Innovating For A Brighter, Cleaner Energy Future

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“Safe Harbor” Statement under the Private Securities Litigation Reform Act of 1995
The Premier Regulated Energy Company

- **40,000** Miles of Transmission
- **5.8M** Regulated & Competitive Customers in 36 States
- **32GW** Owned & PPA Generation
- **18,000** Employees
- **$26M** Charitable Giving
- **$42B** Current Market Capitalization
- **$69B** Total Assets

Market capitalization as of April 30, 2019
Financial Strength For A Sustainable Future

Strong Execution Track Record

Delivered Earnings & Dividend Growth
Successful Regulatory Outcomes
Superior Capital Allocation
Balance Sheet Strength
Sale of Non-Core Assets

AEP Leading the Way Forward

Confidence in Steady and Predictable Earnings Growth Rate of 5-7%
Commitment to Growing Dividend Consistent with Earnings
Well Positioned as a Sustainable Regulated Business
Compelling Portfolio of Premium Investment Opportunities
### Global Mega-Trends

- Declining technology costs
- Integration of SMART elements/omni-directional flow of energy, information
- Digitization and data analytics
- Changing consumer preferences
- Changing demographics
- Environmental sustainability
- Security and cyber

### Industry Specific Trends

#### Customers/Demand

- Decreasing electricity usage
- Electrification opportunities
- Customers value resiliency differently
- Continuing concerns regarding CO$_2$ and other emissions
- Customer headroom challenges

#### Competitors

- Non-traditional players without regulatory restrictions

#### Technology

- Decreasing storage and distributed generation costs
- Increasing storage and distributed generation options
- EV growth

#### Policy

- Conflicting state regulations
- Lowest cost doesn’t necessarily drive policy

#### Markets

- Low cost natural gas
- Marginal cost of electricity approaching cost of renewables
- Challenges recovery capacity value
Leading Forward To A Sustainable Future

AEP'S 2023 STRATEGY & EXECUTION

EXECUTE STRATEGY
- Improve customer experience
- Invest in transmission and distribution networks
- Invest in regulated and contracted renewables
- Mitigate fossil and nuclear generation risk and optimize operations
- Relentless O&M optimization/future of work

INITIATIVE THEMES
- Invest in infrastructure & renewables
- Pilot technologies & business models
- Mitigate generation exposure
- Manage customer bills
- Grow load
- Improve operations

WE ARE FOCUSED ON EXECUTING OUR STRATEGY WHILE IMPROVING THE CUSTOMER EXPERIENCE.
Focusing On The Customer Experience
A New Energy Future

Legacy – Resources, Assets

Future – Technology, Data, People

Central generation, one-way power flow, passive customers

Decentralized, two-way power/data flow, role of Distribution

Images courtesy of EPRI
Preparing Our Workforce

• The Future of Work
  – Digital transformation in 5 years

• “Reskilling” the workforce
  – Workforce planning and development
  – Credits Count℠ – building the pipeline
  – Merging analytics with traditional job functions
  – Lifelong learning

• Culture transformation
  – Strong safety culture
  – Highly engaged

• Diversity and Inclusion
  – 2025 D&I Road Map
AEP’s Sustainability Goals – Social Purpose & Impact

• **Energy & Environment**
  – Carbon Reduction Goals
  – Grid Modernization
  – Technology & Innovation

• **Social Responsibility**
  – Supplier Diversity
  – Safety & Health
  – Customer Focus
  – Diversity & Inclusion

• **Economic Impact**
  – Economic Development

AEP’S GOALS MAPPED TO THE U.N. SDGs

THE GLOBAL GOALS
For Sustainable Development

#GLOBALGOALS
AEP’s Clean Energy Transformation

TOTAL AEP SYSTEM — ANNUAL CO₂ EMISSIONS in million metric tons

Direct CO₂ emissions from AEP’s ownership share of generation as reported under Title IV of the 1990 Clean Air Act.

AEP’S CO₂ EMISSION REDUCTION GOALS

60% by 2030
80% by 2050
(both from a 2000 baseline)
Transforming Our Generation Fleet

Transforming Our Generation Fleet – AEP’s Generating Resource Portfolio

Projected Regulated Resource Additions 2020-2030
- up to 3,766
- up to 5,050
- up to 2,283

2019 Contracted Renewable Additions
1,302 MW

2019 includes expected capacity as of year-end 2019. Future includes IRP forecasted additions and retirements through 2030. Energy Efficiency/Demand Response represents avoided capacity rather than physical assets.
## Invest in the Future – Invest in AEP

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<tr>
<th>Transmission</th>
<th>Grid modernization, aging infrastructure, physical/cyber security, reliability, market efficiency and economic development projects</th>
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<td>Distribution</td>
<td>Grid modernization, reliability improvement projects and distribution station refurbishment</td>
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<td>Renewables</td>
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- We are investing for our customers, in our future
- We are transitioning to a clean energy future that is secure, reliable, affordable and universally accessible
- We are committed to operational excellence, continuous improvement
- Our culture of Zero Harm, innovation, inclusion and engagement will carry us forward
- We are planning our workforce needs for the future and preparing our employees
- We are helping to build stronger communities through our investments in infrastructure, economic development, education