

December 12, 2006

via express mail

[ceo name]

[title]

[bankname]

[streetaddress]

[streetaddress]

[city], [state] [zip]

[country]

Dear Mr. XYZ:

Rainforest Action Network has taken a leading role in recent years to work with the financial services industry to help companies develop more environmentally and socially responsible practices. I am writing to alert you to a controversial project being proposed by Dallas-based TXU Corporation that will involve the construction of 11 new coal-fired power plants in Texas. This project will have massive implications for the local and global environment. We know that TXU and its lead arrangers have been approaching a broad array of financial services providers to join the financing syndicate for this project, which we believe to be a bad investment for your bank and for future generations.

The proposed TXU power plants would utilize pulverized coal, one of the dirtiest and most greenhouse-gas intensive options for power. The expansion of the coal industry is associated with destructive and unsafe methods of extraction, as well as the harmful local impacts of mercury and nitrogen oxide pollution. This particular project would lock in a new generation of outdated technology, which would emit 78 million tons of carbon dioxide a year – an amount that is equal to, and would therefore wipe out, 80 percent of the UK emission reduction commitment under the Kyoto Protocol, or the entire emissions reduction commitment of Japan. These new emissions would also come at precisely the time when scientists and economists are warning that the planet urgently needs a shift in resources to more sustainable and renewable sources of energy, and when the dirtiest and most greenhouse gas-intensive industries are being criticized as unwise investments.¹

The UK government's recently-released Stern Review on "The Economics of Climate Change" makes observations similar to those of the Intergovernmental Panel on Climate Change, namely that actions and investments that are made in the next ten years are critical to the future of our global climate.² The Stern report also contrasts the enormous economic costs of delaying action with the much lower costs of taking mitigating measures now.

¹ A recent issue of Business Week Online quotes three different experts who say, respectively, that "Nobody in their right minds should be building a coal power plant;" that "It is the definition of financial insanity to invest in a new coal plant," and that "It's very likely that the investment decisions many are making, to invest in long-lived, high-carbon dioxide-emitting-power plants, are decisions we'll all live to regret." John Carey, Coal: Could be the End of the Line, Business Week Nov. 13, 2006.

² The Stern Report is available at http://www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/sternreview_index.cfm

We urge all financial services providers to make climate and energy policy commitments which reduce the environmental footprint of their lending, investment and advisory lines of business, and to make decisions to fund a sustainable future. Regarding climate change, Bank of America has set an example by committing to reduce the greenhouse gas emissions of its energy and utility portfolio by seven percent. We challenge you to broaden and beat this commitment and to lead your institution to proactively address these vital environmental concerns. We believe that it is important for the financial services industry to provide support for energy efficiency and demand management, and for renewable energy sources such as wind and solar, while consciously shifting resources away from dangerous energy sources such as coal and nuclear.

I hope that we can work together to make progress on these important issues. Our strong preference is to support your company's decision to get more proactive on climate change and to decline to be associated with this proposal by TXU, rather than oppose your company's actions with a public campaign. We believe that firm action by your bank will not only avoid a risky transaction in the short term, but will align your brand with the environmental values about which your customers, employees and shareholders care deeply. Please contact Rainforest Action Network at the number below to discuss this matter further.

With best regards,

Michael Brune
Executive Director

Enclosure: Investor Briefing on TXU