

4Q 2003 EARNINGS CONFERENCE CALL
RON STOVALL OPENING REMARKS

- Welcome, appreciate all of you joining us for today's discussion.
- Safe Harbor Reminder – 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 2002 10-K report and third quarter 2003 10-Q report, already on file with the Securities and Exchange Commission.
- In the Fourth Quarter 2003 Earnings Release and Supplement, which are now posted on our website at ir.americanexpress.com and on file with the SEC in an 8K Report, we have provided information that compares and reconciles the managed basis financial measures to be discussed today with the TRS GAAP financial information, as well as AEFA's GAAP and net revenues, and explains 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.

4Q 2003 EARNINGS CONFERENCE CALL
GARY CRITTENDEN OPENING REMARKS

- Welcome. Thanks for joining us today.
- As usual, the majority of my opening remarks will focus on our results for the fourth quarter, as you are already familiar with our results for the three prior quarters of the year.
 - However, during the Q&A period, I'd be happy to respond to any questions you may have on our full year results, in addition to your fourth quarter earnings questions.
- As you have already seen, our fourth quarter diluted EPS, before the accounting change, of \$0.60, increased 15% versus \$0.52 last year. Fourth quarter diluted EPS on a net income basis of \$0.59 increased 13%.
- For the full year, EPS, before the accounting change, of \$2.31 also increased 15% versus last year -- and was better than our previous forecast that it was not likely to exceed \$2.29 -- as both TRS and AEFA performed strongly in the quarter.
- Overall, the fourth quarter reflected strong business momentum, in addition to demonstrating the success of our efforts to create a more flexible business model and a better-balanced risk profile.
- The results continue to reinforce the positive aspects of our performance against the five signposts Ken identified in February of 2002, which we use to help us assess the performance of the company and make decisions to implement spending for growth. For instance:
 - While total expense growth has not led to operating expense margin improvement during the year due to the particularly high level of investment spending and impact of our decision to expense stock options, our underlying operating expense growth has been well controlled. For example, excluding the Threadneedle and Rosenbluth acquisitions our employee count is actually down 2% versus year-end 2002 despite business volume increases.

4Q 2003 EARNINGS CONFERENCE CALL
GARY CRITTENDEN OPENING REMARKS (cont'd)

- Additionally, the benefit of our investment spending is evident within the strong momentum of our card-related metrics, which have performed well versus the competition and demonstrate the additional competitive strength we've built during the year.
- In particular, our billed business is strong on an absolute basis and compared to the competition.
 - Everyday spend comparisons remained strong during the quarter, while Corporate T&E spending growth improved as the quarter progressed.
 - In fact, based on our analysis of publicly released holiday spending data from Visa and MasterCard, it appears our December retail-related spending in the U.S. outpaced the associations nicely.
- Credit trends have been improving and outperformed our key competitors over recent quarters; and
- At AEFA, we have generated good traction against many aspects of our strategy, and the improved market environment, coupled with our actions to better position AEFA for growth, generated solid metrics on a number of fronts.
- In addition, our consolidated balance sheet remains strong:
 - Card reserve coverage of past due accounts remains at the high end of historical ranges; and
 - The continued repositioning of AEFA's investment portfolio and AEB's loan portfolio have yielded a better-balanced and more diversified risk profile.

4Q 2003 EARNINGS CONFERENCE CALL
GARY CRITTENDEN OPENING REMARKS (cont'd)

- All of this allowed us to generate record fourth quarter and full year results and deliver on all of our long-term financial targets for the quarter and the full year, while investing in our future competitive strength at a level well above even recent historical highs.
- The results continue to underscore the fact that our future growth will primarily be driven by the substantial organic growth opportunities that we have historically relied upon.
- However, as evidenced by Threadneedle and Rosenbluth's combined 2% contribution to consolidated revenue growth, there are additional avenues to further supplement and strengthen those organic opportunities.
- With that, let me now review the details.

At TRS:

- Managed net revenues increased 11% and net income rose 10%.
- On the revenue side, our ongoing expansion into everyday spend categories and our investments in growth initiatives over the past year and a half continued to drive strong cardmember spending, cards in force and lending balance growth.
 - Billed business volumes improved versus last year, as strong growth in the consumer and small business sectors continued and Corporate Services volume comparisons improved further.
 - Worldwide billed business increased 17% on a reported basis, and 13% on a foreign exchange-adjusted basis.
 - In the U.S., consumer spending grew 15% and small business spending rose 20%, while corporate volumes improved 10%.
 - In total, U.S. non-T&E related volumes grew 18%, while T&E related spending rose 9%.

4Q 2003 EARNINGS CONFERENCE CALL
GARY CRITTENDEN OPENING REMARKS (cont'd)

- Outside the U.S., reported billed business was up 24%, which equated to 9% growth on a foreign exchange-adjusted basis. Within our proprietary business, foreign exchange-adjusted consumer and small business volumes grew 10% and Corporate Services spending increased 7%.
- The discount rate declined 4BP's from the third quarter of 2003, and 6BP's from the fourth quarter of last year. These declines reflect the ongoing shift in the mix of spending toward everyday spend categories, which continued to generate stronger than average growth.
- Worldwide cards in force rose 6% versus last year, as a result of more proactive acquisition efforts within our consumer and small business segments, an improved average customer retention level and a return to growth within Corporate Services during the quarter.
- Managed net finance charge revenue grew 5%, on 14% growth in average worldwide lending balances.
 - Quarter end balances were up 14% worldwide, reflecting 12% growth in the U.S. and 24% growth outside the U.S.*
 - Spreads in the U.S. declined versus last year and last quarter, as paydown rates increased and credit improved resulting in fewer customers at higher interest rates. Additionally, the proportion of the portfolio on introductory rates was higher and the mix of products reflected more lower-rate offerings. However, it is important to note that both the net interest yield and intro-rate percent for the portfolio are well within the historical range over the past five years.
- Travel revenues rose 21% on the benefits of the Rosenbluth acquisition and an improving sales environment. TC revenues remained relatively weak.

* Revised from conference call remarks published on January 26, 2004.

4Q 2003 EARNINGS CONFERENCE CALL
GARY CRITTENDEN OPENING REMARKS (cont'd)

- Marketing, promotion, rewards and cardmember services expenses rose 43% on top of last year's already increased level, as we maintained our more aggressive stance toward card acquisition, and rewards costs rose, reflecting a continued increase in cardmember loyalty program participation and penetration.
 - As you know, three years ago Ken outlined our strategy to maximize the rewards penetration within the cardmember base.
 - This strategy reflects the competitive advantage our business model provides to us with regards to the provision of reward capabilities and the economic benefits related to the higher spend, better loyalty and credit, and faster speed of pay that accompany reward program participation.
 - Since then, we have had great success with this penetration initiative and have substantially increased participation levels. Our metrics in recent quarters reflect that success.
 - Based on the current higher level of participation -- and our belief that marketing spend growth can be moderated somewhat in 2004 as we further harvest the benefits of 2003's spending -- we expect the marketing, promotion, rewards and cardmember services quarterly expense growth rate in 2004 to be substantially lower than the fourth quarter's rate.
- The managed provisions for losses declined 12%, as overall credit quality remained strong during the quarter.
 - Within both our charge card and lending business, the loss rate and past-due rate improved versus last quarter and last year.
 - In light of the strong credit indicators, the combined reserves grew modestly; however, coverage of past due receivables was maintained at the high end of historical levels.
- As expected, interest expense declined on a lower cost of funds that was partially offset by higher receivables.

4Q 2003 EARNINGS CONFERENCE CALL
GARY CRITTENDEN OPENING REMARKS (cont'd)

- Human resources expense rose 18% as merit increases, higher employee benefits costs, greater management incentive costs and the impact of the 2,700 employees added with the Rosenbluth acquisition outweighed the positive effect of a lower employee count, excluding Rosenbluth.
- Other operating expenses rose 10% versus last year reflecting higher business and service volume-related costs and the Rosenbluth acquisition.
- The effective tax rate of 31% was flat versus last year.

At AEFA:

- Net income, before the accounting change, increased 28% and net revenues rose 31%, reflecting improvement in the equity market environment and the continuation of a relatively strong insurance-related contribution.
 - The Threadneedle acquisition contributed approximately 8% to revenue growth but, as expected, provided a relatively modest net income growth benefit during the quarter.
- As far as investment performance goes, we continue to make good progress toward our goal of improving results within both our equity and fixed income activities.
- Investment income was up 4% reflecting higher invested assets resulting from client demand for the underlying fixed rate products over the past two years, which more than offset a lower average yield.
 - The portfolio yield declined versus last year as a result of cash inflows invested at relatively lower rates and the impact of our portfolio repositioning activities. The yield was up compared with the third quarter.
 - The overall credit quality of the portfolio continued to improve as default rates have declined throughout the past year. On a net basis, we took an investment gain of \$5MM this year versus a net \$17MM gain in last year's quarter.

4Q 2003 EARNINGS CONFERENCE CALL
GARY CRITTENDEN OPENING REMARKS (cont'd)

- As of the end of the quarter, the overall portfolio had \$900MM of net unrealized appreciation.
- Management and distribution fees rose 42% on a 46% increase in management fees and 37% growth in distribution fees.
 - The 76% increase in the managed asset base versus last year reflected the inclusion of \$84B of Threadneedle assets acquired and market appreciation. Institutional outflows during the year were offset by Threadneedle inflows during the fourth quarter and retail inflows for the year. Excluding the Threadneedle assets acquired, managed assets grew 19%.
 - For the third consecutive quarter, the retail channel had net inflows.
 - Distribution fees rose 37% on particularly strong mutual fund fee growth, increased brokerage-related activities and greater limited partnership product sales.
 - Total cash sales were up 22% on strong growth in retail-related mutual fund sales, partially due to Threadneedle.
 - Branded advisor-generated sales increased 19% on a cash basis, and 22% as measured on the internally used “gross dealer concession” basis, which weights the sales of various products to reflect their individual profitability dynamics. While we will have to wait and see how trends develop going forward, we continued to see improving retail sales comparisons during the quarter as investor confidence strengthened further.
 - Institutional sales levels, which have suffered somewhat as a result of our historical investment performance, improved in the quarter.
 - Third party sales last year were particularly strong, but actions to improve product pricing and structure have reduced sales this year.

4Q 2003 EARNINGS CONFERENCE CALL
GARY CRITTENDEN OPENING REMARKS (cont'd)

- Other revenues rose on strong property-casualty and higher life insurance revenue. Planning and advice services fees fell 23% reflecting the negative impact of a change in the timing of fee recognition, which deferred revenues, and a comparable amount of human resource expense, in the fourth quarter. Excluding this change, fees would have increased approximately 22% reflecting the strong underlying plan volume growth.
- The provision for losses and benefits increased 3% reflecting higher in-force levels of insurance, annuities and certificates. These increases were partially offset by lower crediting rates. In addition, the impact of greater appreciation in the S&P 500 on equity indexed annuities and the stock market certificate product added to the provision.
- Human resources expenses increased 32% on higher field force compensation-related costs, the effects of the Threadneedle acquisition, merit increases, higher employee benefit costs, and greater management incentive costs.
 - The advisor base rose a solid 4% versus last year and 3% versus last quarter.
 - The home office employee count continued to be well controlled as the average number of employees was down 1%, excluding Threadneedle.
- Other operating expenses rose 38% versus last year due in part to the Threadneedle acquisition, professional fees related to various industry regulatory matters and higher legal costs.
- The effective tax rate declined to 21% from 26% last year on a \$12MM reduction in tax expense due to the continuation of adjustments discussed last quarter related to the finalization of our 2002 return filed in the third quarter and the publication of favorable technical guidance related to the taxation of dividend income.

4Q 2003 EARNINGS CONFERENCE CALL
GARY CRITTENDEN OPENING REMARKS (cont'd)

- As we've discussed previously, we have been reviewing our mutual fund business in light of the heightened regulatory focus in this area. While our efforts are ongoing, we have shared information with the regulators throughout the process; however, I have nothing new to report to you today.

At AEB:

- The Bank continued to make progress on its strategy shift, and delivered solid earnings growth of 22% on 9% growth in revenues, a lower provision and a reduced tax rate.
- The Bank's results reflect the positive impact of growth within Private Banking and its Financial Institutions Group, partially offset by loan and other activity reductions within Corporate Banking, and within its Personal Financial Services lending business, particularly in Hong Kong.
- Results benefited from higher fee levels within Private Banking and the Financial Institutions Group, and a provision decline of 33% versus last year due to the continued stabilization of write-offs in Hong Kong and reduced activity within the PFS lending portfolio.
 - Private banking client holdings and loans increased 16% and 37%, respectively;
 - Loans within the Financial Institutions Group grew 33%;
 - Personal Financial Services loans declined 14%; and
 - Corporate banking loans continued to decrease, and now represent 3% of the total loan portfolio, or approximately \$170MM.

4Q 2003 EARNINGS CONFERENCE CALL
GARY CRITTENDEN OPENING REMARKS (cont'd)

Accounting Changes

- That's a quick review of our results for the quarter.
- Before I conclude with a few comments on our outlook I want to quickly address our December 31st adoption of FASB Interpretation No. 46 – Consolidation of Variable Interest Entities.
- We began discussing the FIN 46 implications with you during our second quarter earnings discussion and updated that view last quarter.
- Revisions to FIN 46 in the fourth quarter, in addition to market factors as of year end, resulted in a lower than previously estimated below-the-line, non-cash charge of \$20MM pre-tax, or \$13MM after-tax, as we consolidated an incremental \$500MM of related assets.
- Going forward, the ongoing impact of FIN 46 will be reported above-the-line within investment income. Due to its likely volatile, but non-economic nature, we will identify any meaningful impact within investment income in future quarters.
- In addition, in July 2003, the AICPA issued Statement of Position 03-1, "Accounting and Reporting by Insurance Enterprises for Certain Non-traditional Long-Duration Contracts and for Separate Accounts". This statement is required to be adopted as of January 1, 2004 and its impact will also be recognized as a cumulative effect of a change in accounting principle. The company is awaiting further industry guidance regarding applicability of aspects of the rule, and therefore, is still evaluating its impact, which, among other provisions, requires reserves related to guaranteed minimum death and interest benefits to be recorded.

4Q 2003 EARNINGS CONFERENCE CALL
GARY CRITTENDEN OPENING REMARKS (cont'd)

Summary/Outlook

- Let me conclude with a few comments on our outlook.
- Our results for the quarter and the full year illustrate the benefits of the fundamental changes we have made to our business model and the strong momentum resulting from the business-building investments over the last year and a half.
- Our payments business continues to deliver strong results with business metrics and credit indicators that compare very well to key industry participants.
 - The quality of our customer base; the breadth of our product portfolio; the benefits of our rewards-based, spend-oriented business model; our everyday spend initiatives; and our improved revolving credit capabilities combined create a competitive advantage which is being leveraged effectively to deliver strong results at TRS.
 - As a result, TRS' volume growth is currently running well above the high end of the 6-10% industry growth we've indicated underlies our ability to meet our financial targets.
 - In addition, we are engaged in a number of conversations with potential bank partners about network related opportunities in the U.S. and, as we have said before, are confident we will do a deal this year.
- At AEFA, the foundations put in place through new products and enhanced investment management capabilities enabled us to generate stronger results as market conditions improved.
 - We've indicated that an 8% equity market appreciation level is needed to achieve our targeted growth. As you know, the market delivered appreciation well in excess of that level during 2003 and its more positive tone in recent quarters appears to be strengthening retail investor confidence and activity.

4Q 2003 EARNINGS CONFERENCE CALL
GARY CRITTENDEN OPENING REMARKS (cont'd)

- We met all three of our long-term financial targets during the quarter and the full year while significantly increasing business building expenditures. In fact, the third and fourth quarter showed a significant acceleration of revenue growth from earlier in the year.
- Over the last few years, when the environment required, we demonstrated the ability to cut costs. The last few quarters underscored that we can use the flexibility built into our business model to grow revenues strongly when we see the opportunity to do so.
- Our reengineering activities delivered in excess of \$1B of benefits for 2003 and we are on track to deliver significant new benefits during 2004.
- As we entered 2003 we identified a number of industry and economic-related challenges we needed to navigate through. And, the year's results showed we dealt with them successfully.
- In contrast, as we enter 2004 there appear to be a number of environmental opportunities in front of us:
 - Equity markets are showing signs of continued strength and retail investors are gaining confidence and investing once again;
 - Corporations are increasing their T&E related expenditures after three years of working to contain them; and
 - The U.S. economy and many other global economies are forecasted to grow at healthy rates this year.
- These opportunities, the strong competitive position of both our payments and retail financial services business, and the excellent business momentum as we enter 2004 generated by our investment spending, give us confidence that we are in a strong position today to capitalize on these trends.
- Thanks for listening. We are now ready to take your questions.

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," "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 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 reengineering and other cost control initiatives, as well as factors impacting the company's revenues; the Company's ability to moderate the quarterly growth rate of its marketing, promotion, rewards and cardmember services expenses to levels below the fourth quarter of 2003; 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; the ability of the company to generate sufficient revenues for expanded investment spending and to actually spend such funds to the extent available, and the ability to capitalize on such investments to improve business metrics; credit risk related to consumer debt, business loans, merchant bankruptcies and other credit exposures both in the U.S. and internationally; fluctuation in the equity and fixed income markets, which can affect the amount and types of investment products sold by AEFA, the market value of its managed assets, and management, distribution and other fees received based on the value of those assets; AEFA's ability to recover Deferred Acquisition Costs (DAC), as well as the timing of such DAC amortization, in connection with the sale of annuity, insurance and certain mutual fund products; changes in assumptions relating to DAC, which could impact the amount of DAC amortization; the ability to improve investment performance in AEFA's businesses, including attracting and retaining high-quality personnel; the success, timeliness and financial impact, including costs, cost savings and other benefits including increased revenues, 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, 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 potential negative effect on the company's businesses and infrastructure, including information technology systems, of terrorist attacks, disasters or other catastrophic events in the future; the impact on the company's businesses resulting from continuing geopolitical uncertainty; the overall level of consumer confidence; 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 manage and expand cardmember benefits, including Membership Rewards®, in a cost effective manner and to accurately estimate the provision for the cost of the Membership Rewards® program; 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 cross-selling financial, travel, card and other products and services to the company's customer base, both in the U.S. and internationally; 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; 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; fluctuations in foreign currency exchange rates; 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; the costs and integration of acquisitions; and outcomes and costs associated with litigation and compliance and regulatory matters. 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, 2002, and its other reports filed with the SEC.
