

AMERICAN EXPRESS CO  
 Form 424B5  
 December 05, 2006

Filed pursuant to Rule 424(b)(5)  
 Registration No. 333-138032

CALCULATION OF REGISTRATION FEE

| <u>Class of securities offered</u> | <u>Aggregate offering price</u> | <u>Amount of registration fee</u> |
|------------------------------------|---------------------------------|-----------------------------------|
| Debt securities (1)                | \$1,580,143,000                 | \$169,075.3                       |

(1) Registered in connection with the 1.85% convertible senior debentures due 2033 issued pursuant to an indenture dated November 21, 2003 between American Express Company and U.S. Bank National Association.

**PROSPECTUS SUPPLEMENT  
 (To Prospectus Dated October 16, 2006)**

**\$1,580,143,000**

**American Express Company**  
 Remarketed Floating Rate Notes

In November 2003, we issued \$2,000,000,000 aggregate principal amount of 1.85% convertible senior debentures due 2033, which we refer to as the notes. We are remarketing \$1,580,143,000 aggregate principal amount of the notes on behalf of the holders of the notes who did not opt out of the remarketing.

The next remarketing date will be on June 5, 2008, approximately 18 months from the date of this remarketing, which we refer to as the next remarketing date. Except in the limited circumstances described herein, all outstanding notes will be remarketed on the next remarketing date unless the holder thereof elects not to participate in the remarketing, in which case such holder shall retain its notes at the applicable yield following the remarketing or applicable interest rate if the notes will bear cash interest following the remarketing. If the remarketing on the next remarketing date is successful, each participating holder will receive the then accreted principal amount of its notes. If the remarketing on the next remarketing date is not successful, each holder of notes has the right (which will be deemed to be exercised by each participating holder) to require us to purchase for cash on such remarketing date all or a portion of such holder's notes at 100% of the accreted principal amount thereof, plus accrued and unpaid interest, if any, and contingent accretion, if any, to, but excluding, the date of purchase. Holders who take no action will be entitled to receive payment equal to 100% of the accreted principal amount of their notes, plus accrued and unpaid interest, if any, and contingent accretion, if any, whether or not the next remarketing occurs or is successful.

We may not redeem the notes prior to their final maturity on December 1, 2033, although we may participate in a remarketing where all notes purchased by us will be retired. The interest rate on all of the notes (whether or not participating in the remarketing) will be reset quarterly and will be equal to three-month LIBOR plus 11.435 basis points. Interest on the notes is payable quarterly in arrears on March 5, June 5, September 5 and December 5 of each year, commencing on March 5, 2007 and ending on June 5, 2008, the next remarketing date.

For United States federal income tax purposes, the notes constitute contingent payment debt instruments. See "Certain United States Federal Income Tax Considerations."

The notes will be our senior unsecured obligations and will rank prior to all of our present and future subordinated

indebtedness and on an equal basis with all of our other present and future senior unsecured indebtedness. The notes will be remarketed in denominations of \$1,000 and integral multiples of \$1,000 in excess thereof.

We will not list the notes on any exchange.

**Investing in the notes involves risks. See “Risk Factors” beginning on page S-7 of this prospectus supplement.**

We will only issue the notes in book-entry form registered in the name of a nominee of The Depository Trust Company, New York, New York, or the DTC. Beneficial interests in the notes will be shown on, and transfers of such interests will be made only through, records maintained by DTC and its participants, including Clearstream Banking, société anonyme, and the Euroclear System. Except as described in this prospectus supplement, we will not issue notes in definitive form.

The remarketing agents are remarketing the notes in those jurisdictions both inside and outside the United States where it is lawful to remarket the notes.

---

|          | <b>Price to Public<sup>(1)</sup></b> | <b>Remarketing Fee</b> | <b>Net Proceeds to Participating Holders of the Notes<sup>(1)</sup></b> |
|----------|--------------------------------------|------------------------|---|
| Per note | 100.05%                              | 0.05%                  | 100.00%   |

---

(1) Plus accrued interest from December 1, 2006.

Delivery of the notes will be made on or about December 6, 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.

---

*Remarketing Agents*

**JPMorgan**

**Lehman Brothers**

**Merrill Lynch & Co.**

**The date of this prospectus supplement is December 1, 2006**

---

**TABLE OF CONTENTS**

**Prospectus Supplement**

|   | <b>Page</b> |
|---|-------------|
| <u>About This Prospectus Supplement</u>                           | S-1         |
| <u>Summary</u>  | S-2         |
| <u>Cautionary Statement Regarding Forward-Looking Information</u> | S-6         |
| <u>Risk Factors</u>   | S-7         |
| <u>Use of Proceeds</u>  | S-8         |
| <u>Ratio of Earnings to Fixed Charges</u>                         | S-8         |
| <u>Selected Consolidated Financial Information</u>                | S-9         |
| <u>Description of the Remarketed Notes</u>                        | S-10        |
| <u>Certain United States Federal Income Tax Considerations</u>    | S-18        |
| <u>Remarketing</u>  | S-23        |
| <u>Where You Can Find More Information</u>                        | S-25        |
| <u>Incorporation of Certain Documents By Reference</u>            | S-25        |
| <u>Legal Matters</u>  | S-26        |
| <u>Experts</u>  | S-26        |

**Prospectus**

|  | <b>Page</b> |
|--|-------------|
| <u>About this Prospectus</u>                           | i           |
| <u>Where You Can Find More Information</u>             | ii          |
| <u>Incorporation of Certain Documents by Reference</u> | ii          |
| <u>Forward-Looking Statements</u>                      | iii         |
| <u>The Company</u>                                     | 1           |
| <u>Risk Factors</u>                                    | 2           |
| <u>Ratio of Earnings to Fixed Charges</u>              | 5           |
| <u>Use of Proceeds</u>                                 | 5           |
| <u>Description of Debt Securities</u>                  | 6           |
| <u>Description of Preferred Shares</u>                 | 26          |
| <u>Description of Depositary Shares</u>                | 28          |
| <u>Description of Common Shares</u>                    | 30          |
| <u>Description of Securities Warrants</u>              | 31          |
| <u>Description of Currency Warrants</u>                | 32          |
| <u>Description of Other Warrants</u>                   | 33          |
| <u>ERISA Considerations</u>                            | 34          |
| <u>Certain U.S. Federal Income Tax Consequences</u>    | 35          |
| <u>Plan of Distribution</u>                            | 43          |

Legal Matters

45

Experts

45

i

---

**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the notes 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 notes that we are offering. The description of the terms of the notes 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 accompanying 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 remarketing agents 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 remarket 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.**

## 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 the accompanying prospectus 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 and the accompanying prospectus.*

### 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 into 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).

## The Offering

|                                     |   |
|-------------------------------------|---|
| <b>Issuer</b>                       | American Express Company.   |
| <b>Remarketed Securities</b>        | We are remarketing \$1,580,143,000 aggregate principal amount of the notes on behalf of holders of the notes who did not opt out of the remarketing.  |
| <b>Interest Payment Dates</b>       | The interest rate on all of the notes (whether or not participating in the remarketing) will be reset quarterly and will be equal to three-month LIBOR plus 11.435 basis points. Interest on the notes is payable quarterly in arrears on March 5, June 5, September 5 and December 5 of each year, commencing on March 5, 2007 and ending on June 5, 2008, the next remarketing date.  |
| <b>No Redemption</b>                | We may not redeem the notes prior to their final maturity, although we may participate in a remarketing where all notes purchased by us will be retired.  |
| <b>Next Remarketing Date</b>        | June 5, 2008.   |
|                                     | All outstanding notes will be remarketed on the next remarketing date unless the holder thereof elects not to participate in the remarketing. If the remarketing on the next remarketing date is successful, each participating holder will receive the then accreted principal amount of its notes. If the remarketing on the next remarketing date is not successful, each holder of notes has the right to require us to purchase for cash on such remarketing date all or a portion of such holder's notes at 100% of the accreted principal amount thereof, plus accrued and unpaid interest, if any, and contingent accretion, if any, to, but excluding, the date of purchase. |
| <b>Holdings Who Take No Actions</b> | Holdings who take no action will be entitled to receive payment equal to 100% of the accreted principal amount of their notes, plus accrued and unpaid interest, if any, and contingent accretion, if any, whether or not the next remarketing occurs or is successful.   |
| <b>Maturity Date</b>                | The notes will mature on December 1, 2033.  |
| <b>Markets</b>                      | The notes are being remarketed in those jurisdictions both inside and outside the United States where it is lawful to remarket the notes. See "Remarketing."<br><br>We have been advised by the remarketing agents that they presently intend to make a market for the notes, as permitted by applicable laws and regulations. The remarketing agents are not obligated, however, to make a market for the notes and may discontinue any market-making at any time at their sole discretion.  |

**Minimum  
Denomination;  
Form and  
Settlement**

We will issue the notes, in minimum denominations of \$1,000 and integral multiples of \$1,000 in excess thereof, in the form of one or more fully registered global certificates, or the global notes, which we will deposit on or about December 6, 2006 with, or on behalf of, DTC and register in the name of DTC's nominee, Cede & Co., for the accounts of the participants in DTC, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, or Euroclear, and Clearstream Banking, société anonyme, or Clearstream.

Except as described in this prospectus supplement, beneficial interests in the global notes will be represented through book-entry accounts of financial institutions acting on behalf of beneficial owners as direct and indirect participants in DTC. You may choose to hold interests in the global notes through DTC or through Euroclear or Clearstream if they are participants in such systems, or indirectly through organizations that are participants in such systems.

Euroclear and Clearstream will hold interests on behalf of their participants through their respective U.S. depositaries, which in turn will hold such interests in accounts as participants of DTC. Initial settlement for the notes will be made in immediately available funds in U.S. dollars. Secondary market trading between DTC participants of beneficial interests in the global notes will be settled in immediately available funds using DTC's Same-Day Funds Settlement System. Secondary market trading of beneficial interests in the global notes between Clearstream participants and/or Euroclear participants will settle in immediately available funds.

S-4

---

**U.S. Federal Income Taxation** The notes are subject to the Treasury regulations governing contingent payment debt instruments, which we refer to as the CPDI regulations. Under the CPDI regulations, a U.S. taxable holder of the notes will be required to accrue interest income on the notes in amounts that are generally expected to exceed the interest payments that we make on the notes, regardless of whether the holder uses the cash or accrual method of tax accounting. In addition, we believe that it would generally be appropriate for a U.S. taxable holder to make certain positive and negative adjustments to its accruals of taxable interest income under the CPDI regulations in respect of the notes, which would result in a further increase, for United States federal income tax purposes, in the net interest income accrued on the notes through the next remarketing date. Assuming that a U.S. taxable holder sells all of its notes in the next remarketing, however, the holder should recognize an offsetting ordinary loss at such time for United States federal income tax purposes, in an amount that equals the amount by which accruals of taxable interest income on the notes exceed the interest payments made on the notes. Under the CPDI regulations, gain recognized upon a sale, exchange, or redemption of a note will generally be treated as ordinary interest income; loss will be ordinary loss to the extent of interest previously included in income, and thereafter capital loss. See “Certain United States Federal Income Tax Considerations” for further details. This summary and the discussion in “Certain United States Federal Income Tax Considerations” do not purport to deal with persons in special tax situations, including, without limitation, tax-exempt entities. Such persons should consult their own tax advisers. The proper application of the CPDI regulations to the notes following the remarketing is uncertain in several respects, and no assurance can be given that the Internal Revenue Service will not successfully assert a treatment of the notes different from that set forth under “Certain United States Federal Income Tax Considerations,” which could materially affect the amount, timing, and character of income, gain, or loss with respect to an investment in the notes.

**Use of Proceeds** We will not receive any cash proceeds from the remarketing of the notes.

Proceeds from the remarketing of the notes will be paid to the participating holders of the notes whose notes were sold in the remarketing, after the remarketing agents deduct the remarketing fee of 0.05% of the total proceeds from the remarketing of the notes.

**Trustee** U.S. Bank National Association, or U.S. Bank.

**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 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” 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 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 notes offered by this prospectus supplement involves certain risks. You should carefully consider the following risk factors related to the notes 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 notes.*

**For U.S. federal income tax purposes, you will be required to accrue interest income in amounts generally expected to exceed the interest payments on the notes.**

The notes are subject to the Treasury regulations governing contingent payment debt instruments, which we refer to as the CPDI regulations. Under the CPDI regulations, a U.S. taxable holder of the notes will be required to accrue interest income on the notes in amounts that are generally expected to exceed the interest payments that we make on the notes, regardless of whether the holder uses the cash or accrual method of tax accounting. In addition, we believe that it would generally be appropriate for a U.S. taxable holder to make certain positive and negative adjustments to its accruals of taxable interest income under the CPDI regulations in respect of the notes, which would result in a further increase, for United States federal income tax purposes, in the net interest income accrued on the notes through the next remarketing date. Assuming that a U.S. taxable holder sells all of its notes in the next remarketing, however, the holder should recognize an offsetting ordinary loss at such time for United States federal income tax purposes, in an amount that equals the amount by which accruals of taxable interest income on the notes exceed the interest payments made on the notes. Under the CPDI regulations, gain recognized upon a sale, exchange, or redemption of a note will generally be treated as ordinary interest income; loss will be ordinary loss to the extent of interest previously included in income, and thereafter capital loss. See "Certain United States Federal Income Tax Considerations" for further details. This summary and the discussion in "Certain United States Federal Income Tax Considerations" do not purport to deal with persons in special tax situations, including, without limitation, tax-exempt entities. Such persons should consult their own tax advisers. The proper application of the CPDI regulations to the notes following the remarketing is uncertain in several respects, and no assurance can be given that the Internal Revenue Service will not successfully assert a treatment of the notes different from that set forth under "Certain United States Federal Income Tax Considerations," which could materially affect the amount, timing, and character of income, gain, or loss with respect to an investment in the notes.

**The notes will not be listed.**

The notes will not be listed on any securities exchange. Therefore, there may be little or no secondary market for the notes. The remarketing agents have advised us that they currently intend to make a market in the notes as permitted by applicable laws and regulation. They are not obligated, however, to make a market in the notes and any such market making may be discontinued at any time at the sole discretion of the remarketing agents. Accordingly, there can be no assurance that there will be a secondary market for the notes or that there will be any liquidity in the secondary market, if one develops.

**USE OF PROCEEDS**

We are remarketing \$1,580,143,000 aggregate principal amount of the notes on behalf of participating holders of our notes issued in November 2003. We will not receive any cash proceeds from the remarketing of the notes. Proceeds from the remarketing of the notes will be paid to participating holders of the notes whose notes were sold in the remarketing, after the remarketing agents deduct the remarketing fee of 0.05% of the total proceeds from the remarketing of the notes.

**RATIO OF EARNINGS TO FIXED CHARGES**

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

|   | <b>Nine Months</b>                   |                 | <b>Year Ended December 31,</b> |                 |                 |                 |
|---|--------------------------------------|-----------------|--------------------------------|-----------------|-----------------|-----------------|
|   | <b>Ended</b>                         |                 | <b>2005</b>                    | <b>2004</b>     | <b>2003</b>     | <b>2002</b>     |
|   | <b>September</b>                     |                 |                                |                 |                 |                 |
|   | <b>30,</b>                           |                 |                                |                 |                 |                 |
|   | <b>2006</b>                          |                 |                                |                 |                 |                 |
|   | <b>(in millions of U.S. dollars)</b> |                 |                                |                 |                 |                 |
| <b>Earnings</b>                                 |                                      |                 |                                |                 |                 |                 |
| Pre-tax income from continuing operations       | \$ 4,105                             | \$ 4,248        | \$ 3,831                       | \$ 3,415        | \$ 3,021        | \$ 1,737        |
| Interest expense                                | 2,058                                | 2,168           | 1,659                          | 1,606           | 1,832           | 2,856           |
| Other adjustments                               | 104                                  | 150             | 151                            | 154             | 174             | 175             |
| <b>Total earnings (a)</b>                       | <b>\$ 6,267</b>                      | <b>\$ 6,566</b> | <b>\$ 5,641</b>                | <b>\$ 5,175</b> | <b>\$ 5,027</b> | <b>\$ 4,768</b> |
| <b>Fixed charges</b>                            |                                      |                 |                                |                 |                 |                 |
| Interest expense                                | \$ 2,058                             | \$ 2,168        | \$ 1,659                       | \$ 1,606        | \$ 1,832        | \$ 2,856        |
| Adjustments                                     | 80                                   | 151             | 145                            | 139             | 151             | 170             |
| <b>Total fixed charges (b)</b>                  | <b>\$ 2,138</b>                      | <b>\$ 2,319</b> | <b>\$ 1,804</b>                | <b>\$ 1,745</b> | <b>\$ 1,983</b> | <b>\$ 3,026</b> |
| <b>Ratio of Earnings to Fixed Charges (a/b)</b> | <b>2.93</b>                          | <b>2.83</b>     | <b>3.13</b>                    | <b>2.97</b>     | <b>2.54</b>     | <b>1.58</b>     |

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.

S-8

---

**SELECTED CONSOLIDATED FINANCIAL INFORMATION**

We present in the table below our selected consolidated financial data, which should be read in conjunction with and is qualified in its entirety by reference to “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and the related notes contained in our Annual Report on Form 10-K for the year ended December 31, 2005, and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the unaudited consolidated financial statements and the related notes contained in our Quarterly Report on Form 10-Q for the ninth-month period ended September 30, 2006, each of which is incorporated by reference in this prospectus supplement and the accompanying prospectus. The selected consolidated financial data for the fiscal year ended December 31, 2005 have been derived from our financial statements, which have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm. The selected consolidated financial data for the fiscal year ended December 31, 2004 and the selected operating results for the fiscal year ended December 31, 2003 have been derived from our financial statements, which have been audited by Ernst & Young LLP, an independent registered public accounting firm. The selected consolidated balance sheet data as of December 31, 2003 and the selected consolidated financial data for the fiscal years ended December 31, 2002 and 2001 have been derived from our unaudited financial statements, which were restated to reflect certain discontinued operations, including the spin-off of Ameriprise Financial, Inc. in September 2005, and were not re-audited following such restatement.

The selected consolidated financial data for the nine months ended September 30, 2006 and September 30, 2005 have been derived from our unaudited consolidated financial statements. In the opinion of our management, the unaudited information reflects all adjustments (consisting only of normal and recurring adjustments) necessary for a fair presentation of the results for those periods. Results for the nine months ended September 30, 2006 are not necessarily indicative of the results to be expected for the full fiscal year.

|  | <b>Nine Months Ended</b>      |             | <b>Year Ended December 31,</b> |             |             |             |
|--|-------------------------------|-------------|--------------------------------|-------------|-------------|-------------|
|  | <b>2006</b>                   | <b>2005</b> | <b>2005</b>                    | <b>2004</b> | <b>2003</b> | <b>2002</b> |
|  | (in millions of U.S. dollars) |             |                                |             |             |             |
| <b>OPERATING RESULTS</b>                   |                               |             |                                |             |             |             |
| Revenues                                   | \$ 19,928                     | \$ 17,688   | \$ 24,267                      | \$ 21,964   | \$ 19,549   | \$ 18,079   |
| Expenses                                   | 15,823                        | 14,399      | 20,019                         | 18,133      | 16,134      | 15,058      |
| Income (loss) from discontinued operations | (19)                          | 519         | 513                            | 830         | 665         | 529         |
| Net income                                 | \$ 2,785                      | \$ 2,989    | \$ 3,734                       | \$ 3,445    | \$ 2,987    | \$ 2,671    |

|                      | <b>As of</b>         | <b>Year Ended December 31,</b> |             |             |             |             |
|----------------------|----------------------|--------------------------------|-------------|-------------|-------------|-------------|
|                      | <b>September 30,</b> | <b>2005</b>                    | <b>2004</b> | <b>2003</b> | <b>2002</b> | <b>2001</b> |
|                      | <b>2006</b>          | (in millions of U.S. dollars)  |             |             |             |             |
| <b>BALANCE SHEET</b> |                      |                                |             |             |             |             |
| Cash and             | \$ 7,978             | \$ 7,126                       | \$ 7,808    | \$ 3,967    | \$ 3,939    | \$ 4,542    |

|   |         |         |         |         |         |         |
|---|---------|---------|---------|---------|---------|---------|
| cash  |         |         |         |         |         |         |
| equivalents                                   |         |         |         |         |         |         |
| Accounts receivable and accrued interest, net | 36,456  | 35,497  | 32,398  | 29,394  | 27,677  | 27,997  |
| Investments                                   | 21,575  | 21,334  | 21,675  | 19,305  | 20,272  | 17,354  |
| Loans, net                                    | 45,908  | 40,801  | 34,256  | 31,706  | 27,212  | 25,799  |
| Assets of discontinued operations             |         |         | 87,141  | 80,207  | 69,242  | 66,921  |
| Total assets                                  | 120,931 | 113,960 | 194,216 | 175,861 | 158,299 | 151,617 |
| Customers' deposits                           | 21,861  | 24,579  | 20,107  | 20,252  | 17,252  | 13,471  |
| Travelers Cheques outstanding                 | 6,949   | 7,175   | 7,287   | 6,819   | 6,623   | 6,190   |
| Short-term debt                               | 15,220  | 15,633  | 14,316  | 18,983  | 21,272  | 31,554  |
| Long-term debt                                | 39,407  | 30,781  | 32,676  | 20,209  | 16,188  | 7,668   |
| Liabilities for discontinued operations       |         |         | 80,675  | 73,193  | 63,112  | 61,575  |
| Shareholders' equity                          | 10,756  | 10,549  | 16,020  | 15,323  | 13,861  | 12,037  |

S-9

## DESCRIPTION OF THE REMARKETED NOTES

The following is a description of the particular terms of the notes remarketed pursuant to this prospectus supplement. This description supersedes the description of the general terms and provisions of senior debt securities set forth in the accompanying prospectus under "Description of Debt Securities." The following description is qualified in its entirety by reference to the provisions of the indenture, dated as of November 21, 2003, relating to the notes. A copy of the indenture is filed as an exhibit to the registration statement of which this prospectus supplement and the accompanying prospectus are a part. Capitalized terms not defined in this section have the meanings assigned to such terms in the indenture.

### General

The notes are issued under our indenture, dated as of November 21, 2003, between us and U.S. Bank, as trustee. The notes will be our senior unsecured obligations and will rank prior to all present and future subordinated indebtedness of the Company and on an equal basis with all other present and future senior unsecured indebtedness of the Company.

The notes were originally issued in November 2003.

This is a remarketing of \$1,580,143,000 aggregate principal amount of the notes on behalf of holders of the notes who did not opt out of the remarketing.

The next remarketing date will be on June 5, 2008. If the remarketing on the next remarketing date is successful, each participating holder will receive the then accreted principal amount of its notes. If the remarketing on the next remarketing date is not successful, each holder of notes has the right to require us to purchase for cash on such remarketing date all or a portion of such holder's notes at 100% of the accreted principal amount thereof, plus accrued and unpaid interest, if any, and contingent accretion, if any, to, but excluding, the date of purchase, as described in more detail below under "Remarketing of the Notes." Holders who take no action will be entitled to receive payment equal to 100% of the accreted principal amount of their notes, plus accrued and unpaid interest, if any, and contingent accretion, if any, whether or not the next remarketing occurs or is successful.

The notes are not redeemable prior to their final maturity, although we may participate in a remarketing where all notes purchased by us will be retired.

### Payments

The notes will mature on December 1, 2033, but will be remarketed on June 5, 2008, which is the next remarketing date. The interest rate on all of the notes (whether or not participating in the remarketing) will be reset quarterly and will be equal to three-month LIBOR plus 11.435 basis points. Interest on the notes is payable quarterly in arrears on March 5, June 5, September 5 and December 5 of each year, commencing on March 5, 2007 and ending on June 5, 2008, the next remarketing date. We refer to each such quarterly period as an interest payment period.

The amount of interest payable for any full interest payment period will be computed on the basis of a 360-day year using the actual number of days during the period. In the event that any date on which interest is payable on the notes is not a business day, payment of the interest payable on such date will be made on the next succeeding day that is a business day (without payment of any interest or other amount in respect of any such delay), except that if such business day is in the next succeeding calendar month, then such payment date will be the immediately preceding business day. Interest not paid on any interest payment date will accrue and compound quarterly at a rate per year equal to the then applicable rate of interest on the notes until paid.

The calculation agent will calculate the floating rate and the amount of interest payable on each quarterly payment date. Promptly upon such determination, the calculation agent will notify us and, if the trustee is not then serving as the calculation agent, the trustee, of the floating rate for the new quarterly interest payment period. The floating rate determined by the calculation agent, absent manifest error, will be binding and conclusive on us, the holders of the notes and the trustee. U.S. Bank will initially act as the calculation agent.

S-10

---

Three-month LIBOR, with respect to an interest payment period, means the rate (expressed as a percentage per year) for deposits in U.S. dollars for a three-month period that appears on Telerate Page 3750 as of 11:00 a.m. (London time) on the second London banking day immediately preceding the first day of such interest payment period. The term “Telerate Page 3750” means the display on MoneyLine Telerate page 3750 or any successor service or page for the purpose of displaying the London interbank offered rates of major banks.

If three-month LIBOR cannot be determined as described above, we will select four major banks in the London interbank market. We will request that the principal London offices of those four selected banks provide their offered quotations to prime banks in the London interbank market at approximately 11:00 a.m., London time, on the second London banking day immediately preceding the first day of the applicable interest payment period. These quotations will be for deposits in U.S. dollars for a three-month period. Offered quotations must be based on a principal amount equal to an amount that is representative of a single transaction in U.S. dollars in the market at the time.

If two or more quotations are provided, three-month LIBOR for the interest payment period will be the arithmetic mean of the quotations. If fewer than two quotations are provided, we will select three offered rates quoted by three major banks in New York City, on the second London banking day immediately preceding the first day of the applicable interest payment period. The rates quoted will be for loans in U.S. dollars for a three-month period. Rates quoted must be based on a principal amount equal to an amount that is representative of a single transaction in U.S. dollars in the market at the time. If fewer than three New York City banks selected by us are quoting rates, three-month LIBOR for the applicable interest payment period will be the same as for the immediately preceding interest payment period or, if the immediately preceding interest payment period is a fixed rate interest payment period, the same as for the most recent quarter for which three-month LIBOR can be determined.

“Business day” means any day other than a Saturday, a Sunday or a day on which banking institutions in The City of New York are authorized or required by law, regulation or executive order to close.

“London banking day” means any day on which dealings in deposits in U.S. dollars are transacted in the London interbank market.

### **Contingent Accretion**

We will be required to pay contingent interest, which we refer to as contingent accretion, if, for four or more consecutive three-month interest periods the notes are rated below BBB by S&P and below Baa3 by Moody’s, or the notes are no longer rated by both S&P and Moody’s, as of the last day of each such three-month interest period. In such event, contingent accretion will accrue in an amount equal to \$5.00 per \$1,000 principal amount note for each such three-month interest period. Additional contingent accretion will accrue in an amount equal to \$5.00 per \$1,000 principal amount note for each three-month interest period during such period of four or more consecutive three-month interest periods in which the rating assigned to the notes by S&P is below BB and by Moody’s is below Ba2, or the notes are no longer rated by both S&P and Moody’s as of the last day of each such interest period. Such contingent accretion and additional contingent accretion, if any, shall be payable upon our repayment of the notes in full, whether at maturity, upon acceleration or otherwise. Any contingent accretion and additional contingent accretion will not bear any interest or additional accretion from accrual until payment. If, following the accrual of any contingent accretion and additional contingent accretion and prior to repayment in full of the notes, the rating assigned to the notes by S&P is BBB or higher and by Moody’s is Baa3 or higher, such contingent accretion and additional contingent accretion shall no longer be payable.

### **Remarketing Reset Event**

The notes will be remarketed on June 5, 2008 and the date (or dates) at least six months thereafter and prior to maturity that are specified by us prior to the next remarketing, each a “remarketing reset date.” We may also elect prior to any remarketing that following such remarketing the notes will not bear cash interest, in which case the principal

amount of the notes will accrete during the period in which the notes do not bear cash interest.

S-11

---

The yield on the notes on each remarketing reset date will be the yield to the next remarketing reset date, or the cash interest rate, such that the proceeds from the remarketing of the notes, net of any remarketing fee, will be 100% of their accreted principal amount, plus any accrued and unpaid interest (including any accrued contingent accretion); *provided* that the yield will not be reset to less than 0% per annum. From and after the applicable remarketing reset date, the principal amount of the notes will accrete daily at the reset yield until the next remarketing reset date, unless we elect that the notes will bear cash interest, in which case the daily accretion rate will be 0%.

We will notify the holders of notes, and we will request that DTC notify its participants holding notes, at least 21 business days prior to each remarketing reset date of: the next remarketing; the next remarketing reset date; whether the notes will accrete or bear cash interest and if the notes will bear cash interest, the applicable interest payment dates and record dates; the right of participants holding notes to require us to purchase their notes if such remarketing is not successful; the procedures a holder must follow to elect not to participate in the remarketing and the date by which such election must be made; *provided* that if we do not provide such notice, the next remarketing reset date shall be the first anniversary of the previous remarketing reset date and the notes will not bear cash interest. We also will issue a press release through Reuters Economic Services and Bloomberg Business News or other reasonable means of distribution and publish such information on our web site on the World Wide Web.

All outstanding notes will be tendered or deemed tendered to the remarketing agents for remarketing on any remarketing reset date, unless the holder thereof elects not to participate in such remarketing. Each holder of notes by purchasing such notes agrees to have such notes remarketed on any remarketing reset date, unless such holder elects not to participate in the remarketing, and authorizes the remarketing agents to take any and all action on its behalf necessary to effect the remarketing. In order to elect not to participate in a remarketing on any remarketing reset date, holders must notify the paying agent on or prior to the business day immediately preceding any remarketing reset date of the number of notes they wish to withhold from a remarketing on the remarketing reset date. Following a remarketing, a holder may elect not to participate in any subsequent remarketing by notice to the paying agent on or prior to the business day immediately preceding the applicable remarketing reset date.

With respect to any remarketing of the notes after December 1, 2006, we will appoint one or more remarketing agents and enter into a remarketing agreement prior to any remarketing reset date. We will use our reasonable best efforts to effect the remarketing of the notes as described in this prospectus. If in the judgment of our counsel or counsel to the remarketing agents a registration statement is required to effect the remarketing of the notes, we will use reasonable best efforts to ensure that a registration statement covering the full accreted principal amount of notes to be remarketed on any remarketing reset date will be effective in a form that will enable each remarketing agent to rely on it in connection with the remarketing or we will effect such remarketing pursuant to Rule 144A under the Securities Act or any other available exemption from applicable registration requirements.

The remarketing agents will deduct their fee from the proceeds of any remarketing and remit the remaining proceeds, which shall be at least 100% of the accreted principal amount of the notes remarketed, to the holders of notes participating in such remarketing as promptly as possible following the applicable remarketing reset date.

If a remarketing of the notes is required on any remarketing reset date and the remarketing is not successful, each holder of notes will have the right to require us on such remarketing reset date to purchase for cash all or a portion of such holder's notes at 100% of the accreted principal amount thereof, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase and any accrued contingent accretion or additional contingent accretion. Holders of notes will be deemed to have exercised this repurchase right unless they had elected not to participate in the applicable remarketing. In addition, in the event of a failed remarketing, each holder of notes who has elected not to participate in any remarketing must notify the paying agent on or prior to the business day immediately preceding the related remarketing reset date of the number of notes it wants us to purchase on such remarketing reset date. We will deliver payment for such repurchase as promptly as practicable following the applicable remarketing reset date. If we are unable to deliver payment for any repurchase for any reason, including insufficient funds or any restrictions in our other indebtedness, we will be in default under the indenture relating to the notes and the



notes may be accelerated as described under “ Events of Default” below. There are currently no restrictions in our other indebtedness that would prohibit such a repurchase.

If all holders elect not to participate in any remarketing or the notes are not successfully remarketed in any remarketing, the notes will cease to bear cash interest (if any) and the yield to the next remarketing reset date will be reset to the rate necessary, in the judgment of the remarketing agents based on bids from at least three independent nationally recognized securities dealers selected by the remarketing agents, for the notes to trade at a price equal to 100% of their accreted principal amount as of such remarketing reset date. If the remarketing agents are not able to obtain bids from at least three independent nationally recognized securities dealers on a remarketing reset date, the yield to the next remarketing reset date will be the reset rate in effect prior to such remarketing, or if no reset rate has previously been determined, the regular interest rate or yield in effect for the notes immediately prior to the applicable remarketing reset date.

If less than \$50 million aggregate original principal amount of notes is to be remarketed on any remarketing reset date because holders of all remaining outstanding notes have elected not to participate in such remarketing, no remarketing will take place on such date, the notes will cease to bear cash interest (if any) and the yield to the next remarketing reset date will be reset as described above. In addition, holders who did not opt out of the remarketing, but only those holders, will have the right, which will be deemed to be exercised, to require us to purchase such notes at 100% of the accreted principal amount thereof, plus accrued and unpaid interest, if any, and accrued contingent accretion, if any, to, but excluding, the date of purchase.

## **Covenants**

We have covenanted in the indenture that we will not at any time directly or indirectly create, or allow to exist or be created, any mortgage, pledge, encumbrance or lien of any kind upon:

- any shares of capital stock owned by us of any of American Express Travel Related Services Company, Inc. or American Express Bank Ltd. (other than director’s qualifying shares), so long as they continue to be our subsidiaries, which we refer to

collectively  
as the  
“principal  
subsidiaries”;  
or

- any shares of capital stock owned by us of a subsidiary that owns, directly or indirectly, capital stock of any of the principal subsidiaries.

Such liens are permitted if we provide that the notes will be secured by such lien equally and ratably with any and all other obligations also secured, for as long as any such other obligations are so secured.

However, we may incur or allow to exist upon the stock of the principal subsidiaries liens for taxes, assessments or other governmental charges or levies which are not yet due or are payable without penalty or which we are contesting in good faith, or liens of judgments that are on appeal or are discharged within 60 days.

#### **Consolidation, Merger, Sale or Conveyance**

We may not consolidate with or merge into any other person or convey or transfer our properties and assets substantially as an entirety to any person, unless:

- we are the surviving corporation or the successor is a corporation organized under the laws of the United States of America or any state thereof or the District of Columbia, and expressly assumes our obligations on the notes and under the

indenture,

- immediately after giving effect to the transaction, no default or event of default shall have occurred and be continuing, and
- we have delivered to the trustee an officers' certificate and an opinion of counsel each stating that such transaction complies with these requirements.

When such a person assumes our obligations in such circumstances, subject to certain exceptions, we shall be discharged from all obligations under the notes and the indenture.

**Events of Default; Waiver and Notice**

The indenture defines an event of default as one or more of the following:

- default in payment of the accreted principal amount, redemption price or remarketing purchase price (in each case including any accrued contingent accretion) with respect to any note when such payment becomes due and payable, including in the event a remarketing is not successful;
- default for 30 days in payment of any interest (including any accrued contingent accretion) on the notes;
- failure by American Express Company to comply with any of its other agreements in the notes or the indenture upon receipt by American Express Company of written notice of such default by the trustee

or by holders of not less than 25% in aggregate original principal amount of the notes then outstanding and American Express Company's failure to cure (or obtain a waiver of) such default within 90 days after receipt by American Express of such notice;

- an event of default under any other indebtedness of American Express Company for borrowed money in excess of \$50,000,000 which results in an aggregate principal amount of at least \$50,000,000 of such other series of debt securities or such other indebtedness becoming or being declared due and payable prior to the date on which it would otherwise

become due  
and payable  
and such  
acceleration  
has not been  
rescinded or  
annulled  
within 10 days  
after notice of  
default is  
given;

- certain events  
of bankruptcy,  
insolvency or  
reorganization  
of American  
Express  
Company.

If an event of default shall have occurred and be continuing, either the trustee or the holders of not less than 25% in aggregate original principal amount of the notes then outstanding may declare the accreted principal amount of the notes as of the date of such declaration plus accrued interest and any accrued contingent accretion through the date of such declaration to be immediately due and payable. After acceleration, the holders of a majority in aggregate original principal amount of the notes may, under certain circumstances, rescind and annul such acceleration if all events of default, other than the non-payment of accelerated principal or other specified amount, have been cured or waived.

Prior to the declaration of the acceleration of the notes, the holders of a majority in aggregate original principal amount of the notes may waive, on behalf of all of the holders of the notes, any default and its consequences, except an event of default described in the first two bullet points above, a default in respect of a provision that cannot be amended without the consent of all of the holders of the notes or a default that constitutes a failure to convert any notes into shares of common stock. Other than the duty to act with the required care during an event of default, the trustee will not be obligated to exercise any of its rights or powers at the request of the holders unless the holders shall have offered to the trustee reasonable indemnity. Generally, the holders of a majority in aggregate original principal amount of the notes will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred on the trustee.

A holder will not have any right to institute any proceeding under the indenture, or for the appointment of a receiver or a trustee, or for any other remedy under the indenture, unless:

- the holder  
has  
previously  
given to the  
trustee  
written  
notice of a  
continuing  
event of  
default with  
respect to

the notes;

- the holders of a least 25% in aggregate original principal amount of the notes have made a written request and have offered reasonable indemnity to the trustee to institute the proceeding;
- such holder or holders offer to the trustee security or indemnity satisfactory to the trustee against any loss, liability or expense; and
- the trustee has failed to institute the proceeding and has not received direction inconsistent with the original request from the holders of a majority in aggregate

original  
principal  
amount of  
the notes  
within 60  
days after  
the original  
request.

Holders may, however, sue to enforce the payment of the accreted principal amount, accrued and unpaid interest (including any accrued contingent accretion) or redemption price with respect to any note on or after the due date or to enforce the right, if any, to convert any note without following the procedures listed in the first three bullet points above.

We will furnish the trustee an annual statement by our officers as to whether or not we are in default in the performance of the indenture and, if so, specifying all known defaults.

S-14

---

## Modification of the Indenture

We and the trustee may, without the consent of the holders of the notes, enter into supplemental indentures for, among others, one or more of the following purposes:

- to evidence the succession of another corporation to our company, and the assumption by such successor of our obligations under the indenture and the notes;
- to add to our covenants, or surrender any of our rights, or add any rights for the benefit of the holders of notes;
- to cure any ambiguity, omission, defect or inconsistency in the indenture, to correct or supplement any provision in the indenture, or to make any other provisions with respect to matters or questions arising under the indenture, so long as the

interests of holders of notes are not adversely affected in any material respect under the indenture;

- to evidence and provide for the acceptance of any successor trustee with respect to the notes or to facilitate the administration of the trust thereunder by the trustee in accordance with such indenture; and
- to provide any additional events of default;

provided that any amendment described in the third bullet point above made solely to conform the provisions of the indenture to the description of the notes contained in this prospectus will not be deemed to adversely affect the interests of holders of the notes.

With certain exceptions, the indenture or the rights of the holders of the notes may be modified by us and the trustee with the consent of the holders of a majority in aggregate original principal amount of the notes then outstanding, but no such modification may be made without the consent of the holder of each outstanding note affected thereby that would:

- change the maturity of any payment of principal (including any accrued contingent accretion) of or any installment of interest on

any note;

- reduce the original principal amount or accreted principal amount thereof;
- alter the manner or rate of accretion of principal or the manner or rate of accrual of interest or contingent accretion;
- change any place of payment where, or the coin or currency in which, any note or interest (including the payment of any accrued contingent accretion) thereon is payable;
- impair the right to institute suit for the enforcement of any such payment on or after the maturity thereof (or, in the case of redemption or repurchase, on

or after the redemption date or the purchase date, as the case may be);

- adversely affect the remarketing provisions in the indenture;
- reduce the quorum or voting requirements under the indenture;
- reduce the percentage in original principal amount of the outstanding notes, the consent of whose holders is required for any such modification, or the consent of whose holders is required for any waiver of compliance with certain provisions of the indenture or certain defaults thereunder and their consequences provided for in the indenture; or
-

modify any of the provisions of certain sections of the indenture, including the provisions summarized in this paragraph, except to increase any such percentage or to provide that certain other provisions of the indenture cannot be modified or waived without the consent of the holder of each outstanding note affected thereby.

**Discharge of the Indenture**

We may satisfy and discharge our obligations under the indenture by delivering to the trustee for cancellation all outstanding notes or by depositing with the trustee or the paying agent, after the notes have become due and payable, whether at stated maturity, or any redemption date or otherwise, cash sufficient to pay all of the outstanding notes and paying all other sums payable by us under the indenture.

## **Governing Law**

The indenture and the notes are governed by and construed in accordance with the laws of the State of New York.

## **Book-Entry System**

The notes are represented by one or more global securities. Each global security was deposited on November 21, 2003 on behalf of DTC and registered in the name of Cede & Co., as nominee of DTC. Except under circumstances described below, the notes will not be issued in definitive form. Ownership of beneficial interests in a global security is limited to persons that have accounts with DTC or its nominee, which we refer to as “participants”, or persons that may hold interests through participants. You may elect to hold interests in the global notes either through DTC (inside the United States) or through Clearstream or Euroclear (outside of the United States) if they are participants in such systems, or indirectly through organizations which are participants in such systems. Clearstream and Euroclear will hold interests on behalf of their participants through customers’ securities accounts in Clearstream’s and Euroclear’s names on the books of their respective depositories, which in turn will hold such interests in customers’ securities accounts in the depositories’ names on the books of DTC. Interests held through Clearstream and Euroclear will be recorded on DTC’s books as being held by the U.S. depository for each of Clearstream and Euroclear, which U.S. depositories will in turn hold interests on behalf of their participants’ customers’ securities accounts. Except as set forth below, the global notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. The laws of some states require that certain purchasers of securities take physical delivery of such securities in definitive form. Such limits and such laws may impair the ability to transfer beneficial interests in a global security.

So long as DTC or its nominee is the registered owner of a global security, DTC or its nominee, as the case may be, are considered the sole owner or holder of the notes represented by that global security for all purposes under the indenture. Except as provided below, owners of beneficial interests in a global security are not entitled to have notes represented by that global security registered in their names, will not receive or be entitled to receive physical delivery of notes in definitive form and are not considered the owners or holders thereof under the indenture. Beneficial owners are not holders and are not entitled to any rights provided to the holders of notes under the global securities or the indenture. Principal and interest payments, if any, on notes registered in the name of DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner of the relevant global security. Neither we, the trustee, any paying agent or the registrar for the notes have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in a global security or for maintaining, supervising or reviewing any records relating to such beneficial interests.

We expect that DTC, Euroclear or Clearstream, as applicable, upon receipt of any payment of principal or interest, if any, will credit immediately participants’ accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant global security as shown on the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in a global security held through such participants will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such participants.

If we redeem less than all of the global security, we have been advised that it is DTC’s practice to determine by lot the amount of the interest of each participant in the global security to be redeemed.

If DTC is at any time unwilling or unable to continue as a depository and a successor depository is not appointed by us within 90 days or if an event of default shall occur and be continuing under the indenture, we will issue notes in definitive form in exchange for the entire global security for the notes. In addition, we may at any time and in our sole discretion determine not to have notes represented by a global security and, in such event, will issue notes in definitive form in exchange for the entire global security relating to such notes. In any such instance, an owner of a beneficial

interest in a global security will be entitled to physical delivery in definitive form of notes represented by such global security equal in principal amount to such beneficial interest and to have such notes registered in its name. Notes so issued in definitive form will be issued as registered notes in denominations of \$1,000 original principal amount and integral multiples thereof, unless otherwise specified by us.

S-16

---

## **Global Clearance and Settlement Procedures**

Investors will make initial payment for the notes in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC's rules and will be settled in immediately available funds using DTC's Same-Day Funds Settlement System. Secondary market trading between Clearstream participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional eurobonds in immediately available funds.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream or Euroclear participants, on the other, will be effected through DTC in accordance with DTC's rules on behalf of the relevant European international clearing system by its U.S. depository. Such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (based on European time). The relevant European international clearing system will, if the transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering or receiving notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream participants and Euroclear participants may not deliver instructions directly to their respective U.S. depositories.

Because of time-zone differences, credits of notes received in Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. Such credits or any transactions in such notes settled during such processing will be reported to the relevant Euroclear or Clearstream participants on such business day. Cash received in Clearstream or Euroclear as a result of sales of notes by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the business day following settlement in DTC.

Although DTC, Clearstream and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of notes among participants of DTC, Clearstream and Euroclear, they are under no obligation to perform or continue to perform such procedures and such procedures may be discontinued at any time.

## **Notices**

So long as the global notes are held on behalf of DTC or any other clearing system, notices to holders of notes represented by a beneficial interest in the global notes may be given by delivery of the relevant notice to DTC or the alternative clearing system, as the case may be.

## **Trustee**

U.S. Bank is the trustee under the indenture, dated as of November 21, 2003, with respect to the notes and is the paying agent and registrar for the notes. We and our affiliates have entered, and from time to time may continue to enter, into banking or other relationships with U.S. Bank or its affiliates. For example, U.S. Bank provides custodial services to us and provides corporate trust services to our affiliates. We and our affiliates may have other customary banking relationships (including other trusteeships) with the trustee.

## CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

### General

The following discussion is a summary of certain United States federal income tax considerations relevant to the ownership and disposition of notes acquired in the remarketing. All references to “holders” (including U.S. Holders and Non-U.S. Holders, as defined below) are to beneficial owners of the notes who acquire the notes in the remarketing. The discussion below deals only with notes held as capital assets and does not purport to deal with persons in special tax situations, including, for example, financial institutions, insurance companies, regulated investment companies, dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting for securities holdings, tax exempt entities, persons holding notes in a tax-deferred or tax-advantaged account, or persons holding notes as a hedge against currency risk, as a position in a “straddle,” or as part of a “hedging” or “conversion” transaction.

This summary does not address all of the tax considerations that may be relevant to a holder of the notes. Among other items, it does not address:

- the United States federal income tax consequences to shareholders in, or partners or beneficiaries of, an entity that is a holder of notes;
- the United States federal estate, gift, or alternative minimum tax consequences of the purchase, ownership, or disposition of notes;
- the application of the United States federal branch profits tax to U.S. Holders who are non-U.S. corporations;

- the tax considerations relevant to U.S. Holders whose functional currency is not the United States dollar; or
- any state, local, or foreign tax consequences of the purchase, ownership, or disposition of notes.

This summary is based upon laws, regulations, rulings, interpretations, and decisions now in effect, all of which are subject to change, possibly on a retroactive basis. No rulings have been sought or are expected to be sought from the Internal Revenue Service with respect to any of the tax considerations discussed below. As a result, there is a possibility that the Internal Revenue Service could disagree with the tax characterizations and tax consequences described below.

**Persons considering an investment in the notes should consult their own tax advisers with respect to the tax consequences to them of the purchase, ownership, and disposition of the notes in the light of their own particular circumstances, including consequences under United States federal, state, and local income tax laws, consequences under foreign and other tax laws, and the possible effects of any changes in applicable tax laws.**

#### **Classification of the Notes**

In connection with the issuance of the notes, we received an opinion from our counsel, Cleary Gottlieb Steen & Hamilton LLP, that the notes would be treated as indebtedness for United States federal income tax purposes and that the notes would be subject to the special regulations governing contingent payment debt instruments, which we refer to as the CPDI regulations. Moreover, pursuant to the terms of the indenture, we and each holder of the notes agree, for United States federal income tax purposes, to treat the notes as debt instruments that are subject to the CPDI regulations with a “comparable yield” calculated in the manner described below and a “projected payment schedule” as set forth below.

The proper application of the CPDI regulations to the notes following the remarketing is uncertain in several respects, and it is possible that the Internal Revenue Service could assert that the notes should be treated in a different manner than that described below. A different treatment of the notes could materially affect the amount, timing, and character of income, gain, or loss with respect to an investment in the notes. **Accordingly, you are urged to consult your own tax advisers regarding the United States federal income tax consequences, under the CPDI regulations and otherwise, of the purchase, ownership, and disposition of the notes.**

## U.S. Holders

The following discussion is a summary of certain United States federal income tax consequences that will apply to you if you are a citizen or resident of the United States, a U.S. domestic corporation, or a person who is otherwise subject to United States federal income tax on a net income basis in respect of the notes (a “U.S. Holder”). For purposes of this summary, the term U.S. Holder includes a non-U.S. person who holds notes in connection with the conduct of a trade or business within the United States or, where a tax treaty applies, in connection with the conduct of business through a U.S. permanent establishment.

### *Accrual of Interest on the Notes*

Pursuant to the CPDI regulations, a U.S. Holder will be required to accrue interest income on the notes on a constant-yield basis at an assumed yield that was determined at the time of issuance of the notes (the “comparable yield”), regardless of whether the U.S. Holder uses the cash or accrual method of tax accounting. As a consequence, a U.S. Holder generally will be required to accrue interest income on the notes in amounts that may exceed the interest payments that we make on the notes.

The CPDI regulations provide that a U.S. Holder must accrue an amount of ordinary interest income, as original issue discount for United States federal income tax purposes, calculated as follows for each accrual period prior to and including the maturity date of the notes:

- the adjusted issue price (as defined below) of the notes as of the beginning of the accrual period;

*multiplied*  
*by:*

- the comparable yield of the notes, adjusted for the length of the accrual period;

*multiplied*  
*by:*

- the number of days

during the  
accrual  
period that  
the U.S.  
Holder held  
the notes;

*divided by:*

- the number  
of days in  
the accrual  
period.

The issue price of the notes as of their original date of issue was \$1,000 per \$1,000 in principal amount. The adjusted issue price of a note will generally be its issue price increased by any interest income previously accrued at the comparable yield and decreased by the projected amount of any payments previously made with respect to the note, subject to certain adjustments. Such projected amounts and adjustments are described in more detail below under “ Adjustments to Interest Accruals on the Notes.” On the date of the remarketing, the adjusted issue price of the notes will be approximately \$1,144.18 per \$1,000 in principal amount of the notes, and will accordingly be larger than both the principal amount of the notes and the price at which they will be sold in the remarketing.

The comparable yield for the notes is the yield at which we could have issued, at the time of issuance of the notes, a fixed rate debt instrument with no contingent payments but with terms and conditions otherwise comparable to those of the notes. We determined the comparable yield for the notes to be an annual rate of 6.25 percent, compounded semi-annually. Pursuant to the terms of the indenture governing the notes, each holder of the notes agrees to use the comparable yield in determining its interest accruals in respect of the notes.

#### *Adjustments to Interest Accruals on the Notes*

The CPDI regulations also required us to provide to U.S. Holders, for United States federal income tax purposes, a schedule of the projected amounts of payments on the notes. We determined the projected payment schedule to be as follows for each \$1,000 in original principal amount of the notes:

| <b>Date</b>      | <b>Amount</b> | <b>Date</b>      | <b>Amount</b> | <b>Date</b>      | <b>Amount</b> |
|------------------|---------------|------------------|---------------|------------------|---------------|
| June 1, 2004     | \$ 9.76       | December 1, 2005 | \$ 9.25       | December 1, 2033 | \$ 6,027.64   |
| December 1, 2004 | \$ 9.25       | June 1, 2006     | \$ 9.25       |                  |               |
| June 1, 2005     | \$ 9.25       | December 1, 2006 | \$ 9.25       |                  |               |

As required by the CPDI regulations, the payments set forth on the projected payment schedule produce a yield on the notes equal to the comparable yield. Pursuant to the terms of the indenture, each holder of the

notes agrees to use the foregoing projected payment schedule in determining its interest accruals in respect of the notes.

If the actual amount of a payment on the notes exceeds the projected amount thereof, a U.S. Holder will generally incur a “positive adjustment” under the CPDI regulations equal to the amount of such excess. Similarly, if the actual amount of a payment on the notes is less than the projected amount thereof, a U.S. Holder will generally incur a “negative adjustment” under the CPDI regulations equal to the amount of such deficit. A net positive adjustment incurred by a U.S. Holder in a taxable year with respect to the notes will be treated as additional interest income. A net negative adjustment, on the other hand, will (i) reduce the U.S. Holder’s interest income on the notes for that taxable year; and (ii) to the extent of any excess after the application of (i), give rise to an ordinary loss to the extent of the U.S. Holder’s interest income on the notes during prior taxable years that has not been offset by prior net negative adjustments; any net negative adjustment in excess of the amounts described in (i) and (ii) will then be carried forward, as a negative adjustment to offset future interest income in respect of the notes or to reduce the amount realized on a sale, exchange, or retirement of the notes. The positive and negative adjustments described in this paragraph will not affect the adjusted issue price of a note.

Under the terms of the remarketing, interest is expected to be payable on the notes on March 5, 2007, June 5, 2007, September 5, 2007, December 5, 2007, March 5, 2008, and June 5, 2008. Because no payments on the notes were projected for these dates pursuant to the projected payment schedule set forth above, under the CPDI regulations, a U.S. Holder will be required to account for the full amount of each interest payment as a positive adjustment.

The CPDI regulations also require that, if the amount of a projected contingent payment (such as the payment for December 1, 2033, on the projected payment schedule set forth above) becomes fixed more than six months before the date for such projected payment, the difference between the present value of the fixed amount and the present value of the projected amount must be accounted for as a positive or negative adjustment, as applicable, at the time that the payment becomes fixed. On the projected payment schedule set forth above, the payment for December 1, 2033, includes the projected amount of interest accruals on the notes on a zero coupon basis after December 1, 2006. Although the application of the fixed contingent payment rule to the notes is not entirely clear, we believe that it would generally be appropriate to treat the decision to pay cash interest on the notes as causing a portion of the projected payment for December 1, 2033, to become fixed (at \$0) at the time that the remarketing is completed, because the decision to pay cash interest will mean that interest will no longer accrue on a zero coupon basis until the next remarketing date, and the portion of the payment on December 1, 2033, that would have corresponded to accruals from this period will be eliminated. As a consequence, based on our calculations under the CPDI regulations, we believe that it would generally be appropriate for a U.S. Holder of the notes immediately after the remarketing to recognize a negative adjustment at such time equal to approximately \$67.90 per \$1,000 in principal amount of the notes, which would reduce the U.S. Holder’s first three quarterly accruals of interest income in respect of the notes. Unlike other negative adjustments, this negative adjustment would also reduce the adjusted issue price of the notes, as well as the U.S. Holder’s adjusted tax basis in the notes (as described below), immediately after the completion of the remarketing.

#### *Adjusted Tax Basis in the Notes; Additional Potential Adjustments*

A U.S. Holder’s initial tax basis in a note acquired in the remarketing will equal the amount paid for the note. The holder’s adjusted tax basis in the note for any accrual period after the remarketing will equal (x) the sum of the initial tax basis and any interest previously accrued on such note at the comparable yield starting from the date of the remarketing, plus or minus (y) the amount of any positive or negative adjustments required after the remarketing when a projected contingent payment becomes fixed more than six months before the date for such projected payment, and the amount of any positive or negative adjustments described in the next paragraph.

If the adjusted issue price of a note differs from a U.S. Holder’s adjusted tax basis in the note (as will be the case for notes acquired in the remarketing), the U.S. Holder may be required to take the difference into account as positive or

negative adjustments to the U.S. Holder's interest accruals in respect of the note or at the time that one or more projected payments are made. Although the application of this rule to the notes is not entirely clear, assuming that a U.S. Holder accrues interest income and makes positive and

S-20

---

negative adjustments in respect of a note as set forth above under “ Accrual of Interest on the Notes” and “ Adjustments to Interest Accruals on the Notes,” we believe that it would generally be appropriate for the U.S. Holder not to make any further positive or negative adjustments in respect of a difference between adjusted issue price and adjusted tax basis immediately after the remarketing until such time as the note is redeemed, and that any required positive or negative adjustment at redemption should generally correspond to the income realized by the U.S. Holder in respect of the note.

#### *Sale, Exchange, or Redemption*

The amount of gain or loss recognized by a U.S. Holder on a taxable sale, exchange, or redemption of a note will be equal to the difference between (i) the amount of cash plus the fair market value of other property received by the U.S. Holder; and (ii) the U.S. Holder’s adjusted tax basis in the note. Gain recognized upon a sale, exchange, or redemption of a note will generally be treated as ordinary interest income; loss will be ordinary loss to the extent of interest previously included in income, and thereafter capital loss (which will be long term capital loss if the note was held for more than one year). The deductibility of net capital losses is subject to limitations.

#### *Example*

The following chart illustrates, in general, the accrual of interest income, the making of positive and negative adjustments under the methodology discussed above, including a \$67.90 negative adjustment immediately after the completion of the remarketing, and the computation of adjusted issue price, adjusted tax basis, and loss on sale for United States federal income tax purposes by a U.S. Holder with respect to a \$1,000 note purchased in the remarketing for \$1,001.26, assuming an initial adjusted issue price of \$1,144.18, a constant interest rate on the remarketed notes of 5.48373 percent, and a sale of the note in the next remarketing for \$1,000. **You are urged to consult your own tax advisers to determine the applicability of the chart to you in the light of your own particular circumstances.**

| Accrual Period Ending | Comparable Yield Accrual (A)* | Positive Adjustment for Cash Interest (B) | Utilization of \$67.90 Negative Adjustment (C) | Holder Ordinary Income (A+B+C) | Note Ending Adjusted Issue Price** | Holder Ending Adjusted Tax Basis** |
|-----------------------|-------------------------------|---|--|--------------------------------|------------------------------------|------------------------------------|
| 3/5/07                | \$ 17.43                      | \$ 14.32                                  | (\$31.75 )                                     | \$ 0.0                         | \$ 1,093.71                        | \$ 950.79                          |
| 6/5/07                | \$ 16.96                      | \$ 14.01                                  | (\$30.97 )                                     | \$ 0.0                         | \$ 1,110.66                        | \$ 967.75                          |
| 9/5/07                | \$ 17.22                      | \$ 14.01                                  | (\$5.18 )                                      | \$ 26.05                       | \$ 1,127.89                        | \$ 984.97                          |
| 12/5/07               | \$ 17.49                      | \$ 13.86                                  |  | \$ 31.35                       | \$ 1,145.37                        | \$ 1,002.46                        |
| 3/5/08                | \$ 17.76                      | \$ 13.86                                  |  | \$ 31.62                       | \$ 1,163.13                        | \$ 1,020.22                        |
| 6/5/08                | \$ 18.03                      | \$ 14.01                                  |  | \$ 32.05                       | \$ 1,181.17                        | \$ 1,038.25                        |
| Subtotal              |                               | \$ 84.08                                  | (\$67.90 )                                     | \$ 121.07                      |                                    |                                    |
| Loss on Sale          |                               |   |  |                                |                                    |                                    |