American Express Company: Bernstein Strategic Conference

May 31, 2018

Agenda

- **Our differentiated business model**
- **Four priorities to drive growth**
- **Q&A**

Our Differentiated Business Model

Diverse Customer Base

Global Footprint

End-to-End, Integrated Payments Platform



Revenue Mix

Operating Leverage

World Class Brand & Service

Strategic Partnerships



Our Differentiated Business Model

Diverse Customer Base

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End-to-End, Integrated Payments Platform



Revenue Mix

Operating Leverage

World Class Brand & Service

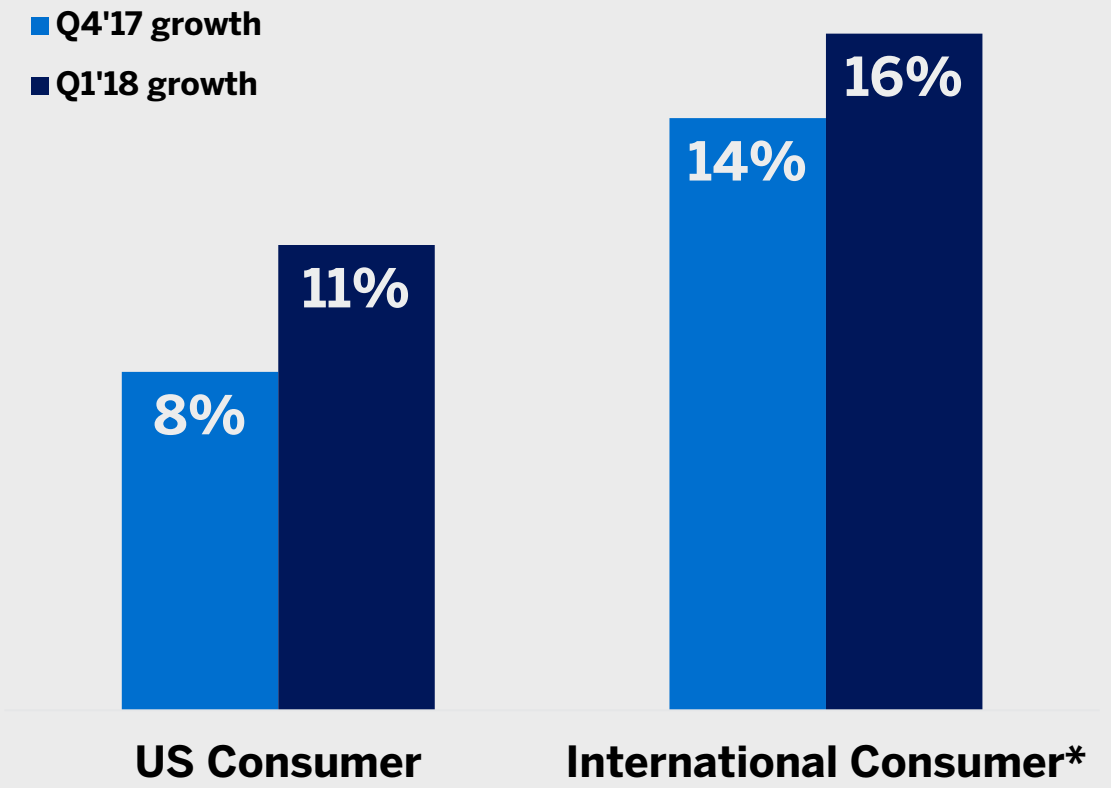
Strategic Imperatives

1. **Expand leadership in the premium consumer space**
2. **Build on our strong position in commercial payments**
3. **Strengthen our global, integrated network to provide unique value**
4. **Make American Express an essential part of our customers' digital lives**

1 Strengthen our leadership in the premium consumer segment

Recent Billings Growth

% Increase vs. Prior year (FX-adjusted):



Strategic Focus Areas

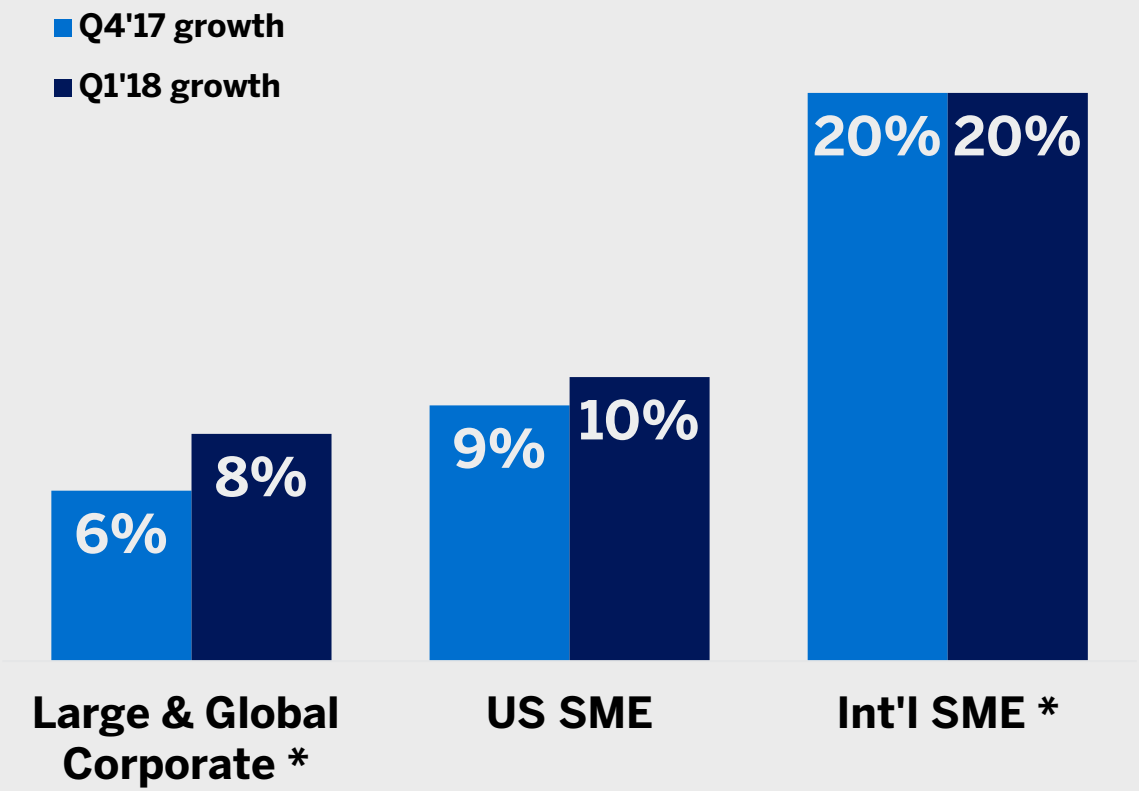
- **Experience-led offerings**
- **Membership that meets needs of discerning global consumers**
- **Experiences for all generations**
- **Digitizing the Card Member experience**

Note: FX-adjusted information assumes a constant exchange rate between the periods being compared for purposes of currency translation into U.S. dollars (i.e., assumes Q1'18 foreign exchange rates apply to Q1'17 results) See Annex 1 for reported billings growth rates.*

2 Extend our leadership position in the commercial payments segment

Recent Billings Growth

% Increase vs. Prior year (FX-adjusted):



Strategic Focus Areas

- **Expand T&E leadership and become the leader in B2B payments for Global & Large Clients**
- **Become the leading payments and working capital provider for small business and middle market enterprises (SMEs) globally**

Note: SME refers to small and mid-sized businesses with less than $300MM in annual revenues. FX-adjusted information assumes a constant exchange rate between the periods being compared for purposes of currency translation into U.S. dollars (i.e., assumes Q1'18 foreign exchange rates apply to Q1'17 results) See Annex 1 for reported billings growth rates.*

3 Strengthen our global network to provide unique value

Strong starting point



Over 1.5M

places in the U.S. started accepting American Express® Cards in 2017



120

Issuing & Acquiring Partners with 48M cards issued

Strategic Focus Areas

- **Expanded merchant coverage to support customers globally**
- **Leverage bank partnerships to increase our global footprint**
- **Flexible and agile network with unique benefits**

4 Make American Express an essential part of our customers' digital lives

Highlights

71% of Consumer Billed Business Acquired from Digital Channels*

44% of Consumer Accounts Self-Service via Digital Channel in Q4'17**

Mobile-first Innovation

PAY IT PLAN IT

Acquisitions & Partnerships

CAKE Get together. mezi

Strategic Focus Areas

- **Mobile experience as a hub for membership**
- **App as travel and lifestyle destination**
- **Digital partnerships**
- **Essential in daily life**

** Billed Business Acquired from Digital Channels is new spend that was acquired through a digital channel such as mobile, tablet, web vs. phone or direct mail.*
*** Self-service is defined as accounts that have logged in to solve a servicing need within that month and have not called in or chatted with a customer care professional within the same month, divided by all accounts.*

We are well positioned to win.

1. **Our differentiated business model positions us to win**

2. **There is still a long runway for growth in the payments industry**

3. **We will build on existing strengths by focusing investments on four priorities to drive growth**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Appendix

Annex 1

*Billed Business – Reported & FX-Adjusted**

% Increase/(decrease) vs. prior year

	Q4'18	Q1'18
Int'l Consumer		
Reported	20%	25%
FX-Adjusted	14%	16%
Large & Global Corporate		
Reported	9%	11%
FX-Adjusted	6%	8%
Int'l SME		
Reported	25%	28%
FX-Adjusted	20%	20%

*Note: SME refers to small and mid-sized businesses with less than $300MM in annual revenues. *See Slide 7 for an explanation of FX-adjusted information.*

Annex 2

Adjusted Total Operating Expense Indexed to 2010

($ in billions)

	2010	2011	2012	2013	2014	2015	2016	2017
GAAP Total Operating Expenses	**$10.7**	**$12.0**	**$13.4**	**$13.0**	**$12.2**	**$11.8**	**$10.2**	**$10.9**
Operating Expenses Reclassifications	0.2	0.3						
Visa/MasterCard Settlement Payments	0.9	0.6						
GBT Operating Expenses*	(1.5)	(1.6)	(1.7)	(1.4)	(0.7)			
Q2'14 GBT Transaction Gain					0.6			
Q2'14 GBT Transaction-related Costs					(0.1)			
AXP Foundation Contribution**					(0.0)			
Gain on Sale of Costco Portfolio							1.1	
Restructuring Charges**			(0.4)		(0.4)		(0.4)	
Prepaid Business Services Impairment Charge						(0.4)		
US Loyalty Coalition and US Prepaid Business charges								(0.2)
CRA Tax Impairment/Profit Sharing**								(0.1)
Adjusted Total Operating Expenses	$10.3	$11.3	$11.4	$11.6	$11.6	$11.3	$10.9	$10.6
YoY% Inc/(Dec) in Total Operating Expenses	11%	12%	12%	(3%)	(6%)	(3%)	(13%)	7%
YoY% Inc/(Dec) in Adjusted OpEx	12%	9%	1%	2%	0%	(3%)	(4%)	(3%)
Adjusted OpEx Growth Indexed to 2010	**0%**	**~9%**	**~10%**	**~12%**	**~12%**	**~10%**	**~6%**	**~3%**

Represents operating performance of Global Business Travel as reported in 2010-2013 and H1'14. Does not include other Global Business Travel-related items in the periods indicated above, including impacts related to a transition services agreement that will phase out over time. To the extent comparable categories of charges were recognized in periods other than the periods indicated above, they have not been excluded.*

Annex 3

Discount Revenue Adjusted for FX and Costco

($ in billions)

	Q4'16	Q4'17	Q1'17	Q1'18
Discount Revenue	$5.6	$6.1	$5.4	$5.9
FX-Adjusted Discount Revenue**	$5.7		$5.4	
YoY% Inc/(Dec) in Discount Revenue		7%		9%
YoY% Inc/(Dec) in FX- Adjusted Discount Revenue**		6%		8%

** See Slide 7 for an explanation of FX-adjusted information.

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, contain words such as "believe," "expect," "estimate," "anticipate," "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 Company's ability to grow in the future, which will depend in part on the following: revenues growing consistently with current expectations, which could be impacted by, among other things, the factors identified in the subsequent bullet; credit performance remaining consistent with current expectations; the impact of any future contingencies, including, but not limited to, litigation-related settlements, judgments or expenses, the imposition of fines or civil money penalties, an increase in Card Member reimbursements, restructurings, impairments and changes in reserves; the ability to control operating expense growth; the amount the Company spends on customer engagement and the Company's ability to drive growth from such investments; changes in interest rates beyond current expectations (including the impact of hedge ineffectiveness and deposit rate increases); a greater impact from certain cobrand agreements than expected, which could be affected by volumes and Card Member engagement; the impact of regulation and litigation, which could affect the profitability of the Company's business activities, limit the Company's ability to pursue business opportunities, require changes to business practices or alter the Company's relationships with partners, merchants and Card Members; the Company's tax rate remaining in line with current expectations, which could be impacted by, among other things, changes to the fourth quarter 2017 provisional tax charge due to changes in interpretations and assumptions the Company has made as well as actions the Company may take as a result of the Tax Cuts and Jobs Act, the Company's geographic mix of income, further changes in tax laws and regulation, unfavorable tax audits and other unanticipated tax items; and the impact of accounting changes and reclassifications;
- the ability of the Company to grow revenues net of interest expense, which could be impacted by, among other things, weakening economic conditions in the United States or internationally, a decline in consumer confidence impacting the willingness and ability of Card Members to sustain and grow spending, continued growth of Card Member loans, a greater erosion of the average discount rate than expected, the strengthening of the U.S. dollar, more cautious spending by large and global corporate Card Members, the willingness of Card Members to pay higher card fees, lower spending on new cards acquired than estimated; and the Company's ability to address competitive pressures and implement its strategies and business initiatives, including within the premium consumer segment, commercial payments, the global network and digital environment;
- changes in the substantial and increasing worldwide competition in the payments industry, including competitive pressure that may impact the prices charged to merchants that accept American Express cards, competition for cobrand relationships, competition from new and non-traditional competitors and the success of marketing, promotion or rewards programs;
- the erosion of the average discount rate by a greater amount than anticipated, including as a result of changes in the mix of spending by location and industry, merchant negotiations (including merchant incentives, concessions and volume-related pricing discounts), competition, pricing regulation (including regulation of competitors' interchange rates in the European Union and elsewhere), a greater shift of existing merchants into the OptBlue program and other factors;

Forward Looking Statements

- the Company's delinquency and write-off rates and growth of provisions for losses being higher or lower than current expectations, which will depend in part on changes in the level of loan and receivable balances and delinquencies, mix of balances, loans and receivables related to new Card Members and other borrowers performing as expected, credit performance of new and enhanced lending products, unemployment rates, the volume of bankruptcies, collections capabilities and recoveries of previously written-off loans and receivables;
- the Company's ability to continue to grow loans and receivables, which may be affected by increasing competition, brand perceptions and reputation, the Company's ability to manage risk, and the behavior of Card Members their actual spending and borrowing patterns, and the Company's ability to issue new and enhanced card products, offer attractive non-card lending products, capture a greater share of existing Card Members' spending and borrowings, reduce Card Member attrition and attract new customers;
- the Company's net interest yield on Card Member loans not remaining consistent with current levels, which will be influenced by, among other things, interest rates, changes in consumer behavior that affect loan balances, such as paydown rates, the Company's Card Member acquisition strategy, product mix, cost of funds, credit actions, including line size and other adjustments to credit availability, potential pricing changes and deposit rates, which could be impacted by, among other things, changes in benchmark interest rates, competitive pressure and regulatory constraints;
- the Company's rewards expense and cost of Card Member services growing inconsistently from expectations, which will depend in part on Card Member behavior as it relates to their spending patterns, including the level of spend in bonus categories, and the redemption of rewards and offers, as well as the degree of interest of Card Members in the value proposition offered by the Company; increasing competition, which could result in greater rewards offerings; the Company's ability to enhance card products and services to make them attractive to Card Members; and the amount the Company spends on the promotion of enhanced services and rewards categories and the success of such promotion;
- the actual amount to be spent on marketing and business development, including on customer-facing growth initiatives and differentiated benefits, which will be based in part on management's assessment of competitive opportunities; overall business performance and changes in macroeconomic conditions; the actual amount of advertising and Card Member acquisition costs; the Company's ability to continue to shift Card Member acquisition to digital channels; contractual obligations with business partners and other fixed costs and prior commitments; management's ability to identify attractive investment opportunities and make such investments, which could be impacted by business, regulatory or legal complexities; and the Company's ability to realize efficiencies, optimize investment spending and control expenses to fund such spending;
- the ability of the Company to control operating expense growth, which could be impacted by the need to increase significant categories of operating expenses, such as consulting or professional fees, including as a result of increased litigation, compliance or regulatory-related costs or fraud costs; continuing to implement and achieve benefits from reengineering plans, which could be impacted by factors such as an inability to mitigate the operational and other risks posed by potential staff reductions and underestimating hiring and other employee needs; higher than expected employee levels; an inability to innovate efficient channels of customer interactions, such as chat supported by artificial intelligence, or customer acquisition; the impact of changes in foreign currency exchange rates on costs; the payment of civil money penalties, disgorgement, restitution, non-income tax assessments and litigation-related settlements; impairments of goodwill or other assets; management's decision to increase or decrease spending in such areas as technology, business and product development and sales forces; greater-than-expected inflation; the impact of accounting changes and reclassifications; and the level of M&A activity and related expenses;

Forward Looking Statements

- changes affecting the Company's plans regarding the return of capital to shareholders through dividends and share repurchases, which will depend on factors such as the pace at which the Company is able to rebuild its capital levels and ratios, including from earnings and a lower effective tax rate; changes in the stress testing and capital planning process and the approval of the Company's capital plans by its primary regulators in 2018; the amount the Company spends on acquisitions of companies; and the Company's results of operations and economic environment in any given period;
- the Company's ability to strengthen its leadership in the premium segment, which will be impacted in part by competition, brand perceptions (including perceptions related to merchant coverage) and reputation and the ability of the Company to develop and market value propositions that appeal to Card Members and new customers and offer attractive services and rewards programs, which will depend in part on ongoing investments, new product innovation and development, Card Member acquisition efforts and enrollment processes, including through digital channels, and infrastructure to support new products, services and benefits;
- the ability of the Company to extend its leadership in commercial payments, which will depend in part on competition, the willingness and ability of companies to use credit and charge cards for procurement and other business expenditures as well as use other payment products for financing needs, perceived or actual difficulties and costs related to setting up card-based B2B payment platforms, the ability of the Company to offer attractive value propositions to potential customers, the Company's ability to enhance and expand its payment and lending solutions and the Company's ability to grow internationally, including through digital acquisitions and customer engagement capabilities;
- the ability of the Company to innovate and strengthen its global network, which will depend in part on the ability of the Company to update its systems and platforms, the amount the Company invests in the network and its ability to make funds available for such investments, and technological developments, including capabilities that allow greater digital connections;
- the ability of the Company to play a more essential role in the digital lives of its customers, which will depend on the Company's success in evolving its products and processes for the digital environment, offering attractive value propositions to Card Members to incentivize the use of and enhance satisfaction with the Company's digital channels and the Company's products as a means of payment through online and mobile channels, building partnerships and executing programs with other companies, developing digital capabilities and artificial intelligence to address travel and lifestyle needs and successfully integrating platforms we may acquire;
- the possibility that the Company will not execute on its plans to expand the merchant base, which will depend in part on the success of the Company, OptBlue merchant acquirers and GNS partners in signing merchants to accept American Express, which could be impacted by the value propositions offered to merchants, OptBlue merchant acquirers and GNS partners, as well as the awareness and willingness of Card Members to use American Express cards at small merchants and of those merchants to accept American Express cards;
- uncertainty relating to the ultimate outcome of the antitrust lawsuit filed against the Company by the U.S. Department of Justice and certain state attorneys general, including the review of the case by the U.S. Supreme Court and the impact on existing private merchant cases and potentially additional litigation and/or arbitrations;
- a failure in or breach of the Company's operational or security systems, processes or infrastructure, or those of third parties, including as a result of cyber attacks, which could compromise the confidentiality, integrity, privacy and/or security of data, disrupt its operations, reduce the use and acceptance of American Express cards and lead to regulatory scrutiny, litigation, remediation and response costs, and reputational harm;

Forward Looking Statements

- legal and regulatory developments, which could require the Company to make fundamental changes to many of its business practices, including our ability to continue certain GNS and other partnerships; exert further pressure on the average discount rate and GNS volumes; result in increased costs related to regulatory oversight, litigation-related settlements, judgments or expenses, restitution to Card Members or the imposition of fines or civil money penalties; materially affect capital or liquidity requirements, results of operations, or ability to pay dividends or repurchase of stock; or result in harm to the American Express brand; and

- factors beyond the Company's control such as changes in global economic and business conditions, consumer and business spending generally, the availability and cost of capital, unemployment rates, geopolitical conditions, trade policies, foreign currency rates and interest rates, as well as fire, power loss, disruptions in telecommunications, severe weather conditions, natural disasters, health pandemics or terrorism, any of which could significantly affect demand for and spending on American Express cards, delinquency rates, loan and receivable balances and other aspects of the Company and its results of operations 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, 2017, the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 and the Company's other reports filed with the Securities and Exchange Commission.