News Release News Release News Release News

FOR IMMEDIATE RELEASE

***Media Contact:***
Marina H. Norville, marina.h.norville@aexp.com, +1.212.640.2832

***Investors/Analysts Contacts*:**
Ken Paukowits, ken.f.paukowits@aexp.com , +1.212.640.6348
Toby Willard, sherwood.s.willardjr@aexp.com, +1.212.640.5574

---

**AMERICAN EXPRESS REPORTS FOURTH QUARTER EPS OF $0.89 OR $1.23 WHEN ADJUSTED FOR IMPAIRMENT AND RESTRUCTURING CHARGES[1]**

**CARD MEMBER SPENDING AND LOANS CONTINUED TO RISE**

**COMPANY EXPECTS 2016 EPS OF $5.40-$5.70**
**OUTLOOK INCLUDES MULTI-YEAR PLAN TO TAKE $1 BILLION OUT OF COST STRUCTURE**

(Millions, except percentages and per share amounts)

| | Quarters Ended December 31, | | Percentage Inc/(Dec) | Years Ended December 31, | | Percentage Inc/(Dec) |
|---|---|---|---|---|---|---|
| | 2015 | 2014 | | 2015 | 2014 | |
| Total Revenues Net of Interest Expense | $8,391 | $ 9,081 | (8) | $32,818 | $ 34,188 | (4) |
| Net Income | $899 | $ 1,447 | (38) | $5,163 | $ 5,885 | (12) |
| Earnings Per Common Share – Diluted: | | | | | | |
| Net Income Attributable to Common Shareholders[2] | $0.89 | $ 1.39 | (36) | $5.05 | $ 5.56 | (9) |
| Average Diluted Common Shares Outstanding | 981 | 1,033 | (5) | 1,003 | 1,051 | (5) |
| Return on Average Equity | 24.0% | 29.1% | | 24.0% | 29.1% | |

---

**New York – January 21, 2016 – American Express Company (NYSE: AXP)** today reported fourth-quarter net income of $899 million, down from $1.4 billion a year ago. The current and year-ago quarters included a number of significant items that affected year-over-year comparisons.

[1] Adjusted EPS and adjusted ROE, non-GAAP measures, exclude a $335MM after-tax charge ($419MM pretax) in Enterprise Growth, which was driven primarily by the impairment of goodwill and technology assets in addition to restructuring costs. Management believes adjusted EPS and adjusted ROE are useful in evaluating the ongoing operating performance of the Company. See Appendix IV for reconciliations to EPS and ROE on a GAAP basis.
[2] Represents net income less (i) earnings allocated to participating share awards of $6 million and $11 million for the three months ended December 31, 2015 and 2014, respectively, and $38 million and $46 million for the years ended December 31, 2015 and 2014, respectively, and (ii) dividends on preferred shares of $20 million and nil for the three months ended December 31, 2015 and 2014, respectively, and $62 million and nil for the years ended December 31, 2015 and 2014, respectively.

The fourth quarter of 2015 included:

- A $419 million charge ($335 million after-tax) that included an impairment of goodwill and technology assets, in addition to restructuring costs within the Enterprise Growth (EG) Group.

The year-ago quarter included:

- A $719 million gain ($453 million after-tax) on the sale of the company's investment in Concur Technologies;
- A restructuring charge of $313 million ($206 million after-tax);
- Incremental spending, which was largely reflected in higher marketing and promotion expenses;
- The renewal of the company's partnership with Delta Air Lines, which increased rewards costs by $109 million ($68 million after-tax).

The strong appreciation of the U.S. dollar had an impact on revenues and expenses and suppressed earnings in both quarters.

Diluted earnings per share for fourth quarter 2015 was $0.89, or $1.23 on an adjusted basis excluding the EG charge, compared to $1.39 a year ago.[1]

Fourth-quarter consolidated total revenues net of interest expense totaled $8.4 billion, down 8 percent from $9.1 billion a year ago. Excluding the impact of foreign exchange rates and last year's Concur gain, adjusted revenues increased 4 percent.[3] The increase primarily reflected continued growth in net interest income and higher Card Member spending.

Consolidated provisions for losses totaled $572 million, down 2 percent from $582 million a year ago. The decrease primarily reflected the impact of the reclassification of certain co-brand loan portfolios to "held for sale," as credit costs associated with those portfolios are now reported in other operating expenses, beginning in December 2015.

Consolidated expenses totaled $6.4 billion, up 1 percent from $6.3 billion a year ago. Excluding the impact of foreign exchange rates, consolidated expenses rose 4 percent.[4] The current quarter reflected the EG charge. Last year's quarter included the restructuring charge and co-brand partnership renewal costs. Both periods included incremental spending mentioned above.

The effective tax rate for the quarter was 38 percent, up from 35 percent a year ago. The increase primarily reflected non-deductible expenses included in the EG charge mentioned earlier.

---

[3] Adjusted revenue growth and adjusted revenue growth on an FX adjusted basis are non-GAAP measures and exclude the Q4'14 gain on the sale of the Concur investment. Management believes adjusted revenue growth is useful in evaluating the ongoing operating performance of the Company. See footnote 4 for an explanation of FX adjusted information and Appendix IV for a reconciliation to total revenues net of interest expense on a GAAP basis.

[4] As reported in this release, FX-adjusted information assumes a constant exchange rate between the periods being compared for purposes of currency translation into U.S. dollars (i.e., assumes the foreign exchange rates used to determine results for the three months ended December 31, 2015 apply to the period(s) against which such results are being compared). Certain amounts included in the calculation of FX-adjusted revenues and expenses, which constitute non-GAAP measures, are subject to management allocations. 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.

The company's return on average equity (ROE) was 24.0 percent, down from 29.1 percent a year ago. Excluding the EG charge, adjusted ROE was 25.6 percent.[1]

For the full year, the company reported net income of $5.2 billion, down 12 percent from $5.9 billion a year ago. Diluted earnings per share was $5.05, or $5.38 on an adjusted basis excluding the EG charge, compared to $5.56 a year ago.[1]

Revenues net of interest expense for the full year decreased 4 percent (flat FX adjusted[4]) to $32.8 billion from $34.2 billion a year ago.

Consolidated expenses decreased 1 percent to $22.9 billion from $23.2 billion a year ago. Adjusted for foreign currency translations, consolidated expenses increased 3 percent.[4]

**Outlook**

"Our 2015 results and outlook reflect the reset in co-brand economics, pressures on merchant fees, the evolving regulatory environment and intense competition that have been re-shaping the payments industry," said Kenneth I. Chenault, chairman and chief executive officer. "A number of cyclical factors in the broader economy have also weighed on our performance and influenced our outlook. Against that backdrop, and the fact that revenue growth has not accelerated as we anticipated, we are moving aggressively to streamline the company and drive efficiencies in order to take out $1 billion from our overall cost base by the end of 2017.

"We now expect 2016 EPS between $5.40 and $5.70. This reflects a substantial benefit from the planned sale of the Costco co-brand portfolio, offset in part by a continuation of elevated spending on growth opportunities as well as the loss of a partial year of Costco-related earnings. The portfolio transaction is expected to occur mid-year.

"For 2017, we are now targeting EPS of at least $5.60. That includes growing over the portfolio gain and this year's Costco-related earnings. It also includes a combination of accelerated revenue growth, aggressive expense reductions and the use of our capital strength to create value for shareholders. The 2016-17 earnings targets do not include restructuring charges or other contingencies.

"We have a great set of assets to draw upon, including a trusted brand, financial strength, an integrated business model, world class service and a history of innovation. We're confident that we'll not just deal with our near-term challenges, but return to growth and position the company for long-term success."

**Segment Results**

**U.S. Card Services** reported fourth-quarter net income of $799 million, up 20 percent from $665 million a year ago.

Total revenues net of interest expense increased 5 percent to $4.8 billion, from $4.6 billion a year ago. The rise reflected higher net interest income from growth in the loan portfolio, as well as an increase in net card fees and Card Member spending.

Provisions for losses totaled $440 million, up 10 percent from $399 million a year ago. The increase primarily reflected a larger build in reserves this quarter, compared to a year ago. The current quarter's provisions benefited from the reclassification of certain co-brand loan portfolios to "held for sale," as credit costs associated with those portfolios are now reported in other operating expenses, beginning in December 2015.

Total expenses were flat at $3.1 billion compared to a year ago. The current quarter reflected higher Card Member services costs and investment spending that was maintained at an elevated level. The year-ago quarter included a portion of the three significant expense items mentioned earlier.

The effective tax rate was 36 percent, down from 39 percent a year ago.

**International Card Services** reported fourth-quarter net income of $73 million, up from $33 million a year ago.

Total revenues net of interest expense were $1.3 billion, down 5 percent from $1.4 billion a year ago. Adjusted for foreign currency translations, revenues were up 6 percent, primarily reflecting higher Card Member spending.[4]

Total expenses were $1.1 billion, down 11 percent from $1.3 billion a year ago. Adjusted for foreign currency translations, expenses were down 4 percent from last year, which included a portion of the previously mentioned restructuring charge a year ago.[4]

The effective tax rate was 2.7 percent, reflecting the impact of recurring permanent tax benefits on varying levels of pre-tax income.

**Global Commercial Services** reported fourth-quarter net income of $132 million, down 78 percent from $594 million a year ago, which included the Concur gain.

Total revenues net of interest expense totaled $817 million, down 48 percent from $1.6 billion a year ago, which included the Concur gain. Excluding the Concur gain, adjusted revenues decreased 6 percent.[3]

Total expenses decreased 7 percent (down 4 percent FX-adjusted[4]) to $547 million, from $586 million a year ago, which included a portion of the restructuring charge in the prior year.

The effective tax rate was 44 percent, up from 37 percent a year ago, reflecting the impact of certain non-deductible foreign losses.

**Global Network & Merchant Services** reported fourth-quarter net income of $417 million, unchanged from a year ago.

Total revenues net of interest expense totaled $1.4 billion, down 4 percent from $1.5 billion a year ago. On an FX-adjusted basis, revenues increased 1 percent.[4]

Total expenses decreased 4 percent to $743 million, from $772 million a year ago. On an FX-adjusted basis, expenses increased 1 percent.[4]

**Corporate and Other** reported fourth-quarter net loss of $522 million, which included the EG charge. This compared to a net loss of $262 million a year ago.

# # #

**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/company/american-express, twitter.com/americanexpress, and youtube.com/americanexpress.

Key links to products, services and corporate responsibility information: charge and credit cards, business credit cards, Plenti rewards program, travel services, gift cards, prepaid cards, merchant services, corporate card, business travel and corporate responsibility.

The 2015 Fourth Quarter/Full Year 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 fourth-quarter earnings results and the company's 2016-2017 outlook. 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, which are subject to risks and uncertainties. The forward-looking statements, which address the Company's expected business and financial performance and which include management's outlook for 2015-2017, among other matters, contain words such as "believe," "expect," "estimate," "anticipate," "intend," "plan," "aim," "will," "may," "should," "could," "would," "likely," and similar expressions. 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. Factors that could cause actual results to differ materially from these forward-looking statements, include, but are not limited to, the following:

- the Company's ability to achieve earnings per common share ("EPS") growth between $5.40 and $5.70 for 2016 and at least $5.60 for 2017, which will depend in part on the following: an acceleration of billed business and revenue growth, which could be impacted by, among other things, weakening economic conditions in the U.S. or internationally, a decline in consumer confidence impacting the willingness and ability of Card Members to sustain spending, a further decline in gas prices, a further strengthening of the U.S. dollar, a greater erosion of the average discount rate than expected and lower spending on new cards acquired than estimated; the Company's success in addressing competitive pressures and implementing its strategies and business initiatives, including growing profitable spending through proprietary, co-brand and network products, increasing penetration among corporate, middle market and small business clients, expanding its international footprint, growing loyalty coalitions and increasing merchant acceptance; the timing and impact of any potential sale of the Costco U.S. Card Member loan portfolio; realizing incremental economics associated with the Costco U.S. contract extension, which could be impacted by, among other things, Card Member behavior, including the desire of Costco U.S. Card Members to continue to use their Costco U.S. cobrand cards and the availability to those Card Members of other payment forms; the impact of any potential restructuring charges or other contingencies, including, but not limited to, litigation-related expenses, impairments, the imposition of fines or civil money penalties, an increase in Card Member reimbursements and changes in reserves; credit performance remaining in line with current expectations; continued growth of Card Member loans held for investment; the ability to continue to realize benefits from restructuring actions and operating leverage at levels consistent with current expectations; the amount the Company spends on growth initiatives; changes in interest rates beyond current expectations; the impact of regulation and litigation, which could affect the profitability of the Company's business activities, limit the Company's ability to pursue business opportunities, require changes to business practices or alter the Company's relationships with partners, merchants and Card Members; the Company's tax rate being in the 34-35% range, which could be impacted by, among other things, the Company's geographic mix of income being weighted more to higher tax jurisdictions than expected and unfavorable tax audits and other unanticipated tax items; the impact of accounting changes and reclassifications; and the Company's ability to continue executing its share repurchase program;

- the actual amount to be spent on growth initiatives, including on marketing and promotion, as well as the timing of any such spending, which will be based in part on management's assessment of competitive opportunities, overall business performance, the amount of any potential gain arising from a sale of the Costco U.S. Card Member loan portfolio management decides to spend on growth initiatives, contractual obligations with business partners, management's ability to identify attractive investment opportunities and make such investments, which could be impacted by business, regulatory or legal complexities and the Company's performance, and the Company's ability to realize efficiencies and control expenses to fund such spending;

- the ability of the Company to reduce its overall cost base by $1 billion by the end of 2017 and to realize the full benefit of the Company's actions by the beginning of 2018, which will depend in part on the timing and financial impact of the Company's future reengineering plans (including whether the Company will recognize restructuring charges in future periods), which could be impacted by factors such as the Company's inability to mitigate the operational and other risks posed by potential staff reductions, the Company's inability to develop and implement technology resources to realize cost savings, underestimating hiring needs related to some of the job positions being eliminated and other employee needs not currently anticipated, lower than expected attrition rates and higher than expected redeployment rates; the ability of the Company to reduce annual operating expenses, which could be impacted by, among other things, the factors identified below; and the ability of the Company to optimize and lower marketing and promotion expenses, which could be impacted by higher advertising and mailing costs, competitive pressures that may require additional expenditures or limit the Company's ability to reduce costs, contractual obligations with business partners, the availability of opportunities to invest at a higher level due to favorable business results and changes in macroeconomic conditions;

- the ability to reduce annual operating expenses, which could be impacted by increases in significant categories of operating expenses, such as consulting or professional fees, including as a result of increased litigation, compliance or regulatory-related costs, technology costs or fraud costs; the ability of the Company to develop, implement and achieve substantial benefits from reengineering plans; higher than expected employee levels; the impact of changes in foreign currency exchange rates on costs; the payment of civil money penalties, disgorgement, restitution, non-income tax assessments and litigation-related settlements; impairments of goodwill or other assets; the Company's decision to increase or decrease spending in such areas as technology, business and product development and sales forces depending on overall business performance; greater than expected inflation or merit increases; the Company's ability to balance expense control and investments in the business; the impact of accounting changes and reclassifications; and the level of acquisition activity and related expenses;

- the Company's lending write-off rates increasing more quickly than current expectations and the Company's provision expense being higher than current expectations, which will depend in part on changes in the level of loan balances, delinquency rates of Card Members, unemployment rates, the volume of bankruptcies and recoveries of previously written-off loans;

- the Company's ability to execute against its lending strategy and grow Card Member loans held for investment, including by targeting new lending prospects and deepening relationships with current customers, which may be affected by increasing competition, brand perceptions and reputation, the Company's ability to manage risk in a growing Card Member loan portfolio, and the behavior of the Company's Card Members and their actual spending and borrowing patterns, which in turn may be driven by the Company's ability to issue new and enhanced card products, offer attractive services and rewards programs, attract new Card Members, reduce Card Member attrition and capture a greater share of existing Card Members' spending and borrowing;

- uncertainties associated with the timing and impact of any potential sale of the Costco U.S. Card Member loan portfolio and the extension of the merchant acceptance agreement, such as the negotiation and execution of definitive documentation, operational issues related to the transfer of Card Member loans and accounts, the parties' ability to satisfy the closing conditions and the amount of any gain recognized by the Company as a result of a sale, which could be impacted by the credit quality and performance of the portfolio, the amount of any volume decline experienced by the cobrand portfolio and the timing of the potential sale as the gain will be determined by the amount of the aggregate outstanding loans transferred at closing;

- the possibility that the Company will not fully execute on its plans for OptBlue to significantly increase merchant coverage and move toward parity coverage with other card networks in the U.S., which will depend in part on the success of OptBlue merchant acquirers in signing merchants to accept American Express, which could be impacted by the pricing set by the merchant acquirers, the value proposition offered to small merchants and the priority given to the Company by OptBlue merchant acquirers, as well as the willingness of Card Members to use American Express cards at small merchants and of those merchants to actively accept American Express cards;

- the erosion of the average discount rate by a greater amount than anticipated during 2016 and beyond, including as a result of changes in the mix of spending by location and industry, volume-related pricing discounts, strategic investments, certain pricing initiatives, competition, pricing regulation (including regulation of competitors' interchange rates) and other factors;

- uncertainty relating to the ultimate outcome of the antitrust lawsuit filed against the Company by the U.S. Department of Justice and certain state attorneys general, including the success or failure of our appeal and the impact on existing private merchant cases and potentially additional litigation and/or arbitrations;

- the ability of the Company to return capital to shareholders through dividends and share repurchases, including the opportunity for incremental capital returns related to the Costco U.S. portfolio sale, which will depend on factors such as approval of the Company's capital plans by its primary regulators, the amount the Company spends on acquisitions and the Company's results of operations and capital needs in any given period;

- the ability of the Company to drive growth by developing and marketing value propositions that appeal to Card Members and new customers and by offering attractive services and rewards programs, which will depend in part on the Company's ongoing investment in product innovation, marketing and promotion and acquisition efforts, including through digital channels; the ability of the Company to update its systems and platforms to support new products, services and benefits; the degree of interest of Card Members in the value proposition offered by the Company; the Company's ability to tailor new products and services to make them attractive to Card Members; competition; and brand perceptions and reputation;

- the ability of the Company to meet its long-term earnings per share growth target, which will depend on factors such as the Company's success in implementing its strategies and business initiatives and on factors outside management's control including the willingness and ability of Card Members to sustain spending, regulatory and competitive pressures, credit trends, currency and interest rate fluctuations, and changes in general economic conditions, such as GDP growth, consumer confidence, unemployment and the housing market; and

- factors beyond the Company's control such as changes in global economic and business conditions, including consumer and business spending, the availability and cost of capital, unemployment and political conditions, foreign currency rates, fire, power loss, disruptions in telecommunications, severe weather conditions, natural disasters, health pandemics, terrorism, cyber attacks or fraud, which could significantly affect spending on American Express cards, delinquency rates, loan balances and travel-related spending or disrupt the Company's global network systems and ability to process transactions.

A further description of these uncertainties and other risks can be found in the Company's Annual Report on Form 10-K for the year ended December 31, 2014, the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30 and September 30, 2015 and the Company's other reports filed with the Securities and Exchange Commission.