

**AMERICAN ELECTRIC POWER COMPANY, INC.
HUMAN RESOURCES
COMMITTEE OF THE BOARD OF DIRECTORS
CHARTER**

I. PURPOSE

The Human Resources Committee of the Board of Directors (the “Committee”) provides independent oversight of the compensation and human resources policies and practices of the Company. The Committee shall ensure that the executive officers and other key employees of the Company and its subsidiaries are compensated in a manner consistent with the stated compensation strategy of the Company, internal equity considerations, competitive practices and the requirements of appropriate regulatory bodies. The Committee shall also ensure that the Company’s and Board’s compensation policies and the reasoning behind such policies are communicated clearly and effectively to shareholders, consistent with legal requirements and best business practice. Furthermore, the Committee will play an oversight role in such important matters as employee compensation, employee benefits, safety, workforce diversity and management succession planning.

II. STRUCTURE AND OPERATIONS

Composition and Qualifications

The Committee shall be comprised of three or more members of the Board of Directors, each of whom is determined by the Board of Directors to be “independent” in accordance with the rules of the New York Stock Exchange, Inc.

Appointment and Removal

The members of the Committee shall be appointed by the Board of Directors and shall serve until such member’s successor is duly elected and qualified or until such member’s earlier resignation or removal. The members of the Committee may be removed, with or without cause, by a majority vote of the Board of Directors.

Chairman

The Chairman shall be elected by the full Board of Directors. The Chairman shall be entitled to cast a vote to resolve any ties. The Chairman will chair all regular sessions of the Committee and set the agendas for Committee meetings.

III. MEETINGS

The Committee shall meet at least five times annually, or more frequently as circumstances dictate. The Chairman of the Board or any member of the Committee may call meetings of the Committee.

As part of its review and establishment of the performance criteria and compensation of designated key executives, the Committee may meet separately with the Chief Executive Officer

(“CEO”), the corporation’s principal human resource executive, and any other employees and advisors it deems appropriate. The Committee also meets regularly in executive session with just its members present and both with and without its outside compensation consultant present. The CEO and other members of management shall not be present or shall be excused from those portions of meetings at which their respective performance and compensation is to be discussed and determined and when the Committee addresses other matters for which independent judgment is particularly appropriate. Meetings of the Committee may be held telephonically.

All non-management directors who are not members of the Committee may attend meetings of the Committee but may not vote. Additionally, the Committee may invite to its meetings any director, management of the corporation and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

IV. RESPONSIBILITIES AND DUTIES

The following functions shall be the common recurring activities of the Committee in carrying out its responsibilities outlined in Section I of this Charter. These functions should serve as a guide with the understanding that the Committee may carry out additional functions and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory, legal or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board of Directors from time to time related to the purposes of the Committee outlined in Section I of this Charter.

1. Review and approve the Company’s total compensation strategy to ensure that rewards are commensurate with Company success, shareholder value creation, and the practices of appropriate peer companies; that a significant amount of executive compensation is placed at risk; and that it supports the achievement of the Company’s objectives.
2. Establish individual goals for the CEO and approve goals and objectives pertaining to all annual and long-term incentive compensation plans for the CEO and other executive officers.
3. Review the Company’s executive compensation programs to ensure the attraction, retention and appropriate reward of exceptionally knowledgeable, highly qualified and experienced executive officers and other key employees; to motivate the performance of these executives towards the achievement of the Company’s business objectives; and to align the interest of AEP’s executives with the long-term interests of the Company’s shareholders.
4. Review all incentive compensation, long-term compensation and equity based compensation plans of the Company and approve those compensation plans that are not otherwise subject to the approval of the Company’s shareholders. Review and approve any awards to individual employees with a target or potential value in excess of the management approval limit established and, from time to time, adjusted by the Committee.

5. Annually review the performance of the CEO and other executive officers, certify the performance of the Company and management for the purpose of determining incentive compensation for these executive officers. In executive session without the CEO and Company management present, the Committee shall independently recommend the compensation of the CEO for approval by the independent members of the Board of Directors and approve the compensation of other executive officers after consulting with the CEO. The Committee shall make such compensation decisions based on Company performance; the extent to which each such executive meets and contributes to meeting predetermined individual, group and company objectives; the methods by which these objectives are met and other factors the Committee deems appropriate.
6. Review the performance of senior management of the Company and its significant majority owned subsidiaries and approve the salaries, annual incentive awards and other significant compensation for all officers at the Senior Vice President level and above and other key employees.
7. Review and approve company reports to shareholders regarding executive compensation, including a description of the factors on which executive compensation is based and the relationship between corporate performance and executive compensation, as required by the appropriate regulatory bodies. The Committee shall also issue an annual report to shareholders for inclusion in the Company's proxy statement, in which the Committee may further describe subjects under its purview in its own voice, such as its rationale for executive compensation decisions.
8. Review and approve the major benefit programs of the Company to ensure that they support the Company's objectives.
9. Select and engage subject matter experts, as needed, to provide independent, external advice to the Committee on matters under their purview, including an annual independent review of the Company's executive compensation programs. The Committee shall have the sole authority to approve the fees and terms of engagement of those rendering such advice.
10. Annually review the major elements of the Company's safety efforts and results.
11. Annually review Company workforce diversity planning, results and compliance with equal opportunity laws.
12. Annually review the senior management succession plan and process of the Company and report to the Board.
13. Annually monitor the level of the Company's merit budget.
14. Regularly report to the Board of Directors (i) following meetings of the Committee; (ii) with respect to such matters as are relevant to the Committee's discharge of its responsibilities; and (iii) with respect to such recommendations as the Committee may deem appropriate.

V. ANNUAL PERFORMANCE EVALUATION

The Committee shall perform a review and evaluation, at least annually, of the performance of the Committee and its members, including by reviewing the compliance of the Committee with this Charter. In addition, the Committee shall review and reassess, at least annually, the adequacy of this Charter and recommend to the Board of Directors any improvements to this Charter that the Committee considers necessary or valuable. The Committee shall conduct such evaluations and reviews in such manner as it deems appropriate.