AMERICAN EXPRESS CO
Form 424B5
July 28, 2006

PROSPECTUS SUPPLEMENT **Filed Pursuant to Rule 424(b)(5)**
(To Prospectus Dated August 19, 2004) **Registration No. 333-117835**

$750,000,000
American Express Company

6.80% Subordinated Debentures

This is an offering by American Express Company of $750,000,000 of its 6.80% fixed rate/floating rate subordinated debentures, which we refer to as the subordinated debentures, due September 1, 2036 and automatically extendible to September 1, 2066, except in certain limited circumstances. Unless otherwise specified herein, this prospectus supplement assumes that the maturity of the subordinated debentures will be extended to September 1, 2066. The subordinated debentures will be issued in denominations of $1,000. The subordinated debentures will be general unsecured obligations of American Express Company and will rank junior to all of our existing and future senior indebtedness, as defined in this prospectus supplement. The subordinated debentures will be effectively junior to all of the existing and future indebtedness of our subsidiaries. Interest on the subordinated debentures will accrue from the issue date until September 1, 2016 at a fixed rate equal to 6.80% per year, and will be payable in arrears semi-annually on March 1 and September 1 of each year, commencing on September 1, 2006 until September 1, 2016. From September 1, 2016 until maturity, interest on the subordinated debentures will accrue at an annual rate of three-month LIBOR plus a margin equal to 222.75 basis points, and will be payable quarterly in arrears on March 1, June 1, September 1 and December 1 of each year, commencing on December 1, 2016.

We may elect to defer interest payments on the subordinated debentures for up to ten years as described in this prospectus supplement. In addition, and as further described in this prospectus supplement, if we have optional deferred interest payments for a period of more than five years in aggregate or if we have failed to satisfy certain financial tests, we will be required to issue shares of our common stock to third-party purchasers, which, when sold, will provide us a sufficient amount of cash to make interest payments on the subordinated debentures, and we will be required to use such proceeds to make such interest payments. In the event we fail to satisfy certain financial tests, and we do not or are unable to sell our common stock, we will be required to defer interest on the subordinated debentures. In the event of our bankruptcy, insolvency or receivership prior to the maturity or redemption of any subordinated debentures, whether voluntary or not, a holder of subordinated debentures will have no claim for unpaid mandatory deferred interest (including compounded interest thereon) to the extent the amount of such interest exceeds 25% of the then outstanding principal amount of such holder's debentures. The subordinated debentures will not be subject to redemption at the option of the holder or to any sinking fund provisions.

At our option, we may redeem the subordinated debentures in whole or in part, on or after September 1, 2016, for cash in an amount equal to 100% of the principal amount of the subordinated debentures to be redeemed, plus accrued and unpaid interest thereon, including any compounded interest, to the redemption date. We also may redeem the subordinated debentures in whole at any time, upon the occurrence of a tax event, at the greater of the par redemption amount and the make-whole redemption amount, as described in this prospectus supplement.

Investing in the subordinated debentures involves risks. See "Risk Factors," beginning on page S-12 of this prospectus supplement.

	Price to Public(1)	**Underwriting Discounts and Commissions**	**Proceeds to the Company**

Per Subordinated Debenture	99.706%	1.000%	98.706%
Total	$ 747,795,000	$ 7,500,000	$ 740,295,000

(1) Plus accrued interest, if any, from August 1, 2006.

Neither the Securities and Exchange Commission, or the SEC, nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense. Delivery of the subordinated debentures in book-entry form only will be made on or about August 1, 2006.

Joint-bookrunners and joint-structuring coordinators

Citigroup **Goldman, Sachs & Co.**

Senior co-manager
JPMorgan

Co-managers
Credit Suisse **Deutsche Bank** **Wachovia Securities**

The date of this prospectus supplement is July 27, 2006.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the subordinated debentures that we are offering and other matters relating to us and our financial condition. The second part is the attached base prospectus, which gives more general information about securities we may offer from time to time, some of which does not apply to the subordinated debentures we are offering. The description of the terms of the subordinated debentures contained in this prospectus supplement supplements the description under "Description of Debt Securities" in the accompanying prospectus, and to the extent it is inconsistent with that description, the information in this prospectus supplement replaces the information in the accompanying prospectus. Generally, when we refer to the prospectus, we are referring to both parts of this document combined. If information in the prospectus supplement differs from information in the attached base prospectus, you should rely on the information in this prospectus supplement.

When we use the terms "American Express," the "Company," "we," "us" or "our" in this prospectus supplement, we mean American Express Company and its subsidiaries, on a consolidated basis, unless we state or the context implies otherwise.

You should rely only on the information contained in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference and any written communication from us or the underwriters specifying the final terms of this offering. We have not authorized anyone to provide you with information that is different. This prospectus supplement and the accompanying prospectus may only be used where it is legal to sell these securities. The information in this prospectus supplement and the accompanying prospectus may only be accurate as of their respective dates and the information in the incorporated documents is only accurate as of their respective dates.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the subordinated debentures in certain jurisdictions may be restricted by law. Persons into whose possession this prospectus supplement and the accompanying prospectus come should inform themselves about and observe any such restrictions. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

SUMMARY

The following summary highlights selected information contained elsewhere in this prospectus supplement and in the documents incorporated by reference in this prospectus supplement and does not contain all the information you will need in making your investment decision. You should carefully read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement.

The Company

We, together with our subsidiaries, are a leading global payments, network and travel company that offers its products and services throughout the world. Our principal operating subsidiary is American Express Travel Related Services Company, Inc.

Through our Global Network Services and Merchant Services business, we operate a global general-purpose charge and credit Card network, the functions of which include operations, service delivery, systems, authorization, clearing, settlement and brand advertising and marketing; the development of new and innovative products for the network; and establishing and enhancing relationships with merchants globally.

The global merchant services business also includes entering agreements with merchants to accept Cards (merchant acquisition) and accepting and processing Card transactions and paying merchants that accept Cards for purchases made by Cardmembers with Cards (transaction processing). We also provide point-of-sale and back-office products and services and marketing programs to merchants.

Our U.S. Card Services business includes the U.S. proprietary consumer Card business, OPEN from American Express, the global Travelers Cheques and Prepaid Services business and the American Express U.S. Consumer Travel Network. The U.S. proprietary consumer Card business and OPEN from American Express issue a wide range of Card products and services to consumers and small businesses in the United States, including a variety of credit Cards that have a range of different payment terms, grace periods and rate and fee structures. The American Express U.S. Travel Network provides travel services to Cardmembers and other consumers, which complements the travelers check and prepaid services businesses.

Through our International Card & Global Commercial Services business we provide proprietary consumer Cards and small business Cards outside the United States. International Card & Global Commercial Services also offers global corporate products and services, including Corporate Cards, issued to individuals through corporate accounts established by employers, Business Travel, which helps businesses manage their travel expenses through a variety of travel-related products and services, and Corporate Purchasing Solutions, involving accounts established by companies to pay everyday business expenses.

International Card & Global Commercial Services also includes our subsidiary, American Express Bank, Ltd., which serves affluent and high-net worth individuals and financial institutions through over 70 locations in 45 countries and regions worldwide.

Our executive offices are located at 200 Vesey Street, New York, New York 10285 (telephone number: 212-640-2000).

Recent Developments

On July 24, 2006, we announced our results for the quarter ended June 30, 2006. We reported net income for the second quarter of $945 million, down 7% from the corresponding period in 2005, and income from continuing operations of $972 million, up 13% from the corresponding period in 2005. We also reported revenues of $6.9 billion and expenses of $5.4 billion for the quarter. As of June 30, 2006, our tangible common equity amount was $8.8 billion and our total adjusted assets were $137.5 billion.

The Offering

Issuer	American Express Company.
Offered Securities	6.80% fixed rate/floating rate subordinated debentures.
Principal Amount	$1,000 per subordinated debenture.
Aggregate Principal Amount	$750,000,000.
Maturity Date	The subordinated debentures will initially mature on September 1, 2036 and will be automatically extended to September 1, 2066, except in the case of (1) a prior redemption or (2) the occurrence and continuation of an event of default relating to the subordinated debentures. Unless otherwise specified herein, this prospectus supplement assumes that the maturity of the subordinated debentures will be extended to September 1, 2066.
Interest	Subject to the occurrence of an optional extension period or mandatory extension period as described below, • interest on the subordinated debentures will accrue from the issue date until September 1, 2016 at a fixed rate equal to 6.80% per year, payable semi-annually in arrears on March 1 and September 1 of each year, commencing on September 1, 2006; and • from September 1, 2016 until the maturity date, interest on the subordinated debentures will accrue at an annual rate of three-month LIBOR plus a margin equal to 222.75 basis points, payable quarterly in arrears on March 1, June 1, September 1 and December 1 of each year, commencing on December 1, 2016.
Use of Proceeds	We anticipate that we will use the net proceeds from this offering for general corporate purposes.
Indenture	We will issue the subordinated debentures under a supplemental indenture between American Express Company, as issuer, J.P. Morgan Trust Company, National Association, as indenture trustee and The Bank of New York, as series trustee, which supplements an indenture dated May 1, 1997 between American Express Company, as issuer, and J.P. Morgan Trust Company, National Association, as successor to PNC Bank, National Association, as trustee, as supplemented from time to time. In this prospectus supplement, we refer to the indenture, as supplemented by the supplemental indenture, as the "indenture."
Anticipated Ratings	Moody's Investors Service: A3 Standard & Poor's: A- Fitch Ratings: A An explanation of the significance of ratings may be obtained from the rating agencies. Generally, rating agencies base their ratings on such material and information, and such of their own investigations, studies and assumptions, as they deem appropriate. The rating of the subordinated debentures should be evaluated independently from similar ratings of other securities. A rating of a security is not a

recommendation to buy, sell or hold securities and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency.

Redemption

We may, at our option, redeem the subordinated debentures on or after September 1, 2016, in whole or in part, at the par redemption amount described below. However, if the subordinated debentures are not redeemed in whole, we may not effect such redemption unless at least $50 million aggregate principal amount of subordinated debentures, excluding any subordinated debentures held by us or any of our subsidiaries, remains outstanding after giving effect to such redemption.

We may not redeem any outstanding subordinated debentures unless all accrued and unpaid interest, together with any compounded interest, has been (or, at the time of such redemption, will be) paid in full for all interest payment periods terminating on or before the redemption date.

The par redemption amount will equal a cash redemption price of 100% of the principal amount of the subordinated debentures to be redeemed, plus accrued and unpaid interest, together with any compounded interest, on such subordinated debentures to the date of redemption.

Tax Event Redemption

The subordinated debentures will also be redeemable, in whole but not in part, at any time within 180 days after the occurrence of a tax event (as described below), at a cash redemption price equal to the par redemption amount and, if the redemption occurs prior to September 1, 2016, the greater of (i) the par redemption amount and (ii) the make-whole redemption amount, as described under "Description of the Subordinated Debentures—Redemption."

A tax event will occur upon the receipt by us of an opinion of counsel, rendered by a law firm with generally recognized experience in such matters, to the effect that, as a result of:

- any amendment to, or change (including any announced prospective change) in, the laws (or any regulations thereunder) of the United States or any political subdivision or taxing authority thereof or therein,
- any official administrative pronouncement or judicial decision interpreting or applying such laws or regulations, or
- a threatened challenge asserted in connection with an audit of us or any of our subsidiaries, or a threatened challenge asserted in writing against any other taxpayer that has raised capital through the issuance of securities that are substantially similar to the subordinated debentures (whether or not issued through a trust or other similar structure),

which amendment or change is effective or which pronouncement or decision is announced or which challenge occurs on or after the date of original issuance of the subordinated debentures, there is more than an insubstantial risk that interest accruing or payable by us on the subordinated debentures is not or, at any time subsequent to our receipt of such opinion, will not be, wholly deductible by us for United States federal income tax purposes.

Capital Replacement

We intend, during the first 45 years following the initial issuance of the subordinated debentures, to the extent that the subordinated debentures provide us with equity credit at the time of any redemption thereof, to redeem the subordinated debentures with net proceeds received by us from the sale or issuance, during the 180-day period prior to the date of redemption, by us or our subsidiaries to third-party purchasers of securities for which we will receive equity credit, at the time of sale or issuance, that is equal to or greater than the equity credit attributed to the subordinated debentures at the time of such redemption.

Optional Deferral

As long as no event of default with respect to the subordinated debentures or mandatory trigger event, as described below, has occurred and is continuing, subject to the conditions below, we may elect to defer payments of interest on the subordinated debentures. We refer to this as an "optional deferral."

Upon an optional deferral, any optional deferred interest will continue to accrue and compound, to the extent permitted by applicable law, from time to time, at the then applicable rate of interest on the subordinated debentures.

We may settle any and all optional deferred interest with cash from any source until the date that is five years (subject to extension to the extent of any mandatory extension period occurring within an optional extension period) after the first payment date as of which we deferred payments on the subordinated debentures due to optional deferral. Thereafter, we must immediately pay any outstanding optional deferred interest in accordance with the share settlement mechanism described below, subject to the occurrence of a market disruption event as described under "Description of the Subordinated Debentures—Share Settlement Mechanism." Although an optional extension period may exceed five years duration to the extent of the duration of any mandatory extension period that occurs within the optional extension period, in no event may any extension period, whether optional, mandatory or any combination thereof (whether or not consecutive), exceed ten years from the first interest payment date on which an interest payment was deferred, or extend beyond the stated maturity date.

Upon the termination of any optional extension period and the payment of all amounts then due, we may commence a new optional extension period, subject to the above requirements, there being no limit to the number of such new optional extension periods that we may begin.

Mandatory Trigger Event

A mandatory trigger event will occur on a trigger determination date if (i) our tangible common equity amount is less than 4.00% of total adjusted assets for the most recently completed fiscal quarter; or (ii)(x) our adjusted trailing two quarters consolidated net income amount is equal to or less than zero for the period ending at the end of the fiscal quarter that ends two fiscal quarters prior to the most recently completed fiscal quarter prior to the trigger determination date, and (y) our tangible common equity amount as of the end of (a) the most recently completed fiscal quarter prior to the trigger determination date, and (b) the fiscal quarter that ends two fiscal quarters before the most recently completed fiscal quarter prior to the trigger determination date, has declined, in each case, by 10% or more as compared to the tangible common equity amount at the end of the benchmark quarter, as adjusted by the spin-off adjustment mechanism described under “Description of the Subordinated Debentures—Consequences of a Mandatory Trigger Event.”

The trigger determination date is the 30th day prior to each interest payment date. The benchmark quarter for purposes of calculating our tangible common equity amount is the 6th fiscal quarter preceding the most recently completed fiscal quarter prior to each trigger determination date.

As of June 30, 2006, our tangible common equity amount was equal to 6.37% of our total adjusted assets. See “—Recent Developments” above.

Consequences of a Mandatory Trigger Event

If, as of a trigger determination date, we fail to achieve specified tangible common equity and net income levels, a mandatory trigger event will occur. Thereafter, we will be required to make an interest payment on the subordinated debentures in accordance with the share settlement mechanism on such payment date. If a market disruption event prevents us from making such payment in accordance with the share settlement mechanism, we must defer payments of interest until the termination of the market disruption event, but not later than ten consecutive years after the first date on which we deferred interest (whether due to an optional deferral or mandatory deferral) or past the maturity date. Deferred interest payments in these circumstances will constitute mandatory deferred interest. Any unpaid mandatory deferred interest, together with any compounded interest thereon, may only be paid using the share settlement mechanism, except at maturity or if there is an event of default under the subordinated debentures in which case we may pay such amounts with cash from any source.

Any deferred interest that is accrued and unpaid during the occurrence and continuation of a mandatory trigger event will continue to accrue and compound, to the extent permitted by applicable law, at the then applicable rate of interest on the subordinated debentures.

Our obligation to defer interest payments during the occurrence and continuation of a mandatory trigger event will apply notwithstanding our election (if any) of an optional deferral with respect to such period. Consequently, if a mandatory trigger event has occurred as of any trigger determination date, our previous, concurrent or subsequent delivery of a notice of optional deferral will be without effect with respect to the relevant interest payment date.

Share Settlement Mechanism	At such times as described under “Description of the Subordinated Debentures—Option to Extend Interest Payments” and “—Consequences of a Mandatory Trigger Event,” we will be required, subject to the occurrence of a market disruption event, to sell shares of our common stock during the 180-day period prior to the applicable payment date and to apply the net proceeds of such sale to pay all current and deferred interest payments, if any (including compounded interest thereon). However, we will not be limited to the share settlement mechanism to pay any current or deferred amounts due on the subordinated debentures at maturity or if there is an event of default under the subordinated debentures, and may pay such amounts with cash from any source.

Limitations on Deferrals	No deferral, whether optional or mandatory, may extend beyond the maturity date of, or redemption date for, the subordinated debentures. In addition, no interest extension period, whether optional or mandatory (or a combination thereof), may continue for more than ten years. An interest extension period will be deemed to have commenced on the first interest payment date on which interest is deferred and end on the first date thereafter on which all deferred interest (including compounded interest thereon) is paid in full.
Payment Restrictions	On any date on which accrued interest through the most recent interest payment date has not been paid in full (including during any optional or mandatory interest extension period) and until such time as all accrued and unpaid interest, together with any compounded interest, is paid in full, we will not, and will not permit any of our subsidiaries to, declare or pay any dividends or any distributions on, or make any payments of interest, principal or premium, or any guarantee payments on, or redeem, purchase, acquire or make a liquidation payment on, any of our capital stock, debt securities that rank equal or junior to the subordinated debentures or guarantees that rank equal or junior to the subordinated debentures, except for certain

	exceptions detailed in "Description of the Subordinated Debentures—Certain Restrictions During Optional or Mandatory Extension Periods."
Subordination	The payment of principal of and interest on the subordinated debentures will be, to the extent provided in the indenture, subordinated to the prior payment in full of all present and future senior indebtedness, as described in "Description of the Subordinated Debentures—Subordination," and will be effectively subordinated to all indebtedness of our subsidiaries. The indenture places no limitation on the amount of additional senior indebtedness that we or any of our subsidiaries may incur. We expect, from time to time, to incur additional indebtedness constituting senior indebtedness.
Limitation on Claims in the Event of our Bankruptcy, Insolvency or Receivership	In the event of our bankruptcy, insolvency or receivership prior to the maturity or redemption of any subordinated debentures, whether voluntary or not, a holder of subordinated debentures will have no claim for unpaid mandatory deferred interest (including compounded interest thereon) to the extent the amount of such interest exceeds 25% of the then outstanding principal

amount of the holder's subordinated debentures.

Events of Default	The indenture will provide for the following events of default with respect to the subordinated debentures: • default for 30 calendar days in the payment of any interest on the subordinated debentures when it becomes due and payable; however, a default under this bullet will not occur if we have deferred interest, as permitted under the indenture, in connection with an optional or mandatory extension period; • default in the payment of the principal of, and premium, if any, on the subordinated debentures when due; • deferral of interest, due to a mandatory deferral or optional deferral, or combination thereof, that continues for ten consecutive years after the first date on which we deferred interest, without all accrued and unpaid interest (including any compounded interest) having been paid in full on the first interest payment date that is more than ten years after the commencement of such deferral; or • certain events of bankruptcy, insolvency, or receivership, whether voluntary or not. The events of default contained in the indenture under which the subordinated debentures will be issued (and the circumstances under which payment of the subordinated debentures could be accelerated) will not include failure to comply with certain covenants, including those described under “Description of the Subordinated Debentures—Share Settlement Mechanism.”
Form	The subordinated debentures will be represented by one or more global securities registered in the name of Cede & Co., as nominee for The Depository Trust Company, or DTC. Beneficial interests in the subordinated debentures will be evidenced by, and transfers thereof will be effected only through, records maintained by the participants in DTC.
Trustee and Paying Agent	The Bank of New York.
Governing Law	New York.
U.S. Federal Income Tax Treatment	In connection with the issuance of the subordinated debentures, Cleary Gottlieb Steen & Hamilton LLP, our special tax counsel, will render its opinion that, while there is no authority directly on point and the issue is not free from doubt, the subordinated debentures will be treated for United States federal income tax purposes as our indebtedness. This opinion is subject to certain customary conditions. By investing in the subordinated debentures, each beneficial owner of subordinated debentures agrees to treat the subordinated debentures as debt for U.S. federal income tax purposes. Under that treatment, payments of interest on the subordinated debentures will be taxable to U.S. holders as ordinary interest income at the time that such payments are accrued or are received (in accordance with such holders' method of tax accounting). If a deferral of an interest payment occurs (whether optional or mandatory), holders will be required to accrue income for U.S. federal income tax purposes in an amount of the accumulated interest on the subordinated debentures, in the form of original issue discount, even though cash distributions are deferred and even though such holders may be cash basis taxpayers. See “U.S. Federal Income Tax Considerations.”

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SVO Classification	The Securities Valuation Office, or SVO, of the National Association of Insurance Commissioners, or NAIC, has advised us that it would preliminarily designate the subordinated debentures that are offered hereby as common equity. The NAIC classification of an investment directly affects U.S. insurance company investors because it affects the capital required for such investment by such investors, but is not determinative in any way in respect of any other tax, accounting or legal considerations for investors generally. See “Risk Factors—The subordinated debentures were preliminarily classified as common equity by the SVO of the NAIC.”

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

We have made various statements in this prospectus supplement (and the accompanying prospectus) that may constitute “forward-looking statements”within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may also be made in our documents incorporated by reference in this prospectus supplement (and the accompanying prospectus). Forward-looking statements are subject to risks and uncertainties, including those identified in the “Risk Factors” section of this prospectus supplement as well as in the documents that are or will be incorporated by reference into this prospectus supplement (and the accompanying prospectus), which could cause actual results to differ materially from such statements. 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. We caution you that any risk factors described or incorporated by reference in this prospectus supplement (and the accompanying prospectus) are not exclusive. There may also be other risks that we are unable to predict at this time that may cause actual results to differ materially from those in 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. We undertake no obligation to update publicly or revise any forward-looking statements.

Information concerning important factors that could cause actual events or results to be materially different from the forward-looking statements can be found in the “Risk Factors”section of this prospectus supplement as well as in the documents that are or will be incorporated by reference into this prospectus supplement (and the accompanying prospectus). Although we believe the expectations reflected in our forward-looking statements are based upon reasonable assumptions, it is not possible to foresee or identify all factors that could have a material and negative impact on our future performance. The forward-looking statements included or incorporated by reference in this prospectus supplement (and the accompanying prospectus) are made on the basis of management's assumptions and analyses, as of the time the statements are made, in light of their experience and perception of historical conditions, expected future developments and other factors believed to be appropriate under the circumstances.

RISK FACTORS

Investing in the subordinated debentures offered by this prospectus supplement involves certain risks. You should carefully consider the following risk factors related to the subordinated debentures as well as the risk factors related to our business in our Annual Report on Form 10-K for the year ended December 31, 2005 and the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, before deciding to purchase any subordinated debentures. Any of these risks could materially adversely affect the value of the subordinated debentures or our business, financial condition or results of operations and could result in a loss of all or a portion of your investment.

We may defer interest payments on the subordinated debentures in our sole discretion and we will be required to defer interest payments under specified circumstances.

We may defer interest payments on the subordinated debentures in certain circumstances for up to ten years without an event of default occurring. Upon termination of any extension period and the payment of all interest then due, we may commence a new extension period, with no limit to the number of new extension periods that we may begin. In addition, under certain circumstances, we may be required to pay interest only out of proceeds raised from the sale of shares of our common stock. If circumstances make the sale of our common stock unfeasible as a result of a market disruption event, we must defer interest on the subordinated debentures. During any extension period, interest will accrue and compound on the subordinated debentures at the then applicable interest rate. There is no guarantee that such deferred interest will sufficiently compensate you for your loss as a result of us not making scheduled interest payments, or that we will subsequently pay such deferred interest. See "Description of the Subordinated Debentures—Consequences of a Mandatory Trigger Event" and "—Option to Extend Interest Payments."

Your rights with respect to deferred interest will be limited in the event of our bankruptcy, insolvency or receivership.

In the event of our bankruptcy, insolvency or receivership, whether voluntary or not, a holder of subordinated debentures will have no claim for unpaid mandatory deferred interest (including compounded interest thereon) to the extent the amount of such interest exceeds 25% of the then outstanding principal amount of the holder's subordinated debentures.

Our ability to pay interest on the subordinated debentures will be limited if we fail to achieve specified tangible common equity and net income levels.

If we fail to achieve specified tangible common equity and net income levels, a mandatory trigger event will occur, in which case we will be required to issue shares of our common stock to third-party purchasers, which, when sold, will provide us with a sufficient amount of cash to make such interest payments. However, we are not required to sell shares of our common stock during market disruption events, which include significant events affecting us or trading in securities issued by us, as well as material disruptions to trading in securities generally on the principal exchange on which our securities trade (as of today, the New York Stock Exchange, or NYSE). If we do not or are unable to sell our common stock, we will be required to defer interest on the subordinated debentures, as described under "Description of the Subordinated Debentures—Share Settlement Mechanism." Our ability to raise proceeds in connection with a mandatory trigger event by issuing shares of our common stock will depend on, among other things, market conditions at the time, our financial performance and a variety of other factors beyond our control, including our ability to obtain any required consents or approvals, such as any corporate, governmental or regulatory authorization that may be required. Accordingly, there could be circumstances where we would wish to pay interest on the subordinated debentures and sufficient cash is available for that purpose, but we may not because we have been unable to obtain proceeds from sales of our common stock sufficient for that purpose. See "Description of the Subordinated Debentures—Consequences of a Mandatory Trigger Event."

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Deferral of interest payments would have adverse tax consequences for you and may adversely affect the trading price of the subordinated debentures.

If interest on the subordinated debentures is deferred, you will be required to recognize interest income for United States federal income tax purposes (in the form of original issue discount, determined on a constant yield method) before you receive any payments of this interest. In addition, you may not receive this cash if you sell the subordinated debentures before any payments are made in satisfaction of deferred interest. See "U.S. Federal Income Tax Consequences—Interest Income and Original Issue Discount" and "—Sale and Retirement of Subordinated Debentures."

We have no current intention of exercising our right to defer payments of interest on the subordinated debentures. However, should interest on the subordinated debentures be deferred, the market price of the subordinated debentures is likely to be affected adversely. In addition, the existence of our right to defer payments of interest on the subordinated debentures may mean that the market price for the subordinated debentures may be more volatile than other securities that do not provide for this right.

We may redeem the subordinated debentures prior to the maturity date, and you may not be able to reinvest in a comparable security.

We have the option to redeem the subordinated debentures for cash, in whole or in part, from time to time on or after September 1, 2016. The redemption price will equal 100% of the principal amount of the subordinated debentures to be redeemed, plus accrued and unpaid interest, together with any compounded interest, on such subordinated debentures to the redemption date, which we refer to as the "par redemption amount." In addition, upon the occurrence of a tax event as described under "Description of the Subordinated Debentures—Redemption," we may redeem the subordinated debentures, in whole but not in part, prior to September 1, 2016, at the greater of the par redemption amount or the make-whole redemption amount, and after September 1, 2016 at the par redemption amount.

There is no authority directly on point addressing the classification of the subordinated debentures for United States federal income tax purposes. A tax event could occur if certain changes in tax law or interpretations occur and are continuing or if there is a threatened challenge (whether or not written) asserted in connection with an audit of us or any of our subsidiaries or there is a threatened challenge asserted in writing against any other taxpayer that has issued securities that are substantially similar to the subordinated debentures, and certain other conditions are satisfied. See "Description of the Subordinated Debentures—Redemption."

In the event we redeem the subordinated debentures, you may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on the subordinated debentures.

The subordinated debentures are effectively subordinated to substantially all of our other debt.

Our obligations under the subordinated debentures are subordinate and junior in right of payment to all of our senior indebtedness, except any indebtedness that by its terms is subordinated to, or ranks on an equal basis with, the subordinated debentures and certain other indebtedness, including indebtedness incurred in the ordinary course of business. This means that we cannot make any payments on the subordinated debentures if we default on a payment of senior indebtedness and do not cure the default within the applicable grace period, if the holders of the senior indebtedness have the right to accelerate the maturity of the senior indebtedness and request that we cease payments on the subordinated debentures or if the terms of our senior indebtedness otherwise restrict us from making payments to junior creditors. See "—The terms of our existing indebtedness may restrict our ability to make payments on the subordinated debentures in specified circumstances." As of March 31, 2006, our consolidated indebtedness, all of which will rank senior to our obligations under the subordinated debentures, aggregated approximately $46.1 billion.

Due to the subordination provisions contained in the indenture governing the subordinated debentures, in the event of our insolvency, funds which we would otherwise use to pay the holders of the subordinated debentures will be used to pay the holders of senior indebtedness to the extent necessary to pay the senior indebtedness in full. As a result of those payments, our general creditors may recover less, ratably, than the holders of our senior indebtedness and these general creditors may recover more, ratably, than the holders of the subordinated debentures.

There are no terms in the indenture or the subordinated debentures that limit our ability to incur additional indebtedness, and we expect from time to time to incur additional indebtedness constituting senior indebtedness.

American Express Company is a holding company, and payments on the subordinated debentures will only be made from our earnings and assets, and not those of our subsidiaries.

We are a holding company. Our principal assets consist of the stock of our operating subsidiaries, and substantially all of our income is derived from those subsidiaries. The subordinated debentures will be solely our obligations, and our subsidiaries will have no obligation to pay any amount in respect of the subordinated debentures or to make any funds available for any such payment. Accordingly, we will be dependent on dividends and other discretionary distributions from our subsidiaries to generate the funds necessary to meet obligations with respect to the subordinated debentures, including the payment of principal and interest thereon.

Because we are a holding company, the subordinated debentures will be structurally subordinated to all of our subsidiaries' existing and future obligations. We only have a shareholder's claim in the assets of our subsidiaries. This shareholder’s claim is junior to claims that creditors of our subsidiaries have against those subsidiaries. Holders of the subordinated debentures will only be creditors of American Express, and such holders will not be creditors of our subsidiaries, where most of American Express' consolidated assets are located.

The terms of our existing indebtedness may restrict our ability to make payments on the subordinated debentures in specified circumstances.

Under the terms of certain of our or our subsidiaries’ loan agreements, if an event of a default under a loan agreement exists on an interest payment date for the subordinated debentures, whether or not the applicable cure period under the loan agreement has elapsed, we would be restricted from borrowing money or receiving payment in the form of dividends from our subsidiaries. As a result, we could be unable to make interest payments on the subordinated debentures if such default existed on an interest payment date. If we are unable to make the required payment of interest on the subordinated debentures and can no longer or choose not to defer the payment of such interest, this failure to pay interest would constitute an event of default with respect to the subordinated debentures under the indenture. In some circumstances, this default would also constitute a default of such other debt and cause or permit our other debt to accelerate and become payable immediately. If this were to occur, it would materially adversely affect our financial condition and liquidity.

If the holders of the subordinated debentures waive American Express’ covenants to mandatorily defer interest under certain circumstances or to pay certain deferred interest only with proceeds from the sale of American Express common stock, our credit ratings may be negatively affected.

The indenture contains covenants that require American Express to defer interest payments on the subordinated debentures if a mandatory trigger event has occurred unless payments are made in accordance with the share settlement mechanism. The indenture also contains covenants that require American Express to pay deferred interest with proceeds raised through the sale of shares of our common stock in accordance with the share settlement mechanism following a mandatory trigger event or following five years (in aggregate) of optional deferrals.

These covenants may be amended, and compliance with these covenants may be waived, solely by the holders of a majority of the aggregate principal amount of the subordinated debentures, and no holder of our senior indebtedness will have the right to enforce these covenants. Although, in the short term, holders of the subordinated debentures may have an economic incentive to waive these covenants in order to receive current or deferred interest if such covenants are waived and American Express pays interest during a period where it would be required to defer interest under the mandatory trigger provision or pays

deferred interest with funds received from any other source, our credit ratings could be negatively affected, which in turn, may have an adverse effect on our business and financial condition.

Holders of the subordinated debentures have limited rights to accelerate payment of the subordinated debentures under the indenture.

Holders of the subordinated debentures or the trustee may accelerate payment of principal, premium, if any, and accrued and unpaid interest on the subordinated debentures only upon the occurrence of an event of default under the indenture. These events of default include:

- non-payment of interest when due for 30 days, provided, however, that deferral of any interest payment in accordance with the terms of the indenture will not be an event of default;

- non-payment of principal and premium, if any, on the subordinated debentures when due;

- any deferral of interest that continues for more than ten consecutive years without all accrued and unpaid interest (including any compounded interest) having been paid in full; and

- certain events of bankruptcy, insolvency or receivership of American Express.

A default by us or by any of our subsidiaries on any of our or their indebtedness, respectively, or acceleration of any such indebtedness, will not result in a cross default or cross acceleration of the subordinated debentures.

Events of default do not include failure to comply with or breach of our other covenants in the indenture applicable to the subordinated debentures, including the covenant to sell shares of our common stock through the share settlement mechanism to pay deferred interest. For example, if we are required to sell shares of our common stock as a result of a mandatory trigger event, but we decide not to sell shares even though no market disruption event has occurred, it will not be an event of default under the indenture and holders will have limited remedies against us. Accordingly, a covenant default, other than the events of default described above, will not result in the acceleration of payment of the subordinated debentures. Although failure to comply with such other covenants could give rise to a claim against us relating to the specific breach, the remedy of holders of the subordinated debentures may be limited to direct monetary damages, if any. In addition, only the trustee or the holders of a majority of the subordinated debentures, if the trustee fails to institute such a proceeding, may institute a proceeding against American Express on account of any such breach. Furthermore, except with respect to covenants relating to our obligation to file periodic or other reports and an annual statement with respect to indenture defaults, the indenture will not require the trustee to take any action in case of such a breach (other than to give notice of default under specified circumstances) unless so directed by holders. See "Description of the Subordinated Debentures—Events of Default."

The interest rate of the subordinated debentures will fluctuate when the fixed rate period ends, and may from time to time decline below the fixed rate.

At the conclusion of the fixed rate period for the subordinated debentures on September 1, 2016, the subordinated debentures will begin to accrue interest at a floating rate. The floating rate may be volatile over time and could be substantially less than the fixed rate, which could reduce the value of the subordinated debentures in any available after-market, apart from the reduction in current interest income.

An active after-market for the subordinated debentures may not develop.

The subordinated debentures constitute a new issue of securities with no established trading market. We cannot assure you that an active after-market for the subordinated debentures will develop or be sustained. Although the underwriters have indicated to us that they intend to make a market in the subordinated debentures, as permitted by applicable laws and regulations, they are not obligated to do so and may discontinue any such market-making at any time without notice. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the subordinated debentures.

General market conditions and unpredictable factors could adversely affect market prices for the subordinated debentures.

There can be no assurance about the market prices for the subordinated debentures. Several factors, many of which are beyond our control, will influence the market value of the subordinated debentures. Factors that might influence the market value of the subordinated debentures include, but are not limited to:

- whether interest payments have been made and are likely to be made on the subordinated debentures from time to time;
- our creditworthiness, financial condition, performance and prospects;
- whether the ratings on the subordinated debentures provided by any ratings agency have changed;
- the market for similar securities; and
- economic, financial, geopolitical, regulatory or judicial events that affect us or the financial markets generally.

If you purchase subordinated debentures, whether in this offering or in the secondary market, the subordinated debentures may subsequently trade at a discount to the price that you paid for them.

The rating agencies that rate the subordinated debentures may change their rating methodologies, including their views on "notching" practices, which could result in a downgrade of the subordinated debentures.

The rating methodologies for securities with features similar to the subordinated debentures are still developing and the rating agencies may change their methodologies in the future. This may include (but is not limited to) the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the subordinated debentures, sometimes called "notching." If any of the rating agencies were to change their practices for rating such securities in the future and one or more of the ratings of the subordinated debentures were subsequently downgraded as a result of such changes, the trading price of the subordinated debentures could be negatively affected.

The subordinated debentures were preliminarily classified as common equity by the SVO of the NAIC.

The SVO has advised us that it would preliminarily classify the subordinated debentures offered hereby as common equity for purposes of calculating the statutory risk-based capital requirements of U.S. insurance companies that hold the subordinated debentures. However, the SVO will not provide an official designation of the security-type of the subordinated debentures unless and until an insurance company subject to regulation by a U.S. state insurance department purchases the subordinated debentures and reports them to the SVO. The SVO will then review the final documentation related to the subordinated debentures and publish its final NAIC designation. Accordingly, no assurance can be given as to the official NAIC designation of the subordinated debentures. The NAIC classification of an investment directly affects U.S. insurance company investors because it affects the capital required for such investment by such investors, but is not determinative in any way of any other tax, accounting or legal considerations for investors generally. A designation of the subordinated debentures as common equity could adversely impact the secondary trading market for the subordinated debentures.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the subordinated debentures will be approximately $739.8 million, after deducting the underwriters' discounts and commissions and estimated offering expenses. We intend to use the net proceeds from this offering for general corporate purposes.

ACCOUNTING TREATMENT

The subordinated debentures will be reported as a component of long-term debt on our balance sheet and interest payments on the subordinated debentures will be reported as a component of interest expense on our income statement.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our historical ratios of earnings to fixed charges for the periods indicated:

	Three Months Ended March 31,	Year Ended December 31,				
	2006	2005	2004	2003	2002	2001
	(in millions of U.S. dollars)					
Earnings						
Pre-tax income from continuing operations	$ 876	$ 4,248	$ 3,831	$ 3,415	$ 3,021	$ 1,737
Interest expense	608	2,168	1,659	1,606	1,832	2,856
Other adjustments	35	150	151	154	174	175
Total earnings (a)	$ 1,519	$ 6,566	$ 5,641	$ 5,175	$ 5,027	$ 4,768
Fixed charges						
Interest expense	$ 608	$ 2,168	$ 1,659	$ 1,606	$ 1,832	$ 2,856
Adjustments	26	151	145	139	151	170
Total fixed charges (b)	$ 634	$ 2,319	$ 1,804	$ 1,745	$ 1,983	$ 3,026
Ratio of Earnings to Fixed Charges (a/b)	2.40	2.83	3.13	2.97	2.54	1.58

Included in interest expense in the above computation is interest expense related to the international banking operations and the Cardmember lending activities, which is netted against net investment income and Cardmember lending net finance charge revenue, respectively, in our consolidated statements of income included in the documents incorporated by reference into this prospectus supplement (and the accompanying prospectus).

For purposes of the “earnings” computation, other adjustments include adding the amortization of capitalized interest, the net loss of affiliates accounted for under the equity method whose debt is not guaranteed by us, the minority interest in the earnings of majority-owned subsidiaries with fixed charges and the interest component of rental expense, and subtracting undistributed net income of affiliates accounted for under the equity method.

For purposes of the “fixed charges” computation, adjustments include adding capitalized interest costs and the interest component of rental expense.

CAPITALIZATION

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