



AEP Signs Agreement to Sell Unregulated Contracted Renewable Assets

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“Safe Harbor” Statement Under the Private Securities Litigation Reform Act of 1995

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Among the factors that could cause actual results to differ materially from those in the forward-looking statements are: changes in economic conditions, electric market demand and demographic patterns in AEP service territories, the impact of pandemics and any associated disruption of AEP’s business operations due to impacts on economic or market conditions, costs of compliance with potential government regulations, electricity usage, supply chain issues, customers, service providers, vendors and suppliers, the economic impact of increased global trade tensions including the conflict between Russia and Ukraine, and the adoption or expansion of economic sanctions or trade restrictions, inflationary or deflationary interest rate trends, volatility and disruptions in the financial markets precipitated by any cause including failure to make progress on federal budget or debt ceiling matters, particularly developments affecting the availability or cost of capital to finance new capital projects and refinance existing debt, the availability and cost of funds to finance working capital and capital needs, particularly (i) if expected sources of capital, such as proceeds from the sale of assets or subsidiaries, do not materialize, and (ii) during periods when the time lag between incurring costs and recovery is long and the costs are material, decreased demand for electricity, weather conditions, including storms and drought conditions, and the ability to recover significant storm restoration costs, the cost of fuel and its transportation, the creditworthiness and performance of fuel suppliers and transporters and the cost of storing and disposing of used fuel, including coal ash and spent nuclear fuel, the availability of fuel and necessary generation capacity and performance of generation plants, the ability to recover fuel and other energy costs through regulated or competitive electric rates, the ability to transition from fossil generation and the ability to build or acquire renewable generation, transmission lines and facilities (including the ability to obtain any necessary regulatory approvals and permits) when needed at acceptable prices and terms, including favorable tax treatment, and to recover those costs, new legislation, litigation or government regulation, including changes to tax laws and regulations, oversight of nuclear generation, energy commodity trading and new or heightened requirements for reduced emissions of sulfur, nitrogen, mercury, carbon, soot or particulate matter and other substances that could impact the continued operation, cost recovery and/or profitability of generation plants and related assets, the impact of federal tax legislation on results of operations, financial condition, cash flows or credit ratings, the risks before, during and after generation of electricity associated with the fuels used or the byproducts and wastes of such fuels, including coal ash and spent nuclear fuel, timing and resolution of pending and future rate cases, negotiations and other regulatory decisions, including rate or other recovery of new investments in generation, distribution and transmission service and environmental compliance, resolution of litigation, the ability to constrain operation and maintenance costs, prices and demand for power generated and sold at wholesale, changes in technology, particularly with respect to energy storage and new, developing, alternative or distributed sources of generation, the ability to recover through rates any remaining unrecovered investment in generation units that may be retired before the end of their previously projected useful lives, volatility and changes in markets for coal and other energy-related commodities, particularly changes in the price of natural gas, the impact of changing expectations and demands of customers, regulators, investors and stakeholders, including heightened emphasis on environmental, social and governance concerns, changes in utility regulation and the allocation of costs within regional transmission organizations, including ERCOT, PJM and SPP, changes in the creditworthiness of the counterparties with contractual arrangements, including participants in the energy trading market, actions of rating agencies, including changes in the ratings of debt, the impact of volatility in the capital markets on the value of the investments held by the pension, other postretirement benefit plans, captive insurance entity and nuclear decommissioning trust and the impact of such volatility on future funding requirements, accounting standards periodically issued by accounting standard-setting bodies, and other risks and unforeseen events, including wars and military conflicts, the effects of terrorism (including increased security costs), embargoes, naturally occurring and human-caused fires, cyber security threats and other catastrophic events, the ability to attract and retain requisite work force and key personnel.



Transaction Overview

Transaction Description	<ul style="list-style-type: none">On 2/22/2023, AEP signed an agreement to sell 100% of equity of 1,365 MW unregulated contracted renewable assets containing 14 large-scale projects
Buyer	<ul style="list-style-type: none">IRG Acquisition Holdings, consortium owned by Invenergy (20%), CDPQ (40%) and funds managed by Blackstone Infrastructure (40%)
Purchase Price	<ul style="list-style-type: none">\$1.5 billion enterprise value / \$1.3 billion equity value
Financial Impact	<ul style="list-style-type: none">AEP expects the sale to result in an after-tax GAAP loss ranging from \$100-\$150 million in Q1 2023Reaffirm 2023 operating earnings guidance range of \$5.19-\$5.39 and 6%-7% long-term growth rate
Use of Proceeds	<ul style="list-style-type: none">\$1.2 billion cash proceeds after tax and transaction costsProceeds will be directed to support regulated businesses
Timing	<ul style="list-style-type: none">Expect to close in Q2 2023 after regulatory approval by FERC, clearance from the Committee on Foreign Investment in the United States and approval under applicable competition laws

De-risking AEP and Prioritizing Investments