AXP 10-K 12/31/2012

Section 1: 10-K (FORM 10-K)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2012

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File No. 1-7657

American Express Company

(Exact name of registrant as specified in its charter)

New York	**13-4922250**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
World Financial Center 200 Vesey Street New York, New York	**10285**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code: (212) 640-2000
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Shares (par value $0.20 per Share)	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for a shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

THE BOARD OF DIRECTORS AND SHAREHOLDERS OF AMERICAN EXPRESS COMPANY:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, cash flows and shareholders' equity present fairly, in all material respects, the financial position of American Express Company and its subsidiaries at December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP

New York, New York
February 22, 2013

The following is a detail of other, net for the years ended December 31:

(Millions)	2012	2011	2010
Professional services	$ 2,963	$ 2,951	$ 2,806
Occupancy and equipment	1,823	1,685	1,562
Communications	383	378	383
MasterCard and Visa settlements, net of legal fees	—	(562)	(852)
Other	1,404	1,260	1,208
Total other, net	$ 6,573	$ 5,712	$ 5,107

Other expense includes general operating expenses, gains (losses) on sale of assets or businesses not classified as discontinued operations, litigation, internal and regulatory review-related reimbursements and insurance costs or settlements, investment impairments and certain Loyalty Partner expenses.

NOTE 20
STOCK PLANS

STOCK OPTION AND AWARD PROGRAMS

Under the 2007 Incentive Compensation Plan and previously under the 1998 Incentive Compensation Plan, awards may be granted to employees and other key individuals who perform services for the Company and its participating subsidiaries. These awards may be in the form of stock options, restricted stock awards or units (RSAs), portfolio grants (PGs) or other incentives, and similar awards designed to meet the requirements of non-U.S. jurisdictions.

For the Company's Incentive Compensation Plans, there were a total of 36 million, 38 million and 40 million common shares unissued and available for grant as of December 31, 2012, 2011 and 2010, respectively, as authorized by the Company's Board of Directors and shareholders.

The Company granted stock option awards to its Chief Executive Officer (CEO) in November 2007 and January 2008 that have performance-based and market-based conditions. These option awards are separately disclosed and are excluded from the information and tables presented in the following paragraphs.

A summary of stock option and RSA activity as of December 31, 2012, and changes during the year is presented below:

	Stock Options		RSAs	
(Shares in thousands)	Shares	Weighted-Average Exercise Price	Shares	Weighted-Average Grant Price
Outstanding as of December 31, 2011	42,457	$ 41.63	13,996	$ 33.69
Granted	1,205	$ 49.23	4,270	$ 49.80
Exercised/vested	(10,429)	$ 35.28	(5,782)	$ 31.53
Forfeited	(280)	$ 34.55	(684)	$ 37.84
Expired	(1,092)	$ 54.05	—	$ —
Outstanding as of December 31, 2012	31,861	$ 43.62	11,800	$ 40.31
Options vested and expected to vest as of December 31, 2012	31,792	$ 43.61	—	—
Options exercisable as of December 31, 2012	27,309	$ 44.91	—	—

The Company recognizes the cost of employee stock awards granted in exchange for employee services based on the grant-date fair value of the award, net of expected forfeitures. Those costs are recognized ratably over the vesting period.

STOCK OPTIONS

Each stock option has an exercise price equal to the market price of the Company's common stock on the date of grant and a contractual term of 10 years from the date of grant. Stock options generally vest 25 percent per year beginning with the first anniversary of the grant date.

The weighted-average remaining contractual life and the aggregate intrinsic value (the amount by which the fair value of the Company's stock exceeds the exercise price of the option) of the stock options outstanding, exercisable, and vested and expected to vest as of December 31, 2012 are as follows:

	Outstanding	Exercisable	Vested and Expected to Vest
Weighted-average remaining contractual life *(in years)*	4.6	4.1	4.6
Aggregate intrinsic value *(millions)*	$ 444	$ 346	$ 443

The intrinsic value for options exercised during 2012, 2011 and 2010 was $209 million, $206 million and $130 million, respectively (based upon the fair value of the Company's stock price at the date of exercise). Cash received from the exercise of stock options in 2012, 2011 and 2010 was $368 million, $503 million and $619 million, respectively. The tax benefit realized from income tax deductions from stock option exercises, which was recorded in additional paid-in capital, in 2012, 2011 and 2010 was $45 million, $60 million and $35 million, respectively.

The fair value of each option is estimated on the date of grant using a Black-Scholes-Merton option-pricing model. The following weighted-average assumptions were used for grants issued in 2012, 2011 and 2010, the majority of which were granted in the beginning of each year:

	2012	2011	2010
Dividend yield	**1.5%**	1.6%	1.8%
Expected volatility[(a)]	**41%**	40%	41%
Risk-free interest rate	**1.3%**	2.3%	2.8%
Expected life of stock option (*in years*)[(b)]	**6.3**	6.2	6.2
Weighted-average fair value per option	**$ 17.48**	$ 16.21	$ 14.11

(a) The expected volatility is based on both weighted historical and implied volatilities of the Company's common stock price.

(b) In 2012, 2011 and 2010, the expected life of stock options was determined using both historical data and expectations of option exercise behavior.

STOCK OPTIONS WITH PERFORMANCE-BASED AND MARKET-BASED CONDITIONS

On November 30, 2007 and January 31, 2008, the Company's CEO was granted in the aggregate 2,750,000 of non-qualified stock option awards with performance-based and market-based conditions. Both awards have a contractual term of 10 years and a vesting period of 6 years.

The aggregate grant date fair value of options with performance-based conditions was approximately $33.8 million. Compensation expense for these awards will be recognized over the vesting period when it is determined it is probable that the performance metrics will be achieved. No compensation expense for these awards was recorded in 2012, 2011 and 2010.

The aggregate grant date fair value of options with market-based conditions was approximately $10.5 million. Compensation expense for these awards is recognized ratably over the vesting period irrespective of the probability of the market metric being achieved. Total compensation expense of approximately $0.5 million was recorded in 2012 and approximately $2.4 million was recorded in both 2011 and 2010.

RESTRICTED STOCK AWARDS

RSAs are valued based on the stock price on the date of grant and generally vest 25 percent per year, beginning with the first anniversary of the grant date. RSA holders receive non-forfeitable dividends or dividend equivalents. The total fair value of shares vested during 2012, 2011 and 2010 was $296 million, $221 million and $175 million, respectively (based upon the Company's stock price at the vesting date).

The weighted-average grant date fair value of RSAs granted in 2012, 2011 and 2010, is $49.80, $45.11 and $38.63, respectively.

LIABILITY-BASED AWARDS

Certain employees are awarded PGs and other incentive awards that can be settled with cash or equity shares at the Company's discretion and final Compensation and Benefits Committee payout approval. These awards earn value based on performance, market and service conditions and vest over periods of one to three years.

PGs and other incentive awards are generally settled with cash and thus are classified as liabilities and, therefore, the fair value is determined at the date of grant and remeasured quarterly as part of compensation expense over the vesting period. Cash paid upon vesting of these awards in 2012, 2011 and 2010 was $66 million, $58 million and $64 million, respectively.

SUMMARY OF STOCK PLAN EXPENSE

The components of the Company's total stock-based compensation expense (net of forfeitures) for the years ended December 31 are as follows:

(Millions)	**2012**	2011	2010
Restricted stock awards[(a)]	**$ 197**	$ 176	$ 163
Stock options[(a)]	**29**	40	58
Liability-based awards	**70**	83	64
Performance/market-based stock options	**1**	2	2
Total stock-based compensation expense[(b)]	**$ 297**	$ 301	$ 287

(a) As of December 31, 2012, the total unrecognized compensation cost related to unvested RSAs and options of $237 million and $27 million, respectively, will be recognized ratably over the weighted-average remaining vesting period of 1.6 years and 1.4 years, respectively.

(b) The total income tax benefit recognized in the Consolidated Statements of Income for stock-based compensation arrangements for the years ended December 31, 2012, 2011 and 2010 was $107 million, $105 million and $100 million, respectively.

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EXECUTIVE COMPENSATION
COMPENSATION DISCUSSION AND ANALYSIS

EXECUTIVE SUMMARY

Our executive compensation program remained generally unchanged from the prior year and is designed to reward our leadership team for delivering results and building sustainable value for shareholders. We believe our program's performance measures align the interests of our shareholders and senior executives by tying pay outcomes to our short-, medium-, and long-term performance.

2012 Performance

We continued to grow our franchise through partnerships, innovative products and award winning service, passing the 100 million mark for cards-in-force. We saw cardmember spending reach a record high of $888 billion, achieved a new low for write-offs, and added approximately 2.5 million new customers in our Enterprise Growth Group through our digital and pre-paid products and services. In addition, by outgrowing most of our major competitors, we continued to gain share of card purchase volume in the United States during 2012.

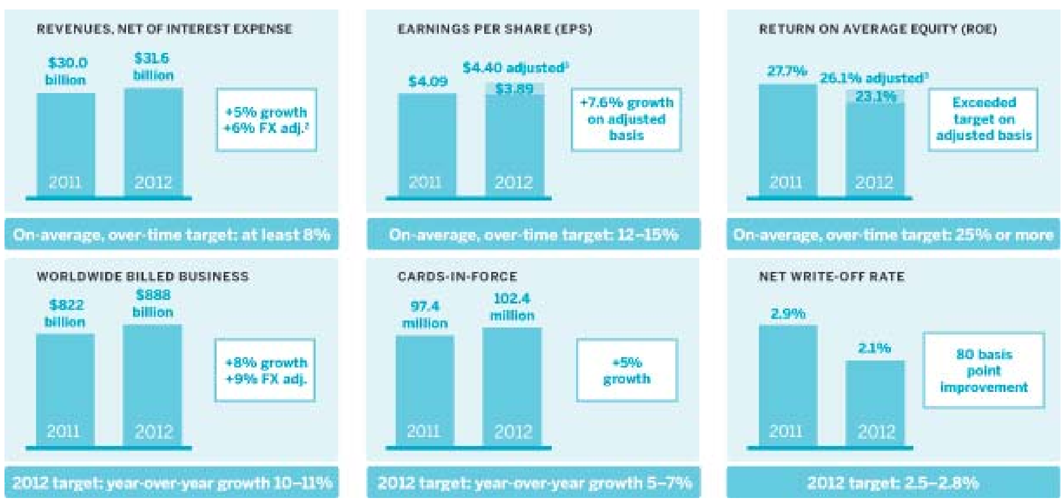
On-Average, Over-Time Financial Targets

Fundamental to the way we measure medium- to long-term success is our progress compared to our publicly stated "on-average, over-time" financial targets:

- Revenue growth: at least 8%
- EPS growth: 12–15%
- ROE: 25% or more

Despite continued weak economic conditions we grew revenues by 6% on an FX adjusted basis. [2] Our earnings per share (EPS) was impacted by three items in the fourth quarter– a restructuring reserve, an enhancement to our process to estimate future redemptions under our U.S. Membership Rewards program and a charge for cardmember reimbursements. For 2012, EPS was $3.89 and ROE was 23.1%. Excluding these three items, our adjusted 2012 EPS was $4.40 against last year's EPS of $4.09, and our adjusted ROE was 26.1%.[3] To illustrate how our performance this year compared to the prior year, EPS and ROE below are shown excluding these charges.

2012 Results



[2] See footnote 1 on page 3.

[3] EPS is Earnings per Common Share from Continuing Operations Diluted, determined as net income from continuing operations attributable to common shareholders divided by diluted weighted-average shares; Return on Average Equity (ROE) is calculated by dividing one-year period net income by one-year average total shareholders' equity. 2012 adjusted EPS and adjusted ROE are non-GAAP measures and exclude certain fourth-quarter items; please refer to Annex B for further discussion on the determination of these amounts.

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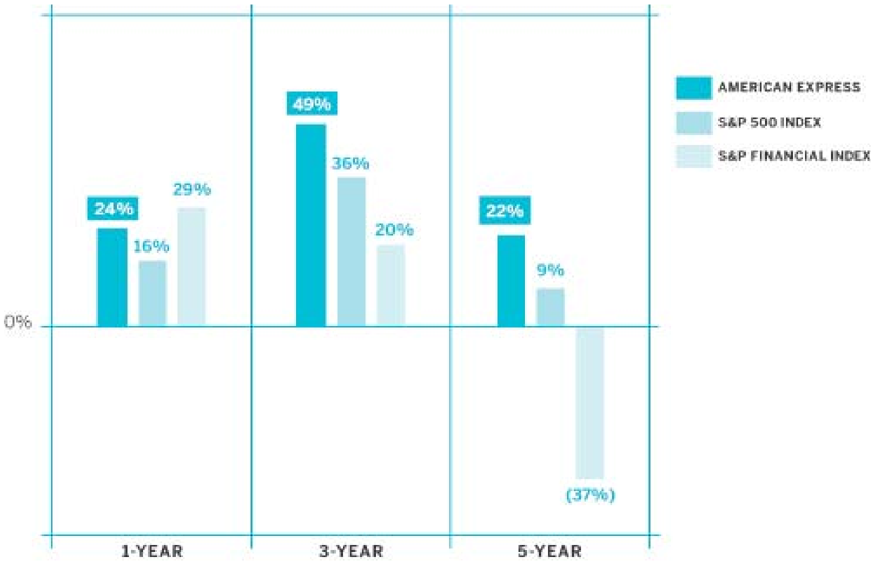
In addition, during 2012 we made many moves to better serve our customers and drive commerce, including premium card launches and upgrades that earned more business from high-spending cardmembers; programs designed to help merchants build their businesses, such as the third-annual Small Business Saturday, fraud prevention services and new merchant financing options; signings that expanded our merchant base, such as Tim Horton's in Canada; advances in commercial payments, including a new digital wallet that makes it easier for large and mid-size companies to manage the billing process; expanded partnerships with banks worldwide that issue American Express-branded cards; mobile commerce innovations and options for people underserved by the traditional banking system; and more rewards offerings with the expansion of our Loyalty Partner business in India and Mexico.

Our Total Shareholder Return

American Express shares delivered a total return of 24% for the year, outperforming the S&P 500 by 8 percentage points.

Over three-year and five-year periods, American Express shares substantially outperformed both the S&P 500 and the S&P Financial Index.



Total Shareholder Return (TSR) is the total return on common shares over a specified period, expressed as a percentage (calculated based on the change in stock price over the relevant measurement period and assuming reinvestment of dividends). Source: Bloomberg (returns compounded monthly).

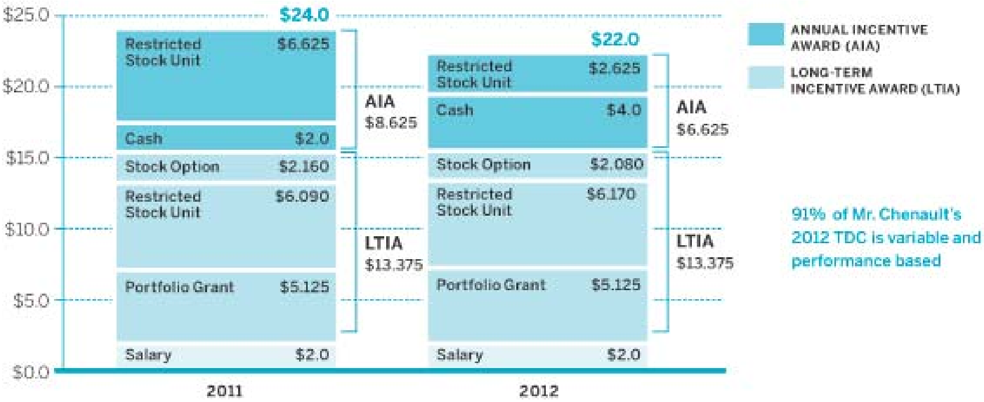
Against the backdrop of a slow-growth environment, American Express delivered a strong total shareholder return in 2012 by controlling expenses, improving credit quality and generating higher revenues in all of our major business segments.

CEO Pay At-A-Glance

The Compensation and Benefits Committee (Compensation Committee or CBC) determined that the appropriate Total Direct Compensation (TDC) for Mr. Chenault for 2012 performance was $22 million, down 8% from $24 million for 2011. The Committee considered shareholder-value creation as well as performance from various perspectives—financial, customer, employee and strategic. The Committee also considered the impact of settlements with several bank regulators last October, after a review of certain of our U.S card practices, and additional cardmember reimbursements. A significant portion (73%) of Mr. Chenault's total pay is deferred (some until one year after retirement) and subject to future company performance. Further details are provided on page 34.

The chart below shows the components of TDC awarded to our CEO for 2012 performance, as compared to the prior year. As shown in the chart, AIA was reduced 23% from $8.625 million for 2011 performance to $6.625 million for 2012 performance. A larger portion of Mr. Chenault's AIA was paid in cash for 2012 in order to balance current and deferred pay mix, resulting in 73% of his TDC being deferred. The cash portion of AIA could increase or decrease from one year to the next based on performance and to achieve the desired balance between current and deferred pay.

CEO Total Direct Compensation ($ millions)



Total Direct Compensation shown above is not the same as total compensation shown in the Summary Compensation Table (SCT) on page 41. TDC above shows the Compensation Committee's pay decisions for a specific performance year, whereas amounts shown in the SCT for 2012 reflect certain awards that were part of TDC for one or more prior performance periods.

Our Pay and Performance Alignment

Our performance assessment framework and pay program are designed to link pay and performance.

- **Program Design:** Over 85% of the Total Direct Compensation delivered to our CEO and other Named Executive Officers (NEOs) is variable, which directly ties their pay to our company's performance, including financial results, strategic initiatives, and stock performance.
- **Performance Assessment:** Our Compensation Committee uses a comprehensive and well-defined process to assess performance, which encompasses an assessment of financial results relative to our goals and to our competitors, progress against our strategic and transformational initiatives, and risk/control and compliance standards.

RECENT PROGRAM ENHANCEMENTS

The Committee made a number of program changes in recent years to enhance the link between pay and performance. We made these changes in response to input from shareholders, as well as regulators. For performance year 2012, in response to regulatory guidance, pay mix decisions for certain NEOs changed from last year to ensure the majority of their incentive compensation was deferred for at least three years and was performance-based. In addition, stock options were awarded that vest only after three years (they previously vested pro-rata over four years) and are forfeited in the event of significant financial losses over the three-year period that impact the financial stability of the company.

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Snapshot: How Compensation is Delivered to Our CEO and NEOs

COMPONENT		ROLE	COMMENTS
Base Salary	 ***9–14% of pay***	To provide competitive fixed pay based on responsibilities, skills, and experience.	Reviewed periodically in light of market practices and changes in responsibilities.
Annual Incentive Award (AIA)	 ***30–45% of pay***	To reward achievement of shareholder, customer, and employee objectives, including strategic initiatives, risk goals, and individual leadership.	AIA payouts consider outcomes against business performance and strategic goals set in the first-quarter, but do not rely on a specific matrix to allow the Compensation Committee to use judgment in considering quantitative and qualitative performance.
Long-Term Incentive Awards (LTIA)	 ***42–61% of pay***	To reward performance that drives total shareholder value: • *Portfolio Grants*, performance-vested cash awards whose value is based on achievement of financial and strategic goals, and relative stock performance. • *Stock Options*, equity awards whose value is based on stock price growth. • *Restricted Stock Units (RSUs),* performance-vested equity awards whose value is based on achievement of Return on Average Equity (ROE) targets and on stock performance.	AIA and Portfolio Grant payouts to the CEO were partially in cash and partially in RSUs that vest one year from the grant date. A significant portion of the net shares received upon vesting must be held until one year after the CEO retires. Portfolio Grants and LTIA RSUs have three-year performance periods. One-half of the total number of shares granted to NEOs for 2012 performance are stock options and one-half are performance-based RSUs.

The pay mix percentages above are based on year-end 2012 pay decisions by the Compensation Committee.

Other key features of our executive compensation program include:

- **Stock ownership and holding requirements:** We have robust stock ownership requirements, including the retention of a portion of shares for one year after stock option exercises and RSU vesting.
- **Clawback policy:** In addition to our clawback policy that applies to all NEOs, the CEO's cash AIA is subject to clawback at the discretion of the Compensation Committee if the company does not achieve acceptable performance in the following year.
- **Other practices:** Our program does not include employment contracts. In addition, we have over the past few years reduced perquisites to our executive officers, and we eliminated excise tax reimbursements, gross-ups and single trigger change-in-control payments/vesting for awards granted after December 31, 2010.

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2012 PERFORMANCE REVIEW

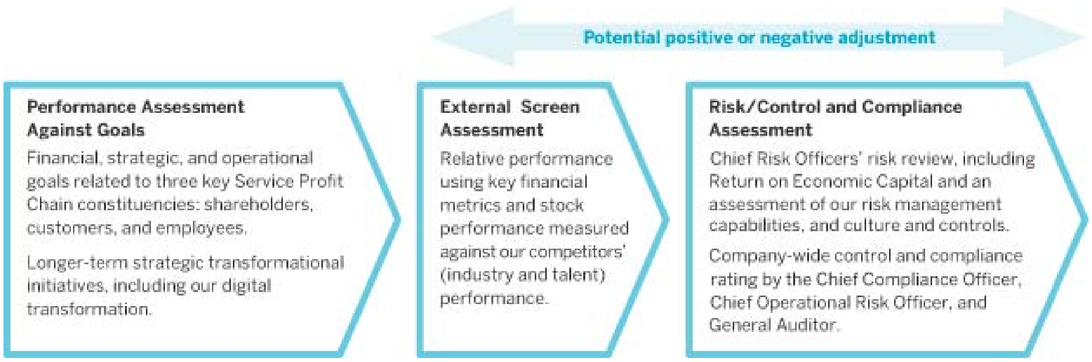
Our Performance Assessment Framework

Our Compensation Committee uses a framework to evaluate company performance and make CEO compensation decisions. Through this framework, the Compensation Committee evaluates our CEO's performance based on achievement of goals as well as strategic and transformational initiatives, performance relative to our competitors and financial markets, and a risk/control and compliance assessment. The framework uses both qualitative and quantitative factors and is designed to provide a broad and balanced view of performance.

Our Service Profit Chain

We review performance in the context of our Service Profit Chain: engaged employees delivering superior customer service leads to satisfied customers, which in turn produces superior financial results for shareholders. Our goals focus on these three key constituencies: shareholders, customers, and employees.

Performance Assessment Framework



The following discussion provides a summary of the Compensation Committee's assessment of the company's 2012 results using the above framework.

Performance Assessment Against Goals

As indicated on page 21, we delivered a strong total shareholder return in 2012, against the backdrop of a challenging global economy. We did this by generating record billings, higher revenues, improving credit quality and controlling expenses. We launched new products, grew our customer base and saw our share of U.S. card purchase volume increase.

We continued to make tangible progress against our strategic and transformational initiatives. For example, we used our Serve platform to launch a new product with Walmart, Bluebird, a checking and debit alternative that appeals to a new customer base. Serve was also used to gain presence in China through our partnership with Lianlian Group. We also expanded Loyalty Partner, our loyalty and rewards business, which saw good growth in India and Mexico, where the program was launched in 2012.

DRIVE GROWTH

In 2011 we identified five key growth initiatives (see sidebar), and in 2012 we continued to make tangible progress in all five, building on the investments and progress made in 2011.

Five Key Growth Initiatives

We are focused on the following key business areas to generate growth in the medium- to long-term:

1 Increase our share of online spending and improve our customers' digital experience

2 Deliver greater value to merchants

3 Accelerate growth outside the United States

4 Make significant progress within Enterprise Growth

5 Broaden our customer base

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Highlights include:

- Our 2012 online billings were at $152 billion, up 15% from last year. We launched a number of digital initiatives and partnerships to support and expand our online billings.
- The third Small Business Saturday resulted in American consumers spending more than an estimated $5 billion at local merchants. Our Card Sync technology allowed merchants to make easy and seamless offers to cardmembers using Twitter, Facebook, and Foursquare.
- Outside the United States, we achieved 7% billings growth (10% on an FX adjusted basis) and reached 50 million enrollees under our Loyalty Partner business at the end of 2012, ahead of plans.
- We added approximately 2.5 million customers to our Enterprise Growth Group through new product launches, platform capabilities and partnerships.
- We continued to broaden our customer base through our Serve platform, with new products such as Bluebird. Through the end of 2012, 85% of Bluebird enrollees were new to American Express, and nearly half of them were under the age of 35.

DRIVE EFFICIENCY

In 2012, we implemented a number of actions to further improve our operating efficiency, including globalization of our credit and collections operations and progress in moving cardmembers to digital servicing. Our recently announced restructuring aims to further control operating expenses.

J.D. Power and Associates Award

American Express was the proud winner of its sixth consecutive J.D. Power and Associates award for highest customer satisfaction among credit card companies in the United States.

DELIVER SUPERIOR SERVICE

We continued to deliver superior service to our customers throughout the year, seeing solid improvement both in our global customer satisfaction measure, “Recommend to a Friend”, and the percentage of customers rating us as “Excellent”. Our performance has been recognized by our customers as well, with our sixth straight win of the J.D. Power Award for Customer Satisfaction in the United States, along with recognitions for service quality in a number of markets outside of the United States. The quality of our service can also be seen in our attrition rates, which improved for the year in the United States.

OUR EMPLOYEE FOCUS

American Express is globally recognized as a great place to work for fostering a diverse, flexible workplace culture as evidenced by multiple external recognitions, including Working Mother’s 100 Best Companies, DiversityInc’s Top 50, Fortune’s 100 Best Companies to Work For and Employer of Choice awards in major markets including Canada, India, Mexico and the United Kingdom. In addition, our annual employee survey continues to report high results for employee engagement and loyalty, outperforming best-in-class external benchmarks by ten points or more across dimensions where comparisons could be made.

External Screen Assessment

Once again, in 2012 we generated strong relative performance against our major competitors.

- **Worldwide Billed Business**—Our 2012 $888 billion in billings represented 8% growth (9% on an FX adjusted basis) and total spending was more than twice the level of our nearest card-issuing competitor.
- **Net Write-Off Rate**—At 2.1% for 2012, we continued to have the best credit performance among large issuer peers.
- **Share of Purchase Volume**—During 2012, we gained share of card purchase volume in the United States.

From a financial performance perspective, our revenue growth and ROE were above the median of our Company Sample (see page 28), based on the most recently available data, and our one-year TSR of 24% was at the 60th percentile of this group. Our one-year TSR outperformed the S&P 500 by 8 percentage points, and we substantially outperformed both the S&P 500 and S&P Financial indices over the last three-year and five-year periods.

Risk/Control and Compliance Assessment

In 2012, our Chief Risk Officer, Chief Operational Risk Officer, Chief Compliance Officer, and General Auditor assigned a risk/control and compliance rating to the company overall and to each individual business unit and staff group, based on their assessment of risk outcomes, performance against control and compliance goals, and risk governance.

In October 2012, we announced that we had reached settlements with several bank regulators to resolve reviews of certain aspects of our U.S. consumer card practices for compliance with certain consumer protection laws and regulations. Under the settlement, we agreed to pay $27.5 million in fines and establish an $85 million fund for cardmember refunds (subject to adjustment depending on the ultimate amount of the refunds). Our own ongoing analyses of cardmember inquiries, complaints and account records identified an additional $153 million in reimbursements for various types of transactions dating back several years, which we recognized in the fourth quarter.

The settlements negatively impacted performance ratings for a number of specific business units as well as the company, which led to lower incentive award pools and also negatively affected the compensation decisions for certain business leaders. The Compensation Committee’s decision on our CEO’s total compensation for 2012 performance also considered the impact of the settlements and additional cardmember reimbursements.

EXECUTIVE COMPENSATION PROGRAM STRUCTURE

Overview of Philosophy, Design and Provisions

Our pay program is designed to recognize and reward outstanding achievement and to attract, retain, and engage our leaders in a competitive environment. We seek input from our investors as we want our program to be aligned with shareholder interests.

OUR PAY PHILOSOPHY

Following is an overview of key aspects of our pay philosophy.

Overall Objectives	Motivate our executives to: • Achieve day-to-day operational excellence • Meet short-term financial goals and strategic milestones • Deliver on our longer-term business strategies, so we can continue to build shareholder value Discourage imprudent risk taking consistent with our business model, strategies and regulatory guidance
Pay Mix Principles	Provide competitive opportunities for pay commensurate with job scope, required competencies, and performance by: • Using a mix of some fixed and mostly variable pay components with different time horizons and payout forms (cash and stock) to reward annual and sustained performance over the longer term • Requiring executive officers to have significant outright ownership of company shares • Deferring a majority of incentive compensation for three or more years
Pay for Performance	Provide a strong link between pay and performance by: • Reviewing performance from both a financial and a strategic perspective, with a range of performance measures tied to financial performance and our strategic initiatives, including risk/control and compliance measures • Encouraging balanced performance and discouraging imprudent risk taking by avoiding too much emphasis on any one metric or short-term performance • Using judgment and discretion when making pay decisions to avoid relying solely on rigid formulaic designs, taking into account both what was accomplished (Goal rating) and how it was accomplished (Leadership rating)

SHAREHOLDER FEEDBACK/CONSIDERATION OF 2012 ADVISORY VOTE ON EXECUTIVE COMPENSATION

We have benefited from shareholder feedback about executive compensation through our Say on Pay votes for the past four years. We also meet with shareholders on an ongoing basis to discuss our executive compensation program. The board welcomes this engagement. This feedback influenced a number of changes to our program in prior years, including the addition of performance vesting to our annual restricted stock grant. Based on the result of last year's Say on Pay vote, and after conversations with shareholders, the Compensation Committee retained the prior program changes for performance year 2012 and, in response to regulatory guidance, made further program enhancements discussed on page 22. The Compensation Committee will continue to consider the outcome of Say on Pay votes and other shareholder input in making future decisions regarding executive compensation.

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ASSESSING COMPETITIVE PRACTICE

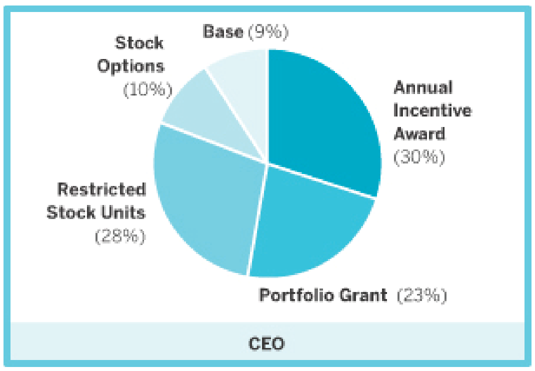
Our pay program is designed to reward achievement of goals and to attract, retain, and motivate our leaders in an increasingly competitive talent market. The Compensation Committee periodically examines pay practices and CEO pay data for a group of 20 companies (our Company Sample) to better understand the competitiveness of our total compensation and its various elements. We do not target a specific percentile or make pay decisions based on market data alone, which avoids a "ratcheting up" impact. Further, we currently find this data, and market data in general, less reliable since it is subject to significant change from one year to the next—particularly for those companies in the financial services industry. As a result, we use performance as a primary driver of pay levels, as opposed to market data.

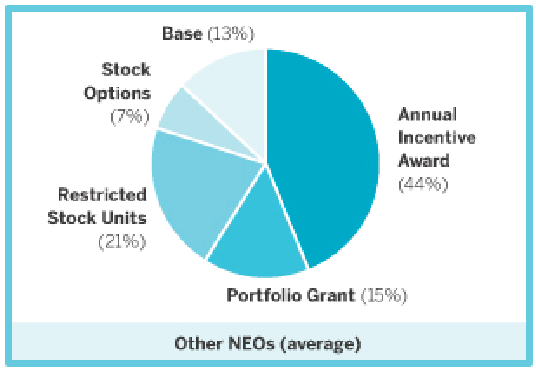
Nonetheless, the pay practices of the companies listed below are reviewed by the Compensation Committee periodically. The sample has not changed since 2009. It consists of prominent S&P 500 companies that generally match at least three of five screening criteria: similar size (based on revenue), strong brand and reputation, similar business model, substantial international presence, and competitor for talent. Since these criteria include non-financial measures, it could and did result in the inclusion of companies that are significantly smaller (e.g., Marriott) or larger (e.g., General Electric) than American Express. The Compensation Committee and its independent consultant note the relative size of these companies when reviewing their pay practices and compensation information.

- 3M
- Bank of America
- Bank of New York-Mellon
- Capital One Financial
- Coca-Cola
- Colgate-Palmolive
- FedEx
- General Electric
- Hewlett-Packard
- IBM
- Johnson & Johnson
- JPMorgan Chase
- Marriott
- MasterCard
- PepsiCo
- Procter & Gamble
- State Street
- US Bancorp
- Visa
- Wells Fargo

PAY MIX FOCUSES ON VARIABLE PAY

The charts below show that most of our NEOs' Total Direct Compensation for 2012 is variable (87%–91%). The proportions of each pay element shown below for the performance year 2012 may change in the future based on performance or other considerations.





Overview of Year-End 2012 Total Direct Compensation

Incentive Type	Pay Element	What It Does	How It's Set/Links to Performance
FIXED	Base Salary	• Provides competitive fixed pay • Balances risk-taking concerns with pay for performance	• Job scope and experience, market pay
VARIABLE	Annual Incentive Award	• Provides a competitive annual incentive opportunity • Aligns with individual business unit and company performance	• Annual Service Profit Chain goals (shareholder, customer, employee), including EPS, revenue, and billed business growth, and ROE • Strategic and transformational goals • Relative performance review • Risk/control and compliance goals • Individual leadership assessment • Payouts consider outcomes against business performance and strategic goals set in the first quarter, but do not rely on a specific matrix to allow the Compensation Committee to use judgment in considering quantitative and qualitative performance.
	Cash Portfolio Grant Award	• Provides cash incentive, earned based on achievement of performance metrics • Metrics cover 3-year performance period (2013–2015)	• Payout range is 0–125% • Financial metrics (e.g., EPS) • Stock performance (e.g., TSR relative to S&P 500 index) • Strategic milestones
	Performance Restricted Stock Unit Award	• Aligns with share price • Ties target payout to 25% ROE– our publicly stated commitment to shareholders	• Payout range is 0–125% • 3-year average ROE payout (2013–15), with target based on publicly disclosed on-average, over-time target* 30% = Maximum (125%) 28% = Above Target (105%) 25% = Target (100%) 22% = Below Target (95%) 20% = Below Target (75%) 10% = Below Target (25%) 5% = Threshold (0%)
	Stock Option Award	• Aligns with share price growth	• 10-year term • Vests 3 years after grant; subject to forfeiture in the event of significant financial losses impacting the financial stability of the company.

* For historical comparison, the company's one-year (2012), three-year, five-year, and ten-year average ROE was 23.1%, 26.1%, 23.0%, and 25.5%, respectively.

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A significant portion of year-over-year pay changes are generally reflected through changes in AIA, rather than LTIA. The Compensation Committee does not specify caps on individual components of pay to allow flexibility to provide appropriate levels of cash and equity as well as short- and long-term incentives in light of individual circumstances. The Portfolio Grant and Performance RSU programs cap the payout at 125% of the target opportunity.

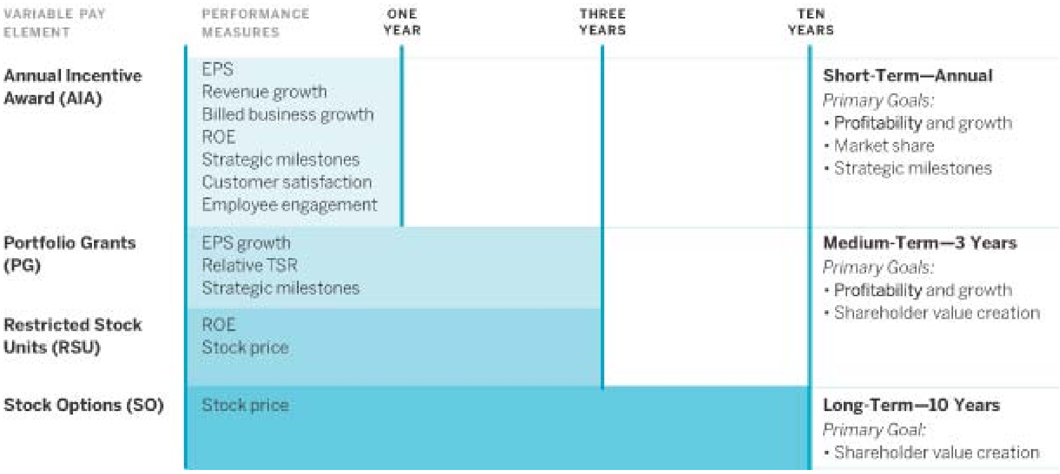
We provide limited perquisites to support our objective to attract and retain talent for key positions, as well as to address security concerns. We provide a flexible cash perquisite allowance of $35,000, which executives can use for items such as financial and tax planning, and life and disability insurance. We have eliminated several perquisites over the last few years in response to evolving market practices.

Performance Measures and Time Horizons

We use a combination of measures and time horizons to foster and reward performance:

- Profitability and growth (measured by growth in EPS, ROE, revenue, and billed business)
- Shareholder value creation (measured by relative TSR and stock price)
- Market share and sustainable competitive advantage (attainment of strategic milestones)

The following chart summarizes the relevant performance measures and time frames used to assess our variable pay elements. It also shows that when certain metrics are used in more than one incentive vehicle, they are set and measured over different time frames (i.e., 1, 3, or 10 years). Therefore, there is limited duplication of metrics with the same time horizon.



How We Discourage Imprudent Risk Taking

Our executive compensation program is structured to provide a balance of cash and stock; annual, medium-term and long-term incentives; and financial, strategic, and stock performance measured over various time periods. It is designed to encourage the proper level of risk taking consistent with our business model and strategies. Our business and risk profile is different from other financial services firms; for example, we do not trade securities, derivatives, mortgages, or other financial instruments.

Our executive compensation program is designed to be consistent with the Federal Reserve Board's principles for safety and soundness.

- Our Chief Risk Officer (CRO) provides annual risk goals to all business units and staff groups at the beginning of each year and certifies to the Compensation Committee that performance goals are not likely to encourage imprudent risk taking.
- Our CRO certifies at year end that actual results were achieved without taking imprudent risks.
- We assess return on economic capital and credit risk performance, and assign business unit and staff group control and compliance ratings and risk governance ratings as part of our annual assessment of performance.
- We risk-adjust company and business unit annual incentive funding levels as well as individual award decisions, including through our Chief Risk Officer's annual assessment of risk outcomes and forward-looking risk measures.
- We assess performance against a cross-section of key metrics over multiple time frames, to discourage undue focus on short-term results or any one metric, and to reinforce risk-balancing in performance measurement.
- Our Compensation Committee applies judgment in making incentive compensation decisions.

Additionally, the following policies further discourage imprudent risk taking:

- At least 50% of incentive compensation for executive officers is deferred at least three years with performance-based vesting.
- Starting with January 2013 grants, stock options are subject to forfeiture in the event of significant financial losses that impact the financial stability of the company.
- We require executive officers to hold for at least one year 50% of the net shares received upon the vesting of restricted share unit awards or upon their exercise of stock options.
- We have a robust stock ownership requirement of 500,000 shares for our CEO. Other NEOs have ownership requirements ranging from 37,500 to 75,000 shares.
- Our clawback policies, including the requirement that our CEO's cash AIA is subject to clawback at the discretion of the Compensation Committee if the company does not achieve acceptable performance the next year.
- Starting with compensation decisions made in January 2012, we extended performance-based vesting of RSUs to a broader group of employees.

COMPENSATION GOVERNANCE, PROCESS, AND DECISIONS

The Decision Makers

The Compensation Committee, composed solely of independent directors, is responsible for our executive officer compensation decisions. The Compensation Committee works very closely with its independent consultant, Frederic W. Cook & Co., Inc. (Cook), and management to examine pay and performance matters throughout the year. The Compensation Committee held eight meetings over the course of 2012, all of which ended with executive sessions without management present. The Compensation Committee's charter may be accessed through the "Corporate Governance" link found on our website at http://ir.americanexpress.com.

Making Decisions

The Compensation Committee uses the performance assessment framework, described above (see page 24), as the basis for pay decisions for the CEO. For both the CEO and the other NEOs, the Compensation Committee conducts an in-depth review of performance and then applies its judgment to make compensation decisions, rather than relying solely on formulaic results to calculate incentive award payouts. The Compensation Committee believes this process is an effective way to assess the quality of the performance and leadership demonstrated by the CEO and his senior management team.

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The Compensation Committee’s Process

Each year, the Compensation Committee:

- Reviews and approves the metrics and goals in the company’s performance assessment framework and the CEO’s and NEOs’ performance objectives early in the year
- Reviews corporate performance in the third and fourth quarters, and progress against the CEO’s and NEOs’ objectives and incentive plan goals

In the following January, the Compensation Committee:

- Discusses full-year financial and strategic performance at length, seeking to understand what was accomplished relative to established objectives, how it was accomplished, the quality of financial results, and the company’s strategic positioning for future competitive advantage
- Meets with the Chief Financial Officer and the Chief Risk Officer to discuss results
- Evaluates the CEO’s and other NEOs’ performance in light of these discussions
- Determines TDC amounts for the CEO and each of the other NEOs based on:
  - Performance assessments (described in the next section)
  - An evaluation of their relative compensation, changes in responsibilities, and current pay practices at companies who are talent competitors
  - Input from the Compensation Committee’s independent compensation consultant, Cook
  - For the other NEOs: the CEO’s recommendations, succession planning, and retention considerations
- Determines the amount of each TDC pay component based on company pay mix guidelines and individual performance
- Reviews and approves the payouts for each Portfolio Grant award with a performance period completed at the end of the prior year
- Approves any design changes to the executive compensation program for the coming year

Assessing NEOs

To assess performance for the year just ended, the Compensation Committee evaluates two key factors for each NEO:

Performance Against Goals	Leadership Assessment
The Goal Assessment is based on the overall performance of the company and the business units or staff groups for which an NEO is responsible. Specifically, the Goal rating assesses results against our Service Profit Chain goals with the following weightings: • Shareholder-related goals: 50% weighting • Customer-related goals: 25% weighting • Employee-related goals: 25% weighting	Each NEO's Leadership Assessment is based on individual performance and includes feedback from peers and direct reports, as appropriate, with regard to key leadership attributes.

The performance assessment takes into account the Goal rating and the Leadership rating to consider both *what* was accomplished and *how* it was accomplished. Performance assessments are graded on a three-point scale to differentiate performance and pay. The performance objectives are set by the Compensation Committee early each year, based on recommendations of the CEO and inputs from each of our General Auditor, Chief Risk Officer, and Chief Compliance Officer. At the end of the year, the CEO reviews the following items for each of the other NEOs with the Compensation Committee:

- Goal and Leadership ratings
- Risk/control and compliance assessment results
- Key strengths and development actions

Compensation Committee's Independent Compensation Consultant

The Compensation Committee directly engaged F.W. Cook & Co. as its independent compensation consultant to review and provide recommendations on the components of the company's executive compensation program and to provide compensation advice independent of the company's management. Cook attended all of the Compensation Committee meetings in 2012 and met with the Committee in executive session.

Under the terms of its engagement, Cook does not provide any other services to the company, except as pre-approved by the Chair of the Compensation Committee. In 2012, Cook provided outside director compensation advice to the Nominating and Governance Committee and to American Express Bank, FSB, and American Express Centurion Bank, U.S. banking subsidiaries of the company. The company incurred $433,888 in fees from Cook for services provided to the Compensation Committee, the Nominating and Governance Committee and the bank boards.

The Compensation Committee assessed the independence of Cook pursuant to SEC rules and concluded that Cook's work for the board of directors did not raise any conflicts of interest.

In addition, the company engaged Compensation Advisory Partners (CAP) to assess whether the company's compensation programs discouraged imprudent risk taking. The Committee assessed the independence of CAP pursuant to SEC rules and concluded that CAP's work for the company did not raise any conflicts of interest.

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2012 TOTAL DIRECT COMPENSATION (TDC) DECISIONS

K.I. Chenault, Chairman and CEO

The Compensation Committee determined Mr. Chenault's TDC to be $22 million, 8% (or $2 million) less than for 2011, based on shareholder-value creation as well as performance from various perspectives—financial, customer, employee and strategic. The Committee also considered the impact of settlements with several bank regulators last October, after a review of certain of our U.S. card practices, and additional cardmember reimbursements. As shown below, AIA was reduced 23% from $8.625 million for 2011 performance to $6.625 million for 2012 performance.

Note Regarding 2012 TDC Decisions

It is important to recognize that the way the Compensation Committee presents TDC in the tables that follow is different from the SEC-required disclosure in the Summary Compensation Table (SCT) and is not a substitute for the information in that table (shown on page 41). Rather, it is intended to show how the Compensation Committee linked NEOs' TDC and its components to the company's 2012 performance results.

A larger portion of Mr. Chenault's AIA was paid in cash for 2012 in order to balance current and deferred pay mix, resulting in 73% of his TDC being deferred. The cash portion of AIA could increase or decrease from one year to the next based on performance and to achieve the desired balance between current and deferred pay.

	Year-End Decisions ($mils)	
CEO Total Direct Compensation (January 2013)	**January 2013**	**January 2012**
Base Salary • The Compensation Committee kept Mr. Chenault's salary at $2 million.	**$2.0**	**$2.0**
Annual Incentive Award (AIA) • The Compensation Committee awarded Mr. Chenault $6.625 million. • $4 million was paid in cash and the remainder was issued in Restricted Stock Units (RSUs). • RSUs vest one year from grant. One-half are payable in shares and one-half in cash. 100% of the net shares must be held until one year after retirement. • The cash portion of the AIA continues to include a clawback provision, which permits the Compensation Committee, at its discretion, to recoup some, or all, of the cash portion of the AIA if 2013 performance is not acceptable.	$4.0 Cash $2.625 RSUs **$6.625 Total**	$2.0 Cash $6.625 RSUs **$8.625 Total**
Equity Awards (RSUs and Stock Options) • The Compensation Committee awarded 38% of Mr. Chenault's TDC—$8.25 million, the same amount as last year—in the form of equity grants. • The grants were divided equally into 103,786 shares of performance-vested RSUs and 103,786 stock options. • Mr. Chenault's equity awards were granted on January 29, 2013. The stock options have an exercise price per share of $59.45. The RSU target is average 3-year (2013–2015) ROE of 25% (publicly stated on-average, over-time financial target).	$2.080 SO $6.170 RSUs **$8.25 Total**	$2.160 SO $6.090 RSUs **$8.25 Total**
Portfolio Grant (PG) • Mr. Chenault received a Portfolio Grant award for the three-year performance period starting in 2013 and ending in 2015. The target value—$5.125 million— is the same as last year.	**$5.125**	**$5.125**
Total	**$22.0**	**$24.0**

Other Named Executive Officers

The CEO's recommendations for the other NEOs were based on his review of performance and our pay mix guidelines.

The following information provides highlights of specific individual and business performance considered in the pay recommendations for the other NEOs. When approving pay decisions for other NEOs, the Compensation Committee also considered the overall performance of the company, including the impact of regulatory settlements last October, and additional cardmember reimbursements. Included below are the Compensation Committee's January 2013 TDC decisions for each NEO.

EDWARD P. GILLIGAN, VICE CHAIRMAN

Mr. Gilligan has been the Head of the Global Consumer and Small Business Card Issuing, Merchant and Network businesses at American Express Company since October 2009. His 2012 achievements included:

- Delivered strong financial results in support of the company's growth through strong billings and revenue growth, maintenance of the discount rate, and best in class credit performance
- Implemented key business transformation initiatives across the organization that yielded significant benefits
- Revitalized international proprietary premium products and continued to expand the American Express franchise internationally, through new partnerships and the effective management of Loyalty Partner
- Launched a number of new, high-impact initiatives to enhance our customers' digital experiences
- Led company efforts to comply with safety and soundness targets for the global banks, while implementing continuous process improvements

Mr. Gilligan's compensation was negatively affected by the settlements with several bank regulators to resolve reviews of certain aspects of our U.S. consumer card practices for compliance with certain consumer protection laws and regulations.

STEPHEN J. SQUERI, GROUP PRESIDENT, GLOBAL CORPORATE SERVICES

Mr. Squeri has served as the Group President for Global Corporate Services since November 2011. He is responsible for Global Commercial Services, which consists of the Global Corporate Payments and Global Business Travel organizations, as well as Global Services, our shared services organization consisting of World Service, Global Business Services, Technologies and Global Credit Administration. His 2012 achievements included:

- Exceeded operating expense targets across Global Commercial Services and Global Services and led planning for company-wide restructuring initiatives
- Delivered superior customer service, as evidenced by the receipt of our sixth consecutive J.D. Power and Associates award in the United States
- Opened a new, state-of-the-art enterprise data center. Awarded LEED (Leadership in Energy & Environmental Design) Gold Certification, the first enterprise-class data center to be awarded Gold Certification under the new and more stringent rules
- Created a new global, integrated, and unified Global Commercial Services organization
- Enabled multiple digital capabilities that yielded significant progress against our business objectives

DANIEL H. SCHULMAN, GROUP PRESIDENT, ENTERPRISE GROWTH

Mr. Schulman has served as the Group President for Enterprise Growth since August 2010. He is responsible for our global strategy to expand alternative mobile and online payment services, reach customers beyond our traditional base and build new revenue streams. Mr. Schulman is also responsible for our corporate development and mergers and acquisitions unit. His 2012 achievements included:

- Attracted millions of incremental new customers to American Express with new product launches. These new products are beginning to achieve critical mass and scale, with a fourth-quarter annualized run rate of over $2 billion in funds added
- Launched Bluebird, a new innovative checking and debit alternative product utilizing the Serve platform, to target previously unaddressed markets. New product features include bill pay, direct deposit, and remote check capture
- Implemented multiple new partnerships and features for Serve, including Zynga, Verizon Wireless, and a new Serve application– Deals and Offers
- Expanded into international markets, including a partnership with the Lianlian Group to use Serve for consumer and business customers in China, and the launch of new reloadable prepaid products in three new international markets
- Expanded the retail footprint of American Express products, with retail distribution agreements resulting in over 20,000 new retail locations in the United States

DANIEL T. HENRY, EXECUTIVE VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

Mr. Henry is responsible for leading the company's Finance organization and representing American Express to investors, lenders, and rating agencies. His 2012 achievements included:

- Prioritized investments through financial analyses and evaluation of risks and opportunities
- Ensured the company's capital allocation framework supported business strategies and resulted in a strong capital position
- Managed operating cost structure to achieve 2012 objective of declining growth rate
- Continued to diversify the company's funding profile and liquidity sources by expanding the Personal Savings program
- Effectively communicated the company's business strategy and financial results to the financial community and other constituencies

NEO TDC DECISIONS

The Compensation Committee's January 2013 TDC decisions for performance year 2012 are reflected in the table below. January 2013 TDC was lower than January 2012 TDC for each NEO other than Mr. Squeri. Mr. Squeri led efforts to control operating expense and leads our Global Corporate Services organization, which includes World Service, a unit that delivered superior customer service as reflected in our sixth consecutive J.D. Power and Associate Award.

NEOs TDC Decisions ($000s)

	E.P. GILLIGAN	S.J. SQUERI	D.H. SCHULMAN	D.T. HENRY
Base Salary	$ 1,450	$ 1,250	$ 1,100	$ 850
AIA*	$ 4,600	$ 4,275	$ 3,800	$ 2,750
Equity—RSUs**	$ 2,169	$ 2,001	$ 1,870	$ 1,421
Equity—SOs**	$ 731	$ 674	$ 630	$ 479
PG (target value)	$ 1,500	$ 1,325	$ 1,300	$ 1,200
TDC	**$ 10,450 (down 7% from January 2012)**	**$ 9,525 (up 7% from January 2012)**	**$ 8,700 (down 2% from January 2012)**	**$ 6,700 (down 4% from January 2012)**

* To comply with regulatory guidance that at least 50% of total incentive compensation be deferred, $250,000 of Mr. Gilligan's and Mr. Schulman's 2012 AIA and $500,000 of Mr. Squeri's 2012 AIA were paid in the form of RSU's granted in January 2013. Payment of these RSUs is deferred for three years from the grant date, subject to positive net income performance but not to continued employment.

** Similar to the CEO's equity awards, other NEOs received RSUs that are earned based on three-year average ROE performance. For the total equity awards, an equal number of shares were delivered in the form of performance-vested RSUs and stock options.

Interim Portfolio Grant Payout Based on 2011-2012 Performance

PG2011-13 was designed to make an interim payout in the first quarter of 2013 equal to 33% of the grant value, provided performance was trending at or above target. Based on performance over the period 2011-12, the Compensation Committee approved the interim payout for PG2011-13. The performance metrics for PG2011-13 are shown below.

2011-13 Performance Metric	Performance Required for Target Payout	Weighting
Earnings Per Share (EPS)	$12.66	20%
Total Shareholder Return vs. S&P 500	At index	30%
Strategic Milestones:		50%
Consumer, Small Business, Merchant and Network Services Businesses		
• Accelerate growth in international	$4.9 billion	
• Increase online spend across all products	12-15%	
Global Services		
• Deliver superior service (measured by U.S. "Recommend to a Friend" score)	2.5 percentage point improvement over 2010	
Enterprise Growth		
• Average annual growth of Global Payment Options revenue	At market growth rate	
• Reach critical mass of Serve customers	CBC judgment	

The company will disclose performance against the above metrics at the end of the 2013 performance period, when the total payout will be determined. The interim payment in the first quarter of 2013 will be offset against the total payout. If the total payout is lower than the interim payout, then the interim payment (or the appropriate portion) may be recouped. Award payments are also subject to capital adequacy requirements, which are based on a minimum of 7% Tier 1 capital over the period.

The NEOs' PG2011-13 grants resulted in the following interim payouts, at 33% of grant value.

EXECUTIVE	PG2011-13 GRANT AMOUNT ($000s)	PG2011-13 INTERIM PAYOUT ($000s)
K.I. Chenault	$ 5,125	$ 1,691*
E.P. Gilligan	$ 1,500	$ 495
S.J. Squeri	$ 1,000	$ 330
D.H. Schulman	$ 1,300	$ 429
D.T. Henry	$ 1,100	$ 363

* Mr. Chenault's payment was in the form of RSUs granted in January 2013 that vest one year from the grant date. One-half of the net shares upon vesting cannot be sold until one year after his retirement.

The grant amounts of the PG awards were included in the Grants of Plan-Based Awards Table in the 2012 proxy statement. The cash payouts described above are included in the Summary Compensation Table on page 41 (non-equity incentive plan compensation). For Mr. Chenault, where the payout was made solely in the form of RSUs that vest one year after grant, the grant amount of the RSUs will be included in the Summary Compensation Table next year, under stock awards.

OTHER POLICIES AND GUIDELINES

Award Timing

Consistent with past practice, annual cycle LTIA awards were granted to NEOs in January following the company's public announcement of its financial results for the prior fiscal year. Historically, annual cycle LTIA awards are granted on the third trading day after the company publicly announces its financial results in January; however, due to the 2013 calendar the Compensation Committee determined to grant annual cycle LTIA awards to NEOs on the last day of the regularly scheduled January 2013 Compensation Committee meetings. Our off-cycle LTIA awards (for new hires, mid-year promotions, etc.) are granted on pre-established grant dates.

Tax Treatment

Tax rules generally limit the deductibility of compensation paid to our NEOs to $1 million during any fiscal year unless such compensation is "performance-based." In general, the company intends to structure its incentive compensation arrangements in a manner that would comply with these tax rules. However, the Compensation Committee maintains the flexibility to pay non-deductible incentive compensation if it determines it is in the best interest of the company.

Clawback Policies

We seek to recover, to the extent practicable, performance-based compensation from any executive officer and certain other members of senior management in those circumstances when:

- The payment of such compensation was based on the achievement of financial results that were subsequently the subject of a restatement; and
- In the board's view, the employee engaged in fraud or misconduct that caused or partially caused the need for the restatement, and a smaller amount would have been paid to the employee based upon the restated financial results.

Also, the cash portion of the CEO's AIA is subject to clawback at the discretion of the Compensation Committee if the company does not achieve acceptable performance in the following year.

Further, the Dodd-Frank legislation mandates regulation to add additional clawback requirements, and the company will take appropriate steps to implement the final requirements under this legislation.

American Express also maintains a "detrimental conduct" policy covering approximately 600 employees globally, including the NEOs. Each executive is required to sign an agreement that requires the executive to forfeit unvested awards, and to repay the proceeds from some or all of his or her compensation issued under our incentive compensation program in the event the executive engages in conduct that is detrimental to the company. This compensation includes Equity and Portfolio Grant awards and, in the case of our executive officers, Annual Incentive Awards that were received up to two years prior to employment termination. Detrimental conduct includes, but is not limited to, termination of employment for misconduct, working for certain competitors, soliciting company customers or employees for a period of time after termination, or disclosing confidential information.

Stock Ownership Guidelines

Our stock ownership guidelines require NEOs to own and maintain a substantial stake in the company. Our NEOs are required to accumulate a target number of shares (i.e., shares owned outright, not including unvested/unearned shares and unexercised stock options), and to retain a portion of the net after-tax shares received upon vesting or exercise of their equity awards as follows:

	STOCK OWNERSHIP GUIDELINES		
		HOLDING REQUIREMENT	
NEO	TARGET NUMBER OF SHARES	BEFORE TARGET MET	AFTER TARGET MET
K.I. Chenault*	500,000	75% of net shares until target number of shares is met	50% of net shares for one year
E.P. Gilligan	75,000		
S.J. Squeri	75,000		
D.H. Schulman	75,000		
D.T. Henry	37,500		

* In addition to these requirements, Mr. Chenault is required to hold, one year beyond his retirement from the company, a significant portion of his 2010, 2011 and 2012 year-end AIA and PG payouts delivered in RSUs.

With the exception of Mr. Schulman, who was hired in 2010, all our NEOs own more than the target number of shares.

HEDGING POLICY AND PLEDGING RESTRICTIONS

Our Code of Conduct prohibits our employees from using short sales or put and call transactions to hedge their ownership of company securities. In addition, the company does not permit executive officers to pledge shares subject to stock ownership guidelines, including holding requirements, and limits the number of other shares they may pledge.

Post-Employment Compensation

RETIREMENT BENEFITS

NEOs receive retirement benefits through the following plans:

- **Retirement Savings Plan (RSP):** A qualified savings 401(k) plan available to all eligible employees.
- **Retirement Restoration Plan (RRP):** A nonqualified savings plan that makes up 401(k) benefits that would otherwise be lost as a result of the U.S. tax limits.

As part of NEOs' planning for retirement and other long-term financial needs, we have provided them an annual opportunity under a nonqualified deferred compensation plan to defer a portion of their base salary and AIA payout. The total annual deferral is limited to 100% of base salary.

NEOs (except Mr. Schulman) also continue to earn interest on outstanding account balances under the American Express Retirement Plan, which was frozen in 2007. All retirement benefits are more fully described under *Retirement Plan Benefits* on page 48 and under *Nonqualified Deferred Compensation* on pages 49 to 50.

SEVERANCE

The company has an executive severance policy instead of individual severance or employment agreements. Under the Senior Executive Severance Policy, NEOs who are terminated involuntarily receive cash severance benefits equal to two years of base salary and AIA, except in cases of misconduct. Severance payments are made in installments, except in certain terminations following a change in control, when payment is made in a lump sum. LTIAs continue to vest during the severance period, unless the executive begins full-time, outside employment. NEOs may continue to be covered under certain of our compensation and benefit plans during the severance period. Effective January 1, 2014, U.S.-based NEOs who are age 65 or older are not eligible for severance.

To protect shareholders and our business model, executives are required to comply with non-compete, non-solicitation, confidentiality, and non-denigration provisions during the period of time they are receiving severance. Our uniform severance policy helps to avoid individual treatment and provides an important enforcement mechanism for these protections. The Compensation Committee must pre-approve severance for an executive officer.

CHANGE IN CONTROL BENEFITS

The company provides change in control (CIC) benefits to encourage executives to consider the best interests of shareholders by stabilizing any concerns about their own personal financial well-being in the face of a potential CIC of the company. Some key CIC provisions were implemented in 2011 based on shareholder input and changing market trends:

- All LTIAs granted after December 31, 2010 require employment termination ("double trigger") following a CIC before these awards will vest.
- We no longer provide excise tax reimbursements and gross-up payments in the case of a CIC (in the case of LTIAs, applies to grants after December 31, 2010).

In the event of certain employment terminations in connection with a CIC, executives also receive cash severance described above under *Severance* and other benefits. Detailed information is provided under *Potential Payments Upon Termination or Change in Control* on pages 51 to 54.

REPORT OF THE COMPENSATION AND BENEFITS COMMITTEE

The Compensation and Benefits Committee has reviewed and discussed the Compensation Discussion and Analysis with management. Based on such review and discussions, the Compensation and Benefits Committee recommended to the board of directors, and the board of directors approved, that the Compensation Discussion and Analysis be included in this Proxy Statement.

COMPENSATION AND BENEFITS COMMITTEE

Jan Leschly, Chairman
Peter Chernin
Richard A. McGinn
Edward D. Miller
Robert D. Walter

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EXECUTIVE COMPENSATION TABLES

Summary Compensation Table

The following table summarizes the compensation of our NEOs for the year ended December 31, 2012.

Summary Compensation Table (1)

NAME	YEAR	SALARY ($)	BONUS ($)(2)	STOCK AWARDS ($)(3)	OPTION AWARDS ($)(3)	NON-EQUITY INCENTIVE PLAN COMPENSATION ($)(4)	CHANGE IN PENSION VALUE AND NONQUALIFIED DEFERRED COMPENSATION EARNINGS ($)(5)	ALL OTHER COMPENSATION ($)(6)	TOTAL ($)
K.I. Chenault Chairman and Chief Executive Officer	2012	$2,000,000	$4,000,000	$18,864,985	$2,159,907	$ 0	$ 478,945	$ 987,897	$28,491,734
	2011	$2,000,000	$2,000,000	$15,274,191	$2,193,374	$ 0	$ 548,290	$ 1,022,836	$23,038,691
	2010	$1,942,308	$2,000,000	$ 2,049,971	$9,164,925	$ 0	$ 560,421	$ 1,095,647	$16,813,272
E.P. Gilligan Vice Chairman	2012	$1,450,000	$4,350,000	$ 2,620,562	$ 929,413	$ 495,000	$ 266,338	$ 564,823	$10,676,136
	2011	$1,450,000	$4,750,000	$ 2,128,967	$ 770,998	$ 3,800,000	$ 210,948	$ 2,779,172	$15,890,085
	2010	$1,423,077	$4,450,000	$ 724,967	$3,215,112	$ 1,680,000	$ 212,876	$ 699,438	$12,405,470
S.J. Squeri Group President Global Corporate Services	2012	$1,201,923	$3,775,000	$ 1,845,436	$ 654,506	$ 330,000	$ 103,185	$ 351,948	$ 8,261,998
	2011	$1,000,000	$4,000,000	$ 1,468,261	$ 531,725	$ 1,200,000	$ 81,999	$ 341,383	$ 8,623,368
	2010	$ 980,769	$3,500,000	$ 499,986	$2,217,318	$ 1,380,000	$ 84,387	$ 319,991	$ 8,982,452
D. H. Schulman Group President Enterprise Growth	2012	$1,100,000	$3,550,000	$ 1,845,436	$ 654,506	$ 429,000	$ 0	$ 309,240	$ 7,888,182
	2011	$1,100,000	$4,000,000	$ 1,835,315	$ 664,653	$ 1,560,000	$ 0	$ 202,573	$ 9,362,541
	2010	$ 401,923	$2,500,000	$ 5,999,957	$1,853,515	$ 780,000	$ 0	$ 100,895	$11,636,290
D.T. Henry Executive Vice President and Chief Financial Officer	2012	$ 850,000	$2,750,000	$ 1,402,563	$ 497,435	$ 363,000	$ 35,244	$ 333,686	$ 6,231,928
	2011	$ 850,000	$3,050,000	$ 1,358,114	$ 491,836	$ 1,320,000	$ 49,462	$ 384,372	$ 7,503,784
	2010	$ 838,462	$2,350,000	$ 3,437,458	$1,940,154	$ 1,212,000	$ 51,989	$ 362,540	$10,192,602

(1) Amounts shown are not reduced to reflect the NEOs' elections, if any, to defer receipt of base salary, bonus, or non-equity incentive plan compensation under our deferred compensation programs.

(2) The amounts in this column reflect AIA cash payments made for annual performance. For each NEO described below, the 2012 amount excludes the portion of 2012 AIA paid in the form of RSUs granted in January 2013. For Mr. Chenault $2.625 million out of $6.625 million of his 2012 AIA is paid in the form of RSUs granted in January 2013 that vest one year from the grant date, subject to performance conditions. 50% of these RSUs are payable in cash and the remaining net shares upon vesting cannot be sold until one year after retirement.

To comply with FRB guidance that at least 50% of incentive compensation be deferred, $250,000 of Mr. Gilligan's and Mr. Schulman's 2012 AIA and $500,000 of Mr. Squeri's 2012 AIA were paid in the form of RSU's granted in January 2013. Payment of these RSUs is deferred for three years from the grant date, subject to positive net income performance but not to continued employment.

(3) The amounts represent the aggregate grant date fair value of awards granted in each respective year computed in accordance with stock-based compensation accounting rules (FASB ASC Topic 718). A significant portion of Mr. Chenault's total direct compensation is delivered in the form of equity that is deferred. The table below provides detail on the RSUs included in the stock awards column:

	2012	2011	2010
Annual RSU award granted in January for performance in the prior year*	$ 6,090,046	$ 6,056,594	$ 2,049,971
Portion of AIA awarded in RSUs in January for performance in the prior year *	$ 6,624,980	$ 3,125,000	—
Payment of PG award in the form of RSUs. Amount in column reflects the RSUs granted in January with respect to PG awards whose performance periods ended the prior year	$ 6,149,959	$ 6,092,597	—
Total	**$18,864,985**	**$15,274,191**	**$2,049,971**

* For example, 2012 amount shows RSU awarded in January 2012 for 2011 performance

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(4) For 2012, the amounts in this column reflect the cash payment made to the NEO in respect of initial payment towards the PG2011-13 awards granted in 2011, in accordance with award terms. For Mr. Chenault, the 2012 amount excludes payment of $1.691 million, which was made in the form of RSUs granted in January 2013 that vest one year from the grant date, subject to performance. One-half of the net shares upon vesting cannot be sold until one year after retirement.

(5) The amounts in this column reflect the actuarial increase in the present value of the NEOs' benefits under all defined benefit pension plans established by the company.

(6) See All Other Compensation Table below for additional information.

The table below shows the components of the amounts included for each NEO under the All Other Compensation column in the Summary Compensation Table.

All Other Compensation Table

NAME	YEAR	PERQUISITES AND OTHER PERSONAL BENEFITS ($)(1)	TAX PAYMENTS/ REIMBURSEMENTS ($)(2)	COMPANY CONTRIBUTIONS TO DEFINED CONTRIBUTION PLANS ($)(3)	EXECUTIVE LIFE INSURANCE ($)(4)	DIVIDENDS AND DIVIDEND EQUIVALENTS ($)(5)	TOTAL ($)
K.I. Chenault	2012	$ 368,647	$ 0	$ 442,500	$ 4,340	$ 172,410	$ 987,897
	2011	$ 395,439	$ 0	$ 570,000	$ 3,939	$ 53,458	$1,022,836
	2010	$ 517,438	$ 0	$ 438,942	$ 3,589	$ 135,679	$1,095,647
E.P. Gilligan	2012	$ 89,040	$ 0	$ 384,250	$ 2,100	$ 89,433	$ 564,823
	2011	$ 108,942	$ 2,152,743	$ 413,250	$ 1,958	$ 102,279	$2,779,172
	2010	$ 183,077	$ 36,587	$ 346,923	$ 1,830	$ 131,021	$ 699,438
S.J. Squeri	2012	$ 79,489	$ 0	$ 242,212	$ 2,150	$ 28,097	$ 351,948
	2011	$ 69,205	$ 0	$ 240,000	$ 2,003	$ 30,175	$ 341,383
	2010	$ 84,004	$ 0	$ 199,038	$ 1,870	$ 35,079	$ 319,991
D.H. Schulman	2012	$ 94,277	$ 0	$ 159,500	$ 4,140	$ 51,323	$ 309,240
	2011	$ 70,741	$ 0	$ 31,413	$ 4,201	$ 96,218	$ 202,573
	2010	$ 72,427	$ 0	$ 0	$ 1,380	$ 27,088	$ 100,895
D.T. Henry	2012	$ 75,132	$ 0	$ 186,750	$ 5,392	$ 66,412	$ 333,686
	2011	$ 70,955	$ 0	$ 242,250	$ 4,813	$ 66,354	$ 384,372
	2010	$ 85,577	$ 0	$ 211,538	$ 4,340	$ 61,085	$ 362,540

(1) See the Perquisites and Other Personal Benefits table below for additional information regarding the components of this column.

(2) For Mr. Gilligan, who was on international assignment in London until July 2009, trailing tax equalization payments and/or reimbursements have been made and recorded following termination of his assignment in 2009 to address any foreign tax obligations relating to income received, awarded or earned during his assignment. These payments and reimbursements are made under a policy that applies to all employees on international assignment and is designed to facilitate these assignments by covering taxes over and above taxes that these employees would have incurred had they remained in their home countries. In 2012, Mr. Gilligan received a net foreign tax credit of approximately $1.49 million relating to payments made by the company on his behalf in previous years, which were returned to the company and is not reflected in the table above. The payments or reimbursements included in the amount shown that were paid or received in British Pound Sterling were converted to U.S. dollars based on the conversion rate as of the date paid, received or allocated.

(3) This column reports company contributions to the NEOs' accounts under the company's RSP and to the RSP Related Account under the company's RRP. See pages 48 to 50 for a further description of the RSP and the RSP Related Account under the company's RRP.

(4) This column reports imputed income to the NEO under the company's executive life insurance program.

(5) This column reports dividends and dividend equivalents paid in connection with Restricted Stock Awards (RSAs) and RSUs awarded to the NEO under the 1998 Incentive Compensation Plan (1998 plan) or the 2007 Incentive Compensation Plan (2007 plan). Beginning with awards granted in 2011, dividends and dividend equivalents on unvested RSAs and RSUs granted to executive officers will be paid only if and when the underlying shares vest.

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Perquisites and Other Personal Benefits

NAME	YEAR	LOCAL AND OTHER TRAVEL BENEFITS ($)(1)	PERSONAL USE OF COMPANY AIRCRAFT ($)(1)(2)	FLEXIBLE PERQUISITE ALLOWANCE ($)	HOME SECURITY SYSTEM ($)	SECURITY DURING PERSONAL TRIPS ($)	INTERNA-TIONAL ASSIGNMENT ($)(3)	OTHER BENEFITS ($)(4)	TOTAL ($)
K.I. Chenault	2012	$ 16,623	$ 195,536	$ 35,000	$ 34,283	$ 76,241	n/a	$ 10,964	$368,647
	2011	$ 31,464	$ 200,000	$ 35,000	$ 30,906	$ 61,332	n/a	$ 36,737	$395,439
	2010	$ 139,273	$ 200,000	$ 35,000	$ 75,556	$ 53,671	n/a	$ 13,938	$517,438
E.P. Gilligan	2012	$ 30,000	$ 7,115	$ 35,000	n/a	n/a	$ 14,715	$ 2,210	$ 89,040
	2011	$ 30,000	$ 0	$ 35,000	$ 0	n/a	$ 43,180	$ 762	$108,942
	2010	$ 40,500	$ 3,466	$ 35,000	$ 1,815	n/a	$ 99,296	$ 3,000	$183,077
S.J. Squeri	2012	$ 30,000	$ 0	$ 35,000	n/a	n/a	n/a	$ 14,489	$ 79,489
	2011	$ 30,000	$ 0	$ 35,000	$ 0	n/a	n/a	$ 4,205	$ 69,205
	2010	$ 40,500	$ 0	$ 35,000	$ 744	n/a	n/a	$ 7,760	$ 84,004
D.H. Schulman	2012	$ 30,000	$ 22,254	$ 35,000	n/a	n/a	n/a	$ 7,023	$ 94,277
	2011	$ 30,000	$ 0	$ 35,000	$ 0	n/a	n/a	$ 5,741	$ 70,741
	2010	$ 12,500	$ 0	$ 14,585	$ 40,861	n/a	n/a	$ 4,481	$ 72,427
D.T. Henry	2012	$ 30,000	$ 0	$ 35,000	n/a	n/a	n/a	$ 10,132	$ 75,132
	2011	$ 30,000	$ 0	$ 35,000	$ 0	n/a	n/a	$ 5,955	$ 70,955
	2010	$ 40,500	$ 0	$ 35,000	$ 0	n/a	n/a	$ 10,077	$ 85,577

(1) For 2012, local and other travel benefits include local travel allowance for NEOs other than Mr. Chenault. For Mr. Chenault, the company's security policy adopted by the Audit, Risk and Compliance Committee of the board requires him to use for all travel purposes, to the maximum extent practicable, the automobiles and aircraft provided by the company to executives for business travel. The calculation of incremental cost for personal use of company-owned automobiles and aircraft is based on the variable cost to the company of operating the automobiles and aircraft and includes, among other things, fuel costs, maintenance costs, and, in the case of aircraft, the cost of trip-related crew hotels and meals, and landing and ground handling fees. The calculation does not include fixed costs that would have been incurred regardless of whether there was any personal use of the automobiles or aircraft (e.g., purchase costs and depreciation, driver and flight crew fixed salaries and benefits, insurance costs, etc.).

(2) Effective January 1, 2010, the company requires reimbursement by Mr. Chenault for incremental cost in excess of $200,000 per year for travel on company aircraft that is deemed by the SEC to be personal use, including use to travel to outside board meetings. Messrs. Gilligan's and Schulman's 2012 amounts are in connection with travel to outside corporate board meetings.

(3) The amount shown includes expatriate services and allowances in connection with Mr. Gilligan's repatriation to the United States, due to his international assignment. The services received by Mr. Gilligan apply to all employees on international assignment. Services and allowances included in the amounts shown that were paid or received in British Pound Sterling were converted to U.S. dollars based on the conversion rate as of the date paid, received, or allocated.

(4) This column reports the total amount of other perquisites and personal benefits provided, none of which individually exceeded the greater of $25,000 or 10% of the total amount of all perquisites and other personal benefits reported for the NEO. These other benefits consist of office parking, reimbursement for certain information technology, cost associated with employee recognition programs, and cost of certain meals from the company's dining facilities.

In addition to the perquisites and other benefits described in the table and footnotes above, our NEOs also receive occasional secretarial support with respect to personal matters and may, on occasion, use the company's tickets for sporting and entertainment events for personal rather than business purposes. We incur no incremental cost for the provision of such additional benefits.

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Grants of Plan-Based Awards

The following table provides information on SO, RSU, and PG2012-14 awards granted to each of our NEOs in 2012 under the 2007 plan. There can be no assurance that the grant date fair value of awards will ever be realized by the NEOs.

Grants of Plan-Based Awards

				ESTIMATED FUTURE PAYOUTS UNDER NON-EQUITY INCENTIVE PLAN AWARDS (2)			ESTIMATED FUTURE PAYOUTS UNDER EQUITY INCENTIVE PLAN AWARDS (2)			ALL OTHER OPTION AWARDS		
NAME	AWARD TYPE (1)	GRANT DATE	APPROVAL DATE	THRESHOLD ($)	TARGET ($)	MAXIMUM ($)	THRESHOLD (#)	TARGET (#)	MAXIMUM (#)	NUMBER OF SECURITIES UNDERLYING OPTIONS (#)	EXERCISE PRICE OR BASE PRICE OF OPTION AWARDS ($/SH)(3)	GRANT DATE FAIR VALUE OF STOCK AND OPTION AWARDS ($)(4)
K.I. Chenault	PG2012-14	1/24/2012	1/23/2012	$ 0	$5,125,000	$ 6,406,250						
	SO	1/24/2012	1/23/2012							123,706	$ 49.23	$ 2,159,907
	RSU	1/24/2012	1/23/2012				0	123,706	154,632			$ 6,090,046
	RSU	1/24/2012	1/23/2012					259,495				$ 12,774,939
E.P. Gilligan	PG2012-14	1/24/2012	1/23/2012	$ 0	$1,500,000	$ 1,875,000						
	SO	1/24/2012	1/23/2012							53,231	$ 49.23	$ 929,413
	RSU	1/24/2012	1/23/2012				0	53,231	66,538			$ 2,620,562
S.J. Squeri	PG2012-14	1/24/2012	1/23/2012	$ 0	$1,150,000	$ 1,437,500						
	SO	1/24/2012	1/23/2012							37,486	$ 49.23	$ 654,506
	RSU	1/24/2012	1/23/2012				0	37,486	46,857			$ 1,845,436
D.H. Schulman	PG2012-14	1/24/2012	1/23/2012	$ 0	$1,300,000	$ 1,625,000						
	SO	1/24/2012	1/23/2012							37,486	$ 49.23	$ 654,506
	RSU	1/24/2012	1/23/2012				0	37,486	46,857			$ 1,845,436
D.T. Henry	PG2012-14	1/24/2012	1/23/2012	$ 0	$1,200,000	$ 1,500,000						
	SO	1/24/2012	1/23/2012							28,490	$ 49.23	$ 497,435
	RSU	1/24/2012	1/23/2012				0	28,490	35,612			$ 1,402,563

(1) *PG Awards.* PG2012-14 awards link compensation to our financial and strategic performance for 2012 through 2014. The goals for the three-year performance period were approved by the Compensation Committee in March 2012 and are based 50% on financial metrics and 50% on strategic milestones. The potential award payout is determined based on a table of possible performance and earned payout levels, including a cap on the overall earned payout level. The actual payout could be higher or lower than the notional target value based on actual performance.

Restricted Stock Units. Except as specified otherwise, RSU awards will vest on the third anniversary of the grant date in an amount determined by performance against the average ROE target during the three-year performance period.

259,495 of the RSUs were granted to Mr. Chenault in connection with his 2011 AIA and the payout of PG2010-11 and will vest on the first anniversary of the grant date subject to the performance hurdle of positive net Income over the vesting period. One half of the net shares upon vesting of this award cannot be sold until one year after Mr. Chenault's retirement. Dividend equivalents on RSUs will accrue but will not be paid unless and until the underlying shares vest.

Stock Options. The SOs have a ten-year term and 25% of these shares become exercisable on each grant date anniversary.

All awards are subject to continuous employment with the company, except that all awards may vest upon death, disability termination, retirement, or in certain circumstances in connection with a change in control of the company, as described on pages 51 to 54.

(2) The amounts shown under these columns represent potential aggregate threshold, target, and maximum payouts for achievement of threshold, target, and maximum performance levels for PG2012-14 and ROE-based RSUs. The threshold payout is zero, since it represents the level of performance for which no award would be earned. The "target" payout is equal to 100% of the executive's grant value, and represents the amount that may be paid for achieving the target level of performance across all performance goals. The "maximum" payout represents the amount that may be paid for achieving the maximum level of performance across all performance goals, subject to an overall cap on the payout amount.

(3) The exercise price of the SOs is the closing price of the company's common shares on the NYSE on the grant date.

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(4) RSU value is based on the closing price of the company's common shares on the grant date. Option value is a hypothetical value at grant using a Black-Scholes-Merton option-pricing model. These amounts are theoretical and may not reflect the amounts that option holders will realize, which will depend upon the share price at the time of exercise.

The following assumptions were used for SOs granted in January 2012:

ASSUMPTIONS	JANUARY
Dividend yield	1.48%
Expected volatility	41.05%
Risk-free interest rate	1.28%
Expected life of stock option (years)	6.28
Exercise price	$ 49.23

The expected volatility is based on weighted historical and implied volatilities of the company's common stock price. The expected life of the options is based on historical data and expectations of options currently outstanding. These assumptions are consistent with the assumptions used to report stock option valuations and expense in our *2012 Annual Report to Shareholders*.

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Outstanding Equity Awards at Fiscal Year-End 2012

The following table shows the number of shares covered by exercisable and unexercisable SOs and unvested RSAs and RSUs granted under the 1998 plan or the 2007 plan held by our NEOs on December 31, 2012.

Outstanding Equity Awards at Fiscal Year-End 2012

	OPTION AWARD						STOCK AWARDS			
NAME	GRANT DATE	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#) EXERCISABLE	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS (#) UNEXERCISABLE	EQUITY INCENTIVE PLAN AWARDS: NUMBER OF SECURITIES UNDERLYING UNEXERCISED UNEARNED OPTIONS (#)	OPTION EXERCISE PRICE ($)	OPTION EXPIRATION DATE	NUMBER OF SHARES OR UNITS OF STOCK THAT HAVE NOT VESTED (#)	MARKET VALUE OF SHARES OR UNITS OF STOCK THAT HAVE NOT VESTED ($) (a)	EQUITY INCENTIVE PLAN AWARDS: NUMBER OF UNEARNED SHARES, UNITS, OR OTHER RIGHTS THAT HAVE NOT VESTED (#)	EQUITY INCENTIVE PLAN AWARDS: MARKET OR PAYOUT VALUE OF UNEARNED SHARES, UNITS, OR OTHER RIGHTS THAT HAVE NOT VESTED ($) (a)
K.I. Chenault	1/24/2012	0	123,706 (1)		$ 49.230	1/24/2022			123,706 (c)	$ 7,110,621
	1/24/2012								259,495 (g)	$ 14,915,772
	1/27/2011	33,995 (1)	101,986		$ 44.540	1/27/2021			142,780 (d)	$ 8,206,994
	1/26/2010	325,459 (1)	325,459		$ 38.100	1/26/2020			26,903 (b)	$ 1,546,384
	1/29/2009	897,666 (1)	299,222		$ 16.710	1/29/2019				
	1/31/2008	625,000 (1)	0		$ 49.130	1/30/2018				
	1/31/2008	0	0	1,375,000 (3)	$ 49.130	1/30/2018				
	11/30/2007	0	0	1,375,000 (3)	$ 58.980	11/30/2017				
	1/25/2007	625,000 (1)	0		$ 57.770	1/25/2017				
	1/23/2006	425,000 (1)	0		$ 51.865	1/22/2016				
	1/24/2005	445,537 (1)	0		$ 45.768	1/23/2015				
	1/26/2004	555,208 (1)	0		$ 43.977	1/25/2014				
E.P. Gilligan	1/24/2012	0	53,231 (1)		$ 49.230	1/24/2022			53,231 (c)	$ 3,059,718
	1/27/2011	11,949 (1)	35,850		$ 44.540	1/27/2021			50,188 (d)	$ 2,884,806
	1/26/2010	114,173 (1)	114,173		$ 38.100	1/26/2020			9,514 (b)	$ 546,865
	10/30/2009	0	114,810 (4)		$ 34.840	10/30/2019				
	1/29/2009	201,346 (1)	83,782		$ 16.710	1/29/2019				
	1/31/2008	190,000 (1)	0		$ 49.130	1/30/2018				
	7/31/2007	450,000 (2)	0		$ 58.540	7/31/2017			34,000 (e)	$ 1,954,320
	1/25/2007	150,000 (1)	0		$ 57.770	1/25/2017				
	1/23/2006	150,000 (1)	0		$ 51.865	1/22/2016				
	1/24/2005	165,648 (1)	0		$ 45.768	1/23/2015				
S.J. Squeri	1/24/2012	0	37,486 (1)		$ 49.230	1/24/2022			37,486 (c)	$ 2,154,695
	1/27/2011	8,241 (1)	24,724		$ 44.540	1/27/2021			34,613 (d)	$ 1,989,555
	1/26/2010	78,740 (1)	78,740		$ 38.100	1/26/2020			6,562 (b)	$ 377,184
	10/30/2009	0	229,621 (4)		$ 34.840	10/30/2019				
	1/29/2009	0	52,364 (1)		$ 16.710	1/29/2019				
	1/31/2008	130,000 (1)	0		$ 49.130	1/30/2018				
	1/25/2007	130,000 (1)	0		$ 57.770	1/25/2017				
	1/25/2007	400,000 (2)	0		$ 57.770	1/25/2017				
	1/23/2006	130,000 (1)	0		$ 51.865	1/22/2016				
	5/16/2005	36,557 (1)	0		$ 45.575	5/16/2015				
	1/24/2005	26,275 (1)	0		$ 45.768	1/23/2015				
	1/24/2005	68,544 (1)	0		$ 45.768	1/23/2015				
D.H. Schulman	1/24/2012	0	37,486 (1)		$ 49.230	1/24/2022			37,486 (c)	$ 2,154,695
	1/27/2011	10,301 (1)	30,905		$ 44.540	1/27/2021			43,266 (d)	$ 2,486,930
	8/31/2010	62,703 (1)	62,704		$ 39.870	8/31/2020			15,676 (b)	$ 901,056
D.T. Henry	1/24/2012	0	28,490 (1)		$ 49.230	1/24/2022			28,490 (c)	$ 1,637,605
	1/27/2011	7,623 (1)	22,869		$ 44.540	1/27/2021			32,016 (d)	$ 1,840,280
	1/26/2010	68,897 (1)	68,898		$ 38.100	1/26/2020			5,741 (b)	$ 329,993
	1/26/2010								78,740 (f)	$ 4,525,975
	1/29/2009	0 (1)	59,845		$ 16.710	1/29/2019				
	1/31/2008	150,000 (1)	0		$ 49.130	1/30/2018				
	10/31/2007	95,000 (1)	0		$ 60.950	10/31/2017				
	1/25/2007	27,500 (1)	0		$ 57.770	1/25/2017				
	1/23/2006	30,000 (1)	0		$ 51.865	1/22/2016				
	1/24/2005	28,560 (1)	0		$ 45.768	1/23/2015				

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Notes Relating to Option Awards

Exercisability of option awards is subject to continuous employment by the company, except that unvested stock awards may vest upon death, disability termination, retirement, or change in control of the company (or for awards granted after December 2010, certain terminations in connection with a change in control), as described on pages 51 to 54.

(1) These SOs vest 25% on the first, second, third, and fourth anniversaries of the grant date.

(2) These SOs vest 25% on the third and fourth anniversaries of the grant date, and 50% on the fifth anniversary of the grant date.

(3) These SOs comprising the Special Grant will vest only if the company meets performance levels with respect to (i) growth in diluted EPS from continuing operations, (ii) revenue growth, (iii) average annual ROE, and (iv) annual TSR as compared to the S&P 500 Index, in each case during the six-year period from January 1, 2008 through December 31, 2013. Further details are described on page 24 of the March 13, 2009 proxy statement.

(4) These SOs vest 100% on the fourth anniversary of the grant date.

Notes Relating to Stock Awards

Vesting of stock awards is subject to continuous employment by the company, except that unvested stock awards may vest upon death, disability termination, retirement, or change in control of the company (or for awards granted after December 2010, certain terminations in connection with a change in control), as described on pages 51 to 54. The vesting schedule of each award is subject to our achieving positive cumulative net income from continuing operations over each vesting period, unless mentioned otherwise.

(a) The market value of the stock awards is based on the closing price per share of our stock as of December 31, 2012, which was $57.48.

(b) These awards vest 25% on each of the first, second, third, and fourth anniversaries of the grant date.

(c) These awards vest on the third anniversary of the grant date, subject to our achieving average annual ROE of 25% or more over the vesting period. The number of awards above reflects the assumption that ROE is at 25% target and a payout at 100% is made.

(d) These awards vest on the third anniversary of the grant date, subject to our achieving average annual ROE of 25% or more over the vesting period. The number of awards above reflects the assumption that ROE meets a 28% target and a payout at 105% is made.

(e) For Mr. Gilligan, this award vests 20% on each of the third, fourth, and fifth anniversaries of the grant date and 40% on the sixth anniversary of the grant date, subject to our achieving average annual ROE of 15% or more over the vesting periods.

(f) These awards vest on the third anniversary of the grant date.

(g) These awards vest on the first anniversary of the grant date.

Option Exercises and Stock Vested in 2012

The following table contains information about exercises of SOs by the NEOs and shares acquired by the NEOs upon the vesting of RSA/RSUs, in each case during 2012.

Option Exercises and Stock Vested in 2012

	OPTION AWARDS		STOCK AWARDS	
NAME	NUMBER OF SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED ON EXERCISE ($)(1)	NUMBER OF SHARES ACQUIRED ON VESTING (#)	VALUE REALIZED ON VESTING ($)(2)
K.I. Chenault	555,208	$ 13,429,205	220,402	$ 10,988,788
E.P. Gilligan	440,702	$ 9,798,814	79,162	$ 4,419,154
S.J. Squeri	127,763	$ 2,654,794	31,983	$ 1,764,121
D.H. Schulman			67,407	$ 3,929,828
D.T. Henry	250,658	$ 9,102,891	2,871	$ 143,493

(1) Amounts reflect the difference between the exercise price of the SO and the market price of our common stock at the time of exercise.

(2) Amounts reflect the market value of our common stock on the day on which the RSA/RSUs vested.

Retirement Plan Benefits

The table below shows the present value of accumulated benefits payable to each of the NEOs under each of the American Express Retirement Plan and the American Express Restoration Plan (formerly the American Express Supplemental Retirement Plan).

Pension Benefits 2012

NAME	PLAN NAME	NUMBER OF YEARS CREDITED SERVICE (#)	PRESENT VALUE OF ACCUMULATED BENEFITS ($)(1)	PAYMENTS DURING LAST FISCAL YEAR ($)
K.I. Chenault	Retirement Plan	31	$ 619,825	$ 0
	RRP-Retirement Plan Related Account		$ 7,525,501	$ 0
	Total		$ 8,145,326	$ 0
E.P. Gilligan	Retirement Plan	32	$ 422,649	$ 0
	RRP-Retirement Plan Related Account		$ 1,827,215	$ 0
	Total		$ 2,249,864	$ 0
S.J. Squeri	Retirement Plan	27	$ 305,241	$ 0
	RRP-Retirement Plan Related Account		$ 570,823	$ 0
	Total		$ 876,064	$ 0
D.H. Schulman	Retirement Plan	n/a	n/a	n/a
	RRP-Retirement Plan Related Account		n/a	n/a
	Total		n/a	n/a
D.T. Henry	Retirement Plan	22	$ 294,603	$ 0
	RRP-Retirement Plan Related Account		$ 535,015	$ 0
	Total		$ 829,618	$ 0

(1) Present Value of Accumulated Benefits (PVAB) was determined using the same measurement date (December 31, 2012) and assumptions as used for financial reporting purposes:

- Discount rate equal to 3.35%
- RP 2000 White Collar Mortality Table projected as required by the Pension Protection Act
- Retirement age is assumed to be the normal retirement age as defined in the plan (age 65)
- Form of payment is the value of the cash balance account payable as a lump sum distribution upon retirement
- PVAB includes the value of the MetLife benefit described below, if applicable

Retirement Plan. The NEOs (except for Mr. Schulman) participate in the Retirement Plan, which is a defined benefit cash balance retirement plan. As a result of amendments made to the Retirement Plan in 2007, we discontinued benefit accruals (other than crediting interest to outstanding account balances). The Retirement Plan continues to credit participants with interest on their cash balances. The Retirement Plan sets the interest rate each year based on the average of the interest rates for certain five-year U.S. Treasury Notes. The minimum interest rate each year is 5%. The maximum interest rate is the lower of 10% or the applicable interest rate shown in the Retirement Plan. For 2012 and 2013, the interest rate is 5%. In addition, benefits from the prior retirement plan, which was terminated in 1985, are payable through an insurance contract with Metropolitan Life Insurance Company, and are included in the table above.

RRP-Retirement Plan Related Account. Each RRP participant who participated in the Retirement Plan has a Retirement Plan Related Account for benefits that could not be provided under the Retirement Plan as a result of tax-qualified plan limitations. Compensation for RRP-Retirement Plan Related Account purposes included the same items of compensation as the Retirement Plan. RRP-Retirement Plan Related Account benefits accrue and vest in a manner similar to benefits under the Retirement Plan. Participants may elect to receive payment of their RRP-Retirement Plan Related Account benefits in either a lump sum or annual installments over a period of five, ten, or 15 consecutive years. Lump-sum payments are made on or about the January 1 or July 1 that is at least six months following the participant's separation from service and installment payments commence on or about the July 1 of the calendar year following the year in which the participant separates from service.

As a result of amendments made to the RRP in 2007, no contributions generally are made to a participant's RRP-Retirement Plan Related Account for any pay period ending on or after July 1, 2007. Participants continue to receive interest credits on their outstanding RRP-Retirement Plan Related Account balances at the same rate as on their Retirement Plan accounts. Generally, all participants who were employed as of July 1, 2007 became vested in the accrued benefits under their RRP-Retirement Plan Related Account as of that date.

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Nonqualified Deferred Compensation

The following table shows the executive or company contributions, earnings, withdrawals, and account balances for the NEOs in our RRP-RSP Related Accounts and our deferred compensation programs. These programs are unfunded, unsecured deferred compensation programs.

Nonqualified Deferred Compensation 2012

NAME	PLAN NAME	EXECUTIVE CONTRIBUTIONS IN LAST FY ($)	COMPANY CONTRIBUTIONS IN LAST FY ($)(1)	AGGREGATE EARNINGS IN LAST FY ($)(2)	AGGREGATE WITHDRAWALS/ DISTRIBUTIONS ($)	AGGREGATE BALANCE AT LAST FYE ($)(3)
K.I. Chenault	RRP-RSP Related Account	n/a	$ 409,500	$ 441,558	$ 0	$ 3,354,584
	Deferred Compensation	$ 100,000	n/a	$ 844,424	$ 0	$ 26,011,672
	Total	$ 100,000	$ 409,500	$ 1,285,982	$ 0	$ 29,366,256
E.P. Gilligan	RRP-RSP Related Account	n/a	$ 376,250	$ 163,975	$ 0	$ 2,101,702
	Deferred Compensation	$ 642,500	n/a	$ 375,224	$ 507,259	$ 3,102,504
	Total	$ 642,500	$ 376,250	$ 539,199	$ 507,259	$ 5,204,206
S.J. Squeri	RRP-RSP Related Account	n/a	$ 234,212	$ 149,546	$ 0	$ 1,260,298
	Deferred Compensation	$ 160,000	n/a	$ 319,581	$ 549,077	$ 4,956,605
	Total	$ 160,000	$ 234,212	$ 469,127	$ 549,077	$ 6,216,903
D.H. Schulman	RRP-RSP Related Account	n/a	$ 141,375	$ 5,273	$ 0	$ 157,847
	Deferred Compensation	$ 250,769	n/a	$ 17,962	$ 0	$ 279,225
	Total	$ 250,769	$ 141,375	$ 23,235	$ 0	$ 437,072
D.T. Henry	RRP-RSP Related Account	n/a	$ 153,750	$ 137,135	$ 0	$ 1,392,871
	Deferred Compensation	$ 34,000	n/a	$ 31,369	$ 471,001	$ 824,474
	Total	$ 34,000	$ 153,750	$ 168,504	$ 471,001	$ 2,217,345

(1) The amounts in this column are also included in the Summary Compensation Table on page 41 under "All Other Compensation."

(2) Earnings on RRP-RSP Related Account and Deferred Compensation balances are determined based on hypothetical investment of those account balances at the direction of the participant in the funds available under the RSP (other than the Self-Directed Brokerage Account). In addition to the investment funds in the RSP, a Market Interest Rate option is available for pre-2011 Deferred Compensation balances only. The Market Interest Rate option earns a rate of return based on the SEC defined market rate for deferred compensation for the year, which is 120% of the federal long-term rate for December of the preceding year. The Aggregate Balance and Aggregate Earnings shown in the 2011 Nonqualified Deferred Compensation Table did not include the final executive contribution made and so were understated for each executive by the following amounts: for Mr. Chenault, $3,846; for Mr. Gilligan, $2,788; for Mr. Squeri, $1,923; for Mr. Schulman, $423; and for Mr. Henry, $1,308.

(3) Of the total amounts shown in this column, the following amounts have been reported as "Salary," "Bonus," or "Non-Equity Incentive Plan Compensation" in the Summary Compensation Table in this proxy statement and prior years' proxy statements: for Mr. Chenault, $9,204,790; for Mr. Gilligan, $2,415,000; for Mr. Schulman, $261,769; for Mr. Henry, $654,000; and for Mr. Squeri, $1,760,000. The amounts in the preceding sentence do not include: 1) amounts deferred by each executive before becoming an NEO; and 2) amounts reported in prior years' proxy statements as above-market earnings on deferred compensation.

Retirement Savings Plan. Effective January 2010, all active participants, including the NEOs , were immediately 100% vested in the company matching contribution, which is generally up to 5% of total pay. We may also contribute an annual discretionary profit sharing amount (ranging from 0-5%) for eligible employees based on our annual performance. As a result of our 2012 performance, the board approved a profit sharing contribution of 2.25% of total pay for eligible employees in the regular benefit level (including NEOs). Company profit sharing contributions generally vest on the third anniversary of an employee's service with the company.

For our employees who commenced their employment prior to April 1, 2007, we generally also contribute an additional conversion contribution of up to 8% of total pay. The percentage varies by individual based on their projected age and service as of December 31, 2008. The conversion contributions for the NEOs are as follows: Messrs. Chenault, Gilligan, and Henry: 6.0% and Mr. Squeri: 3.75%. Mr. Schulman commenced employment after April 1, 2007 and is not eligible for conversion contributions.

RRP-RSP Related Account. Each RRP participant has a RRP-RSP Related Account for benefits that cannot be provided under the Retirement Savings Plan as a result of tax-qualified plan limitations. The RRP was amended effective January 1, 2011 such that the company matches employee contributions in the RRP-RSP Related Account up to a maximum of 5 percent of total pay in excess of IRS compensation limits, only to the extent the employee voluntarily defers compensation under the Deferred Compensation Program. All other company contributions to the RRP-RSP Related Account were not impacted by this amendment. Compensation for RRP-RSP Related Account purposes includes the same items of compensation as the Retirement Savings Plan, and also includes the value of base pay and annual cash incentive amounts deferred by a participant under the company's nonqualified deferred compensation programs. Participants may elect to receive payment of their RRP-RSP Related Account benefits in either a lump sum or annual installments over a period of five, ten, or 15 consecutive years. New participants will have a default lump sum election for contributions attributable to the first year.

Deferred Compensation. As part of planning for retirement or other long-term financial needs, we provide the NEOs and certain other senior-level employees with an annual opportunity to defer receipt of a portion of their base salary or annual cash incentive award up to one times their base salary in any particular year.

Under the deferral program, participants may elect for payment to commence upon separation from service or a specified date at least five years after deferral, but not later than separation from service, and to receive payment in either a lump sum or annual installments over a period of five, ten, or 15 consecutive years. For 2007 and prior years, participants were able to defer receipt until termination of employment or a specified date at least five years after deferral, but not later than ten years after termination of employment.

Deferred Compensation Earnings. Starting January 1, 2011, earnings for NEOs on deferral program balances are based on investment options similar to those offered under the Retirement Savings Plan (other than the Self Directed Brokerage Account). Balances for 2010 and earlier also transitioned to this new investment approach effective January 1, 2011 for NEOs. Furthermore, for participants, including NEOs, with pre-2011 balances, the deferral program was amended to allow for an additional investment option that provides a market interest rate that limits the interest crediting rate to 120% of the December Federal Long-term Rate. Interest crediting on deferrals was previously based on ROE-linked interest crediting schedules.

Potential Payments Upon Termination or Change in Control (CIC)

The tables below show certain potential payments that would have been made to an NEO if the NEO's employment had terminated on December 31, 2012 under various scenarios, including a Change in Control. The tables do not include the pension benefits or nonqualified deferred compensation that would be paid to an NEO, which are set forth in the Pension Benefits 2012 and Nonqualified Deferred Compensation 2012 tables above, except to the extent that the NEO is entitled to an additional benefit as a result of the termination. In addition, the tables do not include the value of vested but unexercised SOs as of December 31, 2012 and cash AIA and PG awards for performance cycles ending on December 31, 2012. The footnotes to the tables describe the assumptions used in estimating the amounts shown in the tables.

Because the payments to be made to an NEO depend on several factors, the actual amounts to be paid out upon an NEO's termination of employment can only be determined at the time of an executive's separation from the company.

Potential Payments Upon Termination of Employment/CIC as of 12/31/12
K.I. Chenault

	DEATH (a)	DISABILITY (a)	RETIREMENT (b)	TERMINATION W/O CAUSE NOT IN CONNECTION WITH CIC (c)	TERMINATION W/O CAUSE OR CONSTRUCTIVE TERM. IN CONNECTION WITH CIC (d)
Incremental Benefits Due to Termination Event(1)					
Severance	$ 0	$ 0	$ 0	$ 21,250,000	$ 21,250,000
Pro-Rata Bonus	n/a	n/a	n/a	n/a	n/a
Value of Accelerated LTIA (2)	$ 9,338,174	$ 9,338,174	$ 40,396,053	$ 11,986,091	$ 8,484,008
Deferred Compensation	$ 0	$ 0	$ 0	$ 787,863	$ 787,863
Retirement Savings Plan	$ 0	$ 132,606	$ 0	$ 0	$ 0
Retirement Plan	$ 0	$ 0	$ 0	$ 0	$ 0
Other Benefits	$ 0	$ 0	$ 466,998	$ 296,771	$ 127,270
Gross-Up on Excise Taxes	n/a	n/a	n/a	n/a	$ 0
Total Value of Incremental Benefits	$ 9,338,174	$ 9,470,780	$ 40,863,051	$ 34,320,725	$ 30,649,141

Potential Payments Upon Termination of Employment/CIC as of 12/31/12
E.P. Gilligan

	DEATH (a)	DISABILITY (a)	VOLUNTARY RESIGNATION (b)	TERMINATION W/O CAUSE NOT IN CONNECTION WITH CIC (c)	TERMINATION W/O CAUSE OR CONSTRUCTIVE TERM. IN CONNECTION WITH CIC (d)
Incremental Benefits Due to Termination Event					
Severance	$ 0	$ 0	$ 0	$ 12,400,000	$ 12,400,000
Pro-Rata Bonus	n/a	n/a	n/a	n/a	n/a
Value of Accelerated LTIA (2)	$ 18,544,207	$ 18,544,207	$ 0	$ 19,907,100	$ 18,744,207
Deferred Compensation	$ 0	$ 0	$ 0	$ 2,932	$ 2,932
Retirement Savings Plan	$ 0	$ 496,623	$ 0	$ 0	$ 0
Retirement Plan	$ 0	$ 0	$ 0	$ 0	$ 0
Other Benefits	$ 0	$ 0	$ 0	$ 169,455	$ 258,816
Gross-Up on Excise Taxes	n/a	n/a	n/a	n/a	$ 0
Total Value of Incremental Benefits	$ 18,544,207	$ 19,040,830	$ 0	$ 32,479,487	$ 31,405,955

Potential Payments Upon Termination of Employment/CIC as of 12/31/12
S.J. Squeri

	DEATH (a)	DISABILITY (a)	VOLUNTARY RESIGNATION (b)	TERMINATION W/O CAUSE NOT IN CONNECTION WITH CIC (c)	TERMINATION W/O CAUSE OR CONSTRUCTIVE TERM. IN CONNECTION WITH CIC (d)
Incremental Benefits Due to Termination Event					
Severance	$ 0	$ 0	$ 0	$ 10,500,000	$ 10,500,000
Pro-Rata Bonus	n/a	n/a	n/a	n/a	n/a
Value of Accelerated LTIA (2)	$ 14,702,043	$ 14,702,043	$ 0	$ 15,704,731	$ 14,845,376
Deferred Compensation	$ 0	$ 0	$ 0	$ 24,627	$ 24,627
Retirement Savings Plan	$ 0	$ 407,396	$ 0	$ 0	$ 0
Retirement Plan	$ 0	$ 0	$ 0	$ 0	$ 0
Other Benefits	$ 0	$ 0	$ 0	$ 169,084	$ 255,329
Gross-Up on Excise Taxes	n/a	n/a	n/a	n/a	$ 0
Total Value of Incremental Benefits	$ 14,702,043	$ 15,109,439	$ 0	$ 26,398,442	$ 25,625,332

Potential Payments Upon Termination of Employment/CIC as of 12/31/12
D.H. Schulman

	DEATH (a)	DISABILITY (a)	VOLUNTARY RESIGNATION (b)	TERMINATION W/O CAUSE NOT IN CONNECTION WITH CIC (c)	TERMINATION W/O CAUSE OR CONSTRUCTIVE TERM. IN CONNECTION WITH CIC (d)
Incremental Benefits Due to Termination Event					
Severance	$ 0	$ 0	$ 0	$ 10,200,000	$ 10,200,000
Pro-Rata Bonus	n/a	n/a	n/a	n/a	n/a
Value of Accelerated LTIA (2)	$ 8,195,327	$ 8,195,327	$ 0	$ 7,096,027	$ 8,368,660
Deferred Compensation	$ 0	$ 0	$ 0	$ 0	$ 0
Retirement Savings Plan	$ 62,266	$ 307,852	$ 0	$ 0	$ 0
Retirement Plan	$ 0	$ 0	$ 0	$ 0	$ 0
Other Benefits	$ 0	$ 0	$ 0	$ 162,270	$ 127,270
Gross-Up on Excise Taxes	n/a	n/a	n/a	n/a	$ 0
Total Value of Incremental Benefits	$ 8,257,593	$ 8,503,179	$ 0	$ 17,458,297	$ 18,695,930

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Potential Payments Upon Termination of Employment/CIC as of 12/31/12
D.T. Henry

	DEATH (a)	DISABILITY (a)	RETIREMENT (b)	TERMINATION W/O CAUSE NOT IN CONNECTION WITH CIC (c)	TERMINATION W/O CAUSE OR CONSTRUCTIVE TERM. IN CONNECTION WITH CIC (d)
Incremental Benefits Due to Termination Event (1)					
Severance	$ 0	$ 0	$ 0	$ 7,800,000	$ 7,800,000
Pro-Rata Bonus	n/a	n/a	n/a	n/a	n/a
Value of Accelerated LTIA (2)	$ 4,525,975	$ 4,525,975	$ 10,073,369	$ 4,525,975	$ 4,525,975
Deferred Compensation	$ 0	$ 0	$ 0	$ 0	$ 0
Retirement Savings Plan	$ 0	$ 54,958	$ 0	$ 0	$ 0
Retirement Plan	$ 0	$ 0	$ 0	$ 0	$ 0
Other Benefits	$ 0	$ 0	$ 535,991	$ 267,677	$ 122,216
Gross-Up on Excise Taxes	n/a	n/a	n/a	n/a	$ 0
Total Value of Incremental Benefits	$ 4,525,975	$ 4,580,933	$ 10,609,360	$ 12,593,652	$ 12,448,191

(1) For Messrs. Chenault and Henry, the scenarios shown that are noted with (a), (c), and (d) include the incremental benefit that these individuals would receive under these scenarios over and above what they would otherwise receive upon retirement. A NEO is "retirement eligible" if he is at least age 55 with ten or more actual or deemed years of service to the company prior to termination of service. Once retirement eligible, the treatment of specific awards may vary based upon age and years of service at the time of retirement, and vesting of RSUs upon retirement is contingent upon performance. Additional restrictions apply to the termination provisions for Mr. Chenault's November 2007 and January 2008 performance-based SO grant and Mr. Henry's January 2010 Special Leadership RSU grant.

(2) *Value of Accelerated LTIA.* RSA/RSU and SO values are based on $57.48, the closing price per share of our stock as of December 31, 2012. For SOs, the value reflects the "in the money" value of SOs that vest upon termination of employment or CIC. With respect to PGs, the value reflects the PG's target value adjusted by the applicable payout percentage.

(a) **Death and Disability.** An NEO or his designated beneficiary or estate would receive:

(i) Pro Rata Bonus: A pro rata AIA for the year of termination.

(ii) Value of Accelerated LTIA:

- Non-retirement eligible: Vesting of 100% of outstanding SOs, RSAs, and RSUs, and a pro rata portion of outstanding PG awards. SOs are exercisable for the lesser of 5 years or the original option term.
- Retirement eligible: Same as above, except 50% of the grant value of Mr. Chenault's otherwise forfeited PG awards vest, and 100% of the grant value of Mr. Henry's otherwise forfeited PG awards vest.

(iii) Retirement Savings Plan: Upon disability, future employer contributions through age 65.

(b) **Retirement/Voluntary Resignation.** For non-retirement eligible NEOs, 100% of AIA bonus and 100% of unvested LTIA will be forfeited. Since Mr. Chenault and Mr. Henry are retirement eligible, they would receive:

(i) Pro Rata Bonus: A pro rata AIA for the year of termination.

(ii) Value of Accelerated LTIA:

- Stock options: For Mr. Chenault, all unvested SOs outstanding for more than one year continue to vest; for Mr. Henry, all unvested SOs outstanding will vest.
- PG Awards: PGs outstanding for more than one year vest pro rata, and PGs outstanding for one year or less are forfeited; provided that for Mr. Chenault, 50% of the grant value of his otherwise forfeited PG awards will vest, and for Mr. Henry, 100% of grant value of his otherwise forfeited PG awards will vest.
- RSAs/RSUs: RSAs/RSUs outstanding more than two years vest in full; RSAs/RSUs outstanding for two years or less are forfeited; provided that for Mr. Chenault, 50% of otherwise forfeited RSA/RSU awards will vest, and for Mr. Henry, all otherwise forfeited RSA/RSU awards will vest. Mr. Chenault's amount includes the full value of 2012 AIA and PG awards (PG2011-13 Interim payment) that were granted in the form of 72,602 RSUs in January 2013, and does not include the value of 2011 AIA and PG awards (PG2010-11) that were granted in the form of 259,495 RSUs in January 2012 that were included in the table last year and vested fully in January 2013.

(iii) Other Benefits: For retirement eligible NEOs, the cash surrender value of the life insurance under our Key Executive Life Insurance Plan.

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(c) **Termination without Cause not in Connection with a Change in Control.** In the event of termination without cause not in connection with a CIC, an NEO would receive:

(i) Severance: Two years' annual compensation, which includes two times base salary and two times the amount of the last AIA paid.

(ii) Value of Accelerated LTIA:

- For non-retirement eligible employees: LTIA continues to vest and stock options remain exercisable during the severance period, and are canceled on the earlier of their expiration date (for SOs only), the end of the severance period, or the commencement of full-time outside employment. PG awards that remain outstanding at the end of the NEO's severance period are canceled.
- Retirement eligible employees: All PG, SO and RSA/ RSU awards will vest at the end of the severance period.

(iii) Deferred Compensation: Reflects two years of additional interest crediting (using the prior year's interest rate assuming 2.89% for 1994–2004 programs) on the grandfathered amounts (amounts that were earned and vested prior to December 31, 2004).

- Non-retirement eligible: Account balance is paid in a lump sum—grandfathered amounts are paid at the end of the two-year severance period and all other amounts are paid on a date at least six months following the date of termination.
- Retirement eligible: Amounts are paid at the time and in the form (lump sum or installments) elected by the NEO; otherwise the NEO's account balance is paid in a lump sum—grandfathered amounts are paid at the end of the two-year severance period and all other amounts are paid on a date at least six months following the date of termination.

(iv) Other Benefits: Two years of contributions to U.S. medical, dental, health savings accounts, and premiums under the basic and Key Executive Life Insurance Plans; perquisite allowance for the year of termination ($35,000 for all NEOs); and outplacement services ($100,000 for all NEOs).

(d) **Termination without Cause or Constructive Termination in Connection with a Change in Control.** In the event of termination without cause or constructive termination in connection with a CIC, an NEO would receive:

(i) Severance: Two years' annual compensation, which includes two times base salary and two times the amount of the last AIA paid.

(ii) Pro Rata Bonus: A pro rata portion of the AIA for the year of termination calculated based on the average of the NEO's two prior years' AIA awards.

(iii) Value of Accelerated LTIA: For awards granted after December 2010, upon employment termination ("double-trigger"), 100% vesting of SOs, RSAs, and RSUs upon the CIC and a pro rata portion of outstanding PG awards based on the average of the payout percentages for the last two PG programs paid out before the CIC. For awards granted before January 2011, the same treatments apply, except employment termination is not required ("single-trigger") for equity award vesting.

(iv) Deferred Compensation: Reflects two years of interest crediting (using the prior year's interest rate assuming 2.89% for 1994–2004 programs) on the grandfathered amounts (amounts that were earned and vested prior to December 31, 2004). Grandfathered amounts are paid in a lump sum on a date that is at least six months following the date of termination. If the NEO is retirement eligible, all other account balances are paid at the time and in the form (lump sum or installments) elected by the NEO. If the NEO is not retirement eligible, all other account balances are paid in a lump sum on a date that is at least six months following the date of termination.

(v) Other Benefits: Two years of contribution to U.S. medical, dental, and health savings accounts, premiums towards basic life insurance, outplacement services ($100,000 for all NEOs); and the cash surrender value of the life insurance under our Key Executive Life Insurance Plan.

(vi) Excise Tax Reimbursement and Tax Gross-Up: Effective January 2011, we no longer provide excise tax reimbursements and tax gross-up payments in the case of a CIC, except with respect to previously granted incentive compensation plan awards. For those awards only, in the event that certain payments and benefits received by the NEO are treated as "excess parachute payments" for federal income tax purposes, and as a result the NEO is subject to excise tax on such benefits, then the NEO is entitled to receive a tax reimbursement and tax gross-up that puts the NEO in the same economic position had such excise tax not applied. We assume that a change in control occurred on December 31, 2012 at a stock price of $57.48 and that each executive's employment is terminated on that date. We also make certain assumptions about interest rates and tax rates.

Effective January 1, 2013 grants, the treatment of LTIA in the event of a termination of service due to the NEO's death, disability, or retirement will be simplified. Upon retirement, if the NEO is at least 55 with ten or more actual or deemed years of service to the company, all LTIA outstanding for more than one year will vest in full, and if the NEO is at least age 62 with ten or more actual or deemed years of service to the company, all outstanding LTIA will vest in full, subject to applicable performance. Additionally, all outstanding PG Awards, starting with PG 2013-2015, will vest in full upon a NEO's termination due to death or disability.

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Equity Compensation Plans

The following table provides summary information with respect to the company's equity compensation plans under which the company's common shares may be issued to employees or non-employees (such as consultants or advisors) as of December 31, 2012, each of which was approved by shareholders. Information relating to employee stock purchase plans and employee savings plans (such as 401(k) plans) is not included. Information is provided in the aggregate for the company's equity compensation plans which have been approved by the company's shareholders. There are no plans that have not been approved by shareholders.

Equity Compensation Plan Information

PLAN CATEGORY	(A) NUMBER OF SECURITIES TO BE ISSUED UPON EXERCISE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	(B) WEIGHTED-AVERAGE EXERCISE PRICE OF OUTSTANDING OPTIONS, WARRANTS AND RIGHTS	(C) NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE UNDER EQUITY COMPENSATION PLANS (EXCLUDING SECURITIES REFLECTED IN COLUMN (A))
Equity compensation plans approved by shareholders	34,611,416	$ 44.45	36,499,205
Equity compensation plans not approved by shareholders	0	0	0
Total	34,611,416	$ 44.45	36,499,205