AMERICAN ELEC. PWR. NYSE-AEP

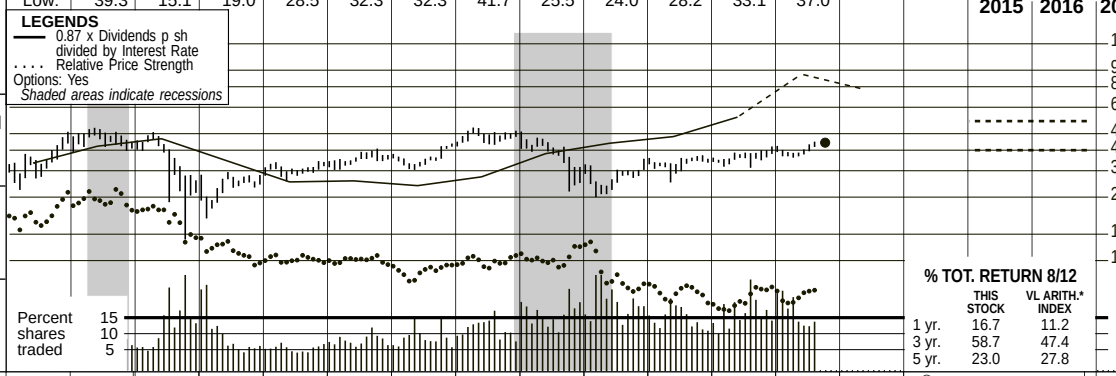
RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
43.43	13.8	(Trailing: 14.1 Median: 13.0)	0.91	4.5%	VALUE LINE

TIMELINESS 3 Lowered 5/4/12
SAFETY 3 Lowered 10/4/02
TECHNICAL 3 Lowered 9/14/12
BETA .70 (1.00 = Market)

High:	51.2	48.8	31.5	35.5	40.8	43.1	51.2	49.1	36.5	37.9	41.7	44.0
Low:	39.3	15.1	19.0	28.5	32.3	32.3	41.7	25.5	24.0	28.2	33.1	37.0

Target Price Range
2015 | 2016 | 2017

LEGENDS
— 0.87 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
Options: Yes
Shaded areas indicate recessions



2015-17 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	55	(+25%)	10%
Low	40	(-10%)	3%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	0	0	2	0

Institutional Decisions

	4Q2011	1Q2012	2Q2012
to Buy	339	323	312
to Sell	208	279	254
Hld's(000)	299983	298208	270699

% TOT. RETURN 8/12

	THIS STOCK	VL ARITH.* INDEX
1 yr.	16.7	11.2
3 yr.	58.7	47.4
5 yr.	23.0	27.8

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
31.07	32.43	33.08	35.63	42.53	190.10	42.96	36.82	35.51	30.76	31.82	33.41	35.56	28.22	30.01	31.27	*30.65*	*32.30*	Revenues per sh	*36.50*
6.31	6.47	6.03	6.36	5.11	7.65	6.99	5.76	5.89	5.96	6.67	6.80	6.84	6.32	6.29	6.83	*6.90*	*7.10*	"Cash Flow" per sh	*8.25*
3.14	3.28	2.81	2.69	1.04	3.27	2.86	2.53	2.61	2.64	2.86	2.86	2.99	2.97	2.60	3.13	*3.10*	*3.10*	Earnings per sh A	*3.50*
2.40	2.40	2.40	2.40	2.40	2.40	2.40	1.65	1.40	1.42	1.50	1.58	1.64	1.64	1.71	1.85	*1.90*	*1.96*	Div'd Decl'd per sh B ■	*2.15*
3.07	4.00	4.13	4.47	5.51	5.69	5.08	3.44	4.28	6.11	8.89	8.88	9.83	6.19	5.07	5.74	*6.80*	*7.75*	Cap'l Spending per sh	*7.50*
24.15	24.62	25.24	25.79	25.01	25.54	20.85	19.93	21.32	23.08	23.73	25.17	26.33	27.49	28.33	30.33	*31.60*	*32.80*	Book Value per sh C	*36.75*
188.24	189.99	191.82	194.10	322.02	322.24	338.84	395.02	395.86	393.72	396.67	400.43	406.07	478.05	480.81	483.42	*486.00*	*489.00*	Common Shs Outst'g D	*500.00*
13.2	13.4	17.0	14.3	34.3	13.9	12.7	10.7	12.4	13.7	12.9	16.3	13.1	10.0	13.4	11.9	*Bold figures are*		Avg Ann'l P/E Ratio	*13.5*
.83	.77	.88	.82	2.23	.71	.69	.61	.66	.73	.70	.87	.79	.67	.85	.75	*Value Line*		Relative P/E Ratio	*.90*
5.8%	5.5%	5.0%	6.2%	6.7%	5.3%	6.6%	6.1%	4.3%	3.9%	4.1%	3.4%	4.2%	5.5%	4.9%	5.0%	*estimates*		Avg Ann'l Div'd Yield	*4.5%*

CAPITAL STRUCTURE as of 6/30/12
Total Debt $18510 mill. **Due in 5 Yrs** $6372 mill.
LT Debt $15319 mill. **LT Interest** $844 mill.
Incl. $2389 mill. securitized bonds.
(LT interest earned: 3.4x)

Leases, Uncapitalized Annual rentals $316 mill.
Pension Assets-12/11 $4.30 bill. **Oblig.** $4.99 bill.
Pfd Stock None

Common Stock 484,902,556 shs.
as of 7/26/12
MARKET CAP: $21 billion (Large Cap)

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		15-17
14555	14545	14057	12111	12622	13380	14440	13489	14427	15116	*14900*	*15800*	Revenues ($mill)	*18200*
976.0	984.0	1038.0	1036.0	1131.0	1147.0	1208.0	1365.0	1248.0	1513.0	*1490*	*1500*	Net Profit ($mill)	*1725*
25.2%	38.8%	33.1%	29.3%	33.0%	31.1%	31.3%	29.7%	34.8%	31.7%	*35.0%*	*35.0%*	Income Tax Rate	*35.0%*
- -	3.8%	3.6%	5.4%	9.9%	9.8%	9.9%	10.9%	10.4%	10.6%	*12.0%*	*12.0%*	AFUDC % to Net Profit	*12.0%*
56.0%	60.6%	56.2%	54.8%	56.7%	58.3%	59.1%	54.4%	53.1%	50.7%	*50.5%*	*50.0%*	Long-Term Debt Ratio	*49.0%*
43.1%	38.7%	43.1%	44.9%	43.0%	41.4%	40.7%	45.4%	46.7%	49.3%	*49.5%*	*50.0%*	Common Equity Ratio	*51.0%*
16393	20333	19584	20222	21902	24342	26290	28958	29184	29747	*30950*	*32125*	Total Capital ($mill)	*35900*
21684	22029	22801	24284	26781	29870	32987	34344	35674	36971	*38425*	*40250*	Net Plant ($mill)	*45100*
7.5%	6.6%	7.0%	6.6%	6.7%	6.3%	6.2%	6.2%	5.7%	6.6%	*6.0%*	*6.0%*	Return on Total Cap'l	*6.0%*
13.5%	12.3%	12.1%	11.3%	11.9%	11.3%	11.2%	10.3%	9.1%	10.3%	*9.5%*	*9.5%*	Return on Shr. Equity	*9.5%*
13.7%	12.4%	12.2%	11.3%	12.0%	11.4%	11.3%	10.4%	9.1%	10.3%	*10.0%*	*9.5%*	Return on Com Equity E	*9.5%*
2.4%	4.5%	5.7%	5.2%	5.7%	5.1%	5.1%	4.6%	3.1%	4.2%	*4.0%*	*3.5%*	Retained to Com Eq	*3.5%*
82%	64%	54%	54%	53%	55%	55%	56%	66%	60%	*62%*	*64%*	All Div'ds to Net Prof	*62%*

ELECTRIC OPERATING STATISTICS

	2009	2010	2011
% Change Retail Sales (KWH)	-6.4	+4.5	+1.2
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	4.83	4.95	4.95
Capacity at Peak (Mw)	NA	NA	NA
Peak Load (Mw)	NA	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	NA	NA	NA
Fixed Charge Cov. (%)	265	257	286

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '15-'17
Revenues	-10.5%	-2.0%	*3.5%*
"Cash Flow"	- -	1.0%	*4.0%*
Earnings	2.0%	1.5%	*3.0%*
Dividends	-3.0%	4.0%	*3.5%*
Book Value	1.0%	5.0%	*4.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	3458	3202	3547	3282	13489
2010	3569	3360	4064	3434	14427
2011	3730	3609	4333	3444	15116
2012	3625	3551	*4300*	*3424*	*14900*
2013	*3850*	*3750*	*4450*	*3750*	*15800*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2009	.89	.68	.93	.49	2.97
2010	.72	.35	1.16	.37	2.60
2011	.83	.73	1.17	.41	3.13
2012	.80	.75	*1.10*	*.45*	*3.10*
2013	*.85*	*.75*	*1.05*	*.45*	*3.10*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.41	.41	.41	.41	1.64
2009	.41	.41	.41	.41	1.64
2010	.41	.42	.42	.46	1.71
2011	.46	.46	.46	.47	1.85
2012	.47	.47	.47		

BUSINESS: American Electric Power Company, Inc. (AEP), through 10 operating utilities, serves about 5.3 million customers in Arkansas, Kentucky, Indiana, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia, and West Virginia. Electric revenue breakdown: residential, 37%; commercial, 23%; industrial, 21%; wholesale, 16%; other, 3%. Sold 50% stake in Yorkshire Holdings (British utility) '01; sold SEEBOARD (British utility) '02; sold Houston Pipeline '05. Generating sources not available. Fuel costs: 35% of revenues. '11 reported depr. rates: 1.3%-9.3%. Has 18,700 employees. Chairman: Michael G. Morris. President & CEO: Nicholas K. Akins. Inc.: NY. Address: 1 Riverside Plaza, Columbus, OH 43215-2373. Tel.: 614-716-1000. Internet: www.aep.com.

American Electric Power will be making a transition to competitive markets in Ohio in the next few years. The Public Utilities Commission of Ohio (PUCO) issued a new plan in the third quarter. The PUCO overturned the previous transition plan earlier this year after some customers complained about much higher bills. AEP's base generation rates will be frozen (but there will be a fuel adjustment clause), and the utility will be able to collect a nonbypassable retail stability rider and a capacity charge to help compensate for the effects of customer switching to other suppliers. AEP will make another filing to separate its generating units in Ohio into a nonutility affiliate, except for two units that will be transferred to two regulated companies. Management was disappointed with certain aspects of the transition plan that the PUCO ordered, and has asked the regulators for a rehearing. Because the new plan will make it easier for other providers to compete in AEP's service territory, we have lowered our 2013 earnings estimate by $0.15 a share, to $3.10, which would be flat with our estimated 2012 tally.

Two rate cases are pending. Indiana Michigan Power filed for a $146.3 million rate hike in Indiana, based on an 11.15% return on equity. The commission's staff is recommending an increase of just $28 million, based on a 9.2% ROE. An order is expected by yearend. Another AEP subsidiary, SWEPCO, asked the Texas commission for an increase of $83.1 million, based on an 11.25% ROE. Rates should go into effect in the first quarter of 2013.

The regulated operations are faring well. There is less regulatory activity than usual because most of AEP's utilities are earning their allowed ROEs, or are close to doing so. In addition, the company's transmission business should increase its contribution to the bottom line in the coming years, as there are plenty of opportunities to invest capital. Because the regulated picture is generally bright, we think the board of directors will raise the dividend in the fourth quarter, as it did in each of the past two years.

This stock's yield and 2015-2017 total return potential are similar to the utility norms.

Paul E. Debbas, CFA *September 21, 2012*

(A) Excl. nonrec. gains (losses): '02, ($3.86); '03, ($1.92); '04, 24¢; '05, (62¢); '06, (20¢); '07, (20¢); '08, 40¢; '10, (7¢); '11, 89¢; gains (losses) on disc. ops.: '02, (57¢); '03, (32¢); '04, 15¢; '05, 7¢; '06, 2¢; '08, 3¢; '09, (1¢). '09 EPS don't add due to change in shs., '11 due to rounding. Next egs. due late Oct. (B) Div'ds historically paid early Mar., June, Sept. & Dec. ■ Div'd reinv. plan avail. (C) Incl. intang. In '11: $18.77/sh. (D) In mill. (E) Rate base: various. Rates all'd on com. eq.: 9.96%-10.9%; earned on avg. com. eq., '10: 9.3%. Regul. Clim.: Avg.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	60
Earnings Predictability	90

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