

AMERICAN ELECTRIC POWER CO INC

Form 424B5

February 28, 2003

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Registration Nos. 333-86050

333-86050-01

333-86050-02

333-86050-03

PROSPECTUS SUPPLEMENT

(To Prospectus Dated February 26, 2003)

50,000,000 Shares

American Electric Power Company, Inc.

Common Stock

\$20.95 per share

We are selling 50,000,000 shares of our common stock. We have granted the underwriters an option to purchase up to 7,500,000 additional shares of our common stock at the initial public offering price less the underwriting discount to cover over-allotments.

Our common stock is listed on the New York Stock Exchange under the symbol AEP. On February 27, 2003, the closing price of our common stock on the New York Stock Exchange was \$20.95 per share.

Investing in our common stock involves risks. See Risk Factors beginning on 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.

	<u>Per Share</u>	<u>Total</u>
Public offering price	\$ 20.9500	\$ 1,047,500,000
Underwriting discount	\$ 0.6285	\$ 31,425,000
Proceeds to us, before expenses	\$ 20.3215	\$ 1,016,075,000

The underwriters expect to deliver the shares to purchasers on or about March 4, 2003.

Joint Book-Running Managers

JPMorgan

Salomon Smith Barney

Banc of America Securities LLC

**BNP PARIBAS
McDonald Investments Inc.**

Danske Markets

**Goldman, Sachs & Co.
Morgan Stanley**

**Lehman Brothers
UBS Warburg**

February 27, 2003

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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.

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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 20 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.

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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. You should also review Risk Factors beginning on page 2 of the accompanying prospectus to determine whether an investment in the common stock is appropriate for you.

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

American Electric Power Company, Inc.

American Electric Power Company, Inc. is one of the largest investor-owned public utility companies in the United States. We provide, directly or indirectly, generation, transmission and distribution services to almost five million customers in eleven states (Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia and West Virginia) through our utility operations.

Our portfolio of assets includes:

38,000 megawatts of generating capacity, the largest complement of generation in the United States;

38,000 miles of transmission lines;

186,000 miles of distribution lines that support delivery of electricity to our customers premises;

Substantial coal transportation assets (7,000 railcars, 1,800 barges, 37 tug boats and two coal handling terminals with 20 million tons of annual capacity);

6,400 miles of gas pipelines in Louisiana and Texas with 128 billion cubic feet of gas storage facilities; and

4,000 megawatts of generating capacity in the U.K. and other minor international investments.

Business Strategy

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Our business will be focused on utility operations in the United States, which tend to offer more stable and relatively predictable earnings and cash flow. We are continuing to reduce trading in markets where we do not have assets and will focus instead on ensuring maximum value for our assets by selling output in excess of our utility needs. This asset optimization approach has long been part of our strategy as an active seller of excess power in the Midwest. We remain focused on credit quality and liquidity.

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Our strategy for the core business of utility operations is to:

Maintain moderate but steady earnings growth;

Manage the regulatory process to maximize retention of earnings and operational improvement;

Maximize the value of transmission assets and protect revenue stream through regional transmission organization (RTO) membership;

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

Optimize generation assets through enhanced availability and sale of excess capacity.

Overview of Utility 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 AEP Texas Central Company (formerly Central Power and Light Company), AEP Texas North Company (formerly West Texas Utilities Company), Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Ohio Power Company, Public Service Company of Oklahoma, Southwestern Electric Power Company, Kingsport Power Company, Wheeling Power Company and AEP Generating Company. These operating subsidiaries provide, directly or indirectly, electric service to approximately 5 million customers in 11 states through our electric networks of over 38,000 miles of transmission lines and 186,000 miles of distribution lines.

Overview of Wholesale Operations

In October 2002, we announced plans to reduce our exposure to energy trading markets and to downsize our trading and wholesale marketing operations. Going forward, we plan for our energy trading and marketing operations to be limited to risk management around our assets and focused in regions where we own assets.

Our wholesale electric power transactions in the United States are conducted principally through our public utility subsidiaries through which we also conduct our energy delivery operations. Our other wholesale transactions are conducted principally through AEP Energy Services, Inc. and AEP Resources, Inc. Wholesale operations use and manage the following assets:

Power generation facilities owned by our public utility subsidiaries and other sources of generation;

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Natural gas pipeline, storage and processing facilities;

Coal mines and related facilities; and

Barge, rail and other fuel transportation related assets.

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Restructuring

Our public utility subsidiaries, like many other electric utilities, have traditionally provided electric generation and energy delivery, consisting of transmission and distribution services, as a single product to their retail customers. Legislation has been enacted in Michigan, Ohio, Texas and Virginia that allows for customer choice of generation supplier. These measures generally allow competition in the generation and sale of electric power, but not in transmission and distribution. Although customer choice legislation has been enacted in Arkansas, Oklahoma and West Virginia, such legislation is in the process of being repealed in Arkansas, has been delayed indefinitely in Oklahoma and has not been implemented in West Virginia.

Each of our Ohio utility subsidiaries currently operates as a functionally separated electric utility company and no longer charges bundled rates for its retail sales of electricity. Distribution rates for our Ohio utility subsidiaries are approved by The Public Utilities Commission of Ohio and transmission rates are approved by the Federal Energy Regulatory Commission. We have sought regulatory approval to legally separate the transmission and distribution assets of our Ohio utility subsidiaries from their generation assets pursuant to Ohio restructuring legislation. However, we are presently determining the regulatory feasibility of complying with Ohio restructuring legislation through continued functional separation. Assuming regulatory compliance, it is currently our intention that our Ohio utility subsidiaries remain functionally separated. Similarly, each of our Texas utility subsidiaries in the Electric Reliability Counsel of Texas (ERCOT) also currently operates as a functionally separated electric utility company with distribution and, for the most part, transmission rates that continue to be set by the Public Utility Commission of Texas (PUCT) and with generation rates that are not set by the PUCT. We have sought regulatory approval to legally separate the generation assets of our Texas utility subsidiaries from their transmission and distribution assets as required by Texas restructuring legislation. Additionally, in December 2002, TCC filed a divestiture plan with the PUCT proposing to sell its generation assets in order to accurately determine TCC's stranded costs in accordance with Texas restructuring legislation. Transition rules for Michigan and Virginia do not require legal separation. Due in part to difficulties in deregulating other markets, deregulation appears unlikely in the other states in which we operate.

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The following table sets forth summary consolidated financial information for each of the periods indicated. The information in this table is derived from our audited financial statements, as filed in our Current Report on Form 8-K dated February 25, 2003 and you should read the information in this table together with such consolidated financial statements and the other financial information incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Years Ended December 31,		
	2002	2001	2000
	(in millions, except per share data)		
Consolidated Statements of Operations Data:			
Revenues	\$ 14,555	\$ 12,767	\$ 11,113
Expenses	13,292	10,585	9,339
Operating Income	1,263	2,182	1,774
Less: Investment Value and Other Impairment Losses	321		
Other Income (Expenses)	124	148	18
Less: Interest, Preferred Dividend Requirements of Subsidiaries and Minority Interest in Finance Subsidiary	831	867	1,010
Income Before Income Taxes	235	1,463	782
Income Taxes	214	546	602
Income Before Discontinued Operations, Extraordinary Items and Cumulative Effect of Accounting Change	21	917	180
Discontinued Operations (Loss) Income (net of tax)	(190)	86	122
Income (Loss) Before Extraordinary Items and Cumulative Effect	(169)	1,003	302
Extraordinary Losses (net of tax):			
Discontinuance of Regulatory Accounting for Generation		(48)	(35)
Loss on Reacquired Debt		(2)	
Cumulative Effect of Accounting Change (net of tax)	(350)	18	
Net Income (Loss)	\$ (519)	\$ 971	\$ 267
Average Number of Shares Outstanding	332	322	322
Earnings Per Share:			
Income Before Discontinued Operations, Extraordinary Items and Cumulative Effect of Accounting Change	\$ 0.06	\$ 2.85	\$ 0.56
Discontinued Operations (Loss)	(0.57)	0.26	0.38
Extraordinary Losses		(0.16)	(0.11)
Cumulative Effect of Accounting Change	(1.06)	0.06	
Earnings (Loss) Per Share (Basic and Diluted)	\$ (1.57)	\$ 3.01	\$ 0.83
Cash Dividends Paid Per Share	\$ 2.40	\$ 2.40	\$ 2.40
	2002	2001	
Consolidated Balance Sheet Data:			
Total Current Assets	\$ 6,101	\$ 5,664	

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Net Property, Plant and Equipment	21,684	22,104
Regulatory Assets	2,688	3,162
Investments and Other Assets	4,021	3,692
Assets Held for Sale	247	721
Assets of Discontinued Operations		3,954
	<hr/>	<hr/>
Total Assets	\$ 34,741	\$ 39,297
	<hr/>	<hr/>
	2002	2001
	<hr/>	<hr/>
Capitalization:		
Total Debt (1)	\$ 13,660	\$ 13,516
Certain Subsidiary Obligated, Mandatorily Redeemable, Preferred Securities of Subsidiary Trusts Holding Solely		
Junior Subordinated Debentures of Such Subsidiaries	321	321
Minority Interest in Finance Subsidiary	759	750
Cumulative Preferred Stock of Subsidiaries	145	156
Total Common Shareholders' Equity	7,064	8,229