

Consolidated Statements of Income

AMERICAN EXPRESS COMPANY

Years Ended December 31, (Millions, except per share amounts)	2001	2000	1999
Revenues			
Discount revenue	\$ 7,714	\$ 7,779	\$ 6,741
Interest and dividends, net	2,137	3,290	3,346
Management and distribution fees	2,458	2,812	2,269
Net card fees	1,675	1,651	1,599
Travel commissions and fees	1,537	1,821	1,802
Other commissions and fees	2,432	2,344	1,824
Cardmember lending net finance charge revenue	912	987	1,333
Life and other insurance revenues	674	575	517
Other	3,043	2,416	1,847
Total	22,582	23,675	21,278
Expenses			
Human resources	6,271	6,633	6,038
Provisions for losses and benefits:			
Annuities and investment certificates	1,318	1,355	1,377
Life insurance, international banking and other	909	694	639
Charge card	1,195	1,006	865
Cardmember lending	1,318	891	799
Professional services	1,651	1,530	1,322
Occupancy and equipment	1,574	1,528	1,328
Interest	1,501	1,354	1,051
Marketing and promotion	1,301	1,515	1,424
Communications	528	514	518
Restructuring charges	605	—	—
Disaster recovery charge	90	—	—
Other	2,725	2,747	2,479
Total	20,986	19,767	17,840
Pretax income	1,596	3,908	3,438
Income tax provision	285	1,098	963
Net income	\$ 1,311	\$ 2,810	\$ 2,475
Earnings Per Common Share			
Basic	\$ 0.99	\$ 2.12	\$ 1.85
Diluted	\$ 0.98	\$ 2.07	\$ 1.81
Average common shares outstanding for earnings per common share:			
Basic	1,324	1,327	1,340
Diluted	1,336	1,360	1,369

See notes to consolidated financial statements.

Consolidated Balance Sheets

AMERICAN EXPRESS COMPANY

December 31, (Millions, except share data)	2001	2000
Assets		
Cash and cash equivalents	\$ 7,222	\$ 8,487
Accounts receivable and accrued interest:		
Cardmember receivables, less credit reserves: 2001, \$1,032; 2000, \$809	25,212	25,067
Other receivables, less credit reserves: 2001, \$134; 2000, \$123	4,286	5,476
Investments	46,488	43,747
Loans:		
Cardmember lending, less credit reserves: 2001, \$831; 2000, \$650	20,131	19,855
International banking, less credit reserves: 2001, \$130; 2000, \$137	5,155	5,207
Other, net	1,154	1,026
Separate account assets	27,334	32,349
Deferred acquisition costs	3,737	3,574
Land, buildings and equipment—at cost, less accumulated depreciation:		
2001, \$2,507; 2000, \$2,219	2,811	2,506
Other assets	7,570	7,129
Total assets	\$ 151,100	\$ 154,423
Liabilities and Shareholders' Equity		
Customers' deposits	\$ 14,557	\$ 13,870
Travelers Cheques outstanding	6,190	6,127
Accounts payable	6,820	7,495
Insurance and annuity reserves:		
Fixed annuities	19,592	19,417
Life and disability policies	4,944	4,681
Investment certificate reserves	8,227	7,348
Short-term debt	31,569	36,030
Long-term debt	7,788	4,711
Separate account liabilities	27,334	32,349
Other liabilities	11,542	10,211
Total liabilities	138,563	142,239
Guaranteed preferred beneficial interests in the company's junior subordinated deferrable interest debentures	500	500
Shareholders' Equity		
Common shares, \$.20 par value, authorized 3.6 billion shares; issued and outstanding 1,331 million shares in 2001 and 1,326 million shares in 2000	266	265
Capital surplus	5,527	5,439
Retained earnings	6,421	6,198
Other comprehensive loss, net of tax:		
Net unrealized securities gains (losses)	334	(145)
Net unrealized derivatives losses	(296)	—
Foreign currency translation adjustments	(112)	(73)
Minimum pension liability	(103)	—
Accumulated other comprehensive loss	(177)	(218)
Total shareholders' equity	12,037	11,684
Total liabilities and shareholders' equity	\$ 151,100	\$ 154,423

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

AMERICAN EXPRESS COMPANY

Years Ended December 31, (Millions)	2001	2000	1999
Cash Flows from Operating Activities			
Net income	\$ 1,311	\$ 2,810	\$ 2,475
Adjustments to reconcile net income to net cash provided by operating activities:			
Provisions for losses and benefits	3,283	2,697	2,392
Depreciation, amortization, deferred taxes and other	1,196	393	13
Non-cash portion of restructuring charges	580	—	—
Non-cash portion of disaster recovery charge	20	—	—
Changes in operating assets and liabilities, net of effects of acquisitions and dispositions:			
Accounts receivable and accrued interest	455	(1,623)	(1,079)
Other assets	(216)	(426)	(294)
Accounts payable and other liabilities	(1,456)	2,377	2,371
(Decrease) increase in Travelers Cheques outstanding	(89)	(82)	392
Increase in insurance reserves	240	207	173
Net cash provided by operating activities	5,324	6,353	6,443
Cash Flows from Investing Activities			
Sale of investments	11,049	3,117	3,031
Maturity and redemption of investments	6,182	5,295	5,279
Purchase of investments	(19,912)	(9,121)	(11,287)
Net increase in Cardmember loans/receivables	(3,147)	(10,661)	(11,787)
Cardmember loans/receivables sold to trust, net	3,465	3,338	3,586
Proceeds from repayment of loans	23,937	24,288	21,002
Issuance of loans	(23,345)	(24,587)	(20,762)
Purchase of land, buildings and equipment	(859)	(919)	(737)
Sale of land, buildings and equipment	22	35	11
(Acquisitions) dispositions, net of cash acquired/sold	(165)	212	(82)
Net cash used in investing activities	(2,773)	(9,003)	(11,746)
Cash Flows from Financing Activities			
Net increase in customers' deposits	988	954	2,853
Sale of annuities and investment certificates	5,506	5,588	5,719
Redemption of annuities and investment certificates	(4,761)	(5,641)	(5,504)
Net (decrease) increase in debt with maturities of three months or less	(4,220)	7,117	305
Issuance of debt	15,083	12,559	18,623
Principal payments on debt	(15,318)	(15,362)	(12,049)
Issuance of American Express common shares	84	226	233
Repurchase of American Express common shares	(626)	(1,377)	(1,120)
Dividends paid	(424)	(421)	(404)
Net cash (used in) provided by financing activities	(3,688)	3,643	8,656
Effect of exchange rate changes on cash	(128)	23	26
Net (decrease) increase in cash and cash equivalents	(1,265)	1,016	3,379
Cash and cash equivalents at beginning of year	8,487	7,471	4,092
Cash and cash equivalents at end of year	\$ 7,222	\$ 8,487	\$ 7,471

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

AMERICAN EXPRESS COMPANY

Three Years Ended December 31, 2001 (Millions)	Total	Common Shares	Capital Surplus	Accumulated Other Comprehensive Income/(Loss)	Retained Earnings
Balances at December 31, 1998	\$ 9,698	\$ 270	\$ 4,809	\$ 471	\$ 4,148
Comprehensive income:					
Net income	2,475				2,475
Change in net unrealized securities gains	(879)			(879)	
Foreign currency translation adjustments	6			6	
Total comprehensive income	1,602				
Repurchase of common shares	(1,170)	(5)	(98)		(1,067)
Other changes, primarily employee plans	369	3	485		(119)
Cash dividends declared:					
Common, \$.30 per share	(404)				(404)
Balances at December 31, 1999	10,095	268	5,196	(402)	5,033
Comprehensive income:					
Net income	2,810				2,810
Change in net unrealized securities gains	151			151	
Foreign currency translation adjustments	33			33	
Total comprehensive income	2,994				
Repurchase of common shares	(1,327)	(5)	(228)		(1,094)
Other changes, primarily employee plans	348	2	471		(125)
Cash dividends declared:					
Common, \$.32 per share	(426)				(426)
Balances at December 31, 2000	11,684	265	5,439	(218)	6,198
Comprehensive income:					
Net income	1,311				1,311
Change in net unrealized securities gains	479			479	
Cumulative effect of adopting SFAS No. 133	(120)			(120)	
Change in net unrealized derivatives losses	(605)			(605)	
Derivatives losses reclassified to earnings	429			429	
Foreign currency translation adjustments	(39)			(39)	
Minimum pension liability adjustment	(103)			(103)	
Total comprehensive income	1,352				
Repurchase of common shares	(626)	(2)	(53)		(571)
Other changes, primarily employee plans	51	3	141		(93)
Cash dividends declared:					
Common, \$.32 per share	(424)				(424)
Balances at December 31, 2001	\$ 12,037	\$ 266	\$ 5,527	\$ (177)	\$ 6,421

See notes to consolidated financial statements.