

STRATEGIC FOCUS 2014 Mid-Year Performance Highlights

Through June 30, 2014 Unless Otherwise Noted

Operational Excellence & Environmental Leadership



- No employee fatalities but employee recordable and severity rates were above target (through July 31, 2014). Safety leadership training for front line supervisors is among several initiatives implemented to improve performance and prevent harm.
- Contractor recordable rate is performing well against target; unfortunately, a tree-trimming contractor was fatally injured.
- Overall environmental performance remains good but Dolet Hills Lignite Mine in Louisiana received an environmental enforcement action for storm water runoff that has since been remediated.
- AEP's River Operations won the prestigious Maritime Award from the U.S. Coast Guard.

Infrastructure Investment



- AEP increased its capital investment in our transmission business by another \$100 million, investing in reliability improvements, grid modernization and connecting new customers.
- Appalachian Power received approval for Clinch River Plant Units 1 & 2 gas conversion in Virginia and West Virginia.
- Kentucky Power received approval for Big Sandy Unit 1 conversion to natural gas.
- Through 2020, AEP Transmission will invest up to \$1.5 billion to improve reliability of lower-voltage transmission lines.

Customers & Communities



- System Average Interruption Index (SAIDI) — average duration of outages — through June was unfavorable compared to the previous three-year average (2011–2013). Vegetation management programs and Reliability Work Plans are being implemented across AEP to improve performance.
- National Accounts team received Edison Electric Institute award for customer focus excellence.
- AEP Energy entered the natural gas market, giving customers more choice.
- AEP, its operating units and the American Electric Power Foundation made grants totaling \$11 million to non-profit organizations.
- \$90,131 was awarded to colleges and universities through AEP's Matching Gifts Program.

Employee Experience



- AEP held its first Culture Stand Up for Values as part of an ongoing culture initiative.
- *See Something... Say Something... Do Something* program was started to encourage employees to speak up and take action to ensure safety and health.
- AEP, AEP Ohio and the International Brotherhood of Electrical Workers, Local 1466, earned the 2014 Engaged Leadership Advocacy Award from the United Way of Central Ohio.
- AEP's Cook Nuclear Plant employees were recognized with the "Top Industry Practice" award by the Nuclear Energy Institute for an innovative idea to repair a reactor vessel bolt.