AMERICAN ELEC. PWR. NYSE-AEP

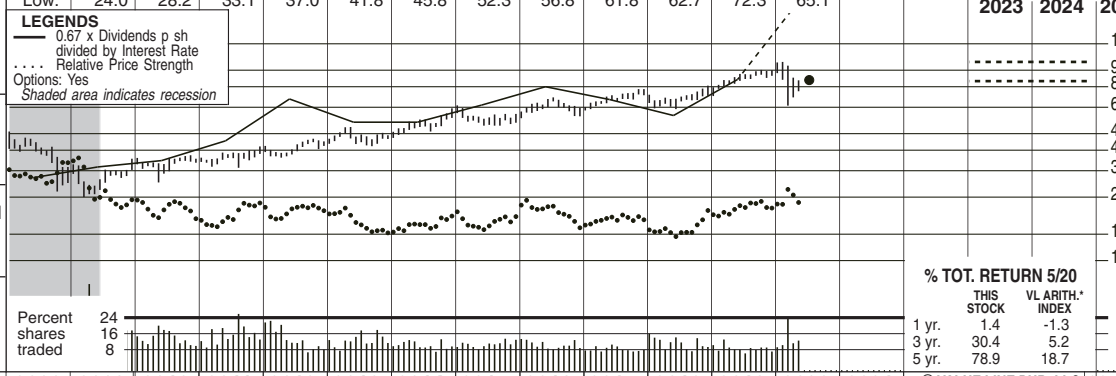
RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
86.14	20.3	(Trailing: 22.0 Median: 15.0)	1.03	3.4%	VALUE LINE

TIMELINESS 3 Lowered 9/6/19
SAFETY 1 Raised 3/17/17
TECHNICAL 3 Lowered 6/12/20
BETA .75 (1.00 = Market)

High:	36.5	37.9	41.7	45.4	51.6	63.2	65.4	71.3	78.1	81.1	96.2	105.0
Low:	24.0	28.2	33.1	37.0	41.8	45.8	52.3	56.8	61.8	62.7	72.3	65.1

Target Price Range
2023 | 2024 | 2025

LEGENDS
— 0.67 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
Options: Yes
Shaded area indicates recession



18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$65-$133	$99 (15%)

2023-25 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	105	(+20%)	8%
Low	85	(Nil)	4%

Institutional Decisions

	3Q2019	4Q2019	1Q2020
to Buy	482	549	483
to Sell	454	459	594
Hld's(000)	368289	370323	370792

% TOT. RETURN 5/20

	THIS STOCK	VL ARITH.* INDEX
1 yr.	1.4	-1.3
3 yr.	30.4	5.2
5 yr.	78.9	18.7

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC	23-25
35.51	30.76	31.82	33.41	35.56	28.22	30.01	31.27	30.77	31.48	34.78	33.51	33.31	31.35	32.84	31.49	*29.30*	*31.25*	Revenues per sh	*32.00*
5.89	5.96	6.67	6.80	6.84	6.32	6.29	6.83	6.92	7.02	7.57	7.98	8.47	7.95	8.77	9.35	*9.80*	*10.35*	"Cash Flow" per sh	*11.50*
2.61	2.64	2.86	2.86	2.99	2.97	2.60	3.13	2.98	3.18	3.34	3.59	4.23	3.62	3.90	4.08	*4.25*	*4.55*	Earnings per sh A	*5.25*
1.40	1.42	1.50	1.58	1.64	1.64	1.71	1.85	1.88	1.95	2.03	2.15	2.27	2.39	2.53	2.71	*2.84*	*3.00*	Div'd Decl'd per sh B ■	*3.55*
4.28	6.11	8.89	8.88	9.83	6.19	5.07	5.74	6.45	7.75	8.68	9.37	9.98	11.79	12.89	12.43	*12.25*	*13.80*	Cap'l Spending per sh	*12.50*
21.32	23.08	23.73	25.17	26.33	27.49	28.33	30.33	31.37	32.98	34.37	36.44	35.38	37.17	38.58	39.73	*41.30*	*43.00*	Book Value per sh C	*50.00*
395.86	393.72	396.67	400.43	406.07	478.05	480.81	483.42	485.67	487.78	489.40	491.05	491.71	492.01	493.25	494.17	*495.00*	*496.00*	Common Shs Outst'g D	*530.00*
12.4	13.7	12.9	16.3	13.1	10.0	13.4	11.9	13.8	14.5	15.9	15.8	15.2	19.3	18.0	21.4	*Bold figures are*		Avg Ann'l P/E Ratio	*18.0*
.66	.73	.70	.87	.79	.67	.85	.75	.88	.81	.84	.80	.80	.97	.97	1.14	*Value Line*		Relative P/E Ratio	*1.00*
4.3%	3.9%	4.1%	3.4%	4.2%	5.5%	4.9%	5.0%	4.6%	4.2%	3.8%	3.8%	3.5%	3.4%	3.6%	3.1%	*estimates*		Avg Ann'l Div'd Yield	*3.8%*

CAPITAL STRUCTURE as of 3/31/20
Total Debt $32357 mill. **Due in 5 Yrs** $12677 mill.
LT Debt $25783 mill. **LT Interest** $1085 mill.
Incl. $918 mill. securitized bonds. Incl. $307 mill. capitalized leases.
(LT interest earned: 2.5x)
Leases, Uncapitalized Annual rentals $269.9 mill.
Pension Assets-12/19 $5015.4 mill. **Oblig** $5236.8 mill.
Pfd Stock None

Common Stock 495,583,133 shs. **as of 5/6/20**
MARKET CAP: $43 billion (Large Cap)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		23-25
14427	15116	14945	15357	17020	16453	16380	15425	16196	15561	*14500*	*15500*	Revenues ($mill)	*17000*
1248.0	1513.0	1443.0	1549.0	1634.0	1763.4	2073.6	1783.2	1923.8	2019.0	*2115*	*2265*	Net Profit ($mill)	*2785*
34.8%	31.7%	33.9%	36.2%	37.8%	35.1%	26.8%	33.7%	5.8%	.7%	*2.0%*	*2.0%*	Income Tax Rate	*2.0%*
10.4%	10.6%	11.2%	7.3%	9.0%	11.0%	8.0%	8.0%	10.7%	12.7%	*12.0%*	*11.0%*	AFUDC % to Net Profit	*9.0%*
53.1%	50.7%	50.6%	51.1%	49.0%	49.8%	50.0%	51.5%	53.2%	56.1%	*56.5%*	*55.5%*	Long-Term Debt Ratio	*53.0%*
46.7%	49.3%	49.4%	48.9%	51.0%	50.2%	50.0%	48.5%	46.8%	43.9%	*43.5%*	*44.5%*	Common Equity Ratio	*47.0%*
29184	29747	30823	32913	33001	35633	34775	37707	40677	44759	*46850*	*47775*	Total Capital ($mill)	*56700*
35674	36971	38763	40997	44117	46133	45639	50262	55099	60138	*63475*	*67450*	Net Plant ($mill)	*77900*
5.7%	6.6%	6.1%	6.0%	6.3%	6.1%	7.2%	5.9%	5.9%	5.6%	*5.5%*	*6.0%*	Return on Total Cap'l	*6.0%*
9.1%	10.3%	9.5%	9.6%	9.7%	9.9%	11.9%	9.8%	10.1%	10.3%	*10.5%*	*10.5%*	Return on Shr. Equity	*10.5%*
9.1%	10.3%	9.5%	9.6%	9.7%	9.9%	11.9%	9.8%	10.1%	10.3%	*10.5%*	*10.5%*	Return on Com Equity E	*10.5%*
3.1%	4.2%	3.5%	3.7%	3.8%	3.9%	5.5%	3.2%	3.5%	3.4%	*3.5%*	*3.5%*	Retained to Com Eq	*3.5%*
66%	60%	63%	62%	61%	60%	54%	67%	65%	67%	*69%*	*68%*	All Div'ds to Net Prof	*69%*

ELECTRIC OPERATING STATISTICS

	2017	2018	2019
% Change Retail Sales (KWH)	-1.6	+3.0	-2.2
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	NA	NA	NA
Capacity at Peak (Mw)	NA	NA	NA
Peak Load (Mw)	NA	NA	NA
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	NA	NA	+.3
Fixed Charge Cov. (%)	354	254	234

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '17-'19 to '23-'25
Revenues	- -	-.5%	*Nil*
"Cash Flow"	2.5%	4.0%	*5.0%*
Earnings	3.0%	4.0%	*5.0%*
Dividends	4.5%	5.5%	*5.5%*
Book Value	4.0%	3.0%	*4.5%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	3933	3576	4104	3810	15424
2018	4048	4013	4333	3801	16195
2019	4056	3573	4315	3616	15561
2020	3748	*3252*	*4000*	*3500*	*14500*
2021	*4100*	*3550*	*4300*	*3550*	*15500*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.94	.76	1.11	.81	3.62
2018	.92	1.07	1.17	.74	3.90
2019	1.16	.93	1.48	.51	4.08
2020	1.00	*1.00*	*1.50*	*.75*	*4.25*
2021	*1.15*	*1.05*	*1.60*	*.75*	*4.55*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2016	.56	.56	.56	.59	2.27
2017	.59	.59	.59	.62	2.39
2018	.62	.62	.62	.67	2.53
2019	.67	.67	.67	.70	2.71
2020	.70	.70			

BUSINESS: American Electric Power Company Inc. (AEP), through 10 operating utilities, serves 5.5 million customers in Arkansas, Kentucky, Indiana, Louisiana, Michigan, Ohio, Oklahoma, Tennessee, Texas, Virginia, & West Virginia. Has a transmission subsidiary. Electric revenue breakdown: residential, 42%; commercial, 24%; industrial, 19%; wholesale, 11%; other, 4%. Sold Houston Pipeline '05; commercial barge operation in '15. Generating sources not available. Fuel costs: 33% of revenues. '19 reported depreciation rates (utility): 1.8%-9.5%. Has 17,400 employees. Chairman, President & CEO: Nicholas K. Akins. Incorporated: New York. Address: 1 Riverside Plaza, Columbus, Ohio 43215-2373. Telephone: 614-716-1000. Internet: www.aep.com.

We reduced our 2020 earnings estimate for American Electric Power by $0.10 a share. First-quarter earnings fell short of our estimate, and the year-earlier tally, due to mild winter weather patterns. Another negative factor is declining kilowatt-hour sales due to the poor economy. AEP's weather-adjusted volume fell 4.3% in April. In response, the company deferred $500 million of capital spending planned for 2020 and is cutting operating and maintenance expenses. Management retained its 2020 guidance of $4.25-$4.45 a share, but stated that earnings are likely to wind up in the lower half of this range.

The company has obtained three regulatory approvals for a proposed wind project. AEP wants to spend $2 billion to build 1,485 megawatts of capacity to serve Oklahoma, Texas, Arkansas, and Louisiana. This consists of three wind farms, one to be completed this year, the others in 2021. The project has been approved in Oklahoma, Arkansas, and Louisiana, and will be built in full even if the Texas commission does not approve it. AEP expects this to provide about $100 million to net profit beginning in 2022.

A rate order was received in Indiana, and others are pending or upcoming. On March 11th, the utility was granted an increase of $26 million (net of higher depreciation), based on a 9.7% return on equity. In Virginia, Appalachian Power filed for a hike of $65 million (net of a depreciation increase), based on a 9.9% ROE. New tariffs are expected to take effect in the first quarter of 2021. AEP plans to file applications in Kentucky, Ohio (a modest one), and Louisiana in the next few months.

We trimmed our 2021 earnings estimate by $0.05 a share, to $4.55. This would still provide a solid increase over the 2020 tally. We assume normal weather conditions in the first quarter, a recovering economy, and rate relief. Also, note that AEP's transmission business is not sensitive to changes in kilowatt-hour sales.

This high-quality stock has a dividend yield that is about average for a utility. Total return potential for the 18-month span is average, but isn't appealing over the 3- to 5-year time frame.

Paul E. Debbas, CFA *June 12, 2020*

(A) Diluted EPS. Excl. nonrec. gains (losses): '04, 24¢; '05, (62¢); '06, (20¢); '07, (20¢); '08, 40¢; '10, (7¢); '11, 89¢; '12, (38¢); '13, (14¢); '16, ($2.99); '17, 26¢; '19, (20¢); disc. ops.: '04, 15¢; '05, 7¢; '06, 2¢; '08, 3¢; '15, 58¢; '16, (1¢). Next earnings report due early Aug. **(B)** Div'ds paid early Mar., June, Sept., & Dec. ■ Div'd reinvestment plan avail. **(C)** Incl. intang. In '19: $13.39/sh. **(D)** In mill. **(E)** Rate base: various. Rates allowed on com. eq.: 9.3%-10.9%; earned on avg. com. eq., '19: 10.4%. Regulatory Climate: Average.

Company's Financial Strength	A+
Stock's Price Stability	100
Price Growth Persistence	75
Earnings Predictability	85

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