



FOR IMMEDIATE RELEASE

Media Contacts:

Marina H. Norville, marina.h.norville@aexp.com, +1.212.640.2832

Mike O’Neill, mike.o’neill@aexp.com, +1.212.640.5951

Investors/Analysts Contacts:

Ken Paukowits, ken.f.paukowits@aexp.com, +1.212.640.6348

Rick Petrino, richard.petrino@aexp.com, +1.212.640.5574

AMERICAN EXPRESS FOURTH QUARTER EPS RISES TO \$1.21 FROM \$0.56 LAST YEAR

**REVENUES AND LOANS INCREASE AS CARD MEMBER SPENDING
ENDS YEAR ON STRONG NOTE**

CREDIT INDICATORS REMAIN AT HISTORICAL LOWS

OPERATING EXPENSES WELL CONTAINED IN THE QUARTER

(Millions, except percentages and per share amounts)

	Quarters Ended December 31,		Percentage Inc/(Dec)	Years Ended December 31,		Percentage Inc/(Dec)
	2013	2012		2013	2012	
Total Revenues Net of Interest Expense	\$ 8,547	\$ 8,141	5%	\$ 32,974	\$ 31,555	4%
Net Income	\$ 1,308	\$ 637	#	\$ 5,359	\$ 4,482	20%
Earnings Per Common Share – Diluted:						
Net Income Attributable to Common Shareholders ¹	\$ 1.21	\$ 0.56	#	\$ 4.88	\$ 3.89	25%
Average Diluted Common Shares Outstanding	1,073	1,116	(4)%	1,089	1,141	(5)%
Return on Average Equity	27.8%	23.1%		27.8%	23.1%	

Denotes a variance of more than 100%

New York – January 16, 2014 - American Express Company (NYSE: AXP) today reported fourth-quarter net income of \$1.3 billion, up from \$637 million a year ago. Diluted earnings per share rose to \$1.21, from \$0.56 a year ago. Excluding expenses associated with the merchant litigation settlement agreement announced in late December, fourth-quarter adjusted net income was \$1.3 billion, or \$1.25 per share.²

¹ Represents net income less earnings allocated to participating share awards of \$11 million and \$7 million for the three months ended December 31, 2013 and 2012, respectively, and \$47 million and \$49 million for the twelve months ended December 31, 2013 and 2012, respectively.

² Management believes adjusted net income and adjusted earnings per share, which are non-GAAP measures, provide useful metrics to evaluate the ongoing operating performance of the company. See Appendix V in the selected statistical tables for a reconciliation of adjusted net income and adjusted earnings per share.



The year-ago quarter included three significant items: a restructuring charge; an expense associated with higher estimated redemptions of Membership Rewards points; and the impact of Card Member reimbursements.

Consolidated total revenues net of interest expense rose to \$8.5 billion in the fourth quarter, from \$8.1 billion a year ago, representing a 5 percent increase (6 percent when adjusted for foreign currency translations³). The increase reflected higher Card Member spending and higher net interest income.

Consolidated provisions for losses totaled \$528 million, down 17 percent from \$638 million a year ago. This decrease reflected lower net write offs and a modest reserve release this quarter, compared with a modest increase in reserves last year. Credit indicators improved further from historically strong levels reported in prior quarters.

Consolidated expenses totaled \$6.0 billion, down 8 percent from \$6.6 billion a year ago. The decrease reflected the three year-ago items mentioned above. Adjusted for foreign currency translations, consolidated total expenses were down 7 percent from a year ago.³

The effective tax rate for the quarter was 34 percent, up from 31 percent from a year ago.

The company's return on average equity (ROE) was 27.8 percent, up from 23.1 percent a year ago.

"Fourth quarter results reflected a healthy increase in billed business in the U.S. and internationally, said Kenneth I. Chenault, chairman and chief executive officer. "We ended the year on a strong note, with Card Member spending up 8 percent despite mixed reports during the holiday shopping season.

"Credit quality indicators are at historically strong levels and, while many consumers are still cautious about taking on additional debt, we again saw a modest increase in Card Member loans this quarter.

"The settlement agreement we reached last month addresses merchant concerns while helping to ensure that American Express Card Members are treated fairly at the point of sale. The agreement, which is subject to court approval, would limit our exposure to future legal claims and allow us to stay focused on helping merchants build their business and strengthen relationships with their customers."

Mr. Chenault said, "Serving Card Members and merchants through a diversified, spend-centric business has allowed us to generate consistent revenue increases at a time when top line growth is still under pressure in parts of the financial services industry.

"Controlling operating expenses,⁴" he added, "remains a top priority, and the restructuring we began a year ago allowed us to more than meet the goal we set for 2013.

³ 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 translations into U.S. dollars (i.e., assumes the foreign exchange rates used to determine results for the three months ended December 31, 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.



“We enter 2014 with good momentum and the flexibility to make investments aimed at building on the strength of our performance during the past several years.”

For the full year, the company reported net income of \$5.4 billion, up 20 percent from \$4.5 billion a year ago. Diluted earnings per share rose to \$4.88, up 25 percent from \$3.89 a year ago.

Revenues net of interest expense for the full year increased 4 percent (5 percent FX adjusted³) to \$33.0 billion from \$31.6 billion a year ago. Consolidated expenses totaled \$23.0 billion, down 1 percent from a year ago. Adjusted for foreign currency translations, expenses were unchanged from a year ago.³

Segment Results

U.S. Card Services reported fourth-quarter net income of \$864 million, up from \$423 million a year ago.

Total revenues net of interest expense increased 8 percent to \$4.4 billion from \$4.1 billion a year ago. The rise reflected a 9 percent increase in Card Member spending and higher net interest income. Revenues in the year-ago period reflected the impact of Card Member reimbursements mentioned above.

Provisions for losses totaled \$346 million, down 27 percent from \$477 million a year ago. The decrease reflected the benefit of lower net write-offs and a reserve release in the current quarter.

Total expenses decreased 8 percent to \$2.8 billion from \$3.0 billion a year ago, which included the rewards charges and a portion of the restructuring charge mentioned above.

The effective tax rate was 33 percent compared to 31 percent a year ago.

International Card Services reported fourth-quarter net income of \$103 million, up 8 percent from \$95 million a year ago.

Total revenues net of interest expense increased 2 percent (7 percent FX adjusted³) to \$1.4 billion. The increase primarily reflected higher Card Member spending and higher net card fees.

Provisions for losses totaled \$120 million, up 21 percent from \$99 million a year ago. The increase reflected higher net write offs and a reserve build in the current quarter.

Total expenses increased 1 percent (5 percent FX adjusted³) to \$1.2 billion. The increase primarily reflected higher rewards costs, partially offset by a decline in operating expenses from year-ago levels which included a portion of the restructuring charge mentioned above.

⁴ Operating expenses include salaries and employee benefits, professional services, occupancy and equipment, communications and other, net.



The effective tax rate was 5 percent compared to 14 percent a year ago.

Global Commercial Services reported fourth-quarter net income of \$182 million, up from \$65 million a year ago.

Total revenues net of interest expense increased 2 percent to \$1.2 billion. The increase primarily reflected higher Card Member spending.

Total expenses decreased 13 percent (12 percent FX adjusted³) to \$910 million from \$1.0 billion a year ago. The decline primarily reflected lower operating expenses related to the restructuring charge in the year-ago period mentioned above.

The effective tax rate was 37 percent compared to 54 percent from a year ago. The year-ago quarter's higher tax rate reflected lower tax benefits from the restructuring charge in certain international markets.

Global Network & Merchant Services reported fourth-quarter net income of \$399 million, up 13 percent from \$354 million a year ago.

Total revenues net of interest expense increased 4 percent (6 percent FX adjusted³) to \$1.4 billion. The increase primarily reflected higher merchant-related revenues driven by an increase in global Card Member spending.

Total expenses decreased 1 percent to \$801 million from \$812 million a year ago. The year-ago period included a portion of the previously mentioned restructuring charge, and the current quarter reflected higher operating expenses driven by the merchant litigation settlement. Adjusted for foreign currency translations, expenses were unchanged from a year ago.³

The effective tax rate was 37 percent compared to 36 percent a year ago.

Corporate and Other reported fourth-quarter net loss of \$240 million compared with net loss of \$300 million in the year-ago period. The year-ago quarter included a portion of the restructuring charge mentioned above.

###

About American Express

American Express is a global services company, providing customers with access to products, insights and experiences that enrich lives and build business success. Learn more at americanexpress.com and connect with us on facebook.com/americanexpress, foursquare.com/americanexpress, linkedin.com/companies/american-express, twitter.com/americanexpress, and youtube.com/americanexpress.



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 Fourth Quarter/Full Year 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 fourth-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, June 30, 2013 and September 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.