

AMERICAN ELECTRIC POWER COMPANY INC
Form DEF 14A
March 19, 2001

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

SCHEDULE 14A INFORMATION

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement CONFIDENTIAL, FOR USE OF THE
COMMISSION ONLY (AS PERMITTED BY
RULE 14A-6(E) (2))

Definitive Proxy Statement

Definitive Additional Materials

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

AMERICAN ELECTRIC POWER COMPANY, INC.

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

No fee required.

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

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

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

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

Edgar Filing: AMERICAN ELECTRIC POWER COMPANY INC - Form DEF 14A

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

Notes:

Notice of 2001 Annual Meeting . Proxy Statement

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

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

[LOGO OF AMERICAN ELECTRIC POWER]

March 9, 2001

Edgar Filing: AMERICAN ELECTRIC POWER COMPANY INC - Form DEF 14A

Dear Shareholder:

This year's annual meeting of shareholders will be held at the Bayfront Plaza Convention Center, 1901 North Shoreline Boulevard, Corpus Christi, Texas, on Wednesday, April 25, 2001 at 9:30 a.m.

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

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

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

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

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

If you plan to attend the meeting and are a shareholder of record, please mark the "Annual Meeting" box on your proxy card or follow the prompts when you vote if you are voting by telephone or Internet. An admission ticket is included with the proxy card for each shareholder of record. However, if your shares are not registered in your own name, please advise the shareholder of record (your bank, broker, etc.) that you wish to attend. That firm must provide you with evidence of your ownership on March 6 which will enable you to gain admittance to the meeting.

Sincerely,

/s/ E. L. Draper, Jr.

NOTICE OF 2001 ANNUAL MEETING

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

TIME..... 9:30 a.m. on Wednesday, April 25, 2001.

PLACE..... Bayfront Plaza Convention Center
1901 North Shoreline Boulevard
Corpus Christi, Texas

Edgar Filing: AMERICAN ELECTRIC POWER COMPANY INC - Form DEF 14A

- ITEMS OF BUSINESS.. (1) To elect 14 directors to hold office until the next annual meeting and until their successors are duly elected.
- (2) To approve the firm of Deloitte & Touche llp as independent auditors for the year 2001.
- (3) To consider and act on such other matters as may properly come before the meeting.

RECORD DATE..... Only shareholders of record at the close of business on March 6, 2001 are entitled to notice of and to vote at the meeting or any adjournment thereof.

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

PROXY VOTING..... It is important that your shares be represented and voted at the meeting. Please vote in one of these ways:

(1) MARK, SIGN, DATE AND PROMPTLY RETURN the enclosed proxy card in the postage-paid envelope.

(2) USE THE TOLL-FREE TELEPHONE NUMBER shown on the proxy card.

(3) VISIT THE WEB SITE noted on your proxy card to vote via the Internet.

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

March 9, 2001

Susan Tomasky
Secretary

Proxy Statement

March 9, 2001

Proxy and Voting Information

This proxy statement and the accompanying proxy card are to be mailed to shareholders, commencing on or about March 13, 2001, in connection with the solicitation of proxies by the Board of Directors of American Electric Power Company, Inc., 1 Riverside Plaza, Columbus, Ohio 43215, for the annual meeting of shareholders to be held on April 25, 2001 in Corpus Christi, Texas.

Who Can Vote. Only the holders of shares of Common Stock at the close of business on March 6, 2001 are entitled to vote at the meeting. Each such holder has one vote for each share held on all matters to come before the meeting. On that date, there were 322,083,001 shares of AEP Common Stock, \$6.50 par value, outstanding.

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

Edgar Filing: AMERICAN ELECTRIC POWER COMPANY INC - Form DEF 14A

card.

When proxies are returned, the shares represented thereby will be voted by the persons named on the proxy card or by their substitutes in accordance with shareholders' directions. The proxies of shareholders who are participants in the Dividend Reinvestment and Stock Purchase Plan include both the shares registered in their names and the whole shares held in their Plan accounts on March 6, 2001. Shareholders are urged to grant or withhold authority to vote for the nominees for directors listed on the proxy card and to specify their choice between approval or disapproval of, or abstention with respect to, the other matter by marking the appropriate boxes on the proxy card. If a proxy card is signed and returned without choices marked, it will be voted for the nominees for directors listed on the card and as recommended by the Board of Directors with respect to other matters.

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

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

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

Multiple Copies of Annual Report or Proxy Statement to Shareholders. Securities and Exchange Commission rules provide that more than one annual report or proxy statement need not be sent to the same address, if the recipient agrees. If more than one annual report or proxy statement is being sent to your address, at your request, mailing of the duplicate copy to the account you select will be discontinued. You may so indicate in the space provided on the proxy card or follow the prompts when you vote if you are a shareholder of record voting by telephone or Internet. If you wish to resume receiving separate annual reports or proxy statements at the same address, you may call our transfer agent, EquiServe--First Chicago Trust Division, at 800-328-6955 or write to them at P.O. Box 2500, Jersey City, NJ 07303-2500. The change will be effective 30 days after receipt. To receive a separate copy of the annual report or proxy statement, contact AEP Shareholder Direct at 800-551-1AEP(1237).

1. Election of Directors

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

Edgar Filing: AMERICAN ELECTRIC POWER COMPANY INC - Form DEF 14A

mined from time to time by resolution of AEP's Board of Directors.

On January 24, 2001, the Board of Directors adopted a resolution reducing the number of directors by one, effective on the date of the annual meeting. Dr. Morris Tanenbaum, a director, will be retiring from the Board and not standing for reelection.

The 14 nominees named on pages 3-7 were selected by the Board of Directors on the recommendation of the Committee on Directors and Corporate Governance of the Board. The proxies named on the proxy card or their substitutes will vote for the Board's nominees, unless instructed otherwise. Shareholders may withhold authority to vote for any or all of such nominees on the proxy card. All of the Board's nominees were elected by the shareholders at the 2000 annual meeting, except for Messrs. Brooks, Howell, Powell and Shockley and Drs. Carlton and Sandor. These six former Central and South West Corporation directors were named to the Board when the merger with CSW was consummated on June 15, 2000. It is not expected that any of the nominees will be unable to stand for election or be unable to serve if elected. In the event that a vacancy in the slate of nominees should occur before the meeting, the proxies may be voted for another person nominated by the Board of Directors or the number of directors may be reduced accordingly.

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

Biographical Information. The following brief biographies of the nominees include their principal occupations, ages on the date of this statement, accounts of their business experience and names of certain companies of which they are directors. Data with respect to the number of shares of AEP's Common Stock, options exercisable within 60 days and stock-based units beneficially owned by each of them appears on page 23.

2

Nominees For Director

E. R. Brooks

[PHOTO]

Retired Chairman and Chief Executive Officer, Central and South West Corporation, Granbury, Texas

Age 63

Received his B.S. (electrical engineering) from Texas Tech University in 1961. Chairman and chief executive officer of Central and South West Corporation (February 1991-June 2000). Served as CSW's president from February 1991 to July 1997. A director of Hubbell, Inc. A trustee of Baylor Health Care Center, Dallas, Texas, Hardin-Simmons University, Abilene, Texas, and Texas Tech University, Lubbock, Texas.

Donald M. Carlton

Received his B.A. from the University of St. Thomas in Houston in

Edgar Filing: AMERICAN ELECTRIC POWER COMPANY INC - Form DEF 14A

[PHOTO]

Retired President and Chief Executive Officer, Radian International LLC, Austin, Texas

Age 63

1958 and Ph.D. (organic chemistry) from the University of Texas at Austin in 1962. President and chairman of Radian Corporation, an engineering and technology firm, from 1969 through December 1995. Named president and chief executive officer of Radian International LLC in January 1996 and retired as of December 31, 1998. A director of National Instruments and Valero Energy Corporation and trustee of Smith Barney Investment Series Trust.

John P. DesBarres

[PHOTO]

Investor/Consultant, Rancho Palos Verdes, California

Age 61

Director since 1997

Received an associate degree in electrical engineering from Worcester Junior College in 1960 and completed the Harvard Business School Program for Management Development in 1975 and the Massachusetts Institute of Technology Sloan School Senior Executive Program in 1984. Joined Sun Company (petroleum and natural gas) in 1963, holding various positions until 1979, when he was elected president of Sun Pipe Line Company (1979-1988) (crude oil/products). Chairman, president and chief executive officer of Sante Fe Pacific Pipelines, Inc. (1988-1991) (petroleum products pipeline). President and chief executive officer (1991-1995) and chairman (1992-1995) of Transco Energy Company (natural gas). A director of Texas Eastern Products Pipeline Company, which is the general partner of TEPPCO Partners, L.P.

3

Nominees For Director -- continued

E. Linn Draper, Jr.

[PHOTO]

Chairman, President and Chief Executive Officer of AEP and AEP Service Corporation; Chairman and Chief Executive Officer of other major AEP subsidiaries

Received his B.A. and B.S. (chemical engineering) degrees from Rice University in 1964 and 1965, respectively, and Ph.D. (nuclear engineering) in 1970 from Cornell University. Joined Gulf States Utilities Company, an unaffiliated electric utility, in 1979. Chairman of the board, president and chief executive officer of Gulf States (1987-1992). Elected presi-

Edgar Filing: AMERICAN ELECTRIC POWER COMPANY INC - Form DEF 14A

Age 59
Director since 1992

dent of AEP and president and chief operating officer of AEP Service Corporation in March 1992 and chairman of the board and chief executive officer of AEP and all of its major subsidiaries in April 1993. A director of BCP Management, Inc., which is the general partner of Borden Chemicals and Plastics L.P.

Robert W. Fri
[PHOTO]
Director, National Museum of Natural History (Smithsonian Institution), Washington, D.C.
Age 65
Director since 1995

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

4

Nominees For Director -- continued

William R. Howell
[PHOTO]
Chairman Emeritus, J. C. Penney Company, Inc. Dallas, Texas
Age 65

Received his B.B.A. from the University of Oklahoma in 1958. Joined J.C. Penney Company (major retailer) in 1958 and held various managerial positions. Chairman of the board of J. C. Penney Company from 1983 to January 1997 and also chief executive officer from 1983 to January 1996. Chairman emeritus of J. C. Penney Company (1997-present). A director of Exxon Mobil Corporation, Pfizer Inc., Bankers Trust, Halliburton Company and Williams.

Lester A. Hudson, Jr.
[PHOTO]
Professor of Business
Strategy, Clemson University,
Greenville, South Carolina
Age 61
Director since 1987

Received a B.A. from Furman University in 1961, an M.B.A. from the University of South Carolina in 1965 and Ph.D. (industrial management) from Clemson University in 1997. Joined Dan River Inc. (textile fabric manufacturer) in 1970 and was elected president and chief operating officer in 1981 and chief executive officer in 1987. Resigned from Dan River in 1990. Joined WundaWeve Carpets, Inc. (carpet manufacturer) as chairman, president and chief executive officer in 1990. Chairman of WundaWeve in 1991. Vice chairman of WundaWeve (1993-1995). Chairman, H&E Associates (investment firm), 1995-1998. Assumed his present position with Clemson University in 1998. A director of American National Bankshares Inc. and Greenville Hospital System Foundation and trustee of The Serrine Foundation and Furman University Advisory Council.

Leonard J. Kujawa
[PHOTO]
International Energy
Consultant, Atlanta,
Georgia
Age 68
Director since 1997

Received his B.B.A. in 1954 and M.B.A. in 1955 from the University of Michigan. Joined Arthur Andersen LLP (accounting and consulting firm) in 1957 and became a partner in 1968, specializing in the electric and telecommunications industries. Worldwide Director Energy and Telecommunications (1985-1995). Retired in 1995. International energy consultant to his former firm and other global companies. A director of Schweitzer-Mauduit International, Inc.

Nominees For Director -- continued

James L. Powell
[PHOTO]
Ranching and Investments,
Fort McKavett, Texas

Received his bachelor's degree from Rice University in 1951. Involved in ranching and investments in Fort McKavett, Texas, since 1956. Member of University of Texas System Chancellor's Council, Rice University Associates and

Edgar Filing: AMERICAN ELECTRIC POWER COMPANY INC - Form DEF 14A

Age 71

Board of Visitors of University of Texas M.D. Anderson Hospital. An advisory director of First National Bank, Mertzson, Texas.

Richard L. Sandor

[PHOTO]

Chairman and Chief Executive Officer, Environmental Financial Products LLC, Chicago, Illinois

Age 59

Received his B.A. from City University of New York, Brooklyn College, and Ph.D. (economics) from the University of Minnesota. Chairman and chief executive officer of Environmental Financial Products LLC (develops and trades in new environmental, financial and commodity markets) since March 1993. Second vice chairman of the Chicago Board of Trade (1997-1998). A director of Nextera Enterprises, Inc.

Thomas V. Shockley, III

[PHOTO]

Vice Chairman of AEP and AEP Service Corporation; Vice President of other major AEP subsidiaries

Age 55

Received his B.S. (electrical engineering) from Texas A&I University in 1967 and M.S. (electrical engineering) from the University of Texas at Austin in 1969. Executive vice president (1990-1997) and president and chief operating officer (1997-2000) of Central and South West Corporation. Elected vice chairman of the board of AEP (July 2000) and of AEP Service Corporation (June 2000) and vice president of major AEP subsidiaries (June 2000).

Donald G. Smith

[PHOTO]

Chairman of the Board, President, Chief Executive Officer and Treasurer of Roanoke Electric Steel Corporation, Roanoke, Virginia

Age 65

Director since 1994

Joined Roanoke Electric Steel Corporation (steel manufacturer) in 1957. Held various positions with Roanoke Electric Steel before being named president and treasurer in 1985, chief executive officer in 1986 and chairman of the board in 1989.

Edgar Filing: AMERICAN ELECTRIC POWER COMPANY INC - Form DEF 14A

Linda Gillespie Stuntz	Holds an A.B. from Wittenberg University (1976) and J.D. from Harvard Law School (1979). Private practice of law (1979-1981). U.S. House of Representatives, Committee on Energy and Commerce: Associate Minority Counsel, Subcommittee on Fossil and Synthetic Fuels (1981-1986) and Minority Counsel and Staff Director (1986-1987). Private practice of law (1987-1989). U.S. Department of Energy (1989-1993): Acting Deputy Secretary (January 1992-July 1992) and Deputy Secretary (July 1992-January 1993). Returned to the private practice of law in March 1993. A director of Schlumberger Limited.
[PHOTO]	
Partner, Stuntz, Davis & Staffier, P.C., attorneys, Washington, D.C.	
Age 46	
Director since 1993	

Kathryn D. Sullivan	Received her B.S. from the University of California and Ph.D. from Dalhousie University. NASA space shuttle astronaut (1978-1993). Chief Scientist at the National Oceanic and Atmospheric Administration (1993-1996). Became president and chief executive officer of Columbus' science museum COSI (Center of Science & Industry) in 1996. U.S. Naval Reserve Officer. A director of McDermott International, Inc. and Abercrombie & Fitch Co.
[PHOTO]	
President and Chief Executive Officer, COSI Columbus, Columbus, Ohio	
Age 49	
Director since 1997	

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

Related Transactions

Dr. Draper's son is a partner in the law firm of Winston & Strawn which AEP retained during 2000 for matters primarily relating to the restart of the Cook Nuclear Plant. Dr. Draper's son has not been involved with any AEP legal matters.

AEP's Board of Directors and Committees

Under New York law, AEP is managed under the direction of the Board of Directors. The Board establishes broad corporate policies and authorizes various

Edgar Filing: AMERICAN ELECTRIC POWER COMPANY INC - Form DEF 14A

types of transactions, but it is not involved in day-to-day operational details. During 2000, the Board held eight regular and seven special meetings.

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

BOARD COMMITTEES

DIRECTOR	Audit	Directors and Corporate Governance	Corporate Public Policy	Executive	Finance	Human Resources	Nuclear Oversight
Mr. Brooks			X				
Dr. Carlton	X (Chair)		X				X
Mr. DesBarres	X		X			X	X (Chair)
Dr. Draper				X (Chair)			
Mr. Fri	X	X	X (Chair)				X
Mr. Howell			X		X	X	
Dr. Hudson	X	X (Chair)	X			X	
Mr. Kujawa		X	X		X		
Mr. Powell		X	X				
Dr. Sandor	X		X		X		
Mr. Shockley							
Mr. Smith			X		X	X	
Ms. Stuntz		X	X	X	X (Chair)		X
Dr. Sullivan	X		X				X
Dr. Tanenbaum			X	X	X	X (Chair)	X
2000 Meetings	7	3	1	0	4	6	3

During 2000, except for Mr. Howell, no incumbent director attended fewer than 75% of the aggregate of the total number of meetings of the Board of Directors and the total number of meetings held by all committees on which he or she served.

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

Edgar Filing: AMERICAN ELECTRIC POWER COMPANY INC - Form DEF 14A

The Board of Directors has adopted a written charter for the Audit Committee and it is attached as Exhibit A to this proxy statement.

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

8

The Committee on Directors and Corporate Governance is responsible for:

1. Recommending the size of the Board within the boundaries imposed by the By-Laws.
2. Recommending selection criteria for nominees for election or appointment to the Board.
3. Conducting independent searches for qualified nominees and screening the qualifications of candidates recommended by others.
4. Recommending to the Board for its consideration one or more nominees for appointment to fill vacancies on the Board as they occur and the slate of nominees for election at the annual meeting.
5. Reviewing and making recommendations to the Board with respect to the compensation of directors and corporate governance.

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

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

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

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

The Human Resources Committee is responsible for:

1. Reviewing executive compensation policies and plans and, as appropriate, recommending changes to the Board.
2. Reviewing salaries and other compensation and benefits paid by AEP and its subsidiaries to Board members who are AEP officers or employees of any of

Edgar Filing: AMERICAN ELECTRIC POWER COMPANY INC - Form DEF 14A

its subsidiaries, and for recommending to the Board for approval the amount of salary and other compensation and benefits to be paid or accrued by AEP and/or any of its subsidiaries during the ensuing year to each such person.

3. Reviewing and approving compensation and benefits for the AEP Service Corporation officers who hold the position of Senior Vice President or higher office.
4. Evaluating AEP's hiring, development, promotional and succession planning practices for those management positions described in (2) and (3) above and recommending changes as appropriate.

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

9

Directors Compensation and Stock Ownership Guidelines

Annual Retainers and Meeting Fees. Directors who are officers of AEP or employees of any of its subsidiaries do not receive any compensation, other than their regular salaries and the accident insurance coverage described below, for attending meetings of AEP's Board of Directors. The other members of the Board receive an annual retainer of \$25,000 for their services, an additional annual retainer of \$3,500 for each Committee that they chair, a fee of \$1,200 for each meeting of the Board and of any Committee that they attend (except a meeting of the Executive Committee held on the same day as a Board meeting), and a fee of \$1,200 per day for any inspection trip or conference.

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

Stock Unit Accumulation Plan. The Stock Unit Accumulation Plan for Non-Employee Directors annually awards 750 Stock Units to each non-employee director as of the first day of the month in which the non-employee director becomes a member of the Board. Amounts equivalent to cash dividends on the Stock Units accrue as additional Stock Units. Stock Units are paid to the director in cash upon termination of service unless the director has elected to defer payment for a period that results in payment commencing not later than five years thereafter.

Insurance. AEP maintains a group 24-hour accident insurance policy to provide a \$1,000,000 accidental death benefit for each director. The current policy, effective September 1, 2000 through September 1, 2001, has a premium of \$11,500 and AEP expects to renew this coverage. In addition, AEP pays each director (excluding officers of AEP or employees of any of its subsidiaries) an amount to provide for the federal and state income taxes incurred in connection with the maintenance of this coverage (\$440 for 2000).

Edgar Filing: AMERICAN ELECTRIC POWER COMPANY INC - Form DEF 14A

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

AEP is also continuing a memorial gift program for former CSW directors and executive officers who had been previously participating in this program. The six former CSW directors who are members of AEP's Board are participants. Under this program, AEP makes donations in a director's name to up to three charitable organizations in an aggregate amount of up to \$500,000, payable by AEP upon such person's death. AEP maintains corporate-owned life insurance policies to fund the program. The annual premiums paid by AEP are based on pooled risks and averaged \$13,621 per participant for 2000.

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

10

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

Insurance

The directors and officers of AEP and its subsidiaries are insured, subject to certain exclusions, against losses resulting from any claim or claims made against them while acting in their capacities as directors and officers. The American Electric Power System companies are also insured, subject to certain exclusions and deductibles, to the extent that they have indemnified their directors and officers for any such losses. Such insurance is provided by Associated Electric & Gas Insurance Services, Energy Insurance Mutual, Clarendon National Insurance Company, CNA, Great American Insurance Company, Royal-Sun Alliance, Zurich American Insurance Company, Zurich UK, and The Federal Insurance Company, effective January 1, 2001 through December 31, 2001, and pays up to an aggregate amount of \$275,000,000 on any one claim and in any one policy year. The total annual cost for the nine policies is \$1,244,066.

Fiduciary liability insurance provides coverage for AEP System companies, their directors and officers, and any employee deemed to be a fiduciary or trustee, for breach of fiduciary responsibility, obligation, or duties as imposed under the Employee Retirement Income Security Act of 1974. This coverage, provided by Associated Electric & Gas Insurance Services, The Federal Insurance Company, and Zurich American Insurance Company, was renewed, effective July 1, 2000 through June 30, 2003, for a cost of \$355,350. It provides \$100,000,000 of aggregate coverage with a \$500,000 deductible for each loss.

2. Approval of Auditors

On the recommendation of the Audit Committee, the Board of Directors has appointed the accounting firm of Deloitte & Touche LLP as independent auditors

Edgar Filing: AMERICAN ELECTRIC POWER COMPANY INC - Form DEF 14A

of AEP for the year 2001, subject to approval by the shareholders at the annual meeting. Deloitte & Touche LLP is considered to be the firm best qualified to perform this important function because of its ability and the familiarity of its personnel with AEP's affairs. It and predecessor firms have been AEP's auditors since 1911.

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

Aggregate fees billed to AEP and its consolidated subsidiaries for services rendered by Deloitte & Touche LLP and its consulting affiliate for the year ended December 31, 2000, were:

Audit Fees.....	\$2,958,000
Financial Information Systems Design and Implementation Fees.....	-0-
All Other Fees.....	6,178,000

Total.....	\$9,136,000
	=====

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

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

Your Board of Directors recommends a vote FOR approval of Deloitte & Touche LLP as independent auditors for 2001.

Audit Committee Report

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

In this context, the Committee has met and held discussions with management and the independent auditors. Management represented to the Committee that AEP's consolidated financial statements were prepared in accordance with generally accepted accounting principles,

and the Committee has reviewed and discussed the consolidated financial statements with management and the independent auditors. The Committee discussed with the independent auditors matters required to be discussed by Statement on Auditing Standards No. 61 (Communication With Audit Committees).

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

Edgar Filing: AMERICAN ELECTRIC POWER COMPANY INC - Form DEF 14A

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board of Directors, and the Board has approved, that the audited financial statements be included in AEP's Annual Report on Form 10-K for the year ended December 31, 2000, for filing with the Securities and Exchange Commission.

Audit Committee Members

Donald M. Carlton, Chair	Lester A. Hudson, Jr.
John P. DesBarres	Richard L. Sandor
Robert W. Fri	Kathryn D. Sullivan

Other Business

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

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

12

Executive Compensation

The following table shows for 2000, 1999 and 1998 the compensation earned by the chief executive officer and the four other most highly compensated executive officers (as defined by regulations of the Securities and Exchange Commission) of AEP at December 31, 2000.

Summary Compensation Table

Name and Principal Position	Year	Annual Compensation		Long-Term Compensation		
		Salary (\$)	Bonus (\$)(1)	Awards	Payouts	
				Securities Underlying Options (#)	LTIP Payouts (\$)(1)	All Other Compensation (\$)(2)
E. Linn Draper, Jr. -- Chairman of the board, president and chief executive officer of the Company and the Service Corporation; chairman and chief executive officer of other subsidiaries	2000 1999 1998	850,000 820,000 780,000	485,775 208,280 194,376	700,000 -0- -0-	-0- -0- 345,906	106,699 103,218 104,941
Paul D. Addis -- Executive vice president -	2000	500,000	6,500,000	-0-	-0-	44,547

Edgar Filing: AMERICAN ELECTRIC POWER COMPANY INC - Form DEF 14A

wholesale/energy services and director of the Service Corporation; president and director of AEP Energy Services, Inc. (3)						
William J. Lhota --	2000	415,000	173,927	200,000	-0-	62,394
Executive vice president - energy	1999	400,000	71,120	-0-	-0-	55,690
delivery and director of the Service Corporation; president, chief operating officer and director of other subsidiaries	1998	380,000	82,859	-0-	134,266	56,493
Donald M. Clements, Jr. -- Executive vice president - corporate development and director of the Service Corporation; president and director of AEP Resources, Inc.	2000	390,000	163,449	200,000	-0-	45,979
Executive vice president - corporate	1999	375,000	66,675	-0-	-0-	38,484
of the Service Corporation; president and director of AEP Resources, Inc.	1998	350,000	76,317	-0-	60,047	39,040
Henry W. Fayne --	2000	365,000	152,972	200,000	-0-	47,074
Executive vice president - finance and analysis and director of the Service Corporation; vice president and chief financial officer of the Company; vice president and director of other subsidiaries	1999	315,000	56,007	-0-	-0-	34,885
	1998	290,000	63,234	-0-	61,555	34,124

 (1) Amounts in the Bonus column reflect awards under the Senior Officer Annual Incentive Compensation Plan and, in the case of Mr. Addis, the AEP Energy Services Incentive Compensation Plan. Payments are made in the first quarter of the succeeding fiscal year for performance in the year indicated.

Amounts in the Long-Term Compensation -- Payouts column reflect performance share unit targets earned under the AEP 2000 Long-Term Incentive Plan (and predecessor Performance Share Incentive Plan) for three-year performance periods.

See below under Long-Term Incentive Plans -- Awards in 2000 and page 21 for additional information.

13

(2) Amounts in the All Other Compensation column include (i) AEP's matching contributions under the AEP Retirement Savings Plan and the AEP Supplemental Savings Plan, a non-qualified plan designed to supplement the AEP Savings Plan, (ii) subsidiary companies director fees, (iii) vehicle allowance, and (iv) split-dollar insurance. In August 2000, AEP discontinued providing vehicles for its executive officers and began paying them a monthly allowance. Split-dollar insurance represents the present value of the interest projected to accrue for the employee's benefit on the current year's insurance premium paid by AEP. Cumulative net life insurance premiums paid are recovered by AEP at the later of retirement or 15 years. De-

Edgar Filing: AMERICAN ELECTRIC POWER COMPANY INC - Form DEF 14A

tail of the 2000 amounts in the All Other Compensation column is shown below.

Item	Dr. Draper	Mr. Addis	Mr. Lhota	Mr. Clements	Mr. Fayne
Savings Plan Matching Contributions.....	\$ 3,187	\$ 3,687	\$ 5,100	\$ 3,544	\$ 5,100
Supplemental Savings Plan Matching Contributions.....	22,313	11,313	7,350	8,156	5,850
Subsidiaries Directors Fees.....	13,060	3,805	11,405	3,900	13,060
Vehicle Allowance.....	6,000	4,000	8,143	4,983	5,000
Split-Dollar Insurance..	62,139	21,742	30,396	25,396	18,064
Total All Other Compensation.....	\$106,699	\$44,547	\$62,394	\$45,979	\$47,074

(3) No 1999 and 1998 compensation information is reported for Mr. Addis because he was not an executive officer in these years.

Option Grants in 2000

Individual Grants

Name	Number of Securities Underlying Options Granted (#) (1)	Percent of Total Options Granted to Employees in 2000 (2)	Exercise or Base Price (\$/Sh)	Expiration Date	Grant Date Present Value (\$) (3)
E. L. Draper, Jr.....	700,000	11.6	35.625	09-20-2010	4,119,675
W. J. Lhota.....	200,000	3.3	35.625	09-20-2010	1,177,050
D. M. Clements, Jr.....	200,000	3.3	35.625	09-20-2010	1,177,050
H. W. Fayne.....	200,000	3.3	35.625	09-20-2010	1,177,050

(1) Options were granted on September 20, 2000, pursuant to the AEP 2000 Long-Term Incentive Plan. All options granted on this date have an exercise price equal to the closing price of AEP Common Stock on the New York Stock Exchange Composite Transactions Tape on September 20, 2000. These options will vest in equal increments, annually, over a three-year period beginning on January 1, 2002. Options also fully vest upon termination due to retirement after one year from the grant date or due to disability or death and expire five years thereafter, or on their scheduled expiration date if earlier. Options expire upon termination of employment for reasons other than retirement, disability or death, unless the Human Resources Committee determines that circumstances warrant continuation of the options for up to

Edgar Filing: AMERICAN ELECTRIC POWER COMPANY INC - Form DEF 14A

five years. Options are nontransferable.

- (2) A total of 6,046,000 options were granted in 2000.
- (3) Value was calculated using the Black-Scholes option valuation model. The actual value, if any, ultimately realized depends on the market value of AEP's Common Stock at a future date. Significant assumptions are shown below:

Stock Price Volatility	24.75%	Dividend Yield	6.02%
Risk-Free Rate of Return	6.50%	Option Term	10 years

14

Aggregated Option Exercises in 2000 and Year-End Option Values

Name	Shares Acquired on Exercise (#) (1)	Value Realized (\$ (1)	Number of Securities Underlying Unexercised Options at 12-31-00 (#)		Value of Unexercised In-The-Money Options 12-31-00 (\$) (2)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
E. L. Draper, Jr.....	--	--	0	700,000	0	7,612,500
W. J. Lhota.....	--	--	0	200,000	0	2,175,000
D. M. Clements, Jr.....	--	--	0	200,000	0	2,175,000
H. W. Fayne.....	--	--	0	200,000	0	2,175,000

- (1) None of these officers exercised options during 2000.
- (2) Based on the difference between the closing price of AEP Common Stock on the New York Stock Exchange Composite Transactions Tape on December 29, 2000 (\$46.50) and the option exercise price. "In-the-money" means the market price of the stock is greater than the exercise price of the option on the date indicated.

Long-Term Incentive Plans -- Awards In 2000

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

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

Payments of earned awards are deferred in the form of phantom stock units

Edgar Filing: AMERICAN ELECTRIC POWER COMPANY INC - Form DEF 14A

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

Name	Number of Performance Share Units	Performance Period Until Maturations or Payout	Estimated Future Payouts of Performance Share Units Under Non-Stock Price-Based Plan		
			Threshold (#)	Target (#)	Maximum (#)
E. L. Draper, Jr.....	19,988	2000-2002	3,998	19,988	39,976
P. D. Addis.....	3,135	2000-2002	627	3,135	6,270
W. J. Lhota.....	7,157	2000-2002	1,431	7,157	14,314
D. M. Clements, Jr.....	6,725	2000-2002	1,345	6,725	13,450
H. W. Fayne.....	6,294	2000-2002	1,259	6,294	12,588

Retirement Benefits

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

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

15

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

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

Pension Plan Table

Highest Average Annual Earnings	Years of Accredited Service					
	15	20	25	30	35	40
-----	-----	-----	-----	-----	-----	-----

Edgar Filing: AMERICAN ELECTRIC POWER COMPANY INC - Form DEF 14A

\$ 400,000	\$ 93,345	\$124,460	\$155,575	\$186,690	\$217,805	\$ 244,465
500,000	117,345	156,460	195,575	234,690	273,805	307,130
600,000	141,345	188,460	235,575	282,690	329,805	369,795
700,000	165,345	220,460	275,575	330,690	385,805	432,460
900,000	213,345	284,460	355,575	426,690	497,805	557,790
1,200,000	285,345	380,460	475,575	570,690	665,805	745,785
1,700,000	405,345	540,460	675,575	810,690	945,805	1,059,110

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

Compensation upon which retirement benefits under the final average pay formula are based, for the executive officers named in the Summary Compensation Table above (except for Mr. Addis), consists of the average of the 36 consecutive months of the officer's highest aggregate salary and Senior Officer Annual Incentive Compensation Plan awards, shown in the Salary and Bonus columns, respectively, of the Summary Compensation Table, out of the officer's most recent 10 years of service. In the case of Mr. Addis, compensation upon which his retirement benefits are based consists of salary and annual AEP Energy Services Incentive Compensation Plan awards up to a maximum of 30% of salary.

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

Sum of Age	
Plus	
Years of Service	Applicable Percentage
-----	-----