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FOR IMMEDIATE RELEASE

AEP REPORTS 2004 SECOND-QUARTER EARNINGS

- Second-quarter results: GAAP \$0.25 per share, ongoing \$0.38 per share
- Improving economy, weather boost regulated utilities' sales, gross margin
- Higher O&M costs driven by increased maintenance activity, storms
- Company affirms previous ongoing earnings guidance range for 2004

**AMERICAN ELECTRIC POWER
Preliminary, unaudited results**

(EPS based on 395mm shares Q2 2003, 396mm in Q2 2004, 376mm in 6 mo. 2003 and 396mm in 6 mo.2004)

	<u>Second quarter ended June 30</u>			<u>6-months ended June 30</u>		
	2003	2004	Variance	2003	2004	Variance
Revenue (\$ in billions)	3.5	3.4	(0.1)	7.2	6.7	(0.5)
Earnings (\$ in millions):						
GAAP	175	100	(75)	615	382	(233)
Ongoing	170	150	(20)	426	439	13
EPS (\$):						
GAAP	0.44	0.25	(0.19)	1.64	0.96	(0.68)
Ongoing	0.43	0.38	(0.05)	1.13	1.11	(0.02)

COLUMBUS, Ohio, July 30, 2004 – American Electric Power (NYSE: AEP) today reported 2004 second-quarter earnings, prepared in accordance with Generally Accepted Accounting Principles (GAAP), of \$100 million, or \$0.25 per share, compared with \$175 million, or \$0.44 per share, in the same period last year.

Ongoing earnings for second-quarter 2004 were \$150 million, or \$0.38 per share, compared with \$170 million, or \$0.43 per share, in the same period last year.

A key factor in the second-quarter ongoing earnings performance, when compared with the prior periods, was increased retail sales, which improved gross margins in AEP's core utility operations. The higher margins helped the company offset the absence of a Texas stranded cost recovery mechanism that added \$52 million pre-tax, or \$0.09 per share, to ongoing earnings in last year's second quarter; however, a provision for a potential fuel disallowance in Texas this quarter reduced ongoing earnings by \$59 million pre-tax, or \$0.10 per share. Higher operations and

maintenance (O&M) expenses, primarily from increased generation and distribution maintenance activities and storm damage expenses in utility operations, were partially offset by reduced losses from the company's non-utility investments.

GAAP and ongoing earnings per share for second-quarter 2004 are based on an average of approximately 396 million shares outstanding, compared to an average of approximately 395 million shares outstanding for the same period in 2003. GAAP and ongoing earnings per share for the year-to-date period are based on an average of 396 million shares in 2004, compared to an average of 376 million shares in 2003. For the 2004 year-to-date period, dilution for GAAP earnings is \$0.05 per share and dilution for ongoing earnings is \$0.06 per share.

A full reconciliation of GAAP earnings to ongoing earnings for each period is included in tables at the end of this news release.

EARNINGS GUIDANCE

AEP affirmed its previous 2004 ongoing earnings guidance range of between \$2.20 and \$2.40 per share. In providing ongoing earnings guidance, AEP management is aware of potential differences between 2004 ongoing earnings and 2004 GAAP earnings because of the classification of UK operations and LIG as discontinued. At this time AEP management is not able to accurately estimate the impact on GAAP earnings of potential differences in timing of planned disposals of UK operations, LIG and other non-core assets, or the potential impact of any future changes in accounting principles. Therefore, AEP is not able at this time to provide a corresponding GAAP equivalent for 2004 earnings guidance.

SUMMARY ONGOING RESULTS BY SEGMENT

(\$ in millions except EPS; EPS based on 395mm shares Q2 2003, 396mm in Q2 2004, 376mm in 6mo. 2003 and 396mm in 6mo.2004)

	Q2 03	Q2 04	Variance	YTD 03	YTD 04	Variance
Utility Operations	225	183	(42)	534	486	(48)
Ongoing EPS	0.57	0.46	(0.11)	1.42	1.23	(0.19)
Investments	(52)	(8)	44	(90)	(13)	77
Ongoing EPS	(0.13)	(0.02)	0.11	(0.24)	(0.03)	0.21
Parent Company	(3)	(25)	(22)	(18)	(34)	(16)
Ongoing EPS	(0.01)	(0.06)	(0.05)	(0.05)	(0.09)	(0.04)
Ongoing Earnings	170	150	(20)	426	439	13
Ongoing EPS	\$0.43	\$0.38	(\$0.05)	\$1.13	\$1.11	(\$0.02)

"While gross margin from our Utility Operations improved year to year, O&M expenses have increased," said Michael G. Morris, AEP's chairman, president and chief executive officer. "Part of the O&M increase is the timing of generation maintenance and the impact of severe storms in many of our states, but we have also made the conscious decision to increase maintenance spending on our distribution system to assure reliability."

Morris said that Utility Operations O&M expenses for 2004 will exceed budget but will not impact ongoing earnings guidance. However, year-over-year, the overall corporate O&M will be

lower because of a decline in expenses for Investments.

"The utility O&M spending levels reflect what is necessary to properly manage and maintain our power plants and the transmission and distribution infrastructure," Morris said. "As we approach rate proceedings, it's important that O&M costs fairly represent to regulators the full story of what it takes to manage these assets and supply the reliable service the regulators and customers demand."

The significant improvement in the Investments segment performance reflects AEP's plan to operate the remaining gas pipelines more efficiently and the overall reduction of activity in the Investments segment as a whole.

The \$22 million increase in Parent Company expenses in the quarter is primarily the result of a reallocation of debt service obligations from subsidiaries back to the parent. This negative contribution to earnings should improve as the parent company debt is paid down over time.

ONGOING RESULTS FROM UTILITY OPERATIONS

(\$ in millions except EPS; EPS based on 395mm shares Q2 2003, 396mm in Q2 2004, 376mm in 6mo. 2003 and 396mm in 6mo.2004)

	Q2 03	Q2 04	Variance	YTD 03	YTD 04	Variance
Regulated Integrated Utilities	655	751	96	1,383	1,500	117
Ohio Companies	464	468	4	960	981	21
Texas Wires	174	106	(68)	331	206	(125)
Texas Supply/REP	115	84	(31)	226	183	(43)
Off-System Sales	104	113	9	222	282	60
Other Wholesale Transactions	(2)	9	11	(5)	13	18
Transmission Revenue – 3 rd Party	116	119	3	229	243	14
Other Operating Revenue	83	73	(10)	179	160	(19)
Total Gross Margin	1,709	1,723	14	3,525	3,568	43
Operations & Maintenance	(735)	(824)	(89)	(1,421)	(1,556)	(135)
Depreciation & Amortization	(315)	(308)	7	(610)	(618)	(8)
Taxes Other Than Income Taxes	(154)	(174)	(20)	(339)	(355)	(16)
Interest Expense & Preferred Dividend	(167)	(157)	10	(331)	(320)	11
Other Income & Deductions	5	16	11	7	25	18
Income Taxes	(118)	(93)	25	(297)	(258)	39
Total Utility Operations	225	183	(42)	534	486	(48)
Ongoing EPS	\$0.57	\$0.46	(\$0.11)	\$1.42	\$1.23	(\$0.19)

Improvements in gross margin from Regulated Integrated Utilities and Off-System Sales more than offset the absence in 2004 of a Texas stranded cost recovery mechanism (a wholesale capacity auction true-up) that was available in 2003 and the additional provision booked in second quarter for potential fuel refunds in Texas.

More favorable weather, when compared with the prior period, and an improving economy contributed to increased gross margin from Regulated Integrated Utilities, as did the cessation of fuel amortization for the Donald C. Cook nuclear plant in Michigan. Retail power sales by Regulated Integrated Utilities increased 7 percent when compared with second-quarter 2003, reflecting both the more favorable weather conditions for AEP's eastern utilities and an economy-driven increase in demand across all customer groups. Cooling degree days for AEP's eastern

utilities almost doubled from second-quarter 2003 and heating degree days were up 18 percent.

AEP's optimization activities continue to enhance realization and boost gross margin from Off-System Sales.

The decline in gross margin from Texas Wires for the quarter and year to date reflects the absence of earnings from the wholesale capacity auction true-up in 2003, which added \$52 million pre-tax last year to second-quarter results and \$108 million pre-tax to 2003's year-to-date results.

Second-quarter gross margin for Texas Supply/REP was reduced by a \$59 million pre-tax provision for a potential fuel disallowance.

O&M expenses were higher primarily because of increased planned maintenance for the generation fleet compared to the same period last year when scheduled maintenance outages were deferred to benefit from higher market prices for power, continued system improvement work on the distribution network and severe storms in the second quarter. Employee benefit and insurance costs also contributed to the increase.

Higher property values and tax rates increased AEP's tax payments from the prior period.

Interest expenses declined as the company continues to refinance debt.

ONGOING RESULTS FROM INVESTMENTS

(\$ in millions except EPS; EPS based on 395mm shares Q2 2003, 396mm in Q2 2004, 376mm in 6mo. 2003 and 396mm in 6mo.2004)

	Q2 03	Q2 04	Variance	YTD 03	YTD 04	Variance
AEPES, inc. Gas HoldCo (HPL)	(26)	(4)	22	(44)	(13)	31
MEMCO	1	2	1	2	4	2
IPPs and Wind Farms	(2)	1	3	(9)	6	15
AEP Resources – Other	(11)	(4)	7	(18)	(1)	17
Other	(14)	(3)	11	(21)	(9)	12
Total Investments	(52)	(8)	44	(90)	(13)	77
Ongoing EPS	(\$0.13)	(\$0.02)	\$0.11	(\$0.24)	(\$0.03)	\$0.21

Ongoing results improved in all of the Investment operations, reducing the period-to-period loss by \$44 million in the second quarter and \$77 million year-to-date when compared with the prior period.

AEP Energy Services, which includes Houston Pipeline (HPL), was the primary reason for the reduction in losses. HPL benefited from improved pipeline optimization and storage activities, and lower expenses.

ADDITIONAL INFORMATION ON WEB SITE

AEP's balance sheet and a cash flow table are available on AEP's web site at <http://www.aep.com/go/earnings> .

WEBCAST

American Electric Power's quarterly conference call with financial analysts will be broadcast live over the Internet at 9 a.m. EDT today at <http://www.aep.com/go/webcasts> or <http://www.firstcallevts.com/service/ajwz408005928gf12.html> .

The call will be archived on <http://www.aep.com/go/webcasts> for use by those unable to listen during the live webcast.

Minimum requirements to listen to broadcast: The Windows Media Player software, free from <http://windowsmedia.com/download>, and at least a 56Kbps connection to the Internet.

American Electric Power owns more than 36,000 megawatts of generating capacity in the United States and is the nation's largest electricity generator. AEP is also one of the largest electric utilities in the United States, with more than 5 million customers linked to AEP's 11-state electricity transmission and distribution grid. The company is based in Columbus, Ohio.

AEP's GAAP earnings are prepared in accordance with accounting principles generally accepted in the United States and represent the company's earnings as reported to the Securities and Exchange Commission. AEP's management believes that the company's ongoing earnings, or GAAP earnings adjusted for certain items as described in the news release and charts, provide a more meaningful representation of the company's performance. AEP uses ongoing earnings as the primary performance measurement when communicating with analysts and investors regarding its earnings outlook and results. The company also uses ongoing earnings data internally to measure performance against budget and to report to AEP's board of directors.

This report made by AEP and certain of its subsidiaries contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Although AEP and each of its registrant subsidiaries believe that their expectations are based on reasonable assumptions, any such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Among the factors that could cause actual results to differ materially from those in the forward-looking statements are: electric load and customer growth; weather conditions; available sources and costs of fuels; availability of generating capacity and the performance of AEP's generating plants; the ability to recover regulatory assets and stranded costs in connection with deregulation; new legislation and government regulation including requirements for reduced emissions of sulfur, nitrogen, mercury, carbon and other substances; resolution of pending and future rate cases, negotiations and other regulatory decisions (including rate or other recovery for environmental compliance); oversight and/or investigation of the energy sector or its participants; resolution of litigation (including pending Clean Air Act enforcement actions and disputes arising from the bankruptcy of Enron Corp.); AEP's ability to reduce its operation and maintenance costs; the success of disposing of investments that no longer match AEP's business model; AEP's ability to sell assets at acceptable prices and on other acceptable terms; international and country-specific developments affecting foreign investments including the disposition of any foreign investments; the economic climate and growth in AEP's service territory and changes in market demand and demographic patterns; inflationary trends; AEP's ability to develop and execute a strategy based on a view regarding prices of electricity, natural gas, and other energy-related commodities; changes in the creditworthiness and number of participants in the energy trading market; changes in the financial markets, particularly those affecting the availability of capital and AEP's ability to refinance existing debt at attractive rates; actions of rating agencies, including changes in the ratings of debt and preferred stock; volatility and changes in markets for electricity, natural gas, and other energy-related commodities; changes in utility regulation, including the establishment of a regional transmission structure; accounting pronouncements periodically issued by accounting standard-setting bodies; the performance of AEP's pension plan; prices for power that AEP generates and sells at wholesale; changes in technology and other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes and other catastrophic events.

American Electric Power
Financial Results for 2nd Quarter 2004 Actual vs 2nd Quarter 2003 Actual

		<u>2003 Actual</u>		<u>2004 Actual</u>	
		<u>(\$ millions)</u>	<u>EPS</u>	<u>(\$ millions)</u>	<u>EPS</u>
UTILITY OPERATIONS:					
Gross Margin:					
1	Regulated Integrated Utilities	655		751	
2	Ohio Cos.	464		468	
3	Texas Wires	174		106	
4	Texas Supply / REP	115		84	
5	Off-System Sales	104		113	
6	Other Wholesale Transactions	(2)		9	
7	Transmission Revenue - 3rd Party	116		119	
8	Other Operating Revenue	<u>83</u>		<u>73</u>	
9	Total Gross Margin	1,709		1,723	
10	Operations & Maintenance	(735)		(824)	
11	Depreciation & Amortization	(315)		(308)	
12	Taxes Other than Income Taxes	(154)		(174)	
13	Interest Exp & Preferred Dividend	(167)		(157)	
14	Other Income & Deductions	5		16	
15	Income Taxes	<u>(118)</u>		<u>(93)</u>	
16	Net Earnings Utility Operations	<u>225</u>	0.57	<u>183</u>	0.46
INVESTMENTS:					
17	AEPES, inclds Gas HoldCo (HPL)	(26)		(4)	
18	MEMCO	1		2	

19	IPPs and Wind Farms	(2)		1	
20	AEP Resources - Other	(11)		(4)	
21	Other	<u>(14)</u>		<u>(3)</u>	
22	Total Investments	<u>(52)</u>	(0.13)	<u>(8)</u>	(0.02)
23	Parent Company	<u>(3)</u>	<u>(0.01)</u>	<u>(25)</u>	<u>(0.06)</u>
24	ON-GOING EARNINGS	<u>170</u>	<u>0.43</u>	<u>150</u>	<u>0.38</u>

Note: For analysis purposes, certain financial statement amounts have been reclassified for this effect on earnings presentation.

American Electric Power
Financial Results for 2nd Quarter 2004 Actual
Reconciliation of On-going and Reported Earnings

	2004 Actual				EPS
	Utility	Invest.	Parent	Total	
	(\$ millions)				
On-going Earnings	183	(8)	(25)	150	0.38
Discontinued Operations:					
UK Discontinued Operations	-	(52)	-	(52)	(0.13)
LIG Discontinued Operations	-	2	-	2	-
Total Special Items	<u>-</u>	<u>(50)</u>	<u>-</u>	<u>(50)</u>	<u>(0.13)</u>
Reported Earnings	<u>183</u>	<u>(58)</u>	<u>(25)</u>	<u>100</u>	<u>0.25</u>

Financial Results for 2nd Quarter 2003 Actual
Reconciliation of On-going and Reported Earnings

	2003 Actual				EPS
	Utility	Invest.	Parent	Total	
	(\$ millions)				
On-going Earnings	225	(52)	(3)	170	0.43
Discontinued Operations:					
UK Discontinued Operations	-	3	-	3	0.01
LIG Discontinued Operations	-	2	-	2	-
Total Special Items	<u>-</u>	<u>5</u>	<u>-</u>	<u>5</u>	<u>0.01</u>
Reported Earnings	<u>225</u>	<u>(47)</u>	<u>(3)</u>	<u>175</u>	<u>0.44</u>

**American Electric Power
Summary of Selected Sales Data
For Domestic Operations
(Data based on preliminary, unaudited results)**

	3 Months Ended June		
	<u>2003</u>	<u>2004</u>	<u>Change</u>
ENERGY SUMMARY			
Retail - Domestic Electric (in millions of kWh):			
Residential	8,659	9,740	12.5%
Commercial	8,773	9,390	7.0%
Industrial	12,449	12,902	3.6%
Miscellaneous	<u>734</u>	<u>806</u>	9.8%
Total Domestic Retail (Exclds AEP C&I, ME SWEPCo, & T	30,615	32,838	7.3%
AEP C&I, Mutual Energy SWEPCo, & Tx POLR	<u>739</u>	<u>262</u>	-64.5%
Total Domestic Retail	<u><u>31,354</u></u>	<u><u>33,100</u></u>	5.6%
Wholesale - Domestic Electric (in millions of kWh):	16,357	19,884	21.6%
EAST REGION WEATHER SUMMARY (in degree days):			
Actual - Heating (b)	141	167	18.4%
- Cooling (c)	157	313	99.4%
Normal - Heating (b)		180	-7.2% *
- Cooling (c)		278	12.6% *
PSO/SWEPCo WEATHER SUMMARY (in degree days):			
Actual - Heating (b)	34	30	-11.8%
- Cooling (c)	638	659	3.3%
Normal - Heating (b)		33	-9.1% *
- Cooling (c)		642	2.6% *

* 2004 Actual vs. Normal

(a) The energy summary represents load supplied by AEP. The AEP C&I load has been segregated to the year-to-year comparison. Delivery of energy by Texas Wires supplied by others is not included.

(b) Heating Degree Days temperature base is 55 degrees

(c) Cooling Degree Days temperature base is 65 degrees

American Electric Power
Financial Results for June 2004 YTD Actual vs June 2003 YTD Actual

		<u>2003 Actual</u>		<u>2004 Actual</u>	
		<u>(\$ millions)</u>	<u>EPS</u>	<u>(\$ millions)</u>	<u>EPS</u>
UTILITY OPERATIONS:					
Gross Margin:					
1	Regulated Integrated Utilities	1,383		1,500	
2	Ohio Cos.	960		981	
3	Texas Wires	331		206	
4	Texas Supply / REP	226		183	
5	Off-System Sales	222		282	
6	Other Wholesale Transactions	(5)		13	
7	Transmission Revenue - 3rd Party	229		243	
8	Other Operating Revenue	179		160	
9	Total Gross Margin	3,525		3,568	
10	Operations & Maintenance	(1,421)		(1,556)	
11	Depreciation & Amortization	(610)		(618)	
12	Taxes Other than Income Taxes	(339)		(355)	
13	Interest Exp & Preferred Dividend	(331)		(320)	
14	Other Income & Deductions	7		25	
15	Income Taxes	(297)		(258)	
16	Net Earnings Utility Operations	534	1.42	486	1.23
INVESTMENTS:					
17	AEPES, inclds Gas HoldCo (HPL & LIG)	(44)		(13)	
18	MEMCO	2		4	

19	IPPs and Wind Farms	(9)		6	
20	AEP Resources - Other	(18)		(1)	
21	Other	<u>(21)</u>		<u>(9)</u>	
22	Total Investments	<u>(90)</u>	(0.24)	<u>(13)</u>	(0.03)
23	Parent Company	<u>(18)</u>	<u>(0.05)</u>	<u>(34)</u>	<u>(0.09)</u>
24	ON-GOING EARNINGS	<u>426</u>	<u>1.13</u>	<u>439</u>	<u>1.11</u>

Note: For analysis purposes, certain financial statement amounts have been reclassified for this effect on earnings presentation.

American Electric Power
Financial Results for YTD June 2004 Actual
Reconciliation of On-going and Reported Earnings

	2004 Actual				EPS
	Utility	Invest.	Parent	Total	
	(\$ millions)				
On-going Earnings	486	(13)	(34)	439	1.11
Dispositions:					
Gain from sale of Nanyang General Light Electric Co.	-	6	-	6	0.01
Discontinued Operations:					
UK Discontinued Operations	-	(64)	-	(64)	(0.16)
LIG Discontinued Operations	-	1	-	1	-
Total Special Items	<u>-</u>	<u>(57)</u>	<u>-</u>	<u>(57)</u>	<u>(0.15)</u>
Reported Earnings	<u>486</u>	<u>(70)</u>	<u>(34)</u>	<u>382</u>	<u>0.96</u>

Financial Results for YTD June 2003 Actual
Reconciliation of On-going and Reported Earnings

	2003 Actual				EPS
	Utility	Invest.	Parent	Total	
	(\$ millions)				
On-going Earnings	534	(90)	(18)	426	1.13
Changes in Accounting Principles:					
SFAS 143 Asset Retirement Obligation	249	(7)	-	242	0.64
Cessation of EITF 98-10 re: MTM accounting	(13)	(36)	-	(49)	(0.13)
Impairments and Dispositions:					
Adjustment to South Coast Impairment	-	6	-	6	0.02
Net Proceeds from Sale of Mutual Energy (back office	-	26	-	26	0.07
Adjustment to sale of water heater rental program	(3)	-	-	(3)	(0.01)
Discontinued Operations:					
UK Discontinued Operations	-	(37)	-	(37)	(0.09)
LIG Discontinued Operations	-	4	-	4	0.01
Total Special Items	<u>233</u>	<u>(44)</u>	<u>-</u>	<u>189</u>	<u>0.51</u>
Reported Earnings	<u>767</u>	<u>(134)</u>	<u>(18)</u>	<u>615</u>	<u>1.64</u>

**American Electric Power
Summary of Selected Sales Data
For Domestic Operations
(Data based on preliminary, unaudited results)**

	6 Months Ended June 30,		
	2003	2004	Change
ENERGY SUMMARY			
Retail - Domestic Electric (in millions of kWh):			
Residential	22,080	23,167	4.9%
Commercial	17,568	18,169	3.4%
Industrial	24,455	25,175	2.9%
Miscellaneous	1,424	1,549	8.8%
Total Domestic Retail (Exclds AEP C&I, ME SWEPCo, & T	65,527	68,060	3.9%
AEP C&I, Mutual Energy SWEPCo, & Tx POLR	1,538	486	-68.4%
Total Domestic Retail	67,065	68,546	2.2%
Wholesale - Domestic Electric (in millions of kWh):	36,716	39,225	6.8%
EAST REGION WEATHER SUMMARY (in degree days):			
Actual - Heating (b)	2,169	2,031	-6.4%
- Cooling (c)	158	316	100.0%
Normal - Heating (b)		1,986	2.3% *
- Cooling (c)		281	12.5% *
PSO/SWEPCo WEATHER SUMMARY (in degree days):			
Actual - Heating (b)	1,074	913	-15.0%
- Cooling (c)	644	689	7.0%
Normal - Heating (b)		1,012	-9.8% *
- Cooling (c)		660	4.4% *

* 2004 Actual vs. Normal

(a) The energy summary represents load supplied by AEP. The AEP C&I load has been segregated to the year-to-year comparison. Delivery of energy by Texas Wires supplied by others is not included.

(b) Heating Degree Days temperature base is 55 degrees

(c) Cooling Degree Days temperature base is 65 degrees

AMERICAN ELECTRIC POWER
Condensed Consolidated Statement of Cash Flows
Preliminary, unaudited results
6 Months ended June 30,

	QTD		Year-to-Date	
	2004	2004	2004	2003
(\$ millions)				
Operating Activities				
Net Income -- Reported	\$ 100	\$ 382	\$ 615	
Discontinued Operations (1)	51	58	48	
Continuing Earnings	151	440	663	
Depreciation, Amortization & Deferred Taxes	447	716	688	
Cumulative Effect of Accounting Changes (2)	-	-	(193)	
Impairments	-	-	-	
Changes in Mark-to-Market	109	50	(33)	
Changes in Components of Working Capital (3)	(380)	(68)	(253)	
Other Assets & Liabilities (4)	35	124	(22)	
Cash Flow from Operations	362	1,262	850	
Investing Activities				
Capital Expenditures	(388)	(697)	(639)	
Investment in UK Discontinued Ops (net)	-	-	(724)	
Investment in Other Discontinued Ops (net)	(7)	-	8	
Change in Cash Deposits, net	(65)	(2)	23	
Assets Sales Proceeds & Other Inv (net)	76	124	44	
Cash (Used) by Investing Activities	(384)	(575)	(1,288)	
Financing Activities				
Common Shares Issued	1	11	1,142	
Long-term Debt Issuances/(Retirements)	(382)	(723)	2,065	
Short-term Debt Increase/(Decrease), net	291	188	(2,218)	
Other Financing	-	-	(225)	
Dividends Paid	(139)	(277)	(342)	
Preferred Stock Retirement	-	(4)	(2)	
Cash (Used for) Financing	(229)	(805)	420	
Cash From Continuing Operations	\$ (251)	\$ (118)	\$ (18)	
Beginning Cash & Cash Equivalent Balances	1,109	976	1,088	
Ending Cash & Cash Equivalent Balances	858	858	1,070	
Cash From Discontinued Operations	\$ (22)	\$ 2	\$ 15	
Disc Ops - Beginning Cash & Cash Equivalent Balances	37	13	23	
Disc Ops - Ending Cash & Cash Equivalent Balances	15	15	38	
(1) UK Operations, LIG, Eastex & Pushan				
(2) EITF 02-3 -- Accounting for Risk Management Contracts	-	-	49	
SFAS 143 -- Asset Retirement Obligations	-	-	(242)	
	-	-	(193)	
(3) Changes in Components of Working Capital				
Fuel Inventories	(225)	(196)	(40)	
Accounts Receivable/Payable, net	(98)	(13)	(145)	
Accrued Taxes	(49)	140	62	
Other	(8)	1	(130)	
	(380)	(68)	(253)	
(4) Other Assets / Liabilities				
ECOM	-	-	(108)	
Obligations Under Capital Lease - Non current	12	5	(52)	
Accumulated Provisions -- Rate Refunds & Other Misc	42	87	17	
Nuclear Trust / Special Funds	(10)	(20)	(24)	
Other Reg Assets & Liabilities	22	49	46	
Other Non-Current Assets & Liabilities	(31)	3	99	
	35	124	(22)	

AMERICAN ELECTRIC POWER
Condensed Consolidated Balance Sheet
Preliminary, unaudited results

(millions)	<u>6/30/2004</u>	<u>12/31/2003</u>
Assets		
Cash and Cash Equivalents	\$ 858	\$ 976
Other Cash Deposits	208	206
Accounts Receivable	1,546	1,710
Risk Management Assets	814	766
Other Current Assets	1,439	1,239
Total Current Assets	<u>4,865</u>	<u>4,897</u>
Property, Plant & Equipment	36,544	36,021
Accumulated Depreciation and Amortization	<u>(14,363)</u>	<u>(14,004)</u>
Net Property, Plant & Equipment	22,181	22,017
Long-term Risk Management Assets	527	494
Regulatory Assets	3,521	3,548
Assets Held for Sale	2,055	2,761
Assets of Discontinued Operations	-	333
Other Non-Current Assets	2,699	2,694
Total Assets	<u><u>\$ 35,848</u></u>	<u><u>\$ 36,744</u></u>
Capitalization & Liabilities		
Accounts Payable	\$ 1,165	\$ 1,337
Short-term Debt and Long-term Debt Due within One Year	2,461	2,105
Risk Management Liabilities	752	631
Other Current Liabilities	2,050	1,909
Total Current Liabilities	<u>6,428</u>	<u>5,982</u>
Long-term Debt	11,533	12,322
Long-term Risk Management Liabilities	393	335
Deferred Income Taxes	4,144	3,957
Regulatory Liabilities and Deferred Investment Tax Credits	2,277	2,259
Liabilities Held for Sale	775	1,710
Liabilities of Discontinued Operations	-	166
Other Non-Current Liabilities	2,154	2,078
Total Liabilities	<u>27,704</u>	<u>28,809</u>
Cumulative Preferred Stock of Subsidiaries	61	61
Common Shareholders' Equity	8,083	7,874
Total Capitalization & Liabilities	<u><u>\$ 35,848</u></u>	<u><u>\$ 36,744</u></u>

American Electric Power
Financial Results for 2nd Quarter 2004 Actual vs 2nd Quarter 2003 Actual

		Performance Driver		2003 Actual		Performance Driver		2004 Actual	
				(\$ millions)	EPS			(\$ millions)	EPS
UTILITY OPERATIONS:									
Gross Margin:									
1	Regulated Integrated Utilities	22,948 GWh @	\$ 28.5 /MWhr =	655		24,299 GWh @	\$ 30.9 /MWhr =	751	
2	Ohio Cos.	10,830 GWh @	\$ 42.8 /MWhr =	464		11,113 GWh @	\$ 42.1 /MWhr =	468	
3	Texas Wires	6,915 GWh @	\$ 25.2 /MWhr =	174		6,250 GWh @	\$ 17.0 /MWhr =	106	
4	Texas Supply / REP	6,892 GWh @	\$ 16.7 /MWhr =	115		5,915 GWh @	\$ 14.2 /MWhr =	84	
5	Off-System Sales	10,199 GWh @	\$ 10.2 /MWhr =	104		7,813 GWh @	\$ 14.5 /MWhr =	113	
6	Other Wholesale Transactions			(2)				9	
7	Transmission Revenue - 3rd Party			116				119	
8	Other Operating Revenue			83				73	
9	Total Gross Margin			1,709				1,723	
10	Operations & Maintenance			(735)				(824)	
11	Depreciation & Amortization			(315)				(308)	
12	Taxes Other than Income Taxes			(154)				(174)	
13	Interest Exp & Preferred Dividend			(167)				(157)	
14	Other Income & Deductions			5				16	
15	Income Taxes			(118)				(93)	
16	Net Earnings Utility Operations			225	0.57			183	0.46
INVESTMENTS:									
17	AEPES, inclds Gas HoldCo (HPL)			(26)				(4)	
18	MEMCO			1				2	
19	AEP Coal			(1)				(2)	
20	IPPs and Wind Farms			(2)				1	
21	AEP Resources - Other			(11)				(4)	
22	AEP Communications			(4)				(3)	
23	CSW International			-				-	
24	Other			(9)				2	
25	Total Investments			(52)	(0.13)			(8)	(0.02)
26	Parent Company			(3)	(0.01)			(25)	(0.06)
27	ON-GOING EARNINGS			170	0.43			150	0.38

Note: For analysis purposes, certain financial statement amounts have been reclassified for this effect on earnings presentation.

American Electric Power
Financial Results for June 2004 YTD Actual vs June 2003 YTD Actual

		2003 Actual		2004 Actual		
Performance Driver		(\$ millions)	EPS	Performance Driver	(\$ millions)	EPS
UTILITY OPERATIONS:						
Gross Margin:						
1	Regulated Integrated Utilities	48,587 GWh @ \$ 28.5 /MWhr =	1,383	50,041 GWh @ \$ 30.0 /MWhr =	1,500	
2	Ohio Cos.	23,348 GWh @ \$ 41.1 /MWhr =	960	23,569 GWh @ \$ 41.6 /MWhr =	981	
3	Texas Wires	12,902 GWh @ \$ 25.7 /MWhr =	331	11,740 GWh @ \$ 17.5 /MWhr =	206	
4	Texas Supply / REP	13,581 GWh @ \$ 16.6 /MWhr =	226	11,139 GWh @ \$ 16.4 /MWhr =	183	
5	Off-System Sales	18,199 GWh @ \$ 12.2 /MWhr =	222	15,061 GWh @ \$ 18.7 /MWhr =	282	
6	Other Wholesale Transactions		(5)		13	
7	Transmission Revenue - 3rd Party		229		243	
8	Other Operating Revenue		179		160	
9	Total Gross Margin		3,525		3,568	
10	Operations & Maintenance		(1,421)		(1,556)	
11	Depreciation & Amortization		(610)		(618)	
12	Taxes Other than Income Taxes		(339)		(355)	
13	Interest Exp & Preferred Dividend		(331)		(320)	
14	Other Income & Deductions		7		25	
15	Income Taxes		(297)		(258)	
16	Net Earnings Utility Operations		534	1.42	486	1.23
INVESTMENTS:						
17	AEPES, inclds Gas HoldCo (HPL)		(44)		(13)	
18	MEMCO		2		4	
19	AEP Coal		(3)		-	
20	IPPs and Wind Farms		(9)		6	
21	AEP Resources - Other		(18)		(1)	
22	AEP Communications		(4)		(6)	
23	CSW International		(3)		-	
24	Other		(11)		(3)	
25	Total Investments		(90)	(0.24)	(13)	(0.03)
26	Parent Company		(18)	(0.05)	(34)	(0.09)
27	ON-GOING EARNINGS		426	1.13	439	1.11

Note: For analysis purposes, certain financial statement amounts have been reclassified for this effect on earnings presentation.

AEP Capital Structure

Capital Structure as 6/30/04 and 12/31/03 (unaudited)

in millions \$

Balance Sheet Capitalization	Actual 6/30/04			Actual 12/31/03		
	Debt	Equity	Total	Debt	Equity	Total
Long-term Debt	13,398	-	13,398	14,101	-	14,101
Short-term Debt	596	-	596	326	-	326
Preferred Stock Subject to Mandatory Redemption	72	-	72	76	-	76
Preferred Stock Not Subject to Mandatory Redemption	-	61	61	-	61	61
Common Equity	-	8,083	8,083	-	7,874	7,874
Total Capitalization per Balance Sheet	14,066	8,144	22,210	14,503	7,935	22,438
<i>% of Capitalization per Balance Sheet</i>	63.3%	36.7%	100.0%	64.6%	35.4%	100.0%
Adjustments						
Preferred Stock Subject to Mandatory Redemption	(72)	72	-	(76)	76	-
Defeased First Mortgage Bonds	(112)	-	(112)	-	-	-
Off-balance Sheet Leases	1,234	-	1,234	1,265	-	1,265
Securitization Bonds	(718)	-	(718)	(746)	-	(746)
Spent Nuclear Fuel Trust	(227)	-	(227)	(226)	-	(226)
Equity Credit for Equity Units	(276)	276	-	(276)	276	-
Total Adjusted Capitalization	13,895	8,492	22,387	14,444	8,287	22,731
<i>% of Adjusted Capitalization</i>	62.1%	37.9%	100.0%	63.5%	36.5%	100.0%
Assuming Available Cash is used to Pay Down Debt	(858)	-	(858)	(976)	-	(976)
Capitalization net of Cash	13,037	8,492	21,529	13,468	8,287	21,755
<i>% of Capitalization net of Cash</i>	60.6%	39.4%	100.0%	61.9%	38.1%	100.0%