



**FOR IMMEDIATE RELEASE**

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**AMERICAN EXPRESS THIRD QUARTER EPS UP 15% TO \$1.25**

**REVENUES, CARD MEMBER SPENDING AND LOANS CONTINUE TO GROW**

(Millions, except percentages and per share amounts)

	Quarters Ended		Percentage Inc/(Dec)	Nine Months Ended		Percentage Inc/(Dec)
	September 30,			September 30,		
	2013	2012		2013	2012	
Total Revenues Net of Interest Expense	\$ 8,301	\$ 7,862	6%	\$ 24,427	\$ 23,414	4%
Net Income	\$ 1,366	\$ 1,250	9%	\$ 4,051	\$ 3,845	5%
Earnings Per Common Share – Diluted:						
Net Income Attributable to Common Shareholders <sup>1</sup>	\$ 1.25	\$ 1.09	15%	\$ 3.67	\$ 3.31	11%
Average Diluted Common Shares Outstanding	1,081	1,132	(5)%	1,094	1,149	(5)%
Return on Average Equity	24.3%	26.3 %		24.3%	26.3 %	

**New York – October 16, 2013 - American Express Company (NYSE: AXP)** today reported third-quarter net income of \$1.4 billion, up 9 percent from a year ago. Diluted earnings per share was \$1.25, up 15 percent from \$1.09 a year ago.

Consolidated total revenues net of interest expense rose 6 percent to \$8.3 billion in the third quarter, from \$7.9 billion a year ago. The increase was driven by a rise in Card Member spending and higher net interest income that reflected lower funding costs and growth in Card Member loans.

Adjusted for foreign currency translations, consolidated total revenues net of interest expense rose 7 percent from a year ago.<sup>2</sup>

<sup>1</sup> Represents net income less earnings allocated to participating share awards of \$12 million and \$14 million for the three months ended September 30, 2013 and 2012, respectively, and \$36 million and \$42 million for the nine months ended September 30, 2013 and 2012, respectively.

<sup>2</sup> As reported in this release, FX adjusted information, which constitute non-GAAP financial measures, 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 three months ended September 30, 2013 apply to the period(s) against which such results are being compared). The company believes the presentation of information on an FX adjusted basis is helpful to investors by making it easier to compare the company's performance in one period to that of another period without the variability caused by fluctuations in currency exchange rates.



Consolidated provisions for losses totaled \$492 million, up 3 percent from \$479 million a year ago. This increase reflects lower reserve releases from a year ago, partially offset by the benefit of lower net write-offs in the current quarter. Credit indicators continued to be at historically strong levels.

Consolidated expenses totaled \$5.8 billion, up 5 percent from \$5.5 billion last year. The increase primarily reflects a rise in rewards and marketing costs, as well as higher operating expenses.<sup>3</sup>

Adjusted for foreign currency translations, consolidated total expenses were up 6 percent from a year ago.<sup>2</sup>

The effective tax rate was 32 percent, down from 33 percent from a year ago.

The company's return on average equity (ROE) was 24.3 percent, down from 26.3 percent a year ago.

"Despite an uncertain environment, we generated a healthy increase in revenues and stronger Card Member spending across all regions this quarter," said Kenneth I. Chenault, chairman and chief executive officer. "Spending on our global network rose 7 percent (9 percent adjusted for currency translations) and Card Member loans continued the modest growth rates we have been seeing for the past several quarters.

"Credit quality indicators remained at historically strong levels," said Mr. Chenault. "And, year to date, we are delivering on the annual targets we set to contain operating costs.

"The combination of top-line growth, credit quality, a strong capital position and continued vigilance on expenses produced a 15 percent increase in earnings per share. It also gave us the flexibility to make substantial investments this quarter in marketing and other initiatives to position our business for the years ahead."

### **Segment Results**

**U.S. Card Services** reported third-quarter net income of \$782 million, up 12 percent from \$699 million a year ago.

Total revenues net of interest expense increased 6 percent to \$4.3 billion, from \$4.1 billion a year ago. The increase reflects an 8 percent increase in Card Member spending and a rise in net interest income, driven primarily by 4 percent growth in average Card Member loans.

Provisions for losses totaled \$331 million, down 2 percent from \$339 million a year ago.

Total expenses increased 4 percent to \$2.7 billion from a year ago, primarily reflecting higher rewards and marketing expenses, partially offset by lower operating expenses.

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<sup>3</sup> Operating expenses include salaries and employee benefits, professional services, occupancy and equipment, communications and other, net.



The effective tax rate remained unchanged from the year-ago period at 38 percent.

**International Card Services** reported third-quarter net income of \$142 million, down 13 percent from \$164 million a year ago.

Total revenues net of interest expense increased 3 percent to \$1.4 billion. The increase primarily reflects an increase in commissions and fees and net card fees. Adjusted for foreign currency translations, revenues rose 8 percent from a year ago.<sup>2</sup>

Provisions for losses totaled \$113 million, up 36 percent from \$83 million a year ago. The increase reflects higher net write-offs and a reserve build in the current quarter.

Total expenses increased 3 percent to \$1.1 billion primarily reflecting higher rewards and marketing expenses. Adjusted for foreign currency translations, expenses increased 7 percent from a year ago.<sup>2</sup>

The effective tax rate was 24 percent compared to 21 percent a year ago.

**Global Commercial Services** reported third-quarter net income of \$261 million, up 43 percent from \$183 million a year ago.

Total revenues net of interest expense increased 6 percent to \$1.2 billion, reflecting higher Card Member spending and a rise in travel commissions and fees.

Total expenses decreased 1 percent to \$844 million, reflecting lower operating expenses, partially offset by higher rewards costs.

The effective tax rate was 23 percent compared to 33 percent from a year ago. The current quarter benefited from a reserve release in the global business travel organization.

**Global Network & Merchant Services** reported third-quarter net income of \$391 million, up 9 percent from \$360 million a year ago.

Total revenues net of interest expense increased 5 percent to \$1.4 billion from \$1.3 billion a year ago, reflecting higher merchant-related revenues driven by an increase in global Card Member spending, as well as an increase in revenues from Global Network Services' bank partners. Adjusted for foreign currency translations, revenues rose 7 percent from a year ago.<sup>2</sup>

Total expenses increased 4 percent to \$758 million from \$731 million a year ago, reflecting an increase in operating and marketing expenses. Adjusted for foreign currency translations, expenses rose 6 percent from a year ago.<sup>2</sup>

The effective tax rate remained unchanged from a year ago at 36 percent.



**Corporate and Other** reported third-quarter net loss of \$210 million compared with net loss of \$156 million in the year-ago period. The current period reflected, in part, higher investments in Enterprise Growth Group initiatives.

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**About American Express**

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Key links to products and services: [charge and credit cards](#), [business credit cards](#), [travel services](#), [gift cards](#), [prepaid cards](#), [merchant services](#), [business travel](#), and [corporate card](#)

The 2013 Third Quarter Earnings Supplement will be available today on the American Express web site at <http://ir.americanexpress.com>. An investor conference call will be held at 5:00 p.m. (ET) today to discuss third-quarter earnings results. Live audio and presentation slides for the investor conference call will be available to the general public at the same web site. A replay of the conference call will be available later today at the same web site address.

This release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the company's expected business and financial performance and are subject to risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements due to a variety of factors, including those contained in the company's Annual Report on Form 10-K for the year ended December 31, 2012, its Quarterly Reports on Form 10-Q for the quarters ended March 31, 2013 and June 30, 2013 and the company's other filings with the Securities and Exchange Commission. 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.