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
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.
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

<table>
<thead>
<tr>
<th>Estimated EPS on a GAAP basis</th>
<th>$0.96</th>
<th>to</th>
<th>$1.06</th>
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<tbody>
<tr>
<td>Impairment of certain merchant generation assets</td>
<td>2.98</td>
<td></td>
<td></td>
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<tr>
<td>Disposition of commercial barge operations</td>
<td>0.01</td>
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<tr>
<td>Capital loss valuation adjustment</td>
<td>(0.09)</td>
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<tr>
<td>Federal tax audit settlement</td>
<td>(0.11)</td>
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<tr>
<td><strong>Operating EPS Guidance</strong></td>
<td><strong>$3.75</strong></td>
<td><strong>to</strong></td>
<td><strong>$3.85</strong></td>
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