



**AMERICAN
ELECTRIC
POWER**

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Ann Yerger
Executive Director
Council of Institutional Investors
Suite 512
1730 Rhode Island Avenue, N. W.
Washington, D. C. 20036

Dear Ms. Yerger:

The Chairman of American Electric Power, Michael G. Morris, has asked me to respond to your February 17 letter, in which you asked for an update of the AEP board's consideration of a majority vote requirement for director elections.

Your earlier letter dated June 9, 2005 on this subject was promptly shared with each member of the AEP board of directors. In the second half of 2005, the Committee on Directors and Corporate Governance (Committee) of the AEP Board discussed the issues relating to a majority vote requirement on multiple occasions.

Initially, the Committee was receptive to adopting such a requirement. However, as its analysis progressed, the Committee began to understand better the potential adverse interactions between the cumulative voting provisions that are present in AEP's charter and a majority vote requirement. Cumulative voting already provides AEP shareholders with an important vehicle for expressing both support for and displeasure with individual board nominees, and influencing the selection of directors on a one-by-one basis. It is appropriately characterized in most governance literature as a very strong pro-shareholder provision.

If AEP were to adopt a majority vote provision in addition to the existing cumulative vote requirement, however, the Committee concluded that a small group of disaffected shareholders acting together could have an unfair ability to influence elections and frustrate the wishes of the majority of AEP investors. A focused minority could concentrate their votes against board-nominated candidates and in favor of their own write-in candidates, ousting directors supported by a majority of shareholders. The Committee evaluated whether an effort to ask AEP shareholders to repeal cumulative voting in order to replace it with a majority voting requirement would be successful, and concluded that it would not.

Thus, at least for the time being, the Committee has concluded that the interests of good governance would not be advanced at AEP by adding a majority vote requirement. I have been asked to stay abreast of activities and developments in this field and to bring the issue back before the Committee if circumstances change.

Very truly yours,