

BOUNDLESS ENERGYSM

The background of the slide is a photograph of a wind farm at sunset. The sky is a mix of orange, yellow, and blue, with the sun low on the horizon. Several white wind turbines are visible, their blades silhouetted against the bright sky. A semi-transparent blue rectangular box is overlaid on the lower-left portion of the image, containing white text. In the bottom right corner, there is a red-bordered logo for American Electric Power.

52nd EEI Financial Conference

AEP Presentation

November 5-8, 2017

Lake Buena Vista, Florida

**AMERICAN
ELECTRIC
POWER**

“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 growth or contraction within and changes in market demand and demographic patterns in our service territories, inflationary or deflationary interest rate trends, volatility in the financial markets, particularly developments affecting the availability or cost of capital to finance new capital projects and refinance existing debt, 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 and customer growth, weather conditions, including storms and drought conditions, and our ability to recover significant storm restoration costs, the cost of fuel and its transportation, the creditworthiness and performance of fuel suppliers and transporters and the cost of storing and disposing of used fuel, including coal ash and spent nuclear fuel, availability of necessary generation capacity, the performance of our generation plants and the availability of fuel, including processed nuclear fuel, parts and service from reliable vendors, our ability to recover fuel and other energy costs through regulated or competitive electric rates, our ability to build 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 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 gas, prices and demand for power that we generate and sell at wholesale, changes in technology, particularly with respect to energy storage and new, developing, alternative or distributed sources of generation, our ability to recover through rates 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, our ability to successfully and profitably manage our competitive generation assets, including the evaluation and execution of strategic alternatives for these assets as some of the alternatives could result in a loss, 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.

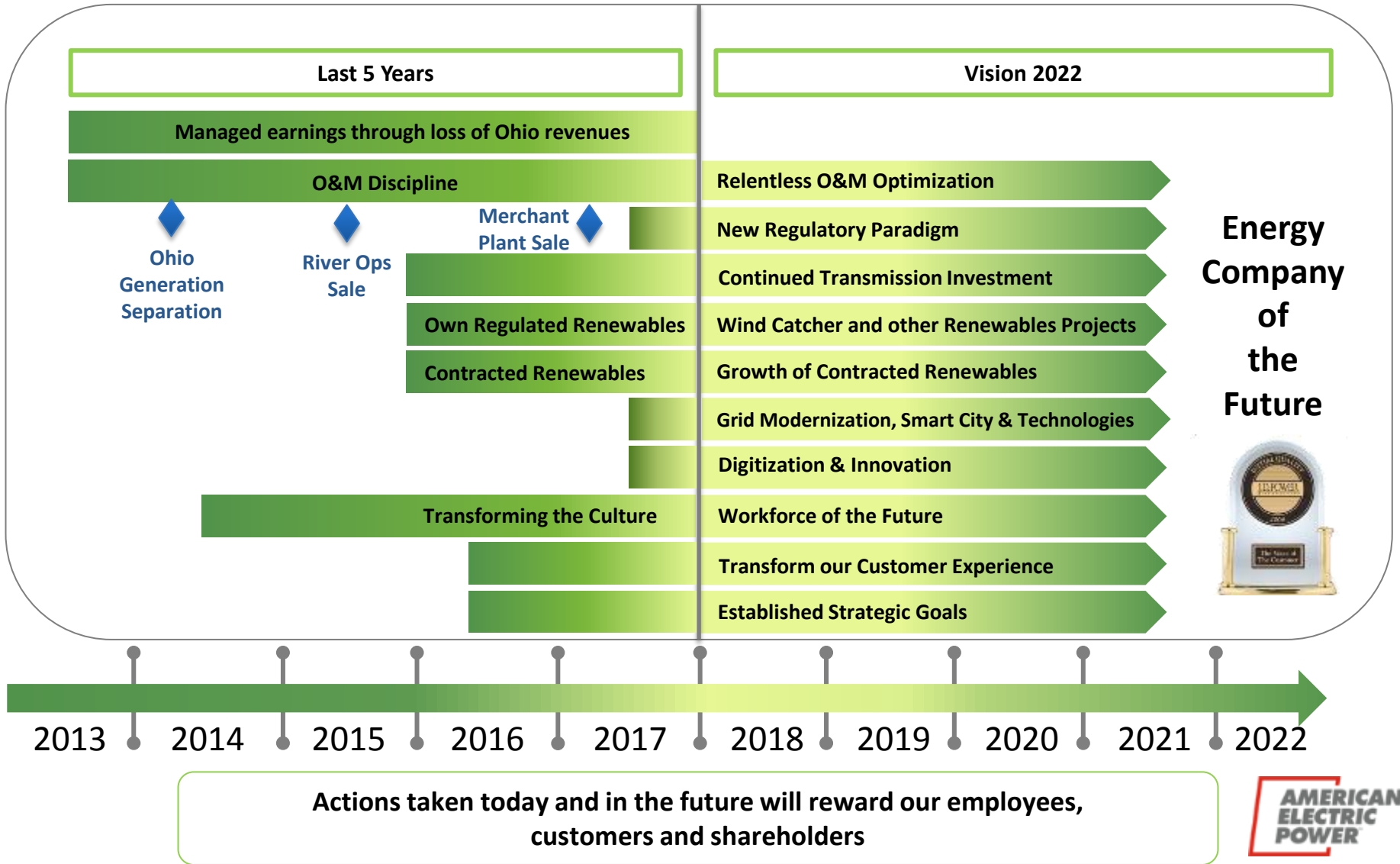
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OUR STRATEGIC TRANSFORMATION



AEP GOING FORWARD

Well positioned
as a regulated
business

Earnings growth
rate 5-7%

Growing dividend
consistent with
earnings

Renewable
energy future

No Longer a Focus:

Energy and
Capacity
Pricing

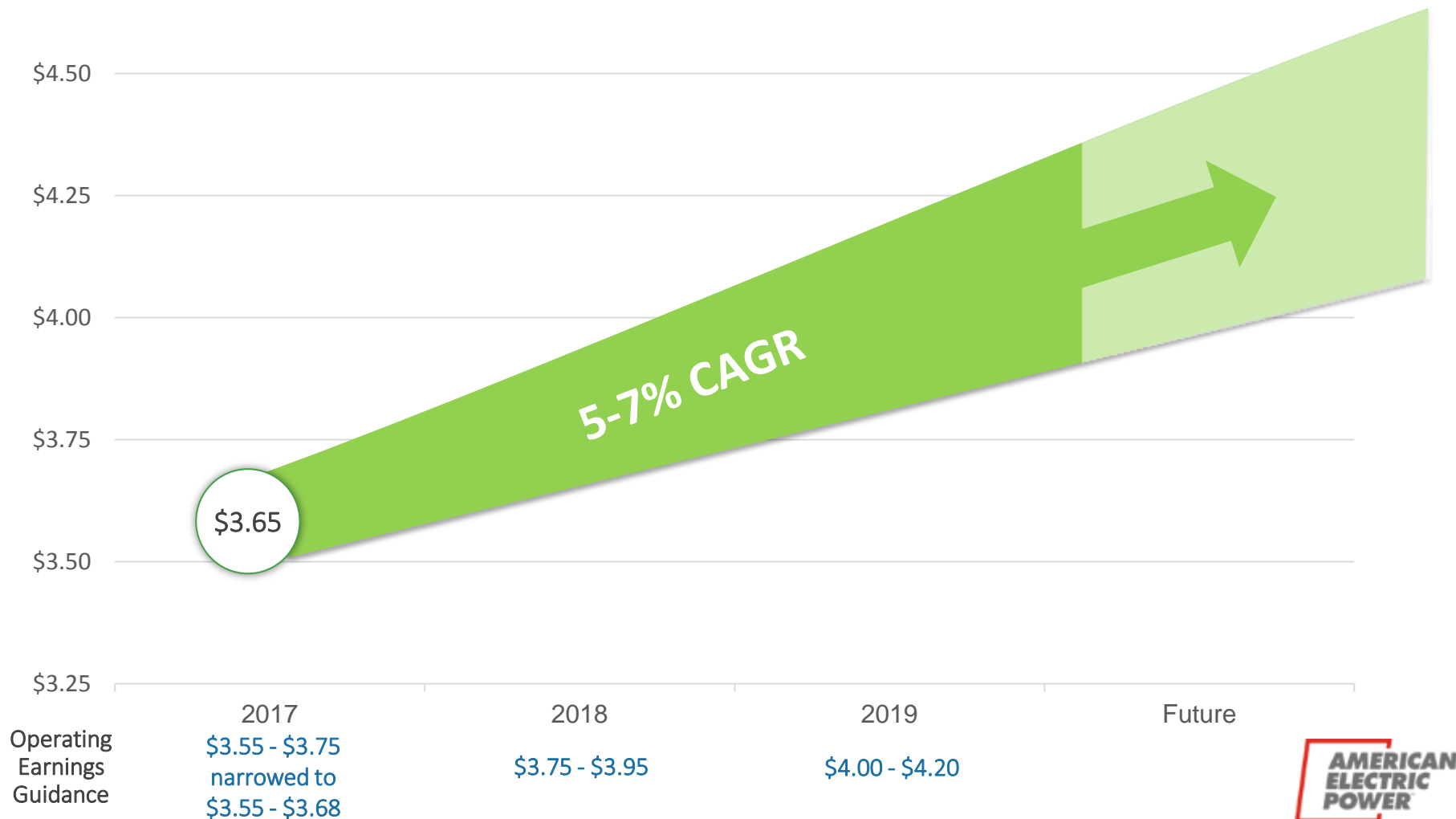
Ohio
Restructuring

Resolution
of
Competitive
Generation

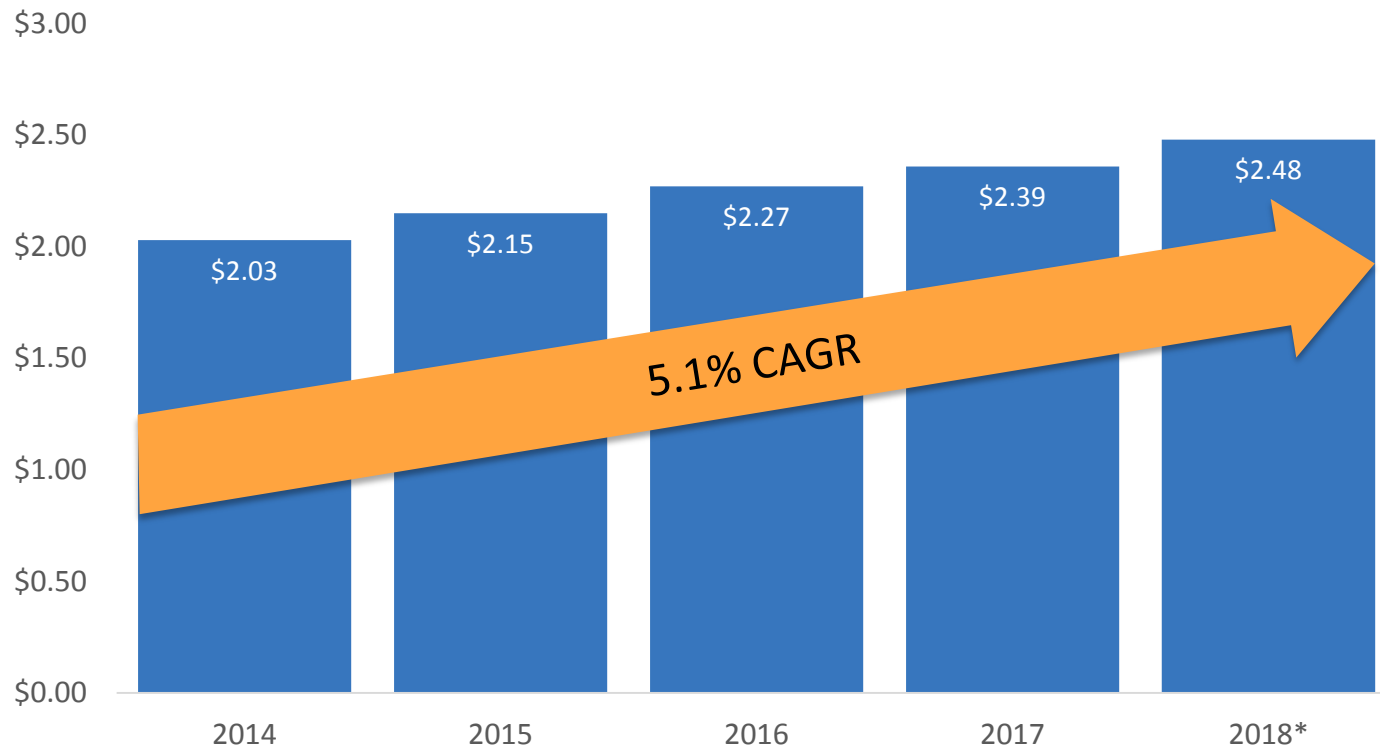
Central
Station
Construction
Projects



ORGANIC INVESTMENT OPPORTUNITY EQUALS INCREASED GROWTH



STRONG, CONSISTENT DIVIDEND GROWTH



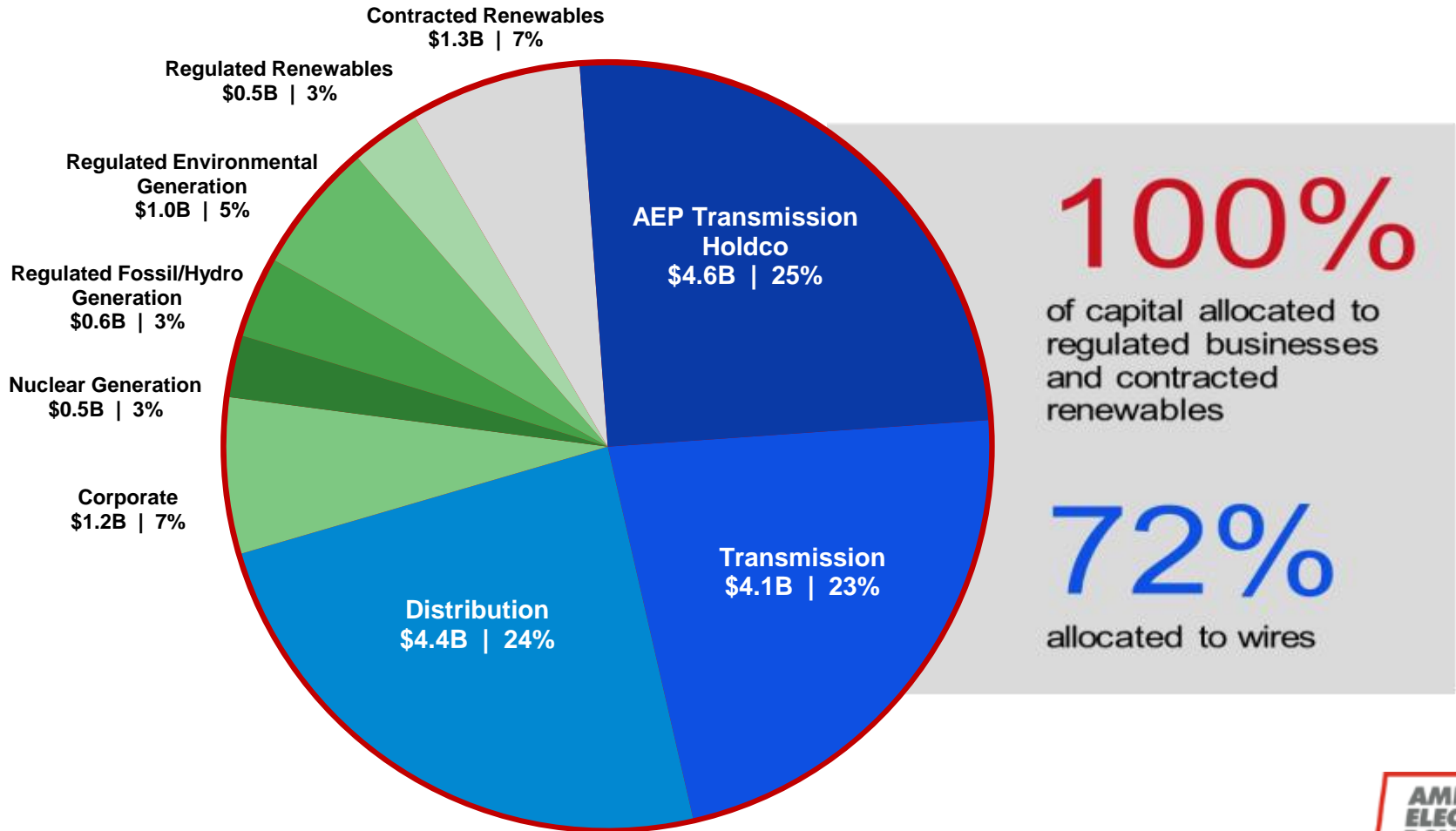
EPS Growth + Dividend Yield =
10% to 12% Annual Return Opportunity

* Subject to Board approval



CAPITAL FORECAST

\$18.2B Cap-ex: 2018 - 2020



ROBUST ORGANIC CAPITAL OPPORTUNITIES

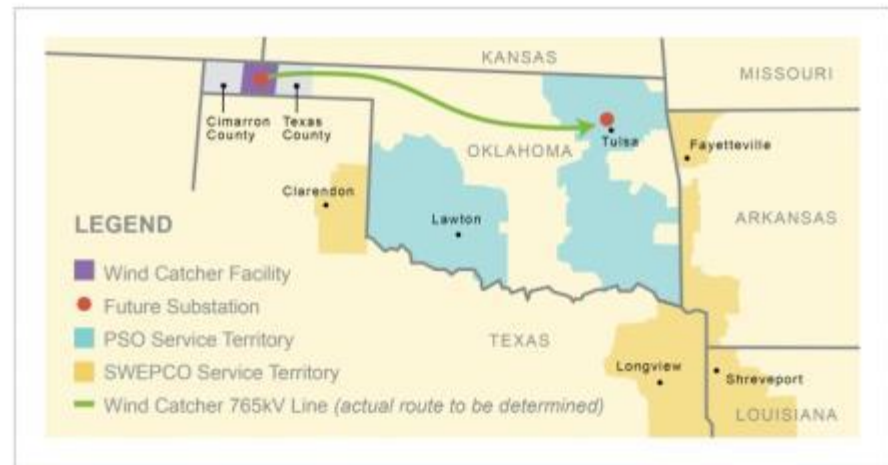
Transmission	Grid modernization, aging infrastructure, physical/cyber security, reliability, market efficiency and economic development projects
Distribution	Grid modernization, reliability improvement projects and distribution station refurbishment
Renewables	Wind Catcher, regulated renewables, contracted renewables
Technology	Digitization, automation, cyber security, enterprise-wide applications





WIND CATCHER ENERGY CONNECTION

Project is expected to reduce rates for PSO & SWEPCO customers over the life of the project – with savings starting first year of operation – while providing meaningful capital investment and earnings growth opportunity for shareholders

- **Project Scope:** 2,000 MW (nameplate) wind farm and a dedicated ~350-mile 765kV gen-tie line
- **Regulated Investment Value:** ~\$4.5 billion (includes taxes, overheads, AFUDC, and contingency)
- **Total Customer Savings (over 25-years):** \$7.6 billion including value of Federal Production Tax Credit: \$2.5 billion over first 10 years
- **Requested State Regulatory Approvals:** April 30, 2018; planning to file at FERC in Q4 2017
- **Target Completion:** Q4 2020
- **Proposed Ownership:** SWEPCO (70%) & PSO (30%)



Cost Detail	Wind Plant	Gen-Tie
Key Suppliers	Invenergy 	
Estimated Cost	\$2.9 billion	\$1.6 billion
Total Project Cost	\$4.5 billion	



**HIGHER
growth**



**HIGHER
dividends**

The Premier Regulated Energy Company



**MORE
certainty**

**MORE
regulated**

