

***American Electric Power System
Retirement Plan***

Actuarial Valuation Report

Pension Cost for Fiscal Year Ending December 31, 2010

Employer Contributions for Plan Year Beginning January 1, 2010

September 2010

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Management Summary of Valuation Results

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Financial Results

This report summarizes financial results for American Electric Power System's Retirement Plan based on actuarial valuations for fiscal 2010 (fiscal year ending December 31, 2010) and fiscal 2009 and for plan year 2010 (plan year beginning January 1, 2010) and plan year 2009.

Pension Cost	Fiscal 2010	Fiscal 2009
Amount	\$ 132,598,976	\$ 86,074,595
Funded Position	January 1, 2010	January 1, 2009
Projected benefit obligation [PBO]	\$ 4,499,732,489	\$ 4,232,544,398
Fair value of assets [FV]	3,403,606,388	3,156,051,105
Overfunded (underfunded) PBO	(1,096,126,101)	(1,076,493,288)
PBO funded percentage [FV ÷ PBO]	75.6%	74.6%
Employer Contributions	Plan Year 2010	Plan Year 2009
Minimum funding requirement	\$ 239,570,523	\$ 107,877,356
Remaining cash requirement (assuming sponsor uses available credit balance)	0	0
Maximum deductible contribution*	2,407,429,808	1,882,722,791
ERISA Funded Position		
Funding target	\$ 3,999,133,748	\$ 3,453,898,445
Net actuarial value of assets	3,201,584,739	2,907,253,845
Funding shortfall/(excess assets)	797,549,009	546,644,600
Funding target attainment percentage for participant funding notice	80.1%	100.5%
Actuarial value of assets	\$ 3,731,427,671	\$ 3,471,656,216
Actuarial value of assets as a percentage of funding target	93.3%	100.5%

* Estimated amount, pending issuance of Treasury/IRS guidance.

FAS 87 Pension Cost and Funded Position

The cost of the pension plan is determined in accordance with generally accepted accounting principles in the U.S. ("U.S. GAAP"). The fiscal 2010 pension cost for the plan is \$132,598,976, or 7.9% of covered pay.

Under U.S. GAAP, the funded position (fair value of plan assets less the projected benefit obligation, or "PBO") of each pension plan at fiscal year-end is required to be reported as an asset (for overfunded plans) or a liability (for underfunded plans). The PBO is the actuarial present value of benefits attributed to service rendered prior to the measurement date, measured using expected future pay increases for pay-related plans. The plan's overfunded (underfunded) PBO as of January 1, 2010, was \$(1,096,126,101), based on the fair value of plan assets of \$3,403,606,388 and the PBO of \$4,499,732,489.

Fiscal year-end financial reporting and disclosures are prepared before detailed participant data and the full valuation results are available. Therefore, the postretirement benefit asset (liability) at December 31, 2009, was derived from January 1, 2009, valuation results. The fiscal year-end 2010 financial reporting information will be developed based on the results of the January 1, 2010, valuation, rolled forward to the end of 2010 and adjusted for the year-end discount rate and asset values, as well as significant changes in plan provisions and participant population.

Change in Pension Cost and Funded Position

The pension cost increased from \$86,074,595 in fiscal 2009 to \$132,598,976 in fiscal 2010 and the funded position deteriorated slightly from \$(1,076,493,288) on January 1, 2009, to \$(1,096,126,101) on January 1, 2010, as set forth below:

	Pension Cost	Funded Position
Prior year	\$ 86,074,595	\$ (1,076,493,288)
Change due to:		
▶ Expected based on prior valuation and contributions	(7,165,379)	(29,981,976)
▶ Unexpected noninvestment experience	(16,004,325)	86,775,402
▶ Unexpected investment experience	51,821,078	166,103,182
▶ Assumption changes	17,873,007	(242,529,421)
▶ Plan amendments	<u>0</u>	<u>0</u>
Current year	\$ 132,598,976	\$ (1,096,126,101)

Significant reasons for these changes include the following:

- ▶ The return on the fair value of plan assets since the prior measurement date was greater than expected, which improved the funded position.
- ▶ The return on the market-related value of plan assets, which reflects gradual recognition of asset gains and losses over the past five years, was less than expected, which increased the pension cost.
- ▶ The plan experienced demographic gains which reduced the pension cost and improved the funded position.
- ▶ The salary increase rate, termination rate, retirement rate and form of payment assumptions were updated to reflect the results of AEP's recent experience study. Also, the methodology used to value disability benefits changed per PPA regulations and were subsequently adopted by AEP for accounting purposes as well. These combined changes increased the pension cost and caused the funded position to deteriorate.
- ▶ The discount rate declined 40 basis points compared to the prior year which increased the pension cost and caused the funded position to deteriorate.

History of Pension Cost and Funded Position

The following table shows the history of the plan's pension cost and funded position.

History of Pension Cost and PBO Funded Percentage

----- Pension cost -----

<i>Fiscal year</i>	<i>Amount</i>	<i>Percent of covered pay</i>	<i>Funded position</i>	<i>Discount rate</i>
2010	\$ 132,598,976	7.9%	(1,096,126,101)	5.60%
2009	86,074,595	5.3	(1,076,493,288)	6.00
2008	41,836,053	2.7	334,316,983	6.00
2007	40,454,930	2.8	299,752,151	5.75
2006	61,344,648	4.4	(45,745,159)	5.50

Employer Contributions and ERISA Funded Position

Under the Pension Protection Act of 2006 (PPA), the funded position is measured by comparing the net actuarial value of assets (actuarial value of assets reduced by the plan's credit balance) with the funding target. The amount by which the funding target exceeds the net actuarial value of assets is the plan's funding shortfall. If the net actuarial value of assets exceeds the funding target, the difference is the plan's excess assets. The actuarial value of assets is an average of the fair market value over a six-month period, adjusted for contributions, disbursements, and expected earnings. The funding target is the present value of benefits accrued or earned as of the valuation date. The target normal cost is the present value of benefits expected to be earned during the plan year plus the amount of plan-related expenses expected to be paid from plan assets during the year. Plans that do not meet certain funded status criteria are considered to be at-risk and are required to use specific actuarial assumptions, and in some cases additional loads, that will generally increase the funding target and target normal cost.

The plan's funding shortfall is \$797,549,009 as of January 1, 2010. The plan's actuarial value of assets, including the credit balance, is 93.3% of the funding target as of January 1, 2010. This percentage is based on an actuarial value of assets of \$3,731,427,671 and a funding target of \$3,999,133,748.

The minimum funding requirement under PPA is generally equal to the target normal cost plus amortization of the plan's funding shortfall and any funding waivers. For overfunded plans, the minimum funding requirement is reduced by the amount of the plan's excess assets. The minimum funding requirement for the 2010 plan year, before reflecting any credit balance elections, is \$239,570,523 (including a shortfall amortization charge of \$107,110,851), or 14% of covered pay.

Plan sponsors that have in the past contributed more than the minimum may have a credit balance. Sponsors can elect to apply the plan's credit balance to offset the minimum funding requirement if certain other requirements are met. If AEP elects to fully apply its available credit balance, the remaining cash requirement is \$0.

The maximum deductible contribution under PPA is generally equal to 150% of the funding target, plus the target normal cost, plus an allowance for future pay or benefit increases, less the actuarial value of assets. For plans that are not at-risk, the deductible limit will not be less than the unfunded funding target plus the target normal cost, both determined as if the plan were at-risk. For all plans, the deductible limit will not be less than the minimum funding requirement. Pending issuance of Treasury/IRS guidance, the estimated maximum deductible contribution for the plan is \$2,407,429,808.

Change in Minimum Funding Requirement and Funding Shortfall

The minimum funding requirement increased from \$107,877,356 for the 2009 plan year to \$239,570,523 for the 2010 plan year, and the funding shortfall increased from \$546,644,600 on January 1, 2009, to \$797,549,009 on January 1, 2010, as set forth below:

	Minimum Funding Requirement	Funding Shortfall
Prior year	\$ 107,877,356	\$ 546,644,600
Change due to:		
▶ Expected based on prior valuation and contributions	6,364,764	(530,056,596)
▶ Unexpected noninvestment experience	(6,584,386)	34,262,014
▶ Unexpected investment experience	0	222,643,551
▶ Assumption changes	131,912,789	524,055,440
▶ Plan amendments	<u>0</u>	<u>0</u>
Current year	\$ 239,570,523	\$ 797,549,009

Significant reasons for these changes include the following:

- ▶ The return on the actuarial value of assets, which reflects a gradual recognition of investment gains and losses over the past six months since the prior valuation was less than expected, which increased the funding shortfall.
- ▶ The funded interest rate methodology was changed from using the yield curve published in November 2008 (October 2008 yield curve) to the segment rates published in October 2009, which increased both the minimum funding requirement and the funding shortfall.
- ▶ The salary increase rate, termination rate, retirement rate and form of payment assumptions were updated to reflect the results of AEP's recent experience study. Also, the methodology used to value disability benefits changed per PPA regulations and were subsequently adopted by AEP for accounting purposes as well. These combined changes increased both the minimum funding requirements and funding shortfall.
- ▶ The plan experienced demographic gains which reduced the minimum funding requirement.

Employer Contributions and ERISA Funded Position

The following table shows the history of employer contributions and the funding range for the American Electric Power System Retirement Plan, as well as the ERISA funded position.

History of Employer Contributions and ERISA Funded Position and Current Year's Funding Range					
----- <i>Employer contributions</i> -----					
<i>Plan Year</i>	<i>Amount</i>	<i>Percent of covered pay</i>	<i>AVA as a % of funding target*</i>	<i>Effective interest rate*</i>	
2010					
▶ Minimum**	\$ 0	0%	93.3%	6.56%	
▶ Maximum†	2,407,429,808	144.2			
2009	462,500,000	27.7	100.5	8.23	
2008	0	0	109.3	5.93	
2007	0	0	104.2	5.78	
2006	0	0	104.6	5.77	

* Results prior to 2008 are based on the plan's current liability.

** Remaining cash requirement assuming sponsor elects full use of available credit balance.

† Estimated amount, pending issuance of Treasury/IRS guidance.

Timing of Contributions

The minimum required contribution for the 2010 plan year is determined as of the plan's valuation date and must be partially satisfied in quarterly installments, with a final payment due on or before September 15, 2011. These requirements may be satisfied through contributions and or an election to apply available credit balance. Any payment made on a date other than the valuation date is adjusted for interest using the plan's effective interest rate.

The minimum funding schedule, *before reflecting any credit balance elections*, is shown below:

April 15, 2010	\$ 26,969,339
July 15, 2010	26,969,339
October 15, 2010	26,969,339
January 15, 2011	26,969,339
September 15, 2011	151,663,184

If a plan has a funding shortfall for the current plan year, quarterly contributions will be required in the following plan year. Because the plan has a funding shortfall, quarterly contributions for the 2011 plan year will be required but will not exceed \$59,900,000 per payment, based on this year's valuation results.

Benefit Limitations

Under PPA, a plan may become subject to various benefit limitations if its funded status falls below certain thresholds. Plan amendments that increase benefits are prohibited if the effect of the amendment would be to reduce the adjusted funding target attainment percentage (AFTAP) below 80%. Benefit accruals must cease and shutdown benefits are prohibited if the AFTAP falls below 60%. To avoid these benefit limitations, a plan sponsor may either contribute certain additional amounts for the current plan year or provide security outside the plan.

Plans are prohibited from paying lump sums or other accelerated forms of distribution if the AFTAP is below 60%, and only reduced amounts are allowed to be paid if the AFTAP is between 60% and 80%. This limitation does not apply to mandatory lump sum cash-outs of \$5,000 or less.

The AFTAP for AEP is 80.1% as of January 1, 2010.

PBGC Reporting Requirements

Certain financial and actuarial information (i.e., a "4010 filing") is required to be provided to the PBGC if the funding target attainment percentage (FTAP) for the year is less than 80% for any plan in the contributing sponsor's controlled group. However, this reporting requirement may be waived for controlled groups with no more than \$15 million in aggregate plan underfunding.

The FTAP for AEP is 80.1% as of January 1, 2010. Since the FTAP is at least 80%, no 4010 filing will be required for 2011.

Basis for Valuation

Economic Assumptions

The discount rate for pension cost purposes is the rate at which the pension obligations could be effectively settled. This rate is developed from yields on available high-quality bonds and reflects the plan's expected cash flows.

The assumed rate of return on assets, the cash balance interest crediting rate and salary increase rate assumptions both reflect long-term expectations. The assumed rate of return on assets for pension cost purposes is the weighted average of expected asset returns. The salary increase rate is based on current expectations of future pay increases. The assumptions selected by American Electric Power for pension cost purposes are:

	December 31, 2009	December 31, 2008
Discount rate	5.60%	6.00%
Rate of return on assets	8.00%	8.00%
Cash balance interest crediting rate	5.25%	5.25%
Salary increase rate	Rate vary by age from 3.5% to 11.5%	Rate vary by age from 5.0% to 11.5%

Assumptions used to determine statutory contribution limits must be reasonable taking into account the experience of the plan and reasonable expectations. However, certain assumptions (such as interest and mortality) are either prescribed by the IRS or are subject to IRS approval. The interest rates used to determine the funding target and target normal cost are based on a high-quality corporate bond yield curve. The assumptions for contribution purposes are:

	January 1, 2010	January 1, 2009
Effective interest rate	6.56%	8.23%
Cash balance interest crediting rate	5.25%	5.50%
Salary increase rate	Rate vary by age from 3.5% to 11.5%	Rate vary by age from 5.0% to 11.5%

Demographic Assumptions

The cost of providing benefits takes into consideration demographic factors such as rates of retirement, mortality and turnover. Demographic assumptions used in accounting and ERISA funding valuations are summarized in the Supplemental Information section.

Actuarial Certification, Reliances and Distribution

American Electric Power System (“AEP”) retained Towers Watson Pennsylvania Inc. (“Towers Watson”), to perform valuations of its pension plans for the purpose of determining (1) the value of benefit obligations and its pension cost in accordance with FASB ASC 715-30 (formerly FAS 87) and (2) the minimum required and maximum tax-deductible contributions in accordance with ERISA and allowed by the Internal Revenue Code. These valuations have been conducted in accordance with generally accepted actuarial principles and practices.

The consulting actuaries are members of the Society of Actuaries and other professional actuarial organizations and meet their “Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States” relating to pension plans.

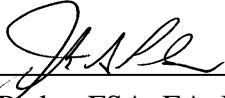
In preparing the results presented in this report, we have relied upon information provided to us regarding plan provisions, plan participants, and plan assets. We have reviewed this information for overall reasonableness and consistency, but have neither audited nor independently verified this information. The accuracy of the results presented in this report is dependent upon the accuracy and completeness of the underlying information.

The actuarial assumptions and the accounting policies and methods employed in the development of the pension cost have been selected by the plan sponsor, with the concurrence of Towers Watson. FASB ASC 715-30-35 requires that each significant assumption “individually represent the best estimate of a particular future event.”

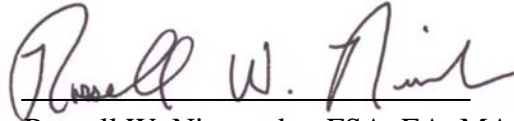
To the extent not prescribed by ERISA, the Internal Revenue Code and regulatory guidance from the Treasury and the IRS, the funding methods (including asset valuation method, choice among prescribed interest rates, and choice among prescribed mortality tables) employed in the development of the contribution limits have been selected by the plan sponsor, with the concurrence of Towers Watson. To the extent not prescribed by ERISA, the Internal Revenue Code and regulatory guidance from the Treasury and the IRS, the actuarial assumptions employed in the development of the contribution limits have been selected by Towers Watson, with the concurrence of the plan sponsor. Other than prescribed assumptions, ERISA and the Internal Revenue Code require the use of assumptions each of which is “reasonable (taking into account the experience of the plan and reasonable expectations), and which, in combination, offer the actuary’s best estimate of anticipated experience under the plan.”

The results shown in this report have been developed based on actuarial assumptions that, to the extent evaluated or selected by Towers Watson, are considered reasonable by us and within the “best-estimate range” as described by the Actuarial Standards of Practice. Other actuarial assumptions could also be considered to be reasonable and within the best-estimate range. Thus, reasonable results differing from those presented in this report could have been developed by selecting different points within the best-estimate ranges for various assumptions.

The information contained in this report was prepared for the internal use of AEP and its auditors in connection with our actuarial valuations of the pension plan. It is neither intended nor necessarily suitable for other purposes. AEP may also distribute this actuarial valuation report to the appropriate authorities who have the legal right to require AEP to provide them this report, in which case AEP will use best efforts to notify Towers Watson in advance of this distribution. Further distribution to, or use by, other parties of all or part of this report is expressly prohibited without Towers Watson's prior written consent.



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Towers Watson

September 2010

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Asset Values

Asset Values for Calculating Pension Cost and Funded Position

Fair value (excludes contributions receivable):

▶ As of January 1, 2009	\$ 3,156,051,105
▶ Contributions	0
▶ Disbursements	(239,941,187)
▶ Investment return	<u>487,496,470</u>
▶ As of January 1, 2010	\$ 3,403,606,388
▶ Rate of return	16.06%

Market-related value:

▶ As of January 1, 2009	\$ 4,207,584,469
▶ As of January 1, 2010	4,003,715,650
▶ Rate of return	0.88%

Asset Values for Calculating Employer Contributions

Market value, including contributions receivable:

▶ As of January 1, 2009	\$ 3,156,051,105
▶ Contributions*	440,035,409
▶ Disbursements	(239,941,187)
▶ Investment return	<u>487,496,470</u>
▶ As of January 1, 2010	\$ 3,843,641,797
▶ Rate of return	16.06%

Actuarial value:

▶ As of January 1, 2009	\$ 3,471,656,216
▶ As of January 1, 2010	3,731,427,671
▶ Rate of return	1.78%

*Discounted to January 1, 2010, using effective interest rate for plan year 2009.

SI-2

Basic Results for Pension Cost and Funded Position

	Fiscal 2010	Fiscal 2009
Service Cost		
Amount	\$ 109,179,598	\$ 102,723,635
Obligations		
Accumulated benefit obligation [ABO]:		
▶ Participants currently receiving benefits	\$ 1,959,944,060	\$ 1,916,732,391
▶ Deferred inactive participants	303,903,649	232,490,752
▶ Active participants	<u>2,148,943,751</u>	<u>1,974,284,956</u>
Total ABO	\$ 4,412,791,460	\$ 4,123,508,099
Obligation due to future salary increases	<u>86,941,029</u>	<u>109,036,294</u>
Projected benefit obligation [PBO]	\$ 4,499,732,489	\$ 4,232,544,393
Assets		
Fair value [FV]	\$ 3,403,606,388	\$ 3,156,051,105
Unamortized investment losses (gains)	<u>600,109,262</u>	<u>1,051,533,364</u>
Market-related value	\$ 4,003,715,650	\$ 4,207,584,469
Funded Position		
Overfunded (underfunded) PBO	\$ (1,096,126,101)	\$ (1,076,493,288)
PBO funded percentage	75.6%	74.6%
Amounts Not Yet Recognized in Net Periodic Cost		
Net actuarial loss (gain)	\$ 1,955,167,746	\$ 2,021,497,870
Prior service cost (credit)	10,245,330	10,356,988
Transition obligation (asset)	<u>0</u>	<u>0</u>
Total	\$ 1,965,413,076	\$ 2,031,854,858

Key Economic Assumptions	Fiscal 2010	Fiscal 2009
Discount rate	5.60%	6.00%
Rate of return on assets	8.00%	8.00%
Cash balance interest crediting rate	5.25%	5.25%
Salary increase rate	Rates vary by age from 3.5% to 11.5%	Rates vary by age from 5.0% to 11.5%

The results above may differ from the amounts disclosed in AEP's 2009 financial statements because disclosures are prepared before the corresponding valuation results are available.

SI-4

Pension Cost

	Fiscal 2010	Fiscal 2009
Pension Cost		
Service cost	\$ 109,179,598	\$ 102,723,635
Interest cost	248,990,578	248,651,629
Expected return on assets	(312,808,907)	(321,393,288)
Amortization:		
▶ Transition obligation (asset)	0	0
▶ Prior service cost (credit)	684,658	111,658
▶ Net loss (gain)	<u>86,553,049</u>	<u>55,980,961</u>
Pension cost	\$ 132,598,976	\$ 86,074,595
Percent of covered pay	7.9%	5.3%
Per active participant	\$ 6,346	\$ 4,192
Change in Pension Cost		
Pension cost for fiscal 2009	\$ 86,074,595	
Change from fiscal 2009 to fiscal 2010:		
▶ Expected based on prior valuation	(7,165,379)	
▶ Loss (gain) from noninvestment experience	(16,004,325)	
▶ Loss (gain) from asset experience	51,821,078	
▶ Assumption changes	17,873,007	
▶ Plan amendments	<u>0</u>	
Pension cost for fiscal 2010	\$ 132,598,976	

Present Value of Accumulated Plan Benefits for Plan Reporting

	January 1, 2010	January 1, 2009
Actuarial Present Value of Accumulated Plan Benefits		
Vested benefits:		
▶ Participants currently receiving benefits	\$ 1,655,388,995	\$ 1,665,510,496
▶ Other participants	<u>1,833,477,815</u>	<u>1,860,424,545</u>
▶ Total vested benefits	\$ 3,488,866,810	\$ 3,525,935,041
Nonvested benefits	<u>37,357,024</u>	<u>45,840,797</u>
Total accumulated benefits	\$ 3,526,223,834	\$ 3,571,775,838
Fair value of assets (including contributions receivable)	3,866,106,388	3,156,051,105

Key Assumptions

Interest rate	8.00%	8.00%
Cash balance interest crediting rate	5.25%	5.50%
Average retirement age	61	60
Mortality	2010 IRS AMT	2009 IRS AMT

Change in Actuarial Present Value of Accumulated Plan Benefits

Actuarial present value of accumulated plan benefits as of January 1, 2009 \$ 3,571,775,838

Change from 2009 to 2010:

▶ Additional benefits accumulated (including the effect of noninvestment experience)	(19,157,046)
▶ Interest due to decrease in the discount period	293,611,395
▶ Benefits paid	(239,941,187)
▶ Assumption changes	(80,065,166)
▶ Plan amendments	<u>0</u>

Actuarial present value of accumulated plan benefits as of January 1, 2010 \$ 3,526,223,834

Basic Results for Minimum Required Employer Contribution

	January 1, 2010	January 1, 2009
Normal Cost and Liabilities		
Normal cost	\$ 132,459,672	\$ 107,877,356
Funding target [FT]:		
▶ Participants currently receiving benefits	\$ 1,836,183,930	\$ 1,629,202,107
▶ Deferred inactive participants	248,566,060	171,496,932
▶ Active participants	<u>1,914,383,758</u>	<u>1,653,199,406</u>
Total funding target	\$ 3,999,133,748	\$ 3,453,898,445
Assets		
Market value	\$ 3,843,641,797	\$ 3,156,051,105
Unrecognized investment losses (gains)	<u>(112,214,126)</u>	<u>315,605,111</u>
Actuarial value [AVA]	\$ 3,731,427,671	\$ 3,471,656,216
Credit Balance		
Funding standard carryover balance	\$ 529,842,932	\$ 564,402,371
Prefunding balance	<u>0</u>	<u>0</u>
Total credit balance [CB]	\$ 529,842,932	\$ 564,402,371
ERISA Funded Position		
Net actuarial value of assets [AVA – CB]	\$ 3,201,584,739	\$ 2,907,253,845
Funding shortfall/(excess assets) [FT – (AVA – CB)]	797,549,009	546,644,600
Assets, including credit balance, as a percentage of funding target [AVA ÷ FT]	93.3%	100.5%
Key Economic Assumptions		
Effective interest rate	6.56%	8.23%
Cash balance interest crediting rate	5.25%	5.50%
Salary increase rate	Rates vary by age from 3.5% to 11.5%	Rates vary by age from 5.0% to 11.5%

Minimum Required Employer Contribution

	January 1, 2010	January 1, 2009
Minimum Required Employer Contribution		
Target normal cost	\$ 132,459,672	\$ 107,877,356
Net shortfall amortization charge	107,110,851	0
Waiver amortization charge	0	0
Excess assets	<u>0</u>	<u>0</u>
Minimum funding requirement	\$ 239,570,523	\$ 107,877,356
Available credit balance	529,842,932	564,402,371
Remaining cash requirement (assuming sponsor elects full use of available credit balance)	0	0
Percent of covered pay	0.0%	0.0%
Per active participant	\$ 0	0

Additional details regarding the calculation of the minimum required employer contribution may be obtained from the Form 5500 Schedule SB filings and attachments.

Schedule of Minimum Funding Requirements*

	Plan Year 2010	Plan Year 2009
April 15	\$ 26,969,339	\$ 24,272,405
July 15	26,969,339	24,272,405
October 15	26,969,339	24,272,405
January 15 (following)	26,969,339	24,272,405
September 15 (following)	151,663,184	17,977,458

Quarterly contributions for the 2011 plan year will not exceed \$59,900,000 per payment, based on this year's valuation results.

* Before reflecting any credit balance elections for 2010 or 2009.

Basic Results for Maximum Deductible Employer Contribution

	January 1, 2010	January 1, 2009
Normal Costs		
Target normal cost	\$ 132,459,672	\$ 107,877,356
Target normal cost as if at-risk (for plans not at-risk)	N/A	N/A
Liabilities		
Funding target	\$ 3,999,133,748	\$ 3,453,898,445
Funding target reflecting future pay/benefit increases	4,006,830,933	3,519,552,428
Funding target as if at-risk (for plans not at-risk)	N/A	N/A
Assets		
Market value	\$ 3,843,641,797	\$ 3,156,051,105
Unrecognized investment losses (gains)	<u>(112,214,126)</u>	<u>315,605,111</u>
Actuarial value	\$ 3,731,427,671	\$ 3,471,656,216
Key Economic Assumptions		
Effective interest rate	6.56%	8.23%
Cash balance interest crediting rate	5.25%	5.50%
Salary increase rate	Rates vary by age from 3.5% to 11.5%	Rates vary by age from 5.0% to 11.5%

Maximum Deductible Employer Contribution

	January 1, 2010	January 1, 2009
Basic Funding Limit		
Funding target	\$ 3,999,133,748	\$ 3,453,898,445
Target normal cost	132,459,672	107,877,356
Statutory cushion amount	<u>2,007,264,059</u>	<u>1,792,603,206</u>
Basic funding limit	\$ 6,138,857,479	\$ 5,354,379,007
At-Risk Funding Limit		
Funding target as if at-risk	N/A	N/A
Target normal cost as if at-risk	N/A	N/A
At-risk funding limit (for plans not at-risk)	N/A	N/A
Maximum Deductible Employer Contribution		
Maximum funding limit	\$ 6,138,857,479	\$ 5,354,379,007
Actuarial value of assets	<u>3,731,427,671</u>	<u>3,471,656,216</u>
Preliminary maximum contribution	\$ 2,407,429,808	\$ 1,882,722,791
Minimum funding requirement	239,570,523	107,877,356
Maximum deductible contribution*	2,407,429,808	1,882,722,791
Percent of covered pay	144.2%	116.0%
Per active participant	\$ 115,216	\$ 91,693

*Estimated amount, pending issuance of Treasury/IRS guidance.

Funded Status for Benefit Limitations

	Fiscal 2010	Fiscal 2009
Basic Results		
Funding target disregarding at-risk provisions	\$ 3,999,133,748	\$ 3,453,898,445
Actuarial value of assets	3,731,427,671	3,471,656,216
Credit balance	529,842,932	564,402,371
Annuity purchases for non-highly compensated employees during preceding two plan years	0	0
Funded Status		
Adjusted funding target attainment percentage	80.1%	100.5%
Key Economic Assumptions		
Effective interest rate	6.56%	8.23%

Actuarial Assumptions and Methods

	Pension Cost	Contributions																								
Economic Assumptions																										
Discount rate	5.60%	N/A																								
Return on assets	8.00%	8.00%																								
Funding interest rate basis:																										
▶ Applicable month (published)	N/A	October 2009																								
▶ Yield curve basis	N/A	Segment rates																								
Funding interest rates:																										
▶ First segment rate	N/A	4.92%																								
▶ Second segment rate	N/A	6.71%																								
▶ Third segment rate	N/A	6.80%																								
▶ Effective interest rate	N/A	6.56%																								
Annual rates of increase																										
▶ Total compensation	<table border="0" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;"><i>Age</i></th> <th style="text-align: center;"><i>Rate</i></th> </tr> </thead> <tbody> <tr> <td>< 26</td> <td style="text-align: center;">11.50%</td> </tr> <tr> <td>26 – 30</td> <td style="text-align: center;">9.50%</td> </tr> <tr> <td>31 – 35</td> <td style="text-align: center;">7.50%</td> </tr> <tr> <td>36 – 40</td> <td style="text-align: center;">6.50%</td> </tr> <tr> <td>41 – 45</td> <td style="text-align: center;">5.00%</td> </tr> <tr> <td>46 – 49</td> <td style="text-align: center;">4.00%</td> </tr> <tr> <td>> 51</td> <td style="text-align: center;">3.50%</td> </tr> </tbody> </table>	<i>Age</i>	<i>Rate</i>	< 26	11.50%	26 – 30	9.50%	31 – 35	7.50%	36 – 40	6.50%	41 – 45	5.00%	46 – 49	4.00%	> 51	3.50%	<table border="0" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;"><i>Rate</i></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">11.50%</td> </tr> <tr> <td style="text-align: center;">9.50%</td> </tr> <tr> <td style="text-align: center;">7.50%</td> </tr> <tr> <td style="text-align: center;">6.50%</td> </tr> <tr> <td style="text-align: center;">5.00%</td> </tr> <tr> <td style="text-align: center;">4.00%</td> </tr> <tr> <td style="text-align: center;">3.50%</td> </tr> </tbody> </table>	<i>Rate</i>	11.50%	9.50%	7.50%	6.50%	5.00%	4.00%	3.50%
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4.00%																										
3.50%																										
▶ Cash balance crediting rate	5.25%	5.25%																								
▶ Lump sum/annuity conversion rate	6.50%	October 2009 Segment rates																								
▶ Future Social Security wage bases	4.00%	4.00%																								
▶ Statutory limits on compensation and benefits	3.00%	N/A																								

Demographic Assumptions

	Pension Cost	Contributions
Preretirement Healthy Mortality	RP2000, projected to 2025	RP2000, projected to 2025
Postretirement Healthy Mortality	RP2000, projected to 2017	RP2000, projected to 2017
Disabled Mortality	RP2000 disabled retiree, no projection	Post-1994 current liability disabled
Lump Sum/Annuity Conversion	Applicable 417(e) IRS Mortality Table	Applicable 417(e) IRS Mortality Table

Termination Rates varying by age and service:

Age	<i>Less than five years of service</i>	<i>Five or more years of service</i>
<25	8.00%	8.00%
25-29	8.00%	6.00%
30-34	8.00%	5.00%
35-39	8.00%	3.00%
40-49	8.00%	2.50%
>49	8.00%	4.00%

Retirement Rates varying by age; average retirement age 61:

Age	Rate
55-57	7.00%
58-60	10.00%
61-63	25.00%
64-65	50.00%
66-69	25.00%
70+	100.00%

Disability Rates apply to employees not eligible to retire and vary by age and sex as indicated by the following sample values:

Age	Male	Female
20	0.060%	0.090%
30	0.060%	0.090%
40	0.074%	0.110%
50	0.178%	0.267%
60	0.690%	1.035%

Form of payment	40% lump sum; 60% annuity for retirement eligible East grandfathered participants and 75% lump sum; 25% annuity for all other participants (married participants are assumed to elect the 50% joint and survivor annuity and unmarried participants are assumed to elect the single life annuity. No other optional form of payment election is assumed).
Percent married	80% of male participants; 70% of female participants.
Spouse ages	Wives are assumed to be three years younger than husbands.
Valuation pay	2010 Base Salary Pay (Grandfathered) – estimated as 2009 Base Pay updated one year according to the salary increase assumption. 2010 Expanded Pay (Cash Balance) – sum of the following updated one year according to the salary increase assumption: (i) 2009 base salary (ii) A 15% increase for overtime eligible employees and a target bonus percent increase for incentive-eligible employees.
Administrative expense	Discount rate is net of expenses paid by the trust.
Actuarial Methods	
Pension cost:	
▶ Service cost and projected benefit obligation	Projected unit credit.
▶ Market-related value of assets	The market value on the valuation date less the following percentages of prior years' investment gains and losses: – 80% of the prior year – 60% of the second prior year – 40% of the third prior year – 20% of the fourth prior year. The investment gain or loss is calculated each year by: – Rolling forward the prior year's fair value of assets with actual contributions, benefit payments and expected return on investments using the long-term yield assumption – Comparing the actual fair value of assets to the expected value calculated above.
Contributions:	
▶ Funding target	Present value of accrued benefits.
▶ Target normal cost	Present value of accrued benefits expected to accrue during the plan year plus plan related expenses expected to be paid from the trust (based on actual trust expenses paid in previous year).

► Actuarial value of assets

Average of the fair market value of assets on the valuation date and the six immediately preceding months, adjusted for contributions, benefit/expense payments and expected investment returns. The average asset value must be within 10% of fair value, including contributing receivable. The method of computing the actuarial value of assets complies with rules governing the calculation of such values under PPA.

These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a bias to produce an actuarial value of assets that is below the market value of assets.

Benefits Not Valued

All benefits were valued except:

- Any liabilities that may be reinstated in the event of reemployment
- The alternate benefit formula for members who did not elect to withdraw their contributions
- Any liabilities relating to member's unwithdrawn contributions
- Liabilities related to special benefits as a result of termination due to restructuring or downsizing.

Change in Assumptions and Methods Since Prior Valuation

Pension cost

The discount rate was decreased from 6.00% to 5.60%.

The mortality table used to value the benefit obligations was updated from the RP2000 with projections to 2016 for annuitants and to 2024 for nonannuitants to RP2000 with projections to 2017 for annuitants and to 2025 to nonannuitants.

The salary increase rate, terminate rate, retirement rate and form of payment assumptions were updated to reflect the results of AEP's recent experience study.

Participants on long-term disability are now valued by projecting their benefit to Normal Retirement Date and valuing their projected benefit as of the valuation date.

The probability of disablement is now explicitly valued (see sample disability rates above).

Contributions

The funding interest rate methodology was changed from being based on the full yield curve published in November 2008 to being based on segment rates published in October 2009.

Assumed plan-related expenses of \$14,593,879 were added to the target normal cost.

The required mortality table used to value the funding target and target normal cost was updated to include one additional year of projected mortality improvements.

The salary increase rate, terminate rate, retirement rate and form of payment assumptions were updated to reflect the results of AEP's recent experience study.

Participants on long-term disability are now valued by projecting their benefit to Normal Retirement Date and valuing their projected benefit as of the valuation date per final PPA regulations.

The probability of disablement is now explicitly valued (see sample disability rates above).

Data Sources

Towers Watson used participant and asset data as of January 1, 2010, supplied by AEP. Data were reviewed for reasonableness and consistency, but no audit was performed. Assumptions or estimates were made by Towers Watson actuaries when data were not available. We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.

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Participant Data

	January 1, 2010	January 1, 2009
Active		
Number	20,895	20,533
Average age	46.6	47.1
Average past service	17.3	18.2
Average future service	10.6	9.8
Covered pay:		
▶ Total	\$ 1,672,038,281	\$ 1,624,499,706
▶ Average	80,821	79,117
Deferred Inactive		
Number	5,912	5,355
Average age	53.5	52.5
Annual benefits:		
▶ Total	\$ 50,810,684	\$ 41,131,607
▶ Average	8,595	7,681
Currently Receiving Benefits		
Number	15,126	15,047
Average age	74.0	73.7
Annual benefits:		
▶ Total	\$ 203,109,656	\$ 203,104,413
▶ Average	13,428	13,498
Total Participants Included in Valuation		
Number	41,933	40,935

Analysis of Inactive Participant Data

Deferred Inactive

<i>Age last birthday</i>	<i>Number</i>	<i>Annual benefit</i>	<i>Average annual benefit</i>
< 40	150	\$ 1,627,378	\$ 10,849
40 – 44	306	1,976,531	6,459
45 – 49	1,016	6,750,025	6,644
50 – 54	1,722	13,413,043	7,789
55 – 59	1,598	14,652,207	9,169
60 – 64	1,026	11,510,154	11,218
> 64	94	881,346	9,376
Total	5,912	\$ 50,810,684	\$ 8,595

Currently Receiving Benefits

<i>Age last birthday</i>	<i>Number</i>	<i>Annual benefit</i>	<i>Average annual benefit</i>
< 55	104	\$ 444,288	\$ 4,272
55 – 59	522	6,465,789	12,387
60 – 64	2,010	36,310,753	18,065
65 – 69	2,729	33,534,998	11,288
70 – 74	2,644	35,182,836	13,307
75 – 79	2,547	36,589,219	14,366
> 79	4,570	54,581,773	11,943
Total	15,126	\$ 203,109,656	\$ 13,428

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Active Participant Data by Age and Service
 American Electric Power System Retirement Plan
 2010 Projected Pay

Age Nearest Birthday	Completed Years of Service									Total
	0	1-4	5-9	10-14	15-19	20-24	25-29	30-34	Over 35	
0-24	Number	525	10							535
	Avg Pay	46,752	55,453							46,915
25-29	Number	1,149	257	3						1,409
	Avg Pay	58,998	66,237	59,331						60,319
30-34	Number	1,028	531	135	2					1,696
	Avg Pay	63,370	72,680	75,983	73,584					4,338
35-39	Number	834	525	374	96	3				1,832
	Avg Pay	69,105	78,053	79,415	83,457	76,189				74,538
40-44	Number	652	423	338	501	297	9			2,220
	Avg Pay	69,669	81,509	84,387	90,340	86,791	77,244			81,152
45-49	Number	483	380	333	437	925	797	78		3,433
	Avg Pay	70,946	81,900	83,440	81,887	90,458	85,720	82,759		83,719
50-54	Number	328	304	228	345	660	1,208	1,228	37	4,338
	Avg Pay	76,057	82,468	84,611	84,704	84,510	93,958	88,286	86,201	87,463
55-59	Number	217	183	143	208	387	652	965	649	3,404
	Avg Pay	75,982	84,039	84,878	79,586	85,280	90,796	92,328	90,381	88,283
60-64	Number	91	121	72	81	194	250	286	709	1,804
	Avg Pay	74,715	88,681	79,260	76,033	80,318	86,443	89,934	96,881	89,245
65-69	Number	9	36	14	18	22	26	16	60	201
	Avg Pay	68,141	80,298	84,556	84,214	85,457	97,749	94,145	91,067	87,540
Over 69	Number	5	4	3	2	4	3		2	23
	Avg Pay	66,765	102,578	49,037	80,647	69,708	81,074		110,534	78,072
Total	Number	5,321	2,774	1,643	1,690	2,492	2,945	2,573	1,457	20,895
	Avg Pay	64,647	78,309	82,113	84,507	86,758	90,360	89,854	93,494	80,817

Average Age = 46.6

Average Service = 17.3

Reconciliation of Participant Data

	<i>Active</i>	<i>Deferred inactive</i>	<i>Currently receiving benefits</i>	<i>Total</i>
Included in January 1, 2009 valuation	20,533	5,355	15,047	40,935
Change due to:				
▶ New hire and rehire	2,049	(14)	(5)	2,030
▶ Nonvested termination	(343)	0	0	(343)
▶ Vested termination	(106)	106	0	0
▶ Retirement	(247)	(197)	444	0
▶ Disability*	(720)	720	0	0
▶ Death without beneficiary	(26)	(21)	(439)	(486)
▶ Death with beneficiary	(6)	(11)	5	(12)
▶ Cashout	(239)	(70)	0	(309)
▶ Miscellaneous	0	44	74	118
▶ Net change	362	557	79	998
Included in January 1, 2010 valuation	20,895	5,912	15,126	41,933

*Per final PPA regulations, LTD participants are now valued as deferred inactive participants by projecting their benefit to Normal Retirement Date and valuing the projected benefit as of the valuation date.

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Plan Provisions for Participants Covered by the Former East Retirement Plan

Effective Date	May 1, 1955. Restated effective January 1, 1997.
Recent Amendments	Executed as of December 23, 2009.
Covered Employees	Employees become Members of the Plan on the first day of the month following completion of one year of service.
Participation Date	Date of becoming a covered employee.
Definitions	
Grandfathered Employee	If, on December 31, 2000, either: <ul style="list-style-type: none">■ Participating in AEP Retirement Plan, or■ In one-year waiting period for AEP System Retirement Plan participation.
Vesting Service	A period of time from employment date to termination date and, in general, includes periods of severance that are not in excess of 12 months.
Accredited Service	Elapsed time from date of hire (from benefit service start date).
Final Average Pay	Average of the highest 36-consecutive months of base pay out of the last 120 months of employment, subject to IRS limits.
Cash Balance Pay	Pay received during the year, including base pay, overtime, shift differential/Sunday premium pay and incentive pay, subject to IRS limits.
Covered Compensation Amount	The average of the Social Security taxable wage base during the 35-year period including the year in which the participant retires, dies, becomes disabled or otherwise terminates employment. This monthly average is calculated to the next lower or equal whole dollar amount and is then rounded to nearest \$50.
Normal Retirement Date (NRD)	The first day of the calendar month whose first day is nearest the later of the member's 65 th birthday or the completion of five years of Vesting Service.

Cash Balance Account Recordkeeping account to which annual interest credits and annual compensation credits is credited. The cash balance account is updated at the end of each plan year and is equal to:

Cash Balance Account as of the
End of the Prior Plan Year
+
Interest Credits
+
Company Credits

Cash Balance Benefit Cash Balance Account converted to a monthly annuity.

Opening Balance For those participating in or eligible for the AEP System Retirement Plan on December 31, 2000, opening balance is calculated as follows:

- Present value of monthly normal retirement benefit determined as of December 31, 2000, and payable at age 65 (or current age if older)
 - Present value determined based on 5.78% interest and IRS regulated mortality (GAM83 Unisex) data for lump sums (postretirement only)

Plus

- Credit for early retirement subsidy for monthly payments beginning at age 62 (or current age if older)

Plus

- Transition credit based on age, service and pay received in 2000 (see "Company Credits" for credit percentages)
 - Age and service based on completed whole years as of December 31, 2000.

For employees hired on or after January 1, 2001, opening balance is \$0.

Interest Credits Interest credits are applied to beginning of year account balance on December 31 each year.

Based on the average 30-year Treasury Bond rate for November of the previous year.

Minimum of 4%.

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Company Credits

Applied to account balance on December 31 or termination date if earlier.

Amount is a percentage of eligible pay received during the year, based on age plus years of Vesting Service (age and service in completed whole years as of December 31).

<i>Age Plus Years of Service</i>	<i>Annual Company Credit</i>
Less than 30	3.0%
30 – 39	3.5%
40 – 49	4.5%
50 – 59	5.5%
60 – 69	7.0%
70+	8.5%

Monthly Grandfathered Benefit

Sum of (1)+(2)+(3):

- (1) 1.1% of Final Average Pay x Accredited Service up to 35 years
- (2) 0.5% of Final Average Pay Less Covered Compensation x Accredited Service up to 35 years
- (3) 1.33% of Final Average Pay x Accredited Service between 35 and 45 years.

Service continues to accrue and Final Average Pay grows through December 31, 2010.

Long-term Disability and Paid Leaves

Compensation equal to base rate of pay as of disability date. Vesting service continues.

Unpaid Leave

No compensation for annual compensation credit. Vesting service continues.

Eligibility for Benefits

Normal Retirement

All members at or after their Normal Retirement Date.

Vested	All members who terminate employment after completion of three years of Vesting Service, or upon death.
Early Retirement	Any time after attainment of age 55 and completion of five years of vesting.
Disability	All members who are unable to work at own occupation solely because of sickness or injury for the first 24 months of disability. After 24 months of disability, the participant is eligible if unable to work at any gainful occupation for which the participant may be able, or may reasonably become qualified by education, training or experience, to perform.
Surviving Spouse	The surviving spouse of a Grandfathered Member who retired or is eligible to retire on Normal or Early Retirement and who was married to that spouse for the year preceding commencement and whose grandfathered benefit exceeds his or her Cash Balance Benefit.
Preretirement Death	Beneficiary of deceased member.
Monthly Benefits Paid Upon the Following Events	
Normal Retirement	For Grandfathered Employees, the better of the monthly grandfathered benefit or the Cash Balance Benefit determined as of Normal Retirement Date. For all other employees, the Cash Balance Benefit determined as of Normal Retirement Date.
Early Retirement	For Grandfathered Employees, the better of: (1) The monthly grandfathered retirement benefit reduced by 3% per year for each year commencement precedes age 62, and (2) The Cash Balance Benefit determined as of the Early Retirement Date. For all other employees, the Cash Balance Benefit determined as of the Early Retirement Date.

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Deferred Vested Retirement	The accrued Normal Retirement Benefit (better of Cash Balance and Grandfathered Benefits, if eligible), payable at Normal Retirement Date or actuarially reduced and payable at any age.
Disability	<p>The greater of (1) or (2):</p> <p>(1) Accrued Grandfathered Retirement Benefit reduced as in the Early Retirement Benefit. If retirement occurs prior to age 55, the benefit is further reduced actuarially from age 55. The Disability Retirement Benefit will reflect Accredited Service that accrued (at most recent rate of base earnings) to a member while receiving benefits under the Company's LTD plan.</p> <p>(2) The Cash Balance Benefit with continued Company Credits while disabled.</p> <p>Benefit (1) applies for Grandfathered Employees only.</p>
Preretirement Death	<p>Better of (1) or (2):</p> <p>(1) The grandfathered monthly benefit as if the employee commenced a 60% qualified joint and survivor benefit at his earliest retirement date</p> <p>(2) Annuity equivalent of Cash Balance account, or the cash balance account.</p> <p>Benefit (1) applies for a Grandfathered Employee whose beneficiary is his or her spouse.</p>
Surviving Spouse Benefits	A benefit payable for life equal to 30% of the single life annuity payable to the grandfathered member. The spouse's benefit is actuarially reduced for each year by which the spouse is more than ten years younger than the member. Payable to Grandfathered Employees only.

Form of Payment

- **Grandfathered Employees**

The following are available for Grandfathered Employees for both the Grandfathered Benefit and the Cash Balance Benefit:

 - Full lump sum payment.
 - Combination of partial lump sum (25%, 50% or 75% of full lump sum) with remainder paid as a monthly benefit (see below).
 - Monthly payment:
 - Single life annuity.
 - Optional joint annuities (spouse or other beneficiary).
 - Available in 40%, 50%, 60%, 75%, 100%.
 - Can elect pop-up and/or level income options.
 - Automatic company-paid 30% surviving spouse annuity included in Grandfathered Benefit annuity if terminate on or after age 55 and married at least one year. Cash Balance Benefit is actuarially reduced for this feature.

- **Employees Hired on or After January 1, 2001**

The following are available for those hired on or after January 1, 2001:

 - Full lump sum payment.
 - Combination of partial lump sum (25%, 50% or 75% of full lump sum) with remainder paid as a monthly benefit (see below).
 - Monthly payment:
 - Single life annuity.
 - Joint annuities (spouse or other beneficiary).
 - Available in 50%, 75%, 100%.

Form of Payment Conversion for Non-417(e) Covered Conversions

- **Cash balance** 7.50% interest and the applicable 417(e) Mortality Table.
- **Grandfathered benefit** 7.50% interest and the 1974 George B. Buck Mortality Table.

Member Contributions

Prior to January 1, 1978, employee contributions were required as a condition of Membership. In May and June of 1981, Members were permitted an election to withdraw those contributions. Those who did not elect to withdraw have retirement benefits based on a formula that differs from the formulas previously described in this section. However, the number of nonelecting Members is so small that special plan provisions for that group have not been included in this summary.

Benefits Not Valued

A small portion of the population made employee contributions to the plan. Because the amount of these contributions is not material to the plan, they are not part of the valuation.

Participants who were employees of Columbus Southern Power (CSP) at the time AEP acquired that company have a frozen benefit under the CSP benefit formula at December 31, 1986. Benefits for these participants are the greater of an all-service AEP benefit and a two-part benefit consisting of the frozen CSP benefit plus an AEP benefit accrued from January 1, 1987. Because this applies to a small portion of the population and the CSP frozen benefit is not often the greater benefit for these participants, this benefit is not valued.

Plan Status

Ongoing.

Future Plan Changes

No future plan changes were recognized in determining pension cost. Towers Watson is not aware of any future plan changes that are required to be reflected.

Changes in Benefits Valued Since Prior Year

None.

Plan Provisions for Participants Covered by the Former West Retirement Plan

Effective Date	January 1940. Restated effective January 1, 1997.
Recent Amendments	Executed as of December 13, 2009.
Covered Employees	All full-time employees of a Participating Company employed by CSW before January 1, 2001, and not covered by a union (that has not bargained for coverage) or another pension plan provided by AEP. Part-time employees of the Company had to work more than 1,000 hours in the first anniversary year or subsequent calendar years.
Participation Date	Date of becoming a covered employee.
Definitions	
Grandfathered Employee	Employees who were at least age 50 with ten years of vesting service as of July 1, 1997.
Vesting Service	All service from date of hire in completed years.
Credited Service	The aggregate of: For the period prior to January 1, 1976: <ol style="list-style-type: none">(1) The number of full years in the last continuous period that employee was a participant after June 30, 1970, plus(2) Credited service under any prior plan if service extended to July 1, 1970. For the period beginning on or after January 1, 1976, the number of full years of service.
Final Average Pay	Highest average annual earnings (base pay only) during any 36 consecutive months in the 120 months before retirement. Any changes in earnings within the last three months before retirement will not be taken into account.
Cash Balance Pay	Pay received during the year, including base pay, overtime, shift differential/Sunday premium pay and incentive pay, subject to IRS limits.
Normal Retirement Date (NRD)	The first day of the calendar month on or following the member's 65 th birthday.

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Cash Balance Account Recordkeeping account to which annual interest credits and annual compensation credits are credited. The cash balance account is updated at the end of each plan year and is equal to:

$$\begin{aligned}
 &\text{Cash Balance Account as of the} \\
 &\text{End of the Prior Plan Year} \\
 &+ \\
 &\text{Interest Credits} \\
 &+ \\
 &\text{Company Credits}
 \end{aligned}$$

Cash Balance Benefit Cash Balance Account converted to a monthly annuity.

Interest Credits Interest credits are applied to beginning of year account balance on December 31 each year.

Based on the average 30-year Treasury Bond rate for November of the previous year.

Minimum of 4%.

Company Credits Applied to account balance on December 31 or date of termination if earlier.

Amount is a percentage of eligible pay received during the year, based on age plus years of Vesting Service (age and service in completed whole years as of December 31).

<i>Age Plus Years of Service</i>	<i>Annual Company Credit</i>
Less than 30	3.0%
30 – 39	3.5%
40 – 49	4.5%
50 – 59	5.5%
60 – 69	7.0%
70+	8.5%

Monthly Grandfathered Benefit Greater of (1) or (2) below with automatic cost of living adjustments upon retirement:

(1) Basic benefit — An annual amount equal to:

The aggregate of a participant's (a) earned benefit (if any) under any prior plan or acquired Company pension plan under which no election was made to receive a paid-up annuity; and (b) participant contributions without interest for the period commencing on or after July 1, 1970. For the period after September 1, 1980, participants will be deemed to have made contributions at the rate of 2% annually of the participant's annual rate of earnings as of January 1.

	<p>(2) Minimum benefit:</p> <p>1-2/3% of final average annual earnings less 50% of participant's annual primary Social Security benefit times years of credited service up to 30 years.</p>
Minimum Benefits	The benefit payable will never be less than the frozen accrued benefit as of July 1, 1997, under the prior plan.
Primary Social Security Benefit	<p>The annual amount payable under the Social Security Act as amended in effect at the employee's date of retirement. The date as of which the amount is to be determined is:</p> <ol style="list-style-type: none">(1) In the case of an employee (including deferred vested employees) retiring on or after normal retirement date, normal retirement date.(2) In the case of an employee retiring prior to normal retirement date, the later of employee's 62nd birthday or actual retirement date. <p>Early retirees and deferred vested employees are assumed to have no earnings after termination in determining the amount of this benefit.</p>
Long-term Disability and Paid Leaves	Compensation equal to the base rate of pay as of disability date. If a participant became disabled prior to January 1, 2003, compensation for the cash balance formula is equal to the greater of the compensation for the calendar year before the disability and the year in which the disability benefits began. For the grandfathered formula, the final average pay will be determined as of the date on which the participant became disabled. Vesting service continues.
Unpaid Leave	No compensation for annual compensation credit. Vesting service continues.
Eligibility for Benefits	
Normal Retirement	All participants at or after their normal retirement date.
Vested	<p>The participant's cash balance account is 100% vested when any one of the following applies:</p> <ol style="list-style-type: none">(1) Three years of vesting service(2) Attainment of age 55 while an employee(3) Death prior to termination(4) Upon disability.
Early Retirement	Any time after attainment of age 55 and completion of 15 years of vesting service.

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- Disability All participants who become permanently and totally disabled. Permanent and total disability is determined by reference to the LTD plan covering that participant.
- Surviving Spouse The surviving spouse of a participant who retired or is eligible to retire on normal or early retirement.
- Preretirement Death Beneficiary of participant who dies after becoming vested.

Monthly Benefits Paid Upon the Following Events

Normal Retirement Grandfathered employees must elect either the cash balance or the grandfathered formula. For purposes of this valuation, the employee is assumed to elect the formula with the higher present value. Employees with a prior plan frozen benefit get the better of the cash balance benefit and the prior plan frozen benefit. For all other employees, the Cash Balance Benefit is determined as of Normal Retirement Date.

Early Retirement Greater of (1) if applicable or (2):

- (1) The grandfathered accrued benefit and the prior plan frozen are payable subject to reduction according to the following schedule if payments commence prior to the normal retirement date.

<i>Age at Retirement</i>	<i>Percent of Benefit Payable</i>
64	100%
63	100%
62	100%
61	95%
60	90%
59	84%
58	78%
57	72%
56	66%
55	60%

- (2) The Cash Balance Benefit determined as of the Early Retirement Date.

Deferred Vested Retirement Greater of (1) if applicable or (2):

- (1) Grandfathered accrued benefit payable at age 65, or if earlier reduced 5% per year from age 65, 6% per year from age 60 and 7.5% per year compounded from age 55.
- (2) Vested cash balance account.

Disability Retirement

The greatest of grandfathered accrued benefit, if eligible, based on projected service and frozen pay deferred to age 65, prior plan frozen benefit if eligible and cash balance account with continued pay credits.

Preretirement Death

If the beneficiary is the spouse and the participant is a grandfathered/protected plan participant, then:

- (1) For an active participant who dies on or after 55th birthday but before retirement, a monthly benefit equal to 50% of the benefit accrued to the date of death without reduction for early retirement is payable immediately as a life annuity to a qualifying spouse.
- (2) For an active participant who dies after completing five or more years of vesting service but before age 55, a deferred monthly benefit equal to 50% of the benefit accrued to the date of death reduced as for early retirement is payable as a life annuity to a qualifying spouse. Benefit commencement is deferred to when the deceased participant would have attained age 55.
- (3) For a deferred vested participant who dies before benefits commence, a monthly benefit equal to 50% of the deferred vested benefit reduced for early commencement (as for deferred vesteds) is payable as a life annuity to a qualifying spouse. If death occurs before age 55, the benefit to the spouse is deferred to when the deceased participant would have attained age 55.

The spouse's benefit is actuarially reduced for each year by which the spouse is more than five years younger than the participant.

For all employees, the minimum benefit is the cash balance account immediate annuity, which is also payable if the beneficiary is not the participant's spouse.

Form of Payment

The following are available for those participants who did not work an hour of service on or after January 1, 2003:

- Full lump sum payment.
- Monthly payment:
 - Single life annuity.
 - 50% joint annuity (spouse or other beneficiary).

The following are available for those participants who work an hour of service on or after January 1, 2003:

- Full lump sum payment.
- Combination of partial lump sum (25%, 50% or 75% of full

lump sum) with remainder paid as a monthly benefit (see below).

- Monthly payment:
 - Single life annuity.
 - Joint annuities (spouse or other beneficiary).
 - Available in 50%, 75%, 100%.

Form of Payment Conversion for Non-417(e) Covered Conversions

- Cash balance 7.50% interest and the applicable IRS 417(e) Mortality Table.
- Grandfathered benefit 7.50% interest and the 1951 Group Annuity Mortality Table.

Plan Status

Continuing accruals. All new entrants to plan are covered under former East plan provisions.

Future Plan Changes

No future plan changes were recognized in determining pension cost. Towers Watson is not aware of any future plan changes that are required to be reflected.

Changes in Benefits Valued Since Prior Year

None.

**AMERICAN ELECTRIC POWER - QUALIFIED RETIREMENT PLAN
SUMMARY OF PLAN PARTICIPANTS FOR THE 2010 VALUATION**

Location	Vested Actives	Non-Vested Actives	Total Actives	Retirees Receiving Benefits	Beneficiaries	Deferred Vesteds	Total Inactives	Total Participants
AEP Energy Services, Inc.	0	0	0	3	0	39	42	42
AEP Pro Serv, Inc.	1	0	1	0	0	2	2	3
AEP T & D Services, LLC	0	0	0	0	0	0	0	0
American Electric Power Service Corporation	5,278	821	6,099	1897	414	1,772	4,083	10,182
Appalachian Power Co - Distribution	1,078	86	1,164	1129	416	376	1,921	3,085
Appalachian Power Co - Generation	1,000	200	1,200	642	214	179	1,035	2,235
Appalachian Power Co - Transmission	160	13	173	92	13	39	144	317
C3 Communications, Inc.	0	0	0	0	0	14	14	14
Cardinal Operating Company	243	77	320	146	49	36	231	551
AEP Texas Central Company - Distribution	966	72	1,038	835	239	460	1,534	2,572
AEP Texas Central Company - Generation	1	0	1	81	63	218	362	363
AEP Texas Central Company - Nuclear	0	0	0	0	0	0	0	0
AEP Texas Central Company - Transmission	111	22	133	75	36	69	180	313
Columbus Southern Power Co - Distribution	693	115	808	917	141	176	1,234	2,042
Columbus Southern Power Co - Generation	284	91	375	338	64	94	496	871
Columbus Southern Power Co - Transmission	51	11	62	73	20	12	105	167
Conesville Coal Preparation Company	9	0	9	9	0	0	9	18
Cook Coal Terminal	17	0	17	10	0	0	10	27
CSW Energy, Inc.	18	1	19	4	0	22	26	45
Elmwood	104	35	139	3	0	9	12	151
EnerShop Inc.	0	0	0	0	0	0	0	0
Indiana Michigan Power Co - Distribution	661	78	739	677	267	174	1,118	1,857
Indiana Michigan Power Co - Generation	413	38	451	260	82	184	526	977
Indiana Michigan Power Co - Nuclear	927	173	1,100	259	58	330	647	1,747
Indiana Michigan Power Co - Transmission	148	19	167	81	12	21	114	281
Kentucky Power Co - Distribution	272	10	282	155	70	107	332	614
Kentucky Power Co - Generation	126	20	146	67	24	40	131	277
Kentucky Power Co - Transmission	48	2	50	5	0	7	12	62
Kingsport Power Co - Distribution	40	3	43	44	16	22	82	125
Kingsport Power Co - Transmission	10	2	12	7	1	1	9	21
AEP River Operations LLC	614	332	946	2	0	39	41	987
Ohio Power Co - Distribution	804	80	884	880	288	208	1,376	2,260
Ohio Power Co - Generation	745	122	867	642	188	196	1,026	1,893
Ohio Power Co - Transmission	208	17	225	110	36	26	172	397
Public Service Co of Oklahoma - Distribution	685	94	779	486	206	231	923	1,702
Public Service Co of Oklahoma - Generation	353	39	392	176	81	89	346	738
Public Service Co of Oklahoma - Transmission	72	11	83	56	18	26	100	183
Southwestern Electric Power Co - Distribution	472	41	513	196	94	94	384	897
Southwestern Electric Power Co - Generation	463	67	530	190	93	85	368	898
Southwestern Electric Power Co - Texas - Distribution	251	22	273	164	37	83	284	557
Southwestern Electric Power Co - Texas - Transmission	0	0	0	3	4	4	11	11
Southwestern Electric Power Co - Transmission	81	11	92	32	11	10	53	145
Ind Mich River Transp Lakin	249	94	343	103	37	50	190	533
AEP Texas North Company - Distribution	298	9	307	185	85	122	392	699
AEP Texas North Company - Generation	0	0	0	119	53	62	234	234
AEP Texas North Company - Transmission	47	6	53	26	12	7	45	98
Wheeling Power Co - Distribution	54	6	60	58	28	10	96	156
Wheeling Power Co - Transmission	0	0	0	4	9	1	14	14
Cedar Coal Co	0	0	0	73	32	11	116	116
Central Coal Company	0	0	0	0	0	0	0	0
Central Ohio Coal	0	0	0	62	14	34	110	110
Southern Ohio Coal - Martinka	0	0	0	65	14	53	132	132
Southern Ohio Coal - Meigs	0	0	0	64	34	16	114	114
Windsor	0	0	0	26	7	13	46	46
Price River Coal	0	0	0	12	1	6	19	19
Houston Pipeline (HPL)	0	0	0	2	0	33	35	35
Total	18,055	2,840	20,895	11,545	3,581	5,912	21,038	41,933

AMERICAN ELECTRIC POWER - QUALIFIED RETIREMENT PLAN
FUNDED STATUS OF PRESENT VALUE OF ACCUMULATED PLAN BENEFITS (FASB ASC 960) AS OF JANUARY 1, 2010

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Location	Present Value of Vested Benefits	Present Value of Non-Vested Benefits	Present Value of Accumulated Plan Benefits	Market Value of Assets	Percent Funded
AEP Energy Services, Inc.	\$1,118,569	\$0	\$1,118,569	\$1,123,510	100.4%
AEP Pro Serv, Inc.	607,957	50	608,007	788,334	129.7%
AEP T & D Services, LLC	0	0	0	0	0.0%
American Electric Power Service Corporation	958,493,453	19,082,762	977,576,215	1,123,442,665	114.9%
Appalachian Power Co - Distribution	245,443,954	1,203,612	246,647,566	255,497,510	103.6%
Appalachian Power Co - Generation	196,870,249	1,994,364	198,864,613	215,651,166	108.4%
Appalachian Power Co - Transmission	33,617,210	162,956	33,780,166	34,665,813	102.6%
C3 Communications, Inc.	387,174	0	387,174	767,838	198.3%
Cardinal Operating Company	52,520,415	700,656	53,221,071	57,565,788	108.2%
AEP Texas Central Company - Distribution	226,430,050	920,611	227,350,661	228,272,087	100.4%
AEP Texas Central Company - Generation	17,290,155	0	17,290,155	31,282,958	180.9%
AEP Texas Central Company - Nuclear	0	0	0	0	0.0%
AEP Texas Central Company - Transmission	26,077,955	103,993	26,181,948	26,902,486	102.8%
Columbus Southern Power Co - Distribution	175,005,494	761,431	175,766,925	184,331,622	104.9%
Columbus Southern Power Co - Generation	81,228,078	755,470	81,983,548	85,252,815	104.0%
Columbus Southern Power Co - Transmission	18,212,288	89,821	18,302,109	19,396,548	106.0%
Conesville Coal Preparation Company	3,091,254	49,960	3,141,214	3,159,934	100.6%
Cook Coal Terminal	2,528,668	58,743	2,587,411	2,644,554	102.2%
CSW Energy, Inc.	2,787,386	14,649	2,802,035	2,969,090	106.0%
Elmwood	1,582,162	106,790	1,688,952	2,041,063	120.8%
EnerShop Inc.	0	0	0	0	0.0%
Indiana Michigan Power Co - Distribution	136,192,578	1,209,385	137,401,963	140,947,342	102.6%
Indiana Michigan Power Co - Generation	78,145,586	883,654	79,029,240	85,582,629	108.3%
Indiana Michigan Power Co - Nuclear	131,671,292	1,678,322	133,349,614	163,765,060	122.8%
Indiana Michigan Power Co - Transmission	27,520,095	212,703	27,732,798	29,228,720	105.4%
Kentucky Power Co - Distribution	52,010,656	333,973	52,344,629	54,843,665	104.8%
Kentucky Power Co - Generation	24,167,556	111,223	24,278,779	27,122,361	111.7%
Kentucky Power Co - Transmission	5,374,488	398	5,374,886	6,606,749	122.9%
Kingsport Power Co - Distribution	9,699,575	82,102	9,781,677	9,965,631	101.9%
Kingsport Power Co - Transmission	2,478,884	18,998	2,497,882	2,352,936	94.2%
AEP River Operations LLC	11,662,496	1,038,675	12,701,171	16,532,332	130.2%
Ohio Power Co - Distribution	177,720,840	481,882	178,202,722	180,097,794	101.1%
Ohio Power Co - Generation	170,361,356	1,205,838	171,567,194	200,520,506	116.9%
Ohio Power Co - Transmission	40,720,534	78,412	40,798,946	43,172,123	105.8%
Public Service Co of Oklahoma - Distribution	136,960,458	761,760	137,722,218	141,018,339	102.4%
Public Service Co of Oklahoma - Generation	62,614,749	532,756	63,147,505	69,037,995	109.3%
Public Service Co of Oklahoma - Transmission	16,268,533	146,970	16,415,503	15,850,603	96.6%
Southwestern Electric Power Co - Distribution	80,860,500	434,339	81,294,839	88,885,622	109.3%
Southwestern Electric Power Co - Generation	79,304,097	697,892	80,001,989	86,593,197	108.2%
Southwestern Electric Power Co - Texas - Distribution	45,245,892	246,435	45,492,327	48,198,477	105.9%
Southwestern Electric Power Co - Texas - Transmission	437,930	0	437,930	450,272	102.8%
Southwestern Electric Power Co - Transmission	12,480,546	102,398	12,582,944	14,609,991	116.1%
Ind Mich River Transp Lakin	21,327,105	710,708	22,037,813	28,038,433	127.2%
AEP Texas North Company - Distribution	54,785,015	317,399	55,102,414	57,798,280	104.9%
AEP Texas North Company - Generation	20,297,634	0	20,297,634	22,784,349	112.3%
AEP Texas North Company - Transmission	8,010,190	60,827	8,071,017	8,749,507	108.4%
Wheeling Power Co - Distribution	12,274,161	4,107	12,278,268	12,955,540	105.5%
Wheeling Power Co - Transmission	863,592	0	863,592	962,333	111.4%
Cedar Coal Co	2,674,194	0	2,674,194	2,770,429	103.6%
Central Coal Company	0	0	0	0	0.0%
Central Ohio Coal	7,030,825	0	7,030,825	8,623,035	122.6%
Southern Ohio Coal - Martinka	5,207,251	0	5,207,251	6,402,827	123.0%
Southern Ohio Coal - Meigs	7,481,967	0	7,481,967	9,709,573	129.8%
Windsor	2,535,763	0	2,535,763	3,272,405	129.1%
Price River Coal	322,067	0	322,067	403,684	125.3%
Houston Pipeline (HPL)	865,934	0	865,934	2,497,868	288.5%
Total	\$3,488,866,810	\$37,357,024	\$3,526,223,834	\$3,866,106,388	109.6%

AMERICAN ELECTRIC POWER - QUALIFIED RETIREMENT PLAN
SUMMARY OF FASB ASC 715-30 VALUATION RESULTS AS OF JANUARY 1, 2010

Location	Number of Participants			Total	Valuation Earnings	Service Cost	Accumulated Benefit Obligation	Projected Benefit Obligation	January 1, 2010 Pre-Tax AOCI
	Actives	Deferred Vested	Beneficiaries & Retirees						
AEP Energy Services, Inc.	0	39	3	42	0	\$0	\$1,660,796	\$1,660,796	\$707,286
AEP Pro Serv, Inc.	1	2	0	3	185,306	16,249	820,712	832,965	(31,925)
AEP T & D Services, LLC	0	0	0	0	0	0	0	0	(622)
American Electric Power Service Corporation	6,099	1,772	2,311	10,182	554,118,394	36,357,027	1,240,898,113	1,273,131,425	492,064,811
Appalachian Power Co - Distribution	1,164	376	1,545	3,085	86,586,206	5,814,612	308,432,166	312,358,937	145,883,236
Appalachian Power Co - Generation	1,200	179	856	2,235	92,953,401	6,145,039	251,617,509	255,921,418	105,189,108
Appalachian Power Co - Transmission	173	39	105	317	13,617,826	948,221	43,317,777	43,943,430	16,587,086
C3 Communications, Inc.	0	14	0	14	0	0	656,648	656,648	894,769
Cardinal Operating Company	320	36	195	551	24,681,392	1,629,988	67,184,579	68,222,026	28,309,104
AEP Texas Central Company - Distribution	1,038	460	1,074	2,572	75,006,363	4,907,333	276,499,421	279,950,787	126,990,098
AEP Texas Central Company - Generation	1	218	144	363	65,464	1,200	22,954,042	22,961,020	23,345,176
AEP Texas Central Company - Nuclear	0	0	0	0	0	0	0	0	93,090
AEP Texas Central Company - Transmission	133	69	111	313	10,127,727	645,610	31,985,104	32,459,751	15,062,243
Columbus Southern Power Co - Distribution	808	176	1,058	2,042	55,161,997	3,524,042	215,025,131	218,586,136	123,167,032
Columbus Southern Power Co - Generation	375	94	402	871	28,914,482	1,983,834	101,900,375	103,482,439	51,842,062
Columbus Southern Power Co - Transmission	62	12	93	167	4,686,461	309,632	22,294,756	22,615,363	12,855,178
Conesville Coal Preparation Company	9	0	9	18	768,159	55,022	3,959,613	4,029,429	1,505,613
Cook Coal Terminal	17	0	10	27	1,407,732	90,725	3,293,387	3,386,790	1,450,884
CSW Energy, Inc.	19	22	4	45	2,453,406	121,804	3,752,427	3,989,629	4,258,371
Elmwood	139	9	3	151	6,113,426	338,431	2,223,476	2,458,046	526,310
EnerShop Inc.	0	0	0	0	0	0	0	0	161,813
Indiana Michigan Power Co - Distribution	739	174	944	1,857	53,980,943	3,635,792	170,302,102	173,466,796	76,715,400
Indiana Michigan Power Co - Generation	451	184	342	977	36,633,942	2,567,060	101,168,491	102,605,452	37,838,838
Indiana Michigan Power Co - Nuclear	1,100	330	317	1,747	105,143,007	6,934,330	174,728,159	179,714,608	52,918,549
Indiana Michigan Power Co - Transmission	167	21	93	281	12,861,450	866,516	34,971,471	35,706,754	13,540,670
Kentucky Power Co - Distribution	282	107	225	614	21,247,046	1,481,760	66,407,066	67,348,736	25,606,101
Kentucky Power Co - Generation	146	40	91	277	11,591,038	801,532	31,422,099	31,925,827	10,693,701
Kentucky Power Co - Transmission	50	7	5	62	3,937,347	266,325	7,192,490	7,378,941	1,908,792
Kingsport Power Co - Distribution	43	22	60	125	3,059,842	204,149	12,204,375	12,330,352	6,159,133
Kingsport Power Co - Transmission	12	1	8	21	871,405	56,236	3,137,182	3,186,337	1,457,526
AEP River Operations LLC	946	39	2	987	62,238,718	3,377,371	16,617,494	19,365,246	4,669,965
Ohio Power Co - Distribution	884	208	1,168	2,260	61,334,030	4,070,933	220,326,249	223,681,426	115,836,937
Ohio Power Co - Generation	867	196	830	1,893	66,685,299	4,438,752	216,298,752	219,493,444	111,370,158
Ohio Power Co - Transmission	225	26	146	397	17,105,380	1,150,919	51,119,283	52,067,480	23,085,988
Public Service Co of Oklahoma - Distribution	779	231	692	1,702	58,137,440	3,549,403	167,114,377	170,239,371	82,459,046
Public Service Co of Oklahoma - Generation	392	89	257	738	32,207,087	2,065,766	76,578,921	77,933,469	33,163,215
Public Service Co of Oklahoma - Transmission	83	26	74	183	6,560,513	420,990	19,922,176	20,188,094	10,195,895
Southwestern Electric Power Co - Distribution	513	94	290	897	38,505,392	2,499,821	98,214,361	99,997,582	49,261,468
Southwestern Electric Power Co - Generation	530	85	283	898	42,253,383	2,766,233	97,372,573	99,006,191	43,684,139
Southwestern Electric Power Co - Texas - Distribution	273	83	201	557	20,213,140	1,295,473	55,379,182	56,372,561	25,961,083
Southwestern Electric Power Co - Texas - Transmission	0	4	7	11	0	0	559,648	559,648	941,135
Southwestern Electric Power Co - Transmission	92	10	43	145	7,459,989	475,539	15,068,650	15,335,390	6,601,154
Ind Mich River Transp Lakin	343	50	140	533	21,785,855	1,243,743	28,531,570	30,333,327	9,845,690
AEP Texas North Company - Distribution	307	122	270	699	22,869,685	1,570,410	67,105,623	67,862,877	35,683,925
AEP Texas North Company - Generation	0	62	172	234	0	0	24,572,484	24,572,484	19,503,673
AEP Texas North Company - Transmission	53	7	38	98	4,254,216	268,965	9,902,953	10,140,903	5,118,867
Wheeling Power Co - Distribution	60	10	86	156	4,254,392	282,811	15,100,412	15,274,873	8,453,040
Wheeling Power Co - Transmission	0	1	13	14	0	0	1,007,455	1,007,455	809,796
Cedar Coal Co	0	11	105	116	0	0	3,173,939	3,173,939	3,878,212
Central Coal Company	0	0	0	0	0	0	0	0	3,979
Central Ohio Coal	0	34	76	110	0	0	8,477,509	8,477,509	(759,407)
Southern Ohio Coal - Martinka	0	53	79	132	0	0	6,575,959	6,575,959	1,262,523
Southern Ohio Coal - Meigs	0	16	98	114	0	0	8,946,889	8,946,889	(1,990,467)
Windsor	0	13	33	46	0	0	3,126,046	3,126,046	74,936
Price River Coal	0	6	13	19	0	0	395,631	395,631	359,750
Houston Pipeline (HPL)	0	33	2	35	0	0	1,293,857	1,293,857	(1,761,055)
Total	20,895	5,912	15,126	41,933	\$1,672,038,281	\$109,179,598	\$4,412,791,460	\$4,499,732,489	\$1,965,413,075

AMERICAN ELECTRIC POWER - QUALIFIED RETIREMENT PLAN
2010 NET PERIODIC PENSION COST

Location	Service Cost	Projected Benefit Obligation	Market-Related Value of Assets	Interest Cost	Expected Return on Assets	Amortization of Initial Transition (Asset)/ Obligation	Amortization of Prior Service Cost	Amortization of Gain/Loss Amortization	Net Periodic Pension Cost
AEP Energy Services, Inc.	\$0	\$1,660,796	\$538,442	\$89,722	(\$42,068)	\$0	\$1,036	\$31,946	\$80,636
AEP Pro Serv, Inc.	16,249	832,965	678,681	45,878	(53,025)	0	118	16,022	25,242
AEP T & D Services, LLC	0	0	0	0	0	0	0	0	0
American Electric Power Service Corporation	36,357,027	1,273,131,425	1,034,969,296	70,743,439	(80,861,792)	0	726,636	24,488,877	51,454,187
Appalachian Power Co - Distribution	5,814,612	312,358,937	293,479,557	17,188,919	(22,929,455)	0	485,847	6,008,272	6,568,195
Appalachian Power Co - Generation	6,145,039	255,921,418	224,531,790	14,157,805	(17,542,590)	0	362,368	4,922,688	8,045,310
Appalachian Power Co - Transmission	948,221	43,943,430	39,400,645	2,425,214	(3,078,359)	0	59,438	845,259	1,199,773
C3 Communications, Inc.	0	656,648	903,220	35,475	(70,568)	0	(4,656)	12,631	(27,118)
Cardinal Operating Company	1,629,988	68,222,026	59,284,112	3,773,666	(4,631,847)	0	89,904	1,312,261	2,173,972
AEP Texas Central Company - Distribution	4,907,333	279,950,787	261,591,408	15,389,095	(20,438,045)	0	(1,147,758)	5,384,897	4,095,522
AEP Texas Central Company - Generation	1,200	22,961,020	36,798,634	1,240,505	(2,875,064)	0	0	441,659	(1,191,700)
AEP Texas Central Company - Nuclear	0	0	0	0	0	0	0	0	0
AEP Texas Central Company - Transmission	645,610	32,459,751	30,907,141	1,788,475	(2,414,764)	0	(110,544)	624,368	533,145
Columbus Southern Power Co - Distribution	3,524,042	218,586,136	214,043,471	11,999,218	(16,723,142)	0	363,266	4,204,538	3,367,922
Columbus Southern Power Co - Generation	1,983,834	103,482,439	97,557,415	5,697,680	(7,622,127)	0	159,518	1,990,501	2,209,406
Columbus Southern Power Co - Transmission	309,632	22,615,363	22,681,789	1,238,494	(1,772,120)	0	38,043	435,010	249,059
Conesville Coal Preparation Company	55,022	4,029,429	3,060,954	220,657	(239,151)	0	3,832	77,507	117,867
Cook Coal Terminal	90,725	3,386,790	2,751,376	187,868	(214,964)	0	4,063	65,145	132,837
CSW Energy, Inc.	121,804	3,989,629	3,389,768	222,115	(264,841)	0	(12,014)	76,741	143,805
Elmwood	338,431	2,458,046	621,237	151,076	(48,537)	0	7,552	47,281	495,803
EnerShop Inc.	0	0	0	0	0	0	0	0	0
Indiana Michigan Power Co - Distribution	3,635,792	173,466,796	157,411,958	9,567,741	(12,298,541)	0	252,409	3,336,661	4,494,062
Indiana Michigan Power Co - Generation	2,567,060	102,605,452	91,718,477	5,681,810	(7,165,933)	0	138,960	1,973,632	3,195,529
Indiana Michigan Power Co - Nuclear	6,934,330	179,714,608	143,306,610	10,083,470	(11,196,495)	0	251,376	3,456,838	9,529,519
Indiana Michigan Power Co - Transmission	866,516	35,706,754	32,069,142	1,975,824	(2,505,551)	0	49,478	686,825	1,073,092
Kentucky Power Co - Distribution	1,481,760	67,348,736	61,632,062	3,718,479	(4,815,292)	0	92,116	1,295,463	1,772,526
Kentucky Power Co - Generation	801,532	31,925,827	30,340,448	1,768,054	(2,370,489)	0	46,371	614,098	859,566
Kentucky Power Co - Transmission	266,325	7,378,941	5,992,345	413,026	(468,180)	0	10,405	141,935	363,511
Kingsport Power Co - Distribution	204,149	12,330,352	11,358,604	677,160	(887,444)	0	18,926	237,176	249,967
Kingsport Power Co - Transmission	56,236	3,186,337	2,588,501	175,176	(202,239)	0	3,478	61,290	93,941
AEP River Operations LLC	3,377,371	19,365,246	5,223,370	1,228,641	(408,100)	0	40,370	372,493	4,610,775
Ohio Power Co - Distribution	4,070,933	223,681,426	206,584,137	12,304,030	(16,140,347)	0	364,651	4,302,547	4,901,814
Ohio Power Co - Generation	4,438,752	219,493,444	182,416,820	12,097,650	(14,252,163)	0	324,557	4,221,990	6,830,786
Ohio Power Co - Transmission	1,150,919	52,067,480	47,090,277	2,875,056	(3,679,147)	0	79,060	1,001,526	1,427,414
Public Service Co of Oklahoma - Distribution	3,549,403	170,239,371	162,301,469	9,388,716	(12,680,557)	0	(636,333)	3,274,581	2,895,810
Public Service Co of Oklahoma - Generation	2,065,766	77,933,469	72,331,878	4,321,856	(5,651,264)	0	(243,479)	1,499,062	1,991,941
Public Service Co of Oklahoma - Transmission	420,990	20,188,094	18,015,466	1,113,379	(1,407,542)	0	(65,506)	388,321	449,642
Southwestern Electric Power Co - Distribution	2,499,821	99,997,582	91,025,958	5,537,291	(7,111,826)	0	(311,735)	1,923,469	2,537,020
Southwestern Electric Power Co - Generation	2,766,233	99,006,191	92,037,309	5,498,125	(7,190,843)	0	(281,516)	1,904,399	2,696,398
Southwestern Electric Power Co - Texas - Distribution	1,295,473	56,372,561	52,158,889	3,115,442	(4,075,156)	0	(153,170)	1,084,335	1,266,924
Southwestern Electric Power Co - Texas - Transmission	0	559,648	529,662	30,234	(41,382)	0	(2,417)	10,765	(2,800)
Southwestern Electric Power Co - Transmission	475,539	15,335,390	13,690,380	854,165	(1,069,625)	0	(42,692)	294,979	512,366
Ind Mich River Transp Lakin	1,243,743	30,333,327	23,503,444	1,705,911	(1,836,316)	0	50,606	583,466	1,747,410
AEP Texas North Company - Distribution	1,570,410	67,862,877	64,906,345	3,751,044	(5,071,110)	0	(225,262)	1,305,353	1,330,436
AEP Texas North Company - Generation	0	24,572,484	26,801,587	1,327,497	(2,093,999)	0	(157,041)	472,656	(450,887)
AEP Texas North Company - Transmission	268,965	10,140,903	10,053,426	562,380	(785,471)	0	(32,421)	195,062	208,515
Wheeling Power Co - Distribution	282,811	15,274,873	14,986,875	840,484	(1,170,919)	0	26,287	293,815	272,478
Wheeling Power Co - Transmission	0	1,007,455	1,122,088	54,426	(87,668)	0	1,872	19,379	(11,991)
Cedar Coal Co	0	3,173,939	3,258,899	171,468	(254,617)	0	8,980	61,051	(13,118)
Central Coal Company	0	0	0	0	0	0	0	0	0
Central Ohio Coal	0	8,477,509	15,765,890	457,987	(1,231,783)	0	13,405	163,066	(597,325)
Southern Ohio Coal - Martinka	0	6,575,959	9,116,416	355,258	(712,262)	0	7,950	126,490	(222,564)
Southern Ohio Coal - Meigs	0	8,946,889	18,352,638	483,344	(1,433,885)	0	16,988	172,095	(761,458)
Windsor	0	3,126,046	5,430,915	168,881	(424,315)	0	5,640	60,130	(189,664)
Price River Coal	0	395,631	466,147	21,373	(36,420)	0	1,124	7,610	(6,313)
Houston Pipeline (HPL)	0	1,293,857	2,938,282	69,899	(229,567)	0	4,574	24,888	(130,206)
Total	\$109,179,598	\$4,499,732,489	\$4,003,715,650	\$248,990,578	(\$312,808,907)	\$0	\$684,658	\$86,553,049	\$132,598,976