AMERICAN ELECTRIC POWER CO INC
Form DEF 14A
March 22, 2002

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant [X]

Filed by a Party other than the Registrant [_]

Check the appropriate box:

[_] Preliminary Proxy Statement

[_] CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14A-6(E)(2))

[X] Definitive Proxy Statement

[_] Definitive Additional Materials

[_] Soliciting Material Pursuant to (S) 240.14a-11(c) or (S) 240.14a-12

AMERICAN ELECTRIC POWER COMPANY, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

[_] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

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(2) Aggregate number of securities to which transaction applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

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(2) Form, Schedule or Registration Statement No.:

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(3) Filing Party:

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Notes:

Notice of 2002 Annual Meeting . Proxy Statement

American Electric Power
Company, Inc.
1 Riverside Plaza
Columbus, OH 43215

E. Linn Draper, Jr.
Chairman of the Board, President and Chief Executive Officer

[LOGO OF AMERICAN ELECTRIC POWER]

March 21, 2002

Dear Shareholder:

This year's annual meeting of shareholders will be held at The Ohio State

University's Fawcett Center, 2400 Olentangy River Road, Columbus, Ohio, on Tuesday, April 23, 2002, at 9:30 a.m.

Your Board of Directors and I cordially invite you to attend.

During the course of the meeting there will be the usual time for discussion of the items on the agenda and for questions regarding AEP's affairs. Directors and officers will be available to talk individually with shareholders before and after the meeting.

Your vote is very important. Shareholders of record can vote in any one of the following three ways:

- By Mail -- Fill in, sign and date your enclosed proxy card and return it promptly in the enclosed postage-paid envelope.
- By Telephone -- Call the toll-free telephone number on your proxy card to vote by phone.
- Via Internet -- Visit the web site on your proxy card to vote via the Internet.

If your shares are held in the name of a bank, broker or other holder of record, you will receive instructions from the holder of record that you must follow in order for you to vote your shares.

If you plan to attend the meeting and are a shareholder of record, please mark the "Annual Meeting" box on your proxy card or follow the prompts when you vote if you are voting by telephone or Internet. An admission ticket is included with the proxy card for each shareholder of record. However, if your shares are not registered in your own name, please advise the shareholder of record (your bank, broker, etc.) that you wish to attend. That firm must provide you with evidence of your ownership on March 4 which will enable you to gain admittance to the meeting.

Sincerely,

/s/ E. L. Draper, Jr.

NOTICE OF 2002 ANNUAL MEETING

American Electric Power Company, Inc.
1 Riverside Plaza
Columbus, Ohio 43215

TIME..............	9:30 a.m. on Tuesday, April 23, 2002
PLACE.............	Fawcett Center The Ohio State University 2400 Olentangy River Road Columbus, Ohio
ITEMS OF BUSINESS..	(1) To elect 13 directors to hold office until the next annual meeting and until their successors are duly

elected.
(2) To approve the firm of Deloitte & Touche llp as independent auditors for the year 2002.
(3) To consider and act on such other matters, including the shareholder proposal described on pages 12 and 13 of the accompanying proxy statement, as may properly come before the meeting.

RECORD DATE........ Only shareholders of record at the close of business on March 4, 2002, are entitled to notice of and to vote at the meeting or any adjournment thereof.

ANNUAL REPORT...... Appendix A to this proxy statement has AEP's audited financial statements and management's discussion and analysis of results of operations and financial condition. AEP's Summary Report to Shareholders contains our chairman's letter to shareholders, condensed financial statements, a summary discussion of results of operations and financial condition, and an independent auditors' report.

PROXY VOTING....... It is important that your shares be represented and voted at the meeting. Please vote in one of these ways:
(1) MARK, SIGN, DATE AND PROMPTLY RETURN the enclosed proxy card in the postage-paid envelope.
(2) USE THE TOLL-FREE TELEPHONE NUMBER shown on the proxy card.
(3) VISIT THE WEB SITE noted on your proxy card to vote via the Internet.

Any proxy may be revoked at any time prior to its exercise at the meeting.

March 21, 2002

Susan Tomasky
Secretary

Our annual meeting of shareholders also will be webcast on our web site at www.aep.com at 9:30 a.m. on April 23, 2002.

Proxy Statement

March 21, 2002

Proxy and Voting Information

This proxy statement and the accompanying proxy card are to be mailed to shareholders, commencing on or about March 21, 2002, in connection with the solicitation of proxies by the Board of Directors of American Electric Power Company, Inc., 1 Riverside Plaza, Columbus, Ohio 43215, for the annual meeting of shareholders to be held on April 23, 2002 in Columbus, Ohio.

Who Can Vote. Only the holders of shares of Common Stock at the close of business on March 4, 2002 are entitled to vote at the meeting. Each such holder has one vote for each share held on all matters to come before the meeting. On that date, there were 322,387,649 shares of AEP Common Stock, $6.50 par value, outstanding.

How You Can Vote. Shareholders of record can give proxies by (i) mailing their signed proxy cards, (ii) calling a toll-free telephone number or (iii) using the Internet. The telephone and Internet voting procedures are designed to authenticate shareholders' identities, to allow shareholders to give their voting instructions and to confirm that shareholders' instructions have been properly recorded. Instructions for shareholders of record who wish to use the telephone or Internet voting procedures are set forth on the enclosed proxy card.

When proxies are returned, the shares represented thereby will be voted by the persons named on the proxy card or by their substitutes in accordance with shareholders' directions. If a proxy card is signed and returned without choices marked, it will be voted for the nominees for directors listed on the card and as recommended by the Board of Directors with respect to other matters. The proxies of shareholders who are participants in the Dividend Reinvestment and Stock Purchase Plan include both the shares registered in their names and the whole shares held in their Plan accounts on March 4, 2002.

Revocation of Proxies. A shareholder giving a proxy may revoke it at any time before it is exercised at the meeting by giving notice of its revocation to the Company, by executing another proxy dated after the proxy to be revoked, or by attending the meeting and voting in person.

How Votes are Counted. Under New York law, abstentions and broker non-votes do not count in the determination of voting results and have no effect on the vote. The determination by the shareholders of approval of the auditors and the shareholder proposal is based on votes "for" and "against" -- with abstentions and broker non-votes not counted as "against" votes but counted in the determination of a quorum. Unvoted shares are termed "non-votes" when a nominee holding shares for beneficial owners may not have received instructions from the beneficial owner and may not have exercised discretionary voting power on certain matters, but with respect to other matters may have voted pursuant to discretionary authority or beneficial owner instructions.

Your Vote is Confidential. It is AEP's policy that shareholders be provided privacy in voting. All proxies, voting instructions and ballots, which identify shareholders, are held confidential, except as may be necessary to meet any applicable legal requirements. We direct proxies to an independent third-party tabulator, who receives, inspects, and tabulates them. Voted proxies and ballots are not seen by nor reported to AEP except (i) in aggregate number or to determine if (rather than how) a shareholder has voted, (ii) in cases where shareholders write comments on their proxy cards, or (iii) in a contested proxy solicitation.

Multiple Copies of Annual Report or Proxy Statement to Shareholders. Securities and Exchange Commission rules provide that more than one annual report or proxy statement need not be sent to the same address. This practice is commonly called "householding" and is intended to eliminate duplicate mailings of shareholder documents. Mailing of your annual report or proxy statement is being householded indefinitely unless you instruct us otherwise. If more than one annual report or proxy statement is being sent to your address, at your request, mailing of the duplicate copy to the account you select will be discontinued. If you wish to resume or discontinue receiving separate annual reports or proxy statements at the same address, you may call our transfer agent, EquiServe Trust Company, N.A., at 800-328-6955 or write to them at P.O. Box 2500, Jersey City, NJ 07303-2500. The change will be effective 30 days after receipt. We will deliver promptly upon oral or written request a separate copy of the annual report or proxy statement to a shareholder at a shared address. To receive a separate copy of the annual report or proxy statement, contact AEP Shareholder Direct at 800-551-1AEP(1237) or write to AEP, attention: Financial Reporting, at 1 Riverside Plaza, Columbus, OH 43215.

1. Election of Directors

Thirteen directors are to be elected by a plurality of the votes cast at the meeting to hold office until the next annual meeting and until their successors have been elected. AEP's By-Laws provide that the number of directors of AEP shall be such number, not less than 9 nor more than 17, as shall be determined from time to time by resolution of AEP's Board of Directors.

On January 23, 2002, the Board of Directors adopted a resolution reducing the number of directors by one, effective on the date of the annual meeting. Mr. James L. Powell, a director, will be retiring from the Board and not standing for reelection.

The 13 nominees named on pages 3-7 were selected by the Board of Directors on the recommendation of the Committee on Directors and Corporate Governance of the Board. The proxies named on the proxy card or their substitutes will vote for the Board's nominees, unless instructed otherwise. Shareholders may withhold authority to vote for any or all of such nominees on the proxy card. All of the Board's nominees were elected by the shareholders at the 2001 annual meeting. It is not expected that any of the nominees will be unable to stand for election or be unable to serve if elected. In the event that a vacancy in the slate of nominees should occur before the meeting, the proxies may be voted for another person nominated by the Board of Directors or the number of directors may be reduced accordingly.

Cumulative Voting. Shareholders have the right to vote cumulatively for the election of directors. This means that in the voting at the meeting each shareholder, or his proxy, may multiply the number of his shares by the number of directors to be elected and then cast the resulting total number of votes for a single nominee, or distribute such votes on the ballot among any two or more nominees as desired. The proxies designated by the Board of Directors will not cumulate the votes of the shares they represent.

Biographical Information. The following brief biographies of the nominees include their principal occupations, ages on the date of this statement, accounts of their business experience and names of certain companies of which they are directors. Data with respect to the number of shares of AEP's Common Stock, options exercisable within 60 days and stock-based units beneficially owned by each of them appears on page 24.

Nominees For Director

E. R. Brooks [PHOTO] Retired Chairman and Chief Executive Officer, Central and South West Corporation, Granbury, Texas Age 64 Director since 2000	Received his B.S. (electrical engineering) from Texas Tech University in 1961. Chairman and chief executive officer of Central and South West Corporation (February 1991-June 2000). Served as CSW's president from February 1991 to July 1997. A director of Hubbell, Inc. A trustee of Baylor Health Care Center, Dallas, Texas, Hardin-Simmons University, Abilene, Texas, and Texas Tech University, Lubbock, Texas.

Donald M. Carlton

Received his B.A. from the Univer-

[PHOTO] Retired President and Chief Executive Officer, Radian International LLC, Austin, Texas Age 64 Director since 2000	sity of St. Thomas in Houston in 1958 and Ph.D. (organic chemistry) from the University of Texas at Austin in 1962. President and chairman of Radian Corporation, an engineering and technology firm (1969-1995). President and chief executive officer of Radian International LLC (1996-1998). A director of National Instruments Corporation and Valero Energy Corporation and trustee of 26 mutual funds in the Smith Barney/ Citi fund complex.
John P. DesBarres [PHOTO] Investor/Consultant, Park City, Utah Age 62 Director since 1997	Received an associate degree in electrical engineering from Worcester Junior College in 1960 and completed the Harvard Business School Program for Management Development in 1975 and the Massachusetts Institute of Technology Sloan School Senior Executive Program in 1984. Joined Sun Company (petroleum and natural gas) in 1963, holding various positions until 1979, when he was elected president of Sun Pipe Line Company (1979-1988) (crude oil/products). Chairman, president and chief executive officer of Sante Fe Pacific Pipelines, Inc. (1988-1991) (petroleum products pipeline). President and chief executive officer (1991-1995) and chairman (1992-1995) of Transco Energy Company (natural gas). A director of Texas Eastern Products Pipeline Company, which is the general partner of TEPPCO Partners, L.P., and Penn Virginia GP, LLC, an indirect wholly-owned subsidiary of Penn Virginia Corporation and the general partner of Penn Virginia Resource Partners, L.P.

Nominees For Director -- continued

E. Linn Draper, Jr. [PHOTO] Chairman, President and Chief Executive Officer	Received his B.A. and B.S. (chemical engineering) degrees from Rice University in 1964 and 1965, respectively, and Ph.D. (nuclear engineering) in 1970 from Cornell University. Joined Gulf States

of AEP and AEP Service Corporation; Chairman and Chief Executive Officer of other major AEP subsidiaries Age 60 Director since 1992	Utilities Company, an unaffiliated electric utility, in 1979. Chairman of the board, president and chief executive officer of Gulf States (1987-1992). Elected president of AEP and president and chief operating officer of AEP Service Corporation in March 1992 and chairman of the board and chief executive officer of AEP and all of its major subsidiaries in April 1993. A director of BCP Management, Inc., which is the general partner of Borden Chemicals and Plastics L.P.

Robert W. Fri [PHOTO] Visiting Scholar, Resources for the Future, Washington, D.C. Age 66 Director since 1995	Holds a B.A. from Rice University and an M.B.A. from Harvard Business School. Associated with McKinsey & Company, Inc., management consulting firm, from 1963 to 1971 and again from 1973 to 1975, being elected a principal in the firm in 1968. From 1971 to 1973, served as first Deputy Administrator of the Environmental Protection Agency, becoming Acting Administrator in 1973. Was first Deputy and then Acting Administrator of the Energy Research and Development Administration from 1975 to 1977. From 1978 to 1986 was President of Energy Transition Corporation. President and director of Resources for the Future (non-profit research organization) from 1986 to 1995 and became senior fellow emeritus in 1996. Director, National Museum of Natural History (Smithsonian Institution) (1996-2001). Assumed his present position with Resources for the Future in 2001.

Nominees For Director -- continued

William R. Howell [PHOTO] Chairman Emeritus, J. C. Penney Company, Inc., Dallas, Texas	Received his B.B.A. from the University of Oklahoma in 1958. Joined J.C. Penney Company (major retailer) in 1958 and held various managerial positions. Chairman of the board of J. C. Penney Company from 1983 to January 1997 and also

Age 66 Director since 2000	chief executive officer from 1983 to January 1996. Chairman emeritus of J. C. Penney Company (1997 - present). A director of Bankers Trust, Exxon Mobil Corporation, Halliburton Company, Pfizer Inc., Viseon, Inc. and The Williams Companies, Inc.
Lester A. Hudson, Jr. [PHOTO] Professor of Business Strategy, Clemson University, Greenville, South Carolina Age 62 Director since 1987	Received a B.A. from Furman University in 1961, an M.B.A. from the University of South Carolina in 1965 and Ph.D. (industrial management) from Clemson University in 1997. Joined Dan River Inc. (textile fabric manufacturer) in 1970 and was elected president and chief operating officer in 1981 and chief executive officer in 1987. Resigned from Dan River in 1990. Joined WundaWeve Carpets, Inc. (carpet manufacturer) as chairman, president and chief executive officer in 1990. Chairman of WundaWeve in 1991. Vice chairman of WundaWeve (1993-1995). Chairman, H&E Associates (investment firm), 1995-1998. Assumed his present position with Clemson University in 1998. A director of American National Bankshares Inc. and Greenville Hospital System Foundation and trustee of The Sirrine Foundation and Furman University Advisory Council.
Leonard J. Kujawa [PHOTO] International Energy Consultant, Atlanta, Georgia Age 69 Director since 1997	Received his B.B.A. in 1954 and M.B.A. in 1955 from the University of Michigan. Joined Arthur Andersen LLP (accounting and consulting firm) in 1957 and became a partner in 1968, specializing in the electric and telecommunications industries. Worldwide Director Energy and Telecommunications (1985-1995). Retired in 1995. International energy consultant to his former firm and other global companies. A director of Schweitzer-Mauduit International, Inc.

Nominees For Director -- continued

Richard L. Sandor [PHOTO] Chairman and Chief Executive Officer, Environmental Financial Products LLC, Chicago, Illinois Age 60 Director since 2000	Received his B.A. from City University of New York, Brooklyn College, and Ph.D. (economics) from the University of Minnesota. Chairman and chief executive officer of Environmental Financial Products LLC (develops and trades in new environmental, financial and commodity markets) since March 1993. Second vice chairman of the Chicago Board of Trade (1997-1998). A director of Nasdaq LIFFE, LLC and Nextera Enterprises, Inc.
Thomas V. Shockley, III [PHOTO] Vice Chairman of AEP; Vice Chairman and Chief Operating Officer, AEP Service Corporation Age 56 Director since 2000	Received his B.S. (electrical engineering) from Texas A&I University in 1967 and M.S. (electrical engineering) from the University of Texas at Austin in 1969. Executive vice president (1990-1997) and president and chief operating officer (1997-2000) of Central and South West Corporation. Elected vice chairman of AEP and of AEP Service Corporation in 2000 and chief operating officer of AEP Service Corporation in October 2001.
Donald G. Smith [PHOTO] Chairman of the Board, President, Chief Executive Officer and Treasurer of Roanoke Electric Steel Corporation, Roanoke, Virginia Age 66 Director since 1994	Joined Roanoke Electric Steel Corporation (steel manufacturer) in 1957. Held various positions with Roanoke Electric Steel before being named president and treasurer in 1985, chief executive officer in 1986 and chairman of the board in 1989.
Linda Gillespie Stuntz [PHOTO] Partner, Stuntz, Davis & Staffier, P.C., attorneys, Washington, D.C. Age 47 Director since 1993	Holds an A.B. from Wittenberg University (1976) and J.D. from Harvard Law School (1979). Private practice of law (1979-1981). U.S. House of Representatives, Committee on Energy and Commerce: Associate Minority Counsel, Subcommittee on Fossil and Synthetic Fuels (1981-1986) and Minority Counsel and Staff Director (1986-1987). Private practice of law (1987-

1989). U.S. Department of Energy (1989-1993): Acting Deputy Secretary (January 1992-July 1992) and Deputy Secretary (July 1992-January 1993). Returned to the private practice of law in March 1993. A director of Schlumberger Limited and the Electricity Innovation Institute.

Nominees For Director -- continued

Kathryn D. Sullivan [PHOTO] President and Chief Executive Officer, COSI Columbus, Columbus, Ohio Age 50 Director since 1997	Received her B.S. from the University of California and Ph.D. from Dalhousie University. NASA space shuttle astronaut (1978-1993). Chief Scientist at the National Oceanic and Atmospheric Administration (1993-1996). Became president and chief executive officer of Columbus' science museum COSI (Center of Science & Industry) in 1996. U.S. Naval Reserve Officer. A director of Abercrombie & Fitch Co.

Dr. Draper and Mr. Shockley are directors of certain subsidiaries of AEP with one or more classes of publicly held preferred stock or debt securities and other subsidi-aries of AEP.

Related Transactions

Dr. Draper's son is a partner in the law firm of Winston & Strawn, which AEP retained during 2001 for matters primarily relating to the license renewal for the Cook Nuclear Plant. Dr. Draper's son has not been involved with any AEP legal matters.

AEP's Board of Directors and Committees

Under New York law, AEP is managed under the direction of the Board of Directors. The Board establishes broad corporate policies and authorizes various types of transactions, but it is not involved in day-to-day operational details. During 2001, the Board held eight regular and one special meeting.

The Board has seven standing committees and the table below provides membership and meeting information for each of them. The functions of the committees are described in the paragraphs following the table.

BOARD COMMITTEES

DIRECTOR	Audit	Directors and Corporate Governance	Policy	Executive	Finance	Human Resources	Nuclear Oversight
Mr. Brooks			X		X		X
Dr. Carlton	X (Chair)		X	X			X
Mr. DesBarres			X	X		X (Chair)	X
Dr. Draper				X (Chair)			
Mr. Fri			X (Chair)			X	X
Mr. Howell		X	X			X	
Dr. Hudson	X	X (Chair)	X				
Mr. Kujawa		X	X		X		
Mr. Powell	X	X	X				
Dr. Sandor		X	X		X		
Mr. Shockley							
Mr. Smith			X			X	X
Ms. Stuntz		X	X	X	X (Chair)		
Dr. Sullivan	X		X				X (Chair)
2001 Meetings	9	2	3	0	5	5	4

During 2001, except for Mr. Brooks, no incumbent director attended fewer than 75% of the aggregate of the total number of meetings of the Board of Directors and the total number of meetings held by all committees on which he or she served.

The Audit Committee oversees, and reports to the Board concerning, the general policies and practices of AEP and its subsidiaries with respect to accounting, financial reporting, and internal auditing and financial controls. It also maintains a direct exchange of information between the Board and AEP's independent accountants and reviews possible conflict of interest situations involving directors.

The Board of Directors has adopted a written charter for the Audit Committee.

The members of the Audit Committee are independent as defined by the rules of the New York Stock Exchange.

The Committee on Directors and Corporate Governance is responsible for:

1. Recommending the size of the Board within the boundaries imposed by the By-

Laws.

2. Recommending selection criteria for nominees for election or appointment to the Board.

3. Conducting independent searches for qualified nominees and screening the qualifications of candidates recommended by others.

4. Recommending to the Board for its consideration one or more nominees for appointment to fill vacancies on the Board as they occur and the slate of nominees for election at the annual meeting.

5. Reviewing and making recommendations to the Board with respect to the compensation of directors and corporate governance.

The Committee on Directors and Corporate Governance will consider shareholder recommendations of candidates to be nominated as directors of the Company. All such recommendations must be in writing and addressed to the Secretary of the Company. By accepting a shareholder recommendation for consideration, the Committee on Directors and Corporate Governance does not undertake to adopt or take any other action concerning the recommendation, or to give the proponent its reasons for not doing so.

The Policy Committee is responsible for examining AEP's policies on major public issues affecting the AEP System, including environmental, industry change and other matters, as well as established System policies which affect the relationship of AEP and its subsidiaries to their service areas and the general public; for reporting periodically and on request to the Board and providing recommendations to the Board on such policy matters; and for counseling AEP management on any such policy matters presented to the Committee for consideration and study.

The Executive Committee is empowered to exercise all the authority of the Board of Directors, subject to certain limitations prescribed in the By-Laws, during the intervals between meetings of the Board. Meetings of the Executive Committee are convened only in extraordinary circumstances.

The Finance Committee monitors and reports to the Board with respect to the capital requirements and financing plans and programs of AEP and its subsidiaries including, among other things, reviewing and making recommendations as it considers appropriate concerning the short and long-term financing plans and programs of AEP and its subsidiaries.

The Human Resources Committee is responsible for:

1. Reviewing executive compensation policies and plans and, as appropriate, recommending changes to the Board.

2. Reviewing salaries and other compensation and benefits paid by AEP and its subsidiaries to Board members who are AEP officers or employees of any of its subsidiaries, and for recommending to the Board for approval the amount of salary and other compensation and benefits to be paid or accrued by AEP and/or any of its subsidiaries during the ensuing year to each such person.

3. Reviewing and approving compensation and benefits for the AEP Service Corporation officers who hold the position of Senior Vice President or higher office.

4. Evaluating AEP's hiring, development, promotional and succession planning practices for those management positions described in (2) and (3) above and recommending changes as appropriate.

5. Reviewing AEP's performance with respect to work force diversity and compliance with equal employment opportunity laws.

The Nuclear Oversight Committee is responsible for overseeing and reporting to the Board with respect to the management and operation of AEP's nuclear generation.

Directors Compensation and Stock Ownership Guidelines

Annual Retainers and Meeting Fees. Directors who are officers of AEP or employees of any of its subsidiaries do not receive any compensation, other than their regular salaries and the accident insurance coverage described below, for attending meetings of AEP's Board of Directors. The other members of the Board receive an annual retainer of $35,000 for their services, an additional annual retainer of $5,000 for each Committee that they chair, a fee of $1,200 for each meeting of the Board and of any Committee that they attend (except a meeting of the Executive Committee held on the same day as a Board meeting), and a fee of $1,200 per day for any inspection trip or conference.

Deferred Compensation and Stock Plan. The Deferred Compensation and Stock Plan for Non-Employee Directors permits non-employee directors to choose to receive up to 100 percent of their annual Board retainer in shares of AEP Common Stock and/or units that are equivalent in value to shares of Common Stock ("Stock Units"), deferring receipt by the non-employee director until termination of service or for a period that results in payment commencing not later than five years thereafter. AEP Common Stock is distributed and/or Stock Units are credited to directors, as the case may be, when the retainer is payable, and are based on the closing price of the Common Stock on the payment date. Amounts equivalent to cash dividends on the Stock Units accrue as additional Stock Units. Payment of Stock Units to a director from deferrals of the retainer and dividend credits is made in cash or AEP Common Stock, or a combination of both, as elected by the director.

Stock Unit Accumulation Plan. The Stock Unit Accumulation Plan for Non-Employee Directors annually awards 1,200 Stock Units to each non-employee director as of the first day of the month in which the non-employee director becomes a member of the Board. Amounts equivalent to cash dividends on the Stock Units accrue as additional Stock Units. Stock Units are paid to the director in cash upon termination of service unless the director has elected to defer payment for a period that results in payment commencing not later than five years thereafter.

Insurance. AEP maintains a group 24-hour accident insurance policy to provide a $1,000,000 accidental death benefit for each director. The current policy, effective September 1, 2001 through September 1, 2004, has a premium of $31,050. In addition, AEP pays each director (excluding officers of AEP or employees of any of its subsidiaries) an amount to provide for the federal and state income taxes incurred in connection with the maintenance of this coverage ($630 for 2001).

Central and South West Corporation Programs. Mr. Powell, as a former CSW director, is enrolled in a medical and dental program formerly offered by CSW to its non-employee directors. AEP is continuing this program, pursuant to the terms of the merger with CSW, for those CSW directors who had previously elected to participate. Mr. Powell pays a portion of the cost of his coverage. Upon Mr. Powell's termination of service with the Board, he will be eligible to receive retiree medical and dental benefits coverage.

AEP is also continuing a memorial gift program for former CSW directors and executive officers who had been previously participating in this program. The six former CSW directors who are members of AEP's Board are participants. Under this program, AEP makes donations in a director's name to up to three charitable organizations in an aggregate amount of up to $500,000, payable by AEP upon such person's death. AEP maintains corporate-owned life insurance policies to fund the program. The annual premiums paid by AEP are based on pooled risks and averaged $15,100 per participant for 2001.

Stock Ownership Guidelines. AEP's Board of Directors considers stock ownership in AEP by management to be of great importance. Such ownership enhances management's commitment to the future of AEP and further aligns management's interests with those of AEP's shareholders. In keeping with this philosophy, the Board has adopted minimum stock ownership guidelines for non-employee directors. The target for each non-employee director is 2,000 shares of AEP Common Stock and/or Stock Units, with such ownership to be acquired by the end of the third year of service.

For further information as to the guidelines for AEP's executive officers, see the Board Human Resources Committee Report on Executive Compensation below under the caption Stock Ownership Guidelines.

Insurance

The directors and officers of AEP and its subsidiaries are insured, subject to certain exclusions, against losses resulting from any claim or claims made against them while acting in their capacities as directors and officers. The American Electric Power System companies are also insured, subject to certain exclusions and deductibles, to the extent that they have indemnified their directors and officers for any such losses. Such insurance, effective January 1, 2002 through December 31, 2002, is provided by: Associated Electric & Gas Insurance Services, Energy Insurance Mutual, Clarendon National Insurance Company, Great American Insurance Company, Zurich American Insurance Company, Zurich Specialties London (UK) Ltd., National Union Fire Insurance Company of Pittsburgh, PA, Liberty Mutual Insurance Company, Federal Insurance Company, Starr Excess International, Royal Insurance Company of America, Gulf Insurance Company, Starr Excess Casualty Insurance Limited, Oil Casualty Insurance Limited, XL Insurance, Ltd., XL Specialty Insurance Company, SR International Business Insurance Company Ltd., and Lumbermens Mutual Casualty Company. The total cost of this insurance is $2,690,766.

Fiduciary liability insurance provides coverage for AEP System companies, their directors and officers, and any employee deemed to be a fiduciary or trustee, for breach of fiduciary responsibility, obligation, or duties as imposed under the Employee Retirement Income Security Act of 1974. This coverage, provided by Associated Electric & Gas Insurance Services, The Federal Insurance Company, and Zurich American Insurance Company, was renewed, effective July 1, 2000 through June 30, 2003, for a cost of $355,350.

2. Approval of Auditors

On the recommendation of the Audit Committee, the Board of Directors has appointed the accounting firm of Deloitte & Touche llp as independent auditors of AEP for the year 2002, subject to approval by the shareholders at the annual meeting. Deloitte & Touche llp is considered to be the firm best qualified to perform this important function because of its ability and the familiarity of its personnel with AEP's affairs. It and predecessor firms have been AEP's auditors since 1911.

Representatives of Deloitte & Touche llp will be present at the meeting and will have an opportunity to make a statement if they desire to do so. They also will be available to answer appropriate questions.

Aggregate fees billed to AEP and its consolidated subsidiaries for services rendered by Deloitte & Touche llp and its global affiliates for the year ended December 31, 2001, were:

Audit Fees		$ 5,184,000
Financial Information Systems Design and Implementation Fees		100,000
All Other Fees		
Audit-related:		
Financings, comfort letters and consents	$ 461,000	
Employee benefit and statutory audits	710,000	
Due diligence accounting and related services	603,000	
Other audit-related	455,000	2,229,000
Tax:		
Global tax planning and consultation	4,282,000	
Tax return compliance and related services	677,000	4,959,000
Other		354,000
Total		$12,826,000

The Audit Committee has considered whether the provision of services other than audit services by Deloitte & Touche llp and its global affiliates is compatible with maintaining that firm's independence and the Committee believes that this provision of services is compatible with maintaining Deloitte & Touche llp's independence.

Vote Required. Approval of this proposal requires the affirmative vote of holders of a majority of the shares present in person or by proxy at the meeting.

Your Board of Directors recommends a vote FOR approval of Deloitte & Touche llp as independent auditors for 2002.

Audit Committee Report

The Audit Committee reviews AEP's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process, including the system of internal controls.

In this context, the Committee has met and held discussions with management and the independent auditors. Management represented to the Committee that AEP's consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Committee has reviewed and discussed the consolidated financial statements with management and the independent auditors. The Committee discussed with the independent auditors matters required to be discussed by Statement on Auditing Standards No. 61, as amended (Communication With Audit Committees).

In addition, the Committee has discussed with the independent auditors, the auditor's independence from AEP and its management, including the matters in the written disclosures required by the Independence Standards Board Standard No. 1 (Independence Discussions With Audit Committees).

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors, and the Board has approved, that the audited financial statements be included in AEP's Annual Report on Form 10-K for the year ended December 31, 2001, for filing with the Securities and Exchange Commission.

Audit Committee Members

Donald M. Carlton, Chair	James L. Powell
Lester A. Hudson, Jr.	Kathryn D. Sullivan

3. Shareholder Proposal

Mr. Ronald Marsico, 935 Loch Ness Avenue, Worthington, OH 43085, who states that he is the record owner of 2,897 shares of Common Stock, has notified AEP that he intends to present the following proposal for consideration and action at the meeting:

"Shareholder Proposal -- Recommended by Ronald Marsico

The maximum total amount of service by any Director of the American Electric Power Company, Inc. should be limited to ten terms of office and this limit should also apply retroactively to existing Directors. This limitation should apply to nominees for director at meetings subsequent to the 2002 Annual Meeting.

Supporting Reasons Based On Ronald Marsico's Analyses And Opinions

Term Limits for AEP Directors is a reasonable means to help protect shareholders against the complacency that may result from a lack of accountability that can be inherent in the "buddy-system' of re-nominating and re-electing the same Directors year after year. My long-time observation of AEP proxy ballots notes how often the nominees simply re-nominate each other year after year.

The fact that the President of the U.S., virtually all governors, mayors, and many other officials are limited to two four-year terms speaks volumes about the benefits of not allowing top officials to become too comfortable in their positions. In my opinion, this rationale certainly applies when a group of Directors has exhibited less than solid performances over a period of several years.

I have written to the Chairman and various Directors a number of times in the last several years with my serious concerns about questionable decisions and actions of the Board which I believe are at the root of the Company's lackluster financial performance. In these letters, I came close to predicting several of the subsequent costly results which (in my opinion) occurred because of some of the Board's flawed policies and decisions.

Why can't our Directors use their talents and resources proactively to save shareholders

massive amounts of money and stock value? Can it be that long-duration tenure has led to complacency and less than aggressive oversight?

I urge my fellow shareholders to consider my opinions and this proposal and vote for it during the year 2002 voting period prior to the 2002 Annual Shareholder Meeting so that the Company has the benefit of your guidance!"

Directors' Recommendation

Your Board of Directors recommends a vote AGAINST the preceding shareholder proposal for the following reasons:

AEP believes that its current practices and those of the Committee on Directors and Corporate Governance concerning the nomination and service of directors ensure a balanced Board composed of competent and distinguished individuals with diverse backgrounds, knowledge, and experience. Setting arbitrary term limits for directors, who, in any case, are elected each year, would be counter-productive, likely diminish Board effectiveness, and not be in the best interests of the Board, AEP or the shareholders.

The tenure of directors is not guaranteed. The shareholders, following formal nomination by the Board's Committee on Directors and Corporate Governance, elect AEP's directors annually. The Board of Directors view mandatory term limits as incompatible with the rights currently accorded to the shareholders to choose the best qualified individuals to serve as members of their Board on an annual basis without arbitrary limits on who may serve.

The proposal does not draw a distinction between term limits for non-employee (outside) versus employee (inside) directors. Limiting inside directors to a ten-year term could force unwarranted turnover in the management of AEP and be highly disruptive to the Company's business.

Quality leadership is the lifeblood of a company. Imposing term limits for directors could result in AEP losing the services of directors who have developed a great deal of insight and perspective about AEP's operations and, therefore, would be in a position to make their most valuable contributions to AEP's business. Continuity of service permits directors to acquire a depth of knowledge concerning AEP that enhances their capability. Term limits mean the untimely exit of effective directors and make it more difficult to recruit qualified candidates.

To provide further that fresh ideas and viewpoints are available to the Board as necessary, AEP's retirement policy provides that a director is generally ineligible for reelection for a term commencing subsequent to his or her 72nd birthday. As noted on page 2, Mr. James L. Powell will be retiring from the Board since he has attained the age of 72.

Accordingly, your Board of Directors recommends a vote AGAINST this proposal.

Vote Required. Approval of this proposal requires the affirmative vote of holders of a majority of the shares of Common Stock present in person or by proxy at the meeting.

Other Business

The Board of Directors does not intend to present to the meeting any business other than the election of directors and the approval of auditors.

If any other business not described herein should properly come before the meeting for action by the shareholders, the persons named as proxies on the enclosed card or their substitutes will vote the shares represented by them in accordance with their best judgment. At the time this proxy statement was printed, the Board of Directors was not aware of any other matters that might be presented.

Executive Compensation

The following table shows for 2001, 2000 and 1999 the compensation earned by the chief executive officer, the four other most highly compensated executive officers (as defined by regulations of the Securities and Exchange Commission) of AEP at December 31, 2001 and Mr. Lhota who resigned as an executive officer on December 12, 2001.

Summary Compensation Table

		Annual Compensation		Long-Term Compensation		
				Awards	Payouts	
Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Securities Underlying Options (#)	LTIP Payouts($)(1)	All Other Compensation ($)(2)
E. Linn Draper, Jr. -- Chairman of the board, president and chief executive officer of the Company and the Service Corporation; chairman and chief executive officer of other subsidiaries	2001	910,000	682,090	-0-	311,253	122,395
	2000	850,000	485,775	700,000	-0-	106,699
	1999	820,000	208,280	-0-	-0-	103,218
Thomas V. Shockley, III -- Vice chairman of the Company; vice chairman and chief operating officer of the Service Corporation; president and director of AEP Energy Services, Inc.; vice president and director of other subsidiaries (3)	2001	590,000	353,788	-0-	79,781	100,678
	2000	304,417	140,500	250,000	824,399	9,170,069
Henry W. Fayne -- Executive vice president and director of the Service Corporation; vice president of the Company; president and director of other subsidiaries	2001	420,000	305,861	-0-	83,697	75,576
	2000	365,000	152,972	200,000	-0-	47,074
	1999	315,000	56,007	-0-	-0-	34,885
Susan Tomasky -- Executive vice president - policy, finance and strategic planning, assistant	2001	410,000	300,365	-0-	54,455	73,483
	2000	355,000	148,780	200,000	-0-	47,946

secretary and director of the Service Corporation; vice president, secretary and chief financial officer of the Company; president and director of AEP Resources, Inc.; vice president and director of other subsidiaries (4)							
William J. Lhota --	2001	435,000	239,250	-0-	106,271	2,165,742
Executive vice	2000	415,000	173,927	200,000	-0-	62,394
president - energy delivery and director of the Service Corporation; president, chief operating officer and director of other subsidiaries (5)	1999	400,000	71,120	-0-	-0-	55,690
Joseph H. Vipperman --	2001	370,000	203,378	-0-	87,692	82,209
Executive vice	2000	350,000	146,685	200,000	-0-	70,112
president - shared services and director of the Service Corporation; vice president and director of other subsidiaries	1999	330,000	58,674	-0-	-0-	63,006

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(1) Amounts in the Bonus column reflect awards under the Senior Officer Annual Incentive Compensation Plan (SOIP), except for Mr. Shockley as disclosed in footnote 3, and, in the case of Mr. Fayne and Ms. Tomasky, lump sum payments of $75,000 each in 2001 in lieu of immediate salary increases in connection with their promotions during the year. Payments pursuant to the SOIP are made in the first quarter of the succeeding fiscal year for performance in the year indicated.

Amounts in the Long-Term Compensation -- Payouts column reflect performance share unit targets earned under the AEP 2000 Long-Term Incentive Plan for three-year performance periods, except for Mr. Shockley as disclosed in footnote 3. See below under Long-Term Incentive Plans -- Awards in 2001 and page 22 for additional information.

(2) Amounts in the All Other Compensation column, except for the additional compensation to Messrs. Shockley and Lhota as disclosed in footnotes (3) and (5), respectively, include (i) AEP's matching contributions under the AEP Retirement Savings Plan and the AEP Supplemental Savings Plan, a non-qualified plan designed to supplement the AEP Savings Plan, (ii) subsidiary companies director fees, (iii) vehicle allowance, and (iv) split-dollar insurance. Split-dollar insurance represents the present value of the interest projected to accrue for the employee's benefit on the current year's insurance premium paid by AEP. Cumulative net life insurance premiums paid are recovered by AEP at the later of retirement or 15 years. Detail of the 2001 amounts in the All Other Compensation column is shown below.

Item	Dr. Draper	Mr. Shockley	Mr. Fayne	Ms. Tomasky	Mr. Lhota	Mr. Vipperman
Savings Plan Matching Contributions..........	$ 5,119	$ 7,650	$ 5,775	$ 5,825	$ 7,650	$ 6,950
Supplemental Savings Plan Matching Contributions..........	35,831	18,876	20,009	19,320	19,752	16,301
Subsidiaries Directors Fees..................	16,550	14,650	16,300	16,300	13,450	10,450
Vehicle Allowance.......	14,400	12,000	12,000	12,000	12,000	12,000
Split-Dollar Insurance..	50,495	47,502	21,492	20,038	24,055	36,508

(3) Mr. Shockley joined AEP from Central and South West Corporation and became an executive officer when the merger with CSW was consummated on June 15, 2000. The Salary column for Mr. Shockley shows the amount earned for his AEP service after the date of the merger. The amounts in the Bonus and LTIP Payouts columns for 2000 represent his prorated payment under the CSW Annual Incentive Plan and the value of Common Stock awarded under the CSW 1992 Long-Term Incentive Plan, respectively. He also received a payment of $9,154,924 under his change in control agreement with CSW that is included in the All Other Compensation column.

(4) No 1999 compensation information is reported for Ms. Tomasky because she was not an executive officer in this year.

(5) Mr. Lhota resigned from his executive positions with AEP on December 12, 2001, and left active employment on December 31, 2001. He is receiving severance of $2,022,750, equal to three times base salary and annual incentive at target, with $1,152,750 paid upon his termination of active employment and the remainder as a continuation of his annual salary of $435,000 through December 2003. As a result, Mr. Lhota retains his eligibility for the upcoming two-year period under AEP's savings and retirement plans. Mr. Lhota also received a lump sum payment of accrued vacation pay of $66,085.

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Aggregated Option Exercises in 2001 and Year-End Option Values

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Securities Underlying Unexercised Options at 12-31-01 (#)		Value of Unexercised In-The-Money Options at 12-31-01 ($)*	
			Exercisable	Unexercisable	Exercisable	Unexercisabl
E. L. Draper, Jr........	--	--	0	700,000	0	5,533,500
T.V. Shockley, III......	38,821	379,703	11,117	250,000	0	1,976,250
H.W. Fayne.............	--	--	0	200,000	0	1,581,000
S. Tomasky.............	--	--	0	200,000	0	1,581,000
W. J. Lhota............	--	--	0	200,000	0	1,581,000
J.H. Vipperman..........	--	--	0	200,000	0	1,581,000

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* Based on the difference between the closing price of AEP Common Stock on the New York Stock Exchange Composite Transactions Tape on December 31, 2001 ($43.53) and the option exercise price. "In-the-money" means the market price of the stock is greater than the exercise price of the option on the date in-

dicated.

Long-Term Incentive Plans -- Awards In 2001

Each of the awards set forth below establishes performance share unit targets, which represent units equivalent to shares of Common Stock, pursuant to the Company's 2000 Long-Term Incentive Plan. Since it is not possible to predict future dividends and the price of AEP Common Stock, credits of performance share units in amounts equal to the dividends that would have been paid if the performance share unit targets were established in the form of shares of Common Stock are not included in the table.

The ability to earn performance share unit targets is tied to achieving specified levels of total shareholder return ("TSR") relative to the S&P Electric Utility Index. The Human Resources Committee may, at its discretion, reduce the number of performance share unit targets otherwise earned. In accordance with the performance goals established for the periods set forth below, the threshold, target and maximum awards are equal to 20%, 100% and 200%, respectively, of the performance share unit targets. No payment will be made for performance below the threshold.

Payments of earned awards are deferred in the form of phantom stock units (equivalent to shares of AEP Common Stock) until the officer has met the equivalent stock ownership target discussed in the Human Resources Committee Report. Once officers meet and maintain their respective targets, they may elect either to continue to defer or to receive further earned awards in cash and/or Common Stock.

			Estimated Future Payouts of Performance Share Units Under Non-Stock Price-Based Plan		
Name	Number of Performance Share Units	Performance Period Until Maturation or Payout	Threshold (#)	Target (#)	Maximum (#)
E. L. Draper, Jr....	14,919	2001-2003	2,984	14,919	29,838
T.V. Shockley, III..	7,738	2001-2003	1,548	7,738	15,476
H. W. Fayne.........	5,049	2001-2003	1,010	5,049	10,098
S. Tomasky..........	4,929	2001-2003	986	4,929	9,858
W. J. Lhota.........	5,230	2001-2003	1,046	5,230	10,460
J.H.Vipperman.......	4,448	2001-2003	890	4,448	8,896

Retirement Benefits

The American Electric Power System Retirement Plan provides pensions for all employees of AEP System companies (except for employees covered by certain collective bargaining agreements or by the Central and South West Corporation Cash Balance Retirement Plan or certain other employees), including the executive officers of AEP. The Retirement Plan is a noncontributory defined benefit plan.

The Retirement Plan was amended effective January 1, 2001. The amendment provided

that the final average pay benefit accrual formula will terminate on December 31, 2010 and, effective January 1, 2001, a cash balance accrual formula was added to the Retirement Plan. Employees participating in the Retirement Plan on December 31, 2000 accrue retirement benefits under both formulas and employees hired after December 31, 2000 accrue retirement benefits solely under the cash balance formula. Employees accruing benefits under both formulas may choose either the final average pay formula or the cash balance formula for their accrued benefit at the time employment is terminated. The accrued benefit earned by an employee under the final average pay formula as of December 31, 2010, the date the final average pay formula will be discontinued, is the minimum benefit an employee can receive from the Retirement Plan after that time.

The following table shows the approximate annual annuities that would be payable to employees in certain higher salary classifications under the final average pay formula, assuming retirement at December 31, 2001 after various periods of service and with benefits commencing at age 65.

Pension Plan Table

Highest Average	Years of Accredited Service					
Annual Earnings	15	20	25	30	35	40
$ 400,000	$ 93,210	$124,280	$155,350	$186,420	$ 217,490	$ 244,090
500,000	117,210	156,280	195,350	234,420	273,490	306,740
600,000	141,210	188,280	235,350	282,420	329,490	369,390
700,000	165,210	220,280	275,350	330,420	385,490	432,040
1,000,000	237,210	316,280	395,350	474,420	553,490	619,990
1,200,000	285,210	380,280	475,350	570,420	665,490	745,290
2,000,000	447,210	636,280	795,350	954,420	1,113,490	1,246,490

The amounts shown in the table are the straight life annuities payable under the Retirement Plan final average pay formula without reduction for the joint and survivor annuity. Retirement benefits listed in the table are not subject to any deduction for Social Security or other offset amounts. The retirement annuity is reduced 3% per year in the case of a termination of employment and commencement of benefits between ages 55 and 62. If an employee terminates employment and commences benefits at or after age 62, there is no reduction in the retirement annuity.

Compensation upon which retirement benefits under the final average pay formula are based, for the executive officers named in the Summary Compensation Table above consists of the average of the 36 consecutive months of the officer's highest aggregate salary and Senior Officer Annual Incentive Compensation Plan awards, shown in the Salary and Bonus columns, respectively, of the Summary Compensation Table, out of the officer's most recent 10 years of service.

Under the cash balance formula each employee has an account to which dollar amount credits are allocated annually based on a percentage of the employee's compensation. Compensation for the cash balance formula includes annual salary and annual incentive compensation plan awards up to a maximum total compensation of $1,000,000. The applicable percentage is determined by age and years of service with AEP as of December 31 of each year (or as of the employee's termination date, if earlier). The following table shows the percentage used to determine dollar amount credits at the age and years of service indicated:

Sum of Age
Plus

Years of Service	Applicable Percentage