50th EEI Financial Conference
Hollywood, Florida
November 8-11, 2015
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: the economic climate, growth or contraction within and changes in market demand and demographic patterns in our service territory, inflationary or deflationary interest rate trends, volatility in the financial markets, particularly developments affecting the availability of capital on reasonable terms and developments impairing our ability to finance new capital projects and refinance existing debt at attractive rates, 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, customer growth and the impact of retail competition, weather conditions, including storms and drought conditions, and our ability to recover significant storm restoration costs, available sources and costs of, and transportation for, fuels and the creditworthiness and performance of fuel suppliers and transporters, availability of necessary generation capacity and the performance of our generation plants, our ability to recover increases in fuel and other energy costs through regulated or competitive electric rates, our ability to build or acquire generation capacity and transmission lines and facilities (including our 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 or additional regulation of fly ash and similar combustion products that could impact the continued operation, cost recovery and/or profitability of our 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, a reduction in the federal statutory tax rate could result in an accelerated return of deferred federal income taxes to customers, 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, our ability to constrain operation and maintenance costs, our ability to develop and execute a strategy based on a view regarding prices of electricity and other energy-related commodities, prices and demand for power that we generate and sell at wholesale, changes in technology, particularly with respect to new, developing, alternative or distributed sources of generation, our ability to recover through rates or market prices 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, the transition to market for generation in Ohio, including the implementation of ESPs, our ability to successfully and profitably manage our separate competitive generation assets, changes in the creditworthiness of the counterparties with whom we have contractual arrangements, including participants in the energy trading market, actions of rating agencies, including changes in the ratings of our debt, the impact of volatility in the capital markets on the value of the investments held by our 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.
110 years of innovation

422 consecutive quarterly dividends

1906

Changing with the times
Delivering shareholder value

2016
Note: Statistics as of September 30, 2015, except market capitalization which is as of November 2, 2015.
Regulated Investments
Sustainable Energy Resources
Proven Financial Results
Customer Focus
REGULATED INVESTMENTS

- Investing $13 billion in 2016-2018
- 72% of capital investments allocated to wires
- 96% of capital investments are regulated
- The largest transmission network in the nation
- Significant long-term investment opportunities
96% in regulated businesses

$13B Cap-ex from 2016-2018
$ in millions excluding AFUDC

- AEP Transmission Holdco, $3,212, 25%
- Transmission, $2,455, 19%
- Distribution, $3,708, 28%
- Competitive Operations, $502, 4%
- Regulated New Generation, $110, 1%
- Regulated Environmental Generation, $919, 7%
- Nuclear Generation, $463, 4%
- Regulated Fossil/Hydro Generation, $830, 6%
- Corporate, $801, 6%

Regulated Generation - $2.3B
Regulated Distribution - $3.7B
Regulated Transmission - $5.7B
7.3% CAGR in Net Regulated Plant

Cumulative change from 2014 base

Vertically Integrated Utilities | Wires Companies | Transcos/Transource

2014 Net Regulated Plant = $38.9B

2015E: $4.0 B
- $1.2 B
- $0.8 B
- $2.0 B

2016E: $7.7 B
- $2.5 B
- $1.8 B
- $3.4 B

2017E: $10.3 B
- $3.5 B
- $2.4 B
- $4.4 B

2018E: $12.7 B
- $4.4 B
- $3.0 B
- $5.3 B

Net Regulated Plant Growth
Strategic transmission structure

- Dedicated investment vehicles
- FERC & PUCT approved rate structures
- Transparent and efficient entities
SUSTAINABLE ENERGY RESOURCES

- Transforming our generation fleet
- Dramatically reducing emissions
- Adding more renewable sources
- Integrating renewables through the nation’s largest transmission network
Reducing our carbon footprint

AEP Owned Generating Capacity by Fuel (actual & projected)

- **Coal**
  - 2005: 74%
  - 2010: <1%
  - 2016: 51%
  - 2020: 48%
  - 2026: 48%

- **Natural Gas**
  - 2005: 17%
  - 2010: 17%
  - 2016: 27%
  - 2020: 25%
  - 2026: 15%

- **Nuclear**
  - 2005: 6%
  - 2010: 6%
  - 2016: 5%
  - 2020: 6%
  - 2026: 6%

- **Hydro, Wind, Solar & Pumped Storage**
  - 2005: 3%
  - 2010: <1%
  - 2016: 11%
  - 2020: 15%
  - 2026: 15%

- **Energy Efficiency/Demand Response**
  - 2005: 6%
  - 2010: 6%
  - 2016: 6%
  - 2020: 6%
  - 2026: 6%

**Energy Resources**
Adding $8.1 billion in controls

Significant Environmental Investments (in millions)

Total $8.1 billion

- 2000: $102
- 2001: $275
- 2002: $364
- 2003: $217
- 2004: $340
- 2005: $811
- 2006: $1,366
- 2007: $994
- 2008: $887
- 2009: $457
- 2010: $304
- 2011: $187
- 2012: $241
- 2013: $424
- 2014: $540
- 2015 (est): $566
Dramatic emission reductions

Total AEP System Emissions 1990–2017 (projected)

SO₂ projected 90%

NOₓ projected 85%

Hg projected 85%

Total AEP System Annual CO₂ Emissions

25% estimated reduction in CO₂ emissions from 2005–2017

(in million metric tons)

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>145.9</td>
<td>145.2</td>
<td>150.7</td>
<td>150.9</td>
<td>132.0</td>
<td>135.1</td>
<td>136.5</td>
<td>121.9</td>
<td>115.3</td>
<td>122.7</td>
<td>109.7</td>
</tr>
</tbody>
</table>
Delivering clean energy resources

Over 7,500 MW of renewable generation interconnected via AEP’s transmission system today

<table>
<thead>
<tr>
<th>AEP’s 2016 Wind and Solar Portfolio (nameplate capacity)</th>
<th>MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEP Ohio</td>
<td>209</td>
</tr>
<tr>
<td>Appalachian Power Company</td>
<td>374</td>
</tr>
<tr>
<td>Indiana Michigan Power Company</td>
<td>466</td>
</tr>
<tr>
<td>Public Service Company of Oklahoma</td>
<td>1,138</td>
</tr>
<tr>
<td>Southwestern Electric Power Company</td>
<td>470</td>
</tr>
<tr>
<td>Competitive Wind &amp; Wind PPAs</td>
<td>488</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,145</strong></td>
</tr>
</tbody>
</table>
Clean Power Plan Overview

2030 State CO₂ Reduction Goals
(Final State Mass Goals vs. EPA-adjusted 2012 Emissions)

PROVEN FINANCIAL RESULTS

- 4-6% long-term earnings growth
- 422 quarters of consecutive dividends
- Balance sheet strength
**4-6% EPS growth rate**

Earnings growth achieved through capital investment and rate recovery, identified sustainable cost savings and O&M spending discipline.

**EPS Growth + Dividend Yield = 8-10% Annual Return Opportunity**
Strong, consistent dividend growth

Targeted payout ratio
60-70% of operating earnings

Supported by earnings from regulated operations

Declared 422 consecutive quarters

Dividend Growth = 4.1%

* Subject to approval by Board of Directors
Proven track record of *Regulated* earnings growth

**Regulated Earnings Growth**

- **2012**: $2.47
- **2016E**: $3.30

*7.5% Growth*
Expected Regulated Operations ROE = 10.1%

Pro-forma 2016

Sphere size reflects each company’s relative equity balance
CUSTOMER FOCUS

- Improving reliability/efficiency
- Enhancing customer experience
- Deploying technology
- Working with regulators as partners
THE NEXT PREMIUM REGULATED UTILITY
### 2015-2018 Financing Plan & Credit Metrics

**Anticipated cash flows maintain solid credit metrics**

<table>
<thead>
<tr>
<th>$ in millions</th>
<th>2015E</th>
<th>2016E</th>
<th>2017E</th>
<th>2018E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash from Operations</td>
<td>4,300</td>
<td>3,900</td>
<td>4,100</td>
<td>4,400</td>
</tr>
<tr>
<td>Capital &amp; JV Equity Contributions</td>
<td>(4,600)</td>
<td>(5,000)</td>
<td>(4,000)</td>
<td>(4,000)</td>
</tr>
<tr>
<td>Other Investing Activities</td>
<td>400</td>
<td>(200)</td>
<td>(200)</td>
<td>(300)</td>
</tr>
<tr>
<td>Common Dividends @ $2.15/share 2015; $2.24/share – 2016*</td>
<td>(1,100)</td>
<td>(1,100)</td>
<td>(1,100)</td>
<td>(1,100)</td>
</tr>
<tr>
<td>Excess (Required) Capital</td>
<td>(1,000)</td>
<td>(2,400)</td>
<td>(1,200)</td>
<td>(1,000)</td>
</tr>
</tbody>
</table>

**Financing ($ in millions)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess (Required) Capital</td>
<td>(1,000)</td>
<td>(2,400)</td>
<td>(1,200)</td>
<td>(1,000)</td>
</tr>
<tr>
<td>Debt Maturities (Senior Notes, PCRBs)</td>
<td>(2,000)</td>
<td>(1,100)</td>
<td>(2,300)</td>
<td>(1,200)</td>
</tr>
<tr>
<td>Securitization Amortizations</td>
<td>(300)</td>
<td>(300)</td>
<td>(300)</td>
<td>(300)</td>
</tr>
<tr>
<td>AGR Term Loan **</td>
<td>-</td>
<td>-</td>
<td>500</td>
<td>-</td>
</tr>
<tr>
<td>Equity Issuances (DRP/401K)</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>Debt Capital Market Needs</td>
<td>(3,200)</td>
<td>(3,700)</td>
<td>(3,200)</td>
<td>(2,400)</td>
</tr>
</tbody>
</table>

**Financial Metrics**

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt to Capitalization Target</td>
<td>Mid 50s</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FFO/Total Debt ***</td>
<td>Mid -to- Upper teens</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Assumes current quarterly dividend of $0.56 per share; dividend evaluated by board of directors each quarter; stated target payout ratio range is 60-70%*

**AGR term loan matures April 2017, and is assumed to be refinanced for modeling purposes**

***Excludes securitization debt***
2016 Operating Earnings Guidance Range of $3.60 - $3.80 per share
2016 Key Guidance Sensitivities & Assumptions

**Sensitivities**

<table>
<thead>
<tr>
<th>Sensitivity</th>
<th>Sensitivity</th>
<th>EPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Sales-Average Mix</td>
<td>0.5%</td>
<td>+/- 0.04</td>
</tr>
<tr>
<td>Wholesale Market Prices (Regulated)</td>
<td>$1 MWh</td>
<td>+/- 0.01</td>
</tr>
<tr>
<td>Wholesale Market Prices (Competitive)</td>
<td>$1 MWh</td>
<td>+/- 0.03</td>
</tr>
<tr>
<td>O&amp;M Expense (excludes O&amp;M with offsets)</td>
<td>1.0%</td>
<td>+/- 0.04</td>
</tr>
<tr>
<td>2016 Effective Income Tax rate @ 34.7%</td>
<td>1.0%</td>
<td>+/- 0.06</td>
</tr>
</tbody>
</table>

Note: A $7.5M change in pre-tax earnings equals $0.01/share

**Assumptions**

- **Rate Changes:** $151M; $67M secured
- **2016 Regulated Connected Load:**
  - Residential: 59,003 GWh
  - Commercial: 50,899 GWh
  - Industrial: 58,340 GWh
  - OSS-Vertically Integrated: 20,158 GWh
  - OSS-T&D: 2,786 GWh
- **OSS Gross Margin**
  - Vertically Integrated: $77M
  - T&D: $13M
- **Generation Hub Prices:**
  - Peak: $37.79
  - Off Peak: $27.15
- **Henry Hub NG Price:** $3.23
- **Average Shares Outstanding:** 492.5M
Every dollar counts

Total Annual O&M
(excluding River Operations and items recovered in riders/trackers) $ in billions

Identified $120M - $205M earnings improvements by 2016; On target to achieve $205M

- **Generation (including nuclear)**
  - (largely related to competitive generation)
  - $70-100M; Expecting $116M

- **Transmission**
  - $10-25M; Expecting $19M

- **Distribution**
  - $20-40M; Expecting $21M

- **Corporate**
  - $10-25M; Expecting $34M

- **Supply Chain/Procurement**
  - $10-15M; Expecting $15M
Normalized Retail Load Trends – AEP System

AEP Residential Normalized GWh Sales
% Change vs. Prior Year

-1.6% 0.0% 1.1% 0.9%


AEP Commercial Normalized GWh Sales
% Change vs. Prior Year

-0.6% -0.1% 1.7% 0.6% 0.6%


AEP Industrial GWh Sales
% Change vs. Prior Year

-4.5% 0.4% 1.7% 2.1%


AEP Total Normalized GWh Sales
% Change vs. Prior Year

-0.8% -1.6% 1.0% 0.4% 1.2%


EPS Impact of $0.12 for Retail Load
Normalized Load Trends by Segment

Vertically Integrated Utilities GWh Sales
% Change vs. Prior Year


-0.4% -0.6% 1.2% 0.0% 1.3%

R:  +0.6%
C:  +0.5%
I:  +2.4%

Included Companies:
Appalachian Power
Indiana Michigan Power
Kentucky Power
Kingsport Power
Public Service Co of OK
Southwestern Electric Power
Wheeling Power

Transmission & Distribution Utilities GWh Sales
% Change vs. Prior Year


-1.3% -3.0% 0.8% 0.8% 1.2%

R:  +1.2%
C:  +0.8%
I:  +1.7%

Included Companies:
Ohio Power
AEP Texas Central
AEP Texas North

EPS Impact of $0.10 for Vertically Integrated & $0.02 for T&D Retail Load

31
Location of upcoming Oil & Gas expansion through 2017

Shale gas development driving industrial load growth

**Oil & Gas Related Expansion Assumptions Through 2017**

<table>
<thead>
<tr>
<th>Company</th>
<th>MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEP-Ohio</td>
<td>292</td>
</tr>
<tr>
<td>AEP-Texas</td>
<td>233</td>
</tr>
<tr>
<td>PSO</td>
<td>98</td>
</tr>
<tr>
<td>Wheeling</td>
<td>42</td>
</tr>
<tr>
<td>APCo</td>
<td>29</td>
</tr>
<tr>
<td>IM</td>
<td>21</td>
</tr>
<tr>
<td>SWEPCo</td>
<td>7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>722</strong></td>
</tr>
</tbody>
</table>
Despite negative equity returns of over 6% YTD, the pension plan has lost only 0.6%, due to its 60% allocation to liability matching bonds, which posted small gains. OPEB returns are down 6.3% YTD, due to the negative market for equities. OPEB obligations remain fully funded at 112 percent.

We expect combined pension and OPEB costs (pre-tax and including capitalized portion) to increase by $7M from 2015 to 2016 subject to potential changes in investment results, interest rates and actuarial assumptions.

Pension funding and expense for regulated subsidiaries are recovered through base rates.

<table>
<thead>
<tr>
<th>Assumptions</th>
<th>2015E</th>
<th>2016E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension Discount Rate</td>
<td>4.00%</td>
<td>4.25%</td>
</tr>
<tr>
<td>OPEB Discount Rate</td>
<td>4.00%</td>
<td>4.25%</td>
</tr>
<tr>
<td>Assumed Long Term Rate of Return on Pension Assets</td>
<td>6.00%</td>
<td>6.00%</td>
</tr>
<tr>
<td>Assumed Long Term Rate of Return on OPEB Assets</td>
<td>6.75%</td>
<td>6.75%</td>
</tr>
<tr>
<td>Pension/OPEB Funding</td>
<td>$106M</td>
<td>$103M</td>
</tr>
<tr>
<td>Pension/OPEB Cost*</td>
<td>$42M</td>
<td>$49M</td>
</tr>
</tbody>
</table>

*Cost component is pretax and pre-capitalization; on average, 35% of pension and OPEB costs are capitalized and 65% are expensed.
Pending Oklahoma Rate Case

Base rate case filed July 1, 2015
- Requested rate base of $2.1 billion
- Requested increase of $172M, consisting of $44M for Northeastern Unit 3 & Comanche Power Plant, $89M of traditional base rate increases, and $39M for compliance related fuel clause changes
- Requested an ROE of 10.50%
- Requested capital structure of 52% debt 48% equity

Remaining Procedural Schedule
- November 10th
- November 17th
- December 8th
- Rebuttal testimony due
- Settlement conference
- Hearing commences
Amended Purchase Power Agreement Filing

- Stabilizes retail rates in AEP Ohio’s service area and protects reliability and the economy in Ohio
- Utilize PPA recovery mechanism proposed in ESP III, to include 100% of AEP Generation Resources (AGR’s) share of 4 plants, along with OVEC Entitlement* for the remaining life of the units
- PPA is FERC jurisdictional, with projected initial ROE of approximately 11.2%
- Estimated rate base for AGR plants is $1.6B, with 50/50 cap structure
- Average remaining life of assets is 20 years
- Initial briefs due November 24, 2015; Reply briefs due December 9, 2015, allowing the Commission to rule on the case anytime thereafter

*Plants included in PPA filing:

<table>
<thead>
<tr>
<th>Plant*</th>
<th>MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardinal Unit 1</td>
<td>592 MW</td>
</tr>
<tr>
<td>Conesville</td>
<td>Unit 4 (CCD): 339 MW Units 5&amp;6: 810 MW</td>
</tr>
<tr>
<td>Stuart</td>
<td>4 Coal Units: 600 MW</td>
</tr>
<tr>
<td>Zimmer</td>
<td>330 MW</td>
</tr>
<tr>
<td>OVEC Entitlement</td>
<td>423 MW</td>
</tr>
<tr>
<td>Total</td>
<td>3,094 MW</td>
</tr>
</tbody>
</table>
TRANSMISSION GROWTH
Strategic ownership structure

AEP TRANSMISSION HOLDING COMPANY, LLC
(“AEP Trans Holdco”)

AEP TRANSMISSION COMPANY, LLC
(“AEP Transco”)

AEP Appalachian Transmission Company, Inc.
AEP Indiana Michigan Transmission Company, Inc.
AEP Oklahoma Transmission Company, Inc.
AEP West Virginia Transmission Company, Inc.

AEP Kentucky Transmission Company, Inc.
AEP Ohio Transmission Company, Inc.
AEP Southwest Transmission Company, Inc.

100%
100%
100%

50% 50% 86.5% 50%

$48M Net Plant* $14M Net Plant* $154M Net Plant* $184M Net Plant*

$715M Net Plant* $497M Net Plant* $1,687M Net Plant* $2,587M Net Plant*

50%

$14M Net Plant*

AEP TRANSMISSION HOLDING COMPANY, LLC
(“AEP Trans Holdco”)

Note: Private placement financing has occurred at Electric Transmission Texas, LLC and AEP Transmission Company, LLC, Prairie Wind and Transource Missouri LLC.

* As of 9/30/2015

Transco Issuing Entity
Currently Operating
Not Currently Operating
Transmission Holdco

4 TYPES OF PROJECTS:
- Regional reliability projects & economic projects to address retirements and renewables
- Local reliability plans
- Aging infrastructure
- Customer-driven projects

With incremental high case capital, AEPTHC could grow EPS at a CAGR of 35% through 2019

Non-firm joint venture projects not included; high case investment is strictly related to the existing Transcos (no assumption for securing additional competitive opportunities)
AEP Energy Supply integrates the competitive generation, wholesale and retail businesses.
AEP Generation Resources Footprint

Fleet Characteristics 09/30/2015

(Total 7,923 MW)

<table>
<thead>
<tr>
<th>Fuel Type</th>
<th>Capacity (MW)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal, controlled, 67.4%</td>
<td></td>
</tr>
<tr>
<td>Gas, CC, 25.6%</td>
<td></td>
</tr>
<tr>
<td>Hydro, 0.6%</td>
<td></td>
</tr>
</tbody>
</table>

**Wholly-owned, AEP operated, 69% of fleet**

- Gavin: 2,665 Coal, controlled
- Cardinal 1*: 595 Coal, controlled
- Conesville 5, 6*: 810 Coal, FGD, Gore HG
- Waterford: 840 Gas, CC, SCR
- Darby: 507 Gas, CT
- Racine: 48 Hydro

**Joint Venture, AEP operated 4% of fleet**

- Conesville 4*: 339 Coal, controlled

**Joint Venture, operated by others, 12% of fleet**

- Zimmer*: 330 Coal, controlled
- Stuart*: 603 Coal, controlled

**Capacity/energy entitlesments, 15% of fleet**

- Lawrenceburg: 1,186 Gas, CC, SCR

**Total**: 7,923

* Part of the proposed PPA filed in Ohio

Note: The portfolio also includes AEP Energy Partners' assets in ERCOT consisting of the Oklaunion Coal Plant PPA (355MW), Wind Farms (311MW) and Renewable PPAs (177MW)
AEP Generation Resources: Expected Generation

Generation from fleet expected to be in the range of 38-42 million MWh

Fleet is well-positioned from a cost and operational perspective to participate in the competitive market.
Energy Sales Opportunities

2016 Energy Sales Opportunity

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short Term</td>
<td>20 - 40%</td>
</tr>
<tr>
<td>Financial Instruments</td>
<td></td>
</tr>
<tr>
<td>Wholesale Customers (Muni, Co-op, Utility Auction)</td>
<td>20 - 40%</td>
</tr>
<tr>
<td>Competitive Retail Customers</td>
<td>25 – 40%</td>
</tr>
</tbody>
</table>

AEP Energy (Retail) Profile
YTD September 2015 Delivered Load

- Residential, 24%
- Commercial & Industrial, 76%
- OH, 73%
- IL, 15%
- PA, 9%
- NJ, 3%

- Currently serving 355,000 customers
- Expect to serve 14 TWh of load in 2015
- Provide hedging opportunities for AGR
- Customer growth in western PJM

80% of expected gross margin in 2016 is secured by energy hedges and RPM capacity
# AEP Energy Supply: Earnings & Cost Management

<table>
<thead>
<tr>
<th>Estimated (in $ millions)</th>
<th>2015E</th>
<th>2016 Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy/Capacity Gross Margin</td>
<td>$1,135</td>
<td>$760-$960</td>
</tr>
<tr>
<td>Costs</td>
<td>350</td>
<td>330</td>
</tr>
<tr>
<td>EBITDA</td>
<td>$785</td>
<td>$430-$630</td>
</tr>
<tr>
<td>Capital Expenditures</td>
<td>160</td>
<td>160</td>
</tr>
<tr>
<td>Cash Flow*</td>
<td>$625</td>
<td>$280-$480</td>
</tr>
</tbody>
</table>

*Excludes income taxes, interest and changes in working capital

## Cost Trend ($ in millions)

- **2011-2013**: Ongoing $400, Disposition units & Mitchell $490
- **2014**: Ongoing $389, Disposition units & Mitchell $473
- **2015**: Ongoing $350, Disposition units & Mitchell $350
- **2016**: Ongoing $326, Disposition units & Mitchell $330

**Includes $43M in ARO credits/gains on sale of disposition units**
Near-term financing strategy will preserve flexibility

**Conservatively Capitalized**

- Capitalization as of 9/30/15:
  - Debt: 24%
  - Equity: 76%
  - Total Capitalization: $3.0 billion

- The corporate separation term loan balance at the end of the 3rd quarter is $500 million, maturing April 2017

- Term loan refinancing options include AEP Holdco support, Pollution Control Bonds or AGR stand-alone financing

**Adequate Liquidity**

- Liquidity backstop provided through $3.5B in AEP core credit facilities
- Current expiration dates for the two facilities are June 2017 and July 2018
# 2016-2018 Capital Forecast by Subsidiary

<table>
<thead>
<tr>
<th>$ in Millions (excluding AFUDC)</th>
<th>2016E</th>
<th>2017E</th>
<th>2018E</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appalachian Power Co.</td>
<td>$691</td>
<td>$553</td>
<td>$577</td>
<td>$1,822</td>
</tr>
<tr>
<td>Wheeling Power Co.</td>
<td>$21</td>
<td>$47</td>
<td>$58</td>
<td>$127</td>
</tr>
<tr>
<td>Indiana Michigan Power Co.</td>
<td>$603</td>
<td>$500</td>
<td>$423</td>
<td>$1,526</td>
</tr>
<tr>
<td>Kentucky Power Co.</td>
<td>$117</td>
<td>$89</td>
<td>$105</td>
<td>$311</td>
</tr>
<tr>
<td>Ohio Power Co.</td>
<td>$537</td>
<td>$437</td>
<td>$428</td>
<td>$1,401</td>
</tr>
<tr>
<td>Public Service Co. of OK</td>
<td>$432</td>
<td>$245</td>
<td>$238</td>
<td>$915</td>
</tr>
<tr>
<td>Southwestern Electric Power Co.</td>
<td>$400</td>
<td>$355</td>
<td>$363</td>
<td>$1,118</td>
</tr>
<tr>
<td>Texas Central Co.</td>
<td>$483</td>
<td>$369</td>
<td>$357</td>
<td>$1,209</td>
</tr>
<tr>
<td>Texas North Co.</td>
<td>$234</td>
<td>$188</td>
<td>$186</td>
<td>$608</td>
</tr>
<tr>
<td>AEP Generating Co.</td>
<td>$67</td>
<td>$77</td>
<td>$63</td>
<td>$208</td>
</tr>
<tr>
<td>AEP Transmission Holdco</td>
<td>$1,242</td>
<td>$991</td>
<td>$979</td>
<td>$3,212</td>
</tr>
<tr>
<td>Competitive Operations</td>
<td>$160</td>
<td>$137</td>
<td>$205</td>
<td>$502</td>
</tr>
<tr>
<td>Other</td>
<td>$13</td>
<td>$10</td>
<td>$19</td>
<td>$41</td>
</tr>
<tr>
<td><strong>Total Capital &amp; Equity Contributions</strong></td>
<td><strong>$5,000</strong></td>
<td><strong>$4,000</strong></td>
<td><strong>$4,000</strong></td>
<td><strong>$13,000</strong></td>
</tr>
</tbody>
</table>

*May not foot due to rounding*
Appalachian Power/Wheeling Power

Appalachian Power
Projected Net Plant

Wheeling Power
Projected Net Plant

APCo/Wheeling Normalized GWh Sales
% Change vs. Prior Year

APCo/Wheeling 2016-2018 Capital by Function
$ in millions, excluding AFUDC
Ohio Power

AEP Ohio
Projected Net Plant

Note: AEP Ohio net plant represents an estimate of the company as wires-only for the periods presented

AEP Ohio Normalized GWh Sales
% Change vs. Prior Year

AEP Ohio 2016-2018 Capital by Function
$ in millions, excluding AFUDC

R: +1.2%
C: +0.1%
I: +1.8%

49
Indiana Michigan Power

Projected Net Plant

CAGR = 6%

I&M Normalized GWh Sales
% Change vs. Prior Year

R: +0.8%
C: +1.0%
I: +1.0%

I&M 2016-2018 Capital by Function
$ in millions, excluding AFUDC

- Regulated New Generation
  - $27 2%
- Transmission
  - $241 16%
- Distribution
  - $442 29%
- Regulated Nuclear Generation
  - $463 30%
- Regulated Environmental Generation
  - $185 12%
- Corporate
  - $113 7%
- Fossil/Hydro Generation
  - $54 4%
Kentucky Power

Projected Net Plant

CAGR = 2%

Kentucky Power 2016-2018 Capital by Function
$ in millions, excluding AFUDC

Regulated Environmental Generation $54, 17%
Regulated Fossil/Hydro Generation $46, 15%
Corporate $51, 16%
Transmission $41, 13%
Distribution $120, 39%

Kentucky Power Normalized GWh Sales
% Change vs. Prior Year

R: +0.2%
C: -1.1%
I: -2.5%
Public Service Company of Oklahoma

PSO
Projected Net Plant

<table>
<thead>
<tr>
<th>Year</th>
<th>$ millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013A</td>
<td>$3,166</td>
</tr>
<tr>
<td>2014A</td>
<td>$3,441</td>
</tr>
<tr>
<td>2015E</td>
<td>$3,707</td>
</tr>
<tr>
<td>2016E</td>
<td>$4,020</td>
</tr>
<tr>
<td>2017E</td>
<td>$4,148</td>
</tr>
<tr>
<td>2018E</td>
<td>$4,266</td>
</tr>
</tbody>
</table>

CAGR = 6%

PSO Normalized GWh Sales
% Change vs. Prior Year

<table>
<thead>
<tr>
<th>Year</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012A</td>
<td>1.1%</td>
</tr>
<tr>
<td>2013A</td>
<td>0.0%</td>
</tr>
<tr>
<td>2014A</td>
<td>1.7%</td>
</tr>
<tr>
<td>2015E</td>
<td>1.6%</td>
</tr>
<tr>
<td>2016E</td>
<td>3.3%</td>
</tr>
</tbody>
</table>

R: +1.2%
C: +0.6%
I: +8.5%

PSO 2016-2018 Capital by Function
$ in millions, excluding AFUDC

- Regulated New Generation: $58, 6%
- Transmission: $131, 14%
- Regulated Fossil/Hydro Generation: $116, 13%
- Corporate: $88, 10%
- Distribution: $465, 51%

AEP
Southwestern Electric Power

**SWEPCO**
Projected Net Plant

- 2013A: $5,533
- 2014A: $5,907
- 2015E: $6,331
- 2016E: $6,583
- 2017E: $6,767
- 2018E: $6,949

CAGR = 5%

**SWEPCO Normalized GWh Sales**
% Change vs. Prior Year

- 2012A: 0.0%
- 2013A: 0.2%
- 2014A: 1.5%
- 2015E: -0.4%
- 2016E: 0.3%

R: +0.8%
C: +0.3%
I: -0.2%

**SWEPCO 2016-2018 Capital by Function**
$ in millions, excluding AFUDC

- Regulated Environmental Generation: $192, 17%
- Regulated Fossil/Hydro Generation: $245, 22%
- Corporate: $92, 8%
- Transmission: $285, 26%
- Distribution: $303, 27%
AEP Texas

Texas Central
Projected Net Plant

CAGR = 9%

AEP Texas Normalized GWh Sales
% Change vs. Prior Year

R: +1.1%
C: +1.7%
I: +1.3%

AEP Texas 2016-2018 Capital by Function
$ in millions, excluding AFUDC

Texas North
Projected Net Plant

CAGR = 9%

AEP Texas 2016-2018 Capital by Function
$862
47%

Transmission
$784
43%

Regulated Environmental Generation
$13
1%

Regulated Fossil/Hydro Generation
$14
1%
Other Utility Subsidiaries

**AEP Generating**
Projected Net Plant

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Value ($ millions)</td>
<td>$346</td>
<td>$380</td>
<td>$409</td>
<td>$450</td>
<td>$506</td>
<td>$536</td>
</tr>
</tbody>
</table>

Excludes Lawrenceburg Plant

CAGR = 9%

**Kingsport Power**
Projected Net Plant

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Value ($ millions)</td>
<td>$98</td>
<td>$105</td>
<td>$114</td>
<td>$122</td>
<td>$130</td>
<td>$139</td>
</tr>
</tbody>
</table>

CAGR = 7%

**AEP Generating 2016-2018 Capital by Function**

- Corporate: $1 (1%)
- Regulated Fossil/Hydro Generation: $47 (23%)
- Regulated Environmental Generation: $160 (77%)

**Kingsport 2016-2018 Capital by Function**

- Corporate: $5 (10%)
- Distribution: $35 (75%)
- Transmission: $7 (15%)
AMERICA’S ENERGY PARTNER

Transmission growth

Diversified generation

Well-run utilities

Low-risk investments, reliable returns

For more information

Bette Jo Rozsa
Managing Director
Investor Relations
614-716-2840
bjrozsa@aep.com

Bradley Funk
Director
Regulated Accounting
614-716-3162
bfmunk@aep.com