American Express Co

Stock Report | September 13, 2014 | NYS Symbol: AXP | AXP is in the S&P 500

Key Stock Statistics (Source S&P Capital IQ, Vickers, company reports)

<table>
<thead>
<tr>
<th>Sub-Industry</th>
<th>Consumer Finance</th>
</tr>
</thead>
</table>

52-Wk Range | $96.24–72.08 |
Trailing 12-Month EPS | $5.23 |
Trailing 12-Month P/E | 16.8 |
$10K Invested 5 Yrs Ago | $27,594 |

Summary American Express is a leading global payments and travel & expense services company.

Investment Rationale/Risk
- We have a buy opinion on the shares, as we see AXP benefiting as consumers and businesses increase their spending in a more stable economy. With over 50% of revenues from card spending, AXP is positioned well, in our view. Management wisely invested windfalls in new technologies over 2009-2011, in our view, and AXP is now free from credit concerns to innovate. We expect digital, mobile payments and prepaid accounts to continue to be a major strategic focus over the next few years and to change the way people around the world pay.
- Risks to our recommendation and target price include significant slowdown in consumer and business spending, an increase in loss provisions, a weakening global macroeconomic environment, and a decline in credit quality.
- Our 12-month target price of $100 represents a multiple of 17.5X our forward four quarters EPS estimate of $5.68, a discount to network operator peers with no lending risk but a premium to lenders. We expect the multiple to reflect continuing revenue growth, card spending and a potential recovery in corporate travel spending.

Past performance is not an indication of future performance and should not be relied upon as such.

Highlights
- We expect revenues (net of interest expense) to grow by 7% in 2014, driven by strategic marketing aimed at spending rather than loan growth. Adjusted for currency translation, billed business spending growth was strong, at 9%, in the 2014 second quarter (adjusted for currency exchange), a pace we consider high amid global economic weakness. We think new initiatives will help offset international economic softness in 2014.
- AXP improved its efficiency in 2013 and we see that continuing in 2014. We expect revenues to grow at a faster pace than operating expenses over the next two years. The net write-off rate for lending was quite low, at around 2%, in the 2014 second quarter. We view credit quality as unsustainably strong, as AXP’s delinquency ratio is near historical lows; therefore, we expect loan provisions and charge-off rates to be higher in 2014.
- We forecast EPS of $5.44 in 2014 and $6.00 in 2015.

Please read the Required Disclosures and Analyst Certification on the last page of this report.

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This document is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person who may receive this report. Investors should seek independent financial advice regarding the suitability and/or appropriateness of making an investment or implementing the investment strategy discussed in this document and should understand that statements regarding future prospects may not be realized. Investors should note that income from such investments, if any, may fluctuate and that the value of such investments may rise or fall. Accordingly, investors may receive back less than they originally invested. Investors should seek advice concerning any impact this investment may have on their personal tax position from their own tax adviser. Please note the publication date of this document. It may contain specific information that is no longer current and should not be used to make an investment decision. Unless otherwise indicated, there is no intention to update this document.
CORPORATE OVERVIEW. American Express is a leading global payments and travel and expense services company. Its businesses are organized into two customer-focused groups — global consumer and global business-to-business. Accordingly, U.S. card services and international card services are aligned within the global consumer group and global commercial services and global network & merchant services are within the global business-to-business group. The company has four primary business lines.

U.S. Card Services (about 51% of fourth-quarter 2013 revenues, net of interest expense) includes the U.S. proprietary consumer card business, OPEN from American Express, the global Travelers Cheques and Pre-Paid Services business, and the American Express U.S. Consumer Travel Network.

International Card Services (16%) issues proprietary consumer and small business cards outside the U.S.

Global Network & Merchant Services (17%) consists of the global network services and merchant services businesses. Global Network Services develops and manages relationships with third parties that issue American Express branded cards. Network functions include operations, service delivery, authorization, clearing, settlement, brand advertising, new product development and marketing. In some emerging markets, Global Network Services also issues certain proprietary cards. Global Merchant Services develops and manages relationships with merchants that accept American Express branded cards; authorizes and records transactions, pays merchants and provides a variety of point of sale and back office services. It also works with merchant and bank partners to develop and market products.

Global Commercial Services (15%) offers global corporate payment and travel-related products and services to large and mid-size companies. It offers five primary products and services: Corporate Card, issued to individuals through a corporate account established by their employer and designed primarily for travel and entertainment spending; Corporate Purchasing Solutions, an account established by corporations to pay for everyday business expenses such as office and computer supplies; Buyer Initiated Payment, an electronic solution for companies looking to streamline their payment processes; ePayment technology, which provides fast and efficient payment for large ticket purchases and permits the processing of large transactions with effective fraud; and American Express Business Travel, which helps businesses manage and optimize their travel expenses through a variety of travel-related products, services and solutions.

CORPORATE STRATEGY. AXP’s proprietary card business offers a broad set of card products to attract its target customer base. Core elements of its strategy are: focusing on acquiring and retaining high-spending, creditworthy cardmembers across multiple groups; designing card products with features that appeal to specific customer segments; the use of strong incentives to drive spending on its various card products, including AXP’s Membership Rewards program and other rewards features; the use of loyalty programs such as Delta SkyMiles, sponsored by its co-brand and other partners to drive spending; the development and nurturing of wide-ranging relationships with co-brand and other partners; a multi-card strategy (having multiple card products in customers’ wallets); and high-quality customer service.

IMPACT OF MAJOR DEVELOPMENTS. In March 2014, American Express agreed to sell a 50% share in its business-travel division for $900 million. AmEx will create a joint venture with an investor group formed by Certares International Bank LLC that includes Qatar Holding LLC and funds managed by BlackRock Inc. and Macquarie Capital. The business will use the American Express brand.

In October 2012, American Express and Wal-mart kicked off the general purpose reloadable prepaid “Bluebird” card venture. The card offers consumers access to the American Express network with minimal fees and no credit check. Deposits can be taken by Wal-mart cashiers and via direct deposit. Fourth-quarter 2012 results included a significant charge ($895 million) to slim down on old era staff, primarily in the travel business, with the savings reinvested in new digital and online efforts. Tweet to pay on Twitter was introduced in February 2013, allowing merchants to offer consumers discounts on products and services. Cardholders can pay by tweeting and verifying, and products are automatically shipped to the billing address. In October 2013, the company sold its publishing business to Time, Inc. In September 2013, the company announced plans to sell half of its Global Business Travel division to Certares, a travel-focused firm, with the companies entering into a joint venture; the transaction is expected to close by June 2014. In December 2013, American Express agreed with merchants to permit surcharging on cards; however, any surcharges must be in line with those for competing networks.

FINANCIAL TRENDS. From 2004 to 2007, EPS increased at a compound annual growth rate (CAGR) of 7%, slightly below the company’s goal of 8% EPS growth over the cycle. But from 2007 to 2008, EPS declined at a compound annual rate of 33%, which we attribute to the credit crisis. Credit quality was the major factor that affected profitability -- it deteriorated in the second half of 2007 through 2008 (along with the industry). Beginning in 2009, credit started to recover as the economy stabilized and as the company tightened credit standards during the downturn. Loan losses have fallen to historical lows, but we think the low level of losses is unsustainable given goals for revenue growth. In 2011, EPS increased 22% as the economy and credit quality improved significantly and operating earnings growth has remained positive since. Operating EPS grew at the company’s goal of 8% in 2012 and slightly below that goal in 2013.
### Quantitative Evaluations

<table>
<thead>
<tr>
<th>S&amp;P Capital IQ</th>
<th>4+</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fair Value</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Rank</strong></td>
<td></td>
</tr>
<tr>
<td>Based on S&amp;P Capital IQ’s proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).</td>
<td></td>
</tr>
<tr>
<td><strong>Fair Value Calculation</strong></td>
<td>$98.90</td>
</tr>
<tr>
<td><strong>Investability Quotient</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Percentile</strong></td>
<td></td>
</tr>
<tr>
<td>AXP scored higher than 92% of all companies for which an S&amp;P Capital IQ Report is available.</td>
<td></td>
</tr>
<tr>
<td><strong>Volatility</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Technical Evaluation</strong></td>
<td></td>
</tr>
<tr>
<td>Since August, 2014, the technical indicators for AX are NEUTRAL.</td>
<td></td>
</tr>
<tr>
<td><strong>Insider Activity</strong></td>
<td></td>
</tr>
<tr>
<td><strong>UNFAVORABLE</strong></td>
<td><strong>NEUTRAL</strong></td>
</tr>
</tbody>
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For further clarification on the terms used in this report, please visit www.standardandpoors.com/stockreportguide

### Company Financials  Fiscal Year Ended Dec. 31

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Tangible Book Value</td>
<td>14.60</td>
<td>17.09</td>
<td>12.43</td>
<td>10.54</td>
<td>9.53</td>
<td>7.61</td>
<td>8.22</td>
<td>7.52</td>
<td>8.50</td>
<td>12.63</td>
</tr>
<tr>
<td>Earnings</td>
<td>4.88</td>
<td>3.89</td>
<td>4.08</td>
<td>3.35</td>
<td>1.54</td>
<td>2.48</td>
<td>3.39</td>
<td>3.01</td>
<td>2.56</td>
<td>2.74</td>
</tr>
<tr>
<td>S&amp;P Capital IQ Core Earnings</td>
<td>4.91</td>
<td>3.99</td>
<td>3.79</td>
<td>2.88</td>
<td>0.93</td>
<td>2.08</td>
<td>2.87</td>
<td>2.85</td>
<td>2.49</td>
<td>2.53</td>
</tr>
<tr>
<td>Dividends</td>
<td>0.86</td>
<td>0.78</td>
<td>0.72</td>
<td>0.72</td>
<td>0.72</td>
<td>0.60</td>
<td>0.54</td>
<td>0.48</td>
<td>0.32</td>
<td></td>
</tr>
<tr>
<td>Payout Ratio</td>
<td>18%</td>
<td>20%</td>
<td>18%</td>
<td>22%</td>
<td>47%</td>
<td>29%</td>
<td>18%</td>
<td>19%</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Prices:High</td>
<td>90.79</td>
<td>61.42</td>
<td>53.80</td>
<td>49.19</td>
<td>42.25</td>
<td>52.63</td>
<td>65.89</td>
<td>62.50</td>
<td>59.50</td>
<td>57.05</td>
</tr>
<tr>
<td>Prices:Low</td>
<td>58.31</td>
<td>47.40</td>
<td>41.30</td>
<td>36.60</td>
<td>9.71</td>
<td>16.55</td>
<td>50.37</td>
<td>49.73</td>
<td>46.59</td>
<td>47.32</td>
</tr>
<tr>
<td>P/E Ratio:High</td>
<td>19</td>
<td>16</td>
<td>13</td>
<td>15</td>
<td>27</td>
<td>21</td>
<td>19</td>
<td>21</td>
<td>23</td>
<td>21</td>
</tr>
<tr>
<td>P/E Ratio:Low</td>
<td>12</td>
<td>12</td>
<td>10</td>
<td>11</td>
<td>6</td>
<td>7</td>
<td>15</td>
<td>17</td>
<td>18</td>
<td>17</td>
</tr>
</tbody>
</table>

### Income Statement Analysis (Million U.S. $)

| Cards in Force | 107 | 102 | 97.4 | 91.0 | 87.9 | 92.4 | 86.4 | 78.0 | 71.0 | 65.4 |
| Card Charge Volume | NA   | NA   | NA   | NA   | NA   | NA   | NA   | NA   | NA   | NA   |
| Premium Income | NA   | Nil  | Nil  | Nil  | Nil  | Nil  | Nil  | Nil  | Nil  | 1,525 |
| Commissions    | 4,327| 4,257| 4,240| 3,810| 3,372| 4,317| 4,343| 4,333| 4,236| 4,079 |
| Interest & Dividends | 7,005| 6,854| 6,961| 7,292| 5,331| 7,201| 6,145| 4,535| 3,635| 3,118 |
| Total Revenue  | 34,932| 33,808| 32,282| 30,242| 26,730| 31,520| 31,557| 27,136| 24,267| 29,115 |
| Net Before Taxes| 7,888| 6,451| 6,956| 5,864| 2,841| 3,473| 5,166| 5,328| 4,249| 4,951 |
| Net Income     | 5,259| 4,462| 4,069| 4,057| 2,137| 2,871| 4,048| 3,729| 3,221| 3,516 |
| S&P Capital IQ Core Earnings | 5,250| 4,564| 4,478| 3,457| 1,101| 2,412| 3,426| 3,531| 3,144| 3,244 |

### Balance Sheet & Other Financial Data (Million U.S. $)

| Total Assets | 153,375| 153,140| 153,337| 147,000| 124,000| 126,000| 149,830| 127,853| 113,960| 192,638 |
| Cash Items   | 19,486 | 22,250| 24,893| 17,000| 16,000| 21,000| 14,038| 11,270| 7,126 | 9,907  |
| Investment Assets:Bonds | Nil    | Nil   | Nil   | Nil   | Nil   | Nil   | Nil   | Nil   | Nil   | Nil   |
| Investment Assets:Stocks   | Nil   | Nil   | Nil   | Nil   | Nil   | Nil   | Nil   | Nil   | Nil   | Nil   |
| Investment Assets:Loans    | 66,585| 64,309| 61,168| 57,616| 30,010| 40,659| 52,436| 50,248| 40,601| 25,942 |
| Investment Assets:Total    | 71,601| 69,923| 68,313| 71,626| 54,347| 53,165| 67,472| 61,518| 62,135| 60,809 |
| Accounts Receivable        | 47,185| 45,914| 44,109| 40,434| 38,204| 36,571| 95,441| 89,099| 35,497| 34,650 |
| Customer Deposits          | 41,763| 39,803| 37,898| 29,727| 26,289| 15,486| 15,397| 24,656| 24,579| 21,091 |
| Travel Cheques Outstanding | 4,240| 4,601| 5,123| 5,526| 5,975| 6,433| 7,197| 7,215| 7,175| 7,287 |
| Debt                      | 55,330| 58,973| 59,570| 66,416| 52,338| 69,034| 73,047| 57,909| 30,781| 33,061 |
| Common Equity              | 19,496| 18,886| 18,794| 16,000| 14,000| 12,000| 11,029| 10,511| 10,549| 16,020 |
| % Return on Assets         | 3.5   | 2.9   | 3.3   | 3.0   | 1.7   | 2.0   | 2.9   | 3.1   | 2.1   | 1.9    |
| % Return on Equity         | 27.9  | 23.8  | 27.8  | 26.7  | 18.5  | 24.3  | 37.8  | 35.4  | 24.2  | 22.4   |

Data as originally reported in Company reports; bef. results of disc ops/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

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Sub-Industry Outlook

Our fundamental outlook for the consumer finance sub-industry is positive, as we believe companies are positioned well to capture rewards of an improving economic environment. A dramatic improvement in credit quality that began in 2011 continued through 2014 due to tight underwriting standards employed through the downturn. We believe overall credit quality trends will be stable in 2014 and 2015, and we expect card spending to grow at a faster rate than consumer loans. While the industry is now under a higher level of regulatory scrutiny, we believe companies will act prudently. And with credit at historically strong levels, we see management’s time as focused on strategic growth initiatives.

Of the types of consumer loans offered by companies within this sub-industry, the biggest emphasis is on credit cards as auto finance and private student loan portfolios are relatively smaller markets. The U.S. credit card industry is relatively mature, but its players are experienced with competition, and balancing account growth, margin and expenses. These companies are sophisticated information-rich marketers and we expect them to develop innovative new products. The most significant area of development is in mobile payments, which brings new industry competitors.

We forecast a slight gain in receivables and loans for 2014, and that companies will continue to modestly loosen credit standards over the next couple of years. Industry receivables growth and discount revenues for the card networks will likely continue to be moderate due to cautious attitudes toward debt and lackluster spending. We think receivables growth and spending should pick up as consumer confidence and employment levels improve. For the longer term, we think pricing pressure and competition will remain intense and we expect the larger consumer finance companies to continue to look to develop new niches.

We believe the consumer finance sub-industry will outperform the Financials sector in the next twelve months, due to relatively less capital markets exposure, relatively more transparent business models and dynamic and compelling growth strategies that should blossom as the economy improves.

In 2014, year to date through September 5, the S&P Consumer Finance Index was up just 3.5% versus an 8.2% rise in the S&P 1500 Index. However, in 2013, the S&P Consumer Finance Index was up 46% versus a 30% rise in the S&P 1500 Index, and in 2012, the sub-industry index increased 30%, versus a 14% advance for the S&P 1500.

--Erik Oja

Industry Performance

GICS Sector: Financials
Sub-Industry: Consumer Finance

Based on S&P 1500 Indexes
Five-Year market price performance through Sep 13, 2014

Sub-Industry: Consumer Finance Peer Group*: Consumer Finance - Credit Cards

<table>
<thead>
<tr>
<th>Peer Group</th>
<th>Stock Symbol</th>
<th>Stk. Mkt. Cap. (Mil. $)</th>
<th>Recent Stock Price($)</th>
<th>52 Week High/Low($)</th>
<th>Beta</th>
<th>Yield (%)</th>
<th>P/E Ratio</th>
<th>Fair Value Calc.($)</th>
<th>S&amp;P IQ Ranking</th>
<th>Quality Ranking</th>
<th>Return on Revenue (%)</th>
<th>LTD to Cap (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amer Express</td>
<td>AXP</td>
<td>92,197</td>
<td>87.64</td>
<td>96.24/72.08</td>
<td>1.18</td>
<td>1.2</td>
<td>17</td>
<td>98.90</td>
<td>B+</td>
<td>92</td>
<td>NA</td>
<td>12.5</td>
</tr>
<tr>
<td>Capital One Financial</td>
<td>CDF</td>
<td>45,333</td>
<td>80.94</td>
<td>85.39/67.36</td>
<td>1.21</td>
<td>1.5</td>
<td>11</td>
<td>84.70</td>
<td>B+</td>
<td>92</td>
<td>18.2</td>
<td>12.6</td>
</tr>
<tr>
<td>Discover Financial Svcs</td>
<td>DFS</td>
<td>28,837</td>
<td>82.43</td>
<td>64.44/48.40</td>
<td>1.10</td>
<td>1.5</td>
<td>12</td>
<td>70.80</td>
<td>NR</td>
<td>87</td>
<td>NA</td>
<td>15.2</td>
</tr>
</tbody>
</table>

*For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Past performance is not an indication of future performance and should not be relied upon as such.

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**S&P Capital IQ Analyst Research Notes and other Company News**

**July 30, 2014**
10:59 am ET... S&P CAPITAL IQ KEEPS BUY RECOMMENDATION ON SHARES OF AMERICAN EXPRESS CO. (AXP 90.74 *****): We keep our $100 target price, an above-peer 17.6X our forward four quarters EPS estimate of $5.68. AXP reports Q2 EPS of $1.43 (GAAP) vs. $1.27, and operating EPS of $1.38, beating our operating EPS estimate of $1.34, while matching the Capital IQ consensus view. GAAP results were boosted by the previously-announced corporate travel JV. Underlying core results were slightly better than we expected, with billed-business volume, a key indicator, up a robust 9%. Credit card balances were up by 5%. EPS was boosted by share repurchases. We expect AXP to gain consumer market share. /Erik Oja

**July 2, 2014**
American Express Global Business Travel announced new members of its executive team. In addition to the previous appointments of Greg O’Hara as Chairman of the board and Bill Glenn as President and Chief Executive Officer, the company has named Pat Bourke as Chief Administrative Officer, Norma Corio as Chief Financial Officer, and JoAnne Kruse as Chief Human Resources Officer. Mr. O’Hara is currently a member of the board of directors of Travel Leaders Group, and has previously served on the boards of Carlson Wagonlit Travel, Travelport, Worldspan Technologies, and various other companies. Bill Glenn, President and Chief Executive Officer, previously served as President of Global Commercial Services at American Express Company, where he had responsibility for its Global Corporate Payments and Global Business Travel business units. Pat Bourke, Chief Administrative Officer, is focused on centralizing key organizational operations and ensuring a seamless exit from the Transitional Services Agreements (TSA) that are currently in place between GBT and American Express. He served most recently as a partner in Blackstone’s private equity group with responsibility for technology strategy and sourcing for the portfolio companies as well as carve-out activities for newly acquired companies. Norma Corio, Chief Financial Officer, is responsible for overall financial management of the company, its financial reporting and transparency, and for multiple corporate functions including Controller, Treasury, Tax and long-range planning. Most recently, Ms. Corio served as Co-President and a Managing Director of Miller Buckfire. JoAnne Kruse, Chief Human Resources Officer, is responsible for all human resource functions and for developing and engaging the company’s global employee base in order to drive business growth. Most recently, Ms. Kruse was the founder and partner in a HR consulting firm, Human Capital Partners, which provided services to companies in the areas of talent development, rewards, and organizational and system redesign in support of acquisition and integration projects.

**June 24, 2014**
American Express Company announced the appointment of Laureen E. Seeger as executive vice president and general counsel. Seeger joins American Express from McKesson Corporation, where she led the law, public affairs, compliance and corporate secretary functions while guiding the company through complex legal and regulatory environments and contributing to its financial growth Seeger has served as executive vice president, general counsel and chief compliance officer of McKesson since 2006. She joined McKesson in 2000 as general counsel of the corporation’s technology division. In this role, she provided leadership through complex M&A transactions and product evolutions, while building the law department and enhancing client service. She will report to Chenault and be a member of the company’s operating committee. Seeger is a board member of the California Chamber of Commerce and the Umpqua Holdings Corporation. She is former board chair of the Bay Area American Heart Association. Seeger will succeed Louise M. Parent, who retired last year after a distinguished 37-year career with American Express. Tim Heine, who has been serving as acting general counsel, will resume his prior responsibilities as managing counsel and continue to be involved in key companywide initiatives.

**June 16, 2014**
06:38 am ET... AMERICAN EXPRESS COMPANY (AXP 94.85) UNCHANGED, PACIFIC CREST INITIATES COVERAGE ON AMERICAN EXPRESS COMPANY AT SECTOR PERFORM... Pacific Crest initiates coverage on American Express Company (NYSE: AXP) with a Sector Perform rating. 2014 Benzinga.com. Benzinga does not provide investment advice. All rights reserved.Acquire Media

**June 16, 2014**
05:13 pm ET... AMERICAN EXPRESS COMPANY (AXP 94.37) DOWN 0.48, UPDATE: PACIFIC CREST INITIATES COVERAGE ON AMERICAN EXPRESS COMPANY AT...
Of the total 27 companies following AXP, 27 analysts currently publish recommendations.

### Wall Street Consensus Estimates

<table>
<thead>
<tr>
<th>Fiscal Years</th>
<th>Avg Est.</th>
<th>High Est.</th>
<th>Low Est.</th>
<th># of Est.</th>
<th>Est. P/E</th>
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<tr>
<td>2015</td>
<td>6.02</td>
<td>6.35</td>
<td>5.45</td>
<td>22</td>
<td>14.6</td>
</tr>
<tr>
<td>2014</td>
<td>5.49</td>
<td>5.59</td>
<td>5.16</td>
<td>22</td>
<td>16.0</td>
</tr>
<tr>
<td>2015 vs. 2014</td>
<td>▲ 10%</td>
<td>▲ 14%</td>
<td>▲ 6%</td>
<td>0%</td>
<td>▼ -9%</td>
</tr>
</tbody>
</table>

### Wall Street Consensus vs. Performance

For fiscal year 2014, analysts estimate that AXP will earn US$ 5.49. For the 2nd quarter of fiscal year 2014, AXP announced earnings per share of US$ 1.43, representing 26% of the total annual estimate. For fiscal year 2015, analysts estimate that AXP’s earnings per share will grow by 10% to US$ 6.02.

A company’s earnings outlook plays a major part in any investment decision. S&P Capital IQ organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.
S&P Capital IQ STARS
Since January 1, 1987, S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, S&P Capital IQ Equity Research has ranked Asian and European equities since June 30, 2002. Under proprietary STARS (Stock Appreciation Ranking System), S&P Capital IQ equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P Capital IQ Quality Ranking
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A+ Highest  B Below Average  A High  Lower  A Above Average  C Lowest  B+ Average  D In Reorganization  NR Not Ranked

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S&P Capital IQ Equity Research

Abbreviations Used in S&P Capital IQ Equity Research Reports
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S&P Capital IQ Global STARS Distribution as of March 31, 2014

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<th>Ranking</th>
<th>North America</th>
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<tr>
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<td>52.3%</td>
<td>43.3%</td>
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<td>51.0%</td>
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<tr>
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<td>3.8%</td>
<td>12.8%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
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