

**Meeting Between Federal Reserve Board Staff
and Representatives of American Express
August 3, 2010**

Participants: Louise Roseman, Jeffrey Yeganeh, Geoff Gerdes, Edith Collis, David Mills, Jennifer Davidson, David Stein, Ky Tran-Trong, Elizabeth Kiser, Mark Manuszak, Stephanie Martin and Dena Milligan (Federal Reserve Board)

Alpesh Chokshi, Arne Christenson, Steve McCurdy, Juliana O'Reilly, Anne Segal and Bobby Thomson (American Express)

Summary: Staff of the Federal Reserve Board met with representatives of American Express to discuss the interchange fee provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("the Act"). American Express representatives described the company's role in the prepaid card market and their overall views on the application of network exclusivity and routing restrictions to a closed-loop payment card network.

Among other matters discussed were: the role of American Express as a payment card network and the company's merchant discount rates under the three-party payment card network. A copy of the handout provided by American Express at the meeting is attached below.



Interchange Amendment Discussion with Staff of the Board of Governors of the Federal Reserve System

August 3, 2010

Interchange Language: Key Questions



1. “Reasonable & Proportional” Interchange

- How will this apply for closed-loop payment networks that do not have interchange fees and instead charge a merchant discount rate as the merchant acquirer?

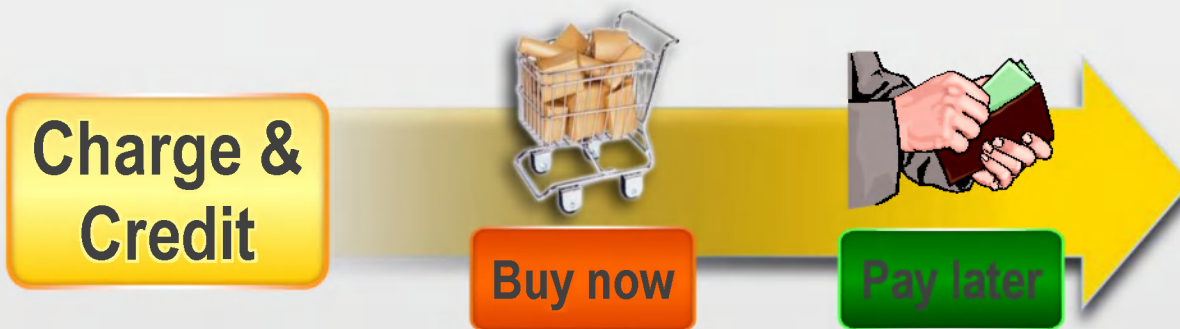
2. Prohibition on network routing restrictions

- How will the provision on routing restrictions apply to closed loop networks whose cards do not have the capability to run on different networks?

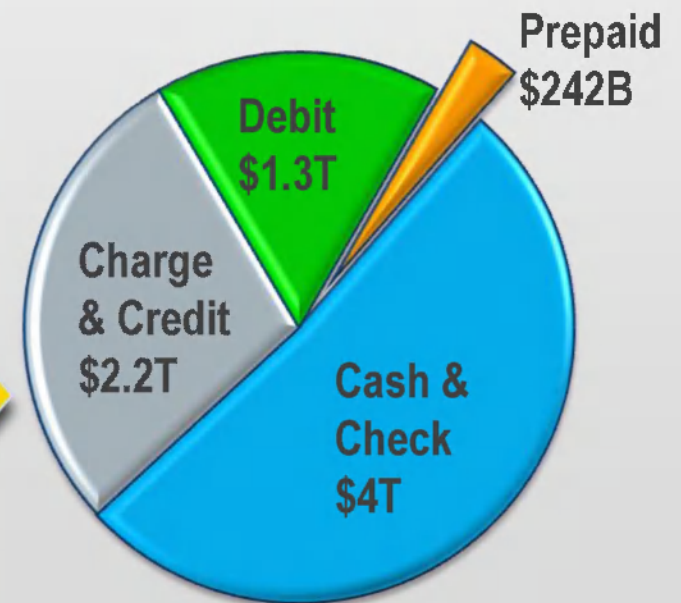
3. Prohibition on network exclusivity arrangements

- How will the prohibition against exclusivity arrangements apply to closed-loop networks who serve as the issuer, acquirer, processor and network all within a single company, and whose cards are not configured to be processed on any other network?

Prepaid Segment of the Payments Marketplace



US Consumer Payments = \$7.7T



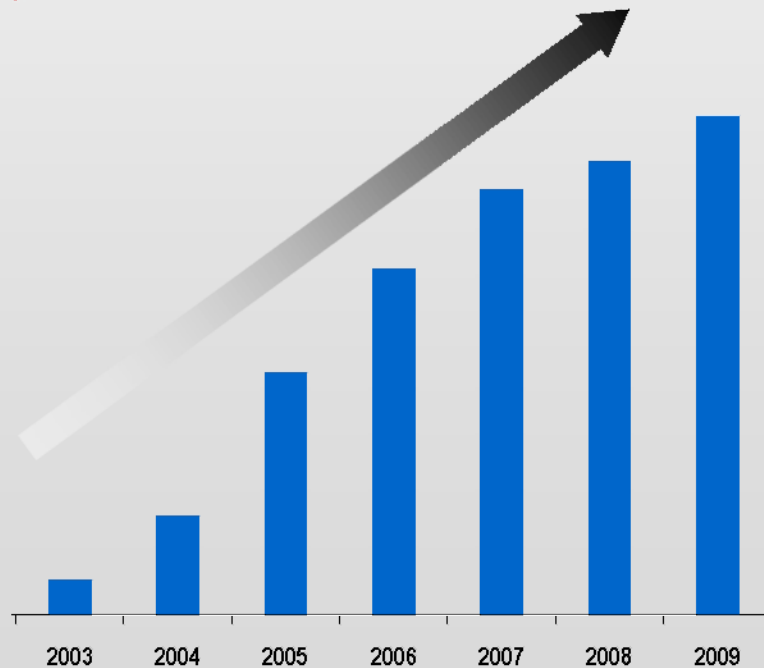
Source: The Nilson Report, April '09; Mercator Advisory Group, November '08

Prepaid Card Franchise Growth



119 years after inventing the first prepaid product (Traveler's Cheques), American Express introduced our general purpose, network-branded prepaid card

Amex Prepaid Card Sales Volume Trend \$M



- ❑ Over \$1B in annual sales
- ❑ 1st issuer of network branded prepaid gift cards to eliminate all monthly gift card and servicing fees (2009)

US Prepaid Card Portfolio



US Gift Cards



Fixed Denomination



Variable Load

Birthday



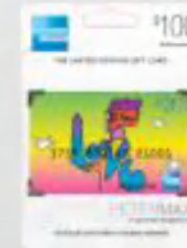
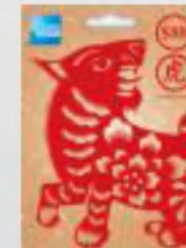
Congrats



Thank You



Next Generation



Specialty

Expansion Products

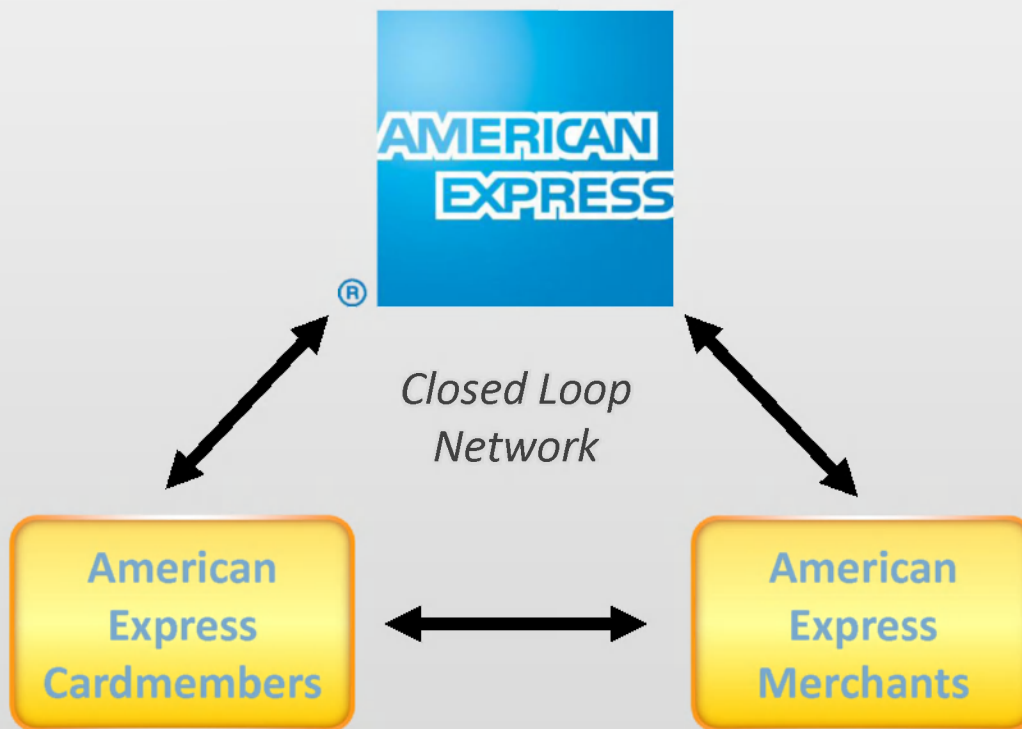


Rebates and Incentives
(Corporate Clients Only)



PASS Reloadable

AXP Payment System



Merchant Payment Rates

- Contracted directly between AXP and merchants
- Market-driven, varies by industry and spend
- Priced based upon value delivered to merchants

Q & A