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AIR, HOTEL AND CAR RENTAL RATES SET TO RISE IN 2007, ACCORDING TO AMERICAN EXPRESS BUSINESS TRAVEL

*-- Buyer Demand, Tightened Inventories, and Higher Supplier Operating Costs
Continue Upward Pressure on Corporate Travel Prices --*

*-- To Keep Executives Traveling While Containing Costs, Companies Will Smarten
Sourcing, Tighten Travel Policies, Strengthen Compliance, and Adopt Online Booking Tools*

New York, NY – October 26, 2006 – Continuing demand for corporate travel without a commensurate lift in supply will push costs higher across the board in 2007, according to the American Express Global Business Travel Forecast. Air fares worldwide are expected to increase – though at a slower pace than in 2006 – while hotels rates will remain at heightened 2006 levels and surge in key business centers.

“Keeping executives on the road while holding budgets in check will be a challenge for organizations in 2007,” said Mike Streit, Vice President and Global Leader for American Express Business Travel, Advisory Services. “For instance, as compared to 2006, the Forecast indicates an average domestic North America trip inclusive of air fare, car rental and hotel stay will increase \$46 USD or 4.5 percent in 2007, and an average international trip with its air fare and hotel stay will increase \$180 USD or 4.6 percent.”

Global Air Fare Forecast

The American Express Business Travel Forecast prepared by Advisory Services shows a three to five percent increase in global domestic economy fares, and a three to seven percent rise in global international business-class fares. Moderate airfare increases are expected as airlines pare back fare hikes, corporations focus on smarter buying and traveler security remains an area of concern.

Published Air Fares	Increases for 2007
Domestic/Short-haul (Economy Fares)	3% to 5%
International/Long-haul (Business Fares)	3% to 7%

Global Hotel Rate Forecast

Meanwhile, skyrocketing demand for hotels across all regions will continue to give hoteliers more control over negotiations, with few downward pressures available to stabilize pricing. Rising occupancy, limited supply growth, and competition between leisure and corporate travelers will leave hotels with the confidence to increase transient rates.

Region	Hotel Mid-Range Properties Increases for 2007	Hotel Upper-Range Properties Increases for 2007
Asia-Pacific	0% to 25%	-1% to 25%
EMEA	2% to 5%	3% to 6%
Latin America & the Caribbean	2% to 4%	4% to 7%
North America	2% to 6%	3% to 8%

The Corporate Response

“We anticipate that more organizations will ramp up their procurement focus, implement new technology tools at the point of booking, update and strengthen their travel policies and focus on traveler behavior to ensure that negotiated savings are fully realized,” added Streit.

“The migration to online booking, already well underway in North America, and the ‘visual guilt’ associated with fare transparency will gain even more momentum as a strategic imperative across other regions of the globe. We also expect to see a growing number of corporations zero in on corporate meetings spending as this area, until now, has been under-examined and is ripe for savings and control opportunities,” Streit continued.

Global Air Trend Highlights

Air fares are expected to climb in 2007, though low-cost carrier penetration continues to dampen prices across the global airline industry. In North America, the continued emergence of low-cost carriers, along with weaker demand will be balanced by reduced capacity and industry consolidation.

“Compliance-to-policy and tighter controls are necessary as airlines reduce capacity, increase fares and work with more sophisticated yield and contract management technology. Containing costs often becomes as simple as communicating with your travelers about doing the right thing,” noted Streit.

In Europe, upward pricing pressure continues to take hold in most regions. More passenger traffic and higher oil prices will be offset by continued low-cost carrier growth, increased capacity on high traffic routes and competitive fare structure changes.

Within Asia-Pacific, low-cost carriers have maintained their momentum, consistent with the continuing deregulation in the region. The low-cost carrier trend coincides with an increased level of affluence across Asia-Pacific, improved mobility of the population and increasing demand. At the same time, full service carriers continue to invest in product upgrades to retain the high yielding corporate traveler, while shedding other operating costs. These developments will generally manifest themselves as upward pricing pressure.

In Latin America and the Caribbean, improving economic conditions are expected to spur business travel growth, both domestically and internationally. High oil prices and increased passenger traffic will be somewhat offset by greater capacity and the growth of low-cost carrier competition.

Global Hotel Trend Highlights

The hotel environment will continue to be challenging for buyers in 2007, with prices similar to those seen last year. Hoteliers are pricing discounts based on higher corporate and rack rates, and focusing on revenue and inventory management techniques, such as dynamic pricing.

“While the hotel industry will clearly continue to be a sellers’ market in 2007, companies that take advantage of their long-term partnerships, negotiate aggressively and monitor program compliance will mitigate these increases and manage hotel spending better than companies that do not,” added Streit.

In the U.S., hotel rates will continue their upward climb amid higher occupancy rates and limited supply growth. Europe will experience similar hotel rate increases.

In many corporate markets in the Asia-Pacific region, increased demand for hotel rooms will surpass the growing rate of air capacity, leading to higher overall hotel rates. In Hong Kong and cities in Australia, for instance, rates could grow in the double-digits in 2007. In India, demand is also outstripping supply.

Latin America & the Caribbean will likely experience increasing local and international travel, which will drive hotel rates higher, though results are expected to vary by country.

Regional Highlights

North America – Air/ Hotel/Car Forecasts and Trends

In the U.S., domestic economy fares will rise three to six percent in 2007. More low-cost fares and a tighter focus on corporate policy compliance will be balanced by reduced capacity and continued industry consolidation.

International business-class fares will climb two to four percent as airlines boost non-stop flights to previously under-serviced destinations, though non-stop flights will be priced at somewhat of a premium.

In Canada, fares will rise zero to three percent for domestic routes and four to six percent for international routes.

In the U.S., hotel rates will continue their upward climb amid higher occupancy rates and limited supply growth. Rates in key U.S. cities, such as New York, may rise as much as 18 percent. Boston, Philadelphia and San Francisco rates are expected to climb five to seven percent at mid-range properties and eight to ten percent at upper-range properties.

In the North America car rental market, lower supply and fleet pricing increases should lead to four to six percent increases in 2007.

North America Air / Hotel / Car 2007 Forecasted Increases					
Region	Published Air Fares		Published Hotel Fares		Car Rates (Daily Rates)
	Domestic / Short-Haul (Economy Class)	International / Long-Haul (Business Class)	Mid-Range	Upper-Range	
United States	3 to 6%	2 to 4%	3 to 6%	4 to 8%	
Canada	0 to 3%	4 to 6%	2 to 4%	3 to 5%	
North America	3 to 6%	2 to 6%	2 to 6%	3 to 8%	4 to 6%

Europe – Air/ Hotel/Car Forecasts and Trends

The Global Business Travel Forecast sees moderate air fare increases of zero to two percent for economy fares and two to three percent for international fares throughout Europe. More passengers and high fuel costs will be partly offset by low-cost carrier growth and increased capacity.

In the U.K., France and Sweden, air fares are expected to rise a moderate one to three percent. In Germany, the impact of low-cost carriers may push air fares down, and domestic fares may fall by one percent in 2007.

Hotel costs will increase amid significant business demand and higher occupancy rates. In the United Kingdom, rates will rise two to six percent; some cities, such as Edinburgh, will record rate increases as high as 11 percent. In London, overall rates will climb two to five percent in mid-range hotels and three to six percent in upper-range hotels. Many London hotels will see already-high occupancy levels climb to as much as 80 to 90 percent in 2007.

In Europe, car rental firms will remain much more competitive than in the U.S. Rates are expected to increase one to three percent on a year-over-year basis.

Europe Air Fares & Hotel Rates				
2007 Forecasted Increases				
Region	Published Air Fares		Published Hotel Fares	
	Domestic / Short-Haul (Economy Class)	International / Long-Haul (Business Class)	Mid-Range	Upper-Range
France	1 to 3%	3 to 4%	1 to 4%	3 to 6%
Germany	(-1) to 2%	2 to 4%	3 to 5%	4 to 6%
Sweden	1 to 2%	0 to 2%	2 to 4%	3 to 5%
United Kingdom	1 to 2%	2 to 4%	2 to 5%	3 to 6%
Europe	0 to 2%	2 to 3%	1 to 5%	3 to 6%

Latin America & the Caribbean – Air/ Hotel/Car Forecasts and Trends

In Latin America, improving economic conditions, more passenger traffic and high oil prices will continue to drive fares higher. However, these increases will be somewhat offset by greater capacity and the growth of low-cost airlines in the market.

Domestic fares in the region will rise one to three percent, while international fares will climb four to seven percent, with Argentina and Brazil's business-class fares showing the largest price increases.

Domestic fares in Mexico, however, are expected to decrease five to nine percent due to the rapid growth of low-cost carriers.

On the hotel front, rates in most of Latin America's key business markets are expected to rise significantly, due to more travel to the region. Hotel rates should increase an average of two to four percent in the mid-range tier and two to seven percent in the upper-range tier.

In Argentina, rates are projected to climb four to six percent at mid-range properties and four to seven percent at upper-range properties. Similarly, rates in Mexico should climb two to three percent at mid-range properties and three to five percent at upper-range properties.

Car rental rates are expected to grow one to three percent on a year-over-year basis.

2007 Latin America & the Caribbean Air Fares & Hotel Rates				
Region	Published Air Fares		Published Hotel Fares	
	Domestic / Short-Haul (Economy Class)	International / Long-Haul (Business Class)	Mid-Range	Upper-Range
Argentina	5 to 8%	6 to 9%	4 to 6%	4 to 7%
Brazil	3 to 5%	6 to 9%	2 to 4%	2 to 5%
Mexico	(-5) to (-9)%	3 to 5%	2 to 3%	3 to 5%
LA&C Region	1 to 3%	4 to 7%	2 to 4%	4 to 7%

Asia-Pacific – Air/ Hotel/Car Forecasts and Trends

In Asia-Pacific, average air fares will climb three to five percent.

Asia-Pacific also continues to power ahead on the low-cost front, and the region is expected to see its first long-haul, low-cost model by the end of 2006.

India now has six low-cost carriers in the sky, with more to come in 2007, and the country is expected to be the world’s largest low-cost carrier market by 2010.

On the hotel side, American Express Business Travel forecasts a zero to twenty-five percent increase in mid-range hotel rates across the JAPA region.

Leisure travelers will continue to compete directly with business travelers for rooms, leaving hotels with the confidence to increase transient rates. Room inventory in the mature corporate markets of Australia, Hong Kong, Japan and Singapore is growing at a slower rate than air capacity, thus impacting supply and driving rates higher.

Rental car rates in Asia-Pacific are expected to grow one to three percent on a year-over-year basis.



2007 Asia-Pacific Air Fares & Hotel Rates				
Region	Published Air Fares		Published Hotel Fares	
	Domestic / Short-Haul (Economy Class)	International / Long-Haul (Business Class)	Mid-Range	Upper-Range
Australia	4 to 6%	4 to 5%	4 to 6%	6 to 8%
China	1 to 3%	2 to 3%	2 to 4%	7 to 11%
Hong Kong	1 to 2%	4 to 6%	7 to 9%	9 to 11%
India	2 to 5%	3 to 6%	20 to 25%	20 to 25%
Japan	1 to 2%	1 to 2%	0 to 2%	(-1) to 1%
Singapore	2 to 3%	3 to 4%	5 to 7%	6 to 8%
Asia-Pacific	2 to 4%	3 to 5%	0 to 25%	(-1) to 25%

Methodology

Projections were based on a combination of statistical forecasting, research of supplier markets, regional economic trends, interviews with American Express industry analysts, and analysis of reports generated within and outside American Express.

As indicated above, the forecasts and projections provided in this report are based on information gathered from a number of different internal and external sources and no representation or warranty is made as to the accuracy of the forecasts or projections made herein. In addition, actual changes in business travel costs could vary significantly from forecasted data, particularly as a result of unforeseen future political, economic, and/or environmental events.

All ranges represent forecasted year-over-year increases.

About American Express

American Express Business Travel, a division of the American Express Company, is dedicated to helping its clients realize the greatest possible value from their investment in travel through increased cost savings, outstanding customer service and greater spend control.

For small businesses, medium-sized enterprises and multinational corporations, American Express Business Travel provides a combination of industry-leading booking technology, travel management consulting expertise, strategic sourcing and supplier negotiation support and customer service available online and offline, around the world.

American Express operates one of the world's largest travel agency networks with over 2,200 travel service locations in over 140 countries and territories worldwide. The Company processed nearly \$20.6 billion in global travel sales in 2005.

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