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For Immediate Release

SECOND QUARTER EARNINGS FROM CONTINUING OPERATIONS RISE 13%
REVENUES UP 14% ON RECORD CARDMEMBER SPENDING
NEARLY 2 MILLION CARDS-IN-FORCE ADDED IN THE QUARTER

(Millions, except per share amounts)

	Quarters Ended		Percentage Inc/(Dec)	Six Months Ended		Percentage Inc/(Dec)
	June 30,			June 30,		
	2006	2005		2006	2005	
Revenues	\$ 6,878	\$ 6,020	14%	\$ 13,210	\$ 11,660	13%
Income From Continuing Operations	\$ 972	\$ 860	13%	\$ 1,848	\$ 1,605	15%
(Loss)/Income From Discontinued Operations	\$ (27)	\$ 153	#	\$ (30)	\$ 354	#
Net Income	\$ 945	\$ 1,013	(7%)	\$ 1,818	\$ 1,959	(7%)
Earnings Per Common Share - Basic:						
Income From Continuing Operations	\$ 0.80	\$ 0.70	14%	\$ 1.51	\$ 1.30	16%
(Loss)/Income From Discontinued Operations	\$ (0.02)	\$ 0.12	#	\$ (0.02)	\$ 0.29	#
Net Income	\$ 0.78	\$ 0.82	(5%)	\$ 1.49	\$ 1.59	(6%)
Earnings Per Common Share - Diluted:						
Income From Continuing Operations	\$ 0.78	\$ 0.69	13%	\$ 1.48	\$ 1.27	17%
(Loss)/Income From Discontinued Operations	\$ (0.02)	\$ 0.12	#	\$ (0.03)	\$ 0.29	#
Net Income	\$ 0.76	\$ 0.81	(6%)	\$ 1.45	\$ 1.56	(7%)
Average Common Shares Outstanding						
Basic	1,217	1,231	(1%)	1,224	1,235	(1%)
Diluted	1,242	1,254	(1%)	1,250	1,259	(1%)
Return on Average Total Shareholders' Equity*						
	29.8%	23.1%		29.8%	23.1%	

* Computed on a trailing 12-month basis using reported net income over average total shareholders' equity (including discontinued operations) as included in the Consolidated Financial Statements prepared in accordance with U.S. generally accepted accounting principles (GAAP).

Denotes a variance of more than 100%.

New York - July 24, 2006 - **American Express Company** today reported second quarter income from continuing operations of \$972 million, up 13 percent from \$860 million a year ago. Diluted earnings per share from continuing operations were \$0.78, up 13 percent from \$0.69 a year ago.

Including results for businesses that the Company has spun off or sold during the past year, net income for the second quarter totaled \$945 million, down 7 percent from \$1.0 billion a year ago.

Net income per share on a diluted basis was \$0.76, down 6 percent from \$0.81.

The Company's reported return on equity (ROE) was 29.8 percent, up from 23.1 percent a year ago. Pro forma ROE, which is based on continuing operations, was 33.1 percent. *(For further information about pro forma ROE, see the "Pro Forma ROE" section below.)*

Consolidated revenues rose 14 percent to \$6.9 billion, up from \$6.0 billion a year ago.

Consolidated expenses totaled \$5.4 billion, up 11 percent from \$4.9 billion a year ago.

"The second quarter results were driven by record spending on American Express cards with strong growth among consumers, small businesses and corporations," said Kenneth I. Chenault, chairman and chief executive. "Spending on our network, which includes both proprietary and bank-issued cards, was consistently strong in all regions worldwide and double-digit revenue growth was well above our long-term target of 8%.

"Our investments in business building initiatives generated excellent returns. We expanded our customer base, adding 1.9 million cards-in-force during the last three months, and more than 7 million since this time last year.

"Overall credit quality remained strong and the underlying momentum of our business continues to be excellent as we enter the second half of the year."

Results from continuing operations for the quarter included the following significant items:

- A \$144 million (\$131 million after-tax) net gain related to the completion of the previously announced sale of the Company's card and related operations in Brazil to Banco Bradesco S.A.;
- A \$62 million (\$40 million after-tax) charge related to higher redemption estimates related to the Membership Rewards program outside the U.S.;

Significant items in the year-ago quarter included:

- A \$113 million (\$73 million after-tax) benefit from the recovery of September 11th related insurance claims;
- An \$87 million tax benefit resulting from an IRS audit of previous years' tax returns.

This year's results from continuing operations included \$53 million (\$34 million after-tax) of reengineering costs related to restructuring efforts in the Company's finance, international card and business travel areas. Year ago reengineering costs totaled \$114 million (\$74 million after-tax).

Discontinued operations

Discontinued operations for the quarter reflected a loss of \$27 million, primarily from the sale of the Company's international banking operations in Brazil. The year ago period reflects income from discontinued operations of \$153 million primarily related to Ameriprise Financial, Inc., which is no longer part of American Express.

Segment results

The following discussion of second 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. 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 International Card & Global Commercial Services, Global Network & Merchant Services, and Corporate & Other segment results below are presented on a GAAP basis.

U.S. Card Services reported second quarter net income of \$616 million, up 29 percent from \$477 million a year ago.

Total revenues for the second quarter increased 14 percent to \$3.7 billion, reflecting growth in spending and borrowing by U.S. consumers and small businesses.

Total expenses increased 9 percent. Marketing, promotion, rewards and cardmember services expenses increased 15 percent, reflecting greater rewards costs and marketing and promotion activities. Provisions for losses declined 17 percent due to lower write-offs which benefited from last year's bankruptcy legislation and improved collections.

International Card & Global Commercial Services ("ICGCS") reported second quarter net income of \$225 million, unchanged from the prior year. The benefit of higher business volumes and the segment's share of the Brazilian gain were offset by higher provision expenses, greater Membership Rewards-related costs, and a substantially higher effective tax rate.

Total revenues for the second quarter increased 9 percent over the year-ago period to \$2.4 billion. Strong growth in spending and borrowing by Cardmembers more than offset a decline in travel commissions and fees.

Second quarter expenses increased 7 percent over the year-ago period to \$2.1 billion. The increase reflected a significantly higher provision for losses and benefits that was driven by increased write-offs in international markets, primarily Taiwan, and higher cost of funds related to investment certificates sold through American Express Bank. Expenses also included the previously mentioned charge related to the Membership Rewards program outside the U.S. These items were partially offset by a \$119 million (\$109 million after-tax) gain on the sale of the card operations in Brazil, which were reflected as a contra-expense.

Last year's second quarter included a \$33 million benefit from the IRS audit of tax returns that was mentioned earlier.

Global Network & Merchant Services reported second quarter net income of \$200 million, up 29 percent from \$155 million a year ago.

Total revenues for the second quarter increased 14 percent over year-ago levels to \$789 million. The increase reflects continued strong growth in billed business, offset by the impact of a decline in discount rate.

Bank partners that issue cards on the American Express network added 2.6 million cards-in-force from a year ago. Total cards-in-force at the end of the quarter also includes an additional 1.3 million cards transferred from ICGCS in connection with the signing of an independent operator agreement with Banco Bradesco S.A. Spending on Global Network Services cards increased 31 percent from a year ago.

Total expenses increased 6 percent from year-ago levels to \$474 million. Marketing and promotion expenses increased 7 percent.

Second quarter expenses are net of \$25 million (\$22 million after-tax) of the previously mentioned Brazilian gain. This benefit was substantially offset by an adjustment in the amortization expenses relating to an overseas joint-venture.

Corporate & Other reported second quarter net expenses of \$69 million, compared with net income of \$3 million a year ago. The year ago quarter reflects \$112 million of the previously mentioned September 11th insurance recovery and \$54 million of the previously mentioned tax benefit resulting from an IRS audit of previous years' tax returns.

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 following table reconciles the GAAP-basis U.S. Card Services income statements to the managed-basis information.*

U.S. Card Services Selected Financial Information				Securitization Effect		Tax Equivalent Effect		Managed Basis		
(preliminary, millions)	GAAP Basis		% Inc/ (Dec)							% Inc/ (Dec)
Quarters Ended June 30,	2006	2005		2006	2005	2006	2005	2006	2005	
Revenues:										
Discount revenue, net card fees and other	\$2,514	\$ 2,233	13%	\$44	\$ 51	\$ 54	\$ 57	\$ 2,612	\$ 2,341	12%
Cardmember Lending:										
Finance charge revenue	814	587	39	726	618			1,540	1,205	28
Interest expense	215	140	54	257	164			472	304	55
Net finance charge revenue	599	447	34	469	454			1,068	901	19
Securitization income	372	296	26	(372)	(296)			-	-	
Total revenues	<u>3,485</u>	<u>2,976</u>	17	<u>141</u>	<u>209</u>	<u>54</u>	<u>57</u>	<u>3,680</u>	<u>3,242</u>	14
Expenses:										
Marketing, promotion, rewards and cardmember services	1,106	974	14	9	(1)			1,115	973	15
Provision for losses	351	367	(4)	127	210			478	577	(17)
Human resources and other operating expenses	1,108	938	18	5	-			1,113	938	19
Total expenses	<u>2,565</u>	<u>2,279</u>	13	<u>\$ 141</u>	<u>\$ 209</u>			<u>2,706</u>	<u>2,488</u>	9
Pretax segment income	920	697	32			54	57	974	754	29
Income tax provision	304	220	38			\$54	\$ 57	\$ 358	\$ 277	29
Segment income	<u>\$ 616</u>	<u>\$ 477</u>	29							

* Amounts herein reflect certain reclassifications as noted in the Company's Form 8-K filed with the SEC dated April 5, 2006.

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 shareholders' equity (including discontinued operations). The Company also reports pro forma ROE, which is determined on a trailing 12-month basis using income from continuing operations (which excludes discontinued operations) over the average month-end shareholders' equity at September 30, 2005 through June 30, 2006. 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: \$3.6 billion	Trailing 12-months income from continuing operations: \$3.5 billion
Trailing 12-months average total shareholders' equity: \$12.0 billion	Average month-end shareholders' equity for the period from September 30, 2005 through June 30, 2006: \$10.5 billion
ROE: 29.8%	Pro forma ROE: 33.1%

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

Note: The 2006 Second 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 second 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 generate sufficient net income to achieve a return on equity on a GAAP basis of 28 percent to 30 percent; the Company’s ability to grow its business and meet or exceed its return on shareholders’ equity target by reinvesting approximately 35 percent of annually-generated capital, and returning approximately 65 percent 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 Services business; the Company’s ability to introduce new products, reward program enhancements and service enhancements on a timely basis during 2006; the success of the Global Network 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 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; 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 Company’s ability to reinvest the benefits arising from such reengineering actions in its businesses; 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 \$300 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 and return on lending 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; outcomes and costs associated with litigation and compliance and regulatory matters; 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, 2005, and its other reports filed with the SEC.
