



**AEP**<sup>®</sup>

*n. 1. a building where electricity is generated. 2. a person or group with great energy and unlimited potential for success.*

# UNLIMITED POTENTIAL

## POWERHOUSE

In many ways, American Electric Power has been an industry powerhouse for decades. We pioneered many technologies and techniques that have become standard in the electric utility industry.

Thanks to the inventiveness, skill and drive of its people, AEP remains at the forefront of the restructured electric utility industry. Our achievements in 2000 provide a platform for even better performance in the years ahead.

Energy, information and people will be the primary ingredients for our future success. We are committed to being a powerhouse of energy and shareholder value.

This discussion includes forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. These forward-looking statements reflect assumptions, and involve a number of risks and uncertainties. Among the factors that could cause actual results to differ materially from forward-looking statements are: electric load and customer growth; abnormal weather conditions; available sources and costs of fuels; availability of generating capacity; the impact of the merger with CSW, including actual merger savings being less than the rate reductions given to certain regulated customers under settlement agreements; the speed with and degree to which competition is introduced to our power generation business; the structure and timing of a competitive market and its impact on energy prices or fixed rates; the ability to recover net regulatory assets and other stranded costs in connection with deregulation of generation; new legislation and government regulations; the ability to successfully control costs; the success of new business ventures; international developments affecting our foreign investments; the economic climate and growth in our service territory; the ability of the Company to successfully challenge new environmental regulations and to successfully litigate claims that the Company violated the Clean Air Act; inflationary trends; changes in electricity and gas market prices; interest rates; and other risks and unforeseen events.

We're already reaping the benefits of this new way of thinking and acting – this new way of performing business. Our stock price closed nearly 45 percent higher by year-end.

## Highlights of 2000

\*Costs of the Cook Nuclear Plant outage and restart efforts, excluding amortization, reduced earnings as reported and ongoing by \$0.74 per share in 2000 compared with \$0.26 per share in 1999.

2000 reported earnings of \$0.83 per share adjusted for the disallowance of a tax deduction for corporate-owned life insurance (COLI) (\$0.99 per share), merger costs (\$0.55 per share), the non-regulated subsidiary write-offs (\$0.19 per share), write-down in value of AEP's U.K. investment (\$0.09 per share) and an extraordinary loss from discontinuance of regulatory accounting for generation in certain states (\$0.11 per share) produces ongoing earnings of \$2.76 per share.

1999 reported earnings of \$3.03 per share adjusted for the gain from the sale of the Sweeney Plant (\$0.10 per share), favorable foreign tax adjustments (\$0.11 per share) and an extraordinary loss (\$0.04 per share) results in ongoing earnings of \$2.86 per share.

	2000	1999	% Change
Net Income (in millions)			
ongoing	\$889	\$917	(3.1)
as reported	\$267	\$972	(72.5)
Earnings Per Share*			
ongoing	\$2.76	\$2.86	(3.5)
as reported	\$0.83	\$3.03	(72.6)
Operating Revenues (in billions)	\$13.7	\$12.4	10.4
Cash Dividends	\$2.40	\$2.40	—
Year-End Closing Stock Price	\$46 ½	\$32 ⅞	44.7
Book Value at Year-End	\$25.01	\$26.96	(7.2)
Total Assets (in billions)	\$54.5	\$35.7	52.7
U.S. Customers (at year-end) (in thousands)	4,893	4,833	1.2
U.S. Energy Sales (in billions of kilowatthours)	206	196	5.4
Global Employment (at year-end)	26,376	28,229	(6.6)

# CHAIRMAN'S LETTER

## Dear Fellow Shareholders:

2000 was a turnaround year for AEP. We closed the merger with Central and South West Corp., returned the Cook Nuclear Plant to service, and substantially grew our wholesale business earnings. Our stock price closed nearly 45 percent higher by year-end. We ranked 15th in total shareholder return out of the 26 utilities in the Standard & Poor's Utilities Index, up from 21st in 1999. And we paid dividends at the rate of \$2.40 per share.

I applaud our employees for their incredible effort. Our 2000 ongoing earnings of \$2.76 per share were in line with analyst expectations although down from \$2.86 in 1999 due to expenses incurred to restart the Cook plant. Our reported earnings for 2000 were \$0.83 per share, reflecting costs associated with the merger; disallowance of a tax deduction related to corporate-owned life insurance; a net extraordinary loss due to introduction of customer choice in Ohio, Virginia and West Virginia jurisdictions; write-down of our investment in Yorkshire Power Group; and adjustments at various non-regulated entities.

We currently project ongoing earnings per share of \$3.40 to \$3.50 for 2001. Driving this growth will be a continuing focus on our wholesale business and ongoing momentum across all of our businesses for speed and efficiency in execution.

We've already had a burst of activity in 2001. In January, we agreed to purchase Houston Pipe Line Co.

In February, we announced the sale of our interest in Yorkshire, a regulated distribution and supply business in the United Kingdom.

We also are executing our plan to separate our wholesale and other businesses in a corporate reorganization. This will position AEP to unlock future value for shareholders and intensify our focus on each line of business and its specific customers.

## Wholesale emphasis and leverage

AEP's portfolio of businesses and assets positions us uniquely for success in the high-growth wholesale segment. These key assets form the foundation of our overall corporate strategy: AEP's 38,000 megawatts of low-cost electric generation, one of the largest generation fleets in the nation; our expanding intrastate pipelines and gas storage facilities; and the knowledge capital that resides among our people. Principal competencies within our wholesale business include fuel procurement, electric plant generation, and wholesale marketing and trading.

We've come very far, very quickly. In barely three years, our trading organization has leapfrogged the competition to gain the No. 2 spot in electricity trading volume. We sold nearly 389 billion kilowatt-hours last year, up from 307 billion kilowatt-hours in 1999. This equates to more than one-tenth of U.S. electricity consumption. In natural gas, where we ranked among the top 15 last year, our volume grew to 1,391 billion cubic

feet in 2000 from 977 billion cubic feet in 1999. And we took steps to significantly expand our natural gas standing with the purchase of Houston Pipe Line Co.

While rankings measure our progress, we must never lose sight of what is most important: the ability of our people to capture incremental profits across the entire wholesale value chain. In 2000, wholesale marketing and trading contributed an additional 41 cents per share to earnings over the prior year.

We are committed to continuing to grow our wholesale business and are excited by the prospects. We have assembled the talent and put in place proprietary, sophisticated information systems that make us one of a select few truly equipped to reap rewards for our shareholders in this competency-based business.

Key underpinnings of our wholesale growth plan include expansion of the commodities that we trade, pursuit of related businesses, and geographic expansion to further leverage our competitive advantage in trading. Our early initiatives to scale our trading organization by moving into the United Kingdom and Germany have been very successful. Last year, our first as a power trader in Germany, we ranked second in volume.

#### A different mind-set

What most distinguishes our wholesale business is something less tangible. It's our ability to link our com-

mercial and operational skills to seize the opportunities in volatile markets. On a hot summer day last year at our Mountaineer power plant in West Virginia, we saw the difference this can make.

Temperatures were climbing on Wednesday, August 30, and forecasters were projecting higher-than-expected demand the following day. But in this already tight electric market, the 1,300-megawatt, coal-fired Mountaineer Plant was operating at only half-load. Equipment needed to boost the unit's heat cycle efficiency was not working.

Our marketing people who dispatch power from our plants began to shop for additional power to meet AEP's needs. But the Mountaineer team was not going to give up.

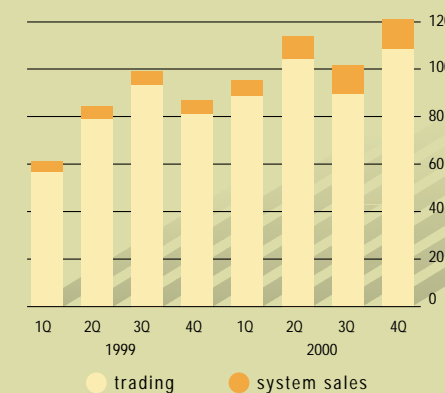
Under usual circumstances, a unit outage needed to make repairs would have taken several days. In this case, however, inspired problem solving and plain hard work produced unusual results. Employees returned the plant to service a mere 22 hours after going off-line. The payoff: approximately \$1 million in generation revenue that would have been lost had Mountaineer remained at half-load until the weekend.

Integrating the expertise of our marketing and trading people with the experience of our operators and technicians allows us to grow a merchant culture throughout the company. Across 11 states, AEP's employees

*"We've come very far, very quickly. In barely three years, our trading organization has leapedfrogged the competition to gain the No. 2 spot in electricity trading volume."*

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3

**Domestic Trading Volume**  
(in millions of MWH)



# COMMERCIALLY FOCUSED P

at 134 generating units stay in close touch with our commercial experts who monitor the pulse of energy markets. When they arrive at work, power plant operators get detailed information about expected forward prices for energy. This shows them – graphically – the value of having a unit in service.

## **Incentive compensation**

We've designed an incentive compensation plan to support the growth of this commercial mind-set. Meeting targets related to the availability of generating units, fuel efficiency, and operation and maintenance budgets helps to determine the total compensation for all plant employees. This, in turn, aligns operations and marketing so that our shareholders are rewarded from the reliable operation of our system. Because most of our employees also are shareholders, we benefit doubly when we succeed.

## **Pro Serv: generating plants as profit centers**

Our commercial mind-set is reflected in the growing success of AEP Pro Serv, Inc. The for-profit company, which was formed in early 2000, is made up of AEP's engineering and technical support employees. These people are replacing many of the outside contractors and consultants we used in the past because they are willing to travel and work where their skills are needed. The result is that we can retain experienced

employees and reduce our contract expenses. These internal troubleshooters provide engineering, environmental and maintenance services both inside and outside the company.

This past year, Pro Serv – working with trading and marketing staff – won contracts to build, operate and market power plants for Dow Chemical (900 megawatts), Buckeye Power (510 megawatts) and Columbia Energy (500 megawatts). The beauty of these agreements is that we provide the expertise while our customers provide the capital. We also get to market a substantial amount of the plants' output.

This arrangement supports our capital efficiency goals. It speaks volumes about our pride in being one of only a very few companies in the entire industry with the full complement of skills to site, design, construct and operate power plants and to provide fuel supply and power marketing services to others.

## **Executing with urgency**

Commercially focused people don't need to be reminded of the need for swift, effective execution. Since 1998, our power plant teams have reduced operations and maintenance expenses by nearly 13 percent. Last year, plant availability increased 4.2 percent in our eastern region and 1 percent in our west-

ern region – to record levels of 91.8 percent and 92.5 percent, respectively.

We are moving ahead at a rapid pace to realize savings from the CSW merger. We forecast these savings to total \$2 billion over the next decade. Process improvements are projected to add another \$1 billion to that total. We have developed operating plans to hold operations and maintenance expenses flat despite anticipated business growth and inflation.

Merger savings in 2000 totaled \$61 million, as planned, and an additional \$142 million is targeted for 2001.

Communication is critical in helping employees to execute with the urgency needed to meet our goals. This year, we created a biweekly financial newsletter for all employees to report on how their actions are reflected in our financial performance and stock price. In February, I joined two colleagues in a company-wide live webcast to discuss our year-end results with employees. The response was incredible. Approximately half of our employees tuned in to the live webcast or accessed it later.

## **Safety**

Even as we focus on savings, we will not sacrifice our commitment to maintaining the highest standards of

# REMINDED OF THE NEED FOR

# PEOPLE DON'T NEED TO BE

safety. While we made some strides in 2000, we have had three fatalities in the past 15 months. We extend our sympathy to these employees' families. Any fatality is one too many. Our commitment to safety, while strong, must become even stronger.

## **Fuel diversity**

Natural gas, which has been the preferred fuel for new power plants because of its environmental and cost advantages, shot up in price this past year. Even as I write, it is trading at levels we've not seen since the early 1980s. This makes coal, which fuels about 65 percent of our generation, a much more attractive fuel. It also provides us with a natural hedge to mitigate the impact of today's high gas prices.

But we're still believers in natural gas. It now accounts for roughly 26 percent of our generation mix and – in fact – we are the third largest user in the nation. Our purchase of Houston Pipe Line Co. from Enron Corp. includes significant gas storage capacity which, coupled with our acquisition of Louisiana Intrastate Gas in 1998, will help us to achieve our goal of becoming a top-10 gas trader and marketer this year.

## **Cook Nuclear Plant**

In an environment of rising fuel prices, the economics of nuclear generation become even more compelling.

The Cook plant, historically among the leaders in U.S. nuclear generation and a low-cost generator for AEP, has had a solid track record since restart. Our Cook team, under the leadership of Bob Powers, will work diligently to meet the plant's annual total capacity factor goals of 84 percent for 2001 and 88 percent for 2002, with employee incentive compensation tied to these metrics.

Because we expect the two Cook units to continue to play an important role in our generation strategy, we are planning to apply for a 20-year extension of their operating licenses, which are scheduled to expire in 2014 and 2017.

## **What's ahead?**

2001 will be a year of execution and delivery of results. As I mentioned earlier, we expect earnings per share to grow substantially over last year's performance. We expect our cash flow to be strong and sufficient to support our capital expenditures and dividends. Proceeds from asset sales will be used to pay down short-term debt and reduce our leverage in order to bolster credit quality, which is very important to our business. We aim for a consolidated equity ratio of at least 40 percent and will be working closely with the rating agencies to achieve appropriate capital structures for our separate business units.

## **Corporate separation**

We are working hard to achieve a corporate separation of our regulated and unregulated businesses by the end of this year. Corporate separation, simply stated, means we will form two wholly owned subsidiaries – one with unregulated businesses and the other with regulated businesses.

Why are we doing this? It will enable investors to value our businesses separately and will improve our ability to manage the realities of electric deregulation. Employees will be better able to focus on the differing capital requirements of each business. Under old-style, cost-of-service regulation, our growth resulted from investing capital and earning a return set by regulators. While some of our businesses will continue to earn regulated returns, now more than ever before, our earnings growth will come from our ability to be smarter, quicker and more efficient in using our invested capital. Customers will be better served because this separation allows us to focus on meeting their unique needs. And investors will have a clearer view of the value to be unlocked in each business.

Separation of the regulated and unregulated enterprises will enable our management to respond more readily to regulatory changes and requirements. By the end of this year, we expect Ohio, Texas and Virginia

# WIFT, EFFECTIVE EXECUTION

# Rather than opening presents on Christmas morning with their families, these

to have implemented legislation permitting us to move our generation into an unregulated business subsidiary. This would make AEP's unregulated generation portfolio of approximately 22,000 megawatts one of the largest and lowest-cost in the nation.

While the timing will differ by state, the transition to competitive generation markets follows a similar process in all states.

During the transition period, AEP will supply retail customers with power at fixed rates and will sell excess power on the wholesale market at market rates. Customers will be free to choose other electric suppliers, but AEP will continue to deliver the energy required. At the end of this transition, customers will buy power at market rates from supply companies that, in turn, will buy power from competitive wholesale generators such as AEP. Our corporate separation anticipates the need to unbundle these supply and distribution functions.

Any discussion about industry restructuring and corporate separation would not be complete without mentioning what has happened in California. The problems that precipitated the energy crisis there have received a great deal of public attention. Rightly or wrongly, the state's attempt at deregulation has been blamed for the situation. We cannot predict how this will affect the decisions of lawmakers and regula-

tors in other states charged with implementing electricity deregulation.

Nevertheless, we believe the circumstances in California – woefully insufficient supply, total reliance on the spot market and capped pricing of power to retail customers – are not likely to be replicated elsewhere. In fact, the lessons learned in California ought to improve the transition process in other jurisdictions. We will continue to work hard to ensure that deregulation works to the benefit of all stakeholders.

## **Efficiently managing our wires business**

The job of our wires business will be to manage our existing assets more efficiently to satisfy customers' and regulators' requirements, and to enhance their value to investors. The business consists of our 38,000-mile transmission network, which has a net book value of more than \$3.4 billion, and our regulated distribution assets, which have a net book value of more than \$5.8 billion.

This is why we have long advocated the for-profit management of the transmission part of our wires business. Our goal is to maximize the regulated return we can earn on transmission and distribution assets.

As an early leader in forming the jointly owned Alliance RTO (regional transmission organization), we made progress last year in getting this for-profit transmis-

sion company up and running. We were pleased when the Federal Energy Regulatory Commission approved our filing earlier this year. And we were even more excited when we were able to effect a settlement agreement with the Midwest ISO (independent system operator) and the Alliance that will allow growth for the Alliance and cooperation between the organizations.

We believe the independently owned Alliance RTO will create the conditions FERC seeks to provide seamless, nondiscriminatory transmission access that facilitates competitive generation markets. It also gives partners the potential to monetize their transmission investments. We believe this system will more fairly and efficiently allow capital to be raised for needed transmission expansions. The Alliance RTO is expected to be operational by December 15, 2001, when the partners will turn over operational control of their assets.

We will continue to spend the capital needed to maintain our distribution system. We will advocate policies that ensure prices customers pay for power realistically support the cost of delivering that power. And we will do what we've always done: provide excellent customer service.

## **Environmental commitment**

AEP's strategy to comply with federal standards to control nitrogen oxide emissions focuses on installation of selective catalytic reduction technology (SCR)



dedicated employees worked tirelessly to restore power to our customers."

on a number of our generating units. At our 2,600-megawatt Gen. James M. Gavin Plant in Ohio, we expect to reduce nitrogen oxide emissions by 85 percent to 90 percent starting this year. Two 1,300-megawatt units in West Virginia – the Mountaineer Plant and one of the units at John E. Amos Plant – are targeted to have SCR technology operational during 2002. Five other units also have been approved for SCR installation.

In 2000, AEP created a special unit within our wholesale business to incubate technologies that will reduce emissions. We are investing in companies that are developing state-of-the-art technologies to reduce nitrogen oxides, sulfur dioxide, particulate matter, mercury and other emissions from coal-fired generating plants. We are financing the first commercial-scale demonstration of Thermal Energy International's THERMALONOX™ nitrogen oxide emission reduction system at our Conesville Plant in Ohio.

In the tradition of Johnny Appleseed, AEP planted nearly 2.75 million trees in 2000. In fact, since the 1940s, we have planted more than 56 million trees in one of the longest-standing tree planting programs in the industry. This many trees, planted in rows close together, would blanket 125 square miles. And AEP continues as a partner in innovative programs designed to reduce carbon emissions by preserving threatened tropical forests in Bolivia and Brazil.

### Bringing out the best

The environment tested us in other ways this past year. We saw again how adversity can bring out the best in our people.

Two devastating ice storms raged through parts of Texas, Oklahoma, Arkansas and Louisiana, sending our people from their homes into blowing winds and freezing temperatures. Rather than opening presents on Christmas morning with their families, these dedicated employees worked tirelessly to restore power to our customers.

People affected by these storms had high praise for AEP. We received thank-you notes and phone calls from schoolchildren, senior citizens and small business owners. Church congregations provided our crews with free meals. While the weather is unpredictable, the reliability of AEP employees is not.

The communities we serve also rely on AEP as a partner. Last year, the company contributed millions of dollars to local organizations, such as United Way, that help make life better for others. In addition, our people and their families regularly donate their time, talents and resources to schools, churches, and a host of social service and community action organizations.

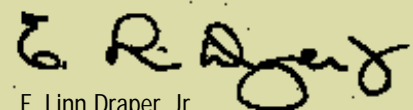
I want to recognize and thank Morris Tanenbaum, who is retiring from our board after more than 11 years of

service. We will miss his sound judgment and informed insights honed from years of navigating change in the telecommunications business. He has been a valuable resource during this period of uncertainty in our industry and has served on several committees, most recently chairing the human resources committee. Morry, our best wishes go with you!

Our combination of energy, information and people continues to be a winning formula for AEP. My confidence in AEP's bright future is grounded in our human talent, our strong asset base and the strength of our position in high-growth businesses.

I thank my fellow employees, customers and investors for their support. I also thank our regulatory partners who work to keep dialogue open and seek to resolve difficult issues.

I particularly thank loyal shareholders who have stuck with us over the past few years. AEP will endeavor to continue earning your loyalty by building on our successes to deliver strong future results.



E. Linn Draper, Jr.  
Chairman, President & Chief Executive Officer  
February 28, 2001

# TARGETS MET GOALS ACHIEVED

2000 and early 2001 were marked by many significant accomplishments and developments. Over the next year, AEP intends to build on this progress and deliver results that should enhance shareholder confidence.



AEP-CSW merger completed



AEP initiates wholesale trading in the United Kingdom and Germany



Both Cook Nuclear Plant units successfully return to service



AEP Pro Serv begins developing 510-megawatt, gas-fired plant in northwest Ohio for Buckeye Power



AEP ranks second among electric utilities in the annual American Customer Satisfaction Index announced in May



Corporate separation plan filed with Securities and Exchange Commission



AEP maintains No. 2 ranking in U.S. electricity trading volume



AEP's participation in Alliance RTO approved by Federal Energy Regulatory Commission; Alliance and Midwest ISO reach agreement





"Continuous monitoring of Conesville's water-to-steam cycle increases the reliability of our six generating units. With the importance now placed on commercial availability, sharing of information among unit operators, load dispatchers and power marketers is essential."

Stacey Pitcock,  
senior performance/industrial hygiene technician,  
Conesville Plant



Columbia Energy awards AEP Pro Serv contract to design, build and provide project management of gas-fired, 500-megawatt plant in Ceredo, W.Va.



AEP becomes a partner in Intercontinental Exchange, the world's largest on-line, over-the-counter market for energy and metals



AEP and Dow Chemical sign agreement to build 900-megawatt, natural gas-fired plant at Dow's Plaquemine, La., complex. The plant, to be built by AEP Pro Serv, will produce steam and electricity for Dow and additional power for the wholesale market.



First-of-its-kind electrical tie that uses new high-voltage direct-current technology links the AEP transmission system with the Mexican transmission system owned and operated by Comision Federal de Electricidad via AEP's substation at Eagle Pass, Texas



AEP and Lower Colorado River Authority (LCRA) form innovative partnership to build a section of proposed high-voltage power line in West Texas. Plans call for AEP to manage line construction, maintain the line and perform local field operations, and for LCRA to handle construction financing and own the assets.



AEP joins 14 other North American energy and utility companies in forming a consortium, Pantellos, to operate and manage an independent Internet marketplace for purchase of goods and services between the energy industry and its suppliers. Additional companies join later.



AEP pilots its E-LAB (Environmental Learning and Adventure) program in Bolivia; five high school students and five teachers participate. The program will be offered annually.

"Our natural gas team has come of age at the perfect time. As the synergies between power and natural gas are coming to the forefront of energy trading, we've put a team on the field with the knowledge and experience to be a force in natural gas trading."

Kayvan Malek, energy trader



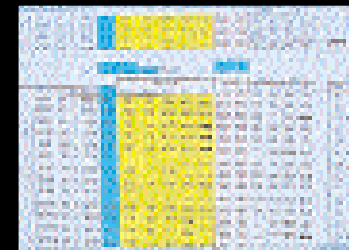
AEP sells its 500-megawatt Frontera power plant in Texas to TECO Power Services to satisfy conditions of the merger with CSW





"After graduating from Cambridge University, trading foreign exchange for a major U.S. investment bank and running my own managed futures and foreign exchange fund, I joined AEP in 1999 to trade the UK power book. The risk management skills I developed place me in very good stead to maximize opportunities presented by today's high level of volatility."

Simon Wilson, energy trader, United Kingdom



"Help Services handles about 5,000 computer access-related requests, and the Help Desk answers around 16,000 calls or e-mails, every month. We add value to AEP by being the first point of contact and the 'communications hub' for IT."

Beverly Dittmar, manager - Information Technology, Help Services

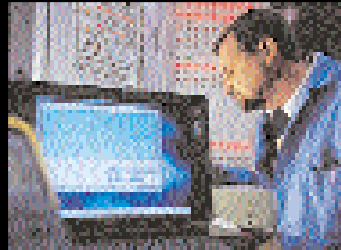
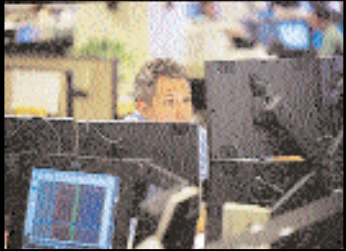


"Creating value at the wholesale level requires ongoing communication with our plants, constant attention to weather forecasts, a keen sense of risk and reward, and an ability to recognize value in an extremely volatile market."

Marcus Moreland, energy trader

"Our goal is to help employees learn the computer skills and processes needed to embrace new systems and complete their jobs efficiently. We are challenged to be more customer focused and to ensure that we're giving our internal customers what they want and not what we believe they need."

Stacey Stoffer, group leader - Information Technology Training



"With the training, tools and equipment provided by AEP, I'm prepared to meet any situation that may arise safely, confidently and efficiently."

Ernie Holloway, line mechanic A,  
Southeast Service Center, Columbus

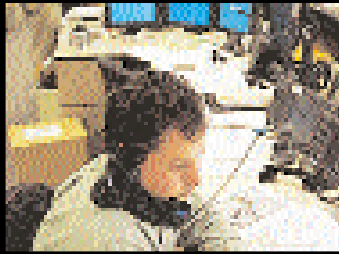
# WE ARE DETERMINED TO SUCCEED

The people of AEP are committed to making our company the best it can be. They have the skills, dedication and energy to take us boldly into the new century and the new millennium. AEP's unique combination of energy, information and people makes us a powerhouse in our industry.



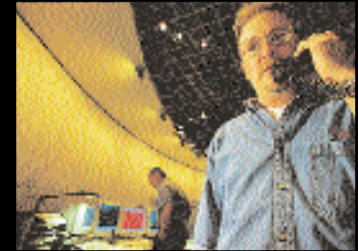
# BRINGING OUT THE BEST

Employees know the value created through their job performance leads to success for AEP. The company is placing more emphasis than ever on finding meaningful ways to recognize and reward employees for their contributions.



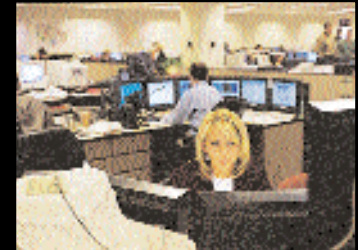
"Ensuring the safety of my employees is number one with me. And providing our customers with exemplary service is a goal of mine. My 26 years of experience brings value to the customer and AEP."

Eddie Pallarez, distribution systems construction supervisor, Marfa, Texas



"One of my beliefs is that it's a good day when you learn something new. I've been having many, many good days. I've been fortunate to have a great team of people to work with, learn from, and get through the tough lessons of new-plant construction. I'll be a better engineer as a result."

Lynn Congos, senior electrical engineer, AEP Pro Serv



"In the changing energy marketplace, the marketing team has created long-term solutions for customers by using Energy Services' superior trading, analytical and operational skills. Together, with the entire Energy Services team, we explore, structure and execute solutions that add value."

Greg Hall, energy marketer



"I assume a lead role in managing corporate relationships with local and state governments and the media, and in pursuing economic development opportunities. At the end of the day, I know my involvement with these external parties has made a significant contribution to AEP's goals."

Roland Peña,  
community services manager,  
AEP West Texas Utilities, Alpine, Texas



"My job is to spend a series of months working as a member of each group in Energy Services – analysis, trading, marketing, economic development – in order to understand how the entire puzzle fits together. We add value in the transfer of information, ideas and processes to make Energy Services better as a whole."

Courtney Tiscornia, energy associate



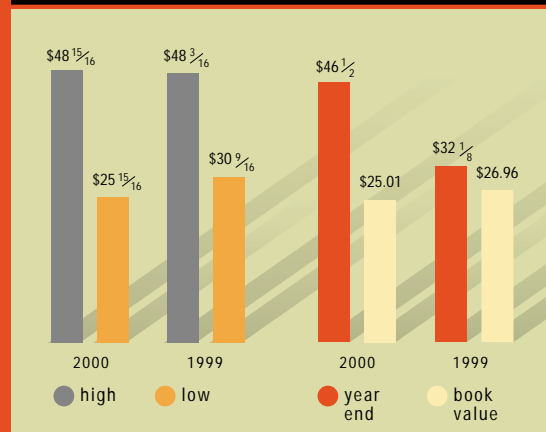
# SUMMARY ANALYSIS

## OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

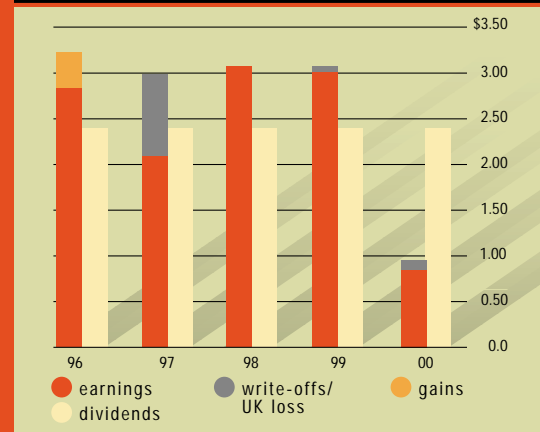
### Introduction:

This condensed financial presentation should not be considered a substitute for the full financial statements, inclusive of footnotes and Management's Discussion and Analysis of Results of Operations and Financial Condition, provided to all shareholders as Appendix A to the Proxy Statement and included in the annual Form 10-K filing with the Securities and Exchange Commission (SEC). A copy of the Form 10-K and/or the Appendix A to the Proxy Statement that includes the full financial statements can be obtained by calling 1-800-551-1AEP or through the Internet at [www.aep.com](http://www.aep.com).

### Market Price – Common Stock



### Earnings & Dividends





The following discussion is a summary analysis of AEP's results of operations for the year 2000 compared with 1999 and an overview of the Company's business outlook and financial condition. A complete analysis of the results of operations and discussion of the financial condition of the Company can be found in the Management's Discussion and Analysis of Results of Operations and Financial Condition portion of the Appendix A to the Proxy Statement. Appendix A and Form 10-K also contain detailed discussion of major uncertainties, contingencies, risks and other issues that the Company faces.

Although 2000 was a year marked by significant accomplishments that position the Company for earnings growth, it resulted in a reduction in earnings and earnings per share due mainly to non-recurring items, such as: the write-off of certain merger costs; the disallowance of corporate owned life insurance-related tax deductions; the expensing of Cook Nuclear Plant restart costs in contrast to 1999 when a significant portion was deferred with regulatory approval; the write-off of extraordinary costs and liabilities incurred in connection with the restructuring of regulation of the electric utility business in Ohio, Virginia and West Virginia to transition the generation portion of the Company's domestic electricity utility business from cost-based rate regulation to customer choice and market pricing; losses associated with a CSW investment in Chile that

## Consolidated Condensed Statements of Income

Year Ended December 31

(In Millions – Except Per Share Amounts)

	2000	1999	% Change
<b>Revenues:</b>			
Domestic Electric Utility Operations	\$ 10,827	\$ 9,838	10.1
Worldwide Electric and Gas Operations	2,867	2,569	11.6
Total Revenues	13,694	12,407	10.4
<b>Expenses:</b>			
Fuel and Purchased Power	4,128	3,449	19.7
Maintenance and Other Operation	3,017	2,675	12.8
Non-Recoverable Merger Costs	203	—	N.M.
Depreciation and Amortization	1,062	1,011	5.0
Taxes Other Than Income Taxes	671	664	1.1
Total Expenses of Domestic Regulated			
Electric Utility Operations	9,081	7,799	16.4
Worldwide Electric and Gas Operations	2,587	2,283	13.3
Total Expenses	11,668	10,082	15.7
Other Income (net)	33	139	(76.3)
Income Before Interest, Preferred Dividends and Income Taxes	2,059	2,464	(16.4)
Interest & Preferred Dividends	1,160	996	16.5
Income Taxes	597	482	23.9
Income Before Extraordinary Items	302	986	(69.4)
<b>Extraordinary Losses:</b>			
Discontinuance of Regulatory Accounting for Generation	(35)	(8)	(337.5)
Loss on Reacquired Debt	—	(6)	N.M.
<b>Net Income</b>	<b>\$ 267</b>	<b>\$ 972</b>	<b>(72.5)</b>
<b>Average Number of Shares Outstanding</b>	<b>322</b>	<b>321</b>	<b>0.3</b>
<b>Earnings Per Share:</b>			
Income Before Extraordinary Items	\$ 0.94	\$ 3.07	(69.4)
Extraordinary Losses	(0.11)	(0.04)	(175.0)
Net Income	\$ 0.83	\$ 3.03	(72.6)
<b>Cash Dividends Paid Per Share</b>	<b>\$ 2.40</b>	<b>\$ 2.40</b>	<b>—</b>

N.M.=Not Meaningful

was sold in the fourth quarter; write-down in value of AEP's investment in Yorkshire to reflect the proposed sale in 2001; and write-offs of unrecoverable contract costs and goodwill on certain of CSW's non-regulated businesses.

Earnings in 2001 are expected to improve significantly with the return to service of the Cook Nuclear Plant's 2,110 MW of generating capacity and the growth of our wholesale business.

Our focus for 2001 will be on completing our corporate separation plan to separate our regulated and unregulated businesses. We believe that a successful implementation of this plan will support our business needs by grouping the growth businesses together, focusing management attention and permitting more efficient financing; will unlock shareholder value by providing a simpler structure through which business unit performance can be more easily anticipated and monitored;

### Number of Customers

At December 31

(In Thousands)

	2000	1999
Residential	4,224	4,178
Commercial	598	583
Industrial	43	44
Wholesale & Other	28	28
Total Customers	4,893	4,833

### KWH Sales by Class

(In Millions)

	2000	1999
Residential	52,540	50,604
Commercial	41,649	40,095
Industrial	62,509	68,291
Wholesale	46,137	33,371
Other	3,446	3,309
Total KWH Sales	206,281	195,670

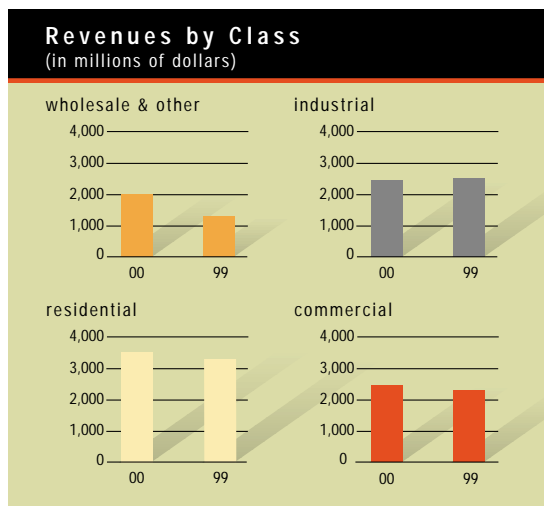
and will enable AEP to meet the regulatory codes of conduct required as part of the industry restructuring initiative.

Although management expects that the future outlook for results of operations is excellent, there are contingencies and challenges to overcome and manage, such as new, more stringent federal EPA environmental requirements and recent complaints and related litigation; further delays in transition to competition supported in part by concerns that California's energy crisis could happen in our service territory; the recovery of regulatory assets and other stranded costs in Texas and other state jurisdictions where we can successfully promote the adoption of customer choice and a transition to market pricing from regulated rate setting; franchise fee litigation in Texas; litigation concerning the Company's financial disclosures regarding the extended Cook plant safety outage and timing of the

successful completion of restart efforts; the amortization of transition regulatory assets from the introduction of competition to our previously regulated domestic generation business; the amortization of deferred costs from the successful effort to restart Cook plant; the amortization of costs deferred in some states to merge the Company and CSW; and the outcome of litigation to recover from customers a duplicate tax expense from May 2001 to April 2002, resulting from restructuring in Ohio. These challenges and contingencies, which are discussed in detail in the Notes to Consolidated Financial Statements, are receiving management's full attention, and we intend to work diligently in 2001 and the future to resolve these matters by finding workable solutions that balance the interests of all stakeholders.

### Results of Operations

Although revenues increased by \$1.3 billion, net income declined in 2000 to \$267 million or \$0.83 per share from \$972 million or \$3.03 per share. The decrease was primarily due to Cook plant restart costs, disallowance of a tax deduction for COLI interest expense, expensing of costs related to the recently completed merger with CSW, write-offs related to non-regulated subsidiaries, and an extraordinary loss for the discontinuance of regulatory accounting for generation in certain states.



## Revenues

The Company's revenues include a significant number of transactions from the trading of electricity and natural gas with other utilities and energy marketers. Revenues from trading activities are recorded net of purchases as domestic electric utility wholesale revenues for power forward contracts within the Company's traditional marketing area (up to two transmission systems from the Company service territory) and as worldwide electric and gas revenues for natural gas transactions and power forward contracts if the transactions are beyond two transmission systems from the Company.

The Company's total revenues increased \$1.3 billion or 10% in 2000. Although worldwide electric and gas operations revenues increased 12%, most of the

increase in total revenues was from AEP's domestic electric utility operations.

Revenues from domestic electric utility operations increased primarily due to a 38% increase in wholesale sales volume and increased retail fuel clause revenues in order to recover the higher cost of natural gas burned in the Company's Texas generating units. The increase in wholesale sales volume, which accounted for a 60% increase in wholesale revenues, resulted from AEP's growing electricity marketing and trading operations, favorable market conditions, the availability of additional generation due to the return to service of one of the Cook nuclear units in June 2000, and improved generating unit availability due mainly to improved outage management. The second Cook plant unit, which returned to service in December 2000, did not have a significant impact on 2000 revenues.

The 12% increase in revenues from worldwide electric and gas operations was due to increased natural gas and gas liquid product prices. Volumes of natural gas remained consistent with the prior year; however, prices increased significantly in 2000.

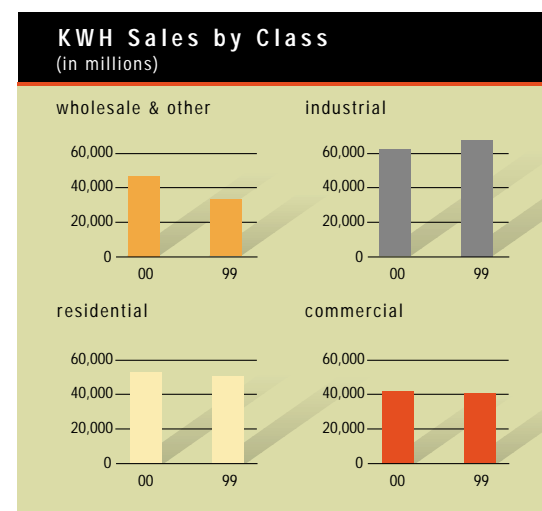
## Total Expenses

A 16% increase in total expenses in 2000 is attributable to merger costs and significant increases in the cost of natural gas used for generation.

Fuel and purchased power expense increased 20% in 2000 due to a significant increase in the cost of natural

gas used for generation. Natural gas usage for generation declined 5% while the cost of natural gas consumed rose 60%. Net income was not impacted by these significant cost increases due to the operation of regulatory fuel recovery mechanisms. These fuel recovery mechanisms generally provide for the deferral of fuel costs above the amounts included in rates or the accrual of revenues for fuel costs not yet recovered. Upon regulatory commission review and approval of the unrecovered fuel costs, the accrued or deferred amounts are billed to customers.

The increase in maintenance and other operation expense was due mainly to increased expenditures to prepare the Cook plant nuclear units for restart following an extended NRC-monitored outage and increased usage of and prices for emission allowances. The increase in Cook



plant restart costs resulted from both the effect of deferring restart costs in 1999 and an increase in the restart expenditure level. The increase in emission allowance usage and prices resulted from the stricter air quality standards of Phase II of the 1990 Clean Air Act Amendments, which became effective on January 1, 2000.

With the consummation of the merger with CSW, certain merger costs were expensed. The merger costs expensed included transaction and transition costs not allocable to and recoverable from ratepayers under regulatory commission-approved settlement agreements to share net merger savings.

Worldwide electric and gas operations expense for 2000 increased 13% to \$2.6 billion from \$2.3 billion. The increase was due to the increase in natural gas prices, losses associated with a CSW investment in a Chilean-based electric company that was sold in December 2000, and the effect of a gain in 1999 on the sale of a 50% interest in the Sweeney cogeneration project.

### Interest and Preferred Dividends

In 2000, interest and preferred stock dividends increased 16% due to the expensing of previously deferred interest expense as a result of the ruling on litigation with the government disallowing COLI related tax deductions and the Company's intention to maintain flexibility for corporate separation by issuing short-term debt at floating rates.

The use of fixed-interest rate swaps has been employed to mitigate the risk associated with floating interest rates.

### Other Income

Other income decreased from \$139 million in 1999

to \$33 million in 2000 primarily due to a write-down of AEP's Yorkshire investment to reflect the proposed sale in 2001, losses of non-regulated subsidiaries accounted for on an equity basis and a charge for the discontinuance of an electric water heater demand-side management program.

## Consolidated Condensed Balance Sheets

At December 31

(In Millions)

	2000	1999
<b>Assets</b>		
Cash and Cash Equivalents	\$ 437	\$ 609
Energy Trading Contracts	16,627	1,001
Other Current Assets	4,967	3,388
Property, Plant and Equipment	38,088	36,938
Accumulated Depreciation and Amortization	(15,695)	(15,073)
Net Property, Plant and Equipment	22,393	21,865
Regulatory Assets	3,698	3,464
Other Assets	6,426	5,392
Total	\$54,548	\$35,719
<b>Capitalization and Liabilities</b>		
Energy Trading Contracts	\$16,801	\$ 964
Other Current Liabilities	10,266	7,102
Long-Term Debt	9,602	10,157
Deferred Income Taxes and Investment Tax Credits	5,403	5,730
Other Liabilities	4,261	2,911
Total Liabilities	46,333	26,864
Cumulative Preferred Stocks of Subsidiaries	161	182
Common Shareholders' Equity	8,054	8,673
Total	\$54,548	\$35,719

## Income Taxes

Income taxes increased in 2000 primarily due to an unfavorable ruling in the Company's suit against the government over interest deductions claimed for AEP's COLI program and nondeductible merger-related costs.

## Industry Restructuring

In 2000, California's deregulated energy market experienced high energy prices, short energy supply, and financial difficulties for retail distribution utilities and default electricity suppliers whose prices are fixed. The California energy crisis has highlighted the importance of risk management and has contributed to concerns that state regulatory and legislative actions could delay the start of, and transition to, customer choice and market-based pricing for retail electricity supply in the states in which AEP operates. Seven of the 11 state retail jurisdictions in which AEP's domestic electric utility companies operate either have enacted or are in the process of enacting restructuring legislation. In general, this legislation provides for a transition from cost-based regulation of bundled electric service to customer choice market pricing for the supply of electricity. As a result of this legislation, the application of SFAS 71 regulatory accounting for generation has been discontinued for six of AEP's electric operating companies doing business in five of the seven states that have passed or are passing restructuring legislation. The seven states in various stages of restructuring to transition generation

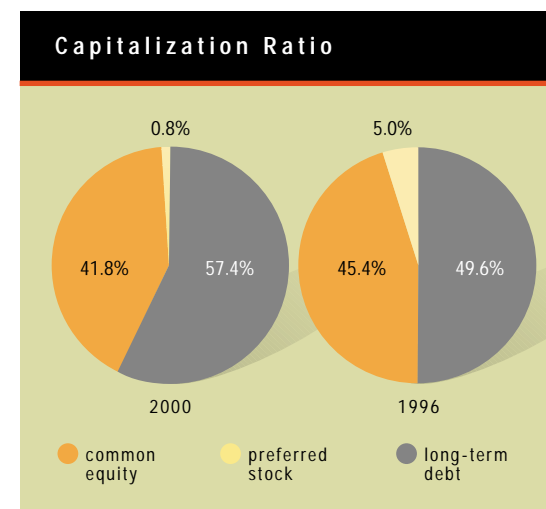
to market-based pricing are Arkansas, Michigan, Ohio, Oklahoma, Texas, Virginia and West Virginia. The Company has not discontinued its regulatory accounting for its subsidiaries doing business in Michigan and Oklahoma pending the implementation of the legislation.

## Financial Condition

The Cook Nuclear Plant's restart expenditures and merger costs negatively affected 2000 earnings and cash flows. Although the 2000 dividend payout ratio was 289% due mainly to the Cook plant restart, the disallowance of the COLI deduction and the write-off of merger costs, it is expected that the payout ratio will improve significantly in 2001. It is management's objective to reduce the dividend payout ratio by increasing earnings. Management expects to grow future earnings by growing the wholesale business and by controlling operations and maintenance costs.

### Common Stock Market Price Range

	2000		1999	
	High	Low	High	Low
First Quarter	\$34 <sup>15</sup> / <sub>16</sub>	\$25 <sup>15</sup> / <sub>16</sub>	\$48 <sup>3</sup> / <sub>16</sub>	\$39 <sup>5</sup> / <sub>16</sub>
Second Quarter	\$38 <sup>1</sup> / <sub>2</sub>	\$29 <sup>7</sup> / <sub>16</sub>	\$44 <sup>1</sup> / <sub>16</sub>	\$37 <sup>7</sup> / <sub>16</sub>
Third Quarter	\$40	\$29 <sup>15</sup> / <sub>16</sub>	\$37 <sup>7</sup> / <sub>16</sub>	\$33 <sup>1</sup> / <sub>2</sub>
Fourth Quarter	\$48 <sup>15</sup> / <sub>16</sub>	\$36 <sup>3</sup> / <sub>16</sub>	\$35 <sup>13</sup> / <sub>16</sub>	\$30 <sup>5</sup> / <sub>16</sub>



AEP's common equity to total capitalization, including long-term debt due within one year and short-term debt, decreased from 37% in 1999 to 34% in 2000. Preferred Stock at 1% of total capitalization remained unchanged. Long-term debt decreased from 50% to 47% of total capitalization, while short-term debt increased from 12% to 18%. The Company's intention is to maintain flexibility during corporate separation and restructuring by issuing floating-rate debt. Sales of common stock and/or equity-linked securities may be necessary in the future to support the Company's plan to grow the business.

Cash flows decreased in 2000 by \$172 million due to reduced cash from operations and increased expenditures for plant, property and equipment.

## Contingencies

As previously indicated, the Company has exposure to a number of significant contingencies including, but not limited to, the following matters, which are fully discussed in the Management's Discussion and Analysis of Results of Operations and Financial Condition and the Notes to Consolidated Financial Statements contained in Appendix A to the Proxy Statement and Form 10-K: realization of expected merger cost savings, some of which are shared with customers under merger-related, state-approved settlement agreements; the resolution of proposed new environmental standards, litigation and other actions related to air quality and coal-fired generating plant emissions and the cost to achieve ultimately required emission reductions; the recovery of regulatory assets and other stranded costs in Texas; franchise fee litigation in Texas; litigation concerning financial disclosures regarding Cook Nuclear Plant safety outage and restart efforts; and market risks for changes in interest rates, fuel prices, financial derivative instruments and foreign currency. Investors should read the Company's full financial statements and related disclosures included in Appendix A to the Proxy Statement and the Company's Form 10-K filing with the SEC prior to making any investment decisions.

## Consolidated Condensed Statements of Cash Flows

Year Ended December 31

(In Millions)

	2000	1999
<b>Operating Activities</b>		
Net Income	\$ 267	\$ 972
Adjustments for Noncash Items	1,236	642
Net Cash Flows from Operating Activities	1,503	1,614
<b>Investing Activities</b>		
Construction Expenditures—Worldwide	(1,773)	(1,680)
Other	19	7
Net Cash Flows Used for Investing Activities	(1,754)	(1,673)
<b>Financing Activities</b>		
Issuance of Common Stock	14	93
Retirement of Cumulative Preferred Stock	(20)	(170)
Change in Long-term Debt (net)	(441)	476
Change in Short-term Debt (net)	1,308	812
Dividends Paid on Common Stock	(805)	(833)
Other Financing Activities	—	(43)
Net Cash Flows from Financing Activities	56	335
Effect of Exchange Rate Change on Cash	23	(2)
Net Increase (Decrease) in Cash and Cash Equivalents	(172)	274
Cash and Cash Equivalents January 1	609	335
Cash and Cash Equivalents December 31	\$ 437	\$ 609

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of American Electric Power Company, Inc.:

We have audited the consolidated balance sheets of American Electric Power Company, Inc. and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, common shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2000. Such consolidated financial statements and our report thereon dated February 26, 2001, expressing an unqualified opinion (which are not included herein) are included in Appendix A to the proxy statement for the 2000 annual meeting of shareholders. The accompanying condensed consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on such condensed consolidated financial statements in relation to the complete consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated balance sheets as of December 31, 2000 and 1999 and the related condensed consolidated statements of income and of cash flows for the years then ended is fairly stated in all material respects in relation to the basic consolidated financial statements from which it has been derived.

*Deloitte & Touche LLP*

Deloitte & Touche LLP

Columbus, Ohio

February 26, 2001



# CORPORATE OFFICERS

American Electric Power Company, Inc.	<b>E. Linn Draper, Jr.</b> Chairman, President and Chief Executive Officer	<b>Thomas V. Shockley, III</b> Vice Chairman	<b>Henry W. Fayne</b> Vice President and Chief Financial Officer	<b>Armando A. Peña</b> Treasurer	<b>Susan Tomasky</b> Secretary	<b>Leonard V. Assante</b> Deputy Controller
American Electric Power Service Corporation	<b>E. Linn Draper, Jr.</b> Chairman, President and Chief Executive Officer  <b>Thomas V. Shockley, III</b> Vice Chairman  <b>Paul D. Addis</b> Executive Vice President – Wholesale/Energy Services  <b>Donald M. Clements, Jr.</b> Executive Vice President – Corporate Development	<b>Henry W. Fayne</b> Executive Vice President – Finance and Analysis  <b>William J. Lhota</b> Executive Vice President – Energy Delivery  <b>Susan Tomasky</b> Executive Vice President – Legal, Policy and Corporate Communications, General Counsel and Assistant Secretary	<b>Joseph H. Vipperman</b> Executive Vice President – Shared Services  <b>Nicholas J. Ashooh</b> Senior Vice President – Corporate Communications  <b>J. Craig Baker</b> Senior Vice President – Regulation and Public Policy	<b>Jeffrey D. Cross</b> Senior Vice President, Deputy General Counsel and Assistant Secretary  <b>Thomas M. Hagan</b> Senior Vice President – Governmental Affairs  <b>Dale E. Heydlauff</b> Senior Vice President – Environmental Affairs	<b>Michael F. Moore</b> Senior Vice President – Information Technology and Chief Information Officer  <b>Richard E. Munczinski</b> Senior Vice President – Corporate Planning and Budgeting  <b>John F. Norris, Jr.</b> Senior Vice President – Operations and Technical Services	<b>Armando A. Peña</b> Senior Vice President – Finance and Treasurer  <b>Rodney B. Plimpton</b> Senior Vice President – Human Resources  <b>Robert P. Powers</b> Senior Vice President – Nuclear Operations



Linn Draper

Henry Fayne

Don Clements

Joe Vipperman

Susan Tomasky

Tom Shockley

Paul Addis

Bill Lhota



# DIRECTORS

**Dr. E. Linn Draper, Jr., 59**  
Chairman, President  
& Chief Executive Officer  
(1992) <sup>E</sup>

**Dr. Lester A. Hudson, Jr., 61**  
Chairman  
H&E Associates  
Greenville, South Carolina  
(1987) <sup>A,D,H,P</sup>

**Dr. Morris Tanenbaum, 72**  
Short Hills, New Jersey  
Retired Vice Chairman  
& Chief Financial Officer  
AT&T  
(1989) <sup>E,F,H,N,P</sup>

**Linda Gillespie Stuntz, 46**  
Partner, Stuntz, Davis &  
Staffier, P.C.  
Washington, D.C.  
(1993) <sup>D,E,F,N,P</sup>



## First row

Morris Tanenbaum  
Kathryn D. Sullivan  
John P. DesBarres  
Lester A. Hudson, Jr.

## Second row

William R. Howell  
James L. Powell  
Richard L. Sandor  
Robert W. Fri  
E. Linn Draper, Jr.

## Third row

Donald G. Smith  
E.R. Brooks  
Donald M. Carlton  
Leonard J. Kujawa  
Linda Gillespie Stuntz  
Thomas V. Shockley, III

22  
23

**Donald G. Smith, 65**  
Chairman, President  
& Chief Executive Officer  
Roanoke Electric Steel  
Corporation  
Roanoke, Virginia  
(1994) <sup>F,H,P</sup>

**Robert W. Fri, 65**  
Director, National Museum  
of Natural History  
Smithsonian Institution  
Washington, D.C.  
(1995) <sup>A,D,N,P</sup>

**Leonard J. Kujawa, 68**  
International Energy Consultant  
Atlanta, Georgia  
(1997) <sup>D,F,P</sup>

**E. R. Brooks, 63**  
Retired Chairman  
& Chief Executive Officer,  
Central and South West  
Corporation  
Granbury, Texas  
(2000) <sup>P</sup>

**William R. Howell, 65**  
Chairman Emeritus,  
J. C. Penney Company, Inc.  
Dallas, Texas  
(2000) <sup>F,H,P</sup>

**Dr. Richard L. Sandor, 59**  
Chairman & Chief  
Executive Officer,  
Environmental Financial  
Products, LLC  
Chicago, Illinois  
(2000) <sup>A,F,P</sup>

**John P. DesBarres, 61**  
Investor/Consultant  
Rancho Palos Verdes, California  
(1997) <sup>A,H,N,P</sup>

**Dr. Kathryn D. Sullivan, 49**  
President and  
Chief Executive Officer  
Center of Science & Industry  
Columbus, Ohio  
(1997) <sup>A,N,P</sup>

**Dr. Donald M. Carlton, 63**  
Retired President  
& Chief Executive Officer,  
Radian International, LLC  
Austin, Texas  
(2000) <sup>A,N,P</sup>

**James L. Powell, 71**  
Ranching and Investments  
Fort McKavett, Texas  
(2000) <sup>D,P</sup>

**Thomas V. Shockley, III, 55**  
Vice Chairman  
(2000)

Dates in parentheses indicate  
year elected to board

## Committees of the Board:

The chairman is listed in (.). <sup>A</sup> Audit (Carlton), <sup>D</sup> Directors (Hudson), <sup>E</sup> Executive (Draper), <sup>F</sup> Finance (Stuntz), <sup>H</sup> Human Resources (Tanenbaum),  
<sup>N</sup> Nuclear Oversight (DesBarres), <sup>P</sup> Public Policy (Fri)

# SHAREHOLDER INFORMATION

**Annual Meeting** – The 94th annual meeting of shareholders of American Electric Power Company will be held at 9:30 a.m., Central daylight time, Wednesday, April 25, 2001, at the Bayfront Plaza Convention Center, 1901 North Shoreline Boulevard, Corpus Christi, Texas. Admission is by ticket only. To obtain a ticket, please note the instructions in the Notice of Annual Meeting mailed to shareholders or call the Company. If you hold your shares through a broker, please bring proof of share ownership as of the record date.

**Shareholder Inquiries** – If you have questions about your account, contact the Company's transfer agent, listed below. You should have your Social Security number or account number ready; the transfer agent will not speak to third parties about an account without the shareholder's approval or appropriate documents.

#### **Transfer Agent & Registrar**

First Chicago Trust Company of New York  
c/o EquiServe  
P.O. Box 2500  
Jersey City, NJ 07303-2500  
Telephone Response Group: 800-328-6955;  
Internet address: [www.equiserve.com](http://www.equiserve.com)  
Hearing Impaired #: TDD: 201/222-4955

**Internet Access to Your Account** – If you are a registered shareholder, you can access your account information through the Internet at [www.equiserve.com](http://www.equiserve.com). Information about obtaining a password is available toll-free at 877-843-9327.

**Replacement of Dividend Checks** – If you do not receive your dividend check within five business days after the dividend payment date, or if your check is lost, destroyed or stolen, you should notify the transfer agent for a replacement.

**Lost or Stolen Stock Certificates** – If your stock certificate is lost, destroyed or stolen, you should notify the transfer agent immediately so a "stop transfer" order can be placed on the missing certificate. The transfer agent then will send you the required documents to obtain a replacement certificate.

**Address Changes** – It is important that we have your current address on file so that you do not become a lost shareholder. Please contact the transfer agent for address changes for both record and dividend mailing addresses. We also can provide automatic seasonal address changes.

**Stock Transfer** – Please contact the transfer agent if you have questions regarding the transfer of stock and related legal requirements.

**Dividend Reinvestment and Direct Stock Purchase Plan** – A Dividend Reinvestment and Direct Stock Purchase Plan is available to all investors. It is an economical and convenient method of purchasing shares of AEP common stock. You may obtain the Plan prospectus and enrollment authorization form by contacting the transfer agent.

**Direct Deposit of Dividends** – The Company does offer electronic deposit of your dividends. Contact the transfer agent for details.

**Stock Held in Brokerage Account ("Street Name")** – When you purchase stock and it is held for you by your broker, it is listed with the Company in the broker's name or "street name." AEP does not know the identity of individual shareholders who hold their shares in this manner; we simply know that a broker holds a certain number of shares which may be for any number of customers. If you hold your stock in street name, you receive all dividend payments, annual reports and proxy materials through your broker. Therefore, if your shares are held in this manner, any questions you may have about your account should be directed to your broker.

**How to Consolidate Accounts** – If you want to consolidate your separate accounts into one account, you should contact the transfer agent to obtain the necessary instructions. When accounts are consolidated, it may be necessary to reissue the stock certificates.

**How to Eliminate Duplicate Mailings** – If you want to maintain more than one account but eliminate additional mailings of annual reports, you may do so by contacting the transfer agent, indicating the names you wish to keep on the

mailing list for annual reports and the names you wish to delete. This will affect only these mailings; dividend checks and proxy materials will continue to be sent to each account.

**Stock Trading** – The Company's common stock is traded principally on the New York Stock Exchange under the ticker symbol AEP. In 1999, AEP stock had been traded on the NYSE 50 years.

**Taxes on Dividends** – The Company paid \$2.40 in cash dividends in 2000, all of which are taxable for federal income tax purposes. AEP has paid consecutive quarterly dividends since 1910.

**Shareholder Direct** – An array of timely recorded messages about AEP, including dividend and earnings information and recent news releases, is available from AEP Shareholder Direct at 800-551-1AEP (1237) anytime day or night. Hard copies of information can be obtained via fax or mail. Requests for annual reports, 10-K's, 10-Q's, Proxy Statements, and Summary Annual Reports should be made through Shareholder Direct.

**Financial Community Inquiries** – Institutional investors or securities analysts who have questions about the Company should direct inquiries to Tom Hughes, 614-223-2852, [tlhughes@aep.com](mailto:tlhughes@aep.com), or Bette Jo Rozsa, 614-223-2840, [bjrozsa@aep.com](mailto:bjrozsa@aep.com); individual shareholders should contact Kathleen Kozero, 614-223-2819, [klkozero@aep.com](mailto:klkozero@aep.com).

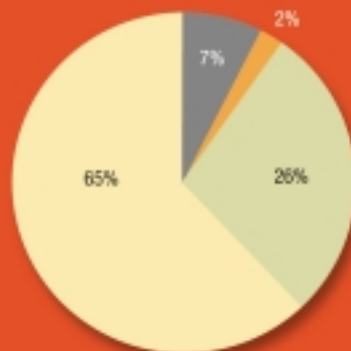
**Internet Home Page** – Information about AEP, including financial documents, SEC filings, news releases and customer service information, is available on the Company's home page on the Internet at [www.aep.com](http://www.aep.com).

**Annual Report and Proxy Materials** – You can receive future annual reports, proxy statements and proxies electronically rather than by mail; if you are a registered holder, log on to [www.econsent.com/aep](http://www.econsent.com/aep). If you hold your shares in street name, contact your broker.

# AT A GLANCE



**Fuel Diversity**



● coal/lignite    ● nuclear  
● hydro & other    ● gas

AEP has more than 4.8 million domestic customers in 11 states – Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia and West Virginia.

AEP operates one of the largest transmission and distribution systems in the world, encompassing 38,000 circuit miles of transmission lines and 186,000 miles of overhead and underground distribution lines in its U.S. service territory. The company's U.S. distribution service area covers 197,500 square miles.

With an ownership interest in 89 generating facilities, AEP is one of the largest generating companies in the United States. The company's domestic generating capacity is more than 38 million kilowatts. AEP also is a leading wholesale energy marketer and trader, ranking second in the nation in electricity volume.

Outside the United States, AEP holds interests in the United Kingdom, Australia, Brazil, China, Mexico and the Pacific Region.

This summary annual report highlights the steps AEP is taking to participate in a more competitive energy industry. It contains condensed financial statements and a summary analysis of results of operations and financial condition. Full disclosure of all financial information is included in the Appendix A to the Proxy Statement. Additional information about AEP also is available on the Internet at [www.aep.com](http://www.aep.com).



American Electric Power  
1 Riverside Plaza  
Columbus, OH 43215-2373  
614-223-1000  
[www.aep.com](http://www.aep.com)