AMERICAN ELECTRIC POWER CO INC
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PROSPECTUS SUPPLEMENT
(To Prospectus Dated May 17, 2002)

[LOGO]
AEP
AMERICAN(R)
ELECTRIC
POWER

6,000,000 Equity Units

American Electric Power Company, Inc.
9.25% Equity Units

American Electric Power Company, Inc. is offering 9.25% Equity Units. Each Equity Unit has a stated amount of $50 and will initially consist of (a) a forward purchase contract under which you will agree to purchase shares of our common stock for $50 on August 16, 2005, and (b) a 5.75% senior note due August 16, 2007 with a principal amount of $50. The senior note will initially be held as a component of your Equity Unit and will be pledged to secure your obligation under the related forward purchase contract.

We will make quarterly contract adjustment payments to you under the forward purchase contract at the annual rate of 3.50% of the stated amount of $50 per forward purchase contract, as described herein. In addition, we will make quarterly interest payments on the senior note at the initial annual rate of 5.75%. The interest rate on the senior note will be reset, and the senior note remarketed, as described in this prospectus supplement. The senior notes are unsecured and rank equally with all of our other unsecured senior indebtedness.

Concurrently with this offering, we are offering (by a separate prospectus supplement) 16,000,000 shares of our common stock, plus up to an additional 2,400,000 shares of our common stock if the underwriters for that offering exercise their over-allotment option in full. Neither offering is conditioned on the completion of the other.

We have been approved to list the Equity Units on the New York Stock Exchange under the symbol "AEP PrA." On June 5, 2002, the closing price of our common stock on the New York Stock Exchange was $40.90 per share.

Investing in the Equity Units involves risks. See "Risk Factors" beginning on page S-20 of this prospectus supplement and page 2 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Equity Unit	Total
Public offering price	$50.00	$300,000,000
Underwriting discount	$ 1.50	$ 9,000,000
Proceeds to us, before expenses	$48.50	$291,000,000

The public offering price stated above does not include accumulated contract adjustment payments and accrued interest, if any. Contract adjustment payments on the forward purchase contracts and interest on the senior notes will accrue from the date of original issuance of the Equity Units. We have granted the underwriters an option to purchase within 13 days of the original issuance of Equity Units up to an additional 900,000 Equity Units at the initial public offering price less the underwriting discount.

The underwriters expect to deliver the Equity Units against payment in New York, New York on or about June 11, 2002.

Joint Book-Running Managers

Goldman, Sachs & Co. JPMorgan Salomon Smith Barney

Banc of America Securities LLC Credit Suisse First Boston
Lehman Brothers
Merrill Lynch & Co. UBS Warburg

A.G. Edwards & Sons, Inc. Danske Securities Edward D. Jones & Co., L.P.
McDonald Investments Inc. TD Securities The Williams Capital Group, L.P.

Global Coordinator

Salomon Smith Barney

June 5, 2002

[MAP]

Map showing Power Plants, Coal Mines, Coal Terminal Facilities, Louisiana

Intrastate Gas, Houston Pipe Line, Natural Gas Storage, Service Territory, Barge Lines, Transmission Line.

Map showing Generating Units

Marketing & Trading Presence

Power: U.S., U.K., France, Germany, the Netherlands, Switzerland & Scandinavia

Natural Gas: U.S., U.K. & Northwestern Europe

Coal: U.S. & Europe

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

TABLE OF CONTENTS

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of the securities we are offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference in that prospectus. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, including securities other than those we are offering in this prospectus supplement. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement.

It is important for you to read and consider all of the information contained in this prospectus supplement and the accompanying prospectus in making your investment decision. You should also read and consider the information in the documents we have referred you to in "Where You Can Find More Information" on page 16 of the accompanying prospectus.

We include cross-references in this prospectus supplement and the accompanying prospectus to captions in these materials where you can find additional related discussions. The table of contents in this prospectus supplement provides the pages on which these captions are located.

SUMMARY

The following information supplements, and should be read together with, the information contained in other parts of this prospectus supplement and in the prospectus to which it relates. This summary highlights selected information from this prospectus supplement and the accompanying prospectus to help you understand the Equity Units. You should read this prospectus supplement and the accompanying prospectus carefully to understand fully the terms of the Equity Units as well as the tax and other considerations that are important to you in making a decision about whether to invest in the Equity Units. You should also review the "Risk Factors" section beginning on page S-20 of this prospectus supplement and page 2 of the accompanying prospectus to determine whether an investment in the Equity Units is appropriate for you.

Unless the context requires otherwise, references to "American Electric Power," "AEP," the "Company," "we," "our" or "us" refer to American Electric Power Company, Inc., a New York corporation, and its consolidated subsidiaries.

American Electric Power Company, Inc.

We are one of the largest investor owned electric public utility holding companies in the U.S. We provide generation, transmission and distribution service to over 4.9 million retail customers in eleven states (Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia and West Virginia) through our electric utility operating companies. We are also one of the largest marketers and traders of electricity and natural gas in the United States. In 2000, we established an energy trading operation in Europe.

We have a significant presence throughout the domestic energy value chain. Our U.S. electric assets include:

- 38,000 megawatts of generation capacity;
- over 38,000 miles of transmission lines; and
- 186,000 miles of distribution lines.

Our natural gas assets include:

- 128 billion cubic feet (Bcf) of gas storage facilities; and
- 6,400 miles of gas pipelines in Louisiana and Texas.

Through our coal and transportation assets we:

- control over 7,000 railcars;
- control over 1,800 barges and 37 tug boats;
- operate two coal handling terminals with 20 million tons of capacity; and
- produce over 7 million tons of coal annually in the U.S.

Our focus is in the U.S., but we also have smaller operations in other parts of the world including:

- a growing energy trading operation in Europe based in the United Kingdom; and
- 4,000 megawatts of generating capacity in England, which represents approximately 16% of the total coal-fired generation capacity of England and Wales.

Strategy and Corporate Restructuring

Our strategy is a balanced business model of regulated and unregulated operations backed by assets and supported by enterprise-wide risk management and a strong balance sheet. Our goal is to combine a predictable earnings stream and cash flow from our regulated operations with greater growth opportunities from our unregulated operations.

We are currently in the process of restructuring our assets and operations. The new corporate structure will consist of a regulated holding company and an unregulated holding company. The regulated holding company will own our integrated utilities and Ohio and Texas transmission and distribution assets. The unregulated holding company will own our Ohio and Texas generation, independent power producers, gas pipeline and storage, United Kingdom generation, barging and coal mining assets and marketing and trading operations.

Approval is needed from the SEC under the Public Utility Holding Company Act and the Federal Energy Regulatory Commission (FERC) to make these organizational changes. We are awaiting the SEC's and the FERC's decision in this matter.

We have developed specific strategies for each of our regulated and unregulated operations:

- Regulated Operations

  - Maintain moderate but steady earnings growth;

  - Maximize value of transmission assets and protect revenue stream through regional transmission organization membership;

  - Continue process improvement to maintain distribution service quality while enhancing financial performance;

  - Optimize generation assets through enhanced availability of off-system sales; and

  - Manage regulatory process to maximize retention of earnings improvement.

- Unregulated Operations

  - Disciplined approach to asset acquisition and disposition;

  - Value-driven asset optimization through the linkage of superior commercial, analytical and technical skills;

  - Broad participation across all energy markets with a disciplined and opportunistic allocation of risk capital;

  - Continued investment in both technology and process improvement to enhance our competitiveness;

  - Stringent risk management procedures with independent, internal risk oversight; and

  - Continued expansion of intellectual capital through ongoing recruiting, performance- linked compensation and the development of a structure that promotes sound decision- making and innovation at all levels.

Overview of Current Regulated Operations

Our electric utility subsidiaries have traditionally provided electric service, consisting of generation, transmission and distribution, on an integrated basis to their retail customers. Our operating subsidiaries include Appalachian Power Company, Central Power and Light Company (CPL), Columbus Southern Power Company (CSP), Indiana Michigan Power Company, Kentucky Power Company, Ohio Power Company (OPCo), Public Service Company of Oklahoma, Southwestern Electric Power Company, West Texas Utilities Company (WTU), Kingsport Power Company, Wheeling Power Company and AEP Generating Company. These operating subsidiaries provide electric service to over 4.9 million customers in 11 states through our electric networks of over 38,000 miles of transmission lines and 186,000 miles of distribution lines. After corporate separation, the generation assets of CPL, CSP, OPCo and WTU will be transferred to the unregulated operations.

Overview of Unregulated Operations

Our unregulated business operations focus on value-driven asset optimization at each link of the energy chain through the following activities:

- Manage a diversified portfolio of owned assets and structured third party arrangements, including:
  - Power generation facilities and renewable energy sources;
  - Natural gas pipeline, storage and processing facilities;
  - Coal mines and related facilities; and
  - Barge, rail and other fuel transportation related assets.
- Trade and market energy commodities, including electric power, natural gas, natural gas liquids, oil, coal, and SO_2 allowances in North America and Europe;
- Provide price-risk management services and liquidity through a variety of energy-related financial instruments, including exchange-traded futures and over-the-counter forward, option, and swap agreements; and
- Enter into long-term transactions to buy or sell capacity, energy, and ancillary services of electric generating facilities, either existing or to be constructed, at various locations in North America and Europe.

Recent Developments

Please refer to the discussion in "Registrants' Combined Management Discussion and Analysis of Financial Condition, Contingencies and Other Matters" under the caption "Possible Divestitures" in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2002. As discussed therein, we are considering disposing of the following non-core assets:

Possible Divestitures

- SEEBOARD, our energy delivery and retail supply business in the U.K. We have provided interested parties an information memorandum and, based upon their initial level of interest, have provided some of those parties the opportunity to pursue more detailed investigations. We anticipate receiving proposals from one or more of these parties to purchase SEEBOARD in June 2002.

- Texas Retail Electric Providers. We have recently entered into a definitive agreement to dispose of two of our Texas retail electric providers which serve retail residential and small commercial customers in Texas. The disposal price will not be determined until a date closer to the consummation of the transaction, which is expected to be during the fourth quarter of 2002.
- CitiPower, our energy delivery and retail supply business in

Australia. We have distributed an information memorandum among interested parties and currently expect to receive offers in late June 2002.

. Other generation, distribution and telecommunications assets. We are considering the divestiture of our power generation interests in Medway Power in the U.K., Nanyang Electric in China, Pacific Hydro in Australia, certain cogeneration facilities in the U.S., our joint investment in power distribution in Brazil and our domestic telecommunications assets.

If we dispose of these assets in the foreseeable future we may realize gains on certain dispositions but we would expect that in the aggregate we would realize a non-recurring loss (including currency adjustment) that would be significant. In the case of our foreign investments, a portion of any such loss might be recognized as an impairment of goodwill, which, under a recent change in accounting rules, would be recognized retroactively to January 2002. This impairment charge could result even if we decide not to dispose of the relevant asset.

Marketing and Trading

In note 8 to the financial statements in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2002 under the caption "California Energy Market Investigation by FERC--Affecting AEP", we discuss a fact-finding investigation initiated by the FERC into whether any entity, including Enron Corp., manipulated short-term prices in electric energy or natural gas markets in the Western System Coordinating Council, which we refer to as the WSCC, or otherwise exercised undue influence over wholesale prices in the WSCC, for the period January 1, 2000, forward. With the assistance of outside counsel retained for this purpose, we have reviewed our records and interviewed relevant personnel and, based upon that review, we have timely advised the FERC that we are not aware of any improper activities by our personnel in respect of these matters.

On May 21, 2002, the FERC issued a further data request with respect to this matter to us and over 100 other market participants requesting information for the years 2000 and 2001 concerning "wash", "round trip" or "sale/buy back" trading in the WSCC, which involves the sale of an electricity product to another company together with a simultaneous purchase of the same product at the same price (collectively, "wash sales"). Similarly, on May 22, 2002, the FERC issued an additional data request with respect to this matter to us and other market participants requesting similar information for the same period with respect to the sale of natural gas products in the WSCC and Texas. After reviewing our records, we responded to the FERC that we did not participate in any "wash sale" transactions involving power or gas in the relevant market. We further informed the FERC that certain of our traders did engage in trades on the IntercontinentalExchange, an electronic electricity trading platform owned by a group of electricity trading companies, including us, on September 21, 2001, the day on which all brokerage commissions for trades on that exchange were donated to charities for the victims of the September 11, 2001 terrorist attacks, which do not meet the FERC criteria for a "wash sale" but do have certain characteristics in common with such sales.

Press reports indicate that the SEC and the Commodity Futures Trading Commission are also looking into "wash sale" trading practices. In addition, the United States Department of Justice made a civil investigation demand to us and other electric generating companies concerning their investigation of the IntercontinentalExchange. We have recently completed a review of our trading activities in the United States for the last three years involving sequential trades with the same terms and counterparties. The revenue from such trading is not material to our financial statements. We believe that substantially all these transactions involve economic substance and risk transference and do not constitute "wash sales".

The Enron Corp. bankruptcy and enhanced regulatory scrutiny have contributed to more rigorous credit rating review of wholesale power market participants. Credit downgrades of certain other market participants have significantly reduced such participants' participation in the wholesale power markets. These events are causing a decrease in the number of significant participants in the wholesale power markets, at least temporarily, which could result in a decrease in the volume and liquidity in the wholesale power markets. We are unable to predict the impact of such developments on our power marketing and trading business.

Summary Consolidated Financial Data

The following table sets forth summary consolidated financial information for each of the periods indicated. You should read the information in this table together with our consolidated financial statements and other financial information incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Three Months Ende March 31, 2002
	(in millions,
Consolidated Statements of Income Data:	
Revenues (1)	$13,414
Expense	12,894
Operating Income	520
Other Income (Expenses)	(5)
Less: Interest, Preferred Dividend Requirements of Subsidiaries and Minority Interest in Finance Subsidiary	239
Income Before Income Taxes	276
Income Taxes	95
Income Before Extraordinary Items and Cumulative Effect	181
Extraordinary Losses (net of tax):	
Discontinuance of Regulatory Accounting for Generation	--
Loss on Reacquired Debt	--
Cumulative Effect of Accounting Change (net of tax)	--
Net Income	$ 181
Average Shares Outstanding	322
Earnings Per Share:	
Income Before Extraordinary Items and Cumulative Effect	$ 0.56
Extraordinary Losses	--
Cumulative Effect of Accounting Change	--

Net Income	$ 0.56
Cash Dividends Paid Per Share	$ 0.60

	As of March 31, 2002
	(
Consolidated Balance Sheet Data:	
Total Current Assets	$14,280
Net Property, Plant and Equipment	24,447
Regulatory Assets	3,331
Investments and Other Assets	8,095
Total Assets	$50,153

	As of March 31, 2002
	(
Capitalization:	
Total Debt	$15,786
Certain Subsidiary Obligated, Mandatorily Redeemable, Preferred Securities of Subsidiary Trusts Holding Solely Junior Subordinated Debentures of Such Subsidiaries	321
Minority Interest in Finance Subsidiary	750
Cumulative Preferred Stock of Subsidiaries	156
Total Common Shareholders' Equity	8,186
Total Capitalization	$25,199

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(1) Revenues, net of trading and marketing related fuel and purchased energy expense are: $3,680 million for the three months ended March 31, 2002 and $15,826 million, $13,673 million and $12,386 million for the years ended December 31, 2001, 2000 and 1999.

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The Offering -- Q & A

What are the Equity Units?

Each Equity Unit will be issued in the stated amount of $50 and will initially consist of:

(1) a forward purchase contract under which

- you will agree to purchase, and we will agree to sell, for $50, shares of our common stock on August 16, 2005; we will determine the number of shares you will purchase based on an average trading price of our common stock for a period preceding the stock purchase date, calculated in the manner described below; and

- we will pay you contract adjustment payments at the annual rate of

3.50% of the stated amount of $50 as specified below (subject to our right of deferral); and

(2) a senior note due August 16, 2007, with a principal amount of $50, on which we will pay interest quarterly at the initial annual rate of 5.75% until a successful remarketing of the senior notes and at the reset rate, as described below, after the settlement date of a successful remarketing or if the senior notes are not successfully remarketed, after the stock purchase date.

You will own the senior notes that are a component of the Equity Units, but the senior notes will initially be pledged to us to secure your obligations under the forward purchase contracts.

What are the Stripped Units?

Each holder of Equity Units may elect prior to a successful remarketing or tax event redemption, within the timeframes specified in "Description of the Equity Units--Creating Stripped Units and Recreating Equity Units," to withdraw the pledged senior notes underlying the Equity Units, creating "Stripped Units." A holder might consider it beneficial either to hold the senior notes directly or to realize income from their sale. To create a Stripped Unit, the holder must substitute, as pledged securities, specifically identified treasury securities that will pay $50 on or before August 16 , 2005, which is the amount due under the forward purchase contract. If a holder substitutes pledged securities in this way, the pledged senior notes will be released from the pledge agreement and delivered to the holder. Holders of Stripped Units may recreate Equity Units by re-substituting the senior notes for the treasury securities underlying the Stripped Units within the timeframes specified in "Description of the Equity Units--Creating Stripped Units and Recreating Equity Units."

What are the forward purchase contracts?

The forward purchase contract underlying an Equity Unit obligates you to purchase, and us to sell, for $50, on the stock purchase date, a number of newly issued shares of our common stock equal to the settlement rate described below. We will base the settlement rate on an average trading price of our common stock for a period preceding that date, calculated in the manner described below.

What is the settlement rate?

The settlement rate is the number of newly issued shares of our common stock that we are obligated to sell and you are obligated to buy upon settlement of a forward purchase contract on the stock purchase date.

The settlement rate for each forward purchase contract will be as follows, subject to adjustment under specified circumstances:

- if the applicable market value of our common stock is equal to or greater than $49.08, the settlement rate will be 1.0187 shares of our common stock per forward purchase contract;

- if the applicable market value of our common stock is less than $49.08 but greater than $40.90, the settlement rate will be equal to $50 divided by the applicable market value of our common stock per forward purchase contract; and

- if the applicable market value of our common stock is less than or equal to $40.90, the settlement rate will be 1.2225 shares of our common stock per forward purchase contract.

"Applicable market value" means the average of the closing price per share of our common stock on each of the 20 consecutive trading days ending on the third trading day immediately preceding the stock purchase date.

At the option of each holder, a forward purchase contract may be settled early by the early delivery of cash to the forward purchase contract agent, as described below, in which case 1.0187 shares of our common stock will be issued per forward purchase contract.

What payments will we make to holders of the Equity Units?

If you hold Equity Units, we will pay you quarterly contract adjustment payments on the forward purchase contracts at the annual rate of 3.50% of the $50 stated amount through and including the stock purchase date. The contract adjustment payments may be subject to deferral as described below. In addition, we will pay you interest on the senior notes at the initial annual rate of 5.75% of the principal amount of $50 per senior note until the earlier of a successful remarketing of the senior notes or the stock purchase date. We are not entitled to defer interest payments on the senior notes. If your senior notes are successfully remarketed as described below and you continue to hold Equity Units after the remarketing, you will still receive a quarterly payment in respect of the Equity Units on the stock purchase date in the same amount that was paid on the senior notes before remarketing from the proceeds of the treasury securities purchased with the proceeds of the remarketed senior notes, which we refer to as the treasury portfolio. If you elect not to participate in the remarketing, you will receive interest on your senior notes at the reset rate from the settlement date of that remarketing (or if not successfully remarketed, the stock purchase date) until their maturity on August 16, 2007.

What payments will we make to holders of the Stripped Units?

If you hold Stripped Units, you will receive only the quarterly contract adjustment payments payable by us at the annual rate of 3.50% of the $50 stated amount through and including the stock purchase date. The contract adjustment payments may be subject to deferral as described below. In addition, original issue discount will accrue on each related treasury security.

What payments will we make to holders of separate senior notes?

If you hold senior notes separately from the Equity Units, you will receive only the cash interest payable on the senior notes. The senior notes, whether held separately from or as part of the Equity Units, will initially pay interest at the annual rate of 5.75% of the principal amount of $50 per senior note until the earlier of the settlement date of a successful remarketing or the stock purchase date. After such time, we will pay interest on the senior notes at the reset rate from the settlement date of a

successful remarketing (or if not successfully remarketed, the stock purchase date) until their maturity on August 16, 2007. If no successful remarketing occurs before the stock purchase date, the reset rate will be a rate equal to a market rate of interest as described later in this prospectus supplement.

What are the payment dates?

Subject to our deferral right in respect of the contract adjustment payments described below, we will pay interest on the senior notes and contract adjustment payments on the forward purchase contracts quarterly in arrears on each February 16, May 16, August 16 and November 16, commencing August 16, 2002.

When can we defer payments?

We may, at our option and upon prior written notice to the holders of the Equity Units and Stripped Units and the forward purchase contract agent, defer payment of all or part of the contract adjustment payments on the forward purchase contracts until no later than the stock purchase date. We will pay additional contract adjustment payments on any deferred installments of contract adjustment payments at a rate of 5.75% per year until paid, compounded quarterly, to but excluding August 16, 2005, unless your forward purchase contract has been terminated. If we have deferred contract adjustment payments until the stock purchase date, we will pay those deferred installments plus accrued interest in cash to holders of Equity Units and Stripped Units on the stock purchase date.

We are not entitled to defer payments of interest on the senior notes.

What is remarketing?

In order to provide holders of Equity Units with the necessary collateral to be applied to settle their forward purchase contracts, the remarketing agent will sell the senior notes of holders of Equity Units, other than those electing not to participate in the remarketing, and the remarketing agent will use the proceeds to purchase the treasury portfolio. The participating holders of Equity Units will pledge the treasury portfolio to secure their obligations under the related forward purchase contracts. The cash paid on the pledged treasury portfolio underlying the Equity Units of these holders will be used to satisfy the holders' obligations to purchase our common stock on the stock purchase date. This will be one way for holders of Equity Units to satisfy their obligations to purchase shares of our common stock under the related forward purchase contracts. In the event a remarketing occurs on or after the fourth business day preceding the stock purchase date, the proceeds of the remarketing will not be used to purchase the treasury portfolio but such proceeds will be paid in direct settlement of the obligations of the holders of the Equity Units to purchase our common stock. Unless a holder elects not to participate in the remarketing as described below, the remarketing agent will remarket the senior notes that are included in the Equity Units on one or more scheduled occasions starting on the initial remarketing date, which will be the third business day immediately preceding May 16, 2005.

We will enter into a remarketing agreement with Salomon Smith Barney Inc., which will agree to use its commercially reasonable best efforts to sell the senior notes that are included in Equity Units and that are participating in the remarketing, at a price equal to approximately, but not less than, 100.25% of the remarketing value.

The "remarketing value" will be equal to the sum of:

(1) the value at the remarketing date of either (a) a portfolio of treasury securities that will pay, on the quarterly payment date falling on August 16, 2005, an amount of cash equal to the aggregate interest payment that is scheduled to be payable on the relevant quarterly payment date on

the senior notes that are participating in the remarketing, if the remarketing occurs prior to the fourth business day immediately preceding the stock purchase date, or (b) an amount of cash equal to the aggregate interest payment that is scheduled to be payable on the relevant quarterly payment date on the senior notes that are participating in the remarketing, if the remarketing occurs on or after the fourth business day immediately preceding the stock purchase date, assuming for both (a) and (b), even if not true, that the interest rate on the senior notes remains at the initial rate; and

(2) the value at the remarketing date of either (a) the amount of treasury securities that will pay, on or before August 16, 2005, an amount of cash equal to $50 for each senior note that is participating in the remarketing, if the remarketing occurs prior to the fourth business day immediately preceding the stock purchase date, or (b) an amount of cash equal to $50 for each senior note that is participating in the remarketing, if the remarketing occurs on or after the fourth business day immediately preceding the stock purchase date.

The remarketing agent will use the proceeds from the sale of the senior notes included in Equity Units in a successful remarketing occurring prior to the fourth business day preceding the stock purchase date to purchase, in the discretion of the remarketing agent, in open market transactions or at treasury auction, the amount and the types of treasury securities described in (1) and (2) above, which it will deliver through the forward purchase contract agent to the collateral agent to secure the obligations under the related forward purchase contracts of the holders of the Equity Units whose senior notes participated in the remarketing. In the event that a remarketing occurs on or after the fourth business day preceding the stock purchase date, the proceeds of the remarketing will not be used to purchase the treasury portfolio, but such proceeds will be paid in direct settlement of the obligations of the holders of Equity Units to purchase our common stock. The remarketing agent will deduct an amount not exceeding 25 basis points (0.25%) of the total proceeds from the remarketing as a remarketing fee. The remarketing agent will remit the remaining portion of the proceeds, if any, to the holders of the Equity Units participating in the remarketing.

Alternatively, a holder of Equity Units may elect not to participate in the remarketing and retain the senior notes underlying those Equity Units by delivering the treasury securities described in (1) and (2) above, in the amount and types specified by the remarketing agent, applicable to the holder's senior notes, to the forward purchase contract agent on the fourth business day before any remarketing date to satisfy its obligation under the related forward purchase contracts. The interest rate on a senior note will be reset to the reset rate regardless of whether the holder of the senior note elects to participate in the remarketing.

What is the reset rate?

In order to facilitate the remarketing of the senior notes at the remarketing price described above, the remarketing agent will reset the rate of interest on the senior notes for the quarterly payments payable after the earlier of the settlement date of a successful remarketing or the stock purchase date until their maturity on August 16, 2007. The reset rate will be the rate sufficient to cause the then

current aggregate market value of all the outstanding senior notes being remarketed to be equal to approximately, but not less than, 100.25% of the remarketing value described above. Resetting the interest rate on the senior notes at this rate should enable the remarketing agent to sell the senior notes in the remarketing and purchase the necessary treasury portfolio, the proceeds of which will be sufficient to settle the forward purchase contracts and to pay the quarterly payment on the Equity Units due on the stock purchase date in the case of a remarketing occurring prior to the fourth business day preceding the stock purchase date. In the case of a remarketing on or after the fourth business day preceding the stock purchase date, the proceeds will be paid in direct settlement of the obligations of the holders of Equity Units to purchase our common stock.

The reset rate will be determined by the remarketing agent on the third business day before May 16, 2005. If the remarketing agent cannot establish a reset rate meeting these requirements on this initial remarketing date and, as a result, the senior notes cannot be sold as described below, the interest rate will not be reset and will continue to be the initial rate of the senior notes. However, the remarketing agent will use its commercially reasonable best efforts thereafter to remarket the senior notes on one or more subsequent occasions. If a reset rate cannot be established on a given date, the remarketing will not occur on that date. If the remarketing agent fails to remarket the senior notes on or prior to the third business day immediately preceding the stock purchase date, the interest rate will be a market rate of interest as described later in this prospectus supplement.

The reset of the interest rate on the senior notes will not change the quarterly payments due to holders of the Equity Units on the stock purchase date, which, as described above, will be paid from the proceeds of the treasury portfolio in an amount equal to interest on the senior notes at the initial annual rate of 5.75% of $50.

What happens if the remarketing agent does not sell the senior notes?

If, as described above, the remarketing agent cannot establish a reset rate on the remarketing date that will be sufficient to cause the then current aggregate market value of all the outstanding senior notes being remarketed to be equal to approximately, but not less than, 100.25% of the remarketing value, and the remarketing agent cannot sell the senior notes offered for remarketing on the remarketing date at a price equal to approximately, but not less than 100.25% of the remarketing value, determined on the basis of the senior notes being remarketed, the remarketing agent will attempt to establish a reset rate on one or more subsequent occasions.

If the remarketing agent fails to remarket the senior notes offered for remarketing at the price specified in the preceding paragraph on or prior to the third business day immediately preceding the stock purchase date, any holder who has not otherwise settled its related forward purchase contract in cash by the close of business on the seventh business day immediately preceding the stock purchase date will be deemed to have directed us to exercise our rights as a secured party and retain and dispose of the securities pledged as collateral in full satisfaction of its obligations under the forward purchase contract.

If you are not a party to a forward purchase contract, may you still participate in a remarketing of your senior notes?

Holders of senior notes that are not included as part of Equity Units may elect to have their senior notes included in the remarketing in the manner described in "Description of the Equity Units--Optional Remarketing of Senior Notes Which Are Not Included in Equity Units." The remarketing agent will use its commercially reasonable best efforts to remarket the separately held senior notes included in the remarketing at a price equal to approximately, but not less than 100.25% of the remarketing value, determined on the basis of the separately held senior notes being remarketed. After deducting its remarketing fee in an amount not exceeding 25 basis points (0.25%) of the total proceeds from the remarketing, the remaining portion of the proceeds will be remitted to the holders whose separate senior notes were sold in the remarketing.

If a holder of senior notes elects to have its senior notes remarketed but the remarketing agent fails to sell the senior notes during any remarketing period, the senior notes will, except as otherwise provided in this prospectus supplement, be promptly returned to the holder following the conclusion of that period. If the remarketing agent fails to remarket the senior notes on or prior to the third business day immediately preceding the stock purchase date, the interest reset rate will be a market rate of interest, as described in this prospectus supplement.

Besides participating in the remarketing, how else can you satisfy your obligations under the forward purchase contract?

Besides participating in the remarketing, you may also satisfy your obligations under the forward purchase contract:

- if you have created Stripped Units or elected not to participate in the remarketing, by delivering and pledging specified treasury securities in substitution for your senior notes, and applying the cash payments received on the pledged treasury securities for every Stripped Unit or Equity Unit held by you;

- if you hold Stripped Units, or if you hold Equity Units and a successful remarketing of the senior notes has not occurred prior to such time, through the delivery of cash prior to 11:00 a.m. (New York City time) on the seventh business day prior to August 16, 2005, with prior notification to the forward purchase contract agent as described in "Description of the Equity Units--Notice to Settle with Cash;"

- through the early delivery of cash to the forward purchase contract agent in the manner described in "Description of the Equity Units--Early Settlement;" or

- if we are involved in a merger, acquisition or consolidation before the stock purchase date in which at least 30% of the consideration for our common stock consists of cash or cash equivalents, through an early settlement of the forward purchase contract as described in "Description of the Equity Units--Early Settlement upon Cash Merger."

In addition, the forward purchase contracts, our related rights and obligations and those of the holders of the Equity Units, including their obligations to purchase our common stock, will automatically terminate upon the occurrence of particular events involving our bankruptcy, insolvency or reorganization. If the forward purchase contracts are terminated for this reason, the pledged senior notes and treasury securities will be released and distributed to you. If we become the subject of a case under the U.S. bankruptcy code, a delay may occur as a result of the automatic stay under the U.S. bankruptcy code and continue until the automatic stay has been lifted. The automatic stay will not be lifted until the bankruptcy judge agrees to lift it and return your collateral to you. In addition, it is possible that at the conclusion of such a bankruptcy case, the claim represented by the senior notes will receive substantially less than the face amount of such claim or indeed receive no recovery at all.

If the forward purchase contract is settled early through cash or as the result of a bankruptcy event as described above, such holders will have no further rights to receive any accrued contract or deferred contract adjustment payments.

Under what circumstances may we redeem the senior notes before they mature?

If the tax laws change or are interpreted in a way that adversely affects the tax treatment of the senior notes, then we may elect to redeem the senior notes. The redemption price will be an amount equal to the price of a portfolio of treasury securities described below or, if we redeem after the earlier of a successful remarketing or August 16, 2005, for an amount equal to the par value of the senior notes plus accrued and unpaid interest, if any. If we redeem the senior notes before a successful remarketing, the collateral agent will use the money received from the redemption to purchase a portfolio of zero-coupon U.S. treasury securities that (1) mature on or before each payment date of the senior notes through August 16, 2005, in an amount equal to the aggregate interest that would have been due on that payment date on the senior notes included in Equity Units and (2) mature on or before August 16, 2005 in an aggregate amount equal to the principal of the senior notes included in the Equity Units. This treasury portfolio will replace the senior notes as the collateral securing your obligations to purchase our common stock under the forward purchase contracts. If we redeem the senior notes prior to the earlier of a successful remarketing or the stock purchase date, then each Equity Unit will consist of a forward purchase contract for our common stock and an ownership interest in the treasury portfolio.

What is the maturity of the senior notes?

The senior notes will mature on August 16, 2007.

What are the principal United States federal income tax consequences related to the Equity Units, Stripped Units and senior notes?

If you purchase Equity Units in this offering, under the agreements governing the Equity Units, you will be deemed to agree to treat the purchase of an Equity Unit as the purchase of a unit consisting of the senior note and forward purchase contract constituting the Equity Units. You must allocate the purchase price of the Equity Units between those senior notes and forward purchase contracts in proportion to their respective initial fair market values, which will establish your initial tax basis. We expect to report the initial fair market value of each senior note as $50 and the initial fair market value of each forward purchase contract as $0 and by purchasing Equity Units, you will be deemed to agree to such allocation.

Under the indenture governing the senior notes, we and each holder of the senior notes agree, for U.S. federal income tax purposes, to treat the senior notes as indebtedness that is subject to the regulations governing contingent payment debt obligations in the manner described below under "United States Federal Income Tax Consequences." As discussed more fully below, the effect of these Treasury regulations will be (1) to require you, regardless of your usual method of tax accounting, to use the accrual method with respect to the senior notes, (2) to possibly result in the accrual of original issue discount by you in excess of stated interest payments actually received by you and (3) generally to result in ordinary rather than capital treatment of any gain, and to some extent loss, on the sale, S-13

exchange or other disposition of the senior note at any time up to six months after the date on which the interest rate on the senior notes is reset.

If you own Stripped Units, you will be required to include in gross income your allocable share of any original issue discount or acquisition discount on the treasury securities that accrues in such year.

We intend to report the contract adjustment payments as income to you, but you may want to consult your tax advisor concerning alternative characterizations.

Because there is no statutory, judicial or administrative authority directly addressing the tax treatment of Equity Units or instruments similar to Equity Units, we urge you to consult your own tax advisor concerning the tax consequences of an investment in Equity Units. For additional information, see "United States Federal Income Tax Consequences" in this prospectus supplement.

Will the Equity Units, Stripped Units or senior notes be listed on a stock exchange?

We have been approved to list the Equity Units on the NYSE under the symbol "AEP PrA." Neither the Stripped Units nor the senior notes will initially be listed; however, if either of these securities are separately traded to a sufficient extent that they meet applicable exchange listing requirements, we will attempt to cause those securities to be listed on the exchange on which the Equity Units are then listed.

How does American Electric Power expect to use the proceeds from this offering?

We estimate that we will receive net proceeds from this offering of Equity Units of $290,370,000, after deducting expenses and underwriting discounts and commissions, or $334,020,000 if the underwriters exercise in full their option to purchase additional Equity Units. We intend to use the net proceeds to repay up to $290 million of our commercial paper and for general corporate purposes, which may include, but are not limited to, working capital and capital expenditures.

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The Offering--Explanatory Diagrams

The following diagrams demonstrate some of the key features of the forward purchase contracts, Equity Units, Stripped Units and the senior notes, and the transformation of Equity Units into Stripped Units and senior notes.

Forward Purchase Contracts

- Equity Units and Stripped Units both include a forward purchase contract under which you agree to purchase shares of our common stock on the stock purchase date.

- The number of shares to be purchased under each forward purchase contract will depend on the "applicable market value." The "applicable market value" means the average of the closing price per share of our common stock on each of the 20 consecutive trading days ending on the third trading day immediately preceding the stock purchase date.

[GRAPHIC]

Value of Delivered Shares on Stock Purchase Date

Value

100%

120%

Reference Price(1) $40.90

Threshold Appreciation Price(2) $49.08

Common Stock Price

Percentage of Shares Delivered on Stock Purchase Date(3)

Percentage

Deliver 100% of Shares(4)

Deliver Between 83% and 100% of Shares(5)

Deliver 83% of Shares(6)

Reference Price(1) $40.90

Threshold Appreciation Price(1) $49.08

Common Stock Price

----

(1) The "reference price" is $40.90.

(2) The "threshold appreciation price" is equal to $49.08, which is 120% of the reference price.

(3) For each of the percentage categories shown, the percentage (expressed as a decimal) of the shares of our common stock to be delivered on the stock purchase date to a holder of Equity Units or Stripped Units is determined by dividing

- the related number of shares of our common stock to be delivered, as indicated in the footnote for each category, by

- an amount equal to $50, the stated amount of the Equity Units, divided by the reference price.

(4) If the applicable market value of our common stock is less than or equal to the reference price, the number of shares of our common stock to be delivered will be calculated by dividing the stated amount of $50 by the reference price.

(5) If the applicable market value of our common stock is between the reference price and the threshold appreciation price, the number of shares of our common stock to be delivered will be calculated by dividing the stated amount of $50 by the applicable market value.

(6) If the applicable market value of our common stock is greater than or equal to the threshold appreciation price, the number of shares of our common stock to be delivered will be calculated by dividing the stated amount of $50 by the threshold appreciation price.

Equity Units

- An Equity Unit will consist of two components as illustrated below:

[FLOW CHART]

Forward Purchase Contract

(Owed to Holder)

Common Stock and contract adjustment payments

3.50% per annum payable quarterly

(Owed to American Electric Power)

$50 at Stock Purchase Date

+

Senior Notes

(Owed to Holder)

5.75% per year payable quarterly

(reset for quarterly payments payable on and after reset date)

(Owed to Holder)

$50 at Maturity (August 16, 2007)

Equity Units

- After a successful remarketing, the Equity Units will include the treasury portfolio in lieu of the senior notes.

- If you hold Equity Units, you own the senior notes and, after remarketing, the treasury portfolio, but will pledge them to us to secure your obligations under the forward purchase contract.

- If you hold Equity Units, you may also substitute a specified amount of treasury securities for the senior notes if you decide not to participate in the remarketing.

Stripped Units

- A Stripped Unit consists of two components as described below:

[FLOW CHART]

Forward Purchase Contract

(Owed to Holder)

Common Stock and contract adjustment payments

3.50% per annum payable quarterly

(Owed to American

+

Zero-Coupon Treasury Securities

(Owed to Holder)

Electric Power)

$50 at Maturity
(August 15, 2005)

$50 at Stock
Purchase Date

Stripped Units

- If you hold Stripped Units, you own the treasury security but will pledge it to us to secure your obligations under the forward purchase contract. The treasury security is a zero-coupon U.S. treasury security (CUSIP No. 912803AG8) that matures on August 15, 2005.

Senior Notes

- Senior notes will have the terms illustrated below:

[FLOW CHART]

(Owed to Holder)

5.75% per year
payable quarterly

(reset for quarterly
payments payable
on and after
reset date)

(Owed to Holder)

$50 at Maturity
(August 16, 2007)

- If you hold a senior note that is a component of an Equity Unit, you have the option to either:

  -- allow the senior note to be included in the remarketing process, the proceeds of which will be used to purchase the treasury portfolio, if the remarketing is successful prior to the fourth business day preceding the stock purchase date, in which case the proceeds of the treasury portfolio will be applied to settle the forward purchase contract, or, if the remarketing occurs on or after the fourth business day preceding the stock purchase date, the proceeds will be used in direct settlement of the holders' obligations to purchase our common stock; or

  -- elect not to participate in the remarketing by delivering treasury securities in substitution for the senior note, in which case the proceeds of the treasury securities will be applied to settle the forward purchase contract.

- If you hold a senior note that is separate and not a component of an Equity Unit, you have the option to either:

-- continue to hold the senior note whose rate has been reset for the quarterly payments payable on and after the stock purchase date; or

-- deliver the senior note to the remarketing agent to be included in the remarketing.

Transforming Equity Units into Stripped Units and senior notes

. To create a Stripped Unit, you may combine the forward purchase contract with the specified zero-coupon U.S. treasury security that matures on August 15, 2005. You will then own the zero-coupon U.S. treasury security but will pledge it to us to secure your obligations under the forward purchase contract.

. The zero-coupon U.S. treasury security together with the forward purchase contract would then constitute a Stripped Unit. The senior notes which were previously a component of the Equity Units, would be tradable as separate securities.

[FLOW CHART]

Zero-Coupon
Treasury
Substitution

Equity Units

Forward Purchase Contract		Senior Note		Substitute Zero-Coupon Treasury Security
(Owed to Holder)		(Owed to Holder)		
Common Stock and contract adjustment payments	+	5.75% per year payable quarterly (reset for quarterly payments payable on and after reset date)	+	
3.50% per annum payable quarterly				
(Owed to American Electric Power)		(Owed to Holder)		(Owed to Holder)
$50 at Stock Purchase Date		$50 at Maturity (August 16, 2007)		$50 at Maturity (August 15, 2005)

Equity Units

Separately Traded
Senior Note

Stripped Units

Forward Purchase Contract		Substitute Zero-Coupon Treasury Securities		Senior Note
(Owed to Holder)				(Owed to Holder)
Common Stock and contract adjustment payments	+		+	5.75% per year payable quarterly (reset for quarterly payments payable on and after reset date)
3.50% per annum payable quarterly				
(Owed to American Electric Power)		(Owed to Holder)		(Owed to Holder)
		$50 at Maturity		$50 at Maturity

$50 at Stock Purchase Date	(August 15, 2005)	(August 16, 2007)

Stripped Units

- After a successful remarketing, the Equity Units will include the treasury portfolio in lieu of senior notes.
- You can also transform Stripped Units and senior notes into Equity Units. Following that transformation, the specified zero-coupon U.S. treasury security, which was previously a component of the Stripped Units, would be tradable as a separate security.
- You may generally only transform Equity Units into Stripped Units and senior notes and transform Stripped Units and senior notes into Equity Units in integral multiples of 20 Equity Units.

CONCURRENT OFFERING

We are also offering, in a concurrent offering (by a separate prospectus supplement), 16,000,000 shares of our common stock, plus up to an additional 2,400,000 shares of our common stock if the over-allotment option for that offering is exercised in full. We expect to close that offering at the same time this offering is closed. Neither offering is conditioned on the completion of the other.

RISK FACTORS

Investing in the Equity Units involves risks, including the risks described below that are specific to the Equity Units and those that could affect us and our business. You should not purchase Equity Units unless you understand these investment risks. Because an Equity Unit consists of a forward purchase contract to acquire shares of our common stock and a senior note issued by us, you are making an investment decision with regard to our common stock and senior notes, as well as the Equity Units. Although we have tried to discuss key factors, please be aware that other risks may prove to be important in the future. New risks may emerge at any time and we cannot predict such risks or estimate the extent to which they may affect our financial performance. Before purchasing any Equity Units, you should carefully consider the following discussion of risks and the other information in this prospectus supplement and the accompanying prospectus, and carefully read the risks described in the documents incorporated by reference in this prospectus supplement and on page 2 of the accompanying prospectus.

You will bear the entire risk of a decline in the price of our common stock.

The market value of the shares of our common stock that you will receive on the stock purchase date may be materially different from the effective price per share paid by you on the stock purchase date. If the average trading price of our common stock on the stock purchase date is less than $40.90 per share, which we refer to as the reference price, you will, on the stock purchase date, be required to purchase shares of common stock at a loss. Accordingly, a holder of Equity Units assumes the entire risk that the market value of our common stock may decline. The market price of our common stock may decline substantially.

You will receive only a portion of any appreciation in our common stock price.

The aggregate market value of the shares of our common stock that you will receive upon settlement of a forward purchase contract generally will exceed the stated amount of $50 only if the average closing price per share of our common stock over the 20-trading day period preceding settlement equals or exceeds $49.08, which we refer to as the threshold appreciation price. The threshold appreciation price represents an appreciation of 20% over $40.90. Therefore, during the period before the stock purchase date, an investment in the Equity Units affords less opportunity for equity appreciation than a direct investment in our common stock. If the average closing price exceeds $40.90, which we refer to as the reference price, but falls below the threshold appreciation price, you will realize no equity appreciation on the common stock for the period during which you own the forward purchase contract. Furthermore, if the applicable average closing price exceeds the threshold appreciation price, the value of the shares you will receive under the forward purchase contract will be approximately 83% of the value of the shares you could have purchased with $50 at the time of this offering.

The trading price for our common stock, the general level of interest rates and our creditworthiness will directly affect the trading price for the Equity Units.

It is impossible to predict whether the price of our common stock or interest rates will rise or fall. Our creditworthiness, operating results and prospects and economic, financial and other factors will affect trading prices of our common stock. In addition, market conditions can affect the capital markets generally, therefore affecting the price of our common stock. These conditions may include the level of, and fluctuations in, the trading prices of stocks generally and sales of substantial amounts of our common stock in the market after this offering of the Equity Units or the perception that those sales could occur. Fluctuations in interest rates may affect the trading price of our common stock or the relative value of the senior notes underlying the Equity Units, which could, in turn, affect the trading price of the Equity Units.

You may suffer dilution of our common stock issuable upon settlement of your forward purchase contract.

The number of shares of our common stock issuable upon settlement of your forward purchase contract will be adjusted only for stock splits and combinations, stock dividends and other specified transactions. The number of shares of our common stock issuable upon settlement of each forward purchase contract will not be adjusted for other events, such as employee stock option grants, offerings of common stock for cash, or acquisitions or other transactions which may adversely affect the price of our common stock. The terms of the Equity Units do not restrict our ability to offer common stock in the future or to engage in other transactions that could dilute our common stock. We have no obligation to consider the interests of the holders of the Equity Units in engaging in any offering or transaction.

You will have no rights as a common stockholder.

Until you acquire shares of our common stock upon settlement of your forward purchase contract, you will have no rights with respect to our common stock, including voting rights, rights to respond to tender offers and rights to receive any dividends or other distributions on our common stock. Upon settlement of your forward purchase contract, you will be entitled to exercise the rights of a holder of common stock only as to actions for which the record date occurs after the stock purchase date.

Your pledged securities will be encumbered.

Although holders of Equity Units will be beneficial owners of the underlying pledged senior notes or treasury securities, the holders will pledge those securities to the collateral agent to secure their obligations under the related forward purchase contracts. Therefore, for so long as the forward purchase contracts remain in effect, holders will not be allowed to withdraw their pledged senior notes or treasury securities from this pledge arrangement, unless they substitute other securities.

We may defer contract adjustment payments.

We have the option to defer the payment of contract adjustment payments on the forward purchase contracts forming a part of the Equity Units until August 16, 2005. However, deferred installments of contract adjustment payments will bear interest at the rate of 5.75% per year (compounded quarterly) until paid. If the forward purchase contracts are settled early or terminated due to our bankruptcy, insolvency or reorganization, the right to receive contract adjustment payments and deferred contract adjustment payments, if any, will also terminate.

The forward purchase contract agreement will not be qualified under the Trust Indenture Act of 1939; the obligations of the forward purchase contract agent will be limited.

The forward purchase contract agreement relating to the Equity Units will not be qualified under the Trust Indenture Act of 1939. The forward purchase contract agent under the forward purchase contract agreement, who will act as the agent and the attorney-in-fact for the holders of the Equity Units, will not be qualified as a trustee under the Trust Indenture Act of 1939. Accordingly, holders of the Equity Units will not have the benefits of the protections of the Trust Indenture Act of 1939 other than to the extent applicable to a senior note included in an Equity Unit. Under the forward purchase contract agreement, the forward purchase contract agent will have only limited obligations to the holders of the Equity Units.

The secondary market for the Equity Units may be illiquid.

We are unable to predict how the Equity Units will trade in the secondary market or whether that market will be liquid or illiquid. There is currently no secondary market for the Equity Units. We have applied to list the Equity Units on the NYSE. We will not initially list either the Stripped Units or the senior notes; however, if either of these securities are separately traded to a sufficient extent that they meet applicable exchange listing requirements, we will attempt to list those securities on the exchange on which the Equity Units are then listed. The underwriters have advised us that they presently intend to make a market for the Equity Units; however, they are not obligated to do so and may discontinue any market making at any time. Any market that may develop for the Equity Units, the Stripped Units or the senior notes may be illiquid, you may not be able to sell the securities and a trading market, if it develops, may not continue. In addition, if sufficient numbers of Equity Units are converted to Stripped Units, the liquidity of Equity Units could be adversely affected. Any listing application for Equity Units, Stripped Units or senior notes may not be accepted and, if accepted, the Equity Units, Stripped Units or senior notes may be delisted from the NYSE or trading in the Equity Units, Stripped Units or senior notes may be suspended as a result of elections to create Stripped Units or recreate Equity Units by substituting collateral that causes the number of these securities to fall below the applicable requirements for listing securities on the NYSE.

We may redeem the senior notes upon the occurrence of a tax event.

We have the option to redeem the senior notes, on not less than 30 days' nor more than 60 days' prior written notice, in whole but not in part, at any time if a tax event occurs under the circumstances described in this prospectus supplement. If we exercise this option, we will redeem the senior notes at the redemption price described later in this prospectus supplement. If we redeem the senior notes, we will pay that redemption in cash to the holders of the senior notes. In the case of senior notes held as part of an Equity Unit at the time a tax event redemption occurs before the earlier of a successful remarketing of the senior notes or the stock purchase date, the redemption price payable to you as a holder of the Equity Units will be distributed to the collateral agent, who in turn will apply an amount equal to the redemption price in respect of those senior notes to purchase a portfolio of zero-coupon U.S. treasury securities on your behalf, and will remit the remainder of the redemption price, if any, to you, and the treasury portfolio will be substituted for the senior notes as collateral to secure your obligations under the forward purchase contracts related to the Equity Units. If your senior notes are not components of Equity Units, you, rather than the collateral agent, will receive redemption payments. The market prices for the Equity Units may be affected if we substitute the treasury portfolio as collateral in place of any senior notes so redeemed. A tax event redemption will be a taxable event to the holders of the senior notes.

The U.S. federal income tax consequences of the purchase, ownership and disposition of the Equity Units are unclear.

No statutory, judicial or administrative authority directly addresses the treatment of Equity Units or instruments similar to Equity Units for U.S. federal income tax purposes. As a result, the U.S. federal income tax consequences of the purchase, ownership and disposition of the Equity Units are unclear.

We will treat the senior notes as contingent payment debt instruments and you will be required to accrue original issue discount.

Under the indenture, we and each holder agree, for U.S. federal income tax purposes, to treat the senior notes as indebtedness that is subject to the regulations governing contingent payment debt instruments. As a result, you will be required to include original issue discount in income during your ownership of the senior notes, subject to some adjustments. Additionally, you will generally be

required to recognize ordinary income on the gain, if any, realized on a sale, exchange or other disposition of the senior notes at any time up to six months after the date on which the interest rate on the senior notes is reset; thus, the ability to offset such ordinary income with a loss, if any, on a forward purchase contract may be limited. See "United States Federal Income Tax Consequences."

The senior notes are our obligations and not obligations of our subsidiaries and will be effectively subordinated to the claims of our subsidiaries' creditors.

The Equity Units are exclusively our obligations and not those of our subsidiaries. We are a holding company and, accordingly, substantially all of our operations are conducted through our subsidiaries. As a result, our cash flow and our ability to service our debt, including the Equity Units, depends upon the earnings of our subsidiaries. In addition, we depend on the distribution of earnings or other payments by our subsidiaries to us.

Our subsidiaries are separate and distinct legal entities. Our subsidiaries have no obligation to pay any amounts due on the Equity Units or to provide us with funds for our payment obligations, whether by dividends, distributions or other payments. Payments to us by our subsidiaries will also be contingent upon our subsidiaries' earnings and business considerations. In addition, any payment of dividends, distributions or advances by our subsidiaries to us would be subject to regulatory or contractual restrictions, including those described under "Price Range of Common Stock and Dividend Policy--Dividend Policy" in this prospectus supplement. Payments to us by our subsidiaries will also be contingent upon our subsidiaries' earnings and business considerations.

Our right to receive any assets of any of our subsidiaries upon their liquidation or reorganization, and therefore the right of the holders of the Equity Units to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, including senior and subordinated debtholders and general trade creditors. In addition, even if we were a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us.

Delivery of the securities under the pledge agreement may be delayed if we become subject to a bankruptcy proceeding.

Notwithstanding the automatic termination of the forward purchase contracts, if we become the subject of a case under the U.S. bankruptcy code, imposition of an automatic stay under the U.S. bankruptcy code may delay the delivery to you of your securities being held as collateral under the pledge agreement, and this delay may continue until the automatic stay has been lifted. The automatic stay will not be lifted until the bankruptcy judge agrees to lift it and return your collateral to you. In addition, it is possible that at the conclusion of such a bankruptcy case, the claim represented by the senior notes will receive substantially less than the face amount of such claim or indeed receive no recovery at all.

FORWARD-LOOKING STATEMENTS

Some statements contained or incorporated by reference in this prospectus supplement, including the discussion of our plans and proposals under "Summary--American Electric Power Company, Inc." and "American Electric Power Company, Inc." are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to various risks and uncertainties. Actual results may vary materially. Factors that could cause actual results to differ materially include, but are not limited to:

- electric load and customer growth;
- abnormal weather conditions;

- available sources of and prices for coal and gas;
- availability of generating capacity;
- litigation concerning our merger with Central and South West Corporation;
- the timing of the implementation of our restructuring plan;
- risks related to energy trading and construction under contract;
- the speed and degree to which competition is introduced to our power generation business;
- the ability to recover net regulatory assets, other stranded costs and implementation costs in connection with deregulation of generation in certain states;
- new legislation and government regulations;
- the structure and timing of a competitive market for electricity and its impact on prices;
- our ability to successfully control costs;
- the success of new business ventures;
- international developments affecting our foreign investments;
- the effects of fluctuations in foreign currency exchange rates;
- the economic climate and growth in our service and trading territories, both domestic and foreign;
- our ability to comply with or to challenge successfully new environmental regulations and to litigate successfully claims that we violated the Clean Air Act;
- inflationary trends;
- changes in electricity and gas market prices and interest rates; and
- other risks and unforeseen events.

In light of these risks, uncertainties and assumptions, the forward-looking statements contained or incorporated by reference in this prospectus supplement might not occur. Neither AEP nor the underwriters undertakes any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of Equity Units of $290,370,000, after deducting expenses and underwriting discounts and commissions, or $334,020,000 if the underwriters exercise in full their option to purchase additional Equity Units. The net proceeds to us from the concurrent common stock offering are estimated to be $634,398,000, after deducting expenses and underwriting discounts and commissions, or $729,613,200 if the underwriters exercise in full their option to purchase additional shares of common stock. We are not required to sell the common stock in order to sell the Equity Units in this offering.

We intend to use the net proceeds of this offering to repay up to $290 million of our commercial paper and for general corporate purposes, which may include, but are not limited to, working capital and capital expenditures.

CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2002:

- on an actual basis; and
- on an as adjusted basis to give effect to the sale of 6,000,000 Equity Units and our concurrent offering of 16,000,000 shares of our common stock (assuming no exercise of the over-allotment option in either offering), after deducting the underwriting discounts and estimated offering expenses.

Since March 31, 2002, there has not been any material change in the information set forth below, except as may be described elsewhere in this prospectus supplement, in the accompanying prospectus or in any of the documents incorporated by reference therein. You should read the information in this table along with the financial information included or incorporated by reference in this prospectus supplement and the accompanying prospectus.

	March 31, 200	
	Actual	As Adju
	(in millions	
Debt:		
Short-term debt, including commercial paper	$ 3,984	$ 3,0
Long-term debt, including current maturities	11,802	11,8
Senior Notes offered hereby	--	3
Total debt	15,786	15,1
Certain subsidiary obligated, mandatorily redeemable, preferred securities of subsidiary trusts holding solely junior subordinated debentures of such subsidiaries	321	3
Minority interest in finance subsidiary	750	7
Cumulative preferred stock of subsidiaries	156	1
Common shareholders' equity:		
Common stock, par value $6.50; 600 million shares authorized, 331,618,850 shares issued at 3/31/02 (8,999,992 shares were held in treasury at 3/31/02)	2,156	2,2
Paid-in capital	2,912	3,4
Accumulated other comprehensive income (loss)	(170)	(1
Retained earnings	3,288	3,2
Total common shareholders' equity	8,186	8,7

Total capitalization	$25,199	$25,2

(a) Assumes repayment with respect to the Equity Units offering of $290,370,000 and with respect to the common stock offering of $634,398,000 of commercial paper.

(b) Reflects the present value of the obligation to make contract adjustment payments in connection with the forward purchase contracts included as part of the Equity Units. This amount is included as a liability in long-term debt and as a reduction in paid-in capital.

If the entire over-allotment of Equity Units and common stock were exercised, the as adjusted amount of senior notes would be $345 million and the as adjusted amount of total common shareholders' equity would be $8,875 million. The capitalization set forth above assumes that the proceeds from the exercise of the entire over-allotment, after deducting the underwriting discounts, would be applied to reduce commercial paper by $139 million.

AMERICAN ELECTRIC POWER COMPANY, INC.

The following discussion highlights certain important facts regarding us and our subsidiaries and does not contain all of the information that may be important to you. We encourage you to read the documents referred to in the accompanying prospectus under "Where You Can Find More Information," which contain more complete descriptions of us and our business. In this prospectus supplement and the accompanying prospectus, "AEP," "we," "us" and "our" refer to American Electric Power Company, Inc. and all of its subsidiaries.

We are one of the largest investor owned electric public utility holding companies in the U.S. We provide generation, transmission and distribution service to over 4.9 million retail customers in eleven states (Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia and West Virginia) through our electric utility operating companies. We are also one of the largest marketers and traders of electricity and natural gas in the United States. In 2000, we established an energy trading operation in Europe.

We have a significant presence throughout the domestic energy value chain. Our U.S. electric assets include:

- 38,000 megawatts of generation capacity;
- over 38,000 miles of transmission lines; and
- 186,000 miles of distribution lines.

Our natural gas assets include:

- 128 billion cubic feet (Bcf) of gas storage facilities; and
- 6,400 miles of gas pipelines in Louisiana and Texas.

Through our coal and transportation assets we:

- control over 7,000 railcars;

- control over 1,800 barges and 37 tug boats;
- operate two coal handling terminals with 20 million tons of capacity; and
- produce over 7 million tons of coal annually in the U.S.

We are one of the largest traders of electricity and natural gas in the U.S. with:

- over 576 million megawatt hours (MWH) of electricity trades in 2001; and
- over 3,800 Bcf of gas trades in 2001.

In addition we:

- consume 80 million tons of coal annually; and
- consume 310 Bcf of natural gas annually.

Our focus is in the U.S., but we also have smaller operations in other parts of the world, including:

- a growing energy trading operation in Europe based in the United Kingdom; and
- 4,000 megawatts of generating capacity in England, which represents approximately 16% of the total coal-fired generation capacity of England and Wales.

Our other foreign investments currently include distribution operations in the United Kingdom, Australia, and Brazil. We have additional generating facilities in China and Mexico. We also offer engineering and construction services worldwide. Please refer to "Summary--Recent Developments" in this prospectus supplement for a discussion of possible divestitures of some of our investments.

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Strategy and Corporate Restructuring

Our strategy is a balanced business model of regulated and unregulated businesses backed by assets and supported by enterprise-wide risk management and a strong balance sheet. Our goal is to combine a predictable earnings stream and cash flow from our regulated business with greater growth opportunities from our unregulated business.

We are currently in the process of restructuring our assets and operations to comply with state restructuring laws and to ensure greater differentiation between the regulated operations and the unregulated operations.

We expect corporate restructuring will provide:

- transparency and clarity to investors;
- a simpler structure to conduct business, and to anticipate and monitor performance;
- compliance with states' restructuring laws promoting customer choice; and
- more efficient financing.

The new corporate structure will consist of a regulated holding company and an unregulated holding company. The regulated holding company will own our integrated utilities and Ohio and Texas transmission and distribution assets. The unregulated holding company will own our Ohio and Texas generation, independent power producers, our gas pipeline and storage, United Kingdom generation, barging and coal mining assets and our marketing and trading operations.

Approval is needed from the SEC and the FERC to make these organizational changes. We are awaiting the SEC's and the FERC's decisions in this matter.

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                                  [FLOW CHART]

                        Corporate Structure Today

                        American Electric Power
                             Company, Inc.

Central and         AEP          AEP              AEP                Regulated
South West      Service Corp.   Energy         Resources             Operating
Corporation                    Services                              Companies

           Central Power Light
Regulated  Public Service Company of Oklahoma
Operating  Southwestern Electric Power Company Citipower       Appalachian Power
Companies  West Texas Utilities                AEP Gas Holding Columbus Southern
                                               MEMCO           Power
CSW                                            Barge Line      Indiana Michigan
International  SEEBOARD                        AEP Coal        Kentucky Power
                                               UK Generation   Kingsport Power
CSW                                                            Ohio Power
Energy, Inc.                                                   Wheeling Power
                                                               AEP Generating
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                                  [FLOW CHART]

                     Corporate Structure Post Restructuring

                                              AEP
         Regulated Holdco            AEP Enterprises           Service Corp
         (CSW Corp)                  Wholesale Holdco
CPL Wires            WTU Wires
OPCo Wires           CSPCo Wires     Domestic Generating
Southwestern Electric
 Power Company       Public Service     OPCo Genco
                      of Oklahoma       CPL Genco
Kingsport            Wheeling           CSPCo Genco
Indiana Michigan Kentucky Power         WTU Genco
Appalachian                             CSW Energy
 Power               AEP Generating  AEPES Gas Holding
                      Company        Energy Services
                                     AEPES UK Limited
                                     UK Generation
                                       Other Diversified
                                       MEMCO
                                       AEP Coal
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We have developed specific strategies for each of our regulated and unregulated operations:

- Regulated Operations
  - Maintain moderate but steady earnings growth;
  - Maximize value of transmission assets and protect revenue stream through regional transmission organization membership;
  - Continue process improvement to maintain distribution service quality while enhancing financial performance;
  - Optimize generation assets through enhanced availability of off-system sales; and

- Manageregulatory process to maximize retention of earnings improvement.

- Unregulated Operations
  - Disciplined approach to asset acquisition and disposition;
  - Value-driven asset optimization through the linkage of superior commercial, analytical and technical skills;
  - Broad participation across all energy markets with a disciplined and opportunistic allocation of risk capital;
  - Continued investment in both technology and process improvement to enhance our competitiveness;
  - Stringent risk management procedures with independent, internal risk oversight; and
  - Continued expansion of intellectual capital through ongoing recruiting, performance-linked compensation and the development of a structure that promotes sound decision-making and innovation at all levels.

Current Regulated Operations

Our electric utility subsidiaries, which do business as "American Electric Power," have traditionally provided electric service, consisting of generation, transmission and distribution, on an integrated basis to their retail customers. These operating subsidiaries provide electric service to over 4.9 million customers in 11 states through our electric networks of over 38,000 miles of transmission lines and 186,000 miles of distribution lines. Our operating subsidiaries are:

Operating Subsidiary	Service Territory	Customers	MW Owned/Leased
Appalachian Power Company (APCo)	Southwestern Virginia and Southern West Virginia	917,000	5,858

Central Power and Light Company*	Southern Texas	689,000	4,497
Columbus Southern Power Company*	Ohio	678,000	2,595
Indiana Michigan Power Company	Northern and Eastern Indiana and Southwestern Michigan	567,000	4,416
Kentucky Power Company	Eastern Kentucky	173,000	1,060
Kingsport Power Company	Kingsport and a portion of Northeastern Tennessee	45,000	Purchases electric power distributed to its customers from APCo
Ohio Power Company (OPCo)*	Northwestern, East Central, Eastern and Southern Sections of Ohio	698,000	8,512
Public Service Company of Oklahoma	Eastern and Southwestern Oklahoma	502,000	4,237
Southwestern Electric Power Company	Northeastern Texas, Northwestern Louisiana and Western Arkansas	431,000	4,487
Wheeling Power Company	Northern West Virginia	41,000	Purchases electric power distributed to its customers from OPCo
West Texas Utilities Company*	West and Central Texas	189,000	1,392
AEP Generating Company	Sells Power to Indiana Michigan Power Company and Kentucky Power Company	N/A	1,300

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* Note: Corporate restructuring contemplates the transfer of historically regulated generation in Ohio and Texas to an unregulated intermediate holding company. Corporate restructuring is still subject to FERC and SEC approval.

Unregulated Operations

We have expanded our business to unregulated activities through several subsidiaries. We are active in unregulated businesses via AEP Energy Services, Inc., AEP Resources, Inc. and AEP Pro Serv, Inc. and AEP Communications, Inc.

Unregulated business operations focus on value-driven asset optimization at each link of the energy chain through the following activities:

- A diversified portfolio of owned assets and structured third party arrangements, including:

  - Power generation facilities and renewable energy sources;

  - Natural gas pipeline, storage and processing facilities;

  - Coal mines and related facilities; and

  - Barge, rail and other fuel transportation related assets.

- Trade and market energy commodities, including electric power, natural gas, natural gas liquids, oil, coal, and SO_2 allowances in North America and Europe;

- Provide price-risk management services and liquidity through a variety of energy-related financial instruments, including exchange-traded futures and over-the-counter forward, option, and swap agreements; and

- Enter into long-term transactions to buy or sell capacity, energy, and ancillary services of electric generating facilities, either existing or to be constructed, at various locations in North America and Europe.

PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY

Our common stock is listed on the New York Stock Exchange under the symbol "AEP". The following table sets forth the high and low sale prices, as reported on the New York Stock Exchange and the cash dividends declared on the common shares for the periods indicated. As of March 31, 2002, there were 322,618,858 shares of our common stock outstanding.

	Common Stock		
Period	High	Low	Dividends
2000:			
First Quarter	$34.94	$25.94	$0.60
Second Quarter	38.50	29.44	0.60
Third Quarter	40.00	29.94	0.60
Fourth Quarter	48.94	36.19	0.60
2001:			
First Quarter	$48.10	$39.25	$0.60
Second Quarter	51.20	45.10	0.60
Third Quarter	48.90	41.50	0.60
Fourth Quarter	46.95	39.70	0.60
2002:			
First Quarter	$47.08	$39.70	$0.60
Second Quarter (through June 5, 2002)	48.06	40.87	--

Shareholders

On June 5, 2002 the last reported sale price of our common stock on the NYSE was $40.90. As of June 5, 2002, there were approximately 150,000 holders of record of our common stock.

Dividend Policy

The holders of our common stock are entitled to receive the dividends declared by our board of directors provided funds are legally available for such dividends. Our income derives from our common stock equity in the earnings of our subsidiaries. Various financing arrangements, charter provisions and regulatory requirements may impose certain restrictions on the ability of our subsidiaries to transfer funds to us in the form of cash dividends, loans or advances. We have paid a cash dividend of $0.60 per share each quarter since the third quarter of 1989.

ACCOUNTING TREATMENT

The net proceeds from the sale of the Equity Units will be allocated between the forward purchase contracts and the senior notes in our financial statements based on the underlying fair value of each instrument. We expect to report the fair market value of each senior note as $50 and the fair market value of each forward purchase contract as $0. The present value of the Equity Units' contract adjustment payments will be initially charged to common stockholders' equity, with an offsetting credit to liabilities. As the contract adjustment payments are made, they will be allocated between the liability account and interest expense based on a constant rate calculation over the life of the transaction.

The forward purchase contracts are forward transactions in our common stock. Upon settlement of a forward purchase contract, we will receive $50 on that forward purchase contract and will issue the requisite number of shares of our common stock. The consideration we receive at that time will be credited to stockholders' equity allocated between our common stock and additional paid-in capital accounts.

Before the issuance of shares of our common stock upon anticipated settlement of the forward purchase contracts for cash, the forward purchase contracts will be reflected in our diluted earnings per share calculations using the treasury stock method in accordance with Statement of Financial Accounting Standards No. 128, "Earnings Per Share." Under this method, the number of shares of our common stock used in calculating diluted earnings per share is deemed to be increased by the excess, if any, of the number of shares of our common stock that would be issued upon settlement of the forward purchase contracts less the number of shares of our common stock that could be purchased by us in the market, at the average market price during the period, using the proceeds received upon settlement of the forward purchase contracts. Consequently, we anticipate that there will be no dilutive effect on our earnings per share except during periods when the average market price of our common stock is above $49.08.

The Emerging Issues Task Force of the Financial Accounting Standards Board is considering proposals related to accounting for certain securities and financial instruments, including securities such as the Equity Units. The current proposals being considered include rulemaking that, if adopted, would endorse the method of accounting discussed above. Alternatively, other proposals being considered could result in the common shares issuable pursuant to the forward purchase contracts to be deemed outstanding and included in the calculation of diluted earnings per share, and could result in periodic "marking to market" of the forward purchase contracts, causing periodic charges or credits to income. If this latter approach were adopted, our diluted earnings per share could increase and decrease from quarter to quarter to reflect the lesser and greater number of shares issuable upon satisfaction of the forward purchase contracts.

DESCRIPTION OF THE EQUITY UNITS

We summarize below the principal terms of the Equity Units and the forward purchase contracts and senior notes that comprise the Equity Units. The following description is only a summary, and we refer you to the agreements which will govern your rights as a holder of Equity Units. See "Where You Can Find More Information" in the accompanying prospectus for information about how to obtain copies of those documents, which we will file with the SEC as exhibits to the registration statement of which this prospectus supplement forms a part. In addition, to the extent that the following description is not consistent with those contained in the accompanying prospectus under "Description of Debt Securities," "Description of Common Stock" and "Description of the Stock Purchase Contracts and the Stock Purchase Units," you should rely on this description.

Overview

Each Equity Unit will have a stated amount of $50. Each Equity Unit will initially consist of:

(1) a forward purchase contract under which

- you will agree to purchase, and we will agree to sell, for $50, shares of our common stock on August 16, 2005; we will determine the number of shares you will purchase based on an average trading price of our common stock for a period preceding the stock purchase date, calculated in the manner described below; and

- we will pay you contact adjustment payments at the annual rate of 3.50% of the stated amount of $50 as specified below (subject to our right of deferral); and

(2) a senior note due August 16, 2007, with a principal amount of $50, on which we will pay interest quarterly at the initial annual rate of 5.75% until a successful remarketing of the senior notes and at the reset rate, as described below, after the settlement date of a successful remarketing or if the senior notes are not successfully remarketed, after the stock purchase date.

The senior notes will initially be pledged to secure your obligations under the forward purchase contract. We refer to the forward purchase contracts, together with the pledged senior notes or, after a successful remarketing or a tax event redemption, the treasury portfolio, as Equity Units. Prior to a successful remarketing or a tax event redemption, each holder of Equity Units may elect to withdraw the pledged senior notes underlying the Equity Units by substituting, as pledged securities, specifically identified treasury securities that will pay $50 on or before August 15, 2005, which is the amount due under each forward purchase contract. If a holder of Equity Units elects to substitute treasury securities as pledged securities, the pledged senior notes will be released from the pledge agreement and delivered to the holder. The Equity Units would then become "Stripped Units." Holders of Stripped Units may recreate Equity Units by resubstituting the senior notes for the treasury securities underlying the Stripped Units prior to a successful remarketing or a tax event redemption.

By accepting the Equity Units, you will be treated as if you:

- irrevocably have agreed to be bound by the terms of the forward purchase contract agreement, pledge agreement and forward purchase contract for so long as you remain a beneficial owner of the Equity Units; and

- have appointed the forward purchase contract agent under the forward purchase contract agreement as your agent and attorney-in-fact to enter into and perform the forward purchase contract on your behalf.

In addition, by accepting the Equity Units, you will be treated as if you have agreed to treat the Equity Units as the purchase of a unit consisting of the senior note and the forward purchase contract, to allocate the purchase price of each Equity Unit between the senior note and the forward purchase contract as $50 and $0, respectively, to treat yourself as the owner of the forward purchase contract and the related senior notes, the treasury portfolio or the treasury securities underlying the Equity Units or Stripped Units, as the case may be, and for U.S. federal income tax purposes to treat the senior notes as our indebtedness subject to the contingent payment debt regulations.

At the closing of this offering of the Equity Units, the underwriters will purchase the Equity Units. The purchase price of each Equity Unit will be allocated by us between the related forward purchase contract and the related senior note. The senior notes will then be pledged to the collateral agent to secure the obligations owed to us under the forward purchase contracts.

We will enter into:

- a forward purchase contract agreement with The Bank of New York, as forward purchase contract agent, governing the appointment of the forward purchase contract agent as the agent and attorney-in-fact for the holders of the Equity Units, the forward purchase contracts, the transfer, exchange or replacement of certificates representing the Equity Units and certain other matters relating to the Equity Units; and

- a pledge agreement with The Bank of New York, as collateral agent, custodial agent and securities intermediary, creating a pledge and security interest for our benefit to secure the obligations of holders of Equity Units under the forward purchase contracts.

The obligations of each holder of Equity Units to pay the purchase price for our common stock under the forward purchase contract included in the Equity Units are non-recourse obligations. Except to the extent that a holder elects to pay these obligations upon early settlement as described below under "--Early Settlement," with cash as described below under "--Notice to Settle with Cash," or upon merger early settlement as described below under "--Early Settlement upon Cash Merger," these obligations will be paid solely out of the proceeds of the collateral pledged to secure these obligations, and no holder will be liable for any deficiency between those proceeds and the purchase price for our common stock under the forward purchase contracts.

Creating Stripped Units and Recreating Equity Units

Holders of Equity Units will have the ability to "strip" those Equity Units and take delivery of the pledged senior notes creating "Stripped Units," as described in more detail below under "--Creating Stripped Units." Holders of

Stripped Units will have the ability to recreate Equity Units from their Stripped Units by depositing senior notes as described in more detail below under "--Recreating Equity Units." Holders who elect to create Stripped Units or recreate Equity Units will be responsible for any related fees or expenses.

Creating Stripped Units

Each holder of Equity Units may create Stripped Units and withdraw the pledged senior notes underlying the Equity Units by substituting, as pledged securities, the treasury securities described below that will pay $50 on or before August 16, 2005, the amount due under the forward purchase

contract. Holders of Equity Units may create Stripped Units at any time on or before the tenth business day before the stock purchase date, unless a successful remarketing or a tax event redemption has occurred; provided, however, that they may not create Stripped Units during the period from four business days before any remarketing period until the expiration of three business days after the end of that period.

In order to create Stripped Units, a holder of Equity Units must substitute, as pledged securities, zero-coupon U.S. treasury securities (CUSIP No. 912803AG8) that mature on August 15, 2005. Upon creation of the Stripped Units, the treasury securities will be pledged with the collateral agent to secure the holder's obligation to purchase our common stock under the forward purchase contract, and the pledged senior notes underlying the Equity Units will be released. Because treasury securities are issued in integral multiples of $1,000, holders of Equity Units may make the substitution only in integral multiples of 20 Equity Units.

To create Stripped Units, you must:

- deposit with the collateral agent the treasury securities described above, which will be substituted for the pledged senior notes underlying your Equity Units and pledged with the collateral agent to secure your obligation to purchase our common stock under the forward purchase contract;

- transfer the Equity Units to the forward purchase contract agent; and

- deliver a notice to the forward purchase contract agent stating that you have deposited the specified treasury securities with the collateral agent and are requesting that the forward purchase contract agent instruct the collateral agent to release to you the pledged senior notes underlying the Equity Units.

Upon that deposit and the receipt of an instruction from the forward purchase contract agent, the collateral agent will effect the release to the forward purchase contract agent of the underlying pledged senior notes from the pledge under the pledge agreement free and clear of our security interest. The forward purchase contract agent will:

- cancel the Equity Units;

- transfer to you the underlying pledged senior notes; and

- deliver to you the Stripped Units.

Any senior notes released to you will be tradable separately from the resulting Stripped Units. Interest on the senior notes will continue to be payable in accordance with their terms.

Recreating Equity Units

Each holder of Stripped Units may recreate Equity Units by substituting, as pledged securities, senior notes then constituting a part of the Equity Units for the treasury securities underlying the Stripped Units. Holders may recreate Equity Units at any time on or before the tenth business day before the stock purchase date, unless a successful remarketing or a tax event redemption has occurred; provided, however, they may not recreate Equity Units during the period from four business days before any remarketing period until the expiration of three business days after that period.

Upon recreation of the Equity Units, the senior notes will be pledged with the collateral agent to secure the holder's obligation to purchase our common stock under the forward purchase contract, and the treasury securities underlying the Stripped Units will be released. Because treasury securities are issued in integral multiples of $1,000, holders of Stripped Units may make the substitution only in integral multiples of 20 Stripped Units.

To recreate Equity Units from Stripped Units, you must:

. deposit with the collateral agent senior notes having an aggregate principal amount equal to the aggregate stated amount of your Stripped Units;

. transfer the Stripped Units to the forward purchase contract agent; and

. deliver a notice to the forward purchase contract agent stating that you have deposited the senior notes with the collateral agent and are requesting that the forward purchase contract agent instruct the collateral agent to release to you the pledged treasury securities underlying those Stripped Units.

The senior notes will be substituted for the treasury securities underlying your Stripped Units and will be pledged with the collateral agent to secure your obligation to purchase our common stock under your forward purchase contract.

Upon that deposit and the receipt of an instruction from the forward purchase contract agent, the collateral agent will effect the release to the forward purchase contract agent of the underlying pledged treasury securities from the pledge under the pledge agreement free and clear of our security interest. The forward purchase contract agent will:

. cancel the Stripped Units;

. transfer to you the underlying treasury securities; and

. deliver to you the Equity Units.

Current Payments

If you hold Equity Units, we will pay you quarterly contract adjustment payments on the forward purchase contracts at the annual rate of 3.50% of the $50 stated amount through and including the stock purchase date and quarterly interest payments on the senior notes at the annual rate of 5.75% of the principal amount of $50 per senior note. After the senior notes are successfully remarketed or, if not remarketed, after the stock purchase date, they will pay interest to the holders of such senior notes at the reset rate from the date of the settlement of the successful remarketing or stock purchase date until their maturity on August 16, 2007. On the stock purchase date, if your senior notes were successfully remarketed, you will receive a quarterly payment from the proceeds of the treasury portfolio at the same annual rate as was initially paid on the senior notes prior to the remarketing.

If you hold Stripped Units, you will only be entitled to receive quarterly contract adjustment payments payable by us at the annual rate of 3.50% of the $50 stated amount through and including the stock purchase date. However, you will be required for U.S. federal income tax purposes to recognize original issue discount on the treasury securities on a constant yield basis, regardless of your method of tax accounting, or acquisition discount on the treasury securities when it is paid or accrues generally in accordance with your regular method of tax accounting.

The contract adjustment payments are subject to deferral by us until the stock purchase date as described below. If we defer any of these payments, we will pay or accrue additional payments on the deferred amounts in cash at the annual rate of 5.75% until paid.

If you hold senior notes separately from the Equity Units, you will only receive the interest payments on the senior notes. The senior notes, whether held separately or as part of the Equity Units, will initially pay interest at the annual rate of 5.75% of the principal amount of $50 per senior note for the quarterly payments payable on and before the earlier of the settlement date of a successful remarketing or the stock purchase date. After that date, interest payments on the senior notes will be made at the reset rate until their maturity on August 16, 2007. If no successful remarketing occurs before the stock purchase date, the reset rate will be equal to a market rate of interest as described under "--Market Rate Reset."

Contract adjustment payments and interest payments on the senior notes payable for any period will be computed (1) for any full quarterly period on the basis of a 360-day year of twelve 30-day months and (2) for any period shorter than a full quarterly period, on