



THE MARKET

American Express Company is the world's largest issuer of charge and credit cards; the world's largest travel agency; and a respected global financial services and network services provider. Founded in 1850, the company provides a full range of financial services and products to its customers from the company's oldest product, American Express Travellers Cheques, to charge and credit cards, financial planning services, mutual funds and other investment products, as well as global network services through its partnerships with banks and financial institutions worldwide.

Through its family of Corporate Card and business travel services, American Express helps companies manage their travel, entertainment and purchasing expenses.

As the world's largest travel agency, American Express offers travel and related consulting services to individuals and corporations around the world. The company also provides private banking services and personal financial services to individuals outside the United States.

In Australia, American Express competes in a highly competitive and dynamic industry where, during 2000, there were 15.9 million charge and credit cards.

ACHIEVEMENTS

Few companies survive to celebrate their 150th anniversaries, as American Express Company did

in 2000, and in the global financial services sector there are few globally recognised brands. American Express not only has survived, but also continues to thrive in an increasingly competitive marketplace.

With World War I, American Express' international growth plans were quashed. When the United States entered the war, the railroads were commandeered for government purposes and the express and freight companies were consolidated into a single entity, known as the American Railway Express Company. Under government orders, the new company took ownership of the pooled equipment of all the express companies' real estate, warehouses, railroad cars, trucks, wagons, horses, stables and other paraphernalia required for a domestic express business.

However, with its strong money order sales and the introduction of the travellers cheque in 1891, American Express had diversified its businesses enough to separate its growing travel and financial operations from the freight and

express businesses. Although American Express substantially pared down its operations and its number of employees, the company thrived despite the loss of its core business. The travel business flourished, and the company's financial businesses also performed well.

By the early 1950s, American Express had solidified its position as one of the world's premier travel companies. Its offices around the globe – like the famous 11, rue Scribe site in Paris – were every American traveller's "home away from home." The company's travellers cheques became the best-selling product of their kind in the world, a position they still hold. American Express' international banking business expanded, and the company's contracts with the U.S. government to provide banking services to military personnel and their families stationed outside the United States following World War II helped build a broader customer base for the company.

But the 1950s also brought about another dramatic transformation of American Express, including the beginning of a continued presence in Australia. In 1954, the company opened a travel office located in the David Jones department store in Sydney. In the US in 1958, American Express launched the American Express Card, which became the touchstone for the company's next transformation. The card business, which had been viewed as a supplemental business unit, quickly became the company's core business.



HISTORY

The express and freight forwarding business upon which American Express was founded was an essential service, and the people who manned the stagecoaches, express wagons and railway cars were rugged individuals whose duties were romanticised by the public.

During the latter half of the 19th century, as Americans developed an intense appetite for travel, the company expanded its freight forwarding services into Europe. Americans abroad began to rely on the company for travel advice, and American Express increasingly became a travel services company.



The advent of computers and other technological advances during the 1960s helped spur the growth and streamline the processes of the card and other businesses. In 1974, Australia's dollar became only the 16th currency to have its own denominated card.

In the 1970s and early 1980s, American Express diversified its holdings through acquisitions and became what the business press dubbed a "financial supermarket." In a series of moves designed to broaden its earnings base, the company acquired Shearson, IDS Financial Services and a Swiss private bank, Trade Development Bank.

During the early 1990s, the company survived a series of financial setbacks, divested itself of non-core businesses and went through a lengthy period of reengineering. While American Express was again reinventing itself, the company focused almost single-mindedly on the brand and its application to those businesses. The company's U.S. financial planning unit – long known as IDS Financial Services – was rebranded in 1995 as American Express Financial Advisors. Through reengineering during the late 1990s and market share gains in several of its businesses, American Express once again became a growth company.

and Travellers Cheque Group.

Through these four groups, American Express serves the broad needs of its global customer base. Whether for a cardmember, a student booking a tour through a travel service office, a small business owner or a multi-national corporation, American Express provides customised service that is designed to meet each customer's unique needs.

RECENT DEVELOPMENTS

Over the past several years, the company has begun to more aggressively introduce new products and services into the marketplace. Building on the success of its ubiquitous green



American Express Blue Box logo has become one of the world's most familiar corporate identifiers. This is in part due to the global nature of American Express' business; the Blue Box appears on travellers cheques, travel service offices, and a broad range of charge and credit card products.

It is also due in part to the extension of that identifier into new media. The American Express website is anchored by the Blue Box, and provides the company's customers with access to a wide range of products and services. Through the site they may apply for a card, track both current and past charges and payments, redeem Membership Rewards points and even book travel reservations.

BRAND VALUES

Ever since its days as a freight forwarding company, when its drivers were entrusted to transport people's valuables across the frontier, the American Express brand has exemplified trust, security, and exemplary customer service. Despite the fact that the company, over time, has been a leader in a number of industries – freight forwarding, travel and tourism, travellers cheques, credit and charge cards, financial services – the core attributes of the American Express brand have endured.

The past several years have been a time of rebirth for American Express, and the transformation the company has undergone during that period is no less dramatic than its previous reinventions. Part of the reason for its current success is the company's focus on the American Express brand. The fundamental elements that made the company successful a hundred years earlier – values like trust, integrity, quality and service – are still the basic tenets upon which all of the company's businesses are built.

American Express Card, the company today increasingly offers products that are customised to meet its customers' diverse needs.

Recent years have seen the company launch new credit and charge card products, including the premium Platinum Card, which is available by invitation only, and the revolutionary Blue from American Express. Blue is Australia's first smart credit card designed featuring chip functionality and produced in a world-first truly clear plastic.

The company also has expanded its presence internationally, both through the launch of its own card and financial services products, and also through its Global Network Services (GNS) business. Launched in 1996, GNS now provides card network services through its partnerships with banks and financial institutions in more than 70 countries around the world.

PROMOTION

American Express has long been known for its inventive advertising.

Whether it was Karl Malden intoning "Don't leave home without it" on television in the 1960s, the "Do You Know Me?" campaign of the 1970s, the "Membership Has Its Privileges" campaign of the 1980s or the highly visible participation of Jerry Seinfeld and Tiger Woods as American Express spokesmen in the 1990s and beyond, advertising has long played a role in American Express' sustained recognition.

But the power of advertising is only one component of the company's visibility. The company also has leveraged the power of its Blue Box logo. Since its introduction in 1975, the familiar

THINGS YOU DIDN'T KNOW ABOUT AMERICAN EXPRESS

- Two of the three founders of American Express were Henry Wells and William Fargo – who also founded Wells Fargo.
- One of the earliest emblems used to represent American Express was a photograph of a bulldog atop a locked strongbox – symbolising trust, vigilance and security.
- An American Express employee named Marcellus Berry invented the travellers cheque, which the company introduced in 1891.
- Following World War II, American Express was engaged by the U.S. government to help transport the belongings of soldiers stationed abroad, and one especially memorable initiative – Operation Pooch – involved shipping more than 10,000 adopted dogs back to the United States for reunions with their owners.
- During the early 1980s, through a joint venture with Warner Communications, American Express helped fund the startup of MTV.

THE PRODUCT

American Express' products and services are as diverse as the company itself. The company's principal lines of business are organised into four groups: The Global Financial Services Group (which includes American Express Financial Advisors and American Express Bank); the U.S. Consumer and Small Business Services Group (which includes its credit and charge card businesses); the Global Corporate Services Group (which includes the company's Corporate Card and corporate travel businesses); and the Global Establishment Services