

BOUNDLESS ENERGYSM

A field of wind turbines is shown against a sunset sky. The sun is low on the horizon, creating a warm orange and yellow glow. The sky transitions to a deep blue at the top. The wind turbines are white with three blades each. A semi-transparent blue rectangular box is overlaid on the lower-left portion of the image, containing white text. In the bottom right corner, there is a red-bordered logo for American Electric Power.

4th Quarter 2017

Earnings Release Presentation

January 25, 2018

**AMERICAN
ELECTRIC
POWER**

“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995

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Non-GAAP Financial Measures

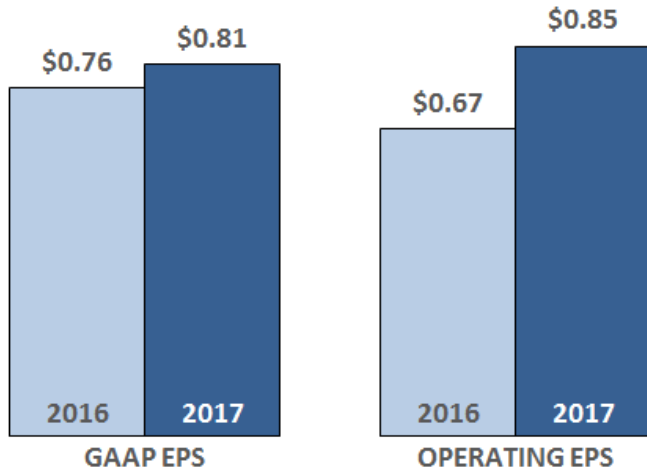
AEP reports its financial results in accordance with accounting principles generally accepted in the United States (GAAP). AEP supplements the reporting of financial information determined in accordance with GAAP with certain non-GAAP financial measures, including operating earnings (non-GAAP) and FFO 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.

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.

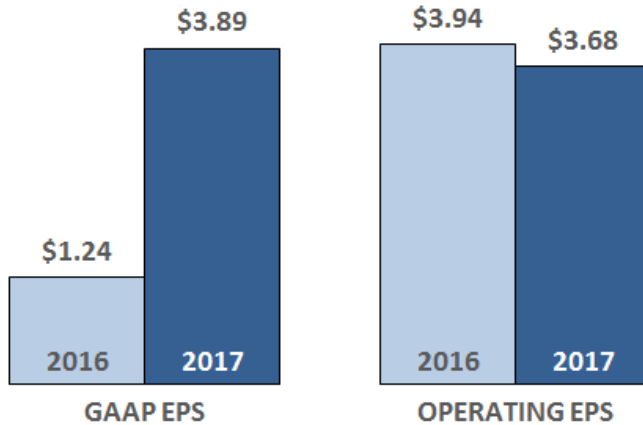
These non-GAAP financial measures are not a presentation defined under GAAP and may not be comparable to other companies' presentations. AEP has provided these non-GAAP financial measures as supplemental information and in addition to the financial measures that are calculated and presented in accordance 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.

4th Quarter 2017 Highlights

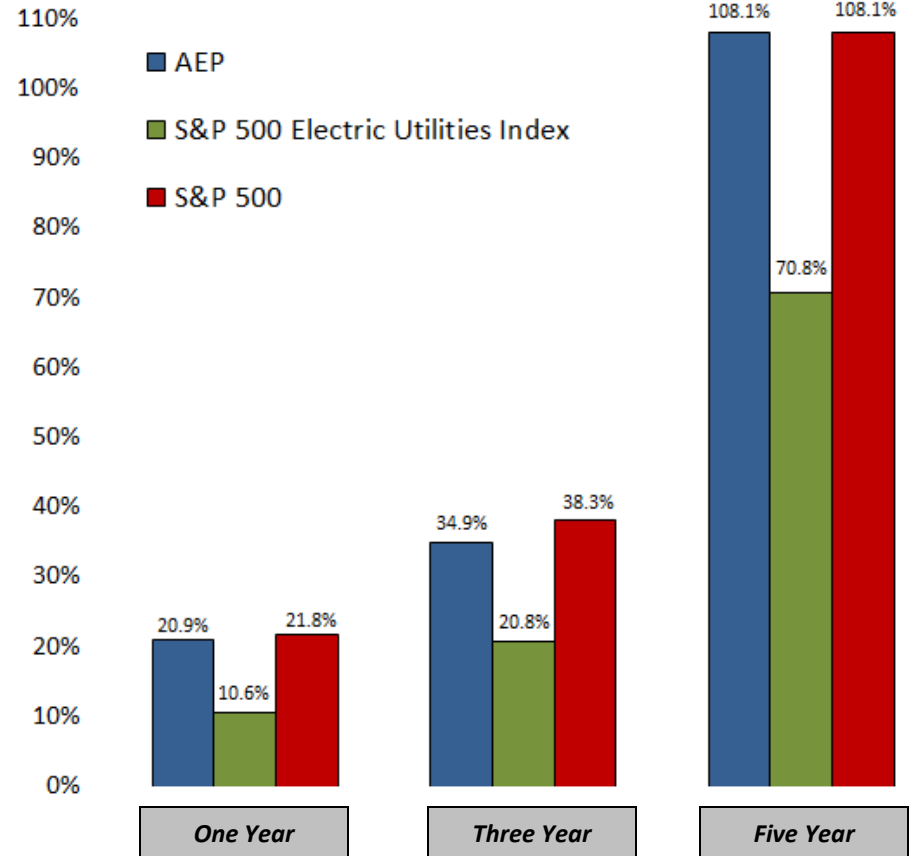
4th Quarter 2017



YTD 2017



Total Shareholder Return



2017 Highlights & 2018 Focus

2017 Highlights

Financial Performance

- ✓ Delivered GAAP earnings of \$0.81 per share for Q4 2017 and \$3.89 per share for 2017
- ✓ Delivered operating earnings of \$0.85 per share for Q4 2017 and \$3.68 per share for 2017
- ✓ Achieved regulated operating ROE of 9.5% for the year
- ✓ Increased quarterly dividend by 5.1%

Regulatory and Strategic Initiatives

- ✓ Filed for state regulatory approvals of the Wind Catcher Energy Connection project in Oklahoma, Texas, Louisiana and Arkansas
- ✓ Base rate case filings made in Indiana, Michigan, Kentucky, Oklahoma and Texas
- ✓ Competitive generation resolutions
 - ✓ Closed on sale of certain competitive generation assets totaling 5,329 MWs
 - ✓ Rationalized ownership structure of Zimmer and Conesville plants, Stuart plant retiring in June 2018
 - ✓ Filed amended Cardinal operating agreement with FERC, awaiting approval

2018 Focus

Financial Performance

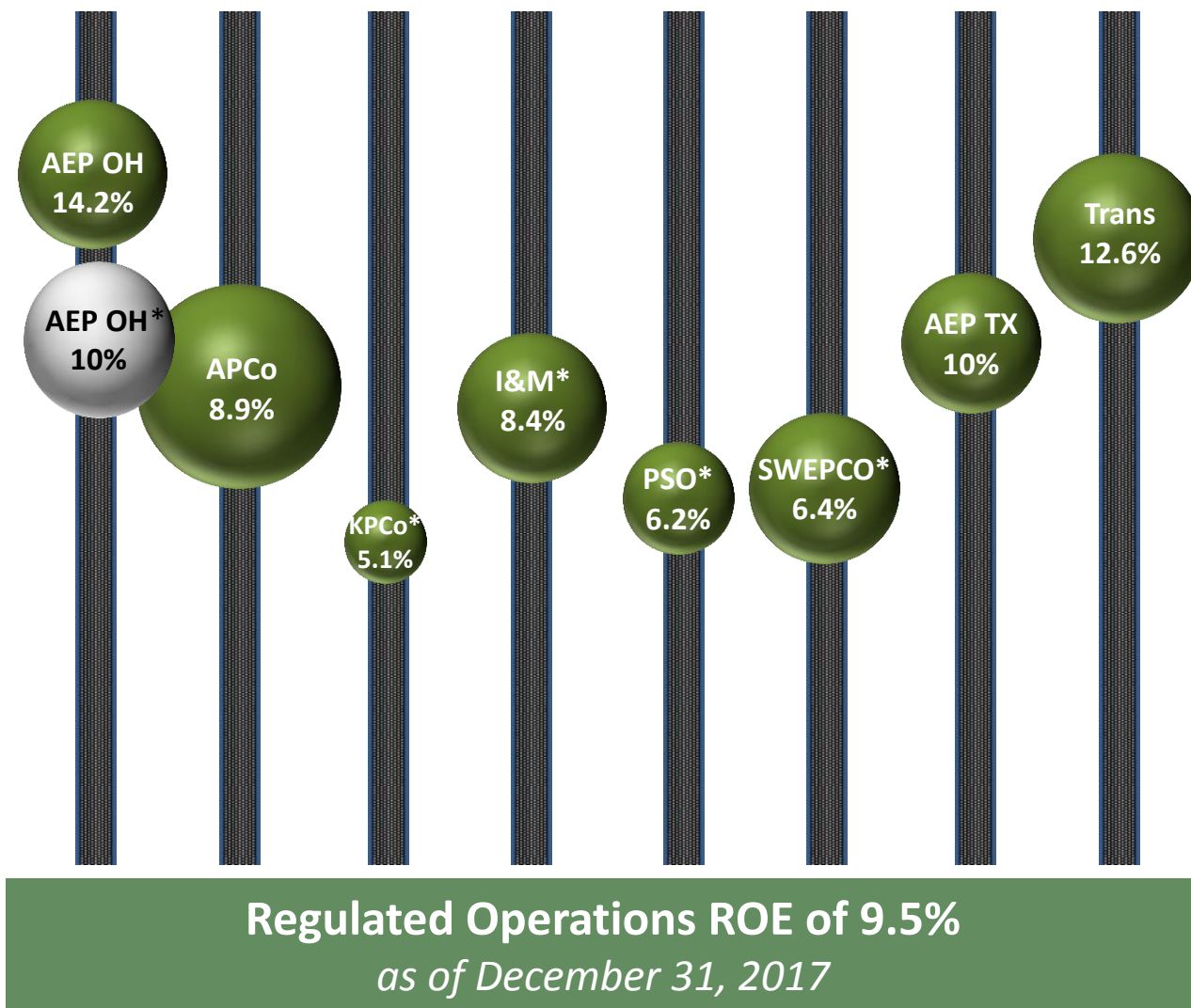
- Deliver operating earnings within the guidance range of \$3.75 to \$3.95 per share
- Continue to focus on disciplined capital allocation, investing \$6 billion in cap-ex, substantially in regulated entities with particular emphasis on wires
- Deliver 5%-7% operating earnings growth rate

Regulatory and Strategic Initiatives

- Obtain necessary state regulatory approvals and move forward with Wind Catcher Energy Connection project
- Finalize base rate cases in Indiana, Michigan, Kentucky, Oklahoma and Texas with positive results
- Evaluate impact of tax reform related to the right mix of cap-ex and rate base growth, ensure appropriate credit metrics, and work with state regulatory commissions to address the appropriate mechanism to provide the benefits of tax reform to customers

Regulated Returns

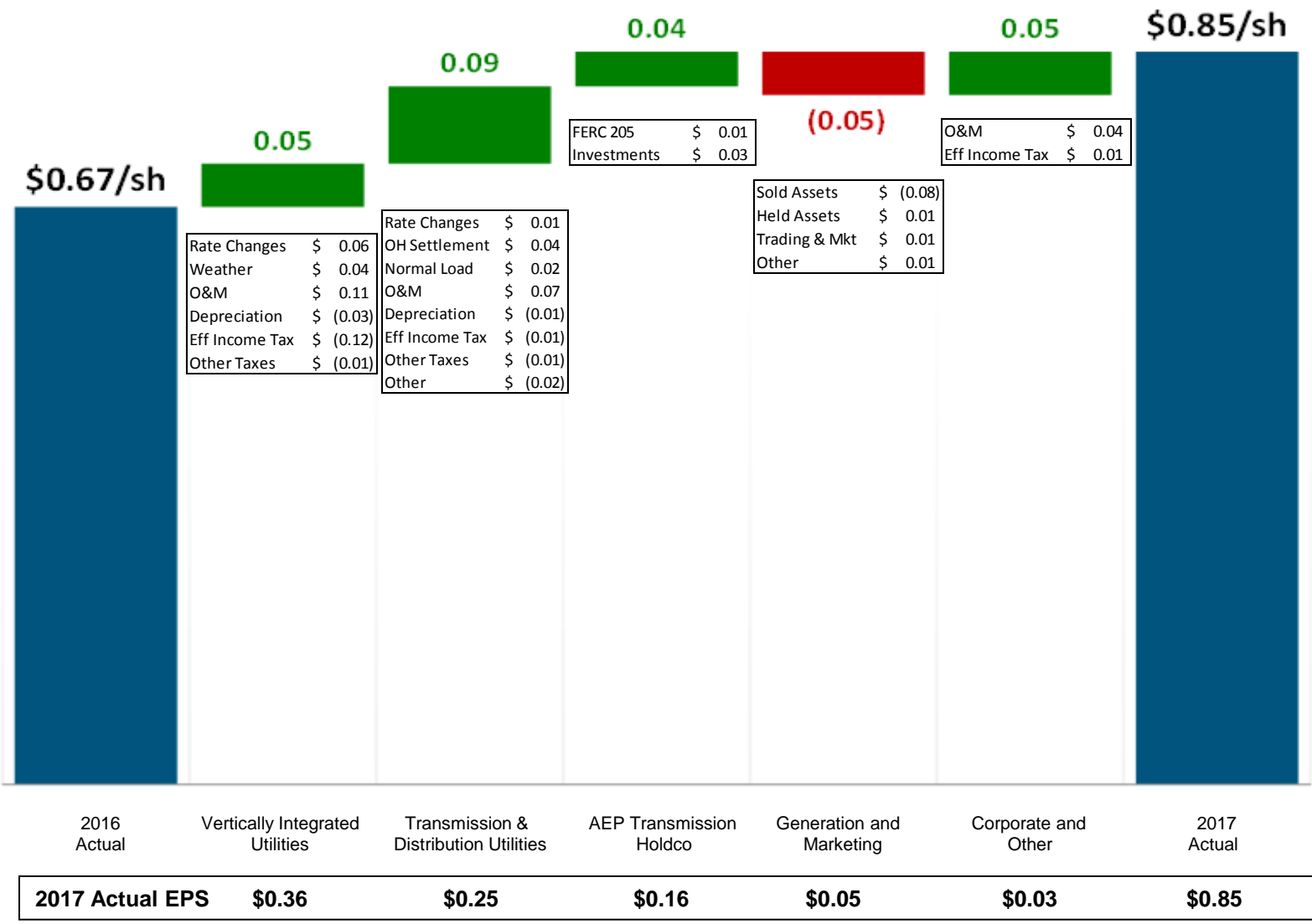
Twelve Months Ended 12/31/2017 Earned ROE's (non-GAAP Operating Earnings)



*AEP Ohio adjusted for SEET items. Base rate cases pending/order recently received at other operating companies.

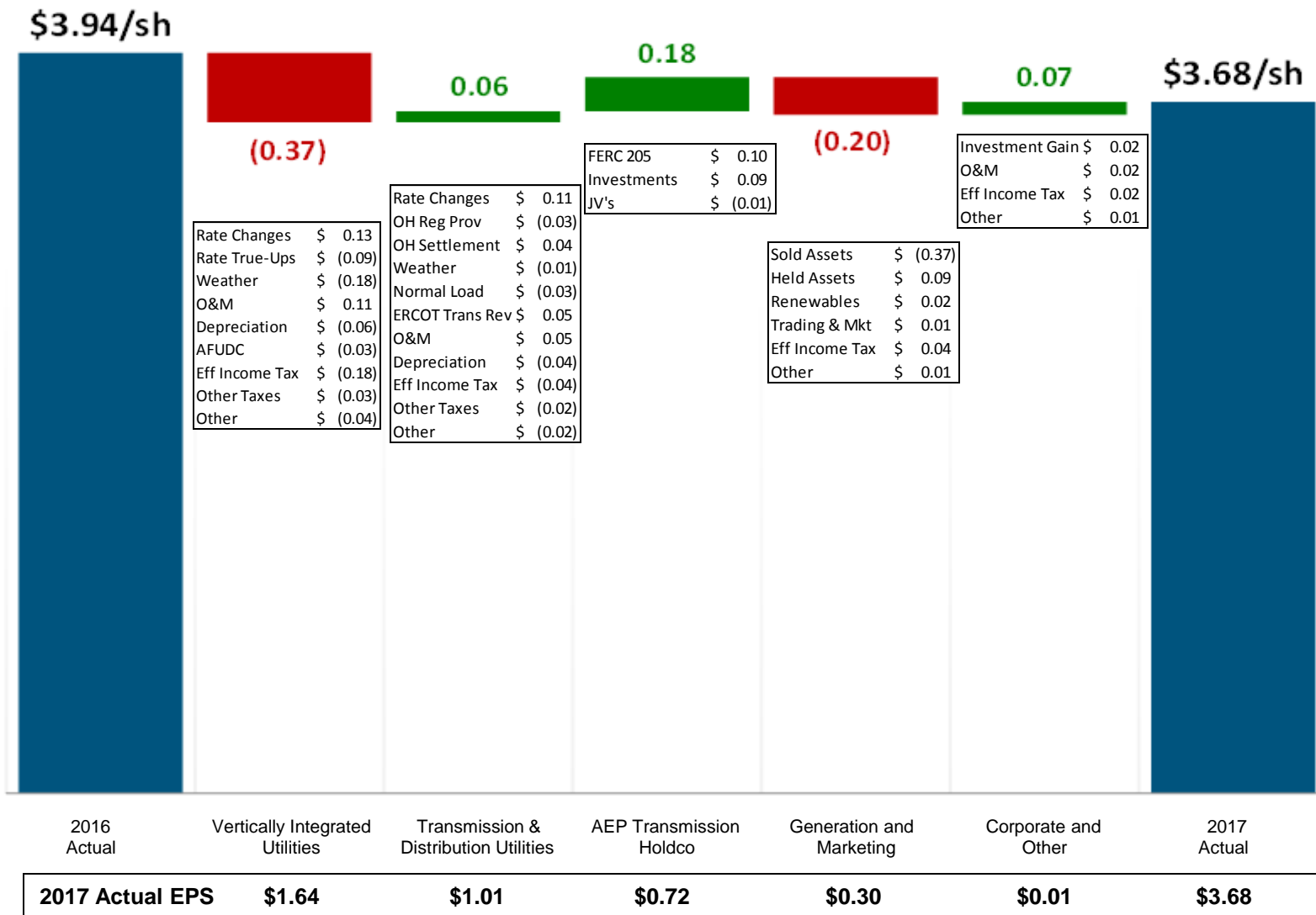
Sphere size based on each company's relative equity balance

4th Quarter Operating Earnings Segment Detail



Refer to appendix for additional explanation of variances by segment

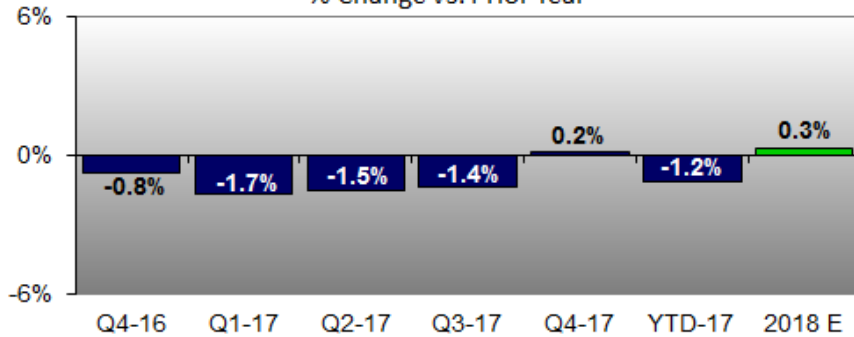
2017 YTD Operating Earnings Segment Detail



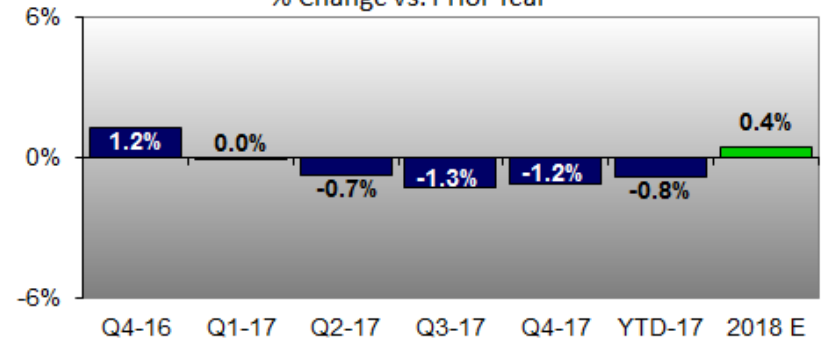
Refer to appendix for additional explanation of variances by segment

Weather Normalized Billed Retail Load Trends

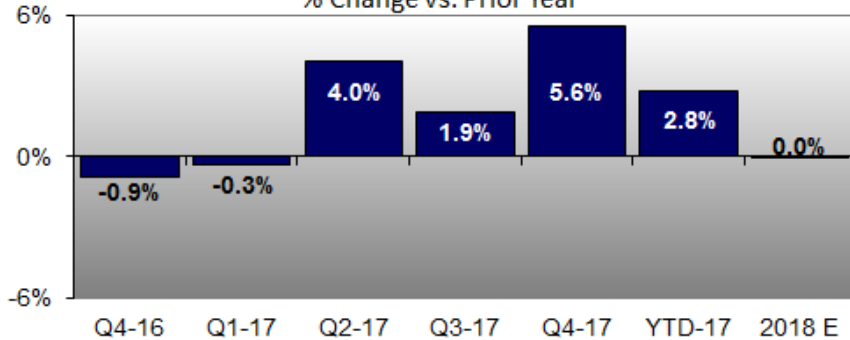
AEP Residential Normalized GWh Sales
% Change vs. Prior Year



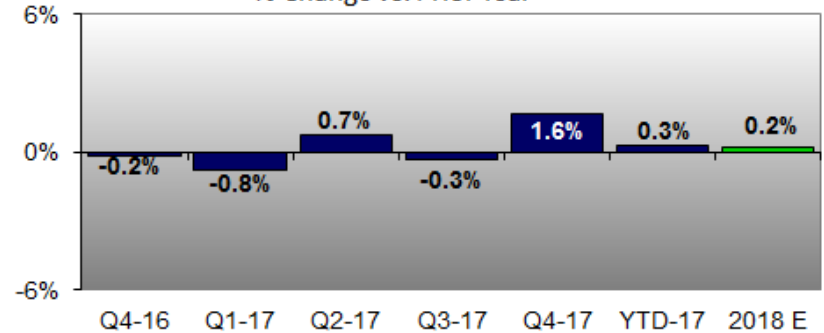
AEP Commercial Normalized GWh Sales
% Change vs. Prior Year



AEP Industrial GWh Sales
% Change vs. Prior Year



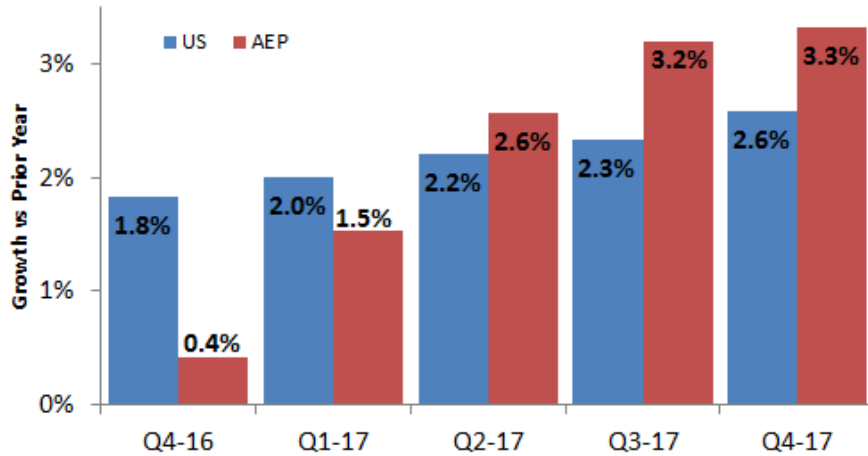
AEP Total Normalized GWh Sales
% Change vs. Prior Year



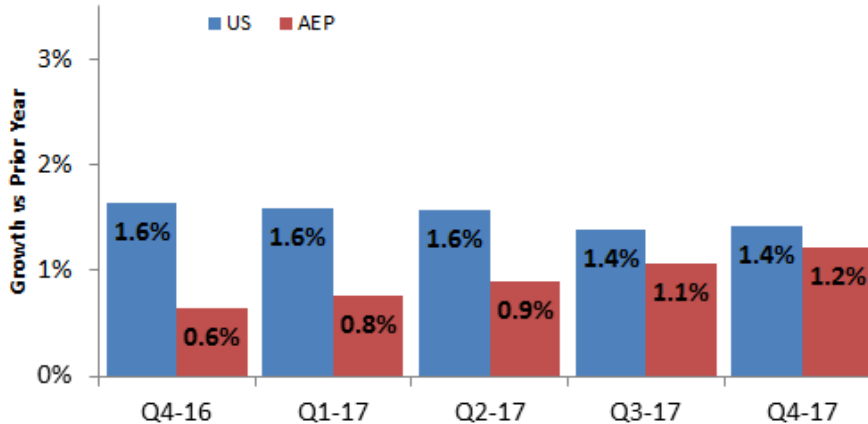
Note: Load figures are provided on a billed basis. Charts reflect connected load and exclude firm wholesale and Buckeye Power backup load. See Appendix for load figures on a billed plus accrued basis.

Economic Data – AEP Service Territory

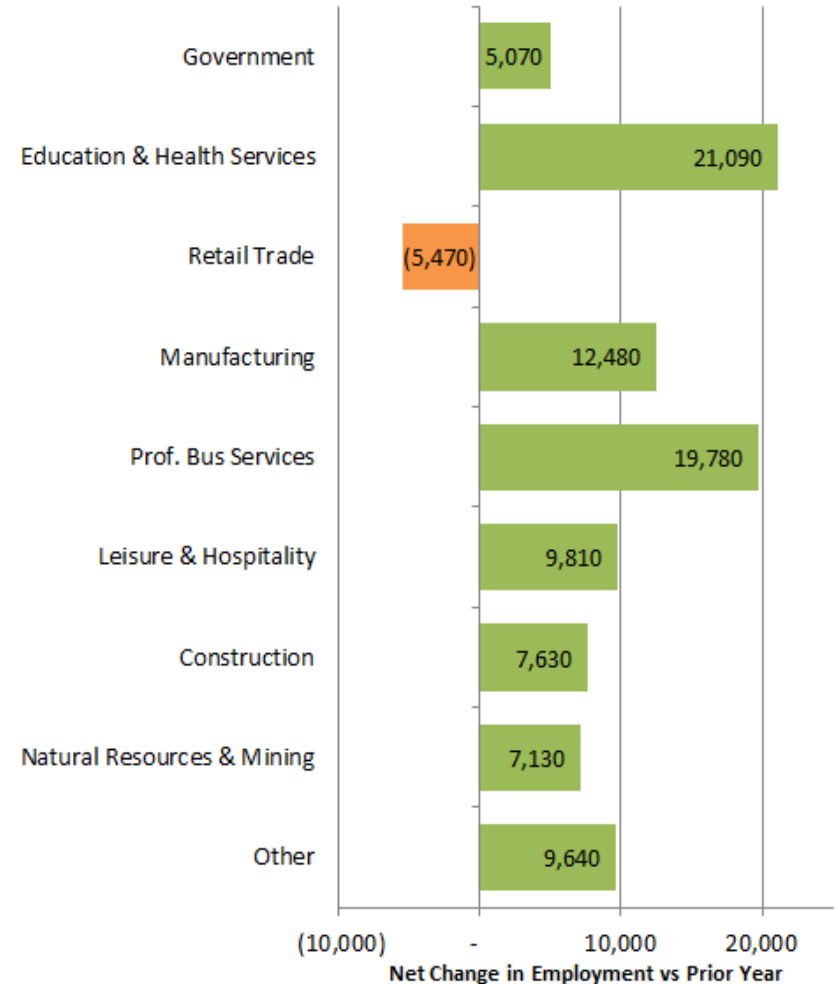
GDP Growth by Quarter



Employment Growth by Quarter

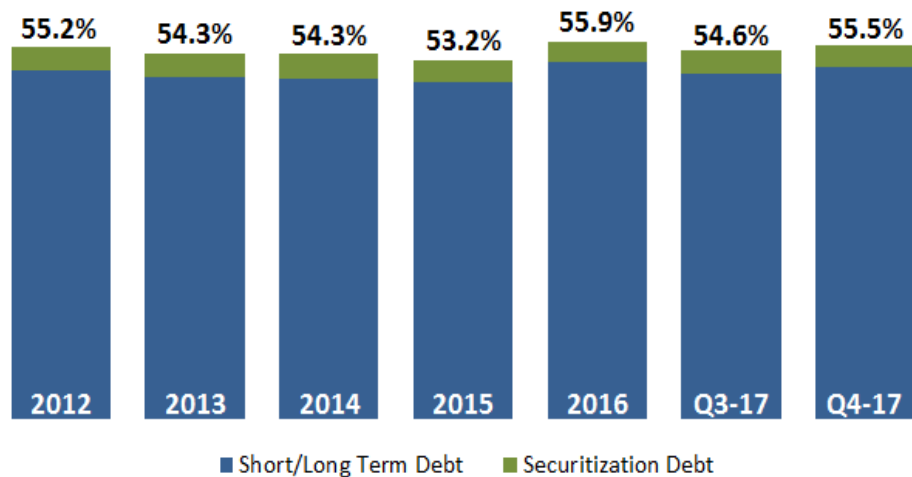


Jobs Added by Sector in 2017 (AEP)

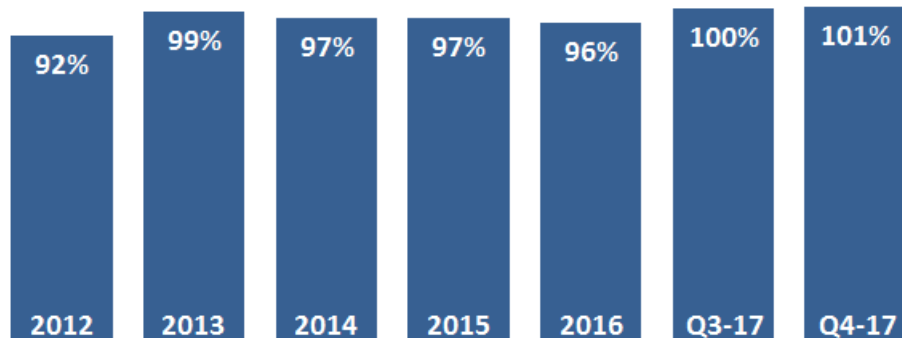


Capitalization & Liquidity

Total Debt / Total Capitalization



Qualified Pension Funding



Credit Statistics

	Actual	Target
FFO to Total Debt	18.7%	Mid Teens

*Represents the trailing 12 months as of 12/31/2017
See Appendix for reconciliation to GAAP*

Liquidity Summary

(unaudited)	12/31/2017 Actual	
(\$ in millions)	Amount	Maturity
Revolving Credit Facility	\$3,000	Jun-21
Plus		
Cash & Cash Equivalents	215	
Less		
Commercial Paper Outstanding	(899)	
Letters of Credit Issued	-	
Net Available Liquidity	\$2,316	

AEP & Tax Reform

Key Tax Reform Considerations

- AEP evaluated the right mix of cap-ex and rate base growth to maintain the 5%-7% growth rate, and ensure appropriate credit metrics
- 2018-2020 cap-ex revised from \$18.2 billion to \$17.7 billion

(\$ in billions)	2018E	2019E	2020E	Total
November 2017 EEI	\$6.0	\$6.2	\$6.0	\$18.2
Tax Reform Update	\$6.0	\$6.2	\$5.5	\$17.7

- Rate base supports 5-7% growth rate
- Maintain Baa1/BBB+ credit ratings
- No change to November 2017 EEI forecasted equity needs

(\$ in millions)	2018E	2019E	2020E
Equity Issuances - Includes DRP/401(k)	\$100	\$100	\$500

Parent Debt Interest

- Interest on parent debt expected to be mostly tax deductible
- No significant NOL going into 2018

Recap of Excess Deferred Taxes

As of December 31, 2017 (\$ in billions)	21% Tax Rate
Total Regulated Deferred FIT	\$11.1
Total Excess Regulated Deferred FIT	\$4.4
Normalized Portion of Excess DFIT (to be refunded over life of property)	(\$3.2)
Non-depreciation Portion of Excess	\$1.2

Regulatory Steps

- Various state commissions have already opened dockets to address tax reform
- Options for tax benefits
 - ✓ Decrease rates
 - ✓ Increase amortization of regulatory assets
 - ✓ Accelerate depreciation
 - ✓ Offset other rate increases

Proven Track Record & 2018 Outlook

Proven Track Record

- ✓ Solid 2017 operating earnings
- ✓ Strategic capital deployment
- ✓ Demonstrated O&M discipline and track record of ability to offset inflationary increases
- ✓ Dividend growth in line with earnings

2018 Outlook

- ❑ 5-7% growth rate with 2018 operating earnings guidance range of \$3.75 - \$3.95
- ❑ Finalize pending base rate cases and move forward with Wind Catcher
- ❑ Evaluate impact of tax reform and work with state regulatory commissions to address the appropriate mechanism to provide the benefits of tax reform to customers

Appendix



4th Quarter Reconciliation of GAAP to Operating Earnings

BOUNDLESS ENERGY™

	\$ millions			Earnings Per Share		
	Q4-16	Q4-17	Change	Q4-16	Q4-17	Change
Reported GAAP Earnings	\$373	\$401	\$28	\$0.76	\$0.81	\$0.05
Non Operating Items:						
Mark-to-Market Impact of Commodity Hedging Activities (a)	(4)	-	4	(0.01)	-	0.01
Disposition of Commercial Barging Operations (b)	(6)	-	6	(0.01)	-	0.01
Federal Tax Audit Settlement (b)	(22)	-	22	(0.04)	-	0.04
Effects of Tax Reform – All Segments	-	(27)	(27)	-	(0.05)	(0.05)
UK Windfall Tax (c)	(13)	-	13	(0.03)	-	0.03
Impairment of Certain Merchant Generation Assets (a)	2	28	26	-	0.05	0.05
Impairment of Turk Plant (d)	-	14	14	-	0.03	0.03
Welsh Unit 2 Disallowance (d)	-	4	4	-	0.01	0.01
AEP Operating Earnings	\$330	\$420	\$90	\$0.67	\$0.85	\$0.18

- (a) Items recorded in Generation & Marketing segment
- (b) Items recorded in Corporate and Other segment
- (c) Items recorded in Transmission and Distribution Utilities segment
- (d) Items recorded in Vertically Integrated Utilities segment

YTD December Reconciliation of GAAP to Operating Earnings

	\$ millions			Earnings Per Share		
	YTD-16	YTD-17	Change	YTD-16	YTD-17	Change
Reported GAAP Earnings	\$611	\$1,913	\$1,302	\$1.24	\$3.89	\$2.65
Non Operating Items:						
Mark-to-Market Impact of Commodity Hedging Activities (a)	(6)	3	9	(0.01)	0.01	0.02
Gain from Competitive Generation Asset Sale (a)	-	(129)	(129)	-	(0.26)	(0.26)
Capital Loss Valuation Allowance (a)	(10)	-	10	(0.02)	-	0.02
Capital Loss Valuation Allowance (b)	(34)	-	34	(0.07)	-	0.07
Disposition of Commercial Barging Operations (b)	(1)	-	1	-	-	-
Federal Tax Audit Settlement (b)	(77)	-	77	(0.15)	-	0.15
Effects of Tax Reform – All Segments	-	(27)	(27)	-	(0.05)	(0.05)
UK Windfall Tax (c)	(13)	-	13	(0.03)	-	0.03
Impairment of Certain Merchant Generation Assets (a)	1,460	30	(1,430)	2.97	0.05	(2.92)
Impairment of Certain Merchant Generation Assets (d)	7	-	(7)	0.01	-	(0.01)
Impairment of Turk Plant (d)	-	14	14	-	0.03	0.03
Welsh Unit 2 Disallowance (d)	-	4	4	-	0.01	0.01
AEP Operating Earnings	\$1,937	\$1,808	(\$129)	\$3.94	\$3.68	(\$0.26)

(a) Items recorded in Generation & Marketing segment

(b) Items recorded in Corporate and Other segment

(c) Items recorded in Transmission and Distribution Utilities segment

(d) Items recorded in Vertically Integrated Utilities segment

Vertically Integrated Utilities

4th Quarter Summary

	Q4-16	Q4-17
\$ millions (except EPS)		
Operating Revenues	\$2,164	\$2,305
Operating Expenses:		
Energy Costs	(779)	(774)
Operations & Maintenance	(776)	(724)
Depreciation & Amortization	(258)	(298)
Taxes Other Than Income Taxes	(96)	(107)
Operating Income	255	402
Net Interest/AFUDC	(107)	(120)
Income Taxes	1	(103)
Other	2	-
Operating Earnings	151	179
Proforma Adjustments, Net of Tax	-	(15)
GAAP Earnings	\$151	\$164
EPS from Operating Earnings	\$0.31	\$0.36

See slide 15 for items excluded from Net Income to reconcile to Operating Earnings

Key Drivers: Q4-17 vs. Q4-16

- ✓ Rates: \$49M primarily from rate increases at SWEPCO, PSO and I&M, partially offset by \$5M of wholesale rate decreases driven by formula rate true-ups primarily at I&M
- ✓ Weather: \$30M favorable vs. prior year; \$18M favorable vs. normal
- ✓ Normalized Retail Load: \$15M favorable vs. prior year primarily due to higher industrial, commercial and west residential sales
- ✓ O&M: \$82M favorable (net of offsets) vs. prior year primarily due to decreased plant maintenance, charitable contributions and employee-related expenses
- ✓ Income Taxes: effective tax rate of 36.5% Q4-17 vs. (0.7%) Q4-16

Vertically Integrated Utilities

YTD Summary

	YTD-16	YTD-17
\$ millions (except EPS)		
Operating Revenues	\$9,092	\$9,198
Operating Expenses:		
Energy Costs	(3,079)	(3,143)
Operations & Maintenance	(2,703)	(2,749)
Depreciation & Amortization	(1,074)	(1,142)
Taxes Other Than Income Taxes	(391)	(413)
Operating Income	1,845	1,751
Net Interest/AFUDC	(461)	(490)
Income Taxes	(401)	(438)
Other	4	(17)
Operating Earnings	987	806
Proforma Adjustments, Net of Tax	(7)	(15)
GAAP Earnings	\$980	\$791
EPS from Operating Earnings	\$2.01	\$1.64

Key Drivers: YTD-17 vs. YTD-16

- ✓ Rates: \$99M primarily from rate increases across multiple jurisdictions, partially offset by \$46M of wholesale rate decreases driven by formula rate true-ups and a \$25M prior year recognition of deferred WV rate billings
- ✓ Weather: \$133M unfavorable vs. prior year; \$100M unfavorable vs. normal
- ✓ Normalized Retail Load: \$9M favorable vs. prior year primarily due to favorable retail price variances, partially offset by lower east residential sales
- ✓ O&M: \$88M favorable (net of offsets) vs. prior year primarily due to decreased employee-related expenses, charitable contributions and plant maintenance
- ✓ Income Taxes: effective tax rate of 35.3% YTD-17 vs. 28.7% YTD-16

See slide 16 for items excluded from Net Income to reconcile to Operating Earnings

Transmission & Distribution Utilities

4th Quarter Summary

	Q4-16	Q4-17
\$ millions (except EPS)		
Operating Revenues	\$954	\$1,106
Operating Expenses:		
Energy Costs	(96)	(207)
Amortization of Generation Deferrals	(67)	(59)
Operations & Maintenance	(377)	(308)
Depreciation & Amortization	(145)	(165)
Taxes Other Than Income Taxes	(121)	(126)
Operating Income	148	241
Net Interest/AFUDC	(31)	(52)
Income Taxes	(36)	(65)
Operating Earnings	81	124
Proforma Adjustments, Net of Tax	13	138
GAAP Earnings	\$94	\$262
EPS from Operating Earnings	\$0.16	\$0.25

Key Drivers: Q4-17 vs. Q4-16

- ✓ Rates: \$4M primarily from the Texas Distribution Cost Recovery Factor
- ✓ OH Global Settlement: \$28M favorable due to prior year resolution of a number of outstanding cases
- ✓ Normalized Retail Load: \$12M favorable vs. prior year primarily due to favorable price variances
- ✓ ERCOT Transmission Revenue: \$9M favorable due to recovery of increased transmission investment
- ✓ O&M: \$53M favorable (net of offsets) vs. prior year primarily due to decreased charitable contributions, forestry and employee-related expenses
- ✓ Income Taxes: effective tax rate of 34.4% Q4-17 vs. 30.5% Q4-16

See slide 15 for items excluded from Net Income to reconcile to Operating Earnings

Transmission & Distribution Utilities

YTD Summary

	YTD-16	YTD-17
\$ millions (except EPS)		
Operating Revenues	\$4,422	\$4,419
Operating Expenses:		
Energy Costs	(824)	(892)
Amortization of Generation Deferrals	(173)	(173)
Operations & Maintenance	(1,387)	(1,190)
Depreciation & Amortization	(650)	(667)
Taxes Other Than Income Taxes	(494)	(514)
Operating Income	894	983
Net Interest/AFUDC	(207)	(220)
Income Taxes	(218)	(265)
Operating Earnings	469	498
Proforma Adjustments, Net of Tax	13	138
GAAP Earnings	\$482	\$636
EPS from Operating Earnings	\$0.95	\$1.01

Key Drivers: YTD-17 vs. YTD-16

- ✓ Rates: \$83M primarily from the Texas Distribution Cost Recovery Factor and the Ohio RSR and DIR
- ✓ OH Regulatory Provision: \$21M unfavorable due to prior year reversal of provision
- ✓ OH Global Settlement: \$28M favorable due to prior year resolution of a number of outstanding cases
- ✓ Normalized Retail Load: \$22M unfavorable vs. prior year primarily due to unfavorable prices and lower residential sales
- ✓ ERCOT Transmission Revenue: \$36M favorable due to recovery of increased transmission investment
- ✓ O&M: \$38M favorable (net of offsets) vs. prior year primarily due to decreased charitable contributions and employee-related expenses, partially offset by increased transmission services
- ✓ Income Taxes: effective tax rate of 34.8% YTD-17 vs. 31.7% YTD-16

See slide 16 for items excluded from Net Income to reconcile to Operating Earnings

AEP Transmission Holdco

4th Quarter Summary

	Q4-16	Q4-17
\$ millions (except EPS)		
Operating Revenues	\$130	\$185
Operating Expenses:		
Operations & Maintenance	(22)	(20)
Depreciation & Amortization	(19)	(28)
Taxes Other Than Income Taxes	(23)	(29)
Operating Income	66	108
Net Interest/AFUDC	(2)	(3)
Income Taxes	(31)	(46)
Equity Earnings	27	20
Other	(1)	(1)
Operating Earnings	59	78
Proforma Adjustments, Net of Tax	-	(2)
GAAP Earnings	\$59	\$76
EPS from Operating Earnings	\$0.12	\$0.16

Key Drivers: Q4-17 vs. Q4-16

- ✓ \$19M favorable Operating Income primarily due to increased revenues and expenses driven by increased capital investment in the wholly owned Transcos

See slide 15 for items excluded from Net Income to reconcile to Operating Earnings

AEP Transmission Holdco

YTD Summary

	YTD-16	YTD-17
\$ millions (except EPS)		
Operating Revenues	\$513	\$767
Operating Expenses:		
Operations & Maintenance	(55)	(75)
Depreciation & Amortization	(67)	(102)
Taxes Other Than Income Taxes	(89)	(114)
Operating Income	302	476
Net Interest/AFUDC	2	(19)
Income Taxes	(134)	(188)
Equity Earnings	99	89
Other	(3)	(4)
Operating Earnings	266	354
Proforma Adjustments, Net of Tax	-	(2)
GAAP Earnings	\$266	\$352
EPS from Operating Earnings	\$0.54	\$0.72

Key Drivers: YTD-17 vs. YTD-16

- ✓ \$88M favorable Operating Income primarily due to the impact of the FERC 205 filing and also due to increased revenues and expenses driven by increased capital investment in the wholly owned Transcos

See slide 16 for items excluded from Net Income to reconcile to Operating Earnings

Generation & Marketing

4th Quarter Summary

	Q4-16	Q4-17
\$ millions (except EPS)		
Operating Revenues	\$687	\$408
Operating Expenses:		
Energy Costs	(458)	(314)
Operations & Maintenance	(128)	(59)
Depreciation & Amortization	(5)	(7)
Taxes Other Than Income Taxes	(9)	(3)
Operating Income	87	25
Net Interest/AFUDC	(8)	(1)
Income Taxes	(32)	1
Operating Earnings	47	25
Proforma Adjustments, Net of Tax	3	(105)
GAAP Earnings (Loss)	\$50	(\$80)
EPS from Operating Earnings	\$0.10	\$0.05

Key Drivers: Q4-17 vs. Q4-16

- ✓ Generation decreased 7,563 GWh (78%) Q4-17 vs. Q4-16 primarily due to sale of plants in January
- ✓ AEP Dayton ATC liquidations up 3%: \$30.23/MWh in Q4-17 vs. \$29.28/MWh in Q4-16
- ✓ Income Taxes: effective tax rate of (6.1%) Q4-17 vs. 39.9% Q4-16. Current quarter reflects positive impact of solar investment tax credits being recognized on an amortized basis.

See slide 15 for items excluded from Net Income to reconcile to Operating Earnings

Generation & Marketing

YTD Summary

	YTD-16	YTD-17
\$ millions (except EPS)		
Operating Revenues	\$2,976	\$1,880
Operating Expenses:		
Energy Costs	(1,948)	(1,377)
Operations & Maintenance	(418)	(271)
Depreciation & Amortization	(155)	(24)
Taxes Other Than Income Taxes	(38)	(12)
Operating Income	417	196
Net Interest/AFUDC	(34)	(8)
Income Taxes	(137)	(41)
Operating Earnings	246	147
Proforma Adjustments, Net of Tax	(1,444)	19
GAAP Earnings (Loss)	(\$1,198)	\$166
EPS from Operating Earnings	\$0.50	\$0.30


Key Drivers: YTD-17 vs. YTD-16

- ✓ Generation decreased 27,532 GWh (70%) YTD-17 vs. YTD-16 primarily due to sale of plants in January
- ✓ AEP Dayton ATC liquidations up 5%: \$29.22/MWh in YTD-17 vs. \$27.84/MWh in YTD-16
- ✓ Depreciation & Amortization: \$131M favorable vs. prior year primarily due to decreased depreciation resulting from the 2016 asset impairment and plants being sold
- ✓ Income Taxes: effective tax rate of 21.8% YTD-17 vs. 35.9% YTD-16. Current year reflects positive impact of solar investment tax credits being recognized on an amortized basis.


See slide 16 for items excluded from Net Income to reconcile to Operating Earnings

4th Quarter Retail Rate Performance

Vertically Integrated Utilities

	Rate Changes*, net of offsets (in millions)
	Q4-17 vs. Q4-16
APCo/WPCo	-
I&M	(\$1)
KPCo	-
PSO	\$12
SWEPCO	\$33
Kingsport	-
TOTAL	\$44
Impact on EPS	 \$0.06


Transmission & Distribution Utilities

	Rate Changes, net of offsets (in millions)
	Q4-17 vs. Q4-16
AEP Ohio	-
AEP Texas	\$4
TOTAL	\$4
Impact on EPS	 \$0.01


* Includes rate true-ups.

YTD Retail Rate Performance

Vertically Integrated Utilities

	Rate Changes*, net of offsets (in millions)
	YTD-17 vs. YTD-16
APCo/WPCo	(\$8)
I&M	(\$23)
KPCo	\$4
PSO	(\$2)
SWEPCO	\$51
Kingsport	\$6
TOTAL	\$28
Impact on EPS	 \$0.04


Transmission & Distribution Utilities

	Rate Changes, net of offsets (in millions)
	YTD-17 vs. YTD-16
AEP Ohio	\$39
AEP Texas	\$44
TOTAL	\$83
Impact on EPS	 \$0.11


* Includes rate true-ups.

4th Quarter Retail Load Performance

Vertically Integrated Utilities

	Retail Load* (weather normalized)
	Q4-17 vs. Q4-16
APCo/WPCo	1.2%
I&M	0.6%
KPCo	(1.6%)
PSO	1.6%
SWEPCO	1.2%
Kingsport	(0.8%)
TOTAL	0.9%
Impact on EPS**	

Transmission & Distribution Utilities


	Retail Load* (weather normalized)
	Q4-17 vs. Q4-16
AEP Ohio	0.7%
AEP Texas	5.0%
TOTAL	2.5%
Impact on EPS**	

* Includes load on a billed basis only. Excludes Firm Wholesale Load and accrued sales.


** Includes EPS impact of accrued revenues.

YTD Retail Load Performance

Vertically Integrated Utilities

	Retail Load* (weather normalized)
	YTD-17 vs. YTD-16
APCo/WPCo	(0.3%)
I&M	(0.7%)
KPCo	(1.7%)
PSO	0.7%
SWEPCO	0.6%
Kingsport	(1.6%)
TOTAL	(0.2%)
Impact on EPS**	 \$0.01

Transmission & Distribution Utilities

	Retail Load* (weather normalized)
	YTD-17 vs. YTD-16
AEP Ohio	0.1%
AEP Texas	1.8%
TOTAL	0.8%
Impact on EPS**	 \$0.03

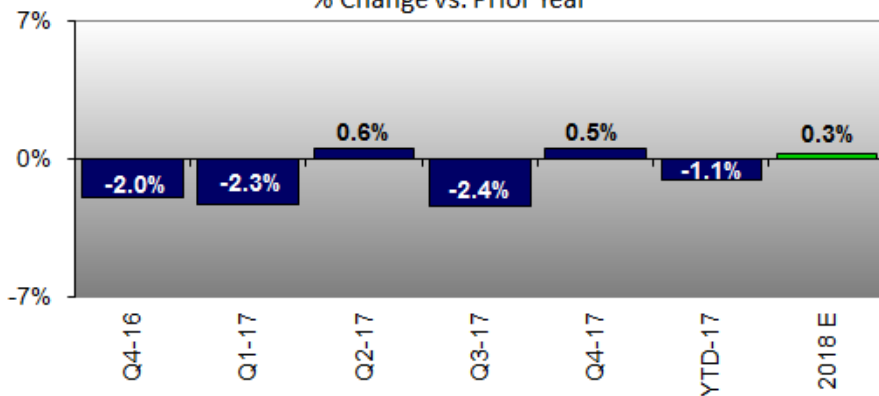
* Includes load on a billed basis only. Excludes Firm Wholesale Load and accrued sales.

** Includes EPS impact of accrued revenues.

Normalized Retail Load Trends (Billed & Accrued)

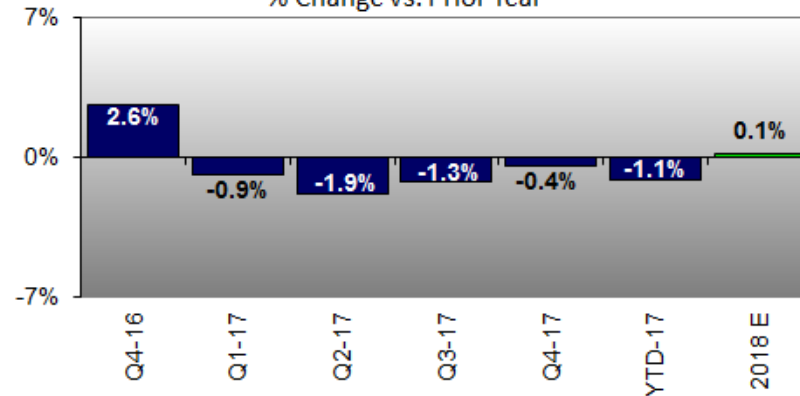
AEP Residential Normalized GWh Sales

% Change vs. Prior Year



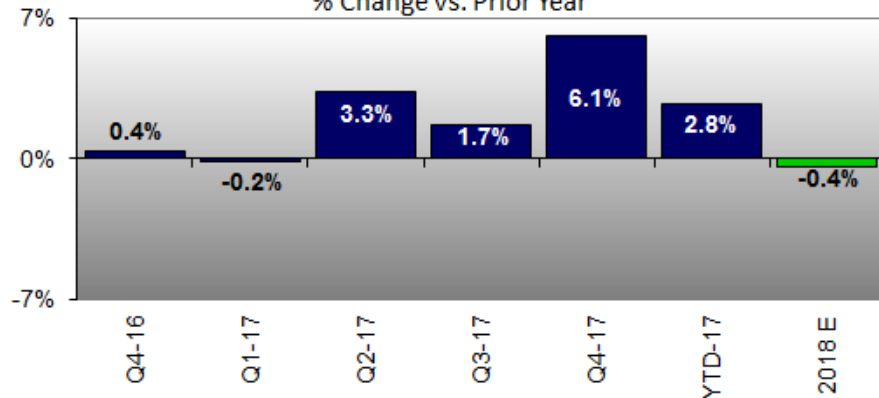
AEP Commercial Normalized GWh Sales

% Change vs. Prior Year



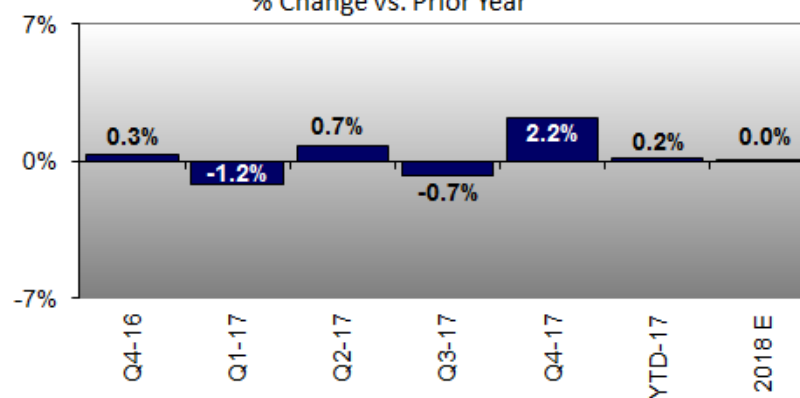
AEP Industrial GWh Sales

% Change vs. Prior Year



AEP Total Normalized GWh Sales

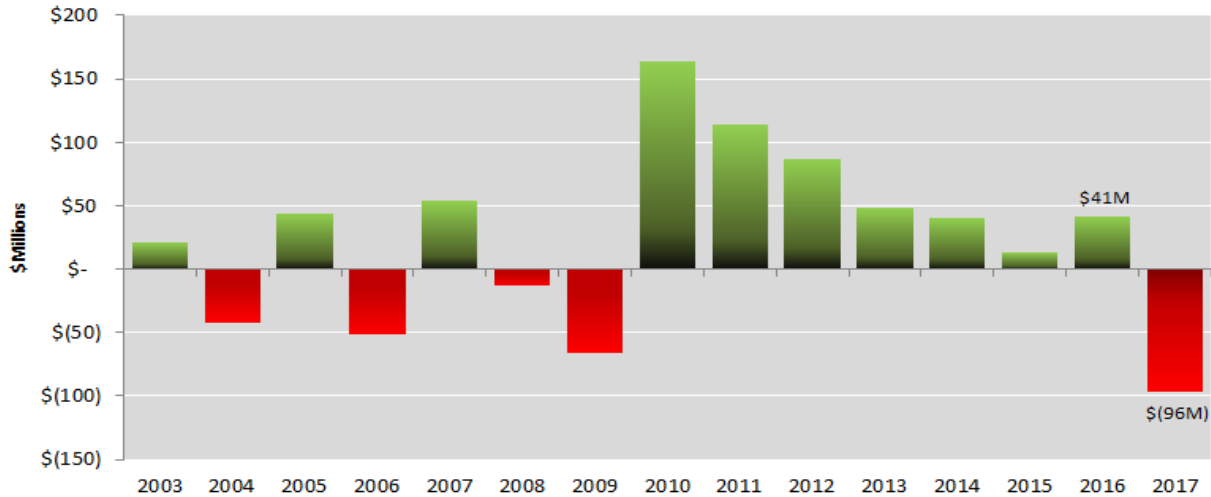
% Change vs. Prior Year



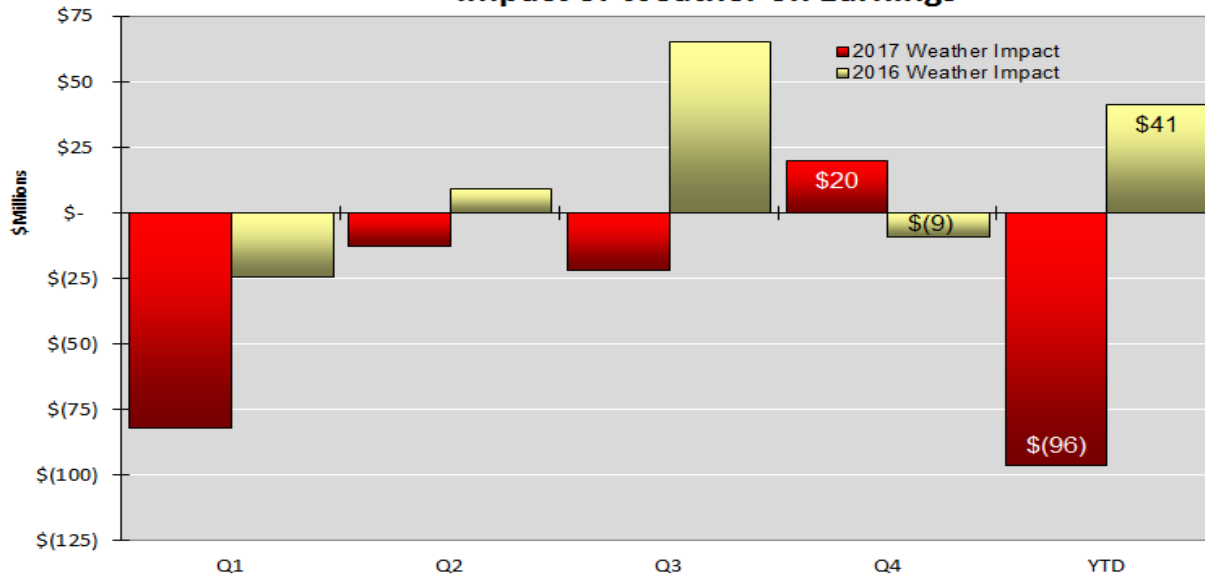
Note: Load figures are provided on a billed and accrued basis. Charts reflect connected load and exclude firm wholesale and Buckeye Power backup load.

Weather Impacts on AEP Earnings

AEP Weather Impacts Over the Past 15 Years

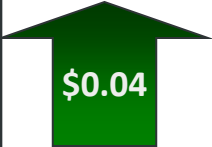



Impact of Weather on Earnings



4th Quarter Weather Impact

Vertically Integrated Utilities



	Weather Impact (in millions)	
	Q4-17 vs. Q4-16	Q4-17 vs. Normal
APCo/WPCo	\$22	\$8
I&M	\$4	\$3
KPCo	\$5	\$2
PSO	(\$3)	\$1
SWEPCO	\$2	\$4
Kingsport	-	-
TOTAL	\$30	\$18
Impact on EPS	 \$0.04	 \$0.02

Transmission & Distribution Utilities



	Weather Impact (in millions)	
	Q4-17 vs. Q4-16	Q4-17 vs. Normal
AEP Ohio	-	-
AEP Texas	(\$2)	\$2
TOTAL	(\$2)	\$2
Impact on EPS	-	-

YTD Weather Impact

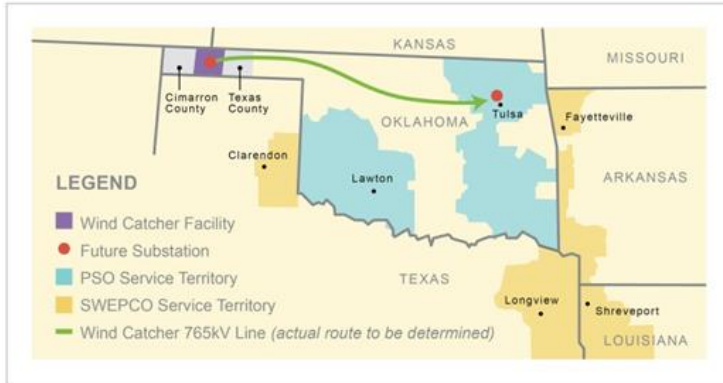
Vertically Integrated Utilities

	Weather Impact (in millions)	
	YTD-17 vs. YTD-16	YTD-17 vs. Normal
APCo/WPCo	(\$49)	(\$36)
I&M	(\$25)	(\$19)
KPCo	(\$12)	(\$10)
PSO	(\$18)	(\$9)
SWEPCO	(\$27)	(\$26)
Kingsport	(\$2)	-
TOTAL	(\$133)	(\$100)
Impact on EPS	\$0.18 	\$0.13 

Transmission & Distribution Utilities

	Weather Impact (in millions)	
	YTD-17 vs. YTD-16	YTD-17 vs. Normal
AEP Ohio	-	-
AEP Texas	(\$4)	\$4
TOTAL	(\$4)	\$4
Impact on EPS	\$0.01 	\$0.01 

Wind Catcher Procedural Schedules



- 2,000 MW wind farm and dedicated ~350-mile 765kV gen-tie line
- ~\$4.5B: \$2.9B-Wind; \$1.6B gen-tie
- SWEPCO (70%) & PSO (30%)
- Target Completion: Q4 2020
- Total Customer Savings net of costs (over 25-years): \$6.5B (including PTC); \$1.8B over first 10-years

PSO – Oklahoma

Hearing Concluded	01/18/2018
ALJ Report Filed	02/12/2018
Exceptions Filed	02/23/2018
Response to Exceptions	02/28/2018
Argument on Exceptions	03/14/2018

SWEPCO – Texas

Hearing Begins	02/13/2018
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Note: FERC filing with respect to wholesale customers: Q4 2017

* Oklahoma has a 240-day statutory timeline for issuing an order, bringing the requested approval date to March 31, 2018

SWEPCO – Arkansas

Staff and Intervenor Surrebuttal	01/30/2018
SWEPCO Sur-Surrebuttal	02/06/2018
Settlement Deadline	02/20/2018
Hearing Begins	03/01/2018

SWEPCO – Louisiana

Intervenor Testimony	01/22/2018
SWEPCO Rebuttal Testimony	02/06/2018
Pre-hearing Briefs	02/16/2018
Hearing Begins	02/22/2018

Pending Base Rate Cases Summary



I&M – Indiana

Requested Increase: \$263M
(\$89M increased D&A)
Requested ROE: 10.6%
Key Dates:
Evidentiary Hearing 02/08-16/2018
Anticipated Order 07/01/2018



I&M – Michigan

Requested Increase: \$52M
(\$28M increased D&A)
Requested ROE: 10.6%
Key Dates:
Proposal for Decision 02/09/2018
Anticipated Order 04/12/2018

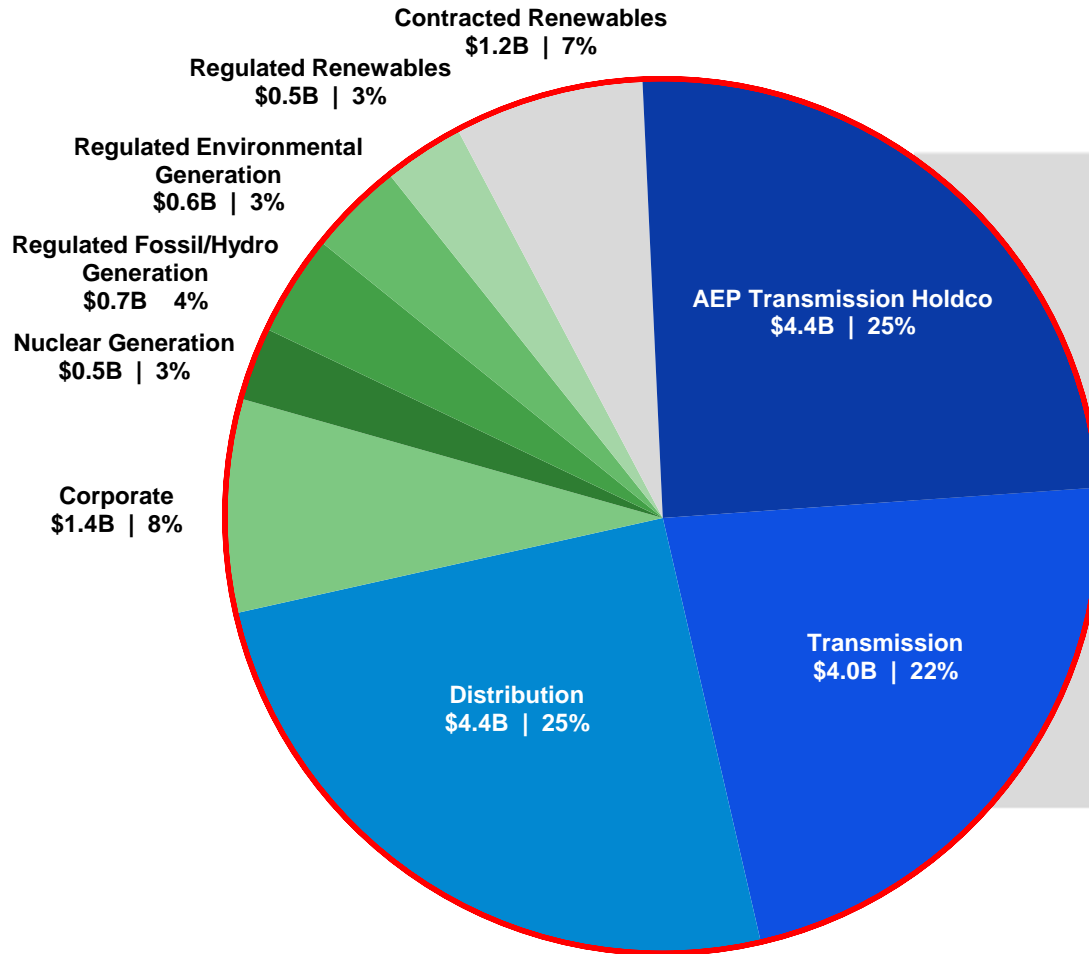


PSO – Oklahoma

Requested Increase: \$157M
(\$42M increased D)
Requested ROE: 10.0%

AEP Consolidated Capital Forecast

\$17.7B Cap-ex: 2018 - 2020



100%

of capital allocated to regulated businesses and contracted renewables

72%

allocated to wires

Updated 01/25/18

AEP Consolidated Cash Flows and Financial Metrics

<i>(\$ in millions)</i>	2018E	2019E	2020E
Cash from Operations	\$ 4,400	\$ 4,400	\$ 4,800
Capital & JV Equity Contributions	(6,000)	(6,200)	(5,500)
Other Investing Activities	(200)	(100)	(200)
Common Dividends	(1,200)	(1,200)	(1,200)
Excess (Required) Capital	(3,000)	(3,100)	(2,100)
Financing	2018E	2019E	2020E
Excess (Required) Capital	(3,000)	(3,100)	(2,100)
Debt Maturities (Senior Notes, PCRBs)	(1,500)	(2,000)	(400)
Securitization Amortizations	(300)	(300)	(200)
Equity Issuances - Includes DRP/401(k)	100	100	500
Debt Capital Market Needs (New)	(4,700)	(5,300)	(2,200)
Financial Metrics	2018E	2019E	2020E
Debt to Capitalization (GAAP)	Less than 60%		
FFO/Total Debt (Moody's)	Mid Teens		

Note: Updated 01/25/18. Actual cash flows will vary by company and jurisdiction based on regulatory outcomes.

Anticipated cash flows maintain credit ratings.

GAAP to Non-GAAP Reconciliations & Ratios

Adjusted FFO Calculation

	12 Months Ended 12/31/17
	\$ millions
Cash Flow From Operations	\$4,282
Adjustments:	
Changes in Working Capital	162
Capitalized Interest	(49)
Securitization Amortization	(299)
Lease Payments	161
Adjusted Funds from Operations (FFO)	\$4,257

Adjusted Total Debt Calculation

	As of 12/31/17
	\$ millions
GAAP Total Debt (incl. current maturities)	\$22,812
Less:	
Securitization Bonds	(1,424)
Spent Nuclear Fuel Trust	(269)
Add:	
Capital Lease Obligations	298
Pension	259
Off-balance Sheet Leases	1,038
Adjusted Total Debt (Non-GAAP)	\$22,714

FFO to Total Debt Ratio

$$\frac{\text{Adjusted Funds from Operations (FFO)}}{\text{Adjusted Total Debt (Non-GAAP)}} = \frac{\$4,257}{\$22,714} = 18.7\%$$