

Approved: February 28, 2012

**AMERICAN ELECTRIC POWER COMPANY, INC.  
RELATED PERSON  
TRANSACTION APPROVAL POLICY**

1. It is the responsibility of the Directors and Corporate Governance Committee (“the Corporate Governance Committee”) to administer this policy.
  - A “Transaction with a Related Person” consists of any transaction or series of transactions in which (i) the Company or a subsidiary is a participant, (ii) the aggregate amount involved exceeds \$120,000 and (iii) any “Related Person” has a direct or indirect material interest.
  - A “Related Person” is any Director or executive officer of the Company, any nominee for director, any shareholder owning an excess of 5% of the total equity of the Company and any “Immediate Family Member” of any such person.
  - “Immediate Family Member” means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law of a person, and any person (other than a tenant or an employee) sharing the household of such person.

Company management will be responsible for determining whether there is a Transaction with a Related Person requiring review under this Policy, including whether the Related Person’s interest in a transaction is material, based on their review of all facts and circumstances. Upon determination by management that there exists a Transaction with a Related Person subject to this Policy, the material facts shall be disclosed to the Corporate Governance Committee.

2. All Transactions with a Related Person must be approved or ratified by the Corporate Governance Committee. If the Transaction with a Related Person involves a Related Person who is a Director or an Immediate Family Member of a Director, that Director may not participate in the deliberations or vote respecting such approval or ratification.
3. If Company management determines it is impractical or undesirable to wait until a meeting of the Corporate Governance Committee to consummate a Transaction with a Related Person, the Chair of the Corporate Governance Committee may review and approve the Transaction with the Related Person in accordance with the criteria set forth in this policy. Any such approval must be reported to the Corporate Governance Committee at or before its next regularly scheduled meeting.
4. The material facts about the Transaction with a Related Person and the Related Person’s interest shall be disclosed to the Corporate Governance Committee.

5. In approving or ratifying any Transaction with a Related Person, the Corporate Governance Committee shall consider all of the relevant facts and circumstances in determining whether or not to approve such transaction and shall approve only those transactions that are in the best interests of the Company.
6. If the Company becomes aware of a Transaction with a Related Person that has not been approved under this policy, the matter shall be reviewed by the Corporate Governance Committee. The Corporate Governance Committee shall consider all of the relevant facts and circumstances about the Transaction with a Related Person, and shall evaluate all options available to the Company, including ratification, revision, rescission or termination of the Transaction with a Related Person, and shall take the course of action the Corporate Governance Committee deems appropriate under the circumstances.
7. No approval or ratification of a Transaction with a Related Person shall be deemed to satisfy or supersede the requirements of the Company's Code of Business Conduct and Ethics for Members of the Board of Directors or AEP's Principles of Business Conduct applicable to any Related Person. To the extent applicable, any Transaction with a Related Person shall also be considered in light of the requirements set forth in those documents.
8. The Company or any of its subsidiaries may employ a Related Person in the ordinary course of business consistent with the Company's policies and practices with respect to the employment of non-Related Persons in similar positions.