RESOLUTION REQUESTING A REPORT ON THE ECONOMIC IMPACT ON OUR COMPANY OF REDUCING CARBON EMISSIONS

WHEREAS:

In 2001, power plants owned and operated by AEP emitted more carbon dioxide, sulfur dioxide, nitrogen oxide and mercury than the powers plants of any other electric utility company in the United States.

U.S. power plants emit about two-thirds of the country's sulfur dioxide emissions, one-quarter of its nitrogen oxides emissions, one-third of its mercury emissions, nearly 40 percent of its carbon dioxide emissions, and 10 percent of global carbon dioxide emissions.

Scientific studies show that each year, air pollution from U.S. power plants causes tens of thousands of premature deaths and hospitalizations, hundreds of thousands of asthma attacks, and several million lost workdays nationwide.

Studies also show that emissions from U.S. power plants have a direct impact on climate change:

- In 2001, the Intergovernmental Panel on Climate Change concluded "there is new and stronger evidence that most of the warming observed over the last 50 years is attributable to human activities."
- In 2003, the World Meteorological Organization declared, "…as the global temperatures continue to warm due to climate change, the number and intensity of extreme events might increase."

Commitments to reduce carbon dioxide emissions are emerging. More than 100 countries have ratified the Kyoto Protocol. Massachusetts and New Hampshire have enacted legislation capping power plants' greenhouse gases emissions. Governors of eleven states have pledged to reduce carbon dioxide emissions significantly. Renewable energy standards now exist in 13 states, indicating increasing support for non-polluting electricity sources.

In October 2003, 43 U.S. Senators voted in favor of legislation that would have capped greenhouse gas emissions from a range of industrial sectors.

Recent reports by CERES, The Carbon Disclosure Project, Innovest Strategic Value Advisors, and the Investor Responsibility Research Center demonstrate both the growing financial risks of climate change for US corporations, and inadequate risk disclosure to investors.

In April 2003, the *Wall Street Journal* reported, "Swiss Re is starting to ask companies applying for directors and officers liability coverage to explain how they are preparing for potential government regulation of greenhouse-gas emissions."

At the 2003 Annual Meeting of AEP, a shareholder resolution requesting a report on economic risks faced by our company due to emissions from power plants received the support of 27% of shares voted.

In their response to that resolution in the proxy, our directors told shareholders that “substantial reductions in emissions can only be accomplished at a capital cost of billions of dollars.”

We believe that it is important for shareholders to understand how our company may be affected by regulatory, competitive, legal, and physical impacts of climate change, and be aware of any costs associated with the company’s actions to respond to them.

RESOLVED: AEP shareholders request that a committee of independent directors of the Board assess actions the company is taking to mitigate the economic impact on our company of increasing regulatory requirements, competitive pressures, and public expectations to significantly reduce carbon dioxide and other emissions, and issue a report to shareholders (at reasonable cost and omitting proprietary information) by September 1, 2004.