52nd EEI Financial Conference
AEP Presentation
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Actions taken today and in the future will reward our employees, customers and shareholders.
# AEP GOING FORWARD

<table>
<thead>
<tr>
<th>Well positioned as a regulated business</th>
<th>Earnings growth rate 5-7%</th>
<th>Growing dividend consistent with earnings</th>
<th>Renewable energy future</th>
</tr>
</thead>
</table>

## No Longer a Focus:

- Energy and Capacity Pricing
- Ohio Restructuring
- Resolution of Competitive Generation
- Central Station Construction Projects
ORGANIC INVESTMENT OPPORTUNITY EQUALS INCREASED GROWTH

Operating Earnings Guidance

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

- Narrowed to $3.55 - $3.68

5-7% CAGR
STRONG, CONSISTENT DIVIDEND GROWTH

$2.03
$2.15
$2.27
$2.39
$2.48

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

* Subject to Board approval
$18.2B Cap-ex: 2018 - 2020

- **AEP Transmission Holdco**
  - $4.6B | 25%

- **Transmission**
  - $4.1B | 23%

- **Distribution**
  - $4.4B | 24%

- **Contracted Renewables**
  - $1.3B | 7%

- **Regulated Renewables**
  - $0.5B | 3%

- **Regulated Environmental Generation**
  - $1.0B | 5%

- **Regulated Fossil/Hydro Generation**
  - $0.6B | 3%

- **Nuclear Generation**
  - $0.5B | 3%

- **Corporate**
  - $1.2B | 7%

100% of capital allocated to regulated businesses and contracted renewables

72% allocated to wires
## ROBUST ORGANIC CAPITAL OPPORTUNITIES

<table>
<thead>
<tr>
<th>Category</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transmission</td>
<td>Grid modernization, aging infrastructure, physical/cyber security, reliability, market efficiency and economic development projects</td>
</tr>
<tr>
<td>Distribution</td>
<td>Grid modernization, reliability improvement projects and distribution station refurbishment</td>
</tr>
<tr>
<td>Renewables</td>
<td>Wind Catcher, regulated renewables, contracted renewables</td>
</tr>
<tr>
<td>Technology</td>
<td>Digitization, automation, cyber security, enterprise-wide applications</td>
</tr>
</tbody>
</table>
**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%)

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**Cost Detail**

<table>
<thead>
<tr>
<th>Cost Detail</th>
<th>Wind Plant</th>
<th>Gen-Tie</th>
</tr>
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<tbody>
<tr>
<td>Estimated Cost</td>
<td>$2.9 billion</td>
<td>$1.6 billion</td>
</tr>
<tr>
<td>Total Project Cost</td>
<td>$4.5 billion</td>
<td></td>
</tr>
</tbody>
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Key Suppliers

- Invenergy
- GE
- Quanta Services
The Premier Regulated Energy Company

- Higher growth
- Higher dividends
- More certainty
- More regulated