



BOUNDLESS ENERGYSM

The background of the slide is a scenic landscape. In the foreground, there is a lush green golf course with a fairway and a green. A calm lake reflects the sky and the surrounding greenery. In the middle ground, there are several houses with brown roofs and white fences. In the background, a large electrical transmission tower stands prominently, with several power lines stretching across the sky. The sky is blue with scattered white clouds.

**1st Quarter 2019
EARNINGS RELEASE PRESENTATION**
April 25, 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, naturally occurring and human-caused fires, cyber security threats and other catastrophic events.

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Non-GAAP Financial Measures

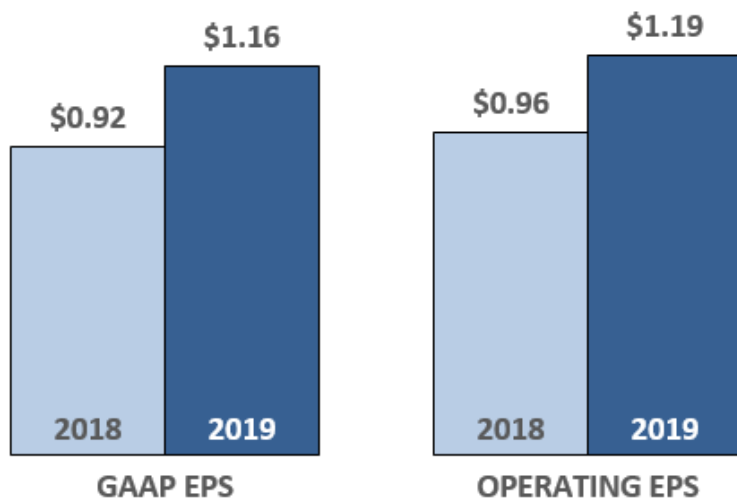
AEP reports its financial results in accordance with accounting principles generally accepted in the United States (GAAP). AEP supplements the reporting of financial information determined in accordance with GAAP with certain non-GAAP financial measures, including operating earnings (non-GAAP) and FFO to Total Debt. Operating earnings (non-GAAP) excludes certain gains and losses and other specified items, including mark-to-market adjustments from commodity hedging activities and other items as set forth in the reconciliation in the Appendix. FFO to Total Debt is adjusted for the effects of securitization, spent nuclear fuel trust, capital and operating leases, pension, capitalized interest and changes in working capital. Operating earnings could differ from GAAP earnings for matters such as impairments, divestitures, or changes in accounting principles. 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. Reflecting special items recorded through the first quarter of 2019, the estimated earnings per share on a GAAP basis would be \$3.97 to \$4.17 per share.

This information is intended to enhance an investor's overall understanding of period over period financial results and provide an indication of AEP's baseline operating performance by excluding items that are considered by management to be not directly related to the ongoing operations of the business. In addition, this information is among the primary indicators management uses as a basis for evaluating performance, allocating resources, setting incentive compensation targets and planning and forecasting of future periods.

These non-GAAP financial measures are not a presentation defined under GAAP and may not be comparable to other companies' presentations. AEP has provided these non-GAAP financial measures as supplemental information and in addition to the financial measures that are calculated and presented in accordance with GAAP. These non-GAAP measures should not be deemed more useful than, a substitute for, or an alternative to the most comparable GAAP measures provided in the materials presented. Reconciliations of these non-GAAP measures to the most comparable GAAP measures are provided in the appendices and supplemental schedules to this presentation.

1st Quarter 2019 Highlights

1st Quarter 2019



Refer to Appendix for reconciliation between GAAP and Operating EPS

Company Update

Earnings Update

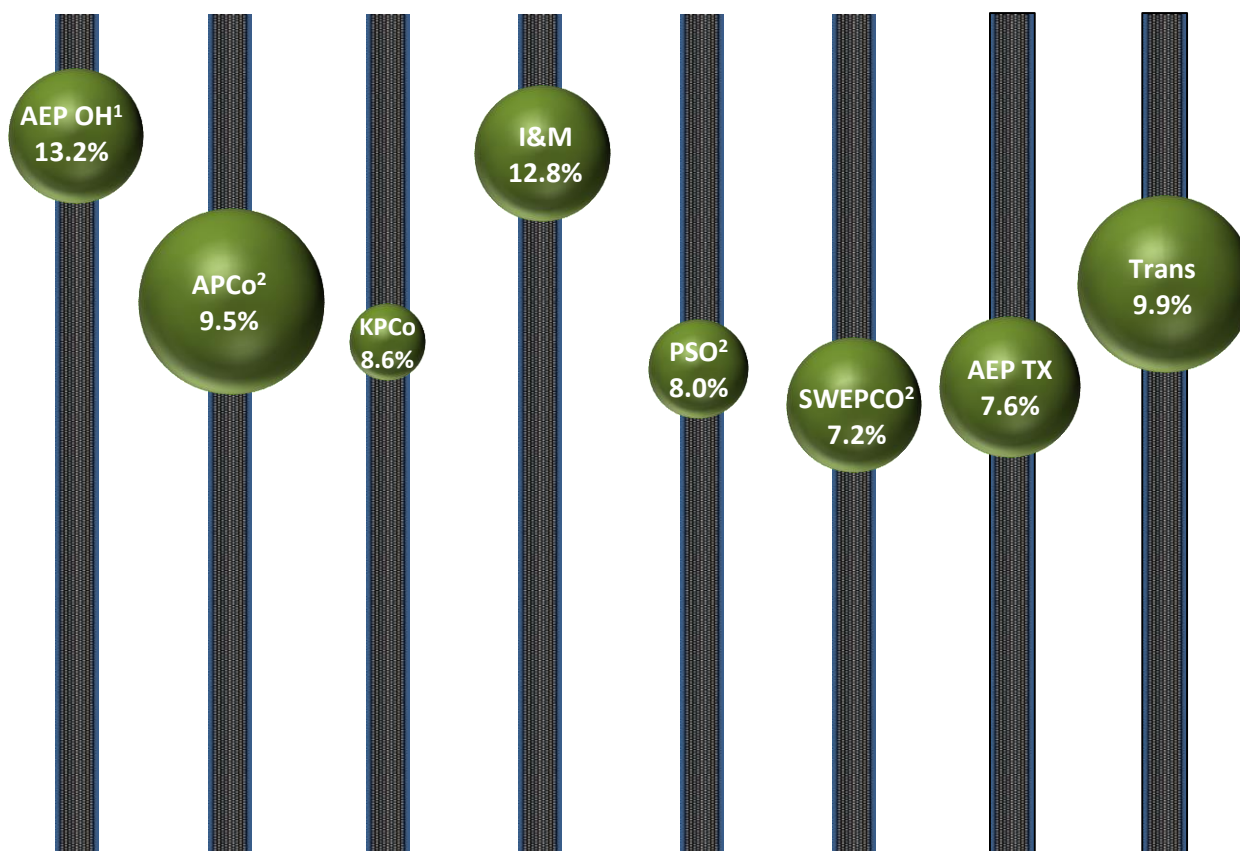
- ✓ Delivered GAAP earnings of \$1.16 per share and operating earnings of \$1.19 per share for the first quarter of 2019
- ✓ Reaffirmed 2019 operating earnings guidance range of \$4.00 to \$4.20 per share

Strategic and Regulatory Updates

- ✓ Renewables updates
- ✓ Rate case updates: Arkansas, Oklahoma, West Virginia, FERC
- ✓ Ohio legislation

Regulated Returns

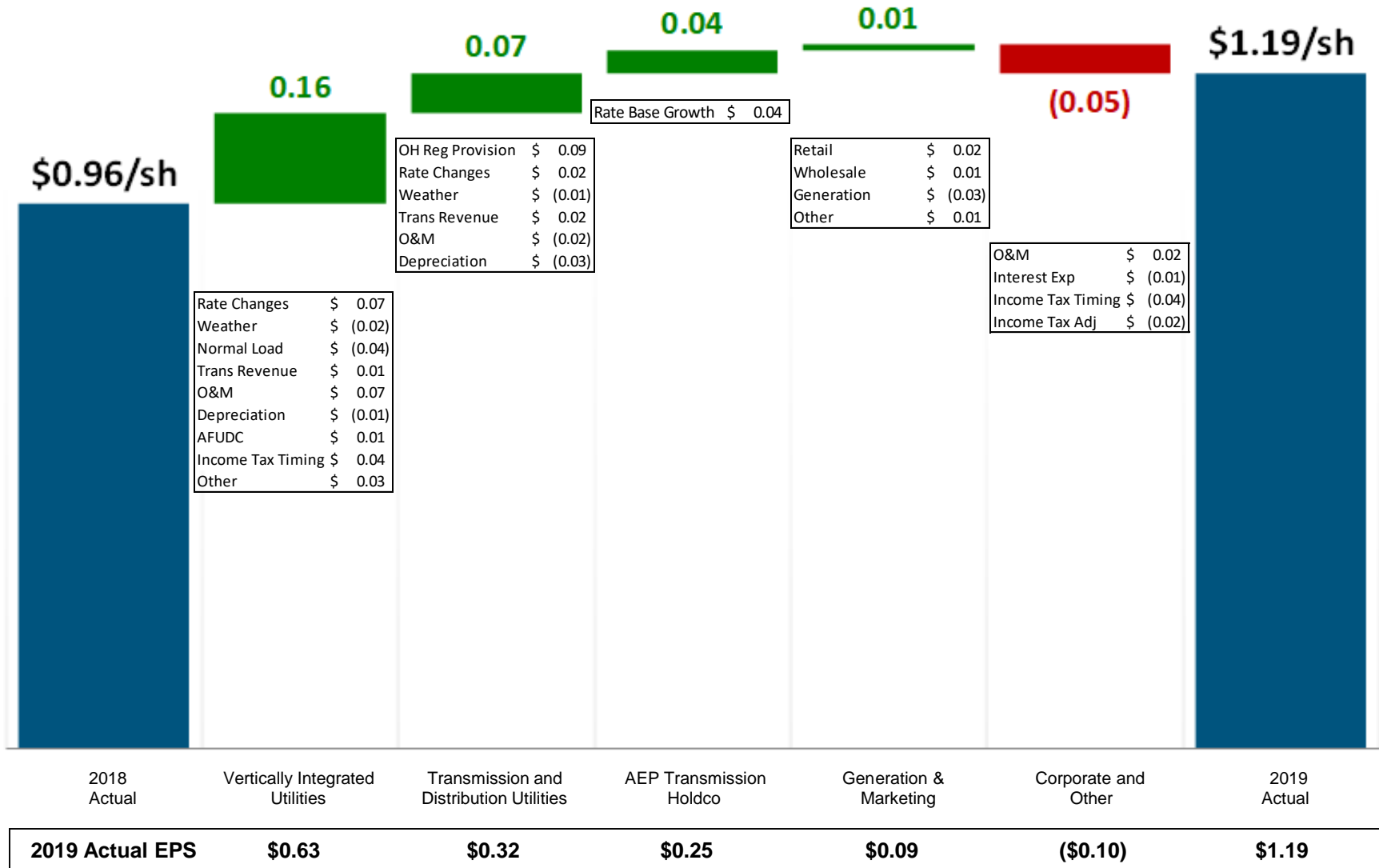
Twelve Months Ended 3/31/2019 Earned ROE's (non-GAAP operating earnings, not weather normalized)



Regulated Operations ROE of 10.1%
as of March 31, 2019

¹ Adjusted to reflect ROE after roll-off of legacy items | ² Base rate cases pending/order recently received

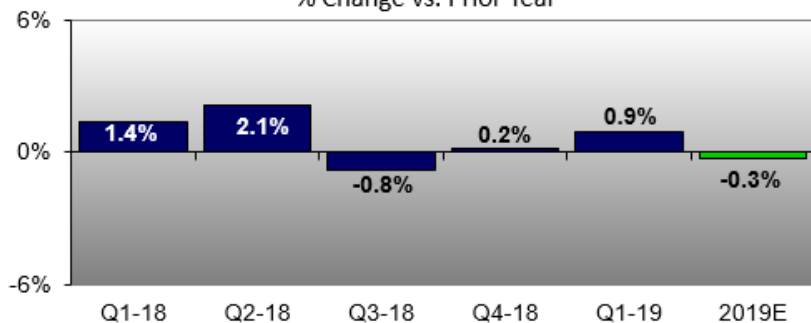
1st Quarter Operating Earnings Segment Detail



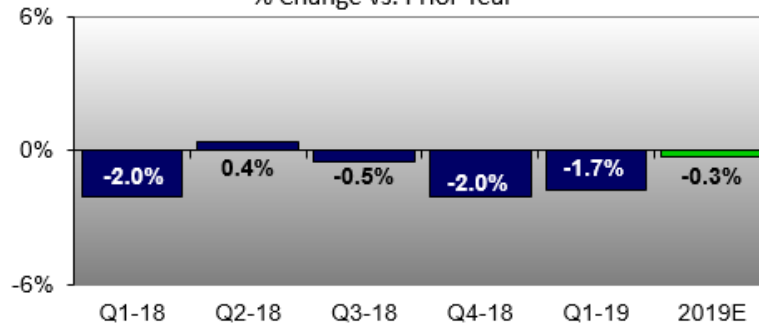
Refer to Appendix for additional explanation of variances by segment

Weather Normalized Billed Retail Load Trends

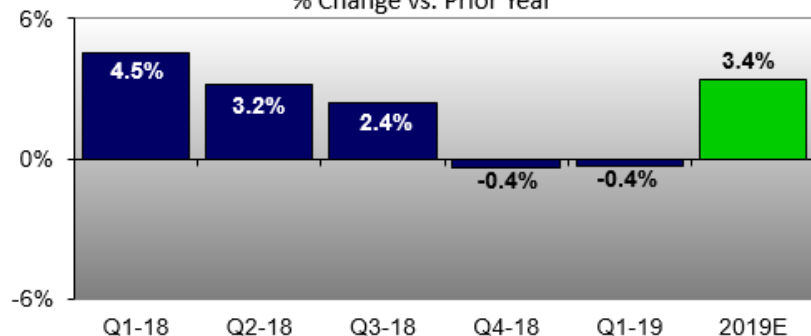
AEP Residential Normalized GWh Sales
% Change vs. Prior Year



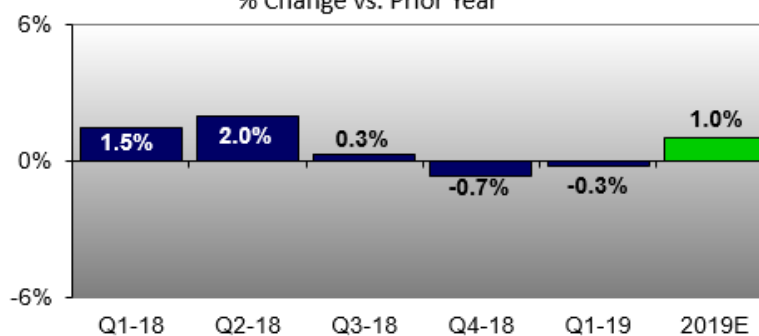
AEP Commercial Normalized GWh Sales
% Change vs. Prior Year



AEP Industrial GWh Sales
% Change vs. Prior Year



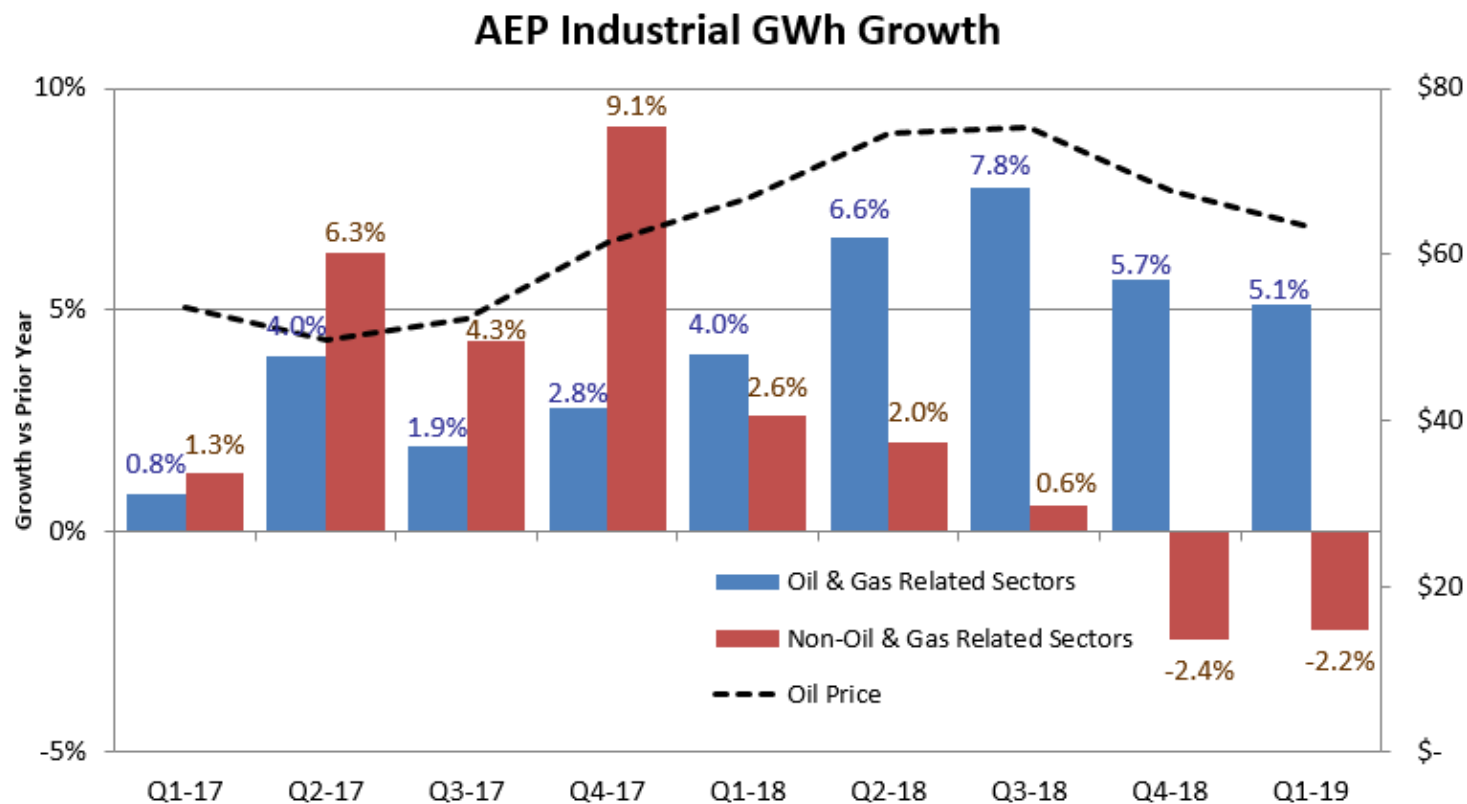
AEP Total Normalized GWh Sales
% Change vs. Prior Year



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

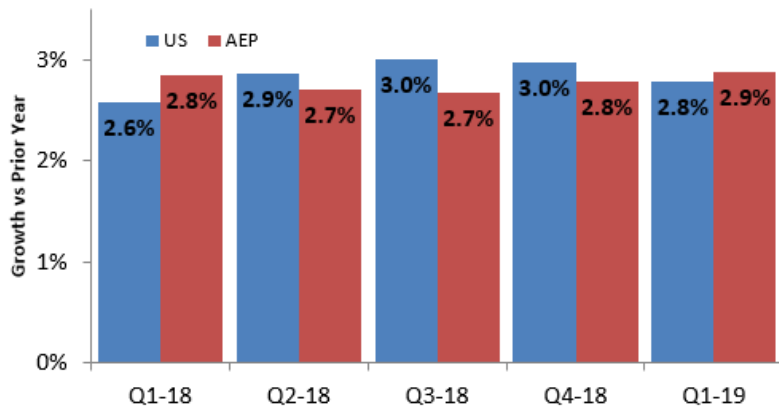
Historical and 2019 data adjusted to reflect reclass of industrial and commercial industry codes for certain customers; no revenue or earnings impact.

Industrial Sales Growth

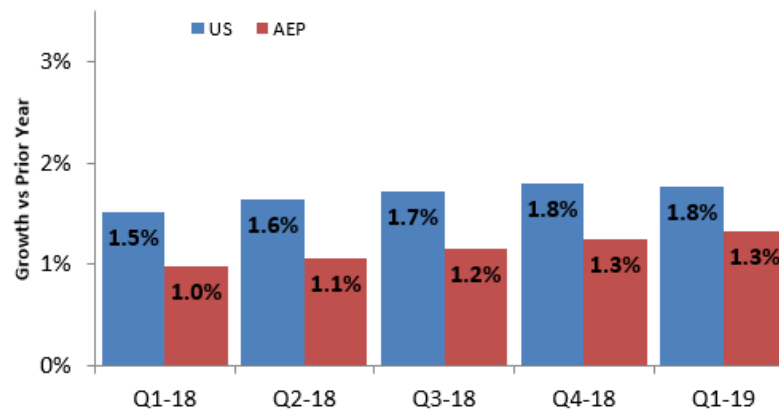


Economic Data – AEP Service Territory

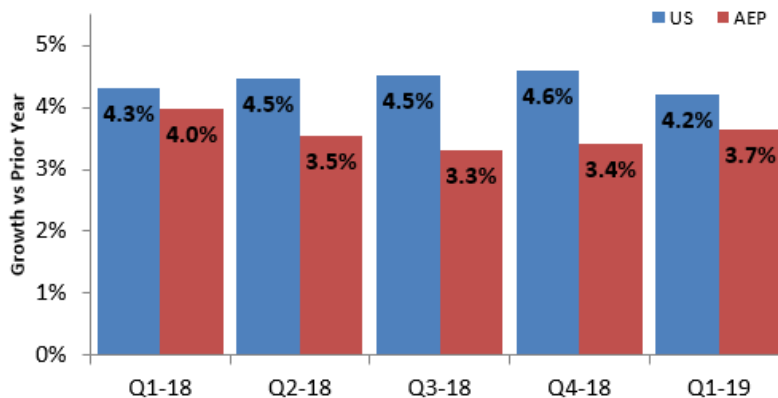
GDP Growth by Quarter



Employment Growth by Quarter

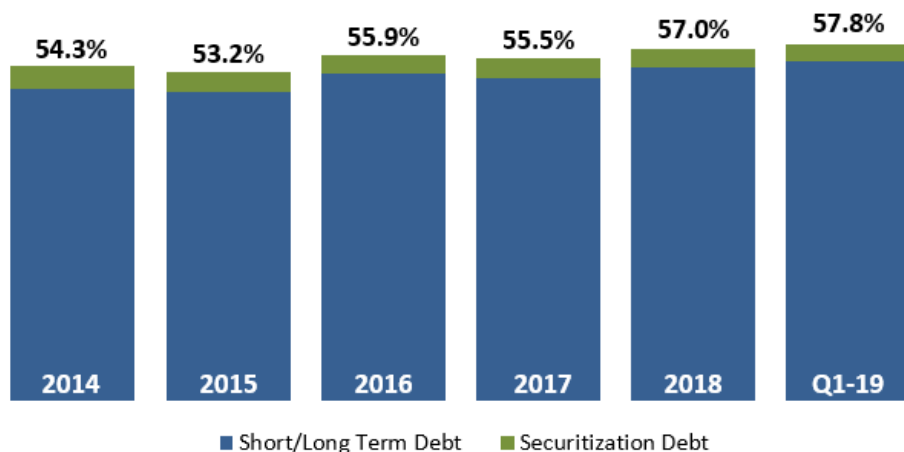


Personal Income Growth by Quarter

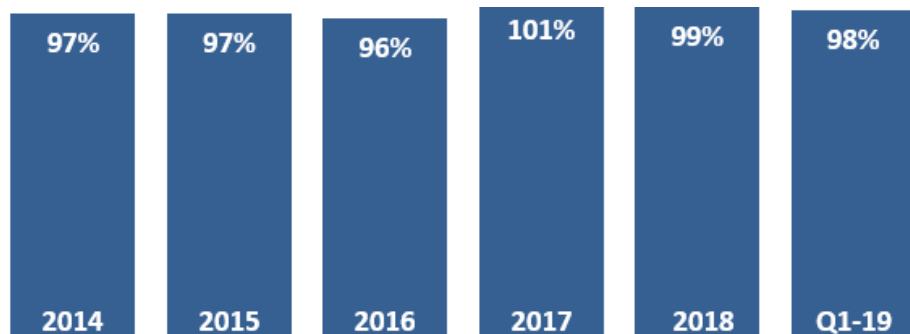


Capitalization and Liquidity

Total Debt / Total Capitalization



Qualified Pension Funding



Credit Statistics

	Actual	Target
FFO to Total Debt	18.1%	Mid Teens

*Represents the trailing 12 months as of 3/31/2019
See Appendix for reconciliation to GAAP*

Liquidity Summary

(unaudited)	3/31/2019 Actual	
\$ in millions	Amount	Maturity
Revolving Credit Facility	\$4,000	Jun-22
Plus		
Cash and Cash Equivalents	228	
Less		
Commercial Paper Outstanding	(1,108)	
Letters of Credit Issued	-	
Net Available Liquidity	\$3,120	

Summary

- ✓ Reaffirm 5% to 7% growth rate with 2019 operating earnings guidance range of \$4.00 to \$4.20
- ✓ Move forward with renewables opportunities
- ✓ Optimize O&M spend

Black Oak Getty Wind Farm (MN)



Apple Blossom Wind Farm (MI)

Appendix

1st Quarter Reconciliation of GAAP to Operating Earnings

	\$ in millions			Earnings Per Share		
	Q1-18	Q1-19	Change	Q1-18	Q1-19	Change
Reported GAAP Earnings	\$454	\$573	\$119	\$0.92	\$1.16	\$0.24
Non Operating Items:						
Mark-to-Market Impact of Commodity Hedging Activities ¹	19	3	(16)	0.04	0.01	(0.03)
Severance Charges ²	-	9	9	-	0.02	0.02
AEP Operating Earnings	\$473	\$585	\$112	\$0.96	\$1.19	\$0.23

¹ Items recorded in Generation & Marketing segment

² Items recorded in Vertically Integrated Utilities segment

Vertically Integrated Utilities

1st Quarter Summary

	Q1-18	Q1-19
\$ in millions (except EPS)		
Operating Revenues	\$2,408	\$2,403
Operating Expenses:		
Energy Costs	(858)	(856)
Operations and Maintenance	(740)	(679)
Depreciation and Amortization	(313)	(356)
Taxes Other Than Income Taxes	(110)	(116)
Operating Income	387	396
Net Interest/AFUDC	(125)	(127)
Non-Service Benefit Cost Components	18	17
Income Taxes	(48)	26
Other	(1)	(1)
Operating Earnings	231	311
Proforma Adjustments, Net of Tax	-	(9)
GAAP Earnings	\$231	\$302
EPS from Operating Earnings	\$0.47	\$0.63

See slide 13 for items excluded from Net Income to reconcile to Operating Earnings

Key Drivers: Q1-19 vs. Q1-18

- ✓ Rate Changes: \$45M favorable vs. prior year primarily from rate increases at I&M and PSO
- ✓ Weather: \$14M unfavorable vs. prior year; \$4M unfavorable vs. normal
- ✓ Normal Load: \$24M unfavorable vs. prior year primarily due to lower residential and commercial sales
- ✓ O&M: \$46M favorable (net of offsets) vs. prior year primarily due to decreased plant outages and maintenance
- ✓ Depreciation: \$5M unfavorable (net of offsets) vs. prior year primarily due to higher depreciable property balance
- ✓ Income Taxes: actual rate of (9.0%) Q1-19 vs. 17.0% Q1-18

Transmission and Distribution Utilities

1st Quarter Summary

	Q1-18	Q1-19
\$ in millions (except EPS)		
Operating Revenues	\$1,162	\$1,222
Operating Expenses:		
Energy Costs	(244)	(230)
Amortization of Generation Deferrals	(59)	(32)
Operations and Maintenance	(353)	(406)
Depreciation and Amortization	(173)	(184)
Taxes Other Than Income Taxes	(137)	(145)
Operating Income	196	225
Net Interest/AFUDC	(50)	(54)
Non-Service Benefit Cost Components	8	8
Income Taxes	(29)	(22)
Operating and GAAP Earnings	\$125	\$157
EPS from Operating Earnings	\$0.25	\$0.32

Key Drivers: Q1-19 vs. Q1-18

- ✓ Ohio Regulatory Provision: \$58M favorable due to reversal of the 2016 SEET provision
- ✓ Rate Changes: \$11M favorable primarily from the Ohio DIR and the Texas Distribution Cost Recovery Factor
- ✓ Weather: \$9M unfavorable vs. prior year; \$2M unfavorable vs. normal
- ✓ ERCOT Transmission Revenue: \$12M favorable due to recovery of increased transmission investment
- ✓ O&M: \$13M unfavorable (net of offsets) vs. prior year primarily due to increased transmission services
- ✓ Depreciation: \$17M unfavorable (net of offsets) vs. prior year primarily due to higher depreciable property balance
- ✓ Income Taxes: actual rate of 12.5% Q1-19 vs. 19.0% Q1-18

AEP Transmission Holdco

1st Quarter Summary

	Q1-18	Q1-19
\$ in millions (except EPS)		
Operating Revenues	\$206	\$256
Operating Expenses:		
Operations and Maintenance	(22)	(22)
Depreciation and Amortization	(32)	(42)
Taxes Other Than Income Taxes	(33)	(43)
Operating Income	119	149
Net Interest/AFUDC	(6)	(11)
Non-Service Benefit Cost Components	1	1
Income Taxes	(27)	(32)
Equity Earnings	18	18
Other	(1)	(1)
Operating and GAAP Earnings	\$104	\$124
EPS from Operating Earnings	\$0.21	\$0.25

Key Drivers: Q1-19 vs. Q1-18

- ✓ \$30M favorable Operating Earnings vs. prior year primarily due to increased revenues and expenses driven by increased capital investment in the wholly owned Transcos

Generation & Marketing

1st Quarter Summary

	Q1-18	Q1-19
\$ in millions (except EPS)		
Operating Revenues	\$529	\$486
Operating Expenses:		
Energy Costs	(409)	(383)
Operations and Maintenance	(68)	(51)
Depreciation and Amortization	(7)	(13)
Taxes Other Than Income Taxes	(3)	(4)
Operating Income	42	35
Net Interest/AFUDC	(1)	(2)
Non-Service Benefit Cost Components	4	4
Income Taxes	(8)	5
Other	-	1
Operating Earnings	37	43
Proforma Adjustments, Net of Tax	(19)	(3)
GAAP Earnings	\$18	\$40
EPS from Operating Earnings	\$0.08	\$0.09


Key Drivers: Q1-19 vs. Q1-18

- ✓ Generation decreased 2,317 GWh (64%) Q1-19 vs. Q1-18 primarily due to retirement of Stuart Plant in May 2018
- ✓ AEP Dayton ATC liquidations down 22%: \$29.21/MWh in Q1-19 vs. \$37.34/MWh in Q1-18
- ✓ Income Taxes: actual rate of (13.4%) Q1-19 vs. 17.8% Q1-18


See slide 13 for items excluded from Net Income to reconcile to Operating Earnings

1st Quarter Rate Performance

Vertically Integrated Utilities


	Rate Changes, net of offsets (\$ in millions)
	Q1-19 vs. Q1-18
APCo/WPCo	\$1
I&M	\$35
KPCo	-
PSO	\$9
SWEPCO	-
Kingsport	-
TOTAL	\$45
Impact on EPS	 \$0.07

Transmission and Distribution Utilities

	Rate Changes, net of offsets (\$ in millions)
	Q1-19 vs. Q1-18
AEP Ohio	\$6
AEP Texas	\$5
TOTAL	\$11
Impact on EPS	 \$0.02

1st Quarter Retail Load Performance

Vertically Integrated Utilities

	Retail Load ¹ (weather normalized)
	Q1-19 vs. Q1-18
APCo/WPCo	(0.9%)
I&M	(1.0%)
KPCo	(2.5%)
PSO	(0.4%)
SWEPCO	(0.02%)
Kingsport	(3.4%)
TOTAL	(0.8%)
Impact on EPS ²	 \$0.04

Transmission and Distribution Utilities



	Retail Load ¹ (weather normalized)
	Q1-19 vs. Q1-18
AEP Ohio	0.1%
AEP Texas	1.3%
TOTAL	0.5%
Impact on EPS ²	-

¹ Includes load on a billed basis only, excludes firm wholesale load and accrued sales


² Includes EPS impact of accrued revenues

1st Quarter Weather Impact

Vertically Integrated Utilities

	Weather Impact (\$ in millions)	
	Q1-19 vs. Q1-18	Q1-19 vs. Normal
APCo/WPCo	(\$14)	(\$5)
I&M	\$3	\$2
KPCo	(\$2)	(\$1)
PSO	\$2	\$1
SWEPCO	(\$3)	(\$1)
Kingsport	-	-
TOTAL	(\$14)	(\$4)
Impact on EPS	 \$0.02	 \$0.01

Transmission and Distribution Utilities

	Weather Impact (\$ in millions)	
	Q1-19 vs. Q1-18	Q1-19 vs. Normal
AEP Ohio	-	-
AEP Texas	(\$9)	(\$2)
TOTAL	(\$9)	(\$2)
Impact on EPS	 \$0.01	-

Current Rate Case Activity

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

Procedural Schedule:

Staff/Intervenor Filing 07/16/2019
 Rebuttal Testimony 08/20/2019
 Hearing 10/21/2019

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



AEP and Effective Tax Rates

Q1-19 Effective Tax Rate Reconciliation

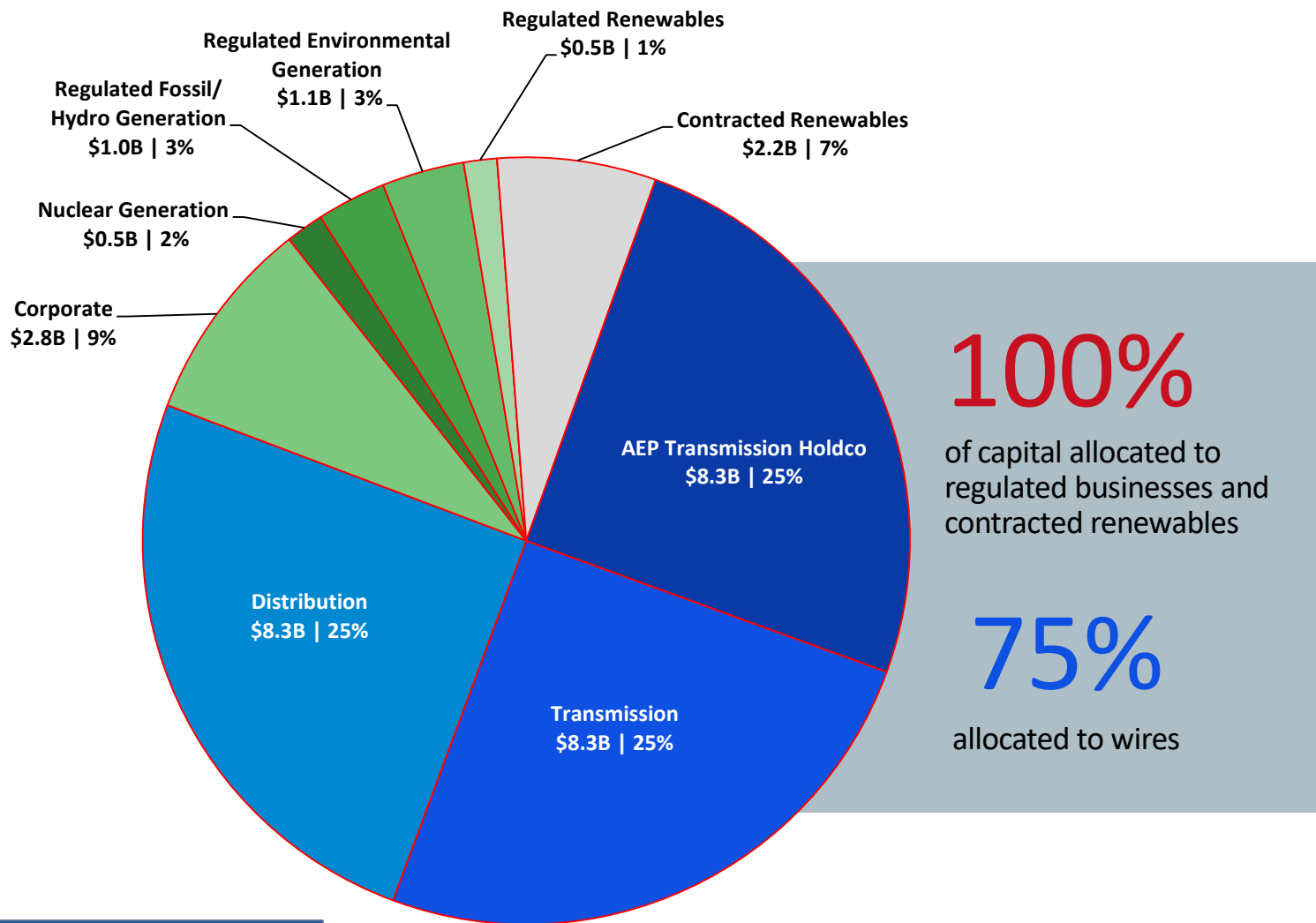
Q1-19	Amount (\$ in millions)	Tax Rate
Pre-tax Income	\$600	
Tax at Federal Rate	\$126	21%
Tax at State Rate	\$13	2%
Tax Credits and Amortization	(\$14)	(2%)
Excess Protected and Unprotected	(\$84)	(14%)
Other	\$4	1%
Tax Expense ¹	\$44	7%

Estimated 2019 and Future Cash Tax Rates²

Description	2019 (\$ in millions)	Future
Consolidated Federal Taxable Income	\$940	
Federal Income Tax Liability before Energy Credits	\$198	
Renewable Energy Credits	(\$149)	
Federal Income Tax Liability after Energy Credits	\$49	
Cash Effective Tax Rate after Energy Credits (Tax Rate after 75% Limitation)	5.25%	5.25%
Other Tax Credit Carryover Utilized	(\$14)	Not Applicable
Federal Income Tax Liability after Other Tax Credit	\$35	
Cash Effective Tax Rate	3.69%	5.25%

¹ Does not foot due to rounding | ² Does not include recent contracted renewables transactions

2019-2023 Capital Forecast: Total \$33B



Focus on wires and renewables

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			

Actual cash flows will vary by company and jurisdiction based on regulatory outcomes

GAAP to Non-GAAP Reconciliations and Ratios

Adjusted FFO Calculation

	12 Months Ended 3/31/19
	\$ in millions
Cash Flow From Operations	\$5,229
Adjustments:	
Changes in Working Capital	(299)
Capitalized Interest	(80)
Securitization Amortization	(312)
Operating Lease Depreciation	223
Adjusted Funds from Operations (FFO)	\$4,761

Adjusted Total Debt Calculation

	As of 3/31/19
	\$ in millions
GAAP Total Debt (incl. current maturities)	\$26,285
Less:	
Securitization Bonds	(978)
Spent Nuclear Fuel Trust	(275)
Equity Units Capital Adjust (25%)	(201)
Add:	
Finance Lease Obligations	298
Pension	114
Operating Leases	1,088
Adjusted Total Debt (Non-GAAP)	\$26,331

FFO to Total Debt Ratio

$$\frac{\text{Adjusted Funds from Operations (FFO)}}{\text{Adjusted Total Debt (Non-GAAP)}} = \frac{\$4,761}{\$26,331} = 18.1\%$$