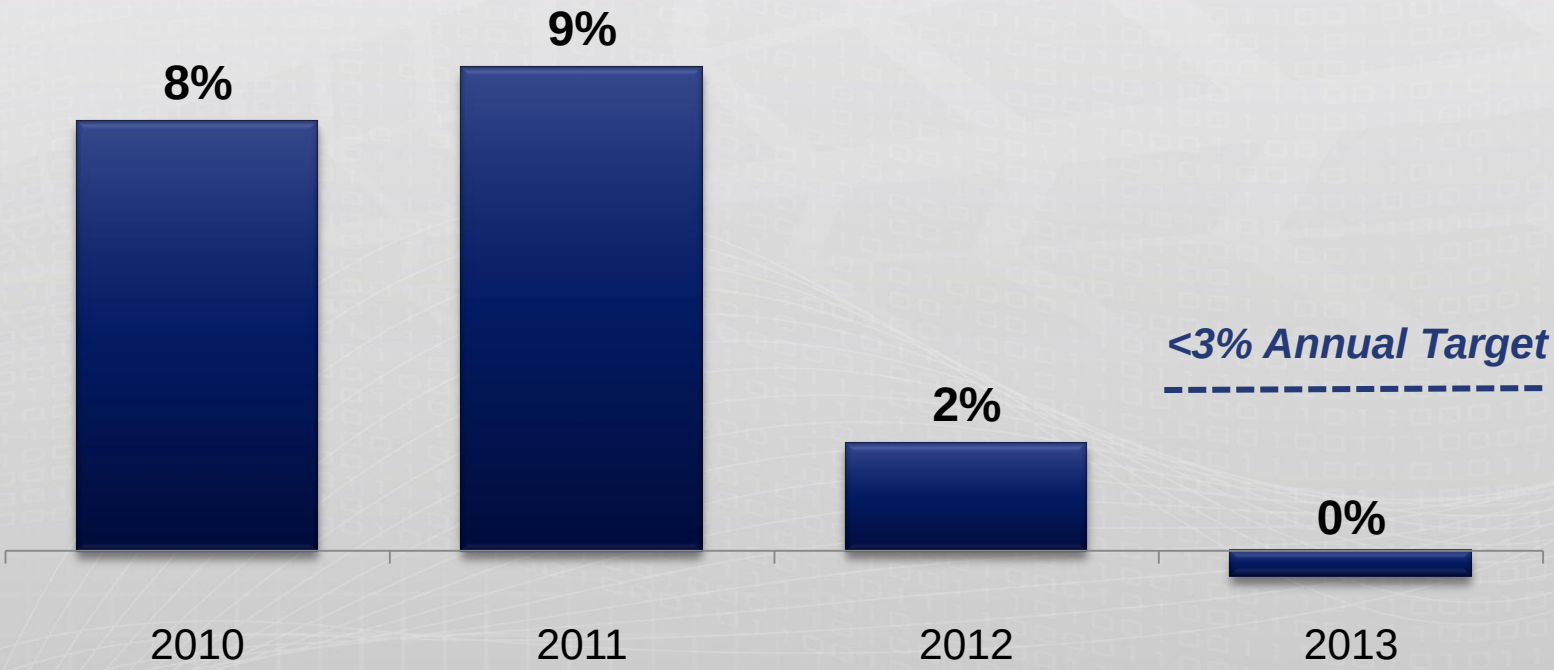
As a % of Total U.S. General Purpose Purchase Volumes



*Source: Nilson.

Adjusted Total Operating Expense Growth*

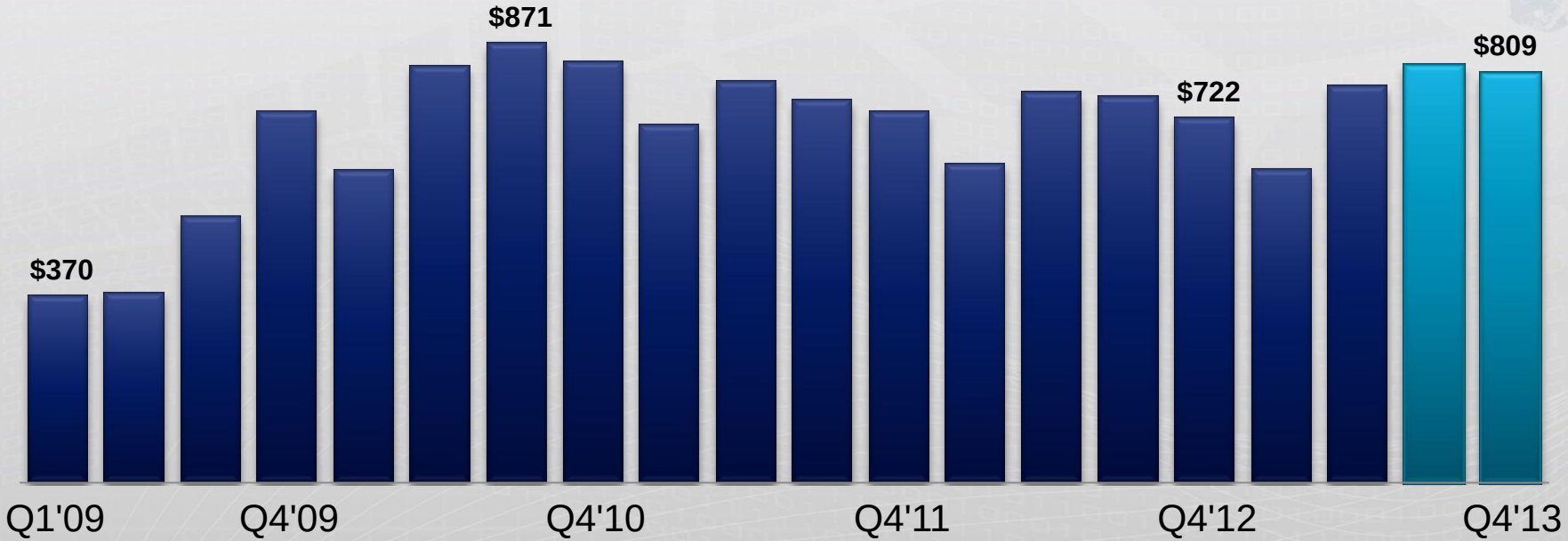
% increase/(decrease) vs. prior year:



*Note: See slide 5 for definition of operating expenses. *The growth rate of adjusted total operating expenses, a non-GAAP measure, excludes Visa/MasterCard litigation settlement proceeds from 2010-2012 and Q4'12 restructuring charges from total operating expenses. Reported operating expense growth rates were 11%, 12%, 10% and (12%) for 2010, 2011, 2012 and 2013, respectively. Refer to Annex 6 for a reconciliation of adjusted growth rates and their components. Adjusted total operating expenses do not exclude reengineering costs (other than the Q4'12 restructuring charges) or Card Member reimbursements (unlike Q4'13 and FY'13 adjusted diluted EPS growth rates shown on slide 4 and FY'13 adjusted Opex and adjusted diluted EPS growth rates shown on slide 6).*

Marketing and Promotion Expense

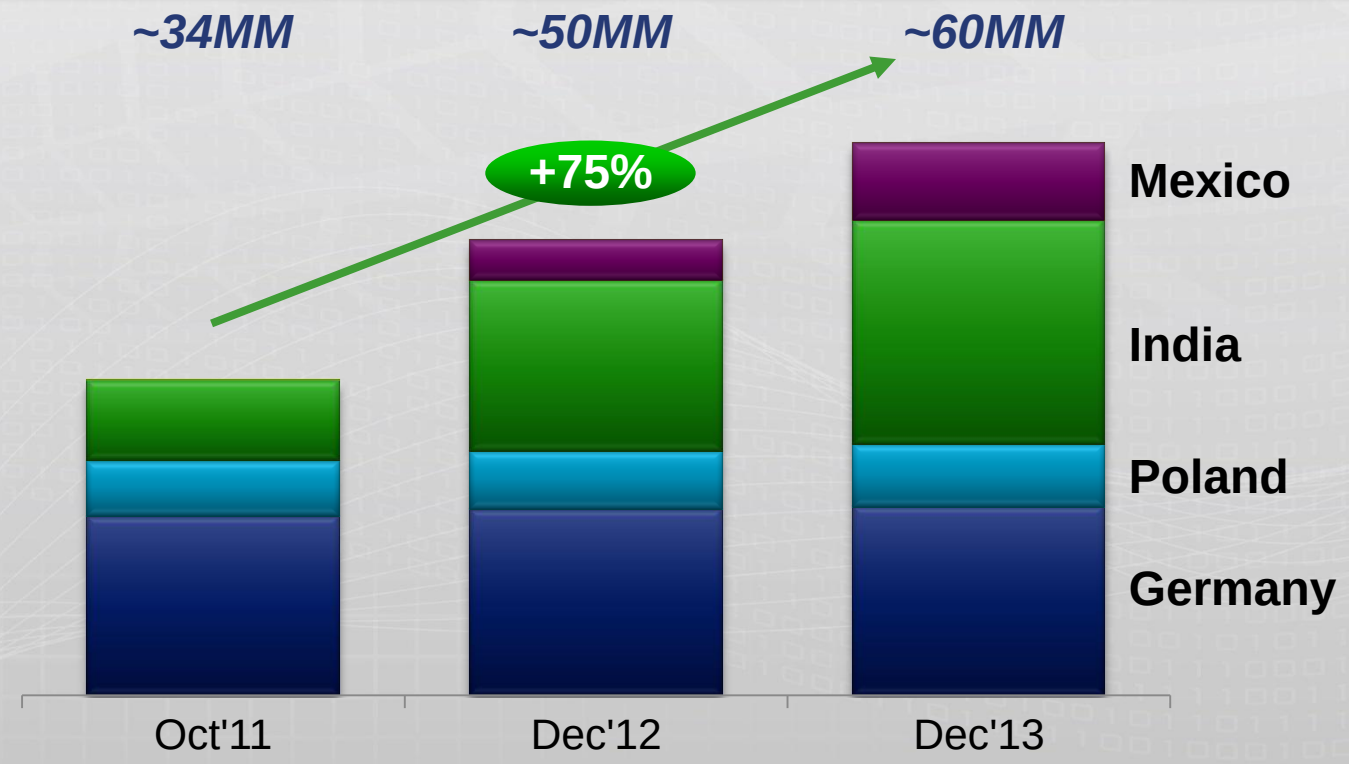
($ in millions)



Full Year ($ in B)	2009	2010	2011	2012	2013
	$2.0	$3.1	$3.0	$2.9	$3.0

Loyalty Partner Update

Customers (Collectors)



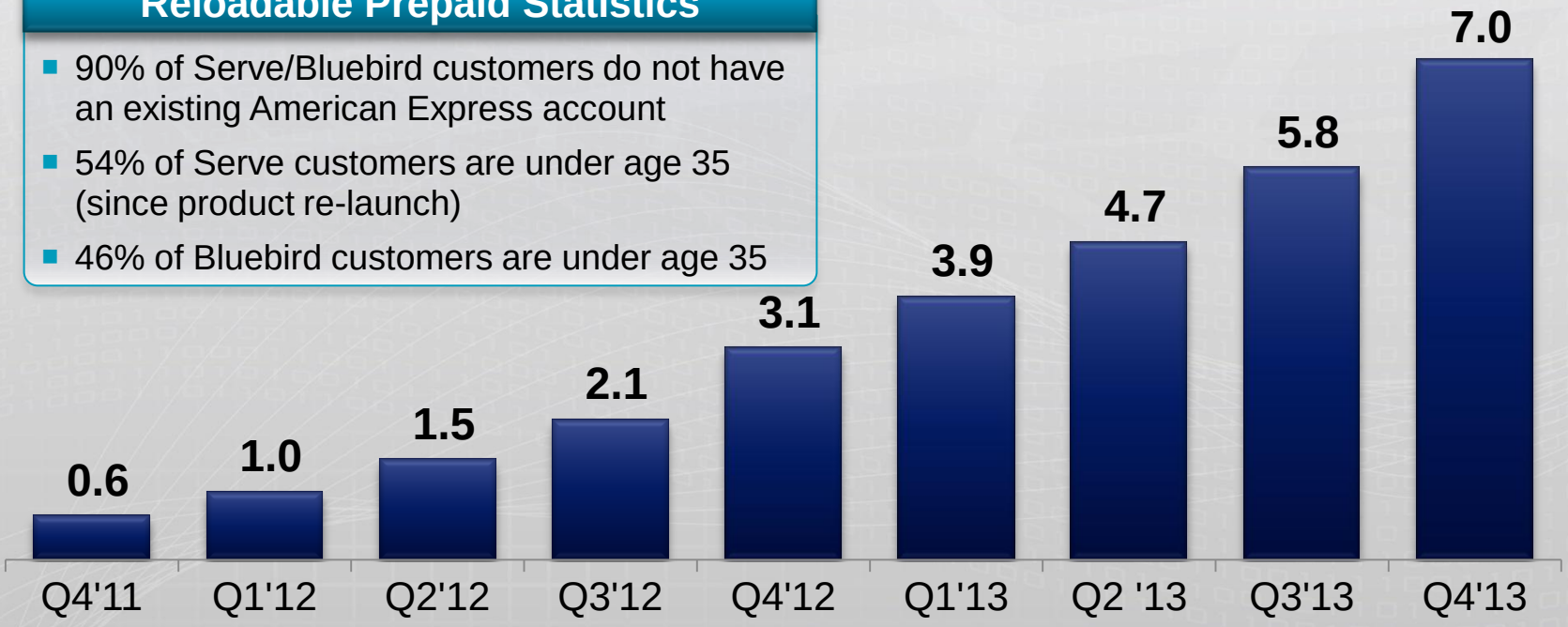
Enterprise Growth Customer Trends

Enterprise Growth Customers*

# of customers in millions

Reloadable Prepaid Statistics

- 90% of Serve/Bluebird customers do not have an existing American Express account
- 54% of Serve customers are under age 35 (since product re-launch)
- 46% of Bluebird customers are under age 35



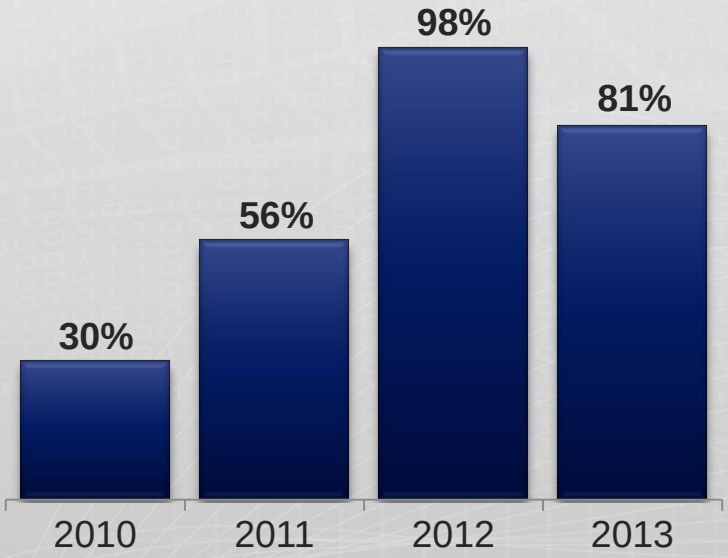
*Cumulative customer orders for General Purpose Reloadable Cards, Serve, Bluebird, and Travel Cards; Vente-Privee registered users; and Lianlian agents and consumer relationships. Includes accounts in pended status.


LOYALTY PARTNER

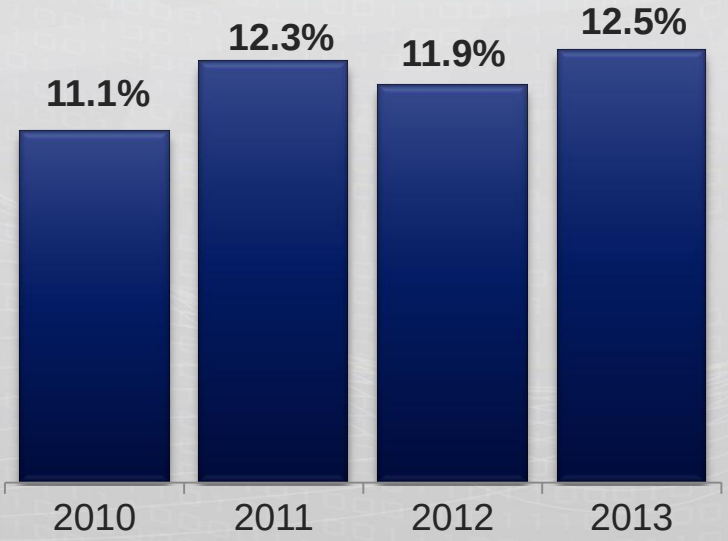

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Strong Capital Position

Percentage of Capital Generated Returned to Shareholders

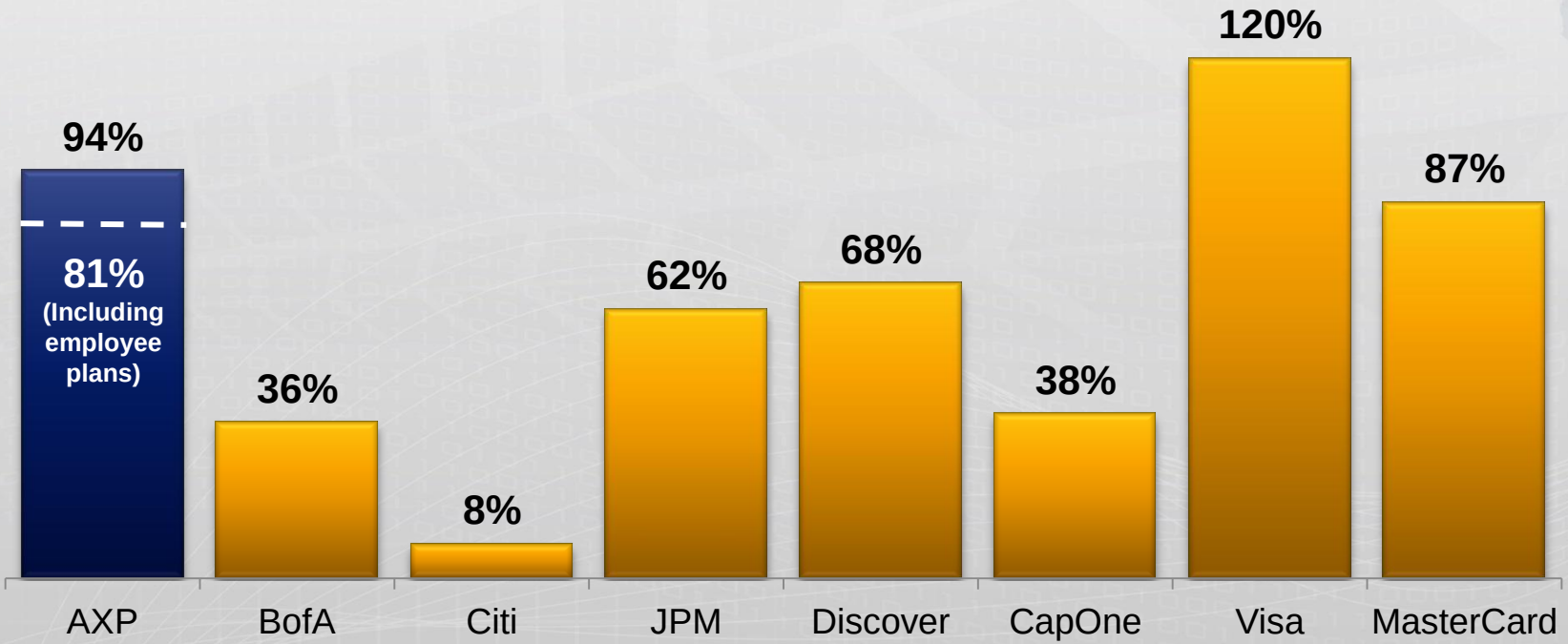


Tier 1 Common Risk-Based Capital Ratio*



*Note: Payout Ratio is calculated by dividing the total amount returned to shareholders through dividends and share repurchases during the respective period by the total capital generated through net income attributable to common shareholders and employee plans during the respective period. *The Risk-Based Capital Ratios represent a preliminary estimate as of the date of these earnings slides and may be revised in the Company's 2013 Annual Report on Form 10-K. The Tier 1 Common Risk-Based Capital Ratio is calculated as Tier 1 Common Equity, a non-GAAP measure, divided by Risk-Weighted Assets. See Annex 7 for a reconciliation between Tier 1 Common Equity and Total Shareholders' Equity.*

2013 Payout Ratio

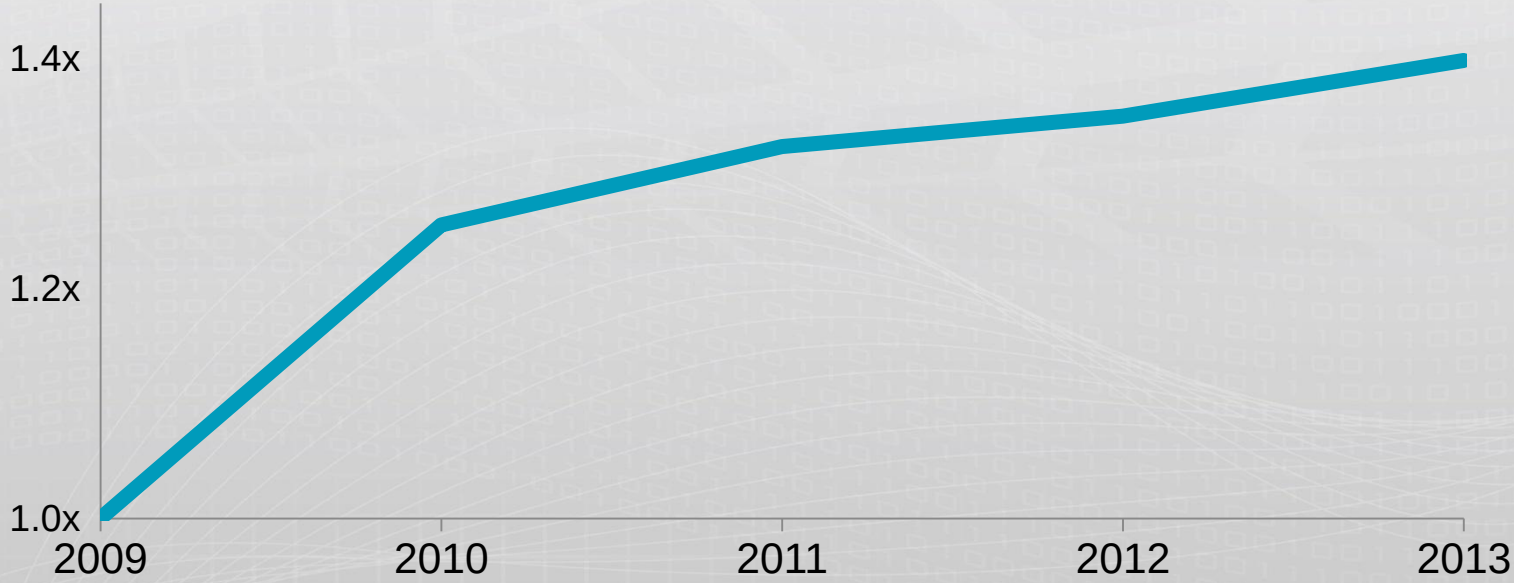


Note: Payout Ratio is calculated by dividing the total amount returned to shareholders through dividends and share repurchases during the respective period by the total capital generated through net income attributable to common shareholders during the respective period.

Voice of the Customer

Improvement in Recommend to a Friend* (U.S.)

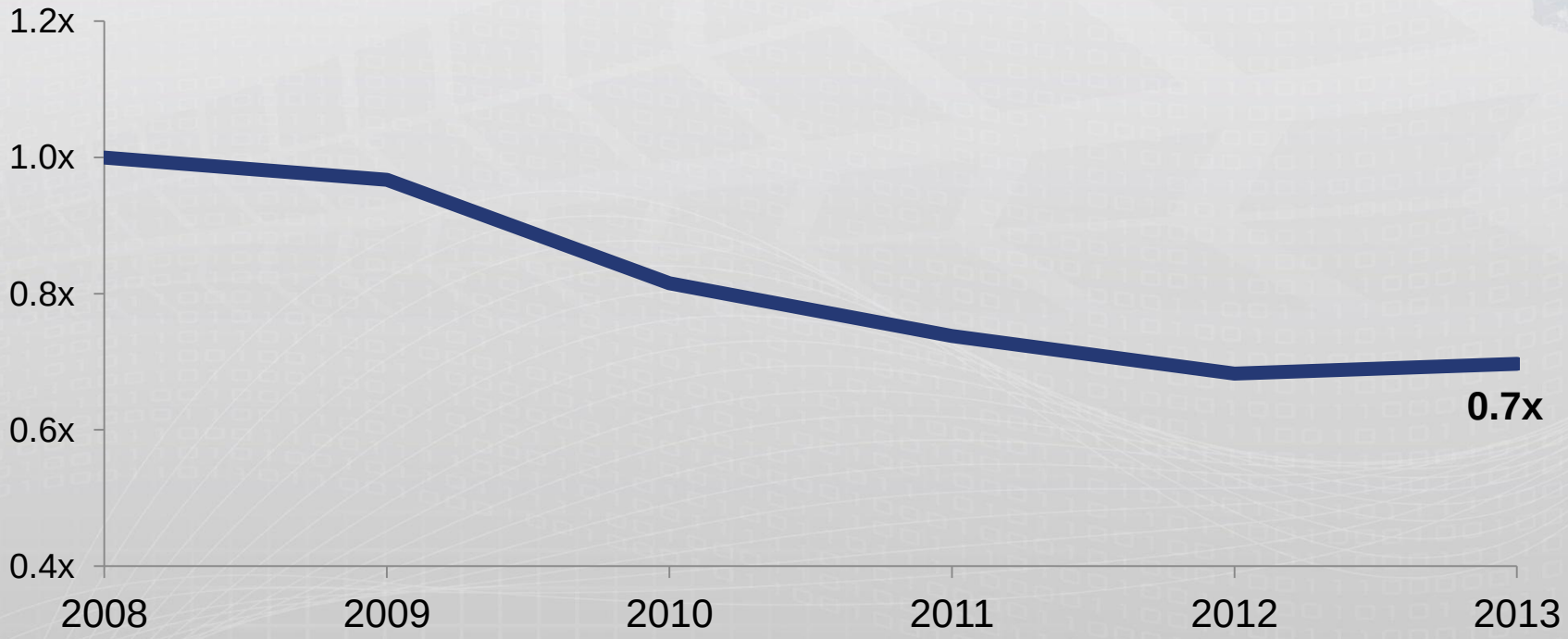
Indexed to 2009



**Recommend to a Friend (RTF) measures a Card Member's satisfaction with the level of servicing provided by American Express customer care professionals. The metric is calculated from ratings given by Card Members in response to the question: "Based on this recent service experience, how likely are you to recommend American Express to a friend or colleague? Please use a 1 to 10 scale where '10' means 'extremely likely' and '1' means 'extremely unlikely.'" Card Members who respond with a rating of 9 or 10 are "Promoters" while Card Members who respond with a rating between 1 and 6 are "Detractors." RTF is the difference between the percentage of Card Members who are "Promoters" vs. "Detractors." Survey is conducted via email and administered by an independent research company on behalf of American Express. Responses from inbound phone and off-line servicing are gathered representing over 1MM surveys in a 12 month period.*

USCS Card Member Non-credit Attrition*

Indexed to FY'08 levels

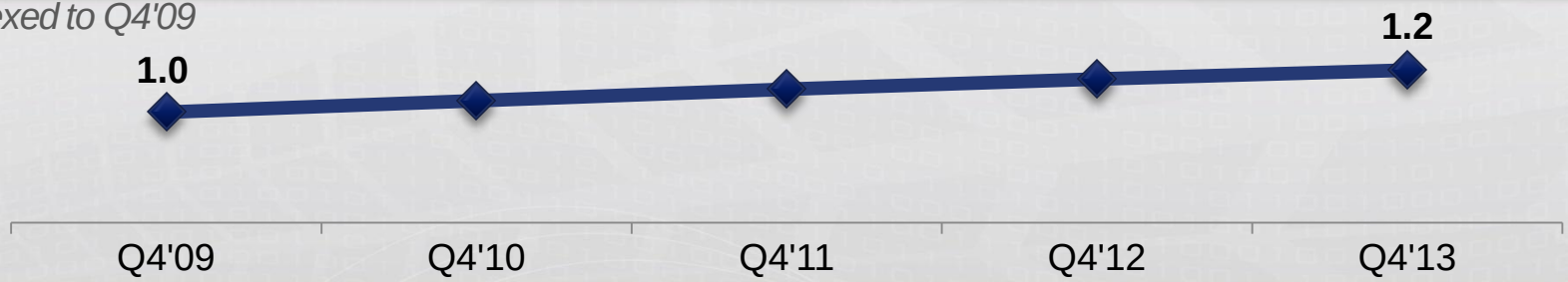


*Note: Q4'08, Q1'09 and Q2'09 were normalized for inactive card cancellations of 300K cards in Q4'08, 500K cards in Q1'09 and 2.6MM cards in Q2'09. *Non-Credit attrition includes voluntary attrition (Card Member initiated) and attrition resulting from non-activity (Amex initiated), death, or the supplemental card cancellation by the basic Card Member.*

U.S. Membership Rewards Redeemer Performance

Percentage of MR Enrollees Who Have Redeemed

Indexed to Q4'09



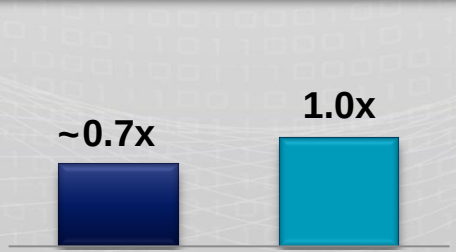
Avg. Spend per Account*



Share of Wallet**



Attrition***



MR Enrollee Redeemers MR Enrollee Non Redeemers

Indexed to Non Redeemer levels

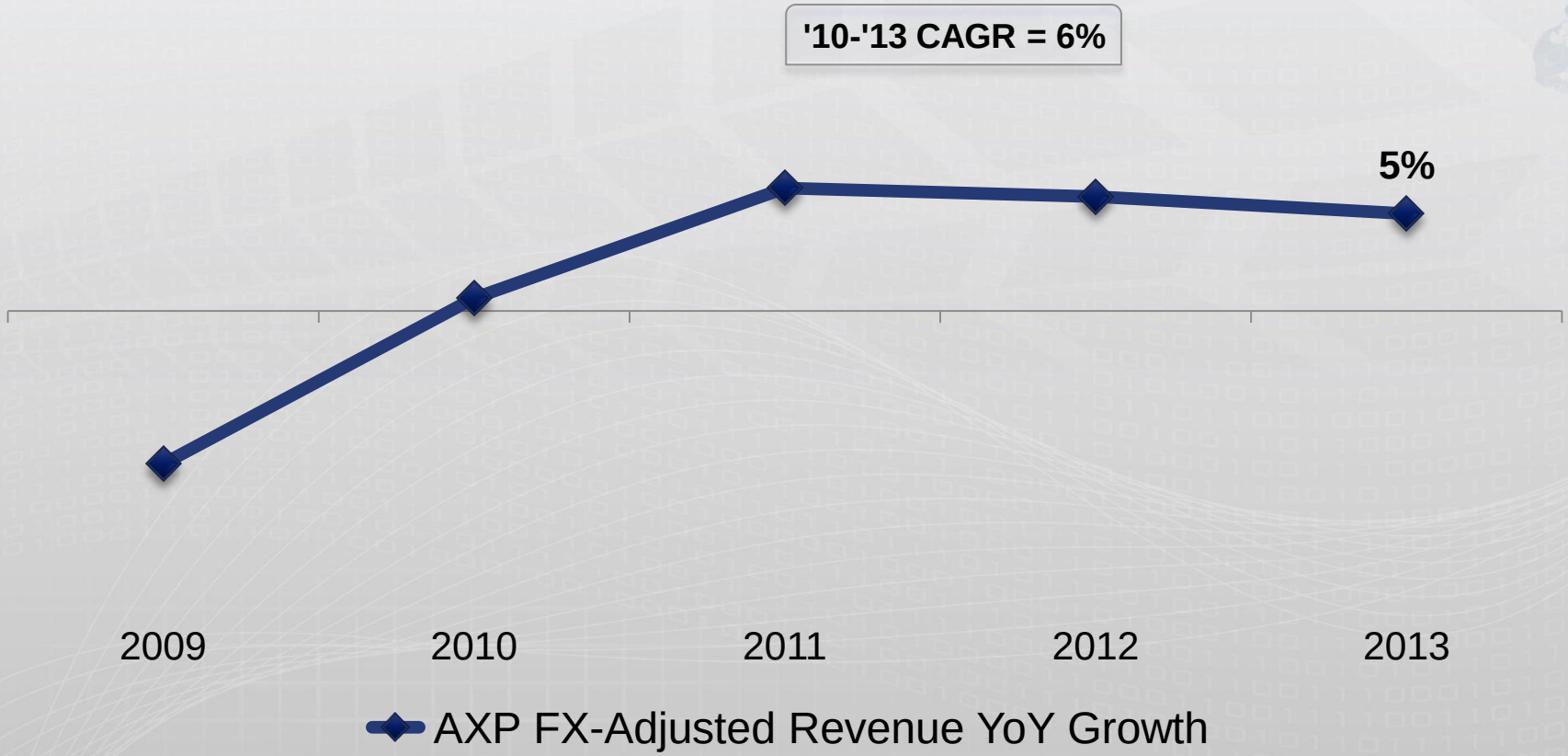
*Note: MR Enrollees represent U.S. Card Members enrolled in the Membership Rewards program who have earned at least one Membership Reward point. *2013 spend on MR-enrolled cards. Does not include spend on non-MR eligible cards issued to MR Enrollees. **Share of Wallet defined as the percent of an MR Enrollee's total credit and charge spend (based on internal modeling) that is on an AXP MR-eligible card. ***2013 attrition includes voluntary and involuntary attrition (including credit related attrition).*


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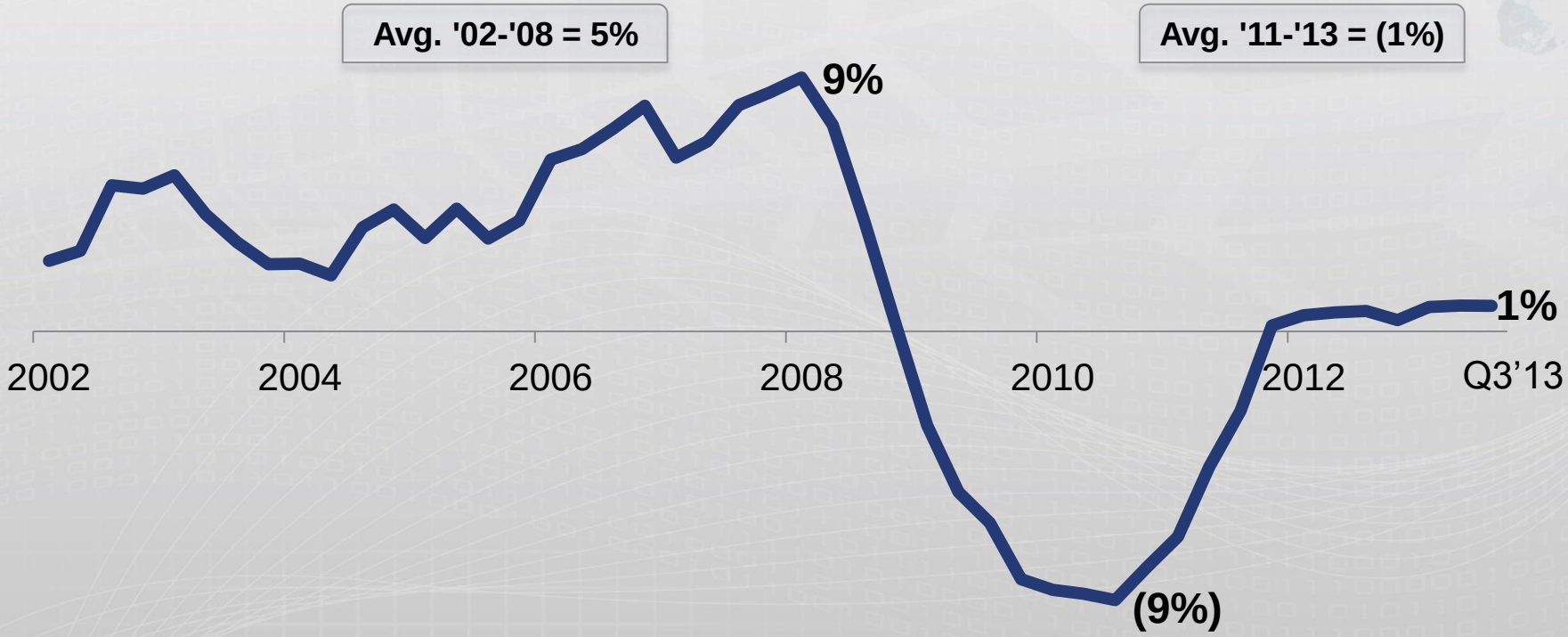
AXP Managed Revenue Performance*



Managed revenue on an FX-Adjusted basis is a non-GAAP measure. On a reported basis, the 2010-2013 CAGR was 6% and the 2013 year-over-year growth rate was 4%. See slide 4 for an explanation of FX adjusted information.

U.S. Consumer Revolving Credit – Industry Growth

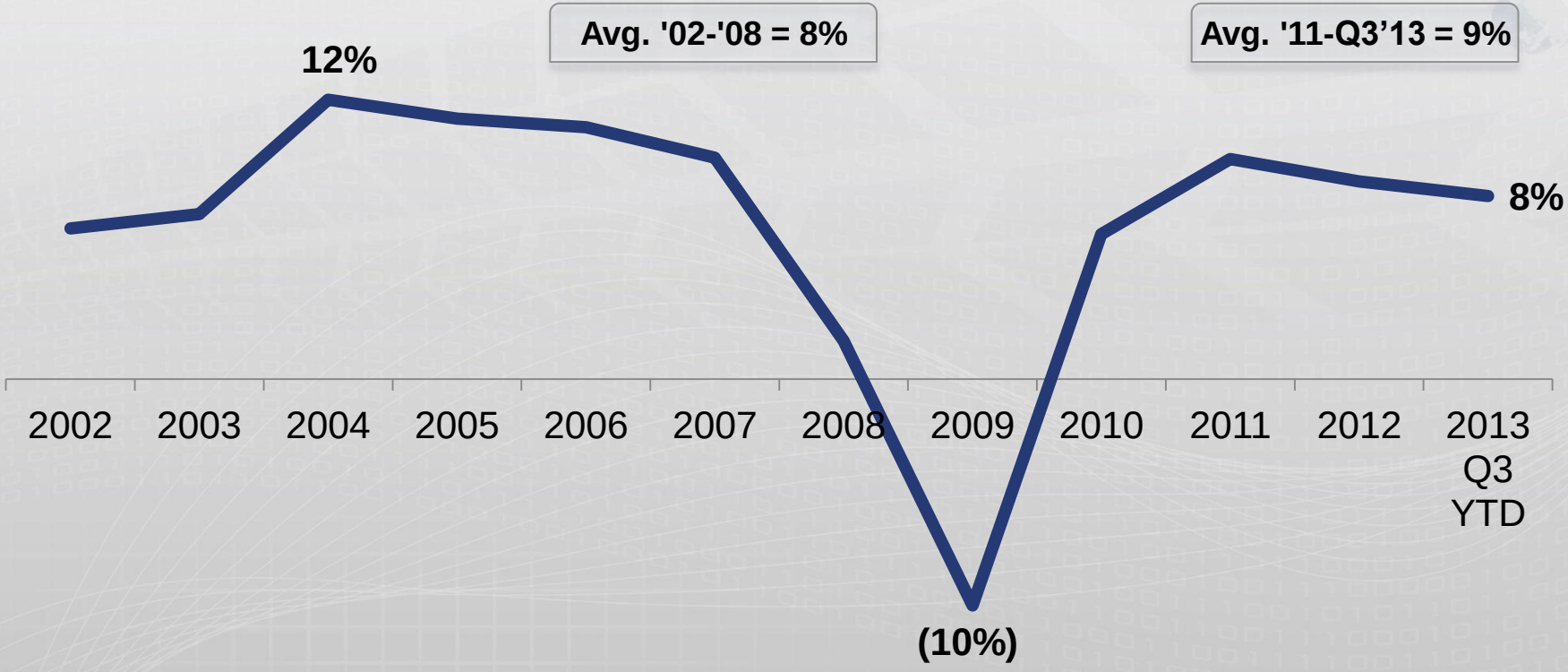
% increase/(decrease) vs. prior year:



**Source: Federal Reserve, Consumer Credit Release, January 2014. Non-seasonally adjusted U.S. consumer revolving credit outstanding; Q3'13 data as of September 30, 2013 (preliminary).*

U.S. Charge/Credit Purchase Volume – Industry Growth

% increase/(decrease) vs. prior year:

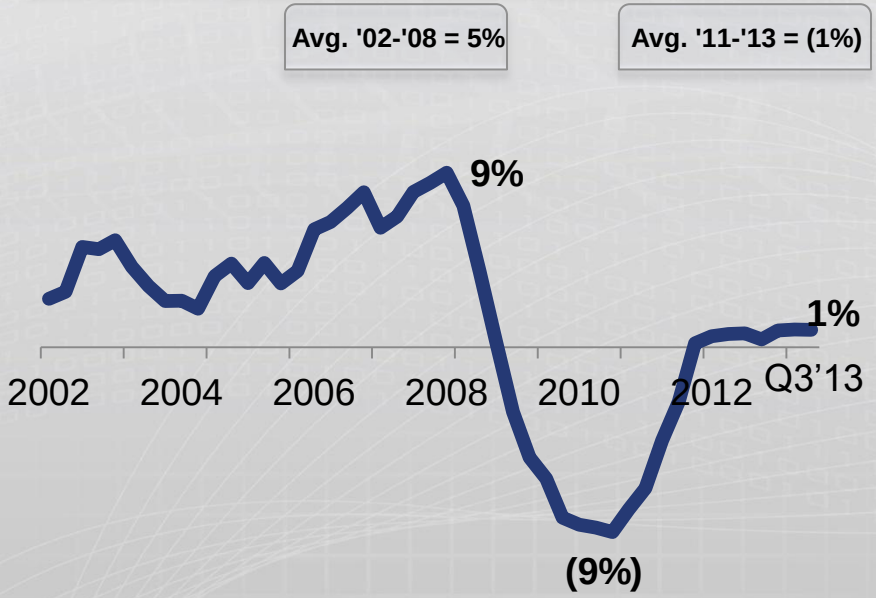


*Source: AXP internal data and The Nilson Report.

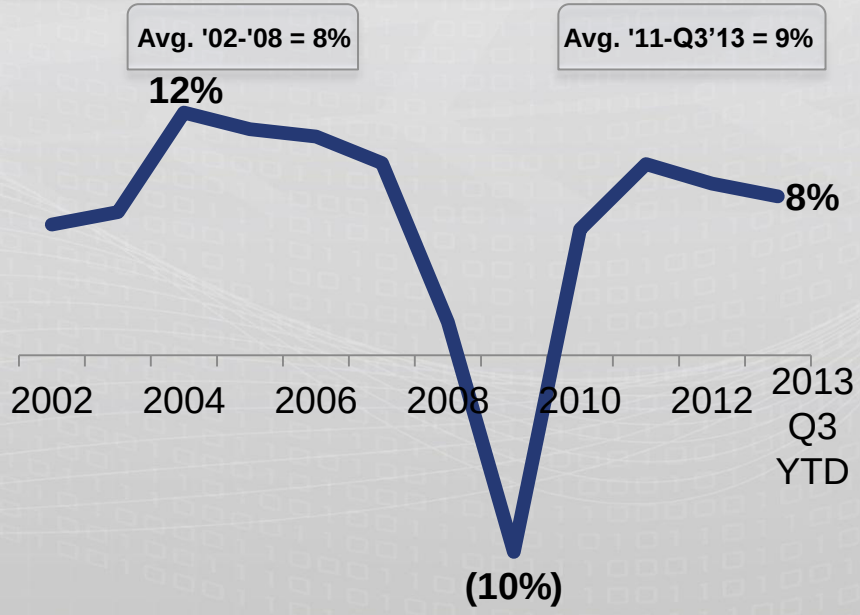
Industry Loan and Purchase Volume Growth

% increase/(decrease) vs. prior year:

U.S. Revolving Credit Growth



U.S. Charge/Credit Purchase Volume



Note: See source information on slides 28 & 29.

Cumulative Revenue Growth vs. Issuer Peers

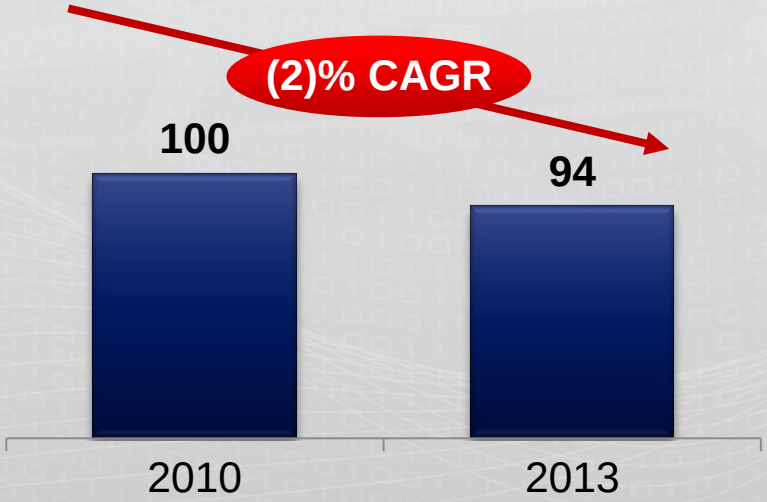
AXP

Indexed to 2010



Card Issuing Peers

Indexed to 2010



	2010	2013
NII* as a % of Revenue	**17%**	**15%**
	75%	**76%**

*Note: Issuing Competitors reflect rewards costs as a contra revenue item whereas the majority of AXP rewards costs are reported as an expense. Peers include Citi, JP Morgan, Capital One, Discover and Bank of America. *NII is Net Interest Income.*

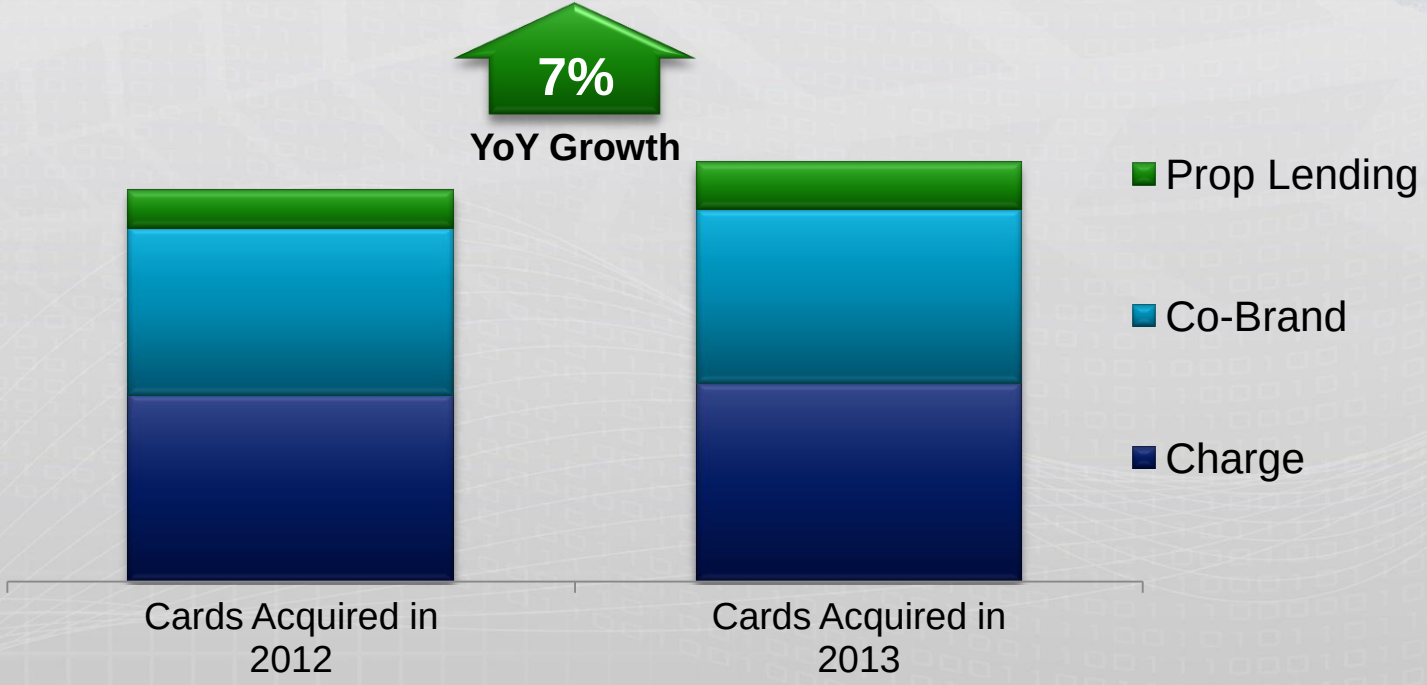

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Consumer and Small Business Card Acquisition

New First Year Spend* by Product Type

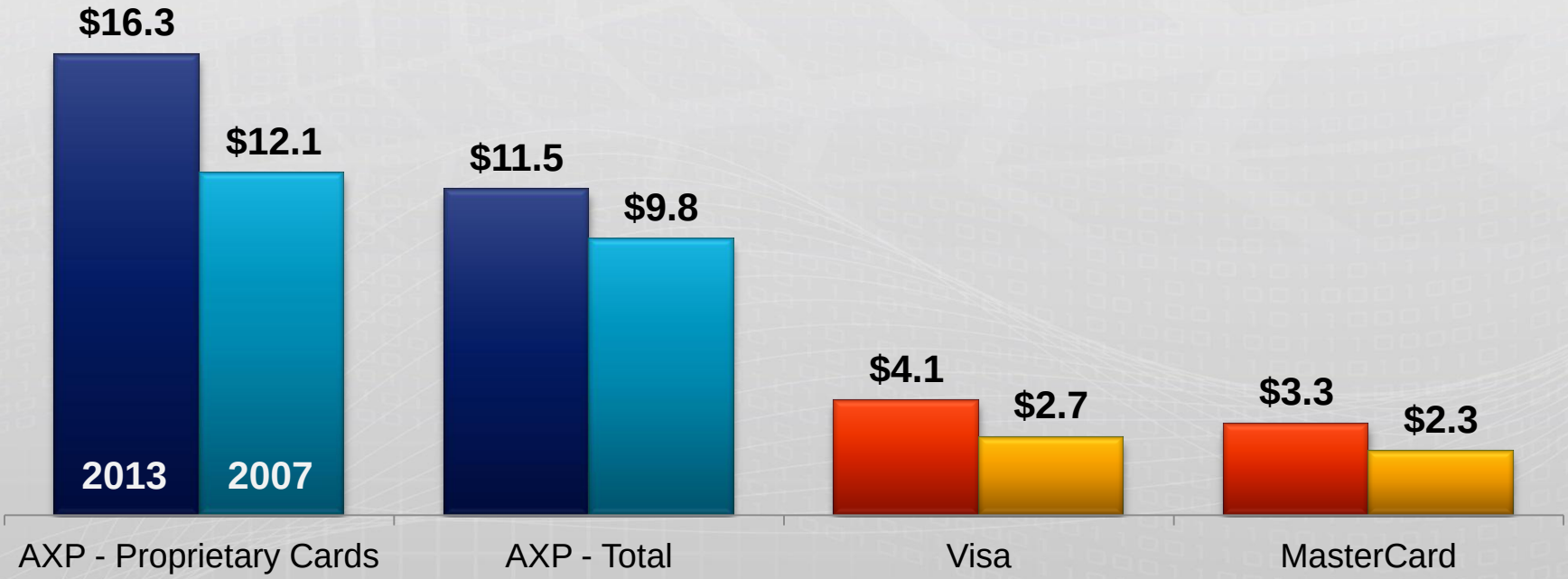


*Note: Includes customers acquired in the USCS and ICS segments. *First Year Spend reflects the first 12 months of spending for a new customer acquired. For customers acquired less than 12 months prior, internal estimates have been used for their expected spending over the 12 month period, i.e., a new customer acquired on 8/1/13 includes 5 months of actual spend and 7 months of internally forecasted spend.*

High Spending Card Members

FY'13 vs. FY'07 – Worldwide Average Card Member Spend

$ in thousands

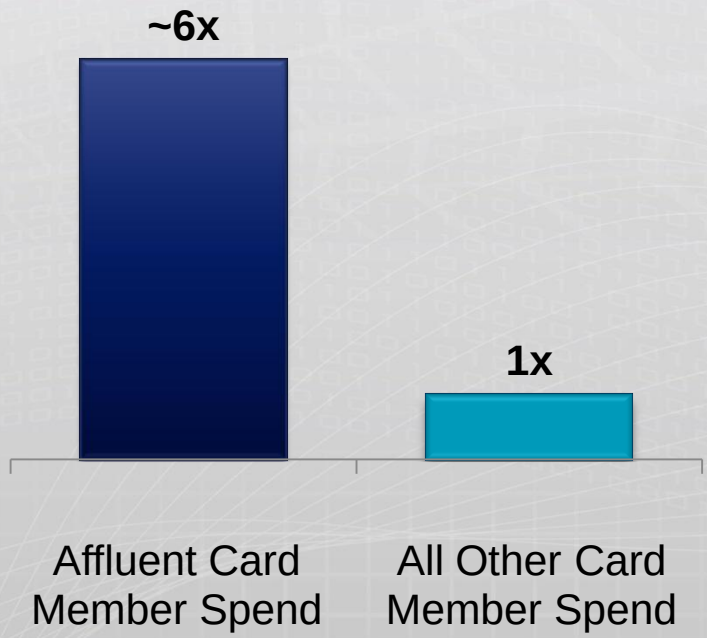


Note: Calculated using a five point average of worldwide total basic cards in force for AXP and credit card and charge accounts for Visa and MasterCard (excludes debit and cash). Visa's 2013 data assumes Q4'13 number of accounts equals Q3'13 number of accounts.
Source: Company reports, 2013 data based upon four-quarters-ended December 31, 2013.

U.S. Consumer Affluent* Spend

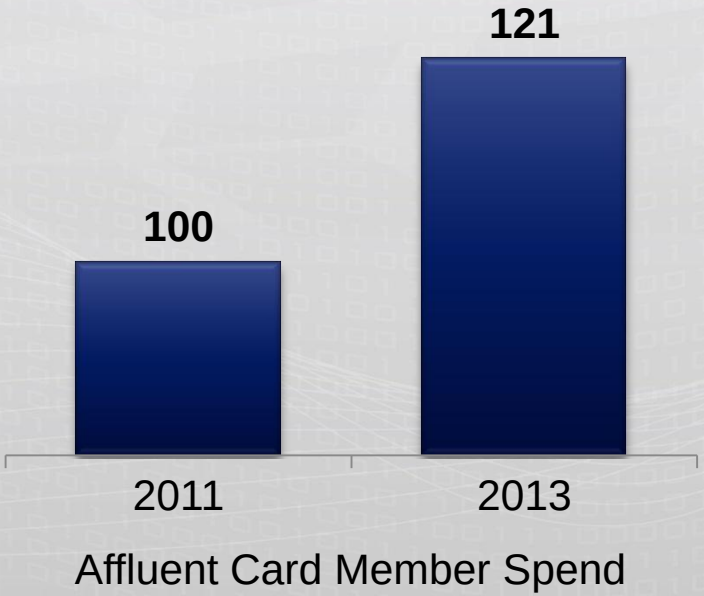
2013 Average Annual Spend

Indexed to All Other Card Member Spend



Spend Growth

Indexed to 2011 levels



**Affluent Card Members defined as U.S. Consumer Basic Card Members that have household income reported above $150k or annual spend above $30k in the past twelve months.*

U.S. Commercial Card Performance

Corporate Card

Indexed to 2010 levels

+10% CAGR

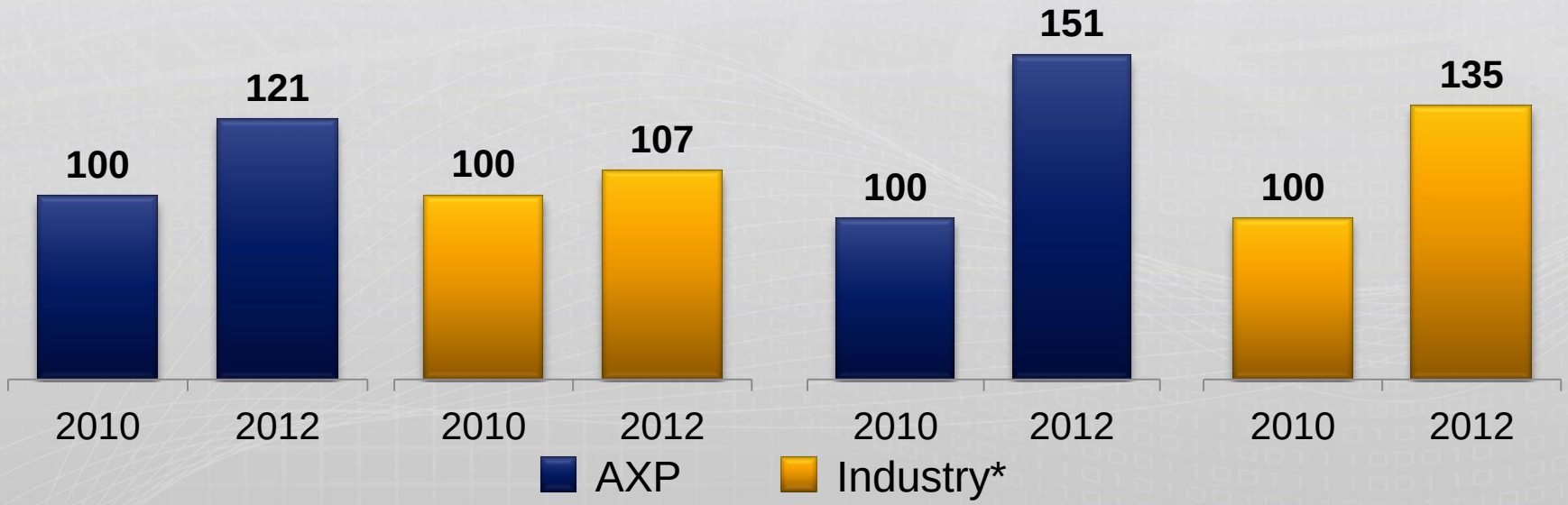
+3% CAGR

B2B / Purchasing Card

Indexed to 2010 levels

+23% CAGR

+16% CAGR

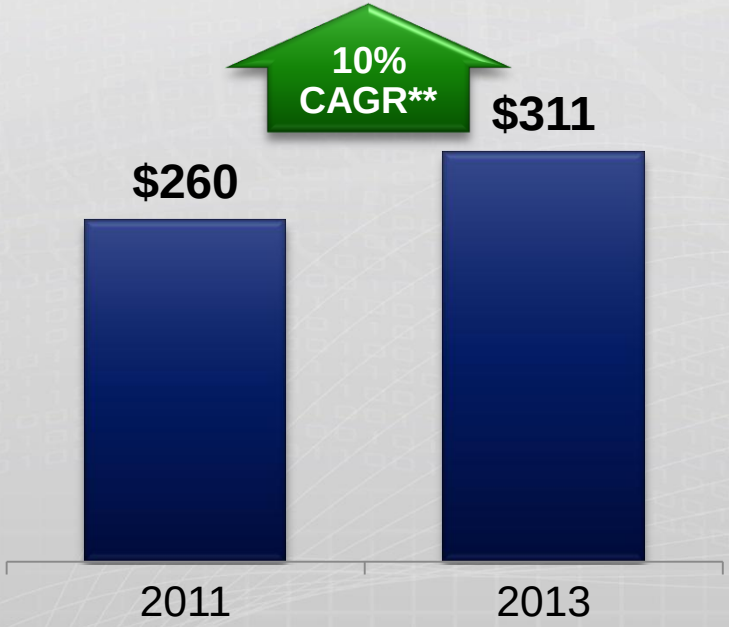


*Note: AXP figures represent Corporate Card volumes. AXP B2B includes vPayment, Buyer-initiated Payment, and Purchasing Card. *Industry includes Visa and MasterCard Purchase Volumes per The Nilson Report. B2B/Purchasing card volumes include Purchasing Card as well as MasterCard Multi-card, JPM Single Use, and USB OneCard.*

International Business Operations* Performance

Billed Business

Fx adjusted % increase/(decrease) ($ in billions)



New Deals

RYANAIR

fnac

AMERICAN EXPRESS BUSINESS
spg Starwood Preferred Guest
3759 876543 21001

AIRFRANCE KLM
AMERICAN EXPRESS
FLYINGBLUE
3759 876543 21001

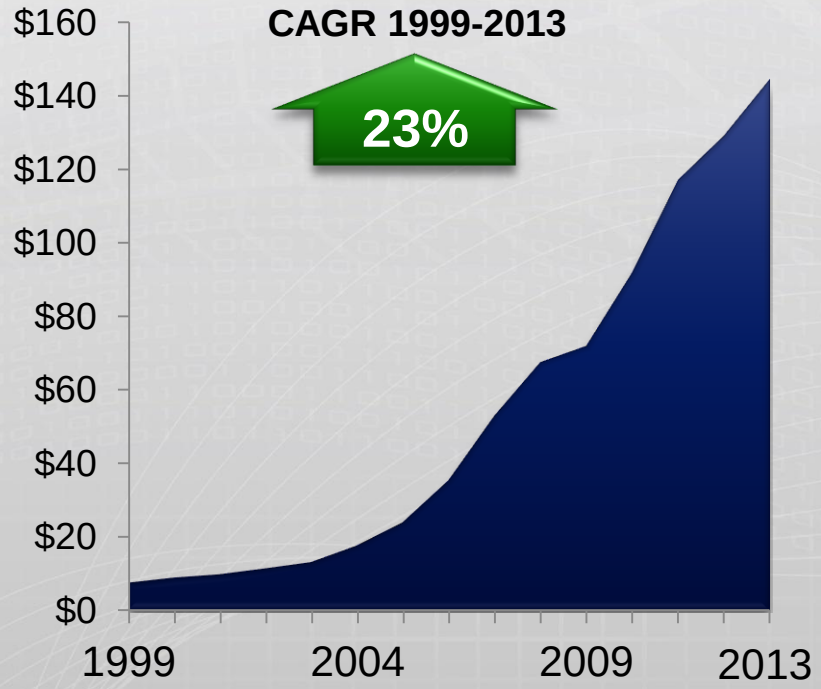
Tim Hortons

*International represents the sum of the Europe, Middle East and Africa (EMEA) region, the Japan, Asia/Pacific and Australia (JAPA) region and the Latin America, Caribbean and Canada (LACC) region.**See slide 4 for an explanation of FX adjusted information. On a reported basis, International billed business CAGR from 2011 to 2013 was 6%.

GNS Performance

Billed Business

($ in billions)



New Deals

WELLS FARGO

usbank



EQUITY Bank • Your Listening, Caring Partner

GNS China


招商銀行
CHINAMERCHANTS BANK


ICBC


浦发银行
SPD BANK


中国民生银行
CHINA MINSHENG BANKING CORP., LTD.


中信银行
CHINA CITIC BANK


中國銀行
BANK OF CHINA


财付通

Loyalty Partner

AXP Acquires

LOYALTY PARTNER

(Operating in Germany, Poland & India)

2011

PAYBACK launch in India

2012

PAYBACK launch in Mexico

Germany PAYBACK co-brand card launch

2013

India PAYBACK co-brand card launch



Interjet PAYBACK co-brand cards launch in Mexico



2014

PAYBACK launch in Italy

Serve Software Platform: International Opportunities

Retail Around the World



China Partnerships



连 连 支 付
LianLian Pay
便 捷 支 付 找 连 连

Partnership With Payback

PAYBACK

Cross Border Payments & Commerce



Digital Progress

Digital Metrics

7.4M (58% YoY)
Cumulative AXP Mobile App downloads

83%
Payments Received Electronically*

3.0M+ (86% YoY)
Registered Card Offers Redeemed

1.0M+ (60% YoY)
Card Syncs

39%
2013 Bluebird Funds Loaded via Direct Deposit

New Deals

Sync to Buy

Receipt Match

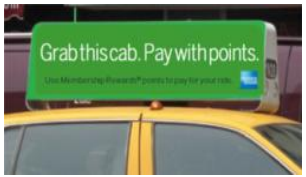
tripadvisor

Mobile App

Bluebird

Pay With Points on Mobile





Digital Offer Ecosystem

shop runner
live life. shop smart.

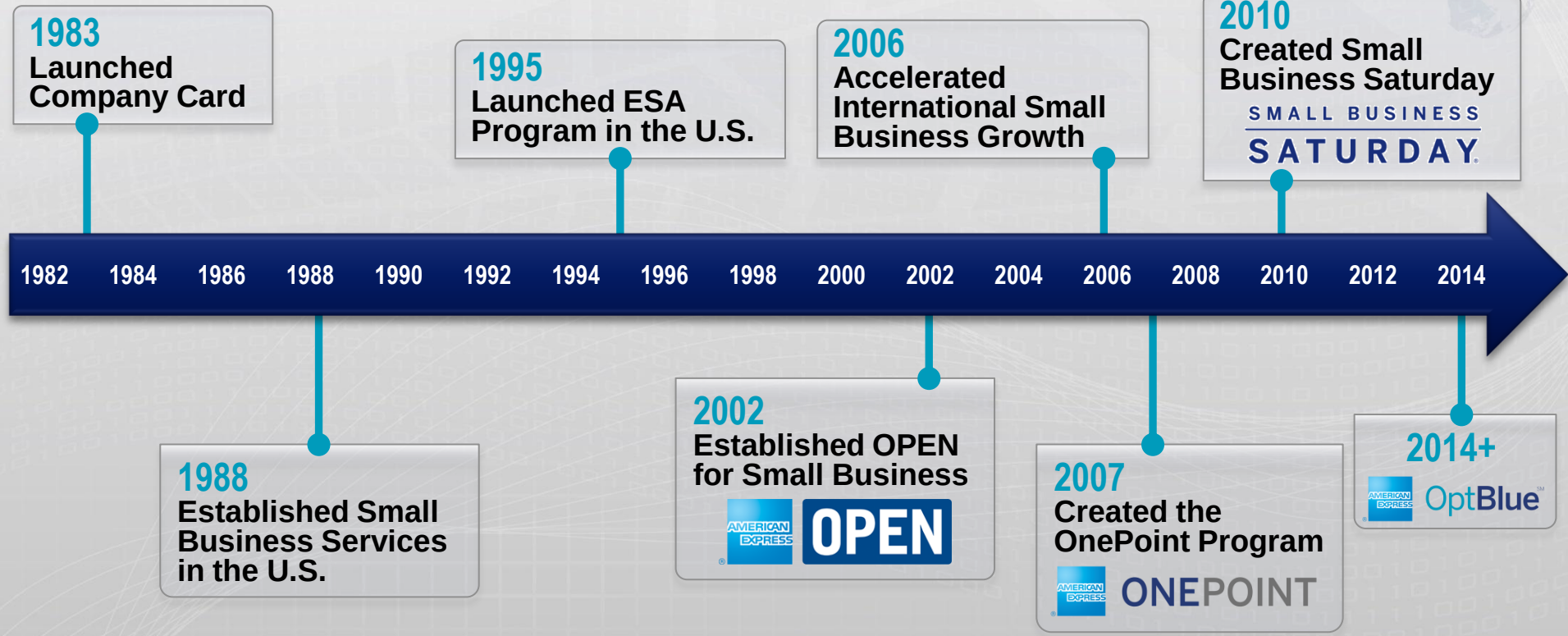
Digital Marketing

amazon

*Electronic includes payments received via phone, online, AutoPay, 3rdParty remits and wire transfers.

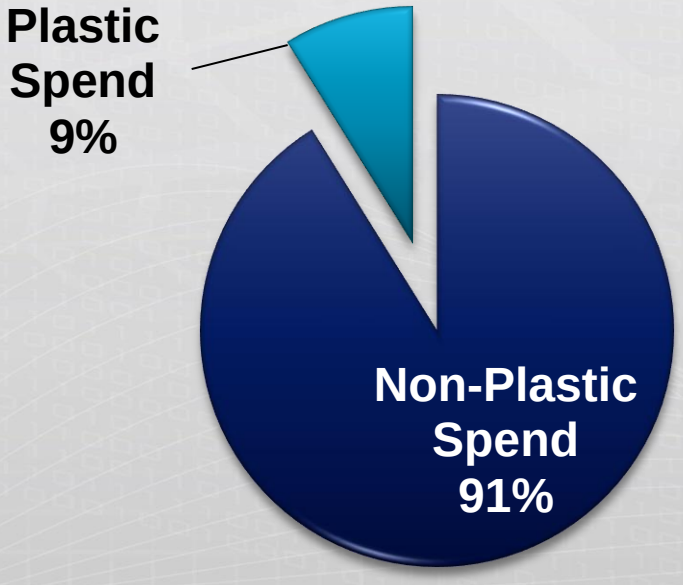

AMERICAN
EXPRESS

History of Amex in Serving Small Businesses



Untapped Opportunity: U.S.

➲ ***$4.4T Estimated Total Small Business Spend (ex. Payroll) in 2013[1]***



1. "Estimated Total Small Business Spend" U.S. small businesses with less than $10MM in revenue based on "McKinsey Payments Map (January 2014)" from McKinsey. "Plastic Spend" includes General Purpose Credit Card and Debit Spend. The "McKinsey Payments Map" reports on the following payment methods for small businesses: Cash, General Purpose Credit Card, Debit, Wire, ACH, and Check. "Non-Plastic" Spend" includes all non-payroll small business expenditures not included in General Purpose Credit Card or Debit. Example spend categories of "Non-Plastic Spend" are based on the January 2014 "Small Business Directions" report by Edna Luther (Third party research firm). The 2013 survey asked 1,000 small business owners to categorize their business expenditures into categories of spend, with the following results: Products for resale (16.3%), Business travel (total) (11.6%), Office products (excludes computers and software) (11.0%), Computer hardware and software (9.6%), Materials used in manufacturing (9.3%), Insurance (8.6%), Telecommunications (8.4%), Advertising (6.8%), Shipping (5.8%), and All other expenses (12.6%). Source: McKinsey, Edna Luther.



Global Small Business Issuing Update

Susan Sobbott

President, American Express OPEN

Small Business: Why Focus on the Sector?



99.7% of all U.S. firms[1]

Nearly 50% of non-farm GDP[2]

Over $4T in annual spend[3]

Less than 10% of spend on plastic[4]

1. % of U.S. Employer Firms and % of Non-Farm GDP based on "Frequently Asked Questions September 2012" Small Business Administration (SBA) – Office of Advocacy Source: SBA.
2. Kobe, Kathryn. "Small Business GDP: Update 2002-2010." Small Business Administration (SBA) – Office of Advocacy Source: SBA (January 2012).
3. "Estimated Total Small Business Spend (ex. Payroll)" for U.S. small businesses with les than $10MM in revenue figures based on "McKinsey Payments Map (January 2014)" .
4. "Small Business Plastic Spend" includes General Purpose Credit, Charge, and Debit Spend figures based on "McKinsey Payments Map (January 2014)" . `

Small Business: Growth Focus

New businesses formed every day

Substantial spending with checks

We grow as small businesses grow



Small Business: Our Mission



Helping Small Businesses Do More Business

Small Business: Our OPEN Members

Less than $10MM in revenue, up to 100 employees

Operate across diverse industries

Growth focus



Small Business: Our OPEN Members



Small Business: Our OPEN Members



Small Business: Unique Business Needs



Small Business: Unique Business Needs



Large purchases

Controls over employee spend

Expense tracking and assign to specific clients

Service delays impact their bottom line

Growth Strategy: Pillars



ATTRACT



ENGAGE

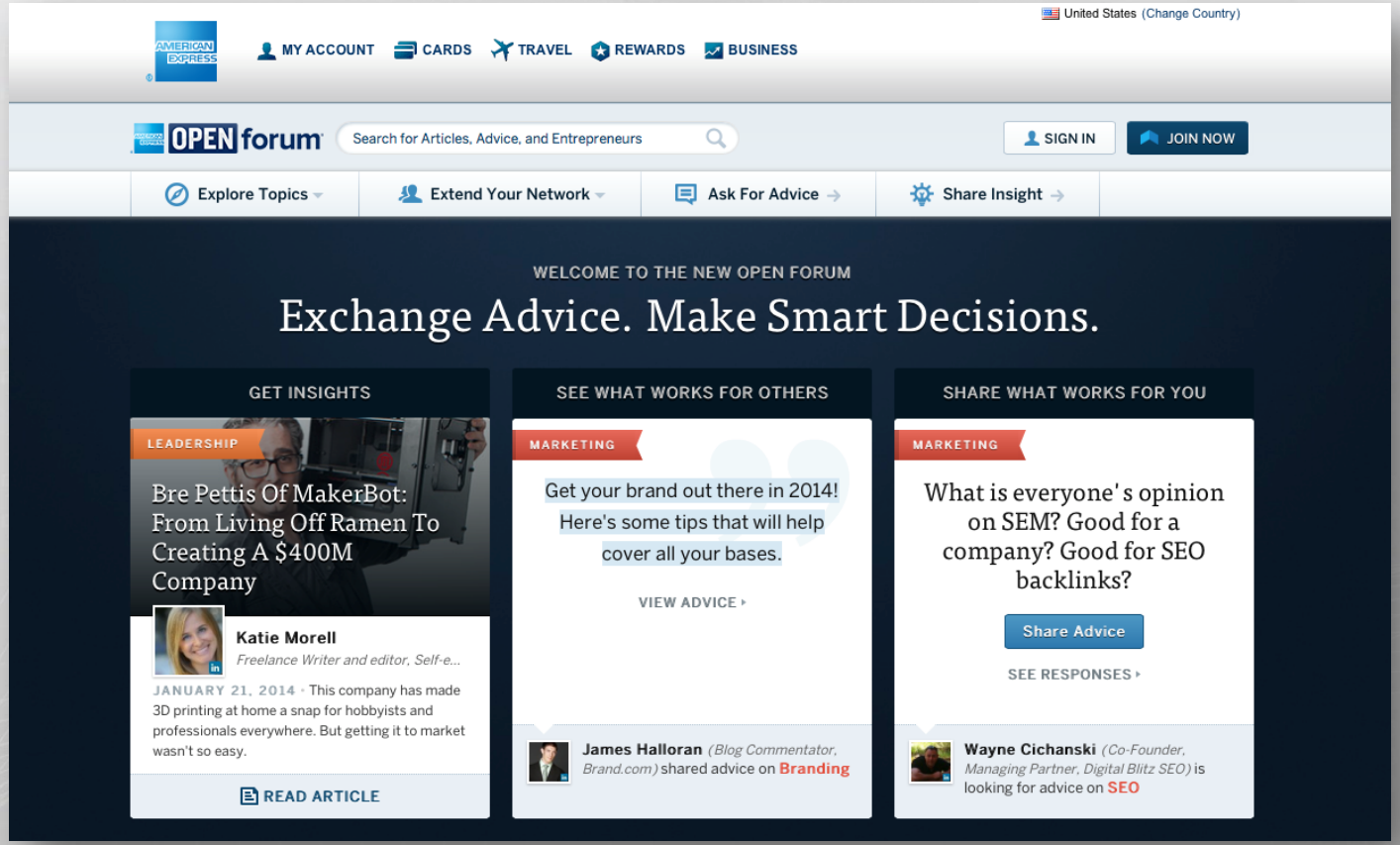
Attract: Small Business Saturday



Attract: Small Business Saturday



Attract: OPEN Forum



Attract: OPEN Forum



Attract: Charge Cards

Here's another reason
to get a Business Card



from American Express OPEN.

Attract: Lending Cards



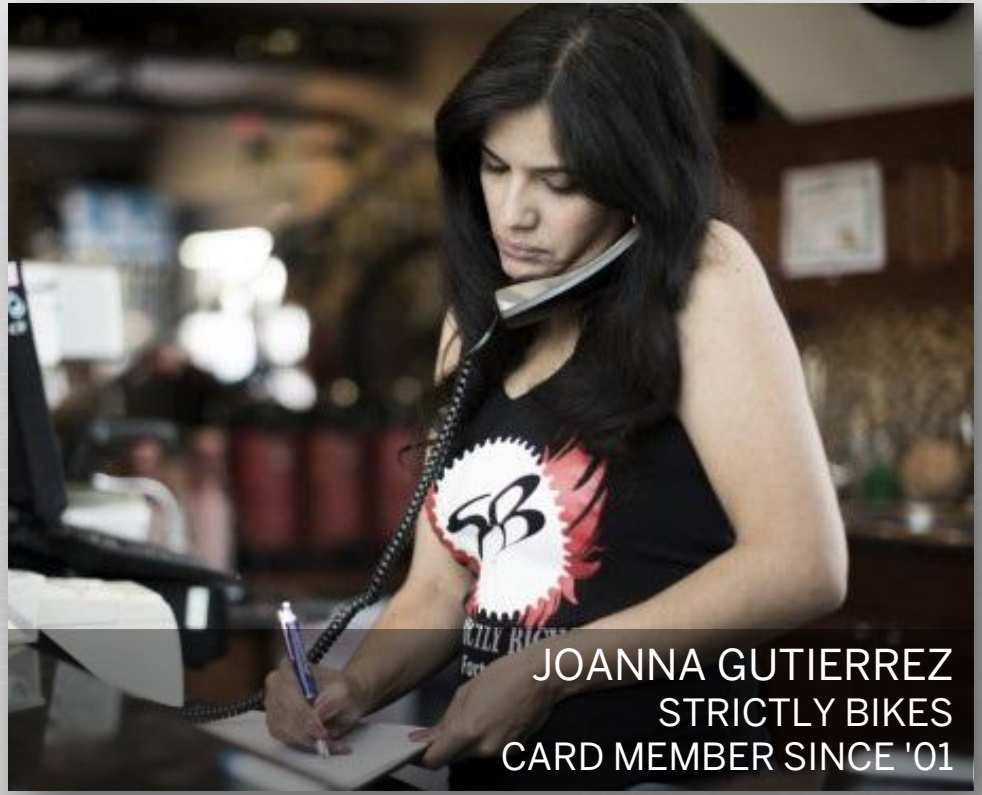
The **SimplyCash**® Business Credit Card

Attract: OPEN Savings

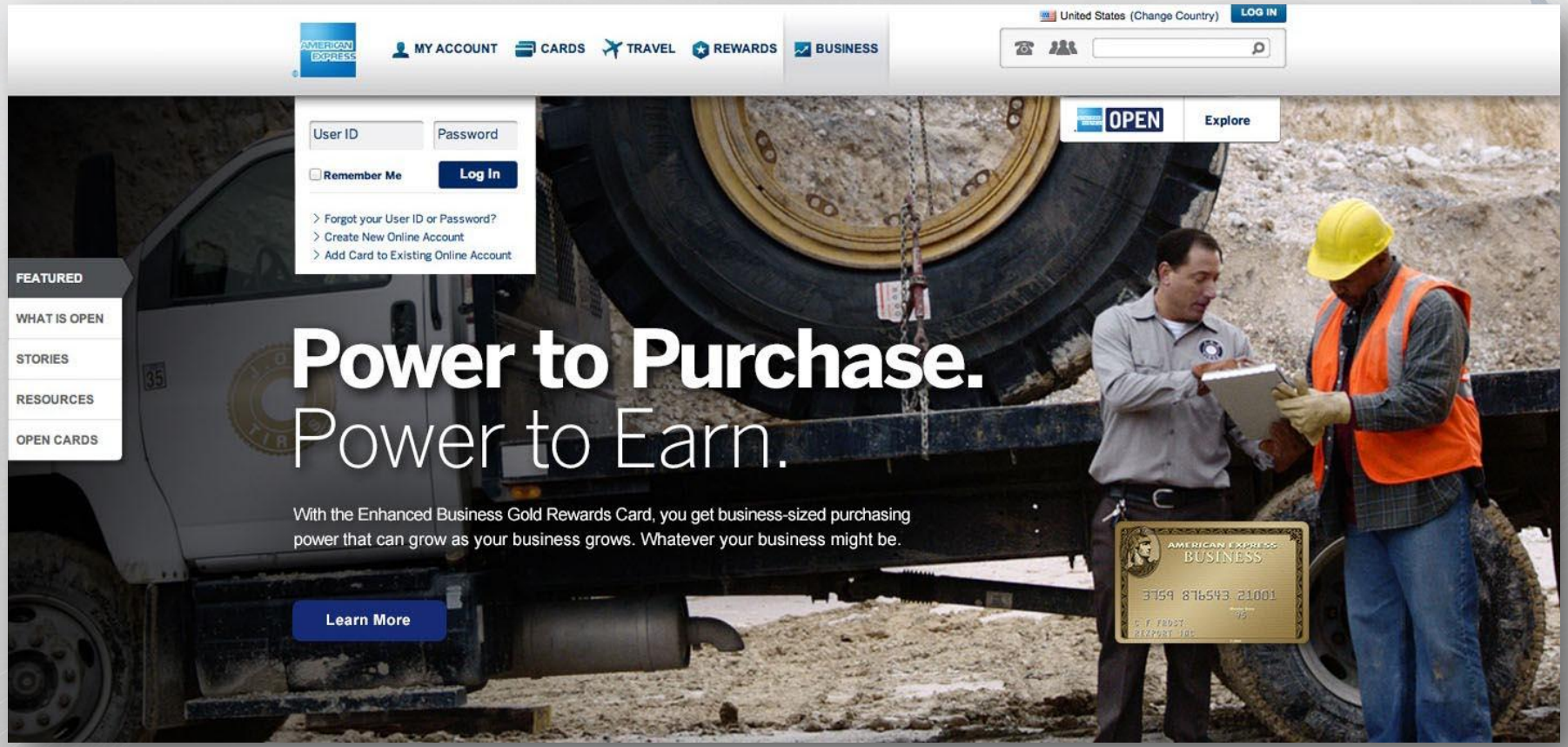


Attract: Service

WORLD SERVICE



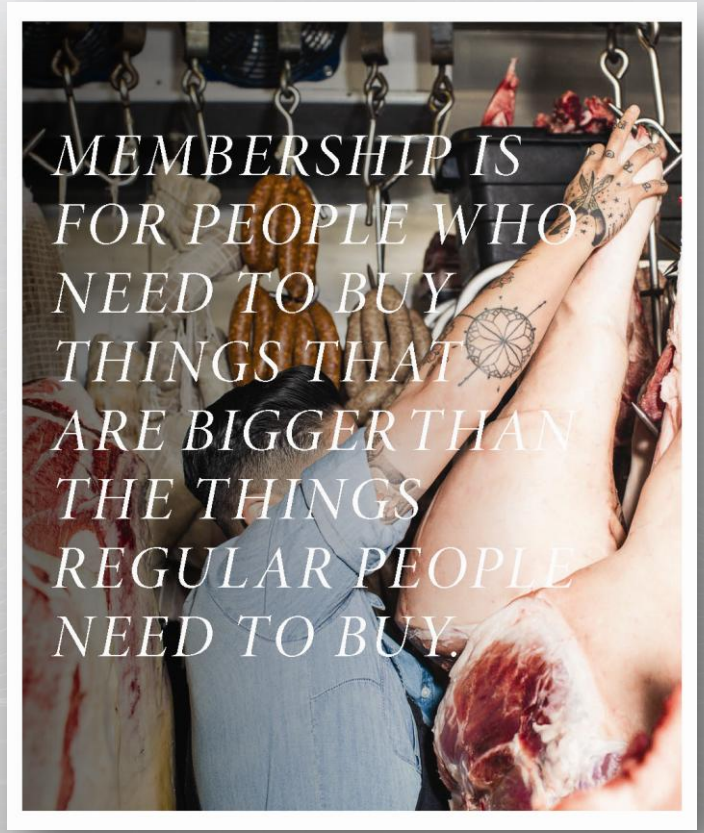
Attract: Digital Acquisition



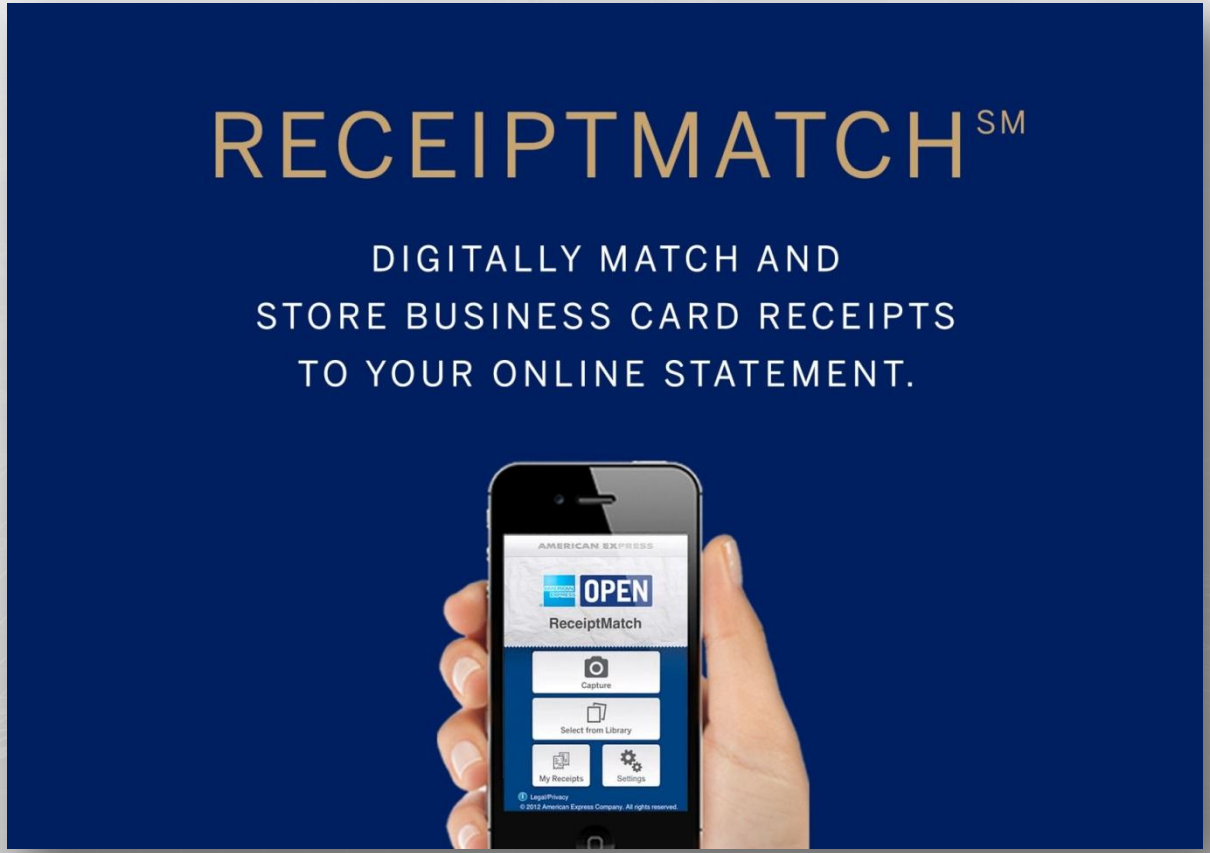
Engage: Purchasing Capacity



Engage: Purchasing Capacity



Engage: ReceiptMatch



Growth Strategy: Why OPEN?



Business growth programs

Business sized purchasing capacity

Rewards and savings

Best-in-class service

Financial Performance: OPEN Card Billed Business

Card Billed Business Growth

Indexed to 2010



Financial Performance: OPEN New First Year Spend

OPEN New First Year Spend[1]

Indexed to 2010



1. *First Year Spend reflects the first 12 months of spending for a new customer acquired. For customers acquired less than 12 months prior, internal estimates have been used for their expected spending over the 12 month period, i.e., a new customer acquired on 8/1/13 includes 5 months of actual spend and 7 months of internally forecasted spend.*

Financial Performance: OPEN Average Spend Per Small Business Card

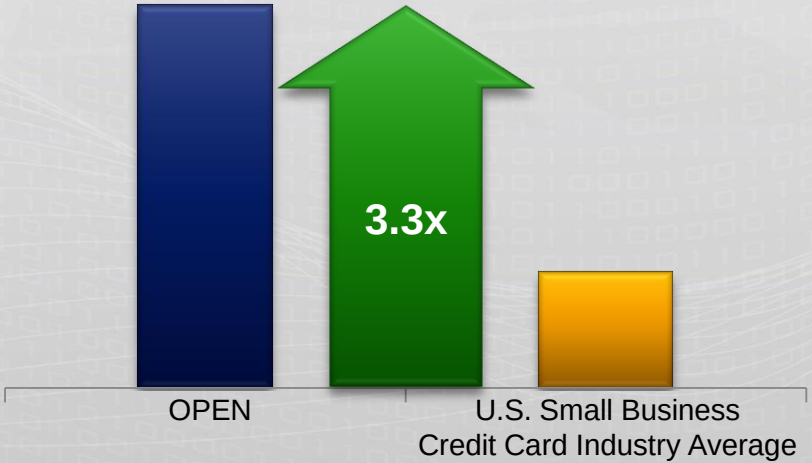
OPEN Card Spend[1]

Indexed to 2010



Average OPEN Card Spend vs. Industry[2]

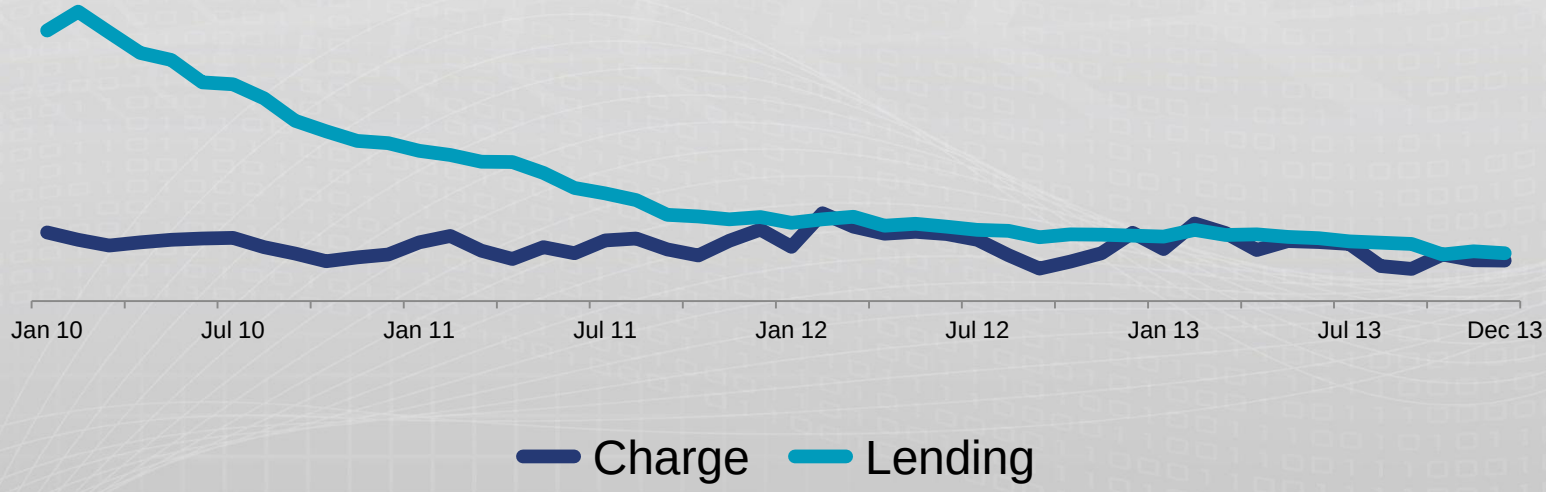
2012, Indexed to Industry Average



1. Calculated using billed business and a five point average of total basic cards in force for U.S. small business credit card and charge accounts.
2. "U.S. Small Business Credit Card Industry Average" calculated using Visa and MasterCard U.S. Issuers of Small Business Credit Cards listed by the July 2013 Nilson Report. Nilson data does not report Discover figures. The industry average is the sum of purchase volumes divided by the sum of total cards for all U.S. bank issuers who report both purchase volumes and total cards. Source: Nilson Report (July 2013). OPEN Average is calculated by dividing 2012 OPEN Billed Business by total ending cards in force for 2012.

Financial Performance: OPEN Write-Off Rates

OPEN Charge and Lending Write-Off Rates



1. Net Write-off Rates (Principal Only) for OPEN Charge and Lending Products.

Financial Performance: Summary

One of best examples of spend centric model

Outpacing AXP top-line metrics

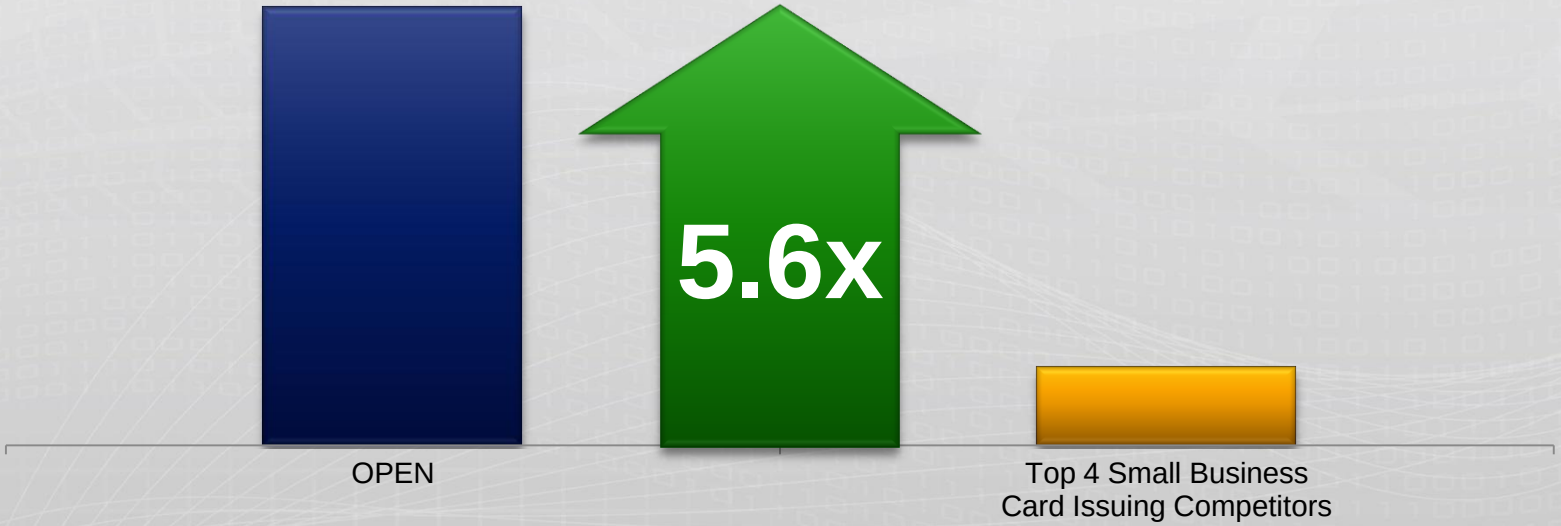
High return on equity



Performance: Net Promoter Score (NPS)

OPEN 2013 NPS Among Small Business Owners vs. Industry[1]

Indexed to Average of Top 4 Small Business Card Issuing Competitors



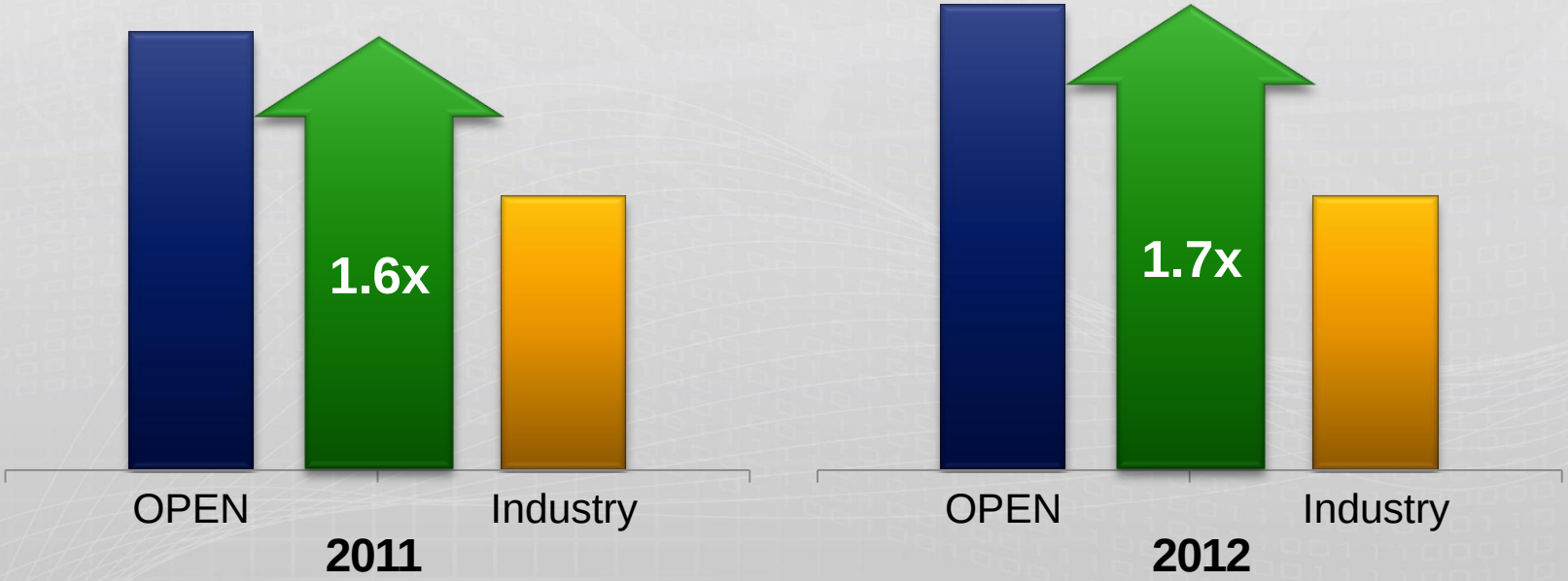
Note: NPS is the percentage of customer 'promoters' (i.e., customers who are likely to recommend the company to friends and colleagues) less its 'detractors' (i.e., customers who express low ratings when asked if they would recommend the company to friends and colleagues). Respondents were asked: "How likely would you be to recommend these brands (American Express, Visa, MasterCard, Discover, Bank of America, Capital One, Chase, and Citibank) to another business owner?"

1. Issuer Average based on NPS scores of Capital One, Chase, Bank of America, Citibank. Source: 2013 OPEN Brand Health Tracker (Q1'2013-Q4'2013). Conducted among small business owners with annual revenue $200k - $10mm.

Performance: U.S. Share Growth

OPEN Billed Business Growth vs. Industry Growth

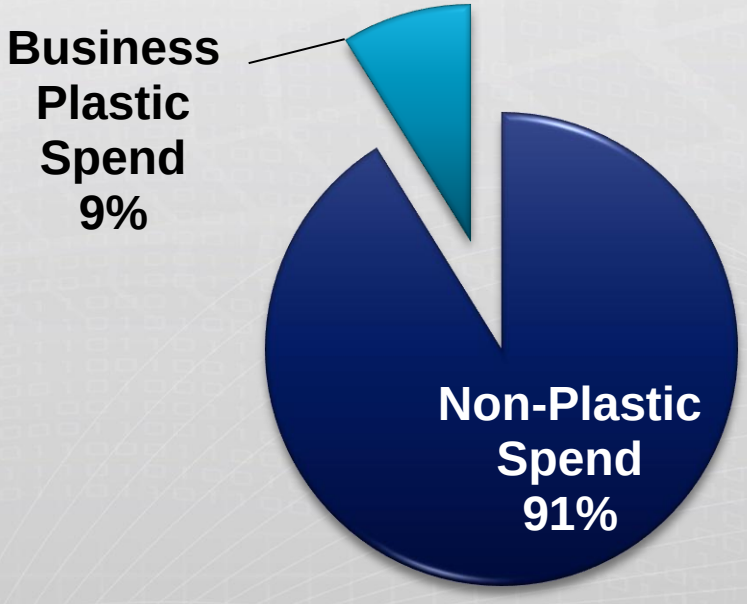
OPEN Growth Rate over Industry Growth Rate



1. Year over Year industry growth calculated by totaling the purchase volume of Visa and MasterCard Small Business Credit Card purchase volumes listed per Nilson Reports. Discover purchase volume is not included in the Nilson Reports. 2013 data for U.S. issuers is not yet available. Source: The Nilson Report (July 2011, July 2012, August 2013)

Untapped Opportunity: U.S. Small Business

$4.4T *Estimated Total Small Business Spend (ex. Payroll) in 2013*[1]



~$4T
Potential

Example Spend Categories

- **Raw Materials**
- **Advertising**
- **Telecommunications**
- **Shipping**
- **Computer Hardware & Software**

1. *"Estimated Total Small Business Spend (ex. Payroll)" for U.S. small businesses with less than $10MM in revenue based on "McKinsey Payments Map (January 2014)" from McKinsey. "Plastic Spend" includes General Purpose Credit, Charge and Debit Spend. The "McKinsey Payments Map" reports on the following payment methods for small businesses: Cash, General Purpose Credit, Charge, or Debit, Wire, ACH, and Check. "Non-Plastic Spend" includes all non-payroll small business expenditures not included in General Purpose Credit Card or Debit. Example spend categories of "Non-Plastic Spend" are based on the January 2014 "Small Business Directions" report by Edna Luther and Associates (Third party research firm). The 2013 survey asked 1,000 small business owners to categorize their business expenditures into categories of spend, with the following results: Products for resale (16.3%), Business travel (total) (11.6%), Office products (excludes computers and software) (11.0%), Computer hardware and software (9.6%), Materials used in manufacturing (9.3%), Insurance (8.6%), Telecommunications (8.4%), Advertising (6.8%), Shipping (5.8%), and All other expenses (12.6%) Source: McKinsey, Edna Luther and Associates.*

Untapped Opportunity: International Small Business

Established Markets

15MM+ Small Businesses[1]



Emerging Partner Markets



1. *Estimated number of small business (defined as companies with less than 250 employees) in France, Italy, Germany, Japan, and the UK. Australian small businesses defined as companies with less than 200 employees. Canadian small businesses defined as companies with less than 100 employees. Sources: Internal AXP data, OECD and Euromonitor (2011), Government of Canada, Small to Medium Enterprise Australia (Government of Australia) and Small to Medium Enterprise Agency of Japan.*

Financial Performance:
International Small Business Card Billed Business

International Small Business Card Billed Business Growth

Indexed to 2010, FX Adjusted[1]



1. *F/X adjusted assumes a constant exchange rate between the periods being compared for purposes of currency translation into U.S. dollars. On a reported basis, international card billed business 2010-2013 CAGR was 9%. International Small Business Card Billed Business is for proprietary markets only.*

Conclusions

Vital to global economy

Growth strategy

Strong track record of performance

Future opportunity




AMERICAN
EXPRESS



Small Merchant Coverage Strategy

Anré Williams

President
Global Merchant Services

GMS Strategy

Issuers

- U.S. Consumer
- Int'l Consumer
- Small Business
- Bank Partners
- Corporate Payments
- Serve/Prepaid

Global Merchant Services

Merchants

- Global
- National
- Regional
- Small Merchants

Merchant Landscape



Walmart
Save money. Live better.

THE HOME DEPOT

MODELL'S SPORTING GOODS
Gotta Go To Mo's.

red flower


DONT
WALK


FOLK STAR
TOYS • GIFTS

Small Merchants' Perceptions

- Many believe AXP is too expensive (i.e. Discount Rate too high)
- Many say accepting AXP is more cumbersome than Visa/MasterCard
  - Our statements are separate and look different
  - Our "Speed of Pay" is too slow
  - Our policies are different
- AXP Card Members carry and can pay with other products

AXP's Coverage Evolution



Actions We Are Taking Today

- New Acquiring Constructs
- Policy Changes
- Tools

U.S. Merchant Acquisition Channels: Overview

	Merchants Acquired	New Volume (Indexed)
Direct/Proprietary	X	100
Inbound	3X	54
Third Party Acquirers		
External Sales Agent	21X	97
OnePoint	73X	144

Note: Average annual data, 2012-2013.


Charge $261.97
Blue Oxford $125.00
Striped Wool Tie $72.00
Cap $45.00
Tax (8.25%)
Clear List
Other
Alter
Fit


intuit
GoPayment
Charge Successful
Total Charged: $ 79.50
Confirmation Number: 4525
Cardholder's signature
Clear X

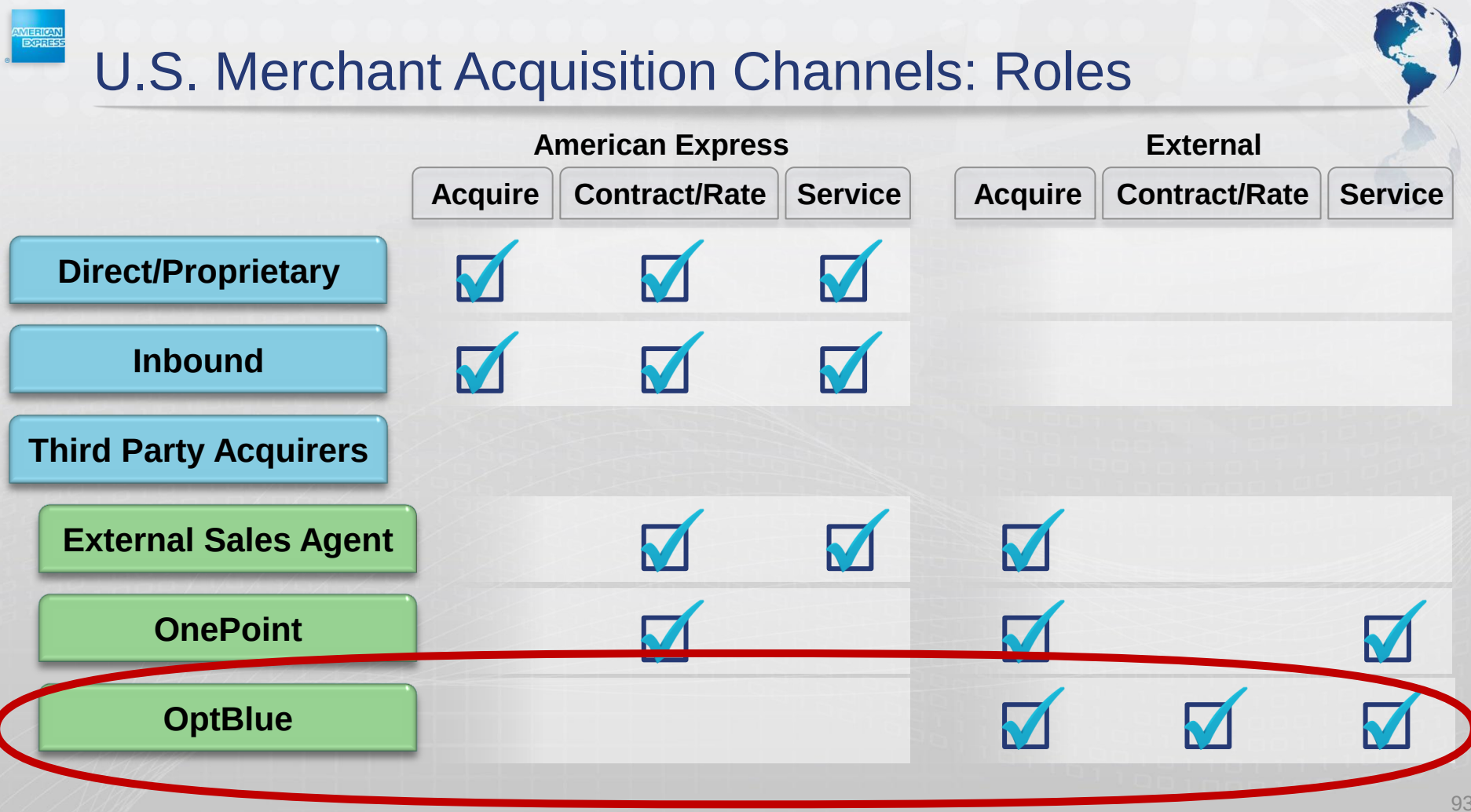

SWIPE CARD NOW
55.30

U.S. Merchant Acquisition Channels: Overview

	Merchants Acquired	New Volume (Indexed)
Direct/Proprietary	X	100
Inbound	3X	54
Third Party Acquirers		
External Sales Agent	21X	97
OnePoint	73X	144
Aggregators	105X	77

Note: Average annual data, 2012-2013.

U.S. Merchant Acquisition Channels: Roles



OptBlue Overview



- ☑ One Pricing Construct
- ☑ Single Statement
- ☑ One Settlement Process
- ☑ One Contact for Servicing

OptBlue Overview



OptBlue℠

vantiv®

WorldPay®

globalpayments

TRANSFIRST®

First In Secure Electronic Payments

Heartland PAYMENT SYSTEMS™

JetPay®



Japan

	Merchants Acquired	New Volume (Indexed)
Direct/Proprietary	X	100
Third Party Acquirers		
JCB	44X	141

Note: Average annual data, 2012-2013.



Brazil

	Merchants Acquired	New Volume (Indexed)
Direct/Proprietary	X	100
GNS Third Party Acquirers		
Bradesco/Cielo	11X	206

Note: Average annual data: Direct/Proprietary (2005-2006); Bradesco/Cielo (2012-2013).



United Kingdom

	Merchants Acquired	New Volume (Indexed)
Direct/Proprietary	X	100
Third Party Acquirers	4X	25

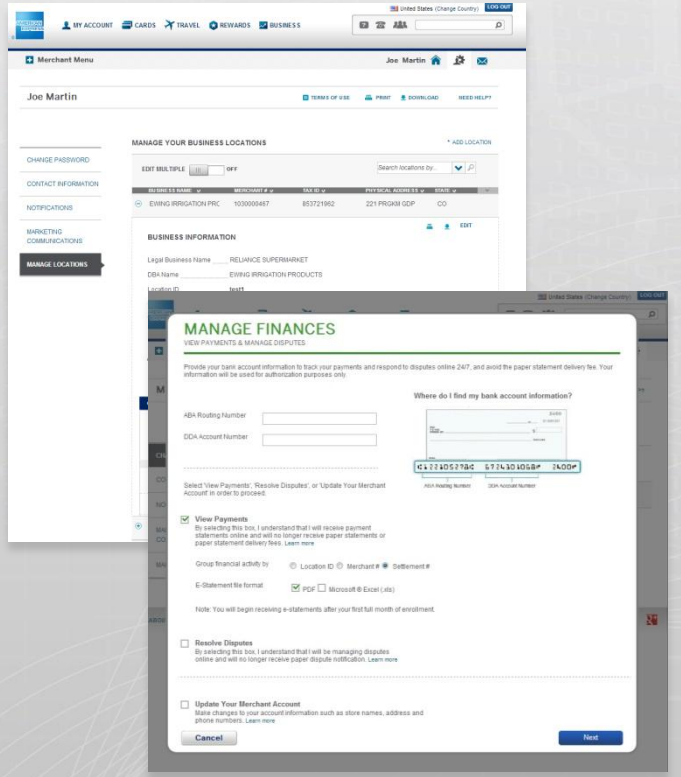
Note: Average annual data, 2012-2013.

Small Merchant Policy Changes

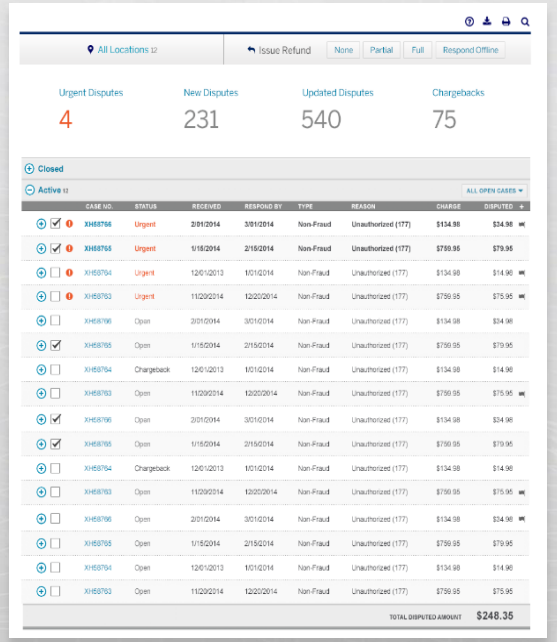
- Eliminating Statement Fees
- New Chargeback Policy (U.S. Only)
- Faster “Speed of Pay”

Small Merchant Tools

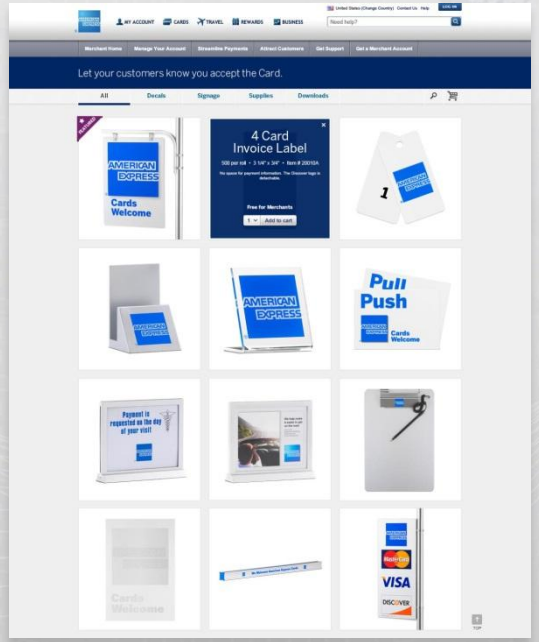
Update Account Information



Manage Chargebacks



Order AXP Signage



Small Merchant Coverage Strategy

- New Acquiring Constructs
- Policy Changes
- Tools


AMERICAN
EXPRESS
®

Annex 1

Adjusted Diluted EPS *($ in millions except per share amounts)*	**Q4'12**	**Q4'13**	**2012**	**2013**
GAAP Net Income	$ 637	$ 1,308	$ 4,482	$ 5,359
Adjustments for Q4'12 Charges (After-Tax)				
*Restructuring Charges**	$ 287		$ 287	
*Membership Rewards Estimation Process Enhancement Expense**	$ 212		$ 212	
*Card Member Reimbursements**	$ 95		$ 95	
Adjusted Net Income	$ 1,231	$ 1,308	$ 5,076	$ 5,359
GAAP Common Shares Outstanding - Diluted (millions)	1,116	1,073	1,141	1,089
GAAP Diluted earnings per share attributable to common shareholders	$ 0.56	$ 1.21	$ 3.89	$ 4.88
Adjustment to Diluted earnings per share	$ 0.53		$ 0.51	
Adjusted Diluted earnings per share	$ 1.09	$ 1.21	$ 4.40	$ 4.88
GAAP Diluted earnings per share year-over-year growth		116%		25%
Adjusted Diluted earnings per share year-over-year growth		11%		11%

**To the extent comparable categories of items were recognized in periods other than Q4'12, they have not been excluded.*

Annex 2

Adjusted Total Operating Expense* and Card Member Rewards Expense *($ in millions)*	**2012**	**2013**
GAAP Total Operating Expenses	$ 13,170	$ 12,709
Adjustments for Q4'12 Charges (Before-Tax)		
*Restructuring Charges***	$ 400	
*Card Member Reimbursements***	$ 33	
Adjusted Total Operating Expenses	$ 12,737	$ 12,709
YoY % Increase/(Decrease) in GAAP Total Operating Expenses		(4%)
YoY % Increase/(Decrease) in Adjusted Total Operating Expenses		(0%)
GAAP Total Operating Expense Contribution to GAAP EPS Growth		1600bps
Adjusted Total Operating Expense Contribution to Adjusted EPS Growth		800bps
GAAP Card Member Rewards Expense	$ 6,282	$ 6,457
Adjustments for Q4'12 Charges (Before-Tax)		
*Membership Rewards Estimation Process Enhancement Expense***	$ 342	
*Card Member Reimbursements***	$ 27	
Adjusted Card Member Rewards Expense	$ 5,913	$ 6,457
YoY % Increase/(Decrease) in GAAP Card Member Rewards Expense		3%
YoY % Increase/(Decrease) in Adjusted Card Member Rewards Expense		9%
YoY % Increase/(Decrease) in GAAP Marketing and Promotion Expense		5%
GAAP M&P/Card Member Rewards Contribution to GAAP EPS Growth		200bps
GAAP M&P/Adjusted Card Member Rewards Contribution to Adjusted EPS Growth		(400bps)

**See Slide 5 for a definition of Total Operating Expenses. **To the extent comparable categories of items were recognized in periods other than Q4'12, they have not been excluded.*

Annex 3

Region Billed Business - Reported & FX Adjusted*

% increase/(decrease) vs. prior year:

	Q4'11	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13	2013
EMEA										
Reported	4%	4%	(4%)	(4%)	5%	2%	7%	10%	9%	
FX Adjusted	4%	6%	4%	3%	5%	4%	6%	8%	6%	
JAPA										
Reported	18%	22%	10%	8%	11%	6%	8%	4%	6%	
FX Adjusted	17%	18%	14%	9%	10%	9%	13%	14%	15%	
LACC										
Reported	8%	11%	3%	5%	11%	6%	8%	7%	5%	
FX Adjusted	13%	14%	12%	11%	11%	9%	10%	12%	11%	
Worldwide										
Reported	11%	12%	7%	6%	8%	6%	7%	7%	8%	7%
FX Adjusted	11%	13%	9%	8%	7%	7%	8%	9%	9%	8%
International										
Reported										6%
FX Adjusted										10%

**See slide 4 for an explanation of FX-adjusted information.*

Annex 4

Billed Business - Reported & FX Adjusted*

% increase/(decrease) vs. prior year:

	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10	Q3'10	Q4'10	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13	Q3'13	Q4'13
Total																			
Reported	(16%)	(11%)	8%	16%	16%	14%	15%	17%	18%	16%	11%	12%	7%	6%	8%	6%	7%	7%	8%
FX Adjusted	(13%)	(9%)	4%	12%	15%	14%	14%	15%	15%	13%	11%	13%	9%	8%	7%	7%	8%	9%	9%

Consumer	**2013**
Reported	6%
FX Adjusted	7%

Corporate	
Reported	5%
FX Adjusted	6%

Small Business	
Reported	10%
FX Adjusted	10%

GNS	
Reported	12%
FX Adjusted	16%

**See slide 4 for an explanation of FX-adjusted information.*

Annex 5

Owned/Managed Credit Data

	Q4'08	Q1'09	Q2'09	Q3'09	Q4'09
USCS Net Write-Off Rate					
Cardmember Lending GAAP Basis	7.0%	8.5%	10.3%	9.8%	8.0%
Cardmember Lending Managed Basis	6.7%	8.5%	10.0%	8.9%	7.5%

**Note: For periods ended on or prior to December 31, 2009, information presented is based on the Company's historical non-GAAP, or "managed" basis presentation. Unlike the GAAP basis presentation, the information presented on a managed basis in such periods includes both the securitized and non-securitized Card Member loans. The adoption of new accounting standards on January 1, 2010 resulted in accounting for both the Company's securitized and non-securitized Card Member loans in the consolidated financial statements. As a result, the Company's 2010 GAAP presentations and managed basis presentations prior to 2010 are generally comparable. Refer to page 19 in the Company's fourth quarter 2010 earnings financial tables for a discussion of managed basis information.*

Annex 6

Adjusted Total Operating Expenses
($ in millions)

	2009	2010	2011	2012	2013
GAAP Total Operating Expenses	**$9,619**	**$10,673**	**$11,964**	**$13,170**	**$12,709**
Visa/MasterCard Settlement Payments	880	880	580		
Net Investment in a Foreign Subsidiary	180				
Q4'12 Charges:					
Restructuring Charges*				(400)	
Adjusted Total Operating Expenses	**$10,679**	**$11,553**	**$12,544**	**$12,770**	**$12,709**
YoY % Increase/(Decrease) in GAAP Total Operating Expenses		*11%*	*12%*	*10%*	*(4%)*
YoY % Increase/(Decrease) in Adjusted Total Operating Expenses		*8%*	*9%*	*2%*	*0%*

**To the extent comparable categories of items were recognized in periods other than Q4'12, they have not been excluded.*

Annex 7

Tier 1 Common Equity Reconciliation

($ in Millions)

	2010	2011	2012	2013
Total Shareholders' Equity	*$16,230*	*$18,794*	*$18,886*	*$19,496*
Effect of certain items in accumulated other comprehensive loss excluded from Tier 1 common equity	415	194	173	336
Less:				
Ineligible goodwill and intangible assets	(3,332)	(4,051)	(3,921)	(3,474)
Ineligible deferred tax assets	(217)	(58)	(228)	(192)
Tier 1 Common Equity	***$13,096***	***$14,879***	***$14,910***	***$16,166***

Forward-Looking Statements

This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to risks and uncertainties. The forward-looking statements, which address the Company's expected business and financial performance, among other matters, contain words such as "believe," "expect," "estimate," "anticipate," "optimistic," "intend," "plan," "aim," "will," "may," "should," "could," "would," "likely," and similar expressions. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. The Company undertakes no obligation to update or revise any forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements, include, but are not limited to, the following:

–the ability to hold annual operating expense growth to less than 3 percent during 2014, which will depend in part on unanticipated increases in significant categories of operating expenses, such as consulting or professional fees, compliance or regulatory-related costs and technology costs, the payment of monetary damages and penalties, disgorgement and restitution, the Company's decision to increase or decrease discretionary operating expenses depending on overall business performance, the Company's ability to achieve the expected benefits of the Company's reengineering plans, the Company's ability to balance expense control and investments in the business, the impact of changes in foreign currency exchange rates on costs and results, the impact of accounting changes and reclassifications, and the level of acquisition activity and related expenses;

–the actual amount to be spent by the Company on investments in the business, including on marketing, promotion, rewards and Card Member services and certain operating expenses and in such areas as affluent consumers, small businesses, business-to-business payments, merchant coverage, international growth, prepaid and online/mobile commerce, as well as the actual amount of any potential gain arising from the proposed Global Business Travel joint venture transaction the Company decides to invest in growth initiatives, which will be based in part on management's assessment of competitive opportunities and the Company's performance, and the ability to control operating, infrastructure, advertising, promotion and rewards expenses as business expands or changes, including the changing behavior of Card Members;

–the ability of the Company to meet its on-average and over-time growth targets for revenues net of interest expense, earnings per share and return on average equity, which will depend on factors such as the Company's success in implementing its strategies and business initiatives including growing the Company's share of overall spending, increasing merchant coverage, enhancing its pre-paid offerings, expanding the Global Network Services 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, currency and interest rate fluctuations, and changes in general economic conditions, such as GDP growth, consumer confidence, unemployment and the housing market;

Forward-Looking Statements

–the ability of the Company to meet its on-average and over-time objective to return 50 percent of capital generated to shareholders through dividends and share repurchases, which will depend on factors such as approval of the Company's capital plans by its regulators, the amount the Company spends on acquisitions, the Company's results of operations and capital needs in any given period, and the amount of shares issued by the Company to employees upon the exercise of options;

–the possibility that the actual amount that the Company's new Card Members spend during their first full year as Card Members will be lower than estimated, which will depend in part on factors such as changes in the economic and business environment, the effectiveness of the Company's marketing and loyalty programs, and the willingness and ability of Card Members to sustain their spending at current levels;

–uncertainties associated with creation of a joint venture for the Company's Global Business Travel division, including events impacting the likelihood and timing of the creation of the joint venture, execution of transaction documentation and completion of the transaction, such as continued negotiations, ongoing diligence, board and regulatory approvals and consultation requirements; the ability of the potential investors to fund their investment in the joint venture; uncertainty relating to the timing and magnitude of the recognition of a gain by American Express as a result of the transaction, such as the amount of the funds ultimately raised by the joint venture and when assets are transferred to the joint venture; the underlying assumptions related to the transaction proving to be inaccurate or unrealized, such as the ability of the transaction to accelerate the transformation and growth of the corporate travel business and the ability to realize strategic linkages between the business operations of the joint venture and American Express following the transaction, including the acceleration of growth in the corporate payments business; and the joint venture's ability to successfully create additional investment capacity and enhance the suite of products and services available upon consummation of the transaction;

–uncertainty relating to the outcomes and costs associated with the two putative 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;

–the impact of final laws and regulations, if any, arising from the European Commission's legislative proposals covering a range of issues affecting the payments industry, which will depend on various factors, including, but not limited to, the issues presented and decisions made in the European legislative and regulatory processes addressing the proposed regulation of interchange fees and other practices related to card-based payment transactions, the amount of time these processes take to reach completion, and the actual pricing and other requirements ultimately adopted in the final laws and regulations in the European Union and its member states;

–the Company's ability to execute against its premium lending strategy, which may be affected by increasing competition, brand perceptions and reputation, and the behavior of the Company's Card Members and their actual spending patterns, which in turn may be driven by the Company's ability to issue new and enhanced card products, offer attractive services and rewards programs, attract new Card Members, reduce Card Member attrition and capture a greater share of existing Card Members' spending and borrowing;

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–changes in the Company's ability to attract or retain small business Card Members, including any changes that may result from increasing competition, brand perceptions and reputation, and ineffective or diminished investments by the Company, including on marketing and promotion expenses and attractive services and rewards programs;

–the ability of the Company to grow its Global Network Services business, which will depend in part on the competitive environment, the ability of the Company to offer value propositions that potential partners and customers will find attractive, the extent to which the Company identifies potential partnerships that further enhance the Company's brand and the Company's ability to consummate partnership opportunities because of business, regulatory or legal complexities;

–the ability of the Company to execute its strategy with respect to Loyalty Partner including expanding to one or two countries a year over the moderate term and leveraging the Serve platform for Loyalty Partner's Payback program, which will depend in part on the willingness of collectors to consider using Serve as part of or along with the Payback program and the Company's success in obtaining necessary licenses and regulatory approvals to operate in new countries, improving the value to merchants and collectors and innovating new features that are attractive to merchants and collectors;

–the ability of the Company to continue to enhance and expand its prepaid card offerings, including Serve and Bluebird, including driving higher levels of retention, load and spending, which will depend in part on the amount the Company invests in such offerings, the ability of the Company to innovate and introduce new features, competition with other providers of consumer products and the degree of interest of customers, distributors and retailers in the value proposition offered by such features and products;

–the ability of the Company to expand Serve internationally, which will depend in part on competition with other providers of consumer products for placement and promotion of products in stores and online, the Company's success in finding partners outside the U.S. to embed the Serve platform in their businesses to provide enhanced payment functionality to their customers, the Company's ability to tailor products and services to make them attractive to local customers, the ability to obtain necessary licenses and regulatory approvals, and the attractiveness of the economic terms offered to the Company by such partners;

–the possibility that the Company will not fully execute on its plans for Serve with its current and future partners, including Lianlian, which will depend in part on the ability of the Company and such partners to effectively integrate the Serve platform with partners' systems and the ability of the Company and such partners to offer value propositions involving Serve that customers will find attractive in terms of functionality and pricing;

–the ability of the Company to maintain and expand its presence in the digital payments space, including online and mobile channels, which will depend on the Company's success in evolving its business models and processes for the digital environment, building partnerships and executing programs with companies, and utilizing digital capabilities that can be leveraged for future growth;

Forward-Looking Statements

–the Company's ability to continue to grow its fee businesses and generate good margins and economics, which will depend on, among other things, the Company's success in identifying and exploiting new opportunities, the ability of the Company to offer attractive value propositions to potential customers, regulatory and market pressures, brand perceptions and reputation, and ineffective or diminished investments by the Company;

–the possibility that the Company will not fully execute on its plans for OptBlue, including increasing small merchant acquisition and offsetting decreases in the average discount rate with higher spend volume, which will depend in part on launching OptBlue in a timely manner, the Company's ability to partner with additional merchant acquirers and the success of OptBlue merchant acquirers in signing merchants to accept American Express, which could be impacted by the pricing set by the merchant acquirers and the value proposition offered to small merchants;

–the ability of the Company to implement policy changes and launch new tools for small merchants, which will depend in part on the ongoing investment in the Company's merchant services and expanding merchant coverage, the ability of the Company to update its systems and platforms to support the policy changes and tools, the degree of interest of small merchants in the value proposition offered by the Company and the Company's ability to tailor policy changes and tools to make them attractive to small merchants; and

–factors beyond the Company's control such as changes in global economic and business conditions, including consumer and business spending, the availability and cost of capital, unemployment and political conditions, fire, power loss, disruptions in telecommunications, severe weather conditions, natural disasters, terrorism, cyber attacks or fraud, which could significantly affect spending on American Express cards, delinquency rates, loan balances and travel-related spending or disrupt the Company's global network systems and ability to process transactions.

A further description of these uncertainties and other risks can be found in the Company's Annual Report on Form 10-K for the year ended December 31, 2012, the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30 and September 30, 2013 and the Company's other reports filed with the Securities and Exchange Commission.