

RECENT PRICE	57.19	P/E RATIO	12.6 (Trailing: 13.2 Median: NMF)	RELATIVE P/E RATIO	0.81	DIV'D YLD	1.4%	VALUE LINE
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**2015-17 PROJECTIONS**

	Price	Gain	Ann'l Total Return
High	105	(+85%)	17%
Low	75	(+30%)	9%

**Insider Decisions**

	D	J	F	M	A	M	J	J	A
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	7	2	0	5	0	0	0
to Sell	0	0	8	2	0	5	1	0	0

**Institutional Decisions**

	4Q2011	1Q2012	2Q2012
to Buy	413	450	398
to Sell	478	477	527
Hlds(000)	946524	967188	893256

**Charts:**

- Price Chart:** Shows stock price from 2010 to 2017. The price starts around \$40, peaks near \$80 in 2011, drops to a low of \$20 in 2012, and then rises to a projected high of \$105 by 2017. A shaded gray area indicates the 2015-17 projection period.
- Insider Decisions Chart:** A line chart showing the number of shares bought or sold by insiders. It shows a significant sell-off in early 2012, followed by a period of relative stability and then a projected increase in buying starting in 2015.
- Institutional Decisions Chart:** A bar chart showing the number of shares bought or sold by institutions. It shows a large sell-off in early 2012, followed by a period of relative stability and then a projected increase in buying starting in 2015.
- Percent Shares Traded:** A bar chart showing the percentage of shares traded each day. It shows a significant increase in trading volume in early 2012, followed by a period of relative stability and then a projected increase in trading volume starting in 2015.
- % TOT. RETURN 10/12:** A bar chart showing the percentage of total return for the 10/12 period. It shows a significant increase in return in early 2012, followed by a period of relative stability and then a projected increase in return starting in 2015.

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
2.01	2.31	2.74	2.43	2.92	3.39	2.48	1.54	3.35	4.09	<b>4.40</b>	<b>4.85</b>	Earnings per sh <sup>A</sup>	6.00
.32	.36	.42	.48	.57	.63	.72	.72	.72	.72	.80	.80	Div'ds Decl'd per sh <sup>B</sup>	.90
10.62	11.93	12.83	8.50	8.77	9.52	10.21	12.09	13.56	16.15	<b>19.10</b>	<b>22.75</b>	Book Value per sh	34.15
1305.0	1284.0	1249.0	1241.0	1199.0	1158.0	1160.0	1192.0	1197.0	1164.0	<b>1120.0</b>	<b>1095.0</b>	Common Shs Outst'g <sup>C</sup>	1025.0
18.3	18.0	18.9	21.9	18.7	17.4	15.3	17.5	12.4	11.6	<b>Bold figures are Value Line estimates</b>		Avg Ann'l P/E Ratio	15.0
1.00	1.03	1.00	1.17	1.01	.92	.92	1.17	.79	.73			Relative P/E Ratio	1.00
.9%	.9%	.8%	.9%	1.0%	1.1%	1.9%	2.7%	1.7%	1.5%			Avg Ann'l Div'd Yield	1.1%
--	--	--	113960	128329	149830	126074	124088	147042	153337	<b>159500</b>	<b>165800</b>	Total Assets (\$mill)	186000
--	--	--	40801	43116	53436	40659	30010	57616	61166	<b>63000</b>	<b>65000</b>	Loans (\$mill)	71500
--	--	--	2440.0	2993.0	3590.0	3646.0	3124.0	4869.0	4641.0	<b>4600</b>	<b>4800</b>	Net Interest Inc (\$mill)	5560
--	--	--	2758.0	3026.0	4341.0	5798.0	5313.0	2207.0	1112.0	<b>2115</b>	<b>2200</b>	Loan Loss Prov'n (\$mill)	2300
--	--	--	19985	22161	24141	24719	21399	22950	25321	<b>27800</b>	<b>30000</b>	Noninterest Inc (\$mill)	34700
--	--	--	15614	16989	17824	18986	16369	19648	21894	<b>23000</b>	<b>24820</b>	Noninterest Exp (\$mill)	29000
--	--	--	3062.0	3611.0	4048.0	2871.0	2137.0	4057.0	4899.0	<b>5100</b>	<b>5450</b>	Net Profit (\$mill)	6275
--	--	--	24.5%	29.7%	27.3%	19.8%	24.8%	32.0%	29.6%	<b>32.0%</b>	<b>30.0%</b>	Income Tax Rate	30.0%
--	--	--	2.69%	2.81%	2.70%	2.28%	1.72%	2.76%	3.20%	<b>3.20%</b>	<b>3.30%</b>	Return on Total Assets	3.40%
--	--	--	30781	42747	55285	60041	52338	66416	59570	<b>55000</b>	<b>50000</b>	Long-Term Debt (\$mill)	50000
--	--	--	10549	10511	11029	11841	14406	16230	18794	<b>21375</b>	<b>24900</b>	Shr. Equity (\$mill)	35000
--	--	--	9.3%	8.2%	7.4%	9.4%	11.6%	11.0%	12.3%	<b>13.5%</b>	<b>15.0%</b>	Shr. Eq. to Total Assets	19.0%
--	--	--	35.8%	33.6%	35.7%	32.3%	24.2%	39.2%	39.9%	<b>39.5%</b>	<b>39.0%</b>	Loans to Tot Assets	38.5%
--	--	--	29.0%	34.4%	36.7%	24.2%	14.8%	25.0%	26.1%	<b>24.0%</b>	<b>22.0%</b>	Return on Shr. Equity	18.0%
--	--	--	23.4%	28.1%	30.2%	17.2%	8.4%	19.7%	21.5%	<b>19.5%</b>	<b>18.5%</b>	Retained to Com Eq	15.5%
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**BUSINESS:** American Express Company is a leading global payments, network, and travel firm established in 1850. Its business segments are: Global Consumer Group and Global Business-to-Business Group. Divested AMEX Life, 10/95; American Express Bank, 2/08. Spun off Lehman Brothers to shareholders, 5/94; American Express Financial Advisors, 9/05. Had approximately 62,000 employees at 12/31/11. Officers and directors hold approximately 1.3% of the company's common stock; Berkshire Hathaway, 13.0%; Capital World Investors, 5.7% (3/12 Proxy). Chairman and Chief Executive Officer: Kenneth I. Chenault. Incorporated: New York. Address: 200 Vesey Street, New York, New York 10285. Telephone: 212-640-2000. Internet: [www.americanexpress.com](http://www.americanexpress.com).

**Shares of American Express have fared well so far in 2012.** Year to date, the stock price is up 18%. For comparison, the Dow Industrials, over the same timeframe, have advanced just 7%. In our view, the healthy price gain has stemmed from solid quarterly financial results, appealing growth prospects, and management's shareholder-friendly actions.

**Our outlook for the company remains positive.** Although there are still concerns about the health of the economy, both at home and abroad, we anticipate that cardmember spending will continue to increase at a meaningful rate over the next several years. Furthermore, Amex's customers generally possess good credit scores, and we look for the provision for loan losses to remain at a very manageable level. Continued, gradual improvement in the U.S. housing and job markets would also benefit the credit card behemoth's top and bottom lines.

**Management appears committed to returning cash to shareholders.** Over the past several years, it has been aggressively repurchasing stock. In fact, at September 30th, shares outstanding totaled 1.122 billion, down from 1.192 billion at the end of 2009. Looking ahead, we expect that this program will continue to be well funded and help bolster share earnings. For 2012, we are keeping our bottom-line estimate unchanged at \$4.40 a share, which would represent an almost 8% year-over-year increase. We are also reaffirming our 2013 call, which stands at \$4.85 a share. Our long-term outlook remains favorable, as well, and we project that share earnings will reach \$6.00 by 2015-2017.

**We like this Dow component.** Although the price has advanced of late, Amex stock still appears a bit undervalued. It is currently trading at just 12.6 times our 12-month share-earnings estimate to March, 2013, which is lower than its historical average and a bit below the multiple we project to 2015-2017. That, along with a decent dividend yield and high Safety rank (2), causes shares of American Express to offer worthwhile total return potential. In all, we think that this blue chip would make a fine addition to most equity portfolios, particularly those with a conservative, long-term investment approach.

*Ian Gendler* *November 16, 2012*

(A) Fully diluted earnings. May not sum to total due to rounding. Next earnings report due late Jan.	(B) Div'd's historical paid in mid-Feb, May, Aug., and Nov. Div'd reinv. plan available.	(C) In mill., adj. for stock split. (D) Began reporting as a bank holding company on 11/14/08.	<b>Company's Financial Strength</b> <b>Stock's Price Stability</b> <b>Price Growth Persistence</b> <b>Earnings Predictability</b>	A++ 55 30 55
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