



March 11, 2011

The below letter was sent to CEOs at JPMorgan Chase, Bank of America, Citi, Wells Fargo, PNC Bank, and Morgan Stanley:

I write to ask you to show bold leadership to protect our climate and public health.

In the next year, the Environmental Protection Agency (EPA) is scheduled to announce new regulations that will have a tremendous impact on existing coal-fired power plants in the United States. The operators of existing coal plants will need to decide whether to invest in expensive modifications to comply with these new regulations, or to retire plants in favor of less polluting alternatives. They will be approaching banks, such as yours, for financing, and I write to warn you that these are extremely risky transactions, from a regulatory, financial and reputational perspective.

The utility sector faces a slew of new and strengthened rules designed to limit hazardous air pollutants, criteria pollutants and coal combustion by-products. The expense of compliance will compel a significant number of the existing U.S. coal fleet to consider early retirement. American Electric Power (AEP) has already gone on record to say: "Cumulative effects of EPA proposed rules and carbon legislation / regulation are a major concern for utility resource planning." While those plants most 'at risk' of regulatory changes include those with older, unscrubbed units, newer units without sulphur dioxide or nitrous oxide controls and merchant plants will also be forced to upgrade their pollution controls and these do not have guaranteed cost recovery.

One example can be found in Oklahoma where the EPA has asked AEP and OG&E Corp to reduce air pollution at three coal-fired power plants by installing scrubbers or converting to natural gas. AEP estimates that installing scrubbers at its Northeastern coal plant in Oologah, OK will cost \$700 million and take five years to install. The EPA gave the plants a mere three years to comply with the Clean Air Act requirements.

The aforementioned EPA controls spell a great deal of uncertainty for the coal-fired utility sector. Utilities such as Progress, Excel and TVA are choosing to retire plants as they acknowledge that expensive retrofits cannot be covered by known revenue potential. It was, therefore, no surprise to me to hear Kevin Parker, global head of asset management and a member of the executive committee at Deutsche Bank, state in January that "Coal is a dead man walkin'."

Your bank proudly portrays itself as 'forward looking' and environmentally and socially responsible. This perception is at odds with providing finance to polluting industries, including the coal sector. Rather than provide finance for life-extending retrofits that will keep coal-fired power sta-

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tions generating for decades to come, I urge you to shift the focus of your energy portfolio to support clean, renewable power generation in the United States.

Coal's uncertain future has been editorialized in the press and reflected in ratings reports from Moody's and Standard and Poor's. One piece of good news that I can share with you is this: steering clear of coal-fired power generation is not only good for the environment, but is also good business.

I also wish to draw your attention to proposals to export U.S. coal from the West Coast to Asian markets. The Washington coastline has been targeted for the development of new or expanded coal ports in the United States. The first proposed new port at Longview (Ambre Energy) has already secured a shore permit, and a second port proposal has been announced by Peabody Coal at Cherry Point, Bellingham.

Recent history tells us that West Coast coal terminals carry serious financial risk. Two modern coal terminals have already been constructed on the west coast, one at the Port of Portland was built and failed within the 1980s, leaving barely-used equipment that had to be sold. In 2006, a U.S. / Japanese consortium closed its nearly new \$150 million terminal in the Port of Los Angeles. The terminal was considered world-class, yet it never made enough money to pay the rent.

The state of Washington has a history of commitment to environmental protection and the permitting process for both proposed ports will not be smooth for the developers. The port proposal at Longview is already the subject of legal dispute, and Cherry Point, the site of five marine oil terminals, has long been under heavy scrutiny by governmental and environmental interests.

In the past few years, the banking sector has acknowledged the 'carbon risk' associated with the financing of new carbon-intensive power generation. Six banks (Bank of America, JPMorgan Chase, Citi, Wells Fargo, Credit Suisse and Morgan Stanley) are signatories of the Carbon Principles. Six European banks have signed the Climate Principles. Eight banks have adopted policies that restrict or exclude providing finance for the practice of mountaintop removal mining. The European banking sector is now beginning to adopt bank-specific policies to address financing of new and existing coal-fired power generation, the strongest policies to date are those of WestLB and HSBC. Now is a critical moment for your bank to show leadership on climate, clean energy and public health by raising the bar with a strong policy to address the full life cycle of coal.

We ask that you adopt firm policies to include the following criteria:

- No financing for companies pursuing new coal-fired power plants and life-extending retrofits of existing coal-fired power plants.
- No financing for companies engaged in mountaintop removal coal mining.
- No financing for companies pursuing coal export infrastructure.
- Shift the balance of your energy financing to support power generation that is less threatening to our health and environment.

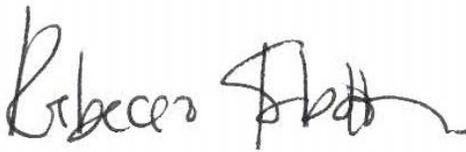
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My organization, Rainforest Action Network, will be monitoring all of the largest U.S. banks over the next three months. We will be reporting on bank exposure and investment in coal-fired power generation and industry infrastructure, and are prepared to put public pressure on banks that do not move swiftly to limit their exposure to these environmentally destructive practices.

I enclose a list of power utilities that we have identified as likely to be seeking financing for life-extension retrofits in the coming months (appendix A), and a list of companies involved in the development of West Coast coal port terminals (appendix B).

We must decrease our country's reliance on coal and destabilize the power of the coal industry while building demand for a clean energy economy. I look forward to working with you to make this a reality.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Rebecca Tarbotton". The signature is fluid and cursive, with a long horizontal stroke at the end.

Rebecca Tarbotton
Executive Director
Rainforest Action Network

Appendix A: Power utilities that are likely to be seeking financing for life-extension retrofits

AES Corporation

Alcoa Inc

Allegheny Energy

ALLETE Inc

Alliant Energy

Ameren Corporation

American Electric Power (AEP)

Atlantic Power Corporation

Berkshire Hathaway

Black Hills Corporation

CMS Energy

Constellation Energy Group

Dominion Resources

DTE Energy Company

Duke Energy Corporation

Dynegy Inc

Edison International

Empire District Electric Co

Entergy Power Generation Corp

FirstEnergy Generation Corp

Great Plains Energy

MDU Resources Group

MGE Energy

NiSource Inc

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NRG Energy Inc
NV Energy
PNM Resources
PPL Corporation
Progress Energy
RRI Energy
SCANA Corporation
Southern Company
TECO Energy
Transalta Corporation
UGI Corporation
Unisource Energy Development Company
Waste Management Inc
Westar Energy Inc
Westmoreland Coal Company
Xcel Energy Inc

Appendix B: Companies involved in the development of westcoast coal port terminals

Proposed terminal at Longview, WA

Ambre Energy

Arch Coal

Millenium Bulk Logistics

Proposed Gateway Pacific terminal at Cherry Point, WA

Peabody Energy

SSA Marine