American Express Company
Financial Community Meeting

Kenneth Chenault
Chairman and Chief Executive Officer

Dan Schulman
Group President, Enterprise Growth

August 3, 2011
Enterprise Growth Group Created to Focus on Key Opportunities

Online and Mobile

Emerging Payments and New Ventures

Global Payment Options

Fee Based Services
Payments and Commerce are Being Redefined

- Explosion of technology
- Consumers and merchants’ changing commerce behavior
- Explosion of data driven innovation
Mobile Enables Smarter Connectivity

10B+ Connected mobile devices worldwide by 2015

42% US cell phone owners that have a smartphone

81 Average minutes smartphone users spend daily on mobile apps

Source: Morgan Stanley 2010, Pew Internet and American Life Project 2011, Flurry Analytics 2011
The Digitally Enabled Consumer

- Leveraging **digital tools**
- Making **smarter purchase decisions**
- Harnessing the power of **social commerce**
Merchant Landscape Redefined

- Leveraging technology and data analytics
- Micro-segmenting and targeting customers to enhance marketing efficiency
Data is the crown jewel of retail platforms

Driving smarter algorithms

Dramatically improving marketing ROI
Privacy and Security are Imperative

- **Obligation to safeguard** cardmember data
- **Transparent** and **responsible** use of data
- **Highest standards of privacy protection**
We are Uniquely Qualified

Assets
- Brand
- Premium Positioning
- Channels
- Closed Loop Data
- Processing Infrastructure

Capabilities
- Marketing / Sales
- Risk Management
- Info Management
- Servicing

Relationships
- Customers
- Merchants
- Business Partners
The Commerce Landscape

Our Digital Commerce Vision

Building the Payments and Digital Commerce Platform

New Payment Products and Services

Fee Based Opportunities

Conclusion
Our Digital Commerce Vision

- Redefine the commerce experience for buyers and sellers
- Personalize the shopping experience
- Transform the power of marketing
Capturing New Opportunities

- New customer segments
- New products and services
- New markets
The Commerce Landscape

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Conclusion
Serve Launched on March 28th

My take is that they smoked the market ... It's a tremendous play, and they have developed it at a time when no one expected Amex was going to come out with anything interesting.

-March 28, 2011

Uh oh, PayPal; looks like you've got a new challenger in the person-to-person payments space...it's got a few cool twists; you can pull funds from your account into a refillable pre-paid card, or you can create “subaccounts” that let other users (say, your kids) spend monies from your account while you limit and monitor everything that goes down.

-March 28, 2011

Source: American Banker March 2011, Mobile Crunch March 2011
Building the Serve Platform

Fund Serve account from many sources...

...and use Serve wherever you need to pay

- Online Merchants
- Offline Merchants
- Person to Person
- Serve Sub-Account
- Cash Out via ATM

Bank / ACH
Debit
Credit / Charge
Person to Person
Serve Bridges Online and Offline

- Online and offline payments
- @ millions of merchants who accept American Express today
Innovative New Applications

Social Selling and Fundraising Applications

Pelican sales
Your source for all things Pelican.

Original Pelican art $59.99
Can’t get this anywhere

Wilton U12 Soccer Team
Raising money for the new uniforms.

New Uniforms

Currently
$0.00
Goal
$1,000.00

Actually getting the new uniforms for the kids.

amount: $10.00

contribute

Community Garden Project
Help us raise enough money to start the Feather Sounds...
Serve in Continual Release

- Flexible software platform allows for rapid iterations
- New releases expected every few months
- Pilot test in Eugene, OR
Robust Capabilities Now and in the Future

Today:
Serve payments functionality

2011
Load with cash and virtual currencies

2012
Launch personalized offers platform

2013
Expand to international markets
Enabling New Merchants

- Individuals as merchants
- Digital and virtual goods businesses
- Online micro-businesses
- Offline and local small businesses
Serve Enables the Convergence of Online and Offline

- Traditional and new competitors are racing to crack the code
- Serve’s open and flexible platform can deliver a comprehensive solution

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A Robust Roadmap to Scale

- Form mutually beneficial partnerships
- Open the platform to developer community
- Facilitate new digital capabilities to existing cardmembers
Rich and Growing Partnership Base

March  
April  
June  
July  
August

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Ticketmaster: Serve in Ticket Purchase Flow

- Promoting Serve to **tens of millions of** Ticketmaster customers
- Enabling **P2P payments** for group ticket purchases

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Aol Patch: Serve Providing Offer Capabilities

- Promoting Serve to millions of Aol Patch.com customers
- Provide local businesses seamless and targeted offer capabilities

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Verizon Wireless: Serve as Rollover Payment Option

- Promoting Serve to **tens of millions of Verizon Wireless** customers
- Links Serve account to mobile number and provides **rollover payment option**

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Open APIs to Drive Scale

- Open platform **enables scale** through distributed innovation
- **Planned APIs** – mobile checkout and negotiations functions
- Robust plan to **engage the developer community**
Engaging Current AXP Cardmembers

- Make Serve capabilities available to current cardmembers
- Integrate into existing Amex experience
Serve Economic Drivers

**Revenue Drivers**
- Earn discount revenue
- Earn float revenue
- Earn cross border fees

**Cost Drivers**
- Low rewards expense
- Minimal credit losses
- Cost of customer funding options
- Low acquisition costs

**Payments**

**Digital Commerce**
- Earn affiliate and commission revenue
The Digital Commerce Prize is Even Bigger

Digital Commerce Opportunity

<table>
<thead>
<tr>
<th>2009</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Consumer Credit / Charge Issuing and Acquiring Revenue Pools</td>
<td>US Marketing and Advertising Spend Potentially Available for New Digital Solutions</td>
</tr>
</tbody>
</table>

$144B

$364B

Agenda

- The Commerce Landscape
- Our Digital Commerce Vision
- Building the Payments and Digital Commerce Platform
- New Payment Products and Services
- Fee Based Opportunities
- Conclusion
A Global Opportunity in Payments

2010 Global Payments Volume

Total = $32 Trillion

- Cash and Checks: $17.3
- Debit: $4.7
- ACH: $4.1
- Credit / Charge: $5.8
- Prepaid: $0.3

$26 T global payments volume in payments outside of credit / charge

Source: Euromonitor June 2011, excludes ATM withdrawals.
Capitalizing on Different Opportunities for Different Market Types

- Electronification of cash through prepaid-like products and mobile
- More advanced digital payments and commerce solutions
- More advanced digital payments and commerce solutions
- Electronification of cash through prepaid-like products and mobile

Mobile Likely Catalyzes Digital Payments in China and India

900MM mobile users
200MM credit cards

700MM mobile users
20MM credit cards

Alternative Forms of Payments are Prevalent in Many Parts of the World

New Use Cases

- Travel cards
- Payroll and benefits
- Government disbursements
- Domestic and international remittances
Launch of Reloadable Prepaid is the Foundation for Future Products

Champion of the consumer by loading with benefits, not fees
Market Leading Consumer Value

<table>
<thead>
<tr>
<th>Fees</th>
<th>Monthly</th>
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<tbody>
<tr>
<td>Card Replacement</td>
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<td>No</td>
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<td>Yes</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Purchase Protection</th>
<th>Yes</th>
<th>No</th>
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</thead>
<tbody>
<tr>
<td>Roadside Assistance</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

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Positive Press and Industry Feedback

Many prepaid cards are known for charging fees... But American Express came out with a reloadable prepaid card this week that appears to right the industry’s wrongs...

- June 14, 2011

"...believe it will serve as a nice complement to AXP’s products in several emerging markets (such as India and China), which are currently dominated by prepaid products."

- June 14, 2011

Traditional and New Distribution Channels will Bring Scale

- Online distribution
- Decline counteroffer

- Dual purpose
- Membership card with prepaid functionality

- Sold in stores “on the racks”

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Prepaid Delivers Favorable Economics

Revenue Drivers
- Earn discount revenue
- Earn float revenue

Cost Drivers
- Minimal reward expenses
- Minimal credit losses
- Low acquisition costs
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Our Fee Based Initiatives Support our Digital Commerce Vision

AXP Fee Based Revenues

- 2011 Estimated: $1.3B
- 2014 Target: $3.0B

In Market

1. LOYALTY PARTNER
2. Accertify
3. BUSINESS INSIGHTS
4. LoyaltyEdge
5. AMERICAN EXPRESS
6. vente-privee.com

Announced

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Leading marketing services company operating loyalty programs in Germany, Poland, and India

Adding more than 34MM customers to our franchise
Accertify: A Leader in Fraud Prevention

- A leader in solutions that help merchants combat fraudulent online transactions
- Comprehensive end-to-end fraud management platform
"The venture is another step in American Express’s effort to gain more business from processing the transactions of wealthy customers, especially via new technology like online and mobile commerce." - May 12, 2011

"The benefit for American Express is that it has a cool new service -- exclusive, private flash sales -- to offer its members. The benefit for Vente Privée is the huge reach and brand power of Amex, with its 42 million US card holders." - May 12, 2011
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The Right Investment Balance

Start-up Approach
- Continuous Release
- Flexible and Nimble

Leverage Existing Foundation
- Proprietary Assets and Capabilities
- Capital Strength

Efficient and focused investments to drive scale
The Journey Continues

- Continue to make strides company-wide
- And we know that this is just the beginning...