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AMERICAN EXPRESS REVENUES AND EARNINGS
RISE ON STRONG GROWTH IN CARDMEMBER SPENDING

(Dollars in millions, except per share amounts)

	Quarters Ended		Percentage Inc/(Dec)	Nine Months Ended		Percentage Inc/(Dec)
	September 30,			September 30,		
	2005	2004	2005	2004		
Revenues	\$ 6,068	\$ 5,476	10.8%	\$ 17,830	\$ 16,061	11.0%
Income From Continuing Operations						
Before Accounting Change	\$ 865	\$ 702	23.2%	\$ 2,470	\$ 2,017	22.5%
Income From Discontinued Operations	\$ 165	\$ 177	(6.8%)	\$ 519	\$ 603	(13.9%)
Net Income	\$ 1,030	\$ 879	17.1%	\$ 2,989	\$ 2,549*	17.3%
Earnings Per Common Share - Basic:						
Income From Continuing Operations						
Before Accounting Change	\$ 0.70	\$ 0.56	25.0%	\$ 2.00	\$ 1.60	25.0%
Income From Discontinued Operations	\$ 0.14	\$ 0.14	-	\$ 0.42	\$ 0.47	(10.6%)
Net Income	\$ 0.84	\$ 0.70	20.0%	\$ 2.42	\$ 2.02*	19.8%
Earnings Per Common Share - Diluted:						
Income From Continuing Operations						
Before Accounting Change	\$ 0.69	\$ 0.55	25.5%	\$ 1.96	\$ 1.56	25.6%
Income From Discontinued Operations	\$ 0.13	\$ 0.14	(7.1%)	\$ 0.42	\$ 0.47	(10.6%)
Net Income	\$ 0.82	\$ 0.69	18.8%	\$ 2.38	\$ 1.98*	20.2%
Average Common Shares Outstanding						
Basic	1,229	1,251	(1.8%)	1,233	1,264	(2.4%)
Diluted	1,254	1,275	(1.7%)	1,257	1,289	(2.5%)
Return on Average Total Shareholders' Equity**	24.2%	21.5%	-	24.2%	21.5%	-

* Reflects a \$109 million non-cash pre-tax charge (\$71 million after-tax), or \$0.05 on both a basic and diluted per share basis, associated with discontinued operations, relating to the January 1, 2004 adoption of Statement of Position 03-1, "Accounting and Reporting by Insurance Enterprises for Certain Nontraditional Long-Duration Contracts and for Separate Accounts" (SOP 03-1).

** Computed on a trailing 12-month basis using Net Income and Total Shareholders' Equity (including discontinued operations prior to disposal) as included in the Consolidated Financial Statements prepared in accordance with U.S. generally accepted accounting principles (GAAP).

New York - October 24, 2005 - **American Express Company** today reported third quarter income from continuing operations of \$865 million, up 23 percent from \$702 million a year ago. Diluted earnings per share from continuing operations rose to \$0.69, up 25 percent from \$0.55 a year ago.

During the quarter the Company completed the spin-off of Ameriprise Financial, Inc. (formerly known as American Express Financial Corporation) and the sale of its Tax and Business Services unit (TBS). Net income for the quarter, which includes those businesses as discontinued operations, totaled \$1.0 billion, up 17 percent from \$879 million a year ago. Earnings per share on a diluted basis rose to \$0.82, up 19 percent from \$0.69.

The company's reported return on equity (ROE) was 24.2 percent, up from 21.5 percent a year ago. This ratio is determined on a trailing 12-month basis using net income and total average shareholders' equity (including discontinued operations prior to disposal). Pro forma ROE, which is determined using trailing four quarters income from continuing operations (which excludes discontinued operations and the cumulative effect of accounting changes) over reported shareholders' equity at September 30, 2005 was 31.7 percent. (*For further information about pro forma ROE, see the "Pro Forma ROE" section below.*)

Consolidated revenues rose 11 percent to \$6.1 billion, up from \$5.5 billion a year ago.

Consolidated expenses totaled \$5.0 billion, up 12 percent from \$4.5 billion a year ago.

"This quarter's performance underscores the strength and momentum of an American Express that is now focused on the global payments business," said Kenneth I. Chenault, chairman and chief executive. "We exceeded our long-term targets for earnings and revenue growth and, on a pro forma basis, the return on equity targets set for the new American Express.

"Total spending on American Express cards grew 18 percent, reflecting a double digit rise in average cardmember spending and the addition of 5.7 million cards during the last year. We

continued to outpace our major competitors with strong spending increases among our consumer, small business and corporate cardmembers globally. The quarter also reflected a deepening of our relationships with bank partners issuing American Express cards in the U.S. and around the world. In addition, overall credit quality and our reserve levels remained strong."

The quarter's income from continuing operations included three significant items. A tax benefit of \$105 million related to the resolution of a prior year tax item enabled the Company to accelerate various reengineering initiatives, primarily in business travel, finance and technology functions, and international operations. These initiatives resulted in \$86 million (\$56 million after-tax) in reengineering costs. The quarter also included a provision for losses and benefits of \$49 million to cover costs associated with Hurricane Katrina.

Third quarter revenues and expenses

The increase in quarterly revenues reflected sharply higher discount revenue, up 16 percent as a result of an 18 percent increase in cardmember spending. Average cardmember spending rose 12 percent and total cards-in-force were up 9 percent. The benefits of overall higher cardmember spending were partially offset by a slightly lower average discount rate that continued to reflect, in part, the change in the mix of business towards the retail and everyday spending categories. Net finance charge revenue increased 16 percent, driven by growth in average cardmember loan balances and a higher yield. Similarly, securitization income rose 20 percent, primarily reflecting a higher level of securitized loans.

Third quarter expenses reflected higher costs related to human resources, as well as for marketing, promotion, rewards and cardmember services. Human resources expenses rose 9 percent, driven by severance costs associated with restructuring activities and higher management incentives which included the impact of an additional year of incremental stock-based

compensation expenses, merit increases and increased employee benefits costs.

Marketing, promotion, rewards and cardmember services expenses rose 16 percent, primarily reflecting increased brand-related advertising, strong acquisition activities and higher rewards-related costs.

The provision for losses and benefits rose 33 percent, principally reflecting strong charge and lending growth, a higher provision rate, and the previously mentioned \$49 million of costs associated with Hurricane Katrina. The year-ago provision included a charge of \$115 million related to a securitization reconciliation, partially offset by the reduction of \$60 million in certain merchant-related reserves.

Discontinued operations

Income from discontinued operations primarily includes results from Ameriprise and TBS, which are no longer part of American Express. Included in this item are also \$71 million after-tax of total spin-off related costs - at both Ameriprise and American Express - and a net gain of \$63 million after-tax from certain dispositions, including the sale of TBS.

Segment results

Starting this quarter, American Express will provide financial reports and selected statistical data for new segments. They are: U.S. Card Services, International Card & Global Commercial Services, Global Network & Merchant Services, and Corporate & Other. The Company manages its overall business to achieve - on average and over time - financial targets that include earnings per share growth of 12-15 percent, revenue growth of at least 8 percent and a return on shareholders' equity of 28-30 percent. Segment level results may vary significantly from period to period based on specific decisions to allocate investment dollars and marketing resources to capitalize on competitive opportunities.

The following discussion of third quarter results presents U.S. Card Services segment results on a "managed basis," as if there had been no cardmember lending securitization transactions and to reflect certain tax-exempt investment income as if it had been earned on a taxable basis. In addition, International Card & Global Commercial Services reflects a reclassification of certain foreign exchange services, as revenues on a managed basis. For these business segments, this is the basis used by management to evaluate operations. For further information about managed basis and reconciliation of GAAP and managed information, see the "Managed Basis" section below. The Global Network & Merchant Services, and Corporate & Other segment results below are presented on a GAAP basis.

U.S. Card Services reported third quarter net income of \$446 million, up 25 percent from \$356 million a year ago.

Total revenues for the third quarter increased 14 percent over the year-ago period to \$3.3 billion, reflecting continued strong growth in spending and borrowing on U.S. consumer and small business cards.

Total expenses increased 12 percent. Marketing, promotion, rewards and cardmember services expenses increased 18 percent, reflecting both higher marketing and promotion expenses and greater rewards costs. Year-ago expenses included the securitization-related charges mentioned earlier.

International Card & Global Commercial Services reported third quarter net income of \$254 million, up 14 percent from \$224 million a year ago.

Total revenues for the third quarter increased 8 percent over the year-ago period to \$2.3 billion, reflecting continued strong growth in spending on corporate cards and international consumer cards.

Total expenses increased 9 percent. Marketing, promotion, rewards and cardmember services expenses increased 9 percent, reflecting both higher marketing and promotion expenses, and greater rewards costs. The provision for losses and benefits

rose 55 percent due to strong charge and lending volume growth, and higher provision rates.

Global Network & Merchant Services reported third quarter net income of \$141 million, down 19 percent from \$173 million a year ago.

Total revenues for the third quarter increased 9 percent over the year-ago period to \$716 million, reflecting continued strong growth in merchant charge volume. The year-ago period included revenues from the Company's ATM business, which was sold in 2004. Spending on cards issued by the Company's network partners increased more than 35% from a year ago.

Total expenses increased 30 percent. The total provision for losses increased significantly from year ago levels, primarily reflecting last year's reduction of merchant-related reserves that was mentioned earlier. Marketing and promotion increased 55 percent, primarily reflecting higher company-wide brand-related advertising.

Corporate & Other reported third quarter net income of \$24 million, compared with net expenses of \$51 million a year ago. The results reflect the \$105 million tax benefit mentioned earlier.

Managed Basis

For U.S. Card Services, managed basis means the presentation assumes there have been no securitization transactions, i.e. all securitized cardmember loans and related income effects are reflected as if they were in the Company's balance sheet and income statements, respectively. The Company presents U.S. Card Services information on a managed basis because that is the way the Company's management views and manages the business. Management believes that a full picture of trends in the Company's cardmember lending business can only be derived by evaluating the performance of both securitized and non-securitized cardmember loans. Asset securitization is just one of several ways for the Company to fund cardmember loans. Use of a managed basis presentation, including non-securitized and securitized cardmember loans, presents a more accurate picture of the key dynamics of the cardmember lending business, avoiding distortions due to the mix of funding sources at any particular point in time. The Company does not currently securitize international loans.

Irrespective of the funding mix, it is important for management and investors to see metrics, such as changes in delinquencies and write-off rates, for the entire cardmember lending portfolio because they are more representative of the economics of the aggregate cardmember relationships and ongoing business performance and trends over time. It is also important for investors to see the overall growth of cardmember loans and related revenue in order to evaluate market share. These metrics are significant in evaluating the Company's performance and can only be properly assessed when all non-securitized and securitized cardmember loans are viewed together on a managed basis.

The managed basis presentation for U.S. Card Services also reflects an increase to interest income recorded to enable management to evaluate tax exempt investments on a basis consistent with taxable investment securities. On a GAAP basis interest income associated with tax exempt investments is recorded based on amounts earned. Accordingly, information presented on a managed basis assumes that tax exempt securities earned income at rates as if the securities produced taxable income with a corresponding increase in the provision for income taxes.

The managed basis presentation for International Card & Global Commercial Services reflects a foreign exchange services reclassification for revenue earned related to the sale and purchase of foreign currencies as part of the foreign exchange business. On a GAAP basis, these revenues are included with other foreign exchange items that are reflected in other operating expenses. Accordingly, information presented on a managed basis assumes that the amounts earned are included in other revenue with a corresponding increase in other operating expenses.

The following table reconciles the GAAP-basis U.S. Card Services and International Card & Global Commercial Services income statements to the managed-basis information.

U.S. Card Services Selected Financial Information													
(preliminary, millions)				GAAP Basis				Securitization Effect		Tax Equivalent Effect		Managed Basis	
Quarters Ended			%										
September 30,	2005	2004	(Dec)			2005	2004	2005	2004	2005	2004	(Dec)	
Revenues:													
Discount revenue, net card fees and other	\$2,224	\$ 1,982	12.2%			\$ 53	\$ 53	\$ 56	\$ 57	\$ 2,333	\$ 2,092	11.6%	
Cardmember Lending:													
Finance charge revenue	614	445	38.1			721	573			1,335	1,018	31.1	
Interest expense	156	104	50.9			209	108			365	212	71.9	
Net finance charge revenue	458	341	34.2			512	465			970	806	20.4	
Securitization income	353	295	19.8			(353)	(295)			-	-	-	
Total revenues	3,035	2,618	15.9			212	223	56	57	3,303	2,898	14.0	
Expenses:													
Marketing, promotion, rewards and cardmember services	1,003	854	17.5			(2)	(6)			1,001	848	18.1	
Provision for losses	458	438	4.4			215	232			673	670	0.4	
Human resources and other operating expenses	936	824	13.5			(1)	(3)			935	821	13.8	
Total expenses	2,397	2,116	13.2			\$ 212	\$ 223			2,609	2,339	11.5	
Pretax segment income	638	502	27.5					56	57	694	559	24.6	
Income tax provision	192	146	33.3					\$ 56	\$ 57	\$ 248	\$ 203	23.5	
Segment income	\$ 446	\$ 356	25.1										

International Card & Global Commercial Services Selected Financial Information													
(preliminary, millions)				GAAP Basis				Foreign Exchange Services Reclassification		Managed Basis			
Quarters Ended			%										
September 30,	2005	2004	(Dec)			2005	2004	2005	2004	2005	2004	(Dec)	
Revenues:													
Discount revenue, net card fees and other	\$2,067	\$ 1,902	8.6%			\$ 36	\$ 47	\$2,103	\$ 1,949	7.9%			
Cardmember Lending:													
Finance charge revenue	259	222	16.3										
Interest expense	88	65	34.9										
Net finance charge revenue	171	157	8.6										
Total revenues	2,238	2,059	8.6			36	47	2,274	2,106	7.9			
Expenses:													
Marketing, promotion, rewards and cardmember services	310	285	8.6										
Provision for losses and benefits	270	174	54.5										
Human resources and other operating expenses	1,333	1,286	3.8			36	47	1,369	1,333	2.8			
Total expenses	1,913	1,745	9.7			\$ 36	\$ 47	\$1,949	\$ 1,792	8.7			
Pretax segment income	325	314	3.2										
Income tax provision	71	90	(22.7)										
Segment income	\$ 254	\$ 224	13.7										

Pro Forma ROE

The Company's consolidated return on equity (ROE) is calculated on a trailing 12-month basis using reported net income over average total shareholder's equity (including discontinued operations). The Company also reports pro forma ROE, which is determined using trailing four quarters income from continuing operations (which excludes discontinued operations and the cumulative effect of accounting changes) over reported shareholders' equity at period end. Management believes pro forma ROE is an important measure because it reflects performance of the Company's continuing businesses by excluding the impact of Ameriprise Financial, Inc. and American Express Tax and Business Services, Inc., which were disposed of as of September 30, 2005.

<u>ROE</u>	<u>Pro Forma ROE</u>
Trailing 12-months net income: \$3.9 billion	Trailing four quarters income from continuing operations: \$3.1 billion
Trailing 12-months average total shareholders' equity: \$16.0 billion	Total shareholders' equity at September 30, 2005: \$9.9 billion
ROE: 24.2%	Pro forma ROE: 31.7%

American Express Company (www.americanexpress.com) is a leading global payments, network, travel, and banking company founded in 1850.

Note: The 2005 Third Quarter Earnings Supplement, as well as CFO Gary Crittenden'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 third 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 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 the latter half of 2005 and the first half of 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 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 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 and spreads in the insurance, annuity and investment certificate 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.

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