AMERICAN EXPRESS CO
Form 10-Q
October 28, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 2014

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the Transition Period from ______ to ______

Commission file number 1-7657

AMERICAN EXPRESS COMPANY

(Exact name of registrant as specified in its charter)

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

Registrant s telephone number, including area code (212) 640-2000

None
Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes _X_ No ___

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

Large accelerated filer x	Accelerated filer ¨
Non-accelerated filer ¨ (Do not check if a smaller reporting company)	Smaller reporting company ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ___ No _X_

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Class	Outstanding at October 17, 2014
Common Shares (par value $0.20 per share)	1,034,676,513 shares

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AMERICAN EXPRESS COMPANY

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

Three Months Ended September 30 *(Millions, except per share amounts)*	2014	2013
Revenues		
Non-interest revenues		
Discount revenue	$ **4,915**	$ 4,659
Net card fees	**680**	658
Travel commissions and fees	**104**	490
Other commissions and fees	**642**	610
Other	**593**	601
Total non-interest revenues	**6,934**	7,018
Interest income		
Interest on loans	**1,753**	1,698
Interest and dividends on investment securities	**45**	48
Deposits with banks and other	**17**	21
Total interest income	**1,815**	1,767
Interest expense		
Deposits	**91**	111
Long-term debt and other	**329**	373
Total interest expense	**420**	484
Net interest income	**1,395**	1,283
Total revenues net of interest expense	**8,329**	8,301
Provisions for losses		
Charge card	**196**	159
Card Member loans	**265**	248
Other	**27**	12
Total provisions for losses	**488**	419
Total revenues net of interest expense after provisions for losses	**7,841**	7,882
Expenses		
Marketing, promotion, rewards and Card Member services	**2,709**	2,643
Salaries and employee benefits	**1,290**	1,544

Other, net		**1,596**		1,691
Total expenses		**5,595**		5,878
Pretax income		**2,246**		2,004
Income tax provision		**769**		638
Net income	**$**	**1,477**	$	1,366
Earnings per Common Share (Note 13): [(a)]				
Basic	**$**	**1.41**	$	1.26
Diluted	**$**	**1.40**	$	1.25
Average common shares outstanding for earnings per common share:				
Basic		**1,041**		1,074
Diluted		**1,047**		1,081
Cash dividends declared per common share	**$**	**0.26**	$	0.23

(a) Represents net income less earnings allocated to participating share awards of $11 million and $12 million for the three months ended September 30, 2014 and 2013, respectively.

See Notes to Consolidated Financial Statements.

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AMERICAN EXPRESS COMPANY

CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

Nine Months Ended September 30 *(Millions, except per share amounts)*	**2014**	2013
Revenues		
Non-interest revenues		
Discount revenue	**$ 14,506**	$ 13,826
Net card fees	**2,041**	1,958
Travel commissions and fees	**1,027**	1,422
Other commissions and fees	**1,884**	1,788
Other	**1,679**	1,705
Total non-interest revenues	**21,137**	20,699
Interest income		
Interest on loans	**5,160**	5,003
Interest and dividends on investment securities	**136**	153
Deposits with banks and other	**54**	67
Total interest income	**5,350**	5,223
Interest expense		
Deposits	**276**	332
Long-term debt and other	**1,026**	1,163
Total interest expense	**1,302**	1,495
Net interest income	**4,048**	3,728
Total revenues net of interest expense	**25,185**	24,427
Provisions for losses		
Charge card	**594**	474
Card Member loans	**797**	825
Other	**71**	54
Total provisions for losses	**1,462**	1,353
Total revenues net of interest expense after provisions for losses	**23,723**	23,074
Expenses		
Marketing, promotion, rewards and Card Member services	**8,076**	7,553
Salaries and employee benefits	**4,488**	4,702
Other, net	**4,393**	4,911
Total expenses	**16,957**	17,166

Pretax income		**6,766**		5,908
Income tax provision		**2,328**		1,857
Net income	**$**	**4,438**	$	4,051
Earnings per Common Share (Note 13): [(a)]				
Basic	**$**	**4.19**	$	3.69
Diluted	**$**	**4.17**	$	3.67
Average common shares outstanding for earnings per common share:				
Basic		**1,051**		1,087
Diluted		**1,057**		1,094
Cash dividends declared per common share	**$**	**0.75**	$	0.66

(a) Represents net income less earnings allocated to participating share awards of $35 million and $36 million for the nine months ended September 30, 2014 and 2013, respectively.

See Notes to Consolidated Financial Statements.

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AMERICAN EXPRESS COMPANY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Millions)	**2014**	2013	**2014**	2013
Net income	**$ 1,477**	$ 1,366	**$ 4,438**	$ 4,051
Other comprehensive (loss) income:				
Net unrealized securities (losses) gains, net of tax of: 2014, $(5) and $19; 2013, $(30) and $(120)	**(11)**	(48)	**31**	(210)
Foreign currency translation adjustments, net of tax of: 2014, $119 and $41; 2013, $(48) and $83	**(167)**	11	**(195)**	(262)
Net unrealized pension and other postretirement benefit gains, net of tax of: 2014, $9 and $29; 2013, $6 and $37	**7**	6	**48**	60
Other comprehensive (loss) income	**(171)**	(31)	**(116)**	(412)
Comprehensive income	**$ 1,306**	$ 1,335	**$ 4,322**	$ 3,639

See Notes to Consolidated Financial Statements.

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AMERICAN EXPRESS COMPANY

CONSOLIDATED BALANCE SHEETS

(Unaudited)

(Millions, except per share data)		**September 30, 2014**		December 31, 2013
Assets				
Cash and cash equivalents				
Cash and due from banks	**$**	**2,300**	$	2,212
Interest-bearing deposits in other banks (includes securities purchased under resale agreements: 2014, $232; 2013, $143)		**18,772**		16,776
Short-term investment securities		**192**		498
Total cash and cash equivalents		**21,264**		19,486
Accounts receivable				
Card Member receivables (includes gross receivables available to settle obligations of consolidated variable interest entities: 2014, $6,253; 2013, $7,329), less reserves: 2014, $432; 2013, $386		**44,685**		43,777
Other receivables, less reserves: 2014, $44; 2013, $71		**2,631**		3,408
Loans				
Card Member loans (includes gross loans available to settle obligations of a consolidated variable interest entity: 2014, $28,310; 2013, $31,245), less reserves: 2014, $1,146; 2013, $1,261		**64,911**		65,977
Other loans, less reserves: 2014, $11; 2013, $13		**855**		608
Investment securities		**4,750**		5,016
Premises and equipment, less accumulated depreciation and amortization: 2014, $6,327; 2013, $5,978		**3,921**		3,875
Other assets (includes restricted cash of consolidated variable interest entities: 2014, $44; 2013, $58)		**10,845**		11,228
Total assets	**$**	**153,862**	$	153,375
Liabilities and Shareholders Equity				
Liabilities				
Customer deposits	**$**	**42,703**	$	41,763
Travelers Cheques and other prepaid products		**3,539**		4,240
Accounts payable		**11,510**		10,615
Short-term borrowings (includes debt issued by consolidated variable interest entities: 2014, nil; 2013, $2,000)		**3,382**		5,021
Long-term debt (includes debt issued by consolidated variable interest entities: 2014, $15,501; 2013, $18,690)		**55,712**		55,330
Other liabilities		**16,800**		16,910
Total liabilities		**133,646**		133,879
Contingencies (Note 15)				
Shareholders Equity				
Common shares, $0.20 par value, authorized 3.6 billion shares; issued and outstanding 1,035 million shares as of September 30, 2014 and 1,064 million shares as of December 31, 2013		**207**		213
Additional paid-in capital		**12,216**		12,202
Retained earnings		**9,335**		8,507

Accumulated other comprehensive income (loss)		
Net unrealized securities gains, net of tax of: 2014, $52; 2013, $33	**94**	63
Foreign currency translation adjustments, net of tax of: 2014, $(485); 2013, $(526)	**(1,285)**	(1,090)
Net unrealized pension and other postretirement benefit losses, net of tax of: 2014, $(148); 2013, $(177)	**(351)**	(399)
Total accumulated other comprehensive loss	**(1,542)**	(1,426)
Total shareholders equity	**20,216**	19,496
Total liabilities and shareholders equity	**$ 153,862**	$ 153,375

See Notes to Consolidated Financial Statements.

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AMERICAN EXPRESS COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

Nine Months Ended September 30 *(Millions)*	**2014**	2013
Cash Flows from Operating Activities		
Net income	**$ 4,438**	$ 4,051
Adjustments to reconcile net income to net cash provided by operating activities:		
Provisions for losses	**1,462**	1,353
Depreciation and amortization	**764**	763
Deferred taxes and other	**(497)**	(111)
Stock-based compensation	**210**	275
Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:		
Other receivables	**275**	(38)
Other assets	**850**	1,432
Accounts payable and other liabilities	**1,793**	981
Travelers Cheques and other prepaid products	**(709)**	(503)
Net cash provided by operating activities	**8,586**	8,203
Cash Flows from Investing Activities		
Sale of investments	**122**	175
Maturity and redemption of investments	**966**	856
Purchase of investments	**(825)**	(873)
Net (increase) in Card Member loans/receivables	**(2,349)**	(791)
Purchase of premises and equipment, net of sales: 2014, $3; 2013, $74	**(854)**	(635)
Acquisitions/dispositions, net of cash acquired	**(130)**	(170)
Net increase (decrease) in restricted cash	**90**	(29)
Net cash used in investing activities	**(2,980)**	(1,467)
Cash Flows from Financing Activities		
Net increase in customer deposits	**917**	2,303
Net (decrease) increase in short-term borrowings	**(1,595)**	51
Issuance of long-term debt	**11,329**	7,887
Principal payments on long-term debt	**(10,659)**	(13,492)
Issuance of American Express common shares	**251**	552
Repurchase of American Express common shares	**(3,205)**	(3,200)
Dividends paid	**(770)**	(693)
Net cash used in financing activities	**(3,732)**	(6,592)
Effect of exchange rate changes on cash and cash equivalents	**(96)**	(108)
Net increase in cash and cash equivalents	**1,778**	36
Cash and cash equivalents at beginning of period	**19,486**	22,250
Cash and cash equivalents at end of period	**$ 21,264**	$ 22,286

On June 30, 2014, the Company completed a transaction to establish a non-consolidated joint venture comprising the former Global Business Travel operations of the Company. This non-cash transaction is further described within Note 2 to the Consolidated Financial Statements.

See Notes to Consolidated Financial Statements

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AMERICAN EXPRESS COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Basis of Presentation

The Company

American Express Company (the Company) is a global services company that provides customers with access to products, insights and experiences that enrich lives and build business success. The Company s principal products and services are charge and credit payment card products and travel-related services offered to consumers and businesses around the world. Effective July 1, 2014, business travel-related services are offered through the non-consolidated joint venture, American Express Global Business Travel (GBT JV). Prior to July 1, 2014, the business travel operations were previously wholly owned. The Company also focuses on generating alternative sources of revenue on a global basis in areas such as online and mobile payments and fee-based services. The Company s various products and services are sold globally to diverse customer groups, including consumers, small businesses, mid-sized companies and large corporations. These products and services are sold through various channels, including direct mail, online applications, targeted direct and third-party sales forces and direct response advertising.

The accompanying Consolidated Financial Statements should be read in conjunction with the financial statements incorporated by reference in the Company s Annual Report on Form 10-K for the year ended December 31, 2013 (the Annual Report).

The interim consolidated financial information in this report has not been audited. In the opinion of management, all adjustments, which consist of normal recurring adjustments necessary for a fair statement of the interim period consolidated financial information, have been made. Results of operations reported for interim periods are not necessarily indicative of results for the entire year.

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expense, and the disclosures of contingent assets and liabilities. These accounting estimates reflect the best judgment of management, but actual results could differ.

Certain reclassifications of prior period amounts have been made to conform to the current period presentation. These reclassifications did not have a material impact on the Company s financial position, results of operations or cash flows.

Recently Issued Accounting Standards

Accounting Standards Update No. 2014-09, Revenue Recognition (Topic 606): Revenue from Contracts with Customers was issued on May 28, 2014. The guidance establishes the principles to apply to determine the amount and timing of revenue recognition, specifying the accounting for certain costs related to revenue, and requiring additional disclosures about the nature, amount, timing and uncertainty of revenues and related cash flows. The guidance supersedes most of the current revenue recognition requirements, and will be effective January 1, 2017. The Company is currently evaluating the impact this guidance, including the method of implementation, will have on its financial position, results of operations and cash flows, among other items.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

2. Divestitures

On June 30, 2014, the Company completed a transaction to establish a non-consolidated joint venture, GBT JV, comprising the former Global Business Travel (GBT) operations of the Company, historically reported within the Global Commercial Services (GCS) segment, and an external cash investment. The Company has retained a 50 percent ownership interest in the GBT JV with an estimated fair value of that interest of approximately $900 million, which is accounted for as an equity method investment effective June 30, 2014, and reported in Other assets within the Consolidated Balance Sheets. In exchange for the cash contribution of $900 million paid into the GBT JV, an unrelated investor group holds the remaining 50 percent ownership interest. The investor group s cash contribution provides the primary basis for the Company s determination of the estimated fair value of its 50 percent ownership interest.

As a result of the transaction, the Company deconsolidated the GBT net assets and recognized a net gain of $626 million ($409 million after tax), which was reported as a reduction to other expense for the quarter ended June 30, 2014. Prior to the deconsolidation, the carrying amount of GBT s assets and liabilities were not material to the Company s financial position.

The GBT JV operates under the American Express Global Business Travel brand, pursuant to a trademark license agreement provided by the Company. The Company has also entered into a transition services agreement and certain other operating agreements with the GBT JV, pursuant to which the Company and the GBT JV provide one another with certain services and that result in related-party receivables and payables. There was no material impact to the Company during the current quarter related to the GBT JV s results of operations or the related agreements.

3. Accounts Receivable and Loans

The Company s charge and lending payment card products result in the generation of Card Member receivables and Card Member loans, respectively. For information on the Company s accounts receivable and loans and the related accounting policies, refer to Note 4 on pages 72 76 of the Annual Report.

Accounts receivable by segment as of September 30, 2014 and December 31, 2013 consisted of:

(Millions)		**2014**		2013
U.S. Card Services [(a)]	**$**	**21,253**	$	21,842
International Card Services		**7,273**		7,771
Global Commercial Services [(b)]		**16,440**		14,391
Global Network & Merchant Services [(c)]		**151**		159
Card Member receivables [(d)]		**45,117**		44,163
Less: Reserve for losses		**432**		386
Card Member receivables, net	**$**	**44,685**	$	43,777
Other receivables, net [(e)]	**$**	**2,631**	$	3,408

(a) Includes $6.3 billion and $7.3 billion of gross Card Member receivables available to settle obligations of a consolidated variable interest entity (VIE) as of September 30, 2014 and December 31, 2013, respectively.

(b) Includes $672 million and $836 million due from airlines, of which Delta Air Lines (Delta) comprises $642 million and $628 million as of September 30, 2014 and December 31, 2013, respectively.

(c) Includes receivables primarily related to the Company s International Currency Card portfolios.

(d) Includes approximately $13.5 billion and $13.8 billion of Card Member receivables outside the U.S. as of September 30, 2014 and December 31, 2013, respectively.

(e) Other receivables primarily represent amounts related to (i) certain merchants for billed discount revenue and (ii) Global Network Services (GNS) partner banks for items such as royalty and franchise fees. Additionally, for 2013 only, the balance also included purchased GNS joint venture receivables. Other receivables are presented net of reserves for losses of $44 million and $71 million as of September 30, 2014 and December 31, 2013, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Loans as of September 30, 2014 and December 31, 2013 consisted of:

(Millions)		**2014**		2013
U.S. Card Services [(a)]	**$**	**58,012**	$	58,395
International Card Services		**7,999**		8,790
Global Commercial Services		**46**		53
Card Member loans		**66,057**		67,238
Less: Reserve for losses		**1,146**		1,261
Card Member loans, net	**$**	**64,911**	$	65,977
Other loans, net [(b)]	**$**	**855**	$	608

(a) Includes approximately $28.3 billion and $31.2 billion of gross Card Member loans available to settle obligations of a consolidated VIE as of September 30, 2014 and December 31, 2013, respectively.

(b) Other loans primarily represent loans to merchants and a store card loan portfolio. Other loans are presented net of reserves for losses of $11 million and $13 million as of September 30, 2014 and December 31, 2013, respectively.

Card Member Loans and Card Member Receivables Aging

Generally, a Card Member account is considered past due if payment is not received within 30 days after the billing statement date. The following table presents the aging of Card Member loans and receivables as of September 30, 2014 and December 31, 2013:

2014 *(Millions)*		Current		30-59 Days Past Due		60-89 Days Past Due		90+ Days Past Due		Total
Card Member Loans:										
U.S. Card Services	**$**	**57,447**	**$**	**175**	**$**	**121**	**$**	**269**	**$**	**58,012**
International Card Services		**7,869**		**41**		**29**		**60**		**7,999**
Card Member Receivables:										
U.S. Card Services	**$**	**20,907**	**$**	**125**	**$**	**74**	**$**	**147**	**$**	**21,253**

International Card Services [a]		**7,174**		**30**		**22**		**47**	**7,273**
Global Commercial Services		**(b)**		**(b)**		**(b)**		**125**	**16,440**

2013 *(Millions)*		Current		30-59 Days Past Due		60-89 Days Past Due		90+ Days Past Due		Total
Card Member Loans:										
U.S. Card Services	$	57,772	$	183	$	134	$	306	$	58,395
International Card Services		8,664		43		28		55		8,790
Card Member Receivables:										
U.S. Card Services	$	21,488	$	125	$	69	$	160	$	21,842
International Card Services		(b)		(b)		(b)		83		7,771
Global Commercial Services		(b)		(b)		(b)		132		14,391

(a) Beginning in first quarter 2014, as a result of system enhancements, delinquency data is now available and presented on a prospective basis for the indicated aging categories. Comparable data for prior periods is not available. For risk management purposes, the Company has historically utilized 90 days past billing for the International Card Services (ICS) segment, as described below in (b).

(b) Delinquency data for periods other than 90 days past billing is not available due to system constraints. Therefore, such data has not been utilized for risk management purposes. The balances that are current to 89 days past due can be derived as the difference between the Total and the 90+ Days Past Due balances. For Card Member receivables in GCS as of September 30, 2014 and ICS and GCS as of December 31, 2013, delinquency data is tracked based on days past billing status rather than days past due. A Card Member account is considered 90 days past billing if payment has not been received within 90 days of the Card Member s billing statement date. In addition, if the Company initiates collection procedures on an account prior to the account becoming 90 days past billing, the associated Card Member receivable balance is classified as 90 days past billing. These amounts are shown above as 90+ Days Past Due for presentation purposes.

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AMERICAN EXPRESS COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

Credit Quality Indicators for Card Member Loans and Receivables

The following tables present the key credit quality indicators as of or for the nine months ended September 30:

	2014			2013		
	Net Write-Off Rate			Net Write-Off Rate		
	Principal Only [(a)]	Principal, Interest, & Fees [(a)]	30 Days Past Due as a % of Total	Principal Only [(a)]	Principal, Interest, & Fees [(a)]	30 Days Past Due as a % of Total
Card Member Loans:						
U.S. Card Services	**1.6%**	**1.8%**	**1.0%**	1.9%	2.1%	1.1%
International Card Services [(b)]	**2.0%**	**2.4%**	**1.6%**	1.9%	2.3%	1.5%
Card Member Receivables:						
U.S. Card Services	**1.7%**	**1.9%**	**1.6%**	1.8%	1.9%	1.7%
International Card Services [(b)]	**2.0%**	**2.1%**	**1.4%**	(c)	(c)	(c)

	2014		2013	
	Net Loss Ratio as a % of Charge Volume	90 Days Past Billing as a % of Receivables	Net Loss Ratio as a % of Charge Volume	90 Days Past Billing as a % of Receivables
Card Member Receivables:				
International Card Services	**(c)**	**(c)**	0.20%	1.1%
Global Commercial Services	**0.09%**	**0.8%**	0.07%	0.8%

(a) The Company presents a net write-off rate based on principal losses only (i.e., excluding interest and/or fees) to be consistent with industry convention. In addition, because the Company considers uncollectible interest and/or fees in estimating its reserves for credit losses, a net write-off rate including principal, interest and/or fees is also presented.

(b) Beginning in 2014, write-offs for certain installment loan products have been reclassified from Card Member receivables to Card Member loans. Prior period write-offs have not been reclassified.

(c) Historically, net loss ratio as a % of charge volume and 90 days past billings as a % of receivables were presented. Beginning in first quarter 2014, as a result of system enhancements, 30 days past due as a % of total, Net write-off rate (principal only) and Net write-off rate (principal and fees) have been presented.

Refer to Note 5 on pages 77 78 of the Annual Report for additional indicators, including external environmental qualitative factors, management considers in its evaluation process for reserves for losses.

Impaired Card Member Loans and Receivables

Impaired loans and receivables are individual larger balance or homogeneous pools of smaller balance loans and receivables for which it is probable that the Company will be unable to collect all amounts due according to the original contractual terms of the Card Member agreement. For information on impaired Card Member loans and receivables and the related accounting policies, refer to Note 4 on pages 74 76 of the Annual Report.

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AMERICAN EXPRESS COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

The following table provides additional information with respect to the Company s impaired Card Member loans, which are not significant for GCS, and Card Member receivables, which are not significant for ICS and GCS, as of September 30, 2014 and December 31, 2013:

2014 *(Millions)*	Loans over 90 Days Past Due & Accruing Interest [(a)]	Non-Accrual Loans [(b)]	Loans & Receivables Modified as a TDR [(c)]	Total Impaired Loans & Receivables	Unpaid Principal Balance [(d)]	Allowance for TDRs [(e)]
Card Member Loans:						
U.S. Card Services	**$ 160**	**$ 188**	**$ 309**	**$ 657**	**$ 594**	**$ 70**
International Card Services	**60**			**60**	**59**	
Card Member Receivables:						
U.S. Card Services			**44**	**44**	**43**	**32**
Total	**$ 220**	**$ 188**	**$ 353**	**$ 761**	**$ 696**	**$ 102**

2013 *(Millions)*	Loans over 90 Days Past Due & Accruing Interest [(a)]	Non-Accrual Loans [(b)]	Loans & Receivables Modified as a TDR [(c)]	Total Impaired Loans & Receivables	Unpaid Principal Balance [(d)]	Allowance for TDRs [(e)]
Card Member Loans:						
U.S. Card Services	$ 170	$ 244	$ 373	$ 787	$ 731	$ 84
International Card Services	54	4	5	63	62	
Card Member Receivables:						
U.S. Card Services			50	50	49	38
Total	$ 224	$ 248	$ 428	$ 900	$ 842	$ 122

(a) The Company s policy is generally to accrue interest through the date of write-off (i.e., at 180 days past due). The Company establishes reserves for interest that the Company believes will not be collected. Amounts presented exclude loans modified as a troubled debt restructuring (TDR).

(b) Non-accrual loans not in modification programs include certain Card Member loans placed with outside collection agencies for which the Company has ceased accruing interest.

(c) Total loans and receivables modified as a TDR includes $87 million and $92 million that are non-accrual and $20 million and $26 million that are past due 90 days and still accruing interest as of September 30, 2014 and December 31, 2013, respectively.

(d) Unpaid principal balance consists of Card Member charges billed and excludes other amounts charged directly by the Company such as interest and fees.

(e) Represents the reserve for losses for TDRs, which are evaluated individually for impairment. The Company records a reserve for losses for all impaired loans. Refer to Card Member Loans Evaluated Individually and Collectively for Impairment in Note 4 for further information regarding the reserve for losses on loans over 90 days past due and accruing interest and non-accrual loans, which are evaluated collectively for impairment.

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The following table provides information with respect to the Company s interest income recognized and average balances of impaired Card Member loans, which are not significant for GCS, and Card Member receivables, which are not significant for ICS and GCS, for the three and nine months ended September 30:

2014 *(Millions)*	Three Months Ended September 30, 2014 Interest Income Recognized	Three Months Ended September 30, 2014 Average Balance	Nine Months Ended September 30, 2014 Interest Income Recognized	Nine Months Ended September 30, 2014 Average Balance
Card Member Loans:				
U.S. Card Services	**$ 12**	**$ 675**	**$ 37**	**$ 734**
International Card Services	**4**	**63**	**12**	**63**
Card Member Receivables:				
U.S. Card Services		**44**		**47**
Total	**$ 16**	**$ 782**	**$ 49**	**$ 844**

2013 *(Millions)*	Three Months Ended September 30, 2013 Interest Income Recognized	Three Months Ended September 30, 2013 Average Balance	Nine Months Ended September 30, 2013 Interest Income Recognized	Nine Months Ended September 30, 2013 Average Balance
Card Member Loans:				
U.S. Card Services	$ 11	$ 859	$ 34	$ 982
International Card Services	4	66	12	68
Card Member Receivables:				
U.S. Card Services		62		89
Total	$ 15	$ 987	$ 46	$ 1,139

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Card Member Loans and Receivables Modified as TDRs

The following table provides additional information with respect to the U.S. Card Services (USCS) Card Member loans and receivables modified as TDRs for the three and nine months ended September 30. The ICS and GCS Card Member loans and receivables modifications were not significant. For information on TDRs and the related accounting policies, refer to Note 4 on pages 74 76 of the Annual Report.

	Three Months Ended September 30, 2014				Nine Months Ended September 30, 2014			
	Number of Accounts (in thousands)	Outstanding Balances [(a)(b)] ($ in millions)	Average Interest Rate Reduction (% Points)	Average Payment Term Extension (# of Months)	Number of Accounts (in thousands)	Outstanding Balances [(a)(b)] ($ in millions)	Average Interest Rate Reduction (% Points)	Average Payment Term Extension (# of Months)
Troubled Debt Restructurings:								
Card Member Loans	**11**	**$ 83**	**9**	**(c)**	**35**	**$ 261**	**11**	**(c)**
Card Member Receivables	**4**	**41**	**(c)**	**12**	**11**	**129**	**(c)**	**12**
Total	**15**	**$ 124**			**46**	**$ 390**		

	Three Months Ended September 30, 2013				Nine Months Ended September 30, 2013			
	Number of Accounts (in thousands)	Outstanding Balances [(a)(b)] ($ in millions)	Average Interest Rate Reduction (% Points)	Average Payment Term Extension (# of Months)	Number of Accounts (in thousands)	Outstanding Balances [(a)(b)] ($ in millions)	Average Interest Rate Reduction (% Points)	Average Payment Term Extension (# of Months)
Troubled Debt Restructurings:								
Card Member Loans	12	$ 91	10	(c)	47	$ 357	11	(c)
Card Member Receivables	4	49	(c)	12	16	204	(c)	12
Total	16	$ 140			63	$ 561		

(a) Represents the outstanding balance immediately prior to modification. Modifications did not reduce the aggregate principal balances except for the nine months ended September 30, 2013, where aggregate principal balances were reduced by $4 million.

(b) The outstanding balance includes principal, fees and accrued interest on Card Member loans and principal and fees on Card Member receivables.

(c) For Card Member loans, there have been no payment term extensions. The Company does not offer interest rate reduction programs for Card Member receivables as the receivables are non-interest bearing.

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The following table provides information for the three and nine months ended September 30, 2014 and 2013, with respect to the USCS Card Member loans and receivables modified as TDRs that subsequently defaulted within 12 months of modification. A Card Member is considered to have been in default from a modification program after one and up to two consecutive missed payments, depending on the terms of the modification program. For all Card Members that defaulted from a modification program, the probability of default is factored into the reserves for Card Member loans and receivables. The defaulted ICS Card Member loan and receivable modifications were not significant.

	Three Months Ended September 30, 2014		Nine Months Ended September 30, 2014	
(Accounts in thousands, Dollars in millions)	Number of Accounts	Aggregated Outstanding Balances Upon Default [(a)]	Number of Accounts	Aggregated Outstanding Balances Upon Default [(a)]
Troubled Debt Restructurings That Subsequently Defaulted:				
Card Member Loans	**2**	**$ 20**	**6**	**$ 60**
Card Member Receivables	**1**	**9**	**2**	**27**
Total	**3**	**$ 29**	**8**	**$ 87**

	Three Months Ended September 30, 2013		Nine Months Ended September 30, 2013	
(Accounts in thousands, Dollars in millions)	Number of Accounts	Aggregated Outstanding Balances Upon Default [(a)]	Number of Accounts	Aggregated Outstanding Balances Upon Default [(a)]
Troubled Debt Restructurings That Subsequently Defaulted:				
Card Member Loans	4	$ 37	15	$ 138
Card Member Receivables	1	8	3	33

Total	5	$	45	18	$ 171

(a) The outstanding balance includes principal, fees and accrued interest on Card Member loans and principal and fees on Card Member receivables.

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4. Reserves for Losses

Reserves for losses relating to Card Member loans and receivables represent management s best estimate of the probable losses inherent in the Company s outstanding portfolio of loans and receivables, as of the balance sheet date. Management s evaluation process requires certain estimates and judgments. For information on the Company s reserves for losses and the related accounting policies, refer to Note 5 on pages 77 78 of the Annual Report.

Changes in Card Member Receivables Reserve for Losses

The following table presents changes in the Card Member receivables reserve for losses for the nine months ended September 30:

(Millions)		**2014**		2013
Balance, January 1	**$**	**386**	$	428
Provisions [(a)]		**594**		474
Net write-offs [(b)]		**(527)**		(507)
Other [(c)]		**(21)**		1
Balance, September 30	**$**	**432**	$	396

(a) Provisions for principal (resulting from authorized transactions) and fee reserve components.

(b) Consists of principal (resulting from authorized transactions) and fee components, less recoveries of $269 million and $304 million, including net write-offs from TDRs of $14 million and $16 million, for the nine months ended September 30, 2014 and 2013, respectively.

(c) Beginning in first quarter 2014, reserves for card related fraud losses of $(7) million are reflected in other liabilities. All periods include foreign currency translation adjustments of $(6) million and $(3) million for the nine months ended September 30, 2014 and 2013, respectively, and other items of $(8) million and $4 million for the nine months ended September 30, 2014 and 2013, respectively.

Card Member Receivables Evaluated Individually and Collectively for Impairment

The following table presents Card Member receivables evaluated individually and collectively for impairment and related reserves as of September 30, 2014 and December 31, 2013:

(Millions)		**2014**		2013
Card Member receivables evaluated individually for impairment [(a)]	**$**	**44**	$	50
Related reserves [(a)]	**$**	**32**	$	38
Card Member receivables evaluated collectively for impairment	**$**	**45,073**	$	44,113
Related reserves [(b)]	**$**	**400**	$	348

(a) Represents receivables modified in a TDR and related reserves. Refer to the Impaired Card Member Loans and Receivables discussion in Note 4 on pages 74 76 of the Annual Report for further information.

(b) The reserves include the quantitative results of analytical models that are specific to individual pools of receivables and reserves for internal and external qualitative risk factors that apply to receivables that are collectively evaluated for impairment.

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Changes in Card Member Loans Reserve for Losses

The following table presents changes in the Card Member loans reserve for losses for the nine months ended September 30:

(Millions)		**2014**		2013
Balance, January 1	**$**	**1,261**	$	1,471
Provisions [(a)]		**797**		825
Net write-offs				
Principal [(b)]		**(786)**		(888)
Interest and fees [(b)]		**(124)**		(113)
Other [(c)]		**(2)**		(14)
Balance, September 30	**$**	**1,146**	$	1,281

(a) Provisions for principal (resulting from authorized transactions), interest and fee reserves components.

(b) Consists of principal write-offs (resulting from authorized transactions), less recoveries of $324 million and $343 million, including net write-offs from TDRs of $(5) million and $6 million, for the nine months ended September 30, 2014 and 2013, respectively. Recoveries of interest and fees were de minimis.

(c) Beginning in first quarter 2014, reserves for card related fraud losses of $(6) million are reflected in other liabilities. All periods include foreign currency translation adjustments of $(7) million and $(8) million for the nine months ended September 30, 2014 and 2013, respectively, and other items of $11 million and $(6) million for the nine months ended September 30, 2014 and 2013, respectively.

Card Member Loans Evaluated Individually and Collectively for Impairment

The following table presents Card Member loans evaluated individually and collectively for impairment and related reserves as of September 30, 2014 and December 31, 2013:

(Millions)		**2014**		2013
Card Member loans evaluated individually for impairment [(a)]	**$**	**309**	$	378
Related reserves [(a)]	**$**	**70**	$	84

Card Member loans evaluated collectively for impairment [(b)]	**$**	**65,748**	$	66,860
Related reserves [(b)]	**$**	**1,076**	$	1,177

(a) Represents loans modified in a TDR and related reserves. Refer to the Impaired Card Member Loans and Receivables discussion in Note 4 on pages 74 76 of the Annual Report for further information.

(b) Represents current loans and loans less than 90 days past due, loans over 90 days past due and accruing interest, and non-accrual loans. The reserves include the quantitative results of analytical models that are specific to individual pools of loans and reserves for internal and external qualitative risk factors that apply to loans that are collectively evaluated for impairment.

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5. Investment Securities

Investment securities include debt and equity securities that the Company s classifies as available for sale. The Company s investment securities, principally debt securities, are carried at fair value on the Consolidated Balance Sheets with unrealized gains (losses) recorded in Accumulated Other Comprehensive Income (AOCI), net of income taxes. Realized gains and losses are recognized in results of operations upon disposition of the securities using the specific identification method on a trade date basis. For information on the Company s methodology for determining the fair value of investment securities and related accounting policies, refer to Note 3 on pages 68 71 of the Annual Report.

The following is a summary of investment securities as of September 30, 2014 and December 31, 2013:

	2014				2013			
Description of Securities *(Millions)*	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
State and municipal obligations	**$ 3,628**	**$ 130**	**$ (3)**	**$ 3,755**	$ 4,060	$ 54	$ (79)	$ 4,035
U.S. Government agency obligations	**3**			**3**	3			3
U.S. Government treasury obligations	**346**	**4**	**(1)**	**349**	318	3	(1)	320
Corporate debt securities	**39**	**3**		**42**	43	3		46
Mortgage-backed securities (a)	**137**	**7**		**144**	160	5	(1)	164
Equity securities (b)		**1**		**1**	29	95		124
Foreign government bonds and obligations	**399**	**8**		**407**	272	5	(1)	276
Other (c)	**50**		**(1)**	**49**	50		(2)	48
Total	**$ 4,602**	**$ 153**	**$ (5)**	**$ 4,750**	$ 4,935	$ 165	$ (84)	$ 5,016

(a) Represents mortgage-backed securities guaranteed by Fannie Mae, Freddie Mac or Ginnie Mae.

(b) Primarily represents the Company s investment in the Industrial and Commercial Bank of China (ICBC) as of December 31, 2013.

(c) Other comprises investments in various mutual funds.

The following table provides information about the Company s investment securities with gross unrealized losses and the length of time that individual securities have been in a continuous unrealized loss position as of September 30, 2014 and December 31, 2013:

	2014				2013			
	Less than 12 months		12 months or more		Less than 12 months		12 months or more	
Description of Securities *(Millions)*	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses	Estimated Fair Value	Gross Unrealized Losses
State and municipal obligations	**$**	**$**	**$ 72**	**$ (3)**	$ 1,320	$ (63)	$ 106	$ (16)
Foreign government bonds and obligations					208	(1)		
U.S. Government treasury obligations	**127**	**(1)**			166	(1)		
Mortgage-backed securities					35	(1)		
Other			**32**	**(1)**	30	(1)	17	(1)
Total	**$ 127**	**$ (1)**	**$ 104**	**$ (4)**	$ 1,759	$ (67)	$ 123	$ (17)

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The following table summarizes the gross unrealized losses due to temporary impairments by ratio of fair value to amortized cost as of September 30, 2014 and December 31, 2013:

	Less than 12 months			12 months or more			Total		
Ratio of Fair Value to Amortized Cost *(Dollars in millions)*	Number of Securities	Estimated Fair Value	Gross Unrealized Losses	Number of Securities	Estimated Fair Value	Gross Unrealized Losses	Number of Securities	Estimated Fair Value	Gross Unrealized Losses
2014:									
90% 100%	**6**	**$ 127**	**$ (1)**	**17**	**$ 104**	**$ (4)**	**23**	**$ 231**	**$ (5)**
Total as of September 30, 2014	**6**	**$ 127**	**$ (1)**	**17**	**$ 104**	**$ (4)**	**23**	**$ 231**	**$(5)**
2013:									
90% 100%	228	$ 1,665	$ (53)	6	$ 24	$ (2)	234	$ 1,689	$ (55)
Less than 90%	13	94	(14)	5	99	(15)	18	193	(29)
Total as of December 31, 2013	241	$ 1,759	$ (67)	11	$ 123	$ (17)	252	$ 1,882	$ (84)

The gross unrealized losses are attributed to overall wider credit spreads for state and municipal securities, wider credit spreads for specific issuers, adverse changes in market benchmark interest rates, or a combination thereof, all as compared to those prevailing when the investment securities were acquired.

Overall, for the investment securities in gross unrealized loss positions (i) the Company does not currently intend to sell the investment securities, (ii) it is more likely than not that the Company will not be required to sell the investment securities before recovery of the unrealized losses, and (iii) the Company expects that the contractual principal and interest will be received on the investment securities. As a result, the Company recognized no other-than-temporary impairment during the periods presented.

Supplemental Information

Gross realized gains on the sales of investment securities, included in Other revenues for the three and nine months ended September 30, 2014 were $20 million and $100 million, respectively. Gross realized gains on the sale of investment securities, included in Other revenues for the three and nine months ended September 30, 2013 were, $37 million and $102 million, respectively. There were no realized losses for the three and nine months ended September 30, 2014 and 2013.

Contractual maturities of investment securities, excluding equity securities and other securities, as of September 30, 2014 were as follows:

(Millions)	Cost	Estimated Fair Value
Due within 1 year	$ **579**	$ **580**
Due after 1 year but within 5 years	**435**	**442**
Due after 5 years but within 10 years	**235**	**251**
Due after 10 years	**3,303**	**3,427**
Total	$ **4,552**	$ **4,700**

The expected payments on state and municipal obligations and mortgage-backed securities may not coincide with their contractual maturities because the issuers have the right to call or prepay certain obligations.

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6. Asset Securitizations

The Company periodically securitizes Card Member receivables and loans arising from its card business through the transfer of those assets to securitization trusts. The trusts then issue securities to third-party investors, collateralized by the transferred assets. For information on the Company s asset securitizations and related accounting policies, refer to Note 7 on page 80 of the Annual Report.

The following table provides information on the restricted cash held by the American Express Issuance Trust II (the Charge Trust) and the American Express Credit Account Master Trust (the Lending Trust) as of September 30, 2014 and December 31, 2013, included in Other assets on the Company s Consolidated Balance Sheets:

(Millions)	**2014**	2013
Charge Trust	**$ 1**	$ 2
Lending Trust	**43**	56
Total	**$ 44**	$ 58

These amounts relate to collections of Card Member receivables and loans to be used by the trusts to fund future expenses and obligations, including interest paid on investor securities, credit losses and upcoming debt maturities.

American Express Travel Related Services Company, Inc. (TRS), which is a consolidated subsidiary of the Company, is the primary beneficiary of both the trusts. Excluding its consolidated subsidiaries, TRS owns approximately $1.0 billion of subordinated securities issued by the Lending Trust as of September 30, 2014.

Under the respective terms of the Charge Trust and the Lending Trust agreements, the occurrence of certain triggering events associated with the performance of the assets of each trust could result in payment of trust expenses, establishment of reserve funds, or in a worst-case scenario, early amortization of investor securities. During the nine months ended September 30, 2014 and the year ended December 31, 2013, no such triggering events occurred.

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7. Customer Deposits

As of September 30, 2014 and December 31, 2013, customer deposits were categorized as interest bearing or non-interest bearing, as follows:

(Millions)		**2014**		2013
U.S.:				
Interest bearing	**$**	**41,883**	$	40,831
Non-interest bearing (includes Card Member credit balances of: 2014,$304; 2013,$340)		**336**		360
Non-U.S.:				
Interest bearing		**108**		121
Non-interest bearing (includes Card Member credit balances of: 2014,$361; 2013,$437)		**376**		451
Total customer deposits	**$**	**42,703**	$	41,763

Customer deposits by deposit type as of September 30, 2014 and December 31, 2013 were as follows:

(Millions)		**2014**		2013
U.S. retail deposits:				
Savings accounts Direct	**$**	**26,248**	$	24,550
Certificates of deposit:				
Direct		**355**		489
Third-party		**6,371**		6,929
Sweep accounts Third-party		**8,909**		8,863
Other retail deposits:				
Non-U.S. deposits and U.S. non-interest bearing deposits		**155**		155
Card Member credit balances U.S. and non-U.S.		**665**		777
Total customer deposits	**$**	**42,703**	$	41,763

The scheduled maturities of certificates of deposit as of September 30, 2014 were as follows:

(Millions)	U.S.	Non-U.S.	Total
2014	**$ 1,073**	**$ 3**	**$ 1,076**
2015	**1,259**	**4**	**1,263**
2016	**1,684**		**1,684**
2017	**937**		**937**
2018	**1,089**		**1,089**
After 5 years	**684**		**684**
Total	**$ 6,726**	**$ 7**	**$ 6,733**

As of September 30, 2014 and December 31, 2013, certificates of deposit in denominations of $250,000 or more, in the aggregate, were as follows:

(Millions)	**2014**	2013
U.S.	**$ 115**	$ 148
Non-U.S.	**2**	
Total	**$ 117**	$ 148

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8. Derivatives and Hedging Activities

The Company uses derivative financial instruments (derivatives) to manage exposures to various market risks. Derivatives derive their value from an underlying variable or multiple variables, including interest rate, foreign exchange, and equity index or price. These instruments enable end users to increase, reduce or alter exposure to various market risks and, for that reason, are an integral component of the Company s market risk management. The Company does not engage in derivatives for trading purposes. For information on the Company s derivative instruments and the related accounting policies, refer to Note 12 on pages 87 90 of the Annual Report.

In relation to the Company s credit risk, under the terms of the derivative agreements it has with its various counterparties, the Company is not required to either immediately settle any outstanding liability balances or post collateral upon the occurrence of a specified credit risk-related event. Based on the assessment of credit risk of the Company s derivative counterparties as of September 30, 2014 and December 31, 2013, the Company does not have derivative positions that warrant credit valuation adjustments.

The Company s derivatives are carried at fair value on the Consolidated Balance Sheets. Refer to Note 3 on pages 68 71 of the Annual Report for a description of the Company s methodology for determining the fair value of derivatives.

The following table summarizes the total fair value, excluding interest accruals, of derivative assets and liabilities as of September 30, 2014 and December 31, 2013:

	Other Assets Fair Value		Other Liabilities Fair Value	
(Millions)	**2014**	2013	**2014**	2013
Derivatives designated as hedging instruments:				
Interest rate contracts				
Fair value hedges	**$ 309**	$ 455	**$ 27**	$ 2
Total return contract				
Fair value hedge		8		
Foreign exchange contracts				
Net investment hedges	**384**	174	**57**	116
Total derivatives designated as hedging instruments	**693**	637	**84**	118
Derivatives not designated as hedging instruments:				
Foreign exchange contracts, including certain embedded derivatives [(a)]	**129**	64	**162**	95
Total derivatives, gross	**822**	701	**246**	213
Less: Cash collateral netting [(b)]	**(125)**	(336)	**(27)**	
Derivative asset and derivative liability netting [(c)]	**(126)**	(36)	**(126)**	(36)
Total derivatives, net [(d)]	**$ 571**	$ 329	**$ 93**	$ 177

(a) Includes foreign currency derivatives embedded in certain operating agreements.

(b) Represents the offsetting of derivative instruments and the right to reclaim cash collateral (a receivable) or the obligation to return cash collateral (a payable) arising from derivative instrument(s) executed with the same counterparty under an enforceable master netting arrangement. Additionally, the Company received noncash collateral from a counterparty in the form of security interest in U.S. Treasury securities with a fair value of $111 million and nil as of September 30, 2014 and December 31, 2013, respectively, none of which was sold or repledged. Such noncash collateral economically reduces the Company s risk exposure to $460 million as of September 30, 2014, but does not reduce the net exposure on the Company s Consolidated Balance Sheets. Additionally, the Company posted $97 million and $26 million as of September 30, 2014 and December 31, 2013, respectively, as initial margin on its centrally cleared interest rate swaps; such amounts are recorded within other receivables on the Company s Consolidated Balance Sheets and are not netted against the derivative balances.

(c) Represents the amount of netting of derivative assets and derivative liabilities executed with the same counterparty under an enforceable master netting arrangement.

(d) The Company has no individually significant derivative counterparties and therefore, no significant risk exposure to any single derivative counterparty. The total net derivative assets and derivative liabilities are presented within Other assets and Other liabilities on the Company s Consolidated Balance Sheets.

A majority of the Company s derivative assets and liabilities as of September 30, 2014 and December 31, 2013 are subject to master netting agreements with its derivative counterparties. In addition, the Company has no derivative amounts subject to enforceable master netting arrangements that are not offset on the Company s Consolidated Balance Sheets.

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Derivative Financial Instruments that Qualify for Hedge Accounting

Refer to Note 12 on pages 89 90 of the Annual Report for information on derivatives that qualify for hedge accounting.

Fair Value Hedges

Interest Rate Contracts

The Company is exposed to interest rate risk associated with its fixed-rate long-term debt. The Company uses interest rate swaps to economically convert certain fixed-rate debt obligations to floating-rate obligations at the time of issuance. As of September 30, 2014 and December 31, 2013, the Company hedged $18.2 billion and $14.7 billion, respectively, of its fixed-rate debt to floating-rate debt using interest rate swaps.

Total Return Contract

The Company hedged its exposure to changes in the fair value of its equity investment in ICBC in local currency. The Company used a total return contract (TRC) to transfer this exposure to its derivative counterparty. On July 18, 2014, the Company sold its remaining 34.3 million shares in ICBC and terminated the TRC. As of December 31, 2013, the fair value of the equity investment in ICBC was $122 million (180.7 million shares). Prior to termination, to the extent the hedge was effective, the gain or loss on the TRC offset the gain or loss on the investment in ICBC. Any difference between the changes in the fair value of the derivative and the hedged item resulted in hedge ineffectiveness and was recognized in Other expenses in the Consolidated Statements of Income.

The following table summarizes the impact on the Consolidated Statements of Income associated with the Company s hedges of its fixed-rate long-term debt and its investment in ICBC for the three and nine months ended September 30:

For the Three Months Ended September 30: *(Millions)*

	Gains (losses) recognized in income							
	Derivative contract			Hedged item			Net hedge ineffectiveness	
Derivative		Amount			Amount			
relationship	Income Statement Line Item	**2014**	2013	Income Statement Line Item	**2014**	2013	**2014**	2013
Interest rate contracts	Other expenses	**$ (109)**	$ (11)	Other expenses	**$ 112**	$ 5	**$ 3**	$ (6)
Total return contract	Other non-interest revenues		(21)	Other non-interest revenues		21		

For the Nine Months Ended September 30: *(Millions)*

	Gains (losses) recognized in income							
	Derivative contract			Hedged item			Net hedge	
Derivative relationship	Income Statement Line Item	Amount **2014**	2013	Income Statement Line Item	Amount **2014**	2013	ineffectiveness **2014**	2013
Interest rate contracts	Other expenses	**$ (170)**	$ (305)	Other expenses	**$ 176**	$ 295	**$ 6**	$ (10)
Total return contract	Other non-interest revenues	**11**	(10)	Other non-interest revenues	**(11)**	10		

The Company also recognized a net reduction in interest expense on long-term debt of $74 million and $76 million for the three months ended September 30, 2014 and 2013, respectively, and $217 million and $280 million for the nine months ended September 30, 2014 and 2013, respectively, primarily related to the net settlements (interest accruals) on the Company s interest rate derivatives designated as fair value hedges.

Net Investment Hedges

The effective portion of the gain or (loss) on net investment hedges, net of taxes, recorded in AOCI as part of the cumulative translation adjustment was $246 million and $(123) million for the three months ended September 30, 2014 and 2013, respectively, and was $113 million and $160 million for the nine months ended September 30, 2014 and 2013, respectively. Any ineffective portion of the gain or (loss) on net investment hedges is recognized in other expenses during the period of change. During the three months ended

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September 30, 2014 and 2013, the Company reclassified $(1) million and nil, respectively, and $9 million and nil for the nine months ended September 30, 2014 and 2013, respectively, from AOCI to earnings as a component of other expenses. No ineffectiveness associated with net investment hedges was reclassified from AOCI into income during the three and nine months ended September 30, 2014 and 2013.

Derivatives Not Designated as Hedges

For information on derivatives not designated as hedges, refer to Note 12 on page 90 of the Annual Report.

The following table summarizes the impact on pretax earnings of derivatives not designated as hedges, as reported on the Consolidated Statements of Income for the three and nine months ended September 30:

		Pretax gains			
		For the Three Months Ended September 30, Amount		For the Nine Months Ended September 30, Amount	
Description *(Millions)*	Income Statement Line Item	**2014**	2013	**2014**	2013
Interest rate contracts	Other expenses	**$**	$ 1	**$**	$ 1
Foreign exchange contracts [(a)]	Other expenses	**2**	25	**84**	108
	Cost of Card Member services			**4**	
Total		**$ 2**	$ 26	**$ 88**	$ 109

(a) Foreign exchange contracts include forwards and embedded foreign currency derivatives.

9. Fair Values

Financial Assets and Financial Liabilities Carried at Fair Value

For information about the Company s valuation techniques for financial assets and financial liabilities measured at fair value and the fair value hierarchy, refer to Note 3 on pages 68 70 of the Annual Report. Refer to Note 12 on pages 87 90 of the Annual Report for additional information about the fair value of the Company s derivative financial instruments.

The following table summarizes the Company s financial assets and financial liabilities measured at fair value on a recurring basis, categorized by GAAP s valuation hierarchy, as of September 30, 2014 and December 31, 2013:

	2014				2013			
(Millions)	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Assets:								
Investment securities: [a]								
Equity securities	**$ 1**	**$ 1**	**$**	**$**	$ 124	$ 124	$	$
Debt securities and other	**4,749**	**349**	**4,400**		4,892	320	4,572	
Derivatives [a]	**822**		**822**		701		701	
Total assets	**5,572**	**350**	**5,222**		5,717	444	5,273	
Liabilities:								
Derivatives [a]	**246**		**246**		213		213	
Total liabilities	**$ 246**	**$**	**$ 246**	**$**	$ 213	$	$ 213	$

(a) Refer to Note 5 for the fair values of investment securities and to Note 8 for the fair values of derivative assets and liabilities, on a further disaggregated basis.

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Financial Assets and Financial Liabilities Carried at Other Than Fair Value

For information about the valuation techniques used in the measurement of financial assets and financial liabilities carried at other than fair value, refer to Note 3 on pages 70 71 of the Annual Report.

The following table discloses the estimated fair value for the Company s financial assets and financial liabilities that are not required to be carried at fair value on a recurring basis, as of September 30, 2014 and December 31, 2013. The fair values of these financial instruments are estimates based upon the market conditions and perceived risks as of September 30, 2014 and December 31, 2013, and require management judgment. These figures may not be indicative of their future fair values. The fair value of the Company cannot be reliably estimated by aggregating the amounts presented.

	Carrying	**Corresponding Fair Value Amount**			
2014 *(Billions)*	**Value**	Total	Level 1	Level 2	Level 3
Financial Assets:					
Financial assets for which carrying values equal or approximate fair value					
Cash and cash equivalents	**$ 21**	**$ 21**	**$ 20**	**$ 1** [(a)]	**$**
Other financial assets [(b)]	**$ 48**	**$ 48**	**$**	**$ 48**	**$**
Financial assets carried at other than fair value					
Loans, net	**$ 66**	**$ 66** [(c)]	**$**	**$**	**$ 66**
Financial Liabilities:					
Financial liabilities for which carrying values equal or approximate fair value	**$ 60**	**$ 60**	**$**	**$ 60**	**$**
Financial liabilities carried at other than fair value					
Certificates of deposit [(d)]	**$ 7**	**$ 7**	**$**	**$ 7**	**$**
Long-term debt	**$ 56**	**$ 58** [(c)]	**$**	**$ 58**	**$**

	Carrying	Corresponding Fair Value Amount			
2013 *(Billions)*	Value	Total	Level 1	Level 2	Level 3
Financial Assets:					
Financial assets for which carrying values equal or approximate fair value					
Cash and cash equivalents	$ 19	$ 19	$ 17	$ 2 [(a)]	$
Other financial assets [(b)]	$ 48	$ 48	$	$ 48	$
Financial assets carried at other than fair value					
Loans, net	$ 67	$ 67 [(c)]	$	$	$ 67

Financial Liabilities:					
Financial liabilities for which carrying values equal or approximate fair value	$ 60	$ 60	$	$ 60	$
Financial liabilities carried at other than fair value					
Certificates of deposit [(d)]	$ 7	$ 8	$	$ 8	$
Long-term debt	$ 55	$ 58 [(c)]	$	$ 58	$

(a) Reflects time deposits.

(b) Includes accounts receivable (including fair values of Card Member receivables of $6.2 billion and $7.3 billion held by consolidated VIEs as of September 30, 2014 and December 31, 2013, respectively), restricted cash and other miscellaneous assets.

(c) Includes fair values of loans of $28.1 billion and $31.0 billion, and long-term debt of $15.6 billion and $18.8 billion held by consolidated VIEs as of September 30, 2014 and December 31, 2013, respectively.

(d) Presented as a component of customer deposits on the Consolidated Balance Sheets.

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Nonrecurring Fair Value Measurements

The Company has certain assets that are subject to measurement at fair value on a nonrecurring basis. For these assets, measurement at fair value in periods subsequent to their initial recognition is applicable if determined to be impaired. During the nine months ended September 30, 2014 and during the year ended December 31, 2013, the Company did not have any material impaired assets that were required to be measured at fair value.

10. Guarantees

The Company provides Card Member protection plans that cover losses associated with purchased products, as well as certain other guarantees in the ordinary course of business.

In relation to its maximum potential undiscounted future payments as shown in the table that follows, to date the Company has not experienced any significant losses related to guarantees. The Company s initial recognition of guarantees is at fair value. In addition, the Company establishes reserves when a loss is probable and the amount can be reasonably estimated.

The following table provides information related to such guarantees as of September 30, 2014 and December 31, 2013:

	Maximum potential undiscounted future payments [a] *(Billions)*		Related liability [b] *(Millions)*	
Type of Guarantee	**2014**	2013	**2014**	2013
Card and travel operations [c]	**$ 44**	$ 44	**$ 43**	$ 88
Other [d]	**1**	1	**71**	73
Total	**$ 45**	$ 45	**$ 114**	$ 161

(a) Represents the notional amounts that could be lost under the guarantees and indemnifications if there were a total default by the guaranteed parties. The maximum potential undiscounted future payments for Merchant Protection are measured using management s best estimate of maximum exposure based on all eligible claims in relation to annual billed business volumes.

(b) Included in other liabilities on the Company s Consolidated Balance Sheets.

(c) Primarily includes Return Protection and Merchant Protection.

(d) Primarily includes guarantees related to the Company s business dispositions, real estate and joint ventures.

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11. Changes In Accumulated Other Comprehensive (Loss) Income

AOCI is comprised of items that have not been recognized in earnings but may be recognized in earnings in the future when certain events occur. Changes in each component of AOCI for the three and nine months ended September 30, 2014 and 2013 were as follows:

For the Three Months Ended September 30, 2014 *(Millions)*, net of tax	Net Unrealized Gains (Losses) on Investment Securities	Foreign Currency Translation Adjustments	Net Unrealized Pension and Other Postretirement Benefit (Losses) Gains	Accumulated Other Comprehensive (Loss) Income
Balances as of June 30, 2014	$ 105	$ (1,118)	$ (358)	$ (1,371)
Net unrealized gains	**2**			**2**
Increase (decrease) due to amounts reclassified into earnings	**(13)**	**1**		**(12)**
Net translation (loss) of investments in foreign operations		**(414)**		**(414)**
Net (losses) related to hedges of investment in foreign operations		**246**		**246**
Pension and other postretirement benefit gains			**7**	**7**
Net change in accumulated other comprehensive (loss) income	**(11)**	**(167)**	**7**	**(171)**
Balances as of September 30, 2014	**$ 94**	**$ (1,285)**	**$ (351)**	**$ (1,542)**

For the Nine Months Ended September 30, 2014 *(Millions)*, net of tax	Net Unrealized Gains (Losses) on Investment Securities	Foreign Currency Translation Adjustments	Net Unrealized Pension and Other Postretirement Benefit (Losses) Gains	Accumulated Other Comprehensive (Loss) Income
Balances as of December 31, 2013	$ 63	$ (1,090)	$ (399)	$ (1,426)
Net unrealized gains	**102**			**102**
Increase (decrease) due to amounts reclassified into earnings	**(71)**	**5**		**(66)**
Net translation (loss) of investments in foreign operations		**(313)**		**(313)**

Net (losses) related to hedges of investment in foreign operations				**113**				**113**
Pension and other postretirement benefit gains						**48**		**48**
Net change in accumulated other comprehensive income (loss)		**31**		**(195)**		**48**		**(116)**
Balances as of September 30, 2014	**$**	**94**	**$**	**(1,285)**	**$**	**(351)**	**$**	**(1,542)**

For the Three Months Ended September 30, 2013 *(Millions)*, net of tax		Net Unrealized Gains (Losses) on Investment Securities		Foreign Currency Translation Adjustments		Net Unrealized Pension and Other Postretirement Benefit (Losses) Gains		Accumulated Other Comprehensive (Loss) Income
Balances as of June 30, 2013	$	153	$	(1,027)	$	(434)	$	(1,308)
Net unrealized (losses)		(25)						(25)
Increase (decrease) due to amounts reclassified into earnings		(23)						(23)
Net translation gain of investments in foreign operations				134				134
Net gains related to hedges of investment in foreign operations				(123)				(123)
Pension and other postretirement benefit gains						6		6
Net change in accumulated other comprehensive (loss) income		(48)		11		6		(31)
Balances as of September 30, 2013	$	105	$	(1,016)	$	(428)	$	(1,339)

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For the Nine Months Ended September 30, 2013 *(Millions)*, net of tax		Net Unrealized Gains (Losses) on Investment Securities		Foreign Currency Translation Adjustments		Net Unrealized Pension and Other Postretirement Benefit (Losses) Gains		Accumulated Other Comprehensive (Loss) Income
Balances as of December 31, 2012	$	315	$	(754)	$	(488)	$	(927)
Net unrealized (losses)		(141)						(141)
Increase (decrease) due to amounts reclassified into earnings		(69)						(69)
Net translation (loss) of investments in foreign operations				(422)				(422)
Net gains related to hedges of investment in foreign operations				160				160
Pension and other postretirement benefit gains						60		60
Net change in accumulated other comprehensive (loss) income		(210)		(262)		60		(412)
Balances as of September 30, 2013	$	105	$	(1,016)	$	(428)	$	(1,339)

The following table presents the effects of reclassifications out of AOCI and into the Consolidated Statements of Income for the three and nine months ended September 30, 2014:

		(Gains) losses recognized in income							
		For the Three Months Ended September 30,				For the Nine Months Ended September 30,			
		Amount				Amount			
Description *(Millions)*	Income Statement Line Item		**2014**		2013		**2014**		2013
Available-for-sale securities									
Net gain in AOCI reclassifications for previously unrealized net gains on investment securities	Other non-interest revenues	**$**	**(21)**	$	(36)	**$**	**(111)**	$	(109)
Related income tax expense	Income tax provision		**8**		13		**40**		40
Reclassification to net income related to available-for-sale securities			**(13)**		(23)		**(71)**		(69)
Foreign currency translation adjustments									
Reclassification of realized losses on translation adjustments and related hedges	Other expenses						**8**		
Related income tax expense	Income tax provision		**1**				**(3)**		
Reclassification of foreign currency translation adjustments			**1**				**5**		

Total	**$**	**(12)**	$	(23)	**$**	**(66)**	$	(69)

12. Income Taxes

The Company is under continuous examination by the Internal Revenue Service (IRS) and tax authorities in other countries and states in which the Company has significant business operations. The tax years under examination and open for examination vary by jurisdiction. The IRS has completed its field examination of the Company s federal tax returns for years through 2007; however, refund claims for certain years continue to be reviewed by the IRS. In addition, the Company is currently under examination by the IRS for the years 2008 through 2011.

The Company believes it is reasonably possible that its unrecognized tax benefits could decrease within the next 12 months by as much as $686 million principally as a result of potential resolutions of prior years tax items with various taxing authorities. The prior years tax items include unrecognized tax benefits relating to the deductibility of certain expenses or losses and the attribution of taxable income to a particular jurisdiction or jurisdictions. Of the $686 million of unrecognized tax benefits, approximately $529 million relates to amounts that if recognized would be recorded to shareholders equity and would not impact the Company s results of operations or the effective tax rate.

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The effective tax rate was 34.2 percent and 34.4 percent for the three and nine months ended September 30, 2014, respectively. The effective tax rate was 31.8 percent and 31.4 percent for the three and nine months ended September 30, 2013, respectively. The tax rate for the three and nine months ended September 30, 2013 reflects the resolution of certain prior years tax items as well as the reversal of a valuation allowance related to deferred tax assets within the business travel organization.

The tax rates for all periods reflect the level of pretax income in relation to recurring permanent tax benefits and geographic mix of business.

13. Earnings Per Common Share (EPS)

The computations of basic and diluted EPS were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Millions, except per share amounts)	**2014**	2013	**2014**	2013
Numerator:				
Basic and diluted:				
Net income	**$ 1,477**	$ 1,366	**$ 4,438**	$ 4,051
Earnings allocated to participating share awards [(a)]	**(11)**	(12)	**(35)**	(36)
Net income attributable to common shareholders	**$ 1,466**	$ 1,354	**$ 4,403**	$ 4,015
Denominator: [(a)]				
Basic: Weighted-average common stock	**1,041**	1,074	**1,051**	1,087
Add: Weighted-average stock options [(b)]	**6**	7	**6**	7
Diluted	**1,047**	1,081	**1,057**	1,094
Basic EPS	**$ 1.41**	$ 1.26	**$ 4.19**	$ 3.69
Diluted EPS	**$ 1.40**	$ 1.25	**$ 4.17**	$ 3.67

(a) The Company s unvested restricted stock awards, which include the right to receive non-forfeitable dividends or dividend equivalents, are considered participating securities. Calculations of EPS under the two-class method exclude from the numerator any dividends paid or owed on participating securities and any undistributed earnings considered to be attributable to participating securities. The related participating securities are similarly excluded from the denominator.

(b) The dilutive effect of unexercised stock options excludes 0.2 million and 0.1 million of options from the computation of EPS for the three months ended September 30, 2014 and 2013, respectively, and 0.2 million options for both the nine months ended September 30, 2014 and 2013 because inclusion of the options would have been anti-dilutive.

For the three and nine months ended September 30, 2014 and 2013, the Company met specified performance measures related to the Subordinated Debentures of $750 million issued in 2006, and maturing in 2036. If the performance measures were not achieved in any given quarter, the Company would be required to issue common shares and apply the proceeds to make interest payments.

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14. Non-Interest Revenue and Expense Detail

The following is a detail of Other commissions and fees:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Millions)	**2014**	2013	**2014**	2013
Foreign currency conversion fee revenue	**$ 225**	$ 223	**$ 665**	$ 655
Delinquency fees	**184**	172	**539**	503
Loyalty Partner-related fees	**100**	74	**286**	221
Service fees	**94**	97	**274**	273
Other [(a)]	**39**	44	**120**	136
Total Other commissions and fees	**$ 642**	$ 610	**$ 1,884**	$ 1,788

(a) Other primarily includes fee revenue from fees related to Membership Rewards programs.

The following is a detail of Other revenues:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Millions)	**2014**	2013	**2014**	2013
Global Network Services partner revenues	**$ 173**	$ 171	**$ 513**	$ 466
Net realized gains and losses on investment securities	**20**	37	**100**	102
Other [(a)]	**400**	393	**1,066**	1,137
Total Other revenues	**$ 593**	$ 601	**$ 1,679**	$ 1,705

(a) Other includes revenues arising from foreign exchange gains on cross-border Card Member spending, merchant-related fees, insurance premiums earned from Card Member travel and other insurance programs, Travelers Cheques-related revenues, revenues related to the GBT JV transition services agreement, earnings from equity method investments and other miscellaneous revenue and fees.

The following is a detail of Marketing, promotion, rewards, Card Member services and other:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Millions)	**2014**	2013	**2014**	2013
Marketing and promotion	**$ 809**	$ 827	**$ 2,407**	$ 2,234
Card Member rewards	**1,695**	1,619	**5,050**	4,740
Card Member services and other	**205**	197	**619**	579
Total Marketing, promotion, rewards, Card Member services and other	**$ 2,709**	$ 2,643	**$ 8,076**	$ 7,553

Marketing and promotion expense includes advertising costs, which are expensed in the year in which the advertising first takes place. Card Member rewards expense includes the costs of rewards programs, including Membership Rewards and co-brand arrangements. Card Member services expense includes protection plans and complimentary services provided to Card Members.

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The following is a detail of Other, net expenses:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Millions)	**2014**	2013	**2014**	2013
Professional services	**$ 731**	$ 793	**$ 2,240**	$ 2,272
Occupancy and equipment	**432**	462	**1,361**	1,394
Card-related fraud losses	**96**	73	**282**	229
Communications	**91**	94	**285**	282
Gain on business travel joint venture transaction	**(15)**		**(641)**	
Other [(a)]	**261**	269	**866**	734
Total Other, net	**$ 1,596**	$ 1,691	**$ 4,393**	$ 4,911

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

15. Contingencies

The Company and its subsidiaries are involved in a number of legal proceedings concerning matters arising out of the conduct of their respective business activities and are periodically subject to governmental and regulatory examinations, information gathering requests, subpoenas, inquiries and investigations (collectively, governmental examinations). As of September 30, 2014, the Company and various of its subsidiaries were named as a defendant or were otherwise involved in numerous legal proceedings and governmental examinations in various jurisdictions, both in and outside the U.S. The Company discloses its material legal proceedings and governmental examinations under Item 1. Legal Proceedings in Part II. Other Information , and under Legal Proceedings in the Annual Report (collectively, Legal Proceedings).

The Company has recorded liabilities for certain of its outstanding legal proceedings and governmental examinations. A liability is accrued when it is both (a) probable that a loss has occurred and (b) the amount of loss can be reasonably estimated. There may be instances in which an exposure to loss exceeds the accrued liability. The Company evaluates, on a quarterly basis, developments in legal proceedings and governmental examinations that could cause an increase or decrease in the amount of the liability that has been previously accrued or a revision to the disclosed estimated range of possible losses, as applicable.

The Company s legal proceedings range from cases brought by a single plaintiff to class actions with millions of putative class members. These legal proceedings, as well as governmental examinations, involve various lines of business of the Company and a variety of claims (including, but not limited to, common law tort, contract, antitrust and consumer protection claims), some of which present novel factual allegations and/or unique legal theories. While some matters pending against the Company specify the damages claimed by the plaintiff, many seek an unspecified amount of damages or are at very early stages of the legal process. Even when the amount of damages claimed against the Company are stated, the claimed amount may be exaggerated and/or unsupported. As a result, some matters have not yet progressed sufficiently through discovery and/or development of important factual information and legal issues to enable the Company to estimate a range of possible loss.

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Other matters have progressed sufficiently through discovery and/or development of important factual information and legal issues so that the Company is able to estimate a range of possible loss. Accordingly, for those legal proceedings and governmental examinations disclosed or referred to in Legal Proceedings where a loss is reasonably possible in future periods, whether in excess of a related accrued liability or where there is no accrued liability, and for which the Company is able to estimate a range of possible loss, the current estimated range is zero to $350 million in excess of any accrued liability related to these matters. This aggregate range represents management s estimate of possible loss with respect to these matters and is based on currently available information. This estimated range of possible loss does not represent the Company s maximum loss exposure. The legal proceedings and governmental examinations underlying the estimated range will change from time to time and actual results may vary significantly from current estimates.

Based on its current knowledge, and taking into consideration its litigation-related liabilities, the Company believes it is not a party to, nor are any of its properties the subject of, any pending legal proceeding or governmental examination that would have a material adverse effect on the Company s consolidated financial condition or liquidity. However, in light of the uncertainties involved in such matters, the ultimate outcome of a particular matter could be material to the Company s operating results for a particular period depending on, among other factors, the size of the loss or liability imposed and the level of the Company s earnings for that period.

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16. Reportable Operating Segments

The Company is a leading global payments and travel company that is principally engaged in businesses comprising four reportable operating segments: USCS, ICS, GCS and Global Network Merchant Services (GNMS). Corporate functions and certain other businesses, including the Company s Enterprise Growth Group, as well as other Company operations are included in Corporate & Other.

The following table presents certain selected financial information for the three and nine months ended September 30:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Millions)	**2014**	2013	**2014**	2013
Non-interest revenues:				
USCS	**$ 3,214**	$ 3,050	**$ 9,453**	$ 8,991
ICS	**1,206**	1,161	**3,571**	3,415
GCS	**957**	1,277	**3,538**	3,787
GNMS	**1,368**	1,309	**4,027**	3,856
Corporate & Other, including adjustments and eliminations [(a)]	**189**	221	**548**	650
Total	**$ 6,934**	$ 7,018	**$ 21,137**	$ 20,699
Interest income:				
USCS	**$ 1,465**	$ 1,408	**$ 4,296**	$ 4,148
ICS	**273**	281	**825**	830
GCS	**4**	3	**11**	9
GNMS	**14**	8	**35**	23
Corporate & Other, including adjustments and eliminations [(a)]	**59**	67	**183**	213
Total	**$ 1,815**	$ 1,767	**$ 5,350**	$ 5,223
Interest expense:				
USCS	**$ 152**	$ 172	**$ 455**	$ 532
ICS	**85**	86	**259**	273
GCS	**61**	59	**186**	181
GNMS	**(68)**	(62)	**(208)**	(187)
Corporate & Other, including adjustments and eliminations [(a)]	**190**	229	**610**	696
Total	**$ 420**	$ 484	**$ 1,302**	$ 1,495
Total revenues net of interest expense:				
USCS	**$ 4,527**	$ 4,286	**$ 13,294**	$ 12,607
ICS	**1,394**	1,356	**4,137**	3,972
GCS	**900**	1,221	**3,363**	3,615

GNMS		**1,450**		1,379		**4,270**		4,066
Corporate & Other, including adjustments and eliminations [(a)]		**58**		59		**121**		167
Total	**$**	**8,329**	$	8,301	**$**	**25,185**	$	24,427
Net income (loss):								
USCS	**$**	**889**	$	782	**$**	**2,535**	$	2,329
ICS		**142**		142		**378**		528
GCS		**204**		261		**949**		678
GNMS		**427**		391		**1,243**		1,176
Corporate & Other, including adjustments and eliminations [(a)]		**(185)**		(210)		**(667)**		(660)
Total	**$**	**1,477**	$	1,366	**$**	**4,438**	$	4,051

(a) Corporate & Other includes adjustments and eliminations for intersegment activity.

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ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Business Introduction

When we use the terms American Express, the Company, we, our or us, we mean American Express Company and its subsidiaries consolidated basis, unless we state or the context implies otherwise.

We are a global services company with four reportable operating segments: U.S. Card Services (USCS), International Card Services (ICS), Global Commercial Services (GCS) and Global Network and Merchant Services (GNMS). We provide our customers with access to products, insights and experiences that enrich lives and build business success. Our principal products and services are charge and credit payment card products and travel-related services offered to consumers and businesses around the world. Effective July 1, 2014, business travel-related services are offered through the non-consolidated joint venture, American Express Global Business Travel (GBT JV). Prior to July 1, 2014, the business travel operations were previously wholly owned. Our range of products and services includes:

- charge and credit card products;
- expense management products and services;
- consumer and business travel services;
- stored-value products such as Travelers Cheques and other prepaid products;
- network services;
- merchant acquisition and processing, servicing and settlement, and point-of-sale, marketing and information products and services for merchants; and
- fee services, including fraud prevention services and the design of customized customer loyalty and rewards programs.

Our products and services are sold globally to diverse customer groups, including consumers, small businesses, mid-sized companies and large corporations. These products and services are sold through various channels, including direct mail, online applications, in-house and third-party sales forces and direct response advertising.

We compete in the global payments industry with charge, credit and debit card networks, issuers and acquirers, as well as evolving alternative payment mechanisms, systems and products. As the payments industry continues to evolve, we face increasing competition from non-traditional players that leverage new technologies and customers existing card accounts and bank relationships to create payment or other fee-based solutions. We are transforming our existing businesses and creating new products and services for the digital marketplace as we seek to enhance our customers digital experiences and develop platforms for online and mobile commerce. Emerging technologies also provide an opportunity to deliver financial products and services that help new and existing customer segments move and manage their money, which we are pursuing through our Enterprise Growth Group (EGG).

Our products and services generate the following types of revenue for the Company:

- Discount revenue, our largest revenue source, which represents fees generally charged to merchants when Card Members use their cards to purchase goods and services at merchants on the Company s network;

Net card fees, which represent revenue earned for annual card membership fees;

Travel commissions and fees, which are earned by charging a transaction or management fee to both customers and suppliers for travel-related transactions (business travel commissions and fees included through June 30, 2014);

Other commissions and fees, which are earned on foreign exchange conversions, card-related fees and assessments, Loyalty Partner-related fees and other service fees;

Other revenue, which represents revenues arising from contracts with partners of our Global Network Services (GNS) business (including royalties and signing fees), insurance premiums earned from Card Member travel and other insurance programs, Travelers Cheques and prepaid card-related revenues, revenues related to the GBT JV transition services agreement, earnings from equity method investments (including the GBT JV) and other miscellaneous revenue and fees; and

Interest on loans, which principally represents interest income earned on outstanding balances.

In addition to funding and operating costs associated with these types of revenue, other major expense categories are related to marketing and rewards programs that add new Card Members and promote Card Member loyalty and spending, provisions for Card Member credit losses and expenses for card-related fraud losses.

Financial Targets

We seek to achieve three financial targets, on average and over time:

Revenues net of interest expense growth of at least 8 percent;

Earnings per share (EPS) growth of 12 to 15 percent; and

Return on average equity (ROE) of 25 percent or more.

If we achieve our EPS and ROE targets, we will seek to return on average and over time approximately 50 percent of the capital we generate to shareholders as dividends or through the repurchases of common stock, which may be subject to certain regulatory restrictions as described herein.

Forward-Looking Statements and Non-GAAP Measures

Certain of the statements in this Form 10-Q are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Refer to the Cautionary Note Regarding Forward-Looking Statements section. We prepare our Consolidated Financial Statements in accordance with accounting principles generally accepted in the United States of America (GAAP). However, certain information included within this Form 10-Q constitute non-GAAP financial measures. Our calculations of non-GAAP financial measures may differ from the calculations of similarly titled measures by other companies.

Bank Holding Company

American Express Company is a bank holding company under the Bank Holding Company Act of 1956 and The Board of Governors of the Federal Reserve (the Federal Reserve) is our primary federal regulator. As such, we are subject to the Federal Reserve s regulations, policies and minimum capital standards.

Current Business Environment/Outlook

Our results for the third quarter of 2014 reflect increased spending by Card Members, growth in average Card Member loans and continued low write-off rates, while our strong balance sheet allowed us to return a substantial amount of capital to our shareholders.

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Card Member billed business increased 9 percent over the prior year, both within and outside the U.S., in line with growth rates in the second quarter, while discount revenue increased 5 percent over the prior year. The gap between billed business growth and discount revenue growth, which was wider this quarter than in recent quarters, was primarily due to accelerated growth of our GNS business and a lower discount rate, as well as higher corporate client incentives and strong growth in our cash rebate rewards products in the current year.

The average discount rate of 2.49 percent for the third quarter of 2014 decreased by 3 basis points from an average rate of 2.52 percent in the third quarter of 2013. In the current quarter, the discount rate was impacted by various factors, including changes in the mix of Card Member spending by industry as well our OptBlue program, through which third-party acquirers contract directly with U.S. small merchants for American Express card acceptance. We continue to believe that OptBlue will bring incremental volumes onto our network, and provide attractive economics for our business. As indicated in prior quarters, changes in the mix of spending by location and industry, volume-related pricing discounts, strategic investments, certain pricing initiatives, competition in the market and other factors will likely result in continued erosion of the average discount rate over time.

Average loans continued to grow year over year, which, along with lower funding costs, led to a 9 percent increase in net interest income. Credit write-off rates remained near historically low levels, though we expect, at some point, credit write-off rates will increase from such levels.

Last year s third quarter results included revenues and expenses from our business travel operations, which were deconsolidated as a result of the previously announced joint venture transaction that closed on June 30, 2014. Total expenses decreased 5 percent from the prior year, primarily reflecting expenses related to business travel operations in the prior year. Excluding those expenses from the year ago period, adjusted expenses rose 1 percent for the third quarter of 2014.[1] Operating expenses for the quarter decreased 11 percent, primarily reflecting expenses related to business travel operations in the prior year. Excluding those expenses from the year ago period, adjusted operating expenses were flat year over year.[1] We remain committed to our goal to have operating expenses grow at an annual rate of less than 3 percent in 2014 after adjusting for the impact of the business travel joint venture transaction and items related to restructuring, transaction-related costs and a contribution to the American Express Foundation discussed in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014.

In 2008, we entered into an operating agreement with, and made a strategic investment in, Concur Technologies. During the third quarter, SAP announced its proposed acquisition of Concur. If this proposed transaction is completed, it would result in a gain for us of approximately $700 million. Currently, Concur and SAP s public expectation is that the transaction will close in the fourth quarter of this year or the first quarter of 2015. Given this expected gain, we plan to make additional investments in business building activities and initiatives designed to improve operating efficiencies. Potential growth initiatives could include incremental customer acquisition activities across our core businesses, as well as investments to strengthen partner relationships. These investments would provide valuable flexibility to deal proactively with a global regulatory and competitive environment that is rapidly changing.

1 Adjusted total expense growth and adjusted operating expense growth are non-GAAP measures. Management believes these metrics are useful in evaluating the ongoing performance of the Company. The adjusted growth rates are calculated by comparing total expenses of $5,595 million and operating expenses of $2,886 million, each on a GAAP basis for the quarter ended September 30, 2014, with total expenses of $5,878 million and operating expenses of $3,235 million, each on a GAAP basis for the quarter ended September 30, 2013, respectively, excluding the following GBT-related expenses from the third quarter 2013: (i) $336 million from total expenses and (ii) $335 million from operating expenses. The adjusted growth rates do not adjust for other GBT-related items, including equity earnings from the joint venture, transaction-related costs and impacts related to a transition service agreement that will phase out over time.

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Regulation of the payments industry has increased significantly in recent years and various governments around the world have established or are proposing to establish payment system regulatory regimes. The regulatory environment has heightened the focus that all financial services firms, including us, must have on controls and processes. We expect our products and practices will be a continuing focus of our regulators. See Certain Legislative, Regulatory and Other Developments for additional information on the legislative and regulatory environment.

Competition remains extremely intense across the payments business. Traditional competitors and new entrants deploy increasingly greater financial and other resources to attract customers and business partners and to develop new platforms and technologies. To remain competitive, we need to continue to demonstrate the value we deliver to merchants, customers and business partners in all aspects of our relationships. In connection with our co-brand relationships, we are focusing on those relationships that offer the best value to our Card Members while also providing appropriate returns to our business. Changes in our co-brand relationships could have a significant adverse impact on our business and results of operations in the future. The actual impact on our financial performance will depend on factors such as our ability to offer attractive propositions to Card Members, grow other sources of revenue and implement expense control initiatives, although there can be no assurance that these measures will be successful. See Part II, Item 1A. Risk Factors of our Quarterly Report on Form 10-Q for the quarter ended June 30, 2014 for a discussion of the risks related to competition for partner relationships.

While our business is diversified by product and geography, including a range of consumer and commercial card offerings, a large international business and GNS partners around the world, the global economic environment remains challenging. In addition, our results could be adversely affected by volatility in foreign exchange rates, changes in interest rates or the failure of the U.S. Congress to renew legislation regarding our active financing income, which could increase our effective tax rate and have an adverse impact on net income in 2015 and beyond.

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American Express Company

Consolidated Results of Operations

Refer to the Glossary of Selected Terminology for the definitions of certain key terms and related information appearing within this section.

Table 1: Summary of Financial Performance

(Millions, except percentages and per share amounts)	Three Months Ended September 30, **2014**	2013	Change 2014 vs. 2013		Nine Months Ended September 30, **2014**	2013	Change 2014 vs. 2013	
Total revenues net of interest expense	**$ 8,329**	$ 8,301	$ 28	%	**$ 25,185**	$ 24,427	$ 758	3 %
Provisions for losses	**488**	419	69	16	**1,462**	1,353	109	8
Expenses	**5,595**	5,878	(283)	(5)	**16,957**	17,166	(209)	(1)
Net income	**1,477**	1,366	111	8	**4,438**	4,051	387	10
Earnings per common share diluted [(a)]	**$ 1.40**	$ 1.25	$ 0.15	12 %	**$ 4.17**	$ 3.67	$ 0.50	14 %
Return on average equity [(b)]	**28.8 %**	24.3 %			**28.8 %**	24.3 %		
Return on average tangible common equity [(c)]	**35.6 %**	30.6 %			**35.6 %**	30.6 %		

(a) Earnings per common share diluted was reduced by the impact of earnings allocated to participating share awards and other items of $11 million and $12 million for three months ended September 30, 2014 and 2013, respectively, and $35 million and $36 million for the nine months ended September 30, 2014 and 2013.

(b) ROE is computed by dividing (i) one-year period net income ($5.7 billion and $4.7 billion for September 30, 2014 and 2013, respectively) by (ii) one-year average total shareholders equity ($19.9 billion and $19.3 billion for September 30, 2014 and 2013, respectively).

(c) Return on average tangible common equity, a non-GAAP measure, is computed in the same manner as ROE except the computation of average tangible common equity, a non-GAAP measure, excludes from average total shareholders equity, average goodwill and other intangibles of $3.9 billion and $4.1 billion as of September 30, 2014 and 2013, respectively. We believe return on average tangible common equity is a useful measure of the profitability of our business.

Table 2: Total Revenue Net of Interest Expense Summary

(Millions, except percentages)	Three Months Ended September 30, **2014**	2013	Change 2014 vs. 2013		Nine Months Ended September 30, **2014**	2013	Change 2014 vs. 2013	
Discount revenue	**$ 4,915**	$ 4,659	$ 256	5 %	**$ 14,506**	$ 13,826	$ 680	5 %
Net card fees	**680**	658	22	3	**2,041**	1,958	83	4
Travel commissions and fees	**104**	490	(386)	(79)	**1,027**	1,422	(395)	(28)
Other commissions and fees	**642**	610	32	5	**1,884**	1,788	96	5
Other	**593**	601	(8)	(1)	**1,679**	1,705	(26)	(2)
Total non-interest revenues	**6,934**	7,018	(84)	(1)	**21,137**	20,699	438	2

Total interest income		**1,815**		1,767		48	3		**5,350**	5,223	127	2
Total interest expense		**420**		484		(64)	(13)		**1,302**	1,495	(193)	(13)
Net interest income		**1,395**		1,283		112	9		**4,048**	3,728	320	9
Total revenues net of interest expense	**$**	**8,329**	$	8,301	$	28	%	**$**	**25,185**	$ 24,427	$ 758	3 %

Total Revenues Net of Interest Expense

Discount revenue increased $256 million or 5 percent and $680 million or 5 percent for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year. The increases were driven by growth in billed business of 9 percent, partially offset by a decrease in the average discount rate, faster growth in GNS billings than in overall Company billings, as we share the discount revenue we earn from merchants with our GNS issuing bank partners, and higher cash rebate rewards and corporate client incentives. Billed business increased 9 percent and 8 percent for the three and nine month periods, respectively, in both the U.S. and outside the U.S. See Tables 5, 6 and 7 for more detail on billed business performance. The average discount rate was 2.49 percent for both the three and nine months ended September 30, 2014 and 2.52 percent for both the three and nine months ended September 30, 2013. See Current Business Environment/Outlook for information on the changes in the average discount rate.

Net card fees increased $22 million or 3 percent and $83 million or 4 percent for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year, primarily reflecting growth in total cards-in-force.

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Travel commissions and fees decreased $386 million or 79 percent and $395 million or 28 percent for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year, primarily due to the business travel joint venture transaction, resulting in a lack of comparability between periods.

Other commissions and fees increased $32 million or 5 percent and $96 million or 5 percent for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year. The increases were primarily driven by higher revenue from our Loyalty Partner business and higher delinquency fees.

Other revenue decreased $8 million or 1 percent and $26 million or 2 percent for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year, primarily driven by the loss of revenue following the sale of our publishing business in October 2013. The decrease in the three month period was partially offset by revenues received for transitional services provided to the GBT JV, higher Loyalty Edge revenue and a net increase in gains realized upon the sales of investments in Concur Technologies and the Industrial and Commercial Bank of China (ICBC). The decrease in the nine month period was partially offset by lower Card Member reimbursements, higher Loyalty Edge revenue, revenues received for transitional services provided to the GBT JV and a net increase in gains realized upon the sales of investments in Concur Technologies and ICBC.

Interest income increased $48 million or 3 percent and $127 million or 2 percent for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year. The increases reflected higher interest on loans, driven by growth in average Card Member loans, which was partially offset by higher Card Member reimbursements.

Interest expense decreased $64 million or 13 percent and $193 million or 13 percent for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year. The decreases were primarily driven by lower funding costs.

Table 3: Provisions for Losses Summary

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
(Millions, except percentages)	**2014**	2013	2014 vs. 2013		**2014**	2013	2014 vs. 2013	
Charge card	**$ 196**	$ 159	$ 37	23 %	**$ 594**	$ 474	$ 120	25 %
Card Member loans	**265**	248	17	7	**797**	825	(28)	(3)
Other	**27**	12	15	#	**71**	54	17	31
Total provisions for losses	**$ 488**	$ 419	$ 69	16 %	**$ 1,462**	$ 1,353	$ 109	8 %

# Denotes a variance greater than 100 percent

Provisions for Losses

Charge card provision for losses increased $37 million or 23 percent and $120 million or 25 percent for the three and nine month periods ended September 30, 2014, respectively, as compared to the same periods in the prior year, driven primarily by higher write-offs and a larger reserve build in the current year due to higher average Card Member receivables. Card Member loans provision for losses increased $17 million or 7 percent and decreased $28 million or 3 percent for the three and nine month periods ended September 30, 2014, respectively, as compared to the same periods in the prior year. The increase for the three month period was driven by a lower reserve release, partially offset by lower net write-offs due to improved credit performance. The decrease in the nine month period was driven by lower net write-offs due to improved credit performance, partially offset by a lower reserve release.

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Table 4: Expenses Summary

		Three Months Ended September 30,				Change			Nine Months Ended September 30,				Change	
(Millions, except percentages)		**2014**		2013		2014 vs. 2013			**2014**		2013		2014 vs. 2013	
Marketing and promotion	**$**	**809**	$	827	$	(18)	(2)%	**$**	**2,407**	$	2,234	$	173	8 %
Card Member rewards		**1,695**		1,619		76	5		**5,050**		4,740		310	7
Card Member services and other		**205**		197		8	4		**619**		579		40	7
Total Marketing, promotion, rewards, Card Member services and other		**2,709**		2,643		66	2		**8,076**		7,553		523	7
Salaries and employee benefits		**1,290**		1,544		(254)	(16)		**4,488**		4,702		(214)	(5)
Other, net		**1,596**		1,691		(95)	(6)		**4,393**		4,911		(518)	(11)
Total expenses	**$**	**5,595**	$	5,878	$	(283)	(5)%	**$**	**16,957**	$	17,166	$	(209)	(1)%

Expenses

Marketing and promotion expense decreased $18 million or 2 percent and increased $173 million or 8 percent for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year. The increase in the nine month period was driven by the reinvestment, in the second quarter, of a significant portion of the gain from the business travel joint venture transaction in growth initiatives across all segments.

Card Member rewards expense increased $76 million or 5 percent for the three months ended September 30, 2014, as compared to the same period in the prior year. The increase reflected higher co-brand rewards expense of $28 million, primarily related to higher spending volumes, and an increase in Membership Rewards expense of $48 million, both of which were partially offset by a change in estimate of certain rewards-related reserves. The increase in Membership Rewards expense was primarily due to an $86 million increase related to higher new points earned, in line with higher spending volume, partially offset by a $38 million decrease in the liability related to points previously earned but not yet redeemed. The decrease was driven by slower average growth in the Ultimate Redemption Rate (URR) and favorable changes in the weighted average cost per point (WAC) assumptions as compared to the same period in the prior year.

Card Member rewards expense increased $310 million or 7 percent for the nine months ended September 30, 2014, as compared to the same period in the prior year. The increase reflected higher co-brand rewards expense of $130 million, primarily related to higher spending volumes, and an increase in Membership Rewards expense of $180 million, both of which were partially offset by a change in estimate of certain rewards-related reserves. The increase in Membership Rewards expense was primarily due to a $222 million increase related to higher new points earned, in line with higher spending volume, partially offset by a $42 million decrease in the liability related to points previously earned but not yet redeemed. The decrease was driven by slower average growth in the URR and favorable changes in WAC assumptions as compared to the same period in the prior year.

The Membership Rewards URR for current program participants was 95 percent *(rounded up)* at September 30, 2014, an increase from 94 percent *(rounded down)* at September 30, 2013. The increase in the URR reflected greater engagement in our Membership Rewards program.

Card Member services and other expense increased $8 million or 4 percent and $40 million or 7 percent for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year, primarily driven by increased engagement levels and use of certain Card Member benefits.

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Salaries and employee benefits expense decreased $254 million or 16 percent and $214 million or 5 percent for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year, primarily due to the business travel joint venture transaction, resulting in a lack of comparability between periods. The decrease in the nine month period was partially offset by a restructuring charge in the second quarter of 2014.

Other expense decreased $95 million or 6 percent and $518 million or 11 percent for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year, primarily due to the business travel joint venture transaction, resulting in a lack of comparability between periods. The nine month period also reflected the net gain recognized as a result of the business travel joint venture transaction in the second quarter of 2014, partially offset by a charitable contribution to the American Express Foundation and a change in the estimated value of certain investments in our Community Reinvestment Act portfolio.

Income Taxes

The effective tax rate was 34.2 percent and 31.8 percent for the three months ended September 30, 2014, and 2013, respectively. The effective tax rate was 34.4 percent and 31.4 percent for the nine months ended September 30, 2014 and 2013, respectively. The tax rates in all periods primarily reflected the level of pretax income in relation to recurring permanent tax benefits and the geographic mix of business. Additionally, the effective tax rate for the three and nine months ended September 30, 2013 reflected the resolution of certain prior years tax items as well as the reversal of a valuation allowance related to deferred tax assets within the business travel organization.

Table 5: Selected Statistical Information

	Three Months Ended September 30,		Change	Nine Months Ended September 30,		Change
	2014	2013	2014 vs. 2013	**2014**	2013	2014 vs. 2013
Card billed business: *(billions)*						
United States	**$ 173.0**	$ 158.2	9%	**$ 505.6**	$ 467.9	8%
Outside the United States	**85.1**	78.0	9	**248.7**	230.5	8
Total	**$ 258.1**	$ 236.2	9	**$ 754.3**	$ 698.4	8
Total cards-in-force: *(millions)*						
United States	**54.5**	52.8	3	**54.5**	52.8	3
Outside the United States	**56.6**	52.6	8	**56.6**	52.6	8
Total	**111.1**	105.4	5	**111.1**	105.4	5
Basic cards-in-force: *(millions)*						
United States	**42.2**	40.9	3	**42.2**	40.9	3
Outside the United States	**46.3**	42.6	9	**46.3**	42.6	9
Total	**88.5**	83.5	6	**88.5**	83.5	6
Average discount rate	**2.49%**	2.52%		**2.49%**	2.52%	
Average basic Card Member spending [(a)]	**$ 4,223**	$ 4,037	5	**$ 12,504**	$ 12,040	4
Average fee per card [(a)]	**$ 40**	$ 40		**$ 41**	$ 40	3
Average fee per card adjusted [(a)]	**$ 45**	$ 44	2%	**$ 45**	$ 44	2%

(a) Average basic Card Member spending and average fee per card are computed from proprietary card activities only. Average fee per card is computed based on net card fees, including the amortization of deferred direct acquisition costs divided by average worldwide proprietary cards-in-force. The adjusted average fee per card, which is a non-GAAP measure, is computed in the same manner, but excludes amortization of deferred direct acquisition costs. The amount of amortization excluded was $77 million and $67 million for the three months ended September 30, 2014 and 2013, respectively, and $227 million and $198 million for the nine months ended September 30, 2014 and 2013, respectively. We present adjusted average fee per card because we believe this metric presents a useful indicator of card fee pricing across a range of our proprietary card products.

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The table below summarizes selected statistics for billed business and average spend during the three months ended September 30, 2014, compared to the same period in the prior year:

Table 6: Selected Statistical Information

	Three Months Ended September 30, 2014 Percentage Increase (Decrease)	Percentage Increase Assuming No Changes in Foreign Exchange Rates [a]
Worldwide [b]		
Billed business	**9%**	**10%**
Proprietary billed business	**8**	**9**
GNS billed business [c]	**16**	**17**
Airline-related volume (9% of worldwide billed business)	**7**	**7**
United States [b]		
Billed business	**9**	
Proprietary consumer card billed business [d]	**8**	
Proprietary small business billed business [d]	**12**	
Proprietary corporate services billed business [e]	**10**	
T&E-related volume (26% of U.S. billed business)	**7**	
Non-T&E-related volume (74% of U.S. billed business)	**10**	
Airline-related volume (8% of U.S. billed business)	**5**	
Outside the United States [b]		
Billed business	**9**	**11**
Japan, Asia Pacific & Australia (JAPA) billed business	**16**	**16**
Latin America & Canada (LACC) billed business	**1**	**8**
Europe, the Middle East & Africa (EMEA) billed business	**7**	**7**
Proprietary consumer and small business billed business [f]	**4**	**6**
JAPA billed business	**4**	**6**
LACC billed business	**(1)**	**5**
EMEA billed business	**9**	**8**
Proprietary corporate services billed business [e]	**3%**	**5%**

(a) The foreign currency adjusted information assumes a constant exchange rate between the periods being compared for purposes of currency translation into U.S. dollars (i.e., assumes the foreign exchange rates used to determine results for the three months ended September 30, 2014 apply to the corresponding year-earlier period against which such results are being compared). We believe the presentation of information on a foreign currency adjusted basis is helpful to investors by making it easier to compare our performance in one period to that of another period without the variability caused by fluctuations in currency exchange rates.

(b) Captions in the table above not designated as proprietary or GNS include both proprietary and GNS data.

(c) Included in the GNMS segment.

(d) Included in the USCS segment.

(e) Included in the GCS segment.

(f) Included in the ICS segment.

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The table below summarizes selected statistics for billed business and average spend during the nine months ended September 30, 2014, compared to the same period in the prior year:

Table 7: Selected Statistical Information

	Nine Months Ended September 30, 2014 Percentage Increase (Decrease)	Percentage Increase Assuming No Changes in Foreign Exchange Rates [a]
Worldwide [b]		
Billed business	**8%**	**9%**
Proprietary billed business	**7**	**8**
GNS billed business [c]	**13**	**15**
Airline-related volume (9% of worldwide billed business)	**6**	**6**
United States [b]		
Billed business	**8**	
Proprietary consumer card billed business [d]	**7**	
Proprietary small business billed business [d]	**10**	
Proprietary corporate services billed business [e]	**8**	
T&E-related volume (27% of U.S. billed business)	**7**	
Non-T&E-related volume (73% of U.S. billed business)	**10**	
Airline-related volume (8% of U.S. billed business)	**4**	
Outside the United States [b]		
Billed business	**8**	**10**
JAPA billed business	**11**	**14**
LACC billed business	**1**	**9**
EMEA billed business	**10**	**7**
Proprietary consumer and small business billed business [f]	**4**	**6**
JAPA billed business	**1**	**6**
LACC billed business	**(2)**	**5**
EMEA billed business	**12**	**7**
Proprietary corporate services billed business [e]	**4%**	**6%**

(a) The foreign currency adjusted information assumes a constant exchange rate between the periods being compared for purposes of currency translation into U.S. dollars (i.e., assumes the foreign exchange rates used to determine results for the nine months ended September 30, 2014 apply to the corresponding year-earlier period against which such results are being compared). We believe the presentation of information on a foreign currency adjusted basis is helpful to investors by making it easier to compare our performance in one period to that of another period without the variability caused by fluctuations in currency exchange rates.

(b) Captions in the table above not designated as proprietary or GNS include both proprietary and GNS data.

(c) Included in the GNMS segment.

(d) Included in the USCS segment.

(e) Included in the GCS segment.

(f) Included in the ICS segment.

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Table 8: Selected Statistical Information

(Millions, except percentages and where indicated)	As of or for the Three Months Ended September 30, **2014**	2013	Change 2014 vs. 2013	As of or for the Nine Months Ended September 30, **2014**	2013	Change 2014 vs. 2013
Worldwide Card Member receivables:						
Total receivables *(billions)*	**$ 45.1**	$ 43.5	4 %	**$ 45.1**	$ 43.5	4 %
Loss reserves:						
Beginning balance	**$ 413**	$ 386	7	**$ 386**	$ 428	(10)
Provisions [a]	**196**	159	23	**594**	474	25
Net write-offs [b]	**(168)**	(149)	13	**(527)**	(507)	4
Other [c]	**(9)**		#	**(21)**	1	#
Ending balance	**$ 432**	$ 396	9	**$ 432**	$ 396	9
% of receivables	**1.0%**	0.9%		**1.0%**	0.9%	
Net write-off rate principal only USCS/ICS [e]	**1.6%**	(d)		**1.8%**	(d)	
Net write-off rate principal and fees USCS/ICS [e]	**1.8%**	(d)		**2.0%**	(d)	
30 days past due as a % of total USCS/ICS	**1.6%**	(d)		**1.6%**	(d)	
Net loss ratio as a % of charge volume GCS	**0.09%**	0.06%		**0.09%**	0.07%	
90 days past billing as a % of total GCS	**0.8%**	0.8%		**0.8%**	0.8%	
Worldwide Card Member loans:						
Total loans *(billions)*	**$ 66.1**	$ 63.0	5	**$ 66.1**	$ 63.0	5
Loss reserves:						
Beginning balance	**$ 1,170**	$ 1,342	(13)	**$ 1,261**	$ 1,471	(14)
Provisions [a]	**265**	248	7	**797**	825	(3)
Net write-offs principal [b]	**(245)**	(275)	(11)	**(786)**	(888)	(11)
Net write-offs interest and fees [b]	**(40)**	(36)	11	**(124)**	(113)	10
Other [c]	**(4)**	2	#	**(2)**	(14)	(86)
Ending balance	**$ 1,146**	$ 1,281	(11)	**$ 1,146**	$ 1,281	(11)
Ending reserves principal	**$ 1,093**	$ 1,234	(11)	**$ 1,093**	$ 1,234	(11)
Ending reserves interest and fees	**$ 53**	$ 47	13	**$ 53**	$ 47	13
% of loans	**1.7%**	2.0%		**1.7%**	2.0%	
% of past due	**165%**	179%		**165%**	179%	
Average loans *(billions)*	**$ 66.4**	$ 63.0	5 %	**$ 65.4**	$ 62.8	4 %
Net write-off rate principal only [e]	**1.5%**	1.7%		**1.6%**	1.9%	
Net write-off rate principal, interest and fees [e]	**1.7%**	2.0%		**1.9%**	2.1%	
30 days past due as a % of total	**1.1%**	1.1%		**1.1%**	1.1%	
Net interest income divided by average loans [f]	**8.5%**	8.1%		**8.1%**	7.9%	
Net interest yield on Card Member loans [f]	**9.3%**	9.4%		**9.3%**	9.3%	

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\# Denotes a variance greater than 100 percent

(a) Provisions for principal (resulting from authorized transactions), interest and/or fees on Card Member loans and principal (resulting from authorized transactions) and fee reserve components on Card Member receivables.

(b) Write-offs, less recoveries.

(c) Card Member receivables includes foreign currency translation adjustments of $(6) million and $3 million and other adjustments of $(3) million for both the three months ended September 30, 2014 and 2013, respectively. Card Member loans includes foreign currency translation adjustments of $(6) million and $3 million and other adjustments of $2 million and $(1) million for the three months ended September 30, 2014 and 2013, respectively. Refer to Note 4 to the Consolidated Financial Statements for the components of other for the nine months ended September 30, 2014 and 2013.

(d) Historically, net loss ratio as a % of charge volume and 90 days past billing as a % of receivables were presented for ICS. Beginning in first quarter 2014, as a result of system enhancements, 30 days past due as a % of total, net write-off rate (principal only) and net write-off rate (principal and fees) have been presented.

(e) We present a net write-off rate based on principal losses only (i.e., excluding interest and/or fees) to be consistent with industry convention. In addition, because our practice is to include uncollectible interest and/or fees as part of our total provision for losses, a net write-off rate including principal, interest and/or fees is also presented.

(f) Refer to Table 9 for the calculation of net interest yield on Card Member loans, a non-GAAP measure, net interest income divided by average loans, a GAAP measure, and our rationale for presenting net interest yield on Card Member loans.

Table 9: Net Interest Yield on Card Member Loans

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Millions, except percentages and where indicated)	**2014**	2013	**2014**	2013
Net interest income	**$ 1,395**	$ 1,283	**$ 4,048**	$ 3,728
Exclude:				
Interest expense not attributable to the Company s Card Member loan portfolio	**247**	296	**769**	902
Interest income not attributable to the Company s Card Member loan portfolio	**(90)**	(87)	**(267)**	(270)
Adjusted net interest income [(a)]	**$ 1,552**	$ 1,492	**$ 4,550**	$ 4,360
Average loans *(billions)*	**$ 66.4**	$ 63.0	**$ 65.4**	$ 62.8
Exclude:				
Unamortized deferred card fees, net of direct acquisition costs of Card Member loans, and other *(billions)*	**(0.2)**	(0.2)	**(0.2)**	(0.3)
Adjusted average loans *(billions)* [(a)]	**$ 66.2**	$ 62.8	**$ 65.2**	$ 62.5
Net interest income divided by average loans	**8.5%**	8.1%	**8.1%**	7.9%
Net interest yield on Card Member loans [(a)]	**9.3%**	9.4%	**9.3%**	9.3%

(a) Adjusted average loans, adjusted net interest income, and net interest yield on Card Member loans are non-GAAP measures. We believe adjusted net interest income and adjusted average loans are useful to investors because they are components of net interest yield on Card Member loans, which provides a measure of profitability of our Card Member loan portfolio.

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Business Segment Results

For information about our reportable operating segments, refer to the Business Segment Results Overview beginning on page 25 of our Annual Report on Form 10-K for the year ended December 31, 2013.

U.S. Card Services

Table 10: USCS Selected Income Statement Data

	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
(Millions, except percentages)	**2014**	2013	2014 vs. 2013		**2014**	2013	2014 vs. 2013	
Revenues								
Discount revenue, net card fees and other	**$ 3,214**	$ 3,050	$ 164	5%	**$ 9,453**	$ 8,991	$ 462	5%
Interest income	**1,465**	1,408	57	4	**4,296**	4,148	148	4
Interest expense	**152**	172	(20)	(12)	**455**	532	(77)	(14)
Net interest income	**1,313**	1,236	77	6	**3,841**	3,616	225	6
Total revenues net of interest expense	**4,527**	4,286	241	6	**13,294**	12,607	687	5
Provisions for losses	**316**	285	31	11	**997**	931	66	7
Total revenues net of interest expense after provisions for losses	**4,211**	4,001	210	5	**12,297**	11,676	621	5
Expenses								
Marketing, promotion, rewards, Card Member services and other	**1,790**	1,756	34	2	**5,237**	5,036	201	4
Salaries and employee benefits and other operating expenses	**1,010**	988	22	2	**3,043**	2,938	105	4
Total expenses	**2,800**	2,744	56	2	**8,280**	7,974	306	4
Pretax segment income	**1,411**	1,257	154	12	**4,017**	3,702	315	9
Income tax provision	**522**	475	47	10	**1,482**	1,373	109	8
Segment income	**$ 889**	$ 782	$ 107	14%	**$ 2,535**	$ 2,329	$ 206	9%
Effective tax rate	**37.0%**	37.8%			**36.9%**	37.1%		

USCS issues a wide range of card products and services to consumers and small businesses in the U.S., and provides consumer travel services to Card Members and other consumers.

Discount revenue, net card fees and Other revenues increased $164 million or 5 percent and $462 million or 5 percent for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year. The increases were primarily driven by higher discount revenue, resulting from billed business growth, partially offset by a decrease in the average discount rate and higher cash rebate rewards. Billed business increased 9 percent and 8 percent for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year, primarily reflecting 5 percent and 4 percent increases in average spending per proprietary basic card for the three and nine month periods, respectively, and 4 percent higher cards-in-force.

Interest income increased $57 million or 4 percent and $148 million or 4 percent for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year, primarily driven by higher average Card Member loans, partially offset by higher Card Member reimbursements.

Interest expense decreased $20 million or 12 percent and $77 million or 14 percent for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year, due to lower funding costs.

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Provisions for losses increased $31 million or 11 percent and $66 million or 7 percent for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year, primarily due to a larger reserve release in the prior year, partially offset by the benefit of lower net write-offs for Card Member loans due to improved credit performance.

Marketing, promotion, rewards, Card Member services and other expenses increased $34 million or 2 percent and $201 million or 4 percent for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year, primarily reflecting higher Card Member rewards. Card Member rewards expense increased $50 million and $185 million for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year. The increases reflected higher co-brand expense, which increased approximately $16 million and $103 million for the three and nine month periods, respectively, primarily reflecting higher spending volumes, and increased Membership Rewards expense of $34 million and $82 million for the same periods, both of which were partially offset by a change in estimate of certain rewards-related reserves. The increases in Membership Rewards expense were primarily due to higher new points earned partially offset by slower growth in the URR and favorable changes in the WAC assumptions, as compared to the same periods in the prior year.

Salaries and employee benefits and other operating expenses increased $22 million or 2 percent and $105 million or 4 percent for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year, primarily related to higher card-related fraud losses. The nine month period also reflected a change in the estimated value of certain investments in our Community Reinvestment Act portfolio and higher restructuring charges compared to the prior year.

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Table 11: USCS Selected Statistical Information

(Millions, except percentages and where indicated)	As of or for the Three Months Ended September 30, 2014	2013	Change 2014 vs. 2013	As of or for the Nine Months Ended September 30, 2014	2013	Change 2014 vs. 2013
Card billed business *(billions)*	**$ 136.2**	$ 124.6	9 %	**$ 397.0**	$ 366.9	8 %
Total cards-in-force	**45.2**	43.4	4	**45.2**	43.4	4
Basic cards-in-force	**33.7**	32.2	5	**33.7**	32.2	5
Average basic Card Member spending *(dollars)* *	**$ 4,069**	$ 3,882	5	**$ 12,008**	$ 11,547	4
U.S. Consumer Travel:						
Travel sales	**$ 956**	$ 900	6	**$ 2,957**	$ 3,102	(5)
Travel commissions and fees/sales	**7.4%**	7.9%		**7.1%**	7.0%	
Total segment assets *(billions)*	**$ 103.3**	$ 95.2	9	**$ 103.3**	$ 95.2	9
Segment capital	**$ 9,909**	$ 9,118	9	**$ 9,909**	$ 9,118	9
Return on average segment capital [(a)]	**35.5%**	30.8%		**35.5%**	30.8%	
Return on average tangible segment capital [(a)]	**36.6%**	32.0%		**36.6%**	32.0%	
Card Member receivables:						
Total receivables *(billions)*	**$ 21.3**	$ 20.3	5	**$ 21.3**	$ 20.3	5
Net write-off rate principal only [(b)]	**1.5%**	1.4%		**1.7%**	1.8%	
Net write-off rate principal and fees [(b)]	**1.7%**	1.6%		**1.9%**	1.9%	
30 days past due as a % of total	**1.6%**	1.7%		**1.6%**	1.7%	
Card Member loans:						
Total loans *(billions)*	**$ 58.0**	$ 54.5	6 %	**$ 58.0**	$ 54.5	6 %
Net write-off rate principal only [(b)]	**1.4%**	1.7%		**1.6%**	1.9%	
Net write-off rate principal, interest and fees [(b)]	**1.6%**	1.9%		**1.8%**	2.1%	
30 days past due loans as a % of total	**1.0%**	1.1%		**1.0%**	1.1%	
Calculation of Net Interest Yield on Card Member loans:						
Net interest income	**$ 1,313**	$ 1,236		**$ 3,841**	$ 3,616	
Exclude:						
Interest expense not attributable to the Company s Card Member loan portfolio	**39**	45		**118**	139	
Interest income not attributable to the Company s Card Member loan portfolio	**(3)**	(3)		**(8)**	(7)	
Adjusted net interest income [(c)]	**$ 1,349**	$ 1,278		**$ 3,951**	$ 3,748	
Average loans *(billions)*	**$ 58.0**	$ 54.7		**$ 57.0**	$ 54.2	
Exclude:						
Unamortized deferred card fees, net of direct acquisition costs of Card Member loans *(billions)*						
Adjusted average loans *(billions)* [(c)]	**$ 58.0**	$ 54.7		**$ 57.0**	$ 54.2	
Net interest income divided by average loans	**9.1%**	9.0%		**9.0%**	8.9%	
Net interest yield on Card Member loans [(c)]	**9.2%**	9.3%		**9.3%**	9.2%	

* Proprietary cards only.

(a) Return on average segment capital is calculated by dividing (i) one-year period segment income ($3.4 billion and $2.8 billion for the twelve months ended September 30, 2014 and 2013, respectively) by (ii) one-year average segment capital ($9.6 billion and $8.9 billion for both the three months ended September 30, 2014 and 2013). Return on average tangible segment capital, a non-GAAP measure, is computed in the same manner as return on average segment capital except the computation of average tangible segment capital, a non-GAAP measure, excludes from average segment capital average goodwill and other intangibles of $299 million and $345 million as of September 30, 2014 and 2013, respectively. We believe return on average tangible segment capital is a useful measure of the profitability of our business.

(b) Refer to footnote (e) within Table 8.

(c) Adjusted net interest income, adjusted average loans, and net interest yield on Card Member loans are non-GAAP measures. Refer to Glossary of Selected Terminology for the definitions of these terms. We believe adjusted net interest income and adjusted average loans are useful to investors because they are components of net interest yield on Card Member loans, which provide a measure of profitability of our Card Member loan portfolio.

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International Card Services

Table 12: ICS Selected Income Statement Data

	Three Months Ended				Nine Months Ended		Change	
	September 30,		Change		September 30,			
(Millions, except percentages)	**2014**	2013	2014 vs. 2013		**2014**	2013	2014 vs. 2013	
Revenues								
Discount revenue, net card fees and other	**$ 1,206**	$ 1,161	$ 45	4 %	**$ 3,571**	$ 3,415	$ 156	5 %
Interest income	**273**	281	(8)	(3)	**825**	830	(5)	(1)
Interest expense	**85**	86	(1)	(1)	**259**	273	(14)	(5)
Net interest income	**188**	195	(7)	(4)	**566**	557	9	2
Total revenues net of interest expense	**1,394**	1,356	38	3	**4,137**	3,972	165	4
Provisions for losses	**98**	96	2	2	**275**	278	(3)	(1)
Total revenues net of interest expense after provisions for losses	**1,296**	1,260	36	3	**3,862**	3,694	168	5
Expenses								
Marketing, promotion, rewards, Card Member services and other	**532**	498	34	7	**1,605**	1,428	177	12
Salaries and employee benefits and other operating expenses	**588**	576	12	2	**1,809**	1,731	78	5
Total expenses	**1,120**	1,074	46	4	**3,414**	3,159	255	8
Pretax segment income	**176**	186	(10)	(5)	**448**	535	(87)	(16)
Income tax provision	**34**	44	(10)	(23)	**70**	7	63	#
Segment income	**$ 142**	$ 142	$	%	**$ 378**	$ 528	$ (150)	(28)%
Effective tax rate	**19.3%**	23.7%			**15.6%**	1.3%		

\# Denotes a variance greater than 100 percent

ICS issues proprietary consumer and small business cards outside the U.S. and operates a coalition loyalty business in various countries.

Discount revenue, net card fees and Other revenues increased $45 million or 4 percent and $156 million or 5 percent for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year, primarily driven by Loyalty Partner-related fees, higher discount revenue and an increase in net card fees. Billed business increased 4 percent for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year, primarily reflecting an increase in basic cards-in-force. Refer to Tables 6 and 7 for additional information on billed business by region.

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Interest income decreased $8 million or 3 percent and $5 million or 1 percent for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year. The decrease in the three month period was primarily driven by higher Card Member reimbursements and a slightly lower net interest yield. The decrease in the nine month period was primarily driven by lower average loan balances.

Interest expense decreased $1 million or 1 percent and $14 million or 5 percent for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year, primarily driven by lower funding costs.

Provisions for losses increased $2 million or 2 percent and decreased $3 million or 1 percent for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year. Refer to Table 13 for the lending and charge card write-off rates for 2014 and 2013.

Marketing, promotion, rewards, Card Member services and other expenses increased $34 million or 7 percent and $177 million or 12 percent for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year. The increases were primarily driven by higher Card Member rewards expense, reflecting higher spending volumes, and higher marketing and promotion expense, related to the reinvestment, in the second quarter, of a significant portion of the gain from the business travel joint venture transaction in growth initiatives. Card Member rewards expense in the nine month period included a charge related to enhancements in the Membership Rewards URR estimation process for certain international countries. Excluding the impact of changes in foreign exchange rates, marketing and promotion, rewards, Card Member services and other expense increased 15 percent for the nine month period.[2]

Salaries and employee benefits and other operating expenses increased $12 million or 2 percent and $78 million or 5 percent for the three and nine months ended September 30, 2014, respectively, as compared to the same periods in the prior year. The increase in the three month period is primarily driven by a prior year net benefit related to the sale of real estate, partially offset by lower salary and benefits expense in the current period. The increase in the nine month period is primarily driven by a second quarter restructuring charge and a Canadian value-added tax benefit in the prior year.

The effective tax rate in all periods reflected the recurring permanent tax benefit related to the segment s ongoing funding activities outside the U.S., which is allocated to ICS under our internal tax allocation process. The effective tax rate for the nine months ended September 30, 2013 also reflected the allocated share of tax benefits related to the resolution of certain prior years tax items, and an additional benefit due to the renewal by the U.S. Congress of the active financing legislation on January 2, 2013. The effective tax rate in each of the periods reflected the impact of recurring permanent tax benefits on varying levels of pretax income.

[2] The foreign currency adjusted information, a non-GAAP measure, assumes a constant exchange rate between the periods being compared for purposes of currency translation into U.S. dollars (i.e., assumes the foreign exchange rates used to determine results for the current year apply to the corresponding year period against which such results are being compared). We believe the presentation of information on a foreign currency adjusted basis is helpful to investors by making it easier to compare our performance in one period to that of another period without the variability caused by fluctuations in currency exchange rates.

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Table 13: ICS Selected Statistical Information

	As of or for the Three Months Ended September 30,		Change 2014 vs.	As of or for the Nine Months Ended September 30,		Change 2014 vs.
(Millions, except percentages and where indicated)	**2014**	2013	2013	**2014**	2013	2013
Card billed business *(billions)*	**$ 33.9**	$ 32.5	4 %	**$ 99.9**	$ 96.2	4 %
Total cards-in-force	**15.8**	15.5	2	**15.8**	15.5	2
Basic cards-in-force	**10.9**	10.6	3	**10.9**	10.6	3
Average basic Card Member spending *(dollars)* *	**$ 3,100**	$ 3,076	1	**$ 9,185**	$ 9,094	1
International Consumer Travel:						
Travel sales	**$ 362**	$ 359	1	**$ 1,069**	$ 1,053	2
Travel commissions and fees/sales	**6.9%**	7.0%		**6.6%**	6.8%	
Total segment assets *(billions)*	**$ 31.1**	$ 30.4	2	**$ 31.1**	$ 30.4	2
Segment capital	**$ 2,974**	$ 3,065	(3)	**$ 2,974**	$ 3,065	(3)
Return on average segment capital [(a)]	**15.8%**	20.8%		**15.8%**	20.8%	
Return on average tangible segment capital [(a)]	**28.9%**	39.1%		**28.9%**	39.1%	
Card Member receivables:						
Total receivables *(billions)*	**$ 7.3**	$ 7.2	1	**$ 7.3**	$ 7.2	1
Net write-off rate principal only[(c)]	**1.9%**	(b)		**2.0%**	(b)	
Net write-off rate principal and fees[(c)]	**2.1%**	(b)		**2.1%**	(b)	
30 days past due loans as a % of total	**1.4%**	(b)		**1.4%**	(b)	
90 days past billing as a % of total	**(b)**	1.1%		**(b)**	1.1%	
Net loss ratio (as a % of charge volume)	**(b)**	0.21%		**(b)**	0.20%	
Card Member loans:						
Total loans *(billions)*	**$ 8.0**	$ 8.4	(5)%	**$**		