

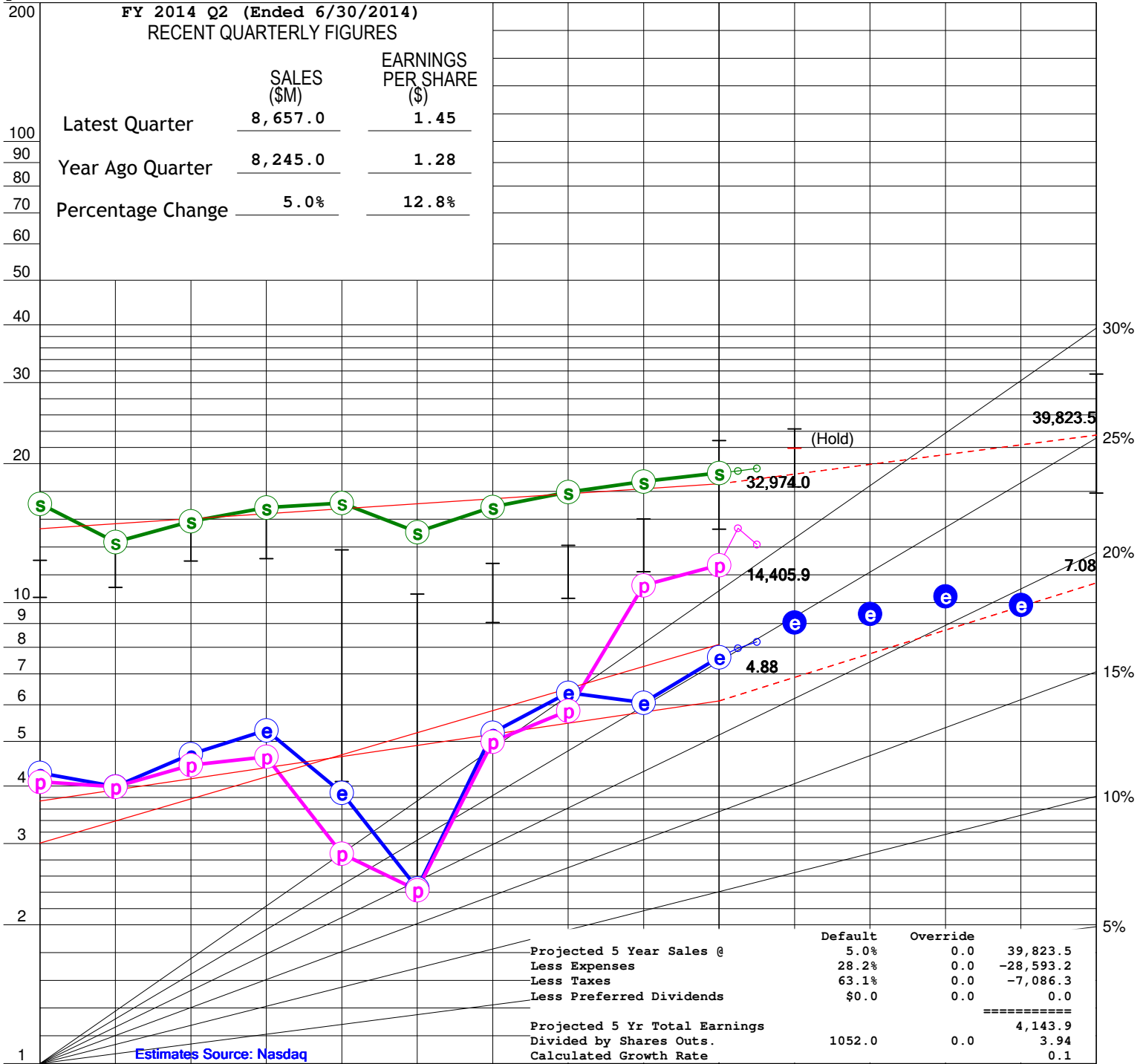


# Stock Study

Company	American Express	Price Date	09/15/14
Study by	pwoodring	Data Date	09/15/14
Sector	Financial Services	Last Judgment	09/16/14
Industry	Credit Services	Data Source	StkCntrl
Preferred(\$M)	0.0	Reference	Morningstar
Common(M Shares)	1,052.0	% Insiders	0.4
Debt(\$M)	61,990.0	% Institutions	89.9
% Debt to Tot.Cap.	76.3	Quality	1.6 (Take Stock)

## 1 Growth Analysis

NYSE: AXP



- |                                   |       |  |        |               |
|-----------------------------------|-------|--|--------|---------------|
| (1) Historical Sales Growth       | 2.5 % | (3) Historical Earnings Per Share Growth       | 5.7 %  | www.iclub.com |
| (2) Estimated Future Sales Growth | 5.0 % | (4) Estimated Future Earnings Per Share Growth | 12.5 % |               |
| (5) Sales Growth R <sup>2</sup>   | 0.50  | (6) Earnings Per Share Growth R <sup>2</sup>   | 0.27   |               |

## 2 QUALITY ANALYSIS

Company **American Express** (AXP)

09/15/14

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	5 YEAR AVG.	TREND UP / DOWN
<b>A</b> % Pre-tax Profit on Sales	17.3	20.4	20.5	19.9	12.0	11.6	21.4	23.2	41.2	43.7	28.2	UP
<b>B</b> % ROE (Beginning Yr)	<del>17.3</del>	20.1	35.4	38.9	26.3	15.1	27.7	30.2	24.1	28.6	25.1	UP
<b>C</b> % Debt to Equity	201.6	288.0	395.8	490.1	508.3	369.8	409.9	311.6	302.4	277.3	334.2	DOWN

## 3 PRICE, PRICE/EARNINGS RATIO and DIVIDEND ANALYSIS

CURRENT PRICE (P/E) **87.38 (16.6)** 52-WEEK HIGH (P/E) **96.24 (18.3)** 52-WEEK LOW (P/E) **72.08 (13.7)**

Fiscal Year	High Price	Low Price	EPS	High P/E	Low P/E	Dividend	% Payout	% High Yield
1 2009	42.2	9.7	1.54	27.4	6.3	0.720	46.8	7.4
2 2010	49.2	36.6	3.35	14.7	10.9	0.720	21.5	2.0
3 2011	53.8	41.3	4.09	13.2	10.1	0.720	17.6	1.7
4 2012	61.4	47.2	3.89	15.8	12.1	0.800	20.6	1.7
5 2013	90.8	58.3	4.88	18.6	11.9	0.660	13.5	1.1
6 AVERAGE		38.6		17.9	10.3		24.0	
AVERAGE P/E RATIO		14.1	PROJECTED P/E RATIO		14.7	TTM EPS		5.27
CURRENT P/E RATIO		16.6	PEG RATIO		1.2	FTM EPS		5.93
RELATIVE VALUE		117.6	PROJ. RELATIVE VALUE		104.5	AVG TTM + FTM EPS		5.60

## 4 EVALUATING REWARD and RISK over the next 5 years

### A FUTURE HIGH PRICE ANALYSIS -- NEXT 5 YEARS

Selected High P/E **17.9** X Estimated High Earnings/Share **7.08** = Forecast High Price \$ **126.7**

### B FUTURE LOW PRICE ANALYSIS -- NEXT 5 YEARS

(a) Sel. Low P/E **10.3** X Estimated Low Earnings/Share **4.88** <sup>(as adj.)</sup> **5.27** = \$ **54.3**

(b) Average 5-Year Low Price = **38.6**

(c) Recent Severe Low Price = **47.2**

(d) Price Dividend Will Support = Present Divd. ÷ High Yield = **1.040** ÷ **0.074** = **14.0**

Selected Estimated Low Price = \$ **69.9**

### C PRICE RANGES

Forecast High Price **126.7** - Estimated Low Price **69.9** = Range **56.8** 25% of Range = **14.2**

BUY (Lower 25% of Range) = **69.9** to **84.1**

MAYBE (Middle 50% of Range) = **84.1** to **112.5**

SELL (Upper 25% of Range) = **112.5** to **126.7**

Current Price **87.380** is in the **Hold** Range

### D REWARD/RISK ANALYSIS (Potential Gain vs. Risk of Loss)

(Forecast High Price **126.7** - Current Price **87.380**) ÷ (Current Price **87.380** - Estimated Low Price **69.9**) = **2.2** To 1

## 5 TOTAL RETURN ANALYSIS

### A CURRENT YIELD

Present Full Year's Dividend \$ **1.040** ÷ Current Price of Stock \$ **87.380** = **1.2** % Present Yield or % Returned on Purchase Price

### B AVERAGE YIELD - USING FORECAST HIGH P/E

Avg. % Payout **24.0** ÷ Forecast High P/E **17.9** = Avg. Yield **1.3**

### AVERAGE YIELD - USING FORECAST AVERAGE P/E

Avg. % Payout **24.0** ÷ Forecast Avg P/E **14.1** = Avg. Yield **1.7**

### C % COMPOUND ANNUAL TOTAL RETURN - USING FORECAST HIGH P/E

Average Yield **1.3** % + Annual Appreciation **7.7** % = Compound Annual Total Return **9.1** %

### D % PROJECTED AVERAGE RETURN - USING FORECAST AVERAGE P/E

Average Yield **1.7** % + Annual Appreciation **2.7** % = Projected Average Total Return **4.4** %