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FOR IMMEDIATE RELEASE

AEP TO FUEL GROWTH WITH INCREASED INVESTMENT IN REGULATED OPERATIONS AND RENEWABLES

COLUMBUS, Ohio, Nov. 1, 2016 – American Electric Power (NYSE: AEP) is increasing capital investment in its core operations over the next three years to support a higher operating earnings growth range of 5 to 7 percent from the previous 4 to 6 percent growth rate. AEP management will discuss the company’s financial outlook and earnings growth strategy with financial analysts today during a meeting in New York.

AEP increased and narrowed its 2016 operating earnings guidance range to \$3.75 to \$3.85 per share from the previous range of \$3.60 to \$3.80 per share. The company announced operating earnings guidance for 2017 of \$3.55 to \$3.75 per share, reflecting dilution from the competitive generation asset sale. AEP’s operating earnings guidance range is forecast at \$3.75 to \$3.95 per share for 2018 and \$4.00 to \$4.20 per share for 2019.

A table at the end of this release reconciles 2016 operating earnings guidance and estimated earnings per share on a GAAP basis that reflects special items recorded through the third quarter.

Operating earnings could differ from those prepared in accordance with Generally Accepted Accounting Principles (GAAP) for matters such as impairments, divestitures or changes in accounting principles. Other than an expected after-tax gain of approximately \$150 million from the competitive generation asset sale in 2017, AEP management is not able to forecast if any of these items will occur or any amounts that may be reported for future periods. Therefore, AEP is not able to provide a corresponding GAAP equivalent for earnings guidance.

To support earnings growth, AEP plans to invest approximately \$17.3 billion over the period 2017 to 2019 in its core regulated operations and contracted renewables. AEP’s increased capital investment plan includes reinvestment of \$2.2 billion in levered proceeds after the expected completion of the sale of part of its competitive generation portfolio. AEP

announced an agreement in September to sell 5,200 megawatts of competitive generation assets to a joint venture of Blackstone and ArcLight Capital Partners LLC.

The company also took a pre-tax impairment charge of \$2.3 billion in third-quarter 2016 largely to write-down AEP's remaining competitive generation assets in Ohio to their estimated fair value.

"AEP has successfully refocused our business with 97 percent of our forecasted earnings coming from our regulated operations. We are in a unique position because we have the ability to fuel solid earnings growth through organic investment in our regulated businesses. That organic growth will provide enhanced reliability for our customers along with stable, positive returns for our shareholders," said Nicholas K. Akins, AEP chairman, president and chief executive officer.

"In our transmission business alone, we have at least a 10-year runway of low-risk investment opportunities that include projects to refurbish and replace existing, aging infrastructure, supplemented by new transmission investments that support resiliency, lower energy costs and facilitate renewable generation development," Akins said.

AEP plans to invest approximately \$9 billion in its transmission business over the next three years, more than half of the company's total capital investment forecast, to enhance customer reliability. AEP Transmission Holding Co. is expected to become one of AEP's largest subsidiary companies by 2019, contributing approximately 90 cents per share to AEP's total regulated earnings by 2019. AEP's annual planned transmission investment constitutes about 14 percent of the total annual forecasted transmission investment for all investor-owned utilities in the nation.

AEP's earnings growth strategy also includes incremental investment in renewable generation projects throughout the United States. AEP recently formed new subsidiaries – AEP OnSite Partners and AEP Renewables – to invest in renewable generation, energy storage and combined heat and power projects that provide cleaner energy under long-term contracts for cities, schools, companies, utilities and municipalities. AEP OnSite Partners and AEP Renewables already have projects in nine states with a strong pipeline of additional opportunities. AEP expects to invest approximately \$1 billion in renewable energy projects from 2017 through 2019.

AEP's regulated business investment strategy supports dividend growth consistent with earnings and within the targeted 60 to 70 percent payout ratio. In October, the company increased its dividend by 5.4 percent on a quarterly basis from 56 cents per share to 59 cents

per share. AEP has paid a cash dividend on its common stock for 426 consecutive quarters, since July 1910.

American Electric Power is one of the largest electric utilities in the United States, delivering electricity and custom energy solutions to nearly 5.4 million customers in 11 states. AEP owns the nation's largest electricity transmission system, a more than 40,000-mile network that includes more 765-kilovolt extra-high voltage transmission lines than all other U.S. transmission systems combined. AEP also operates 224,000 miles of distribution lines. AEP ranks among the nation's largest generators of electricity, owning approximately 31,000 megawatts of generating capacity in the U.S. AEP also supplies 3,200 megawatts of renewable energy to customers. AEP's utility units operate as AEP Ohio, AEP Texas, Appalachian Power (in Virginia and West Virginia), AEP Appalachian Power (in Tennessee), Indiana Michigan Power, Kentucky Power, Public Service Company of Oklahoma, and Southwestern Electric Power Company (in Arkansas, Louisiana and east Texas). AEP's headquarters are in Columbus, Ohio.

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This report made by American Electric Power and its Registrant Subsidiaries 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 AEP's service territory; 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, customer growth and the impact of competition, including competition for retail customers; weather conditions, including storms and drought conditions, and AEP's ability to recover significant storm restoration costs; the cost of fuel and its transportation and the creditworthiness and performance of fuel suppliers and transporters; availability of necessary generating capacity and the performance of AEP's generating plants; AEP's ability to recover fuel and other energy costs through regulated or competitive electric rates; AEP's ability to build transmission lines and facilities (including the 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 AEP's 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 that 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; AEP's ability to constrain operation and maintenance costs; AEP's ability to develop and execute a strategy based on a view regarding prices of electricity and gas; prices and demand for power generated and sold at wholesale; changes in technology, particularly with respect to energy storage and new, developing, alternative or distributed sources of generation; AEP's ability to recover through rates or market prices any remaining unrecovered investment in generating 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 and capacity auction returns; changes in utility regulation and the allocation of costs within regional transmission organizations, including ERCOT, PJM and SPP; the market for generation in Ohio and PJM and the ability to recover investments in Ohio generation assets; AEP's ability to successfully and profitably manage 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 AEP has contractual arrangements, including participants in the energy trading market; actions of rating agencies, including changes in the ratings of AEP debt; the impact of volatility in the capital markets on the value of the investments held by AEP's 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.

Reflecting special items recorded through the third quarter 2016, the estimated earnings per share on a GAAP basis would be \$0.96 to \$1.06. See the table below for a full reconciliation.

2016 EPS Guidance Reconciliation

Estimated EPS on a GAAP basis	\$0.96	to	\$1.06
Impairment of certain merchant generation assets			2.98
Disposition of commercial barge operations			0.01
Capital loss valuation adjustment			(0.09)
Federal tax audit settlement			(0.11)
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Operating EPS Guidance	\$3.75	to	\$3.85