

Exhibit 1 Consolidated Financial Highlights

(In millions, except per-share amounts, percentages, and employees)	2011	2010	% INC/DEC
Total Revenues Net of Interest Expense	\$29,962	\$27,582	9%
Income from Continuing Operations	\$4,899	\$4,057	21%
Income from Discontinued Operations	\$36	—	#
Net Income	\$4,935	\$4,057	22%
Return on Average Equity	27.7%	27.5%	
Total Assets	\$153,337	\$146,689	5%
Shareholders/Equity	\$18,794	\$16,230	16%
Diluted Income from Continuing Operations Attributable to Common Shareholders	\$4.09	\$3.35	22%
Diluted Income from Discontinued Operations	\$0.03	—	#
Diluted Net Income Attributable to Common Shareholders	\$4.12	\$3.35	23%
Cash Dividends Declared per Share	\$0.72	\$0.72	—
Book Value per Share	\$16.15	\$13.56	19%
Average common Shares Outstanding for Diluted Earnings per Common Share	1,184	1,195	-1%
Common Share Dividends Declared	\$856	\$867	-1%
Common Share Repurchases	48	14	#
Number of Employees	62,500	51,000	2%

denotes a variance of more than 100%

Data source: American Express annual report, 2012.

bank for authorization (the restaurant's bank was known as the "acquirer"). After the transaction was approved and cleared, the issuer bank received a percentage of the sale based on the interest on the loan provided to the cardholder at the time. The acquirer received a fee from the restaurant in the form of a discount fee (an industry average of 1.2%).⁵ Visa or MasterCard received their revenues for the ownership and management of the transaction-processing services and data management for the entire system. Their business models were based on increasing the number of times that a consumer used a card ("transaction-centric" models). An important distinction in this model was that neither Visa nor MasterCard made any loans to the consumer. Thus they received no interest on the loans made to consumers for their purchases.

AXP's business model, however, had it serving as both the issuer and the lender. Thus the analogous strategy was a "spend-centric" one. In this approach, AXP's

cardholders were provided their cards by the company's own banking subsidiaries. AXP received its primary revenues from the discount fees charged to merchants (which were higher than the industry average: an estimated 2.4%).⁶ The important distinction in AXP's "closed-loop" network was that the company had the ability to leverage spending data about its customers to create more tailored rewards/offer programs for customers and to share high-level trends and business insights about spending patterns with merchants.

An important performance metric in this model was that customers spent higher amounts per purchase. One study indicated that the average payment volume per transaction for AXP cards was around \$150, while Visa's was one-third that amount.⁷ This also made AXP members attractive to merchants seeking more affluent customers, and the company used internal data to match merchants with affluent customers that would likely buy their products. Since credit risks were borne internally