



AEP sells interest in UK's South Coast Power Limited

COLUMBUS, Ohio, Sept. 28, 2004 - American Electric Power (NYSE: AEP) closed today on the sale of its 50 percent interest in South Coast Power Limited, owner of the Shoreham Power Station (also known as the Brighton Power Station) in the United Kingdom, to co-owner Scottish Power Generation Limited for UK£26 million (U.S. \$47 million). Scottish Power Generation also assumes UK£90 million (U.S. \$163 million) in project-level debt held by South Coast Power Limited and not previously consolidated on the books of AEP or Scottish Power.

The Shoreham Power Station is a 400-megawatt combined-cycle gas-turbine power station located at Shoreham Harbor in East Sussex, England. The plant was developed by CSW International and became part of AEP with the completion of the merger with CSW International's parent company, Central and South West Corp., in 2000.

With the completion of the transaction, AEP expects to record an approximate \$30 million net one-time gain in the third quarter. The company had recorded a \$53 million net impairment on South Coast in fourth-quarter 2002, writing off the book value of the asset to reflect market conditions in the UK.

The sale of South Coast completes AEP's divestiture of assets in the UK. The company completed the sale of Fiddler's Ferry and Ferrybridge, two 2,000-megawatt power stations in the UK, on July 30.

"We have a well-defined strategy that focuses on our core domestic utility business," said Michael G. Morris, AEP's chairman, president and chief executive officer. "The sales completed this year of international and non-strategic domestic assets have greatly simplified our asset base and made the strength of our domestic utility business more apparent to investors."

Lexicon Partners advised AEP on the South Coast sale.

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.

These reports made by AEP and its registrant subsidiaries contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Although AEP and 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, 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 corporate profile; AEP's ability to sell assets at attractive prices and on other attractive terms; international and country-specific developments affecting foreign investments including the disposition of any current 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 on a point of 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; and changes in technology and other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes and other catastrophic events.

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