Thank you for joining today's call.

Jeff and I are here to do three things:

- First, we'll provide some context for the announcement we issued earlier today that our co-brand relationship and merchant acceptance agreement with Costco in the U.S. is set to end on March 31, 2016, after sixteen years.

- Second, we'll talk more broadly about how our evolving co-brand relationships fit into the wider range of growth opportunities we have.

- And third, we'll discuss the financial implications of these developments. While we expect a negative impact on earnings and revenue growth in 2015 and 2016, we remain confident in our ability to achieve our 12-to-15 percent EPS growth target over the moderate-to-long term. Jeff will walk you through more details in a few moments.

Let me begin by saying that we are proud of the value we created over many years for Costco, for our Card Members and for our shareholders. The product development, marketing and servicing skills that we brought to the table all played a critical role in making this a successful portfolio. The same was true of our partnership with Costco in Canada, which, as you know, ended in 2014.

Last year, we decided to begin early discussions with Costco about renewing our long-term U.S. relationship. Although we competed aggressively to renew the relationship, we were unable in the end to reach terms that would have made economic sense for our company and our shareholders. Instead, we will focus on opportunities in other parts of our business where we see significant potential for growth and more attractive returns over time. This is consistent with our disciplined approach to managing our business for the moderate to long term.

I want to describe the factors that led to this outcome, and why it makes sense for us to focus on other growth opportunities. I'll start with some background about the co-brand sector and its role relative to our larger proprietary business.

Backdrop

Co-brand cards have been part of the payments landscape for more than 20 years, and competition in this sector has steadily increased during that time. With greater competition, the cost of renewing co-brand relationships has generally increased as expiring multi-year contracts reset to competitive market conditions. We and our competitors have both seen this dynamic play out at different times over the years when contracts have come up for renewal.

From the start, American Express has been a disciplined buyer. We've sought out those co-brand relationships where we can provide value to both our Card Members and partners, grow the portfolio over time, and earn economic returns that are commensurate with opportunities in other parts of our business. Using these criteria, we have developed a successful suite of co-branded products.

In working with our co-brand partners, we seek to offer differentiated products at attractive economics that enable us to constantly enhance the value we provide to our customers. Absent these characteristics, we would run the risk of providing products that look and feel like commodities and don't deliver the value associated with the American Express brand.

While building our suite of co-brand products, we've also been expanding our global proprietary and network businesses. As a result, we've developed the most diversified product portfolio in the payments industry. This includes the largest loyalty program in Membership Rewards, industry-leading premium cards, a range of cash back cards and other products for everyday spending, payment solutions for businesses of all sizes, and a program of customized digital and mobile rewards.

More than 70 percent of the purchase volume from cards that we issue takes place on non-co-branded products. These products are characterized by strong economics, attractive value propositions, an effective Card Member acquisition engine, industry-leading service, and one of the most admired brands in the world.

Our strategy, across all card segments, is based on building long-term relationships with Card Members and our partners by offering superior service, rewards, and customized incentives.

As you have heard me say many times, we think about our growth opportunities against the broader backdrop of a payments industry that has been going through a period of accelerated change:

- New technologies are driving changes in consumer behavior, and

- The convergence of online and offline commerce is opening up new opportunities that play to the strengths of our brand and business.

- These trends -- combined with our wide range of products for consumers, small businesses and corporations -- present us with more growth opportunities than we can generally fund at any one time.

These areas of opportunity include:

- **Consumer and Small Business Payments** – growing profitable spending through our proprietary charge, lending, cash-back, Membership Rewards, co-branded and network products.

- **B2B Payments** – increasing our penetration among small, mid-size and large corporate clients.

- **Geographies** – expanding our international footprint through proprietary offerings and GNS bank partnerships.

- **Newer Businesses** – growing reloadable prepaid and other alternatives to cash and checks, loyalty coalitions and marketing services, and partnerships with merchant acquirers.

Accelerating Contract Renewals

In evaluating our co-brand relationships in this broader context, we decided to accelerate contract renewal discussions with several co-brand partners well in advance of their expiration dates.

Our goal has been to reach multi-year renewals of those partnerships that could offer the best value for our Card Members, the best potential for growth, and the best economics for our shareholders.

We took this step knowing that it could have a near term financial impact, but also knowing that it would provide clarity about the line-up of partners and programs we would focus on going forward.

Now, having greater certainty about our existing partnerships also gives us more flexibility to look at emerging opportunities in the co-brand space and elsewhere in our business. As you know, a number of major partnerships that are not currently with American Express will be coming up for renewal during the next few years, and we intend to pursue those we find most attractive.

The move to accelerate discussions led us to renew several key co-brand relationships in 2014, including our long-standing partnerships with Delta, Starwood, and Cathay Pacific. We were delighted to extend each of these strong relationships for multiple years. These are broad partnerships that include joint marketing initiatives as well as tie-ins with our Membership Rewards program, and travel and lifestyle services. We feel very good about the value propositions that we will be offering our mutual customers, the economics of these relationships, and our ability to grow the customer base for these products.

We attempted to reach a similar outcome with Costco, but, unfortunately, we were not able to agree on terms that made economic sense for us and our shareholders. Instead, as I said earlier, we will invest in other opportunities that we think can generate greater returns over time and help us drive innovation in the world of payments and commerce.

Co-brands are an important tool, one of many in our arsenal. We will continue to strike a balance between all our product categories so that we maintain a diverse and dynamic portfolio. As we do this, we will continue to capitalize on the strength of one of the world's leading brands and the appeal that it holds for a wide range of customers.

Customer Impact

Now that I've provided some context about our thinking when it comes to co-brands and our broader business opportunities, we'll delve more deeply into the Costco relationship.

Our current contract with Costco is set to run until March 31 of next year, in 2016. Until that time, American Express cards will be accepted at Costco U.S. warehouses and we'll continue to provide premium service to our Costco co-brand consumer and small business Card Members.

Many of these customers have come to appreciate the benefits of a relationship with American Express. In fact, 70 percent of their spending on the co-brand card occurs outside of Costco warehouses. It's important to keep in mind that these are American Express customers just as much as they are Costco customers, and existing customers are generally our best customers. Over time, we will be offering them products to continue their relationships with American Express, and we expect to invest to develop and market value propositions that will appeal to those customers.

While there are differences in geography and terms, our recent experience in Canada can offer some perspective. Last year we were unable to reach an agreement with Costco to renew our co-brand card and merchant acceptance relationship in that country. As a result, we made an aggressive push into the cash back space by launching the SimplyCash and SimplyCash Preferred cards. These products provide rich and easy-to-earn cash back value to Card Members. While it's still very early, we are encouraged by the volume of non-store spending that we have been able to retain.

In the U.S., Costco has clearly been a sizable and growing relationship for us. Although not renewing our agreement at the terms required is the right long-term outcome for American Express, it will, as I said earlier, present some challenges in the near term.

I'm going to ask Jeff to walk you through some of the many moving pieces for the company during 2015 and 2016, including the Costco transition.

Financial Implications for 2015 and 2016

Thank you, Ken and good morning everyone.

- Entering 2015, as I discussed on our Q4 earnings call last month, we found ourselves coming off of another year of solid performance in 2014. We delivered strong EPS growth and best-in-class ROE, driven by higher Card Member spending, disciplined cost control, the strength of our balance sheet, and the breadth and depth of our product line. We also discussed last month, however, that we are in the near term facing a number of headwinds, including regulatory pressure - especially in the EU - an economic outlook for a continued modest and mixed pace of economic growth around the globe, and an increasing challenge related to the stronger dollar that so many U.S. companies are now facing. Now, I would point out that these are the kinds of headwinds that we have found ways to offset the past few years.

- In addition to these headwinds, however, we are now facing a number of concurrent changes in our co-brand relationships, including the end of our relationship with Costco Canada, the long term renewals of Delta and Starwood, which do come with their initially lower economics that I discussed on last month's call, and now the pending end of our partnership with Costco U.S. As Ken said, we intend to work to offer value propositions that our Card Members from the Costco relationship will find appealing, while also pursuing our many other growth opportunities, both of which will entail additional marketing dollars. The cumulative effect of all of these changes will have a significant impact on our 2015 and 2016 results.

- As we have thought about how to best position the company for continued long term growth, we have considered all of these developments and all of our growth opportunities. I would say that with respect to Costco U.S., there are a number of areas of the transition that we will need to work through in the coming months. That said, the overall impact of all of these factors causes us now to expect that overall earnings per share growth in 2015 will likely be flat to down modestly year-over-year as we manage through these near term headwinds and invest aggressively to proactively prepare for the termination of the Costco U.S. partnership in 2016.

- The full outlook for 2016 is somewhat more complex at this early stage but we do expect to return to earnings per share growth even with the termination of our Costco U.S. partnership, which is set to expire at the end of Q1 in 2016.

- As all of these items play out over the next two years, we will likely have more unevenness in our performance from quarter to quarter than has been typical of our business.

- Looking beyond 2016, we believe that our 12 to 15 percent EPS growth target remains appropriate beginning again in 2017, which really will be the first period where growth rates are not impacted by Costco U.S. and our other co-brand partner renewals.

- Let me now provide some additional details on the moving parts associated with our Costco U.S. relationship including some of the mechanics by P&L line. We are still working through the exact timing and sizing associated with some of these items but we hope this context will be helpful as you think about the future impact on our performance. We will provide additional updates during our Investor Day, which will take place on March 11th.

Volumes/Revenues

- For context, in 2014 the Costco U.S. co-brand was approximately 8% of our WW billed business with over 70% of the spending on the product occurring outside of Costco warehouses. The Costco U.S. co-brand portfolio makes up about 20% of WW loans and about 10% of WW CIF. In addition, about another 1% of our worldwide billings come from other American Express Card Members spending at Costco.

- We could begin to see a modest slowdown in billings, loans and revenue growth associated with the Costco U.S. co-brand over the course of 2015, and we would expect this slowdown to increase as we near the end of the contract.

- The end of the Costco U.S. relationship will have a positive impact on our reported discount rate as our merchant pricing at Costco U.S. is significantly lower than our overall average. This will likely result in a smaller than average decline, or perhaps even an increase, in our reported discount rate as Costco U.S. volumes roll off in 2016.

- Generally speaking, the revenue and profits on the spending inside Costco U.S. are much lower than on spending outside of Costco. Therefore we will focus on customers who frequently use their card at non-Costco merchants.

- We believe there is an opportunity to offer them attractive products from our suite of proprietary offerings. We will also be making investments in other growth initiatives across the Company.

- We will determine the specific timing and sizing of these investments over time, which will have an impact on the trajectory of our earnings per share growth quarter to quarter.

Portfolio Sale

- Moving to another subject, as many of you know, the transfer of a co-brand partnership can sometimes result in the sale of the existing loan portfolio to the new issuer.

- As of today, we cannot be sure what will happen to our Costco U.S. portfolio. We will be working with Costco U.S. and the new issuer in the coming months to determine whether there will be a sale. The outcome of that process will clearly have an impact on our business actions during 2015 and 2016.

- If the portfolio is sold, that could generate a gain at time of the sale, and obviously it would also impact the loan run-off trajectory.

Expenses

- To further expand on the point of volume, while top-line growth will clearly be impacted by the end of the Costco U.S. partnership, we will be working aggressively to grow volumes on other products as a partial offset. Depending on the pace of our growing the offsetting revenues, you can be sure that we will be disciplined in re-scaling our overall cost base to keep it appropriately sized.

- This could include a restructuring charge at some point, which is not contemplated as part of the earnings per share comments that I made a few minutes ago. The timing and size of any such charge would be dependent on a number of factors, including whether there is a portfolio sale as well as the runoff trajectory of the Costco U.S. volumes, and how quickly we scale up volume from other products.

- Combined with the initiatives already underway, this will enable us to maintain great discipline over operating expenses during 2015 and 2016.

Capital Implications

- From a capital perspective, we expect that the decline in loans associated with the Costco U.S. co-brand will be an offset to the earnings impact and therefore, all else being equal, should not have a significant impact on our capital ratios over time.

- And while on the subject of capital, clearly we are pleased with the consistency by which we have achieved an ROE in the upper twenties. We are disciplined in how we think about investment returns, and in bidding for Costco U.S. we needed to earn appropriate returns on our capital.

Summary

- Hopefully that provides you with some perspective on our overall expectations as well as some of the mechanics associated with our Costco U.S. relationship.

- With that, let me turn it back over to Ken for some concluding remarks.

Looking Ahead

Thank you, Jeff.

It's not easy to see a longstanding partnership end. But when the numbers no longer add up, it's the only sensible outcome, especially given the other attractive alternatives we have in front of us.

American Express is nothing if not adaptable and resourceful -- traits that we've demonstrated throughout the years. Over the last three decades, we've radically transformed our business through innovation. We went from what was essentially a one-product, charge-card based model to having an expansive set of hundreds of products that are segmented and tailored to customer needs through targeted value propositions. We've significantly expanded our proprietary consumer business, while also growing corporate and small business billings by many multiples. And we've made our proprietary business more efficient, while at the same time improving customer service.

Most recently, we've made considerable progress in transforming American Express as a leader in digital commerce and a more welcoming and inclusive brand. For example, we are expanding card acceptance through OptBlue; have broadened our reach with new products such as AmEx Everyday and Blue Cash; enhanced the value of the Platinum Card; used our Big Data capabilities to improve customer acquisition, servicing and fraud protections; and extended our brand into new categories with Bluebird, Serve and Loyalty Partner.

Today, our company has a strong balance sheet and a robust core business that serves consumers, small businesses and corporations around the world. At the same time, we've developed adjacent businesses to tap into new customer segments and open up new sources of revenue over the medium to long term.

We believe American Express has and will continue to have a growing, healthy, profitable payments business in the U.S. and around the world. And, we expect to invest heavily during 2015 as we seek to attract new customers, gain a higher share of our Card Members' wallets and borrowings, and expand merchant coverage.

Our closed-loop network provides significant competitive advantages versus other issuers at a time when new technologies are driving changes in consumer behavior.

We believe we have a number of different ways to drive growth going forward. This, along with our ability to achieve greater operating efficiencies throughout the business and our strong capital position, gives us confidence in our ability to achieve our 12-to-15 percent EPS target over the longer term.

As Jeff mentioned, we will provide additional updates during our Investor Day on March 11. We look forward to seeing you there.

I'll now turn the call back over to Rick to kick-off our question and answer session.