

AMERICAN EXPRESS CO
Form 11-K
June 29, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2006

or

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 1-7657

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

AMERICAN EXPRESS INCENTIVE SAVINGS PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

AMERICAN EXPRESS COMPANY
Three World Financial Center
200 Vesey Street
New York, New York 10285

AMERICAN EXPRESS INCENTIVE SAVINGS PLAN
FORM 11-K

YEAR ENDED DECEMBER 31, 2006

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| Other supplemental schedules required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended, have been omitted because they are not applicable or not required. | |

Report of Independent Registered Public Accounting Firm

To the Participants and Employee Benefit Administration Committee of American Express Incentive Savings Plan:

In our opinion, the accompanying statements of net assets available for benefits and the related statement of changes in net assets available for benefits present fairly, in all material respects, the net assets available for benefits of American Express Incentive Savings Plan (the Plan) at December 31, 2006 and 2005, and the changes in net assets available for benefits for the year ended December 31, 2006 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2006, is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As discussed in Note 2 to the financial statements, during 2006 the Plan adopted FASB Staff Position Nos. AAG INV-1 and SOP 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Audit Guide and Defined Contribution Health and Welfare and Pension Plans.*

/s/ PricewaterhouseCoopers LLP
Minneapolis, Minnesota
June 29, 2007

AMERICAN EXPRESS INCENTIVE SAVINGS PLAN
Statements of Net Assets Available for Benefits
December 31, 2006 and 2005

| Assets | 2006 | 2005 |
|--|------------------|------------------|
| Investments, at fair value | \$ 2,720,427,080 | \$ 2,416,327,752 |
| Investment contracts, at fair value | 414,999,358 | 396,204,816 |
| Total investments at fair value | 3,135,426,438 | 2,812,532,568 |
| Cash | 478,194 | 49,142 |
| Receivables: | | |
| Investment income | 78,249 | 83,891 |
| Employer contributions - | | |
| Other than profit sharing | 11,929,282 | 11,467,480 |
| Profit sharing | 46,972,989 | 48,083,113 |
| Net assets reflecting investments at fair value | 3,194,885,152 | 2,872,216,194 |
| Adjustment from fair value to contract value for fully-benefit responsive investment contracts | 3,639,441 | 3,198,806 |
| Net assets available for benefits | \$ 3,198,524,593 | \$ 2,875,415,000 |
| See accompanying notes to the financial statements. | | |

AMERICAN EXPRESS INCENTIVE SAVINGS PLAN
Statement of Changes in Net Assets Available for Benefits
For the Year Ended December 31, 2006

| | 2006 |
|---|-------------------------|
| Contributions: | |
| Employer - | |
| Other than profit sharing | \$ 49,481,417 |
| Profit sharing | 46,978,612 |
| Employee | 110,066,177 |
| Rollovers or transfers | 7,361,889 |
| Total contributions | 213,888,095 |
| Investment income: | |
| Interest and dividends | 59,653,382 |
| Interest on participant loans | 4,930,583 |
| Net appreciation in fair value of investments | 330,062,879 |
| Total investment income | 394,646,844 |
| Withdrawal payments | (285,425,346) |
| Net increase in net assets available for benefits | 323,109,593 |
| Net assets available for benefits at beginning of year | 2,875,415,000 |
| Net assets available for benefits at end of year | \$ 3,198,524,593 |

See accompanying notes to the financial statements.

AMERICAN EXPRESS INCENTIVE SAVINGS PLAN
Notes to the Financial Statements

1. Description of the Plan

General

The American Express Incentive Savings Plan (the Plan), which became effective June 11, 1973, is a defined contribution pension plan. Under the terms of the Plan, regular full-time and certain part-time employees of American Express Company and its participating subsidiaries (the Company) can make elective contributions to the Plan beginning as soon as practicable after their date of hire and are eligible to receive Company contributions upon completion of one year of service.

The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The following is not a comprehensive description of the Plan, and therefore, does not include all situations and limitations covered by the Plan. The Plan Document should be referred to for more complete information.

Administration

In April of 2007, Wachovia Bank, N.A. replaced Ameriprise Trust Company (ATC) (a wholly-owned subsidiary of Ameriprise Financial, Inc. (Ameriprise)) as the Trustee and Recordkeeper for the Plan. The Plan is administered by the Company's Employee Benefits Administration Committee (EBAC), and the Company's Incentive Savings Plan Investment Committee (ISPIC). The Plan requires that the American Express Company Stock Fund be offered as an investment option. ISPIC has the power to select the other investment options available under the Plan and directs the manner in which certain investments of the Plan are invested. Subject to Plan limits, ISPIC has the power to appoint investment managers to make investment decisions. EBAC is appointed by the Compensation and Benefits Committee of the Board of Directors of the Company. The members of ISPIC are set forth in the Plan Document.

Contributions

The Plan currently provides for the following contributions:

Elective Contributions

Each pay period, participants may make before-tax contributions, after-tax contributions (up to 10%), or a combination of both, not to exceed 80% of their compensation to the Plan through payroll deduction. The Internal Revenue Code of 1986, as amended (the Code) imposes a limitation (adjusted annually for cost of living increases) on participants' before-tax contributions to plans, which are qualified under Code Section 401(k), and other specified tax favored plans. For 2006, this limit was \$15,000 for participants under age 50 and \$20,000 for participants over age 50. For 2005, the limit was \$14,000 for participants under age 50 and \$18,000 for participants over age 50. The Plan complied with nondiscrimination requirements under the Code for 2006 and 2005.

Company Matching Contributions

Upon a participant's completion of one year of service and except as described in the following paragraph, the Company matches participants before-tax contributions quarterly on a dollar for dollar basis up to 3% of compensation. A participant must be employed by the Company on the last working day of the quarter to receive Company Matching Contributions.

AMERICAN EXPRESS INCENTIVE SAVINGS PLAN

Notes to the Financial Statements

1. Description of the Plan (continued)

Effective January 1, 2005, upon a participant's completion of one year of service, the Company matches 50% of Business Travel Employees before-tax contributions quarterly up to 3% of compensation. Business Travel Employees are those participants employed within the U.S. Business Travel, Global Business Travel and Global Commercial Card businesses who were younger than age 40 on December 31, 2005, or who had less than five years of service on December 31, 2005 (regardless of age).

Profit Sharing Contributions

Upon a participant's completion of one year of service, additional Company contributions of 0-7% of the participant's compensation may be made annually at the Company's discretion based, in part, on the Company's performance. Participants must be employed on the last working day of the Plan year (or be disabled under the terms of the Plan) to be eligible for any Profit Sharing Contributions made for that plan year. Profit Sharing Contributions to eligible participants are made regardless of whether the eligible participant contributes to the Plan. Profit Sharing Contributions were 3.75% and 4.25% of compensation in 2006 and 2005, respectively (2.00% and 2.25% in 2006 and 2005, respectively, of compensation for Business Travel Employees).

Company Stock Contributions

Upon a participant's completion of one year of service, in addition to the Company Matching Contributions and Profit Sharing Contributions above, the Company contributes to the Plan on a quarterly basis 1% of each eligible participant's compensation, regardless of whether the eligible participant contributes to the Plan. This contribution is initially invested in the American Express Company Stock Fund, but can be immediately moved to another investment offering under the Plan. Company Stock Contributions were \$12,855,975 and \$19,498,264 in 2006 and 2005, respectively. A participant must be employed by the Company on the last working day of the quarter to receive Company Stock Contributions.

Limit on Compensation

For purposes of the Plan, compensation is a participant's regular cash remuneration up to \$220,000 and \$210,000 in 2006 and 2005, respectively, before tax deductions and certain other withholdings. Compensation, for the purposes of the Plan, does not include bonuses, overtime, commissions, and certain other amounts.

Transfer of Account Balances

Participants' account balances may be transferred among the Plan's investment options upon receipt of instructions from the participant.

Participant Rollovers

A Rollover is a transfer to the Plan of a qualified distribution in accordance with the provisions of the Plan. Rollovers are accepted into the Plan, but are not subject to Company Matching, Profit Sharing or Company Stock Contributions.

AMERICAN EXPRESS INCENTIVE SAVINGS PLAN

Notes to the Financial Statements

1. Description of the Plan (continued)

Vesting and Forfeitures

Participants are immediately vested in their before-tax and after-tax contributions, Company Matching Contributions, Company Stock Contributions, Rollovers, if any, and investment earnings on the foregoing. Profit Sharing Contributions, and investment earnings thereon, vest after five years of service, upon retiring at or after attaining the Plan's normal retirement age (65), upon becoming disabled or at death. Company Profit Sharing Contributions not vested at the time of termination of employment are forfeited and used to reduce future Company contributions. Unallocated forfeited account balances were \$3,180,846 and \$3,918,714 at December 31, 2006 and 2005, respectively. Profit Sharing Contributions were reduced by \$2,900,000 of forfeited account balances in 2006.

Plan Termination

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

Loan Program

Participants are also entitled to apply to the EBAC for a loan from the Plan for a minimum amount of \$500 up to the lesser of \$50,000 or 50% of their vested balance, subject to certain restrictions set forth in the Plan and the Code. General purpose loans are limited to terms of 59 months. Loans to purchase a principal residence have a maximum term of 359 months. Loan repayment amounts, including principal and interest, are deducted each pay period and allocated to participants' investment accounts in accordance with the election in effect for new contributions at the time of repayment.

Loans are collateralized by a minimum of 50% of the participant's vested account balance and the interest rate is fixed based on the prime rate for the month prior to the month in which the loan request is being processed. In the event of a loan default, the EBAC may direct the Trustee to treat the outstanding loan balance as an early withdrawal of funds from the Plan, thereby subjecting the loan balance to income tax plus any penalties imposed by the Code. Loans to participants at December 31, 2006 included interest rates varying from 4% to 10.5% and mature at various dates through October 2036.

Tax Deferrals

As long as the Plan remains qualified and the related Trust (the Trust) remains tax exempt, amounts invested in the Plan through participant and Company contributions and Rollovers, as well as the investment earnings on such amounts, are not subject to federal income tax until distributed to the participant.

Distributions and Withdrawals

Upon disability, death, or retirement at or after attaining the Plan's normal retirement age (65), participants or their beneficiaries are eligible to receive a distribution of the full value of their accounts. If employment ends for other reasons, participants are eligible to receive a distribution of their vested account balance. If employment ends, participants (or their beneficiaries) may elect to receive their vested balance as a lump sum cash amount, American Express Company common shares, Ameriprise common shares, shares of any mutual fund available through the

AMERICAN EXPRESS INCENTIVE SAVINGS PLAN

Notes to the Financial Statements

1. Description of the Plan (continued)

Self-Managed Brokerage Account (SMBA), or a combination of cash and shares. If the account balance is greater than \$1,000, a participant may elect to defer distribution until the April of the year following the year in which the participant attains age 70-1/2. If the account balance is \$1,000 or less, a distribution will be made in a lump sum following the end of employment. Participants may request a withdrawal of all or a portion of their vested account balance subject to limitations under the terms of the Plan and certain tax penalties imposed by the Code.

Expenses

The Company and the participants share the costs of administering the Plan. The Company currently pays certain administrative expenses such as audit and legal fees. Expenses related to investment funds, for example, investment management fees, brokerage commissions, stock transfer, or other taxes and charges incurred in the purchase or sale of investments, are generally paid out of the applicable investment funds. Fees, commissions, and other charges and administrative expense that are attributable to the investment funds as a whole are generally paid from the Trust. These expenses are included within net appreciation in fair value of investments on the Statement of Changes in Net Assets Available for Benefits. These expenses were \$1,838,473 for the year ended December 31, 2006. Certain expenses of the SMBA may be charged directly to a participant's account. In the future, the Company may pass on additional costs to Plan participants to the extent permitted under the Code and ERISA.

2. Summary of Significant Accounting Policies

Use of Estimates

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and include the use of management estimates. Actual results could differ from those estimates.

Investment Valuation and Income Recognition

The Plan's investments are stated at fair value. Investments in American Express Company and Ameriprise common shares are valued at the last quoted sales price on the New York Stock Exchange on the last business day of the Plan fiscal year. Investments in mutual funds and collective investment funds are valued at the closing net asset values of the funds on the last business day of the Plan fiscal year. Participant loan accounts are valued at the outstanding balance, which approximates fair value.

Fully benefit-responsive investment contracts are valued at fair value with an adjustment for contract value on the Statement of Net Assets Available for Benefits. Contract value represents the face amount of the contract plus interest at the contract rate. Fair value for traditional investment contracts is estimated based upon discounting future cash flows under the contract at current interest rates for similar investments with comparable terms. Fair value for synthetic contracts is estimated based on the market values of the underlying securities. Related wrap instruments for synthetic contracts are valued at the difference between the fair value of the underlying securities and the contract value attributable by the wrapper to such assets. Contracts with maturities of one year or less are valued at contract value, which approximates fair value.

Purchases and sales of securities are reflected on a trade-date basis. The cost of securities sold is determined using the average cost method. Dividend income is recorded on the ex-dividend date. Interest income is recorded on an accrual basis. As required by the Plan, all dividend and interest income is reinvested into the same investment funds in which the dividends and interest income arose.

AMERICAN EXPRESS INCENTIVE SAVINGS PLAN
Notes to the Financial Statements

2. Summary of Significant Accounting Policies (continued)

The Plan presents in the Statement of Changes in Net Assets Available for Benefits the net appreciation (depreciation) in the fair value of its investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current year presentation. These reclassifications had no impact on net assets available for benefits or net increase in net assets available for benefits as previously reported.

Recently Issued Accounting Pronouncements

During 2006, the Plan adopted Financial Accounting Standards Board (FASB) Staff Position AAG INV-1 and Statement of Position No. 94-4-1, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans (FSP). The FSP requires investment contracts held by a defined-contribution plan to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The Statements of Net Assets Available for Benefits present the fair value of the investment contracts as well as the adjustment from fair value to contract value. The FSP was applied retroactively to the prior period presented on the Statement of Net Assets Available for Benefits as of December 31, 2005. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis for the fully benefit-responsive investment contracts.

In September 2006, the FASB issued Statement of Financial Accounting Standard No. 157, Fair Value Measurement (SFAS No. 157). SFAS No. 157 establishes a framework for measuring fair value and requires additional disclosures about fair value measurement. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of SFAS No. 157 on the Plan.

3. Investments

Investment Elections

A participant may currently elect to invest contributions in any combination of investment funds in increments of 1% and change investment elections for future contributions on any business day the New York Stock Exchange is open, with the exception of the SMBA. The SMBA has a minimum initial transfer of \$3,000 and additional funds must be transferred in increments of at least \$500. Contributions cannot be made directly to the SMBA; funds may only be transferred from other Plan investment options to the SMBA.

AMERICAN EXPRESS INCENTIVE SAVINGS PLAN
Notes to the Financial Statements

3. Investments (continued)

During October 2006, certain investment options under the Plan were replaced and participant account balances in those investments were transferred to the new investment options. The investment options available to participants after October 2006 were the American Express Company Stock Fund, the Ameriprise Financial, Inc. Stock Fund and five core investment funds (Core Investment Funds): The Stable Value Fund, The Diversified Bond Fund, The U.S. Large-Cap Equity Fund, The U.S. Small/Mid-Cap Equity Fund, and The International Equity Fund. In addition, participants may elect to contribute to funds that invest in a mix of assets from the Core Investment Funds based on target retirement dates (Retirement Funds). The balances of the Core Investment Funds in the financial statements include the amounts held in the Retirement Funds.

A brief description of the investments available to participants at December 31, 2006 is set forth below:

Core Investment Funds:

The Core Investment Funds are managed by multiple investment managers and represent broad asset classes, comprising several different investments.

The Stable Value Fund Invests in various investment contracts, directly or indirectly, offered by insurance companies or other financial institutions. Contracts may be subject to penalties if they are terminated before their stated maturity if the purpose for termination is other than to obtain funds for ordinary participant benefit payments. The average yield on investment contracts was 4.78% and 4.63% for 2006 and 2005, respectively. The weighted average crediting rates on investment contracts was 4.78% and 4.63% at December 31, 2006 and 2005, respectively. ATC acts as investment manager for The Stable Value Fund. The goal of these funds is to maximize current income consistent with the preservation of principal.

The Diversified Bond Fund The goal of this fund is total return consistent with the preservation of capital, and includes investment grade fixed income securities such as U.S. government securities, corporate debt securities and mortgage- and asset-based debt securities with at least one year remaining to maturity.

The U.S. Large-Cap Equity Fund The goal of this fund is long-term capital appreciation by investing in large-capitalization stocks listed on major U.S. stock exchanges.

The U.S. Small/Mid-Cap Equity Fund The goal of this fund is long-term capital appreciation by investing primarily in small and medium sized stocks listed on major U.S. stock exchanges.

The International Equity Fund The goal of this fund is long-term growth of capital from investment in non-U.S. stocks, and includes equity securities from markets outside the U.S.

Retirement Funds:

Retirement Funds are managed by multiple investment managers and utilize a mix of the Core Investment Funds to provide a diversification of investments based on the number of years to retirement.

State Street Global Advisors (SSgA) Passive Bond Market Index Fund This fund is used by the Retirement Funds to manage liquidity needs while ensuring the Retirement Funds remain fully invested.

AMERICAN EXPRESS INCENTIVE SAVINGS PLAN
Notes to the Financial Statements

3. Investments (continued)Additional Investment Options:

American Express Company Stock Fund The American Express Company Stock Fund invests primarily in the Company's common stock, purchased in either the open market or directly from the Company, and in cash or short-term cash equivalents.

Self-Managed Brokerage Account (Mutual Funds only) The SMBA gives participants the freedom to invest in a wide variety of mutual funds in addition to the other aforementioned investment options. Participants are provided a list of over 900 mutual funds from which to make choices and investment selections of their own design.

Ameriprise Financial, Inc. Stock Fund The Ameriprise Financial Stock Fund was available only to participants in the Plan who had balances immediately prior to the spin-off of Ameriprise by the Company in 2005. The fund invested primarily in common shares of Ameriprise, and in cash or short-term cash equivalents. Amounts held in the Ameriprise Financial Stock Fund could be sold at any time, but the fund did not receive any additional contributions either through investment elections or a fund transfer. The Ameriprise Financial Stock Fund was held in the Plan for 18 months following the spin-off of Ameriprise, until April 2007, at which time participants elected to transfer their Ameriprise common shares to the SMBA or have the shares liquidated and the proceeds invested in a default investment fund determined by ISPIC.

At December 31, 2006 and 2005, investments with a fair value representing 5% or more of the Plan's net assets were as follows:

| Description | 2006 | 2005 |
|---------------------------------------|----------------|----------------|
| American Express Company Common Stock | \$ 975,932,342 | \$ 888,964,450 |
| The U.S. Large-Cap Equity Fund | 698,957,930 | |
| The International Equity Fund | 256,628,954 | |
| The U.S. Small/Mid-Cap Equity Fund | 237,241,682 | |
| Riversource New Dimensions Fund | | 378,658,136 |

During 2006, the Plan's investments (including investments purchased, sold, as well as held during the year) appreciated in fair value as follows:

| | |
|---|----------------|
| American Express Company Common Stock | \$ 152,558,909 |
| Ameriprise Common Stock | 39,674,374 |
| Mutual funds (including SMBA) | 50,785,176 |
| Collective investment funds and other | 87,044,420 |
| Net appreciation in fair value of investments | \$ 330,062,879 |

4. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statements of Net Assets Available for Benefits.

AMERICAN EXPRESS INCENTIVE SAVINGS PLAN
Notes to the Financial Statements

5. Income Tax Status

The Plan has received a favorable determination letter from the Internal Revenue Service (the IRS) dated February 20, 2004 stating that the Plan is qualified, the Trust established under the Plan is tax-exempt and the Plan satisfies the requirement of Code section 4975(e)(7). Subsequent to this determination by the IRS, the Plan was amended. The Plan is required to operate in conformity with the Code to maintain its qualification. The Company believes the Plan, as amended, is designed and being operated in compliance with the applicable requirements of the Code and, therefore believes that the Plan, as amended, is qualified, the related trust is tax- exempt and the Plan satisfies the requirements of Section 4975(e)(7) of the Code.

6. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2006:

| | |
|--|------------------|
| Net assets available for benefits per the financial statements | \$ 3,198,524,593 |
| Less: Loans deemed distributed | (1,934,693) |
| Net assets available for benefits per the Form 5500 | \$ 3,196,589,900 |

The following is a reconciliation of withdrawal payments per the financial statements for the year ended December 31, 2006:

| | |
|--|----------------|
| Withdrawal payments per the financial statements | \$ 285,425,346 |
| Less: Deemed loans offset by distributions | (293,094) |
| Withdrawal payments per the Form 5500 | \$ 285,132,252 |

The following is a reconciliation of interest on participant loans per the financial statements for the year ended December 31, 2006:

| | |
|--|--------------|
| Interest on participant loans per the financial statements | \$ 4,930,583 |
| Interest on deemed distributed loans | 11,209 |
| Interest on participant loans per the Form 5500 | \$ 4,941,792 |

Participant loans are deemed as distributions for Form 5500 reporting purposes when the event of default occurs. For financial statement reporting purposes, participant loans are deemed as distributions when the Form 1099 is issued and the event becomes taxable to the participant.

7. Related Party Transactions

Certain plan investments are managed by subsidiaries of Ameriprise, the parent company of ATC, the Trustee of the Plan. Therefore, these transactions qualify as exempt party-in-interest transactions.

AMERICAN EXPRESS INCENTIVE SAVINGS PLAN
Notes to the Financial Statements

8. Subsequent Event

Effective July 1, 2007, the Plan will be renamed the American Express Retirement Savings Plan and certain provisions of the Plan will change including the following:

Compensation

Participant compensation, which is currently defined as an employee's base pay and is used to determine participant elective contributions as well as Company Matching and Profit Sharing Contributions, will increase to include base pay plus overtime, shift differentials, and most commissions and incentives (Total Pay). Effective January 1, 2008, for participants in Bands 50 and above, Total Pay will not include any incentive pay which, in the aggregate, is in excess of one times their base salary.

Company Contributions

Company Matching Contributions will increase from 100% of a participant's before-tax contribution up to 3% of base pay to 100% of before-tax contributions up to 5% of Total Pay. Company Matching Contributions for Business Travel Employees will increase from 50% of the first 3% of base pay to 100% of the first 4% of Total Pay. Profit Sharing Contributions may continue to be made annually at the discretion of the Company and will be 0 to 5% of the participant's Total Pay. Profit Sharing Contributions for Business Travel Employees may be made at different levels than Profit Sharing Contributions for other participants.

Company Stock Contributions will discontinue.

For eligible employees on United States payroll on July 1, 2007 who generally commenced service before April 1, 2007, the Company will begin making quarterly contributions determined based on participant age and years of service as of December 31, 2008 (Conversion Contributions). Participants must complete a year of service before being eligible to receive Conversion Contributions. Conversion Contributions will range from 0 to 8% of compensation and will vary depending on whether a participant is a Business Travel Employee.

Certain participants that meet the Plan's definition of disability will be entitled to Company contributions during the period of disability. These Company contributions are designed to be similar to the level of Company Matching Contributions, Conversion Contributions and Profit Sharing Contributions that the disabled participants would have received had they not been disabled.

Vesting

Profit Sharing Contributions, which currently vest after 5 years of service, and Conversion Contributions described in the preceding paragraphs will vest after 3 years of service. Eligible employees on the United States payroll on July 1, 2007 who generally commenced service before April 1, 2007 will continue to vest immediately in Company Matching Contributions. Company Matching Contributions for participants hired on or after April 1, 2007 will vest after 3 years.

Investment Elections

Participants will only be able to allocate 10% of their future contributions to the American Express Company Stock Fund. In addition, transfers of balances from other investment options into the American Express Company Stock Fund will only be permitted to the extent the participant's investment in the American Express Company Stock Fund after the transfer does not exceed 10% of the participant's overall Plan balance.

SUPPLEMENTAL SCHEDULE

AMERICAN EXPRESS INCENTIVE SAVINGS PLAN

Schedule H, Line 4i Schedule of Assets (Held at End of Year)

December 31, 2006

| (a) | (b) Identity of Issue, Borrower, Lessor, or Similar Party | (c) Number of Shares / Units or Face Amount | (d) Cost** | (e) Current Value |
|--|---|---|------------|-------------------|
| Collective Investment Funds - | | | | |
| | SSgA Passive Bond Market Index | 932,676 | \$ | 16,058,809 |
| | The U.S. Large-Cap Equity Fund | 68,099,787 | | 698,957,930 |
| | The International Equity Fund | 23,403,887 | | 256,628,954 |
| | The U.S. Small/Mid-Cap Equity Fund | 22,724,382 | | 237,241,682 |
| | The Diversified Bond Fund | 13,834,352 | | 140,671,252 |
| American Express Company Stock Fund - | | | | |
| * | RVST Money Market Fund I | 5,706,323 | | 5,706,323 |
| * | American Express Company Common Shares | 16,085,913 | | 975,932,342 |
| | | | | 981,638,665 |
| Ameriprise Financial Company Stock Fund - | | | | |
| * | RVST Money Market Fund I | 704,097 | | 704,097 |
| * | Ameriprise Common Shares | 2,765,196 | | 150,703,182 |
| | | | | 151,407,279 |
| | Self-Managed Brokerage Account | | | 116,835,063 |

AMERICAN EXPRESS INCENTIVE SAVINGS PLAN
Schedule H, Line 4i Schedule of Assets (Held at End of Year)
December 31, 2006

| (a) | (b) Identity of Issue, Borrower, Lessor, or Similar Party | (c) Number of Shares / Units or Face Amount | (d) Cost** | (e) Current Value |
|--------------------------------|---|---|------------|----------------------|
| The Stable Value Fund - | | | | |
| | Investment contracts: | | | |
| | FNMA 30YR TBA 5.00% 1/1/35 | 8,000,000 | | 7,722,496 |
| | FNMA 15YR TBA 5.50% 1/1/15 | 7,000,000 | | 6,997,816 |
| | FNMA TBA 5.5% 1/1/31 | 7,000,000 | | 6,916,875 |
| | FNMA 15YR TBA 6.00% 1/1/14 | 3,000,000 | | 3,041,250 |
| | FNMA 30YR TBA 6.00% 9/1/28 | 22,000,000 | | 22,144,320 |
| | FNMA 30YR TBA 6.50% 1/1/30 | 11,844,000 | | 12,066,075 |
| | FGLMC GOLD 30 YR TBA 5.50% 1/1/37 | 8,000,000 | | 7,910,000 |
| | FHLMC TBA 6.00% 1/1/33 | 11,450,000 | | 11,532,326 |
| | FHLMC GOLD #E92454 5.00% 11/1/17 | 949,727 | | 935,929 |
| | FHLMC GOLD #E97248 5.00% 6/1/18 | 860,546 | | 847,938 |
| | FHLMC GOLD #E99565 5.50% 9/1/18 | 1,754,851 | | 1,757,072 |
| | FHLMC GOLD #E99595 5.50% 10/1/18 | 628,180 | | 629,628 |
| | FGOLD 10 YR #G12100 5.00% 11/1/13 | 1,071,481 | | 1,059,147 |
| | FHLMC GOLD #G12141 4.50% 9/1/20 | 3,901,465 | | 3,762,170 |
| | FHLMC #1G1067 5.696% 7/1/36 | 2,670,133 | | 2,682,335 |
| | FHLMC(NON GOLD) ARM #1G2450 5.926% 8/1/36 | 1,129,604 | | 1,141,851 |
| | FHLMC #1G2496 ARM 6.214% 9/1/36 | 1,206,324 | | 1,216,807 |
| | FHLMC #G10559 GOLD 7.00% 7/1/11 | 119,319 | | 122,650 |
| | FHLMC #G10561 GOLD 7.00% 8/1/11 | 127,849 | | 131,418 |
| | FHLMC #C66537 7.00% 4/1/32 | 269,295 | | 277,089 |
| | FHLMC #C66594 7.00% 4/1/32 | 307,231 | | 316,751 |
| | FHLMC 15YR #E00546 5.50% 3/1/13 | 225,793 | | 226,681 |
| | FHLMC GOLD #E00593 5.50% 11/1/13 | 265,755 | | 266,739 |
| | FHLMC GOLD #B12280 5.50% 2/1/19 | 815,689 | | 816,721 |
| | FHLMC #2113 6.00% 6/15/28 | 12,054 | | 12,050 |
| | FED HOME LN BANK 4.625% 1/18/08 | 3,045,000 | | 3,028,131 |
| | FHLB 5.25% 2/13/08 | 4,360,000 | | 4,362,293 |
| | FHLMC #E20124 GOLD 8.00% 8/1/09 | 56,014 | | 57,474 |
| | FHLMC 2403-DA 5.50% 4/15/29 | 728,623 | | 725,143 |
| | FHLMC REF NOTE 5.125% 10/15/08 | 1,315,000 | | 1,316,685 |
| | FHLMC REFERENCE NOTES 4.25% 7/15/09 | 408,000 | | 401,090 |
| | FHLMC 3.875% 6/15/08 | 665,000 | | 653,675 |
| | FHLMC 4.00% 8/17/07 | 4,815,000 | | 4,778,107 |
| | FHLMC #780514 ARM 5.005% 5/1/33 | 676,426 | | 666,469 |
| | FNMA 4.25% 9/15/07 | 10,195,000 | | 10,124,247 |
| | FNMA BENCHMARK 4.50% 10/15/08 | 5,839,000 | | 5,786,904 |
| | FNMA 3.50% 7/27/07 | 3,639,000 | | 3,603,429 |
| | FNMA 5.30% 10/28/08 | 4,187,000 | | 4,204,673 |
| | FNMA #190517 7.00% 12/1/08 | 36,447 | | 36,734 |
| | FNMA #190888 7.50% 7/1/09 | 197,988 | | 200,220 |

AMERICAN EXPRESS INCENTIVE SAVINGS PLAN
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| (a) | (b) Identity of Issue, Borrower, Lessor, or Similar Party | (c) Number of Shares / Units or Face Amount | (d) Cost** | (e) Current Value |
|-----|---|---|------------|-------------------|
| | FNMA #250800 7.50% 1/1/12 | 119,993 | | 123,796 |
| | FNMA #252016 7.00% 7/1/28 | 152,202 | | 157,121 |
| | FNMA 15YR #252260 6.00% 3/1/10 | 387,884 | | 393,943 |
| | FNMA #254187 5.00% 12/1/08 | 261,375 | | 260,275 |
| | FNMA #254190 5.50% 1/1/09 | 48,315 | | 48,574 |
| | FNMA #254757 5.00% 3/31/13 | 326,559 | | 322,308 |
| | FNMA #254774 5.50% 3/31/13 | 445,746 | | 447,194 |
| | FNMA #255488 5.50% 10/1/14 | 1,258,118 | | 1,263,056 |
| | FNMA #357324 5.00% 1/1/33 | 3,343,006 | | 3,234,895 |
| | FNMA #360800 5.735% 1/1/09 | 1,563,093 | | 1,569,263 |
| | FNMA #387357 6.35% 5/1/10 | 2,583,903 | | 2,629,845 |
| | FNMA #387549 4.81% 8/1/15 | 2,238,726 | | 2,181,012 |
| | FNMA #433679 6.00% 11/1/28 | 499,681 | | 506,551 |
| | FNMA #462236 5.44% 7/1/16 | 1,270,980 | | 1,284,020 |
| | FNMA #462237 5.525% 7/1/16 | 1,545,350 | | 1,569,674 |
| | FNMA #535003 7.00% 11/1/14 | 327,455 | | 336,999 |
| | FNMA #535219 7.50% 3/1/15 | 249,491 | | 258,940 |
| | FNMA #535802 7.00% 2/1/16 | 372,128 | | 382,917 |
| | FNMA #545701 7.00% 7/1/12 | 17,910 | | 18,006 |
| | FNMA #545874 6.50% 8/1/32 | 702,468 | | 720,134 |
| | FNMA #555343 6.00% 3/1/18 | 114,322 | | 116,002 |
| | FNMA #555432 5.50% 5/1/33 | 3,852,010 | | 3,812,744 |
| | FNMA #555528 6.00% 4/1/33 | 2,771,556 | | 2,796,848 |
| | FNMA #555531 5.50% 6/1/33 | 4,883,442 | | 4,833,662 |
| | FNMA #635227 6.50% 4/1/32 | 1,058,213 | | 1,091,164 |
| | FNMA #635894 6.50% 4/1/32 | 238,270 | | 244,801 |
| | FNMA #636030 6.50% 4/1/32 | 381,195 | | 391,018 |
| | FNMA #638210 6.50% 5/1/32 | 246,904 | | 252,909 |
| | FNMA #640996 7.50% 5/1/32 | 329,576 | | 342,575 |
| | FNMA #646456 7.00% 6/1/32 | 1,486,952 | | 1,529,610 |
| | FNMA #647989 7.00% 6/1/32 | 1,808,370 | | 1,860,248 |
| | FNMA #648349 6.00% 6/1/17 | 1,043,065 | | 1,060,515 |
| | FNMA #653145 6.00% 7/1/17 | 832,151 | | 846,049 |
| | FNMA ARM #654285 5.433% 11/1/32 | 435,990 | | 438,450 |
| | FNMA #659930 6.00% 9/1/32 | 3,385,790 | | 3,416,687 |
| | FNMA #667787 5.50% 2/1/18 | 635,858 | | 637,072 |
| | FNMA #670891 5.292% 12/1/32 | 1,152,283 | | 1,146,513 |
| | FNMA 2002-W10 A3 5.00% 10/25/32 | 15,920 | | 15,857 |
| | FNMA 2003-W11 A1 8.001% 6/25/33 | 27,571 | | 27,706 |
| | FNMA #200394 5.50% 7/25/23 | 1,120,931 | | 1,116,702 |
| | FHLMC 2617 HD 7.00% 6/15/16 | 956,451 | | 985,473 |
| | FNMA 2003-W19-1A6 5.29% 11/25/33 | 3,000,000 | | 2,966,660 |
| | FNMA 2003-133 GB 8.00% 12/25/26 | 301,440 | | 317,669 |
| | FHLMC_2641 6.50% 1/15/18 | 799,776 | | 820,823 |

AMERICAN EXPRESS INCENTIVE SAVINGS PLAN
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|-----|---|---|------------|-------------------|
| | FNMA 2004-W3 A15 5.00% 5/25/34 | 1,044,379 | | 1,036,356 |
| | FNMA 2004-60 PA 5.50% 4/25/34 | 1,463,867 | | 1,462,954 |
| | FHLMC 2657 NT 5.00% 1/15/16 | 750,253 | | 746,345 |
| | FHLMC 2672 NT 5.00% 2/15/16 | 1,209,088 | | 1,202,363 |
| | FHLMC 2662 DB 5.00% 2/15/16 | 568,726 | | 565,704 |
| | FHLMC 2726 AG 4.50% 9/15/22 | 268,354 | | 267,206 |
| | FHLMC 2750 DB 4.50% 5/15/15 | 1,594,607 | | 1,576,914 |
| | FHLMC 2770 ON 3.75% 6/15/32 | 2,091,405 | | 2,005,079 |
| | FHLMC 2843-BA 5.00% 1/15/18 | 990,957 | | 980,351 |
| | FHLMC 2907-AG 4.50% 3/15/19 | 1,197,443 | | 1,166,662 |
| | FHLMC 3154-AN 5.00% 8/15/31 | 2,950,000 | | 2,898,276 |
| | FHMS 2006-K1-A2 5.651% 4/25/16 | 2,960,925 | | 2,998,825 |
| | FNMA #682229 5.50% 3/1/33 | 3,549,596 | | 3,514,142 |
| | FNMA #683387 5.50% 2/1/33 | 3,860,090 | | 3,820,741 |
| | FNMA #695838 5.50% 4/1/18 | 799,307 | | 801,604 |
| | FNMA #699883 5.50% 4/1/33 | 3,841,392 | | 3,802,234 |
| | FNMA #702427 5.50% 4/1/33 | 1,383,608 | | 1,371,953 |
| | FNMA #703937 5.50% 5/1/18 | 221,654 | | 222,077 |
| | FNMA #704265 5.50% 5/1/33 | 3,917,101 | | 3,877,172 |
| | FNMA #705304 4.924% 6/1/33 | 895,623 | | 878,731 |
| | FNMA #712343 5.00% 5/1/33 | 4,438,124 | | 4,293,126 |
| | FNMA #720399 5.50% 7/1/18 | 1,015,029 | | 1,017,366 |
| | FNMA #720422 5.50% 7/1/18 | 637,614 | | 639,154 |
| | FNMA GTD MTG PASS 6.00% 12/1/33 | 3,730,547 | | 3,762,001 |
| | FNMA #725090 4.817% 11/1/33 | 925,578 | | 896,898 |
| | FNMA #725232 5.00% 3/1/34 | 3,972,126 | | 3,842,353 |
| | FNMA #725284 7.00% 11/1/18 | 670,145 | | 689,812 |
| | FNMA #725425 5.50% 4/1/34 | 929,556 | | 920,142 |
| | FNMA #725773 5.50% 9/1/34 | 3,767,209 | | 3,726,822 |
| | FNMA #725815 6.00% 12/1/33 | 1,534,015 | | 1,546,949 |
| | FNMA #735057 4.50% 1/1/19 | 1,759,220 | | 1,701,253 |
| | FNMA #740843 5.00% 11/1/18 | 601,844 | | 593,081 |
| | FNMA #741897 5.00% 10/1/33 | 1,194,155 | | 1,155,141 |
| | FNMA #745563 5.50% 8/1/34 | 1,931,318 | | 1,911,631 |
| | FNMA #745629 5.08% 1/1/18 | 3,066,650 | | 3,038,069 |
| | FNMA #745802 6.00% 7/1/36 | 3,688,642 | | 3,713,617 |
| | FNMA #747019 5.00% 1/1/19 | 577,453 | | 568,748 |
| | FNMA #754297 4.732% 12/1/33 | 465,497 | | 453,775 |
| | FNMA #759123 4.563% 1/1/34 | 711,642 | | 703,389 |
| | FNMA #761141 5.00% 12/1/18 | 2,943,740 | | 2,900,423 |
| | FNMA #764082 4.778% 1/1/34 | 1,034,701 | | 1,020,492 |
| | FNMA #764156 4.922% 3/1/34 | 820,863 | | 804,971 |
| | FNMA ARM #768117 5.427% 8/1/34 | 562,326 | | 553,236 |
| | FNMA #780582 5.20% 8/1/34 | 1,042,441 | | 1,030,547 |

AMERICAN EXPRESS INCENTIVE SAVINGS PLAN
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|-----|---|---|------------|-------------------|
| | FNMA ARM #786628 5.667% 7/1/34 | 716,496 | | 718,870 |
| | FNMA #794787 5.158% 10/1/34 | 1,121,294 | | 1,108,164 |
| | FNMA ARM #799769 5.048% 11/1/34 | 831,200 | | 825,432 |
| | FNMA ARM #801344 5.067% 10/1/34 | 1,072,660 | | 1,071,877 |
| | FNMA #22092 5.50% 9/1/34 | 2,031,840 | | 2,011,128 |
| | FNMA #809534 5.09% 2/1/35 | 1,394,616 | | 1,390,673 |
| | FNMA ARM #815264 5.217% 5/1/35 | 1,790,859 | | 1,786,983 |
| | FNMA ARM #817198 5.203% 5/1/35 | 586,959 | | 579,011 |
| | FNMA ARM #817199 5.108% 4/1/35 | 673,228 | | 661,266 |
| | FNMA 10/1 HYBRID ARM 5.113% 8/1/35 | 2,476,139 | | 2,436,273 |
| | FNMA ARM #820545 5.064% 5/1/35 | 812,546 | | 802,720 |
| | FNMA ARM #826908 5.113% 8/1/35 | 2,590,674 | | 2,552,754 |
| | FNMA #844705 5.756% 12/1/35 | 2,656,487 | | 2,660,631 |
| | FNMA #844816 6.00% 2/1/20 | 1,463,436 | | 1,485,216 |
| | FNMA ARM #845070 5.092% 12/1/35 | 3,424,953 | | 3,407,282 |
| | FNMA ARM #847988 5.182% 12/1/35 | 2,835,697 | | 2,851,945 |
| | FNMA ARM #849082 5.836% 1/1/36 | 1,931,756 | | 1,943,519 |
| | FNMA ARM #849170 5.95% 1/1/36 | 2,080,493 | | 2,093,398 |
| | FNMA #865689 5.902% 2/1/36 | 3,254,418 | | 3,300,208 |
| | FNMA #865818 5.912% 3/1/36 | 3,181,192 | | 3,218,635 |
| | FNMA ARM #866097 6.175% 2/1/36 | 1,903,952 | | 1,937,290 |
| | FNMA ARM #872753 5.922% 6/1/36 | 1,006,466 | | 1,012,643 |
| | FNMA #878661 5.50% 2/1/36 | 2,785,774 | | 2,740,867 |
| | FNMA #881629 5.50% 2/1/36 | 2,607,925 | | 2,565,885 |
| | FNMA #883267 6.50% 7/1/36 | 1,955,334 | | 2,005,642 |
| | FNMA #886054 7.00% 7/1/36 | 1,925,589 | | 1,989,766 |
| | FNMA ARM #886461 6.186% 8/1/36 | 1,026,270 | | 1,039,314 |
| | FNMA ARM #887096 5.817% 7/1/36 | 2,126,767 | | 2,152,969 |
| | FNMA ARM #900197 5.975% 10/1/36 | 1,374,695 | | 1,383,259 |
| | FNMA ARM #901922 5.79% 10/1/36 | 1,343,130 | | 1,352,364 |
| | GNMA II #003920 6.00% 11/20/36 | 2,745,723 | | 2,777,143 |
| | GNMA 2006-32-A 5.079% 1/16/30 | 3,339,521 | | 3,324,189 |
| | GNMA 2006-30-A 4.175% 6/16/11 | 4,426,943 | | 4,316,439 |
| | GNMA 2004-60 A 4.104% 3/16/18 | 3,211,943 | | 3,146,937 |
| | VENDEE 2003-2 D 5.00% 11/15/23 | 394,804 | | 392,185 |
| | U.S. TREASURY BOND 6.25% 8/15/23 | 3,257,000 | | 3,748,859 |
| | UST INFLATION INDEX 3.375% 1/15/07 | 3,000,000 | | 3,812,298 |
| | U.S. TREASURY NOTE 4.875% 10/31/08 | 2,500,000 | | 2,501,173 |
| | U.S. TREASURY NOTE 4.625% 10/31/11 | 1,480,000 | | 1,474,623 |
| | U.S. TREASURY NOTE 4.625% 11/15/16 | 700,000 | | 695,407 |
| | U.S. TREASURY NOTE 4.50% 11/30/11 | 8,585,000 | | 8,508,542 |
| | FHLMC CMO 6.085% 9/25/29 | 584,370 | | 584,664 |
| | FEDERAL HOME LOAN BANK 4.625% 11/21/08 | 15,000,000 | | 14,887,950 |
| | FED HOME LOAN 4.625% 2/8/08 | 3,605,000 | | 3,582,988 |
| | FNMA 2004-W10 A23 5.00% 8/25/34 | 1,676,000 | | 1,664,054 |

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|-----|---|---|------------|-------------------|
| * | RVST Money Market Fund I | 17,750,136 | | 17,750,136 |
| * | RVST Government Income Fund | 1,142,155 | | 24,574,612 |
| | Accrued Income | | | 2,236,802 |
| | Total investment contracts | | | 414,999,358 |
| * | RVST Money Market Fund I | 9,474,682 | | 9,474,682 |
| * | RVST Stable Capital Fund | 21,574,136 | | 23,453,722 |
| | Total Stable Value Fund | | | 447,927,762 |
| * | RVST Money Market Fund I | 71,040 | | 71,040 |
| * | Loans to Participants | | | |
| | Various, 4.00% - 10.50%, due 12/06 - 10/36 | | | 87,988,002 |
| | Total investments at fair value | | | 3,135,426,438 |
| | Adjustment from fair value to contract value: | | | |
| | AIG Financial II Contract #327774 Wrapper | | | 468,419 |
| | Bank of America #01-132 Wrapper | | | 461,816 |
| | IXIS II #1025-06 Wrapper | | | 251,056 |
| | JP Morgan/Chase I #A1SP01 Wrapper | | | 130,988 |
| | Met Life #28972 Wrapper | | | 356,760 |
| | Monumental Life II #MDA00633TR Wrapper | | | 77,918 |
| | Monumental Life V #MDA00375TR Wrapper | | | 206,760 |
| | Pacific Life #G-26755-00 Wrapper | | | 632,602 |
| | Rabobank I #060101 Wrapper | | | 284,613 |
| | RBC I #10903 Wrapper | | | 147,032 |
| | RBC II #20903 Wrapper | | | (48,746) |
| | State Street II #101063 Wrapper | | | 271,861 |
| | UBS III #4227 Wrapper | | | 398,362 |
| | Total adjustment | | | 3,639,441 |
| | Total investments | | \$ | 3,139,065,879 |

* Indicates Party-in-interest

** Cost information not required for participant directed investments.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Employee Benefits Administration Committee has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

AMERICAN EXPRESS INCENTIVE SAVINGS PLAN

By

/s/

Valeria M. Christensen
Valeria M. Christensen
Delegate
Employee Benefits Administration Committee

Date: June 29, 2007

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EXHIBIT INDEX

| Exhibit Number | Description |
|---------------------------|---|
| 23.1 | Consent of Independent Registered Public Accounting Firm PricewaterhouseCoopers LLP |

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