



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

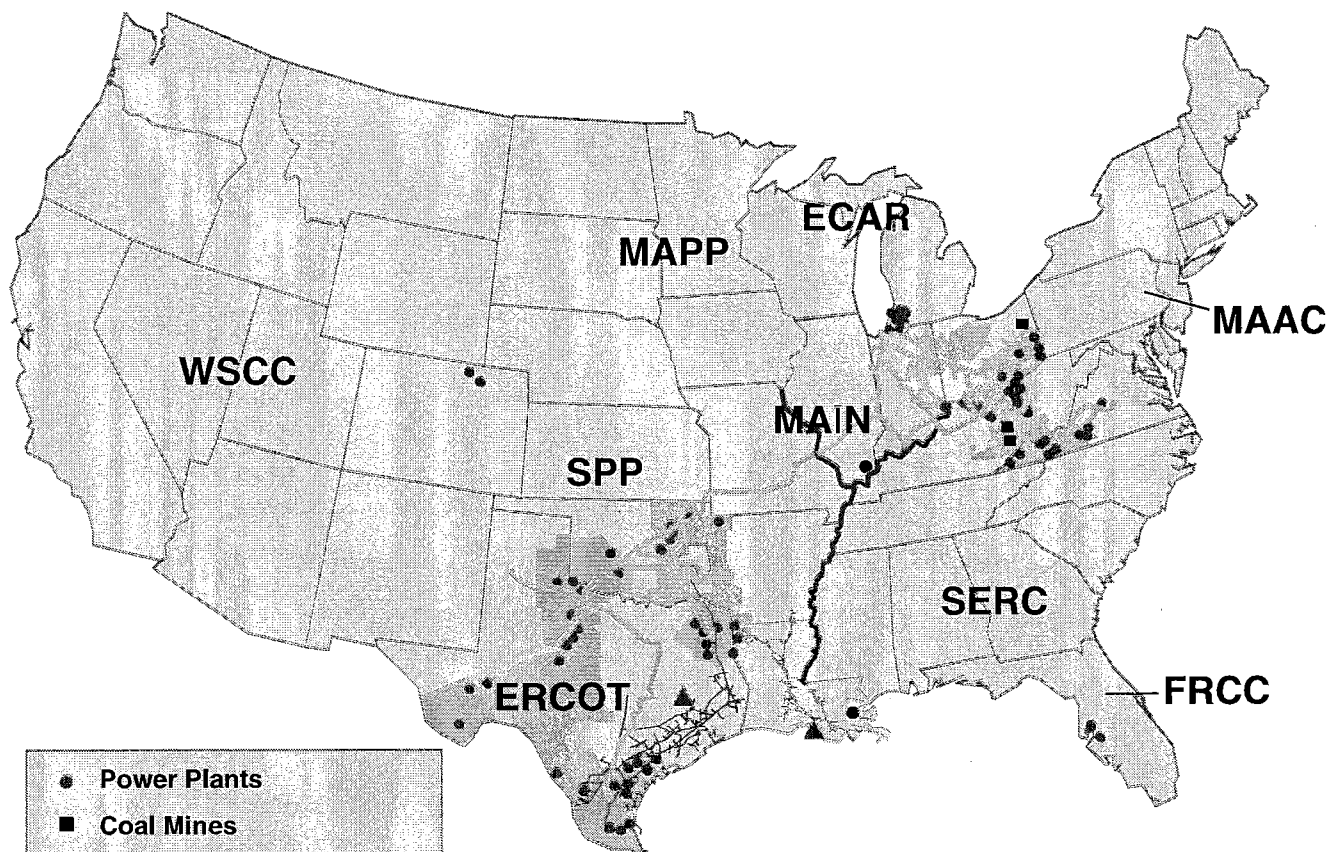
**A.G. Edwards & Sons, Inc.
McDonald Investments Inc.**

**Danske Securities
TD Securities**

**Edward D. Jones & Co., L.P.
The Williams Capital Group, L.P.**

Global Coordinator

Salomon Smith Barney

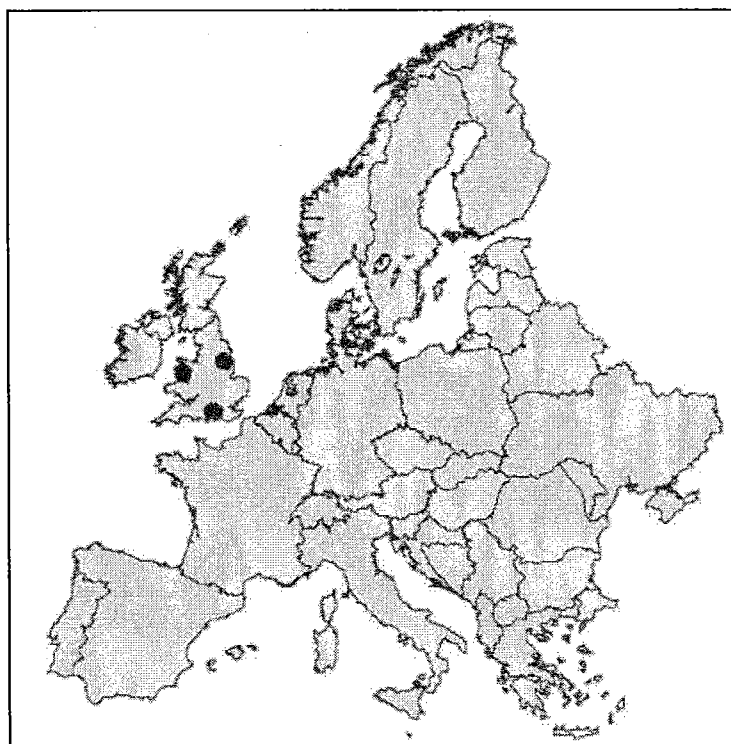


Marketing & Trading Presence

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.

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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 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 SO₂ 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 Ended March 31, 2002	Years Ended December 31,		
		2001	2000	1999
	(in millions, except per share data)			
Consolidated Statements of Income Data:				
Revenues (1)	\$13,414	\$61,257	\$36,706	\$24,745
Expense	12,894	58,862	34,702	22,441
Operating Income	520	2,395	2,004	2,304
Other Income (Expenses)	(5)	172	55	160
Less: Interest, Preferred Dividend Requirements of Subsidiaries and Minority Interest in Finance Subsidiary	239	995	1,160	996
Income Before Income Taxes	276	1,572	899	1,468
Income Taxes	95	569	597	482
Income Before Extraordinary Items and Cumulative Effect	181	1,003	302	986
Extraordinary Losses (net of tax):				
Discontinuance of Regulatory Accounting for Generation	—	(48)	(35)	(8)
Loss on Reacquired Debt	—	(2)	—	(6)
Cumulative Effect of Accounting Change (net of tax)	—	18	—	—
Net Income	\$ 181	\$ 971	\$ 267	\$ 972
Average Shares Outstanding	322	322	322	321
Earnings Per Share:				
Income Before Extraordinary Items and Cumulative Effect	\$ 0.56	\$ 3.11	\$ 0.94	\$ 3.07
Extraordinary Losses	—	(0.16)	(0.11)	(0.04)
Cumulative Effect of Accounting Change	—	0.06	—	—
Net Income	\$ 0.56	\$ 3.01	\$ 0.83	\$ 3.03
Cash Dividends Paid Per Share	\$ 0.60	\$ 2.40	\$ 2.40	\$ 2.40
	As of March 31, 2002	As of December 31,		
		2001	2000	1999
	(in millions)			
Consolidated Balance Sheet Data:				
Total Current Assets	\$14,280	\$12,563	\$20,901	\$ 4,974
Net Property, Plant and Equipment	24,447	24,543	22,393	21,865
Regulatory Assets	3,331	3,162	3,698	3,464
Investments and Other Assets	8,095	7,013	6,358	5,390
Total Assets	\$50,153	\$47,281	\$53,350	\$35,693
	As of March 31, 2002	As of December 31,		
		2001	2000	1999
	(in millions)			
Capitalization:				
Total Debt	\$15,786	\$15,208	\$15,087	\$14,536
Certain Subsidiary Obligated, Mandatorily Redeemable, Preferred Securities of Subsidiary Trusts Holding Solely Junior Subordinated Debentures of Such Subsidiaries	321	321	334	335
Minority Interest in Finance Subsidiary	750	750	—	—
Cumulative Preferred Stock of Subsidiaries	156	156	161	182
Total Common Shareholders' Equity	8,186	8,229	8,054	8,673
Total Capitalization	\$25,199	\$24,664	\$23,636	\$23,726

(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.

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,

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?

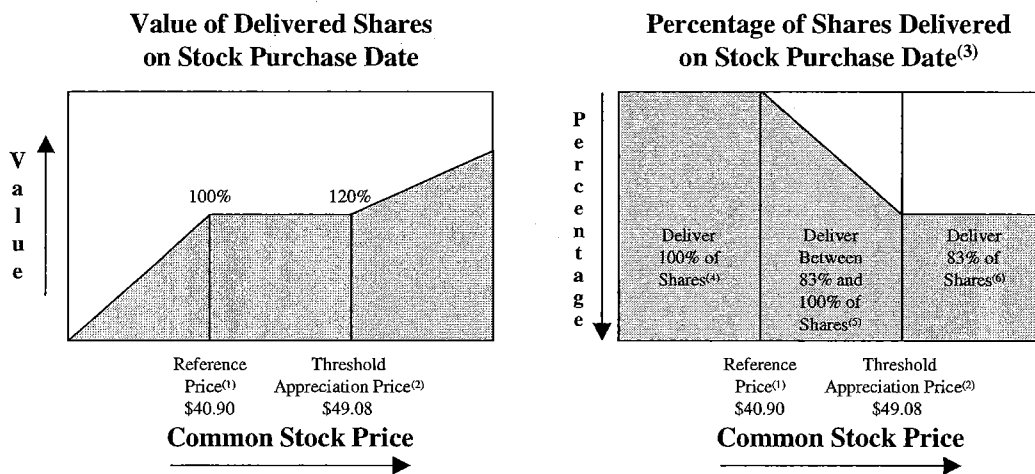
We estimate that we will receive net proceeds from this offering of Equity Units of \$290,370,000, after deducting expenses and underwriting discounts and commissions, or \$334,020,000 if the underwriters exercise in full their option to purchase additional Equity Units. We intend to use the net proceeds 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.

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

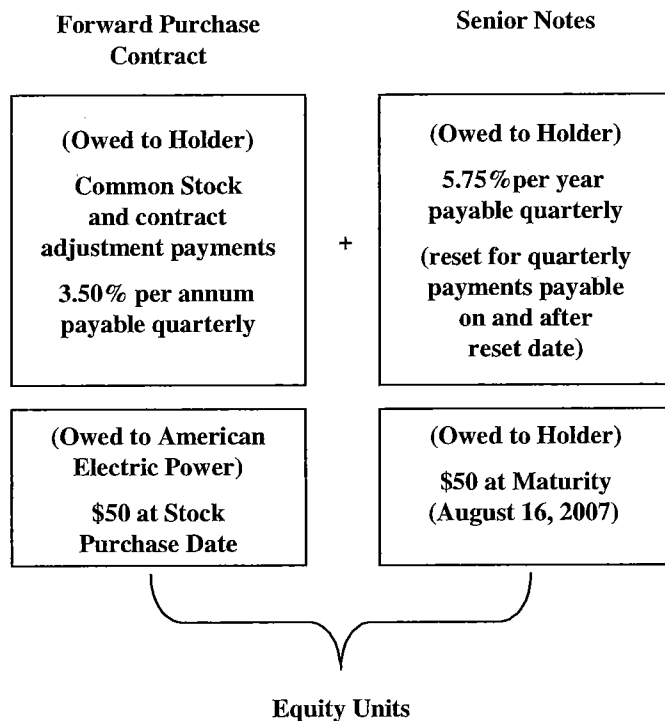
- Equity Units and Stripped Units both include a forward purchase contract under which you agree to purchase shares of our common stock on the stock purchase date.
- The number of shares to be purchased under each forward purchase contract will depend on the “applicable market value.” The “applicable 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.



- (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

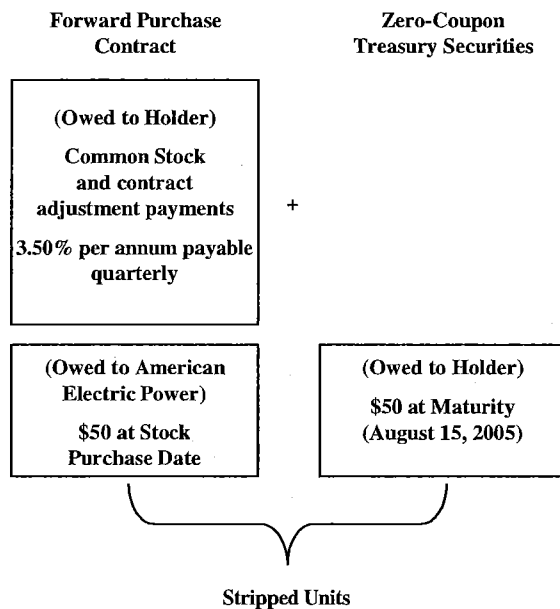
- An Equity Unit will consist of two components as illustrated below:



- 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

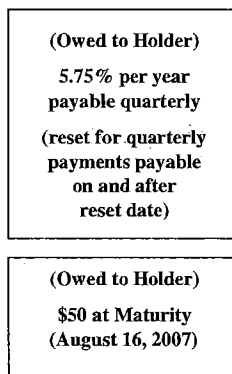
- A Stripped Unit consists of two components as described below:



- 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

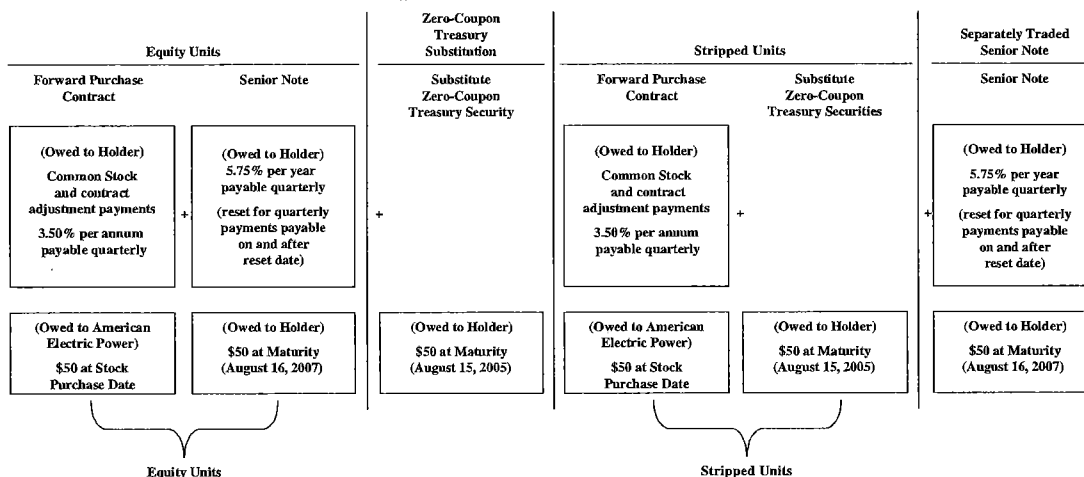
- Senior notes will have the terms illustrated below:



- 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.



- 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, 2002	
	Actual	As Adjusted
	(in millions)	
Debt:		
Short-term debt, including commercial paper.....	\$ 3,984	\$ 3,060(a)
Long-term debt, including current maturities	11,802	11,829(b)
Senior Notes offered hereby.....	—	300
Total debt	<u>15,786</u>	<u>15,189</u>
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.....	750	750
Cumulative preferred stock of subsidiaries	<u>156</u>	<u>156</u>
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	2,260
Paid-in capital.....	2,912	3,406(b)
Accumulated other comprehensive income (loss)	(170)	(170)
Retained earnings.....	<u>3,288</u>	<u>3,288</u>
Total common shareholders' equity.....	<u>8,186</u>	<u>8,784</u>
Total capitalization.....	<u>\$25,199</u>	<u>\$25,200</u>

- (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.

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.

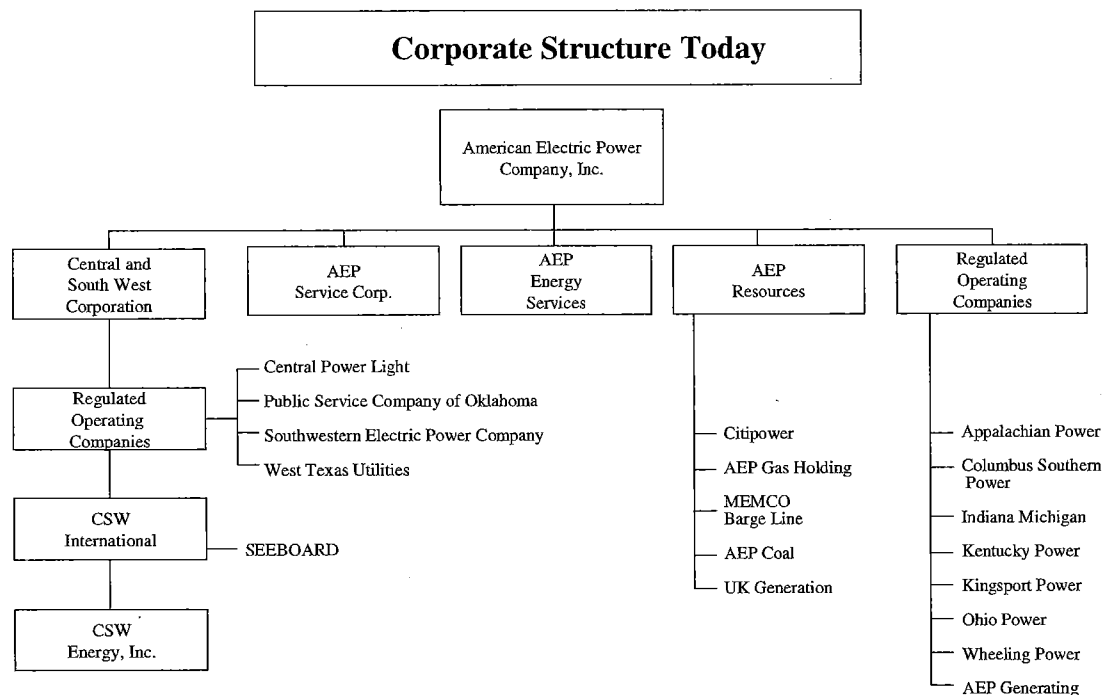
We are currently in the process of restructuring our assets and operations to comply with state restructuring laws and to ensure greater differentiation between the regulated operations and the unregulated operations.

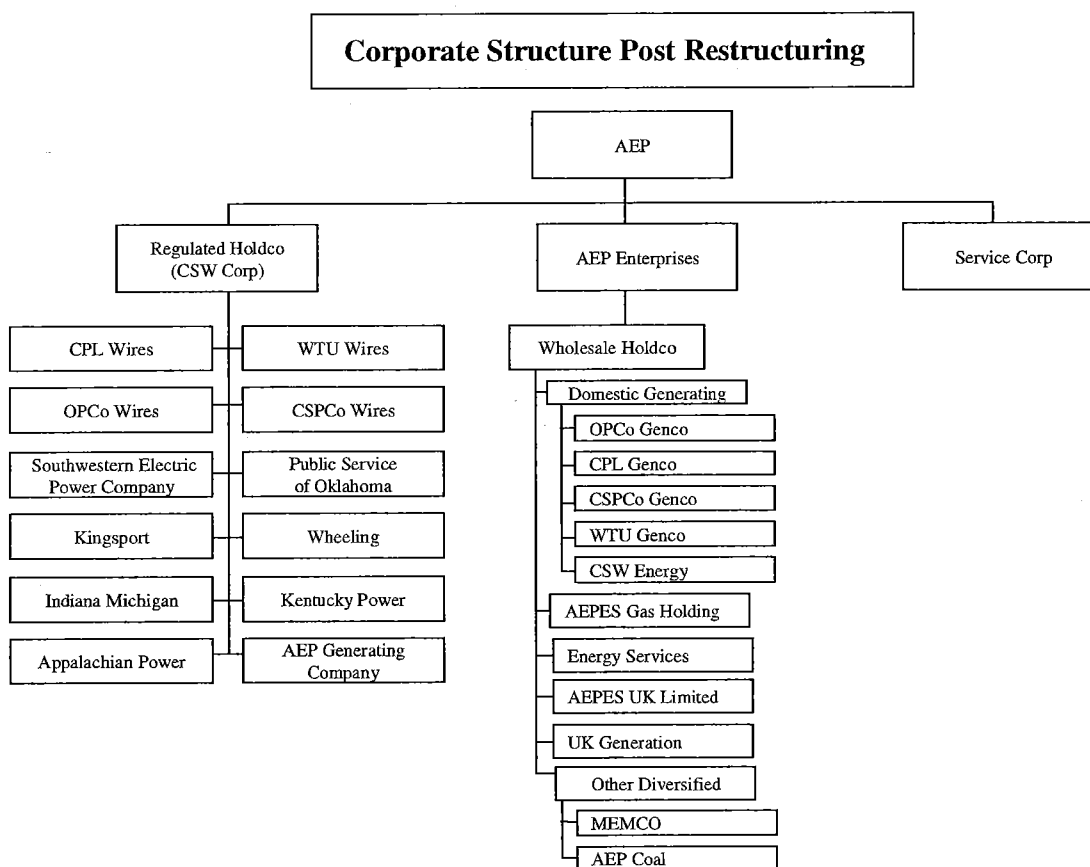
We expect corporate restructuring will provide:

- 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.





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.

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:

<u>Operating Subsidiary</u>	<u>Service Territory</u>	<u>Customers</u>	<u>MW Owned/Leased</u>
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

* 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 SO₂ 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.

<u>Period</u>	<u>Common Stock</u>		
	<u>High</u>	<u>Low</u>	<u>Dividends</u>
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 the basis of a 30-day month and, for periods of less than a month, on the basis of the actual number of days elapsed per 30-day month. Contract adjustment payments and interest on the senior notes will accrue from June 11, 2002 and will be payable quarterly in arrears on February 16, May 16, August 16 and November 16 of each year, commencing August 16, 2002. If the forward purchase contracts are settled early, at your option, or terminated, you will have no right to receive any accrued and deferred contract adjustment payments.

Our obligations with respect to the senior notes will be unsecured and will rank equally with all our other unsecured and unsubordinated indebtedness. See “Description of the Senior Notes” below.

Contract adjustment payments and interest payments on the senior notes will be payable to the holders of Equity Units as they are registered on the books and records of the forward purchase contract agent on the record dates. So long as the Equity Units remain in book-entry only form, the record date will be the business day before the relevant payment dates. Contract adjustment payments will be paid through the purchase contract agent, which will hold amounts received in respect of the contract adjustment payments for the benefit of the holders of the forward purchase contracts that are a part of such Equity Units. Subject to any applicable laws and regulations, each payment will be made as described under “Description of the Senior Notes—Book-Entry System” below. If the Equity Units do not remain in book-entry only form, the record date will be the 15th day before the relevant payment date. If any date on which these payments and distributions are to be made is not a business day, then amounts payable on that date will be made on the next day that is a business day without any interest or other payment in respect of the delay, except that, if the business day is in the next calendar year, payment will be made on the immediately preceding business day, in each case with the same force and effect as if made on the scheduled payment date.

Option to Defer Contract Adjustment Payments

We may, at our option and upon prior written notice to the holders of the Equity Units and Stripped Units and the purchase contract agent, defer the payment of contract adjustment payments on the purchase contracts forming a part of the Equity Units and Stripped Units until no later than the stock purchase date. However, we will pay additional contract adjustment payments on any deferred installments of contract adjustment payments at the rate of 5.75% per year (compounded quarterly) until paid. 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. If the purchase contracts are terminated (upon the occurrence of certain events of bankruptcy, insolvency or reorganization with respect to us), the right to receive contract adjustment payments and deferred contract adjustment payments will also terminate. If the forward purchase contracts are settled early, at your option, or terminated, you will have no right to receive any accrued and deferred contract adjustment payments.

In the event we exercise our option to defer the payment of contract adjustment payments, then until the deferred contract adjustment payments have been paid, we will not declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to, our common stock other than:

- purchases, redemptions or acquisitions of shares of our common stock in connection with any employment contract, benefit plan or other similar arrangement with or for the benefit of employees, officers or directors or a stock purchase or dividend reinvestment plan, or the satisfaction by us of our obligations pursuant to any contract or security outstanding on the date of such event;
- as a result of a reclassification of our capital stock or the exchange or conversion of one class or series of our capital stock for another class or series of the capital stock;
- the purchase of fractional interests in shares of our common stock pursuant to the conversion or exchange provisions of the security being converted or exchanged;
- dividends or distributions in our common stock (or rights to acquire our common stock), or repurchases, redemptions or acquisitions of our common stock in connection with the issuance or exchange of common stock (or securities convertible into or exchangeable for shares of our common stock); or
- redemptions, exchanges or repurchases of any rights outstanding under a shareholder rights plan or the declaration or payment thereunder of a dividend or distribution of or with respect to rights in the future.

Description of the Forward Purchase Contracts

Each forward purchase contract underlying an Equity Unit, unless earlier terminated, or earlier settled at your option or upon specified mergers and other transactions described below, will obligate 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.

The settlement rate, which is the number of newly issued shares of our common stock issuable upon settlement of a forward purchase contract on the stock purchase date, will, subject to adjustment under certain circumstances as described under “—Anti-dilution Adjustments” below, be as follows:

- If the “applicable market value” of our common stock is equal to or greater than the threshold appreciation price of \$49.08, which is 20% above the reference price, the settlement rate, which is equal to \$50 divided by \$49.08, will be 1.0187 shares of our common stock per forward purchase contract. Accordingly, if the market price for our common stock increases to an amount that is greater than \$49.08 on the settlement date, the aggregate market value of the shares of our common stock issued upon settlement of each forward purchase contract,

assuming that this market value is the same as the applicable market value of our common stock, will be greater than \$50, and if the market price equals \$49.08, the aggregate market value of those shares, assuming that this market value is the same as the applicable market value of our common stock, will equal \$50.

- 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. Accordingly, if the market price for our common stock increases but that market price is less than \$49.08 on the settlement date, the aggregate market value of the shares of our common stock issued upon settlement of each forward purchase contract, assuming that this market value is the same as the applicable market value of our common stock, will equal \$50.
- If the applicable market value of our common stock is less than or equal to \$40.90, the settlement rate, which is equal to \$50 divided by \$40.90, will be 1.2225 shares of our common stock per forward purchase contract. Accordingly, if the market price for our common stock decreases to an amount that is less than \$40.90 on the settlement date, the aggregate market value of the shares of our common stock issued upon settlement of each forward purchase contract, assuming that the market value is the same as the applicable market value of our common stock, will be less than \$50, and if the market price equals \$40.90, the aggregate market value of those shares, assuming that this market value is the same as the applicable market value of our common stock, will equal \$50.

The “applicable market value” of our common stock is 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.

For purposes of determining the applicable market value for our common stock, the closing price of our common stock on any date of determination means the closing sale price or, if no closing price is reported, the last reported sale price of our common stock on the NYSE on that date. If our common stock is not listed for trading on the NYSE on any date, the closing price of our common stock on any date of determination means the closing sale price as reported in the composite transactions for the principal U.S. securities exchange on which our common stock is so listed, or if our common stock is not so listed on a U.S. national or regional securities exchange, as reported by the Nasdaq stock market, or, if our common stock is not so reported, the last quoted bid price for our common stock in the over-the-counter market as reported by the National Quotation Bureau or similar organization or, if that bid price is not available, the market value of our common stock on that date as determined by a nationally recognized independent investment banking firm retained by us for this purpose.

A trading day is a day on which our common stock (1) is not suspended from trading on any national or regional securities exchange or association or over-the-counter market at the close of business and (2) has traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of our common stock.

Settlement

Settlement of the forward purchase contracts will occur on August 16, 2005, unless:

- you have settled the forward purchase contracts before the stock purchase date through the early delivery of cash to the forward purchase contract agent, in the manner described in “—Early Settlement”;

- we are involved in a merger before the stock purchase date in which at least 30% of the consideration for our common stock consists of cash or cash equivalents, and you have settled the forward purchase contracts through an early settlement as described in “—Early Settlement upon Cash Merger”; or
- an event described under “—Termination of Forward Purchase Contracts” below has occurred.

The settlement of the forward purchase contracts on the stock purchase date will occur as follows:

- for the Equity Units or Stripped Units that include the treasury portfolio or the pledged treasury securities, the cash payments on the treasury portfolio or the treasury securities will automatically be applied to satisfy in full your obligation to purchase our common stock under the forward purchase contracts; and
- for the Equity Units in which the related senior notes remain a part of the Equity Units because of a failed remarketing, we will exercise our rights as a secured party to retain or dispose of the senior notes in accordance with applicable law in satisfaction of your obligation to purchase our common stock under the forward purchase contracts.

In any event, our common stock will then be issued and delivered to you or your designee, upon payment of the applicable consideration, presentation and surrender of the certificate evidencing the Equity Units, if the Equity Units are held in certificated form, and payment by you of any transfer or similar taxes payable in connection with the issuance of our common stock to any person other than you.

Before the date on which shares of our common stock are issued in settlement of forward purchase contracts, our common stock underlying the related forward purchase contracts will not be treated as outstanding for any purpose and 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, by virtue of holding the forward purchase contracts.

We will not issue any fractional shares of our common stock under the forward purchase contracts. In place of fractional shares otherwise issuable, you will be entitled to receive an amount of cash equal to the fractional share, calculated on an aggregate basis in respect of the forward purchase contracts you are settling, multiplied by the applicable market value.

Remarketing

The senior notes held by each holder of Equity Units will be subject to a remarketing on the third business day before May 16, 2005, the last quarterly payment date before the stock purchase date, unless the holder elects not to participate in the remarketing. The proceeds of the remarketing will be used to purchase the treasury portfolio, which will be pledged to secure the obligations of the participating holder of Equity Units under the related forward purchase contract. The remarketing proceeds received on the pledged treasury portfolio underlying the Equity Units of the holder will be used to satisfy the participating holder’s obligation to purchase our common stock on the stock purchase date.

If a holder does not deliver treasury securities in a kind and amount designated by the remarketing agent, as described below, the senior notes that are included in the Equity Units will be remarketed on the remarketing date.

We will enter into a remarketing agreement with Salomon Smith Barney Inc. under which Salomon Smith Barney Inc. will agree, as remarketing agent, 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 and the senior notes that are not included in Equity Units and that are participating in the remarketing as described below under “—Optional Remarketing of Senior Notes Which Are Not Included in Equity Units,” 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 or before 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 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.

For purposes of (1) and (2) above, the value on the remarketing date of the treasury securities will assume that (a) the treasury securities are highly liquid treasury securities maturing on or within 35 days before August 16, 2005, as determined in good faith by the remarketing agent in a manner intended to minimize the cash value of the treasury securities, and (b) those treasury securities are valued based on the ask-side price of the treasury securities at a time between 9:00 a.m. and 11:00 a.m., New York City time, selected by the remarketing agent, on the remarketing date, as determined on a third-day settlement basis by reasonable and customary means selected in good faith by the remarketing agent, plus accrued interest to that date.

In the event the remarketing occurs prior to the fourth business day preceding the stock purchase date the remarketing agent will use the proceeds from the sale of the senior notes in a successful remarketing 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 comprise the treasury portfolio. The remarketing agent will deliver the treasury portfolio through the forward purchase contract agent to the collateral agent to secure the obligations under the related forward purchase contracts of 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 prior to 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, to the forward purchase contract agent on the fourth business day before the remarketing date. In this case, the interest rate on the holder's note would be reset to the reset rate, even though the holder did not participate in the remarketing.

The forward purchase contract agent will give holders notice of remarketing, including the specific treasury securities and the CUSIP numbers or the principal terms of the treasury securities, that must be delivered by holders that elect not to participate in the remarketing, on the seventh business day before the initial remarketing date or the first day of any subsequent remarketing period, as applicable. A holder electing not to participate in the remarketing must notify the forward purchase contract agent of this election and deliver the specified treasury securities to the forward purchase contract agent not later than 10:00 a.m. on the fourth business day before the initial remarketing date or the first day of any subsequent remarketing period, as applicable. A holder that notifies the forward purchase contract agent of this election but does not so deliver the treasury securities and a holder that does not notify the forward purchase contract agent will be treated as if the holder elected to participate in the remarketing. On the stock purchase date, the forward purchase contract agent will apply the cash payments received on the pledged treasury portfolio to pay the purchase price under the forward purchase contracts.

If the remarketing agent cannot establish a reset rate on the initial remarketing date that will be sufficient to cause the then current aggregate market value of the senior notes being remarketed to be equal to approximately, but not less than, 100.25% of the remarketing value, and the remarketing agent cannot remarket the senior notes offered for remarketing on the initial 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 meeting these requirements on each of the two immediately following business days. If the remarketing agent cannot establish a reset rate during the initial remarketing so as to remarket the senior notes offered for remarketing on such date at a price equal to approximately, but not less than, 100.25% of the remarketing value, the remarketing agent will attempt to establish a reset rate meeting these requirements on each of the three business day periods immediately preceding June 16, 2005, July 16, 2005 and the second business day preceding the stock purchase date. We refer to each of these three business day periods as remarketing periods. Any remarketing will be 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, on the subsequent remarketing date.

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, we will retain and dispose of the senior notes pledged as collateral of any holder who has not otherwise settled its forward purchase contract in cash by the close of business on the seventh business day immediately preceding the stock purchase date (but without regard to the notice requirements described below under "—Notice to Settle with Cash"), in satisfaction of the holder's obligations under the forward purchase contract.

We will cause a notice of the last failed remarketing period to be published on the fourth business day immediately following that period, by publication in a daily newspaper of general circulation in the English language in New York City, which is expected to be The Wall Street Journal. We will also release this information in respect of any failed remarketing period by means of Bloomberg and Reuters newswire. In addition, we will request, not later than seven nor more than 15 calendar days before any remarketing period, that The Depository Trust Company, which we refer to as DTC, notify its participants holding senior notes, Equity Units and Stripped Units of the remarketing. Any notice of

the failure of any remarketing period and the DTC notification of any remarketing period will provide the procedures that must be followed if we exercise our rights to retain or dispose of the senior notes as described above.

Market Rate Reset

If the remarketing is not successful on or prior to the third business day preceding the stock purchase date, the remarketing agent will cause the interest rate on the senior notes to be reset according to the following method, provided that in no event shall the reset rate exceed the maximum rate permitted by state usury laws and other applicable laws. The remarketing agent will take the average of the interest rates quoted to it by three nationally recognized investment banks selected by us, which are underwriters or dealers in debt securities similar to the senior notes, that in its judgment reflects an accurate market rate of interest applicable to the senior notes at that time. Following receipt of these quotes, the remarketing agent will have the right, in its sole judgment, to either recalculate the average based on only two of the quoted interest rates if one of the three quotes, in the remarketing agent's sole discretion, does not reflect market conditions or, alternatively, determine a consensus among the investment banks rather than a strict mathematical average by taking into account relevant qualitative and quantitative factors. These factors may include, but shall not be limited to, maturity of the senior notes, our credit rating and our credit risk and the credit rating and credit risk of companies in similar industries, the then yield to maturity of the senior notes and the state of the market for primary and secondary sales of similar debt securities.

By approximately 4:30 p.m., New York City time, on the reset date, the remarketing agent will advise the depository, the trustee and us of the reset rate and on the following business day we will cause a notice of the reset rate to be published in a daily newspaper in the English language of general circulation in The City of New York, which is expected to be The Wall Street Journal.

Optional Remarketing of Senior Notes Which Are Not Included in Equity Units

Under the remarketing agreement, on or before the fourth business day immediately preceding the beginning of a remarketing period, holders of senior notes that are not included in Equity Units may elect to have their senior notes included in the remarketing by delivering their senior notes along with a notice of this election to the collateral agent before the beginning of a remarketing period, but no earlier than the payment date immediately preceding the last quarterly payment date before the stock purchase date. The collateral agent will hold these senior notes in an account separate from the collateral account in which the securities pledged to secure the holders' obligations under the forward purchase contracts will be held. Holders of senior notes electing to have their senior notes remarketed will also have the right to withdraw that election on or before the fourth business day immediately preceding the first day of the relevant remarketing period.

On the third business day immediately before the relevant remarketing period, the collateral agent will deliver these separate senior notes to the remarketing agent for remarketing. 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 an amount not exceeding 25 basis points (0.25%) of the total proceeds from the remarketing as the remarketing fee, the remarketing agent will remit to the collateral agent the remaining portion of the proceeds for payment to the participating holders.

If, as described above, the remarketing agent cannot remarket the senior notes during any remarketing period, the remarketing agent will promptly return the senior notes to the collateral agent to

release to the holders. Holders of senior notes that are not components of Equity Units may elect to have their senior notes remarketed during any subsequent remarketing period under the procedures described above. In addition, if the remarketing agent fails to remarket the senior notes on or prior to the third business day immediately preceding the stock purchase date, your senior notes will be returned to you and the interest rate on the senior notes will be reset to the reset rate as described above in “—Market Rate Reset.”

Early Settlement

At any time not later than 10:00 a.m. on the seventh business day before August 16, 2005, a holder of Equity Units may settle the related forward purchase contracts by delivering to the forward purchase contract agent immediately available funds in an amount equal to \$50 multiplied by the number of forward purchase contracts being settled; provided that, at that time, if so required under the U.S. federal securities laws, a registration statement is in effect and a current prospectus is available covering the shares of our common stock to be delivered in respect of the forward purchase contracts being settled. Holders may settle early only in units of 20 and integral multiples of 20. If a treasury portfolio has replaced the senior notes as a component of the Equity Units as a result of a successful remarketing or a tax event redemption, holders may settle early only in integral multiples of \$1,000 treasury securities.

We have agreed that, if required under the U.S. federal securities laws, we will use commercially reasonable efforts to (1) have in effect a registration statement covering the shares of our common stock to be delivered in respect of the forward purchase contracts being settled and (2) provide a prospectus in connection therewith, in each case in a form that may be used in connection with the early settlement process.

No later than the third business day after an early settlement, we will issue, and the holder will be entitled to receive, 1.0187 shares of our common stock for each Equity Unit, regardless of the market price of our common stock on the date of early settlement, subject to adjustment under the circumstances described under “—Anti-dilution Adjustments” below. At that time, the holder’s right to receive future contract adjustment payments will terminate. The holder will also receive the senior notes or other securities underlying those Equity Units.

Notice to Settle with Cash

Unless the treasury portfolio has replaced the senior notes as a component of Equity Units as a result of a successful remarketing of the senior notes or a tax event redemption, a holder of Equity Units may settle the related forward purchase contract with cash before 11:00 a.m., New York City time, on the seventh business day immediately preceding the stock purchase date. A holder of Equity Units wishing to settle the related forward purchase contract with cash must notify the forward purchase contract agent by presenting and surrendering the Equity Units certificate evidencing the Equity Units at the offices of the forward purchase contract agent with the form of “Notice to Settle by Cash” on the reverse side of the certificate completed and executed as indicated on or before 5:00 p.m., New York City time, on the tenth business day immediately preceding the stock purchase date. If a holder of Equity Units who has given notice of its intention to settle the related forward purchase contract with cash fails to deliver the cash to the collateral agent on the seventh business day immediately preceding the stock purchase date, the holder will be deemed to have elected to participate in the final remarketing.

Early Settlement upon Cash Merger

Before the stock purchase date, if we are involved in a merger in which at least 30% of the consideration for our common stock consists of cash or cash equivalents, which we call a cash merger, then each holder of the Equity Units and Stripped Units will have the right to accelerate and settle the

related forward purchase contracts at the settlement rate in effect immediately before the cash merger. We refer to this right as the merger early settlement right. We will provide each of the holders with a notice of the completion of a cash merger within five business days of the completion. The notice will specify a date, which will not be less than 20 nor more than 30 days after the date of the notice, on which the optional early settlement will occur and a date by which each holder's merger early settlement right must be exercised. The notice will state, among other things, the applicable settlement rate and the amount of the cash, securities and other consideration receivable by the holder upon settlement. To exercise the merger early settlement right, you must deliver to the forward purchase contract agent, on or prior to one business day before the merger early settlement date, the certificate evidencing your Equity Units, if the Equity Units are held in certificated form, and payment of the applicable purchase price in the form of a certified or cashier's check. If you exercise the merger early settlement right, we will deliver to you on the merger early settlement date the kind and amount of securities, cash or other property that you would have been entitled to receive if you had settled the forward purchase contract immediately before the cash merger at the settlement rate in effect at that time. You will also receive the senior notes or treasury securities underlying those Equity Units or Stripped Units. If you do not elect to exercise your merger early settlement right, your Equity Units or Stripped Units will remain outstanding and subject to normal settlement on the stock purchase date.

Holders may settle early only in units of 20 and integral multiples of 20. If a treasury portfolio has replaced the senior notes as a component of the Equity Units as a result of a successful remarketing or a tax event redemption, holders may settle early only in integral multiples of \$1,000 treasury securities.

Anti-dilution Adjustments

The formula for determining the settlement rate and the number of shares of our common stock to be delivered upon an early settlement may be adjusted if certain events occur, including:

- (1) the payment of a dividend or other distribution in common stock on our common stock;
- (2) the issuance to all holders of our common stock of rights or warrants, other than any dividend reinvestment or share purchase or similar plans, entitling them to subscribe for or purchase our common stock at less than the current market price, as defined below;
- (3) subdivisions, splits and combinations of our common stock;
- (4) distributions to all holders of our common stock of evidences of our indebtedness, shares of capital stock, securities, cash or other assets, excluding (a) any dividend or distribution covered by clause (1) or (2) above and (b) any dividend or distribution paid exclusively in cash;
- (5) distributions consisting exclusively of cash to all holders of our common stock in an aggregate amount that, when combined with (a) other all-cash distributions made within the preceding 12 months and (b) the cash and the fair market value, as of the date of expiration of the tender or exchange offer referred to below, of the consideration paid in respect of any tender or exchange offer by us or a subsidiary of ours for our common stock concluded within the preceding 12 months, exceeds 15% of the product of the current market price of our common stock multiplied by the number of shares of common stock then outstanding on the date fixed for the determination of stockholders entitled to receive the distribution; and
- (6) the successful completion of a tender or exchange offer made by us or any subsidiary of ours for our common stock that involves an aggregate consideration that, when combined with (a) any cash and the fair market value of other consideration payable in respect of any other tender or exchange offer by us or a subsidiary of ours for our common stock concluded within the preceding 12 months and (b) the aggregate amount of any all-cash distributions to all holders of our common stock made within the preceding 12 months, exceeds 15% of the product of the current market price of our

common stock multiplied by the number of shares of common stock then outstanding on the date of expiration of the tender or exchange offer.

The “current market price” per share of our common stock on any day means the average of the daily closing prices for the five consecutive trading days preceding the earlier of the day preceding the day in question and the day before the “ex date” with respect to the issuance or distribution requiring the computation. The term “ex date,” when used with respect to any issuance or distribution, means the first date on which our common stock trades without the right to receive the issuance or distribution.

In the case of reclassifications, consolidations, mergers, sales or transfers of assets or other transactions that cause our common stock to be converted into the right to receive other securities, cash or property, each forward purchase contract then outstanding would, without the consent of the holders of Equity Units, become a contract to purchase those other securities, cash or property instead of our common stock. In this case the settlement rate will be determined based upon the value of the portfolio of other securities, cash or property into which one share of our common stock was converted. The value of the portfolio is to be calculated based upon the 20-day average closing price ending the third trading day before the stock purchase date. On the stock purchase date the settlement rate will be applied to that portfolio of other securities, cash or property. Holders have the right to settle their obligations under the forward purchase contracts early in the event of certain cash mergers as described above under “—Early Settlement upon Cash Merger.”

If at any time we make a distribution of property to our common stockholders that would be taxable to the stockholders as a dividend for U.S. federal income tax purposes—that is, distributions, evidences of indebtedness or assets, but generally not stock dividends or rights to subscribe for capital stock — and, under the settlement rate adjustment provisions of the forward purchase contract agreement, the settlement rate is increased, that increase may be deemed to be the receipt of taxable income to holders of Equity Units. See “United States Federal Income Tax Consequences—Forward Purchase Contracts—Adjustment to Settlement Rate” for more information about these matters.

In the case of the payment of a dividend or other distribution on our common stock of shares of capital stock of any class or series, or similar equity interests, of or relating to a subsidiary or other business unit, which we refer to as a spin-off, the settlement rate in effect immediately before the close of business on the record date fixed for determination of stockholders entitled to receive that distribution will be increased by multiplying:

- the settlement rate by
- a fraction, the numerator of which is the current market price of our common stock plus the fair market value, determined as described below, of the portion of those shares of capital stock or similar equity interests so distributed applicable to one share of our common stock and the denominator of which is the current market price of our common stock.

The adjustment to the settlement rate under the preceding paragraph will occur at the earlier of:

- the tenth trading day following the effective date of the spin-off; and
- the date of the securities being offered in the initial public offering of the spin-off, if that initial public offering is effected simultaneously with the spin-off.

For purposes of this section, “initial public offering” means the first time securities of the same class or type as the securities being distributed in the spin-off are bona fide offered to the public for cash.

In the event of a spin-off that is not effected simultaneously with an initial public offering of the securities being distributed in the spin-off, the fair market value of the securities to be distributed to holders of our common stock means the average of the sale prices of those securities over the first 10 trading days after the effective date of the spin-off. Also, for purposes of a spin-off of this kind, the current market price of our common stock means the average of the sales prices of our common stock over the first 10 trading days after the effective date of the spin-off.

If, however, an initial public offering of the securities being distributed in the spin-off is to be effected simultaneously with the spin-off, the fair market value of the securities being distributed in the spin-off means the initial public offering price, while the current market price of our common stock means the sale price of our common stock on the trading day on which the initial public offering price of the securities being distributed in the spin-off is determined.

In addition, we may increase the settlement rate if our board of directors deems it advisable to avoid or diminish any income tax to holders of our common stock resulting from any dividend or distribution of shares or rights to acquire shares or from any event treated as a dividend or distribution for income tax purposes or for any other reasons.

Adjustments to the settlement rate will be calculated to the nearest 1/10,000th of a share. No adjustment in the settlement rate will be required unless the adjustment would require an increase or decrease of at least one percent in the settlement rate. If any adjustment is not required to be made because it would not change the settlement rate by at least one percent, then the adjustment will be carried forward and taken into account in any subsequent adjustment.

We will be required, as soon as practicable following the occurrence of an event that requires or permits an adjustment in the settlement rate, to provide written notice to the holders of Equity Units of the occurrence of that event. We will also be required to deliver a statement describing in reasonable detail the method by which the adjustment to the settlement rate was determined and stating the revised settlement rate.

Each adjustment to the settlement rate will result in a corresponding adjustment to the number of shares of our common stock issuable upon early settlement of a forward purchase contract.

Pledged Securities and Pledge Agreement

The senior notes or treasury portfolio underlying the Equity Units will be pledged to the collateral agent for our benefit. Under the pledge agreement, the pledged securities will secure the obligations of holders of Equity Units to purchase our common stock under the forward purchase contract. A holder of Equity Units cannot separate or separately transfer the forward purchase contract from the pledged securities underlying the Equity Units. Your rights to the pledged securities will be subject to our security interest created by the pledge agreement. You will not be permitted to withdraw the pledged securities related to the Equity Units from the pledge arrangement except:

- to substitute specified treasury securities for the related pledged senior notes upon creation of a Stripped Unit;
- to substitute senior notes for the related pledged treasury securities upon the recreation of an Equity Unit;
- upon delivering specified treasury securities when electing not to participate in a remarketing; or
- upon the termination, early settlement or cash settlement of the forward purchase contracts.

Subject to our security interest and the terms of the forward purchase contract agreement and the pledge agreement:

- each holder of Equity Units that include senior notes will retain ownership of the senior notes and will be entitled through the forward purchase contract agent and the collateral agent to all of the rights of a holder of the senior notes, including interest payments, voting, redemption and repayment rights; and
- each holder of Equity Units that include the treasury portfolio will retain ownership of the treasury portfolio.

We will have no interest in the pledged securities other than our security interest.

Quarterly Payments on Pledged Securities

The collateral agent, upon receipt of quarterly interest payments on the pledged securities underlying the Equity Units, will distribute those payments to the forward purchase contract agent, which will, in turn, distribute that amount to persons who were the holders of Equity Units on the record date for the payment. As long as the Equity Units remain in book-entry only form, the record date for any payment will be one business day before the payment date.

Termination of Forward Purchase Contracts

The forward purchase contracts, our related rights and obligations and those of the holders of the Equity Units, including their rights to receive contract adjustment payments or deferred contract adjustment payments and obligations to purchase our common stock, will automatically terminate upon the occurrence of particular events of our bankruptcy, insolvency or reorganization.

Upon a termination of the forward purchase contracts of this kind, the collateral agent will release the securities held by it to the forward purchase contract agent for distribution to the holders. If a holder would otherwise have been entitled to receive less than \$1,000 principal amount at maturity of any treasury security upon termination of the forward purchase contract, the forward purchase contract agent will dispose of the security for cash and pay the cash to the holder. Upon termination, however, the release and distribution may be subject to a delay. If we become the subject of a case under the U.S. bankruptcy code, a delay in the release of the pledged senior notes or treasury securities 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.

The Forward Purchase Contract Agreement

Distributions on the Equity Units will be payable, forward purchase contracts will be settled and transfers of the Equity Units will be registerable at the office of the forward purchase contract agent in the Borough of Manhattan, The City of New York. In addition, if the Equity Units do not remain in book-entry form, payment of distributions on the Equity Units may be made, at our option, by check mailed to the address of the persons shown on the Equity Units register.

If any quarterly payment date or the stock purchase date is not a business day, then any payment required to be made on that date must be made on the next business day and so long as the payment is made on the next business day, without any interest or other payment on account of this delay, except that if the next business day is in the next calendar year, the payment or settlement will be made on the prior business day with the same force and effect as if made on the payment date. A "business day" means any day other than Saturday, Sunday or any other day on which banking institutions and trust companies in the State of New York or at a place of payment are authorized or required by law, regulation or executive order to be closed.

If your Equity Units are held in certificated form and you fail to surrender the certificate evidencing your Equity Units to the forward purchase contract agent on the stock purchase date, the shares of our common stock issuable in settlement of the related forward purchase contracts will be registered in the name of the forward purchase contract agent. These shares, together with any distributions on them, will be held by the forward purchase contract agent as agent for your benefit, until the certificate is presented and surrendered or you provide satisfactory evidence that the certificate has been destroyed, lost or stolen, together with any indemnity that may be required by the forward purchase contract agent and us.

If your Equity Units are held in certificated form and (1) the forward purchase contracts have terminated before the stock purchase date, (2) the related pledged securities have been transferred to the forward purchase contract agent for distribution to the holders and (3) you fail to surrender the certificate evidencing your Equity Units to the forward purchase contract agent, the pledged securities that would otherwise be delivered to you and any related payments will be held by the forward purchase contract agent as agent for your benefit, until you present and surrender the certificate or provide the evidence and indemnity described above.

The forward purchase contract agent will not be required to invest or to pay interest on any amounts held by it before distribution.

No service charge will be made for any registration of transfer or exchange of the Equity Units, except for any applicable tax or other governmental charge.

Modification

The forward purchase contract agreement, the pledge agreement and the forward purchase contracts may be amended with the consent of the holders of a majority of the forward purchase contracts at the time outstanding. However, no modification may, without the consent of the holder of each outstanding Equity Unit affected by the modification (in addition to the consent of the holders of a majority of the Equity Units at the time outstanding):

- change any payment date;
- change the amount or type of pledged securities required to be pledged to secure obligations under the forward purchase contracts unless not adverse to the holders;
- impair the right of the holder of any forward purchase contract to receive distributions on the pledged securities underlying the forward purchase contract or otherwise adversely affect the holder's rights in or to the pledged securities;

- reduce any contract adjustment payment or change the place or currency of that payment;
- impair the right to institute suit for the enforcement of any forward purchase contract;
- reduce the number of shares of our common stock purchasable under any forward purchase contract, increase the price to purchase shares of our common stock on settlement of any forward purchase contract, change the stock purchase date or otherwise adversely affect the holder's rights under any forward purchase contract; or
- reduce the above stated percentage of outstanding forward purchase contracts the consent of whose holders is required for the modification or amendment of the provisions of the forward purchase contract agreement, the pledge agreement or the forward purchase contracts.

Consolidation, Merger, Sale or Conveyance

The forward purchase contract agreement generally permits us to consolidate with or merge into another company. It also permits us to sell substantially all our assets to another company. However, we may not take any of these actions unless the following conditions are met:

- If we merge out of existence or sell our assets, the other company may not be organized under a foreign country's laws. In other words, the other company must be a corporation, partnership, limited liability company or trust organized under U.S. state or federal law or the laws of the District of Columbia. In addition, the other company must agree to be legally responsible for our obligations under the forward purchase contract agreement, the pledge agreement, the remarketing agreement and the forward purchase contracts; and
- The merger, sale of assets or other transaction must not cause a default under the forward purchase contract agreement, the pledge agreement, the remarketing agreement or the forward purchase contracts.

If we merge out of existence or sell substantially all our assets, the surviving or acquiring entity will be substituted for us in the forward purchase contract agreement with the same effect as if it had been an original party to that agreement. After a merger or sale of substantially all our assets, the surviving or acquiring entity may exercise our rights and powers under the forward purchase contract agreement, and we will be released from all its liabilities and obligations under the forward purchase contract agreement and the Equity Units.

Title

We, the forward purchase contract agent and the collateral agent may treat the registered holder of any Equity Units as the absolute owner of those Equity Units for the purpose of making payment and settling the related forward purchase contracts and for all other purposes.

Governing Law

The forward purchase contract agreement, the pledge agreement, the remarketing agreement and the forward purchase contracts will be governed by, and construed in accordance with, the laws of the State of New York.

Book-Entry System

DTC will act as securities depository for the Equity Units. The Equity Units will be issued only as fully-registered securities registered in the name of Cede & Co., DTC's nominee. One or more fully-registered global security certificates, representing the total aggregate number of Equity Units, will be issued and deposited with DTC and will bear a legend regarding the restrictions on exchanges and registration of transfer referred to below.

The laws of some jurisdictions require that some purchasers of securities take physical delivery of securities in definitive form. Those laws may impair the ability to transfer beneficial interests in the Equity Units so long as the Equity Units are represented by global security certificates.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered under the provisions of Section 17A of the Securities Exchange Act of 1934.

DTC holds securities that its participants deposit with DTC. DTC also facilitates the settlement among participants of securities transactions, including transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thus eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its direct participants and by the NYSE, the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc., collectively referred to as participants. Access to the DTC system is also available to others, collectively referred to as indirect participants, including securities brokers and dealers, banks and trust companies that clear transactions through or maintain a direct or indirect custodial relationship with a direct participant either directly or indirectly. The rules applicable to DTC and its participants are on file with the SEC.

No Equity Units represented by global security certificates may be exchanged in whole or in part for certificated Equity Units registered, and no transfer of global security certificates will be made in whole or in part for certificated Equity Units registered, and no transfer of global security certificates in whole or in part may be registered, in the name of any person other than DTC or any nominee of DTC, unless DTC has notified us that it is unwilling or unable to continue as depository for the global security certificates and no successor depository has been appointed within 90 days after this notice, DTC has ceased to be qualified to act as required by the forward purchase contract agreement and no successor depository has been appointed within 90 days after we learn that DTC is no longer qualified or we determine that we will no longer have debt securities represented by global securities or we will permit any of the global securities certificates to be exchangeable or there is a continuing default by us in respect of our obligations under one or more forward purchase contracts, the indenture, the forward purchase contract agreement, the senior notes, the Equity Units, the pledge agreement or any other principal agreements or instruments executed in connection with this offering. All Equity Units represented by one or more global security certificates or any portion of them will be registered in the names directed by DTC.

As long as DTC or its nominee is the registered owner of the global security certificates, DTC or that nominee will be considered the sole owner and holder of the global security certificates and all Equity Units represented by those certificates for all purposes under the Equity Units and the forward

purchase contract agreement. Except in the limited circumstances referred to above, owners of beneficial interests in global security certificates will not be entitled to have the global security certificates or the Equity Units represented by those certificates registered in their names, will not receive or be entitled to receive physical delivery of Equity Units certificates in exchange and will not be considered to be owners or holders of the global security certificates or any Equity Units represented by those certificates for any purpose under the Equity Units or the forward purchase contract agreement. All payments on the Equity Units represented by the global security certificates and all related transfers and deliveries of senior notes, treasury securities and common stock will be made to DTC or its nominee as their holder.

Ownership of beneficial interests in the global security certificates will be limited to participants or persons that may hold beneficial interests through institutions that have accounts with DTC or its nominee. Ownership of beneficial interests in global security certificates will be shown only on, and the transfer of those ownership interests will be effected only through, records maintained by DTC or its nominee with respect to participants' interests or by the participants with respect to interests of persons held by the participants on their behalf.

Procedures for settlement of forward purchase contracts on the stock purchase date or upon early settlement will be governed by arrangements among DTC, participants and persons that may hold beneficial interests through participants designed to permit the settlement without the physical movement of certificates. Payments, transfers, deliveries, exchange and other matters relating to beneficial interests in global security certificates may be subject to various policies and procedures adopted by DTC from time to time.

Neither we or any of our agents, nor the forward purchase contract agent or any of its agents, nor the collateral agent or any of its agents, will have any responsibility or liability for any aspect of DTC's or any participant's records relating to, or for payments made on account of, beneficial interests in global security certificates, or for maintaining, supervising or reviewing any of DTC's records or any participant's records relating to those beneficial ownership interests.

The information in this section concerning DTC and its book-entry system has been obtained from sources that we believe to be reliable, but we do not take responsibility for its accuracy.

Replacement of Equity Units Certificates

If physical certificates are issued, we will replace any mutilated certificate at your expense upon surrender of that certificate to the forward purchase contract agent. We will replace certificates that become destroyed, lost or stolen at your expense upon delivery to us and the forward purchase contract agent of satisfactory evidence that the certificate has been destroyed, lost or stolen, together with any indemnity that may be required by the forward purchase contract agent and us.

We are not required, however, to issue any certificates representing Equity Units on or after the stock purchase date or after the forward purchase contracts have terminated. In place of the delivery of a replacement certificate following the stock purchase date, the forward purchase contract agent, upon delivery of the evidence and indemnity described above, will deliver the shares of our common stock issuable under the forward purchase contracts included in the Equity Units evidenced by the certificate, or, if the forward purchase contracts have terminated before the stock purchase date, transfer the pledged securities related to the Equity Units evidenced by the certificate.

Information Concerning the Forward Purchase Contract Agent

The Bank of New York will initially act as forward purchase contract agent. The forward purchase contract agent will act as the agent and attorney-in-fact for the holders of Equity Units from time to time. The forward purchase contract agreement will not obligate the forward purchase contract agent to exercise any discretionary authority in connection with a default under the forward purchase contract agreement, the pledge agreement, the forward purchase contracts or the pledged securities.

The forward purchase contract agreement will contain provisions limiting the liability of the forward purchase contract agent. The forward purchase contract agreement will also contain provisions under which the forward purchase contract agent may resign or be replaced. Resignation or replacement of the forward purchase contract agent would be effective upon the appointment of a successor.

The forward purchase contract agent is one of a number of banks with which we and our subsidiaries maintain ordinary banking and trust relationships.

Information Concerning the Collateral Agent

The Bank of New York will initially act as collateral agent. The collateral agent will act solely as our agent and will not assume any obligation or relationship of agency or trust for or with any of the holders of the Equity Units except for the obligations owed by a pledgee of property to the owner of the property under the pledge agreement and applicable law.

The pledge agreement will contain provisions limiting the liability of the collateral agent. The pledge agreement will also contain provisions under which the collateral agent may resign or be replaced. Resignation or replacement of the collateral agent would be effective upon the appointment of a successor.

The collateral agent is one of a number of banks with which we and our subsidiaries maintain ordinary banking and trust relationships.

Fees and Expenses

The forward purchase contract agreement will provide that we will pay all fees and expenses related to:

- the offering of the Equity Units;
- the retention of the collateral agent;
- the enforcement by the forward purchase contract agent of the rights of the holders of the Equity Units; and
- stock transfer and similar taxes attributable to the initial issuance and delivery of our common stock to you upon settlement of the forward purchase contracts.

Should you elect to create Stripped Units or recreate Equity Units, you will be responsible for any fees or expenses payable in connection with the substitution of the applicable pledged securities, as well as any commissions, fees or other expenses incurred in acquiring the pledged securities to be substituted. We will not be responsible for any of those fees or expenses.

DESCRIPTION OF THE SENIOR NOTES

The following description of the particular terms of the senior notes, which are referred to in the accompanying prospectus as “notes,” supplements and, to the extent it is inconsistent with the description in the accompanying prospectus, replaces the description of the general terms and provisions of the notes in the prospectus. The senior notes will be issued under an indenture dated as of May 1, 2001 between us and The Bank of New York, as trustee, as supplemented by supplemental indentures and references in this prospectus supplement to the indenture will mean the indenture as so supplemented. This summary is qualified in its entirety by reference to the indenture.

The trustee will act as our U.S. paying agent, our authenticating agent and registrar, and, if and when such notes are issued in definitive form, our U.S. transfer agent.

Any money that we deposit with the trustee or any paying agent for the payment of principal, premium, if any, or any interest on the senior notes that remains unclaimed for two years after the date upon which the principal, premium, if any, and interest are due and payable, will be repaid to us upon our request unless otherwise required by mandatory provisions of any applicable unclaimed property law. After that time, unless otherwise required by mandatory provisions of any applicable unclaimed property law, the holder of senior notes will be able to seek any payment to which that holder may be entitled to collect only from us.

General

The senior notes are being offered in the principal amount of \$300,000,000 (or \$345,000,000 if the underwriters exercise in full their option to purchase additional Equity Units). We may, without the consent of the holders of the senior notes, create and issue additional debt securities under the indenture, ranking equally with the senior notes.

The senior notes will mature on August 16, 2007. The senior notes will initially pay interest at the annual rate of 5.75% in arrears on each February 16, May 16, August 16 and November 16, commencing on August 16, 2002, for quarterly payments due on or before the earlier of the settlement date of a successful remarketing or the stock purchase date. After that date, they will pay interest at the reset rate from that date until they mature on August 16, 2007. If the remarketing agent cannot establish a reset rate meeting the requirements described under “Description of the Equity Units—Remarketing,” the remarketing agent will not reset the interest rate on the senior notes and the reset rate will continue to be the initial annual rate of 5.75%, until the remarketing agent can establish a reset rate meeting those requirements on a later remarketing date before the stock purchase date. If no successful remarketing occurs before the stock purchase date, the reset rate will be a market rate of interest as described above in “Description of the Equity Units—Market Rate Reset.” The senior notes are not redeemable before their stated maturity except as described below.

The amount of interest 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 the basis of a 30-day month and, for periods of less than a month, on the basis of the actual number of days elapsed per 30-day month. If any date on which interest is payable on the senior notes is not a business day, the payment of the interest payable on that date will be made on the next day that is a business day, without any interest or other payment in respect of the delay, except that, if the business day is in the next calendar year, then the payment will be made on the immediately preceding business day, in each case with the same force and effect as if made on the scheduled payment date.

The senior notes will be issued in denominations of \$50 and integral multiples of \$50.

The senior notes will not have the benefit of a sinking fund — that is, we will not deposit money on a regular basis into any separate custodial account to repay the senior notes.

Payment of the principal and interest on the senior notes will rank equally with all of our other unsecured and unsubordinated debt. As of March 31, 2002, there existed approximately \$1.25 billion principal amount of indebtedness issued under the indenture that would have ranked equally with the senior notes. The indenture does not limit the amount of additional senior indebtedness that we or any of our subsidiaries may incur. The senior notes will be our exclusive obligations.

Because we are a holding company, the claims of creditors of our subsidiaries will have a priority over our equity rights and the rights of our creditors (including holders of the senior notes) to participate in the assets of the subsidiary upon the subsidiary's liquidation. As of March 31, 2002, our subsidiaries had approximately \$10.6 billion principal amount of outstanding long-term debt (including debt due within one year). Since our operations are conducted through subsidiaries, our cash flow and our consequent ability to service debt, including our senior notes, are partially dependent upon the earnings of our subsidiaries and the distribution of those earnings to us or upon other payments of funds by those subsidiaries to us. The subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts due on the senior notes or to make funds available for payments on the senior notes, whether by dividends or other payments. In addition, the payment of dividends and the making of advances to us by our subsidiaries may be subject to statutory, regulatory or contractual restrictions, are contingent upon the earnings of those subsidiaries, and are subject to various business considerations.

Any right we have to receive assets of any of our subsidiaries upon their liquidation or reorganization and the resulting right of the holders of the senior notes to participate in those assets will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors, except to the extent that we are ourselves recognized as a creditor of the subsidiary, in which case our claims would be subordinated to any security interests in the assets of the subsidiary and any indebtedness of the subsidiary senior to the debt held by us.

Remarketing

The senior notes will be remarketed as described under "Description of the Equity Units—Remarketing."

Optional Remarketing of Senior Notes Which Are Not Included in Equity Units

On or before the fourth business day immediately preceding the first day of a remarketing period, holders of senior notes that are not components of Equity Units may elect to have their senior notes remarketed in the same manner as senior notes that are components of Equity Units by delivering their senior notes along with a notice of this election to the collateral agent. The collateral agent will hold the senior notes in an account separate from the collateral account in which the pledged securities will be held. Holders of senior notes electing to have their notes remarketed will also have the right to withdraw the election on or before the fourth business day immediately preceding the first day of the relevant remarketing period.

Tax Event Redemption

If a tax event occurs, we may, at our option, redeem the senior notes in whole, but not in part, at any time at a price, which we refer to as the redemption price, equal to, for each senior note, the redemption amount referred to below. Installments of interest on senior notes that are due and payable on or before a redemption date will be payable to holders of the senior notes registered as holders at the close of business on the relevant record dates. If, following the earlier of a successful remarketing of the senior notes or the stock purchase date, we exercise our option to redeem the senior notes, the proceeds of the redemption will be payable in cash to the holders of the senior notes. If the tax event redemption occurs before the earlier of a successful remarketing of the senior notes or the stock purchase date, the redemption price for the senior notes forming part of Equity Units at the time of the tax event redemption will be distributed to the collateral agent, who in turn will purchase the applicable treasury portfolio described below on behalf of the holders of Equity Units and remit the remainder of the redemption price, if any, to the forward purchase contract agent for payment to the holders. The treasury portfolio will be substituted for corresponding senior notes and will be pledged to the collateral agent to secure the obligations of the holders of the Equity Units to purchase shares of our common stock under the forward purchase contracts.

“Tax event” means the receipt by us of an opinion of nationally recognized independent tax counsel experienced in matters of this kind, which may be Simpson Thacher & Bartlett, to the effect that there is more than an insubstantial risk that interest payable by us on the senior notes would not be deductible, in whole or in part, by us for United States federal income tax purposes as a result of (1) any amendment to, change in, or announced proposed change in, the laws, or any regulations under the laws, of the United States or any political subdivision or taxing authority of or in the United States affecting taxation, (2) any amendment to or change in an official interpretation or application of any laws or regulations of this kind by any legislative body, court, governmental agency or regulatory authority or (3) any interpretation or pronouncement that provides for a position with respect to any laws or regulations that differs from the generally accepted position on the issue date, which amendment, change, or proposed change is effective or which interpretation or pronouncement is announced on or after the issue date.

“Redemption amount” means in the case of a tax event redemption occurring before the earlier of a successful remarketing of the senior notes or the stock purchase date, for each senior note the product of the principal amount of the note and a fraction whose numerator is the treasury portfolio purchase price and whose denominator is the aggregate principal amount of senior notes outstanding on the tax event redemption date, and in the case of a tax event redemption date occurring after the earlier of a successful remarketing of the senior notes or the stock purchase date, the principal amount of the senior notes plus accrued and unpaid interest, if any.

“Treasury portfolio” means a portfolio of zero-coupon U.S. treasury securities consisting of principal or interest strips of U.S. treasury securities that mature on or prior to the stock purchase date in an aggregate amount equal to the aggregate principal amount of the senior notes outstanding on the tax event redemption date or the date of a successful remarketing, as the case may be, and with respect to each scheduled interest payment date on the senior notes that occurs after the tax event redemption date or the date of a successful remarketing, as the case may be, and no later than the stock purchase date interest or principal strips of U.S. treasury securities that mature on or before that interest payment date in an aggregate amount equal to the aggregate interest payment that would be due on the aggregate principal amount of the senior notes outstanding on that date. These treasury securities are non-callable by us.

“Treasury portfolio purchase price” means the lowest aggregate price quoted by a primary U.S. government securities dealer in New York City to the quotation agent on the third business day immediately preceding the tax event redemption date for the purchase of the treasury portfolio for settlement on the tax event redemption date.

“Quotation agent” means J.P. Morgan Securities Inc. or its successor or any other primary U.S. government securities dealer in New York City selected by us.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each registered holder of senior notes to be redeemed at its registered address. Unless we default in payment of the redemption price, on and after the redemption date interest will cease to accrue on the senior notes. If any senior notes are called for redemption, neither we nor the trustee will be required to register the transfer of or exchange the senior notes to be redeemed.

Restrictive Covenants

Limitation upon Liens on Stock of Certain Subsidiaries

For so long as any senior notes remain outstanding, we will not create or incur or allow any of our subsidiaries to create or incur any pledge or security interest on any of the capital stock of a public utility subsidiary held by us or one of our subsidiaries or a significant subsidiary.

For purposes of this covenant, a public utility subsidiary means, at any particular time, a direct or indirect subsidiary of ours that, as a substantial part of its business, distributes or transmits electric energy to retail or wholesale customers at rates or tariffs that are regulated by either a state or Federal regulatory authority.

For purposes of this covenant, significant subsidiary means, at any particular time, any direct subsidiary of ours whose consolidated gross assets or consolidated gross revenues (having regard to our direct beneficial interest in the shares, or the like, of that subsidiary) represent approximately 25% of our consolidated gross assets or our consolidated gross revenues.

Limitation upon Mergers, Consolidations and Sale of Assets

Nothing in the indenture or the senior notes prevents us from consolidating or merging with or into, or selling or otherwise disposing of all or substantially all of our property to another entity, provided that (1) we agree to obtain a supplemental indenture pursuant to which the surviving entity or transferee agrees to assume our obligations relating to all outstanding debt securities issued under the indenture and (2) the surviving entity or transferee is organized under the laws of the United States, any state thereof or the District of Columbia.

Defeasance and Discharge

The defeasance provisions of the indenture described under “Description of Debt Securities—Legal Defeasance” and “Description of Debt Securities—Covenant Defeasance” in the accompanying prospectus will not apply to the senior notes.

Same-day Settlement and Payment

Settlement by purchasers of the senior notes will be made in immediately available funds. All payments by us to the depositary of principal and interest will be made in immediately available funds. So long as any senior notes are represented by global securities registered in the name of the depositary or its nominee, those senior notes will trade in the depositary's Same-Day Funds Settlement System and secondary market trading in those senior notes will therefore be required by the depositary to settle in immediately available funds. No assurance can be given as to the effect, if any, of settlement in immediately available funds on trading activity in senior notes.

Book-Entry and Settlement

Senior notes that are released from the pledge following substitution or early settlement will be issued in the form of one or more global certificates, which we refer to as global securities, registered in the name of DTC or its nominee. Except as provided below, owners of beneficial interests in a global security will not be entitled to receive physical delivery of notes in certificated form and will not be considered the holders of the senior notes for any purpose under the indenture, and no global security representing notes will be exchangeable, except for another global security of the same denomination and tenor to be registered in the name of DTC or its nominee or a successor depositary or its nominee. Accordingly, each beneficial owner must rely on the procedures of DTC and if the beneficial owner is not a participant, on the procedures of the participant through which the beneficial owner owns its interest to exercise any rights of a holder under the indenture.

The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of the securities in certificated form. These laws may impair the ability to transfer beneficial interests in a global security.

Certificates for the senior notes will be printed and delivered in exchange for beneficial interests in the global securities if:

- DTC notifies us that it is unwilling or unable to continue as a depositary for the global security certificates and no successor depositary has been appointed within 90 days after this notice, or
- DTC at any time ceases to be a clearing agency registered under the Securities Exchange Act and no successor depositary has been appointed within 90 days after we learn that DTC has ceased to be so registered, or
- we determine in our sole discretion that we will no longer have senior debt securities represented by global securities or will permit any of the global security certificates to be exchangeable or an event of default under the indenture has occurred and is continuing.

Any global note that is exchangeable as described in the preceding sentence will be exchangeable for note certificates registered in the names directed by DTC. We expect that these instructions will be based upon directions received by DTC from its participants with respect to ownership of beneficial interests in the global security certificates.

Trustee

The Bank of New York will serve as the indenture trustee with respect to the senior notes. The trustee is one of a number of banks with which we and our subsidiaries maintain ordinary banking and trust relationships.

UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

The following summary describes the material United States federal income tax consequences, as of the date of this prospectus supplement, of the purchase, ownership and disposition of Equity Units, Stripped Units, senior notes, and our common stock acquired under the forward purchase contracts.

Except where otherwise stated, this summary deals only with Equity Units, Stripped Units, senior notes, and our common stock held as a capital asset by a holder who:

- is a United States person (as defined below); and
- purchases the Equity Units upon original issuance at their original issue price.

A “United States person” is a holder who is, for U.S. federal income tax purposes, one of the following:

- a citizen or resident of the United States;
- a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision of the United States;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust, or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

Your tax treatment may vary depending on your particular situation. This summary does not address all of the tax consequences that may be relevant to holders that are subject to special tax treatment, such as:

- dealers in securities or currencies;
- financial institutions;
- tax-exempt investors;
- traders in securities that elect to use a mark-to-market method of accounting for their securities holdings;
- persons liable for alternative minimum tax;
- insurance companies;
- real estate investment trusts;
- regulated investment companies;
- persons holding Equity Units, Stripped Units, senior notes, or our common stock as part of a hedging, conversion, integrated or constructive sale transaction or a straddle; or
- U.S. persons whose functional currency is not the United States dollar.

In addition, if a partnership holds Equity Units, Stripped Units, senior notes or our common stock, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding the above instruments, you should consult your tax advisors.

This summary is based on the Internal Revenue Code of 1986, as amended (which we refer to as the "Code"), the Treasury regulations promulgated under the Code and administrative and judicial interpretations as of the date of this prospectus supplement. These income tax laws, regulations and interpretations, however, may change at any time. Any change could be retroactive to the issuance date of the Equity Units.

No statutory, administrative or judicial authority directly addresses the treatment of Equity Units or instruments similar to Equity Units for United States federal income tax purposes. As a result, we cannot assure you that the Internal Revenue Service or the courts will agree with the tax consequences described herein. A different treatment from that assumed below could adversely affect the amount, timing and character of income, gain or loss in respect of an investment in the Equity Units. You should consult your own tax advisor regarding the tax consequences to you of the purchase, ownership and disposition of Equity Units, Stripped Units, senior notes and our common stock, including the tax consequences under state, local, foreign and other tax laws.

Equity Units

Allocation of Purchase Price

Your acquisition will be treated as an acquisition of the senior note and the forward purchase contract constituting the Equity Units and, by purchasing Equity Units, you will be deemed to have agreed to such treatment. The remainder of this discussion assumes that the acquisition of Equity Units will be treated as an acquisition of a senior note and forward purchase contract.

The purchase price of each Equity Unit will be allocated between the senior note and the forward purchase contract in proportion to their respective fair market values at the time of purchase. Such allocation will establish your initial tax basis in the senior note and the forward purchase contract. We will 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. The remainder of this discussion assumes that this allocation of the purchase price will be respected.

Senior Notes

Accrual of Interest

Because of the manner in which the interest rate on the senior notes is reset, the senior notes will be classified as contingent payment debt obligations under the Treasury regulations. 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. As discussed more fully below, the effect of these Treasury regulations will be to:

- require you, regardless of your usual method of tax accounting, to use the accrual method with respect to the senior notes;
- possibly result in the accrual of original issue discount by you in excess of stated interest payments actually received by you; and
- generally result in ordinary rather than capital treatment of any gain, and to some extent loss, on the sale, exchange, or other disposition of the senior notes.

Under the contingent payment debt rules, you will be required to include original issue discount in income each year, regardless of your usual method of tax accounting, based on the comparable yield of the senior notes. Actual cash payments of interest on the senior notes will not be reported separately as taxable income. In order to determine your income, these rules require us to determine, as of the issue date, the comparable yield for the senior notes. The comparable yield of the senior notes will generally be the rate at which we would issue a fixed rate debt instrument with terms and conditions similar to the senior notes.

We are required to provide the comparable yield to you and, solely for tax purposes, are also required to provide a projected payment schedule that includes the actual interest payments on the senior notes and estimates the amount and timing of contingent payments on the senior notes. We have determined that the comparable yield is an annual rate of 6.70%, compounded quarterly. Based on the comparable yield, the projected payment schedule per senior note is \$0.52 for the period ending on August 16, 2002, \$0.72 for each subsequent quarter ending on or prior to the remarketing date and \$1.02 for each quarter ending after the remarketing date (which does not include the payment of principal at maturity). By acceptance of a beneficial interest in the senior notes you will be deemed to have agreed in the indenture, for U.S. federal income tax purposes, to be bound by our determination of the comparable yield and projected payment schedule. For U.S. federal income tax purposes, you must use the comparable yield determined by us and the projected payments set forth in the projected payment schedule above in determining your interest accruals, and the adjustments thereto, in respect of the senior notes.

The comparable yield and the projected schedule are not provided for any purpose other than the determination of your interest accruals thereof in respect of the senior notes and do not constitute a representation regarding the actual amount of any payment on a senior note.

The amount of original issue discount on a senior note for each accrual period is determined by multiplying the comparable yield of the senior note, adjusted for the length of the accrual period, by the senior note's adjusted issue price at the beginning of the accrual period, determined in accordance with the rules set forth in the contingent payment debt regulations. The adjusted issue price of each senior note at the beginning of each accrual period will equal \$50, increased by any original issue discount previously accrued on the senior note and decreased by the amount of any fixed payments and projected amount of any contingent payments previously made on the senior note during the period you held the senior note. The amount of original issue discount so determined is then allocated on a ratable basis to each day in the accrual period. We are required to provide information returns stating the amount of original issue discount accrued on senior notes held of record by persons other than corporations and other exempt owners.

If after the remarketing date, the remaining amounts of interest payable on the senior notes differ from the payments set forth on the foregoing projected payment schedule, negative or positive adjustments reflecting such differences should be taken into account by you as adjustments to interest income in a reasonable manner over the period to which they relate.

Stripped Units

Substitution of Treasury Security to Create Stripped Units

If you deliver a treasury security to the collateral agent in substitution for the senior note, you generally will not recognize gain or loss upon the delivery of the treasury security or the release of the senior note. You will continue to take into account items of income or deduction otherwise includible or deductible, respectively, with respect to the senior note and treasury security, and your tax basis in the senior note, treasury security and the forward purchase contract will not be affected by the delivery and release.

Ownership of Treasury Securities

By acquiring Stripped Units, you agree to treat yourself as the owner of the treasury security that is a part of the Stripped Units beneficially owned by you. We also agree to treat you as the owner of the treasury security. Your initial tax basis in the treasury security that is a part of the Stripped Units will be equal to the amount paid for the treasury security. Your adjusted tax basis in the treasury security will be increased by the amount of any original issue discount included in income with respect thereto.

Interest Income and Original Issue Discount

A holder of Stripped Units will be required to treat its pro rata portion of the treasury security as a bond that was originally issued on the date acquired by such holder and that has original issue discount equal to the holder's pro rata portion of the excess of the amount payable on such treasury security over the value of the treasury security at the time the holder acquires it. A holder whether on the cash or accrual method of tax accounting will be required to include original issue discount (other than original issue discount on a short-term U.S. treasury security, as defined below) in income for United States federal income tax purposes as it accrues on a constant yield to maturity basis. Consequently, a portion of each scheduled payment to holders will be treated as a return of such holder's investment in the treasury security and will not be considered current income for United States federal income tax purposes.

In the case of any treasury security with a maturity of one year or less from the date of its issue (a "short-term U.S. treasury security"), in general only accrual basis taxpayers will be required to include original issue discount in income as it accrues. Unless you are an accrual basis holder who elects to accrue the original issue discount on a short-term U.S. treasury security on a constant yield to maturity basis, you will accrue such original issue discount on a straight-line basis.

Substitution of Senior Notes to Recreate Equity Units

If you deliver senior notes to the collateral agent to recreate Equity Units, you generally will not recognize gain or loss upon the delivery of the senior notes or the release of the treasury security. You will continue to take into account items of income or deduction otherwise includible or deductible, respectively, with respect to the treasury security and the senior notes, and your tax basis in the senior notes, the treasury security and the forward purchase contract will not be affected by the delivery and release.

Forward Purchase Contracts

Contract Adjustment Payments

There is no direct authority addressing the treatment of the contract adjustment payments under current law, and their treatment is unclear. Contract adjustment payments may constitute taxable income to you when received or accrued, in accordance with your method of tax accounting. To the extent we are required to file information returns with respect to contract adjustment payments, we intend to report such payments as taxable income to you. You should consult your own tax advisor concerning the treatment of contract adjustment payments. The treatment of contract adjustment payments could affect your tax basis in a forward purchase contract or our common stock received under a forward purchase contract or your amount realized upon the sale or disposition of an Equity Unit or a Stripped Unit or the termination of a forward purchase contract. See "—Acquisition of Common Stock Under a Forward Purchase Contract," "—Sale or Disposition of Equity Units or Stripped Units" and "—Termination of Forward Purchase Contract."

Acquisition of Common Stock Under a Forward Purchase Contract

You generally will not recognize gain or loss on the purchase of our common stock under a forward purchase contract, except with respect to any cash paid in lieu of a fractional share of common stock. Subject to the following discussion, your aggregate initial tax basis in the common stock received under a purchase contract generally should equal (a) the purchase price paid for such common stock, plus (b) your tax basis in the forward purchase contract, if any, less (c) the portion of such purchase price and tax basis allocable to the fractional share. The holding period for common stock received under a forward purchase contract will commence on the day the common stock is acquired.

Early Settlement of Forward Purchase Contract

You will not recognize gain or loss on the receipt of your proportionate share of the senior notes or treasury security upon early settlement of a forward purchase contract, and you will have the same tax basis in such senior notes or treasury security, as the case may be, as before such early settlement.

Termination of Forward Purchase Contract

If a forward purchase contract terminates, you will recognize capital gain or loss equal to the difference between your amount realized, if any, upon such termination and your adjusted tax basis, if any, in the forward purchase contract at the time of such termination. Contract adjustment payments, if any, received by you, but not includible in income, should either reduce your basis in the forward purchase contract or result in an amount realized on the termination of the forward purchase contract. See “—Contract Adjustment Payments.” Capital gains of individuals derived in respect of capital assets held for more than one year are subject to tax at preferential rates. The deductibility of capital losses is subject to limitations.

You will not recognize gain or loss on the receipt of your proportionate share of the senior notes or treasury security upon termination of the forward purchase contract and you will have the same tax basis in such senior notes or treasury security, as the case may be, as before such termination. If the termination of the forward purchase contract occurs when the forward purchase contract has a negative value, see “—Sale or Disposition of Equity Units or Stripped Units.” You should consult your own tax advisor regarding the termination of the forward purchase contract when the forward purchase contract has a negative value.

Adjustment to Settlement Rate

You might be treated as receiving a constructive distribution from us if (i) the settlement rate is adjusted and as a result of such adjustment your proportionate interest in our assets or earnings and profits is increased and (ii) the adjustment is not made pursuant to a bona fide, reasonable anti-dilution formula. An adjustment in the settlement rate would not be considered made pursuant to such a formula if the adjustment were made to compensate you for certain taxable distributions with respect to our common stock. Thus under certain circumstances, an increase in the settlement rate might give rise to a taxable dividend to you even though you would not receive any cash related thereto. In addition, in certain situations, you might be treated as receiving a constructive distribution if we fail to adjust the settlement rate.

Sale or Disposition of Equity Units or Stripped Units

Upon a disposition of Equity Units or Stripped Units, you will be treated as having sold, exchanged or disposed of the forward purchase contract and the senior note or treasury security, as the case may be, that constitute such Equity Units or Stripped Units. You generally will have gain or loss equal to the difference between the portion of your proceeds allocable to the forward purchase contract and the senior note or treasury security, as the case may be, and your respective adjusted tax bases in the forward purchase contract and the senior note or treasury security. For purposes of determining gain or loss, your proceeds will not include an amount equal to accrued and unpaid interest on the treasury security not previously included in income, which amount will be treated as ordinary interest income. Further, to the extent you are treated as having received an amount with respect to accrued contract adjustment payments, such amounts may be treated as ordinary income to the extent not previously included in income. Alternatively, contract adjustment payments that you did not previously include in income could either reduce your tax basis in the forward purchase contract or result in an increase of the amount realized on the disposition of the forward purchase contract. See “—Contract Adjustment Payments.”

In the case of the forward purchase contracts and the treasury security, such gain or loss generally will be capital gain or loss. Capital gains of individuals derived in respect of capital assets held for more than one year are subject to tax at preferential rates. The deductibility of capital losses is subject to limitations. If the disposition of Equity Units or Stripped Units occurs when the forward purchase contract has a negative value, you should be considered to have received additional consideration for the senior note or treasury security in an amount equal to such negative value, and to have paid such amount to be released from your obligation under the forward purchase contract. You should consult your tax advisor regarding a disposition of Equity Units or Stripped Units at a time when the forward purchase contract has a negative value.

Gain or loss on the sale, exchange or other disposition of a senior note prior to the date six months after the interest rate on the senior note is reset generally will be treated as ordinary income or loss. Gain or loss on the sale, exchange or other disposition of a senior note that occurs during the six month period following the date the interest rate is reset will generally be treated as ordinary income or loss unless no further payments are due during the remainder of the six month period. Gain or loss recognized on the sale, exchange or other disposition of a senior note starting from the earlier of the date that is six months after the interest rate on the senior notes is reset or the date when no further payments are due during the six month period after the interest rate on senior notes is reset will generally be ordinary income or loss to the extent attributable to the difference, if any, between the present value of the total remaining principal and interest payments due on the senior note and the present value of the total remaining payments set forth on the projected payment schedule for such senior note. The amount of any ordinary loss may not exceed your prior net interest inclusions (reduced by the total net negative adjustments previously allowed as an ordinary loss). Any gain or loss recognized in excess of such amount on such sale, exchange or other disposition generally will be treated as capital gain or loss. Capital gains of individuals derived in respect of capital assets held for more than one year are subject to tax at preferential rates. Because gain or loss on the disposition of a senior note may be treated as ordinary income or loss, disposition of Equity Units consisting of a senior note and forward purchase contract may give rise to capital gain or loss on the forward purchase contract and ordinary income or loss on the senior note, which must be reported separately for United States federal income tax purposes.

Special rules apply in determining the tax basis of a senior note. Your basis in a senior note is generally increased by original issue discount you previously accrued on the senior note, and reduced by the fixed payments you receive and by the contingent payments projected to be made during the period you held the senior note.

Remarketing or Tax Event Redemption of the Senior Notes

A remarketing or tax event redemption of the senior notes will be a taxable event for holders of senior notes that will be subject to tax in the manner described above under “—Sale or Disposition of Equity Units or Stripped Units.”

Ownership of the Treasury Portfolio

After the remarketing settlement date or tax event redemption date (if prior to the purchase contract settlement date), your Equity Units will include a beneficial interest in a treasury portfolio instead of a senior note. We and, by acquiring Equity Units, you agree to treat yourself as the owner of the beneficial interest in the treasury portfolio that is a part of the Equity Units owned by you. Your initial tax basis in your applicable ownership interest in the treasury portfolio will equal your pro rata portion of the amount paid by the remarketing agent or collateral agent, as the case may be, for the treasury portfolio. Your adjusted tax basis in the treasury portfolio will be increased by the amount of original issue discount included in income with respect thereto and decreased by the amount of cash received in respect of the treasury portfolio.

Interest Income and Original Issue Discount

The treasury portfolio will consist of stripped U.S. treasury securities. Following a remarketing or tax event redemption of the senior notes, a holder of Equity Units will be required to treat its pro rata portion of each treasury security in the treasury portfolio as a bond that was originally issued on the date the remarketing agent or collateral agent acquired the relevant treasury securities underlying the treasury portfolio and that has original issue discount equal to the holder's pro rata portion of the excess of the amounts payable on such treasury securities over the value of the treasury securities at the time the remarketing agent or collateral agent acquires them on behalf of holders of Equity Units. A holder whether on the cash or accrual method of tax accounting will be required to include original issue discount (other than original issue discount on short-term U.S. treasury securities, as defined below) in income for United States federal income tax purposes as it accrues on a constant yield to maturity basis. Consequently, a portion of each scheduled payment to holders will be treated as a return of such holder's investment in the treasury portfolio and will not be considered current income for United States federal income tax purposes.

In the case of any treasury security with a maturity of one year or less from the date of its issue (a “short-term U.S. treasury security”), in general only accrual basis taxpayers will be required to include original issue discount in income as it accrues. Unless you are an accrual basis holder who elects to accrue the original issue discount on a short-term U.S. treasury security on a constant yield to maturity basis, you will accrue such original issue discount on a straight-line basis.

Non-United States Holders

The following discussion only applies to Non-United States Holders. You are a “Non-United States Holder” if you are not a United States person. Special rules may apply to you if you are a “controlled foreign corporation,” “passive foreign investment company,” “foreign personal holding company,” a corporation that accumulates earnings to avoid United States federal income tax or, in certain circumstances, a U.S. expatriate, and such Non-United States Holders should consult their own tax advisors.

United States Federal Withholding Tax

The 30% United States federal withholding tax will not apply to any payment of principal or interest (including original issue discount) on the senior notes or treasury securities provided that:

- you do not actually (or constructively) own 10% or more of the total combined voting power of all classes of our voting stock within the meaning of the Code and the Treasury regulations;
- you are not a controlled foreign corporation that is related to us through stock ownership;
- you are not a bank whose receipt of interest on the senior notes or treasury securities is described in section 881(c)(3)(A) of the Code; and
- (a) you provide your name and address on an IRS Form W-8BEN (or other applicable form), and certify, under penalties of perjury, that you are not a United States person, or (b) if you hold your Equity Units, Stripped Units, senior notes or treasury securities through certain foreign intermediaries, you satisfy the certification requirements of applicable United States Treasury regulations. Special certification requirements apply to certain Non-United States Holders that are pass-through entities rather than individuals.

If you cannot satisfy the requirements described above, payments of interest (including original issue discount) made to you will be subject to the 30% United States federal withholding tax, unless you provide us with a properly executed:

- IRS Form W-8BEN (or other applicable form) claiming an exemption from, or reduction in the rate of, withholding under the benefit of an applicable tax treaty; or
- IRS Form W-8ECI (or other applicable form) stating that interest paid on the senior notes or treasury securities is not subject to withholding tax because it is effectively connected with your conduct of a trade or business in the United States.

The 30% United States federal withholding tax will not apply to any gain that you realize on the sale, exchange, or other disposition of the Equity Units, Stripped Units, treasury securities, senior notes and our common stock acquired under the forward purchase contract. However, interest income including original issue discount and any gain treated as ordinary income that you realize on the sale, exchange or other disposition of a note will be subject to withholding in certain circumstances unless the conditions described in the four bullet points above are satisfied.

We will generally withhold tax at a 30% rate on contract adjustment payments and dividends paid on our common stock acquired under a forward purchase contract or such lower rate as may be specified by an applicable income tax treaty. However, contract adjustment payments or dividends that are effectively connected with the conduct of a trade or business by the Non-United States Holder within the United States and, where a tax treaty applies, are attributable to a United States permanent establishment of the Non-United States Holder, are not subject to the withholding tax, provided the relevant certification requirements are satisfied, but instead are subject to United States federal income tax, as described below.

A Non-United States Holder of our common stock or a forward purchase contract who wishes to claim the benefit of an applicable treaty rate for dividends or contract adjustment payments, will be required to satisfy certain certification and disclosure requirements described in the fourth bullet point above.

A Non-United States Holder eligible for a reduced rate of United States withholding tax on payments pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the IRS.

United States Federal Income Tax

If you are engaged in a trade or business in the United States and interest (including original issue discount) on the senior notes or treasury securities, dividends on our common stock, or to the extent they constitute taxable income, contract adjustment payments from the forward purchase contracts are effectively connected with the conduct of that trade or business, you will be subject to United States federal income tax on the interest, dividends or contract adjustment payments on a net income basis (although exempt from the 30% withholding tax), in the same manner as if you were a United States person as defined under the Code. Certain certification and disclosure requirements must be complied with in order for effectively connected income to be exempt from withholding. In addition, if you are a foreign corporation, you may be subject to a branch profits tax equal to 30% (or lower applicable treaty rate) of your earnings and profits for the taxable year, subject to adjustments, that are effectively connected with the conduct by you of a trade or business in the United States. For this purpose, interest on the senior notes or treasury securities, dividends on our common stock and, to the extent they constitute taxable income, the contract adjustment payments from the forward purchase contracts will be included in earnings and profits.

Any gain realized on the disposition of a treasury security, senior note (to the extent not treated as interest income under the contingent payment debt rules), forward purchase contract or share of our common stock generally will not be subject to United States federal income tax unless:

- that gain or income is effectively connected with the conduct of a trade or business by you in the United States; or
- you are an individual who is present in the United States for 183 days or more in the taxable year of that disposition, and certain other conditions are met; or
- in the case of Equity Units, Stripped Units or our common stock, we are or have been a “United States real property holding corporation” for United States federal income tax purposes (subject to the discussion below).

An individual Non-United States Holder described in the first bullet above will be subject to tax on the net gain derived from the sale under regular graduated United States federal income tax rates. An individual Non-United States Holder described in the second bullet point above will be subject to a flat 30% tax on the gain derived from the sale, which may be offset by United States source capital losses (even though the individual is not considered a resident of the United States). If a Non-United States Holder that is a foreign corporation falls under the first bullet above, it will be subject to tax on its gain under regular graduated United States federal income tax rates and, in addition, may be subject to the branch profits tax equal to 30% of its effectively connected earnings and profits or at such lower rate as may be specified by an applicable income tax treaty.

We believe we are not and do not anticipate becoming a “U.S. real property holding corporation” for U.S. federal income tax purposes. If we become a “United States real property holding corporation,” so long as our common stock continues to be regularly traded on an established securities market:

- you will not be subject to United States federal income tax on the disposition of our common stock if you hold or held (at any time during the shorter of the five-year period preceding the date of disposition or such holder’s holding period) less than or equal to 5% of the total outstanding shares of our common stock; and

- you will not be subject to United States federal income tax on the disposition of the forward purchase contracts if on the day you acquired the forward purchase contracts, the forward purchase contracts you acquired had a fair market value less than 5% of the fair market value of all of the forward purchase contracts.

United States Federal Estate Tax

Your estate will not be subject to United States federal estate tax on the senior notes or treasury securities beneficially owned by you at the time of your death, provided that:

- you do not own 10% or more of the total combined voting power of all classes of our voting stock, within the meaning of the Code and United States Treasury regulations; and
- interest on those senior notes or treasury securities would not have been, if received at the time of your death, effectively connected with the conduct by you of a trade or business in the United States.

Our common stock acquired under a forward purchase contract and owned by you at the time of your death will be subject to United States federal estate tax unless an applicable estate tax treaty provides otherwise. Forward purchase contracts owned by you at the time of your death may be subject to United States federal estate tax unless an applicable estate tax treaty provides otherwise.

Information Reporting and Backup Withholding

United States Holders

In general, information reporting requirements may apply to payments on Equity Units, Stripped Units, senior notes, treasury securities, and our common stock made to you and to the proceeds of the sale or other disposition of such instruments, unless you are an exempt recipient such as a corporation. Backup withholding may apply if you fail to supply an accurate taxpayer identification number or otherwise fail to comply with applicable United States information reporting or certification requirements.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability provided the required information is furnished to the IRS.

Non-United States Holders

The amount of the interest, contract adjustment payments and dividends on our common stock paid to you and the tax withheld with respect to such interest, contract adjustment payments and dividends, regardless of whether withholding was required, must be reported annually to the IRS and to you. Copies of the information returns reporting the amount of such interest, contract adjustment payments, dividends and withholding may also be made available to the tax authorities in the country in which you reside under the provisions of an applicable income tax treaty.

In general, no backup withholding will be required regarding payments on the Equity Units, Stripped Units, senior notes, treasury securities, or our common stock (except possibly with respect to contract adjustment payments) that we make to you provided that we do not have actual knowledge or reason to know that you are a United States person and you have delivered the statement described above under “Non-United States Holders—United States Federal Withholding Tax.”

In addition, no information reporting or backup withholding will be required regarding the proceeds of the sale of Equity Units, Stripped Units, senior notes, treasury securities, or our common stock made within the United States or conducted through certain United States financial intermediaries if:

- (1) the payor receives the statement described above and (2) does not have actual knowledge or reason to know that you are a United States person; or
- you otherwise establish an exemption.

Backup withholding may apply if you fail to comply with applicable United States information reporting or certification requirements.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability provided the required information is furnished to the IRS.

CERTAIN ERISA CONSIDERATIONS

The following is a summary of certain considerations associated with the purchase of the Equity Units (and the securities underlying the Equity Units) by employee benefit plans to which Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (which we call ERISA), applies; plans, individual retirement accounts and other arrangements to which Section 4975 of the Code or provisions under any federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (which we call collectively Similar Laws), apply; and entities whose underlying assets are considered to include “plan assets” of such plans, accounts and arrangements (each of which we call a Plan).

Each fiduciary of a Plan should consider the fiduciary standards of ERISA or any applicable Similar Laws in the context of the Plan’s particular circumstances before authorizing an investment in the Equity Units (and the securities underlying the Equity Units). Accordingly, among other factors, the fiduciary should consider whether the investment would satisfy the prudence and diversification requirements of ERISA or any applicable Similar Laws and would be consistent with the documents and instruments governing the Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit Plans subject to such provisions, which we call ERISA Plans, from engaging in certain transactions involving “plan assets” with persons that are “parties in interest” under ERISA or “disqualified persons” under the Code with respect to the ERISA Plans. A violation of these “prohibited transaction” rules may result in an excise tax or other liabilities under ERISA and/or Section 4975 of the Code for those persons, unless exemptive relief is available under an applicable statutory or administrative exemption. Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and foreign plans (as described in Section 4(b) (4) of ERISA) are not subject to the requirements of ERISA or Section 4975 of the Code, but may be subject to Similar Laws.

Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code could arise if the Equity Units (and the securities underlying the Equity Units) were acquired by an ERISA Plan with respect to which we or any of our affiliates are a party in interest or a disqualified person. For example, if we are a party in interest or disqualified person with respect to an investing ERISA Plan (either directly or by reason of our ownership of our subsidiaries), an extension of credit prohibited by Section 406 (a) (1) (B) of ERISA and Section 4975 (c) (1) (B) of the Code (or similar provisions under Similar Laws) between the investing ERISA Plan and us may be deemed to occur, unless exemptive relief were available under an applicable exemption (see below).

The United States Department of Labor has issued prohibited transaction class exemptions, or PTCEs, that may provide exemptive relief for direct or indirect prohibited transactions resulting from the purchase, holding or disposition of the Equity Units (and the securities underlying the Equity Units). Those class exemptions include:

- PTCE 96-23—for certain transactions determined by in-house asset managers,
- PTCE 95-60—for certain transactions involving insurance company general accounts,
- PTCE 91-38—for certain transactions involving bank collective investment funds,
- PTCE 90-1—for certain transactions involving insurance company separate accounts, and
- PTCE 84-14—for certain transactions determined by independent qualified professional asset managers.

Because of the possibility that direct or indirect prohibited transactions or violation of Similar Laws could occur as a result of the purchase, holding or disposition of the Equity Units (and the securities underlying the Equity Units) by a Plan, the Equity Units may be not purchased by any Plan, or any person investing “plan assets” of any Plan, unless its purchase, holding and disposition of the Equity Units (and the securities underlying the Equity Units) will not result in a non-exempt prohibited transaction under ERISA or the Code or a violation of any Similar Laws. Any purchaser or holder of the Equity Units or any interest in the Equity Units will be treated as if it has represented by its purchase and holding of the Equity Units that either:

- it is not a Plan and is not purchasing the Equity Units or interest in the Equity Units on behalf of or with “plan assets” of any Plan, or
- its purchase, holding and disposition of the Equity Units or interest in the Equity Units (and accompanying interests in, and potential transactions involving, the securities underlying the Equity Units) will not result in a non-exempt prohibited transaction under ERISA or the Code or a violation of any Similar Laws.

In addition, no Plan will be permitted to participate in the remarketing program unless and until the Plan provides the remarketing agent with assurances, reasonably satisfactory to the remarketing agent, that the Plan’s participation in the remarketing program will not result in a non-exempt prohibited transaction under ERISA or the Code or a violation of any Similar Law.

Due to the complexity of these rules and the penalties imposed upon persons involved in non-exempt prohibited transactions, it is important that any person considering the purchase of Equity Units (and the securities underlying the Equity Units) on behalf of or with “plan assets” of any Plan consult with its counsel regarding the consequences under ERISA, the Code and any applicable Similar Laws of the acquisition, ownership and disposition of Equity Units (and the securities underlying the Equity Units), whether any exemption would be applicable, and whether all conditions of such exemption have been satisfied such that the acquisition and holding of the Equity Units (and the securities underlying the Equity Units) by the Plan are entitled to full exemptive relief thereunder.

UNDERWRITING

Goldman, Sachs & Co., J.P. Morgan Securities Inc. and Salomon Smith Barney Inc. are the joint book-running managers of this offering. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus supplement, each underwriter named below has severally agreed to purchase, and we have agreed to sell to that underwriter, the number of Equity Units set forth opposite the underwriter's name.

<u>Underwriter</u>	<u>Number of Equity Units</u>
Goldman, Sachs & Co.	1,350,000
J.P. Morgan Securities Inc.	1,350,000
Salomon Smith Barney Inc.	1,350,000
Banc of America Securities LLC.	240,000
Credit Suisse First Boston Corporation	240,000
Lehman Brothers Inc.	240,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	240,000
UBS Warburg LLC	240,000
A.G. Edwards & Sons, Inc.	125,000
Danske Securities (US), Inc.	125,000
Edward D. Jones & Co., L.P.	125,000
McDonald Investments Inc.	125,000
TD Securities (USA) Inc.	125,000
The Williams Capital Group, L.P.	125,000
Total.	<u>6,000,000</u>

The underwriting agreement provides that the obligations of the underwriters to purchase the Equity Units are subject to approval of legal matters by counsel and to other conditions. The underwriters are obligated to purchase all the Equity Units (other than those covered by the over-allotment option described below, unless and until this option is exercised) if they purchase any of the Equity Units.

The underwriters propose to offer the Equity Units directly to the public at the public offering price set forth on the cover page of this prospectus supplement and some of the Equity Units to dealers at the public offering price less a concession not to exceed \$0.900 per Equity Unit. If all of the Equity Units are not sold at the initial offering price, the representatives may change the public offering price and the other selling terms.

We have granted to the underwriters an option, to purchase from us within 13 days from the original issuance of the Equity Units, up to 900,000 additional Equity Units at the public offering price less the underwriting discount. The underwriters may exercise the option solely for the purpose of covering over-allotments, if any, in connection with this offering. To the extent the option is exercised, each underwriter must purchase a number of additional Equity Units approximately proportionate to that underwriter's initial purchase commitment.

The following table shows the underwriting discounts and commissions that we are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase 900,000 additional Equity Units.

	<u>Paid by American Electric Power</u>	
	<u>No Exercise</u>	<u>Full Exercise</u>
Per Equity Unit	\$ 1.50	\$ 1.50
Total	\$9,000,000	\$10,350,000

We have agreed and our executive officers and directors have agreed that, for a period of 90 days from June 5, 2002, we and they will not, without the prior written consent of the joint book-running managers, dispose of or hedge any Equity Units, forward purchase contracts or shares of our common stock or any securities substantially similar to the Equity Units, forward purchase contracts or shares of our common stock or any securities convertible into or exchangeable or exercisable for our common stock or substantially similar securities (other than the exercise of outstanding options and issuance of shares issuable under plans for employees or shareholders in effect on the date of this prospectus supplement). However, we may issue shares of our common stock in the concurrent offering. The joint book-running managers in their sole discretion may release any of the securities subject to these lock-up agreements at any time without notice.

Our common stock is listed on the NYSE under the symbol "AEP." We have been approved to list the Equity Units on the NYSE under the symbol "AEP PrA."

The Equity Units are a new issue of securities with no established trading market. We have been advised by the underwriters that the underwriters intend to make a market in the Equity Units but are not obliged to do so and may discontinue market making at any time without notice. No assurance can be given as to the liquidity of the trading market for the Equity Units.

In connection with the offering, Salomon Smith Barney Inc., on behalf of the underwriters, may purchase and sell Equity Units in the open market. These transactions may include short sales, syndicate covering transactions and stabilizing transactions. Short sales involve syndicate sales of Equity Units in excess of the number of Equity Units to be purchased by the underwriters in the offering, which creates a syndicate short position. "Covered" short sales are sales of Equity Units made in an amount up to the number of Equity Units represented by the underwriters' over-allotment option. In determining the source of Equity Units to close out the covered syndicate short position, the underwriters will consider, among other things, the price of Equity Units available for purchase in the open market as compared to the price at which they may purchase Equity Units through the over-allotment option. Transactions to close out the covered syndicate short involve either purchases of the Equity Units in the open market after the distribution has been completed or the exercise of the over-allotment option. The underwriters may also make "naked" short sales of Equity Units in excess of the over-allotment option. The underwriters must close out any naked short position by purchasing Equity Units in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Equity Units in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of bids for or purchases of Equity Units made for the purpose of preventing or retarding a decline in the market price of the Equity Units while the offering is in progress.

The underwriters may also impose a penalty bid. Penalty bids permit the underwriters to reclaim a selling concession from a syndicate member when Salomon Smith Barney Inc., in covering syndicate short positions or making stabilizing purchases, repurchases Equity Units originally sold by that syndicate member.

Any of these activities may have the effect of preventing or retarding a decline in the market price of the Equity Units. They may also cause the price of the Equity Units to be higher than the price that otherwise would exist in the open market in the absence of these transactions. The underwriters may conduct these transactions on the NYSE, in the over-the-counter market or otherwise. If the underwriters commence any of these transactions, they may discontinue them at any time.

Each underwriter has represented, warranted and agreed that: (i) it has not offered or sold and, prior to the expiry of a period of six months from the closing date, will not offer or sell any Equity Units to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 ("FSMA")) received by it in connection with the issue or sale of any Equity Units in circumstances in which section 21(1) of the FSMA does not apply to us; and (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Equity Units in, from or otherwise involving the United Kingdom.

The Equity Units may not be offered, sold, transferred or delivered in or from The Netherlands, as part of their initial distribution or as part of any re-offering, and neither this prospectus supplement nor any other document in respect of the offering may be distributed or circulated in the Netherlands, other than to individuals or legal entities which include, but are not limited to: banks, brokers, dealers, institutional investors and undertakings with a treasury department, who or which trade or invest in securities in the conduct of a business or profession.

This prospectus supplement and the accompanying prospectus will be made available in electronic format on the websites maintained by one or more of the underwriters. The representatives may agree to allocate a number of Equity Units to underwriters for sale to their online brokerage account holders. The representatives will allocate Equity Units to underwriters that may make Internet distributions on the same basis as other allocations. In addition, Equity Units may be sold by the underwriters to securities dealers who resell Equity Units to online brokerage account holders.

We estimate that our portion of the total expenses of this offering of Equity Units, exclusive of underwriting discounts and commissions, will be approximately \$630,000.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

This prospectus supplement, as amended or supplemented, may be used by the remarketing agent for remarketing the senior notes or upon early settlement of the forward purchase contracts.

The underwriters and certain of their affiliates have performed investment banking, advisory, general financing and commercial banking services for us and our subsidiaries from time to time for which they have received customary fees and expenses. The underwriters may, from time to time in the future, engage in transactions with and perform services for us and our subsidiaries in the ordinary course of their business.

LEGAL MATTERS

Certain legal matters with respect to this offering of Equity Units will be passed on for us by Thomas G. Berkemeyer, Esq., Associate General Counsel of American Electric Power Service Corporation, one of our affiliates, or William E. Johnson, Esq., Senior Counsel of American Electric Power Service Corporation and Simpson Thacher & Bartlett, New York, New York and for the underwriters by Dewey Ballantine LLP, New York, New York. From time to time, Dewey Ballantine LLP acts as counsel to our affiliates for some matters.

EXPERTS

The financial statements of the Company and its subsidiaries (including Central and South West Corporation and its subsidiaries, as of December 31, 2001 and 2000, and for the years then ended) and the related financial statement schedule incorporated in this prospectus by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2001 have been audited by Deloitte & Touche LLP, as stated in their reports dated February 22, 2002 (which report on the financial statements expresses an unqualified opinion and includes an explanatory paragraph referring to the restatement of the 1999 financial statements to give retroactive effect to the conforming change in the method of accounting for vacation pay accruals), which are incorporated herein by reference.

The financial statements of Central and South West Corporation and its subsidiaries (excluding CSW UK Holdings), as of December 31, 1999, and for the year then ended, have been audited by Arthur Andersen LLP, as stated in their reports, which are incorporated herein by reference. The financial statements of CSW UK Holdings, as of December 31, 1999, and for the year then ended, have been audited by KPMG Audit Plc, as stated in their report, which is incorporated herein by reference.

Such financial statements of the Company and its subsidiaries have been so incorporated herein in reliance upon the respective reports of such firms given upon their authority as experts in accounting and auditing. All of the foregoing firms are independent auditors.

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Summary: Testimony Public Version of Direct Testimony of Kevin Murray on behalf of Industrial Energy Users-Ohio, Part 2 of 3 (2nd half of Part 2), Exhibit KMM-3 electronically filed by Ms. Vicki L. Leach-Payne on behalf of Randazzo, Samuel C. Mr.