58

FILE

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio Power Company and Columbus Southern Power Company for Authority to Merge and Related Approvals	)	Case No. 10-2376-EL-UNC
In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to §4928.143, Ohio Rev. Code, in the Form of an Electric Security Plan	)	Case No. 11-346-EL-SSO Case No. 11-348-EL-SSO
In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Approval of Certain Accounting Authority	)	Case No. 11-349-EL-AAM Case No. 11-350-EL-AAM
In the Matter of the Application of Columbus Southern Power Company to Amend its Emergency Curtailment Service Riders	)	Case No. 10-343-EL-ATA
In the Matter of the Application of Ohio Power Company to Amend its Emergency Curtailment Service Riders	)	Case No. 10-344-EL-ATA
In the Matter of the Commission Review Of the Capacity Charges of Ohio Power Company and Columbus Southern Power Company	)	Case No. 10-2929-EL-UNC
In the Matter of the Application of Columbus Southern Power Company for Approval of a Mechanism to Recover Deferred Fuel Costs Ordered Under Ohio Revised Code 4928.144	)	Case No. 11-4920-EL-RDR
In the Matter of the Application of Ohio Power Company for Approval of a Mechanism to Recover Deferred Fuel Costs Ordered Under Ohio Revised Code 4928.144	)	Case No. 11-4921-EL-RDR

SUPPLEMENTAL TESTIMONY OF

JOSEPH DOMINGUEZ

ON BEHALF OF

EXELON GENERATION COMPANY, LLC

September 13, 2011

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Joseph Dominguez. My business address is 10 South Dearborn, Chicago, Illinois 60603.

Q. DID YOU PREVIOUSLY PROVIDE TESTIMONY IN THIS PROCEEDING?

A. Yes. I provided my Direct Testimony on July 25, 2011, to explain why the Public Utilities Commission of Ohio (the "Commission") should reject the proposed Electric Security Plan ("ESP") filed by Columbus Southern Power Company and Ohio Power Company (collectively, "AEP Ohio" or the "Company") and to recommend some ideas for how the Commission should modify AEP Ohio's ESP proposal.

Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?

A. Following my Direct Testimony, AEP Ohio worked with the other parties in this proceeding to reach the settlement memorialized in the Joint Stipulation and Recommendation filed on September 7, 2011 (the "Stipulation"). The purpose of my supplemental testimony is to explain why the Stipulation is reasonable and should be approved by this Commission. Applying the criteria that I understand the Commission will use in its reasonableness analysis, I conclude that the Stipulation: (1) is a product of serious bargaining among capable, knowledgeable parties; (2) benefits customers and the public interest; and (3) does not violate any important regulatory principle or practice.

Q. WHAT LEADS YOU TO CONCLUDE THAT THE STIPULATION IS A PRODUCT OF SERIOUS BARGAINING AMONG CAPABLE, KNOWLEDGEABLE PARTIES?

The Stipulation is the end result of weeks of intense negotiations among the parties in this proceeding. The parties to the Stipulation include the Company and the Commission Staff, together with more than 20 organizations, including generators, retail electricity marketers, environmental groups, demand response providers, commercial and industrial customers and communities, which collectively represent a critical mass of stakeholders and a broad range of diverse interests and points of view. The Commission Staff was an integral part of the process, helping to bridge gaps between AEP Ohio and intervenors, while also ensuring that Commission Staff's own concerns were addressed. The process was fair, transparent and open.

Q. HOW DOES THE STIPULATION BENEFIT CUSTOMERS AND THE PUBLIC INTEREST?

A. Like all settlements, the Stipulation is a compromise. AEP Ohio compromised its rate requests and ultimately its business model by agreeing to transition to the fully competitive model that the parties to this Stipulation unanimously support. Marketers, like Exelon Generation Company, LLC ("Exelon"), partially compromised their positions that the Company must provide all suppliers capacity at RPM prices. The end result is a durable settlement that achieves a fully competitive model faster than a full blown Market Rate Option ("MRO") and with AEP Ohio's willing participation.

As I described in my Direct Testimony, the central problem with AEP Ohio's filed ESP was twofold: (1) it continued to rely on a flawed, non-market based approach to procuring energy and capacity for default customers; and (2) it included numerous non-bypassable generation-related riders that would impede retail shopping. The overwhelming majority of parties in this proceeding, including the non-settling parties, wanted the Company to use a competitive process to procure energy and capacity. The Stipulation achieves that outcome. It memorializes a fundamental change in AEP Ohio's business model under which, beginning June 1, 2015, AEP Ohio's standard service offer ("SSO") rate will be based on costs associated with capacity and energy procured through competitive means. The Stipulation eliminates the significant proposed non-bypassable generation-related riders, preserves and expands the ability for customers to shop for competitive retail supply, and protects customers from uneconomic generation investment costs.

Q. WHY IS JUNE 1, 2015 A REASONABLE DATE FOR THIS TRANSITION?

A. Exelon would have preferred an earlier date, but the practical problem in this case has always been a timing mismatch between the originally proposed 29-month ESP term and PJM's forward capacity market. A properly functioning procurement design aligns competitive procurements of energy and capacity. Here, however, the reality was that the capacity auction "ship" had sailed long before AEP Ohio even filed its ESP.

As I explained in my direct testimony,[1] the PJM Reliability Pricing Model ("RPM") Base Residual Auctions (the competitive capacity auctions) are held three years in advance of the delivery date for the capacity. Capacity that could have been delivered during the proposed January 1, 2012 to May 31, 2014 ESP term was auctioned months – in some cases years – before AEP Ohio filed its proposed ESP plan in January 2011. AEP Ohio did not participate in those capacity auctions and, instead, filed a Fixed Resource Requirement ("FRR") plan to self-supply capacity. Although many parties spent considerable ink in their respective testimonies explaining why PJM's competitively bid RPM capacity auctions are better than the FRR plans that AEP Ohio used, the fact remains that there is no way to go backwards in time and have AEP Ohio participate in capacity auctions that already concluded.

The next capacity auction is scheduled for May 2012 and will provide capacity for delivery for the period from June 1, 2015 through May 31, 2016. This is the first capacity

[1] Direct Testimony of Joseph Dominguez on Behalf of Exelon Generation Company, LLC, July 25, 2011 ("Dominguez Direct") at 20:15 – 22.

auction in which AEP Ohio can participate. For that reason, the settling parties concluded that June 1, 2015 was an appropriate date to transition to a fully competitive energy and capacity procurement.

To guarantee that AEP Ohio's consumers will receive the benefits of competition, the Stipulation requires that, pursuant to Schedule 8.1 of the PJM Reliability Assurance Agreement, AEP Ohio notify PJM in March 2012 that it intends to participate in the PJM Base Residual Auction for delivery years 2015-2016 (*i.e.*, June 1, 2015 through May 31, 2016).[2] In addition, the Stipulation requires that the Company use a competitive bidding process to meet 100 percent of its SSO energy obligation for delivery from June 1, 2015 through May 31, 2016.[3] Subject to certain restrictions, the first auction will be for 20 percent of the SSO load and will be conducted no later than September 2013.[4] Auctions for the remaining portion of the SSO load will occur in 2014.[5]

Q. WHAT ARE THE BENEFITS OF AEP OHIO'S TRANSITION TO COMPETITION?

A. As I explained in my Direct Testimony,[6] and as the record overwhelmingly supports, a competitive bidding process benefits customers and the public interest. Most obviously, under such a process customers will have the opportunity to choose less costly options rather than be captive to one provider. All power plants will have to compete on a best-price basis with other resources in the market for the right to serve default customer load. This will yield lower default

[2] Stipulation ¶ IV.1.q.

[3] Stipulation ¶ IV.1.r.

[4] *Id.*

[5] *Id.*

[6] *E.g.*, Dominguez Direct at 28:12 – 29:16.

service rates and will foster retail competition by giving customers a fixed-rate, default offer that they can readily compare to retail offers.

The Stipulation will benefit competition not only through energy price competition but also through capacity price competition. In the original ESP proposal and in Case No. 10-2929-EL-SSO, the Company was seeking to increase the capacity price that would be charged to Competitive Retail Electric Service ("CRES") providers to serve retail customers to $347 per megawatt day, which would have effectively eliminated all retail shopping in AEP Ohio's service territory. The Stipulation will settle both cases and eliminate the risk that AEP Ohio will be allowed to charge such a high above-market price for capacity during the 41 month ESP period. Beginning June 1, 2015, CRES providers will be charged the RPM market price for all capacity in the AEP Ohio service territory, which will enable greater retail competition, and better prices for consumers. In addition, the Stipulation provides that even before 2015, RPM-priced capacity will be made available to CRES providers in order to serve designated portions of AEP Ohio's total retail load. Specifically, paragraph IV.2.b.3 of the Stipulation provides that specified, negotiated, and increasing percentages of AEP Ohio's retail load will be served at RPM-priced capacity in 2012, 2013, and 2014. As that paragraph recites, the purpose of this RPM set-aside provision was "to preserve and expand retail shopping in AEP Ohio's service territory and implement AEP Ohio's transition to a fully market-based SSO pricing system more quickly than is possible under [an MRO]."

Q. DOES THE STIPULATION INCLUDE ANY PROVISIONS THAT ARE DESIGNED TO ENSURE THAT THE COMPETITIVE BENEFITS OF THE STIPULATION ARE IN FACT ACHIEVED?

A. Yes, I can give you two important examples. First, paragraph IV.1.r of the Stipulation sets forth both the nature of the competitive procurement process and the related auctions that will implement that process. That paragraph specifies that the bidding process and any contingency process shall be conducted by an independent third party bid manager. It specifies that the necessary components of a competitive bid process shall be developed by the bid manager in conjunction with the parties to the Stipulation. It defines the circumstances under which the Commission may not accept the results of the auction and how any subsequent auctions will be conducted. It prescribes what bidders must provide and what risks they will assume. Many of the attributes of this competitive procurement process have already been approved by the Commission and are currently being used by FirstEnergy to conduct auctions for load in its service territory. We included this degree of specificity with respect to the procurement process, including the dates by which procurements must occur, because leaving such important details to future discussion or debate would have undermined our competitive objectives. Including quite prescriptive procurement provisions as to dates and process will help ensure we realize the full promise of competitive markets.

A second example relates to paragraph IV.1.t of the Stipulation. This provision grew out of AEP Ohio's position during negotiations that termination of the AEP Interconnection Agreement and AEP Ohio's corporate separation were important preconditions to ensuring that competitive procurement would be economically feasible for the Company. We heard AEP Ohio's concerns, but at the same time did not want to be in a position where all of the risk of an inability to achieve an acceptable Pool modification or termination and corporate separation would be borne by those parties, like Exelon, who wanted to see a competitive market develop sooner rather than later. As a result, we reached a compromise with AEP Ohio under which the risks were essentially shared. Thus, paragraph IV.1.t of and Appendix B to the Stipulation specify the obligations and milestones that AEP Ohio will undertake to achieve Federal Energy Regulatory Commission approval of corporate separation and Pool dissolution or amendment. Paragraph IV.1.t also specifies the limited contingencies under which AEP Ohio may be relieved of its competitive procurement commitment, and prescribes the circumstances under which auctions may be held notwithstanding AEP Ohio's inability to achieve timely corporate separation or Pool modification/termination. This heavily negotiated provision strikes a fair balance between protecting what I believe to be AEP Ohio's legitimate economic interests (that may arise from termination or modification of the existing Pool agreement) and the ultimate goal of transitioning to a competitive market process for establishing the SSO price.

Q. WHAT IS EXELON'S VIEW OF THE SETTLEMENT OF THE DIR AND THE BASE GENERATION RATE ISSUES?

A. Exelon's role in this proceeding is that of a wholesale and retail supplier. As such, we do not have an interest in the DIR case, and we take no position on this issue as it has been resolved by the Stipulation. Other parties and Commission Staff more appropriately represent those interests.

Similarly, we did not independently analyze the base generation rate. We remain of the view that rates should be set by a competitive process in the future. The Stipulation achieves that objective. Further, as with the DIR, other parties to the proceeding are better positioned to address the base generation rate during the transition period.

Q. IF YOU HAVE NOT SEPARATELY ANALYZED THE DIR AND BASE GENERATION RATE, HOW DO YOU RESPOND TO CLAIMS THAT THE SETTLEMENT REPRESENTS A WINDFALL TO AEP OHIO?

A. In a publicly traded business, windfalls are not easily hidden. We have investors who demand and receive immediate updates on material settlements. These investors are aided by sophisticated Wall Street analysts whose job it is to study rate case settlements and opine as to their financial impacts on the companies that they follow. These analysts measure such settlements against a backdrop of hundreds of rate cases prosecuted by utilities across the country. If a particular rate case settlement represented a true windfall as measured in the context of national results, analysts would be amongst the first to say so. In the case of AEP Ohio's settlement, no fewer than five Wall Street analysts prepared detailed reports on the implications. Some of the key conclusions from these reports are set forth in Table 1: Industry Analysts Perspectives, below, and the underlying reports are attached. As you can see, while virtually all of the analysts appreciated the positive regulatory certainty that the settlement provides, nearly all described it as fair and balanced. While the Commission is the ultimate decision maker, these data points from various analysts should provide ample comfort that the compromise embodied in the Stipulation is not a windfall to AEP Ohio.

Table 1: Industry Analyst Perspectives	
Greg Gordon, *Rate Settlement Will Transition AEP Ohio to Competitive Market In '15*, International Strategy & Investment Group, September 7, 2011	"This appears to be a balanced deal for ratepayers and shareholders."
Michael S. Worms, *ESP Settled Constructively; Gradual Transition To Competition by Mid-2015*, BMO Capital Markets, September 7, 2011	"The settlement stipulation on the ESP appears to be balanced and constructive, in our view." "The terms proposed in the agreement should enable ratepayers in AEP's territories to transition smoothly to market rates come mid-2015."
Steve Fleishman, *Ohio settlement changes business profile; cut to neutral*, Bank of America Merrill Lynch, September 8, 2011	"Ohio rate settlement is reasonable" "We agree with the rationale of the settlement. It balances the near term need for certainty and takes AEP out of a quasi-regulated structure in Ohio." "We are downgrading the shares of AEP to Neutral from Buy following yesterday's Ohio rate settlement, which paves the way for AEP to move from a largely regulated company to an integrated utility. Under the settlement, AEP would shift its Ohio generation into an unregulated subsidiary by 2015. AEP's total earnings following the realignment would be roughly 25%-30% unregulated. We believe this would increase the business risk profile of the company. . . ."
Neil Kalton, *AEP: Settlement Appears Balanced--EPS & Outperform Rating Intact, Measures to Limit Shopping Near-Term; Moving to Market Mid-2015*, Wells Fargo, September 7, 2011	". . .we believe the settlement represents a reasonable (and clear!) path forward in Ohio"
Brian Chin, *Alert: Settlement Signals Shift To Competitive Generation*, Citi, September 8, 2011	"We believe the settlement is something of a mixed bag for AEP."

Q. HOW DO YOU RESPOND TO THE CLAIM THAT THE SETTLEMENT IS NOT FAIR BECAUSE THE BASE RATES ARE HIGHER THAN WOULD RESULT FROM A PURELY COMPETITIVE PROCESS?

A. I agree that the base rates are higher than a fully competitive market-based solution would produce, but that only defines the problem. The question is how do we get to a solution. While I am not testifying as a legal expert, I note that even in a case in which an MRO is ordered, the applicable statute recognizes that the transition to market would not occur overnight.

In an MRO, the transition occurs through a graduated blending process that achieves full competition over a ***minimum*** of five years.[7] Therefore, even under an MRO, rates would be higher than a fully competitive market based solution and the full benefits of competition would not be realized until year six of the transition. The stipulated ESP achieves a full transition in about half of that time. Given that market is the preferred state, a transition in half of the time is plainly superior to a six year transition.

Q. WHY DO YOU BELIEVE THAT THE STIPULATION DOES NOT VIOLATE ANY IMPORTANT REGULATORY PRINCIPLE OR PRACTICE?

A. The Stipulation furthers many important state policies. By transitioning AEP Ohio to a fully competitive market, the Stipulation provides consumers viable choices from a diverse set of electric products and suppliers.[8] It also ensures effective retail electric competition by eliminating the proposed ESP's significant anti-competitive, non-bypassable generation-related surcharges.[9] Robust wholesale competition and retail choice better serve Ohio consumers' long-term interests. Moreover, I believe several of the proposed non-bypassable riders the Stipulation eliminates were inconsistent with, if not flatly prohibited by, Ohio law.

Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?

A. Yes, although I reserve the right to file rebuttal testimony.

---

[7] *See* Ohio Rev. Code § 4928.142 ("The first application filed under this section by an electric distribution utility that, as of July 31, 2008, directly owns, in whole or in part, operating electric generating facilities that had been used and useful in this state **shall require that a portion of that utility's standard service offer load for the first five years of the market rate offer be competitively bid under division (A) of this section as follows: ten per cent of the load in year one, not more than twenty per cent in year two, thirty per cent in year three, forty per cent in year four, and fifty per cent in year five. Consistent with those percentages, the commission shall determine the actual percentages for each year of years one through five.**") (emphasis added).

[8] *See* Ohio Rev. Code §§ 4928.02(B), (C).

[9] *See* Ohio Rev. Code § 4928.02(H).

BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

In the Matter of the Application of Ohio Power Company and Columbus Southern Power Company for Authority to Merge and Related Approvals	))))	Case No. 10-2376-EL-UNC
In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Authority to Establish a Standard Service Offer Pursuant to §4928.143, Ohio Rev. Code, in the Form of an Electric Security Plan	))))))	Case No. 11-346-EL-SSO Case No. 11-348-EL-SSO
In the Matter of the Application of Columbus Southern Power Company and Ohio Power Company for Approval of Certain Accounting Authority	))))	Case No. 11-349-EL-AAM Case No. 11-350-EL-AAM
In the Matter of the Application of Columbus Southern Power Company to Amend its Emergency Curtailment Service Riders	))))	Case No. 10-343-EL-ATA
In the Matter of the Application of Ohio Power Company to Amend its Emergency Curtailment Service Riders	)))	Case No. 10-344-EL-ATA
In the Matter of the Commission Review Of the Capacity Charges of Ohio Power Company and Columbus Southern Power Company	))))	Case No. 10-2929-EL-UNC
In the Matter of the Application of Columbus Southern Power Company for Approval of a Mechanism to Recover Deferred Fuel Costs Ordered Under Ohio Revised Code 4928.144	)))))	Case No. 11-4920-EL-RDR
In the Matter of the Application of Ohio Power Company for Approval of a Mechanism to Recover Deferred Fuel Costs Ordered Under Ohio Revised Code 4928.144	)))))	Case No. 11-4921-EL-RDR

ATTACHMENTS TO THE SUPPLEMENTAL TESTIMONY OF

JOSEPH DOMINGUEZ

ON BEHALF OF

EXELON GENERATION COMPANY, LLC

September 13, 2011

TABLE OF CONTENTS

Attachment A

Greg Gordon +1 (212) 653 9000
ggordon@isigrp.com
Bill Appicelli +1 (212) 653 8998
bappicelli@isigrp.com

AMERICAN ELECTRIC POWER CO (AEP)

Rate Settlement Will Transition AEP Ohio to Competitive Market In '15

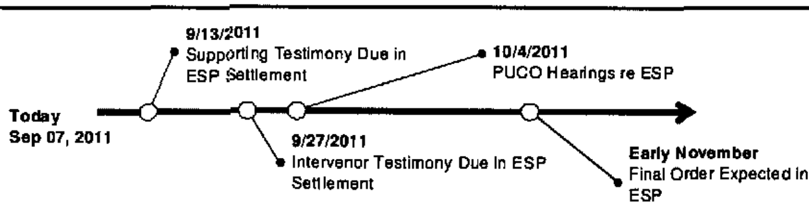
- **What Happened:** On 9/7/11 AEP filed a settlement agreement in its pending ESP rate case in Ohio. The settlement creates a path for AEP to separate its 12,250MWs of power generation assets in Ohio from its regulated distribution companies and move that generation and their Ohio customers to market in mid-2015.

- **Key Takeaways :** This appears to be a balanced deal for ratepayers and shareholders. It transitions customers to market while giving AEP better financial transparency through '14. The company indicated that they believe their $3.25 EPS guidance for '12 with modest growth through '14 is still achievable assuming approval, with the business mix moving to +/-25% merchant in '15 and the dividend policy sustainable given that mix. While we are still modeling the nuances of the stipulation, our preliminary view is that net of all the "puts and takes" in the deal that our earnings forecast is reasonable.

- **The Debate Will Shift To Several Issues:** The debate around this stock will shift now to four issues. First: Will the stipulation be approved? Second, does the framework of the deal in fact validate the financial aspirations of the company through '14? Third, what is the earnings power post '14? Fourth, what is the right valuation giving the shifting business mix?

- **Investment Thesis:** We believe the stock overly discounts the above-mentioned risks, reflecting no growth in EPS through 2014 and the company never breaking a 10% ROE at its utility business. Our forecast assumes AEP achieves an EPS growth rate of 3% from '10-15, and that the risk premium in the stock will dissipate over the next 6-12 months. AEP trades at a 14% discount to its large cap peer group, at 11.8x our '12 estimate of $3.25/sh and 12.7x our downside case estimate of $3.00/sh.

- **What's Next:** Additional supporting testimony is expected to be filed by 9/13, intervenor testimony is due 9/27and a hearing is likely to be held on 10/4. A final order should be issued by early November.



Summary Financial Data

Ticker	**AEP**
ISI Rating	**BUY**
Price Target	**42.00**
Market Cap ($ Bn)	**18.4**
Share Price (as at 9/7/11)	**38.24**
Shares Outstanding	**482.0**
2011 Dividend Per Share	**1.84**
Dividend Yield	**4.8%**
Payout Ratio	**59.4%**

	ISI Est.		%	Consensus	
	EPS	PE	Δ	EPS	PE
2011E	**3.10**	12.3x	-1.0%	3.13	12.2x
2012E	**3.25**	11.8x	0.8%	3.22	11.9x
2013E	**3.35**	11.4x	-0.1%	3.35	11.4x
2014E	**3.45**	11.1x	0.0%	3.45	11.1x

	Div Yld	+	Price Return	=	Total Return
AEP	**4.8%**	+	**9.8%**	=	**14.6%**
Group Avg	4.3%	+	1.9%	=	6.2%
Excess Total Retun					**8.4%**
Excess Return Ranking					**2 of 18**

Valuation and Risks

- Our $36 bear case assumes flat EPS through 2014 and the assumption that AEP's core utility business never meaningfully exceeds a 9-9.5% earned ROE.
- Our upside target is $46/share assuming the achieves a constructive outcome in the pending ESP filing, gets closer to articulated transmission earnings targets, and therefore hits the midpoint of its 2012-2014 5-7% EPS target.

***For analyst certification and other important disclosures, please see "ISI Disclaimer" located on the last page of this report.**

AEP Financial Summary

EPS Breakdown by Division

FYE December 31,	2010A	2011E	2012E	2013E	2014E
Utilities	2.98	3.01	3.08	3.19	3.24
Parent / Other	0.06	0.09	0.17	0.16	0.21
Consolidated	**3.04**	**3.10**	**3.25**	**3.35**	**3.45**

Valuation and Leverage Statistics

FYE December 31,	2010A	2011E	2012E	2013E	2014E
Price to Earnings	12.6x	12.3x	11.8x	11.4x	11.1x
EV / EBITDA	8.4x	7.9x	7.7x	7.6x	7.5x
Dividend Yield	4.5%	4.8%	4.9%	5.0%	5.1%
Return on Average Equity	10.9%	10.7%	10.8%	10.6%	10.4%
Return on Capital Employed	5.7%	6.2%	6.2%	6.2%	6.2%
LT Debt / Total Cap	49%	48%	47%	47%	47%
Total Debt / Total Cap	57%	56%	55%	55%	55%
Net Debt / EBITDA	4.2x	3.9x	3.9x	3.8x	3.9x
FFO / Total Debt	17%	21%	26%	25%	24%

Summary Consolidated Income Statement

FYE December 31,	2010A	2011E	2012E	2013E	2014E
Regulated Electric Revenue	12,964	13,271	13,434	13,650	13,872
Regulated Gas Revenue	0	0	0	0	0
Unregulated Generation Revenue	827	847	857	871	885
Other	636	505	170	199	222
Total Operating Revenue	**14,427**	**14,623**	**14,461**	**14,720**	**14,979**
Purchased Power / Fuel	-5,029	-5,238	-5,167	-5,167	-5,167
Gross Margin	**9,398**	**9,385**	**9,294**	**9,553**	**9,812**
Operating and Maintenance	3,427	3,592	3,691	3,793	3,898
Taxes Other Than Income	801	816	825	835	846
Other	-9,328	-9,102	-9,021	-9,257	-9,488
EBITDA	**4,298**	**4,691**	**4,790**	**4,924**	**5,068**
Depreciation and Amortization	-1,635	-1,617	-1,640	-1,673	-1,716
Operating Income	**2,663**	**3,073**	**3,150**	**3,252**	**3,352**
Interest Expense	-945	-916	-908	-911	-950
Interest and Other Income	143	156	151	145	155
Other Expense	0	0	0	0	0
Income from Con't Ops, Bef Tax	**1,861**	**2,313**	**2,392**	**2,486**	**2,558**
Income Tax	-643	-853	-833	-865	-890
Equity Income	12	19	19	19	19
Minority Interest	0	0	0	0	0
Preferred Stock Dividends	0	0	0	0	0
Adjustments / Other					
Net Income (Operating)	**1,455**	**1,494**	**1,567**	**1,615**	**1,664**
Diluted Shares Outstanding	479	482	482	482	482
Adjusted / Operating EPS	**3.04**	**3.10**	**3.25**	**3.35**	**3.45**
Dividends Per Diluted Share	1.71	1.84	1.87	1.92	1.97
Payout Ratio	56%	59%	57%	57%	57%

Summary Consolidated Statement of Cash Flow

FYE December 31,	2010A	2011E	2012E	2013E	2014E
Net Income (GAAP)	1,211	1,455	1,557	1,618	1,665
Depreciation and Amortization	1,641	2,424	3,195	3,168	3,154
Other Operating Cash Flow	-211	-186	-500	-500	-500
Cash Flow From Operations	**2,641**	**3,693**	**4,252**	**4,285**	**4,319**
Total Subsidiary Capex'	-2,243	-2,615	-2,900	-3,000	-3,650
Parent / Other Capex	-75	-551	-630	-630	-630
Total Capital Expenditure	**-2,318**	**-3,166**	**-3,530**	**-3,630**	**-4,280**
Acquisitions	-235	-962	0	0	0
Disposals	187	806	0	0	0
Other Investment Cash Flow	-136	-11	0	0	0
Cash Flow From Investing	***-2,502***	***-3,333***	***-3,530***	***-3,630***	***-4,280***
Debt Issuance	0	0	0	0	0
Securitised Debt Issuance	0	0	0	0	0
Subsidiary Debt Issuance	1,496	2,772	0	300	1,000
Parent Debt Issuance	0	0	0	0	0
Revolver Issuance	0	178	177	-32	-91
Preferred Equity Issuance	0	0	0	0	0
Common Equity Issuance - DRIP	0	0	0	0	0
Common Equity Issuance	93	49	0	0	0
Common Equity Reductions	0	0	0	0	0
Dividends to Common Equity	-824	-890	-899	-923	-948
Other Financing Cash Flow	-1,100	-2,704	0	0	0
Cash Flow From Financing	**-335**	**-594**	**-722**	**-655**	**-39**
Increase / (Decrease) in Cash	**-196**	**-234**	**0**	**0**	**0**

Summary Consolidated Balance Sheet - Assets

FYE December 31,	2010A	2011E	2012E	2013E	2014E
Parent Cash and Equivalents	194	10	10	10	10
Subsidiary Cash and Equivalents	100	50	50	50	50
Accounts Receivable	1,923	2,123	2,123	2,123	2,123
Inventories	611	1,305	1,305	1,305	1,305
Other Current Assets	2,188	909	909	909	909
Total Current Assets	**5,016**	**4,397**	**4,397**	**4,397**	**4,397**
Total Net PP&E In Service	35,674	36,503	36,838	37,300	38,426
CWIP	0	2	2	2	2
Total Net PP&E	**35,674**	**36,505**	**36,840**	**37,302**	**38,428**
Capitalized Interest	0	0	0	0	0
Investments	0	0	0	0	0
Net Goodwill	76	76	76	76	76
Other Intangible Assets	0	0	0	0	0
Long Term Deferred Tax Assets	0	0	0	0	0
Stranded Cost Assets	0	0	0	0	0
Other Regulatory Assets	0	0	0	0	0
Other Non-Current Assets	9,689	9,858	9,858	9,858	9,858
Total Assets	**50,455**	**50,836**	**51,171**	**51,634**	**52,759**

Summary Consolidated Balance Sheet - Liabilities and Equity

FYE December 31,	2010A	2011E	2012E	2013E	2014E
Subsidiary Short Term Debt	0	2,710	2,710	2,710	2,710
Parent Short Term Debt	2,655	0	0	0	0
Short Term Securitized Debt	0	0	0	0	0
Accounts Payable	1,061	969	969	969	969
Other Current Liabilities	2,802	2,208	2,208	2,208	2,208
Total Current Liabilities	**6,518**	**5,887**	**5,887**	**5,887**	**5,887**
Subsidiary Long Term Debt	14,455	14,517	14,517	14,817	15,817
Long Term Parent Debt	1,047	1,047	1,047	1,047	1,047
Parent Debt (Revolver)	0	186	364	332	240
Long Term Securitized Debt	1,847	1,755	1,755	1,755	1,755
Long Term Deferred Tax Liabilities	7,359	7,716	7,716	7,716	7,716
Provisions	0	0	0	0	0
Other Non-Current Liabilities	5,547	5,423	4,923	4,423	3,923
Total Liabilities	**36,773**	**36,531**	**36,209**	**35,977**	**36,385**
Minority Interests	0	0	0	0	0
Preferred Equity	60	60	60	60	60
Common Equity	13,622	14,245	14,902	15,597	16,314
Total Liabilities and Equity	**50,455**	**50,836**	**51,171**	**51,634**	**52,759**

Source: ISI Estimates and Company Reports

ISI Disclaimer

ANALYST CERTIFICATION: The views expressed in this Report accurately reflect the personal views of those preparing the Report about any and all of the subjects or issuers referenced in this Report. No part of the compensation of any person involved in the preparation of this Report was, is, or will be directly or indirectly related to the specific recommendations or views expressed by research analysts in this Report.

DISCLOSURE: Neither ISI nor its affiliates beneficially own 1% or more of any class of common equity securities of the subject companies referenced in this Report. No person(s) responsible for preparing this report or a member of his/her household serve as an officer, director or advisory board member of any of the subject companies. Neither ISI nor its affiliates have any investment banking or market making operations. At various times these reports mention clients of ISI from whom ISI has received non-investment banking securities related compensation in the past 12 months.

DISCLAIMER: This material is based upon information that we consider to be reliable, but neither ISI nor its affiliates guarantee its completeness or accuracy. Assumptions, opinions and recommendations contained herein are subject to change without notice, and ISI is not obligated to update the information contained herein. Past performance is not necessarily indicative of future performance. This material is not intended as an offer or solicitation for the purchase or sale of any security.

ISI RATING SYSTEM: Based on stock's 12-month risk adjusted total return; ETR = total expected return (stock price appreciation/depreciation + dividend yield)

Buy Low Risk ETR	**Buy Medium Risk ETR**	**Buy High Risk ETR**
>+10%	>+15%	>+20%
Hold Low Risk ETR	**Hold Medium Risk ETR**	**Hold High Risk ETR**
0% to +10%	-5% to +15%	-10% to +20%
Sell Low Risk ETR	**Sell Medium Risk ETR**	**Sell High Risk ETR**
<0%	<-5%	<-10%

ISI has assigned a rating of BUY to 43% of the securities rated as of 6/30/11.
ISI has assigned a rating of HOLD to 53% of the securities rated as of 6/30/11.
ISI has assigned a rating of SELL to 4% of the securities rated as of 6/30/11

RISK RATING
Our risk ratings are based on an assessment of underlying business mix (regulated vs. merchant), state regulatory risk and financial strength

Attachment B

September 7, 2011

American Electric Power

(AEP-NYSE)

Stock Rating: Market Perform
Industry Rating: Market Perform

Electric Utilities and Independent Power

Michael S. Worms
BMO Capital Markets Corp.
212-885-4031
michael.worms@bmo.com

Barbara Coletti
203-746-9312
barbara.coletti@bmo.com

Harsh Acharya, CFA
212-885-4012
harsh.acharya@bmo.com

ESP Settled Constructively; Gradual Transition To Competition by Mid-2015

Event

AEP announced yesterday that it had reached a settlement on its proposed Electric Security Plan (ESP). The stipulation was signed by more than 20 organizations, including competitive retail electricity suppliers, environmental groups, communities and other key stakeholders. We expect PUCO to issue a final order on the settlement in early November 2011.

Impact

We view the settlement agreement as balanced and constructive for AEP. The agreement seems congruent to Ohio Commission's (PUCO) intent on promoting competition, while safeguarding AEP from significant customer switching until mid-2015. However, the outlook beyond 2015 remains unclear as RPM revenues and AEP's environmental profile could somewhat drag the company's ability to accelerate its EPS growth despite our expectation of higher investments in transmission projects.

Forecasts

Management maintained EPS guidance for 2011 and 2012 and its near-term (2011-2014) low-single-digit EPS growth expectations, and reaffirmed its dividend policy. We are maintaining our EPS estimates of $3.12, $3.24, and $3.39 for 2011-2013, respectively.

Valuation

Given the potential for elimination of regulatory uncertainty in Ohio, among other things, we are raising our price target on AEP to $40 from $38, to reflect a 5% discount to its 2013 peer-group P/E multiple.

Recommendation

AEP trades roughly in line with our price target and we are maintaining our **MARKET PERFORM** rating.

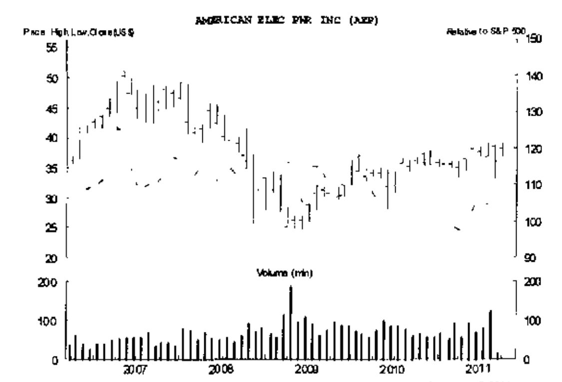
Securities Info

Price (7-Sep)	**$38.24**	**Target Price**	**$40 ↑**
52-Wk High/Low	$39/$33	Dividend	$1.84
Mkt Cap (mm)	$18,442	Yield	4.8%
Shs O/S (mm, BASIC)	482.3	Float O/S (mm)	481.8
Options O/S (mm)	8.8	ADVol (30-day, 000s)	5,331

Selected Bond Iss	Ind Prc	Rat'g Mdys/S&P	YTW	Spread
Amer. Elec Pwr 5.375%	na	WR / NR		na
Amer. Elec Pwr 5.25%	110	Baa2 / BBB	2.36%	202bp

Bond data from Bloomberg.

Price Performance



Valuation/Financial Data

(FY-Dec.)	2010A	2011E	2012E	2013E
EPS Pro Forma	$3.03	$3.12	$3.24	$3.39
P/E		12.3x	11.8x	11.3x
First Call Cons.		*$3.22*	*$3.35*	
EPS GAAP	na	na	na	na
FCF	$1.49	$1.00	$1.21	$1.88
P/FCF		38.2x	31.6x	20.3x
EBITDA ($mm)	$4,855	$5,053	$5,246	$5,470
EV/EBITDA		6.3x	6.1x	5.8x
Rev. ($mm)	$14,128	$14,618	$15,047	$15,502
EV/Rev		2.2x	2.1x	2.1x
FCF after Div. ($mm)	-$75	-$322	-$236	$91

Quarterly EPS	1Q	2Q	3Q	4Q
2010A	$0.76	$0.74	$1.15	$0.38
2011E	$0.82A	$0.73A	na	na

Balance Sheet Data (30-Jun)			
Net Debt ($mm)	$13,509	TotalDebt/EBITDA	2.9x
Total Debt ($mm)	$14,429	EBITDA/IntExp	6.5x
Net Debt/Cap.	41.9%	Price/Book	1.3x

Notes: All values in US$.

Source: BMO Capital Markets estimates, Bloomberg, FactSet, Global Insight, Reuters, and Thomson Financial.

Changes	Target
	$38.00 to $40.00

Please refer to pages 5 to 7 for Important Disclosures, including the Analyst's Certification.

Balanced and Constructive Settlement

The settlement stipulation on the ESP appears to be balanced and constructive, in our view. The agreement seems congruent to Ohio Commission's (PUCO) intent on promoting competition, while safeguarding AEP from significant near-term customer switching until mid-2015, when AEP's Ohio companies go to market-based pricing. The definitive move to market for AEP reduces regulatory uncertainty for AEP; nonetheless, we believe the scenario over the next several years remains unclear. AEP's participation in PJM's RPM auction could be somewhat of a drag on total capacity revenues, in our opinion. In addition, while the generation fleet is now free to capture higher market prices pursuant to EPA's rules without the SEET overhang, it seems unlikely that AEP would be able to run all its plants flat out, potentially muting the benefit of higher pricing until all retrofits are installed.

Earnings estimate and investment opinion. While management reaffirmed 2011 EPS guidance, we believe AEP will rework its 2012 point estimate of $3.25 and instead issue a guidance range for 2012. We expect the revised guidance range to encompass the point estimate and, as such, we are maintaining our 2011, 2012, and 2013 EPS estimates of $3.12, $3.24, and $3.39, respectively.

Maintaining rating. We continue to expect AEP to grow earnings modestly by ~3%-4% in the near term, with the potential for modestly higher EPS growth beyond 2014 supported by investments in transmission. AEP Ohio's transition to market, however, muddies the longer term outlook, in our view. As such, we are maintaining our **MARKET PERFORM** rating on AEP shares.

Key Aspects of the ESP Settlement Agreement

Several nonbypassable riders dropped from the ESP. AEP had originally proposed nonbypassable riders in its ESP, which were considered highly contentious by the PUCO staff as well as competitive retail service providers, and have been dropped from the settlement agreement. Riders originally proposed, but excluded from the settlement include:

- Environmental investment carrying cost recovery rider - to recover environmental compliance costs of existing generation dedicated to default service customers;
- Facilities closure cost recovery rider - to recover costs from the retirement of generation that was used to serve default service customers;
- NERC compliance cost recovery rider - to recover NERC-related compliance costs for generation used to serve default service customers;
- Carbon capture and sequestration rider - to recover costs of a front-end engineering and design (FEED) study on carbon capture and sequestration;
- Provider of last resort rider, and rate security riders.

The exclusion of non-bypassable riders, we believe, paved the way for a settlement to be reached on the Electric Security Plan (ESP). The terms proposed in the agreement should enable ratepayers in AEP's territories to transition smoothly to market rates come mid-2015.

Market transition plan likely to increase customer switching in a controlled manner. AEP Ohio will make a portion of its generation capacity available to competitive retail suppliers at RPM (Reliability Pricing Mechanism) pricing for 2012-2014. The capacity would be offered to end-customers on a first-come, first-served basis, such that the total capacity offered would not exceed 21%, 31%, and 41% of AEO Ohio's total retail electric load for the years 2012-2014 and 1H2015. The balance of the capacity in each of these years would be priced at $255/Mw-Day (incorporated in the settlement agreement).

The end customer would have the right to retain the RPM priced capacity even when the customer changes Competitive Retail Electric Service (CRES) Providers. This provision, in effect, could limit the customer load switching to the percentages indicated above, as the balance of the load would continue to pay the higher capacity charge ($255/Mw-Day) reducing the headroom for competitive retail suppliers.

The RPM prices for 2014-2015 are sharply lower ($125.99/Mw-Day) than $255/Mw-Day and AEP's transition option would be valuable to customers. That said, we believe large C&I customers are likely to benefit more from procuring capacity at RPM prices.

Separation of Generation and regulated distribution to pave way for procurement auctions in 2013. AEP plans to separate its regulated distribution and generation business in Ohio, gearing the company's structure to brace the move to competitive markets. Following the separation, AEP estimates that the unregulated portion of its EPS would be roughly 25%-30% of the overall EPS.

We expect the separation plan to be completed by May 2013, in time to participate in standard service offer (SSO) auctions to be conducted beginning in September 2013 (2015-2016 delivery period) as well as PJM's 2015-2016 capacity auction.

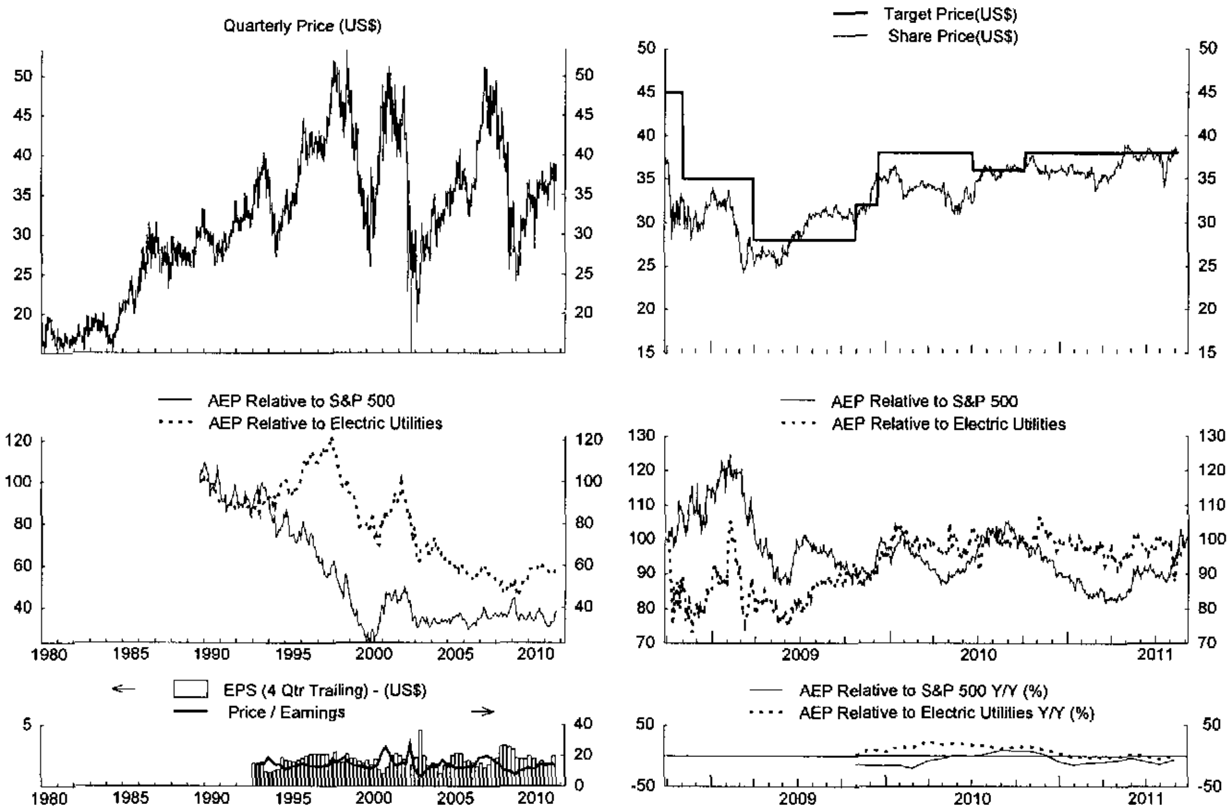
Operating a merchant fleet - a mixed bag. The definitive move to market for AEP reduces regulatory uncertainty for AEP; nonetheless we believe the outlook over the next several years remains unclear.

We expect AEP to bid its Ohio generation assets in PJM's May 2013 RPM auction for the 2015-2016 planning year. The company had so far classified its capacity as Fixed Resource Requirement (FRR), which enabled AEP to recover capacity costs through its ESP filings at rates that are sharply above those clearing the RPM auctions. Even as RTO zone in PJM could see higher clearing prices in 2015-2016, we expect RPM tied capacity revenues to be somewhat of a drag for AEP in 2015-2016. The capacity price embedded in the ESP settlement agreement is $255/Mw compared to the $125.99 cleared in the 2014-2015 auction. Blending the clearing prices and the ESP capacity price in 40:60 ratio (in line with AEP's commitment to offer capacity to 40% of the load at RPM cleared price), we calculate the 2015-2016 clearing price would have to exceed $200/Mw-Day for AEP Ohio's capacity revenues to break even.

Operating a merchant generation fleet, without the SEET overhang, affords AEP the potential for upside from higher power prices pursuant to the implementation of EPA's CSAPR and HAP MACT rules. However, several of AEP's units in Ohio would need FGD, SCR, and DSI retrofits, in addition to repowering Muskingum River 5 to a natural gas plant. We believe it is unlikely that AEP would be able to run these units flat out (given emission compliance regulations), and as such the upside from higher power prices could be potentially muted, until all retrofits are in place.

Raising price target to $40. Given the progress achieved on resolving the ESP and the likely elimination of continual uncertain relating to periodic ESP proceeding, we are now valuing AEP at a 5% discount to its 2013 peer-group multiple (12.5x) using our 2013 EPS estimate of $3.39. Our revised price target is now $40 per share versus our previous price target of $38.

AMERICAN ELEC PWR INC (AEP)



AEP - Rating as of 27-Feb-03 = Mkt

Last Daily Data Point: September 6, 2011

Important Disclosures

Analyst's Certification

I, Michael S. Worms, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Analysts who prepared this report are compensated based upon (among other factors) the overall profitability of BMO Capital Markets and their affiliates, which includes the overall profitability of investment banking services. Compensation for research is based on effectiveness in generating new ideas and in communication of ideas to clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Company Specific Disclosure

Methodology and Risks to Our Price Target/Valuation

Methodology: Our valuation is based on a combination of our DCF analysis and current industry P/E multiples.

Risks: A material decline in power prices and / or a change in the regulatory environment could affect our price target.

Distribution of Ratings (June 30, 2011)

Rating Category	BMO Rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	Starmine Universe
Buy	Outperform	35.8%	11.9%	31.8%	40.7%	44.2%	55.9%
Hold	Market Perform	62.2%	14.7%	68.2%	56.2%	54.6%	39.3%
Sell	Underperform	2.0%	0.0%	0.0%	3.0%	1.3%	4.8%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.

** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.

*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.

**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.

***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

Ratings and Sector Key

We use the following ratings system definitions:
OP = Outperform - Forecast to outperform the market;
Mkt = Market Perform - Forecast to perform roughly in line with the market;
Und = Underperform - Forecast to underperform the market;
(S) = speculative investment;
NR = No rating at this time;
R = Restricted – Dissemination of research is currently restricted.

Market performance is measured by a benchmark index such as the S&P/TSX Composite Index, S&P 500, Nasdaq Composite, as appropriate for each company. BMO Capital Markets eight Top 15 lists guide investors to our best ideas according to different objectives (Canadian large, small, growth, value, income, quantitative; and US large, US small) have replaced the Top Pick rating.

Other Important Disclosures

For Other Important Disclosures on the stocks discussed in this report, please go to http://researchglobal.bmocapitalmarkets.com/Company_Disclosure_Public.asp or write to Editorial Department, BMO Capital Markets, 3 Times Square, New York, NY 10036 or Editorial Department, BMO Capital Markets, 1 First Canadian Place, Toronto, Ontario, M5X 1H3.

Prior BMO Capital Markets Ratings Systems

http://researchglobal.bmocapitalmarkets.com/documents/2009/prior_rating_systems.pdf

Dissemination of Research

Our research publications are available via our web site http://bmocapitalmarkets.com/research/. Institutional clients may also receive our research via FIRST CALL, FIRST CALL Research Direct, Reuters, Bloomberg, FactSet, Capital IQ, and TheMarkets.com. All of our research is made widely available at the same time to all BMO Capital Markets client groups entitled to our research. Additional dissemination may occur via email or regular mail. Please contact your investment advisor or institutional salesperson for more information.

Conflict Statement

A general description of how BMO Financial Group identifies and manages conflicts of interest is contained in our public facing policy for managing conflicts of interest in connection with investment research which is available at http://researchglobal.bmocapitalmarkets.com/Conflict_Statement_Public.asp.

General Disclaimer

"BMO Capital Markets" is a trade name used by the BMO Investment Banking Group, which includes the wholesale arm of Bank of Montreal and its subsidiaries BMO Nesbitt Burns Inc. and BMO Nesbitt Burns Ltée./Ltd., BMO Capital Markets Ltd. in the U.K. and BMO Capital Markets Corp. in the U.S. BMO Nesbitt Burns Inc., BMO Capital Markets Ltd. and BMO Capital Markets Corp are affiliates. Bank of Montreal or its subsidiaries ("BMO Financial Group") has lending arrangements with, or provide other remunerated services to, many issuers covered by BMO Capital Markets. The opinions, estimates and projections contained in this report are those of BMO Capital Markets as of the date of this report and are subject to change without notice. BMO Capital Markets endeavours to ensure that the contents have been compiled or derived from sources that we believe are reliable and contain information and opinions that are accurate and complete. However, BMO Capital Markets makes no representation or warranty, express or implied, in respect thereof, takes no responsibility for any errors and omissions contained herein and accepts no liability whatsoever for any loss arising from any use of, or reliance on, this report or its contents. Information may be available to BMO Capital Markets or its affiliates that is not reflected in this report. The information in this report is not intended to be used as the primary basis of investment decisions, and because of individual client objectives, should not be construed as advice designed to meet the particular investment needs of any investor. This material is for information purposes only and is not an offer to sell or the solicitation of an offer to buy any security. BMO Capital Markets or its affiliates will buy from or sell to customers the securities of issuers mentioned in this report on a principal basis. BMO Capital Markets or its affiliates, officers, directors or employees have a long or short position in many of the securities discussed herein, related securities or in options, futures or other derivative instruments based thereon. The reader should assume that BMO Capital Markets or its affiliates may have a conflict of interest and should not rely solely on this report in evaluating whether or not to buy or sell securities of issuers discussed herein.

Additional Matters

To Canadian Residents: BMO Nesbitt Burns Inc. and BMO Nesbitt Burns Ltee/Ltd., affiliates of BMO Capital Markets Corp., furnish this report to Canadian residents and accept responsibility for the contents herein subject to the terms set out above. Any Canadian person wishing to effect transactions in any of the securities included in this report should do so through BMO Nesbitt Burns Inc. and/or BMO Nesbitt Burns Ltee/Ltd.

To U.S. Residents: BMO Capital Markets Corp. and/or BMO Nesbitt Burns Securities Ltd., affiliates of BMO NB, furnish this report to U.S. residents and accept responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Corp. and/or BMO Nesbitt Burns Securities Ltd.

To U.K. Residents: In the UK this document is published by BMO Capital Markets Limited which is authorised and regulated by the Financial Services Authority. The contents hereof are intended solely for the use of, and may only be issued or passed on to, (I) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (II) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together referred to as "relevant persons"). The contents hereof are not intended for the use of and may not be issued or passed on to, retail clients.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

BMO Financial Group (NYSE, TSX: BMO) is an integrated financial services provider offering a range of retail banking, wealth management, and investment and corporate banking products. BMO serves Canadian retail clients through BMO Bank of Montreal and BMO Nesbitt Burns. In the United States, personal and commercial banking clients are served by BMO Harris Bank N.A., Member FDIC. Investment and corporate banking services are provided in Canada and the US through BMO Capital Markets.

BMO Capital Markets is a trade name used by BMO Financial Group for the wholesale banking businesses of Bank of Montreal, BMO Harris Bank N.A, BMO Ireland Plc, and Bank of Montreal (China) Co. Ltd. and the institutional broker dealer businesses of BMO Capital Markets Corp. (Member SIPC), BMO Nesbitt Burns Trading Corp. S.A., BMO Nesbitt Burns Securities Limited (Member SIPC) and BMO Capital Markets GKST Inc. (Member SIPC) in the U.S., BMO Nesbitt Burns Inc. (Member Canadian Investor Protection Fund) in Canada, Europe and Asia, BMO Nesbitt Burns Ltée/Ltd. (Member Canadian Investor Protection Fund) in Canada, BMO Capital Markets Limited in Europe, Asia and Australia and BMO Advisors Private Limited in India.

Attachment C

American Electric Power

Rating Change **NEUTRAL**

Equity | United States | Electric Utilities
08 September 2011

Ohio settlement changes business profile; cut to Neutral

Bank of America Merrill Lynch

Steve Fleishman +1 646 855 2906
Research Analyst
MLPF&S
steven.fleishman@baml.com

Alex Kania +1 646 855 3753
Research Analyst
MLPF&S
alex.kania@baml.com

Was a cheap regulated, now a fairly valued integrated

We are downgrading the shares of AEP to Neutral from Buy following yesterday's Ohio rate settlement, which paves the way for AEP to move from a largely regulated company to an integrated utility. Under the settlement, AEP would shift its Ohio generation into an unregulated subsidiary by 2015. AEP's total earnings following the realignment would be roughly 25%-30% unregulated. We believe this would increase the business risk profile of the company and put AEP into a peer group where valuation multiples are lower. While we are bullish on long-term power prices, we prefer companies like FE (B-1-7, $43.5) and EXC (B-1-7, $42.8) with more nuclear exposure relative to AEP's position which has more environmental risk, plant closure risk, and dark spread exposure.

Ohio rate settlement is reasonable

The settlement, if approved by regulators, would give AEP generation rate certainty from 2012 to mid-2015, after which the generation would move fully to market. Overall rates would remain roughly flat in 2011, with modest increases in 2012 and 2013. AEP would also realign its rate structure and allow some amounts of customers shopping. Finally, AEP would be allowed to build a 500 MW natural gas plant and receive nonbypassable recovery.

A lot to execute in transition; other attractive integrateds

We agree with the rationale of the settlement. It balances the near term need for certainty and takes AEP out of a quasi-regulated structure in Ohio. However, AEP has many steps in the transition to market, including restructuring its power pool and creating an unregulated generation company. The elevated business risk profile would also mean more attention to AEP's balance sheet and could limit dividend growth in the meantime. We are reducing our price objective to $40 from $41, which is based on an average of the regulated average 2014E P/E multiple of 12.2x and the integrated average of 10.6x.

Stock Data

Price	US$38.24
Price Objective	US$40.00
Date Established	8-Sep-2011
Investment Opinion	B-2-7
Volatility Risk	MEDIUM
52-Week Range	US$33.09-38.99
Mrkt Val / Shares Out (mn)	US$18,495 / 483.6
BofAML Ticker / Exchange	AEP / NYS
Bloomberg / Reuters	AEP US / AEP.N
ROE (2011E)	10.5%
Total Dbt to Cap (Dec-2010A)	58.5%
Est. 5-Yr EPS / DPS Growth	3.0% / 2.0%

Key Changes

(US$)	Previous	Current
Inv. Opinion	B-1-7	B-2-7
Inv. Rating	BUY	NEUTRAL
Price Obj.	41.00	40.00

Estimates (Dec)

(US$)	2009A	2010A	2011E	2012E	2013E
EPS	2.97	3.03	3.11	3.15	3.25
GAAP EPS	2.96	3.03	3.11	3.15	3.25
EPS Change (YoY)	-12.4%	2.0%	2.6%	1.3%	3.2%
Consensus EPS (Bloomberg)			3.13	3.22	3.35
DPS	1.64	1.71	1.84	1.90	1.95

Valuation (Dec)

	2009A	2010A	2011E	2012E	2013E
P/E	12.9x	12.6x	12.3x	12.1x	11.8x
GAAP P/E	12.9x	12.6x	12.3x	12.1x	11.8x
Dividend Yield	4.3%	4.5%	4.8%	5.0%	5.1%
EV / EBITDA*	11.2x	10.5x	10.3x	10.1x	10.0x
Free Cash Flow Yield*	-1.7%	3.3%	4.7%	3.8%	5.0%

* For full definitions of *iQmethod*℠ measures, see page 6.

Refer to important disclosures on page 7 to 9. Analyst Certification on Page 5. Price Objective Basis/Risk on page 5. Link to Definitions on page 5. 11086668

iQprofile[SM] American Electric Power

iQmethod[SM] – Bus Performance*

(US$ Millions)	2009A	2010A	2011E	2012E	2013E
Return on Capital Employed	4.5%	4.5%	4.7%	4.7%	4.8%
Return on Equity	11.4%	10.8%	10.5%	10.2%	10.1%
Operating Margin	20.5%	20.9%	20.8%	20.8%	20.6%
Free Cash Flow	(317)	616	872	710	926

iQmethod[SM] – Quality of Earnings*

(US$ Millions)	2009A	2010A	2011E	2012E	2013E
Cash Realization Ratio	1.8x	1.9x	2.4x	2.2x	2.2x
Asset Replacement Ratio	1.7x	1.3x	1.6x	1.5x	1.4x
Tax Rate	29.7%	31.2%	31.6%	31.6%	30.7%
Net Debt-to-Equity Ratio	129.8%	125.2%	120.0%	116.4%	109.5%
Interest Cover	2.8x	3.0x	3.1x	3.1x	3.1x

Income Statement Data (Dec)

(US$ Millions)	2009A	2010A	2011E	2012E	2013E
Sales	13,489	14,122	14,678	14,977	15,213
% Change	-6.6%	4.7%	3.9%	2.0%	1.6%
Gross Profit	8,958	9,286	9,516	9,682	9,863
% Change	3.1%	3.7%	2.5%	1.7%	1.9%
EBITDA	4,368	4,665	4,770	4,837	4,916
% Change	2.3%	6.8%	2.3%	1.4%	1.6%
Net Interest & Other Income	(833)	(848)	(871)	(878)	(843)
Net Income (Adjusted)	**1,362**	**1,455**	**1,503**	**1,538**	**1,597**
% Change	**-0.4%**	**6.8%**	**3.3%**	**2.3%**	**3.8%**

Free Cash Flow Data (Dec)

(US$ Millions)	2009A	2010A	2011E	2012E	2013E
Net Income from Cont Operations (GAAP)	1,365	1,455	1,503	1,538	1,597
Depreciation & Amortization	1,597	1,712	1,713	1,722	1,779
Change in Working Capital	(1,212)	0	0	0	0
Deferred Taxation Charge	1,244	192	203	207	211
Other Adjustments, Net	(519)	(538)	122	(100)	(88)
Capital Expenditure	(2,792)	(2,205)	(2,669)	(2,656)	(2,573)
Free Cash Flow	**-317**	**616**	**872**	**710**	**926**
% Change	**74.0%**	**NM**	**41.5%**	**-18.6%**	**30.5%**

Balance Sheet Data (Dec)

(US$ Millions)	2009A	2010A	2011E	2012E	2013E
Cash & Equivalents	490	262	308	386	952
Trade Receivables	1,050	1,050	1,050	1,050	1,050
Other Current Assets	3,216	3,216	3,216	3,216	3,216
Property, Plant & Equipment	34,344	34,837	35,793	36,728	37,521
Other Non-Current Assets	9,248	9,106	8,974	8,866	8,748
Total Assets	**48,348**	**48,472**	**49,341**	**50,246**	**51,488**
Short-Term Debt	1,867	1,867	1,867	1,867	1,867
Other Current Liabilities	3,460	3,652	3,855	4,062	4,273
Long-Term Debt	15,757	15,862	16,108	16,535	16,900
Other Non-Current Liabilities	14,063	13,150	12,804	12,428	12,242
Total Liabilities	**35,147**	**34,532**	**34,635**	**34,892**	**35,282**
Total Equity	**13,201**	**13,956**	**14,719**	**15,482**	**16,268**
Total Equity & Liabilities	**48,348**	**48,488**	**49,353**	**50,374**	**51,551**

* For full definitions of *iQmethod*[SM] measures, see page 6.

Company Description

American Electric Power is one of the largest utility companies in the country, serving over 5 million customers in eleven states. AEP also has one of the largest generation fleets in the country at over 39,000 MW of capacity. Apart from the unique environment in Ohio, most of the utility jurisdictions are traditionally regulated.

Investment Thesis

AEP is a large, geographically diverse regulated utility. While the stock trades at a discount to the regulated group average, AEP is planning on transitioning to an integrated utility with a large unregulated generation fleet. This would likely raise the risk profile of the company. Given this, the stock appears fairly valued.

Stock Data

Average Daily Volume	5,499,614

Quarterly Earnings Estimates

	2010	2011
Q1	0.76A	0.82A
Q2	0.74A	0.73A
Q3	1.15A	NA
Q4	0.38A	NA

Settlement changes business risk

We are downgrading AEP to Neutral from Buy based on the announced shift in business strategy stemming from the Ohio settlement filed yesterday. Under the settlement, AEP's Ohio generation would transition to become fully deregulated by 2015. Management estimates that following the transition that about 25%-30% of total earnings for AEP would be unregulated. This increased amount of unregulated earnings would commensurately increase the business risk level of the company. While the shift in strategy could lead to earnings upside in the long term relative to the current quasi-regulated strategy, integrated utilities trade at a discount to fully regulated utilities. AEP moves from a cheap regulated utility to a fairly valued integrated utility.

More attractive integrated utilities

We continue to be bullish on long-term power prices, and AEP will have exposure to this under the new strategy. However, we see better opportunities in companies such as EXC and FE that have even more upside exposure as well as fewer cost risks due to their nuclear and clean coal capacity. As an unregulated generator, AEP's power upside will be partially offset by environmental costs, plant shutdowns and dark spread exposure. Additionally, AEP has a substantial number of steps ahead before completing the transition, including a restructured power pool, the creation of a newly capitalized generation company, finalization of its environmental strategy, and a more fully developed retail operation. The riskier business profile could also force more attention to the balance sheet as AEP looks to finance environmental upgrades across its entire fleet, and could restrain dividend growth.

Rate plan settlement is a reasonable outcome

On Tuesday (9/7) AEP reached a settlement with most parties on its proposed Electric Security Plan that balances the company's desire for rate certainty and consumer and retail groups' interest in low rates and openness to competition. While AEP's shift to an integrated business model increases overall business risk, the shift enables the company to side-step the quasi-regulated, lower-of-cost-or-market regulatory structure in Ohio. Highlights of the plan are denoted below.

- **Rate certainty through mid-2015...** AEP would agree to drop virtually all of its proposed riders and implement a base generation average rate (excluding fuel) of $24.50/MWh in 2012, $25.70/MWh in 2013, and $27.20/MWh in 2014 through mid-2015.

- **...then a transition to market.** For the June 2015-May 2016 period, AEP would implement a FirstEnergy-style competitive bid for load. The company would also move its Ohio generation into a separate subsidiary and bid its generation into the PJM capacity auction.

- **No nonbypassable environmental, but AEP can build a gas plant.** AEP agreed to drop its requested nonbypassable riders, including ones that would enable recovery of environmental, plant shutdown costs, and provider of last resort risks. In return, AEP would be allowed to file to build a 500 MW combined cycle power plant at Muskingum River, and recover the investment on a nonbypassable basis. Signatories to the settlement are able to contest the construction if they choose.

- **Managed shopping levels**. The plan would establish a capacity charge of $255/MW-day to retailers that do not self supply-capacity. However, some load would be carved out and be charged a capacity price in line with the PJM market price. The carve-out would be about 20% in 2012, 30% in 2013 and 40% in 2014. AEP's territory would then be fully open to competition starting in mid 2015, with no shopping restrictions.

- **Higher distribution rates and rider recovery**. A distribution investment rider would be implemented, giving a 10.5% ROE to investments made since 2000. Rate increases would be capped at $86M in 2012, $18M in 2013, and $20M in 2014. AEP would also explore rate decoupling.

- **Securitization of regulatory assets**. AEP and signatories agree to seek legislation in Ohio that would allow the company to securitize regulatory assets, including deferred fuel charges. This amount could be $700M-$800M. Securitization would provide AEP with up-front cash that could be used to fund environmental projects, and it would mitigate the rate impacts on customers.

Trimming P.O. to $40; maintain earnings estimates

Based on the corporate strategy shift to a more integrated utility model, we are trimming our price objective on AEP to $40 from $41. Our new price objective is based on a combination of the average regulated utility 2014E earnings multiple of 12.2x and the average integrated multiple of 10.6x, or an 11.5x target. This combination is warranted given the more regulated model for AEP over the next four years, shifting to an integrated model in out years. We are maintaining our 2012-2014 earnings estimates of $3.15/$3.25/$3.45 as the settlement still needs to be approved. Upside risks are unexpectedly larger benefits from the proposed Ohio rate settlement, higher power prices, and a pullback in potential environmental regulation. Downside risks are approval of the Ohio settlement, lower power prices, and greater costs from environmental restrictions.

Price objective basis & risk

American Electric Power (AEP)

Our $40 price objective takes into account the potential transition of AEP from a fully regulated utility into an integrated generation company over the next several years. We take a combination of the average 2014 earnings multiples for regulated utilities (12.2x) and integrateds (10.6x), or 11.5x. Based on our 2014E of $3.45, we come to a price objective of $40. Upside risks are unexpectedly larger benefits from the proposed Ohio rate settlement, higher power prices, and a pullback in potential environmental regulation. Downside risks are approval of the Ohio settlement, lower power prices, and greater costs from environmental restrictions.

Link to Definitions

Energy

Click here for definitions of commonly used terms.

Analyst Certification

I, Steve Fleishman, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - Electric Utilities/Competitive Power Coverage Cluster

Investment rating	Company	BofA Merrill Lynch ticker	Bloomberg symbol	Analyst
BUY				
	American Water Works	AWK	AWK US	Steve Fleishman
	Calpine	CPN	CPN US	Ameet I. Thakkar
	CenterPoint Energy, Inc.	CNP	CNP US	Steve Fleishman
	Edison International	EIX	EIX US	Steve Fleishman
	Exelon	EXC	EXC US	Steve Fleishman
	FirstEnergy	FE	FE US	Steve Fleishman
	GenOn Energy, Inc.	GEN	GEN US	Ameet I. Thakkar
	NextEra Energy	NEE	NEE US	Steve Fleishman
	NRG Energy	NRG	NRG US	Ameet I. Thakkar
	NV Energy	NVE	NVE US	Steve Fleishman
	PG&E Corporation	PCG	PCG US	Steve Fleishman
	PPL Corporation	PPL	PPL US	Ameet I. Thakkar
	Public Service Enterprise Group Inc.	PEG	PEG US	Steve Fleishman
	Southern Company	SO	SO US	Steve Fleishman
	Westar Energy	WR	WR US	Steve Fleishman
	Xcel Energy	XEL	XEL US	Steve Fleishman
NEUTRAL				
	Alliant Energy	LNT	LNT US	Steve Fleishman
	Ameren Corp	AEE	AEE US	Steve Fleishman
	American Electric Power	AEP	AEP US	Steve Fleishman
	CMS Energy	CMS	CMS US	Steve Fleishman
	Dominion Resources	D	D US	Steve Fleishman
	Duke Energy	DUK	DUK US	Steve Fleishman

US - Electric Utilities/Competitive Power Coverage Cluster

Investment rating	Company	BofA Merrill Lynch ticker	Bloomberg symbol	Analyst
	Northeast Utilities	NU	NU US	Steve Fleishman
	NSTAR	NST	NST US	Steve Fleishman
	Pinnacle West	PNW	PNW US	Steve Fleishman
	Sempra Energy	SRE	SRE US	Naaz Khumawala
	Wisconsin Energy	WEC	WEC US	Alex Kania
UNDERPERFORM				
	Consolidated Edison	ED	ED US	Steve Fleishman
	DTE Energy	DTE	DTE US	Steve Fleishman
	Entergy	ETR	ETR US	Steve Fleishman
	Hawaiian Electric Industries	HE	HE US	Steve Fleishman
	Portland General Electric Company	POR	POR US	Steve Fleishman
	SCANA Corp.	SCG	SCG US	Steve Fleishman
	TECO Energy	TE	TE US	Steve Fleishman
	UIL Holdings	UIL	UIL US	Steve Fleishman
RSTR				
	DPL Inc.	DPL	DPL US	Steve Fleishman

iQmethod℠ Measures Definitions

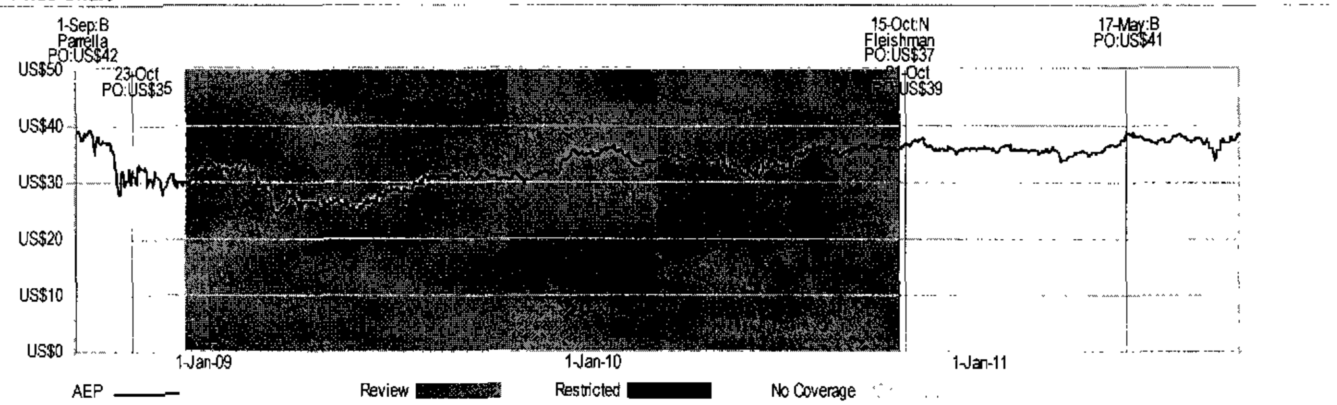
Business Performance	Numerator	Denominator
Return On Capital Employed	NOPAT = (EBIT + Interest Income) * (1 - Tax Rate) + Goodwill Amortization	Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5-Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations – Total Capex	N/A
Quality of Earnings		
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt, Less Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense
Valuation Toolkit		
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations – Total Capex	Market Cap. = Current Share Price * Current Basic Shares
Enterprise Value / Sales	EV = Current Share Price * Current Shares + Minority Equity + Net Debt + Other LT Liabilities	Sales
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

iQmethod℠ is the set of BofA Merrill Lynch standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

iQdatabase® is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Merrill Lynch.

Important Disclosures

AEP Price Chart



B : Buy, N : Neutral, U : Underperform, PO : Price objective, NA : No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of [August 31, 2011] or such later date as indicated.

Investment Rating Distribution: Utilities Group (as of 01 Jul 2011)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	76	42.22%	Buy	35	51.47%
Neutral	48	26.67%	Neutral	30	69.77%
Sell	56	31.11%	Sell	20	40.00%

Investment Rating Distribution: Global Group (as of 01 Jul 2011)

Coverage Universe	Count	Percent	Inv. Banking Relationships*	Count	Percent
Buy	2024	53.94%	Buy	935	50.68%
Neutral	944	25.16%	Neutral	442	51.64%
Sell	784	20.90%	Sell	273	37.24%

* Companies in respect of which BofA Merrill Lynch or one of its affiliates has received compensation for investment banking services within the past 12 months. For purposes of this distribution, a stock rated Underperform is included as a Sell.

FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. *VOLATILITY RISK RATINGS*, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. *INVESTMENT RATINGS* reflect the analyst's assessment of a stock's: (i) absolute total return potential and (ii) attractiveness for investment relative to other stocks within its *Coverage Cluster* (defined below). There are three investment ratings: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster*
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

* Ratings dispersions may vary from time to time where BofA Merrill Lynch Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

***INCOME RATINGS*, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend.** *Coverage Cluster* is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Merrill Lynch Comment referencing the stock.

Price charts for the securities referenced in this research report are available at http://pricecharts.ml.com, or call 1-800-MERRILL to have them mailed.

MLPF&S or one of its affiliates acts as a market maker for the equity securities recommended in the report: Amer Elec Power.

MLPF&S or an affiliate has received compensation from the company for non-investment banking services or products within the past 12 months: Amer Elec Power.

The company is or was, within the last 12 months, a non-securities business client of MLPF&S and/or one or more of its affiliates: Amer Elec Power.

MLPF&S together with its affiliates beneficially owns one percent or more of the common stock of this company. If this report was issued on or after the 8th day of the month, it reflects the ownership position on the last day of the previous month. Reports issued before the 8th day of a month reflect the ownership position at the end of the second month preceding the date of the report: Amer Elec Power.

MLPF&S or one of its affiliates is willing to sell to, or buy from, clients the common equity of the company on a principal basis: Amer Elec Power.

BofA Merrill Lynch Research personnel (including the analyst(s) responsible for this report) receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking revenues.

Other Important Disclosures

Officers of MLPF&S or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

BofA Merrill Lynch Global Research policies relating to conflicts of interest are described at http://www.ml.com/media/43347.pdf.

"BofA Merrill Lynch" includes Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S") and its affiliates. Investors should contact their BofA Merrill Lynch representative or Merrill Lynch Global Wealth Management financial advisor if they have questions concerning this report.

Information relating to Non-US affiliates of BofA Merrill Lynch and Distribution of Affiliate Research Reports:

MLPF&S distributes, or may in the future distribute, research reports of the following non-US affiliates in the US (short name: legal name): Merrill Lynch (France): Merrill Lynch Capital Markets (France) SAS; Merrill Lynch (Frankfurt): Merrill Lynch International Bank Ltd., Frankfurt Branch; Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd.; Merrill Lynch (Milan): Merrill Lynch International Bank Limited; MLI (UK): Merrill Lynch International; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited; Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd.; Merrill Lynch (Canada): Merrill Lynch Canada Inc; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa; Merrill Lynch (Argentina): Merrill Lynch Argentina SA; Merrill Lynch (Japan): Merrill Lynch Japan Securities Co., Ltd.; Merrill Lynch (Seoul): Merrill Lynch International Incorporated (Seoul Branch); Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd.; DSP Merrill Lynch (India): DSP Merrill Lynch Limited; PT Merrill Lynch (Indonesia): PT Merrill Lynch Indonesia; Merrill Lynch (Israel): Merrill Lynch Israel Limited; Merrill Lynch (Russia): Merrill Lynch CIS Limited, Moscow; Merrill Lynch (Turkey): Merrill Lynch Yatirim Bankasi A.S.; Merrill Lynch (Dubai): Merrill Lynch International, Dubai Branch; MLPF&S (Zürich rep. office): MLPF&S Incorporated Zürich representative office; Merrill Lynch (Spain): Merrill Lynch Capital Markets Espana, S.A.S.V.; Merrill Lynch (Brazil): Bank of America Merrill Lynch Banco Múltiplo S.A.

This research report has been approved for publication and is distributed in the United Kingdom to professional clients and eligible counterparties (as each is defined in the rules of the Financial Services Authority) by Merrill Lynch International and Banc of America Securities Limited (BASL), which are authorized and regulated by the Financial Services Authority and has been approved for publication and is distributed in the United Kingdom to retail clients (as defined in the rules of the Financial Services Authority) by Merrill Lynch International Bank Limited, London Branch, which is authorized by the Central Bank of Ireland and is subject to limited regulation by the Financial Services Authority – details about the extent of its regulation by the Financial Services Authority are available from it on request; has been considered and distributed in Japan by Merrill Lynch Japan Securities Co., Ltd., a registered securities dealer under the Financial Instruments and Exchange Act in Japan; is distributed in Hong Kong by Merrill Lynch (Asia Pacific) Limited, which is regulated by the Hong Kong SFC and the Hong Kong Monetary Authority; is issued and distributed in Taiwan by Merrill Lynch Securities (Taiwan) Ltd.; is issued and distributed in India by DSP Merrill Lynch Limited; and is issued and distributed in Singapore by Merrill Lynch International Bank Limited (Merchant Bank) and Merrill Lynch (Singapore) Pte Ltd. (Company Registration No.'s F 06872E and 198602883D respectively) and Bank of America Singapore Limited (Merchant Bank). Merrill Lynch International Bank Limited (Merchant Bank) and Merrill Lynch (Singapore) Pte Ltd. are regulated by the Monetary Authority of Singapore. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 provides this report in Australia in accordance with section 911B of the Corporations Act 2001 and neither it nor any of its affiliates involved in preparing this research report is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this report in Brazil. Merrill Lynch (Dubai) is authorized and regulated by the Dubai Financial Services Authority (DFSA). Research reports prepared and issued by Merrill Lynch (Dubai) are prepared and issued in accordance with the requirements of the DFSA conduct of business rules.

Merrill Lynch (Frankfurt) distributes this report in Germany. Merrill Lynch (Frankfurt) is regulated by BaFin.

This research report has been prepared and issued by MLPF&S and/or one or more of its non-US affiliates. MLPF&S is the distributor of this research report in the US and accepts full responsibility for research reports of its non-US affiliates distributed to MLPF&S clients in the US. Any US person receiving this research report and wishing to effect any transaction in any security discussed in the report should do so through MLPF&S and not such foreign affiliates.

General Investment Related Disclosures:

This research report provides general information only. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this report.

Securities and other financial instruments discussed in this report, or recommended, offered or sold by Merrill Lynch, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

This report may contain a short-term trading idea or recommendation, which highlights a specific near-term catalyst or event impacting the company or the market that is anticipated to have a short-term price impact on the equity securities of the company. Short-term trading ideas and recommendations are different from and do not affect a stock's fundamental equity rating, which reflects both a longer term total return expectation and attractiveness for investment relative to other stocks within its Coverage Cluster. Short-term trading ideas and recommendations may be more or less positive than a stock's fundamental equity rating.

BofA Merrill Lynch is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned in this report. Investors in such securities and instruments, including ADRs, effectively assume currency risk.

UK Readers: The protections provided by the U.K. regulatory regime, including the Financial Services Scheme, do not apply in general to business coordinated by BofA Merrill Lynch entities located outside of the United Kingdom. BofA Merrill Lynch Global Research policies relating to conflicts of interest are described at http://www.ml.com/media/43347.pdf.

Officers of MLPF&S or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

MLPF&S or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. MLPF&S or one of its affiliates may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.

BofA Merrill Lynch, through business units other than BofA Merrill Lynch Global Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented in this report. Such ideas or recommendations reflect the different time frames, assumptions, views and analytical methods of the persons who prepared them, and BofA Merrill Lynch is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this report.

In the event that the recipient received this report pursuant to a contract between the recipient and MLPF&S for the provision of research services for a separate fee, and in connection therewith MLPF&S may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom MLPF&S has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by MLPF&S). MLPF&S is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities mentioned in this report.

Copyright and General Information regarding Research Reports:

Materials prepared by BofA Merrill Lynch Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BofA Merrill Lynch, including investment banking personnel. BofA Merrill Lynch has established information barriers between BofA Merrill Lynch Global Research and certain business groups. As a result, BofA Merrill Lynch does not disclose certain client relationships with, or compensation received from, such companies in research reports. To the extent this report discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this report. BofA Merrill Lynch Global Research personnel's knowledge of legal proceedings in which any BofA Merrill Lynch entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving companies mentioned in this report is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BofA Merrill Lynch in connection with the legal proceedings or matters relevant to such proceedings.

This report has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. None of MLPF&S, any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). BofA Merrill Lynch Global Research policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to BofA Merrill Lynch and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This report may contain links to third-party websites. BofA Merrill Lynch is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this report and is not incorporated by reference into this report. The inclusion of a link in this report does not imply any endorsement by or any affiliation with BofA Merrill Lynch. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BofA Merrill Lynch is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

Subject to the quiet period applicable under laws of the various jurisdictions in which we distribute research reports and other legal and BofA Merrill Lynch policy-related restrictions on the publication of research reports, fundamental equity reports are produced on a regular basis as necessary to keep the investment recommendation current.

Certain outstanding reports may contain discussions and/or investment opinions relating to securities, financial instruments and/or issuers that are no longer current. Always refer to the most recent research report relating to a company or issuer prior to making an investment decision.

In some cases, a company or issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such company or issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with MLPF&S or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies.

Neither BofA Merrill Lynch nor any officer or employee of BofA Merrill Lynch accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this report or its contents.

Attachment D

September 7, 2011

WELLS FARGO SECURITIES

Equity Research

American Electric Power Company, Inc.

AEP: Settlement Appears Balanced--EPS & Outperform Rating Intact
Measures to Limit Shopping Near-Term; Moving to Market Mid-2015

Outperform

Sector: Regulated Electric Utilities
Market Weight

Company Note

- **Summary.** On 9/7, AEP and 20+ parties, including the Public Utilities Commission of Ohio (PUCO) Staff, filed a settlement resolving several Ohio proceedings. Though difficult to evaluate all the moving pieces, we believe the agreement, which is pending PUCO approval, is generally supportive of our 12E-15E EPS of $3.25, $3.40, $3.55 & $3.72. AEP is maintaining its 12E EPS target of $3.25 and continues to project mid-single-digit EPS growth with potential upside related to wholesale power markets.
- **Moving to Market.** The settlement calls for corporate separation of AEP-Ohio's T&D assets from existing generation assets by May '13. For delivery year 6/1/15-5/31/16, AEP-Ohio will meet its entire standard offer service obligation via a competitive bidding process (auctions to commence on or before Sept. '13). Though it is difficult to model an OH Genco with currently available data, the timing of the move to market could align well with potential rising energy/capacity prices driven by likely lower reserve margins. AEP expects unregulated operations will represent 25-30% of earnings post-transition.
- **Transition Period.** From '12 through mid-15, AEP will continue to serve its customers under a traditional ESP model with rates roughly flat in '12 and up 2.5% in '13 & '14. Positively, the settlement includes approval of both the OPCo/CSP merger and rate redesign, which should help mitigate CSP commercial customer switching. In addition, AEP will receive a capacity payment of $255/MW-Day for generation resources open to competitive retail suppliers above predetermined thresholds (20%/30%/40% of resources in plan years 1-3), which should limit customer switching beyond those levels. On the flip side, the settlement does not include the majority of non-bypassables that AEP requested, including environmental.
- **Other Provisions** include (1) a non-bypassable rider for new generation, which would apply to a new 500 MW gas plant to replace Muskingum River 5 and be handled within the T&D utility, (2) a distribution rider, and (3) a SEET ROE threshold of 13.5%. Finally, the separation of AEP-Ohio's generation assets will lead to modification/termination of AEP East's power pool.
- **Reiterate Outperform & $41-42/Sh Valuation Range.** While we considered a more regulated model to be the optimal ESP outcome, we believe the settlement represents a reasonable (and clear!) path forward in Ohio. Moreover, with our EPS outlook intact, valuation remains attractive. Shares trade at discounts of 11%, 14% & 2% to the Diversified Electrics on 12E-14E EPS.

	2010A	2011E		2012E	
EPS		**Curr.**	**Prior**	**Curr.**	**Prior**
Q1 (Mar.)	$0.76	$0.82 A	NC	NE	
Q2 (June)	0.74	0.73 A	NC	NE	
Q3 (Sep.)	1.15	1.09	NC	NE	
Q4 (Dec.)	0.38	0.51	NC	NE	
FY	$3.03	$3.15	NC	$3.25	NC
CY	$3.03	$3.15		$3.25	
FY P/E	12.6x	12.1x		11.8x	
Rev.(MM)	$14,427	$17,067		$17,430	

Source: Company Data, Wells Fargo Securities, LLC estimates, and Reuters
NA = Not Available, NC = No Change, NE = No Estimate, NM = Not Meaningful
V = Volatile, ♞ = Company is on the Priority Stock List

Ticker	AEP
Price (09/07/2011)	$38.24
52-Week Range:	$33-39
Shares Outstanding: (MM)	481.8
Market Cap.: (MM)	$18,424.0
S&P 500:	1,198.62
Avg. Daily Vol.:	3,597,390
Dividend/Yield:	$1.84/4.8%
LT Debt: (MM)	$15,624.0
LT Debt/Total Cap.:	49.5%
ROE:	11.0%
3-5 Yr. Est. Growth Rate:	4.0%
CY 2011 Est. P/E-to-Growth:	3.0x
Last Reporting Date:	07/29/2011 Before Open

Source: Company Data, Wells Fargo Securities, LLC estimates, and Reuters

Valuation Range: $41.00 to $42.00

Our valuation range is supported by our P/E multiple (12.5-13x our 2012E EPS), dividend discount and residual income methodologies. Risks include regulatory risks related to rate proceedings, potential regulatory pushback related to environmental spend/costs and economic risks.

Investment Thesis:

Our Outperform rating is largely predicated on valuation considerations as shares trade at a material discount to peers. We are also attracted to AEP's transmission opportunities and 5% dividend yield.

Neil Kalton, CFA, Senior Analyst
(314) 955-5239 / neil.kalton@wellsfargo.com
Sarah Akers, CFA, Associate Analyst
(314) 955-6209 / sarah.akers@wellsfargo.com
Jonathan Reeder, Associate Analyst
(314) 955-2462 / jonathan.reeder@wellsfargo.com

Please see page 5 for rating definitions, important disclosures and required analyst certifications

Company Description:

Headquartered in Columbus, Ohio, AEP serves more thank 5 million utility customers in eleven states, including Arkansas, Indiana, Kentucky, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia, and West Virginia. AEP is one of the largest electric generation owners in the United States with more than 40,000 MW of capacity and is the largest electric transmission owner with nearly 40,000 miles. AEP derives approximately 95% of annual earnings from the company's regulated operations. The non-regulated businesses consist of AEP River Operations, a coal barge fleet, and AEP Generation & Marketing.

Earnings Model (in millions except per share data)	2007	2008	2009	2010	2011E	2012E	2013E	2014E	2015E
Revenues	**$13,380**	**$14,440**	**$13,489**	**$14,427**	**$17,067**	**$17,430**	**$17,977**	**$18,427**	**$18,903**
Expenses									
Fuel & Purchased Power	$4,967	$5,755	$4,531	$5,029	$7,349	$7,415	$7,479	$7,544	$7,609
Operation & Maintenance	3,826	3,909	3,825	4,274	4,140	4,229	4,319	4,412	4,507
Depreciation & Amortization	1,513	1,483	1,597	1,641	1,602	1,697	1,808	1,909	2,013
Other Taxes	755	761	765	820	842	866	889	914	939
Asset Impairments & Other Charges	0	(255)	0	0	0	0	0	0	0
Total Operating Expenses	**$11,061**	**$11,653**	**$10,718**	**$11,764**	**$13,934**	**$14,207**	**$14,495**	**$14,778**	**$15,069**
Operating Income	**2,319**	**2,787**	**2,771**	**2,663**	**3,133**	**3,223**	**3,482**	**3,649**	**3,834**
EBITDA	**$3,832**	**$4,270**	**$4,368**	**$4,304**	**$4,736**	**$4,920**	**$5,289**	**$5,558**	**$5,847**
Total Other Income	**$182**	**$185**	**$140**	**$185**	**$198**	**$214**	**$153**	**$159**	**$162**
Total Interest Expense	**$838**	**$957**	**$973**	**$999**	**$1,008**	**$1,027**	**$1,110**	**$1,159**	**$1,209**
Income Taxes	**$516**	**$642**	**$575**	**$643**	**$797**	**$823**	**$857**	**$899**	**$945**
Tax Rate	31%	32%	30%	35%	34%	34%	34%	34%	34%
Equity Earnings in Unconsolidated Subs	$6	$3	$7	$12	$0	$0	$0	$0	$0
Net Income from Continuing Ops.	**$1,153**	**$1,376**	**$1,370**	**$1,218**	**$1,526**	**$1,587**	**$1,667**	**$1,751**	**$1,841**
Discontinued Operations	24	12	0	0	0	0	0	0	0
Extraordinary Loss	(79)	0	(5)	0	0	0	0	0	0
Less Income from Noncontrolling Interests	6	5	5	4	0	0	0	0	0
Preferred Stock Dividends	3	3	3	3	5	5	5	5	5
Earnings Avaialble for Common	**$1,089**	**$1,380**	**$1,357**	**$1,211**	**$1,521**	**$1,583**	**$1,662**	**$1,746**	**$1,836**
Diluted Shares - Average	400	404	459	480	484	486	489	491	494
EPS	$2.72	$3.42	$2.96	$2.53	$3.15	$3.25	$3.40	$3.55	$3.72
Non-Recurring Items	($0.27)	$0.19	($0.01)	($0.50)	$0.00	$0.00	$0.00	$0.00	$0.00
Operating EPS (Diluted)	**$2.99**	**$3.23**	**$2.97**	**$3.03**	**$3.15**	**$3.25**	**$3.40**	**$3.55**	**$3.72**
EPS by Segment									
Utility					$3.09	$3.13	$3.22	$3.32	$3.44
Transmission					0.05	0.10	0.17	0.22	0.26
Nonutility Operations					0.12	0.13	0.13	0.13	0.13
Parent & Other					(0.11)	(0.12)	(0.12)	(0.12)	(0.12)
Total					**$3.15**	**$3.25**	**$3.40**	**$3.55**	**$3.72**
Dividends									
Dividends paid per share	$1.58	$1.64	$1.64	$1.71	$1.84	$1.93	$2.03	$2.13	$2.24
Payout Ratio (%)	**53**	**51**	**55**	**56**	**59**	**59**	**60**	**60**	**60**
Statistics									
Book Value - Year End	$25.17	$26.33	$27.49	$28.33	$29.69	$31.07	$32.49	$33.97	$35.50
Avg Book Value	$24.45	$25.75	$26.91	$27.91	$29.01	$30.38	$31.78	$33.23	$34.73
ROE	12.2%	12.5%	11.0%	10.9%	10.8%	10.7%	10.7%	10.7%	10.7%
EBITDA Per Share	$9.61	$10.62	$9.52	$8.98	$9.82	$10.15	$10.85	$11.35	$11.88
Free CFPS	($5.79)	($5.09)	($2.57)	($1.38)	($0.58)	($0.94)	($1.35)	($1.23)	($1.15)

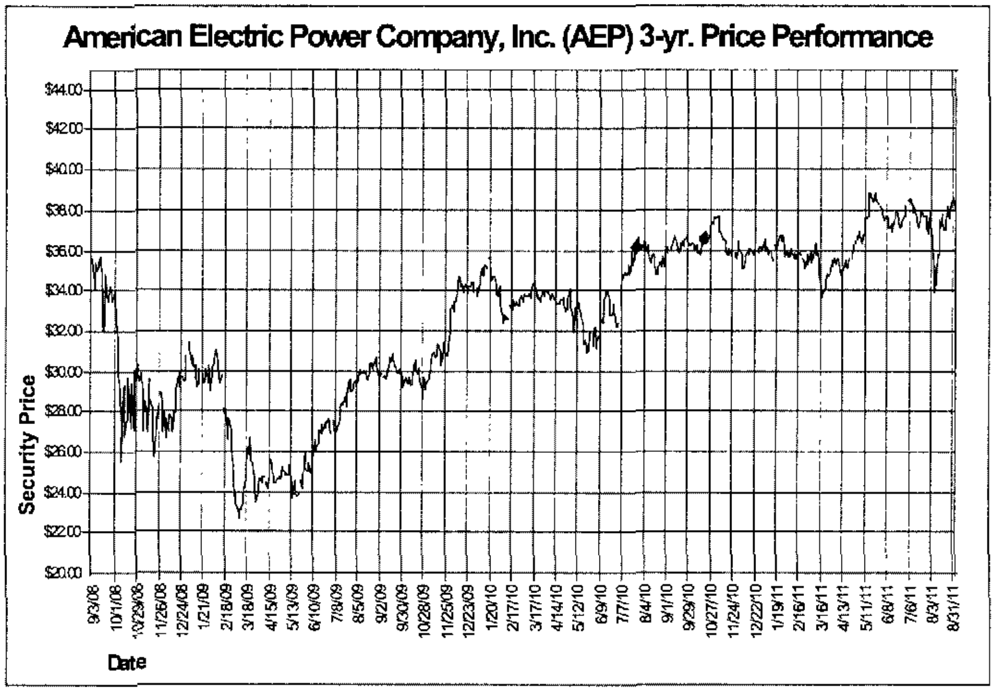
Source: Wells Fargo Securities, LLC estimates and company filings

Cash Flow Model (in millions)	2007	2008	2009	2010	2011E	2012E	2013E	2014E	2015E
Operating Cash Flow									
Net Income before Discontinued Ops.	$1,074	$1,376	$1,365	$1,218	$1,521	$1,583	$1,662	$1,746	$1,836
Depreciation & Amortization	1,513	1,483	1,597	1,641	1,602	1,697	1,808	1,909	2,013
Deferred Income Taxes	76	498	1,244	809	501	228	(23)	(23)	(23)
Provision for Revenue Refund	0	149	0	0	0	0	0	0	0
Extraordinary Loss	79	0	5	0	0	0	0	0	0
Carrying Cost Income	(51)	(83)	(47)	(70)	0	0	0	0	0
Amortization of Nuclear Fuel	65	88	63	139	139	139	139	139	139
AFUDC	(33)	(45)	(82)	(77)	(100)	(112)	(38)	(38)	(38)
Mark-to-Market of Risk Mgmt. Contracts	3	(140)	(59)	30	0	0	0	0	0
Fuel Over / Under-Recoveries	(117)	(272)	(474)	(253)	0	56	56	56	56
Gain on Sale of Assets	(88)	(17)	(15)	(14)	0	0	0	0	0
Pension Contributions	41	42	0	(500)	(76)	(89)	(35)	0	0
Deferred Property Taxes	(26)	(13)	(17)	(21)	0	0	0	0	0
Change in Noncurrent Assets & Liabilities	(18)	(278)	107	127	0	0	0	0	0
Changes in Working Capital	(124)	(207)	(1,212)	(367)	(11)	0	0	0	0
Net Operating Cash Flow	**$2,394**	**$2,581**	**$2,475**	**$2,662**	**$3,577**	**$3,503**	**$3,570**	**$3,789**	**$3,984**
Investing Cash Flow									
Capital Expenditures	($3,556)	($3,800)	($2,792)	($2,345)	($2,547)	($2,930)	($3,150)	($3,255)	($3,357)
Other	(365)	(227)	(124)	(178)	(421)	(91)	(91)	(91)	(91)
Net Investing Cash Flow	**($3,921)**	**($4,027)**	**($2,916)**	**($2,523)**	**($2,968)**	**($3,021)**	**($3,241)**	**($3,346)**	**($3,447)**
Financing Cash Flow									
Changes in ST Debt	$659	($660)	$119	$635	$0	$0	$0	$0	$0
Issuance of LT Debt	2,546	2,774	2,306	1,270	1,030	1,108	1,825	1,465	1,665
Repayments of LT Debt	(1,286)	(1,824)	(816)	(1,993)	(830)	(719)	(1,306)	(941)	(1,370)
Net Revolving Credit Facility Activity	(17)	1,976	(1,969)	450	0	0	0	0	0
Issuance / Purchase of Common Stock	144	159	1,728	93	100	100	100	100	100
Dividends Paid (Preferred & Common)	(639)	(669)	(761)	(827)	(890)	(940)	(992)	(1,046)	(1,104)
Principal Payments on Capital Leases	(67)	(97)	(82)	(95)	(95)	(95)	(95)	(95)	(95)
Texas Securitization Bonds					0	820	0	0	0
Other	64	20	(5)	(3)	(56)	0	0	0	0
Net Financing Cash Flow	**$1,404**	**$1,679**	**$520**	**($470)**	**($741)**	**$274**	**($468)**	**($517)**	**($803)**
				(470)					
Net Change in Cash	($123)	$233	$79	($331)	($132)	$756	($139)	($74)	($267)
Cash at beginning of period	301	178	411	490	159	27	783	644	570
Cash at end of period	**$178**	**$411**	**$490**	**$159**	**$27**	**$783**	**$644**	**$570**	**$304**

Capital Structure (in thousands)	2007	2008	2009	2010	2011E	2012E	2013E	2014E	2015E
Common Equity	$10,079	$10,693	$13,140	$13,622	$14,356	$15,102	$15,876	$16,678	$17,514
LT Debt	14,202	15,536	15,757	15,502	16,532	16,921	17,440	17,964	18,259
ST Debt	1,452	2,423	1,867	1,965	1,135	1,135	1,135	1,135	1,135
Preferred	61	61	61	60	60	60	60	60	60
TOTAL	**$25,794**	**$28,713**	**$30,825**	**$31,149**	**$32,083**	**$33,218**	**$34,510**	**$35,838**	**$36,969**
% Common Equity	39	37	43	44	45	45	46	47	47
% LT Debt	55	54	51	50	52	51	51	50	49
% ST Debt	6	8	6	6	4	3	3	3	3
% Preferred	0	0	0	0	0	0	0	0	0

Sources: Wells Fargo Securities, LLC estimates and company filings

Required Disclosures



	Date	Publication Price ($)	Rating Code	Val. Rng. Low	Val. Rng. High	Close Price ($)
◆	7/26/2010	35.80	1	40.00	41.00	36.17
●	10/19/2010	36.59	1	41.00	42.00	36.52

Source: Wells Fargo Securities, LLC estimates and Reuters data

Symbol Key

▼	Rating Downgrade	◆	Initiation, Resumption, Drop or Suspend
▲	Rating Upgrade	■	Analyst Change
●	Valuation Range Change	❐	Split Adjustment

Rating Code Key

1	Outperform/Buy	SR	Suspended
2	Market Perform/Hold	NR	Not Rated
3	Underperform/Sell	NE	No Estimate

Additional Information Available Upon Request

I certify that:
1) All views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers discussed; and
2) No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by me in this research report.

- Wells Fargo Securities, LLC maintains a market in the common stock of American Electric Power Company, Inc.
- Wells Fargo Securities, LLC or its affiliates intends to seek or expects to receive compensation for investment banking services in the next three months from American Electric Power Company, Inc.
- Wells Fargo Securities, LLC or its affiliates received compensation for investment banking services from American Electric Power Company, Inc. in the past 12 months.
- American Electric Power Company, Inc. currently is, or during the 12-month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC provided investment banking services to American Electric Power Company, Inc.
- American Electric Power Company, Inc. currently is, or during the 12-month period preceding the date of distribution of the research report was, a client of Wells Fargo Securities, LLC. Wells Fargo Securities, LLC provided nonsecurities services to

American Electric Power Company, Inc.

- Wells Fargo Securities, LLC received compensation for products or services other than investment banking services from American Electric Power Company, Inc. in the past 12 months.
- Wells Fargo Securities, LLC or its affiliates may have a significant financial interest in American Electric Power Company, Inc.

AEP: Risks include regulatory risks related to rate proceedings, potential regulatory pushback related to environmental spend/costs and economic risks.

Wells Fargo Securities, LLC does not compensate its research analysts based on specific investment banking transactions. Wells Fargo Securities, LLC's research analysts receive compensation that is based upon and impacted by the overall profitability and revenue of the firm, which includes, but is not limited to investment banking revenue.

STOCK RATING

1=Outperform: The stock appears attractively valued, and we believe the stock's total return will exceed that of the market over the next 12 months. BUY

2=Market Perform: The stock appears appropriately valued, and we believe the stock's total return will be in line with the market over the next 12 months. HOLD

3=Underperform: The stock appears overvalued, and we believe the stock's total return will be below the market over the next 12 months. SELL

SECTOR RATING

O=Overweight: Industry expected to outperform the relevant broad market benchmark over the next 12 months.

M=Market Weight: Industry expected to perform in-line with the relevant broad market benchmark over the next 12 months.

U=Underweight: Industry expected to underperform the relevant broad market benchmark over the next 12 months.

VOLATILITY RATING

V = A stock is defined as volatile if the stock price has fluctuated by +/-20% or greater in at least 8 of the past 24 months or if the analyst expects significant volatility. All IPO stocks are automatically rated volatile within the first 24 months of trading.

As of: September 7, 2011

49% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Outperform.	Wells Fargo Securities, LLC has provided investment banking services for 46% of its Equity Research Outperform-rated companies.
48% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Market Perform.	Wells Fargo Securities, LLC has provided investment banking services for 50% of its Equity Research Market Perform-rated companies.
3% of companies covered by Wells Fargo Securities, LLC Equity Research are rated Underperform.	Wells Fargo Securities, LLC has provided investment banking services for 39% of its Equity Research Underperform-rated companies.

Important Disclosure for International Clients

EEA – The securities and related financial instruments described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. For recipients in the EEA, this report is distributed by Wells Fargo Securities International Limited ("WFSIL"). WFSIL is a U.K. incorporated investment firm authorized and regulated by the Financial Services Authority. For the purposes of Section 21 of the UK Financial Services and Markets Act 2000 ("the Act"), the content of this report has been approved by WFSIL a regulated person under the Act. WFSIL does not deal with retail clients as defined in the Markets in Financial Instruments Directive 2007. The FSA rules made under the Financial Services and Markets Act 2000 for the protection of retail clients will therefore not apply, nor will the Financial Services Compensation Scheme be available. This report is not intended for, and should not be relied upon by, retail clients.

Australia – Wells Fargo Securities, LLC is exempt from the requirements to hold an Australian financial services license in respect of the financial services it provides to wholesale clients in Australia. Wells Fargo Securities, LLC is regulated under U.S. laws which differ from Australian laws. Any offer or documentation provided to Australian recipients by Wells Fargo Securities, LLC in the course of providing the financial services will be prepared in accordance with the laws of the United States and not Australian laws.

Hong Kong – This report is issued and distributed in Hong Kong by Wells Fargo Securities Asia Limited ("WFSAL"), a Hong Kong incorporated investment firm licensed and regulated by the Securities and Futures Commission to carry on types 1, 4, 6 and 9 regulated activities (as defined in the Securities and Futures Ordinance, "the SFO"). This report is not intended for, and should not be relied on by, any person other than professional investors (as defined in the SFO). Any securities and related financial instruments described herein are not intended for sale, nor will be sold, to any person other than professional investors (as defined in the SFO).

Japan – This report is distributed in Japan by Wells Fargo Securities (Japan) Co., Ltd, registered with the Kanto Local Finance Bureau to conduct broking and dealing of type 1 and type 2 financial instruments and agency or intermediary service for entry into investment advisory or discretionary investment contracts. This report is intended for distribution only to professional investors (Tokutei Toushika) and is not intended for, and should not be relied upon by, ordinary customers (Ippan Toushika).

The ratings stated on the document are not provided by rating agencies registered with the Financial Services Agency of Japan (JFSA) but by group companies of JFSA-registered rating agencies. These group companies may include Moody's Investors Services Inc, Standard & Poor's Rating Services and/or Fitch Ratings. Any decisions to invest in securities or transactions should be made after reviewing policies and methodologies used for assigning credit ratings and assumptions, significance and limitations of the credit ratings stated on the respective rating agencies' websites.

About Wells Fargo Securities, LLC

Wells Fargo Securities, LLC is a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission and a member of the New York Stock Exchange, the Financial Industry Regulatory Authority and the Securities Investor Protection Corp.

This report is for your information only and is not an offer to sell, or a solicitation of an offer to buy, the securities or instruments named or described in this report. Interested parties are advised to contact the entity with which they deal, or the entity that provided this report to them, if they desire further information. The information in this report has been obtained or derived from sources believed by Wells Fargo Securities, LLC, to be reliable, but Wells Fargo Securities, LLC, does not represent that this information is accurate or complete. Any opinions or estimates contained in this report represent the judgment of Wells Fargo Securities, LLC, at this time, and are subject to change without notice. For the purposes of the U.K. Financial Services Authority's rules, this report constitutes impartial investment research. Each of Wells Fargo Securities, LLC, and Wells Fargo Securities International Limited is a separate legal entity and distinct from affiliated banks.

SECURITIES: NOT FDIC-INSURED/NOT BANK-GUARANTEED/MAY LOSE VALUE

Attachment E

8 September 2011 | 7 pages

American Electric Power Co Inc (AEP)

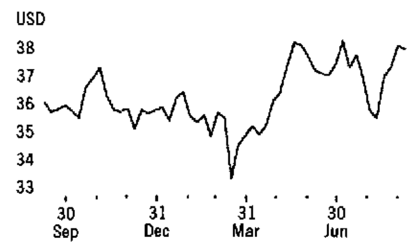
■ Company Update

Alert: Settlement Signals Shift To Competitive Generation

- **Ohio Settlement Filed.** Yesterday, AEP filed a settlement with key stakeholders including Staff, Attorney General, several industrial customers and retail market providers. If approved, the settlement would resolve the ESP rates for 2012 and beyond, the Ohio utility merger, Interconnection Agreement, and capacity charges paid by retail marketers among other major outstanding issues.
- **Settlement Signals Transition To Partial Market-Based Generation.** The settlement would transition to competitive generation after mid-2015, which we highlighted as a likely course in our 9/5/11 note (see https://www.citigroupgeo.com/pdf/SNA88408.pdf). The settlement signals a move in Ohio's regulatory structure for AEP and Duke Energy Ohio towards FirstEnergy's path by going to market and partially limiting nonbypassability. If passed as is, AEP Ohio would slowly become an integrated utility.
- **Points Of Contention Remain.** Interveners, including the Ohio Consumer Counsel (representing residential customers), FirstEnergy, the Industrial Energy Users group, and Ohio Partners for Affordable Energy were not party to the settlement. Key points of potential contention: 1) A requested $255/MW-day capacity charge to 3rd party retail providers could be viewed as anti competitive by curtailing shopping for the next few years. FirstEnergy argues the transition charge contributes to a higher rate structure than a fully competitive market. 2) The proposed Generation Resource Rider (GRR) attaches new generating assets to the regulated wires business, and ultimately could set a precedent for new nonbypassable generation costs in the future. Supporting testimony filing is due on 9/13/11; hearings begin on 10/4/11 with a final order expected sometime in November 2011.
- **Actual EPS Ramifications Are Difficult To Gauge At This Point.** Management has reaffirmed 2012 guidance at $3.25; considerations beyond 2012 include: 1) Each 10% of incremental retail shopping roughly equates to $0.10 of EPS headwind, which might be offset by off-system sales. 2) AEP's generation capacity that becomes open to competition (20/30/40% in 2012/13/14-15) might be bid into RPM incremental auctions for additional capacity revenues.
- **We view AEP as being fairly valued.** With 20-25% of the business moving to an unregulated structure, we believe most will tend to view AEP as shifting towards a partial integrated utility business model with limited earnings transparency. As such, we believe AEP will trade more like integrateds (currently trading at 11.5x 2013 consensus) than regulateds (currently trading at ~12.5x 2013 consensus). On our current 2013 EPS estimate of $3.39, we calculate AEP as trading at 11.1x, suggesting the shares are near fairly valued.
- **We believe the settlement is something of a mixed bag for AEP.** The settlement seems to confirm our long held view that nonbypassability is eroding in Ohio in an evitable shift to a competitive market. Future comparisons of AEP to other large cap regulated names are now moot (which undermines the bull case in AEP), and the headwinds this shift presents to EPS are very opaque. On the other hand, the transition period buys AEP time till potentially tighter power markets and improved commodity prices.

Hold/Medium Risk	**2M**
Price (08 Sep 11)	US$37.69
Target price	US$37.00
Expected share price return	-1.8%
Expected dividend yield	4.9%
Expected total return	**3.1%**
Market Cap	US$18,177M

Price Performance
(RIC: AEP.N, BB: AEP US)



Brian Chin
+1-212-816-2861
brian.chin@citi.com

Shahriar Pourreza, CFA
shahriar.pourreza@citi.com

See Appendix A-1 for Analyst Certification, Important Disclosures and non-US research analyst disclosures.

American Electric Power Co Inc

Valuation

Our target price is $37/share and represents a one year forward horizon. Our target is based on our 2013 EPS of $3.42, multiplied against an 11.5x multiple, after which we apply a partial year discount. Our target multiple is equal to a discount, AEP specific adjustment, to our group target Defensive multiple of 14x. The multiple discount accounts for risk in Ohio's regulatory environment as it relates to AEP.

We conservatively assume a 10-year Treasury yield of 4.25% in 12 months. For every +1% yield assumption change, our target multiple decreases by 1.5x.

Risks

We rate American Electric Power Medium Risk, as we expect the core regulated utility business to generate a modestly growing earnings profile, with more volatility coming from its large mid-west wholesale power business. We see the company's credit rating as stable and believe stock price volatility will be consistent with its historical beta. Risks to the stock achieving our valuation target include the following:

Regulatory Risk – AEP needs to receive constructive rate relief at its various jurisdictions outside of Ohio over the next few years in order to earn an ROE closer to its authorized levels. To the extent that AEP receives treatment that is less favorable than anticipated, the stock may not achieve our target price.

Electricity Sales Assumptions Are a Risk — If electricity sales patterns are higher or lower than forecast at AEP's regulated utilities, then our projections could be better or worse than expected. Also, we make assumptions about volumes and gross margins at AEP's wholesale business, which are dependent on market conditions and whether or not business interruption insurance covers the cost of the Cook nuclear plant outage.

If the impact on the company from any of these factors proves to be greater/less than we anticipate, it may prevent the stock from achieving our target price or could cause our target price to be materially outperformed.

Appendix A-1

Analyst Certification

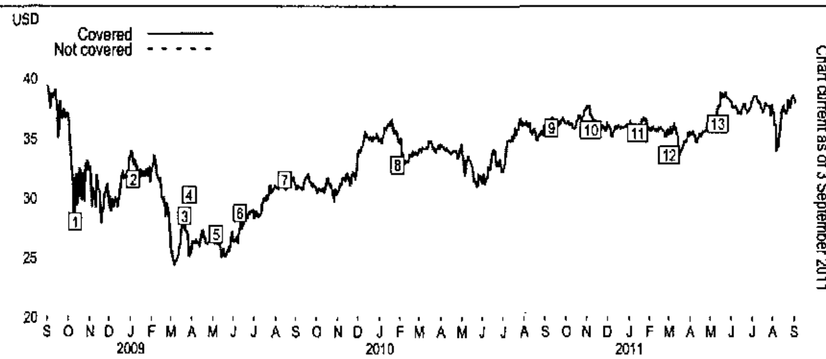
The research analyst(s) primarily responsible for the preparation and content of this research report are named in bold text in the author block at the front of the product except for those sections where an analyst's name appears in bold alongside content which is attributable to that analyst. Each of these analyst(s) certify, with respect to the section(s) of the report for which they are responsible, that the views expressed therein accurately reflect their personal views about each issuer and security referenced and were prepared in an independent manner, including with respect to Citigroup Global Markets Inc and its affiliates. No part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific recommendation(s) or view(s) expressed by that research analyst in this report.

IMPORTANT DISCLOSURES

American Electric Power Co Inc (AEP)

Ratings and Target Price History
Fundamental Research

Analyst: Brian Chin
Covered since June 12 2009



	Date	Rating	Target Price	Closing Price
1	13-Oct-08	1M	*35.00	31.70
2	6-Jan-09	1M	*37.00	33.11
3	23-Mar-09	1M	*35.00	28.47
4	30-Mar-09	1M	*33.00	25.08
5	7-May-09	1M	*32.50	26.23
6	11-Jun-09	1M	*32.00	27.45
7	17-Aug-09	1M	*36.00	30.89
8	28-Jan-10	1M	*41.00	35.06
9	10-Sep-10	1M	*43.00	36.63
10	8-Nov-10	1M	*41.00	36.93
11	14-Jan-11	*2M	*38.00	35.45
12	2-Mar-11	2M	*35.00	35.59
13	12-May-11	2M	*37.00	37.63

* Indicates change

Rating/target price changes above reflect Eastern Standard Time

American Electric Power Co Inc (AEP)

Ratings and Target Price History
Best Ideas Research
Relative Call (3 Month)

Analyst: Brian Chin
Covered since June 12 2009

	Date	Rating	Target Price	Closing Price
1	20-Jan-11	*ADD LP	-	36.47

* Indicates change

Rating/target price changes above reflect Eastern Standard Time

Citigroup Global Markets Inc. or its affiliates beneficially owns 1% or more of any class of common equity securities of American Electric Power Co Inc. This position reflects information available as of the prior business day.

Citigroup Global Markets Inc. or its affiliates has received compensation for investment banking services provided within the past 12 months from American Electric Power Co Inc.

Citigroup Global Markets Inc. or its affiliates expects to receive or intends to seek, within the next three months, compensation for investment banking services from American Electric Power Co Inc.

Citigroup Global Markets Inc. or an affiliate received compensation for products and services other than investment banking services from American Electric Power Co Inc in the past 12 months.

Citigroup Global Markets Inc. currently has, or had within the past 12 months, the following as investment banking client(s): American Electric Power Co Inc.

Citigroup Global Markets Inc. currently has, or had within the past 12 months, the following as clients, and the services provided were non-investment-banking, securities-related: American Electric Power Co Inc.

Citigroup Global Markets Inc. currently has, or had within the past 12 months, the following as clients, and the services provided were non-investment-banking, non-securities-related: American Electric Power Co Inc.

Analysts' compensation is determined based upon activities and services intended to benefit the investor clients of Citigroup Global Markets Inc. and its affiliates ("the Firm"). Like all Firm employees, analysts receive compensation that is impacted by overall firm profitability which includes investment banking revenues.

For important disclosures (including copies of historical disclosures) regarding the companies that are the subject of this Citi Investment Research & Analysis product ("the Product"), please contact Citi Investment Research & Analysis, 388 Greenwich Street, 28th Floor, New York, NY, 10013, Attention: Legal/Compliance. In addition, the same important disclosures, with the exception of the Valuation and Risk assessments and historical disclosures, are contained on the Firm's disclosure website at www.citigroupgeo.com. Valuation and Risk assessments can be found in the text of the most recent research note/report regarding the subject company. Historical disclosures (for up to the past three years) will be provided upon request.

Citi Investment Research & Analysis Ratings Distribution

Data current as of 30 Jun 2011	*12 Month Rating* Buy	Hold	Sell	*Relative Rating* Buy	Hold	Sell
Citi Investment Research & Analysis Global Fundamental Coverage	54%	36%	11%	10%	81%	10%
% of companies in each rating category that are investment banking clients	45%	41%	42%	50%	42%	44%

Guide to Citi Investment Research & Analysis (CIRA) Fundamental Research Investment Ratings:
CIRA's stock recommendations include a risk rating and an investment rating.
Risk ratings, which take into account both price volatility and fundamental criteria, are: Low (L), Medium (M), High (H), and Speculative (S).
Investment ratings are a function of CIRA's expectation of total return (forecast price appreciation and dividend yield within the next 12 months) and risk rating.
Analysts may place covered stocks "Under Review" in response to exceptional circumstances (e.g. lack of information critical to the analyst's thesis) affecting the company and/or trading in the company's securities (e.g. trading suspension). Stocks placed "Under Review" will be monitored daily by management. As soon as practically possible, the analyst will publish a note re-establishing a rating and investment thesis.
To satisfy regulatory requirements, we correspond Under Review to Hold in our ratings distribution table for our 12-month fundamental rating system. However, we reiterate that we do not consider Under Review to be a recommendation.
Relative three-month ratings: CIRA may also assign a three-month relative call (or rating) to a stock to highlight expected out-performance (most preferred) or under-performance (least preferred) versus the geographic and industry sector over a 3 month period. The relative call may highlight a specific near-term catalyst or event impacting the company or the market that is anticipated to have a short-term price impact on the equity securities of the company. Absent any specific catalyst the analyst(s) will indicate the most and least preferred stocks in the universe of stocks under consideration, explaining the basis for this short-term view. This three-month view may be different from and does not affect a stock's fundamental equity rating, which reflects a longer-term total absolute return expectation. For purposes of NASD/NYSE ratings-distribution-disclosure rules, most preferred calls correspond to a buy recommendation and least preferred calls correspond to a sell recommendation. Any stock not assigned to a most preferred or least preferred call is considered non-relative-rated (NRR). For purposes of NASD/NYSE ratings-distribution-disclosure rules we correspond NRR to Hold in our ratings distribution table for our 3-month relative rating system. However, we reiterate that we do not consider NRR to be a recommendation.

For securities in developed markets (US, UK, Europe, Japan, and Australia/New Zealand), investment ratings are:Buy (1) (expected total return of 10% or more for Low-Risk stocks, 15% or more for Medium-Risk stocks, 20% or more for High-Risk stocks, and 35% or more for Speculative stocks); Hold (2) (0%-10% for Low-Risk stocks, 0%-15% for Medium-Risk stocks, 0%-20% for High-Risk stocks, and 0%-35% for Speculative stocks); and Sell (3) (negative total return).

Investment ratings are determined by the ranges described above at the time of initiation of coverage, a change in investment and/or risk rating, or a change in target price (subject to limited management discretion). At other times, the expected total returns may fall outside of these ranges because of market price movements and/or other short-term volatility or trading patterns. Such interim deviations from specified ranges will be permitted but will become subject to review by Research Management. Your decision to buy or sell a security should be based upon your personal investment objectives and should be made only after evaluating the stock's expected performance and risk.

NON-US RESEARCH ANALYST DISCLOSURES
Non-US research analysts who have prepared this report (i.e., all research analysts listed below other than those identified as employed by Citigroup Global Markets Inc.) are not registered/qualified as research analysts with FINRA. Such research analysts may not be associated persons of the member organization and therefore may not be subject to the NYSE Rule 472 and NASD Rule 2711 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account. The legal entities employing the authors of this report are listed below:

Citigroup Global Markets Inc	Brian Chin; Shahriar Pourreza, CFA

OTHER DISCLOSURES

The subject company's share price set out on the front page of this Product is quoted as at 08 September 2011 04:01 PM on the issuer's primary market.

Citigroup Global Markets Inc. and/or its affiliates has a significant financial interest in relation to American Electric Power Co Inc. (For an explanation of the determination of significant financial interest, please refer to the policy for managing conflicts of interest which can be found at www.citigroupgeo.com.)

For securities recommended in the Product in which the Firm is not a market maker, the Firm is a liquidity provider in the issuers' financial instruments and may act as principal in connection with such transactions. The Firm is a regular issuer of traded financial instruments linked to securities that may have been recommended in the Product. The Firm regularly trades in the securities of the issuer(s) discussed in the Product. The Firm may engage in securities transactions in a manner inconsistent with the Product and, with respect to securities covered by the Product, will buy or sell from customers on a principal basis.

Securities recommended, offered, or sold by the Firm: (i) are not insured by the Federal Deposit Insurance Corporation; (ii) are not deposits or other obligations of any insured depository institution (including Citibank); and (iii) are subject to investment risks, including the possible loss of the principal amount invested. Although information has been obtained from and is based upon sources that the Firm believes to be reliable, we do not guarantee its accuracy and it may be incomplete and condensed. Note, however, that the Firm has taken all reasonable steps to determine the accuracy and completeness of the disclosures made in the Important Disclosures section of the Product. The Firm's research department has received assistance from the subject company(ies) referred to in this Product including, but not limited to, discussions with management of the subject company(ies). Firm policy prohibits research analysts from sending draft research to subject companies. However, it should be presumed that the author of the Product has had discussions with the subject company to ensure factual accuracy prior to publication. All opinions, projections and estimates constitute the judgment of the author as of the date of the Product and these, plus any other information contained in the Product, are subject to change without notice. Prices and availability of financial instruments also are subject to change without notice. Notwithstanding other departments within the Firm advising the companies discussed in this Product, information obtained in such role is not used in the preparation of the Product. Although Citi Investment Research & Analysis (CIRA) does not set a predetermined frequency for publication, if the Product is a fundamental research report, it is the intention of CIRA to provide research coverage of the/those issuer(s) mentioned therein, including in response to news affecting this issuer, subject to applicable quiet periods and capacity constraints. The Product is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security. Any decision to purchase securities mentioned in the Product must take into account existing public information on such security or any registered prospectus.

Investing in non-U.S. securities, including ADRs, may entail certain risks. The securities of non-U.S. issuers may not be registered with, nor be subject to the reporting requirements of the U.S. Securities and Exchange Commission. There may be limited information available on foreign securities. Foreign companies are generally not subject to uniform audit and reporting standards, practices and requirements comparable to those in the U.S. Securities of some foreign companies may be less liquid and their prices more volatile than securities of comparable U.S. companies. In addition, exchange rate movements may have an adverse effect on the value of an investment in a foreign stock and its corresponding dividend payment for U.S. investors. Net dividends to ADR investors are estimated, using withholding tax rates conventions, deemed accurate, but investors are urged to consult their tax advisor for exact dividend computations. Investors who have received the Product from the Firm may be prohibited in certain states or other jurisdictions from purchasing securities mentioned in the Product from the Firm. Please ask your Financial Consultant for additional details. Citigroup Global Markets Inc. takes responsibility for the Product in the United States. Any orders by US investors resulting from the information contained in the Product may be placed only through Citigroup Global Markets Inc.

Important Disclosures for Morgan Stanley Smith Barney LLC Customers: Morgan Stanley & Co. Incorporated (Morgan Stanley) research reports may be available about the companies that are the subject of this Citi Investment Research & Analysis (CIRA) research report. Ask your Financial Advisor or use smithbarney.com to view any available Morgan Stanley research reports in addition to CIRA research reports.
Important disclosure regarding the relationship between the companies that are the subject of this CIRA research report and Morgan Stanley Smith Barney LLC and its affiliates are available at the Morgan Stanley Smith Barney disclosure website at www.morganstanleysmithbarney.com/researchdisclosures.
The required disclosures provided by Morgan Stanley and Citigroup Global Markets, Inc. on Morgan Stanley and CIRA research relate in part to the separate businesses of Citigroup Global Markets, Inc. and Morgan Stanley that now form Morgan Stanley Smith Barney LLC, rather than to Morgan Stanley Smith Barney LLC in its entirety. For Morgan Stanley and Citigroup Global Markets, Inc. specific disclosures, you may refer to www.morganstanley.com/researchdisclosures and https://www.citigroupgeo.com/geopublic/Disclosures/index_a.html.
This CIRA research report has been reviewed and approved on behalf of Morgan Stanley Smith Barney LLC. This review and approval was conducted by the same person who reviewed this research report on behalf of CIRA. This could create a conflict of interest.

The Citigroup legal entity that takes responsibility for the production of the Product is the legal entity which the first named author is employed by. The Product is made available in **Australia** through Citigroup Global Markets Australia Pty Ltd. (ABN 64 003 114 832 and AFSL No. 240992), participant of the ASX Group and regulated by the Australian Securities & Investments Commission. Citigroup Centre, 2 Park Street, Sydney, NSW 2000. The Product is made available in Australia to Private Banking wholesale clients through Citigroup Pty Limited (ABN 88 004 325 080 and AFSL 238098). Citigroup Pty Limited provides all financial product advice to Australian Private Banking wholesale clients through bankers and relationship managers. If there is any doubt about the suitability of investments held in Citigroup Private Bank accounts, investors should contact the Citigroup Private Bank in Australia. Citigroup companies may compensate affiliates and their representatives for providing products and services to clients. The Product is made available in **Brazil** by Citigroup Global Markets Brasil - CCTVM SA, which is regulated by CVM - Comissão de Valores Mobiliários, BACEN - Brazilian Central Bank, APIMEC - Associação dos Analistas e Profissionais de Investimento do Mercado de Capitais and ANBID - Associação Nacional dos Bancos de Investimento. Av. Paulista, 1111 - 11º andar - CEP. 01311920 - São Paulo - SP. If the Product is being made available in certain provinces of **Canada** by Citigroup Global Markets (Canada) Inc. ("CGM Canada"), CGM Canada has approved the Product. Citigroup Place, 123 Front Street West, Suite 1100, Toronto, Ontario M5J 2M3. This product is available in **Chile** through Banchile Corredores de Bolsa S.A., an indirect subsidiary of Citigroup Inc., which is regulated by the Superintendencia de Valores y Seguros. Agustinas 975, piso 2, Santiago, Chile. The Product is made available in **France** by Citigroup Global Markets Limited, which is authorised and regulated by Financial Services Authority. 1-5 Rue Paul Cézanne, 8ème, Paris, France. The Product is distributed in **Germany** by Citigroup Global Markets Deutschland AG ("CGMD"), which is regulated by Bundesanstalt fuer Finanzdienstleistungsaufsicht (BaFin). CGMD, Reuterweg 16, 60323 Frankfurt am Main. Research which relates to "securities" (as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)) is issued in **Hong Kong** by, or on behalf of, Citigroup Global Markets Asia Limited which takes full responsibility for its content. Citigroup Global Markets Asia Ltd. is regulated by Hong Kong Securities and Futures Commission. If the Research is made available through Citibank, N.A., Hong Kong Branch, for its clients in Citi Private Bank, it is made available by Citibank N.A., Citibank Tower, Citibank Plaza, 3 Garden Road, Hong Kong. Citibank N.A. is regulated by the Hong Kong Monetary Authority. Please contact your Private Banker in Citibank N.A., Hong Kong, Branch if you have any queries on or any matters arising from or in connection with this document. The Product is made available in **India** by Citigroup Global Markets India Private Limited, which is regulated by Securities and Exchange Board of India. Bakhtawar, Nariman Point, Mumbai 400-021. The Product is made available in **Indonesia** through PT Citigroup Securities Indonesia. 5/F, Citibank Tower, Bapindo Plaza, Jl. Jend. Sudirman Kav. 54-55, Jakarta 12190. Neither this Product nor any copy hereof may be distributed in Indonesia or to any Indonesian citizens wherever they are domiciled or to Indonesian residents except in compliance with applicable capital market laws and regulations. This Product is not an offer of securities in Indonesia. The securities referred to in this Product have not been registered with the Capital Market and Financial Institutions Supervisory Agency (BAPEPAM-LK) pursuant to relevant capital market laws and regulations, and may not be offered or sold within the territory of the Republic of Indonesia or to Indonesian citizens through a public offering or in circumstances which constitute an offer within the meaning of the Indonesian capital market laws and regulations. The Product is made available in **Israel** through Citibank NA, regulated by the Bank of Israel and the Israeli Securities Authority. Citibank, N.A, Platinum Building, 21 Ha'arba'ah St, Tel Aviv, Israel. The Product is made available in **Italy** by Citigroup Global Markets Limited, which is authorised and regulated by Financial Services Authority. Foro Buonaparte 16, Milan, 20121, Italy. The Product is made available in **Japan** by Citigroup Global Markets Japan Inc. ("CGMJ"), which is regulated by Financial Services Agency, Securities and Exchange Surveillance Commission, Japan Securities Dealers Association, Tokyo Stock Exchange and Osaka Securities Exchange. Shin-Marunouchi Building, 1-5-1 Marunouchi, Chiyoda-ku, Tokyo 100-6520 Japan. If the Product was distributed by SMBC Nikko Securities Inc. it is being so distributed under license. In the event that an error is found in an CGMJ research report, a revised version will be posted on the Firm's Global Equities Online (GEO) website. If you have questions regarding GEO, please call (81 3) 6270-3019 for help. The Product is made available in **Korea** by Citigroup Global Markets Korea Securities Ltd., which is regulated by the Financial Services Commission, the Financial Supervisory Service and the Korea Financial Investment Association (KOFIA). Citibank Building, 39 Da-dong, Jung-gu, Seoul 110-180, Korea. KOFIA makes available registration information of research analysts on its website. Please visit the following website if you wish to find KOFIA registration information on research analysts of Citigroup Global Markets Korea Securities Ltd. http://dis.kofia.or.kr/fs/dis2/fundMgr/DISFundMgrAnalystPop.jsp?companyCd2=A03030&pageDiv=02. The Product is made available in

Malaysia by Citigroup Global Markets Malaysia Sdn Bhd, which is regulated by Malaysia Securities Commission. Menara Citibank, 165 Jalan Ampang, Kuala Lumpur, 50450. The Product is made available in **Mexico** by Acciones y Valores Banamex, S.A. De C. V., Casa de Bolsa, Integrante del Grupo Financiero Banamex ("Accival") which is a wholly owned subsidiary of Citigroup Inc. and is regulated by Comision Nacional Bancaria y de Valores. Reforma 398, Col. Juarez, 06600 Mexico, D.F. In **New Zealand** the Product is made available through Citigroup Global Markets New Zealand Ltd. (Company Number 604457), a Participant of the New Zealand Exchange Limited and regulated by the New Zealand Securities Commission. Level 19, Mobile on the Park, 157 Lambton Quay, Wellington. The Product is made available in **Pakistan** by Citibank N.A. Pakistan branch, which is regulated by the State Bank of Pakistan and Securities Exchange Commission, Pakistan. AWT Plaza, 1.1. Chundrigar Road, P.O. Box 4889, Karachi-74200. The Product is made available in the **Philippines** through Citicorp Financial Services and Insurance Brokerage Philippines, Inc., which is regulated by the Philippines Securities and Exchange Commission. 20th Floor Citibank Square Bldg. The Product is made available in **Poland** by Dom Maklerski Banku Handlowego SA an indirect subsidiary of Citigroup Inc., which is regulated by Komisja Nadzoru Finansowego. Dom Maklerski Banku Handlowego S.A. ul.Senatorska 16, 00-923 Warszawa. The Product is made available in the **Russian Federation** through ZAO Citibank, which is licensed to carry out banking activities in the Russian Federation in accordance with the general banking license issued by the Central Bank of the Russian Federation and brokerage activities in accordance with the license issued by the Federal Service for Financial Markets. Neither the Product nor any information contained in the Product shall be considered as advertising the securities mentioned in this report within the territory of the Russian Federation or outside the Russian Federation. The Product does not constitute an appraisal within the meaning of the Federal Law of the Russian Federation of 29 July 1998 No. 135-FZ (as amended) On Appraisal Activities in the Russian Federation. 8-10 Gasheka Street, 125047 Moscow. The Product is made available in **Singapore** through Citigroup Global Markets Singapore Pte. Ltd. ("CGMSPL"), a capital markets services license holder, and regulated by Monetary Authority of Singapore. Please contact CGMSPL at 1 Temasek Avenue, #39-02 Millenia Tower, Singapore 039192, in respect of any matters arising from, or in connection with, the analysis of this document. This report is intended for recipients who are accredited, expert and institutional investors as defined under the Securities and Futures Act (Cap. 289). The Product is made available by The Citigroup Private Bank in Singapore through Citibank, N.A., Singapore Branch, a licensed bank in Singapore that is regulated by Monetary Authority of Singapore. Please contact your Private Banker in Citibank N.A., Singapore Branch if you have any queries on or any matters arising from or in connection with this document. This report is intended for recipients who are accredited, expert and institutional investors as defined under the Securities and Futures Act (Cap. 289). This report is distributed in Singapore by Citibank Singapore Ltd ("CSL") to selected Citigold/Citigold Private Clients. CSL provides no independent research or analysis of the substance or in preparation of this report. Please contact your Citigold//Citigold Private Client Relationship Manager in CSL if you have any queries on or any matters arising from or in connection with this report. This report is intended for recipients who are accredited investors as defined under the Securities and Futures Act (Cap. 289). Citigroup Global Markets (Pty) Ltd. is incorporated in the **Republic of South Africa** (company registration number 2000/025866/07) and its registered office is at 145 West Street, Sandton, 2196, Saxonwold. Citigroup Global Markets (Pty) Ltd. is regulated by JSE Securities Exchange South Africa, South African Reserve Bank and the Financial Services Board. The investments and services contained herein are not available to private customers in South Africa. The Product is made available in **Spain** by Citigroup Global Markets Limited, which is authorised and regulated by Financial Services Authority. 29 Jose Ortega Y Gasset, 4th Floor, Madrid, 28006, Spain. The Product is made available in the **Republic of China** through Citigroup Global Markets Taiwan Securities Company Ltd. ("CGMTS"), 14 and 15F, No. 1, Songzhi Road, Taipei 110, Taiwan and/or through Citibank Securities (Taiwan) Company Limited ("CSTL"), 14 and 15F, No. 1, Songzhi Road, Taipei 110, Taiwan, subject to the respective license scope of each entity and the applicable laws and regulations in the Republic of China. CGMTS and CSTL are both regulated by the Securities and Futures Bureau of the Financial Supervisory Commission of Taiwan, the Republic of China. No portion of the Product may be reproduced or quoted in the Republic of China by the press or any third parties [without the written authorization of CGMTS and CSTL]. If the Product covers securities which are not allowed to be offered or traded in the Republic of China, neither the Product nor any information contained in the Product shall be considered as advertising the securities or making recommendation of the securities in the Republic of China. The Product is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security or financial products. Any decision to purchase securities or financial products mentioned in the Product must take into account existing public information on such security or the financial products or any registered prospectus. The Product is made available in **Thailand** through Citicorp Securities (Thailand) Ltd., which is regulated by the Securities and Exchange Commission of Thailand. 18/F, 22/F and 29/F, 82 North Sathorn Road, Silom, Bangrak, Bangkok 10500, Thailand. The Product is made available in **Turkey** through Citibank AS which is regulated by Capital Markets Board. Tekfen Tower, Eski Buyukdere Caddesi # 209 Kat 2B, 23294 Levent, Istanbul, Turkey. In the **U.A.E**, these materials (the "Materials") are communicated by Citigroup Global Markets Limited, DIFC branch ("CGML"), an entity registered in the Dubai International Financial Center ("DIFC") and licensed and regulated by the Dubai Financial Services Authority ("DFSA") to Professional Clients and Market Counterparties only and should not be relied upon or distributed to Retail Clients. A distribution of the different CIRA ratings distribution, in percentage terms for Investments in each sector covered is made available on request. Financial products and/or services to which the Materials relate will only be made available to Professional Clients and Market Counterparties. The Product is made available in **United Kingdom** by Citigroup Global Markets Limited, which is authorised and regulated by Financial Services Authority. This material may relate to investments or services of a person outside of the UK or to other matters which are not regulated by the FSA and further details as to where this may be the case are available upon request in respect of this material. Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB. The Product is made available in **United States** by Citigroup Global Markets Inc, which is a member of FINRA and registered with the US Securities and Exchange Commission. 388 Greenwich Street, New York, NY 10013. Unless specified to the contrary, within EU Member States, the Product is made available by Citigroup Global Markets Limited, which is regulated by Financial Services Authority.

Pursuant to Comissão de Valores Mobiliários Rule 483, Citi is required to disclose whether a Citi related company or business has a commercial relationship with the subject company. Considering that Citi operates multiple businesses in more than 100 countries around the world, it is likely that Citi has a commercial relationship with the subject company.

Many European regulators require that a firm must establish, implement and make available a policy for managing conflicts of interest arising as a result of publication or distribution of investment research. The policy applicable to CIRA's Products can be found at www.citigroupgeo.com.

Compensation of equity research analysts is determined by equity research management and Citigroup's senior management and is not linked to specific transactions or recommendations.

The Product may have been distributed simultaneously, in multiple formats, to the Firm's worldwide institutional and retail customers. The Product is not to be construed as providing investment services in any jurisdiction where the provision of such services would not be permitted.

Subject to the nature and contents of the Product, the investments described therein are subject to fluctuations in price and/or value and investors may get back less than originally invested. Certain high-volatility investments can be subject to sudden and large falls in value that could equal or exceed the amount invested. Certain investments contained in the Product may have tax implications for private customers whereby levels and basis of taxation may be subject to change. If in doubt, investors should seek advice from a tax adviser. The Product does not purport to identify the nature of the specific market or other risks associated with a particular transaction. Advice in the Product is general and should not be construed as personal advice given it has been prepared without taking account of the objectives, financial situation or needs of any particular investor. Accordingly, investors should, before acting on the advice, consider the appropriateness of the advice, having regard to their objectives, financial situation and needs. Prior to acquiring any financial product, it is the client's responsibility to obtain the relevant offer document for the product and consider it before making a decision as to whether to purchase the product. CIRA concurrently disseminates its research via proprietary and non-proprietary electronic distribution platforms. Periodically, individual analysts may also opt to circulate research to one or more clients by email. Such email distribution is discretionary and is done only after the research has been disseminated via the aforementioned distribution channels.

The level and types of services provided by CIRA analysts to clients may vary depending on various factors such as the client's individual preferences as to the frequency and manner of receiving communications from analysts, the client's risk profile and investment focus and perspective (e.g. market-wide, sector specific, long term, short-term etc.), the size and scope of the overall client relationship with Citi and legal and regulatory constraints.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

CERTIFICATE OF SERVICE

I hereby certify that the foregoing document was served this 13th day of September, 2011 by electronic mail, upon the persons listed below.

M. Howard Petricoff

Steven T. Nourse
Anne M. Vogel
American Electric Power
1 Riverside Plaza, 29th Floor
Columbus, OH 43215
stnourse@aep.com
amvogel@aep.com

Matthew Satterwhite
Jay E. Jadwin
American Electric Power Service Corporation
1 Riverside Plaza, 29th Floor
Columbus, OH 43215
mjsatterwhite@aep.com
jejadwin@aep.com

M. Howard Petricoff
Stephen M. Howard
Lija Kaleps-Clark
Vorys, Sater, Seymour and Pease LLP
52 E. Gay Street
Columbus, OH 43215
mhpetricoff@vorys.com
smhoward@vorys.com
lkalepsclark@vorys.com

Samuel C. Randazzo
Frank P. Darr
Joseph E. Oliker
McNees Wallace & Nurick LLC
21 E. State Street, 17th Floor
Columbus, OH 43215
sam@mwncmh.com
fdarr@mwncmh.com
joliker@mwncmh.com

David C. Rinebolt
Colleen L. Mooney
Ohio Partners for Affordable Energy
231 W. Lima St.
P.O. Box 1793
Findlay, OH 45840-1793
drinebolt@ohiopartners.org
cmooney2@columbus.rr.com

David F. Boehm
Michael L. Kurtz / Kurt J. Boehm
Boehm, Kurtz & Lowry
36 E. Seventh Street, Suite 1510
Cincinnati, OH 45202
dboehm@bkllawfirm.com
mkurtz@bkllawfirm.com
kboehm@bkllawfirm.com

Holly Rachel Smith
Holly Rachel Smith, PLLC
Hitt Business Center
3803 Rectortown Road
Marshall, VA 20115
holly@raysmithlaw.com

Daniel R. Conway
Porter, Wright, Morris & Arthur
Huntington Center
41 S. High Street
Columbus, OH 43215
dconway@porterwright.com

Thomas J. O'Brien
Lisa G. McAlister
Matthew W. Warnock
Terrence O'Donnell
Christopher Montgomery
Bricker & Eckler LLP
100 S. Third Street
Columbus, OH 43215-4291
tobrien@bricker.com
lmcalister@bricker.com
mwarnock@bricker.com
cmontgomery@bricker.com
todonnell@bricker.com

Clinton A. Vince
Douglas G. Bonner
Daniel D. Bamowski / Emma F. Hand
SNR Denton US LLP
1301 K St., NW Suite 600 East Tower
Washington, DC 20005
Doug.bonner@snrdenton.com
Emma.hand@snrdenton.com
dbamowski@sonnenschein.com
cvince@sonnenschein.com

Grant W. Garber
Allison E. Haedt / David A. Kutik
Jones Day
P.O. Box 165017
325 John H. McConnell Blvd., Ste. 600
Columbus, OH 43215-2673
gwgarber@jonesday.com
aehaedte@jonesday.com
dakutik@jonesday.com

John W. Bentine
Mark S. Yurick
Zachary D. Kravitz
Chester Willcox & Saxbe LLP
65 E. State Street, Suite 1000
Columbus, OH 43215
jbentine@cwslaw.com
myurick@cwslaw.com
zkravitz@cwslaw.com

Mark A. Hayden
FirstEnergy Service Company
76 South Main Street
Akron, OH 44308
haydenm@firstenergycorp.com

Carolyn Flahive / Terrance A. Mebane
Philip Sineneng
Thompson Hine
41 S. High Street, Suite 1700
Columbus, OH 43215-6103
Carolyn.flahive@thompsonhine.com
Terrance.mebane@thompsonhine.com
Philip.sineneng@thompsonhine.com

Michael R. Smalz
Joseph V. Maskovyak
Ohio Poverty Law Center
555 Buttles Avenue
Columbus, OH 43215
msmalz@ohiopovertylaw.org
jmaskovyak@ohiopovertylaw.org

David I. Fein
Cynthia Brady
Constellation Energy Group, Inc.
550 W. Washington Street, Suite 300
Chicago, IL 60661
David.fein@constellation.com
Cynthia.brady@constellation.com

Kenneth P. Kreider
David A. Meyer
Keating Muething & Klekamp PLL
One East Fourth Street, Suite 1400
Cincinnati, OH 45202
kpkreider@kmklaw.com
dameyer@kmklaw.com

James F. Lang
Laura C. McBride / N. Trevor Alexander
Calfee, Halter & Griswold LLP
1400 KeyBank Center
800 Superior Avenue
Cleveland, OH 44114
jlang@calfee.com
lmcbride@calfee.com / talexander@calfee.com

Henry W. Eckhart
50 West Broad Street, #2117
Columbus, OH 43212
henryeckhart@aol.com

Tara Santarelli
Environmental Law & Policy Center
1207 Grandview Ave., Suite 201
Columbus, OH 43212
TSantarelli@elpc.org

Sandy Grace
Marianne M. Alvarez
Exelon Generation Company, LLC
101 Constitution Avenue, Suite 400 East
Washington, DC 20001
sandy.grace@exeloncorp.com

Jesse Rodriguez
Exelon Generation Company, LLC
300 Exelon Way
Kennett Square, PA 19348
jesse.rodriguez@exeloncorp.com

William T. Reisinger
Nolan Moser / Trent Dougherty
Ohio Environmental Council
1207 Grandview Avenue, Suite 201
Columbus, OH 43212-3449
will@theoec.org
Nolan@theoec.org
trent@theoec.org

Amy B. Spiller
Deputy General Counsel
Dorothy K. Corbett
Duke Energy Business Services, LLC
139 E. Fourth St., 1303 Main
Cincinnati, OH 45202
Amy.spiller@duke-energy.com
Dorothy.corbett@duke-energy.com

J. Kennedy and Associates
570 Colonial Park Drive, Suite 305
Roswell, GA 30075

Jennifer Duffer
Armstrong & Okey, Inc.
222 East Town Street, 2nd Floor
Columbus, OH 43215

Barth Royer
Bell & Royer Co. LPA
33 South Grant Avenue
Columbus, OH 43215-3927
barthroyer@aol.com

Shannon Fisk
2 North Riverside Plaza, Suite 2250
Chicago, IL 60606
sfisk@nrdc.org

John J. Mascio
325 North 4th Street, Lower Level
Steubenville, OH 43952

Asim Z. Haque
250 West Street
Columbus, OH 43215

Christopher L. Miller
C. Todd Jones
Schottenstein Zox and Dunn Co. LPA
250 West Street
Columbus, OH 43215
cmiller@szd.com

William L. Massey
Covington & Burling LLP
1201 Pennsylvania Avenue, NW
Washington DC 20004-2401
wmassey@cov.com

John N. Estes III
Paul F. Wight
Skadden, Arps, Slate, Meagher & Flom LLP
1440 New York Avenue, N.W.
Washington DC 20005
John.estes@skadden.com
Paul.wight@skadden.com

Greg Poulos
Jacqueline Lake Roberts
101 Federal Street, Suite 1100
Boston, MA 02110
gpoulos@enernoc.com
jroberts@enernoc.com

Robert Korandovich
KOREnergy
P.O. Box 148
Sunbury, Ohio 43074
korenergy@insight.rr.com

Meena Sinfelt, Esq.
Andrews Kurth LLP
1350 I Street, N.W., Suite 1100
Washington DC 20005
msinfelt@akllp.com

Richard L. Sites, General Counsel
Senior Director of Health Policy
Ohio Hospital Association
155 E. Broad St., 15th Floor
Columbus, OH 43215-3620
ricks@ohanet.com

Constance Whyte Reinhard
Assistant General Counsel
Exelon Business Services Company
10 S. Dearborn Street
Chicago, IL 60603
Constance.reinhard@exeloncorp.com

William Wright
Werner Margard
Thomas Lindgren
Stephen A. Reilley
Assistant Attorneys' General
Public Utilities Section
180 East Broad Street, 6th Floor
Columbus, OH 43215
William.wright@puc.state.oh.us
Stephen.reilly@puc.state.oh.us
Werner.margard@puc.state.oh.us
Thomas.lindgren@puc.state.oh.us

Janine L. Migden-Ostrander
Consumers Counsel
Terry L. Etter / Maureen R. Grady
Michael E. Idzkowski / Jeffrey Small
Christopher J. Allwein / Jody Kyler
Gregory J. Poulos / Deb J. Bingham
Patti Mallarnee
Office of the Ohio Consumers' Counsel
10 W. Broad Street, Suite 1800
Columbus, OH 43215-3485
grady@occ.state.oh.us
etter@occ.state.oh.us/idzkowski@occ.state.oh.us
Allwein@occ.state.oh.us/small@occ.state.oh.us
kyler@occ.state.oh.us/poulos@occ.state.oh.us
bingham@occ.state.oh.us/mallarnee@occ.state.oh.us

Allen Freifeld
Samuel A. Wolfe
Viridity Energy, Inc.
100 West Elm Street, Suite 410
Conshohocken, PA 19428
afreifeld@viridityenergy.com
swolfe@veridityenergy.com

Greta See
Jeff Jones
Attorney Examiners
Public Utilities Commission of Ohio
180 East Broad Street, 12th Floor
Columbus, OH 43215
Greta.see@puc.state.oh.us
Jeff.jones@puc.state.oh.us

Steve W. Chriss
Manager, State Rate Proceedings
Wal-Mart Stores, Inc.
2001 SE 10th Street
Bentonville, AR 72716-0550
Stephen.chriss@wal-mart.com

Jay L. Kooper
Katherine Guerry
Hess Corporation
One Hess Plaza
Woodbridge, NJ 07095
jkooper@hess.com
kguerry@hess.com