

Exhibit No.:
Issues: Capital Structure
Witness: Michael G. O'Bryan
Sponsoring Party: Union Electric Company
Type of Exhibit: Direct Testimony
Case No.: ER-2008-____
Date Testimony Prepared: April 1, 2008

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO. ER-2008-____

DIRECT TESTIMONY

OF

MICHAEL G. O'BRYAN

ON

BEHALF OF

**UNION ELECTRIC COMPANY
d/b/a AmerenUE**

**St. Louis, Missouri
April, 2008**

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1 **DIRECT TESTIMONY**

2 **OF**

3 **MICHAEL G. O'BRYAN**

4 **CASE NO. ER-2008-_____**

5 **I. INTRODUCTION**

6 **Q. Please state your name and business address.**

7 A. My name is Michael G. O'Bryan. My business address is One Ameren Plaza,
8 1901 Chouteau Avenue, St. Louis, Missouri 63103.

9 **Q. By whom are you employed and in what capacity?**

10 A. I hold the position of Senior Capital Markets Specialist in Corporate Finance
11 for Ameren Services Company ("Ameren Services").

12 **Q. Please summarize your educational background and professional**
13 **experience.**

14 A. Prior to accepting my current position at Ameren Services, I was employed by
15 A.G. Edwards in St. Louis, Missouri as a Vice President in Investment Banking. I focused
16 on business development and transaction execution with both investor-owned utilities and
17 public power entities. I was also involved in structuring and analyzing fixed-income
18 transactions for clients.

19 Upon receiving my undergraduate degree, I took a position at A.G. Edwards
20 in Investment Banking as a Research Assistant and then Analyst, focusing on the investor-
21 owned utilities sector. I was responsible for transaction support and marketing as well as
22 general financial analysis of clients, capital markets transactions and mergers and
23 acquisitions. I was later promoted to Senior Analyst where I focused to a greater degree on

1 business development and the execution of clients' transactions. I then moved into Debt
2 Capital Markets concentrating solely on fixed-income execution and business development
3 for clients in several different industries. I graduated *cum laude* with a Bachelor of Science
4 degree in Business Administration with a concentration in Finance from the University of
5 Missouri – Columbia in 1992. I later earned an MBA from Saint Louis University's John
6 Cook School of Business in 1998.

7 **Q. What are your responsibilities in your current position with Ameren**
8 **Services?**

9 A. In my current position, I am involved in Ameren's corporate financing, cost of
10 capital, financial analysis and modeling activities as well as monitoring capital markets and
11 bank credit markets to stay current on rates, structures and opportunities. I communicate
12 regularly with investment bankers and debt capital markets personnel to obtain market
13 intelligence. I also closely follow the actions of the rating agencies for trends and changes in
14 ratings methodology largely for internal ratings maintenance purposes.

15 **II. PURPOSE AND SUMMARY OF TESTIMONY**

16 **Q. What is the purpose of your direct testimony?**

17 A. The purpose of my testimony is to recommend an overall fair rate of return for
18 Union Electric Company d/b/a AmerenUE's ("AmerenUE" or "Company") electric utility
19 business. I determine AmerenUE's capital structure, embedded cost of long-term debt and
20 embedded cost of preferred stock. I also calculate the overall fair rate of return applied to
21 rate base which is utilized in AmerenUE's filing in this case. I do so by using the fair rate of
22 return applicable to the common equity component of AmerenUE's capital structure as

1 developed by AmerenUE witness Dr. Roger A. Morin in his direct testimony submitted in
2 this case.

3 **Q. Have you prepared or has there been prepared under your direction and**
4 **supervision any schedules relating to overall fair rate of return in this proceeding?**

5 A. Yes, I am sponsoring Schedules MGO-E1 through MGO-E4 for that purpose.
6 These schedules are based upon the test year twelve months ended December 31, 2007. I
7 will supplement my testimony with updated schedules to reflect the test year period ending
8 March 31, 2008 when the data is available. The schedules are designated as follows:

9 Schedule MGO-E1 Capital Structure / Weighted Average Cost of Capital

10 Schedule MGO-E2 Embedded Cost of Long-Term Debt

11 Schedule MGO-E3 Cost of Short-Term Debt

12 Schedule MGO-E4 Embedded Cost of Preferred Stock

13 **III. METHODOLOGY AND REASONING**

14 **Q. How did you calculate the overall fair rate of return or weighted average**
15 **cost of capital for AmerenUE?**

16 A. In order to derive AmerenUE's overall fair rate of return, I multiplied the
17 relative weighting or proportion of each component of AmerenUE's capital structure by the
18 cost developed for that component. I then summed these weighted costs by component to
19 arrive at AmerenUE's overall fair rate of return or weighted average cost of capital.

20 **Q. What is the primary standard for determining a fair rate of return?**

21 A. The primary standard used in the determination of a fair rate of return is the
22 cost of capital. This cost, the overall rate of return or weighted average cost of capital, must
23 produce sufficient earnings/cash flow when applied to AmerenUE's rate base at book value

1 to enable the Company to accomplish the following: maintain the financial integrity of its
2 existing invested capital; maintain its creditworthiness; and attract sufficient capital on
3 competitive terms to continue to provide a source of funds for continued investment and
4 enable the Company to meet the needs of its customers.

5 **Q. Why must AmerenUE meet these requirements?**

6 A. Beyond the fact that these three standards are mandated by the landmark
7 Bluefield and Hope U.S. Supreme Court decisions,¹ meeting these requirements is necessary
8 in order for AmerenUE to effectively meet the electric utility services requirements of its
9 customers and provide an adequate and reasonable return to its investors, debt holders and
10 equity holders alike. The assets owned by AmerenUE which are employed in meeting its
11 customers' electric utility services requirements exist and are available for this purpose only
12 because investors have entrusted their funds with AmerenUE. These investors have deemed
13 an investment in the securities issued by the Company to be sound and capable of providing a
14 competitive return.

15 AmerenUE must maintain its creditworthiness in order to continue to attract
16 capital on a competitive basis. This is important to assure future opportunities for
17 AmerenUE to replace capital and various securities which must be refinanced in the future at
18 reasonable cost. Also, the ability of AmerenUE to attract new capital on competitive terms is
19 critical in order for the Company to continue to replace and upgrade facilities used to meet
20 the electric utility services needs of its customers, finance investment related to meeting
21 environmental compliance standards, etc.

¹ Bluefield Water Works & Improvement Co. v. Public Service Commission of West Virginia, 262 U.S. 679 (1923) and
Federal Power Commission v. Hope Natural Gas Company, 320 U.S. 391 (1944).

1 **IV. CAPITAL STRUCTURE AND COSTS OF CAPITAL**

2 **Q. Please describe the capital structure of AmerenUE.**

3 A. As outlined on Schedule MGO-E1, the capital structure of AmerenUE on
4 December 31, 2007 consisted of 45.536% long-term debt, 1.597% short-term debt, 1.749%
5 preferred stock and 51.119% common equity.

6 **Q. How were the balances of the components of AmerenUE's capital**
7 **structure determined?**

8 A. The balance of long-term debt, \$2,981,873,369, is the total carrying value of
9 the Company's long-term debt using the net proceeds method. The net proceeds method
10 calculates the carrying value by taking the indebtedness principal amount outstanding and
11 subtracting the unamortized discount, issuance expenses and any loss on reacquired debt.

12 The balance of short-term debt, \$104,584,299, is the last twelve-month
13 average net short-term debt – see Schedule MGO-E3. This approach measures the average
14 monthly short-term debt balance, less Construction Work in Progress ("CWIP"), over the last
15 twelve months ended December 31, 2007. It recognizes that short-term debt balances can
16 fluctuate substantially during the year and includes in the Company's capital structure only
17 that portion of short-term debt which may represent permanent capital – i.e. the extent to
18 which short-term debt plays a continual role on the financing of long-term assets.

19 The balance of preferred stock, \$114,502,040, is also the carrying value or net
20 proceeds amount of AmerenUE's preferred stock as found in the embedded cost calculation
21 for this component of capitalization.

22 The balance of common equity, \$3,347,491,925, represents AmerenUE's
23 stated book value of common equity at December 31, 2007 adjusted to remove the effects of

1 its investment in its wholly-owned subsidiary, Union Electric Development Corporation.
2 The assets of this subsidiary, which as of January 1, 2008 was no longer a subsidiary of
3 AmerenUE, were not utilized by the Company in providing utility services to its customers.
4 I further adjusted the stated book value by removing AmerenUE's total other comprehensive
5 income as well as the Company's investment in Electric Energy, Inc. ("EEInc.").

6 **Q. What is the embedded cost of AmerenUE's long-term debt?**

7 A. AmerenUE's embedded cost of long-term debt was 5.687% as of
8 December 31, 2007. Schedule MGO-E2 provides the calculation of the embedded cost of
9 long-term debt. AmerenUE has about \$437 million principal amount of variable rate
10 environmental improvement indebtedness (in various series) outstanding under which the
11 interest rates are reset by a Dutch auction process every 7 or 35 days. The effective cost used
12 for this indebtedness for purposes of this proceeding was derived using prevailing rates as of
13 December 31, 2007 for these securities including related auction broker/dealer fees.

14 **Q. Did you make any adjustments to AmerenUE's long-term debt balance?**

15 A. I did not include the Company's obligations under capital leases related to the
16 Chapter 100 "financing" of its Peno Creek (City of Bowling Green) and Audrain County gas-
17 fired generating facilities. These transactions and related capital leases did not generate any
18 proceeds nor were they a source of new capital for the Company.

19 **Q. What is the cost of AmerenUE's short-term debt?**

20 A. AmerenUE's cost of short-term debt was 3.621% based on the Company's
21 weighted average borrowing rate on outstanding commercial paper and revolving credit
22 agreement loan as of February 19, 2008.

1 **Q. What is the embedded cost of AmerenUE's preferred stock?**

2 A. AmerenUE's embedded cost of preferred stock was 5.189% as of
3 December 31, 2007. Schedule MGO-E4 provides the calculation of the embedded cost of
4 preferred stock. Using the net proceeds method of calculating the balance of preferred stock,
5 the balance outstanding as of December 31, 2007 was \$114,502,040.

6 **Q. Did you consider expenses associated with AmerenUE's issuance of**
7 **preferred stock in developing the embedded cost of this component of the Company's**
8 **capital structure?**

9 A. Yes, I did. I included expenses associated with the issuance of preferred
10 stock, including discount and premium, plus any loss incurred in acquiring/redeeming prior
11 series, in the embedded cost calculation. These costs are illustrated in the cost calculations
12 shown on Schedule MGO-E4. Unlike similar expenses incurred in connection with the
13 issuance of long-term debt, for accounting purposes these expenses are not amortized over
14 the life of the particular series of preferred stock due to the perpetual nature of this form of
15 capitalization. Nonetheless, for economic purposes it is reasonable to recognize these costs
16 in establishing an overall fair rate of return for the Company.

17 **Q. In what manner will AmerenUE obtain debt and preferred stock capital**
18 **in the future?**

19 A. AmerenUE expects to continue to issue its own long-term debt and preferred
20 stock securities in the external capital markets. Short-term borrowings can be obtained from
21 the capital or bank markets, Ameren Corporation, or through Ameren Corporation's Utility
22 Money Pool, depending on the best borrowing rates and availability.

1 **Q. Please describe your calculation of AmerenUE's balance of common**
2 **equity.**

3 A. I derived AmerenUE's balance of common equity, \$3,347,491,925, by
4 adjusting the Company's stated book value of common equity at December 31, 2007 of
5 \$3,489,051,811 by the amount representing the common stockholder's equity associated with
6 AmerenUE's investment in its wholly-owned subsidiary, Union Electric Development
7 Corporation -- (\$4,009,784). I further adjusted the stated book value by removing
8 AmerenUE's December 31, 2007 total other comprehensive income \$4,391,443 as well as
9 the Company's investment in EEInc. of \$141,178,227.

10 **Q. What is the cost of common equity for AmerenUE?**

11 A. In his direct testimony in this case, Dr. Morin develops and supports two fair
12 rates of return on common equity for AmerenUE's electric utility operations, the use of
13 which is dependent upon whether the Company is granted a fuel adjustment clause ("FAC")
14 in these proceedings. Dr. Morin recommended costs of equity for AmerenUE of 10.900%
15 with the benefit of an FAC and 11.150% without. For purposes of determining the overall
16 fair rate of return for AmerenUE in this proceeding, I use both of Dr. Morin's recommended
17 costs of equity to calculate two separate fair rates of return.

18 **V. FAIR RATE OF RETURN**

19 **Q. What are the overall fair rates of return for AmerenUE for this**
20 **proceeding?**

21 A. As shown on Schedule MGO-E1, as of December 31, 2007, the overall fair
22 rates of return for AmerenUE are 8.311% (with FAC) and 8.439% (without FAC). I derived
23 these results by using the capital structure and embedded costs of long-term debt, short-term

1 debt and preferred stock discussed above, and shown on the various schedules attached,
2 along with the costs of common equity for AmerenUE developed by Dr. Morin in his
3 testimony.

4 **VI. CONCLUSION**

5 **Q. Does this conclude your direct testimony?**

6 **A. Yes, it does.**

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of Union Electric Company)
d/b/a AmerenUE for Authority to File)
Tariffs Increasing Rates for Electric)
Service Provided to Customers in the)
Company's Missouri Service Area.)


Case No. ER-2008-_____

AFFIDAVIT OF MICHAEL G. O'BRYAN

STATE OF MISSOURI)
) ss
CITY OF ST. LOUIS)

Michael G. O'Bryan, being first duly sworn on his oath, states:

1. My name is Michael G. O'Bryan. I work in the City of St. Louis, Missouri, and I am employed by Ameren Services Company as Senior Capital Markets Specialist.
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Union Electric Company d/b/a AmerenUE consisting of 9 pages, Attachment A and Schedules MGO-E1 through MGO-E4, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.



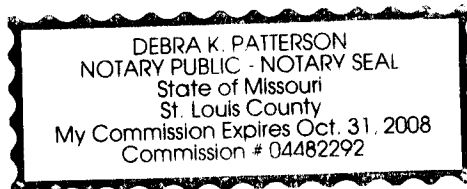
Michael G. O'Bryan

Subscribed and sworn to before me this 1st day of April, 2008.



Notary Public

My commission expires:



EXECUTIVE SUMMARY

Michael G. O'Bryan

*Senior Capital Markets Specialist in Corporate Finance for
Ameren Services Company*

* * * * *

The table below outlines the various capital components of AmerenUE's capital structure along with the representative weights and costs of each as of December 31, 2007. The methodology for calculating both the amount and cost of long-term debt, short-term debt and preferred stock is detailed in Exhibits MGO-E2, MGO-E3 and MGO-E4, respectively. The Company's amount of common equity was based on the common shareholder's equity as of December 31, 2007 adjusted for miscellaneous items. The Company's cost of common equity, developed by the Company's witness Dr. Roger A. Morin, assumes the presence of a fuel adjustment clause.

CAPITAL COMPONENT	AMOUNT	PERCENT OF TOTAL	COST	WEIGHTED COST
Long-Term Debt	\$2,981,873,369	45.536%	5.687%	2.590%
Short-Term Debt	\$104,584,299	1.597%	3.621%	0.058%
Preferred Stock	\$114,502,040	1.749%	5.189%	0.091%
Common Equity	\$3,347,491,925	51.119%	10.900%	5.572%
TOTAL	\$6,548,451,633	100.000%		8.311%

Union Electric Company d/b/a AmerenUE
Weighted Average Cost of Capital

With Fuel Adjustment Clause
at 12/31/2007:

CAPITAL COMPONENT	AMOUNT	PERCENT OF TOTAL	COST	WEIGHTED COST
Long-Term Debt	\$2,981,873,369	45.536%	5.687%	2.590%
Short-Term Debt	\$104,584,299	1.597%	3.621%	0.058%
Preferred Stock	\$114,502,040	1.749%	5.189%	0.091%
Common Equity	\$3,347,491,925	51.119%	10.900%	5.572%
TOTAL	\$6,548,451,633	100.000%		8.311%

Without Fuel Adjustment Clause
at 12/31/2007:

CAPITAL COMPONENT	AMOUNT	PERCENT OF TOTAL	COST	WEIGHTED COST
Long-Term Debt	\$2,981,873,369	45.536%	5.687%	2.590%
Short-Term Debt	\$104,584,299	1.597%	3.621%	0.058%
Preferred Stock	\$114,502,040	1.749%	5.189%	0.091%
Common Equity	\$3,347,491,925	51.119%	11.150%	5.700%
TOTAL	\$6,548,451,633	100.000%		8.439%

**Union Electric Company d/b/a AmerenUE
Embedded Cost of Long-Term Debt**

At December 31, 2007

SERIES C1	COUPON (a) C2	ISSUED C3	MATURITY C4	PRINCIPAL C5	FACE AMOUNT OUTSTANDING C6	UNAMORTIZED BALANCES			CARRYING VALUE C10	ANNUALIZED COUPON INT. C11	ANNUALIZED AMORTIZATION			ANNUALIZED INT. EXP. C15	EMBEDDED COST C16
						DISC/(PREM) C7	ISSUE EXP. C8	LOSS C9			DISC/(PREM) C12	ISSUE EXP C13	LOSS C14		
First Mortgage Bonds	6.750%	01-May-93	01-May-08	\$148,000,000	\$148,000,000	\$13,960	\$27,048			\$9,990,000	\$41,880	\$81,144			
Senior Secured Notes	5.250%	22-Aug-02	01-Sep-12	\$173,000,000	\$173,000,000	\$94,472	\$571,592			\$9,082,500	\$20,244	\$122,484			
Senior Secured Notes	4.650%	07-Oct-03	01-Oct-13	\$200,000,000	\$200,000,000	\$228,459	\$912,525			\$9,300,000	\$39,732	\$158,700			
Senior Secured Notes	5.500%	18-May-04	15-May-14	\$104,000,000	\$104,000,000	\$227,535	\$479,094			\$5,720,000	\$35,460	\$74,664			
Senior Secured Notes	4.750%	09-Apr-03	01-Apr-15	\$114,000,000	\$114,000,000	\$112,317	\$548,274			\$5,415,000	\$15,492	\$75,624			
Senior Secured Notes	5.400%	08-Dec-05	01-Feb-16	\$260,000,000	\$260,000,000	\$593,096	\$1,542,226			\$14,040,000	\$72,624	\$188,844			
Senior Secured Notes	6.400%	15-Jun-07	15-Jun-17	\$425,000,000	\$425,000,000	\$355,224	\$2,983,494			\$27,200,000	\$37,392	\$314,052			
Senior Secured Notes	5.100%	28-Jul-03	01-Aug-18	\$200,000,000	\$200,000,000	\$74,803	\$1,214,755			\$10,200,000	\$7,068	\$114,780			
Senior Secured Notes	5.100%	23-Sep-04	01-Oct-19	\$300,000,000	\$300,000,000	\$100,956	\$1,888,131			\$15,300,000	\$8,592	\$160,692			
Senior Secured Notes	5.000%	27-Jan-05	01-Feb-20	\$85,000,000	\$85,000,000	\$542,300	\$575,795			\$4,250,000	\$44,880	\$47,652			
First Mortgage Bonds	5.450%	15-Oct-93	01-Oct-28	\$44,000,000	\$44,000,000	\$202,437	\$371,757			\$2,398,000	\$9,756	\$17,916			
Senior Secured Notes	5.500%	10-Mar-03	15-Mar-34	\$184,000,000	\$184,000,000	\$1,735,650	\$1,523,340			\$10,120,000	\$66,120	\$58,032			
Senior Secured Notes	5.300%	21-Jul-05	01-Aug-37	\$300,000,000	\$300,000,000	\$940,040	\$2,756,575			\$15,900,000	\$31,776	\$93,180			
Subordinated Debentures	7.690%	16-Dec-96	15-Dec-36	\$65,500,000	\$65,500,000	\$415,512	\$96,048			\$5,036,950	\$14,328	\$3,312			
Environmental Improvement, Series 1991	5.000%	01-Dec-91	01-Dec-20	\$42,585,000	\$42,585,000		\$757,485			\$2,129,250		\$58,644			
Environmental Improvement, Series 1992	5.370%	01-Dec-92	01-Dec-22	\$47,500,000	\$47,500,000		\$565,897			\$2,550,750		\$97,800			
Environmental Improvement, Series 1998 ABC	4.356%	04-Sep-98	01-Sep-33	\$160,000,000	\$160,000,000		\$2,459,268			\$6,970,000		\$391,452			
Environmental Improvement, Series 2000 ABC	4.377%	09-Mar-00	01-Mar-35	\$186,500,000	\$186,500,000		\$4,741,670			\$8,162,657		\$174,540			
TOTAL LONG-TERM DEBT				\$3,039,085,000	\$3,039,085,000	\$5,636,761	\$24,014,974	\$27,559,896	\$2,981,873,369	\$163,765,107	\$445,344	\$2,233,512	\$3,144,120	\$169,588,083	5.687%

Carrying Value = Face Amount Outstanding less Unamortized Discount, Issuance Expenses, and Loss on Reacquired Debt

C10 = C6 - C7 - C8 - C9

Annualized Interest Expense = Annual Coupon Interest plus Annual Amortization of Discount, Issuance Expenses, and Loss on Reacquired Debt

C15 = C11 + C12 + C13 + C14

Embedded Cost = Annualized Interest Expense divided by Carrying Value

C16 = C15 / C10

(a) Coupon rate for variable rate auction securities reflects prevailing rates as of 12/31/07 and includes ongoing broker dealer fees.

Union Electric Company d/b/a AmerenUE
Cost of Short-term Debt

January 1, 2007 - December 31, 2007

MONTH C1	BALANCE OF SHORT-TERM DEBT (a) C2	BALANCE OF TOTAL CWIP C3	BALANCE OF CWIP ACCRUING AFUDC C4	NET AMOUNT OUTSTANDING C5	INTEREST RATE C6
January 2007	\$530,200,000	\$348,947,381	\$325,183,609	\$205,016,391	5.216%
February	544,300,000	299,514,595	335,040,464	209,259,536	5.417%
March	661,800,000	312,235,641	412,415,548	249,384,452	5.377%
April	710,800,000	341,513,402	432,843,662	277,956,338	5.449%
May	689,500,000	302,036,513	376,105,131	313,394,869	5.790%
June	254,600,000	332,516,228	361,064,128	0	5.870%
July	176,600,000	341,269,174	349,650,018	0	5.688%
August	99,100,000	388,043,452	340,236,201	0	5.934%
September	148,700,000	411,983,830	364,211,544	0	5.744%
October	219,200,000	445,251,694	383,638,947	0	5.231%
November	230,700,000	467,042,905	472,855,882	0	4.864%
December	0	545,901,947	517,979,394	0	5.399%
AVERAGE	\$355,458,333	\$378,021,397	\$389,268,711	\$104,584,299	

C5 Net Amount Outstanding = Balance of Short-Term Debt less Balance of CWIP Accruing AFUDC

C5 = C2 - C4

(a) Short-term debt amounts are net of cash. Negative amounts are excluded.

Schedule MGO-E3

Union Electric Company d/b/a AmerenUE
Embedded Cost of Preferred Stock

at December 31, 2007

SERIES, TYPE, PAR C1	DIVIDEND C2	ISSUED C3	MATURITY C4	SHARES OUTSTANDING C5	PAR ISSUED/ OUTSTANDING C6	PREMIUM C7	ISSUANCE EXPENSE/DISCOUNT C8	NET PROCEEDS C9	ANNUAL DIVIDEND C10	EMBEDDED COST C11
\$4.50 Series, Perpetual, \$100 par	\$4.500	01-May-41	-	213,595	\$21,359,500	(\$825,000)	\$440,294	\$21,744,206	\$961,178	
\$5.50 Series, Perpetual, \$100 par	\$5.500	01-Oct-41	-	14,000	\$1,400,000			\$1,400,000	\$77,000	
\$3.70 Series, Perpetual, \$100 par	\$3.700	01-Oct-45	-	40,000	\$4,000,000	(\$70,000)	\$69,396	\$4,000,604	\$148,000	
\$3.50 Series, Perpetual, \$100 par	\$3.500	01-May-46	-	130,000	\$13,000,000	(\$910,000)	\$252,772	\$13,657,228	\$455,000	
\$4.30 Series, Perpetual, \$100 par	\$4.300	01-Jul-46	-	40,000	\$4,000,000			\$4,000,000	\$172,000	
\$4.75 Series, Perpetual, \$100 par	\$4.750	01-Oct-49	-	20,000	\$2,000,000			\$2,000,000	\$95,000	
\$4.00 Series, Perpetual, \$100 par	\$4.000	01-Nov-49	-	150,000	\$15,000,000	(\$384,000)	\$326,896	\$15,057,104	\$600,000	
\$4.56 Series, Perpetual, \$100 par	\$4.560	01-Nov-63	-	200,000	\$20,000,000	(\$266,000)	\$297,633	\$19,968,367	\$912,000	
\$7.64 Series, Perpetual, \$100 par	\$7.640	01-Jan-93	-	330,000	\$33,000,000		\$325,469	\$32,674,531	\$2,521,200	
TOTAL PREFERRED STOCK					\$113,759,500	(\$2,455,000)	\$1,712,460	\$114,502,040	\$5,941,378	5.189%

issuance expenses, discount/premium, and any loss incurred in acquiring/redeeming prior series are not amortized due to the perpetual nature of the company's preferred stock

Net Proceeds = Par Value Outstanding plus Premium less Issuance Expense and Discount

$$C9 = C6 + C7 - C8$$

Embedded Cost = Annual Dividend divided by Net Proceeds

$$C11 = C10 / C9$$

Schedule MGO-E4