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 refinancing 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.

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

Bradley Funk
Director
Regulated Accounting
614-716-3162
bmfunk@aep.com
110 years of innovation

422 consecutive quarterly dividends

1906  2016

Changing with the times
Delivering shareholder value
Note: Statistics as of September 30, 2015, except market capitalization which is as of November 2, 2015.
NEXT PREMIUM REGULATED UTILITY

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%)
- Distribution, $3,708 (28%)
- AEP Transmission, $2,455 (19%)
- 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

2016: $5.0B
2017: $4.0B
2018: $4.0B
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

$4.0 B (2015E)
$1.2
$0.8
$2.0
$1.8
$3.4
$2.5
$7.7 B

$10.3 B (2017E)
$3.5
$2.4
$4.4
$2.5

$12.7 B (2018E)
$4.4
$3.0
$5.3

Net Regulated Plant Growth

PROVEN POSITIVE RESULTS
REGULATED INVESTMENTS
Strategic transmission structure

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

REGULATED INVESTMENTS
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**: 74% in 2005, decreasing to 48% in 2026
- **Natural Gas**: 17% in 2005, increasing to 25% in 2026
- **Nuclear**: 6%, increasing to 11% in 2016, then 15% in 2026
- **Hydro, Wind, Solar & Pumped Storage**: 6% in 2005, increasing to 12% in 2016, then 6% in 2026
- **Energy Efficiency/Demand Response**: <1% in 2005, increasing to 26% in 2026
Adding $8.1 billion in controls

Significant Environmental Investments (in millions)

Total $8.1 billion

SUSTAINABLE ENERGY RESOURCES
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
(in million metric tons)

- 25% estimated reduction in CO₂ emissions from 2005–2017

- 2005: 145.9
- 2006: 145.2
- 2007: 150.7
- 2008: 150.9
- 2009: 132.0
- 2010: 135.1
- 2011: 136.5
- 2012: 121.9
- 2013: 115.3
- 2014: 122.7 (projected)
- 2017: 109.7
Delivering clean energy resources

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

<table>
<thead>
<tr>
<th>Company</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>
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<tr>
<td>Public Service Company of Oklahoma</td>
<td>1,138</td>
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<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

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

![Regulated Earnings Growth Chart]

- **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

AMERICA’S ENERGY PARTNER

Transmission growth

Diversified generation

Well-run utilities

Low-risk investments, reliable returns

The Next Premium Regulated Utility