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, the 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.
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

<table>
<thead>
<tr>
<th>Before</th>
<th>After</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investor focus on competitive generating assets</td>
<td>Resolved competitive asset concerns</td>
</tr>
<tr>
<td>Questions about use of proceeds</td>
<td>Increased investment in transmission and renewables</td>
</tr>
<tr>
<td>Regulated and unregulated business mix</td>
<td>Regulated business model</td>
</tr>
<tr>
<td>Earnings volatility</td>
<td>Predictable earnings and higher growth rate</td>
</tr>
</tbody>
</table>
## ORGANIC INVESTMENT OPPORTUNITY EQUALS INCREASED GROWTH

### 2017 RESET OF BASE:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 Original Guidance for Regulated</td>
<td>$3.30</td>
</tr>
<tr>
<td>4%-6% Growth Rate</td>
<td>0.17</td>
</tr>
<tr>
<td>2017 Regulated Earnings</td>
<td>$3.47</td>
</tr>
<tr>
<td>Earnings from remaining G&amp;M business</td>
<td>0.09</td>
</tr>
<tr>
<td>Earnings from assets sold through Q1 2017</td>
<td>0.09</td>
</tr>
<tr>
<td>Midpoint of 2017 guidance</td>
<td>$3.65</td>
</tr>
</tbody>
</table>

### Operating Earnings Guidance

<table>
<thead>
<tr>
<th>Year</th>
<th>Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$3.55-$3.75</td>
</tr>
<tr>
<td>2018</td>
<td>$3.75-$3.95</td>
</tr>
<tr>
<td>2019</td>
<td>$4.00-$4.20</td>
</tr>
<tr>
<td>Future</td>
<td></td>
</tr>
</tbody>
</table>

### 5-7% CAGR
STRONG, CONSISTENT DIVIDEND GROWTH

2013 | 2014 | 2015 | 2016 | 2017*
$1.95 | $2.03 | $2.15 | $2.27 | $2.36

4.9% Dividend Growth

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

* Subject to Board approval
PREDICTABLE EARNINGS
HIGHER GROWTH RATE

BEFORE:
HYBRID MIX

79%
Regulated Earnings

Vertically Integrated Utilities
43%
T&D Utilities
27%
AEP Transmission Holdco
9%
Generation & Marketing
21%

2014

AFTER:
REGULATED BUSINESS MODEL

97%
Regulated Earnings

Vertically Integrated Utilities
51%
T&D Utilities
30%
AEP Transmission Holdco
16%
Generation & Marketing
3%

2017E
FOCUSING ON WIRES
A TALE OF TWO DECADES

2006
2006 CAPITAL

Distribution: 23%
Transmission: 13%
Generation: 64%

Focus on environmental retrofits
Transmission expansion just beginning

2016
2017-2019 CAPITAL FORECAST

Distribution: 24%
Generation: 18%
Transmission: 58%

Focus on wires
$9 billion on transmission over 3-year forecast period
TURNING THE SHIP
A TALE OF TWO DECADES

2006
NET PLANT PROFILE

- 35% Distribution
- 45% Generation
- 20% Transmission

2016
NET PLANT PROFILE

- 34% Distribution
- 32% Generation
- 34% Transmission
THE PREMIER REGULATED ENERGY COMPANY

HIGHER growth

HIGHER dividends

MORE regulated

MORE certainty
POSITIONING FOR THE FUTURE

FINANCIAL INFORMATION
**ASSET IMPAIRMENT IMPACT**

- **Assets:** Ohio (Cardinal, Conesville 4-6, Stuart, Zimmer) and others
- Pre-tax impairment of $2.3 Billion
- After-tax impairment of $1.5 Billion
- GAAP EPS impact of $2.98 per share
- Remaining net book value of $50 Million
**ASSET SALE DETAILS**

**Assets:** Gavin, Lawrenceburg, Waterford, Darby [5,200 MW]

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Price</td>
<td>$2.2 Billion</td>
</tr>
<tr>
<td>AGR debt</td>
<td>-0.3</td>
</tr>
<tr>
<td>Lawrenceburg debt</td>
<td>-0.2</td>
</tr>
<tr>
<td>Taxes</td>
<td>-0.5</td>
</tr>
<tr>
<td>Net Proceeds</td>
<td>$1.2 Billion</td>
</tr>
</tbody>
</table>

After-tax gain: Approximately $150 Million to be recorded at close

Transaction expected to close Q1 2017
USE OF SALES PROCEEDS
WISELY INVESTING IN TRANSMISSION & RENEWABLES

Use of $2.2 Billion Levered Sales Proceeds

- Without Proceeds: $15.1B
  - Regulated Transmission: $7.4B
  - Regulated Distribution: $3.8B
  - Regulated Generation: $2.6B
  - Corporate: $0.7B
  - Generation & Marketing: $0.6B

- Reduction in Generation: ($0.8B)

- With Proceeds: $17.3B
  - Regulated Transmission: $9.0B
  - Regulated Distribution: $3.8B
  - Regulated Generation: $2.7B
  - Corporate: $0.8B
  - Contracted Renewables: $1.0B

Regulated Transmission: $9.0B
Regulated Distribution: $3.8B
Regulated Generation: $2.7B
Corporate: $0.8B
Contracted Renewables: $1.0B
CAPITAL FORECAST

$17.3B Cap-ex from 2017-2019

- AEP Transmission Holdco: $4.7B (27%)
- Transmission: $4.3B (25%)
- Distribution: $3.8B (22%)
- Contracted Renewables: $1.0B (6%)
- Regulated Renewables: $0.5B (3%)
- Regulated Fossil & Hydro Generation: $0.9B (5%)
- Nuclear Generation: $0.3B (2%)
- Corporate: $0.8B (4%)

100% of capital allocated to regulated businesses and contracted renewables

74% allocated to wires
## AEP Consolidated Cash Flows and Financial Metrics

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash from Operations</strong></td>
<td>4,500</td>
<td>4,400</td>
<td>4,800</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Capital &amp; JV Equity Contributions</strong></td>
<td>(5,000)</td>
<td>(5,700)</td>
<td>(6,000)</td>
<td>(5,600)</td>
</tr>
<tr>
<td><strong>Other Investing Activities</strong></td>
<td>(300)</td>
<td>1,800</td>
<td>(200)</td>
<td>(200)</td>
</tr>
<tr>
<td><strong>Common Dividends</strong></td>
<td>(1,100)</td>
<td>(1,200)</td>
<td>(1,200)</td>
<td>(1,200)</td>
</tr>
<tr>
<td><strong>Excess (Required) Capital</strong></td>
<td>(1,900)</td>
<td>(700)</td>
<td>(2,600)</td>
<td>(2,000)</td>
</tr>
</tbody>
</table>

### Financing ($ in millions)

| **Excess (Required) Capital** | (1,900) | (700) | (2,600) | (2,000) |
| **Debt Maturities (Senior Notes, PCRBs)** | (1,100) | (2,600) | (1,400) | (1,900) |
| **Securitization Amortizations** | (300) | (300) | (300) | (300) |
| **Equity Issuances (DRP/401K)** | 30 | - | - | - |
| **Debt Capital Market Needs (New)** | (3,270) | (3,600) | (4,300) | (4,200) |

### Financial Metrics

| **Debt to Capitalization Target** | 55-60% |
| **FFO/Total Debt*** | Mid to Upper Teens |

---

* Other Investing in 2017 reflects the cash proceeds from sale of assets

** Dividend increased to $0.59 per share Q4 2016 for total dividends of $2.27/share; $2.36/share 2017 - 2019. Dividend evaluated by Board of Directors each quarter; stated target payout ratio range is 60 - 70%

*** Excludes securitization debt
## AEP Consolidated Cash Flows and Financial Metrics

### SOLID CREDIT METRICS

- **No planned equity issuance**
- **Maintain credit metrics**
- **Access to debt capital markets**
- **No share buybacks in plan**

<table>
<thead>
<tr>
<th>$ in millions</th>
<th>2016E</th>
<th>2017E</th>
<th>2018E</th>
<th>2019E</th>
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<td>(5,700)</td>
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<td>(200)</td>
<td>(100)</td>
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<tr>
<td>Common Dividends **</td>
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<td>(1,900)</td>
</tr>
<tr>
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<td>(300)</td>
<td>(300)</td>
<td>(300)</td>
</tr>
<tr>
<td>Equity Issuances (DRP/401K)</td>
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<tr>
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<td>55-60%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>FFO/Total Debt</strong></td>
<td><strong>Mid-to Upper Teens</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

* Other Investing in 2017 reflects the cash proceeds from sale of assets
** Dividend increased to $.59 per share Q4 2016 for total dividends of $2.27/share; $2.36/share 2017-2019. Dividend evaluated by Board of Directors each quarter; stated target payout ratio range is 60-70%
*** Excludes securitization debt

---

51st EEI Financial Conference  |  aep.com
### Credit Ratings

<table>
<thead>
<tr>
<th>Company</th>
<th>Moody’s Senior Unsecured</th>
<th>Outlook</th>
<th>S&amp;P Senior Unsecured</th>
<th>Outlook</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Electric Power Company, Inc.</td>
<td>Baa1</td>
<td>S</td>
<td>BBB</td>
<td>P</td>
</tr>
<tr>
<td>AEP, Inc. Short Term Rating</td>
<td>P2</td>
<td>S</td>
<td>A2</td>
<td>S</td>
</tr>
<tr>
<td>AEP Texas Central Company</td>
<td>Baa1</td>
<td>S</td>
<td>BBB+</td>
<td>P</td>
</tr>
<tr>
<td>AEP Texas North Company</td>
<td>Baa1</td>
<td>S</td>
<td>BBB+</td>
<td>P</td>
</tr>
<tr>
<td>Appalachian Power Company</td>
<td>Baa1</td>
<td>S</td>
<td>BBB+</td>
<td>P</td>
</tr>
<tr>
<td>Indiana Michigan Power Company</td>
<td>Baa1</td>
<td>S</td>
<td>BBB+</td>
<td>P</td>
</tr>
<tr>
<td>Kentucky Power Company</td>
<td>Baa2</td>
<td>S</td>
<td>BBB+</td>
<td>P</td>
</tr>
<tr>
<td>Ohio Power Company</td>
<td>Baa1</td>
<td>P</td>
<td>BBB+</td>
<td>P</td>
</tr>
<tr>
<td>Public Service Company of Oklahoma</td>
<td>A3</td>
<td>S</td>
<td>BBB+</td>
<td>P</td>
</tr>
<tr>
<td>Southwestern Electric Power Company</td>
<td>Baa2</td>
<td>S</td>
<td>BBB+</td>
<td>P</td>
</tr>
<tr>
<td>AEP Transmission Company, LLC</td>
<td>A2</td>
<td>S</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Credit ratings current as of November 4, 2016.
7.7% CAGR IN RATE BASE
CUMULATIVE CHANGE FROM 2015 BASE

<table>
<thead>
<tr>
<th>2015 Rate Base Proxy</th>
<th>Vertically Integrated Utilities</th>
<th>$21.9B</th>
<th>T&amp;D Utilities</th>
<th>$7.8B</th>
<th>Transcos/Transource</th>
<th>$3.1B</th>
<th>Total</th>
<th>$32.8B</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Vertically Integrated Utilities</th>
<th>T&amp;D Utilities</th>
<th>Transcos/Transource</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016E</td>
<td>$2.3B</td>
<td>$0.9</td>
<td>$1.5</td>
<td>$1.4</td>
</tr>
<tr>
<td>2017E</td>
<td>$5.1B</td>
<td>$2.2</td>
<td>$1.5</td>
<td>$1.4</td>
</tr>
<tr>
<td>2018E</td>
<td>$8.3B</td>
<td>$3.4</td>
<td>$2.4</td>
<td>$2.5</td>
</tr>
<tr>
<td>2019E</td>
<td>$11.4B</td>
<td>$4.8</td>
<td>$3.4</td>
<td>$3.4</td>
</tr>
</tbody>
</table>

Vertically Integrated Utilities  T&D Utilities  Transcos/Transource
Regulated Operations ROE of 10.5% as of September 30, 2016

Sphere size based on each company’s relative equity balance

* Transco ROE is 11.4%
2017 OPERATING EARNINGS GUIDANCE
RANGE OF $3.55 - $3.75/SHARE

2017E $1.85
Transmission & Distribution Utilities $1.08
AEP Transmission Holdco $0.59
Generation & Marketing $0.19
Corporate & Other ($0.06) $3.65
## 2017 KEY GUIDANCE

### SENSITIVITIES & ASSUMPTIONS

#### Sensitivities

<table>
<thead>
<tr>
<th>Sensitivity</th>
<th>Sensitivity</th>
<th>EPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Sales at Average Mix</td>
<td>0.5%</td>
<td>+/-0.04</td>
</tr>
<tr>
<td>Wholesale Market Prices (Regulated)</td>
<td>$1/MWh</td>
<td>+/-0.01</td>
</tr>
<tr>
<td>O&amp;M Expense (excludes O&amp;M with offsets)</td>
<td>1.0%</td>
<td>+/-0.04</td>
</tr>
<tr>
<td>2016 Effective Income Tax rate @ 34.7%</td>
<td>1.0%</td>
<td>+/-0.05</td>
</tr>
</tbody>
</table>

Note: A $7.6M change in pre-tax earnings equals $0.01 per share

#### Assumptions

- Rate Changes: $189M; $109M secured
- 2017 Regulated Connected Load:
  - Residential: 58,198 GWh
  - Commercial: 50,716 GWh
  - Industrial: 57,623 GWh
  - OSS-Vertically Integrated: 13,522 GWh
- OSS Gross Margin
  - Vertically Integrated: $51M
- Generation Hub Prices:
  - Peak: $33.69
  - Off-Peak: $24.08
- Henry Hub NG Price: $3.23
- Average Shares Outstanding: 491.7M
NORMALIZED LOAD TRENDS

AEP Residential GWH Sales
% Change vs Prior Year

AEP Commercial GWH Sales
% Change vs Prior Year

AEP Industrial GWH Sales
% Change vs Prior Year

AEP Total GWH Sales
% Change vs Prior Year

*2016 includes 9 months weather normalized actual results plus 3 months forecasted values.
CONTINUOUS IMPROVEMENT ENABLES O&M DISCIPLINE

Excluding items recovered in riders/trackers

<table>
<thead>
<tr>
<th>Year</th>
<th>$ Billions</th>
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</thead>
<tbody>
<tr>
<td>2011A</td>
<td>$3.0B</td>
</tr>
<tr>
<td>2012A</td>
<td>$2.8B</td>
</tr>
<tr>
<td>2013A</td>
<td>$2.8B</td>
</tr>
<tr>
<td>2014A</td>
<td>$3.1B</td>
</tr>
<tr>
<td>2015A</td>
<td>$3.0B</td>
</tr>
<tr>
<td>2016E</td>
<td>$3.0B</td>
</tr>
<tr>
<td>2017E</td>
<td>$3.0B</td>
</tr>
</tbody>
</table>
## PENSION AND OPEB

### 2016 & 2017 ESTIMATES

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>2016E</th>
<th>2017E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension Discount Rate</td>
<td>4.30%</td>
<td>3.55%</td>
</tr>
<tr>
<td>OPEB Discount Rate</td>
<td>4.30%</td>
<td>3.55%</td>
</tr>
<tr>
<td>Assumed Long Term Rate of Return on Pension Assets</td>
<td>6.00%</td>
<td>6.00%</td>
</tr>
<tr>
<td>Assumed Long Term Rate of Return on OPEB Assets</td>
<td>6.00%</td>
<td>7.00%</td>
</tr>
<tr>
<td>Pension/OPEB Funding</td>
<td>$97M</td>
<td>$113M</td>
</tr>
<tr>
<td>Pension/OPEB Cost*</td>
<td>$31M</td>
<td>$39M</td>
</tr>
</tbody>
</table>

*Pre-tax and pre-capitalization. On average, 35% of pension and OPEB costs are capitalized and 65% are expensed.

- YTD pension returns up 9.7% through September due to 11% returns in the bond portfolio comprising 60% of pension assets.
- OPEB returns up 7.0% through September. OPEB obligations fully funded at 104%.
- Combined pension and OPEB costs expected to increase by $8M from 2016 to 2017, subject to potential changes in investment results, interest rates and actuarial assumptions.
- Pension funding and expense for regulated subsidiaries recovered through base rates.

### Qualified Pension Funding

<table>
<thead>
<tr>
<th>Year</th>
<th>Funding Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>92%</td>
</tr>
<tr>
<td>2013</td>
<td>99%</td>
</tr>
<tr>
<td>2014</td>
<td>97%</td>
</tr>
<tr>
<td>2015</td>
<td>97%</td>
</tr>
<tr>
<td>3Q2016</td>
<td>95%</td>
</tr>
</tbody>
</table>
AEP: ATTRACTIVE INVESTMENT
DELIVERING SHAREHOLDER VALUE

HIGH TOTAL SHAREHOLDER RETURN
LOW REGULATED RISK PROFILE

- AEP’s earnings & risk profile transformed from hybrid to fully regulated business model
- Accomplished through asset divestitures and prudent capital allocation
- Strong balance sheet & credit metrics support robust capital investment for foreseeable future
- 3.5% - 4% dividend yield and 5% - 7% earnings growth provides 9% - 11% total annual shareholder return opportunity
AEP TRANSMISSION MANAGES
THE LARGEST TRANSMISSION NETWORK IN NORTH AMERICA

AEP Transmission Business

Transcos
- OH Transco $2,070M
- WV Transco $621M
- IM Transco $1,087M
- OK Transco $661M
- KY Transco $70M

$4.5B Net Plant
639 Circuit Miles
43 Substations

Joint Ventures
- ETT $2,828M
- Transource $299M
- Pioneer $66M
- Prairie Wind $151M

$3.3B Net Plant
2,037 Circuit Miles
100 Substations

Operating Companies
- APCo $2,328M
- I&M $1,057M
- OPCo $1,533M
- KPCo $389M
- PSO $697M
- SWEPCO $1,250M
- AEP Texas $2,439M

$9.7B Net Plant
36,743 Circuit Miles
3,344 Substations

Note: Figures represent net plant invested (including CWIP); joint ventures include total net plant invested

TRANSMISSION HOLDCO

Located in PJM
Located in SPP
Located in ERCOT
AEPTHC CAPITAL AND EPS FORECAST FOR 2016-2019

Cumulative capital investment of nearly $10 billion to grow EPS at a CAGR of 39% through 2019

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual Cumulative Capital Investment</th>
<th>Projected Cumulative Capital Investment</th>
<th>EPS Contribution $/Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012A</td>
<td>$0.8B</td>
<td>$0.09</td>
<td>$0.09</td>
</tr>
<tr>
<td>2013A</td>
<td>$1.6B</td>
<td>$0.16</td>
<td>$0.16</td>
</tr>
<tr>
<td>2014A</td>
<td>$2.7B</td>
<td>$0.31</td>
<td>$0.39</td>
</tr>
<tr>
<td>2015A</td>
<td>$4.0B</td>
<td>$0.39</td>
<td>$0.51 - $0.55</td>
</tr>
<tr>
<td>2016F</td>
<td>$5.2B</td>
<td>$0.51 - $0.55</td>
<td>$0.56 - $0.59</td>
</tr>
<tr>
<td>2017F</td>
<td>$6.7B</td>
<td>$0.56 - $0.59</td>
<td>$0.76 - $0.79</td>
</tr>
<tr>
<td>2018F</td>
<td>$8.3B</td>
<td>$0.76 - $0.79</td>
<td>$0.89 - $0.92</td>
</tr>
<tr>
<td>2019F</td>
<td>$9.9B</td>
<td>$0.89 - $0.92</td>
<td></td>
</tr>
</tbody>
</table>

Note: AEPTHC only. Capital excludes investment in the AEP operating companies, JV equity contributions, and Transource unapproved projects.
$3 BILLION ANNUAL TRANSMISSION INVESTMENT

Improving reliability by replacing aging infrastructure

Enhancing resiliency to combat extreme weather and increasing physical security

Integrating renewables and supporting environmental mandates

Relieving congestion to support an efficient generation market and provide customers with lower power prices

Supporting economic development
SIGNIFICANT PIPELINE OF INVESTMENT
DRIVEN BY AGING INFRASTRUCTURE

$2.5B investment per year is required to maintain the current asset age profile

AEP T- LINE AGE PROFILE

<table>
<thead>
<tr>
<th>Install Year</th>
<th>Life Expectancy</th>
<th>Average Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982-1992</td>
<td>70 years</td>
<td>52 years</td>
</tr>
</tbody>
</table>

AEP TRANSFORMER AGE PROFILE

<table>
<thead>
<tr>
<th>Install Year</th>
<th>Life Expectancy</th>
<th>Average Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982-1992</td>
<td>60 years</td>
<td>41 years</td>
</tr>
</tbody>
</table>

- **Beyond Life Expectancy**
- **Life Expectancy Range**
# Significant Organic Investment Runway

<table>
<thead>
<tr>
<th></th>
<th>Life Expectancy</th>
<th>Current quantity over Life Expectancy</th>
<th>Quantity that will exceed Life Expectancy in next ten years</th>
<th>Total Renewal Opportunity over ten years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line Miles</td>
<td>70</td>
<td>7,145</td>
<td>5,575</td>
<td>12,720</td>
</tr>
<tr>
<td>Transformers</td>
<td>60</td>
<td>1,396</td>
<td>739</td>
<td>2,135</td>
</tr>
<tr>
<td>Circuit Breakers</td>
<td>50</td>
<td>2,001</td>
<td>2,461</td>
<td>4,462</td>
</tr>
</tbody>
</table>
AGING INFRASTRUCTURE
PROJECTS

- Retirement of 1910s vintage 88kV system serving McDowell County, West Virginia and Tazewell County, Virginia
- Rebuilt as 138kV with 35 miles of new lines and station upgrades
- $143 million project cost
- Corrects thermal overloads and low voltage issues
REGIONAL RELIABILITY PROJECT

- New 28-acre substation and new lines to support regional reliability driven by large-scale generation retirements
- $235 million project cost
- Corrects thermal overloads, voltage problems and improves congestion
LOCAL RELIABILITY
PROJECT

Marcellus area improvements

- New 138kV loop and two new 138/12kV stations
- $40 million project cost
- Improves reliability in the Marcellus area and addresses low voltage issues
- Supports economic and shale gas development
CUSTOMER LOAD GROWTH PROJECT

- New 156-mile 345kV line from Laredo to North Edinburg, Texas
- $330 million project cost
- Provides a third source to the Rio Grande Valley – one of the fastest growing areas in the U.S. – and connects multiple wind farms in the area
RECENT FERC FILING

206 complaint against AEP east companies filed

AEP plans to file a 205 application for a modified formula rate that seeks to mitigate regulatory lag

Seeking formula rates consistent with other transmission owners in PJM

Transmission investment strategy unchanged
AEP ITHC INVESTMENT INITIATIVES
FOR BUSINESS GROWTH

Strong Partnerships

Industry Solutions

Infrastructure Investments

Asset Health Center
TRANSFORMING THE FLEET
INVESTING IN A GREENER FUTURE

AEP SYSTEM PLANNED GENERATION RESOURCE ADDITIONS
regulated and AEP Ohio Purchase Power Agreement

Total MW

3,400

5,400

3,000

Source: Current internal Integrated Resource Plans, which largely do not reflect ITC/PTC extension or Bonus Depreciation.
Wind and solar represent nameplate MW capacity.
**DEPLOYING CLEAN ENERGY RESOURCES**

**AEP's 2016 Renewable Portfolio, in MW**

<table>
<thead>
<tr>
<th>Hydro, Wind, Solar &amp; Pumped Storage</th>
<th>Owned MW</th>
<th>PPA MW</th>
<th>Total MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEP Ohio</td>
<td>210</td>
<td></td>
<td>210</td>
</tr>
<tr>
<td>Appalachian Power Company</td>
<td>788</td>
<td>454</td>
<td>1,242</td>
</tr>
<tr>
<td>Indiana Michigan Power Company</td>
<td>38</td>
<td>450</td>
<td>488</td>
</tr>
<tr>
<td>Public Service of Oklahoma</td>
<td>1,139</td>
<td></td>
<td>1,139</td>
</tr>
<tr>
<td>Southwestern Electric Power Company</td>
<td>470</td>
<td></td>
<td>470</td>
</tr>
<tr>
<td>Competitive Wind &amp; Hydro</td>
<td>359</td>
<td>177</td>
<td>536</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,185</strong></td>
<td><strong>2,900</strong></td>
<td><strong>4,085</strong></td>
</tr>
</tbody>
</table>

 Approximately 9,000 MW of renewable generation interconnected across the U.S. via AEP’s transmission system today.
AEP'S GENERATING RESOURCE PORTFOLIO
PAST AND FUTURE CAPACITY

1999 includes AEP and Central and South West generation combined. All periods presented include Purchase Power Agreements. Future excludes Cardinal, Conesville, Stuart and Zimmer plants.

* Energy Efficiency / Demand Response represents avoided capacity rather than physical assets.
**DRAMATIC REDUCTIONS IN EMISSIONS**

**TOTAL AEP SYSTEM NOx & SO2 EMISSIONS**


* Reflects impact of sale of Lawrenceburg, Waterford, Darby and Gavin plants
Future excludes Cardinal, Conesville, Stuart and Zimmer plants

**TOTAL AEP SYSTEM MERCURY EMISSIONS**

DRAMATIC REDUCTIONS IN EMISSIONS

TOTAL AEP SYSTEM – ANNUAL CO₂ EMISSIONS
in million metric tons

* Reflects impact of sale of Lawrenceburg, Waterford, Darby and Gavin plants
Future excludes Cardinal, Conesville, Stuart and Zimmer plants
INVESTING IN
CONTRACTED RENEWABLES
# Contracted Renewables

$1B Capital Allocated 2017-2019

<table>
<thead>
<tr>
<th>Category</th>
<th>AEP Onsite Partners</th>
<th>AEP Renewables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable Generation Asset Owner</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>&quot;Behind-the-Meter&quot; Energy Assets</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Universal Scale Energy Assets</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Key Customers</td>
<td>Schools, Cities, Hospitals and Commercial / Industrial Accounts</td>
<td>Utilities, Municipalities, Corporations and Cooperative Accounts</td>
</tr>
<tr>
<td>Key Technologies</td>
<td>Solar, energy storage and combined heat and power</td>
<td>Wind and Solar</td>
</tr>
</tbody>
</table>
CONTRACTED RENEWABLES
2016 ACCOMPLISHMENTS

City of Clyde, Ohio | 3.6MW
Pavant Solar III Utah | 20MW

- Multiple projects in 8 different states
- 4MW of solar projects in operation
- 31MW of solar projects under construction
- 20MW solar project in Utah
- Output fully contracted with PacifiCorp under 20 year PPA
- Expected COD in December 2016
- Constructed by JSI Construction
CONTRACTED RENEWABLES OUTLOOK

STRONG PIPELINE OF ADDITIONAL OPPORTUNITIES

DEVELOPMENT PROJECTS
- Fully contracted assets
- Strong credit counterparties
- Long-term predictable cash flows and earnings

DISCIPLINED INVESTMENT
- Specific return requirements
- Detailed technical reviews
- Measured approach to project risks
- Optimized through skilled asset management
PREFERRED PROJECT PARTNER

- Strong balance sheet
- Ability to invest
- Tax appetite
- Customer relationship
- Incremental sales channel

AEP IS A WELCOMED STRATEGIC PARTNER
WELL-POSITIONED
REGULATED BUSINESS

OPERATING COMPANY INFORMATION
<table>
<thead>
<tr>
<th>$ in millions (excluding AFUDC)</th>
<th>2017E</th>
<th>2018E</th>
<th>2019E</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appalachian Power Company</td>
<td>$780</td>
<td>$1,130</td>
<td>$693</td>
<td>$2,603</td>
</tr>
<tr>
<td>Wheeling Power Company</td>
<td>$44</td>
<td>$63</td>
<td>$68</td>
<td>$175</td>
</tr>
<tr>
<td>Indiana Michigan Power Company</td>
<td>$604</td>
<td>$508</td>
<td>$502</td>
<td>$1,614</td>
</tr>
<tr>
<td>Kentucky Power Company</td>
<td>$96</td>
<td>$130</td>
<td>$162</td>
<td>$388</td>
</tr>
<tr>
<td>AEP Ohio</td>
<td>$515</td>
<td>$503</td>
<td>$481</td>
<td>$1,499</td>
</tr>
<tr>
<td>Public Service Company of Oklahoma</td>
<td>$250</td>
<td>$294</td>
<td>$289</td>
<td>$833</td>
</tr>
<tr>
<td>Southwestern Electric Power Company</td>
<td>$374</td>
<td>$400</td>
<td>$349</td>
<td>$1,123</td>
</tr>
<tr>
<td>Texas Central Company</td>
<td>$783</td>
<td>$725</td>
<td>$623</td>
<td>$2,131</td>
</tr>
<tr>
<td>Texas North Company</td>
<td>$316</td>
<td>$251</td>
<td>$407</td>
<td>$974</td>
</tr>
<tr>
<td>AEP Generating Company</td>
<td>$79</td>
<td>$72</td>
<td>$97</td>
<td>$248</td>
</tr>
<tr>
<td>AEP Transmission Holdco</td>
<td>$1,501</td>
<td>$1,573</td>
<td>$1,618</td>
<td>$4,692</td>
</tr>
<tr>
<td>AEP Onsite &amp; AEP Renewables</td>
<td>$303</td>
<td>$317</td>
<td>$342</td>
<td>$962</td>
</tr>
<tr>
<td>Other</td>
<td>$21</td>
<td>$37</td>
<td>$28</td>
<td>$86</td>
</tr>
<tr>
<td><strong>Total Capital and Equity Contributions</strong></td>
<td>$5,666</td>
<td>$6,003</td>
<td>$5,659</td>
<td>$17,328</td>
</tr>
</tbody>
</table>

Capital plans are continuously optimized, which may result in redeployment between functions and companies.
APPALACHIAN POWER & WHEELING POWER
RATE BASE, SALES & CAP-EX

Appalachian Power
Projected Rate Base Proxy, in millions

Wheeling Power
Projected Rate Base Proxy

APCo/Wheeling Normalized GWh Sales
% Change vs. Prior Year

* 2016 includes 9 months weather normalized actual results plus 3 months forecast.

APCo/Wheeling 2017-2019 Capital by Function
$ in millions, excluding AFUDC

Total $2.778B

51st EEI Financial Conference | aep.com
AEP OHIO
RATE BASE, SALES & CAP-EX

AEP Ohio
Projected Rate Base Proxy, in millions

AEP Ohio Normalized GWh Sales
% Change vs. Prior Year

* 2016 includes 9 months weather normalized actual results plus 3 months forecast.

AEP Ohio 2017-2019
Capital by Function
$ in millions, excluding AFUDC

Total $1.499B
Indiana Michigan Power Company

Projected Rate Base Proxy, in millions

2015A: $4,195
2016E: $4,516
2017E: $4,855
2018E: $5,077
2019E: $5,291

CAGR = 6%

I&M 2017-2019
Capital by Function
$ in millions, excluding AFUDC

- Regulated Nuclear Generation: $346, 22%
- Regulated Environmental Generation: $219, 13%
- Transmission: $335, 21%
- Distribution: $528, 33%
- Corporate: $123, 8%
- Regulated Fossil/Hydro Generation: $63, 4%
- Total: $1,614B

I&M Normalized GWh Sales
% Change vs. Prior Year

2013A: -0.5%
2014A: 0.0%
2015A: -1.1%
2016E*: 1.4%
2017E: -3.4%

* 2016 includes 9 months weather normalized actual results plus 3 months forecast.
Kentucky Power Company
Projected Rate Base Proxy, in millions

KPCo Normalized GWh Sales
% Change vs. Prior Year

KPCo 2017-2019
Capital by Function
$ in millions, excluding AFUDC

Total
$388M

* 2016 includes 9 months weather normalized actual results plus 3 months forecast.
PUBLIC SERVICE COMPANY OF OKLAHOMA
RATE BASE, SALES & CAP-EX

Public Service Co. of Oklahoma
Projected Rate Base Proxy, in millions

PSO Normalized GWh Sales
% Change vs. Prior Year

PSO 2017-2019
Capital by Function
$ in millions, excluding AFUDC

Total
$833M

* 2016 includes 9 months weather normalized actual results plus 3 months forecast.
Southwestern Electric Power Company
Projected Rate Base Proxy, in millions

SOUTHWESTERN ELECTRIC POWER COMPANY

RATE BASE, SALES & CAP-EX

CAGR = 2%

Southwestern Electric Power Company
Projected Rate Base Proxy, in millions

SWEPCO Normalized GWh Sales
% Change vs. Prior Year

SWEPCO 2017-2019
Capital by Function
$ in millions, excluding AFUDC

* 2016 includes 9 months weather normalized actual results plus 3 months forecast.

Total
$1.123B
Texas Central Company
Projected Rate Base Proxy, in millions

Texas North Company
Projected Rate Base Proxy, in millions

AEP Texas Normalized GWh Sales
% Change vs. Prior Year

AEP Texas 2017-2019 Capital by Function
$ in millions, excluding AFUDC

* 2016 includes 9 months weather normalized actual results plus 3 months forecast.
OTHER UTILITY SUBSIDIARIES
RATE BASE, SALES & CAP-EX

AEP Generating Company
Projected Rate Base Proxy, in millions

2015A: $625
2016E: $681
2017E: $425
2018E: $461
2019E: $506

Kingsport Power Company
Projected Rate Base Proxy, in millions

2015A: $100
2016E: $107
2017E: $112
2018E: $122
2019E: $131

CAGR = 7%

AEP Generating 2017-2019 Capital by Function
$ in millions, excluding AFUDC

- Regulated Fossil/Hydro Generation: $51
- Regulated Environmental Generation: $19
- Corporate: $1
- Total: $248M

CAGR not shown due to impact of sale of Lawrenceburg plant.

Kingsport 2017-2019 Capital by Function
$ in millions, excluding AFUDC

- Distribution: $38
- Corporate: $6
- Transmission: $8
- Total: $52M
THE PREMIER REGULATED ENERGY COMPANY

HIGHER growth

MORE regulated

HIGHER dividends

MORE certainty