

Criteria for Evaluating Directors

The Committee on Directors and Corporate Governance is responsible for evaluating candidates for initial nomination as directors and evaluating incumbent directors for continued service as directors.

The factors considered by the Committee and the Board of Directors in their review of candidates and incumbent directors include the following:

Personal Traits

- Highest personal and professional ethics, integrity and values
- Inquisitive and objective perspective, practical wisdom and mature judgment
- Demonstrated intelligence, maturity, wisdom and independent judgment
- Self-confidence to contribute to board deliberations, and stature such that other board members will respect his or her views.

Experience and Background

- Demonstrated record of achievement and success at policy-setting and strategy development levels in a complex and sophisticated organization (such as corporation, government, academic institution or profession)
- Typically first level leadership position (i.e., Chair, CEO or President or equivalent) or second level (i.e., COO, CFO or head of a major subsidiary or line of business) unless the board is seeking a particular skill set (e.g., technology, human resources management or audit committee financial expert)
- Leadership role at the time a potential director's initial candidacy is evaluated must either be current or very fresh and recent, and incumbent directors should continue to demonstrate a sophisticated understanding and current knowledge of complex business issues
- A mastery of a broad knowledge area (e.g., energy, finance, marketing, engineering, environmental affairs, technology, law, governmental affairs, human resources management, executive leadership) that blends with the skills of current board members and proposed board role
- Absence of adverse events (e.g., bankruptcy affiliations, securities law sanctions, etc.) that either disqualify or require adverse disclosures

Fit

- The intangibles of demeanor, attitude and interpersonal skills that indicate the candidate will be an effective member of the board of directors “team” in a major company setting
- Special skills, expertise and background that contribute to the diversity of views and perspective of the board as a whole
- “Independence” as defined by NYSE and/or IRS §162(m), if needed for the proposed board role
- “Audit committee financial expert” and Audit Committee independence, if needed for proposed Audit Committee service
- Willingness to devote sufficient time to carrying out the duties and responsibilities effectively, including attendance at meetings
- Commitment to representing the long-term interests of the shareholders and balancing the interests of stakeholders
- Willingness to challenge management in a constructive manner while working effectively as a part of a team in an environment of collegiality and trust
- Absence of an unacceptable number of other board commitments and other fixed outside obligations
- Absence of personal and business relationships that would pose a conflict of interest with the best interests of AEP

An individual who is a highly qualified candidate in the context of the overall skills, experiences and perspectives of the incumbent members of the Board at one time might be less suitable at a different time in the context of a different blend of skills, experiences and perspectives of a different Board.

Two central objectives in selecting board members and continued board service are that the skills, experiences and perspectives of the Board as a whole should be broad and diverse, and that the talents of all members of the Board should blend together to be as effective as possible. In particular, the Board should be balanced by having complementary knowledge, expertise and skill in areas such as business, finance, accounting, marketing, public policy, manufacturing and operations, government, technology, environmental and other areas that the Board has decided are desirable and helpful to fulfilling its role. Diversity in gender, race, age, tenure of board service, geography and background of directors, consistent with the Board’s requirements for knowledge, standards, and experience, are desirable in the mix of the Board.