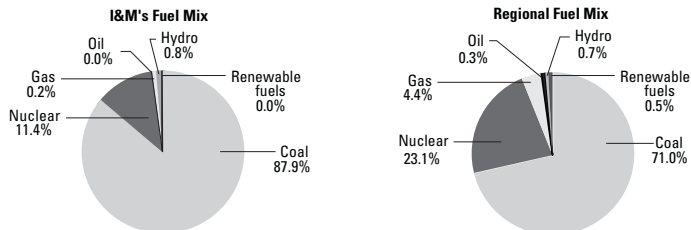


Semi-Annual Environmental Disclosure

Indiana Michigan Power (I&M)

I&M's Average Fuel Mix is for the 12-month period ended 09/30/2006 compared to a Regional Average for 2005 supplied by the Michigan Public Service Commission.



| Fuel Source | I&M's Average Fuel Mix of Electricity Provided to Michigan Customers (2) | Regional Average Fuel Mix Used to Generate Electricity in Michigan, Illinois, Indiana, Ohio and Wisconsin (3) |
|------------------------------|--|---|
| Coal | 87.9% | 71.0% |
| Nuclear | 11.4% | 23.1% |
| Gas | 0.2% | 4.4% |
| Oil | 0.0% | 0.3% |
| Hydroelectric | 0.8% | 0.7% |
| Renewable Fuels | 0.0% | 0.5% |
| Solar | 0.0% | -- |
| Wind | 0.0% | -- |
| Biofuel | 0.0% | -- |
| Biomass | 0.0% | 0.1% |
| Solid Waste Incineration (1) | 0.0% | 0.1% |
| Wood | 0.0% | 0.3% |
| Other Fuel Sources | -0.3% | 0.0% |

(1) Solid Waste Incineration includes Landfill Gas.

(2) The fuel mix data for the electricity supplied to you by I&M that appears in these tables includes regional average fuel mix data from Michigan, Illinois, Indiana, Ohio and Wisconsin as a proxy for the actual fuel mix of certain electricity purchased by I&M because the actual fuel mix characteristics of that purchased electricity could not be discerned.

Purchased electricity accounted for 0.02% of the electricity supplied by I&M during the relevant period.

(3) Michigan's Regional Average fuel mix data has been prepared and supplied by the Michigan Public Service Commission - updated 5/2006.

-- not applicable or negligible



The Michigan Customer Choice and Electricity Reliability Act, Public Act 141 of 2000, requires disclosure of the following environmental information on a semi-annual basis.

Semi-Annual Environmental Disclosure

Indiana Michigan Power (I&M) AVERAGE EMISSIONS CHARACTERISTICS

I&M data provided below represents the 12-month period ending 09/30/06. The Regional Average data provided by the MPSC represents data for Sulfur Dioxide, Carbon Dioxide and Oxides of Nitrogen, while the nuclear waste numbers are based on the most recent fuel cycle ending 2005.

| Type of emission or type of waste generated | I&M's Average (lbs/MWh) (2) | Regional Average of all generation in Michigan, Illinois, Indiana, Ohio, and Wisconsin (lbs/MWh) |
|--|--|---|
| Sulfur Dioxide | 10.7 | 12.4 |
| Carbon Dioxide | 1,688.8 | 2,088.1 |
| Oxides of Nitrogen | 3.2 | 5.0 |
| High-Level Nuclear Waste (1) | 0.0070 | 0.0074 |

(1) The high-level nuclear waste numbers presented in the table do not represent actual emissions to the environment. They represent the amount of spent fuel generated (expressed in lbs/MWh) per unit of electricity generated.

(2) I&M's average emissions data for sulfur dioxide, carbon dioxide and nitrogen oxides represent average emissions from the fossil fuel portion of our generation mix.

Note: with in-depth analysis, the environmental characteristics of any form of electric generation will reveal benefits as well as costs. For further information, contact I&M at www.IndianaMichiganPower.com, by phone at 1-800-311-6424 or call Gregory Clark, Michigan Governmental Affairs Manager at 1-517-367-1242.