

1Q10 Earnings Release Presentation

April 29, 2010





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First Quarter 2010 Highlights

✓ **FINANCIAL PERFORMANCE**

- ✓ Delivered GAAP earnings of \$0.72 and on-going earnings of \$0.76/share
- ✓ Reaffirming 2010 guidance of \$2.80 to \$3.20/share
- ✓ Moody's rating outlook changed to 'Stable' from 'Negative'

✓ **CORPORATE ACTIONS**

- ✓ Declared 400th consecutive quarterly dividend and raised dividend 2.4%
- ✓ Released Corporate Accountability Report - first integrated sustainability and annual report in the industry
- ✓ Cost cutting initiatives underway

✓ **REGULATORY UPDATE**

- ✓ Rate proceedings – \$199MM of \$320MM secured for 2010
- ✓ Ohio SEET
- ✓ Rate cases– Virginia and Kentucky

✓ **TRANSMISSION UPDATE**

✓ **FEDERAL LEGISLATION/EPA UPDATE**



1Q10 Performance

First Quarter Reconciliation

	EPS	Ongoing Earnings (\$ in millions)
1Q09	\$ 0.89	\$360
Share Count Effect	\$ (0.13)	
Rate Changes	\$ 0.13	
Load	\$ (0.06)	
Weather	\$ 0.06	
OSS	\$ 0.02	
Other Utility Operations, net	\$ (0.11)	
Non-Utility Operations/Parent	\$ (0.04)	
1Q10	\$ 0.76	\$365

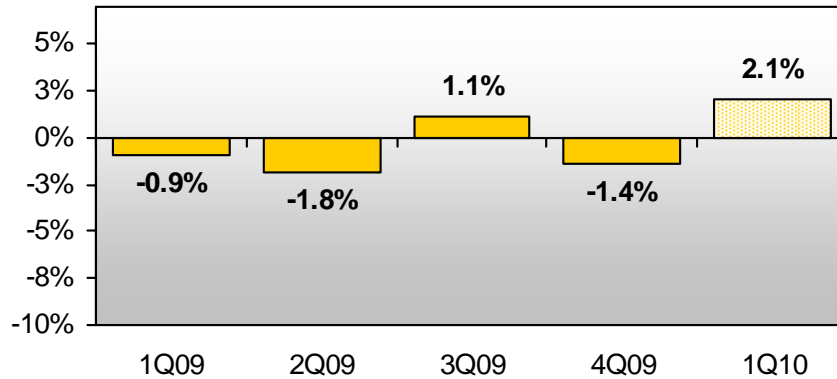
1Q10 Performance Drivers

- Share count impact due to 71MM weighted average shares outstanding increase (407MM to 478MM) from equity offering and DRP
- Rate Changes of \$81MM from multiple operating jurisdictions
- Load of \$-36MM, primarily due to economic conditions
- Weather was favorable by \$37MM vs. prior year, \$40MM vs. normal
- OSS was favorable by \$12MM due to enhanced generation availability and solid performance from the trading organization
- Other Utility Operations, net decreased approximately \$70MM and primarily includes the absence of accidental outage insurance and higher interest expense, D&A and other taxes
- Non-utility operations decreased \$14MM due to reduced deal flow in our Texas marketing business

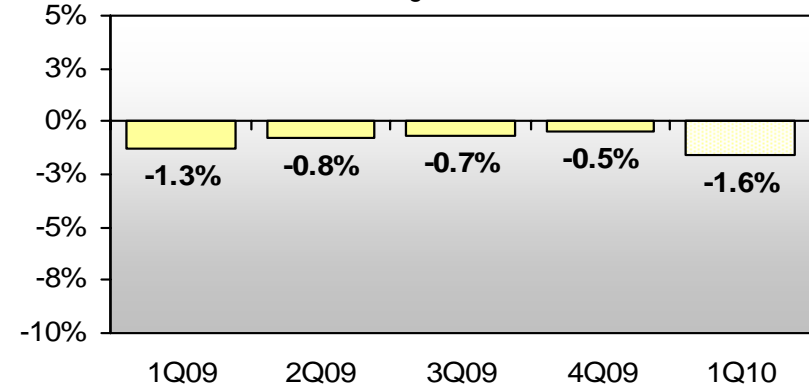


Normalized Load Trends

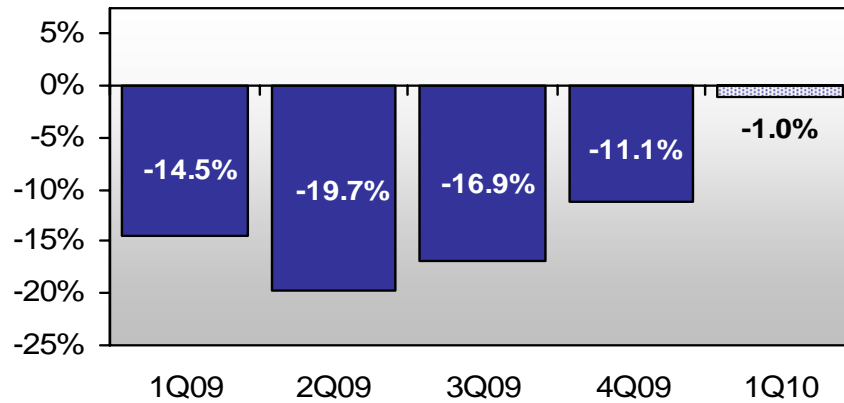
AEP Residential Normalized GWh Sales
%Change vs. Prior Year



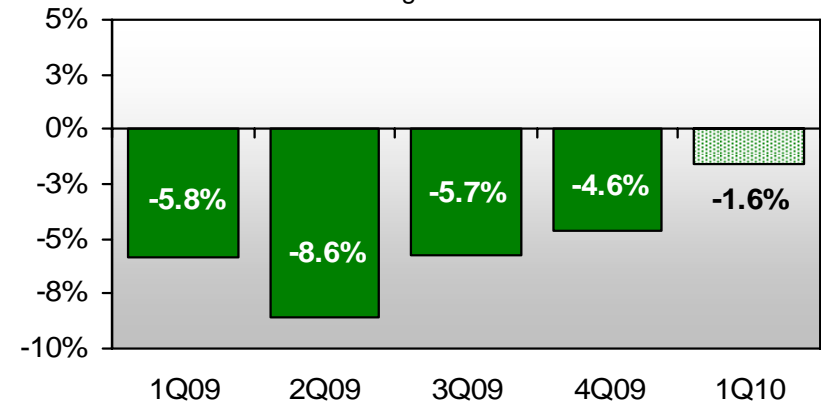
AEP Commercial Normalized GWh Sales
%Change vs. Prior Year



AEP Industrial Normalized GWh Sales
%Change vs. Prior Year



AEP Total Normalized GWh Sales*
%Change vs. Prior Year

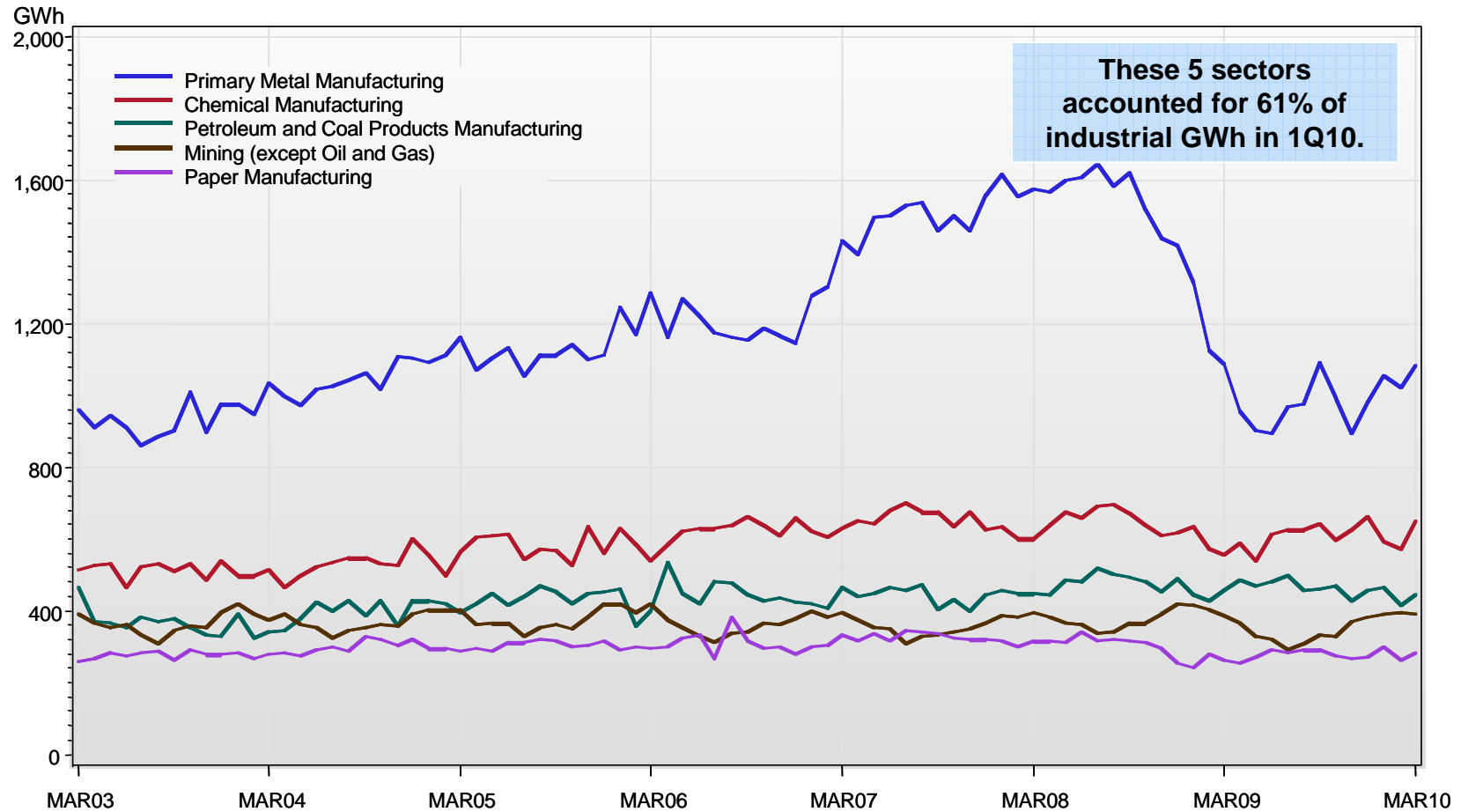


*includes firm wholesale load



Industrial Sales

AEP Industrial GWh by Sector





Off-System Sales

1Q10 vs. 1Q09

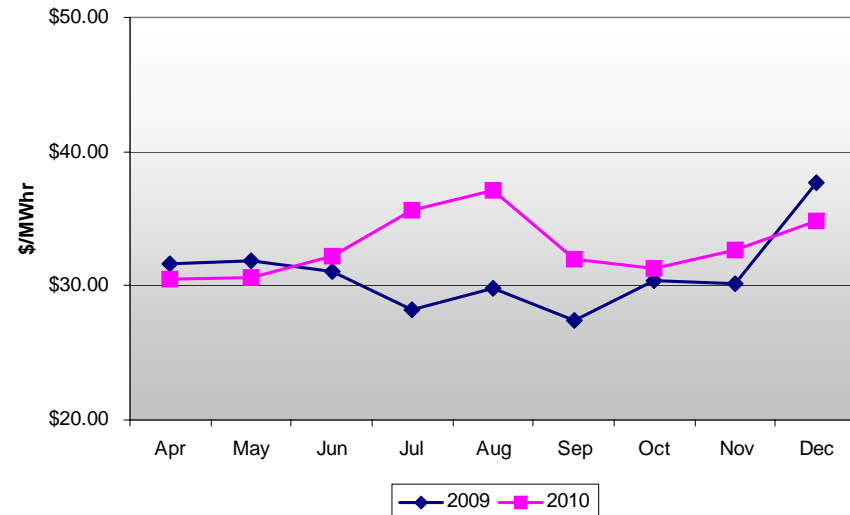
- 1Q10 AEP Off-system sales volumes were up approximately 83% over 1Q09
- 1Q10 AEP/Dayton Hub 7X24 prices (liquidations) were about 5% below 1Q09

Q1 2010 Liquidations vs. Q1 2009 Liquidations (\$/MWh)

Hub	2009	2010	\$ Change	% Change
AEP Dayton	40.29	38.24	(2.05)	-5%
PJM West	49.19	44.52	(4.67)	-9%
NiHub	34.09	34.45	0.36	1%
CinHub	34.09	34.61	0.52	2%
SPP	29.71	38.21	8.50	29%
NG (\$/mmBtu)	4.89	5.30	0.41	8%

Balance of Year

AEP Dayton 7X24 Real Time Prices
2009 Liquidations and 2010 Apr-Dec Forward



Balance of 2010 Forwards vs. Balance of Year 2009 Liquidations (\$/MWh)

Hub	2009	2010	\$ Change	% Change
AEP Dayton	30.92	34.40	3.48	11%
PJM West	34.13	41.26	7.13	21%
NiHub	27.48	29.31	1.82	7%
CinHub	27.83	30.64	2.80	10%
SPP	28.92	31.40	2.48	9%
NG (\$/mmBtu)	3.69	4.57	0.88	24%



Our Forward Looking Focus

- **Regulatory Proceedings**
- **Retail Load**
- **Off-System Sales**
- **O&M Cost Reduction**
- **2010 Earnings Guidance**
\$2.80 - \$3.20 per share



Questions



1Q10 Earnings

	\$ millions			Earnings Per Share		
	1st Qtr 2009	1st Qtr 2010	Change	1st Qtr 2009	1st Qtr 2010	Change
Utility Operations	\$ 343	\$ 361	\$ 18	\$ 0.84	\$ 0.75	\$ (0.09)
Transmission Operations	0	1	1	0.00	0.00	0.00
Non-Utility Operations	35	14	(21)	0.09	0.03	(0.06)
Parent & Other	(18)	(11)	7	(0.04)	(0.02)	0.02
AEP On-Going Earnings	360	365	5	0.89	0.76	(0.13)
Special Items	0	(21)	(21)	0.00	(0.04)	(0.04)
Reported Earnings (GAAP)	<u>\$ 360</u>	<u>\$ 344</u>	<u>\$ (16)</u>	<u>\$ 0.89</u>	<u>\$ 0.72</u>	<u>\$ (0.17)</u>



Quarterly Performance Comparison

American Electric Power Financial Results for 1st Quarter 2010 Actual vs 1st Quarter 2009 Actual

		2009 Actual		2010 Actual		
Performance Driver		(\$ millions)	EPS	Performance Driver	(\$ millions)	EPS
UTILITY OPERATIONS:						
1	East Regulated Integrated Utilities	18,661 GWh @ \$ 38.1 /MWhr =	710	18,575 GWh @ \$ 42.2 /MWhr =	784	
2	Ohio Companies	13,134 GWh @ \$ 48.7 /MWhr =	639	12,584 GWh @ \$ 54.3 /MWhr =	683	
3	West Regulated Integrated Utilities	8,797 GWh @ \$ 27.6 /MWhr =	243	9,790 GWh @ \$ 27.7 /MWhr =	271	
4	Texas Wires	5,738 GWh @ \$ 22.1 /MWhr =	127	6,107 GWh @ \$ 24.5 /MWhr =	150	
5	Off-System Sales	2,592 GWh @ \$ 23.8 /MWhr =	62	4,745 GWh @ \$ 15.6 /MWhr =	74	
6	Transmission Revenue - 3rd Party		84		94	
7	Other Operating Revenue		206		123	
8	Utility Gross Margin		2,071		2,179	
9	Operations & Maintenance		(803)		(834)	
10	Depreciation & Amortization		(373)		(398)	
11	Taxes Other than Income Taxes		(194)		(203)	
12	Interest Exp & Preferred Dividend		(221)		(236)	
13	Other Income & Deductions		31		38	
14	Income Taxes		(168)		(185)	
15	Utility Operations On-Going Earnings		343	0.84	361	0.75
16	Transmission Operations On-Going Earnings		-	-	1	-
NON-UTILITY OPERATIONS:						
17	AEP River Operations		11	0.03	4	0.01
18	Generation & Marketing		24	0.06	10	0.02
PARENT & OTHER:						
19	Parent & Other On-Going Earnings		(18)	(0.04)	(11)	(0.02)
20	ON-GOING EARNINGS		360	0.89	365	0.76

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



1Q 2010 Cash Flow

(\$ millions)	<u>2009</u>	<u>2010</u>
Operating Activities		
Net Income -- Reported	\$ 360	\$ 344
Depreciation, Amortization & Deferred Taxes	543	501
Pension Contributions	-	(38)
Application of New Accounting Guidance: Securitized Debt for Receivables	-	(656)
Changes in Components of Working Capital	(468)	1
Over/(Under) Fuel Recovery, Net	(95)	(97)
Other Assets & Liabilities	(23)	(53)
Cash Flows From Operating Activities	<u>317</u>	<u>2</u>
Investing Activities		
Capital Expenditures	(897)	(609)
Proceeds on Sale of Assets	172	139
Change in Other Temporary Cash Investments, net	90	111
Acquisition of Nuclear Fuel	(76)	(38)
Other Investing, net	(16)	(33)
Cash Flows Used for Investing Activities	<u>(727)</u>	<u>(430)</u>
Financing Activities		
Common Shares Issued, net	48	26
Long-term Debt Issuances, net	854	14
Short-term Debt Increase/(Decrease), net	(1)	281
Application of New Accounting Guidance: Securitized Debt for Receivables	-	656
Other Financing	(23)	(24)
Dividends Paid	(169)	(197)
Cash Flows From Financing Activities	<u>709</u>	<u>756</u>
Cash From Continuing Operations	\$ 299	\$ 328
Beginning Cash & Cash Equivalent Balances	411	490
Ending Cash & Cash Equivalent Balances	<u>\$ 710</u>	<u>\$ 818</u>

1Q 2010 Cash Flow Drivers:

Operating Activities

- Application of new accounting guidance represents factored receivables.
- Changes in working capital largely driven by coal inventory, taxes payable and employee related expenses.

Investing Activities

- Cash outlay for 2010 YTD capital investment.
- 2010 asset sale proceeds relate to the transfer of assets to ETT.

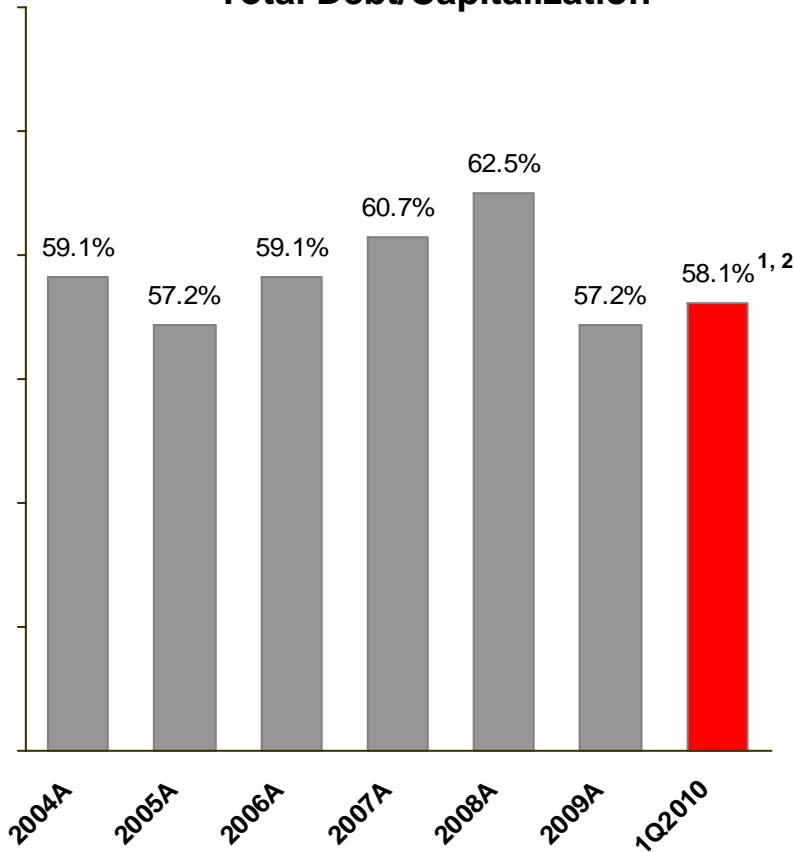
Financing Activities

- Changes in long-term debt driven by reduced capital funding requirements.
- Changes in short term debt relate to increased commercial paper activity.
- Application of new accounting guidance represents treatment of factored receivables as short-term debt.



Capitalization & Liquidity

Total Debt/Capitalization



Note: Total Debt is calculated according to GAAP and includes securitized debt

1: Effective January 1, 2010 in accordance with Transfers and Servicing accounting guidance (formerly SFAS 166), factored receivables of AEP Credit of \$651 million are classified as short-term debt; The 1Q2010 debt/capitalization ratio would be 57.3%, excluding AEP Credit.

2: Ohio Power maturity of \$400 million paid off on April 5, 2010

Current Liquidity Summary

Liquidity Summary (unaudited)	Actual 03/31/10	
<i>(\$ in millions)</i>	Amount	Maturity
Revolving Credit Facility	\$1,500	Mar-11
Revolving Credit Facility	1,454	Apr-12
Revolving Credit Facility	627	Apr-11
Total Credit Facilities	3,581	
Plus		
AEP, Inc. cash and investments	818	
Less		
Commercial Paper Outstanding	(399)	
Letters of credit issued	(652)	
Net Available Liquidity	\$3,348	



Detailed Ongoing Earnings Guidance

2009 Actual: \$2.97

American Electric Power
2009 Actual vs. 2010 Guidance


2010E: \$2.80-\$3.20

	Performance Driver	2009 Actual (\$ millions)	Performance Driver	2010 Guidance (\$ millions)
UTILITY OPERATIONS:				
Gross Margin:				
1	East Regulated Integrated Utilities	66,976 GWh @ \$ 38.0 /MWhr = 2,544	68,249 GWh @ \$ 42.2 /MWhr =	2,878
2	Ohio Companies	47,468 GWh @ \$ 57.6 /MWhr = 2,733	47,922 GWh @ \$ 63.6 /MWhr =	3,048
3	West Regulated Integrated Utilities	38,947 GWh @ \$ 30.0 /MWhr = 1,167	41,165 GWh @ \$ 31.3 /MWhr =	1,287
4	Texas Wires	27,573 GWh @ \$ 20.7 /MWhr = 571	27,510 GWh @ \$ 22.2 /MWhr =	610
5	Off-System Sales (net of sharing)	14,795 GWh @ \$ 16.7 /MWhr = 247	23,992 GWh @ \$ 13.7 /MWhr =	329
6	Transmission Revenue - 3rd Party	354		352
7	Other Operating Revenue	767		541
8	Utility Gross Margin	8,383		9,045
9	Operations & Maintenance	(3,410)		(3,620)
10	Depreciation & Amortization	(1,561)		(1,637)
11	Taxes Other than Income Taxes	(751)		(793)
12	Interest Exp & Preferred Dividend	(919)		(957)
13	Other Income & Deductions	128		148
14	Income Taxes	(553)		(736)
15	Utility Operations On-Going Earnings	1,317		1,450
16	Transmission Operations On-Going Earnings	4		9
NON-UTILITY OPERATIONS:				
17	AEP River Operations	47		43
18	Generation & Marketing	41		2
19	Parent & Other On-Going Earnings	(47)		(63)
20	ON-GOING EARNINGS	1,362		1,441

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





Retail Rate Performance

	Rate Changes, net of trackers (in millions)
	1Q10 vs. 1Q09
East Regulated Integrated Utilities	\$42
Ohio Companies	\$27
West Regulated Integrated Utilities	\$12
Texas Wires	\$0
AEP System Total	\$81
Impact on EPS	 \$0.13



1Q10 Retail Performance

	Load (weather normalized)
	1Q10 vs. 1Q09
East Regulated Integrated Utilities	-3.6%
Ohio Companies	-4.4%
West Regulated Integrated Utilities	4.6%
Texas Wires	2.1%
Impact on EPS	 (\$0.06)

	Weather Impact (in millions)
	1Q10 vs. 1Q09
East Regulated Integrated Utilities	\$16
Ohio Companies	\$1
West Regulated Integrated Utilities	\$14
Texas Wires	\$6
Impact on EPS	 \$0.06



Off System Sales Gross Margin Detail

	1Q09			1Q10		
	<u>GWh</u>	<u>Realization</u>	<u>(\$millions)</u>	<u>GWh</u>	<u>Realization</u>	<u>(\$millions)</u>
OSS Physical Sales	2,592	\$ 16.98	\$ 44	4,745	\$ 13.07	\$ 62
Marketing/Trading	-		\$ 41	-		\$ 38
Pre-Sharing Gross Margin	<u>2,592</u>		<u>\$ 85</u>	<u>4,745</u>		<u>\$ 100</u>
Margin Shared			<u>\$ (23)</u>			<u>\$ (26)</u>
Net OSS			<u><u>\$ 62</u></u>			<u><u>\$ 74</u></u>