



UBS 2006 Global Financial Services Conference

May 16, 2006

Kenneth I. Chenault
Chairman and Chief Executive Officer

AMERICAN
EXPRESS

Agenda



- 1Q 2006 Results Review
- Spend-Centric Model
- Q&A

Performance vs. Long Term Targets



	<u>Target¹</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>Q1'06</u>
Revenue	8%	8%	12%	10%	12%
EPS	12-15%	12% ²	16% ²	22% ²	19% ²
<u>ROE</u>					
Pre-Spin	18-20%	21% ³	22% ³	25% ³	27% ³
Post-Spin	28-30%			31% ⁴	32% ⁴

1. Targets are on average, over time.

2. Income from continuing operations. EPS growth on a net income basis was 14% in 2003, 17% in 2004, 11% in 2005 and (8%) in Q1'06.

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 period from September 30, 2005 to March 31, 2006.

Source: 2003-2004 Revenue and EPS growth for AXP continuing operations based on data reported in Company's 8-K reports dated 10/6/2005 and 4/5/06.

Metric Trends



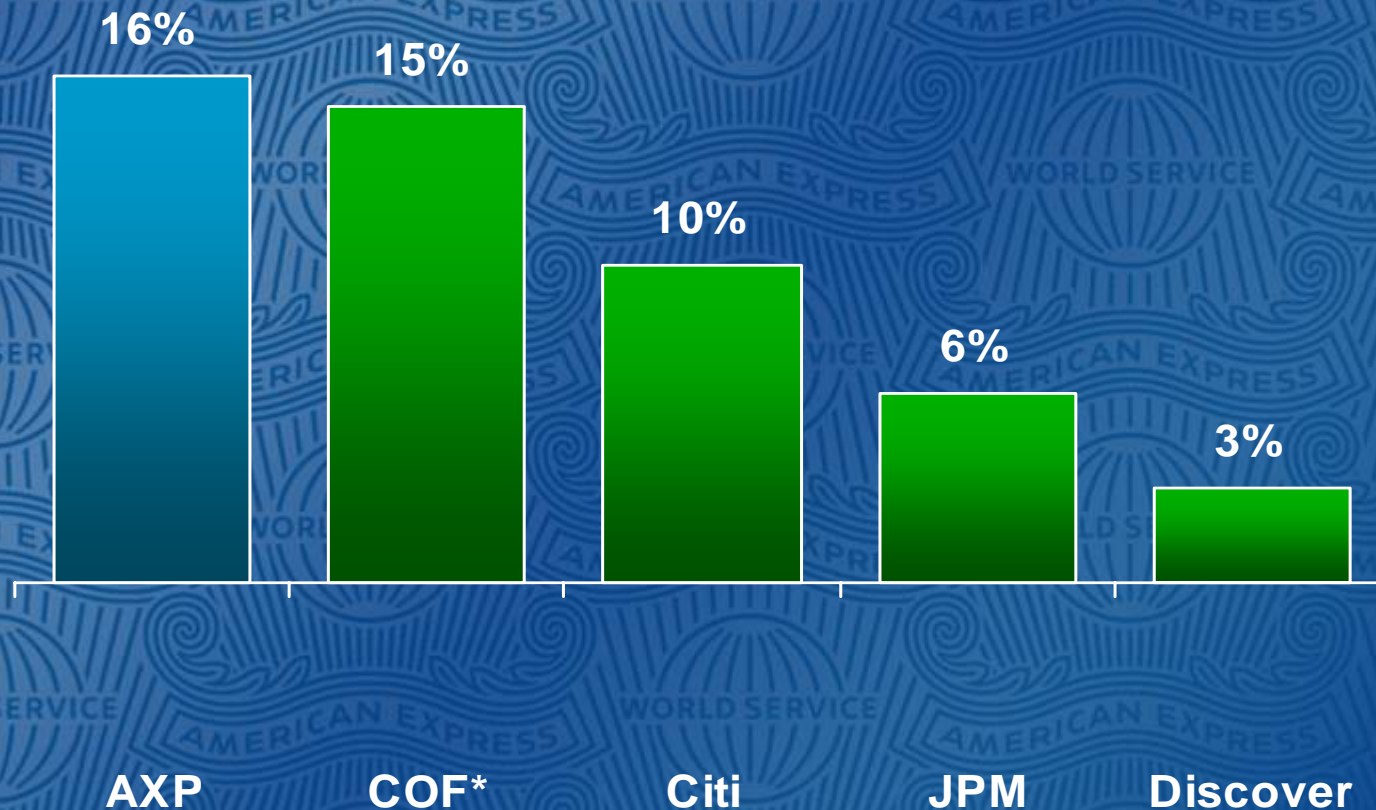
*Activities related to proprietary cards, including cash advances and certain insurance fees, and cards issued under network partnership agreements.

**Computed from proprietary card activities only.

***On a GAAP basis, loan growth was 16% in 2003, 4% in 2004, 23% in 2005 and 26% in Q1'06.

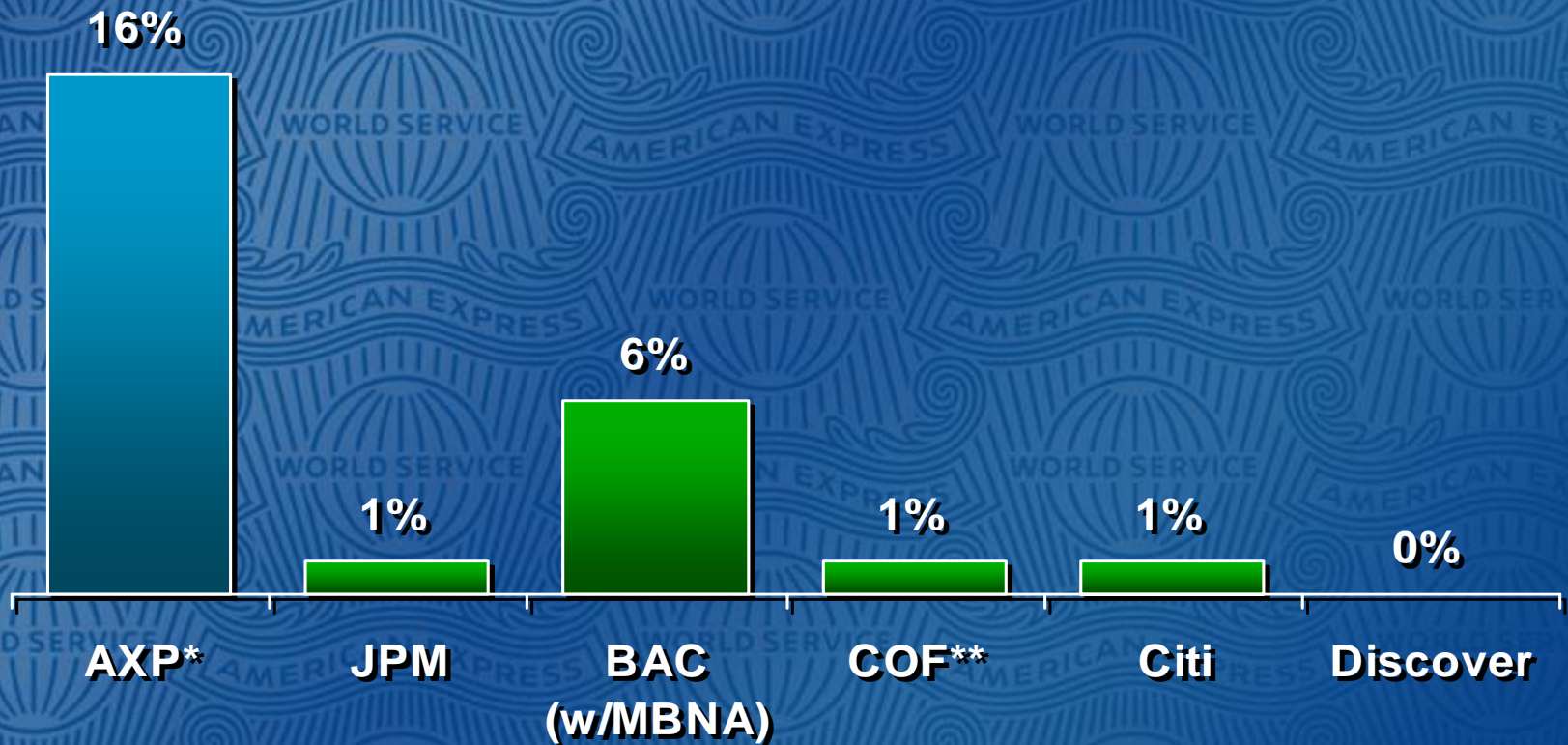
Worldwide Billed Business

Q1'06 vs. Q1'05



Worldwide Managed Loans

Q1'06 vs. Q1'05

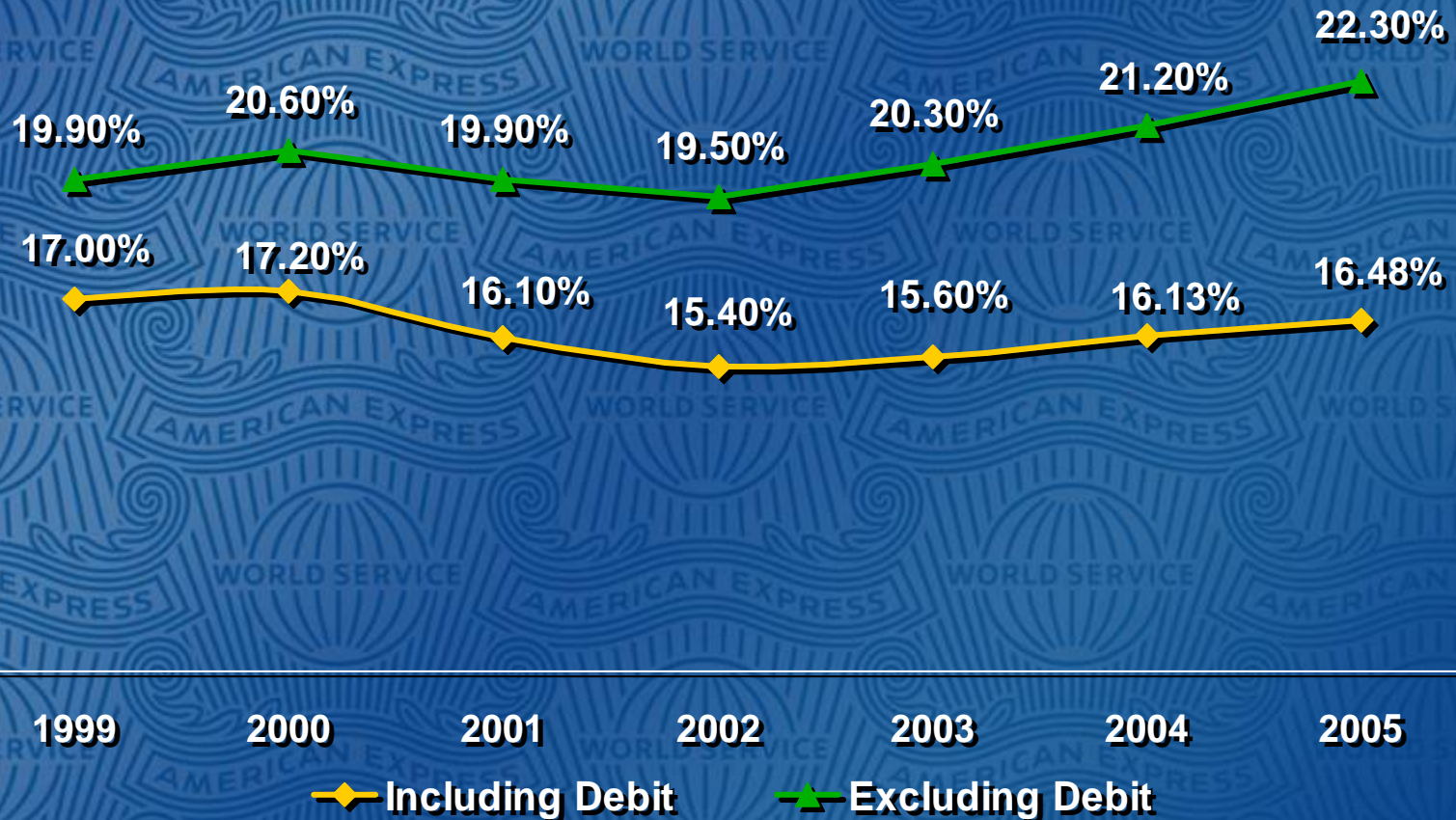


* On a GAAP basis, loans increased 26%.

**U.S. Card portfolio only.

Source: Company reports.

AXP Share of U.S. Purchase Volume



Metric Trends

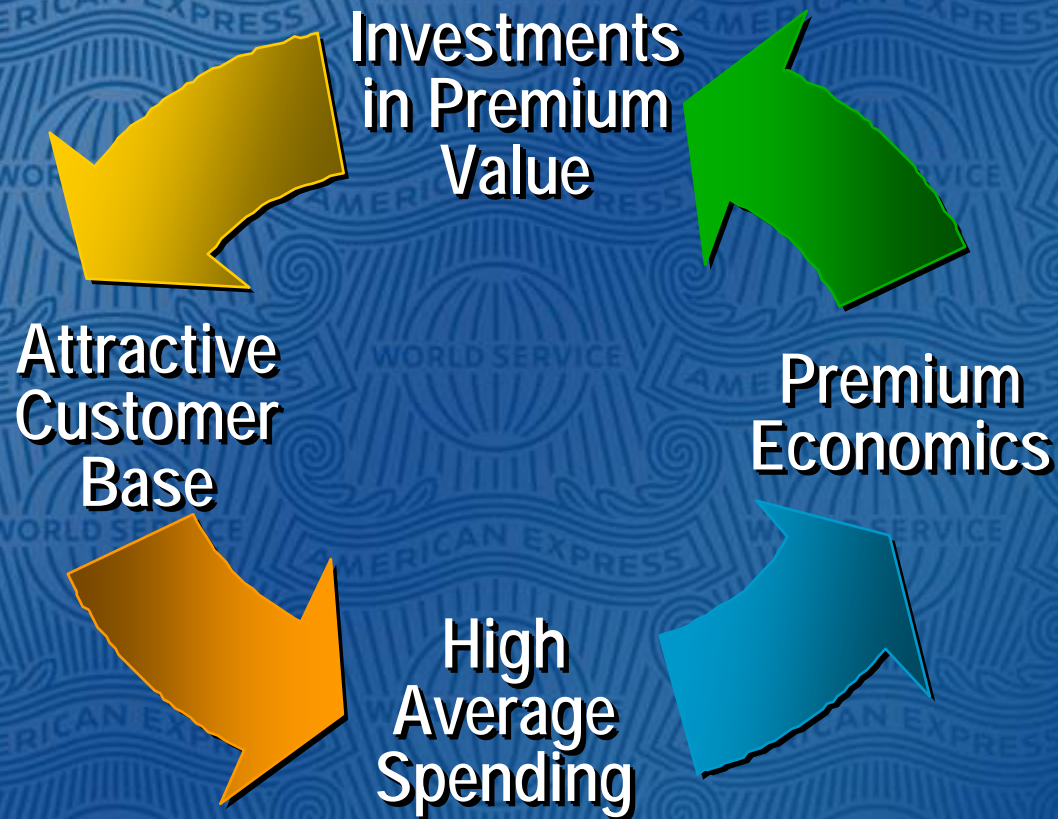


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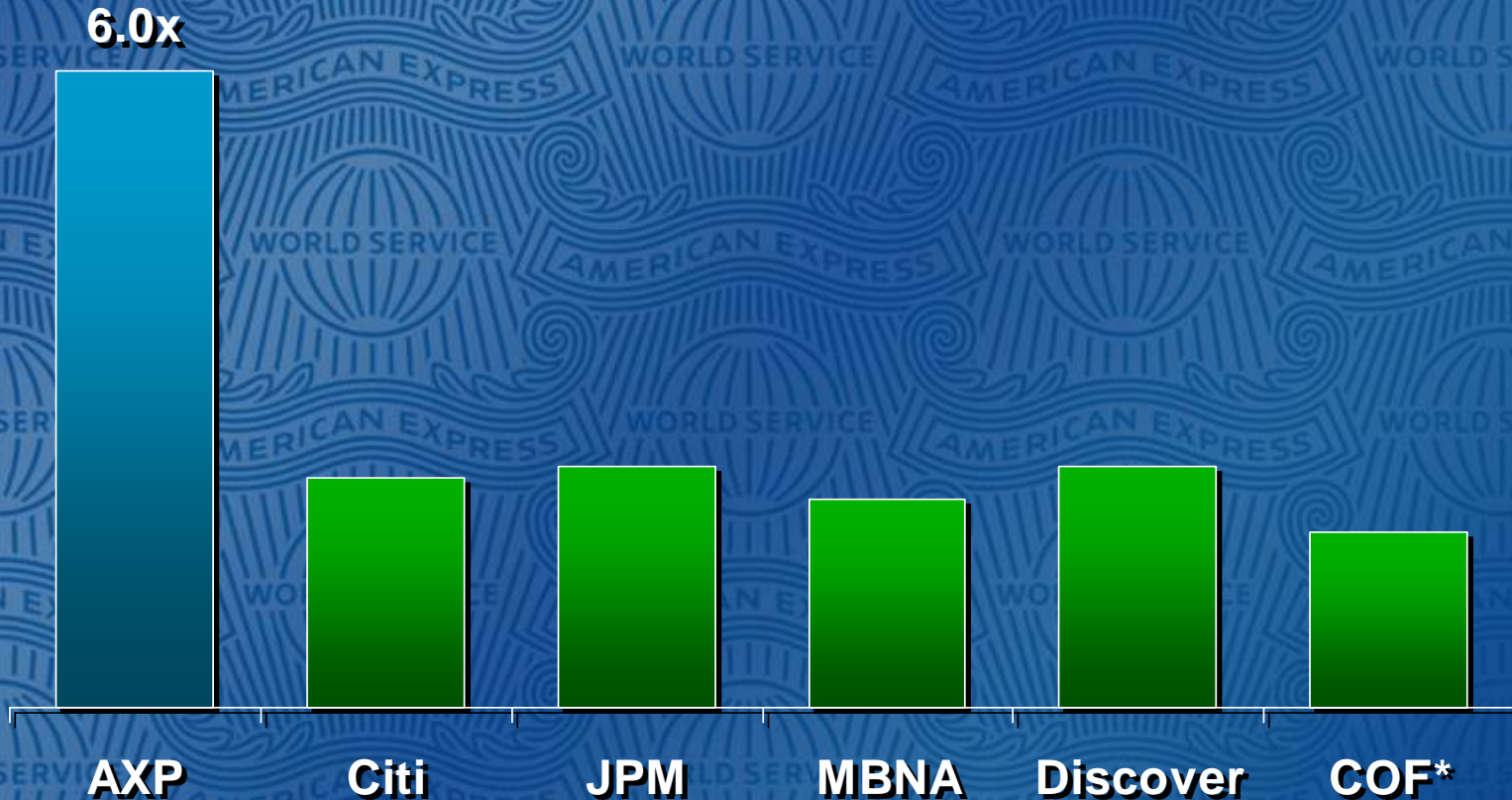
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***On a GAAP basis, loan growth was 16% in 2003, 4% in 2004, 23% in 2005 and 26% in Q1'06.

Spend-Centric Model



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.

Profit Impact of Spend-Centric Model

AXP Spend-centric model vs. Lend-centric model

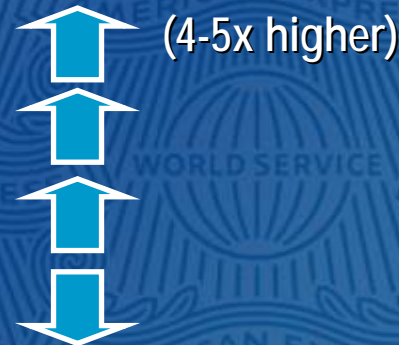
Revenues

Spend

Discount Rate

Fee Revenues

Net Spread



Expenses

Cost to Acquire

Rewards

Cost of Services

Credit



Total Profit



ROE Impact of Spend-Centric Model

$$\text{Return on Equity (ROE)} = \frac{\text{Net Income}}{\text{Required Equity Investment}}$$

LEND-CENTRIC

Higher equity



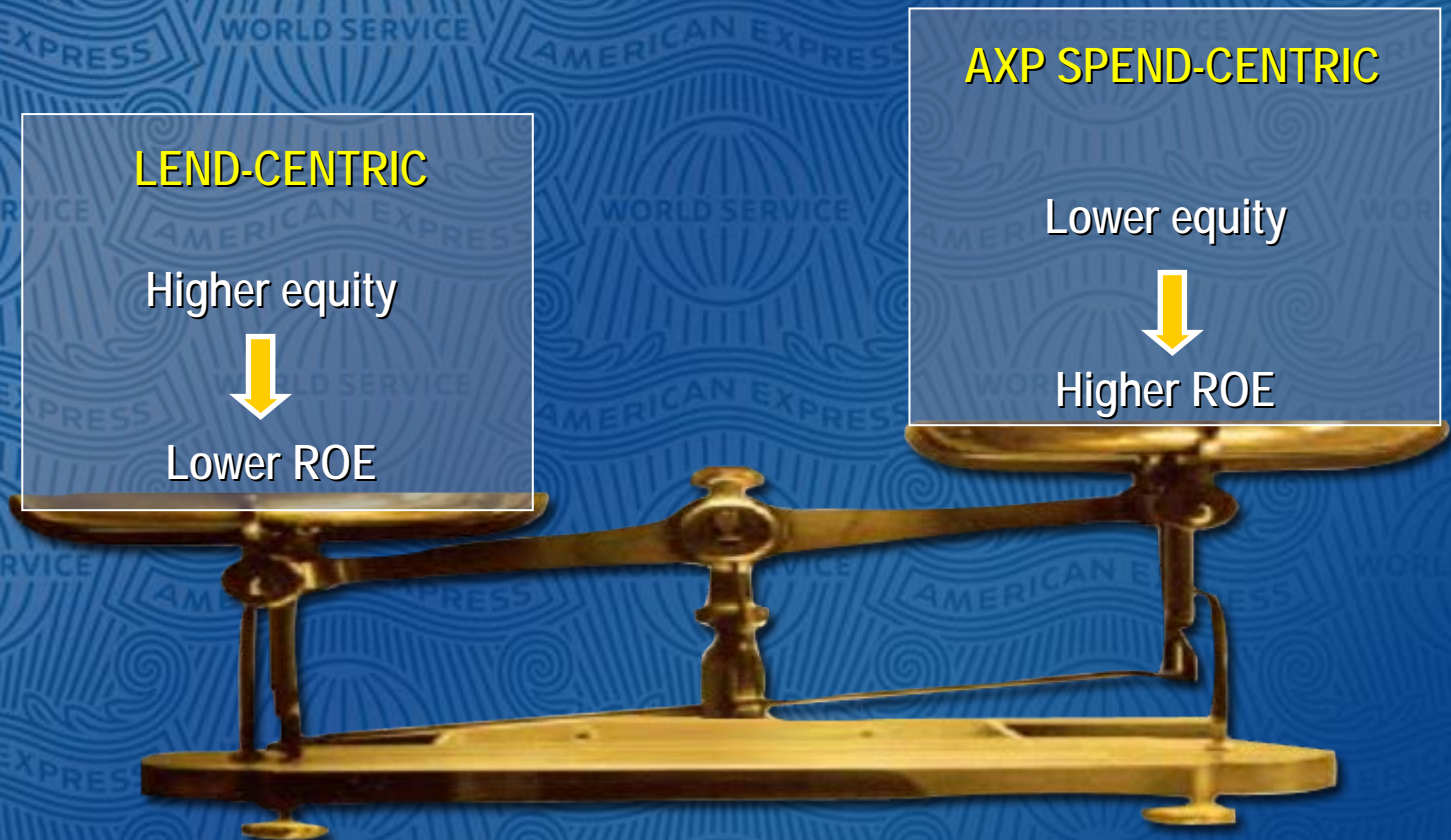
Lower ROE

AXP SPEND-CENTRIC

Lower equity

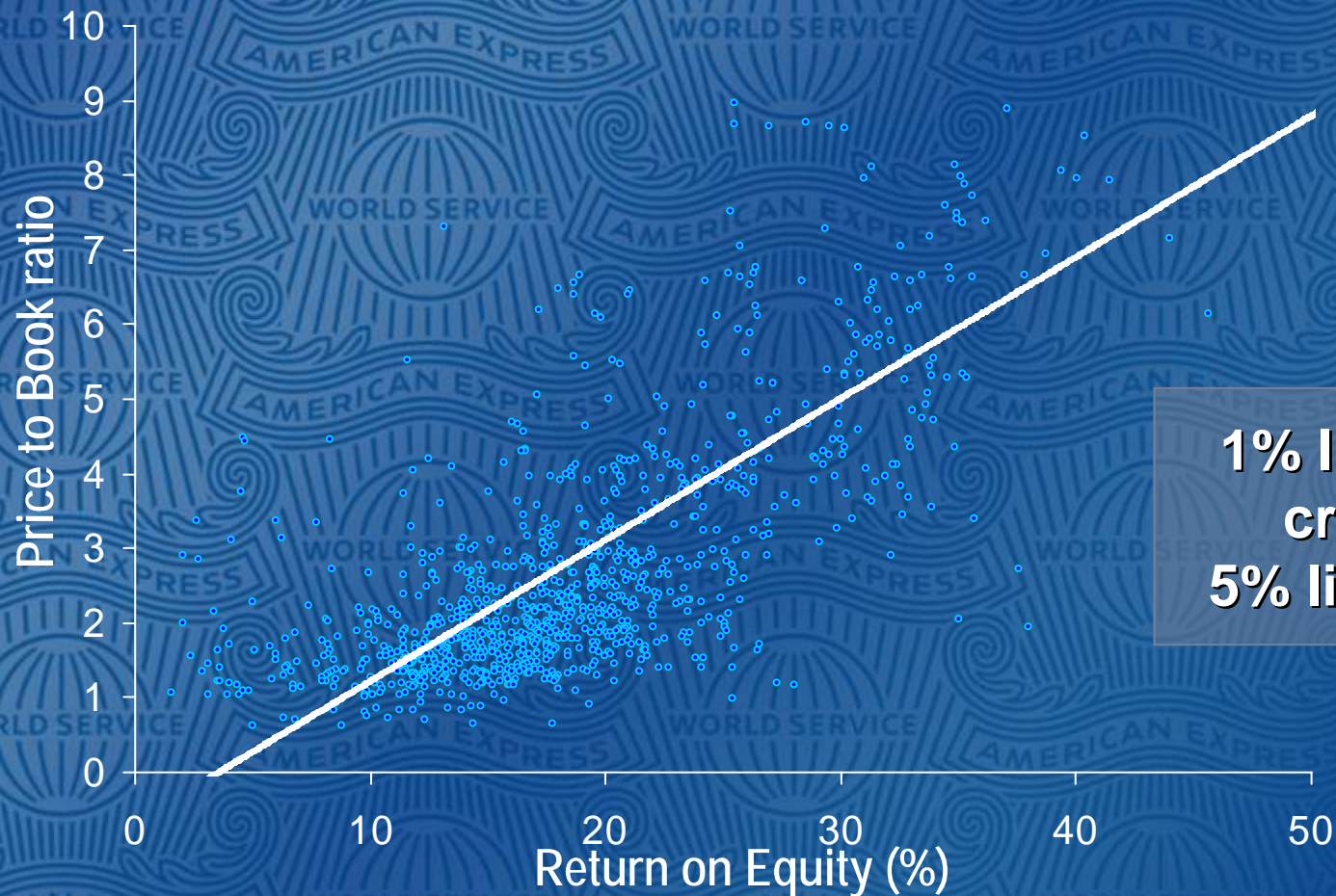


Higher ROE

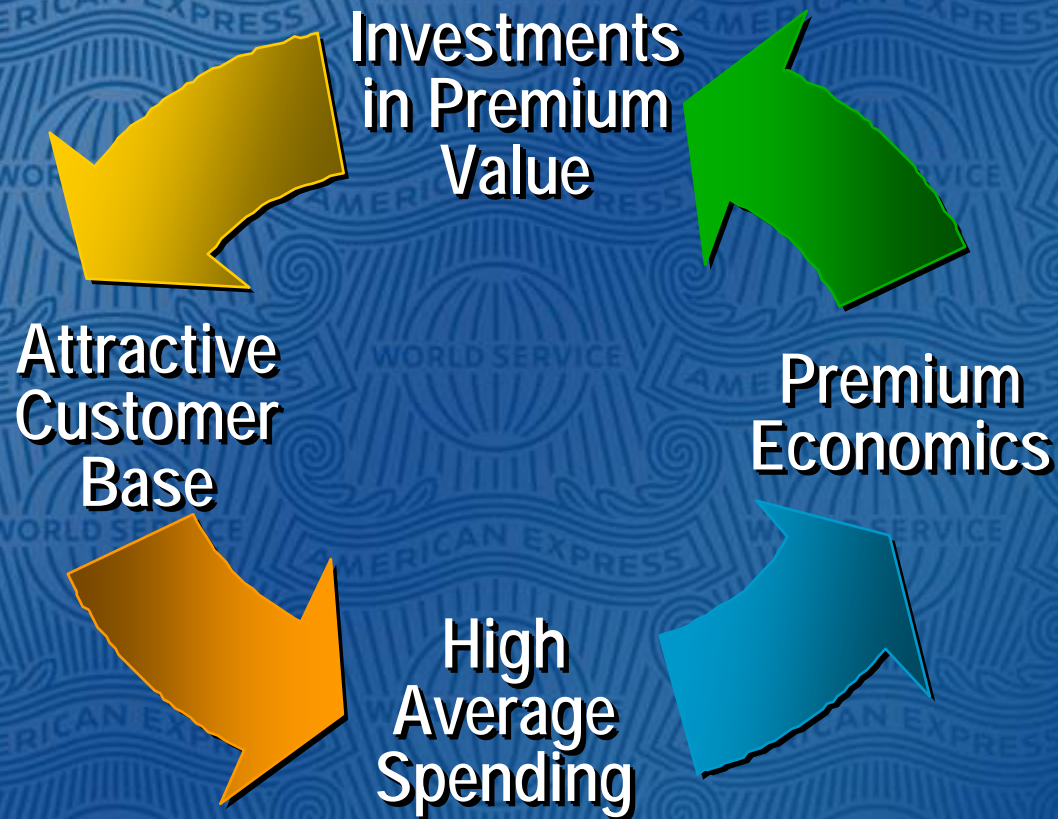


Higher ROE Earns a Higher Valuation

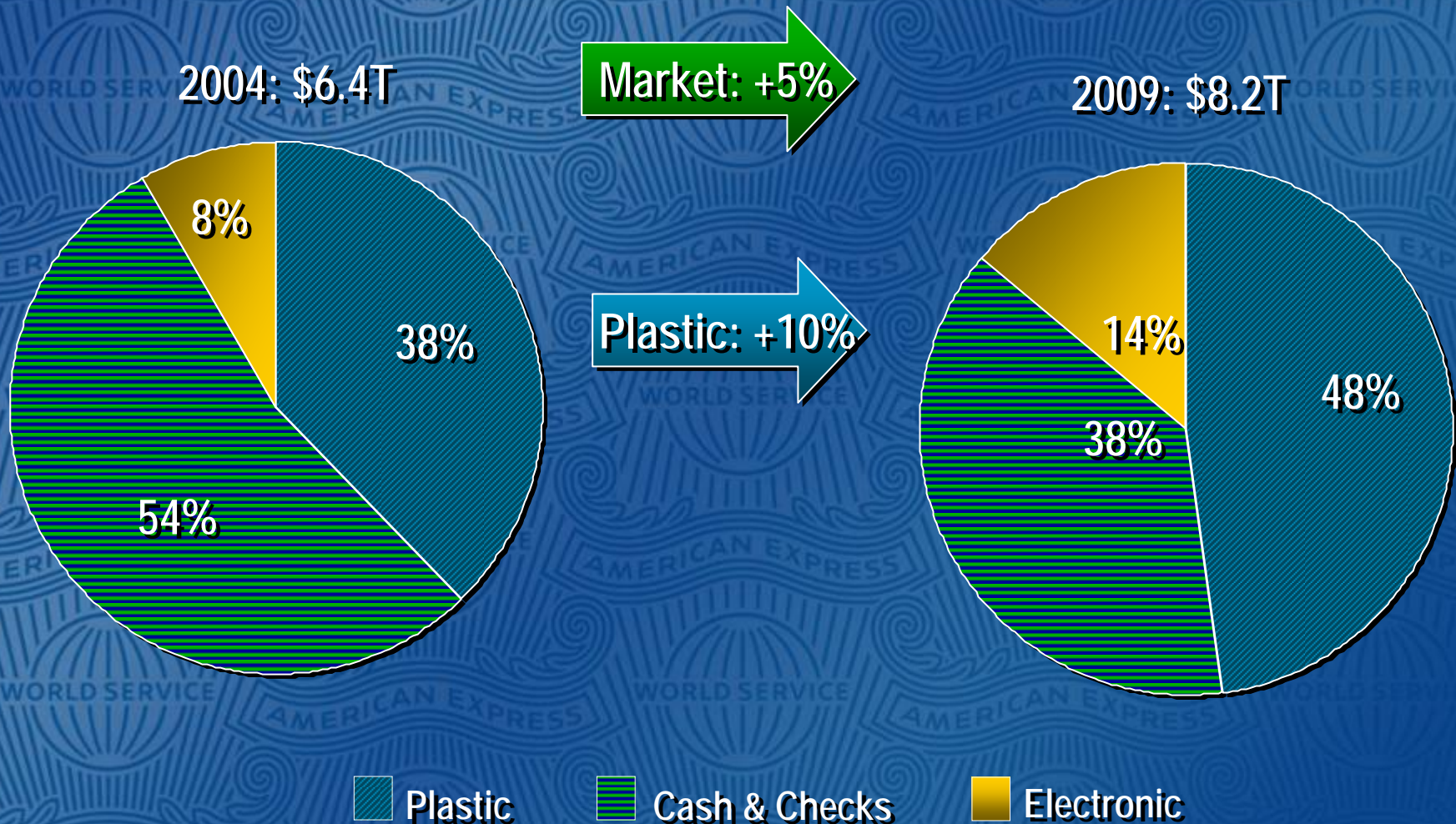
Financial Services Industry (1993 -2005, by quarter)



Spend-Centric Model



Forecasted U.S. Consumer Spend Growth

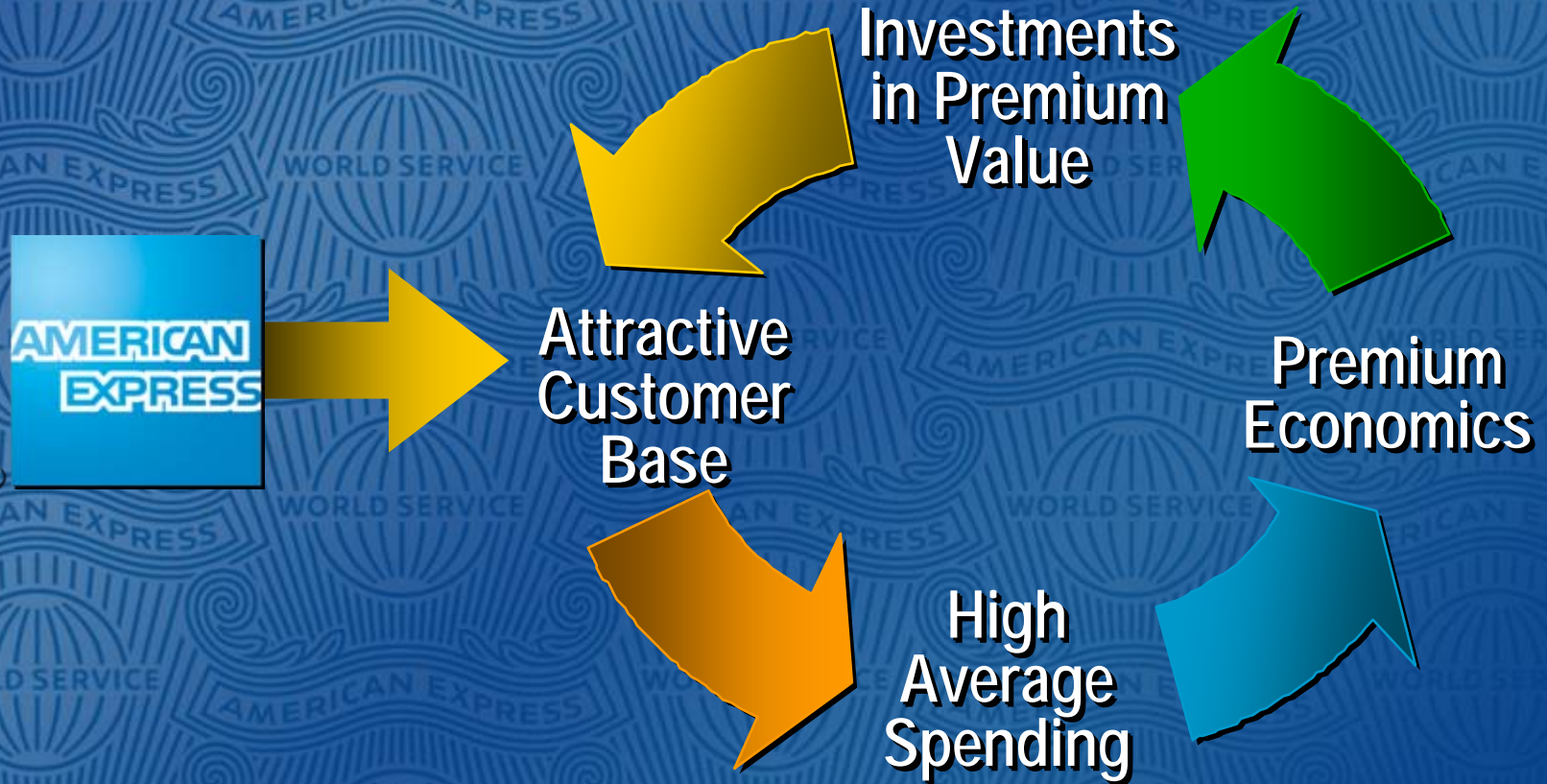


Plastic Opportunity by Segment

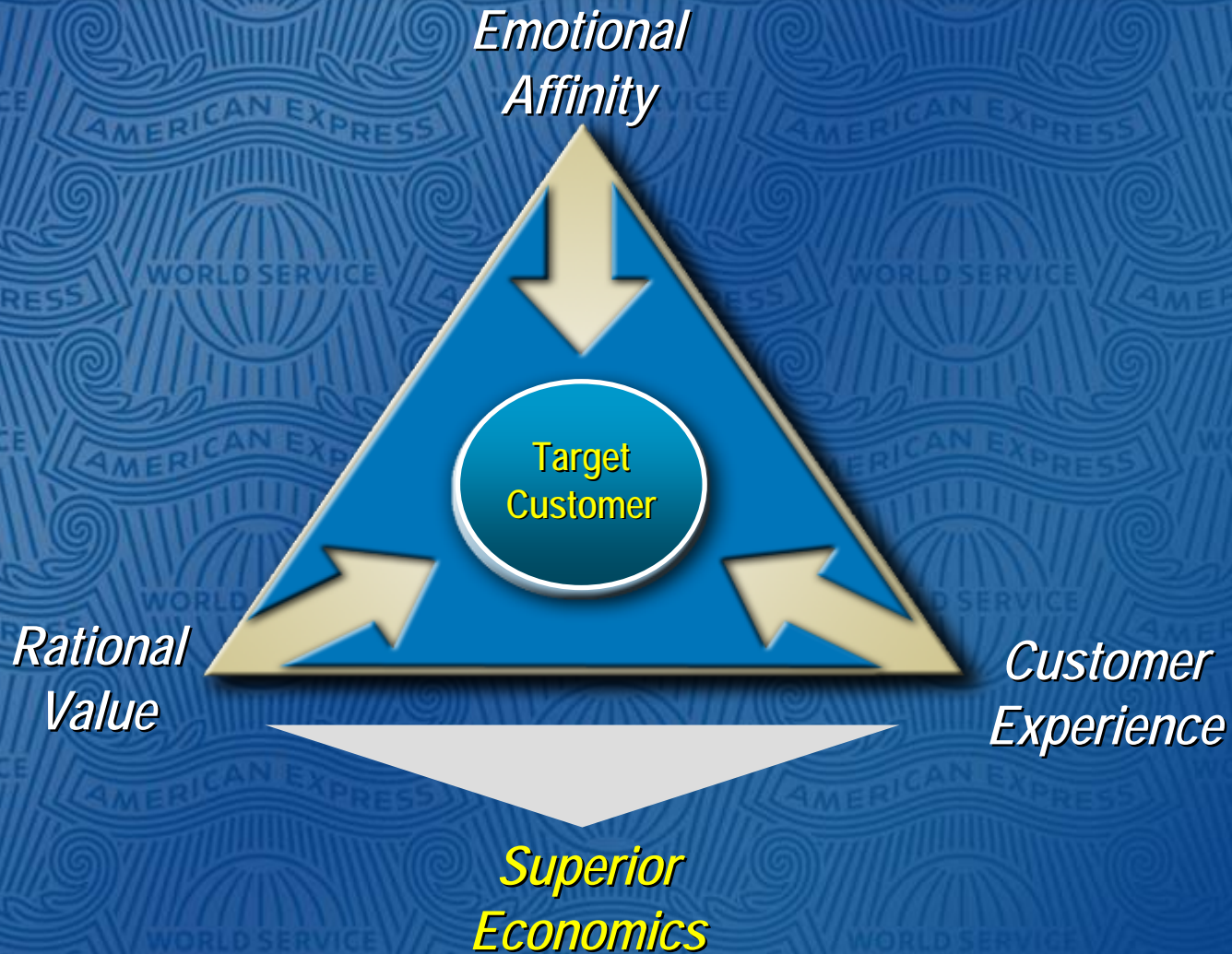
% of Plastic Penetration

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

Spend-Centric Model



Brand Value



Premium Positioning



- Leader in premium segment
- Brand attributes of quality, trust, customer commitment, security
- Unparalleled cardmember benefits
- "Halo" effect for AXP brand

Premium Value Proposition

1/1/03 – 12/31/05

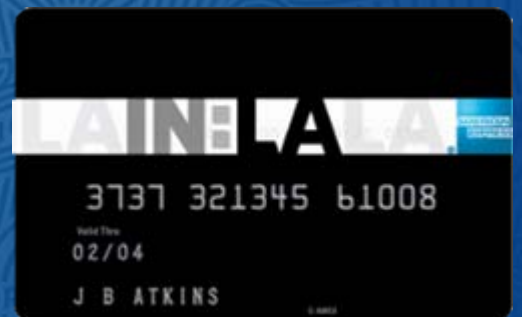
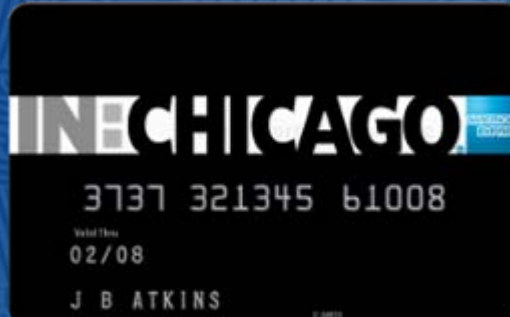
American Express®



- Partners +50%
- Cards in Force enrolled +57%
- Spend earning MR points* +77%
- Improvement in A/R Days*
 - Consumer: 2.5 days
 - OPEN: 1.2 days

*Full Year 2005 vs. Full Year 2002

Brand Relevance - Products

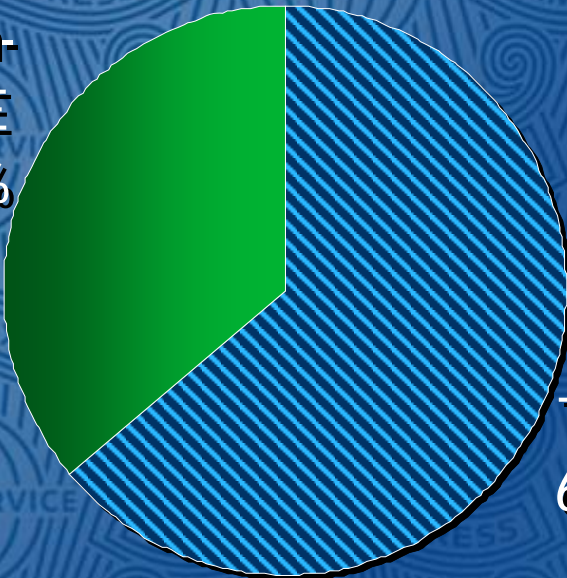


Brand Relevance - Spend

U.S. Billings

1990

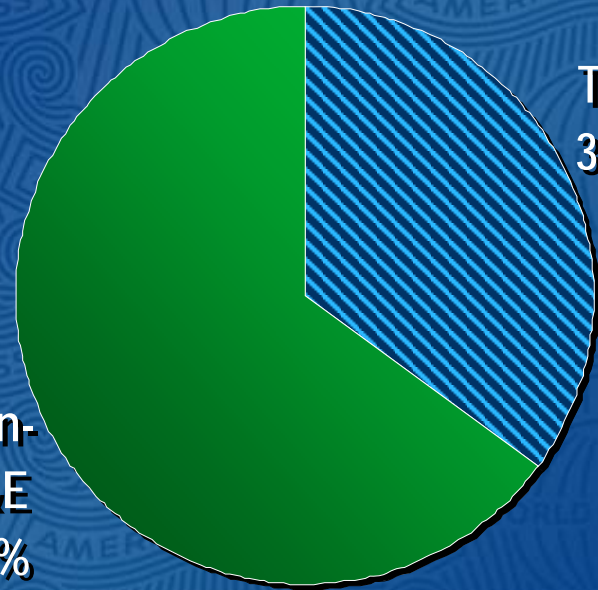
Non-
T&E
36%



T&E
64%

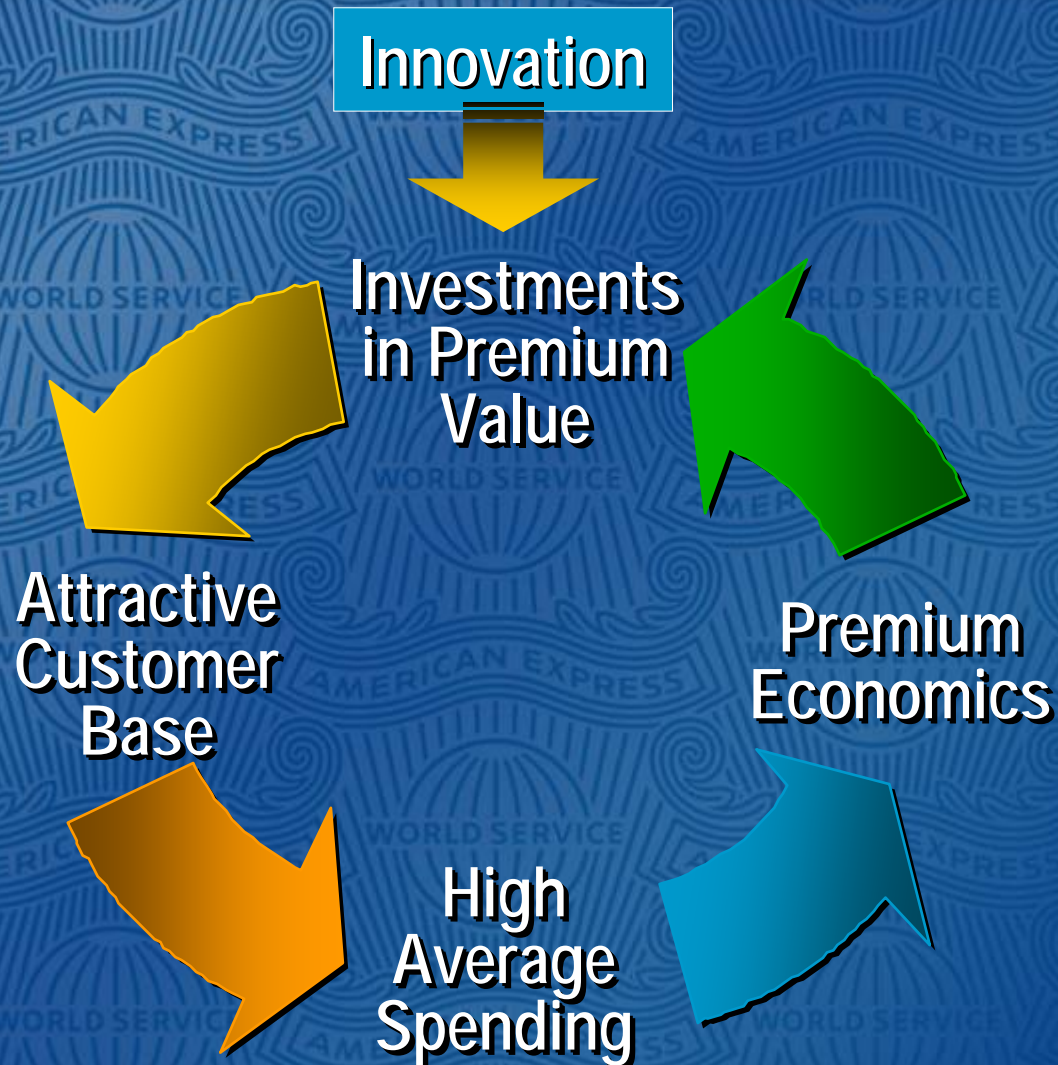
Q1'06

T&E
35%

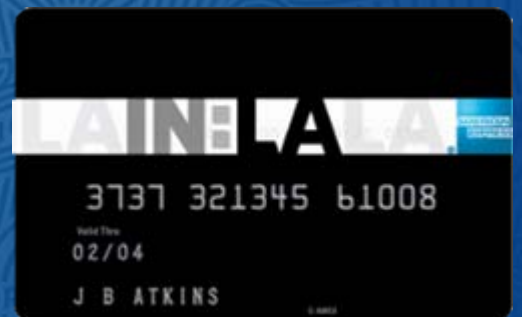
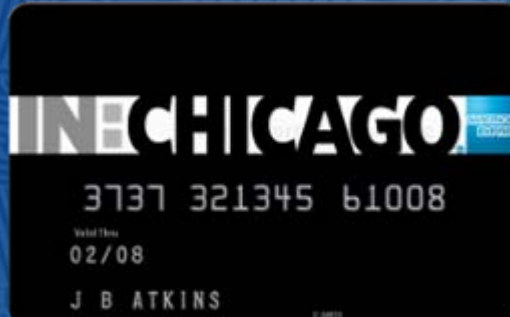


Non-
T&E
65%

Spend-Centric Model



Brand Relevance - Innovation



Innovation – Service



American Express Membership Rewards® - \$200 Saks Fifth Avenue Gift Certificate - Microsoft Internet Explorer provided by Americ

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Address <http://www.membershiprewards.com/ProductDetail.aspx?clgid=3&catid=159&scatid=169&aid=54116> Go Links

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WISH LIST (0) items 0 points

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20,000 points

\$200 Saks Fifth Avenue Gift Certificate

Offer expires: 12/31/2006

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One of the world's premier specialty retailers, Saks Fifth Avenue offers discerning shoppers the very best in style, selection, and service. For the store nearest you, call 1-800-347-9177 or visit www.saksfifthavenue.com. Reward Code SFA12

[How To Redeem](#) [Restrictions](#)

REDEEM FOR THIS REWARD

To redeem points for this reward please enter a quantity between 1 and 999, and click "Add To Rewards Cart".

Quantity:

☐ I have read the [Restrictions](#)

[ADD TO REWARDS CART](#)

[ADD TO WISH LIST](#)

How To Redeem [back to top](#)

1. When you choose your reward, just click **Add To Rewards Cart**.
2. You will receive a certificate within 10 business days.
3. Certificates come with instructions on how to redeem your reward from the participating retailer and partners.

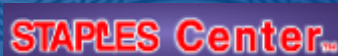
Innovation – Cardmember Benefits



PROMOTERS



VENUE



TICKET PARTNERS

ticketmaster

Telecharge.com

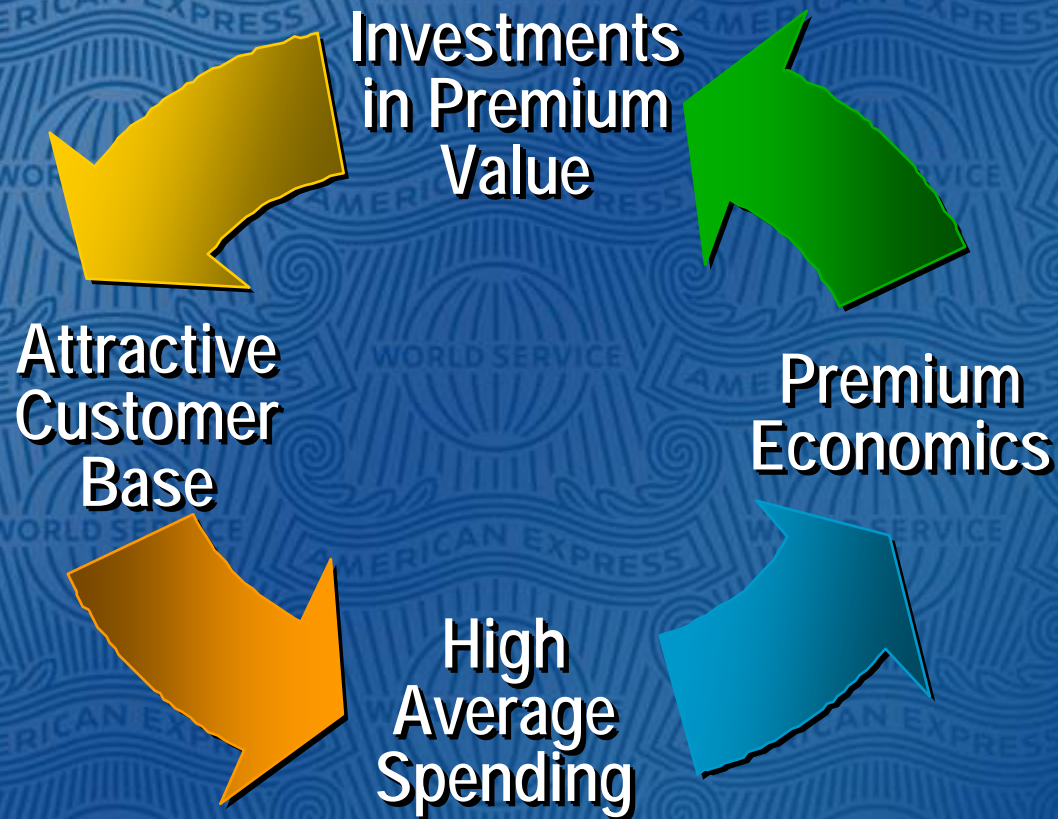
CARDMEMBER ACCESS



American Express Selects – My Wish List

Hunter Douglas®

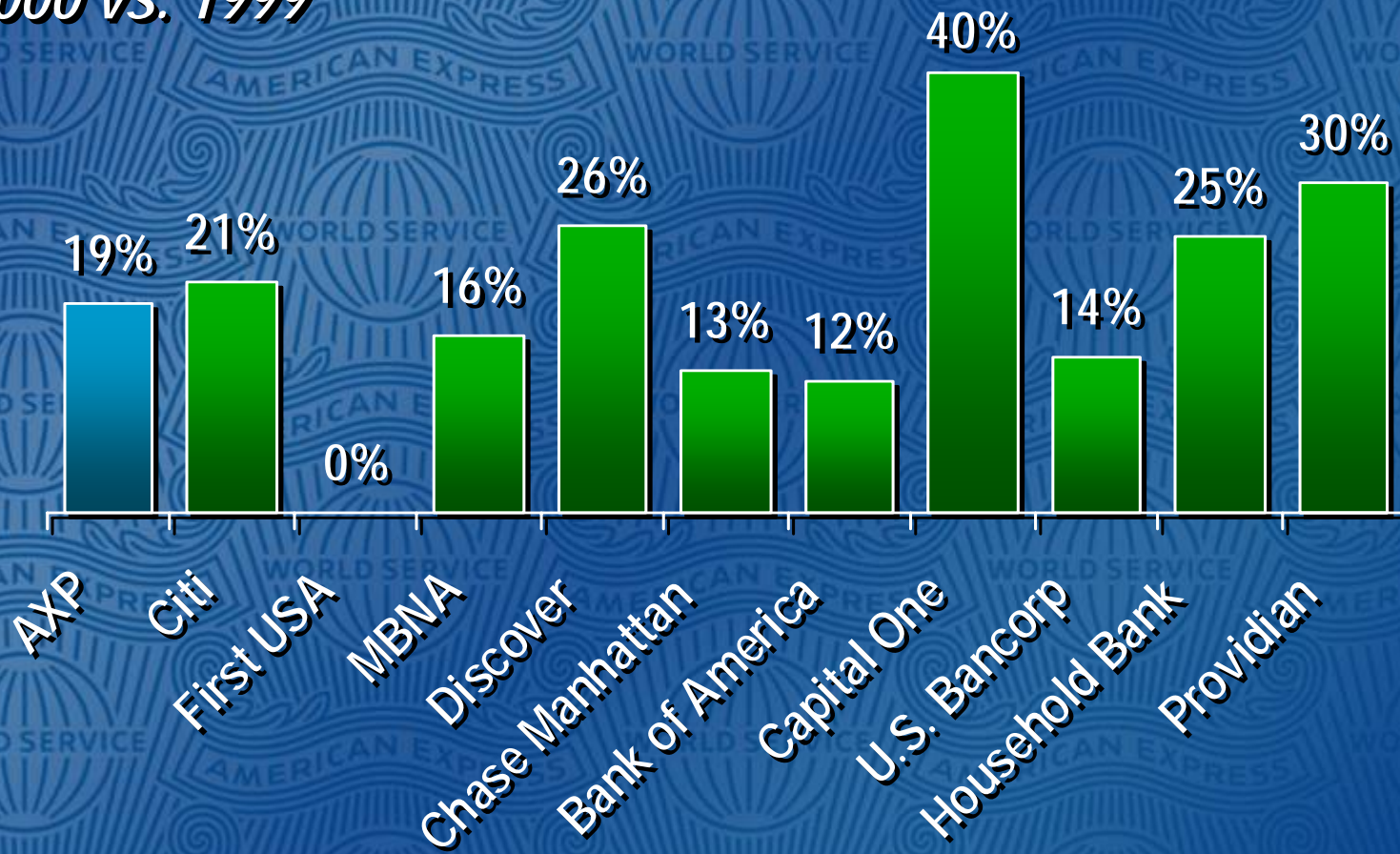
Spend-Centric Model



U.S. Billed Business

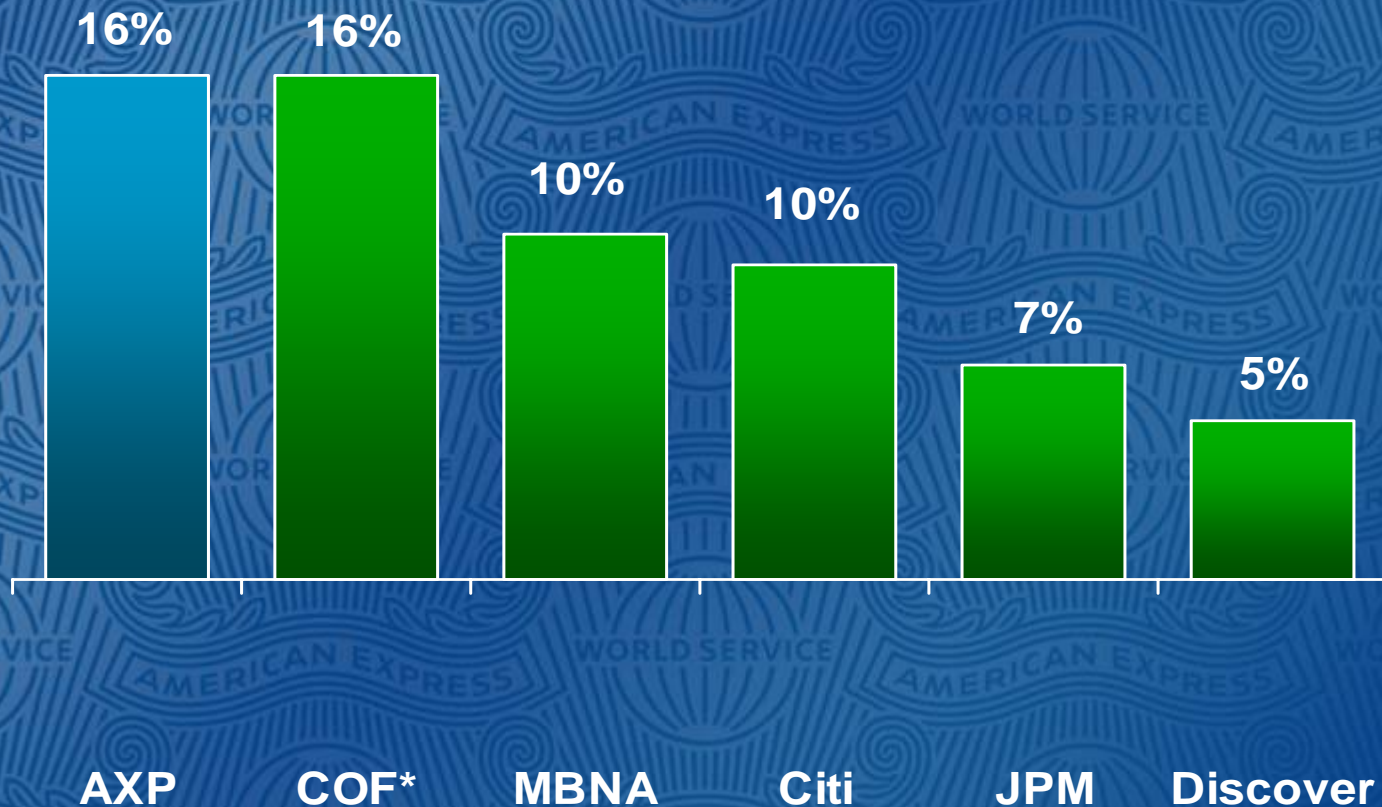


2000 vs. 1999



Worldwide Billed Business

2005 vs. 2004

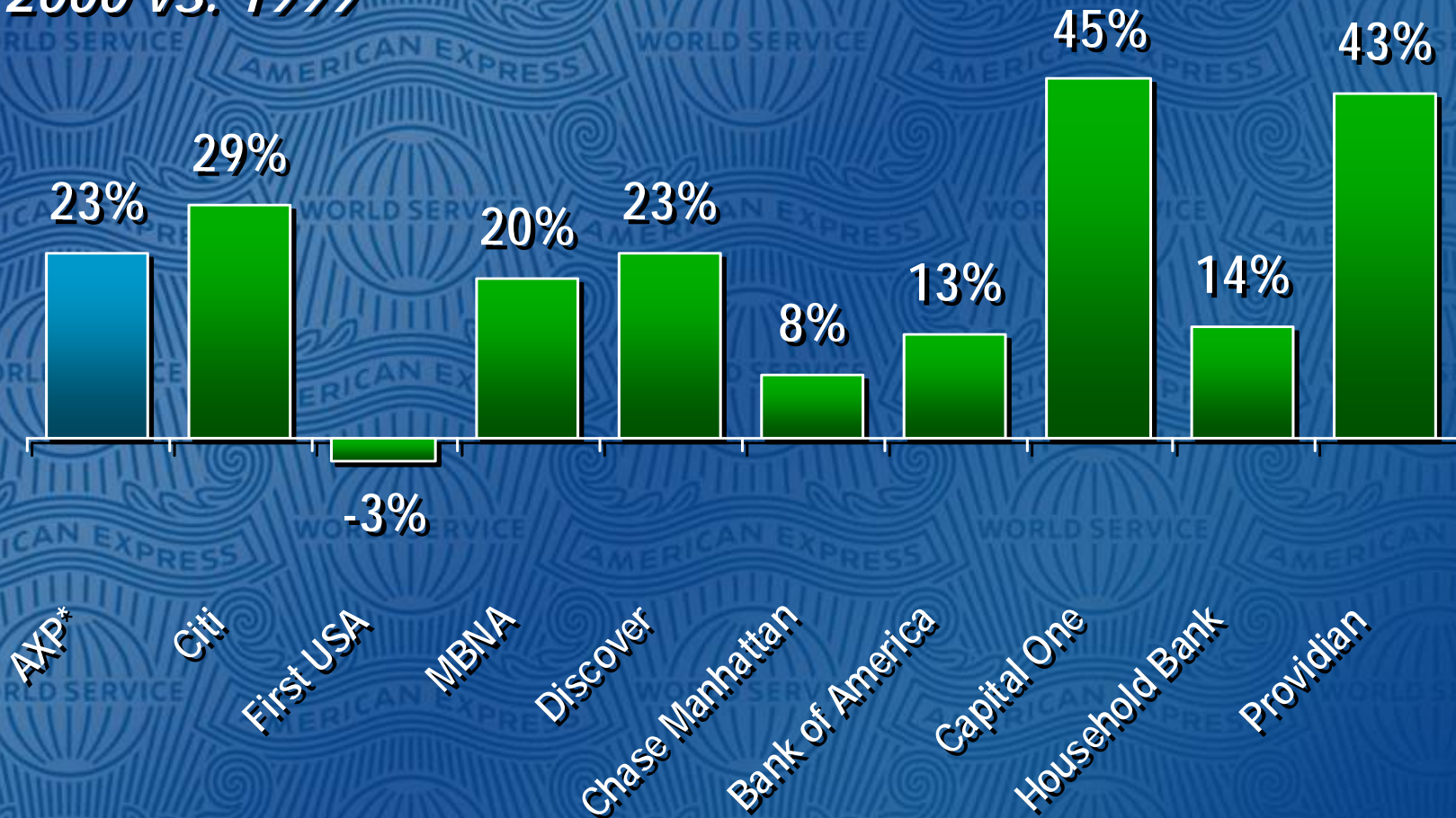


**U.S. Card portfolio only.
Source: Company reports.*

U.S. Managed Loans



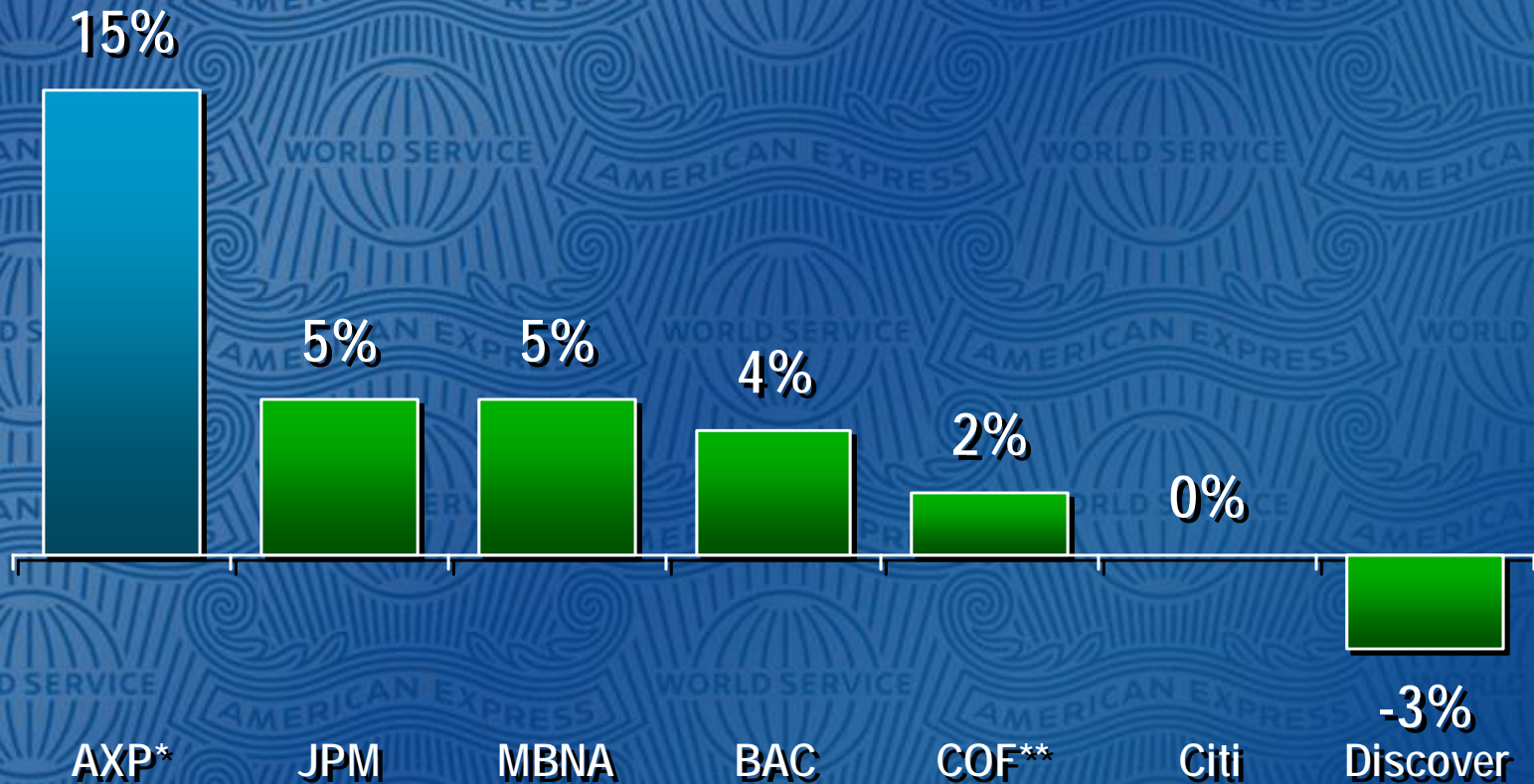
2000 vs. 1999



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

Worldwide Managed Loans

2005 vs. 2004



* On a GAAP basis loans increased 23%.

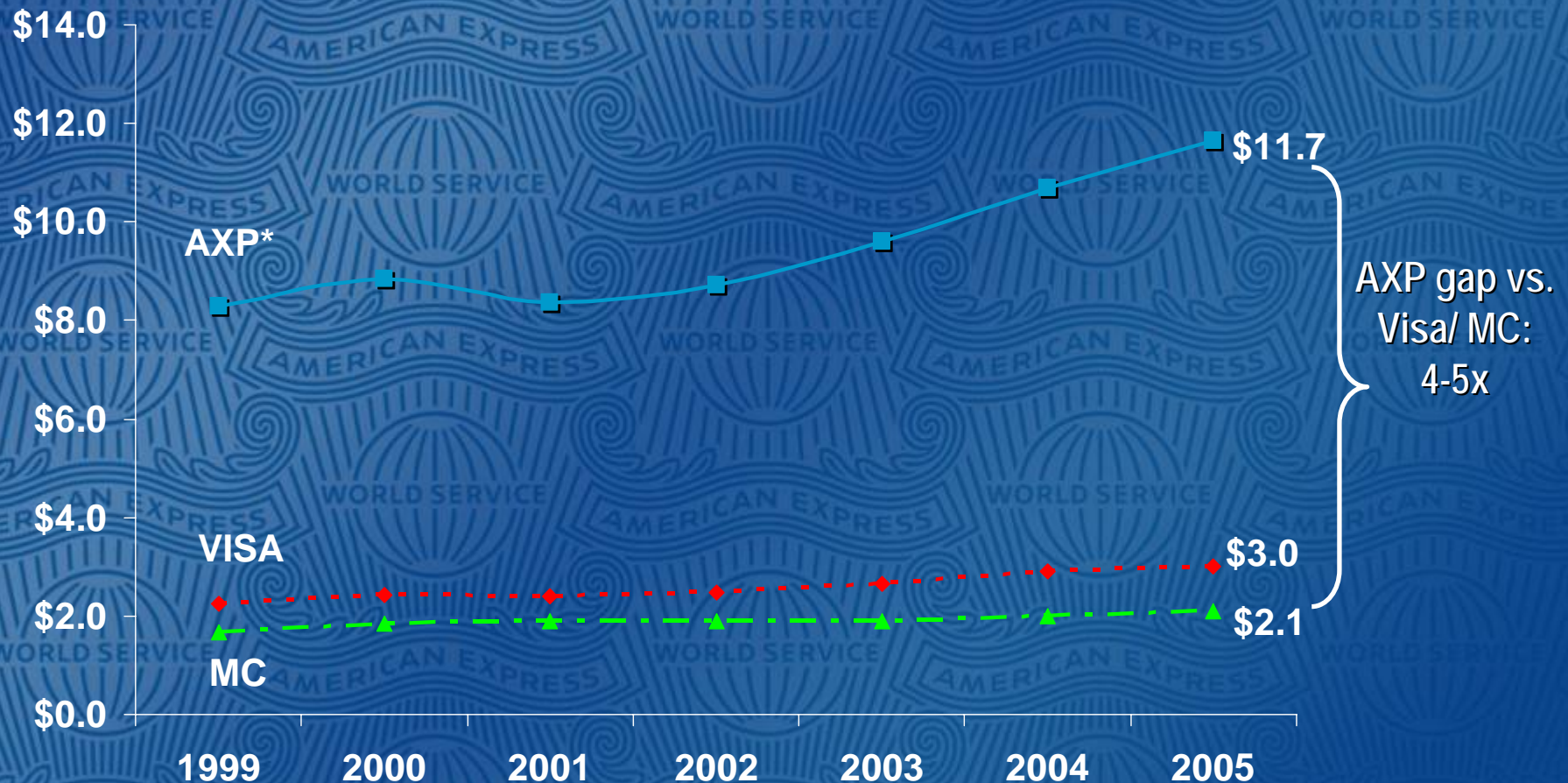
** U.S. Card portfolio only.

Source: Company reports.



AXP Average Spend vs. Visa/MasterCard

(U.S., \$ in 000s)



*Proprietary cards only.

Source: Company data, and The Nilson Report.

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