FORM 10-K

Annual report pursuant to section 13 and 15(d)

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AMERICAN EXPRESS CO

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1993

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File No. 1-7657

AMERICAN EXPRESS COMPANY
(Exact name of registrant as specified in its charter)

New York	13-4922250
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)
American Express Tower World Financial Center New York, New York	10285
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: (212) 640-2000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Shares (par value $.60 per Share)	New York Stock Exchange Boston Stock Exchange Chicago Stock Exchange Pacific Stock Exchange
6 1/4% Exchangeable Notes Due October 15, 1996	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes /X/ No / /

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K / /.

Common shares of the registrant outstanding at March 7, 1994 were 491,387,952. The aggregate market value, as of March 7, 1994, of such common shares held by non-affiliates of the registrant was approximately $14.1 billion. (Aggregate market value estimated solely for the purposes of this report. This shall not be construed as an admission for the purposes of determining affiliate status.)

DOCUMENTS INCORPORATED BY REFERENCE

Parts I, II and IV: Portions of Registrant's 1993 Annual Report to Shareholders.

Part III: Portions of Registrant's Proxy Statement dated March 14, 1994.

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PART I

ITEM 1. BUSINESS

American Express Company (the "registrant") was founded in 1850 as a joint stock association and was incorporated under the laws of the State of New York in 1965. The registrant and its subsidiaries are principally in the business of providing travel related services, investors diversified financial services and international banking services throughout the world.

In January 1994, the registrant's Board of Directors approved a plan to complete a tax-free spin-off of the common stock of the registrant's subsidiary, Lehman Brothers Holdings Inc. ("Lehman"), through a special dividend to the registrant's common shareholders. Lehman is in the business of providing investment services. The final transaction, which is subject to a number of conditions, is expected to close in the second quarter of 1994. In anticipation of this transaction, Lehman's results are reported as a discontinued operation in the registrant's Consolidated Financial Statements.

During 1993, Lehman sold the Shearson Lehman Brothers retail brokerage and asset management businesses, The Boston Company, Inc. and Shearson Lehman Hutton Mortgage Corporation.

In March 1993, the registrant reduced its ownership interest in First Data Corporation ("FDC") to approximately 22 percent through a public offering. As a result, effective January 1, 1993, FDC is reported under the equity method of accounting.

These transactions are described in more detail on pages 23 and 35-37 of the registrant's Annual Report to Shareholders, which descriptions are incorporated herein by reference.

TRAVEL RELATED SERVICES

American Express Travel Related Services Company, Inc. (including its subsidiaries, where appropriate, "TRS") provides a variety of products and services, including the American Express(R) Card (the "Card"), consumer lending, the American Express(R) Travelers Cheque (the "Travelers Cheque" or the "Cheque"), corporate and consumer travel products and services, magazine publishing, database marketing and management and insurance. TRS offers products and services in over 160 countries.

TRS's business as a whole has not experienced significant seasonal fluctuation, although Travelers Cheque sales and Travelers Cheques outstanding tend to be greatest each year in the summer months, peaking in the third quarter, and Card billed business tends to be moderately higher in the fourth quarter than in other calendar quarters.

TRS places significant importance on its trademarks and service marks. TRS diligently protects its intellectual property rights around the world.

CARD AND CONSUMER LENDING

TRS issues the American Express Card, including the American Express(R) Gold Card, the Platinum Card(R), the Corporate Card, the Optima(SM) Card and, commencing in January 1994, the Purchasing Card. Cards are currently issued in 32 currencies. The Card, which is issued to individuals for their personal account or through a corporate account established by their employer, permits Cardmembers to charge purchases of goods and services in the United States and in most countries around the world at establishments that have agreed to accept the Card.

The Card issuer accepts from each participating establishment the charges arising from Cardmember purchases at a discount that varies with the type of participating establishment, the volume of charges, the timing and method of payment to the establishment and the method of submission.

Except in the case of the Optima Card, the Card is primarily designed for use as a method of payment and not as a means of financing purchases of goods and services and carries no pre-set spending limit. Charges are approved based on a Cardmember's past spending and payment patterns, credit history and personal resources. Except in the case of the Optima Card and extended payment plans, payment of the full amount billed each month is due from the Cardmember upon receipt of the bill, and no finance charges are assessed. Card accounts that are past due by a given number of days are subject, in most cases, to a delinquency assessment.

The Card issuer charges Cardmembers an annual fee, which varies based on the type of Card, the number of Cards for each account, the currency in which the Card is denominated and the country of residence of the Cardmember. The Optima Card is generally offered to pre-approved prospects on a first-year-free basis.

Cardmembers generally have access to a variety of special services, including: the Membership Miles(R) Program, Global Assist(R) Hotline, Buyer's Assurance(SM) Protection Plan, Car Rental Loss and Damage Insurance Plan, Travel Accident Insurance Plan and Purchase Protection(SM) Plan. A Cardmember participating in the Gold Card program in the United States has access to certain additional services, including a Year End Summary of Charges Report and, in many instances, the ability to draw on a line of credit. The Platinum Card, offered to certain Cardmembers in the United States and certain other countries, provides access to additional and enhanced travel, financial, insurance, personal assistance and other services. Under the Express Cash program, enrolled Cardmembers can obtain cash or American Express Travelers Cheques 24 hours a day from automated teller machines of participating financial institutions worldwide. TRS also offers merchandise directly to Cardmembers, who may elect to pay for the products they purchase in installments with no finance charges. TRS is planning to offer additional rewards programs in conjunction with other businesses, possibly on a co-branded basis.

The Corporate Card program offers travel and expense management systems and services for all business entities and such services as the Business Travel Accident Insurance Plan for large businesses and the Accident Disability Plan and the FleetPlan(SM) auto leasing program for small businesses. TRS is continuing to enhance its business travel and expense management systems through various on-line access technologies and business travel management information reports, as described below under "Travel Services", which are integrated with the Corporate Card. Effective on

November 30, 1993, the U.S. General Services Administration awarded TRS a contract to provide American Express(R) Government Card charge card services to federal employees who travel on official government business. The contract is for one year with four one-year renewal options.

TRS launched the Corporate Purchasing Card in January 1994. The Corporate Purchasing Card is intended to provide an efficient, low-cost system for managing purchases of supplies, equipment and services by companies. Employees of the company to whom Corporate Purchasing Cards are issued can use the Cards to order directly from suppliers, rather than using the traditional system of requisitions, purchase orders and invoices. TRS pays the suppliers and submits a single monthly billing statement to the company.

The Optima Card is a revolving credit card marketed to individuals in the United States and several other countries. In the United States, interest is

computed according to one of three tiers, all tied to the prime rate, depending on the spending and payment patterns and tenure of the Cardmember. American Express Centurion Bank ("Centurion Bank") issues the Optima Card in the United States and owns substantially all receivables arising from the use of Optima Cards issued in the United States. In addition, Centurion Bank issues lines of credit in association with many American Express Cards and offers unsecured loans to Cardmembers in connection with their Sign & Travel(R) accounts and other unsecured lines of credit and installment loans. The Sign & Travel account allows qualified U.S. Cardmembers the option of extended payments for airline, cruise and certain prepaid travel charges that are purchased with the Card. Centurion Bank combined its line of credit products with the Optima portfolio, effective in the fourth quarter of 1993. Outside the United States, consumer lending activities are engaged in by other subsidiaries of the registrant where local regulations permit. The Optima Card is currently offered primarily to individuals who already have an American Express Card. TRS is also planning to offer revolving credit cards to individuals who are not Cardmembers.

American Express Credit Corporation ("Credco") purchases most Cardmember receivables arising from the use of Cards (other than Optima Cards) issued in the United States and Cardmember receivables in designated currencies arising from the use of Cards outside the United States. Credco finances the purchase of receivables principally through the issuance of commercial paper and the sale of medium- and long-term notes. (In addition, TRS also funds Cardmember receivables through an asset securitization program.) The cost of funding Cardmember receivables is a major expense of Card operations.

The American Express Card and consumer lending businesses are subject to extensive regulation in the United States under 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, which, among other things, regulates credit prescreening practices and requires certain disclosures when an application for credit is rejected; the Truth in Lending Act, which, among other things, requires extensive disclosure of the terms upon which credit is granted; the Fair Credit Billing Act, which, among other things, regulates the manner in which billing inquiries are handled and specifies certain billing requirements; and the Fair Credit and Charge Card Disclosure Act, which mandates certain disclosures on credit and charge card applications. Federal legislation also regulates abusive debt collection practices. In addition, a number of states and foreign countries have similar consumer credit protection and disclosure laws. These laws and regulations have not had, and are not expected to have, a material adverse effect on the Card and consumer lending businesses, either in the United States or on a worldwide basis.

Centurion Bank is subject to restrictions on its activities under the Competitive Equality Banking Act of 1987 ("CEBA"). See page 18 for a description of these restrictions. Centurion Bank is a member of the Federal Deposit Insurance Corporation ("FDIC") and is regulated, supervised and regularly examined by the Delaware State Banking Commissioner and the FDIC.

TRS encounters substantial and increasingly intense competition worldwide with respect to the Card and consumer lending businesses from general purpose cards issued under revolving credit plans, particularly VISA cards issued by members of VISA International Service Association, Inc. or VISA USA, Inc. (collectively, "VISA"), and MasterCard cards issued by members of MasterCard International, Incorporated ("MasterCard"), including cards sponsored by AT&T, General Electric Company, General Motors Corporation and Ford Motor Company; the Discover Card, a revolving credit card; and, to a lesser extent, charge cards such as Diners Club and JCB. TRS also encounters competition from businesses that issue their own cards or otherwise extend credit to their customers. Most U.S. banks issuing credit cards under revolving credit plans

charge annual fees in addition to interest charges where permitted by state law. The issuer of the Discover Card, as well as some issuers of VISA cards and MasterCard cards, charge no annual fees. Certain issuers offer mileage credit to card holders under airline frequent flyer programs or other types of reward programs or rebates. Certain competing issuers offer premium cards with enhanced services or lines of credit.

TRS generally charges higher discount rates to service establishments than its competitors. As a result, TRS has encountered complaints from some establishments, as well as suppression of the Card's use. TRS has adjusted its discount structure in certain industries and locations. In addition, TRS has undertaken a reengineering program designed to reduce costs and enhance TRS's ability to address competitive pricing pressures. (For a discussion of this program, see page 26 of the registrant's Annual Report to Shareholders, which is incorporated herein by reference.) TRS has also increased its joint marketing and other services offered to service establishments and has expanded its efforts in handling and resolving suppression problems. TRS's strategy is to focus on achieving Card acceptance at merchants where Cardmembers want to use the Card.

The principal competitive factors that affect the Card business are (i) the quality of the service and services, including rewards programs, provided to Cardmembers and participating establishments; (ii) the number and characteristics of Cardmembers; (iii) the quantity and quality of the establishments that will accept a Card; (iv) the cost of Cards to Cardmembers and of Card acceptance to participating establishments; (v) the terms of payment available to Cardmembers and participating establishments; (vi) the number and quality of other payment instruments available to Cardmembers and participating establishments; and (vii) the success of marketing and promotion campaigns.

TRAVEL SERVICES

A wide variety of travel services is offered to customers for business and personal purposes by a network of offices in more than 120 countries. Travel services include trip planning, reservations, ticketing, management information systems and other incidental services. TRS receives commissions and fees for travel bookings and arrangements from airlines, hotels, car rental companies and other travel suppliers.

To meet the competition for the business traveler and to provide client companies with a customized approach to managing their travel and entertainment needs, the Travel Management Services unit ("TMS") integrates the Corporate Card and business travel services in the United States and certain foreign countries. TMS offers to its client companies services to manage their travel and entertainment budgets. American Express Business Travel Centers handle reservations, provide necessary ticketing and deliver ticket/itinerary information in the United States. In addition, this service provides clients with an information package to plan, account for and control travel and entertainment expenses. TMS provides a state-of-the-art Expense Management System, which captures and reconciles expense report data with Corporate Card charge data. TMS also developed On-Line Access, a user-friendly information service that can help organizations obtain necessary travel management information through their office computers.

Vigorous competition is encountered in the travel business from more than 30,000 travel agents in the United States and abroad. This competition is mainly based on service, convenience and proximity to the customer and has increased due to several factors in recent years. The number of travel agencies in the United States has increased, and a number of independent agencies have been acquired by larger travel companies. Travel agency groups also have increased in size, enabling independent agencies to be more

competitive in providing travel services to regional and national business travel clients and in other activities. In addition, many companies have established in-house business travel departments.

TRAVELERS CHEQUES

American Express Travelers Cheques are sold as a safe and convenient alternative to currency. The Cheque, a negotiable instrument, has no expiration date and is payable by the issuer in the currency of issuance when presented for the purchase of goods and services or for redemption. The success of the Travelers Cheque operation is in large part related to the worldwide acceptability of the Cheque as a means of payment for goods and services and the worldwide refundability of Cheques that are lost or stolen. American Express Travelers Cheques are issued directly by TRS in United States dollars, Canadian dollars, Swiss francs, German marks and Japanese yen. French franc and British pound Cheques are primarily issued by joint venture companies in which TRS holds an equity interest and for which TRS provides sales, operations, marketing and refund servicing arrangements.

American Express Travelers Cheques are sold through a broad network of outlets worldwide, including offices of TRS, its affiliates and representatives, travel agents, commercial banks, savings banks, savings and loan associations, credit unions and other financial, travel and commercial businesses. TRS generally pays compensation to selling agents for their sale of Travelers Cheques.

The proceeds from sales of Cheques issued by TRS are remitted to TRS and are invested predominantly in highly-rated debt securities consisting primarily of intermediate- and long-term state and municipal obligations. The investment of these proceeds is regulated by various state laws.

TRS also issues the Corporate Travelers Cheque, a cash access product for business travelers, Cheques for Two(SM), a Cheque product with two signature lines designed for people who are traveling together, and the American Express(R) Gift Cheque. All of these Cheque products operate with the same signature-countersignature negotiation procedure as Travelers Cheques and are refundable to the purchaser in the event of loss or theft.

Although the registrant believes that TRS is the leading issuer of travelers checks, TRS encounters significant competition from many other forms of payment instruments, from other brands of travelers checks and from national and international automated teller machine networks. The principal competitive factors affecting the travelers check industry are (i) the acceptability of the checks throughout the world as an alternative to currency; (ii) the ability to service satisfactorily the check purchaser if the checks are lost or stolen; (iii) the compensation paid to, and frequency of settlement by, selling agents; (iv) the availability to the consumer of other forms of payment; (v) the accessibility of travelers check sales and refunds; (vi) the success of marketing and promotion campaigns; and (vii) the amount of the fee charged to the consumer.

PUBLISHING AND DIRECT MARKETING

TRS publishes Travel & Leisure(R), Food & Wine(R), Departures(TM) and Your Company(TM) magazines. Under a March 1993 agreement between TRS and a subsidiary of Time Inc. ("Time"), Time provides management services in connection with these magazines. The magazine publishing business operates in a highly competitive market. The editorial quality of the magazines and the size and quality of their readerships are the most critical competitive factors.

TRS also provides direct mail merchandise services and, through its subsidiary Epsilon Data Management, Inc., proprietary database marketing and management.

INSURANCE

AMEX Life Assurance Company ("AMEX Life"), its subsidiaries and its affiliated property-casualty insurer, AMEX Assurance Company (collectively, the "Life Group"), provide a variety of insurance products to individuals, employers and associations. The Life Group's primary products are individual long-term care insurance and products for American Express Cardmembers such as Automatic Air Flight insurance and a deferred annuity marketed under the name Privileged Assets(R).

The Life Group's long-term care products are marketed through a network of 20,000 independent agents and brokers and American Express affiliates. Other products are marketed through direct response methods to Cardmembers.

The Life Group competes with companies in the financial services industry that respond to consumer needs for money management, risk management and investments. The principal factors that affect the Life Group's competitive position are (i) premium rates; (ii) providing coverage to meet customers' needs; (iii) the quality of service given its customers; (iv) establishing and maintaining distribution networks to sell policies and administrative capabilities to service policyholders; (v) marketing; and (vi) investment performance.

In the first quarter of 1993, the Life Group sold by reinsurance certain closed blocks of business including policies of life, accident and health insurance held by American Express Cardmembers, representing earned premiums in 1992 of approximately $155 million.

The Life Group is qualified to transact business in all states of the United States and in Puerto Rico and Canada, and is subject to comprehensive state and federal regulations. (See page 8 for a general discussion of the extent of state insurance regulations.)

IDS FINANCIAL SERVICES

IDS Financial Corporation (including its subsidiaries, where appropriate, "IDS") is engaged in providing a variety of financial products and services to help individuals, businesses and institutions establish and achieve their financial goals. IDS's products and services include financial planning, insurance and annuities, a variety of investment products, including investment certificates, mutual funds and limited partnerships, investment advisory services, trust services, tax preparation and bookkeeping services, personal auto and homeowner's insurance and retail securities brokerage services. At December 31, 1993, IDS maintained a nationwide financial planning field force of 7,655 persons. IDS's marketing system consists primarily of its field force operating in 50 states and the District of Columbia, organized in 13 regions and 177 divisional offices.

FINANCIAL PLANNING

IDS Financial Services Inc., IDS's principal marketing subsidiary, offers financial planning and investment advisory services to individuals for which it charges a fee. IDS financial planning services provide financial analyses addressing six basic areas of financial planning: financial position, protection, investment, income tax, retirement and estate planning. To complete their financial plans, IDS planners provide clients with recommendations of products from the more than 100 products distributed by

subsidiaries and affiliates of IDS, as well as products of approved third parties.

IDS Financial Services Inc. has entered into a marketing arrangement with a subsidiary of TRS, American Express Service Corporation ("AESC"), in which financial planners representing both AESC and IDS offer Cardmembers and others financial analyses through AESC and other financial products and services through IDS in select locations. IDS is planning to rebrand its financial planning business to identify itself more closely with the American Express brand name, and to enable IDS to expand services to Cardmembers.

IDS Financial Services Inc. is marketing its financial products and services to customers of banks and credit unions, by establishing offices with dedicated financial planners within the bank's or credit union's retail locations. Such arrangements enable these financial institutions to retain and enhance their relationships with customers who would have gone elsewhere to buy non-insured, non-deposit financial products.

First-year financial planners are compensated primarily by salary, while veteran financial planners receive compensation based on sales. The IDS field force compensation is structured to encourage planner retention and product persistency, while adding stability to the financial planner's income. In attracting and retaining members of the field force, IDS competes with financial planning firms, insurance companies, securities broker-dealers and other financial institutions. IDS has undertaken a major initiative called "IDS 1994" to make changes in its business processes and field organization to improve planner retention and client satisfaction. IDS has two pilot division offices implementing the IDS 1994 recommendations and plans additional pilots this year.

Although the use of an exclusive field force may entail higher initial costs than other forms of marketing, such as direct-response marketing or independent agency distribution, IDS believes that its ability to provide broad-based integrated services on a relationship basis is a competitive advantage.

IDS Financial Services Inc. does business as a broker-dealer and investment adviser in 51 jurisdictions. IDS Financial Corporation, IDS Financial Services Inc. and AESC are registered as broker-dealers and investment advisers regulated by the Securities and Exchange Commission ("SEC"), and are members of the National Association of Securities Dealers, Inc. ("NASD"). IDS financial planners must obtain state and NASD licenses required for the businesses.

IDS anticipates regulation of the securities and commodities industries to increase at all levels. Monetary penalties and restrictions on business activities by regulators resulting from compliance deficiencies are also expected to increase. The SEC, self-regulatory organizations and state securities commissions may conduct administrative proceedings, which may result in censure, fine, the issuance of cease-and-desist orders or suspension or expulsion of a broker-dealer or an investment adviser, its officers or employees.

The financial services industry responds to consumer needs for money management, risk management and investments. Industry competition focuses primarily on cost, investment performance, yield, convenience, service, reliability, safety and distribution system. Competition in the financial services market is very intense and IDS competes with a variety of financial institutions such as banks, securities brokers, mutual funds and insurance companies, whose products and services increasingly cross over the traditional lines that previously differentiated one type of institution from another.

IDS's business does not as a whole experience significant seasonal fluctuations.

INSURANCE AND ANNUITIES

IDS's insurance business is carried on primarily by IDS Life Insurance Company ("IDS Life"), a stock life insurance company organized under the laws of the State of Minnesota. IDS Life is a wholly-owned subsidiary of IDS Financial Corporation and serves all states except New York. IDS Life Insurance Company of New York is a wholly-owned subsidiary of IDS Life and serves New York State residents. IDS Life also owns American Enterprise Life Insurance Company ("American Enterprise Life"), whose business is currently limited to issuing fixed dollar annuity contracts to banks, thrift institutions and stock brokerages. In Fortune magazine's May 1993 listing of the 50 largest life insurance companies as ranked by assets, IDS Life ranked fourteenth.

IDS Life's products include whole life, universal life (fixed and variable), single premium life and term products (including waiver of premium and accidental death benefits). IDS Life also markets disability income and long-term care insurance. In addition, it offers single premium and flexible premium deferred annuities on both a fixed and variable dollar basis. Immediate annuities are offered as well. IDS Life markets variable annuity contracts designed for retirement plans.

IDS Life's principal annuity products are fixed deferred annuities. These annuities guarantee a relatively low annual interest rate during the accumulation period (the time before annuity payments begin) although the company may pay a higher rate reflective of current market rates. IDS Life also offers a fixed/variable annuity, or "Flexible Annuity," in which the purchaser may choose between mutual funds, with portfolios of common stocks, bonds, managed assets and/or short-term securities, and IDS Life's "general account" as the underlying investment vehicle. Additionally, IDS Life offers a variable annuity contract that invests in real estate, real estate mortgages and sale-leaseback transactions.

IDS Life, IDS Life Insurance Company of New York and American Enterprise Life are subject to comprehensive regulation by the Minnesota Department of Commerce (Insurance Division), the New York Department of Insurance and the Indiana Department of Insurance, respectively, although the laws of the other states in which these companies do business also regulate such matters as the licensing of sales personnel and, in some cases, the contents of insurance policies. The purpose of such regulation and supervision is primarily to protect the interests of policyholders. Virtually all states also mandate participation in insurance guaranty associations, which assess insurance companies in order to fund claims of policyholders of insolvent insurance companies. On the federal level, there is periodic interest in enacting new regulations with respect to various aspects of the insurance industry including taxation and accounting procedures, as well as the treatment of persons differently because of sex, with respect to terms, conditions, rates or benefits of an insurance contract. New federal regulation in any of these areas could potentially have an adverse effect upon IDS's insurance subsidiaries.

As a distributor of variable contracts, IDS Life is registered as a broker-dealer and is a member of the NASD. As investment manager of various investment companies, IDS Life is registered as an investment advisor under applicable federal requirements.

In addition to selling its products through IDS financial planners, IDS Life also distributes its products through financial consultants of Smith Barney Shearson Inc., an independent firm.

The insurance and annuity business is highly competitive, and IDS Life's competitors consist of both stock and mutual insurance companies. Competitive factors applicable to the insurance business include the interest rates credited to its products, the charges deducted from the cash values of such products, the financial strength of the organization and the services provided to policyholders.

INVESTMENT CERTIFICATES

IDS issues face-amount investment certificates through its wholly-owned subsidiary, IDS Certificate Company ("IDSC"), which is registered as an investment company under the Investment Company Act of 1940. Owners of IDSC certificates are entitled to receive, at maturity, a stated amount of money equal to the aggregate investments in the certificate plus interest at rates declared from time to time by IDSC. In addition, persons holding one type of certificate may have their interest calculated in whole or in part based on any upward movement in a broad-based stock market index. The certificates issued by IDSC are not insured by any government agency. IDS acts as investment manager for IDSC. IDSC's certificates are sold primarily by IDS Financial Services Inc.'s field force.

IDSC currently offers eight types of face-amount certificates. The specified maturities of the certificates range from four to twenty years. Within their specified maturity, most certificates have interest rate periods ranging from one to thirty-six months. Certificate holders can surrender their certificates at the end of an interest rate period. Some certificates are marketed by American Express Bank Ltd. to its foreign customers. American Express Bank International has also sold a significant amount of certificates.

IDSC is the largest issuer of face-amount certificates in the United States. Such certificates compete, however, with many other investments offered by banks, savings and loan associations, credit unions, mutual funds, insurance companies and similar financial institutions, which may be viewed by potential customers as offering a comparable or superior combination of safety and return on investment.

MUTUAL FUNDS

IDS Financial Services Inc. offers a variety of mutual funds, for which it acts as principal underwriter (distributor of shares). IDS acts as investment manager and performs various administrative services. These 36 publicly-offered mutual funds, the "IDS MUTUAL FUND GROUP", have varied investment objectives, and include, for example, money market, tax-exempt, bond and stock funds. IDS believes that the IDS MUTUAL FUND GROUP, with combined net assets at December 31, 1993 of $36.5 billion, was the thirteenth largest mutual fund organization and, excluding money market funds, was the eighth largest. IDS Financial Services Inc., as principal underwriter, maintains a continuous public offering of shares of each fund at net asset value plus any applicable sales charge. The maximum sales charge is five percent of the offering price with reduced sales charges for larger purchases.

The competitive factors affecting the sale of mutual funds include sales charges ("loads") paid, services received and investment performance. The funds compete with other investment products, including funds that have no sales charge (known as "no load" funds), and with funds distributed through independent brokerage firms as well as with those distributed by other "exclusive" sales forces.

OTHER SERVICES

IDS provides investment management services for pension, profit-sharing, employee savings and endowment funds of large- and medium-sized businesses and

other institutions through the IDS Advisory Group. IDS also offers investment services for wealthy individuals and small institutions. These services are marketed through IDS financial planners and marketing employees and third-party referrals. International or global investment management is offered by IDS International, Inc., a U.S. company with offices in London, England, and IDS Fund Management Ltd., an English company. At December 31, 1993, the IDS Advisory Group managed securities portfolios totaling $12.3 billion for 236 accounts, up from $8.6 billion at December 31, 1992 for 172 accounts. The market for the IDS Advisory Group's services is highly competitive, with investment performance the most critical competitive factor.

IDS Trust Company, formerly IDS Bank & Trust, provides trustee, custodial, record-keeping and investment management services for pension, profit sharing, employee savings and endowment funds. Through its personal trust division, IDS Trust Company offers trust services to individuals. IDS Trust Company is regulated by the Minnesota Department of Commerce (Banking Division). On March 1, 1994, IDS Trust Company and IDS Deposit Corp., a Utah industrial loan corporation, assigned their deposits and sold their loans to a subsidiary of TRS. Prior to that date, IDS Trust Company and IDS Deposit Corp. made consumer loans and accepted certain kinds of deposits.

IDS Financial Services Inc. distributes a variety of real estate, cable TV, equipment leasing, and venture capital limited partnership investments issued by other companies. IDS Financial Services Inc. also distributes limited partnerships in which various IDS subsidiaries are co-general partners or are involved in providing services to such partnerships. These partnerships include real estate, cable TV and managed futures partnerships.

IDS Property Casualty Insurance Company provides personal auto and homeowner's coverage to clients in nineteen states. This insurance is underwritten to some extent by AMEX Assurance Company in fourteen of these states and reinsured by IDS Property Casualty. IDS Property Casualty is regulated by the Commissioner of Insurance for Wisconsin. Tax and Business Services, a division of IDS Financial Services Inc., offers tax planning, tax preparation and small business consulting services to clients in 50 locations in 26 states.

In 1993, IDS continued to expand its securities services activities, which offer portfolio analysis and securities brokerage services. American Enterprise Investment Services Inc. provides securities execution and clearance services for IDS. American Enterprise Investment Services Inc. is registered as a broker-dealer with the SEC, is a member of the NASD and the Chicago Stock Exchange and is registered with appropriate states.

AMERICAN EXPRESS BANK

The registrant's wholly-owned subsidiary, American Express Bank Ltd. (together with its subsidiaries, where appropriate, "AEB"), seeks to meet the financial service needs of wealthy entrepreneurs and local financial service institutions through four core businesses: private banking, correspondent banking, commercial services and treasury. AEB does not directly or indirectly do business in the United States except as an incident to its activities outside the United States. Accordingly, the following discussion relating to AEB generally does not distinguish between U.S. and non-U.S. based activities.

AEB's private banking business focuses on wealthy entrepreneurs by providing such customers deposit products, investment and fiduciary services, asset management, mutual funds, trust and estate planning and secured loans. Correspondent banking services are offered primarily to medium-sized and small financial institutions and include processing services (such as check

clearing, money transfers, collections and remittances), electronic banking and trade finance, in addition to deposit and investment services. Commercial services are provided to businesses, most of which are owned by wealthy entrepreneurs, and include trade finance products such as letters of credit, payment guaranties, working capital loans and equipment finance. Treasury services are provided to all segments of AEB's customer base, and primarily include trading foreign exchange, interest rate products and other derivative instruments.

In certain countries outside the United States and Canada, in some cases by arrangement with TRS, AEB provides travel related services consisting of Card, travel and Travelers Cheque products and offers consumer lending and certain other services. In the future, AEB expects to serve a greater role as an international platform to support TRS's business globally.

AEB has a global network of 81 locations in 37 countries. Its international headquarters is located in New York City. It maintains international banking agencies in New York City and Miami, Florida. Its wholly-owned Edge Act subsidiary, American Express Bank International ("AEBI"), is also headquartered in New York City and has branches in New York City, Miami, Beverly Hills, Los Angeles and San Diego. The three offices in California are expected to be sold or closed in 1994. In connection with AEB's sale in 1990 of TDB American Express Bank, its former Swiss-based private banking subsidiary, the registrant and certain of its affiliates, including AEB, have agreed not to engage in Switzerland in the money or asset management businesses prior to March 2, 1995. AEB continues to maintain a banking presence in Switzerland through a wholly-owned subsidiary, American Express Bank (Switzerland) S.A.

As part of AEB's strategy to focus its business on wealthy entrepreneurs and local financial service institutions, and to manage its assets and operations more prudently, AEB continued to exit certain off-strategy activities in 1993, including a joint venture commercial bank in the Philippines and leasing joint ventures in Indonesia, Taiwan and Germany.

SELECTED FINANCIAL INFORMATION

The travel-related and consumer lending services referred to above were included in AEB's legal entity, but not AEB's reporting segment, in 1993 and in certain prior years. The financial information set forth below is generally presented on a segment basis and thus excludes such services, which were presented in TRS' reporting segment, except where otherwise indicated. Commencing in the first quarter of 1994, certain of such services are being operated within, and reported as part of, the AEB segment.

AEB provides banking services to the registrant and its subsidiaries. AEB is only one of many international and local banks used by the registrant and its other subsidiaries, which constitute only a few of AEB's many customers.

AEB's total assets were $13.6 billion at December 31, 1993, compared with $13.7 billion at December 31, 1992. Liquid assets, consisting of cash and deposits with banks, trading account assets and investments, were $5.9 billion at December 31, 1993, compared with $5.0 billion at December 31, 1992.

The following table sets forth a summary of financial data for AEB at and for each of the three years in the period ended December 31, 1993 (dollars in millions):

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>	1991 <C>
Net financial revenues	$557	$452	$445
Noninterest expenses	440	445	407
Income before cumulative effect of a change in accounting principle	81	26	60
Cumulative effect of a change in accounting for post-retirement benefits other than pensions, net of related income taxes	-	(7)	-
Net income	81	19	60
Cash and deposits with banks	2,641	2,065	2,844

Investments	2,820	2,780	2,942
Loans, net	5,031	4,654	4,538
Total assets	13,559	13,658	14,367
Customers' deposits and credit balances	8,760	8,622	9,612
Shareholder's equity	605	565	572
Return on average assets (a)	0.65%	0.19%	0.42%
Return on average shareholder's equity (a)	13.74%	4.57%	10.52%
Total loans/deposits and credit balances from customers	58.70%	55.53%	48.13%
Average shareholder's equity/average assets (a)	4.70%	4.22%	3.99%
Risk-based capital ratios: (b)			
Tier 1	6.3%	5.7%	4.8%
Total	10.2%	9.1%	8.8%
Leverage ratio (b)	4.4%	4.3%	3.8%
Average interest rates earned: (c)			
Loans (d)	7.01%	8.14%	9.64%
Investments (e)	9.21%	9.13%	9.38%
Deposits with banks	5.67%	6.68%	8.61%
Total interest-earning assets (e)	7.15%	7.87%	9.22%
Average interest rates paid: (c)	5.49%	6.49%	7.73%
Deposits and credit balances from customers	4.19%	5.38%	6.67%
Borrowed funds, including long-term debt			
Total interest-bearing liabilities	5.28%	6.34%	7.60%
Net interest income/total average interest-earning assets (e)	2.48%	2.27%	1.90%

(a) Computed before the accounting change.
(b) Reported on a legal entity basis.
(c) Based upon average balances and related interest income and expense, including transactions with related parties.
(d) Interest rates have been calculated based upon average total loans, including those on nonperforming status.
(e) On a tax equivalent basis.
</TABLE>

The following tables set forth the composition of AEB's loan portfolio at year end for each of the five years in the period ended December 31, 1993 (millions):

By Geographical Region (a)	1993	1992	1991	1990	1989
Asia/Pacific	$1,924	$1,558	$1,653	$1,472	$1,229
Europe	882	844	910	1,526	1,519
Indian Subcontinent	849	907	623	632	485
Latin America	749	675	546	653	979
North America	283	382	468	537	533
Middle East	368	357	365	340	413

Africa	87	65	61	38	147
Other	-	-	-	-	11
Total	$5,142	$4,788	$4,626	$5,198	$5,316

<TABLE>
<CAPTION>

By Type and Maturity	1993 Due Within 1 Year	1993 Due After 1 Year Through 5 Years(b)	1993 Due After 5 Years(b)	1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Loans to businesses(c)	$2,384	$235	$20	$2,639	$2,628	$2,355	$2,431	$2,262
Real estate loans	460	228	16	704	665	751	815	423
Loans to banks and other financial institutions	961	107	7	1,075	666	731	778	938
Equipment financing(d)	10	68	27	105	386	501	509	519
Consumer loans	462	3	-	465	282	118	213	567
Loans to governments and official institutions	83	3	3	89	96	96	324	492
All other loans	65	-	-	65	65	74	128	115
Total	$4,425	$644	$73	$5,142	$4,788	$4,626	$5,198	$5,316

</TABLE>

(a) Based primarily on the domicile of the borrower.
(b) Loans due after 1 year at fixed (predetermined) interest rates totaled $199 million, while those at floating (adjustable) interest rates totaled $519 million.
(c) Business loans, which accounted for approximately 51 percent of the portfolio as of December 31, 1993, were distributed over 26 commercial and industrial categories.
(d) The decrease from December 31, 1992 to December 31, 1993 reflects $163 million of equipment finance (aircraft) loans transferred to other performing assets upon foreclosure, resulting in a total value of aircraft assets leased to others of $424 million at December 31, 1993.

The following tables set forth AEB's nonperforming loans at year end for each of the five years in the period ended December 31, 1993 (millions):

	1993	1992	1991	1990	1989
Credit	$ 43	$102	$ 38	$189	$ 16
Lesser Developed Countries	-	-	-	238	311
Total (a)	$ 43	$102	$ 38	$427	$327

	1993	1992	1991	1990	1989
Loans to businesses	$ 24	$ 22	$ 21	$174	$ 16
Real estate loans	19	69	5	15	-
Equipment financing	-	6	5	-	-
Loans to banks and other financial institutions	-	4	4	-	12
Loans to governments and official institutions	-	1	3	238	299
Total (a) (b)	$ 43	$102	$ 38	$427	$327

(a) AEB's other nonperforming assets totaled $89 million at December 31, 1993, $83 million at December 31, 1992 and $43 million at December 31, 1991, and represent balances transferred from nonperforming loans as a result of foreclosures and in-substance foreclosures. The increases were primarily related to real estate exposures.
(b) Reduced rate loans were immaterial in amount.

The following table sets forth a summary of the credit loss experience of AEB at and for each of the five years in the period ended December 31, 1993 (dollars in millions):

	1993	1992	1991	1990	1989
Total loans at year end	$5,142	$4,788	$4,626	$5,198	$5,316
Reserve for credit losses- January 1,	$ 134	$ 88	$ 318	$ 452	$ 509
Provision for credit losses	34	94	25	54	127
Transfer to TRS (a)	-	-	-	(12)	-
Translation and other (b)	(21)	-	(1)	2	-

Subtotal	147	182	342	496	636
Write-offs:					
Real estate loans	16	30	7	-	-
Loans to businesses	19	21	88	24	17
Loans to banks and other financial institutions	-	4	18	3	52
Loans to governments and official institutions	-	2	149	163	128
All other loans	6	1	-	1	1
Recoveries:					
Loans to businesses	(4)	(8)	(6)	(9)	(8)
Loans to banks and other financial institutions	(1)	(1)	(1)	(1)	(3)
Real estate loans	-	-	(1)	-	-
Equipment financing	-	-	-	-	(2)
Loans to governments and official institutions	-	-	-	(2)	-
All other loans	-	(1)	-	(1)	(1)
Net write-offs	36	48	254	178	184
Reserve for credit losses-December 31,	$ 111	$ 134	$ 88	$ 318	$ 452
Reserve for credit losses/total loans	2.16%	2.80%	1.90%	6.12%	8.50%

(a) During 1990, AEB transferred loans totaling $236 million and related reserves of $12 million to TRS on a segment reporting basis.
(b) The decline in 1993 was primarily due to the transfer of reserves relating to loans reclassified to other performing assets upon foreclosure.

Interest income is recognized on the accrual basis. Loans are placed on nonperforming status when payments of principal or interest are 90 days past due, or if in the opinion of management the borrower is unlikely to meet its contractual commitments. When loans are placed on nonperforming status, all previously accrued interest not yet received is reversed against current interest income. Cash receipts of interest on nonperforming loans are recognized either as income or as a reduction of principal, based upon management's judgment as to the collectibility of principal.

A reserve for credit losses is established by charging a provision for credit losses against income. The amount charged to income is based upon several factors, which include the historical credit loss experience in relation to outstanding credits, a continuous determination as to the collectibility of each credit, and management's evaluation of exposures in each applicable country as related to current and anticipated economic and political conditions.

RISKS

The global nature of AEB's business activities are such that concentrations of credit to particular industries and geographic regions are not unusual. At December 31, 1993, AEB had significant investments in certain on- and off-balance sheet financial instruments, which were primarily represented by deposits with banks, investments, loans, commitments to purchase and sell foreign currencies and U.S. dollars, interest rate swaps and forward rate agreements. The counterparties to these financial instruments were primarily unrelated to AEB, and principally consisted of banks and other financial institutions and various commercial and industrial enterprises operating geographically within the Asia/Pacific region, Europe and North America. AEB continuously monitors its credit concentrations and actively manages to reduce the associated risk. AEB does not anticipate any material losses as a result of these concentrations.

In 1991, AEB completed the liquidation of its long-term lesser developed country ("LDC") cross border loan portfolio. At December 31, 1993, AEB had $64 million of equity investments in LDC based enterprises (net of reserves) resulting from certain debt for equity conversions. These remaining conversions included 7 equity investments, the value of which were primarily represented by a minority interest in a Brazilian petrochemical holding company and two Mexican hotel projects.

AEB's earnings are sensitive to fluctuations in interest rates, as it is not always possible to match precisely the maturities of interest-related assets and liabilities. Strict limits have been established, however, for both country and total bank mismatching. On occasion, AEB may decide to mismatch in anticipation of a change in future interest rates in accordance with these guidelines. Term loans extended by AEB include both floating interest rate and fixed interest rate loans. Fixed interest rate loans with maturities in excess of one year totaled $199 million at December 31, 1993.

COMPETITION

The banking services of AEB are subject to vigorous competition in all markets in which AEB operates. Competitors include local and international banks whose assets often exceed those of AEB, other financial institutions (including certain other subsidiaries of the registrant) and, in certain cases, governmental agencies. In some countries, AEB may be one of the more substantial financial institutions offering banking services; in no country, however, has AEB been a major factor.

REGULATION

AEB's branches, representative offices and subsidiaries are licensed and regulated in the jurisdictions in which they do business and are subject to the same local requirements as other competitors. AEB's New York Agency is supervised and regularly examined by the Superintendent of Banks of the State of New York. At the request of management, the New York State Banking Department has extended its supervision and examination of the New York Agency to cover AEB's global network of branches and subsidiaries. The Florida Department of Banking and Finance supervises and examines the Miami Agency.

In addition, the Board of Governors of the Federal Reserve System (the "Federal Reserve Board") regulates, supervises and examines AEBI.

Following a recent examination of AEBI's California branches, in September 1993 AEBI agreed to pay a fine of $950,000 to, and entered into an agreement (a Consent Cease and Desist Order) with, the Federal Reserve Board. Under the agreement, AEBI agreed to correct two alleged violations of regulations of the

Federal Reserve Board and amend certain internal policies and procedures. The fine was not material to, and did not involve a significant part of the business of, AEB.

Since AEB does not do business in the United States except as an incident to its activities outside the United States, the registrant's affiliation with AEB neither causes the registrant to be subject to the provisions of the Bank Holding Company Act of 1956, nor requires it to register as a bank holding company under the Federal Reserve Board's Regulation Y. AEB is not a member of the Federal Reserve System, is not subject to supervision by the FDIC, and is not subject to any of the restrictions imposed on grandfathered nonbank banks by CEBA, other than anti-tie-in rules with respect to transactions involving products and services of certain of its affiliates and restrictions on loans to certain executive officers and directors.

As a matter of policy, AEB actively monitors compliance with regulatory capital requirements. These requirements are essentially represented by the Federal Reserve Board's risk-based capital guidelines and complementary leverage constraint. Pursuant to the Federal Deposit Insurance Corporation Improvement Act of 1991, the relevant provisions of which became effective for year-end 1992, the Federal Reserve Board, among other federal banking agencies, adopted regulations defining levels of capital adequacy. Under these regulations, a bank is deemed to be adequately capitalized if it maintains a Tier 1 risk-based capital ratio of at least 4.0 percent, a total risk-based capital ratio of at least 8.0 percent and a leverage ratio of at least 4.0 percent. Based on AEB's total risk-based capital and leverage ratios, which are set forth on page 12, AEB is considered to be adequately capitalized at December 31, 1993. The Federal Reserve Board has proposed revisions to its regulations which would establish a limitation on the amount of deferred tax assets that may be considered regulatory capital for risk-based and leverage capital purposes. In anticipation that these proposed revisions will be adopted, deferred tax assets are being excluded from AEB's regulatory capital ratably over a two year period commencing in January 1993, which could reduce AEB's capital ratios in 1994.

DISCONTINUED OPERATIONS

Lehman, through its wholly-owned subsidiary Lehman Brothers ("Lehman Brothers") and other subsidiaries, is a global investment bank serving institutional, corporate, government and high net-worth individual clients in major financial centers worldwide. Lehman's businesses include capital raising for clients through securities underwriting and direct placements; corporate finance and strategic advisory services; merchant banking; securities sales and trading; institutional asset management; research; and the trading of foreign exchange, derivative products and certain commodities. Lehman acts as a market marker in all major fixed income and equity products in both the domestic and international markets. Lehman Brothers, which is a member of all principal securities and commodities exchanges in the United States, as well as the NASD, also holds memberships or associate memberships on several principal international securities and commodities exchanges, including the London, Tokyo, Hong Kong, Frankfurt and Milan exchanges.

During 1993, Lehman sold the Shearson Lehman Brothers retail brokerage and asset management businesses, The Boston Company private banking, trust and mutual fund administration businesses and Shearson Lehman Hutton Mortgage Corporation, which engaged in mortgage banking.

In January 1994, the registrant's Board of Directors approved a plan to complete a tax-free spin-off of the common stock of Lehman through a special dividend to the registrant's common shareholders. The final transaction is subject to a number of conditions, including receipt of a favorable tax opinion, regulatory clearances, market conditions and final approval by the registrant's Board. In addition, certain related matters are subject to approval by the Lehman Board. The transaction is expected to close in the second quarter of 1994. In anticipation of this transaction, Lehman's results are reported as a discontinued operation in the registrant's Consolidated Financial Statements. This transaction is described in more detail on pages 23 and 35-37 of the registrant's Annual Report to Shareholders, which descriptions are incorporated herein by reference.

CORPORATE AND OTHER

BALCOR

The Balcor Company, formerly operating as a diversified real estate investment and management company, discontinued new commercial real estate activities in 1990 and began to liquidate its portfolio of real estate loans and properties. The liquidation is expected to be completed in 1996. The Balcor Company Holdings, Inc. was formed in 1992 as a holding company for The Balcor Company and its former subsidiaries (collectively, "Balcor"). At December 31, 1993, Balcor's assets, excluding cash and cash equivalents, totaled $1.1 billion with related reserves of $333 million. Balcor's assets at December 31, 1993 included real estate loans amounting to $225 million, advances to limited partnerships originated by Balcor of $90 million, interests in non-syndicated partnerships of $191 million and investments in real estate of $526 million, inclusive of real estate transferred from borrowers as a result of foreclosure of $402 million.

CEBA AND FDICIA

The Competitive Equality Banking Act of 1987 ("CEBA"), among other things, prevents the formation of new nonbank banks after March 5, 1987 and restricts the activities of such banks that existed on that date. The registrant owns two nonbank banks -- Centurion Bank and IDS Trust Company -- which are subject to these "grandfather" restrictions. The restrictions include a prohibition on new activities and affiliate overdrafts, and limitations on asset growth and the ability to market the products and services of the bank by an affiliate and vice versa. CEBA has had an impact on the manner in which the registrant's nonbank banks conduct business to assure their continued grandfathered status, but has not had a material adverse effect on the registrant.

The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") applies generally to the registrant's insured depository institutions, including Centurion Bank. Among other things, FDICIA has enabled the FDIC to raise the amount of assessments for federal deposit insurance paid by the registrant's insured depository institutions and authorizes further increases. In addition, FDICIA significantly restricts the ability of broker-dealers such as IDS Financial Services to broker deposits for insured depository institutions, including affiliates. FDICIA has not had and is not expected to have a material adverse effect on the registrant.

FOREIGN OPERATIONS

TRS derives a significant portion of its revenues from the use of the Card, Travelers Cheques and travel services in countries outside the United States and is in the process of broadening use of these products and services outside the United States. 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, can have an effect on TRS's revenues. Substantial and sudden devaluation of local Cardmembers' currency can also affect their ability to make payments to the local issuer of the Card on account of spending outside the local country.

IDS does not have substantial business outside the United States.

The major portion of AEB's banking revenues is from business conducted in countries outside the United States. Some of the risks attendant to those operations include currency fluctuations and changes in political, economic and legal environments in each such country.

In 1993, the registrant sold its Acuma subsidiary, which distributed life insurance, pension products and mutual funds in the United Kingdom through a sales force of financial planners.

As a result of its foreign operations, the registrant 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 lesser than the U.S. dollar amounts at which they are currently recorded in the registrant's 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; foreign exchange positions held by AEB as a consequence of its client-related foreign exchange trading operations; and, in most instances, investments in foreign operations. These risks, unless properly monitored and managed, could have an adverse effect on the registrant's operations.

The registrant's policy in this area is generally to monitor closely all foreign exchange positions and to minimize foreign exchange gains and losses, for example, by offsetting foreign currency assets with foreign currency liabilities, as in the case of foreign currency loans and receivables, which are financed in the same currency. An additional technique used to manage exposures is the spot and forward purchase or sale of foreign currencies as a hedge of net exposures in those currencies as, for example, in the case of the Cardmember and Travelers Cheque transactions described above. Additionally, Cardmembers may be charged in U.S. dollars for their spending outside their local country. The registrant's investments in foreign operations are hedged by forward exchange contracts or by identifiable transactions, where appropriate.

INDUSTRY SEGMENT INFORMATION AND CLASSES OF SIMILAR SERVICES

Information with respect to the registrant's industry segments, geographical operations and classes of similar services is set forth in Note 15 to the Consolidated Financial Statements of the registrant, which appears on pages 48 and 49 of the registrant's 1993 Annual Report to Shareholders, which note is incorporated herein by reference.

EXECUTIVE OFFICERS OF THE REGISTRANT

All of the executive officers of the registrant as of March 29, 1994, none of whom has any family relationship with any other and none of whom became an officer pursuant to any arrangement or understanding with any other person, are listed below. Each of such officers was elected to serve until the next annual election of officers or until his or her successor is elected and qualified. Each officer's age is indicated by the number in parentheses next to his or her name.

HARVEY GOLUB - Chairman and Chief Executive Officer; Chairman and Chief Executive Officer, TRS

Mr. Golub (55) has been Chief Executive Officer of the registrant since February 1993, Chairman of the registrant since August 1993 and Chairman and Chief Executive Officer of TRS since November 1991. Prior to August 1993, he had been President of the registrant since July 1991. Prior to January 1992, he was also Chairman of IDS Financial Corporation. Prior to July 1991, he had been Vice Chairman of the registrant and Chairman and Chief Executive Officer of IDS since September 1990. Prior thereto, he had been President and Chief Executive Officer of IDS since January 1984.

JEFFREY E. STIEFLER - President

Mr. Stiefler (47) has been President of the registrant since August 1993. Prior thereto, he had been President and Chief Executive Officer of IDS Financial Corporation since July 1991, and President of IDS since September 1990. Prior thereto, he had been Executive Vice President for Sales and Marketing of IDS since 1987.

JONATHAN S. LINEN - Vice Chairman

Mr. Linen (50) has been Vice Chairman of the registrant since August 1993. Prior thereto, he had been President and Chief Operating Officer of TRS since March 1992. Prior thereto, he had been President and Chief Executive Officer of the Shearson Lehman Brothers Division of Shearson Lehman Brothers Inc. since June 1990. Before June 1990, he had been President and Chief Executive Officer of TRS's Direct Marketing and Travelers Cheque Group since May 1989. Before May 1989, he had been President of TRS's Direct Marketing Group since 1986.

ROGER H. BALLOU - President, Travel Services Group, TRS

Mr. Ballou (42) has been President of TRS's Travel Services Group since May 1989. Prior thereto, he was Executive Vice President-Strategic Business Systems since May 1987.

KENNETH I. CHENAULT - President, U.S.A, TRS

Mr. Chenault (42) has been President, U.S.A. of TRS since August 1993. Prior thereto, he had been President, Consumer Card Group, TRS since 1989.

STEVEN D. GOLDSTEIN - President and Chief Executive Officer, American Express Bank Ltd.

Mr. Goldstein (42) has been President and Chief Executive Officer of AEB since March 1991. Prior thereto, he had been President of Consumer Financial Services, American Express International, since September 1989 and President of TRS International-United Kingdom and Ireland since December 1987.

R. CRAIG HOENSHELL - President, International, TRS

Mr. Hoenshell (49) has been President, International of TRS since August 1993. Prior thereto, he had been President of TRS's Travelers Cheque Group since 1990. Prior thereto, he was President of American Express Centurion Bank.

DAVID R. HUBERS - President and Chief Executive Officer, IDS Financial Corporation

Mr. Hubers (51) has been President and Chief Executive Officer of IDS since August 1993. Prior thereto, he had been a Senior Vice President of IDS since 1982.

JOSEPH W. KEILTY - Executive Vice President

Mr. Keilty (56) has been Executive Vice President since November 1991. Prior thereto, he had been Managing Director of Keilty, Goldsmith & Company, a consulting company, since 1981.

MICHAEL P. MONACO - Executive Vice President, Chief Financial Officer and Treasurer

Mr. Monaco (46) has been Executive Vice President and Chief Financial Officer since September 1990 and Treasurer since April 1992. Prior thereto, he had been Senior Vice President since September 1989 and Comptroller since 1985.

LOUISE M. PARENT - Executive Vice President and General Counsel

Ms. Parent (43) has been Executive Vice President and General Counsel of the registrant since May 1993. Prior thereto, she had been Deputy General Counsel of the registrant since January 1992. Prior thereto, she had been General Counsel of First Data Corporation since April 1989. Prior thereto, she had been Assistant General Counsel of the registrant since April 1988.

THOMAS SCHICK - Executive Vice President

Mr. Schick (47) has been Executive Vice President since March 1993. Prior thereto, he had been Executive Vice President of TRS since October 1992 and Senior Executive Vice President of Shearson Lehman Brothers Inc. since 1986.

EMPLOYEES

The registrant, excluding Lehman and its subsidiaries, had 64,493 employees on December 31, 1993.

ITEM 2. PROPERTIES

The registrant's headquarters are in a 51-story, 2.2 million square foot building located in lower Manhattan, known as American Express Tower, which also serves as the headquarters for TRS and AEB. This building, which is on land leased from the Battery Park City Authority for a term expiring in 2069, is one of four office buildings in a complex known as the World Financial Center. Lehman is also headquartered at the building and is a co-owner.

Other principal locations of TRS include: the Southern Regional Operations Center, Fort Lauderdale, Florida; the Western Regional Operations Center and the Travel Group Service Center, Phoenix, Arizona; the Northern Regional Operations Center, Greensboro, North Carolina; the Optima Regional

Operating Center, Jacksonville, Florida; the Travelers Cheque Group Operating Center, Salt Lake City, Utah; and American Express Canada, Inc. headquarters, Markham, Ontario, Canada, all of which are owned by the registrant or its subsidiaries.

IDS's principal locations are its headquarters, which IDS leases until 2002, and its Operations Center, which IDS owns; both are in Minneapolis, Minnesota.

Generally, the registrant and its subsidiaries lease the premises they occupy in other locations. Facilities owned or occupied by the registrant and its subsidiaries are believed to be adequate for the purposes for which they are used and are well maintained.

ITEM 3. LEGAL PROCEEDINGS

The registrant and its subsidiaries are involved in a number of legal and arbitration proceedings concerning matters arising in connection with the conduct of their respective business activities. The registrant believes it has meritorious defenses to each of these actions and intends to defend them vigorously. The registrant believes that it is not a party to, nor are any of its properties the subject of, any pending legal proceedings which would have a material adverse effect on the registrant's consolidated financial condition.

SAFRA-RELATED ACTIONS

Two purported shareholder derivative actions, now consolidated, were brought in October 1990 in New York State Supreme Court and three purported derivative actions, also now consolidated, were brought in early 1991 in United States District Court for the Southern District of New York against all of the then current directors, certain former directors and certain former officers and employees of the registrant. The consolidated state court complaint alleges that defendants breached their duty of care in managing the registrant, purportedly resulting in losses and in the registrant's payment of $8 million in July 1989 to certain charities agreed to by the registrant and Edmond J. Safra. The federal complaints also allege breach of duty in connection with a severance arrangement of a former executive officer of the registrant and that certain proxy statements of the registrant were misleading in failing to disclose such alleged breaches. Plaintiffs seek a declaratory judgment, unspecified money damages and an accounting. The federal actions also seek to declare void certain charter and by-law amendments relating to exculpation and indemnification of directors and officers. The federal actions were dismissed in December 1993. The plaintiffs have appealed the dismissal.

COMPUTERVISION LITIGATION

Federal Court Actions. In connection with public offerings of notes and common stock of Computervision Corporation ("Computervision"), actions were commenced in the federal District Court for the District of Massachusetts against Computervision, its directors, certain of its executive officers, Lehman, Lehman Brothers, Donaldson, Lufkin & Jenrette Securities Corporation, The First Boston Corporation, Hambrecht & Quist Incorporated and J. H. Whitney & Co. (collectively, the "Massachusetts Case"). These actions have been consolidated in a consolidated amended class action complaint, which alleges in substance that the registration statement and prospectus used in connection with the offerings contained materially false and misleading statements and material omissions related to Computervision's anticipated operating results for 1992 and 1993. The plaintiffs purport to represent a class of individuals who purchased in the public offering or in the aftermarket. The complaint

seeks damages for negligent misrepresentation and under Sections 11, 12 and 15 of the Securities Act of 1933.

In addition, three suits were filed in the United States District Court for the Southern District of New York. The suits raise claims similar to those in the Massachusetts Case against the same defendants. The Judicial Panel on Multidistrict Litigation has ordered these cases consolidated with the Massachusetts Case.

State Court Action. Lehman Brothers is named as the sole defendant in a putative class action, Greenwald v. Lehman Brothers Inc., brought in New York State Supreme Court. The complaint, which alleges in substance that Lehman Brothers breached a fiduciary duty owed to its customers in selling them the common stock, senior notes and senior subordinated notes of Computervision during the class period, as defined in the complaint, was dismissed.

FCH-RELATED ACTIONS

FCH Derivative Actions. On or about March 29, 1991, two identical purported shareholder derivative actions were filed, entitled Mentch v. Weingarten, et al. and Isaacs v. Weingarten, et al. The complaints in these two actions, pending in the Superior Court of the State of California, County of Los Angeles, were filed allegedly on behalf of and naming as a nominal defendant First Capital Holdings Corp. ("FCH"). Other defendants include Lehman, two former officers and directors of FCH, Robert Weingarten and Gerry Ginsberg, the four outside directors of FCH, Peter Cohen, Richard DeScherer, William L. Mack and Jerome H. Miller (collectively, the "Outside Directors"), and Michael Milken. The complaints allege generally breaches of fiduciary duty, gross corporate mismanagement and waste of assets in connection with FCH's purchase of non-rated bonds underwritten by Drexel Burnham Lambert Inc. and seek damages for losses suffered by FCH, punitive damages and attorneys' fees. The actions have been stayed pursuant to the bankruptcy of FCH.

Concurrent with the bankruptcy filing of FCH and the conservatorship and receivership of its two life insurance subsidiaries, First Capital Life Insurance Company ("FCL") and Fidelity Bankers Life Insurance Company ("FBL") (collectively, the "Insurance Subsidiaries"), a number of additional actions were instituted naming one or more of the registrant, Lehman and Lehman Brothers as defendants.

FCH Shareholder and Agent Actions. Three actions were commenced in the United States District Courts for the Southern District of New York and the Central District of California allegedly as class actions on behalf of the purchasers of FCH securities during certain specified periods, commencing no earlier than May 4, 1988 and ending no later than May 31, 1991 (the "Shareholder Class"). The complaints are captioned Larkin, et al. v. First Capital Holdings Corp., et al., amended on May 15, 1991 to add the registrant as a defendant, Zachary v. American Express Company, et al., filed on May 20, 1991, and Morse v. Weingarten, et al., filed on June 13, 1991 (the "Shareholder Class Actions"). The complaints raise claims under the federal securities laws and allege that the defendants concealed adverse material information regarding the finances, financial condition and future prospects of FCH and made material misstatements regarding these matters.

On July 1, 1991, an action was filed in the United States District Court for the Southern District of Ohio entitled Benndorf v. American Express Company, et al. The action is brought purportedly on behalf of three classes. The first class is similar to the Shareholder Class; the second consists of managing general agents and general agents who marketed various FCL products from April 2, 1990 to the filing of the suit and to whom it is alleged misrepresentations were made concerning FCH (the "Agent Class"); and the third class consists of Agents who purchased common stock of FCH through the First

Capital Life Non Qualified Stock Purchase Plan ("FSPP") and who have an interest in the stock purchase account under the FSPP (the "FSPP Class"). The complaint raises claims similar to those asserted in the other Shareholder Class Actions, along with additional claims relating to the FSPP Class and the Agent Class alleging damages in marketing the products. In addition, on August 15, 1991, Kruthoffer v. American Express Company, et al. was filed in the United States District Court for the Eastern District of Kentucky, which complaint is nearly identical to the Benndorf complaint (collectively, the "Agent Class Actions").

On November 14, 1991, the Judicial Panel on Multidistrict Litigation issued an order transferring and coordinating for all pretrial purposes all related actions concerning the sale of FCH securities, including the Shareholder Class Action and Agent Class Actions, and any future filed "tag-along" actions, to Judge John G. Davies of the United States District Court for the Central District of California (the "California District Court"). The cases are captioned In Re: First Capital Holdings Corp. Financial Products Securities Litigation, MDL Docket No. 901 (the "MDL Action").

On January 18, 1993, an amended consolidated complaint (the "Third Complaint") was filed on behalf of the Shareholder Class and the Agent Class. The Third Complaint names as defendants the registrant, Lehman, Lehman Brothers, Weingarten and his wife Palomba Weingarten, Ginsberg, Philip A. Fitzpatrick (Chief Financial Officer of FCH), the Outside Directors, former outside FCH directors, Jeffrey B. Lane and Robert Druskin (the "Former Outside Directors"), Fred Buck (President of FCL) and Peat Marwick. The Third Complaint raises claims under the federal securities laws and the common law of fraud and negligence. On March 10, 1993, the defendants answered the Third Complaint, denying its material allegations.

On March 11, 1993, the California District Court entered an order granting class certification to the Shareholder Class. The class consists of all persons, except defendants, who purchased FCH common stock, preferred stock or debentures during the period May 4, 1988 to and including May 10, 1991. It also issued an order denying class certification to the Agent Class. The FSPP Class action had been previously dropped by the plaintiffs.

American Express Shareholder Action. On or about May 20, 1991, a purported class action was filed on behalf of all shareholders of the registrant who purchased the registrant's common shares during the period beginning August 16, 1990 to and including May 10, 1991. The case is captioned Steiner v. American Express Company, et al. and was commenced in the United States District Court for the Eastern District of New York. The defendants are the registrant, Lehman, James D. Robinson III, Howard L. Clark Jr., Harvey Golub and Aldo Papone. The complaint alleges generally that the defendants failed to disclose material information in their possession with respect to FCH which artificially inflated the price of the common shares of the registrant from August 16, 1990 to and including May 10, 1991 and that such non-disclosure allegedly caused damages to the purported shareholder class. The action has been transferred to California and is now part of the MDL Action. The defendants have answered the complaint, denying its material allegations.

The Bankruptcy Court Action. In the FCH bankruptcy, pending in the United States Bankruptcy Court for the Central District of California (the "Bankruptcy Court"), on February 11, 1992, the Official Committee of Creditors Holding Unsecured Claims (the "Creditors' Committee") obtained permission from the Bankruptcy Court to file an action for and on behalf of FCH and the parent companies of the Insurance Subsidiaries. On March 3, 1992, the Creditors' Committee initiated an adversary proceeding in the Bankruptcy Court, in which they assert claims for breach of fiduciary duty and waste of corporate assets

against Lehman; fraudulent transfer against both Lehman and Lehman Brothers; and breach of contract against Lehman Brothers. Also named as defendants are the Outside Directors, the Former Outside Directors, Weingarten and Ginsberg. Lehman and Lehman Brothers have answered the complaint, denying its material allegations. Fact discovery has been completed, and the contract claim has been dropped by plaintiffs. No trial date has been set.

American Express Derivative Action. On June 6, 1991, a purported shareholder derivative action was filed in the United States District Court for the Eastern District of New York, entitled Rosenberg v. Robinson, et al., against all of the then-current directors of the registrant. In January 1992, this action was transferred by stipulation to the United States District Court for the Central District of California for coordinated or consolidated proceedings with all other federal actions related to FCH. The complaint alleges that the Board of Directors of the registrant should have required Lehman to divest its investment in FCH and to write down such investment sooner. In addition, the complaint alleges that the failure to act constituted a waste of corporate assets and caused damage to the registrant's reputation. The complaint seeks a judgment declaring that the directors named as defendants breached their fiduciary duties and duties of loyalty and requiring the defendants to pay money damages to the registrant and remit their compensation for the periods in which the duties were breached, attorneys' fees and costs and other relief. The defendants have answered the complaint, denying its material allegations.

The Virginia Commissioner of Insurance Action. On December 9, 1992, a complaint was filed in federal court in the Eastern District of Virginia by Steven Foster, the Virginia Commissioner of Insurance as Deputy Receiver of FBL. The Complaint names Lehman and Weingarten, Ginsberg and Leonard Gubar (a former director of FCH and FBL) as defendants. The action was subsequently transferred to California to be part of the MDL Action. The complaint alleges that Lehman acquiesced in and approved the continued mismanagement of FBL and that it participated in directing the investment of FBL assets. The complaint asserts claims under the federal securities laws and asserts common law claims including fraud, negligence and breach of fiduciary duty and alleges violations of the Virginia Securities laws by Lehman. It seeks no less than $220 million in damages to FBL and its present and former policyholders and creditors and punitive damages. Lehman has answered the complaint, denying its material allegations.

MAXWELL-RELATED LITIGATION

Certain of Lehman's subsidiaries are defendants in several lawsuits arising out of transactions entered into with the late Robert Maxwell or entities controlled by Maxwell interests. These actions are described below.

Berlitz International Inc. v. Macmillan Inc. et al. This interpleader action was commenced in Supreme Court, New York County on or about January 2, 1992, by Berlitz International Inc. ("Berlitz") against Macmillan Inc. ("Macmillan"), Lehman Brothers Holdings PLC ("PLC"), Lehman Brothers International Ltd. (now known as Lehman Brothers International (Europe), "LBIE") and seven other named defendants. The interpleader complaint seeks a declaration of the rightful ownership of approximately 10.6 million shares of Berlitz common stock, including 1.9 million shares then registered in PLC's name, alleging that Macmillan claimed to be the beneficial owner of all 10.6 million shares, while the defendants did or might claim ownership to some or all of the shares. As a result of its bankruptcy filing, Macmillan sought to remove this case to the U.S. Bankruptcy Court for the Southern District of New York. LBIE has moved to remand the case back to the State Supreme Court.

Macmillan, Inc. v. Bishopsgate Investment Trust, Shearson Lehman Brothers Holdings PLC et al. This action was commenced by issuance of a writ in the

High Court of Justice in London, England on or about December 9, 1991. In this action, Macmillan sought a declaration that it is the legal and beneficial owner of the disputed 10.6 million shares of Berlitz common stock, including 1.9 million shares registered in the name of PLC. After a trial on December 10, 1993, the High Court of Justice handed down a judgment finding for Lehman on all aspect of its defense and dismissing Macmillan's claims.

MGN Pension Trustees Limited v. Invesco MIM Management Limited, Capel-Cure Myers Capital Management Limited and Lehman Brothers International Limited. This action was commenced by issuance of a writ in the High Court of Justice, London, England on or about June 5, 1992. The writ alleges that LBIE knew or should have known that certain securities received by it as collateral on a stock loan account held by Bishopsgate Investment Management were in fact beneficially owned by the Mirror Group Pension Scheme ("MGPS") or by MGN Pension Trustees Limited (the trustee of MGPS).

On this basis, the plaintiff sought a declaration that LBIE holds or held a portfolio of securities in constructive trust for plaintiff. According to the writ, LBIE sold certain of these securities for 32,024,918 pounds sterling, and that LBIE still holds certain of these securities, allegedly worth approximately 1,604,240 pounds sterling. The plaintiff sought return of the securities still held and the value of the securities liquidated in connection with the stock loan account. On January 31, 1994, Lehman, along with the other defendants, settled the case.

Bishopsgate Investment Management Limited (in liquidation) v. Lehman Brothers International (Europe) and Lehman Brothers Holdings PLC. In August 1993, Bishopsgate Investment Management Limited ("BIM") served a Writ and Statement of Claim against LBIE and PLC. The Statement of Claim alleges that LBIE and PLC knew or should have known that certain securities received by them, either for sale or as collateral in connection with BIM's stock loan activities, were in fact beneficially owned by various pension funds associated with the Maxwell Group entities. BIM seeks recovery of any securities still held by LBIE and PLC or recovery of any proceeds from securities sold by them. The total value of the securities is alleged to be 100 million pounds sterling. BIM also commenced certain proceedings for summary disposition of its claims relating to certain of the securities with a value of approximately 30 million pounds sterling. On January 11, 1994, the parties agreed to a settlement of that portion of the claim relating to BIM's request for summary disposition with respect to certain securities. Under this agreement, two securities holdings were delivered to BIM. Lehman continues to defend the balance of BIM's claim for recovery of other assets alleged to be worth approximately 70 million pounds sterling. The case is scheduled for trial in April 1995.

MELLON BANK LITIGATION

In September 1993, Mellon Bank filed a complaint in the U.S. District Court for the Western District of Pennsylvania against Lehman Brothers and the registrant. The complaint alleges that Lehman Brothers, through the conduct of Smith Barney Shearson Inc. ("Smith Barney") and The Travelers Inc. (formerly Primerica Corporation) ("Travelers"), breached certain covenants contained in the agreement with Mellon Bank relating to the sale of The Boston Company. The covenants, which relate to the provision of custodial and administrative services to certain mutual funds, were assumed by Smith Barney in connection with the sale by Lehman to Smith Barney of certain Shearson Lehman Brothers Inc. retail and asset management businesses. In a separate action, Smith Barney and Travelers were also sued by Mellon Bank in connection therewith. By order dated January 26, 1994, the action against Lehman and the registrant was dismissed.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the registrant's security holders during the last quarter of its fiscal year ended December 31, 1993.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The principal market for the registrant's Common Shares is The New York Stock Exchange. Its Common Shares are also listed on the Boston, Chicago, Pacific, London, Zurich, Geneva, Basle, Dusseldorf, Frankfurt, Paris, Amsterdam, Tokyo, and Brussels Stock Exchanges. The registrant had 58,179 common shareholders of record at December 31, 1993. For price and dividend information with respect to such Common Shares, see Note 18 to the Consolidated Financial Statements on page 50 of the registrant's 1993 Annual Report to Shareholders, which note is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

The "Consolidated Five-Year Summary of Selected Financial Data" appearing on page 52 of the registrant's 1993 Annual Report to Shareholders is incorporated herein by reference.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The information set forth under the heading "Financial Review" appearing on pages 22 through 29 of the registrant's 1993 Annual Report to Shareholders is incorporated herein by reference.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The "Consolidated Financial Statements", the "Notes to Consolidated Financial Statements" and the "Report of Ernst & Young Independent Auditors" appearing on pages 30 through 51 of the registrant's 1993 Annual Report to Shareholders are incorporated herein by reference.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEMS 10, 11, 12 and 13. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT; EXECUTIVE COMPENSATION; SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT; CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The registrant filed with the SEC, within 120 days after the close of its last fiscal year, a definitive proxy statement dated March 14, 1994 pursuant to Regulation 14A, which involves the election of directors. The following portions of such proxy statement are incorporated herein by reference: pages 2 and 3 under the heading "The Shares Voting," pages 3 through 6 under the headings "Security Ownership of Directors and Executive Officers," and "Security Ownership of Named Executives," pages 9 through 11 under the heading "Directors' Fees and Other Compensation," pages 11, beginning at "Election of Directors" through 36, ending at "Selection of Auditors" (excluding the

portions under the headings, "Board Compensation Committee Report on Executive Compensation" appearing on pages 14 through 20 and "Performance Graph" appearing on page 28), and page 42 under the heading "Certain Filings." In addition, the registrant has provided, under the caption "Executive Officers of the Registrant" at pages 20 and 21 above, the information regarding executive officers called for by Item 401(b) of Regulation S-K.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) 1. Financial Statements:

See Index to Financial Statements on page F-1 hereof.

2. Financial Statement Schedules:

See Index to Financial Statements on page F-1 hereof.

3. Exhibits:

See Exhibit Index on pages E-1 through E-3 hereof.

(b) Reports on Form 8-K:

1. Form 8-K, dated October 7, 1993, Item 5, reporting the declaration of effectiveness of the registration statement covering the sale of debt exchangeable for shares of First Data Corporation common stock.

2. Form 8-K, dated October 25, 1993, Item 5, reporting earnings for the quarter ended September 30, 1993.

3. Form 8-K, dated January 24, 1994, Item 5, announcing a plan to issue a special dividend and reporting earnings for the

quarter and year ended December 31, 1993.

4. Form 8-K, dated January 24, 1994, Item 5, revising certain pro forma financial information previously filed.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

AMERICAN EXPRESS COMPANY

March 28, 1994

By /s/ Michael P. Monaco

Michael P. Monaco
Executive Vice President,
Chief Financial Officer
and Treasurer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /s/ Harvey Golub
Harvey Golub
Chairman, Chief Executive Officer and Director

By /s/ Richard M. Furlaud
Richard M. Furlaud
Director

By /s/ Jeffrey E. Stiefler
Jeffrey E. Stiefler
President and Director

By /s/ Beverly Sills Greenough
Beverly Sills Greenough
Director

By /s/ Michael P. Monaco
Michael P. Monaco
Executive Vice President, Chief Financial Officer and Treasurer

By /s/ F. Ross Johnson
F. Ross Johnson
Director

By /s/ Daniel T. Henry
Daniel T. Henry
Senior Vice President and Comptroller

By /s/ Vernon E. Jordan Jr.
Vernon E. Jordan Jr.
Director

By /s/ Anne L. Armstrong
Anne L. Armstrong
Director

By /s/ Henry A. Kissinger
Henry A. Kissinger
Director

By /s/ William G. Bowen
William G. Bowen
Director

By /s/ Drew Lewis
Drew Lewis
Director

By /s/ David M. Culver David M. Culver Director	By /s/ Aldo Papone Aldo Papone Director
By /s/ Charles W. Duncan Jr. Charles W. Duncan Jr. Director	By /s/ Roger S. Penske Roger S. Penske Director
By George M.C. Fisher Director	By /s/ Frank P. Popoff Frank P. Popoff Director

March 28, 1994

PAGE

AMERICAN EXPRESS COMPANY

INDEX TO FINANCIAL STATEMENTS
COVERED BY REPORT OF INDEPENDENT AUDITORS

(Item 14(a))

All other schedules for American Express Company and subsidiaries have been omitted since the required information is not present or not present in amounts sufficient to require submission of the schedule, or because the information required is included in the respective financial statements or notes thereto.

The consolidated financial statements of American Express Company (including the report of independent auditors) listed in the above index, which are included in the Annual Report for the year ended December 31, 1993, are hereby incorporated by reference. With the exception of the pages listed in the above index, unless otherwise incorporated by reference elsewhere in this Annual Report on Form 10-K, the 1993 Annual Report is not to be deemed filed as part of this report.

EXHIBIT 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report on Form 10-K of American Express Company of our report dated February 3, 1994 (hereinafter referred to as our Report), included in the 1993 Annual Report to Shareholders of American Express Company.

Our audits included the financial statement schedules of American Express Company listed in Item 14(a). These schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in Registration Statements (Form S-8 No. 2-46918, No. 2-59230, No. 2-64285, No. 2-73954, No. 2-74368, No. 2-89115, No. 2-89680, No. 2-93654, No. 2-97617, No. 33-01771, No. 33-02980, No. 33-05875, No. 33-06350, No. 33-17133, No. 33-19724, No. 33-24675, No. 33-28721, No. 33-32876, No. 33-33552, No. 33-34005, No. 33-34625, No. 33-36422, No. 33-37882, No. 33-38777, No. 33-43671, No. 33-43695, No. 33-45584, No. 33-48629, No. 33-55344, No. 33-62124 and 33-65008; Form S-3 No. 2-89469, No. 2-95771, No. 33-06038, No. 33-07435, No. 33-17706, No. 33-40636, No. 33-43268, No. 33-66654 and No. 33-50997) and in the related Prospecti of our Report with respect to the consolidated financial statements and schedules of American Express Company included and incorporated by reference in this Annual Report on Form 10-K for the year ended December 31, 1993.

ERNST & YOUNG

/s/ Ernst & Young
New York, New York
March 30, 1994

AMERICAN EXPRESS COMPANY AND CONSOLIDATED SUBSIDIARIES

SCHEDULE I--SUMMARY OF INVESTMENT SECURITIES

DECEMBER 31, 1993
(millions)

	Principal amounts of bonds and cost of stocks	Amounts at which carried in balance sheet (a)	Market value at December 31, 1993
U.S. Government and Agencies Obligations	$ 3,684	$ 3,640	$ 3,641
State and Municipal Obligations:			
General Obligation bonds (b)	$ 1,178	1,179	1,285
Revenue bonds (c)	3,768	3,764	4,082
Total State and Municipal Obligations	$ 4,946	4,943	5,367
Corporate Bonds and Obligations (d)	$ 12,669	12,935	13,773
Foreign Government Obligations (e)	$ 1,498	1,508	1,538
Preferred Stocks:			
Non-Convertible	$ 965	1,265	1,318
Convertible	150	153	193
Total Preferred stocks	$ 1,115	1,418	1,511
Common Stocks:			
Held by domestic offices	$ 356	377	409
Held by overseas offices (e)	1	1	4
Total Common Stocks	$ 357	378	413
Mortgage-Backed Securities	$ 11,657	11,413	11,724

Investment Mortgage Loans (f)	$ 2,269	2,231	2,302
Other	$ 842	842	818
Total		$ 39,308	$ 41,087

(a) See summary of significant accounting policies in the notes to the consolidated financial statements.
(b) See F-4 for detail listing of General Obligation bonds by state.
(c) See F-5 for detail listing of Revenue bonds by state.
(d) See F-6 for detail listing of Corporate Bonds and Obligations by type.
(e) Stated at U.S. dollar equivalents based on rates of exchange generally prevailing at December 31, 1993.
(f) See F-7 for detail listing of Investment Mortgage Loans by type.

AMERICAN EXPRESS COMPANY AND CONSOLIDATED SUBSIDIARIES

DETAIL LISTING OF GENERAL OBLIGATION BONDS BY STATE

December 31, 1993
(millions)

State	Par Value	Book Value	Market Value
Arizona	$ 83	$ 83	$ 88
California	62	63	71
Connecticut	28	28	32
District of Columbia	65	65	69
Florida	58	57	63
Hawaii	39	40	45
Illinois	110	110	120
Louisiana	78	78	83
Massachusetts	72	72	78
Minnesota	30	30	33
New Jersey	40	40	44
New York	58	58	65
Pennsylvania	68	67	74
Texas	170	170	183
Wisconsin	54	54	59
All other states	163	164	178
Totals	$1,178	$1,179	$1,285

AMERICAN EXPRESS COMPANY AND CONSOLIDATED SUBSIDIARIES

DETAIL LISTING OF REVENUE BONDS BY STATE

December 31, 1993
(millions)

State	Par Value	Book Value	Market Value
Alabama	$ 38	$ 38	$ 40
Alaska	29	29	31
Arizona	150	150	161
Arkansas	36	36	38
California	309	311	332
Colorado	64	64	70
Connecticut	59	59	65
Florida	289	289	316
Georgia	55	55	59
Hawaii	30	30	34
Illinois	271	271	290
Indiana	61	61	65
Iowa	31	31	33
Kentucky	42	42	45
Louisiana	91	91	96
Maryland	75	75	84
Massachusetts	83	81	86
Michigan	72	72	80
Minnesota	67	68	73
Missouri	32	32	34
Nebraska	33	33	36
Nevada	33	33	34
New Jersey	90	90	99
New York	226	222	250
North Carolina	102	103	109
Ohio	145	145	159
Oklahoma	40	40	45
Pennsylvania	142	142	154
South Carolina	59	60	64

South Dakota	31	31	34
Tennessee	52	44	47
Texas	497	500	548
Utah	110	110	118
Virginia	46	46	49
Washington	69	69	74
Wisconsin	73	73	80
All other states	136	138	150
Totals	$3,768	$3,764	$4,082

AMERICAN EXPRESS COMPANY AND CONSOLIDATED SUBSIDIARIES

DETAIL LISTING OF CORPORATE BONDS AND
OBLIGATIONS BY TYPE

December 31, 1993
(millions)

	Par Value	Book Value	Market Value
Air Transport	$ 313	$ 313	$ 336
Astronautics	193	193	211
Automotive	351	356	388
Banks:			
Commercial Paper	1,120	1,122	1,132
Interest Rate Caps	-	52	21
Other	1,060	1,260	1,334
Building Materials	468	468	501
Business Equipment	51	51	50
Chemicals	455	456	476
Electric Equipment and Appliance	119	119	124
Electronics	98	98	102
Finance Companies	1,222	1,223	1,315
Foods and Beverages	199	199	207
Industrial Machinery	249	244	265
Natural Gas	518	530	575
Oil and Gas	855	852	928
Paper	426	428	451
Power and Light	932	928	987
Publishing	401	404	450
Railroads	650	647	703
Retail Trade	550	552	601
Steel	459	459	495
Telephone	350	352	388
Tobacco	227	227	237
Other	1,403	1,402	1,496
Totals	$12,669	$12,935	$13,773

AMERICAN EXPRESS COMPANY AND CONSOLIDATED SUBSIDIARIES

DETAIL LISTING OF INVESTMENT MORTGAGE LOANS
BY PROPERTY TYPE

December 31, 1993
(millions)

Property Type	Par Value	Book Value	Market Value
Apartments	$ 858	$ 822	
Shopping Centers/Retail	707	705	
Office Buildings	263	262	
Industrial Buildings	254	254	
Retirement Homes	85	85	
Hotels/Motels	37	37	
Medical Buildings	30	30	
Other	35	36	
Totals	$2,269	$2,231	$2,302

AMERICAN EXPRESS COMPANY AND CONSOLIDATED SUBSIDIARIES
SCHEDULE II-AMOUNTS RECEIVABLE FROM RELATED PARTIES AND
UNDERWRITERS, PROMOTERS, AND EMPLOYEES OTHER THAN RELATED PARTIES

<TABLE>
<CAPTION>

Name of officer	Balance at beginning of period	Additions	Amounts collected	Balance at end of period
<S>	<C>	<C>	<C>	<C>
Year ended December 31, 1993:				
Stock Purchase Plans:				
J. D. Robinson III	$ 2,399,997	$ -	$2,399,997	$ -
J. S. Linen	415,000	-	-	415,000
H. L. Clark Jr.	399,998	-	-	399,998
B. Hamilton	300,189	-	300,189	-
G. Cupp	228,209	-	228,209	-
S. Friedman	214,760	-	132,339	82,421
W. Westhoff	-	220,000	-	220,000
Other officers of the Company and its subsidiaries	44,256,265	1,151,791	32,112,478	13,295,578
	48,214,418	1,371,791	35,173,212	14,412,997
Other Loans Receivable:				
G. R. Thoman	253,125	-	253,125	-
	$48,467,543	$1,371,791	$35,426,337	$14,412,997
Year ended December 31, 1992:				
Stock Purchase Plans:				
J. D. Robinson III	$ 2,399,997	$ -	$ -	$2,399,997
G. R. Thoman	578,828	-	578,828	-
J. S. Linen	415,000	-	-	415,000
H. L. Clark Jr.	399,998	-	-	399,998
B. Hamilton	300,189	-	-	300,189
G. Cupp	228,209	-	-	228,209
S. Friedman	214,760	-	-	214,760
Other officers of the Company and its subsidiaries	48,541,932	4,018,068	8,303,735	44,256,265
	53,078,913	4,018,068	8,882,563	48,214,418
Other Loans Receivable:				

H. Golub	268,245	-	268,245	-
G. R. Thoman	500,000	-	246,875	253,125
	$53,847,158	$4,018,068	$9,397,683	$48,467,543
Year ended December 31, 1991:				
Stock Purchase Plans:				
J. D. Robinson III	$ 2,399,997	$ -	$ -	$2,399,997
E. Cooperman	689,398	-	689,398	-
G. R. Thoman	578,828	-	-	578,828
J. S. Linen	561,414	-	146,414	415,000
H. L. Clark Jr.	399,998	-	-	399,998
B. Hamilton	300,189	-	-	300,189
G. Cupp	228,209	-	-	228,209
S. Friedman	214,760	-	-	214,760
Other officers of the Company and its subsidiaries	50,512,813	4,556,681	6,527,562	48,541,932
	55,885,606	4,556,681	7,363,374	53,078,913
Other Loans Receivable:				
H. Golub	349,295	-	81,050	268,245
G. R. Thoman	500,000	-	-	500,000
	$56,734,901	$4,556,681	$7,444,424	$53,847,158

</TABLE>

(See accompanying note)

Note to Schedule II:

The Stock Purchase Plans information relates to loans made to members of senior management pursuant to the American Express Company 1983 Stock Purchase Assistance Plan (the "Plan") and the Lehman Brothers Holdings Inc. ("Lehman") Executive Stock Loan Program (the "Program") established in 1988. Pursuant to the Plan, full recourse loans are provided to certain key employees for the purpose of exercising stock options and/or for paying any taxes in respect thereof or for buying the Company's common shares at fair market value from the Company or on the open market. Eligible key employees may borrow a maximum of 300% of their respective annual base salaries, provided that such persons provide sufficient collateral, presently 100% of the amount of the loan at the date of grant. Such loans currently have five to seven year maturities and bear interest, payable quarterly, at a variable rate of two percentage points below the prime rate of a major New York City bank; at December 31, 1993, this rate was 3.5% per annum. Such loans are payable in full upon the occurrence of certain events, including termination of employment.

The Program, terminated in August 1990 as to future loans, provided low interest demand loans, on an unsecured basis, to assist key employees in acquiring Lehman common stock through open market purchases. Eligible employees could borrow up to 150% of their average total compensation for the last two years, subject to credit approval and continuing credit review. These loans are payable on demand, may not extend beyond five years and bear interest at the lower of the prime lending rate minus 2% or 11%; at December 31, 1993, this rate was 3.5% per annum. Such loans are payable in full upon the occurrence of certain events, including termination of employment.

Other Loans Receivable relate to loans extended to Mr. Golub in 1984 for the purchase of a new residence in connection with relocation upon assumption of duties as President and Chief Executive Officer of IDS Financial Corporation and Mr. Thoman in 1989 for the purchase of a residence in France used in connection with his duties as President and Chief Executive Officer of American Express International. The loan to Mr. Golub bore interest at an annual rate of 5%, payable quarterly, and was secured by a mortgage on the residence. The loan was fully repaid during 1992. The loan to Mr. Thoman bore interest at an annual rate of 9.5%, payable quarterly, and was secured by a second mortgage on the property. The loan was fully repaid during 1993.

AMERICAN EXPRESS COMPANY AND CONSOLIDATED SUBSIDIARIES

SCHEDULE III--CONDENSED FINANCIAL INFORMATION OF REGISTRANT

CONDENSED STATEMENT OF INCOME (A)

(Parent Company Only)
(dollars in millions)

	Years Ended December 31,		
	1993	1992	1991
Revenues	$ 123	$ 146	$ 113
Expenses:			
Interest	181	174	160
Human resources	82	84	63
Other (B)	(659)	(592)	149
Total	(396)	(334)	372
Pretax income (loss) from continuing operations			

before accounting changes	519	480	(259)
Income tax provision (benefit)	271	237	(75)
Net income (loss) before equity in net income of subsidiaries and affiliates	248	243	(184)
Equity in net income of subsidiaries(C) and affiliates	1,357	228	791
Income from continuing operations before accounting changes	1,605	471	607
Equity in income (loss) of discontinued operations	(127)	(149)	182
Cumulative effect of changes in accounting principles, net of income taxes	-	139	-
Net income	$1,478	$ 461	$ 789

(A) Prior year amounts have been restated to reflect Lehman Brothers as a discontinued operation.

(B) Includes pretax gains on the sale of First Data Corporation of $779 ($433 million after-tax) million and $706 ($425 million after-tax) million in 1993 and 1992, respectively.

(C) Equity in net income of subsidiaries for 1992 includes a $106 million charge related to the adoption of SFAS 106.

See Notes to Condensed Financial Information of Registrant

AMERICAN EXPRESS COMPANY AND CONSOLIDATED SUBSIDIARIES
SCHEDULE III - CONDENSED FINANCIAL INFORMATION OF REGISTRANT
CONDENSED BALANCE SHEET
(Parent Company Only)

(millions, except share amounts)

ASSETS

	December 31, 1993	December 31, 1992
Cash and cash equivalents	$ 8	$ 27
Investment securities	1,304	625
Securities purchased under agreement to resell	746	317
Equity in net assets of subsidiaries and affiliates - continuing operations	6,875	6,840
Investment in discontinued operations	1,540	1,849
Accounts receivable and accrued interest, less reserves	14	15
Land, buildings and equipment--at cost, less accumulated depreciation: 1993, $65; 1992, $79	95	127
Due from subsidiaries (net)	1,363	899
Other assets	804	430
Total assets	$12,749	$11,129

LIABILITIES AND SHAREHOLDERS' EQUITY

Accounts payable and other liabilities	$ 762	$ 874
Long-term debt	3,153	2,409
Short-term debt	100	347
Total liabilities	4,015	3,630
Shareholders' equity:		
Preferred shares, $1.66 2/3 par value, authorized 20,000,000 shares		
Convertible Exchangeable Preferred shares, issued and outstanding 4,000,000 shares in 1993 and 1992, stated at liquidation value	200	200
$216.75 CAP Preferred Shares, issued and outstanding 122,448.98 shares in 1993 and 1992, stated at par value (liquidation value of $300)	1	1
Common shares, $.60 par value, authorized 1,200,000,000 shares; issued and outstanding 489,827,852 shares in 1993 and 479,976,358 shares in 1992	294	288
Capital surplus	3,784	3,534
Net unrealized securities gains (losses)	7	(1)
Foreign currency translation adjustment	(73)	(83)
Deferred compensation	(128)	(137)
Retained earnings	4,649	3,697
Total shareholders' equity	8,734	7,499
Total liabilities and shareholders' equity	$12,749	$11,129

See Notes to Condensed Financial Information of Registrant

AMERICAN EXPRESS COMPANY AND CONSOLIDATED SUBSIDIARIES

SCHEDULE III - CONDENSED FINANCIAL INFORMATION OF REGISTRANT

STATEMENT OF CASH FLOWS

(Parent Company Only)
(millions)

	Years Ended December 31,		
	1993	1992	1991
Cash flows from operating activities:			
Net income	$1,478	$ 461	$ 789
Adjustments to reconcile net income to cash provided by operating activities:			
Equity in net income of subsidiaries and affiliates	(1,357)	(228)	(791)
Equity in (income) loss of discontinued operations	127	149	(182)
Dividends received from subsidiaries and affiliates	868	492	620
Gain on sale of First Data Corporation	(779)	(706)	-
Changes in accounting	-	(139)	-

Other (net)	42	(12)	(185)
Net cash provided by operating activities	379	17	251
Net cash provided (used) by investing activities	(655)	309	(226)
Cash flows from financing activities:			
Issuance of American Express common shares	259	159	162
Issuance of American Express preferred shares	-	-	300
Redemption of American Express Money Market Preferred shares	-	(150)	(150)
Dividends paid	(526)	(518)	(477)
Other	524	128	101
Net cash provided (used) by financing activities	257	(381)	(64)
Net decrease in cash and cash equivalents	(19)	(55)	(39)
Cash and cash equivalents at beginning of year	27	82	121
Cash and cash equivalents at end of year	$ 8	$ 27	$ 82

Note: The Other financing activities in 1993 reflects the issuance of DECs, the proceeds of which were primarily used to fund the increase in investments.

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid for interest (net of amounts capitalized) in 1993, 1992, and 1991 was $105 million, $129 million and $127 million, respectively. Net cash paid for income taxes was $256 for 1993 and $113 for 1992. Net cash received for income taxes was $23 for 1991.

PAGE

NOTES TO CONDENSED FINANCIAL INFORMATION OF REGISTRANT

1. Principles of Consolidation

The accompanying financial statements include the accounts of American Express Company and on an equity basis its subsidiaries and affiliates. Shearson Lehman Brothers is reported as a discontinued operation and, accordingly, prior years' amounts have been restated. These financial statements should be read in conjunction with the consolidated financial statements of the Company. Certain prior year's amounts have been reclassified to conform to the current year's presentation.

2. Long-term debt consists of (millions):

	December 31, 1993	December 31, 1992
Floating Medium-Term Note Due June 28, 1996	$ 945	$ 945
6 1/4% DECs Due October 15, 1996	868	-
8 5/8% Notes Payable due July 15, 1994	300	299
8 1/2% Notes due August 15, 2001	298	297
8 3/4% Notes Payable due June 15, 1996	199	199
8 5/8% 30 year Senior Note Due 2022	197	197
Employee Stock Ownership Plan	83	86
9% Convertible Notes due April 1, 1994	58	66
11.95% Private Placement Notes due 1995	102	102
WFC Series C 12 1/5% Guaranteed Notes due December 12, 1997	19	23
WFC Series D 11 5/8% Guaranteed Notes due December 12, 2020	22	22
WFC Series Z Zero Coupon Notes due December 12, 2000	30	27
WFC $60 million 8.15% Japanese Yen PPN due July 1996	9	9
WFC $80 million 7.86% Japanese Yen PPN due August 1996	11	11
7 1/2% Debentures due February 27, 1999	7	7
12 3/4% Industrial Revenue Bonds due October 31, 2001	5	5
Samurai Bonds due November 16, 1993	-	75
8% $40 million Promissory Notes due 1994	-	39
	$3,153	$2,409

Aggregate annual maturities of long-term debt for the five years ending December 31, 1998 are as follows (millions): 1994, $445; 1995, $106; 1996, $2,038; 1997, $6, 1998, $6.

Other assets includes a $215 million receivable from Lehman Brothers consisting of $71 million related to long-term financing for the Company's Headquarters building, and $144 million related to certain notes issued for the 1984 acquisition of Lehman Brothers Kuhn Loeb Holding Co., Inc.

AMERICAN EXPRESS COMPANY AND CONSOLIDATED SUBSIDIARIES

SCHEDULE VIII--VALUATION AND QUALIFYING ACCOUNTS

THREE YEARS ENDED DECEMBER 31, 1993
(millions)

	Reserve for credit losses, loans and discounts			Reserve for doubtful accounts receivable		
	1993	1992	1991	1993	1992	1991
Balance at beginning						

of period	$ 911	$ 847	$ 815	$1,124	$1,306	$1,334
Additions:						
Charges to income	535	1,044	1,135	1,020(a)	1,143(a)	1,329(a)
Recoveries of amounts previously written-off	26	14	9	-	-	-
Other credits (debits)	(85)	3	(11)	-	-	-
Deductions:						
Charges for which reserves were provided	(732)	(997)	(1,101)	(1,348)	(1,325)	(1,357)
Balance at end of period	$ 655	$ 911	$ 847	$ 796	$1,124	$1,306

(a) Before recoveries on accounts previously written-off, which are credited to income: 1993--$333, 1992--$243, 1991--$200.

AMERICAN EXPRESS COMPANY AND CONSOLIDATED SUBSIDIARIES

SCHEDULE IX--SHORT-TERM BORROWINGS

AT AND FOR THE YEARS ENDED DECEMBER 31, 1993, 1992 AND 1991
(millions)

<TABLE>
<CAPTION>

Category of aggregate short-term borrowings	Balance at end of period	Year-end weighted average interest rate	Maximum outstanding during the period	Average outstanding during the period	Weighted average interest rate during the period
<S>	<C>	<C>	<C>	<C>	<C>
1993					

Commercial paper	$8,914	3.15%	$9,832	$8,923 (a)	3.26% (c)
Bank loans and other short-term borrowings	$3,575	2.93%	$3,575	$2,398 (b)	4.39% (d)
Securities sold under agreements to repurchase	$3,601	3.95%	$4,016	$3,723 (b)	3.76% (d)
1992					
Commercial paper	$7,648	3.29%	$9,230	$8,081 (a)	3.78% (c)
Bank loans and other short-term borrowings	$3,515	5.40%	$4,531	$3,168 (b)	5.29% (d)
Securities sold under agreements to repurchase	$3,254	4.54%	$4,043	$3,286 (b)	4.55% (d)
1991					
Commercial paper	$8,023	4.78%	$9,928	$8,666 (a)	6.03% (c)
Bank loans and other short-term borrowings	$4,373	6.55%	$4,783	$3,743 (b)	7.54% (d)
Securities sold under agreements to repurchase	$2,253	5.64%	$2,562	$2,382 (b)	6.59% (d)

(a) The average borrowings were computed using the daily amounts outstanding.

(b) The average borrowings were computed using the month-end balances.

(c) Interest rates were determined by dividing the actual interest expense for the year by the average daily amounts outstanding.

(d) Interest rates were determined by dividing the actual interest expense for the year by the average month-end borrowings outstanding.

</TABLE>

AMERICAN EXPRESS COMPANY AND CONSOLIDATED SUBSIDIARIES

SCHEDULE X--SUPPLEMENTARY INCOME STATEMENT INFORMATION

	Year Ended December 31,		
	1993	1992	1991
Taxes, other than payroll and income taxes	$168,408	$178,022	$156,899

EXHIBIT INDEX

The following exhibits are filed as part of this Annual Report or, where indicated, were heretofore filed and are hereby incorporated by reference (* indicates exhibits electronically filed herewith.) Exhibits numbered 10.1 through 10.25, 10.27, and 10.30 through 10.35 are management contracts or compensatory plans or arrangements.

3.1 Registrant's Restated Certificate of Incorporation (incorporated by reference to Exhibit 4.1 of the registrant's Registration Statement on Form S-8, dated October 31, 1991 (File No. 33-43671)).

3.2 Registrant's By-Laws, as amended (incorporated by reference to Exhibit 1(b) of the registrant's registration statement on Form S-3, dated December 3, 1993 (File No. 33-50997)).

4 The instruments defining the rights of holders of long-term debt securities of the registrant and its subsidiaries are omitted pursuant to Section (b)(4)(iii)(A) of Item 601 of Regulation S-K. The registrant hereby agrees to furnish copies of these instruments to the SEC upon request.

10.1	American Express Company 1979 Long-Term Incentive Plan, as amended (incorporated by reference to Exhibit 10.2 of the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1987).
10.2	American Express Company 1989 Long-Term Incentive Plan, as amended (incorporated by reference to Exhibit 28.1 of the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1993).
10.3	American Express Company Deferred Compensation Plan for Directors, as amended (incorporated by reference to Exhibit 10.3 of the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992).
10.4	American Express Company Executives' Incentive Compensation Plan (incorporated by reference to Exhibit 10.4 of the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1988).
10.5	American Express Company Supplementary Incentive Savings Plan (incorporated by reference to Exhibit 10.7 of the registrant's Registration Statement on Form S-14, dated November 17, 1983 (File No. 2-87925)).
10.6	American Express Company Supplementary Pension Plan, as amended (incorporated by reference to Exhibit 10.6 of the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1988).
10.7	American Express Company 1983 Stock Purchase Assistance Plan, as amended (incorporated by reference to Exhibit 10.6 of the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1988).
10.8*	Consulting Agreements dated May 25, 1993 and March 3, 1994 between the registrant and Aldo Papone Consulting.
10.9	Written description of consulting agreement between American Express Company and Kissinger Associates, Inc. (incorporated by reference to Exhibit 10.20 of the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1984).
10.10	American Express Company Retirement Plan for Non-Employee Directors, as amended (incorporated by reference to Exhibit 10.12 of the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1988).

10.11	American Express Company Directors' Stock Option Plan (incorporated by reference to Exhibit 10.16 of the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1987).
10.12	American Express Key Executive Life Insurance Plan, as amended (incorporated by reference to Exhibit 10.12 of the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991).
10.13	American Express Key Employee Charitable Award Program for Education (incorporated by reference to Exhibit 10.13 of the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1990).
10.14	American Express Directors' Charitable Award Program (incorporated by reference to Exhibit 10.14 of the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1990).

10.15 Description of separate pension arrangement and loan agreement between the registrant and Harvey Golub (incorporated by reference to Exhibit 10.17 of registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1988).

10.16 Shearson Lehman Brothers Capital Partners I Amended and Restated Agreement of Limited Partnership (incorporated by reference to Exhibit 10.18 of registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1988).

10.17 Shearson Lehman Hutton Capital Partners II, L.P. Amended and Restated Agreement of Limited Partnership (incorporated by reference to Exhibit 10.19 of registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1988).

10.18 American Express Company Salary Deferral Plan (incorporated by reference to Exhibit 10.20 of registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1988).

10.19 Shearson Lehman Brothers Inc. Voluntary Deferred Compensation Plan (incorporated by reference to Exhibit 10.9 of Shearson Lehman Brothers Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 1987).

10.20 Shearson Lehman Brothers Holdings Inc. Retirement Plan for Outside Directors (incorporated by reference to Exhibit 10.9 of Shearson Lehman Brothers Holdings Inc.'s Registration Statement on Form S-1, dated March 30, 1987 (File No. 33-12976)).

10.21 Shearson Lehman Brothers Holdings Inc. Deferred Compensation Plan for Outside Directors (incorporated by reference to Exhibit 10.11 of Shearson Lehman Brothers Holdings Inc.'s Registration Statement on Form S-1, dated March 30, 1987 (File No. 33-12976)).

10.22 Written description of certain pension arrangements with Howard L. Clark Jr. and Jonathan S. Linen (incorporated by reference to Exhibit 10.14 of the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1991).

10.23* Consulting Agreements dated May 25, 1993 and March 3, 1994 between American Express Travel Related Services Company, Inc. and Aldo Papone Consulting.

10.24 1992 Incentive Compensation Agreement between Shearson Lehman Brothers Inc. and Howard L. Clark, Jr. (incorporated by reference to Exhibit 10.24 of the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992.)

10.25 Written description of Shearson Lehman Brothers Inc. 1991/92 Special Compensation Program (incorporated by reference to Exhibit 10.28 of

the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1990).

10.26 1990 Agreement, dated as of June 12, 1990, by and between American Express Company and Nippon Life Insurance Company (incorporated by reference to Exhibit 10.25 of Shearson Lehman Brothers Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 1990).

10.27	Consulting Agreement dated February 25, 1991 between Shearson Lehman Brothers Inc. and Kissinger Associates, Inc., as amended (incorporated by reference to Exhibit 10.27 of the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992).
10.28	Stock Purchase Agreement dated as of September 14, 1992 between Mellon Bank Corporation and Shearson Lehman Brothers Inc. (incorporated by reference to Exhibit 10.15 of Shearson Lehman Brothers Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 1992).
10.29	Asset Purchase Agreement dated as of March 12, 1993 between Smith Barney, Harris Upham & Co. Incorporated, Primerica Corporation and Shearson Lehman Brothers Inc. (incorporated by reference to Exhibit 10.16 of Shearson Lehman Brothers Holdings Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 1992).
10.30	Termination Agreement dated March 24, 1993 between the registrant and James D. Robinson III (incorporated by reference to Exhibit 10.30 of the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1992).
10.31*	Employment Agreement dated May 27, 1993 between Shearson Lehman Brothers Inc. and Howard L. Clark Jr.
10.32	American Express Company 1993 Directors' Stock Option Plan (incorporated by reference to Exhibit 28.2 of the registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1993).
10.33*	Agreement dated July 15, 1993 between the registrant and Richard M. Furlaud.
10.34*	Lehman Brothers Inc. Employee Ownership Plan.
10.35*	Lehman Brothers Inc. Participating Preferred Plan.
11*	Computation of Earnings Per Share.
12.1*	Computation in Support of Ratio of Earnings to Fixed Charges.
12.2*	Computation in Support of Ratio of Earnings to Fixed Charges and Preferred Share Dividends.
13*	Portions of the registrant's 1993 Annual Report to Shareholders that are incorporated herein by reference.
21*	Subsidiaries of the registrant.
23*	Consent of Ernst & Young (contained on page F-2 hereof).

Exhibit 10.8

March 3, 1994

Mr. Aldo Papone
Aldo Papone Consulting
280 Otter Rock Drive
Greenwich, CT 06830

Dear Aldo:

I am pleased to continue the agreement to retain your firm to serve as a consultant to American Express Company ("Company") in accordance with the following terms and conditions. These arrangements are separate and distinct from your obligations as a Director of the Company.

1. Consulting Services

The Company will retain your firm to provide consulting services. Your firm is expected to provide assistance and guidance on corporate and cross-business issues, particularly on matters of communications strategy, and to maintain key contact relationships with one or two strategic partners of the Company or its subsidiaries.

2. Term and Termination of Agreement

The term of the Agreement shall begin on January 1, 1994 and may be terminated at any time by either party upon at least ninety (90) days prior written notice to the other party; and provided further that this Agreement shall terminate upon your death. This Agreement may be renewed by mutual written agreement.

3. Compensation

The Company agrees to compensate your firm for the services you have provided and will provide at the rate of $18,750.00 per calendar month. That retainer will be paid to you by the fifteenth of each month in which services are rendered. In the event that this Agreement is terminated during a calendar month, you will be paid your regular monthly retainer on a pro-rata basis up to the date of such termination.

The Company further agrees to reimburse you for any reasonable and customary travel and entertainment expenses actually incurred by you directly in the performance of your services under this Agreement; provided that such expenses are reasonable and properly documented. The Company agrees to provide you with access, subject to the normal usage and approval guidelines in place from time to time, to corporate aircraft, where appropriate, and to corporate transportation, as necessary to perform the actual consulting services you will provide under this Agreement.

4. Independent Contractor Status and Authority

You represent and agree that in the performance of the consulting services described above, you and your firm are independent contractors and not employees or agents of the Company, its subsidiaries or affiliates. While serving in this consulting capacity to the Company, neither you nor your firm shall have authority to enter into contracts on behalf of the Company, its subsidiaries or affiliates, to hire or fire employees of the Company, its subsidiaries or affiliates, or in any other way to obligate the Company, its subsidiaries or affiliates to any third party.

Because you and your firm are independent contractors and not employees or agents of the Company, you represent and agree that you and your firm shall be liable for all taxes and withholdings applicable to the payment of your fee and expenses, whether current or deferred, for the work hereunder and that you and your firm will indemnify and hold the Company harmless from any such taxes or withholdings for which the Company, its subsidiaries or affiliates may be determined to be liable.

5. Contacts

(a) I will be your primary contact with the Company. You agree to keep me or my designee informed as to the status of the services your firm is providing and your progress on all assignments.

(b) You agree that any services to be performed by your firm pursuant to this Agreement will be performed exclusively by you unless you receive the prior consent of the Company.

6. Confidential Information

Of course, you understand that information gained in providing these consulting services imposes continuing confidentiality obligations on you and your firm, of which you are already aware.

7. Assignment

Neither party may assign this Agreement or any of its rights and/or obligations hereunder without the prior written consent of the other party, except that the Company may assign this Agreement, upon notice to you, to a subsidiary or an affiliate without your prior written consent.

8. Amendment

No amendment, modification or waiver of this Agreement or any of its provisions shall be binding upon either party unless made in writing and signed by both parties.

9. Entire Agreement

This Agreement contains the entire and only agreement between your firm and the Company with respect to the subject matter hereof, and supersedes all prior understandings, agreements or arrangements concerning this subject matter, if any, between your firm and the Company.

10. Governing Law

This Agreement and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of New York.

11. Severability

The invalidity or unenforceability of any provision of this Agreement shall not be deemed to affect the validity or enforceability of any other provision.

If you are in agreement with the foregoing, please sign the enclosed copy of this letter and return it to my attention at your earliest convenience.

AMERICAN EXPRESS COMPANY

By: /s/ Harvey Golub
Harvey Golub, Chairman and
Chief Executive Officer,

Accepted and agreed to this

7th day of March, 1994

ALDO PAPONE CONSULTING

By: /s/ Aldo Papone
Aldo Papone

May 25, 1993

Mr. Aldo Papone
Aldo Papone Consulting
280 Otter Rock Drive
Greenwich, CT 06830

Dear Aldo:

I am pleased to continue the agreement to retain your firm to serve as a consultant to American Express Company ("Company") in accordance with the following terms and conditions. These arrangements are separate and distinct from your obligations as a Director of the Company.

1. Consulting Services

The Company will retain your firm to provide consulting services. Your firm is expected to provide assistance and guidance on corporate and cross-business issues, particularly on matters of communications strategy, and to maintain key contact relationships with one or two strategic partners of the Company or its subsidiaries.

2. Term and Termination of Agreement

The term of the Agreement shall be one (1) year beginning January 1, 1993 and ending December 31, 1993; provided, however, that this Agreement may be terminated at any earlier time by either party upon at least ninety (90) days prior written notice to the other party; and provided further that this Agreement shall terminate upon your death. This Agreement may be renewed by mutual written agreement.

3. Compensation

The Company agrees to compensate you at the rate of $18,750.00 per calendar month. That retainer will be paid to you by the fifteenth of each month in which services are rendered. In the event that this Agreement is terminated during a calendar month, you will be paid your regular monthly retainer on a pro-rata basis up to the date of such termination.

The Company further agrees to reimburse you for any reasonable and customary travel and entertainment expenses actually incurred by you directly in the performance of your services under this Agreement; provided that such expenses are reasonable and properly documented. The Company agrees to provide you with access, subject to the normal usage and approval guidelines in place from time to time, to corporate aircraft, where appropriate, and to corporate transportation, as necessary to perform the actual consulting services you will provide under this Agreement.

4. Independent Contractor Status and Authority

You represent and agree that in the performance of the consulting services described above, you and your firm are independent contractors and not employees or agents of the Company, its subsidiaries or affiliates. While serving in this consulting capacity to the Company, neither you nor your firm shall have authority to enter into contracts on behalf of the Company, its subsidiaries or affiliates, to hire or fire employees of the Company, it subsidiaries or affiliates, or in any other way to obligate the Company, its subsidiaries or affiliates to any third party.

Because you and your firm are independent contractors and not employees or agents of the Company, you represent and agree that you and your firm shall be liable for all taxes and withholdings applicable to the payment of your fee and expenses, whether current or deferred, for the work hereunder and that you and you firm will indemnify and hold the Company harmless from any such taxes or withholdings for which the Company, its subsidiaries or affiliates may be determined to be liable.

5. Contacts

(a) I will be your primary contact with the Company. You agree to keep me or my designee informed as to the status of the services your firm is providing and your progress on all assignments.

(b) You agree that any services to be performed by your firm pursuant to this Agreement will be performed exclusively by you unless you receive the prior consent of the Company.

6. Confidential Information

Of course, you understand that information gained in providing these consulting services imposes continuing confidentiality obligations on you, of which you are already aware.

7. Assignment

Neither party may assign this Agreement or any of its rights and/or obligations hereunder without the prior written consent of the other party, except that the Company may assign this Agreement, upon notice to you, to a subsidiary or an affiliate without your prior written consent.

8. Amendment

No amendment, modification or waiver of this Agreement or any of its provisions shall be binding upon either party unless made in writing and signed by both parties.

9. Governing Law

This Agreement and the rights and obligations of the parties hereto shall be governed by the construed in accordance with the laws of the State of

New York.

10. Severability

The invalidity or unenforceability of any provision of this Agreement shall not be deemed to affect the validity or enforceability of any other provision.

If you are in agreement with the foregoing, please sign the enclosed copy of this letter and return it to my attention at your earliest convenience.

AMERICAN EXPRESS COMPANY

By: /s/ Harvey Golub
Harvey Golub
Chief Executive Officer,
American Express Company

Accepted and agreed to this
3rd day of June, 1993:

ALDO PAPONE CONSULTING

By: /s/ Aldo Papone
Aldo Papone

EXHIBIT 10.23

March 3, 1994

Mr. Aldo Papone
Aldo Papone Consulting
280 Otter Rock Drive
Greenwich, CT 06830

Dear Aldo:

I am pleased to continue the agreement to retain your firm to serve as a consultant to American Express Travel Related Services Company, Inc. ("TRS") in accordance with the following terms and conditions. These arrangements are separate and distinct from your obligations as a Director of American Express Company.

1.Consulting Services

TRS will retain your firm to provide consulting services in the areas of advertising and marketing. More specifically, your firm will provide creative approaches to TRS in its efforts to create and produce new, more effective strategies.

2.Term and Termination of Agreement

The term of the Agreement shall begin on January 1, 1994 and may be terminated at any time by either party upon at least ninety (90) days prior written notice to the other party; and provided further that this Agreement shall terminate upon your death.

3.Compensation

TRS agrees to pay your firm the amount of $250,000 per year for the services you have provided and will provide. In 1994, you will be paid $125,000 on or about the date of signing this Agreement and $125,000 on or about December 31, 1994. In subsequent years, you will be paid $125,000 on or about January 1 and $125,000 on or about December 31. If this Agreement is terminated by either party on or before June 30th of any calendar year, you agree to reimburse TRS on a pro rata basis based on the number of full calendar months between the date you cease performing services and June 30th of that calendar year. If your services are terminated after June 30th of any calendar year by either party, you will receive a pro-rata portion of the $125,000 payment that was due on or about December 31st of that calendar year. TRS further agrees to reimburse you for any reasonable and customary travel and entertainment expenses actually incurred by you directly in the performance of your services under this Agreement; provided that such expenses are reasonable and properly documented. TRS agrees to provide you with access, subject to the normal usage and approval guidelines in place from time to time, to corporate aircraft, where appropriate, and to corporate transportation, as necessary to perform the actual consulting services you will provide under this Agreement.

4. Independent Contractor Status and Authority

You represent and agree that in the performance of the consulting services described above, you and your firm are independent contractors and not employees or agents of TRS, its parent, subsidiaries or affiliates. While serving in this consulting capacity to TRS, neither you nor your firm shall have authority to enter into contracts on behalf of TRS, its parent, subsidiaries or affiliates, to hire or fire employees of TRS, its parent, subsidiaries or affiliates, or in any other way to obligate TRS, its parent, subsidiaries or affiliates to any third party.

Because you and your firm are independent contractors and not employees or agents of TRS, you represent and agree that you and your firm shall be liable for all taxes and withholdings applicable to the payment of your fee and expenses, whether current or deferred, for the work hereunder and that you and your firm will indemnify and hold TRS harmless from any such taxes or withholdings for which TRS, its parent, subsidiaries or affiliates may be determined to be liable.

5. Contacts

(a) I will be your primary contact with TRS. You agree to keep me or my designee informed as to the status of the services your firm is providing and your progress on all assignments.

(b) You agree that any services to be performed by your firm pursuant to this Agreement will be performed exclusively by you unless you receive the prior consent of TRS.

6. Confidential Information

Of course, you understand that information gained in providing these consulting services imposes continuing confidentiality obligations on you and your firm, of which you are already aware.

7. Assignment

Neither party may assign this Agreement or any of its rights and/or obligations hereunder without the prior written consent of the other party, except that TRS may assign this Agreement, upon notice to you, to its parent, a subsidiary or an affiliate without your prior written consent.

8.Amendment

No amendment, modification or waiver of this Agreement or any of its provisions shall be binding upon either party unless made in writing and signed by both parties.

9.Entire Agreement

This Agreement contains the entire and only agreement between your firm and TRS with respect to the subject matter hereof, and supersedes all prior understandings, agreements or arrangements concerning this subject matter, if any, between your firm and TRS.

10. Governing Law

This Agreement and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of New York.

11. Severability

The invalidity or unenforceability of any provision of this Agreement shall not be deemed to affect the validity or enforceability of any other provision.

If you are in agreement with the foregoing, please sign the enclosed copy of this letter and return it to my attention at your earliest convenience.

AMERICAN EXPRESS TRAVEL RELATED
SERVICES COMPANY, INC.

By:/s/ Harvey Golub
Harvey Golub
Chairman and Chief Executive Officer

Accepted and agreed to this

7th day of March , 1994

ALDO PAPONE CONSULTING

By: /s/ Aldo Papone

May 25, 1993

Mr. Aldo Papone
Aldo Papone Consulting
280 Otter Rock Drive
Greenwich, CT 06830

Dear Aldo:

I am pleased to continue the agreement to retain your firm to serve as a consultant to American Express Travel Related Service Company, Inc. ("TRS") in accordance with the following terms and conditions. These arrangements are separate and distinct from your obligations as a Director of American Express Company.

1. Consulting Services

TRS will retain your firm to provide consulting services in the areas of advertising and marketing. More specifically, to provide creative approaches to TRS in its efforts to create and produce new, more effective strategies.

2. Term and Termination of Agreement

The term of the Agreement shall be one (1) year beginning January 1, 1993 and ending December 31, 1993; provided, however, that this Agreement may be terminated at any earlier time by either party upon at least ninety (90) days prior written notice to the other party; and provided further that this Agreement shall terminate upon your death. This Agreement may be renewed by mutual written agreement.

3. Compensation

TRS agrees to pay your firm the amount of $250,000 for the services you have and will provide during calendar year 1993. You will be paid $125,000 on or about signing this Agreement and $125,000 on or about December 31, 1993.

TRS further agrees to reimburse you for any reasonable and customary travel and entertainment expenses actually incurred by you directly in the performance of your services under this Agreement; provided that such expenses are reasonable and properly documented. TRS agrees to provide you with access, subject to the normal usage and approval guidelines in place from time to time, to corporate aircraft, where appropriate, and to corporate transportation, as necessary to perform the actual consulting services you will provide under this Agreement.

4. Independent Contractor Status and Authority

You represent and agree that in the performance of the consulting services described above, you and your firm are independent contractors and not employees or agents of TRS, its parent, subsidiaries or affiliates. While serving in this consulting capacity to TRS, neither you nor your firm shall have authority to enter into contracts on behalf of TRS, its parent, subsidiaries or affiliates, to hire or fire employees of TRS, its parent, subsidiaries or affiliates, or in any other way to obligate TRS, its parent, subsidiaries or affiliates to any third party.

Because you and your firm are independent contractors and not employees or agents of TRS, you represent and agree that you and your firm shall be liable for all taxes and withholdings applicable to the payment of your fee and expenses, whether current or deferred, for the work hereunder and that you and your firm will indemnify and hold TRS harmless from any such taxes or withholdings for which TRS, its parent, subsidiaries or affiliates may be determined to be liable.

5. Contacts

(a) I will be your primary contact with TRS. You agree to keep me or my designee informed as to the status of the services your firm is providing and your progress on all assignments.

(b) You agree that any services to be performed by your firm pursuant to this Agreement will be performed exclusively by you unless you receive the prior consent of TRS.

6. Confidential Information

Of course, you understand that information gained in providing these consulting services imposes continuing confidentiality obligations on you, of which you already aware.

7. Assignment

Neither party may assign this Agreement or any of its rights and/or obligations hereunder without the prior written consent of the other party, except that TRS may assign this Agreement, upon notice to you, to its parent, a subsidiary or an affiliate without your prior written consent.

8. Amendment

No amendment, modification or waiver of this Agreement or any of its provisions shall be binding upon either party unless made in writing and signed by both parties.

9. Entire Agreement

This Agreement contains the entire and only agreement between your firm and TRS with respect to the subject matter hereof, and supersedes all prior understandings, agreements or arrangements concerning this subject matter, if any, between your firm and TRS.

10. Governing Law

This Agreement and the rights and obligations of the parties hereto shall be governed by the construed in accordance with the laws of the State of New York.

11. Severability

The invalidity or unenforceability of any provision of this Agreement shall not be deemed to affect the validity or enforceability of any other provision.

If you are in agreement with the foregoing, please sign the enclosed copy of this letter and return it to my attention at your earliest convenience.

AMERICAN EXPRESS TRAVEL RELATED
SERVICES COMPANY, INC.

By:/s/ Harvey Golub
Harvey Golub
Chairman and Chief Executive
Officer, American Express Travel
Related Services Company, Inc.

Accepted and agreed to this
3rd day of June, 1993:

ALDO PAPONE CONSULTING

By: /s/ Aldo Papone
Aldo Papone

Exhibit 10.31

LEHMAN BROTHERS

May 27, 1993

Mr. Howard L. Clark, Jr.
404 Round Hill Road
Greenwich, Connecticut 06830

Dear Howard:

This will confirm our understanding regarding your employment with the Lehman Brothers Division of Shearson Lehman Brothers Inc. ("Lehman Brothers" or "the Firm"). Based upon this understanding, the letter agreement dated March 18, 1993 between you and Shearson Lehman Brothers Inc. shall hereby be rescinded except that the release contained in Paragraph 13 shall remain through the date of this Agreement and is hereby agreed that there has been no break in your employment.

1. Effective Dates and Status

Effective May 27, 1993 you shall hold the title of Vice Chairman.

2. Payments

A. Salary

(i) You shall be paid a salary of $382,898 for 1993. Effective April 23, 1993, you shall be paid at the biweekly rate of $12,500 for the remainder of 1993.

(ii) You shall be paid an annual salary comparable to that paid at such time to the President of Lehman Brothers (currently $400,000) for 1994.

(iii) You acknowledge that you have been paid $200,000 on or about March 19, 1993 and you will not be required to reimburse the Company for these monies.

B. Bonuses

Subject to your resignation or termination "for cause" (defined in Paragraph 10C below):

(i) You will be paid a minimum guaranteed bonus for performance year 1993 of $1,167,302, payable at the time the Firm pays its annual bonuses, but in no event later than March 15, 1994; provided, however, that if you are employed through December 31, 1993 and in the event you subsequently resign or your employment is otherwise terminated prior to payment of the annual bonus, you shall be entitled to receive the full bonus when paid.

(ii) You will be paid a bonus for performance year 1994 of $1,350,000 (subject to adjustment based on your salary as described in Paragraph 2C below), payable at the time the Firm pays its annual bonuses, but in no event later than March 15, 1995; provided, however, that if you are employed through December 31, 1994 and in the event you subsequently resign or your employment is otherwise terminated prior to payment of the annual bonus, you shall be entitled to receive the full bonus when paid.

C. Total Compensation

Subject to your resignation or termination for cause (as defined in Paragraph 10C below), you shall receive a minimum total guaranteed compensation for 1993 of $1,750,000 and for calendar year 1994 of $1,750,000 which shall be comprised of salary and bonus payments as described in Paragraphs 2A and B above.

3. Lehman Brothers Equity Program (the "Partnership")

Subject to the terms and conditions of the Lehman Brothers Equity Program, you have been allocated 500 Equity Participation shares effective January 1, 1993. In addition, a special capital account start-up allocation of approximately $180,000 will be credited to your account (also as of January 1, 1993). The $180,000 is also subject to the terms and conditions of the Partnership among which is that it does not vest until January 1, 1995.

4. Portfolio Grant Awards

A. Under the terms of your Portfolio Grant-I award agreement, your vested convertible debentures will remain outstanding in accordance with and subject to the provisions of the American Express Company 1979 and/or 1989 Long Term Incentive Plan (hereinafter referred to as "the Incentive Plan"), the award, and the convertible debentures.

B. You will be paid your Portfolio Grant-II award in accordance with the original terms of the award and the Incentive Plan when such awards are paid to other Shearson executives.

C. You shall continue eligibility for your Portfolio Grant-III award in accordance with the original terms of the award and the Incentive Plan when such awards are paid to other Shearson executives.

5. Capital Partners I and II, L.P.s

You may continue to participate in Shearson Lehman Brothers Capital Partners I and II, L.P.s as an active limited partner.

6. Benefits

You will continue eligibility to participate in the employee benefits programs in which you currently participate, which may be modified or amended from time to time by the Firm. This includes but is not limited to the Firm's medical, dental, basic and supplemental life insurance programs, the American Express Key Executive Life Insurance Plan, the Firm's long-term disability program, and any and all qualified plans maintained by the Firm or its affiliates. You shall continue to pay employee premiums and contributions through deduction from the payments outlined in Paragraph 2A above.

When applicable, your pension benefits will be calculated in accordance with the resolution of the Compensation, Benefits and Nominating committee of the Board of Directors of American Express Company dated November 26, 1990, and the terms and conditions of the applicable plans.

7. Stock Options and Restricted Stock

All stock options and restricted stock now held by you on shares of American Express Company shall continue to vest in accordance with and subject to the provisions of the applicable plans and awards, which may be ratified or amended from time to time in accordance with the original terms of the plans.

8. Special Compensation Programs

A. You will continue to participate in this American Express Company Salary and Bonus Deferral Program under which you have previously deferred compensation, pursuant to the Program's provisions.

B. You acknowledge that you have received $902,128 of your 1992 Incentive Compensation Agreement. The remainder of your balance of $400,532 shall be transferred to the applicable Lehman Brothers incentive compensation program or programs, pursuant to the terms of said program(s), and subject to the administration and approval of the Shearson Lehman Brothers Holdings Inc. Finance Committee. If the Finance Committee does not approve the transfer, it is agreed you will be paid the $400,532 upon termination.

9. Outstanding Indebtedness

You agree to comply with the terms of your loan agreement under the American Express Company 1983 Stock Purchase Assistance Plan.

10. Miscellaneous Provisions

A. This agreement constitutes the entire understanding between you and the Firm and/or its affiliates on the subject matter hereof. There are no representations, understandings or agreements of any nature or kind whatsoever, oral or written, regarding anything which is not included herein.

B. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors, heirs, legal representatives and assigns.

C. For the purpose of this letter agreement, termination "for cause" shall be deemed to mean those instances where Lehman Brothers reasonably and in good faith determines that termination of employment is necessary by reason of (i) a material violation by you of any government statute or regulation, or of the constitution by-laws, rules or regulations of any securities or commodities exchange or a self-regulatory organization of which Lehman Brothers is now or later may become a member, or of the established policies of Lehman Brothers; (ii) the entering by any regulatory or self-regulatory organization of a final order or decree or the taking of similar action against you which substantially impairs you from performing your duties; (iii) your dishonesty; (iv) your conviction of a misdemeanor (excluding traffic and similar minor matters) or felony; (v) your failure to devote substantially all of your professional time to your assigned duties and to the business of Lehman Brothers; or (vi) gross insubordination or your failure to abide by reasonable instructions from the President of Lehman Brothers, and upon notice, your failure to cure.

D. If you are terminated prior to December 31, 1994 and paid any remaining bonus or salary payments under this Agreement, you hereby waive your rights to any severance payments you may be entitled to under Firm policy.

If you agree with the terms outlined in this letter, please acknowledge by signing a copy of this letter and returning to me.

Sincerely yours,

/s/ Robert I. Shapiro
Robert I. Shapiro
Chief Administrative Officer
Lehman Brothers Division

Accepted:

/s/ Howard L. Clark, Jr.	June 1, 1993
Howard L. Clark, Jr.	Date

EXHIBIT 10.33

July 15, 1993

Mr. Richard M. Furlaud
35 East Dune Lane
East Hampton, N.Y. 11937

Dear Dick:

This letter is to confirm the following arrangements for you, in consideration of your work as non-executive Chairman of American Express Company, effective February 22, 1993, and in such other applicable capacities as are determined by the Company's Board of Directors in 1993:

- In the unlikely event that it would become necessary, you will be reimbursed for any incremental 1993 New York state and local income taxes incurred by you as a result of a change in your status from non-resident to resident because of your responsibilities and activities in New York City and State in the above-mentioned capacities. Such payment will cover both such taxes incurred and any additional amount that might be incurred as a result of additional taxes on such payment.

- You will also be reimbursed for reasonable and customary financial planning fees with respect to 1993 and any additional amount that might be incurred as a result of additional taxes on such payment.

- You were granted a nonqualified stock option for 30,000 shares under the Company's 1989 Long-Term Incentive Plan on May 24, 1993. Pursuant to the governing Plan and award agreement, the exercise price per share is $28.25, the fair market value on the date of grant. Please sign and return the enclosed award agreement.

Naturally, as a Director of the Company you will continue to receive your quarterly retainer in the normal course, and regular stock option award under the 1993 Directors' Stock Option Plan as applicable each April (beginning in 1994).

Very truly yours,

AMERICAN EXPRESS COMPANY

By:/s/ Joseph W. Keilty
Joseph W. Keilty

Exhibit 10.34

LEHMAN BROTHERS INC. EMPLOYEE OWNERSHIP PLAN

Effective as of August 25, 1993 (the "Effective Date")

Introduction

The Lehman Brothers Inc. Employee Ownership Plan (the "Plan"), is intended to motivate and reward certain key employees of Lehman Brothers Inc. (the "Company") and its Affiliates by providing them grants of, or opportunities to acquire, phantom equity interests ("Phantom Shares"), each representing a notional interest in a share of the common stock, par value $.10 per share, of Lehman Brothers Holdings Inc. ("Holdings") (such stock, together with any class of equity securities of Holdings or any successor of Holdings into which it may hereafter be converted, the "Common Stock") and related rights to receive certain amounts in cash ("Cash Rights"). (A Phantom Share and a related Cash Right from time to time may be referred to together hereunder as a "Phantom Unit".)

Except where defined elsewhere in the Plan, all capitalized terms used herein have the meanings assigned to them in Part III below.

PART I - OPERATION OF THE PLAN

1.1 Number of Phantom Shares Available for Issuance.

1.1 (a) In General. Up to 10 million Phantom Shares are available for issuance to Participants hereunder. In the event that any Phantom Shares are forfeited pursuant to the terms of the Plan, such Phantom Shares shall again be available for issuance hereunder.

1.1 (b) Adjustment on Effective Date. Notwithstanding anything contained herein to the contrary, in the event that on the Effective Date the number of shares of Common Stock outstanding is not 90 million, then (i) the number of Phantom Shares issuable hereunder shall be changed to a number equal to 11.11% of the actual number of shares of Common Stock outstanding on the Effective Date (and all references to 10 million Phantom Shares hereunder shall be deemed to refer to such adjusted number) and (ii) the Initial Value and Original Value of Phantom Shares and Cash Rights, respectively, to be issued as of January 1, 1994 shall be adjusted to reflect such change in the number of shares of Common Stock and the resultant change is the number of Phantom Shares and Cash Rights issuable hereunder.

1.2 Eligible Participants; Establishment of Phantom Unit Account.

The Finance Committee of the Board of Directors of Holdings (as constituted from time to time, together with its designees, the "Finance Committee") may designate such key employees of the Company and its Affiliates as Participants as it may determine from time to time in its discretion. Each Participant shall have a Phantom Unit Account established in the Participant's name.

1.3 Crediting of Phantom Shares and Cash Rights.

1.3 (a) Mandatory 1993 Total Compensation Deferrals. The Finance Committee shall designate in its discretion which Participants shall have a portion of their base salary and Bonus (hereinafter, "Total Compensation") payable to them with respect to the 1993 fiscal year of Holdings credited, effective January 1, 1994, as Phantom Shares and Cash Rights to their Phantom Unit Accounts in lieu of being paid in cash. One Phantom Share (with an Initial Value of $10) and one Cash Right (with an Original Value of $6.67) will be credited to such Participant's Phantom Unit Account for each $16.67 of 1993 Total Compensation mandatorily deferred in accordance with the schedule to be established by the Finance Committee.

1.3 (b) Voluntary Deferrals. (i) The Finance Committee shall offer certain Participants the opportunity to elect to have up to a specified portion or dollar amount of their 1993 Total Compensation (or commissions earned with respect to the 1993 fiscal year of Holdings) credited as Phantom Units to their Phantom Unit Accounts in lieu of being paid in cash. Such portion or dollar amount of 1993 Total Compensation (or commissions) shall be determined by the Finance Committee in its discretion, and may vary among individual Participants or categories of Participants. Each Participant who voluntarily defers 1993 Total Compensation (or commissions) shall be credited with one Phantom Share (with an Initial Value of $10) and one Cash Right (with an Original Value of $6.67) for each $16.67 of 1993 Total Compensation (or commissions) so deferred.

(ii) If the mandatory deferrals described in Section 1.3(a) above and the voluntary deferrals described above in this Section 1.3(b) result in fewer than 10 million Phantom Shares being credited to Participants' Phantom Unit Accounts as of January 1, 1994, then the Finance Committee may extend the mandatory deferral provisions of Section 1.3(b) above to the 1994 fiscal year and later fiscal years of Holdings and may offer certain 1993 Participants and certain additional employees and new hires the opportunity to have Phantom Units credited to their Phantom Unit Accounts in lieu of Total Compensation (or commissions) payable in respect of the 1994 fiscal year or later fiscal years of Holdings. The Initial Value of Phantom Shares credited in lieu of Total Compensation (or commissions) in respect of the 1994 fiscal year or later fiscal years of the Company shall be determined by the Finance Committee in its discretion with reference to the then value of Common Stock and the restrictions applicable to Phantom Shares hereunder.

1.3 (c) Plan Agreements. The Finance Committee shall establish procedures for the issuances of Phantom Units pursuant to this Section 1.3 and shall set forth the terms of such issuances in such documents, including, without limitation, deferral agreements, consents and offering memoranda, as it may deem necessary or appropriate in its discretion. All such documentation shall incorporate the terms of the Plan by reference and shall contain such other terms, not inconsistent with the Plan, as the Finance Committee may establish.

1.4 Terms of Phantom Shares and Cash Rights.

1.4 (a) Quarterly Distributions. As soon as practicable following the end of each fiscal quarter of Holdings (beginning with the first fiscal quarter of 1994 and ending with the fiscal quarter ending immediately prior to, or coincident with, the payment or conversion of the last Phantom Share hereunder), the Company shall pay an amount in cash (the "Quarterly Distribution") in respect of each outstanding Phantom Unit equal to (i) the sum of (A) the Phantom Unit Value of such Phantom Unit, and (B) Retained Earnings Per Share after December 31, 1993 (or such other date immediately preceding the date on which such Phantom Unit was credited to the Participant's Phantom Unit Account) through the last day of Holdings' fiscal quarter for which such Quarterly Distribution is being paid, multiplied by (ii) the Peer Company Yield for such fiscal quarter.

1.4 (b) Conversion to Common Stock upon IPO. In the event of an IPO, each Participant with Phantom Units credited to the Participant's Phantom Unit Account as of the closing of the IPO shall receive at or about the time of the closing of such IPO with respect to each such Phantom Unit (i) a share of Common Stock and (ii) an amount in cash in full satisfaction of the related Cash Right equal to the Original Value of such Cash Right. Each share of Common Stock so issued shall be subject to the terms of Section 1.6 below.

1.4 (c) Sale of Holdings to a Single Buyer. (i) In the event of the sale of all or substantially all of the Common Stock or the assets of Holdings to a person or group (as defined under Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) that is not an Affiliate of Holdings (a "Third Party Sale"), each Phantom Unit shall be revalued so that the Participant will be credited with a value per Phantom Share equal to the price paid per share of Common Stock (including as Common Stock for this purpose all Phantom Shares then outstanding) by such person or group (in the case of an asset sale, using a value per share of Common Stock determined by the Finance Committee prior to the consummation of such Third Party Sale based on the purchase price of Holdings' assets) and a value per Cash Right equal to the Original Value of such Cash Right.

(ii) The value of each Participant's Phantom Unit Account as so recalculated shall be paid, together with interest calculated from the closing of the Third Party Sale to the relevant date of payment at a rate equal to the cost to the third party effecting the Third Party Sale of three year debt determined by the Finance Committee as of the closing of the Third Party Sale, in three equal installments on each of the first, second and third anniversaries of the closing of the Third Party Sale.

(iii) The excess of the value of each Participant's Phantom Unit Account as so recalculated over the value of the Participant's Phantom Unit Account based on the Phantom Unit Value (the "Sale Premium") shall be forfeited if a Participant resigns for any reason other than Good Reason or is terminated for Cause prior to the relevant payment date, and the portion of such Participant's Phantom Unit Account not representing the Sale Premium shall continue to be subject to the vesting schedule originally applicable to such Participant's Phantom Units. In determining which portion of the Phantom Unit Account is to be paid on a given installment date pursuant to this Section 1.4(c), vested amounts shall be paid prior to the payment of any unvested amounts.

1.4 (d) No Transaction. In the event that no IPO or Third Party Sale occurs on or prior to July 1, 1997, the value of the Phantom Units credited to a Participant's Phantom Unit Account on such date shall be valued as of such date and shall be paid, subject to the vesting schedule and forfeiture terms applicable to such Phantom Units, in cash to the Participant in equal installments, together with interest at a rate equal to the Company's cost of three-year debt as of July 1, 1997, on each of July 1, 1998, July 1, 1999 and July 1, 2000. The amount payable with respect to each Phantom Unit shall be the sum of (i) the Phantom Unit Value of such Phantom Unit and (ii) Retained Earnings Per Share for the period after December 31, 1993 (or such other date immediately preceding the date on which such Phantom Unit was credited to the Participant's Phantom Unit Account) to June 30, 1997.

1.5 Vesting and Forfeiture of Phantom Units.

1.5 (a) Mandatory Deferrals. All Phantom Units credited to Phantom Unit Accounts pursuant to Section 1.3(a) above shall vest as determined by the Finance Committee.

1.5 (b) Voluntary Deferrals. All Phantom Units credited to Phantom Unit Accounts pursuant to Section 1.3(b) shall be vested immediately upon such crediting.

1.5 (c) Termination of Employment and Forfeitures.

(i) Resignation; Termination for Cause. In the event a Participant's employment with the Company or any of its Affiliates terminates by reason of a termination of employment by the Company or the relevant Affiliate for Cause or a resignation for any reason, then (I) all unvested Phantom Units credited to the Participant's Phantom Unit Account as of the date of such termination shall be forfeited without payment therefor, and (II) the Participant shall be paid promptly an amount in cash for each vested Phantom Unit credited to the Participant's Phantom Unit Account as of the date of such termination equal to the Phantom Unit Value of such Phantom Unit plus (only if negative) Retained Earnings Per Share for the period after December 31, 1993 (or such other date immediately preceding the date on which such Phantom Unit was credited to the Participant's Phantom Unit Account) to the last day of Holdings' fiscal quarter ending immediately prior to, or coincident with, the relevant date of termination of employment.

(ii) Termination Without Cause; Death, Disability, Governmental Service, Early Retirement or Normal Retirement. In the event a Participant's employment with the Company or any of its Affiliates terminates by reason of a termination by the Company or the relevant Affiliate without Cause, or of the Participant's death, Disability, entry into Governmental Service, Early Retirement or Normal Retirement, then all Phantom Units credited to the Participant's Phantom Unit Account as of the relevant date of termination of employment shall vest and the Participant (or his Beneficiary, as the case may be) shall be paid promptly an amount in cash for each Phantom Unit credited to the Participant's Phantom Unit Account as of the relevant date of termination of employment equal to the sum of (A) the Phantom Unit Value of such Phantom Unit, (B) Retained Earnings Per Share for the period after December 31, 1993 (or such other date immediately preceding the date on which such Phantom Unit was credited to the Participant's Phantom Unit Account) to the last day of Holdings' fiscal quarter ending immediately prior to, or coincident with, the relevant date of termination of employment, and (C) the Quarterly Distribution payable per Phantom Share for the fiscal quarter ending immediately prior to, or coincident with, the relevant date of termination of employment.

1.6 Provisions Regarding Common Stock Issued upon Conversion of Phantom Shares.

1.6 (a) In General. The shares of Common Stock issued to Participants pursuant to Section 1.4(b) above (hereinafter, "Restricted Shares") shall be subject to the terms and conditions of this Section 1.6. At the time of the issuance of Restricted Shares to a Participant, a legended certificate evidencing the appropriate number of shares of Common Stock issued to the Participant as Restricted Shares shall be issued in the Participant's name but shall be held by the Company in a brokerage account for the account of the Participant until such time as such Restricted Shares become transferable hereunder. Upon the lapse of transfer restrictions as to Restricted Shares held by a Participant, the certificate evidencing such shares shall be delivered to the Participant.

1.6 (b) Vesting and Forfeiture of Restricted Shares. The Restricted Shares shall vest in accordance with the schedules applicable to the Phantom Shares in respect of which they were issued pursuant to Section 1.4(b). Upon any termination of a Participant's employment with the Company or any of its Affiliates by reason of a resignation by the Participant for any reason or a termination of employment by the Company or the relevant Affiliate for Cause, all unvested Restricted Shares shall be forfeited without payment therefor, and all vested Restricted Shares shall be subject to the provisions of Sections 1.6(c) and 1.6(d) below. Upon any termination of a Participant's employment with the Company or any of its Affiliates by reason of a termination by the Company or the relevant Affiliate without Cause, or of the Participant's death, Disability, entry into Governmental Service, Early Retirement or Normal Retirement, all unvested Restricted Shares shall vest as of the date of such termination of employment, but shall be subject to the provisions of Sections 1.6(c) and 1.6(d) below.

1.6 (c) Transfer Restrictions. The Restricted Shares issued to a Participant may not be sold, gifted, pledged, hypothecated or otherwise transferred in any way, except by will or the laws of descent and distribution, so long as they are unvested and, in any event, shall continue to be subject to such transfer restrictions until such transfer restrictions lapse in accordance with the schedules set forth in clauses (i) and (ii) below:

(i) Time-Based Lapse of Restrictions. Subject to clause (ii) below, transfer restrictions applicable to the Restricted Shares will lapse as to one third of the Restricted Shares issued to a Participant on each of the first through third anniversaries of the closing date of the IPO.

(ii) Lapse of Restrictions Based on Level of American Express Ownership. Notwithstanding clause (i) above, for five years after the closing date of the IPO, transfer restrictions as to the Restricted Shares issued to a Participant shall lapse no more rapidly than in accordance with the following schedule (or interpolations therefrom) based on the percentage ownership of outstanding Common Stock by American Express Company ("American Express") or any of its Affiliates, calculated for purposes of the Plan on a monthly basis.

American Express Ownership Percentage of Outstanding Common Stock	Percentage of Restricted Shares Transferable
100%	0%
80	20
60	40
40	60
20	80
0	100

In the event of a Participant's termination of employment for any reason other than death or Disability, the transfer restrictions of this Section 1.6(c) shall continue to apply to any Restricted Shares that are not forfeited and not repurchased by Holdings pursuant to Section 1.6(d) below. In such an event, clauses (i) and (ii) above shall be applied so that the percentages or fractions of Restricted Shares transferable thereunder refer to percentages or fractions of the number of Restricted Shares held by a terminated Participant after taking into account forfeitures and repurchases pursuant to Section 1.6(d) below.

1.6 (d) Termination of Employment; Call Right. For a period of 10 business days following the termination of a Participant's employment with the Company or any of its Affiliates by reason of a resignation by the Participant for any reason or of a termination of employment by the Company or the relevant Affiliate for Cause, Holdings shall have the right, but not the obligation, upon written notice to the Participant, to purchase from the Participant any or all vested Restricted Shares at a price per share equal to the sum of (i) the Initial Value of the Phantom Share in respect of which such Restricted Share was issued pursuant to Section 1.4(b) above, and (ii) the Retained Earnings Per Share for the period after December 31, 1993 (or such other date immediately preceding the date on which such Phantom Unit was credited to the Participant's Phantom Unit Account) to the last day of the fiscal quarter of Holdings ending immediately prior to, or coincident with, the relevant date of exercise of the purchase right described in this Section 1.6(d).

1.6 (e) Miscellaneous Terms of Restricted Shares.

(i) Stockholder Rights. A Participant shall have all rights of a stockholder as to the Restricted Shares, including the right to receive dividends and the right to vote for directors and upon other matters in accordance with Holdings' Certificate of Incorporation, subject to the vesting and transfer restrictions contained above in this Section 1.6.

(ii) Dividends and Distributions. Any shares of Common Stock or other property received in respect of a Restricted Share as a result of a distribution to holders of Common Stock or as a dividend on Common Stock shall be subject to the same restrictions hereunder as such Restricted Share.

PART II - GENERAL ADMINISTRATIVE PROVISIONS

2.1 Administration.

2.1 (a) General. The terms of the Plan shall be administered, interpreted (which shall include the power to supply any omission and reconcile any inconsistencies) and adjusted, as appropriate, by the Finance Committee. Any action taken or determination made by the Finance Committee which has been assigned to the Finance Committee pursuant to the terms of the Plan shall be within its sole discretion and shall be final and binding on all interested parties. The Finance Committee shall have no liability to any Participant (or his Beneficiaries or heirs) under the Plan or otherwise on account of any action taken, or not taken, or any determination made in good faith by the Finance Committee pursuant to the terms of the Plan or authority delegated to it under the Plan.

2.1 (b) Adjustments. In the event of a change in the number of shares of Common Stock outstanding by reason of any stock dividend or split or recapitalization, the Finance Committee shall make appropriate adjustments to the terms of the Plan and to any outstanding Phantom Shares. In addition, the Finance Committee may make adjustments to the terms of the Plan and its applicability to any Participant which, in its discretion, it deems equitable and necessary in order to preserve the economic rights and expectations of the Participants, Holdings and the Company hereunder, in the event:

(i) that there occurs an event such as a merger, sale of substantially all of the assets of, or a consolidation, reorganization or other restructuring of Holdings or the Company; or

(ii) that any anticipated benefits of deferral under, or other aspects of, the Plan are altered by reason of any interpretation of or change in applicable laws, governmental regulations or accounting rules;

provided, however, that any rights under Section 2.12 may not be materially adversely affected without such Participant's written consent.

2.2 The Company as Payor; Status of Participants as Unsecured, Subordinated Creditors; Expenses.

The Company is the sponsor and legal obligor under the Plan, and shall make all payments hereunder. Nothing herein is intended to restrict the Company from charging an Affiliate that employs a Participant for all or a portion of the payments made by the Company hereunder to such Participant. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any amounts under the Plan, and rights to payment hereunder shall be no greater than the rights of the Company's unsecured, subordinated creditors, and shall be subordinated to the claims of the customers and clients of the Company. As a condition to participation in the Plan, each Participant shall agree that, in the event the Finance Committee concludes that the obligation of the Company under the Plan should qualify as subordinated capital of the Company for regulatory purposes, such Participant shall execute from time to time such subordinated debt agreements, and shall consent to such modifications to the Plan, as the Finance Committee may determine are necessary or appropriate in order to ensure that the Company's obligations so qualify. All expenses involved in administering the Plan shall be borne by the Company.

2.3 Agreements with Participants.

2.3 (a) Agreement to Be Bound. By becoming a Participant in the Plan, each Participant (and each person claiming under or through a Participant) shall be conclusively bound by the terms of the Plan and any action taken or not taken under the Plan by the Company, Holdings, or the Finance Committee.

2.3 (b) Designation of Beneficiaries. The Finance Committee shall create a procedure whereby a Participant may file, on a form to be provided by the Finance Committee, a written election designating one or more Beneficiaries with respect to the vested portion of such Participant's Phantom Unit Account or of such Participant's Restricted Shares in the event of the Participant's death. The Participant may amend such Beneficiary designation in writing at any time prior to the Participant's death, without the consent of any previously designated Beneficiary (to the extent permitted by law); provided, however, that such amended designation shall not be effective unless and until received by the duly authorized representative of the Company prior to the Participant's death.

2.4 Government Regulations.

All transactions in Phantom Shares, Cash Rights and Restricted Shares and all amounts payable by the Company under the Plan shall be contingent upon compliance with any and all applicable federal, state, local and foreign laws and rules and regulations of any regulatory or self-regulatory body in effect at the time, as deemed necessary or desirable by the Finance Committee. No changes to the Plan that are necessary in order to comply with such laws, rules or regulations shall be deemed to violate the Participant's rights protected under Section 2.12, provided that the Company takes all reasonable steps necessary to provide the Participants with the benefits intended under the Plan.

2.5 Withholding Taxes.

The Company may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of any taxes which the Company or any of its Affiliates is required by any law or regulation of any governmental authority, whether federal, state, local or foreign, to withhold in connection with payments pursuant to the Plan, including, but not limited to, (a) the withholding of funds or other property (or any portion thereof) until the Participant reimburses the Company or such Affiliate for the amount that is required with respect to such taxes, (b) the cancelling of any portion of such payment in an amount sufficient to reimburse itself or such Affiliate for the amount of taxes required to be withheld, or (c) the withholding of appropriate sums from any amount otherwise payable to the Participant (or his Beneficiary).

2.6 Applicable Law.

The Plan and all actions taken hereunder shall be governed by, and construed in accordance with, the substantive laws, but not the choice of law rules, of the State of New York.

2.7 Rights of Participants.

No employee or other person shall have any claim or right to receive Phantom Shares, Cash Rights or Restricted Shares under the Plan except as expressly provided herein and neither the Plan nor any action taken under (or inaction involving) the Plan shall be construed as (a) giving any employee any right to be retained in the employ of the Company or any of its Affiliates or (b) affecting the right of any of the above-mentioned entities to terminate the employment of any individual with or without Cause. Notwithstanding anything that may be to the contrary herein, until the issuance of Restricted Shares hereunder, no relationship is intended between the Company or any Affiliate and any Participant under the Plan other than that of employer and employee (and, in particular, no partnership or other organization among the Company, any Affiliate of the Company or any Participant is intended) and no position to the contrary shall be taken for any purpose.

2.8 Non-Transferability of Rights.

Except as previously provided hereunder, a Participant's rights and interest under the Plan may not be assigned or transferred in whole or in part either directly or by operation of law or otherwise including, but not by way of limitation, execution, levy, garnishment, attachment, pledge, bankruptcy or in any other manner, and no such right or interest of any Participant under the Plan shall be subject to any obligation or liability of such Participant other than any obligations or liabilities owed by such Participant to the Company, Holdings or their respective subsidiaries.

2.9 Amendment of the Plan.

The Finance Committee may amend the Plan at any time or from time to time. However, no amendment of the Plan shall materially adversely affect any rights described in Section 2.12, without an affected Participant's written consent.

2.10 Termination of the Plan.

2.10 (a) In General. Notwithstanding any other provision herein that may be to the contrary, the Plan is subject to termination at any time by action of the Finance Committee.

2.10 (b) Consequences of Termination of the Plan. In the event of a termination of the Plan, no further Phantom Shares, Cash Rights or Restricted Shares shall be issued hereunder, and all outstanding Phantom Shares, Cash Rights and Restricted Shares shall remain subject to the terms of the Plan as in effect prior to its termination. Notwithstanding the foregoing, in the event the Finance Committee determines to terminate the Plan, it may elect to cash out all outstanding Phantom Units based on a value per Phantom Unit equal to the sum of (x) the Phantom Unit Value of such Phantom Unit and (y) Retained Earnings Per Share for the period after December 31, 1993 (or such other date immediately preceding the date on which such Phantom Unit was credited to a Participant's Phantom Unit Account) to the last day of the fiscal quarter ending immediately prior to, or coincident with, the date of the termination of the Plan; provided, however, that in the event such termination of the Plan occurs in connection with an IPO, the Phantom Unit Value shall be calculated using a value per Phantom Share equal to the price paid per share of Common Stock in the IPO (or, in the case of an IPO which is a spin-off, the valuation per share used in such transaction). The value of the Phantom Units so calculated shall be paid, to the extent vested, promptly following the date of termination of the Plan and to the extent unvested, promptly following the date or dates on which such amounts would have vested had the Plan not been terminated, together with interest at a rate equal to the Company's cost of three-year debt as of the date of termination of the Plan.

2.11 Severability.

The invalidity or unenforceability of any one or more provisions of the Plan shall not affect the validity or enforceability of any other provision of the Plan, which shall remain in full force and effect.

2.12 Certain Rights of Participants.

Subject to the Finance Committee's ability to amend the Plan pursuant to Section 2.9, to terminate the Plan in accordance with Section 2.10 or to adjust the terms of the Plan as provided expressly elsewhere under the Plan, none of the following rights of a Participant may be materially adversely affected by any adjustment, amendment or termination of the Plan without such Participant's written consent:

(a) the right to vest in, or to become free of transfer restriction with respect to, any Phantom Shares or Cash Rights credited to the Participant's Phantom Unit Account under the Plan or Restricted Shares held by the Participant, as of the date of such adjustment, amendment or termination, based on (i) his continued service (if any) with the Company, Holdings or any of their respective subsidiaries and (ii) the vesting, forfeiture and transfer restriction provisions of the Plan as in effect prior to such adjustment, amendment or termination;

(b) the right to receive Quarterly Distributions with respect to all Phantom Units credited to the Participant's Phantom Unit Account as of the date of such adjustment, amendment or termination, based on the terms of the Plan as in effect prior to such adjustment, amendment or termination; and

(c) the right to receive payments or Common Stock with respect to the Phantom Shares credited to the Participant's Phantom Unit Account or with respect to Restricted Shares held by the Participant, as of the date of adjustment, amendment or termination, in accordance with the terms of the Plan as in effect prior to such adjustment, amendment or termination.

Further, Sections 2.9, 2.10, and 2.12 shall not be adjusted or amended in any way that would have a material adverse effect on a Participant without the consent of the affected Participant. Nothing in this Section 2.12 shall be construed to confer a right to remain employed by the Company, Holdings or any of their respective subsidiaries or otherwise affect the application of Section 2.7 above.

2.13 Actions and Decisions Regarding the Business or Operations of the Company, Holdings, and any of their Subsidiaries.

Notwithstanding anything in the Plan to the contrary, neither the Company nor Holdings, nor any of their respective subsidiaries nor their respective officers, directors, employees or agents shall have any liability to any Participant (or his Beneficiaries or heirs) under the Plan or otherwise on account of any action taken, or not taken, in good faith by any of the foregoing persons with respect to the business or operations of the Company, Holdings or any of their respective subsidiaries. In particular, nothing herein shall be interpreted as limiting in any way Holdings' right to pay dividends to American Express or other holders of Common Stock in such amounts as the Board of Directors of Holdings determines in its discretion are appropriate.

2.14 Offset.

Subject to applicable law, any amounts payable to any Participant hereunder as credited to the Participant's Phantom Unit Account are subject to reduction to satisfy any liabilities owed to the Company, Holdings or any of their respective subsidiaries by the Participant.

2.15 Notices.

The Finance Committee shall give each Participant prompt notice of any credits, charges, adjustments, redemptions, forfeitures, reallocations or other transactions affecting such Participant's Phantom Unit Account. The Company shall maintain the Phantom Unit Accounts under the Plan and shall effect all credits and debits to such accounts in accordance with the terms of the Plan under the direction of the Finance Committee.

2.16 Arbitration.

Any dispute between a Participant and the Company, Holdings or any of their respective subsidiaries arising from or relating to the terms of the Plan shall be submitted to arbitration under the auspices and in accordance with the rules of the New York Stock Exchange, Inc. (or, in the case of any such dispute between the Participants as a group and the Company, Holdings or any of their respective subsidiaries, the rules of the American Arbitration Association (the "AAA")), and each Participant shall be deemed to have agreed to such submission by becoming a Participant in the Plan. In the event of any such dispute between the Participants as a group and the Company, Holdings or any of their respective subsidiaries, the party seeking relief shall give written notice of its intention to seek resolution of such dispute to the other party. The arbitral tribunal shall be appointed within 30 days of the notice of dispute, and shall consist of three arbitrators, one of which shall be appointed by Holdings (or the Company or the relevant subsidiary, as the case may be), one by the Participants as a group (which first two arbitrators shall have knowledge of the securities industry and familiarity with the compensation practices of such industry), and the third jointly by such two arbitrators; provided, however, that, if such two arbitrators shall be unable to select the third arbitrator within such 30-day period, such third arbitrator shall be chosen by the AAA as soon as practicable following notice to the AAA by such two arbitrators of their inability to choose such third arbitrator; and provided further that in the case of a third arbitrator so chosen by the AAA, such third arbitrator shall be required to have knowledge of the securities industry and be familiar with the compensation practices of such industry.

2.17 Adjustments for Non-U.S. Participants.

The Finance Committee may approve such adjustments to the terms of the Plan applicable to Participants who are subject to taxes in non-United States jurisdictions as it deems appropriate in order to accomplish the purposes of the Plan.

2.18 Governing Document.

The Plan (including any instruments or documents expressly referred to herein) contains all of the terms and conditions of the program described herein and shall be its sole governing document and authority, and shall supersede all prior descriptions or understandings, both written and oral, with respect to the subject matter of the Plan.

PART III - DEFINITIONS

For purposes of the Plan, the following terms are defined as set forth below:

3.1 "Affiliate" of a person means any enterprise (whether a corporation, partnership, joint venture or other business or legal entity) controlling, controlled by or under common control with such person.

3.2 "Beneficiary" means the person or persons designated in writing by a Participant under Section 2.3 above, or, in the absence of an effective designation, or if such designated person shall have died before the Participant, the legal representative of the Participant's estate.

3.3 "Bonus" and "Bonuses" mean the annual discretionary compensation awarded by the Board of Directors of Holdings (or a Committee thereof) to Participants and other employees of the Company or its Affiliates.

3.4 "Cause" means a material breach by a Participant of, or "cause" as defined under, an employment contract (if any) between the Participant and the Company or any of its Affiliates, failure by a Participant to devote substantially all business time exclusively to the performance of his duties, willful misconduct, dishonesty related to the business and affairs of his employer or an Affiliate of his employer, conviction of a felony (or failure to contest prosecution for a felony), habitual or gross negligence in the performance of a Participant's duties or failure to satisfactorily perform such duties after notification of such failure and a reasonable opportunity to cure the same, the violation of policies and practices adopted by his employer or an Affiliate of his employer or a material violation of the conflict of interest, proprietary information or business ethics policies of his employer or an Affiliate of his employer.

3.5 "Disability" shall have the meaning set forth in the Company's Long-Term Disability Program as in effect from time to time or any successor thereto.

3.6 "Early Retirement" means a Participant's termination of employment with the Company and its Affiliates on or after age 55 and ten full years of employment with not less than five full years of participation in the Plan (including, for this purpose, participation in the EBP and the Lehman Brothers Equity Program).

3.7 "EBP" means the Lehman Brothers Equity Unit and Bonus Plan, as amended and restated as of January 1, 1993, as amended from time to time.

3.8 A resignation for "Good Reason" means a refusal of a Participant to accept an offer of employment from the buyer effecting a Third Party Sale, or a resignation from such employment within one year following a Third Party Sale, if (a) the assignment of a Participant's new employment duties is substantially diminished from the scope of responsibilities of the Participant immediately prior to the Third Party Sale or (b) the Participant's annual cash compensation for his new employment position is significantly reduced from his annual compensation prior to the Third Party Sale for reasons other than "across the board" reductions in cash compensation.

3.9 "Governmental Service" means full-time employment in an elective or nonelective capacity with any federal or state government or political subdivision thereof or any agency or other instrumentality thereof.

3.10 The "Initial Value" of a Phantom Share means $10 in the case of a Phantom Share credited to a Phantom Unit Account as of January 1, 1994, and a price determined by the Finance Committee in accordance with Section 1.3(b) in all other cases.

3.11 "IPO" means an offering of Common Stock pursuant to a registration statement filed under the Securities Act of 1933, as amended, or a spinoff of the Common Stock to the shareholders of American Express.

3.12 "Normal Retirement" means a Participant's termination of employment with the Company and its Affiliates on or after age 65 with not less than two full years of participation in the Plan (including, for this purpose, participation in the EBP and the Lehman Brothers Equity Program).

3.13 The "Original Value" of a Cash Right means $6.67 in the case of a Cash Right credited to a Phantom Unit Account as of January 1, 1994, and in the case of any other Cash Right a price equal to 66.67% of the Initial Value of the related Phantom Share which, together with such Cash Right, comprise a Phantom Unit.

3.14 "Participant" means an employee of the Company or any of its Affiliates who is designated to participate in the Plan pursuant to Section 1.2.

3.15 "Peer Company Yield" means a percentage determined by calculating the average of the Dividend Yields of The Bear Stearns Companies Inc., Merrill Lynch & Co., Inc., Morgan Stanley Group, Inc. and Salomon Inc (or such other or additional entities which the Finance Committee from time to time determines constitute peer competitors of the Company) for the fiscal quarter of each such entity ending immediately prior to, or coincident with, the date as of which the Peer Company Yield is to be calculated. As used in this Section 3.15, "Dividend Yield" means a percentage determined by dividing (a) the dollar amount or value of a dividend paid per share of common stock with respect to a fiscal quarter, by (b) the average of the daily New York Stock Exchange Composite Transactions Tape closing prices of such share of common stock for each trading day during such fiscal quarter; provided, however, that, in the event of extraordinary dividends or similar transactions, the Finance Committee in its discretion may make such adjustments to the Dividend Yield as it deems necessary or appropriate to carry out the objectives of the Plan.

3.16 "Phantom Unit Account" means the bookkeeping account created and maintained under the Plan for each Participant to or against which Phantom Shares, Cash Rights or other amounts are credited or charged pursuant to the terms of the Plan.

3.17 "Phantom Unit Value" means the sum of the Initial Value of a Phantom Share and the Original Value of the related Cash Right which, together with such Phantom Share, comprise a Phantom Unit. The Phantom Unit Value of Phantom Units acquired by Participants pursuant to deferrals of 1993 Total Compensation shall be $16.67.

3.18 "Retained Earnings" means the retained earnings of Holdings as determined in accordance with United States Generally Accepted Accounting Principles; provided, however, that the Finance Committee in its discretion may make such adjustments to Retained Earnings as it deems necessary or appropriate to carry out the objectives of the Plan. For purposes of the Plan, calculations of Retained Earnings for a specified period up to the end of a fiscal quarter of Holdings shall reflect all dividends and Quarterly Distributions payable with respect to such fiscal quarter, whether or not paid during such fiscal quarter.

3.19 "Retained Earnings Per Share" means (a) the net increase or decrease in Retained Earnings over a specified period, divided by (b) the average number of shares of Common Stock and Phantom Shares outstanding during such period (calculated for purposes of the Plan on a quarterly basis).

3.20 Miscellaneous. Where appropriate, all references in the Plan to the masculine pronoun shall include the feminine, and all references to the singular shall include the plural.

3.21 Other Defined Terms. The following terms are defined in the Plan in the Section indicated:

Term	Section
"AAA"	2.16
"American Express"	1.6(c)
"Cash Rights"	Introduction
"Common Stock"	Introduction
"Company"	Introduction
"Dividend Yield"	3.16
"Effective Date"	Title
"Finance Committee"	1.2
"Holdings"	Introduction
"Phantom Shares"	Introduction
"Phantom Unit"	Introduction
"Plan"	Introduction
"Quarterly Distribution"	1.4(a)
"Restricted Shares"	1.6(a)
"Sale Premium"	1.4(c)
"Third Party Sale"	1.4(c)
"Total Compensation"	1.3(a)

Exhibit 10.35

LEHMAN BROTHERS INC. PARTICIPATING PREFERRED PLAN

Introduction

The Lehman Brothers Inc. Participating Preferred Plan (the "Plan") is intended to motivate and reward certain key employees of Lehman Brothers Inc. (the "Company") by providing them with a compensation arrangement whose value over time will be linked to the financial performance of the Company and Holdings. Except as otherwise provided in Section 1.5 below, the Plan is intended to amend and thereby replace the Lehman Brothers Equity Unit and Bonus Plan (the "EBP"). Unless waived by the Finance Committee, the effectiveness of the Plan is conditioned upon the consent of each Partner (as defined in the EBP) to the amendment to the EBP made by the crediting of his interests in the EBP to such Partner's PPP Account under the Plan.

Except where defined elsewhere in the Plan, all capitalized terms used herein have the meanings assigned to them in Part III below.

PART I - OPERATION OF THE PLAN

1.1 Crediting of Interests in the EBP; Annual Crediting.

Effective as of January 1, 1993 (the "Effective Date"), the notional cash value of all notional securities credited to the Equity Unit Accounts (as defined in the EBP) of Partners as of such date shall be credited to the PPP Accounts to be established by the Company for the Participants in the Plan. Upon such crediting, each Partner in the EBP shall waive all rights and claims under the EBP and shall become a Participant. All notional amounts credited to the PPP Accounts of the Participants shall be credited with a fixed return (the "Fixed Return") at a rate of 12% per annum, payable in cash on or as soon as practicable following the end of each Quarter. In addition, as of each January 1 following the close of a Year, the balance in the PPP Accounts of Participants on such date shall be credited or debited, as the case may be, with notional income equivalents (the "New Accretions") equal to the RORAE for such Year multiplied by the then outstanding balance in the PPP Account. Except as a result of New Accretions, no amounts shall be credited to PPP Accounts (by reason of new deferrals or otherwise) after the Effective Date.

1.2 Vesting and Forfeiture of Amounts Credited to the Participants' PPP Accounts.

1.2 (a) Vesting of Amounts Credited to PPP Accounts on the Effective Date. All unvested amounts credited to a Participant's PPP Account as of the Effective Date shall vest on January 1, 1995.

1.2 (b) Vesting of New Accretions. All New Accretions credited to a Participant's PPP Account under Section 1.1 above shall vest on the first anniversary of the effective date of the crediting thereof to the Participant's PPP Account. If New Accretions result in a debit to a Participant's PPP Account, such debit shall take effect immediately as of the January 1 following the Year to which such New Accretion relates.

1.2 (c) Forfeitures and Resultant Transactions.

(i) Forfeiture. Except as the Finance Committee may determine otherwise in its discretion, any unvested amounts credited to a Participant's PPP Account as of the last day of the Quarter coincident with or immediately preceding the date of a termination of the Participant's employment with the Company or any of its Affiliates (such date being hereinafter referred to as the "Forfeiture Date"), other than an involuntary termination of employment without Cause or a termination of employment due to Normal or Early Retirement, Disability, death or Governmental Service, shall be forfeited as of the Forfeiture Date. All unvested amounts credited to a terminating Participant's PPP Account that are not forfeited pursuant to this Section 1.2(c)(i) shall vest as of the Forfeiture Date.

(ii) Forfeiture of New Accretion. Upon the forfeiture of any amounts pursuant to this Section 1.2(c), the relevant terminating Participant shall forfeit all rights to any New Accretion with respect to the forfeited portion of his PPP Account for the Year in which the relevant Forfeiture Date occurs.

1.3 Payment of Amounts Credited to the Participants' PPP Accounts.

1.3 (a) In Service.

(i) Payment at Any Time. All or any portion of amounts credited to a Participant's' PPP Account may be paid out by the Company at any time at the election of the Finance Committee. The effective date of such payout shall be the end of the Quarter coincident with or immediately preceding the Quarter in which such determination to pay out occurs (such effective date of payment being hereinafter referred to as the "In-Service Payment Date").

(ii) Payment Procedure. A payment of the amounts credited to a Participant's PPP Account shall be effected as follows:

(A) such Participant shall be paid in cash any unpaid Fixed Return for the Quarter ending on the In-Service Payment Date and for the portion of the succeeding Quarter ending on the date of the lump sum payment or first installment payment, as the case may be, described in clause (C)(y) below;

(B) such Participant shall be credited or debited with a New Accretion on the amount so paid out, calculated (if the In-Service Payment Date is not the end of a Year) as if the current Year ended on the In-Service Payment Date (which New Accretion shall be simultaneously paid out as described in clause (C) below); and

(C) such Participant shall have a right to receive a cash payment from the Company, subject to the vesting schedule and forfeiture terms applicable to the payment amount, which cash payment shall be:

(x) in an amount equal to the notional dollar value of the amount credited to the Participant's PPP Account (including the New Accretion described in clause (B) of this Section 1.3(a)(ii)), as of the In-Service Payment Date; and

(y) paid, at the election of the Finance Committee, either (I) in a lump sum or (II) in three equal installments, the first of which shall be paid on a date promptly following the In-Service Payment Date (but in no event earlier than the calculation of RORAE for the portion of the Year ending on the In-Service Payment Date) and the second and third of which shall be paid on or as soon as practicable following the first and second anniversaries of the first installment payment, respectively. On each of the second and third installment payment dates, interest at a rate of 8% per annum shall be paid on the entire amount outstanding immediately prior to such installment payment date, calculated from the immediately preceding installment payment date.

1.3 (b) Seniority Payout. Effective immediately following the close of the Year in which a Participant who has participated in the Plan (or the EBP and the Lehman Brothers Equity Program) for two full Years and is an employee of the Company or any of its Affiliates has attained age 52 and of each Year thereafter (provided that he remains an employee of the Company or any of its Affiliates throughout such Year), one tenth (or one fifth, in the case of each such Year beginning with the Year in which the Participant attains age 57) of the notional dollar value of such Participant's vested amount credited to his PPP Account (after payment of Fixed Returns and taking into account the crediting or debiting of New Accretions with respect to the Year just ended), shall be paid in cash to such Participant on or as soon as practicable following the effective date of such payout and the PPP Account of such Participant shall be debited accordingly. Notwithstanding anything contained in this Section 1.3(b) to the contrary, no payments hereunder shall occur until after the close of 1993, regardless of whether a Participant has attained the age of 52 or 57 during 1993.

1.3 (c) Termination of Employment. Upon the termination of a Participant's employment with the Company or any of its Affiliates for any reason, all amounts credited to the Participant's PPP Account (after taking into account any forfeitures of unvested amounts pursuant to Section 1.2) shall be paid out. Such amounts shall be paid out effective as of the end of the Quarter coincident with or preceding the date on which such termination of employment occurs (such date being hereinafter referred to as the "Termination Payment Date"), in which case:

(i) such Participant shall be paid in cash any unpaid Fixed Return for the Quarter ending on the Termination Payment Date;

(ii) such Participant shall be credited or debited with a New Accretion on the payout amounts calculated (if the Termination Payment Date is not the end of a Year) as if the current Year ended on the Termination Payment Date (which New Accretion shall be simultaneously paid out as described in clause (iii) below); and

(iii) the amount payable by the Company in connection with such payouts:

(A) shall be the notional dollar value of the amounts credited to the Participant's PPP Account (including the New Accretion described in clause (ii) above, unless such New Accretion is forfeited pursuant to the provisions of Section 1.2 above), as of the Termination Payment Date; and

(B) shall be paid in cash, at the election of the Finance Committee, either (x) in a lump sum as soon as practicable following the Participant's date of termination of employment or (y) in three equal installments as soon as practicable following the Participant's date of termination of employment and as of the first and second anniversaries of such date. On each installment payment date, interest at a rate of 8% per annum shall be paid on the entire amount outstanding immediately prior to such installment payment date, calculated from the Termination Payment Date (in the case of the first installment payment date), and from the immediately preceding installment payment date (in the case of the second and third installment payment dates).

1.4 Notional Computervision Stock.

Notwithstanding the termination of the EBP and anything contained in the Plan to the contrary, the Notional Computervision Stock (as defined in the EBP) shall continue to be subject to the same terms as were previously applicable under the EBP, which terms are hereby incorporated in the Plan as if the relevant provisions of the EBP (including provisions of the EBP referred to in such provisions) remained in full force and effect (but only with respect to such Notional Computervision Stock); provided, however, that upon the occurrence of an event that would otherwise result in the crediting of Phantom Participating Preferred Stock (as defined in the EBP) in respect and in lieu of Notional Computervision Stock under the terms of the EBP, the amount that would otherwise be so credited shall instead be credited hereunder to the PPP Account of the relevant Participant.

PART II - GENERAL ADMINISTRATIVE PROVISIONS

2.1 Administration.

2.1 (a) General. The terms of the Plan shall be administered, interpreted (which shall include the power to supply any omission and reconcile any inconsistencies) and adjusted, as appropriate, by the Finance Committee. Any action taken or determination made by the Finance Committee which has been assigned to the Finance Committee pursuant to the terms of the Plan shall be within its sole discretion and shall be final and binding on all interested parties. The Finance Committee shall have no liability to any Participant (or his Beneficiaries or heirs) under the Plan or otherwise on account of any action taken, or not taken, or any determination made in good faith by the Finance Committee pursuant to the terms of the Plan or authority delegated to it under the Plan.

2.1 (b) Adjustments. In addition, the Finance Committee may make adjustments to the terms of the Plan and its applicability to any Participant which, in its discretion, it deems equitable and necessary in order to preserve the economic rights and expectations of the Participants, Holdings and the Company hereunder, in the event that:

(i) there occurs an event such as a merger, sale of substantially all of the assets of, or a consolidation, reorganization or other restructuring of Holdings or the Company; or

(ii) any anticipated benefits of deferral under, or other aspects of, the Plan are altered by reason of any interpretation of or change in applicable laws, governmental regulations or accounting rules;

provided, however, that any rights under Section 2.12 may not be materially adversely affected without such Participant's written consent.

2.2 The Company as Payor; Status of Participants as Unsecured, Subordinated Creditors; Expenses.

The Company is the sponsor and legal obligor under the Plan, and shall make all payments hereunder. Nothing herein is intended to restrict the Company from charging an Affiliate that employs a Participant for all or a portion of the payments made by the Company hereunder to such Participant. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any amounts under the Plan, and rights to payment hereunder shall be no greater than the rights of the Company's unsecured, subordinated creditors, and shall be subordinated to the claims of the customers and clients of the Company. As a condition to participation in the Plan, each Participant shall agree that, in the event the Finance Committee concludes that the obligation of the Company under the Plan should qualify as subordinated capital of the Company for regulatory purposes, such Participant shall execute from time to time such subordinated debt agreements, and shall consent to such modifications to the Plan, as the Finance Committee may determine are necessary or appropriate in order to ensure that the Company's obligations so qualify. Unless waived by the Finance Committee, any failure to execute any such agreement or to consent to any such modification shall result in the forfeiture of the Participant's PPP Account. All expenses involved in administering the Plan shall be borne by the Company.

2.3 Agreements with Participants.

2.3 (a) Agreement to Be Bound. By becoming a Participant in the Plan, each Participant (and each person claiming under or through a Participant) shall be conclusively bound by the terms of the Plan and any action taken or not taken under the Plan by the Company, Holdings, or the Finance Committee.

2.3 (b) Designation of Beneficiaries. The Finance Committee shall create a procedure whereby a Participant may file, on a form to be provided by the Finance Committee, a written election designating one or more Beneficiaries with respect to the vested portion of such Participant's PPP Account in the event of the Participant's death. The Participant may amend such Beneficiary designation in writing at any time prior to the Participant's death, without the consent of any previously designated Beneficiary (to the extent permitted by law); provided, however, that such amended designation shall not be effective unless and until received by the duly authorized representative of the Company prior to the Participant's death.

2.4 Government Regulations.

All transactions and all amounts payable by the Company under the Plan shall be contingent upon compliance with any and all applicable federal, state, local and foreign laws and rules and regulations of any regulatory or self-regulatory body in effect at the time, as deemed necessary or desirable by the Finance Committee. No changes to the Plan that are necessary in order to comply with such laws, rules or regulations shall be deemed to violate the Participants' rights protected under Section 2.12, provided that the Company takes all reasonable steps necessary to provide the Participants with the benefits intended under the Plan.

2.5 Withholding Taxes.

The Company may make such provisions and take such steps as it may deem necessary or appropriate for the withholding of any taxes which the Company or any of its Affiliates is required by any law or regulation of any governmental authority, whether federal, state, local or foreign, to withhold in connection with amounts credited or payments made pursuant to the Plan, including, but not limited to, (a) the withholding of funds or other property (or any portion thereof) until the Participant reimburses the Company or such Affiliate for the amount that is required with respect to such taxes, (b) the cancelling of any portion of such crediting or payment in an amount sufficient to reimburse itself or such Affiliate for the amount of taxes required to be withheld, or (c) the withholding of appropriate sums from any amount otherwise credited or payable to the Participant (or his Beneficiary).

2.6 Applicable Law.

The Plan and all actions taken hereunder shall be governed by, and construed in accordance with, the substantive laws, but not the choice of law rules, of the State of New York, except that any subordination provisions included for regulatory purposes shall be governed by, and construed in accordance with, the Constitution and Rules of the New York Stock Exchange, Inc.

2.7 Rights of Participants.

No employee or other person shall have any claim or right to a Fixed Return or a New Accretion or other credits, debits or payments under the Plan except as expressly provided herein and neither the Plan nor any action taken under (or inaction involving) the Plan shall be construed as (a) giving any employee any right to be retained in the employ of the Company or any of its Affiliates or (b) affecting the right of any of the above-mentioned entities to terminate the employment of any individual with or without Cause. Notwithstanding anything that may be to the contrary herein, no relationship is intended between the Company or any Affiliate and any Participant under the Plan other than that of employer and employee (and, in particular, no partnership or other organization among the Company, any Affiliate of the Company or any Participant is intended) and no position to the contrary shall be taken for any purpose.

2.8 Non-Transferability of Rights.

Except as previously provided hereunder, a Participant's rights and interest under the Plan may not be assigned or transferred in whole or in part either directly or by operation of law or otherwise (except in the event of the Participant's death) including, but not by way of limitation, execution, levy, garnishment, attachment, pledge, bankruptcy or in any other manner, and no such right or interest of any Participant under the Plan shall be subject to any obligation or liability of such Participant other than any obligations or liabilities owed by such Participant to the Company, Holdings or their respective Affiliates.

2.9 Amendment of the Plan.

The Finance Committee may amend the Plan at any time or from time to time. However, no amendment of the Plan shall materially adversely affect any rights described in Section 2.12, without an affected Participant's written consent.

2.10 Termination of the Plan.

2.10 (a) In General. Notwithstanding any other provision herein that may be to the contrary, the Plan is subject to termination at any time by action of the Finance Committee.

2.10 (b) Consequences of Termination of the Plan. In the event of a termination of the Plan, the Company shall effect an in service redemption of the amounts credited to each Participant's PPP Account in accordance with Section 1.3(a) above.

2.11 Severability.

The invalidity or unenforceability of any one or more provisions of the Plan (or any portion thereof) shall not affect the validity or enforceability of any other provision of the Plan (or any portion thereof), which shall remain in full force and effect.

2.12 Certain Rights of Participants.

Subject to the Finance Committee's ability to amend the Plan pursuant to Section 2.9, to terminate the Plan in accordance with Section 2.10 or to adjust the terms of the Plan as provided expressly elsewhere under the Plan, none of the following rights of a Participant may be materially adversely affected by any adjustment, amendment or termination of the Plan without such Participant's written consent:

(a) the right to vest in, or to become free of transfer restriction with respect to, any amounts credited to the Participant's PPP Account under the Plan, as of the date of such adjustment, amendment or termination, based on (i) his continued service (if any) with the Company and any of its Affiliates and (ii) the vesting, forfeiture and transfer restriction provisions of the Plan as in effect prior to such adjustment, amendment or termination; and

(b) the right to receive Fixed Returns and New Accretions with respect to all amounts credited to his PPP Account as of the date of such adjustment, amendment or termination, based on the terms of the Plan as in effect prior to such adjustment, amendment or termination.

Furthermore, Sections 2.9, 2.10, and 2.12 shall not be adjusted or amended in any way that would have a material adverse effect on a Participant without the consent of the affected Participant. Nothing in this Section 2.12 shall be construed to confer a right to remain employed by the Company or any of its Affiliates or otherwise affect the application of Section 1.3(a) or Section 2.7 above.

2.13 Actions and Decisions Regarding the Business or Operations of the Company, Holdings, and any of their Affiliates.

Notwithstanding anything in the Plan to the contrary, neither the Company nor Holdings, nor any of their respective Affiliates nor their respective officers, directors, employees or agents shall have any liability to any Participant (or his Beneficiaries or heirs) under the Plan or otherwise on account of any action taken, or not taken, in good faith by any of the foregoing persons with respect to the business or operations of the Company, Holdings or any of their respective Affiliates.

2.14 Offset.

Subject to applicable law, any amounts payable to any Participant hereunder as credited to the Participant's PPP Account are subject to reduction to satisfy any liabilities owed to the Company, Holdings or any of their respective Affiliates by the Participant.

2.15 Notices.

The Finance Committee shall give each Participant prompt notice of any credits, charges, adjustments, redemptions, forfeitures, reallocations or other transactions affecting such Participant's PPP Account. The Company shall maintain the PPP Accounts under the Plan and shall effect all credits and debits to such PPP Accounts in accordance with the terms of the Plan under the direction of the Finance Committee.

2.16 Arbitration.

Any dispute between a Participant and the Company, Holdings or any of their respective Affiliates arising from or relating to the terms of the Plan shall be submitted to arbitration under the auspices and in accordance with the rules of the New York Stock Exchange, Inc. (or, in the case of any such dispute between the Participants as a group and the Company, Holdings or any of their respective Affiliates, the rules of the American Arbitration Association (the "AAA")), and each Participant shall be deemed to have agreed to such submission by becoming a Participant in the Plan. In the event of any such dispute between the Participants as a group and the Company, Holdings or any of their respective Affiliates, the party seeking relief shall give written notice of its intention to seek resolution of such dispute to the other party. The arbitral tribunal shall be appointed within 30 days of the notice of dispute, and shall consist of three arbitrators, one of which shall be appointed by Holdings (or the Company or the relevant Affiliates, as the case may be), one by the Participants as a group (which first two arbitrators shall have knowledge of the securities industry and familiarity with the compensation practices of such industry), and the third jointly by such two arbitrators; provided, however, that, if such two arbitrators shall be unable to select the third arbitrator within such 30-day period, such third arbitrator shall be chosen by the AAA as soon as practicable following notice to the AAA by such two arbitrators of their inability to choose such third arbitrator; and provided further that in the case of a third arbitrator so chosen by the AAA, such third arbitrator shall be required to have knowledge of the securities industry and be familiar with the compensation practices of such industry.

2.17 Adjustments for Non-U.S. Participants.

The Finance Committee may approve such adjustments to the terms of the Plan applicable to Participants who are subject to taxes in non-United States jurisdictions as it deems appropriate in order to accomplish the purposes of the Plan.

2.18 Governing Document.

The Plan (including any instruments or documents expressly referred to herein) contains all of the terms and conditions of the program described herein and shall be its sole governing document and authority, and shall supersede all prior descriptions or understandings, both written and oral, with respect to the subject matter of the Plan.

PART III - DEFINITIONS

For purposes of the Plan, the following terms are defined as set forth below:

3.1 "Affiliates" of a person means any enterprise (whether a corporation, partnership, joint venture or other business or legal entity) controlling, controlled by or under common control with such person.

3.2 "Average Annual Risk-Adjusted Equity" means, for any given Year, the sum of the total risk-adjusted equity (or the equivalent thereof) of Lehman Brothers Division (with respect to 1993) or Holdings (with respect to other Years) as of the first day of such Year and as of the end of each month during such period (each as determined by Holdings in accordance with United States generally accepted accounting principles), divided by 13.

3.3 "Beneficiary" means the person or persons designated in writing by a Participant under Section 2.3(b) above, or, in the absence of an effective designation, or if such designated person shall have died before the Participant, the legal representative of the Participant's estate.

3.4 "Cause" means a material breach by a Participant of an employment contract (if any) between the Participant and the Company or an Affiliate, failure by a Participant to devote substantially all business time exclusively to the performance of his duties, willful misconduct, dishonesty related to the business and affairs of his employer or an Affiliate of his employer, conviction of a felony (or failure to contest prosecution for a felony), habitual or gross negligence in the performance of a Participant's duties or failure to satisfactorily perform such duties after notification of such failure and a reasonable opportunity to cure the same, the violation of policies and practices adopted by his employer or the parent of his employer or a material violation of the conflict of interest, proprietary information or business ethics policies of his employer or the parent of his employer.

3.5 "Disability" shall have the meaning set forth in the Company's Long-term Disability Program as in effect from time to time or any successor thereto.

3.6 "Early Retirement" means a Participant's termination of employment with the Company and its Affiliates on or after age 55 and ten full years of employment with not less than five full years of participation in the Plan (including, for this purpose, participation in the EBP and the Lehman Brothers Equity Program).

3.7 "Finance Committee" means the Finance Committee of the Board of Directors of Holdings, as constituted from time to time, or its designee.

3.8 "Governmental Service" means full-time employment in an elective or nonelective capacity with any federal or state government or political subdivision thereof or any agency or instrumentality thereof.

3.9 "Holdings" means Lehman Brothers Holdings Inc., a Delaware corporation (and any successor corporation).

3.10 "Lehman Brothers Division" means the businesses of Lehman Brothers as reflected in their Quarterly Financial Review as of December 31, 1992, as such review may be amended as determined by the President of Holdings.

3.11 "Net Income" means, for any given year, the after-tax net income (or loss) of Lehman Brothers Division or Holdings, as the case may be, for such Year, as determined by Holdings in accordance with United States generally accepted accounting principles.

3.12 "Normal Retirement" means a Participant's termination of employment with the Company and its Affiliates on or after 65 with not less than two full years of participation in the Plan (including, for this purpose, participation in the EBP and the Lehman Brothers Equity Program).

3.13 "Participant" means an employee of the Company or any of its Affiliates who participates in the Plan.

3.14 "PPP Account" means the bookkeeping account created and maintained under the Plan for each Participant to or against which deferred amounts are credited or charged pursuant to the terms of the Plan.

3.15 "Quarter" means each calendar quarter during the term of the Plan.

3.16 "RORAE" means, for any given Year, the Net Income of Holdings for such Year (or the Net Income of Lehman Brothers Division, in the case of 1993) divided by the Average Annual Risk-Adjusted Equity of Holdings (or of Lehman Brothers Division, in the case of 1993) for such Year.

3.17 "Year" shall mean each calendar year during the term of the Plan.

3.18 Miscellaneous. Where appropriate, all references in the Plan to the masculine pronoun shall include the feminine, and all references to the singular shall include the plural.

3.19 Other Defined Terms. The following terms are defined in the Plan in the Section indicated:

Term	Section
"AAA"	2.16
"Company"	Introduction
"EBP"	Introduction
"Effective Date"	1.1
"Fixed Return"	1.1
"Forfeiture Date"	1.2(c)
"In-Service Payment Date"	1.3(a)
"New Accretion"	1.1
"Notional Computervision Stock"	1.4
"PPP Plan"	Introduction
"Termination Payment Date"	1.3(c)

EXHIBIT 11

AMERICAN EXPRESS COMPANY AND CONSOLIDATED SUBSIDIARIES
COMPUTATION OF EARNINGS PER SHARE
Five Years Ended December 31, 1993

<TABLE>
<CAPTION>

<S>	1993 <C>	1992 <C>	1991 <C>	1990 <C>	1989 <C>
1. Weighted average number of common shares issued and outstanding	484,754,771	476,047,601	468,950,425	438,110,325	417,463,323
2. Weighted average number of shares In-Lieu/LOI	414,904	463,128	465,383	462,784	525,848
3. Common shares assuming exercise of stock options	2,777,899	255,139	331,756	495,716	2,973,948
4. Common share equivalents for Variable Rate Convertible Notes	-	-	6,117	178,228	411,723
5. Berkshire Hathaway	12,190,155	-	-	-	-
6. Primary common shares and common share equivalents	500,137,729	476,765,868	469,753,681	439,247,053	421,374,842
7. Additional common shares assuming exercise of stock options based on year-end market price	-	-	-	-	239,468
8. Common shares reserved for conversion of 9% Convertible Debentures	3,519,727	-	3,865,733	4,033,880	4,813,033
9. Common shares reserved for conversion of 7 1/2% Convertible Debentures	195,406	-	198,582	198,582	320,695
10. Common shares reserved for conversion of 7 3/4% Convertible Debentures	-	-	-	28,794	320,695
11. Fully diluted common shares and common share equivalents	503,852,862	476,765,868	473,817,996	443,508,309	427,068,733
12. Income from continuing operations before accounting changes ($ millions)	$1,605	$578	$607	$1,148	$1,099
13. Less:					
Dividends on Money Market Preferred Shares	-	-	(14)	(19)	(22)
Dividends on Convertible Exchangeable Preferred Shares	(16)	(16)	(16)	(16)	-
Dividends on $216.75 CAP Preferred Shares	-	(27)	(10)	-	-
14. Add back:					
Interest on Variable Rate Convertible Notes, net of					

income tax benefit	-	-	-	1	1
15. Income from continuing operations before accounting changes applicable to primary common shares and common share equivalents	1,589	535	567	1,114	1,078
16. Discontinued operations, net of income taxes	(127)	(149)	182	(967)	58
17. Cumulative effect of changes in accounting principles, net of income taxes	-	32	-	-	-
18. Net income applicable to primary common shares and common share equivalents	1,462	418	749	147	1,136
19. Add back: Interest on convertible debt, net of income tax benefit	4	-	4	4	6
20. Net income applicable to fully diluted common shares and common share equivalents	$1,466	$ 418	$ 753	$ 151	$1,142
21. Income from continuing operations before accounting changes applicable to fully diluted common shares and common share equivalents (20 - (16+17))	$1,593	$ 535	$ 571	$1,118	$1,084
22. Income from continuing operations before accounting changes per share:					
Primary (15/6)	$ 3.17	$ 1.12	$1.21	$ 2.54	$ 2.56
Fully diluted (21/11)	$ 3.16	$ 1.12	$1.21	$ 2.52	$ 2.54
23. Income (loss) from discontinued operations per share:					
Primary (16/6)	$(.25)	$ (.31)	$ .38	$ (2.20)	$ .14
Fully diluted (16/11)	$(.25)	$ (.31)	$ .38	$ (2.18)	$ .13
24. Cumulative effect of accounting changes per share:					
Primary (17/6)	$ -	$ .07	$ -	$ -	$ -
Fully diluted (17/11)	$ -	$ .07	$ -	$ -	$ -
25. Net income per share:					
Primary (18/6)	$ 2.92	$ .88	$1.59	$ .34	$2.70
Fully diluted (20/11)	$ 2.91	$ .88	$1.59	$ .34	$2.67

</TABLE>

Note: The above amounts reflect changes in accounting principles relating to income taxes and postretirement benefits other than pensions in 1992.

EXHIBIT 12.1

AMERICAN EXPRESS COMPANY

COMPUTATION IN SUPPORT OF RATIO OF EARNINGS TO FIXED CHARGES

(Dollars in millions)

	Years Ended December 31,				
	1993	1992	1991	1990	1989
Earnings:					
Pretax income from continuing operations	$2,326	$ 896	$ 622	$1,578	$1,423
Interest expense	1,783	2,171	2,761	3,160	3,229
Other adjustments	88	196	142	209	103
Total earnings (a)	$4,197	$3,263	$3,525	$4,947	$4,755
Fixed charges:					
Interest expense	$1,783	$2,171	$2,761	$3,160	$3,229
Other adjustments	130	154	147	143	117
Total fixed charges (b)	$1,913	$2,325	$2,908	$3,303	$3,346
Ratio of earnings to fixed charges (a/b)	2.19	1.40	1.21	1.50	1.42

For purposes of the "earnings" computation, other adjustments include adding the amortization of capitalized interest, the net loss of affiliates accounted for at equity whose debt is not guaranteed by the Company, the minority interest in the earnings of majority-owned subsidiaries with fixed charges, and the interest component of rental expense and subtracting undistributed net income of affiliates accounted for at equity.

For purposes of the "fixed charges" computation, other adjustments include capitalized interest costs and the interest component of rental expense.

In January 1994, the Company announced plans to spin-off Lehman Brothers through a special dividend to American Express common shareholders. Accordingly, Lehman Brothers' results are reported as a discontinued operation and are excluded from the above computation for all periods presented. In March 1993, the Company reduced its ownership in First Data Corporation to approximately 22 percent through a public offering. As a result, for 1993 FDC is reported as an equity investment in the above computation.

EXHIBIT 12.2

AMERICAN EXPRESS COMPANY

COMPUTATION IN SUPPORT OF RATIO OF EARNINGS TO FIXED CHARGES AND PREFERRED SHARE DIVIDENDS

(Dollars in millions)

	Years Ended December 31,				
	1993	1992	1991	1990	1989
Earnings:					
Pretax income from continuing operations	$2,326	$ 896	$ 622	$1,578	$1,423
Interest expense	1,783	2,171	2,761	3,160	3,229
Other adjustments	88	196	142	209	103
Total earnings (a)	$4,197	$3,263	$3,525	$4,947	$4,755
Fixed charges and preferred share dividends:					
Interest expense	$1,783	$2,171	$2,761	$3,160	$3,229
Dividends on preferred shares	66	65	61	74	29
Other adjustments	130	154	147	143	117
Total fixed charges and preferred share dividends (b)	$1,979	$2,390	$2,969	$3,377	$3,375
Ratio of earnings to fixed charges and preferred share dividends (a/b)	2.12	1.37	1.19	1.46	1.41

For purposes of the "earnings" computation, other adjustments include adding the amortization of capitalized interest, the net loss of affiliates accounted for at equity whose debt is not guaranteed by the Company, the minority interest in the earnings of majority-owned subsidiaries with fixed charges, and the interest component of rental expense and subtracting undistributed net income of affiliates accounted for at equity.

For purposes of the "fixed charges and preferred share dividends" computation, dividends on outstanding preferred shares have been increased to an amount representing the pretax earnings required to cover such dividend requirements. Other adjustments include capitalized interest costs and the interest component of rental expense.

In January 1994, the Company announced plans to spin-off Lehman Brothers through a special dividend to American Express common shareholders. Accordingly, Lehman Brothers' results are reported as a discontinued operation and are excluded from the above computation for all periods presented. In March 1993, the Company reduced its ownership in First Data Corporation to approximately 22 percent through a public offering. As a result, for 1993 FDC is reported as an equity investment in the above computation.

Exhibit 13

Financial Review

Consolidated Results of Operations

American Express Company's (the Company) consolidated income from continuing operations totaled $1.6 billion in 1993, compared with $578 million in 1992 and $607 million in 1991. Including discontinued operations and, in 1992, $32 million net income from accounting changes, the Company's consolidated net income totaled $1.5 billion in 1993, compared with $461 million in 1992 and $789 million in 1991. Income from continuing operations per common share was $3.17 in 1993, compared with $1.12 in 1992 and $1.21 in 1991. Net income per common share was $2.92 in 1993, compared with $.81 before accounting changes in 1992 ($.88 after accounting changes) and $1.59 in 1991.

On January 24, 1994, the Company announced plans to spin-off its subsidiary, Lehman Brothers Holdings Inc., through a special dividend to American Express common shareholders. The transaction is expected to occur late in the second quarter of 1994. Accordingly, Lehman Brothers' (Lehman) results are reported as a discontinued operation in the Consolidated Financial Statements for all periods presented. After preferred dividend requirements, the Company's share of Lehman's results was a net loss of $127 million in 1993, compared with a net loss of $149 million in 1992 and net income of $182 million in 1991. See Note 2 to the Consolidated Financial Statements.

Results for 1993 included a $433 million ($779 million pretax) gain on the secondary public offering of First Data Corporation (FDC) shares. Effective January 1, 1993, the U.S. federal income tax rate was increased from 34 percent to 35 percent. The Company's results for 1993 included a $30 million benefit from the impact of the tax rate change on the Company's net deferred tax assets as of January 1, 1993.

Results for 1992 included a restructuring charge of $342 million ($492 million pretax) at Travel Related Services (TRS), additional reserves at Balcor of $300 million ($388 million pretax) and a $425 million ($706 million pretax) gain from the FDC public offering. Results for 1992 also reflected the impact of the Company's adoption of Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes," and SFAS No. 106, "Accounting for Postretirement Benefits Other Than Pensions," which together increased 1992 net income by $32 million. The impact of adopting SFAS No. 109 and 106 on the Company's business segments is discussed in their respective Results of Operations sections. See Notes 10 and 11 to the Consolidated Financial Statements.

The Company's 1991 income from continuing operations reflected approximately $70 million of tax benefits previously unrecognized under SFAS No. 96, "Accounting for Income Taxes," and restructuring charges of $110 million ($177 million pretax) at TRS.

Consolidated revenues for 1993 were $14.2 billion, compared with $15.5 billion and $15.0 billion in 1992 and 1991, respectively. Consolidated expenses for 1993 were $11.8 billion, compared with $14.6 billion and $14.3 billion in 1992 and 1991, respectively. The 1993 amounts exclude the revenues and expenses of FDC, which is accounted for under the equity method; the prior years' amounts have not been restated. Excluding FDC, consolidated revenues for 1992 and 1991 were $14.3 billion and $14.0 billion, respectively, and consolidated expenses were $13.5 billion and $13.4 billion, respectively.

Consolidated Financial Condition

Since year-end 1992, the Company continued to make significant progress toward its objectives of strengthening its overall financial condition and focusing on its core businesses. Significant steps taken included:

- - - In March 1993, the Company further reduced its ownership interest in FDC through a public offering.

- - - In October 1993, the Company issued debt exchangeable for FDC common stock.

- - - In January 1994, the Company announced its plan to infuse equity capital into Lehman and spin it off to American Express common shareholders. During 1993, Lehman strengthened its capital position through the sales of The Boston Company, certain Shearson Lehman Brothers Inc. retail and asset management businesses and Shearson Lehman Hutton Mortgage Corporation. These actions have brought Lehman to the point where it can sustain a stand-alone single-A credit rating based on its earnings, management strength and $1.25 billion of additional capital.

Lehman Brothers Spin-Off

On January 24, 1994, the Company's Board of Directors approved a plan to complete a tax-free spin-off of the common stock of the Company's subsidiary, Lehman Brothers Holdings Inc., through a special dividend to American Express common shareholders. The final transaction, which is subject to a number of conditions, is expected to close late in the second quarter of 1994. In anticipation of this transaction, Lehman's results are reported as a discontinued operation in the Consolidated Financial Statements for all periods presented. The assets and liabilities of Lehman have been reported in the Consolidated Balance Sheet as net assets of discontinued operations and are included in Other Assets. Prior to the spin-off, the Company will add approximately $1.1 billion of additional equity capital to Lehman and Lehman employees will purchase approximately $160 million of newly-issued Lehman common shares. See Note 2 to the Consolidated Financial Statements.

First Data Corporation

In March 1993, the Company further reduced its ownership interest in FDC to approximately 22 percent through a public offering of 34.6 million shares of FDC common stock at $32 per share. The transaction resulted in net proceeds of approximately $1.1 billion, which are being used for general corporate purposes. As a result of the Company's reduced ownership, effective January 1, 1993, FDC is reported under the equity method of accounting and, therefore, is not consolidated in the Company's 1993 Consolidated Financial Statements. See Notes 1 and 3 to the Consolidated Financial Statements.

Balcor

Assets, excluding cash and cash equivalents, of Balcor, an indirect wholly-owned subsidiary of the Company, totaled $1.1 billion at December 31, 1993 and $1.3 billion at December 31, 1992, before related reserves of $333 million and $409 million at December 31, 1993 and 1992, respectively. The Company continues to closely monitor the orderly liquidation of Balcor's real estate portfolio and the adequacy of its reserves. The reduction in Balcor's 1993 assets and related reserves reflected sales and write-offs during the year.

Parent Company Financing

The Company's business segments manage substantial daily cash flows, investment portfolios, receivables and loans and closely monitor related financing requirements and payment obligations. Each business segment has primary responsibility for financing its operations. The parent company monitors and coordinates cash flow and financing activities Company-wide. The parent company has available a variety of alternative funding sources. In addition, procedures have been developed to permit immediate transfer of short-term funds within the Company, if necessary to meet specific needs, while complying with the various contractual and regulatory constraints on the internal transfer of funds.

At December 31, 1993, the parent company had $1.1 billion of debt or equity securities available for issuance under a shelf registration filed with the Securities and Exchange Commission.

In October 1993, the Company issued 23,618,500 DECS (Debt Exchangeable for Common Stock) in the form of 6 1/4 percent Exchangeable Notes due October 15, 1996. The DECS were issued at a principal amount of $36.75 per DECS, resulting in net proceeds of approximately $842 million. At maturity, holders of DECS will receive, in exchange for the principal amount thereof, shares of FDC common stock, or at the Company's option, an equivalent amount of cash in lieu of such shares. The number of such shares or the amount of such cash will be based on the average market price of FDC stock calculated during a period shortly before the maturity of the DECS. If the Company elects to deliver shares of FDC at maturity, the Company's holdings of FDC will be reduced to between zero (if the average market price of FDC shares is at or below $36.75) and approximately 4.3 million shares if the average market price of FDC shares is at or above $44.875. The market value of the Company's holdings in FDC at December 31, 1993 was approximately $962 million. The proceeds from the DECS offering are being used for general corporate purposes.

Total parent company debt outstanding was $2.2 billion at December 31, 1993, compared with $1.8 billion at December 31, 1992. The parent company generally meets its short-term funding needs through the issuance of commercial paper. The Board of Directors has authorized a parent company commercial paper program of approximately $1.3 billion. Average commercial paper outstanding was $193 million during 1993 and $332 million during 1992. Commercial paper outstanding was $100 million and $348 million at December 31, 1993 and 1992, respectively. In addition, the parent company has standby credit facilities with a number of banks that provide approximately $1.0 billion in committed funds at various maturities through 1994. No borrowings have been made under any of these facilities. (See the Financial Review of each business segment for a discussion of 1993 financing activities of subsidiaries.)

In March 1993, Standard and Poor's Corporation downgraded the long-term credit ratings of the Company and TRS to A+ from AA- and their short-term credit ratings to A-1 from A-1+. The downgrade has had an insignificant impact on the cost of funds of the Company and TRS.

Investment Portfolio Management

The Company and its subsidiaries own and manage several investment portfolios. The Company carefully monitors the distribution of maturities in the investment portfolios to ensure that adequate funds are available to satisfy the Company's maturing liabilities. In addition, maturities are managed based on management's assessment of interest rate trends and other factors affecting the risk involved.

A major portion of the Company's investments are carried at cost. At December 31, 1993 and 1992, aggregate market value exceeded cost by approximately $1.8 billion and approximately $1.2 billion, respectively. Gross unrealized gains and gross unrealized losses on investments carried at cost were approximately $1.9 billion and $0.1 billion, respectively, at December 31, 1993, compared with approximately $1.4 billion and $0.2 billion, respectively, at December 31, 1992. The Company has the ability and, absent unforeseen circumstances, the intent to recover the cost of its investments carried at cost by holding them until maturity. These investments are diversified; corporate bonds and obligations represent the largest component of investments carried at cost, of which no one issuer represents more than two percent of these investments. See Note 5 to the Consolidated Financial Statements for additional disclosures related to the Company's investment portfolio.

Impact of New Accounting Standards

In May 1993, the Financial Accounting Standards Board issued SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities," which the Company will implement, effective January 1, 1994. Under the new rules, debt securities that the Company has both the positive intent and ability to hold to maturity will be carried at amortized cost. Debt securities that the Company does not have the positive intent to hold to maturity, as well as all marketable equity securities, will be classified as available for sale or trading and carried at fair value. Unrealized gains and losses on securities classified as available for sale will be carried as a separate component of Shareholders' Equity. Unrealized holding gains and losses on securities classified as trading will be reported in earnings. The effect of the new rules will be to increase Shareholders' Equity by approximately $300 million, net of taxes, as of January 1, 1994. The measurement of unrealized securities gains (losses) in Shareholders' Equity is affected by market conditions and, therefore, subject to volatility. The new rules will not have a material impact on the Company's results of operations.

SFAS No. 112, "Employers' Accounting for Postemployment Benefits," SFAS No. 114, "Accounting by Creditors for Impairment of a Loan," and FASB Interpretation No. 39, "Offsetting of Amounts Related to Certain Contracts," are not expected to have a material impact on the Company's results of operations or financial condition.

Travel Related Services

Results of Operations

TRS' net income increased to $895 million in 1993, compared with $243 million before the accounting change in 1992 (net income of $164 million after the accounting change) and $396 million in 1991. TRS reported pretax income of $1.2 billion in 1993, compared with $277 million before the accounting change in 1992 and $415 million in 1991.

Results for 1992 and 1991 included restructuring charges of $342 million ($492 million pretax) and $110 million ($177 million pretax), respectively. TRS' earnings, excluding the restructuring charges, were $585 million before the accounting change in 1992 and $506 million in 1991.

Worldwide Card billed business increased to $124 billion in 1993, compared with $118 billion in 1992 and $111 billion in 1991, reflecting higher average spending per Cardmember and growth in Corporate Card billed business. Domestic billed business was $89.8 billion in 1993, $82.0 billion in 1992 and $76.6 billion in 1991. International billed business was $34.3 billion in 1993, compared with $35.6 billion and $34.9 billion in 1992 and 1991, respectively. Worldwide Cards in force increased to 35.4 million in 1993, compared with 34.7 million in 1992 and 36.6 million in 1991. Total Cards in force for 1993 included the addition of approximately 900,000 Cards issued to U.S. government employees late in the year. Domestic Cards in force were 24.7 million in 1993, 24.3 million in 1992 and 25.8 million in 1991. International Cards in force were 10.7 million, compared with 10.4 million and 10.8 million in 1992 and 1991, respectively. Basic Cards in force totaled 26.0 million, compared with 25.5 million in 1992 and 26.5 million in 1991. The decline in worldwide Cards in force, excluding the Cards issued to U.S. government employees, reflected, in part, a focus on retaining the most profitable Cardmembers. The number of service establishments increased 6.6 percent to 3.6 million at December 31, 1993, compared with 3.4 million and 3.2 million at December 31, 1992 and 1991, respectively.

Travelers Cheque sales totaled $23.6 billion in 1993, compared with $24.0 billion and $22.6 billion in 1992 and 1991, respectively.

Net revenues (total revenues net of lending interest expense) declined slightly to $9.5 billion in 1993, compared with $9.8 billion and $9.4 billion in 1992 and 1991, respectively. The 1993 decline reflected discount rate reductions, a decrease in net Card fees, lower insurance premium revenue and lower net finance charge revenue. This decline was largely offset by an increase in Card billed business, reflecting higher spending per Cardmember and an increase in the number of service establishments accepting the Card, as well as growth in the Travel business. The 1992 increase reflected higher Card billed business and growth in the Travel business, which offset a decline in lending net finance charge revenue reflecting lower interest rates.

Discount revenue was $3.6 billion, compared with $3.7 billion in 1992 and $3.5 billion in 1991. The 1993 decline in discount revenue reflected a lower average discount rate, substantially offset by increased Cardmember spending. The increase in 1992 reflected increased Card billed business, partly offset by a decline in the average discount rate. Although the average discount rate will continue to decline, it will do so at a slower rate as most repricing is complete. Net Card fees were $1.7 billion, compared with $1.8 billion in both 1992 and 1991. The 1993 decrease reflected the decline in average Cards in force. Interest and dividend revenue totaled $724 million, compared with $720 million and $750 million in 1992 and 1991, respectively. Lending finance charge revenue was $1.3 billion, compared with $1.5 billion in 1992 and $1.7 billion in 1991. Lending net finance charge revenue declined 7.1 percent to $1.0 billion, compared with $1.1 billion in 1992 and $1.0 billion in 1991. The decline in 1993 reflected lower average balances, partly offset by higher net interest spreads.

Total expenses, excluding lending interest expense, were $8.3 billion in 1993, compared with $9.5 billion in 1992 and $9.0 billion in 1991. The 1993 decline reflected the benefit of ongoing reengineering initiatives, which offset costs associated with overall growth in business volumes and franchise building investments. Expenses for both 1992 and 1991 included the restructuring charges discussed above. The provision for losses and claims was $1.6 billion, compared with $2.2 billion in 1992 and $2.6 billion in 1991. The decline in 1993 reflected actions taken last year to restructure the portfolio, as well as ongoing improvements in credit management. The worldwide charge Card provision was $792 million, compared with $997 million in 1992 and $1.1 billion in 1991. The declines in 1993 and 1992 reflected continued improvement in Card credit experience compared with 1991. The worldwide lending provision was $427 million in 1993, $793 million in 1992 and $1.1 billion in 1991. The declines reflected continued improvement in the credit quality of the worldwide lending portfolio. Interest expense, excluding lending interest expense which is included in net revenues above, totaled $799 million, compared with $899 million in 1992 and $1.0 billion in 1991. The decline in 1993 and 1992 reflected lower borrowing rates. Worldwide charge Card interest expense totaled $662 million, compared with $788 million and $998 million in 1992 and 1991, respectively. Human resources expense declined to $2.2 billion, compared with $2.3 billion in 1992 and $2.0 billion in 1991. The 1992 increase primarily reflected growth in the Travel business. Marketing and promotion expense totaled $1.1 billion in both 1993 and 1992 and $1.0 billion in 1991. Other operating expenses increased in 1992 as a result of growth in the Travel business, the cost of Cardmember loyalty programs and other initiatives designed to build the TRS franchise.

The reengineering efforts launched in early 1992 established a target of $1.0 billion in savings by the end of 1994 based on 1991 volumes and business mix. TRS realized expense savings of $929 million net of franchise building investments in 1993. These savings primarily resulted from reduced credit losses and savings in operating expenses. Of the $492 million (pretax) 1992 restructuring charge, the remaining $287 million reserve is expected to be utilized for its originally intended purpose.

TRS' asset securitization program, which began in the third quarter of 1992, resulted in net discount expense of $219 million in 1993 and $100 million in 1992 and servicing fee revenue of $54 million in 1993 and $35 million in 1992, reduced the provision for credit losses by $89 million in 1993 and $41 million in 1992, and reduced interest expense, with no material impact on net income for the years ended December 31, 1993 or 1992.

Financial Condition

TRS utilizes a number of methods to fund its Cardmember receivables and lending activities. Other operating activities are funded through operations. TRS generally issues debt securities to fund acquisitions and large capital additions. Funding for its Cardmember receivables activities is provided by American Express Credit Corporation (Credco) through the sale of commercial paper and debt securities, and borrowing under lines of credit, as well as through operations, and by American Express Receivables Financing Corporation (RFC) through an asset-backed securitization program. Funding for its lending activities is provided primarily by American Express Centurion Bank (Centurion Bank) through deposit liabilities and other borrowings. TRS also enters into interest rate and foreign exchange contracts to meet its foreign currency funding needs for Cardmember receivables and loans denominated in foreign currencies and to minimize its funding costs.

In 1993 and 1992, TRS sold certain Cardmember receivables to RFC, which transferred such receivables to a trust. The trust issued trust certificates in a public offering in the amount of $600 million due 2000 in 1993, and $500 million due 1997 and $500 million due 1999 in 1992.

Total debt outstanding at December 31, 1993 and 1992 was $16.8 billion and $15.3 billion, respectively, of which $14.1 billion and $12.4 billion, respectively, was due within one year. Through Credco and Centurion Bank, TRS issued in 1993 approximately $1.6 billion of medium- and long-term debt at various rates and maturities. The proceeds of these issuances were used to fund Card and lending accounts receivable. Additionally, in 1993, TRS issued $125 million of Senior Floating Rate Notes due 1998, the proceeds of which were used to finance an international travel business acquisition. At December 31, 1993, Credco had approximately $810 million of medium- and long-term debt available for issuance under shelf registrations filed with the Securities and Exchange Commission.

TRS, primarily through Credco, maintained average commercial paper outstanding of approximately $8.7 billion at an average interest rate of 3.2 percent in 1993 and approximately $7.7 billion at an average interest rate of 3.8 percent in 1992, and had available unused lines of credit of approximately $4.4 billion at December 31, 1993 to support a portion of its commercial paper borrowings.

Borrowings under bank lines of credit totaled $1.1 billion at December 31, 1993 and $1.4 billion at December 31, 1992. Additionally, funding provided by Centurion Bank's certificate of deposit program was $505 million in 1993 and $841 million in 1992.

Total assets were $40.5 billion and $38.1 billion at December 31, 1993 and 1992, respectively. Accounts receivable and accrued interest totaled $15.8 billion at December 31, 1993 and $13.8 billion at December 31, 1992. Loans and discounts were $8.6 billion and $8.7 billion at December 31, 1993 and 1992, respectively. Average Travelers Cheques outstanding increased to $5.0 billion at December 31, 1993 from $4.8 billion at December 31, 1992. Travelers Cheques outstanding were $4.8 billion and $4.7 billion at December 31, 1993 and 1992, respectively.

IDS Financial Services

Results of Operations

IDS Financial Services' (IDS) net income increased 21 percent to $358 million in 1993, compared with $297 million before the accounting change in 1992 (net income of $277 million after the accounting change) and $248 million in 1991. Revenues increased 9.8 percent to $3.2 billion in 1993, compared with $2.9 billion and $2.6 billion in 1992 and 1991, respectively. Revenue and earnings growth in 1993 and 1992 benefited primarily from an increase in management fees and net investment income that resulted from higher asset levels. Results in 1993 and 1992 also benefited from wider investment margins. Pretax income totaled $518 million in 1993, compared with $408 million before the accounting change in 1992 and $314 million in 1991.

IDS' financial planning field force totaled 7,655 at December 31, 1993, compared with 7,313 and 6,776 at December 31, 1992 and 1991, respectively. Total product sales increased during 1993 and 1992. Product sales generated from financial plans were approximately 58 percent of total sales in 1993, compared with approximately 50 percent in 1992 and approximately 48 percent in 1991. The IDS field force completed nearly 103,000 financial plans for clients in 1993, compared with over 85,000 in 1992 and nearly 67,000 in 1991. Mutual fund sales increased 23 percent to $8.6 billion in 1993, compared with $7.0 billion and $5.7 billion in 1992 and 1991, respectively. The increases in mutual fund sales were broad based with increases in sales of both equity and income funds. Annuity sales increased 15 percent to $4.1 billion in 1993, compared with $3.6 billion in 1992 and $2.5 billion in 1991. The increases in annuity sales reflected increased sales of annuities with equity investment options. Sales of investment certificates declined 13 percent in 1993, compared with a 27 percent decline in 1992, reflecting an overall decline in short-term rates. Life and other insurance sales increased 34 percent in 1993, compared with an increase of 24 percent in 1992, reflecting increased sales of universal life insurance in both years.

Investment income increased 5.7 percent to $2.0 billion in 1993, compared with $1.9 billion in 1992 and $1.8 billion in 1991. The increases primarily reflected higher asset levels, partly offset by lower investment yields. Commissions and fees increased 22 percent to $727 million, compared with $598 million and $468 million in 1992 and 1991, respectively. The increases reflected management fees earned on a higher asset base and distribution fees earned on higher mutual fund sales.

Total expenses were $2.6 billion in 1993, compared with $2.5 billion in 1992 and $2.2 billion in 1991. The provision for annuity benefits, the largest component of expenses, totaled $1.1 billion, compared with $1.0 billion and $939 million in 1992 and 1991, respectively. The increases reflected higher annuities in force, partially offset by lower accrual rates. The provision for insurance benefits totaled $321 million, compared with $308 million in 1992 and $276 million in 1991, reflecting increased life insurance in force in 1993 and 1992. The provision for investment certificates declined to $124 million, compared with $178 million in 1992 and $264 million in 1991. The declines reflected lower investment certificates in force and lower accrual rates. Human resources expense increased 19 percent to $757 million, compared with $635 million and $541 million in 1992 and 1991, respectively. The increases reflected an increase in the number of employees and financial planners, and increased commissionable sales. Other operating expenses increased to $172 million, compared with $130 million in 1992 and $42 million in 1991. Other operating expenses for all years included provisions for estimated insurance industry guarantee association assessments. Other operating expenses for 1992 also reflected the effect of a $35 million legal settlement.

Financial Condition

Total assets owned increased 17 percent to $37.4 billion at December 31, 1993 from $31.9 billion at December 31, 1992. Investments totaled $24.6 billion at December 31, 1993, compared with $22.4 billion at December 31, 1992. IDS' investments are comprised primarily of mortgage-backed securities and corporate bonds and obligations, including below investment grade debt securities of $2.1 billion and $1.6 billion in 1993 and 1992, respectively. Investments are principally funded by sales of insurance and annuities, and by reinvested income. Maturities of IDS' investments are matched, for the most part, with the expected future payments of insurance and annuity obligations. Assets under management increased 21 percent to $62.3 billion at December 31, 1993 from $51.4 billion at December 31, 1992, reflecting sales in excess of redemptions and market appreciation.

Assets held in segregated accounts increased to $9.0 billion at December 31, 1993 from $6.2 billion at December 31, 1992. These assets, primarily investments carried at market value, are held for the exclusive benefit of variable annuity and variable life insurance contract holders. IDS earns investment management and administration fees from the related funds.

Deferred annuities in force totaled $25.8 billion at December 31, 1993, compared with $21.1 billion at December 31, 1992. The face amount of investment certificates outstanding was $3.6 billion and $3.9 billion at December 31, 1993 and 1992, respectively. Life insurance in force increased 13 percent to $46.1 billion at December 31, 1993 from $40.9 billion at December 31, 1992.

American Express Bank

Results of Operations

American Express Bank's (the Bank) net income was $81 million in 1993, compared with $26 million before the accounting change in 1992 (net income of $19 million after the accounting change) and $60 million in 1991. Results for 1993 included a $5.4 million benefit from the impact of the change in the U.S. federal income tax rate on the Bank's net deferred tax assets. Results for 1993 also reflected a lower level of credit-related reserves, growth in fee income and foreign exchange activities and benefits from continued lower short-term funding costs. Results for 1992 reflected the recognition of additional reserves on credit-related exposures, principally those associated with discontinued commercial real estate lending activities in the United Kingdom, as well as restructuring charges. Partially offsetting these items in 1992 were higher net revenues reflecting growth within the Asian/Pacific markets and the net benefits associated with lower short-term funding costs. The Bank's pretax income was $117 million in 1993, compared with $14 million before the accounting change in 1992 and $38 million in 1991.

Net interest income totaled $292 million in 1993, compared with $286 million and $231 million in 1992 and 1991, respectively. Net interest income in 1993 and 1992 reflected improved net interest earnings within the Asian/Pacific markets and benefits realized from lower short-term funding costs. The net yield on interest-earning assets (net interest income on a tax equivalent basis as a percentage of total average interest-earning assets) was 2.48 percent in 1993, compared with 2.27 percent in 1992 and 1.90 percent in 1991. Noninterest income, consisting primarily of commissions, fees and other revenues, totaled $299 million, compared with $260 million in 1992 and $239 million in 1991. The increase in 1993 primarily reflected growth in private banking and correspondent banking fee income and improved foreign exchange results. The 1992 increase primarily reflected lower writedowns of certain investment assets, as well as growth in fees from correspondent banking services.

Noninterest expenses, excluding the provision for credit losses, totaled $440 million in 1993, compared with $438 million in 1992 and $407 million in 1991. The increase in 1993 and 1992 noninterest expenses reflected additional expenses to support the Bank's ongoing investment in the Asian/Pacific markets. Noninterest expenses in 1992 also included the recognition of restructuring charges associated with the Bank's headquarters operation and certain other overseas businesses.

The provision for credit losses was $34 million in 1993, compared with $94 million and $25 million in 1992 and 1991, respectively. The 1992 provision reflected the recognition of a reserve on the Bank's U.K. commercial real estate loan portfolio, additional reserves on other identified credit-related exposures and an overall increase in credit loss reserve coverage. The 1991 provision included an $18 million benefit from the sale of the lesser developed country term loan portfolio and significant write-offs on credit-related nonperforming loans.

In 1993, the Bank recognized an income tax provision of $36 million, compared with an income tax benefit of $12 million and $22 million in 1992 and 1991, respectively. A smaller proportion of the Bank's overall income was derived from tax-exempt interest in 1993. In addition, tax benefits in 1991 included the recognition of previously unrecognized income tax benefits.

Financial Condition

The Bank's assets totaled $13.6 billion and $13.7 billion at December 31, 1993 and 1992, respectively.

Total loans were $5.1 billion at December 31, 1993, compared with $4.8 billion at December 31, 1992. The reserve for credit losses was $111 million and $134 million at December 31, 1993 and 1992, respectively. The Bank's credit loss reserve coverage was 2.2 percent of total loans at December 31, 1993, compared with 2.8 percent at December 31, 1992. The decline in credit loss reserve coverage reflected improvement in nonperforming loans. Total loan write-offs, net of recoveries, were $36 million in 1993 and $48 million in 1992. Total nonperforming loans were $43 million at December 31, 1993, compared with $102 million at December 31, 1992. The decline in nonperforming loans primarily reflected improvement in the U.K. real estate loan portfolio. The Bank's other nonperforming assets (in-substance foreclosures, other real estate owned and assets acquired in loan settlements) totaled $89 million and $83 million at December 31, 1993 and 1992, respectively. The increase in nonperforming assets was principally related to an in-substance foreclosure of a real estate loan, partially offset by sales of previously foreclosed real estate properties.

American Express Bank Ltd.'s (AEBL) risk-based capital ratios were 6.3 percent for Tier 1 Capital and 10.2 percent for Total Capital at December 31, 1993, compared with 5.7 percent and 9.1 percent, respectively, at December 31, 1992. AEBL's leverage ratio was 4.4 percent and 4.3 percent at December 31, 1993 and 1992, respectively.

Corporate and Other

Corporate and Other reported net income of $271 million in 1993, compared with net income of $12 million before accounting changes in 1992 (net income of $151 million after accounting changes) and net expenses of $97 million in 1991. For purposes of this discussion, Other includes the Company's share of FDC's net income. The above amounts for 1993 included $40 million reflecting the Company's share of FDC's net income for such period (net of an $8.9 million expense from the impact of the tax rate change on the Company's gain from the sale of FDC shares), compared with $92 million in 1992 and $118 million in 1991.

Before consideration of the Company's share of FDC's earnings, as well as the gains on the sales of FDC common stock and the Balcor reserves which are discussed below, Corporate and Other reported net expenses of $203 million in 1993, compared with net expenses of $205 million in 1992 and net expenses of $215 million in 1991.

As a result of its public offering of FDC common stock in April 1992, the Company's former 100 percent ownership interest in FDC was reduced to approximately 54 percent. In March 1993, the Company further reduced its ownership interest in FDC to approximately 22 percent by the sale of FDC shares. As a result of the Company's reduced ownership, effective January 1, 1993, FDC is reported under the equity method of accounting. The Company's equity in the net income of FDC is included in Other Expenses in the Consolidated Statement of Income for 1993. Results for 1993 included a gain of $433 million ($779 million pretax) on the Company's sale of FDC shares. Results for 1992 reflected a $425 million ($706 million pretax) gain from the FDC public offering and a $300 million ($388 million pretax) addition to reserves at Balcor. The gains from the sales of FDC shares and the Balcor reserves are included in Other Expenses in the Consolidated Statements of Income.

1993 net income included a $2.3 million benefit from the impact of the change in the U.S. federal income tax rate on Corporate and Other's net deferred tax assets. Results for 1992 included a $147 million benefit related to the adoption of SFAS No. 109 and an after-tax charge to earnings of $8.0 million representing the cumulative effect of adopting SFAS No. 106.

CONSOLIDATED STATEMENT OF INCOME
American Express Company

Years Ended December 31, (millions, except per share amounts)	1993	1992	1991
REVENUES			
Commissions and fees	$ 7,818	$ 8,817	$ 8,170
Interest and dividends	4,914	5,207	5,439
Life insurance premiums	702	776	711
Other	739	687	646
Total	14,173	15,487	14,966
EXPENSES			
Human resources	3,380	3,714	3,225
Interest	1,783	2,171	2,761
Provisions for losses and benefits:			
Banking, credit and other	1,238	1,901	2,304
Annuities	1,135	1,137	1,039
Life insurance	610	596	539
Investment certificates	124	178	264
Marketing and promotion	1,091	1,113	1,042
Occupancy and equipment	965	1,167	1,101

Professional services	598	526	458
Communications	357	419	374
Other	566	1,669	1,237
Total	11,847	14,591	14,344
Pretax income from continuing operations before accounting changes	2,326	896	622
Income tax provision (benefit)	721	318	15
Income from continuing operations before accounting changes	1,605	578	607
Discontinued operations, net of income taxes	(127)	(149)	182
Income before accounting changes	1,478	429	789
Cumulative effect of accounting changes, net of income taxes	-	32	-
Net income	$ 1,478	$ 461	$ 789
EARNINGS PER COMMON SHARE			
Income from continuing operations before accounting changes	$ 3.17	$ 1.12	$ 1.21
Discontinued operations	(.25)	(.31)	.38
Income before accounting changes	2.92	.81	1.59
Cumulative effect of accounting changes	-	.07	-
Net income	$ 2.92	$ .88	$ 1.59

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEET
American Express Company

December 31, (millions of dollars)	1993	1992
ASSETS		
Cash and cash equivalents	$ 3,312	$ 3,408
Accounts receivable and accrued interest, less reserves: 1993, $796; 1992, $1,124	16,142	15,293
Investments	39,308	37,629
Loans and discounts, less reserves: 1993, $655; 1992, $911	14,796	14,750
Land, buildings and equipment-at cost, less accumulated depreciation: 1993, $1,441; 1992, $1,554	1,976	2,318
Assets held in segregated asset accounts	8,992	6,274
Deferred acquisition costs	2,025	1,825
Other assets	7,581	8,615
Total assets	$94,132	$90,112
LIABILITIES AND SHAREHOLDERS' EQUITY		
Customers' deposits and credit balances	$11,131	$11,637
Travelers Cheques outstanding	4,800	4,729
Accounts payable	3,737	3,858
Insurance and annuity reserves:		
Fixed annuities	19,149	17,040
Life and disability policies	4,257	3,853
Investment certificate reserves	2,752	3,232
Short-term debt	12,489	11,163
Long-term debt	8,561	8,614
Liabilities related to segregated asset accounts	8,992	6,274
Other liabilities	9,530	12,213
Total liabilities	85,398	82,613
SHAREHOLDERS' EQUITY:		
Preferred shares, $1.66 2/3 par value, authorized 20,000,000 shares		
Convertible Exchangeable Preferred shares, issued and outstanding 4,000,000 shares		

in 1993 and 1992, stated at liquidation value	200	200
$216.75 CAP Preferred shares, issued and outstanding 122,448.98 shares in 1993 and 1992, stated at par value (liquidation value of $300)	1	1
Common shares, $.60 par value, authorized 1,200,000,000 shares; issued and outstanding 489,827,852 shares in 1993 and 479,976,358 shares in 1992	294	288
Capital surplus	3,784	3,534
Net unrealized securities gains (losses)	7	(1)
Foreign currency translation adjustment	(73)	(83)
Deferred compensation	(128)	(137)
Retained earnings	4,649	3,697
Total shareholders' equity	8,734	7,499
Total liabilities and shareholders' equity	$94,132	$90,112

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
American Express Company

Years Ended December 31, (millions)	1993	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES			
Income from continuing operations	$ 1,605	$ 578	$ 607
Adjustments to reconcile income from continuing operations to net cash provided (used) by operating activities:			
Provisions for losses and benefits	1,627	2,213	2,654
Depreciation, amortization, deferred taxes and other	411	410	382
Changes in operating assets and liabilities, net of effects of acquisitions/dispositions:			
Accounts receivable and accrued interest	(982)	199	(119)
Other assets	(987)	184	(2,070)
Accounts payable and other liabilities	355	517	390
Increase in Travelers Cheques outstanding	72	481	145
Increase in insurance reserves	452	366	417
Restructuring charges	-	492	177
Gain on sale of FDC	(779)	(706)	-
Balcor reserves	-	388	-
Net cash flows used by operating activities of discontinued operations	(1,361)	(6,268)	(3,107)
Net cash provided (used) by operating activities	413	(1,146)	(524)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from FDC public offerings, net of cash sold in 1993	871	1,057	-
Sale of investments	2,296	2,995	7,092
Maturity and redemption of investments	8,308	7,463	4,718
Purchase of investments	(13,802)	(14,785)	(14,245)
Net increase in Cardmember receivables	(1,924)	(150)	(1,631)
Proceeds from repayment of loans	18,817	13,670	10,239
Issuance of loans	(19,465)	(13,821)	(11,961)
Sale of land, buildings and equipment	120	95	62
Purchase of land, buildings and equipment	(286)	(451)	(575)
Acquisitions/dispositions, net of cash acquired/sold	121	(94)	(299)
Net cash flows provided by investing activities of discontinued operations	2,467	23	3,357
Net cash used by investing activities	(2,477)	(3,998)	(3,243)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase (decrease) in customers' deposits and credit balances	29	(1,020)	(985)
Sale of investment and annuity certificates	5,217	5,458	5,177
Redemption of investment and annuity			

certificates	(3,748)	(3,283)	(3,022)
Net increase (decrease) in short-term debt	(253)	122	(1,193)
Issuance of long-term debt	13,561	8,938	12,084
Principal payments on long-term debt	(11,397)	(10,207)	(8,577)
Issuance of American Express common shares	259	159	162
Issuance of American Express preferred shares	-	-	300
Redemption of American Express Money Market Preferred shares	-	(150)	(150)
Dividends paid	(526)	(518)	(477)
Net cash flows provided (used) by financing activities of discontinued operations	(372)	4,913	157
Net cash provided by financing activities	2,770	4,412	3,476
Net change in cash and cash equivalents of discontinued operations	734	(1,332)	407
Effect of exchange rate changes on cash	(68)	(583)	(188)
Net increase (decrease) in cash and cash equivalents	(96)	17	(886)
Cash and cash equivalents at beginning of year	3,408	3,391	4,277
Cash and cash equivalents at end of year	$ 3,312	$ 3,408	$ 3,391

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
American Express Company

Three Years Ended December 31, 1993 (millions)	Total	Preferred Shares	Common Shares	Capital Surplus	Other	Retained Earnings
Balances at December 31, 1990	$6,635	$ 500	$ 279	$ 2,893	$ (511)	$ 3,474
Net income	789					789
Change in net unrealized securities gains (losses)	153				153	
Foreign currency translation adjustments	15				15	
Redemption of Money Market Preferred shares	(150)	(150)				
Issuance of $216.75 CAP Preferred shares	300	1		299		
Other changes, primarily benefit plans	214		4	178	47	(15)
Cash dividends declared:						
Preferred	(40)					(40)
Common, $.96 per share	(451)					(451)
Balances at December 31, 1991	7,465	351	283	3,370	(296)	3,757
Net income	461					461
Change in net unrealized securities gains (losses)	36				36	
Foreign currency translation adjustments	9				9	
Redemption of Money Market Preferred shares	(150)	(150)				
Other changes, primarily benefit plans	199		5	164	30	
Cash dividends declared:						
Preferred	(43)					(43)
Common, $1.00 per share	(478)					(478)
Balances at December 31, 1992	7,499	201	288	3,534	(221)	3,697
Net income	1,478					1,478
Change in net unrealized securities gains (losses)	8				8	
Foreign currency translation adjustments	10				10	
Other changes, primarily benefit plans	268		6	250	9	3

Cash dividends declared:						
Preferred	(42)					(42)
Common, $1.00 per share	(487)					(487)
Balances at December 31, 1993	$ 8,734	$ 201	$ 294	$ 3,784	$ (194)	$ 4,649

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
American Express Company

Note 1 Summary of Significant Accounting Policies

Principles of Consolidation: The accompanying Consolidated Financial Statements include the accounts of American Express Company and its subsidiaries (the Company). All significant intercompany transactions are eliminated. As discussed in Note 2, Lehman Brothers (Lehman), formerly Shearson Lehman Brothers, is presented as a discontinued operation. Accordingly, prior years' amounts have been restated.

As a result of the public offerings of First Data Corporation's (FDC) common stock described in Note 3, the Company owns approximately 22 percent of the outstanding shares of FDC common stock. Accordingly, effective January 1, 1993, FDC is no longer consolidated in the Company's financial statements, but is accounted for under the equity method. Prior years' amounts have not been restated.

Certain prior years' amounts have been reclassified to conform to the current year's presentation.

Foreign Currency: Revenues and expenses are translated at average monthly exchange rates during the year. Assets and liabilities denominated in foreign currencies are translated into U.S. dollars based upon exchange rates prevailing at the end of each year. The resulting translation adjustment is a component of Shareholders' Equity. In countries with highly inflationary economies, foreign currency denominated nonmonetary items, primarily fixed assets, are translated at historical exchange rates, with the remaining assets and liabilities translated at prevailing year-end rates and the resulting gains and losses recognized currently in income.

Net foreign currency transaction gains included in income from continuing operations in 1993, 1992 and 1991 amounted to $148 million, $109 million and $113 million, respectively, net of income taxes. These amounts exclude the effects of intermediary and trading activities at American Express Bank, which are recorded in Commissions and Fees in the Consolidated Statement of Income.

Net Income Per Share: Net income per share is computed on the basis of the weighted monthly average number of common shares outstanding and common share equivalents (dilutive stock options and $216.75 CAP Preferred shares, as well as certain convertible debt) and after adjustment for dividends on preferred shares and interest on the convertible debt. The weighted average shares used in the computations were 500,138,000; 476,766,000; and 469,754,000 for 1993, 1992 and 1991, respectively.

Investments: Debt securities and investment mortgage loans are carried at amortized cost, except where there is an other than temporary decline in value, in which case the investments are carried at estimated realizable value. The Company has the ability and, absent unforeseen circumstances, the intent to recover the costs of these investments by holding them until maturity. All non-redeemable preferred and common stocks owned by life insurance subsidiaries are carried at market with unrealized appreciation or depreciation included in Net Unrealized Securities Gains (Losses) in Shareholders' Equity. Other preferred and common stocks are generally carried at the lower of aggregate cost or market, except mandatorily redeemable preferred stocks, which are carried at cost. In the event of an other than temporary decline in value, preferred and common stocks are carried at their estimated realizable value.

Securities Sold Under Agreements to Repurchase: Other Liabilities include securities sold under repurchase agreements resulting from a financing transaction between TRS and Lehman, that is collateralized by U.S. Government obligations and is carried at the amount at which the securities will subsequently be repurchased. At December 31, 1993 and 1992, the liability to Lehman for securities sold under repurchase agreements totaled $3.4 billion and $3.3 billion, respectively, at weighted average interest rates of 3.45% and 4.22%, respectively.

Off-Balance-Sheet Financial Instruments: The Company primarily enters into off-balance-sheet financial instruments in order to hedge its interest rate and foreign currency exposures, as well as to satisfy the financing needs of its clients.

Interest Rate Contracts: Interest rate contracts are primarily used to manage interest rate exposures. Gains and losses from interest rate contracts which are designated and effective as hedges are deferred and recognized over the expected life of the hedged item.

Foreign Currency Products: Foreign currency products are used for trading on behalf of customers and, to a lesser extent, for the Company's own account, and primarily to hedge net monetary positions in foreign currencies, net investments in foreign entities or identifiable firm foreign currency commitments. Foreign currency trading products are valued at market, with unrealized gains and losses recognized currently in income. Gains and losses from foreign currency products designated and effective as hedges are reflected in the measurement of the related hedged instruments.

Commitments and Guarantees: Commitments and guarantees are generally recorded in the Consolidated Balance Sheet when the Company makes payment on these obligations. Fees attributable to commitments and guarantees issued are generally recognized in income over the life of the commitment.

Annuity and Life Insurance Accounting: Profits on annuity products are recognized over the lives of the annuity contracts and represent the excess of income earned from investment of contract considerations over interest credited to contract owners and other expenses. For universal life-type and single premium life insurance, the profits are recognized over the lives of the policies in proportion to the estimated gross profits expected to be realized. Premiums on traditional life insurance and disability income and health insurance policies are recognized as revenues when collected or due, and related benefits and expenses are associated with premium revenue in a manner that results in recognition of profits over the lives of the insurance policies.

For annuity products, deferred acquisition costs (principally sales compensation and other costs of issuing new policies) are amortized in proportion to investment margins. These costs for universal life-type and single premium life insurance are amortized over the life of the policy as a percentage of the estimated gross profits expected to be realized on the policy. The deferred acquisition costs for traditional life insurance and disability income and health insurance policies are amortized over an appropriate period in proportion to premium revenue.

Assets and liabilities relating to segregated asset accounts represent funds held for the exclusive benefit of the variable annuity and variable life insurance contract holders. The Company receives investment management fees, mortality and expense assurance fees, minimum death benefit guarantee fees and cost of insurance charges from the related accounts.

Statement of Cash Flows: The Company has defined cash and cash equivalents as cash and time deposits, excluding those that are restricted by law or regulation.

In 1993, 1992 and 1991, the Company paid interest (net of amounts capitalized) of $1.9 billion, $1.9 billion and $2.1 billion, respectively. Net income taxes paid during 1993, 1992 and 1991 were $639 million, $576 million and $250 million, respectively, and include estimated tax payments, as well as cash settlements relating to prior tax years.

Accounting Changes: Effective January 1, 1992, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes". See Note 11.

Effective January 1, 1992, the Company adopted SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," for the Company's U.S. retiree health and other welfare benefit plans. See Note 10.

Note 2 Lehman Brothers Spin-Off

Summary of Proposed Transaction

On January 24, 1994, the Company's Board of Directors approved a plan to complete a tax-free spin-off of the common stock of the Company's subsidiary, Lehman Brothers Holdings Inc., through a special dividend to American Express common shareholders. The final transaction, which is subject to a number of conditions, is expected to close late in the second quarter of 1994. In anticipation of this transaction, Lehman's results are reported as a discontinued operation in the Consolidated Financial Statements for all periods presented. The assets and liabilities of Lehman have been reported in the Consolidated Balance Sheet as net assets of discontinued operations and are included in Other Assets.

Prior to the spin-off, the Company will add approximately $1.1 billion of additional equity capital to Lehman, representing:

- - - The Company's purchase of $890 million of newly-issued Lehman common shares, which will be included in the subsequent dividend to American Express common shareholders.

- - - The Company's purchase of $200 million of newly-issued Lehman perpetual voting preferred shares which will be held for investment purposes.

In addition, approximately $160 million of newly-issued Lehman common shares will be purchased by Lehman employees. Approximately $60 million of this amount will come from an employee ownership plan established in 1993.

Subsequent to the spin-off, the Company will receive 50 percent of any Lehman net income over $400 million per year, not to exceed $50 million per year, for each of the next eight years. In addition, the Company will receive the revenue and earnings-related participations due to Lehman from Travelers Corporation as part of the sale of certain Lehman Brothers Inc. retail and asset management businesses (SLB) in 1993. The Travelers participations will yield a maximum of $50 million pretax annually for the next three years, depending on the revenues of Smith Barney Shearson, plus ten percent of after-tax profits of Smith Barney Shearson in excess of $250 million per year over a five-year period.

The special dividend to American Express common shareholders would represent all of the common shares of Lehman held by the Company, including common shares that will be received in exchange for $250 million of Lehman Money Market Preferred Stock currently held by the Company. Subsequent to the spin-off, the Company will not be represented on Lehman's Board of Directors and there will be no directors in common between the two companies.

Discontinued Operations

Discontinued operations include Lehman's continuing core businesses, the income of two businesses sold by Lehman in 1993, SLB and The Boston Company (TBC), as well as the net loss incurred by Lehman related to those sales. Discontinued operations are summarized as follows:

Years ended December 31, (millions)	1993	1992	1991
Net revenues	$ 5,431	$5,993	$5,405
Income (loss) before accounting changes	(102)	(116)	207
Components of income (loss) before accounting changes:			
Income (loss) from Lehman's continuing core businesses	376	(248)	168
TBC operations	24	77	10
SLB operations	63	55	29
Gain on sale of TBC	165	-	-
Loss on sale of SLB	(630)	-	-
Non-core business reserves	(100)	-	-
Income (loss) before accounting changes	(102)	(116)	207
Accounting changes	-	(8)	-
	(102)	(124)	207
Preferred dividends	(25)	(25)	(25)
Discontinued operations	$ (127)	$ (149)	$ 182

Lehman's balance sheet is summarized as follows:

December 31, (millions)	1993	1992
Assets		
Cash and segregated cash	$ 2,406	$ 2,767

Receivables	10,398	11,249
Securities purchased under agreements to resell	26,046	26,476
Securities and commodities owned	35,699	35,570
Other assets	5,925	16,274
Total assets	$80,474	$92,336
Liabilities and Stockholders' Equity		
Short-term borrowings	$10,208	$14,863
Securities sold under agreements to repurchase	39,191	37,185
Securities and commodities sold but not yet purchased	8,313	11,442
Long-term debt	9,899	7,680
Other liabilities	10,811	18,805
Total liabilities	78,422	89,975
Stockholders' equity	2,052	2,361
	$80,474	$92,336

Pro Forma Effects of Transaction

On a pro forma basis, the spin-off would have reduced 1993 income from continuing operations by $7 million ($19 million pretax), or $.01 per share. This reduction is due to the loss of $23 million ($35 million pretax) interest income on $1,090 million of funds assumed to have been infused into Lehman by the Company as of January 1, 1993 at the rate of approximately two percent after-tax (the Company's average return on short-term investments for 1993), offset by preferred dividend income of $16 million on the new $200 million preferred stock of Lehman to be received by the Company at an assumed dividend rate of eight percent. On a pro forma basis, the impact on the December 31, 1993 Consolidated Balance Sheet would be to: reduce Cash and Cash Equivalents by $890 million, representing the purchase of Lehman common stock to be spun off; reduce Cash and Cash Equivalents and increase Investments by $200 million representing the investment in the newly-issued Lehman preferred stock; reduce Other Assets by $1,544 million representing the dividend of the Company's current investment in Lehman; and reduce Retained Earnings by $2,434 million representing the dividend of the Company's pro forma investment in Lehman, after giving effect to the additional $890 million of common stock to be purchased prior to the transaction.

Note 3 First Data Corporation

In April 1992, the Company and FDC completed an initial public offering of 50.6 million shares of FDC's common stock at $22 per share. The offering included 46.6 million shares sold by the Company and four million shares sold by FDC. The transaction raised a total of $1.1 billion. The Company received net proceeds of $974 million, which were used for general corporate purposes, while FDC received net proceeds of $83 million. The Company recognized a $706 million pretax gain from the sale ($425 million after-tax), which is included in Other Expenses in the 1992 Consolidated Statement of Income. The outstanding common stock of FDC after the offering totaled approximately 110 million shares. As a result of the offering, the Company's ownership interest in FDC was reduced from 100 percent to approximately 54 percent of FDC's outstanding common shares.

In March 1993, the Company further reduced its ownership interest in FDC to approximately 22 percent through a public offering of 34.6 million shares of FDC common stock at $32 per share. The Company received net proceeds of approximately $1.1 billion, which are being used for general corporate purposes. The Company recognized a $779 million pretax gain from the sale ($433 million after-tax), which is included in Other Expenses in the 1993 Consolidated Statement of Income.

As a result of the Company's reduced ownership, effective January 1, 1993, FDC is reported under the equity method of accounting and, therefore, is not consolidated in the Company's 1993 Consolidated Financial Statements. Prior years' financial statements have not been restated. The Company's equity in the 1993 net income of FDC was $40 million and is included in Other Expenses in the 1993 Consolidated Statement of Income. FDC's revenues were $1.2 billion and $1.0 billion in 1992 and 1991, respectively. FDC's expenses were $1.0 billion and $0.8 billion in 1992 and 1991, respectively. The Company's investment in FDC, which is included in Other Assets in the 1993 Consolidated Balance Sheet, had a net book value of $201 million at December

31, 1993. The Consolidated Balance Sheet at December 31, 1992 includes FDC assets of $3.9 billion and liabilities of $3.1 billion. Under a management agreement between FDC and Travel Related Services (TRS), FDC has agreed to indemnify TRS against any losses, damages and costs with respect to FDC's payment instruments and consumer funds transfer business which FDC manages on TRS' behalf. FDC's assets and liabilities relative thereto are consolidated in the Company's Consolidated Balance Sheet at December 31, 1992.

In October 1993, the Company issued Debt Exchangeable for Common Stock of FDC. See Note 12.

Note 4 Cash and Cash Equivalents

Cash includes interest bearing deposits, which generally can be withdrawn in less than 30 days, amounting to approximately $1.2 billion and $666 million at December 31, 1993 and 1992, respectively. Time deposits at December 31, 1993 and 1992, which have original maturities of 90 days or less, had weighted average interest rates of 4.17 percent and 4.85 percent, respectively.

Note 5 Investments

Investments at Cost

Investments carried at amortized cost are distributed by type and maturity as presented below. Annual yields related to state and municipal obligations and preferred stocks have been increased to reflect the tax equivalent basis at the U.S. statutory rate.

<TABLE>
<CAPTION>

	December 31, 1993					December 31, 1992				
(dollars in millions)	Cost	Market	Gross Unreal-ized Gains	Gross Unreal-ized Losses	Weighted Average Tax Equivalent Yield*	Cost	Market	Gross Unreal-ized Gains	Gross Unreal-ized Losses	Weighted Average Tax Equivalent Yield*
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
U.S. Government and agencies obligations	$ 3,640	$ 3,641	$ 3	$ 2	3.6%	$ 3,297	$ 3,299	$ 2	-	3.7%
State and municipal obligations	4,943	5,367	425	1	7.9%	6,300	6,657	358	$ 1	10.6%
Corporate bonds and obligations	12,935	13,773	893	55	7.9%	11,393	11,798	542	137	8.4%
Foreign government obligations	1,508	1,538	38	8	9.7%	844	857	21	8	8.2%
Mortgage-backed securities	11,413	11,724	377	66	7.8%	11,086	11,447	420	59	8.7%
Investment mortgage loans and other	3,695	3,851	168	12	9.3%	3,590	3,636	70	24	9.5%
Total	$38,134	$39,894	$1,904	$ 144	7.6%	$36,510	$37,694	$1,413	$229	8.6%

</TABLE>

<TABLE>
<CAPTION>

	December 31, 1993		December 31, 1992	
	Cost	Market	Cost	Market
<S>	<C>	<C>	<C>	<C>
Due within 1 year	$ 5,669	$ 5,682	$ 5,275	$ 5,313
Due after 1 year through 5 years	4,819	5,085	4,352	4,487
Due after 5 years through 10 years	8,470	9,177	8,433	8,849
Due after 10 years	4,068	4,375	3,774	3,962
	23,026	24,319	21,834	22,611
Mortgage-backed securities	11,413	11,724	11,086	11,447
Investment mortgage loans and other	3,695	3,851	3,590	3,636
Total	$38,134	$39,894	$ 36,510	$ 37,694

==

*Calculated on securities cost.
</TABLE>

Notes: Proceeds from sales of investments held at cost were $2,061 million in 1993 and $2,134 million in 1992. Gross gains realized on those sales were $119 million for 1993 and $141 million for 1992. Gross losses on sales related to these investments were $111 million and $144 million in 1993 and 1992, respectively, and provisions for losses were $16 million for 1992.

Mortgage-backed securities include GNMA, FNMA and FHLMC securities totaling $11,231 million in 1993 and $10,936 million in 1992.

The market value of these investments equals fair value and is based on quoted market prices, where available. If quoted market prices are not available, fair value is based on quoted market prices of comparable instruments.

Other Investments

Investments carried at lower of cost or market were $343 million and $301 million at cost, and $362 million and $319 million at market for 1993 and 1992, respectively. Investments carried at market were $831 million and $818 million for 1993 and 1992, respectively.

Note 6 Loans and Discounts

December 31, (millions)	1993	1992
Consumer Loans:		
Installment and revolving credit	$ 9,348	$9,608
Other	171	224
Commercial Loans:		
Commercial and industrial	2,744	2,941
Mortgage and real estate	931	1,290
Loans to banks and other financial institutions	1,075	666
Loans to governments and official institutions	89	96
Other Loans	1,093	836
	15,451	15,661
Less: Reserve for credit losses	655	911
Total	$14,796	$ 14,750

Note: IDS Financial Services' mortgage loans of $2,231 million and $1,816 million in 1993 and 1992, respectively, are included in Investment Mortgage Loans and are reflected in Note 5.

At December 31, 1993 and 1992, the fair value of loans and discounts was $14.5 billion and $14.3 billion, respectively. For variable rate loans that reprice within a year where there has been no significant change in the counterparties' creditworthiness, fair values were based on carrying values. The fair values for all other loans were estimated using discounted cash flows, based on interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. Estimates of fair values for loans with significant credit deterioration were based on revised estimates of future cash flows discounted at rates commensurate with the risk inherent in the revised cash flow projections.

Note 7 Preferred Shares

In August 1991, the Company sold 122,448.98 non-transferable $216.75 CAP Preferred shares (CAP Preferred shares) to Berkshire Hathaway Inc. for $300 million. The securities have a maturity of three years, unless extended for an additional year, and pay a fixed dividend of $216.75 per share. The Company also has the option to redeem the CAP Preferred shares prior to maturity. The redemption price will be paid in common shares. If the CAP Preferred shares are not redeemed prior to maturity, the Company would exchange approximately 12 million common shares for such shares at maturity in payment of the redemption price. This amount is subject to adjustment in connection with the spin-off of Lehman discussed in Note 2. The number of common shares to be issued upon an earlier optional redemption would be fewer if the market price of the Company's common shares at that time exceeded the optional redemption price, which was initially $37.53 and will decline ratably to $33.79.

In January 1990, the Company sold to Nippon Life Insurance Company for $200 million, four million of the Company's $3.875 Convertible Exchangeable Preferred shares (Convertible Preferred shares) having a liquidation preference of $50 per share and paying dividends at an annual rate of 7.75 percent. The shares are convertible at the option of the holder into the Company's common shares at an initial conversion price of $42.50 per share. The Convertible Preferred shares are redeemable in whole at the option of the Company, for the Company's 7.75% Convertible Subordinated Debentures due 2015 at $1,000 principal amount of Debentures for each $1,000 liquidation preference of Convertible Preferred shares. The Company also has the option of redeeming the Convertible Preferred shares for cash at $52.33 and at prices declining to $50 per share on and after January 2000.

The Board of Directors is authorized to permit the Company to issue up to approximately 16 million additional preferred shares without further shareholder approval.

Note 8   Common Shares

Of the common shares authorized but unissued at December 31, 1993, 128,443,694 shares were reserved for issuance with respect to employee stock plans, employee benefit plans, convertible preferred stock and debentures, CAP Preferred shares, the dividend reinvestment plan and warrants.

In 1991, the Company's Board of Directors approved an arrangement to satisfy certain obligations of the Company and its subsidiaries over a five-year period by making contributions to various existing employee benefit plans and by making stock-based awards under existing compensation plans by the issuance of common shares. The Company has reserved up to 25 million common shares for such purposes to be issued through 1996.

The common shares activity for the three years ended December 31, 1993 is as follows:

	1993	1992	1991
Shares outstanding at beginning of year	479,976,358	472,165,838	464,473,929
Employee benefit plans, compensation and other	9,851,494	7,810,520	7,691,909
Shares outstanding at end of year	489,827,852	479,976,358	472,165,838

Note 9   Employee Stock Plans

Under the 1989 Long-Term Incentive Plan (the 1989 Plan), awards may be granted to officers, key employees and other key individuals who perform services for the Company and its participating subsidiaries. These awards may be in the form of stock options, stock appreciation rights, restricted stock, performance grants and other awards deemed by the Compensation, Benefits and Nominating Committee of the Board of Directors to be consistent with the purposes of the 1989 Plan. The Company also has options outstanding pursuant to a Director's Stock Option Plan. Stock options are granted at a price generally not less than the fair market value of the common shares at the date of grant. In addition, under the 1979 Long-Term Incentive Plan, which expired in April 1989 as to new grants, certain earned and outstanding awards can be paid in the form of debt convertible into the Company's common shares. At December 31, 1993, the face value of these debentures was $6,888,000 and the conversion price was $35.25 per share. No debentures were redeemed or converted in 1993.

There were 23,528,235; 3,437,116 and 8,478,073 common shares available for grant at December 31, 1993, 1992 and 1991, respectively, under various employee stock plans.

At December 31, 1993, options outstanding had an average exercise price of $28.73 per share and expiration dates ranging from February 26, 1994 to November 21, 2003.

The Company also has employee savings and thrift plans under which purchases of the Company's common shares are made by or for participating employees. In November 1993, the Company's Board of Directors authorized the termination of the Company's Stock Ownership Plan (SOP) and the Lehman

Brothers Holdings Inc. Board of Directors authorized the termination of the Lehman Brothers Holdings Inc. Stock Ownership Plan (ESOP), subject to approval by the Internal Revenue Service (IRS). Allocations of contributions to the SOP and the ESOP will cease as of the plan year ending December 31, 1993 and, if IRS approval is received, each of the plans will be terminated in 1994. The ESOP loan was paid off during 1993. The unpaid loan balance for the SOP will be repaid from trust assets and any additional amounts due on the loan will be repaid by the Company. The unpaid loan balance is recorded as a liability in the Consolidated Balance Sheet and an equal amount, representing deferred compensation, has been recorded as a reduction of Shareholders' Equity. The SOP deferred compensation amount has been reduced when payments were made on the debt. Total expenses associated with the repayments of the borrowings and the related allocation of shares to the employees' accounts vary due to the number of eligible employees and the number of shares allocated. These expenses were $15.0 million, $20.7 million and $8.6 million for 1993, 1992 and 1991, respectively. After all liabilities and expenses of the plan have been provided for, any remaining funds in the trust fund will be allocated among eligible employees' accounts.

The details of transactions provided in the following table include the plans described above.

	1993	1992	1991
Restricted stock awarded	1,584,052	1,321,448	937,364
Options outstanding at beginning of year	28,690,159	25,983,322	22,194,722
Option price	$10.00 to $67.09	$10.00 to $67.09	$ 4.08 to $67.09
Options granted	4,818,473	5,518,000	5,808,022
Option price	$22.59 to $35.63	$18.83 to $23.06	$18.81 to $27.13
Options exercised	4,526,835	561,889	442,582
Exercise price	$10.00 to $34.81	$10.30 to $23.88	$ 4.08 to $28.88
Options expired or canceled	3,248,122	2,249,274	1,576,840
Options outstanding at end of year	25,733,675	28,690,159	25,983,322
Option price	$10.30 to $67.09	$10.00 to $67.09	$10.00 to $67.09
Options exercisable at end of year	16,774,856	18,136,786	15,133,301

Certain equitable adjustments may be made with respect to the Company's employee stock plans in connection with the Lehman spin-off discussed in Note 2, which could affect the information presented in the table above.

Note 10 Retirement Plans

Pension Plans

The Company and certain subsidiaries have plans under which the cost of retirement benefits for eligible employees in the United States, measured by length of service, compensation and other factors, is currently being funded through trusts established under these plans. In addition, the Company sponsors certain unfunded, unqualified supplemental plans for which the aggregate accrued liability is not material. Funding of retirement costs for these plans complies with the applicable minimum funding requirements specified by the Employee Retirement Income Security Act of 1974, as amended. Most employees outside the United States are covered by local retirement plans, some of which are funded, or receive payments at the time of retirement or termination under applicable labor laws or agreements. Benefits under labor laws are generally not funded. Plan assets consist principally of equities and fixed income securities.

Net pension cost for 1993, 1992 and 1991 consisted of the following components (millions):

	1993	1992	1991
Service cost	$ 59	$ 69	$ 55
Interest cost	65	71	59
Actual return on plan assets	(116)	(45)	(99)
Net amortization and deferral	67	6	53
Net periodic pension cost	$ 75	$ 101	$ 68

The following table sets forth the funded status and amounts recognized in the Consolidated Balance Sheet for the Company's defined benefit plans, including certain unfunded, nonqualified supplemental plans, at December 31, 1993 and 1992:

(millions)	1993 Assets Exceed Accumulated Benefits	1993 Accumulated Benefits Exceed Assets	1992 Assets Exceed Accumulated Benefits	1992 Accumulated Benefits Exceed Assets
Actuarial present value of benefit obligations:				
Vested benefit obligation	$(438)	$(106)	$(348)	$(155)
Accumulated benefit obligation	$(478)	$(125)	$(385)	$(177)
Projected benefit obligation	$(738)	$(220)	$(640)	$(266)
Plan assets at fair value	708	24	616	87
Projected benefit obligation in excess of plan assets	(30)	(196)	(24)	(179)
Unrecognized net loss	19	11	11	1
Unrecognized prior service cost	-	21	28	5
Unrecognized net (asset) or obligation at transition	11	22	(10)	27
Adjustment required to recognize minimum liability	-	(11)	-	(6)
Pension asset (liability) included in the Consolidated Balance Sheet	$ -	$(153)	$ 5	$(152)

The range of assumptions used in the majority of the Company's plans at December 31, 1993 and 1992 was:

	1993	1992
Weighted average discount rates	7.0% to 8.0%	8.0% to 9.5%
Rates of increase in compensation levels	4.0% to 7.0%	6.0% to 7.5%
Expected long-term rate of return on assets	7.0% to 10.0%	9.0% to 11.5%

Other Postretirement Benefits

The Company sponsors postretirement benefit plans that provide health care, life insurance and other postretirement benefits to retired U.S. employees. The health care plans include participant contributions, deductibles, co-insurance provisions, limitations on the Company's obligation and service-related eligibility requirements. The Company generally pays these benefits as they are incurred.

Effective January 1, 1992, the Company adopted SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," for the Company's U.S. retiree health and other welfare benefit plans. SFAS No. 106 requires the accrual method of accounting for these benefits, rather than the Company's previous policy, which was to record these benefits as they were paid. The cumulative effect on 1992 results of adopting SFAS No. 106 was an after-tax charge of $114 million ($0.23 per share). In 1991, the amount paid was $6.1 million. Postretirement benefits other than pension benefits for non-U.S. employees are immaterial.

Net periodic postretirement benefit cost consisted of the following components:

(millions)	1993	1992
Service cost	$ 3	$ 4
Interest cost	15	14

Net periodic postretirement benefit cost	$ 18	$ 18

The following table sets forth the amount recognized in the Consolidated Balance Sheet for the Company's defined postretirement benefit plans (other than pension plans) at December 31, 1993 and 1992:

(millions)	1993	1992
Accumulated postretirement benefit obligation:		
Retirees	$(154)	$(119)
Fully eligible active plan participants	(30)	(33)
Other active plan participants	(28)	(29)
	(212)	(181)
Unrecognized net loss	26	2
Postretirement benefit liability included in the Consolidated Balance Sheet	$(186)	$(179)

The weighted average discount rate used in determining the accumulated postretirement benefit obligation for 1993 and 1992 was 7.25 percent and 8.50 percent, respectively. The rate of increase in the per capita cost of covered benefits was assumed to be 13 percent for 1994 and 15 percent for 1993; the rate in both years was assumed to decrease one percent per year to seven percent in 2000 and 2001, respectively, and remain at that level thereafter. An increase in the assumed health care cost trend rates by one percentage point in each year would increase the accumulated postretirement benefit obligation as of December 31, 1993 by $18 million and the aggregate of service and interest cost for 1993 by $1.3 million.

Note 11 Income Taxes

The Company adopted SFAS No. 109, "Accounting for Income Taxes," effective January 1, 1992. The cumulative effect of adopting SFAS No. 109 was an increase to 1992 income from continuing operations of $147 million ($0.30 per share).

The provision for income taxes consists of the following:

(millions)	1993	1992	1991
Federal	$ 551	$ 145	$(142)
State and local	72	62	25
Foreign	98	111	132
Total	$ 721	$ 318	$ 15

Accumulated net earnings of certain foreign subsidiaries, which totaled $314 million at December 31, 1993, are intended to be permanently reinvested outside the United States. Accordingly, federal taxes, which would have aggregated $110 million, have not been provided.

Deferred income tax assets and liabilities result from the recognition of temporary differences. Temporary differences are differences between the tax bases of assets and liabilities and their reported amounts in the financial statements that will result in differences between income for tax purposes and income for financial statement purposes in future years. The current and deferred components of the provision for income taxes consist of the following:

(millions)	1993	1992	1991
Current	$ 677	$ 604	$ 215
Deferred	44	(286)	(200)
Total	$ 721	$ 318	$ 15

At December 31, 1993 and 1992, the Company's net deferred tax assets consisted of the following:

(millions)	1993	1992
Gross deferred tax assets	$2,246	$2,359
Less: Valuation allowance	45	44
Deferred tax assets net of valuation allowance	2,201	2,315
Gross deferred tax liabilities	1,060	1,057
Net deferred tax assets	$1,141	$1,258

Gross deferred tax assets for 1993 and 1992 consist primarily of: reserves not yet deducted for tax purposes of $1,418 million and $1,553 million, respectively, and deferred Cardmember fees of $184 million and $178 million, respectively. Gross deferred tax liabilities for 1993 and 1992 consist primarily of: deferred acquisition costs of $632 million and $571 million, respectively, and accelerated depreciation of $145 million and $124 million, respectively.

The Company's valuation allowance relates to certain deferred tax assets for which realization requires taxable income in the subsidiary which gave rise to the deferred tax asset.

The aggregate income tax provision in 1993, 1992 and 1991 is different than that computed by using the U.S. statutory rate of 35 percent in 1993 and 34 percent in 1992 and 1991. The principal causes of the difference in each year are shown below:

(millions)	1993	1992	1991
Combined tax at U.S. statutory rate	$ 814	$ 305	$ 211
Changes in taxes resulting from:			
Tax-exempt interest income	(148)	(139)	(149)
Tax-exempt element of dividend income	(37)	(42)	(39)
Change in unrecognized deferred tax benefits	-	-	(42)
Change in valuation allowance	-	44	-
Reserves and charge-offs related to loans to lesser developed countries	-	-	(22)
FDC public offering	74	42	-
Foreign income taxed at rates other than U.S. statutory rate	(25)	17	27
State and local income taxes	25	36	17
Non-deductible amortization	4	19	8
Minority interest	-	17	-
Impact of rate change on net deferred tax assets	(30)	-	-
All other	44	19	4
Income tax provision	$ 721	$ 318	$ 15

Effective January 1, 1993, the U.S. federal income tax rate was increased from 34 percent to 35 percent. The Company's results for 1993 include a one-time benefit of $30 million from the impact of the rate change on the Company's net deferred tax assets.

Note 12 Long-Term Debt and Borrowing Agreements

December 31, (millions)	1993	1992
Floating Medium-Term Note due June 28, 1996	$945	$945
6.25% DECS due October 15, 1996	868	-
Floating Medium-Term Senior Notes due 1994-1997	424	444
8.625% Notes due July 15, 1994	300	299
6.125% Notes due June 15, 2000	300	-
8.50% Notes due August 15, 2001	298	297
5% Swiss Franc Bonds due October 14, 1996 to December 16, 1996	246	247
Other Senior Notes due 1994-2022 (7.97% and 8.38% weighted average interest rates at year-end 1993 and 1992, respectively)	1,798	2,991
Other fixed rate notes due 1994-2020		

(6.29% and 6.99% weighted average interest rates at year-end 1993 and 1992, respectively)	2,524	2,433
Other floating rate notes due 1994-2011 at various interest rates	858	958
Total	$8,561	$8,614

Aggregate annual maturities of long-term debt for the five years ending December 31, 1998 are as follows (millions): 1994, $2,372; 1995, $897; 1996, $3,097; 1997, $332; and 1998, $110.

Approximately $262 million of the long-term financing for the Company's headquarters building is secured by certain mortgages on the interests of the Company in the building.

The Floating Medium-Term Note due June 28, 1996 is payable to Lehman and relates to the Company's 1991 purchase of The Balcor Company from Lehman.

As of December 31, 1993, the parent company had standby credit facilities with a number of banks that provide approximately $1.0 billion in committed funds at various maturities through 1994. No borrowings have been made under any of these facilities.

In addition to the credit facilities discussed above, the Company has various facilities to obtain short-term credit, including borrowing agreements with banks and the issuance of commercial paper. Unused lines of credit in support of commercial paper borrowing arrangements were approximately $4.6 billion at December 31, 1993.

In October 1993, the Company issued 23,618,500 DECS (Debt Exchangeable for Common Stock), in the form of 6 1/4 percent Exchangeable Notes due October 15, 1996. The DECS were issued at a principal amount of $36.75 per DECS, resulting in net proceeds of approximately $842 million. At maturity, holders of DECS will receive, in exchange for the principal amount thereof, shares of FDC common stock, or at the Company's option, an equivalent amount of cash in lieu of such shares. The number of such shares or the amount of such cash will be based on the average market price of FDC stock calculated during a period shortly before the maturity of the DECS. If the Company elects to deliver shares of FDC at maturity, the Company's holdings of FDC will be reduced to between zero (if the average market price of FDC shares is at or below $36.75) and approximately 4.3 million shares if the average market price of FDC shares is at or above $44.875. The market value of the Company's holdings in FDC at December 31, 1993 was approximately $962 million. The proceeds from the DECS offering are being used for general corporate purposes.

The fair value of long-term debt was $8.8 billion at December 31, 1993 and 1992. For variable rate long-term debt that reprices within a year, fair value approximates carrying amounts. For other long-term debt, fair value was estimated using either quoted market prices or discounted cash flow analysis, based on the Company's current borrowing rates for similar types of borrowing arrangements.

Note 13 Financial Instruments With Off-Balance-Sheet Risk

The Company enters into transactions involving off-balance-sheet financial instruments to manage its exposure to credit and market risks, to satisfy the financing needs of its clients and to conduct trading activities. The Company has extensive control procedures regarding the extent of its transactions with counterparties, the manner in which transactions are settled and the ongoing assessment of counterparty creditworthiness.

Interest Rate Products: Interest rate products, including swaps, caps and floors, options and financial futures and forwards, are used by the Company as an integral part of its interest rate risk management. Interest rate products are used, for the most part, to hedge the Company's debt used in funding its charge Card and consumer lending businesses.

Foreign Currency Products: Foreign currency products, primarily forward contracts to purchase and sell currencies at specific rates on preestablished dates and foreign currency options, are used extensively as part of the Company's client-related trading activities and, to a lesser extent, for the Company's own account. Client-related trading positions are generally matched, resulting in minimal market exposure. In addition, foreign currency products are primarily used to hedge net monetary positions in foreign currencies, net investments in foreign entities or identifiable firm foreign currency commitments.

The following notional amounts, which exceed the related amount of credit risk, provide an objective measure of the Company's involvement in financial instruments with off-balance-sheet risk.

(millions)	1993	1992
Interest Rate Products	$ 15,528	$ 16,012
Foreign Currency Products	$ 23,131	$ 13,477
Options Written	$ 1,020	$ 296

Maximum credit risk on interest rate and foreign currency products was quantified by the replacement cost of those contracts for which gross unrealized gains exist at the balance sheet date. At December 31, 1993 and 1992, gross unrealized gains for interest rate and foreign currency products were $243 million and $352 million, respectively.

Commitments and Guarantees: The Company is committed to extend credit to certain Cardmembers as part of established contractual agreements. The Company's right to approve all charges, the ability to cancel the right to incur new charges and sophisticated analysis of credit risk limit its exposure. The Company, through its account and Card issuing subsidiaries, establishes credit limits for spending on its consumer lending products, whereas its charge Card products have no preset spending limit. Since many of the commitments extended to Cardmembers are not expected to be drawn upon, unused credit available to Cardmembers does not represent future cash requirements. Collateral is generally not required to support these credit arrangements. The Company does not charge a specific fee to Cardmembers for providing available credit, and therefore, believes that the fair value of unused credit available to Cardmembers is nil.

The Company primarily issues commercial and other letters of credit to facilitate the short-term trade-related needs of its clients. When necessary, collateral is required in support of the various types of letters of credit and guarantees. This collateral primarily consists of cash, securities, counterguarantees and title to or the right to insurance proceeds on the underlying goods. At December 31, 1993 and 1992, the Company held $577 million and $767 million, respectively, of collateral supporting standby letters of credit and guarantees and $464 million and $633 million, respectively, of collateral supporting commercial and other letters of credit.

In addition, the Company is contingently liable, principally as general partner, for the obligations of various public and private real estate limited partnerships.

The following contractual amounts are representative of the amount of the Company's credit risk related to commitments and guarantees.

(millions)	1993	1992
Unused Credit Available to Cardmembers	$18,919	$20,432
Loan Commitments	$ 526	$ 281
Standby Letters of Credit and Guarantees	$ 1,367	$ 1,277
Commercial and Other Letters of Credit	$ 933	$ 906

Management does not anticipate any material adverse effect on the Company's financial position to result from these activities.

Significant Concentrations of Credit Risk: The Company's businesses generate significant investments in both on-and off-balance-sheet financial instruments. The counterparties in these investments, as reflected below, operate in diverse sectors of the global economy. Certain distinctions between categories require management's judgment.

	Total Credit Exposure	
(dollars in millions)	1993	1992
Financial institutions (a)	$ 12,575	$ 11,137
Individuals (b)	44,186	43,788
Government and agencies (c)	17,977	19,465
All other	23,345	23,582
Total	$ 98,083	$ 97,972

Composition:

On-balance-sheet	78%	75%
Off-balance-sheet	22	25
Total	100%	100%

(a) Financial institutions primarily include banks, broker-dealers, insurance companies and savings and loan associations.
(b) Charge Card products have no preset spending limit; therefore, the quantified credit risk includes only the Card receivables recorded in the Consolidated Balance Sheet.
(c) Government and agencies include the U.S. Government and its agencies, states and municipalities, and quasi-government agencies.

At December 31, 1993 and 1992, the fair value of interest rate and foreign currency products, options and commitments and guarantees was an unrecognized asset of $76 million and $183 million, respectively. The fair value of interest rate and foreign currency products and options was based on market values, dealer quotes or pricing models. The fair value of commitments and guarantees was estimated using the fees currently charged to enter into similar agreements.

Note 14 Fair Values of Financial Instruments

SFAS No. 107, "Disclosures about Fair Value of Financial Instruments," requires disclosure of the fair values of most on- and off-balance-sheet financial instruments for which it is practicable to estimate that value. SFAS No. 107 excludes certain financial instruments, such as trade receivables and payables when the carrying amount approximates the fair value (e.g., Cardmember receivables and customer accounts), life insurance obligations, employee benefit obligations and all non-financial instruments, such as land, buildings and equipment, deferred acquisition costs and goodwill. The Company's off-balance-sheet intangible assets, such as the American Express Company name and the future earnings of core businesses, are also excluded.

The fair values of financial instruments are estimates based upon market conditions and perceived risks at December 31, 1993 and 1992 and require varying degrees of management judgment. The fair value of the Company, therefore, cannot be estimated by aggregating the amounts presented. The fair values of the financial instruments presented are not necessarily indicative of their future fair values.

For Cash and Cash Equivalents, Accounts Receivable and Accrued Interest, Investments carried at market and at lower of cost or market, Assets Held in Segregated Accounts, applicable Other Assets, Customers' Deposits and Credit Balances, Travelers Cheques Outstanding, Accounts Payable, Short-Term Debt, and applicable Other Liabilities, the carrying amounts in the Consolidated Balance Sheet approximate the fair values.

The fair value and methods and assumptions used in estimating the fair value of investments carried at cost, loans and discounts, long-term debt and financial instruments with off-balance-sheet risk are discussed in Notes 5, 6, 12 and 13, respectively. The following methods and assumptions were used to estimate the fair value of the financial instruments not discussed elsewhere in the Notes.

Annuity Reserves: The fair value of annuities in deferral status was estimated as the accumulated value less applicable surrender charges and loans. For annuities in payout status, fair value was estimated using discounted cash flow analysis, based on current interest rates. The fair value of these reserves, after excluding life insurance-related elements of $1.6 billion in 1993 and $1.5 billion in 1992, was $16.9 billion and $14.9 billion at December 31, 1993 and 1992, respectively.

Investment Certificate Reserves: For variable rate investment certificates that reprice within a year, fair values are based on carrying amounts. For other investment certificates, fair value was estimated using discounted cash flow analysis, based on interest rates currently being offered. The valuations were reduced by the amount of applicable surrender charges and related loans. The fair value of these reserves was $2.7 billion and $3.2 billion at December 31, 1993 and 1992, respectively.

Liabilities Related to Segregated Asset Accounts: The fair value of these liabilities, after excluding life insurance-related elements of $0.3 billion in 1993 and $0.2 billion in 1992, was estimated as the accumulated value less applicable surrender charges and was $8.3 billion and $5.8 billion at December 31, 1993 and 1992, respectively.

Note 15 Industry Segments and Geographic Operations

Industry Segments

The Company is principally in the business of providing travel related services, investors diversified financial services and international banking services throughout the world. The following table presents certain information regarding these industry segments at December 31, 1993, 1992 and 1991 and for the years then ended.

Pretax income (loss) from continuing operations and income (loss) from continuing operations amounts reflect the Company's results before the accounting changes discussed in Note 1. For 1993, FDC is reported under the equity method of accounting and, therefore, is no longer consolidated in the Company's Financial Statements. The Company's equity in the net income of FDC is included in Corporate and Other for 1993. Prior years' segment amounts have not been restated.

<TABLE>
<CAPTION>

(millions)	Travel Related Services	IDS Financial Services	American Express Bank	First Data Corporation	Corporate and Other	Adjustments and Eliminations	Consolidated
1993							
Revenues	$ 9,835	$ 3,156	$ 1,192	-	$ 163	$ (173)	$14,173
Pretax income from continuing operations before general corporate expenses	$ 1,190	$ 518	$ 117	-	-	-	$ 1,825
General corporate expenses	-	-	-	-	501	-	501
Pretax income from continuing operations	$ 1,190	$ 518	$ 117	-	$ 501	-	$ 2,326
Income from continuing operations	$ 895	$ 358	$ 81	-	$ 271	-	$ 1,605
Assets	$40,464	$37,351	$13,559	-	$ 6,555	$(3,797)	$94,132
1992							
Revenues	$10,205	$ 2,874	$ 1,328	$ 1,205	$ 232	$ (357)	$15,487
Pretax income (loss) from continuing operations before general corporate expenses	$ 277	$ 408	$ 14	$ 183	$ (1)	-	$ 881
General corporate expenses	-	-	-	-	15	-	15
Pretax income from continuing operations	$ 277	$ 408	$ 14	$ 183	$ 14	-	$ 896
Income (loss) from continuing operations	$ 243	$ 297	$ 26	$ 92	$ (80)	-	$ 578
Assets	$38,139	$31,949	$13,658	$ 3,916	$ 5,606	$(3,156)	$90,112
1991							
Revenues	$10,055	$ 2,554	$ 1,503	$ 1,026	$ 90	$ (262)	$14,966
Pretax income (loss) from continuing operations before general corporate expenses	$ 415	$ 314	$ 38	$ 191	$ (32)	-	$ 926
General corporate expenses	-	-	-	-	(304)	-	(304)
Pretax income (loss) from continuing operations	$ 415	$ 314	$ 38	$ 191	$ (336)	-	$ 622
Income (loss) from continuing operations	$ 396	$ 248	$ 60	$ 118	$ (215)	-	$ 607
Assets	$37,912	$27,660	$14,367	$ 3,172	$ 4,577	$(3,147)	$84,541

</TABLE>

Revenues include interest earned on the investment of funds attributable to each industry segment. Pretax income (loss) from continuing operations before general corporate expenses is total revenues less operating expenses, including interest, related to each industry segment's revenues.

Income (loss) from continuing operations includes a provision for income taxes calculated on a separate return basis; however, additional benefits from operating losses, loss carrybacks and tax credits (principally foreign tax credits) recognizable for the Company's consolidated reporting purposes are allocated based upon the tax sharing agreement among members of the American Express Company consolidated U.S. tax group.

Assets are those that are used or generated exclusively by each industry segment. The adjustments and eliminations required to arrive at the consolidated amounts shown above consist principally of the elimination of intersegment financial revenues and assets.

Geographic Operations

The following table presents certain information regarding the Company's operations in different geographic regions at December 31, 1993, 1992 and 1991 and for the years then ended. Pretax income (loss) from continuing operations amounts reflect the Company's results before the accounting changes discussed in Note 1.

<TABLE>
<CAPTION>

(millions)	United States	Europe	Asia/Pacific	All Other	Adjustments and Eliminations	Consolidated
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1993						
Revenues	$ 10,490	$ 1,811	$ 1,328	$ 1,041	$ (497)	$ 14,173
Pretax income from continuing operations before general corporate expenses	$ 1,262	$ 221	$ 202	$ 140	-	$ 1,825
General corporate expenses	501	-	-	-	-	501
Pretax income from continuing operations	$ 1,763	$ 221	$ 202	$ 140	-	$ 2,326
Assets	68,399	$ 8,221	$ 7,188	$ 3,715	$ 54	$ 87,577
Corporate assets						6,555
Total assets						$ 94,132
1992						
Revenues	$ 11,254	$ 2,114	$ 1,268	$ 1,110	$ (259)	$ 15,487
Pretax income from continuing operations before general corporate expenses	$ 574	$ 5	$ 140	$ 162	-	$ 881
General corporate expenses	15	-	-	-	-	15
Pretax income from continuing operations	$ 589	$ 5	$ 140	$ 162	-	$ 896
Assets	$ 64,674	$ 9,000	$ 5,943	$ 3,393	$ 1,496	$ 84,506
Corporate assets						5,606
Total assets						$ 90,112
1991						
Revenues	$ 10,883	$ 2,000	$ 1,282	$ 1,095	$ (294)	$ 14,966
Pretax income (loss) from continuing operations before general corporate expenses	$ 613	$ (10)	$ 142	$ 181	-	$ 926
General corporate expenses	(304)	-	-	-	-	(304)
Pretax income (loss) from continuing operations	$ 309	$ (10)	$ 142	$ 181	-	$ 622
Assets	$ 59,508	$ 9,930	$ 6,037	$ 3,229	$ 1,260	$ 79,964
Corporate assets						4,577
Total assets						$ 84,541

</TABLE>

Most services of the Company are provided on an integrated worldwide basis. Because of the integration of U.S. and non-U.S. services, it is not practical to separate precisely the U.S. oriented services from services resulting from operations outside the United States and performed for customers outside the United States; accordingly, the separation set forth in the above table is based upon internal allocations, which necessarily involve certain management judgments.

Note 16 Lease Commitments and Other Contingent Liabilities

The Company leases certain office facilities and operating equipment under noncancelable and cancelable agreements. Total rental expense amounted to $391 million in 1993, $461 million in 1992 and $443 million in 1991. At December 31, 1993, the minimum aggregate rental commitment under all noncancelable leases (net of subleases) was (millions): 1994, $196; 1995, $166; 1996, $133; 1997, $100; 1998, $71; and $349 for years thereafter. Many of these leases provide for additional rentals based on increases in property taxes or the general cost of living index, or for payment of property taxes or other operating expenses by the lessee; in addition, many leases contain renewal clauses.

The Company is not a party to, nor are any of its properties the subject of, any pending legal proceedings that, in the opinion of management, would have a material adverse effect on the Company's financial position.

In addition to the off-balance-sheet risks discussed in Note 13, the Company has various other commitments and contingent liabilities not reflected in the Consolidated Balance Sheet. The Company also has certain commitments and contingent liabilities related to Lehman, including guarantees of debt, which are expected to continue following the spin-off discussed in Note 2. The Company does not anticipate any material adverse effect on its financial position resulting from these commitments and contingent liabilities.

Note 17   Transfer of Funds from Subsidiaries

The Securities and Exchange Commission requires the disclosure of certain restrictions on the flow of funds to a parent company from its subsidiaries in the form of loans, advances or dividends.

Principal restrictions exist under debt agreements and regulatory requirements of certain of the Company's subsidiaries. In addition, American Express Bank is prohibited from making loans, the proceeds of which are to be used for a U.S. domestic purpose. These restrictions have not had any effect on the Company's shareholder dividend policy and management does not anticipate any effect in the future.

At December 31, 1993, the aggregate amount of net assets of subsidiaries that may be transferred to the parent company was approximately $4.5 billion. Should specific additional needs arise, procedures exist to permit immediate transfer of short-term funds between the Company and its subsidiaries, while complying with the various contractual and regulatory constraints on the internal transfer of funds.

Note 18   Quarterly Financial Data (Unaudited)

Summarized quarterly financial data is as follows
(millions, except per share amounts):
<TABLE>
<CAPTION>

	1993				1992			
Quarter Ended	12/31	9/30	6/30	3/31	12/31	9/30	6/30	3/31
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues	$ 3,709	$ 3,583	$ 3,524	$ 3,357	$ 3,968	$ 3,936	$ 3,834	$ 3,749
Pretax income (loss) from continuing operations before accounting changes	392	416	417	1,101	373	(280)	561	242
Income (loss) from continuing operations before accounting changes	291	312	301	701	255	(173)	312	184
Net income (loss)	399	420	416	243	82	(205)	310	274
Income (loss) from continuing operations before accounting changes per common share	.57	.61	.60	1.41	.51	(.38)	.63	.37
Net income (loss) per share	.78	.83	.83	.48	.15	(.45)	.63	.56
Cash dividends declared per common share	.25	.25	.25	.25	.25	.25	.25	.25
Common share prices:								
High	36 1/4	36 5/8	32 3/8	29	25 3/8	24 5/8	24 5/8	24 1/4
Low	29 3/4	30 1/2	26 1/2	22 3/8	20	20 1/4	21 1/2	20

</TABLE>

Notes: Amounts have been restated to reflect Lehman as a discontinued operation. 1992 revenues excluding FDC revenues were $3,470; $3,546; $3,633 and $3,647 for the first, second, third and fourth quarters, respectively.

First quarter 1993 results reflected a gain of $433 million ($779 million pretax) on the sale of FDC shares.

Third quarter 1992 results reflected a TRS restructuring charge of $342 million ($492 million pretax).

Second quarter 1992 results reflected a gain of $425 million ($706 million pretax) from the initial public offering of FDC shares and a $300 million ($388 million pretax) addition to reserves at Balcor.

REPORT OF ERNST & YOUNG INDEPENDENT AUDITORS

The Shareholders and Board of Directors of American Express Company

We have audited the accompanying consolidated balance sheets of American Express Company as of December 31, 1993 and 1992, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1993. These financial statements are the responsibility of the management of American Express Company. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of American Express Company at December 31, 1993 and 1992, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1993, in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, in 1992 the Company changed its method of accounting for income taxes and postretirement benefits.

/s/ Ernst & Young
New York, New York
February 3, 1994

CONSOLIDATED FIVE-YEAR SUMMARY OF SELECTED FINANCIAL DATA

American Express Company

(millions, except Common Share Statistics and Other Statistics)	1993	1992	1991	1990	1989
Operating Results					
Revenues	$14,173	$ 15,487	$ 14,966	$14,587	$ 13,143
Percent increase (decrease)	(8)%	3%	3%	11%	23%
Expenses	11,847	14,591	14,344	13,009	11,720
Income tax provision	721	318	15	430	324
Income from continuing operations before accounting changes	1,605	578	607	1,148	1,099
Percent increase (decrease)	178%	(5)%	(47)%	4%	17%
Net income	1,478	461	789	181	1,157
Percent increase (decrease)	220%	(42)%	335%	(84)%	11%
Return on average shareholders' equity	18%	6%	11%	3%	21%
Assets and Liabilities					
Cash and cash equivalents	$ 3,312	$ 3,408	$ 3,391	$ 4,277	$ 5,803

Accounts receivable and accrued interest, net	16,142	15,293	16,866	16,852	15,495
Investments	39,308	37,629	32,634	30,532	28,965
Loans and discounts, net	14,796	14,750	15,670	13,948	12,403
Total assets	94,132	90,112	84,541	77,989	73,316
Customers' deposits and credit balances	11,131	11,637	12,693	14,360	17,976
Travelers Cheques outstanding	4,800	4,729	4,375	4,225	3,834
Insurance and annuity reserves	23,406	20,893	17,741	14,789	12,207
Short-term debt	12,489	11,163	12,396	11,555	8,177
Long-term debt	8,561	8,614	8,734	7,276	7,626
Shareholders' equity	8,734	7,499	7,465	6,635	5,691

Common Share Statistics

Income per share from continuing operations before accounting changes	$ 3.17	$ 1.12	$ 1.21	$ 2.54	$ 2.56
Net income per share	$ 2.92	$ .88	$ 1.59	$ .34	$ 2.70
Cash dividends declared per share	$ 1.00	$ 1.00	$ .96	$ .92	$ .86
Book value per share	$ 16.81	$ 14.58	$ 14.43	$ 13.21	$ 12.90
Market price per share:					
High	$36 5/8	$25 3/8	$30 3/8	$35 1/4	$39 3/8
Low	$22 3/8	$20	$18	$17 1/2	$26 3/8
Close	$30 7/8	$24 7/8	$20 1/2	$20 5/8	$34 7/8
Average shares outstanding for income per share	500	477	470	439	421
Shares outstanding at year end	490	480	472	464	418
Number of shareholders of record	58,179	54,526	54,960	54,368	55,294

Other Statistics

Number of employees at year end					
United States	40,342	38,266	37,018	36,605	32,920
Outside United States	24,151	24,388	24,090	23,687	22,746
Total	64,493	62,654	61,108	60,292	55,666
Number of offices at year end					
American Express offices worldwide	1,142	1,243	1,222	1,032	1,091
Representative offices	1,135	1,059	1,017	882	847
Total	2,277	2,302	2,239	1,914	1,938

Note: Prior year amounts have been restated to present Lehman Brothers as a discontinued operation. In addition, the number of employees and offices have been restated to exclude First Data Corporation, which is accounted for as an equity investment as of January 1, 1993. Excluding FDC from 1992, 1991, 1990 and 1989, revenues were $14.3 billion, $14.0 billion, $13.7 billion and $12.5 billion, respectively, and expenses were $13.5 billion, $13.4 billion, $12.2 billion and $11.1 billion, respectively.

Exhibit 21

SUBSIDIARIES OF THE REGISTRANT

Unless otherwise indicated, all of the voting securities of these subsidiaries are directly or indirectly owned by the registrant. Where the name of the subsidiary is indented, the voting securities of such subsidiary are owned directly by the company under which its name is indented. Certain subsidiaries have been omitted which, if considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary as defined in Rule 1-02(v) of Regulation S-X.

Name of Subsidiary	Jurisdiction of Incorporation
I. Companies engaged in travel related services	
American Express Travel Related Services Company, Inc.	New York
Amex Canada, Inc. (94.4% owned)	Canada
1001674 Ontario, Inc.	Canada
1001675 Ontario, Inc.	Canada
Amex Bank of Canada	Canada
American Express Deposit Corporation	Utah
American Express Company (Mexico) S.A. de C.V.	Mexico
American Express Centurion Bank	Delaware
American Express Centurion Services Corporation	Delaware
American Express Credit Corporation	Delaware
American Express Overseas Credit Corporation, Ltd.	Jersey, Channel Islands
AEOCC Management Co., Ltd.	Jersey, Channel
American Express Overseas Finance Company, N.V.	Netherlands Antilles
American Express Overseas Credit Corporation, N.V.	Netherlands Antilles
American Express Overseas Credit Corporation, S.A.	Belgium
Credco Receivables Corp.	Delaware
American Express Direct Response Corporation	Delaware
American Express Financial Services Ltd.	England
American Express Receivables Financing Corp.	Delaware
American Express do Brazil Tempo & Cia, Inc.	Delaware
American Express do Brasil Servicos Internacionais, Ltda. (90% owned)	Brazil
American Express do Brazil Tempo & Cia (90% owned)	Brazil
American Express do Brasil S.A. Turismo (90% owned)	Brazil

American Express International (B) SDN.BHD (Brunei)	Brunei
American Express Limited	Delaware
American Express Argentina, S.A.	Argentina
American Express (Malaysia) Sdn. Bhd.	Malaysia
American Express (Thai) Co. Ltd. (77.5% owned)	Thailand
TRS Card International Inc. (75% owned, 25% by CFS, Ltd.)	Delaware
American Express D'Espana, S.A.	Spain
American Express Viajes, S.A.	Spain
Amex Asesores de Seguros SA	Spain
Centurion Finance, Ltd.	New Zealand
American Express International, Inc.	Delaware
American Express Hungary KFT	Hungary
American Express Reisebyria A/S	Norway
American Express Company A/S	Norway
AMEX Services Inc.	Delaware
American Express Company, S.P.A.	Italy
American Express Factoring, Srl.	Italy
American Express Locazioni Finanziarie, Srl.	Italy
American Express Int'l A.E. (Greece)	Greece
American Express Int'l (Taiwan), Inc.	Taiwan
American Express of Egypt, Ltd.	Delaware
American Express Carte France, S.A.	France
American Express Daro Voyages France, S.A.	France
AllCard Service GmbH	Germany
American Express Bureau de Change S.A.	Greece
Amex (Gulf States) E.C. (50% owned)	Bahrain
American Express Exposure Management, Ltd	Jersey, Channel Islands
American Express Travel Poland Sp.Zo.O	Poland
American Express Czechoslovakia, Spol.SRO.	Czechoslovakia
American Express Company A/B	Sweden
American Express Resebyra A/B	Sweden
American Express Services Sweden A/B	Sweden
American Express Services Finland OY	Finland
Sociedad Internacional de Servicios de Panama, S.A.	Panama
Amex Sumigin Service Company, Ltd. (40% owned)	Japan
American Express Russia Limited	Russia
American Express Holdings AB	Sweden
TMG Intressenter	Sweden
Nyman & Schultz AB (95.4% owned)	Sweden
Book Hotel AB	Sweden
Forsakringsaktiebolaget Viator	Sweden
Nyman & Schultz Affarsresor AB	Sweden
First Card AB	Sweden
Nyman & Schultz Grupp och Konferens AB	Sweden
Nyman & Schultz Travel, Inc.	Delaware
Nyman & Schultz UK Plc	England
Nyman & Schultz, Ltd.	England

IEL Travel Ltd.	England
IEL Travel (Swindon) Ltd.	England
IEL Travel (Groups) Ltd.	England
IEL Travel (Leisure) Ltd.	England
Pluresor AB (67% owned)	Sweden
Profil Rejser A/S (30% owned)	Denmark
Resespecialisterna Enkoping AB (26% owned)	Sweden
Resespecialisterna Syd AB (84% owned)	Sweden
Resespecialisterna Helsingborg AB (84% owned)	Sweden
Scandinavian Express AB	Sweden
Destination Kiruna AB (22% owned)	Sweden
Oy Scandinavian Express Finland AB (95% owned)	Sweden
SvenskKinesiskan Resebyran AB (21% owned)	Sweden
TeleTravel Scandinavia AB	Sweden
Fastighets AB Ostanan	Sweden
Stockholm Central Hotel AB	Sweden
TMG Forvaltning HB (60% owned)	Sweden
TMG International B.V.	Netherlands
Nyman & Schultz Norge A/S	Norway
Nyman & Schultz Forretningsreiser A/S	Norway
Nyman & Schultz Gruppe-of Spesialreiser A/S	Norway
American Express Publishing Corp.	New York
Soutwest Media Corporation	Texas
Amexco, Inc.	Delaware
Societe Francaise du Cheque de Voyage, S.A. (34% owned)	France
Repertoire International, Inc.	Delaware
Travellers Cheque Associates, Ltd. (54% owned)	England
American Express Service Corporation	Delaware
Banamsa S,A, de CV (49% owned, 51% owned by Banamex)	Mexico
Bansamex S.A. (50% owned, 50% owned by Banco Santander)	Spain
American Express Europe, Ltd.	Delaware
Travel Places (City) Ltd.	England
Travel Places (Incentives) Ltd.	England
American Express Services, Ltd.	England
American Express Ireland, Ltd.	Ireland
American Express Insurance Services, Ltd.	England
Amex Services Europe Limited	England
Amex Marketing Japan Ltd.	Delaware
American Express Realty Mgt. Co.	California
American Express Group and Incentive Services, Inc. (90% owned)	Michigan
American Express TRS, Inc.	Florida
Cardmember Financial Services, Ltd.	Jersey, Channel Islands
AMEX Life Assurance Company	California
American Centurion Life Assurance Company	New York
Holdinsco, Inc.	Delaware

AMEX Assurance Company	Illinois
Integrated Travel Systems, Inc.	Texas
The AYCO Corporation	New York
The AYCO Development Corporation	New York
Mercer Allied Corporation	New York
ADRAC Realty Corp.	New York
Albion Real Estate Corporation	New York
Ayco Real Estate Services, Inc.	New York
Ayco Program Services, Inc.	New York
Ayco Maryland Realty Investors, Inc.	Maryland
Ayco Jacksonville Associates II, Inc.	New York
Ayco Los Angeles Office Associates I, Inc.	New York
Ayco Services Insurance Agency, Inc.	New York
Ayco Greensboro Associates I, Inc.	Delaware
Ayco Hedge Corporation	New York
The Ayco Services Agency of Alabama, Inc.	Alabama
The MBS Agency of Ohio, Inc. (50% owned)	Ohio
Epsilon Data Management, Inc.	Delaware
Epsilon Master Software Corporation	Delaware
Controlled Airspace Corporation	Texas
Tour and Incentive Management Corporation	Delaware
Lifeco Management (Canada), Inc.	Canada
Lifeco Travel (Canada), Inc.	Canada
Lifeco Travel Management S.A.R.L.	France
Lifeco Travel Management, Ltd.	United Kingdom
Mark Allan Travel Inc.	California
Competitive Technologies, Inc.	Texas

II. Companies engaged in investors diversified financial services

IDS Financial Corporation	Delaware
IDS Financial Services Inc.	Delaware
IDS Real Estate Services, Inc.	Delaware
IDS Securities Corporation	Delaware
IDS Bank & Trust	Minnesota
IDS International, Inc.	Delaware
IDS Life Insurance Company	Minnesota
IDS Life Insurance Company of New York	New York
American Enterprise Life Insurance Company	Indiana
IDS Certificate Company	Delaware
Investors Syndicate Development Corp.	Nevada
IDS Fund Management Limited	England
IDS Insurance Agency of North Carolina Inc.	North Carolina
IDS Insurance Agency of Arkansas Inc.	Arkansas
IDS Insurance Agency of Alabama Inc.	Alabama
IDS Insurance Agency of New Mexico Inc.	New Mexico
IDS Insurance Agency of Utah Inc.	Utah
IDS Insurance Agency of Wyoming Inc.	Wyoming
IDS Insurance Agency of Nevada Inc.	Nevada
IDS Insurance Agency of Ohio Inc.	Ohio
IDS Insurance Agency of Massachussetts Inc.	Massachusetts

IDS Advisory Group Inc.	Minnesota
IDS Capital Holdings Inc.	Minnesota
IDS Management Corporation	Minnesota
IDS Partnership Services Corporation	Minnesota
IDS Cable Corporation	Minnesota
IDS Futures Corporation	Minnesota
IDS Realty Corporation	Minnesota
IDS Futures III Corporation	Minnesota
IDS Cable II Corporation	Minnesota
IDS Property Casualty Insurance Company	Wisconsin
American Express Minnesota Foundation	Minnesota
IDS Deposit Corp.	Utah
IDS Sales Support Inc.	Minnesota
IDS Plan Services of California, Inc.	Minnesota
American Enterprise Investment Services Inc.	Minnesota
IDS Aircraft Services Corporation	Minnesota

III. Companies engaged in international banking services

American Express Bank Ltd.	Connecticut
American Express International Finance Corporation B.V.	Netherlands Antilles
American Express International Investment Limited	Thailand
American Express Management Services Inc.	Delaware
Amex Human Resources (Japan) Inc.	Delaware
Amex Holdings, Inc.	Delaware
American Express International Finance Corporation N.V.	Netherlands Antilles
American Express Bank GmbH	Germany
Amex Grundstuecksverwaltung GmbH	Germany
American Express International Development Company (Cayman) Limited	Cayman Islands
Egyptian American Bank (49% owned)	Egypt
Guaramex, Inc.	Delaware
Paramex, Inc.	Delaware
Amtrade Holdings, Inc. (100% owned)	Delaware
American Express Bank (Switzerland) S.A.	Switzerland
Cristal Trust Services S.A.-Geneva	Switzerland
AEB Aviation Services, Inc.	Delaware
International Trade Services Pte Ltd.	Singapore
Dash 200 + Ltd. (50% owned)	Cayman Islands
Queens House Properties Limited (36.97% owned)	Guernsey
Amex Broker Assicurativo Srl.	Italy
Amex International Trust (Guernsey) Limited	Guernsey
AMEX Insurance Marketing, Inc.	Taiwan
January Real Estate	Cayman Islands
Etoral Finance, Inc.	Panama
Sociedad Del Desarrollo Mercantil Ltda. (50% owned by each of Amex Holdings, Inc. and Etoral Finance, Inc.)	Chile

Remor and Associates Inc.	Panama
Republic Leasing Do Brasil S/A	Brazil
Arrendamento Mercantil (49.8% owned)	
Anangel-American Shipholdings Limited (3.7% owned)	Cayman Islands
American Express Bank Asset Management (Jersey) Ltd.	Jersey, Channel Islands
Priory Centre Investments Limited (31.02% owned)	Guernsey
American Express Bank (Luxembourg) S.A.	Luxembourg
Multistakes Company S.A.	Luxembourg
American Express Bank (Uruguay) S.A.	Uruguay
Tribute Royalties, Inc.	Delaware
Lehman Brothers S.A.	Switzerland
Amex International Trust (Cayman) Ltd.	Cayman Islands
International Capital Corporation	Delaware
Intercapital Comercio e Participacoes Ltda.	Brazil
Conepar Compania Nordestina de Participacoes S.A. (36.67% owned)	Brazil
Convertible Holding Ltd.	Cayman Islands
CTH Common Holdings Ltd.	Cayman Islands
Complejos Turisticos Huatulco, S.A. de C.V. (15% of common stock)	Mexico
CTH Preferred Holdings Ltd.	Cayman Islands
Complejos Turisticos Huatulco, S.A. de C.V. (84% of preferred stock)	Mexico
Turcan Holdings Ltd.	Cayman Islands
TC Holdings Ltd.	Cayman Islands
Turistica Cancun, S.A. de C.V. (28% owned)	Mexico
Acamex Holdings Ltd.	Cayman Islands
Etisa Holdings Ltd.	Cayman Islands
Empresas Turisticas Integradas, S.A. de C.V. (92.35% owned)	Mexico
Asesoria Empresarial ICC, S.A. de C.V.	Mexico
Agricola Las Dos Mercedes Limitada	Chile
Agricola Amalia de Paine Limitada	Chile
Agricola Santa Filomena de Huelquen Limitada	Chile
Agrotrade Amalia Ltda.	Chile
Floriano Representacoes Ltda.	Brazil
Amex Distribuidora De Titulos E Valores Mobiliarios Ltda (90% owned)	Brazil
OLP Investments Ltd.	Cayman Islands
American Express Leasing Corporation	Delaware
AELC Jinoriwon S.A.	Panama
AELC Australia Proprietary Limited	Australia
AMP-Amex Leasing Limited (50% owned)	Australia
AMP-Amex Securities Pty. Ltd.	Australia
American Express Leasing Corporation, S.A. - Arrendamento Mercantil (50% owned by American Express Leasing Corporation and 50% owned by ANIF Comercio, Empreendimento e Negocios Ltda.)	Brazil

Reedco Leasing, Inc.	Delaware
Mark Leasing Inc.	Delaware
Carter Leasing Inc.	Delaware
JBB Leasing Inc.	Delaware
Ashley Leasing Inc.	Delaware
Aries Aircraft Leasing Limited	Cayman Islands
Aries Aircraft Leasing (US), Inc.	New York
Daniel Leasing Corporation	Delaware
Nora Leasing, Inc.	New York
Nora 737 Leasing, Inc.	New York
Gemini Leasing Ltd.	Cayman Islands
Wings Aircraft Leasing Corp.	Belgium
(Amex Holdings, Inc. - 1 share of 1250 shares)	
AKW Aircraft Leasing Corporation Limited	England
Jesem Aviation Corp.	New York
MME Leasing Corp.	New York
C Power, Inc.	New York
AEB World Folio Management	Luxembourg
American Express Bank (France) S.A.	France
Amex Gestion S.A.	France
American Express Bank International	United States
American Express Leasing (UK) Limited	England
Amex Asia Limited	Hong Kong
Amex Finance Japan Ltd.	Hong Kong
Bexim International S.A. (45% owned)	Panama
American Express Middle East Development Company, S.A.L.	Lebanon
American Express Nominees Private Limited	India
The American Express Nominees Limited	England
Argentamex S.A.	Argentina
Amex do Brasil Empreendimentos e Participacoes Ltda.	Brazil
INAF Incorporated	Delaware
INAF Comercio, Empreendimentos e Negocios Ltda.	Brazil
ANIF Comercio, Empreendimentos e Negocios Ltda. (37.4% owned, and 47.3% owned by American Express Bank Ltd. and 15.3% by Amex Do Brazil)	Brazil
Banco American Express	Brazil
Amex Capital Investments (UK) Ltd.	England
Maineye Limited	England
Logicfull Limited	England
Amexnet Limited	England
AEB (UK) P.L.C.	England
Grahams Rintoul Investment Trust PLC (22.5% owned and 14.96% owned by The American Express Nominees Limited)	England
Amex Nominees (S) Pte Ltd.	Singapore
Amex Bank Nominee Hong Kong Limited	Hong Kong
First International Investment Bank Ltd. (23.62% owned)	Pakistan
Investment and Capital Corporation (20% owned)	Philippines

American Express (Poland) Ltd.	Delaware
Exatco Limited (50% owned)	Bermuda
Sociedad Gestinver de Fundos de Pensiones (40% owned)	Spain
Far East Leasing Ltd.	Cayman Islands
Geneva Nominees Limited	England
747-2, Inc.	New York
Tata Finance Ltd.	India
Purbeck Petroleum Limited (25.1% owned)	England
American Express Bank CFS, Ltd.	Guernsey
American Express Bank Asset Management (Cayman) Ltd.	Cayman Islands
Historic Houston, Inc.	Delaware
Columbus Real Estate Corp.	New York
American Express Bank S.A. (56,810,000 shares owned by AEBL, 1 share owned by American Express Limited)	Argentina

IV. General

Acuma Financial Services Ltd.	Delaware
Acuma Ltd.	Delaware
Ainwick Corporation	Texas
Alair Holdings, Inc.	Delaware
American Express Asset Management Holdings, Inc.	Delaware
American Express Corporation	Delaware
Amexco Insurance Company	Delaware
Amexco Risk Financing Holding Company	Delaware
Brighton Corporation	Delaware
National Express Company, Inc.	New York
The Balcor Company Holdings, Inc.	Delaware
Balcor Real Estate Holdings,Inc.	Illinois
The Balcor Company	Delaware
Balcor Securities Company	Illinois
Balcor Development Company	Illinois
Balcor Institutional Realty Advisors, Inc.	Illinois
Allegiance Realty Group	Illinois
Balcor Financial Resources, Inc.	Delaware
Allegiance Realty Group, Inc.	Illinois
Balcor Capital Markets, Inc.	Illinois
Balcor Consulting Group	Illinois
Balcor Realty Company	Illinois
Balcor Management Services, Inc.	Illinois
Rexport, Inc.	Delaware
Drillamex, Inc.	Delaware
UMPAWAUG I Corporation	Delaware
UMPAWAUG II Corporation	Delaware
UMPAWAUG III Corporation	Delaware
UMPAWAUG IV Corporation	Delaware
WGT Leasing Corporation	Delaware

V. Companies engaged in investment services

Lehman Brothers Holdings Inc.	Delaware
(voting stock 93% owned, common stock 100% owned)	
AEP Premiere Corporation	Delaware
AEP Premiere Corporation II	Delaware
AFC I Bldg. Corp.	Georgia
AFC II Bldg. Corp.	Georgia
AFC III Bldg. Corp.	Georgia
ALI Inc.	Delaware
ASAS Investment Company	Delaware
Americal GP Corp.	Delaware
American Entertainment Depositary Corp.	Delaware
American Entertainment Depositary Corp. II	Delaware
American Marketing Industries Holdings Inc.	Delaware
American Marketing Industries Inc.	Delaware
B.H. Venture, Inc.	Delaware
BBC Land Company	Georgia
Banque Lehman Brothers S.A.	France
Beaver Creek Corporate Center, Inc.	Delaware
Broad OK Corp.	Delaware
CA Claremont Associates Inc.	Delaware
CA Claremont Inc.	Delaware
CA Victory Assignor Corp.	Delaware
CA Victory Inc.	Delaware
CG California Commercial Lending Inc.	Delaware
CG Realty Funding Inc.	Delaware
CG Zero Coupon Depositary Corp.	Delaware
CPR Group Inc.	Delaware
Cable Income Services Inc.	Delaware
Capital Preservation and Restructuring, Inc.	Delaware
Chief Auto Parts Inc.	Delaware
Client Account Protection Insurance Company	Vermont
Commerce Square Corporation	Delaware
E.H.P. Depositary Corp.	Delaware
EHP/GP Inc.	Delaware
Eastern Avenue Inc.	Delaware
Economic Advisors, Inc.	Massachusetts
F & J Fruit Orchard Limited	Delaware
FIMI I Liquidation Inc.	Delaware
FIMI II Liquidation Inc.	Delaware
Fiduciaria Lehman Brothers SpA	Italy
Finanziaria Lehman Brothers S.R.L.	Italy
Freedom GP Inc.	Delaware
G & P Cable-1, Inc.	Delaware
Growth Partners Inc.	Delaware
HBLP Acquisition Corp.	Delaware
Heritage Park II Inc.	Delaware
HillCreste Properties Inc.	Delaware
Industrial Holdings Corporation	New York
J & F Apple Corporation	Delaware
L-B Associates Inc.	Georgia

LB Energy Inc.	Delaware
LB Investment Inc.	Delaware
LB Real Properties Corp.	Delaware
LB/FW Inc.	Delaware
LB/MB Inc.	Delaware
LB/MMG Inc.	Delaware
Laurel Centre Depositary Corp.	Delaware
Laurel Centre Inc.	Delaware
Lehman Atlanta Properties Inc.	Georgia
Lehman Brothers (China) Limited	Hong Kong
Lehman Brothers (Luxembourg) S.A.	Luxembourg
Lehman Brothers (Taiwan) Ltd.	Taiwan
Lehman Brothers (Thailand) Ltd.	Thailand
Lehman Brothers Asset Trading Inc.	Delaware
Lehman Brothers Bank (Switzerland)	Switzerland
Lehman Brothers Bankhaus Aktiengesellschaft (A.G.)	Germany
Lehman Brothers Capital Co. (H.K.) Limited	Hong Kong
Lehman Brothers Capital GMBH	Germany
Lehman Brothers Commercial Corporation	Delaware
Lehman Brothers Commodities (Japan) Ltd.	Japan
Lehman Brothers Commodities Ltd.	United Kingdom
Lehman Brothers Conseil S.A.	France
Lehman Brothers Fiduciaria Di Amministrazione S.R.L.	Italy
Lehman Brothers Finance S.A.	Switzerland
Lehman Brothers Futures Asset Management Corp.	Delaware
Lehman Brothers Gilts Ltd.	United Kingdom
Lehman Brothers Global Asset Management Inc.	Delaware
Lehman Brothers Global Asset Management Limited	United Kingdom
Lehman Brothers Group Inc.	Delaware
Lehman Brothers Holdings Inc.	Delaware
Lehman Brothers Holdings Plc	United Kingdom
Lehman Brothers II Investment Inc.	Delaware
Lehman Brothers Inc.	Delaware
Advantaged Housing Associates Inc.	Delaware
Aircraft Depositary Inc.	Delaware
Area Assignor Corp.	Delaware
Area Depositary Corporation	Delaware
Area GP Corporation	Delaware
Assisted Housing Associates Inc.	Delaware
Assisted Housing Inc.	Delaware
BK I Realty Inc.	New York
BK II Properties Inc.	New York
BK III Restaurants Inc.	New York
Battery Park Credit Company	Delaware
Blue Jay Realty Corporation	Delaware
Boulevard Investors, Inc.	Delaware
Boulevard Real Estate Corp.	Delaware
Brookson Corp.	Delaware
Brookwood Energy & Properties, Inc.	Delaware
Burlington Investors Inc.	Delaware
Buttonwood Leasing Corporation	Delaware

CA Pacific Inc.	Delaware
CA Rosemead Inc.	Delaware
CA Village Green Inc.	California
CA Westlake Inc.	California
CDF85 Real Estate Services Inc.	Delaware
CFB Realty Inc.	Texas
CHP Real Estate Services Inc.	Delaware
CP1 Real Estate Services Inc.	Delaware
CP4 Real Estate Services Inc.	Delaware
CPR Realty Brokerage Inc.	New York
CR Properties, Inc.	Delaware
CS Housing II Inc.	Delaware
Canope Credit Corp.	Delaware
Capital Park Real Estate Services Inc.	Delaware
Casitas Associates, Inc.	California
Catcon Corp.	Delaware
Central Funding (Concord) Corporation	Delaware
Commerce Credit Corp.	Delaware
Corcon Corp.	Delaware
Creekside Inc.	Delaware
DG Realty Corp.	Delaware
DL Mortgage Corporation	Delaware
DRA Management, Inc.	New York
Dimont Corporation	Delaware
Dixon Mill Properties Inc.	Delaware
EB Realty Corp.	Delaware
EIP Holdings Inc.	Delaware
EIP I Inc.	Delaware
Energy Services I Inc.	Delaware
Energy Services II Inc.	Delaware
Energy Services III Inc.	Delaware
Equipment Management Inc.	Delaware
Ethanol Services Inc.	Delaware
FRAH Special Services Inc.	Delaware
Financial Advisory Corporation	Delaware
First Dallas Associates Inc.	Delaware
First Ward Properties, Inc.	Delaware
Forest Management Corp.	Delaware
Fort Bend Inc.	Delaware
Funds Distributor Inc.	Massachusetts
GA Dekalb Inc.	Delaware
GP Real Estate Services II Inc.	Delaware
Government Assisted Properties, Inc.	Delaware
Grass Valley/Marguerite, Inc.	California
HEI Corporation	Delaware
HRH 1, Inc.	Delaware
HRH Depositary Corporation	Delaware
Heritage Park Inc.	Delaware
Historic Properties Inc.	Delaware
Housing Programs Corporation II	Delaware
Housing Services, Inc.	Delaware

Hutton Manufactured Housing Communities III Inc.	Delaware
Hutton Technology Services 1 Inc.	Delaware
IL Lombard Inc.	Delaware
Indian Oaks Inc.	Delaware
Insured Mortgage Equities Inc.	Delaware
Intermodal Equipment Leasing Corporation	Delaware
Investment Properties II Inc.	Delaware
Jackson Capitol Inc.	Delaware
Jet Aircraft Leasing Inc.	Delaware
K. Acquisition Corp.	Delaware
KCP Corp.	Delaware
KM-I Real Estate Company VII	Delaware
Kandel Kansas, Inc.	Kansas
Kandel Properties I Inc.	Delaware
Kulo Corp.	Connecticut
LB I Group Inc.	Delaware
LB Leasing Inc.	Delaware
LB Offshore Vessels Inc.	Delaware
LB Orlando Properties IV, Inc.	Delaware
LB Research Inc.	Delaware
LB/EJV Inc.	Delaware
LBKL Properties Inc.	Delaware
LM Kansas Partners Inc.	Delaware
LRH Warehousing, Inc.	Delaware
LW-GP2A, Inc.	Delaware
LW-GP2B, Inc.	Delaware
LW-GP2C, Inc.	Delaware
LW-GP2D, Inc.	Delaware
LW-LP, Inc.	Delaware
LW-RTC, Inc.	Delaware
LW-SSP3, Inc.	Delaware
LW-SSP4, Inc.	Delaware
LW-SSP5, Inc.	Delaware
LW-SSP6, Inc.	Delaware
LW-SSP7, Inc.	Delaware
La Jolla GP Inc.	Delaware
Lebwab, Inc.	Delaware
Lehman ABS Corporation	Delaware
Lehman Brothers (PTE) Ltd.	Singapore
Lehman Brothers Asia Holdings Limited	Hong Kong
Lehman Brothers Asia Limited	Hong Kong
Lehman Brothers Asset Management Asia, Inc.	Delaware
Lehman Brothers Commercial Corporation Asia Limited	Hong Kong
Lehman Brothers De Venezuela C.A.	Venezuela
Lehman Brothers Europe Inc.	Delaware
Lehman Brothers Finance (Japan) Inc.	Delaware
Lehman Brothers Finance Limited	Hong Kong
Lehman Brothers GMBH	Germany
Lehman Brothers Global Asset Management K.K.	Japan

Lehman Brothers Holdings International Inc.	New York
Lehman Brothers International Services, Inc.	Delaware
Lehman Brothers Investment Holding Company Inc.	Delaware
Lehman Brothers LBO Inc.	Delaware
Lehman Brothers Nominees (H.K.) Limited	Hong Kong
Lehman Brothers Overseas Inc.	Delaware
Lehman Brothers Pte Ltd.	Singapore
Lehman Brothers Puerto Rico Inc.	Puerto Rico
Lehman Brothers Realty Investment Corporation	Delaware
Lehman Brothers S.A. [Spain]	Spain
Lehman Brothers S.A.E.	Spain
Lehman Brothers Securities Asia Limited	Hong Kong
Lehman Brothers Services SNC	France
Lehman Brothers Special Financing Inc.	Delaware
Lehman Brothers Sudamerica S.A.	Argentina
Lehman Brothers Systems Zero, Inc.	Delaware
Lehman Brothers Uruguay S.A.	Uruguay
Lehman Brothers de Chile, S.A.	Chile
Lehman CMO Inc.	Maryland
Lehman Commercial Paper Inc.	New York
Lehman Energy Inc.	Delaware
Lehman Enterprises Inc.	Delaware
Lehman Government Securities Inc.	New York
Lehman Insurance Company	Arizona
Lehman Pass-Through Securities Inc.	Delaware
Lehman Phase II Inc.	New York
Lehman Realty & Development Corp.	New York
Lehman Risk Management, Inc.	Delaware
Liberty Corner Inc.	Delaware
Lombard Realty Corporation	Delaware
Low Income Housing Inc.	Delaware
Lowell Investors Inc.	Delaware
Lowell Real Estate Corp.	Delaware
MTGCO Inc.	Delaware
Manufactured Housing Communities I Inc.	Delaware
Manufactured Housing Communities II Inc.	Delaware
Manufactured Housing Services Inc.	Delaware
Metro Realty Corporation	Delaware
Mountainview Hotels I Inc.	Delaware
Mukilteo GP Inc.	Washington
N.P. Holdco, Inc.	Delaware
N.P. Investment I Co.	Delaware
N.P. Investment II Co.	Delaware
NGP Inc.	Delaware
NJ Atlantic Inc.	Delaware
NPC Inc.	Delaware
NY Real Estate Services 1 Inc.	Delaware
NY Real Estate Services 2 Inc.	Delaware
Newark Properties One Inc.	Delaware

Novacorp Realty/GP Inc.	Canada
One Commerce Inc.	Delaware
Ophthalmic Research Services I Inc.	Delaware
Ophthalmic Research Services II Inc.	Delaware
PAC Aircraft Management Inc.	New York
PREP 2 Preferred Properties Inc.	Delaware
Pacific Village Inc.	Delaware
Panagora Asset Management, Inc.	Massachusetts
Participating Properties Inc.	Delaware
Phoenix Lease Properties II Inc.	Delaware
Phoenix Lease Properties Inc.	Delaware
Playa Blanca Inc.	Delaware
Polaris Industries Holdings Inc.	Delaware
Prochi Corp.	Chile
Project North Corporation	Delaware
Prometheus GP Inc.	Delaware
Prometheus II Inc.	Delaware
QP80 Real Estate Services Inc.	Delaware
RI 2 Real Estate Services Inc.	Delaware
RI 3-4 Real Estate Services, Inc.	Delaware
RI 5 Real Estate Services, Inc.	Delaware
RI 81 Real Estate Services Inc.	Delaware
RJS Leasing Inc.	Delaware
RN Properties Corp.	Delaware
RPI Real Estate Services, Inc.	Delaware
Raintree GP Inc.	Delaware
Real Estate Equity Partners Inc.	Delaware
Real Estate Investors Inc.	Delaware
Real Estate Services I Inc.	Delaware
Real Estate Services VII Inc.	Delaware
Real Estate Services XIII Inc.	Delaware
Renaissance Tower Associates Inc.	Connecticut
Research Partners Inc.	Washington
Rock Hill Investors, Inc.	Delaware
Rock Hill Real Estate, Inc.	Delaware
SEI II Equipment Inc.	Delaware
SFWY Corporation	Delaware
SM4 Real Estate Investors, Inc.	Texas
SM7 Apartment Investors Inc.	Texas
Sacam Corp.	Delaware
Sambar Properties Inc.	Delaware
Sanmars Acquisition Corp.	Delaware
Scranzay, Inc.	Delaware
Selective Funding Inc.	Delaware
Semiahmoo Marina Corporation	Washington
Sharpstown Center Inc.	New York
Shearson/KM, Inc.	Ohio
Southern Timber Resources Corp.	Delaware
Spear Tower Inc.	Delaware
Special Media Inc.	Delaware
Stamford Investment Realty Inc.	Delaware

Stamford Real Estate Corporation	Delaware
Storage Services Inc.	Delaware
Structured Asset Securities Corporation	Delaware
Subsidized Housing Services II Inc.	Delaware
Subsidized Housing Services Inc.	Delaware
TE 2 Enterprises Inc.	Delaware
TX Tower Inc.	Delaware
Texas Self Storage Inc.	Texas
Third-Sixth Mont Corporation	Delaware
Timber Resources Corp. II	Delaware
Tower Investors, Inc.	Delaware
Tower Real Estate Corporation	Delaware
Trans Orbital Sciences Inc.	Delaware
Tustin Arms, Inc.	California
Ult Development Inc.	Delaware
VT, Inc.	California
Venture Investment Partners Inc.	Delaware
Viewmount Inc.	Delaware
Xebec Technology Inc.	Delaware
Lehman Brothers International (Europe)	United Kingdom
Lehman Brothers International Investments Inc.	Delaware
Lehman Brothers International S.A.	Spain
Lehman Brothers International S.P.A.	Italy
Lehman Brothers Investments Pte Limited	Singapore
Lehman Brothers Japan Inc.	Delaware
Lehman Brothers Limited	United Kingdom
Lehman Brothers Merchant Banking Advisors Inc.	Delaware
Lehman Brothers Merchant Banking Partners Inc.	Delaware
Lehman Brothers Middle East Inc.	Delaware
Lehman Brothers Money Brokers Ltd.	United Kingdom
Lehman Brothers N.V.	Curacao, N.A.
Lehman Brothers N.V. Holdings Inc.	Delaware
Lehman Brothers Nominees Limited	United Kingdom
Lehman Brothers Offshore Partners Ltd.	Bermuda
Lehman Brothers Pera Inc.	Delaware
Lehman Brothers Realty Corp.	Delaware
Lehman Brothers S.P.A. Societa' Di Intermediazione Mobiliare	Italy
Lehman Brothers Securities	United Kingdom
Lehman Brothers Securities SpA - Societa' Di Intermediazone Mobiliare	Italy
Lehman Brothers UK Holdings Limited	Delaware & U.K
Lehman Brothers Verwaltungs-und Beteiligungsgesellschaft mbH	Germany
Lehman Brothers/FW Inc.	Delaware
Lehman Brothers/GP Inc.	Delaware
Lehman Brothers/MBGP Inc.	Delaware
Lehman Brothers/MBLP Inc.	Delaware
Lehman Brothers/Rosecliff Inc.	Delaware
Lehman Capital Corporation	New York
Lehman Electric Inc.	Delaware

Lehman Funding Corp.	Delaware
Lehman Global Financial Services Co., Ltd.	United Kingdom
Lehman Hollywood Partners Inc.	Delaware
Lehman Investments Inc.	Delaware
Lehman Lending Corp.	Delaware
Lehman Ltd. I Inc.	Delaware
Lehman Q. C. Garage Inc.	Delaware
Lehman Queens Center Inc.	Delaware
Lehman Queens Limited Inc.	Delaware
Lehman SFA Inc.	Delaware
Lehman Special Securities Inc.	New York
Lehman Structured Assets Inc.	Delaware
Lehman-Global Financial Services Co., Ltd.	Taiwan
Lehman/SDI Inc.	Delaware
Liberty GP II Inc.	Delaware
Liberty GP III Inc.	Delaware
Liberty GP Inc.	Delaware
Manhattan Beach Commercial Properties III Depositary Inc.	Delaware
Manhattan Beach Commercial Properties III Inc.	Delaware
Medical Office Properties Depositary Inc.	Delaware
Medical Office Properties Inc.	Delaware
Messel (Foreign) Nominees Limited	United Kingdom
Messel Nominees Limited	United Kingdom
Midwest Centers Depositary Inc.	Delaware
Midwest Centers Inc.	Delaware
NJ Somerset Inc.	Delaware
NL GP Inc.	Delaware
Northstar Equipment Leasing Income Inc.	Delaware
O.M.B. Limited Partner Ltd.	Bermuda
PDF86 Depositary Corp.	Delaware
PDF86 Real Estate Services Inc.	Delaware
Panagora Asset Management Limited	United Kingdom
Platform Mortgage Limited	United Kingdom
Prime Depositary Corp.	Delaware
Principal Growth Depositary Corp.	Delaware
Principal Growth Mortgage Investors Depositary Corp.	Delaware
Principal Growth Realty Funding, Inc.	Delaware
Principal Growth Realty Management Inc.	Delaware
Property Asset Management Inc.	Delaware
R-H Wildwood-I, Inc.	Georgia
RAIA Depositary Corp.	Delaware
Regional Malls Depositary Corp.	Delaware
Regional Malls Inc.	Delaware
Senior Income Depositary, Inc.	Delaware
Senior Income Fund Inc.	Delaware
South Cobb Land Inc.	Georgia
South Olive Services Company	Delaware
Stamford Towers Depositary Corp.	Delaware
Stamford Towers Inc.	Delaware
Storage Inc.	Delaware

Sun Distributors, Inc.	Pennsylvania
Union Square Depositary Corp.	Delaware
Union Square/GP Corp.	Delaware
Walnut Grove GP Corp.	Delaware
Warner Center Inc.	Delaware
Warren Atlantic Inc.	Delaware
Wellington-Medford III Properties, Inc.	Massachusetts
Working Interest Inc.	Delaware