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AMERICAN EXPRESS REPORTS SECOND QUARTER EPS OF \$1.43, UP 13 PERCENT FROM A YEAR AGO

REVENUES, LOANS AND CARD MEMBER SPENDING INCREASE

GAIN FROM BUSINESS TRAVEL TRANSACTION LARGELY REINVESTED IN BUSINESS

(Millions, except percentages and per share amounts)

	Quarters Ended June 30,		Percentage Inc/(Dec)	Six Months Ended June 30,		Percentage Inc/(Dec)
	2014	2013		2014	2013	
Total Revenues Net of Interest Expense	\$ 8,657	\$ 8,245	5 %	\$ 16,856	\$ 16,126	5 %
Net Income	\$ 1,529	\$ 1,405	9 %	\$ 2,961	\$ 2,685	10 %
Earnings Per Common Share – Diluted:						
Net Income Attributable to Common Shareholders ¹	\$ 1.43	\$ 1.27	13 %	\$ 2.77	\$ 2.42	14 %
Average Diluted Common Shares Outstanding	1,058	1,097	(4) %	1,062	1,101	(4) %
Return on Average Equity	28.8 %	23.6 %		28.8 %	23.6 %	

New York – July 29, 2014 - American Express Company (NYSE: AXP) today reported second-quarter net income of \$1.5 billion, up from \$1.4 billion a year ago. Diluted earnings per share rose 13 percent to \$1.43, from \$1.27 a year ago.

Net income from the quarter included a gain of \$626 million (\$409 million after-tax) from the closing of the previously announced joint venture transaction for the company’s business travel operations. As planned, the company used a substantial portion of the gain to fund incremental investments in growth and efficiency initiatives.

Consolidated total revenues net of interest expense rose to \$8.7 billion in the quarter, up 5 percent from \$8.2 billion a year ago. The increase reflected higher Card Member spending, higher net interest income and higher net card fees.

¹ Represents net income less earnings allocated to participating share awards of \$12 million and \$13 million for the three months ended June 30, 2014 and 2013, respectively, and \$24 million for both the six months ended June 30, 2014 and 2013.



Consolidated provisions for losses totaled \$489 million, down 6 percent from \$518 million a year ago. The decrease reflected lower net write-offs in the current quarter, offset, in part, by the effect of a larger reserve release a year ago.

Consolidated expenses totaled \$5.9 billion, up 2 percent from \$5.7 billion a year ago. Expenses for the period were impacted by increased marketing, which included a significant amount of incremental investments in growth initiatives, and rewards costs. Operating expenses² were lower due to a gain on the business travel joint venture transaction (which was reported as an expense reduction), partially offset by transaction-related costs of \$79 million, as well as the following items:

- A restructuring charge of \$133 million (\$90 million after-tax); and
- A contribution to the American Express Foundation of \$40 million (\$25 million after-tax).

The business travel joint venture transaction gain, net of the offsets and incremental investments mentioned above, contributed approximately \$0.05 to second-quarter diluted earnings per share. The gain was recognized in the Global Commercial Services segment. The offsetting investments were made across all of the company's operating segments.

The effective tax rate for the quarter was 34 percent, up from 30 percent a year ago, which reflected the resolution of certain prior years' tax items.

The company's return on average equity (ROE) was 28.8 percent, up from 23.6 percent a year ago.

"The strong underlying performance this quarter reflected a continuation of some familiar themes: higher Card Member spending, credit metrics at or near their historic lows, a modest increase in loan balances, continued success in containing operating expenses and a substantial return of capital to our investors through share repurchases," said Kenneth I. Chenault, chairman and chief executive officer.

"Card Member spending rose 9 percent from year ago levels, and overall the growth rate accelerated from earlier this year, with higher volumes across each of our businesses in the U.S. and internationally.

"As noted above, we completed the formation of the joint venture for our business travel operations, which will have additional resources from a new investor group to develop products, create capabilities and attract new customers. We maintain a 50 percent ownership and will continue to have a close working relationship with the business travel joint venture.

"The gain we recognized on the business travel joint venture transaction gave us the flexibility to substantially increase spending on a number of growth initiatives, including marketing support for products such as the Amex EveryDay Credit Card and American Express Serve. It also offset a restructuring charge we recognized during the quarter. That charge relates to actions that will be taking place over the next year to improve efficiency and contain operating expenses primarily within our

² Operating expenses represent salaries and employee benefits, professional services, occupancy and equipment, communications and other, net.



Global Corporate Services Group. The restructuring will largely involve positions that do not directly generate revenue.”

Segment Results

U.S. Card Services reported second-quarter net income of \$770 million, up 4 percent from \$743 million a year ago.

Total revenues net of interest expense increased 6 percent to \$4.5 billion from \$4.2 billion a year ago. The rise largely reflected a 9 percent increase in Card Member spending and higher net interest income.

Provisions for losses totaled \$339 million, down 5 percent from \$356 million a year ago. The decrease reflected lower net write-offs in the current quarter, offset, in part, by a larger reserve release a year ago.

Total expenses increased 8 percent to \$2.9 billion from \$2.7 billion a year ago. The increase primarily reflected a portion of the incremental investments in growth initiatives mentioned earlier, along with higher rewards costs.

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

International Card Services reported second-quarter net income of \$77 million, down 63 percent from \$208 million a year ago.

Total revenues net of interest expense were \$1.4 billion, up 7 percent from \$1.3 billion a year ago. The increase primarily reflected higher Card Member spending and higher revenues from the Loyalty Partner business.

Total expenses were \$1.2 billion, up 18 percent from \$1.0 billion a year ago. The increase reflected a portion of the incremental investments and restructuring charge mentioned earlier.

The effective tax rate was (12) percent compared to (33) percent a year ago due to the resolution of certain prior years' tax items.

Global Commercial Services reported second-quarter net income of \$561 million, up from \$226 million a year ago. The increase primarily reflected the joint venture transaction gain.

Total revenues net of interest expense were \$1.3 billion, up 3 percent from \$1.2 billion a year ago. The increase primarily reflected higher Card Member spending.

Total expenses decreased 58 percent to \$361 million from \$862 million a year ago. The decrease primarily reflected the joint venture transaction gain (which was reported as an expense reduction), partially offset by transaction-related costs and a portion of the incremental investments and restructuring charge mentioned previously.



The effective tax rate was 35 percent compared to 32 percent from a year ago.

Global Network & Merchant Services reported second-quarter net income of \$373 million, down 9 percent from \$412 million a year ago.

Total revenues net of interest expense increased 5 percent to \$1.5 billion from \$1.4 billion a year ago. The increase primarily reflected higher merchant-related revenues driven by an increase in global Card Member spending.

Total expenses increased 20 percent to \$859 million from \$716 million a year ago. The increase primarily reflected a portion of the incremental investments mentioned earlier.

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

Corporate and Other reported second-quarter net loss of \$252 million compared with net loss of \$184 million in the year-ago period, largely reflecting that portion of the previously-mentioned incremental investments that supported growth initiatives in Enterprise Growth.

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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](#), [corporate card](#) and [business travel](#).

The 2014 Second Quarter Earnings Supplement will be available today on the American Express website at <http://ir.americanexpress.com>. An investor conference call will be held at 5:00 p.m. (ET) today to discuss second-quarter earnings results. Live audio and presentation slides for the investor conference call will be available to the general public at the same website. A replay of the conference call will be available later today at the same website 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, 2013, its Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 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.