1st Quarter 2018

Earnings Release Presentation

April 26, 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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Non-GAAP Financial Measures

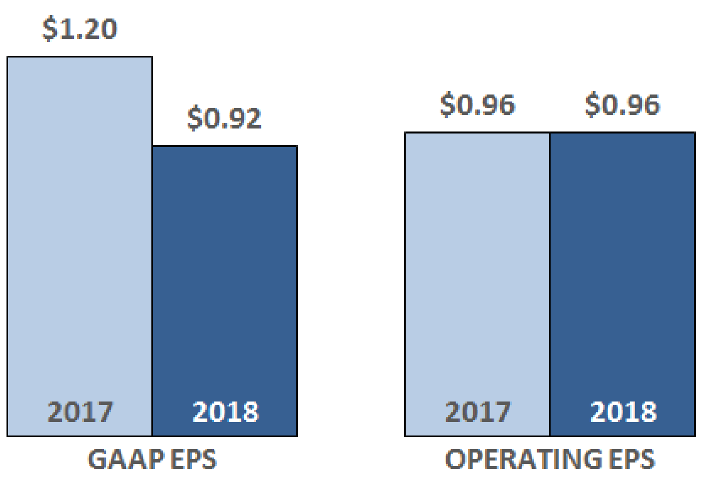
AEP reports its financial results in accordance with accounting principles generally accepted in the United States (GAAP). AEP supplements the reporting of financial information determined in accordance with GAAP with certain non-GAAP financial measures, including operating earnings (non-GAAP) and FFO 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. Reflecting special items recorded through the first quarter of 2018, the estimated earnings per share on a GAAP basis would be $3.71 to $3.91 per share.

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.

1st Quarter 2018 Highlights

1st Quarter 2018



Refer to Appendix for reconciliation between GAAP and Operating EPS

Company Update

Earnings Update

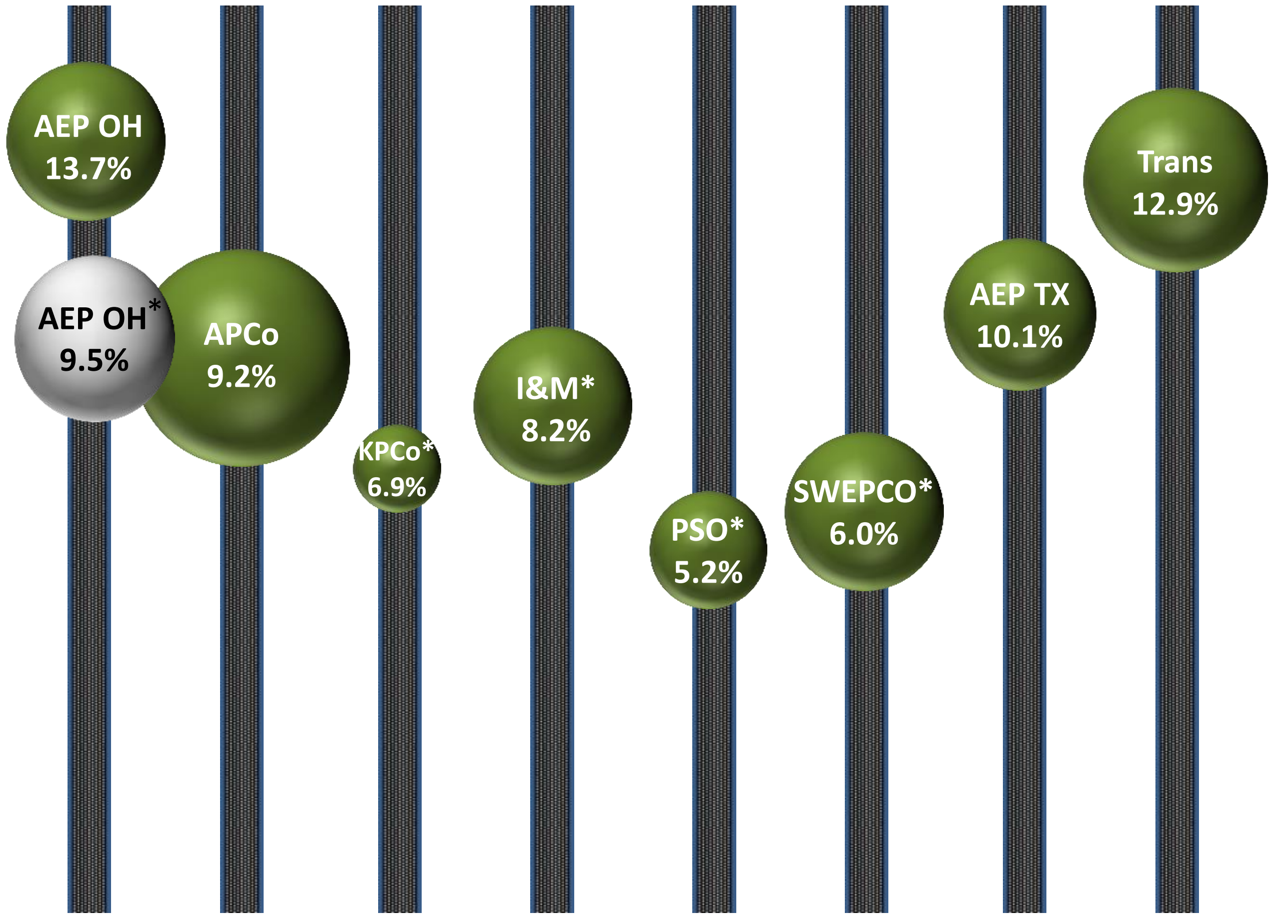
- ✓ Delivered GAAP earnings of $0.92 per share and operating earnings of $0.96 per share for the first quarter of 2018
- ✓ Reaffirmed 2018 operating earnings guidance range of $3.75 to $3.95 per share

Regulatory Update

- ✓ Wind Catcher Energy Connection
- ✓ Rate case updates: Oklahoma, Indiana, Michigan, FERC
- ✓ Ohio ESP III order

Regulated Returns

Twelve Months Ended 3/31/2018 Earned ROE's (non-GAAP Operating Earnings)



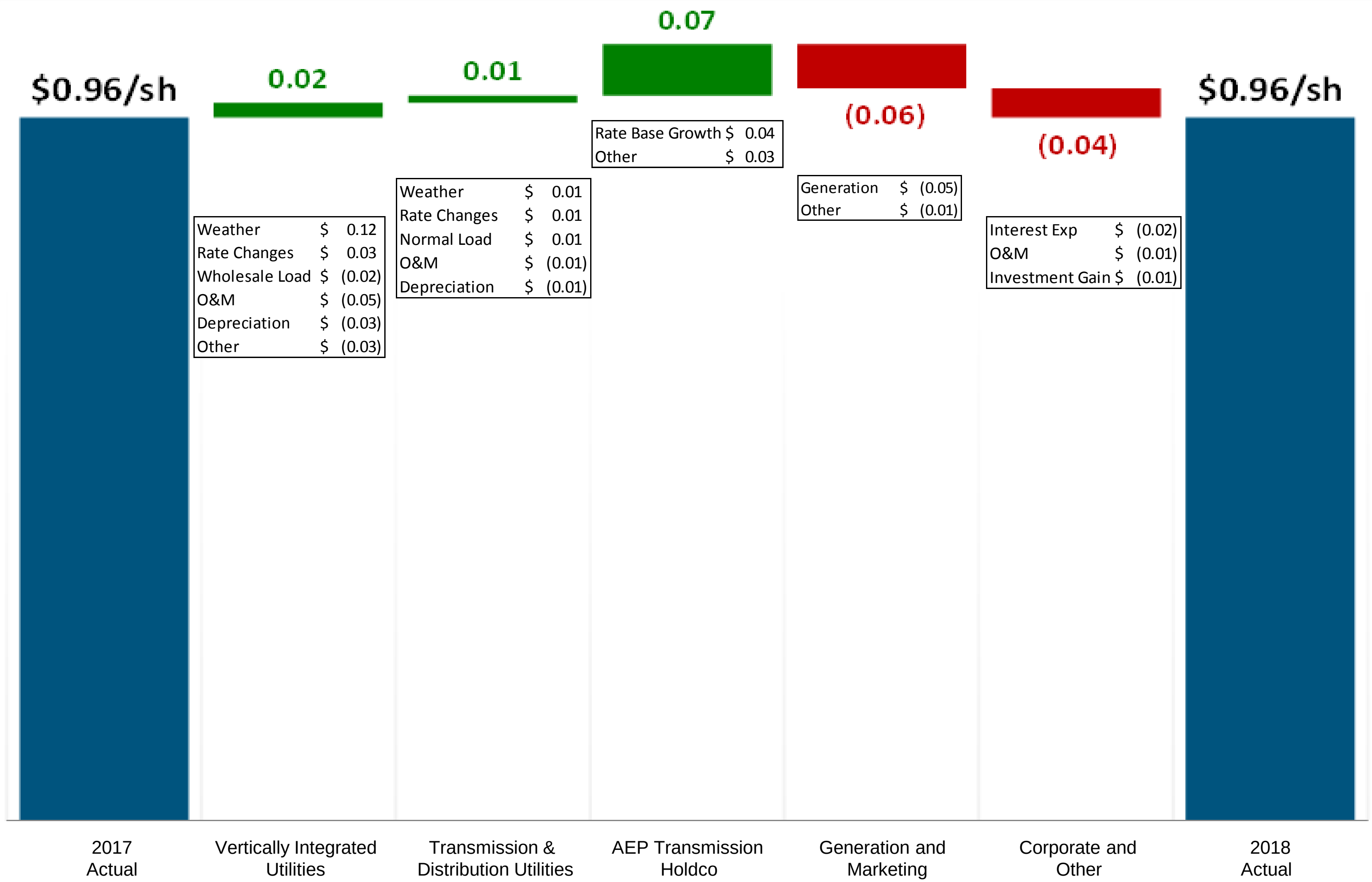
Regulated Operations ROE of 9.5%

as of March 31, 2018

*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

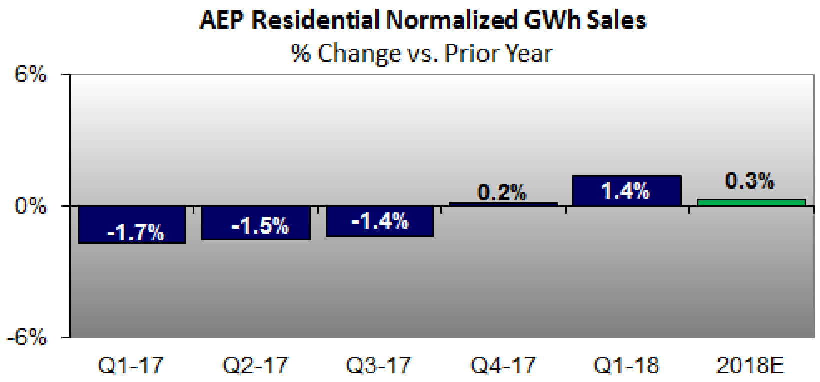
1st Quarter Operating Earnings Segment Detail

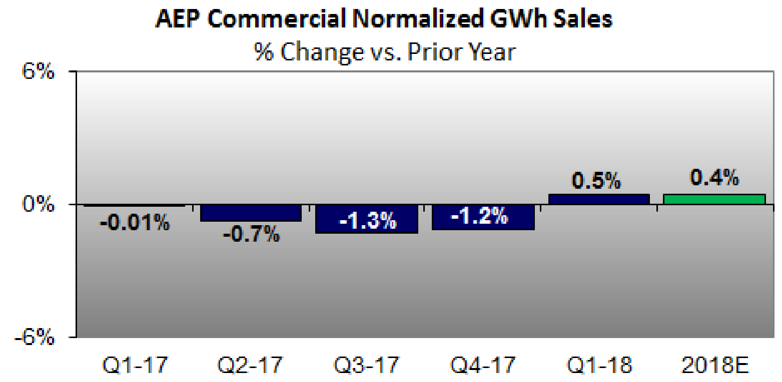


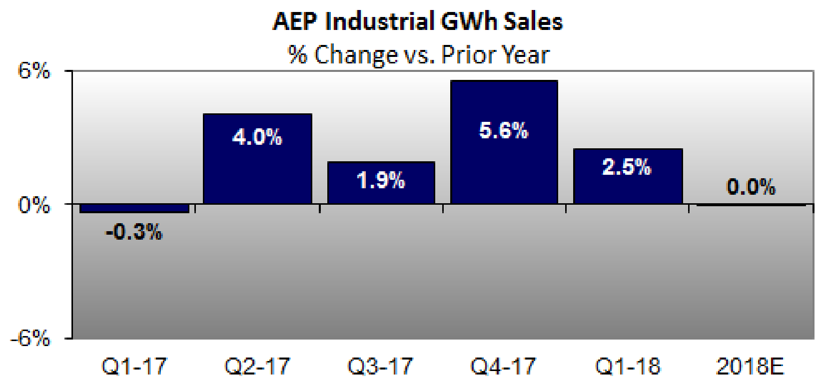
2018 Actual EPS	**$0.47**	**$0.25**	**$0.21**	**$0.08**	**($0.05)**	**$0.96**

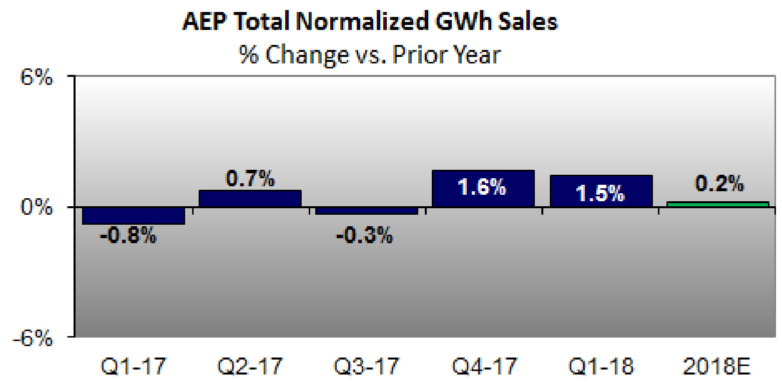
Refer to Appendix for additional explanation of variances by segment

Weather Normalized Billed Retail Load Trends





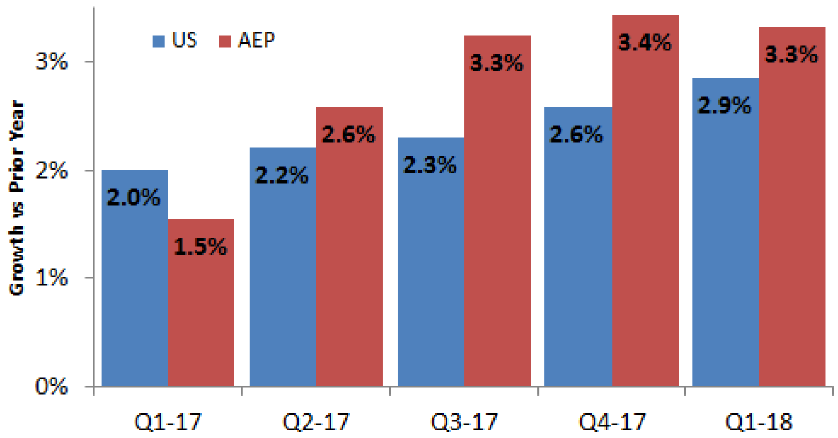




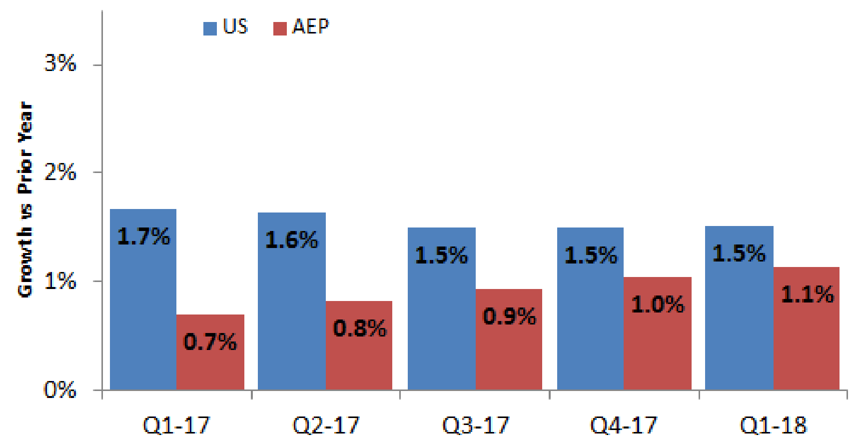
Load figures are provided on a billed basis. Charts reflect connected load and exclude firm wholesale and Buckeye Power backup load.

Economic Data – AEP Service Territory

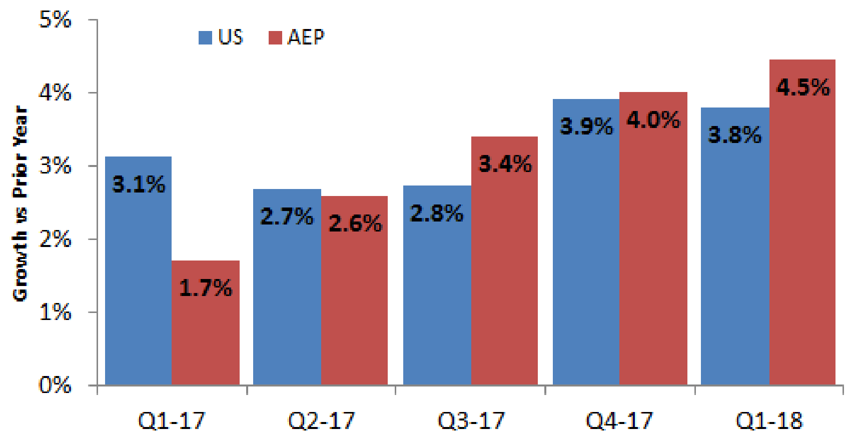
GDP Growth by Quarter



Employment Growth by Quarter



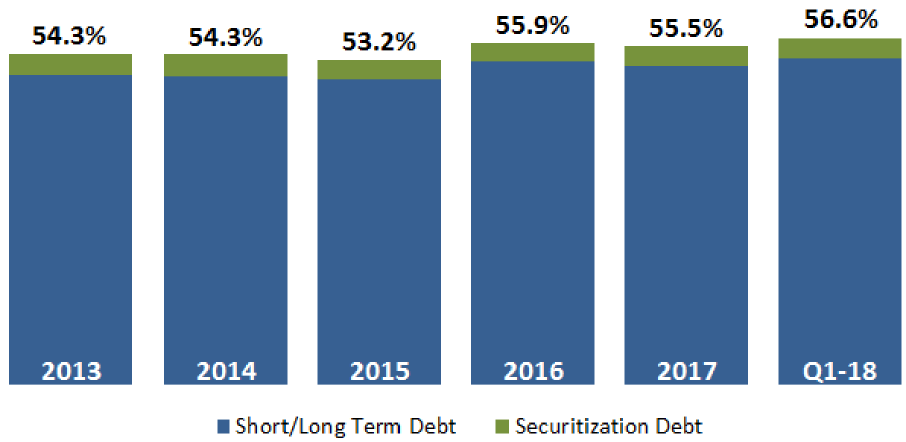
Personal Income Growth by Quarter



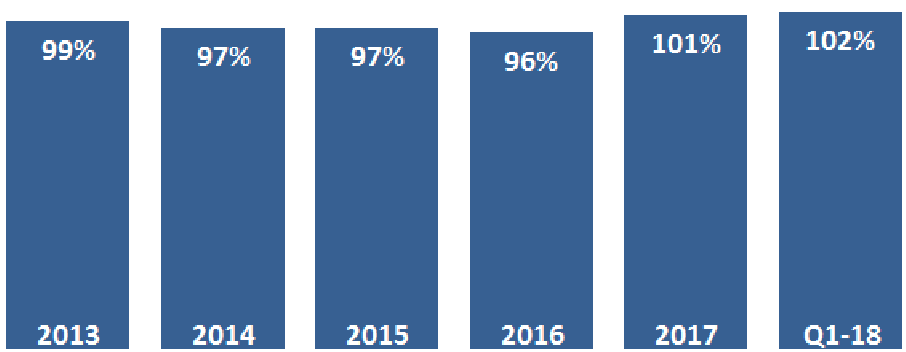
Source – Moody's Analytics

Capitalization & Liquidity

Total Debt / Total Capitalization



Qualified Pension Funding



Credit Statistics

	Actual	Target
FFO to Total Debt	18.2%	Mid Teens

Represents the trailing 12 months as of 3/31/2018
See Appendix for reconciliation to GAAP

Liquidity Summary

(unaudited)	3/31/2018 Actual	
($ in millions)	Amount	Maturity
Revolving Credit Facility	$3,000	Jun-21
Plus		
Cash & Cash Equivalents	183	
Less		
Commercial Paper Outstanding	(1,886)	
Letters of Credit Issued	-	
Net Available Liquidity	**$1,297**	

Strong balance sheet, credit metrics and liquidity

AEP & Tax Reform Summary

Regulatory Actions

All jurisdictions have opened dockets to defer savings as a regulatory liability and address tax benefit impacts

Options for tax benefits:

- ✓ Decrease rates
- ✓ Increase amortization of regulatory assets
- ✓ Accelerate depreciation
- ✓ Offset other rate increases

Change in Tax Rate from 35% to 21%

- Indiana, Kentucky, Oklahoma and East FERC Transmission have recent rate orders/settlements passing savings to customers
- All other jurisdictions are working with regulators to address savings in future rate proceedings using various strategies noted above

Unprotected Excess ADFIT

- Indiana and East FERC Transmission have recent settlements resolving unprotected portion of excess
- All other jurisdictions are working with regulators to address savings in future rate proceedings using various strategies noted above

Normalized portion of excess ADFIT refunded over life of property, over average life of 25 years (40 years for transmission)

Recap of Excess Deferred Taxes

As of March 31, 2018 *($ 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)	($3.4)
Unprotected Portion of Excess	$1.0

Other Tax Implications

- Interest on parent debt expected to be mostly tax deductible
- No significant NOL going into 2018
- Generation & Marketing flows to bottom line, but minor

Refer to Appendix for tax reform by jurisdiction

Summary

- Finalize pending rate case activities and obtain clarity on Wind Catcher
- Continue to work with state regulatory commissions to address the appropriate mechanism to provide the benefits of tax reform to customers
- Reaffirm 5-7% growth rate with 2018 operating earnings guidance range of \$3.75-\$3.95

AEP crews get the lights back on in Puerto Rico

Appendix

1st Quarter Reconciliation of GAAP to Operating Earnings

	$ millions			Earnings Per Share		
	Q1-17	Q1-18	Change	Q1-17	Q1-18	Change
Reported GAAP Earnings	$592	$454	($138)	$1.20	$0.92	($0.28)
Non Operating Items:						
Mark-to-Market Impact of Commodity Hedging Activities[1]	2	19	17	-	0.04	0.04
Gain from Competitive Generation Asset Sale[1]	(127)	-	127	(0.26)	-	0.26
Impairment of Certain Merchant Generation Assets[1]	7	-	(7)	0.02	-	(0.02)
AEP Operating Earnings	$474	$473	($1)	$0.96	$0.96	$0.00

[1] Items recorded in Generation & Marketing segment

Weighted average no. of shares outstanding: 492M Q1-17 and 492M Q1-18

Vertically Integrated Utilities

1st Quarter Summary

	Q1-17	Q1-18
$ millions (except EPS)		
Operating Revenues	$2,290	$2,408
Operating Expenses:		
Energy Costs	(788)	(858)
Operations & Maintenance	(660)	(740)
Depreciation & Amortization	(278)	(313)
Taxes Other Than Income Taxes	(101)	(110)
Operating Income	463	387
Net Interest/AFUDC	(121)	(125)
Non-Service Benefit Cost	6	18
Income Taxes	(128)	(48)
Other	-	(1)
Operating and GAAP Earnings	$220	$231
EPS from Operating Earnings	$0.45	$0.47

Key Drivers: Q1-18 vs. Q1-17

- ✓ Weather: $89M favorable vs. prior year; $10M favorable vs. normal
- ✓ Rate Changes: $25M favorable primarily from rate increases at SWEPCO, KPCo and I&M, partially offset by decreased formula rate customers at I&M and rate decreases at PSO
- ✓ Wholesale Load: $16M unfavorable vs. prior year primarily due to reduced wholesale customers at SWEPCO and I&M
- ✓ O&M: $35M unfavorable (net of offsets) vs. prior year primarily due to increased plant maintenance and transmission services
- ✓ Income Taxes: effective tax rate of 17.1% Q1-18 vs. 36.6% Q1-17

Transmission & Distribution Utilities

1st Quarter Summary

	Q1-17	Q1-18
$ millions (except EPS)		
Operating Revenues	$1,086	$1,162
Operating Expenses:		
Energy Costs	(223)	(244)
Amortization of Generation Deferrals	(61)	(59)
Operations & Maintenance	(288)	(353)
Depreciation & Amortization	(156)	(173)
Taxes Other Than Income Taxes	(127)	(137)
Operating Income	231	196
Net Interest/AFUDC	(50)	(50)
Non-Service Benefit Cost	2	8
Income Taxes	(64)	(29)
Operating and GAAP Earnings	$119	$125
EPS from Operating Earnings	$0.24	$0.25

Key Drivers: Q1-18 vs. Q1-17

- ✓ Weather: $10M favorable vs. prior year; $8M favorable vs. normal
- ✓ Rate Changes: $6M favorable primarily from the Texas Distribution Cost Recovery Factor
- ✓ Normal Load: $13M favorable vs. prior year primarily due to increased residential sales and favorable price variances
- ✓ O&M: $9M unfavorable (net of offsets) vs. prior year primarily due to increased storm expenses and charitable contributions
- ✓ Income Taxes: effective tax rate of 18.9% Q1-18 vs. 34.9% Q1-17

AEP Transmission Holdco

1st Quarter Summary

	Q1-17	Q1-18
$ millions (except EPS)		
Operating Revenues	$156	$206
Operating Expenses:		
Operations & Maintenance	(14)	(22)
Depreciation & Amortization	(25)	(32)
Taxes Other Than Income Taxes	(28)	(33)
Operating Income	89	119
Net Interest/AFUDC	(6)	(6)
Non-Service Benefit Cost	-	1
Income Taxes	(36)	(27)
Equity Earnings	26	18
Other	(1)	(1)
Operating and GAAP Earnings	$72	$104
EPS from Operating Earnings	$0.14	$0.21

Key Drivers: Q1-18 vs. Q1-17

- ✓ $32M favorable Operating Income primarily due to increased revenues and expenses driven by increased capital investment in the wholly owned Transcos

Generation & Marketing

1st Quarter Summary

	Q1-17	Q1-18
$ millions (except EPS)		
Operating Revenues	$594	$529
Operating Expenses:		
Energy Costs	(405)	(409)
Operations & Maintenance	(88)	(68)
Depreciation & Amortization	(6)	(7)
Taxes Other Than Income Taxes	(2)	(3)
Operating Income	93	42
Net Interest/AFUDC	(4)	(1)
Non-Service Benefit Cost	2	4
Income Taxes	(23)	(8)
Operating Earnings	68	37
Proforma Adjustments, Net of Tax	118	(19)
GAAP Earnings	$186	$18
EPS from Operating Earnings	$0.14	$0.08

See slide 13 for items excluded from Net Income to reconcile to Operating Earnings

Key Drivers: Q1-18 vs. Q1-17

- ✓ Generation decreased 2,749 GWh (54%) Q1-18 vs. Q1-17 primarily due to sale of plants in January 2017
- ✓ AEP Dayton ATC liquidations up 30%: $37.34/MWh in Q1-18 vs. $28.75/MWh in Q1-17
- ✓ Income Taxes: effective tax rate of 17.8% Q1-18 vs. 24.8% Q1-17

1st Quarter Retail Rate Performance

Vertically Integrated Utilities

	Rate Changes, net of offsets (in millions)
	Q1-18 vs. Q1-17
APCo/WPCo	-
I&M	$1
KPCo	$8
PSO	($2)
SWEPCO	$18
Kingsport	-
TOTAL	$25
Impact on EPS	$0.03

Transmission & Distribution Utilities

	Rate Changes, net of offsets (in millions)
	Q1-18 vs. Q1-17
AEP Ohio	($1)
AEP Texas	$7
TOTAL	$6
Impact on EPS	$0.01

1st Quarter Retail Load Performance

Vertically Integrated Utilities

	Retail Load[1] (weather normalized)
	Q1-18 vs. Q1-17
APCo/WPCo	2.2%
I&M	(0.4%)
KPCo	(0.9%)
PSO	2.0%
SWEPCO	2.7%
Kingsport	1.2%
TOTAL	1.5%
Impact on EPS[2]	-

Transmission & Distribution Utilities

	Retail Load[1] (weather normalized)
	Q1-18 vs. Q1-17
AEP Ohio	0.7%
AEP Texas	2.6%
TOTAL	1.4%
Impact on EPS[2]	$0.01

[1] Includes load on a billed basis only, excludes firm wholesale load and accrued sales
[2] Includes EPS impact of accrued revenues

1st Quarter Weather Impact

Vertically Integrated Utilities

	Weather Impact (in millions)	
	Q1-18 vs. Q1-17	Q1-18 vs. Normal
APCo/WPCo	$49	$9
I&M	$14	($1)
KPCo	$9	-
PSO	$3	-
SWEPCO	$14	$2
Kingsport	$1	-
TOTAL	$90	$10
Impact on EPS	$0.12	$0.01

Transmission & Distribution Utilities

	Weather Impact (in millions)	
	Q1-18 vs. Q1-17	Q1-18 vs. Normal
AEP Ohio	-	-
AEP Texas	$10	$8
TOTAL	$10	$8
Impact on EPS	$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[1]

ALJ Report Filed	02/12/2018
Exceptions Filed	02/23/2018
Response to Exceptions	02/28/2018
Settlement with Walmart Filed	03/09/2018
Settlement with OIEC and Walmart Filed	04/24/2018

Next Step: Awaiting Commission Order

SWEPCO – Texas

Hearing	02/13/2018
Initial Briefs	03/12/2018
Reply Briefs	03/21/2018

Next Step: Awaiting ALJ Recommendation

SWEPCO – Arkansas

Settlement Agreement Filed	02/20/2018
Settlement Hearing	03/01/2018

Next Step: Awaiting Settlement Order

SWEPCO – Louisiana

Settlement Agreement Signed	04/12/2018
Settlement and Testimony Filed	04/20/2018
Settlement Hearing	04/30/2018

FERC filing with respect to wholesale customers: Q1 2018.
Anticipate FERC decision 2Q 2018.

[1] On March 28, 2018, Oklahoma's 240-day statutory deadline for issuing a Commission order was waived with no future date established for the order.

Recent Base Rate Case Orders and Settlements

I&M – Indiana

Gross Revenue Increase:	$182M
Less Tax Reform:	$85M
Net Revenue Increase:	$97M
Approved ROE:	9.95%
Settlement Agreement Filed: (Awaiting Order)	02/14/2018
Anticipated Effective Date:	07/01/2018

I&M – Michigan[2]

Revenue Increase:	$49M
Approved ROE:	9.9%
Effective Date:	04/26/2018

KPCo – Kentucky[1]

Gross Revenue Increase:	$30M
Less Tax Reform:	$14M
Net Revenue Increase:	$16M
Approved ROE:	9.7%
Effective Date:	01/19/2018

PSO – Oklahoma[1]

Gross Revenue Increase:	$108M
Less Tax Reform:	$32M
Net Revenue Increase:	$76M
Approved ROE:	9.3%
Effective Date:	First Billing Cycle of March 2018

SWEPCO – Texas[2]

Revenue Increase:	$50M
Approved ROE:	9.6%
Effective Date:	Retroactive to 05/20/2017

[1] Revenue increases include riders/offsets of $4 million and $24 million for KPCo and PSO, respectively
[2] Tax reform is not included in the recent I&M-Michigan or SWEPCO-Texas base rate cases but will be addressed in later filings

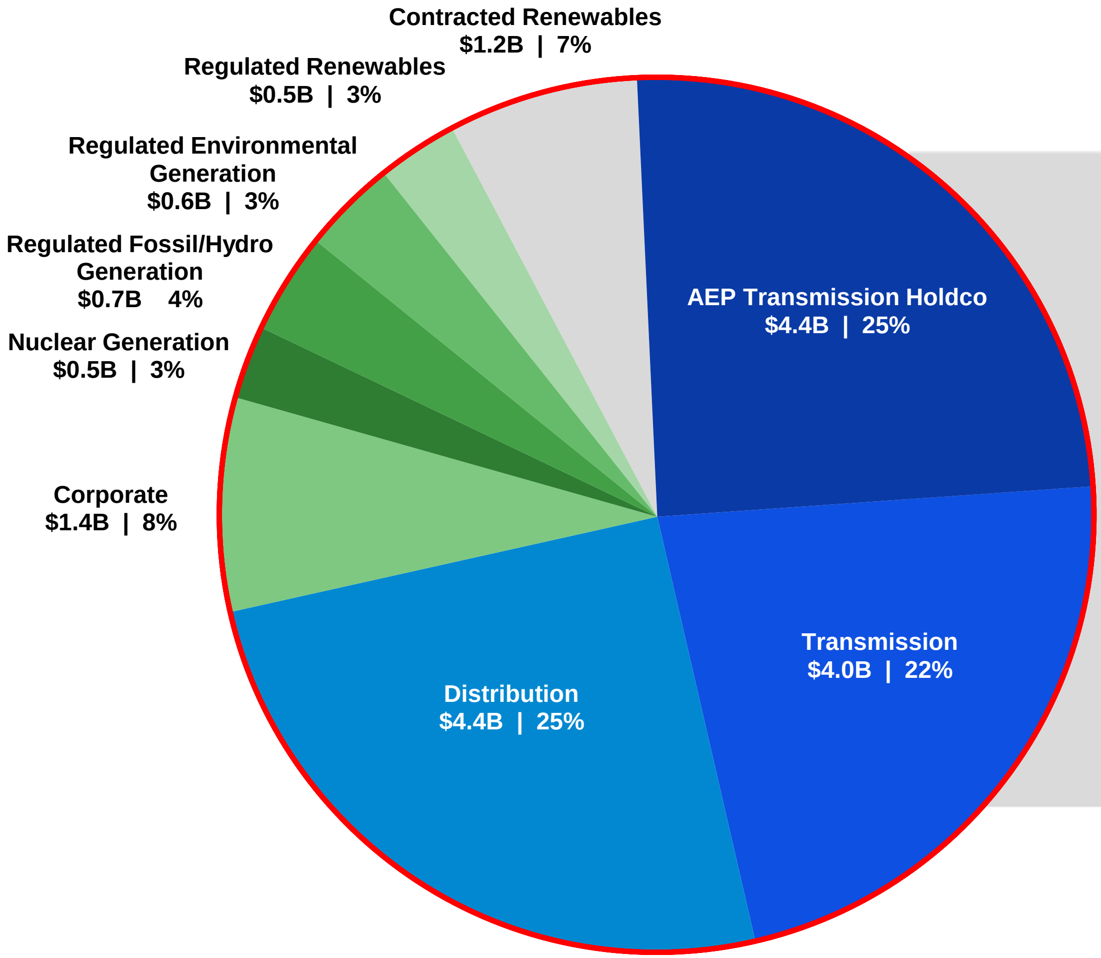
AEP & Tax Reform by Jurisdiction

Jurisdiction[1]	Change in Tax Rate	Excess ADFIT[2]
AEP Ohio	Address in true-up filing (DIR)	Address in later filing
AEP Texas	Addressed in March and April 2018 interim rate filings	Address in later filing
APCo-Virginia	Pass on savings starting mid-2018 pursuant to legislation	Address in later filing
APCo-West Virginia	Address in May 2018 tax filing	Addressed in April 2018 ENEC filing
I&M-Indiana	✓ Settlement to pass on savings	✓ Settlement to offset change in depreciation of Rockport Unit 1
I&M-Michigan	Address in later filing	Address in later filing
Kingsport	Addressed in March 2018 tax filing	Addressed in March 2018 tax filing
KPCo	✓ Order to pass on savings	Address in late April 2018 tax filing
PSO	✓ Order to pass on savings	Addressed in April 2018 tax filing
SWEPCO-Arkansas	Addressed in April 2018 tax filing	Addressed in April 2018 tax filing
SWEPCO-Louisiana	Addressed in April 2018 formula rate true-up filing	Address in later filing
SWEPCO-Texas	Addressed in April 2018 tax filing	Address in later filing
East FERC Transmission	✓ Settlement to pass on savings	✓ Settlement to amortize over 10 years
West FERC Transmission	Address in later filing	Address in later filing

[1] All jurisdictions have opened dockets to defer savings as a regulatory liability and address tax benefit impacts
[2] Normalized portion of excess ADFIT refunded over life of property, over average life of 25 years (40 years for transmission)

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

($ in millions)	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	

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 3/31/18
	$ millions
Cash Flow From Operations	$4,289
Adjustments:	
Changes in Working Capital	243
Capitalized Interest	(55)
Securitization Amortization	(305)
Lease Payments	173
Adjusted Funds from Operations (FFO)	$4,345

Adjusted Total Debt Calculation

	As of 3/31/18
	$ millions
GAAP Total Debt (incl. current maturities)	$24,120
Less:	
Securitization Bonds	(1,293)
Spent Nuclear Fuel Trust	(270)
Add:	
Capital Lease Obligations	303
Pension	42
Off-balance Sheet Leases	928
Adjusted Total Debt (Non-GAAP)	$23,830

FFO to Total Debt Ratio

$$\frac{\textbf{Adjusted Funds from Operations (FFO)}}{\textbf{Adjusted Total Debt (Non-GAAP)}} = \frac{\$4,345}{\$23,830} = 18.2\%$$