The Latest Insights into Customer Purchase Behavior

Michael Grillo
Vice President, Business Insights

June 8th 2012
American Express Cardmembers

Approximately 90M Cards

5B+ Annual Transactions

127 Markets

$713B Overall Spend
Consumer Spending is Flat; Small Business Spending Has Recovered

Spend Growth

Pre Recession
Recession
Recovery

Spend (Indexed to Q1'07)

Q1'07 Q2'07 Q3'07 Q4'07 Q1'08 Q2'08 Q3'08 Q4'08 Q1'09 Q2'09 Q3'09 Q4'09 Q1'10 Q2'10 Q3'10 Q4'10 Q1-11 Q2-11 Q3-11 Q4-11 Q1-12

Overall Consumer Small Business Corporate

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Travel Industry Spending Awaits Full Recovery

Spend Growth

Spend (Indexed to Q1'07)

Pre Recession

Recession

Recovery

Q1'07 Q2'07 Q3'07 Q4'07 Q1'08 Q2'08 Q3'08 Q4'08 Q1'09 Q2'09 Q3'09 Q4'09 Q1'10 Q2'10 Q3'10 Q4'10 Q1-11 Q2-11 Q3-11 Q4-11 Q1-12

Airlines
Cruise
Lodging
Other Travel Related
Overall Travel

50 60 70 80 90 100 110 120 130

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Lodging Has Recovered But is Not Back to 2008 Levels

Lodging -- Overall Spend Index

Spend Index
Base Period: 2008=100

Recession

Recovery

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UK and France Have Shown Greater Growth

Lodging -- Overall Spend Index

Spend index Base Period: 2008=100

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Spending in Spain and Germany Lags Other European Countries

Lodging -- Overall Spend Index

Spend Index
Base Period: 2008=100

Recession

Recovery

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In Travel, Customers are trading out frequency for higher prices.

All Spend, YOY Change, 2011

<table>
<thead>
<tr>
<th>Dining</th>
<th>Travel</th>
<th>Retail</th>
<th>Entertainment</th>
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<tbody>
<tr>
<td>3%</td>
<td>2%</td>
<td>4%</td>
<td>2%</td>
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<td>0%</td>
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Spend, Transactions, Spend/Transaction
Small Business Lodging Spend Rebounded More Strongly

Spend Index For U.S. Lodging Properties

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Overall</th>
<th>Leisure</th>
<th>Large Corporations</th>
<th>Small Business</th>
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<tr>
<td>Q1-08</td>
<td>105</td>
<td>70</td>
<td>95</td>
<td>110</td>
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<td>Q2-08</td>
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<tr>
<td>Q2-11</td>
<td>-20</td>
<td>-40</td>
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<tr>
<td>Q3-11</td>
<td>-30</td>
<td>-50</td>
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<tr>
<td>Q4-11</td>
<td>-40</td>
<td>-60</td>
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<td>-30</td>
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</tbody>
</table>

Base Period: 2008=100

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International Visitors to the U.S Have Recovered Faster

Spend at U. S. Lodging Properties

- **Recession**
- **Recovery**

- **Base Period:** Q1 2008 = 100

- **Spend index**

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Most Tiers Have Declined In Recent Months

Spend Index For U.S. Lodging Properties

Spend index Base Period: 2008=100

Recession

Recovery

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In Most Countries, Luxury is Performing Better Than Other Tiers

<table>
<thead>
<tr>
<th></th>
<th>ECONOMY/MIDSCALE</th>
<th>UPSCALE</th>
<th>LUXURY</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>US</strong></td>
<td>4%</td>
<td>2%</td>
<td>7%</td>
</tr>
<tr>
<td><strong>UK</strong></td>
<td>5%</td>
<td>-1%</td>
<td>11%</td>
</tr>
<tr>
<td><strong>France</strong></td>
<td>3%</td>
<td>-2%</td>
<td>8%</td>
</tr>
<tr>
<td><strong>Italy</strong></td>
<td>8%</td>
<td>10%</td>
<td>2%</td>
</tr>
<tr>
<td><strong>Germany</strong></td>
<td>6%</td>
<td>-2%</td>
<td>4%</td>
</tr>
<tr>
<td><strong>Spain</strong></td>
<td>7%</td>
<td>-3%</td>
<td>2%</td>
</tr>
</tbody>
</table>

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### Younger Generations Continue to Spend

<table>
<thead>
<tr>
<th>Generation</th>
<th>LUXURY</th>
<th>UPSCALE</th>
<th>MIDSCALE</th>
<th>ECONOMY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gen Y (18–30)</td>
<td>18%</td>
<td>3%</td>
<td>1%</td>
<td>36%</td>
</tr>
<tr>
<td>Gen X (31–46)</td>
<td>1%</td>
<td>5%</td>
<td>-4%</td>
<td>46%</td>
</tr>
<tr>
<td>Boomers (47–66)</td>
<td>-2%</td>
<td>-3%</td>
<td>-6%</td>
<td>31%</td>
</tr>
<tr>
<td>Seniors (67+)</td>
<td>-6%</td>
<td>-9%</td>
<td>-10%</td>
<td>9%</td>
</tr>
</tbody>
</table>

**2011 YOY Spend Growth by Lodging Tiers, US**

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Thoughts About The New Normal

Luxury Is Back
Luxury fashion spending returned first but consumers are deal seeking; newcomers are younger and less affluent

Necessities Are Being Redefined
Smart and wireless phone and service have increased through the recession

Value Is Sticking
Spending shifted from dining to supermarkets while affluent consumers shopped more with discount retail

Dining Out is Changing
QSR increased its share of restaurant spending by more than 15% and bars have seen greater than 40% increase since the start of the recession

Health Matters
Affluent consumers and Gen Y have prioritized a healthy lifestyle of fitness, high-quality foods, and caring for oneself since the pre-recession period

Generations Matter
Boomers and Seniors cut back first and haven’t come back as strong while Gen X and Y have returned to spending
Thank You!