

February 12, 1998

TO: Members and Member Organizations

ATTENTION: Chief Executive Officers/Managing Partners/
Compliance Officers/Senior Registered Options Principals

FROM: Capital Markets Division

SUBJECT: American Express Credit Corporation
_____* % Cash Exchangeable Notes, Due 2/ * /03
(Linked to the Price of the Common Shares of
American Express Company)

The aforementioned Notes are the subject of a Preliminary Prospectus Supplement and will commence trading at a date to be announced (Trading Symbol: AXC.R, CUSIP Number 025818CJ2).

GENERAL DESCRIPTION:

As more fully explained in the Preliminary Prospectus Supplement, the Notes constitute Debt Securities of the American Express Credit Corporation (hereinafter the "Issuer") and will be issued in minimum denominations of \$1,000.

Interest at the rate of ____* % per annum, will be paid semi-annually on February ____* and August ____* of each year, beginning August ____, 1998.

The Notes are exchangeable solely for cash or payable solely in cash at maturity. Noteholders do not have any right to receive any common shares or other securities. The price of the common shares of American Express Company serves solely as a benchmark to determine the amount payable on any Note upon exchange at the option of the Holder and under certain circumstances, at the option of the Issuer.

PAYMENT AT MATURITY:

At maturity, the Issuer will pay \$1,000 per Note (or in the event of maturity prior to February ____*, 2003 for any reason, the Accreted Value**). Accrued and unpaid interest to maturity will be payable by the Issuer on all Notes outstanding at maturity, other than any Note with respect to which a valid Notice of Exchange has been delivered by the Holder.

The purpose of this circular is to provide basic information to Members and Member Organizations regarding the subject securities and to advise of certain compliance responsibilities when handling transactions in these securities. This is not a sales document and is not intended to be distributed to customers.

* To be announced.

** Accreted Value equals the issue price plus accrued original issue discount, calculated on a semi-annual bond equivalent basis.

EXCHANGE RIGHT OF NOTEHOLDERS:

On any Exchange Date (see below), Noteholders will have the right, (subject to a prior call by the Issuer for cash at the Call Price as summarized below under “Issuer Exchange Right” and upon delivery of an Official Notice of Exchange prior to 11:00 a.m. New York City time on such date) to exchange each \$1,000 principal amount of Notes for an amount in cash equal to the Exchange Amount.

As more fully explained in the Prospectus Supplement, the Exchange Amount will equal the product of __*__ shares of stock of American Express Company and the Closing Price of the stock on (1) in the case of an exchange by the Holder, the applicable Exchange Date, or (2) in the case of an exchange by the Issuer, the Call Date. No accrued and unpaid interest will be payable on Notes exchanged by the Holder or called by the Issuer.

ISSUER EXCHANGE RIGHT:

On or after February __*, 2000, the Issuer may call the Notes, in whole but not in part, for Mandatory Exchange into cash in an amount equal to the Exchange Amount, provided that if Parity (see below) on the Trading Date immediately preceding the Notice Date is less than the Call Price for the related Call Date, the Issuer will instead pay an amount equal to the Call Price on such Call Date, which may not be less than 30 nor more than 60 days from the Notice Date.

If called for Mandatory Exchange, Holders must exercise their right to receive the Exchange Amount, or payment will be made at the Call Price, on the Call Date fixed by the Issuer.

EXCHANGE DATE:

Any Trading Day, from and including March __*, 1998, through and including the Trading Day prior to the earliest of (1) maturity (2) the Call Date and (3) the Issuer Notice Date, in the event of a call for cash at the Call Price as described under “Issuer Exchange Right”.

EXCHANGE RATIO:

__*__ shares of American Express Company per Note, subject to adjustment for certain corporate events.

PARITY:

With respect to any Trading Date, an amount equal to the Exchange Ratio times the closing price of American Express Company common shares on such Trading Date.

CERTAIN RISK FACTORS:

- The trading price of the Notes may vary considerably prior to maturity, due to, among other things, fluctuations in the market price of the Common Shares of American Express Company and other events that are difficult to predict and beyond the Issuer's control.
- The yield to maturity of the Notes is less than would be payable on a non-exchangeable debt security if the Issuer were to issue such a security at the same time it issues the Notes.
- The terms of the Notes differ from those of ordinary securities in that the Notes are exchangeable for cash at the option of the holder and, under certain circumstances, at the option of the Issuer, for an amount that is not fixed in advance, but rather based on the price of the Common Shares of American Express Company.
- The opportunity for appreciation afforded by an investment in the Notes is less than the opportunity afforded by an investment in the Common Shares. In addition, Holders of the Notes will not participate in any such equity appreciation, unless the Notes are exchanged and at the time of such exchange Parity equals or exceeds the Call Price.
- The market value of the Notes is expected to depend primarily on the extent of the appreciation of the Common Shares of American Express Company above the Market Price of the stock on February __*, 1998.
- The Exchange Ratio or, in certain circumstances, the determination of the Exchange Amount, is subject to adjustment for certain events arising from, among others, stock splits and combinations, stock dividends, extraordinary cash dividends and other actions that may impact on the capital structure of American Express Company.

OTHER IMPORTANT INFORMATION:

- Investors should consider the tax consequences of investing in the Notes. See the Prospectus Supplement for a discussion of the tax considerations, including the implications of Original Issue Discount.
- The Notes are not subject to any sinking fund.
- As more fully discussed in the Prospectus Supplement, tax changes which could negatively impact on the Issuer would allow for the Notes to be called for redemption.
- Ownership of the Notes will be maintained in book entry form with DTC. Notes sold outside the U.S. will be deposited with Euroclear and Cedel.

associated persons of member organizations are advised to read both the Prospectus and the Prospectus Supplement.

REGULATORY CONSIDERATIONS:

MARGIN AND CAPITAL REQUIREMENTS

For margin and capital purposes, AXCR.O3 is a debt security. A long position will have an initial and maintenance margin requirement equal to 50% and 25% of market value, respectively.

AXCR.O3 does not qualify as an options hedge under the Securities and Exchange Commission's Rule 15c3-1 (the "Net Capital Rule") or the Exchange's margin rules. Therefore, members should be aware that making markets in or trading AXCR.O3, or any structured product that does not qualify as an options hedge, will subject the member to the provisions of the Net Capital Rule. Members should refer to Regulatory Circular RG 97-40 for further information regarding capital requirements and structured products.

For capital purposes, AXCR.O3 positions will be subject to a haircut equal to 15% of market value. There are no haircut offsets for related derivative securities.

SALES PRACTICES

The Notes are considered debt securities and subject to the provisions of Rule 30.50. A customer's account is not required to be options approved. Members and associated persons of member organizations should take such steps as may be reasonably necessary to assure that prospective Note purchasers reach an investment decision only after carefully considering the suitability of the Notes in light of their particular financial circumstances and objectives.

* * * * *

Questions regarding customer suitability of these securities should be directed to Larry Bresnahan (312) 786-7713 and margin questions should be directed to Jim Adams (312) 786-7718. General product questions should be directed to Nick Parcharidis of the Capital Markets Division (212) 803-1411.