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INVESTOR RELATIONS

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SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES Litigation Reform Act of 1995

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The Premier Regulated Energy Company

- **221,000** Miles of Distribution
- **40,000** Miles of Transmission
- **5.5M** Customers in 11 States
- **26GW** Owned Generation
- **17,400** Employees
- **$47B** Rate Base
- **$40B** Current Market Capitalization
- **$76B** Total Assets

Statistics as of December 31, 2019 except for market capitalization as of September 14, 2020
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
We are focused on executing our strategy while concurrently improving our operations and keeping rates affordable.

Strategic Vision and Priorities

- Invest in transmission and distribution networks
- Invest in regulated and contracted renewables
- Mitigate generation risk and optimize operations
- Superior capital allocation
- Relentless O&M optimization/Future of work
- Improve customer experience
KEY AEP THEMES

- 5%-7% Earnings Growth Rate
- Proven Track Record of TSR and EPS Performance
- Strong Dividend Growth
- O&M Optimization
- ESG Focus
Strong Profile for Investors

Incentive Comp Tied to EPS

Investment Pipeline

TOTAL SHAREHOLDER RETURN

~3%
DIVIDEND YIELD
5%-7% CAGR

5%-7%
EPS GROWTH
2020 Operating Earnings Guidance
$4.25-$4.45 per share

Consistent Dividends

Low Risk, Regulated Assets
Proven Track Record of Performance

Favorable Total Shareholder Return

- AEP
- S&P 500 Electric Utilities Index
- S&P 500

1 Data as of December 31, 2019

Decade of Meeting or Exceeding Original Guidance

Key:
- Low-End
- Midpoint
- High-End

1 EPS Target

Data as of December 31, 2019
Strong Dividend Growth

Targeted payout ratio 60-70% of operating earnings

Over 110 years of consecutive quarterly dividends

Targeted dividend growth in line with earnings

EPS Growth + Dividend Yield = 8% to 10% Annual Return Opportunity

* Subject to Board approval
# O&M Optimization

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Actions</th>
</tr>
</thead>
</table>
| Achieving Excellence Program                                              | • Employee based O&M prioritization and optimization effort  
• Drive down costs in 2020 and beyond  
• Program will leverage the experience of EHS Partners                                                                                      |
| Lean Management System Implementation/Continuous Process Improvement      | • **Distribution** – Drive enhanced reliability which will lead to reduced O&M cost associated with storm restoration in the long term  
• **Supply chain** – Optimize the material requisition process to improve material lead times, reducing stock outs and increasing crew productivity resulting in reduced O&M cost  
• **Fleet operations** – Focus on reducing the number of vehicle platforms/options acquired and optimizing the acquisition process to reduce acquisition and maintenance costs  
• **Generation (system productivity)** – Fleet wide team-based focus on the reduction of waste associated with targeted plant systems, e.g. coal handling, scrubbers                                                                 |
| Data Analytics                                                             | • **Workforce optimization** – Employee/contractor mix  
• **Hot socket model** – Using AMI data to preemptively identify meters at risk  
• **Revenue protection** – Detecting meter tampering  
• **Frequency regulation** – Analysis of PJM bidding strategies                                                                 |
| Automation                                                                 | • Scrap metal billing and management  
• Service Corp billing allocation factors  
• No-bill workflow assignment process  
• Customer workflow scheduling                                                                                                                                 |
| Digital Tools                                                              | • “**The Zone**” – Machine learning tool to operate fossil units at optimal level to minimize O&M and capital, while maintaining and improving performance  
• **Generation Monitoring and Diagnostic Center** – Predictive capabilities that save O&M and capital                                                                 |
| Use of Drones                                                              | • Storm damage assessment  
• Real estate and land surveys  
• Transmission facility inspections, construction monitoring and documentation  
• Telecommunication tower inspections  
• Cooling tower and boiler inspections                                                                                                                                 |
| Outsourcing                                                                | • Accounting and tax initiative  
• Rapid application and information support  
• Lockbox for customer payments by check                                                                                                                                 |
| Workforce Planning                                                         | • Approximately 4,000 employees will retire or leave in the next 5 years                                                                                                                                 |
| Strategic Sourcing                                                        | • **Reducing cost through procurement category management** – Continuing to mature our Category Management program and aggressively using strategic sourcing opportunities to optimize the value AEP receives from the $6B spent annually on goods and services |
ESG Focus

- **E**
  - Dramatic reductions in emissions
  - 38% reduction in coal capacity since 1999
  - Carbon emission reduction goals: 70% by 2030, 80% by 2050, with zero emission aspirations
  - Emissions reduction strategy tied to long-term incentive compensation

- **S**
  - Diversity and inclusion vision
  - Focused on economic and business development in our service territories
  - Zero Harm mentality – zero injuries, zero occupational illnesses and zero fatalities

- **G**
  - 13 directors, 12 are independent, 38% diverse with an average tenure of 7 years
  - Annual shareholder engagement on strategy and ESG matters with lead independent director participation
  - Environmental reports provided at every Board meeting

Note: See "Environmental, Social & Governance section for further information
Transforming Our Generation Fleet

As of 9/1/20. Future includes IRP forecasted additions and retirements through 2030. Energy Efficiency / Demand Response represents avoided capacity rather than physical assets.
Retirement Progress and Plans

2010 – 2019 Retirements/Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Plant</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>Sporn 5</td>
<td>450 MW</td>
</tr>
<tr>
<td>2012</td>
<td>Conesville 3</td>
<td>165 MW</td>
</tr>
<tr>
<td>2014</td>
<td>Beckjord</td>
<td>53 MW</td>
</tr>
<tr>
<td>2015</td>
<td>Big Sandy 2</td>
<td>800 MW</td>
</tr>
<tr>
<td>2015</td>
<td>Clinch River 3</td>
<td>235 MW</td>
</tr>
<tr>
<td>2015</td>
<td>Glen Lyn 5 &amp; 6</td>
<td>335 MW</td>
</tr>
<tr>
<td>2015</td>
<td>Kammer 1-3</td>
<td>630 MW</td>
</tr>
<tr>
<td>2015</td>
<td>Kanawha River 1 &amp; 2</td>
<td>400 MW</td>
</tr>
<tr>
<td>2015</td>
<td>Muskingum River 1-5</td>
<td>1,440 MW</td>
</tr>
<tr>
<td>2015</td>
<td>Picway 5</td>
<td>100 MW</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Plant</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>Sporn 1-4</td>
<td>600 MW</td>
</tr>
<tr>
<td>2015</td>
<td>Tanners Creek 1-4</td>
<td>995 MW</td>
</tr>
<tr>
<td>2016</td>
<td>Big Sandy 1</td>
<td>278 MW</td>
</tr>
<tr>
<td>2016</td>
<td>Clinch River 1 &amp; 2</td>
<td>470 MW</td>
</tr>
<tr>
<td>2016</td>
<td>Northeastern 4</td>
<td>470 MW</td>
</tr>
<tr>
<td>2016</td>
<td>Welsh 2</td>
<td>528 MW</td>
</tr>
<tr>
<td>2017</td>
<td>Gavin 1 &amp; 2</td>
<td>2,640 MW</td>
</tr>
<tr>
<td>2017</td>
<td>Zimmer</td>
<td>330 MW</td>
</tr>
<tr>
<td>2018</td>
<td>Stuart 1-4</td>
<td>600 MW</td>
</tr>
<tr>
<td>2019</td>
<td>Conesville 5 &amp; 6</td>
<td>820 MW</td>
</tr>
</tbody>
</table>

~24,800 MW

~13,200 MW

2020 Planned Retirements

<table>
<thead>
<tr>
<th>Year</th>
<th>Plant</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>Conesville 4</td>
<td>651 MW</td>
</tr>
<tr>
<td>2020</td>
<td>Oklaunion</td>
<td>460 MW</td>
</tr>
</tbody>
</table>

~12,100 MW

2021 – 2030 Planned Retirements

<table>
<thead>
<tr>
<th>Year</th>
<th>Plant</th>
<th>Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021</td>
<td>Dolet Hills</td>
<td>257 MW</td>
</tr>
<tr>
<td>2026</td>
<td>Northeastern 3</td>
<td>469 MW</td>
</tr>
<tr>
<td>2028</td>
<td>Rockport 1</td>
<td>1,310 MW</td>
</tr>
<tr>
<td>2030</td>
<td>Cardinal</td>
<td>595 MW</td>
</tr>
</tbody>
</table>

~9,500 MW

1 Includes 2012 Turk Plant addition and 40% of Conesville 4 that was acquired in conjunction with the sale of Zimmer Plant
## Projected Resource Additions and Progress

### Solar Additions (MW)

<table>
<thead>
<tr>
<th>Company</th>
<th>2020-2022</th>
<th>2023-2027</th>
<th>2028-2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>APCo</td>
<td>15</td>
<td>300</td>
<td>750</td>
</tr>
<tr>
<td>I&amp;M</td>
<td>150</td>
<td>600</td>
<td>550</td>
</tr>
<tr>
<td>KPCo</td>
<td>20</td>
<td>253</td>
<td>-</td>
</tr>
<tr>
<td>PSO</td>
<td>11</td>
<td>600</td>
<td>600</td>
</tr>
<tr>
<td>SWEPCO</td>
<td>-</td>
<td>-</td>
<td>300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>196</strong></td>
<td><strong>1,753</strong></td>
<td><strong>2,200</strong></td>
</tr>
</tbody>
</table>

### Wind Additions (MW)

<table>
<thead>
<tr>
<th>Company</th>
<th>2020-2022</th>
<th>2023-2027</th>
<th>2028-2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>APCo</td>
<td>-</td>
<td>300</td>
<td>-</td>
</tr>
<tr>
<td>I&amp;M</td>
<td>300</td>
<td>150</td>
<td>300</td>
</tr>
<tr>
<td>KPCo</td>
<td>-</td>
<td>-</td>
<td>200</td>
</tr>
<tr>
<td>PSO</td>
<td>675 1</td>
<td>400</td>
<td>200</td>
</tr>
<tr>
<td>SWEPCO</td>
<td>810 1</td>
<td>600</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,785</strong></td>
<td><strong>1,450</strong></td>
<td><strong>700</strong></td>
</tr>
</tbody>
</table>

### Natural Gas Additions (MW)

<table>
<thead>
<tr>
<th>Company</th>
<th>2020-2022</th>
<th>2023-2027</th>
<th>2028-2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>APCo</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>I&amp;M</td>
<td>18</td>
<td>18</td>
<td>788</td>
</tr>
<tr>
<td>PSO</td>
<td>373 2</td>
<td>410 2</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>391</strong></td>
<td><strong>428</strong></td>
<td><strong>788</strong></td>
</tr>
</tbody>
</table>

1 Approval received
2 To replace expiring PPA

### Total Projected Resource Additions (MW)

<table>
<thead>
<tr>
<th>Resource</th>
<th>2020-2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solar</td>
<td>4,149</td>
</tr>
<tr>
<td>Wind</td>
<td>3,935</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>1,607</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9,691</strong></td>
</tr>
</tbody>
</table>

### Renewables Progress Update

<table>
<thead>
<tr>
<th>Company</th>
<th>Structure</th>
<th>Solar (MW)</th>
<th>Wind (MW)</th>
<th>Public Status</th>
<th>Expected In-Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>APCo (VA)</td>
<td>PPA</td>
<td>15</td>
<td>-</td>
<td>Approval received (Depot Solar)</td>
<td>2020</td>
</tr>
<tr>
<td>I&amp;M (IN)</td>
<td>Owned</td>
<td>20</td>
<td>-</td>
<td>Approval received (St. Joseph Solar)</td>
<td>2021</td>
</tr>
<tr>
<td>PSO</td>
<td>Owned</td>
<td>-</td>
<td>675</td>
<td>Approval received (North Central Wind)</td>
<td>2021</td>
</tr>
<tr>
<td>SWEPCO (AR, LA)</td>
<td>Owned</td>
<td>-</td>
<td>810</td>
<td>Approval received (North Central Wind)</td>
<td>2021</td>
</tr>
<tr>
<td>APCo (WV)</td>
<td>Owned</td>
<td>200</td>
<td>-</td>
<td>RFP issued in January 2020</td>
<td>2023</td>
</tr>
<tr>
<td>APCo (WV)</td>
<td>Owned</td>
<td>50</td>
<td>-</td>
<td>RFP issued in June 2020</td>
<td>2023</td>
</tr>
<tr>
<td>SWEPCO (LA)</td>
<td>Owned</td>
<td>200</td>
<td>-</td>
<td>RFP planned for 4Q20 (part of North Central Wind settlement for LA)</td>
<td>TBD</td>
</tr>
<tr>
<td><strong>Total MW</strong></td>
<td></td>
<td><strong>485</strong></td>
<td><strong>1,485</strong></td>
<td>Solar + Wind = 1,970 MW</td>
<td></td>
</tr>
</tbody>
</table>

Updated 9/1/2020
North Central Wind Overview

Approved MW Allocation

<table>
<thead>
<tr>
<th>Jurisdiction (Docket #)</th>
<th>MW</th>
<th>% of Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSO (PUD 2019-00048)</td>
<td>675</td>
<td>45.5%</td>
</tr>
<tr>
<td>SWEPCO – AR (19-035-U)</td>
<td>268</td>
<td>18.1%</td>
</tr>
<tr>
<td>SWEPCO – LA (U-35324)</td>
<td>464</td>
<td>31.2%</td>
</tr>
<tr>
<td>SWEPCO - FERC</td>
<td>78</td>
<td>5.2%</td>
</tr>
<tr>
<td>Total:</td>
<td>1,485</td>
<td>100%</td>
</tr>
</tbody>
</table>

SWEPCO and PSO Regulated Wind Investment

<table>
<thead>
<tr>
<th>Name</th>
<th>MW</th>
<th>Investment</th>
<th>In-Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sundance</td>
<td>199</td>
<td>$307M</td>
<td>Q1 2021 (100% PTC)</td>
</tr>
<tr>
<td>Traverse</td>
<td>999</td>
<td>$1,287M</td>
<td>EOY 2021 (80% PTC)</td>
</tr>
<tr>
<td>Maverick</td>
<td>287</td>
<td>$402M</td>
<td></td>
</tr>
</tbody>
</table>

Total Rate Base Investment

~$2 billion (1,485 MW)

North Central Wind

Net Capacity Factor

44.0%

Customer Savings

~$3 billion (30-year nominal $)

Developer

Invenergy

Turbine Supplier

GE

Note: Facilities to be acquired on a fixed cost, turn-key basis at completion

Regulatory approvals achieved in Oklahoma, Louisiana, Arkansas and at FERC to move forward with the entire project
<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transmission</td>
<td>Grid modernization, aging infrastructure, physical/cyber security, reliability, market efficiency and economic development projects</td>
</tr>
<tr>
<td>Distribution</td>
<td>Grid modernization, reliability improvement projects and distribution station refurbishment</td>
</tr>
<tr>
<td>Renewables</td>
<td>Regulated renewables supported by integrated resource plans and contracted renewables</td>
</tr>
<tr>
<td>Technology</td>
<td>Digitization, automation, cyber security, enterprise-wide applications</td>
</tr>
</tbody>
</table>
2020 - 2024 Capital Forecast of $35B and Net Plant

2020-2024 Capital Forecast

- Transmission $7.6 | 22%
- Distribution $10.3 | 29%
- AEP Transmission Holdco $7.8 | 22%
- Regulated Renewables $2.1 | 6%
- Contracted Renewables $2.1 | 6%
- Regulated Environmental Generation $0.4 | 1%
- Regulated Fossil/Hydro Generation $0.8 | 3%
- Nuclear Generation $0.4 | 1%
- Corporate $2.5 | 7%
- Regulated New Generation $0.4 | 1%

100% of capital allocated to regulated businesses and contracted renewables

73% allocated to wires

Focus on wires and renewables

Historical Net Plant Profiles

2009
- 32% Distribution $10B
- 18% Transmission $5.7B
- 50% Generation $15.4B
- Total $31.1B

2019
- 33% Distribution $18.4B
- 43% Transmission $24.4B
- 24% Generation $13.6B
- Total $56.4B
## Cash Flows and Financial Metrics

<table>
<thead>
<tr>
<th>$ in millions</th>
<th>2020E</th>
<th>2021E</th>
<th>2022E</th>
<th>2023E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash from Operations</td>
<td>$4,600</td>
<td>$4,800</td>
<td>$5,300</td>
<td>$5,800</td>
</tr>
<tr>
<td>Capital &amp; JV Equity Contributions</td>
<td>$(5,900)</td>
<td>$(8,200)</td>
<td>$(6,500)</td>
<td>$(6,500)</td>
</tr>
<tr>
<td>Other Investing Activities</td>
<td>$(400)</td>
<td>$(100)</td>
<td>$(200)</td>
<td>$(200)</td>
</tr>
<tr>
<td>Common Dividends</td>
<td>$(1,400)</td>
<td>$(1,400)</td>
<td>$(1,500)</td>
<td>$(1,500)</td>
</tr>
<tr>
<td>Excess (Required) Capital</td>
<td>$(3,100)</td>
<td>$(4,900)</td>
<td>$(2,900)</td>
<td>$(2,400)</td>
</tr>
</tbody>
</table>

### Financing

<table>
<thead>
<tr>
<th>$ in millions</th>
<th>2020E</th>
<th>2021E</th>
<th>2022E</th>
<th>2023E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Maturities (Senior Notes, PCRBs)</td>
<td>$(1,000)</td>
<td>$(2,000)</td>
<td>$(3,000)</td>
<td>$(500)</td>
</tr>
<tr>
<td>Securitization Amortizations</td>
<td>$(200)</td>
<td>$(100)</td>
<td>$(100)</td>
<td>$(100)</td>
</tr>
<tr>
<td>Equity Units</td>
<td>850</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equity Units Conversion</td>
<td>-</td>
<td>-</td>
<td>805</td>
<td>850</td>
</tr>
<tr>
<td>Equity Issuances - Includes DRP</td>
<td>100</td>
<td>1,400</td>
<td>600</td>
<td>100</td>
</tr>
<tr>
<td>Debt Capital Market Needs (New)</td>
<td>$(3,350)</td>
<td>$(5,600)</td>
<td>$(4,595)</td>
<td>$(2,050)</td>
</tr>
</tbody>
</table>

### Financial Metrics

<table>
<thead>
<tr>
<th></th>
<th>2020E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt to Capitalization (GAAP)</td>
<td>55 - 60%</td>
</tr>
<tr>
<td>FFO/Total Debt (Moody's)</td>
<td>Low to Mid Teens Reflecting Accelerated Flowback of ADFIT</td>
</tr>
</tbody>
</table>

---

1 Capital expenditures in 2021 include $2B for North Central Wind.

2 Common Dividends $2.80/share 2020-2023. Dividends evaluated by Board of Directors each quarter; stated target payout ratio range in 60%-70% of operating earnings. Targeted dividend growth in line with earnings.

3 $750M offering and exercise of over-allotment.

4 Equity needs in 2021 include $1.3B for North Central Wind.

Actual Cash flows will vary by company and jurisdiction based on regulatory outcomes.
7.9% CAGR in Rate Base Growth

Cumulative Change from 2018 Base

2018 Rate Base Proxy
Vertically Integrated Utilities $24.3B
T&D Utilities $10.9B
Transcos/Transource $6.8B
Total $42.0B

5%-7% EPS growth is predicated on regulated rate base growth
Nearly 70% of 2020-2024 capital plan recovered through reduced lag mechanisms
TRANSMISSION TRANSFORMATION
AEP Transmission Strategy Framework

AEP STRATEGIC VISION: INVEST IN TRANSMISSION NETWORK

Diverse five-year capital investment portfolio of over $15 billion across AEP’s broad footprint

Delivering significant customer benefits:
• Higher reliability
• Lower energy costs
• Economic development
• Public policy goals

Disciplined execution:
• Low cost, high value solutions
• High speed delivery
• Technological innovation

STABLE COST RECOVERY FRAMEWORK

DELIVER VALUE TO CUSTOMERS AND PREDICTABLE EARNINGS GROWTH
AEP INVESTS TRANSMISSION CAPITAL IN BOTH THE INTEGRATED OPERATING COMPANIES AND IN THE AFFILIATES HELD UNDER AEP TRANSMISSION HOLDING COMPANY

AEP PROVIDES A STAND-ALONE EARNINGS FORECAST FOR AEP TRANSMISSION HOLDING COMPANY

American Electric Power Company, Inc. (AEP)

AEP Transmission Holding Co. LLC ("AEP Trans Holdco")

AEP Transmission Company, LLC ("AEP Transco")

- AEP Indiana Michigan Transmission Co., Inc. $2,785M Net Plant
- AEP Appalachian Transmission Co., Inc. $97M Net Plant
- AEP Kentucky Transmission Co., Inc. $141M Net Plant
- AEP Ohio Transmission Co., Inc. $4,206M Net Plant

Total $10,057M Net Plant

- Pioneer Transmission, LLC $187M Net Plant
- AEP Appalachian Transmission America, LLC $138M Net Plant
- AEP Oklahoma Transmission Co., Inc. $1,208M Net Plant
- AEP West Virginia Transmission Co., Inc. $1,620M Net Plant
- Transource Energy, LLC $3,102M Net Plant
- Transource Missouri, LLC
- Transource West Virginia, LLC
- Transource Maryland, LLC
- Transource Pennsylvania, LLC $429M Net Plant
- Electric Transmission Texas, LLC
- Grid Assurance

Joint Venture

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

Net plant totals are as of June 30, 2020.

1 Debt issued at AEP Transco level for transmission companies

2 Does not include Independence Energy Connection Project
Five Year Transmission Capital Plan

2020-2024 INVESTMENT BY RTO ($ MILLIONS)\(^1\)

- **PJM**: $9,772
- **ERCOT**: $3,159
- **SPP**: $2,297

2020-2024 TRANSMISSION INVESTMENT BY CATEGORY ($ MILLIONS)\(^1\)

- **Asset Replacement**: $6,480
- **Local Reliability**: $4,894
- **RTO Driven**: $2,158
- **Customer Service**: $1,414
- **Telecommunication**: $282

### INVESTMENT CATEGORIES

**ASSET REPLACEMENT**
- Asset condition, performance history and risk of failure

**LOCAL RELIABILITY**
- Transmission owner reliability planning criteria

**RTO DRIVEN**
- RTO reliability planning criteria
  - Market efficiency
  - Public policy needs and goals

**CUSTOMER SERVICE**
- Connecting new and enhanced service requests
  - Facilitating local economic development

**TELECOM**
- Cyber-security requirements
- Asset health monitoring
- Efficient grid operations

\(^1\) Does not include $200 million of Transource capital investment
AEPTHC’s 2015 – 2022 EPS growth projected at a CAGR of 19.4%
### Stable Cost Recovery Framework

<table>
<thead>
<tr>
<th></th>
<th>PJM</th>
<th>SPP</th>
<th>ERCOT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ROE</strong></td>
<td>10.35% (Includes RTO adder)</td>
<td>10.5% (Includes RTO adder)</td>
<td>9.4% (AEP Texas) 9.6% (ETT)</td>
</tr>
<tr>
<td><strong>Forward Looking Rates</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>Allowed two updates per year</td>
</tr>
<tr>
<td><strong>Equity Structure</strong></td>
<td>Capped at 55%</td>
<td>No Cap</td>
<td>Capped at 42.5% (AEP Texas) and 40% (ETT)</td>
</tr>
<tr>
<td><strong>Rate Effective</strong></td>
<td>January 1, 2018</td>
<td>June 5, 2017</td>
<td>May 29, 2020 (AEP Texas) April 4, 2008 (ETT)</td>
</tr>
<tr>
<td><strong>Final Regulatory Approval</strong></td>
<td>May, 2019</td>
<td>June, 2019</td>
<td>April 6, 2020 (AEP Texas)</td>
</tr>
</tbody>
</table>

- **Transmission Incentives** – AEP supports continuation of the current incentives, particularly the RTO-participation incentive, reflective of the tremendous customer benefits RTO participation provides and additional incentives that provide grid modernization, security and resilience

---

**Stable and Clear Wholesale Cost Recovery for Transmission**

**AEP Recovers ~93% of its Capital Investment Through State Tracker/Rider (T/R) Mechanisms**

**Transmission Incentives Notices of Inquiry**

---

**FULL TRACKER/RIDER (T/R) RECOVERY**

- PJM
- SPP
- ERCOT

**Partial T/R Recovery**

- West Virginia (WV)
- Kentucky (KY)
- Louisiana (LA)

**Pending/Formula or Base Case**

- Indiana (IN)
- Ohio (OH)
- Michigan (MI)
- Arkansas (AR)
- Texas (TX)
- Oklahoma (OK)
- Tennessee (TN)
- Virginia (VA)
Significant Need For Asset Replacement

<table>
<thead>
<tr>
<th>Type</th>
<th>Life Expectancy</th>
<th>Current Quantity over Life Expectancy</th>
<th>Quantity that will Exceed Life Expectancy in Next 10 Years</th>
<th>Total Replacement Need</th>
<th>Percent of AEP System Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Line Rebuilds</td>
<td>70</td>
<td>5,915</td>
<td>4,931</td>
<td>10,846</td>
<td>27%</td>
</tr>
<tr>
<td>Transformers</td>
<td>60</td>
<td>223</td>
<td>124</td>
<td>347</td>
<td>28%</td>
</tr>
<tr>
<td>Circuit Breakers</td>
<td>50</td>
<td>882</td>
<td>583</td>
<td>1,465</td>
<td>16%</td>
</tr>
</tbody>
</table>

$2.3$ billion of annual on-system capital investment is required to maintain current age profile

Asset replacement projects are prioritized based on performance, condition and risk
Identified Core Business Investments

Current State of Distribution Grid
- $1.8B of annual investment
- $2.7B investment needed to maintain current assets

10-Year Incremental Distribution Capital Investment Potential: ~$18B

AEP invests in our customers’ future by focusing on reliability and the customer experience. AEP has a strong track record in securing regulatory support and executing distribution investments.

<table>
<thead>
<tr>
<th>Investment Opportunity</th>
<th>Capital Investment $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grid Modernization</td>
<td>$2.4 billion</td>
</tr>
<tr>
<td>Line Re-conductoring – Asset Renewal</td>
<td>$13.0 billion</td>
</tr>
<tr>
<td>Pole Replacements – Asset Renewal</td>
<td>$0.5 billion</td>
</tr>
<tr>
<td>Distribution Station Transformer and Breaker Replacements –</td>
<td>$1.4 billion</td>
</tr>
</tbody>
</table>

Known and identified investments that will improve reliability and operability of the grid

Partner with states to help spur economic development

---

1 10-year capital investment potential is above current $1.8B annual spend, 7-10% O&M required to support the capital investment
Robust Distribution Capital Expenditure Opportunities

<table>
<thead>
<tr>
<th>Type</th>
<th>Life Expectancy</th>
<th>Current Quantity over Life Expectancy</th>
<th>Quantity that will Exceed Life Expectancy in Next 10 Years</th>
<th>Total Replacement Need</th>
<th>Percent of AEP System Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transformers</td>
<td>60</td>
<td>903</td>
<td>565</td>
<td>1,468</td>
<td>41%</td>
</tr>
<tr>
<td>Circuit Breakers</td>
<td>50</td>
<td>1,030</td>
<td>842</td>
<td>1,872</td>
<td>21%</td>
</tr>
</tbody>
</table>

$2.7 billion of annual on-system capital investment is required to maintain current age profile
INVESTING IN COMPETITIVE BUSINESS
Competitive Businesses Presence

AEP Competitive Businesses
Active in 31 States (7 State overlap with AEP Utilities)

As of September 1, 2020
### Development Pipeline

Progress continues in our development portfolio across three geographically dispersed areas.

The 128 MW Flat Ridge 3 wind project in Kansas is under construction and expected to be placed in-service early 2021 using all of our PTC Safe Harbor equipment (qualifying the plant for 100% PTCs). The project has a long-term power agreement with Evergy for the entire energy output.

The other mid- to late-stage opportunities in our development portfolio possess solid project and market fundamentals, and continue to attract strong interest from utilities, municipalities, cooperatives and corporates.

### Repower Initiative

Fowler Ridge 2 ends its PTC life by year-end 2020. Cedar Creek 2 will end its PTC life in mid-2021. Flat Ridge 2 and Mehoopany are ending their PTC lives by year-end 2022.

All 4 wind farms are being evaluated as potential repower candidates.

If the repowers were to take place, it would most likely be at 60% PTC level.
Regulated Returns
Twelve Months Ended 6/30/2020 Earned ROE’s (non-GAAP operating earnings, not weather normalized)

Regulated Operations ROE of 9.1%
_as of June 30, 2020_

1 Base rate cases pending  
2 AEP Ohio ROE at end of year expected to be in the 10% range

Sphere size based on each company’s relative equity balance
# Current Rate Case Activity

## AEP Ohio
- **Docket #:** 20-0585-EL-AIR
- **Filing Date:** 06/01/2020
- **Requested Rate Base:** $3.1B
- **Requested ROE:** 10.15%
- **Cap Structure:** 45.6%D / 54.4%E
- **Gross Revenue Increase:** $36M (Less $4.5M Depr Decrease)
- **Net Revenue Increase:** $41M
- **Test Year:** 11/30/2020

## APCo – Virginia
- **Docket #:** PUR-2020-00015
- **Filing Date:** 03/31/2020
- **Requested Rate Base:** $2.5B
- **Requested ROE:** 9.9%
- **Cap Structure:** 50%D / 50%E
- **Gross Revenue Increase:** $65M (Less $27M D&A)
- **Net Revenue Increase:** $38M
- **Test Year:** 12/31/2019
- **Procedural Schedule:**
  - Hearing 09/14/2020
  - Expected Effective Date First Quarter 2021

## KPCo
- **Docket #:** 2020-00174
- **Filing Date:** 06/29/2020
- **Requested Rate Base:** $1.4B
- **Requested ROE:** 10%
- **Cap Structure:** 53.7%D / 3.0%AR / 43.3%E
- **Net Revenue Increase:** $65M
- **Test Year:** 03/31/2020
- **Procedural Schedule:**
  - Intervenor Testimony 10/07/2020
  - Rebuttal Testimony 11/09/2020
  - Hearing 11/18/2020
  - Expected Effective Date January 2021
2020 Financial Outlook

2020 Earnings Guidance Range

$4.25 - $4.45

<table>
<thead>
<tr>
<th>2020 Guidance</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>EEI</td>
<td>Revised</td>
</tr>
<tr>
<td>Retail Sales Growth</td>
<td>0.5%</td>
</tr>
</tbody>
</table>
| YTD 2020 Weather (vs. normal) | - | ($30M)¹ | • Slight improvement in Q2 2020  
• Favorable weather in July |
| Untracked O&M | $2.8B | $2.7B | • On track to deliver lower O&M |
| Capital Expenditures | $6.3B | $5.9B | • Reinstate $100M of previously deferred 2020 capital  
• Monitor Q3 2020 cash flows |

¹ Includes early estimate of July weather

**Items that would positively impact management’s view:**

- Accelerated economic recovery
- Management of coronavirus infections such that the economy continues to recover
- Favorable sales mix relative to 2020 updated load forecast
- Warmer summer weather
- Additional O&M savings achieved

**Items that would negatively impact management’s view:**

- Delayed economic recovery
- Resurgence of coronavirus infections that disrupt service territory economy
- Unfavorable sales mix compared to 2020 updated load forecast
- Mild weather
- Higher storm-related O&M expense
Load figures are provided on a billed basis. Charts reflect connected load and exclude firm wholesale load. Revised forecast assumes a gradual recovery over the remainder of the year.
O&M focuses on bending the O&M curve down
O&M actual spend represents adjusted spend throughout each year as needed
Capitalization and Liquidity

**Total Debt / Total Capitalization**

- 2015: 53.2%
- 2016: 55.9%
- 2017: 55.5%
- 2018: 57.0%
- 2019: 59.8%
- Q1-20: 61.8%
- Q2-20: 61.1%

- **Short/Long Term Debt**
- **Securitization Debt**

**Credit Statistics**

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>GAAP</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>FFO to Total Debt</td>
<td>14.1%</td>
<td>13.7%</td>
<td>Low to Mid Teens</td>
</tr>
</tbody>
</table>

*Represents the trailing 12 months as of 6/30/2020*

**Liquidity Summary**

<table>
<thead>
<tr>
<th>(unaudited)</th>
<th>6/30/2020 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ in millions</td>
<td>Amount</td>
</tr>
<tr>
<td>Revolving Credit Facility</td>
<td>$4,000</td>
</tr>
<tr>
<td>364-Day Term Loan</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Plus</strong></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>349</td>
</tr>
<tr>
<td><strong>Less</strong></td>
<td></td>
</tr>
<tr>
<td>Commercial Paper Outstanding</td>
<td>(1,403)</td>
</tr>
<tr>
<td>364-Day Term Loan</td>
<td>(1,000)</td>
</tr>
<tr>
<td>Letters of Credit Issued</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Available Liquidity</strong></td>
<td><strong>$2,946</strong></td>
</tr>
</tbody>
</table>

**Qualified Pension Funding**

- 2015: 97%
- 2016: 96%
- 2017: 101%
- 2018: 99%
- 2019: 97%
- Q1-20: 93%
- Q2-20: 93%
2020 Debt Issuance and Maturities Overview

($ in millions)

AEG  AEP, Inc.  AEP Texas  APCo  I&M  KPCo  OPCo  PSO  SWEPCo  Transco

2020 Maturities  2020 Expected Issuances
Long-Term Debt Maturity Profile

<table>
<thead>
<tr>
<th></th>
<th>Year</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEP, Inc.</td>
<td>$</td>
<td>500.0 $</td>
<td>400.0 $</td>
<td>1,105.0 $</td>
<td>-</td>
<td>299.0 $</td>
<td>-</td>
</tr>
<tr>
<td>AEP Generating Company</td>
<td>$</td>
<td>150.0 $</td>
<td>-</td>
<td>45.0 $</td>
<td>-</td>
<td>- $</td>
<td>-</td>
</tr>
<tr>
<td>AEP Texas¹</td>
<td>$</td>
<td>60.0 $</td>
<td>- $</td>
<td>625.0 $</td>
<td>125.0 $</td>
<td>- $</td>
<td>300.0 $</td>
</tr>
<tr>
<td>AEP Transmission Company</td>
<td>$</td>
<td>- $</td>
<td>50.0 $</td>
<td>104.0 $</td>
<td>60.0 $</td>
<td>95.0 $</td>
<td>90.0 $</td>
</tr>
<tr>
<td>Appalachian Power¹</td>
<td>$</td>
<td>65.4 $</td>
<td>367.5 $</td>
<td>329.4 $</td>
<td>- $</td>
<td>86.0 $</td>
<td>300.0 $</td>
</tr>
<tr>
<td>Indiana Michigan Power</td>
<td>$</td>
<td>1.3 $</td>
<td>296.9 $</td>
<td>30.6 $</td>
<td>287.7 $</td>
<td>47.4 $</td>
<td>150.0 $</td>
</tr>
<tr>
<td>Kentucky Power</td>
<td>$</td>
<td>- $</td>
<td>40.0 $</td>
<td>200.0 $</td>
<td>65.0 $</td>
<td>65.0 $</td>
<td>-</td>
</tr>
<tr>
<td>AEP Ohio</td>
<td>$</td>
<td>- $</td>
<td>500.0 $</td>
<td>- $</td>
<td>- $</td>
<td>- $</td>
<td>-</td>
</tr>
<tr>
<td>Public Service of Oklahoma</td>
<td>$</td>
<td>- $</td>
<td>250.0 $</td>
<td>125.0 $</td>
<td>- $</td>
<td>- $</td>
<td>125.0 $</td>
</tr>
<tr>
<td>Southwestern Electric Power</td>
<td>$</td>
<td>- $</td>
<td>100.0 $</td>
<td>275.0 $</td>
<td>- $</td>
<td>25.0 $</td>
<td>-</td>
</tr>
<tr>
<td>Wheeling Power Company</td>
<td>$</td>
<td>- $</td>
<td>- $</td>
<td>178.0 $</td>
<td>- $</td>
<td>- $</td>
<td>122.0 $</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$</td>
<td>776.6 $</td>
<td>2,004.4 $</td>
<td>3,017.0 $</td>
<td>537.7 $</td>
<td>617.4 $</td>
<td>1,087.0 $</td>
</tr>
</tbody>
</table>

¹ Excludes securitization bonds

Includes mandatory tenders (put bonds)

Data as of June 30, 2020
### AEP Credit Ratings

<table>
<thead>
<tr>
<th>Company</th>
<th>Moody's</th>
<th>S&amp;P</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Senior</td>
<td>Senior</td>
</tr>
<tr>
<td></td>
<td>Unsecured</td>
<td>Unsecured</td>
</tr>
<tr>
<td></td>
<td>Outlook</td>
<td>Outlook</td>
</tr>
<tr>
<td>American Electric Power Company Inc.</td>
<td>Baa2</td>
<td>BBB+</td>
</tr>
<tr>
<td>AEP, Inc. Short Term Rating</td>
<td>P2</td>
<td>A2</td>
</tr>
<tr>
<td>AEP Texas Inc.</td>
<td>Baa2</td>
<td>A-</td>
</tr>
<tr>
<td>AEP Transmission Company, LLC (^1)</td>
<td>A2</td>
<td>A-</td>
</tr>
<tr>
<td>Appalachian Power Company (^2)</td>
<td>Baa1</td>
<td>A-</td>
</tr>
<tr>
<td>Indiana Michigan Power Company (^2)</td>
<td>A3</td>
<td>A-</td>
</tr>
<tr>
<td>Kentucky Power Company</td>
<td>Baa3</td>
<td>A-</td>
</tr>
<tr>
<td>AEP Ohio</td>
<td>A3</td>
<td>A-</td>
</tr>
<tr>
<td>Public Service Company of Oklahoma</td>
<td>Baa1</td>
<td>A-</td>
</tr>
<tr>
<td>Southwestern Electric Power Company</td>
<td>Baa2</td>
<td>A-</td>
</tr>
<tr>
<td>Transource Energy (^3)</td>
<td>A2</td>
<td>NR</td>
</tr>
</tbody>
</table>

\(^1\) AEP Transmission Co. received a senior unsecured debt rating of A from Fitch. The rating outlook is Stable.

\(^2\) In conjunction with the unenhanced VRDN remarketings, APCo and I&M both received short term credit ratings of A-2/P2 from S&P and Moody’s, respectively.

\(^3\) NR stands for Not Rated.

Ratings current as of September 1, 2020
ENVIRONMENTAL, SOCIAL & GOVERNANCE
## AEP's September 1, 2020 Renewable Portfolio (in MW)

<table>
<thead>
<tr>
<th>Hydro, Wind, Solar and Pumped Storage</th>
<th>Owned MW</th>
<th>PPA MW</th>
<th>Total MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEP Ohio</td>
<td>209</td>
<td></td>
<td>209</td>
</tr>
<tr>
<td>Appalachian Power Company</td>
<td>785</td>
<td>575</td>
<td>1,360</td>
</tr>
<tr>
<td>Indiana Michigan Power Company</td>
<td>36</td>
<td>450</td>
<td>486</td>
</tr>
<tr>
<td>Public Service Company of Oklahoma</td>
<td>1,137</td>
<td></td>
<td>1,137</td>
</tr>
<tr>
<td>Southwestern Electric Power Company</td>
<td>469</td>
<td></td>
<td>469</td>
</tr>
<tr>
<td>Competitive Wind, Solar and Hydro</td>
<td>1,536</td>
<td>101</td>
<td>1,637</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,357</strong></td>
<td><strong>2,941</strong></td>
<td><strong>5,298</strong></td>
</tr>
</tbody>
</table>

### APPROXIMATELY

**11,900 MW** of Renewable Generation Interconnected Across the U.S. via AEP’s Transmission System Today
Emission Reduction Goals

AEP’s Carbon Emission Reduction Goals

70% by 2030
80% by 2050
(both from a 2000 baseline)

Environmental, Social and Governance (ESG) Reporting:

- AEP’s Corporate Accountability Report
- EEI ESG Sustainability Reporting: AEP’s 2020 EEI ESG Report
- AEP’s CDP Survey Responses
- AEP’s GRI Report
- AEP also responds to investor-related surveys, including MSCI and Sustainalytics

Strategy to Achieve

- Investments in renewable energy within and outside of our traditional service territory
- Technology deployment (e.g., energy storage)
- Modernization of the grid with significant investments in transmission and distribution
- Increased use of natural gas
- Optimization of our existing generating fleet

1 Aspiration is zero emissions
Largest Investment in Controls

INVESTMENTS IN ENVIRONMENTAL CONTROLS $ in millions

Total $9 Billion Estimated

Estimated
Dramatic Reductions in Emissions

**TOTAL AEP SYSTEM NOx & SO2 EMISSIONS**

![Chart illustrating reductions in SO2 and NOx emissions from 1990 to 2019.]

- **SO2**
  - 1990-2019 Actual: 97%
  - Direct annual emissions of SO2 from AEP's ownership share of generation as reported under Title IV of the 1990 Clean Air Act.

- **NOx**
  - 1990-2019 Actual: 94%

**TOTAL AEP SYSTEM MERCURY AIR EMISSIONS**

![Chart illustrating reductions in mercury emissions from 2001 to 2019.]

- **Hg**
  - 2001-2019 Actual: 97%
  - AEP equity share of mercury air emissions from Toxic Release Inventory reporting. 2019 was estimated with MATS program emission monitors.
Dramatic Reductions in Emissions

**TOTAL AEP SYSTEM – ANNUAL CO₂ EMISSIONS** in million metric tons

![Bar chart showing annual CO₂ emissions from 2000 to 2019.](chart)

- **2000**: 167 million metric tons
- **2019**: 58 million metric tons

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

**CO₂ Reduction**

- **2000-2019**
- **Actual**: 65%
Diversity and Inclusion
Board and Leadership Composition

**BOARD COMPOSITION**

- **7 YRS AVERAGE TENURE**
- **92% INDEPENDENT** (12 of 13 directors are independent)
- **38% DIVERSE**

**2020 LEADERSHIP DIVERSITY**

- **Female**: 29%
- **Male**: 71%
- **Minority**: 21%
- **White**: 79%

Includes AEP’s Board of Directors, AEP Leadership and Regional Utility Presidents as of April 30, 2020.