This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Although AEP and each of its Registrant Subsidiaries believe that their expectations are based on reasonable assumptions, any such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Among the factors that could cause actual results to differ materially from those in the forward-looking statements are: changes in economic conditions, electric market demand and demographic patterns in AEP service territories, inflationary or deflationary interest rate trends, volatility in the financial markets, particularly developments affecting the availability or cost of capital to finance new capital projects and refinance existing debt, the availability and cost of funds to finance working capital and capital needs, particularly during periods when the time lag between incurring costs and recovery is long and the costs are material, decreased demand for electricity, weather conditions, including storms and drought conditions, and the ability to recover significant storm restoration costs, the cost of fuel and its transportation, the creditworthiness and performance of fuel suppliers and transporters and the cost of storing and disposing of used fuel, including coal ash and spent nuclear fuel, the availability of fuel and necessary generation capacity and performance of generation plants, the ability to recover fuel and other energy costs through regulated or competitive electric rates, the ability to build or acquire renewable generation, transmission lines and facilities (including the ability to obtain any necessary regulatory approvals and permits) when needed at acceptable prices and terms and to recover those costs, new legislation, litigation and government regulation, including oversight of nuclear generation, energy commodity trading and new or heightened requirements for reduced emissions of sulfur, nitrogen, mercury, carbon, soot or particulate matter and other substances that could impact the continued operation, cost recovery and/or profitability of generation plants and related assets, evolving public perception of the risks associated with fuels used before, during and after the generation of electricity, including coal ash and nuclear fuel, timing and resolution of pending and future rate cases, negotiations and other regulatory decisions, including rate or other recovery of new investments in generation, distribution and transmission service and environmental compliance, resolution of litigation, the ability to constrain operation and maintenance costs, prices and demand for power generated and sold at wholesale, changes in technology, particularly with respect to energy storage and new, developing, alternative or distributed sources of generation, the ability to recover through rates any remaining unrecovered investment in generation units that may be retired before the end of their previously projected useful lives, volatility and changes in markets for coal and other energy-related commodities, particularly changes in the price of natural gas, changes in utility regulation and the allocation of costs within regional transmission organizations, including ERCOT, PJM and SPP, changes in the creditworthiness of the counterparties with contractual arrangements, including participants in the energy trading market, actions of rating agencies, including changes in the ratings of debt, the impact of volatility in the capital markets on the value of the investments held by the pension, other postretirement benefit plans, captive insurance entity and nuclear decommissioning trust and the impact of such volatility on future funding requirements, accounting standards periodically issued by accounting standard-setting bodies, and other risks and unforeseen events, including wars, the effects of terrorism (including increased security costs), embargoes, naturally occurring and human-caused fires, cyber security threats and other catastrophic events, the ability to attract and retain requisite work force and key personnel.

INVESTOR RELATIONS

Darcy Reese
Managing Director
Investor Relations
614-716-2614
dlreese@aep.com

Tom Scott
Director
Investor Relations
614-716-2686
twscott@aep.com
The Premier Regulated Energy Company

220,000
Miles of Distribution

40,000
Miles of Transmission

5.4M
Customers in 11 States

26GW
Owned Generation

18,000
Employees

114 Years
Leading the Way Forward

$42B
Rate Base

$47B
Current Market Capitalization

$74B
Total Assets

Statistics as of September 30, 2019 except for market capitalization as of December 31, 2019 and rate base as of December 31, 2018
AEP Leading the Way Forward

Confidence in Steady and Predictable Earnings Growth Rate of 5%-7%

Commitment to Growing Dividend Consistent with Earnings

Well Positioned as a Sustainable Regulated Business

Compelling Portfolio of Premium Investment Opportunities
Strategic Vision and Priorities

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

We are focused on executing our strategy while concurrently improving our operations and keeping rates affordable.
Strong Profile for Investors

Incentive Comp Tied to High End of EPS

Investment Pipeline

Steady Growth

TOTAL SHAREHOLDER RETURN

~3%
DIVIDEND YIELD
5%-7% CAGR

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

Consistent Dividends

Strong Balance Sheet

Low Risk, Regulated Assets
Proven Track Record of Performance

Favorable Total Shareholder Return\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>AEP</th>
<th>S&amp;P 500 Electric Utilities Index</th>
<th>S&amp;P 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Year</td>
<td>36.6%</td>
<td>26.7%</td>
<td>4.3%</td>
</tr>
<tr>
<td>3 Year</td>
<td>51.9%</td>
<td>44.2%</td>
<td>45.8%</td>
</tr>
<tr>
<td>5 Year</td>
<td>114.3%</td>
<td>81.1%</td>
<td>67.2%</td>
</tr>
</tbody>
</table>

Data as of September 30, 2019

Decade of Meeting or Exceeding Original Guidance

- 2010
- 2011
- 2012
- 2013
- 2014
- 2015
- 2016
- 2017
- 2018
- 2019\(^2\)

\(^1\) Data as of September 30, 2019

\(^2\) Expected Operating EPS

Key

- **Actual Result**
- **Low-End**
- **Midpoint**
- **High-End**
Strong Dividend Growth

- Targeted payout ratio 60-70% of operating earnings
- Over 109 years of consecutive quarterly dividends
- Targeted dividend growth in line with earnings

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

* Subject to Board approval
POSITIONING FOR THE FUTURE

CAPITAL INVESTMENT OPPORTUNITIES
## Robust Organic Capital Opportunities

<table>
<thead>
<tr>
<th>Category</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transmission</td>
<td>Grid modernization, aging infrastructure, physical/cyber security, reliability, market efficiency and economic development projects</td>
</tr>
<tr>
<td>Distribution</td>
<td>Grid modernization, reliability improvement projects and distribution station refurbishment</td>
</tr>
<tr>
<td>Renewables</td>
<td>Regulated renewables supported by integrated resource plans and contracted renewables</td>
</tr>
<tr>
<td>Technology</td>
<td>Digitization, automation, cyber security, enterprise-wide applications</td>
</tr>
</tbody>
</table>
2020 - 2024 Capital Forecast of $33B and Net Plant

2020-2024 Capital Forecast

- AEP Transmission Holdco: $7.8B, 24%
- Transmission: $7.6B, 23%
- Distribution: $10.3B, 31%
- Regulated Environmental Generation: $0.9B, 3%
- Regulated Fossil/Hydro Generation: $0.8B, 3%
- Nuclear Generation: $0.4B, 1%
- IT/Workplace Services: $2.5B, 8%
- Regulated New Generation: $0.3B, 1%
- Regulated Renewables: $0.2B, 0%
- Contracted Renewables: $2.1B, 6%

78% allocated to wires

100% of capital allocated to regulated businesses and contracted renewables

Focus on wires and renewables

Historical Net Plant Profiles

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

- 2019:
  - Distribution: 25%, $13.6B
  - Transmission: 42%, $22.6B
  - Generation: 33%, $17.8B
  - Total: $54B

Does not include North Central Wind
## 2020 - 2024 Capital Forecast by Subsidiary

<table>
<thead>
<tr>
<th>$ in millions (excluding AFUDC)</th>
<th>2020E</th>
<th>2021E</th>
<th>2022E</th>
<th>2023E</th>
<th>2024E</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appalachian Power Company</td>
<td>$762</td>
<td>$738</td>
<td>$1,024</td>
<td>$1,027</td>
<td>$950</td>
<td>$4,501</td>
</tr>
<tr>
<td>Wheeling Power Company</td>
<td>$21</td>
<td>$37</td>
<td>$57</td>
<td>$45</td>
<td>$39</td>
<td>$199</td>
</tr>
<tr>
<td>Kingsport Power Company</td>
<td>$15</td>
<td>$21</td>
<td>$19</td>
<td>$25</td>
<td>$19</td>
<td>$99</td>
</tr>
<tr>
<td>Indiana Michigan Power Company</td>
<td>$625</td>
<td>$568</td>
<td>$525</td>
<td>$525</td>
<td>$680</td>
<td>$2,924</td>
</tr>
<tr>
<td>Kentucky Power Company</td>
<td>$200</td>
<td>$184</td>
<td>$170</td>
<td>$170</td>
<td>$161</td>
<td>$886</td>
</tr>
<tr>
<td>AEP Ohio</td>
<td>$688</td>
<td>$716</td>
<td>$714</td>
<td>$774</td>
<td>$1,017</td>
<td>$3,909</td>
</tr>
<tr>
<td>Public Service Company of Oklahoma</td>
<td>$311</td>
<td>$326</td>
<td>$506</td>
<td>$432</td>
<td>$391</td>
<td>$1,965</td>
</tr>
<tr>
<td>Southwestern Electric Power Company</td>
<td>$375</td>
<td>$437</td>
<td>$442</td>
<td>$517</td>
<td>$592</td>
<td>$2,363</td>
</tr>
<tr>
<td>AEP Texas Company</td>
<td>$1,169</td>
<td>$1,121</td>
<td>$1,092</td>
<td>$1,092</td>
<td>$1,529</td>
<td>$6,003</td>
</tr>
<tr>
<td>AEP Generating Company</td>
<td>$42</td>
<td>$23</td>
<td>$21</td>
<td>$22</td>
<td>$16</td>
<td>$124</td>
</tr>
<tr>
<td>AEP Transmission Holdco</td>
<td>$1,505</td>
<td>$1,547</td>
<td>$1,441</td>
<td>$1,378</td>
<td>$1,938</td>
<td>$7,809</td>
</tr>
<tr>
<td>Generation and Marketing</td>
<td>$612</td>
<td>$497</td>
<td>$339</td>
<td>$339</td>
<td>$346</td>
<td>$2,133</td>
</tr>
<tr>
<td>Other</td>
<td>$12</td>
<td>$8</td>
<td>$8</td>
<td>$6</td>
<td>$3</td>
<td>$36</td>
</tr>
<tr>
<td><strong>Total Capital and Equity Contributions</strong></td>
<td>$6,339</td>
<td>$6,223</td>
<td>$6,357</td>
<td>$6,353</td>
<td>$7,681</td>
<td>$32,952</td>
</tr>
</tbody>
</table>

Capital plans are continuously optimized which may result in redeployment between functions and companies. Table may not foot due to rounding. Data does not include North Central Wind.
# Cash Flows and Financial Metrics

## $ in millions

<table>
<thead>
<tr>
<th></th>
<th>2019E</th>
<th>2020E</th>
<th>2021E</th>
<th>2022E</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash from Operations</strong></td>
<td>$4,500</td>
<td>$4,900</td>
<td>$4,900</td>
<td>$5,400</td>
</tr>
<tr>
<td><strong>Capital &amp; JV Equity Contributions</strong></td>
<td>(7,800)</td>
<td>(6,300)</td>
<td>(6,200)</td>
<td>(6,400)</td>
</tr>
<tr>
<td><strong>Other Investing Activities</strong></td>
<td>(100)</td>
<td>(500)</td>
<td>(200)</td>
<td>(200)</td>
</tr>
<tr>
<td><strong>Common Dividends</strong></td>
<td>(1,300)</td>
<td>(1,400)</td>
<td>(1,400)</td>
<td>(1,400)</td>
</tr>
<tr>
<td><strong>Excess (Required) Capital</strong></td>
<td>$4,700</td>
<td>$3,300</td>
<td>$2,900</td>
<td>$2,600</td>
</tr>
</tbody>
</table>

## Financing

<table>
<thead>
<tr>
<th></th>
<th>2019E</th>
<th>2020E</th>
<th>2021E</th>
<th>2022E</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Excess (Required) Capital</strong></td>
<td>$4,700</td>
<td>$3,300</td>
<td>$2,900</td>
<td>$2,600</td>
</tr>
<tr>
<td><strong>Debt Maturities (Senior Notes, PCRBs)</strong></td>
<td>(1,200)</td>
<td>(1,000)</td>
<td>(1,900)</td>
<td>(2,700)</td>
</tr>
<tr>
<td><strong>Securitization Amortizations</strong></td>
<td>(300)</td>
<td>(200)</td>
<td>(100)</td>
<td>(100)</td>
</tr>
<tr>
<td><strong>Equity Units</strong></td>
<td>805</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Equity Units Conversion</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>805</td>
</tr>
<tr>
<td><strong>Equity Issuances - Includes DRP</strong></td>
<td>100</td>
<td>100</td>
<td>100</td>
<td>600</td>
</tr>
<tr>
<td><strong>Debt Capital Market Needs (New)</strong></td>
<td>$5,295</td>
<td>$4,400</td>
<td>$4,800</td>
<td>$3,995</td>
</tr>
</tbody>
</table>

## Financial Metrics

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

---

1. Includes Sempra/Santa Rita acquisitions in 2019. Excludes AFUDC and removal costs included in Total Spending Limit. (2019 Total Spending Limit = $8.1B)

2. Common dividends increase to $0.70 per share Q4 2019 for total dividends of $2.71/share; $2.80/share 2019-2022. Dividends evaluated by Board of Directors each quarter; stated target payout ratio range is 60%-70% of operating earnings. Targeted dividend growth in line with earnings.
7.9% CAGR in Rate Base Growth

Cumulative Change from 2018 Base

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

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

AEP STRATEGIC VISION: INVEST IN TRANSMISSION NETWORK

- Diverse five-year capital investment portfolio of over $15 billion across AEP’s broad footprint
- Delivering significant customer benefits:
  - Higher reliability
  - Lower energy costs
  - Economic development
  - Public policy goals
- Disciplined execution:
  - Low cost, high value solutions
  - High speed delivery
  - Technological innovation

STABLE COST RECOVERY FRAMEWORK

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

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

American Electric Power Company, Inc. (AEP)

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

AEP Transmission Company, LLC ("AEP Transco")

AEP Indiana Michigan Transmission Co., Inc. $2,415M Net Plant

AEP Appalachian Transmission Co., Inc. $87M Net Plant

AEP Kentucky Transmission Co., Inc. $130M Net Plant

AEP Oklahoma Transmission Co., Inc. $1,061M Net Plant

AEP Ohio Transmission Co., Inc. $3,766M Net Plant

AEP West Virginia Transmission Co., Inc. $1,440M Net Plant

Pioneer Transmission, LLC

Electric Transmission America, LLC

$188M Net Plant

$141M Net Plant

Joint Venture

Transource Energy, LLC

Transource Missouri, LLC

Transource West Virginia, LLC

Transource Maryland, LLC

Transource Pennsylvania, LLC

$418M Net Plant

Electric Transmission Texas, LLC

Grid Assurance

$3,003M Net Plant

Joint Venture

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

Net plant totals are as of September 30, 2019, except Pioneer and Prairie Wind, which are as of August 31, 2019

1 Debt issued at AEP Transco level for transmission companies

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

2020-2024 INVESTMENT BY RTO ($ MILLIONS)$

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

2020-2024 TRANSMISSION INVESTMENT BY CATEGORY ($ MILLIONS)$

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

INVESTMENT CATEGORIES

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

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

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

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

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

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

<table>
<thead>
<tr>
<th></th>
<th>PJM</th>
<th>SPP</th>
<th>ERCOT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ROE</strong></td>
<td>10.35% (Includes RTO adder)</td>
<td>10.5% (Includes RTO adder)</td>
<td>9.6% - 9.96%</td>
</tr>
<tr>
<td><strong>Forward Looking Rates</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>Allowed two updates per year</td>
</tr>
<tr>
<td><strong>Equity Structure</strong></td>
<td>Capped at 55%</td>
<td>No Cap</td>
<td>Capped at 40%</td>
</tr>
<tr>
<td><strong>Rate Effective</strong></td>
<td>January 1, 2018</td>
<td>June 5, 2017</td>
<td>May 29, 2007 and April 4, 2008</td>
</tr>
<tr>
<td><strong>Final Regulatory Approval</strong></td>
<td>May, 2019</td>
<td>June, 2019</td>
<td>N/A&lt;sup&gt;1&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

**Notes:**
- <sup>1</sup> Pending current rate case

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

### FERC Base ROE and Transmission Incentives Notices of Inquiry

- **Base ROE** – AEP generally supports FERC’s proposed new base ROE methodology which provides more certainty and stability for future base ROE proceedings
- **Transmission Incentives** – AEP supports continuation of the current incentives, particularly the RTO-participation incentive, reflective of the tremendous customer benefits RTO participation provides and additional incentives that provide grid modernization, security and resilience

---

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

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

**FERC Base ROE and Transmission Incentives Notices of Inquiry**
### Significant Need For Asset Replacement

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

#### T-Line Age Profile (Line Mile Age based on oldest conductor age)
- **Conductor Avg Age**: 47.8 years
- **Area of Focus**: Age > Life Expectancy of 70 years
  - ~30 years of low line investment

#### AEP Transmission Transformer Age Profile
- **Transformer Avg Age**: 34.1 years
- **Area of Focus**: Age > Life Expectancy of 60 years
  - ~20 years of low transformer investment

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

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

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

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

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

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

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

Partner with states to help spur economic development

---

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

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

$2.7 billion of annual on-system capital investment is required to maintain current age profile
New Legislative Initiatives

• **Ohio Bilateral Contracts Bill (HB6)**
  – Recovery of existing renewable contracts entered into to comply with existing legislation
  – Recovery of OVEC collected on a state-wide basis until 2030
  – Provides opportunity for AEP Ohio to enter into bilateral contracts with certain customers
  – Provides $20 million of clean air funds for approved solar projects

• **Ohio Smart Grid Bill (HB247)** – Would allow for inclusion of smart grid technologies in electric security plans and allows AEP Ohio to pursue behind the meter technologies

• **Ohio Broadband Deployment (HB13)** – Promotes broadband investment through establishment of residential broadband expansion program

• **Indiana TDSIC Bill** - Broadens definition of grid improvements included in energy delivery tracker

• **West Virginia Broadband (SB3)** – Promotes broadband investment

• **Virginia Broadband (HB2691)** – Establishes pilot program for broadband capacity to unserved areas

• **Oklahoma EV Bill** – Extends tax credits for EV infrastructure

• **Texas Generation Rider** – Recovery of new power generation facilities outside ERCOT

• **Texas AMI Bill** – Adds recovery of advanced meter deployment outside ERCOT
INVESTING IN REGULATED RENEWABLES
# Projected Resource Additions

## Solar Additions (MW)

<table>
<thead>
<tr>
<th>Operating Co:</th>
<th>2020-2022</th>
<th>2023-2027</th>
<th>2028-2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>APCo</td>
<td>15</td>
<td>300</td>
<td>750</td>
</tr>
<tr>
<td>I&amp;M</td>
<td>150</td>
<td>600</td>
<td>550</td>
</tr>
<tr>
<td>KPCo</td>
<td>20 &lt;sup&gt;1&lt;/sup&gt;</td>
<td>30</td>
<td>40</td>
</tr>
<tr>
<td>PSO</td>
<td>11</td>
<td>600</td>
<td>600</td>
</tr>
<tr>
<td>SWEPCO</td>
<td>-</td>
<td>-</td>
<td>300</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>196</strong></td>
<td><strong>1,530</strong></td>
<td><strong>2,240</strong></td>
</tr>
</tbody>
</table>

<sup>1</sup> Subject to regulatory filings currently underway

## Wind Additions (MW)

<table>
<thead>
<tr>
<th>Operating Co:</th>
<th>2020-2022</th>
<th>2023-2027</th>
<th>2028-2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>APCo</td>
<td>-</td>
<td>300</td>
<td>-</td>
</tr>
<tr>
<td>I&amp;M</td>
<td>300</td>
<td>150</td>
<td>300</td>
</tr>
<tr>
<td>KPCo</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>PSO</td>
<td>675 &lt;sup&gt;1&lt;/sup&gt;</td>
<td>400</td>
<td>200</td>
</tr>
<tr>
<td>SWEPCO</td>
<td>810 &lt;sup&gt;1&lt;/sup&gt;</td>
<td>600</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>1,785</strong></td>
<td><strong>1,450</strong></td>
<td><strong>500</strong></td>
</tr>
</tbody>
</table>

## Natural Gas Additions (MW)

<table>
<thead>
<tr>
<th>Operating Co:</th>
<th>2020-2022</th>
<th>2023-2027</th>
<th>2028-2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>I&amp;M</td>
<td>18</td>
<td>18</td>
<td>788</td>
</tr>
<tr>
<td>PSO</td>
<td>373 &lt;sup&gt;2&lt;/sup&gt;</td>
<td>410 &lt;sup&gt;2&lt;/sup&gt;</td>
<td>-</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>391</strong></td>
<td><strong>428</strong></td>
<td><strong>788</strong></td>
</tr>
</tbody>
</table>

<sup>2</sup> To replace expiring PPA

## Total Projected Resource Additions (MW)

<table>
<thead>
<tr>
<th>Resource</th>
<th>2020-2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solar</td>
<td>3,966</td>
</tr>
<tr>
<td>Wind</td>
<td>3,735</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>1,607</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>9,308</strong></td>
</tr>
</tbody>
</table>

Updated 12/31/2019
North Central Wind Overview

SWEPCO and PSO Regulated Wind Investment Opportunity

<table>
<thead>
<tr>
<th>Total Rate Base Investment</th>
<th>~$2 billion (1,485 MW)</th>
</tr>
</thead>
</table>

### North Central Wind

<table>
<thead>
<tr>
<th>Name</th>
<th>MW</th>
<th>Investment</th>
<th>In-Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sundance</td>
<td>199</td>
<td>$307M</td>
<td>EOY 2020 (100% PTC)</td>
</tr>
<tr>
<td>Traverse</td>
<td>999</td>
<td>$1,287M</td>
<td>EOY 2021 (80% PTC)</td>
</tr>
<tr>
<td>Maverick</td>
<td>287</td>
<td>$402M</td>
<td></td>
</tr>
</tbody>
</table>

### Net Capacity Factor

- 44.0%

### Customer Savings

- ~$3 billion (30-year nominal $)

### Developer

- Invenergy

### Turbine Supplier

- GE

- Regulated rate base wind investment opportunity with ability to meaningfully reduce customer rates
  - Acquiring facilities on a fixed cost, turn-key basis at completion
  - Contingent upon satisfactory regulatory approvals

- Investment not included in the Company’s current capital expenditure plan

- Acquisition can be scaled, subject to commercial limitations, to align with individual state resource needs and approvals
North Central Wind Key Highlights of Regulatory Filing

- Expiring federal Production Tax Credit (PTC) provides a limited time opportunity to take advantage for benefit of customers
- Wind investment produces net customer benefits across a wide range of production, power, and gas price sensitivities, including the full range of current U.S. Energy Information Administration (EIA) gas price scenarios and other publically available gas price forecasts.

Power and Gas Price Sensitivities

- The projects are designed to be scalable with regulatory approvals, subject to commercial limitations
  - Minimum of 810 MWs required to move forward
  - Included “step-up” options in regulatory applications to provide states the ability to take more MWs should another state or state(s) reject applications

Project Scalability

1. Capital Cost Cap Guarantee – Cost cap for 100% of aggregated filed capital cost of the wind facilities
2. Production Tax Credit Eligibility Guarantee – Facilities will be eligible for the federal PTC
3. Minimum Production Guarantee – Guarantees a minimum production level for first 10-years of operation
North Central Wind Procedural Schedules

<table>
<thead>
<tr>
<th>Jurisdiction (Docket #)</th>
<th>Intervenor Testimony</th>
<th>Staff Testimony</th>
<th>Rebuttal Testimony</th>
<th>Settlement Conference</th>
<th>Hearing</th>
</tr>
</thead>
<tbody>
<tr>
<td>PSO (PUD 2019-00048)¹</td>
<td>November 1, 2019</td>
<td>November 1, 2019</td>
<td>December 4, 2019</td>
<td>December 10, 2019</td>
<td>January 13, 2020 (Settlement Reached)</td>
</tr>
<tr>
<td>SWEPCO – LA (U-35324)</td>
<td>February 7, 2020</td>
<td>February 7, 2020</td>
<td>March 9, 2020</td>
<td>N/A</td>
<td>March 25, 2020</td>
</tr>
<tr>
<td>SWEPCO – TX (49737)²</td>
<td>January 14, 2020</td>
<td>January 22, 2020</td>
<td>February 12, 2020</td>
<td>N/A</td>
<td>February 24, 2020</td>
</tr>
</tbody>
</table>

¹ Oklahoma has a 240-day statutory timeline for issuing an order, making the requested approval date March 11, 2020

² Texas has a 365-day statutory timeline for issuing an order, making the requested approval date July 15, 2020 (366 days, 2020 is a leap year)
INVESTING IN COMPETITIVE BUSINESS
Competitive Businesses Strategy and Operations

$2.1B Capital Allocated 2020-2024

Retail Businesses

• Provides electricity, natural gas, and demand response to residential, commercial and industrial customers in six states
• Customers: 463,000
• Electricity: 21 TWh
• Gas: 13 Bcf

Commodity Businesses

• Transacts commodity hedges for the retail portfolio and engages in wholesale marketing and trading
• Majority of activity is in PJM with a smaller presence in ERCOT, MISO and SPP
• Active Customers: 81
• Utility Load Auctions: 8

Asset Businesses

• Build, own, operate and maintain customer solutions utilizing existing and emerging distributed technologies
• Asset Base: Over $280 million
• 54 projects in 16 states

Wholesale Businesses

• Develop and/or acquire large scale renewable projects that are backed with long-term contracts with credit-worthy counterparties
• Asset Base: Over $1.8 billion
• 13 projects in 11 states
Competitive Businesses Presence

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

As of September 30, 2019
## Development Pipeline

<table>
<thead>
<tr>
<th>Progress continues in our development portfolio across four geographically dispersed areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>In late October 2019, the 128 MW Flat Ridge 3 wind project in Kansas was announced to be placed in service in 2020 using all of our PTC Safe Harbor equipment (qualifying the plant for 100% PTCs) and has an offtake agreement with an investment grade utility</td>
</tr>
<tr>
<td>The other mid- to late-stage opportunities in our development portfolio possess solid project and market fundamentals, and continue to attract strong interest from utilities, municipalities, cooperatives and corporates</td>
</tr>
</tbody>
</table>

## Repower Initiative

<table>
<thead>
<tr>
<th>Fowler Ridge 2, Cedar Creek 2, Flat Ridge 2 and Mehoopany are all ending their PTC lives by year end 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>All 4 wind farms are being evaluated as potential repower candidates</td>
</tr>
<tr>
<td>If the repowers were to take place, it would most likely be at 80% or 60% PTC level</td>
</tr>
</tbody>
</table>
FINANCIAL INFORMATION
Return on Equity
Twelve Months Ended 9/30/2019 Earned ROE’s (non-GAAP operating earnings, not weather normalized)

2020 Forecasted Regulated ROE is 9.1%

1 Adjusted to reflect ROE after roll-off of legacy items | 2 Current base rate cases

Sphere size based on each company’s relative equity balance
### 2020 Operating Earnings Guidance

**Range of $4.25 - $4.45/share**

<table>
<thead>
<tr>
<th>Component</th>
<th>2019E</th>
<th>2020E</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vertically Integrated Utilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transmission &amp; Distribution Utilities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>AEP Transmission Holdco</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Generation and Marketing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate and Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2020E Target</strong></td>
<td>$4.35</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **2020E Guidance:**
  - $2.19
  - $1.03
  - $1.08
  - $0.35
  - ($0.30)

**Note:** Will maintain midpoint of 2020 range. Waterfall components may change based on actual 2019 results.
## Current Rate Case Activity

### AEP Texas

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Docket #:</td>
<td>49494</td>
</tr>
<tr>
<td>Filing Date:</td>
<td>05/01/2019</td>
</tr>
<tr>
<td>Requested Rate Base:</td>
<td>$5.0B</td>
</tr>
<tr>
<td>Requested ROE:</td>
<td>10.5%</td>
</tr>
<tr>
<td>Cap Structure:</td>
<td>55%D / 45%E</td>
</tr>
<tr>
<td>Revenue Increase:</td>
<td>$35M</td>
</tr>
<tr>
<td>Test Year:</td>
<td>12/31/2018</td>
</tr>
<tr>
<td>Procedural Schedule:</td>
<td>First quarter 2020 (Awaiting Order)</td>
</tr>
</tbody>
</table>

### I&M – Indiana

<table>
<thead>
<tr>
<th>Field</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Docket #:</td>
<td>45235</td>
</tr>
<tr>
<td>Filing Date:</td>
<td>05/14/2019</td>
</tr>
<tr>
<td>Requested Rate Base:</td>
<td>$4.9B</td>
</tr>
<tr>
<td>Requested ROE:</td>
<td>10.5%</td>
</tr>
<tr>
<td>Cap Structure:</td>
<td>53.2%D / 46.8%E</td>
</tr>
<tr>
<td>Gross Revenue Increase:</td>
<td>$172M</td>
</tr>
<tr>
<td>(Less $78M D&amp;A)</td>
<td></td>
</tr>
<tr>
<td>Net Revenue Increase:</td>
<td>$94M</td>
</tr>
<tr>
<td>Test Year:</td>
<td>2020 Forecasted</td>
</tr>
<tr>
<td>Procedural Schedule:</td>
<td>March 2020</td>
</tr>
<tr>
<td>Expected Effective Date:</td>
<td></td>
</tr>
<tr>
<td>(Awaiting Order)</td>
<td></td>
</tr>
</tbody>
</table>
### Current Rate Case Activity

#### I&M – Michigan

- **Docket #:** U-20359
- **Filing Date:** 06/24/2019
- **Requested Rate Base:** $1.2B
- **Requested ROE:** 10.5%
- **Cap Structure:** 53.6%D / 46.4%E
- **Gross Revenue Increase:** $58M (Less $6M D&A)
- **Net Revenue Increase:** $52M
- **Test Year:** 2020 Forecasted

**Settlement Summary**
- **Unanimous Settlement Filed:** 01/08/2020
- **Effective Date:** February 2020
- **ROE:** 9.86%
- **Cap Structure:** 53.44%D / 46.56%E
- **Gross Revenue Increase:** $36M (Less $6M D&A)
- **Net Revenue Increase:** $30M

#### SWEPCO – Arkansas

- **Docket #:** 19-008-U
- **Filing Date:** 02/28/2019
- **Requested Rate Base:** $1.2B
- **Requested ROE:** 10.5%
- **Cap Structure:** 49.5% D / 50.5% E
- **Gross Revenue Increase:** $46M (Less $12M D&A)
- **Net Revenue Increase:** $34M
- **Test Year:** 12/31/2018

**Settlement Summary**
- **Unanimous Settlement Filed:** 10/15/2019
- **Commission Order:** 12/27/2019
- **Effective Date:** First Billing Cycle in January
- **ROE:** 9.45%
- **Cap Structure:** 52.1% D / 47.9% E
- **Gross Revenue Increase:** $24M (Less $6M D&A)
- **Net Revenue Increase:** $18M

---

1 Does not include $29M of current riders moving to base rates
O&M targets focus on bending the O&M curve down to create rate headroom.

O&M actual spend represents adjusting spend throughout the year as needed (e.g., 2017 and 2018 reflect the cost and benefit of weather that created opportunities to pull-back or shift/spend incremental where appropriate).
O&M Optimization – Achieving Excellence Program

Achieving Excellence: A new disciplined O&M optimization process to improve our business

**KEY FEATURES**

- Program will be an ongoing part of our enhanced target setting process
- Catalyst team includes employees with strong analytic, teamwork and project management skills
- Group leaders include heads of business units who will partner with and evaluate ideas from catalyst team
- Steering Committee reviews recommendations and makes implementation decisions

**PROCESS OVERVIEW**

Employee Driven; Employee Owned

- All Employees Provide and Implement Ideas
- Business Group Leaders Challenge Partner Analysis
- Catalyst Team from Different Group
- Recommendations
- Steering Committee Make Decisions

**IMPLEMENTATION**
## Bending the O&M Curve (Initiatives)

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

Note: 2019 includes 9 months weather normalized actual results plus 3 months forecasted values. The 2019 and 2020 comparison may change based on actual 2019 results. Historical data adjusted to reflect the reclass of industrial and commercial industry codes for certain customers; no revenue or earnings impact.
Capitalization and Liquidity

### Total Debt / Total Capitalization

- 2014: 54.3%
- 2015: 53.2%
- 2016: 55.9%
- 2017: 55.5%
- 2018: 57.0%
- Q1-19: 57.8%
- Q2-19: 58.8%
- Q3-19: 58.7%

### Credit Statistics

<table>
<thead>
<tr>
<th>Metric</th>
<th>Actual</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>FFO to Total Debt</td>
<td>15.2%</td>
<td>Mid Teens</td>
</tr>
</tbody>
</table>

*Represents the trailing 12 months as of 9/30/2019*

### Liquidity Summary

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

<table>
<thead>
<tr>
<th>(unaudited)</th>
<th>9/30/2019 Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ in millions</td>
<td>Amount</td>
</tr>
<tr>
<td>Revolving Credit Facility</td>
<td>$4,000</td>
</tr>
<tr>
<td>Plus</td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td>349</td>
</tr>
<tr>
<td>Less</td>
<td></td>
</tr>
<tr>
<td>Commercial Paper Outstanding</td>
<td>(1,760)</td>
</tr>
<tr>
<td>Letters of Credit Issued</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Available Liquidity</strong></td>
<td>$2,589</td>
</tr>
</tbody>
</table>

### Qualified Pension Funding

- 2014: 97%
- 2015: 97%
- 2016: 96%
- 2017: 101%
- 2018: 99%
- Q1-19: 98%
- Q2-19: 96%
- Q3-19: 94%

*Strong balance sheet, credit metrics and liquidity*
2020 Debt Issuance and Maturities Overview

($ in millions)

2020 Maturities
2020 Expected Issuances
## Long-Term Debt Maturity Profile

$(\text{in millions})$

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEP, Inc.</td>
<td>$</td>
<td>-</td>
<td>$500.0</td>
<td>$400.0</td>
<td>$1,105.0</td>
<td>-</td>
</tr>
<tr>
<td>AEP Generating Company</td>
<td>$</td>
<td>-</td>
<td>$150.0</td>
<td>-</td>
<td>$45.0</td>
<td>-</td>
</tr>
<tr>
<td>AEP Texas(^1)</td>
<td>$</td>
<td>-</td>
<td>$110.6</td>
<td>-</td>
<td>$625.0</td>
<td>$125.0</td>
</tr>
<tr>
<td>AEP Transmission Company</td>
<td>$</td>
<td>$85.0</td>
<td>-</td>
<td>$50.0</td>
<td>$104.0</td>
<td>$60.0</td>
</tr>
<tr>
<td>Appalachian Power(^1)</td>
<td>$</td>
<td>-</td>
<td>$65.4</td>
<td>$367.5</td>
<td>$329.4</td>
<td>-</td>
</tr>
<tr>
<td>Indiana Michigan Power</td>
<td>$</td>
<td>$25.4</td>
<td>$3.3</td>
<td>$302.5</td>
<td>$55.8</td>
<td>$306.4</td>
</tr>
<tr>
<td>Kentucky Power</td>
<td>$</td>
<td>-</td>
<td>$65.0</td>
<td>$40.0</td>
<td>$75.0</td>
<td>-</td>
</tr>
<tr>
<td>Ohio Power</td>
<td>$</td>
<td>-</td>
<td>-</td>
<td>$500.0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Public Service of Oklahoma</td>
<td>$</td>
<td>$125.0</td>
<td>$12.7</td>
<td>$250.0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Southwestern Electric Power</td>
<td>$</td>
<td>-</td>
<td>$115.0</td>
<td>-</td>
<td>$275.0</td>
<td>-</td>
</tr>
<tr>
<td>Wheeling Power Company</td>
<td>$</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$178.0</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$235.4</td>
<td>$1,022.0</td>
<td>$1,910.0</td>
<td>$2,792.2</td>
<td>$491.4</td>
<td>$271.0</td>
</tr>
</tbody>
</table>

\(^1\) Excludes securitization bonds

Includes mandatory tenders (put bonds)

Data as of September 30, 2019
## AEP Credit Ratings

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

¹ AEP Transmission Co. received a senior unsecured debt rating of A- from Fitch. The rating outlook is Stable.

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

³ NR stands for Not Rated.

Ratings current as of December 1, 2019
ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)
Transforming Our Generation Fleet - Environmental

As of 09/30/2019. Future includes IRP forecasted additions and retirements through 2030. Energy Efficiency / Demand Response represents avoided capacity rather than physical assets.
### AEP’s September 30, 2019 Renewable Portfolio (in MW)

<table>
<thead>
<tr>
<th>Hydro, Wind, Solar and Pumped Storage</th>
<th>Owned MW</th>
<th>PPA MW</th>
<th>Total MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>AEP Ohio</td>
<td>209</td>
<td></td>
<td>209</td>
</tr>
<tr>
<td>Appalachian Power Company</td>
<td>785</td>
<td>575</td>
<td>1,360</td>
</tr>
<tr>
<td>Indiana Michigan Power Company</td>
<td>36</td>
<td>450</td>
<td>486</td>
</tr>
<tr>
<td>Public Service Company of Oklahoma</td>
<td>1,137</td>
<td></td>
<td>1,137</td>
</tr>
<tr>
<td>Southwestern Electric Power Company</td>
<td>469</td>
<td></td>
<td>469</td>
</tr>
<tr>
<td>Competitive Wind, Solar and Hydro</td>
<td>1,442</td>
<td>101</td>
<td>1,543</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,263</td>
<td>2,941</td>
<td>5,204</td>
</tr>
</tbody>
</table>

Delivering Clean Energy Resources – Environmental

**APPROXIMATELY**

**11,900 MW**

of Renewable Generation Interconnected Across the U.S. via AEP’s Transmission System Today
Emission Reduction Goals – Environmental

AEP’s Carbon Emission Reduction Goals

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

Strategy to Achieve

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

Environmental, Social and Governance (ESG) Reporting:

- AEP’s Corporate Accountability Report
- EEI ESG Sustainability Reporting: AEP’s 2019 EEI ESG Report
- AEP’s CDP Survey Responses
- AEP’s GRI Report
- AEP also responds to investor-related surveys, including MSCI and Sustainalytics

1 Aspiration is zero emissions
Largest Investment in Controls – Environmental

INVESTMENT IN ENVIRONMENTAL CONTROLS $ in millions


Total $9 Billion

Estimated
Dramatic Reductions in Emissions – Environmental

**TOTAL AEP SYSTEM NOx & SO2 EMISSIONS**

![Graph showing dramatic reductions in SO2 and NOx emissions from 1990 to 2018. SO2 emissions reduced by 96% and NOx emissions by 92%.

**TOTAL AEP SYSTEM MERCURY EMISSIONS**

![Graph showing dramatic reduction in mercury emissions from 2001 to 2018. Mercury emissions reduced by 95%.]
Dramatic Reductions in Emissions – Environmental

TOTAL AEP SYSTEM – ANNUAL CO₂ EMISSIONS in million metric tons

2000-2018
Actual

CO₂

59%
Investing in Our Employees and Communities – Social

Our Employees

- Forbes – America’s Best Employers for Diversity in 2019
- Forbes – Inaugural Best Employers for Women in 2018
- Disability Equality Index – Best Places to Work for Disability Inclusion in 2019
- Human Rights Campaign – Best Places to Work for LGBT Equality in 2018
- VIQTORY Media – Top 100 Military-Friendly Employers in 2019

Our Communities (2018 Stats)

- Energy assistance provided to customers ~ $66 million
- New jobs provided through economic development ~ 15,000
- Philanthropic giving to more than 1,800 community organizations ~ $26 million
- Corporate spend to locally-based suppliers ~ 49%
### Board Composition – Governance

<table>
<thead>
<tr>
<th>Board Composition</th>
<th>7 Yrs</th>
<th>92%</th>
<th>38%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average Tenure</td>
<td>12 of 13 directors are independent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Independent</td>
<td>Annual election of directors by majority vote</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diverse</td>
<td>Lead independent director elected annually</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- 12 of 13 directors are independent
- Annual election of directors by majority vote
- Lead independent director elected annually
- Proxy access adopted
- Annual advisory vote on compensation
- Tenure and overboarding policies
- Annual shareholder engagement on strategy and ESG matters with lead independent director participation
- Environmental reports provided to Board at every meeting