American Express
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Thanks Ken and good afternoon.

Expense Balance

As Ken showed you on this chart, our total adjusted expense-to-managed-revenue ratio has **increased** over the last two years, as we reinvested the benefits from lower provision and the Visa/MasterCard payments into business building initiatives. These investments helped us achieve industry leading growth in volumes and strengthened our position in digital commerce.

The increases in investment spending cut across the marketing, rewards and operating expense lines on the P&L. Ken addressed marketing and rewards. I'll talk about how our investment strategy affected operating expense growth over the past two years, and why we believe we can move our overall expense-to-revenue ratio back towards 2007 levels over time.

I'll also spend time talking about what we've done and are continuing to do in Global Services to become more efficient and to create operating leverage for the company.

Adjusted Total Operating Expenses

Even though our expense growth in the fourth quarter of 2011 was flat to 2010, the growth over the last few years has raised a number of questions.

What I'll share with you now are some details on our opex growth over the last two years, and the approach we plan to take over the next few years.

On an adjusted basis, including f/x, our operating expenses grew at a compound annual growth rate – or CAGR – of 1% between 2008 and 2011, but at a 7% CAGR over the last two years.[1]

As you can see, there was a sharp decline in expenses between 2008 and 2009, which was largely the result of actions taken during the recession to reduce headcount, 401(k) and profit sharing contributions and T&E. In 2010, as business performance improved, we started to restore some of those cuts in opex and began investing more aggressively in growth initiatives.

To illustrate this dynamic and give you a sense of what to expect in the future, I'm going to drill down on select opex categories over this time period.

[1] Refer to Annex 2, 3 and 4 of the accompanying presentation for a reconciliation to GAAP total expenses, total operating expenses, and compounded annual growth rates.

AXP Total Operating Expense by Function

We haven't shown our opex broken down into these categories in the past, but we're doing it today to give you additional insight. We do not intend to report on them on an ongoing basis.

As you can see on this chart, we've divided our operating expenses into three categories – Global Services group, technology development spending and investment and other opex.

I'll be covering each of these categories today, and I'll start with the factors driving expense growth in the bottom category, "Investment & Other Opex," which grew at a CAGR of 11% since 2009.[2]

Investments in Operating Expense

We broke the bottom category down further into investment opex, which is growing at a faster rate, and other opex, which is growing more modestly and includes most of our business and staff group functions.

The increase in investment opex relates to deliberate decisions we made to strengthen our network, grow our sales forces, and build out new businesses for the future.
Many of these initiatives hit the opex line, as they involve people, partners and technology more than traditional marketing. Let me provide some detail on these programs.

Sales Force Effectiveness: U.S. Corporate Payments

One example is our decision to grow the sales force and client management teams over the last two years. This effort spans both in-house and third party resources, and cuts across many of our businesses.

These resources grew at a CAGR of 11% since 2009.[2] They are critical to maintaining and expanding our closed loop relationships, and they directly drive new business growth.
Together, they have contributed to the outstanding growth we've seen in charge volume over the last two years.

For example, in our U.S. Corporate Payments business, our sales force has expanded by 20% over the past two years, and charge volume from newly acquired accounts grew by 60%.[2]
While these investments will remain a priority in the future, they are discretionary, and we expect to manage these expenses in the context of the revenue they generate.

New Business Initiatives

The next category is new business initiatives, which was essentially zero in 2009 and has ramped up aggressively over the last couple of years.

As Ken described, these businesses are designed to expand our customer base by leveraging the Company's core assets, diversifying revenue streams and strengthening our hand in digital commerce.

[2] See Footnote 1, Page 1

These initiatives include organic efforts, such as Business Insights and Loyalty Edge, as well as recently acquired businesses, like Accertify, Loyalty Partner and Serve. We expect that all of these initiatives will generate fee based revenues.

Over the longer term, operating expenses in these new businesses will be managed in the context of the new revenue they generate. This does not include any potential future M&A activity, which we'll evaluate on a case-by-case basis.

Investments in Operating Expense

Opex associated with our Global Network Services business has grown at a CAGR of 12% since 2009.[3]

While higher than the Company average, this rate of growth is lower than billings and revenue growth being generated by the GNS business. The expansion of GNS continues to strengthen our network and add profitable growth.

Like other financial institutions, we've made substantial investments in enhancing our control infrastructure, given the regulatory environment. We've also become a Bank Holding Company.

In the line called "Regulatory and Control Infrastructure," we capture our internal audit, operational risk, compliance, Global Banking, and Basel II expenses. As you can see, these expenses grew at a 27% CAGR since 2009.[3]

Obviously, control and compliance will continue to be a top priority for the company, and we expect that future expenditures in this category will be matched to regulatory expectations, as well as our own goal of operating in a well-controlled manner.

After isolating these investment categories, the remaining "other opex" category has grown at a 6% CAGR since 2009.[3] As mentioned earlier, some of this growth is due to the reinstatement of employee benefit cuts we made during the recession.
We're targeting "other opex" growth at less than 5% for the next few years.

Technology Development

The top two categories in this bar on the left –Global Services Group and Technology Development – represent the functions that I manage. Together, they make up almost 45% of the company's operating expense base.[3]

Later in the presentation, I'll describe how we manage the expenses in Global Services to maximize efficiency, facilitate growth and deliver superior service.

But first, I want to talk about what has driven the growth in technology development spending.
We've been investing aggressively in technology development, which is funded by individual business units but managed in Global Services. Spending in this area has increased at an 18% CAGR since 2009.[3]
This increase is a result of a conscious decision on our part to increase technology investments over this time period. These investments enabled us to make needed platform upgrades to several of our core

[3] See footnote 1, Page 1

systems, including our financial and HR systems, as well as consolidate our U.S. accounts receivable systems onto one platform.

We took advantage of the funding opportunities we had in the last couple of years to put these large, one-time development projects behind us. We also invested heavily in new digital capabilities.
We believe that our current level of investment in technology development is sufficient to power our future growth initiatives and to ensure our basic platforms are consistently enhanced. As a result, we're targeting these expenses to grow between 0 and 2% for the next few years.

Core Global Services Expenses

Finally, core Global Services opex includes all other technology costs, as well as costs associated with customer service, credit & collections and our business services unit, which manages the company's internal processes.

Expenses in this category have gone down by 2% in the past two years,[4] and we've targeted flat to 2% growth over the next few years. I'll speak to Global Services in depth in a few minutes.

AXP Total Operating Expense

To recap, the 7% compound annual growth rate in total adjusted opex from 2009 to 2011[4] was mainly driven by conscious investment decisions that we made to drive growth and build capabilities.

Opex Growth Targets

As we've said, our objective is to move our total expense-to-revenue ratio back towards 2007 levels. An important part of accomplishing this goal will be to manage opex so that it grows slower than revenues, and that is exactly what we're targeting over the next two to three years.

I should point out that this is an on-average and over time target, and there may be individual quarters where opex grows faster than revenues. For example, that may be the case in early 2012 because we had relatively lower levels of opex in the early part of 2011.

On this slide are the targets we've established for the various components of opex over the next two to three years.

As you can see we're not taking a one-size fits all approach across the board, as we're targeting slower growth in most areas, while some areas may see higher growth based on business opportunities and regulatory requirements.

Obviously, circumstances may change, and we will adapt, as necessary. However, our goal is to achieve our overall target of having operating expenses grow slower than revenues.
And that's one reason we're confident in our ability to achieve our on-average and over-time financial targets.

[4] See footnote 1, page 1

Now, I'm going to spend the remainder of the presentation illustrating how we've been able to manage our expenses within Global Services, while improving customer satisfaction, and how we can leverage this success to drive increased efficiency and operating leverage across the rest of the company.

Global Services Group

Global Services is a shared services organization we created in 2009 to sharpen our focus on customer service and to improve effectiveness and efficiency across all of our business operations. From the outset, we constructed it to be run like a business based on world-class capabilities, quality and cost.

Today, Global Services is comprised of Technology, World Service, Global Credit Administration, and Global Business Services.

Adjusted Total Operating Expenses

While these four businesses differ in function, they're all focused on a common mission – "to provide American Express with a competitive advantage through superior service, solutions, capabilities and operational excellence, which will enable us to increase customer and shareholder value."

In terms of shareholder value, Ken gave us a specific challenge to cut 500 million dollars of cost in three years in order to create more operating leverage for the rest of the company.

Operating Expense Growth Targets

To achieve our mission, we've taken a five step approach:

- First, we focused our people on internalizing the Global Services' mission, and reinforced that what they do – whether handling customer calls or managing real estate – is important and makes a difference.
- Second, we leveraged scale to drive efficiency by bringing our transactional functions together.
- Third, we created a flexible resourcing model across all of Global Services which allows us to expand or contract based on business volumes.
- Fourth, we're exploiting the synergies between technology, operations, real estate and procurement to improve our end-to-end processes and create a leaner organization.
- And finally, we're building capabilities that enable our people to provide better service to our customers and to our employees.

With this 5 step approach, we've been able to lower operating costs, improve quality and increase customer satisfaction.

Global Services Mission

In fact, by following this approach, we achieved Ken's goal of cutting over $500M of costs in 2 years versus three, reducing the overall cost of running Global Services and enabling us to absorb volume growth and increase our investment levels.

Global Services Productivity

This chart gives you a sense of the business volume growth we've been able to absorb over the past two years.

While card transactions were 18% higher, and cards in force were 11% higher last year vs. 2009, Global Services expenses were 3% lower over the same time period. [5]

But we don't measure success by cost reduction alone.

Global Services

At our core, American Express is a service business, with a reputation for continually evolving and delivering innovative offerings. In an increasingly competitive environment, we recognize that we must continue to reinvent our business.

Now, I'm going to share with you how we're transforming the core infrastructure and processes of the company to not only become more efficient, but also to deliver new capabilities that we believe will keep us on the cutting edge of the digital revolution. I'll start with our Technology group.

Our technology organization is responsible for developing and running all of our technology systems for both our customers and employees. It is the backbone of the company.

Technology Development Spending Productivity

We bucket our technology expenses into two categories – development and non-development.

First, I'll cover development spending, which includes the cost of building new capabilities as well as modernizing our current application portfolio.
We use a combination of Amex employees, or "fixed" resources, and external partners, or "variable resources," to develop and deliver technology solutions.
This enables us to create a flexible development model that can easily ramp up or down based on how much we have to invest. It also gives us access to top talent globally.

Technology Non-Development Productivity

While development investments have grown over the past few years, as I showed earlier, we're delivering in a more efficient manner.

Over the past two years, we've reduced the average hourly variable rate by 5%. At the same time, we've leveraged our internal fixed resources far more effectively.

Today, we manage 24% more variable development spending per dollar of fixed resources than we did two years ago.

Non–development expenses include our technology infrastructure: running our data centers, processing, telecommunications, maintenance, and information security.

As with development, in addition to the American Express employees who support our infrastructure, we rely on strategic partners as part of a multi-vendor outsourced approach. We believe this gives us a

[5] On a GAAP basis, Global Service expenses declined 1%.

number of advantages, including access to the world's best technology, as well as a flexible cost structure.

As you can see, this approach has worked well for us, as we've lowered our non-development costs by 3% since 2009,[6] despite double-digit growth in most processing volumes.

Technology Transformation Approach

Our success in getting a higher return on our development spending and keeping our non-development costs flat is a result of a three-pronged strategy our Technology group has followed to improve operational excellence:

- Transform our infrastructure
- Modernize our delivery methods, and
- Build new capabilities

Infrastructure Transformation

Over the past several years, we've transformed our core technology infrastructure, including implementing a new network infrastructure and building new data center facilities.
We simplified our network, and made it more resilient, faster, less expensive to maintain, and easier for third-party integrations. We did this by consolidating our legacy network onto a new, dual-carrier network.

Our data center strategy is core to our current business and the future growth of our company. We've embarked on a multi-year journey to create new, flexible data centers to absorb additional volume growth, while ensuring that we maintain and improve our already high levels of systems availability and information security.
By 2015, we'll have two new data centers, with the first one opening in the second quarter of this year.

Delivery Modernization

In addition to transforming our infrastructure, we've rolled out a number of new technology tools and processes to modernize the way we deliver solutions.

We're moving away from custom built applications to more modern assembly that uses tools such as visualization, business process mapping, service-oriented architecture, web services and Agile development techniques.

With these modern delivery tools, we're able to design and deliver solutions iteratively, in close partnership with the business. This results in faster speed to market and improved quality. Also, it better aligns our delivery processes with external companies like Facebook and Amazon, making it easier to partner with us.

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[6] On a GAAP basis, Technology Non-Development expenses declined by 2%.

New Capabilities

As I mentioned before, we have a multitude of efforts underway to globalize and rationalize our technology platforms. However, we invest the majority of our development spending in building new capabilities.

An example of leveraging a core, legacy asset to create a new capability is Pay with Points. The ability to transform Membership Rewards, originally launched in 1991 and one of the world's largest loyalty platforms, into a virtual currency is the direct result of a multi-year initiative to upgrade our global authorization and settlement infrastructure.

As more customers move to online servicing, we're continuously improving our digital servicing channels. Last year, we completed a comprehensive replacement of the infrastructure behind Manage Your Card Account, which is our online, self-service platform, as well as a new global homepage on our website.

Another good example is our Registered Card platform, which as you may recall from previous presentations, enables us to provide customized, coupon-less offers to customers who opt-in online.

By creating a single, standardized offers platform, we were able to easily and quickly expand this capability through our Smart Offer API to bring the same types of deals to Cardmembers via their mobile devices and key third-party platforms, like Facebook and foursquare.

In addition, we continue to invest in building new capabilities on our new Serve platform. We'll continue to integrate Serve into the payment path of a growing number of partners, such as Verizon and Ticketmaster, in order to reach new customer segments and facilitate new types of transactions.

All the capabilities I've described above create powerful new value propositions in the digital world by either leveraging our legacy systems or our new Serve platform.

Competitive Advantage

Ken showed this slide earlier to describe our unique business model.
The technology environment at American Express is very different from that of a company entering the marketplace today.

Start-ups begin with a blank sheet of paper and can design their technology systems and infrastructure for today's cloud-based, digital world. We started with a blank sheet of paper over 160 years ago.

Our challenge is to leverage our legacy environment to make our capabilities more accessible to third party platforms and developers in order to drive growth in this digital era.

Emerging AXP 3.0

We've already begun to see the fruits of our efforts, as evidenced by this headline in TechCrunch – "160 year old American Express out-innovates Google and Groupon."

As a result of improving our infrastructure and modernizing our delivery methods, we've enabled key business wins in the digital space, including Amazon Pay with Points, Link, Like, Love with Facebook, and our foursquare partnership.

Our goal is to ensure that our legacy environment becomes an accelerator of growth, as opposed to a barrier, and that we have the ability to fully leverage our assets, including our closed loop advantage.

Global Services

Now, let me tell you about World Service, our customer service organization.

Our Heritage, Our Mission

At American Express, service has been at the core of our company since our founding over 160 years ago. We have over 20,000 talented people across the globe who are committed to helping us achieve American Express' vision to become the world's most respected service brand. And every day – through every call, every email, every problem and every solution – we strive to make this vision a reality.

World Service

We provide service to cardmembers in 16 languages, across 20 markets and through multiple channels.

World Service Transformation Approach

Expectations regarding service have evolved and will continue to do so as the world becomes increasingly digital.

As you know, we live in an interconnected global society where customers are more informed and empowered, and there is ever-increasing regulatory scrutiny.

To become more customer-centric in an era that is increasingly global and complex, we've focused our servicing strategy on three areas: creating one global integrated network, improving capabilities and empowering our people.

Global, Integrated Network

Prior to 2009, customer service at American Express was provided by two separate organizations—one covering the U.S. and one for all our international markets.

Our first step was to bring these two groups together to eliminate inherent inefficiencies. Capitalizing on our global scale and leveraging best practices from around the world, we're globalizing processes such as telephone servicing and disputes.

As a result of this process globalization, as well as more customers moving to online servicing, we've been consolidating and closing a number of facilities, thereby increasing the overall efficiency of our servicing network.

In addition, similar to technology, our servicing organization is comprised of both American Express employees and vendor partner resources. Leveraging our global scale, we've developed a flexible resource model that drives efficiencies and quality and enables us to more easily adjust resourcing levels based on volumes.

Improving Capabilities

In addition to driving efficiencies, we have a multi-year plan underway to improve and globalize our capabilities to enable our people to serve our customers more effectively.

We've deployed a new, real-time knowledge management system in the U.S. and have improved our servicing portal, enabling our front line employees to access and view more data at the same time.
In order to deepen our relationships with customers and increase loyalty, we needed to create a capability to help us listen to them and better understand how we could create more unique and personalized interactions. So we invested in an infrastructure that enables us to measure customer satisfaction – or what we call "Voice of the Customer."
To measure our progress in improving customer satisfaction, we boiled all of our various internal metrics down to one simple question - would you recommend American Express to a friend based on this servicing interaction?

Empowering our People

While these improved capabilities and processes help us to be more efficient and effective, what really sets us apart is people, people who are passionate about what they do and who are empowered to do what's right for our customers.

And to truly empower your people, you need to let them be who they are. Let their personality come through, over the phone or through digital channels. At American Express, we've built a service culture that fosters this type of empowerment.

Our service ethos at American Express is called Relationship CareSM. It's based on a simple philosophy: we treat our customers the way we want to be treated as customers.

This ethos is summed up in four key behaviors: We want to Recognize customers when they call and make them feel valued; we want to make emotional connections by being Genuine and authentic; we want to Resolve requests on the first try; and we want to Treat our customers as people, not numbers.

Anyone can build new and improved tools and processes -- all you need is money. But you can't buy real empathy and genuine care for other people. It's what we look for when hiring a customer care professional. It's our culture. And it's not just a U.S. phenomenon; it's a global one.

This Relationship CareSM service ethos, which we have built and nurtured over the years, is the heart and soul of our company. It is our competitive advantage.

Voice of the Customer

The key outcome we're driving toward in making this transformation is to create millions of brand ambassadors - customers who tell their friends and families about how much they like the products and services we offer. And encourage these people to try us out.

So, how are we doing? As I mentioned earlier, we use "Recommend to a Friend" to measure satisfaction, and as of December, this measure reached an all-time high in the U.S. and was 28% higher than in 2009.

But don't just take our word for it. As Ken mentioned earlier, for the 5th year in a row, American Express was recognized by J.D. Power and Associates for having the highest customer satisfaction among U.S. credit card providers.

A Service Leader Across Industries

We've also been recognized globally as a service leader, not just in our own industry but across industries, by several media and service organizations around the world.

Great Service is Great Business

Superior service not only makes our customers happy, it's also good business. Highly satisfied customers are more engaged – they spend more and attrite less.

Based on our most recent analysis, promoters spend approximately 10% more annually than non-promoters. In addition to being higher spenders, promoters attrite from the franchise approximately four times less than non-promoters. [7]

In summary, we view providing great customer service as an investment in the relationship, not a cost.

World Service Productivity

Even as we've achieved these outstanding customer results, our servicing expense base has gone down by 2% since 2009, while absorbing substantial growth in both transactions and cards-in-force.[8]

New Service Paradigm

Superior service is part of our heritage and is a key differentiator. Relationship Care℠ delivered by our front-line customer care professionals is a competitive advantage. We've built an efficient servicing network which can be flexed up or down based on business volumes.

But service is not static. We're committed to taking Relationship Care℠ to the next level and to go where customers are and where they want to be serviced.

Digital Transformation

Powered by technology, we're investing and building new capabilities to serve our customers across multiple channels, including web, phone and text. We have mobile capabilities across 14 markets with iPhone, iPad and Android servicing apps, and we're testing customer servicing via social media in the U.S. and U.K.

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[7] 10% increased cardmember spending reflects spend by Promoters in the six months following a customer servicing interaction, as compared to the spend of non-promoters during that same period. 4 times lower cardmember attrition reflects the difference between the % of Promoters who voluntarily attrite from the franchise in the four months following the customer servicing interaction, as compared to non-promoters during that same period. Refer to slide 85 of the accompanying presentation for a definition of "Promoter."
[8] On a GAAP basis, World Service expenses increased 1%.

Our goal is to redefine customer service in a digital age and deliver a value-generating experience seamlessly across all customer touch points to drive brand advocacy and deepen engagement.

Global Services

Let's turn now to Credit Administration. Servicing customers and collecting from them are two different things, and we wanted to ensure a laser focus on both. Therefore, we split these functions from Servicing, and created a separate Global Credit Administration organization to handle collections and fraud servicing across the enterprise.

Collections at American Express

To be successful at collections, you have to do two things really well. First is making sure a high percentage of calls you make to delinquent Cardmembers result in actual conversations. We call this "right party contacts." Second, you need to make sure those conversations lead to the customers paying you back.

And while contacting the delinquent customer is critical, it's even more important to get to that customer first, as 57% of delinquent Amex Cardmembers are also delinquent on at least one other card issued by a competitor.[9]

We've taken a two-pronged approach to contacting and collecting from our delinquent customers - flexible resourcing and building capabilities.

As in all our Global Services businesses, our flexible resourcing model enables us to ramp up or down based on business volumes. We partner with outside agencies in key phases of our early and late stage collections and are beginning to use non-phone channels – such as the web -- to rapidly react to unexpected volume changes.

We're also developing new capabilities to make our collections environment even more effective and efficient. We've deployed new and enhanced systems in key markets to more effectively blend inbound and outbound call volume. We're enhancing our global reporting capabilities and have established command centers in Phoenix and Brighton to provide real-time monitoring.

Right Party Contacts

As a result of these efforts and our loyal cardmember base, our U.S. delinquent right party contact rate has remained steady, even as delinquency cases have come down from their peak in 2009.

Customer Satisfaction

Once you contact the customer, you then need to persuade them to pay. Here, a combination of first-rate collections professionals and efficient payment tools really make a difference.

While servicing and collections interactions are different, our service ethos, Relationship Care℠, still applies. We take more time to engage and speak with our customers and, as a result, we've been able to

[9] Source: Argus Research

improve customer satisfaction as seen on this slide -- not an easy task given the nature of these conversations. Based on our customer surveys, in 2011, 79% of U.S. delinquent cardmembers rate our collections interactions as "good" or better.

And finally, we're making it easier for our customers to pay us back by deploying new tools to collect delinquent payments electronically instead of by check.

Collections Effectiveness

Taken together, our Cardmember base, service culture, flexible resourcing model and capabilities power our collections effectiveness.

As you can see, Q3 write-offs in our U.S. consumer lending business as a percentage of newly delinquent AR was 11%, compared to the industry peer average of 20%.[10]

Collections Channel of Choice

But we cannot continue to simply rely on our phone channel to drive collections. As we've done in our other customer servicing areas, we're developing online and mobile collection tools to reach our delinquent cardmembers how and where they want to be reached.

This year and into the future, we expect to continue to invest and build our collections capabilities globally. Through our flexible resource model, reporting tools, and capabilities, including new digital solutions, we endeavor to improve our collections effectiveness, and be ready in the event of another economic downturn.

Global Services

The fourth component of our organization is Global Business Services, which is comprised of our internal business operations such as real estate, procurement and financial operations.

Workplace Establishment

In addition to making our internal processes more efficient and user-friendly, we're creating a new workplace environment to help us use real estate more efficiently while, at the same time, redefining how we work at American Express. Our goals are to increase productivity and engagement across our employee base, and to help us attract and retain the best talent.

We call this new environment BlueWork. It provides a wide variety of workspace configurations, thereby optimizing our use of real estate. Because it's open and flexible, it also encourages more collaboration and can accommodate today's more mobile employee work style.

In addition to a new physical environment, Global Business Services is partnering with the Technology team to introduce new workplace technology tools, including more video conferencing across the globe, to enable more interaction and collaboration within and across teams, as well as reduce travel expenses. Global Business Services is also partnering with World Service to enable our Home-based Servicing initiative. This program will enable access to a broader pool of talent to recruit from.

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[10] Source: Argus Information and Advisory Services and internal American Express analysis.

Service Profit Chain

Our goal with BlueWork is to create a highly collaborative and results-oriented workforce, no matter where they work.

We believe that by providing our people with the right tools and processes and with choice about where and how they work, we'll achieve higher overall employee satisfaction and engagement, which will enable us to attract and retain the best talent.

As we've seen time and again over the years, this focus on employee engagement leads to higher customer satisfaction, which in turn enables us to generate superior economic returns over time.

End-to-End Process Mindset

Across all internal business operations, we've established an end-to-end process mindset and approach. By doing so, we can identify and eliminate waste and ensure an appropriate control environment. We've developed this WASTE framework to question the value in all of our activities with the objective of reducing excessive demand and increasing overall effectiveness.

We've applied this mindset and framework across multiple processes, and it will be our approach going forward across a number of our other businesses processes. This will result in:

- The improvement of existing processes
- The creation of centers of excellence for like functions, and
- The combination of other sub-scale transaction processes from across the company into Global Services.

Global Services

We believe that we've accomplished quite a bit within Global Services over the past two years. We have:

- driven cost out of our environment,
- absorbed incremental volumes, and
- built new capabilities through increased investment

Enabling Growth

The net result is a lower cost structure in 2011 than we had in 2009, despite double-digit volume growth over that time period. At the same time, we've increased customer satisfaction, and we've provided our company with capacity to drive growth and enable its digital transformation.

We are continuing to turn a legacy infrastructure into an enabler of growth.

As a result of my remarks today, I hope you have a better understanding of our overall operating expense base, a sense of how we're targeting opex growth over the next few years, and how we're managing the Global Services expense base in a way that gives us a competitive advantage.

Thank you.