AMERICAN EXPRESS CO
Form 424B5
May 27, 2008

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MAY 23, 2008

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

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

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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. In December 2006, we remarketed these debentures as floating rate notes due 2033, which we refer to as the notes. This is a remarketing of $ aggregate principal amount of the notes on behalf of the holders of the notes who did not opt out of this remarketing.

The next remarketing reset date will be on June 10, 2009 (or, if such day is not a business day, the next business day), approximately 12 months from the date of this remarketing, which we refer to as the next remarketing reset date. Except in the limited circumstances described herein, all outstanding notes will be remarketed on the next remarketing reset 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 reset date is successful, each participating holder will receive the then accreted principal amount of its notes. If the remarketing on the next remarketing reset 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 reset 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, i.e., are deemed to elect to participate in the remarketing, 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. Holders who opt out of the remarketing must deliver timely notice as described herein if they want us to repurchase their notes in the event the remarketing is not successful. The length of the period to any remarketing reset date after June 10, 2009 may be longer than 397 calendar days.

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. For the period from June 5, 2008 to June 10, 2009, the next remarketing reset 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 basis points. Interest on the notes is payable quarterly in arrears on March 10, June 10, September 10 and December 10 of each year, commencing on September 10, 2008 and ending on June 10, 2009, the next remarketing reset date.

We will not receive any proceeds from the remarketing of the notes.

By purchasing notes in this remarketing, participating holders will be deemed to have consented to certain amendments to the indenture and the notes, effective upon the consent of the holders of at least a majority in principal amount of the notes. See Description of the Remarketed Notes Past and Proposed Amendments.

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

The notes are our senior unsecured obligations and 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-8 of this prospectus supplement.

We issued the notes in book-entry form registered in the name of a nominee of The Depository Trust Company, New York, New York, or 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.

	Price to Public[(1)]	Remarketing Fee	Net Proceeds to Participating Holders of the Notes[(1)]
Per note	%	%	%

(1) Plus accrued interest from June 5, 2008.

Delivery of the notes will be made on or about June 10, 2008.

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 **Merrill Lynch & Co.**

The date of this prospectus supplement is June , 2008

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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 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. In particular, the description of the terms of the notes contained in this prospectus supplement supersedes the description under Description of Debt Securities 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. When referring to the issuer of the notes, these terms refer only to American Express Company.

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.

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the notes 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 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 and travel company that offers our products and services throughout the world. Our principal operating subsidiary is American Express Travel Related Services Company, Inc.

During 2007, we realigned our reportable operating segments to reflect the reorganization of our businesses into two customer-focused groups: the Global Consumer Group and the Global Business-to-Business Group. Accordingly, U.S. Card Services and International Card Services are aligned within the Global Consumer Group and Global Commercial Services and Global Network & Merchant Services are aligned within the Global Business-to-Business Group.

Through our Global Network & Merchant Services business, we operate a global general-purpose charge and credit card network, which includes both proprietary cards and cards issued under network partnership agreements, which we refer to collectively as the Cards. This business also manages merchant services globally, which includes signing merchants to accept Cards as well as processing and settling Card transactions for those merchants. We also offer merchants point-of-sale and back-office products, services and marketing programs.

Our U.S. Card Services business includes our proprietary Card issuing business, which offers a wide range of card products and services to consumers and small businesses in the United States. Our proprietary Card business, including OPEN from American Express, offers a broad set of card products to attract our target customer base. We also issue Cards that are marketed under co-branded partnership arrangements with financial services partners. Our consumer travel business, which provides travel services to Cardmembers and other consumers, complements our core Card business.

Our International Card Services business provides proprietary consumer Cards and small business Cards outside the United States. Also, as in the United States, we issue Cards internationally under distribution agreements with banks.

Through our Global Commercial Services group, we provide expense management services to more than 100,000 firms worldwide. We are a leading global issuer of commercial Cards and also a leading global travel management company for corporations and businesses.

Our Corporate & Other segment consists of corporate functions and auxiliary businesses, including our publishing businesses, Travelers Cheques and other prepaid products, American Express International Deposit Company, or AEIDC, and the continuing portions of our international banking subsidiary, American Express Bank Ltd., or AEBL. On February 29, 2008, we sold AEBL to Standard Chartered PLC for a purchase price of approximately $823 million. We also have a put and call arrangement with Standard Chartered whereby we can sell and Standard Chartered can buy AEIDC 18 months after the sale of AEBL. AEIDC is a subsidiary which issues investment certificates to AEBL s customers. Under the terms of the agreement, we would receive payment representing the net asset value of AEIDC at the time of the exercise of the option. At March 31, 2008 and December 31, 2007, the net asset value of AEIDC was $125 million and $232 million, respectively.

On March 28, 2008, we purchased Corporate Payment Services, or CPS, General Electric Company s commercial card and corporate purchasing business unit. We paid total cash consideration of $2.3 billion, which consisted of the

contractual purchase price of approximately $1.1 billion plus the repayment of CPS s $1.2 billion in outstanding debt as of the acquisition date. The component businesses of CPS are reported within the Global Commercial Services and the U.S. Card Services operating segments.

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

The Offering

Issuer	American Express Company.
Remarketed Securities	In November 2003, we issued $2,000,000,000 aggregate principal amount of 1.85% convertible senior debentures due 2033. In December 2006, we remarketed these debentures as floating rate notes due 2033, which we refer to as the notes. We are remarketing $ aggregate principal amount of the notes on behalf of holders of the notes who did not opt out of the remarketing.
Interest Payment Dates	For the period from June 5, 2008 to June 10, 2009, the next remarketing reset 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 basis points. Interest on the

	notes is payable quarterly in arrears on March 10, June 10, September 10 and December 10 of each year, commencing on September 10, 2008 and ending on June 10, 2009, the next remarketing reset date.
No Redemption	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.
Next Remarketing Reset Date	June 10, 2009 (or, if such day is not a business day, the next business day). The length of the period to any remarketing reset date after June 10, 2009 may be longer than 397 calendar days. All outstanding notes will be remarketed on the next remarketing reset date unless the holder thereof elects not to participate in the remarketing. If

	the remarketing on the next remarketing reset date is successful, each participating holder will receive the then accreted principal amount of its notes. If the remarketing on the next remarketing reset date is not successful, each holder of notes has the right to require us to purchase for cash on such remarketing reset 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	Holders who take no action, i.e., are deemed to elect to participate in the remarketing, 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.
Holders Who Opt Out of the Remarketing	Holders who opt out of the remarketing must deliver notice to the paying agent on or prior to the remarketing reset date if they want us to repurchase their notes in the event of a failed remarketing.
Maturity Date	The notes will mature on December 1, 2033.
Markets	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. 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 have issued 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 have deposited with, or on behalf of, DTC and registered 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.
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 could affect, for United States federal income tax purposes, the net interest income accrued on the notes through the next remarketing reset 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 generally 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 % of the total proceeds from the remarketing of the notes.

Purchase of Remarketed Securities by American Express Company

We may submit an order to purchase some or all of the notes available to be remarketed. We will retire all the notes we purchase in the remarketing. See Risk Factors If we purchase a significant portion of the notes, the trading market, liquidity and price for the notes that remain outstanding may be adversely affected.

Consent to Proposed Amendments

By purchasing notes in this remarketing, participating holders will be deemed to have consented to certain amendments to the indenture and the notes, effective upon the consent of the holders of at least a majority in outstanding principal amount of the notes. The amendments for which we are seeking majority consent will have effect commencing with the settlement of this remarketing. These proposed amendments provide in part:

the remarketing agent or agents may set the reset yield or the reset rate in respect of a remarketing reset date, effective as of such remarketing reset date, on any business day during the period from and including the tenth business day preceding the related remarketing reset date (the reset period commencement date) to and including such remarketing reset date;

the opt out date with respect to a remarketing reset date will be the business day immediately preceding the related reset period commencement date; the opt out date is the date (i) on or prior to which holders of the notes must notify us of their wish to opt out of a remarketing (which opt out notice may be withdrawn at any time prior to the close of business on such opt out date) and (ii) 21 business days prior to which we must deliver notice of a remarketing to holders of the notes;

our notice of remarketing, delivered 21 business days prior to each opt out date, will no longer be required to specify the date of the subsequent remarketing or whether, after the remarketing, the notes will bear cash interest or when, after the remarketing, the interest payment dates and regular record

dates will occur; however, we will provide notice of these terms to holders of the notes no later than the applicable opt out date;

the reset yield that will apply to the notes in the event that no remarketing agent is appointed in connection with a remarketing reset date will be the same as the reset yield that would apply in the event of a failure of the remarketing agent to obtain bids from securities dealers when so required under the indenture; and

the remarketing agent must provide notice of the new reset rate or reset yield by approximately 4:30 p.m., New York City time, on the date during the remarketing period on which the remarketing agent sets such rate.

If the foregoing amendments are adopted, we will not be required to provide notice of the next remarketing reset date, whether the notes will accrete or bear cash interest and certain other terms of the next remarketing until the opt out date. Holders of the notes should make their decision regarding participating in the next remarketing accordingly. For more information, see Description of the Remarketed Notes Past and Proposed Amendments.

Additional Amendments

We have amended the indenture to provide, commencing with this remarketing, that:

holders whose notes are the subject of a failed settlement in connection with a remarketing will have the right to require us to purchase such notes, as described herein;

in the event of a failed remarketing occurring later than the applicable remarketing reset date, the holders of notes will be able to require us to purchase such notes on the date of such failed remarketing (the date on which our repurchase obligation arises is referred to herein as the remarketing purchase date); and

a failed remarketing, the occurrence of which obligates us to purchase outstanding notes if the holders thereof so require, will include the failure to fulfill a condition precedent in the remarketing agreement at any time prior to delivery of and payment for the remarketed notes and situations in which we fail to appoint a remarketing agent in connection with a required remarketing and in which a remarketing agent fails to conduct a required remarketing.

No consent of the holders was required for such amendments.

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, 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, 2007 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 could affect, for United States federal income tax purposes, the net interest income accrued on the notes through the next remarketing reset 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 generally 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.

If we purchase a significant portion of the notes, the trading market, liquidity and price for the notes that remain outstanding may be adversely affected.

We may seek to purchase a significant portion of the notes in this remarketing. In the event any such purchase takes place, the outstanding aggregate principal amount of notes could be significantly less than the aggregate principal amount of the notes outstanding prior to the remarketing, which in turn could adversely affect the trading market, liquidity and price of the notes that remain outstanding after the remarketing.

The notes are not, and will not be, listed.

The notes are not, and 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 regulations. 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.

We may not have the ability to raise the funds necessary to finance the purchase of the notes if required by holders pursuant to the indenture.

We will be required to offer to repurchase all outstanding notes if there is a failed remarketing. However, it is possible that we will not have sufficient funds available at any such time to make the required repurchase of notes and restrictions in our other indebtedness outstanding in the future may not allow any such repurchase.

USE OF PROCEEDS

We are remarketing $ aggregate principal amount of the notes on behalf of participating holders of our notes. 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 % 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:

	Three Months Ended March 31, 2008	Year Ended December 31,		
		2007	2006	2005
		(in millions of U.S. dollars)		
Earnings				
Pre-tax income from continuing operations	$ 1,354	$ 5,566	$ 5,139	$ 4,053
Interest expense	986	4,327	3,132	2,324
Other adjustments	43	143	139	150
Total earnings (a)	$ 2,383	$ 10,036	$ 8,410	$ 6,527
Fixed charges				
Interest expense	$ 986	$ 4,327	$ 3,132	$ 2,324
Other adjustments	30	106	106	151
Total fixed charges (b)	$ 1,016	$ 4,433	$ 3,238	$ 2,475
Ratio of Earnings to Fixed Charges (a/b)	2.35	2.26	2.60	2.64

Included in interest expense in the above computation is interest expense related to the Cardmember lending activities, international banking operations and charge card and other activities in our consolidated statements of income included in the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. Interest expense does not include interest on liabilities recorded under Financial Accounting Standards Board (FASB) Financial Interpretation No. 48, Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109. Our policy is to classify such interest in income tax provision in our consolidated statements of income.

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, other adjustments include adding capitalized interest costs and the interest component of rental expense.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

We present in the table below our summary 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, 2007, 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 three-month period ended March 31, 2008, each of which is incorporated by reference in this prospectus supplement and the accompanying prospectus. The summary consolidated financial data for the fiscal year ended December 31, 2007 have been derived from our financial statements, which have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm.

The summary consolidated financial data for the three months ended March 31, 2008 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 three months ended March 31, 2008 are not necessarily indicative of the results to be expected for the full fiscal year.

	Three Months Ended March 31,		Year Ended December 31,		
	2008	2007	2007	2006	2005
	(in millions of U.S. dollars)				
OPERATING RESULTS[(a)]					
Revenues net of interest expense	$ 7,186	$ 6,484	$ 27,731	$ 25,154	$ 22,425
Expenses	4,563	4,014	17,824	16,989	15,614
Provisions for losses and benefits	1,269	859	4,341	3,026	2,758
Income from continuing operations	974	1,095	4,048	3,611	3,062
Income (Loss) from discontinued operations	17	(38)	(36)	96	672
Net income	991	1,057	4,012	3,707	3,734

	As of March 31, 2008	Year Ended December 31,	
		2007	2006
		(in millions of U.S. dollars)	
BALANCE SHEET[(a)]			
Cash and cash equivalents	$ 19,489	$ 11,737	$ 5,036
Accounts receivable, net	41,087	42,005	38,665
Investments	14,148	15,864	17,954
Loans, net	48,454	53,436	43,116

Assets of discontinued operations		16,747	14,412
Total assets	135,288	149,830	128,329
Customers deposits	13,995	15,397	12,010
Travelers Cheques outstanding	6,854	7,197	7,215
Short-term debt	18,994	17,762	15,236
Long-term debt	55,534	55,285	42,747
Liabilities of discontinued operations		16,228	13,945
Shareholders equity	11,511	11,029	10,511

(a) In 2007, we entered into an agreement to sell our international banking subsidiary, AEBL, to Standard Chartered PLC. We completed the sale on February 29, 2008. The results, assets, and liabilities of AEBL are presented as discontinued operations. Additionally, the spin-off of Ameriprise and certain dispositions were completed in 2006 and 2005, and the results of these operations are presented as discontinued operations.

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, between us and U.S. Bank, as trustee (the original indenture), as amended by the first supplemental indenture dated as of May 21, 2008 (the first supplemental indenture) and, subject to the consent of the holders of at least a majority in outstanding principal amount of the notes and due settlement of this remarketing, the second supplemental indenture to be dated as of June , 2008 (the second supplemental indenture) relating to the notes (collectively, the indenture). A copy of the indenture is on file with the SEC.

As used in this section, American Express, the Company, we, us or our refer to American Express Company, the issuer of the notes. Capitalized terms not defined in this section have the meanings assigned to such terms in the indenture.

General

The notes were originally issued in November 2003 under the original indenture. The notes are our senior unsecured obligations and 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.

This is a remarketing of $ aggregate principal amount of the notes on behalf of holders of the notes who did not opt out of the remarketing.

The next remarketing reset date will be on June 10, 2009 (or, if such day is not a business day, the next business day). If the remarketing on the next remarketing reset date is successful, each participating holder will receive the then accreted principal amount of its notes. If the remarketing on the next remarketing reset date is not successful, each holder of notes has the right to require us to purchase for cash on such remarketing reset 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. Holders who take no action, i.e. are deemed to participate in the remarketing, 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. Holders who opt out of the remarketing must deliver timely notice as described herein if they want us to repurchase their notes in the event the remarketing is not successful. The length of the period to any remarketing reset date after June 10, 2009 may be longer than 397 calendar days.

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. See Risk Factors If we purchase a significant portion of the notes, the trading market, liquidity and price for the notes that remain outstanding may be adversely affected.

Payments

The notes will mature on December 1, 2033, but will be remarketed on June 10, 2009, which is the next remarketing reset date. For the period from June 5, 2008 to June 10, 2009, the next remarketing reset 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 basis points. Interest on the notes is payable quarterly in arrears on March 10, June 10, September 10 and December 10 of each year, commencing on September 10, 2008 and ending on June 10, 2009, the next remarketing reset date, in each case to the holders of record at the close of business on the 15th calendar day of the prior calendar month. We refer to each such quarterly period as an interest payment period.

The following description in this subsection will apply to the notes for the period from June 5, 2008 to June 10, 2009, the next remarketing reset date.

Interest will accrue from and including June 5, 2008 or the most recent interest payment date to or for which interest has been paid or duly provided to but excluding the applicable interest payment date. 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.

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 Reuters Page LIBOR01 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 Reuters Page LIBOR01 means the display on Reuters page LIBOR01 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 for the period from June 5, 2008 to June 10, 2009, the next remarketing reset date, i.e., September 9, December 9, March 9

and June 9. 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

The notes will be remarketed on June 10, 2009 and the date (or dates) at least six months thereafter and prior to maturity that is (or are) specified by us prior to the next remarketing, each a remarketing reset date. The length of the period to any remarketing reset date after June 10, 2009, therefore, may be longer than 397 calendar days. 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.

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%.

The discussion below regarding remarketing procedures will apply in connection with this remarketing. If the proposed amendments to the indenture and the notes are approved by the holders of a majority in outstanding principal amount of the notes in connection with this remarketing, such procedures will be modified for purposes of subsequent remarketings. See Past and Proposed Amendments below.

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. If the proposed amendments described below under Past and Proposed Amendments are adopted, we will not be required to provide notice of the next remarketing reset date, whether the notes will accrete or bear cash interest and certain other terms of the next remarketing until the opt out date. Holders of the notes should make their decision regarding participating in the next remarketing accordingly.

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 original principal amount 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 June 5, 2008, 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 supplement. 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 contingent accretion, if any. 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 such remarketing must notify the paying agent on or prior to the related remarketing reset date of the original principal amount of notes it wants us to purchase on such remarketing date. We will deliver payment for such repurchase as promptly as practicable following the applicable remarketing reset date or failed remarketing and, in respect of the June 10, 2009 remarketing reset date, in any event within 397 calendar days from and including June 5, 2008. 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.

Past and Proposed Amendments

The first supplemental indenture amended the definition in the indenture of a failed remarketing, the occurrence of which obligates us to purchase outstanding notes if the holders of such notes so require, to include situations in which:

we fail to appoint a remarketing agent in connection with a required remarketing;

the remarketing agent fails for any reason to conduct a required remarketing; and

- a condition precedent set forth in the remarketing agreement with the remarketing agent is not fulfilled at any time prior to delivery of and payment for the remarketed notes.

A failed remarketing will also occur if the remarketing agent is unable to remarket all of the notes tendered for remarketing on the remarketing reset date.

The first supplemental indenture also modifies the circumstances in which we are required to purchase notes in connection with a remarketing to include:

- failure by a holder whose notes were sold in a remarketing to receive payment for such notes by the date and time established by the remarketing agent for delivery and payment for such notes; and

- the occurrence of a failed remarketing after the applicable

remarketing reset date.

The date on which our repurchase obligation arises is referred to herein as the remarketing purchase date and includes, in the event of a failed remarketing, the applicable remarketing reset date, or if a failed remarketing occurs thereafter as described in the second bullet of this paragraph, such later date, and in the event of a failed settlement with respect to any holder after a remarketing reset date as described in the first bullet of this paragraph, the date of such failed settlement.

No consent of the holders of the notes was required for the first supplemental indenture.

Subject to receiving consent of a majority of the holders of the notes, the second supplemental indenture will incorporate the following provisions into the indenture:

- the remarketing agent or agents may set the reset yield or the reset rate in respect of a remarketing reset date, effective as of such remarketing reset date, on any business day during the period (the remarketing period) from and including the tenth business day preceding the related remarketing reset date (the reset period commencement date) to and including such remarketing reset date;

- the reset yield that will apply to the notes in the event that no remarketing agent is

appointed in connection with a remarketing reset date will be the same as the reset yield that would apply in the event of a failure of the remarketing agent to obtain bids from securities dealers when so required under the indenture;

the remarketing agent must provide notice of the new reset rate or reset yield by approximately 4:30 p.m., New York City time, on the date during the remarketing period on which the remarketing agent sets such rate;

the opt out date with respect to a remarketing reset date will be the business day immediately preceding the related reset period commencement date; the opt out date is the date (i) on or prior to which holders of notes must

notify us of their election to opt out of a remarketing (which opt out notice may be withdrawn at any time prior to the close of business on such opt out date) and (ii) 21 business days prior to which we must deliver notice of a remarketing to holders of the notes; and

our notice of remarketing, delivered 21 business days prior to each opt out date, will no longer be required to specify the date of the subsequent remarketing or whether, after the remarketing, the notes will bear cash interest or when, after the remarketing, the interest payment dates and regular record dates will occur; however, we will provide notice of these terms to holders of the notes no later than the applicable opt out date.

The adoption of the second supplemental indenture requires the written consent of the holders of a majority of the outstanding principal amount of the notes. Each person and entity purchasing notes in this remarketing will be deemed to have consented to the terms of the second supplemental indenture, as summarized above. The amendments in the second supplemental indenture, if majority consent is obtained as described herein, will have effect commencing with the settlement of this remarketing. If the proposed amendments described above are adopted, holders may not receive notice of the length of the period to the next remarketing date and certain other terms of the next remarketing until the opt out date and should make their decision regarding participating in the next remarketing accordingly.

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; or

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 nonpayment 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.

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 depositaries, which in turn will hold such interests in customers securities accounts in the depositaries 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. depositary for each of Clearstream and Euroclear, which U.S. depositaries 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, is 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 depositary and a successor depositary 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.

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. depositary. 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. depositary 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. depositaries.

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 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 and, to the extent this summary conflicts with the description under Certain U.S. Federal Income Tax Consequences in the accompanying prospectus, supersedes the description in the accompanying prospectus. 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 Stated 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 $1,181.2 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:

Date	Amount
June 1, 2004	$9.76
December 1, 2004	$9.25
June 1, 2005	$9.25
December 1, 2005	$9.25
June 1, 2006	$9.25
December 1, 2006	$9.25
December 1, 2033	$6,027.64*

* This amount reflects the original projected payment

schedule. The payment due December 1, 2033 was adjusted downward due to the December 5, 2006 remarketing, and it will be adjusted downward again due to this remarketing.

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 September 10, 2008, December 10, 2008, March 10, 2009, and June 10, 2009. 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 reset 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 $51.6 per $1,000 in principal amount of the notes, which would reduce the U.S. Holder s first two 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 U.S. 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 by such U.S. Holder on such note at the comparable yield, 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 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.

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 generally 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 $51.6 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 on the date of the remarketing for $1,001.0, assuming an initial adjusted issue price of $1,181.2, a constant interest rate on the remarketed notes of 3.72 percent (based on the three-month LIBOR setting as of May 15, 2008), 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 $51.6 Negative Adjustment (C)	Holder Ordinary Income (A+B+C)	Note Ending Adjusted Issue Price**	Holder Ending Adjusted Tax Basis**
9/10/2008	$ 18.5	$ 10.0	($28.5)	$ 0.0	$ 1,148.1	$ 967.9
12/10/2008	$ 17.8	$ 9.4	($23.1)	$ 4.1	$ 1,165.9	$ 985.7
3/10/2009	$ 18.1	$ 9.3		$ 27.4	$ 1,184.0	$ 1,003.8
6/10/2009	$ 18.4	$ 9.5		$ 27.9	$ 1,202.4	$ 1,022.2
Subtotal		$ 38.2	($51.6)	$ 59.4		
Loss on sale				($22.2)		
Total		$ 38.2		$ 37.2		

All amounts have been rounded to the nearest tenth of a dollar.

* Computed at a rate of 6.202 percent, the 6.25 percent semi-annual comparable yield adjusted for quarterly compounding.

** Reflects a reduction, immediately after the completion of the remarketing, for the $51.6 negative adjustment.

Backup Withholding Tax and Information Reporting

Payments on, and the proceeds of dispositions of, the notes may be subject to information reporting, and may also be subject to United States federal backup withholding if a U.S. Holder fails to supply an accurate taxpayer identification number or otherwise fails to comply with applicable certification requirements under the backup withholding rules. Any amounts so withheld will generally be allowed as a credit against such U.S. Holder s United States federal income tax liability.

Non-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 Non-U.S. Holder of the notes. The term Non-U.S. Holder means a beneficial owner of a note that is not a U.S. Holder.

Payments with Respect to the Notes

Payments in respect of the notes made to a Non-U.S. Holder, including payments of stated and contingent interest, and any gain realized on a sale, exchange, or redemption of the notes, will generally be exempt from United States federal gross income or withholding tax, provided that:

- such Non-U.S. Holder does not own, actually or constructively, 10 percent or more of the total combined voting power of all classes of our stock entitled to vote, and is not a controlled foreign corporation related, directly or indirectly, to us through stock ownership; and
- such Non-U.S. Holder certifies on IRS Form W-8BEN (or successor form), under penalties of perjury, that it is not a United States person and provides its name and address or otherwise satisfies applicable

documentation
requirements.

Backup Withholding Tax and Information Reporting

Payments on the notes to Non-U.S. Holders may be subject to United States information reporting. In general, a Non-U.S. Holder will not be subject to backup withholding with respect to payments made by us on the notes if the Non-U.S. Holder has provided an IRS Form W-8BEN (or successor form) with respect to such payments. In addition, no backup withholding will generally be required with respect to the proceeds of a sale of notes made within the United States or conducted through certain United States financial intermediaries if the payor receives such a form or the Non-U.S. Holder otherwise establishes an exemption.

REMARKETING

We initially issued $2,000,000,000 aggregate principal amount of our 1.85% convertible senior debentures due 2033 (the original notes) under a purchase agreement, dated as of November 17, 2003, between us and the initial purchasers named therein and pursuant to the provisions of the indenture between us and U.S. Bank, as trustee. Under the terms of the original notes, we are effecting a remarketing of the notes having the terms described in this prospectus supplement.

We have entered into a remarketing agreement with J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as remarketing agents, pursuant to which the remarketing agents will severally use their reasonable efforts to remarket the notes to the public, on June 5, 2008, pursuant to this prospectus supplement at the price shown on the cover page of this prospectus supplement. We have agreed to pay certain of the remarketing agents expenses.

The notes are not listed for trading on any securities exchange or quoted on any quotation system, and we do not intend to apply for the notes to be listed on any securities exchange or to arrange for the notes to be quoted on any quotation system. The remarketing agents have advised us that they currently intend to make a market in the notes as permitted by applicable laws and regulations. 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 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.

In connection with the remarketing of the notes, the remarketing agents may engage in transactions that stabilize, maintain or otherwise affect the price of the notes. Specifically, the remarketing agents may over allot in connection with the offering of the notes, creating a syndicate short-position bid. In addition, the remarketing agents may bid for and purchase notes in the open market to cover syndicate short positions or to stabilize the price of the notes. Any of these activities may stabilize or maintain the market price of the notes above independent market levels. The remarketing agents are not required to engage in any of these activities and may end any of them at any time.

Each remarketing agent has represented and agreed that: (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the FSMA)) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each remarketing agent has represented to us and agreed with us that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of notes which are the subject of the remarketing contemplated by this prospectus supplement to the public in that Relevant Member State other than:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so

authorized or regulated, whose corporate purpose is solely to invest in securities;

to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than 43,000,000; and (3) an annual net turnover of more than 50,000,000, as shown in its last annual or consolidated accounts;

to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the remarketing agents; or

in any other circumstances falling within

Article 3(2) of the Prospectus Directive,

provided, that, no such offer of notes shall require us or any remarketing agent to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of notes to the public in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive

means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

The notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

This prospectus supplement and the accompanying prospectus have not been and will not be registered as a prospectus with the Monetary Authority of Singapore under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA). Accordingly, this prospectus supplement and the accompanying prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the notes may not be circulated or distributed, nor may the notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Each remarketing agent will notify (whether through the distribution of this prospectus supplement and the accompanying prospectus or otherwise) each of the following relevant persons specified in Section 275 of the SFA which has subscribed or purchased notes from or through that remarketing agent, namely a person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, that shares, debentures and units of shares and debentures of that corporation or the beneficiaries rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the notes under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

The notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the Financial Instruments and Exchange Law) and each remarketing agent has agreed that it will not offer or sell, directly or indirectly, any notes in Japan or to, or for the account or benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to, or for the account or benefit of, any resident for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, except (i) pursuant to an exemption from the registration requirements of, or otherwise in compliance with, the Financial Instruments and Exchange Law and (ii) in compliance with any other applicable laws, regulations and ministerial guidelines of Japan.

We have agreed to indemnify the remarketing agents against, or to contribute to payments that the remarketing agents may be required to make in respect of, certain liabilities, including certain liabilities under the Securities Act of 1933, as amended.

In the ordinary course of their business, each of J.P. Morgan Securities Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated and certain of their affiliates have in the past and may in the future engage in investment banking

or other transactions of a financial nature with us, including the provision of certain advisory services and the making of loans to us and our affiliates, for which they have received and are expected to receive customary compensation.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the SEC. Our SEC filings are available to the public from the SEC s website at http://www.sec.gov. You may also read and copy any document we file, including the registration statement referred to in the accompanying prospectus, at the SEC s public reference facilities at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the operation of the public reference room.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference the information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information that we incorporate by reference is considered to be part of this prospectus supplement.

Any reports filed by us with the SEC after the date of this prospectus supplement and before the date that the offering of the notes by means of this prospectus supplement is terminated will automatically update and, where applicable, supersede any information contained in this prospectus supplement or incorporated by reference in this prospectus supplement. This means that you must look at all of the SEC filings that we incorporate by reference to determine if any of the statements in this prospectus supplement or in any documents previously incorporated by reference have been modified or superseded. We incorporate by reference into this prospectus supplement the following documents filed with the SEC:

- Annual Report on Form 10-K for the year ended December 31, 2007 (including those portions of our Annual Report to Shareholders for the year ended December 31, 2007 and those portions of our definitive Proxy Statement for the 2008 Annual Meeting of Shareholders that are, in each case,

- incorporated by reference in our Form 10-K);
- Current Report on Form 8-K filed on February 29, 2008;
- Quarterly Report on Form 10-Q for the quarter ended March 31, 2008;
- Current Report on Form 8-K filed on May 2, 2008; and
- All documents subsequently filed by American Express Company under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act prior to the termination of the offering of the notes.

You may request a copy of these filings at no cost, by writing or telephoning American Express at the following address or telephone number:

American Express Company
200 Vesey Street
New York, New York 10285
Attention: Secretary

(212) 640-2000

LEGAL MATTERS

Louise M. Parent, Esq., Executive Vice President and General Counsel of American Express Company and Cleary Gottlieb Steen & Hamilton LLP, New York, New York, will pass upon certain legal matters for us in connection with this remarketing. Sidley Austin LLP, New York, New York, will pass upon certain legal matters for the remarketing agents in connection with this remarketing.

EXPERTS

Our financial statements (including the financial statement schedule) as of and for the year ended December 31, 2007 and management s assessment of the effectiveness of internal control over financial reporting as of December 31, 2007 (which is included in Management s Report on Internal Control over Financial Reporting) incorporated in this prospectus supplement by reference to our Annual Report on Form 10-K for the year ended December 31, 2007 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

PROSPECTUS

American Express Company
Debt Securities
Preferred Shares
Depositary Shares
Common Shares
Warrants

American Express Company may offer from time to time in one or more series:

- unsecured debt securities,
- preferred shares, par value $1.66^{2}/_{3}$ per share,
- depositary shares,
- common shares, par value $0.20 per share,
- warrants to purchase debt securities, preferred shares, common shares or equity securities issued by one of our affiliated or unaffiliated corporations or other entity,

currency warrants entitling the holder to receive the cash value in U.S. dollars of the right to purchase or the right to sell foreign currencies or composite currencies or

warrants relating to other items or indices.

We may offer any combination of these securities at prices and on terms to be determined at or prior to the time of sale.

We may offer and sell securities to or through underwriters, dealers and agents, or directly to purchasers. The names and compensation of any underwriters or agents involved in the sale of securities will be described in a supplement to this prospectus.

We will provide specific terms of any offering in supplements to this prospectus. This prospectus may not be used to consummate a sale of these securities unless accompanied by a supplement to this prospectus.

Our common stock is listed on the New York Stock Exchange under the symbol AXP.

You should carefully consider the information under Risk Factors beginning on page 2 of this prospectus as well as the risk factors contained in other documents incorporated by reference into this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is October 16, 2006.

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Prospectus

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form S-3, to which we refer as the registration statement, filed with the Securities and Exchange Commission, to which we refer as the SEC, under the Securities Act of 1933, as amended, to which we refer as the Securities Act, using a shelf registration process. Under this process, we may sell from time to time any combination of the securities described in this prospectus.

This prospectus describes the general terms of these securities and the general manner in which we will offer the securities. Each time these securities are sold, this prospectus will be accompanied by a prospectus supplement that describes the specific terms of these securities and the specific manner in which they may be offered. You should read the prospectus supplement and this prospectus, along with the documents incorporated by reference and described under the heading WHERE YOU CAN FIND MORE INFORMATION, before making your investment decision.

References in this prospectus to the Company, American Express, we, us and our are to American Express Com

We have filed or incorporated by reference exhibits to the registration statement of which this prospectus forms a part. You should read the exhibits carefully for provisions that may be important to you.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports and other information with the SEC. Our SEC filings are available to the public from the SEC s Website at http://www.sec.gov. You may also read and copy any document we file, including the registration statement, at the SEC s public reference facilities at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the operation of the public reference room.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to incorporate by reference the information we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information that we incorporate by reference is considered to be part of this prospectus.

Any reports filed by us with the SEC after the date of this prospectus and before the date that the offering of the securities by means of this prospectus is terminated will automatically update and, where applicable, supersede any information contained in this prospectus or incorporated by reference in this prospectus. This means that you must look at all of the SEC filings that we incorporate by reference to determine if any of the statements in this prospectus or in any documents previously incorporated by reference have been modified or superseded. We incorporate by reference into this prospectus the following documents filed with the SEC (other than, in each case, documents or information deemed furnished and not filed in accordance with the SEC rules, including pursuant to Item 2.02 or Item 7.01 of Form 8-K, and no such information shall be deemed specifically incorporated by reference hereby or in any accompanying prospectus supplement):

- Annual Report on Form 10-K for the year ended December 31, 2005.
- Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.
- Quarterly Report on Form 10-Q for the quarter ended June 30, 2006.

Current Reports on Form 8-K filed on January 13, 2006, January 27, 2006 (as amended by Current Report on Form 8-K/A filed on April 25, 2006), May 22, 2006, August 2, 2006, September 8, 2006, September 18, 2006 and September 29, 2006.

All documents filed by us under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, on or after the date of this prospectus and before the date that the offering of the securities by means of this

prospectus
is
terminated.

You may request a copy of these filings at no cost, by writing or telephoning us at the following address or number:

American Express Company
200 Vesey Street
New York, New York 10285
Attention: Secretary
(212) 640-2000

FORWARD-LOOKING STATEMENTS

We have made various statements in this 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 or deemed to be incorporated by reference in this prospectus, in our press releases, reports filed with the SEC and in other documents. In addition, from time to time, we, through our management, may make oral forward-looking statements. 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, which could cause actual results to differ materially from such statements. The words believe, expect, anticipate, optimistic, intend, plan will, may, should, could, would, likely and similar expressions are intended to identify forward-looking state We caution you that any risk factors described in this 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 as well as in the documents that are or will be incorporated by reference into this 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 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.

Except as otherwise required by the federal securities laws, we disclaim any obligations or undertaking to publicly release any updates or revisions to any forward-looking statement contained or incorporated by reference in this prospectus to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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).

RISK FACTORS

The following risk factors may be applicable to certain types of debt securities that may be issued by us. A description of the debt securities is contained below under Description of Debt Securities as well as in the accompanying prospectus supplement. Before making an investing decision, you should carefully consider these risks as well as other information we include or incorporate by reference in this prospectus, including the risk factors relating to us filed in periodic or current reports and incorporated herein by reference.

Changes in Exchange Rates and Exchange Controls Could Result in a Substantial Loss to You

An investment in debt securities that are denominated in, or the payment of which is determined with reference to, a specified currency other than U.S. dollars entails significant risks that are not associated with a similar investment in a security denominated in U.S. dollars. Similarly, an investment in an indexed debt security, on which all or part of any payment due is based on a currency other than U.S. dollars, has significant risks that are not associated with a similar investment in non-indexed debt securities. Such risks include, without limitation:

- the possibility of significant changes in rates of exchange between U.S. dollars and the specified currency; and
- the possibility of the imposition or modification of foreign exchange controls with respect to the specified currency.

Such risks generally depend on factors over which we have no control, such as:

- economic events;
- political events; and
- the supply of and

demand for the relevant currencies.

In recent years, rates of exchange between U.S. dollars and certain currencies have been highly volatile, and this volatility may continue in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations in the rate that may occur during the term of any debt security. Depreciation against the U.S. dollar of a foreign currency or foreign currency units in which a debt security is denominated would result in a decrease in the effective yield of such debt security below its coupon rate, and in certain circumstances could result in a loss to the investor on a U.S. dollar basis.

Governments have from time to time imposed, and may in the future impose, exchange controls that could affect exchange rates as well as the availability of a foreign currency for making payments on a debt security denominated in such currency. We can give no assurances that exchange controls will not restrict or prohibit payments of principal, premium or interest in any currency or currency unit.

Even if there are no actual exchange controls, it is possible that on an interest payment date or at maturity for any particular debt security, the foreign currency for such debt security would not be available to us to make payments of interest and principal then due. In that event, we will make such payments in U.S. dollars. See The Unavailability of Currencies Could Result in a Substantial Loss to You below.

The information set forth in this prospectus is directed to prospective purchasers of debt securities who are United States residents. We disclaim any responsibility to advise prospective purchasers who are residents of countries other than the United States regarding any matters that may affect the purchase or holding of, or receipt of payments of principal, premium or interest on, debt securities. Such persons should consult their own counsel and advisors with regard to such matters. Prospectus supplements relating to debt securities having a specified currency other than U.S. dollars will contain information concerning historical exchange rates for such specified currency, a description of the currency and any exchange controls as of the date of the accompanying prospectus supplement affecting such currency.

The Unavailability of Currencies Could Result in a Substantial Loss to You

Except as we specify in the accompanying prospectus supplement, if payment on a debt security is required to be made in a specified currency other than U.S. dollars and such currency is:

- unavailable due to the imposition of exchange controls or other circumstances beyond our control;
- no longer used by the government of the country issuing such currency; or
- no longer used for the settlement of transactions by public institutions of, or within, the international banking community;

then all payments with respect to the debt security shall be made in U.S. dollars until such currency is again available or so used. The amount so payable on any date in such foreign currency shall be converted into U.S. dollars at a rate determined on the basis of the most recently available market exchange rate or as otherwise determined in good faith by us if the foregoing is impracticable. Any payment in respect of such debt security made under such circumstances in U.S. dollars will not constitute an event of default under the indenture under which such debt security will have been issued.

If the official unit of any component currency is altered by way of combination or subdivision, the number of units of that currency as a component shall be divided or multiplied in the same proportion. If two or more component currencies are consolidated into a single currency, the amounts of those currencies as components shall be replaced by an amount in such single currency equal to the sum of the amounts of the consolidated component currencies expressed in such single currency. If any component currency is divided into two or more currencies, the amount of that original component currency as a component shall be replaced by the amounts of such two or more currencies having an aggregate value on the date of division equal to the amount of the former component currency immediately before such division.

The debt securities will not provide for any adjustment to any amount payable as a result of:

- any change in the value of the specified currency of those debt securities relative to any other currency due solely to fluctuations in exchange rates; or

- any redenomination of any component currency of any composite currency, unless that composite currency is itself officially redenominated.

Currently, there are limited facilities in the United States for conversion of U.S. dollars into foreign currencies, and vice versa. In addition, banks do not generally offer non-U.S. dollar-denominated checking or savings account facilities in the United States. Accordingly, payments on debt securities made in a currency other than U.S. dollars will be made from an account at a bank located outside the United States, unless otherwise specified in the accompanying prospectus supplement.

Judgments in a Foreign Currency Could Result in a Substantial Loss to You

The debt securities will be governed by and construed in accordance with the laws of the State of New York. Courts in the United States customarily have not rendered judgments for money damages denominated in any currency other than U.S. dollars. A 1987 amendment to the Judiciary Law of New York State provides, however, that an action based on an obligation denominated in a currency other than U.S. dollars will be rendered in the foreign currency of the underlying obligation. If a debt security is denominated in a specified currency other than U.S. dollars, any judgment under New York law will be rendered in the foreign currency of the underlying obligation and converted into U.S. dollars at a rate of exchange prevailing on the date of entry of the judgment or decree.

Changes in the Value of Underlying Assets of Indexed Debt Securities Could Result in a Substantial Loss to You

An investment in indexed debt securities may have significant risks that are not associated with a similar investment in a debt instrument that:

- has a fixed principal amount;

is denominated in U.S. dollars; and

bears interest at either a fixed rate or a floating rate based on nationally or internationally published interest rate references.

The risks of a particular indexed debt security will depend on the terms of that indexed debt security. Such risks may include, but are not limited to, the possibility of significant changes in the prices of:

- the underlying assets;
- another objective price; and
- economic or other measures making up the relevant index.

Underlying assets could include:

- currencies;
- commodities;
- securities (individual or baskets); and
- indices.

The risks associated with a particular indexed debt security generally depend on factors over which we have no control and which cannot readily be foreseen. These risks include:

- economic events;
- political events; and
- the supply of, and demand for, the underlying assets.

In recent years, currency exchange rates and prices for various underlying assets have been highly volatile. Such volatility may continue in the future. Fluctuations in rates or prices that have occurred in the past are not necessarily indicative, however, of fluctuations that may occur during the term of any indexed debt security.

In considering whether to purchase indexed debt securities, you should be aware that the calculation of amounts payable on indexed debt securities may involve reference to prices that are published solely by third parties or entities that are not regulated by the laws of the United States.

The risk of loss as a result of linking of principal or interest payments on indexed debt securities to an index and to the underlying assets can be substantial. You should consult your own financial and legal advisors as to the risks of an investment in indexed debt securities.

RATIO OF EARNINGS TO FIXED CHARGES

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

	Six Months Ended June 30,	Year Ended December 31,				
	2006	2005	2004	2003	2002	2001
Ratio of Earnings to Fixed Charges	2.38	2.83	3.13	2.97	2.54	1.58

In computing the ratio of earnings to fixed charges, earnings consist of pretax income from continuing operations, interest expense and other adjustments. Interest expense includes interest expense related to the international banking operations of the Company and cardmember lending activities, which is netted against interest and dividends and cardmember lending net finance charge revenue, respectively, in our consolidated statement of income included in the documents incorporated by reference into this prospectus.

For purposes of computing earnings, other adjustments included adding the amortization of capitalized interest, the net loss of affiliates accounted for under the equity method whose debt is not guaranteed by the Company, 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.

Fixed charges consist of interest and other adjustments, including capitalized interest costs and the interest component of rental expense.

USE OF PROCEEDS

Except as may be otherwise set forth in the prospectus supplement accompanying this prospectus, we will use the net proceeds we receive from sales of these securities for general corporate purposes.

DESCRIPTION OF DEBT SECURITIES

The debt securities covered by this prospectus will be our direct unsecured obligations. The debt securities will be either senior debt securities, that rank on an equal basis with all of our other senior unsecured and unsubordinated debt, or they will be subordinated debt securities that will rank junior to all of our senior unsecured debt.

The following description briefly sets forth certain general terms and provisions of the debt securities. The prospectus supplement for a particular series of debt securities will describe the particular terms of the debt securities we offer and the extent to which these general provisions may apply to that particular series of debt securities.

Our senior debt securities will be issued under a senior debt indenture. Our subordinated debt securities will be issued under a subordinated debt indenture. The trustee under both indentures is The Bank of New York. The senior debt indenture and the subordinated debt indenture are sometimes referred to in this prospectus individually as an indenture and collectively as the indentures. When we refer to the indentures in this prospectus, we mean the indentures as they have been supplemented.

Forms of the indentures, together with a form of the supplemental indenture, have been filed with the SEC as exhibits to the registration statement of which this prospectus forms a part.

The following summaries of certain provisions of the indentures are not complete and are qualified in their entirety by reference to the indentures. You should read the indentures for further information. If we make no distinction in the following summaries between the senior debt securities and the subordinated debt securities or between the indentures, such summaries refer to any debt securities and either indenture. Any reference to particular sections or defined terms of the applicable indenture in any statement under this heading qualifies the entire statement and incorporates by reference the applicable definition into that statement.

Provisions Applicable to Both Senior and Subordinated Debt Securities

Issuances in Series

The indentures allow us to issue debt securities from time to time under either indenture without limitation as to amount. We may issue the debt securities in one or more series with the same or different terms. We may not issue all debt securities of the same series at the same time. All debt securities of the same series need not bear interest at the same rate or mature on the same date. Each indenture permits the appointment of a different trustee for each series of debt securities. If there is at any time more than one trustee under the indentures, the term trustee means each such trustee and will apply to each such trustee only with respect to those series of debt securities for which it is serving as trustee.

We may sell debt securities at a substantial discount below their stated principal amount that bear no interest or below market rates of interest. The accompanying prospectus supplement will describe the material federal income tax consequences and special investment considerations applicable to any such series of debt securities.

Unless otherwise specified for the debt securities denominated in a currency other than U.S. dollars or as otherwise specified in an accompanying prospectus supplement, we will issue debt securities only in fully registered form in denominations of $1,000 and integral multiples thereof in excess of that amount. The debt securities will be denominated in U.S. dollars and payments of principal of and premium, if any, and interest on the debt securities will be made in U.S. dollars unless we provide otherwise in an accompanying prospectus supplement. If any of the debt securities are to be denominated in a foreign currency or currency unit, or if the principal of and premium, if any, and any interest on any of the debt securities is to be payable at your option or at our option in a currency, including a currency unit, other than that in which such debt securities are denominated, we will provide additional information pertaining to such debt securities in an accompanying prospectus supplement.

The prospectus supplement relating to any series of debt securities being offered will contain the specific terms relating to the offering. These terms will include some or all of the following (to the extent not otherwise described in this prospectus):

- the designation, aggregate principal amount and authorized denominations of the debt securities;

the percentage of the principal amount at which we will sell the debt securities and whether the debt securities will be original issue discount securities for U.S. federal income tax purposes;

the maturity date or the method for determining the maturity date;

the terms for exchange, if any, of the debt securities;

the interest rate or rates, if any, or the method for computing such rate or rates;

the interest payment dates or the method for determining such dates;

if other than U.S. dollars, the currency or currencies in which debt securities may be denominated and purchased

and the currency or currencies (including composite currencies) in which principal, premium, if any, and any interest may be payable;

if the currency for which debt securities may be purchased or in which principal, premium, if any, and any interest may be payable is at the election of us or the purchaser, the manner in which such an election may be made and the terms of such election;

if other than denominations of $1,000 and integral multiples thereof in excess of that amount, the denominations in which the debt securities shall be issuable;

if other than cash, the type and amount of securities or

other property, or the method by which such amount shall be determined, in which principal, premium, if any, and any interest may be payable at the election of us or the purchaser;

any mandatory or optional sinking fund, redemption or other similar terms;

any index or other method used to determine the amount of principal, premium, if any, and interest, if any, on the debt securities;

whether the debt securities are to be issued as individual certificates to each holder or in the form of global certificates held by a depositary on behalf of holders;

information describing any book-entry

features;

if a trustee other than The Bank of New York is named for the debt securities, the name and corporate trust office of such trustee;

any material federal income tax consequences;

any material provisions of the indentures that do not apply to the debt securities; and

any other specific terms of the debt securities.

Interest and Interest Rates

Each debt security will bear interest from its date of issue or from the most recent date to which interest on that series of debt securities has been paid or duly provided for at the annual rate, or at a rate determined according to an interest rate formula, stated in the debt security and in an accompanying prospectus supplement, until the principal of the debt security is paid or made available for payment. We will pay interest, if any, on each interest payment date and at maturity or upon redemption or repayment, if any. Interest payment date means the date on which payments of interest on a debt security (other than payments on maturity) are to be made. Maturity means the date on which the principal of a debt security becomes due and payable, whether at the stated maturity or by declaration of acceleration or otherwise. Stated maturity means the date specified in a debt security as the date on which principal of the debt security is due and payable. Any debt security that has a specified currency of pounds sterling will mature in compliance with the regulations the Bank of England may promulgate from time to time.

We will pay interest to the person in whose name a debt security is registered at the close of business on the regular record date next preceding the applicable interest payment date. Regular record date means the date on which a debt security must be held in order for the holder to receive an interest payment on the next interest payment date. However, we will pay interest at maturity or upon redemption or repayment to the person to whom we pay the principal. The first payment of interest on any debt security originally issued between a regular record date and an interest payment date will be made on the interest payment date following the next succeeding regular record date to the registered owner on such next regular record date.

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Unless we specify otherwise in an accompanying prospectus supplement, the interest payment dates and the regular record dates for fixed rate debt securities shall be described below under Fixed Rate Debt Securities. The interest payment dates for floating rate debt securities shall be as indicated in an accompanying prospectus supplement, and unless we specify otherwise in an accompanying prospectus supplement, each regular record date for a floating rate debt security will be the fifteenth day (whether or not a business day) next preceding each interest payment date.

Each debt security will bear interest either at a fixed rate or a floating rate determined by reference to an interest rate formula that may be adjusted by a spread or spread multiplier, if any. Spread means the number of basis points, if any, to be added or subtracted to the Commercial Paper Rate, the Federal Funds Rate, the CD Rate, LIBOR, EURIBOR, the Prime Rate, the Treasury Rate or any other interest rate index in effect from time to time with respect to a debt security, which amount will be set forth in such debt security and the related accompanying prospectus supplement. Spread multiplier means the percentage by which the Commercial Paper Rate, the Federal Funds Rate, the CD Rate, LIBOR, EURIBOR, the Prime Rate, the Treasury Rate or any other interest rate index in effect from time to time with respect to a debt security is to be multiplied, which amount will be set forth in such debt security and the related accompanying prospectus supplement. Any floating rate debt security may also have either or both of the following: (1) a maximum numerical interest rate limitation, or ceiling, on the rate of interest that may accrue during any interest period; and (2) a minimum numerical interest rate limitation, or floor, on the rate of interest that may accrue during any interest period.

The accompanying prospectus supplement will designate one of the following interest rate bases as applicable to each debt security:

- a fixed rate per year, in which case the debt security will be a fixed rate debt security;
- the Commercial Paper Rate, in which case the debt security will be a Commercial Paper Rate debt security;
- the Federal Funds Rate, in which case the debt security will be a Federal Funds Rate debt security;
- the CD Rate, in which case

- the debt security will be a CD Rate debt security;
- LIBOR, in which case the debt security will be a LIBOR debt security;
- EURIBOR, in which case the debt security will be a EURIBOR debt security;
- the Prime Rate, in which case the debt security will be a Prime Rate debt security;
- the Treasury Rate, in which case the debt security will be a Treasury Rate debt security; or
- such other interest rate formula as is set forth in an accompanying prospectus supplement.

We will specify in the accompanying prospectus supplement for each floating rate debt security the applicable index maturity for the debt security. Index maturity means the period of time designated by us as the representative maturity of the instrument or obligation with respect to which the interest rate basis or bases will be calculated as set forth in a floating rate debt security bearing interest at one of those rates and in the accompanying prospectus supplement.

Fixed Rate Debt Securities

Each fixed rate debt security will bear interest from its date of issue at the annual rate stated on the debt security. Unless we indicate otherwise in an accompanying prospectus supplement, the interest payment dates for the fixed rate debt securities will be on February 1 and August 1 of each year and the regular record dates will be on January 15 and

July 15 of each year. Unless we specify otherwise in an accompanying prospectus supplement, interest on fixed rate debt securities will be computed and paid on the basis of a 360-day year of twelve 30-day months.

Floating Rate Debt Securities

The interest rate on each floating rate debt security will be equal to either (1) the interest rate calculated by reference to the specified interest rate formula (as specified in an accompanying prospectus supplement) plus or minus the spread, if any, or (2) the interest rate calculated by reference to the specified interest rate formula multiplied by the spread multiplier, if any. We will specify in an accompanying prospectus supplement the interest rate basis and the spread or spread multiplier, if any, and the maximum

or minimum interest rate limitation, if any, applicable to each floating rate debt security. In addition, such accompanying prospectus supplement may contain particulars as to the calculation agent, calculation dates, index maturity, initial interest rate, interest determination dates, interest payment dates, regular record dates and interest reset dates with respect to such debt security.

Except as provided below, interest on floating rate debt securities will be payable on the maturity date and:

- in the case of floating rate debt securities with a daily, weekly or monthly interest reset date (as defined below), on the third Wednesday of each month or on the third Wednesday of March, June, September and December as specified in an accompanying prospectus supplement;

- in the case of floating rate debt securities with a quarterly interest reset date, on the third Wednesday of March, June, September and December of each year as specified in an accompanying prospectus supplement;

- in the case of floating rate

- debt securities with a semi-annual interest reset date, on the third Wednesday of two months of each year as specified in an accompanying prospectus supplement; and

- in the case of floating rate debt securities with an annual interest reset date, on the third Wednesday of one month of each year as specified in an accompanying prospectus supplement.

If any interest payment date for any floating rate debt security would otherwise be a day that is not a business day for that floating rate debt security, the interest payment date for that floating rate debt security shall be postponed to the next day that is a business day for that floating rate debt security, except that in the case of a LIBOR debt security or a EURIBOR debt security, if such day falls in the next calendar month, the interest payment date shall be the immediately preceding day that is a business day. If the maturity date of a floating rate debt security falls on a day that is not a business day, the payment of principal, premium, if any, and interest, if any, will be made on the next succeeding business day, and we will not pay any additional interest for the period from and after the maturity date.

As used in this prospectus, business day means:

- with respect to any payment, each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in the Borough of

Manhattan, New York City are authorized or required by law or executive order to close;

when used for any other purpose, each Monday, Tuesday, Wednesday, Thursday and Friday that is not a day on which banking institutions in the Borough of Manhattan, New York City, or in the city in which the corporate trust office of the trustee is located, are authorized or required by law or executive order to close;

for debt securities based on LIBOR only, such day shall also be a day on which dealings in deposits in U.S. dollars are transacted in the London interbank market;

for debt securities based on EURIBOR only, such day shall be any day on which the Trans-European

Automated Real-Time Gross Settlement Express Transfer system, or TARGET, is open; and

for debt securities having a specified currency other than U.S. dollars only, any day that, in the capital city of the country issuing the specified currency, except for Australian dollars or Canadian dollars, which will be based on the cities of Sydney or Toronto, respectively, is not a day on which banking institutions are authorized or obligated to close, or for euros, any day which is not a day on which TARGET is closed.

The rate of interest on each floating rate debt security will be reset on the interest reset date that will be weekly, monthly, quarterly, semi-annually or annually, as we specify in an accompanying prospectus supplement. The interest reset date will be:

in the case of floating rate debt securities (other than

Treasury Rate debt securities) that reset weekly, the Wednesday of each week;

in the case of Treasury Rate debt securities that reset weekly, the Tuesday of each week;

in the case of floating rate debt securities that reset monthly, the third Wednesday of each month;

- in the case of floating rate debt securities that reset quarterly, the third Wednesday of March, June, September and December;

- in the case of floating rate debt securities that reset semi-annually, the third Wednesday of two months of each year, as specified in an accompanying prospectus supplement, and in the case of floating rate debt securities that reset annually, the third Wednesday of one month of each year, as specified in an accompanying prospectus supplement;

However, in each case, (1) the interest rate in effect from the date of issue to the first interest reset date with respect to a floating rate debt security will be the initial interest rate set forth in an accompanying prospectus supplement and (2) the interest rate in effect for the ten days immediately prior to maturity or redemption, if applicable, will be the rate in effect on the tenth day preceding such maturity or redemption. If any interest reset date for any floating rate debt security would otherwise be a day that is not a business day for that floating rate debt security, the interest reset date for that floating rate debt security shall be postponed to the next day that is a business day for that floating rate debt security, except that in the case of a LIBOR debt security or a EURIBOR debt security, if such business day is in the next succeeding calendar month, the interest reset date shall be the immediately preceding business day.

The interest rate applicable to each interest accrual period beginning on an interest reset date will be the rate determined on the calculation date, if any, by reference to the interest determination date. Calculation date means the date, if any, on which the calculation agent (as defined below) is to calculate an interest rate for a floating rate debt security.

Unless otherwise specified in the accompanying prospectus supplement, the calculation date, where applicable, pertaining to any interest determination date will be the earlier of (a) the tenth calendar day after that interest determination date or, if such day is not a business day, the next succeeding business day or (b) the business day preceding the applicable interest payment date or maturity date, as the case may be. Calculation agent means the agent we appoint to calculate interest rates on floating rate debt securities. The calculation agent will be The Bank of New York unless we specify otherwise in an accompanying prospectus supplement.

The interest determination date pertaining to an interest reset date will be:

- the second business day preceding such interest reset date for (1) a Commercial Paper Rate debt security, (2) a Federal Funds Rate debt security, (3) a CD Rate debt security or (4) a Prime Rate debt security;

- the second business day preceding such interest reset date for a LIBOR debt security or a EURIBOR debt security; or

- the day of the week in which such interest reset date falls on which Treasury bills would

normally be auctioned for a Treasury Rate debt security.

Treasury bills are usually sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is usually held on the following Tuesday, except that such auction may be held on the preceding Friday. If, as the result of a legal holiday, an auction is held on the preceding Friday, such Friday will be the interest determination date for the Treasury Rate debt security pertaining to the interest reset date occurring in the next succeeding week. If an auction date shall fall on any interest reset date for a Treasury Rate debt security, then such interest reset date shall instead be the first business day immediately following such auction date. Unless otherwise specified in the accompanying prospectus supplement, the interest determination date pertaining to a floating rate note, the interest rate of which is determined with reference to two or more interest rate bases, will be the latest business day which is at least two business days prior to each interest reset date for such floating rate note. Each interest rate basis will be determined and compared on such date, and the applicable interest rate will take effect on the related interest reset date, as specified in the accompanying prospectus supplement.

Unless we specify otherwise in an accompanying prospectus supplement, the interest payable on each interest payment date or at maturity for floating rate debt securities will be the amount of interest accrued from and including the issue date or from and including the last interest payment date to which interest has been paid, as the case may be, to, but excluding, such interest payment date or the date of maturity, as the case may be. However, in the case of a floating rate debt security on which interest is reset weekly, interest payable on each interest payment date will be the amount of interest accrued from and including the issue

date or from and excluding the last date to which interest has been paid, as the case may be, to, and including, the regular record date immediately preceding such interest payment date, except that at maturity the interest payable will include interest accrued to, but excluding, the date of maturity.

Accrued interest from the date of issue or from the last date to which interest has been paid is calculated by multiplying the face amount of a debt security by an accrued interest factor. This accrued interest factor is computed by adding the interest factors calculated for each day from and including the later of (a) the date of issue and (b) the last day to which interest has been paid or duly provided for to but excluding the last date for which accrued interest is being calculated. The interest factor (expressed as a decimal rounded to the nearest one hundred-thousandth of a percentage point (*e.g.*, 9.876544% and 9.876545% being rounded to 9.87654% and 9.87655%, respectively)) for each such day is computed by dividing the interest rate (expressed as a decimal rounded to the nearest one hundred-thousandth of a percentage point) applicable to such date by 360, in the case of Commercial Paper Rate debt securities, Federal Funds Rate debt securities, CD Rate debt securities, LIBOR debt securities, EURIBOR debt securities and Prime Rate debt securities, or by the actual number of days in the year, in the case of Treasury Rate debt securities. All dollar amounts used in or resulting from calculations on floating rate debt securities will be rounded to the nearest cent with one half cent being rounded upward.

The calculation agent will, upon the request of the holder of any floating rate debt security, provide the interest rate then in effect and, if determined, the interest rate that will become effective as a result of a determination made on the most recent interest determination date with respect to such debt security. For purposes of calculating the rate of interest payable on floating rate debt securities, we will enter into an agreement with the calculation agent.

In addition to any maximum interest rate that may be applicable to any floating rate debt security, the interest rate on the floating rate debt securities will in no event be higher than the maximum rate permitted by New York law as the same may be modified by United States law of general application. Under present New York law, the maximum rate of interest, with few exceptions, is 25% per year (calculated on a simple interest basis). This limit only applies to obligations that are less than $2,500,000.

Commercial Paper Rate Debt Securities

A Commercial Paper Rate debt security will bear interest at the interest rate (calculated with reference to the Commercial Paper Rate and the spread or spread multiplier, if any) we specify in the Commercial Paper Rate debt security and in an accompanying prospectus supplement.

Unless we indicate otherwise in an accompanying prospectus supplement, Commercial Paper Rate for any interest determination date will be the money market yield (calculated as described below) of the rate on that date for commercial paper having the index maturity designated in an accompanying prospectus supplement as such rate is published by the Board of Governors of the Federal Reserve System in Statistical Release H.15(519), Selected Interest Rates or any successor publication of the Board of Governors of the Federal Reserve System, to which we refer as H.15(519), under the heading Commercial Paper Nonfinancial.

The following procedures will be followed if the Commercial Paper Rate cannot be determined as described above:

In the event that such rate is not published prior to 3:00 p.m., New York City time, on the applicable calculation date, then the Commercial Paper Rate shall be the money market yield of the rate on such date for commercial paper having the index maturity designated in an accompanying prospectus supplement as published in the daily update of

H.15(519), available through the worldwide website of the Board of Governors of the Federal Reserve System at http://www.federalreserve.gov/releases/H15/update, or any successor site or publication, to which we refer as H.15 Daily Update, under the heading Commercial Paper Nonfinancial (with an index maturity of one month or three months being deemed to be equivalent to an index maturity of 30 days or 90 days, respectively).

If by 3:00 p.m., New York City time, on such calculation date such rate is not yet published in H.15(519) or H.15 Daily Update, then the Commercial Paper Rate for such interest determination date shall be calculated by the calculation agent and shall be the money market yield of the

arithmetic mean (each as rounded to the nearest one hundred-thousandth of a percentage point) of the offered rates of three leading dealers of commercial paper in New York City selected by the calculation agent, after consultation with us, as of 11:00 a.m., New York City time, on such date, for commercial paper having the index maturity designated in an accompanying prospectus supplement placed for a non-financial issuer whose bond rating is AA, or the equivalent, from a nationally recognized securities rating agency.

If the dealers selected by the calculation agent are not quoting as mentioned in the previous sentence, the Commercial Paper Rate with respect to such interest determination date will be the same as the Commercial Paper Rate for the immediately preceding interest reset period (or, if there was no preceding interest

reset period, the rate of interest will be the initial interest rate).

Money market yield will be a yield (expressed as a percentage rounded to the nearest one hundred-thousandth of a percentage point) calculated in accordance with the following formula:

$$\text{Money Market Yield} = \frac{D \times 360}{360 - (D \times M)} = 100$$

where D refers to the annual rate for the commercial paper quoted on a bank discount basis and expressed as a decimal, and M refers to the actual number of days in the interest period for which interest is being calculated.

Federal Funds Rate Debt Securities

A Federal Funds Rate debt security will bear interest at the interest rate (calculated with reference to the Federal Funds Rate and the spread or spread multiplier, if any) we specify in the Federal Funds Rate debt security and in an accompanying prospectus supplement.

Unless we indicate otherwise in an accompanying prospectus supplement, Federal Funds Rate for any interest determination date will be the rate on that date for federal funds as published in H.15(519) under the heading Federal Funds (Effective), as such rate is displayed on Moneyline Telerate, Inc. (or any successor service) on page 120 (or any page which may replace such page).

The following procedures will be followed if the Federal Funds Rate cannot be determined as described above:

If that rate is not published by 3:00 p.m., New York City time, on the applicable calculation date, the Federal Funds Rate will be the rate on such interest determination date as published in H.15 Daily Update under the heading Federal Funds (Effective).

If such rate is not published in either H.15(519) or H.15 Daily Update by 3:00 p.m., New York City time, on the applicable calculation date,

then the Federal Funds Rate for such interest determination date will be calculated by the calculation agent and will be the arithmetic mean (rounded to the nearest one hundred-thousandth of a percentage point) of the rates as of 9:00 a.m., New York City time, on such date for the last transaction in overnight United States dollar federal funds arranged by three leading brokers of federal funds transactions in New York City selected by the calculation agent, after consultation with us.

If the brokers selected by the calculation agent are not quoting as mentioned in the previous sentence, the Federal Funds Rate with respect to such interest determination date will be the same as the Federal Funds Rate for the immediately preceding interest reset period (or, if there was no preceding interest reset period, the rate of interest will be the initial interest rate).

CD Rate Debt Securities

A CD Rate Note will bear interest at the interest rate (calculated with reference to the CD Rate and the spread or spread multiplier, if any) we specify in the CD Rate debt security and in an accompanying prospectus supplement.

Unless we indicate otherwise in an accompanying prospectus supplement, the CD Rate for any interest determination date will be the rate on that date for negotiable certificates of deposit having the index maturity designated in an accompanying prospectus supplement as published in H.15(519) under the heading CDs (Secondary Market).

The following procedures will be followed if the CD Rate cannot be determined as described above:

If that rate is not published by 3:00 p.m., New York City time, on the applicable calculation date, the CD Rate will be the rate on such interest determination date for negotiable certificates of deposit of the index maturity designated in an accompanying prospectus supplement as published in H.15 Daily Update under the heading CDs (Secondary Market).

If such rate is not published in either H.15(519) or H.15 Daily Update by 3:00 p.m., New York City time, on such calculation date, then the CD Rate on such interest determination date will be calculated by the calculation agent and will be the arithmetic mean (each as rounded to the nearest one hundred-thousandth of a percentage point) of the secondary market offered rates as of 10:00 a.m., New York City time, on such date, of three leading nonbank dealers in negotiable U.S. dollar

certificates of deposit in New York City selected by the calculation agent, after consultation with us, for negotiable certificates of deposit of major United States money market banks (in the market for negotiable certificates of deposit) with a remaining maturity closest to the index maturity designated in an accompanying prospectus supplement in an amount that is representative for a single transaction in that market at that time.

If the dealers selected by the calculation agent are not quoting as mentioned in the previous sentence, the CD Rate with respect to such interest determination date will be the same as the CD Rate for the immediately preceding interest reset period (or, if there was no preceding interest reset period, the rate of interest will be the initial interest rate).

LIBOR Debt Securities

A LIBOR debt security will bear interest at the interest rate (calculated with reference to LIBOR and the spread or spread multiplier, if any) we specify in the LIBOR debt security and in an accompanying prospectus supplement.

Unless we indicate otherwise in an accompanying prospectus supplement, LIBOR will be determined by the calculation agent in accordance with the following provisions in the order set forth below:

On each interest determination date, LIBOR will be determined on the basis of the offered rate for deposits in the London interbank market in the index currency (as defined below) having the index maturity designated in an accompanying prospectus supplement commencing on the second business day immediately following such interest determination date that appears on the Designated LIBOR Page (as defined below) or a successor reporter of such rates selected by the calculation agent and acceptable to us, as of 11:00 a.m., London

time, on such interest determination date. If no rate appears on the Designated LIBOR Page, LIBOR in respect of such interest determination date will be determined as if the parties had specified the rate described in the following paragraph.

With respect to an interest determination date relating to a LIBOR debt security to which the last sentence of the previous paragraph applies, the calculation agent will request the principal London offices of each of four major reference banks (which may include any underwriters, agents or their affiliates) in the London interbank market selected by the calculation agent after

consultation with us to provide the calculation agent with its offered quotation for deposits in the index currency for the period of the index maturity designated in the accompanying prospectus supplement commencing on the second London business day immediately following such interest determination date to prime banks in the London interbank market at approximately 11:00 a.m., London time, on such interest determination date and in a principal amount that is representative for a single transaction in such index currency in such market at such time. If at least two such quotations are provided, LIBOR determined on

such interest determination date will be the arithmetic mean of such quotations. If fewer than two quotations are provided, LIBOR determined on such interest determination date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m. (or such other time specified in the accompanying prospectus supplement), in the principal financial center of the country of the specified index currency, on that interest determination date for loans made in the index currency to leading European banks having the index maturity designated in the accompanying prospectus supplement commencing on the second London business day immediately following such

interest determination date and in a principal amount that is representative for a single transaction in that index currency in that market at such time by three major reference banks (which may include any

underwriters, agents or their affiliates) in such principal financial center selected by the calculation agent after consultation with us; provided, however, that if fewer than three reference banks so selected by the calculation agent are quoting such rates as mentioned in this sentence, LIBOR with respect to such interest determination date will be the same as LIBOR in effect for the immediately preceding interest reset period (or, if there was no preceding interest reset period, the rate of interest will be the initial interest rate).

Index currency means the currency (including currency units and composite currencies) specified in the accompanying prospectus supplement as the currency with respect to which LIBOR will be calculated. If no currency is specified in the accompanying prospectus supplement, the index currency will be U.S. dollars.

Designated LIBOR Page means the display on Page 3750 (or any other page specified in the accompanying prospectus supplement) of Moneyline Telerate, Inc. (or any successor service) for the purpose of displaying the

London interbank offered rates of major banks for the applicable index currency (or such other page as may replace that page on that service for the purpose of displaying such rates).

EURIBOR Debt Securities

Each EURIBOR debt security will bear interest for each interest reset period at an interest rate equal to EURIBOR and any spread or spread multiplier as specified in the debt security and an accompanying prospectus supplement.

The calculation agent will determine EURIBOR on each EURIBOR determination date. The EURIBOR determination date is the second business day prior to the interest reset date for each interest reset period.

On a EURIBOR determination date, the calculation agent will determine EURIBOR for each interest reset period as follows.

The calculation agent will determine the offered rates for deposits in euros for the period of the index maturity specified in an accompanying prospectus supplement, commencing on the interest reset date, which appears on page 248 on the Reuters Telerate Service or any successor service or any page that may replace page 248 on that service that is commonly referred to as Telerate Page 248 as of 11:00 a.m., Brussels time, on that date.

If EURIBOR cannot be determined on a EURIBOR determination date as described above, then the calculation agent will determine EURIBOR as follows:

- The calculation agent for the EURIBOR debt security will select four major banks in the euro-zone interbank market.
- The calculation agent will request that the principal euro-zone offices of those four selected banks provide their offered quotations to prime banks in the euro-zone interbank market at approximately

11:00 a.m., Brussels time, on the EURIBOR determination date. These quotations shall be for deposits in euros for the period of the specified index maturity, commencing on the interest reset date. Offered quotations must be based on a principal amount equal to at least $1,000,000 or the approximate equivalent in euros that is representative of a single transaction in such market at that time.

(1) If two or more quotations are provided, EURIBOR for the interest reset period will be the arithmetic mean of those quotations.

(2) If less than two quotations

are provided, the calculation agent will select four major banks in the euro-zone and follow the steps in the two bullet points below:

The calculation agent will then determine EURIBOR for the interest reset period as the arithmetic mean of rates quoted by those four major banks in the euro-zone to leading European banks at approximately 11:00 a.m., Brussels time, on the EURIBOR determination date. The rates quoted will be for loans in euros, for the period of the specified index maturity, commencing on the interest reset date. Rates quoted must be based

on a principal amount of at least $1,000,000 or the approximate equivalent in euros that is representative of a single transaction in such market at that time.

- If the banks so selected by the calculation agent are not quoting rates as described above, EURIBOR for the interest reset period will be the same as for the immediately preceding interest reset period. If there was no preceding interest reset period, EURIBOR will be the initial interest rate.

Euro-zone means the region comprised of the member states of the European Union that adopted the Euro as their single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and the Treaty of Amsterdam.

Prime Rate Debt Securities

A Prime Rate debt security will bear interest at the interest rate (calculated with reference to the Prime Rate and the spread or spread multiplier, if any) we specify in the Prime Rate debt security and in an accompanying prospectus supplement.

Unless we indicate otherwise in an accompanying prospectus supplement, Prime Rate for any interest determination date will be the rate on that date as published in H.15(519) under the heading Bank Prime Loan.

The following procedures will be followed if the Prime Rate cannot be determined as described above:

- If the rate is not published by 3:00 p.m., New York City time, on the calculation date, then the Prime Rate

will be the rate on that interest determination date as published in H.15 Daily Update under the heading Bank Prime Loan.

If the rate is not published in either H.15(519) or the H.15 Daily Update by 3:00 p.m., New York City time, on the calculation date, then the calculation agent will determine the Prime Rate to be the arithmetic mean of the rates of interest publicly announced by each bank that appears on the Reuters Screen USPRIME 1 Page (as defined below) as that bank s prime rate or base lending rate as in effect as of 11:00 a.m., New York City time, for that interest determination

date as quoted on the Reuters Screen USPRIME 1 Page on that interest determination date.

If fewer than four rates appear on the Reuters Screen USPRIME 1 Page for that interest determination date, the calculation agent will determine the Prime Rate to be the arithmetic mean of the prime rates quoted on the basis of the actual number of days in the year divided by 360 as of the close of business on that interest determination date by at least two of the three major money center banks in New York City selected by the calculation agent, after consultation with us, from which quotations are

requested.

If fewer than two quotations are provided, the calculation agent will calculate the Prime Rate, which will be the arithmetic mean of the prime rates in New York City by the appropriate number of substitute banks or trust companies organized and doing business under the laws of the United States, or any State thereof, in each case having total equity capital of at least $500 million and being subject to supervision or examination by federal or state authority, selected by the calculation agent after consultation with us to quote prime rates.

Reuters Screen USPRIME 1 Page means the display designated as page USPRIME 1 of the Reuters Monitor Money Rates Service, or any successor service, or any other page that may replace the USPRIME 1 Page on that service for the purpose of displaying prime rates or base lending rates of major United States banks.

Treasury Rate Debt Securities

A Treasury Rate debt security will bear interest at the interest rate (calculated with reference to the Treasury Rate and the spread or spread multiplier, if any) we specify in the Treasury Rate debt security and in an accompanying prospectus supplement.

Unless we indicate otherwise in an accompanying prospectus supplement, the Treasury Rate for any interest determination date will be the rate applicable to the auction held on such date of direct obligations of the United States (Treasury bills) having the index maturity specified in the accompanying prospectus supplement as such rate appears under the heading INVESTMENT RATE on the display on Moneyline Telerate, Inc. (or any successor service) on page 56 (or any other page as may replace such page) or page 57 (or any other page as may replace such page).

The following procedures will be followed if the Treasury Rate cannot be determined as above:

If the above rate is not published by 3:00 p.m., New York City time, on the calculation date, the Treasury Rate will be the bond equivalent yield (as defined below) of the rate for such Treasury bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the heading U.S. Government Securities/Treasury Bills/Auction High.

In the event that the results of the auction of Treasury bills having the index maturity specified in an accompanying prospectus supplement are not published or reported as provided above by 3:00 p.m., New York City time, on such calculation date, or if no such auction is held on such interest determination date, then the calculation agent will determine the Treasury Rate to be

the bond equivalent yield of the auction rate of such Treasury bills as announced by the U.S. Department of the Treasury.

In the event that the auction rate of Treasury bills having the index maturity designated in the accompanying prospectus supplement is not so announced by the U.S. Department of the Treasury, or if no such auction is held, then the Treasury rate will be the bond equivalent yield of the rate on that interest determination date of Treasury bills having the index maturity designated in the accompanying prospectus supplement as published in H.15(519) under the heading U.S. Government Securities/Treasury Bills/Secondary Market or, if not published by 3:00 p.m., New York City time, on the related calculation date, the rate on that interest determination date of such Treasury

bills as published in H.15 Daily Update, or such other recognized electronic source used for the purpose of displaying such rate, under the heading U.S. Government Securities/Treasury Bills/Secondary Market.

In the event such rate is not published by 3:00 p.m., New York City time, on such calculation date, then the calculation agent will calculate the Treasury rate, which will be a bond equivalent yield of the arithmetic mean of the secondary market bid rates, as of approximately 3:30 p.m., New York City time, on such interest determination date, of three leading primary U.S. government securities dealers selected by the calculation agent after consultation with us for the issue of Treasury bills with a remaining maturity closest to the index maturity designated in the accompanying prospectus supplement.

If the dealers selected by the calculation agent are not quoting bid rates as mentioned in this sentence, the Treasury rate with respect to the interest determination date will be the same as the Treasury rate in effect for the immediately preceding interest reset period (or, if there was no preceding interest reset period, the rate of interest will be the initial interest rate).

Bond Equivalent Yield means a yield (expressed as a percentage) calculated as follows:

$$\text{Bond Equivalent Yield} = \frac{D \times N}{360 - (D \times M)} = 100$$

where D refers to the applicable annual rate for the Treasury bills quoted on a bank discount basis and expressed as a decimal, N refers to 365 or 366, as the case may be, and M refers to the actual number of days in the interest period for which interest is being calculated.

Amortizing Debt Securities

We may from time to time offer amortizing debt securities on which a portion or all of the principal amount is payable prior to stated maturity:

in accordance with a schedule;

by application of a formula; or

based on an index.

Further information concerning additional terms and conditions of any amortizing debt securities, including terms of repayment of such debt securities, will be set forth in the accompanying prospectus supplement.

Indexed Debt Securities

We may also issue indexed debt securities on which the principal amount payable at maturity, premium, if any, and/or interest payments are determined with reference to the price or prices of specified commodities (including baskets of commodities), securities (including baskets of securities), interest rate indices, interest rate or exchange rate swap indices, the exchange rate of one or more specified currencies (including baskets of currencies or a composite currency) relative to an indexed currency, or such other price or exchange rate or other financial or non-financial index or indices as we may specify in such indexed debt security and in the accompanying prospectus supplement for the indexed debt security. Holders of indexed debt securities may receive a principal amount at maturity that is greater than or less than the face amount of the indexed debt securities depending upon the relative value at maturity of the specified index. We will provide information on the method for determining the principal payable at maturity, premium, if any and/or interest payments in an accompanying prospectus supplement for the indexed debt securities. Certain historical information, where applicable, with respect to the specified indexed item or items and tax considerations associated with an investment in indexed debt securities will also be provided in an accompanying prospectus supplement.

Notwithstanding anything to the contrary contained herein or in the accompanying prospectus, for purposes of determining the rights of a holder of an indexed debt security in respect of voting for or against amendments to the indenturesand modifications and the waiver of rights thereunder, the principal amount of such indexed debt security shall be deemed to be equal to the face amount thereof upon issuance. The amount of principal payable at maturity will be specified in an accompanying prospectus supplement.

Original Issue Discount Debt Securities

We may issue original issue discount debt securities at an issue price (as specified in the accompanying prospectus supplement) that is less than 100% of the principal amount of such debt securities (i.e., par). Original issue discount debt securities may not bear any interest currently or may bear interest at a rate that is below market rates at the time of issuance. The difference between the issue price of an original issue discount debt security and par is referred to herein as the discount. In the event of redemption, repayment or acceleration of maturity of an original issue discount debt security, the amount payable to the holder of an original issue discount debt security will be equal to the sum of (a) the issue price (increased by any accruals of discount) and, in the event of any redemption by us of such original issue discount debt security (if applicable), multiplied by the initial redemption percentage specified in the accompanying prospectus supplement (as adjusted by the initial redemption percentage reduction, if applicable) and (b) any unpaid interest on such original issue discount debt security accrued from the date of issue to the date of such redemption, repayment or acceleration of maturity.

Unless otherwise specified in the accompanying prospectus supplement, for purposes of determining the amount of discount that has accrued as of any date on which a redemption, repayment or acceleration of maturity occurs for an original issue discount debt security, the discount will be accrued using a constant yield method. The constant yield will be calculated using a 30-day month, 360-day year convention, a compounding period that, except for the initial period (as defined below), corresponds to the shortest period between interest payment dates for the applicable original issue discount debt security (with ratable accruals within a compounding period), a coupon rate equal to the initial coupon rate applicable to such original issue discount debt security and an assumption that the maturity of such original issue discount debt security will not be accelerated. If the period from the date of issue to the initial interest payment date, or the initial period, for an original issue discount debt security is shorter than the compounding period for such original issue discount debt security, a proportionate amount of the yield for an entire compounding period will be accrued. If the initial period is longer than the compounding period, then such period will be divided into a regular compounding period and a short period with the short period being treated as provided in the preceding sentence. The accrual of the applicable discount may differ from the accrual of original issue discount for purposes of the Internal Revenue Code.

Certain original issue discount debt securities may not be treated as having original issue discount for federal income tax purposes, and debt securities other than original issue discount debt securities may be

treated as issued with original issue discount for federal income tax purposes. We refer you to Certain U.S. Federal Income Tax Consequences.

Payment

Unless otherwise specified in an accompanying prospectus supplement, principal and premium, if any, and interest, if any, on the debt securities will be payable initially at the principal corporate trust office of the trustee. At our option, payment of interest may be made, subject to collection, by check mailed to the holders of record at the address registered with the trustee.

If the principal of or premium, if any, and interest, if any, on any series of debt securities is payable in foreign currencies or if debt securities are sold for foreign currencies, the restrictions, elections, tax consequences, specific terms and other information with respect to such debt securities will be described in an accompanying prospectus supplement.

Redemption and Repayment

Unless we specify otherwise in an accompanying prospectus supplement, the debt securities will not be redeemable prior to their stated maturity. If we so specify in an accompanying prospectus supplement, the debt security will be redeemable on or after the date or dates set forth in such supplement, either in whole or from time to time in part, at our option, at a redemption price equal to 100% of the principal amount to be redeemed or at such other price or prices set forth in such prospectus supplement. We will pay interest accrued on a redeemed debt security to the date of redemption, and will give notice of redemption no more than 60 and not less than 30 days prior to the date of redemption. The debt securities will not be subject to any sinking fund or to any provisions for repayment at your option unless we specify otherwise in the accompanying prospectus supplement.

Modification of the Indenture

We may make modifications and amendments to the indentures with respect to one or more series of debt securities by supplemental indentures without the consent of the holders of those debt securities in the following instances:

- to evidence the succession of another corporation to us and the assumption by such successor of our obligations under the indenture;
- to add to or modify our covenants or events of default for the benefit of the holders of the

debt securities;

to establish the form or terms of the debt securities of any series;

to cure any ambiguity or make any other provisions with respect to matters or questions arising under the indentures that will not adversely affect the interests of the holders in any material respect;

to modify, eliminate or add to the provisions of the indentures as necessary to qualify it under any applicable federal law;

to name, by supplemental indenture, a trustee other than The Bank of New York for a series of debt securities;

to provide for the acceptance of

- appointment by a successor trustee;
- to add to or modify the provisions of the indentures to provide for the denomination of debt securities in foreign currencies;
- to supplement any provisions of the indentures as is necessary to permit or facilitate the defeasance and discharge of any debt securities as described in this prospectus;
- to prohibit the authentication and delivery of additional series of debt securities; or
- to modify the provisions of the indentures provided that such modifications do not apply to any outstanding security.

Any other modifications or amendments of the indentures by way of supplemental indenture require the consent of the holders of a majority in principal amount of the debt securities at the time outstanding of

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each series affected. However, no such modification or amendment may, without the consent of the holder of each debt security affected thereby:

- modify the terms of payment of principal, premium or interest;
- reduce the percentage of holders of debt securities necessary to modify or amend the indentures or waive our compliance with any restrictive covenant; or
- subordinate the indebtedness evidenced by the debt securities to any of our other indebtedness.

Events of Default, Notice and Waiver

The indentures provide holders of debt securities with remedies if we fail to perform specific obligations, such as making payments on the debt securities. You should review these provisions carefully in order to understand what constitutes an event of default under the indentures.

Unless otherwise stated in the accompanying prospectus supplement, an event of default with respect to any series of debt securities will be:

- default in the payment of the principal of, or premium, if any, on any debt security of that series when it is due

and payable;

default in making a sinking fund payment or analogous obligation, if any, when due and payable;

default for 30 days in the payment of an installment of interest, if any, on any debt security of that series;

default for 60 days after written notice to us in the performance of any other covenant in respect of the debt securities of that series;

certain events of bankruptcy, insolvency or reorganization, or court appointment of a receiver, liquidator or trustee of us or our property;

an event of default with respect to any other series of debt securities outstanding under the indentures or as defined in any

- other indenture or instrument under which we have outstanding any indebtedness for borrowed money, as a result of which indebtedness of us of at least $50,000,000 principal amount shall have been accelerated and that acceleration shall not have been annulled within 15 days after written notice thereof; and

- any other event of default provided in or pursuant to the applicable resolution of our Board of Directors or the supplemental indenture under which that series of debt securities is issued.

An event of default with respect to a particular series of debt securities issued under the indentures does not necessarily constitute an event of default with respect to any other series of debt securities. The trustee may withhold notice to the holders of any series of debt securities of any default with respect to that series, except in the payment of principal, premium or interest, if it considers such withholding to be in the interests of the holders of that series.

If an event of default with respect to any series of debt securities has occurred and is continuing, the trustee or the holders of 25% in aggregate principal amount of the debt securities of that series may declare the principal, or in the case of discounted debt securities, such portion thereof as may be described in an accompanying prospectus supplement, of all the debt securities of that series to be due and payable immediately.

The indentures contain a provision entitling the trustee to be indemnified to its reasonable satisfaction by the holders before exercising any right or power under the indentures at the request of any of the holders. The indentures provide

that the holders of a majority in principal amount of the outstanding debt securities of any series may direct the time, method and place of conducting any proceeding for any remedy available to the trustee or exercising any trust or power conferred upon the trustee with respect to the debt securities of that series. The right of a holder to institute a proceeding with respect to the indentures is subject to certain conditions precedent including notice and indemnity to the trustee. However, the holder has an absolute right to receipt of principal and premium, if any, at stated maturity and interest on any overdue principal and interest or to institute suit for the enforcement thereof.

The holders of not less than a majority in principal amount of the outstanding debt securities of any series under the indentures may on behalf of the holders of all the debt securities of that series waive any past defaults, except a default in payment of the principal of or premium, if any, or interest, if any, on any debt security of that series and a default in respect of a covenant or provision of the indentures that cannot be amended or modified without the consent of the holder of each debt security affected.

We are required by the indentures to furnish to the trustee annual statements as to the fulfillment of our obligations under the indentures.

Defeasance of the Indentures and Debt Securities

The indentures permit us to be discharged from our obligations under the indentures and with respect to a particular series of debt securities if we comply with the following procedures. This discharge from our obligations is referred to in this prospectus as defeasance.

Unless an accompanying prospectus supplement states otherwise, if we deposit with the trustee sufficient cash and/or government securities to pay and discharge the principal and premium, if any, and interest, if any, to the date of maturity of such series of debt securities, then from and after the ninety-first day following such deposit:

- we will be deemed to have paid and discharged the entire indebtedness on the debt securities of any series; and

- our obligations under the indentures with respect to the debt securities of that series will cease to be in effect, except for certain obligations to register the transfer or exchange of the debt securities of that series,

replace stolen, lost or mutilated debt securities of that series, maintain paying agencies and hold moneys for payment in trust.

The indentures also provides that the defeasance will not be effective unless we deliver to the trustee a written opinion of our counsel to the effect that holders of the debt securities subject to defeasance will not recognize gain or loss on those debt securities for federal income tax purposes solely as a result of the defeasance and that the holders of those debt securities will be subject to federal income tax in the same amounts and at the same times as would be the case if the defeasance had not occurred.

Following the defeasance, holders of the applicable debt securities would be able to look only to the trust fund for payment of principal and premium, if any, and interest, if any, on their debt securities.

Governing Law

The laws of the State of New York will govern the indentures and the debt securities.

Concerning the Trustee

The Bank of New York, the trustee under the indentures, provides corporate trust services to us. In addition, affiliates of the trustee provide substantial investment banking, bank and corporate trust services and extend credit to us and many of our subsidiaries. We and our affiliates may have other customary banking relationships (including other trusteeships) with the trustee.

Global Securities and Global Clearance and Settlement Procedures

We may issue debt securities under a book-entry system in the form of one or more global securities. We will register the global securities in the name of a depositary or its nominee and deposit the global securities with that depositary. Unless we state otherwise in the prospectus supplement, The Depository Trust Company, New York, New York, or DTC, will be the depositary if we use a depositary.

Following the issuance of a global security in registered form, the depositary will credit the accounts of its participants with the debt securities upon our instructions. Only persons who hold directly or indirectly through financial institutions that are participants in the depositary can hold beneficial interests in the global securities. Because the laws of some jurisdictions require certain types of purchasers to take physical delivery of such securities in definitive form, you may encounter difficulties in your ability to own, transfer or pledge beneficial interests in a global security.

So long as the depositary or its nominee is the registered owner of a global security, we and the trustee will treat the depositary as the sole owner or holder of the debt securities for purposes of the applicable indenture. Therefore, except as set forth below, you will not be entitled to have debt securities registered in your name or to receive physical delivery of certificates representing the debt securities. Accordingly, you will have to rely on the procedures of the depositary and the participant in the depositary through whom you hold your beneficial interest in order to exercise any rights of a holder under the indenture. We understand that under existing practices, the depositary would act upon the instructions of a participant or authorize that participant to take any action that a holder is entitled to take.

Unless stated otherwise in an accompanying prospectus supplement, you may elect to hold interests in the global securities through either DTC (in the United States) or Clearstream Banking, socit anonyme, which we refer to as Clearstream, Luxembourg, or Euroclear Bank, S.A./N.V., or its successor, as operator of the Euroclear System, which we refer to as Euroclear, (outside of the United States) if you are participants of such systems, or indirectly through organizations that are participants in such systems. Interests held through Clearstream, Luxembourg and Euroclear will be recorded on DTC s books as being held by the U.S. depositary for each of Clearstream, Luxembourg and Euroclear, which U.S. depositaries will in turn hold interests on behalf of their participants customers securities accounts.

As long as the debt securities of a series are represented by the global securities, we will pay principal of and interest and premium on those securities to or as directed by DTC as the registered holder of the global securities. Payments to DTC will be in immediately available funds by wire transfer. DTC, Clearstream, Luxembourg or Euroclear, as applicable, will credit the relevant accounts of their participants on the applicable date. Neither we nor the trustee will be responsible for making any payments to participants or customers of participants or for maintaining any records relating to the holdings of participants and their customers, and you will have to rely on the procedures of the depositary and its participants. If an issue of debt securities is denominated in a currency other than the U.S. dollar, we will make payments of principal and any interest in the foreign currency in which the debt securities are denominated or in U.S. dollars. DTC has elected to have all payments of principal and interest paid in U.S. dollars unless notified by any of its participants through which an interest in the debt securities is held that it elects, in accordance with, and to the extent permitted by, the accompanying prospectus supplement and the relevant debt security, to receive payment of principal or interest in the foreign currency. On or prior to the third business day after the record date for payment of interest and 12 days prior to the date for payment of principal, a participant will be required to notify DTC of (a) its election to receive all, or the specified portion, of payment in the foreign currency and (b) its instructions for wire transfer of payment to a foreign currency account.

We have been advised by DTC, Clearstream, Luxembourg and Euroclear, respectively, as follows:

As to DTC: DTC has advised us that it is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a

member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code, and a clearing agency registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities deposited with it by its participants and facilitates the settlement of transactions among its participants in such securities through electronic computerized book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. DTC s participants include securities brokers and dealers, banks, trust companies, clearing corporations

and certain other organizations, some of whom (and/or their representatives) own DTC. Access to DTC s book-entry system is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly.

According to DTC, the foregoing information with respect to DTC has been provided to the financial community for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind.

As to Clearstream, Luxembourg: Clearstream, Luxembourg has advised us that it was incorporated as a limited liability company under Luxembourg law. Clearstream, Luxembourg is owned by Cedel International, socit anonyme, and Deutsche Brse AG. The

shareholders of these two entities are banks, securities dealers and financial institutions.

Clearstream, Luxembourg holds securities for its customers and facilitates the clearance and settlement of securities transactions between Clearstream, Luxembourg customers through electronic book-entry changes in accounts of Clearstream, Luxembourg customers, thus eliminating the need for physical movement of certificates. Transactions may be settled by Clearstream, Luxembourg in many currencies, including United States dollars. Clearstream, Luxembourg provides to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities, securities lending and borrowing. Clearstream, Luxembourg also deals with domestic securities markets in over 30 countries through established depository and custodial relationships. Clearstream, Luxembourg interfaces with domestic markets in a number of countries. Clearstream, Luxembourg has established an electronic bridge with Euroclear Bank S.A./N.V., the operator of Euroclear, or the Euroclear operator, to facilitate settlement of trades between Clearstream, Luxembourg and Euroclear.

As a registered bank in Luxembourg, Clearstream, Luxembourg is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector. Clearstream, Luxembourg customers are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. In the United States, Clearstream, Luxembourg customers are limited to securities brokers and dealers and banks, and may include the underwriters for the debt securities. Other institutions that maintain a custodial relationship with a Clearstream, Luxembourg customer may obtain indirect access to Clearstream, Luxembourg. Clearstream, Luxembourg is an indirect participant in DTC.

Distributions with respect to the debt securities held beneficially through Clearstream, Luxembourg will be credited to cash accounts of Clearstream, Luxembourg customers in accordance with its rules and procedures, to the extent received by Clearstream, Luxembourg.

As to Euroclear: Euroclear has advised us that it was created in 1968 to hold securities for participants of Euroclear and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, thus eliminating the need for physical movement of

certificates and risk from lack of simultaneous transfers of securities and cash. Transactions may now be settled in many currencies, including United States dollars and Japanese Yen. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries generally similar to the arrangements for cross-market transfers with DTC described below.

Euroclear is operated by the Euroclear operator, under contract with Euroclear plc, a U.K. corporation. The Euroclear operator conducts all operations, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear operator, not Euroclear plc. Euroclear plc establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks (including central banks), securities brokers and dealers and other professional financial intermediaries and may include the underwriters for the debt securities. Indirect access to Euroclear is also available to other firms that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Euroclear is an indirect participant in DTC.

The Euroclear operator is a Belgian bank. The Belgian Banking Commission and the National Bank of Belgium regulate and examine the Euroclear operator.

The Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, or the Euroclear Terms and Conditions, and applicable Belgian law govern securities clearance accounts and cash

accounts with the Euroclear operator. Specifically, these terms and conditions govern:

- transfers of securities and cash within Euroclear;
- withdrawal of securities and cash from Euroclear; and
- receipt of payments with respect to securities in Euroclear.

All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding securities through Euroclear participants.

Distributions with respect to debt securities held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the Euroclear Terms and Conditions, to the extent received by the Euroclear operator.

Global certificates are generally not transferable. We will issue physical certificates to beneficial owners of a global security if:

- the depositary notifies us that it is unwilling or unable to continue as depositary and we do not appoint a successor within 90 days;
- the depositary ceases to be a clearing agency registered under the Exchange Act and we do not appoint a successor within 90 days; or
- we decide in our sole discretion that we do not want to have the debt securities of that series represented by global certificates.

If any of the events described in the preceding paragraph occurs, we will issue definitive securities in certificated form in an amount equal to a holder s beneficial interest in the securities. Definitive securities will be issued in minimum

denominations of $1,000 and integral multiples thereof in excess of that amount, and will be registered in the name of the person DTC specifies in a written instruction to the registrar of the debt securities.

In the event definitive securities are issued:

- holders of definitive securities will be able to receive payments of principal and interest on their debt securities at the office of our paying agent maintained in the Borough of Manhattan;

- holders of definitive securities will be able to transfer their debt securities, in whole or in part, by surrendering the debt securities for registration of transfer at the office of The Bank of New York. We will not charge any fee for the registration or transfer or exchange, except that we may require the payment of a sum sufficient to cover any

applicable tax or other governmental charge payable in connection with the transfer; and

any moneys we pay to our paying agents for the payment of principal and interest on the debt securities that remains unclaimed at the second anniversary of the date such payment was due will be returned to us, and thereafter holders of definitive securities may look only to us, as general unsecured creditors, for payment.

You will be required to make your initial payment for the debt securities in immediately available funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules and will be settled in immediately available funds using DTC s Same-Day Funds Settlement System. Secondary market trading between Clearstream, Luxembourg customers and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream, Luxembourg 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, Luxembourg customers or Euroclear participants, on the other, will be effected in DTC in accordance with DTC rules on behalf of the relevant European international clearing system by U.S. depositary; however, 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 the U.S. depositary to take action to effect final settlement on its behalf by delivering or receiving debt securities in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream, Luxembourg customers and Euroclear participants may not deliver instructions directly to their respective U.S. depositaries.

Because of time-zone differences, credits of debt securities received in Clearstream, Luxembourg 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 debt securities settled during such processing will be reported to the relevant Clearstream, Luxembourg customers or Euroclear participants on such business day. Cash received in

Clearstream, Luxembourg or Euroclear as a result of sales of debt securities by or through a Clearstream, Luxembourg customer 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, Luxembourg or Euroclear cash account only as of the business day following settlement in DTC.

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

Provisions Applicable Solely to Subordinated Securities

General

We may issue subordinated debt securities in one or more series under the subordinated debt indenture. Holders of subordinated debt securities should recognize that contractual provisions in the subordinated debt indenture may prohibit us from making payments on these securities. The subordinated debt securities will rank on an equal basis with certain of our other subordinated debt that may be outstanding from time to time and will rank junior to all of our senior indebtedness, as defined below, including any senior debt securities, that may be outstanding from time to time.

If subordinated debt securities are issued under the subordinated indenture, the aggregate principal amount of senior indebtedness outstanding as of a recent date will be set forth in the accompanying prospectus supplement. Neither the senior nor the subordinated indenture restricts the amount of senior indebtedness that we may incur.

Subordination

The payment of the principal of, and premium, if any, and interest on the subordinated debt securities is expressly subordinated, to the extent and in the manner set forth in the subordinated indenture, in right of payment to the prior payment in full of all of our senior indebtedness. The term senior indebtedness is defined in the subordinated indenture as indebtedness we incur for money borrowed, all deferrals, renewals or extensions of any of that indebtedness and all evidences of indebtedness issued in exchange for any of that indebtedness. Senior indebtedness also includes our guarantees of the foregoing items of indebtedness for money borrowed by persons other than us, unless, in any such case, that indebtedness or guarantee provides by its terms that it will not constitute senior indebtedness.

The subordinated debt indenture provides that, unless all principal of, and any premium or interest on, the senior indebtedness has been paid in full, or provision has been made to make these payments in full, no payment or other distribution may be made with respect to the subordinated indebtedness in the following circumstances:

- any acceleration of the principal amount due on the subordinated debt securities;
- our dissolution or winding-up or total or partial

liquidation or reorganization, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings;

a default in the payment of principal, premium, if any, sinking fund or interest with respect to any of our senior indebtedness; or

an event of default, other than a default in the payment of principal, premium, if any, sinking funds or interest, with respect to any senior indebtedness, as defined in the instrument under which the same is outstanding, permitting the holders of senior indebtedness to accelerate its maturity, and such event of default has not been cured or waived.

A merger, consolidation or conveyance of all or substantially all of our assets on the terms and conditions provided in the subordinated indenture will not be deemed a dissolution, winding-up, liquidation or reorganization for the purposes of these subordination provisions.

If the holders of subordinated securities receive any payment or distribution of our assets not permitted by the subordination provisions, the holders of subordinated debt securities will have to repay that amount to the holders of the senior debt securities or to the trustee.

Subrogation

After the payment in full of all senior indebtedness, the holders of the subordinated debt securities will be subrogated to the rights of the holders of senior indebtedness to receive payments or distributions of our assets or securities applicable to the senior indebtedness until the subordinated debt securities are paid in full. Under these subrogation provisions, no payments or distributions to the holders of senior indebtedness which otherwise would have been payable or distributable to holders of the subordinated debt securities will be deemed to be a payment by us to or on the account of the senior indebtedness. These provisions of the subordinated indenture are intended solely for the purpose of defining the relative rights of the holders of the subordinated debt securities and the holders of the senior debt securities. Nothing contained in the subordinated indenture is intended to impair our absolute obligation to pay the principal of and premium and interest on the subordinated debt securities in accordance with their terms or to affect the relative rights of the holders of the subordinated debt securities and our creditors other than the holders of the senior indebtedness. These subrogation provisions of the subordinated indenture will not prevent the holder of any subordinated debt security from exercising all remedies otherwise permitted by applicable law upon default of that security, subject to the rights of subordination described above.

Provisions Applicable Solely to Senior Securities

Restrictions as to Liens

The senior indenture includes a covenant providing 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 Banking Corp., 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 the principal subsidiaries.

However, liens of this nature are permitted if we provide that the senior debt securities will be secured by the lien equally and ratably with any and all other obligations also secured, for as long as any other obligations of that type 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.

This covenant will cease to be binding on us with respect to any series of the senior debt securities to which this covenant applies following discharge of those senior debt securities.

DESCRIPTION OF PREFERRED SHARES

General

The following briefly summarizes the material terms of our preferred shares, other than pricing and related terms, which will be disclosed in the accompanying prospectus supplement. You should read the accompanying prospectus supplement together with the certificate of designation relating to that series and our restated certificate of incorporation for a more detailed description of a particular series of preferred shares and other provisions that may be important to you.

Under our restated certificate of incorporation, we are authorized to issue 20,000,000 preferred shares, par value $1.66^{2}/_{3}$ per share. We do not currently have any outstanding preferred shares and therefore all 20,000,000 shares are still available for issuance. Our board of directors is authorized to issue our preferred shares from time to time in one or more series with such designations, voting powers, dividend rates, rights of redemption, conversion rights or other special rights, preferences and limitations as may be stated in resolutions adopted by our Board of Directors.

The preferred shares will have the dividend, liquidation and voting rights set forth below unless otherwise provided in the prospectus supplement relating to a particular series of preferred shares. You should read the prospectus supplement relating to the particular series of the preferred shares being offered for specific terms, including:

- the title and number of shares offered and liquidation preference per share;
- the price per share;
- the dividend rate, the dates on which dividends will be payable, the conditions under which dividends will be payable or the method of determining that rate, dates and conditions;
- whether dividends will be cumulative or non cumulative and, if cumulative, the dates from which dividends will begin to accumulate;

whether dividends are participating or non-participating;

any redemption, sinking fund or analogous provisions;

any conversion or exchange provisions;

whether we have elected to offer depositary shares with respect to the preferred shares, as described below under Depositary Shares ;

whether the preferred shares will have voting rights, in addition to the voting rights described below, and, if so, the terms of those voting rights;

the procedures for any auction and remarketing of the preferred shares; and

any additional dividend, liquidation, redemption, sinking fund or other rights, preferences, privileges, limitations and restrictions.

When issued, the preferred shares will be fully paid and nonassessable.

Dividend Rights

All preferred shares will be of equal rank with each other regardless of series. If the stated dividends or the amounts payable on liquidation are not paid in full, the preferred shares of all series will share ratably in the payment of dividends and in any distribution of assets. All preferred shares will have dividend rights prior to the dividend rights of the common shares.

Rights Upon Liquidation

Unless otherwise specified in the accompanying prospectus supplement, in the event of a liquidation, each series of the preferred shares will rank on an equal basis with all other outstanding preferred shares and prior to the common stock as to dividends and distributions.

Voting Rights

Except as described below, the holders of preferred shares have no voting rights, other than as may be required by law. Whenever dividends payable on the preferred shares of any series will be in arrears in an

aggregate amount at least equal to six full quarterly dividends on that series, the holders of the outstanding preferred shares of all series will have the special right, voting separately as a single class, to elect two directors at the next succeeding annual meeting of shareholders. Subject to the terms of any outstanding series of preferred shares, the holders of common stock and the holders of one or more series of preferred shares then entitled to vote will have the right, voting as a single class, to elect the remaining authorized number of directors.

At each meeting of shareholders at which the holders of the preferred shares will have this special right, the presence in person or by proxy of the holders of record of one-third of the total number of the preferred shares of all series then issued and outstanding will constitute a quorum of that class. Each director elected by the holders of the preferred shares of all series will hold office until the annual meeting of shareholders next succeeding that election and until that director s successor, if any, is elected by those holders and qualified or until the death, resignation or removal of that director in the manner provided in our by-laws. A director elected by the holders of the preferred shares of all series may only be removed without cause by those holders. In case any vacancy will occur among the directors elected by the holders of the preferred shares of all series, that vacancy may be filled for the unexpired portion of the term by vote of the remaining directors elected by such shareholders, or that director s successor in office. If such vacancy occurs more than 90 days prior to the first anniversary of the next preceding annual meeting of shareholders, the vacancy may be filled by the vote of those shareholders taken at a special meeting of those shareholders called for that purpose. Whenever all arrears of dividends on the preferred shares of all series will have been paid and dividends for the current quarterly period will have been paid or declared and provided for, the right of the holders of the preferred shares of all series to elect two directors will terminate at the next succeeding annual meeting of shareholders.

The consent of the holders of at least two-thirds of the outstanding preferred shares voting separately as a single class will be required for:

- the authorization of any class of shares ranking prior to the preferred shares as to dividends or upon liquidation, dissolution or winding up;
- an increase in the authorized amount of any class of shares ranking prior to the preferred shares; or
- the authorization

of any amendment to our restated certificate of incorporation or by-laws that would adversely affect the relative rights, preferences or limitations of the preferred shares. If any such amendment will adversely affect the relative rights, preferences or limitations of one or more, but not all, of the series of preferred shares then outstanding, the consent of the holders of at least two-thirds of the outstanding preferred shares of the several series so affected will be required in lieu of the consent of the holders of at least two-thirds of the outstanding preferred shares of all series.

In any case in which the holders of the preferred shares will be entitled to vote separately as a single class, each holder of preferred shares of any series will be entitled to one vote for each such share held.

DESCRIPTION OF DEPOSITARY SHARES

The description set forth below and in any prospectus supplement of certain provisions of the deposit agreement, the depositary shares and the depositary receipts is a summary of general terms and is not complete. This description is subject to, and qualified in its entirety by reference to, the forms of deposit agreement and depositary receipts relating to each series of preferred shares which have been filed with the SEC in connection with the offering of that series of preferred shares. You should read those documents for further information.

General

We may elect to offer fractional interests in preferred shares rather than preferred shares. If we do, we will select a depositary that will issue to the public receipts for depositary shares, each of which will represent fractional interests of a particular series of preferred shares. These depositary receipts will be distributed in accordance with the terms of the offering described in the related prospectus supplement.

The depositary will be a bank or trust company that has its principal office in the United States and has a combined capital and surplus of at least $50,000,000. We will deposit the preferred shares underlying the depositary shares with the depositary under the terms of a separate deposit agreement. The prospectus supplement relating to a series of depositary shares will set forth the name and address of the depositary. Subject to the terms of the deposit agreement, the owners of depositary shares will be entitled to all the rights and preferences of the preferred shares underlying those depositary shares, including dividend, voting, redemption, conversion and liquidation rights. Each owner of depositary shares will be entitled to these rights and preferences in proportion to the applicable fractional interests in preferred shares underlying their depositary shares.

Dividends and Other Distributions

The depositary will distribute all cash dividends or other cash distributions received in respect of preferred shares to the record holders of the related depositary shares in proportion to the number of those depositary shares owned by those holders on the relevant record date. The depositary will distribute only such amount, however, as can be distributed without attributing to any holder of depositary shares a fraction of one cent. Any balance that is not distributed due to this restriction will be added to and treated as part of the next sum received by the depositary for distribution to record holders of depositary shares.

In the event of a non-cash distribution, the depositary will distribute property received by it to the record holders of depositary shares. If, however, the depositary determines that it is not feasible to make that distribution, the depositary may, with our approval, sell such property and distribute instead the net proceeds from that sale.

The deposit agreement will also contain provisions relating to the manner in which any subscription or similar rights we offer to holders of the preferred shares will be made available to the holders of depositary shares.

Redemption of Depositary Shares

If a series of the preferred shares that underlies the depositary shares is redeemed, the depositary will in turn redeem the depositary shares. The depositary will redeem the depositary shares from the proceeds it receives from the redemption, in whole or in part, of the preferred shares it holds. The depositary will mail notice of any such redemption to the record holders of the depositary shares to be redeemed between 30 and 60 days prior to the date fixed for redemption. The redemption price per depositary share will be equal to the applicable fraction of the redemption price per share payable with respect to such series of the preferred shares. If less than all of the depositary shares are to be redeemed, the depositary will select the depositary shares to be redeemed by lot or redeem those shares pro rata.

The depositary shares called for redemption will no longer be deemed to be outstanding after the date fixed for redemption. All rights of the holders of the depositary shares will cease, except the right to receive the moneys, securities or other property payable upon redemption upon surrender to the depositary of the depositary receipts evidencing those depositary shares.

Voting the Preferred Shares

The holders of depositary shares will be entitled to instruct the depositary as to the exercise of the voting rights of the preferred shares held by the depositary. Upon the receipt of notice of any meeting at which the holders of the preferred shares are entitled to vote, the depositary will mail the information contained in that notice of meeting to the record holders of the depositary shares relating to such preferred shares. Each record holder of those depositary shares on the record date, which will be the same date as the record date for the preferred shares, will be entitled to instruct the depositary as to the exercise of the voting rights pertaining to the number of preferred shares underlying such depositary shares in accordance with such instructions. We will agree to take all action that may be deemed necessary by the depositary in order to enable the depositary to carry out this obligation.

Amendment and Termination of Depositary Agreement

At any time, we and the depositary may agree to amend the form of depositary receipt evidencing the depositary shares or any provision of the deposit agreement. However, any amendment which materially and adversely alters the rights of the existing holders of depositary shares will not be effective unless that amendment has been approved by the record holders of at least a majority of the depositary shares then outstanding.

We or the depositary may terminate a deposit agreement only if:

- all outstanding depositary shares relating to the depositary agreement have been redeemed; or
- in connection with our liquidation, dissolution or winding up there has been a final distribution in respect of the relevant series of preferred shares which has been distributed to the

holders of the related depositary shares.

Charges of Depositary

We will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. We will also pay charges of the depositary in connection with the initial deposit of the preferred shares and any redemption of the preferred shares. Holders of the depositary shares will pay transfer and other taxes and governmental charges and any other charges described in the deposit agreement.

Resignation and Removal of Depositary

The depositary may resign at any time by delivering a notice to us. We may at any time remove the depositary. Such resignation or removal will take effect upon the appointment of a successor depositary and its acceptance of such appointment. Such successor depositary must be appointed within 60 days after delivery of the notice of resignation or removal and must be a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least $50,000,000.

Miscellaneous

The depositary will forward to the holders of depositary shares all reports and communications from us which are delivered to the depositary and which we are required to furnish to the holders of the preferred shares. Neither the depositary nor we will be liable if the depositary is prevented or delayed in performing its obligations under the deposit agreement by law or any circumstance beyond its control. The obligations of us and the depositary under the deposit agreement will be limited to performance in good faith of our and its respective duties thereunder. We and the depositary will not be obligated to prosecute or defend any legal proceeding in respect of any depositary shares or preferred shares unless a satisfactory indemnity is provided. We and the depositary may rely upon written advice of counsel or accountants, information provided by persons presenting preferred shares for deposit, holders of depositary shares or other persons believed to be competent.

DESCRIPTION OF COMMON SHARES

The following summary does not purport to be complete. You should read the applicable provisions of the New York Business Corporation Law, our restated certificate of incorporation and by-laws.

We are authorized to issue up to 3,600,000,000 common shares, par value $.20 each. At July 26, 2006, we had outstanding 1,214,857,632 common shares. As of December 31, 2005, we had reserved approximately 260 million common shares for issuance with respect to various employee stock plans, employee benefit plans, convertible debentures, and the dividend reinvestment plan.

Subject to the prior dividend rights of the holders of any preferred shares, holders of common shares are entitled to receive dividends when, as and if declared by our Board of Directors out of funds legally available for that purpose.

Each common share is entitled to one vote on all matters submitted to a vote of shareholders. Holders of the common shares do not have cumulative voting rights. In the event of our liquidation, dissolution or winding up, after the satisfaction in full of the liquidation preferences of holders of any preferred shares, holders of common shares are entitled to ratable distribution of the remaining assets available for distribution to shareholders. The common shares are not subject to redemption by operation of a sinking fund or otherwise. Holders of common shares are not entitled to pre-emptive rights. The issued and outstanding common shares are fully paid and nonassessable.

DESCRIPTION OF SECURITIES WARRANTS

We may issue warrants for the purchase of:

- debt securities,
- preferred shares,
- depositary shares,
- common shares, or
- equity securities issued by one of our affiliated or unaffiliated corporations or other entity.

We may issue these securities warrants independently or together with any other securities offered by any prospectus supplement. The securities warrants may be attached to or separate from those securities. Each series of securities warrants will be issued under a separate warrant agreement to be entered into between us and a warrant agent. The warrant agent will act solely as our agent in connection with the securities warrants of that series and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of securities warrants. A copy of the form of securities warrant agreement, including the form of securities warrant certificate representing the securities warrants, is filed as an exhibit to the registration statement of which this prospectus is a part. The following summary of certain portions of the form of securities warrant agreement and the securities warrants does not purport to be complete and further terms of the securities warrants and the applicable securities warrant agreement will be described in the accompanying prospectus supplement.

The accompanying prospectus supplement will describe the following terms, where applicable, of the securities warrants in respect of which this prospectus is being delivered:

- the title and aggregate number;
- the price or prices at which they will be issued;

the currency or currencies or currency unit or units in which the price of the securities warrants may be payable;

the designation, aggregate principal amount and terms of the securities purchasable upon exercise;

the designation and terms of the securities with which the securities warrants are issued and the number of the securities warrants issued with each security;

the currency or currencies or currency unit or units in which the principal of or any premium or interest on the securities purchasable upon exercise of the securities warrant will be payable;

if applicable, the date on and after which the securities warrants and the related

securities will be separately transferable;

the price at which and currency or currencies or currency unit or units in which the securities purchasable upon exercise of the securities warrants may be purchased;

the date on which the right to exercise the securities warrants will commence and the date on which that right will expire;

the minimum or maximum amount of the securities warrants which may be exercised at any one time;

information with respect to book-entry procedures, if any;

a discussion of material federal income tax considerations; and

any other terms of the securities warrants,

- including terms, procedures and limitations relating to the exchange and exercise of the securities warrants.

Prior to the exercise of their warrants, holders of warrants will not have any of the rights of holders of the securities purchasable upon exercise.

DESCRIPTION OF CURRENCY WARRANTS

We may issue warrants entitling the holder to receive the cash value in U.S. dollars of the right to purchase or the right to sell foreign currencies or composite currencies. A copy of the form of currency warrant agreement, including the form of currency warrant certificate representing the currency warrants, is filed as an exhibit to the registration statement of which this prospectus is a part. The following summary of certain portions of the form of currency warrant agreement and the currency warrants does not purport to be complete and contains only some of the general terms and provisions of the warrants. The particular terms of the currency warrants offered by any prospectus supplement and the extent, if any, to which such general provisions may not apply to the currency warrants then offered will be described in the accompanying prospectus supplement.

Each issue of currency warrants will be issued under a warrant agreement to be entered into between us and a warrant agent. The currency warrant agent will act solely as our agent under the applicable currency warrant agreement and will not assume any obligation or relationship of agency or trust for or with any holders of such currency warrants.

The accompanying prospectus supplement will describe the following terms, where applicable, of the currency warrants in respect of which this prospectus is being delivered:

- the aggregate amount and number;
- the offering price;
- the designated currency, which currency may be a foreign currency or a composite currency, and information regarding that currency or composite currency;
- the date on which the right to exercise the currency warrants commences and the date on which that right expires;

the manner in which the currency warrants may be exercised;

the circumstances which will cause the currency warrants to be deemed automatically exercised;

the minimum number, if any, of the currency warrants exercisable at any one time and any other restrictions on exercise;

the method of determining the amount payable in connection with the exercise of the currency warrants, including the strike price or range of strike prices of the currency warrants, the method of determining the spot exchange rate and the U.S. dollar settlement value for the currency

warrants;

the securities exchange on which the currency warrants will be listed, if any;

whether the currency warrants will be represented by certificates or issued in book-entry form;

the place or places at which payment of the cash settlement value of the currency warrants is to be made, if applicable;

information with respect to book-entry procedures, if any;

the plan of distribution of the currency warrants; and

any other terms of the currency warrants.

Prospective purchasers of the currency warrants should be aware of special federal income tax considerations applicable to instruments such as the currency warrants. The prospectus supplement relating to each issue of currency warrants will describe such tax considerations.

DESCRIPTION OF OTHER WARRANTS

We may issue other warrants to buy or sell:

- debt securities of or guaranteed by the United States,
- units of a stock index or stock basket,
- a commodity or
- a unit of a commodity index or another item or unit of an index.

We refer to the property in the above clauses as the warrant property. Other warrants will be settled either through physical delivery of the warrant property or through payment of a cash settlement value as set forth in the accompanying prospectus supplement. Other warrants will be issued under a warrant agreement to be entered into between us and a warrant agent. The other warrant agent will act solely as our agent under the applicable other warrant agreement and will not assume any obligation or relationship of agency or trust for or with any holders of such other warrants. Copies of the forms of warrant agreements in respect of the other warrants, including the related forms of warrant certificates, are filed as exhibits to the registration statement of which this prospectus is a part. The following summary of certain portions of those warrant agreements and related other warrants does not purport to be complete and further terms of those other warrants and the applicable warrant agreements will be described in the accompanying prospectus supplement.

The accompanying prospectus supplement will describe the following terms, where applicable, of the other warrants:

- the title and aggregate number;
- the offering price;
- the material risk factors;

the warrant property;

the procedures and conditions relating to exercise;

the date on which the right to exercise will commence and the date on which that right will expire;

the identity of the other warrant agent for the other warrants;

whether the certificates evidencing the other warrants will be issuable in definitive registered form or global form or both;

a discussion of the material federal income tax considerations applicable to the other warrants; and

any other terms of the other warrants, including any terms that may be required or advisable

under
applicable law.

The other warrants may entail significant risks, including, without limitation, the possibility of significant fluctuations in the market for the applicable warranty property, potential illiquidity in the secondary market and the risk that they will expire worthless. These risks will vary depending on the particular terms of the other warrants and will be more fully described in the accompanying prospectus supplement.

ERISA CONSIDERATIONS

A fiduciary of a pension, profit-sharing or other employee benefit plan governed by the Employee Retirement Income Security Act of 1974, as amended, to which we refer as ERISA, should consider the fiduciary standards of ERISA in the context of the ERISA plan s particular circumstances before authorizing an investment in the offered securities. Among other factors, the fiduciary should consider whether such an investment is in accordance with the documents governing the ERISA plan and whether the investment is appropriate for the ERISA plan in view of its overall investment policy and diversification of its portfolio.

Certain provisions of ERISA and the Internal Revenue Code of 1986, as amended, to which we refer as the Code, prohibit employee benefit plans (as defined in Section 3(3) of ERISA) that are subject to Title I of ERISA, plans described in Section 4975(e)(1) of the Code (including, without limitation, retirement accounts and Keogh Plans), and entities whose underlying assets include plan assets by reason of a plan s investment in such entities (including, without limitation, as applicable, insurance company general accounts), from engaging in certain transactions involving plan assets with parties that are parties in interest under ERISA or disqualified persons under the Code with respect to the plan or entity. Governmental and other plans that are not subject to ERISA or to the Code may be subject to similar restrictions under federal, state or local law. Any employee benefit plan or other entity, to which such provisions of ERISA, the Code or similar law apply, proposing to acquire the offered securities should consult with its legal counsel.

We, directly or through our affiliates, may be considered a party in interest or a disqualified person to a large number of plans. A purchase of offered securities by any such plan would be likely to result in a prohibited transaction between us and the plan.

Accordingly, unless otherwise provided in the related prospectus supplement, offered securities may not be purchased, held or disposed of by any plan or any other person investing plan assets of any plan that is subject to the prohibited transaction rules of ERISA or Section 4975 of the Code or other similar law, unless one of the following Prohibited Transaction Class Exemptions, to which we refer as PTCE, issued by the United States Department of Labor or a similar exemption or exception applies to such purchase, holding and disposition:

- PTCE 96-23 for transactions determined by in-house asset managers;
- PTCE 95-60 for transactions involving insurance company general accounts;
- PTCE 91-38 for transactions

involving bank collective investment funds;

PTCE 90-1 for transactions involving insurance company separate accounts; or

PTCE 84-14 for transactions determined by independent qualified professional asset managers.

Unless otherwise provided in the related prospectus supplement, any purchaser of the offered securities or any interest therein will be deemed to have represented and warranted to us on each day including the dates of its purchase of the offered securities through and including the date of disposition of such offered securities that either:

(a) it is not a plan subject to Title I of ERISA or Section 4975 of the Code and is not purchasing securities or interest there on behalf of, or with plan assets of, any such plan;

(b) its purchase, holding and disposition of such securities are not and will not be prohibited because they are exempt by one or more of the following prohibited transaction exemptions: PTCE 96-23, 95-60, 91-38, 90-1 or 84-14; or

(c) it is a governmental plan (as defined in Section 3 of ERISA) or other plan that is not subject to the provisions of Title I of ERISA or Section 4975 of the Code and its purchase, holding and disposition of such securities are not otherwise prohibited.

Due to the complexity of these rules and the penalties imposed upon persons involved in prohibited transactions, it is important that any person considering the purchase of the offered securities with plan assets consult with its counsel regarding the consequences under ERISA and the Code, or other similar law, of the acquisition and ownership of offered securities and the availability of exemptive relief under the class exemptions listed above.

Please consult the accompanying prospectus supplement for further information with respect to a particular offering of securities.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of certain United States federal income tax considerations that may be relevant to persons considering the purchase of the debt securities covered by this prospectus. For a discussion of certain United States federal income tax considerations that may be relevant to persons considering the purchase of amortizing debt securities or indexed debt securities (described above), please refer to the accompanying prospectus supplement. Persons considering the purchase of warrants should consult their own tax advisors regarding the tax consequences of the purchase, ownership and disposition thereof.

This summary, which does not represent tax advice, is based on laws, regulations, rulings and decisions now in effect, all of which are subject to change (including changes in effective dates) or possible differing interpretations. This summary deals only with debt securities that will be held as capital assets and, except where otherwise specifically stated, is addressed only to persons who purchase debt securities in the initial offering. It does not address tax considerations applicable to investors that may be subject to special tax rules, such as banks, tax-exempt entities, insurance companies, dealers in securities or currencies, traders in securities electing to mark to market, persons that will hold debt securities as a position in a straddle or conversion transaction, or as part of a synthetic security or other integrated financial transaction or persons that have a functional currency other than the U.S. dollar. Prospective purchasers of debt securities should review the accompanying prospectus supplements for summaries of special United States federal income tax considerations that may be relevant to a particular issue of debt securities, including any floating rate debt securities or foreign currency debt securities (defined below).

IRS Circular 230 Notice: To ensure compliance with Internal Revenue Service Circular 230, prospective purchasers of debt securities are hereby notified that: (a) any discussion of U.S. federal tax issues contained or referred to in this prospectus or any document referred to herein is not intended or written to be used, and cannot be used by prospective purchasers for the purpose of avoiding penalties that may be imposed on them under the Internal Revenue Code; (b) such discussion is written for use in connection with the promotion or marketing of the transactions or matters addressed herein; and (c) prospective purchasers should seek advice based on their particular circumstances from an independent tax advisor in determining the tax consequences to them of the purchase, ownership and disposition of debt securities, including the application to their particular situation of the United States federal income tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.

As used herein, the term United States Holder means a beneficial owner of a debt security that is (i) a citizen or resident of the United States; (ii) a corporation (or an entity taxable as a corporation for United States federal income tax purposes), that was established under the laws of the United States, any state thereof, or the District of Columbia; or (iii) an estate or trust whose world-wide income is subject to United States federal income tax. If a partnership holds debt securities, the tax treatment of partners will generally depend upon the status of the partner and the activities of the partnership. Partners of a partnership holding debt securities should accordingly consult their own tax advisors. As used herein, the term Non-United States Holder means a beneficial owner of a debt security that is not a United States Holder.

Tax Consequences to United States Holders

Payments of Interest. Payments of qualified stated interest (as defined below under Original Issue Discount) on a debt security will be taxable to a United States Holder as ordinary interest income at the time that such payments are accrued or are received (in accordance with the United States Holder s method of tax accounting).

Unless otherwise specified in an applicable debt security, debt securities will be denominated in U.S. dollars and payments of principal of, and interest on, debt securities will be made in U.S. dollars. Debt securities may be denominated in a currency other than U.S. dollars, which we refer to as foreign currency debt securities. If such payments of interest are made with respect to a foreign currency debt security, the amount of interest income realized

by a United States Holder that uses the cash method of tax accounting will be the U.S. dollar value of the specified currency payment based on the exchange rate in effect on the date of receipt regardless of whether the payment in fact is converted into U.S. dollars. A United States

Holder that uses the accrual method of accounting for tax purposes will accrue interest income on the foreign currency debt security in the relevant foreign currency and translate the amount accrued into U.S. dollars based on the average exchange rate in effect during the interest accrual period (or portion thereof within the United States Holder s taxable year) or, at the accrual-basis United States Holder s election, at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt, if such date is within five business days of the last day of the accrual period. A United States Holder that makes such election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS. A United States Holder that uses the accrual method of accounting for tax purposes will recognize foreign currency gain or loss, as the case may be, on the receipt of an interest payment made with respect to a foreign currency debt security if the exchange rate in effect on the date the payment is received differs from the rate applicable to a previous accrual of that interest income. This foreign currency gain or loss will be treated as ordinary income or loss but generally will not be treated as an adjustment to interest income received on the debt security.

Purchase, Sale, Exchange and Retirement of Debt Securities. A United States Holder s tax basis in a debt security generally will equal the cost of such debt security to such holder, increased by any amounts includible in income by the holder as original issue discount and market discount and reduced by any amortized premium (each as described below) and any payments other than payments of qualified stated interest (as defined below) made on such debt security.

In the case of a foreign currency debt security, the cost of such debt security to a United States Holder will be the U.S. dollar value of the foreign currency purchase price on the date of purchase. In the case of a foreign currency debt security that is traded on an established securities market, a cash-basis United States Holder (and, if it so elects, an accrual-basis United States Holder) will determine the U.S. dollar value of the cost of such debt security by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. The amount of any subsequent adjustments to a United States Holder s tax basis in a debt security in respect of original issue discount, market discount and premium denominated in a specified currency will be determined in the manner described under Original Issue Discount and Premium and Market Discount below. The conversion of U.S. dollars to a specified currency and the immediate use of the specified currency to purchase a foreign currency debt security generally will not result in taxable gain or loss for a United States Holder.

Upon the sale, exchange or retirement of a debt security, a United States Holder generally will recognize gain or loss equal to the difference between the amount realized on the sale, exchange or retirement (less any accrued qualified stated interest, which will be taxable as such) and the United States Holder s tax basis in such debt security. If a United States Holder receives a currency other than the U.S. dollar in respect of the sale, exchange or retirement of a debt security, the amount realized will be the U.S. dollar value of the specified currency received calculated at the exchange rate in effect on the date the instrument is disposed of or retired. In the case of a foreign currency debt security that is traded on an established securities market, a cash-basis United States Holder and, if it so elects, an accrual-basis United States Holder will determine the U.S. dollar value of the amount realized by translating such amount at the spot rate on the settlement date of the sale. The election available to accrual-basis United States Holders in respect of the purchase and sale of foreign currency debt securities traded on an established securities market, discussed above, must be applied consistently to all debt instruments from year to year and cannot be changed without the consent of the IRS.

Except as discussed below with respect to market discount, short-term debt securities (as defined below) and foreign currency gain or loss, gain or loss recognized by a United States Holder generally will be long-term capital gain or loss if the United States Holder has held the debt security for more than one year at the time of disposition. Long-term capital gains recognized by an individual United States Holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income. The deductibility of capital losses is subject to limitations.

Gain or loss recognized by a United States Holder on the sale, exchange or retirement of a foreign currency debt security generally will be treated as ordinary income or loss to the extent that the gain or loss is attributable to changes in exchange rates during the period in which the holder held such debt

security. This foreign currency gain or loss will not be treated as an adjustment to interest income received on the debt securities.

Original Issue Discount. United States Holders of debt securities with original issue discount, or OID, generally will be subject to the special tax accounting rules for obligations issued with original issue discount provided by the Internal Revenue Code and certain regulations promulgated thereunder, which we refer to as the OID Regulations. Debt securities issued with OID will be referred to as original issue discount debt securities. Notice will be given in the accompanying prospectus supplement when we determine that a particular debt security is an original issue discount debt security. United States Holders of such original issue discount debt securities should be aware that, as described in greater detail below, they generally must include OID in ordinary gross income for United States federal income tax purposes as it accrues, in advance of the receipt of cash attributable to that income.

A debt security will generally be considered to be issued with OID if its stated redemption price at maturity (as defined below) exceeds its issue price (as defined below) by more than a de minimis amount (generally, 0.25% of such stated redemption price multiplied by the complete years to maturity). The stated redemption price at maturity of a debt security is generally the sum of all payments to be made on the debt security other than qualified stated interest (as defined below). Qualified stated interest is generally stated interest that is unconditionally payable in cash or in property (other than our debt instruments) at least annually during the entire term of a debt security at a single fixed rate or, subject to certain conditions, based on one or more interest indices. The issue price of each debt security in a particular offering will generally be the first price at which a substantial amount of that particular offering is sold to the public (ignoring sales to underwriters, placement agents or wholesalers).

In general, each United States Holder of an original issue discount debt security, whether such holder uses the cash or the accrual method of tax accounting, will be required to include in ordinary gross income the sum of the daily portions of OID on the debt security for all days during the taxable year that the United States Holder owns the debt security. The daily portions of OID on an original issue discount debt security are determined by allocating to each day in any accrual period a ratable portion of the OID allocable to that accrual period. Accrual periods may be any length and may vary in length over the term of an original issue discount debt security, provided that no accrual period is longer than one year and each scheduled payment of principal or interest occurs on either the final day or the first day of an accrual period. In the case of an initial United States Holder, the amount of OID on an original issue discount debt security allocable to each accrual period is determined by (a) multiplying the adjusted issue price (as defined below) of the original issue discount debt security at the beginning of the accrual period by the yield to maturity (as defined below) of such original issue discount debt security (appropriately adjusted to reflect the length of the accrual period) and (b) subtracting from that product the amount (if any) of qualified stated interest allocable to that accrual period. The yield to maturity of a debt security is the discount rate that causes the present value of all payments on the debt security as of its original issue date to equal the issue price of such debt security. The adjusted issue price of an original issue discount debt security at the beginning of any accrual period will generally be the sum of its issue price (generally including accrued interest, if any) and the amount of OID allocable to all prior accrual periods, reduced by the amount of all payments other than payments of qualified stated interest (if any) made with respect to such debt security in all prior accrual periods. As a result of this constant-yield method of including OID in income, the amounts includible in income by a United States Holder in respect of an original issue discount debt security denominated in U.S. dollars generally are lesser in the early years and greater in the later years than the amounts that would be includible on a straight-line basis.

In the case of an original issue discount debt security that is a floating rate debt security, both the yield to maturity and qualified stated interest will generally be determined for these purposes as though the original issue discount debt security will bear interest in all periods at a fixed rate generally equal to the rate that would be applicable to the interest payments on the debt security on its date of issue or, in the case of certain floating rate debt securities, the rate that reflects the yield that is reasonably expected for the debt security. (Additional rules may apply if interest on a floating rate debt security is based on more than one interest index). Persons considering the purchase of floating rate debt securities should carefully examine the accompanying prospectus supplement and should consult their own tax

advisors regarding the U.S. federal income tax consequences of the holding and disposition of such debt securities.

A United States Holder generally may make an irrevocable election to include in its income its entire return on a debt security (*i.e.*, the excess of all remaining payments to be received on the debt security, including payments of qualified stated interest, over the amount paid by such United States Holder for such debt security) under the constant-yield method described above. For debt securities purchased at a premium or bearing market discount in the hands of the United States Holder, the United States Holder making such election will also be deemed to have made the election (discussed below under Premium and Market Discount) to amortize premium or to accrue market discount in income currently on a constant-yield basis.

In the case of an original issue discount debt security that is also a foreign currency debt security, a United States Holder should determine the U.S. dollar amount includible in income as OID for each accrual period by (a) calculating the amount of OID allocable to each accrual period in the specified currency using the constant-yield method described above, and (b) translating the amount of the specified currency so derived at the average exchange rate in effect during that accrual period (or portion thereof within a United States Holder s taxable year) or, at the United States Holder s election (as described above under Payments of Interest), at the spot rate of exchange on the last day of the accrual period (or the last day of the taxable year within such accrual period if the accrual period spans more than one taxable year), or at the spot rate of exchange on the date of receipt, if such date is within five business days of the last day of the accrual period. Because exchange rates may fluctuate, a United States Holder of an original issue discount debt security that is also a foreign currency debt security may recognize a different amount of OID income in each accrual period than would the holder of an otherwise similar original issue discount debt security denominated in U.S. dollars. All payments on an original issue discount debt security (other than payments of qualified stated interest) will generally be viewed first as payments of previously accrued OID (to the extent thereof), with payments attributed first to the earliest-accrued OID, and then as payments of principal. Upon the receipt of an amount attributable to OID (whether in connection with a payment of an amount that is not qualified stated interest or the sale or retirement of the original issue discount debt security), a United States Holder will recognize ordinary income or loss measured by the difference between the amount received (translated into U.S. dollars at the exchange rate in effect on the date of receipt or on the date of disposition of the original issue discount debt security, as the case may be) and the amount accrued (using the exchange rate applicable to such previous accrual).

A subsequent United States Holder of an original issue discount debt security that purchases the debt security at a cost less than its remaining redemption amount (as defined below), or an initial United States Holder that purchases an original issue discount debt security at a price other than the debt security s issue price, also generally will be required to include in gross income the daily portions of OID, calculated as described above. However, if the United States Holder acquires the original issue discount debt security at a price greater than its adjusted issue price, such holder is required to reduce its periodic inclusions of OID income to reflect the premium paid over the adjusted issue price. The remaining redemption amount for a debt security is the total of all future payments to be made on the debt security other than payments of qualified stated interest.

Floating rate debt securities generally will be treated as variable rate debt instruments under the OID Regulations. Accordingly, the stated interest on a floating rate debt security generally will be treated as qualified stated interest and such a debt security will not have OID solely as a result of the fact that it provides for interest at a variable rate. If a floating rate debt security does not qualify as a variable rate debt instrument , such debt security will be subject to special rules, which we refer to as the Contingent Payment Regulations, that govern the tax treatment of debt obligations that provide for contingent payments, which we refer to as Contingent Debt Obligations. Prospective purchasers of floating rate debt securities should carefully examine the accompanying prospectus supplement to see if the Company has determined such debt securities constitute Contingent Debt Obligations. If it has, they should consult their own tax advisors with respect to the tax consequences to them of such obligations.

Certain of the debt securities may be subject to special redemption, repayment or interest rate reset features, as indicated in the accompanying prospectus supplement. Debt securities containing such features, in particular original issue discount debt securities, may be subject to special rules that differ from the general rules discussed above. Purchasers of debt securities with such features should carefully examine the accompanying prospectus supplement

and should consult their own tax advisors with respect to such debt securities because the tax consequences with respect to such features, and especially with respect to OID, will depend, in part, on the particular terms of the purchased debt securities.

Premium and Market Discount. A United States Holder of a debt security that purchases the debt security at a cost greater than its remaining redemption amount (as defined in the third preceding paragraph) will be considered to have purchased the debt security at a premium, and may elect to amortize such premium (as an offset to interest income), using a constant-yield method, over the remaining term of the debt security. Such election, once made, generally applies to all bonds held or subsequently acquired by the United States Holder on or after the first taxable year to which the election applies and may not be revoked without the consent of the IRS. A United States Holder that elects to amortize such premium must reduce its tax basis in a debt security by the amount of the premium amortized during its holding period. Original issue discount debt securities purchased at a premium will not be subject to the OID rules described above.

In the case of premium in respect of a foreign currency debt security, a United States Holder should calculate the amortization of such premium in the specified currency. Amortization deductions attributable to a period reduce interest payments in respect of that period and therefore are translated into U.S. dollars at the exchange rate used by the United States Holder for such interest payments. Exchange gain or loss will be realized with respect to amortized bond premium on such a debt security based on the difference between the exchange rate on the date or dates such premium is recovered through interest payments on the debt security and the exchange rate on the date on which the United States Holder acquired the debt security.

With respect to a United States Holder that does not elect to amortize bond premium, the amount of bond premium will be included in the United States Holder s tax basis when the debt security matures or is disposed of by the United States Holder. Therefore, a United States Holder that does not elect to amortize such premium and that holds the debt security to maturity generally will be required to treat the premium as a capital loss when the debt security matures.

If a United States Holder of a debt security purchases the debt security at a price that is lower than its remaining redemption amount or, in the case of an original issue discount debt security, its adjusted issue price, by at least 0.25% of its remaining redemption amount multiplied by the number of remaining whole years to maturity, the debt security will be considered to have market discount in the hands of such United States Holder. In such case, gain realized by the United States Holder on the disposition of the debt security generally will be treated as ordinary income to the extent of the market discount that accrued on the debt security while held by such United States Holder. In addition, the United States Holder could be required to defer the deduction of the interest paid on any indebtedness incurred or maintained to purchase or carry the debt security. In general terms, market discount on a debt security will be treated as accruing ratably over the term of such debt security or, at the election of the United States Holder, under a constant yield method. Market discount on a foreign currency debt security will be accrued by a United States Holder in the specified currency. The amount includible in income by a United States Holder in respect of such accrued market discount will be the U.S. dollar value of the amount accrued, generally calculated at the exchange rate in effect on the date that the debt security is disposed of by the United States Holder.

A United States Holder may elect to include market discount in income on a current basis as it accrues (on either a ratable or constant-yield basis), in lieu of treating a portion of any gain realized on a sale of a debt security as ordinary income. If a United States Holder elects to include market discount on a current basis, the interest deduction deferral rule described above will not apply. Any accrued market discount on a foreign currency debt security that is currently includible in income will be translated into U.S. dollars at the average exchange rate for the accrual period (or portion thereof within the United States Holder s taxable year). Any such election, if made, applies to all market discount bonds acquired by the taxpayer on or after the first day of the first taxable year to which such election applies and is revocable only with the consent of the IRS.

Short-Term Debt Securities. The rules set forth above will also generally apply to debt securities having maturities of not more than one year, which we refer to as short-term debt securities, but with modifications, certain of which are summarized below:

First, the OID Regulations treat *none* of the interest on a short-term debt security as qualified stated interest. Thus, all short-term debt securities will be original issue discount debt securities. OID will be treated as accruing on a short-term debt security ratably or, at the election of a United States Holder, under a constant yield method.

Second, a United States Holder of a short-term debt security that uses the cash method of tax accounting and is not a bank, securities dealer, regulated investment company or common trust fund, and does not identify the short-term debt security as part of a hedging transaction, will generally not be required to include OID in income on a current basis. Such a United States Holder may be required to defer the deduction of interest paid or accrued on any indebtedness incurred or maintained to purchase or carry such debt security until the maturity of the debt security or its earlier disposition in a taxable transaction. In addition, such a United States Holder will be required to treat any gain realized on a sale, exchange or retirement of the debt security as ordinary income to the extent such gain does not exceed the OID accrued with respect to the debt security during the period the United States Holder held the debt security. Notwithstanding the foregoing, a cash-basis United States Holder of a short-term debt security may elect to accrue original issue discount into income on a current basis (in which case the limitation on the deductibility of interest described above will not apply). A United States Holder using the accrual method of tax accounting and certain cash-basis United States Holders (including banks, securities dealers, regulated investment companies and common trust funds) generally will be required to include original issue discount on a short-term debt security in income on a current basis.

Third, any United States Holder (whether cash or accrual basis) of a short-term debt security can elect to accrue the acquisition discount, if any, with respect to the debt security on a current basis. If such an election is made, the OID rules will not apply to the debt security. Acquisition discount is the excess of the remaining redemption amount of the debt security at the time of acquisition over the purchase price. Acquisition discount will be treated as accruing ratably or, at the election of the United States Holder, under a constant-yield method based on daily compounding.

Finally, the market discount rules will not apply to a short-term debt security.

Floating Rate Debt Securities and Other Debt Securities Providing for Contingent Payments. The Contingent Payment Regulations, which govern the tax treatment of Contingent Debt Obligations, generally require accrual of interest income on a constant-yield basis in respect of such obligations at a yield determined at the time of their issuance, and may require adjustments to such accruals when any contingent payments are made. Prospective purchasers of debt securities should carefully examine the accompanying prospectus supplement to see if we have determined that such debt securities constitute Contingent Debt Obligations. If we have, prospective purchasers should consult their own tax advisors with respect to the tax consequences to them of such obligations.

Information Reporting and Backup Withholding. The issuing and paying agent will be required to file information returns with the IRS with respect to payments made to United States Holders of debt securities unless an exemption exists. In addition, United States Holders who are not exempt will be subject to backup withholding tax in respect of such payments if they do not provide their taxpayer identification numbers to the issuing and paying agent. All individuals are subject to these requirements. In general, corporations, tax-exempt organizations and individual retirement accounts are exempt from these requirements.

Tax Consequences to Non-United States Holders

Under present United States federal income and estate tax law, and subject to the discussion below concerning backup withholding:

(a) no withholding of United States federal income tax generally will be required with respect to the payment by us or any issuing and paying agent of principal or interest (which for purposes of this discussion includes OID) on a debt security owned by a Non-United States Holder, provided (i) that the beneficial owner does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of section 871(h)(3) of the Code and the regulations thereunder, (ii) the beneficial owner is not a controlled foreign corporation that is related to us through stock ownership, (iii) the beneficial owner is not a bank whose receipt of interest on a debt security is described in section 881(c)(3)(A) of the Code and (iv) in the case of a registered debt security, the beneficial owner provides a statement signed under penalties of perjury that includes its

name and address and certifies that it is a Non-United States Holder in compliance with applicable requirements, generally made, under current procedures, on IRS Form W-8BEN (or satisfies certain documentary evidence requirements for establishing that is it a Non-United States Holder);

(b) a Non-United States Holder will generally not be subject to United States federal income tax on gain realized on the sale, exchange or redemption of a debt security, unless (i) such gain is effectively connected with the conduct by the holder of a trade or business in the United States or (ii) in the case of gain realized by an individual holder, the holder is present in the United States for 183 days or more in the taxable year of the retirement or disposition and certain other conditions are met;

(c) a debt security beneficially owned by an individual who at the time of death is a Non-United States Holder will generally not be subject to United States federal estate tax as a result of such individual s death, provided that such individual does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of section 871(h)(3) of the Internal Revenue Code and provided that the interest payments with respect to such debt security would not have been, if received at the time of such individual s death, effectively connected with the conduct of a United States trade or business by such individual.

Notwithstanding the foregoing, a Non-United States Holder generally will be taxed in the same manner as a United States Holder with respect to interest income that is effectively connected with its U.S. trade or business. In addition, under certain circumstances, effectively connected interest income of a corporate Non-United States Holder may be subject to a branch profits tax imposed at a 30% rate. A Non-United States Holder with effectively connected income will, however, generally not be subject to withholding tax on interest income if, under current procedures, it delivers a properly completed IRS Form W-8ECI.

United States information reporting requirements and backup withholding tax will not apply to payments on a debt security if the beneficial owner (1) certifies its Non-United States Holder status under penalties of perjury, generally made, under current procedures, on IRS Form W-8BEN, or satisfies documentary evidence requirements for establishing that it is a Non-United States Holder, or (2) otherwise establishes an exemption.

Information reporting requirements will generally not apply to any payment of the proceeds of the sale of a debt security effected outside the United States by a foreign office of a foreign broker, provided that such broker derives less than 50% of its gross income for particular periods from the conduct of a trade or business in the United States, is not a controlled foreign corporation for United States federal income tax purposes, and is not a foreign partnership that, at any time during its taxable year, is 50% or more, by income or capital interest, owned by United States Holders or is engaged in the conduct of a United States trade or business.

Backup withholding tax will generally not apply to the payment of the proceeds of the sale of a debt security effected outside the United States by a foreign office of any broker. However, information reporting requirements will be applicable to such payment unless (1) such broker has documentary evidence in its records that the beneficial owner is a Non-United States Holder and other conditions are met or (2) the beneficial owner otherwise establishes an exemption. Information reporting requirements and backup withholding tax will apply to the payment of the proceeds of a sale of a debt security by the U.S. office of a broker, unless the beneficial owner certifies its Non-United States Holder status under penalties of perjury or otherwise establishes an exemption.

For purposes of applying the above rules for Non-United States Holders to an entity that is treated as a pass-through entity, such as a partnership or trust, the beneficial owner means each of the ultimate beneficial owners of the entity.

The rules regarding withholding, backup withholding and information reporting for Non-United States Holders are complex, may vary depending on a holder s particular situation, and are subject to change. In addition, special rules apply to certain types of Non-United States Holders including partnerships, trusts and other entities treated as pass-through entities for United States federal income tax purposes. Non-United States Holders should accordingly consult their own tax advisors as to the specific methods to use and forms to complete to satisfy these rules.

European Union Directive on Taxation of Certain Interest Payments

Under European Council Directive 2003/48/EC on the taxation of savings income, Member States of the European Union are required to provide to the tax authorities of another Member State details of

payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories have agreed to adopt similar measures (some of which involve a withholding system). No additional amounts will be payable if a payment on a debt security to an individual is subject to any withholding or deduction that is required to be made pursuant to any European Union Directive on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, any such Directive or any agreement on the taxation of savings income entered into by non-EU countries with a view to implementing such Directive. Holders of debt securities should consult their tax advisers regarding the implications of the Directive in their particular circumstance.

PLAN OF DISTRIBUTION

We may sell the securities from time to time in one or more of the following ways:

- through underwriters or dealers;
- directly to one or more purchasers;
- through agents; or
- through a combination of any such methods of sale.

The prospectus supplement with respect to the offered securities will set forth the terms of the offering, including:

- the name or names of any underwriters or agents;
- the purchase price of the offered securities and the proceeds to us from their sale;
- any underwriting discounts or sales agents commissions and other items constituting underwriters or agents compensation;
- any initial public offering price;

- any discounts or concessions allowed or reallowed or paid to dealers; and

- any securities exchanges on which those securities may be listed.

Only underwriters or agents named in the accompanying prospectus supplement are deemed to be underwriters or agents in connection with the securities offered thereby.

If underwriters are used in the sale, the securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The obligations of the underwriters to purchase those securities will be subject to certain conditions precedent, and unless otherwise specified in the accompanying prospectus, the underwriters will be obligated to purchase all the securities of the series offered by such accompanying prospectus supplement relating to that series if any of such securities are purchased. Any initial public offering price and any discounts or concessions allowed or reallowed or paid to dealers may be changed from time to time.

We may also sell securities directly or through agents we designate from time to time. Any agent involved in the offering and sale of the offered securities will be named in the accompanying prospectus supplement, and any commissions payable by us to that agent will be set forth in the accompanying prospectus supplement. Unless otherwise indicated in such accompanying prospectus supplement, any agent will be acting on a best efforts basis for the period of its appointment.

If so indicated in an accompanying prospectus supplement, we will authorize agents, underwriters or dealers to solicit offers by certain institutional investors to purchase securities, which offers provide for payment and delivery on a future date specified in such accompanying prospectus supplement. There may be limitations on the minimum amount that may be purchased by any such institutional investor or on the portion of the aggregate principal amount of the particular securities that may be sold pursuant to these arrangements.

Institutional investors to which offers may be made, when authorized, include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and such other institutions as may be approved by us. The obligations of any purchasers pursuant to delayed delivery and payment arrangements will only be subject to the following two conditions:

- the purchase by an institution of the particular securities will not, at the time of delivery, be prohibited

- under the laws of any jurisdiction in the United States to which that institution is subject; and

- if the particular securities are being sold to underwriters, we will have sold to those underwriters the total principal amount or number of those securities less the principal amount or number thereof, as the case may be, covered by such arrangements.

Underwriters will not have any responsibility in respect of the validity of these arrangements or the performance of us or institutional investors thereunder.

In connection with an offering of securities, the underwriters may purchase and sell securities in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. Over-allotment involves sales of securities in excess of the principal amount of securities to be purchased by the underwriters in an offering, which creates a short position for the underwriters. Covering transactions involve purchases of the securities in the open market after the distribution has been completed in order to cover short positions. Stabilizing transactions consist of certain bids or purchases of securities made for the purpose of preventing or retarding a decline in the market price of the securities while the offering is in progress. Any of these activities may have the effect of preventing or retarding a decline in the market price of the securities being offered. They may also cause the price of the securities being offered to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The underwriters may conduct these transactions in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

Underwriters and agents may be entitled under agreements entered into with us to indemnification by us against civil liabilities, including liabilities under the Securities Act, or to contribution with respect to payments that the underwriters or agents may be required to make in that respect. Underwriters and agents or their affiliates may engage in transactions with, or perform services for, us or our subsidiaries or affiliates in the ordinary course of business.

LEGAL MATTERS

The validity of the securities will be passed upon for us by Louise M. Parent, Esq., our Executive Vice President and General Counsel, 200 Vesey Street, World Financial Center, New York, New York.

EXPERTS

Our financial statements as of and for the year ended December 31, 2005 and management s assessment of the effectiveness of internal control over financial reporting as of December 31, 2005 (which is included in Management s Report on Internal Control over Financial Reporting) incorporated in this prospectus by reference to our Annual Report on Form 10-K for the year ended December 31, 2005 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, to which we refer as PWC, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

Our financial statements for the years ended December 31, 2004 and 2003 and management s assessment of the effectiveness of internal control over financial reporting as of December 31, 2004 (which is included in Management s Report on Internal Control over Financial Reporting) incorporated in this prospectus by reference to our Annual Report on Form 10-K for the year ended December 31, 2005, have been so incorporated in reliance on the report of Ernst & Young LLP, to which we refer as E&Y, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

On November 22, 2004, the Audit Committee of our Board of Directors appointed PWC as our independent registered public accounting firm for the fiscal year ending December 31, 2005 and dismissed E&Y as our auditors for the 2005 fiscal year. E&Y has completed its engagement as our auditors for the 2004 fiscal year.

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Remarketed Floating Rate Notes

American Express Company

PROSPECTUS SUPPLEMENT

Remarketing Agents

JPMorgan **Merrill Lynch & Co.**

June , 2008