

Financial Community Presentation

Ken Chenault
February 5, 2003





Agenda

- Company Performance
Ken Chenault
- Financial Advisors
Economic Model
Jim Cracchiolo
- Financial Advisors
Initiatives
Barry Murphy
Barbara Fraser
Ted Truscott
- Q and A
Management

2002 Performance





Financial Performance vs. Objectives

*Reported**

	2002	Objective
Earnings Per Share	105%	12% - 15%
Return on Equity	20.6%	18% - 20%
Revenue Growth	5%	8%

* 2001 results include: a charge of \$669 million after-tax reflecting investment losses in the high-yield portfolio at AEFA; restructuring charges of \$411 million after-tax; and a charge of \$65 million after-tax related to the impact of September 11th.

2002 Performance





Business Signposts

- Margin improvement



Workforce Summary

	1/1/01	12/31/02	% Inc/(Dec)
TRS	74,857	63,556	(15%)
AEFA	10,126	7,859	(22%)
AEB	3,537	3,714	5%
AXP	330	295	(11%)
	<u>88,850</u>	<u>75,424</u>	<u>(15%)</u>



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Reengineering Savings

Procurement

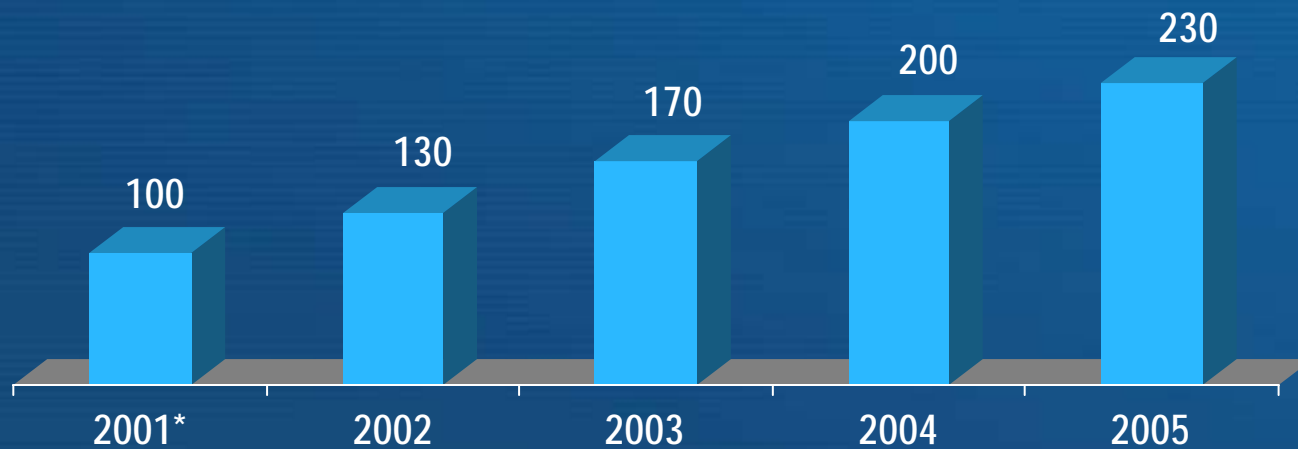


* 2001 savings indexed to 100



Reengineering Savings

Fraud Provision

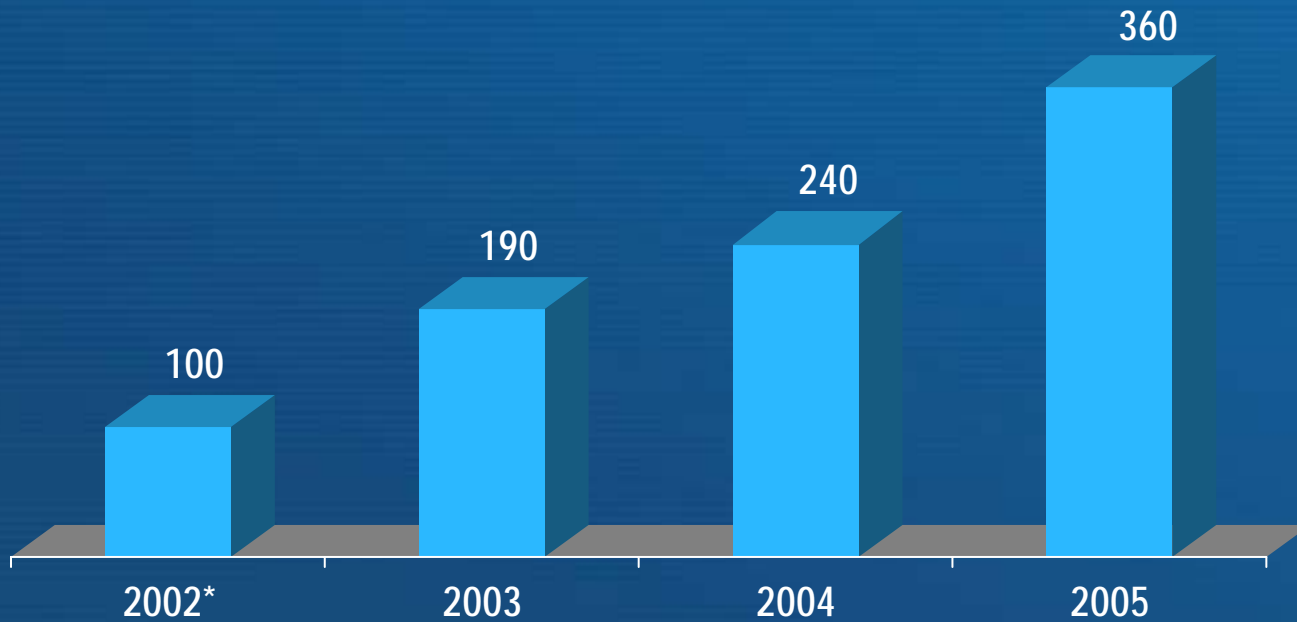


* 2001 savings indexed to 100



Reengineering Savings

Global Infrastructure Optimization



* 2002 savings indexed to 100



Business Signposts

- Margin improvement



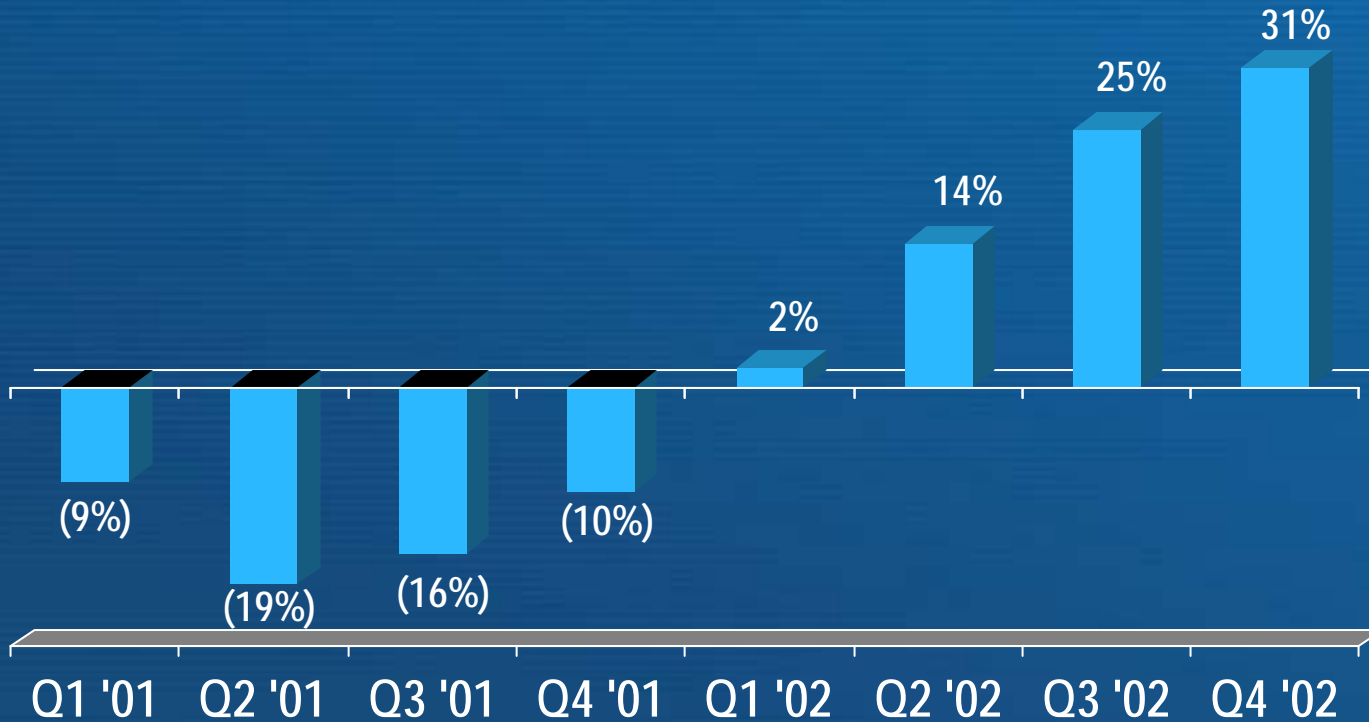
Business Signposts

- Margin improvement
- Growth actions



TRS Marketing Expenditures

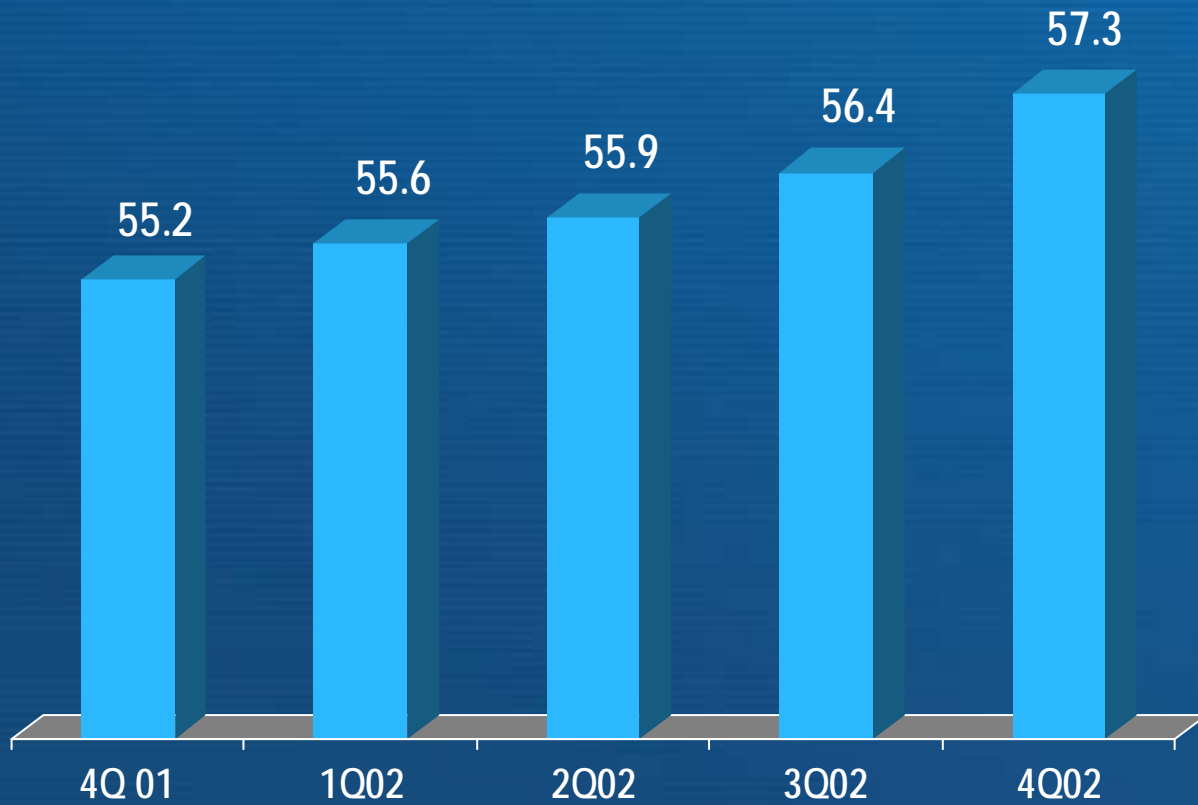
% Year Over Year Growth – GAAP Basis





Cards in Force

(millions)





Business Signposts

- Margin improvement
- Growth actions
- AEFA progress



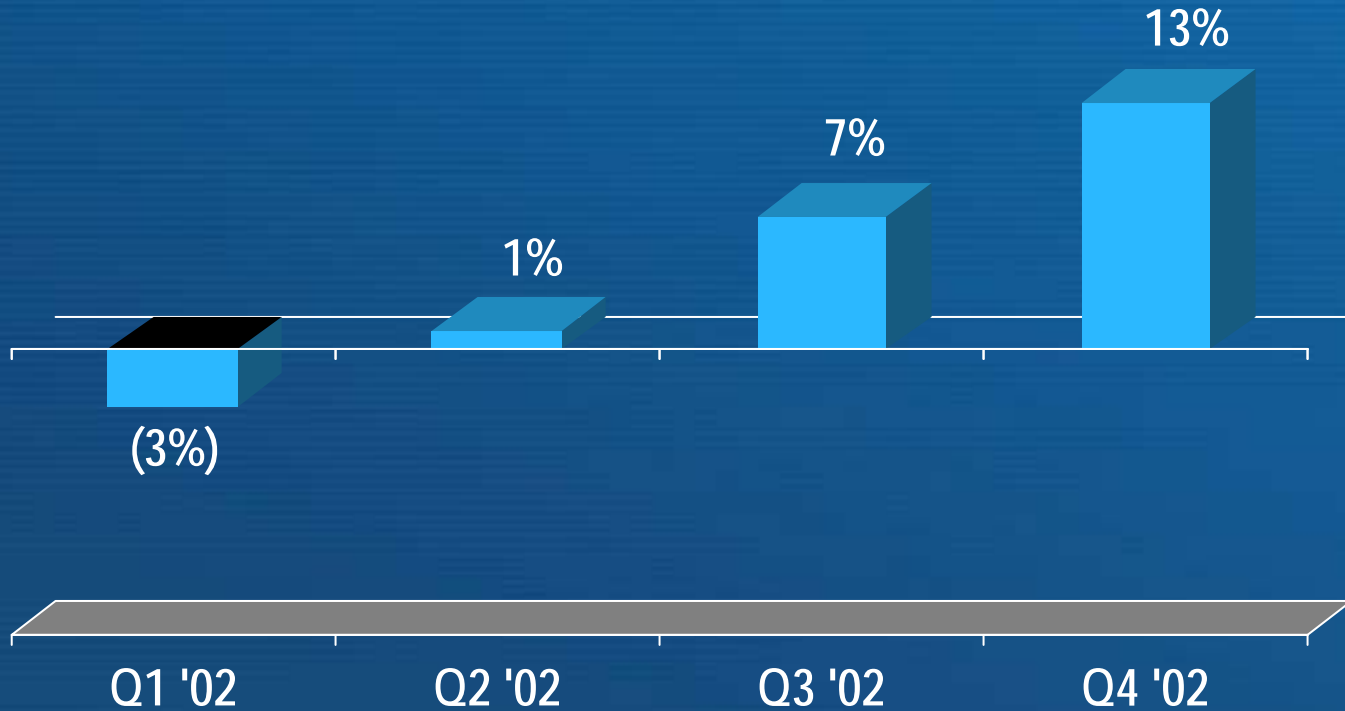
Business Signposts

- Margin improvement
- Growth actions
- AEFA progress
- Billed business growth



Billed Business Growth

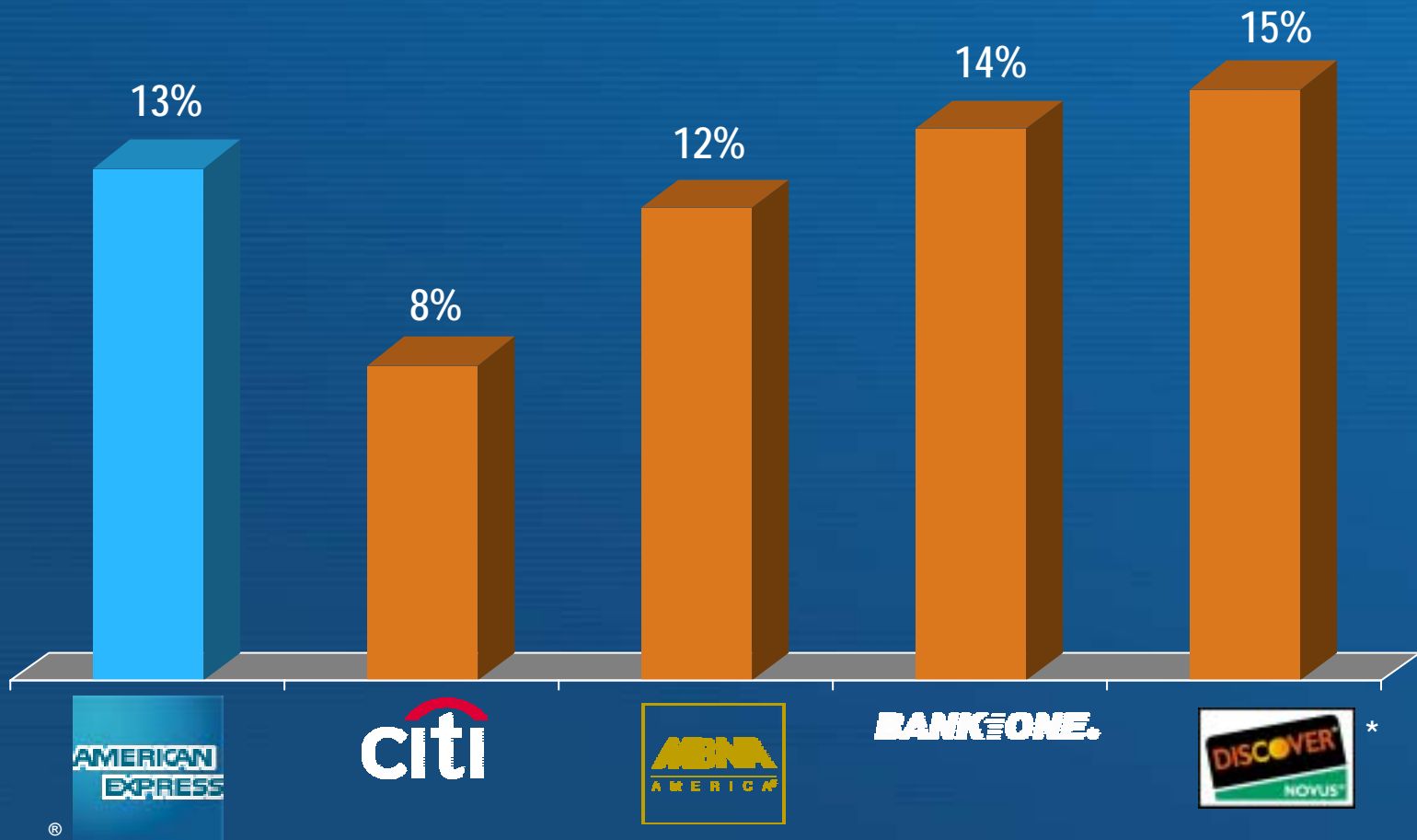
Year Over Year Growth





WW Billed Business

Q4 2002 Growth

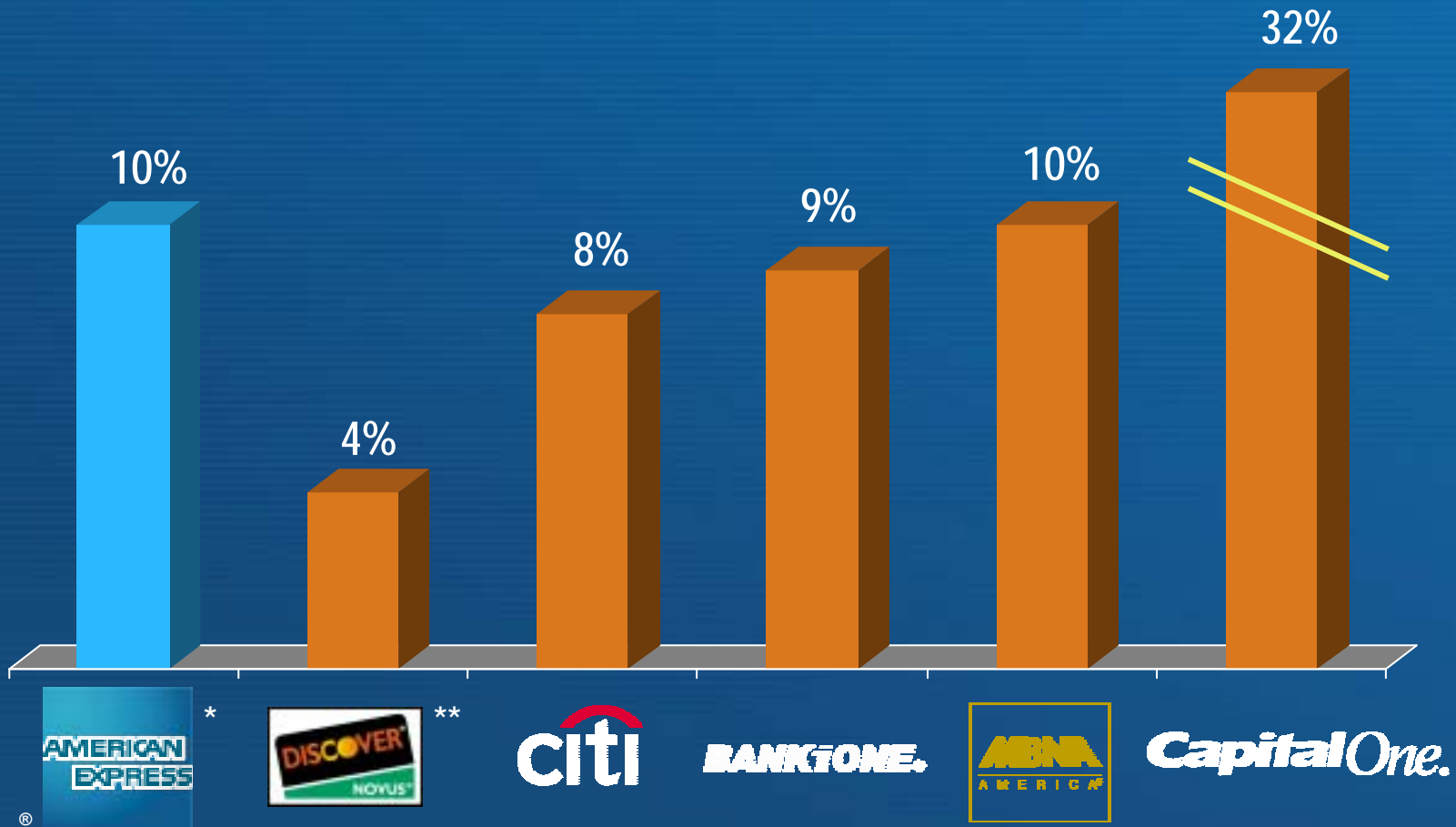


* Fiscal year ends November



WW Loan Balances

Year End 2002 Growth

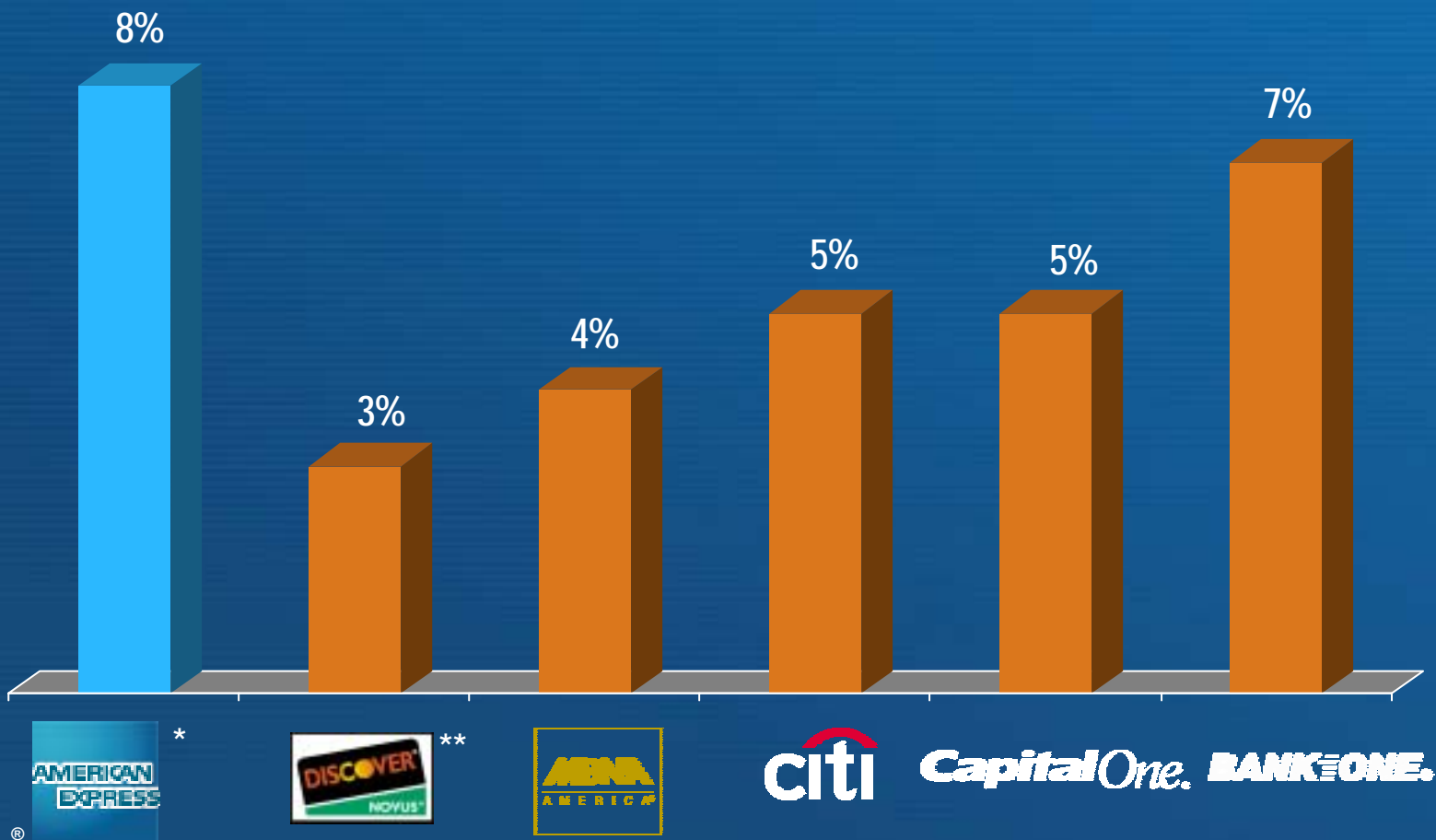


* Managed Basis (includes owned and securitized loans) – On a GAAP basis, owned worldwide loans grew 8% vs. last year.
** Fiscal year ends November



WW Loan Balances

Q4 2002 vs. Q3 2002



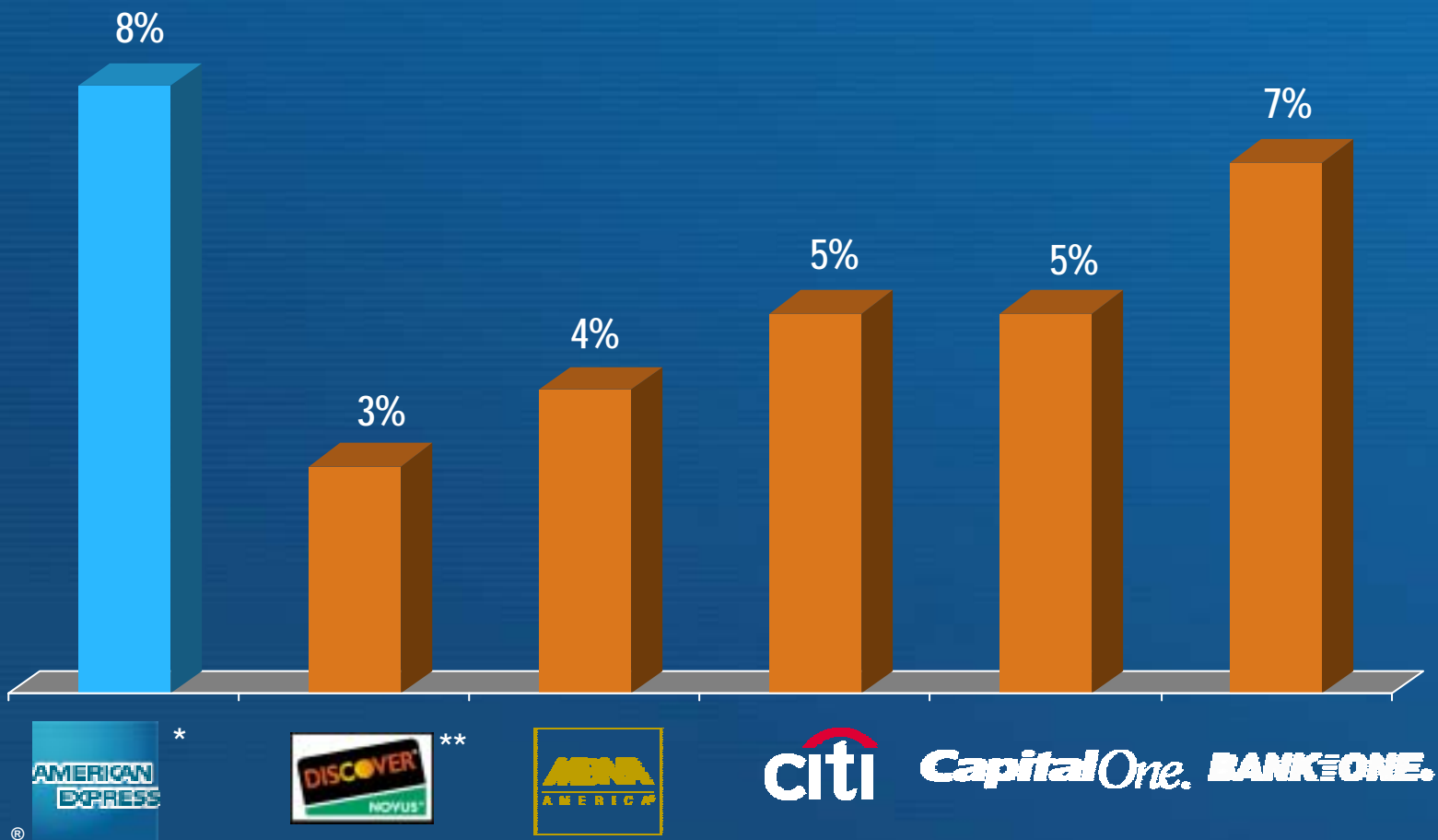
* Managed Basis – On a GAAP basis, owned worldwide loans grew 15% vs. last quarter.

** Fiscal year ends November



WW Loan Balances

Q4 2002 vs. Q3 2002



* Managed Basis – On a GAAP basis, owned worldwide loans grew 15% vs. last quarter.

** Fiscal year ends November

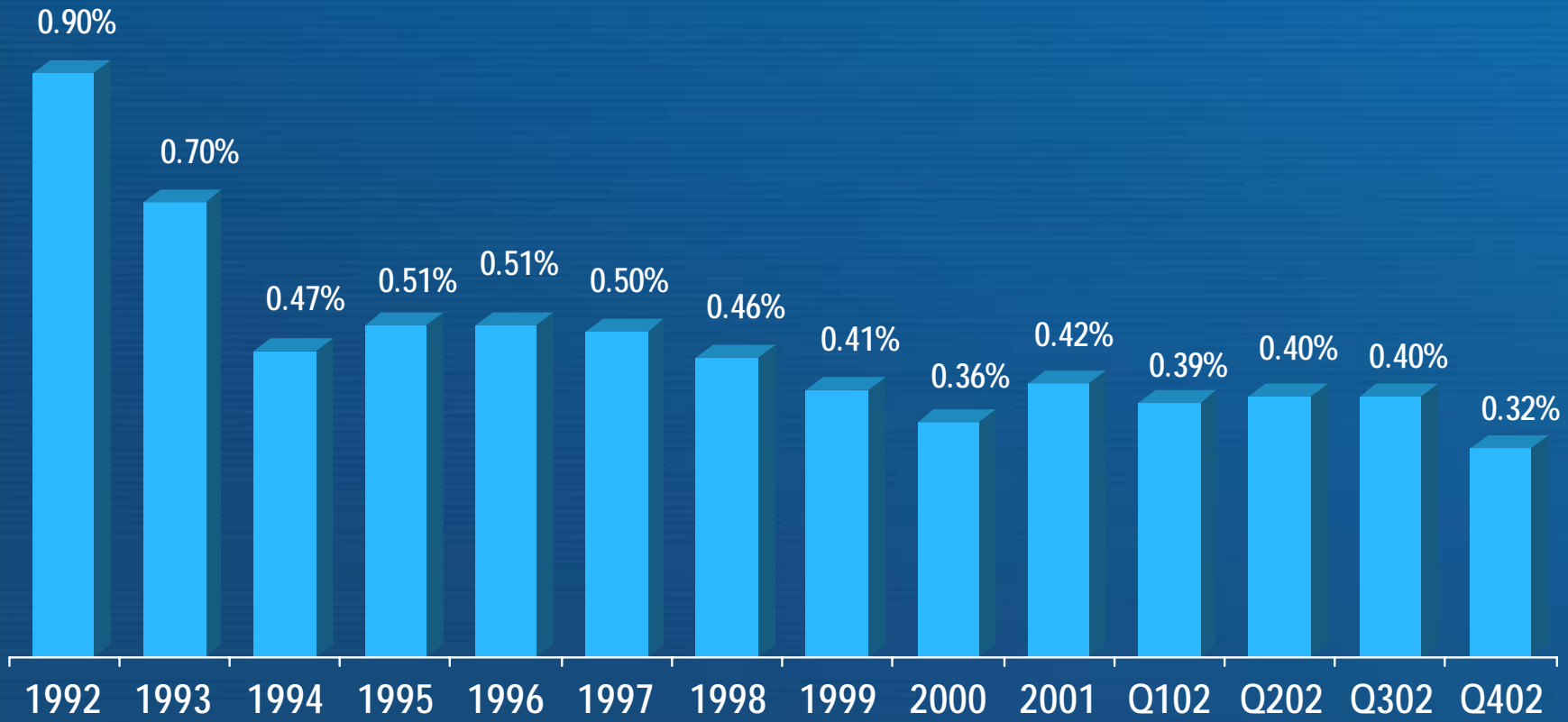


Business Signposts

- Margin improvement
- Growth actions
- AEFA progress
- Billed business growth
- Credit performance



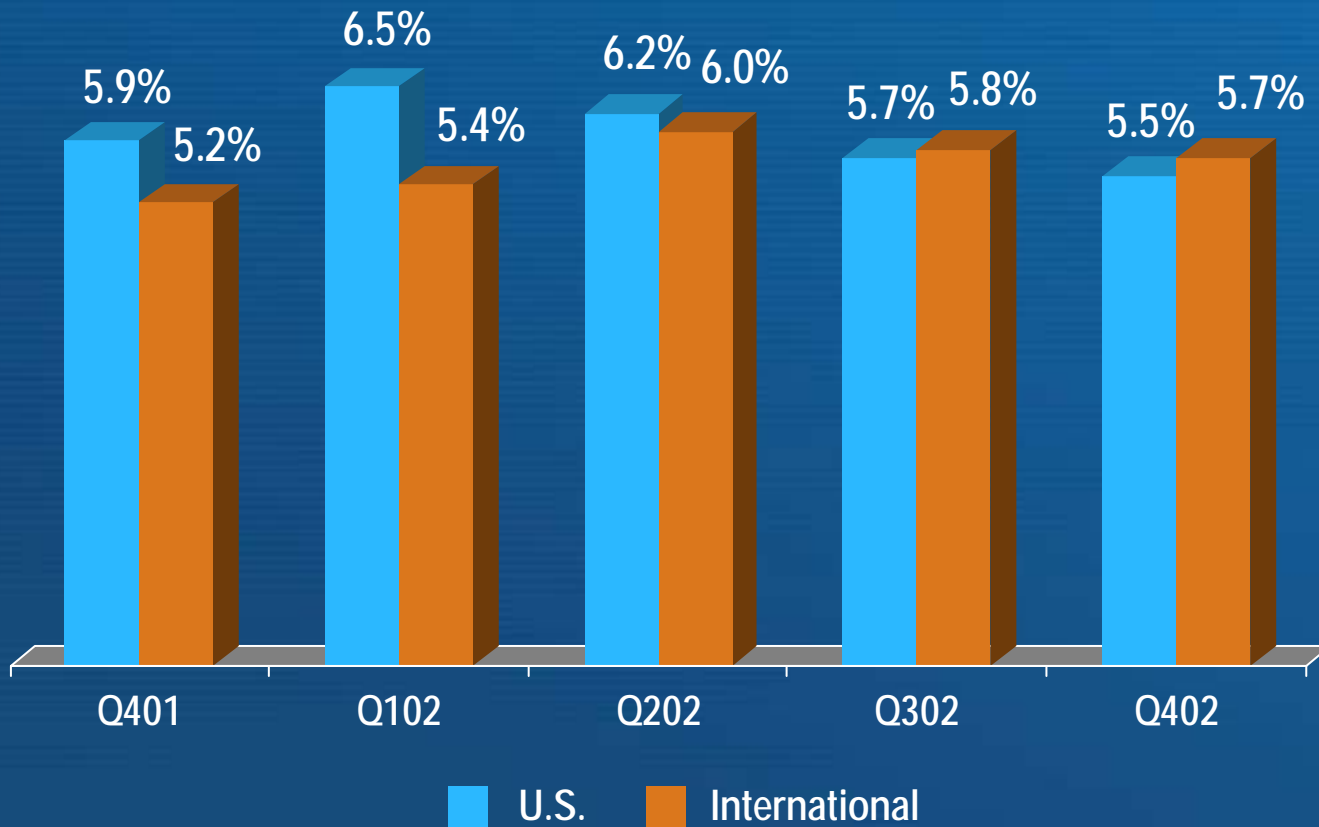
WW Charge Card Net Loss Ratio





Writeoff Rates

U.S. and International*



* Managed basis. On a GAAP basis, U.S. writeoff rates in the owned portfolio were: 6.3% in Q401, 6.7% in Q102, 6.3% in Q202, 5.5% in Q302 and 5.2% in Q402.

2002 Performance



Outlook



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**Financial
Advisors**



**AMERICAN
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Financial Account

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," "should," "could," "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 company's ability to successfully implement a business model that allows for significant earnings growth based on revenue growth that is lower than historical levels, including the ability to improve its operating expense to revenue ratio both in the short-term and over time, which will depend in part on the effectiveness of re-engineering and other cost control initiatives, as well as factors impacting the company's revenues; the company's ability to grow its business and meet or exceed its return on 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; the ability to increase investment spending, which will depend in part on the equity markets and other factors affecting revenues, and the ability to capitalize on such investments to improve business metrics; 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, management and distribution fees received based on those assets and the amount of amortization of DAC; potential deterioration in AEFA's high-yield and other investments, 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 timeframes and to maintain its high-yield portfolio at certain levels in the future; developments relating to AEFA's platform structure for financial advisors, including the ability to increase advisor productivity, increase the growth of productive new advisors and create efficiencies in the infrastructure; AEFA's ability to roll out new and attractive products in a timely manner and effectively manage the economics in selling a growing volume of non-proprietary products; investment performance in AEFA's businesses; the success, timeliness and financial impact, including costs, cost savings and other benefits, of re-engineering 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, the scale-back of corporate lending in certain regions, and planned staff reductions relating to certain of such re-engineering 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 impact on the company's businesses and uncertainty created by the September 11th terrorist attacks, and the potential negative effect on the company's businesses and infrastructure, including information technology systems, of any such attacks or disaster in the future; the impact on the company's businesses resulting from a war with Iraq; 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; the ability to execute the company's global corporate services strategy, including greater penetration of middle market companies, increasing capture of non-T&E spending through greater use of the company's purchasing card and other means, and further globalizing business capabilities; the ability to manage and expand Cardmember benefits, including Membership Rewards(R), in a cost effective manner; 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; 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; 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;

increasing competition in all of the company's major businesses; fluctuations in interest rates, which impact 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 businesses that accept the company's card products and returns on the company's investment portfolios; foreign currency exchange rates; political or economic instability in certain regions or countries, which could affect lending activities, among other businesses; legal and regulatory developments, such as in the areas of consumer privacy and data protection; acquisitions; the adoption of recently issued accounting rules related to the consolidation of special purpose entities, including those involving collateralized debt obligations, structured loan trusts, mutual funds, hedge funds and limited partnerships that the company manages and/or invests in, which could affect both the company's balance sheet and results of operations; and outcomes in litigation. 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, 2001, and its other reports filed with the SEC.