



May 29, 2015

American Express
100 First Stamford Place
Stamford, CT 06902

Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. 2015 – 240: Revenue from Contracts with Customers (Topic 606) –
Deferral of the Effective Date

Dear FASB members:

Thank you for the opportunity to comment on the proposed deferral of the effective date of ASC 606, *Revenue from Contracts with Customers*. We greatly appreciate the outreach performed by the FASB Staff and the willingness of FASB members to consider a delay in the effective date of the new revenue standard. We support a deferral of the effective date and have provided below our responses to questions posed by the FASB.

Question 1: Should the effective date of the guidance in Update 2014-09 be deferred for one year for public business entities, certain not-for-profit entities, and certain employee benefit plans? Please explain why.

Yes. We have been an active participant throughout the standard setting process and committed internal and external resources to our implementation plan beginning in late 2013, before the standard was issued. Based on our efforts to analyze and implement the new guidance, we believe a delay of at least one year is necessary to mitigate financial reporting risk and ensure the resulting accounting is supported by internal controls that are appropriately designed and effectively operating.

We have developed a multi-phase and multi-functional project plan for the adoption of the new revenue guidance. The first phase of our implementation project is to assess the impact of the standard. This phase of the project has taken significantly more time than we anticipated due to the lack of interpretive guidance which has resulted in additional complexity reaching alignment on accounting conclusions in areas unique to the credit card industry. This delay in accounting consensus puts tremendous pressure on our ability to complete the process/system design and implementation phases of the project by January 1, 2017. The consequence is a limited amount of time to design and build new processes/systems, and we would therefore need to rely on extensive interim manual processes that would need to be supplemented and eventually replaced

with system modifications after 2017, leading to increased overall cost, inefficiency and increased risk. An additional year to implement the standard would provide additional time to ensure sustainable processes/systems are designed and implemented. However, even with an additional year it is unlikely that we will be in a position to retrospectively adopt the new guidance as processes and systems will not be designed and operating in parallel by January 1, 2016.

Question 2: Should the effective date of the guidance in Update 2014-09 be deferred for one additional year for all other entities? Please explain why.

Not relevant to American Express

Question 3: In addition to providing a one-year deferral of the effective date of the guidance in Update 2014-09, should the Board also provide an optional two-year deferral for all entities that apply that guidance retrospectively to each reporting period presented? Please explain why.

We support an optional two-year deferral for entities that apply the guidance retrospectively. Retrospective application is generally considered a more preferable method of adoption for public investors and other users of the financial statements. Earlier adoption dates are likely to preclude many preparers from retrospective adoption. As noted in our response to Question 1, the delay in reaching accounting consensus on issues unique to the credit card industry has shortened the window of time available to design and implement new processes and systems. A timeline to implement by January 1, 2018 remains aggressive and processes and systems would not be designed and operating in parallel in 2016, causing us to rely on a mix of manual and automated process designs in the event of a retrospective adoption.

American Express has approximately 80 systems and interfaces that could potentially be impacted depending on the accounting conclusions reached. The systems impacted will include newer systems as well as decentralized legacy systems. American Express provides services in more than 150 countries around the world and accounting processes and systems vary by line of business and/or geographical market. This structure adds complexity to the process/system design and implementation and will require significant time to ensure sustainable processes and systems are designed, documented, and built.

We believe an optional two-year deferral for entities that retrospectively adopt provides the dual benefit of a timeline that will mitigate risk to the preparer while offering investors better information about the impacts the new standard has on the financial statements.

Question 4: Should earlier application of the guidance in Update 2014-09 be permitted as of the effective date originally included in Update 2014-09? Please explain why.

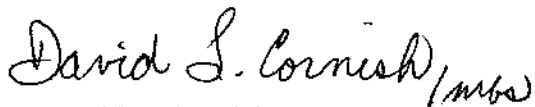
We support the proposal to allow for early adoption of the standard. While it is unlikely we would avail ourselves of this option we do recognize the benefit to those companies that are prepared to adopt the standard in 2017. Further, we think a 2017 early adoption date would help continue the momentum many companies currently have around implementation efforts, accelerating timely conclusions on interpretative and application matters. This would then allow

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more time to focus on the process/system design and implementation of the changes required by those accounting conclusions. As previously stated, it has taken significantly more time than anticipated to gain alignment on accounting conclusions. This delay in accounting consensus places tremendous pressure on the timelines, so an option allowing early adoption might be helpful in not prolonging conclusions.

American Express Company appreciates the opportunity to provide our comments on the effective date of ASC 606 *Revenue from Contracts with Customers*. If you have any questions regarding our letter or would like to discuss our views in further detail, please feel free to contact me directly at (212) 640-4483.

Sincerely,

A handwritten signature in cursive script that reads "David L. Cornish" followed by a smaller signature "mbs" in parentheses.

David L. Cornish
Senior Vice President, Deputy Corporate Controller
American Express Company

DLC:mbs