

The background of the entire image is a photograph of the Phoenix skyline at dusk. The sky is a deep blue with scattered white clouds. Several skyscrapers are illuminated with lights, including the prominent ASAC Tower on the right which has red and blue lights at its top. In the foreground, a river reflects the city lights and the sky. A bridge with blue arches spans the river. The overall scene is a vibrant cityscape at twilight.

51ST EEI FINANCIAL CONFERENCE

Phoenix, AZ | November 6-8, 2016

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995

This presentation 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: the economic climate, growth or contraction within and changes in market demand and demographic patterns in our service territory, inflationary or deflationary interest rate trends, volatility in the financial markets, particularly developments affecting the availability of capital on reasonable terms and developments impairing our ability to finance new capital projects and refinance existing debt at attractive rates, the availability and cost of funds to finance working capital and capital needs, particularly during periods when the time lag between incurring costs and recovery is long and the costs are material, electric load, customer growth and the impact of retail competition, weather conditions, including storms and drought conditions, and our ability to recover significant storm restoration costs, available sources and costs of, and transportation for, fuels and the creditworthiness and performance of fuel suppliers and transporters, availability of necessary generation capacity and the performance of our generation plants, our ability to recover increases in fuel and other energy costs through regulated or competitive electric rates, our ability to build or acquire generation capacity and transmission lines and facilities (including our ability to obtain any necessary regulatory approvals and permits) when needed at acceptable prices and terms and to recover those costs, new legislation, litigation and government regulation, including oversight of nuclear generation, energy commodity trading and new or heightened requirements for reduced emissions of sulfur, nitrogen, mercury, carbon, soot or particulate matter and other substances or additional regulation of fly ash and similar combustion products that could impact the continued operation, cost recovery and/or profitability of our generation plants and related assets, evolving public perception of the risks associated with fuels used before, during and after the generation of electricity, including nuclear fuel, a reduction in the federal statutory tax rate could result in an accelerated return of deferred federal income taxes to customers, timing and resolution of pending and future rate cases, negotiations and other regulatory decisions including rate or other recovery of new investments in generation, distribution and transmission service and environmental compliance, resolution of litigation, our ability to constrain operation and maintenance costs, our ability to develop and execute a strategy based on a view regarding prices of electricity and other energy-related commodities, prices and demand for power that we generate and sell at wholesale, changes in technology, particularly with respect to new, developing, alternative or distributed sources of generation, our ability to recover through rates or market prices any remaining unrecovered investment in generation units that may be retired before the end of their previously projected useful lives, volatility and changes in markets for capacity and electricity, coal, and other energy-related commodities, particularly changes in the price of natural gas, changes in utility regulation and the allocation of costs within regional transmission organizations, including ERCOT, PJM and SPP, the transition to market for generation in Ohio, including the implementation of ESPs, our ability to successfully and profitably manage our separate competitive generation assets, changes in the creditworthiness of the counterparties with whom we have contractual arrangements, including participants in the energy trading market, actions of rating agencies, including changes in the ratings of our debt, the impact of volatility in the capital markets on the value of the investments held by our pension, other postretirement benefit plans, captive insurance entity and nuclear decommissioning trust and the impact of such volatility on future funding requirements, accounting pronouncements periodically issued by accounting standard-setting bodies and other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes, cyber security threats and other catastrophic events.

INVESTOR RELATIONS:

Bette Jo Rozsa
Managing Director
Investor Relations
614-716-2840
bjroza@aep.com

Bradley Funk
Director
Investor Relations
614-716-3162
bmfunk@aep.com

THE PREMIER REGULATED ENERGY COMPANY

DOING WHAT WE SAID

**Completed
strategic
review of
competitive
assets**

**Reinvesting
proceeds
wisely**

**Growing
regulated
businesses**

AEP GOING FORWARD

**Well positioned
as a regulated
business**

**Earnings
growth rate
5-7%**

**Growing
dividend
consistent
with earnings**

BEFORE & AFTER

**Investor focus on competitive
generating assets**

**Resolved competitive
asset concerns**

**Questions about
use of proceeds**

**Increased investment in
transmission and renewables**

**Regulated and unregulated
business mix**

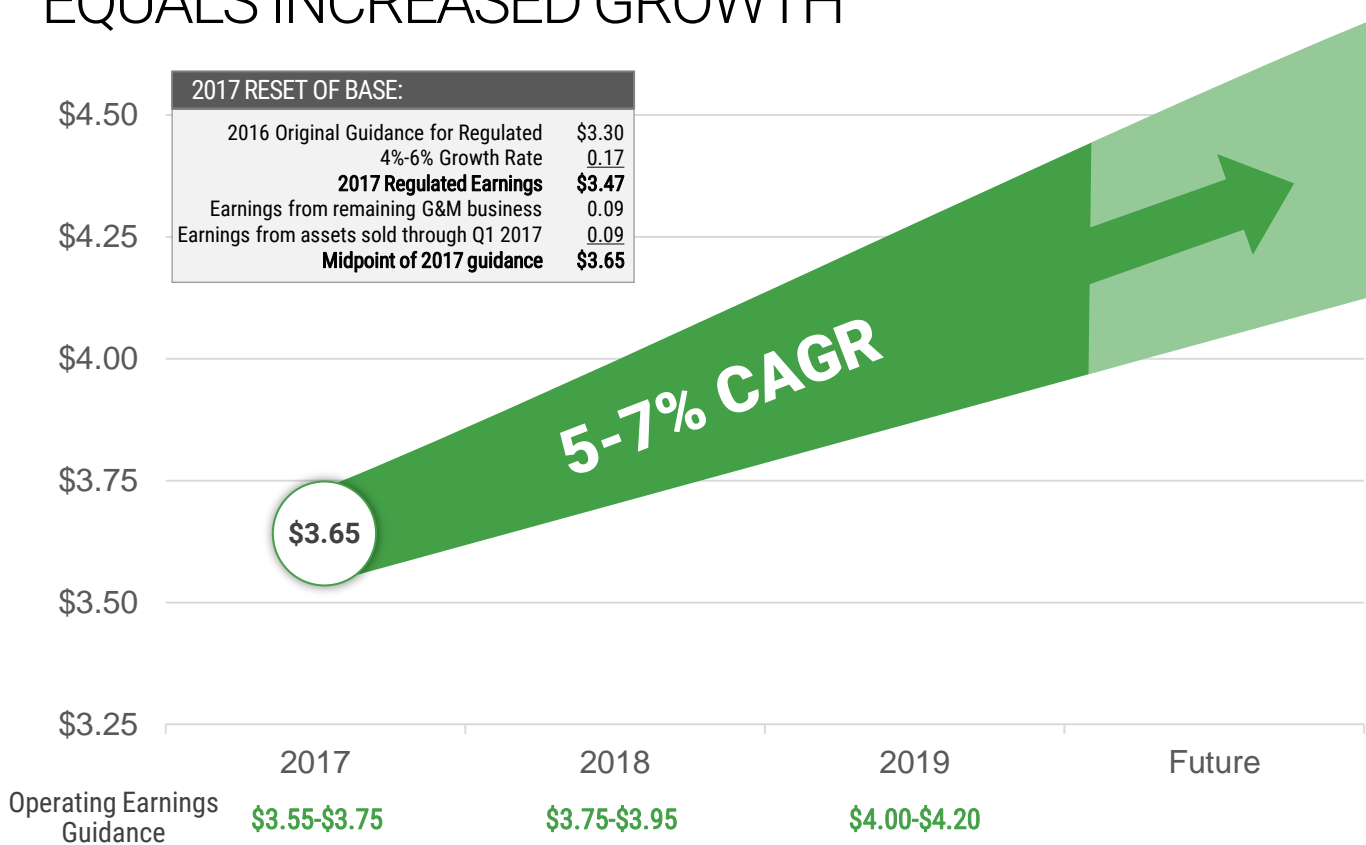
Regulated business model

Earnings volatility

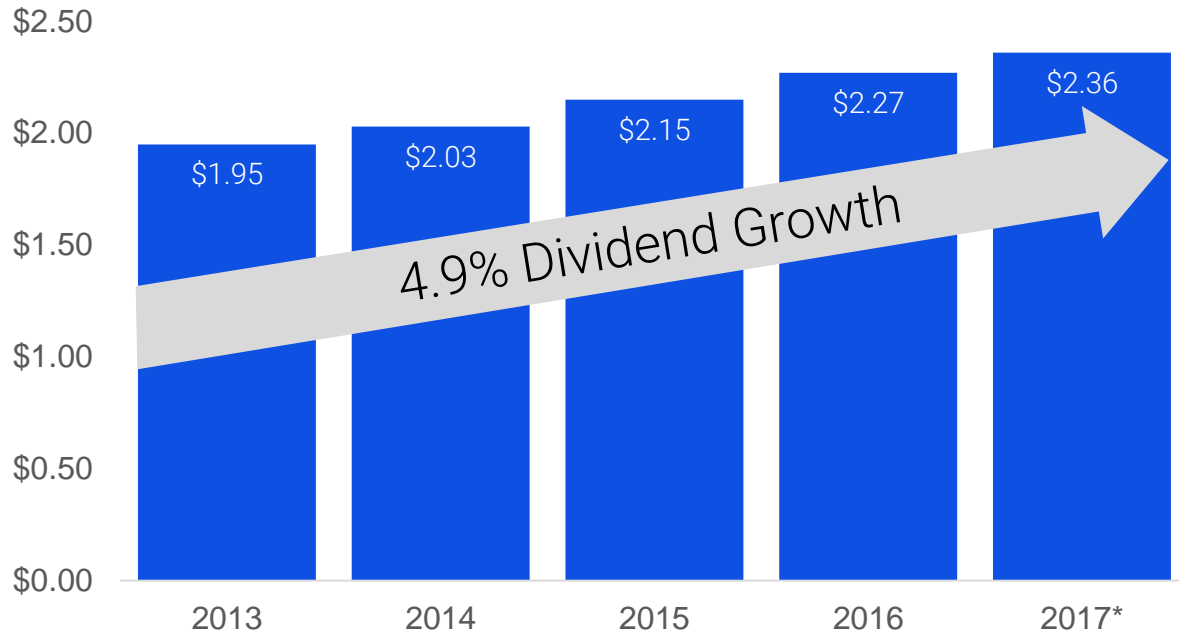
**Predictable earnings and higher
growth rate**

ORGANIC INVESTMENT OPPORTUNITY EQUALS INCREASED GROWTH

2017 RESET OF BASE:	
2016 Original Guidance for Regulated	\$3.30
4%-6% Growth Rate	0.17
2017 Regulated Earnings	\$3.47
Earnings from remaining G&M business	0.09
Earnings from assets sold through Q1 2017	0.09
Midpoint of 2017 guidance	\$3.65



STRONG, CONSISTENT DIVIDEND GROWTH

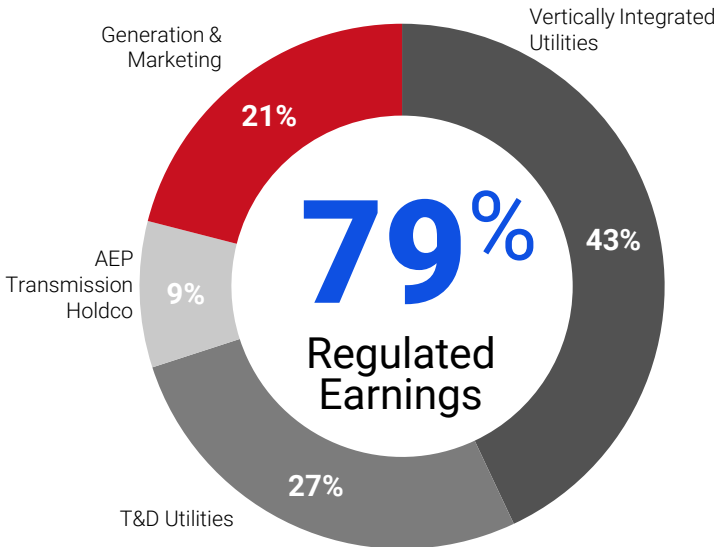


EPS Growth + Dividend Yield =
9% to 11% Annual Return Opportunity

* Subject to Board approval

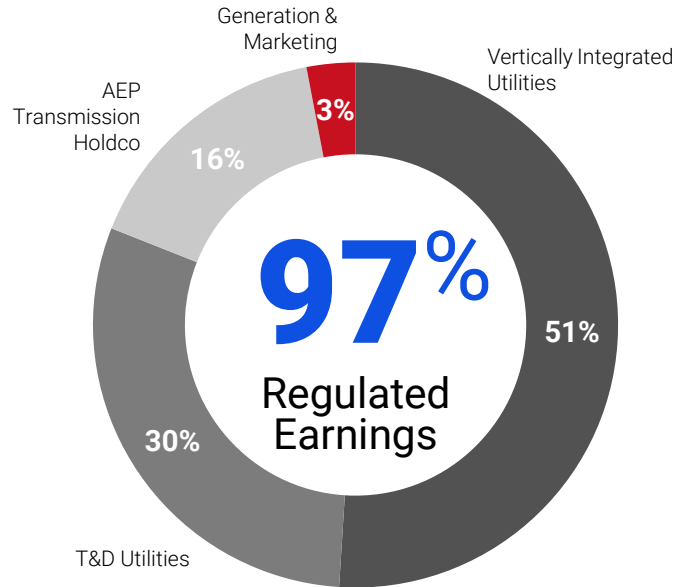
PREDICTABLE EARNINGS HIGHER GROWTH RATE

BEFORE:
HYBRID MIX



2014

AFTER:
REGULATED BUSINESS MODEL



2017E

THE PREMIER REGULATED ENERGY COMPANY

HIGHER
growth

MORE
regulated

HIGHER
dividends

MORE
certainty



AEP