



**Contacts:**

Media: Robert Glick  
212-640-1041  
[robert.a.glick@aexp.com](mailto:robert.a.glick@aexp.com)

Michael O'Neill  
212-640-5951  
[mike.o'neill@aexp.com](mailto:mike.o'neill@aexp.com)

Investors/Analysts: Malkah Buchweitz  
212-640-6657  
[malkah.y.buchweitz@aexp.com](mailto:malkah.y.buchweitz@aexp.com)

Ron Stovall  
212-640-5574  
[ronald.stovall@aexp.com](mailto:ronald.stovall@aexp.com)

**For Immediate Release**

**AMERICAN EXPRESS REPORTS STRONG RESULTS  
ON RECORD CARDMEMBER SPENDING.  
MORE THAN 2 MILLION CARDS-IN-FORCE ADDED IN THE QUARTER.**

(Millions, except per share amounts)

	Quarters Ended		Percentage	Six Months Ended		Percentage
	June 30,			Inc/ (Dec)	June 30,	
	2007	2006			2007	2006
Revenues net of interest expense	\$ 7,130	\$ 6,542	9%	\$ 13,798	\$ 12,595	10%
Income From Continuing Operations	\$ 1,062	\$ 972	9%	\$ 2,127	\$ 1,848	15%
Loss From Discontinued Operations	\$ (5)	\$ (27)	(81%)	\$ (13)	\$ (30)	(57%)
Net Income	\$ 1,057	\$ 945	12%	\$ 2,114	\$ 1,818	16%
Earnings Per Common Share - Basic:						
Income From Continuing Operations	\$ 0.90	\$ 0.80	13%	\$ 1.80	\$ 1.51	19%
Loss From Discontinued Operations	\$ -	\$ (0.02)	#	\$ (0.01)	\$ (0.02)	(50%)
Net Income	\$ 0.90	\$ 0.78	15%	\$ 1.79	\$ 1.49	20%
Earnings Per Common Share - Diluted:						
Income From Continuing Operations	\$ 0.88	\$ 0.78	13%	\$ 1.76	\$ 1.48	19%
Loss From Discontinued Operations	\$ -	\$ (0.02)	#	\$ (0.01)	\$ (0.03)	(67%)
Net Income	\$ 0.88	\$ 0.76	16%	\$ 1.75	\$ 1.45	21%
Average Common Shares Outstanding						
Basic	1,179	1,217	(3%)	1,183	1,224	(3%)
Diluted	1,203	1,242	(3%)	1,207	1,250	(3%)
Return on Average Equity*	37.5%	29.8%		37.5%	29.8%	

\* Computed on a trailing 12-month basis using net income over average total shareholders' equity (including discontinued operations) as included in the Consolidated Financial Statements prepared in accordance with U.S. generally accepted accounting principles (GAAP).

# Denotes a variance of more than 100%.

New York - July 23, 2007 - **American Express Company (NYSE: AXP)** today reported second quarter income from continuing operations of \$1.1 billion, up 9 percent from \$972 million a year ago. Diluted earnings per share from continuing operations were \$0.88, up 13 percent from \$0.78.

Net income for the quarter also totaled \$1.1 billion, up 12 percent from \$945 million a year ago, and \$0.88 per share, up 16 percent from \$0.76.

Consolidated revenues net of interest expense rose 9 percent to \$7.1 billion, up from \$6.5 billion a year ago.

Consolidated expenses totaled \$4.7 billion, up 7 percent from \$4.4 billion a year ago.

The Company's return on equity (ROE) was 37.5 percent.

"Continued growth in Cardmember spending and excellent credit quality generated strong earnings for the quarter," said Kenneth I. Chenault, chairman and chief executive.

"Spending on American Express cards rose 15 percent and we added more than 2 million cards during the last three months.

"As expected, interest costs increased and provisions rebounded from the exceptionally low levels of last year. We dealt with this short-term challenge by controlling discretionary expenses and carefully targeting our marketing investments.

"The result was strong performance in the second quarter and excellent momentum as we head into the latter half of 2007.

"Given that momentum, we will be looking to capitalize on opportunities to further strengthen our lead in the payments industry at a time when some key competitors may be cutting back or dealing with weakness in parts of their business."

The second quarter results included a \$65 million tax benefit from the IRS related to the treatment of certain prior years' card fee income. In light of this benefit, the Company increased its investment in marketing and promotion programs this quarter by \$68 million (\$42 million after-tax).

Significant items in the year-ago quarter included:

- A \$144 million (\$131 million after-tax) gain related to the sale of the Company's card and merchant-related operations in Brazil to Banco Bradesco S.A.; and
- A \$62 million (\$40 million after-tax) charge associated with certain adjustments made to the Membership Rewards reserve model outside the U.S.

Also included in the quarters ended June 30, 2007 and 2006, were \$8 million (\$5 million after-tax) and \$53 million (\$34 million after-tax) of reengineering costs, respectively.

### **Discontinued operations**

Discontinued operations (businesses sold in previous years) included a loss of \$5 million this quarter compared to a \$27 million loss a year ago, which primarily reflected losses related to last year's sale of the Company's international banking operations in Brazil.

### **Segment results**

**U.S. Card Services** reported second quarter net income of \$580 million, down 2 percent from \$594 million a year ago.

Revenues net of interest expense for the second quarter increased 12 percent to \$3.6 billion, reflecting higher spending and borrowing by consumers and small businesses, which were partially offset by higher interest expense. Securitization income, net decreased 11 percent primarily due to increased write offs.

Total expenses increased 11 percent. Marketing, promotion, rewards and cardmember services expenses increased 16 percent from the year-ago period primarily due to higher rewards costs and the previously mentioned increase in marketing and promotion programs. Human resources and other operating expenses increased 4 percent.

Provisions for losses increased 85 percent, reflecting higher loan volumes and an increase in write-off and delinquency rates from the unusually low levels of a year ago.

Results for the second quarter included \$56 million of the previously mentioned tax benefit.

**International Card & Global Commercial Services** reported second quarter net income of \$277 million, up 22 percent from \$227 million a year ago.

Revenues net of interest expense increased 4 percent to \$2.2 billion, reflecting higher spending by corporate and international consumer Cardmembers, as well as higher loan balances. These increases were suppressed by last year's sale of card-related operations in Brazil, Malaysia, and Indonesia.

Total expenses increased 5 percent. Human resources and other operating expenses increased 10 percent. Marketing, promotion, rewards and cardmember services expenses decreased 8 percent from the year-ago period, which included the previously mentioned \$62 million charge for certain adjustments to the Membership Rewards reserve model outside the U.S. Operating expenses for the year-ago period were reduced by the gain on the sale of the card and merchant-related operations in Brazil.

Provisions for losses decreased 7 percent from year-ago levels, which had reflected industry-wide credit issues in Taiwan.

Results for the second quarter included certain tax benefits, \$9 million of which was related to the previously mentioned item.

**Global Network & Merchant Services** reported second quarter net income of \$266 million, up 33 percent from \$200 million a year ago.

Revenues net of interest expense for the second quarter increased 15 percent to \$966 million. The increase reflects continued strong growth in merchant-related revenue primarily resulting from higher company-wide billed business. The increase also reflects higher network partner-related fees.

Spending on Global Network Services cards increased 62 percent from year-ago levels. These increases reflect, in part, the completion in 2006 of independent operator agreements in Brazil, Malaysia, and Indonesia. Cards-in-force issued by bank partners increased 34 percent.

Total expenses increased 6 percent, reflecting higher human resources costs and expanded marketing and promotion activities.

**Corporate & Other** reported second quarter net expenses of \$61 million, compared with net expenses of \$49 million a year ago.

\*\*\*

American Express Company ([www.americanexpress.com](http://www.americanexpress.com)) is a leading global payments, network and travel company founded in 1850.

Note: The 2007 Second Quarter Earnings Supplement, as well as Executive Vice President and acting CFO Dan Henry's presentation from the investor conference call referred to below, will be available today on the American Express web site at <http://ir.americanexpress.com>. An investor conference call to discuss second quarter earnings results, operating performance and other topics that may be raised during the discussion will be held at 5:00 p.m. (EST) today. Live audio of the conference call will be accessible to the general public on the American Express web site at <http://ir.americanexpress.com>. A replay of the conference call also will be available today at the same web site address.

\*\*\*

*This release includes forward-looking statements, which are subject to risks and uncertainties. The words "believe," "expect," "anticipate," "optimistic," "intend," "plan," "aim," "will," "may," "should," "could," "would," "likely," and similar expressions are intended to identify forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. The Company undertakes no obligation to update or revise any forward looking statements. Factors that could cause actual results to differ materially from these forward-looking statements include, but are not limited to, the following: the Company's ability to meet its ROE target range of 33 to 36 percent on average and over time, which will depend in part on factors such as the Company's ability to generate sufficient revenue growth and achieve sufficient margins, fluctuations in the capital required to support its businesses, the mix of the Company's financings, and fluctuations in the level of the Company's shareholders' equity due to share repurchases, dividends, changes in accumulated other comprehensive income and accounting changes, among other things; the Company's ability to grow its business and meet or exceed its return on shareholders' equity target by reinvesting approximately 35 percent of annually-generated capital, and returning approximately 65 percent of such capital to shareholders, over time, which will depend on the Company's ability to manage its capital needs and the effect of business mix, acquisitions and rating agency requirements; consumer and business spending on the Company's credit and charge card products and Travelers Cheques and other prepaid products and growth in card lending balances, which depend in part on the ability to issue new and enhanced card and prepaid products, services and rewards programs, and increase revenues from such products, attract new cardmembers, reduce cardmember attrition, capture a greater share of existing cardmembers' spending, and sustain premium discount rates on its card products in light of regulatory and market*

pressures, increase merchant coverage, retain cardmembers after low introductory lending rates have expired, and expand the Global Network Services business; the success of the Global Network Services business in partnering with banks in the United States, which will depend in part on the extent to which such business further enhances the Company's brand, allows the Company to leverage its significant processing scale, expands merchant coverage of the network, provides Global Network Services' bank partners in the United States the benefits of greater cardmember loyalty and higher spend per customer, and merchant benefits such as greater transaction volume and additional higher spending customers; fluctuations in interest rates, which impact the Company's borrowing costs and return on lending products; the continuation of favorable trends, including increased travel and entertainment spending, and the overall level of consumer confidence; the costs and integration of acquisitions; the success, timeliness and financial impact (including costs, cost savings and other benefits including increased revenues), and beneficial effect on the Company's operating expense to revenue ratio, both in the short-term and over time, of reengineering initiatives being implemented or considered by the Company, including cost management, structural and strategic measures such as vendor, process, facilities and operations consolidation, outsourcing (including, among others, technologies operations), relocating certain functions to lower-cost overseas locations, moving internal and external functions to the Internet to save costs, and planned staff reductions relating to certain of such reengineering actions; the Company's ability to reinvest the benefits arising from such reengineering actions in its businesses; the ability to control and manage operating, infrastructure, advertising and promotion expenses as business expands or changes, including the ability to accurately estimate the provision for the cost of the Membership Rewards program; the Company's ability to manage credit risk related to consumer debt, business loans, merchant bankruptcies and other credit trends and the rate of bankruptcies, which can affect spending on card products, debt payments by individual and corporate customers and businesses that accept the Company's card products and returns on the Company's investment portfolios; bankruptcies, restructurings, consolidations or similar events affecting the airline or any other industry representing a significant portion of the Company's billed business, including any potential negative effect on particular card products and services and billed business generally that could result from the actual or perceived weakness of key business partners in such industries; the triggering of obligations to make payments to certain co-brand partners, merchants, vendors and customers under contractual arrangements with such parties under certain circumstances; a downturn in the Company's businesses and/or negative changes in the Company's and its subsidiaries' credit ratings, which could result in contingent payments under contracts, decreased liquidity and higher borrowing costs; fluctuations in foreign currency exchange rates; accuracy of estimates for the fair value of the assets in the Company's investment portfolio and, in particular, those investments that are not readily marketable, including the valuation of the interest-only strip relating to the Company's lending securitizations; the Company's ability to invest in technology advances across all areas of its business to stay on the leading edge of technologies applicable to the payments industry; the Company's ability to protect its intellectual property rights (IP) and avoid infringing the IP of other parties; the potential negative effect on the Company's businesses and infrastructure, including information technology, of terrorist attacks, natural disasters or other catastrophic events in the future; political or economic instability in certain regions or countries, which could affect lending and other commercial activities, among other businesses, or restrictions on convertibility of certain currencies; changes in laws or government regulations; outcomes and costs associated with litigation and compliance and regulatory matters; and competitive pressures in all of the Company's major businesses. A further description of these and other risks and uncertainties can be found in the Company's Annual Report on Form 10-K for the year ended December 31, 2006, and its other reports filed with the SEC.