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FOR IMMEDIATE RELEASE

**AEP REPORTS 2006 SECOND-QUARTER EARNINGS
AND INCREASES ONGOING GUIDANCE**

- 2006 second-quarter earnings: GAAP \$0.44 per share, ongoing \$0.44 per share
- AEP increases 2006 ongoing earnings guidance range to between \$2.65 and \$2.80 per share from the previous range of between \$2.50 and \$2.70 per share

**AMERICAN ELECTRIC POWER
Preliminary, unaudited results**

	<u>2nd quarter ended June 30</u>			<u>6 months ended June 30</u>		
	2005	2006	Variance	2005	2006	Variance
Revenue (\$ in billions)	2.8	2.9	0.1	5.9	6.0	0.1
Earnings (\$ in millions):						
GAAP	221	175	(46)	576	556	(20)
Ongoing	237	172	(65)	578	550	(28)
EPS (\$):						
GAAP	0.58	0.44	(0.14)	1.48	1.41	(0.07)
Ongoing	0.62	0.44	(0.18)	1.49	1.40	(0.09)

EPS based on 384mm shares in Q2 2005, 394mm in Q2 2006, 389mm in 6 mo. 2005 and 394mm in 6 mo. 2006

COLUMBUS, Ohio, July 27, 2006 – American Electric Power (NYSE: AEP) today reported 2006 second-quarter earnings, prepared in accordance with Generally Accepted Accounting Principles (GAAP), of \$175 million, or \$0.44 per share, compared with \$221 million, or \$0.58 per share, for second-quarter 2005.

Ongoing earnings (earnings excluding special items) for second-quarter 2006 were \$172 million, or \$0.44 per share, compared with \$237 million, or \$0.62 per share, for second-quarter 2005.

GAAP earnings were greater than ongoing earnings by \$3 million for the quarter, primarily because of an adjustment on the sale of a discontinued asset. A full reconciliation of GAAP earnings to ongoing earnings for the quarter and year to date is included in tables at the end of this news release.

“There are a number of positive factors that contributed to our performance in the quarter and support raising guidance for 2006,” said Michael G. Morris, AEP’s chairman, president and chief executive officer. “We’re seeing increased revenue flowing through from the recently approved rate increases for several of our utilities in the East. We’re benefiting from our success in gaining new power supply contracts with municipal and cooperative customers. And MEMCO, our barge subsidiary, is showing continued outstanding results.

“With the recent spate of extremely hot weather across the nation, it may be difficult to remember that April and May, the first two months of the second quarter, were unseasonably mild across our eastern states, where more than 60 percent of our customers live and work,” Morris said. “We were still able to record solid results for the quarter.”

Events impacting quarter-to-quarter comparisons were reduced off-system sales opportunities caused by AEP’s May 2005 sale of its 630-megawatt interest in the South Texas Project (STP), a Texas nuclear plant that provided revenue in the 2005 quarter; unplanned outages at a number of plants to address a safety concern; the cessation of the Seams Elimination Charge Adjustment, or SECA, rates that contributed to earnings in 2005; and the recording of a provision for a potential refund related to those rates.

EARNINGS GUIDANCE

AEP increased its ongoing earnings guidance range for 2006 to between \$2.65 and \$2.80 per share from the previous ongoing earnings guidance range of between \$2.50 and \$2.70 per share.

“We’ve had a number of earnings positives and earnings negatives from our utility operations in the first six months,” Morris said. “For instance, mild weather has softened earnings from retail sales, but better-than-anticipated off-system sales from our remaining generating fleet are ahead of the projections we made for the year.

“And MEMCO is having an exceptional year,” Morris said. “We expected MEMCO’s earnings contribution to be solid, but results so far have been well ahead of our most optimistic projections. MEMCO is positioned to continue to benefit from a strong freight market, as both unit prices and volumes are up substantially.

“These factors, when added to the revenue effects of a hotter-than-normal July through much of our service area, have caused us to increase our ongoing earnings guidance range,” Morris said.

In providing ongoing earnings guidance, there could be differences between ongoing earnings and GAAP earnings for matters such as, but not limited to, divestitures or changes in accounting principles. AEP management is not able to estimate the impact, if any, on GAAP earnings of these items. Therefore, AEP is not able to provide a corresponding GAAP equivalent for earnings guidance.

SUMMARY ONGOING RESULTS BY SEGMENT

\$ in millions except EPS

	Q2 05	Q2 06	Variance	6 mo. 05	6 mo. 06	Variance
Utility Operations	262	160	(102)	605	525	(80)
Ongoing EPS	0.68	0.41	(0.27)	1.56	1.33	(0.23)
Investments	1	15	14	13	30	17
Ongoing EPS	0.01	0.04	0.03	0.03	0.08	0.05
Parent Company	(26)	(3)	23	(40)	(5)	35
Ongoing EPS	(0.07)	(0.01)	0.06	(0.10)	(0.01)	0.09
Ongoing Earnings	237	172	(65)	578	550	(28)
Ongoing EPS	0.62	0.44	(0.18)	1.49	1.40	(0.09)

EPS based on 384mm shares in Q2 2005, 394mm in Q2 2006, 389mm in 6 mo. 2005 and 394mm in 6 mo. 2006

Ongoing earnings from Utility Operations decreased by \$102 million during the second quarter of 2006 compared with the same period in 2005. Higher gross margins from retail sales, primarily from AEP's regulated integrated utilities in the west, and the benefit of increased rates were more than offset by lost transmission revenue and the sale of AEP's STP interest in 2005. Higher expenses were also recorded in the recently completed quarter than in the same period in 2005.

AEP's MEMCO barge operations continue to benefit from favorable freight rates included in its 2006 contracts. MEMCO's strong performance was the primary factor in the \$14 million improvement in Investments in the quarter when compared to the same period in 2005.

Parent Company is favorable by \$23 million in second-quarter 2006 when compared to the same period in 2005, primarily because of costs incurred in the prior year associated with the April 2005 \$550 million bond buyback.

ONGOING RESULTS FROM UTILITY OPERATIONS

\$ in millions except EPS

	Q2 05	Q2 06	Variance	6 mo. 05	6 mo. 06	Variance
East Regulated Integrated Utilities	465	471	6	989	1,035	46
Ohio Companies	485	487	2	953	1,004	51
West Regulated Integrated Utilities	232	272	40	410	467	57
Texas Wires	113	121	8	213	227	14
Off-System Sales	201	152	(49)	448	375	(73)
Transmission Revenue - 3rd Party	104	49	(55)	205	151	(54)
Other Operating Revenue	114	121	7	257	256	(1)
Utility Gross Margin	1,714	1,673	(41)	3,475	3,515	40
Operations & Maintenance	(745)	(801)	(56)	(1,478)	(1,528)	(50)
Depreciation & Amortization	(317)	(339)	(22)	(635)	(672)	(37)
Taxes Other Than Income Taxes	(170)	(186)	(16)	(356)	(373)	(17)
Interest Expense & Preferred Dividend	(156)	(160)	(4)	(300)	(314)	(14)
Other Income & Deductions	49	43	(6)	178	153	(25)
Income Taxes	(113)	(70)	43	(279)	(256)	23
Utility Operations Ongoing Earnings	262	160	(102)	605	525	(80)
Ongoing EPS	0.68	0.41	(0.27)	1.56	1.33	(0.23)

EPS based on 384mm shares in Q2 2005, 394mm in Q2 2006, 389mm in 6 mo. 2005 and 394mm in 6 mo. 2006

Retail Sales – Results for second-quarter 2006 were higher than those in the same period

in 2005, reflecting increased sales from the West Regulated Integrated Utilities and changes in the System Integration Agreement approved by the Federal Energy Regulatory Commission (FERC); the positive impact of the Ohio Companies' rate stabilization plan approved last year by the Public Utilities Commission of Ohio; the purchase of approximately 29,000 Ohio customers and related transmission and distribution assets from Monongahela Power, a subsidiary of Allegheny Energy, at the end of 2005; and implementation of a recently approved rate plan for Kentucky Power in the East Regulated Integrated Utilities. The West Regulated Integrated Utilities also benefited from increased sales to municipal and cooperative customers as a result of new power supply contracts and from favorable weather. Cooling degree-days in the West were 25 percent above normal in the quarter and 20 percent above the same period last year. The revised rate plans for the Ohio Companies and Kentucky Power and the acquisition in Ohio brought improved results from the Ohio Companies and East Regulated Integrated Utilities despite higher fuel costs and mild weather. Cooling degree-days in the East were 18 percent below normal for the quarter and 21 percent below last year.

Off-System Sales – Gross margins from Off-System Sales for second-quarter 2006 were \$49 million lower than in the same period in 2005 because of the sale of AEP's STP interests and an unplanned outage at the Oklaunion generating plant as well as lower margins from optimization activities. Stronger prices on physical sales in the East partially offset the impact of this reduced generating capacity.

Transmission Revenues – The \$55 million decrease in Transmission Revenues for second-quarter 2006, when compared to the same period in 2005, is the result of the cessation of SECA rates and a provision recorded in second-quarter 2006 related to potential SECA refunds pending settlement negotiations with various intervenors. The SECA rates, which ended on April 1, 2006, in various AEP jurisdictions in the East, were put into place in December 2004 by FERC to offset the loss of through-and-out rates brought by a change in the commission's authorized tariffs.

Operations & Maintenance Expense – O&M expenses in second-quarter 2006 were \$56 million higher than in the prior period, primarily because of increased expenses for plant outages, transmission and distribution, and property insurance. The plant outages expense includes an increase in planned outages when compared to the same period last year, as well as an increase in unplanned outages as detailed earlier in the news release. The increase in transmission expense is primarily because of amortization of fees for regional transmission organizations. The distribution increase reflects higher tree trimming and storm restoration costs as compared to 2005.

Depreciation & Amortization – The increase in Depreciation & Amortization in the second quarter of 2006, when compared to the prior period, is primarily attributed to an increase in amortization expense at the Ohio Companies.

Taxes, Other Than Income Taxes – The increase in second-quarter 2006, when compared with the same period in 2005, is primarily because of higher property taxes from increases in tax rates and property values.

Interest Expense & Preferred Dividends – The increase in Interest Expense from the prior period is because of higher interest rates and new debt issuances.

Other Income & Deductions – The decrease is because of lower interest income and lower carrying costs for the Ohio Companies in second-quarter 2006 as compared to the same period in 2005.

WEBCAST

American Electric Power's quarterly conference call with financial analysts will be broadcast live over the Internet at 10 a.m. EDT today at <http://www.aep.com/go/webcasts>. The webcast will include audio of the conference call as well as visuals of charts and graphics referred to by AEP management during the call. The charts and graphics will be available for download at <http://www.aep.com/go/webcasts> .

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 is one of the largest electric utilities in the United States, delivering electricity to more than 5 million customers in 11 states. AEP ranks among the nation's largest generators of electricity, owning nearly 36,000 megawatts of generating capacity in the U.S. AEP also owns the nation's largest electricity transmission system, a nearly 39,000-mile network that includes more 765 kilovolt extra-high voltage transmission lines than all other U.S. transmission systems combined. AEP's utility units operate as AEP Ohio, AEP Texas, Appalachian Power (in Virginia and West Virginia), AEP Appalachian Power (in Tennessee), Indiana Michigan Power, Kentucky Power, Public Service Company of Oklahoma, and Southwestern Electric Power Company (in Arkansas, Louisiana and east Texas). American Electric Power, based in Columbus, Ohio, is celebrating its 100th anniversary in 2006.

AEP's 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, including storms; available sources and costs of, and transportation for, fuels and the creditworthiness of fuel suppliers and transporters; 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; the ability to recover increases in fuel and other energy costs through regulated or competitive electric rates; new legislation, litigation and government regulation including requirements for reduced emissions of sulfur, nitrogen, mercury, carbon and other substances; timing and resolution of pending and future rate cases, negotiations and other regulatory decisions (including rate or other recovery for new investments, transmission service and environmental compliance); resolution of litigation (including pending Clean Air Act enforcement actions and disputes arising from the bankruptcy of Enron Corp.); AEP's ability to constrain its operation and maintenance costs; AEP's ability to sell assets at acceptable prices and on other acceptable terms, including rights to share in earnings derived from the assets subsequent to their sale; the economic climate and growth in AEP's service territory and changes in market demand and demographic patterns; inflationary and interest rate 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 of the counterparties with whom AEP has contractual arrangements, including 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; volatility and changes in markets for electricity, natural gas, and other energy-related commodities; changes in utility regulation, including membership in regional transmission structures; accounting pronouncements periodically issued by accounting standard-setting bodies; the performance of AEP's pension and other postretirement benefit plans; prices for power that AEP generates and sells at wholesale; changes in technology, particularly with respect to new, developing or alternative sources of generation, 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 2006 Actual vs 2nd Quarter 2005 Actual

		<u>2005 Actual</u>		<u>2006 Actual</u>	
		<u>(\$ millions)</u>	<u>EPS</u>	<u>(\$ millions)</u>	<u>EPS</u>
UTILITY OPERATIONS:					
Gross Margin:					
1	East Regulated Integrated Utilities	465		471	
2	Ohio Companies	485		487	
3	West Regulated Integrated Utilities	232		272	
4	Texas Wires	113		121	
5	Off-System Sales	201		152	
6	Transmission Revenue - 3rd Party	104		49	
7	Other Operating Revenue	<u>114</u>		<u>121</u>	
8	Utility Gross Margin	1,714		1,673	
9	Operations & Maintenance	(745)		(801)	
10	Depreciation & Amortization	(317)		(339)	
11	Taxes Other than Income Taxes	(170)		(186)	
12	Interest Exp & Preferred Dividend	(156)		(160)	
13	Other Income & Deductions	49		43	
14	Income Taxes	<u>(113)</u>		<u>(70)</u>	
15	Utility Operations Ongoing Earnings	<u>262</u>	0.68	<u>160</u>	0.41
INVESTMENTS:					
16	AEPES	(1)		2	
17	Other	<u>2</u>		<u>13</u>	
18	Investments Ongoing Earnings	<u>1</u>	0.01	<u>15</u>	0.04
19	Parent Company Ongoing Earnings	<u>(26)</u>	<u>(0.07)</u>	<u>(3)</u>	<u>(0.01)</u>
20	ONGOING EARNINGS	<u>237</u>	<u>0.62</u>	<u>172</u>	<u>0.44</u>

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

American Electric Power

Financial Results for the 2nd Quarter 2006 Reconciliation of Ongoing to Reported Earnings

	2006				
	Utility	Invest.	Parent	Total	EPS
	(\$ millions)				
Ongoing Earnings	160	15	(3)	172	\$ 0.44
Dispositions:					
Gain on Sale of UK Generation True-up Adj	-	3	-	3	\$ -
Total Special Items	-	3	-	3	\$ -
Reported Earnings	160	18	(3)	175	\$ 0.44

Financial Results for the 2nd Quarter 2005 Reconciliation of Ongoing to Reported Earnings

	2005				
	Utility	Invest.	Parent	Total	EPS
	(\$ millions)				
Ongoing Earnings	262	1	(26)	237	\$ 0.62
Other:					
Severance	(15)	(1)	-	(16)	\$ (0.04)
Total Special Items	(15)	(1)	-	(16)	\$ (0.04)
Reported Earnings	247	-	(26)	221	\$ 0.58

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

	3 Months Ended June 30,		
	2005	2006	Change
ENERGY & DELIVERY SUMMARY			
Retail - Domestic Electric (in millions of kWh):			
Residential	9,956	9,590	-3.7%
Commercial	9,573	9,440	-1.4%
Industrial	13,480	13,716	1.8%
Miscellaneous	638	625	-2.0%
Total Domestic Retail (Excl'ds AEP C&I, ME SWEPCo, & Tx POLR) (a)	33,647	33,371	-0.8%
AEP C&I, Mutual Energy SWEPCo, & Tx POLR	162	138	-14.8%
Total Domestic Retail	33,809	33,509	-0.9%
Wholesale - Domestic Electric (in millions of kWh): (b)	11,745	10,822	-7.9%
Texas Wires Delivery (in millions of kWh):	6,736	6,915	2.7%
EAST REGION WEATHER SUMMARY (in degree days):			
Actual - Heating (c)	165	107	-35.1%
- Cooling (d)	288	228	-20.8%
Normal - Heating (c)		175	-38.8% *
- Cooling (d)		279	-18.4% *
PSO/SWEPCo WEATHER SUMMARY (in degree days):			
Actual - Heating (c)	26	5	-81.0%
- Cooling (d)	681	815	19.6%
Normal - Heating (c)		33	-84.8% *
- Cooling (d)		652	24.9% *

* 2006 Actual vs. Normal

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

(b) Includes Off-System Sales, Texas Supply, Municipalities and Cooperatives, Unit Power, and Other Wholesale Customers.

(c) Heating Degree Days temperature base is 55 degrees

(d) Cooling Degree Days temperature base is 65 degrees

American Electric Power
Financial Results for YTD June 2006 Actual vs YTD June 2005 Actual

		<u>2005 Actual</u>		<u>2006 Actual</u>	
		<u>(\$ millions)</u>	<u>EPS</u>	<u>(\$ millions)</u>	<u>EPS</u>
UTILITY OPERATIONS:					
Gross Margin:					
1	East Regulated Integrated Utilities	989		1,035	
2	Ohio Companies	953		1,004	
3	West Regulated Integrated Utilities	410		467	
4	Texas Wires	213		227	
5	Off-System Sales	448		375	
6	Transmission Revenue - 3rd Party	205		151	
7	Other Operating Revenue	<u>257</u>		<u>256</u>	
8	Utility Gross Margin	3,475		3,515	
9	Operations & Maintenance	(1,478)		(1,528)	
10	Depreciation & Amortization	(635)		(672)	
11	Taxes Other than Income Taxes	(356)		(373)	
12	Interest Exp & Preferred Dividend	(300)		(314)	
13	Other Income & Deductions	178		153	
14	Income Taxes	<u>(279)</u>		<u>(256)</u>	
15	Utility Operations Ongoing Earnings	<u>605</u>	1.56	<u>525</u>	1.33
INVESTMENTS:					
16	AEPES	9		1	
17	Other	<u>4</u>		<u>29</u>	
18	Investments Ongoing Earnings	<u>13</u>	0.03	<u>30</u>	0.08
19	Parent Company Ongoing Earnings	<u>(40)</u>	<u>(0.10)</u>	<u>(5)</u>	<u>(0.01)</u>
20	ONGOING EARNINGS	<u><u>578</u></u>	<u><u>1.49</u></u>	<u><u>550</u></u>	<u><u>1.40</u></u>

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

American Electric Power

Financial Results for Year-to-Date June 2006 Reconciliation of Ongoing to Reported Earnings

	2006				
	Utility	Invest.	Parent	Total	EPS
	(\$ millions)				
Ongoing Earnings	525	30	(5)	550	\$ 1.40
Dispositions:					
Gain on Sale of UK Generation True-up Adj	-	6	-	6	\$ 0.01
Total Special Items	-	6	-	6	\$ 0.01
Reported Earnings	525	36	(5)	556	\$ 1.41

Financial Results for Year-to-Date June 2005 Reconciliation of Ongoing to Reported Earnings

	2005				
	Utility	Invest.	Parent	Total	EPS
	(\$ millions)				
Ongoing Earnings	605	13	(40)	578	\$ 1.49
Dispositions:					
Gain on Sale of UK Generation True-up Adj	-	(4)	-	(4)	\$ (0.01)
CSW Int'l - SEEBBOARD True-up Adj	-	8	-	8	\$ 0.02
Centrica Sharing from 2003	27	-	-	27	\$ 0.07
Other:					
AEPTCC Stranded Costs	(17)	-	-	(17)	\$ (0.05)
Severance	(15)	(1)	-	(16)	\$ (0.04)
Total Special Items	(5)	3	-	(2)	\$ (0.01)
Reported Earnings	600	16	(40)	576	\$ 1.48

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

	6 Months Ended June 30,		
	2005	2006	Change
ENERGY & DELIVERY SUMMARY			
Retail - Domestic Electric (in millions of kWh):			
Residential	23,180	22,528	-2.8%
Commercial	18,305	18,349	0.2%
Industrial	26,253	26,937	2.6%
Miscellaneous	1,284	1,214	-5.5%
Total Domestic Retail (Excl'ds AEP C&I, ME SWEPCo, & Tx POLR) (a)	69,022	69,028	0.0%
AEP C&I, Mutual Energy SWEPCo, & Tx POLR	390	206	-47.2%
Total Domestic Retail	69,412	69,234	-0.3%
Wholesale - Domestic Electric (in millions of kWh): (b)	24,381	21,667	-11.1%
Texas Wires Delivery (in millions of kWh):	12,254	12,461	1.7%
EAST REGION WEATHER SUMMARY (in degree days):			
Actual - Heating (c)	1,939	1,563	-19.4%
- Cooling (d)	288	229	-20.4%
Normal - Heating (c)		1,992	-21.6% *
- Cooling (d)		282	-18.8% *
PSO/SWEPCo WEATHER SUMMARY (in degree days):			
Actual - Heating (c)	795	663	-16.6%
- Cooling (d)	701	858	22.3%
Normal - Heating (c)		1,005	-34.0% *
- Cooling (d)		669	28.2% *

* 2006 Actual vs. Normal

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

(b) Includes Off-System Sales, Texas Supply, Municipalities and Cooperatives, Unit Power, and Other Wholesale Customers.

(c) Heating Degree Days temperature base is 55 degrees

(d) Cooling Degree Days temperature base is 65 degrees