53rd EEI FINANCIAL CONFERENCE
San Francisco, California
November 11-14, 2018
“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: economic growth or contraction within and changes in 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, including processed nuclear fuel, parts and service from reliable vendors, the ability to recover fuel and other energy costs through regulated or competitive electric rates, the ability to build 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, environmental compliance and excess accumulated deferred income taxes, 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, impact of federal tax reform on customer rates, income tax expense and cash flows, and other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes, cyber security threats and other catastrophic events.

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Note: Statistics as of September 30, 2018 except for market capitalization as of November 7, 2018 and rate base as of December 31, 2017
STRONG EXECUTION TRACK RECORD

- Delivered Earnings & Dividend Growth
- Successful Regulatory Outcomes
- Superior Capital Allocation
- Balance Sheet Strength
- Sale of Non-Core Assets

AEP LEADING THE WAY FORWARD

- Confidence in Steady and Predictable Earnings Growth Rate of 5-7%
- Commitment to Growing Dividend Consistent with Earnings
- Well Positioned as a Sustainable Regulated Business
- Compelling Portfolio of Premium Investment Opportunities
We are focused on executing our strategy while improving the customer experience.

Execute Strategy

- Improve customer experience
- Invest in transmission and distribution networks
- Invest in regulated and contracted renewables
- Mitigate fossil and nuclear generation risk and optimize operations
- Relentless O&M optimization/Future of work

Initiative Themes

- Invest in infrastructure and renewables
- Pilot technologies and business models
- Mitigate generation exposure
- Manage customer bills
- Grow load
- Improve operations
ORGANIC INVESTMENT OPPORTUNITY + MANAGEABLE EXECUTION RISK = GROWTH

Operating Earnings Guidance

- **2018**: $3.75 - $3.95 (Narrowed and Raised to $3.88 - $3.98)
- **2019**: $4.00 - $4.20
- **2020**: $4.25 - $4.45
- **Future**: 5-7% CAGR

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STRONG DIVIDEND GROWTH

Targeted payout ratio 60-70% of operating earnings

Over 108 years of consecutive quarterly dividends

Dividend growth in line with earnings

4-6% Earnings Growth Rate
5-7% Earnings Growth Rate

4.7% CAGR
6.2% CAGR

EPS Growth + Dividend Yield = 9 to 11% Annual Return Opportunity

* Subject to Board approval
AEP has invested in reliability and grid strengthening over the last decade, dramatically changing the capital allocation in Generation, Transmission and Distribution.
2019 – 2023 CAPITAL FORECAST: TOTAL $33B

100% of capital allocated to regulated businesses and contracted renewables

75% allocated to wires

Focus on wires and renewables
The Premier Regulated Energy Company

Positioned to Deliver Superior Risk Adjusted Returns