



AMERICAN
ELECTRIC
POWER

BOUNDLESS ENERGYSM



MUFG Utility Day

New York City, NY

April 3, 2019

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995



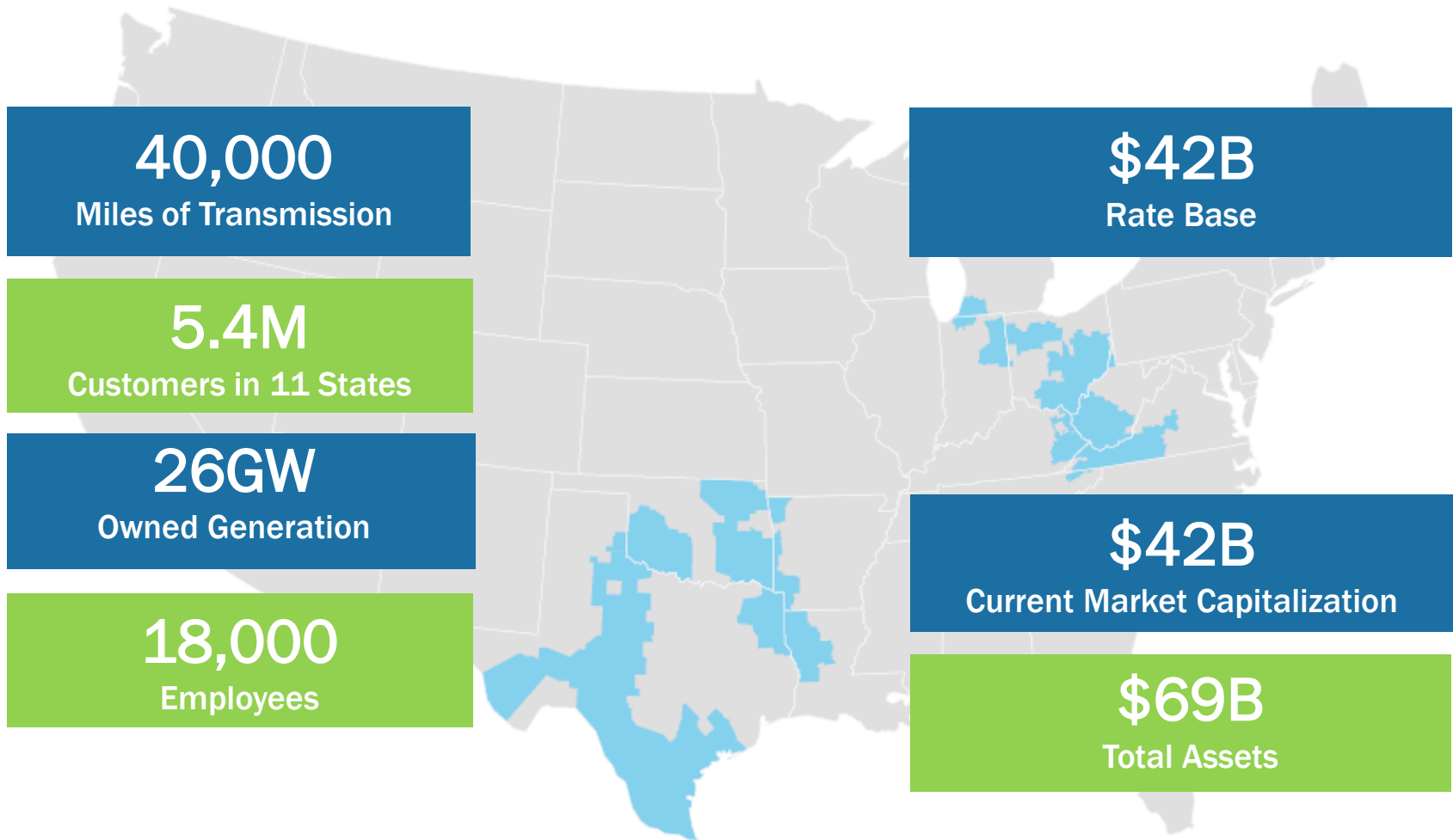
This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Although AEP and each of its Registrant Subsidiaries believe that their expectations are based on reasonable assumptions, any such statements may be influenced by factors that 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: changes in economic conditions, electric market demand and demographic patterns in AEP 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 the 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 generation plants and the availability of fuel, the ability to recover fuel and other energy costs through regulated or competitive electric rates, the ability to build or acquire renewable generation, 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 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, 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, the ability to constrain operation and maintenance costs, 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, the 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, changes in the creditworthiness of the counterparties with contractual arrangements, including participants in the energy trading market, actions of rating agencies, including changes in the ratings of debt, the impact of volatility in the capital markets on the value of the investments held by the 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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The Premier Regulated Energy Company



Statistics as of December 31, 2018 except for market capitalization as of March 27, 2019

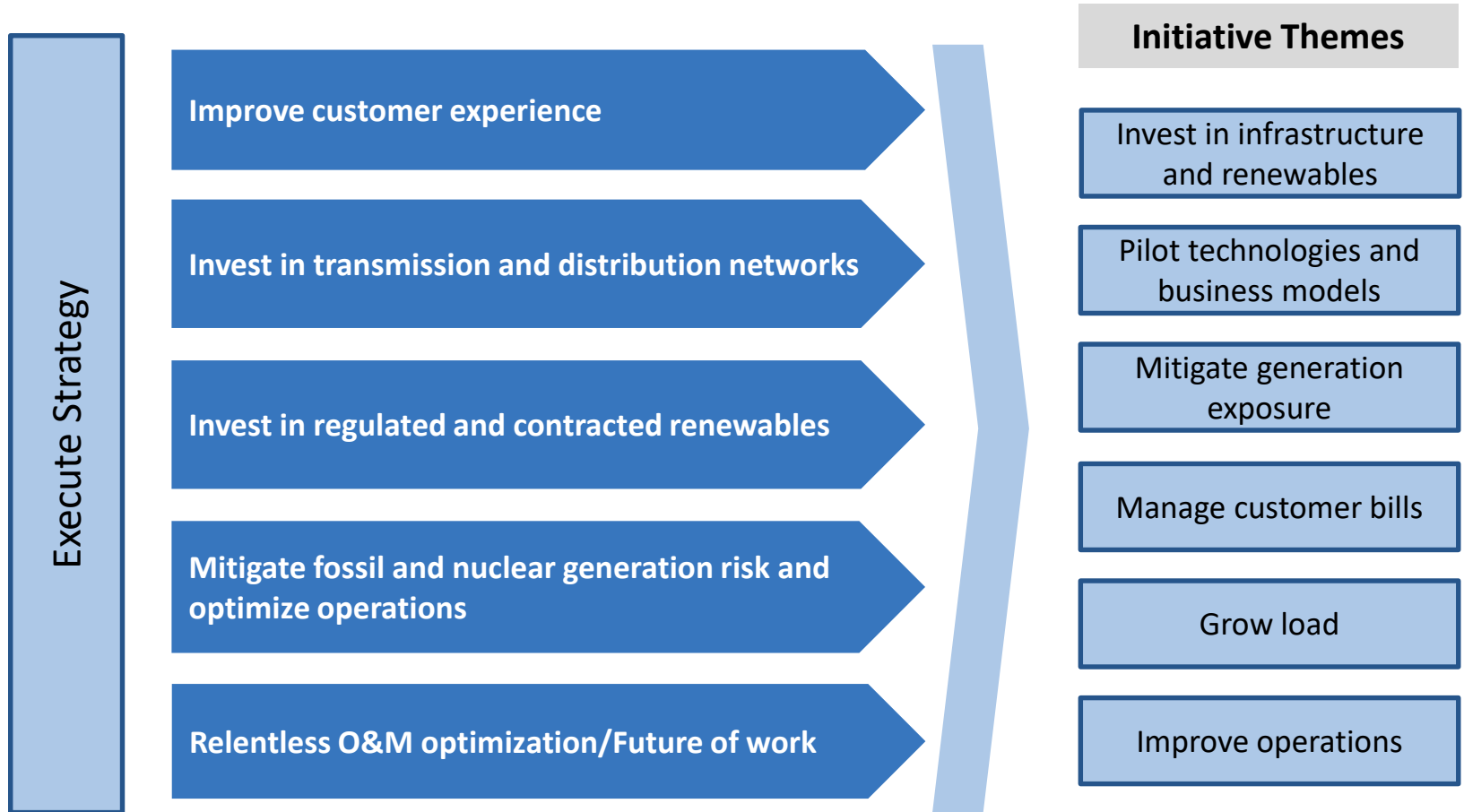
Strong Execution Track Record



AEP Leading the Way Forward



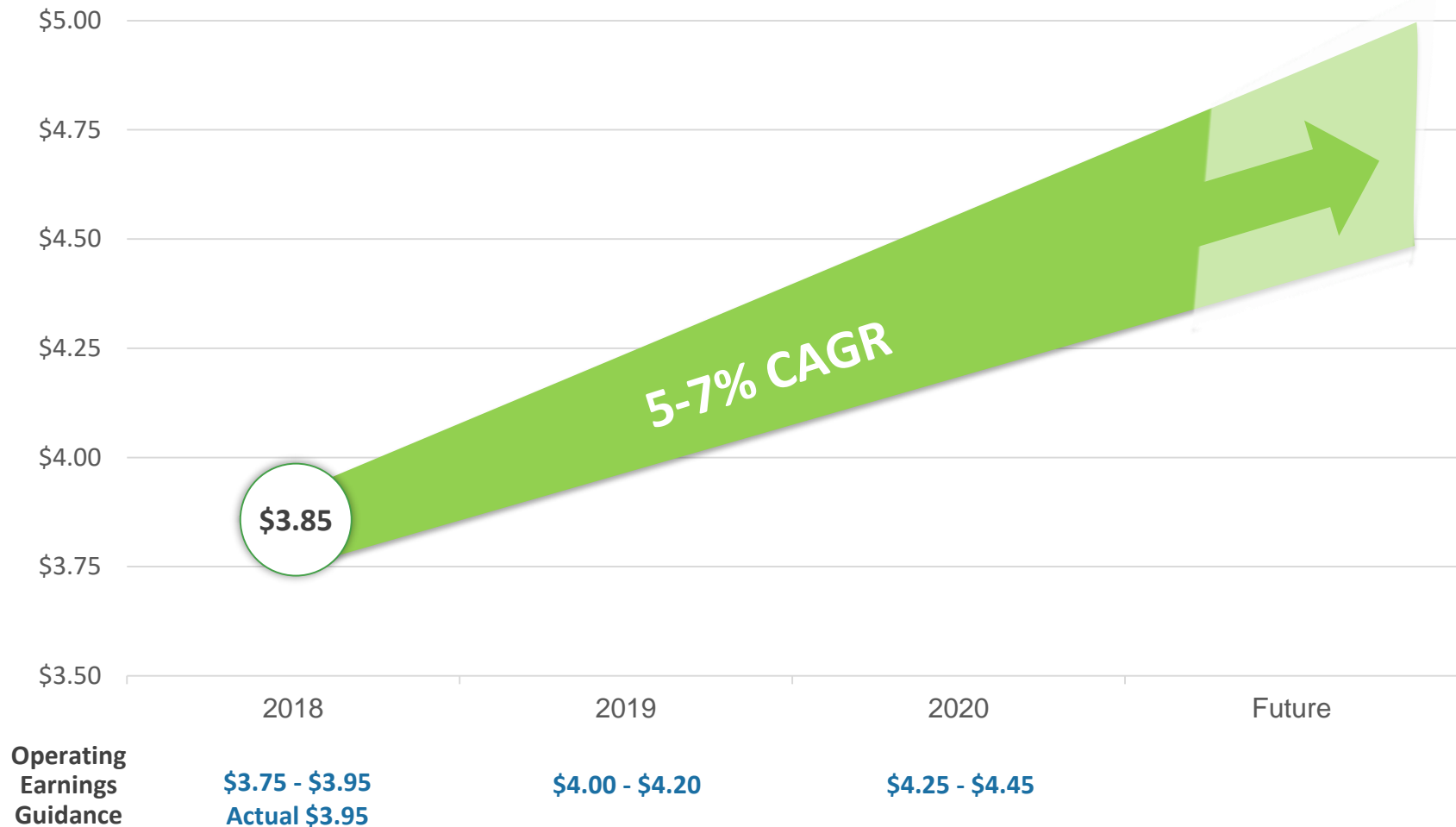
Strategic Vision 2023



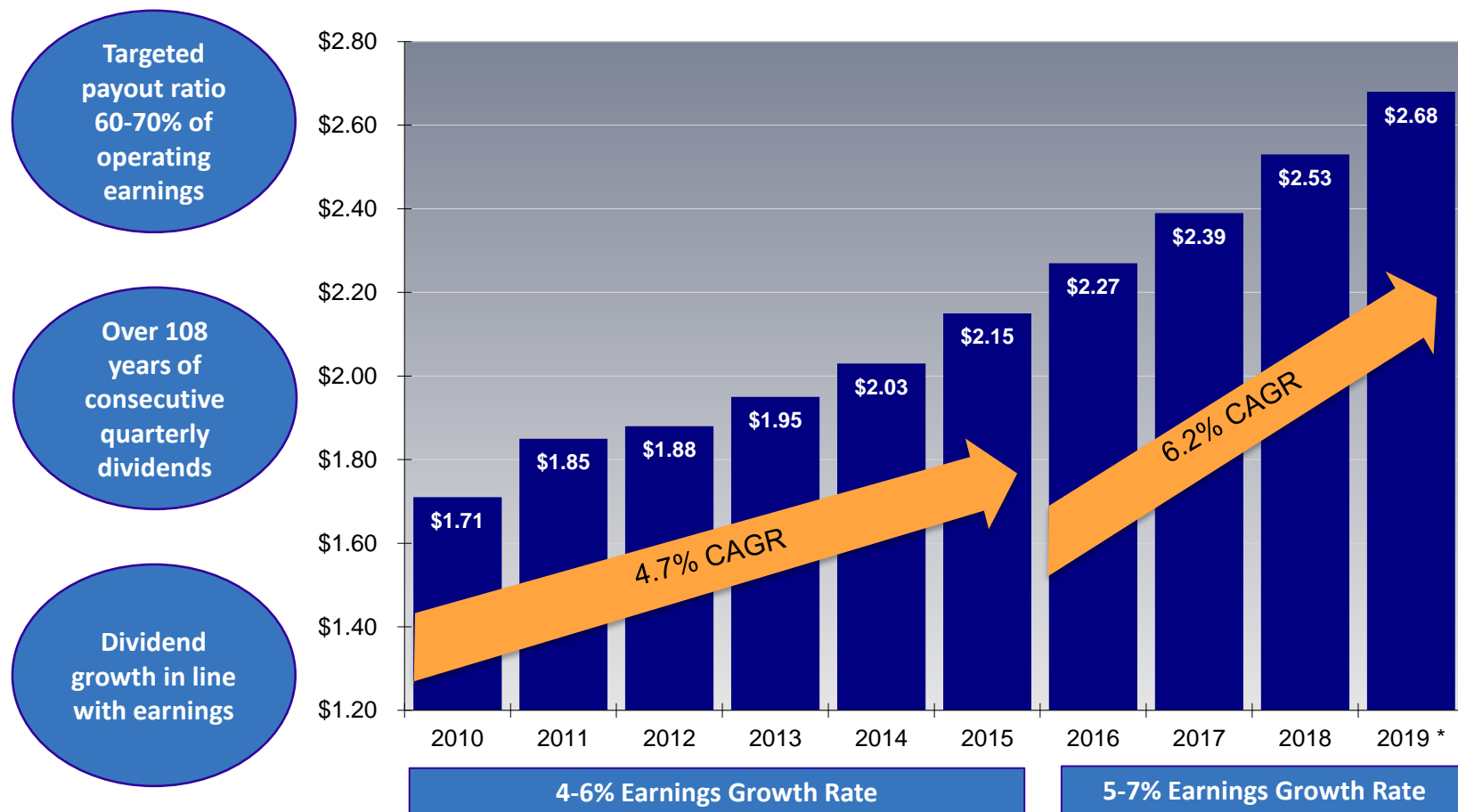
We are focused on executing our strategy while improving the customer experience

Operating Earnings Guidance

Organic Investment Opportunity +
Manageable Execution Risk = Growth



Strong Dividend Growth



EPS Growth + Dividend Yield = 9 to 10% Annual Return Opportunity

* Subject to Board approval



POSITIONING FOR THE FUTURE

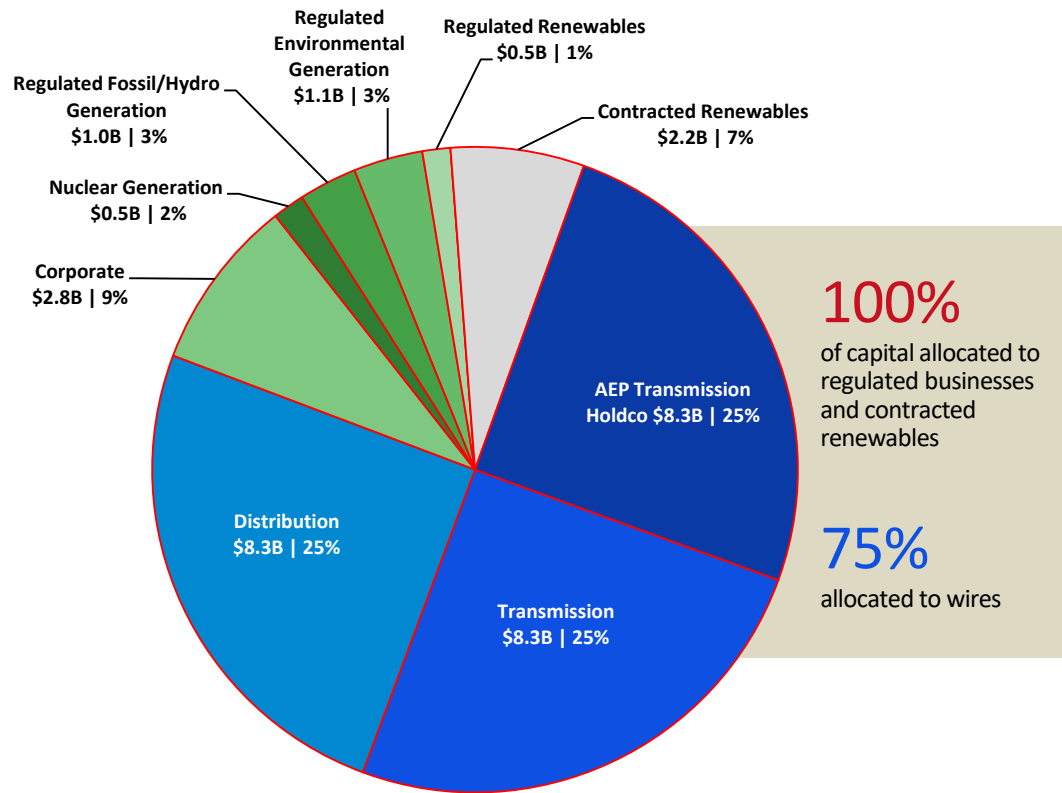
CAPITAL INVESTMENT OPPORTUNITIES

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 | Regulated renewables supported by integrated resource plans and contracted renewables |
| Technology | Digitization, automation, cyber security, enterprise-wide applications |

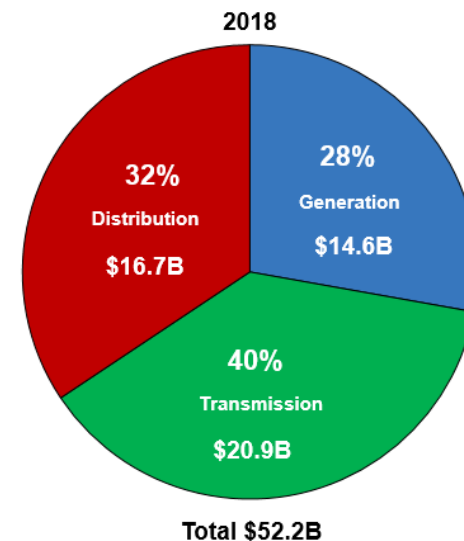
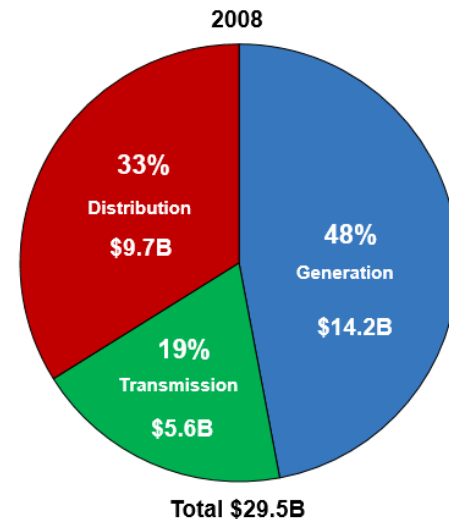
2019-2023 Capital Forecast of \$33B and Net Plant

2019-2023 Capital Forecast



Focus on wires and renewables

Historical Net Plant Profiles



2019-2023 Capital Forecast by Subsidiary



| \$ in millions (excluding AFUDC) | 2019E | 2020E | 2021E | 2022E | 2023E | Total |
|---|----------------|----------------|----------------|----------------|----------------|-----------------|
| Appalachian Power Company | \$821 | \$786 | \$847 | \$939 | \$875 | \$4,267 |
| Wheeling Power Company | \$42 | \$43 | \$52 | \$56 | \$33 | \$226 |
| Kingsport Power Company | \$17 | \$15 | \$21 | \$19 | \$25 | \$97 |
| Indiana Michigan Power Company | \$647 | \$609 | \$611 | \$519 | \$506 | \$2,892 |
| Kentucky Power Company | \$220 | \$229 | \$227 | \$228 | \$226 | \$1,130 |
| Ohio Power Company | \$720 | \$554 | \$600 | \$640 | \$694 | \$3,208 |
| Public Service Company of Oklahoma | \$339 | \$365 | \$338 | \$487 | \$450 | \$1,978 |
| Southwestern Electric Power Company | \$421 | \$473 | \$523 | \$587 | \$675 | \$2,679 |
| AEP Texas Company | \$1,271 | \$1,031 | \$1,069 | \$1,146 | \$1,245 | \$5,763 |
| AEP Generating Company | \$72 | \$40 | \$29 | \$24 | \$10 | \$175 |
| AEP Transmission Holdco | \$1,590 | \$1,536 | \$1,578 | \$1,719 | \$1,829 | \$8,252 |
| Generation and Marketing | \$1,627 | \$127 | \$183 | \$132 | \$133 | \$2,202 |
| Other | \$10 | \$6 | \$6 | \$6 | \$4 | \$32 |
| Total Capital and Equity Contributions | \$7,795 | \$5,815 | \$6,084 | \$6,503 | \$6,705 | \$32,902 |

Capital plans are continuously optimized which may result in redeployment between functions and companies. Table may not foot due to rounding.

Cash Flows and Financial Metrics

| \$ in millions | 2019E | 2020E | 2021E | 2022E |
|--|------------|------------|------------|------------|
| Cash from Operations | \$ 4,700 | \$ 4,900 | \$ 5,300 | \$ 5,800 |
| Capital & JV Equity Contributions * | (7,300) | (5,800) | (6,100) | (6,500) |
| Other Investing Activities | (300) | (400) | (100) | (100) |
| Common Dividends ** | (1,300) | (1,300) | (1,300) | (1,400) |
| Excess (Required) Capital | \$ (4,200) | \$ (2,600) | \$ (2,200) | \$ (2,200) |
| Financing | | | | |
| Excess (Required) Capital | \$ (4,200) | \$ (2,600) | \$ (2,200) | \$ (2,200) |
| Debt Maturities (Senior Notes, PCRBs) | (1,100) | (900) | (1,500) | (1,600) |
| Securitization Amortizations | (300) | (200) | (100) | (100) |
| Equity Units *** | 800 | - | - | - |
| Equity Units Conversion | - | - | - | 800 |
| Equity Issuances - Includes DRP/401(k) | 100 | 100 | 100 | 500 |
| Debt Capital Market Needs (New) | \$ (4,700) | \$ (3,600) | \$ (3,700) | \$ (2,600) |
| Financial Metrics | | | | |
| Debt to Capitalization (GAAP) | 55% - 60% | | | |
| FFO/Total Debt (Moody's) | Mid Teens | | | |

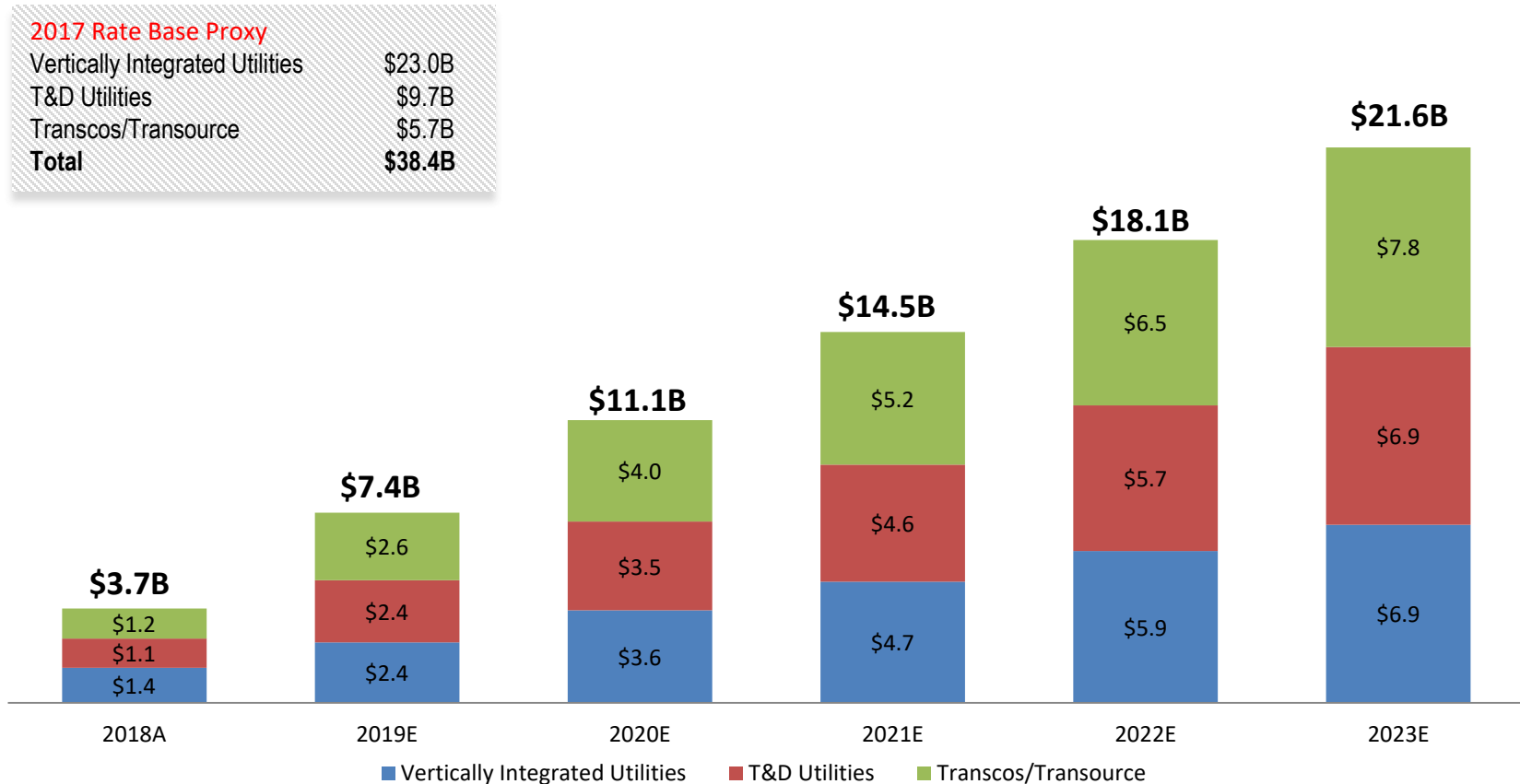
* Estimates are based on current capital expenditure program. 2019 capital expenditures reflect \$551M purchase price and excludes recently announced contracted renewables transaction minority interest and JV project debt.

** Common dividends \$2.68/share 2019-2022. Dividends evaluated by Board of Directors each quarter; stated target payout range is 60%-70%.

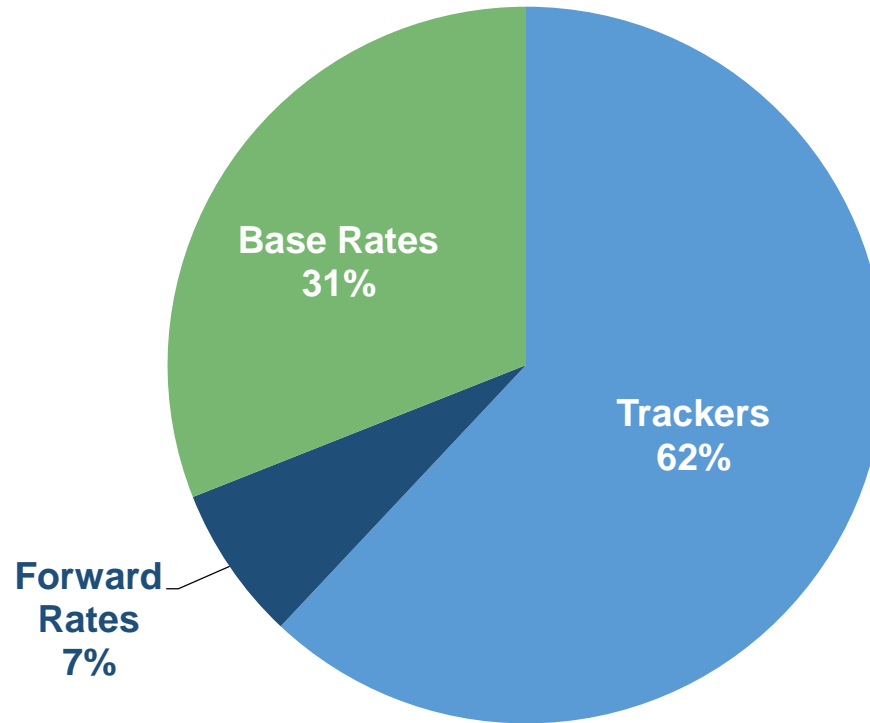
*** \$700M offering and exercise of over-allotment.

7.8% CAGR in Rate Base Growth

Cumulative Change from 2017 Base



5% - 7% EPS growth is predicated on regulated rate base growth



Nearly 70% of 2019-2023 capital plan recovered through reduced lag mechanisms



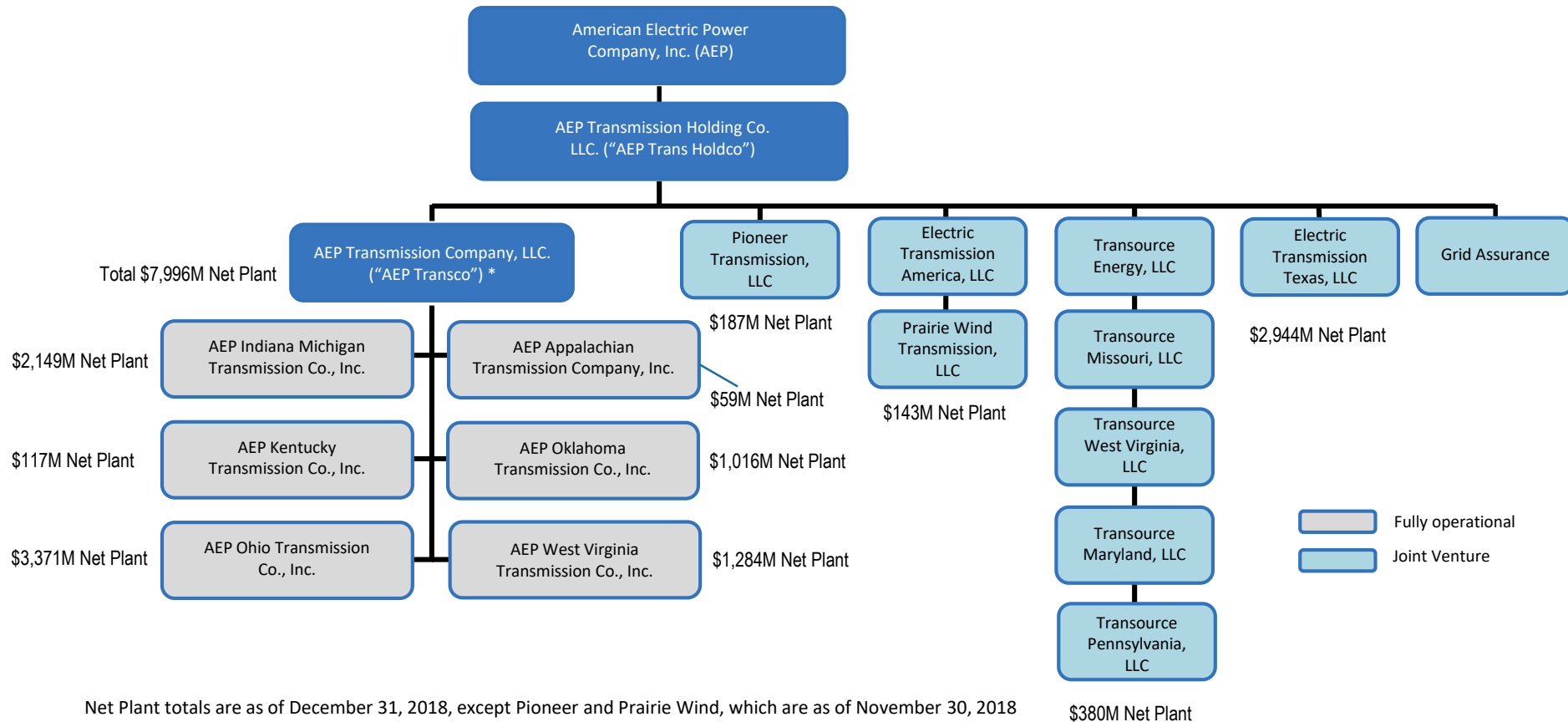
INVESTING IN TRANSMISSION

AEP Transmission Holdco Legal Entity Structure



AEP Transmission Company, LLC (“AEP Transco”) is wholly-owned by AEP Transmission Holding Company, LLC (“AEP Trans Holdco”)







AEP Trans Holdco is a wholly-owned subsidiary of American Electric Power Company, Inc. (“AEP”), one of the largest utility holding companies in the U.S.



Net Plant totals are as of December 31, 2018, except Pioneer and Prairie Wind, which are as of November 30, 2018

* Debt issued at AEP Transco level for transmission companies

Transmission Priorities

| Strategy | Execution | Results |
|----------------------------------|---|--|
| Infrastructure Investment | Targeted Capital Investments Local Reliability, Telecom modernization, Asset Health | Improved Reliability/Resiliency Earnings Growth Efficient Cost Recovery |
| Customer Experience | Improve Reliability, SCADA technology, security across the transmission system, Economic Development | Modernize grid reducing equipment failures/outages, community impact, customer relations |
| Innovative Technologies/Solution |  G&T Integrated Solutions  Public Power Solutions | Industry Leadership Customer Solutions |
| Non-Traditional Growth |     | Investment & Customer Diversity |

The nation's largest transmission services provider is focused on delivering its \$3 billion annual capital plan to improve customer reliability and grid resiliency while meeting earnings growth targets through diversified investments.

AEPTHC Target Earnings 2018 - 2021

Significant Investment

Over \$13B projected by 2021 (AEP Transcos and the ownership percentage of Transource)

Healthy ROEs & Capital Structure

Affiliate authorized ROEs ranging from 9.6% to 12.8%
Authorized capital structure 40-60% equity

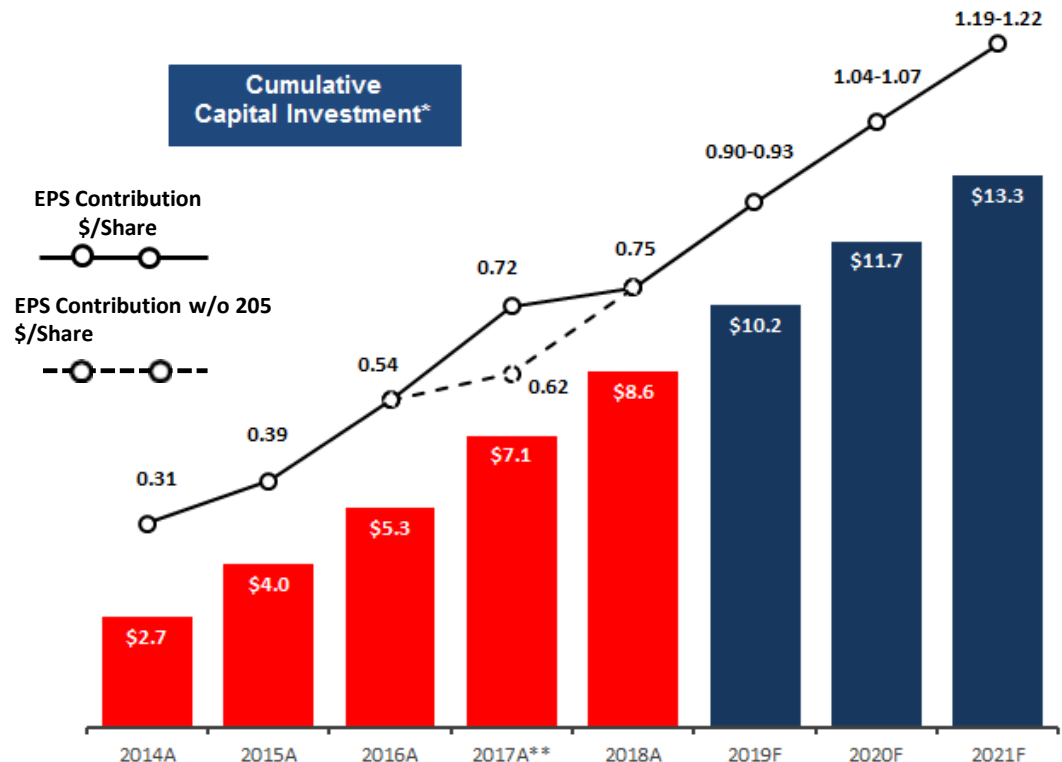
Portfolio Diversification

Five Transcos and ETT contributed 95% of total 2018 earnings (81% and 13% respectively)

Industry & Technology Leader

Bringing innovation and collaboration to the industry through Grid Assurance, BOLD and Asset Health

AEPTHC EPS contribution grows from \$0.31 in 2014 to \$1.19-\$1.22 in 2021



AEPTHC's 2015 – 2021 EPS growth projected at a CAGR of 17.5%

* Capital investment excludes Transource unapproved projects, JV equity contributions, BOLD and Grid Assurance.

** In addition to forward looking rates, 2017 includes a historical true up for East Transcos. Having both in one year is a one time occurrence.

Key Transmission Investment Drivers

Local Reliability

Cyber and Physical Security

Changing Supply Mix

Economic Projects

Customer Interconnections

Regional Reliability

Grid Improvements

Typical 2018-2023 Project Examples

- Flushing-Smyrna (OH) – construct 13 miles to alleviate thermal overload
- Sheridan Project (WV) – 10M T outage minutes in last 3 years
- Greenland-VBI North (OK) – replace 41 mile, 1938-vintage line
- Roanoke Project (VA) – replace aging circuit breakers at 4 stations

- Install physical security at critical Ohio EHV stations – \$220M
- Install physical security at critical ERCOT stations – \$40M
- Telecom Modernization – fiber expansion for increased security

- Alamo (TX) – connect 114MW solar farm
- Cactus Flats (TX) – connect 150MW wind farm

- Transource IEC Project (PA/MD) – reduce congestion costs by \$620M over 15 years

- Oklahoma – serve ~80MW increased load at gas plant
- Columbus, OH – serve new data centers
- Lotebush (TX) – new station for Permian Basin load growth

- La Palma Station (TX) – regional reliability to support peak demand
- Thorofare Project (WV-Transource) – regional reliability
- Jackson's Ferry 765kV SVC (VA) – high voltage during light load
- Brackettville-Escondido (TX) – improve reliability in Eagle Pass

- SCADA Expansion (APCo) – \$10M – SCADA in remote stations
- Kenzie Creek – (MI) replace switches with breakers
- Telecom Modernization Program – extend to additional stations

- ❑ **AEP's 15 state asset base serves as the foundation of the nation's electric system. FERC's support of transmission investments recognizes the critical function transmission plays in the power delivery system.**

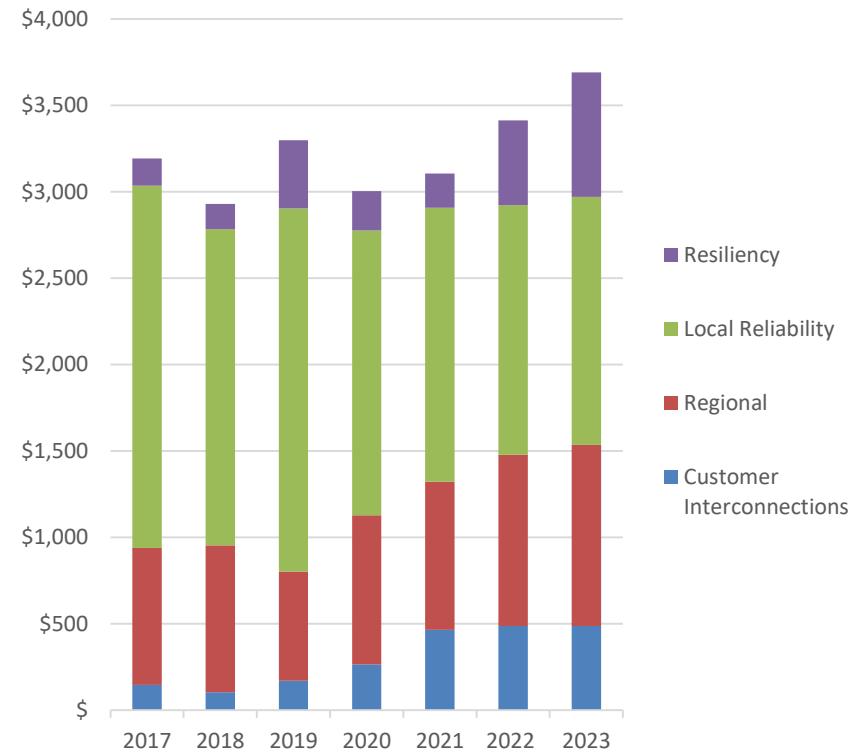
Transmission Investment Categories

As the foundation of the power system, transmission integrates generation and loads across large regional footprints.

- Growing complexity of the integrated power grid: distributed generation, diversity in generation fleet, location and variability of generation
- System operations: Systems operating close to feasibility limits are more vulnerable (failures/intelligent adversaries)
- Survivability: Systems ability to survive contingencies without customer interruption

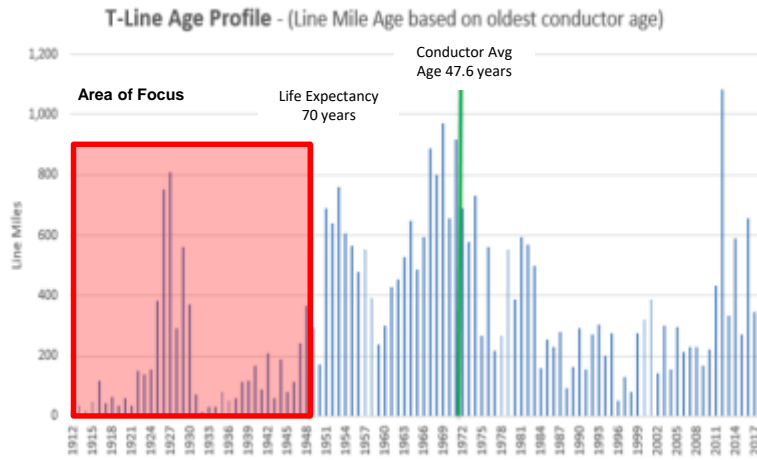
Major Issues Being Addressed

- Aging transmission facilities in poor condition
- Reduction of radial transmission sources
- NERC/RTO requirements
- Decrease customer exposure to Transmission outages
- Improve response time
- Enhance operability of the system

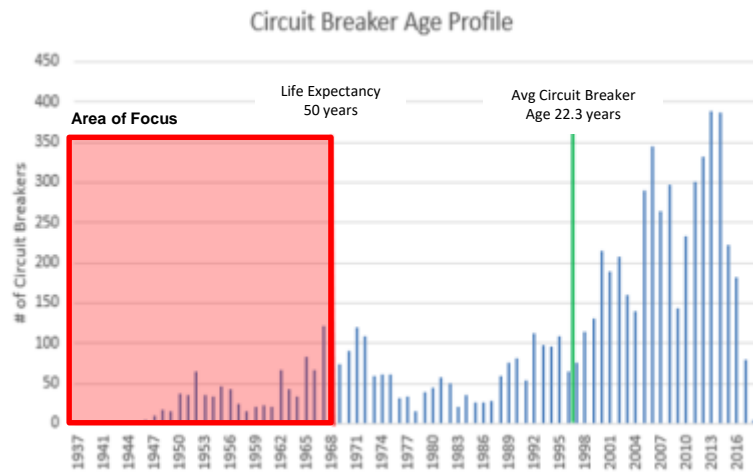


2017-2023 Investment = \$22.6 Billion

Robust Transmission Capital Expenditure Opportunities



| Transmission | Line Miles | Transformers | Circuit Breakers |
|---|------------|--------------|------------------|
| Life Expectancy (years) | 70 | 60 | 50 |
| Current Quantity over Life Expectancy | 6,085 | 234 | 998 |
| Quantity that will exceed Life Expectancy in next ten years | 5,057 | 133 | 653 |
| Total Renewal Opportunity over ten years | 11,142 | 367 | 1,651 |



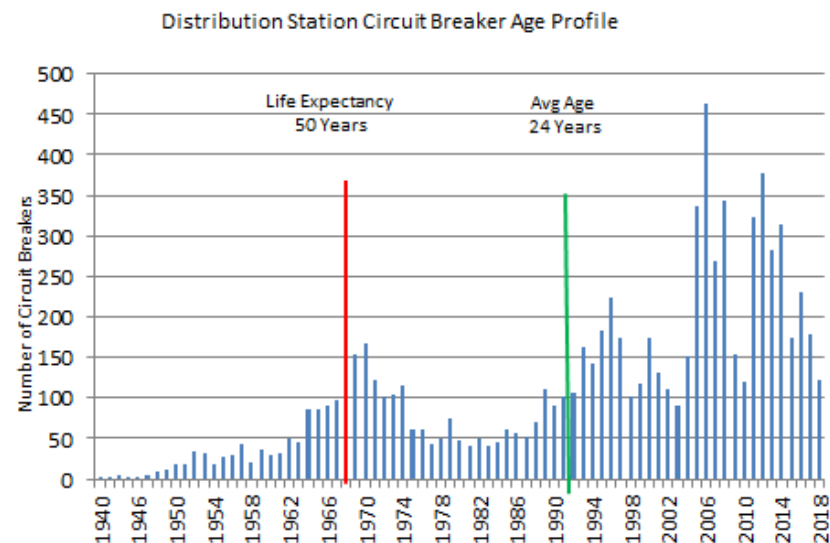
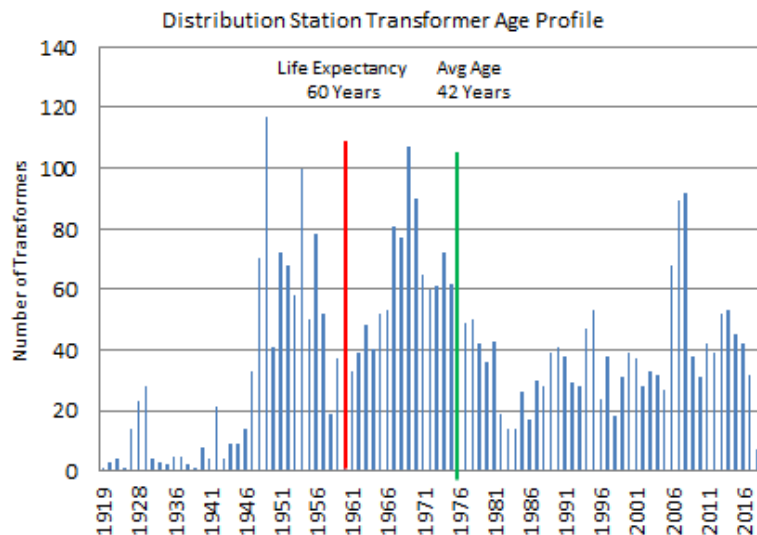
\$2.3 billion of annual investment, addresses the facilities past their estimated life expectancy; the asset age profile changes with actual investment

Scope and scale of AEP's Transmission network results in sustainable investment opportunity without risk of over-investment

A female utility worker is shown from the chest up, working on a wooden utility pole. She is wearing a white hard hat, blue safety glasses, and a tan long-sleeved shirt. She is using a mallet to work on a metal band around the pole. A yellow and red tool is visible in her hands. The background is a dense green forest. A semi-transparent blue banner is overlaid across the middle of the image.

INVESTING IN DISTRIBUTION

Robust Distribution Capital Expenditure Opportunities



| Distribution | Station Transformers | Circuit Breakers |
|---|----------------------|------------------|
| Life Expectancy (years) | 60 | 50 |
| Current Quantity over Life Expectancy | 923 | 993 |
| Quantity that will exceed Life Expectancy in next ten years | 514 | 977 |
| Total Renewal Opportunity over ten years | 1,437 | 1,970 |

- ❖ Grid Modernization
 - Distribution Supervisory Control and Data Acquisition
 - Smart Circuits
- ❖ Distribution Line Re-Conductoring
 - Replace deteriorated small wire
 - Increase capacity to facilitate ties for smart circuits
 - Over 86,000 miles of small wire is in service across the operating companies (age profile at least 40 years)
- ❖ Pole Replacement Programs
- ❖ Obsolete Station Breaker Replacements
- ❖ Capacity/Reliability Projects
- ❖ Distribution Station Transformers

Represents ~ \$500M/year of incremental investment opportunity to improve system reliability and modernize the system



INVESTING IN REGULATED RENEWABLES

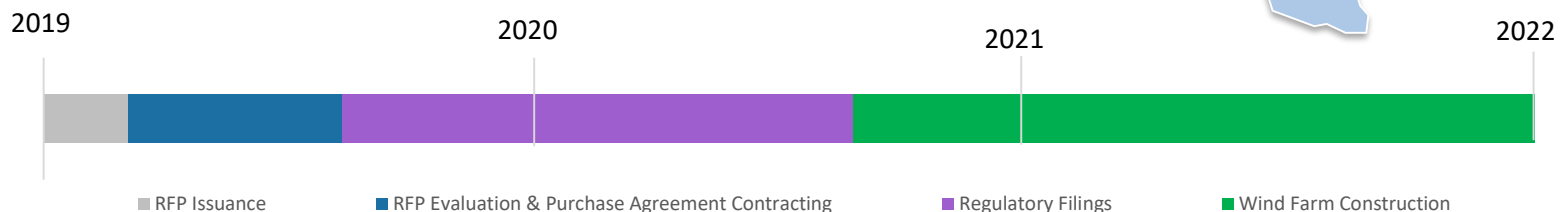
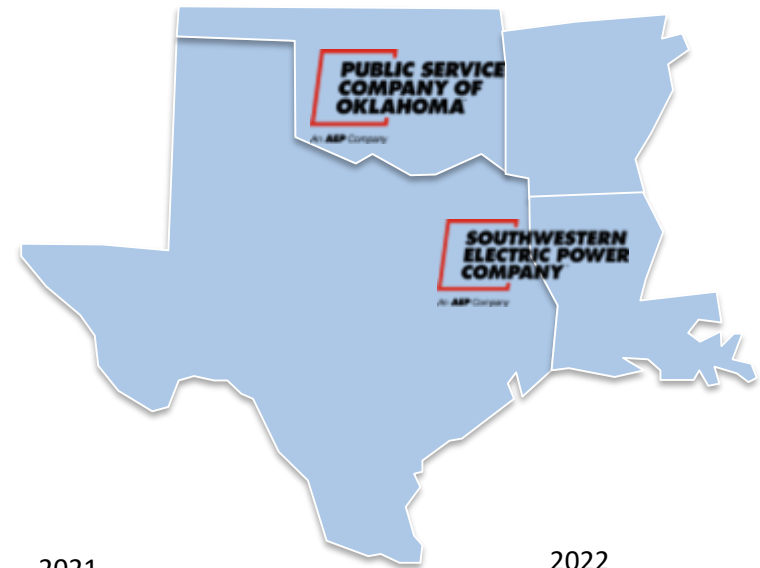
SWEPCO and PSO Customer Savings Plan

- ❑ SWEPCO and PSO Integrated Resource Plans (IRP) continue to indicate that customers will benefit from additional low-cost wind energy
 - Takes advantage of the federal Production Tax Credit
- ❑ Opportunity will be scalable to align with regulatory approvals by state
- ❑ SWEPCO and PSO issued requests for proposals in AR, LA, OK and TX in Q1 2019
 - RFPs seek to acquire wind assets
 - Potential to acquire up to the full IRP amounts, depending upon final outcome of IRP processes and RFP results
- ❑ Key considerations in the RFP evaluation process include cost, performance and long-term deliverability
 - Projects must minimize congestion
 - Approval of any potential future transmission delivery infrastructure would only be sought at the time its needed
 - Projects must qualify for at least 80% of the federal Production Tax Credit

Current IRP Wind Nameplate Forecast

| Wind Procurement * | 2021-2023 |
|--------------------|-----------------------|
| SWEPCO | Up to 1,200 MW |
| PSO | Up to 1,000 MW |
| Total | Up to 2,200 MW |


* Outcomes pending applicable state IRP processes





- ❑ Two solar REPAs with both facilities on line by end of 2021:
 - Highland Solar, 300 MW
 - Willowbrook Solar, 100 MW
- ❑ Debt Equivalency Cost Mechanism to provide recovery for use of Balance Sheet (approximately \$6M annually)
- ❑ Green Tariff that allows all customer classes the opportunity to purchase RECs to cover some or all of their generation supply
- ❑ Analysis resulted in nominal savings of over \$200M over the life of the projects when considering base band pricing



Projected Resource Additions

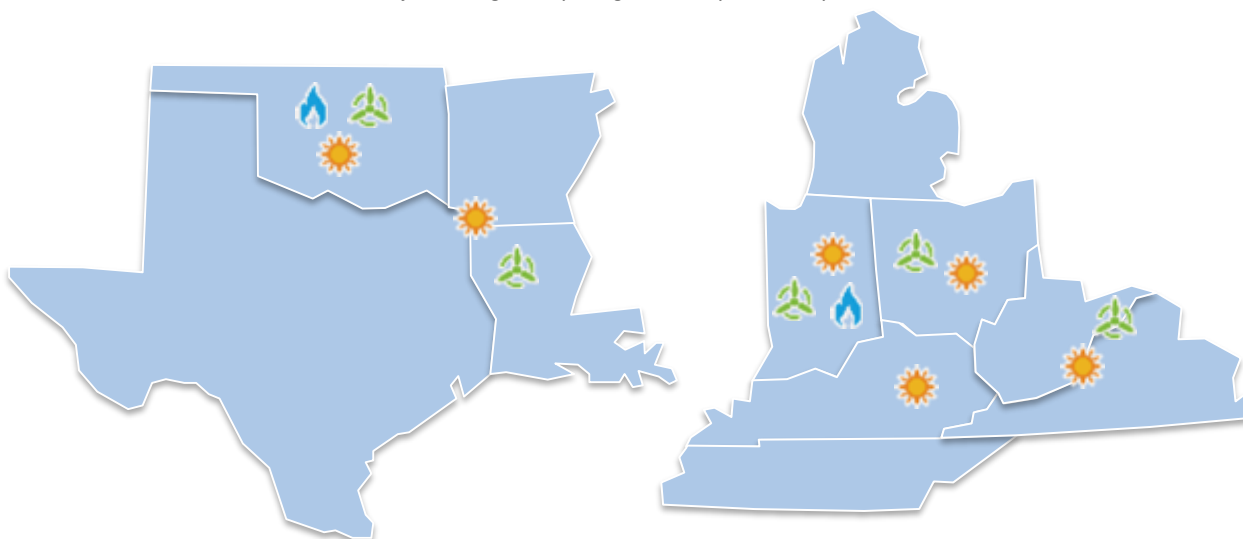
| Solar Additions (MW)  | | | |
|--|------------------|--------------|--------------|
| Operating Co: | 2020-2023 | 2024-2027 | 2028-2030 |
| AEP Ohio | Up to 400 * | - | - |
| APCo | 15 | 300 | 450 |
| I&M | - | 150 | 150 |
| KPCo | 30 * | 20 | 40 |
| PSO | 11 | 600 | 600 |
| SWEPCO | - | 450 | 550 |
| Totals | Up to 456 | 1,520 | 1,790 |

| Wind Additions (MW)  | | | |
|---|--------------------|--------------|--------------|
| Operating Co: | 2020-2023 | 2024-2027 | 2028-2030 |
| AEP Ohio | Up to 500* | - | - |
| APCo | - | 300 | - |
| I&M | - | 600 | 450 |
| KPCo | - | - | - |
| PSO | Up to 1,000 * | - | 200 |
| SWEPCO | Up to 1,200 * | 200 | 600 |
| Totals | Up to 2,700 | 1,100 | 1,250 |

| Natural Gas Additions (MW)  | | | |
|--|--------------------|--------------------|--------------|
| Operating Co: | 2020-2023 | 2024-2027 | 2028-2030 |
| I&M | - | - | 1,500 |
| PSO | 410 ⁽¹⁾ | 373 ⁽¹⁾ | - |
| Totals | 410 | 373 | 1,500 |

⁽¹⁾ To replace expiring PPA









* Subject to regulatory filings currently underway



| Total Projected Resource Additions (MW) | |
|---|---------------------|
| Resource | 2020-2030 |
| Solar | Up to 3,766 |
| Wind | Up to 5,050 |
| Natural Gas | 2,283 |
| Totals | Up to 11,099 |

Updated 02/12/2019

Integrated Resource Plan Status

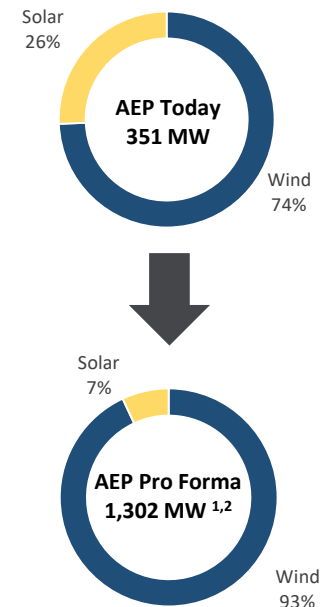
| IRPs Underway/Planned | | | | | |
|---|--|-------|---|---|--|
| Previously Approved IRPs | Q4-18 | Q1-19 | Q2-19 | Q3-19 | Q4-19 |
|  <small>An AEP Company</small> <small>BOUNDLESS ENERGY™</small> |  <small>An AEP Company</small> <small>BOUNDLESS ENERGY™</small> 12/14/18 (AR) | |  <small>An AEP Company</small> <small>BOUNDLESS ENERGY™</small> 5/1/19 (VA) |  <small>An AEP Company</small> <small>BOUNDLESS ENERGY™</small> 9/30/19 (LA) |  <small>An AEP Company</small> <small>BOUNDLESS ENERGY™</small> 12/20/19 |
|  <small>An AEP Company</small> <small>BOUNDLESS ENERGY™</small> |  <small>An AEP Company</small> <small>BOUNDLESS ENERGY™</small> 12/21/18 | |  <small>An AEP Company</small> <small>BOUNDLESS ENERGY™</small> May / June 2019 | | |

Next IRP filing date for APCo (WV) is January 2021

INVESTING IN COMPETITIVE BUSINESS



Large Scale Project Map with Recently Announced Contracted Renewables Transaction



Projects complement AEP's existing footprint of large scale renewable projects in the contracted renewable space: Texas (488 MW, wind) ¹, California (20 MW, solar), Nevada (50 MW, solar) and Utah (20 MW, solar)

¹ Includes recently signed agreement to purchase 75% interest in 302 MW Santa Rita East Wind Project currently under construction in west of San Angelo, Texas | ² Includes 6 MW of Auwahi battery storage | ³ Excludes AEP OnSite Partners
Note: MWs in map reflect net capacity

Overview of Recently Announced Contracted Renewables Transaction



Transaction Overview






















| | |
|---------------------|--|
| Operating Portfolio | <ul style="list-style-type: none"> 724 net MW operating wind portfolio across seven states (CO, HI, IN, KS, MI, MN, PA) ¹ <ul style="list-style-type: none"> Five of seven wind assets owned 50 / 50 with BP Wind Energy Long-term PPAs with A/A2-rated ² counterparties & 16 years remaining life ³ <ul style="list-style-type: none"> 21% of PPAs with AEP Ohio, SWEPCO, and Indiana Michigan Power |
| Transaction Value | <ul style="list-style-type: none"> \$1,056MM enterprise value including assumption of \$343MM existing project debt ⁴ & \$162MM tax equity ⁵ |
| Approvals & Timing | <ul style="list-style-type: none"> Expected to close in Q2 2019, subject to approvals from the FERC and Hart-Scott-Rodino clearance |

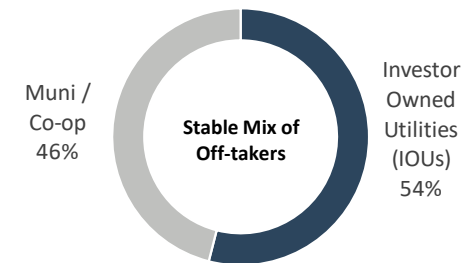
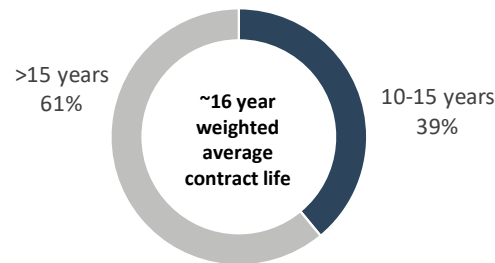
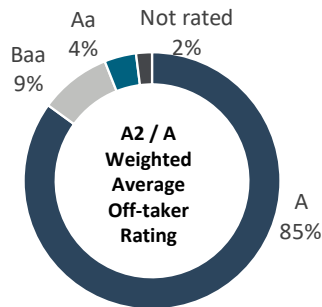
Strategic Rationale and Investment Highlights

| | |
|---|--|
| Expands Contracted Renewables Footprint | <ul style="list-style-type: none"> Enhances renewable platform scale and diversity, increasing industry participation in a market we expect to continue to grow <ul style="list-style-type: none"> The acquisition, in addition to Santa Rita East Wind, will increase AEP's contracted large scale renewable generation portfolio by 951 MW ⁶ to 1,302MW Accelerates and de-risks \$2.2B planned renewable investment commitment through 2023 Assets are located in known markets where we already have generation assets or utility operations |
| Strong Financial Fit | <ul style="list-style-type: none"> Transaction expected to be immediately accretive to EPS in first full year by a few cents <ul style="list-style-type: none"> Further solidifies our long-term EPS growth guidance of 5% - 7% Tax efficient transaction as our tax appetite allows for monetization of transaction tax attributes, including production tax credits |
| Growth Platform | <ul style="list-style-type: none"> Development pipeline of the portfolio of up to 1 GW provides potential for incremental growth opportunities |

¹ 724 net MW includes 6 MW battery storage at the Auhahi project | ² Credit ratings as of 10/8/2018. Maui Electric Company is not rated by Moody's and is rated BBB- by S&P. As such, Maui is shown in the Baa3 category in the pie chart on slide 32 (corresponding Moody's category) for illustrative purposes | ³ Weighted average remaining contract life and asset age as of 12/31/2018 | ⁴ Debt balance as of 6/30/2019 | ⁵ Tax equity book value as 12/31/2018 | ⁶ Includes recently signed agreement to purchase 75% interest in 302 MW Santa Rita East Wind Project currently under construction in west of San Angelo, Texas

Details of Recently Announced Contracted Renewables Transaction

| | Asset | MW Net ¹ | Off-taker | COD | PPA Expire | Turbine | O&M |
|----------------|----------------------|-------------------------|--|------|----------------------------|---|---|
| BP JV Projects | Fowler Ridge 2 (IN) | 100 |  | 2009 | 2029 |  |  |
| | Cedar Creek 2 (CO) | 124 |  | 2011 | 2035 |  |  |
| | Flat Ridge 2 (KS) | 235 |  | 2012 | 2036 |  |  |
| | Mehoopany (PA) | 70 |  | 2012 | 2032 |  |  |
| | Auwahi (HI) | 11 |  | 2012 | 2032 |  |  |
| | Total | 540 | | | | | |
| 100% Owned | Black Oak Getty (MN) | 78 |  | 2016 | 2036 |  |  |
| | Apple Blossom (MI) | 100 |  | 2017 | 2033 |  |  |
| | Total | 178 | | | | | |
| | Overall Total | 718 ² | | | 16 yrs ³ | | |



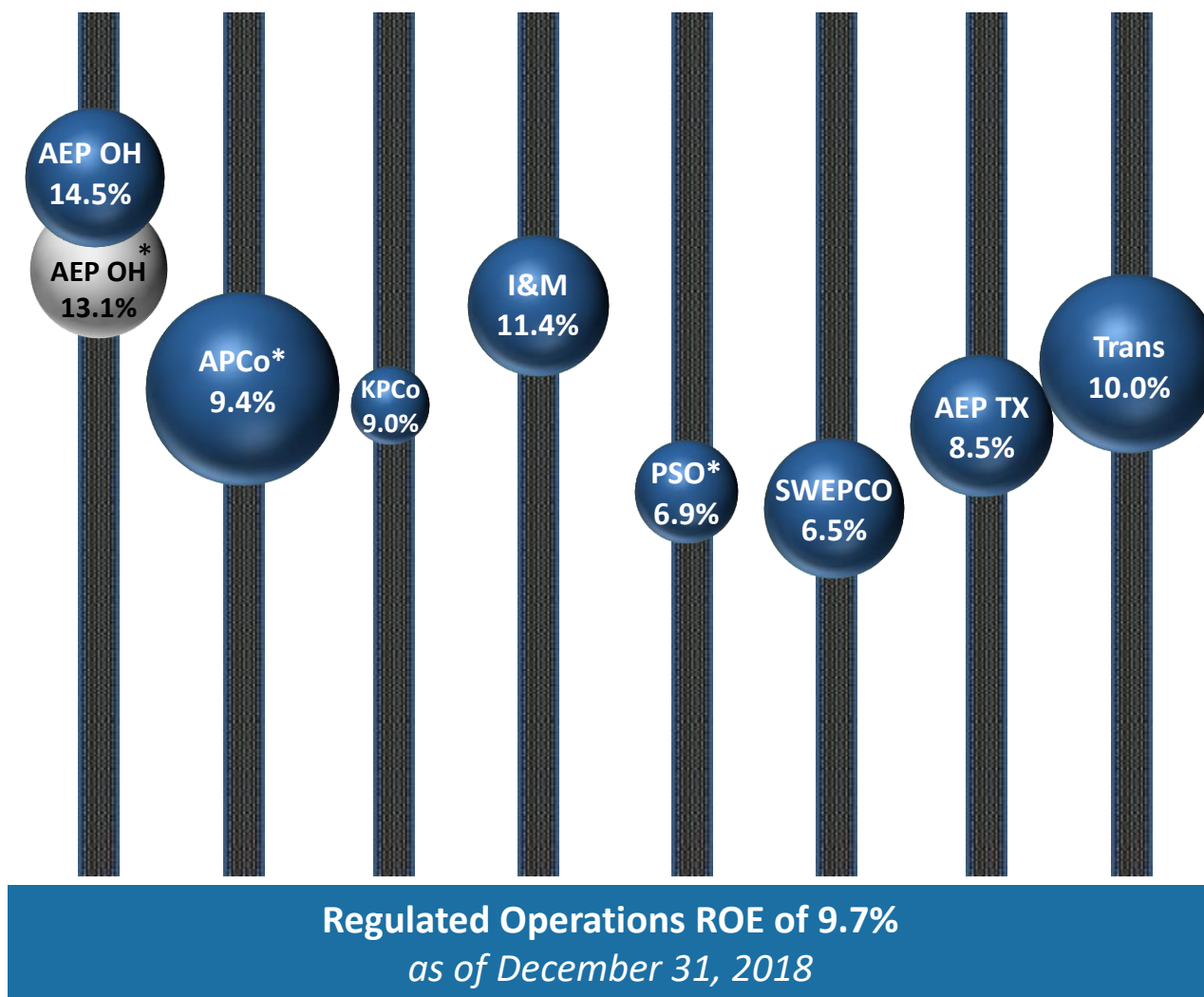
¹ Reflects AEP's share | ² Excludes 6 MW of Auwahi battery storage | ³ Based on weighted average contract life



POSITIONING FOR THE FUTURE

FINANCIAL INFORMATION

Regulated Returns



*AEP Ohio adjusted for SEET items. Base rate cases pending at other operating companies.

Sphere size based on each company's relative equity balance

APCo – West Virginia

Docket #: 18-0646-E-42T
 Filing Date: 05/09/2018
 Requested Rate Base: \$4.1B
 Requested ROE: 10.22%
 Cap Structure: 49.84%D / 50.16%E
 Gross Revenue Increase: \$95M
 (Less \$32M Depr)
 Net Revenue Increase: \$63M
 Test Year: 12/31/2017

Settlement Summary

Settlement Filed: 11/13/2018
 Commission Order: 02/27/2019
 Effective Date: 03/06/2019
 ROE: 9.75%
 Net Revenue Increase: \$44M



PSO – Oklahoma

Docket #: 201800097
 Filing Date: 09/26/2018
 Requested Rate Base: \$2.5B
 Requested ROE: 10.3%
 Cap Structure: 51.86%D / 48.14%E
 Gross Revenue Increase: \$88M
 (Less \$20M D&A)
 Net Revenue Increase: \$68M
 Test Year: 03/31/2018

Settlement Summary

Settlement Filed: 02/27/2019
 Commission Order: 03/14/2019
 Effective Date: First Billing Cycle in April
 ROE: 9.4%
 Net Revenue Increase: \$46M
 (No change in Depr)

Full Transmission Tracker
 Partial Distribution Tracker



SWEPCO – Arkansas¹

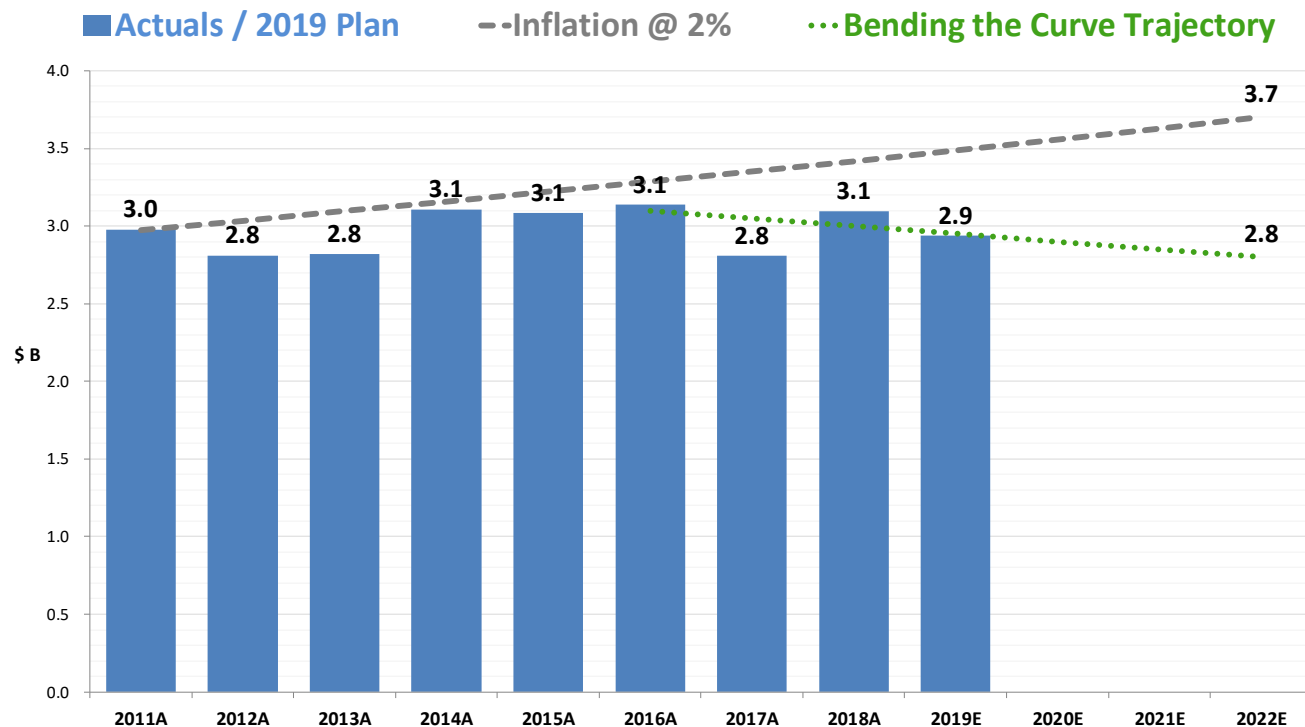
Docket #: 19-008-U
 Filing Date: 02/28/2019
 Requested Rate Base: \$1.2B
 Requested ROE: 10.5%
 Cap Structure: 49.5%D / 50.5%E
 Gross Revenue Increase: \$46M²
 (Less \$8M Depr)
 Net Revenue Increase: \$38M
 Test Year: 12/31/2018

¹ This filing provides SWEPCO's notice of election to move to an annual formula rate review mechanism

² Does not include \$29M of current riders moving to base or \$12M for the requested Distribution Reliability Rider



Bending the O&M Curve While Achieving Our Strategic Goals



➤ O&M targets focus on bending the O&M curve down to create rate headroom

➤ O&M actual spend represents adjusting spend throughout the year as needed (e.g., 2017 unfavorable weather resulted in need to pull-back on spend; 2018 favorable weather has created incremental/shifting opportunities)



Inflation
Customer Experience
Cyber Security
Technology & Innovation



Sale of Competitive Generation
Process Improvement & Standardization of Work
Outsourcing
Automation, Digitization, Data Analytics
Strategic Sourcing

Our initiatives will help reduce the cost of the current ~4,000+ employees retiring or leaving over the next 5 years, thereby reducing O&M and allowing us to focus on more value added activities for our customers

Bending the O&M Curve (Initiatives)

AEP Transmission Spacer Replacement Capital Program



- ❖ The replacement program avoids approximately \$80M in O&M expenditures over time
- ❖ ~150k spacers that are near or at end of life will be replaced as part of a capital program on nearly 1800 miles of 765kV lines over the next 10 years

AEP Station Check In/Check Out Application



- ❖ The first true mobile application of its kind saves valuable time for field technicians and dispatchers by eliminating nearly 90% of calls into the TDC from field staff entering or exiting secure facilities
- ❖ On average since implementation ~\$500K in labor savings on this activity have been realized



AEP Asset Health Centers

- ❖ Analytical software platform and fleet-wide asset monitoring device that provides instantaneous data through a robust communications infrastructure
- ❖ Real-time data helps in making data-driven operating decisions. Improves safety, reduces unplanned equipment outages, helps in planning and optimizing maintenance, and prioritizes renewal decisions about the condition of assets
- ❖ In use since 2014, AHC has provided performance data on equipment that has allowed Transmission to avoid \$36M and Generation over \$25M in costs related to equipment failure

Charge Initiative

~\$200M in digital and process-enabled savings over five years through O&M reductions/cost avoidance (50%), Capital Reduction/Efficiency (25%), Revenues (10%) & Operational Efficiency (15%)

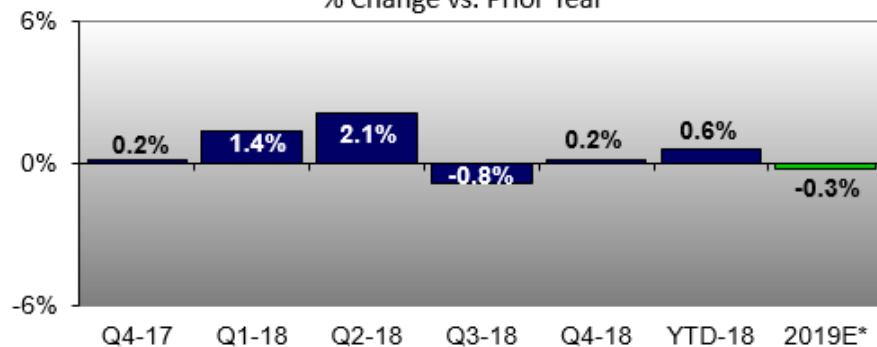
- ☐ Distribution/Transmission Field Time Reporting App – Mobile app/web that enables contractors to enter time digitally rather than through paper timesheets. Improves efficiency and reduces rework (e.g., audits and audit outcomes).
- ☐ Contract Digitization – Digital tools & associated analytics that reduce administrative, repetitive work performed by the contract support function.
- ☐ Digitized Inspections – Combined use of drones, sensors, and digital user tools to minimize the physical labor associated with distribution, transmission, and generation inspections.
- ☐ Transmission Capital Commissioning Checklist – Mobile app/web that enables employees and contractors to perform and complete commissioning tasks using handheld technology rather than through a paper process. Improves accuracy, increases operational efficiency, reduces rework, and accelerates time to place projects in service.

Other Initiatives

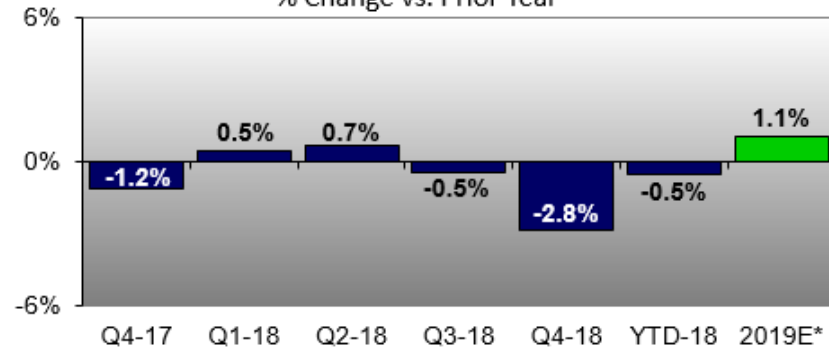
- Strategic Work and Workforce Planning
- Outsourcing Activities
- Tactical Sourcing through Procurement Management

Normalized Load Trends

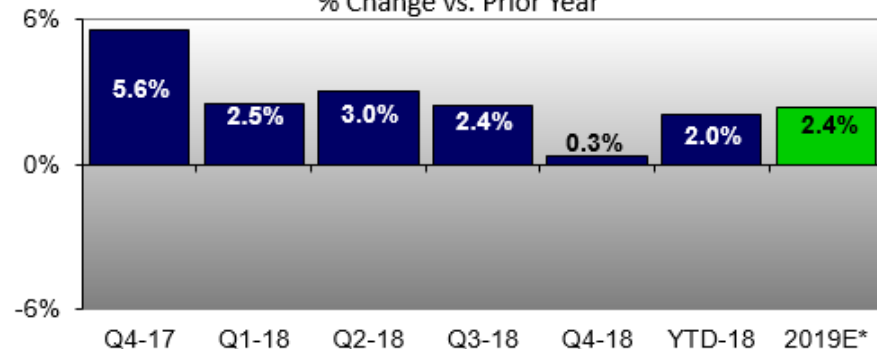
AEP Residential Normalized GWh Sales
% Change vs. Prior Year



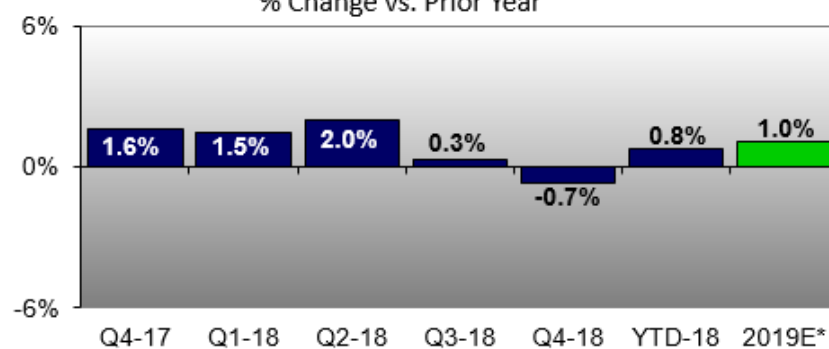
AEP Commercial Normalized GWh Sales
% Change vs. Prior Year



AEP Industrial GWh Sales
% Change vs. Prior Year



AEP Total Normalized GWh Sales
% Change vs. Prior Year

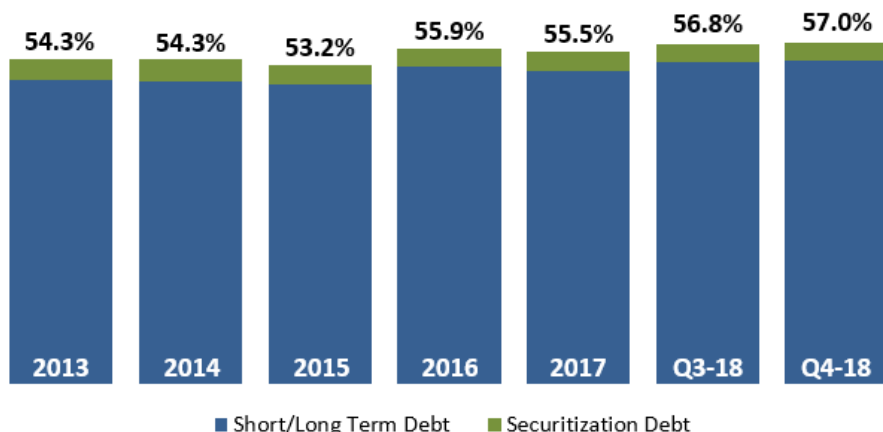


Load figures are provided on a billed basis. Charts reflect connected load and exclude firm wholesale load.

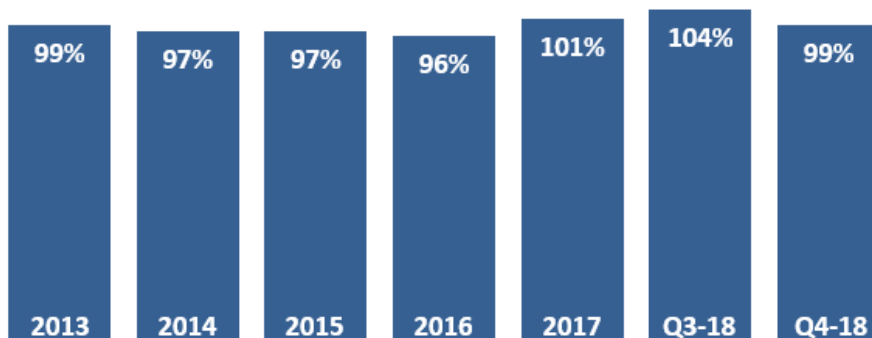
* Estimate based on forecast provided at 2018 EEI Financial Conference and amended to reflect 2018 results.

Capitalization and Liquidity

Total Debt / Total Capitalization



Qualified Pension Funding



Credit Statistics

| | Actual | Target |
|-------------------|--------|-----------|
| FFO to Total Debt | 17.8% | Mid Teens |

Represents the trailing 12 months as of 12/31/2018

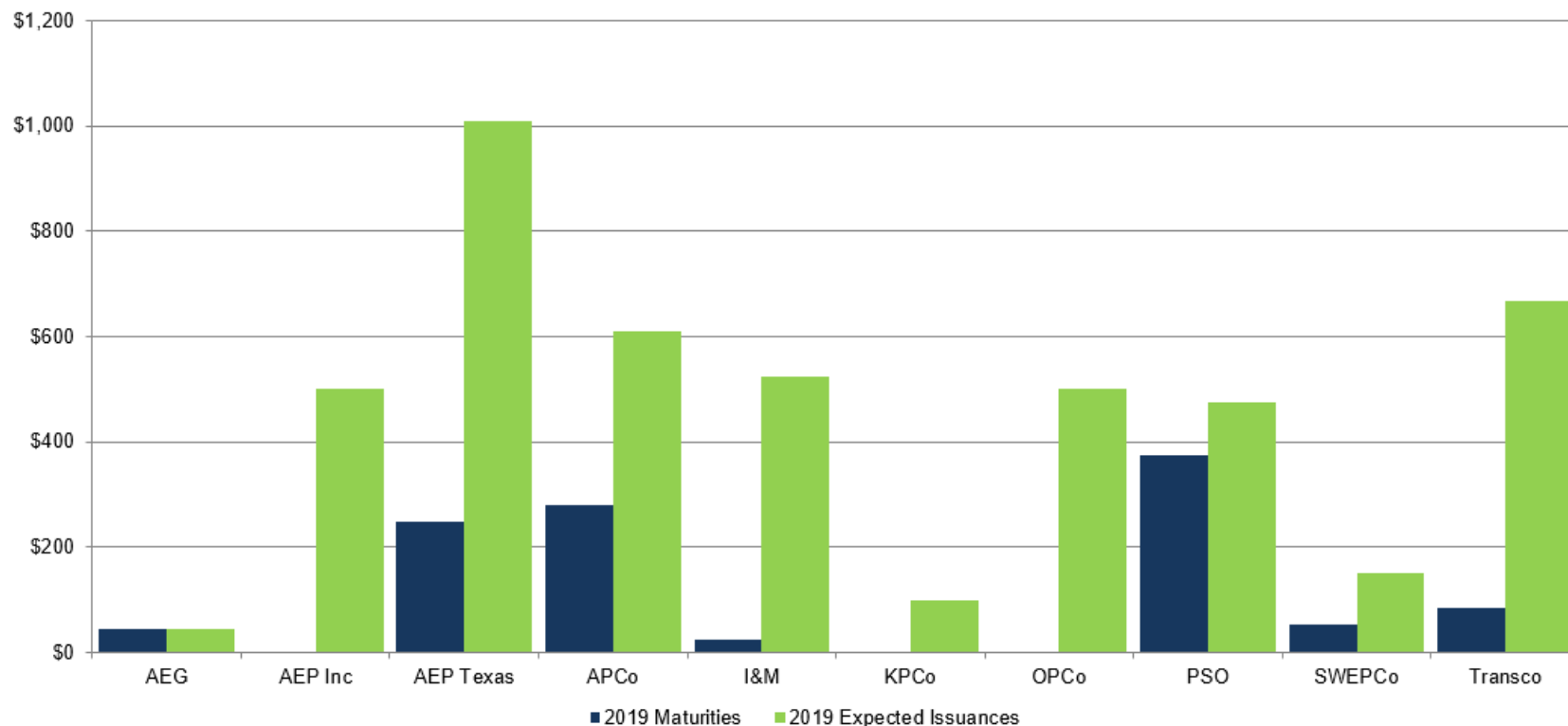
Liquidity Summary

| (unaudited) | 12/31/2018 Actual | |
|--------------------------------|-------------------|----------|
| (\$ in millions) | Amount | Maturity |
| Revolving Credit Facility | \$4,000 | Jun-22 |
| Plus | | |
| Cash and Cash Equivalents | 234 | |
| Less | | |
| Commercial Paper Outstanding | (1,160) | |
| Letters of Credit Issued | - | |
| Net Available Liquidity | \$3,074 | |

Strong balance sheet, credit metrics and liquidity

2019 Debt Issuance and Maturities Overview

(\$ in millions)



Financing plans are subject to change depending on capital expenditures, regulatory outcomes, internal cash generation, market conditions and other factors

Long-Term Debt Maturity Profile



(\$ in millions)

| Year | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------------------|----------------|----------------|----------------|----------------|--------------|--------------|
| AEP, Inc. | \$0.0 | \$500.0 | \$400.0 | \$300.0 | \$0.0 | \$0.0 |
| AEP Generating Company | \$45.0 | \$150.0 | \$0.0 | \$0.0 | \$0.0 | \$0.0 |
| AEP Texas* | \$250.0 | \$110.6 | \$0.0 | \$425.0 | \$125.0 | \$0.0 |
| AEP Transmission Company | \$85.0 | \$0.0 | \$50.0 | \$104.0 | \$60.0 | \$95.0 |
| Appalachian Power* | \$281.0 | \$65.4 | \$367.5 | \$204.4 | \$0.0 | \$0.0 |
| Indiana Michigan Power | \$32.4 | \$16.9 | \$320.4 | \$83.1 | \$250.0 | \$0.0 |
| Kentucky Power | \$0.0 | \$65.0 | \$40.0 | \$75.0 | \$0.0 | \$65.0 |
| Ohio Power* | \$0.0 | \$0.0 | \$500.0 | \$0.0 | \$0.0 | \$0.0 |
| Public Service of Oklahoma | \$375.0 | \$12.7 | \$250.0 | \$0.0 | \$0.0 | \$0.0 |
| Southwestern Electric Power | \$53.5 | \$115.0 | \$0.0 | \$275.0 | \$0.0 | \$25.0 |
| Wheeling Power Company | \$0.0 | \$0.0 | \$0.0 | \$178.0 | \$0.0 | \$0.0 |
| Total | \$1,122 | \$1,036 | \$1,928 | \$1,644 | \$435 | \$185 |

* Excludes securitization bonds

Includes mandatory tenders (put bonds)

Data as of December 31, 2018

| Company | Moody's | | S&P | |
|---|------------------|---------|------------------|---------|
| | Senior Unsecured | Outlook | Senior Unsecured | Outlook |
| American Electric Power Company Inc. | Baa1 | S | BBB+ | S |
| AEP, Inc. Short Term Rating | P2 | S | A2 | S |
| AEP Texas Inc. | Baa1 | S | A- | S |
| AEP Transmission Company, LLC ¹ | A2 | S | A- | S |
| Appalachian Power Company ² | Baa1 | S | A- | S |
| Indiana Michigan Power Company ² | A3 | S | A- | S |
| Kentucky Power Company | Baa2 | N | A- | S |
| Ohio Power Company | A2 | S | A- | S |
| Public Service Company of Oklahoma | A3 | N | A- | S |
| Southwestern Electric Power Company | Baa2 | S | A- | S |
| Transource Energy ³ | A2 | S | NR | NR |

¹ AEP Transmission Co. received a senior unsecured debt rating of A- from Fitch. The rating outlook is Stable.

² In conjunction with the unenhanced VRDN remarketings, APCo and I&M both received short term credit ratings of A-2/P2 from S&P and Moody's, respectively.

³ NR stands for Not Rated.

Ratings current as of December 31, 2018

SUSTAINABLE FUTURE





AEP's CO₂ Emission Reduction Goals

INTERMEDIATE GOAL:

60% reduction
from 2000 CO₂
emission levels
by **2030**

LONG-TERM GOAL:

80% reduction
from 2000 CO₂
emission levels
by **2050**

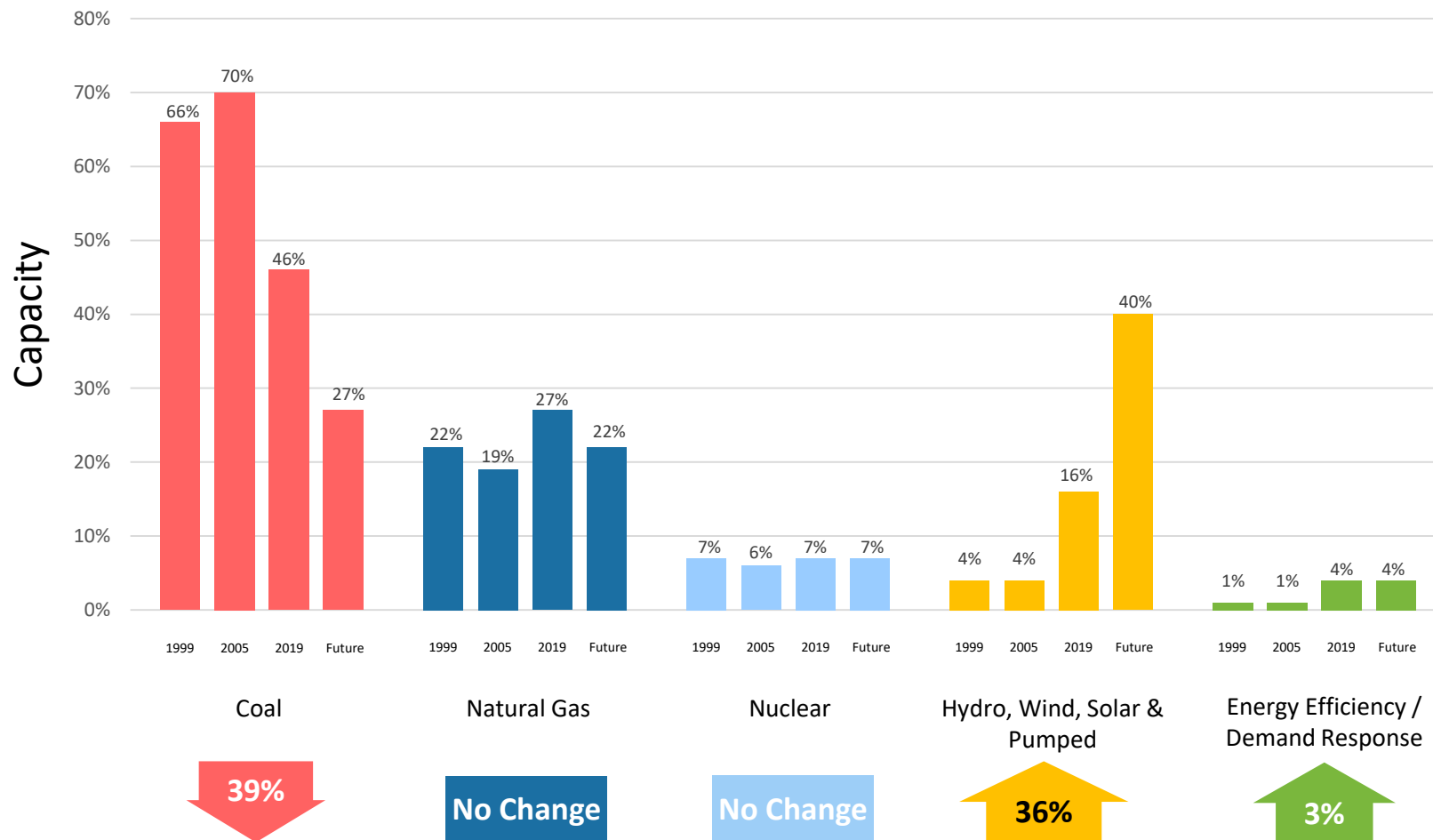
Strategy to Achieve:

- ❑ Investments in renewable energy within and outside of our traditional service territory
- ❑ Technology deployment (e.g., energy storage)
- ❑ Modernization of the grid with significant investments in transmission & distribution
- ❑ Increased use of natural gas
- ❑ Optimization of our existing generating fleet

Environmental, Social & Governance (ESG) Reporting:

- AEP's Corporate Accountability Report
- Clean Energy Strategy: American Electric Power: Strategic Vision for a Clean Energy Future
- EEI ESG Sustainability Reporting: AEP's 2018 EEI ESG Report
- AEP's CDP Survey Responses
- AEP's GRI Report
- AEP also responds to investor-related surveys, including MSCI and Sustainalytics

Transforming Our Generation Fleet



2019 includes expected capacity as of yearend 2019. Future includes IRP forecasted additions and retirements through 2030. Energy Efficiency / Demand Response represents avoided capacity rather than physical assets

Delivering Clean Energy Resources

AEP's Expected Yearend 2019 Renewable Portfolio, in MW

| Hydro, Wind, Solar & Pumped Storage | Owned MW | PPA MW | Total MW |
|-------------------------------------|----------|--------|----------|
| AEP Ohio | | 209 | 209 |
| Appalachian Power Company | 785 | 575 | 1,360 |
| Indiana Michigan Power Company | 36 | 450 | 486 |
| Public Service Company of Oklahoma | | 1,137 | 1,137 |
| Southwestern Electric Power Company | | 469 | 469 |
| Competitive Wind, Solar & Hydro | 1,433 | 175 | 1,608 |
| Total | 2,254 | 3,015 | 5,269 |

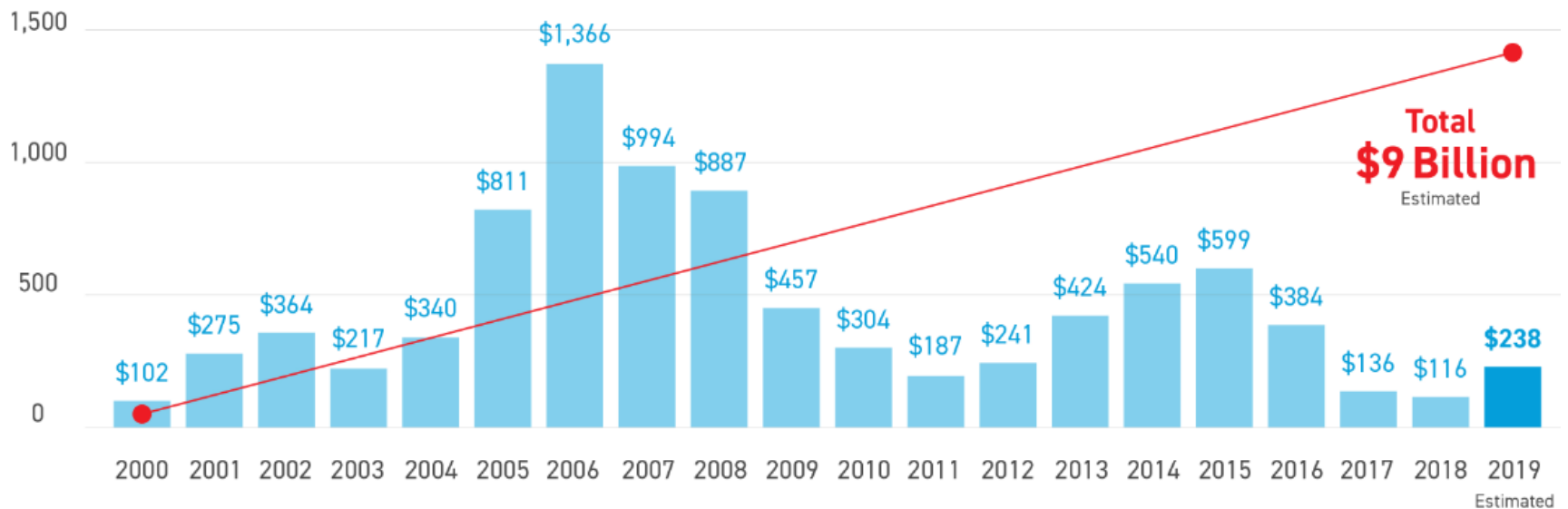


APPROXIMATELY
11,900 MW
OF RENEWABLE GENERATION
INTERCONNECTED ACROSS THE U.S. VIA
AEP'S TRANSMISSION SYSTEM TODAY



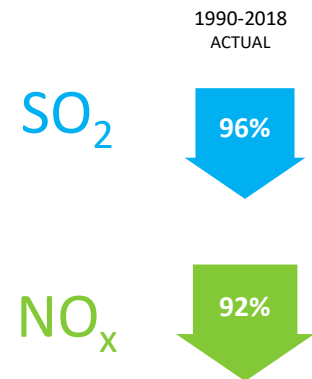
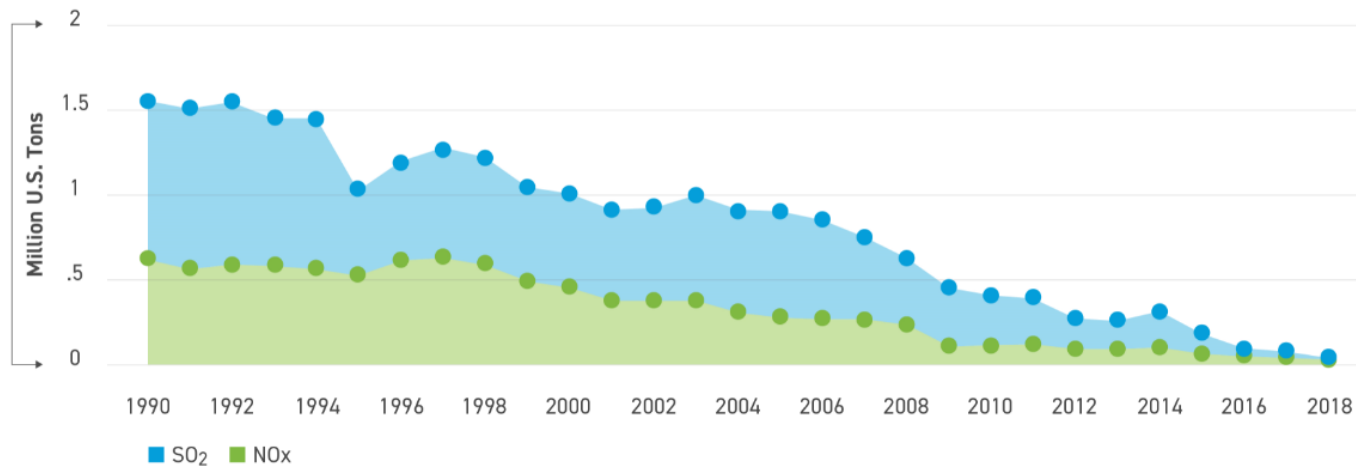
Largest Investment in Environmental Controls

INVESTMENT IN ENVIRONMENTAL CONTROLS \$ in millions

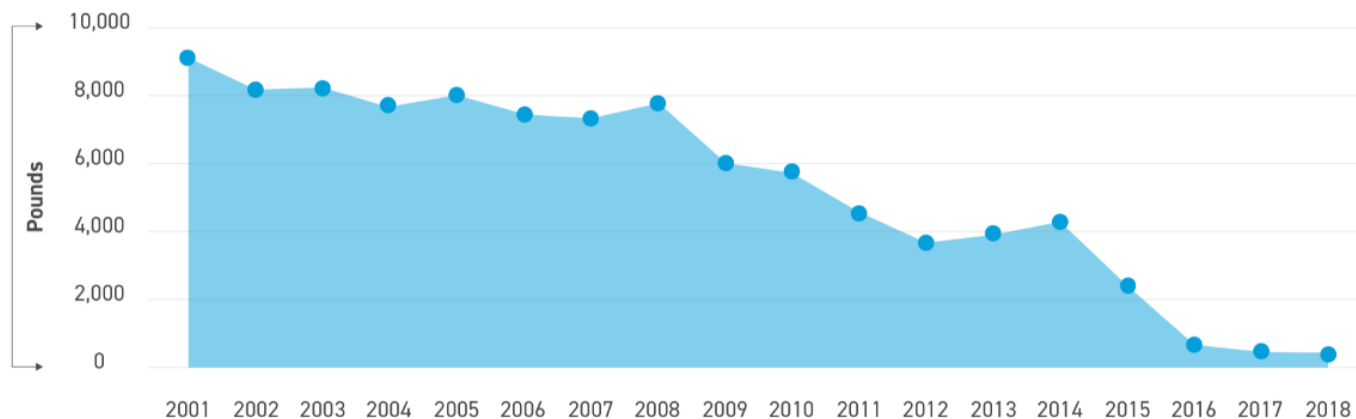


Dramatic Reductions in Emissions

TOTAL AEP SYSTEM NO_x & SO₂ EMISSIONS

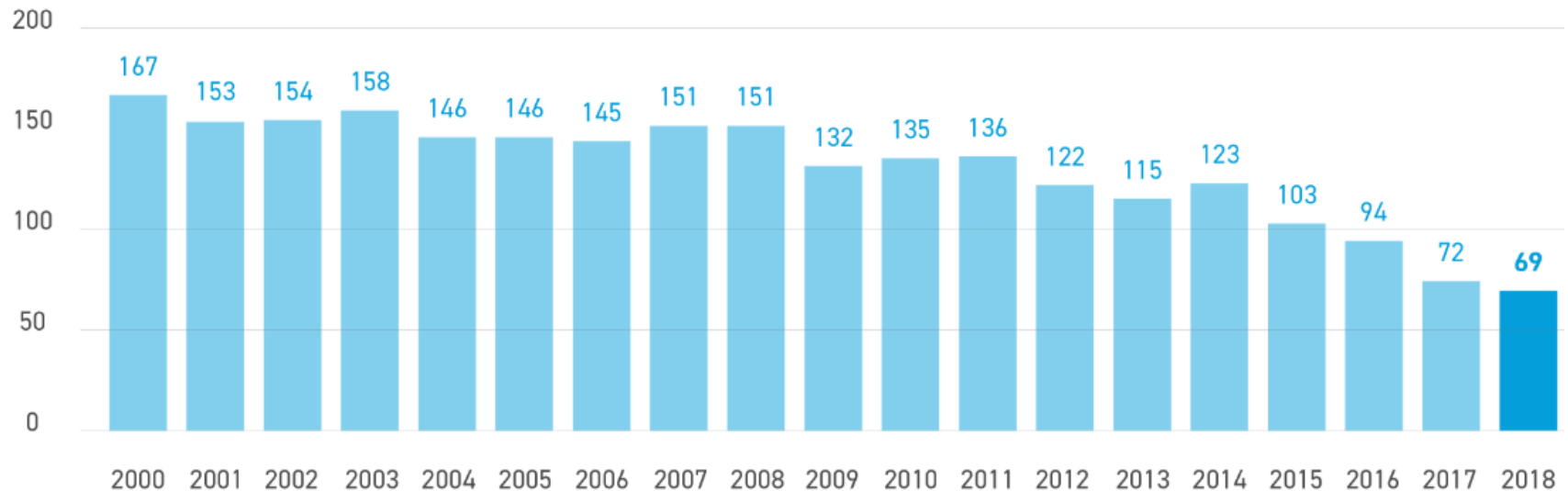


TOTAL AEP SYSTEM MERCURY EMISSIONS



Dramatic Reductions in Emissions

TOTAL AEP SYSTEM – ANNUAL CO₂ EMISSIONS in million metric tons



2000-2018
Actual

CO₂

59%



**HIGHER
growth**

**HIGHER
dividends**

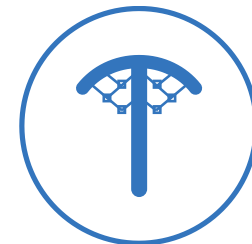


**The Premier Regulated
Energy Company**



**MORE
certainty**

**MORE
regulated**



**Positioned to Deliver Superior Risk
Adjusted Returns**