



# J.P. Morgan Midwest Utilities Forum

Chicago, IL  
April 5, 2023





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

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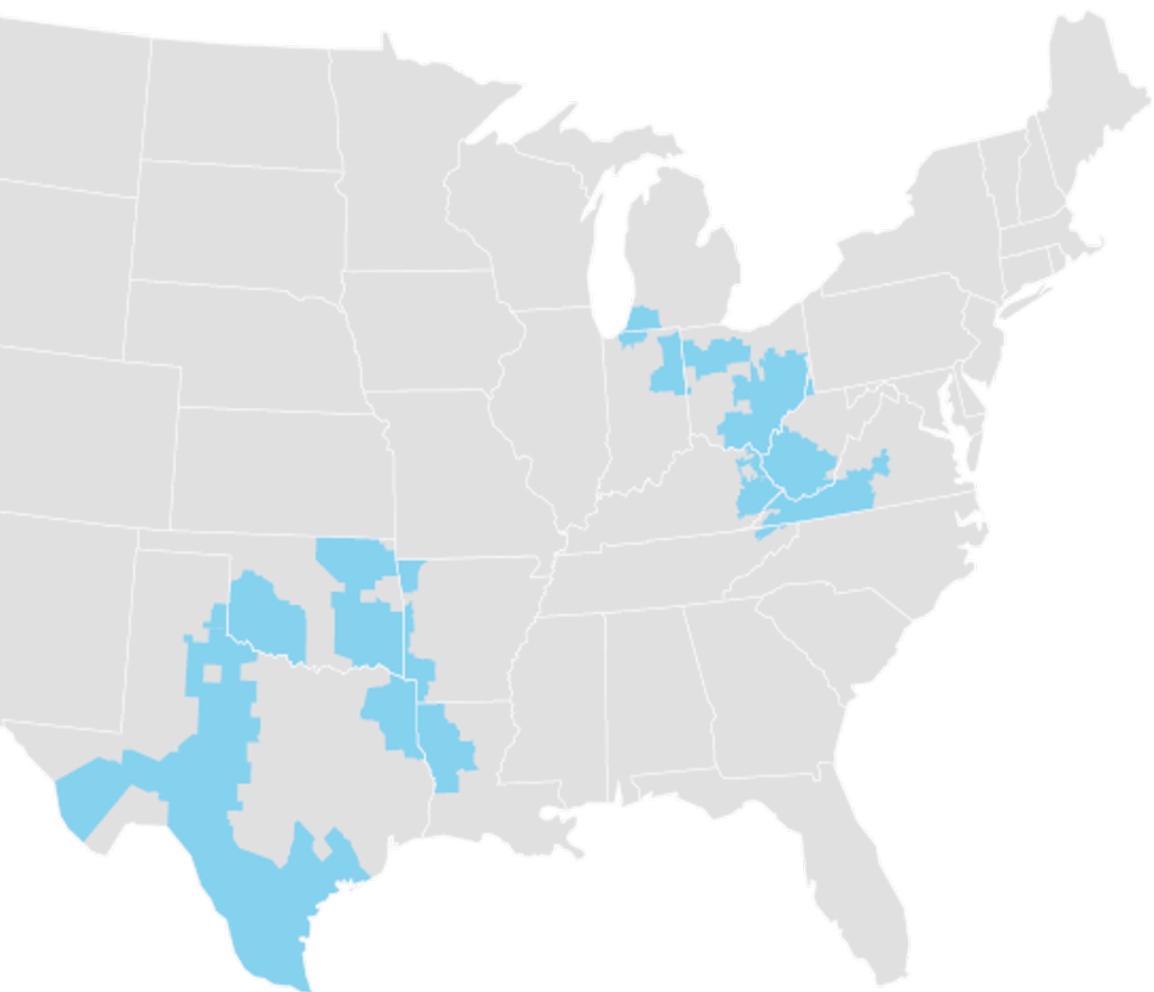
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Among the factors that could cause actual results to differ materially from those in the forward-looking statements are: changes in economic conditions, electric market demand and demographic patterns in AEP service territories, the impact of pandemics 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.



## AEP Is a Pure Play Regulated Utility



# 40k

## TRANSMISSION MILES

Nation's largest electric transmission system

# 225k

## DISTRIBUTION MILES

One of the largest distribution systems in the U.S.

# 25GW

## OWNED GENERATION

Diverse generation fleet

# \$94B

## TOTAL ASSETS

Strong balance sheet

# \$61B

## RATE BASE

As of December 31, 2022

# \$47B

## CURRENT MARKET CAPITALIZATION

As of April 4, 2023

# 17,000

## EMPLOYEES

Across the system

# 5.6M

## CUSTOMERS

Throughout 11 states

Statistics are as of December 31, 2022 except for market capitalization; data on this page currently includes Kentucky operations and Unregulated Contracted Renewables until sale transactions close.

# AEP Is Powering the Future

*One of the Largest Utilities in the U.S. by Rate Base and Market Cap*



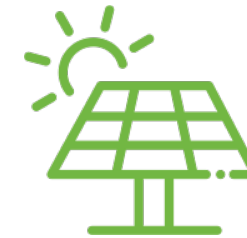
## Delivering Consistent, Strong Performance

- Stable, resilient business allows us to keep customer rates affordable
- Commitment to 6%-7% annual operating earnings growth; dividend growth is in line with earnings
- 9%-10% consistent total shareholder return
- Strong balance sheet with a targeted FFO/Debt of 14%-15%
- 2023 operating earnings guidance range of \$5.19-\$5.39



## Operating Attractive Transmission and Distribution Assets

- Largest transmission provider in the U.S.
- One of the largest distribution providers in the U.S.
- Bolstered by organic growth with diversity in geographic footprint and customer base
- Capital forecast of \$40B includes \$15B of transmission investment and \$11B of distribution investment



## Leading the Clean Energy Transition

- Proven track record of investing in sustainability and reducing fleet emissions
- Plans to add 17 GW of new resource opportunities between 2023 and 2032
- Goal of net zero by 2045
- Capital forecast includes \$9B of regulated renewable investment



## Actively Managing the Business and Portfolio


- Immediate-term focus on de-risking and simplifying business
- Thoughtful and proactive portfolio management and investment to support strategy
- Strong employee base led by experienced leaders with a shared passion for the AEP mission



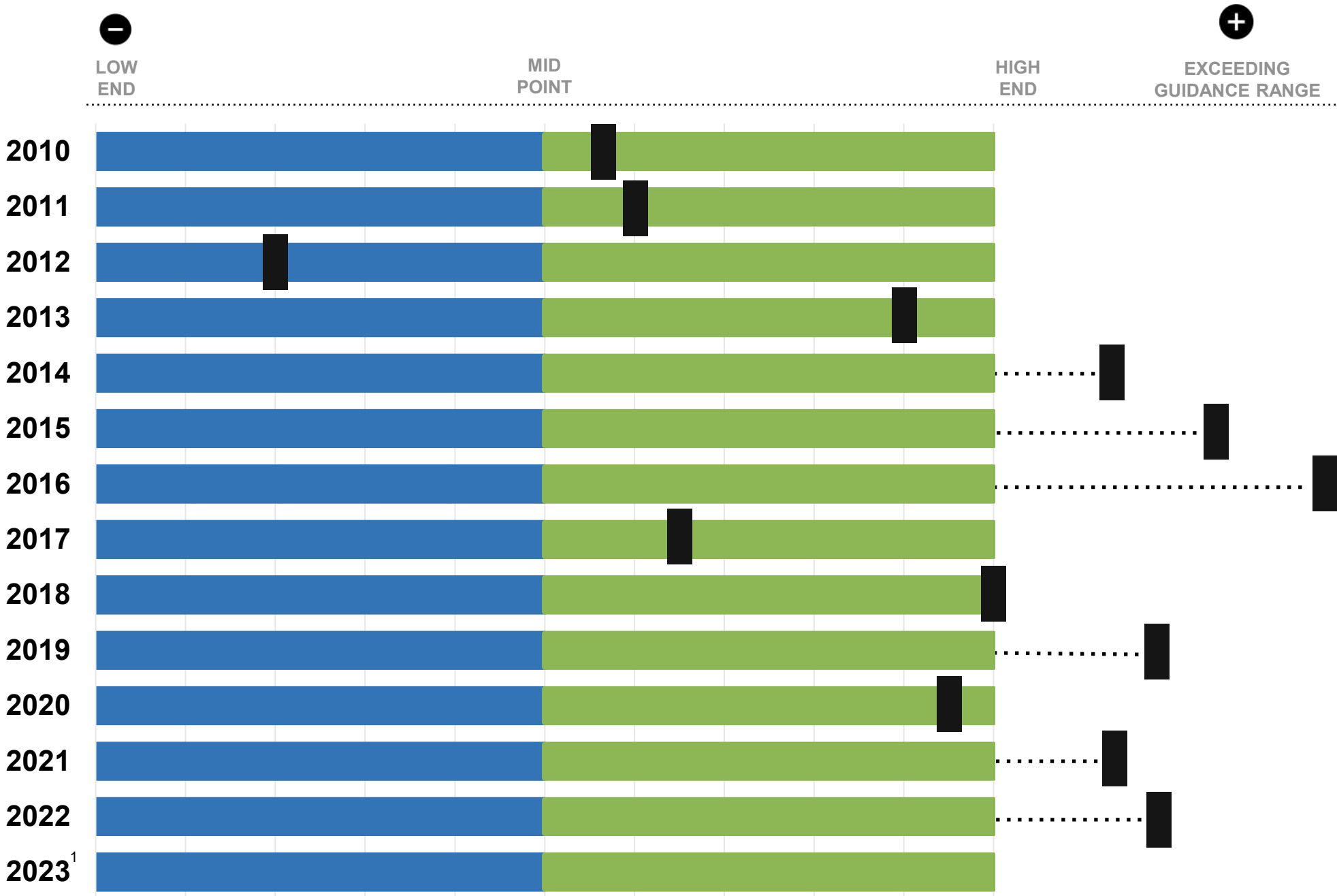
# Proven Track Record of EPS Performance

Over a decade of meeting or exceeding original EPS guidance

<sup>1</sup> 2023 operating EPS guidance is \$5.19-\$5.39.

 Actual Result

Actual operating EPS in comparison to original EPS guidance range

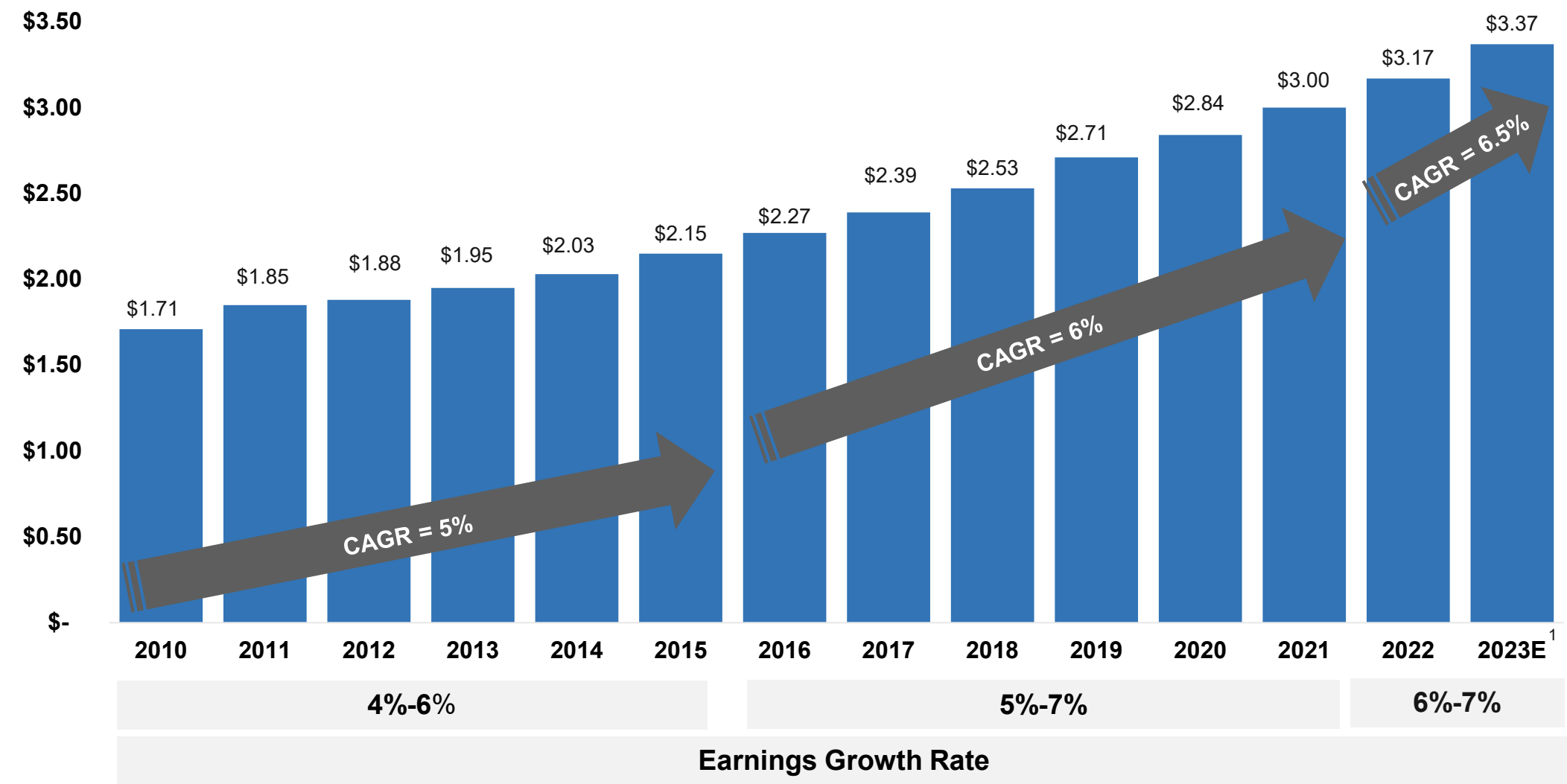




# Strong Dividend Growth

- Targeted payout ratio 60-70% of operating earnings
- Over 112 years of consecutive quarterly dividends
- Targeted dividend growth in line with earnings

<sup>1</sup> Targeted dividend growth is in-line with 6%-7% annual operating earnings growth, subject to approval by Board of Directors.

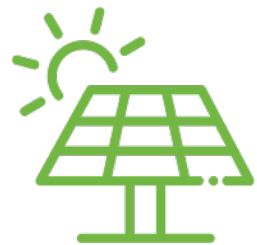


EPS Growth + Dividend Yield = 9% to 10% Annual Return Opportunity

## Stakeholder Commitments



**6%-7% Annual  
Operating Earnings  
Growth**



**ESG Goal of Net  
Zero by 2045**



**Dividend Growth In-line with  
Earnings Growth and Targeted  
Payout Ratio of 60%-70%**



**Customer Care: Commitment to  
Identification and Realization of  
Efficiencies to Keep Customer Rates  
Affordable**



**Strong Balance Sheet  
with a Target FFO/Debt  
of 14%-15%**



**Active Management of the AEP  
Portfolio with the Primary Objective  
to De-risk and Simplify Our  
Business**





# Positioning for the Future

**Inflation Reduction Act (IRA) Quick Takeaways**

**2023-2027 Capital Forecast**

**Shift to Wires and Renewables**

**2023-2027 Cash Flows and Financial Metrics**

**Rate Base Growth**

**Efficient Cost Recovery Mechanisms**





## IRA Quick Takeaways

- |  |   |
|--|---|
| <p><b>1</b></p> <p><b>Poised to Deliver Significant Benefits for Our Customers</b></p>   | <ul style="list-style-type: none"><li>• Extension and modification of renewable energy tax credits and inclusion of nuclear Production Tax Credit (PTC) supports our customers desire for an affordable and reliable clean energy transition</li><li>• Incentives for electrification and domestic manufacturing support economic growth in our regions</li></ul> |
| <p><b>2</b></p> <p><b>Improves Opportunity for Utility-Scale Ownership Providing Further Value to Customers</b></p>                            | <ul style="list-style-type: none"><li>• Supports efficient monetization of tax credits for our customers, including option to utilize PTCs for solar investments and transferability of credits</li></ul>   |
| <p><b>3</b></p> <p><b>Corporate Alternative Minimum Tax (CAMT) Begins in 2023 and We Expect to Maintain Our Target FFO/Debt of 14%-15%</b></p> | <ul style="list-style-type: none"><li>• Applicable to corporations with financial statement income in excess of \$1B</li><li>• Expect adjustments to financial statement income for accelerated tax depreciation</li><li>• Plan to use credit carryforwards plus the generation of new tax credits to offset CAMT</li></ul>                                       |

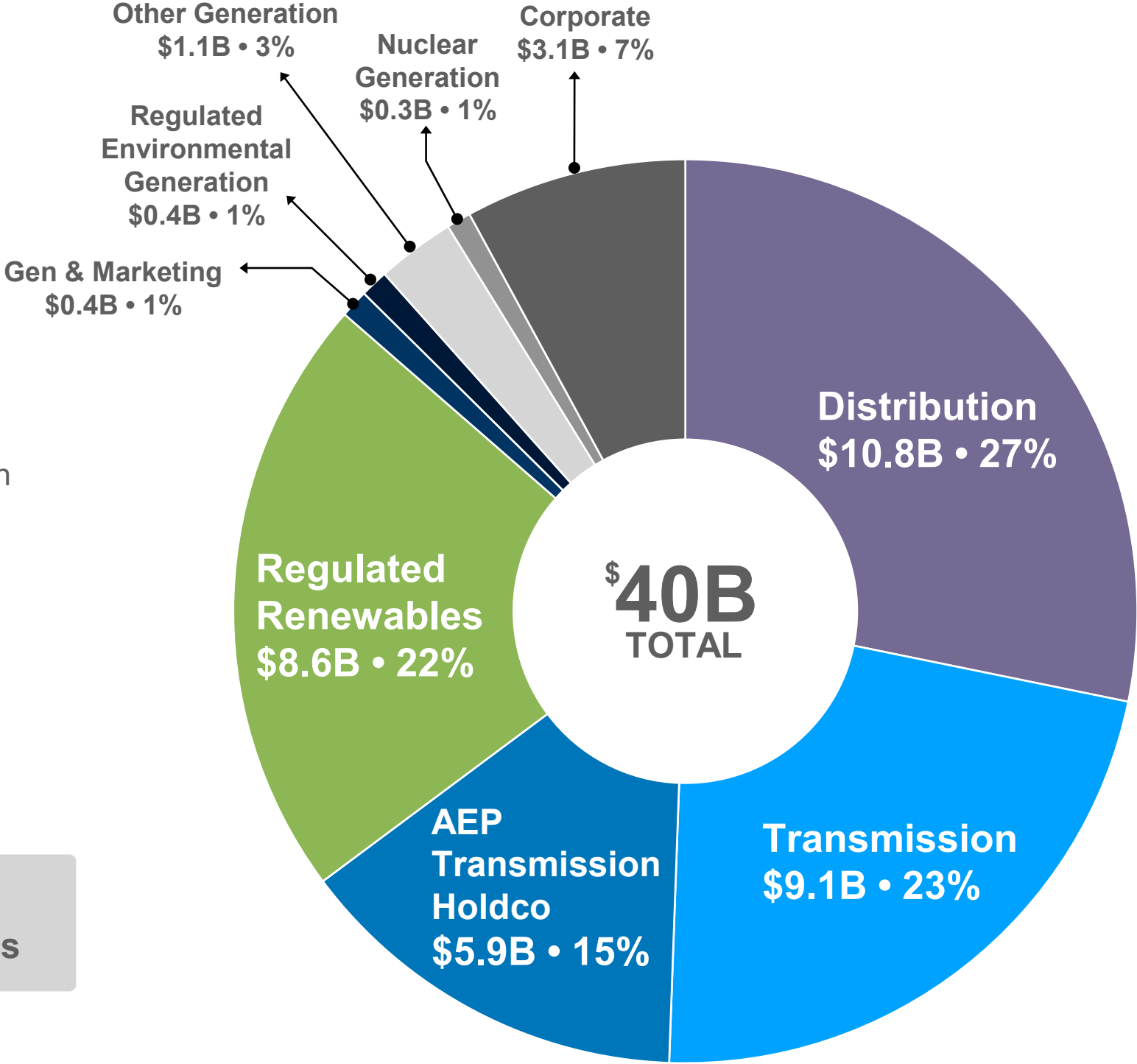


# 2023-2027 Capital Forecast of \$40B

The ability to quickly redeploy transmission and distribution investment ensures we maintain capital spend while mitigating customer bill impact

On a system average, we expect rates to go up approximately 4% annually over the forecasted period

Capital forecast emphasizes investment in wires and renewables



99%  
of capital allocated to regulated businesses

\$26B 65%  
allocated to wires

\$9B 22%  
allocated to regulated renewables

7.6%  
resulting rate base CAGR



# 2023-2027 Capital Forecast by Subsidiary

Capital plans are continuously optimized which may result in redeployment between functions and companies.

\$ in millions, excludes AFUDC	2023E	2024E	2025E	2026E	2027E	Total
Appalachian Power Company	\$ 1,118	\$ 2,011	\$ 1,523	\$ 1,188	\$ 843	\$ 6,683
Wheeling Power Company	\$ 135	\$ 49	\$ 42	\$ 47	\$ 42	\$ 315
Kingsport Power Company	\$ 40	\$ 36	\$ 35	\$ 36	\$ 21	\$ 168
Indiana Michigan Power Company	\$ 580	\$ 518	\$ 1,026	\$ 1,029	\$ 491	\$ 3,644
AEP Ohio	\$ 962	\$ 1,046	\$ 909	\$ 904	\$ 924	\$ 4,745
Public Service Company of Oklahoma	\$ 564	\$ 1,399	\$ 1,243	\$ 491	\$ 945	\$ 4,642
Southwestern Electric Power Company	\$ 696	\$ 1,083	\$ 2,538	\$ 1,024	\$ 955	\$ 6,296
AEP Texas Company	\$ 1,318	\$ 1,464	\$ 1,371	\$ 1,386	\$ 1,301	\$ 6,840
AEP Generating Company	\$ 24	\$ 8	\$ 10	\$ 10	\$ 8	\$ 60
AEP Transmission Holdco	\$ 1,310	\$ 1,225	\$ 964	\$ 1,107	\$ 1,247	\$ 5,853
Generation & Marketing	\$ 70	\$ 77	\$ 72	\$ 76	\$ 104	\$ 399
Other	\$ 30	\$ 27	\$ 15	\$ 15	\$ 4	\$ 91
<b>Total Capital and Equity Contributions</b>	<b>\$ 6,847</b>	<b>\$ 8,943</b>	<b>\$ 9,748</b>	<b>\$ 7,313</b>	<b>\$ 6,885</b>	<b>\$ 39,736</b>

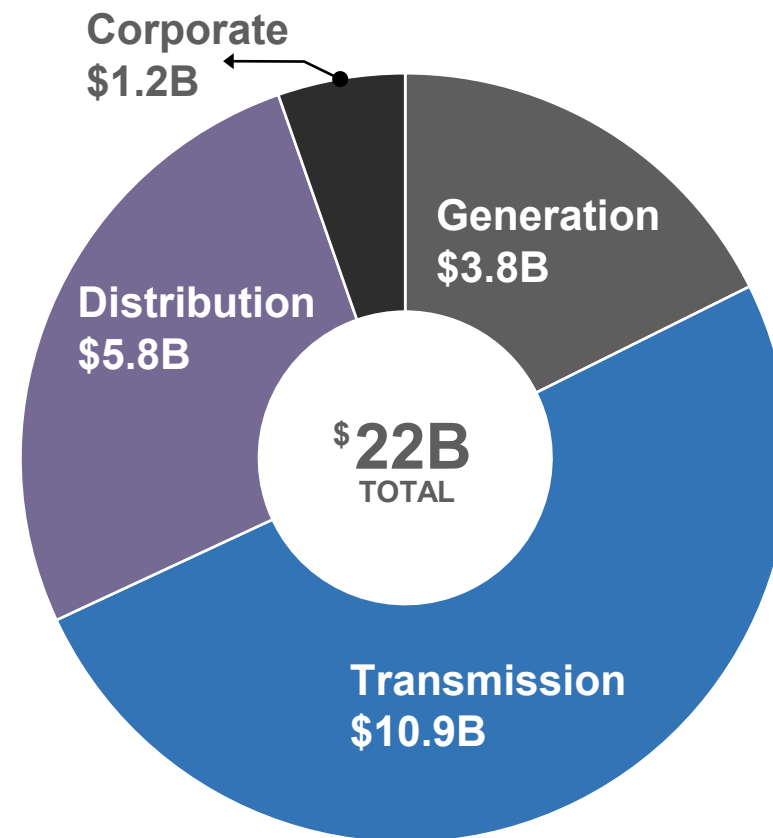


## Shift to Wires and Renewables

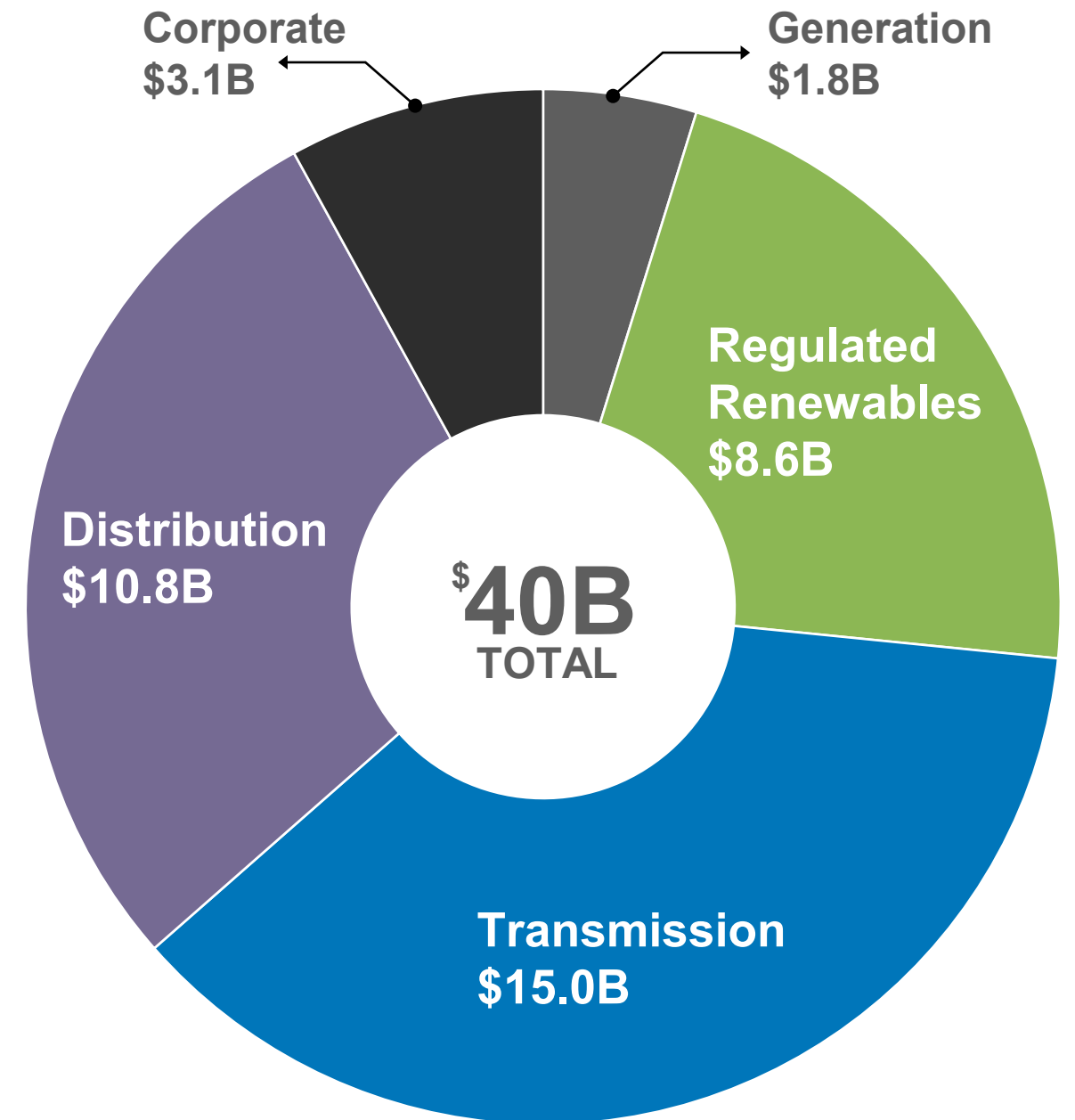
~90% of future investment  
is in wires and renewable  
generation

For comparative purposes, data excludes  
Kentucky-related capital.

**2013-2017  
Regulated Capital**



**2023-2027 Regulated  
Capital Forecast**





# 2023-2027 Cash Flows and Financial Metrics

The strength of our balance sheet is a top priority; we will revisit equity needs after sale completion of both Kentucky operations and unregulated contracted renewables as we use asset sales to responsibly eliminate equity while maintaining a strong balance sheet

\$ in millions	2023E	2024E	2025E	2026E	2027E
Cash from Operations	\$ 5,400	\$ 6,600	\$ 7,000	\$ 7,600	\$ 8,000
Net Cash Proceeds from Sale of Assets <sup>1</sup>	2,400	-	-	-	-
Capital and JV Equity Contributions	(6,800)	(8,900)	(9,700)	(7,300)	(6,900)
Other Investing Activities	(100)	(300)	(200)	(300)	(300)
Common Dividends <sup>2</sup>	(1,700)	(1,900)	(2,100)	(2,200)	(2,400)
Required Capital	<b>\$ (800)</b>	<b>\$ (4,500)</b>	<b>\$ (5,000)</b>	<b>\$ (2,200)</b>	<b>\$ (1,600)</b>
<b>Financing</b>					
Required Capital	\$ (800)	\$ (4,500)	\$ (5,000)	\$ (2,200)	\$ (1,600)
Long-term Debt Maturities	(2,500)	(1,700)	(2,300)	(1,500)	(1,500)
Short-term Debt Repayments	(1,000)	-	-	-	-
Securitization Amortizations	(100)	(200)	(100)	(100)	(100)
Equity Units Conversion	850	-	-	-	-
Equity Issuances – Includes DRP	100	600	700	700	700
<b>Debt Capital Market Needs (New)</b>	<b>\$ (3,450)</b>	<b>\$ (5,800)</b>	<b>\$ (6,700)</b>	<b>\$ (3,100)</b>	<b>\$ (2,500)</b>
<b>Financial Metrics</b>					
Debt to Capitalization (GAAP)	Approximately 60%				
FFO/Total Debt (Moody's)	14%-15% Target Range				

<sup>1</sup> Cash proceeds to Parent of \$2.4B in 2023 relate to the sale of Kentucky operations of \$1.2B and the sale of unregulated contracted renewable assets of \$1.2B. Proceeds are net of KPCo/Kentucky Transco indebtedness, tax and transaction costs.

<sup>2</sup> Targeted dividend growth is in-line with 6%-7% annual operating earnings growth, subject to approval by Board of Directors. Stated target payout ratio range is 60%-70% of operating earnings.

Actual cash flows will vary by company and jurisdiction based on regulatory outcomes.



# 7.6% CAGR in Rate Base Growth

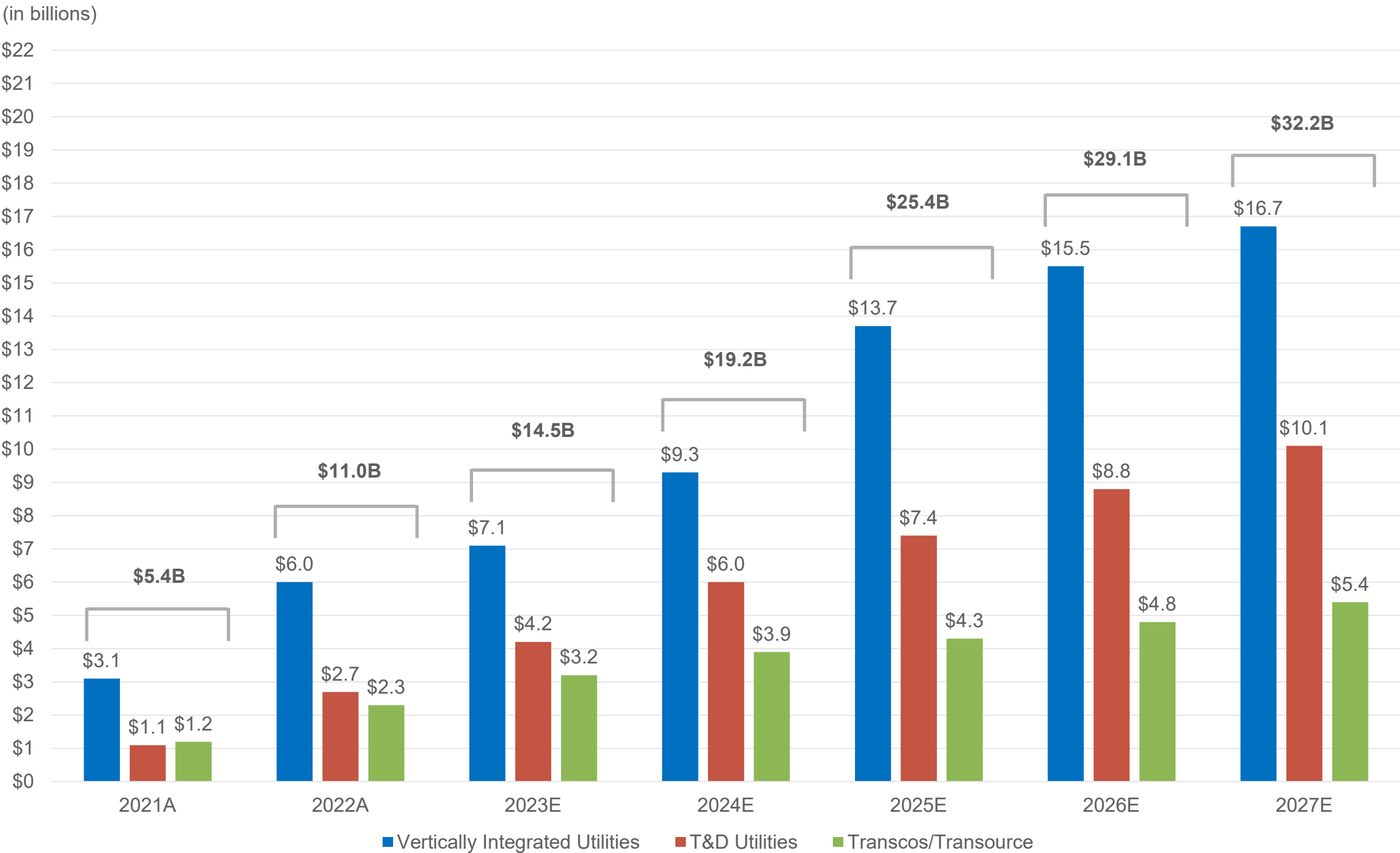
Cumulative change from 2020 base

6-7% EPS growth is predicated on regulated rate base growth

### 2020 RATE BASE PROXY

Vertically Integrated Utilities	\$25.3B
T&D Utilities	\$13.8B
Transcos/Transource	\$9.2B
<b>TOTAL</b>	<b>\$48.3B</b>

For comparative purposes, data excludes Kentucky-related rate base.

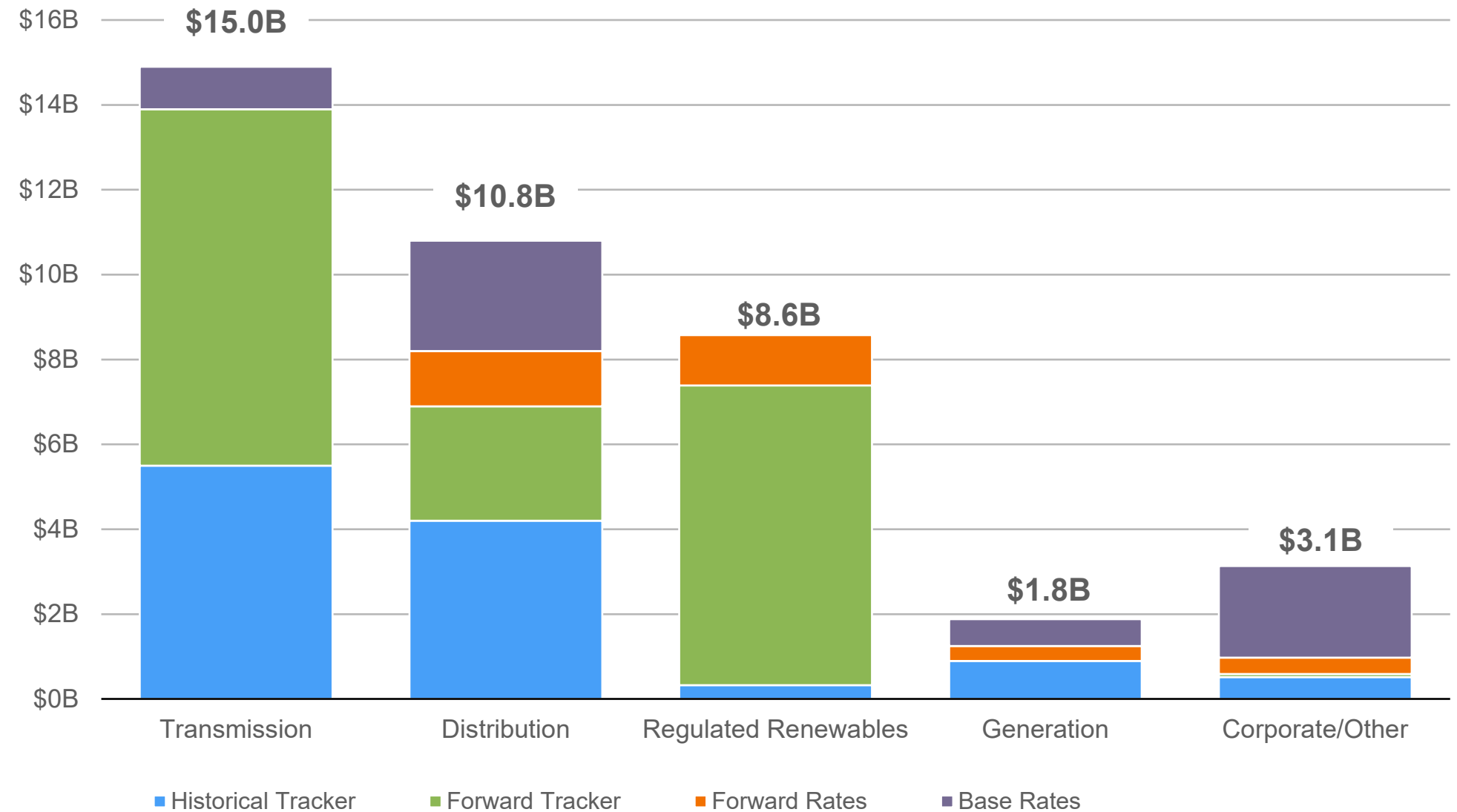




# Efficient Cost Recovery Mechanisms

~85% of capital plan is recovered through reduced lag mechanisms

2023-2027 Regulated Capital Investments





# Financial Information

**Regulated Returns and 2023 Forecasted ROE**

**2023 Operating Earnings Guidance**

**2023 Key Guidance Sensitivities and Assumptions**

**Continued Focus on O&M Efficiency**

**Normalized Retail Load Trends**

**Capitalization and Liquidity**

**2023 Debt Issuances and Maturities Overview**

**Credit Ratings**



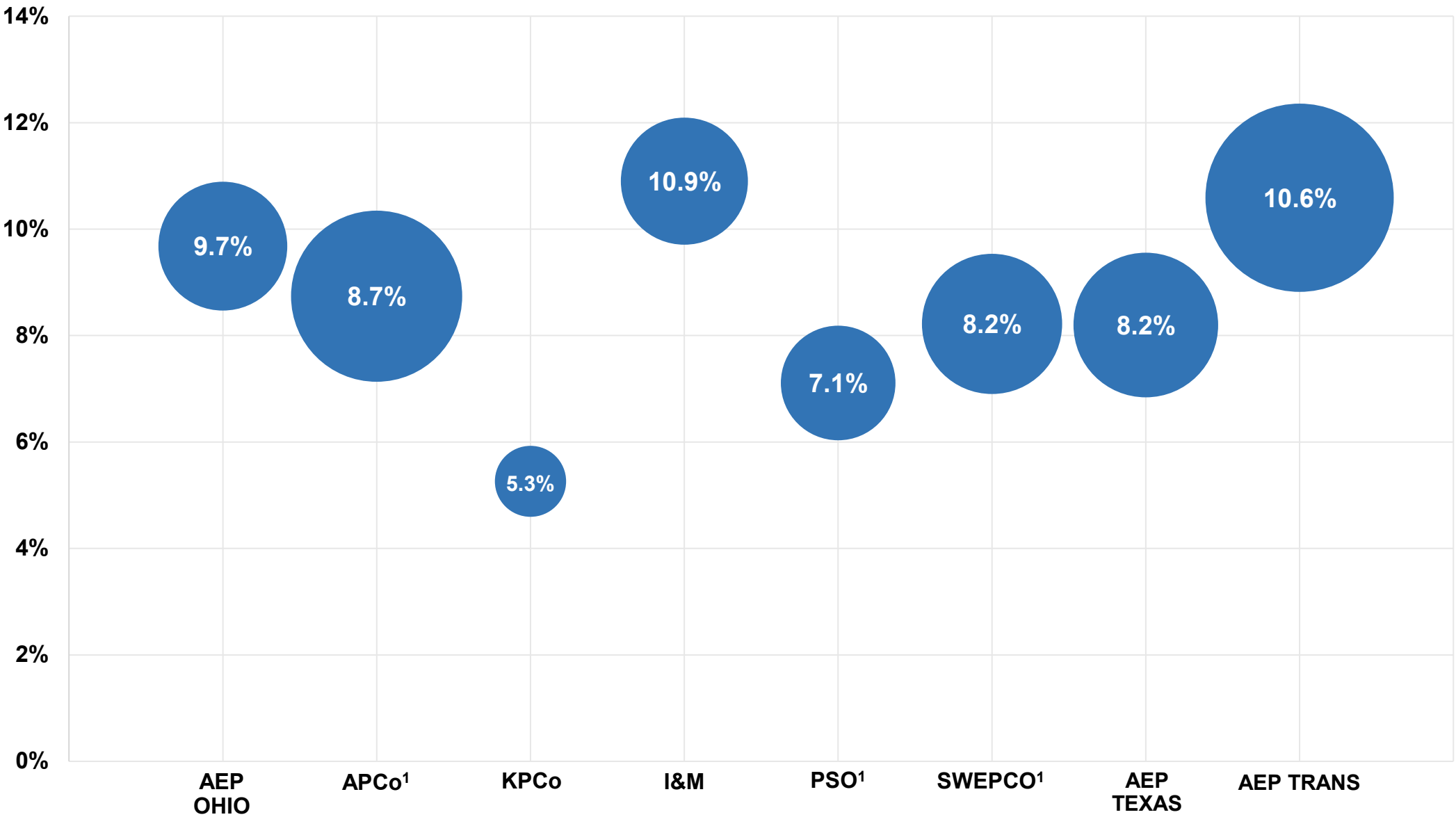


# Regulated Returns

2023 Forecasted  
Regulated ROE is 9.4%

<sup>1</sup> Base rate cases pending/order recently received.  
Sphere size based on each company's relative equity balance.

Twelve Months Ended 12/31/2022 Earned ROE's – Total Regulated ROE was 9.1%  
(non-GAAP operating earnings, not weather normalized)







# 2023 Operating Earnings Guidance

## 2023 Key Drivers

<sup>1</sup> Represents the net impact to operating earnings of Kentucky operations being included in AEP consolidated results for 12 months in 2022 and excluded from 2023 earnings due to expected close on sale in 2023.





# 2023 Key Guidance Sensitivities and Assumptions

## Assumptions

### 2023 Regulated Connected Load (Billed and Accrued)

Residential	56,805 GWh
Commercial	49,338 GWh
Industrial	58,473 GWh

Rate Changes: \$290M; \$106M secured

Average Shares Outstanding: 517.8M

## Sensitivity Analysis

	SENSITIVITY		EPS	
			VIU	T&D
Retail Sales				
Residential	1.0%	+/-	\$ 0.029	\$ 0.011
Commercial	1.0%	+/-	\$ 0.014	\$ 0.005
Industrial	1.0%	+/-	\$ 0.009	\$ 0.001
O&M Expense (excludes O&M with offsets)	1.0%	+/-	\$ 0.04	
Interest Expense (floating debt)	25 bps	+/-	\$ 0.02	
Interest Expense (new issuances)	25 bps	+/-	\$ 0.01	
Regulated ROE	10 bps	+/-	\$ 0.06	

**A \$6.6M change in pretax earnings equals \$0.01 per share**



# Continuous Focus on O&M Efficiency

O&M discipline over time amid rising costs and growing asset base helps keep customer rates affordable

\$41B

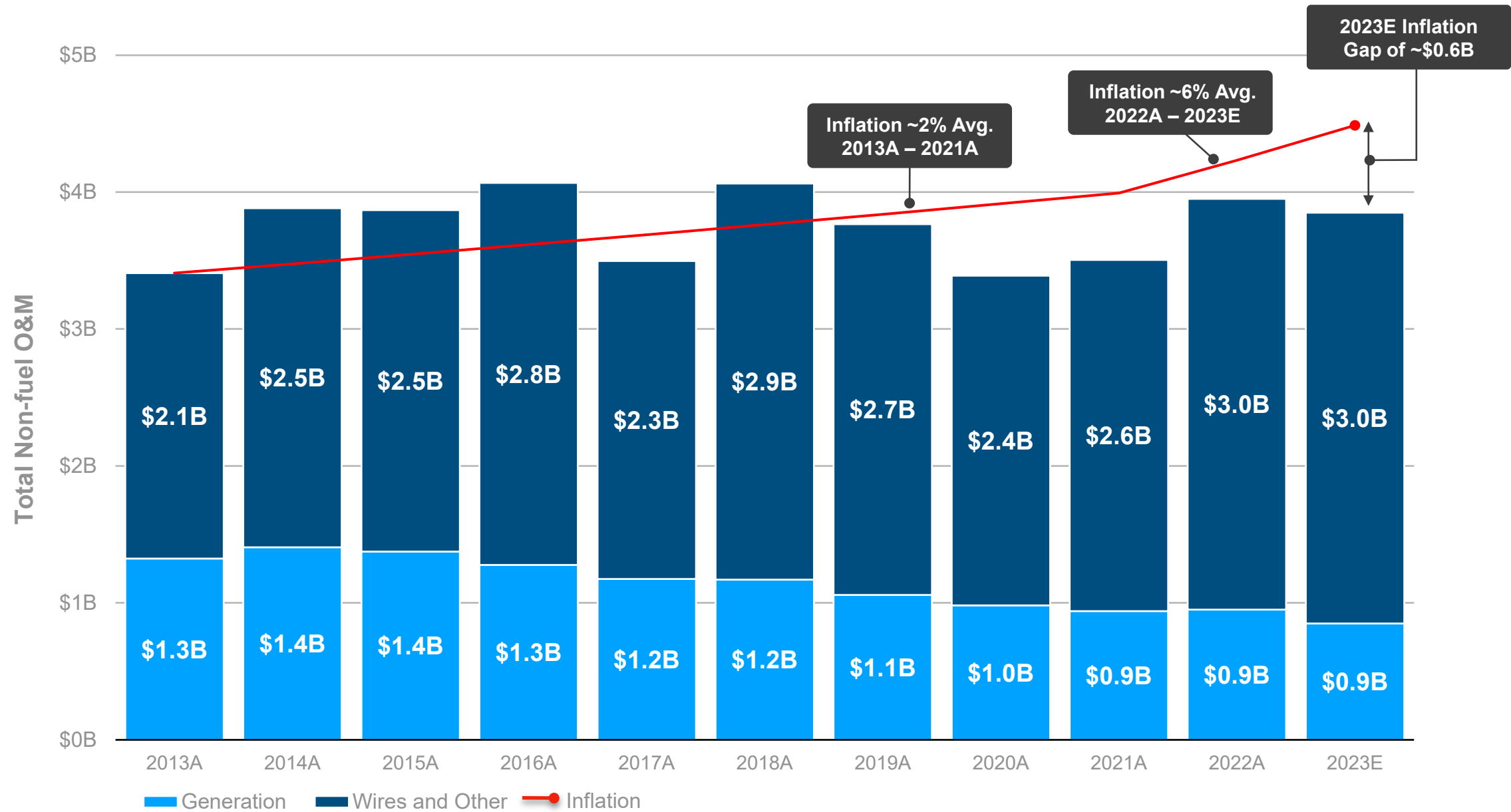
2013A Net Plant

>>

\$76B

2023E Net Plant

Total tracked and untracked O&M are both actively managed to address customer affordability



(in billions)	2013A	2014A	2015A	2016A	2017A	2018A	2019A	2020A	2021A	2022A	2023E
Untracked O&M	\$2.7	\$3.0	\$2.9	\$3.0	\$2.7	\$3.0	\$2.9	\$2.5	\$2.6	\$2.8	\$2.8

For comparative purposes, data excludes Kentucky-related O&M.





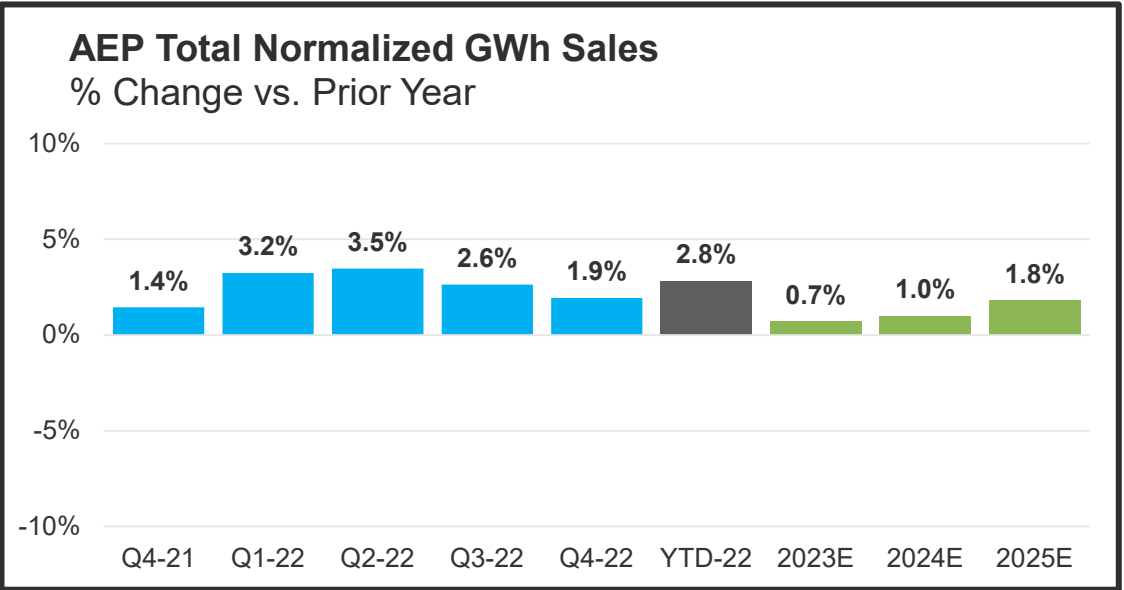
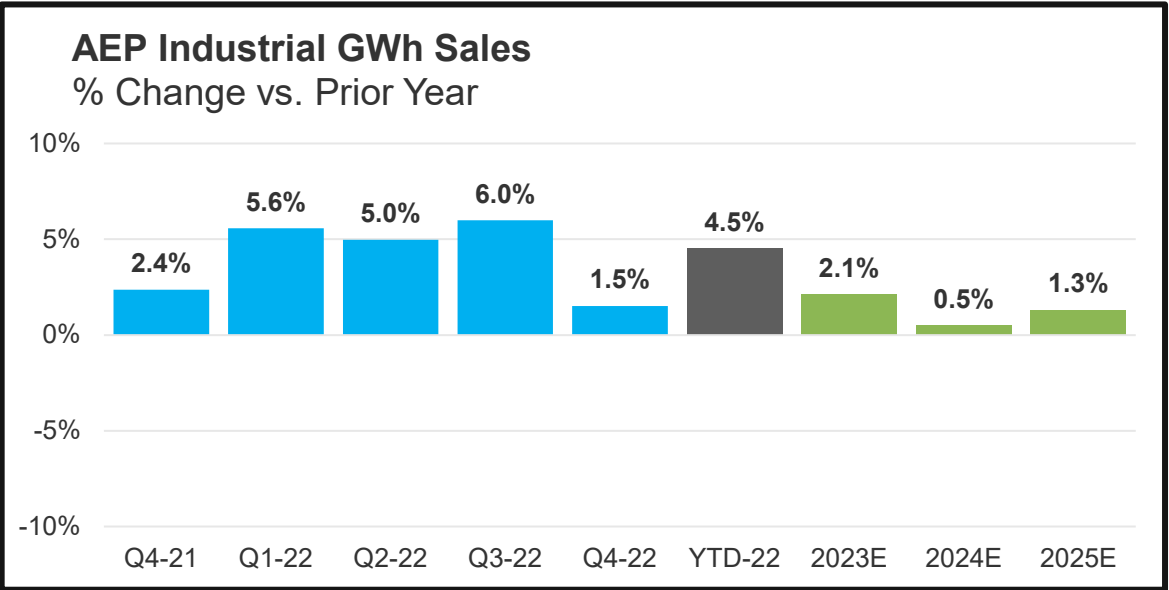
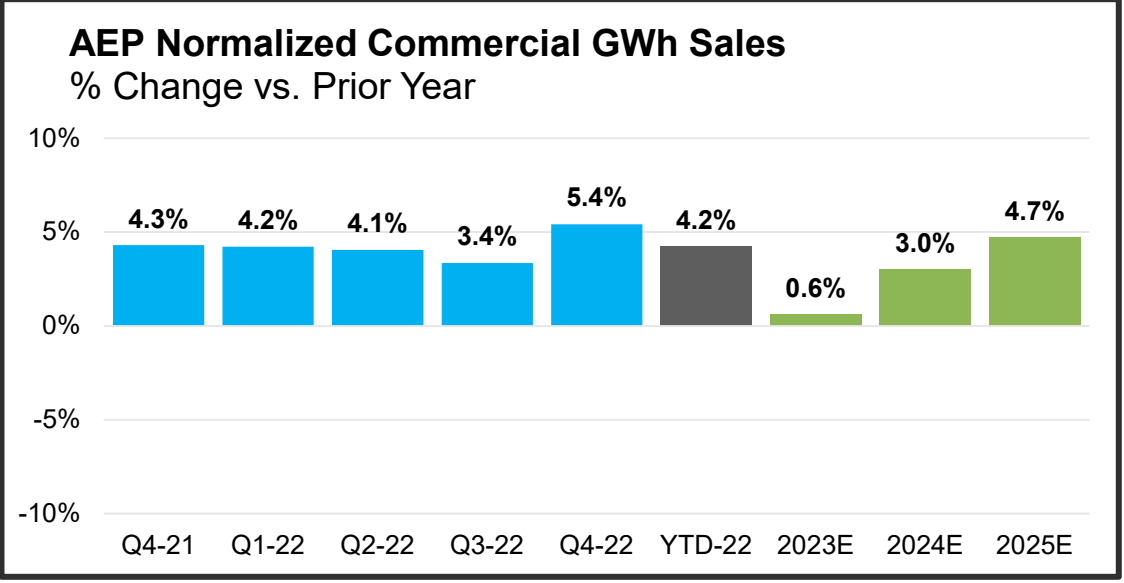
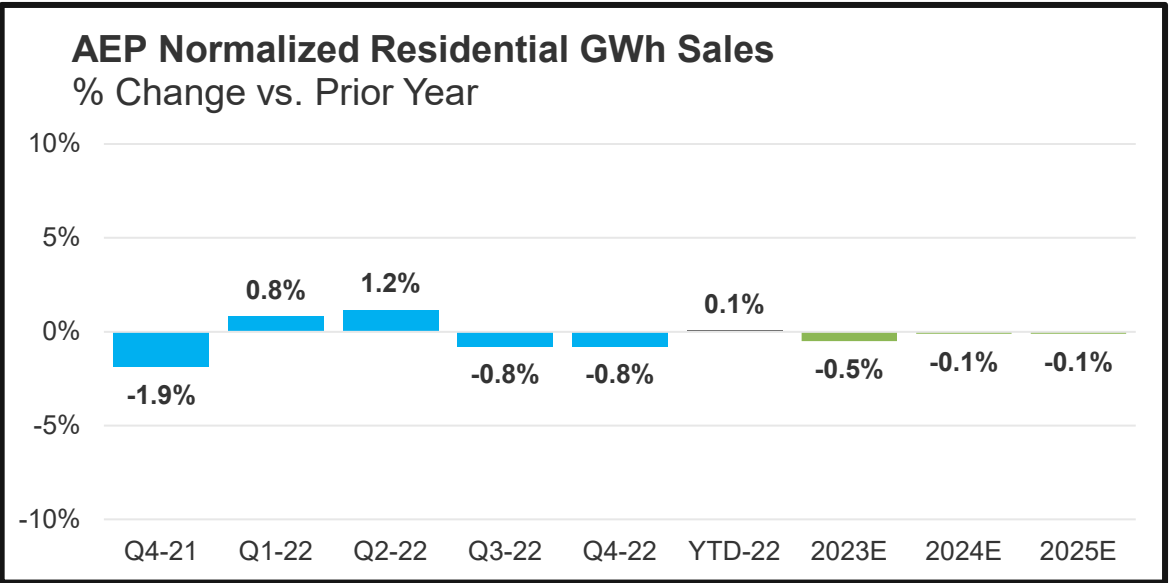
# Weather Normalized Billed Retail Load Trends

Load in AEP’s service territory remains strong, benefiting from economic development efforts

Load figures are billed retail sales excluding firm wholesale load.

2023 estimates based on forecast provided at 2022 EEI Financial Conference and adjusted to reflect 2022 actual results.

2023, 2024 and 2025 full year estimates exclude Kentucky operations.





# Capitalization and Liquidity

Maintaining strong balance sheet with a target FFO/Debt of 14%-15%; strong liquidity and pension funding status

<sup>1</sup> Represents the trailing 12 months as of 12/31/2022. See Appendix for reconciliation to GAAP.

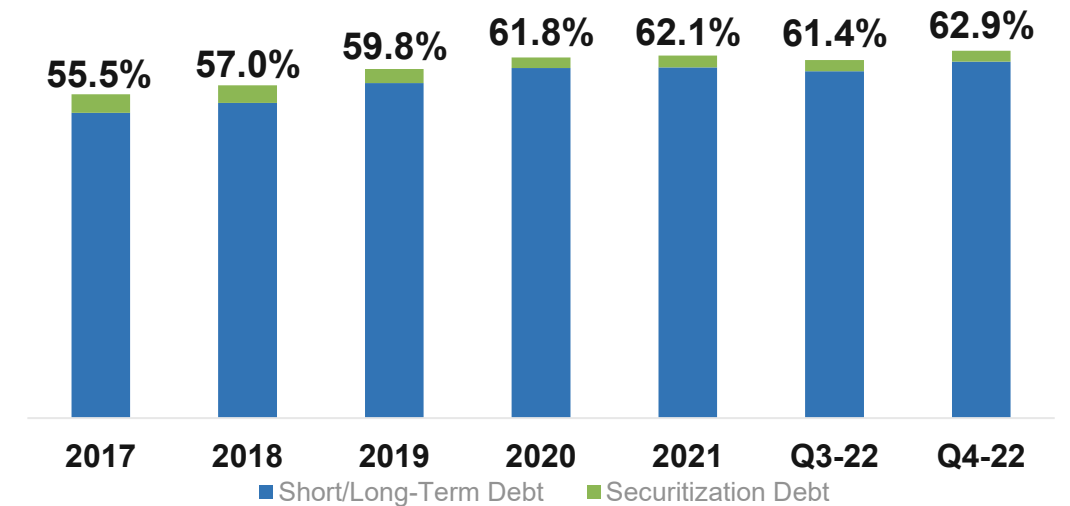
## Credit Statistics<sup>1</sup>

	Moody's	GAAP
FFO to Total Debt	13.2%	13.2%
Targeted Range	14.0%-15.0%	

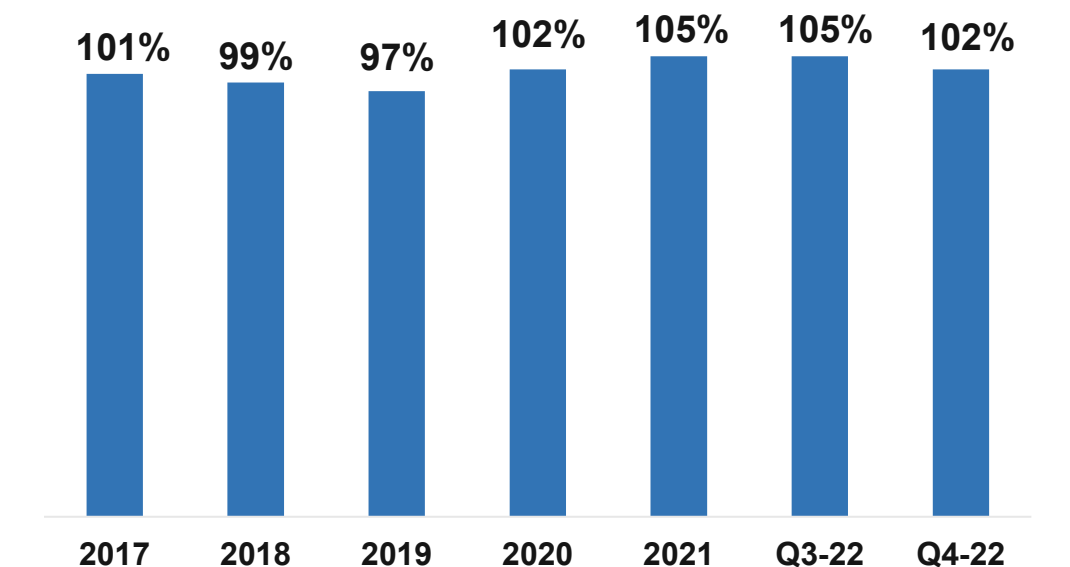
## Liquidity Summary

(\$ in millions)	12/31/2022 Actual	
	Amount	Maturity
Revolving Credit Facility	\$ 4,000	March 2027
Revolving Credit Facility	1,000	March 2024
<b>Plus</b>		
Cash & Cash Equivalents	509	
<b>Less</b>		
Commercial Paper Outstanding	(2,862)	
<b>Net Available Liquidity</b>	<b>\$ 2,647</b>	

## Total Debt/Total Capitalization



## Qualified Pension Funding

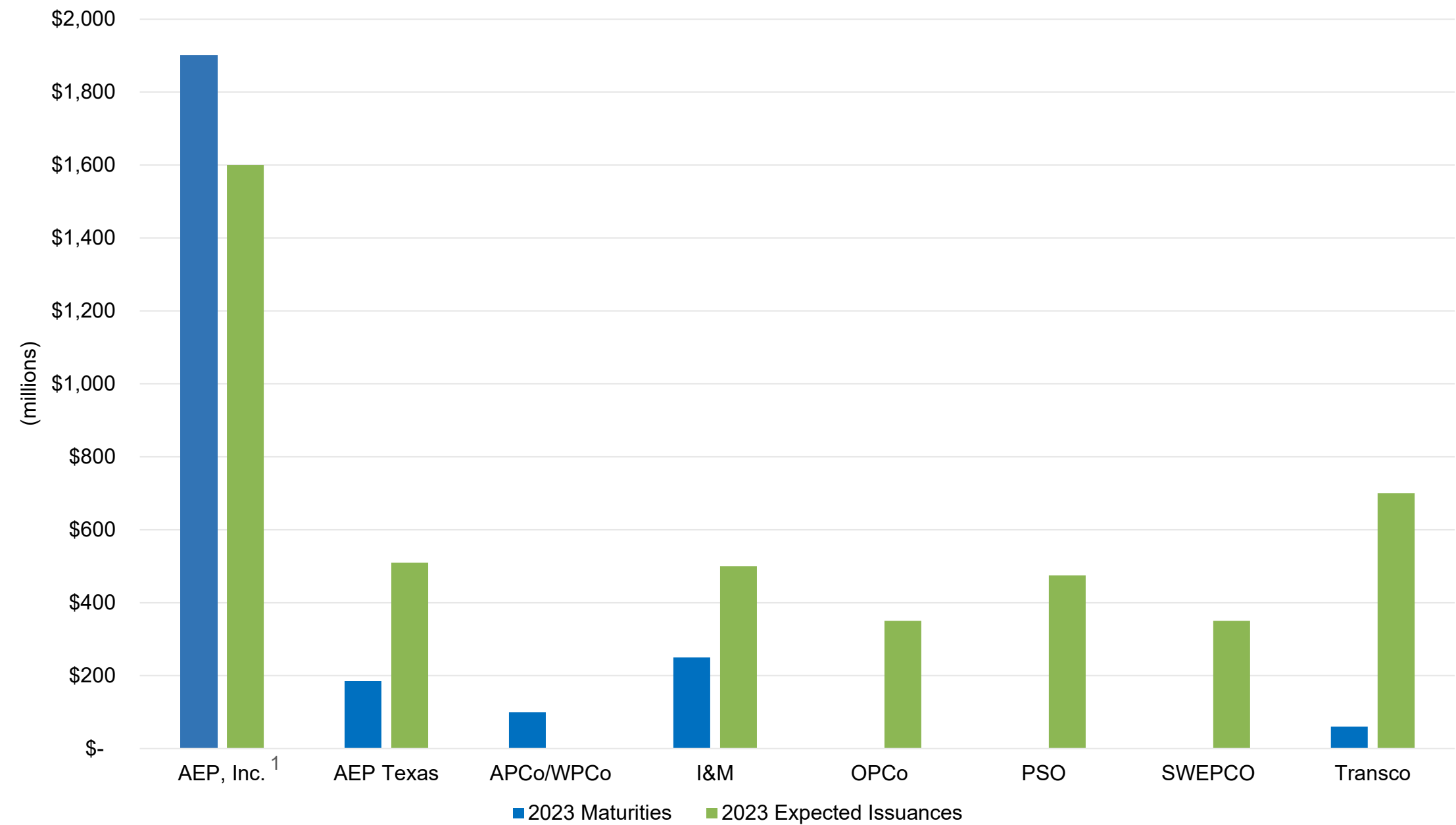




# 2023 Debt Issuances and Maturities Overview

<sup>1</sup> \$850M maturity and issuance are associated with the mandatory convertible remarketing.

Chart excludes securitization bonds and nuclear fuel leases; no significant maturities and issuances are planned for AEG 2023.





# Credit Ratings

Current ratings for AEP and subsidiaries as of 3/14/2023

<sup>1</sup> In conjunction with the unenhanced VRDN remarketings, APCo and I&M both received short-term credit ratings of A-2/P2 from S&P/Moody's.

<sup>2</sup> NR stands for Not Rated.

Company	Moody's		S&P		Fitch	
	Senior Unsecured	Outlook	Senior Unsecured	Outlook	Senior Unsecured	Outlook
American Electric Power Company, Inc.	Baa2	S	BBB+	S	BBB	S
AEP, Inc. Short Term Rating	P2	S	A2	S	NR	NR
AEP Texas Inc.	Baa2	S	A-	S	BBB+	S
AEP Transmission Company, LLC	A2	S	A-	S	A	S
Appalachian Power Company <sup>1</sup>	Baa1	S	A-	S	A-	S
Indiana Michigan Power Company <sup>1</sup>	A3	S	A-	S	A	S
AEP Ohio	Baa1	S	A-	S	A	S
Public Service Company of Oklahoma	Baa1	S	A-	S	A-	S
Southwestern Electric Power Company	Baa2	S	A-	S	BBB+	S
Transource Energy <sup>2</sup>	A2	S	NR	NR	NR	NR





# Competitive Business Portfolio Management

Unregulated Contracted Renewable Assets  
Competitive Business Platform





# Transaction Overview of Unregulated Contracted Renewables Sale

Transaction Description	<ul style="list-style-type: none"><li>On 02/22/2023, AEP signed an agreement to sell 100% of equity of 1,365 MW unregulated contracted renewable assets containing 14 large-scale projects</li></ul>
Buyer	<ul style="list-style-type: none"><li>IRG Acquisition Holdings, consortium owned by Invenergy (20%), CDPQ (40%) and funds managed by Blackstone Infrastructure (40%)</li></ul>
Purchase Price	<ul style="list-style-type: none"><li>\$1.5 billion enterprise value / \$1.3 billion equity value</li></ul>
Financial Impact	<ul style="list-style-type: none"><li>AEP expects the sale to result in an after-tax GAAP loss ranging from \$100-\$150 million in Q1 2023</li><li>Reaffirm 2023 operating earnings guidance range of \$5.19-\$5.39 and 6%-7% long-term growth rate</li></ul>
Use of Proceeds	<ul style="list-style-type: none"><li>\$1.2 billion cash proceeds after tax and transaction costs</li><li>Proceeds will be directed to support regulated businesses</li></ul>
Timing	<ul style="list-style-type: none"><li>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</li></ul>

De-risking AEP and Prioritizing Investments

# Competitive Business Platform



## CUSTOMER CLASSES

- Residential
- Commercial
- Industrial
- Municipals
- Cooperatives

## DISTRIBUTED RESOURCES



- Solar
- Energy Storage
- Reciprocating Engines
- Fuel Cells
- Substations

## RETAIL SERVICES



- Electric Sales
- Natural Gas Sales
- Demand Response Sales
- Sustainability Services

## WHOLESALE SERVICES



- Electric Sales
- Renewable PPA Sourcing
- Congestion Management
- RTO Services
- Portfolio Optimization

**Customer Centric, Commercial Mindset**



# Environmental, Social and Governance (ESG)

Commitment to ESG

Proven Track Record of Reducing Fleet Emissions

Coal Fleet Transition

Transforming Our Generation Fleet

Committed to Being a Top ESG Employer







# Commitment to ESG

## ENVIRONMENTAL

- Accelerated CO<sub>2</sub> emission goals: 80% reduction by 2030 off a new 2005 baseline and accelerated net-zero goal by 2045
- 47% reduction in coal capacity as a percent of total capacity by 2032
- 2021 coal capacity = 13.1% of rate base; 2021 coal revenue = 13.6% of total revenue
- Clean energy transition tied to long-term incentive compensation

## SOCIAL

- Promote diversity, equity and inclusion
- Service territory economic and business development
- Just Transition strategy
- Environmental and Social Justice Policy
- AEP Foundation Launched Delivering on the Dream: Social and Racial Justice grant program in 2021
- Zero Harm Safety Culture
- Human Rights Policy



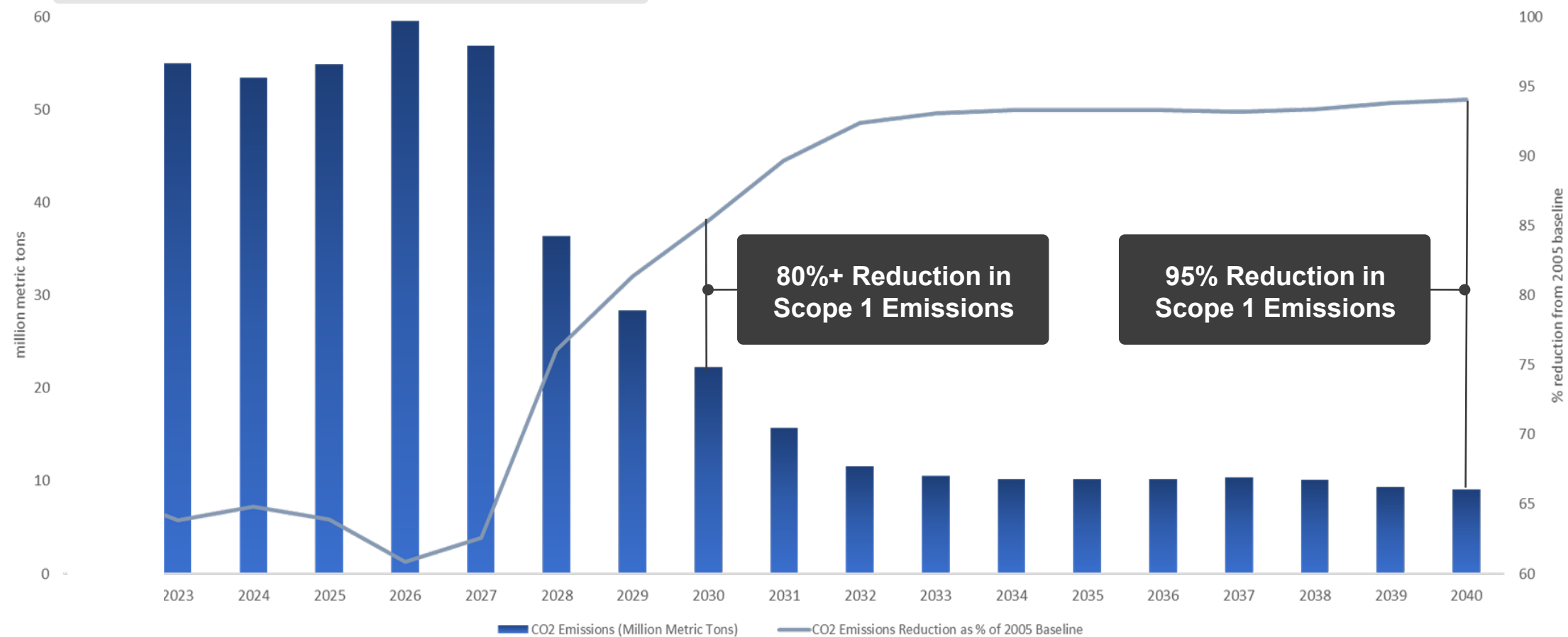
## GOVERNANCE

- 13 Board of Directors, 11 independent directors
- 62% Board diversity
- Average Board tenure of 6.5 years
- Annual shareholder engagement on strategy and ESG matters with lead independent director participation
- Environmental reports provided at every Board meeting



# Proven Track Record of Reducing Fleet Emissions

Forecasted CO<sub>2</sub> Emissions (Scope 1)



Projections based upon filed Integrated Resource Plans current as of 12/31/2022 for regulated companies and also assumes an extension of the Cook nuclear power plant through the forecast period. Ability to meet the transition timeline is dependent upon market availability of resources, regulatory approvals, transmission system availability, etc.

66%

Reduction in CO<sub>2</sub> emissions from 152M metric tons in 2005 to 51M metric tons in 2022

98%

Reduction in SO<sub>2</sub> emissions between 1990-2022

95%

Reduction in NO<sub>x</sub> emissions between 1990-2022

98%

Reduction in mercury air emissions from 2001-2022



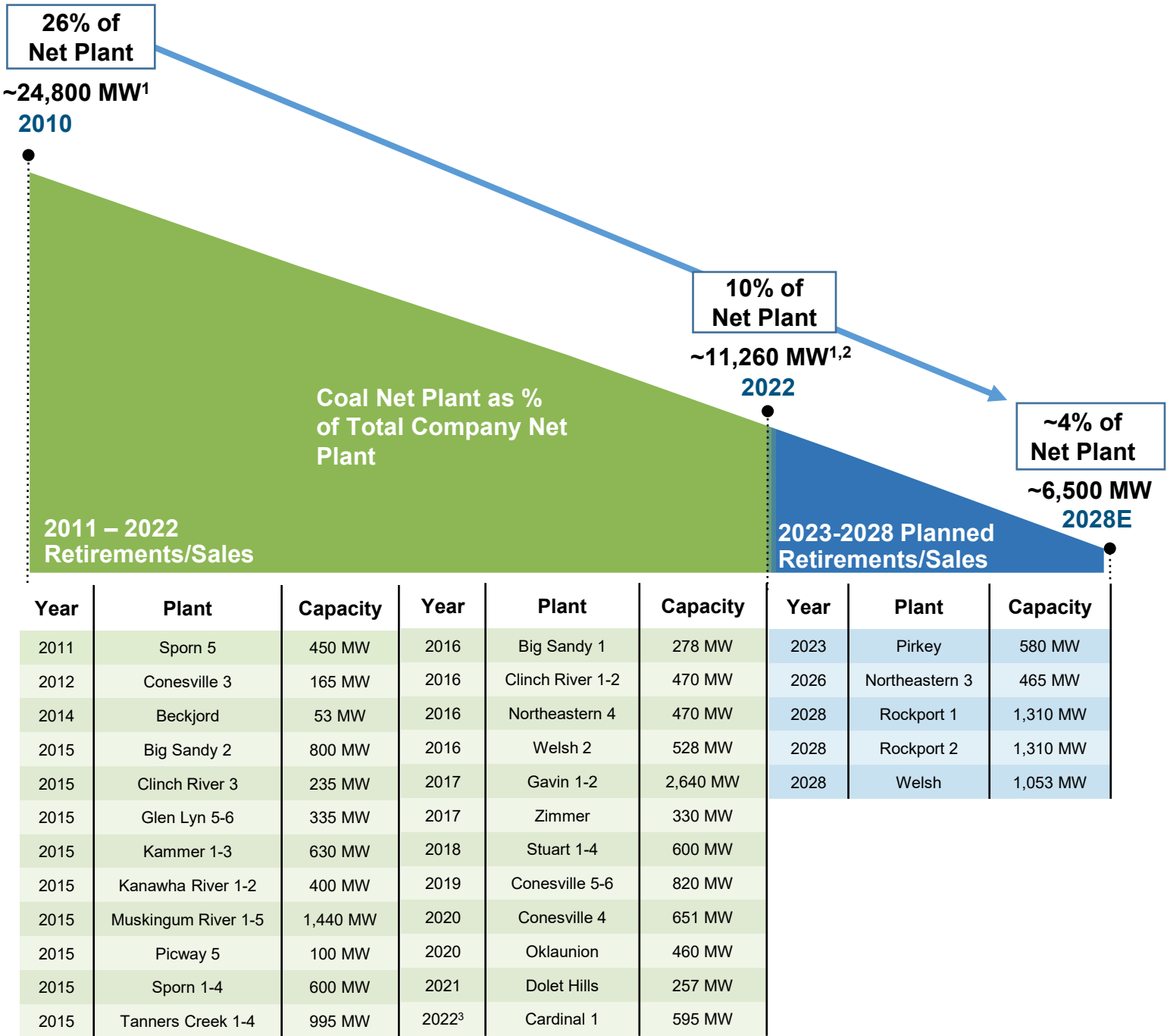
# Continuing to Advance Our Coal Fleet Transition

Coal-fired generation retirements pave the way for ~17 GW of new generation opportunities over the next ten years

<sup>1</sup> Total includes owned coal units and Rockport 2; excludes AEP's investment in OVEC.

<sup>2</sup> Includes 2012 Turk Plant addition.

<sup>3</sup> In April 2022, AEP executed simultaneous agreements with Buckeye Power to sell Cardinal 1 and purchase 100% of the output through 2028 via a PPA. The sale was completed in August 2022.



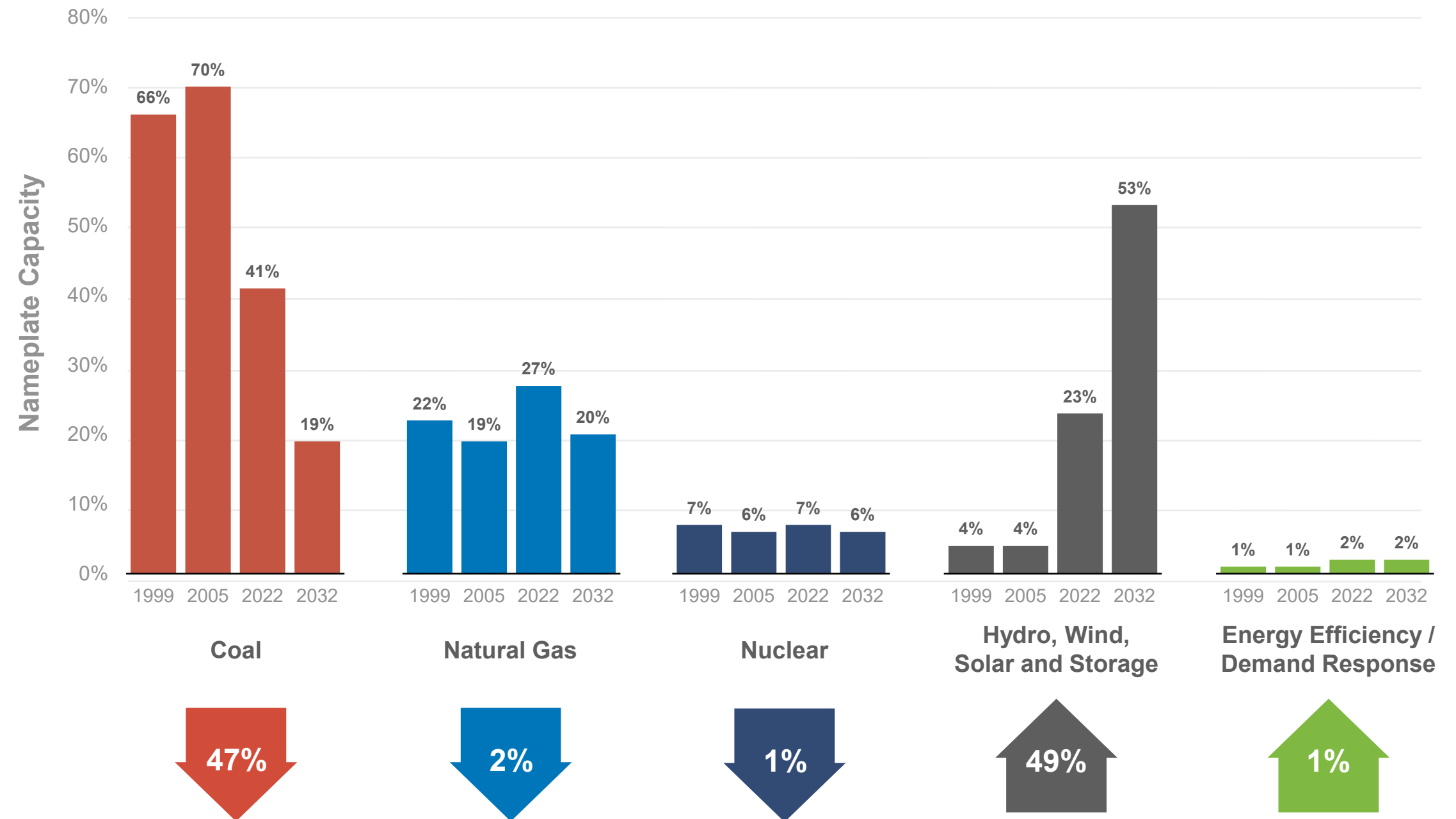
# Transforming Our Generation Fleet

Capacity includes both owned and PPA generation. Energy Efficiency / Demand Response represents avoided capacity rather than physical assets.

2022 data as of 12/31/2022 and includes current capacity of KPCo. In October 2021, AEP entered into an agreement to sell its Kentucky operations to Algonquin Power & Utilities, and parties reached an amended agreement in September 2022. The sale is expected to close following FERC approval. 2032 includes forecasted additions and retirements and excludes previously identified projected resource additions for KPCo.

2032 coal capacity includes Amos, Mountaineer and Mitchell plants as both VA and WV approved ELG investment to keep optionality for these plants to operate post-2028. 2032 coal capacity also includes SWEPCO's Turk and Flint Creek plants.

2032 Hydro, Wind, Solar and Storage capacity includes unregulated contracted renewable assets business. In February 2023, AEP signed an agreement to sell the unregulated contracted renewable assets to IRG Acquisition Holdings. The sale is expected to close in Q2 2023. Excluding this capacity would not materially change 2032 projected capacity mix.







# Committed to Being a Top ESG Employer

Building an inclusive and  
high performing culture



Recognizes companies that set  
the standard in commitment to  
their stakeholders



**GALLUP EXCEPTIONAL  
WORKPLACE AWARD**

Recognizes organizations  
with engaged workplace  
cultures



Recognizes companies that are  
trailblazers in their commitment  
to gender reporting and  
advancing women's equality

## Other Awards / Recognitions

- Newsweek's Most Responsible Companies
- Fortune's World's Most Admired Companies
- JUST Capital's Top 100 U.S. Companies Supporting Healthy Communities and Families
- JUST Capital's Top 100 U.S. Companies for Workforce Equity and Mobility
- Forbes America's Best Employers
- Forbes America's Best Employers for Women
- Forbes America's Best Employers for New Grads
- Site Selection Magazine's Top Utilities for Economic Development
- Investor Business Daily's Best ESG Companies
- American Opportunity Index



# Regulated Investments

Regulated Capital Investment Strategy

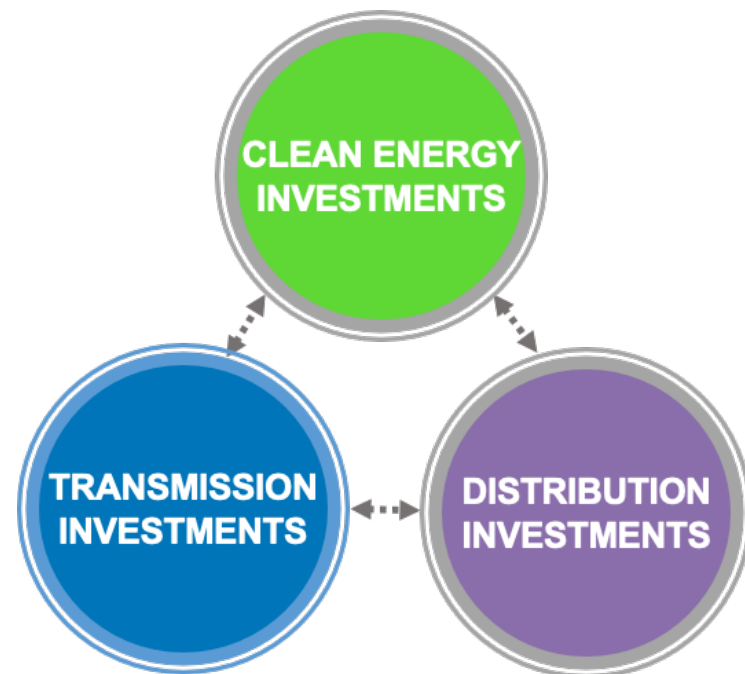
Transmission

Distribution

Regulated New Generation



# Linking Investments to Outcomes: Regulated Capital Investment Strategy



## KEY INVESTMENT STRATEGIES

- **Transform our electric generation fleet** to drive down costs to customers and achieve our climate goals
- **Develop a modern and secure electric transmission grid** to bolster system reliability, enhance market efficiency and integrate new generation resources
- **Modernize the electric distribution system** to enhance reliability, accommodate changing resources, loads, advanced technologies and increase customer satisfaction
- Work with regulators, policymakers, and key stakeholders to **ensure a durable and sustainable transition to a clean energy economy** by balancing decarbonization goals and timelines with system reliability, resiliency, security and affordability

**Our flexible and robust capital plan is designed to meet our customer needs and provide the ability to strategically shift capital to deliver on our 6-7% EPS growth commitment**

## 2023-2027 CAPITAL INVESTMENT

**\$15.0B**

### TRANSMISSION

Transmission Investment in Current 5-year Capital Plan

**\$10.8B**

### DISTRIBUTION

Distribution Investment in Current 5-year Capital Plan

**\$8.6B**

### REGULATED RENEWABLES

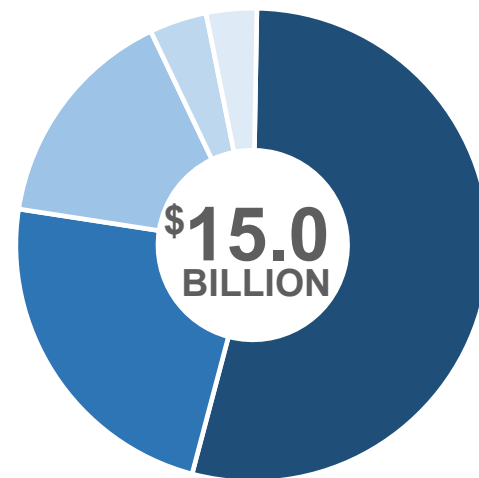
Regulated Renewable Investment in Current 5-year Capital Plan

We have developed a significant pipeline of organic growth opportunities beyond the investments included in our 5-year capital plan

# Transmission Organic Growth Opportunity

AEP has a long runway of organic transmission investment opportunities focused on improving system performance, increasing reliability and resiliency, and enhancing market efficiency

2023-2027 CAPEX



## DRIVERS

### ASSET REPLACEMENT

Asset renewal investments based on condition, performance and risk to reduce customer outages and interruption times

### LOCAL RELIABILITY

Multi-driver projects on the local network addressing reliability and customer concerns

### RTO DRIVEN

Upgrades needed to address RTO standards related to thermal voltage overloads and contingency conditions; opportunities driven by enabling access to renewable generation

### TELECOM / TECHNOLOGY

Asset health monitoring, cyber-security requirements and enhanced situational awareness for grid operations

### CUSTOMER SERVICE

Upgrades to connect new customers and enhanced service requests; facilitates local economic development

## TRANSMISSION PIPELINE

### Large-scale and Growing Pipeline

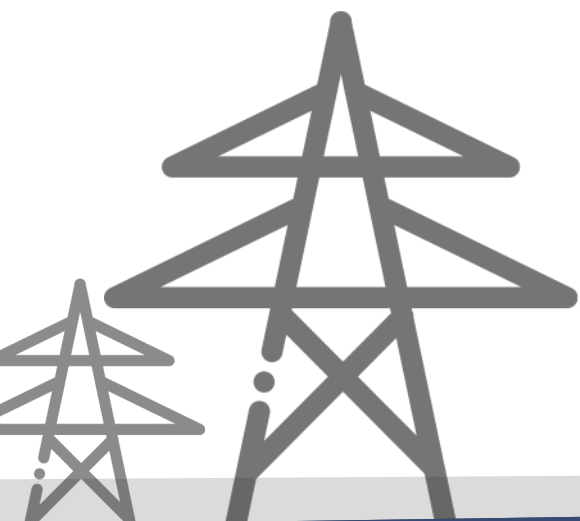
We have a **transmission investment pipeline of over \$35B** in various phases of development over the next 10 years (inclusive of current 5-year capital plan)

### Capital Flexibility

Additional investments in the pipeline are currently being planned to ensure long-term capital investment flexibility

### Future Growth Drivers

Integration of renewable resources, fossil-fuel generation retirements, regional reliability, inter-regional projects, customer interconnections, positive policy changes that influence inter-regional expansion and cost allocation







# Investments in Asset Renewal Strengthen and Enable the Grid of the Future

Asset renewal projects are prioritized based on performance, condition and risk

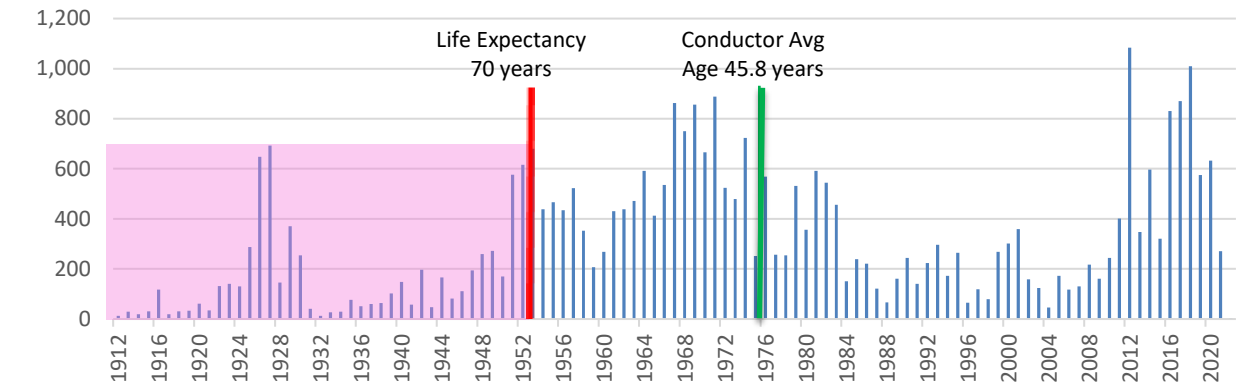
AEP Transmission Assets	Line Miles	Transformers	Circuit Breakers
Life Expectancy (Years)	70	60	50
Current Quantity Over Life Expectancy	6,263	191	726
Quantity That Will Exceed Life Expectancy in Next 10 Years	4,154	151	281
Total Replacement Need Over Next 10 Years	10,417	342	1,007
% of AEP System	31%	29%	11%

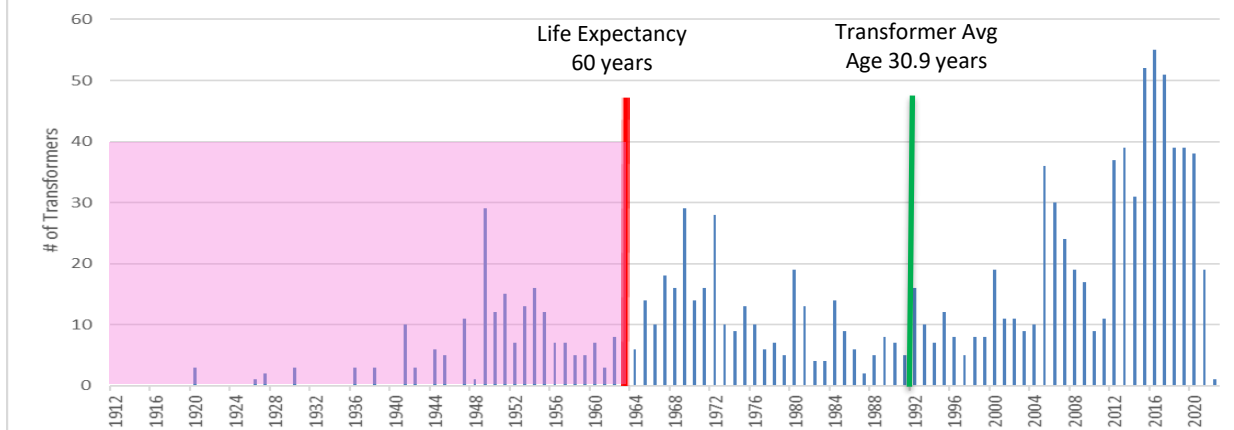
Average Age (years)	Line Miles	Transformers	Circuit Breakers
2016 Year-End	52.5	36.1	22.9
End 2022 2 <sup>nd</sup> Quarter	45.8	30.9	16.3

\$3B of annual on-system capital investment is required to replace and enhance all asset beyond life expectancy over the next 10 years

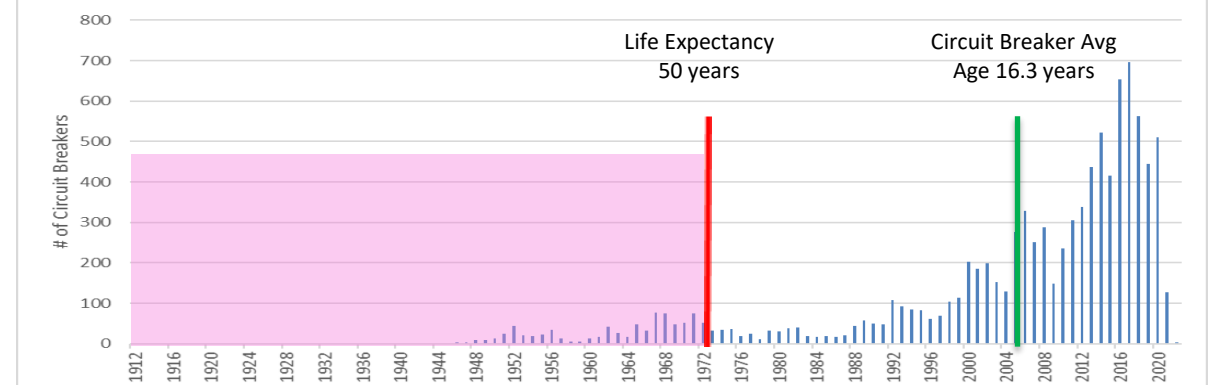
AEP T-Line Age Profile - (Line Mile Age based on oldest conductor age)



AEP Transmission Transformer Age Profile



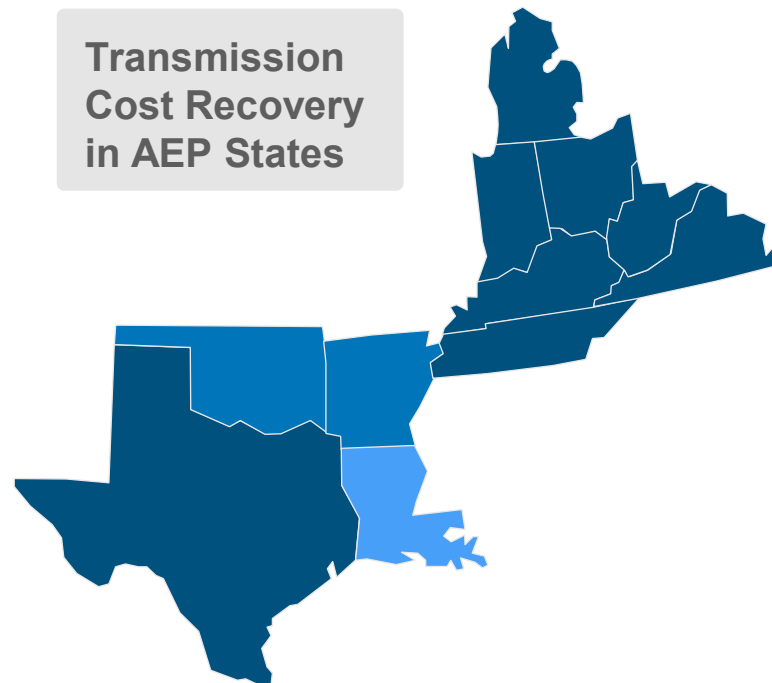
AEP Circuit Breaker Age Profile



Beyond Life Expectancy Range

# Stable and Efficient Transmission Investment Recovery

Transmission  
Cost Recovery  
in AEP States



- Full tracker or rider recovery
- Partial tracker or rider recovery
- Pending formula or base case recovery



ROE	9.85% Base <sup>1</sup> + 0.50% RTO adder	10.0% Base + 0.50% RTO adder	9.4%
Forward Looking Rates	Yes	Yes	Capital updates allowed 2x per year (not forward looking)
Equity Layer	Capped at 55%	No Cap	Capped at 42.5%
Rate Approval Date	May 2019	June 2019	April 2020

<sup>1</sup> AEP Ohio Transmission, represents base ROE only.

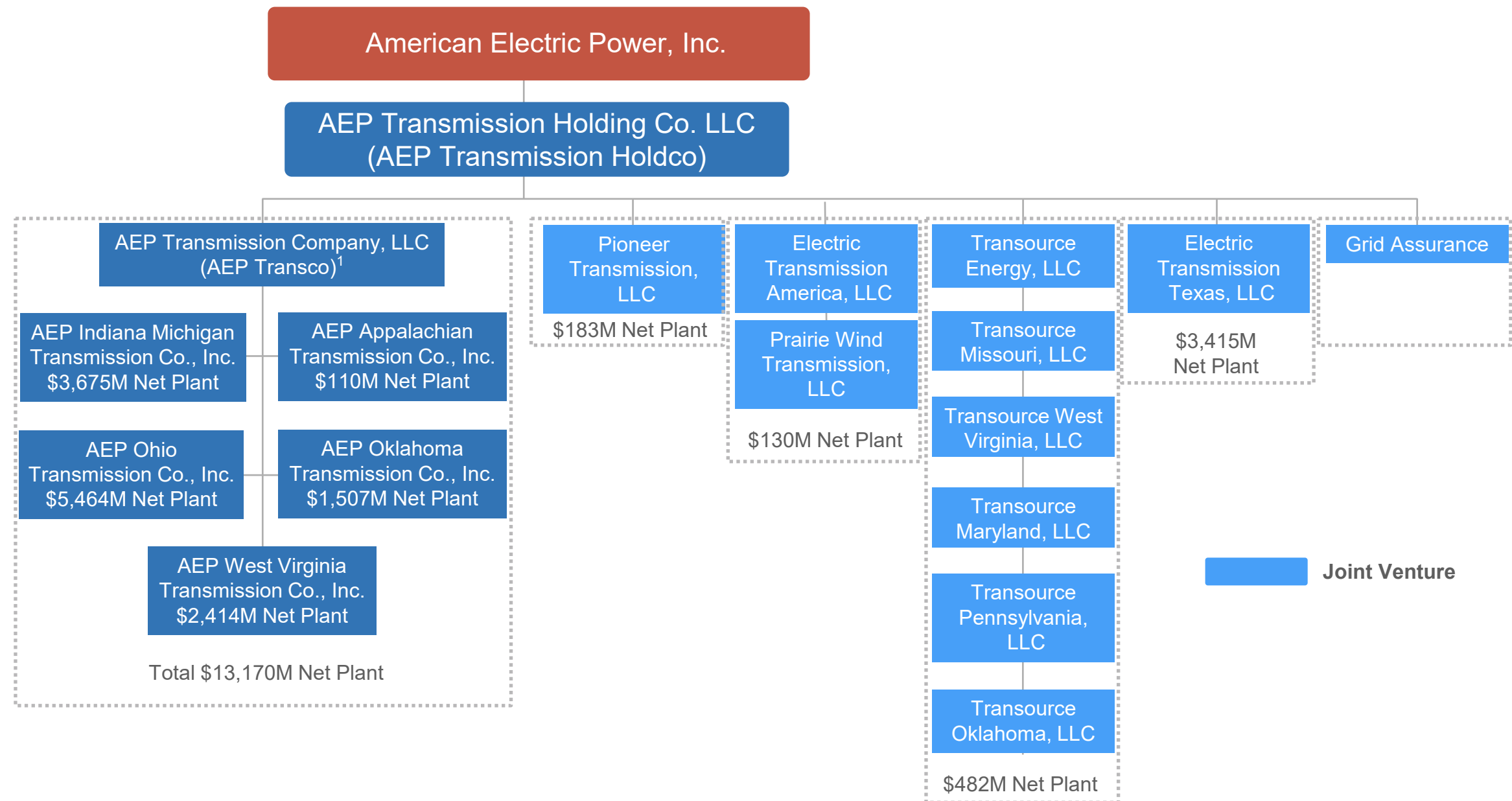
<sup>2</sup> Table data for ERCOT reflects AEP Texas subsidiary; AEP's ETT joint venture in ERCOT has 9.6% ROE, 40% equity layer with rate approved in January 2021.

**~92% of transmission capital investment is recovered through state tracker/rider mechanisms**

# AEP Transmission Holdco Legal Entity Structure

AEP Transmission Company, LLC (AEP Transco) is wholly-owned by AEP Transmission Holding Company, LLC (AEP Transmission Holdco)

AEP Transmission Holdco is a wholly-owned subsidiary of American Electric Power Company, Inc. (AEP), one of the largest utility holding companies in the U.S.



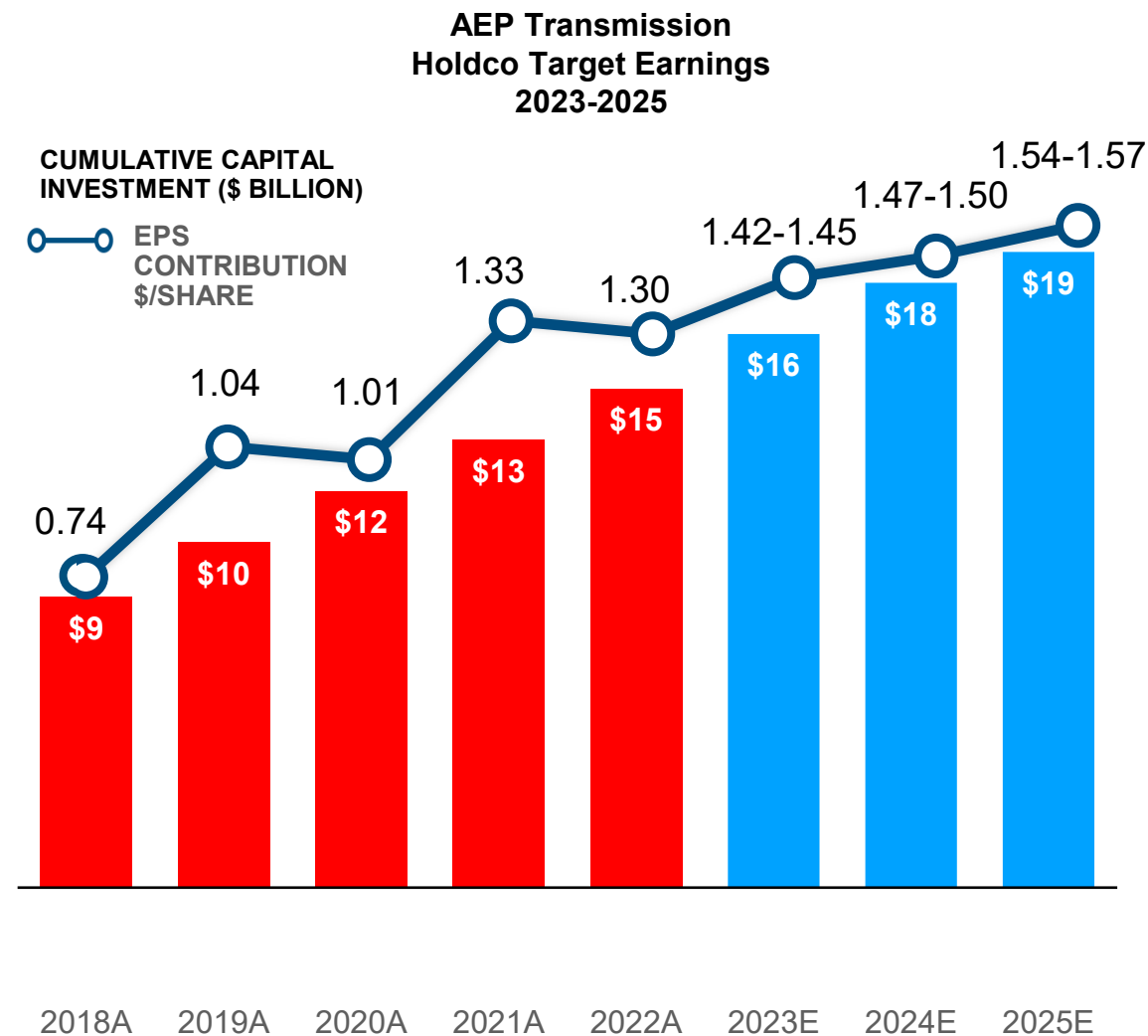
Joint Venture net plant balances are inclusive of non-affiliate share.

Net plant totals as of 12/31/2022.

<sup>1</sup> Debt issued at AEP Transco level for transmission companies.

# AEP Transmission Holdco Delivering Significant Customer and Shareholder Value

## Shareholder Benefits



For comparative purposes, data excludes Kentucky-related earnings.

## Customer Benefits

### Reducing customer costs

Enabling efficient economic dispatch of generation in each of our regions

### Driving down emissions

Facilitating the fast and reliable interconnection of renewables to the grid to meet customer demand and public policy goals for clean energy

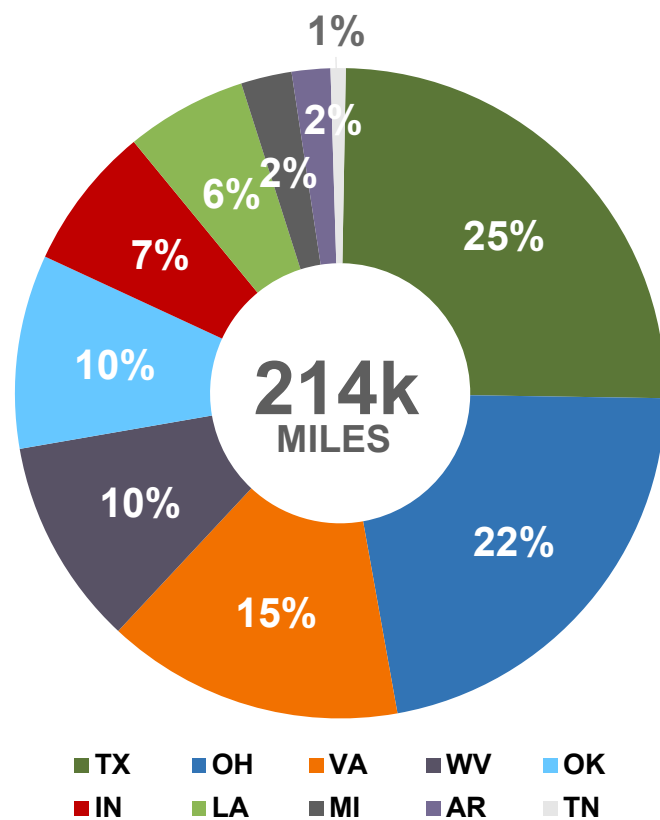
### Improving reliability and security

Keeping the economy productive and connected by powering communication networks and electronics with reduced outages and a storm-hardened system

### Creating economic benefits

Supporting economic development through construction projects that deliver community benefits including jobs, state and local taxes and economic stimulus

# Transforming the Distribution Grid



## INVESTING IN THE DISTRIBUTION GRID OF THE FUTURE

Improve Reliability and Resiliency through Broad Asset Renewal and Reliability Investments

Significantly Enhance Reliability Performance Across All Operating Companies

Accelerate Service Delivery to All Customers through Enhanced Capacity Investments

Enable Economic Development, Electrification and Decarbonization Across Our Customer Base

Expand Operational Flexibility and Visibility through Targeted Telecommunications, Monitoring and Automation Investments

Enable a Seamless 2-way Exchange of Information and Energy and Optimize Operations for All Customers

**AEP's distribution system is among the largest distribution systems in the U.S.**

## AEP DISTRIBUTION SYSTEM AT A GLANCE:

**~214k**  
CIRCUIT MILES<sup>1,2</sup>

**2,300+**  
DISTRIBUTION  
SUBSTATIONS<sup>2</sup>

**\$10.8B**  
5-YEAR CAPEX  
(2023-2027)

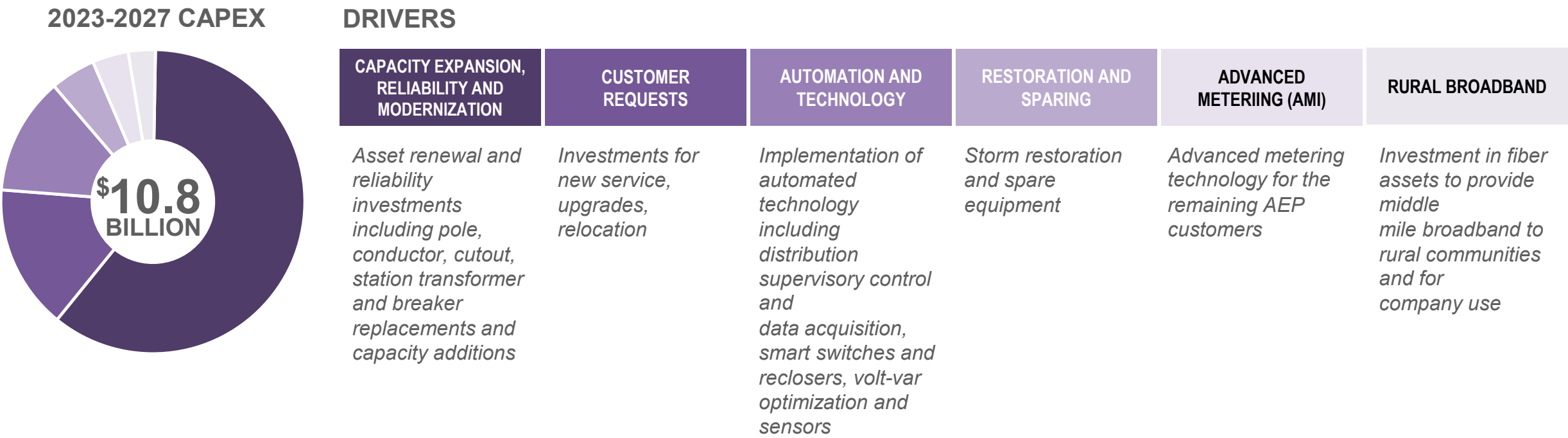
<sup>1</sup> Includes approximately 36,400 miles of underground circuits.

<sup>2</sup> As of year-end 2021.



# Distribution Organic Growth Opportunity

AEP’s expansive, aged distribution system provides significant opportunity for investment and we are developing a portfolio of projects to address system needs and ramping-up our capabilities to execute these projects



## DISTRIBUTION PIPELINE

### Robust Pipeline Under Development

Significant capital investment opportunity over the next 10-years to renew the distribution system, improve reliability and resilience, and expand operational capabilities

### Capital Flexibility

Additional investments in the pipeline are currently being planned to ensure long-term capital investment flexibility

### Future Growth Drivers

Electrification and higher penetration levels of distributed resources will drive additional distribution investment opportunities



# Resource Plans Are Aligned with Climate Goals

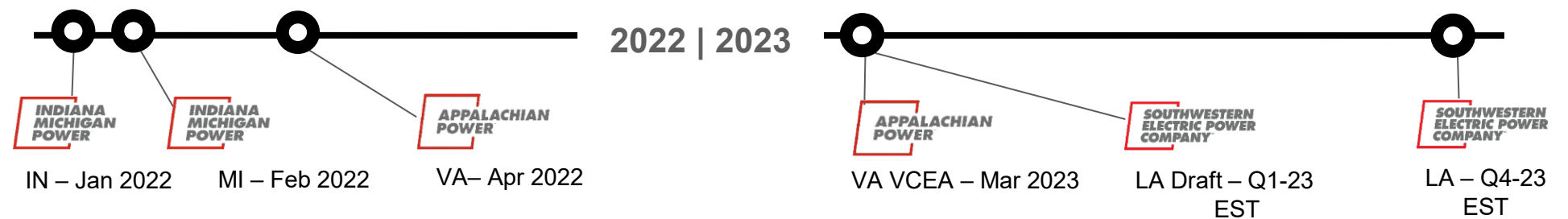
Current IRPs identify a significant need for new clean energy resources over the next 10 years

<sup>1</sup> Resource additions are from most recent Integrated Resource Plans (IRP) filings. Kentucky is excluded from 2023 IRP filings due to expected close on sale in 2023

<sup>2</sup> Investments in renewables will be subject to market availability of viable projects and regulatory approvals.

<sup>3</sup> Natural gas additions are peaking units and fuel switching that are primarily selected for capacity (i.e., expected low capacity factors).

## IRP FILINGS



## 10-YEAR RESOURCE NEEDS

GENERATION ADDITIONS 2023-2032 (MW) <sup>1,2</sup>	SOLAR	WIND	STORAGE	NAT. GAS <sup>3</sup>	TOTAL
APCo	1,020	1,154	250	-	2,424
I&M	1,300	800	315	750	3,165
PSO	2,550	2,800	-	-	5,350
SWEPCO	3,300	2,450	-	528	6,278
<b>TOTAL</b>	<b>8,170</b>	<b>7,204</b>	<b>565</b>	<b>1,278</b>	<b>17,217</b>

**1.5 GW**

North Central Wind  
In-Service



**~17 GW**

2023-2032



**~18.5 GW**

New Generation Opportunity  
Over Next 10-years



TRANSMISSION

DISTRIBUTION

REGULATED NEW GENERATION

# Regulated New Generation Regulatory Status



Total Investment	Resource	Project	MWs	Projected In-Service Date	Jurisdictional Status
209 MW / ~\$500M	Solar	Amherst / Virginia	5	Q2-23	Projects Approved July 2022 <sup>1</sup>
	Wind	Top Hat / Illinois	204	Q3-25	
151 MW / ~\$466M	Wind	Grover Hill / Ohio	143	Q3-25	Virginia Order Expected Q3 2023 <sup>2</sup> Docket # PUR-2023-00001
	Storage	Glade-White Top / Virginia	8	2025	
469 MW / ~\$1.0B	Solar	Lake Trout / Indiana	245	Q2-26	Indiana Order Expected <sup>3</sup> Q3 2023 Docket # 45868
	Solar	Mayapple / Indiana	224	Q2-26	Michigan Order Expected <sup>3</sup> Q3 2023-Q1 2024 Docket # U-21377, U-21189
999 MW / ~\$2.2B	Solar	Mooringsport / Louisiana	200	Q4-25	Louisiana Settlement Filed March 2023 and Order Expected Q2 2023 Docket # U-36385
	Wind	Diversion / Texas	201	Q4-24	Arkansas Settlement Filed January 2023 and Order Expected Q2 2023 Docket # 22-019-U
	Wind	Wagon Wheel / Oklahoma	598	Q4-25	Texas Order Expected: Q3 2023 Docket # 53625
995.5 MW / ~\$2.5B <sup>4</sup>	Solar	Algodon / Texas	150	Q4-25	Oklahoma Settlement Filed April 2023 and Order Expected Q3 2023 Docket # 2022-000121
	Solar	Chisholm Trail / Kansas	103.5	Q4-25	
	Solar	Pixley / Kansas	189	Q2-25	
	Wind	Flat Ridge IV / Kansas	135	Q4-25	
	Wind	Flat Ridge V / Kansas	153	Q4-25	
	Wind	Lazbuddie / Texas	265	Q2-25	

<sup>1</sup> Approved projects may be impacted by market conditions during development.

<sup>2</sup> APCo also seeks regulatory approval of PPAs for seven solar facilities for a total of 204 MW.

<sup>3</sup> I&M also seeks regulatory approval of PPAs for two solar facilities for a total of 280 MW.

<sup>4</sup> Additional RFP issuance expected in the near term consistent with the IRPs for energy and capacity needs.

# Regulated New Generation Investment Growth

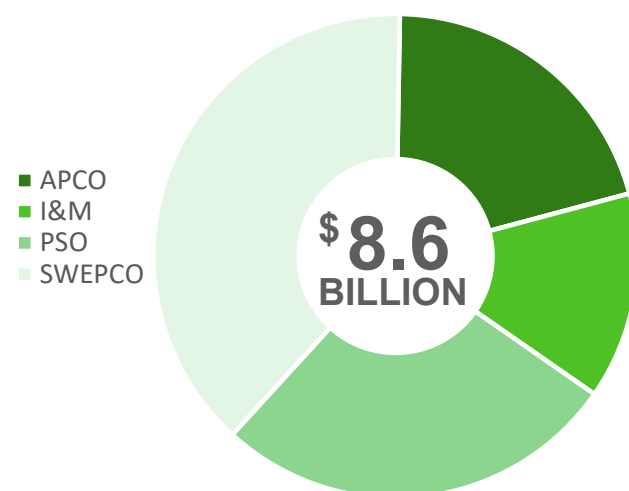
Continuing execution on the \$8.6B regulated renewables investment over the next five years

## RFPs IN PROGRESS<sup>1</sup>



RFP Issued	April 2023	March 2023 <sup>2</sup>	September 2022
Wind	600 MW	800 MW	1,900 MW
Solar		850 MW	500 MW
Storage	-	315 MW	-
Natural Gas	-	540 MW	-
Reg. Filings and Approvals	Q2-24 – Q4-24	Q1-24 – Q2-25	Q4-23 – Q4-24
Projected In-service Dates	YE26	YE27	YE25 – YE26

## 2023-2027 CAPEX



## REGULATED GENERATION PIPELINE

### ~17 GW Pipeline

Long-term investment potential beyond current 5-year plan

### Capital Flexibility

Investments contingent upon markets and regulatory approvals and are backed-up by a flexible pipeline of T&D investments

### Growth Drivers

Generation needs coupled with new federal legislation support our clean energy goals and extend our investment runway

<sup>1</sup> RFPs represent up-to MW capacity values.

<sup>2</sup> RFP is an all-source solicitation seeking proposals for both owned and PPAs from various types of generation.





# Regulatory Initiatives

Regulatory Timeline of Kentucky Sale

Current Rate Case Activity

Actively Managing Fuel Cost Impacts

Actions to Close the ROE Gap

Review of Multi-jurisdictional Regulatory Constructs

Economic Development Project Highlights

Recent AEP Reshoring Successes







# Regulatory Timeline of Kentucky Sale

In October 2021, AEP entered into an agreement to sell its Kentucky operations to Liberty (Algonquin Power & Utilities), and parties reached an amended agreement in September 2022

Parties filed a new FERC 203 application in February 2023 requesting expedited approval; the sale is expected to close following FERC approval

<sup>1</sup> On 7/11/2022, AEP made a compliance filing as required by the WVPSC stating its plan to move forward under the existing Mitchell Operating Agreement to implement the near-term operational changes directed by WVPSC and KPSC. AEP also filed an update with KPSC sharing the same information. On 9/1/2022, AEP filed updates with the commissions providing resolutions adopted by the Mitchell Operating Committee consistent with the 7/11/2022 compliance filing.

<sup>2</sup> Clearance from both Committee on Foreign Investment in the United States and Hart-Scott-Rodino (HSR) review was obtained in January 2022. HSR expired after one year; refiled in February 2023 and received clearance in March 2023.

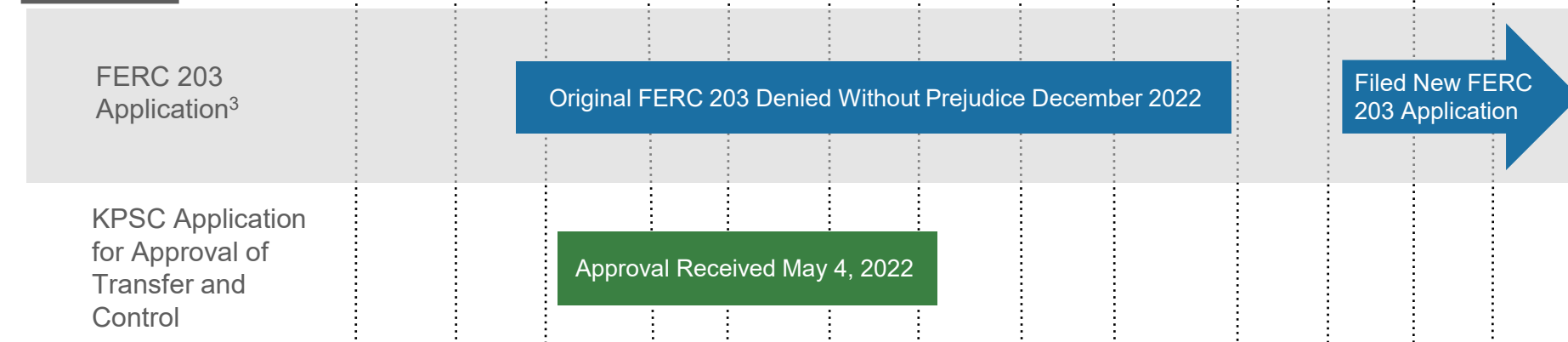
<sup>3</sup> On 12/15/2022, FERC denied the 203 application without prejudice, stating the applicants failed to submit evidence that the transaction would not adversely affect rates. Parties filed a new FERC 203 application on 2/14/2023 requesting expedited approval to close the transaction.

## Filings:

### Mitchell Operating Agreement<sup>1</sup>



### Kentucky Sale Transfer<sup>2</sup>



### Transaction Close



### **Mitchell Operating Agreement Update:**

- Filings made 7/11/2022 with Commissions
- Move forward under existing Mitchell Operating Agreement

### **Kentucky Sale Transfer Update:**

- Original FERC 203 denied without prejudice on 12/15/2022
- Filed a new FERC 203 application on 2/14/2023 requesting expedited approval

### **Transaction Close Update:**

- Expect close following FERC approval under the new FERC 203 application



# Current Rate Case Activity



## APCo – Virginia

Docket #	PUR-2023-00002
Filing Date	3/31/2023
Requested Rate Base	\$2.9B
Requested ROE	10.6%
Cap Structure	51.7%D / 48.3%E
Gross Revenue Increase	\$213M (Less \$53M D&A)
Net Revenue Increase	\$160M
Test Year	12/31/2022

<sup>1</sup> Does not include \$75M of current riders moving to base rates.

<sup>2</sup> Includes proposed pro-forma adjustment to plant-in-service through 12/31/2020.

<sup>3</sup> The settlement reestablished the Formula Rate Plan for an initial three-year term starting with 2022 test year, to be filed in April each year with an effective date in August.



## PSO – Oklahoma

Docket #	PUD 2022-000093
Filing Date	11/22/2022
Requested Rate Base	\$4.4B
Requested ROE	10.4%
Cap Structure	45.4%D / 54.6%E
Gross Revenue Increase	\$173M <sup>1</sup> (Less \$70M D&A)
Net Revenue Increase	\$103M
Test Year	6/30/2022

### Procedural Schedule

Rebuttal Testimony	4/4/2023
Hearing	5/9/2023
Expected Commission Order	Q2-2023



## SWEPCO – Louisiana

Docket #	U-35441
Filing Date	12/18/2020
Requested Rate Base	\$2.1B
Requested ROE	10.35%
Cap Structure	49%D / 51%E
Gross Revenue Increase	\$114M (Less \$41M D&A)
Net Revenue Increase	\$73M
Test Year	12/31/2019 <sup>2</sup>

### Settlement Summary<sup>3</sup>

Settlement Filed	1/13/2023
Commission Order	1/18/2023
Effective Date	1/31/2023
ROE	9.5%
Cap Structure	49%D / 51%E
Net Revenue Increase	\$27M



# Actively Managing Current Fuel Cost Impacts

Adapting fuel clause recovery with a focus on customer impacts

## APCo VA

- Current Mechanism: 12-month fuel clause to reset and account for prior year
- Adjustment: Reset base of fuel level and seek a 24-month recovery with carrying charge on under-recovered balance (September 2022)

## APCo/WPCo WV

- Current Mechanism: 12-month fuel clause to reset and account for prior year, case currently open
- Adjustment: Securitization legislation effective March 2023; current fuel case pending staff prudence review

## PSO OK

- Current Mechanism: 12-month fuel clause to reset and account for prior year
- Adjustment: Reset base of fuel level for 15-month period of October 2022-December 2023 which includes 27 months to recover under recovered balance

## SWEPCO AR

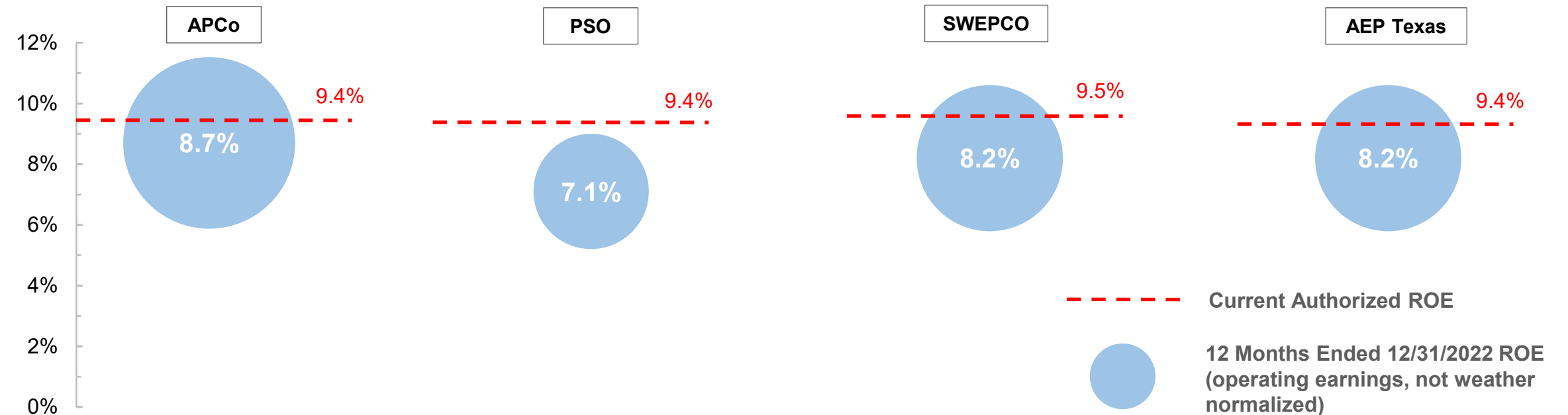
- Current Mechanism: 12-month fuel clause to reset and account for prior year filed annually in March, effective for April bills
- Adjustment: Filed an interim factor effective October 2022 to recover the under recovery in a 6-month surcharge; this makes the increase effective during the lower winter seasonal rate

## SWEPCO TX

- Current Mechanism: SWEPCO may update its factor up to three times per year in a process resetting fuel (filed only in January, May, and/or September); this is not done every year
- Adjustment: A utility can file for temporary relief of costs without updating the fuel factor; SWEPCO entered a settlement agreement in March 2023 to update its fuel surcharge to collect the under recovered balance over a 16-month period starting in February 2023 (subject to refund); this settlement is subject to commission approval

# Actions to Close the ROE Gap

Focus on achieving authorized ROEs in all operating companies



ACTION PLANS TO CLOSE GAP			
APCo	PSO	SWEPCO	AEP Texas
<ul style="list-style-type: none"> <li>✓ Securitization legislation passed in WV</li> <li>✓ Implemented VA triennial rate adjustment pursuant to VA Supreme Court ruling in APCo's favor in 2022</li> <li>✓ Filed new VA triennial in 2023</li> <li>✓ G, T, broadband, EE, RPS and DR trackers recover most incremental investment; triennial process for balance of recovery in VA</li> <li>• New VA biennial rate case legislation</li> <li>• Rate base and renewables capital trackers in place for WV</li> </ul>	<ul style="list-style-type: none"> <li>✓ Securitization of Winter Storm Uri costs and North Central rates put in place in 2022</li> <li>✓ Base case filed November 2022; pursuing approval of more efficient cost recovery mechanisms and continuation or expansion of T&amp;D trackers</li> </ul>	<ul style="list-style-type: none"> <li>✓ Finalized LA rate case in January 2023 and implemented formula rate going forward</li> <li>✓ Legislation modified to allow AR base case filing flexibility</li> <li>✓ Filed Turk CCN and rider request in AR with hearing date in July 2023</li> <li>✓ Filed LA formula rate update in April 2023</li> <li>• Filing AR formula rate update in April 2023</li> <li>• G, T and D trackers in place in TX</li> <li>• Timing of formula rate updates and new generation in-service dates to minimize lag</li> </ul>	<ul style="list-style-type: none"> <li>✓ Bi-annual TCOS filings recover significant capital investment</li> <li>✓ Annual DCRF filings recover D-related capital</li> <li>• Pursuing regulatory and legislative options to further close gap</li> <li>• Reviewing rate structures for 2024 rate case filing</li> </ul>
✓ Complete			

## Other ROEs – 12 Months Ended 12/31/2022:

- AEP Ohio – authorized 9.7% vs earned 9.7%.
- I&M – authorized 9.7% vs. earned 10.9%.
- AEP Transmission Holdco – authorized 10.4% vs. earned 10.6%.

Authorized ROE in multijurisdictional companies is estimated by weighting various jurisdictional factors.

# Review of Multi-jurisdictional Regulatory Constructs

Allows customers and states greater flexibility in generation transformation

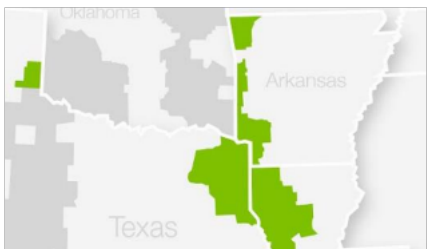
## APCo

Owned Generating Capacity	7,461 MW
PPA Capacity	968 MW
Generating & PPA Capacity by Fuel Mix	
Coal	63.7%
Natural Gas	19.5%
Hydro, Wind & Solar	16.8%



## SWEPCO

Owned Generating Capacity	5,585 MW
PPA Capacity	469 MW
Generating & PPA Capacity by Fuel Mix	
Coal	39.1%
Natural Gas	39.8%
Wind	21.1%



### Recent State-level Divergence and Need:

- ELG investments for existing coal assets now approved in both Virginia and West Virginia
- Virginia Clean Energy Act (VCEA) mandated renewables now being planned and built to serve Virginia-jurisdictional customers
- Customer Focus – Develop renewables tariff and contract offerings to meet customer needs and support economic development
- Studying the Future – Reviewing IRA options and infrastructure support for new potential options in Appalachia

### Recent State-level Divergence and Need:

- Arkansas portion of Turk was never included in rates due to Arkansas Supreme Court ruling; presenting the commission an option to allow customers to benefit from physical hedge provided by Turk
- North Central Wind declined in Texas and flexed up in Louisiana and Arkansas; costs/benefits of resource being direct assigned by states
- SPP raised reserve margin from 12% to 15%, driving further need for new supply for SWEPCO

### Reviewing current construct to ensure individual states and AEP alignment on generation supply

- Reviewing path to dedicated state-by-state resources
- Determining process to organize resource mix based on state policy
- Applying lessons learned in past execution to manage the generation fleet



# Economic Development Project Announcements: 2021-2022

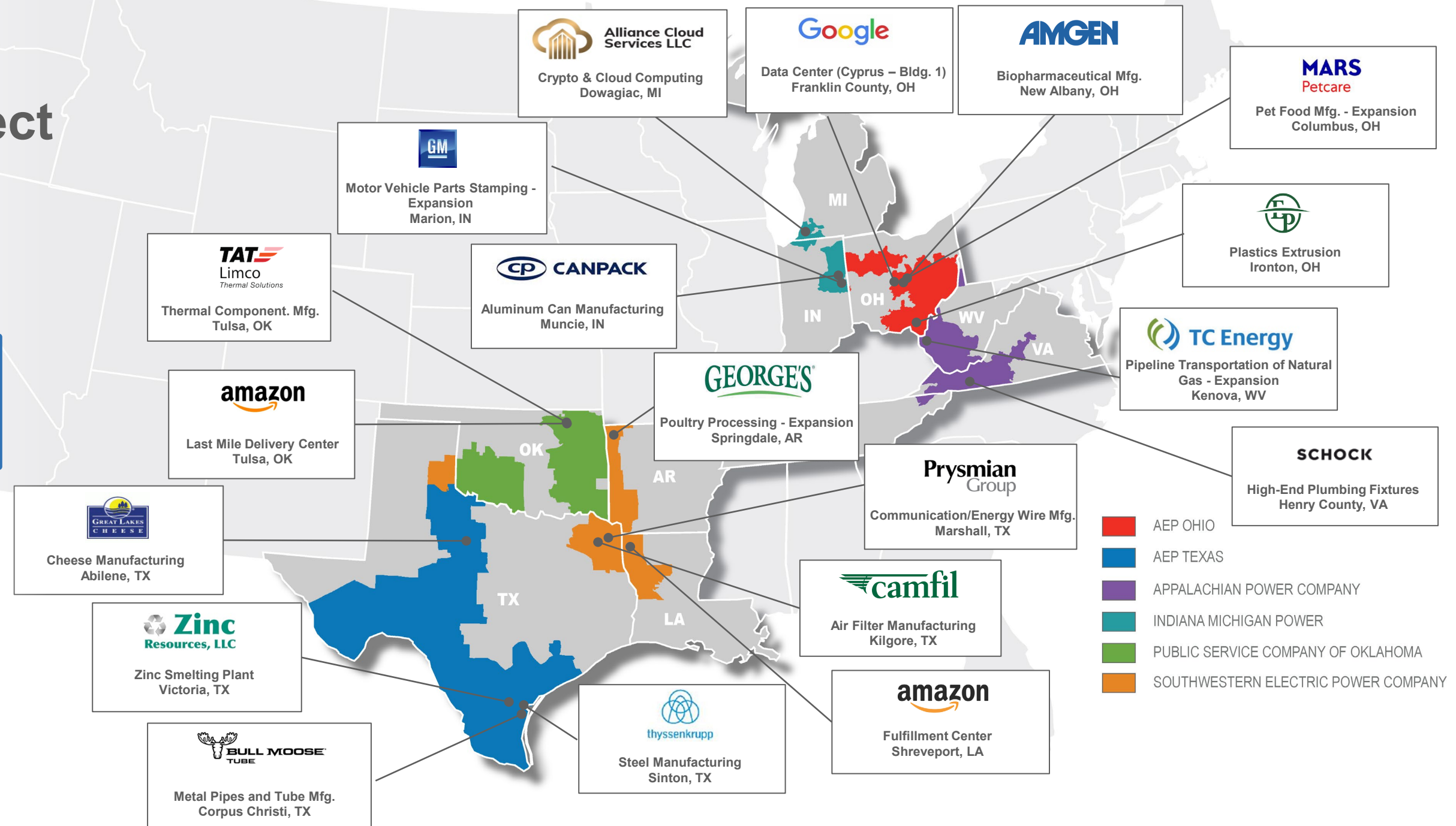
AEP has an attractive  
service territory for  
economic development

## Summary of future impacts

24,200 direct jobs

69,900 total jobs

1,969 MW from 2021-2022  
announced projects



# Recent AEP Reshoring Successes

Parts of AEP service territory in OH, VA and WV may be eligible for announced federal tax credits from the IRA

## Nucor (APCo)

- The largest single investment in West Virginia history.
- Site chosen because of high voltage infrastructure, AEP's proven ability to serve large loads and AEP's excellent customer service.

## Intel (AEP Ohio)

- \$20B investment at the first Midwest chip production plant.
- Property being annexed into AEP Ohio service territory.
- The site was selected because of AEP's competence in serving large loads, team strength and depth and demonstrated ability to meet Intel's unique needs.

## Blue Star NBR (APCo)

- Largest economic development project ever for Southwest Virginia.
- Supported by Federal dollars designated for PPE production.

## Lyseon North America (PSO)

- Automotive supplier to Navistar/IC bus plant in Tulsa, Oklahoma, for electric buses.
- Locating in large vacant facility at Tulsa Port of Catoosa.

