AMERICAN EXPRESS CO
Form PRE 14A
March 02, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement pursuant to Section 14(a)

of the Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement
¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
¨ Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material pursuant to §240.14a-12

American Express Company

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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(1) Amount previously paid:

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(3) Filing party:

(4) Date filed:

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proxy statement for

2012 annual meeting

of shareholders

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our values

Our Blue Box Values reflect who we are

and what we stand for as a company.

2011 was a year of accomplishment and innovation at American Express.

We achieved strong growth in our core businesses, earned record net income, provided innovative products and services, and delivered healthy shareholder returns, while investing in our transformation for the future.

We achieve our results through a commitment to our values. American Express Blue Box Values reflect who we are and what we stand for as a company. They are designed to guide our employees and form the basis of our success.

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AMERICAN EXPRESS COMPANY

200 VESEY STREET

NEW YORK, NEW YORK 10285

NOTICE OF

ANNUAL MEETING OF SHAREHOLDERS

Date and Time	Monday, April 30, 2012, at 9:00 a.m.
Place	American Express Company 200 Vesey Street, 26th Floor New York, New York 10285
Items of Business	(1) Election of directors
	(2) Ratification of appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2012
	(3) Advisory resolution to approve executive compensation
	(4) Approval of performance goals and award limits under 2007 Incentive Compensation Plan
	(5) Shareholder proposal relating to cumulative voting for directors
	(6) Shareholder proposal relating to separation of chairman and CEO roles
	(7) Such other business that may properly come before the Annual Meeting

Record Date	Close of business on March 1, 2012

Carol V. Schwartz

Secretary and Corporate Governance Officer

March [X], 2012

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GENERAL INFORMATION

Annual Meeting Information

We are providing this proxy statement to you in connection with the solicitation of proxies by the board of directors of American Express Company for the 2012 Annual Meeting of Shareholders and for any adjournment or postponement of the meeting. We expect to begin mailing our proxy materials on March [X], 2012.

We are holding the Annual Meeting at 9:00 a.m. Eastern Time on Monday, April 30, 2012, at our headquarters in New York City, and we invite you to attend in person. Directions are on the inside back cover. If you need special assistance at the meeting because of a disability, you may contact Carol V. Schwartz, our Secretary, by telephone at 212-640-5714, by e-mail at carol.schwartz@aexp.com, or by writing to her at the company s headquarters at 200 Vesey Street, New York, New York 10285.

We do not require tickets for admission to the meeting. However, to assure that attendance is limited to shareholders, please bring proof of your common share ownership, such as a current brokerage statement, and photo identification. If you hold shares through a broker or bank in street name, you must obtain a valid legal proxy, executed in your favor, from the holder of record if you wish to vote these shares at the meeting. For security purposes, no cameras, camcorders, videotaping equipment, or other recording devices and no large packages, banners, placards, or signs will be permitted in the meeting.

We have arranged for a live audio webcast and a replay of the 2012 Annual Meeting of Shareholders to be accessible to the general public at our website at http://ir.americanexpress.com. (Information from this website is not incorporated by reference into this proxy statement.)

How to View Proxy Materials Online

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting To Be Held on April 30, 2012.

Our proxy statement and 2011 annual report to shareholders are available online at http://ir.americanexpress.com.

We will mail to certain shareholders a notice of Internet availability of proxy materials. This notice contains instructions on how to access our proxy statement and 2011 annual report and to vote online. We also offer you the option to receive our proxy materials electronically in the future. You may register to do so at our website.

How to Vote

Please vote promptly. We encourage you to vote as soon as possible, even if you plan to attend the meeting in person. Your vote is important, and for all items other than ratification of our auditor, if you hold shares in street name, your shares will not be voted by your bank or broker if you do not provide voting instructions. You may vote common shares that you owned as of March 1, 2012, which is the record date for the meeting.

You may vote in the following ways:

BY TELEPHONE	BY INTERNET	BY MAIL
In the United States or Canada, you can vote your shares by calling 1-800-690-6903.	You can vote your shares online at www.proxyvote.com.	You can vote by mail by marking, dating, and signing your proxy card or voting instruction form and returning it in the accompanying postage-paid envelope.

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For telephone and Internet voting, you will need the 12-digit Control Number included on your notice, on your proxy card, or in the instructions that accompanied your proxy materials.

Telephone and Internet voting are available through 11:59 p.m. Eastern Time on Wednesday, April 25, 2012, for shares held in employee plans, and through 11:59 p.m. Eastern Time on Sunday, April 29, 2012, for all other shares.

Revocation of Proxies

You can revoke your proxy at any time before your shares are voted if you:

- Submit a written revocation to our Secretary
- Submit a later-dated proxy or voting instruction form
- Provide subsequent telephone or Internet voting instructions, or
- Vote in person at the meeting

If you sign and return your proxy card or voting instruction form without any voting instructions with respect to a matter, your shares will be voted as our board recommends.

Voting at the Annual Meeting

The way you vote your shares prior to the meeting will not limit your right to change your vote at the meeting if you attend in person and vote by ballot. If you hold shares in street name and you want to vote in person at the meeting, you must obtain a valid legal proxy from the record holder of your shares at the close of business on the record date indicating that you were a beneficial owner of shares, as well as the number of shares of which you were the beneficial owner on the record date, and appointing you as the record holder s proxy to vote these shares. You should contact your bank, broker, or other nominee to obtain a legal proxy.

Additional information regarding voting procedures and the meeting can be found under *Voting Instructions and Information* on page 84.

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PROXY SUMMARY

We provide below highlights of certain information in this proxy statement. As it is only a summary, please review the complete proxy statement and 2011 annual report before you vote.

2011 Performance Highlights

2011 was a year of accomplishment and innovation at American Express. We achieved strong growth in our core businesses, earned record net income, provided innovative products and services, and delivered healthy shareholder returns, while investing in our transformation for the future.

- Our total revenues net of interest expense rose 9%, to $30 billion.
- We earned a record $4.9 billion in net income, up 22% from the prior year.
- Our return on average equity was 27.7%, compared with 27.5% for the prior year.
- We had a record $822 billion in worldwide billed business (spending on American Express® Cards, including Cards issued by third parties), an increase of 15% over last year.
- Our credit performance outpaced the industry, enabling us to fund business-building investments.
- Our total shareholder return for the year was 12%, compared to a 2% gain for the S&P 500 Index and a 17% decline for the S&P Financial Index.
- We introduced a series of digital payments innovations in our traditional businesses and pursued new opportunities through our Enterprise Growth Group, including the launch of SERVE, our digital payments and commerce platform.

Further information on our 2011 performance can be found on page 23.

Executive Compensation Program

Our executive compensation program is designed to reward our leadership team for delivering results and building sustainable shareholder value. 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. Several important features of our executive compensation program are:

Over 85% of the total direct compensation delivered in 2011 to our CEO and other Named Executive Officers was variable and tied to performance.

Our Compensation and Benefits Committee assesses performance using a framework that reviews results relative to our goals and to our competitors; progress against strategic initiatives; and risk/control and compliance goals. This framework is designed to provide a broad and balanced view of performance and discourage imprudent risk-taking.

Our long-term incentive awards included performance-vested restricted stock units whose value is based on achievement of return on equity targets as well as stock performance, stock options, and three-year performance-period portfolio grant awards whose value is based on the achievement of financial and strategic goals and relative stock performance.

We require our executive officers to have significant outright ownership of company shares, and we prohibit hedging of their company shares.

We made a number of changes to our executive compensation program in recent years to further strengthen the link between pay and performance. For example, we added performance vesting to our annual restricted stock unit grants, added a clawback feature to the cash bonus paid to the CEO, and prospectively eliminated excise tax gross-up in change-in-control situations for all employees.

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Our *Compensation Discussion and Analysis* is on pages 19 to 39, the *Report of the Compensation and Benefits Committee* is on page 39, and our Summary Compensation Table and the other compensation tables and narrative discussion are on pages 40 to 53.

Meeting Agenda Items

Item 1 Election of Directors

You are being asked to elect 12 directors. One of our current directors, Mr. Daniel Akerson, will retire from our board when his current term ends. Each of our other current directors is standing for reelection to hold office until the next annual meeting of shareholders and until his or her successor is duly elected and qualified. Effective with Mr. Akerson s retirement, our board will have 12 members.

All directors attended over 75% or more of the meetings of the board and board committees on which they served in 2011.

SUMMARY INFORMATION ABOUT OUR DIRECTOR NOMINEES

		DIRECTOR			OTHER	COMMITTEE MEMBERSHIPS				
	AGE	SINCE	OCCUPATION	INDEPENDENT	PUBLIC BOARDS	ARC	CBC	IT	NG	PRC
Charlene Barshefsky	61	2001	Senior International Partner, WilmerHale		3					C
Ursula M. Burns	53	2004	CEO, Xerox Corporation	X	1	M				
Kenneth I. Chenault	60	1997	CEO, American Express Company		2					
Peter Chernin	60	2006	Founder, Chernin Entertainment Inc.	X	1		M	M	M	M
Theodore J. Leonsis	56	2010	CEO, Monumental Sports & Entertainment LLC		3			C		
Jan Leschly	71	1997	Founder, Care Capital LLC	X	1		C			M
Richard C. Levin	64	2007	President, Yale University	X		M				M
Richard A. McGinn	65	1998	General Partner, MR Investment Partners	X	1		M	M	M	
Edward D. Miller	71	2003	Former CEO, AXA Financial, Inc.	X	1		M	M	M	
Steven S Reinemund	63	2007	Dean, Wake Forest Schools of Business	X	3	M			M	M
Robert D. Walter	66	2002	Founder and Former Chairman and CEO, Cardinal Health, Inc.	X	2		M	M	C	
Ronald A. Williams	62	2007	Former Chairman and CEO, Aetna, Inc.	X	3	C				

ARC Audit and Risk Committee
CBC Compensation and Benefits Committee
IT Innovation and Technology Committee
NG Nominating and Governance Committee
PRC Public Responsibility Committee

C Chair
M Member

SUMMARY INFORMATION ABOUT OUR BOARD AND COMMITTEES IN 2011

	MEMBERS	INDEPENDENCE	MEETINGS
Full Board	13	77%	9
Audit and Risk	5	100%	14
Compensation and Benefits	5	100%	12
Innovation and Technology	5	80%	4
Nominating and Governance	6	100%	4
Public Responsibility	5	80%	3

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REQUIRED VOTE

Except in a contested election, each director nominee is elected annually by a majority of votes cast. As was the case for the 2010 and 2011 annual meetings, a former employee, Mr. Peter Lindner, has indicated that he intends to present himself as a nominee. Accordingly the director voting standard will be a plurality of votes cast, as discussed on page 57.

ITEM 1 RECOMMENDATION: Our board recommends a vote FOR the election of the director candidates nominated by the board.

Item 2 Ratification of Appointment of PricewaterhouseCoopers LLP for 2012

PricewaterhouseCoopers LLP (PwC) has been our independent registered public accounting firm since 2005. Our Audit and Risk Committee charter requires a comparison of resources available in other audit firms at least every ten years. The most recent review took place in 2004, at which time the committee engaged PwC.

The fees paid to PwC are detailed on page 65.

One or more representatives of PwC will be present at the meeting, will be given the opportunity to make a statement if they desire to do so, and will be available to respond to appropriate questions.

ITEM 2 RECOMMENDATION: Our board recommends a vote FOR this proposal.

Item 3 Advisory Approval of Our Executive Compensation

We are asking shareholders to approve on an advisory basis our Named Executive Officer compensation. We have determined to hold this advisory vote on an annual basis. The next such advisory vote will be at the 2013 annual meeting.

ITEM 3 RECOMMENDATION: Our board recommends a vote FOR this proposal.

Item 4 Approval of Performance Goals and Award Limits Under 2007 Incentive Compensation Plan

We seek your approval of the performance goals and award limits for performance-based awards under our 2007 Incentive Compensation Plan. Approval of this resolution will constitute approval of the material terms of the performance goals, so as to allow the company the opportunity to make awards under the plan that comply with the performance-based compensation exception to section 162(m) of the federal tax code, and includes an increase in the award limit relating to restricted stock. We are not asking shareholders to approve additional shares under the plan, and the plan does not allow for the repricing of stock options without shareholder approval.

More information can be found on page 68, and a copy of the plan as proposed to be amended is attached as Annex B.

ITEM 4 RECOMMENDATION: Our board recommends a vote FOR this proposal.

Items 5 and 6 Shareholder Proposals

Two shareholder proposals are presented for vote.

- A proposal on cumulative voting for directors is on page 76.
- A proposal on separation of chairman and chief executive officer (CEO) roles is on page 77.

ITEMS 5 AND 6 RECOMMENDATIONS: Our board recommends a vote AGAINST these proposals.

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CORPORATE GOVERNANCE AT AMERICAN EXPRESS

Our Corporate Governance Framework

Our corporate governance framework is designed to support the company s brand attributes of trust, security, and integrity, and to promote achievement of our financial targets through responsible development and execution of corporate strategy.

Our governance framework enables independent and skilled directors to provide oversight, advice, and counsel to promote the interests of American Express and its shareholders. Key governance policies and processes include our codes of conduct, our comprehensive enterprise-wide risk management program, our commitment to transparent financial reporting and disclosures and our systems of internal checks and balances.

Corporate Governance   Integrity and Trust

At American Express, we seek to achieve strong results for our shareholders. We do this through a commitment to high standards of ethical behavior and integrity, sound governance and risk management practices, a strong ethos of customer service, and a commitment to giving back to the communities in which we work and operate.

You may view our Corporate Governance Principles, the charters of each of our board committees, and the codes of conduct for our employees and directors at http://ir.americanexpress.com. These documents provide the framework for our governance at the board level. Our directors understand that they serve you as shareholders in carrying out their responsibility to oversee the operation and strategic direction of our company. In order to do so effectively, they periodically review our corporate governance principles and practices to assure that they are appropriate and reflect high standards.

American Express Corporate Governance Framework

Board Independence	10 out of 13 of our current directors are independent. Our CEO is the only member of management who serves as a director.
Board Composition	Directors may not stand for reelection after age 72. Directors regularly review board performance, assess gaps in skills or experience on the board, and periodically bring on new directors to add a fresh perspective and assure continuity and adequate succession planning.
Board Committees	We have five board committees Audit and Risk; Compensation and Benefits; Nominating and Governance; Public Responsibility; and Innovation and Technology. Our Audit and Risk, Compensation and Benefits, and Nominating and Governance Committees are composed entirely of independent directors. Chairs of our committees shape the agenda and information presented to their committees.
Independent Lead Director	Our independent directors annually elect an independent lead director. Our independent lead director chairs regularly scheduled executive sessions, at which directors can discuss matters without management present, including management performance, succession planning, board information needs, and board effectiveness.
Board Oversight of	Risk management is overseen by our Audit and Risk Committee. Key risks are reviewed by this committee and reported to the board.

Risk and Strategy	
	Our Compensation and Benefits Committee reviews compensation practices so that they do not encourage imprudent risk-taking.
	Our Public Responsibility Committee reviews political contributions activities.
	Our board directly oversees and advises management on development and execution of strategy, including through an in-depth review at an annual two-day strategy off-site.

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Accountability	All directors are elected annually. In uncontested director elections, our directors are elected by a majority of votes cast. Each common share is entitled to one vote. Special meetings may be called by holders of 25% of our common shares, in accordance with our by-law procedures. We have regular outreach and engagement with shareholders, and all shareholders are able to raise concerns to our directors or to our corporate ombudsperson.
Director Stock Ownership	A personal holding of 20,000 shares is recommended for each director, to be acquired within five years of joining the board.
Succession Planning	CEO and management succession planning is one of the board s highest priorities. Our board devotes significant attention to identifying and developing talented senior leaders.
Open Lines of Communication	Our board promotes open and frank discussions with senior management. Our directors have access to all members of management and other employees on a confidential basis and are authorized to hire outside consultants or experts at the company s expense.

Corporate Governance Principles and Practices

Board Independence

Our governance principles provide that a substantial majority of our directors will meet the criteria for independence required by the New York Stock Exchange (NYSE). A director is considered independent if the board determines that he or she does not have a material relationship with the company. In making its annual independence determinations, the board considers transactions between each director nominee and the company. Our board has established guidelines to assist it in determining director independence. These guidelines can be found within the corporate governance principles on the Corporate Governance link at http://ir.americanexpress.com. They cover, among other things, employment and compensatory relationships, relationships with our auditors, customer and business relationships, and contributions to not-for-profit organizations.

Based on our guidelines, on February 23, 2012, the board determined that Mr. Akerson together with nine of the board s 12 director nominees are independent: Ms. Burns and Messrs. Chernin, Leschly, Levin, McGinn, Miller, Reinemund, Walter, and Williams. The other director nominees, Ambassador Barshefsky, Mr. Chenault, and Mr. Leonsis, are not independent under these guidelines.

Our director independence guidelines provide that a material relationship with the company will be deemed to exist if a director is a partner of, or of counsel to, a law firm that performs substantial legal services to the company on a regular basis. Ambassador Barshefsky is a partner of the law firm of WilmerHale, which firm provided legal services to us in 2011 at customary rates. As discussed under *Certain Relationships and Transactions* on pages 79 to 80, Mr. Leonsis provides services to the company and is not independent.

Board Leadership

CHAIRMAN AND CEO ROLES

Our governance principles provide that ordinarily and in normal circumstances, the chief executive officer will also serve as chairman of our board. Our board believes that our combination of an independent lead director, with the unified chairman

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and chief executive officer role, serves the best interests of American Express at this time. By serving as both chairman and chief executive officer, Mr. Chenault has been able to draw on his knowledge of the daily operations of the company, industry, and competitive developments, and of the company s relationships with customers, employees, and business partners to provide our board with leadership in setting its agenda and focusing its discussions. Mr. Chenault s combined role has also ensured that we present our message and strategy to shareholders, employees, and customers with a unified voice.

INDEPENDENT LEAD DIRECTOR

The Nominating and Governance Committee reviews our board s leadership structure. In February 2011, at the recommendation of the committee, the board established the position of independent lead director, replacing our past practice of rotating presiding directors. This position was put in place to supplement the leadership that had historically been provided by each of our board committee chairs. The committee believes that providing a clearly defined and significant independent lead director role, combined with having active, independent-minded, skilled, and committed directors, has provided a framework for effective board oversight.

Our lead director, currently Mr. Robert D. Walter, is an independent director elected annually by the independent directors upon the recommendation of the Nominating and Governance Committee.

EXECUTIVE SESSIONS

Executive sessions enable the board to discuss matters without management present, including management performance, succession planning, and board effectiveness. Our nonmanagement directors generally meet in executive session at each regularly scheduled board meeting, including at least one executive session of independent directors only. Any director may request additional executive sessions of nonmanagement or independent directors. Additional meetings of the independent directors may also be called at any time by the lead director. During 2011, our board held seven executive sessions of nonmanagement directors, one of which included independent directors only.

Duties and Powers of Our Lead Director:

Preside at all meetings of the board at which the chairman is not present, including the executive sessions of the independent directors, and apprise the chairman of the issues considered and decisions reached.

Call additional meetings of independent directors.

Facilitate communication and serve as a liaison between the chairman and the independent directors.

Advise the chairman of the board s informational needs and review and approve the types of information sent to the board and board meeting agendas.

Review and approve the schedule of board meetings to assure that there is sufficient time for discussion of all agenda items.

If requested by major shareholders, be available as appropriate for consultation and direct communication.

Perform such other duties as the independent directors may from time to time designate.

Accountability

MAJORITY VOTING FOR DIRECTORS

Our by-laws provide that directors will be elected by majority of for votes cast in a non-contested election (where the number of nominees is the same as the number of directors to be elected). If a director receives a greater number of votes against than votes for his or her election, the director is required to immediately submit his or her resignation to the board. Our board of directors, excluding such individual, will decide whether or not to accept such resignation and will promptly disclose and explain its decision in a Form 8-K filed with the Securities and Exchange Commission (SEC) within 90 days after the results of the election are certified.

In a contested election, the director nominees who receive the plurality of votes cast are elected as directors. Under the plurality standard, the number of persons equal to the number of vacancies to be filled who receive more votes than other nominees are elected to the board, regardless of whether they receive a majority of votes cast. An election is considered contested under our certificate of incorporation if there are more nominees than positions on the board to be filled at the meeting of shareholders as of the 14th day prior to the date on which we file our definitive proxy statement with the SEC.

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For the election of directors at the 2012 annual meeting, because Mr. Peter Lindner has indicated that he intends to present himself as a nominee, there will be more nominees than the number of directors to be elected, and therefore, plurality voting will govern, as described on page 57.

CALLING OF SPECIAL SHAREHOLDER MEETINGS

Our by-laws allow holders of 25% or more of our common shares to call a special meeting of shareholders in accordance with specified procedures. Our board adopted this by-law amendment in 2011 in response to input from our shareholders.

Management Succession Planning

One of our board s primary responsibilities is to ensure that we have the appropriate management talent to successfully pursue our strategies. Oversight of the management succession process is the responsibility of the Nominating and Governance Committee. Our board believes that the directors and the CEO should collaborate on succession planning and that the entire board should be involved in the critical aspects of the CEO succession planning process, including establishing selection criteria that reflect our business strategies, identifying and evaluating potential internal candidates, and making key management succession decisions.

Management succession is regularly discussed by the directors in board meetings and in executive sessions of the board. Our board annually conducts a detailed review of the company s talent strategies, leadership pipeline, and succession plans for key executive positions. Directors become familiar with potential successors for key management positions through various means, including the comprehensive annual talent review, informal meetings, board dinners, and presentations to the board.

Open Lines of Communication

COMMUNICATING WITH DIRECTORS

You may communicate with our board or an individual director by letter, e-mail, or telephone, directed in care of the company s Secretary, who will forward your communication to the intended recipients. If you wish to communicate a concern about our financial statements, accounting practices, or internal controls, the concern should be directed to the chair of the Audit and Risk Committee. If the concern relates to the company s governance practices, business ethics, or corporate conduct, the concern should be directed to the chair of the Nominating and Governance Committee. Matters relating to executive compensation may be directed to the chair of the Compensation and Benefits Committee. If you are unsure of the category your concern relates to, you may communicate it to any one of the independent directors or to the lead director. The contact information for the company s Secretary is on page 1.

Our whistleblower policy prohibits American Express or any of its employees from retaliating or taking any adverse action against anyone for raising a concern in good faith. If you nonetheless prefer to raise a shareholder concern to our board in a confidential or anonymous manner, the concern may be directed to the Office of the Ombudspersons at the company s headquarters or by telephone to 1-800-297-1010. An ombudsperson will refer the concern to the chair of the Audit and Risk Committee, who will see that the matter is properly investigated.

DIRECTOR ACCESS

All of our directors have access to individual members of management and to other employees on a confidential basis. Directors are authorized to conduct independent investigations and to hire outside consultants or experts at the company s expense. Directors also have access to company records and files, and directors may contact other directors without informing management of the purpose or even the fact of such contact.

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Board Meetings and Board Committees

Director Attendance

ATTENDANCE AT BOARD MEETINGS

During 2011, our board met nine times. All directors attended 75% or more of the meetings of the board and board committees on which they served in 2011.

ATTENDANCE AT ANNUAL MEETINGS

In 2011, all of our directors were present at the Annual Meeting of Shareholders. Our board encourages all its members to attend the annual meetings but understands there may be situations that prevent such attendance.

Board Committee Membership

The following table lists our five board committees, the chairs of each committee, the directors who currently serve on them, and the number of Committee meetings held in 2011.

Membership on Board Committees

NAME	AUDIT AND RISK	COMPENSATION AND BENEFITS	INNOVATION AND TECHNOLOGY	NOMINATING AND GOVERNANCE	PUBLIC RESPONSIBILITY
Mr. Akerson					
Amb. Barshefsky					C
Ms. Burns					
Mr. Chenault					
Mr. Chernin					
Mr. Leonsis			C		
Mr. Leschly		C			
Mr. Levin					
Mr. McGinn					
Mr. Miller					
Mr. Reinemund					
Mr. Walter				C	
Mr. Williams	C				
2011 Meetings	14	12	4	4	3

C = Chair

= Member

Board Committee Responsibilities

AUDIT AND RISK COMMITTEE

All members of the Audit and Risk Committee are independent directors as required by the listing standards of the NYSE and our governance principles. Our board has also determined that each of the members of the Audit and Risk Committee meets the requirements for being an audit committee financial expert as defined by SEC rules.

RESPONSIBILITIES: Assist the board in its oversight of the company s financial statements and financial reporting processes, internal and external auditing, the integrity of the company s systems of internal accounting and financial controls, and risk management. The Audit and Risk Committee meets regularly in executive session with management, including with our Chief Risk Officer with regard to the company s risk management processes, controls, and capabilities; with our General Auditor with regard to significant operational matters, internal controls, and other control matters; with

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our General Counsel and Chief Compliance Officer with respect to significant legal, compliance, and regulatory matters; and also with the company s independent registered public accounting firm.

The duties of the Audit and Risk Committee with respect to oversight of the company s financial reporting process are described in the Report of the Audit and Risk Committee on page 13 under *Report of the Audit and Risk Committee*.

COMPENSATION AND BENEFITS COMMITTEE

All members of the Compensation and Benefits Committee are independent directors as required by the listing standards of the NYSE and our governance principles.

RESPONSIBILITIES: Oversight responsibility for the compensation of executive officers and designated key employees of the company, including the applicable compensation plans and arrangements, as well as the company s employee benefit plans. As part of this oversight responsibility, among other duties, the committee is responsible for approving an overall compensation philosophy and strategy for the company and its executive officers, including the selection of performance measures aligned with the company s business strategy, and for reviewing the company s compensation practices so that they do not encourage imprudent risk taking.

The processes and procedures by which the Compensation and Benefits Committee considers and determines Named Executive Officer compensation are described in the *Compensation Discussion and Analysis* included in this proxy statement. The Compensation and Benefits Committee may delegate certain of its responsibilities to one or more Compensation and Benefits Committee members or to designated senior executives or committees in accordance with applicable laws, regulations, and plan requirements.

Compensation and Benefits Committee Interlocks and Insider Participation

The current members of the Compensation and Benefits Committee are Messrs. Chernin, Leschly, McGinn, Miller, and Walter. None of the current members is a former or current officer or employee of the company or any of its subsidiaries. None of the current members has any relationship required to be disclosed under this caption under the rules of the SEC.

INNOVATION AND TECHNOLOGY COMMITTEE

The Innovation and Technology Committee was established by the board in July 2010 to assist the board in its oversight of strategic innovation and technology.

RESPONSIBILITIES: Reviews and makes recommendations to the board on major strategies and plans developed by management relating to technological and commercial innovation, the innovation and technology acquisition process to assure ongoing business growth, and the measurement and tracking systems in place to achieve successful innovation.

NOMINATING AND GOVERNANCE COMMITTEE

All members of the Nominating and Governance Committee are independent directors as required by the listing standards of the NYSE and our governance principles.

RESPONSIBILITIES: Considers and recommends candidates for election to the board, advises the board on director compensation, oversees the annual performance evaluations of the board and board committees, advises the board on corporate governance and board leadership, administers the company s Related Person Transaction Policy, and oversees the company s management succession process.

PUBLIC RESPONSIBILITY COMMITTEE

The board established the Public Responsibility Committee in recognition of the importance of issues that affect the communities in which we work, or the public interest in general.

RESPONSIBILITIES: Reviews legislation and regulation affecting American Express, our philanthropic programs, our political action committee and corporate political contributions, our government relations activities, other policies affecting the communities in which we operate, and our environmental programs.

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Political Contributions Activities

We communicate with policymakers on a range of public policy issues important to the company. In addition to our advocacy efforts, we participate in the political process through the American Express Political Action Committee (AXP PAC). Our AXP PAC does not contribute to presidential campaigns.

We maintain comprehensive compliance procedures to ensure that our activities are conducted in accordance with all relevant laws, and management regularly reports to the Public Responsibility Committee regarding its engagement in the public policy arena and its political contributions. Information regarding our company s political activities, including annual U.S. political contributions, may be found at http://ir.americanexpress.com.

Risk Oversight

Board s Role in Risk Oversight

The company uses its comprehensive enterprise-wide risk management (ERM) program to measure, aggregate, monitor, and manage risks. The ERM framework is designed to enable the Board of Directors and company management to assess the effectiveness of risk management capabilities, processes and controls. It also contributes to the risk-adjusted performance evaluation of its businesses and business leaders. The implementation and execution of the ERM program is headed by the company s Chief Risk Officer.

The Audit and Risk Committee approves the company s ERM policy, which defines risk management objectives, risk appetite, risk limits, and escalation triggers to the committee, and also approves the specific risk policies governing areas of risk that are most important to the company. Internal management committees, including the Enterprise-wide Risk Management Committee (ERMC), responsible for managing the credit risk, operational risk and reputational risk and chaired by the company s Chief Risk Officer, and the Asset-Liability Committee (ALCO), responsible for managing the asset-liability risk, market risk and liquidity risk and chaired by the company s Chief Financial Officer, oversee implementation of these policies across the company.

As part of its oversight, the Audit and Risk Committee periodically reviews with the Chief Risk Officer and other senior risk leaders risk profiles, risk trends and evolution of risk management capabilities of the company s major business units. The Audit and Risk Committee receives updates on enterprise-wide operational risk management trends, events and capabilities, as well as on compliance, fraud, legal, information security, technology and privacy risks. The Audit and Risk Committee receives regular reports discussing emerging risks (including their likelihood and potential impact), key risk escalations, and compliance with policy-based risk limits.

The Compensation and Benefits Committee oversees the company s executive compensation program, including the design of the program and whether it appropriately balances risk taking and incentives. The Compensation and Benefits Committee meets periodically with the Chief Risk Officer to ensure the company s compensation practices are aligned with risk outcomes, taking into account both current and forward-looking performance. The Compensation and Benefits Committee uses the Chief Risk Officer s assessment as part of its risk-balanced incentive compensation framework to decide on the company s bonus pools and the compensation of the senior executives.

Both the Audit and Risk Committee and the Compensation and Benefits Committee, each of which is composed entirely of independent directors, report regularly to the Board of Directors with respect to the matters reviewed at the committee level. In addition to the risks under the purview of a particular committee, the Board of Directors monitors the tone at the top and culture of the company, oversees strategic risk, and reviews specific risks facing the company from time to time.

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Report of the Audit and Risk Committee

The role of the Audit and Risk Committee is to assist the board in its oversight of the company s financial reporting process. Management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls. The company s independent auditors are responsible for auditing the company s financial statements and expressing an opinion as to their conformity to accounting principles generally accepted in the United States.

In the performance of its oversight function, the Audit and Risk Committee has reviewed and discussed with management and the independent auditors the company s audited financial statements. The Audit and Risk Committee also has discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T, relating to communication with audit committees. In addition, the Audit and Risk Committee has received from the independent auditors the written disclosures and letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor s communications with the audit committee concerning independence, has discussed with the independent auditors their independence from the company and its management, and has considered whether the independent auditors provision of non-audit services to the company is compatible with maintaining the auditors independence.

The Audit and Risk Committee discussed with the company s internal auditors and independent auditors the overall scope and plans for their respective audits. The internal auditors are responsible for preparing an annual audit plan and conducting internal audits under the control of the company s General Auditor, who is accountable to the Audit and Risk Committee. The Audit and Risk Committee met with the internal auditors and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the company s internal controls, and the overall quality of the company s financial reporting. In addition, the Audit and Risk Committee met with the Chief Executive Officer and Chief Financial Officer of the company to discuss the processes that they have undertaken to evaluate the accuracy and fair presentation of the company s financial statements and the effectiveness of the company s systems of disclosure controls and procedures and internal control over financial reporting.

Based on the reviews and discussions referred to above, the Audit and Risk Committee recommended to the board of directors, and the board has approved, that the company s audited financial statements be included in the company s 2011 Annual Report to Shareholders and Annual Report on Form 10-K for the year ended December 31, 2011 for filing with the SEC.

AUDIT AND RISK COMMITTEE

Ronald A. Williams, Chairman

Daniel F. Akerson

Ursula M. Burns

Richard C. Levin

Steven S Reinemund

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CORPORATE GOVERNANCE AT AMERICAN EXPRESS

Corporate Citizenship at American Express

Community

Promoting Sustainable Tourism

Giving back to the community is central to our culture. We have a rich legacy of contributing to our communities. Our first employee giving campaign dates back to 1885, when our employees raised funds to construct the pedestal for the newly arrived Statue of Liberty. We believe that serving our communities is not only integral to running a business successfully; it is part of our responsibility as citizens of the world. We strive to bring to life the American Express value of good corporate citizenship by supporting communities in ways that enhance our reputation with employees, customers, business partners, and other stakeholders. Today, we focus on three core community efforts:

- Preserving and sustaining unique historic places for the future
- Developing new leaders for tomorrow
- Encouraging community service where our employees and customers live and work

As one of the world s largest travel companies, we realize the importance of preserving cultural assets around the world and promoting sustainable tourism. Over the years, American Express has contributed millions of dollars to historic preservation-related projects and helped preserve more than 100 iconic sites around the globe including Sir Ernest Shackleton s Exhibition Hut, Antarctica, the Palace of Fine Arts, Mexico City, the Temple of Hercules, Rome, and Dalhousie Square, Calcutta.

American Express has a long history of helping people in times of trouble. American Express and its employees have provided humanitarian relief to victims of numerous disasters including wildfires, floods, earthquakes, tsunamis, and other natural and man-made disasters. In the last decade, American Express has provided assistance for over 50 disasters in 35 countries, including Japan, Haiti, and the Horn of Africa, by aiding leading disaster relief agencies such as the American Red Cross and International Red Cross and Red Crescent Societies, Doctors Without Borders, International Rescue Committee, Save the Children, and the United Nations World Food Program.

Environment

We recognize the importance of protecting the environment and helping to combat climate change. At American Express, we have established programs to increase the efficient use of energy and natural resources and for measuring, managing, and reducing the environmental impact of our global operations. Major goals and programs include:

- Reducing our carbon footprint
- Improving the energy efficiency of our office equipment, building equipment, and lighting systems
- Increasing the use of renewable energy such as wind, biogas, biomass, and solar to generate electricity
- Reducing paper usage by digitizing internal processes and increasing digital marketing and online account servicing for customers
- Engaging employees to participate in our environmental responsibility programs

Learn More About Corporate Responsibility at American Express. You may visit our corporate website at http://about.americanexpress.com to learn how we, together with our cardmembers and stakeholders, are making a difference. (Information from this website is not incorporated by reference into this proxy statement.)

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OWNERSHIP OF OUR COMMON SHARES

The table below shows how many American Express Company common shares certain individuals and entities beneficially owned on [February 1], 2012. These individuals and entities include: (1) owners of more than 5% of our outstanding common shares; (2) our current directors; (3) the executive officers named in the *Summary Compensation Table* on page 40; and (4) all current directors and executive officers as a group. A person has beneficial ownership of shares if the person has voting or investment power over the shares or the right to acquire such power within 60 days. Investment power means the power to direct the sale or other disposition of the shares. Each person has sole voting and investment power over the shares, except as we describe below.

NAME	NUMBER OF SHARES OWNED(3)(4)	RIGHT TO ACQUIRE(5)	PERCENT OF CLASS(%)
Warren Buffett Berkshire Hathaway Inc. and subsidiaries 1440 Kiewit Plaza Omaha, NE 68131	151,610,700(1)		
Capital World Investors 333 South Hope Street Los Angeles, CA 90071	66,253,860(2)		5.7%
Daniel F. Akerson	85,541		*
Charlene Barshefsky	20,134		*
Ursula M. Burns	20,000		*
Kenneth I. Chenault(6)	1,069,181	4,488,073	*
Peter Chernin	24,400		*
Edward P. Gilligan	249,131	1,648,818	*
Daniel T. Henry	61,963	658,238	*
Theodore J. Leonsis	25,000		*
Jan Leschly	155,559	3,427	*
Richard C. Levin	2,000		*
Richard A. McGinn	18,412		*
Edward D. Miller	20,000		*
Steven S Reinemund	20,000		*
Daniel H. Schulman	119,245	41,652	*
Stephen J. Squeri	144,414	1,136,120	*
Robert D. Walter	230,300		*
Ronald A. Williams	27,500		*
All current directors and executive officers (27 individuals)(7)	3,156,233	14,149,897	1.49%

*Less than 1%.

(1) Based on information contained in a report on Form 13F that Berkshire Hathaway Inc. (Berkshire) filed with the SEC, which contained information as of December 31, 2011. Of the shares listed in the table, National Indemnity Co. beneficially owned 120,255,879 shares. National Indemnity Co. is a subsidiary of Berkshire. Mr. Buffett, Berkshire, and certain subsidiaries of Berkshire share voting and investment power over these shares. Based on information provided to the company, Mr. Buffett owned 33.8% of the aggregate voting power of the outstanding shares of Berkshire s Class A Common Stock and Class B Common Stock. As a result of this ownership position in Berkshire, Mr. Buffett may be considered the beneficial owner of the shares that Berkshire

beneficially owns.

In 1995, we signed an agreement with Berkshire designed to ensure that Berkshire s investment in our company will be passive. The agreement remains in effect as long as Berkshire owns 10% or more of our voting securities. Berkshire made similar commitments to the Board of Governors of the Federal Reserve System. Berkshire and its subsidiaries have also agreed to follow our board s recommendations in voting company common shares they own as long as Mr. Chenault is our chief executive officer and Berkshire owns 5% or more of our voting securities. With certain exceptions, Berkshire and its subsidiaries may not sell company common shares to any person who owns more than 5% of our voting securities or who attempts to change the control of the company.

(2) Based on information contained in a report on Schedule 13G that Capital World Investors filed with the SEC, which contained information as of December 31, 2011.

(3) This column includes shares held in RSP accounts on [February 1], 2012, as follows:

NAME	NUMBER OF SHARES IN PLAN ACCOUNTS
K.I. Chenault	22,972
E.P. Gilligan	1,614
D.T. Henry	20
D.H. Schulman	0
S.J. Squeri	4,727
All current executive officers	70,578

(4) Certain executive officers held restricted shares on [February 1], 2012, which we include in this column. Restricted stock units are not included in this table, since they are not beneficially owned under SEC rules. The executive may vote the restricted shares, but may not sell or transfer them during the restricted period. These restrictions lapse over a period of years ending in 2014. The individuals in the table held the following number of restricted shares:

NAME	NUMBER OF RESTRICTED SHARES
K.I. Chenault	0
E.P. Gilligan	117,919
D.T. Henry	0
D.H. Schulman	83,083
S.J. Squeri	35,264
All current executive officers	371,201

(5) These are shares that the named individuals have the right to acquire within 60 days upon the exercise of stock options they hold.

(6) Includes 361,535 shares that are beneficially owned by Mr. Chenault and serve as security for a credit facility that he may draw on from time to time. The current outstanding balance on that facility is zero. The remaining shares that Mr. Chenault beneficially owns are not part of this facility.

(7) On [February 1], 2012, the current directors and executive officers beneficially owned 17,306,130 shares, or about 1.49% of our outstanding shares. No current director or executive officer beneficially owned more than 1% of our outstanding shares.

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COMPENSATION OF DIRECTORS

The following table provides information on compensation of nonmanagement directors for 2011. We also reimburse directors for reasonable out-of-pocket expenses attendant to their board membership.

NAME	FEES EARNED OR PAID IN CASH ($)(1)	STOCK AWARDS ($)(2)	OPTION AWARDS ($)(3)	CHANGE IN PENSION VALUE AND NONQUALIFIED DEFERRED COMPENSATION EARNINGS ($)(4)	ALL OTHER COMPENSATION ($)(5)	TOTAL ($)
Mr. Akerson	$ 115,000	$ 150,000	$ 0	$ 24,128	$ 18,852	$ 307,980
Amb. Barshefsky	$ 100,000	$ 150,000	$ 0	$ 0	$ 29,238	$ 279,238
Ms. Burns	$ 110,000	$ 150,000	$ 0	$ 0	$ 66,989	$ 326,989
Mr. Chernin	$ 100,000	$ 150,000	$ 0	$ 0	$ 13,892	$ 263,892
Mr. Leschly	$ 115,000	$ 150,000	$ 0	$ 0	$ 18,852	$ 283,852
Mr. Levin	$ 110,000	$ 150,000	$ 0	$ 0	$ 11,225	$ 271,225
Mr. Leonsis(6)	$ 90,000	$ 150,000	$ 0	$ 0	$ 1,001,400	$ 1,241,400
Mr. McGinn	$ 100,000	$ 150,000	$ 0	$ 0	$ 18,852	$ 268,852
Mr. Miller	$ 100,000	$ 150,000	$ 0	$ 0	$ 54,412	$ 304,412
Mr. Reinemund	$ 110,000	$ 150,000	$ 0	$ 0	$ 11,225	$ 271,225
Mr. Walter	$ 115,000	$ 150,000	$ 0	$ 0	$ 57,635	$ 322,635
Mr. Williams	$ 130,000	$ 150,000	$ 0	$ 0	$ 19,438	$ 299,438

(1) *Annual Retainers.* For service in 2011, we paid nonmanagement directors an annual retainer of $90,000 for board service and an additional annual retainer of $20,000 to members of the Audit and Risk Committee and $10,000 to members of the Compensation and Benefits Committee, including the chairs. We also paid an annual retainer to the chair of each of the board committees as follows: Audit and Risk $20,000; Compensation and Benefits $15,000; Nominating and Governance $10,000; and Public Responsibility $10,000. We pay no fees for attending meetings, but the annual retainer for board service of $90,000 is reduced by $20,000 if a director does not attend at least 75% of our board meetings and meetings of any committee on which he or she serves. All the nonmanagement directors, except for Messrs. McGinn and Reinemund, deferred all or a portion of their 2011 retainers into a cash account, a share equivalent unit account, or both, under the deferred compensation plan described below in note 2.

(2) *Share Equivalent Unit Plan.* To align our nonmanagement directors annual compensation with shareholder interests, each nonmanagement director is credited with common share equivalent units (SEUs) having a value of $150,000 upon election or reelection at each annual meeting of shareholders. Each SEU reflects the value of one common share. Directors receive additional SEUs as dividend equivalents on the units in their accounts. SEUs do not carry voting rights and must be held until a director ends his or her service. At that time, each SEU is payable in cash equal to the then value of one common share. The SEUs do not count toward our share ownership guidelines for directors.

On May 2, 2011, the date of last year s annual meeting, each nonmanagement director was credited with 3,024 SEUs, based on the price of company common shares on such date. We report in this column the aggregate grant date fair value of these SEUs in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718, Compensation Stock Compensation.

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As of December 31, 2011, the SEU balance in each director s account was: Mr. Akerson 27,882; Ambassador Barshefsky 42,445; Ms. Burns 43,706; Mr. Chernin 20,928; Mr. Leschly 27,882; Mr. Leonsis 4,005; Mr. Levin 17,189; Mr. McGinn 27,882; Mr. Miller 44,112; Mr. Reinemund 17,189; Mr. Walter 36,131; and Mr. Williams 30,474. These amounts represent the aggregate number of SEUs granted under the Share Equivalent Unit Plan for all years of service as a director, additional units credited as a result of the reinvestment of dividend equivalents, and, for directors who participated in the SEU option under our deferred compensation plan for directors, retainer amounts deferred into their SEU account and dividend equivalents thereon.

Deferred Compensation Plan for Directors. Nonmanagement directors may defer the receipt of up to 100% of their annual cash retainer fees into either: (i) a cash account in which amounts deferred will be credited at the rate of 120% of the applicable federal long-term rate for December of the prior year, and/or (ii) their SEU account. Under either alternative, directors will receive cash payments and will not receive shares upon payout of their deferrals.

(3) *Option Awards.* We have not granted stock options to directors since April 2002. In April 2002 and in prior years, we made stock option grants to each nonmanagement director on the date of the annual shareholders meeting. As of December 31, 2011, Mr. Leschly had 3,427 vested outstanding options.

(4) *Retirement Benefits.* We offer no retirement benefits to nonmanagement directors who began their board service after March 31, 1996. We pay a retirement benefit to nonmanagement directors who began their board service on or before March 31, 1996, have served on our board for at least five years, and have never been an employee. The retirement benefit consists of a payment of $30,000 per year for each year a director served on the board. Payments cease after a director s death. Mr. Akerson is not standing for reelection, and will be eligible to receive retirement benefits in the future. Included in this column is the change in actuarial present value from 2010 to 2011 of the accumulated benefit for Mr. Akerson in the amount of $24,128.

(5) *Insurance.* We provide our nonmanagement directors who were directors for the full fiscal year with group term life insurance coverage of $50,000. The group life insurance policy is provided to the directors on a basis generally available to all company employees. This column includes the premium paid for such coverage.

Dividend Equivalents. Dividend equivalents are reinvested in additional units for all directors based upon total SEUs held at the time of company quarterly dividend payment dates. This column includes the fair market value of the dividend equivalents received by the directors during 2011 in these amounts: Mr. Akerson $18,803; Ambassador Barshefsky $29,190; Ms. Burns $29,056; Mr. Chernin $13,843; Mr. Leonsis $1,351; Mr. Leschly $18,803; Mr. Levin $11,177; Mr. McGinn $18,803; Mr. Miller $29,439; Mr. Reinemund $11,177; Mr. Walter $24,686; and Mr. Williams $19,390.

Directors Charitable Award Program. We maintain a Directors Charitable Award Program for directors elected prior to July 1, 2004. To fund this program we purchased joint life insurance on the lives of participating directors, including Mr. Chenault. The death benefit of $500,000 funds a donation to a charitable organization that the director recommends. In 2011, the company paid premiums for policies as follows: Ms. Burns, $37,884; Mr. Miller, $24,925; Mr. Walter, $32,900.

Matching Gift Program. Directors are eligible to participate in the company s Matching Gift Program on the same basis as company employees. Under this program, the American Express Foundation matches gifts to approved charitable organizations up to $8,000 per calendar year.

(6) *Consulting Agreement.* As described on page 80, in July 2010 the board elected Mr. Leonsis to our board and at the same time asked him to devote significant time beyond that spent as a director to advise the company in the areas of digital, online, and mobile payments; strategic initiatives; technology development; and potential transactions. Mr. Leonsis provides these services to us under a consulting services agreement. Amounts in this column include consulting fees in the amount of $1,000,000 earned by Mr. Leonsis in 2011.

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EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

EXECUTIVE SUMMARY

Our executive compensation program 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. Despite a challenging economic environment, we delivered strong performance in 2011, which was reflected in our share price and in our compensation outcomes.

Last year, in response to shareholder input, we made a number of enhancements to our compensation program. This year, we are using substantially the same framework.

2011 Performance

In 2011, we generated strong growth, launched innovative products and services and delivered positive shareholder returns. Growth in cards-in-force brought our total close to 100 million, with customer spending at record levels online and offline through our expanding merchant network and new payment alternatives. Millions of new customers joined our franchise across the globe. We provided our customers with industry-leading benefits, rewards and service. Through the strength of our business model and our executive leadership team we again outperformed most card-issuing businesses of our major competitors in billed business growth, credit performance, and customer satisfaction.

On-Average, Over-Time Financial Targets

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

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

We exceeded our 2010 performance and our on-average, over-time financial targets, and we met or exceeded our targets for other key metrics, as shown below. These results were reviewed by the Compensation and Benefits Committee (Compensation Committee) to make compensation decisions.

2011 Results

Revenues is defined as Total Revenues net of Interest Expense; 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 (diluted weighted-average shares include weighted-average shares outstanding plus the dilutive effect of share-based compensation); Return on Average Equity (ROE) is calculated by dividing (i) one-year period net income by (ii) one-year average total shareholders equity.

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In 2011, we also introduced a series of digital payments firsts in mobile, location-based commerce. We continued to evolve Membership Rewards as a virtual currency, enhanced our online servicing capabilities, and expanded e-commerce options in our Global Corporate Payments business. In its second year, our Enterprise Growth Group made progress in developing alternative payment methods and helping us reach new customers. For example, we launched SERVE, our new digital payments and commerce platform, and signed 15 partners to embed SERVE into their offerings to customers. We entered into a joint venture with Vente-Privee and successfully launched our co-branded e-commerce site. Additionally, we launched new payment products to access new customer and market segments. For example, we introduced new prepaid cards in the United States and overseas, including the industry s first reloadable prepaid card with no purchase or maintenance fees.

Our board of directors credits Mr. Chenault, our Chairman and CEO of ten years, and his management team for achieving industry-leading growth and strong performance in challenging times. Over the past two years, we have delivered top-line and bottom-line growth, gained share in the market, and leveraged our business model to maintain our competitive edge.

At the same time, the leadership team is building a culture of innovation in both our core and emerging businesses. The team has developed and executed against a strategy that addresses digital and social trends in the industry to position the company for future success in a rapidly changing environment.

Our Total Shareholder Return

Our financial and strategic performance in 2011 was reflected in our total return to shareholders, which outperformed the market indices. Our 2011 total shareholder return was 12% while the U.S. broad market was slightly positive at 2% and the financial services sector was at negative 17%.

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).

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CEO Pay At-A-Glance

The Compensation Committee determined that the appropriate Total Direct Compensation (TDC) for Mr. Chenault for 2011 performance was $24 million, an increase of 17% over last year. The Committee considered our performance to be strong from various perspectives financial, customer, employee, strategic, and shareholder-value creation. This increase was reflected in the restricted stock unit (RSU) portion of Mr. Chenault s Annual Incentive Award (AIA). A significant portion (83%) of his total pay is deferred (some until one year after retirement) and subject to future company performance. Further details are provided on page 33. The chart below shows the components of TDC awarded to our CEO for 2011 performance, as compared to the prior year.

CEO Total Direct Compensation ($ mils)

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 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 link between pay and performance was strengthened in recent years with a number of program changes. We made these changes in response to input from shareholders, the Compensation Committee s independent consultant, and regulators. For example, we added performance vesting to our annual restricted stock unit grants and a clawback feature to the cash bonus paid to the CEO, and we eliminated a number of perquisites. We seek feedback from our constituents and incorporate guidance from regulators into our program design.

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Snapshot: How Compensation is Delivered to Our CEO and NEOs

COMPONENT		**ROLE**	**COMMENTS**
Base Salary	***8 13% 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)	***36 44% of pay***	To reward achievement of shareholder, customer, and employee objectives, including strategic initiatives, risk goals, and individual leadership.	Based on objective performance metrics, but also allows the Compensation Committee to use judgment in considering quantitative and qualitative performance.
Long-Term Incentive Awards (LTIA)	***43 56% 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.	AIA and Portfolio Grant payouts to the CEO are 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.
		Stock Options, equity awards whose value is based on stock performance.	Portfolio Grants and LTIA RSUs awarded in 2011 and 2012 have three-year performance periods.
		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.	One-half of the number of LTIA equity shares (RSUs) granted to NEOs for 2011 performance are stock options and one-half are performance-vested RSUs.

The pay mix percentages above are based on year-end 2011 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 reduced perquisites to our executive officers, and last year 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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2011 PERFORMANCE REVIEW

Our Performance Assessment Framework

Our Compensation Committee has established a framework to guide how company performance is evaluated and how CEO compensation decisions are made. Through this framework, the Compensation Committee evaluates our CEO s performance based on achievement of goals and 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.

Performance Assessment Framework

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.

The following discussion provides a summary of the Compensation Committee s assessment of the company s 2011 results using the above framework.

Performance Assessment Against Goals

As indicated on page 19, our 2011 financial outcomes were strong. Our annual goals can vary from our on-average, over-time financial targets based on a range of factors, such as the economic environment, external market conditions, and our growth strategy. We exceeded our targets, including our 8% revenue and 12 15% EPS on-average, over-time growth targets. We also delivered 27.7% ROE, achieved record billings, and met or exceeded business goals established early in the year.

In addition, our operational and strategic performance was positive when measured against our priorities to drive growth, drive efficiency, and deliver superior service.

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

DRIVE GROWTH

We continued to generate short-term financial growth while investing for our future financial success. We identified five key growth initiatives (see sidebar), and in 2011 we made tangible progress in all five.

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:

- New cards acquired in 2011 across our proprietary products grew by 6% and are expected to generate 21% more in first year spend when compared to cards acquired in 2010.
- New merchant locations acquired in 2011 increased by 5% from 2010, with over one million merchant locations added to our global network.
- International Business Operations (IBO) pre-tax income was $1.6 billion, up 38% over the 2010 IBO pre-tax income of $1.2 billion.*
- We conservatively estimate that online billings were over $130 billion in 2011, approximately a 22% increase from last year. We advanced our digital efforts with a range of innovative programs with major digital leaders such as Facebook and foursquare.
- We had significant accomplishments in our new Enterprise Growth Group, including the successful launches of our SERVE digital payments and commerce platform and the American Express Prepaid Card, and the signing of 15 partners for SERVE. In addition, we launched Vente-Privee, an online private e-commerce site, as well as other digital initiatives, and new global prepaid products. These new products and services help us to expand our customer demographic base.

*IBO pre-tax income represents the sum of pre-tax income from continuing operations for the Europe, Middle East and Africa (EMEA) region, the Japan, Asia Pacific and Australia (JAPA) region and the Latin America, Caribbean and Canada (LACC) region set forth in the Geographic Operations note to the company s consolidated financial statements.

DRIVE EFFICIENCY

We made significant investments to build business while managing our underlying operating expenses. As planned, we significantly reduced the growth rate of operating expenses in the latter part of the year. We continued to focus on controlling expenses by driving efficiency and reducing costs, while still investing to fuel growth.

J.D. Power and Associates Award

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

DELIVER SUPERIOR SERVICE

We saw a meaningful increase in our key global customer satisfaction measure, Recommend to a Friend, which reached an all-time high in the United States and was 28% higher than in 2009. We earned the J.D. Power and Associates award for highest customer satisfaction among credit card companies in the United States for the fifth year in a row. Attrition rates for our consumer, small business, and global network services businesses improved by one percentage point or more.

OUR EMPLOYEE FOCUS

American Express continued to be recognized as an employer of choice on a global basis as evidenced by multiple external recognitions, including Working Mother 100 Best Companies, DiversityInc Top 50, Fortune s 100 Best Companies to Work For, Best Employers for Healthy Lifestyles, and various Employer of Choice awards in Mexico, India, and the United Kingdom. On the two key employee measures that correlate to business performance, engagement and loyalty, we performed 12 to 15 points better than best-in-class benchmarks.

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External Screen Assessment

We continued to generate strong relative performance against our major competitors financially and in our share of the market.

- **Worldwide Billed Business** Our 2011 $822 billion in billings represented 15% growth and was more than twice the level of our nearest card-issuing competitor.

- **Net Write-Off Rate** At 2.3% in the fourth quarter of 2011, we led our large issuing competitors with a rate that was about 90 basis points better than our nearest competitor.

- **Share of U.S. Purchase Volume** Our share of volume grew from 25.4% in 2010 to 26.2% (based on the available information through the third quarter of 2011), following a 1.6% gain last year.

From a financial performance perspective, our EPS growth and ROE were above the median of our Company Sample (see page 27), based on the most recently available data, and our one-year TSR of 12% was at the 80th percentile of this group. Our 1- and 3-year TSR outperformed both the S&P 500 and S&P Financial indices.

Risk/Control and Compliance Assessment

Our Chief Risk Officer, Chief Operational Risk Officer, Chief Compliance Officer, and General Auditor assign 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. The results of this assessment are reflected in the incentive award pools available to the entire company or to specific business units or staff groups and can affect the compensation decisions of business leaders.

The CEO s compensation reflects the risk/control and compliance rating for the company overall. Application of this screen did not result in any adjustment to the overall company performance assessment.

Summing It Up: 2011 Performance

The year 2011 was a year of growth, progress, and positive total shareholder return. Despite a challenging economic environment, we generated strong financial outcomes, made good progress against our strategic and transformational goals, and generated excellent results as compared to the card-issuing businesses of our major competitors.

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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
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 2011 ADVISORY VOTE ON EXECUTIVE COMPENSATION

We have received a substantial amount of shareholder feedback about executive compensation through our Say on Pay votes for the past three years. We also meet with our shareholders on an ongoing basis to discuss executive compensation generally and with respect to our company. The board welcomes this engagement.

This feedback influenced a number of changes to our executive compensation program last year. For example, we added performance vesting to our annual restricted stock unit grant. In our conversations since last year s annual meeting, shareholders generally expressed the view that these changes were welcome improvements. As a result of these discussions and the support demonstrated by shareholders in last year s Say on Pay vote outcome, the Compensation Committee did not make significant changes to our executive compensation program for performance year 2011. However, the Compensation Committee will continue to consider the outcome of future 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 examines pay data for a group of 20 companies (our Company Sample) to stay current with market pay practices and trends, and to understand the competitiveness of our total compensation and its various elements. It is important to note that we use this data for informational purposes. We do not target a specific percentile or make significant 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.

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

PAY MIX FOCUSES ON VARIABLE PAY

The charts below show that most of our NEOs pay is variable (87% 92%). The proportions of each pay element shown below for the performance year 2011 may change in the future based on market or performance considerations.

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Overview of Year-End 2011 Total Direct Compensation

Incentive Type	Pay Element	What It Does	How It s Set/Links to Performance
FIXED	Base Salary	Provides competitive fixed pay	Job scope and experience, market pay
VARIABLE	Annual Incentive Award	Balances risk-taking concerns with pay for performance 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 Based on objective performance metrics, but also allows the Compensation Committee to use judgment in considering quantitative and qualitative performance factors
	Cash Portfolio Grant Award	Provides cash incentive, earned based on achievement of performance metrics Metrics cover 3-year performance period (2012 2014)	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 Vests based on publicly-disclosed on-average, over-time ROE target	Payout range is 0 125% 3-year average ROE payout (2012 14) 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 4-year ratable vesting

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COMPENSATION DISCUSSION AND ANALYSIS

We also 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 meets with and certifies to our Compensation Committee that performance goals are not likely to encourage imprudent risk taking and that actual results were achieved without taking imprudent risks.

We assess return on economic capital, credit risk performance, control and compliance results, and risk management governance measures 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:

We require that 50% of the net shares received by senior executives after vesting of restricted share unit awards or upon exercise of stock options must be held for at least one year.

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. These requirements are bolstered by our policy against hedging.

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 restricted share unit awards to approximately 150 senior level 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 12 meetings over the course of 2011, most 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 23), 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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COMPENSATION DISCUSSION AND ANALYSIS

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, starting with the prior year s compensation, which is adjusted based on:
  - Performance assessments (described in the next section)
  - Market considerations
  - Input from the Compensation Committee s independent compensation consultant, Cook
  - For the other NEOs: the CEO s recommendations, succession planning, and retention considerations

The Compensation Committee does not specify caps on individual components 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.

- Determines the amount of each TDC pay component based on:

Company pay mix guidelines

Individual performance

Market considerations

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

COMPENSATION DISCUSSION AND ANALYSIS

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 engaged Cook as its independent compensation consultant and considered advice and information from the firm in determining the compensation for the CEO and the other NEOs. Cook attended most of the Compensation Committee meetings in 2011. In prior years, Cook periodically provided information to the Nominating and Governance Committee of the board with respect to director compensation. Under its terms of engagement, Cook does not provide any other services to the company. The company incurred $403,645 in fees from Cook for services performed for the Compensation Committee during 2011, and no other services were provided to the company.

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2011 TOTAL DIRECT COMPENSATION (TDC) DECISIONS

K.I. Chenault, Chairman and CEO

The Compensation Committee determined Mr. Chenault s TDC to be $24 million, a 17% increase over 2010 based on the company s strong performance in 2011 from various perspectives, including financial, operational, strategic, relative to competitors, and shareholder value creation. This increase is reflected in the RSU portion of Mr. Chenault s Annual Incentive Award; the amounts of all other components of his pay were the same as last year.

Note Regarding 2011 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 and is not a substitute for the information in that table (shown on page 40). Rather, it is intended to show how the Compensation Committee linked NEOs TDC and its components to the company s 2011 performance results.

	Year-End Decisions ($mils)	
CEO Total Direct Compensation (January 2012)	**January 2012**	**January 2011**
Base Salary	**$2.0**	**$2.0**
The Compensation Committee kept Mr. Chenault s salary at $2 million.		
Annual Incentive Award (AIA)	$2.0 Cash	$2.0 Cash
The Compensation Committee awarded Mr. Chenault $8.625 million.	$6.625 RSUs	$3.125 RSUs
	$8.625 Total	**$5.125 Total**
$2 million (23%) of this amount was paid in cash (the same as last year), 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 2012 performance is not acceptable.		
Equity Awards (RSUs and Stock Options)	$2.160 SO	$2.193 SO
The Compensation Committee awarded 34% of Mr. Chenault s TDC $8.25 million, the same amount as last year in the form of equity grants.	$6.090 RSUs	$6.057 RSUs
	$8.25 Total	**$8.25 Total**
The grants were divided equally into 123,706 shares of performance-vested RSUs and 123,706 stock options.		
Mr. Chenault s equity awards were granted on January 24, 2012. The stock options have an exercise price per share of $49.23. The RSU target is average 3-year (2012 2014) ROE of 25% (on-average, over-time target).		
Portfolio Grant (PG)	**$5.125**	**$5.125**
Mr. Chenault received a Portfolio Grant award for the three-year performance period starting in 2012 and ending in 2014. The target value $5.125 million is the same as last year.		

Total	**$24.0**	**$20.5**

Other Named Executive Officers

The CEO s recommendations for the other NEOs were based on his review of performance and our pay mix guidelines. Generally, annual LTIA grants are less variable from one year to the next. Therefore, a significant portion of pay changes, based on individual and business performance, is generally reflected through changes in AIA.

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The following information provides highlights of specific individual and business performance considered in the pay recommendations for the other NEOs. The Compensation Committee also considers overall performance of the company when approving pay decisions for other NEOs. Included below are the Compensation Committee s January 2012 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 2011 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 strong credit performance
- Implemented key business transformation initiatives across the organization that yielded significant benefits
- Completed the integration of the Loyalty Partner and Accertify acquisitions
- Delivered strong international billings growth and international pre-tax income results
- Exceeded targets for the company s online spend growth across all products and implemented new initiatives to enhance our customers digital experiences

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 2011 achievements included:

- Formulated strategic vision and identified new business models related to new forms of payment and digital commerce
- Launched SERVE, the company s digital payments and commerce platform, and signed 15 partners

- Expanded momentum in our fee-based revenue business, including launching Vente-Privee, an online private e-commerce site

- Made a number of strategic investments and launched a $100 million digital commerce initiative to accelerate our digital transformation and contribute to the company s overall strategic vision

- Launched innovative payment products in the United States and abroad, including the American Express Prepaid Card, which helped the company diversify into new customer and geographic segments

STEPHEN J. SQUERI, GROUP PRESIDENT, GLOBAL CORPORATE SERVICES

Mr. Squeri spent most of 2011 overseeing World Service, Global Business Services, Technologies and Global Credit Administration. In November 2011, his scope of responsibilities expanded as he became the Group President of Global Corporate Services, which now also includes the Global Corporate Payments and Global Business Travel organizations. His 2011 achievements included:

- Exceeded financial targets by delivering end-to-end process efficiency savings

- Optimized delivery of customer service by our World Service organization through globalization of processes and consolidation of our global footprint

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Delivered superior customer service across the organization, as evidenced by the receipt of our fifth consecutive J.D. Power and Associates award

Created a new global, integrated, and unified Global Credit Administration organization

Enhanced our technology capabilities, to enable faster introduction of new products and services and increase our online servicing capabilities

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 2011 achievements included:

Prioritized investments through financial analyses and evaluation of risks and opportunities

Continued to transform the company s funding profile and diversify liquidity sources by expanding the Personal Savings program

Ensured the company s capital allocation framework supported business strategies and resulted in a strong capital position

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 2012 TDC decisions for performance year 2011 are reflected in the table below:

NEOs TDC Decisions ($000s)

	E.P. GILLIGAN		D.H. SCHULMAN		S.J. SQUERI		D.T. HENRY	
Base Salary	$	1,450	$	1,100	$	1,250	$	850
AIA	$	4,750	$	4,000	$	4,000	$	3,050
Equity RSUs*	$	2,621	$	1,845	$	1,845	$	1,403
Equity SOs*	$	929	$	655	$	655	$	497
PG	$	1,500	$	1,300	$	1,150	$	1,200
TDC	**$**	**11,250**	**$**	**8,900****	**$**	**8,900**	**$**	**7,000**

(up 9.2% from January 2011)	**(up 18.7% from January 2011)**	**(up 13.8% from January 2011)**

* 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.

** Mr. Schulman joined American Express in mid-2010, so he does not have a full year of 2010 TDC for purposes of comparison.

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COMPENSATION DISCUSSION AND ANALYSIS

2011 Portfolio Grant Payouts Based on 2010 Award

The Compensation Committee approved the payout percentages for PG2010-11 shown below.

2010 Portion of PG2010-11

2010 Performance Metric	2010 Result	Performance Required for Target Payout	Weighting	Payout
Earnings Per Share (EPS)	$3.35	$2.50	15%	125%
ROE	27.5%	20%	15%	125%
Drive Growth (increase worldwide billed business)	15% growth	7% growth	15%	125%
Drive Efficiency (decrease operating expenses)(1)	$10.75 billion	$10.7 billion	15%	96%
Deliver Superior Service (increase Recommend to a Friend score)	11 percentage point increase	2 percentage point increase	15%	125%
Enterprise-Wide Transformation (expand charge card, generate growth across international, and expand fee services business)	Significant progress, exceeded targets	Targets for new products, fee services and organization efforts	25%	122%
			Total	**120%(2)**

2011 Portion of PG2010-11

2011 Performance Metric	2011 Result	Performance Required for Target Payout	Weighting	Payout
Earnings Per Share (EPS)	$4.09	$3.75	20%	125%
Total Shareholder Return vs. S&P 500	+7 points	At index (0 points)	30%	125%
Consumer, Small Business, Merchant and Network Services Businesses Strategic Milestones				
Accelerate international growth (increase IBO pre-tax income)(3)	$1.6 billion	$1.4 billion	12.5%	112%
Increase online spend	20% YOY	15% YOY	12.5%	112%
Global Services Strategic Milestone				
Deliver superior service (increase Recommend to a Friend score)	3 percentage point increase	One half a percentage point increase	12.5%	125%
Enterprise Growth Strategic Milestone	Signed 15 strategic partnerships	Establish two strategic partnerships with key digital partners	12.5%	112%
Establish strategic partnerships with key digital players				
			Total	**120%(2)**

(1)

Operating expenses include salaries and employee benefits expenses, professional services expenses, and other net expenses. The target approved by the Compensation Committee was based on planned expenses as presented to the board in January 2010. When calculating actual results, the Compensation Committee excluded incremental and unplanned expenses (e.g., restructuring cost) of approximately $250 million. For 2010, actual operating expenses were approximately $11 billion.

(2) These payments were also subject to meeting capital adequacy requirements in 2011, which were met, resulting in no reduction in payments.

(3) IBO pre-tax income represents the sum of pre-tax income from continuing operations for the Europe, Middle East and Africa (EMEA) region, the Japan, Asia Pacific and Australia (JAPA) region and the Latin America, Caribbean and Canada (LACC) region set forth in the Geographic Operations note to the company s consolidated financial statements.

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COMPENSATION DISCUSSION AND ANALYSIS

Applying these payout percentages to the NEOs PG2010-11 grants resulted in the following individual PG payouts:

	($000 S)		
EXECUTIVE	**2010 PORTION OF PG2010-11**	**2011 PORTION OF PG2010-11**	**TOTAL PG2010-11 PAYOUT**
K.I. Chenault	$ 3,075	$ 3,075	$ 6,150*
E.P. Gilligan	$ 900	$ 900	$ 1,800
D.H. Schulman	$ 780	$ 780	$ 1,560
S.J. Squeri	$ 600	$ 600	$ 1,200
D.T. Henry	$ 660	$ 660	$ 1,320

* Mr. Chenault s payment was in the form of RSUs granted in January 2012 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.

OTHER POLICIES AND GUIDELINES

Award Timing

As has been the practice in the past, annual cycle LTIA awards were granted to NEOs in January, on the third trading day after the company publicly announced financial results for the fiscal year just ended. These annual cycle LTIA awards are approved by the Compensation Committee at a meeting on or prior to the grant date. 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 under these rules. In general, the company intends to structure its compensation arrangements in a manner that would comply with these tax rules. However, the Compensation Committee maintains the flexibility to pay non-deductible compensation if it determines it is in the best interest of the company and its shareholders.

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 590 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		
D.H. Schulman	75,000		
S.J. Squeri	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 and 2011 year-end AIA and PG payouts delivered in RSUs.

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

HEDGING POLICY

Our Code of Conduct prohibits our employees from using short sales or put and call transactions to hedge their ownership of company securities.

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 47 and under *Nonqualified Deferred Compensation* on pages 48 to 49.

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.

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 preapprove 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 last year 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 50 to 53.

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, 2011.

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	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
Chairman and Chief Executive Officer	2009	$ 1,201,923	$ 5,125,000	$ 0	$ 3,985,637	$ 5,325,000	$ 780,929	$ 980,079	$ 17,398,568
E.P. Gilligan	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
Vice Chairman	2009	$ 862,019	$ 4,000,000	$ 1,999,990	$ 2,648,690	$ 1,612,500	$ 228,200	$ 1,371,487	$ 12,722,885
D. H. Schulman	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
Group President Enterprise Growth									
S.J. Squeri									