OFFICE OF
STATE TREASURER
DENISE L. NAPPIER

NEWS

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AMERICAN ELECTRIC POWER, CINERGY AGREE TO REPORT TO SHAREHOLDERS ON RESPONSES TO RISING PRESSURE TO REDUCE GREENHOUSE GAS, OTHER EMISSIONS

Both companies assign independent board committees to issue reports on current and possible future regulatory scenarios and potential company responses; Shareholders expect other companies will follow

In response to shareholder proposals for greater transparency on how companies are planning for potential constraints on carbon dioxide and other emissions, electric power giants American Electric Power and Cinergy have agreed to report publicly about on how they are responding to growing pressure to reduce greenhouse gas and other emissions. The company reports will assess the impacts of and potential responses to a number of policy scenarios, including various proposals in Congress and existing state legislation to limit carbon dioxide and other emissions. Both companies agreed to the shareholders' request that a committee of independent directors oversee the report. As a result, shareholders will withdraw resolutions facing the two companies.

The resolutions focus on the potential risks to shareholders posed by the company's CO2 emissions, the primary greenhouse gas linked to global warming. They were filed at American Electric Power [NYSE:AEP] by Connecticut Retirement Plans and Trust Funds and co-filed by Christian Brothers Investment Services, Trillium Asset Management, Board of Pensions of the Evangelical Lutheran Church in America, The Pension Boards - United Church of Christ, and the United Church Foundation, and at Cinergy Corp. [NYSE:CIN] by the Presbyterian Church (USA).

The resolutions' proponents believe that the public reports to shareholders, which were agreed to by AEP and Cinergy following discussions with the investors, will raise the benchmark for disclosure of and action on climate change risks, and heralded the decisions as precedent-setting.

Denise Nappier, Treasurer, State of Connecticut, said: "These landmark agreements are an important milestone for shareholders, one that we hope will be emulated by corporate leaders across this industry, and across many industries. The consequences for companies that do not act responsibly and take steps to assess and mitigate risks posed by climate change can be just as devastating to shareholders as the corporate scandals of the past few years. We look forward to reports that will provide shareholders with essential information we need to make informed investment decisions."

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Bill Somplatsky-Jarman, Associate for Mission Responsibility Through Investment, Presbyterian Church, said: "Shareholders have been raising this issue since the early 1990s, so it's significant that we're working together to cooperate on an action plan. Cinergy made a forward-looking announcement last year with their pledge to reduce emissions; we're hoping that this report will also be a leading example of risk assessment and disclosure that can be taken up by other companies."

Both companies expressed their willingness to work collaboratively with the shareholders on addressing the emissions issue.

American Electric Power agreed to print the resolution in its proxy, with a statement describing the company's decision to "accept and comply" with the resolution. The proxy statement will also outline the parameters of the company's report. Cinergy will describe the collaborative effort on the report in the Letter to Shareholders in its 2003 Annual Report.

Dale Heydlauff, Senior Vice President, Governmental and Environmental Affairs, AEP, said: "We reviewed their proposal and concluded that their request for an emissions assessment and report was reasonable. We view it as consistent with the hard work we are doing to make environmental improvements while keeping our power plants competitive."

Jim Rogers, CEO, Cinergy, said: "Cinergy has undertaken several initiatives to establish its leadership in social and environmental policy. We are partnering with Environmental Defense on our greenhouse gas emissions reduction pledge and we are delighted to join with the Mission Responsibility Through Investment to produce another effective collaborative process on these crucial public policy matters."

The agreements come on the heels of increasing pressure on the electric power industry to address the issue of coming carbon constraints. Similar resolutions last year garnered the support of Institutional Shareholder Services, a group that advises institutional investors on proxy voting, resulting in record high votes - an average 23% vote in favor- with 27% of shareholders voting for such disclosure at American Electric Power. Although last year's resolution was successfully challenged at the SEC, Cinergy announced in September, 2002 that it would reduce its greenhouse gas emissions five percent below 2000 levels by 2010 and freeze them through 2012.

Similar resolutions have been filed at additional electric utilities and other companies by shareholders associated with the Interfaith Center on Corporate Responsibility (ICCR), a coalition of 275 religious institutional investors and CERES, a coalition of investors and environmental groups.

Mindy Lubber, Executive Director, CERES, said: "This is an historic breakthrough for shareholders who care about corporate governance and good disclosure of long-term risks to their investments. The agreement opens the door for a discussion about the best corporate strategy in creating certainty for companies who will surely be affected by the growing world consensus to limit carbon dioxide emissions."

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The Honorable Denise L. Nappier
Treasurer
State of Connecticut
55 Elm Street
Hartford, Connecticut 06106

FEB 18 2003

February 17, 2004

Dear Treasurer Nappier:

We are writing in response to the shareholder resolution you filed at American Electric Power. In that resolution, co-filed by Christian Brothers Investment Services, Trillium Asset Management, Board of Pensions of the Evangelical Lutheran Church in America, The Pension Boards – United Church of Christ, and the United Church Foundation, you requested "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." Since we share your position that management and the Board have a fiduciary duty to carefully assess and disclose to shareholders appropriate information on the company's environmental risk exposure, we have agreed to implement your request. This letter outlines how we intend to fulfill our commitment.

In compliance with the resolution, the Board has created an ad hoc subcommittee of the Policy Committee, made up of independent directors, which will be chaired by Mr. Robert Fri. The subcommittee will conduct the requested assessment and complete the report. The other members of the subcommittee are Mr. Donald M. Carlton, Chairman of the Audit Committee of the Board, and Mr. John P. DesBarres, Chairman of the Human Resources Committee of the Board.

Mr. Fri is prepared to meet with you and representatives of the other shareholders who filed the resolution to discuss the subcommittee's approach to the report before it is completed. We also plan to consult with other sources on what they would recommend the company do to mitigate the economic impact of future environmental control requirements in order to ensure that the company has adopted a prudent course of action.

We have also agreed to print in the proxy statement language recognizing that the resolution was filed and withdrawn based on the company's commitment to comply with it. The statement will summarize the resolution, the process to be followed to complete the report, the general content outline of the report, and the plans for dissemination of the report to shareholders and other interested parties. A copy of the proxy language is attached as well as a list of the shareholder suggested report components that we have agreed to address in the report.

We acknowledge and appreciate the cooperative spirit in which you and the other petitioners have agreed to withdraw your shareholder resolution in light of AEP's willingness to undertake the requested assessment.

Sincerely,

Robert W. Fri	Michael G. Morris
Chairman, Policy Committee	President & Chief Executive Officer
American Electric Power Board of Directors	American Electric Power

Attachments

c: Donald M. Carlton
John P. DesBarres
Julie Tanner, Christian Brothers Investment Service
Pat Zerega, Board of Pensions of the Evangelical Lutheran Church in America
Amy Muska O'Brian, The Pension Boards – United Church of Christ and United Church Foundation
Shelly Alpern, Trillium Asset Management
Dale Heydlauff, Senior Vice President, Governmental & Environmental Affairs
Julie Sloat, Manager, Investor Relations

AEP Proxy Statement Language

In addition to the shareholder proposals you are being asked to vote on above, we also received a proposal from The Connecticut Retirement Plans and Trust Funds, and other shareholders, requesting that an independent committee of the Board of Directors evaluate the company's actions to mitigate the economic impact of future policies to reduce carbon dioxide and other emissions. The shareholder proponents have summarized their position as follows:

> In 2001, power plants owned and operated by AEP emitted more carbon dioxide, sulfur dioxide, nitrogen oxide, and mercury than the power plants of any other electric utility company in the United States.
>
> Commitments to reduce carbon dioxide are emerging. More than 100 countries have ratified the Kyoto Protocol. Massachusetts and New Hampshire have enacted legislation capping power plants' greenhouse gas 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 energy 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.
>
> At the 2003 Annual Meeting of AEP, a shareholder resolution requesting a report on economic risks faced by the company due to emissions from power plants received the support of 27% of the shares voted.
>
> In their response to the 2003 resolution, the AEP directors told shareholders in the proxy statement that "substantial reductions in emissions can only be achieved at a capital cost of billions of dollars."
>
> We believe that it is important for shareholders to understand how the 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.
>
> Shareholders therefore 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.*"

The shareholder proponents withdrew the resolution as a result of the Company's commitment to accept and comply with it. The company has formed an ad hoc subcommittee of independent directors to conduct the assessment and develop the requested report – which will be made available by September 1, 2004 on the company's website and provided to all shareholders upon request. The Subcommittee will be chaired by Robert Fri, Chairman of the Policy Committee of the Board and include Dr. Donald M. Carlton, Chairman of the Audit Committee of the Board and Mr. John DesBarres, Chairman of the Human Resources Committee of the Board. The contents of the report will include:

- A discussion of the environmental requirements that the company currently faces and may face in the future, with particular attention to an assessment of current proposals for mandatory constraints on carbon dioxide emissions;
- An assessment of the strategic options the company could take to respond to these requirements, with emphasis on their impacts on shareholder value and the competitive position of the company;
- An evaluation of the actions the company is taking and proposes to take to respond to current and future requirements and an assessment of these current and proposed actions on shareholder value; this will include how those actions affect and will affect AEP's total annual emissions of SO_2, NOx and mercury, and the net emissions of CO_2 after accounting for offsets, for the timeframe of 2000-2020.

The shareholder proponents have also expressed their appreciation to AEP for including in the proxy statement a discussion of the proposal and the basis on which the shareholder proponents agreed to its withdrawal.

Attachment: Shareholder Suggested Report Components

- If enacted now, the affect of Bills under consideration by the U.S. Senate on the company:
  - McCain-Lieberman Climate Stewardship Act
  - Carper Clean Air Planning Act
- Bush Administration's Clear Skies proposal
- A comparison of enactment of Clear Skies now, with McCain Lieberman later (i.e. 3 years)
- Nationwide patchwork of state regulations on the four pollutants from the electric power sector
- Emissions trading schemes in countries where AEP has affected operations

The economic viability and implementation timeframe of the following options for reducing emissions:

- Investment in on-system reductions
- Investment in offsets
- Investments in renewable energy
- Fuel-switching
- Demand-side Management
- Integrated gasification combined cycle
- FutureGen
- Voluntary cap and trade system