

Supplemental Executive Retirement Plan Policy Proposal

Be it Resolved: That the shareholders of American Express Company ("Company") hereby urge that the Board of Director's executive compensation committee establish a policy limiting the benefits provided under the Company's supplemental executive retirement plan ("SERP Policy"). The SERP Policy should provide for the following: (1) a limitation of covered compensation to a senior executive's annual salary, and (2) the exclusion of all incentive or bonus pay from inclusion in the plan's definition of covered compensation used to establish benefits. The SERP Policy should be implemented in a manner so as not to interfere with existing contractual rights of any supplemental plan participant.

Supporting Statement: We believe that one of the most troubling aspects of the sharp rise in executive compensation is the excessive pension benefits provided to senior corporate executives through the use of supplemental executive retirement plans ("SERPs"). Our Company has established a SERP, the Supplemental Retirement Plan. The Supplemental Retirement Plan provides the Company's chief executive officer ("CEO") and other senior executives retirement benefits far greater than those permitted under the Company's tax-qualified pension plan. Our proposal seeks to limit excessive pension benefits by limiting the type of compensation used to calculate pension benefits under the SERP plan.

At present, U.S. tax law maintains a \$220,000 limit on the level of compensation used to determine a participant's retirement benefit under a tax-qualified pension plan. Our Company has established a SERP as a complement to its tax-qualified plan in order to provide senior executives increased retirement benefits. This is accomplished by raising the level of compensation used in the pension formula to calculate retirement benefits. The SERP establishes a higher compensation level on which to calculate senior executives' pension benefits by including the executive's salary, certain annual bonuses and other compensation in the compensation figure. The Company's 2006 proxy statement indicates that the combined salary and bonus figure was \$7,092,308 for the CEO, approximately 32 times the \$220,000 compensation limit in the Company's tax-qualified pension plan.

Our position is that the inclusion of an executive's annual bonus along with his or her full salary in the pension calculation is overly generous

and unjustifiable. The only type of compensation used in the SERP for establishing the level of additional pension benefits should be an executive's annual salary. No variable incentive pay should be included in a senior executive's pension calculation under the SERP. The inclusion of annual bonus or incentive payments in determining increased pension benefits can dramatically increase the pension benefit afforded senior executives and has the additional undesirable effect of converting one-time incentive compensation into guaranteed lifetime pension income.

The proposal's limitation on the type of compensation that can be considered in determining senior executives' retirement benefits to only the executive's salary is a necessary and reasonable restriction on the excessiveness of supplemental retirement benefits. We urge your support for this important executive compensation reform.