

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.

3Q 2005 EARNINGS CONFERENCE CALL

Talking Points: Ron Stovall

- Welcome, we appreciate all of you joining us for today's discussion.
- Safe Harbor Reminder – The discussion today contains certain forward-looking statements about the Company's future financial performance and business prospects, which are subject to risks and uncertainties and speak only as of today. The words "believe," "expect," "anticipate," "optimistic," "intend," "plan," "aim," "will," "should," "could," "likely," and similar expressions are intended to identify forward-looking statements. Factors that could cause actual results to differ materially from these forward-looking statements, including the Company's financial and other goals, are set forth within today's earnings press release, which was filed in an 8-K report, and in the Company's 2004 10-K report, already on file with the Securities and Exchange Commission.
- In the Third Quarter 2005 Earnings Release Supplement, which is now posted on our website at ir.americanexpress.com and on file with the SEC in an 8-K Report, we have provided information that compares and reconciles the Company's pro forma return on equity to be discussed today with our consolidated return on equity, as well as the U.S. Card Services segment's managed basis financial measures with the GAAP financial information, and we explain why these presentations are useful to management and to investors. We urge you to review that information in conjunction with today's discussion.
- Gary Crittenden, Executive Vice President and Chief Financial Officer of American Express, will provide some introductory remarks highlighting the key points related to today's announcement.
- Once he completes his remarks, we will turn to the moderator who will announce your opportunity to get into the queue for the Q&A period. Up until then, no one has actually registered to ask questions.
- While we will attempt to respond to as many of your questions as possible before we end the call, we do have a limited amount of time. Based on this, we ask that you limit yourself to one question at a time during the Q&A.
- With that, let me turn the discussion over to Gary.

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Talking Points: Gary Crittenden

Welcome and thank you for joining us today.

- As you have seen in the earnings documents distributed earlier today, our third quarter results reflect a continuation of the strong business momentum we have reported over the last several quarters and the ongoing benefits of our continued high levels of investment spending.
- During the quarter, we executed well against our business objectives to achieve outstanding results within our payments business. Notably, we delivered several new products and product enhancements from our pipeline of opportunities, in addition to signing new network partnerships.
- We also saw in this quarter the successful completion of our spin-off of Ameriprise Financial, Inc., as well as the sale of our tax, accounting and consulting business, American Express Tax & Business Services, Inc., as part of our strategy to focus on the high return, high growth opportunities that we believe can be found within the payments industry.
- As a result, Ameriprise and TBS, are now included in our financial statements as discontinued operations. Ameriprise reported their results this morning. Details about their performance can be accessed through their website or by contacting their investor relations department.
- In the quarter, we revised our segment reporting to provide greater detail on the underlying businesses and the key drivers within our continuing operations.
 - The new reporting segments are:
 1. U.S. Card Services, which includes our U.S. Consumer and Small Business card issuing activities, U.S. Consumer Travel business, and our global Travelers Cheque and prepaid services business;
 2. International Card & Global Commercial Services, which houses our non-U.S. consumer and small business card issuing activities, the global Corporate Card and Corporate Travel businesses as well as our international Consumer Travel and banking activities;
 3. Global Network & Merchant Services, where we report the Global Network Services and worldwide merchant-related businesses; and
 4. Corporate & Other, which in addition to reflecting corporate level expenses and income, also contains our publishing and Membership Banking businesses.

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Talking Points: Gary Crittenden

- Two Form 8Ks were filed with the SEC over the past few weeks. The first provided an overview of the pro forma adjustments resulting from our discontinued operations and the second provided historical financials presented according to the new segment reporting. If you haven't already done so, I encourage you to review the information within these filings.
- One thing you will note as you review these filings is that our income from discontinued operations is not equivalent to the historically reported results of the AEFA segment, mostly because of different reporting rules related to corporate expense allocations. It appears that, based on the growth rate of some 4Q '05 analyst estimates versus our EPS from continuing operations for 4Q '04, some have not appropriately reflected this differential. You may want to consider this difference as you evaluate your estimates for earnings from continuing operations.
- In addition, you should also note the quarterly growth rates versus last year for our income from continuing operations show a wide range due to certain significant items which have been disclosed within each period. Because of this, as we plan our investment activities for 2006, we will focus on the full year earnings growth rate, which will create some volatility within our quarterly growth rates. So, be thoughtful about this quarter to quarter volatility as you develop your expectations for next year.
- My discussion today will focus on results from our continuing operations as these reflect the new American Express. Furthermore, while the segment financials are available within the Earnings Release and Earnings Supplement documents, my comments will review the performance of the Company at the consolidated level since we manage the Company to achieve our long-term financial targets on an overall basis, utilizing investment spending and cost containment levers within the businesses to drive flexibility and to optimize overall performance. Accordingly, results at the segment level vary significantly from period to period, and a clearer picture of Company performance can be obtained through the consolidated results.
- Turning to our specific financial results from continuing operations, when compared to last year's results, during the 3rd quarter:
 - Total Revenues grew 11%;
 - Income increased 23%; and
 - Diluted EPS of \$0.69 rose 25%.
- Reported ROE for the quarter was 24%. As you know, this calculation reflects net income and equity over the prior twelve month period. Therefore, the third quarter ROE calculation includes the earnings and capital from our discontinued operations. The suppressing effect of this incremental capital will progressively lessen over the ensuing twelve months and you should see the Company's reported ROE migrate

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Talking Points: Gary Crittenden

toward our 28-30% target post spin-off. Pro forma ROE, which is determined using the trailing four quarters income from continuing operations over reported shareholders' equity at September 30th, 2005 was 32%.

- Certain tax benefits in the quarter again enabled us to accelerate various reengineering initiatives and investments in the business as third quarter results included two significant items that impacted the P&L:
 - A benefit of \$105MM resulting from the resolution of a prior year tax item related to the sale of AMEX Life in 1995; and
 - Reengineering costs of \$86MM or \$56MM after tax, principally related to ongoing restructuring efforts in our business travel, finance and technology functions, and international operations areas.
- In addition, we recorded a \$49MM (\$32MM after-tax) provision during the quarter to reflect the estimated costs related to Hurricane Katrina.
- We also continue to be on track to deliver the additional \$1B of reengineering benefits targeted for 2005.
- During the quarter, excluding the dividend from the Ameriprise spin-off, we returned 38% of total capital generated to our shareholders, through dividends and share repurchases.
 - As previously discussed with you, the somewhat lower repurchase activity during the first three quarters of 2005 versus prior quarters reflects a more measured approach to repurchases in light of the capital implications of the Ameriprise spin-off.
- Strong revenue growth in the quarter reflects increases in discount revenue, cardmember lending net finance charge revenue, and card-related fees, all of which reflect the excellent billings and card growth in the quarter.
- Worldwide card-billed business increased 18% versus last year.
- In our U.S. proprietary business:
 - Consumer spending grew 17%;
 - Small business spending rose 22%; and
 - Corporate Services volume improved by 13%, despite continued airline pricing-related pressure.

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Talking Points: Gary Crittenden

- In total, U.S. non-T&E related volumes grew 20%, while T&E-related spending rose 13%. U.S. airline-related volume increased 12%.
- Outside the U.S. proprietary billed business was up 13% on an FX-adjusted basis reflecting:
 - 13% growth within our consumer and small business activities; and
 - 15% growth within Corporate Services volumes.
 - We also saw double-digit growth within each major region around the globe.
- And lastly, within our Global Network Services business, billed business rose 35%, driven by MBNA-related growth within the U.S. and continued double-digit growth outside of the U.S.
- Worldwide cards in force grew 9%, as we added approximately 1.7MM net new cards during the quarter and 5.7MM cards since last year, reflecting 6% growth in proprietary cards and 36% growth in network cards.
- Spending per proprietary basic card in force grew 12% worldwide, reflecting the success of our loyalty-related initiatives and merchant coverage-expansion activities.
- During the quarter, our average discount rate was 2.57% versus 2.60% last year.
 - The decrease versus last year continues to reflect, in part, the changing mix of spending between various merchant segments.
 - In light of the growing importance to our results of the network business, the discount rate calculation was restated to include discount revenue from bank partner issued cards used at Company acquired merchants. This discount revenue is incorporated at a gross level, including both the Company's and the GNS partner's portion of discount revenue, to reflect actual point of sale pricing trends. The calculation also excludes card billings that don't generate discount revenue, like ATM withdrawals.
- Worldwide managed lending balances grew 11% year-over-year, or 15% excluding the impact of our 4Q '04 leasing business sale.
 - Net finance charge revenue as a percentage of average loans rose versus last year. Coupled with our strong credit performance, this has resulted in a risk-adjusted margin that continues to compare favorably to the industry.

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- Travel revenues decreased 1% as higher transaction volumes were offset by lower commissions and fees per sale.
- On the expense side, our decision to expense stock options beginning in 1Q '03 continued to negatively affect the Human Resources expense comparison. The impact of incremental annual option grant expense, increased levels of restricted stock awards, and other related compensation changes are reflected in the 9% increase versus last year. In addition, this quarter includes \$77MM of severance costs related to the reengineering activities I mentioned earlier.
 - Importantly, the underlying human resources costs and related employee count continue to be well-controlled. In fact, the total employee count was actually down 2% versus last year.
- Marketing, promotion, rewards and cardmember services expenses increased 16% due to both higher marketing and promotion expenses and an increase in rewards-related costs.
- The relatively high level of marketing and rewards costs over the past few years continues to generate a very attractive return on our investment. As you recall, the decision to ramp up this spending was triggered by our assessment that there was a very attractive window of opportunity that we could capitalize on. The gap between our key metric growth rates and those of the competition has been noticeable. That's the best evidence that our strategy is working. I would also point out that the growth rates for these expenses have moderated and now are more consistent with overall business growth.
- The total provision for losses increased 33% as the charge card and lending provisions rose by 45% and 56%, respectively, due to the impact of strong volume and lending growth and higher provision rates.
 - As you know, we have seen loss rates running at historically low levels for some time now indicating that we were potentially missing some opportunities within the business. Therefore, we have been adjusting certain credit parameters to capture these opportunities and are seeing the natural loss rate impact of those adjustments in addition to the business benefits.

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- We also recorded a \$49MM provision during the quarter to reflect the estimated costs related to Hurricane Katrina. \$38MM related to our U.S. consumer and small business activities, \$9MM associated with our corporate activities, and a small amount was merchant-related. While our business in the Gulf region is a relatively small part of the Company's activities, the severity of the disruption is substantial. Therefore, based on all of the information available to us to-date, we have established the reserves that we believe are appropriate.
- Other provisions decreased 35% as a result of last year's \$115MM securitization reconciliation charge and last year's reduction in the merchant-related reserves of approximately \$60MM.
- Interest expense increased 18% versus last year, driven by a greater average receivable balance and higher funding costs.
- We continue to feel comfortable that we have positioned the Company appropriately for the potential adverse P&L affect from the current interest rate environment.
 - To begin with, our charge card receivables, which are one of our primary interest rate exposures, are not as adversely impacted by a flat or inverted yield curve as by the effect of increasing short rates on our funding costs. This is because unlike the typical spread lending business of banks, our revenues from these receivables are not sensitive to interest rates.
 - We have roughly 50% of our total 2006 expected funding requirements fixed and have begun to hedge a portion of our 2007 and 2008 requirements.
 - In addition to our hedging programs, we have other levers to mitigate interest rate risk within the business model.
 - For example, we have shifted the variably priced portion of our lending portfolio from 40% two years ago to 60% today and within the fixed lending business, have pricing flexibility.
- The consolidated tax rate of 20% for the quarter decreased compared to last year, primarily reflecting the \$105MM tax benefit discussed earlier.

Summary/Outlook:

- With that, let me conclude with a few final comments.

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- We delivered particularly strong revenue and earnings growth during the quarter while continuing to invest in the business and maintaining substantial balance sheet strength.
- Our results again illustrate healthy momentum in our payments business where our competitive position continues to strengthen as evidenced by the relatively wide gap between industry growth rates and our spending and lending growth rates.
- In fact, the strong momentum within the business held steady throughout the quarter and we continue to see healthy spending to-date in October.
- We continue to deliver against our business objectives. This quarter, we rolled out a number of major new products, and continue to grow and maintain an active pipeline of growth opportunities.
- Importantly, we also continue to focus on leveraging our market segmentation abilities to provide highly relevant and targeted offerings, which coupled with incentives that drive our customers to expand their breadth of spending on the American Express network, supports the premium value that we deliver to both our merchant and card customers.
- Over recent quarters you have seen many new, highly targeted, products and service offerings that resulted from this focus and our results reflect the success of these efforts.
- Overall, we are very optimistic about the growth prospects that exist within the payments industry, and our ability to leverage our closed-loop network and our marketing capabilities to continue to capture cash and check spending on our payment products. We are fortunate to have such a diverse set of businesses that span across the industry.
- To ensure that we are positioned to invest aggressively for the future and to capitalize fully on the growth opportunities we see, we continue to work to reengineer the business and to control underlying operating expense growth.
- Our recent business success, coupled with our strong track record of innovation, product development and customer-focused marketing, makes us confident that these investments will continue to drive growth into the future.

Thanks for listening. We are now ready to take your questions.