

American Electric Power
Major Changes in Earnings Per Share for 4th Quarter 2001 vs. 4th Quarter 2000

(Data based on preliminary, unaudited results) (a)

	<u>2001</u>	<u>2000</u>	<u>Variance</u>
Wholesale: (b) (c)			
Gross Margin - Energy Sales	1.59	1.76	(0.17)
Gross Margin - Trading and Marketing:			
Power	(0.05)	0.17	(0.22)
Gas (d)	0.12	0.16	(0.04)
Cook Restart & Jurisdictional Settlements	(0.06)	(0.19)	0.13
O&M Expense (e)	(0.95)	(0.90)	(0.05)
Gas Holding Co. Costs (d)	(0.07)	(0.03)	(0.04)
Depreciation & Amortization	(0.30)	(0.27)	(0.03)
Taxes Other Than FIT	(0.14)	(0.17)	0.03
Other	0.02	(0.03)	0.05
Total Wholesale	<u>0.16</u>	<u>0.50</u>	<u>(0.34)</u>
Energy Delivery: (b) (f)			
Revenue	1.46	1.42	0.04
O&M Expense	(0.61)	(0.64)	0.03
Depreciation & Amortization	(0.24)	(0.24)	0.00
Taxes Other Than FIT	(0.18)	(0.17)	(0.01)
Total Energy Delivery	<u>0.43</u>	<u>0.37</u>	<u>0.06</u>
Other Investments:			
SEEBOARD	0.05	0.11	(0.06)
CitiPower	(0.01)	0.02	(0.03)
Other	0.02	(0.02)	0.04
Total Other Investments	<u>0.06</u>	<u>0.11</u>	<u>(0.05)</u>
Capital Costs	<u>(0.30)</u>	<u>(0.36)</u>	<u>0.06</u>
On-going Earnings	0.35	0.62	(0.27)
Special Items:			
COLI Adjustment	-	(0.99)	0.99
Merger Costs	0.00	(0.05)	0.05
HPL-related Enron purchase obligations	(0.08)	-	(0.08)
Severance Accruals	0.01	-	0.01
Taxes Other Than FIT - Prior Period Adj.	(0.01)	-	(0.01)
Extraordinary Item	(0.01)	-	(0.01)
Disposition / Writedown of Assets	(0.10)	(0.26)	0.16
Reported Earnings Per Share	<u>0.16</u>	<u>(0.68)</u>	<u>0.84</u>

Footnotes:

- a) For analysis purposes, certain financial statement amounts have been reclassified for this effect on earnings presentation.
- b) The data presented for the Wholesale and Energy Delivery business segments represent on-going earnings before interest expense, on an after tax (35%) basis, using outstanding shares of 322.0 million and 322.2 million for 2000 and 2001, respectively.
- c) Wholesale includes wholesale sales in the U. S., the generation component of sales to

domestic retail customers, worldwide trading, and other related businesses including Pro Serv, AEP Energy Services, CSW Energy, and LIG/HPL.

- d) Includes HPL, which was acquired in June 2001.
- e) Of the (\$0.05)/share O&M Expense variance, (\$0.01)/share is due to incentive compensation.
- f) Energy Delivery includes the domestic electric transmission and distribution businesses.