

ADDENDUM NO. 1 TO
AMENDED STIPULATION AND AGREEMENT OF SETTLEMENT

This Addendum No. 1 to Amended Stipulation and Agreement of Settlement is entered into by and among representative plaintiffs Edward LiPuma and William S. Barrett (together, the "Representative Plaintiffs"), on behalf of themselves individually and on behalf of each of the Settlement Class Members, on the one hand, and American Express Company, American Express Centurion Bank and American Express Travel Related Services Company, Inc. (collectively, "American Express"), on the other. Unless otherwise stated herein, the Definitions set forth in Paragraph IV.1 of the Amended Stipulation And Agreement Of Settlement dated as of June 9, 2004 (the "Agreement") are hereby incorporated by reference.

RECITALS

WHEREAS, the Turkish Lira is, and has been during the Class Period, an extremely devalued currency with exchange rates often exceeding 1 million Turkish Lira to the U.S. Dollar; and

WHEREAS, informal discovery has revealed that, as a result of the devaluation of the Turkish Lira, American Express adopted certain rounding practices until February 2004 for transactions in Turkey; however, American Express did not assess the FX Rate Adjustment on these transactions during the Class Period; and

WHEREAS, American Express denies that these rounding practices are improper or actionable in any way; and

WHEREAS, informal discovery has revealed that these rounding practices sometimes resulted in a "rounded up" exchange rate which was less favorable to cardmembers and sometimes

resulted in a "rounded down" exchange rate which was more favorable to cardmembers, with some netting over multiple transactions; and

WHEREAS, informal discovery has revealed that the aggregate effect of these rounding practices between February 1, 1999 and January 31, 2004 was a net "rounding up" in the approximate amount of 6.58% of the aggregate transaction amounts (the "Alleged Turkey Rounding Damages"); and

WHEREAS, informal discovery has revealed that while American Express can determine at significant cost the total amount of aggregate charges made in foreign currencies by its cardmembers, it lacks sufficient records to identify charges in Turkish Lira during the Class Period; and

WHEREAS, Paragraph IV.8.7 of the Agreement permits it to be modified by written instrument signed by or on behalf of the Settling Parties; and

WHEREAS, the Settling Parties have agreed to modify the allocation of the Settlement Contribution to permit Class Members who made transactions in Turkish Lira to claim 100% of their Alleged Turkey Rounding Damages.

AGREEMENT

IT IS HEREBY AGREED THAT THE SETTLEMENT AGREEMENT IS MODIFIED AS FOLLOWS:

1. Notwithstanding the fact that American Express did not assess the FX Rate Adjustment in Turkey, when calculating the claim amounts set forth in Paragraph IV.2.5 of the Agreement, American Express shall include 2% of the dollar volume of any charges made by that Class Member in Turkish Lira during the applicable time period.

2. In addition to the claim amounts permitted by Paragraph IV.2.5 of the Agreement, Settlement Class Members who made purchases in Turkish Lira using their American Express cards after February 1, 1999 may claim an additional amount equal to 4.58% of the Settlement Class Member's estimated dollar volume of any charges made by that Settlement Class Member in Turkish Lira between February 1, 1999 and January 31, 2004. (*Exemplar*: if a Class Member estimates that she spent US\$1000 in Turkey during this time period, US\$45.80 will be added to the amount of her Claim.)

3. The Mailed Notice and Claim Form attached hereto as Exhibits 1 and 2 shall be substituted for the Claim Form and Mailed Notice attached to the Agreement as Exhibits A and C.

4. Except as set forth herein all other terms of the Agreement remain unchanged.

STROOCK & STROOCK & LAVAN LLP
JULIA B. STRICKLAND
SCOTT M. PEARSON
ANDREW W. MORITZ

By: 

Scott M. Pearson

Attorneys for American Express

KOZYAK TROPIN & THROCKMORTON, P.A.
ADAM M. MOSKOWITZ
THOMAS A. TUCKER RONZETTI

By: _____

Adam M. Moskowitz

Class Counsel on Behalf of the Class

2. In addition to the claim amounts permitted by Paragraph IV.2.5 of the Agreement, Settlement Class Members who made purchases in Turkish Lira using their American Express cards after February 1, 1999 may claim an additional amount equal to 4.58% of the Settlement Class Member's estimated dollar volume of any charges made by that Settlement Class Member in Turkish Lira between February 1, 1999 and January 31, 2004. (*Exemplar*: if a Class Member estimates that she spent US\$1000 in Turkey during this time period, US\$45.80 will be added to the amount of her Claim.)

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By: _____
Scott M. Pearson

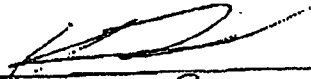
Attorneys for American Express

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Adam M. Moskowitz

Class Counsel on Behalf of the Class

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Class Counsel on Behalf of the Class

LERACH COUGHLIN STOIA & ROBBINS, L.L.P.
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By: _____
Frank J. Janeczek Jr.

Class Counsel on Behalf of the Class

STEYER LOWENTHAL BROODOOKAS ALVEREZ & SMITH L.L.P.
ALLAN STEYER

By: _____
Allan Steyer

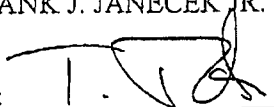
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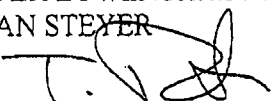
Class Counsel on Behalf of the Class

LERACH COUGHLIN STOIA & ROBBINS, L.L.P.
FRANK J. JANECEK JR.

By:  _____
for Frank J. Janecek Jr.

Class Counsel on Behalf of the Class

STEYER LOWENTHAL BROODOOKAS ALVEREZ & SMITH L.L.P.
ALLAN STEYER

By:  _____
for Allan Steyer

Class Counsel on Behalf of the Class

EXHIBIT 1

EXHIBIT 2

Settlement of Class Action Lawsuit

Notice to American Express Cardmembers of Refund Regarding Charges Made in Foreign Currencies

If you used an American Express card for charges in foreign currencies between March 28, 1997 and [DATE OF PRELIMINARY APPROVAL], you may be entitled to a refund in connection with the settlement of a class action lawsuit.

Your refund is based on when you opened (or closed) your American Express account.

If you opened your account *after* February 1, 1999, you may receive a payment up to the amount of all conversion "fees" you were charged between February 1, 1999 and MM DD, 200X.

If you made purchases in Turkey after February 1, 1999, you may receive an additional amount.

If you opened your account *before* February 1, 1999, you may receive a payment of up to \$15.00 plus all conversion "fees" you were charged between February 1, 1999 and MM DD, 200X.

If you closed your account before February 1, 1999, you may receive up to \$15.00.

You Must File a Claim to Get Your Refund. If you did not pay money you owed to American Express, you do not qualify for this refund.

How to File a Claim

Completely fill out, sign, and return the enclosed claim form.

If you need a claim form, call:
1-877-567-4294
Or go to: www.lipumasettlement.com

You can only file one claim per account and your claim *must* be postmarked by _____, 2004.

Legal Background

On MM DD, 2004, the U.S. District Court for the Southern District of Florida gave preliminary approval to the Settlement in *LiPuma v. American Express, et al.* a class action lawsuit on behalf of all former or current American Express cardmembers or accountholders with U.S. billing addresses who incurred a charge denominated in a foreign currency, and paid that charge in U.S. dollars, during the time period between March 28, 1997 and [date of preliminary approval], and who did not negotiate (or on whose behalf there was not negotiated) a foreign currency conversion methodology for their American Express account(s).

The class representatives alleged that American Express did not adequately disclose its foreign currency conversion practices, including but not limited to a 1% - 2% "fee" on charges made in foreign currencies. Similar lawsuits have been filed in California, New York, Illinois and Texas. **For more details of these cases, see the Settlement Agreement and Addendum No. 1 to the Settlement Agreement.**

American Express denies any wrongdoing and contends that its foreign currency conversion practices are fully disclosed and allowed by its cardmember agreements.

Settlement Terms

American Express has agreed to:

1. Disclose their foreign currency conversion methods in cardholders' agreements and periodic statements, including listing, highlighting, and explaining all foreign currency conversion fees on cardholders' periodic statements.
2. Pay a maximum amount of \$75 million plus interest and a minimum amount of

\$30 million. This money will go to: pay the refunds described above, make donations to charity on behalf of cardholders who do not receive a refund, and reimburse plaintiffs' attorney's fees and litigation expenses.

- If cardholders claim less than \$29.5 million, American Express has agreed to pay additional money to one or more court-approved charities in an amount that will bring the total payment to \$30 million.
 - If cardholder claims are more than \$30 million but less than \$75 million, American Express has agreed to pay up to an additional \$2.5 million to one or more court-approved California based charities.
3. In addition to the \$75 million maximum payment, American Express also will pay for class notice and settlement administrative costs. In addition to the \$30 million minimum payment, American Express also will pay for plaintiffs' attorney fees, class notice and settlement administration costs.
 4. If the amount of valid claims submitted and court awarded attorneys' fees totals more than the \$75 million maximum payment, the refund payments will be decreased on a *pro rata* basis.
 5. The Court will determine the appropriate amount of attorneys' fees and costs to be awarded. Class Counsel intends to apply for an award of attorneys' fees and costs in an amount that will *not* exceed \$11 million plus interest, and incentive awards to the class representatives of up to \$10,000 for serving as class representatives. American Express will not oppose Class Counsel's application. The Settlement is not conditioned upon approval of any of these amounts.

Your Rights

Right to be Excluded from the Settlement

You do not have to be included in the settlement. If you want to exclude yourself from the settlement, write a letter that says: "I/we request to be excluded from the settlement in *LiPuma vs. American Express*,

U.S. District Court for the Southern District of Florida, Case No. 04-20314-CIV-Altonaga"

You must include your full name, address and account number(s). You and any other joint account holders (unless you have a Corporate Card) must sign the letter. Then mail it to:

***LiPuma Settlement Administrator
P.O. Box 1707
Fairbault, MN 55021-1707***

Your letter must be postmarked by _____, 2004.

If you exclude yourself from this settlement, you will not be bound by the settlement and you will still be able to bring your own lawsuit or arbitration against American Express.

If you do not exclude yourself (or do not submit a claim on time) you are still bound by this settlement.

If you want a refund do not request exclusion from the settlement.

Right to Object

The Court has scheduled a Final Settlement hearing on _____, at _____ at the United States District Court for the Southern District of Florida, 301 N. Miami Ave., Miami, FL 33128, to consider whether to give final approval to the Settlement.

You can oppose the settlement at the hearing. But, first you must explain your objection in writing and file it with the court by _____, 2004.

You must also mail your objection to:

***Class Counsel: Bruce E. Gerstein
Garwin, Bronzaff et al.,
1501 Broadway, Suite 1416
New York, NY 10036***

***Class Counsel: Frank J. Janecek, Jr.
Lerach Coughlin et. al
401 B Street, Suite 1700
San Diego, California 92101***

***Counsel to American Express:
Julia B. Strickland***

*Stroock & Stroock & Lavan LLP
2029 Century Park East, 18th Floor
Los Angeles, CA 90067.*

Each objection must be postmarked by:
_____, 2004.

More Information

This notice is only a summary of the Settlement. To review a complete copy,

Call: 1-877-567-4294 (*toll free*)

Or go to:
www.lipumasettlement.com

Or contact any of the Class Counsel:

Garwin, Bronzaft et al., (address above)

*Kozyak Tropin & et. al.
2800 Wachovia Financial Center
200 South Biscayne Blvd.
Miami, FL 33131-2305*

*Steyer Lowenthal et. al.
One California Street, Suite 300
San Francisco, CA 94111*

Lerach Coughlin et. al. (address above)

You can also review the Court's file during regular court hours at:
U.S. District Court for the Southern District of Florida
301 N. Miami Ave.
Miami, FL 33128

Release of Claims

If the Settlement receives final approval from the Court and you do not opt out, you will release all claims, known or unknown, (1) that arise out of or are related in any way to any or all of the acts, omissions, facts, matters, transactions, or occurrences that were directly or indirectly alleged, asserted, described, set forth or referred to in the Litigation; and (2) that are, were, or could have arisen out of or been related in any way to Defendants' foreign currency conversion practices and the disclosures relating thereto.

The complete release is set forth in the Settlement Agreement.