

BASE PROSPECTUS



American Express Travel Related Services Company, Inc.

(Incorporated in the State of New York, United States of America)

American Express Credit Corporation

(Incorporated in the State of Delaware, United States of America)

American Express Overseas Credit Corporation Limited

(Incorporated as a limited liability company under the laws of the Island of Jersey)

American Express Centurion Bank

(Incorporated in the State of Utah, United States of America)

U.S.\$50,000,000,000 Program for the Issuance of Debt Instruments

This Base Prospectus has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "CSSF"), in its capacity as competent authority for the purposes of the Luxembourg *loi relative aux prospectus pour valeurs mobilières* of July 10, 2005, and application has been made for debt instruments (the "Instruments") issued under the program (the "Program") described in this Base Prospectus to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange during the period of twelve months from the date of this document. Instruments may also be issued under the Program which are admitted to trading or listed on a stock exchange other than the regulated market of the Luxembourg Stock Exchange or which are unlisted.

The Instruments have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States. The Instruments will be issued only in bearer form and are subject to United States tax law requirements. Subject to certain exceptions, Instruments may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")) or United States persons (as defined in the U.S. Internal Revenue Code of 1986, as amended (the "Code") and the U.S. Treasury regulations thereunder).

The Instruments generally may be redeemed at any time in whole at par plus accrued interest if certain events occur involving United States withholding taxes or information reporting requirements, as described in "Terms and Conditions of the Instruments—Redemption and Purchase—Early Redemption for Tax Reasons."

Arranger for the Program

The Royal Bank of Scotland

Dealers

Barclays Capital
BNP PARIBAS
Credit Suisse
Goldman Sachs International
J.P. Morgan
Mizuho International plc
RBC Capital Markets
UBS Investment Bank

BofA Merrill Lynch
Citi
Deutsche Bank
HSBC
Mitsubishi UFJ Securities International plc
National Australia Bank Limited
The Royal Bank of Scotland
Westpac Banking Corporation

The date of this Base Prospectus is July 29, 2009.

IMPORTANT NOTICES

Each of American Express Travel Related Services Company, Inc. (“TRS”), American Express Credit Corporation (“Credco”), American Express Overseas Credit Corporation Limited (“AEOCC”) and American Express Centurion Bank (“AECB”) (each an “Issuer” and together the “Issuers”) accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Issuers (having taken all reasonable care to ensure that such is the case), the information contained in this Base Prospectus is in accordance with the facts and contains no omission likely to affect its import.

Various forward-looking statements are made in this Base Prospectus, which generally include the words “believe”, “expect”, “anticipate”, “optimistic”, “plan”, “intend” “aim”, “will”, “should”, “could”, “likely” and similar expressions. Certain factors that may cause actual results to differ materially from these forward-looking statements, including American Express Company’s (“American Express”) goals referred to herein, are discussed on page 136.

This document constitutes four base prospectuses each in respect of non-equity securities within the meaning of Art. 22 No 6 (4) of the Commission Regulation (EC) No. 809/2004 of 29 April 2004 (“Non-equity Securities”): (i) the base prospectus of TRS, (ii) the base prospectus of Credco, (iii) the base prospectus of AEOCC and (iv) the base prospectus of AECB (together the “Base Prospectus”).

This Base Prospectus should be read and construed with any supplement thereto and with any other documents incorporated by reference and, in relation to any Series (as defined herein) of Instruments, should be read and construed together with the relevant Final Terms (as defined herein).

The Issuers each confirm that the information contained in this Base Prospectus with respect to such Issuer and the Instruments is true, accurate and complete in all material respects and is not misleading; that the opinions and intentions expressed therein relating to such Issuer are honestly held and based on reasonable assumptions; that there are no other facts in relation to the information contained or incorporated by reference in this Base Prospectus the omission of which would, in the context of the Program or the issue of the Instruments, make any statement therein or opinions or intentions expressed therein misleading in any material respect; and that all reasonable enquiries have been made to verify the foregoing. The Issuers have further confirmed to the Dealers that this Base Prospectus (together with any relevant Final Terms) contains all such information as may be required by all applicable laws, rules and regulations.

No person has been authorized by any of the Issuers to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Program or any information supplied by any of the Issuers or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorized by any of the Issuers or any Dealer.

No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and neither the Dealers nor any of their respective affiliates make any representation or warranty or accept any responsibility, as to the accuracy or completeness of the information contained in this Base Prospectus.

Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Instrument shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date thereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial situation of any of the Issuers since the date thereof or, as the case may be, the date upon which this Base Prospectus has been most recently amended or supplemented or the balance sheet date of the most recent relevant financial statements which are deemed to be incorporated into this Base Prospectus by reference or that any other information supplied in connection with the Program is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Base Prospectus and any Final Terms and the offering, sale and delivery of the Instruments in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Issuers and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Instruments and on the distribution of this Base Prospectus and/or any Final Terms and other offering material relating to the

Instruments, see “Subscription and Sale.” **Neither this Base Prospectus nor any Final Terms may be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.**

The Instruments have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and include Instruments in bearer form that are subject to United States tax law requirements. The Instruments may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Subject to certain exceptions, Instruments may not be offered, sold or delivered within the United States or to United States persons, as these terms are defined by the Code and by U.S. Treasury regulations thereunder.

This Base Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2) of the Order (all such persons together being referred to as “relevant persons”). The Instruments will only be available to, any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Instruments will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Neither this Base Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Instruments and should not be considered as a recommendation by any of the Issuers, the Dealers or any of them that any recipient of this Base Prospectus or any Final Terms should subscribe for or purchase any Instruments. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuers.

The maximum aggregate principal amount of Instruments outstanding and guaranteed at any one time under the Program will not exceed U.S.\$50,000,000,000 (and for this purpose, any Instruments denominated in another currency shall be translated into U.S. dollars at the date of the agreement to issue such Instruments (calculated in accordance with the provisions of the Dealership Agreement)). The maximum aggregate principal amount of Instruments which may be outstanding and guaranteed at any one time under the Program may be increased from time to time, subject to compliance with the relevant provisions of the Dealership Agreement (as defined under “Subscription and Sale”).

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Instruments in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Instruments. Accordingly any person making or intending to make an offer in that Relevant Member State of Instruments which are the subject of an offering or placement contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Instruments may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by Final Terms which specifies that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Instruments in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

All references in this Base Prospectus to “U.S.\$,” “\$,” “U.S. dollars,” “United States dollars” or “USD” are to the lawful currency of the United States of America and references to the “U.S.” are to the United States of America. All references in this Base Prospectus to “Canadian \$,” “C\$,” “Canadian dollars” or “CAD” are to the lawful currency of Canada. All references in this Base Prospectus to “Euro,” “euro,” “€” and “EUR” each means the lawful currency of the member states of the European Union (a “Member State” or “Member States”) that

adopt the single currency in accordance with the Treaty establishing the European Community (as amended, the “Treaty”).

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE (AS DEFINED HEREIN) OF INSTRUMENTS UNDER THE PROGRAM, THE DEALER OR DEALERS (IF ANY) NAMED AS STABILIZING MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF ANY STABILIZING MANAGER(S)) IN THE RELEVANT FINAL TERMS MAY OVER-ALLOT INSTRUMENTS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE INSTRUMENTS OF THE SERIES OF WHICH SUCH TRANCHE FORMS PART AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER(S) (OR ANY PERSON ACTING ON BEHALF OF THE STABILIZING MANAGER(S)) WILL UNDERTAKE STABILIZING ACTION. SUCH STABILIZING ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF INSTRUMENTS IS MADE AND, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF INSTRUMENTS AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF INSTRUMENTS. SUCH STABILIZING ACTION SHALL BE IN COMPLIANCE WITH ALL APPLICABLE LAWS, REGULATIONS AND RULES.

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SUMMARY OF THE PROGRAM

This summary must be read as an introduction to this Base Prospectus and any decision to invest in the Instruments should be based on a consideration of this Base Prospectus as a whole, including the documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive (Directive 2003/71/EC) in each Member State of the European Economic Area no civil liability will attach to any of the Issuers in any such Member State solely on the basis of this summary, including any translation thereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to the information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Base Prospectus before the legal proceedings are initiated.

The following summary does not purport to be complete and is qualified in its entirety by the remainder of this Base Prospectus. Words and expressions defined in the “Terms and Conditions of the Instruments” below or elsewhere in this Base Prospectus have the same meanings in this summary.

1 – Key Information about the Instruments

Issuers: American Express Travel Related Services Company, Inc. (“TRS”), American Express Credit Corporation (“Credco”), American Express Overseas Credit Corporation Limited (“AEOCC”) and American Express Centurion Bank (“AECB”) (each an “Issuer” and together the “Issuers”).

Arranger: The Royal Bank of Scotland plc

Dealers: Barclays Bank PLC, BNP PARIBAS, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, HSBC Bank plc, Goldman Sachs International, J.P. Morgan Securities Ltd, , Merrill Lynch International, National Australia Bank Limited ABN 12 004 044 937, Mitsubishi UFJ Securities International plc, Mizuho International plc, Royal Bank of Canada Europe Limited, The Royal Bank of Scotland plc, UBS Limited, Westpac Banking Corporation ABN 33 007 457 141 and any other dealer appointed from time to time by the Issuers either generally in respect of the Program or in relation to a particular Tranche (as defined below) of Instruments.

Program Amount: Up to U.S.\$50,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Instruments outstanding at any one time.

Pursuant to the Control of Borrowing (Jersey) Order 1958 and the consent issued to AEOCC thereunder dated 27 November 1996, AEOCC may not have outstanding Instruments in an aggregate amount exceeding U.S. \$1,000,000,000.

The Program Amount may be increased from time to time.

Fiscal Agent: Deutsche Bank AG, London Branch

Luxembourg Listing Agent: Deutsche Bank Luxembourg S.A.

Status of Instruments: Instruments will be issued on an unsubordinated or subordinated basis, as specified in the relevant Final Terms. The Instruments are unsecured and uninsured indebtedness for borrowed money of the relevant Issuer. Unsubordinated Instruments will rank *pari passu* in right of payment with all other unsecured and unsubordinated obligations of the relevant Issuer, subject to preferences provided by law.

Maturities: Any maturity up to thirty years, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements. Where Instruments have a maturity of less than one year and either (a) the issue proceeds are received by an Issuer in the United Kingdom or (b) the activity of issuing the Instruments is carried on from an establishment maintained

by an Issuer in the United Kingdom, such Instruments must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the FSMA by the relevant Issuer.

- Currencies:** Instruments may be denominated in any currency or currencies subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Instruments may, subject to compliance as aforesaid, be made in and/ or linked to, any currency or currencies other than the currency in which such Instruments are denominated.
- Commercial terms of the Instruments (price, amount, interest rate, etc.):** The commercial terms and conditions of each Series of Instruments will be set out in the applicable Final Terms.
- Denominations:** Instruments with a maturity of 183 days or less will have a minimum denomination of U.S.\$500,000 (or its equivalent in another currency).
- No Instruments may be issued under the Program which (a) have a minimum denomination of less than EUR1,000 (or nearly equivalent in another currency), or (b) carry the right to acquire shares (or transferable securities equivalent to shares) issued by the relevant Issuer or by any entity to whose group the relevant Issuer belongs. Subject thereto, Instruments will be issued in such denominations as may be specified in the relevant Final Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.
- Use of Proceeds:** The net proceeds of the issue of each Tranche of Instruments will be applied by the relevant Issuer to meet part of its general financing requirements.
- Issuance in Series:** Instruments will be issued in Series (each, a “Series”). Each Series may comprise one or more tranches (each, a “Tranche”) issued on different issue dates. The Instruments of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Instruments of each Tranche will be subject to identical terms in all respects save that a Tranche may comprise Instruments of different denominations.
- Form of Instruments:** Instruments may only be issued in bearer form. Each Tranche of Instruments will initially be in the form of either a Temporary Global Instrument or a Permanent Global Instrument, in each case as specified in the relevant Final Terms. Each Global Instrument which is not intended to be issued in new global note form (a “Classic Global Instrument” or “CGI”), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a depositary or a common depositary for Euroclear Bank SA/NV (“Euroclear”) and/or Clearstream Banking, société anonyme (“Clearstream, Luxembourg”) and/or any other relevant clearing system and each Global Instrument which is intended to be issued in new global note form (a “New Global Instrument” or “NGI”), as specified in the relevant Final Terms, will be deposited on or around the relevant issue date with a common safekeeper for Euroclear and/or Clearstream, Luxembourg. Each Temporary Global Instrument will be exchangeable for a Permanent Global Instrument or, if so specified in the relevant Final Terms, for Definitive

Instruments in accordance with its terms. Each Permanent Global Instrument will be exchangeable for Definitive Instruments in accordance with its terms. Definitive Instruments will, if interest-bearing, have Coupons attached and, if appropriate, a talon (“Talon”) for further Coupons or have a grid for recording the payment of interest endorsed thereon and will, if the principal thereof is repayable by instalments, have a grid for recording the payment of principal endorsed thereon or, if so specified in the Final Terms, have Receipts attached.

- Negative Pledge:** The Unsubordinated Instruments will have the benefit of a negative pledge as described in “Terms and Conditions of the Instruments—Negative Pledge.” The terms and conditions of the Subordinated Instruments will not have the benefit of a negative pledge provision.
- Cross Default:** The terms and conditions of the Unsubordinated Instruments will contain a cross default provision as described in “Terms and Conditions of the Instruments—Events of Default.” The terms and conditions of the Subordinated Instruments will not have the benefit of a cross default provision.
- Redemption:** Instruments may be redeemable at par or at such other Redemption Amount (detailed in a formula or otherwise) as may be specified in the relevant Final Terms.
- Optional Redemption:** Instruments may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or the Holders to the extent (if at all) specified in the relevant Final Terms.
- Tax Redemption:** Except as described in “Optional Redemption” above, early redemption will only be permitted for tax reasons as described in Condition 6.02.
- Interest:** Instruments may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or other variable rate or be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.
- Taxation:** Payments in respect of Instruments will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the United States of America or, in the case of AEOCC, the Island of Jersey or, in either case, any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the relevant Issuer will (subject to exceptions described hereinafter and to the right of redemption described hereinafter) pay such additional amounts as will result in the holders of Instruments or Coupons receiving such amounts as they would have received in respect of such Instruments or Coupons had no such withholding or deduction been required.
- Listing and admission to trading:** Each Series may be admitted to trading on the regulated market of the Luxembourg Stock Exchange and/or admitted to listing, trading and/or quotation by any other listing authority, stock exchange and/ or quotation system as may be agreed between the relevant Issuer and the relevant Dealer and specified in the relevant Final Terms or may be unlisted.

Enforcement of Instruments in global form:	In the case of Instruments in global form, individual investor’s rights will be governed by the Amended and Restated Issue and Paying Agency Agreement, a copy of which will be available for inspection at the specified office of the Fiscal Agent.
Clearing Systems:	Euroclear and/or Clearstream, Luxembourg and/or any other clearing system as may be specified in the relevant Final Terms.
Terms and Conditions:	Final Terms will be prepared in respect of each Tranche of Instruments a copy of which will, in the case of Instruments to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, be delivered to the regulated market of the Luxembourg Stock Exchange on or before the date of issue of such Instruments. The terms and conditions applicable to each Tranche will be those set out herein under “Terms and Conditions of the Instruments” as supplemented, modified or replaced by the relevant Final Terms.
Selling Restrictions:	For a description of certain restrictions on offers, sales and deliveries of Instruments and on the distribution of offering material in the United States, the European Economic Area, the United Kingdom, Jersey, Japan, The Netherlands, Italy, Hong Kong and Singapore, see “Subscription and Sale”.
Governing Law:	New York law.

2 – Key information about the Issuers

A – American Express Travel Related Services Company, Inc.

TRS was incorporated in New York on May 3, 1982, with perpetual existence. Its corporate purposes include engaging in all aspects of the credit and charge card business, issuance and sale of travelers cheques and all other kinds of money and credit transfer activities, all kinds of travel service activities, borrowing, lending and investing funds. TRS is a wholly-owned subsidiary of American Express, which is a leading global payments, network and travel company.

B – American Express Credit Corporation

Credco was incorporated in Delaware on January 15, 1962, with perpetual existence. On January 1, 1983, Credco became a wholly-owned subsidiary of TRS. Its corporate purposes include engaging generally in the credit and charge card business, sales finance business, lending and extending credit, and buying and selling receivables.

C – American Express Overseas Credit Corporation Limited

AEOCC was incorporated in the Island of Jersey on February 22, 1982, with perpetual existence. AEOCC is a wholly-owned subsidiary of Credco. Its corporate purpose is to engage in any activity permitted by law. AEOCC and its subsidiaries are organized to engage primarily in the business of financing receivables arising from the use of American Express Cards issued by TRS and certain of its subsidiaries and associates.

D – American Express Centurion Bank

AECB was incorporated under Utah law as an industrial loan company (now legally referred to as an “industrial bank”) on June 25, 1987, with perpetual existence and purpose to engage in any lawful business, and received Federal Deposit Insurance Corporation (“FDIC”) insurance in 1989. AECB is a wholly-owned subsidiary of TRS. In addition to earning finance charge revenues, AECB also receives revenue from Cardmember fees, and discount revenue from service establishments.

3 – Risk Factors

Investing in Instruments issued under the Program involves certain risks. The principal risk factors that may affect the abilities of the Issuers to fulfill their respective obligations under the Instruments are discussed under “Risk Factors” below and include (but are not limited to):

A – Risk factors related to the Issuers

- Difficult conditions in the global capital markets and economy generally, as well as political conditions in the United States and elsewhere, may materially adversely affect the Issuers’ business and results of operations.
- Adverse capital and credit market conditions may significantly affect the Issuers’ ability to meet liquidity needs, access to capital and cost of capital.
- The Issuers’ can be adversely affected by the impairment of other financial institutions.
- Any reduction in the Issuers’ credit ratings could increase the cost of their funding from, and restrict their access to, the capital markets and have a material adverse effect on their results of operations and financial condition.
- Adverse currency fluctuations and foreign exchange controls could decrease revenue the Issuers’ receive from their international operations.
- TRS’ business, financial condition and results of operations could be adversely affected by new regulations to which TRS is subject as a result of becoming a bank holding company.
- Certain rules adopted by U.S. federal bank regulators could have a material adverse effect on TRS and AECB results of operations.
- Banks, card issuers and card network operators generally are the subject of increasing global regulatory focus, which may impose costly new compliance burdens on the Issuers and lead to decreased transaction volumes and revenues through their network.
- If the Issuers’ are not able to protect their intellectual property, and invest successfully in, and compete at the leading edge of, technological developments across all their businesses, their revenue and profitability could be negatively affected.
- Changes to the accounting treatment of securitization transactions could materially adversely affect the Issuers’ financial condition, reserve requirements, capital requirements, liquidity, cost of funds and operations.
- Litigation and regulatory actions could subject the Issuers’ to significant fines, penalties and/or requirements resulting in increased expenses.
- Credco and AEOCC are dependent on TRS and a number of its subsidiaries that generate receivables.

B – Risks related to the Instruments

- Changes in exchange rates and exchange controls could result in a loss of the value of the Instruments and payments thereof in relation to the currency of the jurisdiction of an investor.
- The Instruments have the following characteristics, which may involve risks: they may in some cases be subject to optional redemption by the Issuer: variable rate Instruments with a multiplier or other leverage factor may be volatile investments; modification, waivers of terms and substitutions of Issuers may occur; the Instruments may have no established trading market or no secondary market; and there may be interest rate risks in connection with Fixed Rate Instruments.
- Credit ratings may not reflect all risks.
- Courts may not render judgments for money damages in any currency other than U.S. dollars.
- The Instruments may not be a suitable investment for all investors.
- Index-Linked Instruments and Dual-Currency Instruments may be subject to volatility and other risks.

RISK FACTORS

Investors should carefully consider each of the following risks and all of the other information set forth in this Base Prospectus. Based on the information currently known to the Issuers, the Issuers believe that the following information identifies the most significant risk factors affecting the Issuers and the Instruments. Additional risks and uncertainties not presently known to the Issuers or that the Issuers currently believe to be immaterial may also adversely affect the Issuers or the Instruments.

If any of the following risks and uncertainties develops into actual events, these events could have a material adverse effect on the businesses, financial conditions or results of operations of the Issuers or a material adverse effect on the trading price of the Instruments.

Risk Factors Related To The Issuers

Difficult conditions in the global capital markets and economy generally may materially adversely affect the Issuers' business and results of operations.

The Issuers' results of operations are materially affected by conditions in the global capital markets and the economy generally, both in the United States and elsewhere around the world. The stress experienced by global capital markets that began in the second half of 2007 continued and substantially increased during 2008, and the Issuers do not expect these conditions to improve in the near future.

Recently, concerns over the availability and cost of credit, the U.S. mortgage market, a declining real estate market in the United States (in particular, in those markets in which American Express has generated significant spend volume on its charge and credit card products) and geopolitical issues have contributed to increased volatility and diminished expectations for the economy and the markets going forward. These factors, combined with declining business and consumer confidence, increased unemployment and volatile oil prices have precipitated a global recession, which may cause further declines in credit and charge card usage and has already resulted in adverse changes in payment patterns, causing increases in delinquencies and default rates. If the performance of the Issuers' charge card and credit card portfolios continues to weaken through increasing delinquencies and write-offs, the Issuers' long-term and short-term debt ratings could be downgraded, the Issuers' cost of capital could increase, and the Issuers' access to capital could be materially adversely affected.

These events and the continuing market upheavals may have an adverse effect on the Issuers, in part because the Issuers are dependent upon consumer and business behavior. The Issuers' revenue growth is likely to decline in such circumstances and, in certain instances, revenues may decrease, and the Issuers' profit margins could erode. In addition, in the event of extreme prolonged market adversity, such as the global credit crisis and economic slowdown, the Issuers could incur significant losses.

Factors such as consumer spending, business investment, government spending, interest rates, the volatility and strength of the capital markets and inflation all affect the business and economic environment and, ultimately, the Issuers' profitability. An economic downturn characterized by higher unemployment, lower family income, lower corporate earnings, lower business investment and lower consumer spending could materially and adversely affect the Issuers' business, results of operations and financial condition.

The lack of available credit, lack of confidence in the financial markets, reduced consumer and business spending, and worsening credit metrics also pose other risks to the Issuers' results of operations and financial condition. In particular, the Issuers may face the following risks, among others, in connection with these events:

- The processes the Issuers use to estimate losses may no longer be reliable because they rely on complex judgments, including forecasts of economic conditions, that may no longer be capable of accurate estimation.
- The Issuers' ability to assess the creditworthiness of their customers may be impaired if the models and approaches the Issuers use to select, manage, and underwrite credit to their customers become less predictive of future write-offs.
- In the event that (i) the three-month average rate of excess spread earned on credit card loans securitized by American Express falls below zero or (ii) the undivided, pro rata interest of American Express in the securitization trust established by it for credit card loans represents less

than seven per cent of the outstanding securities in the American Express Credit Account Master Trust (the “Lending Trust”) (or 15 per cent of the total receivables in the American Express Issuance Trust (the “Charge Trust”), then such trust would be required to amortize earlier than scheduled, which would accelerate the need for additional funding and would have a significant effect on the ability of AECB to meet capital adequacy requirements.

- In the event that the three-month average rate of excess spread earned on credit card loans securitized by American Express falls below 5 per cent for the Lending Trust or 4 per cent for the Charge Trust, the securitization trusts established by American Express for credit card loans and charge card receivables, respectively, would be required to fund a cash reserve account of up to approximately \$2 billion or \$207 million, respectively, depending on how low the applicable excess spread falls. Beginning with the monthly period ending January 24, 2009 and the respective distribution date occurring on February 17, 2009, the three-month average excess spread percentage fell below five per cent for the Group 1 fixed rate series in the Lending Trust. As a result, American Express and certain of its subsidiaries (including AECB) are required to fund the cash reserve accounts for the benefit of the respective secured notes (i.e., most subordinated interests) for such series in an aggregate amount of \$22 million. To the extent current economic conditions continue to persist or worsen, AECB would expect to continue to fund such cash reserve accounts, as well as the cash reserve accounts of other series of certificates issued from the Lending Trust.

Political conditions in the United States and elsewhere may materially and adversely affect the Issuers’ business and results of operations.

Political or economic instability in certain regions or countries could also affect the Issuers’ commercial or other lending activities, among other businesses, or result in restrictions on convertibility of certain currencies. In addition, TRS’ travel network may be adversely affected by world geopolitical and other conditions. Travel expenditures are sensitive to business and personal discretionary spending levels and tend to decline during general economic downturns.

Terrorist attacks, natural disasters or other catastrophic events may have a negative effect on the Issuers’ business. Because of American Express’ proximity to the World Trade Center, its headquarters were damaged as a result of the terrorist attacks of September 11, 2001. Similar events or other disasters or catastrophic events in the future could have a negative effect on the Issuers’ businesses and infrastructure, including their information technology systems. Because the Issuers derive a portion of revenues from travel-related spending, their business will be sensitive to safety concerns, and thus may decline during periods in which travelers become concerned about safety issues or when travel might involve health-related risks.

As the conditions described above (or similar ones) persist or worsen, the Issuers could experience continuing or increased adverse effects on their results of operations and financial condition.

Adverse capital and credit market conditions may significantly affect the Issuers’ ability to meet liquidity needs, access to capital and cost of capital.

The money and capital markets in the regions in which the Issuers operate have been experiencing extreme volatility and disruption since August 2007, which have negatively impacted market liquidity conditions. In recent months, the volatility and disruption have reached unprecedented levels.

The concerns on the part of market participants have focused on a broad range of mortgage- and asset-backed and other fixed income securities, including those rated investment grade, the U.S. and international credit and interbank money markets generally, and a wide range of financial institutions and markets, asset classes and sectors. As a result, the market for fixed income instruments has experienced decreased liquidity, increased price volatility, credit downgrade events and increased probability of default. Securities that are less liquid are more difficult to value and may be hard to dispose of. Domestic and international equity markets have also been experiencing heightened volatility and turmoil, with companies such as the Issuers that have exposure to or rely on the credit markets particularly affected.

The Issuers need liquidity to pay operating expenses, interest on debt and dividends on capital stock and to repay maturing liabilities. Without sufficient liquidity, the Issuers could be forced to limit their investments in

growth opportunities or curtail operations. The principal sources of liquidity are payments from holders of American Express Cards (“Cardmembers”), cash flow from investment portfolio and assets, consisting mainly of cash or assets that are readily convertible into cash, deposits and issuances of commercial paper. Sources of liquidity in normal markets also include a variety of short- and long-term instruments, including medium- and long-term unsecured debt and the securitization of credit card loan and charge card receivables.

The Issuers are not immune from the pressures brought on by the current crisis in the financial markets. The fragility of the credit markets and the current economic environment have impacted financial services companies through market volatility, loss of confidence and rating agency actions. Since September 2008, the market for the Issuers’ unsecured term debt and asset securitizations, like that for virtually all financial institutions, has been effectively frozen, except in connection with their participation in certain programs sponsored by the federal government and certain of its departments and agencies discussed below. Therefore, the Issuers’ ability to obtain financing in the debt capital markets for unsecured term debt and asset securitizations is dependent on a renewal of investor demand.

In the event current sources of liquidity, including internal sources, do not satisfy the Issuers’ needs, they would be required to seek additional financing. The availability of additional financing will depend on a variety of factors such as market conditions, the general availability of credit, the overall availability of credit to the financial services industry, the Issuers’ credit ratings (which were downgraded in 2008, with respect to long-term debt, by two of the major ratings agencies), and credit capacity, as well as the possibility that lenders could develop a negative perception of the Issuers’ long- or short-term financial prospects if they incur large credit losses or if the level of their business activity decreases due to an economic downturn.

Similarly, the Issuers’ access to funds may be impaired if regulatory authorities or rating agencies take negative actions against them. In addition, certain sources of contingent liquidity, including the Commercial Paper Funding Facility (“CPFF”) and the Temporary Liquidity Guaranty Program (“TLGP”), which are being made available through the Federal Reserve Bank of New York, the U.S. Federal Deposit Insurance Corporation (“FDIC”) and other federal departments and agencies, are subject to Credco (in the case of the CPFF) and AECB (in the case of the TLGP) ability to meet or continue to meet the criteria for participation in such facilities and programs and are temporary in nature as such programs are scheduled to terminate on various dates during 2009.

The Issuers’ ability to participate in government programs to support financial markets is subject to conditions and uncertainties.

The U.S. government has also taken certain other actions in addition to those described above to support the financial markets, including investing in financial institutions for the purpose of stabilizing and providing liquidity to the U.S. financial markets pursuant to the Capital Purchase Program of the U.S. Department of the Treasury, the impact of which the Issuers cannot assess at this time. In addition, the Federal Reserve announced the introduction of the Term Asset-Backed Securities Loan Facility (the “TALF”) in an effort to facilitate the issuance of asset-backed securities and improve the market conditions for asset-backed securities generally. It is unclear at this time what impact the TALF program will have on returning the securitization market to historical capacity and pricing levels.

Disruptions, uncertainty or volatility in the capital and credit markets may also limit the Issuers’ access to capital required to operate their business. Such market conditions may limit their ability to replace, in a timely manner, maturing liabilities, satisfy regulatory capital requirements and access the capital necessary to grow their business. As such, the Issuers may be forced to delay raising capital, issue shorter-tenured securities than desired, or bear an unattractive cost of capital, which could decrease profitability and significantly reduce financial flexibility. In addition, during 2008, the Issuers’ credit spreads widened considerably. AECB’s liquidity position will also be impacted by its ability to meet its objectives with respect to the growth of its brokered retail CD program and brokerage sweep account program.

If current levels of market disruption and volatility continue or worsen, there can be no assurance that the Issuers will not experience an adverse effect, which may be material, on their ability to access capital and on their business, financial condition and results of operations. In addition, declines in the value of retained interests in the securitization transactions could materially adversely affect the Issuers’ financial condition and results of operations.

The Issuers can be adversely affected by the impairment of other financial institutions.

The Issuers' ability to engage in routine funding transactions could be adversely affected by the actions and commercial soundness of other financial services institutions. Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. The Issuers routinely execute transactions with counterparties in the financial services industry, including commercial banks, investment banks and insurance companies. Defaults or non-performance by, or even rumors or questions about, one or more financial services institutions, or the financial services industry generally, have led to market-wide liquidity problems and could lead to losses or defaults by one or more of the Issuers' counterparties, which, in turn, could have a material adverse effect on the Issuers' results of operations and financial condition.

Any reduction in the Issuers' credit ratings could increase the cost of their funding from, and restrict their access to, the capital markets and have a material adverse effect on their results of operations and financial condition.

Although the Issuers' long-term debt is currently rated investment grade by the major rating agencies, the ratings of that debt were downgraded in April 2009 by Moody's Investors Services ("Moody's") and Standard & Poor's ("S&P"), two of the major rating agencies. The rating agencies regularly evaluate the Issuers, and their ratings of the Issuers' long-term and short-term debt are based on a number of factors, including their financial strength as well as factors not entirely within their control, including conditions affecting the financial services industry generally. In light of the difficulties in the financial services industry and the financial markets, there can be no assurance that the Issuers will maintain their current respective ratings. Failure to maintain those ratings could, among other things, adversely limit the Issuers' access to the capital markets and adversely affect the cost and other terms upon which the Issuers are able to obtain funding.

A decline in the actual or implied short-term ratings of TRS below P-1 rating by Moody's and A-1 rating by S&P would require TRS, as servicer to American Express' securitization trusts, to transfer collections on the securitized assets to investors on a daily, rather than a monthly, basis or make alternative arrangements with the rating agencies to allow TRS to continue to transfer collections on a monthly basis. On April 30, 2009, the senior and long-term debt ratings of TRS were downgraded by S&P. As a result, TRS believes the short-term credit rating of TRS was reduced below A-1. While TRS is currently evaluating the implications of this implied downgrade, it believes a daily cash settlement process, if required, would not have a significant impact on TRS' operations or liquidity.

In addition, a downgrade of the short-term ratings of Credco below P-1/A-1/F1 ratings by two or more rating agencies would restrict such company's ability to participate in the CPFF established by the Federal Reserve Bank of New York, which would have a material adverse effect on Credco's liquidity and its ability to fund charge card receivables and credit card loans.

The Issuers cannot predict what actions rating agencies may take. As with other companies in the financial services industry, the Issuers' ratings could be downgraded at any time and without any notice by any of the rating agencies.

Adverse currency fluctuations and foreign exchange controls could decrease revenue the Issuers receive from their international operations.

The Issuers generate a portion of their revenues from activities outside the United States, and as a result they are exposed to foreign exchange risk from their international operations. Some of the revenue the Issuers generate outside the United States is subject to unpredictable and indeterminate fluctuations if the values of other currencies change relative to the U.S. dollar. Resulting exchange gains and losses are included in the Issuers' net income. Furthermore, they may become subject to exchange control regulations that might restrict or prohibit the conversion of their other revenue currencies into U.S. dollars. The occurrence of any of these events or circumstances could decrease the revenues the Issuers receive from their international operations and have a material adverse effect on their business.

TRS' business, financial condition and results of operations could be adversely affected by new regulations to which TRS is subject as a result of becoming a bank holding company.

On November 14, 2008, TRS became a bank holding company under the U.S. Bank Holding Company Act (BHC Act) and elected to be treated as a financial holding company under the BHC Act. As a result of

becoming a bank holding company, TRS is subject to regulation by the Federal Reserve, including, without limitation, consolidated capital regulation at the holding company level, maintenance of certain capital and management standards in connection with TRS' two U.S. depository institutions and restrictions on TRS' non-banking activities under the Federal Reserve's regulations. If TRS fails to satisfy new regulatory requirements regarding capital levels, management standards and restrictions on non-banking activities applicable to bank holding companies, its financial condition and results of operations could be adversely affected.

Certain rules adopted by U.S. federal bank regulators could have a material adverse effect on TRS and AECB results of operations.

On December 18, 2008, federal bank regulators in the United States published final amendments to Regulation AA (i.e., "Unfair and Deceptive Acts and Practices ("UDAP")), which relate to unfair and deceptive acts or practices, and Regulation Z, which relate to truth in lending, that restrict certain credit and charge card practices and require expanded disclosures to consumers. These amendments, among other things:

- Prohibit interest rate increases on outstanding credit card balances except under limited circumstances;
- Prohibit interest rate increases on new transactions during the first year after the account is opened, except under limited circumstances;
- In the case of accounts with different annual percentage rates ("APR") on different balances, prohibit the application of payments to the lowest-rate balances first;
- Prohibit the imposition of a higher or default APR on existing balances unless an account is 30 days past due; and
- Require that consumers be provided with a certain, reasonable amount of time to make credit card payments.

These amendments become effective on July 1, 2010. TRS and AECB are still evaluating the final amendments and their resulting impact on their business. While they anticipate making changes to their products that are designed to lessen the impact of these changes, there is no assurance that they will be successful. If they are not able to lessen the impact of these changes, they will have a material adverse effect on TRS' and AECB's results of operations.

In addition, regulators and the U.S. Congress are continuing their scrutiny of the Issuers' industry's pricing, finance charges and practices relating to its customers, including increases in APRs and fees. Any legislative or regulatory restrictions on the Issuers' ability to price their services and manage their business practices freely could materially and adversely affect their transaction volume and revenues.

Banks, card issuers and card network operators generally are the subject of increasing global regulatory focus, which may impose costly new compliance burdens on the Issuers and lead to decreased transaction volumes and revenues through their network.

The Issuers are subject to regulations that affect banks and the payments industry in the United States and many other countries in which their charge and credit cards are used and where they conduct banking and card activities. In particular, they are subject to numerous regulations applicable to financial institutions in the United States and abroad. They are also subject to regulations as a provider of services to financial institutions.

Regulation of the payments industry has increased significantly in recent years throughout the world. The U.S. Credit Card Accountability, Responsibility and Disclosure Act of 2009, or the Credit Card Act, was enacted in May 2009. Among other things, the Credit Card Act regulates the timing and circumstances of interest rate increases on credit cards. The Issuers are evaluating the impact, if any, the Credit Card Act will have on their business and results of operations. The Issuers are also subject to certain provisions of the U.S. Bank Secrecy Act as amended by the U.S. Patriot Act, which require the maintenance of effective anti-money laundering programs. Increased regulatory focus in the subjects covered by these statutes could result in additional obligations or restrictions with respect to the types of products and services that they may offer to consumers, the countries in which their charge and credit Cards may be used, and the types of cardholders and merchants who can obtain or accept their charge and credit Cards. In addition, the European Union has adopted a new legislative directive, called the Payment Services Directive, for electronic payment services, including cards, that puts in place a

common legal framework for licensing and supervision of payment services providers, including card issuers and merchant acquirers, and for their conduct of business.

The U.S. Congress is also presently considering, or may consider, legislative initiatives in the area of internet transactions, such as internet prescription drug purchases and copyright and trademark infringement, among others, that could impose additional compliance burdens on the Issuers. Federal and state law enforcement authorities have also contacted payment companies concerning these issues. If implemented, these initiatives may require the Issuers to monitor, filter, restrict, or otherwise oversee various categories of charge and credit card transactions, thereby increasing costs or decreasing transaction volumes. Various regulatory agencies and legislatures are also considering regulations covering identity theft, account management guidelines, disclosure rules, security, and marketing that would impact the Issuers directly, in part due to increased scrutiny of underwriting standards. These new requirements may restrict the Issuers' ability to issue charge and credit cards or partner with other financial institutions, which could decrease transaction volumes. In some circumstances, new regulations could have the effect of limiting their ability to offer new types of charge or credit cards or restricting the Issuers' ability to offer existing Cards, such as stored value cards, which could materially and adversely reduce their revenues and revenue growth.

In recent years, regulators in several countries outside the United States have focused on the fees involved in the operation of card networks, including the fees merchants are charged to accept cards. Regulators in the United Kingdom, Poland, Germany, Hungary, the European Union (EU), Australia, Mexico, and Venezuela, among others, have conducted investigations that are either ongoing or on appeal. The collectively-set interchange fee, which is the fee paid by the bankcard merchant acquirer to the card issuing bank in "four party" payment networks, like Visa and MasterCard, is generally the largest component of the merchant service charge charged to merchants for bankcard debit and credit card acceptance in these systems. By contrast, the American Express network does not have collectively-set interchange fees. Although the regulators' focus has primarily been on Visa and MasterCard as the dominant card networks and on their operations on a multilateral basis, antitrust actions and government regulation of the bankcard associations' pricing could ultimately affect all networks. Lower interchange and/or merchant discount revenue may lead card issuers to look for other sources of revenue such as higher annual card fees or interest charges, as well as to reduce costs by scaling back or eliminating rewards programs.

In the United States, Congress continues to debate the interchange issue. There have been several hearings on Visa/MasterCard interchange over the last two years, and at the request of Congress, the Government Accountability Office completed a study on the cost of credit card acceptance to federal agencies and is undertaking a study on the structure of interchange fees and their impact on small merchants. In 2008, federal legislation was introduced that would give all U.S. merchants antitrust immunity to negotiate collectively the price and terms of card acceptance on networks with at least a 20% share of U.S. credit and debit card payments combined, with a default process for having prices and terms set through government action rather than competitive forces. One version of this legislation, the Credit Card Fair Fee Act ("CCFFA"), was passed in the House Judiciary Committee. As drafted, this legislation would not apply to the American Express network, but, if enacted, would have an effect on American Express in the marketplace. It is expected that Congressional hearings will continue and some version of the CCFFA will be introduced again in 2009. The Federal Reserve and various Federal Reserve Banks have been following developments on interchange and have held several conferences focused on interchange rates. While the Federal Reserve has expressed interest in monitoring this issue, it has not indicated the need to regulate interchange rates in the United States.

Increased regulatory focus on the Issuers, such as in connection with the matters discussed above, may increase their compliance costs or result in a reduction of transactions processed on the Issuers' networks or merchant discount revenues from such transactions, which could materially and adversely impact the Issuers' financial performance.

If the Issuers are not able to protect their intellectual property, and invest successfully in, and compete at the leading edge of, technological developments across all their businesses, their revenue and profitability could be negatively affected.

The Issuers' industry is subject to rapid and significant technological changes. In order to compete in their industry, they need to continue to invest in business process and technology advances across all areas of business, including in transaction processing, data management, customer interactions and communications, travel

reservations systems, prepaid products, alternative payment mechanisms and risk management and compliance systems. The Issuers rely in part on third parties, including some of competitors and potential competitors, for the development of and access to new technologies. The Issuers expect that new technologies applicable to the payments industry will continue to emerge, and these new technologies may be superior to, or render obsolete, the technologies they currently use in their Cards, networks and other services. The Issuers' ability to develop, acquire, or access competitive technologies or business processes on acceptable terms may be limited by patent rights that third parties, including competitors and potential competitors, may assert. In addition, their ability to adopt new technologies that they develop may be inhibited by a need for industry-wide standards or by resistance from Cardmembers or merchants to such changes.

The Issuers rely on a variety of measures to protect their intellectual property and proprietary information, including copyrights, trademarks, patents and controls on access and distribution. These measures may not prevent misappropriation or infringement of their intellectual property or proprietary information and a resulting loss of competitive advantage. In addition, competitors or other third parties may allege that the Issuers' systems, processes or technologies infringe their intellectual property rights. Given the complex, rapidly changing and competitive technological and business environment in which the Issuers operate and the potential risks and uncertainties of intellectual property related litigation, there can be no assurance that a future assertion of an infringement claim against them will not cause them to lose significant revenues, incur significant license, royalty or technology development expenses, or pay significant monetary damages.

Changes to the accounting treatment of securitization transactions could materially adversely affect the Issuers' financial condition, reserve requirements, capital requirements, liquidity, cost of funds and operations.

On June 12, 2009, the Financial Accounting Standards Board, or FASB, published Financial Accounting Statements No. 166, Accounting for Transfers of Financial Assets, and No. 167, Amendments to FASB Interpretation No. 46(R), which change the way entities account for securitization and special – purpose entities. The new standards will impact TRS' and AECB's financial statements beginning in 2010. TRS and AECB are currently evaluating the prospective impact of the new standards.

The Issuers cannot at this time predict the impact of such amendments, including whether, when and in what form any transfers that currently qualify as sales will be recognized on balance sheet; what effect the recognition of transfers would have on capital, capital requirements, the ability to maintain a sufficient level of receivables in the trust, or results of operations; the impact of the amendments on the market for asset-backed securities; whether the amendments will cause TRS or AECB to execute fewer securitizations; whether the amendments will trigger the breach of any financial covenants in their credit facilities; or what effect the amendments will have on credit ratings or the credit ratings of debt issued by the trust.

Regulation in the areas of privacy and data security could increase the Issuers' costs and decrease the number of charge and credit cards issued.

The Issuers are subject to regulations related to privacy and data security, and they could be negatively impacted by these regulations. For example, in the United States, AECB is subject to the data security rule under the Gramm-Leach-Bliley Act. The data security rule requires that each financial institution develop, implement and maintain a written, comprehensive information security program containing safeguards that are appropriate to the financial institution's size and complexity, the nature and scope of the financial institution's activities, and the sensitivity of any customer information at issue. The heightened legislative and regulatory focus on data security, including requiring consumer notification in the event of a data breach, continues. The new 111th Congress will likely consider data security/data breach legislation in 2009 that, if implemented, could affect the Issuers.

In addition, over 40 states, Puerto Rico and the District of Columbia have enacted security breach legislation, requiring varying levels of consumer notification in the event of a security breach. In addition, several states are considering legislation requiring certain data security standards that could result in higher technology costs for the Issuers. In 1995, the European Parliament and Council passed European Directive 95/46/EC on the protection of individuals with regard to the processing of personal data and on the free movement of such data (commonly referred to as the Data Protection Directive), which obligates the controller of an individual's personal data to take the necessary technical and organizational measures to protect personal data. The Data Protection Directive has been implemented through local laws regulating data protection in European Union Member States.

Regulation of privacy and data security may materially increase the Issuers' costs and may decrease the number of cards that they issue, or restrict their ability to fully exploit their closed-loop capability, which could materially and adversely affect their profitability. The Issuers' failure to comply with the privacy and data security laws and regulations to which they are subject could result in fines, sanctions and damage to their global reputation and their brand.

The Issuers' success is dependent, in part, upon their executive officers and other key personnel, and the loss of key personnel could materially adversely affect their business.

The Issuers' success depends, in part, on their executive officers and other key personnel. Their senior management team has significant industry experience and would be difficult to replace. The market for qualified individuals is highly competitive, and the Issuers may not be able to attract and retain qualified personnel or candidates to replace or succeed members of their senior management team or other key personnel. The loss of key personnel could materially adversely affect their business.

Litigation and regulatory actions could subject the Issuers to significant fines, penalties and/or requirements resulting in increased expenses.

Businesses in the credit card industry have historically been subject to significant legal actions, including class action lawsuits and patent claims. Many of these actions have included claims for substantial compensatory or punitive damages. In addition, the Issuers may be involved in various actions or proceedings brought by governmental regulatory agencies in the event of noncompliance with laws or regulations, which could subject them to significant fines, penalties or other requirements resulting in increased expenses. New laws and regulations and changes to existing laws and regulations (including changes in interpretation or enforcement) could materially adversely affect the Issuers' financial condition or results of operations. See "Legal and Arbitration Proceedings" beginning on page 150 for further information.

The Issuers' operating results may suffer because of substantial and increasingly intense competition worldwide in the payments industry.

The payments industry is highly competitive and includes, in addition to charge and credit card networks, evolving alternative payment mechanisms and systems. Other card issuers may be able to benefit from the strong position and marketing and pricing power of Visa and MasterCard. See "Legal and Arbitration Proceedings – Corporate Matters" on page 150 for information regarding litigation against Visa and MasterCard. Because of continuing consolidations among banking and financial services companies and credit card portfolio acquisitions by major card issuers, there are now a smaller number of significant card issuers. Continuing consolidation in the banking industry may result in a financial institution with a strong relationship with American Express being acquired by an institution that has a strong relationship with a competitor, resulting in a potential loss of business. The largest competing major card issuers have continued to grow, in several cases by acquiring card portfolios, and also by cross-selling through their retail branch networks, and competition among all card issuers remains intense. The Issuers are also subject to increasing pricing pressure from competitors. In addition, some competitors have developed, or may develop, substantially greater financial and other resources than the Issuers have, may offer a wider range of programs and services than the Issuers offer or may use more effective advertising and marketing strategies to achieve broader brand recognition or merchant acceptance. Competitors may be more efficient in introducing innovative products, programs and services than the Issuers and the Issuers may not continue to be able to compete against these threats. Any of the foregoing factors, whether individually or collectively, may result in a material adverse affect on the Issuers' revenue and/or profitability.

The Card Issuers face increasingly intense competitive pressure that may impact the prices they charge merchants who accept their cards for payment for goods and services.

Unlike competitors in the payments industry that rely on high revolving credit balances to drive profits, the Card Issuers' business model is focused on Cardmember spending. Discount revenue, which represents fees charged to merchants when Cardmembers use their Cards to purchase goods and services on the Issuers' network, is primarily driven by billed business volumes and is the Card Issuers' largest single revenue source. In recent years, the Card Issuers' have been under market pressure to reduce merchant discount rates and undertake other repricing initiatives. This pressure arises, in part, due to the increasing regulatory pressure on competitors outside the United States. If the Card Issuers continue to experience a decline in the average merchant discount rate they charge merchants or are unable to sustain premium merchant discount rates on their Cards without experiencing

overall volume growth or an increase in merchant coverage, the Issuers' revenues and profitability could be materially and adversely affected.

TRS and AECB may not be able to increase consumer and business spending and borrowing on their payment services products or manage the costs of their Cardmember benefits intended to stimulate such use.

The business of TRS and AECB is characterized by their high level of spending by their Cardmembers. Increasing consumer and business spending and borrowing on their payment services products, particularly credit and charge Cards and Travelers Cheques and other prepaid products, and growth in Card lending balances, depend in part on their ability to develop and issue new or enhanced Card and prepaid products and increase revenues from such products, and is impacted by economic conditions beyond their control that reduce Cardmembers' spending, such as the current economic downturn affecting global markets. Increasing revenues also depends on their ability to attract new Cardmembers, reduce Cardmember attrition, increase merchant coverage, and capture a greater share of customers' total spending on Cards issued on their network, both in the United States and in the Issuers' international operations. One of the ways in which they attract new Cardmembers is through the American Express Membership Rewards program, as well as other Cardmember benefits. The Issuers may not be able to cost effectively manage and expand Cardmember benefits, including containing the growth of marketing, promotion and rewards expenses and Cardmember services expenses. In addition, many credit card issuers have instituted rewards programs that are similar to American Express', and card issuers may in the future institute rewards programs that are more attractive to cardmembers than American Express' programs. If the Issuers are not successful in increasing consumer and business spending or in managing the costs of their Cardmember benefits, the revenues and profitability could be negatively affected. TRS also faces competition in its travel services business from numerous traditional and online travel management companies, as well as direct sales by airlines and other travel suppliers.

The American Express brand and reputation are key assets of the Issuers and their business may be affected by how they are perceived in the marketplace.

The American Express brand and its attributes are key assets of the Issuers. Their ability to attract and retain consumer Cardmembers and corporate clients is highly dependent upon the external perceptions of their level of service, trustworthiness, business practices and financial condition. Negative perceptions or publicity regarding these matters could damage their reputation among existing and potential Cardmembers and corporate clients, which could make it difficult to attract new Cardmembers and maintain existing ones. Adverse developments with respect to their industry may also, by association, negatively impact their reputation, or result in greater regulatory or legislative scrutiny or litigation against them. Although the Issuers monitor developments for areas of potential risk to their reputation and brand, negative perceptions or publicity could materially and adversely affect their revenues and profitability.

An increase in account data breaches and fraudulent activity using the Issuers' Cards could lead to reputational damage to their brand and could reduce the use and acceptance of their charge and credit Cards.

TRS and AECB and other third parties store Cardmember account information in connection with their charge and credit Cards. Criminals are using increasingly sophisticated methods to capture various types of information relating to Cardmembers' accounts, including Membership Rewards accounts, to engage in illegal activities such as fraud and identity theft. As outsourcing and specialization become a more acceptable and common way of doing business in the payments industry, there are more third parties involved in processing transactions using their Cards. If data breaches or fraud levels involving their Cards were to rise, it could lead to regulatory intervention (such as mandatory card reissuance) and reputational and financial damage to their brand, which could reduce the use and acceptance of their Cards, and have a material adverse impact on their business.

TRS and AECB have agreements with business partners in a variety of industries, including the airline industry, that represent a significant portion of their billed business. They are exposed to the risk of downturns in these industries, including bankruptcies, restructurings and consolidations of their partners, and the possible obligation to make payments to their partners.

In the ordinary course of their business TRS and AECB enter into different types of contractual arrangements with business partners in a variety of industries. For example, they have partnered with Costco and Delta Air Lines to offer co-branded cards for consumers and small businesses, and through the Issuers'

Membership Rewards program they have partnered with businesses in many industries, most notably the airline industry, to offer benefits to Cardmember participants. The airline industry represents a significant portion of billed business and in recent years has undergone bankruptcies, restructurings, consolidations and other similar events. In addition, under some types of these contractual arrangements, upon the occurrence of certain triggering events, they may be obligated to make payments to certain co-brand partners, merchants, vendors and customers. If they are not able to effectively manage the triggering events, they could unexpectedly have to make payments to these partners, which could have a negative effect on the Issuers' financial condition and results of operations. They are also exposed to risk from bankruptcies, restructurings, consolidations and other similar events that may occur in any industry representing a significant portion of their billed business, which could negatively impact particular card products and services (and billed business generally) and their financial condition and results of operations. For example, they could be materially impacted if they were obligated to or elected to reimburse Cardmembers for products and services purchased from merchants that are bankrupt or have ceased operations.

There could be continued significant consolidation in the airline industry, particularly in the United States. TRS and AECB would not expect consolidation to have any significant effect on their merchant relationships with the airlines. However, airlines are also some of the most important and valuable partners in the Membership Rewards program. If a participating airline merged with an airline that did not participate in Membership Rewards, the combined airline would have to determine whether or not to continue participation. Similarly, if one of their co-brand airline partners merged with an airline that had a competing co-brand card, the combined airline would have to determine which co-brand cards it would offer. If a surviving airline determined to withdraw from Membership Rewards or to cease offering an American Express co-brand card, the Issuers' business could be adversely affected.

The Issuers' reengineering and other cost control initiatives may not prove successful, and they may not realize all or a significant portion of the benefits they intended.

The Issuers have regularly undertaken, and are currently considering undertaking, a variety of efforts to reengineer their business operations in order to achieve cost savings and other benefits (including the reinvestment of such savings in key areas such as marketing, promotion and rewards), enhance revenue-generating opportunities and improve their operating expense to revenue ratio both in the short-term and over time. These efforts include cost management, structural and strategic measures such as vendor, process, facilities and operations consolidation, outsourcing functions (including, among others, technologies operations), relocating certain functions to lower cost overseas locations, moving internal and external functions to the internet to save costs and planned staff reductions relating to certain of these reengineering actions. If the Issuers do not successfully achieve these efforts in a timely manner or if they are not able to capitalize on these efforts, they may not realize all or a significant portion of the benefits they intended. Failure to achieve these benefits could have a negative effect on their financial condition and results of operations.

The risk management policies and procedures of the Issuers may not be effective.

The Issuers must effectively manage credit risk related to consumer debt, business loans, settlement risk with regard to Global Network Services ("GNS") partners, merchant bankruptcies, the rate of bankruptcies, and other credit trends which can affect spending on card products, debt payments by individual and corporate customers and businesses that accept their card products.

Credit risk is the risk of loss from obligor or counterparty default. The Issuers are exposed to both consumer credit risk, principally from Cardmember receivables and their other consumer lending activities, and institutional credit risk from merchants and GNS partners. Third parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons. Country, regional and political risks are components of credit risk. Rising delinquencies and rising rates of bankruptcy are often precursors of future write-offs and may require the Issuers' to increase their reserve for loan losses. Higher write-off rates and an increase in the reserve for loan losses adversely affect the Issuers' profitability and the performance of their securitizations, and may increase their cost of funds.

Although the Issuers make estimates to provide for credit losses in their outstanding portfolio of loans and receivables, these estimates may not be accurate. In addition, the information that they use in managing their credit risk may be inaccurate or incomplete. Although they regularly review their credit exposure to specific clients and counterparties and to specific industries, countries and regions that they believe may present credit

concerns, default risk may arise from events or circumstances that are difficult to foresee or detect, such as fraud. They may also fail to receive full information with respect to the credit risks of their customers.

The Issuers must also effectively manage market risk to which they are exposed. Market risk represents the loss in value of portfolios and financial instruments due to adverse changes in market variables. They are exposed to market risk from interest rates in their Card business and in their investment portfolios. Changes in the interest rates at which they borrow and lend money affect the value of their assets and liabilities. If the rate of interest they pay on their borrowings increases more than the rate of interest they earn on their loans, their net interest yield, and consequently their net income, could fall.

The Issuers must also accurately estimate the fair value of the assets in their investment portfolio and, in particular, those investments that are not readily marketable, including the valuation of the interest-only strip (commonly referred to as the I/O strip) arising from their securitization of credit Card receivables.

Additionally, the Issuers must also effectively manage liquidity risk to which they are exposed. Liquidity risk is defined as the inability to access cash and equivalents needed to meet business requirements and satisfy their obligations. If the Issuers are unsuccessful in managing their liquidity risk, they may maintain too much liquidity, which can be costly and limit financial flexibility, or they may be too illiquid, which could result in financial distress during a liquidity event. For additional information regarding the Issuers' management of liquidity risk, see "*Adverse capital and credit market conditions may significantly affect the Issuers' ability to meet liquidity needs, access to capital and cost of capital*" above.

Finally, the Issuers must also manage the operational risks to which they are exposed. They consider operational risk to be the risk of not achieving their business objectives due to failed processes, people or information systems, or from the external environment, such as natural disasters. Operational risks include the risk that they may not comply with specific regulatory or legal requirements, exposing them to fines and/or penalties and possibly brand damage; employee error or intentional misconduct that results in a material financial misstatement; or a failure to monitor an outsource partner's compliance with a service level agreement, resulting in economic harm to the Issuers.

Although the Issuers have devoted significant resources to develop their risk management policies and procedures and expect to continue to do so in the future, their hedging strategies and other risk management techniques may not be fully effective. Management of credit, market and operational risk requires, among other things, policies and procedures to record properly and verify a large number of transactions and events, and these policies and procedures may not be fully effective.

If the Issuers' global network systems are disrupted or they are unable to process transactions efficiently or at all, their revenue or profitability would be materially reduced.

The Issuers' transaction authorization, clearing and settlement systems may experience service interruptions as a result of fire, natural disasters, power loss, disruptions in long distance or local telecommunications access, fraud, terrorism or accident. A natural disaster or other problem at the Issuers' facilities could interrupt their services. Additionally, the Issuers rely on third-party service providers for the timely transmission of information across their global network. If a service provider fails to provide the communications capacity or services they require, as a result of natural disaster, operational disruption, terrorism or any other reason, the failure could interrupt their services, adversely affect the perception of their brands' reliability and materially reduce their revenue or profitability.

The Issuers rely on third-party providers of various computer systems and other services integral to the operations of their businesses. These third parties may act in ways that could harm their business.

The Issuers operate a service network around the world. In order to achieve cost and operational efficiencies, they outsource to third party vendors many of the computer systems and other services that are integral to the operations of their global businesses. A significant amount of this outsourcing occurs in developing countries. The Issuers are subject to the risk that certain decisions are subject to the control of their third-party service providers and that these decisions may adversely affect their activities. In addition, the management of multiple third-party vendors increases their operational complexity and decreases their control. It is also possible that the cost efficiencies of certain outsourcings will decrease as the demand for these services increases around the world.

AECB is a highly regulated entity and regulatory changes or enforcement actions could adversely affect it, its business or its results of operations

In addition to the regulatory risks identified the above, AECB is also subject to a number of regulations designed to maintain the safety and soundness of banks, ensure their compliance with economic and other obligations and limit their exposure to risk. These regulations may limit AECB's activities and changes in these regulations may increase its costs of doing business. In addition, a breach of regulations could expose AECB to potential liabilities and sanctions. Regulatory agencies frequently review banking regulations. Changes to such regulations or changes in their implementation or interpretation could affect AECB in unpredictable ways and could adversely affect its business, results of operations and financial conditions. Bank regulation is designed to protect depositors and the banking system as a whole, not holders of the Instruments.

Credco and AEOCC are dependent on TRS and a number of its subsidiaries that generate receivables

Credco and AEOCC are dependent on TRS and a number of its subsidiaries that generate receivables. Credco and AEOCC are parties to asset sale and purchase agreements relating to the purchase of receivables from TRS and certain subsidiaries of TRS. Credco and AEOCC are dependent upon these contractual arrangements. Lower levels of credit card receivables generated by TRS and the subsidiaries of TRS from which Credco and AEOCC purchase receivables would result in a reduction in the level of finance operations and a reduction in revenues of Credco and AEOCC. American Express and TRS' operations are independently subject to a variety of risk factors, and investors are referred to the periodic and current reports of American Express filed with, or furnished to, the SEC for a discussion of such factors. The outstanding debt and other securities of Credco and AEOCC are not obligations of American Express, TRS or its other subsidiaries.

Risk Factors Related To The Instruments

Changes in exchange rates and exchange controls could result in a loss of the value of the Instruments and payments thereof in relation to the currency of the jurisdiction of an investor

An investment in Instruments denominated in a Specified Currency other than the currency of the jurisdiction of a particular investor (the "investor's currency"), entails significant risks that are not associated with a similar investment in a security denominated in the investor's currency. Similarly, an investment in an index-linked Instrument, on which all or a part of any payment due is based on a currency other than the investor's currency, has significant risks that are not associated with a similar investment in non-index-linked Instruments. These risks include, but are not limited to:

- the possibility of significant market changes in rates of exchange between the investor's currency and the Specified Currency;
- the possibility of significant changes in rates of exchange between the investor's currency and the Specified Currency resulting from the official redenomination or revaluation of the Specified Currency; and
- the possibility of the imposition or modification of foreign exchange controls by either the jurisdiction of the investor's or foreign governments.

These risks generally depend on factors over which the Issuers have no control and which cannot be readily foreseen, such as:

- economic events;
- political events; and
- the supply of, and demand for, the relevant currencies.

In recent years, rates of exchange between some foreign currencies in which the Instruments may be denominated have been volatile. This volatility may be expected in the future. Fluctuations that have occurred in any particular exchange rate in the past are not necessarily indicative, however, of fluctuation that may occur in the rate during the term of any Instrument. Depreciation of the Specified Currency Instrument against an investor's currency would result in a decrease in the effective yield of such Instrument below its coupon rate and could result in a substantial loss to the investor in terms of the investor's currency.

Governments have imposed from time to time, and may in the future impose, exchange controls that could affect exchange rates as well as the availability of a Specified Currency at the time of payment of principal, any premium, or interest on any Instrument. There can be no assurance that exchange controls will not restrict or prohibit payments of principal, any premium, or interest denominated in any such Specified Currency.

Even if there are no actual exchange controls, it is possible that a Specified Currency would not be available to the Issuer when payments on an Instrument are due because of circumstances beyond the control of the Issuer. Each investor should consult their own financial and legal advisors as to the risks of an investment in Instruments denominated in a currency other than the investor's currency.

Instruments subject to optional redemption by the Issuer

An optional redemption feature of Instruments is likely to limit their market value. During any period when the Issuer may elect to redeem Instruments, the market value of those Instruments generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Instruments when its cost of borrowing is lower than the interest rate on the Instruments. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Instruments being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Variable rate Instruments with a multiplier or other leverage factor

Instruments with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features, their market values may be even more volatile than those for securities that do not include those features.

The Instruments may not be a suitable investment for all investors

Each potential investor in the Instruments must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should have sufficient knowledge and experience to make a meaningful evaluation of the Instruments, the merits and risks of investing in the Instruments and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement; have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Instruments and the impact the Instruments will have on its overall investment portfolio; have sufficient financial resources and liquidity to bear all of the risks of an investment in the Instruments; understand thoroughly the terms of the Instruments and be familiar with the behavior of any relevant indices and financial markets; and be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Instruments are complex financial instruments. A prospective investor should not invest in Instruments which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Instruments will perform under changing conditions, the resulting effects on the value of the Instruments and the impact this investment will have on the prospective investor's overall investment portfolio.

Index-Linked Instruments and Dual Currency Instruments

The relevant Issuer may issue Instruments with interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "Relevant Factor"). In addition, the relevant Issuer may issue Instruments with principal or interest payable in one or more currencies which may be different from the currency in which the Instruments are denominated. Potential investors should be aware that:

- (i) the market price of such Instruments may be volatile;
- (ii) they may receive no interest;

- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Instruments in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index-Linked Instruments. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index-Linked Instruments and the suitability of such Instruments in light of its particular circumstances.

Modification, waivers and substitution

The Terms and Conditions of the Instruments contain provisions for calling meetings of holders of Instruments to consider matters which may affect their interests. These provisions permit defined majorities to bind all the holders of Instruments, including those holders of Instruments who did not attend and vote at the relevant meeting, and holders of Instruments who voted in a manner contrary to the majority.

The Terms and Conditions of the Instruments also provide that the Fiscal Agent may, without the consent of the holders of Instruments, agree to any modification of, or to any waiver or authorization of any breach or proposed breach of, any of the Terms and Conditions of the Instruments or any other provisions of the Amended and Restated Issue and Paying Agency Agreement which does not adversely affect the interest of any holder of such Instruments in any material respect or to any modification which is of a minor or technical nature or to correct a manifest error as set forth in the Amended and Restated Issue and Paying Agency Agreement.

Because the Global Instruments are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfers, payments and communications with the relevant Issuer

Instruments issued under the Program may be represented by one or more Global Instruments. Such Global Instruments will be deposited with a common depositary or, as the case may be, common safekeeper for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Instruments, investors will not be entitled to receive Definitive Instruments. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Instruments. While the Instruments are represented by one or more Global Instruments, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Instruments are represented by one or more Global Instruments, the relevant Issuer will discharge its payment obligations under the Instruments by making payments to the common depositary for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Instrument must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Instruments. The relevant Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Instruments.

Holders of beneficial interests in the Global Instruments will not have a direct right to vote in respect of the relevant Instruments. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

Non-Interest-Bearing Instruments

Non-interest-bearing Instruments do not pay current interest but are issued at a discount from their nominal value. Instead of periodic interest payments, the difference between the redemption price and the issue price constitutes interest income until maturity and reflects the market interest rate. A holder of non-interest-bearing Instruments is exposed to the risk that the price of such Instruments falls as a result of changes in the market interest rate. Prices of non-interest-bearing Instruments are more volatile than prices of fixed rate Instruments and are likely to respond to a greater degree to market interest rate changes than interest bearing Instruments with a similar maturity.

Partly-paid Instruments

The relevant Issuer may issue Instruments where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

Fixed/Floating Rate Instruments

Fixed/Floating Rate Instruments may bear interest at a rate that the relevant Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The relevant Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Instruments since the relevant Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the relevant Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Instruments may be less favourable than the prevailing spreads on comparable Floating Rate Instruments tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Instruments. If the relevant Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the prevailing rates on its Instruments.

AECB's obligations under Subordinated Instruments are subordinated

AECB's obligations under Subordinated Instruments will be unsecured and subordinated and will rank junior in priority to Senior Indebtedness (as defined in "Terms and Conditions of the Instruments" herein). Although Subordinated Instruments may pay a higher rate of interest than comparable Instruments which are not subordinated, there is a real risk that an investor in Subordinated Instruments will lose all or some of its investment should AECB become insolvent.

The secondary market generally

Instruments may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Instruments easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Instruments that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Instruments generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Instruments, although application has been made to list the Instruments on the Luxembourg Stock Exchange.

Interest rate risks

Investment in Fixed Rate Instruments involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Instruments.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Instruments. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Instruments. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Change of law

The Terms and Conditions of the Instruments are governed by New York law in effect as at the date of issue of the relevant Instruments. No assurance can be given as to the impact of any possible judicial decision or change to New York law or administrative practice after the date of issue of the relevant Instruments.

Courts may not render judgments for money damages in any currency other than U.S. dollars

The Instruments will be governed by and construed in accordance with the internal 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 the U.S. dollar.

The Issuer may elect to de-list the Instruments if statutory requirements are impracticable or unduly burdensome

If it would become impracticable or unduly burdensome to maintain an admission to trading or listing due to changes in statutory requirements after the date of the Final Terms, the Issuers may de-list any relevant Instruments, and following such de-listing, may seek an alternative admission to listing, trading and/or quotation for the Instruments by such other listing authority, stock exchange and/or quotation system, including any outside the European Union, as they may decide (such choice of exchange to be made with the approval of the Dealers). In such circumstances, notice of the alternative listing shall be given to Holders of Instruments.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (1) Credco's annual report on Form 10-K for the year ended December 31, 2008 and quarterly report on Form 10-Q for the quarterly period ended March 31, 2009 as filed with the Securities and Exchange Commission (the "SEC") under the United States Securities Exchange Act of 1934, as amended (the "Exchange Act");
- (2) AECB's consolidated financial statements for the years ended December 31, 2008 and 2007 (the "AECB Consolidated Financial Statements");
- (3) the consolidated financial statements of TRS for the years ended December 31, 2008 and 2007 (the "TRS Consolidated Financial Statements");
- (4) the annual financial reviews of AEOCC for the year ended December 31, 2008 (the "2008 Annual Financial Reviews of AEOCC");
- (5) the annual financial reviews of AEOCC for the year ended December 31, 2007 (the "2007 Annual Financial Reviews of AEOCC");
- (6) the terms and conditions set and on pages 31 to 57 of the base prospectus dated July 18, 2008 relating to the Program under the heading "Terms and Conditions of the Instruments" (the "2008 Conditions");
- (7) the terms and conditions set out on pages 28 to 56 of the base prospectus dated June 21, 2007 relating to the Program under the heading "Terms and Conditions of the Instruments" (the "2007 Conditions");
- (8) the terms and conditions set out on pages 27 to 53 of the base prospectus dated April 21, 2006 relating to the Program under the heading "Terms and Conditions of the Instruments" (the "2006 Conditions");
- (9) the terms and conditions set out on pages 12 to 39 of the information memorandum dated January 21, 2005 relating to the Program under the heading "Terms and Conditions of the Instruments" (the "2005 Conditions");
- (10) the terms and conditions set out on pages 11 to 38 of the information memorandum dated December 22, 2003 relating to the Program under the heading "Terms and Conditions of the Instruments" (the "2003 Conditions");
- (11) the terms and conditions set out on pages 12 to 39 of the information memorandum dated June 27, 2002 relating to the Program under the heading "Terms and Conditions of the Instruments" (the "2002 Conditions");
- (12) the terms and conditions set out on pages 12 to 38 of the information memorandum dated May 18, 2000 relating to the Program under the heading "Terms and Conditions of the Instruments" (the "2000 Conditions"); and
- (13) the terms and conditions set out on pages 11 to 39 of the information memorandum dated November 27, 1996 relating to the Program under the heading "Terms and Conditions of the Instruments" (the "1996 Conditions");

Any statement contained in this Base Prospectus or in any of the documents incorporated by reference in, and forming part of, this Base Prospectus shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any supplement thereto or in any document subsequently incorporated by reference modifies or supersedes such statement.

Any information not listed in the cross reference list but included in the documents incorporated by reference is given for information purposes.

The documents listed at (1) to (5) above contain financial information on the Issuers as described in the table below.

	TRS	Credco	AEOCC	AECB
Balance Sheet	2008:	2008:	2008:	2008:
	set out on page 3 of the TRS Consolidated Financial Statements	set out on page F-4 of Credco's Form 10-K for the year ended December 31, 2008	set out on page 2 of the 2008 Annual Financial Reviews of AEOCC	set out on page 2 of the AECB Consolidated Financial Statements
	2007:	2007:	2007:	2007:
	set out on page 3 of the TRS Consolidated Financial Statements	set out on page F-4 of Credco's Form 10-K for the year ended December 31, 2008	set out on page 2 of the 2007 Annual Financial Reviews of AEOCC	set out on page 2 of the AECB Consolidated Financial Statements
		<i>Interim 2009</i> set out on page 4 of Credco's Form 10-Q for the quarter ended March 31, 2009		
Income Statement	2008:	2008:	2008:	2008:
	set out on page 2 of the TRS Consolidated Financial Statements	set out on page F-3 of Credco's Form 10-K for the year ended December 31, 2008	set out on page 3 of the 2008 Annual Financial Reviews of AEOCC	set out on page 3 of the AECB Consolidated Financial Statements
	2007:	2007:	2007:	2007:
	set out on page 2 of the TRS Consolidated Financial Statements	set out on page F-3 of Credco's Form 10-K for the year ended December 31, 2008	set out on page 3 of the 2007 Annual Financial Reviews of AEOCC	set out on page 3 of the AECB Consolidated Financial Statements
		<i>Interim 2009 and 2008</i> set out on page 3 of Credco's Form 10-Q for the quarter ended March 31, 2009		
Cash Flow Statement	2008:	2008:	2008:	2008:
	set out on page 4 of the TRS Consolidated Financial Statements	set out on page F-5 of Credco's Form 10-K for the year ended December 31, 2008	set out on page 4 of the 2008 Annual Financial Reviews of AEOCC	set out on page 5 of the AECB Consolidated Financial Statements

	TRS	Credco	AEOCC	AECB
	2007: set out on page 4 of the TRS Consolidated Financial Statements	2007: set out on page F-5 of Credco's Form 10-K for the year ended December 31, 2008 <i>Interim 2009 and 2008</i> set out on page 5 of Credco's Form 10-Q for the quarter ended March 31, 2009	2007: set out on page 4 of the 2007 Annual Financial Reviews of AEOCC	2007: set out on page 5 of the AECB Consolidated Financial Statements
Accounting policies and explanatory notes	2008: set out on pages 6-59 of the TRS Consolidated Financial Statements 2007: set out on pages 6-59 of the TRS Consolidated Financial Statements	2008: set out on pages F-7 to F-26 of Credco's form 10-K for the year ended December 31, 2008 2007: set out on pages F-7 to F-26 of Credco's form 10-K for the year ended December 31, 2008 <i>Interim 2009</i> set out on pages 6 to 13 of Credco's Form 10-Q for the quarter ended March 31, 2009	2008: set out on pages 6-9 of the 2008 Annual Financial Reviews of AEOCC 2007: set out on pages 6-9 of the 2007 Annual Financial Reviews of AEOCC	2008: set out on pages 6-32 of the AECB Consolidated Financial Statements 2007: set out on pages 6-32 of the AECB Consolidated Financial Statements
Audit reports	2008: set out on page 1 of the TRS Consolidated Financial Statements 2007: set out on page 1 of the TRS Consolidated Financial Statements	2008: set out on page F-2 of Credco's Form 10-K for the year ended December 31, 2008 2007: set out on page F-2 of Credco's Form 10-K for the year ended December 31, 2008	2008: set out on page 11 of the 2008 Annual Financial Review of AEOCC 2007: set out on page 10 of the 2007 Annual Financial Reviews of AEOCC	2008: set out on page 1 of the AECB Consolidated Financial Statements 2007: set out on page 1 of the AECB Consolidated Financial Statements

This Base Prospectus and the documents incorporated by reference herein are available for viewing at the website of the Luxembourg Stock Exchange (www.bourse.lu).

Background information on certain filings

Credco, one of the Issuers, is subject to the reporting requirements of the Exchange Act, and in accordance therewith files reports and other information with the SEC. All such reports and other information may be inspected and copied at prescribed rates at the Public Reference Room of the SEC, 450 Fifth Street, N.W., Washington, D.C. 20549 and from its web site at www.sec.gov.

GENERAL DESCRIPTION OF THE PROGRAM

Under the Program, the Issuers may from time to time issue Instruments denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. An issue of Instruments under the Program may have any maturity up to thirty years, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements. The applicable terms of any Instruments will be agreed between the relevant Issuer and the relevant Dealer(s) prior to the issue of the Instruments and will be set out in the Terms and Conditions of the Instruments endorsed upon, or incorporated by reference into, the Instruments, as completed by the relevant Final Terms endorsed upon, or attached to, such Instruments.

The maximum aggregate principal amount of Instruments outstanding at any one time under the Program will not exceed U.S. \$50,000,000,000 (or its equivalent in other currencies and, for this purpose, any Instruments denominated in a currency other than U.S. dollars shall be translated into U.S. dollars at the date of the agreement to issue such Instruments (calculated in accordance with the provisions of the Dealership Agreement)).

TERMS AND CONDITIONS OF THE INSTRUMENTS

The following are the Terms and Conditions of the Instruments which as supplemented, modified or replaced in relation to any Instruments by the relevant Final Terms, will be applicable to each Series of Instruments:

The Instruments are issued pursuant to and in accordance with an amended and restated issue and paying agency agreement (as amended, supplemented or replaced, the “Issue and Paying Agency Agreement”) dated July 29, 2009, and made between TRS, Credco, AEOCC and AECB, Deutsche Bank AG, London Branch in its capacity as fiscal agent (the “Fiscal Agent”, which expression shall include any successor to Deutsche Bank AG, London Branch in its capacity as such) and the paying agents named therein (the “Paying Agents”, which expression shall include the Fiscal Agent and any substitute or additional paying agents appointed in accordance with the Issue and Paying Agency Agreement). Copies of the Issue and Paying Agency Agreement are available for inspection during normal business hours at the specified office of each of the Paying Agents. All persons from time to time entitled to the benefit of obligations under any Instruments shall be deemed to have notice of, and shall be bound by, all of the provisions of the Issue and Paying Agency Agreement insofar as they relate to the relevant Instruments.

The Instruments are issued in series (each, a “Series”), and each Series may comprise one or more tranches (“Tranches” and each, a “Tranche”) of Instruments. Each Tranche will be the subject of Final Terms (each, “Final Terms”), a copy of which will be available for inspection during normal business hours at the specified office of the Fiscal Agent and available free of charge at the office of the Paying Agent in Luxembourg. In the case of a Tranche of Instruments in relation to which application has not been made for listing on any stock exchange, copies of the Final Terms will be available for inspection only by a Holder of such Instruments.

References in these Terms and Conditions to Instruments are to Instruments of the relevant Series and any references to Coupons (as defined in Condition 1.06) and Receipts (as defined in Condition 1.07) are to Coupons and Receipts relating to Instruments of the relevant Series.

References in these Terms and Conditions to the Final Terms are to the Final Terms or Final Terms(s) prepared in relation to the Instruments of the relevant Tranche or Series and references to the Issuer are to the Issuer of such Tranche or Series.

References to Holders of Coupons will also be deemed to include Holders of Talons.

In respect of any Instruments, references herein to these Terms and Conditions are to these terms and conditions as supplemented or modified or (to the extent thereof) replaced by the Final Terms.

1. Form and Denomination

1.01. Instruments are issued in bearer form and are serially numbered.

1.02. Each Tranche of Instruments is represented upon issue by a temporary global Instrument (a “Temporary Global Instrument”).

Interests in the Temporary Global Instrument may be exchanged for:

- (i) interests in a permanent global Instrument (a “Permanent Global Instrument”); or
- (ii) if so specified in the Final Terms, definitive instruments in bearer form (“Definitive Instruments”).

Exchanges of interests in a Temporary Global Instrument for Definitive Instruments or, as the case may be, a Permanent Global Instrument will be made only on or after the Exchange Date (as specified in the Final Terms) and provided certification as to non-U.S. beneficial ownership thereof (or as to ownership thereof by or through a financial institution in compliance with the applicable provisions of U.S. law) as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Instrument or in such other form as is customarily issued in such circumstances by the relevant clearing system) has been received.

1.03. The bearer of any Temporary Global Instrument shall not (unless, upon due presentation of such Temporary Global Instrument for exchange (in whole but not in part only) for a Permanent Global Instrument or for delivery of Definitive Instruments, such exchange or delivery is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date) be entitled to receive any payment in respect

of the Instruments represented by such Temporary Global Instrument which falls due on or after the Exchange Date or be entitled to exercise any option on a date after the Exchange Date.

1.04. Subject to Condition 1.03 above, if any date on which a payment of interest is due on the Instruments of a Tranche occurs whilst any of the Instruments of that Tranche are represented by a Temporary Global Instrument, the related interest payment will be made on the Temporary Global Instrument only to the extent that certification as to the non-U.S. beneficial ownership thereof as required by U.S. Treasury regulations (in substantially the form set out in the Temporary Global Instrument or in such other form as is customarily issued in such circumstances by the relevant clearing system) has been received.

1.05. Interests in a Permanent Global Instrument will be exchanged by the Issuer in whole but not in part only for Definitive Instruments, (a) if an Event of Default (as defined in Condition 7) occurs in respect of any Instrument of the relevant Series; or (b) if either Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of fourteen days (other than by reason of public holidays) or announces an intention to cease business permanently or in fact does so; or (c) at the option of the Holder of such Permanent Global Instrument upon such Holder's request, in all cases at the cost and expense of the Issuer, unless otherwise specified in the Final Terms. In order to exercise the option contained in paragraph (c) of the preceding sentence, the Holder must, not less than forty-five days before the date upon which the delivery of such Definitive Instruments is required, deposit the relevant Permanent Global Instrument with the Fiscal Agent at its specified office with the form of exchange notice endorsed thereon duly completed. If the Issuer does not make the required delivery of Definitive Instruments by 6.00 p.m. (London time) on the day on which the relevant notice period expires or, as the case may be, the thirtieth day after the day on which such Permanent Global Instrument becomes due to be exchanged and, in the case of (a) above, such Instrument is not duly redeemed (or the funds required for such redemption are not available to the Fiscal Agent for the purposes of effecting such redemption and remain available for such purpose) by 6.00 p.m. (London time) on the thirtieth day after the day at which such Instrument became immediately redeemable then each Holder (as defined in Condition 2.01) or its successors or assigns may, without the consent and to the exclusion of the bearer thereof, file any claim, take any action or institute any proceeding to enforce, directly against the Issuer, the obligation of the Issuer to pay any amount due in respect of each Instrument represented by the Permanent Global Instrument which is credited to such Holders' securities account with a clearing agent as fully as though such Instrument were evidenced by a Definitive Instrument without the production of a Permanent Global Instrument, provided that the bearer thereof shall not theretofore have filed a claim, taken action or instituted proceedings to enforce the same in respect of such instrument.

1.06. Interest-bearing Definitive Instruments have attached thereto at the time of their initial delivery Coupons, presentation of which will be a prerequisite to the payment of interest save in certain circumstances specified herein. Interest-bearing Definitive Instruments, if so specified in the Final Terms, have attached thereto at the time of their initial delivery, a Talon for further coupons and the expression "Coupons" shall, where the context so requires, include Talons.

1.07. Instruments, the principal amount of which is repayable by instalments ("Instalment Instruments") which are Definitive Instruments, have attached thereto at the time of their initial delivery, payment receipts ("Receipts") in respect of the instalments of principal.

Denomination of Instruments

1.08. Instruments are in the denomination or denominations (each of which denomination is integrally divisible by each smaller denomination) specified in the Final Terms (the "Specified Denomination"). Instruments of one denomination may not be exchanged for Instruments of any other denomination.

Currency of Instruments

1.09. The Instruments are denominated in such currency as may be specified in the Final Terms. Any currency may be so specified, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Partly Paid Instruments

1.10. Instruments may be issued on a partly paid basis (“Partly Paid Instruments”) if so specified in the Final Terms. The subscription moneys therefor shall be paid in such number of instalments (“Partly Paid Instalments”) in such amounts, on such dates and in such manner as may be specified in the Final Terms. The first such instalment shall be due and payable on the date of issue of the Instruments. For the purposes of these Terms and Conditions, in respect of any Partly Paid Instrument, “Paid Up Amount” means the aggregate amount of all Partly Paid Instalments in respect thereof as shall have fallen due and been paid up in full in accordance with the Terms and Conditions.

Not less than 14 days nor more than 31 days prior to the due date for payment of any Partly Paid Instalment (other than the first such Instalment) the Issuer shall publish a notice in accordance with Condition 14 stating the due date for payment thereof and stating that failure to pay any such Partly Paid Instalment on or prior to such date will entitle the Issuer to forfeit the Instruments with effect from such date (“Forfeiture Date”) as may be specified in such notice (not being less than 14 days after the due date for payment of such Partly Paid Instalment), unless payment of the relevant Partly Paid Instalment together with any interest accrued thereon is paid prior to the Forfeiture Date. The Issuer shall procure that any Partly Paid Instalments paid in respect of any Instruments subsequent to the Forfeiture Date in respect thereof shall be returned promptly to the persons entitled thereto. The Issuer shall not be liable for any interest on any Partly Paid Instalment so returned.

Interest shall accrue on any Partly Paid Instalment which is not paid on or prior to the due date for payment thereof at the Interest Rate (in the case of non-interest-bearing Instruments, at the rate applicable to overdue payments) and shall be calculated in the same manner and on the same basis as if it were interest accruing on the Instruments for the period from and including the due date for payment of the relevant Partly Paid Instalment up to but excluding the Forfeiture Date. For the purpose of the accrual of interest, any payment of any Partly Paid Instalment made after the due date for payment shall be treated as having been made on the day preceding the Forfeiture Date (whether or not a Business Day as defined in Condition 5.09).

Unless an Event of Default (or an event which with the giving of notice, the lapse of time or the making or giving of any determination or certification would constitute an Event of Default) shall have occurred and be continuing, on the Forfeiture Date, the Issuer shall be entitled to forfeit all of the Instruments in respect of which any Partly Paid Instalment shall not have been duly paid, whereupon the Issuer shall be entitled to retain all Partly Paid Instalments previously paid in respect of such Instruments and shall be discharged from any obligation to repay such amount or to pay interest thereon, or (where such Instruments are represented by a Temporary Global Instrument or a Permanent Global Instrument) to exchange any interests in such Instrument for interests in a Permanent Global Instrument or to deliver Definitive Instruments in respect thereof, but shall have no other rights against any person entitled to the Instruments which have been so forfeited.

2. Title and Transfer

2.01. Title to definitive Instruments, Receipts and Coupons passes by delivery. References herein to the “Holders” of Instruments or of Receipts or Coupons are to the bearers of such definitive Instruments or such Receipts or Coupons. Each person who is shown in the records of Euroclear or Clearstream, Luxembourg or any other relevant clearing system as entitled to a particular number of Instruments by way of an interest in a Temporary Global Instrument or Permanent Global Instrument will be treated by the Issuer, the Fiscal Agent and any Paying Agent as the holder of such number of instruments, and the expression “Holders” shall be construed accordingly.

2.02. The Holder of any Instrument or Coupon will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon, or any theft or loss thereof) and no person shall be liable for so treating such Holder.

3. Status of the Instruments

3A Status – Unsubordinated Instruments

3A.01 This Condition 3A is applicable in relation to Instruments specified in the relevant Final Terms as being unsubordinated or not specified as being subordinated.

3A.02 The Instruments constitute direct, unsubordinated and unsecured indebtedness for borrowed money of the Issuer and rank *pari passu* without any preference among themselves and at least *pari passu* in right of payment with all other unsubordinated and unsecured indebtedness for borrowed money of the Issuer, present and future (save for certain mandatory exceptions provided by law).

3B Status – Subordinated Instruments

3B.01 This Condition 3B is applicable to Instruments issued by AECB specified in the Final Terms as being subordinated (“Subordinated Instruments”). Subordinated Instruments may also be issued by any other Issuer, upon the terms and containing the subordination provisions specified in the relevant Final Terms. Subordinated Instruments issued by AECB will be subject to such other provisions, if any, as specified in the relevant Final Terms.

3B.02 Subordinated Instruments and Additional Amounts (as defined below) of the Issuer, if any, will be unsecured and subordinated in right of payment to all present and future Senior Indebtedness (as defined below) and will rank *pari passu* without any preference among themselves.

“Senior Indebtedness” means the Issuer’s obligations to its depositors (including uninsured depositors), its obligations under banker’s acceptances and letters of credit, its obligations in respect of customers’ credit balances, and its obligations to its other creditors, including any obligations to any Federal Reserve Bank and the Federal Deposit Insurance Corporation, whether now outstanding or hereafter incurred (except any other obligations which rank on a parity with or junior to the Subordinated Instruments). There will be no restrictions on the Issuer’s ability to incur additional Senior Indebtedness from time to time.

No payment pursuant to the Subordinated Instruments or related Coupons may be made, and no holder of the Subordinated Instruments or related Coupons shall be entitled to demand or receive any such payment, unless all amounts of principal, premium, if any, and interest then due but unpaid on all Senior Indebtedness of the Issuer have been paid in full or duly provided for and, at the time of such payment or immediately after giving effect thereto, there does not exist with respect to any such Senior Indebtedness any event of default permitting the holders thereof to accelerate the maturity thereof or any event which, with notice or lapse of time or both, would become such an event of default. Upon any distribution of the assets of the Issuer upon dissolution, winding-up, liquidation or reorganisation, the holders of Senior Indebtedness of the Issuer will be entitled to receive payment in full of principal, premium, if any, and interest before any payment is made on the Subordinated Instruments. By reason of such subordination, in the event of the insolvency of the Issuer, holders of Senior Indebtedness might receive more, ratably, and holders of the Subordinated Instruments might receive less, ratably, than the other creditors of the Issuer. The subordination of the Subordinated Instruments will not prevent the occurrence of any event of default in respect of the Subordinated Instruments. See Condition 7 for limitations on the rights of acceleration.

4. Negative Pledge

4.01. This Condition 4 is applicable in relation to Instruments (other than Subordinated Instruments).

4.02. So long as any Instruments remain outstanding, the Issuer will not, and will not permit any Material Subsidiary of the Issuer (as defined below) to, create, assume, or suffer to exist any lien securing any indebtedness for borrowed money on any asset now owned or hereafter acquired by it, except:

- (a) liens on real property to secure the payment of all or any part of the purchase price of such real property or the cost of construction thereof or the cost of improvements thereon or to secure any debt incurred prior to, at the time of or after the acquisition of such real property for the purpose of financing all or any part of the purchase price thereof, the costs of construction thereof or the costs of improvements thereto;

- (b) liens on property existing at the time of acquisition of such property by the Issuer or any Material Subsidiary or to secure the payment of all or any part of the purchase price of such property or the cost of construction thereof or to secure any debt incurred prior to, at the time of, or within 270 days following the acquisition of such property for the purpose of financing all or any part of the purchase price thereof, the costs of construction thereof, or the costs of improvements to such property, provided that such Lien attaches to such property concurrently with or within 270 days after the acquisition thereof by the Issuer or such Material Subsidiary or, in the case of construction of or improvements to property, within 270 days after the Issuer or such Material Subsidiary incurs the debt secured by such Lien;
- (c) liens on any assets of a corporation existing at the time such corporation is merged into or consolidated with the Issuer or a Material Subsidiary or at the time of the sale, lease or other disposition of the properties of such corporation to the Issuer or a Material Subsidiary and not created in contemplation of such event;
- (d) liens arising out of capitalized lease obligations;
- (e) liens on any assets of any corporation at the time such corporation becomes a Material Subsidiary and not created in contemplation of such event;
- (f) liens on any asset of the Issuer or any Material Subsidiary in favor of the United States of America or any State thereof or any department, agency or instrumentality or political subdivision of the United States of America or any state thereof, or in favor of any other country or any political subdivision thereof, to secure partial, progress, advance or other payments pursuant to any contract or statute;
- (g) liens in favor of any customer to secure partial, progress, advance or other payments for goods produced for, or services rendered to, such customer by the Issuer or any Material Subsidiary in the ordinary course of business not exceeding the amount of such payments;
- (h) liens for taxes, assessments and governmental charges or levies not required to be paid at any time and Liens resulting from or arising out of legal proceedings being contested in good faith or not involving amounts claimed at any time aggregating in excess of U.S.\$20,000,000;
- (i) liens created by the Issuer or any Material Subsidiary as security for indebtedness owing to American Express Company or to a wholly-owned Subsidiary of American Express Company or Liens arising from any Non-Recourse Receivables Transaction or the sale or disposition of notes, accounts receivable or other rights to receive payment by the Issuer or any Material Subsidiary to American Express Company or to any wholly-owned Subsidiary of American Express Company including without limitation Liens granted by the Issuer or any Material Subsidiary to secure its obligations in connection with the collection of such notes, accounts receivable or other rights to receive payment;
- (j) liens arising out of any extension, renewal or replacement of any Lien permitted by clauses (a), (b), (c), (d) and (e) or any debt secured thereby; provided that the principal amount of debt secured thereby shall not be increased and that any such extension, renewal or replacement Lien shall not extend to or cover any property of the Issuer or any Material Subsidiary other than the property specified in such clauses and improvements and accessions thereto;
- (k) liens arising out of deposits with, or the giving of security to, or as required by any governmental agency or any body created or approved by law or governmental regulation, which are required as a condition to the transaction of any business (including the issuance of travelers' cheques or money orders or the insuring of risk) or the obtaining or exercise of any privilege or license or to enable the Issuer or any Material Subsidiary to maintain self-insurance or to participate in any arrangements established by law to cover any insurance risks or in connection with workmen's compensation, unemployment insurance, old age pensions, social security or similar matters;
- (l) liens incurred by the Issuer or any Material Subsidiary in connection with any transaction (including an agreement with respect thereto) now existing or hereafter entered into which is a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or

equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction or any other similar transaction (including any option with respect to any of these transactions) and any combination of these transactions, parallel loans, back-to-back loans or other similar arrangements or contracts, in each case entered into in the ordinary course of business for the purpose of asset and liability management;

- (m) liens (in addition to those Liens permitted under the other clauses herein) on real property of the Issuer or any Material Subsidiary so long as the aggregate amount of the debt secured by such Liens does not exceed, in the case of property other than the World Financial Center, 200 Vesey Street, New York, New York (the “World Financial Center”), U.S.\$300,000,000 in the aggregate at any one time outstanding, and in the case of the World Financial Center, the excess of (A) 80% of the fair market value of the World Financial Center as determined by an independent real estate appraiser of recognized standing as of a date not more than two years prior to the date on which any such Lien is created or incurred over (B) the outstanding principal amount of any debt secured by Liens on the World Financial Center permitted by clause (a) above;
- (n) Liens on shares of capital stock of an acquired company incurred in connection with the acquisition thereof until such time as such acquired company shall become a wholly-owned Subsidiary of the Issuer;
- (o) liens arising out of the financing by the Issuer or any Material Subsidiary of the Issuer of accounts receivable or other rights to receive payment arising in connection with the business conducted by the Issuer or any Material Subsidiary of the Issuer, including, without limitation, the business of issuing American Express Cards;
- (p) liens arising by operation of law such as carriers’, workmen’s, mechanics’, materialmen’s or other similar Liens;
- (q) liens on deposits of the Issuer or any Material Subsidiary with banks so long as such deposits are made in connection with loans made by such banks to American Express Company or any wholly-owned Subsidiary of American Express Company, provided that the amount of any such deposit does not exceed the amount of the related loan and that the Issuer or such Material Subsidiary, as the case may be, is by agreement with the bank fully subrogated to the rights of the bank to receive payments under such loan, in the event and to the extent such deposit is used to reimburse the bank under such loan;
- (r) liens on cash, cash equivalents or securities issued or fully guaranteed by the United States Government or any agency of the United States Government owned by the Issuer or any Material Subsidiary created to secure obligations owing by the Issuer or any affiliate of the Issuer to AECB or to any of its successors or to other Subsidiaries of TRS that are subject to federal or state banking regulation, so long as they are wholly-owned by TRS, or to any of their wholly-owned Subsidiaries in connection with the card or merchandise services business;
- (s) liens on any assets of a corporation or on the stock thereof existing at the time such corporation is merged into or consolidated with the Issuer or a Material Subsidiary or at the time of the sale, lease or other disposition of the assets or stock of such corporation to the Issuer or a Material Subsidiary if created to secure payment of the purchase price paid by the Issuer or such Material Subsidiary in connection with such merger, consolidation, sale, lease or other disposition;
- (t) other liens (whether or not on real property) so long as the aggregate of all debt secured thereby does not, at any time on or after the date which is six months after the date of incurrence of any such lien, exceed in the aggregate at any one time outstanding, 10% of consolidated shareholder’s equity of the Issuer and its consolidated Subsidiaries as of the end of the previous fiscal year, as shown on the most recent annual consolidated balance sheet of the Issuer and its consolidated Subsidiaries.

4.03. For the purposes of these Terms and Conditions:

“Material Subsidiary” means at any time with respect to Credco, AECB and TRS; any Subsidiary of such Issuer which, together with its consolidated Subsidiaries, has consolidated assets at such time in excess of U.S.\$1

billion. “Material Subsidiary” means at any time with respect to AEOCC, any Subsidiary of such Issuer as to which the Issuer’s and its other Subsidiaries’ investment in and advances to the Subsidiary exceed 10% of the total assets of the Issuer and its consolidated Subsidiaries as of the most recently completed fiscal year or as to which the Issuer’s and its other Subsidiaries’ proportionate share of the total assets (after intercompany eliminations) of the Subsidiary exceeds 10% of the total assets of the Issuer and its Subsidiaries consolidated as of the end of the most recently completed fiscal year;

“Subsidiary” means as to any person any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by such person; and

“Non-Recourse Receivables Transaction” means a sale, transfer, pledge, or assignment of accounts receivable in respect of which the transferee has expressly agreed that it has no recourse against the transferor or any of its affiliates.

5. Interest

Interest

5.01. Instruments may be interest-bearing or non-interest-bearing, as specified in the Final Terms. Words and expressions appearing in this Condition 5 and not otherwise defined herein or in the Final Terms shall have the meanings given to them in Condition 5.09.

Interest-bearing Instruments

5.02. Unless otherwise specified in the Final Terms, Instruments which are specified in the Final Terms as being interest-bearing shall bear interest from their Interest Commencement Date at the Interest Rate payable in arrears on each Interest Payment Date.

Floating Rate Instruments

5.03. If the Final Terms specifies the Interest Rate applicable to the Instruments as being Floating Rate it shall also specify which page (the “Relevant Screen Page”) on the Reuters Screen or any other information vending service shall be applicable. If such a page is so specified, the Interest Rate applicable to the relevant Instruments for each Interest Accrual Period shall be determined by the Calculation Agent on the following basis:

- (i) the Calculation Agent will determine the offered rate for deposits (or, as the case may require, the arithmetic mean (rounded, if necessary, to the nearest ten thousandth of a percentage point, 0.00005 being rounded upwards) of the offered rates for deposits) in the relevant currency for a period of the duration of the relevant Interest Accrual Period on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (ii) if, on any Interest Determination Date, no such rate for deposits so appears (or, as the case may be, if fewer than two such rates for deposits so appear) or if the Relevant Screen Page is unavailable, the Calculation Agent will request appropriate quotations and will determine the arithmetic mean (rounded as aforesaid) of the rates at which deposits in the relevant currency are offered by four major banks in the London interbank market, selected by the Calculation Agent, at approximately the Relevant Time on the Interest Determination Date to prime banks in the London interbank market for a period of the duration of the relevant Interest Accrual Period and in an amount that is representative for a single transaction in the relevant market at the relevant time;
- (iii) if, on any Interest Determination Date, only two or three rates are so quoted, the Calculation Agent will determine the arithmetic mean (rounded as aforesaid) of the rates so quoted; or
- (iv) if fewer than two rates are so quoted, the Calculation Agent will determine the arithmetic mean (rounded as aforesaid) of the rates quoted by four major banks in the Relevant Financial Center (or, in the case of Instruments denominated in euro, in such financial center or centers as the Calculation Agent may select) selected by the Calculation Agent, at approximately 11.00 a.m. (Relevant Financial Center time (or local time at such other financial center or centers as aforesaid)) on the first day of the relevant Interest Accrual Period for loans in the relevant currency to leading European banks for a period for the duration of the relevant Interest Accrual Period and in an amount that is

representative for a single transaction in the relevant market at the relevant time, and the Interest Rate applicable to such Instruments during each Interest Accrual Period will be the sum of the relevant margin (the “Margin”) specified in the Final Terms and the rate (or, as the case may be, the arithmetic mean (rounded as aforesaid) of the rates) so determined provided, however, that, if the Calculation Agent is unable to determine a rate (or, as the case may be, an arithmetic mean of rates) in accordance with the above provisions in relation to any Interest Accrual Period, the Interest Rate applicable to such Instruments during such Interest Accrual Period will be the sum of the Margin and the rate (or, as the case may be, the arithmetic mean (rounded as aforesaid) of the rates) determined in relation to such Instruments in respect of the last preceding Interest Accrual Period.

ISDA Determination

5.04 If ISDA Determination is specified in the relevant Final Terms as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate applicable to the Instruments for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “ISDA Rate” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Final Terms;
- (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Final Terms; and
- (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Final Terms.

Indexed - Linked Instruments and Dual Currency Instruments

5.05. In the case of Index-Linked Instruments or Dual Currency Instruments, if the rate or amount of interest falls to be determined by reference to an index and/or formula or, as the case may be, an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the Final Terms.

Maximum or Minimum Interest Rate

5.06. If any Maximum or Minimum Interest Rate is specified in the Final Terms, then the Interest Rate shall in no event be greater than the maximum or be less than the minimum so specified.

Accrual of Interest

5.07. Interest shall accrue on the Outstanding Principal Amount of each Instrument during each Interest Accrual Period from the Interest Commencement Date. Interest will cease to accrue from the due date for redemption therefor (or, in the case of an Instalment Instrument, in respect of each instalment of principal, on the due date for payment of the relevant Instalment Amount) unless upon due presentation or surrender thereof (if required), payment in full of the Redemption Amount (as defined in Condition 6.10) or the relevant Instalment Amount is improperly withheld or refused or default is otherwise made in the payment thereof in which case interest shall continue to accrue on the principal amount in respect of which payment has been improperly withheld or refused or default has been made (as well after as before any demand or judgment) at the Interest Rate then applicable or such other rate as may be specified for this purpose in the Final Terms (“Default Interest Rate”) until the date on which, upon due presentation or surrender of the relevant Instrument (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Instrument is not required as a precondition of payment), the seventh day after the date on which, the Fiscal Agent having received the funds required to make such payment, notice is given to the Holders of the Instruments in accordance with Condition 14 that the Fiscal Agent has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder).

Interest Amount(s), Calculation Agent and Reference Banks

5.08. If a Calculation Agent is specified in the Final Terms, the Calculation Agent, as soon as practicable after the Relevant Time on each Interest Determination Date (or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount or Instalment Amount, obtain any quote or make any determination or calculation) will determine the Interest Rate and calculate the amount(s) of interest payable (the “Interest Amount(s)”) in respect of each Specified Denomination of the Instruments for the relevant Interest Accrual Period, calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date or, as the case may be, the Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Issuer, the Holders in accordance with Condition 14 and, if the Instruments are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination or calculation but in no event later than the fourth London Banking Day thereafter or, if earlier in the case of notification to the stock exchange, the time required by the rules of the relevant stock exchange. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of an Interest Accrual Period or the Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of an Instrument having the minimum Specified Denomination. If the Instruments become due and payable under Condition 7, the Interest Rate and the accrued interest payable in respect of the Instruments shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made. The determination of each Interest Rate, Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon the Issuer and the Holders and neither the Calculation Agent nor any Reference Bank shall have any liability to the Holders in respect of any determination, calculation, quote or rate made or provided by it.

The Issuer will ensure that there shall at all times be such Reference Banks as may be required for the purpose of determining the Interest Rate applicable to the Instruments and a Calculation Agent, if provision is made for one in the Terms and Conditions.

If the Calculation Agent is incapable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for any Interest Accrual Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint the London office of a leading bank engaged in the London interbank market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

Calculations and Adjustments

5.09. The amount of interest payable in respect of any Instrument for any period shall be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a subunit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Instrument divided by the Calculation Amount. For this purpose a “sub-unit” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent. Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

Definitions

“Applicable Business Day Convention” means the “Business Day Convention” which may be specified in the Final Terms as ‘applicable to any date in respect of the Instruments unless the Final Terms specifies “No Adjustment” in relation to any date in which case such date shall not be adjusted in accordance with any Business Day Convention. Different Business Day Conventions may apply, or be specified in relation to, the Interest Payment Dates, Interest Period End Dates and any other date or dates in respect of any Instruments.

“Banking Day” means, in respect of any city, any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in that city.

“Business Day” means a day:

- (i) in relation to Instruments denominated or payable in euro, on which the TARGET 2 System is open;
- (ii) in relation to Instruments payable in any other currency, on which commercial banks are open for business and foreign exchange markets settle payments in the Relevant Financial Center in respect of the relevant currency; and
- (iii) in any case, on which commercial banks are open for business and foreign exchange markets settle payments in any place specified in the relevant Final Terms.

“Business Day Convention” means a convention for adjusting any date if it would otherwise fall on a day that is not a Business Day and the following Business Day Conventions, where specified in the Final Terms in relation to any date applicable to any Instruments, shall have the following meanings:

- (i) “Following Business Day Convention” means that such date shall be postponed to the first following day that is a Business Day;
- (ii) “Modified Following Business Day Convention” or “Modified Business Day Convention” means that such date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) “Preceding Business Day Convention” means that such date shall be brought forward to the first preceding day that is a Business Day; and
- (iv) “FRN Convention” or “Eurodollar Convention” means that each such date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the Final Terms after the calendar month in which the preceding such date occurred provided that:
 - (a) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (b) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (c) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred.

“Calculation Agent” means such agent as may be specified in the Final Terms as the Calculation Agent.

“Calculation Amount” has the meaning given in the relevant Final Terms.

“Day Count Fraction” means, in respect of the calculation of an amount for any period of time (“Calculation Period”), such day count fraction as may be specified in the Final Terms and:

- (i) if “Actual/Actual (ICMA)” is so specified, means:
 - (a) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (b) where the Calculation Period is longer than one Regular Period, the sum of:

- (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
 - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (ii) if “Actual/365” or “Actual/Actual” (ISDA) is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
 - (iii) if “Actual/365 (Fixed)” is so specified, means the actual number of days in the Calculation Period divided by 365;
 - (iv) if “Actual/360” is so specified, means the actual number of days in the Calculation Period divided by 360;
 - (v) if “30/360” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

$$\text{Day Count Fraction} = \frac{[360x (Y_2 - Y_1)] + [30x (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30”;

- (vi) if “30E/360” or “Eurobond Basis” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x (Y_2 - Y_1)] + [30x (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30; and

(vii) if “30E/360 (ISDA)” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

“Euro zone” means the zone comprising the Member States of the European Union which adopt or have adopted the euro as their lawful currency in accordance with the Treaty establishing the European Community, as amended.

“Interest Accrual Period” means, in respect of an Interest Period, each successive period beginning on and including an Interest Period End Date and ending on but excluding the next succeeding Interest Period End Date during that Interest Period provided always that the first Interest Accrual Period shall commence on and include the Interest Commencement Date and the final Interest Accrual Period shall end on but exclude the date of final maturity.

“Interest Commencement Date” means the Issue Date of the Instruments (as specified in the Final Terms) or such other date as may be specified as such in the Final Terms.

“Interest Determination Date” means, in respect of any Interest Accrual Period, the date falling such number (if any) of Banking Days in such city(ies) as may be specified in the Final Terms prior to the first day of such Interest Accrual Period, or if none is specified:

- (i) in the case of Instruments denominated in Pounds Sterling, the first day of such Interest Accrual Period; or
- (ii) in any other case, the date falling two London Banking Days prior to the first day of such Interest Accrual Period.

“Interest Payment Date” means the date or dates specified as such in, or determined in accordance with the provisions of, the Final Terms and, if an Applicable Business Day Convention is specified in the Final Terms,

as the same may be adjusted in accordance with the Applicable Business Day Convention or if the Applicable Business Day Convention is the FRN Convention and an interval of a number of calendar months is specified in the Final Terms as being the Interest Period, each of such dates as may occur in accordance with the FRN Convention at such specified period of calendar months following the date of issue of the Instruments (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case).

“Interest Period” means each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date provided always that the first Interest Period shall commence on and include the Interest Commencement Date and the final Interest Period shall end on but exclude the date of final maturity.

“Interest Period End Date” means the date or dates specified as such in, or determined in accordance with the provisions of, the Final Terms and, if an Applicable Business Day Convention is specified in the Final Terms, as the same may be adjusted in accordance with the Applicable Business Day Convention or, if the Applicable Business Day Convention is the FRN Convention and an interval of a number of calendar months is specified in the Final Terms as the Interest Accrual Period, such dates as may occur in accordance with the FRN Convention at such specified period of calendar months following the Interest Commencement Date (in the case of the first Interest Period End Date) or the previous Interest Period End Date (in any other case) or, if none of the foregoing is specified in the Final Terms, means the date or each of the dates which correspond with the Interest Payment Date(s) in respect of the Instruments.

“Interest Rate” means the rate or rates (expressed as a percentage per annum) or amount or amounts (expressed as a price per unit of relevant currency) of interest payable in respect of the Instruments specified in, or calculated or determined in accordance with the provisions of, the Final Terms.

“ISDA Definitions” means the, the 2006 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Instruments of the relevant Series (as specified in the relevant Final Terms) as published by the International Swaps and Derivatives Association, Inc.).

“Issue Date” has the meaning given in the relevant Final Terms;

“Outstanding Principal Amount” means, in respect of an Instrument, its principal amount less, in respect of any Instalment Instrument, any principal amount on which interest shall have ceased to accrue in accordance with Condition 5.06 or, in the case of a Partly Paid Instrument, the Paid Up Amount of such Instrument or otherwise as indicated in the Final Terms.

“Reference Banks” means such banks as may be specified in the Final Terms as the Reference Banks or, if none are specified, “Reference Banks” has the meaning given in the ISDA Definitions, *mutatis mutandis*.

“Regular Period” means:

- (i) in the case of Instruments where interest is scheduled to be paid only by means of regular payments, each period from and including the Interest Commencement Date to but excluding the first Interest Payment Date and each successive period from and including one Interest Payment Date to but excluding the next Interest Payment Date;
- (ii) in the case of Instruments where, apart from the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “Regular Date” means the day and month (but not the year) on which any Interest Payment Date falls; and
- (iii) in the case of Instruments where, apart from one Interest Period other than the first Interest Period, interest is scheduled to be paid only by means of regular payments, each period from and including a Regular Date falling in any year to but excluding the next Regular Date, where “Regular Date” means the day and month (but not the year) on which any Interest Payment Date falls other than the Interest Payment Date falling at the end of the irregular Interest Period.

“Relevant Financial Center” means such financial center or centers as may be specified in relation to the relevant currency for the purposes of the definition of “Business Day” in the ISDA Definitions, as modified or supplemented in the Final Terms, provided however that:

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (ii) in relation to Australian dollars, it means Melbourne and, in relation to New Zealand dollars, it means Wellington.

“Relevant Time” means the time as of which any rate is to be determined as specified in the Final Terms or, if none is specified, at which it is customary to determine such rate.

“Reuters Screen” means, when used in connection with a designated page and any designated information, the display page so designated on the Reuter Monitor Money Rates Service (or such other page as may replace that page on that service for the purpose of displaying such information).

“Specified Currency” has the meaning given in the relevant Final Terms.

“TARGET 2 System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) payment system, which utilizes a single shared platform and which was launched on 19 November 2007.

Non-Interest-Bearing Instruments

5.10. If any Maturity Redemption Amount (as defined in Condition 6.01) in respect of any Instrument which is non-interest-bearing is not paid when due, interest shall accrue on the overdue amount at a rate per annum (expressed as a percentage per annum) equal to the Amortisation Yield defined in, or determined in accordance with the provisions of, the Final Terms or at such other rate as may be specified for this purpose in the Final Terms until the date on which, upon due presentation or surrender of the relevant Instrument (if required), the relevant payment is made or, if earlier (except where presentation or surrender of the relevant Instrument is not required as a precondition of payment), the seventh day after the date on which, the Fiscal Agent having received the funds required to make such payment, notice is given to the Holders of the Instruments in accordance with Condition 14 that the Fiscal Agent has received the required funds (except to the extent that there is failure in the subsequent payment thereof to the relevant Holder). The amount of any such interest shall be calculated in accordance with the provisions of Condition 5.08 as if the Interest Rate was the Amortisation Yield, the Outstanding Principal Amount was the overdue sum and the Day Count Fraction was as specified for this purpose in the Final Terms or, if not so specified, 30E/360 (as defined in Condition 5.09).

6. Redemption and Purchase

Redemption at Maturity

6.01. Unless previously redeemed, or purchased and cancelled or unless such Instrument is stated in the Final Terms as having no fixed maturity date, each Instrument shall be redeemed at its maturity redemption amount (the “Maturity Redemption Amount”) (which shall be its Outstanding Principal Amount or such other redemption amount as may be specified in or determined in accordance with the Final Terms) (or, in the case of Instalment Instruments, in such number of instalments and in such amounts (“Instalment Amounts”) as may be specified in, or determined in accordance with the provisions of, the Final Terms) on the date or dates (or, in the case of Instruments which bear interest at a floating rate of interest, on the date or dates upon which interest is payable) specified in the Final Terms.

Early Redemption for Taxation Reasons

6.02. (i) If in relation to any Series of Instruments as a result of any actual or proposed change in or amendment to the laws (or any regulations or rulings promulgated thereunder) of the Island of Jersey or of the United States of America or any political subdivision or authority thereof or agency therein or thereof having the power to tax, or any change or proposed change or amendment in the application, interpretation, administration or enforcement of such laws, regulations or rulings, which becomes effective or issued on or after the date of issue of such Instruments or any other date specified in the Final Terms, (such laws, regulations or rulings with respect to the United States being hereinafter collectively referred to as “United States Law”), there is a substantial likelihood that the Issuer will or may be required to pay any Additional Amounts as provided in Condition 8, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it (which measures in the good faith opinion of the Issuer will not have an adverse impact on the Issuer’s business) and such circumstances are

evidenced by the delivery by the Issuer to the Fiscal Agent of a certificate signed by two authorized officers of the Issuer stating that the said circumstances prevail and describing the facts leading thereto, the Issuer may, at its option and having given no less than 30 nor more than 60 days' notice (ending, in the case of Instruments which bear interest at a floating rate, on a day upon which interest is payable) to the Holders of the Instruments in accordance with Condition 14 (which notice shall be irrevocable), redeem all (but not some only) of the outstanding Instruments comprising the relevant Series at their early tax redemption amount (the "Early Redemption Amount (Tax)") (which shall be their Outstanding Principal Amount or, in the case of Instruments which are non-interest-bearing, their Amortized Face Amount (as defined in Condition 6.11) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms), together with interest accrued and unpaid (if any) thereon, provided, however, that no such notice of redemption may be given earlier than 90 days (or, in the case of Instruments which bear interest at a floating rate a number of days which is equal to the aggregate of the number of days falling within the then current interest period applicable to the Instruments plus 60 days) prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts were a payment in respect of the Instruments then due.

The Issuer may not exercise such option in respect of any Instrument which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Instrument under Condition 6.06.

(ii) (A) If, as a result of a change in current or future United States Law, the Issuer shall determine that any payment by the Issuer or any of the Paying Agents in respect of any Instrument or Coupon would be subject to any certification, documentation, identification, information or other reporting requirement of any kind the effect of which requirement is the disclosure to the Issuer, any Paying Agent or any governmental authority of the nationality, residence or identity of a beneficial owner of such Instrument or Coupon who is, for United States federal income tax purposes, a foreign corporation, a non-resident alien individual, a foreign estate or trust or a foreign partnership to the extent one or more partners is, for U.S. federal income tax purposes, a foreign corporation, a nonresident alien individual or a foreign estate or trust (a "United States Alien") (other than a requirement (a) that would not be applicable to a payment by the Issuer or any one of the Paying Agents to a custodian, nominee or other agent of the beneficial owner, or (b) that can be satisfied by such custodian, nominee or other agent certifying to the effect that the beneficial owner is a United States Alien, provided that, in any case referred to in clauses (a) or (b) payment by the custodian, nominee or agent to the beneficial owner is not otherwise subject to any such requirement, or (c) that would not be applicable to a payment by at least one other Paying Agent, or (d) that would be applicable only to a payment by a custodian, nominee or other agent of the beneficial owner to the beneficial owner), the Issuer, at its option, either (x) shall redeem all (but not some only) of the outstanding Instruments at any time, or on a day upon which interest is payable in the case of Instruments which bear interest at a floating rate or (y) if the conditions of paragraph (D) below are satisfied, shall pay the Additional Amounts specified in paragraph (D) below but provided that if any Holder fails to present its Instrument, together with all appurtenant Coupons, if any, for redemption as specified in clause (x) above, such Holder will not be entitled to any Additional Amounts.

(B) The Issuer shall select its option pursuant to paragraph (A) above as soon as practicable and publish prompt notice thereof (the "Determination Notice") stating (x) the effective date of such certification, documentation, identification, information or other reporting requirement, (y) whether the Issuer will redeem the Instruments or, if the conditions of paragraph (D) below are satisfied, pay the Additional Amounts specified in paragraph (D) below, and (z) (if applicable) the last date by which the redemption of the Instruments must take place, as provided below.

If the Instruments are to be redeemed pursuant to this paragraph (B), such redemption shall take place on such date, not later than one year after the publication of the Determination Notice, as the Issuer, subject as provided above and in paragraph (C) below, shall elect by notice to the Fiscal Agent at least 45 days before the date fixed for redemption. Notice of such redemption of the Instruments will be given to the Holders of the Instruments no less than 30 nor more than 60 days' notice prior to the date fixed for redemption by publication in accordance with Condition 14.

(C) Notwithstanding the foregoing, the Issuer shall not be obliged so to redeem the Instruments if the Issuer shall subsequently determine not fewer than 30 days prior to the date fixed for

redemption that subsequent payments on the Instruments and Coupons would not be subject to any such certification, documentation, identification, information or other reporting requirement, in which case the Issuer shall give prompt notice of such subsequent determination by publication in accordance with Condition 14 and any earlier redemption notice shall be revoked and of no further effect.

- (D) Notwithstanding the foregoing, and as long as such certification, documentation, identification, information or other reporting requirement would be fully satisfied by payment of backup withholding tax or similar charge, the Issuer may elect to pay such Additional Amounts as may be necessary so that every net payment following the effective date of such requirement by the Issuer or any of the Paying Agents in respect of any Instrument or any Coupon of which the beneficial owner is a United States Alien (but without any requirement that the nationality, residence or identity, other than status as a United States Alien, of such beneficial owner be disclosed to the Issuer, any Paying Agent or any governmental authority), after deduction or withholding for or on account of such backup withholding tax or similar charge will not be less than the amount provided for in such Instrument or Coupon to be then due and payable, provided that the backup withholding tax or similar charge is not a charge which:
- (i) would not be applicable in the circumstances set forth in the parenthetical clause of (A) above;
 - (ii) is imposed as a result of the fact that American Express Company or any paying agent has actual knowledge that the beneficial owner of such Note or Coupon is a U.S. person (as defined in the Code); or
 - (iii) is imposed as a result of presentation of such Note or Coupon for payment more than 10 days after the date on which such payment becomes due and payable or on which payment thereof is duly provided for, whichever occurs later.

If the Issuer elects to pay Additional Amounts pursuant to this paragraph, and the Issuer is obligated to pay such Additional Amounts, the Issuer shall, on giving not fewer than 30 days prior notice in accordance with Condition 14, have the right to redeem all (but not some only) of the outstanding Instruments at any time. If the Issuer elects to pay Additional Amounts pursuant to this paragraph and the condition specified in the first sentence of this paragraph should no longer be satisfied, then the Issuer shall redeem the Instruments pursuant to the provisions of paragraph (B) but subject to paragraph (C).

- (E) Instruments redeemed pursuant to this Condition 6.02(ii), will be redeemed at their Early Redemption Amount (Tax) referred to in Condition 6.02(i), together with accrued interest (if any) to but excluding the date fixed for redemption.

Optional Early Redemption (Call)

6.03. If this Condition 6.03 is specified in the Final Terms as being applicable, then the Issuer may, having given the appropriate notice and subject to such conditions as may be specified in the Final Terms, redeem all (but not, unless and to the extent that the Final Terms specifies otherwise, some only) of the Instruments of the relevant Series at their call early redemption amount (the “Early Redemption Amount (Call)”) (which shall be their Outstanding Principal Amount or, in the case of Instruments which are non-interest-bearing, their Amortised Face Amount (as defined in Condition 6.11) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms), together with accrued and unpaid interest (if any) thereon on the date specified in such notice to but excluding the date fixed for redemption.

The Issuer may not exercise such option in respect of any Instrument which is the subject of the prior exercise by the Holder thereof of its option to require the redemption of such Instrument under Condition 6.06.

6.04. The appropriate notice referred to in Condition 6.03 is a notice given by the Issuer to the Holders of the Instruments of the relevant Series in accordance with Condition 14, which notice shall be irrevocable and shall specify:

- the Series of Instruments subject to redemption;

- whether such Series is to be redeemed in whole or in part only and, if in part only, the aggregate principal amount of and (except in the case of a Temporary Global Instrument or Permanent Global Instrument) the serial numbers of the Instruments of the relevant Series which are to be redeemed;
- the due date for such redemption, which shall be not less than 30 days nor more than 60 days after the date on which such notice is given and which shall be such date or the next of such dates (“Call Option Date(s)”) or a day falling within such period (“Call Option Period”), as may be specified in the Final Terms and which is, in the case of Instruments which bear interest at a floating rate, a date upon which interest is payable; and
- the Early Redemption Amount (Call) at which such Instruments are to be redeemed.

Partial Redemption

6.05. If the Instruments of a Series are to be redeemed in part only on any date in accordance with Condition 6.03:

- in the case of Instruments other than a Temporary Global Instrument or Permanent Global Instrument, the Instruments to be redeemed shall be drawn by lot in such European city as the Fiscal Agent may specify, or identified in such other manner or in such other place as the Fiscal Agent may approve and deem appropriate and fair;
- in the case of a Temporary Global Instrument or a Permanent Global Instrument, the Instruments to be redeemed shall be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system; and

subject always to compliance with all applicable laws and the requirements of any stock exchange on which the relevant Instruments may be listed.

Optional Early Redemption (Put)

6.06. If this Condition 6.06 is specified in the Final Terms as being applicable, then the Issuer shall, upon the exercise of the relevant option by the Holder of any Instrument of the relevant Series, and subject to such conditions, if any, as may be specified in the Final Terms redeem such Instrument on the date specified in the relevant Put Notice (as defined below) at its put early redemption amount (the “Early Redemption Amount (Put)”) (which shall be its Outstanding Principal Amount or, if such Instrument is non-interest-bearing, its Amortised Face Amount (as defined in Condition 6.11) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms), together with accrued and unpaid interest (if any) thereon to but excluding the date fixed for redemption. In order to exercise such option, the Holder must, not less than forty-five days before the date on which such redemption is required to be made as specified in the Put Notice (which date shall be such date or the next of the dates (“Put Date(s)”) or a day falling within such period (“Put Period”) as may be specified in the Final Terms), deposit the relevant Instrument (together, in the case of an interest-bearing Definitive Instrument, with all unmatured Coupons appertaining thereto other than any Coupon maturing on or before the date of redemption (failing which the provisions of Condition 9A.06 apply)) during normal business hours at the specified office of any Paying Agent together with a duly completed early redemption notice (“Put Notice”) in the form which is available from the specified office of any of the Paying Agents specifying, in the case of a Temporary Global Instrument or Permanent Global Instrument, the aggregate principal amount in respect of which such option is exercised (which must be the minimum denomination specified in the Final Terms or an integral multiple thereof). No Instrument so deposited and option exercised may be withdrawn (except as provided in the Issue and Paying Agency Agreement).

The holder of an Instrument may not exercise such option in respect of any Instrument which is the subject of an exercise by the Issuer of its option to redeem such Instrument under either Condition 6.02 or 6.03.

Purchase of Instruments

6.07. Subject to any conditions specified in the Final Terms with respect to Subordinated Instruments, the Issuer or any of its subsidiaries may at any time purchase Instruments in the open market or otherwise and at any price provided that all unmatured Receipts and Coupons appertaining thereto are purchased therewith.

Cancellation of Redeemed and Purchased Instruments

6.08. All unmatured Instruments and Coupons redeemed or purchased otherwise than in the ordinary course of business of dealing in securities or as a nominee in accordance with this Condition 6 will be cancelled forthwith and may not be reissued or resold.

Further Provisions Applicable to Redemption Amount and Instalment Amounts

6.09. The provisions of Condition 5.07 and the last paragraph of Condition 5.08 shall apply to any determination or calculation of the Redemption Amount or any Instalment Amount required by the Final Terms to be made by the Calculation Agent (as defined in Condition 5.09).

6.10. References herein to “Redemption Amount” shall mean, as appropriate, the Maturity Redemption Amount, the final Instalment Amount, Early Redemption Amount (Tax), Early Redemption Amount (Call), Early Redemption Amount (Put) and Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms.

6.11. In the case of any Instrument which is non-interest-bearing, the “Amortised Face Amount” shall be an amount equal to the sum of:

- (i) the Issue Price specified in the Final Terms; and
- (ii) the product of the Amortisation Yield being applied to the Issue Price from (and including) the Issue Date specified in the Final Terms to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Instrument becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of the Day Count Fraction (as defined in Condition 5.09) specified in the Final Terms for the purposes of this Condition 6.11.

6.12. If any Redemption Amount (other than the Maturity Redemption Amount) is improperly withheld or refused or default is otherwise made in the payment thereof, the Amortised Face Amount shall be calculated as provided in Condition 6.11 but as if references in subparagraph (ii) to the date fixed for redemption or the date upon which such Instrument becomes due and repayable were replaced by references to the earlier of:

- (i) the date on which, upon due presentation or surrender of the relevant Instrument (if required), the relevant payment is made; or
- (ii) (except where presentation or surrender of the relevant Instrument is not required as a precondition of payment), the seventh day after the date on which, the Fiscal Agent having received the funds required to make such payment, notice is given to the Holders of the Instruments in accordance with Condition 14 of that circumstance (except to the extent that there is a failure in the subsequent payment thereof to the relevant Holder).

7. Events of Default

Unsubordinated Instruments

7.01. The following events or circumstances as modified by, and/or such other events as may be specified in, the Final Terms shall be Events of Default (each an “Event of Default”) in relation to the Instruments of any Series of Unsubordinated Instruments, namely:

- (i) the Issuer fails to pay any amount of principal in respect of, or premium, if any, on the Instruments of the relevant Series or any of them on the due date for payment thereof, and such failure to pay principal or premium continues unremedied for a period of 2 days, or fails to pay any amount of

interest in respect of the Instruments of the relevant Series or any of them on the due date for payment thereof, and such failure to pay interest continues unremedied for a period of 30 days; or

- (ii) the Issuer defaults in the performance or observance of any other of its material obligations under the Instruments of the relevant Series or the Issue and Paying Agency Agreement and such default remains unremedied for 60 days after written notice requiring such default to be remedied has been delivered to the Issuer at the specified office of the Fiscal Agent by the Holders of at least 25% in aggregate principal amount of the Instruments of such Series then outstanding; or
- (iii) default in the payment when due and continuance of such default beyond any applicable grace period thereto by the Issuer with respect to any principal of, premium or interest on any debt outstanding in principal amount of U.S.\$25,000,000 or more in the aggregate (exclusive of the Instruments) of the Issuer or any Material Subsidiary (as defined in condition 4); or the occurrence, and continuance beyond any applicable grace period thereto, of any other event or condition under any agreement or instrument relating to such debt, if any, specified in such agreement or instrument, if the effect of such event or condition is to cause the acceleration of the maturity of such debt; or any such debt shall be declared to be due and payable, or required to be prepaid (other than by a regularly scheduled required prepayment), redeemed, purchased or defeased, or an offer to prepay, redeem, purchase or defease such debt shall be required to be made, in each case prior to the stated maturity of such debt; and written notice declaring any event described in this paragraph (iii) to be an Event of Default has been delivered to the Issuer at the specified office of the Fiscal Agent by the Holders of at least 25% in aggregate principal amount of the Instruments of the relevant Series then outstanding; or
- (iv) the entry by a court or a governmental authority having jurisdiction in the premises of (A) a decree or order for relief in respect of the Issuer in an involuntary case or proceeding under any applicable U.S. federal or state bankruptcy, insolvency, reorganization or other similar law, or any similar applicable law of Jersey (including a declaration of *en désastre* in the case of AEOCC), or (B) a decree or order adjudging the Issuer a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Issuer, under any applicable U.S. federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Issuer or substantially all of its assets, or ordering the winding up or liquidation of the affairs of the Issuer, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or
- (v) the commencement by the Issuer of a voluntary case or proceeding under any applicable U.S. federal or state bankruptcy, insolvency, reorganization or other similar law, or any similar applicable law of Jersey (including a declaration of *en désastre* in the case of AEOCC) or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of the Issuer in an involuntary case or proceeding under any applicable U.S. federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable U.S. federal or state bankruptcy, insolvency, reorganization or other similar law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Issuer or substantially all of its assets, or to an order for the winding up or liquidation of the affairs of the Issuer.

Subordinated Instruments

7.02. The following events or circumstances as modified by, and/or such other events as may be specified in, the Final Terms shall be Events of Default (each an “Event of Default”) in relation to the Instruments of any Series of Subordinated Instruments, namely:

- (i) the entry by a court having jurisdiction in the premises of (a) a decree or order for relief in respect of the Issuer in an involuntary case or proceeding under any applicable U.S. federal or state bankruptcy, insolvency, reorganization or other similar law or (b) a decree or order adjudging the Issuer a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement,

adjustment or composition of or in respect of the Issuer under any applicable U.S. federal or state law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official of the Issuer or of any substantial part of its property, or ordering the liquidation of its affairs, and the continuance of any such decree or order for relief or any such other decree or order unstayed and in effect for a period of 60 consecutive days; or

- (ii) the commencement by the Issuer of a voluntary case or proceedings under any applicable U.S. federal or state bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of it in an involuntary case or proceeding under any applicable U.S. federal or state bankruptcy, insolvency, reorganization or other similar law or to the commencement of any bankruptcy or insolvency case or proceeding against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable U.S. federal or state law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Issuer or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Issuer in furtherance of any such action.

7.03. The Issuer may, without the consent of the holders of the Instruments, consolidate with, merge into, or sell, convey, transfer or lease its properties and assets as an entirety, or substantially as an entirety, to any person provided that the successor assumes all obligations of the Issuer under the Instruments, the Coupons and the Issue and Paying Agency Agreement.

7.04. If any Event of Default shall occur in relation to any Series of Instruments, any Holder of an Instrument of the relevant Series may, by written notice to the Issuer, at the specified office of the Fiscal Agent, declare that such Instrument and (if the Instrument is interest-bearing) all interest then accrued but unpaid on such Instrument shall be due and payable upon the date such written notice thereof is received by the Fiscal Agent, unless prior to such date all Events of Default in respect of all the Instruments of the relevant Series have been cured or waived, whereupon the same shall become immediately due and payable at its early termination amount (the “Early Termination Amount”) (which shall be its Outstanding Principal Amount or, if such Instrument is non-interest-bearing, its Amortised Face Amount (as defined in Condition 6.11) or such other redemption amount as may be specified in, or determined in accordance with the provisions of, the Final Terms), together with all interest (if any) accrued and unpaid thereon to but excluding the date of payment, without presentment, demand, protest or other notice of any kind, all of which the Issuer expressly waives anything contained in such Instrument to the contrary notwithstanding.

With respect to the Instruments of any Series of Subordinated Instruments, there is no right of acceleration of the payment of principal in the case of a default in the payment of principal, interest, additional interest, if any, and premium, if any, on the Instruments or in the performance of any other covenant of the Issuer in the Instruments or the Issue and Paying Agency Agreement.

8. Taxation

8.01. All amounts payable (whether in respect of principal, interest or otherwise) in respect of the Instruments will be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the United States or, in the case of Instruments issued by AEOCC, the Island of Jersey or, in either case, any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer will pay such additional amounts (the “Additional Amounts”) as may be necessary in order that the net amounts receivable by the Holder after such withholding or deduction for or on account of such payment shall equal the respective amounts which would have been receivable by such Holder in the absence of such withholding or deduction; except that no such Additional Amounts shall be payable in relation to any payment in respect of any Instrument or Coupon for or on account of:

- (i) any tax, duty, assessment or other governmental charge which would not have been imposed but for (x) the existence of any present or former connection between such Holder (or between a fiduciary, settlor, beneficiary of, member or shareholder of, or possessor of a power over, such Holder, if such

Holder is an estate, trust, partnership or corporation) and the United States or, as applicable, the Island of Jersey, including, without limitation, such Holder (or such fiduciary, settlor, beneficiary, member, shareholder or possessor) being or having been a citizen or resident or treated as a resident thereof or being or having been engaged in trade or business or present therein, or having or having had a permanent establishment therein, or (y) the presentation of an Instrument or Coupon for payment on a date more than 10 days after the Relevant Date (as defined below); or

- (ii) any estate, inheritance, gift, sales, transfer, excise, personal property or similar tax, assessment or other governmental charge; or
- (iii) any tax, duty, assessment or other governmental charge imposed by reason of such Holder's past or present status as a personal holding company, private foundation or other tax exempt organization for United States federal income tax purposes, or as a corporation which accumulates earnings to avoid United States federal income tax; or
- (iv) any tax, duty, assessment or other governmental charge which is payable otherwise than by withholding from payment of principal of or interest on any Instrument or Coupon; or
- (v) any withholding or deduction which is imposed on a payment to an individual or a residual entity within the meaning of the European Council Directive 2003/48/EC and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (vi) any tax, duty, assessment or other governmental charge which would not have been imposed but for the presentation for payment of such Instrument or Coupon by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Instrument or Coupon to a Paying Agent in another Member State of the European Union; or
- (vii) any tax, duty, assessment or other governmental charge that would not have been so imposed but for (x) failure of a beneficial owner of any Instrument or Coupon appertaining thereto to provide or cause to be provided, upon request with reasonable notice, such certification, information or documentation that the Issuer may require, on or before the date that the Issuer may require, in accordance with income tax laws and regulations of the United States or any political subdivision or taxing authority thereof or therein, to establish the status of such Holder as a United States Alien or otherwise to establish entitlement to an exemption from such tax, assessment or charge in respect of such payment or (y) a determination by a taxing authority or a court of competent jurisdiction in the United States that a certification or other proof provided to establish an exemption from such tax, assessment or charge is not acceptable; or
- (viii) any tax, duty, assessment or other governmental charge imposed on (A) such Holder that (x) is the actual or constructive owner of 10% or more of the total combined voting power of all shares of the Issuer entitled to vote as determined under section 871(h)(3)(B) of the Code, or (y) is a controlled foreign corporation for United States tax purposes that is related to the Issuer through stock ownership; or (B) the interest that is contingent interest described in section 871(h)(4) of the Code, related primarily to interest based on or determined by reference to income, profits, cash flow and other comparable attributes of the obligor or a party related to the obligor; or
- (ix) any amount payable under any present backup withholding provision of the United States tax laws or regulations thereunder; or
- (x) any combination of items (i) through (ix);

nor shall any Additional Amounts be paid to any Holder who is a fiduciary or partnership or other than the sole beneficial owner of such Instrument or Coupon to the extent that a beneficiary or settlor with respect to such fiduciary, or a member of such partnership or a beneficial owner thereof would not have been entitled to the payment of such Additional Amounts had such beneficiary, settlor, member or beneficial owner been the Holder of such Instrument or Coupon.

8.02. For the purposes of these Terms and Conditions, the "Relevant Date" means, in respect of any payment, the date on which such payment first becomes due and payable, but if the full amount of the moneys payable has not

been received by the Fiscal Agent on or prior to such due date, it means the first date on which, the full amount of such moneys having been so received and being available for payment to Holders, notice to that effect shall have been duly given to the Holders of the Instruments of the relevant Series in accordance with Condition 14.

8.03. If the Issuer becomes subject generally at any time to any taxing jurisdiction other than or in addition to the United States, or, in the case of AEOCC, the Island of Jersey, references in Condition 6.02 and Condition 8.01 to the United States shall be read and construed as references to the United States and/or to such other jurisdiction(s).

8.04. The Issuer shall pay all stamp and other duties, if any, which may be imposed by the United Kingdom or any political subdivision thereof or taxing authority therein with respect to the execution and delivery of the Issue and Paying Agency Agreement or the issuance of any Instruments or Coupons.

8.05. Any reference in these Terms and Conditions to “principal” and/or “interest” in respect of the Instruments shall be deemed also to refer to any additional amounts which may be payable under this Condition 8. Unless the context otherwise requires, any reference in these Terms and Conditions to “principal” shall include any premium payable in respect of an Instrument, any Instalment Amount or Redemption Amount and any other amounts in the nature of principal payable pursuant to these Terms and Conditions and “interest” shall include all amounts payable pursuant to Condition 5 and any other amounts in the nature of interest payable pursuant to these Terms and Conditions.

9A. Payments

9A.01 Payment of amounts (other than interest) due in respect of Instruments will be made against presentation and (save in the case of partial payment or payment of an Instalment Amount (other than the final Instalment Amount)) surrender of the relevant Instruments at the specified office of any of the Paying Agents, outside the United States.

Payment of Instalment Amounts (other than the final Instalment Amount) in respect of an Instalment Instrument which is a Definitive Instrument with Receipts will be made against presentation of the Instrument together with the relevant Receipt and surrender of such Receipt.

The Receipts are not and shall not in any circumstances be deemed to be documents of title and if separated from the Instrument to which they relate will not represent any obligation of the Issuer. Accordingly, the presentation of an Instrument without the relative Receipt or the presentation of a Receipt without the Instrument to which it appertains shall not entitle the Holder to any payment in respect of the relevant Instalment Amount.

9A.02 Payment of amounts in respect of interest on Instruments will be made:

- (i) in the case of a Temporary Global Instrument or Permanent Global Instrument, against presentation of the relevant Temporary Global Instrument or Permanent Global Instrument at the specified office of any of the Paying Agents outside (unless Condition 9A.03 applies) the United States and, in the case of a Temporary Global Instrument, upon due certification as required therein;
- (ii) in the case of Definitive Instruments without Coupons attached thereto at the time of their initial delivery, against presentation of the relevant Definitive Instruments at the specified office of any of the Paying Agents outside (unless Condition 9A.03 applies) the United States; and
- (iii) in the case of Definitive Instruments delivered with Coupons attached thereto at the time of their initial delivery, against surrender of the relevant Coupons or, in the case of interest due otherwise than on a scheduled date for the payment of interest, against presentation of the relevant Definitive Instruments, in either case at the specified office of any of the Paying Agents outside (unless Condition 9A.03 applies) the United States.

9A.03 Payments of amounts due in respect of interest on the Instruments and exchanges of Talons for Coupon sheets in accordance with Condition 9A.06 will not be made at the specified office of any Paying Agent in the United States (as defined in the Code and Regulations thereunder) unless (a) payment in full of amounts due in respect of interest on such Instruments when due or, as the case may be, the exchange of Talons at all the specified offices of the Paying Agents outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions and (b) such payment or exchange is permitted by applicable United States law. If paragraphs (a) and (b) of the previous sentence apply, the Issuer shall forthwith appoint a further Paying Agent with a specified office in New York City.

9A.04 If the due date for payment of any amount due in respect of any Instrument is not a Relevant Financial Center Day and a local banking day (each as defined in Condition 9B.02), then the Holder thereof will not be entitled to payment thereof until the next day which is such a day, or as otherwise specified in the Final Terms, and from such day and thereafter will be entitled to receive payment by cheque on any local banking day, and will be entitled to payment by transfer to a designated account on any day which is a local banking day, a Relevant Financial Center Day and a day on which commercial banks and foreign exchange markets settle payments in the relevant currency in the place where the relevant designated account is located and no further payment on account of interest or otherwise shall be due in respect of such delay or adjustment unless there is a subsequent failure to pay in accordance with these Terms and Conditions in which event interest shall continue to accrue as provided in Condition 5.06 or, if appropriate, Condition 5.10.

9A.05 Each Definitive Instrument initially delivered with Coupons, Talons or Receipts attached thereto should be presented and, save in the case of partial payment of the Redemption Amount, surrendered for final redemption together with all unmatured Receipts, Coupons and Talons relating thereto, failing which:

- (i) if the Final Terms specifies that this paragraph (i) of Condition 9A.05 is applicable (and, in the absence of specification, this paragraph (i) shall apply to Definitive Instruments which bear interest at a fixed rate or rates or in fixed amounts) and subject as hereinafter provided, the amount of any missing unmatured Coupons (or, in the case of a payment not being made in full, that portion of the amount of such missing Coupon which the Redemption Amount paid bears to the total Redemption Amount due) (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) will be deducted from the amount otherwise payable on such final redemption, the amount so deducted being payable against surrender of the relevant Coupon at the specified office of any of the Paying Agents at any time within ten years of the Relevant Date applicable to payment of such Redemption Amount;
- (ii) if the Final Terms specifies that this paragraph (ii) of Condition 9A.05 is applicable (and, in the absence of specification, this paragraph (ii) shall apply to Instruments which bear interest at a floating rate or rates or in variable amounts) all unmatured Coupons (excluding, for this purpose, but without prejudice to paragraph (iii) below, Talons) relating to such Definitive Instruments (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them;
- (iii) in the case of Definitive Instruments initially delivered with Talons attached thereto, all unmatured Talons (whether or not surrendered therewith) shall become void and no exchange for Coupons shall be made thereafter in respect of them; and
- (iv) in the case of Definitive Instruments initially delivered with Receipts attached thereto, all Receipts relating to such Instruments in respect of a payment of an Instalment Amount which (but for such redemption) would have fallen due on a date after such due date for redemption (whether or not surrendered therewith) shall become void and no payment shall be made thereafter in respect of them.

The provisions of paragraph (i) of this Condition 9A.05 notwithstanding, if any Definitive Instruments should be issued with a maturity date and an Interest Rate or Rates such that, on the presentation for payment of any such Definitive Instrument without any unmatured Coupons attached thereto or surrendered therewith, the amount required by paragraph (i) to be deducted would be greater than the Redemption Amount otherwise due for payment, then, upon the due date for redemption of any such Definitive Instrument, such unmatured Coupons (whether or not attached) shall become void (and no payment shall be made in respect thereof) as shall be required so that, upon application of the provisions of paragraph (i) in respect of such Coupons as have not so become void, the amount required by paragraph (i) to be deducted would not be greater than the Redemption Amount otherwise due for payment. Where the application of the foregoing sentence requires some but not all of the unmatured Coupons relating to a Definitive Instrument to become void, the relevant Paying Agent shall determine which unmatured Coupons are to become void, and shall select for such purpose Coupons maturing on later dates in preference to Coupons maturing on earlier dates.

9A.06 In relation to Definitive Instruments initially delivered with Talons attached thereto, on or after the due date for the payment of interest on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent outside (unless

Condition 9A.03 applies) the United States in exchange for a further Coupon sheet (including any appropriate further Talon), subject to the provisions of Condition 9 below. Each Talon shall, for the purpose of these Conditions, be deemed to mature on the Interest Payment Date on which the final Coupon comprised in the relative Coupon sheet matures.

9B. Payments – General Provisions

9B.01 Payments of amounts due (whether principal, interest or otherwise) in respect of Instruments will be made in the currency in which such amount is due (a) by cheque or (b) at the option of the payee, by transfer to an account denominated in the relevant currency specified by the payee. However, payments will not be made by mail to a United States address or by transfer to an account maintained by the payee in the United States. Payments will, without prejudice to the provisions of Condition 8, be subject in all cases to any applicable fiscal or other laws and regulations.

9B.02 For the purposes of these Terms and Conditions:

- (i) “Relevant Financial Center Day” means, in the case of any currency other than euro, a day on which commercial banks and foreign exchange markets settle payments in the Relevant Financial Center and in any other place specified in the Final Terms or in the case of euro, a day on which the TARGET 2 System is operating; and
- (ii) “local banking day” means a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the place of presentation of the relevant Instrument or, as the case may be, Coupon.

10. Prescription

10.01. Claims against the Issuer for payment of principal and interest in respect of Instruments will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date (as defined in Condition 8.02) for payment thereof.

10.02. In relation to Definitive Instruments initially delivered with Talons attached thereto, there shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue pursuant to Condition 9A.05 or the due date for the payment of which would fall after the due date for the redemption of the relevant Instrument or which would be void pursuant to this Condition 10 or any Talon the maturity date of which would fall after the due date for redemption of the relevant Instrument.

11. The Paying Agents and the Calculation Agent

11.01. The initial Paying Agents and their respective initial specified offices are specified below. The Calculation Agent in respect of any Instruments shall be specified in the Final Terms. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent (including the Fiscal Agent) or the Calculation Agent and to appoint additional or other Paying Agents or another Calculation Agent provided that it will at all times maintain (i) a Fiscal Agent, (ii) a Paying Agent (which may be the Fiscal Agent) with a specified office in a continental European city, (iii) if and for so long as the Instruments are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, a Paying Agent having its specified office in the place required by such competent authority, stock exchange and/or quotation system, (iv) in the circumstances described in Condition 9A.03, a Paying Agent with a specified office in New York City, and (v) a Calculation Agent where required by the Final Terms applicable to any Instruments (in the case of (i), (ii) and (iii) with a specified office located in such place (if any) as may be required by the relevant Final Terms); and (vi) a Paying Agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to the European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to such Directive. Notice of all changes in the identities or specified offices of any Paying Agent or the Calculation Agent will be given promptly by the Issuer to the Holders in accordance with Condition 14.

11.02. The Paying Agents and the Calculation Agent act solely as agents of the Issuer and, save as provided in the Issue and Paying Agency Agreement or any other agreement entered into with respect to its appointment, do not assume any obligations towards or relationship of agency or trust for any Holder of any Instrument, Receipt or Coupon and each of them shall only be responsible for the performance of the duties and obligations expressly

imposed upon it in the Issue and Paying Agency Agreement or other agreement entered into with respect to its appointment or incidental thereto.

12. Replacement of Instruments

If any Instrument, Receipt or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent or such Paying Agent or Paying Agents as may be specified for such purpose in the Final Terms (“Replacement Agent”), subject to all applicable laws and the requirements of any stock exchange on which the Instruments are listed, upon payment by the claimant of all expenses incurred in connection with such replacement, including any tax or other governmental charge that may be imposed in relation thereto, and upon such terms as to evidence, security, indemnity and otherwise as the Issuer and the Replacement Agent may require. Mutilated or defaced Instruments, Receipts and Coupons must be surrendered before replacements will be delivered therefor.

13. Meetings of Holders and Modification

The Issue and Paying Agency Agreement contains provisions for convening meetings of Holders of Instruments to consider any matter affecting their interests. Other than in the case of an Extraordinary Resolution described below, a majority in aggregate principal amount of Instruments of a Series voted at a meeting duly called, by proxy or in person, may, with the written consent of the Issuer, modify, amend or supplement the terms of Instruments of such Series, or waive any breaches or proposed breaches of the terms of Instruments of such Series, and any resolution passed at a meeting of Holders of Instruments will be binding on all Holders of Instruments of such Series, whether or not they are present at the meeting, and on all Holders of Coupons appertaining thereto, and shall be binding on the Holders and all future Holders of any Instruments issued in exchange therefor, whether or not a notation is made on the Instruments. Modification by Extraordinary Resolution of certain terms and conditions of the Instruments or other provisions of the Issue and Paying Agency Agreement (including terms of the payment of principal and interest on Instruments) requires special voting. In the case of any Series of Instruments, the quorum at any such meeting of Holders of Instruments for passing an Extraordinary Resolution will be any person or persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in principal amount of the Instruments of such Series for the time outstanding and entitled to be voted at such meeting and an Extraordinary Resolution may be passed by the affirmative vote of not less than 75% in aggregate principal amount of such Instruments voted in respect of such Extraordinary Resolution.

In addition, a resolution in writing signed by or on behalf of all Holders of Instruments who for the time being are entitled to receive notice of a meeting of Holders of Instruments will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders of Instruments.

The Fiscal Agent may agree, without the consent of the Holders of Instruments, Coupons or Talons, to any modification (except as aforesaid) of, or to any waiver or authorisation of any breach or proposed breach of, any of the Terms and Conditions of the Instruments or any other provisions of the Issue and Paying Agency Agreement which does not adversely affect the interest of any Holder of such Instruments in any material respect or to any modification which is of a minor or technical nature or to correct a manifest error as set forth in the Issue and Paying Agency Agreement.

14. Notices

Notices to Holders of Instruments will, save where another means of effective communication has been specified herein or in the Final Terms, be deemed to be validly given if (i) published in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*) and (ii) in the case of Instruments which are admitted to trading on the regulated market of the Luxembourg Stock Exchange (so long as such Instruments are admitted to trading on the regulated market of the Luxembourg Stock Exchange and the rules of that exchange so require), published on the website of the Luxembourg Stock Exchange (www.bourse.lu) or published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if such publication is not practicable, if published in a leading English language daily newspaper having general circulation in Europe (or, if permitted by the rules of the relevant stock exchange, in the case of Instruments represented by a Temporary Global Instrument or Permanent Global Instrument, if delivered to Euroclear and Clearstream, Luxembourg and/or any other relevant clearing system for communication by them

to the persons shown in their respective records as having interests therein). The Issuer shall also ensure that notices are duly published in compliance with the requirements of each stock exchange on which the Instruments are listed. Any notice so given will be deemed to have been validly given on the date of first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers) or, as the case may be, on the fourth weekday after the date of such delivery to Euroclear and Clearstream, Luxembourg and/or such other clearing system. Holders of Coupons will be deemed for all purposes to have notice of the contents of any notice given to Holders of Instruments in accordance with this Condition.

15. Further Issues

The Issuer may from time to time, without the consent of the Holders of any Instruments or Coupons, create and issue further instruments, bonds or debentures having the same terms and conditions as such Instruments in all respects (or in all respects except for the first payment of interest, if any, on them and/or the denomination thereof) so as to form a single Series with the Instruments of any particular Series.

16. Currency Indemnity

The currency in which the Instruments are denominated or, if different, payable, as specified in the relevant Final Terms (the “Contractual Currency”), is the sole currency of account and payment for all sums payable by the Issuer in respect of the Instruments, including damages. Any amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Holder of an Instrument or Coupon in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer to the extent of the amount in the Contractual Currency which such Holder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that amount is less than the amount in the Contractual Currency expressed to be due to any Holder of an Instrument or Coupon in respect of such Instrument or Coupon the Issuer shall indemnify such Holder against any loss sustained by such Holder as a result. In any event, the Issuer shall indemnify each such Holder against any cost of making such purchase which is reasonably incurred. These indemnities constitute a separate and independent obligation from the Issuer’s other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder of an Instrument or Coupon and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due in respect of the Instruments or any judgment or order. Any such loss aforesaid shall be deemed to constitute a loss suffered by the relevant Holder of an Instrument or Coupon and no proof or evidence of any actual loss will be required by the Issuer.

17. Waiver and Remedies

No failure to exercise, and no delay in exercising, on the part of the Holder of any Instrument, any right hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right. Rights hereunder shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of rights to take other action in the same, similar or other instances without such notice or demand.

18. Law and Jurisdiction

18.01. The Instruments and the Issue and Paying Agency Agreement are governed by, and shall be construed in accordance with, the laws of the State of New York.

18.02. The Issuer irrevocably agrees for the benefit of the Holders of the Instruments that any New York State court, the United States District Court located in the Borough of Manhattan in New York and the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Instruments (respectively, “Proceedings” and “Disputes”) and, for such purposes, irrevocably submits to the jurisdiction of such courts.

18.03. The Issuer irrevocably waives any objection which it might now or hereafter have to any New York State court, the United States District Court located in the Borough of Manhattan in New York and the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes and agrees not to claim that any such court is not a convenient or appropriate forum.

18.04. The Issuer agrees that the documents which start any proceedings and any other documents required to be served in New York City in relation to those proceedings may be served on it by being delivered to the Issuer at TRS' headquarters in New York at 200 Vesey Street, New York, NY 10285 and that the documents which start any proceedings and any other documents required to be served in England in relation to those proceedings may be served on it by being delivered to the Issuer c/o American Express Europe Ltd. at 60 Buckingham Palace Road, London SW1W 0RU, United Kingdom. If the appointment of the person mentioned in this Condition 18.04 ceases to be effective, the Issuer shall forthwith appoint a further person in New York City or in England, as the case may be, to accept service of process on its behalf in New York City or in England, as the case may be, and notify the name and address of such person to the Fiscal Agent and, failing such appointment within fifteen days, any Holder of an Instrument shall be entitled to appoint such a person by written notice addressed to the Issuer and delivered to the Issuer or to the specified office of the Fiscal Agent. Nothing contained herein shall affect the right of any Holder of an Instrument to serve process in any other manner permitted by law.

18.05. The submission to the jurisdiction of the New York State Courts, the United States District Court located in the Borough of Manhattan in New York and the courts of England shall not (and shall not be construed so as to) limit the right of the Holders of the Instruments or any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by applicable law.

FORM OF FINAL TERMS

The Final Terms in respect of each Tranche of Instruments will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Instruments and their issue. Text in this section appearing in italics does not form part of the form of the Final Terms but denotes directions for completing the Final Terms.

Final Terms dated [•]

Series No.: []
Tranche No.: []

**AMERICAN EXPRESS TRAVEL RELATED SERVICES COMPANY, INC.
AMERICAN EXPRESS CREDIT CORPORATION
AMERICAN EXPRESS OVERSEAS CREDIT CORPORATION LIMITED
AMERICAN EXPRESS CENTURION BANK**

Issue of [Aggregate Principal Amount of Tranche] [Title of Instruments]
under the

U.S.\$50,000,000,000

Program for the Issuance of Debt Instruments

The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Instruments in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Instruments. Accordingly any person making or intending to make an offer of the Instruments may only do so in:

- (i) circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) those Public Offer Jurisdictions mentioned in Paragraph 36 of Part A below, provided such person is one of the persons mentioned in Paragraph 36 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Instruments in any other circumstances.

PART A – CONTRACTUAL TERMS

This document constitutes the Final Terms relating to the issue of Instruments described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Instruments (the “**Conditions**”) set forth in the Base Prospectus dated 29 July 2009 [and the supplement to the Base Prospectus dated [•]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”). This document constitutes the Final Terms of the Instruments described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with such Base Prospectus [, as so supplemented]. Full information on the Issuer and the offer of the Instruments is only available on the basis of the combination of these Final Terms and the Base Prospectus [and the supplement to the Base Prospectus]. The Base Prospectus [, the supplement to the Base Prospectus] and the Final Terms are available for viewing at [address] [and] [on the web site of the Luxembourg Stock Exchange (www.bourse.lu)] and copies may be obtained from [address].

[The following alternative language applies if the first tranche of an issue which is being increased was issued under an Information Memorandum or a Base Prospectus with an earlier date and the relevant terms and conditions from that base prospectus with an earlier date were incorporated by reference in this Base Prospectus.]

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Instruments (the “**Conditions**”) set forth in the [Information Memorandum]/[Base Prospectus] dated [original date] [and the supplement to the [Information Memorandum]/[Prospectus] dated [•]]. This document constitutes the Final Terms of the Instruments described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “**Prospectus Directive**”) and must be read in conjunction with the Base Prospectus dated 29 July 2009 [and the supplement to the Prospectus dated [•], which [together] constitute[s] a base prospectus] for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the [Information Memorandum]/[Prospectus] dated [original date] [and the supplement to the [Information Memorandum]/[Prospectus] dated [•]] and are attached hereto. Full information on the Issuer and the offer of the Instruments is only available on the basis of the combination of these Final Terms and the [Information Memorandum dated [original date] and the Base Prospectus dated 29 July 2009/Base Prospectuses dated [original date] and 29 July 2009 [and the supplement to the [Information Memorandum/ Prospectus] dated [•]]. [The [Information Memorandum and the Base Prospectus]/[Prospectuses], the supplement to the [Information Memorandum]/[Prospectuses] and the Final Terms are available for viewing at [address] [and] [on the web site of the Luxembourg Stock Exchange (www.bourse.lu)] and copies may be obtained from [address]].

[END OF OPTION]

The Instruments have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”) or with any securities regulatory authority of any state or other jurisdiction of the United States. The Instruments will be issued only in bearer form and are subject to United States tax law requirements. Subject to certain exceptions, the Instruments may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“Regulation S”)) or United States persons (as defined in the U.S. Internal Revenue Code of 1986, as amended and the U.S. Treasury regulations thereunder).

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain asset out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]

[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

1. Issuer: [American Express Travel Related Services Company, Inc./American Express Credit Corporation/American Express Overseas Credit Corporation Limited/American Express Centurion Bank]
2. [(i)] Series Number: []
[(ii)] Tranche Number: []
(if fungible with an existing Series, details of that Series, including the date on which the Instruments become fungible).]
3. Specified Currency or Currencies: []
4. Aggregate Principal Amount: []
[(i)] Series: []
[(ii)] Tranche: []

5. Issue Price: []% of the Aggregate Principal Amount [plus accrued interest from [insert date] (in the case of fungible issues only, if applicable)]
6. (i) Specified Denominations: []
- [No Instruments may be issued under the Program which (a) have a minimum denomination of less than EUR1,000 (or nearly equivalent in another currency), or (b) carry the right to acquire shares (or transferable securities equivalent to shares) issued by the relevant Issuer or by any entity to whose group such Issuer belongs.]*
- [Instruments with a maturity of 183 days or less will have a minimum denomination of U.S.\$500,000 (or its equivalent at the spot rate on the date of issuance).]*
- (ii) Calculation Amount(s): []
- [If only one Specified Denominaton, insert the Specified Denomination. If more than one Specified Denomination, insert the largest common factor]*
7. [(i)] Issue Date: []
- [(ii)] Interest Commencement Date: [Specify/Issue Date/Not Applicable]
8. Maturity Date: [specify date or (for Floating Rate Instruments) Interest Payment Date falling in or nearest to the relevant months and year]
- [If the issue proceeds are received by the Issuer in the United Kingdom and the Maturity Date is less than one year from the Issue Date, the Instruments must have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be sold only to “professional investors” (or another applicable exemption from section 19 of the FSMA must be available.)]*
9. Interest Basis: [•% Fixed Rate]
[[specify reference rate]+/-•% Floating Rate]
[Non-interest-bearing]
[Index-Linked Interest]
[Other (specify)]
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]
[Index-Linked Redemption]
[Dual Currency]
[Partly Paid] [Instalment]
[Other (specify)]
11. Change of Interest or Redemption/ Payment Basis: [Specify details of any provision for convertibility of Instruments into another interest or redemption/ payment basis]
12. Put/Call Options: [Investor Put]
[Issuer Call]
[(further particulars specified below)]

13. (i) Status of the Instruments: [Senior/Subordinated]
(ii) Date of Board approval for issuance of Instruments obtained: [] *(only relevant where Board (or similar) authorization is required for the particular Tranche of Instruments)*

14. Method of distribution: [Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Instrument Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Rate[(s)] of Interest: []% per annum [payable [annually/semi-annually/quarterly/monthly/other (*specify*)] in arrear]
(ii) Interest Payment Date(s): [] in each year [adjusted in accordance with [*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*]/not adjusted]
(iii) Fixed Coupon Amount[(s)]: [] per Calculation Amount
(iv) Day Count Fraction: [30/360]/[Actual/Actual (ICMA/ISDA)] [*If neither of the options applies, give details*]
(v) Broken Amount(s): [] per Calculation Amount, payable on the Interest Payment Date falling [in/on] []
(vi) Other terms relating to the method of calculating interest for Fixed Rate Instruments: [Not Applicable/*give details*]

16. **Floating Rate Instrument Provisions** [Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph.)

- (i) Interest Period(s): []
(ii) Specified Interest Payment Dates: []
(iii) First Interest Payment Date: []
(iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Convention/ Preceding Business Day Convention/*other (give details)*]
(v) Business Center(s): [Not Applicable/*give details*]
(vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/*other (give details)*]
(vii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Issuer and Paying Agent): [[*Name*] shall be the Calculation Agent (*no need to specify if the Issue and Paying Agent is to perform this function*)]
(viii) Screen Rate Determination:
— Reference Rate: [*For example, LIBOR or EURIBOR*]
— Relevant Time: [*For example, 11:00 a.m. London time*]
— Relevant Financial Centre: [*For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)*]
— Relevant Screen Page: [*For example, Reuters Screen LIBOR 01/EURIBOR 01*]
— Interest Determination Date(s): []

(viii) ISDA Determination:

- Floating Rate Option: []
 - Designated Maturity: []
 - Reset Date: []
 - (ix) Margin(s) [+/-] []% per annum
 - (x) Minimum Rate of Interest: []% per annum
 - (xi) Maximum Rate of Interest: []% per annum
 - (xii) Day Count Fraction: []
 - (xiii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Instruments, if different from those set out in the Conditions:
17. **Non-interest-bearing Instrument Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Amortization/Accrual Yield: []% per annum
 - (ii) Reference Price: []
 - (iii) Any other formula/basis of determining amount payable: [Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 6.11]
18. **Index-Linked Interest Instrument/other Variable-Linked Interest Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula/other variable: [Give or annex details]
 - (ii) Calculation Agent responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Fiscal Agent): []
 - (iii) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: []
 - (iv) Interest Determination Date(s): []
 - (v) Provisions for determining coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []
 - (vi) Interest or calculation Period(s): []
 - (vii) Specified Interest Payment Dates: []
 - (viii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Convention/Preceding Business Day Convention/other (give details)]
 - (ix) Additional Business Center(s): []

- (x) Minimum Rate of Interest/Amount of Interest: [] % per annum
- (xi) Maximum Rate of Interest/Amount of Interest: [] % per annum
- (xii) Day Count Fraction: []
19. **Dual Currency Instrument Provisions** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [Give details]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: []
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: []
- (iv) Person at whose option Specified Currency(ies) is/are payable: []
- PROVISIONS RELATING TO REDEMPTION**
20. **Call Option** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s) (Call): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [] per Calculation Amount
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [] per Calculation Amount
- (b) Maximum Redemption Amount: [] per Calculation Amount
- (iv) Notice period (if other than as set out in the Conditions): []
21. **Put Option** [Applicable/Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [] per Calculation Amount
- (iii) Notice period: []
22. **Final Redemption Amount of each Instrument** [] per Calculation Amount

In cases where the Final Redemption Amount is Index-Linked or other variable-linked:

- (i) Index/Formula/variable: [give or annex details]
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount (if not the Fiscal Agent): []
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: []
- (iv) Date for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable: []
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []
- (vi) Payment Date: []
- (vii) Minimum Final Redemption Amount: [] per Calculation Amount
- (viii) Maximum Final Redemption Amount: [] per Calculation Amount

23. **Early Redemption Amount** Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions): [Not Applicable (if both the Early Redemption Amount (Tax) and the Early Termination Amount are the principal amount of the Instrument/specify the Early Redemption Amount (Tax) and/or the Early Termination Amount if different from the principal amount of the Instruments)]

GENERAL PROVISIONS APPLICABLE TO THE INSTRUMENTS

24. Form of Instruments: **Bearer Instruments:**
 [Temporary Global Instrument exchangeable for a Permanent Global Instrument which is exchangeable for Definitive Instruments on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Instrument.]
 [Temporary Global Instrument exchangeable for Definitive Instruments on [] days' notice.]
 [Permanent Global Instrument exchangeable for Definitive Instruments on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Instrument].
25. New Global Instrument: [Applicable/Not applicable]

26. Financial Center or other special provisions relating to payment dates: [Not Applicable/give details. Note that this paragraph 26 relates to the date and place of payment, and not interest period end dates, to which subparagraphs items 15(ii), 16(v) and 18(ix) of these Final Terms relate]
27. Talons for future Coupons or Receipts to be attached to Definitive Instruments (and dates on which such Talons mature) [Yes/No. If yes, give details]
28. Details relating to Partly Paid Instruments: amount of each payment comprising the Issue Price and date on which each payment is to be made [and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Instruments and interest due on late payment]: [Not Applicable/give details]
29. Details relating to Instalment Instruments: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
30. Redemption, renominialization and reconventioning provisions: [Not Applicable/The provisions annexed to these Final Terms apply]
31. Other final terms: [Not Applicable/give details]
[(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

DISTRIBUTION

32. (i) If syndicated, names [and addresses]¹ of Managers [and underwriting commitments]²: [Not Applicable/give names[, addresses and underwriting commitments]³ [(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)]⁴

¹ Only applicable to Tranches of Instruments with a denomination of less than Euro 50,000 or equivalent in other currencies.

² Only applicable to Tranches of Instruments with a denomination of less than Euro 50,000 or equivalent in other currencies.

³ Only applicable to Tranches of Instruments with a denomination of less than Euro 50,000 or equivalent in other currencies.

⁴ Only applicable to Tranches of Instruments with a denomination of less than Euro 50,000 or equivalent in other currencies.

- | | | |
|-------|--|---|
| (ii) | Date of [Subscription Agreement] | [•] |
| (iii) | Stabilizing Manager(s) (if any) | [Not Applicable/give name] |
| 33. | If non-syndicated, name [and address] of Dealer: | [Not Applicable/give name] |
| 34. | Total commission and concession: | [•] per cent of the Aggregate Principal Amount. ⁶ |
| 35. | U.S. Selling Restriction: | [Reg. S Compliance Category; TEFRA C/TEFRA D/TEFRA not applicable] |
| 36. | Non-exempt Offer: | [Not Applicable] [An offer of the Instruments may be made by the Managers [and <i>specify other distributors if known and if applicable</i>]] other than pursuant to Article 3(2) of the Prospectus Directive in <i>specify relevant Member State(s) which must be jurisdictions where the Prospectus and any supplements have been passported</i> (“ Public Offer Jurisdictions ”) during the period from <i>specify date</i> until <i>specify date</i> (“ Offer Period ”). See further Paragraph 10 of Part B below. |
| 37. | Additional selling restrictions: | [Not Applicable/give details] |

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] and admission to trading on the regulated market of the Luxembourg Stock Exchange of the Instruments described herein pursuant to the U.S.\$50,000,000,000 Program for the Issuance of Debt Instruments of American Express Travel Related Services Company, Inc., American Express Credit Corporation, American Express Overseas Credit Corporation Limited and American Express Centurion Bank.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[•] has been extracted from [•]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [•], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

[ISSUER]

By: _____
Duly authorized

⁶ Only applicable to Tranches of Instruments with a denomination of less than Euro 50,000 or equivalent in other currencies.

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing: [The official list of the Luxembourg Stock Exchange/other (specify)/None]
- (ii) Admission to trading: [Application has been made by the Issuer for the Instruments to be admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect from [].] [Application is expected to be made by the Issuer (or on its behalf) for the Instruments to be admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect from [•].] [Not Applicable.]
- (Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)*

2. RATINGS

- Ratings: The Instruments to be issued have been rated:
[S & P: []]
[Moody's: []]
[[Other]: []]
- [Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]⁶*
- (The above disclosure should reflect the rating allocated to Instruments of the type being issued under the Program generally or, where the issue has been specifically rated, that rating.)*

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

Need to include a description of any interest, including conflicting ones, that is material to the issue/ offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:

“Save as discussed in “Subscription and Sale”, so far as the Issuer is aware, no person involved in the offer of the Instruments has an interest material to the offer.”

[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- [(i) Reasons for the offer []
(See “Use of Proceeds” wording in Base Prospectus – if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]
- [(ii) Estimated net proceeds: [] *(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
- [(iii) Estimated total expenses: [] *[Include breakdown of expenses.]*

⁶ Only applicable to Tranches of Instruments with a denomination of less than Euro 50,000 or equivalent in other currencies.

(If the Instruments are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)

5. [Fixed Rate Instruments only – YIELD

Indication of yield: []
[Calculated as [include details of method of calculation in summary form] on the Issue Date]⁷

[As set out above, the]⁸ [The] yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

6. [Floating Rate Instruments only – HISTORIC INTEREST RATES

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]⁹

7. [Index-Linked or other variable-linked Instruments only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, [EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS]¹⁰ AND OTHER INFORMATION CONCERNING THE UNDERLYING

Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident. Need to include a description of any market disruption or settlement disruption events that affect the underlying and any adjustment rules in relation to events concerning the underlying (if applicable). Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained. Where the underlying is not an index need to include equivalent information. Where the underlying is a security need to include the name of the issuer of the security and the International Securities Identification Number (ISIN) or equivalent identification number. Where the underlying is a basket of underlyings, need to include the relevant weightings of each underlying in the basket. Include other information concerning the underlying required by Paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]

[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

The Issuer will not provide any post-issuance information, except if required by any applicable laws and regulations.

⁷ Only applicable to Tranches of Instruments with a denomination of less than Euro 50,000 or equivalent in other currencies.

⁸ Only applicable to Tranches of Instruments with a denomination of less than Euro 50,000 or equivalent in other currencies.

⁹ Only applicable to Tranches of Instruments with a denomination of less than Euro 50,000 or equivalent in other currencies.

¹⁰ Only applicable to Tranches of Instruments with a denomination of less than Euro 50,000 or equivalent in other currencies.

8. [Dual Currency Instruments only – PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT

Need to include details of where past and future performance and volatility of the relevant rate[s] can be obtained [and a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]¹¹

[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]

9. OPERATIONAL INFORMATION

ISIN Code: []

Common Code: []

Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking *société* anonyme and the relevant identification number(s): [Not Applicable/give name(s) and number(s)]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s) []

Names and addresses of additional Paying Agent(s) (if any): []

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes][No]
Note that the designation “yes” simply means that the Instruments are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Instruments will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.*[Include this text if “yes” selected in which case the Instruments must be issued in New Global Instrument form]*

¹¹ Only applicable to Tranches of Instruments with a denomination of less than Euro 50,000 or equivalent in other currencies.

10. **TERMS AND CONDITIONS OF THE OFFER**

Offer Price:	[Issue Price][<i>specify</i>]
Conditions to which the offer is subject:	Offers of the Instruments are conditional upon their issue
Description of the application process:	[Not Applicable/ <i>give details</i>]
Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:	[Not Applicable/ <i>give details</i>]
Details of the minimum and/or maximum amount of application:	[Not Applicable/ <i>give details</i>]
Details of the method and time limits for paying and delivering the Instruments:	The Instruments will be issued on the Issue Date against payment to the Issuer of the net subscription moneys
Manner in and date on which results of the offer are to be made public:	[Not Applicable/ <i>give details</i>]
Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:	[Not Applicable/ <i>give details</i>]
Categories of potential investors to which the Instruments are offered and whether tranche(s) have been reserved for certain countries:	Offers may be made by Offerors authorised to do so by the Issuer in [<i>insert jurisdiction where the Base Prospectus has been approved and published and jurisdictions into which it has been passported</i>] to any person [<i>insert suitability criteria, if any are deemed appropriate, pursuant to any applicable conduct of business rules</i>]. In other EEA countries, offers will only be made pursuant to an exemption from the obligation under the Prospectus Directive as implemented in such countries to publish a prospectus
Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:	[Not Applicable/ <i>give details</i>]
Amount of any expenses and taxes specifically charged to the subscriber or purchaser:	[Not Applicable/ <i>give details</i>]
Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place:	[None/ <i>give details</i>]

USE OF PROCEEDS

The net proceeds of the issue of each Tranche of Instruments will be applied by the relevant Issuer to meet part of its general financing requirements.

AMERICAN EXPRESS TRAVEL RELATED SERVICES COMPANY, INC.

TRS was incorporated in the State of New York on May 3, 1982 (registration no. 767655), as a business corporation with perpetual existence. TRS operates under the laws of the State of New York and the federal laws of the U.S.A. TRS' registered office and principal place of business is located at 200 Vesey Street, New York, New York 10285, and its telephone number is: 212-640-2000. On November 14, 2008, American Express and its principal operating subsidiary, TRS, each became bank holding companies under the Bank Holding Company Act of 1956 subject to the supervision and examination by the Board of Governors of the Federal Reserve.

As of December 31, 2008, TRS had outstanding share capital of 102 common shares of no par value, all of which were fully paid up.

Its corporate purposes include engaging in all aspects of the credit card business, issuance and sale of travelers cheques and all other kinds of money and credit transfer activities, all kinds of travel service activities, borrowing, lending and investing funds. TRS' corporate purposes are set forth in pages 1 to 4 of its amended certificate of incorporation.

TRS is a wholly-owned subsidiary of American Express. American Express was founded in 1850 as a joint stock association and was incorporated under the laws of the State of New York (United States of America) in 1965. American Express is a leading global payments and travel company that offers its products and services throughout the world. American Express common stock trades on The New York Stock Exchange and certain other stock exchanges in and outside the United States. As a publicly held company, American Express files periodic reports with the SEC. The information about TRS presented below is qualified in its entirety by reference to, and should be read in conjunction with, TRS' audited consolidated financial statements for each of the years ended December 31, 2008 and 2007, including the notes thereto prepared in accordance with U.S. generally accepted accounting principles ("US GAAP").

THE INSTRUMENTS ISSUED BY TRS ARE DIRECT, UNSECURED OBLIGATIONS OF TRS ONLY. THEY ARE NOT THE OBLIGATIONS OF OR GUARANTEED BY AMERICAN EXPRESS OR ANY OTHER AMERICAN EXPRESS SUBSIDIARY OR AFFILIATE.

Products and Services

TRS' Global Consumer Group and Global Business-to-Business Group provide a variety of products and services worldwide.

The Global Consumer Group offers a range of products and services including:

- charge and credit card products for consumers and small businesses worldwide primarily through its U. S. bank subsidiaries and affiliates;
- consumer travel services; and
- stored value products such as Travelers Cheques and prepaid products.

The Global Business-to-Business Group provides, among other products and services:

- business travel, corporate cards and other expense management products and services;
- network services for TRS' network partners; and
- merchant acquisition and merchant processing, point-of-sale, servicing and settlement, and marketing products and services for merchants.

In certain countries TRS has granted licenses to partially-owned affiliates and unaffiliated entities to offer some of these products and services.

TRS' various products and services are sold globally to diverse customer groups, including consumers, small businesses, middle-market companies, large corporations, and banking and financial institutions. These products and services are sold through various channels including direct mail, the internet, employee and independent third party sales forces and direct response advertising.

TRS' general purpose card network, card issuing and merchant acquiring and processing businesses are global in scope. TRS is a world leader in providing charge and credit cards to consumers, small businesses and corporations. These cards include cards issued by American Express as well as cards issued by third-party banks and other institutions that are accepted on the American Express network (collectively, "Cards"). The Cards permit Cardmembers to charge purchases of goods and services in most countries around the world at the millions of merchants that accept cards bearing the American Express logo. TRS added a net total of 6 million Cards in 2008, bringing total worldwide Cards-in-force to 92.4 million (including Cards issued by third parties). In 2008, TRS' worldwide billed business (spending on American Express® Cards, including Cards issued by third parties) was \$683.3 billion.

TRS' business as a whole has not experienced significant seasonal fluctuations, although travel sales tend to be highest in the second and fourth quarters; Travelers Cheque sales and Travelers Cheques outstanding tend to be greatest each year in the summer months, peaking in the third quarter; American Express® Gift Card sales are highest in the months of November and December; and Card billed business tends to be moderately higher in the fourth quarter than in other quarters.

Despite the challenges of the current economic environment, American Express believes that its "spend-centric" business model (which focuses on generating revenues primarily by driving spending on its Cards and secondarily by finance charges and fees) has significant competitive advantages, even when the overall spending level is down. Average spending per Card, which is substantially higher for TRS versus its competitors, represents greater value to merchants in the form of loyal customers and higher sales. This enables TRS to earn a premium discount rate and thereby invest in greater value-added services for merchants and Cardmembers. As a result of the higher revenues generated from higher spending, TRS has the flexibility to offer more attractive rewards, other incentives to Cardmembers and targeted marketing programs for merchants, which in turn create an incentive for Cardmembers to spend more on their Cards. This business model, along with TRS' closed loop network, in which TRS is both the card issuer and, in most instances, the merchant acquirer, gives TRS a competitive advantage that TRS seeks to leverage to provide more value to Cardmembers, merchants and Card issuing partners.

The American Express brand and its attributes—trust, security, integrity, quality and customer service—are key assets of American Express. TRS continues to focus on its brand by educating employees about these attributes and by incorporating them into its programs, products and services. The American Express brand has consistently been rated one of the most valuable brands in the world in published studies, and TRS believes it provides it with a significant competitive advantage. TRS believes its brand and its attributes are critical to its success, and TRS invests heavily in managing, marketing and promoting it. In addition, TRS places significant importance on trademarks, service marks and patents, and diligently protects its intellectual property rights around the world.

Global Network & Merchant Services

The Global Network & Merchant Services ("GNMS") segment operates a global general-purpose charge and credit card network, which includes both proprietary Cards and Cards issued under network partnership agreements. It also manages merchant services globally, which includes signing merchants to accept Cards as well as processing and settling card transactions for those merchants. This segment also offers merchants point-of-sale, servicing and settlement, and marketing programs and services.

Cards bearing the American Express logo are issued by TRS and certain of its subsidiaries, and also by third-party institutions, and are accepted on TRS' global card network at all merchant locations worldwide that accept American Express branded Cards. In addition, depending on the product, Cards bearing the American Express logo are generally accepted at ATM locations worldwide that accept Cards. TRS and its subsidiaries issue the vast majority of Cards on the American Express network.

TRS' Global Network Services ("GNS") business establishes and maintains relationships with banks and other institutions around the world who issue Cards and, in certain countries, acquire local merchants on the American Express network. GNS is key to TRS' strategy of broadening the Cardmember and merchant base for TRS' network worldwide. TRS' Global Merchant Services ("GMS") business provides TRS with access to rich transaction data through its closed loop network, which encompasses relationships with both the Cardmember and the merchant. This capability helps TRS to acquire new merchants, deepen relationships with existing merchant customers, process transactions, and provide targeted marketing and other value-added services to merchants in the network.

A key asset of TRS' network is the American Express brand, which is one of the world's most highly recognized and respected.

Global Network Services

TRS continues to pursue a strategy, through its GNS business, of inviting U.S. and foreign banks and other institutions to issue Cards on the American Express network. By leveraging its global infrastructure and the appeal of the American Express brand, American Express aims to broaden its Cardmember and merchant base for its network worldwide. American Express' GNS business has established more than 128 card issuing and/or merchant acquiring arrangements with banks and other institutions in 127 countries.

Historically, TRS had successfully implemented its GNS business strategy in a number of countries outside the United States. However, until 2004 no major U.S. banks had issued Cards in the United States on the American Express global network. This situation was the result of rules and policies of Visa Inc., Visa USA, and Visa International (collectively "Visa") and MasterCard International, Inc. ("MasterCard") in the United States at the time, which mandated expulsion of members that issued American Express-branded Cards. These rules were struck down in 2004 in a lawsuit brought by the U.S. Department of Justice. As a result of this decision, beginning in 2004, TRS has been able to extend its network to other card issuers in the United States, just as it has done internationally.

In 2008, GNS signed 13 new partners to issue Cards and/or acquire merchants on the American Express network. Additionally, GNS partners launched 130 new products during 2008, bringing the total number of American Express-branded GNS partner products to approximately 930.

GNS focuses on partnering with qualified third-party banks and other financial institutions that choose to issue Cards accepted on the American Express global network. Although TRS customizes its network arrangements to the particular market and its partner's requirements, as well as to its strategic plans in that marketplace, all GNS arrangements are designed to help issuers develop products for their highest-spending and most affluent customers and to support the value of American Express[®] Card acceptance to merchants. TRS chooses to partner with institutions who share a core set of attributes such as commitment to high quality standards, strong marketing expertise and compatibility with the American Express brand, and TRS requires adherence to its product, brand and service standards.¹

With approximately 930 different Card products launched on its network so far by its bank partners, GNS is an increasingly important business that is strengthening TRS' brand visibility around the world, driving more transaction volume onto its merchant network and increasing the number of merchants accepting the American Express[®] Card. GNS enables TRS to expand its global presence without assuming additional cardmember credit risk or having to invest large amounts of resources, as its GNS partners already have established attractive customer bases they can target with American Express branded products and are responsible for managing the credit risk associated with the cards they issue. Since 1999, Cards-in-force issued by GNS partners have grown at a compound annual growth rate of 27%, and totaled almost 25 million Cards at the end of 2008. Outside the United States, 68% of new Cards issued in 2008 were Cards issued by one of TRS' GNS partners. Spending on these GNS Cards has grown at a compound annual rate of 27% since 1999. Year over year spending growth in 2008 was 27%, with total spending equal to \$67 billion.

GNS Arrangements

Although the structures and details for each of the GNS arrangements vary, all of them generate revenues for TRS from the Card transaction volumes they drive on the American Express network. Gross revenues received by TRS per dollar spent on a Card issued by a GNS partner are lower than those from its proprietary Card issuing business. However, because the GNS partner is responsible for most of the operating costs and risk of its Card issuing business, TRS' operating expenses and credit losses are lower than those in its proprietary Card issuing business. The GNS business model generates an attractive earnings stream and risk profile that requires a lower level of capital support. The return on equity in the GNS business can thus be significantly higher than that of the proprietary Card issuing business. Because the majority of GNS costs are fixed, the GNS business is highly scalable. GNS partners benefit from their association with the American Express brand and their ability to gain attractive revenue streams and expand and differentiate their product offerings with innovative marketing programs.

¹ The use of the term "partner" or "partnering" does not mean or imply a formal legal partnership.

TRS' GNS arrangements fall into the following three main categories: Independent Operator Arrangements, Network Card License Agreements and Joint Venture Arrangements.

Independent Operator Arrangements

The first type of GNS arrangement is known as an independent operator ("IO") arrangement. As of the end of 2008, American Express had 64 of these arrangements around the world. American Express pursues these arrangements to expand the presence of the American Express network throughout the world, in markets in which it does not offer a proprietary local currency Card. The partner's local presence and relationships help American Express enhance the impact of its brand in the market, reach merchant coverage goals more quickly, and operate at economic scale and cost levels that would be difficult for it to achieve on its own. Subject to meeting its standards, TRS licenses its IO bank partners to issue local currency Cards in their markets, including the classic Green, Gold and Platinum American Express® Cards. In addition, the majority of these partners serve as the merchant acquirer and processor for local merchants. American Express retains the relationship with multinational merchants. Its IO partners own the customer relationships and credit risk for the Cards they issue, and make the decisions about which customers will be issued Cards. GNS generates revenues in IO arrangements from Card licensing fees, royalties on Cardmember billings, foreign exchange conversion revenue, royalties on charge volume at merchants, discount revenue and, in some partnerships, royalties on net spread revenue. Its IO partners are responsible for transaction authorization, billing and pricing, Cardmember and merchant servicing and funding Card receivables for their Cards and payables for their merchants.

TRS bears the risk arising from the IO partners' potential failure to meet their settlement obligations to TRS. TRS mitigates this risk by partnering with independent operators that it believes are financially sound and will meet their obligations, and by monitoring their financial health, their compliance with the terms of their relationship with TRS and the political, economic and regulatory environment in which they operate. In addition, TRS generally requires IO partners to post a letter of credit, bank guarantee or other collateral to reduce this risk.

Examples of countries where TRS has entered into IO arrangements include Brazil, Russia, China, Ecuador, Greece, South Korea, Pakistan, Croatia, Peru, Portugal and Vietnam. Through its IO partnerships, American Express believes it can accelerate growth in Cardmember spending, Cards-in-force and merchant acceptance in these countries.

Network Card License Arrangements

The second type of GNS arrangement is known as a network card license ("NCL"). At the end of 2008, TRS had 60 of these arrangements in place. TRS pursues these arrangements to increase its brand presence and gain market share in markets in which it has a proprietary Card issuing business, and in a few cases those in which it also has IO partners. In an NCL arrangement, TRS grants the third-party financial institution a license to issue American Express branded Cards. The NCL issuer owns the customer relationships for all Cards it issues, provides customer service to its Cardmembers, transaction authorization, billing and credit management, is responsible for the marketing of the Cards, and designs the Card product features (including rewards and other incentives for Cardmembers), subject to meeting certain standards. TRS operates the merchant network, routes and processes Card transactions from the merchant's point-of-sale through submission to the issuer, and settles with issuers. The NCL is the type of arrangement that TRS has implemented with banks in the United States.

GNS' revenues in NCL arrangements are driven by a variety of factors, including the level of Cardmember spending, royalties, currency conversions and licensing fees paid by the partner and fees charged to the Card issuer based on charge volume, and the provision of value-added services such as Cardmember insurance products and other Card features and benefits for the issuer's Cards. As indicated above, the NCL issuer bears the credit risk for the issued Cards, as well as the Card marketing and acquisition costs, Cardmember fraud risks and costs of rewards and other loyalty initiatives. TRS bears the risk arising from the NCL partners' potential failure to meet their settlement obligations to TRS. TRS mitigates this risk by partnering with issuers that it believes are financially sound and will meet their obligations, and by monitoring their financial health, their compliance with the terms of their relationship with TRS and the political, economic and regulatory environment in which they operate. In addition, TRS generally requires NCL issuers to post a letter of credit, bank guarantee or other collateral to reduce this risk.

Examples of NCL arrangements include TRS' relationships with Citibank (South Dakota), N.A. and Bank of America in the United States, Lloyds TSB Bank in the United Kingdom and Westpac Banking Corporation in Australia.

Joint Venture Arrangements

The third type of GNS arrangement is a joint venture (“JV”). TRS has utilized this type of arrangement in Switzerland, Belgium and in other countries. In these markets, TRS joins with a third party to establish a separate business in which TRS has a significant ownership stake. The JV typically signs new merchants to the American Express network and issues local currency Cards that carry the American Express logo. In a JV arrangement, the JV assumes the Cardmember credit risk and bears the operating and marketing costs. Unlike the other two types of GNS arrangements, TRS shares management, risk, and profit and loss responsibility with its JV partners. Income is generated by discount revenues, card fees and net spread revenues. The economics of the JV are similar to the proprietary Card issuing business, which is discussed below under “U.S. Card Services,” and TRS receives a portion of the JV’s income depending on the level of its ownership interest. AEOCC purchases card receivables from certain of the GNS JVs from time to time.

GNS Business Highlights

In 2008 TRS signed a number of agreements to enhance its presence in existing markets and further expand its global presence into new markets.

Some of the highlights of the GNS business outside the United States include:

- Entry into a new card issuing partnership with Westpac New Zealand and launch of a new credit card that increases the points earning power of Westpac’s hotpoints rewards program;
- Issuance of the first American Express * Gold Credit Card in Montenegro, launched with its new partner Crnogorska Komercijalna Banka, a member of the OTP Group;
- Launch of the American Express Gold Card and the American Express Platinum Card * in Estonia with its new partner Swedbank (formerly Hansabank); and
- Announcement of a new partnership with the International Bank of Azerbaijan, the largest financial institution of Southern Caucasus, to launch American Express Cards in the Azerbaijani market.

GNS continues to expand its airline co-brand portfolio, launching 14 new airline co-brands in 2008 bringing the total to 37 airline co-brand products. Some of the key airline co-brand signings outside the United States in 2008 include:

- Issuance of the Iberia Sento American Express Card in Spain with TRS’ new partner Iberia Cards;
- Launch in the United Kingdom, with TRS’ partner MBNA Europe Bank Ltd, of three airline co-branded credit card programs with the MBNA brand: the Miles & More American Express Credit Card, the BMI American Express airline co-brand Card and the United Airlines Mileage Plus credit card; and
- Issuance of the first airline co-brand card on the American Express network in Japan with TRS’ partner GE Money, the AAdvantage / GE Money American Express Card.

Some of the highlights of TRS’ GNS business in the United States in 2008 include:

- Announcement with Fidelity Investments of the launch of the Fidelity Retirement Rewards American Express Card;
- Launch with GE Money and Universal Studios of the Universal American Express Card from GE Money; and
- Launch of two new airline co-brand cards with TRS’ partner Bank of America, the Asiana American Express Card and the Virgin Atlantic American Express Card.

Global Merchant Services

TRS operates a GMS business, which includes signing merchants to accept Cards, accepting and processing Card transactions, and paying merchants that accept Cards for purchases made by Cardmembers with

Cards (“Charges”). TRS also provides marketing services and programs to merchants, leveraging the capabilities provided by its closed-loop structure, as well as point-of-sale products and servicing and settlement.

TRS’ objectives are for Cardmembers to be able to use the Card wherever and however they desire, and to increase merchant coverage in key geographic areas and in selected new industries that have not traditionally accepted general-purpose credit and charge cards as a means of payment. TRS adds new merchants to its network through a number of sales channels including: a proprietary sales force, third-party sales and service agents, strategic alliances with banks and processors, the internet, telemarketing and inbound “Want to Honor” calls (i.e., merchants desiring to accept the Card contacting TRS directly). IO partners and JVs also add new local merchants to the American Express network.

During 2008, TRS continued expanding its integrated American Express OnePointSM solution for small- and medium-sized merchants. Under this program, third-party service agents provide payment processing services to merchants on TRS’ behalf for Card transactions, while TRS retains the acceptance contract with participating merchants, establishes merchant pricing and receives the same transactional information it always has received. This program simplifies card processing for small- and medium-sized merchants by providing them with a single source for statements, settlement and customer service.

Since the early 1990s, TRS has significantly expanded the number of merchants that accept its Card products as well as the kinds of businesses that accept the Card. Over the last several years, TRS has focused its efforts on increasing the use of its Cards for everyday spending. In 1990, 64% of U.S. billings came from the travel and entertainment sectors and 36% came from retail and other sectors. That proportion has now been more than reversed. In 2008, U.S. non-travel and entertainment billings represented over 70% of the U.S. billed business on American Express Cards. This shift resulted from the growth, over time, in the types of merchants that began to accept charge and credit cards in response to consumers’ increased desire to use these cards for more of their purchases, and TRS’ focus on expanding Card acceptance to meet Cardmembers’ needs.

During 2008, TRS continued its efforts to encourage consumers to use the Card for everyday spending and to increase the number and types of merchants in retail and everyday spending categories that accept the Card, such as quick-serve restaurants, mass transit, healthcare and recurring billing merchants. For example, during 2008, TRS announced Card acceptance agreements in the United States with:

- Fresh & Easy Neighborhood Market, a company of Tesco, to accept the Card at over 100 Fresh & Easy stores in California, Arizona and Nevada;
- Fry’s Electronics, Inc. to accept the Card at all 34 Fry’s stores in the United States and on its Web site; and
- Public mass-transit systems Southeastern Pennsylvania Transportation Authority (SEPTA) and Bay Area Rapid Transit (BART).

Outside the United States, TRS signed card acceptance agreements with:

- RBS Insurance Group of the United Kingdom, to accept the Card for certain lines of insurance;
- McDonald’s, to accept the Card at its 780 restaurants across Australia;
- Unicoop Firenze SC, to accept the Card at seven of its hypermarkets in Italy; and
- Christie’s, to accept the Card at its auctions in Hong Kong.

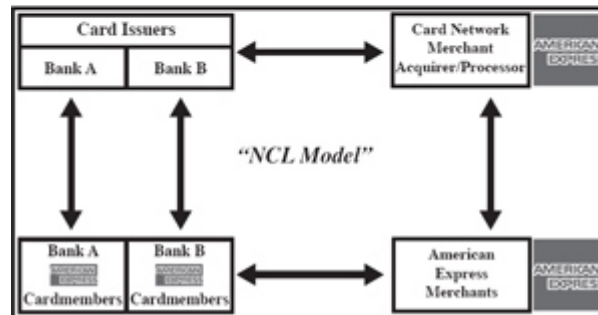
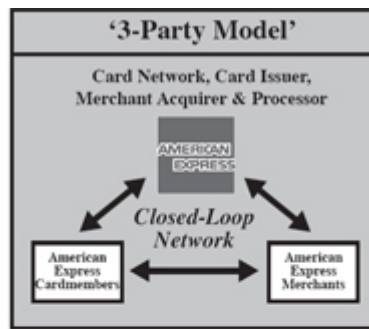
In addition, TRS continued its drive to bring Card acceptance to industries where cash or checks are the predominant form of payment. For example, TRS made headway in promoting Card acceptance for Global Business-to-Business payments in industries such as pharmaceuticals, wholesale foods, biotechnology, construction, industrial supply and telecommunications. Acceptance agreements were signed in 2008 in the United States with wholesale home products and improvement companies such as Lansing Building Products, Dal-Tile Corp., Lux Home Inc., and Spring Air, and construction materials manufacturer, Acme Brick Company. Internationally, a Card acceptance agreement was reached with Ceva Logistics, a warehousing, transport and logistics company in Australia. As TRS penetrates these industries, there is the potential to increase average Cardmember spending.

Globally, acceptance of general purpose charge and credit cards continues to increase. As in prior years, during 2008, TRS continued to grow merchant acceptance of Cards around the world and to refine its approach to calculating merchant coverage in accordance with changes in the marketplace. Management estimates that, as of the end of 2008, TRS' merchant network in the United States accommodated more than 90% of Cardmembers' general purpose charge and credit card spending, and its international merchant network as a whole accommodated approximately 80% of Cardmembers' general purpose charge and credit card spending. These percentages are based on comparing Cardmembers' spending on TRS' network currently with TRS' estimate of what its Cardmembers would spend on its network if all merchants that accept general purpose credit and charge cards accepted American Express® Cards.

TRS earns "discount" revenue from fees charged to merchants for accepting Cards as payment for goods or services sold. The merchant discount is the fee charged to the merchant for accepting Cards and is generally expressed as a percentage of the amount charged on a Card. The merchant discount is generally deducted from the amount of the payment that the "merchant acquirer" (in most cases, TRS or one of its subsidiaries) pays to a merchant for Charges submitted. A merchant acquirer is the entity that contracts for Card acceptance with the merchant, accepts transactions from the merchant, pays the merchant for these transactions and submits the transactions to TRS' network, which submits the transactions to the appropriate Card issuer. When a Cardmember presents the Card for payment, the merchant creates a record of charge for the transaction and submits it to the merchant acquirer for payment. To the extent that TRS or one of its subsidiaries is the merchant acquirer, the merchant discount is recorded by TRS as discount revenue at the time the transaction is received by TRS from the merchant.

Where TRS acts as the merchant acquirer and the Card presented at a merchant is issued by a third-party bank or financial institution, such as in the case of TRS' GNS partners, TRS will make financial settlement to the merchant and receive the discount revenue. In its role as the operator of the Card network, TRS will also receive financial settlement from the Card issuer, who receives an issuer rate (i.e., the individually negotiated amount that Card issuers receive for transactions charged on the network with Cards that they issue, which is usually expressed as a percentage of the charged amount). The difference between the discount revenue (received by TRS in the form of the merchant discount) and the issuer rate received by the Card issuer generates a return to TRS. Where American Express is the Card issuer and the merchant acquirer is a third-party bank or financial institution (which can be the case in a country in which the IO is the local merchant acquirer), TRS receives an individually negotiated issuer rate in its settlement with the merchant acquirer, which is recorded by TRS as discount revenue. By contrast with networks such as Visa and MasterCard, there is no collectively-set interchange rate on the American Express network.

The following diagrams depict the relationships among the parties in a point-of-sale transaction effected on the American Express network where TRS acts as both the Card issuer and merchant acquirer (the "3-Party Model") and under an NCL arrangement where third-party financial institutions act as Card issuers (the "NCL Model"):



The merchant discount rate that TRS charges is principally determined by the value it delivers to the merchant and generally represents a premium over other networks. TRS delivers greater value to the merchant through higher spending Cardmembers relative to cards issued on competing card networks, marketing expertise, and Cardmembers' insistence on using their Cards when enrolled in rewards or other Card loyalty programs, including Cardmembers who are part of TRS' Corporate Card program.

The merchant discount rate varies, among other factors, with the industry in which the merchant does business, the merchant's Charge volume, the timing and method of payment to the merchant, the method of submission of Charges and, in certain instances, the geographic scope of the Card acceptance agreement signed with TRS (local or global) and the Charge amount.

In 2008, as in prior years, TRS experienced some reduction in its global weighted average merchant discount rate, principally reflecting the net impact of selective repricing initiatives, changes in the mix of business, regional market pressures and volume-related pricing adjustments. TRS expects that the effect of these factors will likely continue to result in some erosion over time of the weighted average merchant discount rate, particularly outside the United States.

While most merchants that accept TRS' cards understand the merchant discount rate pricing in relation to the value provided, TRS does encounter a relatively small number of merchants that accept its Cards, but tell their customers that they prefer to accept another type of payment and, consequently, suppress use of the Card. Subject to local legal requirements, TRS responds to this issue vigorously to ensure that its Cardmembers are able to use their Card where and when they want to and to protect the American Express brand. TRS has made progress by: concentrating on acquiring merchants where Cardmembers want to use the Card; continuing to enhance the value it provides by programs such as My WishList and American Express Selects[®] which enable merchants to gain valuable exposure and additional sales by providing exclusive offers and experiences to American Express Cardmembers; providing better and earlier communication of its value proposition; and, when necessary, cancelling merchants who suppress the use of its Card products.

In the case of My WishList, a popular seasonal limited e-tail Web site TRS developed in the U.S. in conjunction with merchant partners, TRS provides Cardmembers with opportunities to buy a limited number of sought-after items, such as automobiles, electronics and jewelry, and attractive travel and lifestyle experiences, at a significant discount from their retail prices, as well as access to numerous offers from top brands. Through American Express Selects[®], TRS makes available to its Cardmembers high quality shopping, dining and travel values from merchants all over the world. American Express Selects[®] is a global platform available to American Express Cardmembers and merchants that enables Cardmembers to enjoy special offers from merchants without compromising their privacy.

Merchant satisfaction is a key goal of the GMS business. TRS focuses on understanding and addressing factors that influence merchant satisfaction, including developing and executing innovative programs that increase Card usage at merchants, using technology resources, enhancing operational efficiencies and merchants' ease of doing business with TRS, making its U. S. operating procedures easily available to merchants on TRS' web site, applying its closed loop capabilities and deep marketing expertise, and strengthening its relationships with merchants through an expanding roster of services that help them meet their business goals.

TRS also offers its merchant customers a full range of point-of-sale solutions, including integrated point-of-sale terminals, software, online solutions, and direct links that allow merchants to accept American Express[®] Cards, as well as bankcards, debit cards and checks. Virtually all proprietary point-of-sale solutions support direct processing (i.e., direct connectivity) to American Express, which can lower a merchant's cost of Card acceptance and enhance payment efficiency.

ExpressPay from American Express[®], a contactless payment feature, is designed to be a fast, easy-to-use alternative for making everyday purchases at merchants where speed and convenience is important. ExpressPay is now accepted at over 30,000 locations in the United States, including top quick-service restaurant, movie theater, drug store and convenience store and major retail chains. ExpressPay, powered by radio-frequency technology, is currently embedded within several Card products. In 2008, TRS expanded the list of merchants where ExpressPay can be used to include Paradise Shops, Universal Orlando Resort and Hess. In early 2008, after a strategic review of the ExpressPay portfolio, TRS decided to discontinue the ExpressPay key fob and focus resources on developing ExpressPay on its card portfolios and mobile phones. All ExpressPay key fobs were deactivated in 2008.

TRS continues to focus its efforts on the recurring billing industry through Automatic Bill Payment, a service that allows merchants to bill Cardmembers on a regular basis for recurring charges such as insurance premiums, newspaper subscriptions, health club memberships, commutation costs and cable television service. TRS has also made modifications to its host authorization system to approve more transactions and reduce Cardmember inconvenience at the point-of-sale without a corresponding increase in fraud or credit losses.

Wherever TRS manages both the acquiring relationship with merchants and the Card issuing side of the business, there is a “closed loop,” which distinguishes TRS’ network from the bankcard networks in that TRS has access to information at both ends of the Card transaction. TRS maintains a direct relationship with both its Cardmembers and its merchants, and TRS handles all key aspects of those relationships. These relationships allow TRS to analyze information on Cardmembers’ spend. This enables TRS to provide targeted marketing for merchants and special offers to Cardmembers through a variety of channels, subject to compliance with its privacy policy and legal requirements. TRS protects the confidentiality of this data, and complies with strict privacy, firewall and applicable legal requirements.

TRS works closely with its Card issuing and merchant acquiring bank partners to maintain key elements of this closed loop, which permits them to customize marketing efforts, deliver greater value to their Cardmembers and help TRS to direct increased business to merchants who accept the Card.

As the merchant acquirer, TRS has certain exposures that arise if a billing dispute between a Cardmember and a merchant is settled in favor of the Cardmember. Drivers of this liability are returns in the normal course of business, disputes over fraudulent charges, the quality or non-delivery of goods and services and billing errors. Typically, TRS offsets the amount due to the Cardmember against payments for the merchant’s current or future Charge submissions. TRS can realize losses when a merchant’s offsetting charge submissions cease, such as when the merchant commences a bankruptcy proceeding or goes out of business. TRS actively monitors its merchant base to assess the risk of this exposure. When appropriate, TRS will take action to reduce the net exposure to a given merchant by requiring a parent company guarantee or letter of credit, holding cash reserves funded through Charge payable holdbacks from a merchant, lengthening the time between when the merchant submits a Charge for payment and when TRS pays the merchant or implementing other appropriate risk management tools. TRS also establishes reserves on its balance sheet for these contingencies.

With the increase in electronic transmission of credit card transaction data over merchants’ point-of-sale systems, American Express and other major card networks recognized the necessity for merchants and merchant processors to secure this data against accidental or intentional compromise using a standard protocol that applies to all card types. In 2006, in order to strengthen the security practices of merchants and payment processing firms and to secure payment account data in a globally consistent manner, TRS and Discover Financial Services, JCB, MasterCard Worldwide and Visa formed PCI Security Standards Council, LLC (“PCI SSC”), an independent standards-setting organization. PCI SSC’s role is to manage the Payment Card Industry (“PCI”) Data Security Standard, and more recently the PCI PIN Entry Device (PED) Security Requirements and the Payment Application Security Standard which focus on improving payment card account security throughout the transaction process. By establishing PCI SSC, TRS and the other founders have developed a common standard that is more accessible and efficient for participants in the payment card industry. All TRS’ merchants and service providers that store, process and transmit payment card data are required to comply with the PCI Data Security Standard. PCI SSC is dedicated to driving greater education, awareness and adoption of the PCI Data Security Standard to ensure that all stakeholders involved in the payment process conduct their business responsibly.

In some markets outside the United States, particularly in Asia, third-party processors and some bankcard acquirers have begun to offer merchants the capability of converting credit card transactions from the local currency to the currency of the cardholder’s residence (i.e., the cardholder’s billing currency) at the point-of-sale,

and submitting the transaction in the cardholder's billing currency, thus bypassing the traditional foreign currency conversion process of the card network. This practice is known as "dynamic currency conversion." If a merchant utilizes a dynamic currency conversion process, the merchant and processor share any fee assessed or spread earned for converting the transaction at the point of sale, thus reducing or eliminating revenue for card issuers and card networks relating to the conversion of foreign charges to the cardholder's billing currency. This practice is not widespread, and it is uncertain to what extent consumers will prefer to have foreign currency transactions converted by merchants in this way. TRS' policy generally requires merchants to submit Charges and be paid in the currency of the country in which the transaction occurs, and TRS converts the transaction to the Cardmember's billing currency.

GNMS—Competition

TRS' global card network, including its GMS and GNS businesses, competes with other charge and credit card networks, including, among others, Visa, MasterCard, Diners Club (which was acquired by Discover Financial Services), Discover (primarily in the United States), and JCB Co., Ltd. (primarily in Asia). American Express is the third largest general purpose charge and credit card network based on charge volume, behind Visa and MasterCard, which are larger than American Express is in most markets. In addition, apart from such network services, a range of companies globally, including merchant acquirers and processors, carry out some activities similar to certain activities performed by TRS' GMS and GNS businesses. No single entity participates on a global basis in the full range of activities that are encompassed by TRS' closed loop business model.

The principal competitive factors that affect the network and merchant service business include:

- the number of Cards-in-force and amount of spending on these Cards;
- the quantity and quality of the establishments where the Cards can be used;
- the economic attractiveness to card issuers and merchant acquirers of participating in the network;
- the success of marketing and promotional campaigns;
- reputation and brand recognition;
- innovation in systems, technology and product offerings;
- the quality of customer service;
- the security of Cardmember and merchant information;
- the impact of existing litigations, legislation and government regulation; and
- cost of Card acceptance relative to the value provided.

Another aspect of network competition is the recent emergence and rapid growth of alternative payment mechanisms and systems, which include aggregators (such as PayPal), wireless payment technologies (including using mobile telephone networks to carry out transactions), pre-paid systems and systems linked to credit cards, and bank transfer models. In the United States, alternative payment vehicles continue to emerge that seek to redirect online customers to payment systems based on ACH (automated clearing house, i.e., inter-bank transfer), and existing debit networks are making efforts to develop online PIN functionality, which could potentially reduce the relative use of charge and credit cards online.

Some of TRS' competitors have attempted to replicate its closed loop structure, such as Visa's Visa Incentive Network. Although it remains to be seen how effective Visa will be, efforts by Visa and other card networks and payment providers to replicate the closed loop speak both to its continued value as well as the intense competitive environment in which TRS operates.

GNMS—Regulation

Local regulations governing the issuance of charge and credit cards have not been a significant factor impacting GNS' arrangements with banks and qualifying financial institutions, because such banks and institutions generally are already authorized to issue general purpose cards and, in the case of IO arrangements, to operate merchant acquiring businesses. Accordingly, TRS' GNS partners have generally not had difficulty in

obtaining appropriate government authorization in the markets in which TRS has chosen to enter into GNS arrangements. As a network service provider to regulated U.S. banks, the GNS business is subject to review by certain federal bank regulators, including the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency and the Office of Thrift Supervision. As the operator of a general purpose card network, TRS is also subject to certain provisions of the Currency and Foreign Transactions Reporting Act and the regulations issued by the U.S. Department of the Treasury as amended by the USA PATRIOT Act of 2001 (the "Patriot Act"). TRS conducts due diligence on its GNS partners to ensure that they maintain sufficient anti-money laundering and "know your customer" programs to prevent TRS' network from being used for money laundering or terrorist financing purposes.

In recent years, regulators in several countries outside the United States have focused on the fees involved in the operation of card networks, including the fees merchants are charged to accept cards. Regulators in the United Kingdom, Poland, Germany, Spain, Hungary, the European Union (EU), Australia, Mexico, and Switzerland, among others, have conducted investigations. The interchange fee, which is the collectively set fee paid by the bankcard merchant acquirer to the card issuing bank in "four-party" payment networks, like Visa and MasterCard, is generally the largest component of the merchant service charge charged to merchants for bankcard debit and credit charges in these systems. By contrast, the American Express network does not have collectively-set interchange fees. Although the regulators' focus has primarily been on Visa and MasterCard as the dominant card networks and their operations on a multilateral basis, antitrust actions and government regulation of the bankcard associations' pricing could ultimately affect all networks. Lower interchange and/or merchant discount revenue may lead card issuers to look for other sources of revenue such as higher annual card fees, interest charges, as well as to reduce costs by scaling back or eliminating rewards programs.

In certain countries where antitrust actions or regulations have led TRS' competitors to lower their fees, TRS has made adjustments to its pricing to merchants to reflect local competitive trends. For example, reductions in bankcard interchange mandated by the Reserve Bank of Australia reforms in 2003 have resulted in lower merchant discount rates for Visa and MasterCard acceptance. As a result of changes in the marketplace, TRS has reduced its own merchant discount rates in Australia although it has been able to increase billed business and the number of merchants accepting its Cards. In addition, under legislation enacted in Argentina, a merchant acquirer is required to charge the same merchant discount rate to all merchants in the same industry category, and merchant discount rates for credit cards cannot exceed 3%. The Central Bank of Venezuela also recently issued regulations regarding the maximum level of merchant discount rates by industry category.

In Europe, investigations of interchange are usually handled as a matter for the domestic competition law authority, as well as the European Commission. In its Final Report on the retail banking sector issued in January 2007, which included a review of the payment cards industry, including interchange fees, the European Commission appeared to favor competition law enforcement tools, rather than regulation of price levels, to address perceived issues of insufficient competition. The conclusions of the European Commission in its Final Report do not have the force of law, but may be used as the basis for future regulation or antitrust enforcement action in the EU Member States.

In December 2007, the European Commission ruled that MasterCard's multilateral interchange fees ("MIF") for cross-border payment card transactions violate EC Treaty rules on restrictive business practices. MasterCard has indicated it will comply, although it is also lodging an appeal against the Commission's findings. The ruling does not prevent MasterCard and its member banks from adopting an alternative MIF arrangement that can be proven to comply with EU Competition rules. The Commission's decision applies to cross-border consumer credit, charge and debit card transactions within the EU and to domestic transactions to which MasterCard has chosen to apply the cross-border MIF. Although the Commission's investigation included commercial cards, it has reserved judgment for the time being on the legality of MasterCard's cross-border MIF for commercial card transactions.

In 2002, the Commission granted an exemption to Visa regarding its MIFs. This exemption expired on December 31, 2007, and in March 2008 the Commission opened formal antitrust proceedings against Visa Europe Limited in relation to Visa's MIFs for cross-border consumer card transactions. The Commission has indicated that the MasterCard decision should "provide Visa with guidance for the way ahead," although it stated that "every MIF must be examined on its own merits."

These developments may impact how the competition authorities in the Member States of the EU view domestic interchange. In 2007, for example, the competition regulator in Poland found insufficient basis for Visa

and MasterCard interchange fees and ordered the associations and their members to stop their current interchange setting practices with immediate effect. The banks appealed that decision and in November 2008 the decision was overturned. The Polish Competition Authority has appealed that ruling.

Regulators, including most recently the European Commission, have considered the industry practice of prohibiting merchants from passing the cost of merchant discount fees along to consumers through surcharges on card purchases. Although some countries, such as the United Kingdom, have for a number of years permitted merchants to levy a surcharge on credit card purchases, there has to date been a relatively low overall incidence of surcharging, as merchants do not want to risk offending customers or losing them to competitors that do not assess surcharges for credit card purchases. In Australia, American Express has seen selective, but increasing merchant surcharging on its Cards in certain industries and, in some cases, on a basis that is greater than that applied to cards issued on the bankcard networks.

The European Union has adopted a new legislative framework for electronic payment services, including cards, referred to as the Payment Services Directive. The Payment Services Directive prescribes common rules for licensing and supervision of payment services providers, including card issuers and merchant acquirers, and for their conduct of business. The objective of the Payment Services Directive is to facilitate the creation of a single, internal payments market in the EU through harmonization of EU Member State laws governing payment services. One provision of the Payment Services Directive permits merchants to surcharge, subject to disclosure requirements, but also allows individual Member States to override this rule by prohibiting surcharging. To date, the United Kingdom, Netherlands, Sweden, Spain, Ireland and Germany have made known their intent to permit surcharging, and France has made known its intent to prohibit surcharging. All EU Member States are required to make their election one way or the other by November 2009. The Payment Services Directive complements another European initiative, the Single Euro Payments Area (“SEPA”), which is an industry-led initiative with support from EU institutions. Among other changes, SEPA will involve the adoption of new, pan-European technical standards for cards and card transactions. All of the foregoing will entail costs to implement and maintain.

In the United States, Congress continues to debate the interchange issue. There have been several hearings on Visa/MasterCard interchange over the last two years, and at the request of Congress, the Government Accountability Office completed a study on the cost of credit card acceptance to federal agencies and is undertaking a study on the structure of interchange fees and their impact on small merchants. In 2008, federal legislation was introduced that would give all U.S. merchants antitrust immunity to negotiate collectively the price and terms of card acceptance on networks with at least a 20% share of U.S. credit and debit card payments combined, with a default process for having prices and terms set through government action rather than competitive forces. One version of this legislation (the “Credit Card Fair Fee Act”) was passed in the House Judiciary Committee. As drafted, this legislation would not apply to the American Express network, but, if enacted, would have an effect on American Express in the marketplace. It is expected that Congressional hearings will continue and some version of the Credit Card Fair Fee Act will be introduced again in 2009. The Federal Reserve and various Federal Reserve Banks have been following developments on interchange and have held several conferences focused on interchange rates. While the Federal Reserve has expressed interest in monitoring this issue, it has not indicated the need to regulate interchange rates in the United States.

During 2008, there were also a number of bills proposed in individual state legislatures seeking to impose caps on credit card interchange or to prohibit card companies from charging merchant discount on the sales tax portion of credit card purchases. Other proposals were aimed at increasing the transparency of card network rules for merchants. In addition, a number of bills were proposed to establish merchant liability for the costs of a data security breach of a merchant’s system or require merchants to adopt technical safeguards to protect sensitive card holder payment information. Proposed state legislation aimed at regulating pricing or other aspects of merchants’ card acceptance will continue during 2009. In the event that governmental or regulatory activity to limit interchange or merchant fees continues or increases, or state data security legislation is adopted, TRS’ revenues and profitability could be adversely affected.

During the last few years as regulatory interest in credit card network pricing to merchants and related issues has increased, American Express has responded to many inquiries from banking and competition authorities throughout the world. For information about its receipt of a Civil Investigative Demand from the Antitrust Division of the United States Department of Justice, please see “Other Matters” within “Legal Proceedings” below.

U.S. Card Services

As a significant part of its proprietary Card issuing business, TRS and its U.S. banking subsidiaries issue a wide range of Card products and services to consumers and small businesses in the United States. TRS' consumer travel business, which provides travel services to Cardmembers and other consumers, complements its core Card business, as does its Travelers Cheques and prepaid services business. The proprietary Card business offers a broad set of card products to attract TRS' target customer base. Core elements of TRS' strategy are:

- focusing on acquiring and retaining high-spending, creditworthy Cardmembers;
- designing Card products with features that appeal to specific customer segments;
- the use of strong incentives to drive spending on various Card products, including the Membership Rewards[®] program and other rewards features;
- the use of loyalty programs such as Delta SkyMiles[®], sponsored by co-brand and other partners to drive spending;
- the development and nurturing of wide-ranging relationships with co-brand and other partners;
- promoting and using incentives for Cardmembers to use their Cards in new and expanded merchant categories, including for everyday spend and traditional cash and check categories;
- a multi-card strategy (having multiple Card products in customers' wallets); and
- providing exceptional customer service.

American Express ranked highest in customer satisfaction among credit card companies in a September 2008 study by J.D. Power and Associates, one of the world's most respected consumer research firms. The study, which compared the 18 largest U.S. credit card issuers, looked at the key drivers of satisfaction: benefits and features, rewards, billing and payment processes, fees and rates, and problem resolution.

Consumer and Small Business Services

TRS offers individual consumer charge Cards such as the American Express[®] Card, the American Express[®] Gold Card, the Platinum Card[®], and the ultra-premium Centurion[®] Card; revolving credit Cards such as Blue from American Express[®], Blue Cash[®] Card from American Express and Blue Sky from American Express; and a variety of Cards sponsored by and co-branded with other corporations and institutions, such as the Delta SkyMiles[®] Credit Card from American Express, True Earnings[®] Card exclusively for Costco Members, Starwood Preferred Guest[®] Credit Card and JetBlue Card[®] from American Express.

Charge Cards

TRS' charge Cards, which carry no pre-set spending limits, are primarily designed as a method of payment and not as a means of financing purchases of goods or services. Charges are approved based on a variety of factors including a Cardmember's current spending patterns, payment history, credit record, and financial resources. Cardmembers generally must pay the full amount billed each month, and no finance charges are assessed on the balance. Charge Card accounts that are past due are subject, in most cases, to a delinquency assessment and, if not brought to current status, may be cancelled. The no preset-spending limit and pay-in-full nature of these products attract high-spending Cardmembers who want to use a charge Card to facilitate larger payments.

The charge Cards also offer flexible payment features to Cardmembers. The Sign & Travel[®] program gives qualified U.S. Cardmembers the option of extended payments for airline, cruise and certain travel charges that are purchased with TRS' charge Cards. The Extended Payment Option offers qualified U.S. Cardmembers the option of extending payment for certain charges on the charge Card in excess of a specified amount.

Revolving Credit Cards

TRS offers a variety of revolving credit Cards. These Cards have a range of different payment terms, grace periods and rate and fee structures. Lending products such as Blue from American Express, Blue Cash from

American Express and Blue Sky from American Express, enable Cardmembers to put a larger proportion of spending on American Express and promote increased relevance for TRS' expanding merchant network.

Co-brand Cards

TRS issues Cards under co-brand agreements with selected commercial firms in the United States. The competition among card issuers and networks for attractive co-brand card partnerships is quite intense because these partnerships can generate high-spending loyal cardholders. The duration of the co-brand arrangements generally ranges from five to ten years. Cardmembers earn rewards provided by the partners' respective loyalty programs based upon their spending on the co-brand Cards, such as frequent flyer miles, hotel loyalty points and cash back. TRS makes payments to its co-brand partners, which can be significant, based primarily on the amount of Cardmember spending and corresponding rewards earned on such spending and, under certain arrangements, on the number of accounts acquired and retained. TRS expenses amounts due under co-brand arrangements in the month earned. Payment terms vary by arrangement, but are monthly or quarterly. Generally, once TRS makes payment to the co-brand partner, the partner is solely liable for providing rewards to the Cardmember under the co-brand partner's own loyalty program. As the issuer of the co-brand card, TRS retains all the credit risk with the Cardmember and bear the receivables funding and operating expenses for such cards. The co-brand partner retains the risk associated with the miles, points or other currency earned by the Cardmember under the partner's loyalty program.

In December 2008, TRS announced a multiyear extension of several key agreements with Delta Air Lines, including, among others, its Co-Brand Card Agreement, Membership Rewards Agreement and Card Service Agreement. The multiyear extension, which was signed following Delta Air Lines' acquisition of Northwest Airlines, allows continued expansion of programs with American Express across its Co-brand credit card, Membership Rewards, merchant services and travel businesses.

During 2008, TRS launched the Delta Reserve Credit Card, a super premium Delta co-brand product, for U.S. based consumers and small businesses. Delta Reserve offers Cardmembers the ability to earn Medallion Qualification Miles ("MQMs") at a faster rate, share MQMs with friends or family, access the Crown Room Club, priority boarding and security lines, as well as concierge services and an annual Coach or First Class companion certificate.

Also in 2008, working with Delta, TRS launched *Pay with Miles*, available exclusively to American Express Gold, Platinum and Reserve Delta SkyMiles Credit Cardmembers. *Pay with Miles* allows Cardmembers to book flights on delta.com and use Miles to pay for all or part of a Delta ticket, with no blackout dates or inventory restrictions.

Co-brand Partnerships with Financial Services Institutions

TRS also issues Cards that are marketed under co-brand partnership arrangements with financial services partners. Such partnerships involve the offering of a standard product (issued by TRS or one of its subsidiaries) to customers of the financial services partner, generally co-branded with the partner's name on the Card. Under these arrangements, TRS makes payments to the financial services partners that are primarily based on the number of accounts acquired and retained through the arrangement and the amount of Cardmember spending on such Cards. The duration of such arrangements generally ranges from three to seven years.

American Express Centurion Bank and American Express Bank, FSB as Issuers of Certain Cards

TRS' revolving credit Cards in the United States are issued by American Express Centurion Bank ("Centurion Bank"), which markets primarily through direct mail and other remote marketing channels, and American Express Bank, FSB ("AEBFSB"), which markets through in-person selling and third-party co-brand partners as well. Centurion Bank also issues certain consumer charge cards and AEBFSB issues all OPEN credit cards and charge cards. Both banks are wholly-owned subsidiaries of TRS.

Centurion Bank is a Utah-chartered industrial bank regulated, supervised and regularly examined by the Utah Department of Financial Institutions and the Federal Deposit Insurance Corporation ("FDIC"). Centurion Bank is an FDIC-insured depository institution. AEBFSB is a federal savings bank regulated, supervised and regularly examined by the Office of Thrift Supervision ("OTS"), a bureau of the U.S. Department of the Treasury. AEBFSB is an FDIC-insured depository institution. The activities of Centurion Bank and AEBFSB are subject to examination by their respective regulators. Both banks take steps to maintain compliance programs to address the

various safety and soundness, internal control and compliance requirements, including anti-money laundering requirements, that apply to them.

Centurion Bank is subject to the risk-based capital adequacy requirements promulgated by the FDIC. Under these regulations, a bank is deemed to be well-capitalized if it maintains a tier one risk-based capital ratio of at least 6%, a total risk-based capital ratio of at least 10% and a leverage ratio of at least 5%. Based on Centurion Bank's tier one risk-based capital, total risk-based capital and leverage ratios, Centurion Bank was considered to be well-capitalized at December 31, 2008.

AEBFSB is subject to the risk-based capital adequacy requirements promulgated by the OTS. Under these regulations, a federal savings bank is deemed to be well-capitalized if it maintains a tier one risk-based capital ratio of at least 6%, a total risk-based capital ratio of at least 10%, and a tier one core capital ratio of at least 5%. Based on AEBFSB's tier one risk-based capital, total risk-based capital and tier one core capital ratios, AEBFSB was considered to be well-capitalized at December 31, 2008.

Card Pricing and Account Management

Certain American Express Cards, particularly charge Cards, charge an annual fee that varies based on the type of Card and the number of Cards for each account. TRS also offers many revolving credit Cards with no annual fee but on which it assesses finance charges for revolving balances. Depending on the product, TRS also charges Cardmembers an annual program fee to participate in the Membership Rewards programs and fees for account performance (e.g., late fees) or for certain services (e.g., additional copies of account statements). TRS applies standards and criteria for creditworthiness to each Cardmember through a variety of means both at the time of initial solicitation or application and on an ongoing basis during the Card relationship. TRS uses sophisticated credit models and techniques in its risk management operation.

Membership Rewards[®] Program

The Membership Rewards[®] program from American Express has over 1,600 redemption partners worldwide, is offered in 98 markets around the world and is built around 48 programs, each tailored to local market needs. The program allows Cardmembers to earn one point for virtually every dollar charged on eligible, enrolled American Express[®] Cards, and then redeem their points for a wide array of rewards, including travel, retail merchandise, dining and entertainment, financial services and even donations to benefit tens of thousands of charities. Points have no expiration date and there is no limit on the number of points one can earn. A large majority of spending by eligible Cardmembers earns points under this program.

The U.S. Membership Rewards[®] program has over 150 redemption partners and features over 350 merchandise brands. Enrollees may also customize their own redemption experiences through the program's Create Your Reward and Experiences options.

Membership Rewards[®] program levels are aligned with specific card products to better meet Cardmember lifestyle and reward program usage needs. American Express Cardmembers now participate in one of three Membership Rewards program levels based on the Credit or Charge Card they have in their wallet. For those Cardmembers with American Express[®] Credit Cards, including Blue from American Express[®], TRS has created the Membership Rewards Express[®] program. American Express Charge Cardmembers with American Express[®] Green and Gold Cards have the Membership Rewards program. Platinum Card[®] members and Centurion[®] Cardmembers are enrolled in the Membership Rewards First[®] program.

During the year TRS also expanded its list of redemption partners and announced a number of innovations to meet customer demand. TRS expanded the 2008 Membership Rewards Program to include partners such as Brookstone, Coach, Legal Sea Foods, Old Navy, Mandarin Oriental Hotel Group, The Peninsula Hotels, Ruth's Chris Steak House, west elm, and Jumeirah Hotels and Resorts. TRS also launched new redemption options like the Express RewardsSM Gas Card, a prepaid card that can be used at any gas station that welcomes American Express. And to deliver more value to Cardmembers so they can be rewarded even faster, TRS recently increased the number of bonus points Cardmembers can earn when they shop through the Bonus Points Mall[®] Web site, a one-stop shopping portal that features over 200 popular brands.

When a Cardmember enrolled in the Membership Rewards[®] program uses the Card, TRS establishes reserves to cover the cost of estimated future reward redemptions for points earned to date. When a Membership Rewards[®] program enrollee redeems a reward using Membership Rewards[®] points, TRS makes a payment to the

Membership Rewards[®] program partner providing the reward pursuant to contractual arrangements. Membership Rewards expense is driven by Cardmember charge volume, customer participation in the program, and contractual arrangements with redemption partners. At year end, TRS estimated that current Cardmembers will redeem approximately 90% of their points.

Membership Rewards continues to be an important driver of Cardmember spending and loyalty. TRS believes, based on historical experience, that Cardmembers enrolled in rewards programs yield higher spend, stronger credit performance and greater profit for it. By offering a broader range of redemption choices, TRS has given its Cardmembers more flexibility in the use of their rewards points and favorably affected its average cost per point. TRS continually seeks to optimize the overall economics of the program and make changes to enhance its value to Cardmembers. TRS' program is also valuable to merchants that become redemption partners as TRS brings them high-spending Cardmembers and new marketing channels to reach these Cardmembers.

Cardmember Special Services and Programs

Throughout the world, Cardmembers have access to a variety of fee-free and fee-based special services and programs, depending on the type of Cards they have. Examples of these special services and programs include:

- the Membership Rewards[®] program;
- Global Assist[®] Hotline;
- Extended Warranty;
- Car Rental Loss and Damage Insurance Plan;
- Purchase Protection Plan;
- Emergency Card Replacement;
- Return Protection;
- Manage Your Card Account Online;
- Year-End Summary;
- American Express Roadside Assistance Services;
- American Express Bill Pay[®];
- Emergency Check Cashing Privileges;
- Automatic Flight Insurance;
- Premium Baggage Protection;
- Account Protector;
- Assured Reservations;
- Online Fraud Protection Guarantee;
- Credit Card Registry;
- My Free Credit Score and Report;
- Identity Theft Assistance;
- Event Ticket Protection Plan; and
- Platinum Office Program

OPEN from American Express[®]

In addition to its U.S. Consumer Card business, through AEBFSB TRS is also a leading provider of financial services to small businesses (firms that generally have less than 100 employees and/or annual sales of \$10 million or less), a key growth area in the United States. OPEN from American Express (“OPEN”) offers small business owners a wide range of tools, services and savings designed to meet their evolving needs, including:

- charge and credit Cards;
- unique rewards on eligible spend and business relevant redemptions;
- 3% - 25% discounts at select suppliers of business services and products, including airline tickets, car rentals, hotel stays, package shipping, computer and software equipment, telecommunications, printing and photocopying services and other business services;
- resources to help grow and manage a business through the community-driven Web site, OPEN Forum[®];
- expense management reporting;
- enhanced online account management capabilities;
- retail and travel protections such as baggage insurance; and
- travel services.

All American Express OPEN Cardmembers are automatically enrolled in OPEN Savings[®], which is a program that offers savings for all OPEN customers on travel and other major business expenses simply by using their American Express Business Card at participating companies. These savings may be combined with any existing discounts or offers. During 2008, TRS expanded OPEN[®] Savings by signing new partners in various categories, including Epson America, Barnes&Noble.com, Carey International and StubHub. TRS also renewed relationships with existing partners such as FedEx, Hertz, Marriott International, Hyatt Hotels & Resorts, 1-800-

FLOWERS.COM, Logoworks by HP, and added Marriott's TownePlace Suites and Residence Inn brands to the program.

Card Issuing Business—Competition

TRS' proprietary Card business encounters substantial and intense competition in the United States and internationally. As a card issuer, TRS competes in the United States with financial institutions (such as Citibank, Bank of America, JPMorgan Chase, and Capital One Financial) that issue general purpose charge and credit cards, primarily under revolving credit plans, and Discover Financial Services, which issues the Discover Card on the Discover Business Services network. TRS also encounters limited competition from businesses that issue their own cards or otherwise extend credit to their customers, such as retailers and airline associations, although these cards are generally accepted only at limited locations. Because of continuing consolidations among banking and financial services companies and credit card portfolio acquisitions by major card issuers, there are now a smaller number of significant issuers. The largest competing issuers have continued to grow, in several cases by acquiring card portfolios, and also by cross-selling through their retail branch networks, and competition among all issuers remains intense.

Competing card issuers offer a variety of products and services to attract cardholders, including premium cards with enhanced services or lines of credit, airline frequent flyer program mileage credits, cash rebates and other reward or rebate programs, services for small business owners, "teaser" promotional interest rates for both credit card acquisition and balance transfers, and co-branded arrangements with partners that offer benefits to cardholders. In recent years TRS has encountered increasingly intense competition in the small business sector, as competitors have targeted OPEN's customer base and TRS' leadership position in providing financial services to small businesses.

Most financial institutions that offer demand deposit accounts also issue debit cards to permit depositors to access their funds. Use of debit cards for point-of-sale purchases has grown as most financial institutions have replaced ATM cards with general purpose debit cards bearing either the Visa or MasterCard logo. As a result, the volume of transactions made with debit cards in the United States has continued to increase significantly and has grown more rapidly than credit and charge card transactions. Debit cards are marketed as replacements for cash and checks, and transactions made with debit cards are typically for small dollar amounts. The ability to substitute debit cards for credit and charge cards is limited because there is no credit extended and the consumer must have sufficient funds in his or her demand deposit account to pay for the purchase at the time of the transaction. TRS does not currently issue point-of-sale debit cards for use on the American Express network.

The principal competitive factors that affect the card-issuing business include:

- the features and the quality of the services, including rewards programs, provided to Cardmembers;
- the number, spending characteristics and credit performance of Cardmembers;
- the quantity and quality of the establishments that accept Cards;
- the cost of Cards to Cardmembers;
- pricing, payment and other Card account terms and conditions;
- the number and quality of other charge and credit cards available to Cardmembers;
- the nature and quality of expense management data capture and reporting capability;
- the success of targeted marketing and promotional campaigns;
- reputation and brand recognition;
- the ability of issuers to manage credit and interest rate risk throughout the economic cycle;
- the ability of issuers to implement operational and cost efficiencies; and
- the quality of customer service.

As the payment industry continues to evolve, TRS is also beginning to face competition from non-traditional players, such as online networks and telecom providers, that leverage new technologies and customers' existing charge and credit card account relationships to create payment solutions.

Financing Activities

American Express Credit Corporation, a wholly owned subsidiary of TRS, along with its subsidiaries ("Credco"), purchases the majority of charge Card receivables arising from the use of corporate cards issued in the United States and consumer and corporate Cards issued in certain currencies outside the United States. Credco traditionally financed the purchase of receivables principally through the issuance of commercial paper and the sale of medium- and long-term notes. Similarly, AECB and AEBFSB have financed their revolving credit receivables and consumer and small business charge card receivables, in part, through the sale of short- and medium-term notes and certificates of deposit in the United States. TRS, AECB and AEBFSB also typically have funded receivables through asset securitization programs. The cost of funding Cardmember receivables and loans is a major expense of Card operations.

TRS and its subsidiaries meet their funding needs through a variety of sources, including debt instruments such as commercial paper, senior unsecured debentures and asset securitizations, long-term committed bank borrowing facilities in certain non-U.S. markets, and deposits placed with the TRS' U.S. banks by individuals and institutions.

As discussed in this Base Prospectus under "Risk Factors", the fragility of the credit markets and the current economic environment have impacted financial services companies through market volatility, loss of confidence and rating agency actions. Since September 2008, the market for American Express' unsecured term debt and asset securitizations, like that for virtually all financial institutions, has been effectively frozen, except in connection with participation in certain programs sponsored by the federal government and certain of its departments and agencies. Therefore, the ability of TRS and its subsidiaries to obtain financing in the debt capital markets for unsecured term debt and asset securitizations is dependent on a renewal of investor demand.

A series of government programs launched or announced by the U.S. and other governments during the fourth quarter of 2008 provided some stability to the capital markets and reduced dislocations in benchmark indices such as LIBOR. Certain subsidiaries have participated in certain of these programs, including the Commercial Paper Funding Facility ("CPFF") and the Temporary Liquidity Guarantee Program ("TLGP").

In late 2008, TRS also moved to increase its flexibility in funding U.S. consumer and small business charge cards by amending agreements between Credco and AECB and AEBFSB to allow TRS to shift from time to time the funding of those receivables from Credco to AECB and AEBFSB.

Card Issuing Business—Regulation

The charge card and consumer lending businesses are subject to extensive regulation. In the United States, American Express is subject to a number of federal laws and regulations, including:

- the Equal Credit Opportunity Act (which generally prohibits discrimination in the granting and handling of credit);
- the Fair Credit Reporting Act ("FCRA"), as amended by the Fair and Accurate Credit Transactions Act ("FACT Act") (which, among other things, regulates use by creditors of consumer credit reports and credit prescreening practices and requires certain disclosures when an application for credit is rejected);
- the Truth in Lending Act ("TILA") (which, among other things, requires extensive disclosure of the terms upon which credit is granted), including the amendments to TILA that were adopted through the enactment of the Fair Credit and Charge Card Disclosure Act (which mandates certain disclosures on credit and charge card applications);
- the Fair Credit Billing Act (which, among other things, regulates the manner in which billing inquiries are handled and specifies certain billing requirements);
- the Electronic Funds Transfer Act (which regulates disclosures and settlement of transactions for electronic funds transfers including those at ATMs); and

- Federal laws and regulations that generally prohibit engaging in unfair and deceptive business practices.

Certain federal privacy-related laws and regulations govern the collection and use of customer information by financial institutions (see “Corporate & Other” below). Federal legislation also regulates abusive debt collection practices. In addition, a number of states, the European Union, and many foreign countries in which American Express operates have significant consumer credit protection and disclosure and privacy-related laws (in certain cases more stringent than the laws of the United States). Bankruptcy and debtor relief laws affect American Express to the extent that such laws result in amounts owed being classified as delinquent and/or charged off as uncollectible. Card issuers and card networks are subject to anti-money laundering and anti-terrorism legislation, including, in the United States, the Patriot Act.

AECB, AEBFSB and American Express’ other bank entities are subject to a variety of laws and regulations applicable to financial institutions. Changes in such laws and regulations or in the regulatory application or judicial interpretation thereof could impact the manner in which American Express conducts its business and the costs of compliance. The regulatory environment in which the Card and lending businesses operate has become increasingly complex and robust. The U.S. Congress and regulators, as well as various consumer advocacy groups, have continued their focus and attention on certain practices of credit card issuers, such as increases in APRs, changes in the terms of the account, and the types and levels of fees and financial charges charged by card issuers for, among other things, late payments, returned checks, payments by telephone, copies of statements and the like. TRS regularly reviews and, as appropriate, refines its business practices in light of existing and anticipated developments in laws, regulations and industry trends so it can continue to manage its business prudently and consistent with regulatory requirements and expectations. The U.S. Credit Card Accountability, Responsibility and Disclosure Act of 2009, (the “Credit Card Act”), was enacted in the U.S. in May 2009. Among other things the Credit Card Act regulates the timing and circumstances of interest rate increases on Credit Cards. TRS is evaluating the impact, if any, the Credit Card Act will have on its business and results of operations.

In January 2003, the Federal Financial Institutions Examination Council (the “FFIEC”), an interagency body composed of the principal U.S. federal entities that regulate banks and other financial institutions, issued new guidance to the industry on credit card account management and loss allowance practices (the “Guidance”). The Guidance covers five areas: (i) credit line management; (ii) over-limit practices; (iii) minimum payment and negative amortization practices; (iv) workout and forbearance practices; and (v) certain income (fee) recognition and loss allowance practices. The Guidance is generally applicable to all institutions under the supervision of the federal bank regulatory agencies that comprise the FFIEC, although it is primarily the result of the identification by bank regulators in their examinations of other credit card lenders’ practices deemed by them to be inappropriate, particularly, but not exclusively, with regard to subprime lending programs. At present, TRS does not have any lending programs that target the subprime market. Centurion Bank and AEBFSB evaluate and discuss the Guidance with their respective regulators on an ongoing basis as part of their regulatory examination processes, and, as a result, may refine their practices from time to time based on regulatory input. The Guidance has not had, nor does TRS expect it to have, any material impact on its businesses or practices.

American Express Consumer Travel Network—USA

The American Express Consumer Travel Network—USA provides travel, financial and Cardmember services to consumers through American Express-owned travel service offices, call centers, participating American Express Representatives (independently-owned travel agency locations that operate under the American Express brand) and the Consumer Travel Web site. U.S. Consumer Travel has distinguished itself in the luxury marketplace through its Platinum Travel Services and Centurion Travel Services, which provide programs such as the International Airline Program, which offers two-for-one fares on certain international first and business class tickets, and the Fine Hotels & Resorts program, a luxury hotel program offering room upgrades and value-added amenities. Other premium programs developed by Consumer Travel for Centurion and Platinum Card members include Centurion Cruise Privileges[®], Centurion Destinations[®] and Platinum Destinations[®] Vacations, the Private Jets Program, Private Villas and Yachts. Consumer Travel also provides Membership Rewards[®] programs designed for specific Cardmember segments such as Gold Card Destinations.

In addition, the Consumer Travel business operates a wholesale travel business in the United States through its Travel Impressions subsidiary. (A wholesaler purchases inventory, such as hotel rooms, from suppliers and then resells the services to the customer at retail prices that the wholesaler determines.) TRS’ wholesale travel

business packages American Express Vacations and distributes travel packages through other retail travel agents and private label brands for third parties in the United States.

TRS' Consumer Travel Web site, americanexpress.com/travel, offers a full range of travel rates and discounts on airfares, hotels, car rentals, last-minute deals, cruises and full vacation packages. The Web site offers unique American Express Cardmember benefits such as an American Express Travel Office locator, Travel Specialist finder tools, double Membership Rewards points, and travel planning resources and destination content through the "Local Color" portion of the Web site. In addition, Cardmembers are able to Pay with Points by redeeming Membership Rewards points for some categories of travel through the Web site, as well as through the call centers and Travel Offices. The ability to Pay with Points for travel is unique among TRS' competitors and has been well received by customers, as well as being a material driver of incremental sales.

Consumer Travel continues to attract agencies to TRS' Representative Network to increase its network footprint in areas where American Express Cardmembers are concentrated. In 2008, 13 new member agencies were added to the Representative Network. Key signings include Corporate Travel Planners of San Antonio, TX—the largest privately held travel management company in Texas, and Travel-On of Beltsville, MD—the largest privately owned travel management company in Maryland. In addition, TRS opened a new, larger customer call center in Lawrenceville, Georgia. TRS' worldwide travel network of retail travel locations is important in supporting the American Express brand and providing Cardmember servicing throughout the world, including a range of Travelers Cheques, Gift Cheques, Gift Cards and foreign exchange services.

Consumer Travel Network—USA—Competition

American Express Consumer Travel competes with a variety of different competitors including traditional "brick and mortar" travel agents, credit card companies with significant travel benefits, online travel agents and travel suppliers that distribute their products to consumers directly via the internet or telephone-based customer service centers. In recent years TRS has experienced an increasing presence of "niche" players that are seeking to capitalize on the growth in the luxury travel segment by combining luxury travel offers with concierge-type services.

International Card Services

TRS issues its charge and credit Cards in numerous countries around the globe. TRS' geographic scope is widespread, and TRS focuses primarily on those markets that it believes offer it the greatest financial opportunity. For discussion of Cards issued internationally through GNS partner relationships, please see the section "Global Network Services" above.

TRS continued to bolster its international proprietary Card business through the launch of numerous new or enhanced Card products during 2008. These are Cards that TRS issues, either on its own or, as further described below, as co-brands with partnering institutions. This past year, among other new proprietary products, TRS announced or launched Cards with David Jones (Department Stores) in Australia, Cathay Pacific in Hong Kong and Taiwan, and Centurion Charge Cards in Argentina and Canada.

TRS offers many of the same programs and services in its international proprietary Card issuing business as it does in its U.S. proprietary issuing business. For example, as in the United States, TRS offers various flexible payment options similar to its Sign & Travel[®] program and its Extended Payment Option to Cardmembers in several international markets.

Also, as in the United States, TRS issues Cards internationally under distribution agreements with banks. Another example of its distribution partnerships is affinity cards with fraternal, professional, educational and other organizations. For instance, TRS has been successful in penetrating the affinity card segment in Australia, where it issues Cards with the majority of the largest professional associations in that country. In Australia, affinity cards are a substantial part of TRS' total revolving portfolio and contribute to its proprietary consumer lending activities.

As in the United States, rewards programs are a strong driver of Cardmember spending in the international consumer business. TRS has more than 1,500 redemption partners across its international business, with an average of 95 partners in each country; less than 25% of these partners are in the travel industry. Cardmembers can redeem their points with more than 50 airlines and over 200 hotels. Redemption options include travel, retail merchandise, entertainment, shopping and recreation gift certificates, experiences, financial services

and charity rewards. In 2008, TRS continued to enhance its rewards programs in several markets, offering more flexible choices that enable Cardmembers to redeem Membership Rewards® points more quickly. Among other new participants, TRS added British Airways Miles in the United Kingdom and in a number of other international markets.

Membership Travel Services International provides premium travel and concierge services to TRS' Platinum and Centurion Customers, through 25 exclusively dedicated call centers in 25 countries. Additionally, Membership Travel Services operates 19 proprietary Travel Service Offices in Mexico, Italy and Argentina to provide all Cardmembers with travel, foreign exchange and general card service assistance. TRS has taken steps to enhance its capabilities to sell exclusively-negotiated benefits and luxury travel packages with preferred suppliers through the Fine Hotels and Resorts Program, American Express Vacations and American Express's International Airline Program. In 2008, TRS added 11 to the existing 21 airline partners in its International Airline Program (IAP), which is exclusively available to Platinum and Centurion Cardmembers and which allows them to receive complimentary companion tickets or a class upgrade when flying on qualifying international flights in business or first class.

TRS increased the flexibility of payment for travel and concierge services by allowing Platinum and Centurion Cardmembers to use their Membership Rewards® points to pay for their travel purchases in 11 international markets.

International Proprietary Consumer Card—Competition

Compared to the United States, consumers outside the United States use general purpose charge and credit cards for a smaller percentage of their total payments, with some large emerging market countries just beginning to transition to card usage in any meaningful way. Although its geographic scope is widespread, TRS generally does not have significant share of consumer general purpose charge and credit card spending in the markets in which it operates outside the United States. Internationally, its proprietary Card issuing business is subject to competition from multinational banks, such as Citibank, HSBC and Banco Santander, as well as many local banks and financial institutions. Globally, TRS views Citibank and HSBC as its strongest competitors, as they currently offer card products in a large number of markets.

International Proprietary Consumer Card—Regulation

Initiatives by regulators to implement reforms to the payments landscape continued in 2008 in a number of TRS' key international markets and TRS expects similar activity in 2009. While the nature of the initiatives varies widely, regulators are increasingly looking at developments in other jurisdictions to help inform and guide their policy. In a number of markets annual percentage rates ("APRs") and other card practices have been the focus of attention—and TRS expects this to continue in 2009.

As a consequence, international markets may consider and implement additional card practice regulation in 2009. As TRS moves forward it continues to evaluate its business planning in light of changing market circumstances and the evolving political, economic, regulatory and media environment.

Global Commercial Services

Through its Global Commercial Services ("GCS") group, TRS provides expense management services to more than 100,000 firms worldwide through its Global Commercial Card and Global Travel Services. American Express is a leading global issuer of commercial Cards and is also a leading global travel management company for corporations and businesses. During 2008, TRS added or retained several major Commercial Card clients in the United States and internationally, including Dell, Hallmark, Symantec and GE (following the acquisition of GE Money's Corporate Payment Services business in March 2008). Additionally, in 2008 TRS added or retained several American Express Business Travel clients in the U.S. and internationally, including Ford, Sun Microsystems, Unisys, Fluor, Commonwealth Bank and Tyco International.

GCS offers five primary products and services:

- Corporate Card, issued to individuals through a corporate account established by their employer and designed primarily for travel and entertainment spending;

- Corporate Purchasing Solutions, an account established by corporations to pay for everyday business expenses such as office and computer supplies;
- Buyer Initiated Payment, an electronic solution for companies looking to streamline their payment processes;
- vPayment technology, which provides fast and efficient payment for large ticket purchases and permits the processing of large transactions with effective fraud controls; and
- American Express Business Travel, which helps businesses manage and optimize their travel expenses through a variety of travel-related products, services and solutions.

Global Commercial Card

Global Commercial Card (“GCC”) offers a range of expense management solutions to companies worldwide through its Corporate Card program, Corporate Purchasing Solutions, and electronic payment services such as Buyer Initiated Payment.

The American Express® Corporate Card is a charge card that individuals may obtain through a corporate account established by their employer for business purposes. Through TRS’ Corporate Card Program, companies can manage their travel, entertainment and purchasing expenses and improve negotiating leverage with suppliers, among other benefits. TRS uses its direct relationships with merchants to offer Corporate Card clients superior data about company spending, as well as streamlined dispute resolution. TRS issues local currency Corporate Cards in over 50 countries, which it distributes through proprietary operations and partner banks, and international dollar Corporate Cards in over 100 countries.

Corporate Purchasing Solutions (“CPS”) helps large corporations and mid-sized companies manage their everyday spending. CPS is used to pay for everyday goods and business expenses, such as office supplies, industrial supplies and business equipment in 22 markets around the world. This type of spending by corporations helps to diversify the spending mix beyond travel and entertainment.

In addition to providing expense management services to large and global corporations, TRS’ GCC business markets the Commercial Card programs to middle market companies (defined in the United States as firms with annual revenues of \$1 million to \$1 billion) worldwide. GCC is focused on continuing to expand its business with mid-sized companies, which represent significant growth opportunities. Businesses of this size often do not have corporate card programs. However, once enrolled in a corporate card program, mid-sized companies, which usually do not have well-defined purchasing programs, typically put a significant portion of their business spending (both travel and entertainment and non-T&E, such as office supplies) on the commercial card because they can gain control, savings and employee benefits. GCS offers the Savings at Work® Program to mid-sized companies in the United States, as well as similar programs globally, which provide companies with cash back and/or discounted pricing on everyday business products and services, such as car rentals, hotels, restaurants and overnight shipping.

With the increased focus on cost containment by firms, TRS has experienced significant growth over the past few years in the Corporate Meeting Card, which helps U.S.-based and international companies control company meeting expenses. The Corporate Meeting Card is available in 24 global markets and provides clients with a tool to capture such spending and provides company meeting planners with a tool to simplify the meetings payment process and access to data to negotiate with suppliers. GCC also offers the Corporate Defined Expense Program (“CDEP”). This product allows companies to set a maximum amount to be charged on a CDEP Card before expiration and permits them to segregate spending data for specific purposes on projects. It is designed for companies that want to allocate funds for a specific purpose, such as employee relocations or training.

Buyer Initiated Payment allows American Express to pay business to business (“B2B”) suppliers electronically on behalf of its clients, permitting them to manage payments, extend their own days payable outstanding or float and increase their cash on hand. Buyer Initiated Payment has first been offered to clients in the United States and will be offered in other markets around the world in 2010. This solution is best suited for mid to large-sized companies that want to streamline their payment processes, reduce supplier inquiries, convert paper to electronic payments, and optimize cash flow.

On March 28, 2008, TRS purchased Corporate Payment Services, the commercial card and corporate purchasing business unit of General Electric Company (“GE”) for approximately \$1.1 billion plus the repayment of Corporate Payment Services’ \$1.2 billion in outstanding debt of this business as of the acquisition date. GE continues to be the unit’s largest single client and has signed a multi-year agreement to remain a client of TRS.

The sale also included the purchase of GE’s patented vPayment technology, which provides fast and efficient payment for large ticket purchases. This platform provides unique account numbers for each transaction that expire once the purchase has been authorized. As a result, vPayment permits the processing of large transactions with effective fraud controls.

In 2008, TRS also announced an alliance with Concur Technologies, Inc., a leading provider of on-demand travel and entertainment (“T&E”) expense management services, that involves both an exclusive marketing partnership and a strategic equity investment in the company. Concur will exclusively promote American Express’s Corporate Cards to its clients, in return for promotional exclusivity of Concur® Expense by American Express’s Global Commercial Card and Global Travel Services businesses. TRS purchased 6.4 million shares of newly issued common stock of Concur, representing 13% post issuance of the currently outstanding common equity voting interest in Concur, at a price per share of \$39.27, for approximately \$251 million in cash. In addition TRS received a warrant in connection with its stock purchase, pursuant to which TRS has the right to purchase an additional 1.28 million shares of Concur common stock at any time during the next two years, at \$39.27 per share.

Extending its travel agency partnership strategy, GCC signed a multi-year preferred supplier agreement with Carson Wagonlit Travel (“CWT”). As part of the agreement, CWT will promote and distribute three American Express payment solutions to its clients and prospects in 21 countries. TRS also signed a hotel folio agreement with InterContinental Hotels Group (“IHG”) that enables American Express to provide its Card customers with reports that break down their lodging expenditures at nearly 2,800 IHG properties in the United States.

GCC also offers American Express @ Work®, a secure, web-based suite of online tools that enables clients to manage their Corporate Card, Corporate Purchasing Solutions and Corporate Meeting Card programs on a 24/7 basis through a single user interface. American Express @ Work® provides authorized client representatives online access to global management information to help them gain visibility into their spending patterns, as well as the ability to make changes to their program or Commercial Card accounts through an easy to use online interface. American Express @ Work® also includes automated expense reporting and reconciliation tools that enable clients to enforce program compliance and effectively integrate spend information with their internal accounting systems. This suite of online tools is intended to assist companies in managing expenses more efficiently than offline alternatives, thereby decreasing both the direct and indirect costs associated with maintaining accounts and ensuring program compliance.

Global Commercial Card Business—Competition

The commercial payments industry is dynamic and highly competitive, with competition increasingly intense at both the card network and card issuer levels. TRS’ Commercial Card offerings have experienced increasing competition, including competitors’ aggressive expansion into new and emerging markets, efforts to transition business-to-business spend from cash and check to electronic invoicing and payment vehicles, and expanded marketing and advertising budgets for commercial services. In the current economic climate, the interest in expense management tools is particularly strong, as clients aim to capture data, analyze trends and make decisions that enhance their cash flow and profitability.

In addition, both Visa and MasterCard have increased efforts to support card issuers such as U.S. Bank, JPMorgan Chase, and Citibank to build and support data collection and reporting necessary to satisfy customer requirements.

Commercial Card issuers have increasingly acquired niche technology offerings to enhance data capture capabilities and reporting functionality. These efforts are built on the solid progress of Visa and MasterCard to offer more global, robust solutions. As such, global servicing, data quality, technological functionality and simplicity, and customer experience are among the key competitive factors in the commercial card business.

Global Commercial Card Business—Regulation

The Global Commercial Card business, which engages in the extension of commercial credit, is subject to more limited regulation than TRS' consumer lending business. In the United States, TRS is subject to certain of the federal and state laws applicable to its consumer lending business, including the Equal Credit Opportunity Act, the FCRA (as amended by the FACT Act), as well laws that generally prohibit engaging in unfair and deceptive business practices. (For a discussion of this legislation, see "Card-Issuing Business—Regulation".) TRS is also subject to certain state laws that regulate fees and charges on its products. Additionally, as a global business, TRS is subject to U.S. state data security and breach notification laws and regulations, as well as significant data protection laws in the European Union and many foreign countries in which it operates. TRS is also subject to bankruptcy and debtor relief laws that can affect its ability to collect amounts owed to it. Along with the rest of its business, as a card issuer, as discussed above, TRS is subject to certain provisions of the Bank Secrecy Act as amended by the Patriot Act, with regard to maintaining effective anti-money laundering programs.

Global Travel Services

Global Travel Services ("GTS") consists of American Express Business Travel and Global Foreign Exchange Services.

American Express Business Travel ("Business Travel") provides globally integrated solutions, both online and offline, to help organizations manage and optimize their travel investments and service their traveling employees. As well as 24-hour customer service to clients globally, both on a day-to-day and emergency basis, these solutions include:

- Travel reservation advice and booking transaction processing;
- Travel expense management policy consultation;
- Supplier negotiation and consultation;
- Management information reporting, data analysis and benchmarking;
- Group and incentive travel services;
- Advisory services; and
- A suite of best-in-class products and solutions that help organizations to maximize the return on travel expenses.

American Express operates one of the world's largest travel networks, which caters to both consumer and corporate customers' travel needs with \$25.4 billion of travel spend globally in 2008 (through proprietary operations and consolidated joint ventures).

Organic growth of the business along with acquisition and partnership strategies with local market companies remain key components of Business Travel's global growth strategy. In 2008, TRS launched Avexia Voyages, a new independent agency dedicated to meeting the needs of small sized enterprise customers in France. TRS also increased its investment in Rearden Commerce, a company that provides a digital personal assistant to support business travel.

TRS continues to update its economic model and invest in innovative and new products, services and technologies to enhance the value that it delivers to its customers and address ongoing travel industry challenges and opportunities. For example, TRS has substantially reduced its reliance on commission revenues from suppliers (such as airlines or hotels), and now generate revenues primarily from customers who pay for the services that it provides.

TRS offers a range of other solutions to its customers that provide them with savings, control, services and traveler care. For example, TRS offers customers savings and benefits through the Preferred Extra supplier value programs and advisory services, which provide preferred supplier rates and consulting solutions in all areas of travel and entertainment expense management. TRS also offers the TravelBahn® High-Speed Network, which is its data management network, and its TravelBahn® Distribution Solution, which provides access to airline inventory and fares for Business Travel customers with a number of carriers in North America and in select

international markets. In 2008, TRS launched several innovative solutions and service enhancements that increased the savings and control clients could achieve, including:

- Launch of after hours servicing (aXcess) and PreTrip Approval (giving companies better visibility and control over travel expenses) products;
- Launch of the online booking tool AXIOM® (powered by Rearden Commerce) in the UK market, which helps companies manage travel and entertainment spend beyond air, car and hotel;
- Launch of an Eco suite of solutions to help companies building environmentally friendly travel programs;
- Enhancement of its Management Information solution to deliver improved business intelligence to clients; and
- Creation of the industry's first social networking site, BusinessTravelConneXion, designed to connect travel buyers on a central platform.

In 2008, TRS also established in the marketplace comprehensive cost-saving travel management offerings, including products such as Recession-Proof Your Travel Investment, a proprietary methodology that allows it to make travel program recommendations to maximize returns. Other products offered included Webfare guarantees for the small- and mid-sized segments in the United States, a travel management loyalty program with double Membership Reward points for individual travelers and automatic ticket refunds in the United States and select international markets. TRS also helps to drive customer savings and benefits through a dedicated best in class Advisory team, which provides comprehensive consulting solutions in all areas of travel and entertainment expense management.

Business Travel has moved many of its business processes and customer servicing online. In the United States, more than 50% of all Business Travel transactions continue to be processed online. In addition, the volume of online transactions is growing in other markets around the world.

Global Foreign Exchange Services (“FES”) consists of retail and wholesale foreign exchange services and FX International Payments. Other than in Australia, Mexico, Singapore and Italy, where TRS operates foreign exchange offices in city locations, TRS concentrates its retail foreign exchange business in key international airports, for example at London Heathrow, the Aeroports de Paris and Changi Airport in Singapore. For corporate clients, its FX International Payments online product allows companies and banks to make cross-border payments in major foreign currencies at competitive exchange rates. In 2008 TRS secured agreements to operate and opened new foreign exchange bureaus at Heathrow Terminal 1 and Terminal 3 at Changi to complement its existing presence in those airports; signed a three-year extension to its strategic alliance with Westpac Bank for the provision of foreign currency banknotes and travelers cheques through its branch network; retained and expanded wholesale supply agreements with TUI in the United Kingdom and Australia Post Office; re-signed five credit unions in Australia; signed eight U.S. banks along with adding over 2,000 new corporate clients globally to its FX International Payments business.

Global Travel Services—Competition

Business Travel continues to face intense competition in the United States and internationally from numerous traditional and online travel management companies, as well as from direct sales by airlines and other travel suppliers. Competition among travel management companies is mainly based on price, service, value creation, convenience, global capabilities and proximity to the customer. Competition also comes from corporate customers themselves, as some companies have become accredited as in-house corporate travel agents.

For many years, travel management companies have faced pressure on revenues from airlines, as most carriers have stopped paying “base” commissions to travel agents for tickets sold. Carriers have also increased the number of transactions they book directly through their Web sites and other means. These trends have reduced the revenue opportunities for travel agents because they do not receive distribution revenue from directly booked transactions. In recent years, the airline industry has undergone bankruptcies, restructurings, consolidations and other similar events. These types of structural changes may result in additional challenges to travel management companies.

Overall, intense competition among travel management companies, the ongoing trends of increasing direct sales by airlines, the rise of low-cost carriers and ongoing reductions in or elimination of airline commissions and fees, continue to put pressure on revenue for travel agents.

Over the last few years TRS has evolved its business model allowing it to charge customers for the services it provides and the value it creates, and restructured its expense base through the rationalization of its call center locations and the transitioning of many of its services online. This restructuring, as well as the leverage TRS' global presence provides, has helped it to balance these revenue pressures. TRS continues to look for new ways to enhance the value it delivers for its customers both online and offline. Additionally, TRS is focusing on developing new and innovative products, services and technologies, which enhance the value it delivers to its customers and suppliers and address ongoing travel industry challenges and opportunities.

American Express Publishing

Through American Express Publishing, TRS publishes luxury lifestyle magazines such as Travel+Leisure*, Travel+Leisure Golf, Food & Wine * and Departures * ; travel resources such as SkyGuide * ; business resources such as the American Express Appointment Book and SkyGuide Executive Travel, a business traveler supplement; a variety of general interest, cooking, travel, wine, financial and time management books; branded membership services; a growing roster of international magazine editions; as well as directly sold and licensed products. American Express Publishing also has a custom publishing group and is expanding its service-driven Web sites such as: travelandleisure.com, foodandwine.com, departures.com, tlgolf.com, tlfamily.com and eskyguide.com. TRS has an agreement with Time Inc. under which it manages TRS' publishing business, and TRS shares profits relating to this business.

Global Prepaid (formerly known as Global Travelers Cheques and Prepaid Services)

TRS has been in the business of issuing and selling travelers checks since 1891. TRS sells the American Express * Travelers Cheque ("Travelers Cheque" or "Cheque") as a safe and convenient alternative to cash. Travelers Cheques are currently available in U.S. dollars and four foreign currencies, including Euros. TRS also issues and sells other forms of paper travelers checks, including American Express * Gift Cheques, which are available in U.S. and Canadian dollars. Sales of Travelers Cheques continued to decline in 2008.

In addition to travelers checks, Global Prepaid also offers prepaid gift cards in the United States: the American Express * Gift Card, which can be used in the United States at merchants that accept American Express Cards, and mall-branded gift cards, which can also be used at multiple unaffiliated merchants that are located within a specific shopping mall and that accept the American Express * Card. The gift cards TRS offers are not for use at cruise lines or ATMs and, subject to applicable law, a monthly service fee applies in the thirteenth month after purchase of the gift card. Sales of gift cards continued to rise in 2008, reflecting the growing popularity of these products and TRS' efforts to increase buying convenience for customers.

Through American Express Incentive Services L.L.C., a joint venture with Maritz Inc., TRS offers various incentive prepaid products, including the Corporate Gift Cheque, the Incentive Funds Card and several points-based incentive cards.

TRS sells American Express prepaid products through a variety of channels, including sales directly to customers via phone and the internet. Travelers Cheques and Gift Cheques are sold primarily through a broad network of selling outlets worldwide, including American Express travel offices, independent travel agents and third-party financial institutions. Gift cards are primarily sold through travel offices and retail establishments, including supermarkets and drug stores.

During 2008, TRS solidified its position as the largest gift card issuer in the United States by signing distribution deals with two of the largest mall operators, including The Macerich Partnership, and are continuing to expand the supermarkets and everyday spend retailers that sell its gift card products.

Global Prepaid—Competition

Travelers Cheques compete with a wide variety of financial payment products, including cash, foreign currency, checks, other brands of travelers checks, debit, prepaid and ATM cards and, in some circumstances,

other payment cards. TRS' prepaid cards ("open-system" cards that can be used at multiple unaffiliated sellers of goods or services) compete with the same payment methods; gift cards compete primarily with cash, checks and other open-system and store-specific gift cards.

The principal competitive factors affecting the travelers check and prepaid card industry are:

- the number and location of merchants willing to accept the form of payment;
- the availability to the consumer of other forms of payment;
- the amount of fees charged to the consumer;
- the compensation paid to, and frequency of settlement by, selling outlets;
- the accessibility of sales and refunds for the products;
- the success of marketing and promotional campaigns; and
- the ability to service the customer satisfactorily, including for lost or stolen instruments.

Global Prepaid—Regulation

As an issuer of travelers checks, TRS is regulated in the United States under the "money transmitter" or "sale of check" laws in effect in most states. These laws require travelers check (and, where applicable, prepaid card) issuers to obtain licenses, to meet certain safety and soundness criteria, to hold outstanding proceeds of sale in highly-rated and secure investments, and to provide detailed reports. TRS invests the proceeds from sales of its Travelers Cheques and prepaid cards in accordance with applicable law, predominantly in highly-rated debt securities consisting primarily of intermediate- and long-term federal, state and municipal obligations. Many states examine licensees annually. In addition, travelers check issuers are required by the laws of many states to comply with state unclaimed and abandoned property laws under which such issuers must pay to states the face amount of any travelers check that is uncashed or unredeemed after 15 years. Numerous states have amended their abandoned property laws to apply to prepaid cards.

In the past few years, some states have enacted laws pertaining to the issuance and the sale of gift cards. TRS continues to monitor state legislative activity restricting the fees that consumers can be charged or the expiration dates that can apply to gift cards. In 2008, TRS observed that a few states, Massachusetts and Rhode Island, revised their statutes to permit issuers to charge fees on gift cards that can be used at multiple unaffiliated sellers of goods and services. TRS believes this is an important development as state legislators continue to recognize the differences between "open system" gift cards and store-specific or "closed system" gift cards. In certain states where regulation continues to restrict fees and has made it unprofitable for it to offer gift cards, TRS has limited or withdrawn from selling these cards. Federal anti-money laundering regulations require, among other things, the registration of traveler check issuers as "Money Service Businesses" and compliance with anti-money laundering recordkeeping and reporting requirements by issuers and selling outlets. At this time, stored value issuers and redeemers, while considered to be "Money Service Businesses," are not required to register under these regulations. Outside the United States, there are varying licensing and anti-money laundering requirements, including some that are similar to those in the United States.

Service and Technology Infrastructure

TRS continues to make significant investments, both in the United States and internationally, in its Card systems and infrastructure to allow faster introduction and greater customization of products. TRS also is using technology to develop and improve its service capabilities to continue to deliver a high quality customer experience. For example, TRS maintains a service delivery platform that its employees use in the Card business to support a variety of customer servicing and account management activities such as account maintenance, updating of Cardmember information, the addition of new Cards to an account and resolving customer satisfaction issues. In international markets, TRS is enhancing its global platforms and capabilities, such as in revolving credit.

TRS continues to leverage the internet to lower costs, improve service quality and enhance its business model. During 2008, it continued to broaden its focus to use the internet to drive revenue and build its brand, while continuing to migrate transaction volumes at lower costs. TRS also continues to have more online customer service interactions in the United States than it does by telephone or in person.

As of year-end, customers had enrolled approximately 24 million Cards globally in TRS' "Manage Your Card Account" service. This service enables Cardmembers to review and pay their American Express bills electronically, view and service their Membership Rewards program accounts and conduct various other functions quickly and securely online. TRS now has an online presence in 23 markets around the world, including the United Kingdom, Australia, Italy, France, Mexico and Japan.

TRS continues to devote substantial resources to its technology platform to ensure the highest level of data integrity, security and privacy. In 2006, TRS and several other payment card networks formed PCI SSC, an independent standards-setting organization to manage the evolution of technical data security standards. (For a discussion of this organization, see the "Global Network Services" section above.)

In 2002, TRS outsourced most of its technology infrastructure management and support to IBM. The various arrangements covered under its agreement with IBM range in term from 7 to 11 years, with certain rights to extend. This arrangement currently enables TRS to benefit from IBM's expertise while lowering its information technology costs. IBM is currently responsible for managing most of TRS' day-to-day technology infrastructure functions, including most of the mainframe and midrange computing systems; Web hosting; database administration; help desk services and data center operations. TRS also outsources other technology infrastructure functions to other third-party service providers. TRS' internal IT organization continues to retain TRS' key technology competencies, including information technology strategy, information security, managing strategic relationships with technologies' partners, developing and maintaining applications and databases and managing the technology portfolios of its businesses.

Supervision and Regulation—General

Overview

On November 14, 2008, American Express Company and TRS became bank holding companies under the BHC Act and elected to be treated as financial holding companies under the BHC Act. As a bank holding company under the BHC Act, TRS is subject to supervision and examination by the Federal Reserve. Under the system of "functional regulation" established under the BHC Act, the Federal Reserve supervises TRS, including all of its nonbank subsidiaries, as an "umbrella regulator" of the consolidated organization and generally defers to the primary U.S. regulators of TRS' U.S. depository institution subsidiaries, as applicable, and to the other U.S. regulators of TRS' U.S. non-depository institution subsidiaries that regulate certain activities of those subsidiaries, such as insurance companies regulated by state insurance authorities.

Most aspects of TRS' business continue to be subject to rigorous regulation by other U.S. Federal and state regulatory agencies and securities exchanges and by non-U.S. government agencies or regulatory bodies and securities exchanges. Certain of American Express' public disclosure, internal control environment and corporate governance principles are subject to the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley") and related regulations and rules of the SEC and the New York Stock Exchange, Inc. New laws or regulations or changes to existing laws and regulations (including changes in interpretation or enforcement) could materially adversely affect TRS' financial condition or results of operations. As a global financial institution, to the extent that different regulatory systems impose overlapping or inconsistent requirements on the conduct of TRS' business, it faces complexity and additional costs in its compliance efforts.

Banking Regulation

Federal and state banking laws, regulations and policies extensively regulate the American Express, TRS, and AECB, including prescribing standards relating to capital, earnings, dividends, the repurchase or redemption of shares, loans or extension of credit to affiliates and insiders, internal controls, information systems, internal audit systems, loan documentation, credit underwriting, asset growth and impaired assets. Such laws and regulations are intended primarily for the protection of depositors, other customers and the federal deposit insurance funds and not for the protection of holders of its securities. Bank regulatory agencies have broad examination and enforcement power over bank holding companies and their subsidiaries, including the power to impose substantial fines, limit dividends and restrict operations and acquisitions. Bank holding companies and banks are prohibited by law from engaging in unsafe and unsound banking practices.

Financial Holding Company Status and Activities

Under the BHC Act, an eligible bank holding company may elect to be a “financial holding company” and thereafter may engage in a range of activities that are financial in nature and that were not previously permissible for banks and bank holding companies. A financial holding company may engage directly or through a subsidiary in certain statutorily authorized activities. A financial holding company also may engage in any activity that has been determined by rule or order to be financial in nature, incidental to such financial activity, or (with prior Federal Reserve approval) complementary to a financial activity and that does not pose a substantial risk to the safety and soundness of an institution or to the financial system generally. In addition to these activities, a financial holding company may engage in those activities permissible for a bank holding company that has not elected to be treated as a financial holding company.

For a bank holding company to be eligible for financial holding company status, all of its subsidiary U.S. depository institutions must be well capitalized and well managed. A bank holding company may become a financial holding company by filing a declaration with the Federal Reserve that it elects to become a financial holding company. The Federal Reserve generally must deny expanded authority to any bank holding company with a subsidiary insured depository institution that received less than a satisfactory rating on its most recent Community Reinvestment Act of 1977 (the “CRA”) review as of the time it submits its declaration. If, after becoming a financial holding company and undertaking activities not permissible for a bank holding company, the company fails to continue to meet any of the requirements for financial holding company status, the company must enter into an agreement with the Federal Reserve to comply with all applicable capital and management requirements. If the company does not return to compliance within 180 days, the Federal Reserve may order the company to divest its subsidiary banks or the company may discontinue or divest investments in companies engaged in activities permissible only for a bank holding company that has elected to be treated as a financial holding company.

Activities and Acquisitions

The BHC Act requires a bank holding company to obtain the prior approval of the Federal Reserve before: (1) it may acquire direct or indirect ownership or control of any voting shares of any bank or savings and loan association, if after such acquisition, the bank holding company will directly or indirectly own or control more than 5% of any class of the voting securities of the institution; (2) it or any of its subsidiaries, other than a bank, may acquire all or substantially all of the assets of any bank or savings and loan association; or (3) it may merge or consolidate with any other bank holding company.

The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994, as amended (the “Interstate Banking Act”), generally permits bank holding companies to acquire banks in any state, and preempts all state laws restricting the ownership by a bank holding company of banks in more than one state. The Interstate Banking Act also permits (1) a bank to merge with an out-of-state bank and convert any offices into branches of the resulting bank if both states have not opted out of interstate branching, (2) a bank to acquire branches from an out-of-state bank if the law of the state where the branches are located permits the interstate branch acquisition and (3) banks to establish and operate de novo interstate branches whenever the host state opts-in to de novo branching. Bank holding companies and banks seeking to engage in transactions authorized by the Interstate Banking Act must be adequately capitalized and managed.

The Federal Reserve must approve certain additional capital contributions to an existing non-U.S. investment of TRS and certain direct and indirect acquisitions by TRS of an interest in a non-U.S. company, including in a foreign bank, as well as the establishment by Centurion Bank of foreign branches in certain circumstances.

The Change in Bank Control Act prohibits a person, entity, or group of persons or entities acting in concert, from acquiring “control” of a bank holding company such as TRS unless the Federal Reserve has been given prior notice and has not objected to the transaction. Under Federal Reserve regulations, the acquisition of 10% or more of a class of voting stock of American Express would, under the circumstances set forth in the regulations, create a rebuttable presumption of acquisition of control of American Express.

In addition, any company is required to obtain the approval of the Federal Reserve under the BHC Act before acquiring control of American Express, which, among other things, includes the acquisition of ownership or control over 25% or more of any class of voting securities of American Express or the power to exercise a “controlling influence” over American Express. In the case of an acquirer that is a bank or bank holding company, the BHC Act requires approval of the Federal Reserve for the acquisition of ownership or control of any voting securities of American Express, if the acquisition results in the bank or bank holding company controlling more than 5% of the outstanding shares of any class of voting securities of American Express.

Source of Strength

Under Federal Reserve policy, American Express is expected to act as a source of strength to AECB and to commit capital and financial resources to support it. The required support may be needed at times when, absent that Federal Reserve policy, American Express may not find itself able to provide it. Capital loans by a bank holding company to any of its subsidiary banks are subordinate in right of payment to deposits and to certain other indebtedness of such subsidiary banks. In the event of a bank holding company’s bankruptcy, any commitment by the bank holding company to a federal bank regulator to maintain the capital of a subsidiary bank will be assumed by the bankruptcy trustee and entitled to a priority of payment.

However, because the BHC Act provides for functional regulation of bank holding company activities by various regulators, the BHC Act prohibits the Federal Reserve from requiring payment by a holding company or subsidiary to a depository institution if the functional regulator of the payor objects to such payment. In such a case, the Federal Reserve could instead require the divestiture of the depository institution and impose operating restrictions pending the divestiture.

Capital Adequacy

American Express, TRS, AECB and AEBFSB are required to comply with the applicable capital adequacy standards established by the federal banking regulators. There are two risk-based measures of capital adequacy for bank holding companies that have been promulgated by the Federal Reserve, as well as a leverage measure.

The risk-based capital standards are designed to make regulatory capital requirements more sensitive to differences in credit and market risk profiles among banks and financial holding companies, to account for off-balance-sheet exposure, and to minimize disincentives for holding liquid assets. Assets and off-balance-sheet items are assigned to broad risk categories, each with appropriate weights. The resulting capital ratios represent capital as a percentage of total risk-weighted assets and off-balance sheet items.

The minimum guideline for the ratio of total capital (“Total Capital”) to risk-weighted assets (including certain off-balance-sheet items, such as standby letters of credit) is 8%. At least half of the Total Capital must be composed of common equity, undivided profits, minority interests in the equity accounts of consolidated subsidiaries (including, for bank holding companies but not banks, trust preferred securities), non-cumulative perpetual preferred stock and for bank holding companies (but not banks) a limited amount of cumulative perpetual preferred stock, less goodwill and certain other intangible assets (“Tier 1 Capital”). Tier 2 Capital may consist of, among other things, qualifying subordinated debt, mandatorily convertible debt securities, other preferred stock and trust preferred securities and a limited amount of the allowance for loan losses. Non-cumulative perpetual preferred stock, trust preferred securities and other so-called “restricted core capital elements” are generally limited to 25% of Tier 1 Capital. The minimum guideline for the ratio of Tier 1 Capital to risk weighted assets is 4%.

In addition, the Federal Reserve has established minimum leverage ratio guidelines for bank holding companies. These guidelines provide for a minimum ratio of Tier 1 Capital to average total assets, less goodwill and certain other intangible assets (the “Leverage Ratio”), of 3% for bank holding companies that meet certain specified criteria, including having the highest regulatory rating. All other bank holding companies generally are required to maintain a Leverage Ratio of at least 4%. The guidelines also provide that bank holding companies experiencing internal growth or making acquisitions will be expected to maintain strong capital positions substantially above the minimum supervisory levels without significant reliance on intangible assets. Furthermore, the Federal Reserve has indicated that it will consider a “tangible Tier 1 Capital leverage ratio” (deducting all intangibles) and other indicators of capital strength in evaluating proposals for expansion or new activities.

In February 2009, the U.S. Department of the Treasury outlined the various aspects of its proposed Financial Stability Plan, which is being implemented in response to the ongoing financial crisis. Although the details of the Financial Stability Plan are still being developed, a key aspect of the Plan will be an effort to improve financial institutions' public disclosures with respect to the exposures on their bank balance sheets. The Department of the Treasury will work with the Federal Reserve, the FDIC, the OTS and the Office of the Comptroller of the Currency to bring a "more consistent, realistic and forward looking assessment of exposures on the balance sheet of financial institutions." In addition, the Treasury indicated that all banking institutions with assets in excess of \$100 billion (which includes American Express) will be required to participate in the review undertaken by the Department of the Treasury and the various financial regulators and will be subject to a "stress test," which will be a forward looking comprehensive assessment of whether the Issuers have the capital necessary to continue lending and to absorb the potential losses that could result from a more severe decline in the economy than projected.

Prompt Corrective Action

The Federal Deposit Insurance Act ("FDIA") requires, among other things, that federal banking regulators take prompt corrective action in respect of FDIC-insured depository institutions that do not meet minimum capital requirements. The FDIA specifies five capital tiers: "well capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," and "critically undercapitalized." A depository institution's capital tier will depend upon how its capital levels compare to various relevant capital measures and certain other factors, as established by regulation. A bank may be deemed to be in a capitalization category that is lower than is indicated by its actual capital position if it receives an unsatisfactory examination rating. Once an institution becomes "undercapitalized," the FDIA imposes progressively more restrictive constraints on operations, management and capital distributions, depending on the capital category in which an institution is classified. A depository institution that is not well capitalized is also subject to certain limitations on brokered deposits and Certificate of Deposit Account Registry Service deposits.

The FDIA generally prohibits an FDIC-insured depository institution from making any capital distribution (including payment of dividends) or paying any management fee to its holding company if the depository institution would thereafter be undercapitalized. Undercapitalized depository institutions are subject to restrictions on borrowing from the Federal Reserve and to growth limitations, and are required to submit a capital restoration plan. For a capital restoration plan to be acceptable, any holding company must guarantee the capital plan up to an amount equal to the lesser of 5% of the depository institution's assets at the time it became undercapitalized and the amount of the capital deficiency at the time it fails to comply with the plan. In the event of the holding company's bankruptcy, such guarantee would take priority over claims of its general unsecured creditors. If a depository institution fails to submit an acceptable plan, it is treated as if it is significantly undercapitalized.

Significantly undercapitalized depository institutions may be subject to a number of requirements and restrictions, including orders to sell sufficient voting stock to become adequately capitalized, requirements to reduce total assets and cessation of receipt of deposits from correspondent banks. Critically undercapitalized depository institutions are subject to appointment of a receiver or conservator.

Dividends

American Express and TRS as well as AECB and AEBFSB are limited in their ability to pay dividends. In general, federal and applicable state bank laws prohibit, without first obtaining regulatory approval, insured depository institutions, such as AECB and AEBFSB, from making dividend distributions if such distributions are not paid out of available recent earnings or would cause the institution to fail to meet capital adequacy standards. In addition to specific limitations on the dividends that subsidiary banks can pay to their holding companies, federal regulators could prohibit a dividend that would constitute an unsafe or unsound banking practice in light of the financial condition of the banking organization.

It is Federal Reserve policy that bank holding companies should generally pay to common shareholders dividends on common stock only out of earnings and only if prospective earnings retention is consistent with the organization's expected future needs, asset quality, and financial condition. Moreover, bank holding companies should not maintain dividend levels that undermine the company's ability to be a source of strength to its banking subsidiaries.

Transactions between AECB or AEBFSB and Their Respective Affiliates

Certain transactions (including loans and credit extensions from AECB and AEBFSB) between AECB and AEBFSB, on the one hand, and their affiliates (including American Express, TRS and their non-bank subsidiaries), on the other hand, are subject to quantitative and qualitative limitations, collateral requirements, and other restrictions imposed by statute and Federal Reserve regulation. Transactions subject to these restrictions are generally required to be made on an arms-length basis. These restrictions generally do not apply to transactions between a depository institution and its subsidiaries.

FDIC Insurance Assessments

In November 2006, the FDIC issued final regulations, as required by the Federal Deposit Insurance Reform Act of 2005, by which the FDIC established a new base rate schedule for the assessment of deposit insurance premiums and set new assessment rates that became effective in January 2007. Under these regulations, each depository institution is assigned to a risk category based upon capital and supervisory measures. Depending upon the risk category to which it is assigned, the depository institution is then assessed insurance premiums based upon its deposits. Some depository institutions are entitled to apply against these premiums a credit that is designed to give effect to premium payments, if any, that the depository institution may have made in certain prior years.

Under the FDIA, the FDIC may terminate the insurance of an institution's deposits upon a finding that the institution has engaged in unsafe or unsound practices, is in an unsafe or unsound condition to continue operations or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC. The Issuers do not know of any practice, condition or violation that might lead to termination of their deposit insurance.

FDIC Powers Upon Insolvency of Insured Depository Institutions

Under the "cross-guarantee" provision of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), insured depository institutions, such as AECB and AEBFSB, may be liable to the FDIC with respect to any loss incurred or reasonably anticipated to be incurred by the FDIC in connection with the default of, or FDIC assistance to, any commonly controlled insured depository institution. AECB and AEBFSB are commonly controlled within the meaning of the FIRREA cross-guarantee provision.

If the FDIC is appointed the conservator or receiver of an insured depository institution upon its insolvency or in certain other events, the FDIC has the power: (1) to transfer any of the depository institution's assets and liabilities to a new obligor without the approval of the depository institution's creditors; (2) to enforce the terms of the depository institution's contracts pursuant to their terms; or (3) to repudiate or disaffirm any contract or lease to which the depository institution is a party, the performance of which is determined by the FDIC to be burdensome and the disaffirmation or repudiation of which is determined by the FDIC to promote the orderly administration of the depository institution. The above provisions would be applicable to obligations and liabilities of AECB and AEBFSB, including, without limitation, obligations under senior or subordinated debt issued by AECB or AEBFSB to investors (referred to below as "public noteholders") in the public markets.

Under federal law, the claims of a receiver of an insured depository institution for administrative expense and the claims of holders of U.S. deposit liabilities (including the FDIC, as subrogee of the depositors) have priority over the claims of other unsecured creditors of the institution, including public noteholders and depositors in non-U.S. offices, in the event of the liquidation or other resolution of the institution. As a result, whether or not the FDIC would ever seek to repudiate any obligations held by public noteholders, such persons would be treated differently from, and could receive, if anything, substantially less, than the depositors in U.S. offices of the depository institution.

Community Reinvestment Act

AECB and AEBFSB are subject to the provisions of the Community Reinvestment Act ("CRA"). Under the terms of the CRA, the primary federal regulator of a depository institution is required, in connection with its examination of the depository institution, to assess such depository institution's record in meeting the credit needs of the communities served by that depository institution, including low- and moderate-income neighborhoods. Furthermore, such assessment is also required of any depository institution that has applied, among other things, to merge or consolidate with or acquire the assets or assume the liabilities of a federally regulated financial institution or to open or relocate a branch office. In the case of a bank holding company applying for approval to

acquire a bank or bank holding company, the Federal Reserve will assess the record of each subsidiary depository institution of the applicant bank holding company in considering the application. In addition, as discussed previously, the failure of TRS' subsidiary depository institutions to maintain satisfactory CRA ratings could result in restrictions on TRS' ability to engage in activities in reliance on financial holding company authority.

Privacy and Fair Credit Reporting

TRS uses information about its customers to develop and make available relevant, personalized products and services. Certain customers are given choices about how TRS uses and discloses their information, and TRS gives them notice regarding the measures it takes to safeguard this information. Regulatory activity in the areas of privacy and data protection continues to increase worldwide, spurred by advancements in technology and related concerns about the rapid and widespread dissemination and use of information. As noted above, as part of TRS' efforts to enhance payment account data security, in 2006, it and several other payment card networks formed PCI SSC, an independent standards-setting organization to manage the evolution of the PCI Data Security Standard.

The Gramm-Leach-Bliley Act ("GLBA") became effective on July 1, 2001. GLBA provides for disclosure of a financial institution's privacy policies and practices and affords customers the right to "opt out" of the institution's disclosure of their personal financial information to unaffiliated third parties (with limited exceptions). This legislation does not preempt state laws that afford greater privacy protections to consumers, and several states have adopted such legislation. For example, in 2003 California enacted that state's Financial Information Privacy Act. TRS continues its efforts to safeguard the data entrusted to it in accordance with applicable law and its internal data protection policies, including taking steps to reduce the potential for identity theft, while seeking to collect and use data properly to achieve its business objectives.

In addition, over 40 states, Puerto Rico and the District of Columbia have enacted security breach legislation, requiring varying levels of consumer notification in the event of a security breach. In addition, several states are considering legislation requiring certain data security standards that could result in higher technology costs for TRS. In 1995, the European Parliament and Council passed European Directive 95/46/EC on the protection of individuals with regard to the processing of personal data and on the free movement of such data (commonly referred to as the Data Protection Directive), which obligates the controller of an individual's personal data to take the necessary technical and organizational measures to protect personal data.

In December 2008, the Federal Reserve, the Office of Thrift Supervision and the National Credit Union Administration (collectively, the "Agencies") promulgated final rules prohibiting certain credit card practices for consumer credit card accounts. The Agencies exercised their authority under Section 5(a) of the Federal Trade Commission Act ("FTC Act") to amend Regulation AA (i.e., "UDAP"), which prohibits unfair or deceptive acts or practices. Additionally, the Federal Reserve promulgated final rules substantially revising the open-end credit provisions of Regulation Z. The final amendments to Regulation AA and Regulation Z become effective July 1, 2010.

The final Regulation AA amendments, among other requirements, prohibit issuers from treating a payment as late for any purpose, including increasing the annual percentage rate or imposing a fee, unless a consumer has been provided a "reasonable amount of time" to make the payment. Additionally, the amendments require card issuers to apply payment amounts in excess of the minimum payment either: (1) first to the balance with the highest APR; or (2) pro rata to the types of outstanding balances based on the amounts of those outstanding balances. In addition, the amendments prohibit a card issuer from increasing the APR, unless one of the following five express exceptions apply relating to: (1) account-opening disclosure; (2) variable rates; (3) advance notice; (4) delinquency; and (5) workout arrangements.

The final Regulation Z amendments, among other requirements, extend the advance notice period for changes to principal account terms from the current 15 days to 45 days and requires the changes to be disclosed in a tabular disclosure similar to that provided at account opening. The amendments also require revisions to the format and content of all main types of open-end credit disclosures governed by Regulation Z, including applications and solicitations, account-opening disclosures, and periodic billing statements.

The final amendments to both Regulation AA and Regulation Z were issued largely as proposed. While TRS anticipates making changes to its products that are designed to lessen the impact of these changes, there is no assurance that it will be successful. If it is not able to lessen the impact of these changes, they will have a material adverse effect on its results of operations.

The Fair Credit Reporting Act of 1970 (“FCRA”) regulates the disclosure of consumer credit reports by consumer reporting agencies and the use of consumer credit report information by banks and other companies. FCRA was significantly amended by the enactment in December 2003 of the Fair and Accurate Credit Transactions Act (the “FACT Act”). The FACT Act requires any company that receives information concerning a consumer from an affiliate, subject to certain exceptions, to permit the consumer to opt out from having that information used to market the company’s products to the consumer. In November 2007, the Federal banking agencies issued a final rule implementing the affiliate marketing provisions of the FACT Act. Companies subject to oversight by these agencies were required to comply with the rules by October 1, 2008. The Issuers qualify for an exception from the affiliate marketing provisions of the FACT Act, and as a result, the Issuers do not need to provide an affiliate marketing opt out. The FACT Act further amends the FCRA by adding several new provisions designed to prevent or decrease identity theft and to improve the accuracy of consumer credit information. The Federal banking agencies and the FTC published a final rule in November 2007 requiring financial institutions to implement a program containing reasonable policies and procedures to address the risk of identity theft and to identify accounts where identity theft is more likely to occur. Companies subject to oversight by the Federal banking agencies were required to comply with the rule by November 1, 2008 but the FTC has stated it will suspend enforcement of its rule until August 1, 2009. TRS continues to be regulated by the FTC with respect to this new rule and is currently evaluating what steps it will need to take to comply. The FACT Act also imposes new duties on both consumer reporting agencies and on businesses that furnish or use information contained in consumer credit reports. For example, a furnisher of information is required to implement procedures to prevent the reporting of any information that it learns is the result of identity theft. Also, if a consumer disputes the accuracy of information provided to a consumer reporting agency, the furnisher of that information must conduct an investigation and respond to the consumer in a timely fashion. The Federal banking regulatory agencies and the FTC have proposed rules that specify the circumstances under which furnishers of information would be required to investigate disputes regarding the accuracy of the information provided to a consumer reporting agency. The FACT Act also requires grantors of credit that use consumer credit report information in making a determination to offer a borrower credit on terms that are “materially less favorable” than the terms offered to most of the lender’s other customers to notify the borrower that the terms are based on a consumer credit report. In such a case the borrower is entitled to receive a free copy of the report from the consumer reporting agency. Grantors of credit using prescreened consumer credit report information in credit solicitations are also required to include an enhanced notice to consumers that they have the right to opt out from receiving further prescreened offers of credit. The enactment of the FACT Act and the promulgation of rules implementing it are not expected to have a significant impact on the Issuers’ business or practices.

Anti-Money Laundering Compliance

In the United States, the USA Patriot Act was enacted in October 2001 in the wake of the September 11, 2001 terrorist attacks. The Patriot Act, in addition to substantially broadening existing anti-money laundering (“AML”) and terrorist financing legislation, amended the Bank Secrecy Act, the primary legislation governing AML requirements. The Patriot Act contains a wide variety of provisions aimed at fighting terrorism and money laundering, including provisions aimed at impeding terrorists’ ability to access and move funds used in support of terrorist activities. Among other things, the Bank Secrecy Act, as amended by the Patriot Act, requires financial institutions to establish AML programs that meet certain standards, including, in some instances, expanded reporting and enhanced information gathering and recordkeeping requirements. While American Express has long maintained AML programs in its businesses, certain of its business activities are subject to specific AML regulations that prescribe minimum standards for components of the AML programs. For example, the GNS business maintains a risk-based program to ensure that institutions that are licensed to issue cards or acquire merchants on their networks maintain adequate AML controls. American Express has also developed and implemented a Know Your Customer, or due diligence, program and an enhanced due diligence program, including a program for verifying the identity of its customers (“Customer Identification Program”) for applicable businesses. American Express will take steps to comply with any additional regulations or initiatives that are adopted, whether in the United States or in other jurisdictions in which the Issuers conduct business.

Over the last several years, the industry has seen increased regulatory scrutiny of the AML compliance programs of financial institutions, with emphasis on record keeping and reporting requirements such as the requirement to identify and report suspicious activity, leading to enforcement actions for non-compliance. To meet this increased scrutiny, the Issuers continue to enhance their enterprise-wide AML compliance program. One example is the recent adoption by the American Express Company’s Board of Directors of a newly revised Global AML Policy. This Policy governs AML compliance throughout the organization, with each of the businesses

being provided with resources, guidance and oversight designed to ensure that they meet their legal and regulatory obligations. The AML compliance programs primarily consist of risk-based policies, procedures and controls that are reasonably designed to prevent, detect and report money laundering.

TRS has significant operations in the European Union, including a number of regulated businesses. It monitors developments in EU legislation, as well as in the other markets in which it operates, to ensure that it is in a position to comply with all applicable legal requirements, including European Union directives applicable to payment institutions, credit providers, insurance intermediaries and other financial institutions.

TRS derives a significant portion of its revenues from the use of its Card products, Travelers Cheques, travel and other financial products and services in countries outside the United States and continues to broaden the use of these products and services outside the United States. TRS' revenues can be affected by political and economic conditions in these countries (including the availability of foreign exchange for the payment by the local Card issuer of obligations arising out of local Cardmembers' spending outside such country, for the payment of Card bills by Cardmembers who are billed in other than their local currency, and for the remittance of the proceeds of Travelers Cheque sales). Substantial and sudden devaluation of local Cardmembers' currency can also affect their ability to make payments to the local issuer of the Card in connection with spending outside the local country.

As a result of its foreign operations, TRS is exposed to the possibility that, because of foreign exchange rate fluctuations, assets and liabilities denominated in currencies other than the U.S. dollar may be realized in amounts greater or less than the U.S. dollar amounts at which they are currently recorded in the Consolidated Financial Statements. Examples of transactions in which this may occur include the purchase by Cardmembers of goods and services in a currency other than the currency in which they are billed; the sale in one currency of a Travelers Cheque denominated in a second currency; and, in most instances, investments in foreign operations. These risks, unless properly monitored and managed, could have an adverse effect on its operations.

Subsidiaries

TRS operates its business activities through numerous subsidiary corporations. The most significant of these subsidiaries reflected in TRS' Consolidated Financial Statements are the following:

American Express Credit Corporation
(Delaware Incorporation)
One Christina Centre
301 North Walnut Street Suite 1002
Wilmington, Delaware 19801-2919

American Express International, Inc.
(Delaware Incorporation)
200 Vesey Street
New York, New York 10285

American Express Centurion Bank
(Utah Incorporation)
4315 South 2700 West
Salt Lake City, Utah 84184

American Express Limited
(Delaware Incorporation)
200 Vesey Street
New York, New York 10285

American Express Bank, FSB
(United States Incorporation)
4315 South 2700 West
Salt Lake City, Utah 84184

American Express Europe Limited
(Delaware Incorporation)
Amex House
Edward Street
Brighton, England BN2 2LP

DIRECTORS AND OFFICERS OF TRS

The Directors and Executive Officers of TRS and their principal occupations are as follows:

<i>Name</i>	<i>Principal Occupation within TRS</i>
Directors	
Kenneth I. Chenault.....	Chairman and Chief Executive Officer
L. Kevin Cox	Executive Vice President
Daniel T. Henry	Executive Vice President and Chief Financial Officer
Louise M. Parent.....	General Counsel
Executive Officers who are not Directors	
Alfred F. Kelly, Jr.....	President, Global Consumer Group
Edward P. Gilligan.....	President, Global Business-to-Business Group
David L. Yowan.....	Treasurer
John D. Koslow	Assistant Treasurer
Carol V. Schwartz.....	Secretary
Michael Kuchs.....	Assistant Secretary

The Directors of TRS have no interest or activities outside TRS which are significant with respect to TRS. Mr. Chenault also serves as Chairman of the Board and Chief Executive Officer of American Express; Mr. Cox also serves as Executive Vice President of American Express; Mr. Henry also serves as Executive Vice President and Chief Financial Officer of American Express; Ms. Parent also serves as Executive Vice President and General Counsel of American Express; Mr. Kelly also serves as President of American Express; Mr. Gilligan also serves as Vice Chairman of American Express.

No potential conflicts of interest exist between the Directors' duties to TRS and their private interests and/or other duties.

The business address of each Director and each Executive Officer is 200 Vesey Street, New York, New York 10285.

SELECTED FINANCIAL INFORMATION OF TRS

The following consolidated financial information of TRS for the years ended December 31, 2008 and 2007 (derived from the audited TRS' Consolidated Financial Statements prepared in accordance with US GAAP) should be read in conjunction with the respective financial statements incorporated by reference and with the detailed information contained elsewhere herein.

Consolidated Statement of Income

	<i>Years ended</i>	
	<i>December 31,</i>	
	<u>2008</u>	<u>2007</u>
	<i>(Millions)</i>	
Revenues:		
Non-interest revenues		
Discount revenue.....	\$ 14,976	\$ 14,542
Net card fees.....	2,140	1,909
Travel commissions and fees.....	2,010	1,909
Other commissions and fees.....	2,350	2,533
Securitization income, net.....	1,070	1,507
Other.....	1,868	1,435
Total non-interest revenues.....	<u>24,414</u>	<u>23,835</u>
Interest income		
Interest and fees on loans.....	6,134	6,303
Interest and dividends on investment securities.....	732	653
Deposits with banks and other.....	267	431
Total interest income.....	<u>7,133</u>	<u>7,387</u>
Interest expense		
Deposits.....	450	542
Short-term borrowings.....	472	731
Long-term debt.....	2,109	2,289
Other.....	322	344
Total interest expense.....	<u>3,353</u>	<u>3,906</u>
Net interest income.....	<u>3,780</u>	<u>3,481</u>
Total revenues net of interest expense.....	<u>28,194</u>	<u>27,316</u>
Provisions for losses:		
Charge card.....	1,354	1,131
Cardmember lending.....	4,226	2,752
Other.....	194	194
Total provisions for losses.....	<u>5,774</u>	<u>4,077</u>
Total revenues net of interest expense after provision for losses.....	<u>22,420</u>	<u>23,239</u>
Expenses:		
Marketing, promotion, rewards and cardmember services.....	7,251	7,727
Salaries and employee benefits.....	5,909	5,291
Professional services.....	2,368	2,214
Other.....	3,027	2,062
Total other expenses.....	<u>18,555</u>	<u>17,294</u>
Pretax income.....	3,865	5,945
Income tax provision.....	842	1,687
Net Income.....	<u>3,023</u>	<u>\$ 4,258</u>

Consolidated Balance Sheets

	<i>As of</i>	
	<i>December 31,</i>	
	<u>2008</u>	<u>2007</u>
	<i>(Millions, except share data)</i>	
Assets		
Cash and cash equivalents:		
Cash and cash due from banks	\$ 1,534	\$ 1,160
Interest-bearing deposits in other banks (including federal funds sold and securities purchased under resale agreements: 2008, \$141; 2007, \$3,878)	6,325	5,191
Short-term investment securities	<u>12,381</u>	<u>1,744</u>
Total.....	\$ 20,240	\$ 8,095
Accounts receivable:		
Cardmember receivables, less reserves: 2008, \$805; 2007, \$1,143;	32,034	38,744
Other receivables, less reserves: 2008, \$119; 2007, \$92	3,412	3,273
Loans		
Cardmember lending , less reserves: 2008, \$2,565; 2007, \$1,826	39,594	52,530
Other, less reserves: 2008, \$39; 2007, \$44	769	1,050
Investment securities.....	11,608	12,870
Premises and equipment – at cost, less accumulated depreciation: 2008, \$3,659; 2007, \$3,383.....	2,679	2,484
Other assets	<u>11,393</u>	<u>6,653</u>
Total assets.	<u>\$ 121,729</u>	<u>\$ 125,699</u>
Liabilities and Shareholder's Equity		
Liabilities:		
Customers' deposits	\$ 15,399	\$ 15,163
Travelers Cheques outstanding.....	6,433	7,197
Accounts payable.....	8,429	7,681
Short-term borrowings	8,950	17,449
Short-term borrowings – affiliated.....	3,670	4,042
Long-term debt	52,109	48,539
Long-term debt – affiliated	2,900	1,226
Other liabilities	<u>11,991</u>	<u>13,940</u>
Total liabilities.....	<u>109,881</u>	<u>115,237</u>
Shareholder's equity:		
Common shares, authorized 200 shares of no par value;		
102 shares issued and outstanding	1	1
Capital surplus	1,720	1,742
Retained earnings	11,467	8,982
Accumulated other comprehensive income (loss), net of tax:		
Net unrealized securities (losses) gains, net of tax: 2008, \$570; 2007, \$(15)	(905)	27
Net unrealized derivatives losses, net of tax: 2008, \$44; 2007, \$40	(80)	(71)
Foreign currency translation adjustments, net of tax: 2008, \$64; 2007, \$(6) .	<u>(355)</u>	<u>(219)</u>
Total accumulated other comprehensive loss	<u>(1,340)</u>	<u>(263)</u>
Total shareholder's equity	<u>11,848</u>	<u>10,462</u>
Total liabilities and shareholder's equity	<u>\$ 121,729</u>	<u>\$ 125,699</u>

AMERICAN EXPRESS CREDIT CORPORATION

American Express Credit Corporation (including its subsidiaries, where appropriate, "Credco") was incorporated in Delaware on January 15, 1962 (registration no. 0578219), as a corporation with perpetual existence, and was acquired by American Express in December 1965. On January 1, 1983, Credco became a wholly-owned subsidiary of TRS, which is a wholly-owned subsidiary of American Express. Credco's corporate purposes are set forth on pages 1 to 8 of its amended certificate of incorporation. Credco operates under the laws of Delaware and the federal laws of the U.S.A.

As of December 31, 2008, Credco had outstanding share capital of 1,504,938 shares of common stock, par value U.S.\$10 per share, all of which shares were fully paid up.

Credco's principal place of business and registered office is located at 301 North Walnut Street, Wilmington, Delaware 19801-2919 and its telephone number is 302-594-3350. Its corporate purposes include engaging generally in the credit and charge card business, sales finance business, lending and extending credit, and buying and selling receivables.

The information about Credco presented below is qualified in its entirety by reference to and should be read in conjunction with Credco's Annual Report on Form 10-K for the year ended December 31, 2008 which includes Credco's audited consolidated financial statements for each of the years ended December 31, 2008 and 2007, and the notes thereto prepared in accordance with US GAAP, filed with the SEC.

THE INSTRUMENTS ISSUED BY CREDCO ARE DIRECT, UNSECURED OBLIGATIONS OF CREDCO ONLY. THEY ARE NOT THE OBLIGATIONS OF OR GUARANTEED BY AMERICAN EXPRESS OR TRS OR ANY OTHER AMERICAN EXPRESS SUBSIDIARY OR AFFILIATE.

Credco is primarily engaged in the business of financing non-interest-bearing Charge Cardmember receivables arising from the use of the American Express[®] Card, including the American Express[®] Gold Card, Platinum Card[®] and Corporate Card issued in the United States, and in designated currencies outside the United States. Credco also purchases certain interest-bearing and discounted revolving loans comprised principally of American Express credit cards, and Sign & Travel[®], although interest-bearing and revolving loans are primarily funded by subsidiaries of TRS other than Credco.

Please refer to the description of TRS beginning on page 73 of this document.

General Nature of Credco's Business

Credco generally purchases certain cardmember receivables arising from the use of the card throughout the world pursuant to agreements (the "Receivables Agreements") with TRS and certain of its subsidiaries that issue the card ("Card Issuers"). Net income primarily depends on the volume of receivables arising from the use of the card purchased by Credco, the discount rates applicable thereto, the relationship of total discount to Credco's interest expense and the collectibility of the receivables purchased. The average life and collectibility of accounts receivable generated by the use of the card are affected by factors such as general economic conditions, overall levels of consumer debt and the number of new cards issued.

In October 2008, American Express moved to increase its flexibility in funding U.S. consumer and small business charge card receivables by amending the Receivables Agreements between Credco and each of AECB and AEBFSB, (together, the Banks). The previous agreements called for the Banks, which issue American Express' U.S. consumer and small business charge cards, to sell all unsecuritized receivables related to spending on those cards to Credco. The amended agreements will give the Banks the flexibility to continue to sell the receivables to Credco or to retain the receivables and fund them from their own sources. These amendments will allow American Express to shift, from time-to-time, the funding of those receivables from Credco to the Banks. Credco has traditionally financed the purchase of receivables principally through the issuance of commercial paper, including issuance to the Commercial Paper Funding Facility (CPFF), as well as through the sale of medium- and long-term debt notes. However, Credco can transfer proceeds of its funding activities in excess of its needs broadly to other subsidiaries of American Express, including to the Banks. The new arrangements between Credco and the Banks will have no impact on Credco's funding of U.S. corporate charge card receivables and charge card receivables outside the United States.

Credco believes the above change will lead to a material reduction of purchases of cardmember receivables. However, it is not expected that these reductions will have a material impact on its fixed charge coverage ratio.

Credco generally purchases Cardmember receivables and loans without recourse. Amounts resulting from unauthorized charges (for example, those made with a lost or stolen Card) are excluded from the definition of receivables and loans under the Receivables Agreements and are not eligible for purchase by Credco. If the unauthorized nature of the charge is discovered after purchase by Credco, the Card Issuer repurchases the charge from Credco.

Credco generally purchases non-interest and interest-bearing cardmember receivables at face amount less a specified discount, which is determined at the time of purchase based upon the nature of the receivables. The discount rate applicable to purchases of new receivables is negotiated to reflect the changes in money market interest rates or significant changes in the collectibility of the receivables. New groups of Cardmember receivables are generally purchased net of reserve balances.

Cardmember loans are primarily funded by subsidiaries of TRS other than Credco, although certain cardmember loans are purchased by Credco. At March 31, 2009, Credco owned cardmember loans totaling \$443 million and, for the years ended December 31, 2008 and 2007, \$484 million and \$393 million, respectively. These cardmember loans consist of certain interest-bearing and discounted revolving loans comprised of American Express credit card and Sign & Travel[®] receivables.

In conjunction with TRS' securitization program, Credco, through its wholly-owned subsidiary, Credco Receivables Corporation ("CRC"), purchased participation interests from American Express Receivables Financing Corporation V LLC ("RFC V"), which is consolidated by TRS. The participation interests purchased represented undivided interests in cardmember receivables transferred to the American Express Issuance Trust ("AEIT") by TRS. TRS and its subsidiaries originated the receivables. AEIT is a non-qualifying special purpose entity that is consolidated by RFC V.

A subsidiary of TRS, as agent for Credco, underwrites the cardmember receivable and loans and thus establishes credit standards for cardmembers on Credco's behalf. In addition, the subsidiary of TRS performs accounting, clerical and other services necessary to bill and collect all cardmember receivables and loans owned by Credco. The Receivables Agreements provide that, without prior written notice to Credco, the credit standards used to determine whether a card is to be issued to an applicant may not be materially reduced and that the policy as to the cancellation of cards for credit reasons may not be materially liberalized.

American Express, as the parent of TRS, has agreed with Credco that it will take all necessary steps to assure performance of certain TRS obligations under the Receivables Agreements between TRS and Credco. The Receivables Agreements may be terminated at any time by the parties thereto, generally upon little or no notice. The obligations of Credco are not guaranteed under the Receivables Agreements or otherwise by American Express or the Card Issuers.

Volume of Business

The following table shows the volume of all cardmember receivables and cardmember loans purchased by Credco during each of the years indicated, together with cardmember receivables and loans owned by Credco at the end of such years (billions) (as derived from Credco's December 31, 2008 Form 10-K filed with the SEC):

<u>Year</u>	<i>Volume of Gross</i>					
	<i>Receivables and Loans Purchased</i>			<i>Receivables and Loans Owned</i>		
	<i>For the years ended December 31,</i>					
	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
2008	\$204	\$38	\$242	\$ 8	\$3	\$11
2007	262	31	293	24	3	27
2006	251	30	281	25	3	28

The card business does not experience significant seasonal fluctuation, although card billed business tends to be moderately higher in the fourth quarter than in other quarters.

The following information is derived from Credco's March 31, 2009 Form 10-Q and December 31, 2008 Form 10-K, as filed with the SEC.

Cardmember Receivables

	<i>Quarter ended</i> <i>March 31, 2009</i>	<i>Years ended</i> <i>December 31,</i>	
		<i>2008</i>	<i>2007</i>
<i>(Millions, except percentages)</i>			
Total cardmember receivables	\$ 8,546	\$ 10,859	\$ 26,335
90 days past due as a % of total	2.7%	2.8%	4.1%
Loss reserves.....	\$ 169	\$ 204	\$ 831
as a % of receivables	2.0%	1.9%	3.2%
Write-offs, net of recoveries	\$ 50	\$ 146	\$ 658
Net write-off rate ⁽¹⁾	0.23%	0.12%	0.23%
Average life of cardmember receivables (in days) ⁽²⁾	30	33	34

(1) Credco's write-offs, net of recoveries, expressed as a percentage of the volume of cardmember receivables purchased by Credco in each of the years indicated.

(2) Represents the average life of cardmember receivables owned by Credco, based upon the ratio of the average amount of both billed and unbilled receivables owned by Credco at the end of each month, during the periods indicated, to the volume of cardmember receivables purchased by Credco.

Sources of Funds

Credco's business is financed by short-term borrowings consisting principally of commercial paper, borrowings under bank credit facilities in certain international markets, and issuances of U.S. and non-U.S. dollar short-term and long-term borrowings, as well as through operations and intercompany borrowings. The weighted average interest rates on an annual basis of all borrowings, after giving effect to commitment fees under lines of credit and the impact of interest rate swaps, during the following years were:

<i>Year</i>	<i>Weighted</i> <i>Average</i> <i>Interest</i> <i>Rate</i>
2008	3.95%
2007	5.26%

From time to time, American Express and certain of its subsidiaries purchase Credco's commercial paper at prevailing rates, enter into variable rate note agreements at interest rates generally above the 13-week treasury bill rate or at interest rates based on LIBOR, and provide lines of credit. The largest amount of borrowings from American Express or its subsidiaries at any month end during the five years ended December 31, 2008 was \$11.9 billion. At March 31, 2009, short-term debt with affiliates was \$9.4 billion.

Subsidiaries

The most significant of Credco's subsidiaries are:

American Express Overseas Credit Corporation Limited
41/43 La Motte Street
St. Helier
Jersey JE2 4SZ
Channel Islands

Credco Receivables Corporation
301 North Walnut Street, Suite 1002
Wilmington, Delaware, 19801-2919

DIRECTORS AND OFFICERS OF CREDCO

The Directors and Executive Officers of Credco and their principal occupations are as follows:

<i>Name</i>	<i>Principal Occupation</i>
Directors	
David L. Yowan	Chairman of the Board, Chief Financial Officer and Director, Credco; Treasurer, American Express
Christopher S. Forno.....	President, Chief Executive Officer and Director, Credco
Officers who are not Directors	
Larry Belmonte.....	Vice President and Chief Accounting Officer
Stephen P. Norman	Secretary, Credco
John J. Nowak.....	Assistant Secretary, Credco

The business address of each Director and each Executive Officer is 301 North Walnut Street, Wilmington, Delaware 19801-2919.

No potential conflicts of interest exist between the Directors' duties to Credco and their private interests and/or other duties.

SELECTED FINANCIAL INFORMATION OF CREDCO

The following selected financial information of Credco for the quarter ended March 31, 2009 and the years ended December 31, 2008 and 2007 (derived from Credco's Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 and 2008 and Annual Report on Form 10-K for the year ended December 31, 2008 prepared in accordance with US GAAP) should be read in conjunction with the respective financial statements incorporated by reference and with the detailed information contained elsewhere herein. The interim financial information for the quarters ended March 31, 2009 and March 31, 2008 have not been audited.

Consolidated Statements of Income

	<i>Quarter ended March 31, 2009</i>	<i>Quarter ended March 31, 2008</i>	<i>Years ended December 31,</i>	
	<u>2009</u>	<u>2008</u>	<u>2008</u>	<u>2007</u>
		<i>(Millions)</i>		
Revenues				
Discount revenue earned from purchased cardmember receivables and loans.....	\$ 208	\$ 654	\$ 2,191	\$ 2,873
Interest income from affiliates.	114	188	744	650
Interest income from investments.....	32	72	247	278
Finance revenue.....	13	15	48	53
Other.....	28	1	20	8
Total revenues.....	<u>395</u>	<u>930</u>	<u>3,250</u>	<u>3,862</u>
Expenses				
Provision for losses, net of recoveries:				
Three months ended March 31, 2009, \$20;				
Three months ended March 31, 2008, \$42;				
2008, \$144; 2007, \$175 ...	48	248	641	842
Interest expense	174	377	1,363	1,612
Interest expense to affiliates	21	83	255	434
Service fees to affiliates.....	0	51	173	192
Other.....	0	1	5	5
Total expenses	<u>243</u>	<u>760</u>	<u>2,437</u>	<u>3,085</u>
Pretax income	152	170	813	777
Income tax provision	8	16	68	57
Net income	<u>\$ 144</u>	<u>\$ 154</u>	<u>\$ 745</u>	<u>\$ 720</u>

Consolidated Balance Sheets

	<i>As of</i> <i>March 31,</i> <i>2009</i>	<u><i>As of December 31,</i></u>	
		<u>2008</u>	<u>2007</u>
Assets			
Cash and cash equivalents.....	\$ 8,944	8,855	\$ 2,925
Cardmember receivables, less reserves: 2009, \$169; 2008, \$204; 2007, \$831	8,377	10,655	25,504
Cardmember loans, less reserves: 2009, \$15; 2008, \$14; 2007, \$10	443	484	393
Loans to affiliates.....	8,983	11,726	11,201
Investment securities.....	3,066	3,084	2,074
Investment securities restricted	0	0	970
Deferred charges and other assets	665	801	409
Due from affiliates	3,644	3,660	2,367
Total assets.....	<u>\$ 34,122</u>	<u>\$ 39,265</u>	<u>\$ 45,843</u>
Liabilities and Shareholder's Equity			
Short-term debt.....	1,963	7,367	11,093
Short-term debt to affiliates.....	9,390	8,317	8,682
Current portion of long-term debt	4,353	5,201	7,411
Long-term debt.....	14,763	14,809	14,872
Total debt	30,469	35,694	42,058
Accrued interest and other liabilities.....	493	473	339
Total liabilities.....	<u>\$ 30,962</u>	<u>\$ 36,167</u>	<u>\$ 42,397</u>
Shareholder's Equity			
Common stock, \$.10 par value, authorized 3 million shares; issued and outstanding 1.5 million shares.....	1	1	1
Capital surplus.....	161	161	161
Retained earnings.....	3,391	3,322	3,157
Accumulated other comprehensive income (loss), net of tax:			
Net unrealized securities gains:	21	28	28
Net unrealized derivatives (losses) gains:.....	(22)	(35)	(30)
Foreign currency translation adjustments	(392)	(379)	129
Total accumulated other comprehensive income.....	(393)	(386)	127
Total shareholder's equity	3,160	3,098	3,446
Total liabilities and shareholder's equity	<u>\$ 34,122</u>	<u>\$ 39,265</u>	<u>\$ 45,843</u>

AMERICAN EXPRESS OVERSEAS CREDIT CORPORATION LIMITED

American Express Overseas Credit Corporation Limited (“AEOCC”) was incorporated in the Island of Jersey on February 22, 1982, with registry number 23072, as a limited liability company having perpetual existence. It commenced operations in 1982. AEOCC is a wholly-owned subsidiary of Credco. AEOCC’s principal subsidiaries are AEOCC Management Company Limited and American Express Overseas Credit Corporation N.V. AEOCC operates under the laws of the Island of Jersey.

As of December 31 2008, AEOCC had outstanding share capital of 257,158 common shares, par value of U.S.\$100 per share, all of which shares were fully paid up.

AEOCC’s principal place of business and registered office is located at 41/43 La Motte Street, St. Helier, Jersey, JE2 4SZ, Channel Islands. Its telephone number is +44 (0) 1534- 823456.

Its corporate purpose is to engage in any activity permitted by law, as stated on page 1 of its amended memorandum of association.

The information about AEOCC presented below is qualified in its entirety by reference to and should be read in conjunction with AEOCC’s Annual Financial Reviews for each of the years ended December 31, 2008 and 2007 including the notes thereto prepared in accordance with US GAAP.

THE INSTRUMENTS ISSUED BY AEOCC ARE DIRECT, UNSECURED OBLIGATIONS OF AEOCC ONLY. THEY ARE NOT THE OBLIGATIONS OF OR GUARANTEED BY AMERICAN EXPRESS OR ANY OTHER AMERICAN EXPRESS SUBSIDIARY OR AFFILIATE, INCLUDING WITHOUT LIMITATION AMERICAN EXPRESS CREDIT CORPORATION OR AMERICAN EXPRESS TRAVEL RELATED SERVICES COMPANY, INC.

AEOCC and its subsidiaries (the “AEOCC Group”) are organized to engage primarily in the business of financing receivables arising from the use of American Express Cards issued by TRS and certain of its subsidiaries and associates.

American Express Card Business

Please refer to the description of TRS beginning on page 73 of this document.

General Nature of AEOCC’s Business

AEOCC purchases both interest and non-interest-bearing cardmember receivables pursuant to Receivables Agreements with each of the Card issuers. Net income primarily depends on the volume of receivables arising from the use of the card purchased by AEOCC, the discount rates applicable thereto, the relationship of total discount to AEOCC’s interest expense and the collectibility of the receivables purchased. Cardmember receivables are purchased at discount rates that are designed at present to yield to AEOCC a minimum ratio of consolidated earnings to fixed charges of no less than 1.25. For the year ended December 31, 2008 the ratio was 1.73 and 1.42 for the year ended December 31, 2007. In computing this ratio, “earnings” consist of net income of AEOCC plus income taxes and fixed charges. Fixed charges consist of interest on indebtedness for borrowed money, amortization of premiums and discounts on indebtedness for borrowed money and hedge premium or discount. The fixed charge coverage ratio of no less than 1.25 may be adjusted in the future by agreement between AEOCC and the Card issuers.

AEOCC purchases cardmember receivables without recourse. Amounts resulting from unauthorized charges (for example, those made with a lost or stolen Card) are excluded from the definition of “receivables” under the Receivables Agreements and are not eligible for purchase by AEOCC. If the unauthorized nature of the charge is discovered after purchase by AEOCC, the Card issuer repurchases the charge from AEOCC.

At December 31, 2008 and 2007, total assets of AEOCC were \$10.6 billion and \$9.0 billion, respectively. At December 31, 2008 and 2007, cardmember loans represented 6.4% and 4.5%, respectively, of total receivables owned by AEOCC.

Cardmember receivables represent amounts due from American Express charge card customers. Cardmember receivable balances are presented on the balance sheet net of reserves for losses and typically include principal and any related fees. Cardmember loans represent amounts due from customers of American Express’ lending products. These loans are presented on the balance sheet net of reserves for cardmember losses and

include accrued interest receivable and fees. AEOCC's policy is to cease accruing for interest receivable once a related cardmember loan is greater than 180 days past due. Accruals that cease generally are not resumed.

AEOCC's reserves for losses relating to cardmember receivables and loans represents management's estimate of the amount necessary to absorb losses inherent in AEOCC's outstanding portfolio of cardmember receivables and loans. Management's evaluation process requires certain estimates and judgments. Reserves for losses are primarily based upon models that analyze specific portfolio statistics and also reflect, to a lesser extent, management's judgment regarding overall adequacy. The analytic models take into account several factors, including average write-off rates for various stages of receivable ageing (*i.e.*, current, 30 days, 60 days, 90 days) over a 24-month period and average bankruptcy and recovery rates. In exercising its judgment to adjust the reserves that are calculated by the analytic model, management considers the level of coverage of past-due accounts, as well as external indicators, such as leading economic indicators, unemployment rate, consumer confidence index, purchasing manager's index, bankruptcy filings and the regulatory environment.

Receivables and loans are written-off when management deems amounts to be uncollectible, which is generally determined by the numbers of days past due. In general, bankruptcy and deceased accounts are written-off upon notification, or when 180 days past due for lending products and 360 days past due for charge card products. For all other accounts, write-off policy is based upon the delinquency and product. Given both the size and the volatility of write-offs, management continually monitors evolving trends and adjusts its business strategy accordingly. To the extent historical credit experience is not indicative of future performance or other assumptions used by management do not prevail, loss experience could differ significantly, resulting in either higher or lower future provision for losses, as applicable.

As of December 31, 2008, AEOCC was purchasing Cardmember receivables in the following currencies: U.S. dollars; Pounds sterling; Hong Kong dollars; Euros; Swedish kronor and Singapore dollars. The volume of receivables owned by AEOCC in any one currency and the proportion of receivables denominated in one currency to those denominated in other currencies will fluctuate from time to time. In the future, AEOCC may finance the purchase of receivables in other currencies in which the Card is issued. In cases where the purchase of receivables may not be feasible, AEOCC or a subsidiary may extend secured or unsecured loans to a Card issuer to finance such receivables.

Each card issuer acts as collection agent on behalf of AEOCC in connection with receivables sold by such card issuer to AEOCC. Therefore, in the event of the bankruptcy or insolvency of a Card issuer, funds held by such Card issuer for the account of AEOCC may, under applicable local law, be subject to claims of the general creditors of such Card issuer.

The sources of funds of AEOCC may at any time include (a) borrowings under lines of credit and overdraft facilities; (b) debt issues in the public or private markets; (c) borrowings from American Express or affiliates; (d) capital contributed by American Express or other wholly-owned direct or indirect subsidiaries of American Express; and (e) reserves and retained earnings. At December 31, 2008, AEOCC had uncommitted lines of credit with four institutions in various currencies in the aggregate equivalent amount of approximately \$198 million, under which there were no outstandings.

Subsidiaries

The most significant of AEOCC's subsidiaries are:

AEOCC Management Company Limited 41/43 La Motte Street St. Helier Jersey JE2 4SZ Channel Islands	American Express Canada Credit Corporation 101 McNabb Street Markham, Ontario L3R 4H8 Canada (As of January 22, 2008)
American Express Overseas Credit Corporation N.V. Kaya W.F.G. (Jombi) Mensing 36 Curaçao Netherlands Antilles	American Express Canada Finance Limited Suite 2007– 700 West Georgia Street Vancouver, British Columbia V7Y 1B8 Canada (As of January 22, 2008)

DIRECTORS AND OFFICERS OF AEOCC

The Directors and Executive Officers of AEOCC and their principal occupations are as follows:

<i>Name</i>	<i>Principal Occupation</i>
Directors	
Brian J. Godden	Managing Director, AEOCC
Christopher S. Forno.....	President, Chief Executive Officer and Director, Credco
Peter C. Sisti	Vice President, and Assistant Treasurer, TRS
Officers	
Brian J. Godden	Managing Director, AEOCC
Hugh H. Lawton	Director Finance, AEOCC Management Company Limited
AEOCC Management Company Limited.....	Secretary, AEOCC

The business address of each Director and each Executive Officer is 41/43 La Motte Street, St. Helier, Jersey, JE2 4SZ, Channel Islands.

No potential conflicts of interest exist between the Directors' duties to AEOCC and their private interests and/or other duties.

SELECTED FINANCIAL INFORMATION OF AEOCC

The following consolidated financial information of AEOCC for the years ended December 31, 2008 and 2007 (derived from AEOCC's Annual Financial Review prepared in accordance with US GAAP) should be read in conjunction with the respective financial statements incorporated by reference and with the detailed information contained elsewhere herein.

Consolidated Statements of Income

	<i>Years ended</i>	
	<i>December 31,</i>	
	<i>2008</i>	<i>2007</i>
	<i>(Millions)</i>	
Revenues		
Discount revenue earned from purchased cardmember receivables and loans	\$ 415	\$ 480
Interest income	128	—
Finance charge revenue	57	49
Service fee income from affiliates	8	9
Other income	(1)	1
Total revenues	607	539
Expenses		
Interest expense	252	305
Provision for losses, net of recoveries:		
2008, \$52; 2007, \$49	170	104
Other	2	2
Total expenses	424	411
Pretax income	183	128
Income tax provision	19	—
Net income	\$ 164	\$ 128

Consolidated Balance Sheets

	<i>As of</i>	
	<i>December 31,</i>	
	<u>2008</u>	<u>2007</u>
	<i>(Millions, except share data)</i>	
Assets		
Cash and cash equivalents	\$ 9	\$ 4
Cardmember receivables, less reserves: 2008, \$129 and 2007, \$103	7,073	8,146
Cardmember loans, less reserves: 2008, \$14 and 2007, \$9	481	376
Loans to affiliates	2,259	—
Deferred charges and other assets	779	486
Total assets	<u>10,601</u>	<u>9,012</u>
Liabilities and Shareholders' Equity		
Short-term debt	—	4
Short-term debt – affiliates	4,583	7,092
Current portion of long-term debt	411	—
Long-term debt	<u>1,109</u>	<u>—</u>
Total debt	6,103	7,096
Due to affiliates	212	436
Accrued interest and other liabilities	194	83
Total liabilities	<u>6,509</u>	<u>7,615</u>
Shareholders' equity		
Common stock—authorized 500,000 (2007: 100,000) shares of \$100 par value, issued and outstanding: 257,158 (2007: 90,154) shares	26	9
Capital surplus	2,916	391
Retained earnings	1,188	997
Accumulated other comprehensive loss	(38)	—
Total shareholders' equity	<u>4,092</u>	<u>1,397</u>
Total liabilities and shareholders' equity	<u>\$ 10,601</u>	<u>\$ 9,012</u>

AMERICAN EXPRESS CENTURION BANK

Business

American Express Centurion Bank (“AECB”) was incorporated under Utah law as an industrial loan company (now legally referred to as an “industrial bank”) on June 25, 1987 (registration no. 84111), with perpetual existence and purpose to provide financial services as a depository institution, and received FDIC insurance in 1989. AECB’s corporate purposes are set forth on page 1 of its amended articles of incorporation. AECB operates under the laws of the State of Utah and the federal laws of the U.S.A. Its principal office and registered office is located at 4315 South 2700 West, Salt Lake City, Utah 84184 and its telephone number is 801-945-6000. AECB is the surviving company of a 1996 merger with an affiliated bank also named American Express Centurion Bank. AECB is a wholly-owned subsidiary of TRS.

As of December 31, 2008, AECB had outstanding share capital of 50,000 shares of common stock, par value U.S.\$1.00 per share, all of which shares were fully paid up.

The information about AECB presented below is qualified in its entirety by reference to and should be read in conjunction with AECB’s audited Consolidated Financial Statements prepared in accordance with US GAAP.

AECB issues the Optima Card and Blue from American Express and other American Express branded revolving credit cards in the United States and owns most of the receivables arising from the use of these Cards. AECB is also the issuer of certain consumer Charge Cards. AECB’s credit and Charge Card activities are more fully described in the U.S. Card Services Section on page 86 of this Base Prospectus. In addition, AECB has outstanding lines of credit in association with certain Charge Cards and AECB offers unsecured loans to Cardmembers in connection with the Extended Payment Option. The Extended Payment Option gives qualified United States Cardmembers the option of extended payments for certain charges on the charge card in excess of a specified amount.

In addition to earning finance charge revenues, AECB also receives revenue from Cardmember fees, and discount revenue from service establishments. Proprietary charge and lending cards are offered in different versions with a variety of features and terms, including cards with differing rates, fees and grace periods, and cards with additional features such as rebates.

THE INSTRUMENTS ISSUED BY AECB ARE DIRECT, UNSECURED OBLIGATIONS OF AECB ONLY; THEY ARE NOT SAVINGS ACCOUNTS OR DEPOSITS OF AECB OR ANY BANK OR NON-BANK SUBSIDIARY OF AECB; AND THEY ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY OR INSTRUMENTALITY. THEY ARE NOT THE OBLIGATION OF OR GUARANTEED BY AMERICAN EXPRESS OR ANY OTHER AMERICAN EXPRESS SUBSIDIARY OR AFFILIATE. FURTHER, INSTRUMENTS ISSUED BY AECB MAY BE SUBORDINATED.

Support of most of AECB’s activities is provided at its principal office and domestic branch in Utah and by facilities currently owned by an affiliate located in Phoenix, Arizona; Greensboro, North Carolina; and Fort Lauderdale, Florida.

REGULATORY MATTERS

The following is a general discussion of the regulatory environment in which AECB operates and certain of the material laws, regulations and policies that apply to AECB. Any discussion of statutory or regulatory provisions is qualified in its entirety by reference to those provisions.

General

AECB is incorporated under Utah laws as an industrial bank and is subject to the supervision of, and regulation by, the Utah Commissioner of Financial Institutions and the FDIC. AECB was originally incorporated as an “industrial loan corporation.” In 2004, however, Utah law was amended to rename industrial loan corporations as “industrial banks.” AECB’s business is influenced by prevailing economic conditions, as well as policies and actions of the Board of Governors of the Federal Reserve System (the “FRB”). FRB policies and regulations influence, both directly and indirectly, the rates of interest paid by commercial banks on their time and savings deposits and the costs of funding AECB’s activities.

Industrial Bank and Bank Holding Company Restrictions

Prior to November 2008, the AECB was not considered to be a “bank” for purposes of the Bank Holding Company Act of 1956, as amended (the “BHC Act”) due to the fact that it qualified for an exemption from the BHC Act definition of “bank” afforded to industrial banks that met certain requirements. In November 2008, American Express and TRS obtained approval from the Board of Governors of the Federal Reserve System to become bank holding companies under the BHC Act upon AECB’s granting of an overdraft to an affiliate—a step which was intentionally taken for the express purpose of achieving BHC Act “bank” status for AECB. Concurrently with this change in regulatory status, American Express and TRS elected to become financial holding companies under the BHC Act. As a consequence, such companies are bound by the limitation on bank and financial holding companies to engage only in financial related activities and those activities incidental and complementary to financially related activities.

Depositor Preference

The claims of a receiver of an insured depository institution for administrative expenses and the claims of holders of deposit liabilities of that institution (including the FDIC, as the subrogee of such holders) have priority over the claims of general unsecured creditors of that institution, including the holders of obligations such as the AECB Notes, in the event of a liquidation or other resolution of that institution. Under a final FDIC rule, “administrative expenses” of a receiver are defined as those incurred by a receiver in liquidating or resolving the affairs of a failed insured depository institution. In a liquidation or other resolution of AECB by the FDIC, holders of the AECB Notes would be treated differently from, and could receive, if anything, significantly less than, holders of deposit obligations of AECB.

Powers of the FDIC In Connection with the Insolvency of An Insured Depository Institution

A depository institution insured by the FDIC can be held liable for any loss incurred by, or reasonably expected to be incurred by, the FDIC in connection with (i) the default of a commonly controlled FDIC-insured depository institution or (ii) any assistance provided by the FDIC to a commonly controlled depository institution in danger of default. The term “default” is defined to mean the appointment of a conservator or receiver for such institution and “in danger of default” is defined generally as the existence of certain conditions indicating that a “default” is likely to occur in the absence of regulatory assistance. Thus, the Bank could incur liability to the FDIC pursuant to this statutory provision in the event of the default of the other insured depository institutions owned or controlled by American Express. As of the date of this Base Prospectus, the only other insured depository institution controlled by American Express, other than AECB, is AEBFSB. Such liability to the FDIC is subordinate in right of payment to deposit liabilities, secured obligations, and any other general or senior liability and any obligation subordinate to depositors or other general creditors, other than obligations owed to any affiliate of the depository institution (with certain exceptions) and any obligations to shareholders in such capacity.

In addition, if any insured depository institution becomes insolvent and the FDIC is appointed its conservator or receiver, the FDIC may disaffirm or repudiate any contract or lease to which such institution is a party, the performance of which is determined by the FDIC to be burdensome, and the disaffirmance or repudiation of which is determined by the FDIC to promote the orderly administration of the institution’s affairs.

Counsel for AECB believes that debt obligations of an insured depository institution (such as the AECB Notes) might be deemed by the FDIC to be “contracts” within the meaning of the foregoing. In such case, the FDIC in its capacity as a conservator or receiver of a failed insured depository institution could repudiate some debt obligations of such institution while leaving others unaffected. If the FDIC were to contend successfully that its power to repudiate “contracts” extends to obligations such as the AECB Notes, the effect of any such repudiation would be to accelerate the maturity of the AECB Notes. Such repudiation would result in a claim of the holders of the AECB Notes against the receivership for principal and interest accrued through the date of the appointment of the conservator or receiver. The amount paid upon this claim would depend upon, among other factors, the amount of receivership assets available for the payment of unsecured claims and the priority of this claim relative to the priority of other unsecured creditors and depositors. See “—Depositor Preference” above. If the maturity of the AECB Notes were so accelerated, and a claim relating to the AECB Notes paid by the receivership, the holders of the AECB Notes might not be able, depending upon economic conditions, to reinvest any amounts paid on the AECB Notes at a rate of interest comparable to that paid on the AECB Notes. The FDIC, as conservator or receiver, may also transfer to a new obligor any of AECB’s assets and liabilities, including the AECB Notes, without the approval of AECB’s creditors, including holders of the AECB Notes.

In its resolution of the problems of an insured depository institution in default or in danger of default, the FDIC is generally required to satisfy its obligations to insured depositors at the least possible cost to the deposit insurance fund. The FDIC may not take any action that would have the effect of increasing the losses to a deposit insurance fund by protecting depositors for more than the insured portion of deposits (generally, \$100,000, temporarily increased to \$250,000 until December 31, 2013) or creditors other than depositors (such as holders of the AECB Notes). The Federal Deposit Insurance Corporation Improvement Act of 1991 authorizes the FDIC to settle all uninsured and unsecured claims in the insolvency of an insured bank by making a final settlement payment after the declaration of insolvency. Such a payment would constitute full payment and disposition of the FDIC’s obligations to claimants. The rate of such final settlement payments is to be a percentage rate determined by the FDIC reflecting an average of the FDIC’s receivership recovery experience.

As a result of provisions of law described above, including those described under “—Depositor Preference,” whether or not the FDIC seeks to repudiate the AECB Notes, in an insolvency of AECB, the AECB Notes would be treated differently from, and holders of the AECB Notes could receive, if anything, significantly less than, holders of deposit obligations, including deposit notes, of AECB.

AECB is subject to regulatory requirements, including capital requirements, limitations on loans to one borrower and capital distributions, preference for holders of deposit liabilities, and the powers of the FDIC as a receiver. AECB is also liable for deposit insurance assessments levied by the FDIC.

Capital Requirements

The FDIC has adopted risk-based capital guidelines to which AECB is subject. The guidelines establish a systematic analytical framework that makes regulatory capital requirements sensitive to certain differences in risk profiles among banking organizations, takes off-balance sheet exposures into explicit account in assessing capital adequacy and minimizes disincentives to holding liquid, low-risk assets. Under the guidelines and related policies, an insured bank must maintain capital sufficient to meet both a risk-based asset ratio test and leverage ratio test on a consolidated basis. A bank’s total risk-based capital ratio (the ratio of total capital (as defined below) to total risk-weighted assets) is determined by allocating assets and specified off-balance sheet financial instruments into four weighted categories, with higher levels of capital being required for the categories perceived as representing greater risk.

Under these guidelines, a bank’s capital is divided into two tiers. The first tier (Tier I) includes common equity, non-cumulative perpetual preferred stock (excluding auction rate issues) and minority interests that are held by others in a bank’s consolidated subsidiaries, less goodwill and any disallowed intangibles. The risk-based capital ratio guidelines provide that qualifying mortgage servicing rights (“MSRs”) and purchased credit card relationships (“PCCRs”) may be included in (i.e., not deducted from) the calculation of a bank’s Tier I capital, subject to certain valuation and size limitations provided that, in the aggregate, the total amount of MSRs and PCCRs included in the Tier I capital does not exceed 50% of Tier I capital (calculated net of goodwill and other disallowable intangible assets), of which no more than 25% of such Tier I capital can consist of PCCRs. Supplementary (Tier II) capital includes, among other items, cumulative and limited-life preferred stock, hybrid capital instruments, mandatory convertible securities, qualifying subordinated debt and the allowance for loan and

lease losses, subject to certain limitations, less required deductions as provided by regulation. “Total capital” is the sum of Tier I and Tier II capital.

Banks are required to attain a minimum total risk-based capital ratio of 8%, of which half (4%) must be Tier I capital. The FDIC may, however, set higher risk-based capital ratio requirements when a bank’s particular circumstances warrant. As of December 31, 2008, AECB’s tier I risk-based ratio was 12.27%, and AECB’s total capital ratio was 13.71%.

Under the leverage ratio test, the numerator is tier I capital and the denominator is adjusted total (i.e., not risk-weighted) assets (as specified in the guidelines). These guidelines provide for a minimum leverage ratio of 3% for banks that meet certain specified criteria, including excellent asset quality, high liquidity, low interest rate exposure and the highest regulatory rating. Banks not meeting these criteria or which are experiencing or anticipating significant growth are expected to maintain a minimum ratio which exceeds the 3% minimum by at least 100 to 200 basis points. The FDIC may, however, set higher leverage ratio requirements when a bank’s particular circumstances warrant. As of December 31, 2008, AECB’s leverage capital ratio was 13.25%.

In November 2001, the four federal banking agencies, including the FDIC, adopted an amendment to the regulatory capital standards regarding the treatment of certain recourse obligations, direct credit substitutes (i.e., guarantees on third party assets), residual interests in asset securitizations, and other securitized transactions that expose institutions primarily to credit risk. Effective January 1, 2002, this rule amended the agencies’ regulatory capital standards to create greater differentiation in the capital treatment of residual interests.

The risk-based capital guidelines of the FDIC follow the original 1988 Capital Accord of the Basel Committee on Banking Supervision (commonly known as the “Basel Accord”). The Basel Committee, which consists of banking supervisors from the principal nations whose banking organizations are active internationally, published in July 2006 a final version of a revised capital framework (commonly known as the “Basel II Accord”). While member states of the European Union apply Basel II to all credit institutions and investment firms, the U.S. federal bank regulatory agencies have proposed taking a different approach, mandating that only the largest internationally active banks, so-called “core banks,” be required to comply with Basel II. Other, smaller or not-internationally active (“non-core”) banks and other depository institutions in the United States will have the choice of (i) continuing to measure capital adequacy under existing Basel I U.S. rules (subject to some conforming changes), (ii) adopting the “standardized” approach of Basel II, or (iii) if the institution is able to meet the qualification standards, adopting or “opting-in” to the advanced approaches of Basel II, subject to the approval of their federal banking supervisor. In June 2008, the U.S. federal banking agencies published for comment proposed rules containing more details of implementation of the standardized approach for non-core U.S. banks. Final regulations for the U.S. implementation of the advanced approaches of Basel II were issued in December 2007. Under the rules, core banks have a three-year window of time—until April 2011—for Basel II implementation. (Under applicable rules, a depository institution is considered a core bank if it meets either of two independent threshold criteria: (1) consolidated total assets of \$250 billion or more, as reported at the most recent year-end regulatory reports, or (2) consolidated total on-balance sheet foreign exposure of \$10 billion or more at the most recent year end.) AECB is unable to predict how the application of Basel II in the United States may affect its capital requirements.

From time to time the FDIC issues statements and interpretation on how institutions subject to its authority must apply the capital requirements discussed above. Such statements and interpretations could have a significant impact on the Bank’s ability to satisfy its minimum capital requirements and should be consulted when evaluating the capital adequacy of AECB. As of December 31, 2008, AECB exceeded the FDIC “well capitalized” levels for Tier I, total capital and minimum leverage ratios.

Under FRB guidelines, AECB is required to remain “well-capitalized” in order for American Express and TRS to be able to continue to qualify as financial holding companies.

Federal Deposit Insurance Corporation Improvement Act of 1991 (“FDICIA”) and the Federal Deposit Insurance Reform Act of 2005 (“FDIRA”)

FDICIA provides the federal banking agencies with broad powers to take “prompt corrective action” to resolve problems of insured depository institutions. The extent of these powers depends upon whether the institutions in question are “well capitalized,” “adequately capitalized,” “undercapitalized,” “significantly undercapitalized” or “critically undercapitalized.” Under rules adopted by the FDIC, an insured bank will be

considered (A) “well capitalized” if it has (i) a total risk-based capital ratio of 10% or greater, (ii) a Tier I risk-based capital ratio of 6% or greater, (iii) a leverage ratio of 5% or greater and (iv) is not subject to any order or written directive to meet and maintain a specific capital level; and (B) “adequately capitalized” if it has (i) a total risk-based capital ratio of 8% or greater, (ii) a Tier I risk-based capital ratio of 4% or greater and (iii) a leverage ratio of 4% or greater (or 3% or greater in the case of a bank rated composite 1 under the Uniform Financial Institutions Rating System (the “CAMEL” rating system)). A bank will be considered (x) “under-capitalized” if it does not meet either of the above definitions; (y) “significantly undercapitalized” if it has (i) a total risk-based capital ratio of less than 6%, (ii) a Tier I risk-based capital ratio of less than 3% or (iii) a leverage ratio of less than 3%; and (z) “critically undercapitalized” if it has a ratio of tangible equity (as defined in the regulation) to total assets less than or equal to 2%.

The following chart reflects AECB’s capital ratios and how they compare to the federal banking agencies’ defined levels of capital at December 31, 2008:

	Tier 1 Leverage Ratio	Tier 1 Risk-Based Capital Ratio	Total Risk-Based Capital Ratio
American Express Centurion Bank	13.25%	12.27%	13.71%
“Well Capitalized”	5.00%	6.00%	10.00%
“Adequately Capitalized”	4.00%	4.00%	8.00%

At December 31, 2008, AECB was categorized as “well capitalized” based on the ratios and guidelines noted above.

Under FDICIA’s prompt corrective actions system, a bank in the undercapitalized category must submit a capital restoration plan guaranteed by its parent company. The liability of the parent company under any such guarantee is limited to the lesser of 5% of the bank’s assets at the time it became undercapitalized, or the amount needed to comply with the plan. A bank in the undercapitalized category also is subject to limitations in numerous areas including, but not limited to, asset growth, acquisitions, branches, new business lines, acceptance of brokered deposits and borrowings from the Federal Reserve. Progressively more burdensome restrictions are applied to banks in the undercapitalized category that fail to submit or implement a capital plan and to banks that are in the significantly undercapitalized or critically undercapitalized categories. In addition, a bank’s primary federal banking agency is authorized to downgrade the bank’s capital category to the next lower category upon a determination that the bank is in an unsafe or unsound condition or is engaged in an unsafe or unsound practice. An unsafe or unsound practice can include receipt by the institution of a rating on its most recent examination of three or worse (on a scale for 1 (best) to 5 (worst)), with respect to its capital, asset quality, management, earnings, liquidity or sensitivity.

FDICIA and the regulations issued thereunder also have (i) limited the use of brokered deposits to well capitalized banks and adequately capitalized banks that have received waivers from the FDIC; (ii) established restrictions on the permissible investments and activities of FDIC-insured state chartered banks and their subsidiaries; (iii) implemented uniform real estate lending rules; (iv) prescribed standards to limit the risks posed by credit exposure between banks; (v) amended various consumer banking laws; (vi) increased restrictions on loans to a bank’s insiders; (vii) established standards in a number of areas to assure bank safety and soundness; and (viii) implemented additional requirements for institutions that have \$500 million or more in total assets with respect to annual independent audits, audit committees, and management reports related to financial statements, internal controls and compliance with designated laws and regulations.

Deposit Insurance Assessments

AECB is a member of the Deposit Insurance Fund (“DIF”), a deposit insurance fund administered by the FDIC. AECB, like other FDIC-insured banks, is required to pay assessments to the FDIC for deposit insurance under the DIF (calculated using a risk-based assessment system adopted by the FDIC pursuant to regulations that became effective April 2009). These assessments vary based on a number of different risk factors including the examination rating accorded a bank by its primary federal regulator (the FDIC, in the case of AECB) and, in many cases, the bank’s long-term debt ratings established by nationally recognized statistical rating organizations. The FDIC has projected an overall average assessment rate for FDIC insured institutions of 15.4 basis points (not including any special assessment that may be imposed). In 2008, the FDIC’s deposit insurance coverage was

temporarily increased from \$100,000 to \$250,000 per depositor through December 31, 2009. Legislation has recently been proposed in the U.S. Congress to make this increase effective through 2013.

All depository institutions must also pay a quarterly assessment so that the Financing Corporation (“FICO”) may pay interest on bonds it issued in connection with the resolution of savings association insolvencies occurring prior to 1991. The rate schedules are subject to future adjustments by the FDIC. In addition, the FDIC has authority to impose special assessments from time to time, subject to certain limitations specified in the Deposit Insurance Funds Act.

Transactions with Affiliates and AECB

AECB is subject to the affiliate and insider transaction rules set forth in Sections 23A, 23B, 22(g) and 22(h) of the Federal Reserve Act (“FRA”), and Regulation W issued by the FRB. These provisions, among other things, prohibit or limit an insured bank from extending credit to, or entering into certain transactions with, its affiliates and principal stockholders, directors and executive officers. The FRB requires depository institutions that are subject to Sections 23A and 23B to implement policies and procedures to ensure compliance with Regulation W regarding transactions with affiliates.

Section 402 of the Sarbanes-Oxley Act of 2002 (“Sarbanes-Oxley”) prohibits the extension of personal loans to directors and executive officers of issuers (as defined in Sarbanes-Oxley). Loans made by an FDIC-insured institution such as AECB, however, are expressly exempt from such prohibition so long as they are subject to the insider lending restrictions of Section 22(h) of the FRA.

Consumer Protection Laws

There are numerous federal and state laws that significantly influence AECB’s primary lending and deposit activities, including consumer protection and usury laws. These laws can affect AECB’s earnings and activities. Legislation may be enacted or regulation imposed to further regulate banking and financial services or to limit finance charges or other fees or charges earned in such activities. There can be no assurance whether any such legislation or regulation will place additional limitations on AECB’s operations or adversely affect its earnings.

AECB is subject to a number of federal laws and regulations, including:

- the Equal Credit Opportunity Act (which generally prohibits discrimination in the granting and handling of credit);
- the FCRA, as amended by the FACT Act (which, among other things, regulates use by creditors of consumer credit reports and credit prescreening practices and requires certain disclosures when an application for credit is rejected);
- the TILA (which, among other things, requires extensive disclosure of the terms upon which credit is granted), including the amendments to TILA that were adopted through the enactment of the Fair Credit and Charge Card Disclosure Act (which mandates certain disclosures on credit and charge card applications);
- the Fair Credit Billing Act (which, among other things, regulates the manner that billing inquiries are handled and specifies certain billing requirements); and
- the Electronic Funds Transfer Act (which regulates disclosures and settlement of transactions for electronic funds transfers including those at ATMs).

In December 2008, the Federal Reserve, the Office of Thrift Supervision and the National Credit Union Administration (collectively, the “Agencies”) promulgated final rules prohibiting certain card practices for consumer credit card accounts. The Agencies exercised their authority under Section 5(a) of the Federal Trade Commission Act (“FTC Act”) to amend Regulation AA (i.e., “UDAP”), which prohibits unfair or deceptive acts or practices. Additionally, the Federal Reserve promulgated final rules substantially revising the open-end credit provisions of Regulation Z. The final amendments to Regulation AA and Regulation Z become effective July 1, 2010.

The final Regulation AA amendments, among other requirements, prohibit issuers from treating a payment as late for any purpose, including increasing the APR or imposing a fee, unless a consumer has been provided a “reasonable amount of time” to make the payment. When different APRs apply to different balances, the amendments require issuers to apply payment amounts in excess of the minimum payment either: (1) first to the balance with the highest APR; or (2) pro rata to the types of outstanding balances based on the amounts of those outstanding balances. In addition, the amendments prohibit an issuer from increasing the APR, unless one of the following five express exceptions apply relating to: (1) account-opening disclosure; (2) variable rates; (3) advance notice; (4) delinquency; and (5) workout arrangements.

The final Regulation Z amendments, among other requirements, extend the advance notice period for changes to principal account terms from the current 15 days to 45 days and requires the changes to be disclosed in a tabular disclosure similar to that provided at account opening. The amendments also require revisions to the format and content of all main types of open-end credit disclosures governed by Regulation Z, including applications and solicitations, account-opening disclosures, and periodic billing statements.

The final amendments to both Regulation AA and Regulation Z were issued largely as proposed. While AECB anticipates making changes to its products that are designed to lessen the impact of these changes, there is no assurance that it will be successful. If AECB is not able to lessen the impact of these changes, they will have a material adverse effect on its results of operations.

The Credit Card Accountability, Responsibility and Disclosure Act of 2009, or the Credit Card Act, was enacted in May 2009. Among other things, the Credit Card Act regulates the timing and circumstances of interest rate increases on credit cards. AECB is evaluating the impact, if any, the Credit Card Act will have on its business and results of operations.

The FCRA regulates the disclosure of consumer credit reports by consumer reporting agencies and the use of consumer credit report information by banks and other companies. The FCRA was significantly amended by the enactment in December 2003 of the FACT Act. The FACT Act requires any company that receives information concerning a consumer from an affiliate, subject to certain exceptions, to permit the consumer to opt out from having that information used to market the company’s products to the consumer. In November 2007, the federal banking agencies issued a final rule implementing the affiliate marketing provisions of the FACT Act. Other federal banking agencies are expected to promulgate similar rules imminently. Companies subject to FDIC oversight must comply with the rules by October 1, 2008. AECB qualifies for an exemption from the affiliate marketing provision of the FACT Act and as a result does not need to provide an affiliate marketing opt out. The FACT Act further amends the FCRA by adding several new provisions designed to prevent or decrease identity theft and to improve the accuracy of consumer credit information. The federal banking agencies published a final rule in November 2007 requiring financial institutions to implement a program containing reasonable policies and procedures to address the risk of identity theft and to identify accounts where identity theft is more likely to occur. Companies subject to oversight by the federal banking agencies must comply with the rule by November 1, 2008. The FACT Act also imposes new duties on both consumer reporting agencies and on businesses that furnish or use information contained in consumer credit reports. For example, a furnisher of information is required to implement procedures to prevent the reporting of any information that it learns is the result of identity theft. Also, if a consumer disputes the accuracy of information provided to a consumer reporting agency, the furnisher of that information must conduct an investigation and respond to the consumer in a timely fashion. The federal banking regulatory agencies and the FTC have proposed rules that specify the circumstances under which furnishers of information would be required to investigate disputes regarding the accuracy of the information provided to a consumer reporting agency. The FACT Act also requires grantors of credit that use consumer credit report information in making a determination to offer a borrower credit on terms that are “materially less favorable” than the terms offered to most of the lender’s other customers to notify the borrower that the terms are based on a consumer credit report. In such a case the borrower is entitled to receive a free copy of the report from the consumer reporting agency. Grantors of credit using pre-screened consumer credit report information in credit solicitations are also required to include an enhanced notice to consumers that they have the right to opt out from receiving further pre-screened offers of credit. The enactment of the FACT Act and the promulgation of rules implementing it are not expected to have a significant impact on American Express’ business or practices.

The regulatory environment in which American Express’ Card and lending businesses operate has become increasingly complex and robust. The U.S. Congress, as well as regulators and various consumer advocacy groups, have increasingly focused attention on the types and levels of fees charged by card issuers for, among other things, late payments, returned checks, payments by telephone, copies of statements and the like.

AECB regularly reviews and, as appropriate, refines its business practices in light of existing and anticipated developments in laws, regulations and industry trends so it can continue to manage its business prudently and consistent with regulatory requirements and expectations.

Financial Services Modernization and Financial Holding Company Status for American Express and TRS

The Gramm-Leach-Bliley Act of 1999 (“GLBA”), which took effect in most respects in early 2000, eliminated many of the regulatory restrictions on providing financial services. Under the BHC Act, as amended by the GLBA, an eligible bank holding company may elect to be a “financial holding company” and thereafter may engage in a range of activities that are financial in nature and that were not previously permissible for banks and bank holding companies. The parent companies of AECB, American Express and TRS, became financial holding companies under the GLBA on November 14, 2008.

A financial holding company may engage directly or through a subsidiary in certain statutorily authorized activities. A financial holding company may also engage in any activity that has been determined by rule or order to be financial in nature, incidental to such financial activity, or (with prior FRB approval) complementary to a financial activity and that does not pose a substantial risk to the safety and soundness of an institution or to the financial system generally. In addition to these activities, a financial holding company may engage in those activities permissible for a bank holding company that has not elected to be treated as a financial holding company.

The ability of American Express and TRS to maintain their financial holding company status and/or their complete investment and activity authority as financial holding companies is dependent upon a number of factors, including AECB continuing to qualify as “well-capitalized” (under the criteria previously described) and AECB Bank maintaining at least a satisfactory rating on its most recent Community Reinvestment Act program under the Community Reinvestment Act of 1977.

Privacy

The GLBA included extensive consumer privacy provisions and the federal banking regulators have adopted privacy regulations implementing the new law. These provisions, among other things, require full disclosure of AECB’s privacy policy to consumers and mandate offering the consumer the ability to “opt out” of having non-public personal information disclosed to third parties. In addition, the states are permitted to adopt more extensive privacy protections through legislation or regulation, and several states have adopted such legislation. There can be no assurance whether any such legislation or regulation will place additional limitations on AECB’s operations or adversely affect its earnings.

AECB is subject to regulatory guidelines establishing standards for safeguarding customer information. These regulations implement certain provisions of the GLBA. The guidelines describe the agencies’ expectations for the creation, implementation and maintenance of an information security program, which would include administrative, technical and physical safeguards appropriate to the size and complexity of the institution and the nature and scope of its activities. The standards set forth in the guidelines are intended to ensure the security and confidentiality of customer records and information, protect against any anticipated threats or hazards to the security or integrity of such records and protect against unauthorized access to or use of such records or information that could result in substantial harm or inconvenience to any customer.

The Patriot Act

The Patriot Act, enacted in 2001, imposed significant record keeping and customer identity requirements, expanded the government’s powers to freeze or confiscate assets and increased the available penalties that may be assessed against financial institutions for violation of the requirements of the Patriot Act intended to detect and deter money laundering and terrorist financing. The Patriot Act required the U.S. Treasury Secretary to develop and adopt final regulations with regard to the anti-money laundering compliance obligations on financial institutions (a term which includes U.S. depository institutions, U.S. branches and agencies of foreign banks, U.S. broker-dealers and numerous other entities). The U.S. Treasury Secretary delegated this authority to a bureau of the U.S. Treasury Department known as the Financial Crimes Enforcement Network, or “FinCEN.”

Many of the new anti-money laundering compliance requirements of the Patriot Act, as implemented by FinCEN, are generally consistent with the anti-money laundering compliance obligations that applied to AECB under the Bank Secrecy Act and applicable Federal Reserve Board regulations before the Patriot Act was adopted. These include requirements to adopt and implement an anti-money laundering program, report suspicious transactions and implement due diligence procedures for certain correspondent and private banking accounts. Certain other specific requirements under the Patriot Act involve new compliance obligations.

The Patriot Act and other recent events have resulted in heightened scrutiny of the Bank Secrecy Act and anti-money laundering compliance programs by federal and state bank examiners.

Future Developments

In addition to the matters discussed above, there are under consideration a number of legislative and regulatory proposals designed to strengthen the federal deposit insurance system and to improve the overall financial stability of the U.S. banking system. For example, legislation calling for increased regulation of mortgage and credit card lending has recently been enacted or is currently receiving serious consideration in Congress and state legislatures. Policymakers are also considering proposals to change substantially the financial institution regulatory system as well as initiatives to assist borrowers who are having difficulty repaying their home loans. These and other proposals, if enacted, may change banking statutes and regulations and AECB's operating environment in substantial and unpredictable ways. For example, if implemented, these proposals could increase or decrease the cost of doing business, limit or expand permissible activities or affect the competitive balance among banks, savings associations, industrial banks, credit unions and other financial institutions. It is impossible to predict whether those changes in laws and regulations will occur, and, if those changes occur, the ultimate effect on AECB. It is likely, however, that the current high level of enforcement and compliance-related activities of federal and state authorities will continue and potentially increase.

DIRECTORS AND OFFICERS OF AECB

The Directors and Executive Officers of AECB and their principal occupations are as follows:

<i>Name</i>	<i>Principal Occupation</i>
Directors	
Thomas G. Anderson.....	Senior Vice President, Global Banking, TRS
Robert Garinger.....	Vice President, Customer Service Delivery, TRS
Peggy Maher.....	Senior Vice President, Consumer Card Services, TRS
Maria J. Garcia.....	Executive Director, Salt Lake Neighborhood Housing Services
Andrea J. Moss.....	President and Chief Executive Officer, American Express Centurion Bank
William Taylor.....	Management Consultant
W. Val Oveson.....	Tax Consultant
Officers	
Andrea J. Moss.....	President and Chief Executive Officer
R. Mark Gomez.....	Chief Operating Officer, Chief Operational Risk Officer and Physical Security Officer
Scott C. Godderidge.....	Chief Financial Officer and Treasurer
Todd N. Boren.....	Chief Credit Officer
Kevin L. Thompson.....	Controller and Secretary
Michael Sherman.....	Chief Compliance Officer and Privacy Officer
Richard A. Small.....	Interim Bank Secrecy Act and Anti-Money Laundering Officer
Diane S. Owsley.....	Chief Technology Officer and Information Security Officer

The business address of each Director and each Executive Officer is 4315 South 2700 West, Salt Lake City, Utah 84184.

No potential conflicts of interest exist between the Directors' duties to AECB and their private interests and/or other duties.

SELECTED FINANCIAL INFORMATION OF AECB

The following financial information of AECB for the years ended December 31, 2008 and 2007 was derived from AECB's audited financial statements prepared in accordance with US GAAP should be read in conjunction with the detailed information contained elsewhere herein.

Consolidated Statements of Income

	<i>Years ended</i>	
	<i>December 31,</i>	
	<u>2008</u>	<u>2007</u>
	<i>(Millions)</i>	
Interest income	\$ 2,112	\$ 2,237
Interest expense	<u>651</u>	<u>854</u>
Net interest income	1,461	1,383
Provision for loan losses	<u>1,604</u>	<u>1,011</u>
Net interest (expense) income after provision for loan losses	<u>(143)</u>	<u>372</u>
Non-interest income	5,003	5,406
Non-interest expense	<u>3,478</u>	<u>3,738</u>
Net non-interest income	<u>1,525</u>	<u>1,668</u>
Pretax income	1,382	2,040
Income tax provision	<u>422</u>	<u>750</u>
Net income	<u>\$ 960</u>	<u>\$ 1,290</u>

Consolidated Balance Sheets

	<i>As of December 31,</i>	
	<u>2008</u>	<u>2007</u>
	<i>(in millions)</i>	
Assets:		
Cash and cash equivalents	\$ 3,997	\$ 2,020
Cardmember receivables (less reserves of \$121 in 2008 and \$0 in 2007)	3,260	0
Cardmember receivables held for sale	1,342	1,442
Cardmember loans (less reserves of \$945 in 2008 and \$684 in 2007)	13,775	20,293
Investment securities	1,093	1,102
Deferred income taxes, net	526	115
Prepaid expenses and other assets	1,037	991
Total assets	<u>\$ 25,030</u>	<u>\$ 25,963</u>
Liabilities and Shareholder's Equity:		
Deposit liabilities	\$ 7,064	\$ 6,778
Federal funds purchased	401	1,296
Short-term borrowings	2,225	1,525
Long-term debt	9,587	11,099
Accounts payable, accrued expenses and other liabilities	983	948
Due to affiliates, net	1,733	1,603
Total liabilities	<u>21,993</u>	<u>23,249</u>
Total shareholder's equity	<u>3,037</u>	<u>2,714</u>
Total liabilities and shareholder's equity	<u>\$ 25,030</u>	<u>\$ 25,963</u>

FORWARD-LOOKING STATEMENTS

Various forward-looking statements have been made in this Base Prospectus and the documents incorporated or deemed to be incorporated by reference in this Base Prospectus. Forward-looking statements may also be made in other reports filed by American Express with the SEC, in its press releases and in other documents. In addition, from time to time, American Express, through its management may make oral forward-looking statements. Forward-looking statements are subject to risks and uncertainties, including those identified in the “Risk Factors” section of this Base Prospectus, and in the documents that are or will be incorporated by reference into this Base Prospectus, which could cause actual results to differ materially from such statements. The words “believe,” “expect,” “anticipate,” “optimistic,” “intend,” “evaluate,” “plan,” “estimate,” “aim,” “will,” “may,” “should,” “could,” “would,” “likely” and similar expressions are intended to identify forward-looking statements. Readers are cautioned that the risk factors described in the “Risk Factors” section are not exclusive. There may also be risks that the Issuers 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.

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

UNITED STATES TAXATION

The following discussion summarizes certain U.S. federal tax considerations that may be relevant to you if you are a beneficial owner of Instruments and are a United States Alien (as defined in clause 6.02(ii)(A) “Terms and Conditions of the Instruments—Redemption and Purchase—Early Redemption for Tax Reasons”). This summary is based on laws, regulations, rulings and decisions now in effect, all of which may change, possibly with retroactive effect. Any special U.S. federal tax considerations relevant to a particular issue of Instruments, including any Index-Linked Instruments, will be provided in the applicable Final Terms.

This summary has been written to support the marketing of the Instruments. It was not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding U.S. federal income tax penalties. Investors should consult their own tax advisors in determining the tax consequences to them of investing in the Instruments, including the application to their particular situation of the U.S. federal income tax considerations discussed below, as well as the application of state, local, foreign or other tax laws.

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

- (a) payment on an Instrument or Coupon by the Issuers or any paying agent to a holder that is a United States Alien will not be subject to withholding of United States federal income tax, provided that, with respect to payments of interest on Instruments that are payable more than 183 days from the date of their original issue, (i) the holder does not actually or constructively own 10 per cent or more of the combined voting power of all classes of stock of the Issuer and is not a controlled foreign corporation related to the Issuer through stock ownership and (ii) the interest is not contingent interest described in section 871(h)(4) of the Code (very generally, interest based on or determined by reference to income, profits, cash flow or other comparable attributes of the obligor or an affiliate of the obligor);
- (b) a beneficial owner of an Instrument or Coupon that is a United States Alien will not be subject to United States federal income tax on gain realized on the sale, exchange or redemption of the Instrument or Coupon, provided that such holder does not have a connection with or status with respect to the United States described in clause (i)(x) under “Terms and Conditions of the Instruments—Taxation”;
- (c) a beneficial owner of an Instrument or Coupon that is a United States Alien will not be required to disclose its nationality, residence or identity to the Issuer, a paying agent (acting in its capacity as such) or any United States governmental authority in order to receive payment on such Instrument or Coupon from the Issuer or a paying agent outside the United States; and
- (d) an Instrument or Coupon will not be subject to United States federal estate tax as a result of the death of a holder who is not a citizen or resident of the United States at the time of death, provided that such holder did not at the time of death actually or constructively own 10 per cent or more of the combined voting power of all classes of stock of the Issuer and, at the time of such holder’s death, payments of interest on such Instrument or Coupon would not have been effectively connected with the conduct by such holder of a trade or business in the United States.

United States information reporting requirements and backup withholding tax will not apply to payments on an Instrument or Coupon made outside the United States by the Issuer or any paying agent to a holder that is a United States Alien.

Information reporting requirements and backup withholding tax will not apply to any payment on an Instrument or Coupon outside the United States by a foreign office of a foreign custodian, foreign nominee or other foreign agent of the beneficial owner of such Instrument or Coupon, provided that such custodian, nominee or agent (i) derives less than 50% of its gross income for certain periods from the conduct of a trade or business in the United States, (ii) is not a controlled foreign corporation for United States federal income tax purposes and (iii) is not a foreign partnership that, at any time during its taxable year, is more than 50% (by income or capital interest) owned by U.S. persons or is engaged in the conduct of a U.S. trade or business. Payment on an Instrument or Coupon outside the United States to the beneficial owner thereof by a foreign office of any other custodian, nominee or agent will not be subject to backup withholding tax, but will be subject to information reporting requirements unless such custodian, nominee or agent has documentary evidence in its records that the

beneficial owner is a United States Alien or the beneficial owner otherwise establishes an exemption. Payment on an Instrument or Coupon by the United States office of a custodian, nominee or other agent of the beneficial owner of such Instrument or Coupon will be subject to information reporting requirements and backup withholding tax unless the beneficial owner certifies its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

Information reporting requirements and backup withholding tax will not apply to any payment of the proceeds of the sale of an Instrument or Coupon effected outside the United States by a foreign office of a foreign “broker” (as defined in applicable Treasury regulations), provided that such broker (i) derives less than 50% of its gross income for certain periods from the conduct of a trade or business in the United States, (ii) is not a controlled foreign corporation for United States federal income tax purposes and (iii) is not a foreign partnership that, at any time during its taxable year, is more than 50 per cent (by income or capital interest) owned by U.S. persons or is engaged in the conduct of a U.S. trade or business. Payment of the proceeds of the sale of an Instrument or Coupon effected outside the United States by a foreign office of any other broker will not be subject to backup withholding tax, but will be subject to information reporting requirements unless such broker has documentary evidence in its records that the beneficial owner is a United States Alien and certain other conditions are met, or the beneficial owner otherwise establishes an exemption. Payment of the proceeds of a sale of an Instrument or Coupon by the United States office of a broker will be subject to information reporting requirements and backup withholding tax unless the beneficial owner certifies its non-U.S. status under penalties of perjury or otherwise establishes an exemption.

Proposed Changes in U.S. Federal Income Tax Laws Could Affect the Taxation of an Investment in the Instruments and Cause the Issuer to Redeem the Instruments Early. The Obama Administration has recently proposed legislation that would limit the ability of a United States Alien to claim the exemption from U.S. withholding tax in respect of “portfolio interest” on the Instruments, if such investors hold the Instruments through a non-U.S. intermediary that is not a “qualified intermediary.” The Administration’s proposals also would limit the ability of certain United States Alien entities to claim relief from 30% U.S. withholding tax in respect of interest paid to such United States Alien entities unless those entities have provided documentation of their beneficial owners to the withholding agent (the “Owner Disclosure Requirement”). A third proposal would impose a 20% withholding tax on the gross proceeds of the sale of Instruments effected through a non-U.S. intermediary that is not a qualified intermediary and that is not located in a jurisdiction with which the United States has a comprehensive income tax treaty having a satisfactory exchange of information provision. A United States Alien investor may be permitted to claim a refund to the extent any tax withheld exceeded the investor’s actual tax liability. The full details of these proposals have not yet been made public, although the Administration’s summary of these proposals generally indicates that they are not intended to disrupt ordinary and customary market transactions.

It is unclear whether, or in what form, these proposals may be enacted, whether they will be applicable to debt instruments in bearer form (such as the Instruments) and whether they will be effective with respect to debt instruments issued before they are enacted. United States Aliens should note however that, if the Owner Disclosure Requirement is enacted and is applicable to the Instruments, the Issuer may be required to redeem the Instruments early (for the Early Redemption Amount referred to in Condition 6.02. together with accrued interest, if any), or, alternatively, may elect to pay additional amounts in respect of any withholding tax that results from United States Alien's failure to comply with the applicable disclosure requirements (as described under Condition 6.02.(ii)(D)).

United States Aliens are encouraged to consult with their tax advisers regarding the possible implications of the Administration’s proposals on their investment in respect of the Instruments.

For purposes of applying the rules set forth under this heading “United States Federal Taxation” to an entity that is treated as fiscally transparent (e.g., a partnership) for U.S. federal income tax purposes, the beneficial owner means each of the ultimate beneficial owners of the entity.

JERSEY TAXATION

Jersey, Channel Island Tax Consequences

AEOCC is incorporated in Jersey, Channel Islands. With effect from 1 January 2009 pursuant to the Income Tax (Amendment No.28) (Jersey) Law 2007, and the Income Tax (Amendment No.29) (Jersey) Law 2008, companies incorporated in Jersey are subject to a standard rate of corporate income tax of 0% with specified financial services companies subject to a special rate of corporate income tax of 10%. AEOCC is subject to a rate of corporate income tax of 0% as its business does not fall within the definition of a financial services company under the above laws. However, if AEOCC's business should in the future change to become a financial services company as therein defined then it may be at risk of becoming subject to the special rate of corporate income tax of 10%. As a company subject to corporate income tax at 0%, AEOCC will not be liable to pay any corporate income tax in Jersey under the current Jersey law. There are no taxes levied in Jersey on capital gains and AEOCC is not currently liable to tax under the Goods and Services Tax (Jersey) Law 2007, as amended, as it is registered as an International Service Entity. Accordingly, no taxes will be imposed in Jersey with respect to the earnings of AEOCC and no withholding tax will be imposed in Jersey on any interest or other distributions received by holders of the instruments issued by AEOCC under the current Jersey law. (Note, however, the comments in the paragraphs below on the possible implications of the EU Savings Tax Directive). In addition, no Jersey tax will be imposed upon the transfer or other disposition of shares in the instruments.

Jersey is not subject to the EU Savings Tax Directive (defined in section "EU Tax Savings Directive" below). However, in keeping with Jersey's policy of constructive international engagement and in line with steps taken by other relevant third countries, the States of Jersey introduced with effect from 1 July, 2005 a retention tax system in respect of payments of interest, or other similar income, made to an individual beneficial owner resident in an EU Member State by a paying agent established in Jersey (the terms "beneficial owner" and "paying agent" are defined in the EU Savings Tax Directive). The retention tax system will apply for a transitional period prior to the implementation of a system of automatic communication to EU Member States of information regarding such payments. The transitional period will end only after all EU Member States apply automatic exchange of information and the EU Member States unanimously agree that the United States of America has committed to exchange of information upon request. During this transitional period, such an individual beneficial owner resident in an EU Member State is entitled to request a paying agent not to retain tax from such payments but instead to apply a system by which the details of such payments are communicated to the tax authorities of the EU Member State in which the beneficial owner is resident.

The retention tax system and the disclosure arrangements are implemented by means of bilateral agreements with each of the EU Member States, the Taxation (Agreements with European Union Member States) (Jersey) Regulations 2005 and Guidance Notes issued by the Policy & Resources Committee of the States of Jersey.

LUXEMBOURG TAXATION

The following is a general description of certain Luxembourg tax considerations relating to the Instruments. It specifically contains information on taxes on the income from the Instruments withheld at source and provides an indication as to whether the Issuer assumes responsibility for the withholding of taxes at the source. It does not purport to be a complete analysis of all tax considerations relating to the Instruments, whether in the Grand Duchy of Luxembourg (“Luxembourg”) or elsewhere. Prospective purchasers of the Instruments should consult their own tax advisers as to which countries’ tax laws could be relevant to acquiring, holding and disposing of the Instruments, payments of interest, principal and/or other amounts under the Instruments and the consequences of such actions under the tax laws of Luxembourg. This summary is based upon the law as in effect on the date of this Base Prospectus. The information contained within this section is limited to withholding taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Instruments.

Withholding Tax

All payments of interest and principal by the Issuer in the context of the holding, disposal, redemption or repurchase of the Instruments can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with the applicable Luxembourg law, subject however to:

- (i) the application of the Luxembourg law of 21 June 2005 implementing the EU Savings Tax Directive and several agreements concluded with certain dependent or associated territories of certain Member States of the EU and providing for the possible application of a withholding tax (20% from July 1, 2008 to June 30, 2011 and 35% from July 1, 2011) on interest paid to certain non Luxembourg resident investors (individuals and certain types of entities called “residual entities”) in the event of any appointment of a paying agent in Luxembourg within the meaning of the above-mentioned directive or agreements (see section “EU Savings Tax Directive” below),
- (ii) application as regards Luxembourg resident individuals of the Luxembourg law of 23 December 2005 which has introduced a 10% withholding tax (which is final when Luxembourg resident individuals are acting in the context of the management of their private wealth) on savings income (i.e. with certain exemptions, savings income within the meaning of the Luxembourg law of 21 June 2005 implementing the EU Savings Tax Directive). This law should apply to savings income accrued as from July 1, 2005 and paid as from January 1, 2006.

Responsibility for the withholding of tax in application of the above-mentioned Luxembourg laws of 21 June 2005 and 23 December 2005 is assumed by the Luxembourg paying agent within the meaning of these laws and not by the Issuer.

EU SAVINGS TAX DIRECTIVE

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg will (unless during such period such Member States elect otherwise) instead apply a withholding system in relation to such payments. Under such withholding system, tax will be deducted unless the recipient of the payment elects instead for an exchange of information procedure. The current rate of withholding is 20% and it will be increased to 35% with effect from July 1, 2011. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to exchange of information procedures relating to interest and other similar income.

A number of non-EU countries, and certain dependent or associated territories of certain Member States, including Jersey, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within their respective jurisdictions to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories.

On 13 November 2008 the European Commission published a proposal for amendments to the Directive, which included a number of suggested changes which, if implemented, would broaden the scope of the requirements described above. The European Parliament approved an amended version of this proposal on 24 April 2009. Investors who are in any doubt as to their position should consult their professional advisers.

If a payment under an Instrument were to be made by or collected through a person in a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to EC Council Directive 2003/48/EC, neither the relevant Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts under the terms of such Instrument as a result of the imposition of such withholding tax. The Issuers are, however, required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to such Directive.

SUBSCRIPTION AND SALE

Instruments may be sold from time to time by each Issuer to any one or more of Barclays Bank PLC, BNP PARIBAS, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, HSBC Bank plc, Goldman Sachs International, J.P. Morgan Securities Ltd, Merrill Lynch International, National Australia Bank Limited ABN 12 004 044 937, Mitsubishi UFJ Securities International plc, Mizuho International plc, Royal Bank of Canada Europe Limited, The Royal Bank of Scotland plc, UBS Limited and Westpac Banking Corporation ABN 33 007 457 141 (the “Dealers”). Instruments may also be sold by the Issuers directly to institutions who are not Dealers. The arrangements under which Instruments may from time to time be agreed to be sold by the relevant Issuer to, and purchased by, Dealers are set out in an amended and restated dealership agreement dated July 29, 2009 (the “Dealership Agreement”) and made between the Issuers and the Dealers. Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Instruments, the price at which such Instruments will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the relevant Issuer in respect of such purchase. The Dealership Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Program or in relation to a particular Tranche of Instruments.

United States of America

Regulation S Category 2/3, TEFRA D; Not Rule 144A Eligible

The Instruments have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Instruments are subject to United States tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to United States persons, except in certain transactions permitted by U.S. tax regulations. Terms used in the preceding sentence have the meanings given to them by the Code and U.S. Treasury regulations thereunder.

Each Dealer has represented, warranted and undertaken that, except as permitted by the Dealership Agreement, it, its affiliates (if any) or any person acting on its behalf will not offer, sell or deliver Instruments, (i) as part of their distribution at any time or (ii) otherwise until forty days after the later of the commencement of the offering and the completion of the distribution of the Instruments comprising the relevant Tranche, as determined and certified to the Fiscal Agent or the relevant Issuer by such Dealer (or, in the case of a sale of a Tranche of Instruments to or through more than one Dealer, by each of such Dealers as to Instruments of such Tranche purchased by or through it, in which case the Fiscal Agent or the relevant Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will send to each dealer to which it sells Instruments during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Instruments within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S under the Securities Act.

In addition, until forty days after the later of the commencement of the offering and the completion of the distribution of the Instruments comprising the relevant Tranche, any offer or sale of Instruments within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

In addition, each Dealer has represented and agreed that it has not entered and will not enter into any contractual arrangement with any distributor (as that term is defined for the purposes of Regulation S under the Securities Act, and U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(D)) with respect to the distribution of the Instruments, except with the affiliates of the Issuer or with the prior written consent of the Issuer.

Public Offer Selling Restrictions under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Program will be required to represent, warrant and agree, 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 Instruments which are the subject of the offering contemplated by the Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Instruments to the public in that Relevant Member State:

- (a) if the Final Terms in relation to the Instruments specify that an offer of those Instruments may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Instruments which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Final Terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or Final Terms, as applicable;
- (b) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (c) at any time 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, all as shown in its last annual or consolidated accounts; or
- (d) at any time 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 relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Instruments referred to in (b) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Instruments to the public” in relation to any Instruments 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 Instruments to be offered so as to enable an investor to decide to purchase or subscribe the Instruments, 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.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

In relation to each Tranche of Instruments, each Dealer has represented, warranted and undertaken to the Issuer and each other Dealer (if any) that:

- (A) No deposit-taking: in relation to any Instruments having a maturity of less than one year:
 - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and
 - (ii) it has not offered or sold and will not offer or sell any Instruments other than to persons:
 - (a) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
 - (b) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,

where the issue of the Instruments would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (B) Financial promotion: it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Instruments in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (C) General compliance: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Instruments in, from or otherwise involving the United Kingdom.

Japan

The Instruments have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) and, accordingly, each Dealer has undertaken that it will not offer or sell any Instruments directly or indirectly, in Japan or to, or for the benefit of, any Japanese person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, “Japanese Person” shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

The Netherlands

Each Dealer has represented and agreed that it has complied with, and will comply with, the restrictions contained below.

- (I) Instruments issued by AECB in respect of which the offer and sale to individuals or entities resident, domiciled or established in The Netherlands (“**Dutch Residents**”) has not been excluded in accordance with (II) below shall only be issued in minimum denominations of at least EUR50,000 (or its foreign currency equivalent) (“**High Denomination Instruments**”);
- (II) Instruments (including rights representing an interest in an Instruments in global form) issued by AECB, that are not High Denomination Instruments, may only be offered, directly or indirectly, as part of their initial distribution or at any time thereafter, in The Netherlands, to Dutch Residents qualifying as Qualified Investors as defined in Section 1:1 of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) provided that they acquire the Instruments for their own account and provided that all such Instruments bear a legend to the following effect:

THIS INSTRUMENT (OR ANY INTEREST THEREIN) MAY NOT BE SOLD, TRANSFERRED OR DELIVERED TO INDIVIDUALS OR LEGAL ENTITIES WHO ARE ESTABLISHED, DOMICILED OR HAVE THEIR RESIDENCE IN THE NETHERLANDS (“**DUTCH RESIDENTS**”) OTHER THAN QUALIFIED INVESTORS AS DEFINED IN SECTION 1:1 OF THE DUTCH FINANCIAL SUPERVISION ACT (*WET OP HET FINANCIËEL TOEZICHT*).

EACH DUTCH RESIDENT HOLDER OF THIS INSTRUMENT (OR ANY INTEREST THEREIN), BY PURCHASING THIS INSTRUMENT (OR ANY INTEREST THEREIN), WILL BE DEEMED TO HAVE REPRESENTED AND AGREED FOR THE BENEFIT OF THE ISSUER THAT (1) IT IS A QUALIFIED INVESTOR AND IS ACQUIRING THIS INSTRUMENT (OR ANY INTEREST THEREIN) FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INVESTOR, (2) THIS INSTRUMENT (OR ANY INTEREST THEREIN) MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO DUTCH RESIDENTS OTHER THAN A QUALIFIED INVESTOR ACQUIRING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INVESTOR, (3) IT WILL VERIFY THAT SUCH TRANSFEREE QUALIFIES AS A QUALIFIED INVESTOR AND (4) IT WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS DESCRIBED HEREIN TO ANY SUBSEQUENT TRANSFEREE.

“**Qualified Investors**” means:

- (1) **Regulated Entities:** (a) any person or entity who or which is subject to supervision by a regulatory authority in any country in order to lawfully operate in the financial markets (which includes credit institutions, investment firms, financial institutions, insurance companies, collective investment schemes and their management companies, pension funds and their management companies and commodity dealers) (“**Supervised Entities**”); and (b) any person or entity who or which engages in a regulated activity on the financial markets but who or which is not subject to supervision by a regulatory authority because it benefits from an exemption or dispensation (“**Exempt Entities**”);
- (2) **Investment Funds and Entities:** any entity whose corporate purpose is solely to invest in securities (which includes, without limitation, hedge funds);
- (3) **Governmental institutions:** the Dutch State, the Dutch Central Bank, a foreign governmental body being part of a central government, a foreign central bank, Dutch or foreign regional, local or other decentralised governmental institutions, international treaty organisations and supranational organisations;
- (4) **Self-certified SME’s:** any company having its registered office in The Netherlands which does not meet at least two of the three criteria mentioned in (8) below and which has (a) expressly requested the Dutch Authority for the Financial Markets (the “**AFM**”) to consider it as a qualified investor, and (b) been entered on the register of qualified investors maintained by the AFM;
- (5) **Self-certified Natural Persons:** any natural person who is resident in The Netherlands if this person meets at least two of the following criteria:
 - (i) the investor has carried out transactions of a significant size on securities markets at an average frequency of, at least, ten per quarter over the previous four quarters;
 - (ii) the size of the investor's securities portfolio exceeds EUR 500,000;
 - (iii) the investor works or has worked for at least one year in the financial sector in a professional position which requires knowledge of investment in securities,provided this person has:
 - expressly requested the AFM to consider such person as a qualified investor; and
 - been entered on the register of qualified investors maintained by the AFM;
- (6) **EEA Self-certified Natural Persons:** natural persons who are resident in an EEA Member State (not being The Netherlands) with which there is a mutual recognition and who meet the requirements under (5) above;
- (7) **EEA Self-certified SME’s:** any company which has its registered office in an EEA Member State (not being The Netherlands) with which there is a mutual recognition and which meets the requirements under (4) above; and
- (8) **Large Enterprises:** any company or legal entity which meets at least two of the following three criteria according to its most recent consolidated or non-consolidated annual accounts:
 - (a) an average number of employees during the financial year of at least 250;
 - (b) total assets of at least EUR 43,000,000; or
 - (c) an annual net turnover of at least EUR 50,000,000.

Republic of Italy

The offering of the Instruments has not been registered pursuant to Italian securities legislation and, accordingly, each Dealer has represented, warranted and agreed that, save as set out below, it has not offered or sold, and will not offer or sell, any Instruments in Italy in an offer to the public and that sales of the Instruments in Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Accordingly, each of the Dealers has represented and agreed that it will not offer, sell or deliver any Instruments or distribute copies of this Base Prospectus and any other document relating to the Instruments in the Republic of Italy except:

- (i) to “qualified investors”, as referred to in Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the “Decree No. 58”) and as defined under Article 34-*ter* of CONSOB Regulation No. 11971 of 14 May 1999, as amended (“Regulation No. 11971”); or
- (ii) that it may offer, sell or deliver Instruments or distribute copies of any prospectus relating to such Instruments in an offer to the public in the period commencing on the date of publication of such prospectus, provided that such prospectus has been approved in another Relevant Member State and notified to CONSOB, all in accordance with the Prospectus Directive, as implemented in Italy under Decree 58 and CONSOB Regulation No. 11971, and ending on the date which is 12 months after the date of publication of such prospectus; or
- (iii) in any other circumstances where an express exemption from compliance with the public offering restrictions applies, as provided under Decree No. 58 or Regulation No. 11971.

Any such offer, sale or delivery of the Instruments or distribution of copies of this Base Prospectus or any other document relating to the Instruments in Italy must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended, Decree No. 58, Regulation 16190 of 29 October 2007, as amended and any other applicable laws and regulations; and
- (b) in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Provisions relating to the secondary market in Italy

Investors should also note that, in any subsequent distribution of the Instruments in Italy, Article 100-*bis* of Decree No. 58 may require compliance with the law relating to public offers of securities. Furthermore, where the Instruments are placed solely with qualified investors and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of Instruments who are acting outside of the course of their business or profession may in certain circumstances be entitled to declare such purchase void and, in addition, to claim damages from any authorised person at whose premises the Instruments were purchased, unless an exemption provided for under Decree No. 58 applies.

Jersey

Instruments may not be advertised or offered, nor any unsolicited advice given in respect of the instruments, to persons resident within the Island of Jersey, or by persons resident within the Island of Jersey (save for AEOCC), unless such persons advertising, offering or providing such advice are either licensed by the Jersey Financial Services Commission under the Financial Services (Jersey) Law 1998 to conduct investment business, or are exempted from the requirement to register under this law,

Hong Kong

Each Dealer has represented and agreed that:

- (1) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Instruments other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (2) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Instruments, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Instruments which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

The Base Prospectus in respect of the Program under which the Instruments will be issued has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act (Cap 289) of Singapore (the “Securities and Futures Act”). Accordingly, the Instruments may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase of such Instruments be circulated or distributed, whether directly or indirectly, to any person in Singapore other than under exemptions provided in the Securities and Futures Act for offers made (1) to an institutional investor (as defined in Section 4A of the Securities and Futures Act) pursuant to Section 274 of the Securities and Futures Act, (2) to a relevant person (as defined in Section 275(2) of the Securities and Futures Act) or any person, pursuant to an offer referred to in Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act or (3) otherwise pursuant to, and in accordance with, the conditions of any other applicable provision of the Securities and Futures Act.

Where the Instruments are acquired by persons who are relevant persons specified in Section 275 of the Securities and Futures Act, namely:

- (a) a corporation (which is not an accredited investor (as defined in Section 274 of the Securities and Futures Act)) 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 of the trust is an individual who is an accredited investor.

Then the shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Instruments pursuant to an offer made under Section 275 of the Securities and Futures Act except:

- (1) to an institutional investor (under Section 274 of the Securities and Futures Act) or to a relevant person as defined in Section 275(2) of the Securities and Futures Act, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275(1A) of the Securities and Futures Act;
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law.

General

Persons into whose hands the Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Instruments or have in their possession or distribute such offering material, in all cases at their own expense.

The Amended and Restated Dealership Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in this paragraph.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification will be set out in the relevant Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Instruments) or (in any other case) in a supplement to this Base Prospectus.

GENERAL INFORMATION

Listing and Admission to Trading

Application has been made for the Instruments issued under the Program to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the Official List of the Luxembourg Stock Exchange.

However, Instruments may be issued pursuant to the Program which will not be admitted to trading on the regulated market of the Luxembourg Stock Exchange or admitted to listing, trading and for quotation by any other listing authority stock exchange and/or quotation system or which will be listed on such listing authority, stock exchange and/or quotation system as the relevant Issuer and the relevant Dealer(s) may agree.

Authorizations

The establishment and annual update of the Program were authorized by TRS by Unanimous Written Consent of its Board of Directors dated October 24, 1996, February 14, 2006 and July 16, 2008; by Credco by Unanimous Written Consent of its Board of Directors dated October 29, 1996, February 16, 2006 and July 14, 2008; by AEOCC at meetings of its Board of Directors held on November 1, 1996, May 3, 2000, December 19, 2003, January 11, 2005, February 17, 2006; June 20, 2007 and June 20, 2008 and by AECB at meetings of its Board of Directors held on April 27, 2000 and June 26, 2008 and under a unanimous written consent dated April 13, 2006. The Issuers have obtained or will obtain from time to time all necessary consents, approvals and authorizations in connection with the issue and performance of the Instruments.

Documents available for inspection or obtainable

For so long as the Program remains in effect or any Instruments shall be outstanding, copies of the following documents will be available for inspection and copies may be obtained during normal business hours at the specified office of the Paying Agent in Luxembourg namely:

- (a) the constitutional documents of the Issuers;
- (b) this Base Prospectus and any supplements thereto and any document incorporated by reference therein;
- (c) the Amended and Restated Issue and Paying Agency Agreement;
- (d) the Amended and Restated Dealership Agreement;
- (e) the most recent and all future publicly available audited consolidated financial statements of the Issuers together with the most recent and all future publicly available summary unaudited consolidated quarterly balance sheets and profit and loss accounts of TRS, AEOCC, the quarterly Call Reports of AECB, and the Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K of Credco (filed with the SEC); and
- (f) any Final Terms relating to Instruments which are admitted to listing, trading and/or quotation system or listed on any listing authority, stock exchange, and/or quotation system. (In the case of any Instruments which are not listed, admitted to trading and/or quoted by any stock exchange and/or quotation system, copies of the relevant Final Terms will only be available for inspection by a Holder of such Instruments).

The Issuers do not make publicly available any non-consolidated financial statements.

No significant change and no material adverse change statement

Save as disclosed in this Base Prospectus, there has been no material adverse change in the prospects of TRS, Credco, AEOCC and AECB and their consolidated subsidiaries taken as a whole since December 31, 2008, and no significant change in the financial or trading position of TRS, AEOCC and AECB and their consolidated subsidiaries taken as a whole since December 31, 2008 and, in the case of Credco since March 31, 2009.

Legal and Arbitration Proceedings

American Express and its subsidiaries are involved in a number of legal and arbitration proceedings, including class actions, concerning matters arising in connection with the conduct of their respective business activities. American Express believes it has meritorious defenses to each of these actions and intends to defend them vigorously. In the course of its business, American Express and its subsidiaries are also subject to governmental examinations, information gathering requests, subpoenas, inquiries and investigations. American Express believes that it is not a party to, nor are any of its properties the subject of, any pending legal, arbitration, regulatory, tax or investigative proceedings that would have a material adverse effect on American Express' consolidated financial condition or liquidity. However, it is possible that the outcome of any such proceeding could have a material impact on results of operations in any particular reporting period as the proceedings are resolved. Certain legal proceedings involving American Express are described below.

Corporate Matters

Beginning in mid-July 2002, 12 putative class action lawsuits were filed in the United States District Court for the Southern District of New York. In October 2002, these cases were consolidated under the caption In re American Express Company Securities Litigation. These lawsuits allege violations of the federal securities laws and the common law in connection with alleged misstatements regarding certain investments in high-yield bonds and write-downs in the 2000-2001 timeframe. The purported class covers the period from July 26, 1999 to July 17, 2001. The actions seek unspecified compensatory damages as well as disgorgement, punitive damages, attorneys' fees and costs, and interest. On March 31, 2004, the Court granted American Express' motion to dismiss the lawsuit. Plaintiffs appealed the dismissal to the United States Court of Appeals for the Second Circuit. In August 2006, the Court of Appeals, without expressing any views whatsoever on the merits of the cases, vacated the District Court's judgment and remanded all claims to the District Court for further proceedings. Plaintiffs filed an amended complaint on January 5, 2007. American Express subsequently filed a motion to dismiss the amended complaint, which motion was granted in September 2008. Plaintiffs have appealed the dismissal.

In January 2006, a purported class action captioned Paula Kritzman, individually and on behalf of all others similarly situated v. American Express Retirement Plan et al. was filed in the U.S. District Court for the Southern District of New York. The plaintiff alleges that when the American Express Retirement Plan (the "AXP Plan") was amended effective July 1, 1995, to convert from a final average pay formula to a "cash balance" formula for the calculation of benefits, the terms of the amended AXP Plan violated the Employee Retirement Income Security Act, as amended (ERISA), in at least the following ways: (i) the AXP Plan violated ERISA's prohibition on reducing rates of benefit accrual due to the increasing age of a plan participant; (ii) the AXP Plan violated ERISA's prohibition on forfeiture of accrued benefits; and (iii) the AXP Plan violated ERISA's present value calculation rules. The plaintiff seeks, among other remedies, injunctive relief entitling the plaintiff and the purported class to benefits that are the greater of (x) the benefits to which the members of the class would have been entitled without regard to the conversion of the benefit payout formula of the AXP Plan to a cash balance formula and (y) the benefits under the AXP Plan with regard to the cash balance formula. The plaintiff also seeks pre- and post-judgment interest and attorneys' fees and expenses. American Express has filed a motion with the Court seeking to dismiss the complaint. In July 2008, the U.S. Court of Appeals for the Second Circuit issued a decision in a case not involving American Express, captioned Hirt v. Equitable Retirement Plan for Employees, Managers and Agents, finding that cash balance plans do not discriminate based on age. In light of the Second Circuit's decision in the Hirt case, the Kritzman plaintiffs have voluntarily dismissed their complaint.

In May 2008, a shareholders' derivative suit was filed in New York State Supreme Court in Manhattan naming American Express Company and certain current and former directors and senior executives as defendants. The case captioned as City of Tallahassee Retirement System v. Akerson et al. alleges breaches of fiduciary duty "arising from knowing breaches of fiduciary obligations by certain current and former officers and directors of American Express that have led to the imposition of deferred criminal charges on a bank that at the time such charges were entered was owned by American Express, as well as American Express' payment of approximately \$65 million in penalties to federal and state regulators" related to American Express Bank Limited's (AEBL) and TRS's anti-money laundering programs. The complaint also states that the sale of AEBL took place after American Express had "allowed the value of its banking business unit to be dramatically impaired on account of the systemic violations of law and resulting deferred criminal charges". The complaint seeks monetary damages on behalf of American Express. The defendants have filed a motion to dismiss the complaint and are awaiting a ruling from the Court.

In November 2004, TRS filed a lawsuit captioned American Express Travel Related Services Company, Inc. v. Visa USA Inc., MasterCard International, Inc. et al. in the U.S. District Court for the Southern District of New York. The lawsuit sought unspecified monetary damages against Visa, MasterCard and eight major banks that are or were members of the two card associations for the business lost as a result of the illegal, anticompetitive practices of the card associations that effectively locked TRS out of the bank-issued card business in the United States. The lawsuit follows the U.S. Supreme Court's October 2004 decision not to hear an appeal from Visa and MasterCard that sought to overturn a lower court ruling that found the two card associations in violation of U.S. antitrust laws. Since the date that the action was filed through September 30, 2007, TRS had voluntarily dismissed its claims against the following bank defendants: Bank of America, N.A., Bank of America Corporation (including its subsidiaries Fleet Bank (RI), N.A. and Fleet National Bank), Household Bank, N.A., Household International, Inc. and USAA Federal Savings Bank. On November 7, 2007, TRS announced that it had entered into an agreement with Visa Inc., Visa USA and Visa International to drop Visa as a defendant in the lawsuit. Under the terms of the settlement agreement, American Express also agreed to voluntarily dismiss its claims against the following individual banks and financial institutions: Capital One F.S.B., Capital One Bank, Capital One Financial Corp., Chase Bank USA, N.A., JPMorgan Chase & Co., New American Capital, Inc., Washington Mutual Bank, U.S. Bank, N.A., U.S. Bancorp, Wells Fargo & Co. and Wells Fargo Bank, N.A., as well as any other Visa member bank. In addition, under the terms of the agreement, Visa has agreed to pay a maximum amount of \$2.25 billion to TRS, consisting of (i) \$1.13 billion, which was paid to TRS in the first quarter of 2008 and (ii) 16 additional quarterly payments of up to \$70 million per quarter commencing with quarter ending March 31, 2008. The quarterly payments are subject to the achievement of certain quarterly performance criteria by TRS' U.S. Global Network Services business. As a result of the settlement with Visa and the various individual bank defendants, MasterCard was the sole remaining defendant in the lawsuit. On June 24, 2008, TRS entered into an agreement with MasterCard International, Inc. and MasterCard Incorporated to drop all claims against MasterCard. Under the terms of the agreement MasterCard has agreed to pay a maximum amount of \$1.8 billion to TRS, consisting of 12 quarterly payments of up to \$150 million per quarter commencing with the quarter ending September 30, 2008. The quarterly payments to be made by MasterCard are also subject to the achievement of certain quarterly performance criteria by TRS' U.S. Global Network Services business. TRS has no remaining claims against any defendants and has dismissed its suit.

In December 2008, a putative class action captioned Obester v. American Express Company, et al. was filed in the United States District Court for the Southern District of New York. The complaint alleges that the defendants violated certain ERISA obligations by: allowing the investment of American Express Retirement Savings Plan assets in American Express common stock when American Express common stock was not a prudent investment; misrepresenting and failing to disclose material facts to plan participants in connection with the administration of the plan; and breaching certain fiduciary obligations. American Express is also a defendant in three other putative class actions making allegations similar to those made in the Obester matter: Tang v. American Express Company, et al., filed on December 29, 2008 in the United States District Court for the Southern District of New York, Miner v. American Express Company et. al., filed on February 4, 2009 in the United States District Court for the Southern District of New York, and DiLorenzo v. American Express Company et. al., filed on February 10, 2009 in the United States District Court for the Southern District of New York.

On February 20, 2009, a putative class action was filed in the United States District Court for the Southern District of New York captioned Brozovich v. American Express Co., Kenneth I. Chenault and Daniel T. Henry. The lawsuit alleges violations of the federal securities laws in connection with certain alleged misstatements regarding the credit quality of American Express' credit card customers. The purported class covers the period from March 1, 2007 to November 12, 2008. The action seeks unspecified damages and costs and fees. The Brozovich action was subsequently voluntarily dismissed. On March 27, 2009, a putative class action, captioned Baydale v. American Express Co., Kenneth I. Chenault and Daniel Henry, which makes similar allegations to those made in Brozovich, was filed in the United States District Court for the Southern District of New York.

U.S. Card Services and Global Merchant Services Matters

American Express has been named in a number of purported class actions in which the plaintiffs allege an unlawful antitrust tying arrangement between American Express' charge cards and credit cards in violation of various state and federal laws, including the following: (i) Cohen Rese Gallery et al. v. American Express Company et al., U.S. District Court for the Northern District of California (filed July 2003); (ii) Italian Colors Restaurant v. American Express Company et al., U.S. District Court for the Northern District of California (filed August 2003); (iii) DRF Jeweler Corp. v. American Express Company et al., U.S. District Court for the Southern District of New York (filed December 2003); (iv) Hayama Inc. v. American Express Company et al., Superior Court of California, Los Angeles County (filed December 2003); (v) Chez Noelle Restaurant v. American Express Company et al., U.S. District Court for the Southern District of New York (filed January 2004); (vi) Mascari Enterprises d/b/a Sound Stations v. American Express Company et al., U.S. District Court for the Southern District of New York (filed January 2004); (vii) Mims Restaurant v. American Express Company et al., U.S. District Court for the Southern District of New York (filed February 2004); and (viii) The Marcus Corporation v. American Express Company et al., U.S. District Court for the Southern District of New York (filed July 2004). The plaintiffs in these actions seek injunctive relief and an unspecified amount of damages. Upon motion to the Court by American Express, the venue of the Cohen Rese and Italian Colors actions was moved to the U.S. District Court for the Southern District of New York (SDNY) in December 2003. Each of the above-listed actions (except for Hayama) is now pending in the SDNY under the consolidated caption "In re American Express Merchants' Litigation". On April 30, 2004, American Express filed a motion to dismiss all the actions filed prior to such date that were pending in the SDNY, and on March 15, 2006, such motion was granted, with the Court finding the claims of the plaintiffs to be subject to arbitration. Plaintiffs asked the Court to reconsider its dismissal. That request was denied. The plaintiffs appealed the Court's arbitration ruling and on January 30, 2009, the United States Court of Appeals for the Second Circuit reversed the District Court. The parties have requested a conference with the District Court to discuss next steps in light of the Second Circuit's ruling. On April 17, 2009, American Express filed an application with the United States Supreme Court for an extension of time to file a petition of certiorari with the Supreme Court from the arbitration ruling of the Second Circuit. In addition, American Express continues to request the California Superior Court hearing the Hayama action referenced above to stay that action. To date the Hayama action has been stayed. American Express also filed a motion to dismiss the action filed by the Marcus Corporation, which was denied in July 2005. On October 1, 2007, Marcus filed a motion seeking certification of a class. American Express has opposed Marcus' motion for class certification. In addition, each of American Express and Marcus have moved for summary judgment in their favor. A decision on the class certification motion and the summary judgment motions is pending.

On February 19, 2009, an amended complaint was filed in In Re: American Express Merchants' Litigation. The amended complaint contains a single count alleging a violation of federal antitrust laws through an alleged unlawful tying of: (a) corporate, small business and/or personal charge card services; and (b) Blue, Costco and standard GNS credit card services." In addition, on February 19, 2009, a new complaint making the same allegations as made in the amended complaint filed in In Re: American Express Merchants' Litigation was also filed in the United States District Court for the Southern District of New York. That new case is captioned: Greenporter LLC and Bar Hama LLC, on behalf of themselves and all others similarly situated v. American Express Company and American Express Travel Related Services Company, Inc.

In January 2006, in a matter captioned Hoffman, et al. v. American Express Travel Related Services Company, Inc., No. 2001-02281, Superior Court of the State of California, County of Alameda, the Court certified a class action against TRS. In a case management order dated April 8, 2008, the Court defined two classes as follows: (1) all persons who obtained American Express charge cards governed by New York law with billing addresses in California who purchased American Express' fee based travel related insurance plans from September 6, 1995, through February 12, 2008, and (2) all persons who obtained American Express charge cards governed by New York law with billing addresses in states other than California who purchased American Express' fee based travel related insurance plans from September 6, 1995, through February 12, 2008. The Court denied the plaintiff's motion to certify a class to pursue claims on behalf of persons who held American Express credit cards governed by Utah law. Plaintiffs allege that American Express violated California and New York law by allegedly billing customers for flight and baggage insurance that they did not receive. American Express denies the allegations. American Express filed a motion for summary judgment asking that the case be dismissed as a matter of law. The summary judgment motion was partially granted in July 2008 when the Court dismissed certain claims against American Express including claims for punitive damages. Certain other claims survived summary

judgment. A trial on the remaining claims began in November 2008. TRS prevailed in Phase 1 of that trial with the Court ruling that the contract between TRS and its cardmembers was not ambiguous and that TRS operated the air-flight and baggage insurance program consistent with the contract. On March 25, 2009, the Court entered a preliminary order in TRS' favor in Phase 2 of the trial, finding that (1) the contract is not unconscionable; (2) TRS did not violate California consumer protection laws; and (3) TRS did not violate New York consumer protection laws. The Court also awarded as yet to be determined costs to TRS. In addition, a matter making related allegations to those raised in the Hoffman case is pending in the U.S. District Court for the Eastern District of New York. That matter, captioned Environment Law Enforcement Systems v. American Express et al., has effectively been stayed pending the proceedings in the Hoffman action. Following the favorable March 25, 2009 ruling in Hoffman, the plaintiff in Environmental Law Enforcement Systems asked the Court to lift the stay. TRS has opposed that request. Lastly, on October 30, 2008, a case making allegations similar to those raised in the Hoffman case was filed in the United States District Court for the Southern District of Florida. That matter, captioned Kass v. American Express Card Services, Inc., American Express Company, and American Express Travel Related Services, was filed as a putative class action on behalf of American Express credit card holders. On March 11, 2009, the Kass Court entered an order granting the joint motion of the parties to stay the case, and the Court also administratively closed the case.

In June 2006, a putative class action captioned Homa v. American Express Company et al. was filed in the U.S. District Court for the District of New Jersey. The case alleges, generally, misleading and fraudulent advertising of the "tiered" "up to 5 per cent" cash rebates with the Blue Cash card. The complaint initially sought certification of a nationwide class consisting of "all persons who applied for and received an American Express Blue Cash card during the period from September 30, 2003 to the present and who did not get the rebate or rebates provided for in the offer." On December 1, 2006, however, plaintiff filed a First Amended Complaint dropping the nationwide class claims and asserting claims only on behalf of New Jersey residents who "while so residing in New Jersey, applied for and received an American Express Blue Cash card during the period from September 30, 2003 to the present." The plaintiff seeks unspecified damages and other unspecified relief that the Court deems appropriate. In May 2007, the Court granted American Express' motion to compel individual arbitration and dismissed the complaint. Plaintiff appealed that decision to the U.S. Court of Appeals for the Third Circuit, and on February 24, 2009, the Third Circuit reversed the decision and remanded the case back to the District Court for further proceedings.

In June 2008, five separate lawsuits were filed against American Express Company in the U.S. District Court for the Eastern District of New York alleging that American Express' "anti-steering" rules in its merchant acceptance agreements violate federal antitrust laws. As alleged by the plaintiffs, these rules prevent merchants from offering consumers incentives to use alternative forms of payments when consumers wish to use an American Express-branded card. The five suits were filed by each of Rite-Aid Corp., CVS Pharmacy Inc., Walgreen Co., Bi-Lo LLC., and H.E. Butt Grocery Company. The plaintiff in each action seeks damages and injunctive relief. American Express filed its answer to these complaints and also filed a letter with the Court requesting a pre-motion conference seeking to file a motion to dismiss these complaints as time barred.

In August 2005, a purported class action captioned Performance Labs Inc. v. American Express Travel Related Services Company, Inc. ("TRS"), MasterCard International Incorporated, Visa USA, Inc. et al. was filed in the U. S. District Court for the District of New Jersey. The action was then transferred to the U.S. District Court for the Eastern District of New York. The complaint alleged that TRS' policy prohibiting merchants from imposing restrictions on the use of American Express * Cards that are not imposed equally on other forms of payment violates U.S. antitrust laws. The suit sought injunctive relief. TRS moved to dismiss the complaint. In addition, TRS learned that two additional purported class actions that made allegations similar to those made in the Performance Labs action had also been filed: 518 Restaurant Corp. v. American Express Travel Related Services Company, Inc., MasterCard International Incorporated, Visa USA, Inc. et al. (filed in August 2005 in the United States District Court for the Eastern District of Pennsylvania) and Lepkowski v. American Express Travel Related Services Company, Inc., MasterCard International Incorporated, Visa USA, Inc. et al. (filed in October 2005 in the U.S. District Court for the Eastern District of New York). The plaintiffs in these actions sought injunctive relief. The 518 Restaurant Corp. action was voluntarily withdrawn without TRS ever having been served with the complaint. The complaint in the Lepkowski action was also never served. The Lepkowski and Performance Labs cases were consolidated in the U.S. District Court for the Eastern District of New York for pre-trial purposes in a larger multi-district litigation involving other named defendants not affiliated with TRS, and all proceedings in the consolidated action were stayed pending the filing of a consolidated amended complaint. Such consolidated amended complaint was filed on April 24, 2006, but TRS was not named in that action. Other

defendants, not affiliated with TRS, were named. However, on April 18, 2006, Performance Labs, Inc., Joseph Lepkowski, DDS d/b/a Oak Park Dental Studio, and Jasa Inc., filed an action in the SDNY against American Express Company and American Express Travel Related Services Company, Inc. Other merchants have since filed similar complaints, including, Animal Land Inc., Rookies, Inc., Lopez DeJong Inc., Pranzo Inc., Gina Kim-Park d/b/a Mille Fiore, and Parlor Corporation. All these complaints challenge TRS' "anti-steering" rules as unlawful under the antitrust laws. Originally plaintiffs sought only injunctive relief but have since amended their complaint to also seek unspecified damages. These plaintiffs have agreed that a stay would be imposed with regard to their respective actions pending the appeal of the Court's arbitration ruling discussed above. Given the recent ruling of the Second Circuit (discussed above), the stay has been lifted, and American Express's response to the complaint is due in April 2009. Plaintiffs have also filed an amended complaint in the Lopez DeJong case and proposed that the amended complaint would serve as a "model for the First Consolidated Class Complaint" in all these matters.

In July 2004, a purported class action captioned Ross, et al. v. American Express Company, American Express Travel Related Services and American Express Centurion Bank was filed in the U.S. District Court for the Southern District of New York. The complaint alleges that AMEX conspired with Visa, MasterCard and Diners Club in the setting of foreign conversion rates and in the inclusion of arbitration clauses in certain of their cardmember agreements. The suit seeks injunctive relief and unspecified damages. The class is defined as "all Visa, MasterCard and Diners Club general-purpose cardholders who used cards issued by any of the MDL Defendant Banks." American Express cardholders are not part of the class. In September 2005, the Court denied American Express' motion to dismiss the action and preliminarily certified an injunction class of Visa and MasterCard cardholders to determine the validity of Visa's and MasterCard's cardmember arbitration clauses. American Express filed a motion for reconsideration with the District Court, which motion was denied in September 2006. American Express filed an appeal from the District Court's order denying its motion to compel arbitration. In October 2008, the U.S. Court of Appeals for the Second Circuit denied American Express' appeal and remanded the case to the District Court for further proceedings.

In January 2009, TRS signed a Memorandum of Understanding to resolve claims raised in putative class action captioned Kaufman v. American Express Travel Related Services, pending in the United States District Court for the Northern District of Illinois. The proposed Settlement Class consists of "All purchasers, recipients and holders of all gift cards issued by American Express from January 1, 2002 through the date of preliminary approval of the Settlement, including without limitation, gift cards sold at physical retail locations, via the internet, or through mall co-branded programs." The allegations in Kaufman revolve primarily around monthly service fee charges, with the critical claim being that the product violates consumer protection statutes because consumers allegedly have difficulty spending small remaining amounts on the Gift Cards. TRS is also a defendant in two other putative class actions making allegations similar to those made in Kaufman: Goodman v. American Express Travel Related Services, pending in the United States District Court for the Eastern District of New York, and Jarratt v. American Express Company, filed in California state court in San Diego. If the Kaufman settlement ultimately receives final approval, all related gift cards claims and suits would also be released.

International Matters

In May 2006, in a matter captioned Marcotte v. Bank of Montreal et al., filed in the Superior Court of Quebec, District of Montreal (originally filed in April 2003) the Court authorized a class action against Amex Bank of Canada, Bank of Montreal, Toronto-Dominion Bank, Royal Bank of Canada, Canadian Imperial Bank of Commerce, Scotiabank, National Bank of Canada, Laurentian Bank of Canada and Citibank Canada. The action alleges that conversion commissions made on foreign currency transactions are credit charges under the Quebec Consumer Protection Act (the QCPA) and cannot be charged prior to the 21-day grace period under the QCPA. The class includes all persons holding a credit card issued by one of the defendants to whom fees were charged since April 17, 2000, for transactions made in foreign currency before expiration of the period of 21 days following the statement of account. The class claims reimbursement of all foreign currency conversions, CDN\$400 per class member for trouble, inconvenience and punitive damages, interest and fees and costs. The trial in the Marcotte action commenced in September 2008 and was completed in November.

In November 2006, in a matter captioned Sylvan Adams v. Amex Bank of Canada filed in the Superior Court of Quebec, District of Montreal (originally filed in November 2004), the Court authorized a class action against Amex Bank of Canada. The plaintiff alleges that prior to December 2003, Amex Bank of Canada charged a foreign currency conversion commission on transactions to purchase goods and services in currencies other than Canadian dollars and failed to disclose the commissions in monthly billing statements or solicitations directed to prospective cardmembers. The class, consisting of all Cardmembers in Quebec that purchased goods or services in a foreign currency prior to December 2003, claims reimbursement of all foreign currency conversion commissions, CDN\$1,000 in punitive damages per class member, interest and fees and costs. The trial in the Adams action commenced, and was completed, in December 2008 after the conclusion of the trial in the Marcotte action. The parties are awaiting a decision from the court in those two cases.

In March 2006, a motion to authorize a class action captioned Jasmin v. Amex Bank of Canada was filed in the Superior Court of Quebec, District of Montreal. The motion purports to claim, on behalf of a Canada-wide class of persons who were holders of an American Express Credit Card who paid their credit card account at the counter or at an automatic banking machine of an authorized financial institution, and who obtained a grace period that was less than that appearing on their statement of account and/or who were charged interest under a three- to five- day processing delay contrary to their contracts, violated the law respecting banks and the Civil Code of Quebec. A claim is also being made of an alleged violation of the Charter of Human Rights and Freedoms for depriving the class members of their use of property. The class claims reimbursement per class member of finance charges in the amount of CDN \$75, CDN \$100 in punitive damages and CDN \$25 for having to pay their account early and being deprived of the use of their money, interest, fees and costs. The claim in Jasmin has been withdrawn as part of the settlement in Ptack, below. Amex Bank of Canada will pay a nominal amount for the costs of the withdrawal.

In March 2006, in a matter captioned Ptack v. Amex Bank of Canada, filed in the Superior Court of Quebec, District of Montreal (originally filed in March 2004), the Court authorized a class action against Amex Bank of Canada. The class includes all persons who were holders of an American Express Credit Card who paid their credit card account via internet, telephone and/or automatic banking machine, on or before the due date and incurred a finance charge as a result of the alleged payment processing policy of Amex Bank. The class claims reimbursement per class member of finance charges, CDN \$100 in punitive damages and CDN \$100 for waste of time, interest and fees and costs. A settlement agreement has been entered into by the parties, and that settlement agreement was approved by the Court on February 18, 2008. Under the settlement agreement terms Amex Bank of Canada will pay attorneys' fees of approximately CDN \$200,000 and make certain changes to the Cardmember billing statements regarding timing of payment processing. No payments will be made to class members.

In November 2006, in a matter captioned Option Consommateurs and Benoit Fortin v. Amex Bank of Canada et al. filed in the Superior Court of Quebec, District of Montreal (originally filed in July 2003), the Court authorized a class action against Amex Bank of Canada, Citibank Canada, MBNA Canada, Diners Club International, Capital One and Royal Bank of Canada. The plaintiff alleges that the defendants have violated the Quebec Consumer Protection Act ("QCPA") by imposing finance charges on credit card transactions prior to 21 days following the receipt of the statement containing the charge. It is alleged that the QCPA provisions which require a 21-day grace period prior to imposing finance charges applies to credit cards issued by Amex Bank of Canada in Quebec and that finance charges imposed prior to this grace period violate the Act. The class seeks reimbursement of all

finance charges imposed in violation of the Act, CDN\$200 in punitive damages per class member, interest and fees and costs.

In May 2005, Amex Bank of Canada was added as a defendant to a motion to authorize a class action captioned Option Consommateurs and Joel-Christian St-Pierre v. Bank of Montreal et al. filed in the Superior Court of Quebec, District of Quebec. The motion, which also names as defendants Royal Bank of Canada, Toronto-Dominion Bank, HSBC Bank of Canada, among others, alleges that the defendants violated QCPA by imposing finance charges on credit card transactions prior to 21 days following the receipt of the statement containing the charge. It is alleged that the QCPA provisions, which require a 21-day grace period prior to imposing finance charges, applies to credit cards issued by Amex Bank of Canada in Quebec and that finance charges imposed prior to this grace period violate the QCPA. The proposed class seeks reimbursement of all finance charges imposed in violation of the QCPA, CDN\$100 in punitive damages per class member, interest and fees and costs.

Other Matters

During the last few years as regulatory interest in credit card network pricing to merchants and related issues has increased, American Express has responded to many inquiries from banking and competition authorities throughout the world. On October 14, 2008, American Express received a Civil Investigative Demand (CID), dated October 10, 2008, from the Antitrust Division of the United States Department of Justice (DOJ). A CID is a request for information in the course of a civil investigation and does not constitute the commencement of legal proceedings. The DOJ is permitted by statute to issue a CID to anyone whom it believes may have information relevant to an investigation. The receipt of a CID does not presuppose that there is probable cause to believe that a violation of the antitrust laws has occurred or that a formal complaint ultimately will be filed. The DOJ has requested the production of documents and information regarding American Express' policies relating to merchant surcharging and its "anti-steering" policies that prohibit merchants from discriminating against the Card in favor of other forms of payment. American Express intends to cooperate with the DOJ's request.

In September 2006, American Express Travel Related Services Company, Inc. ("TRS") received a Request for Arbitration that was filed in the London Court of International Arbitration ("LCIA") by Mawarid Investments Limited ("Mawarid"), TRS' partner in the joint venture it operates in the Middle East/North Africa, Amex (Middle East) E.C. ("AEME"). Mawarid alleged breach of fiduciary and/or contractual duties with regard to four claims: (i) TRS's having required AEME to discontinue certain types of assessments, (ii) an alleged breach of AEME's exclusivity rights, (iii) the amount of revenue to which AEME was entitled based on billed business generated at airlines located in the AEME region and (iv) delay in the launch of a local currency Card in Egypt. The action sought unspecified amounts of lost dividends and other damages related to such claims, as well as attorneys' fees and other costs and interest. An arbitration panel held hearings on the matters in dispute in early 2008. In a partial award announced in May 2008, the LCIA dismissed the claims described in clauses (i), (ii) and (iv) above that Mawarid brought against TRS. With regard to the claim described in clause (iii) above, the LCIA agreed with the formula put forward by TRS to determine the amount of revenue to which AEME was entitled based on billed business generated at airlines located in the AEME region and directed the parties to agree on whether an audit should be required to determine whether AEME was underpaid or overpaid for the years in question based on such formula. Though the parties have not finished their discussions on this issue, TRS believes that amounts owed by it, if any, under the formula mandated by the LCIA will not be material.

Material contracts

None of the Issuers has entered into any material contracts outside the ordinary course of any of the Issuers' businesses, which could result in the Issuers or their consolidated subsidiaries taken as a whole being under an obligation or entitlement that is material to that Issuer's ability to meet its obligations to holders of Instruments in respect of the Instruments being issued.

Audit Committees and Corporate Governance

American Express Company's Board of Directors has an Audit Committee consisting of independent, non-management directors. The Committee is responsible for assisting the Board of Directors in its oversight responsibilities relating to (i) the integrity of American Express' financial statements and financial reporting process; (ii) internal and external auditing, including the qualifications and independence of the outside auditor and the performance of American Express' internal audit services function; (iii) the integrity of American Express' systems of internal accounting and financial controls; (iv) legal and regulatory compliance and (v) finance and risk management. In discharging its responsibilities, the Committee is not itself responsible for planning or conducting audits or for any determination that American Express' financial statements and disclosures are complete and accurate or are in accordance with generally accepted accounting principles and applicable rules and regulations.

TRS, Credco and AEOCC are not required to have and do not have separate Audit Committees. The financial statements of these Issuers are reviewed as part of the process of preparing American Express' financial statements. AEB and AECB each have Audit Committees of their respective Boards of Directors consisting of independent, non-management directors. AECB's Audit Committee comprises Marcia Garcia, William Taylor and Frank L. Skillern. These committees perform similar functions to those of the American Express Audit Committee.

Each of the Issuers complies with its country of incorporation's laws and regulations relating to corporate governance. Save as disclosed in this Base Prospectus, the Issuers are not aware of any interest between the duties of the directors to the Issuers and their private interests or other duties.

Independent registered public accounting firm

The financial statements of TRS, Credco and AECB as of December 31, 2008 and 2007, incorporated by reference in this Base Prospectus, have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their reports incorporated by reference herein. PricewaterhouseCoopers LLP is a member of the American Institute of Certified Public Accountants and is regulated by the Public Company Oversight Board (United States).

The financial statements of AEOCC as of December 31, 2008 and 2007, incorporated by reference in this Base Prospectus, have been audited by PricewaterhouseCoopers CI LLP, an independent registered public accounting firm, as stated in their report incorporated by reference herein. PricewaterhouseCoopers CI LLP is a member of the Institute of Chartered Accountants of England and Wales.

Credit Ratings

The Issuers' strategy is designed to maintain high and stable debt ratings from the major credit rating agencies, Moody's, Standard & Poor's and Fitch Ratings. Maintenance of high and stable debt ratings is critical to ensuring continuous access to the capital and credit markets. At the date of this Base Prospectus, the Issuers' debt ratings were as follows:

		Moody's	S&P	Fitch
TRS.....	Senior L/T	A2	BBB+	A+
Credco.....	Senior L/T	A2	BBB+	A+
AEOCC.....	Senior L/T	A2	BBB+	N/R
AECB.....	Long Term	A2	BBB+	A+

Clearance of the Instruments

The Instruments have been accepted for clearance through Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and Clearstream Banking, société anonyme, 42, avenue J.F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg. The appropriate common code and the International Securities Identification Number in relation to the Instruments of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Instruments for clearance together with any further appropriate information.

Other information

Instruments with a maturity of more than 183 days and any related Coupons and Talons will bear the following legend on their face: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in sections 165(j) and 1287(a) of the Internal Revenue Code of the United States.” The sections referred to in the legend provide that a United States person will not, with certain exceptions, be permitted to deduct any loss, and will not be eligible for capital gain treatment with respect to any gain, realized on any sale or other disposition of the Instruments or the Coupons. Instruments with a maturity of 183 days or less and any related Coupons and Talons will bear the following legend on their face: “By accepting this obligation, the holder represents and warrants that it is not a United States person (other than an exempt recipient described in section 6049(b)(4) of the Internal Revenue Code and regulations thereunder) and that it is not acting for or on behalf of a United States person (other than an exempt recipient described in section 6049(b)(4) of the Internal Revenue Code and regulations thereunder).” The term “United States person,” as used in this paragraph, has the meaning set forth in the Code and the U.S. Treasury regulations thereunder.

Settlement arrangements will be agreed between the relevant Issuer, the relevant Dealer and the Fiscal Agent in relation to each Tranche of Instruments.

None of the Issuers have outstanding any convertible debt securities, exchangeable debt securities or debt securities with attached warrants.

None of the Issuers intends to provide any post-issuance information, except if required by any applicable laws and regulations.

No person asserts any claim of proprietary ownership or exclusive right with respect to any feature of the U.S. tax structure or the U.S. tax aspects of the transactions described herein, and the Issuers and their affiliates authorize each recipient of this Base Prospectus (and each employee, representative, or other agent of the recipient) to disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and U.S. tax structure of the transactions and all materials of any kind (including opinions and other tax analyses) that are provided to the recipient relating to such U.S. tax treatment and U.S. tax structure. This authorization is effective from the commencement of discussions and is intended to comply with the presumption set forth in Treasury Regulation Section 1.6011-4(b)(3)(iii).

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions and may perform services for the Issuers and their affiliates in the ordinary course of business.

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