

**Bank of America Merrill Lynch 2009 Banking and Financial Services Conference
Kenneth I. Chenault, American Express Chairman & CEO Key Remarks**

November 10, 2009

TITLE SLIDE

Good morning. It's a pleasure for me to join you.

I'd like to cover a couple of topics with you over the next 25 minutes or so.

AGENDA

First, given that everyone's knowledge of American Express is probably varied, I'll quickly review our performance through the third quarter. After that, I'll spend my time on two topics:

- Sharing some of the lessons we've learned over the last 18 months;
- And what our growth priorities will be as we move forward.

As you'll see, our priorities will demonstrate how we're positioned for growth in a recovering economy, while also recognizing the reality of the "new normal" environment that will likely exist over the moderate term.

So, let me begin with our recent performance.

HISTORICAL FINANCIAL PERFORMANCE

In looking at income from continuing operations through the third quarter you can see that, despite declines in revenue, we have stayed profitable during the year.

We're one of the few major U.S. card issuers, and one of the few large financial services companies, to do so.

This is the result of several factors including the diversity of our businesses and customer segments, the strength of our business model and the success of our reengineering initiatives.

METRIC TRENDS

The weak environment clearly had a substantial impact on our business metrics. Spending and balances have been down since the beginning of the year.

But, as we noted on our earnings call, our rate of decline appears to be stabilizing.

AXP WORLDWIDE BILLED BUSINESS

In looking at our billings trend in both the U.S. and across international you can see that our growth decline flattened out in the second quarter, before improving in the third.

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WORLDWIDE NETWORK SPENDING

One metric we watch carefully in good times or bad is transaction growth.

Throughout the last several quarters we've been encouraged that, while overall billings growth has been down by double digits, our transaction growth has remained relatively flat or only slightly down.

It's clear our customers have cut back their spending, but we're encouraged they're still taking their Amex cards out of their wallets as often as they have in the past. Also our customer retention numbers have remained relatively stable over this time.

These actions serve to reinforce our relevance to merchants, and are also evidence of the cardmember loyalty we've earned over time.

Q3'09 RELATIVE PERFORMANCE

On a relative basis our billings performance in the third quarter was generally in line with our issuing peers. Given that our billings tend to be more discretionary than our peers due to our higher percentage of travel and luxury spend, we view this performance as positive.

METRIC TRENDS

Loans

Looking at AR at the end of the third quarter, our managed loans were down by (20%).¹

This was primarily due to the impact of slower spending, but also due to higher payment rates, lower levels of balance transfers, as well as the actions we've taken to control our risk levels.

As you can see when looking at both of these charts, on a relative basis billings at our peers declined much more rapidly than their AR balances.

That's an indication that, relative to our performance, they're being impacted by either lower paydown levels, higher balance transfers, or both.

Total Cards-In-Force

Cards in force growth declined in each of the last two quarters, but this was largely due to our actions.

Given the uncertainty in the environment, and the continuing need to manage potential credit risk, through the third quarter we opted to cancel 3.3 million cards globally that were spend inactive over the last 24 months and balance inactive from 12 to 24 months.

Excluding these actions, our cards in force would have been relatively flat.

¹ On a GAAP basis, worldwide owned loans declined 31% in Q3'09.

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Perhaps the most significant trend on this page is the improvement in our credit metrics, which are showing the first signs of improvement since the recession began 18 months ago.

CHARGE CARD NET WRITE-OFF AND 30 DAYS PAST DUE RATES – USCS

Looking at our U.S. charge card portfolio you can see that both our net write-off rate and our 30 days past due rate have improved both sequentially and year over year.

USCS MANAGED LENDING MONTHLY CREDIT TRENDS

Looking at our metrics for U.S. Lending you can see a similar trend of improvement.

These results led to our third quarter provision expense being lower than we had expected earlier in the year.

This allowed us to ramp up our investment spending and business building initiatives, a topic I'll come back to in a few moments.

AXP LENDING MANAGED NET WRITE-OFF RATES VERSUS COMPETITORS

Our improved performance has bucked the negative trend still being seen across the industry.

While everyone's rates are still above 2008 levels, in the third quarter all other major U.S. issuers continued to see sequential deterioration in their net write-off rate, compared to our 110 basis point improvement.²

We're clearly encouraged by these results, but we also recognize that any sustained improvement will be dependent on the overall state of the economy and future unemployment levels.

LENDING RESERVE COVERAGE

Even as our rates improve and drive benefit to our provision line, we continue to maintain strong reserve levels.

In the U.S. our percentage of past due stands at almost 300%, with our principal months coverage now at 14.

On a global basis you can see that we've maintained similar balance sheet strength.

Q3'09 LIQUIDITY SNAPSHOT

Along with credit, another major focus for us this year has been liquidity.

Given the literal shut-down of the debt markets in the latter part of 2008 we've worked over the current year to diversify our funding mix and strengthen our contingency plans.

² On a GAAP basis, the owned USCS net write-off improvement from Q2'09 to Q3'09 was 50 basis points (9.8% in Q3'09 versus 10.3% in Q2'09).

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As a result, our liquidity position is currently very strong, with cash and marketable securities covering more than 12 months of our funding needs.

Our deposit program, which we essentially launched from a standing start in the 4th quarter last year, continues to generate excellent results.

We now offer deposits through both a third party brokered channel and a direct online channel.

Through these channels we've built our U.S. deposits to \$23.2 billion at the end of the third quarter, up over \$4 billion from the prior quarter.

Along with our deposit program we've also continued to utilize the debt markets as appropriate.

During the quarter we completed a \$1.25 billion 5 year ABS offering and issued \$1.5 billion of unsecured notes here in the U.S., and in October, we issued unsecured debt in Canada and in the U.K., all of which demonstrates the funding optionality we've maintained.

Q3'09 CAPITAL RATIOS AND REGULATORY BENCHMARKS

Our capital ratios are also very strong and continue to be above benchmark levels.

Because of the unique nature of our business model and the efficiency with which we utilize capital, our ratios are among the highest across financial services.

I'm also proud of the fact that we've maintained these strong results without having to cut our dividend.

AGENDA

So that's the executive summary of our third quarter business performance and the state of our balance sheet.

Over the last 12 months we've faced an uncertain and weak global economy and had to take many difficult actions.

Our objective over this time was to appropriately manage through the negative impacts to our business and our organization, and I believe we've done well on both counts.

We were one of the few financial services companies to remain profitable. We were able to fund our business and keep our capital position strong. And, as I said, we did so without cutting our dividend, unlike a number of other peers.

We haven't completely turned the corner yet, but we have reached the point where we're now able to put greater focus on our moderate-term opportunities rather than short-term conditions and events.

Given all that we've been through one of our major priorities has been to assess our actions and performance over the last 12 months and document what we've learned.

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Now granted, we faced the worst economic conditions since the 1930's, an environment we hope doesn't get repeated anytime soon.

But through it all we've gained a number of insights about our businesses that I believe we can productively apply as we move forward.

WORLDWIDE MONTHLY REPORTED BILLED BUSINESS

The first of these relates to spending. From 15% to 20% positive growth rates in early 2008 we quickly shifted to negative growth rates of the same amount over the course of the year and into 2009.

SPENDING INSIGHTS

One of the key drivers of these results was the unique nature of this economic recession, which was initially triggered by a relatively rapid and wide-scale decline in housing prices.

This erosion in value disproportionately impacted relatively more affluent consumers in the U.S.

Combined with the negative wealth effect of a falling stock market, their overall confidence declined sharply.

They put the brakes on their spending, particularly their discretionary spending, at a far quicker pace than we've seen in past recessions, which tended to be job-related recessions.

For the first time in a downturn we saw the largest spending declines coming from our higher wallet cardmembers, such as our Platinum and Centurion customers.

With a greater proportion of their spending being discretionary, they clearly had more room to retreat.

And even though the majority of these customers retained their cash flow and their capacity to spend, the psychological effect of lower asset values caused them to pull back.

WORLDWIDE MONTHLY REPORTED BILLED BUSINESS

With real estate values now moving in a more positive direction and the partial rebound we've seen in the stock market, the decline in our billings growth appears to have bottomed out.

Our level of billings has generally stabilized since the spring, including last month in October, which saw another rise in absolute spend dollars.³

Our growth rates are still negative but the slope of our trend line is now upward.

October's rates were the best we've seen to date, with reported billings up 3% and our FX adjusted growth rate at (1%).

³ October billings amount is preliminary as of 11/10/09.

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We are coming up against easier comps as we move into the fourth quarter, but it's encouraging to see the absolute dollars move up.

USCS MANAGED LENDING MONTHLY WRITE-OFF RATE

Another area of learning for us was credit. From the end of 2008 through April of this year our managed U.S. write-off rates rose substantially.

Our rates, which had historically been well below industry average, deteriorated further and faster than many of our U.S. issuing peers.

This was largely due to 3 factors.

First is the higher proportion of small business lending in our base. Small business has been quite profitable for us over the long-term, but it does have a higher write-off rate than our consumer portfolio.

Second is our generally higher proportion of cardmembers in California and Florida, two states that have a high number of affluent spenders, but which have been hit hard by falling real estate values.

And third is the level of lending growth we generated over the last several years.

As with spending, given the unique nature of this downturn we gained a number of insights related to credit and had a number of other basic precepts reinforced.

CREDIT INSIGHTS

We clearly gained insights on real estate and its correlation to credit performance.

Declines in real estate values directly correlated to card lending losses.

Geographic areas hit with the largest housing value declines, such as California and Florida, produced the highest credit losses across our lending portfolios.

Historically, customers with multiple mortgages were among our lowest risk. In this cycle they represented higher risk.

As a result we worked quickly to expand the quantity and robustness of real estate-related inputs into our underwriting models.

This served to improve the outcome of the actions we took in both granting credit to new applicants, as well as reassessing the risk of existing customers.

It also became clear that the relatively higher lending growth we generated in 2006 and 2007 came at a price.

Our growth was appropriate based on the economic conditions at the time, but as we moved into the teeth of the worst economy in decades, the natural credit seasoning we had always seen historically went out of pattern.

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Another insight we gained was the need to incorporate flexibility into our collection strategy.

We recognized that the payment problems experienced by many of our longer-tenured, creditworthy customers could be temporary.

In order to protect these long-term relationships we enacted a Customer Care assistance program, which allowed eligible cardmembers to lower their payments and take more time in paying us back.

Finally, two strongly held beliefs about our business model were reinforced over the last year.

The first was that our charge card portfolio would be resilient in a downturn.

We experienced this in the previous recession and the last 12 months served to reinforce this belief.

Our losses across charge remained relatively low due to the discipline with which our charge customers generally handle this product, as well as our charge credit models, which underwrite each charge transaction as it's made rather than underwriting a line size.

This allowed us to identify and address credit problems sooner rather than later.

The second belief was that our broad mix of businesses would serve us well in a downturn. History also repeated itself here.

Our mix of geographies, customer segments and products helped reduce our earnings volatility and improve our profit generation.

U.S. consumer lending spend may have deteriorated, but proprietary markets such as Mexico and our global GNS partnerships helped partially offset these spending declines.

Tighter credit standards may have reduced our acquisitions in a proprietary product such as Blue, but our Delta premium lending co-brand greatly expanded our prospect pool and allowed us to add a significant number of creditworthy cards.

USCS MANAGED LENDING MONTHLY WRITE-OFF RATE

These insights allowed us continually assess our lending portfolio relative to the environment and take actions that are now contributing to our write-off rate improvements.

Along with insights on spending and credit we also gained some broader learnings during the last 18 months.

STRATEGIC LEARNINGS

First: that none of our objectives can be achieved without liquidity.

Creditworthy corporations around the world assumed that access to funding was a given.

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We've all since learned that funding sources can disappear overnight and that, without a diversity of sources and detailed contingency plans, a company's very existence can be put at risk.

Second: that weak economic times require a greater commitment to customer service, not less.

For a company such as ours customer service costs are sizable, and it is a tempting place to hunt as you look to cut expenses.

But it's during uncertain times that customers rely on you to an even greater degree.

Within our customer service organization we have had to reprioritize investments and shift resources, but we've not made large scale cuts to our front-line staffing.

As a result we've remained focused on the experience of our customers – **all** of our customers.

I believe this commitment is clear from the results we achieved in the recent J.D. Power Survey. For the third year in a row we ranked first in customer satisfaction among U.S. credit card issuers.

Even with the downturn, and even with higher levels of credit and collection activity, we were able to maintain our win streak.

Third: that in volatile times, brands count – and trusted brands count even more.

To me this lesson is clearly brought home by the success of our deposit program.

With no advertising, no marketing and no significant pricing differential, we were able to attract a substantial number of customer deposits over a relatively short time.

Given the choice of placing their funds at a higher rate with a relatively unknown institution, people chose us – because of our brand and the trust and security it represents.

During uncertain times, when faced with a flood of choices, established, trusted brands stand out.

Fourth and finally: that even in a weak environment an organization has to remain focused on growth.

Economic cycles eventually turn and re-igniting growth from a standing start is difficult.

While pressure on the bottom-line intensifies during weaker times, it is short-sighted to slash and burn all growth investments.

Doing so will likely put you at the back of the competitive pack when the economy begins to recover and will end up costing you more in the long-run.

This is why, even as we've cut operating expenses, we've continued to fund major growth initiatives such as our co-brands with Delta, British Airways, Cathay Pacific and SAS, and our charge card and prepaid product lines.

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This leads to my final topic – our growth priorities as we come out of this downturn.

POST-RECESSION LANDSCAPE

It's clear that we won't be returning to "business as usual" as we come out of this economic cycle. I believe we'll face a "new normal" with a number of substantial changes.

For example, economic growth will be slower. Consumers and businesses have been hit hard over the last 18 months and a return to the high growth levels of 2002 to 2007 isn't likely.

As a result companies will need to generate profitability off of a lower economic baseline.

As a result a premium will be placed on lean, flexible companies that are focused on generating value for customers, business partners and shareholders.

Generating this value within the payments industry will also require a commitment to innovation and new ways of thinking about products, platforms and the competitive marketplace.

Because of these changes to the economic and industry landscape, we recently implemented a major organizational change at our company.

My goal is to make us more appropriately positioned for the "new normal" and more focused on the priorities that will drive our growth over the moderate-term.

AXP ORGANIZATIONAL FOCUS

Here's a snapshot of our new structure.

We've integrated our proprietary consumer and small business card issuers in all markets, along with our network and merchant businesses, under the leadership of Ed Gilligan.

By putting all of these businesses under a single leader I believe we can maximize the growth opportunities for the entire Blue Box.

For example, greater alignment between card acquisition and merchant acquisition efforts could make investments in each area more productive.

Assessing our potential in a specific country by optimizing the contributions of both our proprietary and GNS businesses could lead to greater growth for each.

Each of these businesses has generated good growth momentum in the past.

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I believe an even stronger alignment between all of these related organizations can enable us to realize stronger, more sustainable growth.

Our Commercial Card and Travel organization remain essentially intact.

The growth potential here continues to be substantial and, to put an even greater focus on our opportunities, these businesses now report directly to me.

Global Services reports to Steve Squeri and is responsible for all internal and external servicing functions.

Large internal servicing and processing functions that used to be in Finance or HR are now being combined to maximize our scale efficiencies and ensure that our cost structure is appropriate for a slower growth environment.

At the same time our Customer Service capabilities are now being fully globalized. This will serve to accelerate our implementation of best practices across all of our markets, while keeping our steadfast focus on providing the best service in the industry.

Enterprise Growth is a new organization with two important objectives: leveraging our existing assets and capabilities to generate new fee-based revenue streams; and capitalizing on new growth opportunities within alternative and emerging payments.

I spent a lot of time at our August Financial Community meeting going into both of these areas so I would encourage you to look at those remarks for a full context on our opportunities.

In the meantime I'll try to do justice with a summary.

I believe that, going forward, our investment focus will be less about single products, single segments or individual markets, and more about fully and broadly leveraging the differentiated resources we have across our franchise.

LEVERAGING OUR RESOURCES

We have a substantial number of assets, capabilities and relationships that, in combination, are unique to us. No one else has the breadth and depth of the resources represented here.

No other card issuer has the merchant, corporate and GNS relationships we do, nor our global footprint.

No other network has the benefit of the customer relationships, data and information management capabilities we do.

I believe focusing on our resources horizontally across our assets, capabilities and relationships, rather than vertically within a single category or on a single asset, can open up significant opportunities to expand the fee revenues we currently earn.

Now, when I use the term fee revenue here I'm not referring to traditional merchant discount fees or cardmember fees.

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I'm referring to the fees we earn on the added products and services we provide to our customers and clients, revenues that are complementary to our core business.

We already have a sizable base of these revenues across our businesses.

Globally, products and services such as cardmember insurance, client marketing and customer advisory services generated over \$725 million of revenue for us in 2008.

Given that the majority of these products leverage existing customers and resources, the margins for these products are very healthy.

Also, a fee services revenue stream provides for very attractive financial characteristics in that it is high margin, low risk and uses minimal to no capital, all of which merit a relatively high valuation.

We've grown these revenues organically over a period of time and, I'll admit, we did so without a great deal of organizational focus.

Our Enterprise Growth organization will now be specifically tasked with identifying these growth opportunities and ramping up this revenue stream.

AXP ORGANIZATIONAL FOCUS

The other area of responsibility for this group will be leading our strategy in emerging payments.

While still relatively small, we believe emerging payments will provide significant potential going forward and we intend to stay active in this space, through partnerships, investments and, potentially, acquisitions.

When we come to the table with potential partners we're able to provide them with a great deal of scale – not just by our vertical depth as a network or issuer, but by the horizontal breadth and depth of all of our relationships and resources, including our brand and our position as the world's only global merchant acquirer.

These are all important elements in launching an emerging payments solution and establishing unique value propositions.

This component of the industry is evolving quickly so it is difficult to know what it will eventually look like or what the economics will be. But, as I said, we plan on being an active participant, so stay tuned to this space.

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As we look at revenue opportunities over the moderate to long-term I believe we're in a very strong position.

Unlike a number of financial services companies, there is still tremendous growth potential across our traditional core businesses.

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TRADITIONAL VIEW OF PLASTIC PENETRATION

I believe this slide, which I've shared at forums before, is the best and simplest way of seeing the opportunity within our core business.

This represents the penetration of plastic against cash and checks across each of our major segments.

As you can see, the opportunity for shifting payments onto plastic remains substantial.

Now, these are aggregate numbers of course. If you were to look specifically at high growth markets such as India, Brazil and China the penetration numbers would only be in single digits.

GROWTH POTENTIAL

Beyond our core businesses we also have other products and business areas as shown here that I believe will contribute to our growth over the moderate to long-term.

As we come out of this recession we're fortunate to have a broad range of high return growth investments to choose from.

We're also fortunate to be in a position to fund a number of these business building initiatives over the next several quarters.

During the third quarter you no doubt saw our increased advertising presence for our charge and small business products, along with other brand building initiatives.

In anticipation of sequential improvement in our loan loss provision in the 4th quarter, we expect our focus on investment spending to continue this quarter and into next year.

Our credit trends are currently performing better than the competition and, as a result, we have a window of time to take advantage of this in the marketplace.

In fact, we intend to re-invest a sizable portion of our provision benefit back into our business, setting us up for improved growth trends as the economic cycle turns and beyond into the moderate to long-term.

BLUE BOX

In closing, let me say that I remain very confident in our strategy, our capabilities and in the moderate to long-term potential of the company.

At the start of the year the economy appeared to be in a freefall, the drop in cardmember spending was accelerating and loan loss rates were rising rapidly.

But throughout this time our short-term challenges did not stop us from investing in our future.

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Today, while there is still reason to be cautious about unemployment levels, we are seeing broad-based improvements in credit quality, the trends in spending are encouraging and there are signs that the recession may be approaching an end.

The job of any leadership team is to balance between the short and long-term, and I believe we're managing this task effectively, with appropriate consideration for our shareholders, customers and employees.

Despite the environment we've remained committed to growth and have continued to invest.

Our base investments, along with the funds we expect to gain as a result of our credit benefit, are being deployed against our most significant growth opportunities, opportunities that play to our strengths and which I believe will generate excellent financial returns over the moderate to long-term.

We know the potential of our assets and capabilities, we have exceptional opportunities for growth, and we have the organizational structure in place to execute those opportunities.

The payments industry will continue to evolve, as will our company, but our commitment to growth and shareholder value remains unchanged.

Thank you.