

**4Q11 Earnings Release
Presentation**
January 27, 2012

“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: the economic climate and growth in, or contraction within, our service territory and changes in market demand and demographic patterns, 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, particularly in Ohio, weather conditions, including storms, and our ability to recover significant storm restoration costs through applicable rate mechanisms, available sources and costs of, and transportation for, fuels and the creditworthiness and performance of fuel suppliers and transporters, availability of necessary generating capacity and the performance of our generating plants, our ability to resolve I&M's Donald C. Cook Nuclear Plant Unit 1 restoration and outage-related issues through warranty, insurance and the regulatory process, our ability to recover regulatory assets and stranded costs in connection with deregulation, our ability to recover increases in fuel and other energy costs through regulated or competitive electric rates, our ability to build or acquire generating capacity, including the Turk Plant, and transmission line facilities (including our ability to obtain any necessary regulatory approvals and permits) when needed at acceptable prices and terms and to recover those costs (including the costs of projects that are cancelled) through applicable rate cases or competitive rates, new legislation, litigation and government regulation including oversight of 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 and cost recovery of our plants, 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, natural gas and other energy-related commodities, 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 debt, volatility and changes in markets for electricity, natural gas, coal, nuclear fuel and other energy-related commodities, changes in utility regulation, including the implementation of ESPs and the expected legal separation and transition to market for generation in Ohio and the allocation of costs within regional transmission organizations, including PJM and SPP, accounting pronouncements periodically issued by accounting standard-setting bodies, 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 on future funding requirements, prices and demand for power that we generate and sell at wholesale, changes in technology, particularly with respect to new, developing or alternative sources of generation, our ability to recover through rates or prices any remaining unrecovered investment in generating units that may be retired before the end of their previously projected useful lives, evolving public perception of the risks associated with fuels used before, during and after the generation of electricity, including nuclear fuel 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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4Q11 Performance



Fourth Quarter Reconciliation

	EPS	Ongoing Earnings (\$ in millions)
4Q10	\$ 0.38	\$179
Regulatory Disallowances	\$ (0.14)	
Weather	\$ (0.07)	
Retail Margin	\$ (0.04)	
POLR Remand	\$ (0.04)	
Customer Switching	\$ (0.04)	
Operations & Maintenance	\$ (0.03)	
Off-System Sales	\$ (0.01)	
TCC True-Up Remand	\$ 0.01	
Rate Changes	\$ 0.03	
2009 SEET Refund	\$ 0.06	
Utility Operations Income Taxes	\$ 0.13	
Other	\$ 0.16	
4Q11	\$ 0.40	\$194

EPS Based on 483MM shares in Q411

4Q11 Performance Drivers

- Regulatory Disallowances in Virginia and Ohio of \$107M
- Weather was unfavorable by \$49M vs. prior year, unfavorable \$33M vs. normal
- Retail Margins down \$22M
- Loss of POLR revenues from Ohio ESP Remand ruling \$32M
- Gross Customer Switching up \$31M
- O&M expense net of offsets increased \$19M primarily due to accrual of Ohio donations required as part of the orders received in December 2011
- Off-System Sales, net of sharing, were unfavorable by \$5M due to lower power prices
- Income from carrying costs related to TCC True-up Remand \$10M
- Rate Changes net of offsets of \$26M from multiple operating jurisdictions
- SEET refund in 2010 of \$43M related to PUCO order in the 2009 SEET filing for CSPCo
- Utility Operations Income taxes decreased \$62M due to favorable audit settlements for prior years
- Other favorable primarily due to 2010 unfavorable items, an increase in transmission operations earnings and a decrease in interest expense

December YTD 2011 Performance



YTD 2011 Performance Drivers

December YTD 2011 Reconciliation

	EPS	Ongoing Earnings (\$ in millions)
2010	\$ 3.03	\$1,451
Regulatory Disallowances	\$ (0.14)	
Weather	\$ (0.07)	
Retail Margin	\$ (0.05)	
POLR Remand	\$ (0.10)	
Customer Switching	\$ (0.14)	
Operations & Maintenance	\$ (0.09)	
Off-System Sales	\$ 0.06	
TCC True-Up Remand	\$ 0.05	
Rate Changes	\$ 0.25	
2009 SEET Refund	\$ 0.06	
Utility Operations Income Taxes	\$ 0.13	
Other	\$ 0.13	
2011	\$ 3.12	\$1,504

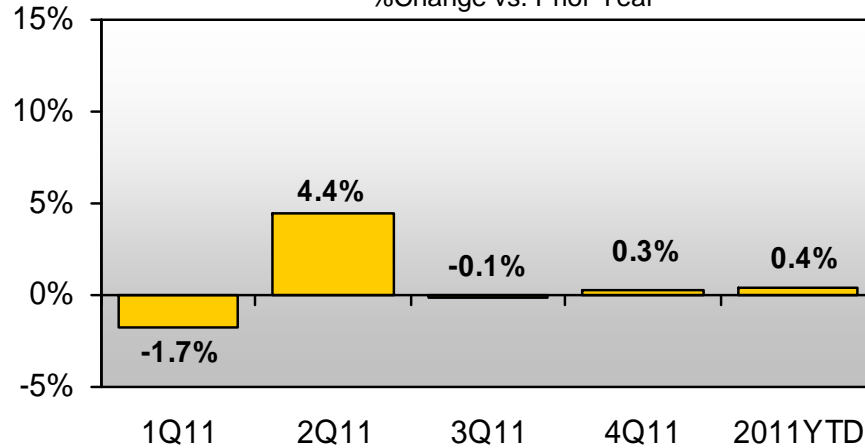
EPS Based on 482MM shares in YTD11

- Regulatory Disallowances in Virginia and Ohio of \$107M
- Weather was unfavorable by \$49M vs. prior year, favorable \$113M vs. normal
- Retail Margins down \$34M
- Loss of POLR revenues from Ohio ESP Remand ruling \$75M
- Gross Customer Switching up \$107M
- O&M expense net of offsets increased \$63M primarily due to higher storm expenses and accrual of Ohio donations required as part of the orders received in December 2011
- Off-System Sales, net of sharing, were favorable by \$44M due to higher volumes
- Income from carrying costs related to TCC True-up Remand \$38M
- Rate Changes net of offsets of \$188M from multiple operating jurisdictions
- SEET refund in 2010 of \$43M related to PUCO order in the 2009 SEET filing for CSPCo
- Utility Operations Income taxes decreased \$62M due to favorable audit settlements for prior years
- Other favorable primarily due to 2010 unfavorable items, and lower interest expense in 2011

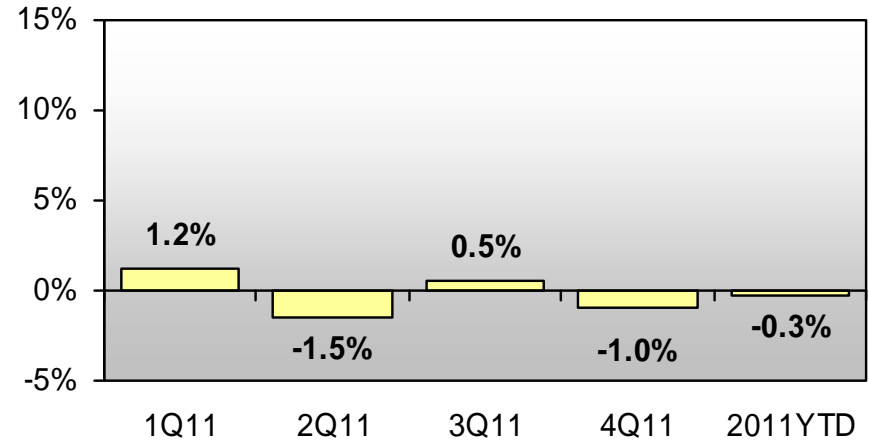
Normalized Load Trends



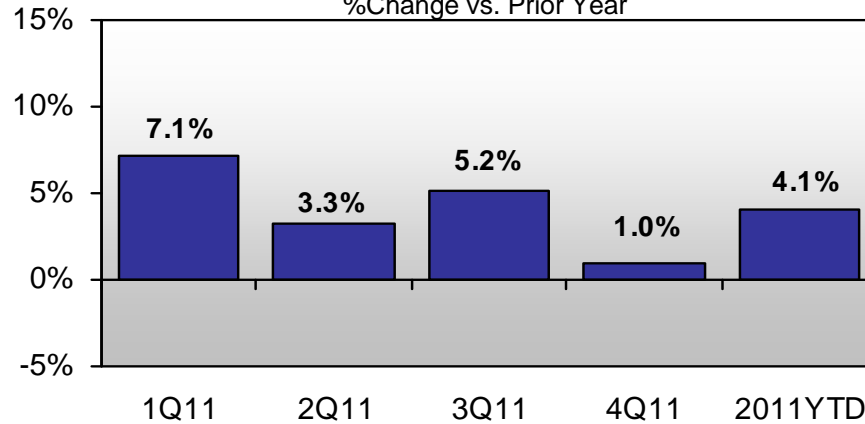
AEP Residential Normalized GWh Sales
%Change vs. Prior Year



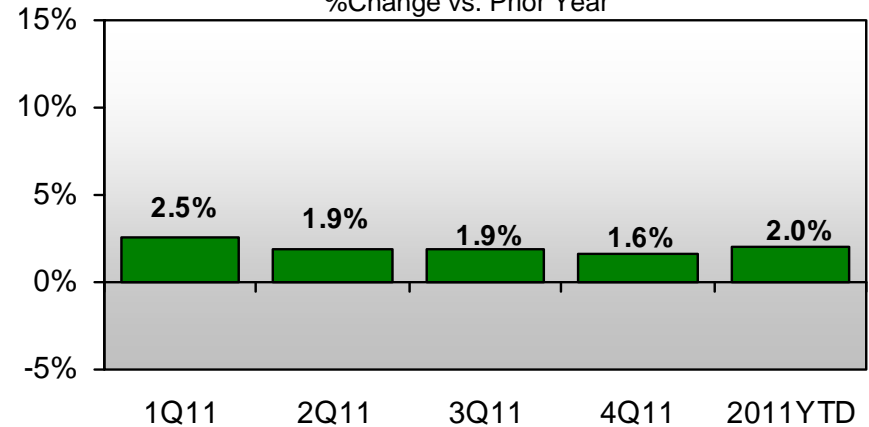
AEP Commercial Normalized GWh Sales
%Change vs. Prior Year



AEP Industrial Normalized GWh Sales
%Change vs. Prior Year



AEP Total Normalized GWh Sales*
%Change vs. Prior Year



Note: Chart represents connected load

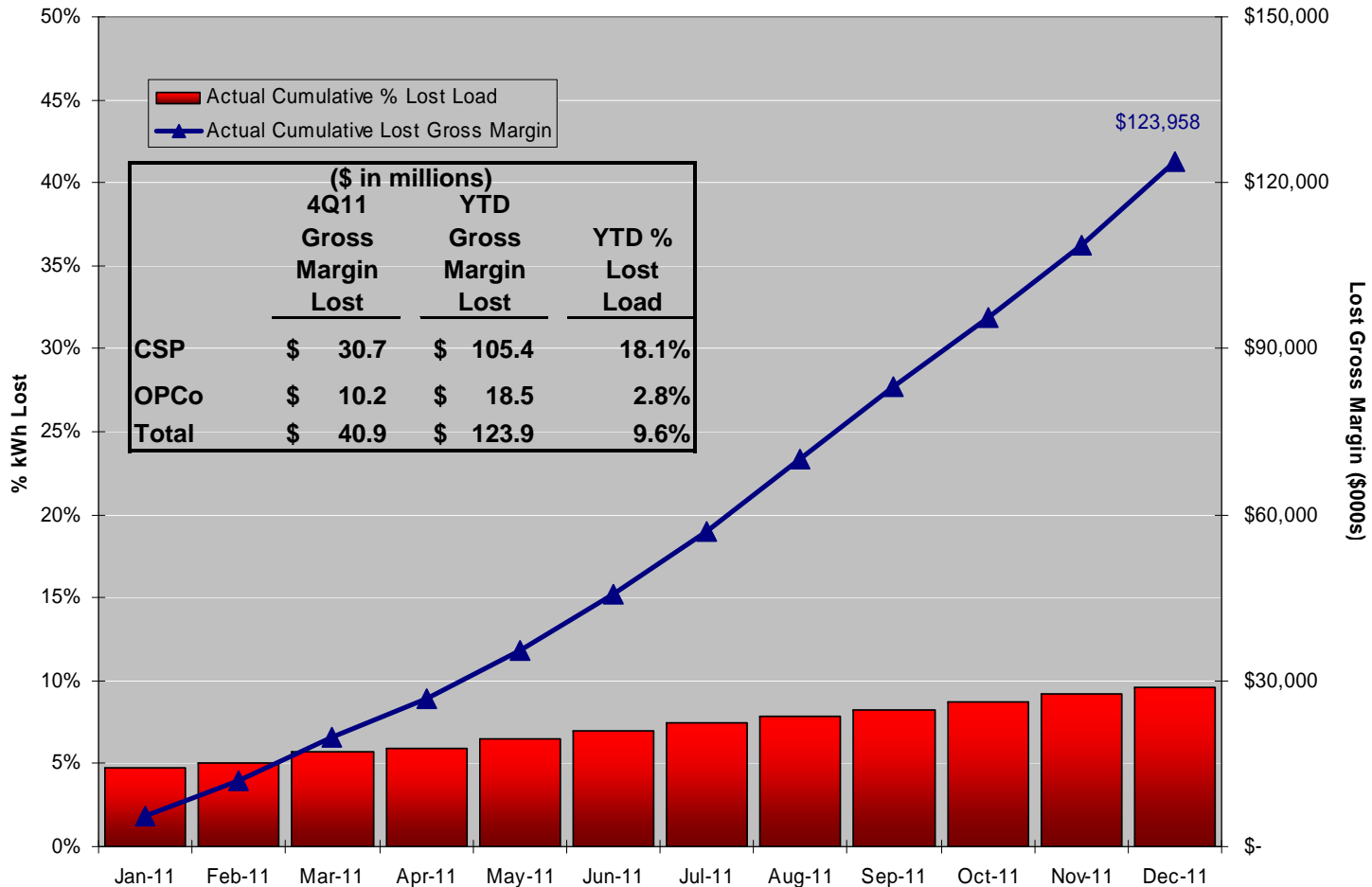
*includes firm wholesale load

Industrial sales continue to lead load growth

Customer Switching

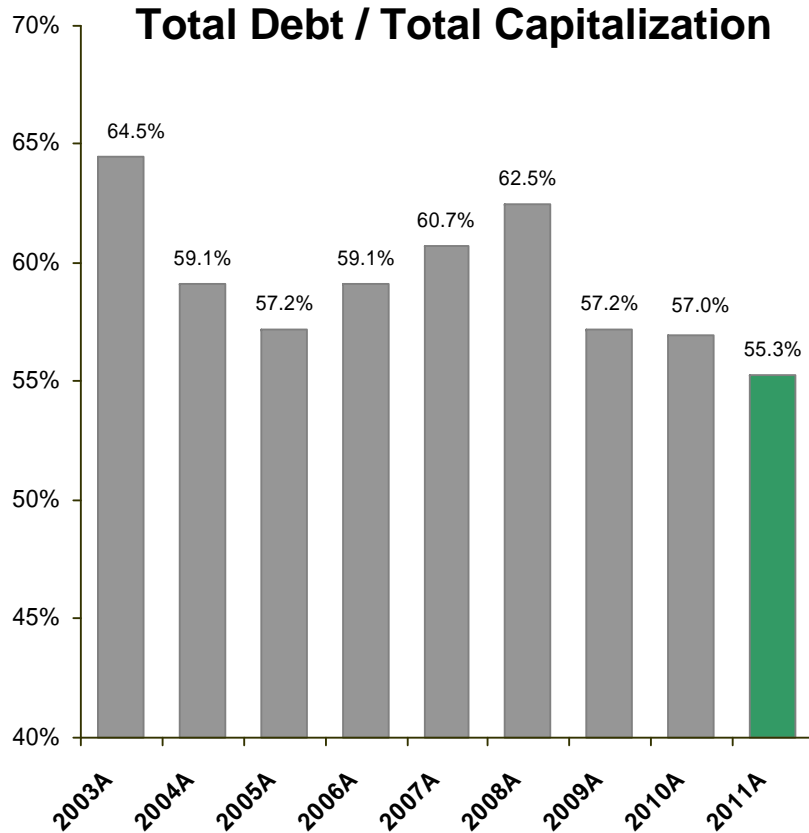


AEP-OH Customers Choosing Other Energy Providers



Customer switching impacts above partially offset by off-system sales and capacity revenues

Capitalization & Liquidity



Note: Total Debt is calculated according to GAAP and includes securitized debt

Credit Statistics

	Actual	Target
FFO Interest Coverage	4.6	>3.6x
FFO To Total Debt	18.7%	15%- 20%

Note: Credit statistics represent the trailing 12 months as of 12/31/2011

Liquidity Summary (12/31/2011)

Liquidity Summary (unaudited)		
(\$ in millions)		
	Actual Amount	Maturity
Revolving Credit Facility	\$ 1,750	Jul-16
Revolving Credit Facility	1,500	Jun-15
Total Credit Facilities	3,250	
Plus		
Cash & Cash Equivalents	221	
Less		
Commercial Paper Outstanding	(967)	
Letters of credit issued	(141)	
Net available Liquidity	\$ 2,363	

Strong balance sheet, solid credit metrics and adequate liquidity

4Q11 Earnings



	\$ millions			Earnings Per Share		
	4th Qtr 2010	4th Qtr 2011	Change	4th Qtr 2010	4th Qtr 2011	Change
Utility Operations	\$ 180	\$ 175	\$ (5)	\$ 0.38	\$ 0.37	\$ (0.01)
Transmission Operations	5	11	6	0.01	0.02	0.01
Non-Utility Operations	29	16	(13)	0.06	0.03	(0.03)
Parent & Other	(35)	(8)	27	(0.07)	(0.02)	0.05
AEP On-Going Earnings	179	194	15	0.38	0.40	0.02
Cost Reduction Initiative	(3)	-	3	(0.01)	-	0.01
Texas Capacity Auction, Tax Normalization & Carrying Charges	-	133	133	-	0.28	0.28
Carbon Capture & Storage	-	18	18	-	0.04	0.04
Turk Impairment	-	(32)	(32)	-	(0.07)	(0.07)
Other	-	(5)	(5)	-	(0.01)	(0.01)
Special Items Total	(3)	114	117	(0.01)	0.24	0.25
Reported Earnings (GAAP)	\$ 176	\$ 308	\$ 132	\$ 0.37	\$ 0.64	\$ 0.27

Quarterly Performance Comparison



American Electric Power
Financial Results for 4th Quarter 2011 Actual vs 4th Quarter 2010 Actual

	Performance Driver	2010 Actual		Performance Driver	2011 Actual	
		(\$ millions)	EPS		(\$ millions)	EPS
UTILITY OPERATIONS:						
Gross Margin:						
1	East Regulated Integrated Utilities	17,337 GWh @ \$ 41.7 /MWhr =	723	16,209 GWh @ \$ 38.1 /MWhr =	617	
2	Ohio Companies	12,732 GWh @ \$ 50.8 /MWhr =	647	13,220 GWh @ \$ 43.4 /MWhr =	573	
3	West Regulated Integrated Utilities	9,359 GWh @ \$ 29.1 /MWhr =	273	9,469 GWh @ \$ 31.4 /MWhr =	298	
4	Texas Wires	6,024 GWh @ \$ 23.0 /MWhr =	139	6,304 GWh @ \$ 23.2 /MWhr =	146	
5	Off-System Sales	3,133 GWh @ \$ 17.7 /MWhr =	55	3,461 GWh @ \$ 14.6 /MWhr =	50	
6	Transmission Revenue - 3rd Party		91		106	
7	Other Operating Revenue		108		105	
8	Utility Gross Margin		2,036		1,895	
9	Operations & Maintenance		(960)		(980)	
10	Depreciation & Amortization		(393)		(387)	
11	Taxes Other than Income Taxes		(198)		(194)	
12	Interest Exp & Preferred Dividend		(233)		(208)	
13	Other Income & Deductions		40		51	
14	Income Taxes		(112)		(2)	
15	Utility Operations On-Going Earnings		180	0.38	175	0.37
16	Transmission Operations On-Going Earnings		5	0.01	11	0.02
NON-UTILITY OPERATIONS:						
17	AEP River Operations		21	0.04	22	0.04
18	Generation & Marketing		8	0.02	(6)	(0.01)
PARENT & OTHER:						
19	Parent Company On-Going Earnings		(43)		(11)	
20	Other Investments		8		3	
21	Parent & Other On-Going Earnings		(35)	(0.07)	(8)	(0.02)
22	ON-GOING EARNINGS		<u>179</u>	<u>0.38</u>	<u>194</u>	<u>0.40</u>

Note: For analysis purposes, certain financial statement amounts have been reclassified for this effect on earnings presentation.

December YTD Earnings



	\$ millions			Earnings Per Share		
	Dec YTD	Dec YTD	Change	Dec YTD	Dec YTD	Change
	2010	2011		2010	2011	
Utility Operations	\$ 1,419	\$ 1,455	\$ 36	\$ 2.97	\$ 3.02	\$ 0.05
Transmission Operations	10	30	20	0.02	0.06	0.04
Non-Utility Operations	65	59	(6)	0.13	0.12	(0.01)
Parent & Other	(43)	(40)	3	(0.09)	(0.08)	0.01
AEP On-Going Earnings	1,451	1,504	53	3.03	3.12	0.09
Cost Reduction Initiative	(185)	-	185	(0.39)	-	0.39
Medicare D Subsidy	(21)	-	21	(0.04)	-	0.04
Texas Capacity Auction, Tax Normalization & Carrying Charges	-	558	558	-	1.16	1.16
Sporn Unit 5 Retirement	-	(31)	(31)	-	(0.06)	(0.06)
MR5 - Suspended Scrubber	-	(27)	(27)	-	(0.06)	(0.06)
Turk Impairment	-	(32)	(32)	-	(0.07)	(0.07)
Carbon Capture & Storage	(34)	(13)	21	(0.07)	(0.03)	0.04
Litigation Settlement Enron Bankruptcy	-	(22)	(22)	-	(0.05)	(0.05)
Other	-	4	4	-	0.01	0.01
Special Items Total	(240)	437	677	(0.50)	0.90	1.40
Reported Earnings (GAAP)	\$ 1,211	\$ 1,941	\$ 730	\$ 2.53	\$ 4.02	\$ 1.49

YTD 2011 Performance Comparison




American Electric Power
Financial Results for YTD December 2011 Actual vs YTD December 2010 Actual


	Performance Driver	2010 Actual		Performance Driver	2011 Actual	
		(\$ millions)	EPS		(\$ millions)	EPS
UTILITY OPERATIONS:						
Gross Margin:						
1	East Regulated Integrated Utilities	68,761 GWh @ \$ 41.9 /MWhr =	2,882	66,832 GWh @ \$ 41.1 /MWhr =	2,749	
2	Ohio Companies	49,465 GWh @ \$ 56.6 /MWhr =	2,800	51,445 GWh @ \$ 52.0 /MWhr =	2,673	
3	West Regulated Integrated Utilities	42,131 GWh @ \$ 31.4 /MWhr =	1,322	43,380 GWh @ \$ 32.5 /MWhr =	1,408	
4	Texas Wires	27,348 GWh @ \$ 22.3 /MWhr =	611	29,288 GWh @ \$ 22.1 /MWhr =	648	
5	Off-System Sales	19,172 GWh @ \$ 15.6 /MWhr =	299	25,693 GWh @ \$ 13.3 /MWhr =	343	
6	Transmission Revenue - 3rd Party		369		417	
7	Other Operating Revenue		511		507	
8	Utility Gross Margin		8,794		8,745	
9	Operations & Maintenance		(3,427)		(3,544)	
10	Depreciation & Amortization		(1,598)		(1,613)	
11	Taxes Other than Income Taxes		(801)		(812)	
12	Interest Exp & Preferred Dividend		(945)		(891)	
13	Other Income & Deductions		154		239	
14	Income Taxes		(758)		(669)	
15	Utility Operations On-Going Earnings		1,419	2.97	1,455	3.02
16	Transmission Operations On-Going Earnings		10	0.02	30	0.06
NON-UTILITY OPERATIONS:						
17	AEP River Operations		40	0.08	45	0.09
18	Generation & Marketing		25	0.05	14	0.03
PARENT & OTHER:						
19	Parent Company On-Going Earnings		(83)		(52)	
20	Other Investments		40		12	
21	Parent & Other On-Going Earnings		(43)	(0.09)	(40)	(0.08)
22	ON-GOING EARNINGS		1,451	3.03	1,504	3.12

Note: For analysis purposes, certain financial statement amounts have been reclassified for this effect on earnings presentation.

Retail Rate Performance





	Rate Changes, net of trackers (in millions)
	4Q11 vs. 4Q10
East Regulated Integrated Utilities	\$11
Ohio Companies	\$5
West Regulated Integrated Utilities	\$10
Texas Wires	\$0
AEP System Total	\$26
Impact on EPS	 \$0.03

	Rate Changes, net of trackers (in millions)
	YTD11 vs. YTD10
East Regulated Integrated Utilities	\$116
Ohio Companies	\$40
West Regulated Integrated Utilities	\$32
Texas Wires	\$0
AEP System Total	\$188
Impact on EPS	 \$0.25

4Q11 Retail Performance




	Retail Load* (weather normalized)
	4Q11 vs. 4Q10
East Regulated Integrated Utilities	(2.0%)
Ohio Companies	1.5%
West Regulated Integrated Utilities	0.7%
Texas Wires	2.2%
Impact on EPS	 \$0.04


	Weather Impact (in millions)
	4Q11 vs. 4Q10
East Regulated Integrated Utilities	(\$39)
Ohio Companies	(\$16)
West Regulated Integrated Utilities	\$3
Texas Wires	\$3
Impact on EPS	 \$0.07

* Excludes firm wholesale load

YTD 2011 Retail Performance



	Retail Load* (weather normalized)
	YTD11 vs. YTD10
East Regulated Integrated Utilities	(1.2%)
Ohio Companies	3.2%
West Regulated Integrated Utilities	2.4%
Texas Wires	3.2%
Impact on EPS	 \$0.05

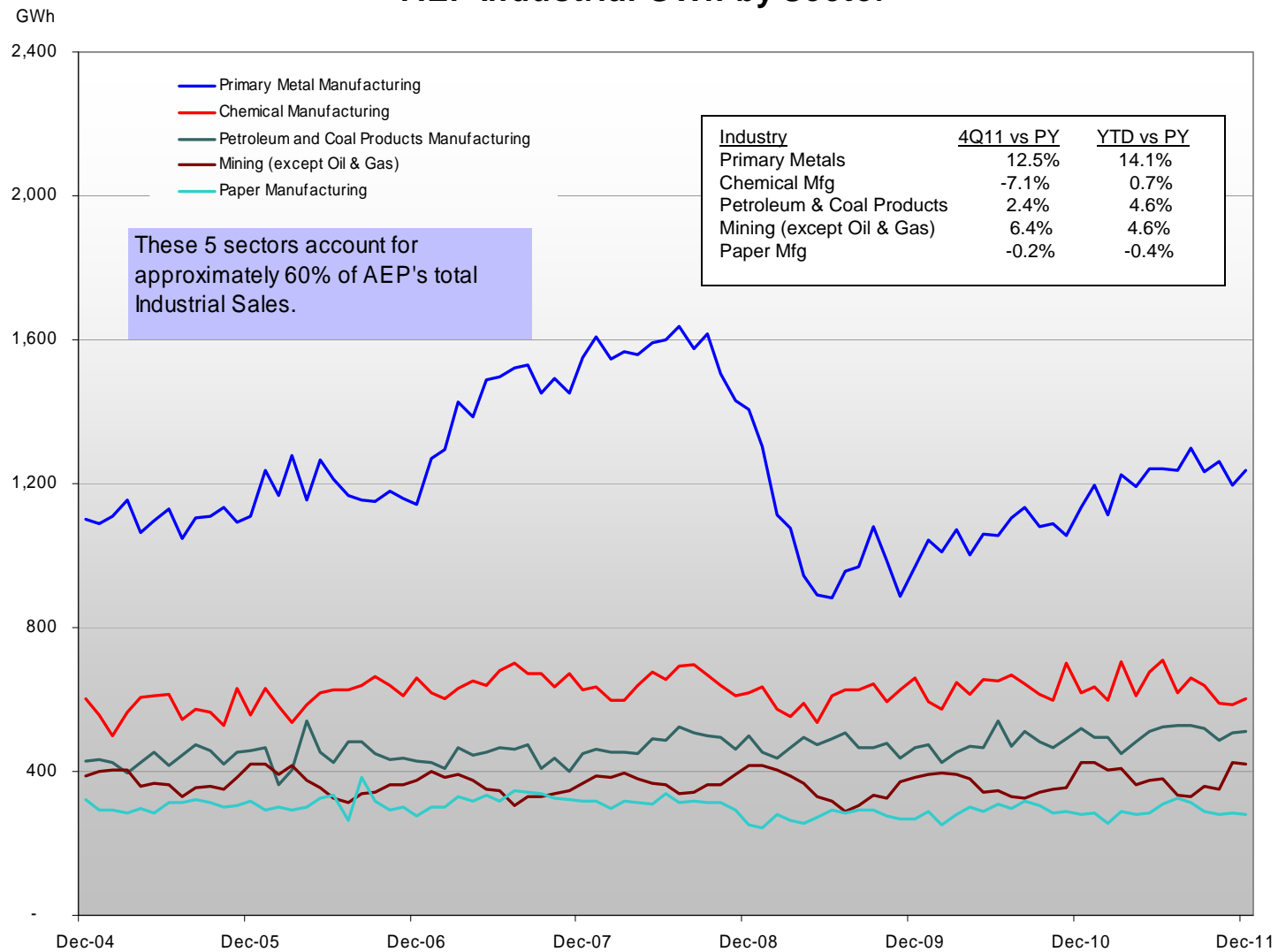
	Weather Impact (in millions)
	YTD11 vs. YTD10
East Regulated Integrated Utilities	(\$63)
Ohio Companies	(\$24)
West Regulated Integrated Utilities	\$18
Texas Wires	\$20
Impact on EPS	 \$0.07

* Excludes firm wholesale load

Industrial Sales Volumes



AEP Industrial GWh by Sector



Off System Sales Gross Margin Detail



4Q11

	4Q10			4Q11		
	<u>GWh</u>	<u>Realization</u>	<u>(\$millions)</u>	<u>GWh</u>	<u>Realization</u>	<u>(\$millions)</u>
OSS Physical Sales	3,133	\$ 16.28	\$ 51	3,461	\$ 11.85	\$ 41
Marketing/Trading	-		\$ 21	-		\$ 13
Pre-Sharing Gross Margin	3,133		\$ 72	3,461		\$ 54
Margin Shared			\$ (17)			\$ (4)
Net OSS			\$ 55			\$ 50

- Physical off-system sales margins decreased from last year by \$10M
- Volumes up 10% versus last year
- AEP/Dayton Hub pricing: 2% decrease in liquidation prices
- Lower Trading & Marketing results by \$7M

YTD11

	YTD10			YTD11		
	<u>GWh</u>	<u>Realization</u>	<u>(\$millions)</u>	<u>GWh</u>	<u>Realization</u>	<u>(\$millions)</u>
OSS Physical Sales	19,171	\$ 15.11	\$ 290	25,693	\$ 14.48	\$ 372
Marketing/Trading	-		\$ 126	-		\$ 103
Pre-Sharing Gross Margin	19,171		\$ 416	25,693		\$ 475
Margin Shared			\$ (117)			\$ (132)
Net OSS			\$ 299			\$ 343

- Physical off-system sales margins exceeded last year by \$82M
- Volumes up 34% versus last year
- AEP/Dayton Hub pricing: 3% increase in liquidation prices
- Lower Trading & Marketing results by \$23M