



Financial Community Meeting

Ken Chenault

Chairman and Chief Executive Officer

February 8, 2006

AMERICAN
EXPRESS

Agenda

- **2005 Company Performance** **Ken Chenault**
- **Growth Perspectives**
 - **Industry Opportunities**
 - **AXP Capabilities & Opportunities**
 - **AXP Financial Dynamics**
 - **U.S. Consumer and Small Business Potential**
- **Q&A** **AI Kelly**
Management

Agenda



- **2005 Company Performance**
- **Growth Perspectives**
 - Industry Opportunities
 - AXP Capabilities and Opportunities
 - AXP Financial Dynamics
- **U.S. Consumer and Small Business Potential**

AXP Performance vs. Long Term Targets



	<u>Target¹</u>	<u>2005</u>
Revenue	8%	10%
EPS	12-15%	22% ²
<u>ROE</u>		
Pre-Spin	18-20%	25% ³
Post-Spin	28-30%	31% ⁴

1. Targets are on average, over time.

2. Income from continuing operations. EPS growth on a net income basis was 12% in 2003, 17% in 2004, and 11% in 2005.

3. Calculated on a trailing 12-month basis using reported net income over average total shareholders' equity (including discontinued operations).

4. Determined using trailing four quarters income from continuing operations (which excludes discontinued operations) over average month-end shareholders' equity for the quarter ended December 31, 2005.

AXP Performance vs. Long Term Targets



		<u>NEW AXP</u>			<u>AXP PRE-SPIN</u>
	<u>Target¹</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>1993-2004 CAGR</u>
Revenue	8%	8%	12%	10%	7%
EPS	12-15%	12% ²	16% ²	22% ²	12%
<u>ROE</u>					
Pre-Spin	18-20%	21%	22%	25% ³	22%
Post-Spin	28-30%			31% ⁴	

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2. Income from continuing operations. EPS growth on a net income basis was 12% in 2003, 17% in 2004, and 11% in 2005.

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Source: 2003 and 2004 Revenue and EPS growth for New AXP based on data reported in Company's 8-K filing made on 10/6/2005.

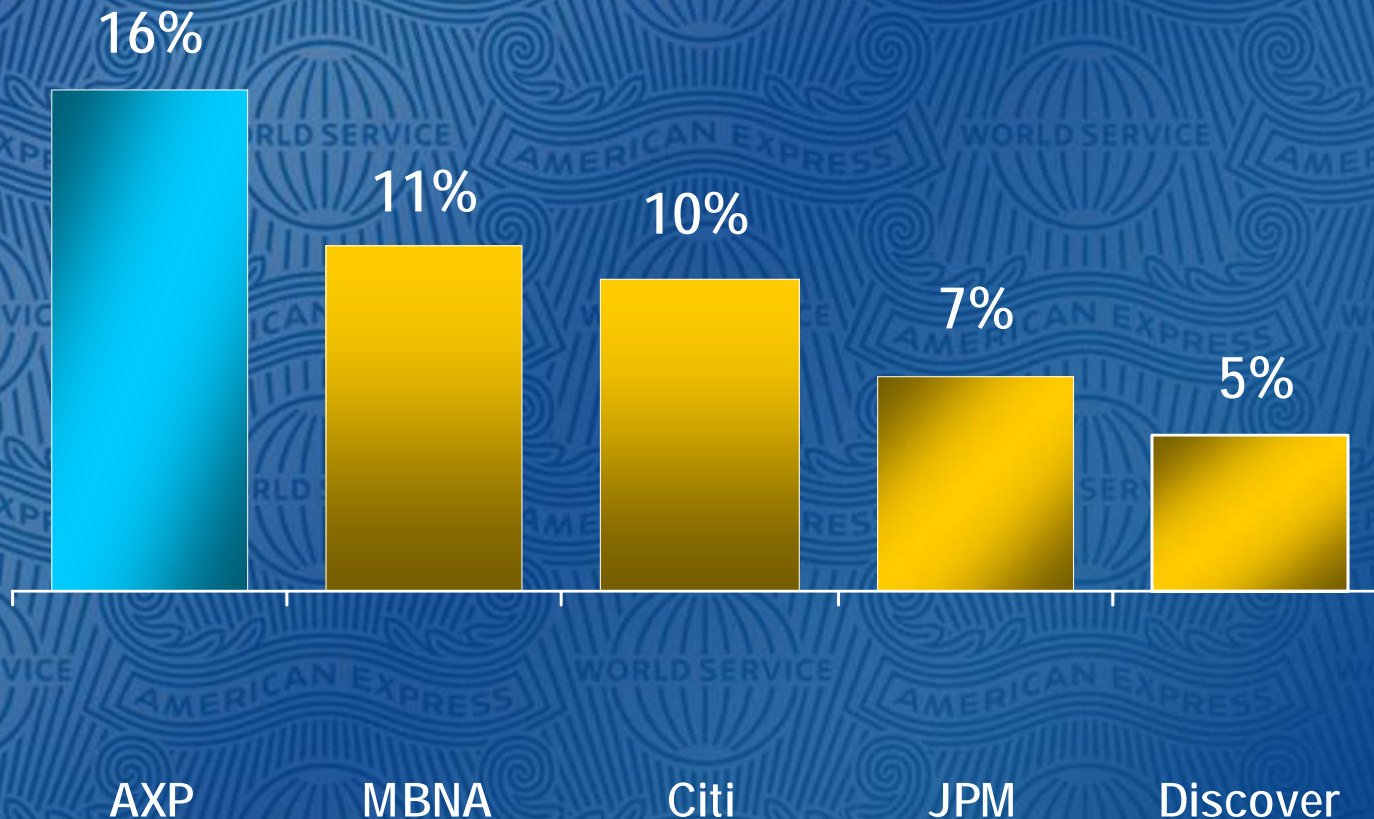
Metric Trends



*Activities related to proprietary cards, including cash advances and certain insurance fees, and cards issued under network partnership agreements.

Worldwide Billed Business

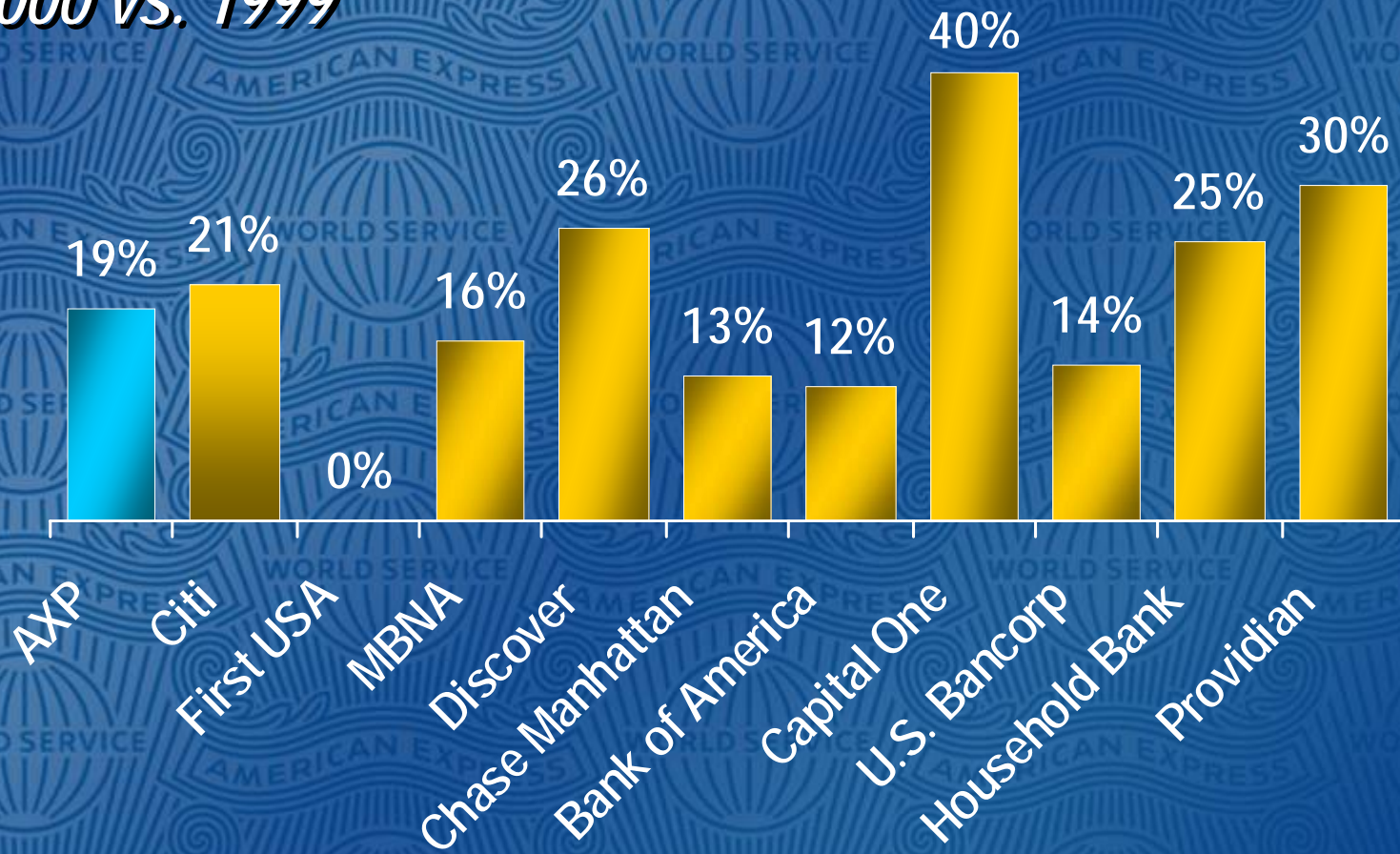
2005 vs. 2004



U.S. Billed Business



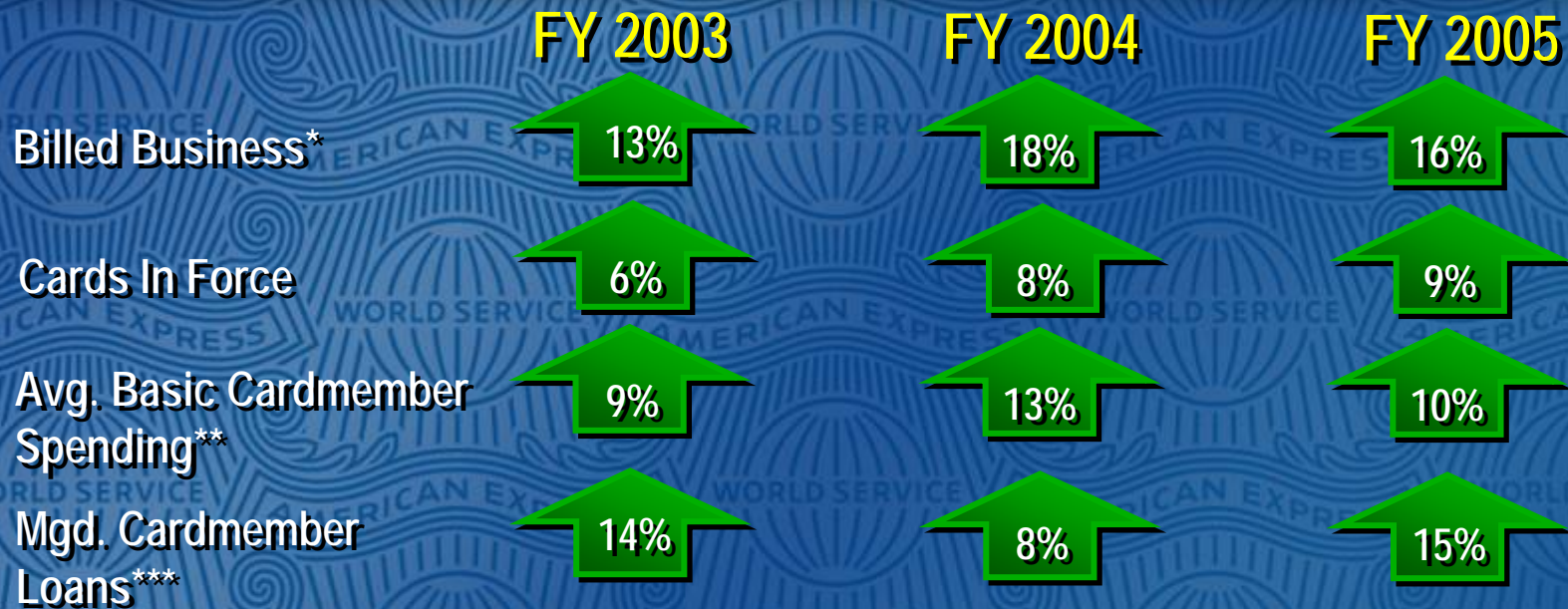
2000 vs. 1999



AXP Share of U.S. Purchase Volume



Metric Trends

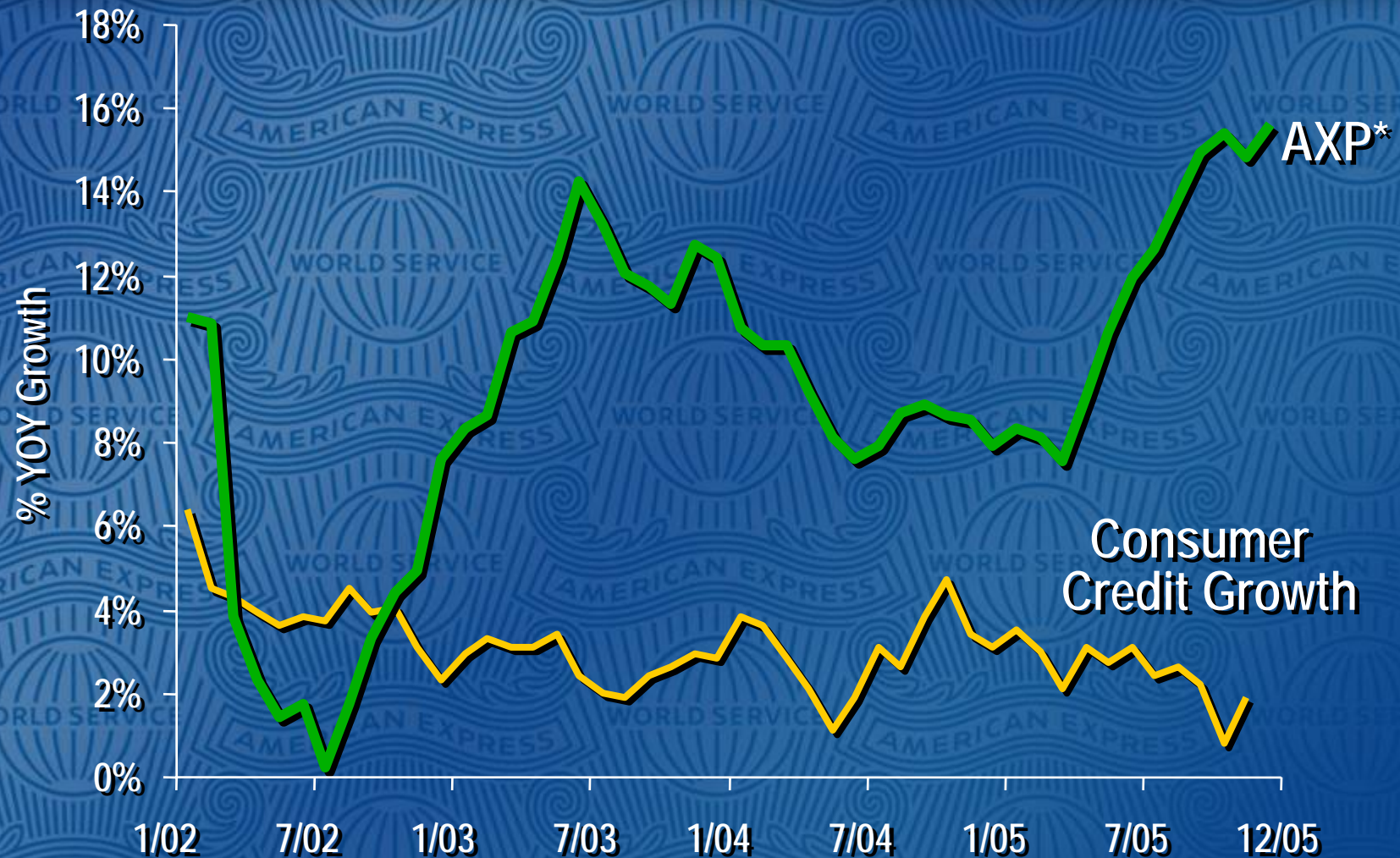


*Activities related to proprietary cards, including cash advances and certain insurance fees, and cards issued under network partnership agreements.

**Computed from proprietary card activities only.

***On a GAAP basis, loan growth was 16% in 2003, 4% in 2004 and 23% in 2005.

US Industry and AXP Loan Growth

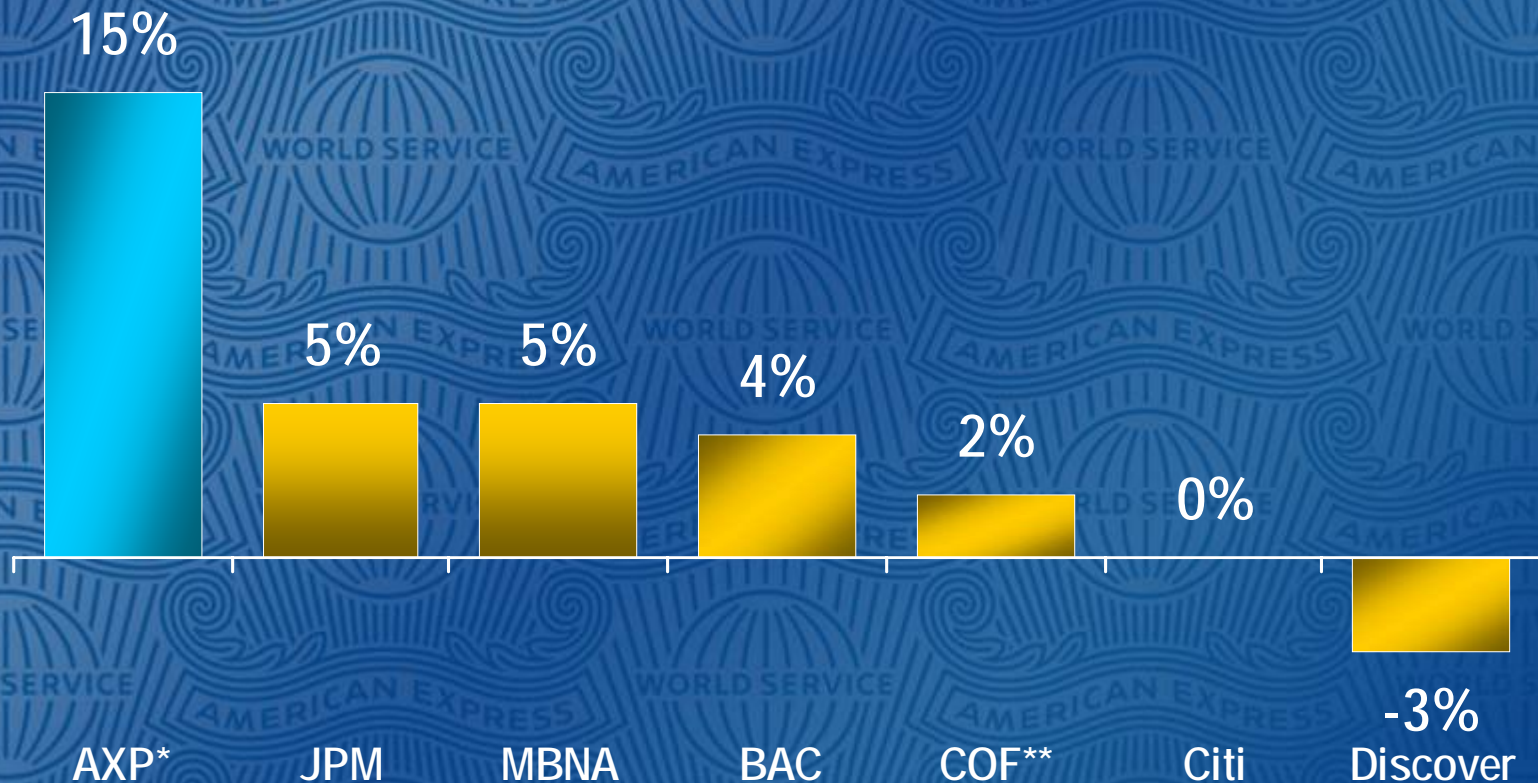


*Managed basis (includes owned and securitized loans) for 2004 excludes the Q4 '04 sale of the equipment leasing product line. See Note 1 in Appendix for loan growth on a comparable GAAP basis.

Source: Company data and Federal Reserve.

Worldwide Managed Loans

2005 vs. 2004



* On a GAAP basis, loans increased 23%.

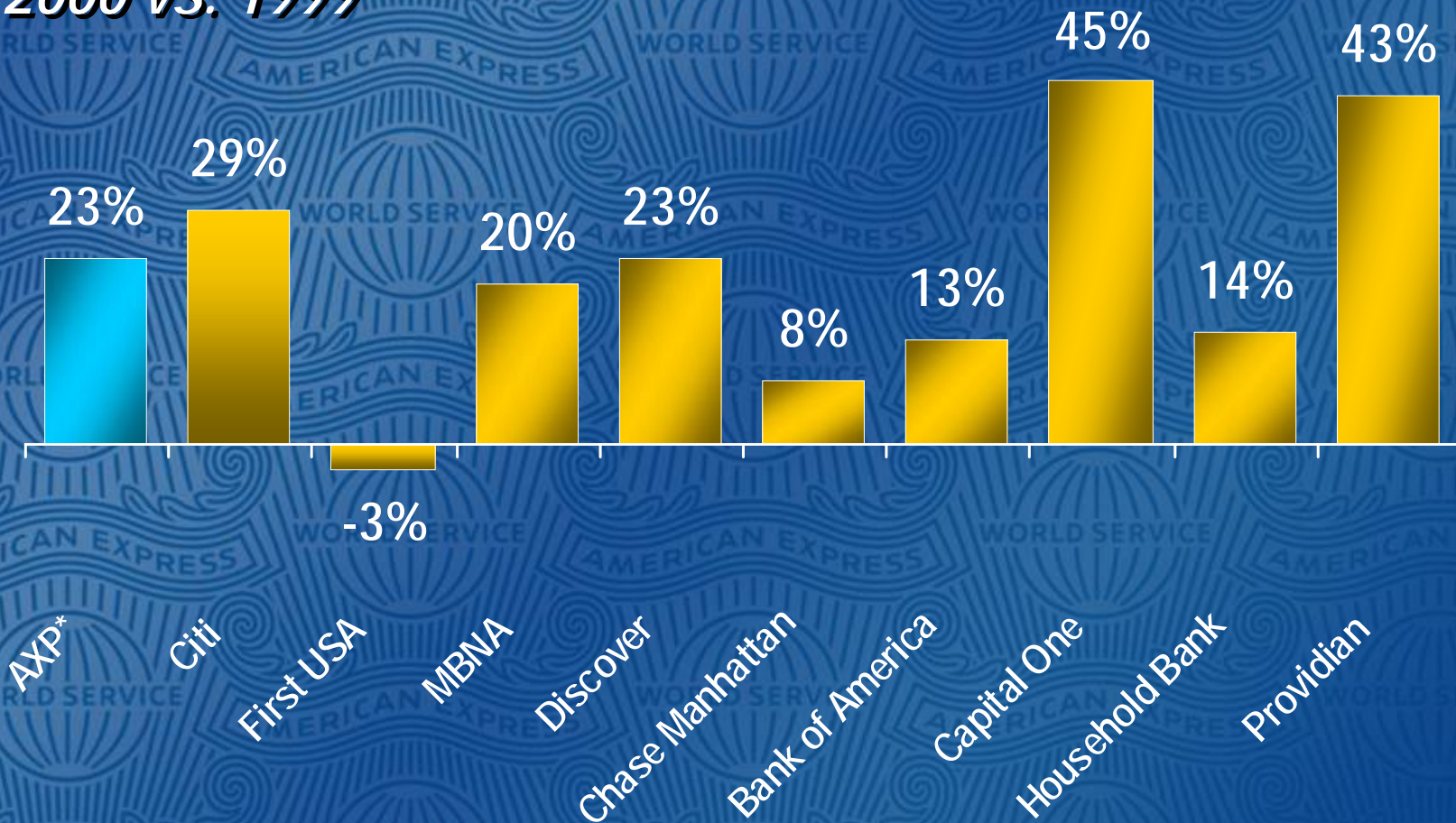
**U.S. Card portfolio only.

Source: Company reports.

U.S. Managed Loans

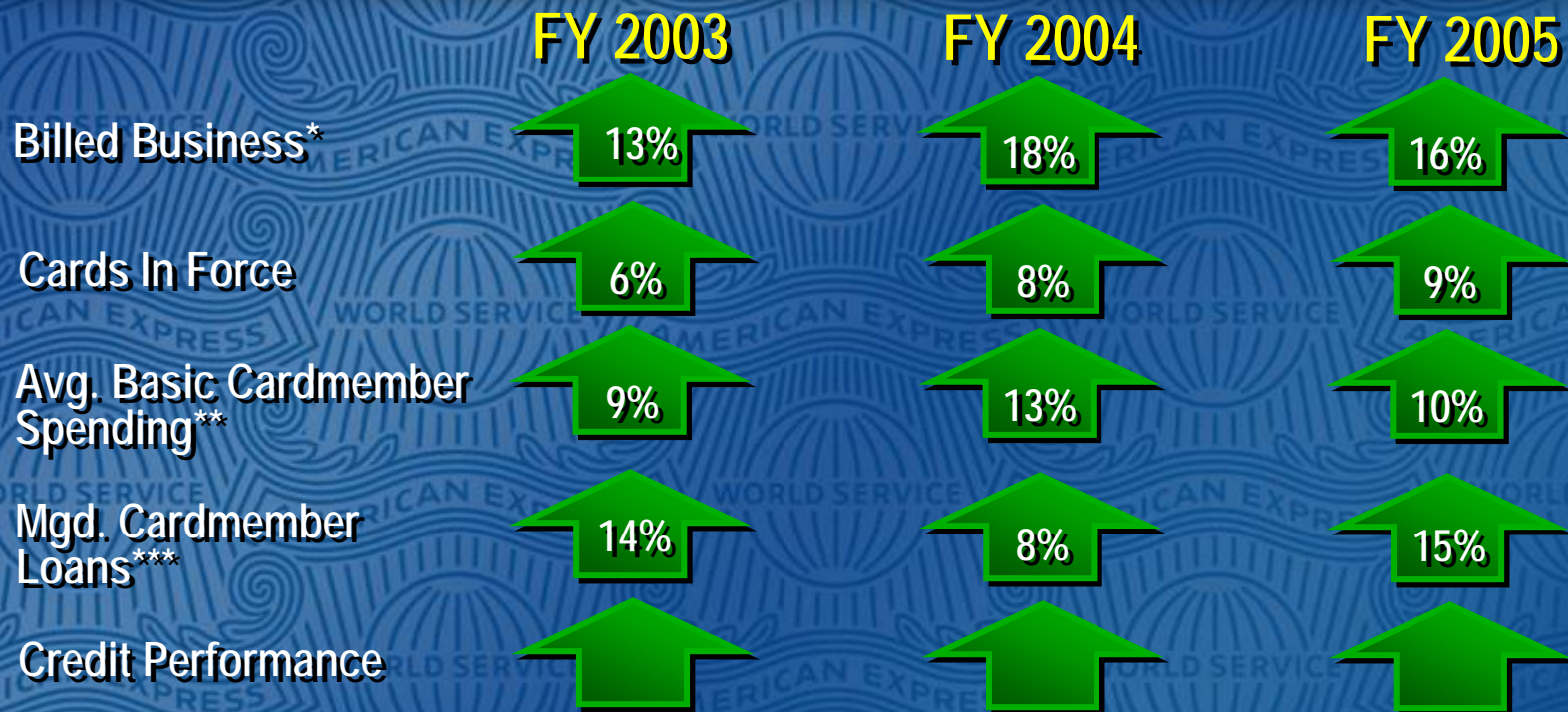


2000 vs. 1999



**On a GAAP basis, loan growth was 8%.
Source: The Nilson Report.*

Metric Trends



*Activities related to proprietary cards, including cash advances and certain insurance fees, and cards issued under network partnership agreements.

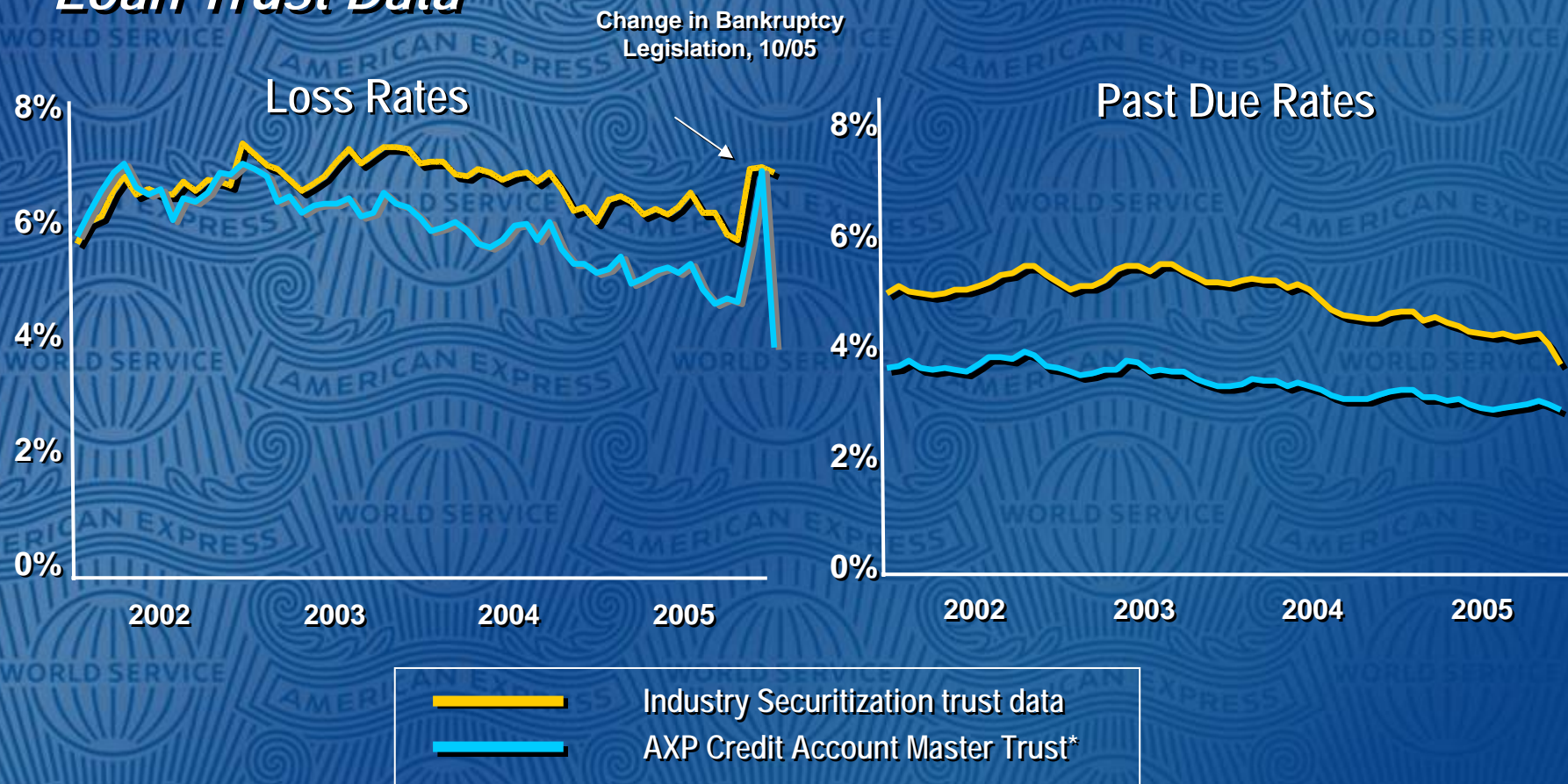
**Computed from proprietary card activities only.

***On a GAAP basis, loan growth was 16% in 2003, 4% in 2004 and 23% in 2005.

Credit Performance – U.S. Industry Trends



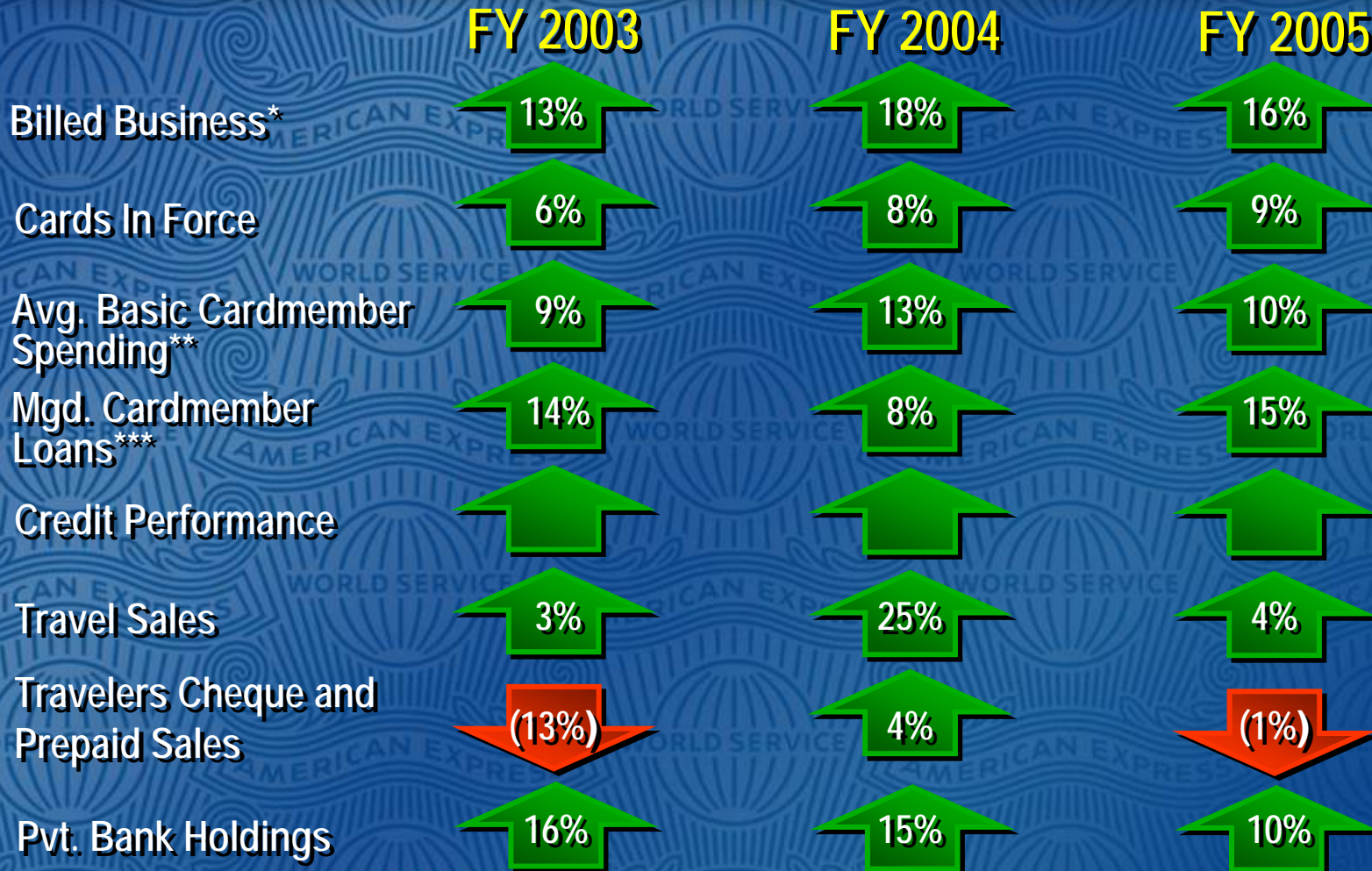
Loan Trust Data



*On a GAAP basis, AXP U.S. loss rates were 5.9% in 2002, 4.9% in 2003, 4.0% in 2004, and 4.1% in 2005, respectively. Past due rates on a GAAP basis for AXP were 3.3% in 2002, 2.6% in 2003, 2.4% in 2004, and 2.5% in 2005, respectively.

Source: AXP – American Express Credit Account Master Trust filings; Industry – S&P Credit Card Quality Index

Metric Trends



*Activities related to proprietary cards, including cash advances and certain insurance fees, and cards issued under network partnership agreements.

**Computed from proprietary card activities only.

***On a GAAP basis, loan growth was 16% in 2003, 4% in 2004 and 23% in 2005.

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- **2005 Company Performance**
- **Growth Perspectives**
 - Industry Opportunities
 - AXP Capabilities and Opportunities
 - AXP Financial Dynamics
- **U.S. Consumer and Small Business Potential**

Sustainability Questions

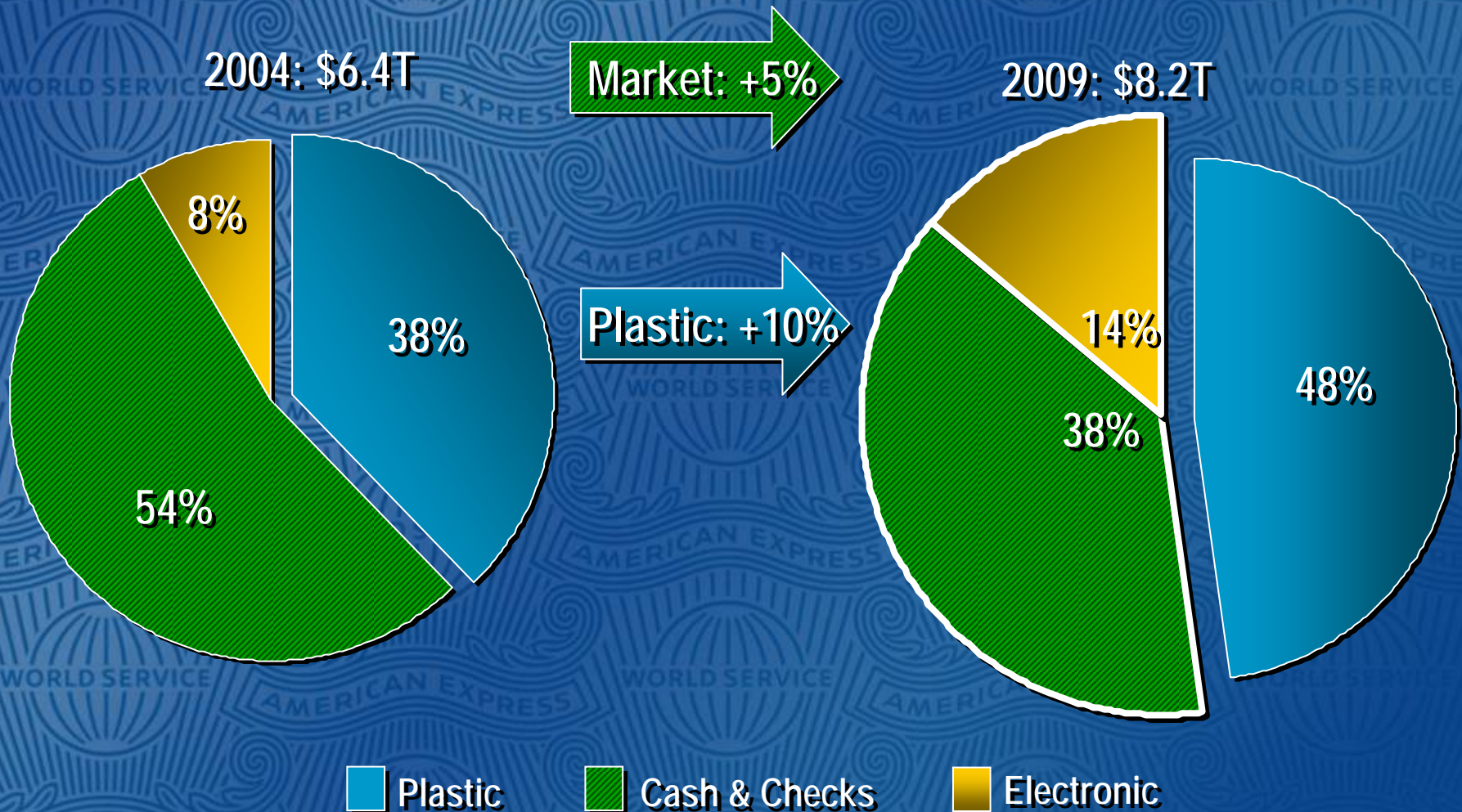
- **“Given the pressure on your discount rate from merchants and regulators, what are your long-term economics going to look like?”**
- **“Given the competition for premium customers, how are you going to stay on top?”**
- **“Given a maturing industry, where does your future growth come from and does it come only by trading off high returns?”**

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- **2005 Company Performance**
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Forecasted U.S. Consumer Spend Growth



Plastic Opportunity by Segment

% of Plastic Penetration

U.S. Consumer	< 40%
International Consumer	< 25%
U.S. Small Business	< 15%
Global Middle Market	< 10%

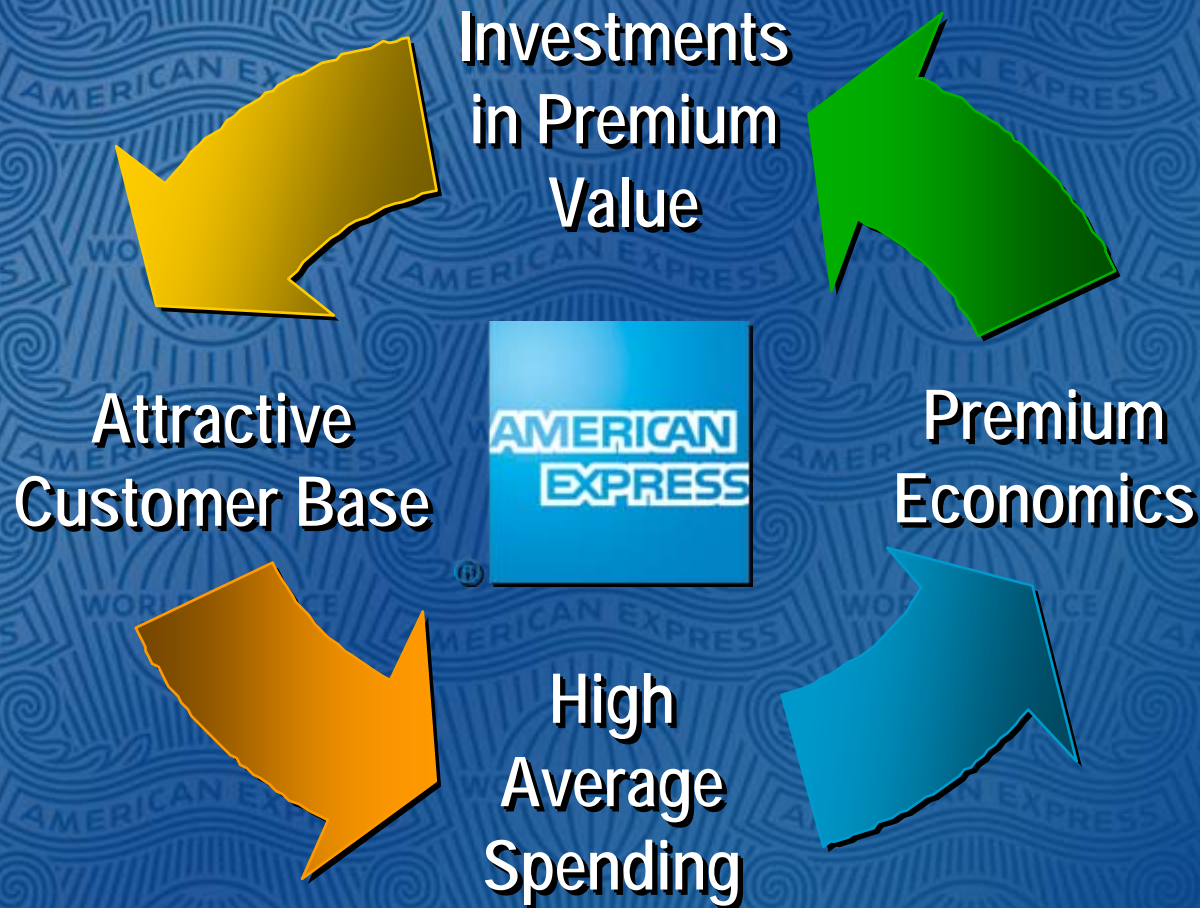
U.S. Spend Opportunities by Industry



Agenda

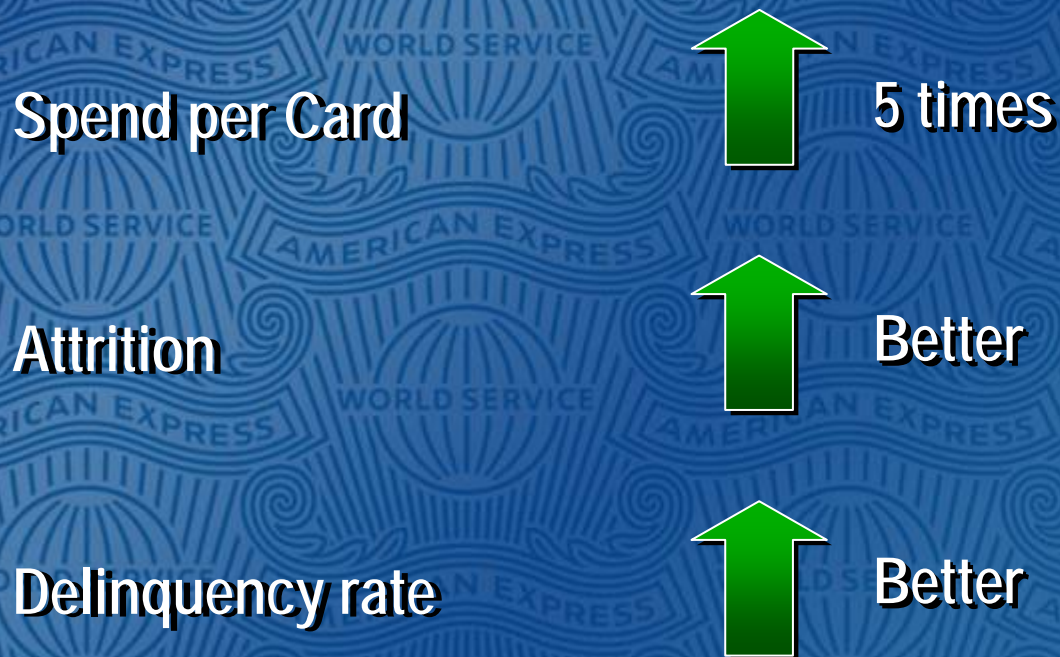
- **2005 Company Performance**
- **Growth Perspectives**
 - **Industry Opportunities**
 - **AXP Capabilities and Opportunities**
 - Spend-Centric Model
 - Closed Loop
 - Rewards
 - Reengineering
 - Risk Management
 - Global Network Services

Spend-Centric Model



Cardmember Behavior

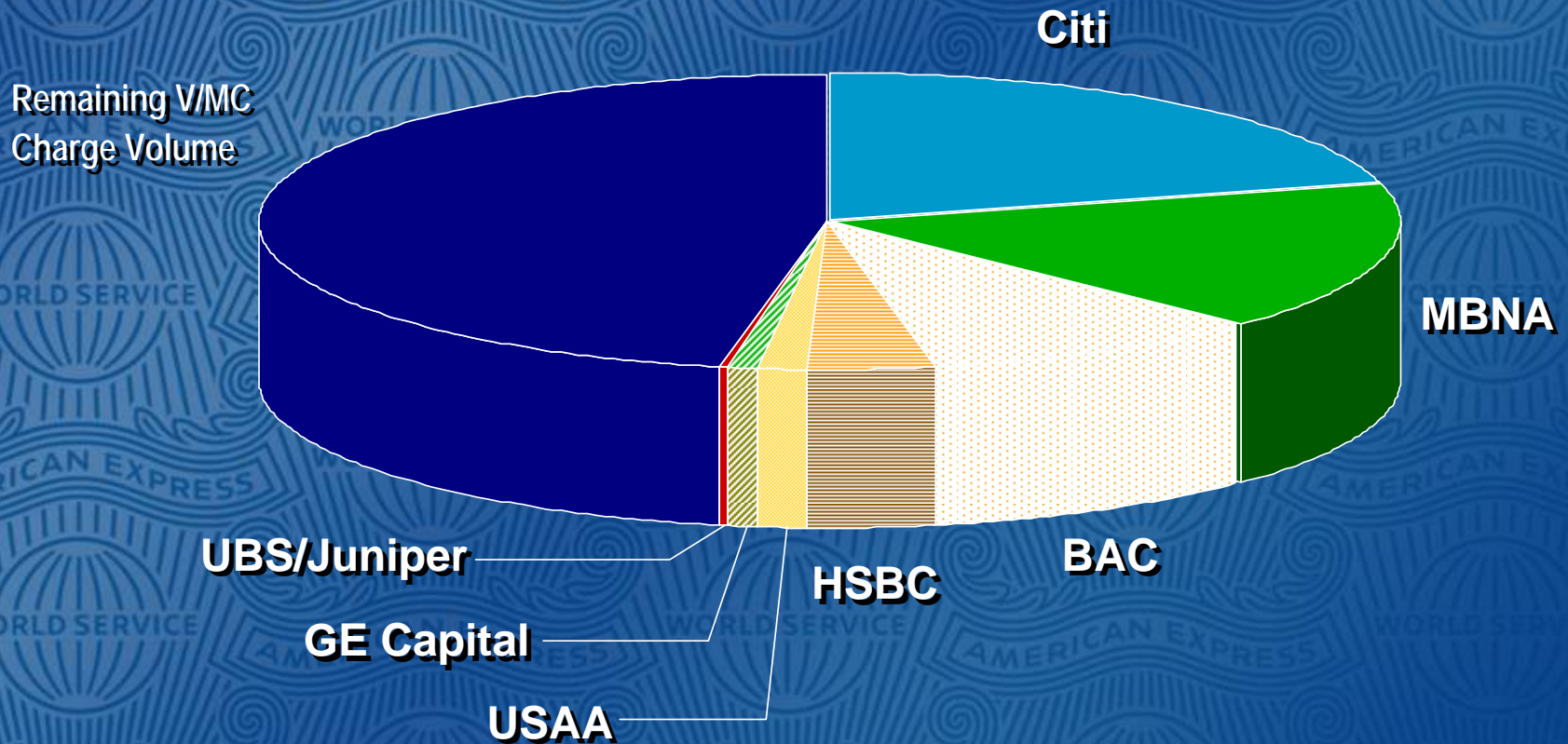
U.S. Results, 2005 Membership Rewards vs. Non-Rewards



AXP U.S. GNS Partners



Visa/MasterCard Credit Card Volume, YTD June 30, 2005



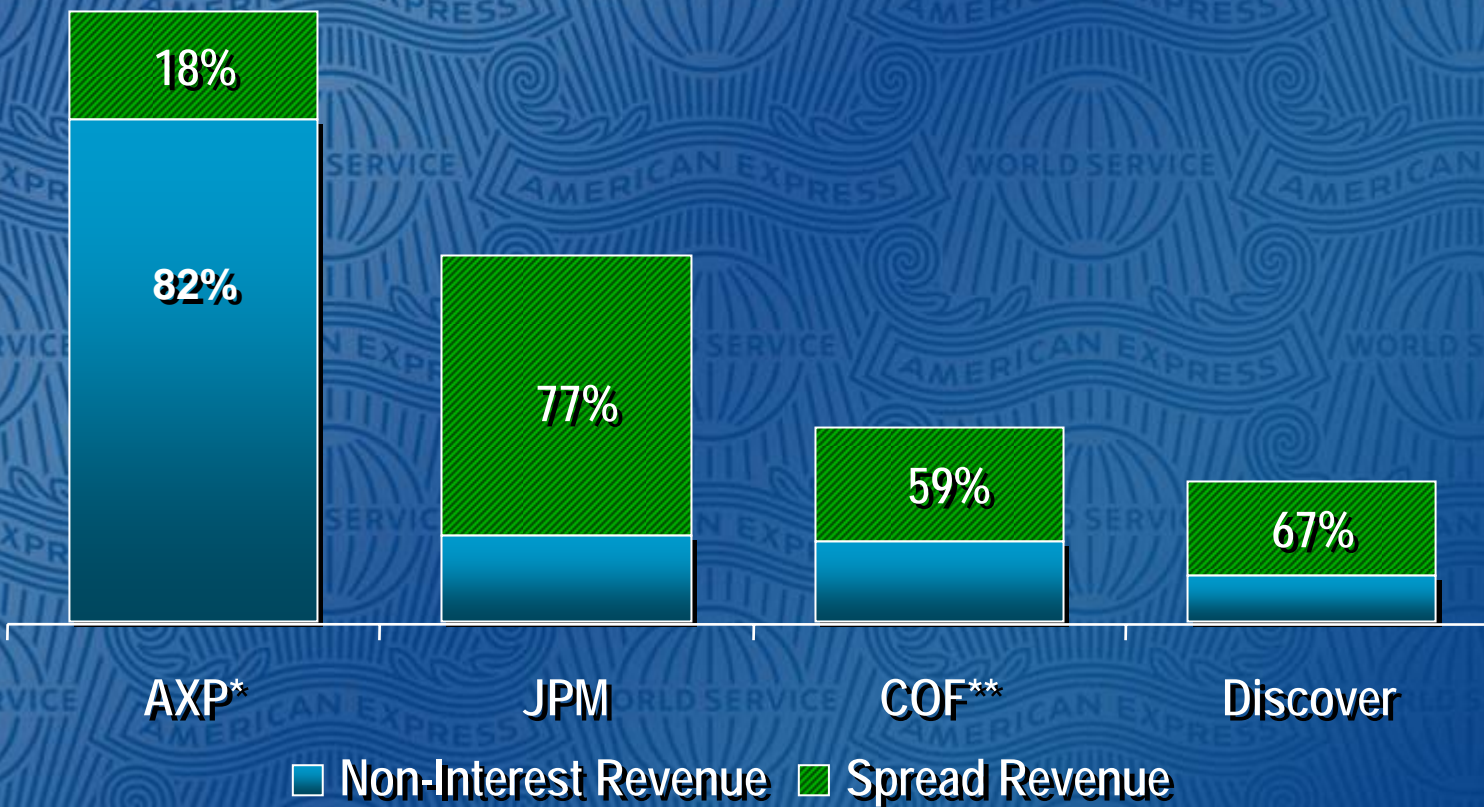
Agenda

- **2005 Company Performance**
- **Growth Perspectives**
 - **Industry Opportunities**
 - **AXP Capabilities and Opportunities**
 - **AXP Financial Dynamics**
 - Revenue Sources
 - Operating Leverage
 - Spend Velocity
 - Optimization

Revenue Diversity



Managed Basis



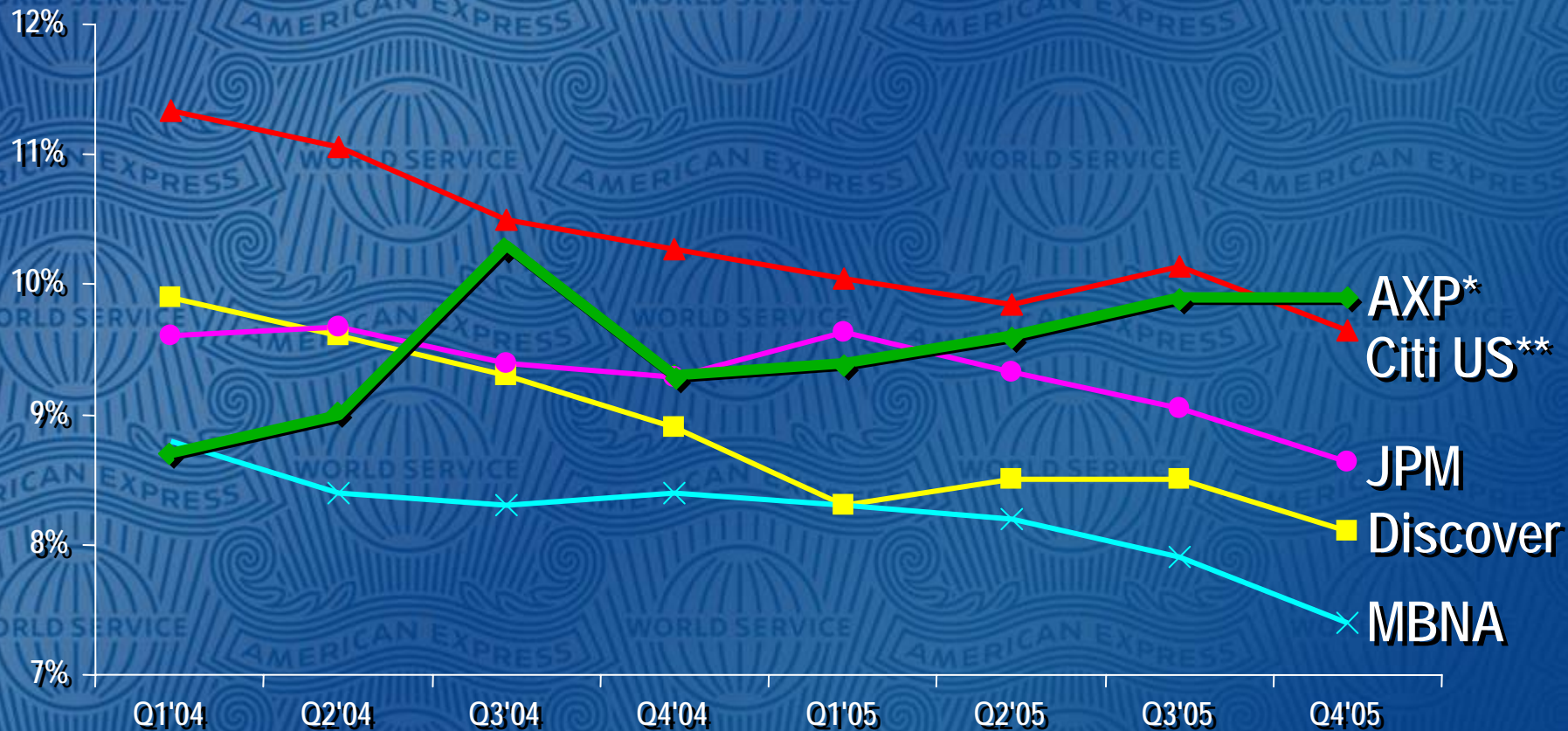
**Managed basis means the presentation assumes there have been no securitization transactions, i.e. all securitized cardmember loans and related revenue effects are reflected. On a GAAP basis for the year ended 12/31/05, AXP's Spread Revenue and Non-Interest Revenue was \$2.6B (11% of revenues) and \$21.7B (89% of revenues), respectively.*

***U.S. Card portfolio only.*

Source: Company Data.

Net Interest Margin Trend

Managed Basis



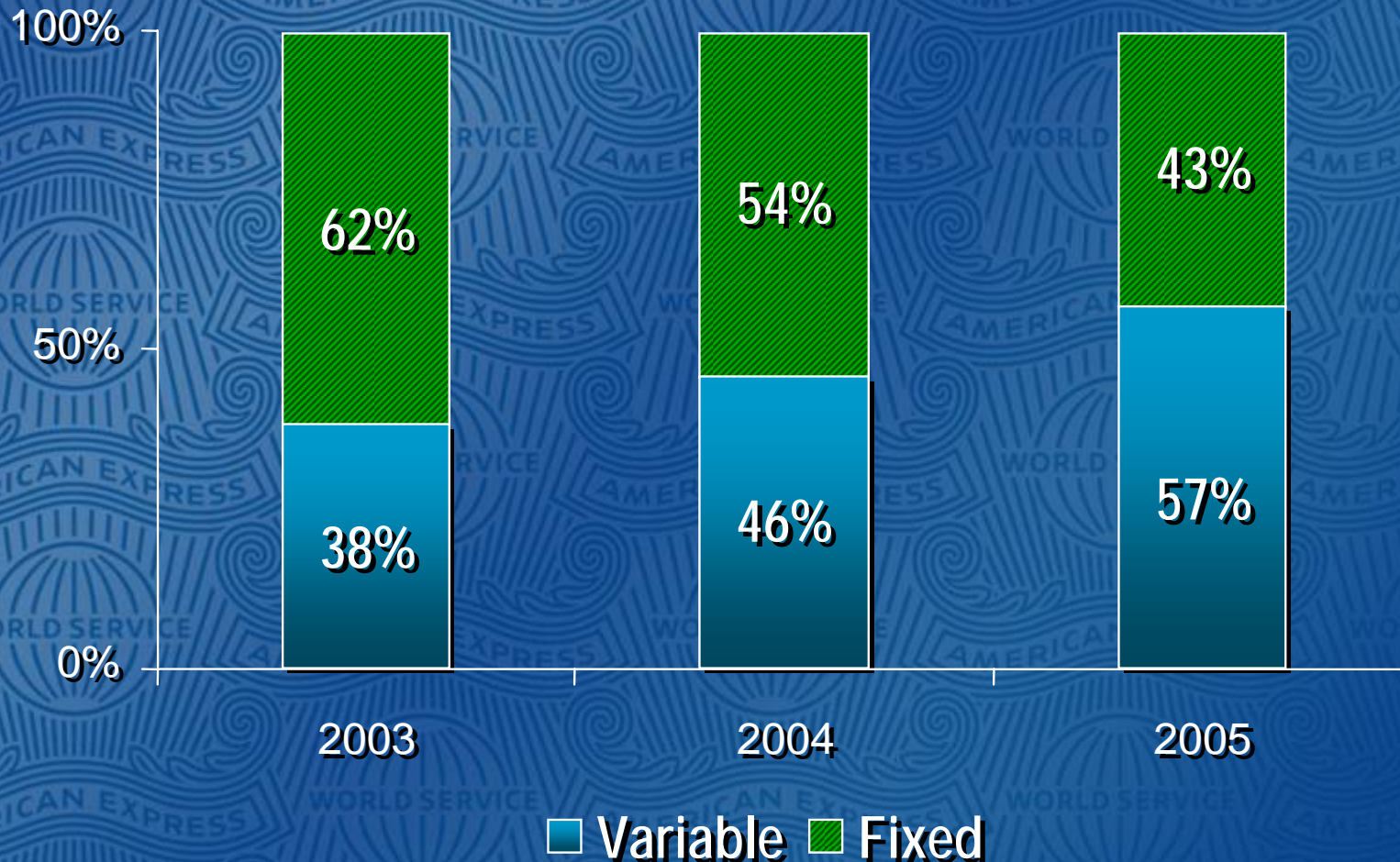
*On a GAAP basis, AXP Net Finance Charge Revenue as a percentage of average loans was 8.6% in Q1'04, 8.7% in Q2'04, and 8.6% in Q3'04 and in Q4'04; 9.0% in Q1'05, 9.3% in Q2'05, 9.2% in Q3'05 and 9.0% in Q4'05.

**Excludes private label.

Source: Company Data.

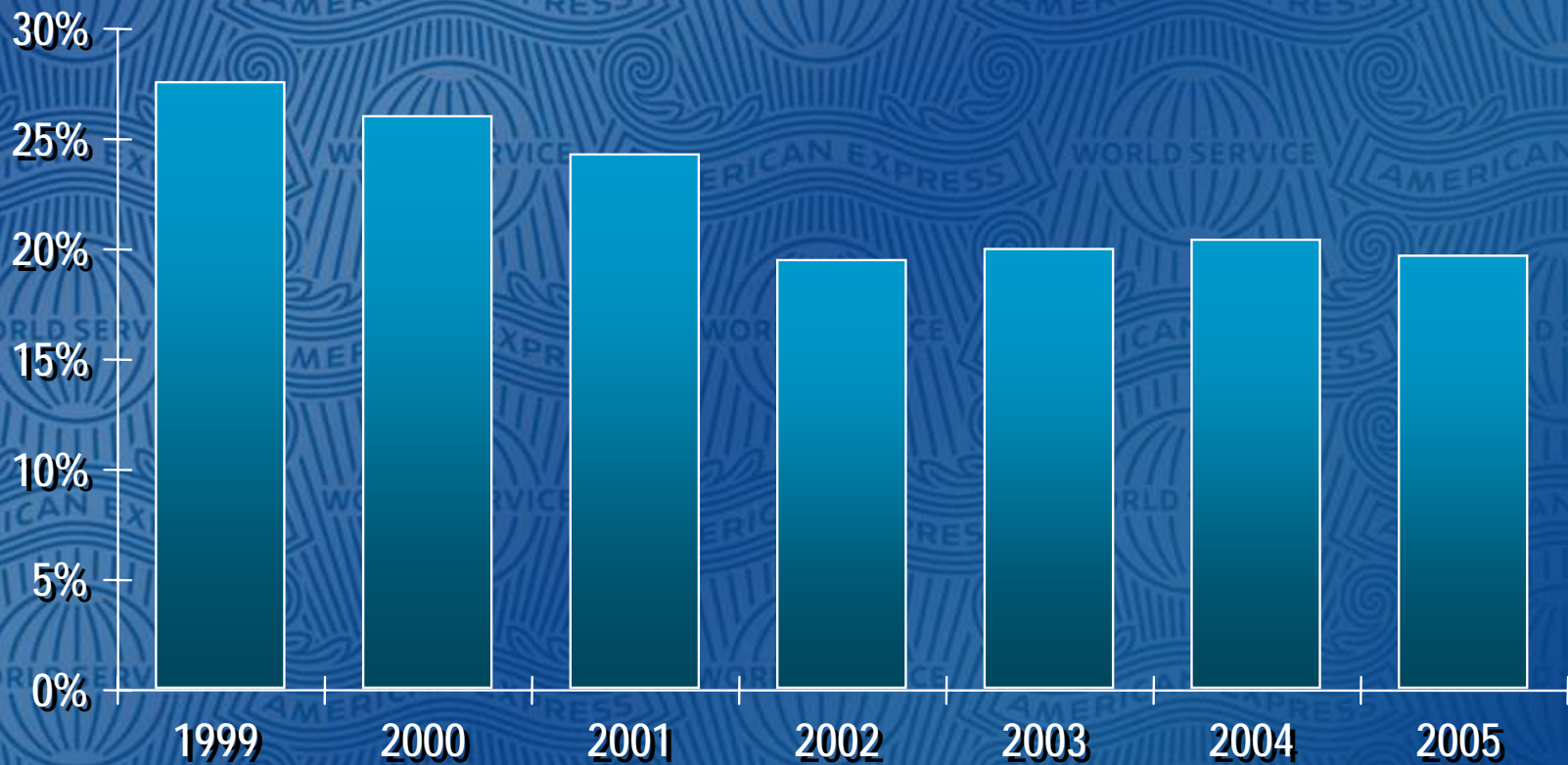
Fixed and Variable Pricing Mix

U.S. Consumer and Small Business Average Loans



Human Resources Expense

*Expense as a percentage of revenue**

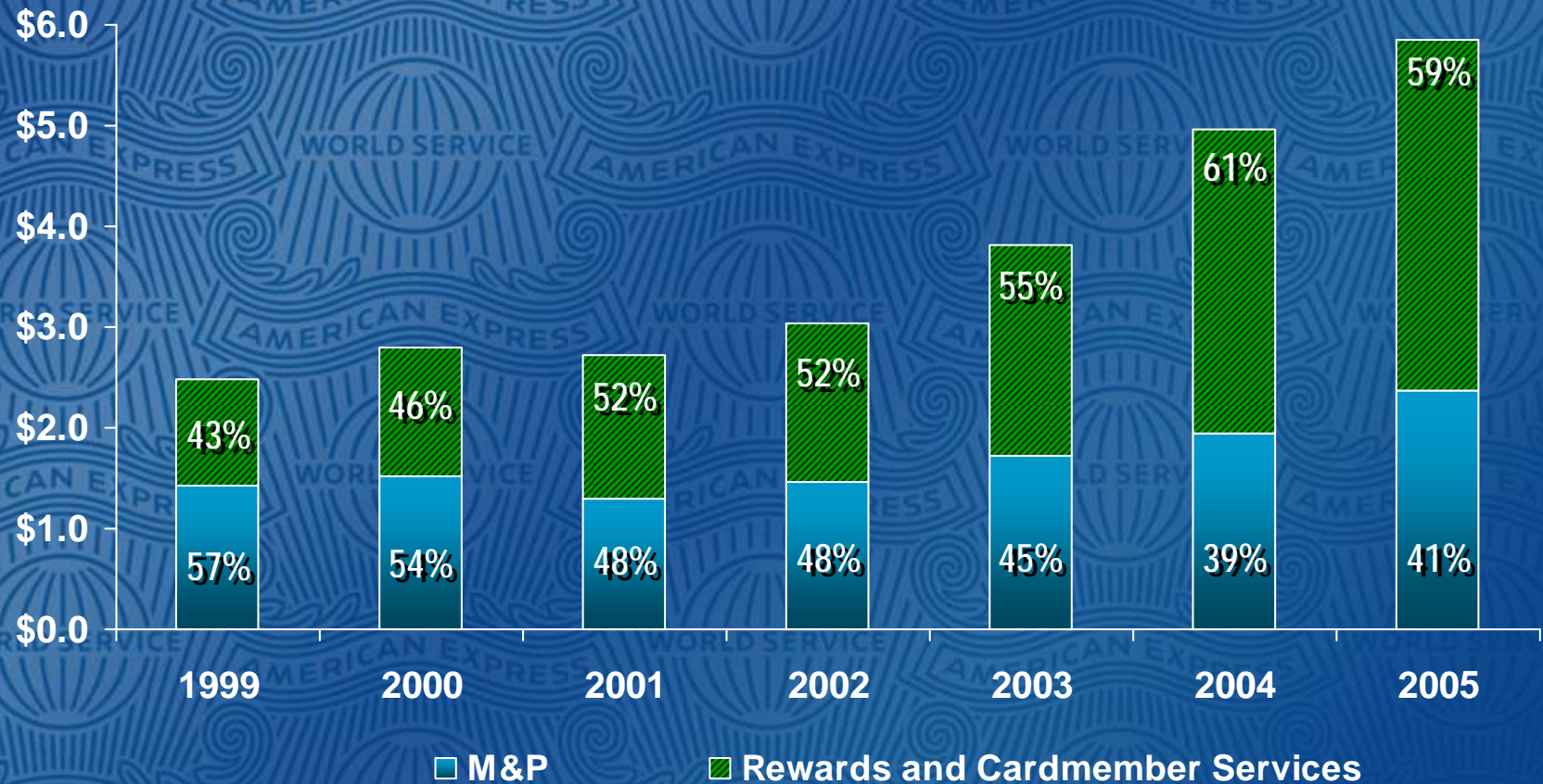


*See Note 2 in Appendix for computation methodology.

Marketing, Promotion, Rewards and Cardmember Services

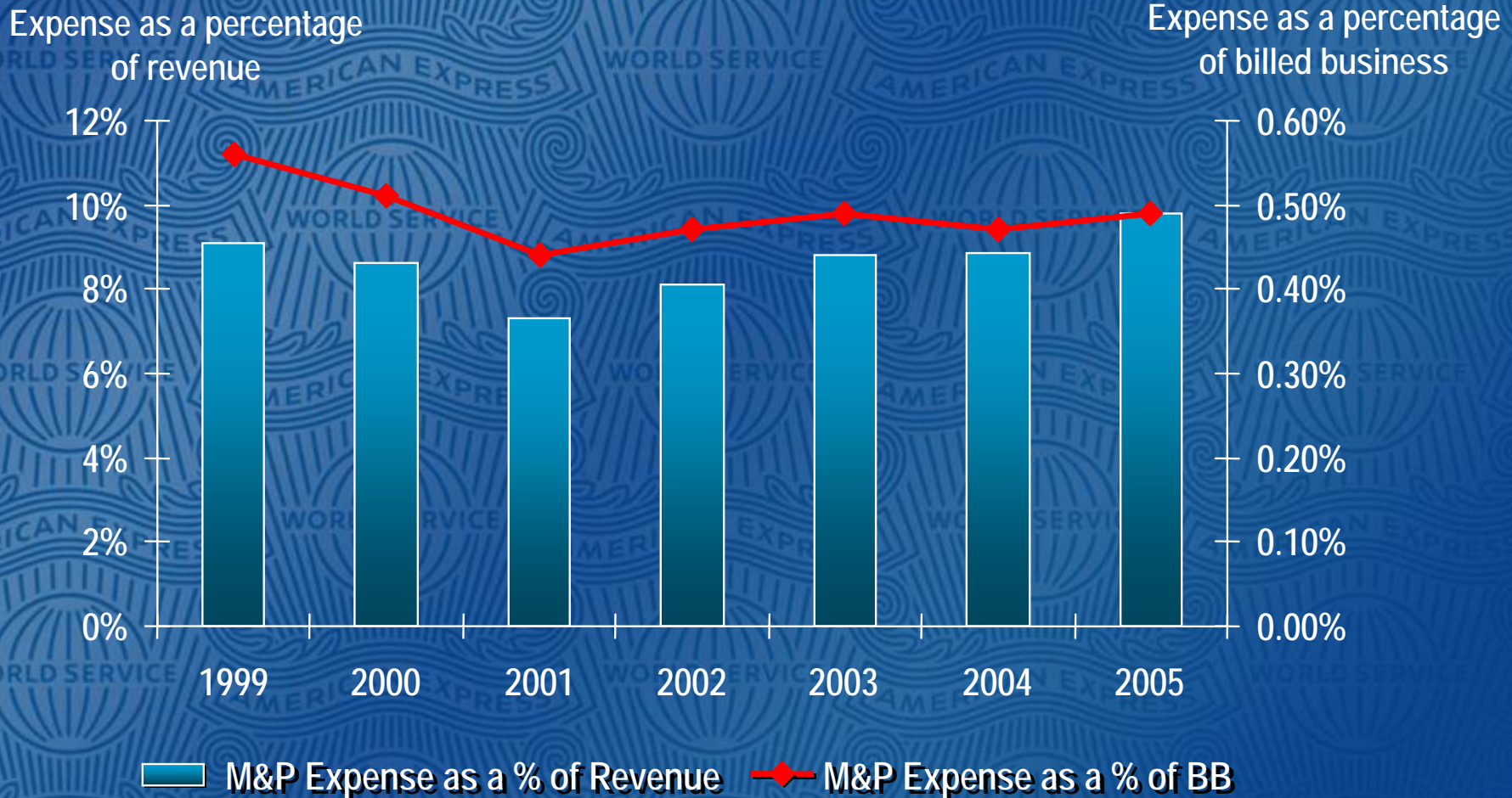


(\$ in B)



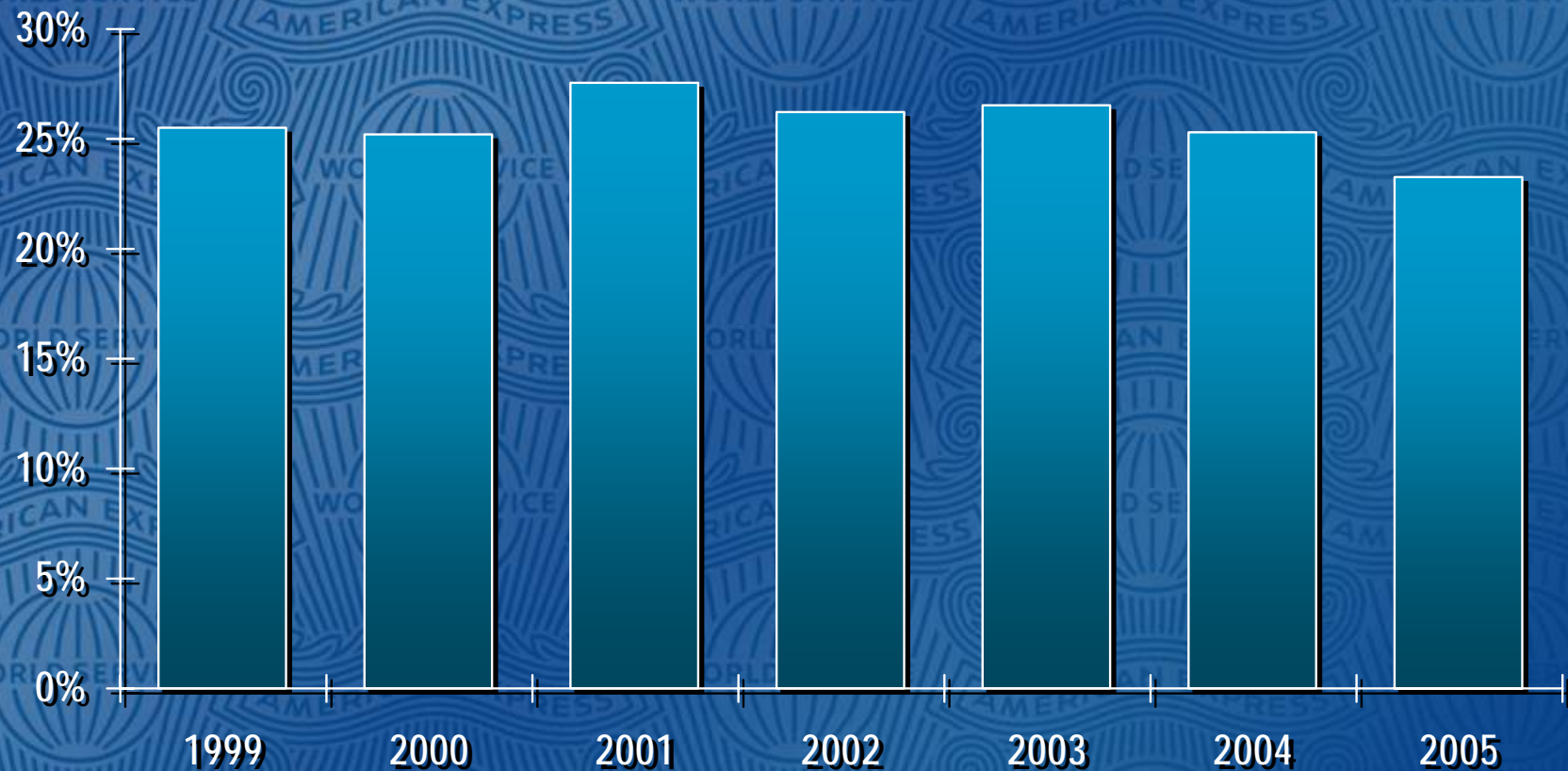
* See Note 3 in Appendix for computation methodology.

Marketing & Promotion Expense



Other Operating Expenses

*Expense as a percentage of revenue**



*See Note 5 in Appendix for computation methodology.

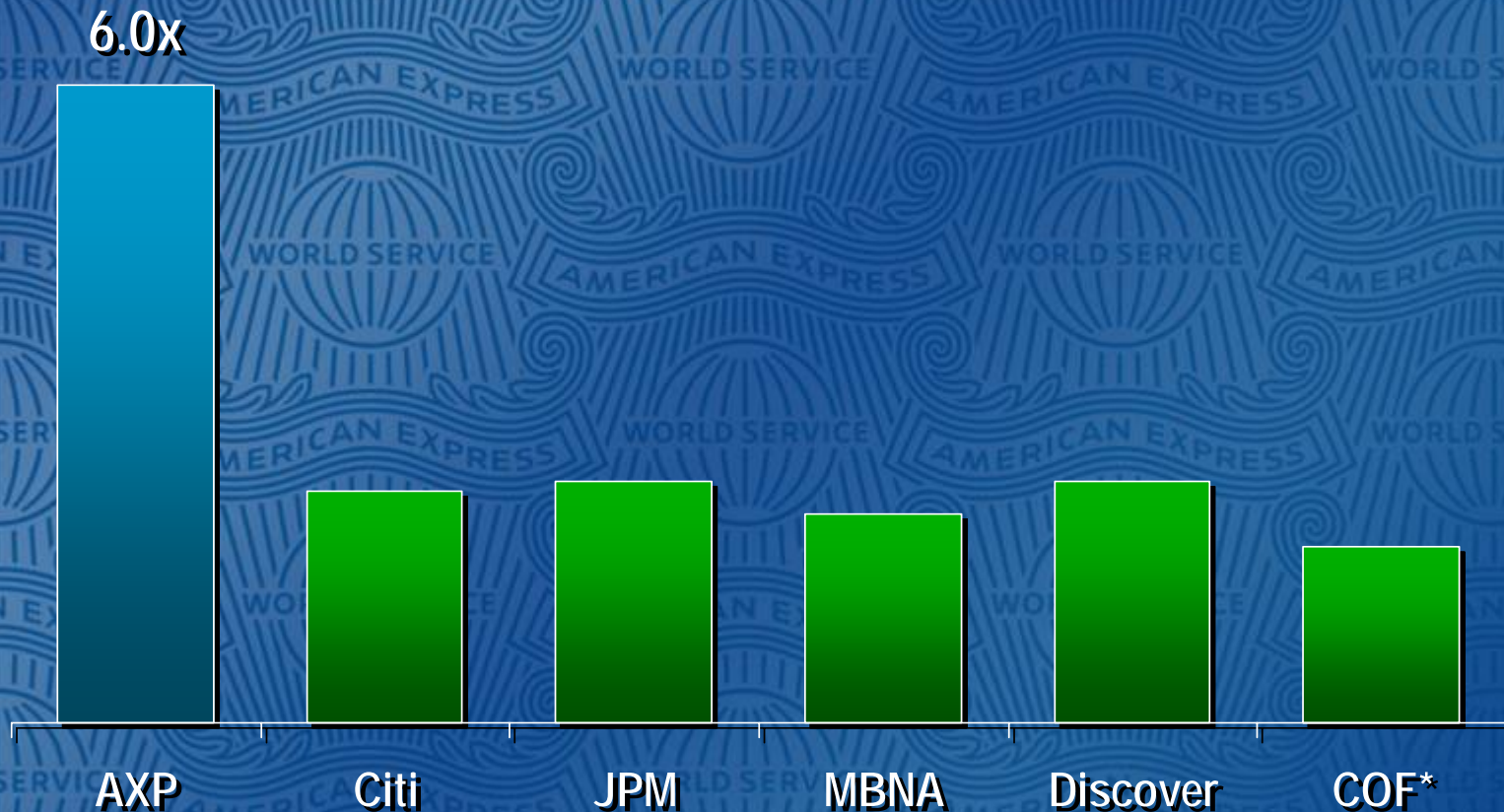
Provision & Interest Expense

*Expense as a percentage of revenue**



*See Note 6 in Appendix for computation methodology.

2005 Spend Velocity

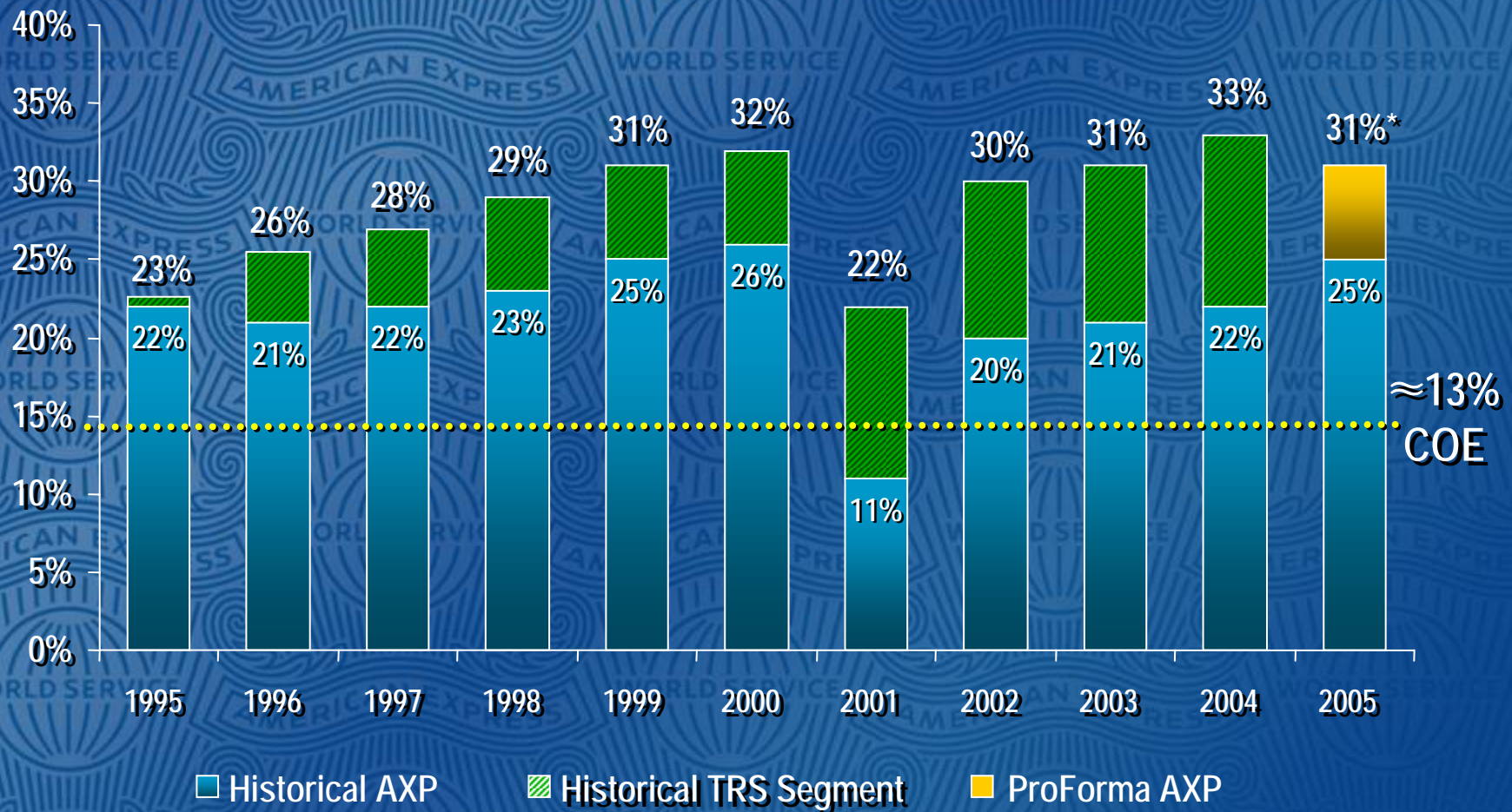


Note: Spend velocity is defined as annual billed business divided by average managed receivables. AXP spend velocity determined using average GAAP (i.e., owned) receivables was 8.1x for 2005.

**U.S. Cards portfolio only*

Source: Company data and public filings.

Returns: AXP ROE Premium 1995 - 2005



ROE is calculated on a trailing 12-month basis using reported net income over average total shareholders' equity (including discontinued operations).

*Pro Forma ROE is determined using trailing four quarters income from continuing operations (which excludes discontinued operations) over average month-end shareholders' equity for the quarter ended December 31, 2005.

AXP Capital Return to Shareholders

(\$ in millions)

1994-2005 Cumulative Return: 65%

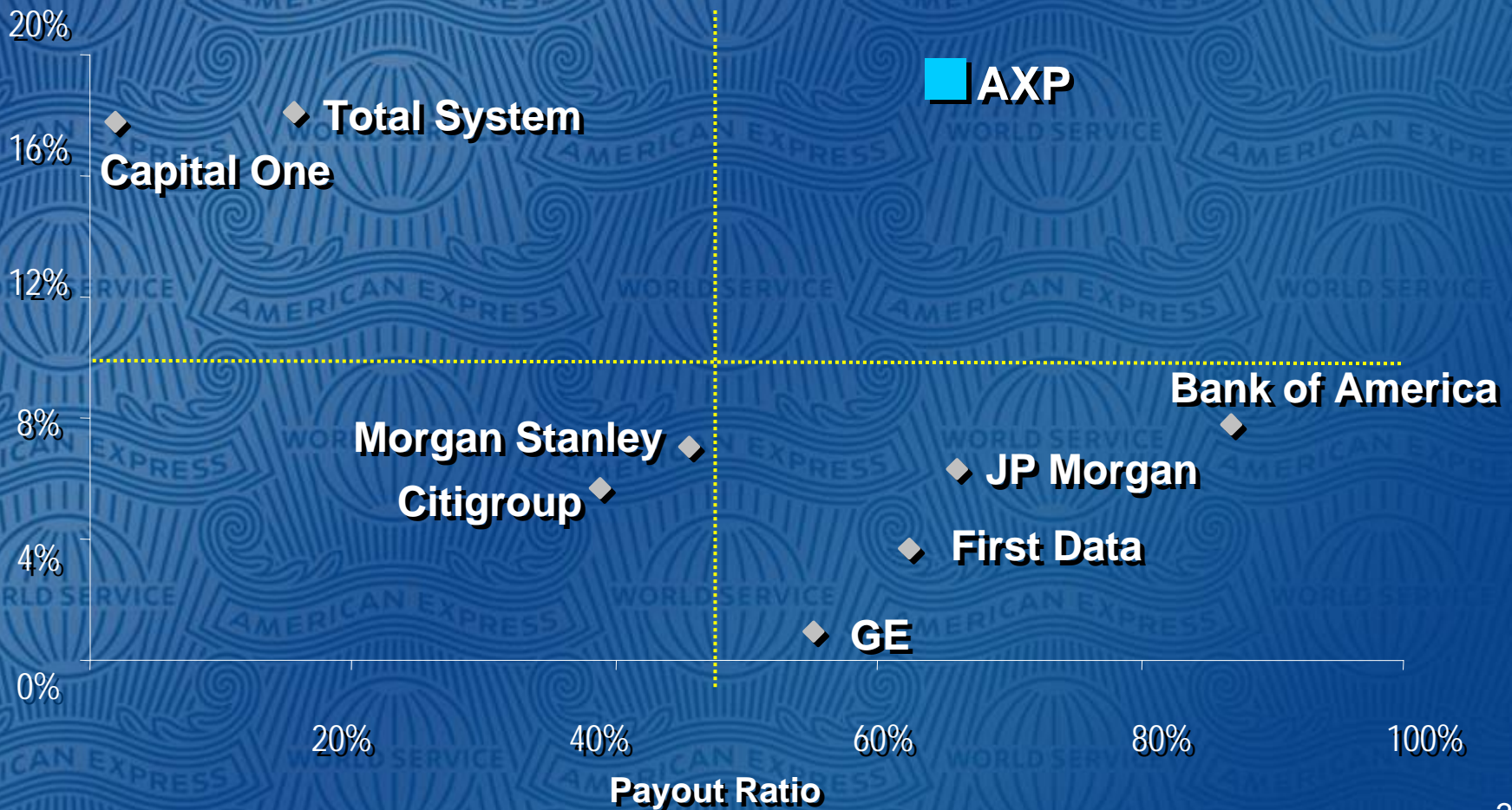


* 1998 includes shares issued to Nippon Life in December 1997, as well as the related repurchases of those shares in 1998.

** Excluding the capital needed to support the Threadneedle and Rosenbluth acquisitions, capital returned was 69%.

Growth and Payout

EPS CAGR 2003 - 2005



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Appendix

- **Note 1:** On a GAAP basis (which excludes the effect of securitizations and includes the sale of the equipment leasing business), loan growth year over year was: -11% in Q1'02, -16% in Q2'02, -7% in Q3'02, 1% in Q4'02, 6% in Q1'03, 17% in Q2'03, 10% in Q3'03, 11% in Q4'03, -1% in Q1'04, 12% in Q2'04, 5% in Q3'04, 3% in Q4'04, 14% in Q1'05, 13% in Q2'05, 30% in Q3'05, and 27% in Q4'05.
- **Note 2:** Data for the periods from 1999-2001 derived from (i) total reported human resources expense for AXP less reported human resources expense for the American Express Financial Advisors segment ("AEFA") and (ii) total reported revenues for AXP less reported revenues for AEFA. On a consolidated basis, reported human resources expense as a percentage of total revenues was 28% for each year in 1999-2001. 2002-05 data derived from reported company data.
- **Note 3:** Data for the periods from 1999-2001 derived from (i) total reported marketing & promotion expense for AXP less reported marketing & promotion expense for AEFA and (ii) reported rewards and cardmember services expense for AXP less rewards and cardmember services reported for AEFA. On a consolidated basis, reported marketing & promotion expense, was \$1.4B, \$1.5B and \$1.3B, and rewards and cardmember services expense was \$1.1B, \$1.3B and \$1.4B, for each year in 1999-2001. 2002-05 data derived from reported company data and internal company data.
- **Note 4:** Data for the periods from 1999-2001 derived from (i) total reported marketing & promotion expense for AXP less reported marketing & promotion expense for AEFA and (ii) total reported revenues for AXP less reported revenues for AEFA. On a consolidated basis, reported marketing & promotion expense as a percentage of total revenues was 7%, 6% and 6% for each year in 1999-2001. 2002-05 data derived from internal company data.
- **Note 5:** Data for the periods from 1999-2001 derived from (i) total reported other operating expenses for AXP less reported other operating expenses for AEFA and (ii) total reported revenues for AXP less reported revenues for AEFA. On a consolidated basis, reported other operating expenses as a percentage of total revenues was 22%, 21% and 25% for each year in 1999-2001. 2002-05 data derived from reported company data.
- **Note 6:** Data for the periods from 1999-2001 derived from (i) total reported provision expense or interest expense (as the case may be) for AXP less reported provision expense or interest expense (as the case may be) for AEFA and (ii) total reported revenues for AXP less reported revenues for AEFA. On a consolidated basis, reported provision expense as a percentage of total revenues was 17%, 17% and 21% for each year in 1999-2001, respectively. On a consolidated basis, reported interest expense as a percentage of total revenues was 5%, 6% and 7% for each year in 1999-2001, respectively. 2002-05 data derived from reported company data.

NOTE RELATING TO NON-GAAP FINANCIAL DISCLOSURES

This presentation contains certain non-GAAP financial disclosures, including the Company's pro forma return on equity, as well as information that is reported on a "managed" basis. Managed basis assumes no securitization transactions, i.e., all securitized loans and related income effects are reflected as if they were in the Company's balance sheet and income statement, respectively. Information relating to comparable GAAP financial measures may be found on the relevant slides both attached hereto and located on American Express Company's investor relations website at <http://ir.americanexpress.com>.

INFORMATION RELATING TO FORWARD LOOKING STATEMENTS

This presentation 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 assumption that the full year 2005 final results will demonstrate that it gained share compared to its competitors with respect to card billed business volumes in the United States and internationally; the Company's ability to generate sufficient net income to achieve a return on equity on a GAAP basis of 28% to 30%; the Company's ability to grow its business and meet or exceed its return on shareholders' equity target by reinvesting approximately 35% of annually-generated capital, and returning approximately 65% 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, 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 & Merchant Services business; the Company's ability to introduce new products, reward program enhancements and service enhancements on a timely basis during 2006; the success of the Global Network & Merchant 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 & Merchant 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; the continuation of favorable trends, including increased travel and entertainment

(CONTINUED)

spending, and the overall level of consumer confidence; successfully cross-selling financial, travel, card and other products and services to the Company's customer base, both in the United States and abroad; the Company's ability to generate sufficient revenues for expanded investment spending, and the ability to capitalize on such investments to improve business metrics; 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 generate at least \$1 billion in benefits from its reengineering initiatives in 2006; the Company's 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 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; risks associated with the Company's agreements with Delta Air Lines to prepay \$350 million for the future purchases of Delta SkyMiles rewards points; fluctuations in foreign currency exchange rates; fluctuations in interest rates, which impact the Company's borrowing costs, return on lending products; 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 potential negative effect on the Company's businesses and infrastructure, including information technology, of terrorist attacks, 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, including changes in tax laws or regulations that could result in the elimination of certain tax benefits; outcomes and costs associated with litigation and compliance and regulatory matters; deficiencies and inadequacies in the Company's internal control over financial reporting, which could result in inaccurate or incomplete financial reporting; 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, 2004, and its other reports filed with the SEC.