



2020-22 PROJECTIONS		2007											2018		© VALUE LINE PUB. LLC		20-22				
Price	Gain	Ann'l Total	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Earnings per sh ^A	Div'ds Decl'd per sh ^B	Book Value per sh	Common Shs Outst'g ^C	Avg Ann'l P/E Ratio	Relative P/E Ratio	Avg Ann'l Div'd Yield
High 115	(+20%)	6%	3.39	2.48	1.54	3.35	4.09	4.40	4.88	5.56	5.39	5.65	5.80	6.35	7.90	1.80	36.15	775.00	13.0	.80	1.8%
Low 90	(-5%)	Nil	.63	.72	.72	.72	.72	.78	.86	.98	1.10	1.22	1.28	1.35							
			9.52	10.21	12.09	13.56	16.15	17.09	18.32	20.21	21.33	22.68	25.30	27.80							
			1158.0	1160.0	1192.0	1197.0	1164.0	1105.0	1064.0	1023.0	969.00	904.00	870.00	845.00							
			17.4	15.3	17.5	12.4	11.6	12.7	15.0	16.2	14.5	11.3									
			.92	.92	1.17	.79	.73	.81	.84	.85	.73	.59									
			1.1%	1.9%	2.7%	1.7%	1.5%	1.4%	1.2%	1.1%	1.4%	1.9%									

On November 14, 2008, American Express became a bank holding company under the BHC Act subject to the supervision and examination by the Federal Reserve of the United States. Thus, in order to better represent American Express' operations, we have altered our financial presentation. ^D

CAPITAL STRUCTURE as of 9/30/17		2007											2018		20-22																													
ST Debt	LT Debt	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total Assets (\$mill)	Loans (\$mill)	Net Interest Inc (\$mill)	Book Loss Prov'n (\$mill)	Noninterest Inc (\$mill)	Noninterest Exp (\$mill)	Net Profit (\$mill)																								
\$2352 mill.	\$48762 mill.	53436	40659	30010	57616	61166	64309	66585	70104	58799	65461	65000	66000	149830	126074	124088	147042	153337	153140	153375	159103	161184	158893	163000	168000	182000	74750	6150	2250	27850	22350	6200												
Due in 5 Yrs \$45000 mill.	LT Interest \$1175 mill.	3590.0	3646.0	3124.0	4869.0	4641.0	4628.0	5047.0	5472.0	5922.0	5771.0	5640	5800	5341.0	5798.0	5313.0	2207.0	1112.0	1990.0	2110.0	2044.0	1988.0	2026.0	2075	2150	3590.0	3646.0	3124.0	4869.0	4641.0	4628.0	5047.0	5472.0	5922.0	5771.0	5640	5800	6150	2250	27850	22350	6200	22350	6200
(Total interest coverage '16: 8.3x)		24141	24719	21399	22950	25321	26954	27927	28820	26896	26348	26400	26650	17824	18986	16369	19648	21894	22246	22976	23257	22473	21997	22200	22125	24141	24719	21399	22950	25321	26954	27927	28820	26896	26348	26400	26650	22350	22350	22350	22350	22350	22350	22350
(70% of Cap'l)		4048.0	2871.0	2137.0	4057.0	4899.0	5076.0	5359.0	5885.0	5498.0	5408.0	5125	5400	4048.0	2871.0	2137.0	4057.0	4899.0	5076.0	5359.0	5885.0	5498.0	5408.0	5125	5400	4048.0	2871.0	2137.0	4057.0	4899.0	5076.0	5359.0	5885.0	5498.0	5408.0	5125	5400	22350	22350	22350	22350	22350	22350	22350
No Defined Benefit Pension Plan		27.3%	19.8%	24.8%	32.0%	29.6%	30.9%	32.1%	34.5%	34.2%	33.2%	34.0%	34.0%	27.3%	19.8%	24.8%	32.0%	29.6%	30.9%	32.1%	34.5%	34.2%	33.2%	34.0%	34.0%	27.3%	19.8%	24.8%	32.0%	29.6%	30.9%	32.1%	34.5%	34.2%	33.2%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%
Leases, Uncapitalized Annuals rentals \$127 mill.		2.70%	2.28%	1.72%	2.76%	3.20%	3.31%	3.49%	3.70%	3.41%	3.40%	3.10%	3.20%	2.70%	2.28%	1.72%	2.76%	3.20%	3.31%	3.49%	3.70%	3.41%	3.40%	3.10%	3.20%	2.70%	2.28%	1.72%	2.76%	3.20%	3.31%	3.49%	3.70%	3.41%	3.40%	3.10%	3.20%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%	3.40%
Pfd Stock Series B & C: \$1.7 bill. Div'd \$61 mill.		55285	60041	52338	66416	59570	58973	55330	57955	48061	46990	52000	52000	55285	60041	52338	66416	59570	58973	55330	57955	48061	46990	52000	52000	55285	60041	52338	66416	59570	58973	55330	57955	48061	46990	52000	52000	50000	50000	50000	50000	50000	50000	50000
Common Stock 867,996,250 shs. as of 10/18/17		11029	11841	14406	16230	18794	18886	19496	20673	20673	20501	22000	23500	11029	11841	14406	16230	18794	18886	19496	20673	20673	20501	22000	23500	11029	11841	14406	16230	18794	18886	19496	20673	20673	20501	22000	23500	28000	28000	28000	28000	28000	28000	28000
MARKET CAP: \$82.9 billion (Large Cap)		7.4%	9.4%	11.6%	11.0%	12.3%	12.3%	12.7%	13.0%	12.8%	12.9%	13.5%	14.0%	7.4%	9.4%	11.6%	11.0%	12.3%	12.3%	12.7%	13.0%	12.8%	12.9%	13.5%	14.0%	7.4%	9.4%	11.6%	11.0%	12.3%	12.3%	12.7%	13.0%	12.8%	12.9%	13.5%	14.0%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%
FINANCIAL POSITION 2015 2016 9/30/17 (\$MILL.)		35.7%	32.3%	24.2%	39.2%	39.9%	42.0%	43.4%	44.1%	36.5%	41.2%	40.0%	39.5%	35.7%	32.3%	24.2%	39.2%	39.9%	42.0%	43.4%	44.1%	36.5%	41.2%	40.0%	39.5%	35.7%	32.3%	24.2%	39.2%	39.9%	42.0%	43.4%	44.1%	36.5%	41.2%	40.0%	39.5%	41.0%	41.0%	41.0%	41.0%	41.0%	41.0%	41.0%
Cash Assets		36.7%	24.2%	14.8%	25.0%	26.1%	26.9%	27.5%	28.5%	26.6%	26.4%	23.5%	23.0%	36.7%	24.2%	14.8%	25.0%	26.1%	26.9%	27.5%	28.5%	26.6%	26.4%	23.5%	23.0%	36.7%	24.2%	14.8%	25.0%	26.1%	26.9%	27.5%	28.5%	26.6%	26.4%	23.5%	23.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%
Invest. Sec's		18%	29%	43%	21%	18%	18%	18%	18%	20.9%	20.5%	18.0%	18.0%	18%	29%	43%	21%	18%	18%	18%	18%	20.9%	20.5%	18.0%	18.0%	18%	29%	43%	21%	18%	18%	18%	18%	20.9%	20.5%	18.0%	18.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%
Receivables		18%	29%	43%	21%	18%	18%	18%	18%	20.9%	20.5%	18.0%	18.0%	18%	29%	43%	21%	18%	18%	18%	18%	20.9%	20.5%	18.0%	18.0%	18%	29%	43%	21%	18%	18%	18%	18%	20.9%	20.5%	18.0%	18.0%	23%	23%	23%	23%	23%	23%	23%
Other		18%	29%	43%	21%	18%	18%	18%	18%	20.9%	20.5%	18.0%	18.0%	18%	29%	43%	21%	18%	18%	18%	18%	20.9%	20.5%	18.0%	18.0%	18%	29%	43%	21%	18%	18%	18%	18%	20.9%	20.5%	18.0%	18.0%	23%	23%	23%	23%	23%	23%	23%
Total Assets		18%	29%	43%	21%	18%	18%	18%	18%	20.9%	20.5%	18.0%	18.0%	18%	29%	43%	21%	18%	18%	18%	18%	20.9%	20.5%	18.0%	18.0%	18%	29%	43%	21%	18%	18%	18%	18%	20.9%	20.5%	18.0%	18.0%	23%	23%	23%	23%	23%	23%	23%
Deposits		18%	29%	43%	21%	18%	18%	18%	18%	20.9%	20.5%	18.0%	18.0%	18%	29%	43%	21%	18%	18%	18%	18%	20.9%	20.5%	18.0%	18.0%	18%	29%	43%	21%	18%	18%	18%	18%	20.9%	20.5%	18.0%	18.0%	23%	23%	23%	23%	23%	23%	23%
Accounts Payable		18%	29%	43%	21%	18%	18%	18%	18%	20.9%	20.5%	18.0%	18.0%	18%	29%	43%	21%	18%	18%	18%	18%	20.9%	20.5%	18.0%	18.0%	18%	29%	43%	21%	18%	18%	18%	18%	20.9%	20.5%	18.0%	18.0%	23%	23%	23%	23%	23%	23%	23%
Other		18%	29%	43%	21%	18%	18%	18%	18%	20.9%	20.5%	18.0%	18.0%	18%	29%	43%	21%	18%	18%	18%	18%	20.9%	20.5%	18.0%	18.0%	18%	29%	43%	21%	18%	18%	18%	18%	20.9%	20.5%	18.0%	18.0%	23%	23%	23%	23%	23%	23%	23%
Total Liab.		18%	29%	43%	21%	18%	18%	18%	18%	20.9%	20.5%	18.0%	18.0%	18%	29%	43%	21%	18%	18%	18%	18%	20.9%	20.5%	18.0%	18.0%	18%	29%	43%	21%	18%	18%	18%	18%	20.9%	20.5%	18.0%	18.0%	23%	23%	23%	23%	23%	23%	23%

BUSINESS: American Express Company is a leading global payments, network, and travel firm established in 1850 and incorporated in 1965. Its business segments are: Global Consumer Group and Global Business-to-Business Group. Divested AMEX Life, 10/95; American Express Bank, 2/08. Spun off Lehman Brothers to shareholders, 5/94; American Express Financial Advisors, 9/05. Had approximately 56,400 employees at 12/31/16. Officers and directors own approximately 1.0% of the company's common stock; Berkshire Hathaway, 16.8%; The Vanguard Group, 5.3% (3/17 Proxy). Chairman & CEO: Kenneth I. Chenault, Inc.: New York. Address: 200 Vesey Street, New York, New York 10285. Phone: 212-640-2000. Web: www.americanexpress.com.

There will soon be a changing of the guard at the American Express Company. It was recently announced that Kenneth Chenault will step down from his posts on February 1, 2018. Mr. Chenault has been with Amex for 37 years and has served as Chairman and CEO since 2001. He will be replaced by Stephen J. Squeri, who has been Vice Chairman since 2015. Mr. Squeri will be in charge of ushering the company through the ongoing transition (discussed below), and has already promised some organizational changes.

The equity has continued to regain its footing. After a lengthy, multiyear stretch of underperformance, the stock price has increased almost 45% over the past 12 months. Although recent quarterly results for the credit card behemoth, overall, have been mediocre, we think that investors flocked to this Dow component because it looked quite cheap, especially as the broader market continued to reach new highs. For example, one year ago, AXP was trading at just 11.8 times share net, which was well below the Value Line median, as well as Amex's historical average. Simply put, we think that bargain-hunters can take a fair amount of the credit for the issue's recent recovery.

Our outlook for Amex remains unexciting. The company continues to navigate life after Costco Wholesale, and fully offsetting this business will be quite challenging. On the bright side, management has already implemented a number of strategies, including increasing the marketing budget and its technology, while also cutting some operating expenses. All told, we agree with leadership's approach, but it will take time for these endeavors to take hold. For 2017, we have added a nickel to our share-net estimate. By next year, it is likely that some of the initiatives will have gained traction, and we estimate that the bottom line will display signs of a meaningful recovery.

At this time, we suggest that most investors wait on the sidelines. Previously, we recommended that patient, buy-and-hold accounts take a look here. However, much of the good news already appears to be reflected in the stock price. On that note, AXP already trades at the low end of our 3- to 5-year Target Price Range.

Ian Gendler *November 10, 2017*

(A) Diluted earnings. May not sum to total due to rounding. Excludes non-recurring charge: '15 \$0.34. Next eps report due late Jan.	(B) Div'd's historically paid in mid-Feb, May, Aug., and Nov. Div'd reinv. plan available.	(C) In millions.	(D) Began reporting as a bank holding company on 11/14/08.	(E) Revenues are net of interest expense.	Company's Financial Strength A++	Stock's Price Stability 80	Price Growth Persistence 60	Earnings Predictability 90
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