

# Notice of 2022 Annual Meeting • Proxy Statement



American Electric Power  
1 Riverside Plaza  
Columbus, OH 43215  
**Nicholas K. Akins**  
Chair of the Board and  
Chief Executive Officer

March 16, 2022

Dear Shareholders:

This year's Annual Meeting will be held exclusively via live webcast on Tuesday, April 26, 2022, at 9:00 a.m. Eastern Time at <https://meetnow.global/AEP2022>. We believe this online format will expand our ability to connect with shareholders from all over the world while still providing you the same opportunities to vote and ask questions as an in-person meeting. An audio broadcast of the Annual Meeting also will be available toll-free at 855-493-3493, confirmation code 6446768. Details about how to participate in the live webcast of the Annual Meeting, as well as the items to be voted on, are described in the accompanying Notice of Annual Meeting of Shareholders, "Rules of Conduct for the Annual Meeting" on page ii of this proxy statement, and in "How You Can Vote" on page 2 of this proxy statement.

Your Board of Directors and I cordially invite you to attend our virtual meeting. Registration will begin at 8:40 a.m. Eastern Time. Only shareholders who owned shares on the record date, March 1, 2022, are entitled to vote and attend the meeting. To participate in the Annual Meeting live webcast at <https://meetnow.global/AEP2022>, you will need the 16-digit control number, which can be found on your Shareholder Meeting Notice, on your proxy card, and on the instructions that accompany your proxy materials. Those who are not shareholders as of the record date may listen to the Annual Meeting as guests by telephone.

During the meeting, we will discuss the items on the agenda and provide time for questions regarding AEP's affairs. Please see "Rules of Conduct of the Annual Meeting" on page ii of this proxy statement.

Please review this proxy statement before casting your vote as it contains important information about the business of the Annual Meeting. Page 2 contains instructions for voting your shares online, by phone, by mail, or at the Annual Meeting. We encourage you to vote and share your feedback with us.

**Your vote is important to us. Even if you plan to attend the Annual Meeting virtually, we encourage you to vote your shares in advance. Shareholders of record can vote in any one of the following ways:**

- **By Internet, at [www.envisionreports.com/AEP](http://www.envisionreports.com/AEP).**
- **By toll-free telephone at 800-652-8683.**
- **By completing and mailing your proxy card if you receive paper copies of the proxy materials.**
- **By live webcast at <https://meetnow.global/AEP2022>.**

**If your shares are held in the name of a bank, broker or other holder of record, you will receive instructions from the holder of record that you must follow in order for you to vote your shares. Please see "How to Register to Attend the Virtual Annual Meeting" on page 1 of this proxy statement.**

If you have any questions about the meeting, please contact Investor Relations, American Electric Power Co., 1 Riverside Plaza, Columbus, Ohio 43215. The telephone number is 800-237-2667.

Sincerely,



# NOTICE OF 2022 ANNUAL MEETING

American Electric Power Company, Inc.  
1 Riverside Plaza  
Columbus, Ohio 43215

<b>TIME</b>	9:00 a.m. Eastern Time on Tuesday, April 26, 2022
<b>RECORD DATE</b>	Only shareholders of record at the close of business on March 1, 2022 are entitled to notice of and to vote at the meeting or any adjournment thereof.
<b>WEBCAST</b>	To participate in the live webcast of the Annual Meeting at <a href="https://meetnow.global/AEP2022">https://meetnow.global/AEP2022</a> , you will need the 16-digit control number, which can be found on your Shareholder Meeting Notice, on your proxy card, and on the instructions that accompany your proxy materials. Those who are not shareholders as of the record date may join the Annual Meeting as guests by telephone.
	The Annual Meeting will begin promptly at 9:00 a.m. Eastern Time. Online check-in will begin at 8:40 a.m. Eastern.
<b>AUDIO BROADCAST</b>	Shareholders and guests also can listen to an audio broadcast of the Annual Meeting toll free at 855-493-3493, confirmation code 6446768.
<b>ITEMS OF BUSINESS</b>	<ol style="list-style-type: none"><li>(1) To elect the 12 directors named herein to hold office until the next annual meeting and until their successors are duly elected.</li><li>(2) To ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for the year 2022.</li><li>(3) To vote on a proposal to amend the Company's Restated Certificate of Incorporation to authorize preferred stock.</li><li>(4) To hold an advisory vote on executive compensation.</li></ol>
<b>ANNUAL REPORT</b>	Appendix A to this proxy statement has AEP's audited financial statements, management's discussion and analysis of results of operations and financial condition and the report of the independent registered public accounting firm.
<b>PROXY VOTING</b>	<p>It is important that your shares be represented and voted at the meeting. Please vote in one of these ways:</p> <ol style="list-style-type: none"><li>(1) <b>MARK, SIGN, DATE AND PROMPTLY RETURN</b> your proxy card if you received paper copies of the proxy materials.</li><li>(2) <b>CALL TOLL-FREE</b> by telephone at 800-652-8683.</li><li>(3) <b>VISIT THE WEB SITE</b> at <a href="http://www.envisionreports.com/AEP">www.envisionreports.com/AEP</a>.</li><li>(4) <b>PARTICIPATE IN THE ANNUAL MEETING</b> via live webcast at <a href="https://meetnow.global/AEP2022">https://meetnow.global/AEP2022</a>.</li></ol> <p>If your shares are held in the name of a bank, broker or other holder of record, please follow the instructions from the holder of record in order to vote your shares.</p> <p>Any proxy may be revoked at any time before your shares are voted at the meeting.</p>
<b>PROXY MATERIALS</b>	On our pre-meeting forum at <a href="https://meetnow.global/AEP2022">https://meetnow.global/AEP2022</a> , shareholders of record can access copies of proxy materials. Because we will be providing our proxy materials to our shareholders electronically, most of our shareholders will receive only the Notice containing instructions on how to access the proxy materials electronically and vote online, by phone, by mail, or at the Annual Meeting. If you would like to request paper copies of the proxy materials, you may follow the instructions on your Notice.

March 16, 2022

David M. Feinberg  
Secretary

## Important notice regarding the availability of proxy materials for the annual meeting of shareholders to be held

**April 26, 2022:** Our 2022 Proxy Statement and 2021 Annual Report to shareholders are available at [www.edocumentview.com/aep](http://www.edocumentview.com/aep)



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# Rules of Conduct for the Annual Meeting

AEP strives to provide our shareholders attending the online-only Annual Meeting the same opportunities to participate they would have had at an in-person Annual Meeting. AEP believes the online-only format will provide an enhanced opportunity for participation and discourse.

- Representatives of Computershare Trust Company, N.A. have been appointed as the independent inspectors of elections.
- Shareholders participating in the live webcast of the Annual Meeting at <https://meetnow.global/AEP2022> can submit questions in writing during the Annual Meeting. Management will read questions to the audience and respond to these questions throughout the Annual Meeting. Shareholders are encouraged to provide their name and contact information in case the Company needs to contact them after the Annual Meeting.
- Individuals who are not shareholders as of the record date who are interested in listening to the Annual Meeting will be allowed to listen to the Annual Meeting toll-free at 855-493-3493, confirmation code 6446768.
- Questions submitted by shareholders will be read during the Annual Meeting unedited. Questions that are of an inappropriate personal nature or that use offensive language will not be read during the Annual Meeting or posted on our website after the Annual Meeting. Questions regarding technical issues related to the Annual Meeting will be referred to technical support personnel to respond separately.
- A video replay of the Annual Meeting, will be available on our website at [aep.com/investors](http://aep.com/investors) under "2022 Annual Meeting of Shareholders" until the release of the proxy statement for the 2023 Annual Meeting.
- The Annual Meeting will end upon the earlier of 10:00 a.m. Eastern Time, or after all question topics that are not of an inappropriate nature have been answered.



# Proxy Statement

March 16, 2022

## Proxy and Voting Information

A notice of Internet availability of proxy materials or paper copy of this proxy statement, our 2021 Annual Report and a form of proxy or voting instruction card is first being mailed or made available to shareholders on or about March 16, 2022, in connection with the solicitation of proxies by the Board of Directors of American Electric Power Company, Inc., 1 Riverside Plaza, Columbus, Ohio 43215, for the annual meeting of shareholders to be held on April 26, 2022 exclusively via live webcast at <https://meetnow.global/AEP2022>.

We use the terms “AEP,” the “Company,” “we,” “our” and “us” in this proxy statement to refer to American Electric Power Company, Inc. and, where applicable, its subsidiaries. All references to “years,” unless otherwise noted, refer to our fiscal year, which ends on December 31.

**Who Can Vote.** Only the holders of shares of AEP common stock at the close of business on the record date, March 1, 2022, are entitled to vote at the Annual Meeting. Each such holder has one vote for each share held on all matters to come before the meeting. On March 1, 2022, there were 504,546,840 shares of AEP common stock, \$6.50 par value, outstanding.

**How to Attend the Virtual Annual Meeting.** The 2022 Annual Meeting will be a virtual meeting of shareholders, which will be conducted exclusively by webcast. No physical meeting will be held.

You will be able to attend the Annual Meeting online and submit your questions during the meeting at <https://meetnow.global/AEP2022>. You also will be able to vote your shares online during the virtual Annual Meeting.

To participate in the Annual Meeting, you will need to review the information included on your notice of Internet availability of proxy materials, on your proxy card or on the instructions that accompanied your proxy materials.

If you hold your shares through an intermediary, such as a bank or broker, you can access the virtual meeting as a guest, or if you would like to vote or ask a question at the virtual Annual Meeting, you must register in advance using the instructions below.

The virtual Annual Meeting will begin promptly at 9:00 a.m., Eastern Time. We encourage you to access the meeting prior to the start time leaving ample time to check in. Please follow the registration instructions as outlined in this proxy statement.

**How to Register to Attend the Virtual Annual Meeting.** All shareholders can listen to the virtual Annual Meeting by signing onto the virtual Annual Meeting as a guest. However, if you wish to participate in the virtual Annual Meeting, you must sign on as a shareholder.

If you are a registered shareholder (i.e., you hold your shares through our transfer agent, Computershare), you do not need to register to attend the virtual Annual Meeting. Please follow the instructions on the proxy card or the notice of Internet availability of proxy materials, or in the proxy material notification email that you received.



If you hold shares through an intermediary, such as a bank or broker (a Beneficial Holder), and want to attend the virtual Annual Meeting (with the ability to ask a question and/or vote, if you choose to do so) you have two options:

- (1) submit proof of your proxy power (legal proxy) from your bank or broker reflecting your AEP holdings along with your name and email address to Computershare by email to: [legalproxy@computershare.com](mailto:legalproxy@computershare.com), or by mail:  
P.O. Box 43001 Providence, RI 02940-3001

Requests for registration must be labeled as “Legal Proxy” and be received no later than 5:00 p.m., Eastern Time, on April 20, 2022.

You will receive a confirmation of your registration by email after your registration materials have been received.

- (2) For the 2022 proxy season, standards have been agreed upon to allow Beneficial Holders to register online at the virtual Annual Meeting to attend, ask questions and vote. We expect that the vast majority of Beneficial Holders will be able to fully participate using the control number received with their voting instruction form. Please note, however, that this option is provided as a convenience to Beneficial Holders only. There is no guarantee this option will be available for every type of Beneficial Holder voting control number. The inability to provide this option to any or all Beneficial Holders will in no way impact the validity of the virtual Annual Meeting. Beneficial Holders may choose to register in advance, as described in (1), above, if they prefer to use this traditional, paper-based option.

Please go to <https://meetnow.global/AEP2022> for more information on the available options and registration instructions.

**How You Can Vote.** Shareholders of record can vote by (i) mailing their signed proxy cards; (ii) calling a toll-free telephone number; (iii) using the Internet; or (iv) participating in the Annual Meeting at <https://meetnow.global/AEP2022>. The telephone, Internet and in-person virtual voting procedures are designed to authenticate shareholders’ identities, to allow shareholders to give their voting instructions and to confirm that shareholders’ instructions have been properly recorded. Instructions for shareholders of record who wish to use the telephone or Internet voting procedures are on the proxy card or the website shown on the notice of Internet availability of proxy materials.

If your shares are held in the name of a bank, broker or other holder of record, you will receive instructions from the holder of record that you must follow in order for you to vote your shares.

When proxies are signed and returned, the shares represented thereby will be voted by the persons named on the proxy card or by their substitutes in accordance with shareholders’ directions. If a proxy card is signed and returned without choices marked, it will be voted for the nominees for directors listed on the card and as recommended by the Board of Directors with respect to other matters. The proxies of shareholders who are participants in the Dividend Reinvestment and Stock Purchase Plan include both the shares registered in their names and the whole shares held in their plan accounts on March 1, 2022.

**Revocation of Proxies.** A shareholder giving a proxy may revoke it at any time before it is voted at the meeting by voting again after the date of the proxy being revoked or by attending the meeting and voting in person.

**How Votes are Counted.** The presence of the holders of a majority of the outstanding shares of common stock entitled to vote at the Annual Meeting, present in person or represented by proxy, is necessary to constitute a quorum. Abstentions and “broker non-votes” are counted as present and entitled to vote for purposes of determining a quorum. A “broker non-vote” occurs when a broker holding shares for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner.



Under the NASDAQ Stock Market LLC (NASDAQ) rules, the proposal to ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm is considered a “routine” item. This means that brokerage firms may vote in their discretion on this matter on behalf of their clients who have not furnished voting instructions. The proposals to elect directors, to amend our Restated Certificate of Incorporation, and the advisory vote on executive compensation are “non-routine” matters. That means that brokerage firms may not use their discretion to vote on such matters without express voting instructions from their clients.

The Company has implemented a majority voting standard for the election of directors in uncontested elections. The election of directors at the Annual Meeting is an uncontested election, so for a nominee to be elected to the Board, the number of votes cast “for” the nominee’s election must exceed the number of votes cast “against” his or her election. If a nominee does not receive a greater number of votes “for” his or her election than “against” such election, he or she will be required to tender his or her resignation for the Board’s consideration of whether to accept such resignation in accordance with our Bylaws.

The following table summarizes the Board’s voting recommendations for each proposal, the vote required for each proposal to pass, and the effect of abstentions and uninstructed shares on each proposal.

Item	Board Recommendation	Voting Standard	Abstentions	Broker Non-Votes
<b>Item 1</b> – Election of Directors	✓ FOR	Majority of votes cast for each Director	No effect	No effect
<b>Item 2</b> – Ratification of the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for 2022 <sup>(1)</sup>	✓ FOR	Majority of shares voted	No effect	Discretionary voting by broker permitted
<b>Item 3</b> – Amendment to Ratify the Company's Restated Certificate of Incorporation to authorize preferred stock	✓ FOR	Majority of shares outstanding	Against	Against
<b>Item 4</b> – Advisory vote to approve executive compensation (Say on Pay) <sup>(1)</sup>	✓ FOR	Majority of shares voted	No effect	No effect

- (1) As advisory votes, the proposals to ratify the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm for 2022 and to approve executive compensation are not binding upon the Company. However, the Board, the Audit Committee and the Human Resources Committee value the opinions expressed by shareholders and will consider the outcome of these votes when making future decisions.

**Your Vote is Confidential.** It is AEP’s policy that shareholders be provided privacy in voting. All proxies, voting instructions and ballots, which identify shareholders, are held on a confidential basis, except as may be necessary to meet any applicable legal requirements. We direct proxies to an independent third-party tabulator who receives, inspects, and tabulates them. Voted proxies and ballots are not seen by nor reported to AEP except (i) in aggregate number or to determine if (rather than how) a shareholder has voted, (ii) in cases where shareholders write comments on their proxy cards or (iii) in a contested proxy solicitation.

**Multiple Copies of Annual Report, Proxy Statement or Notice of Internet Availability of Proxy Materials to Shareholders.** Securities and Exchange Commission (SEC) rules provide that more than one annual report, proxy statement or notice of Internet availability of proxy materials need not be sent to the same address. This practice is commonly called “householding” and is intended to eliminate duplicate mailings of shareholder documents. Mailing of your annual report, proxy statement or notice of Internet availability of proxy materials is being househanded indefinitely unless you instruct us otherwise. We will deliver promptly, upon written or oral request, a separate copy of the annual report, proxy statement or notice of Internet availability of proxy materials to a shareholder at a shared address. To receive a separate copy of the annual report, proxy statement or notice of Internet availability of proxy materials, write to AEP, attention: Investor Relations, 1 Riverside Plaza, Columbus, OH 43215 or call 1-800-237-2667. If more than one annual report, proxy statement or notice of Internet availability of proxy materials is being sent to your address, at your request, mailing of the duplicate copy can be discontinued by contacting our transfer agent, Computershare Trust Company, N.A. (Computershare), at 800-328-6955 or writing to them at P.O. Box 505005, Louisville, KY 40233-5005. If you wish to resume receiving separate annual reports,



proxy statements or notice of Internet availability of proxy materials at the same address in the future, you can contact Computershare at 800-328-6955 or write to them at P.O. Box 505005, Louisville, KY 40233-5005. The change will be effective 30 days after receipt.

**Additional Information.** Our website address is [www.aep.com](http://www.aep.com). We make available free on the Investor Relations section of our website ([www.aep.com/investors](http://www.aep.com/investors)) our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (Exchange Act). We also make available through our website other reports filed with or furnished to the SEC under the Exchange Act, including our proxy statements and reports filed by officers and directors under Section 16(a) of the Exchange Act. You may request free printed copies of any of these materials and information by contacting Investor Relations at: AEP, attention: Investor Relations, 1 Riverside Plaza, Columbus, OH 43215. We do not intend for information posted on our website to be part of this proxy statement. In addition, this proxy statement and the Annual Report for the fiscal year ended December 31, 2021 are available at [www.edocumentview.com/aep](http://www.edocumentview.com/aep).

## **Item 1. Election of Directors**

Currently, AEP's Board of Directors consists of 13 members following Mr. Rasmussen's resignation from the Board in February 2022 for personal reasons and not due to any disagreement with the Company. In accordance with AEP's retirement policy, Mr. Hoaglin will end his service as a member of the Board effective on the date of the annual meeting; therefore, the Board of Directors has authorized a reduction in the size of the Board to 12 members, effective April 26, 2022, as permitted by the Bylaws. Accordingly, twelve directors are to be elected at the 2022 Annual Meeting to hold office until the next annual meeting and until their successors have been elected. AEP's Bylaws provide that the number of directors of AEP shall be such number, not less than 9 nor more than 17, as shall be determined from time to time by resolution of the Board.

Ten of the twelve nominees were nominated by the Board on the recommendation of the Committee on Directors and Corporate Governance (the Corporate Governance Committee) following an individual evaluation of each nominee's qualifications and 2021 performance. Messrs. Fowke and Von Thaer were elected by the Board in February 2022 and were nominated following an evaluation of their respective qualifications. The proxies named on the proxy card or their substitutes will vote for the Board's nominees, unless instructed otherwise. All of the Board's nominees were elected by the shareholders at the 2021 annual meeting, except for Messrs. Fowke and Von Thaer. Messrs. Fowke and Von Thaer were elected by the Board following input from a director search firm, which was paid a fee to identify and evaluate potential Board members. Some members of the Corporate Governance Committee interviewed Messrs. Fowke and Von Thaer and the Corporate Governance Committee reviewed their respective qualifications and recommended their election to the full board. We do not expect any of the nominees will be unable to stand for election or be unable to serve if elected. If a vacancy in the slate of nominees occurs before the meeting, the proxies may be voted for another person nominated by the Board or the number of directors may be reduced accordingly.

The Principles of Corporate Governance of the Board of Directors provides that directors will not generally be nominated for re-election at any annual shareholders meeting following their 72nd birthday. Mr. Anderson is a nominee for re-election despite having reached his 72nd birthday in 2021 because, with the recent resignation of Mr. Rasmussen, the recent appointment of two new directors and the upcoming age-based retirement of Mr. Hoaglin, the Board concluded that it is desirable and in the best interest of the Company to have Mr. Anderson continue to serve and provide his financial expertise to the Board during this transition period.

**The Board of Directors unanimously recommends a vote FOR each of the director nominees below.**

**Biographical Information.** The following brief biographies of the nominees include their principal occupations, ages on the date of this proxy statement, accounts of their business experience and names of certain companies of which they are directors. Data with respect to the number of shares of AEP's common stock and stock-based units beneficially owned by each of them appears on page 79.



## Nominees For Director



**Nicholas K. Akins**

New Albany, Ohio

Age 61

Director since 2011

### **Professional Highlights**

Elected chief executive officer of AEP in November 2011; elected Chair of the Board in January 2014 and Chair and chief executive officer of all of AEP's major subsidiaries in November 2011. President of AEP from January 2011 to October 2011 and executive vice president of AEP from 2006 to 2011.

**Mr. Akins' qualifications** to serve on the Board include his extensive senior executive experience in the utility industry and his deep knowledge of the Company as our chief executive officer. Mr. Akins brings to the Board experience in all facets of operational and compliance related activities in the utility industry, which enables him to effectively identify strategic priorities and execute strategy. Mr. Akins' service on the board of another public company, including service as chair of its nominating and corporate governance committee, provides Mr. Akins additional governance insights that are valuable in his role as our Board Chair.

### **Current Public Company Boards**

Fifth Third Bancorp



**David J. Anderson**

Greenwich, Connecticut

Age 72

Director since 2011

### **Professional Highlights**

Executive Vice President and Chief Financial Officer of Conteva, Inc., a global agriscience company. Former Chief Operating Officer and Chief Financial Officer of Nielsen Holdings plc, a leading global information, data and measurement company (September 2018 - December 2019). Former executive vice president and chief financial officer of Alexion Pharmaceuticals, a leading biotechnology company, from December 2016 to August 2017. Previously, chief financial officer from 2003 until his retirement in 2014 of Honeywell International, a diversified technology and manufacturing company.

**Mr. Anderson's qualifications** to serve on the Board include his corporate finance expertise as the chief financial officer of a Fortune 100 company and his experience as a public company director. While at Honeywell, Mr. Anderson was responsible for the company's corporate finance activities including tax, accounting, treasury, audit, investments, financial planning, acquisitions and real estate. Through his finance leadership positions, Mr. Anderson brings to the Board relevant experience in the areas of management and executive leadership and experience in developing and executing strategy. His extensive finance expertise provides valuable insight in the areas of financial reporting and accounting and controls.

### **Previous Public Company Boards**

Cardinal Health, Inc. (2014-2018)

Fifth Street Asset Management, Inc. (2014-2015)

BE Aerospace Inc. (2014 – 2017)



## Nominees For Director — continued



**J. Barnie Beasley, Jr.**

Sylvania, Georgia

Age 70

Director since 2014

### **Professional Highlights**

Mr. Beasley served as an independent nuclear safety and operations expert to the board of directors of the Tennessee Valley Authority, a large electric utility in the southeastern United States, from 2011 to 2014. Retired chairman, president and chief executive officer of Southern Nuclear Operating Company, the nuclear operating company subsidiary of an electric utility (2004-2008). Advisor to EnergySolutions, Inc., a nuclear services company (2014-2019).

**Mr. Beasley's qualifications** to serve on the Board include his nuclear expertise as the chief executive officer of the nuclear operating company subsidiary of Southern Company and his experience as a public company director. Mr. Beasley brings to the Board decades of experience in the nuclear and utility industries, including high level executive management and business oversight experience. He has substantial experience working with federal government administrators, which provides valuable insights in governmental and regulatory issues. His extensive experience in operations provides insights in risk management, safety, personnel development and environmental matters. Mr. Beasley also brings significant engineering experience, having held a Professional Engineering license for over 37 years. His experience in the nuclear industry also provides him substantial experience in physical security and cybersecurity.

### **Prior Public Company Boards**

GSE Systems, Inc.



**Benjamin G. S. Fowke**

Naples, Florida

Age 63

Director since 2022

### **Professional Highlights**

Retired chairman of the board of directors of Xcel Energy Inc., a utility holding company (Xcel) (August 2011-December 2021), and retired chief executive officer of Xcel (August 2011 – August 2021). Mr. Fowke served as president of Xcel (August 2011 – March 2020), chief operating officer of Xcel (August 2009- August 2011) and chief financial officer of Xcel (October 2003 – August 2009). Mr. Fowke also served as chief executive officer of Xcel's utility subsidiaries Northern States Power Company, Public Service Company of Colorado and Southwestern Public Service Co. (January 2015 – August 2021).

**Mr. Fowke's qualifications** to serve on the Board include his executive experience in the regulated electric and gas utility industry and his experience as a public company director. Having served as a chief financial officer, he has a strong background in finance, financial reporting and shareholder outreach. Mr. Fowke also has experience in environmental issues, operations and the energy business. His extensive experience in the utility industry provides valuable insight into the risks we face and provides unique insight into effective management of those risks to deliver strong results over the long term. His involvement in the utility industry also provides significant expertise on regulatory and policy issues that are central to our business.

### **Prior Public Company Boards**

Xcel Energy Inc.



## Nominees For Director — continued



### **Art A. Garcia**

Southwest Ranches,  
Florida

Age 59

Director since 2019

### **Professional Highlights**

Retired chief financial officer of Ryder System, Inc., a provider of fleet management, supply chain management and logistic solutions (2010-2019). Senior Vice President and Controller of Ryder (2005-2009). Mr. Garcia is a certified public accountant who began his career with Coopers & Lybrand before joining Ryder.

**Mr. Garcia's qualifications** to serve on the Board include his corporate finance and accounting expertise as a chief financial officer and his experience as a public company director. While at Ryder, Mr. Garcia held several positions of increasing responsibility, including group director accounting services, as well as senior vice president and corporate controller before his appointment as chief financial officer. Mr. Garcia also oversaw corporate strategy and development, and led the reengineering of the company's finance function to drive increased efficiencies. His extensive finance expertise provides valuable insight in the areas of financial reporting and accounting and controls. He also brings to the Board relevant experience in risk management, regulated industries, safety and strategy development.

### **Current Public Company Boards**

ABM Industries Incorporated  
Elanco Animal Health Incorporated



### **Linda A. Goodspeed**

Marco Island, Florida

Age 60

Director since 2005

### **Professional Highlights**

Retired managing partner of Wealthstrategies Financial Advisors, LLC (2008-2017), a financial advisory firm. Retired senior vice president and chief information officer of The ServiceMaster Company, a residential and commercial service company (2011-2013). From 2008 to 2011, vice president of information systems of Nissan North America, Inc., an automobile manufacturer.

**Ms. Goodspeed's qualifications** to serve on the Board include her information technology expertise as a chief information officer and her experience as a public company director. Ms. Goodspeed has experience in key strategic and operational roles with several large global companies as chief information officer. Ms. Goodspeed brings to the Board a wealth of experience leading complex IT organizations and brings innovation experience. She has completed the National Association of Corporate Directors certification in cybersecurity oversight. She has experience as a senior leader of businesses developing electric vehicles, and past experience developing and marketing new customer facing products and technology in the appliance and automotive industries.

### **Current Public Company Boards**

AutoZone, Inc.  
Darling Ingredients Inc.  
Williams Industrial Services Group, Inc.

### **Previous Public Company Boards**

Global Power Equipment Group (2016-2018)  
Columbus McKinnon Corp (2004-2017)



## Nominees For Director — continued

**Sandra Beach Lin**

Flower Mound, Texas

Age 64

Director since 2012

**Professional Highlights**

Retired chief executive officer of Calisolar, Inc., a solar silicon company (2010-2011). Executive vice president, then corporate executive vice president of Celanese Corporation, a global hybrid chemical company (2007-2010). Previous senior operating roles at Avery Dennison, Alcoa and Honeywell. Member, Nominating and Corporate Governance Committee Chair Advisory Council of the National Association of Corporate Directors.

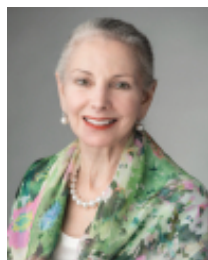
**Ms. Lin's qualifications** to serve on the Board include her extensive senior executive experience managing large global businesses in multiple industries and her experience as a public company director. Ms. Lin brings to the Board extensive experience as a senior executive in operational roles at numerous industrial manufacturing sites, which gave her significant experience in employee safety and manufacturing. In her senior leadership positions, she created and executed strategies in diverse industries, including automotive, packaging, specialty chemicals and solar energy. She also has wide global experience in sales and marketing. In her executive leadership as the chief executive officer of a materials supplier to the solar industry, she helped bring to market new, innovative technology to reduce costs to solar cell manufacturers. Her service as a board leadership fellow for the National Association of Corporate Directors has given her additional expertise related to corporate governance.

**Current Public Company Boards**

Avient Corporation  
Trinseo S. A.

**Previous Public Company Boards**

WESCO International (2002-2019)

**Margaret M. McCarthy**

North Chatham,  
Massachusetts

Age 68

Director since 2019

**Professional Highlights**

Retired Executive Vice President – Technology Integration of CVS Health Corporation, a U.S.-based healthcare company (December 2018 to June 2019). Executive vice president of operations and technology for Aetna, Inc., a diversified health care benefits company (2010 – 2018). Prior to joining Aetna in 2003, she served in information technology-related roles at CIGNA Healthcare and Catholic Health Initiatives.

**Ms. McCarthy's qualifications** to serve on the Board include her extensive senior executive experience in the healthcare industry and her experience as public company director. Ms. McCarthy was responsible for innovation, technology, data security, procurement, real estate and service operations at Aetna. Ms. McCarthy also worked in technology consulting at Accenture and was a consulting partner at Ernst & Young. She was previously a director of a data center and cloud security company. She has extensive experience in the regulated insurance industry, business strategy, customer experience and cyber and physical security.

**Current Public Company Boards**

Alignment Healthcare, Inc.  
First American Financial Corporation  
Marriott International Inc.

**Previous Public Company Boards**

Brighthouse Financial, Inc.



## Nominees For Director — continued



**Oliver G. Richard, III**

Lake Charles, Louisiana

Age 69

Director since 2013

### **Professional Highlights**

Owner and president of Empire of the Seed LLC, a company that preserves older buildings for reuse since 2005. Mr. Richard served as chairman, president and chief executive officer of Columbia Energy Group (Columbia Energy) from April 1995 until Columbia Energy was acquired by NiSource Inc. in November 2000. Mr. Richard served as a commissioner of the Federal Energy Regulatory Commission from 1982 to 1985.

**Mr. Richard's qualifications** to serve on the Board include his extensive knowledge of the utility industry as a former commissioner of the Federal Energy Regulatory Commission, his senior executive experience at utility companies and his experience as a public company director. Mr. Richard brings to the board experience as a regulator in our industry, along with his other legal and public policy experience, which gives him unique and valuable perspective to our industry. He also has a breadth of experience in the energy sector, through his position as chairman, president and chief executive officer of a Fortune 500 company, with relevant experience in the areas of operations, management, executive leadership, strategic planning, human resources and corporate governance. He also has experience as a consultant in the energy and management industries.

### **Current Public Company Boards**

Cheniere Energy Partners, GP, LLC

### **Previous Public Company Boards**

Buckeye Partners, L.P. (2009 - 2019)



**Daryl Roberts**

Wilmington, Delaware

Age 53

Director since 2020

### **Professional Highlights**

Senior Vice President and Chief Operations and Engineering Officer of DuPont de Nemours Inc., a diversified global specialty chemicals company since 2018. From 2015-2018, Vice President, Manufacturing, Engineering and Regulatory Services and from 2012-2015 Senior Director, Manufacturing and Regulatory Services of Arkema S.A. From 1998-2012, he served in various manufacturing, health and safety, operations and engineering positions at Arkema S.A.

### **Mr. Robert's qualifications**

Mr. Robert's qualifications to serve on the Board include his executive experience in the global manufacturing industry. He also brings to the Board relevant experience in engineering, manufacturing, operations, regulatory and health and safety. Through his roles in the manufacturing industry, he also has experience managing compliance, regulatory and public policy matters.



## Nominees For Director — continued



**Sara Martinez Tucker**

Dallas, Texas

Age 66

Director since 2009

### **Professional Highlights**

Former Chief Executive Officer of the National Math and Science Initiative from February 2013 to March 2015. From 2009 to February 2013, independent consultant. Former Under Secretary of Education in the U.S. Department of Education (2006-2008). Chief executive officer and president of the Hispanic Scholarship Fund from 1997 to 2006. Retired executive of AT&T.

**Ms. Tucker's qualifications** to serve on the Board include her experience in governmental affairs in the highly regulated telecommunications industry and as the Under Secretary of Education, her experience in human resources and customer service operations and her experience as a public company director. Her leadership positions in government and education provide perspective on social responsibility and diversity. Ms. Tucker brings to the Board relevant expertise from her various leadership positions in government and education and her business experience at AT&T in regulatory affairs, government and public policy matters. As an executive at AT&T, she had experience in consumer and retail businesses and human resources.

### **Current Public Company Boards**

Service Corporation International

### **Previous Public Company Boards**

Sprint Corporation (2013 - 2020)

Xerox Corporation (2011 - 2019)



**Lewis Von Thae**

Columbus, Ohio

Age 61

Director since 2022

### **Professional Highlights**

President and chief executive officer of Battelle Memorial Institute, the world's largest independent research and development organization, since October 2017. Mr. Von Thae served as chief executive officer of DynCorp International (June 2015 – October 2017), president of Leidos, Inc. (2013 – 2015) and corporate vice president of General Dynamics Corporation and president of its Advances Information Systems division (2005 –2013).

**Mr. Von Thae's qualifications** to serve on the Board include his technology expertise as the chief executive officer of Battelle and his experience as a director of Pacific Northwest National Laboratory and UT-Battelle (the operator of Oak Ridge National Laboratory). Mr. Von Thae brings to the Board decades of experience in the global manufacturing and research industries, including high level executive management and business oversight experience. He has substantial experience working with federal government administrators, which provides valuable insights in governmental, regulatory and public policy issues. His extensive experience in management and operations provides insights in risk management, safety and health, personnel development and environmental matters. As a licensed engineer, Mr. Von Thae also brings significant engineering experience.



## AEP's Board of Directors and Committees

Under New York law, AEP is managed under the direction of the Board of Directors. The Board establishes broad corporate policies and authorizes various types of transactions, but it is not involved in day-to-day operational details. During 2021, the Board held one regular meeting in person, and six meetings by videoconference. AEP typically encourages, but does not require, members of the Board to attend the annual shareholders' meeting. Last year, all directors attended the annual meeting virtually.

Two members of our Corporate Governance Committee, Ms. Lin and Mr. Hoaglin, are members of The National Association of Corporate Directors' (NACD) Nominating and Governance Chair Advisory Council, a group that seeks to identify ways that board nominating and governance committees can help build investor confidence in publicly traded companies. Ms. Lin is also an NACD Board Leadership Fellow.

**Board Meetings and Committees.** The Board expects that its members will rigorously prepare for, attend and participate in all Board and applicable committee meetings. Directors are also expected to become familiar with AEP's management team and operations as a basis for discharging their oversight responsibilities.

The Board now has eight standing committees with the formation of the Technology Committee in September 2021. The table below shows the number of meetings conducted in 2021 by each committee and the directors who currently serve on these committees, other than Messrs. Crosby and Notebaert, who retired in April 2021, and Mr. Rasmussen, who resigned in February 2022. Each director attended 76 percent or more of the meetings of the Board and Board committees on which he or she served during 2021, and the average director attendance in 2021 was 97 percent. Mr. Fowke was appointed to the Committee on Directors and Corporate Governance, Finance Committee and Human Resources Committee in February 2022. Mr. Von Thaer was appointed to the Audit Committee, Nuclear Oversight Committee and Technology Committee in February 2022.

DIRECTOR	BOARD COMMITTEES							
	Audit	Directors and Corporate Governance	Executive	Finance	Human Resources	Nuclear Oversight	Technology	Policy
Mr. Akins			X (Chair)					X
Mr. Anderson	X (Chair)		X	X				X
Mr. Beasley					X	X (Chair)	X	X
Mr. Crosby			X		X	X		X
Mr. Fowke		X		X	X			X
Mr. Garcia	X	X		X (Chair)				X
Ms. Goodspeed	X					X	X (Chair)	X
Mr. Hoaglin		X	X	X	X			X
Ms. Lin	X	X (Chair)					X	X
Ms. McCarthy	X					X	X	X (Chair)
Mr. Notebaert		X		X	X			X
Mr. Rasmussen		X		X	X			X
Mr. Richard					X	X		x
Mr. Roberts	X					X	X	X
Ms. Tucker		X			X (Chair)			X
Mr. Von Thaer	X					X	X	X
2021 Meetings	6	5	0	5	8	4	0	3

The functions of the committees are described below. The committee charters provide a more detailed discussion of the purposes, duties and responsibilities of the committees. A copy of each of the committee charters can be found on our website at [www.aep.com/investors/governance](http://www.aep.com/investors/governance).



The ***Committee on Directors and Corporate Governance*** (the Corporate Governance Committee) is responsible for:

1. Recommending the size of the Board within the limits imposed by the Bylaws.
2. Recommending selection criteria for nominees for election or appointment to the Board.
3. Conducting independent searches for qualified nominees and screening the qualifications of candidates recommended by others.
4. Recommending to the Board nominees for appointment to fill vacancies on the Board as they occur and the slate of nominees for election at the annual meeting.
5. Reviewing and making recommendations to the Board with respect to compensation of directors and corporate governance.
6. Recommending members to serve on committees and chairs of the committees of the Board.
7. Reviewing the independence and possible conflicts of interest of directors and executive officers.
8. Overseeing the AEP Corporate Compliance Program.
9. Overseeing the annual evaluation of the Board of Directors.
10. Overseeing the annual evaluation of individual directors.
11. Monitoring AEP's Related Person Transaction Approval Policy.
12. Overseeing AEP's Corporate Accountability Report which includes information on sustainability, environmental, social and governance matters and material concerning political contributions.

Consistent with the rules of the NASDAQ and our Director Independence Standards, all members of the Corporate Governance Committee are independent.

The ***Human Resources Committee*** (the HR Committee) annually reviews and approves AEP's executive compensation in the context of the performance of management and the Company. None of the members of the HR Committee is or has been an officer or employee of the Company or any of its subsidiaries. In addition, each of the current members of the HR Committee has been determined to be independent by the Board in accordance with NASDAQ rules applicable for board and committee service and our Director Independence Standards. Each member is also a "non-employee director" as defined in SEC Rule 16b-3 under the Exchange Act.

The HR Committee also reviews the Compensation, Discussion and Analysis section of this proxy statement, and recommends that it be included in the Company's Annual Report on Form 10-K.

For a more complete description of the HR Committee's responsibilities, see the Human Resources Committee Report on page 55.

The ***Audit Committee*** is responsible for, among other things, the appointment of the independent registered public accounting firm (independent auditor) for the Company; reviewing with the independent auditor the plan and scope of the audit and approving audit fees; monitoring the adequacy of financial reporting and internal control over financial reporting; and meeting periodically with the internal auditor and the independent auditor.



Consistent with the rules of NASDAQ and our Director Independence Standards, all members of the Audit Committee are independent. The Board has also determined that all members of the Audit Committee, Messrs. Anderson, Garcia, Roberts and Von Thaer and Ms. Goodspeed, Lin and McCarthy, are “audit committee financial experts” as defined by SEC rules.

The ***Finance Committee*** monitors and reports to the Board with respect to the capital requirements and financing plans and programs of AEP and its subsidiaries, including reviewing and making recommendations concerning their short and long-term financing plans and programs. The Finance Committee also provides recommendations to the Board on dividend policy, including the declaration and payment of dividends. The Finance Committee also reviews and approves the treasury policies of the Company.

The ***Nuclear Oversight Committee*** is responsible for overseeing and reporting to the Board with respect to the management and operation of AEP’s nuclear generation.

The ***Policy Committee*** is responsible for examining AEP’s policies on major public issues affecting the AEP System, including environmental, technology, industry change and other matters.

The ***Technology Committee*** provides review and oversight of AEP’s information technology strategy and investments, including internal and external labor strategy; provides review and oversight of AEP’s framework and programs designed to address risks related to cybersecurity, information technology, and associated operational resiliency; and otherwise provides review and oversight of issues related to setting the information technology and cybersecurity strategy of the Company.

The ***Executive Committee*** is empowered to exercise all the authority of the Board, subject to certain limitations prescribed in the Bylaws, during the intervals between meetings of the Board.



## Corporate Governance

AEP maintains a corporate governance page on its website that includes key information about corporate governance initiatives, including AEP's Principles of Corporate Governance (Principles), AEP's Principles of Business Conduct, Code of Business Conduct and Ethics for Members of the Board of Directors, Director Independence Standards, and charters for the Audit Committee, the Corporate Governance Committee and the HR Committee. The corporate governance page can be found at [www.aep.com/investors/governance](http://www.aep.com/investors/governance). Printed copies of all of these materials also are available without charge upon written request to Investor Relations at: AEP, attention: Investor Relations, 1 Riverside Plaza, Columbus, Ohio 43215.

We are committed to strong governance practices that protect the long-term interests of our shareholders. Our governance framework includes the following key governance best practices:

Governance Highlights			
•	11 out of 12 director nominees are independent	•	Annual shareholder engagement on governance issues, including ESG matters and strategy with Lead Director participation
•	Strong Independent Lead Director with clearly delineated duties	•	Executive sessions of non-management directors at every Board meeting
•	Annual election of all directors	•	Robust stock ownership guidelines for executive officers and non-employee directors
•	Majority voting in the election of directors with director resignation policy (plurality standard to apply in contested elections)	•	Risk oversight by full Board and Committees
•	Annual Board and Committee self-evaluations, including individual Board member evaluations	•	Board and Committees may hire outside advisors independently of management
•	Audit Committee, HR Committee, and Corporate Governance Committee composed entirely of independent directors	•	Limit on the number of public company directorships Board members may hold (4)
•	Diverse Board in terms of gender, ethnicity and specific skills and qualifications	•	Proxy access for shareholders

### Directors

#### Qualifications

The Principles are available on our website at [www.aep.com/investors/governance](http://www.aep.com/investors/governance). With respect to director qualifications and attributes, the Principles provide that, in nominating a slate of Directors, it is the Board's objective, with the assistance of the Corporate Governance Committee, to select individuals with skills and experience to effectively oversee management's operation of the Company's business.

In addition, the Principles provide that directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of the shareholders, and that directors must also have an inquisitive and objective perspective, practical wisdom and mature judgment.

These requirements are expanded in the Criteria for Evaluating Directors (Criteria). The Criteria are available on the Company's website at [www.aep.com/investors/governance](http://www.aep.com/investors/governance).

As indicated in the Principles and the Criteria, directors should have personal attributes such as high integrity, intelligence, wisdom and judgment. In addition, they should have skills and experience that mesh effectively with the skills and experience of other Board members, so that the talents of all members blend together to be as effective as possible in overseeing a large energy business.



## Diversity

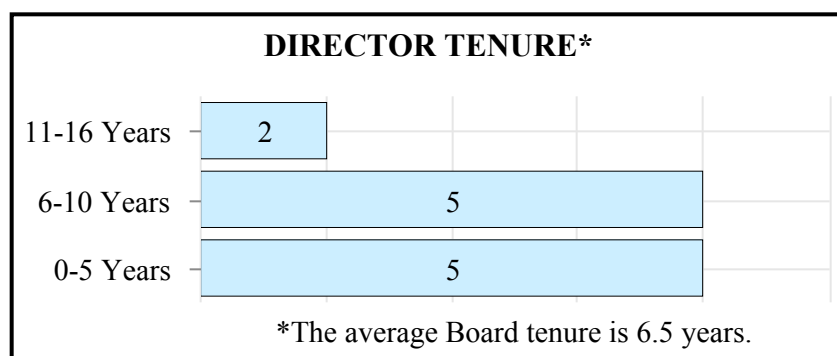
The Criteria also includes the Company's statement regarding how the Board considers diversity in identifying nominees for our Board. The Criteria provide:

Two central objectives in selecting board members and continued board service are that the skills, experiences and perspectives of the Board as a whole should be broad and diverse, and that the talents of all members of the Board should blend together to be as effective as possible. Diversity in gender, race, age, tenure of board service, geography and background of directors, consistent with the Board's requirements for knowledge and experience, are desirable in the mix of the Board.

Our Corporate Governance Committee considers these criteria each year as it determines the slate of director nominees to recommend to the Board for election at our annual meeting. It also considers these criteria each time a new director is recommended for election or appointment to the Board. The Corporate Governance Committee is committed to including in each director search qualified candidates who reflect diverse backgrounds, including diversity of gender, race and ethnicity. The Board believes that its implementation of this policy is effective in maintaining the diversity of the members of the Board.

Understanding the importance of Board composition and refreshment for effective oversight, the Corporate Governance Committee strives to maintain an appropriate balance of tenure, diversity, skills and experience on the Board. Below are highlights of the composition of our Director nominees:

Board Diversity Matrix				
Part I: Gender Identity	Male	Female	Non-Binary	Did Not Disclose Gender
Directors	8	4		
Part II: Demographic Background				
African American or Black	1			
Alaskan Native or American Indian				
Asian				
Hispanic, Latino or Latina	1	1		
Native Hawaiian or Pacific Islander				
White	6	3		
Two or More Races or Ethnicities				
LGBTQ+				
Undisclosed				





## **Selection of Director Candidates**

The Corporate Governance Committee is responsible for recruiting new directors and identifies, evaluates and recommends director candidates to the Board. The Corporate Governance Committee regularly assesses the appropriate size and composition of the Board, the needs of the Board and the respective committees of the Board and the qualifications of candidates in light of these needs. Candidates may come to the attention of the Corporate Governance Committee through shareholders, management, current members of the Board or search firms. Shareholders who wish to recommend director candidates to the Corporate Governance Committee may do so by following the procedures described in Shareholder Proposals and Nominations.

## **Linking Business Strategy with Key Skills Represented on the Board**

AEP's long-term strategy is to be a fully regulated, premier energy company focused on investment in infrastructure and energy solutions that customers want and need. We are focused on building a smarter energy infrastructure and delivering new technologies and custom energy solutions to our customers. And we continue to grow our regulated renewable generation portfolio as part of our strategy to diversify generation resources to provide clean energy options to customers. We operate and maintain the nation's largest electricity transmission system and more than 224,000 circuit miles of distribution lines to efficiently deliver safe, reliable power to nearly 5.5 million regulated customers in 11 states. AEP also is one of the nation's largest electricity producers with approximately 31,000 megawatts of diverse generating capacity, including more than 7,100 megawatts of renewable energy.

The Corporate Governance Committee and the Board regularly consider the Company's strategy and the particular skills, experiences and other qualifications that should be represented on the Board as a whole, to effectively oversee the Company's strategic direction. As part of the Board's succession planning, the Board reviews the skills currently represented on the Board but, more importantly, focuses on the skills needed in the future. In that regard, during the past year, the Board sought two new directors, specifically targeting one with chief executive officer experience and extensive financial management experience in the regulated utility industry and one with chief executive officer experience and a technology background with an Ohio presence and recruited Messrs. Fowke and Von Thaer, respectively, to join the Board in February 2022.



We believe that our director nominees, taken together as a group, possess the skills and expertise appropriate for maintaining an effective Board aligned with the Company's long term strategy. Listed below are summaries of specific qualifications that the Corporate Governance Committee and the Board believe should be represented on the Board.

<b>Senior Executive Leadership and Business Strategy</b> <p>Directors who hold or have held significant senior leadership experience as a CEO or senior executive provide the Company with unique insights. They generally possess extraordinary leadership skills as well as the ability to recognize and develop leadership skills in others. They have a practical understanding of organizations, strategy and risk management, and know how to drive growth.</p>	<b>Regulated Industry Experience</b> <p>Our business is heavily regulated. AEP engages in a complex business with significant public policy and public safety implications. A portion of our business deals with nuclear regulations and operations. The development and execution of our strategy depends on directors who have experience with public policy issues, energy markets, technology, renewable energy, and electric transmission and distribution infrastructure.</p>
<b>Industrial Operations Experience</b> <p>AEP invests billions of dollars each year on maintenance and growth investments to improve reliability of its electric transmission and distribution systems, and to enhance customer service. AEP also invests substantial sums in our generation portfolio. Having directors with experience with these complex processes is important because it allows the Board to provide AEP with appropriate decision-making and oversight related to complex capital projects.</p>	<b>Safety and Talent</b> <p>With safety as an AEP core value, maintaining the safety of AEP employees and the public is imperative. Therefore, it is helpful to have directors with experience who can assist the Board in its oversight of the Company's programs and performance related to health and safety. In addition, directors who have significant leadership experience as a CEO or senior executive are better able to recognize and develop leadership skills and talents in others.</p>
<b>Risk Management</b> <p>Managing risk in a rapidly changing utility industry is critical to our success. Directors with an understanding of the most significant risks facing AEP and experience and leadership to provide effective oversight of management risk processes is critical to our success.</p>	<b>Innovation and Technology</b> <p>The utility industry is rapidly changing with the development of new technologies and shifting energy policy and environmental regulation in energy markets. Therefore, it is important to have directors who possess experience in these areas.</p>
<b>Finance and Accounting</b> <p>Accurate and transparent financial reporting is critical to our success. Given the capital intensive nature of our business, we also seek directors who have experience overseeing effective capital allocation. We seek to have a number of directors who qualify as audit committee financial experts.</p>	<b>Cybersecurity and Physical Security</b> <p>The industry in which AEP conducts its business is subject to physical and cyber threats against the security of assets and systems. AEP recognizes the importance of directors who possess experience in these areas.</p>
<b>Government, Legal and Environmental Affairs</b> <p>AEP is engaged in a business that is subject to extensive regulation by multiple state and federal regulatory authorities. Experience with and understanding of government regulation is critical to AEP's efforts to help shape public policy and government regulation that has a direct effect on its business and strategy. The production of energy also has environmental implications and how we address rapidly evolving environmental regulation has important strategic implications. As such, we seek directors with experience in government, legal and environmental affairs to provide insight on effective strategies in these areas.</p>	<b>Customer Experience and Marketing</b> <p>Understanding the needs of our customers is important in our rapidly changing industry. Marketing expertise is also important as our business becomes more competitive and as we focus on meeting customer expectations and transforming the customer experience. We seek directors who have experience in consumer businesses and are committed to excellence in service.</p>

The Corporate Governance Committee also considers a wide range of additional factors, including each candidate's projected retirement date to assist in Board succession planning; other positions the candidate holds, including other senior management positions and boards of directors on which he or she serves; and the independence of each candidate.



In our corporate governance outreach calls with our largest shareholders, several asked us to consider reducing the number of public company boards that our directors may serve on to ensure that directors have sufficient time to dedicate to their Board service. In response to this shareholder feedback, we amended our Principles in 2015 to reduce the number of public boards our directors can serve on from six to four.

Typically, the Corporate Governance Committee identifies and recruits candidates through the use of an outside search firm, and such a firm was used in connection with the recruitment of Messrs. Fowke and Von Thaer. The Corporate Governance Committee provides the outside search firm with the characteristics, skills and experiences that may complement those of the existing members. The outside search firm then provides recommendations for candidates with such attributes and skills. The Corporate Governance Committee meets in executive session to discuss potential candidates and determines which candidates to interview.

The Corporate Governance Committee believes it is important to have a mix of experienced directors with a deep understanding of the Company and others who bring a fresh perspective. The Corporate Governance Committee has recruited new directors to the Board through the rigorous process described above. In the Board's view, the best method to ensure healthy board evolution is through thoughtful consideration of the nomination of directors prior to each election or appointment based on a variety of factors, including director performance, skills and expertise, the Company's needs and board diversity.

## **Director Independence**

In accordance with NASDAQ standards, a majority of the members of the Board of Directors must qualify as independent directors. Under NASDAQ standards, no member of the Board is independent unless the Board affirmatively determines that such member does not have a direct or indirect material relationship with the Company. The Board has adopted categorical standards to assist it in making this determination of director independence (Director Independence Standards). These standards can be found on our website at [www.aep.com/investors/governance](http://www.aep.com/investors/governance).

Each year, our directors complete a questionnaire that elicits information to assist the Corporate Governance Committee in assessing whether the director meets NASDAQ's independence standards and the Director Independence Standards. Each director lists all the companies and charitable organizations that he or she, or an immediate family member, has a relationship with as a partner, trustee, director or officer, and indicates whether that entity made or received payments from AEP. The Company reviews its financial records to determine the amounts paid to or received from those entities. A list of the entities and the amounts AEP paid to or received from those entities is provided to the Corporate Governance Committee. Utilizing this information, the Corporate Governance Committee evaluates, with regard to each director, whether the director has any material relationship with AEP or any of its subsidiaries and also confirms that none of these relationships is advisory in nature. The Corporate Governance Committee determines whether the amount of any payments between those entities and AEP could interfere with a director's ability to exercise independent judgment. The Corporate Governance Committee also reviews any other relevant facts and circumstances regarding the nature of these relationships to determine whether other factors, regardless of the categorical standards the Board has adopted or under NASDAQ's independence standards, might impede a director's independence.

We are an energy company that provides electric service in eleven different states. Any organization that does business in our service territory is served by one of our subsidiaries. Many of our directors live in our service territory or are executives, directors or trustees of organizations that do business in our service area. Most of those organizations purchase electric service from us. However, these organizations purchase electric service from us at tariff rates or at rates obtained through a competitive bid process. Therefore, the Corporate Governance Committee determined that none of those relationships impedes a director's independence.

We make numerous charitable contributions to nonprofit and community organizations and universities in the states where we do business. Again, because many of our directors live in our service territory and are highly accomplished individuals in their communities, our directors are frequently affiliated with many of the same



educational institutions, museums, charities and other community organizations. The Corporate Governance Committee reviews charitable contributions made by AEP to organizations with which our directors or their immediate family members are affiliated. The Corporate Governance Committee also reviews contributions made from The American Electric Power Foundation, which was created to support and play an active, positive role in the communities in which we operate by contributing funds to organizations in those communities. The Corporate Governance Committee determined that the Company's contributions were not materially influenced by the director's relationship with the organization, and therefore none of these relationships conflicts with the interests of the Company or would impair the director's independence or judgment.

The Board's independence determinations specifically included reviewing certain transactions with DuPont de Nemours Inc., for which Mr. Roberts serves as an executive officer. In considering Mr. Robert's independence, the Board considered that DuPont purchases electricity from our subsidiaries in an amount substantially less than one percent of either company's gross revenues for fiscal 2021. In addition, in 2021 the Company paid DuPont for industrial products and safety education services used by the Company's utility subsidiaries in an amount that represented substantially less than one percent of either company's gross revenue. These amounts were insignificant to both companies' gross revenue. In its independence determination, the Board considered that the transactions between DuPont and the Company were in the ordinary course and entered into on an arm's length basis. Therefore, the Board determined that these transactions do not impair the independence of Mr. Roberts.

As a result of this review, the Board has determined that, other than Mr. Akins, each of the directors standing for election, including Messrs. Anderson, Beasley, Fowke, Garcia, Richard, Roberts and Von Thaer and Mses. Goodspeed, Lin, McCarthy and Tucker, has no material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company) and is independent under NASDAQ rules and the Company's Director Independence Standards.

### **Shareholder Nominees for Directors**

The Corporate Governance Committee will consider shareholder recommendations of candidates to be nominated as directors of the Company. All such recommendations must be in writing and submitted in accordance with the procedures described under Shareholder Proposals and Nominations and must include information required in AEP's Policy on Consideration of Candidates for Director Recommended by Shareholders. A copy of this policy is on our website at [www.aep.com/investors/governance](http://www.aep.com/investors/governance). Shareholders' nominees who comply with these procedures will receive the same consideration that all other nominees receive.

### **Board Leadership**

We believe the Company and its shareholders are best served by a Board that has the flexibility to establish a leadership structure that fits the needs of the Company at a particular point in time. Under the Principles, the Board has the authority to combine or separate the positions of Chair and CEO, as well as to determine whether, if the positions are separated, the Chair should be an employee, non-employee or an independent director.

At this time, the Board believes that the functioning of the Board is currently best served by maintaining a structure of having one individual serve as both Chair and CEO. The Board believes that having a single person acting in those capacities promotes unified leadership and direction for both the Board and management and also provides a single, clear focus to execute the Company's strategy especially during this time of significant change in the utility business. However, in certain circumstances, such as the transition from one chief executive officer to another, the Board believes it may be appropriate for the role of Chair and CEO to be split.

Under the Principles, in circumstances where the Chair of the Board is not independent or where the positions of Chair and Chief Executive Officer are filled by the same person, the Board considers it useful and appropriate to designate a Lead Director. The Company already has policies and practices in place to provide independent oversight of management and the Company's strategy. The Board currently includes 12 independent directors among its 13 members. The Board holds executive sessions at which only independent directors are present at every board meeting, and, each year, the independent directors select a Lead Director responsible for facilitating and chairing the independent directors sessions.



## Lead Director

Mr. Rasmussen served as Lead Director until February 21, 2022, and Ms. Tucker has been the Lead Director of the Board since February 22, 2022. The purpose of the Lead Director is to promote the independence of the Board in order to represent the interests of the shareholders. The Lead Director is selected by the independent directors. The Lead Director:

<ul style="list-style-type: none"><li>• Works closely with the Chair in developing the agenda for Board meetings and the information sent to the Board</li></ul>	<ul style="list-style-type: none"><li>• Participates in the Company's annual shareholder outreach calls</li></ul>
<ul style="list-style-type: none"><li>• Consults with and advises the Chair on matters arising between Board meetings</li></ul>	<ul style="list-style-type: none"><li>• Sets the agenda for and chairs the executive sessions at every Board meeting</li></ul>
<ul style="list-style-type: none"><li>• Advises the Chair on Board Committee and Committee Chair assignments</li></ul>	<ul style="list-style-type: none"><li>• Serves as a liaison between the Chair and the independent directors</li></ul>
<ul style="list-style-type: none"><li>• Leads the Board's annual self-assessment</li></ul>	<ul style="list-style-type: none"><li>• Has the authority to call special meetings of the Board</li></ul>
<ul style="list-style-type: none"><li>• Reviews the results of the annual evaluation of individual directors with each director</li></ul>	<ul style="list-style-type: none"><li>• Has the authority to retain outside legal counsel or other advisors as needed by the Board</li></ul>
<ul style="list-style-type: none"><li>• Co-leads, with the Chair of the HR Committee, the annual performance assessment of the Chief Executive Officer</li></ul>	

## The Board's role in AEP's risk oversight process

The Board has the overall responsibility for overseeing the Company's management of risks. Management is responsible for identifying and managing the Company's risks. The Board reviews the Company's processes for identifying and managing risks and communicating with the Board about those risks to help ensure that the processes are effective.

Like other companies, we have very diverse risks. These include financial and accounting risks, capital deployment risks, operational risks, cyber security risks, compensation risks, liquidity risks, litigation risks, strategic risks, regulatory risks, reputation risks, human capital/corporate culture risks, natural-disaster risks and technology risks. Some critical risks having enterprise-wide significance, such as corporate strategy and capital budget, require the full Board's active oversight, but our Board committees also play a key role because they can devote more time to reviewing specific risks.

The Board is responsible for ensuring that these types of risks are properly delegated to the appropriate committee, and that the risk oversight activities are properly coordinated and communicated among the Board and the various committees that oversee the risks. Our Chief Risk Officer attends Audit Committee meetings and reviews and discusses Company risks. Management has prepared and categorized a list of the Company's major types of risks. The Audit Committee reviewed that list and proposed an assignment of risks either to the full Board or to specific committees.

Cyber security and the effectiveness of AEP's cyber security processes are reviewed annually with the Board of Directors and at several meetings of the Audit Committee and Technology Committee of the Board of Directors throughout the year. Management provides the Board, the Audit Committee and the Technology Committee with regular updates on the Company's security practices, policies and training to prevent, protect or reduce the impacts of cyber and physical attacks. Committee oversight in this area began to transfer from the Audit Committee to the Technology Committee in September 2021, which allows for additional focus by the Board.

The Audit Committee is responsible for overseeing financial reporting risks, and oversees the Company's maintenance of financial and disclosure controls and procedures and specifically reviews our litigation and regulatory risks as part of their review of the Company's disclosures. The Audit Committee also discusses AEP's policies for risk assessment and risk management and annually assesses compliance with these processes. Our Chief Financial Officer, Chief Risk Officer, Chief Accounting Officer and General Counsel attend the Audit Committee meetings.



Our Finance Committee broadly oversees our financial risks, which include energy trading risks, liquidity risks and interest rate risks. The Finance Committee reviews and approves the Company's risk policies relating to our power marketing and hedging activities and also oversees the performance of the assets in our pension plans. Our Chief Financial Officer and General Counsel attend the Finance Committee meetings.

Our HR Committee reviews the Company's incentive compensation practices to ensure they do not encourage excessive risk-taking and are consistent with the Company's risk tolerance. The HR Committee also oversees our succession planning, executive leadership development and other human capital related risks. Our Chief Executive Officer and Chief Human Resources Officer attend the HR Committee meetings.

The Corporate Governance Committee focuses on corporate governance risks and oversees the Company's Corporate Compliance Program, which includes the Company's whistleblower program. Management provides the Corporate Governance Committee with regular updates on ethics and compliance training, programs and policies to ensure ethical standards of business conduct and a commitment to compliance with the law. The Corporate Governance Committee also oversees environmental performance and compliance risks and political engagement activities. Our Chief Financial Officer and our General Counsel attend the meetings of the Corporate Governance Committee.

Our Nuclear Oversight Committee focuses on the specific risks of operating a nuclear plant. Our Chief Operating Officer, Chief Nuclear Officer and Executive Vice President-Generation attend the Nuclear Oversight Committee meetings.

The Technology Committee has oversight of AEP's information technology strategy and investments and AEP's framework and programs designed to identify, assess, manage, and mitigate risks related to cybersecurity, information technology, and associated operational resiliency. The Technology Committee also has oversight of the Company's response framework to address cyber, operational, and other business disruptive incidents that could impact AEP's ability to deliver reliable service, protect customer and employee data, and otherwise be in legal compliance. Our Chief Information and Technology Officer and Chief Security and Privacy Officer attend the Technology Committee meetings.

## **Compensation Risk**

The Company has designed its executive compensation process, with oversight from the HR Committee, to identify and manage risks and to ensure that its executive compensation programs do not encourage excessive risk taking. The Company's incentive compensation has the following characteristics:

- Incentive award opportunities for employees as a group are capped at 200 percent of target, while awards for individual employees are capped at 250 percent of their target. Capping the potential payout limits the extent that employees could potentially profit by taking on excessive risk;
- The large majority of incentive compensation is provided to executive officers as long-term stock-based incentive compensation to ensure that short-term performance is not encouraged or rewarded at the expense of long-term performance. This is particularly important due to the large amount of long-term capital investments required in our business;
- Annual incentive compensation for nearly all employees, including all executive officers, is based substantially on AEP's operating earnings per share, which helps ensure that incentive awards are commensurate with the Company's earnings;
- Performance metrics for annual incentive compensation include safety measures for most employees which helps ensure that employees are not encouraged to achieve earnings objectives at the expense of workforce safety;



- Performance metrics for long-term incentive compensation are comprised of cumulative operating earnings per share (EPS) (50% weight), total shareholder return (TSR) relative to the Company's utility peer group (40% weight) and carbon free capacity (CFC) as a percentage of total generating capacity (10% weight). EPS and TSR are both robust measures of shareholder value that reduce the risk that employees might be encouraged to pursue other objectives that increase risk or reduce financial performance, and the CFC factor aligns with our long-term strategic plans;
- Incentive compensation performance scores are subject to an internal audit. Incentive award payouts to senior AEP management are subject to review and approval of the HR Committee, or, in the case of the CEO, the independent members of the Board. The Board and the HR Committee have the discretionary authority to reduce or eliminate any incentive payouts;
- Annual and long-term incentive payments and deferrals are subject to the Company's recoupment of incentive compensation (clawback) policy;
- AEP grants 75 percent of its long-term incentive awards in the form of performance shares with a three-year performance and vesting period, and the remaining 25 percent in the form of restricted stock units (RSUs) that, for awards made prior to 2022, vest over a forty-month period. Effective February 2022, RSUs will vest over a thirty-six month period. These long-term incentive awards align the interests of employees with the long-term interests of shareholders and serve as a retention tool; and
- AEP maintains stock ownership requirements for senior officers and other key employees (66 executives as of January 1, 2022).

As specified in its charter, the HR Committee (with the assistance of its independent compensation consultant and Company management) reviewed the Company's compensation policies and practices for all employees, including executive officers. As a result of this review and the processes described above, the HR Committee concluded that the Company's compensation program appropriately balance risks and rewards in a way that does not encourage excessive or imprudent risk taking or create risks that are reasonably likely to have a material adverse effect on the Company.

## **CEO and Senior Management Succession Planning**

Our Board oversees management succession planning and talent development. The HR Committee regularly reviews and discusses with management the CEO succession plan and the succession plans for key positions across the Company. The HR Committee reviews potential internal senior management candidates with our CEO, including the qualifications, experience, and development priorities for these individuals. The full Board spends a large part of one of its meetings each year discussing succession plans and addresses this topic at other times throughout the year. The Board also evaluates succession plans in the context of our overall business strategy. Potential leaders are visible to Board members through formal presentations and informal events to allow directors to assess candidates personally.

Our Board has established steps to address emergency CEO succession planning in extraordinary circumstances. Our emergency CEO succession plan is intended to enable our Company to respond to unexpected emergencies and minimize potential disruption and loss of business or operating continuity.



## Human Capital Management and Corporate Culture

Attracting, developing and retaining employees with the skills and experience needed to provide service to our customers efficiently and effectively is crucial to AEP's long-term success and is central to our long-term strategy. We invest in our employees and continue to build a high performance and inclusive culture that inspires leadership, encourages innovative thinking and welcomes everyone. The Company has been recognized for its efforts in this area. Recently,

- AEP was named to *Fortune* magazine's World's Most Admired Companies list in the electric and gas utilities sector for the ninth consecutive year.
- AEP was included in the 2022 Bloomberg Gender-Equality Index (GEI) for the fourth consecutive year, which recognizes companies that are committed to supporting gender equality through policy development, representation, and transparency.
- AEP was recognized in the Corporate Equality Index as a Best Place to Work for LGBTQ Equality.
- AEP was recognized by Victoria Media as a Top 100 Military Friendly Employer.
- AEP was named a Best Place to Work for Disability Inclusion.
- AEP was named to Forbes JUST 100 2022 list for the second consecutive year.
- AEP was named to Forbes Best Employers for Women list for 2021.
- AEP was named to Newsweek Magazine's America's Most Responsible Companies list for 2022.
- AEP was recognized by 50/50 Women on Boards for having three or more women on its board of directors.

## Culture

At AEP, we believe in doing the right thing every time for our customers, each other and our future. The Board has oversight responsibility for AEP's culture and assuring that it supports the long-term best interests of the Company. AEP leaders at all levels are responsible for fostering an environment that supports a positive culture and for acting in a manner that positively models it. A high-performance culture forms the foundation for AEP's long-term success. An engaged, collaborative and empowered workforce is more likely to embrace a change mindset, drive continuous improvement, accept accountability, meet expectations, take ownership, and value personal growth. Employees are given an opportunity to share their perspectives by participating in the Employee Culture Survey, administered by Gallup, Inc., that measures the progress we are making in improving our culture. In addition to engagement, the survey measures well-being and inclusiveness. In 2021, 89% of our organization participated in the survey and we continued to improve our grand mean score to remain in the top decile compared to Gallup's overall company database. Additionally in 2021, AEP received the Gallup Exceptional Workplace Award for the second consecutive year. The award recognizes organizations with engaged workplace cultures. Company executives also have candid meetings with employees to discuss our challenges, opportunities, what is going well and what can be even better.

Mr. Akins is a key leader in the Company's cultural transformation through his continual encouragement of employees to work together collaboratively to safely do their best work. We continually strive for excellence in every part of our operations. We believe in a culture dedicated to diversity and inclusion, which values and promotes equal opportunity. We always aim to meet our customers' expectations, and we are committed to conducting our operations in accordance with the highest ethical standards.

The Board participates in these same efforts through informal meetings with senior and mid-level officers. The Board discusses Company culture with Mr. Akins in executive session, and directors interact with employees to get an independent read on the pulse of the organization. Culture, integrity and ethics, in particular, are part of the CEO's annual performance evaluation. The reputational and other risks associated with culture are also discussed and addressed through the risk oversight process described above.



Due to the ongoing impact of the COVID pandemic, in 2021 the independent directors were unable to have meetings with employees without the presence of management to discuss the Company's culture as has been the practice in prior years. The independent directors intend to resume such meetings when safely able to do so. In lieu of conducting such meetings during 2021, the Corporate Governance Committee and the HR Committee received multiple presentations from the Company's Chief Compliance Officer on company culture, diversity and related workforce topics.

## **Safety**

AEP emphasizes achieving Zero Harm, which means every employee returns home at the end of their shift in the same or better condition than when they came to work. Zero Harm is what AEP values most and commits to wholeheartedly. Zero Harm is hard work, as it requires full focus every moment of every day. AEP and its employees hold themselves accountable and are always striving to be better. For AEP and its employees, Zero Harm is not an option; it is a mandate we live by. AEP has put tools, training and processes in place to strengthen our safety-first culture and mindset. AEP's focus is on learning from events and developing leading indicators to be even more proactive in preventing harm. One common industry safety metric utilized by AEP to track incidents is the Days Away Restricted or Transferred (DART) rate. A DART event is an events that results in one or more lost days, one or more restricted days or results in an employee transferring to a different job within the Company. DART rate is a mathematical calculation (number of DART events multiplied by 200,000 work hours and divided by total YTD hours worked) that describes the number of recordable injuries per 100 full-time employees. In 2021, AEP had an employee DART Rate of 0.430, a slight increase from 2020.

## **Diversity, Equity and Inclusion**

AEP is committed to cultivating a diverse and inclusive environment that supports the development and advancement of all. We foster an inclusive workplace that encourages diversity of thought, culture and background, and actively work to eliminate unconscious biases. We believe our workforce should generally reflect the diversity of our customers and the communities we serve so that we may better understand how to tailor our services to meet their demands and expectations. As of December 31, 2021, women comprised approximately 34% of AEP's total workforce while approximately 19% of our workforce was represented by racial or ethnically diverse employees. Approximately 31% of AEP's executive/senior leadership was comprised of either women or minorities as of December 31, 2021. In addition, AEP is committed to having leaders and board members with diverse experiences, generations, genders, and racial and ethnic backgrounds. Leadership diversity provides us with a broader perspective on issues both inside and outside of our Company, while laying the foundation for a more inclusive workforce that breaks down silos and creates a trusting, engaging and collaborative work environment.

AEP has taken actions to denounce all forms of racism in the wake of the racial and social unrest across the country. To accelerate our diversity and inclusion strategy, in 2020 AEP initiated a "Seize the Moment: Let's Keep the Momentum Going" action plan that included candid conversations about race, Town Hall webcasts, and "Let's Talk" discussions with the top 20 African American leaders at AEP. Mr. Akins joined more than 2,000 other CEOs as a signatory to the CEO Action for Diversity and Inclusion pledge, the largest CEO-driven business commitment to advancing diversity and inclusion within the workplace. Additionally, in 2021, the AEP Foundation launched a Delivering On the Dream: Social and Racial Justice grant program. The grants will play a pivotal role in addressing systemic racism by directing funds to support non-profits that are focused on outcomes that enhance social and racial justice. This new \$5 million, multi-year program will provide funding to local and national organizations with operations and/or active programs within our footprint to embrace change and equity for neighbors of color, customers and employees. We also will encourage employees to make personal commitments as allies and advocates and support events that create greater collaboration within communities for equity and racial justice.



## **Employee Resource Groups**

AEP demonstrates its commitment to a trusting and inclusive work environment by empowering employees to form and participate in Employee Resource Groups (ERGs). Currently AEP has eight ERGs: Abled and Differently-Abled Allies Partnering Together, the Black ERG, the Asian-American ERG, the Hispanic Origin Latin American ERG, the Military Veteran ERG, the Native American ERG, the Pride Partnership, and Women @ Work. Our ERGs reflect the diverse makeup of our workforce and enable us to gain valuable insight into the diverse communities we serve. They also help increase engagement across AEP by providing employees with a safe space to discuss work-related issues and to develop innovative solutions. ERGs also play an active role in AEP's diversity and inclusion efforts, including recruitment of new employees.

## **Training and Professional Development**

AEP is preparing our workforce for the future by providing opportunities to learn new skills and engaging higher education institutions to better prepare the next generation with the skills that our Company will need. AEP has training alliances with several community colleges, universities and vocational and technical schools across its service territory. We work with these institutions to develop academic programs that will prepare employees for upward mobility opportunities and to attract external job seekers interested in careers in our industry. AEP also provides a broad range of training and assistance that supports lifelong learning and transition development. We believe this is especially important as we move closer toward a digital future that requires a more flexible, innovative and diverse workforce. AEP has robust processes to achieve this, including ongoing performance coaching, operational skills training, resources to support our commitment to environment, safety and health, job progression training, tuition assistance, and other forms of training that help employees improve their skills and become better leaders. In 2021, AEP employees completed more than 719,000 hours of training in programs for which we track participation. In addition, we invested more than \$2 million in employee education, supporting approximately 1,000 employees through our tuition reimbursement program.

## **Compensation and Benefits**

AEP recognizes the importance of our employees to our success and we offer physical, mental, financial and other health, wellness and assistance programs to our employees and their families to help them thrive at home and work. We ensure the pay we offer is competitive in the marketplace by using an overall market pricing process. In addition to competitive wages, nearly all AEP employees participate in an annual incentive program that rewards outstanding performance and achievement of business goals. Our incentive compensation provides financial rewards to those who contribute to business results and meet or exceed their personal performance goals, which fosters a high-performance culture. AEP also offers employees physical and mental health programs, including medical, dental and life insurance, along with a health and well-being program to help employees and their families stay healthy and feeling their best. Additionally, AEP believes our retirement programs position our employees for financial stability in retirement.

## **Board's Oversight of Strategy and Sustainability**

One of the key responsibilities of AEP's Board of Directors is overseeing the Company's strategy to create long-term value for AEP's shareholders. Environmental policies have a significant impact on the Company's strategy. As a result, the Board regularly engages with senior management in the oversight of environmental issues, including climate change, energy efficiency, renewable energy and technology changes in the industry. As AEP continues to transition its business, the Board works with the senior management team to adjust plans as needed to respond to rapid changes in the industry, including technology and public policy. Management and the Board identify and incorporate significant environmental, social and governance (ESG) issues, including climate change impacts, into our business strategy. We believe that our performance on ESG matters is linked to our ability to achieve our strategic objectives over the medium and long-term and create value for our shareholders. For example, in 2020 the Board added the non-emitting generation capacity measure to the long-term incentive plan to encourage management to identify and advance opportunities to accelerate the transformation of the Company's generation resources to a higher percentage of renewable generation to the extent doing so is in keeping with the interests of our customers and shareholders.



As part of its oversight role, the Board monitors climate risks and reviews opportunities that may be realized with climate change. The Board also receives an environmental report from management at every regularly scheduled Board meeting. In addition, the Board holds extended meetings twice a year, to provide extra time for a more robust review of the Company's strategy. Discussions about carbon and carbon risk occur during Board meetings and those strategic planning sessions. The Board has discussed with management the Company's first climate scenario analysis, and in early 2021 the Board reviewed a report regarding that analysis. The Board is also responsible for reviewing and approving the Company's allocation of capital.

Under the Board's oversight, in February 2021 AEP announced new intermediate and long-term CO<sub>2</sub> emission reduction goals, based on the output of the Company's integrated resource plans, which take into account economics, customer demand, grid reliability and resiliency, regulations and the Company's current business strategy. The intermediate goal is a 80% reduction from 2000 CO<sub>2</sub> emission levels from AEP generating facilities by 2030; the long-term goal is net-zero CO<sub>2</sub> emissions from AEP generating facilities by 2050. The Company's total estimated CO<sub>2</sub> emissions in 2021 were approximately 51 million metric tons, a 70% reduction from the Company's 2000 CO<sub>2</sub> emissions. AEP has made significant progress in reducing CO<sub>2</sub> emissions from its power generation fleet and expects its emissions to continue to decline. Technological advances, including energy storage, will determine how quickly AEP can achieve zero emissions while continuing to provide reliable, affordable power for customers.

The Board has delegated responsibility for overseeing the Company's annual Corporate Accountability Report (CAR) to its Corporate Governance Committee. The Corporate Governance Committee reviews and approves the annual CAR, which in 2021 included sustainability goals, a description of the Company's response to COVID, and the Company's diversity, equity and inclusion commitments. The Corporate Governance Committee also receives updates twice a year from management on its sustainability initiatives and its political engagement activities. During those meetings, management reports on its engagement with stakeholders on a range of issues, including climate change.

### **Annual Board, Committee and Individual Director Evaluations**

Each year, the Corporate Governance Committee engages an independent third party, experienced in corporate governance matters, to interview each Director to obtain his or her assessment of the effectiveness of the Board and committees. In addition, the third party seeks input from each Director as to the performance of the other Board members. The Chair of the Corporate Governance Committee instructs the third party on the particular criteria to be covered in the assessment, such as conduct of the meetings and committees, leadership and process. Each Director is asked to identify any opportunities the Board can focus on to enhance its effectiveness. The third party organizes the Director feedback and reviews it with the Lead Director. The Lead Director holds private conversations with each Director to give honest feedback provided from other Directors, which is meant to help Directors improve their own individual performance. The Chair of the Corporate Governance Committee and the Lead Director also review, with the Corporate Governance Committee and the full Board, the assessment of the Board's performance and lead a discussion to determine which areas the Board would like to focus on during the coming year to enhance its effectiveness. Finally, the Board engages in a mid-year discussion to gauge the Board's satisfaction with the progress made in addressing any focus areas that were identified by the Board in its annual evaluation.

### **Annual Shareholder Outreach**

Our Board and management are committed to engaging with our shareholders and soliciting their views and input on important governance, environmental, social, executive compensation and other matters. The Corporate Governance Committee is responsible for overseeing the shareholder engagement process and the periodic review and assessment of shareholder input. Our Lead Director plays a central role in our Board's shareholder engagement efforts. Our management team contacted institutions holding approximately 50% of our Common Stock and offered to engage with these investors. During 2021, our former Lead Director and members of management had discussions with a diverse mix of our shareholders on a variety of environmental, social and corporate governance issues, including Board refreshment and management succession planning, the Board's role in its oversight of culture and climate change, Company strategy, executive compensation, diversity and inclusion, the responsibilities



of the Lead Director and the Board's annual evaluation process. These shareholder views were shared with our Corporate Governance, Human Resources Committees and the Board. These engagements help our Board and management understand and address issues that are important to our shareholders.

## **Communicating with the Board**

Anyone who would like to communicate directly with our Board, our independent directors as a group or our Lead Director, may submit a written communication to American Electric Power Company, Inc., P.O. Box 163609, Attention: AEP Independent Directors, Columbus, Ohio 43216. The Company's Corporate Secretary reviews such inquiries or communications, and communications other than advertising or promotions of a product or service are forwarded to our Board, our independent directors as a group or our Lead Director, as appropriate.

## **Transactions with Related Persons**

The American Electric Power Company, Inc. Related Person Transaction Approval Policy (Policy) was originally adopted by the Board in December 2006 and amended in February 2012. The written Policy is administered by the Corporate Governance Committee. A copy of the Policy is available on our website at [www.aep.com/investors/governance](http://www.aep.com/investors/governance).

The Policy defines a "Transaction with a Related Person" as any transaction or series of transactions in which (i) the Company or a subsidiary is a participant, (ii) the aggregate amount involved exceeds \$120,000 and (iii) any "Related Person" has a direct or indirect material interest. A "Related Person" is any director or executive officer of the Company, any nominee for director, any shareholder owning in excess of five percent of the total equity of the Company and any immediate family member of any such person.

The Corporate Governance Committee considers all of the relevant facts and circumstances in determining whether or not to approve a Transaction with a Related Person and approves only those transactions that it believes are in the best interests of the Company and its shareholders.

In determining whether to approve a Transaction with a Related Person, the Corporate Governance Committee considers various factors, including, among other things: the nature of the Related Person's interest in the transaction; whether the transaction involves arm's-length bids or market prices and terms; the materiality of the transaction to each party; the availability of the product or services through other sources; whether the transaction would impair the judgment of a director or executive officer to act in the best interest of the Company; the acceptability of the transaction to the Company's regulators; and in the case of a non-employee director, whether the transaction would impair his or her independence or status as a "non-employee" director.

If Company management determines it is impractical or undesirable to wait until a meeting of the Corporate Governance Committee to consummate a Transaction with a Related Person, the Chair of the Corporate Governance Committee may review and approve the Transaction with a Related Person. Any such approval is reported to the Corporate Governance Committee at or before its next regularly scheduled meeting.

No approval or ratification of a Transaction with a Related Person supersedes the requirements of the Company's Code of Business Conduct and Ethics for Members of the Board of Directors or AEP's Principles of Business Conduct applicable to any executive officer. To the extent applicable, any Transaction with a Related Person is also considered in light of the requirements set forth in those documents.

Since January 1, 2021, there have been no transactions, and there are no currently proposed transactions, involving an amount exceeding \$120,000 in which AEP was or is expected to be a participant and in which any Related Person had a direct or indirect material interest.



## Director Compensation

Directors who are employees of the Company receive no additional compensation for service as a director other than accidental death insurance coverage. The table below shows the elements and the annual compensation that we paid to our non-employee directors for 2021.

Compensation Element	Amount
Annual Retainer (1)	\$ 125,000
Annual Stock Unit Awards (2)	\$ 163,000
Committee Chair Annual Retainers (1):	
Audit Committee	\$ 25,000
Human Resources Committee	\$ 25,000
Nuclear Oversight Committee	\$ 17,500
Corporate Governance Committee	\$ 15,000
Finance Committee	\$ 15,000
Technology Committee	\$ 15,000
Policy Committee	\$ 5,000
Lead Director Annual Retainer (1)	\$ 35,000

- (1) Retainer amounts are paid in cash in quarterly installments.
- (2) In 2021, pursuant to the Stock Unit Accumulation Plan for Non-Employee Directors, each non-employee director was awarded \$163,000 in AEP stock units or, for directors with more than 60 months of service, shares of an AEP Stock Fund. These AEP stock units or AEP Stock Fund shares are credited to directors quarterly, in an amount calculated by dividing the dollar value of the award amount by the closing price of AEP common stock. Amounts equivalent to cash dividends on the AEP stock accrue as additional AEP stock units or AEP Stock Fund shares. AEP stock units have historically been paid in cash but effective June 1, 2022 will be paid in AEP shares to each non-employee director after termination of service unless the director has elected to further defer payments. AEP Stock Fund shares have been and will continue to be paid in cash to each non-employee director after termination of service (as a part of the interest of the director in the director's Investment Account tracked through the Stock Unit Accumulation Plan) unless the director has elected to further defer payments.

The Corporate Governance Committee's independent compensation consultant, Meridian Compensation Partners, LLC (Meridian), evaluates on an annual basis the competitiveness of the Company's non-employee director compensation program and the form and amount of each element of that program (annual retainers, equity compensation, committee chair compensation, and Lead Director compensation) in comparison to the companies in the peer group used for executive compensation and to a group of other industrial companies that are comparable in size to AEP. The Board reviews the recommendations of the Corporate Governance Committee and determines the form and amount of Director compensation.

At its meeting held in September 2021, the Corporate Governance Committee reviewed and discussed an analysis of non-employee director compensation prepared by Meridian. Meridian's report reviewed the design and competitiveness of our non-employee director compensation program. In September 2021, upon the recommendation of the Corporate Governance Committee and taking into account comparative data from Meridian, the Board made no changes to director compensation. In January 2022, the Board approved the compensation for the Chair of the Technology Committee.

We use a combination of cash and AEP stock units to attract and retain qualified candidates to serve on our Board of Directors. In setting director compensation, our Board considers the significant amount of time that directors expend on fulfilling their duties to our Company. Additional amounts are paid to committee chairs in recognition of the substantial responsibilities of the chair.



**Expenses.** Directors are reimbursed for expenses incurred in attending Board, committee and shareholder meetings. Directors are also reimbursed for reasonable expenses associated with other business activities that benefit the Company, including participation in director education programs. Spouses may occasionally join directors on Company aircraft when a director is traveling to or from Board meetings or other business activities. The Company generally provides for, or reimburses the expenses of, the directors and their spouses for attendance at such meetings. Our Directors do not receive any tax gross-ups.

**Retainer Deferral Plan.** The Retainer Deferral Plan for Non-Employee Directors is a non-qualified deferred compensation plan that permits non-employee directors to choose to defer up to 100 percent of their annual cash payments into a variety of investment fund options, all with market-based returns, including an AEP stock fund. The Plan permits the non-employee directors to defer receipt until termination of service or for a period that results in payment commencing not later than five years after termination of service.

**Insurance.** AEP maintains a group travel accident insurance policy to provide a \$1,000,000 accidental death benefit for each director, \$100,000 for each spouse of a director and \$50,000 for all dependent children. The current policy, effective January 1, 2020 to January 1, 2023, has a premium of \$24,994.

**Stock Ownership.** Non-employee directors are required by our Principles to own AEP common stock or AEP stock units worth five times their annual equity award. This is met within the first five years of a non-employee director's term by requiring the director to hold the AEP stock units awarded under the Stock Unit Accumulation Plan until termination of service.

After five years of service on the Board, non-employee directors receive contributions to an AEP stock fund under the Stock Unit Accumulation Plan. During open trading windows they may subsequently transfer those amounts into other investment fund options, similar to those in the Retainer Deferral Plan.

**Matching Gifts Program.** Directors may participate in our Matching Gifts Program on the same terms as AEP employees. Under the program, AEP will match between \$250 and \$1,000 per higher education institution each year in charitable contributions from a director.



## 2021 Director Compensation Table

The following table presents the compensation provided by the Company in 2021 to our non-employee directors.

Name	Fees Earned Or Paid in Cash (\$)	Stock Awards (\$)(1)(2)	All Other Compensation \$(3)	Total (\$)
David. J. Anderson	150,000	163,000	595	313,595
J. Bernie Beasley, Jr.	142,500	163,000	2,595	308,895
Ralph D. Crosby, Jr.	45,742	49,706	595	96,043
Art A. Garcia	140,000	163,000	1,595	304,595
Linda A. Goodspeed	125,000	163,000	595	288,595
Thomas E. Hoaglin	137,500	163,000	595	301,095
Sandra Beach Lin	136,250	163,000	595	299,845
Margaret M. McCarthy	130,000	163,000	595	293,595
Richard C. Notebaert	38,118	49,706	595	88,419
Stephen S. Rasmussen	151,250	163,000	595	314,845
Oliver G. Richard III	125,000	163,000	595	288,595
Daryl Roberts	125,000	163,000	595	288,595
Sara M. Tucker	143,750	163,000	595	307,345

- (1) The dollar amounts reported represent either the grant date fair value calculated in accordance with FASB ASC Topic 718 of AEP stock units granted under the Stock Unit Accumulation Plan for Non-Employee Directors, without taking into account estimated forfeitures, or the amount credited to the AEP Stock Fund for the more tenured directors. AEP stock units or contributions to the AEP Stock Fund are credited to directors quarterly.
- (2) Each non-employee director who served the full year received either 1,923 AEP stock units or AEP Stock Fund contributions of \$163,800 in 2021. Due to their service for less than a full year, Messrs. Crosby and Notebaert received 587 units in 2021. Directors had the following aggregate number of AEP stock units, including dividend equivalents and stock unit equivalents in the AEP Stock Fund, at 2021 year-end, all of which are fully vested: Mr. Anderson 33,096, Mr. Beasley 16,627, Mr. Garcia 4,656, Ms. Goodspeed 60,572, Mr. Hoaglin 51,922, Ms. Lin 27,004, Ms. McCarthy 5,444, Mr. Rasmussen 26,305, Mr. Richard 24,845, Mr. Roberts 2,118 and Ms. Tucker 46,531.
- (3) The amounts reported in All Other Compensation consists of the (a) Company-paid premium of \$595 for accidental death insurance policy and (b) matching gift contributions of \$2,000 for Mr. Beasley and \$1,000 for Mr. Garcia.

## Insurance

AEP and the AEP System Companies and their directors and officers are insured, subject to certain exclusions and retentions, against losses resulting from any claim or claims made against them while acting in their capacities as directors and officers. Such insurance, effective May 1, 2021 to May 1, 2022, is provided by: Associated Electric & Gas Insurance Services Limited (AEGIS), Energy Insurance Mutual Limited (EIM), Zurich American Insurance Company, Continental Casualty Company (CNA), U. S. Specialty Insurance Company (Tokio Marine HCC), XL Specialty Insurance Company, Arch Insurance Company, Travelers Casualty and Surety Company of America, Westchester Fire Insurance Company (Chubb), Berkley Insurance Company, RSUI Indemnity Company, Markel American Insurance Company, Freedom Specialty Insurance Company (Nationwide), Arch Reinsurance Ltd., National Union Fire Insurance Company of Pittsburgh, Pa. (AIG), Allianz Global Risks US Insurance Company, Berkshire Hathaway Specialty Insurance Company, U.S. Specialty Insurance Company (Tokio Marine HCC), Travelers Casualty and Surety Company of America, Endurance American Insurance Company (Sompo International), and XL Specialty Insurance Company. The total cost of this insurance is \$3,081,731.

Fiduciary liability insurance provides coverage, subject to certain exclusions and retentions, for AEP System companies and their affiliated trusts, their directors and officers, and any employee deemed to be a fiduciary or trustee, for breach of fiduciary responsibility, obligation, or duties as imposed under the Employee Retirement Income Security Act of 1974. Such insurance, effective May 1, 2021 to May 1, 2022 is provided by Associated Electric & Gas Insurance Services Limited (AEGIS), U.S. Specialty Insurance Company (Tokio Marine HCC), Energy Insurance Mutual Limited (EIM), and Freedom Specialty Insurance Company (Nationwide). The total cost of this insurance is \$403,130.



## Item 2. Proposal to Ratify Appointment of Independent Registered Public Accounting Firm

The Audit Committee is responsible for the appointment, fee negotiations and oversight of the Company's independent registered public accounting firm. The Audit Committee has appointed the firm of PricewaterhouseCoopers LLP, or PwC, as the Company's independent registered public accounting firm for 2022. PwC has served as our independent registered public accounting firm starting with the audit for the year ended December 31, 2017. The Audit Committee reviews and assesses annually the qualifications and performance of the independent registered public accounting firm and considers, as appropriate, the rotation of the independent registered public accounting firm. Additionally, the Audit Committee is involved in the selection and mandated rotation of the lead engagement partner from PwC. The Audit Committee believes that the continued retention of PwC as our independent registered public accounting firm is in the best interest of the Company and our shareholders, and we are asking our shareholders to ratify, in a non-binding vote, the appointment of PwC as our independent registered public accounting firm for 2022.

Although action by the shareholders in this matter is not required, the Audit Committee believes that it is appropriate to seek shareholder ratification of this appointment in light of the critical role played by the independent registered public accounting firm in maintaining the integrity of the Company's financial controls and reporting and will seriously consider shareholder input on this issue. Whether or not the appointment of PwC is ratified by the shareholders, the Audit Committee may, in its discretion, change the appointment at any time during the year if it determines that such change would be in the best interest of the Company and its shareholders.

Representatives of PwC are expected to be present at the Annual Meeting, will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Your Board of Directors recommends a vote **FOR** this Item 2.

### Audit and Non-Audit Fees

The following table presents fees for professional audit services rendered by PricewaterhouseCoopers LLP for the audit of the Company's annual financial statements for the years ended December 31, 2021 and December 31, 2020, and fees billed for other services rendered by PricewaterhouseCoopers LLP during those periods.

<b>Audit &amp; Non-Audit Fees</b>	<b>2021</b>	<b>2020</b>
Audit Fees (1)	12,662,600	\$ 11,279,000
Audit-Related Fees (2)	208,000	743,000
Tax Fees (3)	125,000	60,000
All Other Fees (4)	—	—
<b>TOTAL</b>	<b>\$ 12,995,600</b>	<b>\$ 12,082,000</b>

- (1) Audit fees in 2020 and 2021 consisted primarily of fees related to the audit of the Company's annual consolidated financial statements, including each registrant subsidiary. Audit fees also included auditing procedures performed in accordance with Sarbanes-Oxley Act Section 404 and the related Public Company Accounting Oversight Board Auditing Standard Number 5 regarding the Company's internal control over financial reporting. This category also includes work generally only the independent registered public accounting firm can reasonably be expected to provide.
- (2) Audit-related fees consisted principally of regulatory, statutory and employee benefit plan audits.
- (3) Tax fees consisted principally of advisory services. Tax services are rendered based upon facts already in existence, transactions that have already occurred, as well as tax consequences of proposed transactions.
- (4) These are fees for permissible work performed by PricewaterhouseCoopers LLP that do not meet the above categories.



## **Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of the Independent Registered Public Accounting Firm**

The Audit Committee's policy is to pre-approve all services provided by the independent registered public accounting firm. These services may include audit services, audit-related services, tax services and other services. Pre-approval is provided for up to one year, and any pre-approval is detailed as to the particular service or category of services and is subject to a specific limitation. The independent registered public accounting firm and management are required to report to the Audit Committee at each regular meeting regarding the extent of services provided by the independent registered public accounting firm in accordance with this pre-approval policy, and the fees for the services performed to date. The Audit Committee Chair may also pre-approve particular services on a case-by-case basis. In 2021, all PricewaterhouseCoopers LLP services were pre-approved by the Audit Committee in accordance with this policy.



## Audit Committee Report

The Audit Committee reviews AEP's financial reporting process as well as the internal control over financial reporting on behalf of the Board. Management has the primary responsibility for the financial statements and the reporting process, including the system of internal control over financial reporting.

The Audit Committee met six times during the year and held discussions, some of which were in private, with management, the internal auditor, and the independent registered public accounting firm. Management represented to the Audit Committee that AEP's consolidated financial statements were prepared in accordance with generally accepted accounting principles. Management has also concluded that the Company's internal control over financial reporting was effective as of December 31, 2021. The Audit Committee has reviewed and discussed the audited consolidated financial statements and internal control over financial reporting with management, the internal auditor and the independent registered public accounting firm. The Audit Committee discussed with the independent registered public accounting firm the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board (PCAOB) and the SEC.

In addition, during 2021 the Audit Committee held discussions on emerging accounting, compliance and other matters, including, but not limited to:

- AEP's quarterly earnings releases, financial statements and quarterly filings with the SEC.
- The audit scopes and plans for both the internal auditor and the independent auditor.
- Enterprise risk management and management's plans to mitigate identified risks.
- Instances of compliance concerns and/or fraud events as it relates to the financial statements and management.
- Legal and regulatory matters that may have a material impact on the consolidated financial statements with the Company's General Counsel.
- Cyber and physical security strategy and mitigation of identified risks with the Company's Chief Security Officer.
- Critical Audit Matters included in the opinion of the independent auditor.

In addition, the Audit Committee had discussions with and received written communications from the independent registered public accounting firm regarding its independence as required by the PCAOB. The Audit Committee has also received written communication regarding the results of the independent registered public accounting firm's internal quality control reviews and procedures and other matters, as required by the NASDAQ listing standards.

In reliance on the reviews, communications and discussions referred to above, the Audit Committee recommended to the Board that the audited financial statements be included in AEP's Annual Report on Form 10-K for the year ended December 31, 2021, for filing with the SEC.

### *Audit Committee Members (1)*

David J. Anderson, Chair  
Art A. Garcia  
Linda A. Goodspeed  
Sandra Beach Lin  
Margaret M. McCarthy  
Daryl Roberts

- (1) The Audit Committee Report was approved by the Audit Committee prior to Mr. Von Thae's election as a director and subsequent appointment to the Audit Committee.



### **Item 3. Amendment to our Restated Certificate of Incorporation to Authorize Preferred Stock**

The Board of Directors has unanimously approved and recommended to the Company's shareholders an amendment to the Company's Restated Certificate of Incorporation to authorize 50,000,000 shares of preferred stock, par value \$0.01 per share.

The preferred stock may be issued by the Company in the future with such rights, preferences and designations as determined by the Board, without further shareholder action.

Currently, the Company has authorized capital of 600,000,000 shares designated as common stock, par value \$6.50 per share. As of the record date there were 504,546,840 shares of common stock of AEP outstanding. This proposal does not increase the number of authorized common shares. The Company's Restated Certificate of Incorporation currently does not authorize the issuance of preferred stock. If Proposal 3 is approved, the Company will have 50,000,000 shares of preferred stock authorized, effective upon the filing of the amendment to the Restated Certificate of Incorporation.

With regard to the proposed new class of preferred stock, the Board's authority to determine the terms of any such shares of preferred stock would include, but not be limited to (i) the designation of each class or series and the number of shares that will constitute each such class or series; (ii) the dividend rate, if any, for each class or series; (iii) the price at which, and the terms and conditions on which, the shares of each class or series may be redeemed, if such shares are redeemable; (iv) the terms and conditions, if any, upon which shares of each class or series may be converted into shares of other classes or series of shares of the Company, or other securities; and (v) the voting rights, if any, of such class or series. The proposed preferred stock also shall have such voting rights as are required by law.

Shares of preferred stock that are issued by the Company and subsequently redeemed or converted into another security of the Company would be available to be reissued by the Company, and the Board may set the terms of the reissued shares as they deem appropriate, in the same manner, and subject to the same limitations, as the authorized preferred shares permit.

The full text of the proposed amendment to the Restated Certificate of Incorporation to authorize issuance of preferred stock is included herein as Appendix B.

#### **Reasons, Purpose and Effect of Proposal 3**

The primary purpose of the proposed authorization of a new class of preferred stock is to provide the Company with greater flexibility to take advantage of financing and acquisition opportunities as they arise without the expense and delay of additional shareholders' meetings, as well as to improve our ability to attract investment capital as various series of preferred stock may be created and customized to meet the needs of any particular transaction and/or market conditions. The proceeds of an issuance would be used for general corporate purposes, including, without limitation, to fund the Company's capital investment program in transmission and distribution and renewable generation.

**It is the policy of the Board that, subject to its fiduciary duties, it will not, without prior shareholder approval, issue or use any preferred stock, nor any series of the preferred stock, for any defensive or anti-takeover purpose.**

The effect of the adoption of Proposal 3 would be to grant the Board the authority to issue shares of preferred stock in one or more series, with such rights, preferences and designations as it deems necessary or advisable without any additional action by the Company's shareholders, unless otherwise required by law.



The Board has made no decisions or commitments with respect to the use of the requested shares of preferred stock, and it has no plans to commence an offering of any of AEP's shares at this time. The Board believes, however, that Proposal 3 provides the flexibility the Company needs to pursue growth opportunities and raise additional capital should that become necessary or desirable in the future. Approval of Proposal 3 will avoid the possible delay and significant expense of calling and holding a special meeting of the shareholders at a later date, and will permit the Company to take advantage of opportunities as they arise.

### **Potential for Dilution to the Ownership of Existing Shareholders and Other Effects of Proposal 3**

If Proposal 3 is approved, the availability of undesignated preferred stock may have certain negative effects on the rights of the Company's common shareholders. The actual effect of the issuance of any shares of preferred stock upon the rights of holders of common stock cannot be stated until the Board determines the specific rights of the holders of such preferred stock. With regard to the proposed new class of preferred stock, the Board's authority to determine the terms of any such shares of preferred stock would include, but not be limited to, (i) the designation of each class or series and the number of shares that will constitute each such class or series; (ii) the dividend rate for each class or series; (iii) the price at which, and the terms and conditions on which, the shares of each class or series may be redeemed, if such shares are redeemable; (iv) the terms and conditions, if any, upon which shares of each class or series may be converted into shares of other classes or series of shares of AEP, or other securities; and (v) the voting, if any, of each class or series.

Shares of preferred stock that are issued by the Company and subsequently redeemed or converted into another security of AEP would be available to be reissued by AEP and the Board may set the terms of the reissued shares as they deem appropriate, in the same manner, and subject to the same limitations, as the authorized preferred shares permit.

### **Possible Anti-Takeover Effects of Proposal 3 and the Board's Representation Regarding the Issuance of Preferred Stock**

**It is the policy of the Board that, subject to its fiduciary duties, it will not, without prior shareholder approval, issue or use any preferred stock, nor any series of the preferred stock, for any defensive or anti-takeover purpose.**

The issuance of shares of preferred stock may have the effect of discouraging or thwarting persons seeking to take control of the Company through a tender offer, proxy fight or otherwise or seeking to bring about removal of existing management or a corporate transaction such as a merger. For example, the issuance of shares of preferred stock in a public or private sale, merger or in a similar transaction may, depending on the terms of the series of preferred stock, dilute the interest of a party seeking to take over the Company. Under New York law, a separate class or series vote of preferred stock may be required to amend the Restated Certificate of Incorporation to take certain specified actions that would adversely affect the outstanding shares of preferred stock or a particular series of preferred stock. In addition, to the extent the preferred stock may be converted into common stock, the additional common shares issued upon such conversion could have an anti-takeover effect in the same manner as other newly issued shares of common stock. The potential anti-takeover effect of preferred stock, converted to voting common stock, is subject to the overall limitation on the availability of common stock. The Company may issue up to 600,000,000 shares of common stock, which includes any shares of common stock issuable upon the conversion of the preferred stock. Currently, the Company has 504,546,840 shares of common stock outstanding.

The Amendment was not proposed in response to, or for the purpose of deterring, any effort to obtain control of the Company or as an anti-takeover measure. It should be noted that any action taken by the Company to discourage an attempt to acquire control of the Company might result in shareholders not being able to participate in any possible premiums which might be obtained in the absence of anti-takeover provisions.



## **Board Recommendation.**

The Board believes that Proposal 3 is in both the Company and the shareholders' best interests and will provide the flexibility needed to meet corporate objectives. If approved, the Company's officers intend to promptly make appropriate filings and take any other action necessary to implement the amendment to the Restated Certificate of Incorporation that is approved at the Annual Meeting.

THE BOARD OF DIRECTORS HAS APPROVED AND RECOMMENDS A VOTE "FOR" THE PROPOSED AMENDMENT TO THE RESTATED CERTIFICATE OF INCORPORATION TO AUTHORIZE ISSUANCE OF PREFERRED STOCK AS SET FORTH IN PROPOSAL 3.

## **Vote Required for Approval**

The affirmative vote of a majority of the Corporation's outstanding common shares is required to approve Proposal 3. Abstentions from voting and broker non-votes, if any, on Proposal 3 will effectively count as votes "AGAINST" the passage of the proposal.

Your Board of Directors recommends a vote **FOR** this Item 3.



## Item 4. Advisory Vote on Executive Compensation

This non-binding advisory vote, commonly known as a "say-on-pay" proposal, provides an opportunity for shareholders to vote on the resolution below regarding the compensation paid to our named executive officers as disclosed in this proxy statement.

As described under the heading "Compensation Discussion and Analysis," our executive compensation programs are designed to attract, motivate, and retain executives who are critical to our success, including the named executive officers. Under these programs, our named executive officers and other employees are rewarded for the achievement of annual and long-term goals.

The HR Committee extensively reviews the compensation for our named executive officers to ensure it aligns with our shareholders' interests and current market practices. As a result of its review process, the HR Committee maintains the following executive compensation practices:

- Emphasizing long-term incentive (LTI) compensation to promote the longer-term interests of the Company and encourage management to make decisions that are aligned with shareholders' interests.
- Tying the value of a substantial portion of this LTI compensation to two robust measures of shareholder value:
  - 3-year cumulative operating earnings per share compared to a Board-approved target (50% of total LTI compensation); and
  - 3-year total shareholder return compared to the Company's executive compensation peer group (40% of total LTI compensation).
- Including a measure of carbon free capacity as a percentage of total generating capacity, energy efficiency and demand response, to our LTI compensation with a 10% weight, which aligns with our long-term strategic plans;
- Maintaining a "no fault" clawback policy that allows the Board to recoup excess incentive compensation paid to our named executive officers if the results on which such compensation was based are materially restated or corrected.

We are asking our shareholders to indicate their support for our named executive officer compensation as described in this proxy statement. This "say-on-pay" proposal, gives our shareholders the opportunity to express their views on our named executive officers' compensation. This advisory vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the philosophy, policies and practices described in this proxy statement. Accordingly, we ask our shareholders to vote "FOR" the following resolution at the Annual Meeting:

"RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed in the Company's Proxy Statement for the 2022 Annual Meeting of Shareholders pursuant to rules of the SEC, including the Compensation Discussion and Analysis, compensation tables and related narrative disclosure is hereby APPROVED."

While the Board will carefully consider the results of this vote, the say-on-pay vote is advisory only, and therefore will not be binding on the Company or our Board of Directors.

Your Board of Directors recommends a vote **FOR** this Item 4.



## Other Business

The Board of Directors does not intend to present to the meeting any business other than the election of directors, the ratification of the appointment of the independent registered public accounting firm and the advisory vote on the compensation of the named executive officers as disclosed in this proxy statement.

If any other business not described herein should properly come before the meeting for action by the shareholders, the persons named as proxies on the proxy card or their substitutes will vote the shares represented by them in accordance with their best judgment. At the time this proxy statement was printed, the Board of Directors was not aware of any other matters that might be presented.

## Compensation Discussion and Analysis

This section explains AEP's compensation philosophy, summarizes its compensation programs and reviews compensation decisions for the following named executive officers:

Name	Title (as of December 31, 2021)
Mr. Akins	Chair, Chief Executive Officer and President
Ms. Sloat	Executive Vice President and Chief Financial Officer
Ms. Barton	Executive Vice President and Chief Operating Officer
Mr. Feinberg	Executive Vice President, General Counsel and Secretary
Mr. Zebula	Executive Vice President - Portfolio Optimization
Mr. Tierney	Former Executive Vice President - Strategy
Mr. McCullough	Former Executive Vice President - Energy Delivery

To strengthen the Company's focus on its strategic goals and to continue its executive development program, the Company made certain executive leadership changes effective January 1, 2021. Ms. Barton became Executive Vice President and Chief Operating Officer, Ms. Sloat became Executive Vice President and Chief Financial Officer, Mr. Tierney became Executive Vice President Strategy, and Mr. McCullough's role was changed from Executive Vice President Transmission to Executive Vice President Energy Delivery. In July 2021, both Messrs. Tierney and McCullough left the Company.

## Executive Summary

### *2021 Business Performance Highlights*

In 2021, we continued successful execution of our long-term strategy -- investing in and maintaining our core multi-state utility operations to support 5 to 7 percent operating earnings growth while also making progress on our plan to add 16 gigawatts of renewable resources to our regulated generation portfolio by 2030. We are committed to having renewable generation as approximately 50% of our fleet by 2030 and have allocated approximately \$8.2 billion over the next five years toward achieving that goal. We will invest another \$24.8 billion in our core wires operations during the same period to provide enhanced reliability and system resilience for the benefit of our customers. We believe this capital plan will provide stable, positive returns for our shareholders. At the same time, we will continue our focus on operational efficiency to help minimize the rate impacts of these investments for customers.

The first two projects of our \$2 billion North Central Wind facility came online in 2021, with the third and largest portion of the project operational in the first quarter of 2022. This final phase -- the 999-megawatt Traverse portion -- is the largest, single-phase wind project in North America. The three North Central Wind projects combined will generate 1,485 MW of new clean energy to serve our customers in Oklahoma, Arkansas and Louisiana, saving them approximately \$3 billion over the next 30 years. These projects also will provide solid returns to our shareholders and support economic development in Oklahoma.



We were deeply impacted by the death of 17 of our colleagues in 2021 because of COVID infections, and our thoughts remain with their families and loved ones.

During 2021, our operations and ability to continue to deliver reliable service was not significantly impeded by COVID-19. We maintained high levels of safety performance during the pandemic and did not experience any employee or contractor fatalities on the job. Many of our employees also have transitioned to permanently working remotely or on hybrid schedules.

In 2022, our Transmission Holding Company business continued to grow and contributed \$1.35 per share to operating earnings, an increase of 32 cents from 2020. Investments in our Transmission Holding Company business continue to support our earnings growth. Net plant assets for that business grew by \$1.3 billion in 2021, an increase of 12 percent.

While severe weather did not impact our system in 2021 with the same intensity as in 2020, our crews responded to significant storms and restoration efforts both within and outside our service territory. Five of our operating companies were recognized by the Edison Electric Institute (EEI) for their mutual assistance support to other companies in 2021.

Commercial and industrial load improved in 2021 sooner and at higher levels than we anticipated, and we ended 2021 within 0.2% of our pre-pandemic sales levels. AEP's normalized load growth in 2021 was the strongest we have experienced in more than a decade, driven by record-setting economic recovery throughout our service territory.

The strategic review of our Kentucky operations in 2021 resulted in an agreement to sell Kentucky Power Company and AEP Kentucky Transmission Company, Inc. for more than \$2.8 billion. After receiving the necessary regulatory approvals, we expect this sale to close in the second quarter of 2022. The completion of this transaction is expected to net AEP approximately \$1.45 billion in cash after taxes and transaction fees, proceeds we will use to invest in regulated renewables, transmission and other key projects.

Our 2021 non-GAAP operating earnings were \$4.74 per share, near the top end of our original 2021 operating earnings guidance range of \$4.55 to \$4.75 per share. Our strong performance was supported by efficiency and cost-cutting initiatives put in place in 2020 that are designed to drive ongoing cost savings. Throughout this Compensation Discussion and Analysis, we refer to operating earnings, which is a non-GAAP financial measure that is used as a performance measure when awarding incentive compensation to executives and other employees. Our 2021 GAAP earnings per share were \$4.97. Exhibit A to this proxy statement contains a full reconciliation of GAAP earnings per share to non-GAAP operating earnings per share for 2021.

In October 2021, the Company increased its quarterly dividend by 4 cents to 78 cents per share, the 446th consecutive quarterly dividend.

### ***2021 Goals for Incentive Compensation Plans***

With respect to our 2021 annual incentive compensation, the HR Committee:

- Set the operating earnings per share target at \$4.65 with a 60% weight, which was the midpoint of the Company's operating earnings guidance of \$4.55-\$4.75 per share at the time the HR Committee set the goal.
- Set the operating earnings per share needed for a maximum payout at \$4.85 per share, which was \$0.10 above the top of the Company's original operating earnings guidance range.
- Established safety, compliance and strategic initiatives with a combined 40% weight, which compares to the 70/30 mix of earnings and other goals utilized prior to 2020, during which the only goal was operating earnings per share due to the unknown impact on our business of the COVID-19 pandemic.



With respect to the 2021-2023 performance share awards under the Company's long-term incentive plan, the HR Committee:

- Set the target for the 3-year cumulative operating earnings per share based on the same \$4.65 target used for the annual incentive plan for 2021, with a six percent growth rate in operating earnings from 2021 for both 2022 and 2023.

#### ***2021 Earned Annual Incentive Plan Awards***

With respect to earned awards under the annual incentive plan, the HR Committee certified the following results and pay outcomes:

- 2021 operating earnings per share of \$4.74, which was near the top end of our original operating earnings guidance for the year, produced a score of 163.6 percent of target.
- An overall score 134.1 percent of target, including consideration of safety and compliance objectives as well as strategic initiatives.

#### ***2019-2021 Earned Long-Term Performance Awards***

With respect to the long-term incentive performance share award, the HR Committee certified the following results and pay outcomes:

- Cumulative total shareholder return (TSR) of 22.2%, which placed the Company at the 35<sup>th</sup> percentile relative to the companies in AEP's Compensation Peer Group and resulted in a score of 50.7 percent of target.
- Cumulative operating earnings per share was above the target set for this performance period and produced a score of 155.0 percent of target.
- These combined equally weighted scores resulted in a payout of 102.9 percent of target for this performance period.



## Compensation Governance Best Practices

Underlying our executive compensation program is an emphasis on good corporate governance practices.

What We Have	What We Don't Have
✓ Significant stock ownership requirements for executive officers, including a six times salary stock ownership requirement for the CEO	✗ No reimbursement or tax gross-up for excise taxes triggered under change in control agreements
✓ A substantial portion of the compensation for executive officers is tied to the Company's annual and long-term performance	✗ No excessive benefits or perquisites for executives
✓ A recoupment policy that allows the HR Committee to claw back incentive compensation due to restatements or corrections of incentive compensation performance measures irrespective of whether any misconduct led to such restatements or corrections	✗ No income tax gross-ups for executives, other than for relocations
✓ An insider trading policy that prohibits our executives and directors from hedging their AEP stock holdings and from pledging AEP stock	
✓ If there is a change in control, long-term incentive awards have double trigger vesting that results in accelerated vesting of these awards only if the change in control is followed by an involuntary or constructive separation from service	

## Results of 2021 Advisory Vote to Approve Executive Compensation

At the Company's annual meeting of shareholders held in April 2021, approximately 96 percent of the votes cast on the Company's say-on-pay proposal were in favor of this proposal. After consideration of this vote, the HR Committee continued to apply the same principles and philosophy it has used in previous years in determining executive compensation. The HR Committee will continue to consider the outcome of the Company's say-on-pay vote and other sources of stakeholder feedback when establishing compensation programs and making compensation decisions for the named executive officers.



## Overview

### *Principles*

The HR Committee oversees and determines AEP's executive compensation (other than that of the CEO). In the case of the CEO, the HR Committee makes recommendations to the independent members of the board of directors about the compensation of the CEO, and the independent board members approve the CEO's compensation.

AEP's executive compensation program is designed to:

- Attract, retain, motivate and reward an outstanding leadership team with market competitive compensation and benefits to achieve both excellent team and individual performance;
- Reflect AEP's financial and operational size as well as the complexity of its multi-state operations;
- Provide a substantial portion of executive officers' total compensation opportunity in the form of short-term and long-term performance-based incentive compensation;
- Align the interests of the Company's named executive officers with those of AEP's shareholders by:
  - Providing a majority of their compensation opportunity in the form of stock-based compensation with a value that is linked to the total return on AEP's common stock; and
  - Maintaining significant stock ownership requirements for executives;
- Support the implementation of the Company's business strategy by tying annual incentive awards to operating earnings per share and maintaining strategic, safety and compliance objectives in our annual incentive compensation program; and
- Promote the stability of the management team by creating strong retention incentives with multi-year vesting schedules for long-term incentive compensation.

The HR Committee's independent compensation consultant, Meridian Compensation Partners, LLC (Meridian), participates in HR Committee meetings, assists the HR Committee in developing the compensation program and regularly meets with the HR Committee in executive session without management present.

### *Opportunity vs. Performance*

AEP's executive compensation program generally targets each named executive officer's total direct compensation *opportunity* (base salary, target annual incentive and grant date value of long-term incentives) at the median of AEP's Compensation Peer Group, which consists of 17 companies that operate in our industry. The ultimate value realized from the annual and long-term incentives are dependent on the Company's annual and long-term performance.

## Compensation and Benefits Design

The remuneration for our named executive officers includes base salary, annual incentive compensation, long-term incentive compensation and a comprehensive benefits program. The Company aims to provide a balance of annual and long-term incentive compensation that is consistent with the compensation mix provided by AEP's Compensation Peer Group.

For annual incentive compensation, the HR Committee balances meeting AEP's operating per share target with safety and compliance objectives and strategic initiatives. For 2021 annual incentive compensation, operating earnings per share had a 60 percent weight of the overall award opportunity, and the remaining 40 percent weight was tied to safety, compliance and strategic goals.

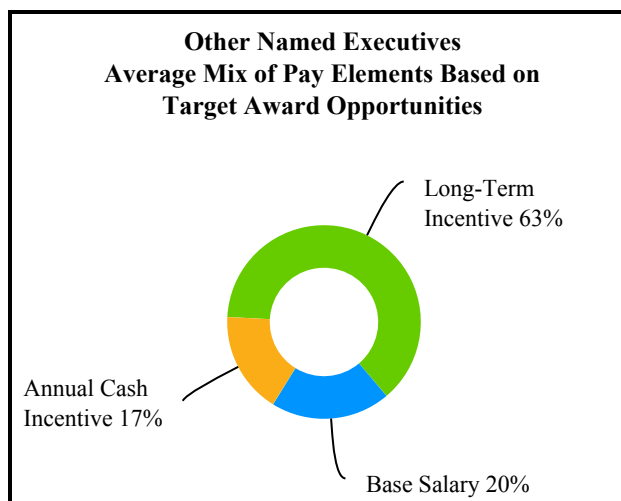
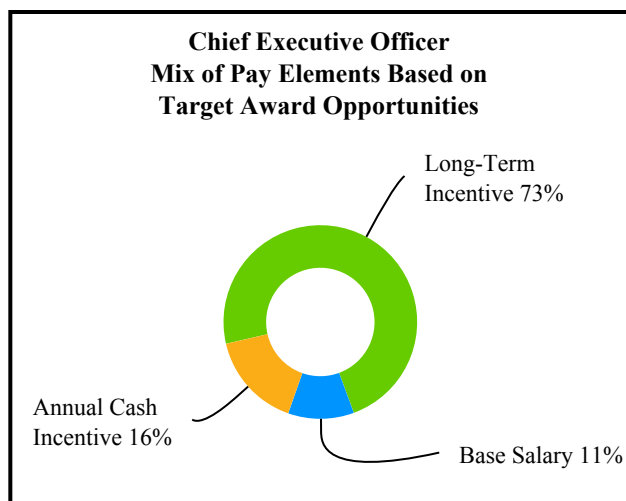
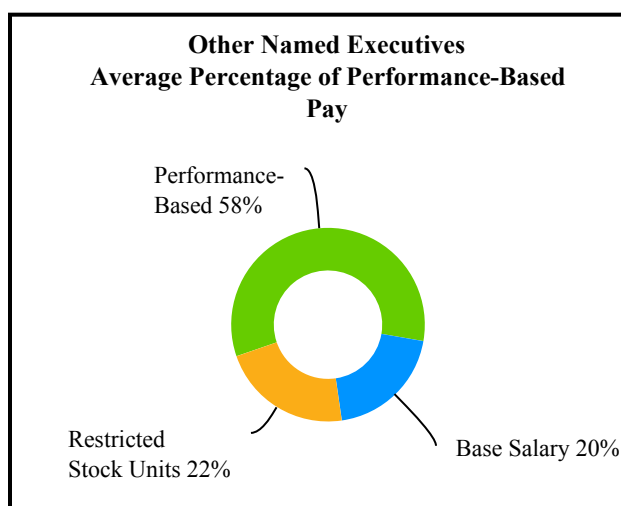
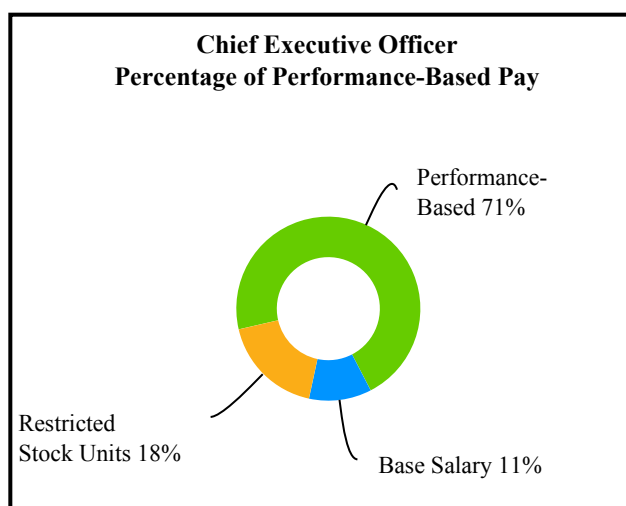


The long-term incentive compensation awarded in 2021 consisted of: 75 percent performance shares with a 3-year performance and vesting period and 25 percent time-vesting restricted stock units (RSUs). The performance shares were tied to:

- (1) AEP's total shareholder return relative to the companies in AEP's Compensation Peer Group (40%);
- (2) AEP's 3-year cumulative operating earnings per share relative to a Board-approved target (50%); and
- (3) Growth in AEP's carbon free capacity as a percentage of our total generating capacity (10%).

The performance shares are subject to a 3-year vesting period from their January 1, 2021 effective date. The RSUs vest over 40 months in three approximately equal tranches on a May 1 cycle following the first, second and third anniversaries of their grant date.

As illustrated in the charts below, in 2021, performance-based compensation (target annual incentive compensation and grant date value of performance shares) comprised 71 percent of the target total direct compensation for the CEO and 58 percent of the average target total direct compensation for the other named executive officers (excluding one-time awards). An additional 18 percent of the CEO's target total direct compensation and an additional 22 percent on average of target total direct compensation (excluding one-time awards) for the other named executive officers was provided in the form of time-vesting RSUs (grant date value) which are tied to AEP's stock price.





## 2021 Compensation Peer Group

The HR Committee, supported by Meridian, annually reviews AEP's executive compensation relative to a peer group of companies that represent the talent markets where we compete to attract and retain executives. In September 2020, the following 17 companies were chosen from electric utility companies that were comparable in size in terms of revenues and market capitalization. The peer group was used in the determination of 2021 target compensation opportunities for the named executive officers and is unchanged from recent years other than removing PG&E at the beginning of 2019 due to its bankruptcy filing and the effects that might have on its executive pay practices.

AES Corporation	Eversource Energy
Centerpoint Energy, Inc.	FirstEnergy Corp.
Consolidated Edison Inc.	NextEra Energy, Inc.
Dominion Energy, Inc.	PPL Corporation
DTE Energy Company	Public Service Enterprise Group Inc.
Duke Energy Corporation	Sempra Energy
Edison International	Southern Company
Entergy Corporation	Xcel Energy Inc.
Exelon Corporation	

The table below shows that, at the time the Compensation Peer Group data was collected, AEP's revenue and market capitalization were near the 75th percentile of the Compensation Peer Group. To partially reflect this variance in company revenues, market values are based on size-adjusted 50th percentile using regression analysis (a common statistical convention) to calibrate the market value of the various pay elements comprising target total direct compensation.

<b>Compensation Peer Group</b>	<b>Revenue(1) (\$ million)</b>	<b>Market Cap(1) (\$ million)</b>
25 <sup>th</sup> Percentile	\$ 10,829	\$ 19,849
50 <sup>th</sup> Percentile	12,301	26,421
75 <sup>th</sup> Percentile	16,572	36,496
<b>AEP</b>	<b>\$ 15,561</b>	<b>\$ 39,112</b>
<b>Percentile Rank</b>	<b>73<sup>rd</sup></b>	<b>76<sup>th</sup></b>

- (1) The HR Committee selected the 2021 Compensation Peer Group in September 2020 based on each company's fiscal year-end 2019 revenue and market capitalization as of August 31, 2020.

No change was made in the compensation peer group for determining 2022 target compensation opportunities for AEP executive officers.

### Annual Market Analysis

Meridian annually provides the HR Committee with an executive compensation study covering each named executive officer position based on compensation survey information for the Compensation Peer Group. The Meridian study benchmarks each of our named executive officer's total direct compensation, and each component of this compensation, against the median components of target compensation provided by the Compensation Peer Group to officers serving in similar capacities if sufficient data is available. Because AEP is significantly larger than the peer group median as measured by both revenue and market capitalization, the HR Committee also considered size adjusted median market data using a revenue regression analysis for the CEO and CFO positions. Since most companies in the compensation peer group do not have a COO position, that position was benchmarked to 60% of salary, 50% of total cash compensation and 30% of total direct compensation of the regressed peer group compensation for the CEO position, which is representative of COO compensation as a percentage of CEO compensation in a broad sample of all U.S. industrial companies. For the General Counsel position, insufficient data



was available for regression analysis so the HR Committee only considered the peer group median. No suitable match was available for Mr. Tierney's EVP Strategy position. Mr. Zebula's position at the beginning of 2021 was EVP Energy Supply, which along with the EVP Transmission position, was benchmarked to Segment Head positions. Insufficient data was available for regression analysis for this match, so these positions were benchmarked to the median of a broader sample, which was all participants submitting Segment Head compensation data to the Willis Towers Watson 2020 CDB Energy Services Executive Compensation Survey - U.S.

## Executive Compensation Program Detail

**Summary of Executive Compensation Components.** The following table summarizes the major components of the Company's executive compensation program.

Component	Purpose
<b>Base Salary</b>	<ul style="list-style-type: none"> <li>To provide a market-competitive and consistent minimum level of compensation that is paid throughout the year.</li> </ul>
<b>Annual Incentive Compensation</b>	<ul style="list-style-type: none"> <li>To focus and align executive's efforts with the Company's objectives for the year.</li> <li>For 2021, the HR Committee approved the following performance metrics: <ul style="list-style-type: none"> <li>Operating Earnings Per Share (60 percent weight)</li> <li>Safety and Compliance (10 percent weight)</li> <li>Strategic Initiatives (30 percent weight)</li> </ul> </li> </ul>
<b>Long-Term Incentive Compensation</b>	<ul style="list-style-type: none"> <li>To motivate AEP management to create sustainable shareholder value by linking a substantial portion of their potential compensation directly to longer-term shareholder returns.</li> <li>To help ensure that Company management remains focused on longer-term results, which the HR Committee considers essential given the large amount of long-term investment in physical assets required in our business.</li> <li>To reduce executive turnover and maintain management consistency.</li> </ul>

**Base Salary.** The HR Committee determines base salary increases for our named executive officers based on the following factors:

- The performance of the executive during the previous year;
- The market competitiveness of the executive's base salary, total cash compensation and total compensation;
- The Company's salary increase budget;
- The current scope and responsibilities of the position;
- Internal comparisons;
- The experience and potential of each executive; and
- The impact on our business of an executive's departure.

Base salaries for the CEO and the other named executive officers were not increased for 2021 other than promotional increases for Ms. Barton and Sloat.



## Annual Incentive Compensation

**Target Opportunity.** The HR Committee establishes the annual incentive target opportunities for each executive officer based, in part, on market competitive compensation as shown in Meridian's annual executive compensation study. Other factors include performance in role and internal equity. For 2021, the HR Committee established the following annual incentive target opportunities:

- 140 percent of base earnings for the Chair, President & Chief Executive Officer (Mr. Akins);
- 85 percent of base earnings for the EVP & Chief Operating Officer (Ms. Barton);
- 80 percent of base earnings for the EVP and Chief Financial Officer (Ms. Sloat) and EVP Portfolio Optimization (Mr. Zebula); and
- 75 percent of base earnings for the EVP, General Counsel and Secretary (Mr. Feinberg).

Messrs. Tierney and McCullough were not eligible for 2021 annual incentive compensation due to their severances during 2021.

**Performance Metrics.** The HR Committee approved a balanced scorecard of 60 percent operating earnings and 40 percent safety, compliance and strategic initiatives for 2021 annual incentive compensation. Specifically, the HR Committee established the following performance measure for 2021 annual incentive compensation:

**Operating Earnings per Share (60 Percent).** The HR Committee chose operating earnings per share again for 2021 because it believes that this metric best reflects management's performance operating the Company and is a strong driver of shareholder returns. In addition, the HR Committee considered that operating earnings per share is the primary measure by which the Company communicates its actual and expected future financial performance to the investment community and employees. Management and the HR Committee believe that sustainable operating earnings per share growth is the primary means to create long-term shareholder value. The full Board approves the Company's annual budget, and the HR Committee establishes an operating earnings per share target based on that budget. In 2021, the HR Committee established an operating earnings per share target of \$4.65, which was the midpoint of our operating earnings guidance of \$4.55 to \$4.75 per share at the beginning of the year. The threshold was set at \$4.45 with a 0 percent of target payout. The maximum payout was set at \$4.85 with a 200 percent of target payout, which was \$0.10 above the top of the 2021 earnings guidance range. There were also inflection points at \$4.55 (30% of target payout), which was the bottom of earnings guidance, and at \$4.75 (170% of target payout), which was the top of earnings guidance.

The HR Committee established these inflection points to increase the payout to 170% of target for achieving operating earnings per share at the top of the Company's original earnings guidance range as well as to reduce the payout to a symmetrical 30% of target score for earnings at the bottom of this range. In determining these inflection points, the Committee considered the Company's financial situation, past performance, the diminishing impact on stock prices of earnings in excess of earnings guidance and the reasons the Company is unlikely to produce earnings in excess of its earnings guidance.

**Safety and Compliance (10 Percent).** Safety is an AEP core value and maintaining the safety of AEP employees, contractors and the public is always a primary consideration. The 2021 safety metrics were based on the following DART Rates, which is an acronym for the rate of safety incidents that cause lost work time (Days Away, Restricted or job Transfer) and is an industry accepted measure that focuses on more serious injuries:

- 6 percent for employee DART Rate improvement.
- 2 percent for non-forestry contractor DART Rate improvement.



In addition, for 2021 the HR Committee used a Zero Harm modifier that added 20 basis points to the applicable score if there were no fatal employee or non-forestry contractor incidents in 2021 and subtracted 50 basis points from the applicable score in the event of one or more such incidents.

The 2021 compliance metrics consisted of the following:

- 1 percent for Environmental Stewardship. This measure was based on the number of significant environmental enforcement actions during the year (those resolved with a fine exceeding \$1,000).
- 1 percent for North American Electric Reliability Corporation (NERC) Compliance. NERC establishes the reliability standards for planning and operating the North American bulk electric power system. This metric was based on evaluations of the effectiveness of our internal controls related to critical NERC compliance risks.

**Strategic Initiatives (30 Percent).** The 2021 strategic initiatives consisted of:

- 16 percent Infrastructure Investment. This category consisted of a quarterly measure of Plant in Service additions in our energy delivery business, Diversification of Revenue from non-traditional utility customers, megawatts (MWs) of regulated renewable projects for which we filed for regulatory approval, and development of a critical mass of the North Central Wind Project.
- 10 percent Customer Experience and Quality of Service. This consisted of measures based on the reliability of our wires assets, completion of project plans in each jurisdiction to reduce the frequency and duration of power outages, and residential customer satisfaction survey results.
- 4 percent for Culture and Workforce of the Future. This consisted of measures of improvement in our employee culture survey score, improvement in diversity, equity and inclusion (DEI) as measured by improvement in employee responses to four DEI related questions in AEP's annual culture survey, and supplier diversity.



The chart below shows the weightings for each performance measure as a percentage of the total award opportunity, the threshold, target and maximum performance goals, 2021 actual results and related weighted scores.

	Weight	Threshold	Target	Maximum	Actual Performance Results	Actual Award Score (as a percent of target opportunities)	Weighted Score
<b>Operating Earnings Per Share (60%)</b>	60%	\$4.45	\$4.65	\$4.85	\$4.74	163.6%	0.982
<b>Safety and Compliance (10%)</b>							
Employee DART Rate Improvement	6%	0 percent Improvement	10 percent Improvement	20 percent Improvement	No Improvement	0.0%	0.000
Employee Dart Rate Zero Harm Modifier		-50.0 basis points		+20 basis points	No Fatal Incidents	+20.0%	0.012
Non-Forestry Contractor DART Rate Improvement	2%	0 percent Improvement	10 percent Improvement	20 percent Improvement	No Improvement	0.0%	0.000
Non-Forestry Contractor Dart Rate Zero Harm Modifier		-50.0 basis points		+20 basis points	No Fatal Incidents	+20.0%	0.004
Environmental Stewardship – Number of significant enforcement action	1%	4	2	0	0 Enforcements	200.0%	0.020
NERC Compliance – # of Effective Internal Controls	1%	68	101	135	90	66.7%	0.007
<b>Strategic Initiatives (30%)</b>							
<b>Infrastructure Investment (16%)</b>							
Transmission Infrastructure Investment - Plant in Service	6%	\$2.815 billion	\$3.082 billion	\$3.182 billion	\$3.24 billion	200.0%	0.120
Diversification of Revenue	3%	\$455 million	\$507 million	\$577 million	\$415 million	0.0%	0.000
File for Ownership of Regulated Renewables	4%	300 MW	450 MW	1,000 MW	410 MW	73.3%	0.029
Develop Critical Mass of North Central Project	3%	Sundance and Maverick acquired	Threshold + >25% of Traverse installed	Threshold + >50% of Traverse installed	Sundance and Maverick acquired + >50% Traverse installed	200.0%	0.060
<b>Customer Experience and Quality of Service (10%)</b>							
Wires Reliability- Measured by a customer weighted average of SAIDI (System Average Incident Duration Index) scores of AEP operating companies	4%	Generally 80% percent of target	Regulatory targets or a glide path to the regional peer group average	Generally 120 percent of target	113.0% Average Operating Company Score	113.0%	0.045
Proactive SAIDI Improvement - percent of proactive, reliability driven projects completed	2%	80%	90%	100%	90.22%	102.2%	0.020
Customer Satisfaction –J.D. Power, Power Quality & Reliability	2%	778	806	823	778.45	1.6%	0.000
Customer Satisfaction –J.D. Power, Communications	2%	724	741	758	726.52	14.8%	0.003
<b>Culture and Workforce of the Future (4%)</b>							
Employee Culture Survey – Measured by improvement in average overall score of employee survey	1%	0.00 improvement	0.02 improvement	0.04 improvement	0.03 Improvement	150.0%	0.015
Employee Diversity – Measured by improvement in employee responses to four diversity, equity and inclusion related questions in AEP's annual culture survey	2%	No Improvement	0.1 Improvement	0.15 Improvement	.02 Improvement	20.0%	0.004
Supplier Diversity Spend %	1%	9.6%	10.6%	11.6%	12.0	200.0%	0.020
<b>Total Score</b>							<b>1.341</b>



**2021 Individual Award Calculations.** Based on the performance results described in the scorecard above, the HR Committee approved a weighted score of 134.1 percent of each NEO's annual incentive target opportunity. The HR Committee then subjectively evaluated the individual performance of each named executive officer to determine the actual award payouts.

Name	2021 Base Earnings (1)		Annual Incentive Target %		Score	Calculated Annual Incentive Opportunity	2021 Actual Payouts
Mr. Akins	\$ 1,510,000	x	140%	x	134.1 %	= \$ 2,834,874	\$ 2,850,000
Ms. Sloat	\$ 596,923		80%	x	134.1 %	= \$ 640,379	\$ 637,350
Ms. Barton	\$ 797,846	x	85%	x	134.1 %	= \$ 909,425	\$ 890,000
Mr. Feinberg	\$ 694,000	x	75%	x	134.1 %	= \$ 697,991	\$ 690,000
Mr. Zebula	\$ 577,000		80%	x	134.1 %	= \$ 619,006	\$ 640,000
Mr. Tierney					Not Eligible		
Mr. McCullough					Not Eligible		

- (1) Based on salary paid in 2021, which is slightly different than the salary earned for 2021 shown in the Summary Compensation Table.

## Long-Term Incentive Compensation

The HR Committee grants long-term incentive compensation to executive officers on an annual award cycle. The HR Committee establishes target long-term incentive award opportunities for each named executive officer based on market data provided in the annual Meridian market compensation study. For 2021 the HR Committee again approved the following mix of long-term incentive awards:

- 75 percent of the target value was awarded as 3-year performance shares, and
- 25 percent of the target value was awarded as time-vesting restricted stock units (RSUs).

### 2021 Long-Term Incentive Awards

Name	Target Value (1)	Total Number of Units Granted (2)	Number of Performance Shares Granted (at Target)	Number of RSUs Granted	Number of Unrestricted Shares Granted
Mr. Akins	\$ 9,800,000	124,666	93,500	31,166	—
Ms. Sloat	\$ 1,600,000	20,354	15,266	5,088	—
Ms. Barton	\$ 2,400,000	30,530	22,898	7,632	—
Mr. Feinberg	\$ 1,500,000	19,082	14,312	4,770	—
Mr. Zebula	\$ 1,300,000	16,537	12,403	4,134	—
Mr. Tierney	\$ 2,640,000	32,948	19,082	6,360	7,506
Mr. McCullough	\$ 1,800,000	22,211	12,403	4,134	5,674

- (1) The Target Value differs from the Grant Date Fair Value shown in the Stock Award column in the Summary Compensation Table because the performance shares contain a market condition (the relative TSR measure) which results in a Grant Date Fair Value for financial accounting purposes that differs from the target value the HR Committee used to determine the awards. See footnote 2 to the Summary Compensation Table for a description of the Grant Date Fair Value.
- (2) The total number of units granted was determined by dividing the Target Value by the closing price of AEP common stock on the grant date and rounding to the nearest whole number. The closing price on the grant date was \$78.61 for performance shares and RSUs, \$85.26 for Mr. Tierney's unrestricted shares and \$88.12 for Mr. McCullough's unrestricted shares.

**Performance Shares.** In 2021, the HR Committee approved the grant to each executive officer of performance shares, which are subject to a 3-year performance and vesting period that ends on December 31, 2023. Dividends declared during the 3-year period are reinvested in additional performance shares that are subject to the same performance measures and vesting requirements as the underlying performance shares on which they were



granted. The number of performance shares earned at the end of the performance period is based on achieved performance against three weighted performance metrics: (i) 3 year cumulative operating earnings per share (50%), (ii) 3 year total shareholder return relative to the companies in the Compensation Peer Group (40%) and (iii) 3 year carbon free capacity as a percentage of total generating capacity (10%). The number of earned performance shares will be paid in shares of AEP common stock.

The HR Committee approved the following 2021-2023 performance goals:

**Performance Measures for 2021 – 2023 Performance Shares**

Performance Measure	Weight	Threshold Performance	Target Performance	Maximum Payout Performance
3 Year Cumulative Operating Earnings Per Share	50%	\$14.064 (25% payout)	\$14.804 (100% payout)	\$15.544 (200% payout)
3 Year Total Shareholder Return of AEP vs. AEP's Compensation Peer Group	40%	20th Percentile (0% payout)	50th Percentile (100% payout)	80th Percentile (200% payout)
3 Year Carbon Free Capacity as a Percentage of Total Generating Capacity	10%	33.6% (0% payout)	35.4% (100% payout)	37.1% (200% payout)

The HR Committee selected a measure of cumulative operating earnings to ensure that earnings for all three years contribute equally to the award calculation. The HR Committee also measures earnings performance for incentive compensation on a per share basis to ensure that any changes in the number of shares outstanding are taken into account in determining performance. The HR Committee set the target for the 3-year cumulative operating earnings per share based on the same \$4.65 target used for the annual incentive plan for 2021, with a six percent growth rate in operating earnings from 2021 for both 2022 and 2023. The HR Committee also selected a total shareholder return measure for these awards to provide an external performance comparison that reflects the effectiveness of management's strategic decisions and actions over the 3-year performance period relative to the performance of the 17 utilities in the Company's Compensation Peer Group.

In 2021, the HR Committee selected a carbon free capacity measure with a 10% weight. Carbon free capacity includes nuclear, hydro, wind, solar, energy efficiency, demand response and storage capacity owned or contracted by the Company as a percentage of AEP's total owned and contracted generating capacity. This performance factor measures the increase in the Company's carbon free capacity as a percentage of total generation capacity from January 1, 2021 to December 31, 2023. This goal was included to encourage management to further seek out and develop opportunities to increase the percentage of the Company's generation capacity that does not emit carbon, which is aligned with the Company's long-term strategy and commitment to invest substantial resources to reduce greenhouse gas emissions. As of January 1, 2021 (the beginning of the performance period), 26.0% of AEP's total capacity was carbon free.

**Restricted Stock Units.** In 2021, the HR Committee approved the grant of time-based RSUs that vest in three approximately equal installments over a forty-month period that began on January 1, 2021, the effective date of these awards. Dividends are reinvested in additional RSUs and are subject to the same vesting requirements applicable to the underlying RSUs on which they were granted. Upon each vesting date, the number of RSUs that vests are paid in shares of AEP common stock.

**Unrestricted Shares.** In 2021, the HR Committee approved the grant of unrestricted shares to Mr. Tierney and Mr. McCullough upon their severance from the Company.



## Retirement, Health and Welfare Benefits

**Health and Welfare Benefits.** AEP generally provides the same health and welfare benefits to named executive officers as it provides to other employees. AEP also provides the named executive officers with either four or five weeks of paid vacation, depending on their length of service and position.

**Retirement Benefits.** The named executive officers participate in the same tax-qualified defined benefit pension plan and defined contribution savings plan as other eligible employees. They also participate in the Company's non-qualified retirement benefit plans, which provide the named executive officers and other highly paid employees with benefits that would otherwise be provided through the tax-qualified plans but for IRS limits. This allows the named executive officers to accumulate replacement income for their retirement based on the same benefit formulas as the tax qualified plans but without the limitations that are imposed by the Internal Revenue Code on tax-qualified plans.

The HR Committee believes that executives generally should be entitled to the same retirement benefits, as a percentage of their eligible pay, as the Company's other employees. Non-qualified retirement benefit plans are also prevalent among large employers both within our industry and other large U.S. industrial companies. The Company provides these benefits as part of a market competitive total rewards package.

The Company limits the types of compensation that are included in the qualified and non-qualified retirement plans because the HR Committee and AEP management believe that certain types of compensation should not be further enhanced by including them in retirement benefit calculations. Therefore, long-term incentive compensation is not included in the calculations that determine retirement and other benefits under AEP's benefit plans.

**Life Insurance Benefits.** AEP provides group term life insurance benefits to all employees who were hired prior to January 1, 2020, including the named executive officers, in the amount of two times their base salary and one times the base salary for those who were hired after January 1, 2020.

**Relocation Assistance.** For all employees, including executives, whom the Company asks to relocate, AEP offers a relocation assistance package to offset their moving expenses. This allows AEP to select new hires from the broadest possible pool of qualified candidates and to transfer employees internally across AEP's geographic footprint.

**Perquisites.** The HR Committee annually reviews the perquisites provided by the Company. AEP provides independent financial counseling and tax preparation services to assist executives with financial planning and tax filings. Income is imputed to executives and taxes are withheld for these services.

The HR Committee generally prohibits personal use of corporate aircraft that has an incremental cost to the Company. The Company allows personal travel on business trips using the corporate aircraft if there is no incremental cost to the Company. Income is imputed and taxes are withheld on the value of personal travel on corporate aircraft in accordance with IRS guidelines.

Mr. Akins has entered into an Aircraft Time Sharing Agreement that allows him to use our corporate aircraft for personal use up to 40 hours each year, not including hours associated with repositioning an aircraft, although Mr. Akins is required to reimburse the cost of the repositioning flights to the Company. An additional 10 hours of personal aircraft usage was extended to Mr. Akins for the October 2020 through September 2021 period due to the COVID pandemic. The Aircraft Time Sharing Agreement requires him to reimburse the Company for the cost of his personal use of corporate aircraft in accordance Federal Aviation Administration regulations for non-commercial aircraft operators. Mr. Akins reimbursed AEP for personal use flights in an amount equal to or exceeding the aggregate incremental costs of such flights during 2021. See footnote 5 to the Summary Compensation Table for further information.



## Severance Arrangements

**Change In Control Agreements.** The HR Committee provides Change In Control agreements to all the named executive officers. While the HR Committee believes these agreements are consistent with the practices of its peer companies, the most important reason for these agreements is to protect the Company and the interests of shareholders in the event of an anticipated or actual change in control. During such transitions, retaining and continuing to motivate the Company's key executives would be critical to protecting shareholder value. In a change of control situation, outside competitors are more likely to try to recruit key employees away from the Company, and our executive officers may consider other opportunities when faced with uncertainty about retaining their positions. The HR Committee limits participation to those executives whose full support and sustained contributions would be needed during a lengthy and complex corporate transaction.

The Board has adopted a policy that requires shareholder approval of executive severance agreements that provide benefits generally exceeding 2.99 times the sum of the named executive officer's salary plus annual incentive compensation. The HR Committee periodically reviews change in control agreement practices of companies in our Compensation Peer Group. Based on this review, new senior executives to whom the HRC chooses to provide a Change In Control agreements are provided with a 2.0 multiple, rather than a 2.99 multiple, except potentially for any new CEO, but the HR Committee has not reduced the multiple for current senior executives. As a result, all the named executive officers have 2.99 multiple change in control agreements, except Ms. Sloat who has a 2.0 multiple agreement. Each agreement includes a "double trigger," which means that severance payments and benefits would be provided to the covered executive officer only upon a change in control accompanied by an involuntary termination or constructive termination within two years after the change in control.

The Company's Change In Control agreements do not provide a tax gross-up for excise taxes.

Long-term incentive compensation may also vest in connection with a change in control. All outstanding performance shares and RSU awards have a double trigger change in control provision. In the event an executive's employment is terminated within one year after a change in control under qualifying conditions, such as by the Company without cause or by the executive for good reason, then all the executive's outstanding performance shares and RSUs will vest. Performance shares would be paid at the target performance score.

Other compensation and benefits provided to executive officers in the event their employment is terminated as a result of a change in control are consistent with that provided in the event an executive's employment is terminated due to a consolidation, restructuring or downsizing as described below.

**Other Employment Separations.** The Company has an Executive Severance Plan that provides severance benefits to selected senior officers of the Company, including the named executive officers, who have agreed to its terms, which include confidentiality, non-solicitation, cooperation and non-disparagement obligations. Executives remain eligible for benefits under the General Severance Plan described below; however, any benefits provided under the Executive Severance Plan would be reduced by any amount provided under the General Severance Plan. The trigger for Executive Severance Plan benefits is a good reason resignation or an involuntary termination. The benefits for our named executive officers under the Executive Severance Plan include pay continuation of one times their base salary and target annual incentive award payable over one year, conditioned on the executive officer's agreement to release claims against the Company and not to compete with the Company for one year.

AEP also maintains a broad-based General Severance Plan that provides two weeks of base pay per year of service to all employees (capped at 52 weeks), including named executive officers, if their employment is terminated due to a consolidation, restructuring or downsizing, subject to the employee's agreement to release claims against AEP. In addition, benefits under the General Severance Plan include outplacement services and access to health benefits at active employee rates for up to 12 months; and then, at Company-subsidized retiree rates thereafter until as late as age 65 for employees who were (i) last hired or rehired prior to January 1, 2014, (ii) at least age 50 with 10 years of service at the time their employment is terminated, and (iii) not retirement-eligible under the terms of the general health plans (currently, available to employees who were last hired or rehired prior to January 1, 2014 and who are at least age 55 with 10 years of service at termination).



Named executive officers (and other employees) remain eligible for an annual incentive award, reflecting the portion of the year they work, if they retire (on or after attaining age 55 and at least ten years of service) after June 30 unless their employment is terminated under circumstances that would result in benefits being offered under either the Executive Severance Plan or the broad-based General Severance Plan. In that case, they may be eligible for severance benefits but are not eligible for an annual incentive award for the year of their separation.

In the event of a participant's death, annual incentive compensation is paid to the participant's estate.

A prorated portion of outstanding performance shares that are at least six months into their performance period vest if a participant retires, which is defined as an employment termination, other than for cause, on or after the participant attains age 55 with at least ten years of service or if a participant is severed. A prorated portion of outstanding performance shares and all outstanding RSUs would also vest to a participant's beneficiaries in the event of the participant's death. The pro-rated performance shares would not be payable until the end of the performance period and would remain subject to all the performance objectives.

Executive officers are also entitled to 12 months of continued financial counseling service in the event they are severed from service as the result of a restructuring, consolidation or downsizing or they retire (on or after attaining age 55 with at least five years of AEP service). In the event of their death, their spouse or the executor of their estate would be eligible for this benefit.

## Other Compensation Information

**Stock Ownership Requirements.** The HR Committee believes that linking a significant portion of the named executive officers' financial rewards to the Company's long-term success gives them a stake similar to that of the Company's shareholders and encourages management strategies that benefit shareholders. Therefore, the HR Committee requires certain officers (66 executives as of February 1, 2022) to accumulate and hold a specific amount of AEP common stock or stock equivalents. The CEO's stock ownership requirement is six times his base salary, and the other named executive officers' requirement is three times their respective base salaries. Each named executive officer had met his or her stock ownership requirement as of February 1, 2022, except Ms. Sloat, whose stock ownership requirement increased from one to three times her salary with her January 1, 2021 promotion to CFO.

**Equity Retention (Holding Period).** At any time an executive officers fails to meet his or her stock ownership requirement, performance shares awarded under the LTIP are mandatorily deferred into AEP Career Shares to the extent necessary to meet his or her stock ownership requirement. AEP Career Shares are not paid to executives until after their employment with AEP ends. If an executive has not met his or her stock ownership requirement within five years of the date it became effective or subsequently falls below it, the HR Committee may also require the executive to defer a portion of his or her annual incentive compensation award into AEP Career Shares.

**Recoupment of Incentive Compensation.** The Company's Policy on Recouping Incentive Compensation, commonly referred to as a "clawback" policy, provides that our executive officers and certain other senior executives are subject to a 'no fault' clawback. The Board may recover incentive compensation whether or not the executive's actions involve misconduct. The Board believes, subject to the exercise of its discretion based on the facts and circumstances of a particular case, that incentive compensation should be reimbursed to the Company if, in the Board's determination:

- Such incentive compensation was received by an executive where the payment or the award was predicated upon the achievement of financial or other results that were subsequently materially restated or corrected, and
- Such incentive compensation would have been materially lower had the achievement been calculated on such restated or corrected financial or other results.



The HR Committee has directed the Company to design and administer all its incentive compensation programs in a manner that provides for the Company's ability to obtain such reimbursement. AEP may also retain any deferred compensation previously credited to an executive. This right to reimbursement is in addition to, and not in substitution for, any and all other rights AEP might have to pursue reimbursement or such other remedies against an executive for misconduct.

**Role of the CEO and Compensation Consultant in Determining Executive Compensation.** The HR Committee invites the CEO to attend HR Committee meetings. The HR Committee regularly holds executive sessions without management present.

During 2021, the CEO assigned AEP's Senior Vice President & Chief Human Resources Officer and AEP's Director - Compensation and Executive Benefits to support the HR Committee. These individuals work closely with the HR Committee Chair, the CEO and the HR Committee's independent compensation consultant, currently Meridian Compensation Partners LLC, to research and develop requested information, prepare meeting materials, implement the HR Committee's actions and administer the Company's executive compensation and benefit programs consistent with the objectives established by the HR Committee. Meetings are held with the CEO, Meridian and the HR Committee Chair prior to HR Committee meetings to review and finalize the agenda and meeting materials.

The CEO regularly discusses his strategic vision and direction for the Company during HR Committee meetings with Meridian in attendance. Likewise, Meridian regularly discusses compensation strategy alternatives, in light of the CEO's strategic vision and direction, during HR Committee meetings with the CEO in attendance. The HR Committee believes that this open dialogue and exchange of ideas is important to the development and implementation of a successful executive compensation strategy.

The CEO discusses the individual performance of the other named executive officers with the HR Committee and recommends their compensation to the HR Committee. The CEO has substantial input into salary budgets and changes to incentive targets. The CEO also has substantial input into the development of employment offers for outside candidates for executive positions. However, the HR Committee must approve all compensation and employment offers for executive officers and other positions in the HR Committee's compensation review group, which the HR Committee determines and which currently consists of 20 executive positions.

**Insider Trading, Hedging and Pledging.** The Company's insider trading policy prohibits directors, executive officers and all employees from hedging their AEP stock holdings through short sales and the use of options, warrants, puts and calls or similar instruments. The policy also prohibits directors and executive officers from pledging AEP stock as collateral for any loan.

**Tax Deductibility of Compensation.** While the HR Committee considers the deductibility of compensation, the primary goals of our executive compensation program are to attract, retain, motivate and reward key employees and align pay with performance. Accordingly, the HR Committee retains the ability to provide compensation that exceeds deductibility limits as it determines to be appropriate.



## Human Resources Committee Report

**Membership and Independence.** The Board has determined that each member of the HR Committee is an independent director, as defined by NASDAQ listing standards. Each member of the HR Committee is also a “non-employee director” for purposes of SEC Rule 16b-3. Members of the HR Committee attend professional development training that addresses topics of specific relevance to public company compensation committees.

**Functions and Process.** In carrying out its responsibilities, the HR Committee addressed many aspects of AEP’s human resource and executive compensation programs and practices in 2021, including:

- Establishing annual and long-term performance objectives for executive officers;
- Assessing the performance of the CEO, other executive officers and the Company relative to established performance objectives;
- Conducting an evaluation of the CEO based on written comments from board members, senior AEP management, and the audit firm partner overseeing AEP’s external audit;
- Determining the mix of base salary, annual incentive compensation and long-term equity-based compensation for executive officers;
- Assessing the competitiveness of 2021 and proposed 2022 target compensation for all named executive officers and other executive positions relative to AEP’s Compensation Peer Group or other applicable benchmarks;
- Reviewing and approving the base salaries, target annual and long-term incentive award opportunities, annual incentive award payouts and long-term incentive award payouts for the named executive officers, except for the CEO, which are reviewed and approved by the independent directors;
- Reviewing the senior management succession and talent development plans;
- Assessing compensation and other human capital risks;
- Reviewing and approving changes to AEP’s severance plans and change in control agreements;
- Reviewing the Company’s diversity programs and results;
- Reviewing the Company’s workforce safety efforts and results; and
- Reviewing AEP’s culture and employee engagement through employee survey results.

In establishing performance objectives, the HR Committee considers the interests of other major AEP stakeholders; such as AEP’s customers, employees, the communities in which we operate, and debt holders; in addition to those of AEP’s shareholders.

**The HR Committee’s Independent Compensation Consultant.** The HR Committee engaged Meridian to provide recommendations regarding AEP’s executive compensation and benefit programs and practices. The HR Committee can retain and terminate consultants and advisors without management approval and has the sole authority to approve their fees. Among other assignments, Meridian provides an annual executive compensation study and reports on current executive compensation and benefits trends within the electric utility industry and U.S. industry in general.



The HR Committee annually assesses and discusses the independence of its executive compensation consultant. Meridian did not provide any services to AEP other than the work it performs for the HR Committee and the work it performs for the Corporate Governance Committee on director compensation. The HR Committee concluded that Meridian was independent and the work provided by Meridian did not raise any conflicts of interest.

The HR Committee also annually assesses the performance and objectivity of its executive compensation consultant. The HR Committee regularly holds executive sessions with Meridian to help ensure that they receive full and independent advice.

In fulfilling its oversight responsibilities, the HR Committee reviewed and discussed with management the Compensation Discussion and Analysis set forth in this proxy statement. Based on its review and these discussions, the HR Committee recommended to the Board that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

*Human Resources Committee Members (1)*

Sara Martinez Tucker, Chair

J. Barnie Beasley, Jr.

Thomas E. Hoaglin

Oliver G. Richard, III

(1) The Human Resources Committee Report was approved by the HR Committee prior to Mr. Fowke's election as a director and subsequent appointment to the HR Committee.



# Executive Compensation

## Summary Compensation Table

The following table provides summary information concerning compensation earned by our Chief Executive Officer, our Chief Financial Officer and the three other most highly compensated executive officers, to whom we refer collectively as the named executive officers.

Name and Principal Position	Year	Salary \$(1)	Bonus \$(2)	Stock Awards \$(2)	Non-Equity Incentive Plan Compensation \$(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings \$(4)	All Other Compensation \$(5)	Total \$(6)
<b>Nicholas K. Akins</b>								
Chair of the Board and Chief Executive Officer	2021	1,515,808		9,976,149	2,850,000	461,732	247,526	15,051,215
	2020	1,521,615	—	9,615,116	3,500,000	698,612	168,091	15,503,434
	2019	1,475,654	—	8,775,003	3,600,000	530,151	111,628	14,492,436
<b>Julia A. Sloat</b>								
Executive Vice President and Chief Financial Officer	2021	602,308		1,628,789	637,350	76,622	58,042	3,003,111
<b>Lisa M. Barton</b>								
Executive Vice President and Chief Operating Officer	2021	803,077		2,443,104	890,000	165,173	88,143	4,389,497
	2020	665,077	—	1,620,475	856,000	206,833	81,600	3,429,985
	2019	588,254	—	3,238,802	825,000	173,781	67,799	4,893,636
<b>David M. Feinberg</b>								
Executive Vice President, General Counsel and Secretary	2021	696,669		1,527,000	690,000	93,625	98,652	3,105,946
	2020	699,339	—	1,512,527	847,000	235,404	81,738	3,376,008
	2019	677,596	—	1,445,289	865,000	173,983	73,436	3,235,304
<b>Charles E. Zebula</b>								
Executive Vice President - Portfolio Optimization	2021	579,219		1,323,341	640,000	42,921	71,745	2,657,226
	2020	581,439		1,296,404	750,000	240,209	75,083	2,943,135
	2019	557,135		1,135,625	803,000	297,859	65,569	2,859,188
<b>Brian X. Tierney</b>								
Former Executive Vice President - Strategy	2021	410,000	—	2,675,947	—	—	732,507	3,818,454
	2020	826,308	—	2,160,666	1,050,000	422,536	107,217	4,566,727
	2019	793,039	—	4,064,681	1,088,000	470,138	95,560	6,511,418
<b>Mark C. McCullough</b>								
Former Executive Vice President - Energy Delivery	2021	322,327	—	1,823,341	—	—	1,115,159	3,260,827
	2020	559,269	—	1,296,404	750,000	312,789	72,765	2,991,227
	2019	542,077	—	1,238,820	735,000	373,010	61,841	2,950,748

- (1) Amounts in the salary column are composed of executive salaries earned for the year shown, which include 261 days of pay for 2021. This is one day more than the standard 260 calendar work days and holidays in a year.
- (2) The amounts reported in this column reflect the aggregate grant date fair value calculated in accordance with FASB ASC Topic 718 of the performance shares, restricted stock units (RSUs) and unrestricted shares granted under our Long-Term Incentive Plan. See Note 15 to the Consolidated Financial Statements included in our Form 10-K for the year ended December 31, 2021 for a discussion of the relevant assumptions used in calculating these amounts. The number of shares realized and the value of the performance shares, if any, will depend on the Company's performance during a 3-year performance period. The potential payout can range from 0 percent to 200 percent of the target number of performance shares, plus any dividend equivalents. The value of the 2021 and 2020 performance shares will be based on three measures: a Board approved cumulative operating earnings per share measure (Cumulative EPS 50%), a total shareholder return measure (Relative TSR 40%) and a carbon free capacity mix (Carbon Free Capacity 10%). The value of the 2019 performance shares will be based on two equally weighted measures: a Board approved cumulative operating earnings per share measure (Cumulative EPS) and a total shareholder return measure (Relative TSR). The grant date fair value of the 2021, 2020 and 2019 performance shares that are based on Cumulative EPS was computed in accordance with FASB ASC Topic 718 and was measured based on the closing price of AEP's common stock on the grant date. The maximum amount payable for the 2021 performance shares that are based on Cumulative EPS measured on the grant date was \$7,350,035 for Mr. Akins; \$1,200,060 for Ms. Sloat; \$1,800,012 for Ms. Barton; \$1,125,066 for Mr. Feinberg; \$975,000 for Mr. Zebula; \$1,500,036 for Mr. Tierney; and \$975,000 for Mr. McCullough. The maximum amount payable for the 2021 performance shares that are based on Carbon Free Capacity is equal to \$1,470,007 for Mr. Akins; \$240,012 for Ms. Sloat; \$360,002 for Ms. Barton; \$225,013 for Mr. Feinberg; \$195,000 for Mr. Zebula; \$300,007 for Mr. Tierney; and \$195,000 for Mr. McCullough. The grant date fair value of the 2021 performance shares that are based on Relative TSR is calculated using a Monte-Carlo model as of the date of grant, in accordance with FASB ASC Topic 718. Because the performance shares that are based on Relative TSR are subject to market conditions as defined under FASB ASC Topic 718, they did not have a maximum value on the grant date that differed from the grant date fair values presented in the table. Instead, the maximum value is factored into the calculation of the grant date fair value. The values realized from the 2019 performance shares are included in the Option Exercises and Stock Vested for 2021 table.
- (3) The amounts shown in this column reflect annual incentive compensation paid for the year shown.
- (4) The amounts shown in this column are attributable to the increase in the actuarial values of each of the named executive officer's combined benefits under AEP's qualified and non-qualified defined benefit pension plans determined using interest rate and mortality assumptions consistent with those used in the Company's financial statements. Negative values of (\$404,033) and (\$269,258) for Messrs. Tierney and McCullough, respectively, were



replaced with \$0 for the purposes of the Summary Compensation Table. These negative values were caused by their severance from the company during 2021, which resulted in the removal of projected benefits that would have been attributable to eligible earnings for future years under these plans. See the Pension Benefits for 2021 table and related footnotes for additional information. See Note 8 to the Consolidated Financial Statements included in our Form 10-K for the year ended December 31, 2021 for a discussion of the relevant assumptions. None of the named executive officers received preferential or above-market earnings on deferred compensation.

- (5) Amounts shown in the All Other Compensation column for 2021 include: (a) Company matching contributions to the Company's Retirement Savings Plan, (b) Company matching contributions to the Company's Supplemental Retirement Savings Plan, (c) perquisites, (d) vacation payout, and (e) severance benefits. The 2021 values for these items are listed in the following table:

Type	Nicholas K. Akins	Julia A. Sloat	Lisa M. Barton	David M. Feinberg	Charles E. Zebula	Brian X. Tierney	Mark C. McCullough
Retirement Savings Plan Match	\$ 13,050	\$ 13,050	\$ 13,050	\$ 13,050	\$ 13,050	\$ 13,050	\$ 13,050
Supplemental Retirement Savings Plan Match	212,400	31,272	61,373	56,295	46,665	53,097	35,468
Perquisites	22,076	13,720	13,720	29,307	12,030	6,360	6,804
Vacation Payout	—	—	—	—	—	41,000	60,837
Severance	—	—	—	—	—	619,000	999,000
<b>Total</b>	<b>\$ 247,526</b>	<b>\$ 58,042</b>	<b>\$ 88,143</b>	<b>\$ 98,652</b>	<b>\$ 71,745</b>	<b>\$ 732,507</b>	<b>\$ 1,115,159</b>

- (6) Ms. Sloat's compensation is provided only for the years in which she was an executive officer of the Company.

Perquisites provided in 2021 included: financial counseling and tax preparation services and, for Mr. Akins, director's group travel accident insurance premium. Executive officers may also have the occasional personal use of event tickets when such tickets are not being used for business purposes; however, there is no associated incremental cost. From time-to-time executive officers may receive customary gifts from third parties that sponsor events (subject to our policies on conflicts of interest).

Mr. Akins has entered into an Aircraft Time Sharing Agreement that allows him to use our corporate aircraft for personal use for a limited number of hours each year. The Aircraft Time Sharing Agreement requires Mr. Akins to reimburse the Company for the cost of his personal use of corporate aircraft in accordance with limits set forth in Federal Aviation Administration regulations. Mr. Akins reimbursed the Company all incremental costs incurred in connection with personal flights under the Aircraft Timesharing Agreement including fuel, oil, hangar costs, crew travel expenses, catering, landing fees and other incremental airport fees. Accordingly, no value is shown for these amounts in the Summary Compensation Table. If the aircraft flies empty before picking up or after dropping off Mr. Akins at a destination on a personal flight, the cost of the empty flight is included in the incremental cost for which Mr. Akins reimburses the Company. Since AEP aircraft are used predominantly for business purposes, we do not include fixed costs that do not change in amount based on usage, such as depreciation and pilot salaries.



## Grants of Plan-Based Awards for 2021

The following table provides information on plan-based awards granted in 2021 to each of our named executive officers.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(3)			All Other Stock Awards: Number of Shares of Stock or Units (#)(6)	Grant Date Fair Value of Stock and Option Awards (\$)(7)
		Threshold (\$)	Target (\$)	Maximum (\$)(2)	Threshold (#)(4)	Target (#)	Maximum (#)(5)		
Nicholas K. Akins									
2021 Annual Incentive Compensation Plan		—	2,114,000	5,285,000					
2021 - 2023 Performance Shares	2/15/21				11,688	93,500	187,000		7,526,190
2021 Restricted Stock Units	2/15/21							31,166	2,449,959
Julia A. Sloat									
2021 Annual Incentive Compensation Plan		—	477,538	1,193,845					
2021 - 2023 Performance Shares	2/15/21				1,908	15,266	30,532		1,228,821
2021 Restricted Stock Units	2/15/21							5,088	399,968
Lisa M. Barton									
2021 Annual Incentive Compensation Plan		—	678,169	1,695,423					
2021 - 2023 Performance Shares	2/15/21				2,862	22,898	45,796		1,843,152
2021 Restricted Stock Units	2/15/21							7,632	599,952
David M. Feinberg									
2021 Annual Incentive Compensation Plan		—	520,500	1,301,250					
2021 - 2023 Performance Shares	2/15/21				1,789	14,312	28,624		1,152,030
2021 Restricted Stock Units	2/15/21							4,770	374,970
Charles E. Zebula									
2021 Annual Incentive Compensation Plan		—	461,600	1,154,000					
2021 - 2023 Performance Shares	2/15/21				1,550	12,403	24,806		998,367
2021 Restricted Stock Units	2/15/21							4,134	324,974



## Grants of Plan-Based Awards for 2021 (Continued)

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(3)			All Other Stock Awards: Number of Shares of Stock or Units (#)(6)	Grant Date Fair Value of Stock and Option Awards (\$)(7)
		Threshold (\$)	Target (\$)	Maximum (\$)(2)	Threshold (#)(4)	Target (#)	Maximum (#)(5)		
Brian X. Tierney									
2021 Annual Incentive Compensation Plan		—	338,092	845,230					
2021 - 2023 Performance Shares	2/15/21				2,385	19,082	38,164		1,535,987
2021 Restricted Stock Units	2/15/21							6,360	499,960
Unrestricted Shares								7,506	640,000
Mark C. McCullough									
2021 Annual Incentive Compensation Plan		—	379,474	948,685					
2021 - 2023 Performance Shares	2/15/21				1,550	12,403	24,806		998,367
2021 Restricted Stock Units	2/15/21							4,134	324,974
Unrestricted Shares	7/30/21							5,674	500,000

- (1) Represents potential payouts under the 2021 Annual Incentive Compensation Plan (ICP). Messrs. Tierney and McCullough became ineligible for 2021 ICP awards upon their termination of employment under circumstances in which they were eligible for General Severance Plan or Executive Severance Plan benefits.
- (2) The amounts shown in this column represent 250 percent of the target award for each of the named executive officers, which is the maximum amount payable to any individual employee under the ICP for a year with a maximum 200% of target score.
- (3) Represents performance shares awarded under our Long-Term Incentive Plan for the 2021-2023 performance period. These awards generally vest at the end of the 3-year performance period based on our attainment of specified performance measures. The number of performance shares does not include additional shares that may accrue due to dividend credits.
- (4) The amounts shown in the Threshold column represent 12.5% of the target award for each of the named executive officers. This is the weighted average threshold of the Operating Earnings per Share measure, which has a 25% payout for threshold performance and a 50% weight and the other measures (50% weight) have a 0% payout for threshold performance. However, the Operating Earnings per Share threshold does not guarantee a minimum payout because the score would be 0% of target if threshold performance is not achieved.
- (5) The amounts shown in this column represent 200 percent of the target award for each of the named executive officers, which is the maximum overall score for the 2021-2023 performance shares.
- (6) Includes restricted stock units awarded under the Long-Term Incentive Plan. These awards generally vest in three equal installments on May 1, 2022, May 1, 2023 and May 1, 2024. The number of restricted stock units does not include additional units that may accrue due to dividend credits. This column also includes unrestricted shares granted to Mr. Tierney upon his employment termination under the terms of a General Severance, Stock Award and Release of All Claims Agreement and unrestricted shares granted to Mr. McCullough upon his employment termination under the terms of a Severance, Stock Award, Release of All Claims and Noncompetition Agreement (collectively "Severance Agreements").
- (7) Amounts represent the grant date fair value of performance shares, restricted stock units and unrestricted shares measured in accordance with FASB ASC Topic 718, utilizing the assumptions discussed in Note 15 to our consolidated financial statements for the fiscal year ended December 31, 2021. The actual number of performance shares earned will depend on AEP's performance over the 2021 through 2023 performance period, which could vary from 0 percent to 200 percent of the target award plus dividends. The value of the performance shares ultimately earned will be based on three measures: a cumulative operating earnings per share measure (Cumulative EPS - 50% weight) relative to a Board approved target, a relative total shareholder return measure (Relative TSR - 40% weight), and Carbon Free Generation Capacity Mix (Carbon Free Capacity - 10% weight) as well as dividend credits and the value of AEP stock when the awards are paid. Pro-rata portions of the performance shares and restricted stock units granted to Messrs. Tierney and McCullough in 2021 were canceled upon their termination of employment. This pro-rata portion reflects the number of whole months from January 1, 2021 through the date of their employment termination divided by the number of whole months in the vesting period for each award. Specifically, 30/36th of the performance shares and 34/40th of the restricted stock units granted to Mr. Tierney and 29/36th of the performance shares and 33/40th of the restricted stock units granted to Mr. McCullough were canceled. The remainder of the performance shares vested and will remain outstanding until after the end of the 3-year performance period, when it will be scored and paid in the same manner as for ongoing participants. The remainder of the restricted stock units and all the unrestricted shares were vested and paid upon Messrs. Tierney's and McCullough's termination of employment under the terms of their respective Severance Agreements.



## Outstanding Equity Awards at Fiscal Year-End for 2021

The following table provides information with respect to holdings of restricted stock units and performance shares by the named executive officers at December 31, 2021. The named executive officers do not have any outstanding stock options.

Name	Stock Awards			
	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(1)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(2)
<b>Nicholas K. Akins</b>				
2020 - 2022 Performance Shares(3)			136,794	12,170,562
2021 - 2023 Performance Shares(3)			191,970	17,079,571
2019 Restricted Stock Units(4)	9,786	870,660		
2020 Restricted Stock Units(5)	15,197	1,352,077		
2021 Restricted Stock Units(6)	31,994	2,846,506		
<b>Julia A. Sloat</b>				
2020 - 2022 Performance Shares(3)			6,380	567,629
2021 - 2023 Performance Shares(3)			31,344	2,788,676
2019 Restricted Stock Units(4)	478	42,528		
2020 Restricted Stock Units(5)	708	62,991		
2021 Restricted Stock Units(6)	5,223	464,690		
Restricted Stock Units(7)	98	8,719		
<b>Lisa M. Barton</b>				
2020 - 2022 Performance Shares(3)			23,054	2,051,114
2021 - 2023 Performance Shares(3)			47,014	4,182,836
2019 Restricted Stock Units(4)	1,381	122,868		
2020 Restricted Stock Units(5)	2,561	227,852		
2021 Restricted Stock Units(6)	7,835	697,080		
Restricted Stock Units(8)	10,363	921,996		
<b>David M. Feinberg</b>				
2020 - 2022 Performance Shares(3)			21,520	1,914,634
2021 - 2023 Performance Shares(3)			29,384	2,614,294
2019 Restricted Stock Units(4)	1,611	143,331		
2020 Restricted Stock Units(5)	2,390	212,638		
2021 Restricted Stock Units(6)	4,897	435,686		
<b>Charles E. Zebula</b>				
2020 - 2022 Performance Shares(3)			18,444	1,640,963
2021 - 2023 Performance Shares(3)			25,466	2,265,710
2019 Restricted Stock Units(4)	1,266	112,636		
2020 Restricted Stock Units(5)	2,049	182,300		
2021 Restricted Stock Units(6)	4,244	377,589		
<b>Brian X. Tierney</b>				
2020 - 2022 Performance Shares(3)			15,370	1,367,469
2021 - 2023 Performance Shares(3)			6,530	580,974
<b>Mark C. McCullough</b>				
2020 - 2022 Performance Shares(3)			9,734	866,034
2021 - 2023 Performance Shares(3)			4,952	440,579

- (1) Pursuant to applicable SEC rules, the number of performance shares reported in this column is the maximum number of performance shares issuable (200% of the amount outstanding at December 31, 2021) because the results for the performance shares that vested on December 31, 2021 were above target. However, the actual number of performance shares credited upon vesting will be based on AEP's actual performance over the applicable 3-year period.



- (2) Pursuant to applicable SEC rules, the market value of the performance shares reported in this column was computed by multiplying the closing price of AEP's common stock on December 31, 2021 (\$88.97) by the maximum number of performance shares issuable set forth in the preceding column because the results for the performance shares that vested on December 31, 2021 were above target. However, the actual number of performance shares credited upon vesting will be based on AEP's actual performance over the applicable 3-year period.
- (3) AEP's practice is to grant performance shares at the beginning of each year with a 3-year performance and vesting period. This results in awards for overlapping successive 3-year performance periods. These awards generally vest at the end of the 3-year performance period. The performance shares awarded for the 2019 – 2021 performance period, including associated dividend credits, vested at December 31, 2021 and are shown in the Options Exercises and Stock Vested for 2021 table below. The awards shown for the 2020 – 2022 and 2021 – 2023 performance periods include performance shares resulting from reinvested dividends which are subject to the same performance criteria as the underlying awards.
- (4) These restricted stock units were granted on February 18, 2019 and will generally vest, subject to the executive officer's continued employment, on May 1, 2022. The amounts shown include restricted stock units resulting from reinvested dividends.
- (5) These restricted stock units were granted on February 17, 2020 and will generally vest, subject to the executive officer's continued employment, in two equal installments, on May 1, 2022 and May 1, 2023. The amounts shown include restricted stock units resulting from reinvested dividends.
- (6) These restricted stock units were granted on February 15, 2021 and will generally vest, subject to the executive officer's continued employment, in three equal installments, on May 1, 2022, May 1, 2023 and May 1, 2024. The amounts shown include restricted stock units resulting from reinvested dividends.
- (7) These restricted stock units were granted on August 20, 2019 as recognition and reward for Ms. Sloat's contribution to the successful acquisition of wind assets from Semptra Energy, which accelerated AEP's commitment to reduce its carbon dioxide emissions. Awards. These awards vest, subject to the executive officer's continued employment, on October 1, 2022. The amounts shown include restricted stock units resulting from reinvested dividends.
- (8) These restricted stock units were granted as retention awards on February 18, 2019 and vest subject to the executive officer's continued employment, on May 1, 2022. The amounts shown include restricted stock units resulting from reinvested dividends.

## Option Exercises and Stock Vested for 2021

The following table provides information with respect to the vesting of performance shares in 2021 and restricted stock units in 2021 that were granted to our named executive officers in previous years as well as unrestricted shares that were granted to former executive officers upon their termination of employment. The named executive officers did not exercise any stock options in 2021.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)(1)	Value Realized on Vesting (\$)(2)
Nicholas K. Akins	—	—	118,219	\$ 10,510,775
Julia A. Sloat	—	—	5,846	\$ 519,031
Lisa M. Barton	—	—	27,126	\$ 2,409,674
David M. Feinberg	—	—	19,580	\$ 1,740,823
Charles E. Zebula	—	—	15,100	\$ 1,342,571
Brian X. Tierney	—	—	46,257	\$ 4,067,557
Mark C. McCullough	—	—	22,128	\$ 3,498,246

- (1) This column includes the following performance shares and related dividend equivalents for the 2019 - 2021 performance period that vested on December 31, 2021: 90,642 for Mr. Akins; 4,425 for Ms. Sloat; 12,797 for Ms. Barton; 14,929 for Mr. Feinberg; 11,731 for Mr. Zebula; 17,773 for Mr. Tierney; and 11,020 for Mr. McCullough. This column also includes the following RSUs that vested on May 1, 2021: 27,577 for Mr. Akins; 1,421 for Ms. Sloat; 14,329 for Ms. Barton; 4,651 for Mr. Feinberg; 3,369 for Mr. Zebula; 16,738 for Mr. Tierney; and 3,847 for Mr. McCullough. It also includes 7,506 and 5,674 unrestricted shares granted to Messrs. Tierney and McCullough upon the termination of their employment pursuant to their respective Severance Agreement.
- (2) The value included in this column for the 2019-2021 performance shares is computed by multiplying the number of performance shares by the closing price of AEP's common stock on the December 31, 2021 vesting date, which was \$88.97 per share. This column also includes the value of restricted stock units that vested on May 1, 2021 computed by multiplying the number of units vesting by the closing price of AEP's common stock on that date, which was \$88.71 per



share. This column also includes the value of 4,240 restricted stock units and 7,506 unrestricted shares that vested or were awarded on July 1, 2021 to Mr. Tierney upon the termination of his employment pursuant to his Severance Agreement computed by multiplying the number of units vesting by the closing price of AEP's common stock on that date, which was \$85.26 per share. This column also includes the value of 1,587 restricted stock units and 5,674 unrestricted shares that vested or were granted on July 30, 2021 to Mr. McCullough upon the termination of his employment pursuant to his Severance Agreement computed by multiplying the number of units vesting by the closing price of AEP's common stock on that date, which was \$88.12 per share. This column further includes the value of 98.37 RSUs that were granted to Ms. Sloat on August 20, 2019 that vested on October 1, 2021 the value of which was computed by multiplying the units vested by the closing price of AEP's common stock on that date (\$81.38).

## 2019 – 2021 Performance Shares

Performance shares that were granted for the 2019 – 2021 performance period vested on December 31, 2021. The combined score for the 2019-2021 performance period was 102.9 percent of target. The final score calculation for these performance measures is shown in the chart below.

Performance Measures	Threshold Performance	Target Performance	Maximum Payout Performance	Actual Performance	Score	Weight	Weighted Score
3 Year Cumulative Earnings Per Share	\$12.407 (25% payout)	\$13.060 (100% Payout)	\$13.713 (200% Payout)	\$13.419	155.0%	50%	77.5%
3 Year Total Shareholder Return vs. Utility Peer Group Return	20th Percentile (0% Payout)	50th Percentile (100% Payout)	80th Percentile (200% Payout)	35th Percentile	50.7%	50%	25.4%
<b>Composite Result</b>							<b>102.9%</b>

## Pension Benefits for 2021

The following table provides information regarding the pension benefits for our named executive officers under AEP's pension plans. The material terms of the plans are described following the table.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit\$(1)	Payments During Last Fiscal Year\$()
Nicholas K Akins	AEP Retirement Plan	39.6	880,738	—
	CSW Executive Retirement Plan	39.6	3,321,927	—
Julia A. Sloat	AEP Retirement Plan	21.0	296,502	—
	AEP Supplemental Benefit Plan	21.0	375,019	—
Lisa M. Barton	AEP Retirement Plan	15.1	326,700	—
	AEP Supplemental Benefit Plan	15.1	733,762	—
David M. Feinberg	AEP Retirement Plan	10.7	216,135	—
	AEP Supplemental Benefit Plan	10.7	710,023	—
Charles E. Zebula	AEP Retirement Plan	23.7	718,038	—
	AEP Supplemental Benefit Plan	23.7	1,380,986	—
Brian X. Tierney	AEP Retirement Plan	23.1	545,355	—
	AEP Supplemental Benefit Plan	23.1	1,594,141 (2)	—
	AEP Supplemental Severance Retirement Plan	23.1	17,775 (3)	—
Mark C. McCullough	AEP Retirement Plan	40.1	—	1,540,508 (4)
	AEP Supplemental Benefit Plan	40.1	1,059,314 (2)	—

(1) The Present Value of Accumulated Benefits is based on the benefit accrued under the applicable plan through December 31, 2021 and, except as described in notes (2) and (3), the following assumptions (which are consistent with those used in AEP's financial statements):

- The named executive officer retires at normal retirement age (age 65), except for Mr. Zebula, whose benefit is calculated at age 62 because he is eligible for an unreduced annuity benefit when he reaches that age. Messrs. Tierney's and McCullough's employment with the Company ended in July 2021, and their benefits are based on their actual age and compensation through their employment termination dates.



- The named executive officer commences the payment of benefits (the “accrued benefit”) immediately upon retirement or, for Mr. Tierney, whose employment with the Company terminated in July 2021, the payment of his AEP Retirement Plan benefit commences effective December 31, 2021.
  - The value of the annuity benefit for the named executive officers who had not commenced the payment of their benefit by December 31, 2021 is determined based upon the accrued benefit at their assumed retirement age, assumed discount rates of 2.90 percent, 2.75 percent, and 2.75 percent and 2.75 percent for the benefits accrued under the AEP Retirement Plan, AEP Supplemental Benefit Plan, and the CSW Executive Retirement Plan and the AEP Supplemental Severance Retirement Plan, respectively, and assumed mortality based upon the Pri-2012 mortality tables. Base mortality rates are derived from the Pri-2012 table using contingent survivor tables after retiree death without any collar adjustment for the qualified pension benefits and the white-collar adjustment for non-qualified pension benefits. Mortality improvements are projected generationally using the MP-2021 mortality projection scale. The value of the lump sum benefit at that assumed retirement age is determined based upon the accrued benefit, an assumed interest rate of 2.51 percent and assumed mortality based on current IRS lump sum mortality with static mortality projections estimated to the date of retirement using mortality projection scale MP-2021. The present value of each of these named executive officer’s benefits is determined by discounting the value of benefits described above at the assumed retirement age to each executive’s current age using assumed interest rates equal to the assumed discount rates specified in this paragraph, above, for each plan.
  - For the AEP Retirement Plan and the AEP Supplemental Severance Retirement Plan, the present value of the accrued benefit is weighted based on 85 percent lump sum and 15 percent annuity based on the assumption that participants elect those benefit options in that proportion. For the AEP Supplemental Benefit Plan and the CSW Executive Retirement Plan, the present value of the accrued benefits is weighted based on 100 percent lump sum.
  - Messrs. Tierney and McCullough separated from service on July 1, 2021 and July 30, 2021, respectively. The Present Value of their Accrued Benefit under the AEP Supplemental Benefit Plan is the lump sum calculated under the terms of that plan as of the first of the month following their employment termination dates, which was August 1, 2021 in both cases, increased with 5 months of simple interest at an annual rate of 4% to December 31, 2021. These benefits become payable on or around February 1, 2022 and July 1, 2022 for Messrs. Tierney and McCullough, respectively, with interest to the date of payment.
- (2) Messrs. Tierney and McCullough separated from service on July 1, 2021 and July 30, 2021, respectively. The Present Value of their Accrued Benefits under the AEP Supplemental Benefit Plan is the lump sum calculated under the terms of that plan as of the first of the month following their employment termination dates, which was August 1, 2021 in both cases, increased with 5 months of simple interest at an annual rate of 4% to December 31, 2021. These benefits became payable to Mr. Tierney on February 1, 2022 and will become payable to Mr. McCullough on July 1, 2022, in both cases with interest to the date of payment.
- (3) Mr. Tierney’s employment was terminated in connection with a restructuring of the Company at a time when he was a highly compensated employee who had not reached the early retirement age under the AEP Retirement Plan (age 55), but he met the age and service requirements for participation in the AEP Supplemental Severance Retirement Plan (at least age 50 with at least 10 years of service). For Mr. Tierney to receive a benefit from this plan he must also elect to receive an annuity benefit from the AEP Retirement Plan and his winning annuity benefit from that plan must be based on the final average pay formula, rather than the cash balance formula. The Present Value of Accrued Benefit under the AEP Supplemental Severance Retirement Plan is the present value of the lump sum payable at his age 65 under the terms of that plan and is based on the assumptions that (a) Mr. Tierney commenced the payment of his benefit under the AEP Retirement Plan in the form of an annuity as of January 1, 2022, and (b) that the cash balance formula interest crediting rate under the AEP Retirement Plan remained at 4% until Mr. Tierney’s age 65. If Mr. Tierney had elected to commence the payment of his benefit under the AEP Retirement Plan in the form of an annuity as of January 1, 2022, the AEP Supplemental Severance Retirement Plan would have accrued as of January 1, 2022 a benefit payable to him on September 1, 2033 of \$104,161, plus interest through that date.
- (4) Mr. McCullough elected to have his benefit under the AEP Retirement Plan paid in a lump sum effective September 1, 2021.



**Overview.** AEP maintains tax-qualified and nonqualified defined benefit pension plans for eligible employees. The nonqualified plans provide benefits that cannot be paid under the tax-qualified plan because of limitations imposed on such plans by the Internal Revenue Code. The plans are designed to provide a retirement income to executives and their spouses, as well as a market competitive benefit opportunity as part of a market competitive total rewards package.

**AEP Retirement Plan.** The AEP Retirement Plan is a tax-qualified defined benefit pension plan under which benefits are generally determined by reference to a cash balance formula. The AEP Retirement Plan also encompasses the Central and South West Corporation Cash Balance Retirement Plan (CSW Retirement Plan), which was merged into the AEP Retirement Plan effective December 31, 2008. As of December 31, 2021, each of the named executive officers was fully vested in their AEP Retirement Plan benefit.

In addition, employees who have continuously participated in the AEP Retirement Plan (but not the CSW Retirement Plan) since December 31, 2000 (“Grandfathered AEP Participants”), which includes Mr. Zebula and formerly Messrs. Tierney and McCullough, remain eligible for an alternate pension benefit calculated by reference to a final average pay formula. The benefits under this final average pay formula were frozen as of December 31, 2010.

**Cash Balance Formula.** Under the cash balance formula, each participant has an account established to which dollar credits are allocated each year.

1. **Company Credits.** Each year, participants’ accounts are credited with an amount equal to a percentage of their salary and annual incentive award paid to them during the year. The applicable percentage is based on the participant’s age and years of service. The following table shows the applicable percentage:

Sum of Age Plus Years of Service	Applicable Percentage
Less than 30	3.0%
30-39	3.5%
40-49	4.5%
50-59	5.5%
60-69	7.0%
70 or more	8.5%

Each year, the IRS calculates a limit on the amount of eligible pay that can be used to calculate pension benefits in a qualified plan. For 2021, the limit was \$290,000.

2. **Interest Credits.** All amounts in the cash balance accounts earn interest at the average interest rate on 30-year Treasury securities for the month of November of the prior year, with a floor of 4 percent. For 2021, the interest rate was 4 percent.

**Final Average Pay Formula.** Grandfathered AEP Participants receive their benefits under the cash balance formula or the final average pay formula, whichever provides the higher benefit. On December 31, 2010, the final average pay benefit payable at the Grandfathered AEP Participant’s normal retirement age was frozen, meaning that their final average pay formula benefit is not affected by the participant’s service or compensation subsequent to this date. This frozen final average pay normal retirement benefit is based on the following calculation as of December 31, 2010: the participant’s then years of service multiplied by the sum of (i) 1.1 percent of the participant’s then high 36 consecutive months of base pay (High 36); and (ii) 0.5 percent of the amount by which the participant’s then High 36 exceeded the participant’s applicable average Social Security covered compensation.

Grandfathered AEP Participants may become entitled to a subsidized early retirement benefit under the final average pay formula if they remain employed with AEP through age 55. The early retirement benefit payable under the final average pay formula is the unreduced normal retirement age benefit if it commences at age 62 or later. The early retirement benefit is reduced by 3 percent for each year prior to age 62 that the participant elects to commence their benefits.



**AEP Supplemental Benefit Plan.** The AEP Supplemental Benefit Plan is a nonqualified defined benefit pension plan. It generally provides eligible participants with benefits that are in excess of those provided under the AEP Retirement Plan (without regard to the provisions included as the result of the merger of the CSW Retirement Plan into the AEP Retirement Plan) as determined upon the participant's termination of employment. These excess benefits are calculated under the terms of the AEP Retirement Plan described above with the following modifications: (i) annual incentive pay was taken into account for purposes of the frozen final average pay formula; and (ii) the limitations imposed by the Internal Revenue Code on annual compensation and annual benefits are disregarded.

Participants do not become vested in their AEP Supplemental Plan benefit until they become vested in their AEP Retirement Plan benefit or upon a change in control. As of December 31, 2021, each of the named executive officers who participate in this benefit (Messrs. Feinberg, Zebula, Tierney and McCullough and Ms. Barton and Sloat) was fully vested in their AEP Supplemental Benefit Plan benefit.

**AEP Supplemental Severance Retirement Plan.** The AEP Supplemental Severance Retirement Plan is a nonqualified defined benefit pension plan that tracks the value of a contingent benefit that is available only to non-highly compensated employees under the AEP Retirement Plan in the event they are severed from the Company under the circumstances described below. This plan provides eligible highly compensated Grandfathered AEP Employees under the AEP Retirement Plan who are severed before qualifying for the final average pay formula's subsidized early retirement benefit with a lump sum benefit that approximates the value of that subsidy. This benefit is available only to those Grandfathered AEP Employees who meet all of the following requirements: (1) classified by the AEP Retirement Plan as a highly compensated employee at the time of an employment termination that is a direct result of a restructuring, consolidation or downsizing of the Company or one of its affiliates; (2) at his or her severance date, the employee has not reached early retirement age under the AEP Retirement Plan, but either had at least 25 years of service or was at least age 50 with at least 10 years of service; (3) the final average pay formula and not the cash balance formula provides the greater annuity benefit under the AEP Retirement Plan; and (4) the employee elects an annuity form of payment. The lump sum value of the lost early retirement subsidy is calculated as of the benefit commencement date for the annuity elected by the Grandfathered AEP Participant under the AEP Retirement Plan, and it is credited with interest at the AEP Retirement Plan Cash Balance Interest Crediting Rate until the employee later reaches age 65, when it is paid to that employee.

Mr. Tierney is the only named executive officer who may qualify for a benefit under the AEP Supplemental Severance Retirement Plan. As of December 31, 2021, Mr. Tierney had met the eligibility requirements described in items (1) and (2) in the previous paragraph, but he had not yet met the requirements described in items (3) and (4).

**CSW Executive Retirement Plan.** The CSW Executive Retirement Plan is a nonqualified defined benefit pension plan. It generally provides eligible participants with benefits that are in excess of those provided under the terms of the former CSW Retirement Plan (which was merged into the AEP Retirement Plan) as determined upon the participant's termination of employment. The excess benefits are calculated without regard to the limitations imposed by the Internal Revenue Code on annual compensation and annual benefits. As of December 31, 2021, Mr. Akins was fully vested in his CSW Executive Retirement Plan benefit.



## Nonqualified Deferred Compensation for 2021

**Overview.** AEP maintains non-qualified deferred compensation plans that allow eligible employees, including the named executive officers, to defer receipt of a portion of their base salary, annual incentive compensation and performance share awards. The plans are unfunded. Participants have an unsecured contractual commitment from the Company to pay the amounts due under these plans from the general assets of the Company. AEP maintains the following non-qualified deferred compensation plans for eligible employees:

- The American Electric Power System Supplemental Retirement Savings Plan (SRSP);
- The American Electric Power System Incentive Compensation Deferral Plan (ICDP); and
- The American Electric Power System Stock Ownership Requirement Plan (SORP).

The following table provides information regarding contributions, earnings and balances for our named executive officers under AEP's three non-qualified deferred compensation plans which are each further described below.

Name	Plan Name	Executive Contributions in Last FY(1)(\$)	Registrant Contributions in Last FY(2)(\$)	Aggregate Earnings in Last FY(3)(\$)	Aggregate Withdrawals/ Distributions(\$)	Aggregate Balance at Last FYE(4)(\$)
Nicholas K. Akins	SRSP	283,200	212,400	47,871	—	3,259,270
	ICDP	—	—	116,704	—	862,451
	SORP	—	—	1,079,137	—	11,178,635
Julia A. Sloat	SRSP	41,695	31,272	31,855	—	429,441
	SORP	—	—	102,275	—	1,059,456
Lisa M. Barton	SRSP	81,831	61,373	122,402	—	1,215,208
	ICDP	—	—	541	—	30,784
	SORP	—	—	243,906	—	2,526,586
David M. Feinberg	SRSP	75,060	56,295	16,379	—	1,115,167
	SORP	—	—	321,727	—	3,332,726
Charles E. Zebula	SRSP	62,220	46,665	33,718	—	2,235,682
	SORP	—	—	293,243	—	3,037,669
Brian X. Tierney	SRSP	117,992	53,097	71,384	942,057	4,087,772
	SORP	—	—	192,749	—	1,996,660
Mark C. McCullough	SRSP	47,291	35,468	87,532	127,220	1,353,050
	SORP	—	—	98,145	—	1,016,669

- (1) The amounts set forth under "Executive Contributions in Last FY" for the SRSP are reported in the Summary Compensation Table as either (i) Salary for 2021 or (ii) the Non-Equity Incentive Plan Compensation for 2020 which was paid or deferred in 2021.
- (2) The amounts set forth under "Registrant Contributions in Last FY" for the SRSP are reported in the All Other Compensation column of the Summary Compensation Table.
- (3) No amounts set forth under "Aggregate Earnings in Last FY" have been reported in the Summary Compensation Table as there were no above market or preferential earnings credited to any named executive officer's account in any of the plans.
- (4) The amounts set forth in the "Aggregate Balance at Last FYE" column for the SRSP include the SRSP amounts reported in the "Executive Contributions in Last FY" and "Registrant Contributions in Last FY" columns. In addition, the "Aggregate Balance at Last FYE" for the SRSP includes the following amounts previously reported in the Summary Compensation Table for prior years: \$1,853,414 for Mr. Akins, \$486,278 for Ms. Barton, \$851,149 for Mr. Feinberg, \$72,352 for Mr. Zebula, and \$1,941,575 for Mr. Tierney. In addition, the "Aggregate Balance at Last FYE" for the SORP includes the following amounts previously reported in the Summary Compensation Table for prior years: \$2,670,419 for Mr. Akins, \$502,170 for Ms. Barton, \$1,617,064 for Mr. Feinberg, and \$5,297 for Mr. Tierney.



**Supplemental Retirement Savings Plan.** This plan allows eligible participants to save on a pre-tax basis and to continue to receive Company matching contributions beyond the limits imposed by the Internal Revenue Code on qualified plans of this type.

- Participants can defer up to 50 percent of their base salary and annual incentive award in excess of the IRS eligible compensation limit for qualified plans, which was \$290,000 for 2021.
- The Company matches 100 percent of the participant's contributions up to 1 percent of eligible compensation and 70 percent of the participant's contributions from the next 5 percent of eligible compensation for a total Company match of up to 4.5% of eligible compensation.
- Participants may not withdraw any amount credited to their account until their termination of employment with AEP. Participants may elect a distribution of their account as a lump-sum or annual installment payments over a period of up to 10 years. Participants may delay the commencement of distributions for up to five years from the date of their termination of employment.
- Participants may direct the investment of their plan account among the core investment options that are available to all employees in AEP's qualified Retirement Savings Plan and one additional option that provides interest at a rate reset effective each January 1 at 120 percent of the applicable federal long-term rate with monthly compounding for the immediately preceding December. There are not any above-market or preferential earnings with respect to the Supplemental Retirement Savings Plan's investment options.

**Incentive Compensation Deferral Plan.** This plan allows eligible employees to defer payment of up to 80 percent of vested performance shares.

- AEP does not offer any matching contributions under this plan.
- Vested performance shares that are deferred into this plan are tracked as phantom stock units and credited with dividend equivalent stock units for an additional six months following the vested date. After this 6-month period, the stock unit value balances are credited to the AEP Stock Fund. Once balances are transferred to the AEP Stock Fund, participants may direct the investment of this balance along with all other transferred balances among the core investment options that are available to all employees in AEP's qualified Retirement Savings Plan. There are not any above-market or preferential earnings with respect to the Incentive Compensation Deferral Plan.
- Generally, participants may not withdraw any amount credited to their account until their termination of employment with AEP. However, participants may make one withdrawal of amounts attributable to their pre-2005 contributions prior to termination of employment. The withdrawal amount would be subject to a 10 percent withdrawal penalty. Participants may elect among the same payment options for the distributions of their account value as described above for the Supplemental Retirement Savings Plan's investment options.

**Stock Ownership Requirement Plan.** This plan assists executives in achieving their minimum stock ownership requirements. It does this primarily by tracking the executive's AEP Career Shares, which are a form of deferred compensation that are unfunded and unsecured general obligations of AEP. The rate of return on AEP Career Shares is equivalent to the total return on AEP stock with dividends reinvested. Participants may not withdraw any amount credited to their account until their termination of employment with AEP. Participants may elect among the same payment options for the distribution of their AEP Career Shares as described above for the Supplemental Retirement Savings Plan. AEP Career Shares are distributed in AEP common shares.



## Potential Payments Upon Termination of Employment or Change in Control

The Company has entered into agreements and maintains plans that will require the Company to provide compensation to the named executive officers in the event of a termination of their employment or a change in control of the Company. Actual payments will depend on the circumstances and timing of any termination of employment or change of control. In addition, in connection with any actual termination or change in control transaction, the Company may enter into agreements or establish arrangements that provide additional or alternative benefits or amounts from those described below. The agreements and plans summarized below are complex legal documents with terms and conditions having precise meanings, which are designed to address many possible but currently hypothetical situations.

**Severance.** AEP currently provides full-time employees, including the named executive officers, with severance benefits under the General Severance Plan if their employment is terminated as the direct result of a restructuring or downsizing (Severance-Eligible Employees) and the employee releases AEP from claims against the Company that may be lawfully released. These severance benefits include:

- A lump sum severance payment equal to two weeks of base pay for each year of Company service, with a maximum of 52 weeks and a minimum of eight weeks for employees with at least one year of AEP service;
- Continued eligibility for medical and dental benefits at active employee rates for up to 12 months or until the participant becomes eligible for coverage from another employer, whichever occurs first;
- For employees who are at least age 50 with 10 years of AEP service who were hired or last rehired prior to January 1, 2014 and who do not qualify for AEP's retiree medical benefits or who will be bridged to such retiree benefit eligibility (described below), AEP also provides medical and dental benefit eligibility at rates equivalent to those provided to retirees until age 65 or until the participant becomes eligible for coverage from another employer, whichever occurs first; and
- Outplacement services, the incremental cost of which may be up to \$17,000 for the named executive officers.

Severance-Eligible Employees who have enough weeks of severance (up to one year) and vacation to cover a period that would allow them to become eligible for retiree medical benefits, which is available to those employees who are at least age 55 with at least 10 years of AEP service (Retirement-Eligible Employees), are retained as employees on a paid leave of absence until they become retirement eligible. This benefit applies in lieu of severance and unused vacation payments that these employees would otherwise receive. The Company pays any remaining severance and vacation pay at the time of their retirement. This delay of an employee's termination date does not apply to the plans providing nonqualified deferred compensation, which define a participant's termination date by reference to Internal Revenue Code Section 409A.

A Severance-Eligible executive's termination entitles that executive to a pro-rata portion of any outstanding unvested performance shares that the executive has held for at least six months. The pro-rated performance shares will not become payable until the end of the performance period and remain subject to all performance objectives. A severed executive who timely executes a release of all claims is entitled to vesting of a pro-rata portion of any restricted stock units to the extent not already vested and paid. The pro-rata portion of both performance shares and restricted stock units that vests under these circumstances is equal to the number of whole months of the vesting period that the participant has worked upon their employment termination divided by the number of whole months in the longest vesting period for each award, provided that the pro-rata portion of restricted stock units is then reduced by the portion that has already been vested and paid.

Severance-Eligible executive officers may continue financial counseling and tax preparation services for one year following their termination up to a maximum annual incremental cost to the Company of \$20,000 plus related incidental expenses of the advisor.



The Company also has an Executive Severance Plan (Executive Severance Plan) that provides severance benefits to selected officers of the Company, including the named executive officers, subject to the executive's agreement to comply with the provisions of the plan, including confidentiality, non-solicitation, cooperation and non-disparagement provisions during and after their AEP employment. Benefits under the Executive Severance Plan are conditioned on the participant's execution of an agreement releasing all claims against the Company that may be lawfully released and committing the participant to a one-year non-competition obligation. Executives remain eligible for benefits under the General Severance Plan described above; however, the cash severance benefits provided under the Executive Severance Plan are reduced by any amounts provided under the General Severance Plan. Benefits under the Executive Severance Plan would be triggered by a resignation for "good reason" or an involuntary termination by the Company without "cause" (each as defined below).

The term "cause" with respect to the Executive Severance Plan means:

- (i) Failure or refusal to perform a substantial part of the executive's assigned duties and responsibilities following notice and a reasonable opportunity to cure (if such failure is capable of cure);
- (ii) Commission of an act of willful misconduct, fraud, embezzlement or dishonesty either in connection with the executive's duties to the Company or which otherwise is injurious to the best interest or reputation of the Company;
- (iii) Repeated failure to follow specific lawful directions of the Board or any officer to whom the executive reports;
- (iv) A violation of any of the material terms and conditions of any written agreement or agreements the executive may from time to time have with the Company;
- (v) A material violation of any of the rules of conduct of behavior of the Company;
- (vi) Conviction of, or plea of guilty or nolo contendere to, (A) a felony, (B) a misdemeanor involving an act of moral turpitude, or (C) a misdemeanor committed in connection with the executive's employment with the Company which is injurious to the best interest or reputation of the Company; or
- (vii) Violation of any applicable confidentiality, non-solicitation, or non-disparagement covenants or obligations relating to the Company (including the provisions to which the executive agreed when enrolling in the plan).

An executive's termination of employment that triggers benefits under his or her change in control agreement (described in the next section) or due to mandatory retirement, disability or death would not be considered an involuntary termination that may trigger the payment of benefits under the Executive Severance Plan.

An executive would have "good reason" for resignation under the Executive Severance Plan if there is any reduction in the executive's then current annual base salary without the executive's consent; provided, however, that a uniform percentage reduction of 10% or less in the annual base salary of all executives participating in the Executive Severance Plan who are similarly situated would not be considered good reason for resignation. Also, the Company must be given 10 days following receipt of written notice from the executive to restore the executive's base salary before his or resignation may trigger plan benefits.

If benefits under the Executive Severance Plan are triggered, the affected named executive officers would receive one times their base salary and target annual incentive payable over one year. In addition, a pro-rated portion of their outstanding unvested performance shares and RSUs would vest. The pro-rated performance shares do not become payable until the end of the applicable 3-year performance period and remain subject to all performance objectives.



**Change In Control.** AEP defines “change in control” under its change in control agreements and Long-Term Incentive Plan as:

- The acquisition by any person of the beneficial ownership of securities representing more than one-third of AEP’s voting stock;
- A merger or consolidation of AEP with another corporation unless AEP’s voting securities outstanding immediately before such merger or consolidation continue to represent at least two-thirds of the total voting power of the surviving entity outstanding immediately after such merger or consolidation; or
- Approval by the shareholders of the liquidation of AEP or the disposition of all or substantially all of the assets of AEP.

AEP has a change in control agreement with each of the named executive officers that is triggered if there is a Qualifying Termination of the named executive officer’s employment. A “Qualifying Termination” for this purpose generally occurs when the executive’s employment is terminated in connection with that change in control (i) by AEP without “cause” or (ii) by the named executive officer for “good reason,” each as defined below. Such termination must be no later than two years after the change in control. These agreements provide for:

- A lump sum payment equal to 2.99 times or 2.0 times (as applicable) the named executive officer’s annual base salary plus target annual incentive compensation award under the annual incentive program in effect at the time of termination; and
- Outplacement services.

The term “cause” with respect to AEP’s change in control agreements means:

- (i) The willful and continued failure of the executive to perform the executive’s duties after a written demand for performance is delivered to the executive by the Board; or
- (ii) The willful conduct or omission by the executive, which the Board determines to be illegal; gross misconduct that is injurious to the Company; or a breach of the executive’s fiduciary duty to the Company.

The term “good reason” with respect to AEP’s change in control agreements means:

- (i) An adverse change in the executive’s status, duties or responsibilities from that in effect immediately prior to the change in control;
- (ii) The Company’s failure to pay in a timely fashion the salary or benefits to which the executive is entitled under any employment agreement in effect on the date of the change in control;
- (iii) The reduction of the executive’s salary as in effect on the date of the change in control;
- (iv) Any action taken by the Company that would substantially diminish the aggregate projected value of the executive’s awards or benefits under the Company’s benefit plans or policies;
- (v) A failure by the Company to obtain from any successor the assent to the change in control agreement; or
- (vi) The relocation, without the executive’s prior approval, of the office at which the executive is to perform services to a location that is more than fifty (50) miles from its location immediately prior to the change in control.



The Company must be given notice and an opportunity to cure any of these circumstances before they would be considered to be “good reason.”

All awards under the Long-Term Incentive Plan vest upon a “Qualifying Termination” of a participant which may occur coincident with or within one year after a change in control. The term “Qualifying Termination” with respect to long-term incentive awards generally is the same as that described for the change in control agreements, except that an executive’s mandatory retirement (generally at age 65) is explicitly excluded, and “Cause” is defined more broadly to encompass:

- (i) Failure or refusal to perform assigned duties and responsibilities in a competent or satisfactory manner;
- (ii) Commission of an act of dishonesty, including, but not limited to, misappropriation of funds or any property of AEP;
- (iii) Engagement in activities or conduct injurious to the best interest or reputation of AEP;
- (iv) Insubordination;
- (v) Violation of any material term or condition of any written agreement with AEP;
- (vi) Violation of any of AEP’s rules of conduct of behavior;
- (vii) Commission of a felony, a misdemeanor involving an act of moral turpitude, or a misdemeanor committed in connection with employment at AEP which is injurious to the best interest or reputation of AEP; or
- (viii) Disclosure, dissemination, or misappropriation of confidential, proprietary, and/or trade secret information.

In addition, performance shares would be deemed to have been fully earned at 100 percent of the target score upon a “Qualifying Termination” within one year following a change in control. The value of each vested performance share following a “Qualifying Termination” would be (1) the closing price of a share of AEP common stock on the date of the Qualifying Termination or (2) if the date of the Qualifying Termination is coincident with the change in control and if the change in control is the result of a tender offer, merger or sale of all or substantially all of the assets of AEP, the price paid per share of common stock in that transaction.

The AEP Supplemental Benefit Plan also provides that all accrued supplemental retirement benefits to the extent then unvested become fully vested upon a change in control.

## **Termination Scenarios**

The following tables show the incremental compensation and benefits that would have been paid to each named executive officer who was employed by AEP on December 31, 2021 assuming the hypothetical circumstances cited in each column occurred on December 31, 2021 and calculated in accordance with the methodology required by the SEC. No values are provided for Tierney and McCullough because they were not employed by the Company as of December 31, 2021 and, therefore, these hypothetical scenarios were no longer relevant.

At the time of an employment termination, the Company may enter into an agreement that provides additional benefits or amounts and may alter the terms of benefits that are to be provided, as described below. The Company entered into such agreements with Messrs. Tierney and Mr. McCullough upon their separation from AEP service in July 2021. The actual compensation and benefits Messrs. Tierney and McCullough received or will receive pursuant to their respective agreements are described following the Non-Incremental Post-Termination Compensation and Benefits on December 31, 2021 table and footnotes below.



With respect to annual incentive compensation for the completed year, the initial calculated annual incentive opportunity is shown, before any individual discretionary adjustment, which varies from the actual value paid and reported in the Summary Compensation Table for each of the named executive officers.

The values shown in the change in control column are triggered only if the named executive officer's employment is terminated under the circumstances (described above under Change In Control) that trigger the payment or provision of each of the types of compensation and benefits shown.

No information is provided for terminations due to disability because it is not generally AEP's practice to terminate the employment of any employee so long as they remain eligible for AEP's long-term disability benefits. AEP successively provides sick pay and then long-term disability benefits for up to two years to employees with a disability that prevents them from returning to their job. Such disability benefits continue for employees that cannot perform any occupation for which they are reasonably qualified generally until the employee reaches age 65. Because disabled participants remain employed by the Company, they continue to vest in long-term incentive awards while they are disabled. AEP treats a participant's disability as a termination to the extent required by the regulations issued under Internal Revenue Code Section 409A, but such terminations only trigger the payment of benefits that had previously vested. Employment may be terminated due to disability under a separate definition of employment termination that applies to long-term incentive stock unit awards and compensation and benefit programs that may be considered non-qualified deferred compensation under Section 409A of the Internal Revenue Code. However, long-term incentive stock unit awards allow participants terminated due to disability to continue to vest as if their employment had continued so long as they remain continuously disabled.

**Potential Incremental Compensation and Benefits  
That Would Have Been Provided as the Result of Employment Termination  
as of December 31, 2021  
For Nicholas K. Akins**

<b>Executive Benefits and Payments Upon Termination</b>	<b>Resignation or Retirement</b>	<b>Severance</b>	<b>Involuntary Termination for Cause</b>	<b>Change In Control</b>	<b>Death</b>
<b>Compensation:</b>					
Base Salary (\$1,510,000)(1)	\$ —	\$ 1,510,000	\$ —	\$ 4,514,900	\$ —
Annual Incentive for Completed Year(2)	\$ 2,834,874	\$ 2,834,874	\$ —	\$ 2,834,874	\$ 2,834,874
Other Payment for Annual Incentives(3)	\$ —	\$ 2,114,000	\$ —	\$ 6,320,860	\$ —
<b>Long-Term Incentives:(4)</b>					
2020 - 2022 Performance Shares(5)	\$ 4,056,854	\$ 4,056,854	\$ —	\$ 6,085,281	\$ 4,056,854
2021 - 2023 Performance Shares(5)	\$ 2,846,595	\$ 2,846,595	\$ —	\$ 8,539,785	\$ 2,846,595
2019 Restricted Stock Units	\$ —	\$ 583,751	\$ —	\$ 870,660	\$ 870,660
2020 Restricted Stock Units	\$ —	\$ 542,943	\$ —	\$ 1,352,077	\$ 1,352,077
2021 Restricted Stock Units	\$ —	\$ 853,952	\$ —	\$ 2,846,506	\$ 2,846,506
<b>Benefits:</b>					
Financial Counseling	\$ 20,000	\$ 20,000	\$ —	\$ 20,000	\$ 20,000
Outplacement Services(6)	\$ —	\$ 17,000	\$ —	\$ 17,000	\$ —
<b>Total Incremental Compensation and Benefits</b>	<b>\$ 9,758,323</b>	<b>\$ 15,379,969</b>	<b>\$ —</b>	<b>\$ 33,401,943</b>	<b>\$ 14,827,566</b>

Notes for the Potential Incremental Termination Scenario tables are provided collectively following the last such table.



**Potential Incremental Compensation and Benefits**  
**That Would Have Been Provided as the Result of Employment Termination**  
**as of December 31, 2021**  
**For Julia A. Sloat**

<b>Executive Benefits and Payments Upon Termination</b>	<b>Resignation or Retirement</b>	<b>Severance</b>	<b>Involuntary Termination for Cause</b>	<b>Change In Control</b>	<b>Death</b>
<b>Compensation:</b>					
Base Salary (\$600,000)(1)	\$ —	\$ 600,000	\$ —	\$ 1,200,000	\$ —
Annual Incentive for Completed Year(2)	\$ —	\$ —	\$ —	\$ 640,379	\$ 640,379
Other Payment for Annual Incentives(3)	\$ —	\$ 480,000	\$ —	\$ 960,000	\$ —
<b>Long-Term Incentives:(4)</b>					
2020 - 2022 Performance Shares(5)	\$ —	\$ 189,210	\$ —	\$ 283,814	\$ 189,210
2021 - 2023 Performance Shares(5)	\$ —	\$ 464,779	\$ —	\$ 1,394,338	\$ 464,779
2019 Restricted Stock Units	\$ —	\$ 28,505	\$ —	\$ 42,528	\$ 42,528
2020 Restricted Stock Units	\$ —	\$ 25,319	\$ —	\$ 62,991	\$ 62,991
2021 Restricted Stock Units	\$ —	\$ 139,407	\$ —	\$ 464,690	\$ 464,690
Restricted Stock Units	\$ —	\$ 1,552	\$ —	\$ 8,719	\$ 8,719
<b>Benefits:</b>					
Financial Counseling	\$ —	\$ 20,000	\$ —	\$ 20,000	\$ 20,000
Outplacement Services(6)	\$ —	\$ 17,000	\$ —	\$ 17,000	\$ —
<b>Total Incremental Compensation and Benefits</b>	\$ —	\$ 1,965,772	\$ —	\$ 5,094,459	\$ 1,893,296

**Potential Incremental Compensation and Benefits**  
**That Would Have Been Provided as the Result of Employment Termination**  
**as of December 31, 2021**  
**For Lisa M. Barton**

<b>Executive Benefits and Payments Upon Termination</b>	<b>Resignation or Retirement</b>	<b>Severance</b>	<b>Involuntary Termination for Cause</b>	<b>Change In Control</b>	<b>Death</b>
<b>Compensation:</b>					
Base Salary (\$800,000)(1)	\$ —	\$ 800,000	\$ —	\$ 2,392,000	\$ —
Annual Incentive for Completed Year(2)	\$ 909,425	\$ 909,425	\$ —	\$ 909,425	\$ 909,425
Other Payment for Annual Incentives(3)	\$ —	\$ 680,000	\$ —	\$ 2,033,200	\$ —
<b>Long-Term Incentives:(4)</b>					
2020 - 2022 Performance Shares(5)	\$ 683,705	\$ 683,705	\$ —	\$ 1,025,557	\$ 683,705
2021 - 2023 Performance Shares(5)	\$ 697,139	\$ 697,139	\$ —	\$ 2,091,418	\$ 697,139
2019 Restricted Stock Units	\$ —	\$ 82,405	\$ —	\$ 122,868	\$ 122,868
2020 Restricted Stock Units	\$ —	\$ 91,499	\$ —	\$ 227,852	\$ 227,852
2021 Restricted Stock Units	\$ —	\$ 209,124	\$ —	\$ 697,080	\$ 697,080
Restricted Stock Units (2019 Retention)	\$ —	\$ 659,526	\$ —	\$ 921,996	\$ 921,996
<b>Benefits:</b>					
Financial Counseling	\$ 20,000	\$ 20,000	\$ —	\$ 20,000	\$ 20,000
Outplacement Services(6)	\$ —	\$ 17,000	\$ —	\$ 17,000	\$ —
<b>Total Incremental Compensation and Benefits</b>	\$ 2,310,269	\$ 4,849,823	\$ —	\$ 10,458,396	\$ 4,280,065



**Potential Incremental Compensation and Benefits**  
**That Would Have Been Provided as the Result of Employment Termination**  
**as of December 31, 2021**  
**For David M. Feinberg**

<b>Executive Benefits and Payments Upon Termination</b>	<b>Resignation or Retirement</b>	<b>Severance</b>	<b>Involuntary Termination for Cause</b>	<b>Change In Control</b>	<b>Death</b>
<b>Compensation:</b>					
Base Salary (\$694,000)(1)	\$ —	\$ 694,000	\$ —	\$ 2,075,060	\$ —
Annual Incentive for Completed Year(2)	\$ —	\$ —	\$ —	\$ 697,991	\$ 697,991
Other Payment for Annual Incentives(3)	\$ —	\$ 520,500	\$ —	\$ 1,556,295	\$ —
<b>Long-Term Incentives:(4)</b>					
2020 - 2022 Performance Shares(5)	\$ —	\$ 638,211	\$ —	\$ 957,317	\$ 638,211
2021 - 2023 Performance Shares(5)	\$ —	\$ 435,716	\$ —	\$ 1,307,147	\$ 435,716
2019 Restricted Stock Units	\$ —	\$ 96,136	\$ —	\$ 143,331	\$ 143,331
2020 Restricted Stock Units	\$ —	\$ 85,398	\$ —	\$ 212,638	\$ 212,638
2021 Restricted Stock Units	\$ —	\$ 130,706	\$ —	\$ 435,686	\$ 435,686
<b>Benefits:</b>					
Financial Counseling	\$ —	\$ 20,000	\$ —	\$ 20,000	\$ 20,000
Outplacement Services(6)	\$ —	\$ 17,000	\$ —	\$ 17,000	\$ —
<b>Total Incremental Compensation and Benefits</b>	<b>\$ —</b>	<b>\$ 2,637,667</b>	<b>\$ —</b>	<b>\$ 7,422,465</b>	<b>\$ 2,583,573</b>

Notes for the Potential Incremental Termination Scenario tables are provided collectively following the last such table.

**Potential Incremental Compensation and Benefits**  
**That Would Have Been Provided as the Result of Employment Termination**  
**as of December 31, 2021**  
**For Charles E. Zebula**

<b>Executive Benefits and Payments Upon Termination</b>	<b>Resignation or Retirement</b>	<b>Severance</b>	<b>Involuntary Termination for Cause</b>	<b>Change In Control</b>	<b>Death</b>
<b>Compensation:</b>					
Base Salary (\$577,000)(1)	\$ —	\$ 577,000	\$ —	\$ 1,725,230	\$ —
Annual Incentive for Completed Year(2)	\$ 619,006	\$ 619,006	\$ —	\$ 619,006	\$ 619,006
Other Payment for Annual Incentives(3)	\$ —	\$ 461,600	\$ —	\$ 1,380,184	\$ —
<b>Long-Term Incentives:(4)</b>					
2020 - 2022 Performance Shares(5)	\$ 546,988	\$ 546,988	\$ —	\$ 820,481	\$ 546,988
2021 - 2023 Performance Shares(5)	\$ 377,618	\$ 377,618	\$ —	\$ 1,132,855	\$ 377,618
2019 Restricted Stock Units	\$ —	\$ 75,550	\$ —	\$ 112,636	\$ 112,636
2020 Restricted Stock Units	\$ —	\$ 73,195	\$ —	\$ 182,300	\$ 182,300
2021 Restricted Stock Units	\$ —	\$ 113,277	\$ —	\$ 377,589	\$ 377,589
<b>Benefits:</b>					
Financial Counseling	\$ 20,000	\$ 20,000	\$ —	\$ 20,000	\$ 20,000
Outplacement Services(6)	\$ —	\$ 17,000	\$ —	\$ 17,000	\$ —
<b>Total Incremental Compensation and Benefits</b>	<b>\$ 1,563,612</b>	<b>\$ 2,881,234</b>	<b>\$ —</b>	<b>\$ 6,387,281</b>	<b>\$ 2,236,137</b>



- (1) The amounts shown in the Severance column are one times salary for each of the Named Executive Officers. The amounts shown in the Change-In-Control column are 2.99 times salary for each of the Named Executive Officers, except Ms. Sloat who would receive 2.0 times salary in the event of a Change-In-Control.
- (2) Executive officers and all other employees are eligible for an annual incentive award based on their earnings for the year if he or she incurs a retirement-eligible termination, or dies after the sixth month of the year; or is severed at or after year-end. A retirement-eligible termination for annual incentive compensation means a termination of employment for any reason other than for cause, resignation in lieu of discharge for cause, or as part of a voluntary or involuntary severance or layoff, after the Participant attains at least age 55 and ten years of AEP service. The amount shown is the calculated annual incentive opportunity, as shown in the table in Compensation Discussion and Analysis. However, annual incentives for executive officers are awarded at the discretion of the HR Committee or independent members of the Board pursuant to the award determination process described in the Compensation Discussion and Analysis.
- (3) The amounts shown in the Severance column are one times target annual incentive opportunity for each of the Named Executive Officers. The amounts shown in the Change-In-Control column are 2.99 times target annual incentive opportunity for each of the Named Executive Officers, except Ms. Sloat who would receive 2.0 times her target annual incentive opportunity in the event of a Change-In-Control.
- (4) The long-term incentive values shown represent the values that would be paid under the circumstances described in each column based on the closing price of AEP common stock on December 31, 2021, which is the methodology required by the SEC.
- (5) The target value of performance shares are shown. The actual value paid in the event of retirement, eligible termination, severance or death, if any, will depend on the actual performance score for the full performance period. Any payments for awards under those circumstances are not paid until the end of the 3-year performance period. In the event of a qualifying termination in connection with a change in control, awards would be paid at a target performance score as soon as administratively practical after the change in control.
- (6) This is the maximum cost of Company-paid outplacement services, which the Company provides through an unaffiliated third-party vendor.

The following table shows the value of previously earned and vested compensation and benefits as of December 31, 2021, that would have been provided to each named executive officer following a termination of his or her employment on December 31, 2021. These amounts were generally earned or vested over multiple years of service to the Company.

#### Non-Incremental Post-Termination Compensation and Benefits on December 31, 2021

Name	Long-Term Incentives		Benefits		
	Vested Performance Shares (1)	AEP Career Shares (2)	Vacation Payout (3)	Post-Retirement Benefits (4)	Deferred Compensation (5)
Nicholas K. Akins	\$ 8,064,419	\$ 11,178,635	\$ 33,031	\$ 4,042,866	\$ 4,121,721
Julia A. Sloat	\$ 393,692	\$ 1,059,456	\$ 22,471	\$ 587,662	\$ 429,441
Lisa M. Barton	\$ 1,138,549	\$ 2,526,586	\$ 22,308	\$ 959,925	\$ 1,245,992
David M. Feinberg	\$ 1,328,233	\$ 3,332,726	\$ 26,692	\$ 800,425	\$ 1,115,167
Charles E. Zebula	\$ 1,043,707	\$ 3,037,669	\$ 22,192	\$ 1,866,191	\$ 2,235,682
Brian X. Tierney	\$ 1,581,264	\$ 1,996,660	\$ —	\$ 2,087,475	\$ 4,087,772
Mark C. McCullough	\$ 980,449	\$ 1,016,669	\$ —	\$ 2,599,822	\$ 1,353,050

- (1) Represents the value of performance shares that vested on December 31, 2021 calculated using the market value of these shares on December 31, 2021. The values for Messrs. Tierney and McCullough were reduced due to their severances by 6/36th and 5/36th, respectively, which is the portion of the 3-year performance period for which they were not employed by the Company.
- (2) Represents the value of AEP share equivalents deferred mandatorily into the AEP Stock Ownership Requirement Plan calculated using the market value of these shares on December 31, 2021.
- (3) Represents accumulated but unused vacation as of December 31, 2021. Messrs. Tierney and McCullough did not have any unused vacation as of this date because its value was paid to them in 2021 following their severances. These payments are included in the All Other Compensation column of the Summary Compensation Table and the breakout of the amounts included in this column in note 5 to this table.



- (4) Represents the estimated lump sum benefit immediately payable upon termination of employment not for cause as of December 31, 2021 for each of the named executive officers who remained employed by the Company on December 31, 2021 pursuant to the terms of the AEP Retirement Plan, the AEP Supplemental Benefit Plan and the CSW Executive Retirement Plan, as applicable. The value for Mr. Messrs. Tierney and McCullough include the value of their respective AEP Supplemental Benefit Plan benefit as of the first of the month following the month of their employment termination (August 1, 2021) with interest at 4.0% to December 31, 2021. The value for Mr. Tierney also includes the lump sum value of his AEP Retirement Plan benefit immediately payable on December 31, 2021. This value is not included for Mr. McCullough because he elected and received a lump sum distribution of this benefit prior to this date.
- (5) Includes balances from the Supplemental Retirement Savings Plan and the Incentive Compensation Deferral Plans, but does not include AEP Career Share balances, which are listed separately in column (2).

The Company entered into a General Severance, Stock Award and Release of All Claims Agreement that provided Mr. Tierney with the following compensation and benefits upon his July 1, 2021 separation from service:

- A separation payment in the amount of \$619,000, which is the maximum severance amount payable under the General Severance Plan.
- \$640,000 in unrestricted shares of AEP Common Stock.
- Due to his employment termination as the result of the elimination of his position, Mr. Tierney was provided the opportunity to continue subsidized medical and dental benefits coverage at reduced rates until he (or his surviving dependent) became eligible for medical coverage either through Medicare or some other public program or through subsequent employment. Mr. Tierney was offered coverage through a subsequent employer, so Mr. Tierney is not eligible for this benefit.
- Due to his employment termination as the result of the elimination of his position, Mr. Tierney vested in a pro-rata portion of his outstanding performance shares based on the number of months of the vesting period of each award that Mr. Tierney worked for the Company divided by the number of months in the total vesting period for each award. The pro-rata portions were 6/36<sup>th</sup> 18/36<sup>th</sup> and 30/36<sup>th</sup> for the 2021-23, 2020-22 and 2019-21 performance periods, respectively. The portion of Mr. Tierney's performance shares that did not vest upon his employment termination were canceled.
- Due to his employment termination as the result of the elimination of his position combined with his agreement to release all claims, a pro-rata portion of Mr. Tierney's restricted stock units also vested following his employment termination on July 1, 2021. Specifically, 8.3 percent, 11.7 percent, 15.0 percent and 12.5 percent of his 2019, 2019 retention, 2020 and 2021 restricted stock units vested, respectively. These percentages are the portion of the longest vesting period for each RSU tranche in which Mr. Tierney was employed less the portion already vested, if any. The portion of Mr. Tierney's restricted stock units that did not vest upon his employment termination were canceled.

The Company also entered into a Severance, Stock Award, Release of All Claims and Noncompetition Agreement that provided Mr. McCullough with the following compensation and benefits upon his July 30, 2021 separation from service:

- A separation payment in the amount of \$999,000, which was equal to one time Mr. McCullough's annual salary (\$555,000) and target short-term incentive compensation (80% of annual salary). Of this amount, 50% was paid in the first regular payroll date on or after January 1, 2022, with the balance paid out in thirteen biweekly installments over the following 6 months.
- \$500,000 in unrestricted shares of AEP Common Stock.
- Due to his employment termination as the result of the elimination of his position, Mr. McCullough was offered subsidized medical and dental benefits coverage at active employee rates for 12 months, as opposed to the subsidized retiree medical benefit rates for which he would have otherwise qualified based on his age and years of service upon the termination of his employment. Mr. McCullough declined this medical and dental coverage.
- Due to his employment termination as the result of the elimination of his position, Mr. McCullough vested in a pro-rata portion of his outstanding performance shares based on the number of months of the vesting period of each award that Mr. McCullough worked for the Company divided by the number of months in the total vesting period for each award. The pro-rata portions were 7/36<sup>th</sup> 19/36<sup>th</sup> and 31/36<sup>th</sup> for the



2021-23, 2020-22 and 2019-21 performance periods, respectively. The portion of Mr. McCullough's performance shares that did not vest upon his employment termination were canceled.

- Due to his employment termination as the result of the elimination of his position combined with his agreement to release all claims, a pro-rata portion of Mr. McCullough's restricted stock units also vested following his employment termination on July 30, 2021. Specifically, 10.8 percent, 14.2 percent and 17.5 percent of his 2019, 2020 and 2021 restricted stock units vested, respectively. These percentages are the portion of the longest vesting period for each RSU tranche in which Mr. McCullough was employed less the portion already vested, if any. The portion of Mr. McCullough's restricted stock units that did not vest upon his employment termination were canceled.

## CEO Pay Ratio

The following is a reasonable estimate, prepared under applicable SEC rules, of the ratio of the annual total compensation of our Chief Executive Officer to the median of the annual total compensation of all of our employees (except for the CEO). We identified the median employee in 2021 by first determining the total wages for the 12 months ending on October 31, 2021 (base salary, annual incentive compensation plus 401(k) Company match) for each employee (except for our CEO) who was employed by us on October 31, 2021. Based on this compensation measure, we identified the median employee from among our entire employee population. After identifying the median employee, we calculated annual total 2021 compensation for such employee using the same methodology we use for our named executive officers as set forth in the Summary Compensation Table in this proxy statement.

Mr. Akins, who was both Chair and CEO, had 2021 annual total compensation of \$15,051,215 as reflected in the Summary Compensation Table included in this Proxy Statement. The 2020 annual total compensation of our median employee (other than the CEO) was \$111,771. The median employee's total compensation includes base wages, overtime earnings, annual incentive compensation, the change in the present value of the employee's pension benefits and the Company's matching contributions to the retirement savings plan. Based on the foregoing, our estimate of the 2021 ratio of the annual total compensation of our CEO to the median annual total compensation of all our employees (other than the CEO) was 135 to 1.

Because the SEC rules for identifying the median of the annual total compensation of our employees and calculating the pay ratio based on that employee's annual total compensation allow companies to adopt a variety of methodologies, and the employee populations of each Company necessarily reflect their business mix, insourcing vs. outsourcing decisions and compensation practices, the pay ratio reported by other companies may not be comparable to the pay ratio for our Company, as other companies have different employee populations and compensation practices and may utilize different methodologies, estimates and assumptions in calculating their pay ratios.



## Share Ownership of Directors and Executive Officers

The following table sets forth the beneficial ownership of AEP Common Stock and stock-based units as of February 18, 2022 for all Directors, each of the persons named in the Summary Compensation Table and all Directors and executive officers as a group.

Unless otherwise noted, each person had sole voting and investment power over the number of shares of AEP common stock set forth across from his or her name. Fractions of shares and units have been rounded to the nearest whole number.

Name	Shares(a)	Stock Units(b)	Total
N. K. Akins	30,386	125,645	156,031
D. J. Anderson	—	33,096	33,096
L. M. Barton	95	28,398	28,493
J. B. Beasley, Jr	—	16,627	16,627
D. M. Feinberg	193	37,459	37,652
B. G. S. Fowke	—	—	—
A. A. Garcia	2,500	4,656	7,156
L. A. Goodspeed	—	60,572	60,572
T. Hoaglin	1,000	51,922	52,922
S. B. Lin	1,032	27,004	28,036
M. M. McCarthy	3,125	5,444	8,569
M. C. McCullough	—	6,029	6,029
S. S. Rasmussen	—	26,305	26,305
O. G. Richard III	2,195	24,845	27,040
D. Roberts	—	2,118	2,118
J. A. Sloat	8,594	11,908	20,502
B. X. Tierney	—	—	—
S. M. Tucker	1,532	46,531	48,063
C. E. Zebula	10,951	34,143	45,094
L. Von Thaer	20	—	20
All directors, nominees and executive officers as a group (22 persons)(c)	61,623	542,702	604,325

- (a) None of the shares reflected in this column is pledged. This column also includes share equivalents held in the AEP Retirement Savings Plan.
- (b) This column includes amounts deferred in stock units and held under the Stock Unit Accumulation Plan for Non-Employee Directors and amounts deferred in share equivalents in the Retainer Deferral Plan for Non-Employee Directors. This column also includes amounts deferred in share equivalents held under AEP's Supplemental Retirement Savings Plan, AEP's Incentive Compensation Deferral Plan and the following numbers of AEP Career Shares: Mr. Akins, 125,645; Ms. Sloat 11,908; Ms. Barton 28,398; Mr. Feinberg, 37,459; Mr. Zebula 34,143; and all directors and executive officers as a group, 311,923. This column excludes RSUs that will not vest within 60 days.
- (c) As of February 18, 2021, the directors and executive officers as a group beneficially owned less than one percent of the outstanding shares of the Company's common stock.



## Share Ownership of Certain Beneficial Owners

Set forth below are the only persons or groups known to AEP as of February 22, 2022, with beneficial ownership of more than five percent of AEP common stock.

Name and Address of Beneficial Owner	AEP Shares	
	Amount of Beneficial Ownership	Percent of Class
The Vanguard Group 100 Vanguard Boulevard Malvern, PA 19355	43,072,334 (a)	8.55 %
BlackRock, Inc. 55 East 52nd Street New York, NY 10055	42,180,106 (b)	8.40 %
State Street Corporation 1 Lincoln Street Boston, MA 02111	25,549,235 (c)	5.07 %

- (a) Based on the latest Schedule 13G/A filed with the SEC, The Vanguard Group reported that it had shared power to vote 981,702 shares, sole dispositive power for 40,855,304 shares and shared dispositive power for 2,217,030 shares.
- (b) Based on the latest Schedule 13G/A filed with the SEC.
- (c) Based on the latest Schedule 13G/A filed with the SEC, State Street Corporation reported that it had shared power to vote 23,267,722 shares and shared dispositive power for 25,520,932 shares.

## Shareholder Proposals and Nominations

You may submit proposals for consideration at future stockholder meetings. For a shareholder proposal to be considered for inclusion in our proxy statement for the annual meeting next year, the Corporate Secretary must receive the written proposal at our principal executive offices no later than November 16, 2022. Such proposals also must comply with SEC regulations under Rule 14a-8 regarding the inclusion of stockholder proposals in company-sponsored proxy materials. Proposals should be addressed to:

Corporate Secretary  
American Electric Power Company, Inc.  
1 Riverside Plaza  
Columbus, Ohio 43215

For a stockholder proposal that is not intended to be included in our proxy statement for next year's annual meeting under Rule 14a-8, the stockholder must provide the information required by our Bylaws and give timely notice to the Corporate Secretary in accordance with our Bylaws, which, in general, require that the notice be received by the Corporate Secretary:

- not earlier than December 27, 2022; and
- not later than the close of business on January 26, 2023.

If the date of the stockholder meeting is moved more than 30 days before or 70 days after the anniversary of our annual meeting for the prior year, then notice of a stockholder proposal that is not intended to be included in our proxy statement under Rule 14a-8 must be received no earlier than the close of business 120 days prior to the meeting and not later than the close of business on the later of the following two dates:

- 90 days prior to the meeting; and
- 10 days after public announcement of the meeting date.



Deadlines for the nomination of director candidates are summarized below. This summary is qualified in its entirety by our Bylaws, which govern the nomination process.

Our Bylaws permit stockholders to nominate directors for consideration at an annual meeting. To nominate a director for consideration at an annual meeting, a nominating stockholder must provide the information required by our Bylaws and give timely notice of the nomination to the Corporate Secretary in accordance with our Bylaws, and each nominee must meet the qualifications required by our Bylaws. To nominate a director for consideration at next year's annual meeting, in general the notice must be received by the Corporate Secretary on or after December 27, 2022 and before the close of business on January 26, 2023, unless the annual meeting is moved by more than 30 days before or 70 days after the anniversary of the prior year's annual meeting, in which case the deadline will be as set forth above.

In addition, our Bylaws provide that, under certain circumstances, a stockholder or group of stockholders may include in our annual meeting proxy statement director candidates that they have nominated. These proxy access provisions of our Bylaws provide, among other things, that a stockholder or group of up to twenty stockholders seeking to include director candidates in our annual meeting proxy statement must own 3% or more of our outstanding common stock continuously for at least the previous three years. The number of stockholder-nominated candidates appearing in any annual meeting proxy statement cannot exceed the greater of (x) two or (y) 20% of the number of directors then serving on the Board. If 20% is not a whole number, the maximum number of stockholder-nominated candidates would be the closest whole number below 20%. Based on the current Board size of 12 directors, the maximum number of proxy access candidates that we would be required to include in our proxy materials for an annual meeting is two. Nominees submitted under the proxy access procedures that are later withdrawn or are included in the proxy materials as Board-nominated candidates will be counted in determining whether the 20% maximum has been reached. If the number of stockholder-nominated candidates exceeds 20%, each nominating stockholder or group of stockholders may select one nominee for inclusion in our proxy materials until the maximum number is reached. The order of selection would be determined by the amount (largest to smallest) of shares of our common stock held by each nominating stockholder or group of stockholders. The nominating stockholder or group of stockholders also must deliver the information required by our Bylaws, and each nominee must meet the qualifications required by our Bylaws. Requests to include stockholder-nominated candidates in our proxy materials for next year's annual meeting must be received by the Corporate Secretary:

- not earlier than the close of business on October 17, 2022; and
- not later than the close of business on November 16, 2022.

If the date of the stockholder meeting is moved more than 30 days before or 70 days after the anniversary of our annual meeting for the prior year, then notice of a stockholder proposal that is not intended to be included in our proxy statement under Rule 14a-8 must be received no later than the close of business on the later of the following two dates:

- 120 days prior to the meeting; and
- 10 days after public announcement of the meeting date.

In addition to satisfying the foregoing requirements under our Amended and Restated Bylaws, to comply with the universal proxy rules (once effective), stockholders who intend to solicit proxies in support of director nominees other than the Company's nominees must provide notice that sets forth the information required by Rule 14a-19 under the Exchange Act no later than February 25, 2023.



## **Solicitation Expenses**

These proxies are being solicited by our Board of Directors. The costs of this proxy solicitation will be paid by AEP. Proxies will be solicited principally by mail and the Internet, but some telephone or personal solicitations of holders of AEP common stock may be made. Any officers or employees of the AEP System who make or assist in such solicitations will receive no additional compensation for doing so. AEP will request brokers, banks and other custodians or fiduciaries holding shares in their names or in the names of nominees to forward copies of the proxy-soliciting materials to the beneficial owners of the shares held by them, and AEP will reimburse them for their expenses incurred in doing so at rates prescribed by the NASDAQ Stock Market LLC. We have engaged Morrow Sodali, 470 West Ave., Stamford, Connecticut 06902, to assist us with the solicitation of proxies for an estimated fee of \$10,250, plus reasonable out-of-pocket expenses.



## Exhibit A

### Reconciliation of GAAP and Non-GAAP Financial Measures

The Company reports its financial results in accordance with generally accepted accounting principles (GAAP). However, AEP's management believes that the Company's operating earnings provide users with additional meaningful financial information about the Company's performance. Management also uses this non-GAAP financial measure when communicating with stock analysts and investors regarding its earnings outlook and results. This non-GAAP measure is also used for purposes of determining performance-based compensation. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP.

For additional details regarding the reconciliation of GAAP and non-GAAP financial measures below, see the Company's Current Report on Form 8-K filed with the SEC on February 24, 2022.

	EPS	
<b>GAAP Reported Earnings</b>	<b>\$</b>	<b>4.97</b>
Special Items		
Mark-to-Market Impact of Commodity Hedging Activities		(0.14)
State Tax Law Changes		0.05
Accumulated Deferred Income Tax Adjustments		(0.11)
Gain on Sale of Certain Merchant Generating Assets		(0.06)
Dolet Hills Power Station Regulatory Disallowance		0.02
Transaction Costs - Sale of Kentucky Operations		0.01
<b>Operating Earnings (non-GAAP)</b>	<b>\$</b>	<b>4.74</b>



## **Exhibit B**

Section 4.1. The aggregate number of shares of all classes of stock that the corporation shall have authority to issue is Six Hundred Fifty Million (650,000,000) shares, which shall be divided into two classes as follows:

Six Hundred Million (600,000,000) shares of shares of Common Stock, par value of \$6.50 per share (“Common Stock”); and

Fifty Million (50,000,000) shares of Preferred Stock, par value of \$0.01 per share (“Preferred Stock”). Preferred Stock may be issued from time to time by the Corporation for such consideration as may be fixed by the Board of Directors of the Corporation (the “Board of Directors”). The Board of Directors is expressly authorized, by resolution or resolutions, to provide, out of the unissued shares of Preferred Stock, for one or more series of Preferred Stock and, with respect to each such series, to fix, without further shareholder approval, the designation of such series, the powers (including voting powers), preferences and relative, participating, optional and other special rights, and the qualifications, limitations or restrictions thereof, of such series of Preferred Stock and the number of shares of such series, which number the Board of Directors may, except where otherwise provided in the designation of such series, increase (but not above the total number of authorized shares of Preferred Stock) or decrease (but not below the number of shares of such series then outstanding) and as may be permitted by the New York Business Corporation Law. The powers, preferences and relative, participating, optional and other special rights of, and the qualifications, limitations or restrictions thereof, of each series of Preferred Stock, if any, may differ from those of any and all other series at any time outstanding. Except as otherwise required by law, holders of any series of Preferred Stock shall be entitled to only such voting rights, if any, as shall be expressly granted thereto by this Amended and Restated Certificate of Incorporation (including any certificate of amendment relating to such series of Preferred Stock).

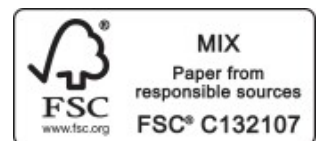
Section 4.2 of the Amended and Restated Certificate of Incorporation should be amended by adding the following to the end of Section 4.2:

Except as otherwise required by law, holders of Common Stock shall not be entitled to vote on any amendment to this Amended and Restated Certificate of Incorporation (including any certificate of amendment relating to any series of Preferred Stock) that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Amended and Restated Certificate of Incorporation (including any certificate of amendment relating to any series of preferred Stock) or pursuant to the New York Business Corporation Law.





1 Riverside Plaza  
Columbus, OH 43215-2378







BOUNDLESS ENERGY<sup>SM</sup>

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ENDORSEMENT LINE SACKPACK



MR A SAMPLE DESIGNATION (IF ANY)

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ADD 2

ADD 3

ADD 4

ADD 5

ADD 6

**ADD-0**

Using a **black ink** pen, mark your votes with an **X** as shown in this example.  
Please do not write outside the designated areas.



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## 2022 Annual Meeting Proxy Card

1234 5678 9012 345

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**A Proposals – The Board of Directors recommend a vote FOR all the nominees listed and FOR Proposals 2, 3 and 4.**

### 1. Election of Directors:

	For	Against	Abstain		For	Against	Abstain		For	Against	Abstain
01 - Nicholas K. Akins	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	02 - David J. Anderson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	03 - J. Bernie Beasley, Jr.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
04 - Benjamin G.S. Fowke III	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	05 - Art A. Garcia	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	06 - Linda A. Goodspeed	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
07 - Sandra Beach Lin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	08 - Margaret M. McCarthy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	09 - Oliver G. Richard III	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10 - Daryl Roberts	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11 - Sara Martinez Tucker	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12 - Lewis Von Thær	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	For	Against	Abstain		For	Against	Abstain
2. Ratification of the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the fiscal year ending December 31, 2022.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	3. Amendment to the Company's Restated Certificate of Incorporation to authorize preferred stock.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Advisory approval of the Company's executive compensation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

**B Authorized Signatures** – This section must be completed for your vote to count. Please date and sign below.

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) – Please print date below.

Signature 1 – Please keep signature within the box.

Signature 2 – Please keep signature within the box.

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2022 Annual Meeting of American Electric Power Company, Inc. Shareholders

Tuesday, April 26, 2022 at 9:00 a.m. Eastern Time  
Live Webcast at <https://meetnow.global/AEP2022>

To access and/or vote at the virtual meeting, you must have the 15-digit number that is printed in the shaded bar located on the reverse side of this form.

You may also call into the meeting by using the toll-free number to listen to the meeting live:  
855-493-3493, Passcode 6446768. Shareholder are asked to call in 10 to 15 minutes before the schedule start time.

AGENDA

- Introduction and Welcome
- Election of Directors
- Ratification of Auditors
- Amendment to the Restated Certificate of Incorporation
- Advisory approval of the Company's executive compensation
- Chief Executive Officer's Report
- Comments and Questions from Shareholders



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Proxy – American Electric Power Company, Inc.

Notice of 2022 Annual Meeting of Shareholders  
Proxy Solicited by Board of Directors for Annual Meeting – April 26, 2022

The shareholder signing on the reverse of this proxy card appoints Nicholas K. Akins and Julia A. Sloat, and each of them, acting by a majority if more than one be present, attorneys and proxies to the undersigned, with power of substitution, to represent the undersigned at the annual meeting of shareholders of American Electric Power Company, Inc. to be held on April 26, 2022, and at any adjournment thereof, and to vote all shares of Common Stock of the Company which the undersigned is entitled to vote on all matters coming before said meeting. If no direction is given, such shares will be voted in accordance with the recommendations of the Board of Directors and at the discretion of the proxy holders as to any other matters coming before the meeting.

**Trustee's Authorization.** The undersigned authorizes The Bank of New York Mellon to vote all shares of Common Stock of the Company credited to the undersigned's account under the American Electric Power System retirement savings plan at the annual meeting in accordance with instructions on the reverse side.

**Shares represented by this proxy will be voted by the stockholder. If no such directions are indicated, the Proxies will have authority to vote FOR the election of the Board of Directors and FOR items 2, 3 and 4.**

**In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting.**

(Items to be voted appear on reverse side)

**C Non-Voting Items**

**Change of Address** – Please print new address below.

**Comments** – Please print your comments below.

