AMERICAN EXPRESS COMPANY REPORTS THIRD QUARTER NET INCOME OF $298 MILLION

(Dollars in millions, except per share amounts)

	Quarter Ended September 30 2001	Quarter Ended September 30 2000	Percentage Inc/(Dec)
Net Income*	$298	$737	(60%)
Net Revenues**	$5,478	$5,554	(1%)
Per Share Net Income			
Basic	$0.23	$0.56	(59%)
Diluted	$0.22	$0.54	(59%)
Average Common Shares Outstanding			
Basic	1,324	1,326	-
Diluted	1,335	1,361	(2%)
Return on Average Equity	14.2%	25.5%	-

	Nine Months Ended September 30 2001	Nine Months Ended September 30 2000	Percentage Inc/(Dec)
Net Income	$1,014	$2,133	(52%)
Net Revenues*	$15,770	$16,371	(4%)
Per Share Net Income			
Basic	$0.77	$1.61	(52%)
Diluted	$0.76	$1.57	(52%)
Average Common Shares Outstanding			
Basic	1,323	1,328	-
Diluted	1,338	1,361	(2%)
Return on Average Equity	14.2%	25.5%	-

* Included in 2001 net income are two significant third quarter items: a restructuring charge of $352 million pre-tax ($232 million after-tax) and one-time costs (including waived fees) of $98 million pre-tax ($65 million after-tax) resulting from the September 11, 2001 terrorist attacks.

** Net revenues are presented on a managed basis.

NEW YORK, October 22, 2001 -- American Express Company today reported third quarter net income of $298 million, down 60 percent from $737 million in the same period a year ago. Diluted earnings per share were $.22, down 59 percent from a year ago. Net revenues on a managed basis totaled $5.5 billion, down one percent from $5.6 billion a year ago. The company's return on equity was 14.2 percent.

Results for the third quarter were negatively affected by two significant items: a previously announced restructuring charge of $352 million pre-tax ($232 million after-tax) and the impacts from the September 11 terrorist attacks.

The September 11 events resulted in certain one-time costs and business interruption losses, including: provisions related to credit exposures to travel industry service establishments, insurance claims, and waived finance charges and late fees. The combination of these items totaled approximately $98 million pre-tax ($65 million after-tax).

The company also incurred costs of approximately $42 million since September 11, which are expected to be covered by insurance. Consequently, these costs did not impact the quarterly results. These include the cost of duplicate facilities and equipment associated with the relocation of the company's offices in lower Manhattan and certain other business recovery expenses. Costs associated with the damage to the company's offices, extra operating expenses and business interruption losses are still being evaluated. The company expects that a substantial portion of such costs and losses will be covered by insurance.

The third quarter restructuring charge includes severance costs for the elimination of approximately 6,100 jobs and asset impairment and other costs, all relating to the consolidation and reorganization of certain business units, the scale back of corporate lending in certain regions, the migration of certain processes to lower cost locations, the outsourcing of certain activities, and the transition of certain processing and service functions to the Internet. These initiatives are expected to produce expense savings of approximately $325 million in 2002. A portion of these savings is expected to flow through to earnings in the form of improved operating expense margins and the rest is expected to be reinvested back into high-growth areas of the business.

In addition to the activities related to the restructuring charge, the company made strong progress on its global reengineering efforts initiated in the first half of the year and, as of September 30, had realized savings in excess of $700 million.

Net income for the third quarter, adjusted for the restructuring and one-time costs related to September 11, was approximately $595 million, down 19 percent. On a similar basis, earnings per share were $.45, down 17 percent. The company's adjusted return on equity was 16.7 percent.

"While we were on target to meet prior consensus for third quarter earnings, the terrorist attacks obviously had a significant impact on the overall economy and we saw clear evidence of that as consumer spending, business travel and investment activity slowed after September 11," said Kenneth I. Chenault, chairman and chief executive officer, American Express Company. "In light of the weak economy and financial markets, we are moving aggressively to lower our operating expenses. The progress we are making on our reengineering initiatives has freed up substantial resources for investment in our businesses with the strongest growth potential. This, along with the anticipated benefit of lower interest rates and the strategies in place to grow our franchise, positions us well to benefit when we see even a modest improvement in the economy."

Travel Related Services (TRS) reported quarterly net income of $248 million, down 51 percent from $507 million in the third quarter a year ago. Included in third quarter results are $195 million pre-tax ($127 million after-tax) of the restructuring charge noted earlier. Also included in the results are $87 million pre-tax ($57 million after-tax) of one-time costs and waived fees directly related to the September 11 terrorist attacks. Excluding these costs and the restructuring charge, TRS' net income would have been $432 million, down 15 percent from the third quarter last year.

TRS' net revenues rose two percent, as growth in loans and fee revenues were partly offset by a three percent decline in billed business and a 28 percent fall in travel sales. These declines reflect a substantial decrease in corporate travel and entertainment spending and consumer travel since September 11. Prior to September, billed business growth for the quarter was about two percent as higher consumer and small business spending offset a decline in corporate travel and entertainment spending. Net finance charge revenues were higher, due to balance growth and wider net interest yields. This increase reflects a smaller percentage of loan balances on introductory rates and the benefit of declining interest rates during the quarter.

The provision for losses on the lending portfolios grew as a result of higher volumes and an increase in U.S. lending write-off rates and delinquencies. Marketing and promotion expenses were lower as TRS scaled back certain marketing efforts in light of the weaker business environment. Operating expenses rose, reflecting increased Cardmember loyalty programs and business volumes. These expenses were partly offset by the benefits of reengineering and cost-control efforts.

The above discussion presents TRS results "on a managed basis" as if there had been no securitization transactions, which conforms to industry practice. The attached financials present TRS results on both a managed and reported basis. Net income is the same in both formats.

On a reported basis, TRS' results included securitization gains of $29 million pre-tax ($19 million after-tax) and $26 million pre-tax ($17 million after-tax) in the third quarters of 2001 and 2000, respectively. These gains were offset by expenses related to card acquisition activities and therefore had no material impact on net income or total expenses.

American Express Financial Advisors (AEFA) reported quarterly net income of $145 million, down 46 percent from $269 million in the third quarter a year ago. Net revenues decreased 14 percent. Included in third quarter results are $62 million pre-tax ($41 million after-tax) of the restructuring charge noted earlier and $11 million pre-tax ($8 million after-tax) of insurance claims directly related to September 11. Excluding these items, AEFA's net income would have been $194 million, down 28 percent from last year.

AEFA results reflect continued weakness in equity markets and narrower spreads on the investment portfolio. The weakened equity markets led to significantly lower asset levels and lower sales of investment products. As a result, management and distribution fees fell 15 percent.

Operating expenses, excluding the above-mentioned charges, decreased four percent from a year ago due primarily to lower sales commissions and continued reengineering and cost-control initiatives.

As of September 30th, approximately 4 percent of the company's $33 billion investment portfolio consisted of high-yield securities, down from 12 percent a year ago and 8 percent last quarter. The reduction reflects the activities to date to lower the risk profile of the portfolio and concentrate on stronger credits.

American Express Bank (AEB) reported a quarterly net loss of $43 million, compared with $7 million of net income a year ago. Included in third quarter results are $84 million pre-tax ($57 million after-tax) of the restructuring charge noted earlier. Excluding these charges, AEB's net income would have been $15 million, approximately double the earnings recorded in the same period last year.

While AEB sustained damage to its premises due to the September 11 terrorist attacks, the costs are expected to be covered by insurance. Consequently, these costs did not impact AEB's quarterly results.

AEB's business results reflect strong performance in Personal Financial Services and Private Banking. Results also benefited from lower funding costs and lower operating expenses as a result of AEB's reengineering efforts. These were offset in part by higher provisions for losses due to higher Personal Financial Services loan balances, and lower revenue from Corporate Banking as the company continues to shift its focus to Personal Financial Services and Private Banking.

Corporate and Other reported net expenses of $52 million, compared with $46 million a year ago. Included in third quarter 2001 results are $11 million pre-tax ($7 million after-tax) of the restructuring charge noted earlier.

American Express Company, founded in 1850, is a global travel, financial and network services provider.

This document contains forward-looking statements that are subject to risks and uncertainties. The words "believe", "expect", "anticipate", "intend", "aim", "will", "should", and similar expressions are intended to identify these forward-looking statements. 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:

Fluctuation in the equity markets, which can affect the amount and types of investment products sold by AEFA, the market value of its managed assets, and management and distribution fees received based on those assets; potential deterioration in the high-yield sector and other investment areas, which could result in further losses in AEFA's investment portfolio; the ability of AEFA to sell certain high- yield investments at expected values and within anticipated time frames and to maintain its high-yield portfolio at certain levels in the future; developments relating to AEFA's new platform structure for financial advisors, including the ability to increase advisor productivity, moderate the growth of new advisors and create efficiencies in the infrastructure; AEFA's ability to effectively manage the economics in selling a growing volume of non-proprietary products to clients; investment performance in AEFA's businesses; the success, timeliness and financial impact, including costs, cost savings and other benefits, 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, relocating certain functions to lower cost overseas locations, moving internal and external functions to the internet to save costs, the scale back of corporate lending in certain regions, and planned staff reductions relating to certain of such reengineering actions; the ability to control and manage operating, infrastructure, advertising and promotion and other expenses as business expands or changes, including balancing the need for longer term investment spending; the Company’s ability to recover under its insurance policies for losses resulting from the September 11th terrorist attacks; consumer and business spending on the Company's travel related services products, particularly credit and charge cards and growth in card lending balances, which depend in part on the ability to issue new and enhanced card products and increase revenues from such products, attract new cardholders, capture a greater share of existing cardholders' spending, sustain premium discount rates, increase merchant coverage, retain Cardmembers after low introductory lending rates have expired, and expand the global network services business; successfully expanding the Company's on-line and off-line distribution channels and cross-selling financial, travel, card and other products and services to its customer base, both in the U.S. and abroad; effectively leveraging the Company's assets, such as its brand, customers and international presence, in the internet environment; investing in and competing at the leading edge of technology across all businesses; increasing competition in all of the Company's major businesses; fluctuations in interest rates, which impacts the Company's borrowing costs, return on lending products and spreads in the investment and insurance businesses; credit trends and the rate of bankruptcies, which can affect spending on card products, debt payments by individual and corporate customers and returns on the Company's investment portfolios; foreign currency exchange rates; political or economic instability in certain regions or countries, which could affect commercial lending activities, among other businesses; legal and regulatory developments, such as in the areas of consumer privacy and data protection; acquisitions; and outcomes in litigation. A further description of risks and uncertainties can be found in the Company’s 10-K Annual Report for the fiscal year ending December 31, 2000 and other reports filed with the SEC.