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Missouri Public
Service Commission

Exhibit No.:

Issues: Changes in Nuclear Decommissioning Trust Fund Trustee, Trustee Fee Schedule, Investment Managers and Investment Guidelines

Witness: Kevin L. Redhage

Type of Exhibit: Direct

Sponsoring Party: Union Electric Co. (d/b/a AmerenUE)

Case No.:

Date Testimony Prepared: October 6, 2000

UNION ELECTRIC COMPANY
(d/b/a AmerenUE)

MISSOURI PUBLIC SERVICE COMMISSION CASE NO. E0-2001-245

DIRECT TESTIMONY OF KEVIN L. REDHAGE

ST. LOUIS, MISSOURI

MISSOURI PUBLIC SERVICE COMMISSION

STATE OF MISSOURI

Application of Union Electric Company)
for Approval of Change of Trustee for)
its Tax Qualified Nuclear Decommissioning)
Trust Fund and for Approval of Related)
Change to Trust Agreement)

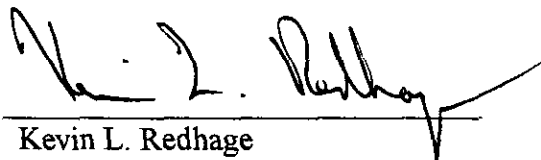
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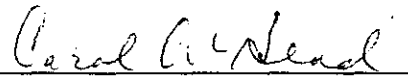
STATE OF MISSOURI)
CITY OF ST. LOUIS) SS.

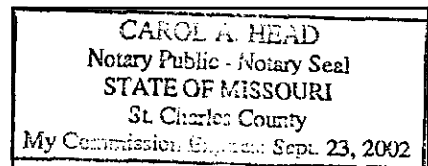
I, Kevin L. Redhage, do state upon oath as follows:

1. I am employed by Ameren Services Company as a Financial Specialist in the Financial Planning and Investments Department.
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony consisting of seventeen pages and attached Schedules 1 through 10, all of which have been prepared in written form for introduction into evidence in the above-referenced case.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct.


Kevin L. Redhage

Subscribed and sworn to before me this 12th day of October, 2000.


Notary Public



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UNION ELECTRIC COMPANY
(d/b/a AmerenUE)
MISSOURI PUBLIC SERVICE COMMISSION
CASE NO. [REDACTED]
DIRECT TESTIMONY OF KEVIN L. REDHAGE

Q. Please state your name, address, and occupation.

A. My name is Kevin L. Redhage, and I reside in Chesterfield, Missouri. I am a Financial Specialist in the Financial Planning and Investments Department at Ameren Services.

Q. How long have you held this position?

A. I have held this position since February 1992.

Q. What are your principal duties?

A. My principal duties include the following: monitoring investment activity and coordination of trust and regulatory issues concerning the Company's Nuclear Decommissioning Trust Fund; reviewing capital expenditure justifications to assure that they are conducted in accordance with Company policies; and developing economic models for the performance of financial analyses. I also perform other projects as assigned, relative to the area of financial planning, on a case-by-case basis.

Q. Please describe your educational background.

A. I graduated with a Bachelor of Science degree in Civil Engineering from the University of Missouri - Rolla in 1979. In 1991, I received a Masters degree in Business Administration

1 (MBA) from Webster University in St. Louis, Missouri, with an emphasis in Finance.

2 **Q. What is your work experience at Union Electric Company?**

3 A. I was employed by Union Electric Company in May 1981 as an Assistant Engineer in the
4 Nuclear Construction Department at the Company's Callaway Plant. While serving in this
5 department, I was promoted from Assistant Engineer to Engineer. In these positions, I
6 performed various construction management activities, both technical and administrative in
7 nature.

8 In April 1986, following the completion of Callaway construction, I transferred to the
9 newly formed Quality Services Department, located in the Company's St. Louis headquarters.

10 My principal responsibility in this position was the review of Company suppliers' quality
11 assurance (QA) programs, and the on-site verification of the implementation of the QA
12 programs at the suppliers' facilities. In this position, I also was involved in the development
13 of internal Company QA programs.

14 After I attained my MBA in Finance, I was assigned to the Financial Planning and
15 Investments Department as a Financial Specialist. This is the position I currently hold with
16 the principal duties as described earlier.

17 **Q. Are you familiar with the subject matter of this proceeding?**

18 A. Yes. The Company is requesting the following from the Missouri Public Service Commission
19 (MPSC):

- 20 1) Approval to replace Banc of America Capital Management, Inc. (formerly TradeStreet
21 Investment Associates, Inc.) with The Bank of New York as the fixed income investment
22 manager for the trust fund. In conjunction with this, approval of the proposed

1 "Investment Management Agreement" between the Company and The Bank of New York
2 is also requested.

3 2) Approval to change trustees of the Callaway Plant Tax Qualified Nuclear
4 Decommissioning Trust Fund (the "trust fund") from Bankers Trust Company to The
5 Bank of New York. In conjunction with this, approval of The Bank of New York's
6 proposed "Schedule of Fees" and approval of the "Third Amended and Restated Tax
7 Qualified Decommissioning Trust" Agreement between the Company and The Bank of
8 New York is also requested.

9 3) Approval of changes to the "Investment Guidelines for the Callaway Plant Tax Qualified
10 and Non-Tax Qualified Nuclear Decommissioning Trust Funds" (the "investment
11 guidelines").

12 The Company is also hereby notifying the MPSC of the change in name applicable to the trust
13 fund's equity investment manager. Mississippi Valley Advisors (MVA), the current equity
14 investment manager for the trust fund, was added on July 10, 1992 as an additional
15 investment manager for the trust fund. MVA was a subsidiary of Mercantile Bank, which was
16 subsequently acquired by Firststar. On February 29, 2000, MVA was merged into the Firststar
17 investment management subsidiary with "Firststar Investment Research & Management
18 Company, LLC" (FIRMCO) as the surviving entity. The investment management agreement
19 in place with MVA remains in place under the surviving company (FIRMCO). Essentially,
20 the change has been in name only.

21 **Q. Are you sponsoring any schedules?**

22 **A.** Yes. I am sponsoring Schedule Numbers 1 through 10.

**APPROVAL TO REPLACE BANC OF AMERICA CAPITAL MANAGEMENT, INC.
(FORMERLY TRADESTREET INVESTMENT ASSOCIATES, INC.) WITH THE BANK
OF NEW YORK AS THE FIXED INCOME INVESTMENT MANAGER FOR THE
TRUST FUND AND APPROVAL OF THE PROPOSED "INVESTMENT
MANAGEMENT AGREEMENT" BETWEEN THE COMPANY AND THE BANK OF
NEW YORK**

Q. What organization currently acts as fixed income investment manager for the trust fund?

A. Banc of America Capital Management, Inc. (formerly TradeStreet Investment Associates, Inc.) is currently the investment manager for the fixed income portion of the trust fund.

TradeStreet Investment Associates, Inc. (TradeStreet) was approved by the Commission (Case No. EO-98-144) on December 31, 1997 as an investment manager for the fixed income portion of the trust fund. TradeStreet was a subsidiary of NationsBank, which was acquired by the Bank of America. Subsequently, TradeStreet was merged into a new Bank of America organization named "Banc of America Capital Management, Inc.". Essentially, the foregoing change was a change in name only. The existing investment management agreement (approved by the Commission in Case No. EO-98-144) remained in effect, and no new agreement was required.

Q. What action is the Company proposing to take regarding management of the fixed income portion of the trust fund?

A. The Company is proposing to replace Banc of America Capital Management, Inc. as investment manager of the fixed income portion of the trust fund with The Bank of New York (BNY).

Q. Please describe BNY's background and current business activities.

1 A. BNY was founded in 1784. The bank's headquarters are in New York, with administrative
2 offices located in Alabama, Florida, Georgia, California, Missouri, Illinois, New Jersey and
3 Washington. BNY also has an international franchise of 300 branch and representative offices
4 in 26 countries and a network of over 2,300 correspondent banks worldwide.

5 Today, it is one of the largest bank holding companies in the United States, with total
6 assets of \$67 billion and total shareholders' equity exceeding \$5.2 billion. BNY serves as
7 banker to some of the largest corporations in America, and is prominent in special industries
8 such as telecommunications and energy. BNY's primary businesses are concentrated in
9 securities servicing and cash processing, corporate banking, retail banking, trusts and
10 investments, and financial market services. The bank is acknowledged as one of the largest
11 global processors of securities.

12 **Q. Why is the Company proposing this change in investment managers?**

13 A. There has been some recent slippage in Banc of America Capital Management's performance;
14 and, it does not appear that they are aggressively pursuing the management of nuclear
15 decommissioning trust fund assets as a significant segment of their business. Consequently,
16 the Company feels that the management of the fixed income portion of its Callaway
17 decommissioning fund would be better served by a manager that more strongly emphasizes
18 this specialized area of investment management.

19 The following table demonstrates the historical returns earned by the fixed income
20 portfolio of the Company's decommissioning fund and those earned by BNY's fixed income
21 portfolio. The returns of comparable indices are also shown for comparison. The fixed
22 income portfolio of the Company's fund is invested in a blend of government securities, state

and municipal securities and corporate securities. Therefore, a "Composite" index based on a proportion of the Lehman Brothers Muni Bond Index and the Lehman Brothers Government / Corporate Bond Index is considered the most applicable for benchmarking purposes. The proportions of these two indices used in this composite reflect the approximate make-up of the Company's fund at the date of comparison.

		As of 03/31/2000 (Pre-Tax Basis)				
		3	6	1	3	5
		Month	Month	Year	Year	Year
Fixed-Income Portfolio						
Callaway Plant Nuclear						
Decommissioning Fund		2.50%	2.05%	0.64%	6.62%	6.57%
BNY Actively-Managed						
Fixed Income Portfolio		2.94%	2.52%	2.15%	6.66%	6.69%
Lehman Brothers						
Municipal Bond Index		2.93%	2.13%	(0.08%)	5.52%	6.08%
Lehman Brothers						
Gov/Corp Bond Index		2.68%	2.27%	1.70%	6.79%	7.13%
Composite 63% LB Muni; 37% LB G/C		2.82%	2.19%	0.71%	6.09%	6.54%

As can be observed from the data presented in this table, BNY's investment portfolio has been consistently outperforming the index benchmark; while Banc of America Capital Management has been unable to in more recent periods.

BNY also appears to be more aggressively pursuing the management of nuclear decommissioning trust fund assets as part of their business. BNY currently manages about

1 \$1.5 billion in nuclear decommissioning trust fund assets for six different clients. These are
2 listed in the following schedule:

BNY NDT ASSET MANAGEMENT CLIENT	HIRED	03/31/2000 MARKET VALUE (MIL \$)
Central Hudson Gas & Electric	1990	\$8.9
Commonwealth Edison	1997	\$311.0
General Public Utilities	1994	\$149.0
New York Power Authority	1997	\$630.4
Vermont Yankee Nuclear Power Corp	1995	\$311.6
S.E.R.I. (Entergy)	1987	\$72.0
TOTAL:		\$1,482.9

17 Given the foregoing considerations, the Company feels that replacing Banc of America
18 Capital Management with BNY as manager of the fixed income portfolio of the nuclear
19 decommissioning trust fund is an appropriate and prudent decision at this time.

20 **Q. Is BNY's fee for providing fixed income investment management services lower than**
21 **that of Banc of America Capital Management?**

22 **A.** Yes. Banc of America Capital Management currently charges a fee of 6 basis points on the
23 market value of all assets under management, with no cap. BNY has proposed a fee of 5
24 basis points on the market value of all assets under management, with no cap.

25 **Q. Has the Company evaluated the magnitude of savings expected as a result of this lower**
26 **fee structure?**

27 **A.** Yes. The savings resulting from these reduced fees will vary with the size of the fixed income

1 portfolio, but could be significant over time. The 1 basis point annual fee reduction would
2 result in a savings of \$100 per year per \$1 million of fund valuation. Given that the fixed
3 income portfolio of the Missouri jurisdictional sub-account is currently valued at nearly \$63
4 million, about \$6,300 per year in investment management fee savings would be realized
5 immediately. This annual savings would grow as the fixed income portfolio increases in value
6 over the life of the fund. The savings would be expected to be greatest near the end of the life
7 of the fund when the transition out of equity investments and into fixed income securities is
8 completed.

9 **Q. Did the Company solicit bids from multiple providers of investment management**
10 **services?**

11 A. No. The Company also feels that the 5 basis point fee for fixed income investment
12 management services proposed by BNY is also very competitive, given the results of an
13 "NDT Investment Manager Fee Study" performed by LCG Associates, Inc. in October, 1999.
14 A copy of this survey is included in Schedule 1. This study indicated that, for fixed income
15 portfolios comparable in size to the Company's, average fees are in the range of 26 to 30
16 basis points, with minimum fees of 6 to 7 basis points being charged. Consequently, the
17 Company feels that BNY's proposal of a 5 basis point fee is extremely competitive.

18 **Q. Will BNY employ the same style of management as Banc of America Capital**
19 **Management?**

20 A. Yes. Banc of America Capital Management actively managed the fixed income portfolio with
21 the goal of maximizing total after-tax return. This same strategy will be employed by BNY.

1 **Q. Has an investment management agreement between BNY and the Company been**
2 **prepared?**

3 **A. Yes. A copy of this document is presented in Schedule 2. It is requested that the Commission**
4 **review and approve this agreement.**

1 **CHANGES IN TRUSTEE, FEE SCHEDULE AND TRUST AGREEMENT**
2 **FOR THE CALLAWAY PLANT TAX QUALIFIED NUCLEAR DECOMMISSIONING**
3 **TRUST FUND**
4

5 **Q. Who is the current trustee of the Callaway Plant Tax Qualified Nuclear**
6 **Decommissioning Trust Fund?**

7 A. Bankers Trust Company (BTCO) is currently the trustee.

8 **Q. Who is the Company proposing to name as the successor trustee?**

9 A. The Company is proposing to name The Bank of New York (BNY) as the successor trustee.

10 **Q. Please explain why the Company is proposing this change in trustee.**

11 A. The change in trustee is being proposed primarily in conjunction with the change in the fixed
12 income investment manager. For the reasons discussed earlier in this testimony, the Company
13 is proposing to make a change in the fund's fixed income investment manager. By one entity
14 providing both custodian and fixed income investment management services, total fees can
15 be reduced, resulting in significant savings to the trust fund.

16 In addition, some concerns regarding BTCO, discussed later in this testimony, have
17 developed, leading the Company to believe that it is prudent to concurrently make a change
18 in trustees at this time. The Company feels that BNY has the necessary expertise, resources,
19 experience and reporting capabilities to assume fiduciary responsibility for the trust fund.
20 And, BNY's net worth is of sufficient size to satisfy the minimum net worth requirements
21 imposed by the Federal Energy Regulatory Commission.

22 **Q. How will the proposed change affect the fees for trustee services paid by the trust fund?**

23 A. A copy of the current "Master Trust / Custody Fee Schedule" between the Company and

1 BTCo is contained in Schedule 3. A copy of the proposed "Schedule Of Trustee Fees"
2 between the Company and BNY is contained in Schedule 4.

3 It is impossible to directly compare the two fee structures as some components are
4 fixed in nature, others vary with the market value of the fund and still others vary with the
5 number of transactions that occur. The Company has evaluated both trustee fee structures
6 and believes that the BNY proposal will result in some degree of savings over the life of the
7 trust fund. In the early years following the transition the fees associated with the BNY
8 proposal are expected to be somewhat higher due to the allocation of certain fixed fee
9 components; but, in later years, significant savings are anticipated as the fund grows in value
10 and the savings from the variable fee component becomes more dominant.

11 **Q. Did the Company solicit bids from multiple providers of investment management and**
12 **trustee services?**

13 A. No. The Company has extensive experience with other trustees for its employee benefits
14 trusts, including Bankers Trust Company, Northern Trust and Mellon Trust. Based on this
15 experience, the Company could assess the BNY proposal and conclude that it offered state-
16 of-the-art service at a competitive price.

17 **Q. What concerns does the Company have regarding BTCo that lead it to believe that it**
18 **is prudent to concurrently make a change in trustees at this time?**

19 A. It does not appear that BTCo is placing emphasis on growing or expanding their nuclear
20 decommissioning trust business. In contrast, BNY is actively pursuing this business segment.

21 As an example, BTCo had served as trustee for Kansas City Power & Light's nuclear
22 decommissioning trust fund; but resigned. BNY was recently appointed trustee of this fund.

Currently, BNY serves as trustee for the nuclear decommissioning trust funds of eleven companies, with a total asset value of approximately \$2.9 billion. These are listed in the following schedule:

		03/31/2000 MARKET VALUE (MIL \$)
BNY NDT TRUSTEE CLIENT	HIRED	
Central Hudson Gas & Electric	1990	\$17.0
Connecticut Yankee Atomic Power Company	1998	\$187.0
General Public Utilities	1990	\$685.3
Georgia Power Company	1992	\$371.9
Indiana Michigan Power Company	1997	\$115.2
Maine Yankee Atomic Power Company	1992	\$187.7
MidAmerican Energy Company	1999	\$146.8
New York State Power Authority	1990	\$630.4
Vermont Yankee Nuclear Power Corp	1995	\$348.5
Yankee Atomic Electric Company	1998	\$165.0
Kansas City Power & Light Company	1999	\$52.0
TOTAL:		\$2,906.8

There has also been a great deal of "turnover" in the BTCo organization recently. On June 4, 1999, BTCo was purchased by Deutsche Bank. BTCo had maintained a St. Louis regional office in order to provide local client support in relation to their trustee services. Deutsche Bank, however, closed this office on July 1, 2000 and transferred the customer service function to their New Jersey offices. Consequently, the Company lost the benefit of local representation that had been provided.

To-date, Deutsche Bank has allowed BTCo to remain as a separate legal entity; but,

1 it is uncertain how long this will continue to be the case. Should Deutsche Bank decide to
2 eliminate BTCO as a separate legal entity in the future it would be necessary, at that time, for
3 the Company to seek Commission approval for the change in trustee. By appointing a new
4 trustee now, the Company is "pre-empting" actions that are likely to be required in the future.

5 **Q. What is the Federal Energy Regulatory Commission's minimum net worth**
6 **requirement?**

7 A. The Federal Energy Regulatory Commission's "Nuclear Plant Decommissioning Trust Fund
8 Guidelines", issued June 12, 1997, states, "The Trustee shall have a net worth of at least \$100
9 million. In calculating the \$100 million net worth requirement, the net worth of the Trustee's
10 parent corporation and / or affiliates may be taken into account only if such entities guarantee
11 the Trustee's responsibilities to the Fund."

12 **Q. What is BNY's net worth?**

13 A. As of December 31, 1998, BNY's net worth (defined as "total shareholder's equity") was
14 \$5.448 billion. As of December 31, 1999, BNY's net worth was \$5.143 billion. These values
15 are obviously far in excess of the Federal Energy Regulatory Commission's minimum
16 requirement of \$100 million.

17 **Q. How will the proposed change in trustees affect the administration of the trust?**

18 A. The trust will be administered from BNY's New York headquarters. A BNY "Relationship
19 Manager" will serve as the "contact person" for the trust and will handle routine matters
20 between the Company and BNY. Had the trust remained with BTCO, it would have been
21 administered from their New Jersey offices with a named "Associate" serving as the day-to-
22 day contact person. Consequently, there is not expected to be any significant difference

1 between the manner of administration of the trust with BNY's versus the administration had
2 BTCo remained as trustee.

3 **Q. Will any changes or amendments to the existing trust agreement between the Company**
4 **and BTCo be necessary in order to name BNY as trustee of the Callaway Plant Tax**
5 **Qualified Nuclear Decommissioning Trust Fund?**

6 A. Yes. The trust agreement changes are illustrated in Schedules 5 , 6 , and 7 . Schedule 5
7 contains a copy of the current "Second Amended and Restated Tax Qualified
8 Decommissioning Trust" agreement and the two amendments that had been executed relative
9 to it. Schedule 6 contains a copy of the proposed "Third Amended and Restated Tax
10 Qualified Decommissioning Trust" agreement that will be in effect between the Company and
11 BNY. Schedule 7 contains a comparison of the two documents, with all of the text deleted
12 from the current agreement indicated with "strike-out" marks and all of the added text
13 indicated by highlighted shading.

14 **Q. Are any other regulatory commission approvals required for this change in trustees?**

15 A. Yes. The Company must also obtain the approval of the Illinois Commerce Commission
16 (ICC). It is requested that the MPSC make its approval of the requested change in trustee
17 contingent upon the Company obtaining corresponding approval from the ICC for the Illinois
18 jurisdictional assets.

1 **CLARIFYING CHANGES TO THE INVESTMENT GUIDELINES**

2 **Q. Are any changes being proposed to the "Investment Guidelines for the Callaway Plant**
3 **Tax Qualified and Non-Tax Qualified Nuclear Decommissioning Trust Funds -**
4 **Effective January 1, 1998"?**

5 **A. Yes.**

6 **Q. Please describe the revisions that are being made to the investment guidelines.**

7 **A. No material nor significant changes are being proposed; but some minor revisions are being**
8 **incorporated to clarify and better define certain aspects of the guidelines. Primarily, minor**
9 **wording changes were made in various places throughout the document for the purpose of**
10 **enhanced clarity, especially to make more consistent use of terminology between the trust**
11 **agreements and the investment guidelines. None of these affect the purpose, intent or scope**
12 **of the guidelines, and none are considered material.**

13 A copy of the current investment guidelines (effective January 1, 1998) is included in
14 Schedule 8. A copy of the revised investment guidelines is included as Schedule 9. Schedule
15 10 contains a comparison of the two documents, with all of the text deleted from the current
16 agreement indicated with "strike-out" marks and all of the added text indicated by highlighted
17 shading.

SUMMARY

Q. Is there any affiliation of interest between Union Electric Company and BNY?

A. No.

Q. On what date does the Company desire to make these changes effective?

A. To facilitate the trust accounting and performance measurement processes, it is desired to transfer the assets to the new trustee and investment manager at year-end. Consequently, the Company has established January 1, 2001 as the targeted date for implementing the actions described herein.

The transfer of assets on January 1, 2001 is dependent upon receiving approval from both the MPSC and the ICC by this point in time. If, for some reason, approvals from both Commissions have not been received by this date, the Company will transfer the assets to the new trustee and investment manager on the first day of the month following receipt of the required approvals from both the MPSC and the ICC.

Q. In summary, what does the Company seek from the MPSC?

A. The Company is requesting that the MPSC approve:

- 1) The replacement of Banc of America Capital Management, Inc. (formerly TradeStreet Investment Associates, Inc.) with The Bank of New York as investment manager for the fixed income portion of the decommissioning trust fund;
- 2) The investment management agreement between the Company and The Bank of New York, in the form of Schedule 2;
- 3) The replacement of Bankers Trust Company with The Bank of New York as successor

1 trustee of its tax qualified nuclear decommissioning trust fund (contingent upon the
2 Company obtaining corresponding approval from the ICC for the Illinois jurisdictional
3 assets);

4 4) The Bank of New York's "Schedule of Trustee Fees", in the form of Schedule 4;

5 5) The "Third Amended and Restated Tax Qualified Decommissioning Trust" agreement
6 between the Company and The Bank of New York, in the form of Schedule 6;

7 6) The revision to the "Investment Guidelines for the Callaway Plant Tax Qualified and Non-
8 Tax Qualified Nuclear Decommissioning Trust Funds, Effective _____" (to be
9 effective as of the date of the change in trustees and fixed income investment managers);
10 in the form of Schedule 9.

11 **Q. Does this conclude your testimony?**

12 **A.** Yes, it does.

SCHEDULE 1

NDT Investment Manager Fee Study

October, 1999

Kathleen A. Crowley, CFA, Senior Vice President and Principal
Anthony M. Daniel, Jr., CFA, Consultant
LCG Associates, Inc.
400 Galleria Parkway, Suite 1800
Atlanta, GA 30350
770/644-0100 Fax: 770/644-0105

LCG
ASSOCIATES, INC.

INVESTMENT CONSULTING SERVICES

INTRODUCTION

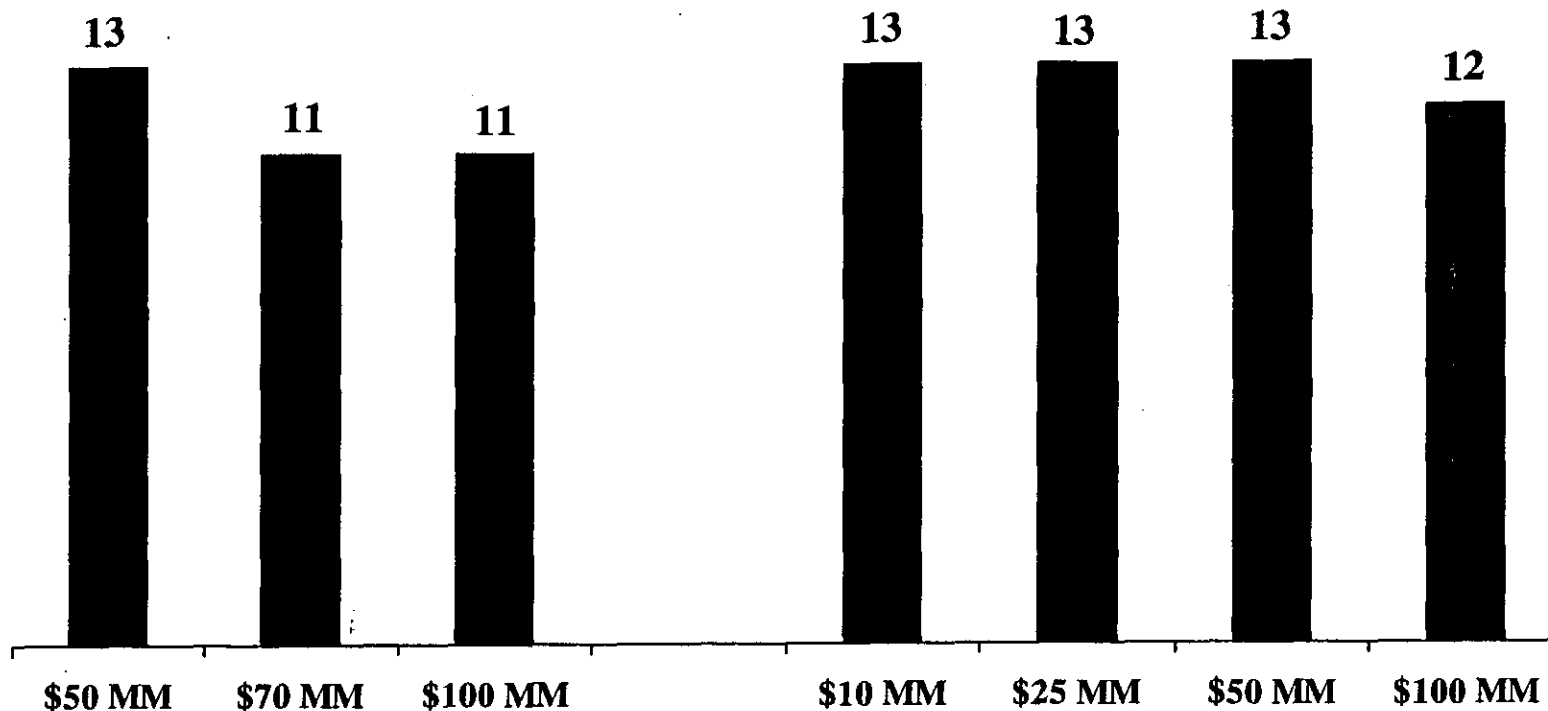
- ***LCG Associates, Inc. recently surveyed approximately 50 investment management firms regarding NDT management fees.*** These managers classified themselves in either our own database or one we purchase (PSN) as managing NDT assets.
- ***Of the firms surveyed, 24 responded that currently manage NDT Assets.*** Many would like to, but do not yet have NDT clients.
- ***Fees reported in this survey are the published fee schedules actually used with NDT clients.*** Of course, fees can be negotiable.
- ***These 24 managers represent about \$16 billion or about 75% of the NDT market today.*** NDT assets at each firm range from \$6 million to \$3.5 billion. Only 10 managers report over \$500 million in NDT assets and only 4 are over \$1 billion.
- ***LCG Associates, Inc. hopes that this survey is useful to you in managing your NDT. If you should have any questions, please call:***

Kathleen A. Crowley, CFA
NDT Team Leader
Senior Vice President and Principal
LCG Associates Inc.
400 Galleria Parkway
Suite 1800
Atlanta, GA 30339
Phone: 770/644-0100
Fax: 770/644-0105

NDT FEE SURVEY - INDEXED EQUITIES

LCG's Observation: The average minimum separate account size is about \$60 million. Commingled and separate account fees are not distinctly different. Both tax - managed and regular index products are included. Plain index funds are less expensive.

Average
Fee
(BP)



Separate Accounts (BP)

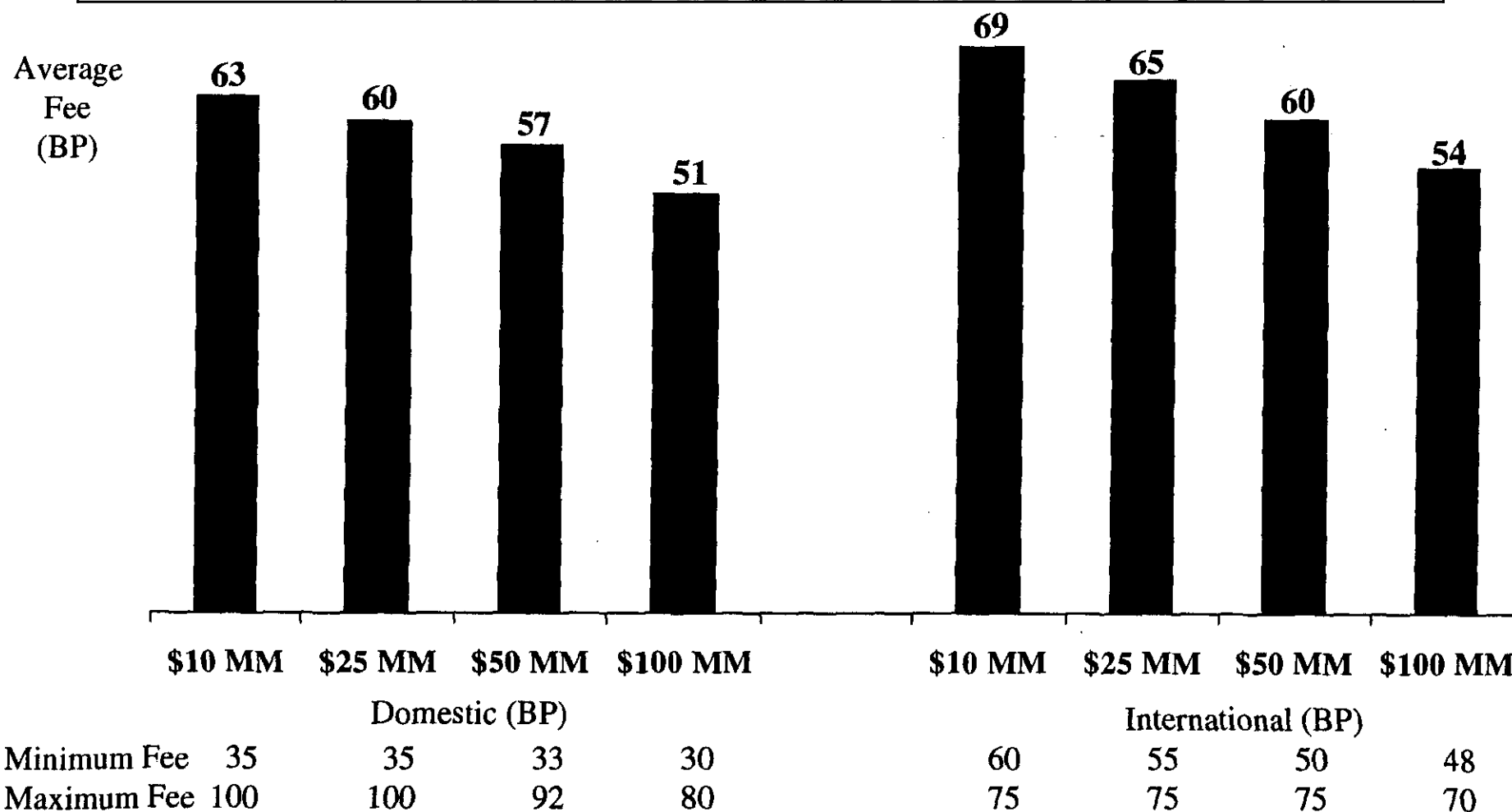
Commingled Funds (BP)

Minimum Fee
Maximum Fee

5	5	5	10	10	10	8
20	19	18	15	15	15	14

NDT FEE SURVEY - ACTIVE EQUITIES

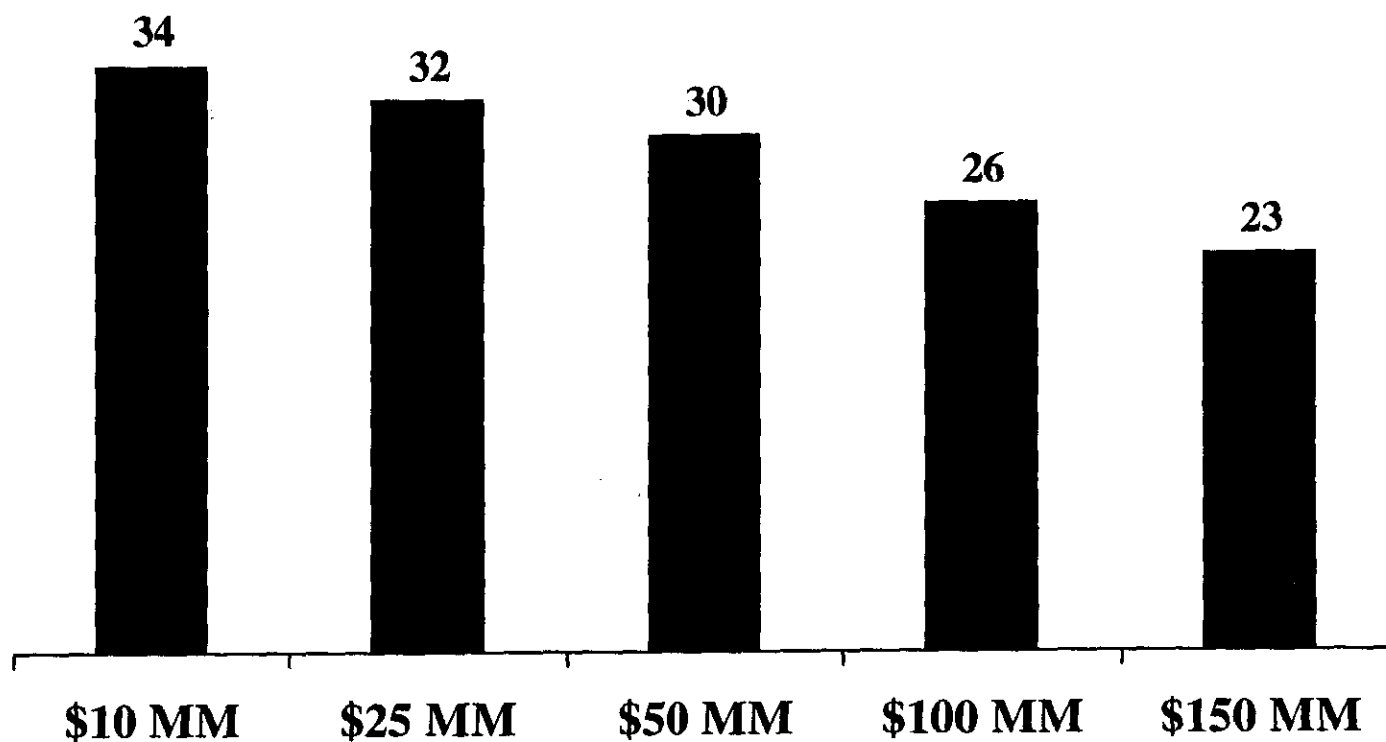
LCG's Observation: Only 4 managers reported managing international equities for NDTs, although demand is growing. The range of styles within domestic equities includes large-cap value, mid-cap, small-cap value, utility sector only, and large-cap growth.



NDT FEE SURVEY - FIXED INCOME

LCG's Observation: NDT bond managers now typically manage a "core" account of both munis and taxable bonds. Most are benchmarked to the Lehman Brothers Aggregate Bond Index, although some have a shorter-duration target. Low minimum fees represent passive management.

Average
Fee
(BP)



Minimum Fee
Maximum Fee

7	7	7	6	5
44	43	43	38	35



INSTITUTIONAL INVESTMENT CONSULTANTS

with a specialty in NDT Strategies

Company Background

- Full-service institutional investment consultants
- Established in 1973: Celebrating our 27th year
- 100% employee owned and independent
- Experienced investment team
- Over 75 major institutional clients nationwide
- A national firm - offices in Atlanta, Dallas, Charlotte
- Strict Code of Ethics
- Over \$30 billion in assets under advisement

Unique in the Consulting Industry

- Do Not Manage Money
- Do Not Accept Commissions
- Do Not Sell Actuarial/Administrative Services
- No Affiliations with Investment Management Firms

LCG's Clients

- Nuclear Decommissioning Trusts
- Defined Benefit Plans
- Defined Contribution Plans
- Post-Retirement Benefit Plans
- Endowments and Foundations
- Corporate Operating or Investment Portfolios
- Hospital and Medical Industry Assets
- Insurance-Related Assets
- Specialty Trusts
- High Net-Worth Family Assets

Specialized NDT Consulting Services

- Asset/Liability Modeling (after-tax)
- Asset Allocation Assumptions and Strategy
- Rate Case Support and Expert Witness Testimony
- Spent Fuel Trust Studies and Asset Allocation
- Effective Manager Structure
- Manager Search and Selection
- After-Tax, After-Fee Performance Evaluation
- Cash Flow Strategy (near and in decommissioning)
- Special Research and Studies

Other Consulting Services

- Asset class research, analysis & opinion
- Investment policy development
- Asset allocation modeling
- Asset/liability studies
- Spending policy modeling and development
- Downside risk analysis
- Domestic/international manager search
- Investment manager guidelines & benchmarking
- 401(k) strategies & communications
- Performance monitoring, measurement & evaluation
- Performance attribution/factor analysis
- Securities lending analysis
- Master trustee/custodian analysis & search
- Third-party commission recapture programs
- Fee analysis & negotiation
- Alternative investment research & recommendations



INSTITUTIONAL INVESTMENT CONSULTANTS
with a specialty in NDT Strategies

NDT Clients (Past and Present)

- Carolina Power and Light Company
- Central and South West Corporation
- Connecticut Yankee Atomic Power Company
- Maine Yankee Atomic Power Company
- Reliant Energy
- Vermont Yankee Nuclear Power Corporation
- Virginia Electric Power Company
- Yankee Atomic Electric Company

LCG's Consultants

Years Experience

• Dr. Michael T. Wilkinson	21
President and Chief Executive Officer, Atlanta	
• Richard R. Babcock	24
Senior Vice President, Charlotte	
• Kathleen A. Crowley, CFA	20
Senior Vice President and Chair, Investment Committee, Atlanta	
• June B. Debatin	31
Senior Vice President, International Investments, Atlanta	
• Scott M. Freeman	15
Senior Vice President and Office Head, Dallas	
• Edward F. Johnson	15
Senior Vice President and Office Head, Atlanta	
• J. Stephen Penner	31
Senior Vice President, Dallas	
• John W. Burgin	20
Chief Financial Officer, Atlanta	
• Douglas L. Blanton	4
Consultant, Atlanta	
• Anthony M. Daniel, Jr., CFA	5
Consultant, Atlanta	
• Brian J. Falco	10
Consultant, Dallas	
• Michael T. Lubin	5
Consultant, Atlanta	
• David D. Ritter, CFA	7
Consultant, Atlanta	

Code Of Ethics

- To ensure that we provide the highest quality of service and maintain the highest standards of conduct, the employees of LCG Associates, Inc. are governed in all their activities by the following principles:
- Our primary goal is to provide our clients with the highest quality service available in the marketplace. We will continually strive to improve that service.
- The foundation of our relationship with clients is trust. We will preserve this trust by providing totally independent, unbiased counsel.
- We recognize that we share a fiduciary relationship with our clients. We will honor this responsibility by always acting in the best interest of our clients. We will avoid any conflict of interest, whether real or apparent.
- Good communication with our clients is essential. We will foster good communication by encouraging our clients to ask questions and express their concerns to us directly and openly. We will listen and respond in a forthright and prompt manner.
- We recognize that the close relationship we enjoy with our clients will cause us to be privy to sensitive information. We will protect and maintain the confidentiality of our clients' business information and trade secrets.

For further information, please call:

Kathleen A. Crowley, CFA

NDT Team Leader

Senior Vice President and Principal

LCG Associates Inc.

100 Galleria Parkway

Suite 1200

Atlanta, GA 30339

Phone: 770/644-0100

Fax: 770/644-0105

E-mail: kcrowley@lcgassociates.com

SCHEDULE 2

INVESTMENT MANAGEMENT AGREEMENT
(WITHOUT CUSTODY)

between

UNION ELECTRIC CO. (d/b/a/ AMEREN UE)

and

THE BANK OF NEW YORK

Dated as of _____

ACCOUNT NUMBER(S) _____

INVESTMENT MANAGEMENT AGREEMENT, dated as of _____, 20__, by and between Union Electric Co. (d/b/a Ameren UE), a corporation organized pursuant to the laws of the State of Missouri (the "Customer"), and THE BANK OF NEW YORK, a banking corporation organized pursuant to the laws of the State of New York ("BNY").

WHEREAS, certain assets of Customer, identified on Schedule A annexed hereto, are held by, and are in the custody, possession and control of, The Bank of New York ("Custody Account"); and

WHEREAS, Customer desires to appoint BNY to manage certain assets which are currently held in, or which may hereafter be held in, the Custody Account (which assets are collectively referred to herein as the "Property"); and

WHEREAS, the assets in the Custody Account are assets which are subject to a Third Amended and Restated Tax Qualified Decommissioning Trust Agreement effective as of _____ or a Second Amended and Restated Non-Tax Qualified Decommissioning Trust Agreement effective as of _____, both between the Customer and The Bank of New York, as trustee (the "Trustee");

NOW, THEREFORE, in consideration of the premises and of the mutual promises and covenants contained herein, the parties hereto agree as follows:

1. Appointment of BNY as Investment Manager.

(a) BNY is hereby appointed as investment manager for the Property and is hereby authorized and directed to, and shall, open and maintain one or more investment management accounts (the "Management Account") in such name or names as Customer may, from time to time, direct. The Management Account shall be used solely for record keeping purposes and shall not be used to hold Property, in whole or in part. The Property shall be held by, and shall remain in the custody, possession and control of, The Bank of New York or its successors or assigns (the "Custodian") in the Custody Account or in any other account agreed upon by the parties hereto (collectively referred to herein as the "Custody Account").

(b) Customer shall cause Custodian to comply with instructions from BNY and BNY shall not be liable for Custodian's failure to comply with such instructions.

2. Powers of BNY.

(a) General Investment Powers. Subject to and in accordance with the Customer's instructions and with Customer's investment objectives, guidelines, restrictions and liquidity requirements ("Customer's Investment Guidelines") set forth in Schedule B annexed hereto, which Investment Guidelines may be amended pursuant to paragraph 3(a) hereof, BNY, as Customer's agent and for the account and risk of Customer, shall, and is hereby authorized and empowered to, manage the Property in such a manner as BNY, in its full discretion and without obligation on its part to give prior notice to Customer, may deem advisable, and invest and reinvest the Property, without distinction between principal and income, in such securities,

instruments and other intangible assets as BNY in its sole discretion shall select. Without limiting the generality of the foregoing, BNY is authorized and empowered to:

- (i) sell, exchange, convey, transfer or otherwise dispose of any Property, at any time held in the Custody Account, by any means, for cash or on credit, and no person dealing with BNY shall be bound to see to the application of the purchase money or to inquire into the validity, expediency or propriety of any such sale or other disposition;
- (ii) purchase or acquire, by any means, with funds provided by Customer, securities, instruments and other intangible assets for deposit in the Custody Account;
- (iii) invest and reinvest cash balances in the Custody Account or to delegate such authority to Custodian or to hold cash uninvested for such periods of time as may be deemed advisable;
- (iv) direct Custodian to carry out or implement any of the foregoing;
- (v) direct Custodian to make any payments incidental to or in connection with the foregoing and BNY's duties and responsibilities hereunder; and
- (vi) generally, exercise any of the powers of an owner with respect to the Property held in the Custody Account.

(b) Administrative Powers. Subject to and in accordance with Customer's instructions and with Customer's Investment Guidelines, BNY, as Customer's agent and for the account and risk of Customer, is authorized and empowered in its sole discretion to:

- (i) make, execute, acknowledge and deliver any and all documents or instruments that may be necessary or appropriate to carry out the powers granted herein;
- (ii) employ and consult with, and obtain advice from, suitable agents, including auditors and legal counsel (who may be counsel to Customer or to BNY) or other advisers, and BNY shall incur no liability in acting in good faith in accordance with the reasonable advice and opinion of such agents or advisers; and
- (iii) exercise all other rights and powers and take any action it deems necessary in carrying out the purposes of this Agreement.

(c) Discretionary Corporate Action.

- (i) Whenever warrants, options, tenders, puts, calls, put options or other such securities or instruments have fixed or pre-established expiration dates, Customer will cause Custodian to provide BNY with any and all information regarding the exercise of such rights, including but not limited to dates by when such action must be taken.

- (ii) In order for BNY to act, it must receive information regarding the exercise of rights at BNY's offices addressed as BNY may from time to time request by no later than noon (New York City time) at least two (2) business days prior to the last scheduled date to act with respect to such rights (or such earlier date or time as BNY may notify Customer or Custodian). Absent BNY's timely receipt of such information, BNY shall not be liable for not taking any action or not exercising such rights prior to expiration of such rights.

(d) Placing and Negotiating Orders. BNY is authorized to place or negotiate orders to buy or sell Property. Such orders may be placed or negotiated through subsidiaries or affiliates of BNY. BNY or any of its subsidiaries or affiliates, acting as principal, may sell such Property to, or buy such Property from, Customer.

(e) Voting. With respect to all securities, however registered, the voting rights shall be exercised by the Trustee. BNY shall have no obligation with respect to Property registered in the name of anyone other than BNY or its nominee.

(f) Pricing Services. To the extent that BNY provides values of, and pricing information with respect to, securities or other instruments, BNY is authorized to utilize generally recognized pricing services (including brokers, dealers and market makers). BNY shall not be liable or responsible for or be under any duty to inquire into, nor be deemed to make any assurances or warranties with respect to, the accuracy or completeness of such values or information, even if BNY, in performing services for itself and others, including services similar to those performed for Customer, receives different valuations of the same or similar securities or other instruments of the same issuer. In the event such services are unable to provide a value of or pricing information with respect to securities or other instruments and BNY provides values and pricing information, BNY shall so advise Customer, but shall have no other obligation or liability with respect to such valuation or pricing information.

3. General Authorizations and Instructions.

(a) Customer may amend, change or modify Customer's Investment Guidelines set forth in Schedule B annexed hereto upon thirty (30) days' prior written notice to BNY.

(b) Customer understands and agrees, and shall so instruct the Custodian, that:

- (i) Any Property purchased by BNY, as agent for and on behalf of Customer, shall be delivered to and received by Custodian who shall pay for the Property so purchased. BNY shall not be liable, in any way whatsoever, for Custodian's non-receipt of or non-payment for any Property so purchased, and BNY shall not be required to advance funds in connection with any such purchase.
- (ii) Any Property sold by BNY, as agent for and on behalf of Customer, shall be delivered by Custodian in accordance with instructions and directions (given in accordance with paragraph 7 hereof) from BNY, and Custodian shall be responsible for receiving payment against delivery of the Property so sold. BNY shall not be liable, in any way whatsoever, for Custodian's non-delivery of or

non-receipt of payment for Property so sold, and BNY shall not be required to advance funds in connection with any such sale.

- (iii) In connection with any other transaction in which Property is to be delivered to and received by Custodian, or is to be delivered by Custodian, BNY shall not be liable for, in any way whatsoever, the Custodian's non-receipt of or non-delivery of such Property.

(c) BNY may act as agent for, provide banking, investment advisory, investment management and other services to, and generally engage in any kind of business with, others (including without limiting the generality of the foregoing issuers of securities, of money market instruments or of other Property purchased for and on behalf of Customer) to the same extent as if BNY were not an investment manager hereunder. Nothing in this Agreement shall in any way be deemed to restrict the right of BNY to perform such services for any other person or entity, and the performance of such services for others will not be deemed to violate or give rise to any duty or obligation to Customer not specifically undertaken by BNY hereunder.

(d) Nothing in this Agreement shall limit or restrict BNY or any of its officers, affiliates or employees from buying, selling or trading in any securities for its or their own account or accounts. Customer acknowledges that BNY, its officers, employees or affiliates, and its other clients may at any time have, acquire, increase, decrease or dispose of positions in investments which are at the same time being acquired or disposed of for the account of Customer. BNY shall have no obligation to acquire for Customer a position in any Property which BNY, its officers, employees or affiliates may acquire for its or their own accounts or for the account of another client.

(e) BNY ☐ may ☐ may not release the identity of Customer to an issuer which requests such information pursuant to the Shareholder Communications Act of 1985 for the specific purpose of direct Communication between such issuer and Customer. IF NO BOX IS CHECKED, BNY SHALL RELEASE SUCH INFORMATION UNTIL IT RECEIVES A CONTRARY INSTRUCTION FROM CUSTOMER.

4. Compensation, Fees, Expenses and Taxes.

(a) In consideration of the services to be rendered pursuant to this Agreement, Customer shall compensate BNY in accordance with the Fee Schedule annexed hereto as Schedule C, which Fee Schedule may be amended by BNY from time to time upon thirty (30) days' prior written notice to Customer. Initial fees shall be fixed for a minimum of 3 years from the effective date of this Agreement.

(b) In addition, Customer shall be responsible for and shall reimburse BNY for all costs, expenses, and fees incurred by BNY in connection with this Agreement, including (without limiting the generality of the foregoing) all brokerage fees and costs and transfer taxes incurred in connection with the investment and reinvestment of Property, and all income taxes or other taxes of any kind whatsoever which may be levied or assessed under existing or future laws upon or in respect to the Property, and all other administrative expenses incurred by BNY in the performance of its duties hereunder (including attorneys' fees and expenses).

(c) Fees and reimbursement for costs and expenses shall be paid quarterly after the last business day of each calendar quarter, with the first payment for the calendar quarter ending _____, 20__.

(d) In the event services are rendered for less than a calendar quarter or this Agreement is terminated prior to the end of a calendar quarter, Customer shall pay BNY's fee prorated for the portion of the calendar quarter such services are rendered or the Agreement is in effect, plus any costs and expenses incurred by BNY for Customer's Account up to or subsequent to the date of termination.

5. Limitation of Liability; Indemnification.

(a) BNY shall not be liable for any loss or injury resulting from its actions or its performance or lack of performance of its duties hereunder or for its investment decisions hereunder in the absence of negligence or willful misconduct on its part. In no event shall BNY be liable (i) for acting in accordance with instructions from Customer, (ii) for special, consequential or punitive damages, (iii) for the acts or omissions of Custodian or other agents or sub-custodians of Customer or Custodian, or (iv) for any losses due to forces beyond the control of BNY including, without limitation, strikes, work stoppages, acts of war or terrorism, insurrection, revolution, nuclear or natural catastrophes or acts of God, the insolvency of the Custodian, any sub-custodian or depository, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services.

(b) Customer shall indemnify BNY and hold it harmless against any and all claims, losses, liabilities, damages or expenses, including attorneys' fees and expenses, howsoever arising from or in connection with this Agreement or the performance of its own duties hereunder, provided that nothing contained herein shall require that BNY be indemnified for its negligence or willful misconduct. Nothing contained herein shall limit or in any way impair the right of BNY to indemnification under any other provision of this Agreement.

(c) No legal action, including one arising out of an exception or objection under paragraph 6 hereof, shall be instituted against BNY after one year from the date of the first Statement of Assets (as defined in paragraph 6 hereof) that reflects the information, error or omission which provides the basis for such claim.

(d) BNY's duties and responsibilities are solely those set forth herein and it shall not be obligated to perform any services or take any action not provided for herein unless specifically agreed to by it in writing. Nothing contained in this Agreement shall cause BNY to be deemed a trustee or fiduciary for or on behalf of Customer.

6. Reports, Statements of Account.

(a) Written Reports. (i) BNY shall provide Customer on a periodic basis with Statements of Assets in the Management Account ("Statement of Assets"), performance results and such other reports as agreed upon between Customer and BNY.

(ii) Customer shall instruct Custodian to provide to BNY (A) on a daily basis, a report reflecting all transactions in and any failed transactions with respect to the Custody

Account and (B) any other information or report reasonably requested by BNY. BNY shall be entitled to rely upon any report or other information so provided by Custodian and shall incur no liability as a result of such reliance or for any errors or discrepancies in such reports or information.

(b) Examination of Reports. Customer shall examine promptly each such Statement of Assets or other report provided by BNY. Unless Customer files with BNY a written exception or objection within ninety (90) days after the date of such report or the closing date of the period covered by the first such Statement of Assets that reflects an error or omission, Customer shall be conclusively deemed to have waived any such exception or objection or claim based thereon.

7. Notices. Unless otherwise specified herein, all Statements of Assets, reports, notices, instructions or other communications may be given either orally or in writing (including by tested telex, telecopy or other electronic transmission, which may include Trade Reports issued by the Institutional Delivery System of Depository Trust Company). All Statements of Assets, reports, notices, instructions and other communications shall be delivered to the address (post office, telephone, telex or other electronic address) set forth on Schedule D annexed hereto, which address may be changed upon thirty (30) days' prior written notice to the other party. Customer shall, and shall cause Custodian to, furnish BNY with a certificate indicating those persons who are authorized to give BNY instructions hereunder and with specimen signatures of such persons. BNY is authorized to comply with and rely upon any such notices, instructions or other communications believed by it to have been sent or given by an authorized person. BNY's understanding of any oral notice or instruction (whether given or received by BNY), including, but without limiting the generality of the foregoing, notices or instructions given to or received from Custodian, shall be deemed controlling, notwithstanding any discrepancy between such understanding and any subsequent confirming document or communication.

8. Termination. This Agreement shall be continuing and shall remain in full force and effect until terminated by BNY or Customer at any time and for any reason or for no reason upon delivery of thirty (30) days' prior written notice to the other party. The provisions of paragraphs 4, 5, 6(b), 12, 13, and 14 hereof and the limitation of liability provision of paragraphs 2(b), 2(c)(ii), 3(b) and 6(a)(ii) hereof shall survive such termination.

9. Assignment. Neither BNY nor Customer shall assign this Agreement without first obtaining the written consent of the other party hereto.

10. Headings. The section and paragraph headings contained herein are for convenience and reference only and are not intended to define or limit the scope of any provision of this Agreement.

11. Entire Agreement; Amendment. This Agreement, in conjunction with the "Customer's Investment Guidelines", constitutes the entire agreement of the parties with respect to the subject matter and supersedes all prior oral or written agreements in regard thereto. In the event of any discrepancy between this Agreement and the Customer Investment Guidelines, the Customer Investment Guidelines shall control. Except as otherwise provided in paragraphs 3(a),

3(e), 4(a) and 7 hereof, this Agreement may be amended only by an instrument in writing duly executed by both parties hereto.

12. Governing Law; Jurisdiction; Certain Waivers.

(a) This Agreement shall be interpreted and construed in accordance with the internal substantive laws (and not the choice of law rules) of the State of New York. All actions and proceedings brought by BNY relating to or arising from, directly or indirectly, this Agreement may be litigated in courts located within the State of New York. Customer hereby submits to the personal jurisdiction of such courts; hereby waives personal service of process upon it and consents that any such service of process may be made by certified or registered mail, return receipt requested, directed to Customer at its address last specified for notices hereunder, and service so made shall be deemed completed five (5) days after the same shall have been so mailed; and hereby waives the right to a trial by jury in any action or proceeding with BNY. All actions and proceedings by Customer against BNY relating to or arising from, directly or indirectly, this Agreement shall be litigated only in courts located within the State of New York.

(b) To the extent that, in any jurisdiction, Customer has or hereafter may acquire, or is or hereafter may be entitled to claim, for itself or its assets, immunity (sovereign or otherwise) from suit, execution, attachment (before or after judgment) or any other legal process, Customer irrevocably agrees not to claim, and hereby waives, such immunity.

(c) The invalidity, illegality or unenforceability of any provision of this Agreement shall in no way affect the validity, legality or enforceability of any other provision; and if any provision is held to be unenforceable as a matter of law, the other provisions shall not be affected thereby and shall remain in full force and effect.

13. Rights and Remedies. The rights and remedies conferred upon the parties hereto shall be cumulative, and the exercise or waiver of any such right or remedy shall not preclude or inhibit the exercise of any additional rights or remedies. The waiver of any right or remedy hereunder shall not preclude or inhibit subsequent exercise of such right or remedy.

14. Representations and Warranties. (a) Customer hereby represents and warrants:

- (i) It is a corporation duly organized and validly existing under the laws of the State of Missouri.
- (ii) This Agreement has been duly authorized, executed and delivered on its behalf and constitutes the legal, valid and binding obligation of Customer. The execution, delivery and performance of this Agreement by Customer do not and will not violate any applicable law or regulation and do not require the consent of any governmental or other regulatory body except for such consents and approvals as have been obtained and are in full force and effect.
- (iii) It has given all necessary directions and instructions to Custodian and has on deposit, and will have on deposit as long as this Agreement is in force and effect, with Custodian sufficient sums of money, lines of credit or similar payment

facilities, to permit and empower Custodian to comply with directions and instructions which BNY may give to Custodian hereunder.

(b) BNY represents that it is a bank as defined in Section 202 of the Investment Advisers Act of 1940, as amended, and is exempt from registration thereunder.

IN WITNESS WHEREOF, this Agreement has been executed, attested and sealed, as of the day and year first above written, by the duly authorized officers of Customer and BNY.

(Corporate Seal)

UNION ELECTRIC CO.
(d/b/a AMEREN UE)

Attest:

By: _____
Name:
Title:

Name:
Title:

Tax Identification Number:

(Corporate Seal)

THE BANK OF NEW YORK

Attest:

By: _____
Name:
Title:

Name:
Title:

STATE OF NEW YORK)

: ss.:

COUNTY OF NEW YORK)

On the _____ day of _____ 20____, before me personally came _____ to me known, who, being by me duly sworn, did depose and say that he/she resides at _____; that he/she is _____ of THE BANK OF NEW YORK one of the corporations described in and which executed the above instrument; that he/she knows the corporate seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by the authority of the Board of Directors of said corporation; and that he/she signed his/her name thereto by like authority.

Notary Public

STATE OF _____)

: ss.:

COUNTY OF _____)

On the _____ day of _____ 20____, before me personally came _____ to me known, who, being by me duly sworn, did depose and say that he/she resides at _____; that he/she is _____ of UNION ELECTRIC CO. (d/b/a AMEREN UE) one of the corporations described in and which executed the above instrument; that the seal affixed to said instrument is such corporate seal; that it was so affixed by the authority of the Board of Directors of said corporation; and that he/she signed his/her name thereto by like authority.

Notary Public

STATE OF NEW YORK)
:
COUNTY OF NEW YORK)

SS.:

On the _____ day of _____ 20____, before me personally came _____ to me known, who, being by me duly sworn, did depose and say that he/she resides at _____; that he/she is _____ of THE BANK OF NEW YORK one of the corporations described in and which executed the above instrument; that he/she knows the corporate seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by the authority of the Board of Directors of said corporation; and that he/she signed his/her name thereto by like authority.

Notary Public

STATE OF _____)
:
COUNTY OF _____)

SS.:

On the _____ day of _____ 20____, before me personally came _____ to me known, who, being by me duly sworn, did depose and say that he/she resides at _____; that he/she is _____ of UNION ELECTRIC CO. (d/b/a AMEREN UE) one of the corporations described in and which executed the above instrument; that the seal affixed to said instrument is such corporate seal; that it was so affixed by the authority of the Board of Directors of said corporation; and that he/she signed his/her name thereto by like authority.

Notary Public

SCHEDULE A

ASSETS OF _____ DEPOSITED
AND HELD IN CUSTODY ACCOUNT WITH _____
AS OF _____, 20 ____

SCHEDULE B

INVESTMENT GUIDELINES

OF

UNION ELECTRIC CO. (d/b/a AMEREN UE)

* * *

_____, 20 ____

* * *

Effective:

Schedule "B" to the "Investment Management Agreement
(Without Custody)" between Union Electric Company (d/b/a
AmerenUE) and The Bank of New York

UNION ELECTRIC COMPANY
(d/b/a AmerenUE)

**INVESTMENT GUIDELINES
FOR THE
CALLAWAY PLANT TAX QUALIFIED AND NON-TAX QUALIFIED
NUCLEAR DECOMMISSIONING TRUST FUNDS**

Effective: _____

I. PURPOSE OF THE TRUST FUNDS

The sole purpose of the Callaway Plant Tax Qualified Nuclear Decommissioning Trust Fund (the "tax qualified trust fund") and the Callaway Plant Non-Tax Qualified Decommissioning Trust Fund (the "non-tax qualified trust fund") is to invest contributions and investment proceeds and to accumulate assets in order to cover the costs and expenses associated with decommissioning Union Electric's (UE's) Callaway Nuclear Plant.

Each trust fund is a single, individual trust fund under a single trustee.

The tax qualified trust fund shall be apportioned into jurisdictional sub-accounts, as directed by UE. As of the effective date of these guidelines, the tax qualified trust fund is apportioned into Missouri, Illinois, and Federal Energy Regulatory Commission (FERC) jurisdictional sub-accounts.

The non-tax qualified trust fund was originally established solely to comply with Illinois law; however, it shall also be apportioned into jurisdictional sub-accounts upon direction by UE.

As of the effective date of these guidelines, no contributions have been made to this trust fund.

II. COMPLIANCE WITH REGULATIONS

The tax-qualified trust fund has been established and shall be operated in accordance with Sections 468A(e)(4)(c) of the Internal Revenue Code.

Management of both trust funds shall be in full compliance with all federal and state laws; and with all orders issued by any applicable federal or state regulatory authorities, including but not necessarily limited to the following:

Effective:

Schedule "B" to the "Investment Management Agreement (Without Custody)" between Union Electric Company (d/b/a AmerenUE) and The Bank of New York

- The Missouri Public Service Commission (MPSC)
- The Illinois Commerce Commission (ICC)
- The Federal Energy Regulatory Commission (FERC)
- The Internal Revenue Service (IRS)
- The United States Treasury Department
- The Nuclear Regulatory Commission (NRC)

No investments shall be made which would in any way conflict with any federal or state laws, nor with any orders, regulations or requirements of the foregoing.

III. INVESTMENT PHILOSOPHY AND OBJECTIVES

The overall investment philosophy of the trust funds shall be to prudently select, monitor, and manage a diversified portfolio of investments in such a manner as to minimize aggregate risk while concurrently maximizing after-tax and after-expense total return. Total return is defined as the combination of current income and capital appreciation or depreciation. It is recognized that although a risk-return tradeoff exists, the investment manager(s) shall strive to balance these objectives for the overall benefit of the trust funds in a way that minimizes the risk of large losses.

It is also recognized that investment objectives will be different at different points in the lives of the trust funds. Callaway Plant decommissioning is not anticipated to begin until 2024. No withdrawals, other than for payment of taxes and trust fund operational expenses, will be made until actual decommissioning begins. Due to the long time horizon before any significant amounts of money will be required from the trust funds, they shall initially be considered as having long-term investment horizons.

In the early-to-middle stages of the trust funds' lives, investments shall be made with the objective of maximizing the expected total return over the life of the trust fund rather than maximizing current income. During this period, it is recognized that the market value of the trust funds' investments will fluctuate in value. This is acceptable since adequate time remains at this point to "ride out" downward trends in market cycles, thus allowing moderate risk levels to be tolerated at this stage.

Toward the latter stages of the trust funds' lives (approximately one to five years prior to significant decommissioning), the investment objective shall shift from maximization of total return toward more emphasis on conservation of principal and stability of market value. By the time significant decommissioning begins, the investment objective shall be completely

Effective:

Schedule "B" to the "Investment Management Agreement (Without Custody)" between Union Electric Company (d/b/a AmerenUE) and The Bank of New York

focused on preservation and stability of market value, in conjunction with assuring that adequate liquidity exists to meet decommissioning obligations as they become due.

IV. INVESTMENT MANAGEMENT RESPONSIBILITY

The trust funds shall utilize investment managers as selected by UE. UE shall not engage in the day-to-day management of the trust funds nor make individual investment decisions, as this is the responsibility of the investment managers. General investment policies are provided to the investment managers by UE through these investment guidelines. UE shall also determine the allocation of assets, including contributions and withdrawals, among investment managers.

V. EQUITY ALLOCATION LIMITATIONS

A. GENERAL CRITERIA

"Equity securities" shall include all shares of common stock directly owned by the trust funds.

The "market value equity allocation percentage" for a particular jurisdictional sub-account shall be measured by dividing the total market value of the equity securities in the jurisdictional sub-account by the total market value of the entire jurisdictional sub-account.

The "book value equity allocation percentage" for a particular jurisdictional sub-account shall be measured by dividing the total book value of the equity securities in the jurisdictional sub-account by the total book value of the entire jurisdictional sub-account.

The trustee(s) shall maintain an ongoing record of the assets in each jurisdictional sub-account such that the current equity allocation percentages can be readily determined at any time and shall make this information available to UE in a timely manner.

The equity investment manager(s) shall monitor the composition of the equity portfolios and shall perform re-balancing as necessary to maintain the appropriate weightings of securities within each jurisdictional sub-account's portfolio, relative to the index whose returns the jurisdictional sub-account's portfolio is intended to replicate. Transaction costs should be considered, and re-balancing should only be performed when it is deemed cost effective to do so by the investment manager(s).

Effective:

Schedule "B" to the "Investment Management Agreement
(Without Custody)" between Union Electric Company (d/b/a
AmerenUE) and The Bank of New York

B. MISSOURI JURISDICTIONAL SUB-ACCOUNT

The total book value of investments in equity securities in all of the Missouri jurisdictional sub-accounts shall not exceed sixty-five percent (65%) of the total book value of all of the Missouri jurisdictional sub-accounts.

UE shall monitor the actual equity allocation value, and shall direct the investment manager(s) regarding the appropriate actions to take to adjust the jurisdictional sub-account to maintain the targeted equity allocation, when necessary.

C. ILLINOIS JURISDICTIONAL SUB-ACCOUNT

A "targeted" equity allocation of 60% of market value has been established for the Illinois jurisdictional sub-account. This shall be measured by dividing the total market value of equity investments in the Illinois jurisdictional sub-account by the total market value of the entire jurisdictional sub-account.

UE shall monitor the actual equity allocation value, and shall direct the investment manager(s) regarding the appropriate actions to take to adjust the jurisdictional sub-account to maintain the targeted equity allocation, when necessary.

As a minimum, re-balancing of the sub-account to maintain the targeted equity allocation shall be performed quarterly. Re-balancing may be performed by the reallocation of trust fund assets between equity and fixed income investments, and / or by UE directing the regular contributions to the trust fund to the appropriate investment manager(s) such that the targeted equity allocation is maintained. The quarterly and annual statements issued by the trustee shall reflect the status of the trust fund after the periodic re-balancing has been completed.

D. FERC JURISDICTIONAL SUB-ACCOUNT

A "targeted" market value equity allocation percentage of sixty-five percent (65%) has been established for the FERC jurisdictional sub-account.

UE shall monitor the actual equity allocation value, and shall direct the investment manager(s) regarding the appropriate actions to take to adjust the jurisdictional sub-account to maintain the targeted equity allocation, when necessary.

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Schedule "B" to the "Investment Management Agreement
(Without Custody)" between Union Electric Company (d/b/a
AmerenUE) and The Bank of New York

VI. ALLOWABLE INVESTMENTS - MISSOURI JURISDICTIONAL SUB-ACCOUNT

A. FIXED INCOME INVESTMENTS

Acceptable Fixed Income Investments

The following securities and financial instruments are acceptable fixed income investments for the Missouri jurisdictional sub-account:

- 1) Public debt securities of the United States or any agency thereof;
- 2) Tax-exempt state or municipal bonds;
- 3) Debt securities issued by United States corporations, including:
 - Mortgage Bonds;
 - Debentures and Subordinated Debentures;
 - Commercial Paper;
 - Asset-Backed Securities;
 - Mortgage Securities.

No other types of fixed income investments shall be made in the Missouri jurisdictional sub-account unless allowed by a written amendment to or revision of these guidelines.

Restrictions on Fixed Income Investments

The following restrictions apply to all fixed income investments in the Missouri jurisdictional sub-account:

- 1) All debt instruments shall, as a minimum, be of investment grade credit quality at the time of purchase. "Investment grade credit quality" shall be defined as a Standard & Poor's rating of "BBB" or higher; or a Moody's rating of "Baa" or higher. The overall portfolio of debt instruments shall have an average credit quality rating of at least an "A".
- 2) "Unrated" securities may be purchased if, in the opinion of the fixed income investment manager, they meet the equivalent of the foregoing minimum credit rating

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requirements. The investment manager purchasing such securities shall notify UE of this opinion in writing.

- 3) No debt securities which are in default as to principal or interest payments shall be purchased.
- 4) If a debt instrument's credit quality rating is downgraded or if it defaults on a principal or interest payment following its purchase, the trust fund shall not be required to sell it; but, at the discretion of the fixed income investment manager, may retain it in the portfolio.
- 5) The total investment in any single issuer of debt (with the exception of the U.S. Government or agency thereof) shall not exceed 5% of the current market value of the overall jurisdictional sub-account portfolio.

The trustee(s) shall maintain an ongoing record of each jurisdictional sub-account portfolio indicating the current percentage of the jurisdictional sub-account's market value represented by each individual debt issuer. The trustee(s) shall make this information available to UE in a timely manner, such that UE can provide instructions to the fixed income investment manager regarding the adjustment of investments, as necessary.

- 6) The fixed income investment manager shall be responsible for determining the average duration of the fixed income portfolio to optimize returns without incurring excessive interest rate risk. In general, the average fixed income portfolio's duration should not exceed the duration of the liabilities that the trust funds are intended to cover.
- 7) No fixed income investments shall be made in any debt instrument of any corporation known by the fixed income investment manager to be an owner or operator of a nuclear generating plant (with the exception of the U.S. Government). If a corporation assumes ownership or operation of a nuclear plant following the investment by the trust funds, the investment manager shall sell the affected securities.
- 8) All debt securities purchased must be denominated in United States dollars, and be issued in accordance with United States securities laws.

The reasoning for the foregoing criteria is to assure diversification and to assure that the trust funds do not take excessive risks in order to chase high yields. The trust funds are not

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"speculative" portfolios; and should not be making high-risk investments in speculative securities, such as "junk bonds". By investing only in debt instruments rated at least investment grade, and maintaining a relatively high overall portfolio rating, reasonable security of market value and liquidity is maintained.

Likewise, the trust funds should not be arbitrarily forced to sell a security that slips below an investment grade credit quality rating following its purchase. This may force a sale at a security's lowest price, while, if the security were held, its rating may be upgraded and the price subsequently recover. Therefore, a sale decision is considered best left to the discretion of the investment manager, who is expected to have the expertise to make these.

B. EQUITY INVESTMENTS

Acceptable Equity Investments

The following securities and financial instruments are acceptable investments for the equity category of the Missouri jurisdictional sub-account:

- Common stock in corporations included in the Standard & Poor's (S&P) 500 Index.

No other types of equity investments shall be made in the Missouri jurisdictional sub-account unless allowed by a written amendment to or revision of these guidelines.

Restrictions on Equity Investments

The following restrictions apply to all equity investments in the Missouri jurisdictional sub-account:

- 1) In cases where common stocks are purchased in the Missouri jurisdictional sub-account, the equity holdings shall be weighted in such a manner that the overall equity investments replicate the total return of the S&P 500 Index as closely as practicable, adjusted for investment restrictions contained herein.
- 2) No common stock shall be purchased for any corporation known by the equity investment manager to be operating under bankruptcy protection.
- 3) No common stock of any corporation known by the equity investment manager to be the owner or operator of a nuclear power plant shall be purchased. If a corporation assumes ownership or operation of a nuclear plant following the equity

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investment by the trust funds, the equity investment manager(s) shall thereafter sell the affected shares.

- 4) No index fund, mutual fund or pooled fund shall be purchased in which more than fifteen percent (15%) of the assets are issued by owners or operators of nuclear power plants.

C. CASH

Cash may be invested in money market accounts or other interest-bearing short-term investment accounts. It may also be invested in cash equivalents (treasury bills), and/or time or demand deposits in insured accounts at banks, savings & loans, or credit unions located within the United States (i.e., certificates of deposits, savings accounts, cash).

The trustee(s) and investment manager(s) shall be responsible for investing the cash under their respective control as indicated above.

D. OTHER INVESTMENT CONSIDERATIONS

No "derivative products" (such as futures and options) other than those specifically allowed in Section VI.A.3 shall be used as a trust fund investment; nor to hedge the trust funds' risk characteristics, nor to attempt to enhance returns.

No "self-dealing" shall be allowed. By this, it is meant that no investment shall be permitted in any securities or assets of UE or its affiliated companies; nor in any securities or assets of the trustee(s), investment manager(s) or their affiliated companies. This limitation does not include time or demand deposits offered through the trustee(s') or investment manager's(s') affiliated banking operations.

VII. ALLOWABLE INVESTMENTS - ILLINOIS JURISDICTIONAL SUB-ACCOUNT

A. FIXED INCOME INVESTMENTS

Acceptable Fixed Income Investments

The following securities and financial instruments are acceptable fixed income investments for the Illinois jurisdictional sub-account:

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- 1) Public debt securities of the United States or any agency thereof;
- 2) Tax-exempt state or municipal bonds;
- 3) Debt securities issued by United States corporations (i.e., Corporate Bonds and Commercial Paper);

No other types of fixed income investment shall be made in the Illinois jurisdictional sub-account unless allowed by a written amendment to or revision of these guidelines.

Restrictions on Fixed Income Investments

The following restrictions apply to all fixed income investments in the Illinois jurisdictional sub-account:

- 1) All debt instruments shall, as a minimum, be of investment grade credit quality at the time of purchase. "Investment grade credit quality" shall be defined as a Standard & Poor's rating of "BBB" or higher; or a Moody's rating of "Baa" or higher. The overall portfolio of debt instruments shall have an average credit quality rating of at least an "A".
- 2) "Unrated" securities may be purchased if, in the opinion of the investment manager, they meet the equivalent of the foregoing minimum credit rating requirements. The investment manager purchasing such securities shall notify Union Electric of this opinion in writing.
- 3) No debt securities which are in default as to principal or interest payments shall be purchased.
- 4) If a debt instrument's credit quality rating is downgraded or if it defaults on a principal or interest payment following its purchase, the trust fund shall not be required to sell it; but, at the discretion of the investment manager, may retain it in the portfolio.
- 5) The total investment in any single issuer of debt (with the exception of the U.S. Government or agency thereof) shall not exceed 5% of the current market value of the overall jurisdictional portfolio.
- 6) The investment manager(s) shall be responsible for determining the average duration of the fixed income portfolio to optimize returns without incurring excessive interest

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rate risk. In general, the average portfolio duration should not exceed the duration of the liabilities that the trust fund is intended to cover.

- 7) No investments shall be made in any debt instrument of any corporation known by the investment manager(s) to be an owner or operator of a nuclear generating plant (with the exception of the U.S. Government). If a corporation assumes ownership or operation of a nuclear plant following the investment by the trust funds, the investment manager(s) shall sell the affected securities. It is the responsibility of the investment manager(s) and trustee(s) to screen all investments for prohibition under this criterion.
- 8) No debt securities issued by foreign corporations shall be purchased.

The reasoning for the foregoing criteria is to assure diversification and to assure that the trust fund does not take excessive risks in order to chase high yields. The trust funds are not "speculative" portfolios; and should not be making high-risk investments in speculative securities, such as "junk bonds". By investing only in debt instruments rated at least investment grade, and maintaining a relatively high overall portfolio rating, reasonable security of the trust funds' market value and liquidity is maintained.

Likewise, the trust funds should not be arbitrarily forced to sell a security that slips below an investment grade credit quality rating following its purchase. This may force a sale at a security's lowest price, while, if the security were held, its rating may be upgraded and the price subsequently recover. Therefore, a sale decision is considered best left to the discretion of the investment manager(s), who are expected to have the expertise to make these.

B. EQUITY INVESTMENTS

Acceptable Equity Investments

The following securities and financial instruments are acceptable investments for the equity category of the Illinois jurisdictional sub-account:

- Common stock in corporations included in the Standard & Poor's (S&P) 500 Index.

No other types of equity investments shall be made in the Illinois jurisdictional sub-account unless allowed by a written amendment to or revision of these guidelines.

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Schedule "B" to the "Investment Management Agreement
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Restrictions on Equity Investments

The following restrictions apply to equity investments in the Illinois jurisdictional sub-account:

- 1) Investments in equity securities shall be made in such a manner that the trust fund is the direct owner of the securities. Pooled, co-mingled, or indirect ownership, such as through a mutual fund, shall not be allowed.
- 2) Individual equity securities shall be purchased such that the overall equity investment is "indexed" as closely as practicable to the S&P 500, adjusted for investment restrictions contained herein.
- 3) No equity investment shall be made in any corporation known by the investment manager(s) to be operating under bankruptcy protection.
- 4) No equity investment shall be made in any corporation known by the investment manager(s) to be the owner or operator of a nuclear power plant. If a corporation assumes ownership or operation of a nuclear plant following the equity investment by the trust funds, the investment manager(s) shall thereafter sell the affected shares. It is the responsibility of the investment manager(s) and trustee(s) to screen all investments for prohibition under this criterion.

C. CASH

Cash may be invested in money market accounts or other interest-bearing short-term investment accounts. It may also be invested in cash equivalents (treasury bills), and/or time or demand deposits in insured accounts at banks, savings & loans, or credit unions located within the United States (i.e., certificates of deposits, savings accounts, cash).

The trustee(s) and investment manager(s) shall be responsible for investing the cash under their respective control as indicated above.

D. OTHER INVESTMENT CONSIDERATIONS

No "derivative products" (such as futures and options) shall be used as a trust fund investment; nor to hedge the trust funds' risk characteristics or to attempt to enhance returns.

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No "self-dealing" shall be allowed. By this, it is meant that no investment shall be permitted in UE stock or securities, nor in any stock or securities of the trust funds' trustee or investment manager(s).

VIII. ALLOWABLE INVESTMENTS - FERC JURISDICTIONAL SUB-ACCOUNT

A. FIXED INCOME INVESTMENTS

Acceptable Fixed Income Investments

The following securities and financial instruments are acceptable fixed income investments for the FERC jurisdictional sub-account:

- 1) Public debt securities of the United States or any agency thereof;
- 2) Tax-exempt state or municipal bonds;
- 3) Debt securities issued by United States corporations, including:
 - Mortgage Bonds;
 - Debentures and Subordinated Debentures;
 - Commercial Paper;
 - Asset-Backed Securities;
 - Mortgage Securities.

No other types of fixed income investments shall be made in the FERC jurisdictional sub-account unless allowed by a written amendment to or revision of these guidelines.

Restrictions on Fixed Income Investments

The following restrictions apply to all fixed income investments in the FERC jurisdictional sub-account:

- 1) All debt instruments shall, as a minimum, be of investment grade credit quality at the time of purchase. "Investment grade credit quality" shall be defined as a Standard & Poor's rating of "BBB" or higher; or a Moody's rating of "Baa" or higher. The overall portfolio of debt instruments shall have an average credit quality rating of at least an "A".

Effective:

Schedule "B" to the "Investment Management Agreement
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- 2) "Unrated" securities may be purchased if, in the opinion of the fixed income investment manager, they meet the equivalent of the foregoing minimum credit rating requirements. The investment manager purchasing such securities shall notify UE of this opinion in writing.
- 3) No debt securities which are in default as to principal or interest payments shall be purchased.
- 4) If a debt instrument's credit quality rating is downgraded or if it defaults on a principal or interest payment following its purchase, the trust fund shall not be required to sell it; but, at the discretion of the fixed income investment manager, may retain it in the portfolio.
- 5) The total investment in any single issuer of debt (with the exception of the U.S. Government or agency thereof) shall not exceed 5% of the current market value of the overall jurisdictional sub-account portfolio.

The trustee(s) shall maintain an ongoing record of each jurisdictional sub-account portfolio indicating the current percentage of the jurisdictional sub-account's market value represented by each individual debt issuer. The trustee(s) shall make this information available to UE in a timely manner, such that UE can provide instructions to the fixed income investment manager regarding the adjustment of investments, as necessary.

- 6) The fixed income investment manager shall be responsible for determining the average duration of the fixed income portfolio to optimize returns without incurring excessive interest rate risk. In general, the average fixed income portfolio's duration should not exceed the duration of the liabilities that the trust funds are intended to cover.
- 7) No fixed income investments shall be made in any debt instrument of any corporation known by the fixed income investment manager to be an owner or operator of a nuclear generating plant (with the exception of the U.S. Government). If a corporation assumes ownership or operation of a nuclear plant following the investment by the trust funds, the investment manager shall sell the affected securities.
- 8) All debt securities purchased must be denominated in United States dollars, and be issued in accordance with United States securities laws.

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The reasoning for the foregoing criteria is to assure diversification and to assure that the trust funds do not take excessive risks in order to chase high yields. The trust funds are not "speculative" portfolios; and should not be making high-risk investments in speculative securities, such as "junk bonds". By investing only in debt instruments rated at least investment grade, and maintaining a relatively high overall portfolio rating, reasonable security of market value and liquidity is maintained.

Likewise, the trust funds should not be arbitrarily forced to sell a security that slips below an investment grade credit quality rating following its purchase. This may force a sale at a security's lowest price, while, if the security were held, its rating may be upgraded and the price subsequently recover. Therefore, a sale decision is considered best left to the discretion of the investment manager, who is expected to have the expertise to make these.

B. EQUITY INVESTMENTS

Acceptable Equity Investments

The following securities and financial instruments are acceptable investments for the equity category of the FERC jurisdictional sub-account:

- Common stock in corporations included in the S&P 100 Index.

No other types of equity investments shall be made in the FERC jurisdictional sub-account unless allowed by a written amendment to or revision of these guidelines.

Restrictions on Equity Investments

The following restrictions apply to all equity investments in the FERC jurisdictional sub-account:

- 1) In cases where common stocks are purchased in the FERC jurisdictional sub-account, the equity holdings shall be weighted in such a manner that the overall equity investments replicate the total return of the S&P 100 Index as closely as practicable, adjusted for investment restrictions contained herein.
- 2) No common stock shall be purchased for any corporation known by the equity investment manager to be operating under bankruptcy protection.

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AmerenUE) and The Bank of New York

- 3) No common stock of any corporation known by the equity investment manager to be the owner or operator of a nuclear power plant shall be purchased. If a corporation assumes ownership or operation of a nuclear plant following the equity investment by the trust funds, the equity investment manager(s) shall thereafter sell the affected shares.

C. CASH

Cash may be invested in money market accounts or other interest-bearing short-term investment accounts. It may also be invested in cash equivalents (treasury bills), and/or time or demand deposits in insured accounts at banks, savings & loans, or credit unions located within the United States (i.e., certificates of deposits, savings accounts, cash).

The trustee(s) and investment manager(s) shall be responsible for investing the cash under their respective control as indicated above.

D. OTHER INVESTMENT CONSIDERATIONS

No "derivative products" (such as futures and options) other than those specifically allowed in Section VIII.A.3 shall be used as a trust fund investment; nor to hedge the trust funds' risk characteristics, nor to attempt to enhance returns.

No "self-dealing" shall be allowed. By this, it is meant that no investment shall be permitted in any securities or assets of UE or its affiliated companies; nor in any securities or assets of the trustee(s), investment manager(s) or their affiliated companies. This limitation does not include time or demand deposits offered through the trustee(s') or investment manager's(s') affiliated banking operations.

IX. PERFORMANCE MEASUREMENT

A. GENERAL REQUIREMENTS

Trustee(s)

- 1) The trustee(s) shall be responsible for the computing and reporting of the trust funds' performance returns.
- 2) Rates of return shall be computed quarterly. These quarterly returns shall be linked geometrically to compute period returns. Annualized rates of return shall be

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computed each quarter for the latest 1, 3, 5, and 10 year periods, and for the to-date period since the trust funds' inception.

- 3) The rate of return calculation shall use the accrual method to recognize ordinary income as well as realized and unrealized capital gains/losses.
- 4) The tax adjusted rate of return computation shall replicate the actual calculations done on the tax return. The three components of return are identified as:
 - Income (actual tax due on income earned)
 - Realized Capital Gains and Losses (actual tax due on realized gains/losses)
 - Unrealized Capital Gains and Losses (potential tax due assuming total liquidation)

Investment Manager(s)

- 1) The equity investment manager(s) shall report "benchmark" rates of return to UE on a monthly basis. These include the rate of total return on the S&P 500 and on the S&P 100, as well as the "customized" S&P 500 and S&P 100 (the overall S&P 500 and S&P 100, excluding the securities prohibited by these investment guidelines).

B. COMPUTATION AND REPORTING OF RATES OF RETURN

Performance returns shall be computed and reported by the trustee(s) as follows:

At the Investment Manager Level

- 1) Before Taxes & Investment Manager Fees;
- 2) After Taxes & Investment Manager Fees;
 - Includes taxes on income earned and on realized gains/losses.
- 3) After Taxes & Investment Manager Fees;
 - Includes taxes on income earned, realized gains/losses, and on unrealized gains/losses (assuming total liquidation of portfolio).

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- This return should only be computed for the "since inception" period, since it assumes total portfolio liquidation.
- 4) Performance returns shall be computed and reported for the above scenarios for each jurisdictional sub-account and investment manager, and for the combined jurisdictional sub-accounts under each investment manager.

This should result in the following rate of return values being reported, as applicable, for each of the foregoing scenarios:

- Missouri Jurisdiction - Equity Investment Manager's portion
- Missouri Jurisdiction - Fixed Income Investment Manager's portion
- Illinois Jurisdiction - Equity Investment Manager's portion
- Illinois Jurisdiction - Fixed Income Investment Manager's portion
- FERC Jurisdiction - Equity Investment Manager's portion
- FERC Jurisdiction - Fixed Income Investment Manager's portion
- All Jurisdictions Combined - Equity Investment Manager's portion
- All Jurisdictions Combined - Fixed Income Investment Manager's portion

At the Total Trust Fund Level

- 1) Before Taxes & Expenses;
- 2) After Taxes & Expenses;
- Includes taxes on income earned and on realized gains/losses.
- 3) After Taxes & Expenses;
- Includes taxes on income earned, realized gains/losses, and on unrealized gains/losses (assuming total liquidation of portfolio).
 - This return should only be computed for the "since inception" period, since it assumes total portfolio liquidation.
- 4) Performance returns shall be computed and reported for the above scenarios for the combined assets of each jurisdictional sub-account, and for the total combined trust fund.

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This should result in the following rate of return values being reported, as applicable, for each of the foregoing scenarios:

- Missouri Jurisdiction - Equity and Fixed Income Investment Managers' portions combined.
- Illinois Jurisdiction - Equity and Fixed Income Investment Managers' portions combined.
- FERC Jurisdiction - Equity and Fixed Income Investment Managers' portions combined.
- All Jurisdictions - Equity and Fixed Income Investment Managers' portions combined.

Frequency of Reporting

Performance reports shall be provided to UE at the end of each calendar quarter. Reports shall be issued within sixty days following the close of each calendar quarter.

Format of Reports

Performance reports shall be provided in the format shown in Attachment 1.

Method of Providing Reports

Performance Reports may be provided in hardcopy form, either by mail or fax; or transmitted electronically via e-mail, in the form of an Excel spreadsheet.

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Schedule "B" to the "Investment Management Agreement
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AmerenUE) and The Bank of New York

UNION ELECTRIC COMPANY, d/b/a AmerenUE:

Jerre E. Birdsong,
Treasurer,
Union Electric Company, d/b/a AmerenUE

Date

Acknowledged by:

**TRUSTEE - CALLAWAY PLANT TAX QUALIFIED AND NON-TAX QUALIFIED
NUCLEAR DECOMMISSIONING TRUST FUNDS:**

Richard Barry
Vice President,
Bank of New York

Date

Accepted by:

FIXED INCOME INVESTMENT MANAGER:

Thomas A. Wertimer
Vice President,
Bank of New York Asset Management Sector

Date

EQUITY INVESTMENT MANAGER:

John H. Blixen,
Executive Vice President,
Firststar Investment Management and Research Company (FIRMCO)

Date

PERFORMANCE MEASUREMENT CALLAWAY PLANT TAX QUALIFIED DECOMMISSIONING TRUST FUND AS OF: xx / xx / xx							
	Latest Quarter	Latest 1 Year	Latest 3 Years	Latest 5 Years	Latest 10 Years	Since Inception	Date of Inception
Missouri Jurisdiction - Equity Manager							09/30/1992
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							
Missouri Jurisdiction - Fixed Income Manager							08/31/1985
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							
Illinois Jurisdiction - Equity Manager							12/31/1993
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							
Illinois Jurisdiction - Fixed Income Manager							11/30/1985
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							
FERC Jurisdiction - Equity Manager							10/31/1996
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							
FERC Jurisdiction - Fixed Income Manager							07/31/1986
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							

PERFORMANCE MEASUREMENT CALLAWAY PLANT TAX QUALIFIED DECOMMISSIONING TRUST FUND AS OF: xx / xx / xx							
	Latest Quarter	Latest 1 Year	Latest 3 Years	Latest 5 Years	Latest 10 Years	Since Inception	Date of Inception
All Jurisdictions - Equity Manager							09/30/1992
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							
All Jurisdictions - Fixed Income Manager							08/31/1985
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							
Missouri Jurisdiction - All Managers							08/31/1985
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							
Illinois Jurisdiction - All Managers							11/30/1985
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							
FERC Jurisdiction - All Managers							07/31/1986
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							
All Jurisdictions - All Managers							08/31/1985
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							

SCHEDULE C

THE BANK OF NEW YORK

FEE SCHEDULE

For Fixed Income Assets

.05% on all balances.

September 26, 2000

SCHEDULE D

NOTICES

* * * *

September 26, 2000

* * * *

TO THE BANK OF NEW YORK:

Post Office Address: BNY Asset Management
One Wall Street
New York, New York 10286
Attn.: Margo Cook
Telephone: (212) 635-8670
Fax: (212) 635-7932

TO UNION ELECTRIC CO. (d/b/a AMEREN UE):

Post Office Address:

Attn.:
Telephone:
Telex:
Telecopy:

TO TRUSTEE:

Post Office Address: The Bank of New York
One Wall Street
New York, New York 10286
Attn.: Richard Barry
Telephone: (212) 635-8337

INCUMBENCY AND SIGNATURE CERTIFICATE

The undersigned hereby certifies to The Bank of New York that I am the Secretary of Union Electric Co. (d/b/a Ameren UE) (the "Corporation"), a Missouri corporation, and that, as such, I am duly authorized to execute this Certificate on behalf of the Corporation, and further certifies that each of the following persons, as of the date hereof, is a duly elected, qualified and acting officer of the Corporation, holding the office of the Corporation set opposite his name below, and that the signature of each such person appearing opposite such person's name below is such person's own true signature:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
	President	
	Vice President	
	Treasurer	
	Secretary	

WITNESS the seal of the Corporation and the signature of the undersigned this _____, 20____

[Corporate Seal]

Secretary

The undersigned, the President of the Corporation and one of the officers named in the foregoing Certificate, hereby confirms such Certificate on the date hereof.

Name:
Title: President

Name:
Title:

CORPORATE RESOLUTION

The undersigned hereby certifies to The Bank of New York that the Board of Directors of Union Electric Co. (d/b/a Ameren UE), a corporation organized under the laws of the State of Missouri, duly adopted the following resolutions on the ____ day of _____, 20__.

RESOLVED that any _____ of the following officers, employees or agents of this corporation, acting (alone)(jointly), be and hereby (is)(are) authorized and empowered to enter into an Investment Management Agreement with The Bank of New York substantially in the form attached hereto with such changes thereto as the person executing the same shall deem advisable. The execution of such Agreement by such person shall be deemed to be conclusive evidence of such approvals:

Name

Title

Residence Address

and FURTHER RESOLVED that any _____ of the following persons, acting (alone)(jointly), be and hereby (is)(are) authorized from time to time to designate in writing to The Bank of New York those officers, employees and other agents of this corporation authorized to issue instructions under such Agreement, including, without limitation, the deposit, withdrawal, purchase or sale of securities and property of this corporation and otherwise to deal therewith, all pursuant to the provisions of such Investment Management Agreement:

Name

Title

Residence Address

and FURTHER RESOLVED that notice of any change in these resolutions be communicated in writing to The Bank of New York, and, until The Bank of New York has actually received such notice, it is authorized to act pursuant to these resolutions.

IN WITNESS WHEREOF, I have hereunto set my hand as secretary of said corporation and affixed the corporate seal this ____ of _____, 20__

(CORPORATE SEAL)

Secretary

SCHEDULE 3

BANKERS TRUST COMPANY
MASTER TRUST/CUSTODY FEE SCHEDULE
UNION ELECTRIC DECOMMISSIONING TRUST
January 1, 1998

TRUST ADMINISTRATION

	Per Item
Based on 100.0 MM in assets	1.0 Basis Points

PORTFOLIO ACCOUNTING

	Per Item
Separately Managed Domestic Portfolio	\$2,500
Commingled/Mutual Fund Portfolio	\$1,500
Additional Line Items*	\$500

* There is no charge for the first line item.

PORTFOLIO TRANSACTIONS

	Per Item
DTC Advisor Affirmed Trades	\$15
Other Depository Trades (PTC, FBE, etc.)	\$18
Physical Trades	\$22
Mortgage-Backed Security Trades	\$25
Principal Payments	\$5
Outside Commingled Investment Trades	\$15
Euroclear/Cedel Trades	\$25
Futures/Options	\$22
Variation Margins	\$10
Receipts/Disbursements (checks, wire transfers)	\$12

TAX FILING

	Per Item
1120 Filings	\$2,500
1041 Filings	\$1,000

BT-WORLD ON-LINE SERVICES

	Per Item
Initial Set Up (First Workstation)	no charge
Each Additional Workstation	no charge
Annual Subscription	no charge
Connect Time (beyond 5 hrs/mo.)	\$30 per hour
Data Usage per month (beyond 1/2 meg)	\$600 per meg

PERFORMANCE MEASUREMENT

	Per Item
Performance Evaluation Services*	
Annual Subscription	\$3,000
Separately Managed/Multiple Line Item Portfolios	\$1,200
Commingled Funds	\$750
Composites	\$1,200
Universe Comparison Services**	
Annual Subscription	\$3,000
Separately managed/Multiple Line Item Portfolios	\$750
Commingled funds	\$750
Composites	\$750

*Our basic performance measurement report includes rate of return calculations, comparisons against index benchmarks and investment objectives and attribution analytics. Additional reports provide more advanced analytics.

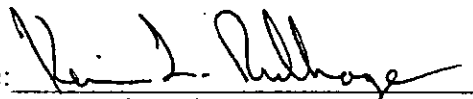
** Our ICC Universe is an aggregation of approximately 8,000 institutional custodial portfolios with assets in excess of \$600 billion. This comprehensive database allows the client to examine investment information, comparing data by market sector, fund type, investment style, geographic location, fund size, and risk exposure.

Notes

- Bankers Trust will pass through any out-of-pocket expenses including, but not limited to postage, courier expense, legal costs, etc.
- The investment management fee for the BT Institutional Liquid Assets Fund is 15 basis points. (Since 16 bp is charged directly against the fund, 1 bp will be credited to the quarterly fee invoices.)
- Component fees guaranteed for three years.

Client Acceptance:

Date:


5/28/98

SCHEDULE 4

**ATTACHMENT 1 TO THE
THIRD AMENDED AND RESTATED TAX QUALIFIED DECOMMISSIONING TRUST
SCHEDULE OF TRUSTEE FEES
Effective _____**

I. Market Value and Administrative Fees:

Computed at an annual rate, applied to the combined market value of the domestic funds (excluding actively managed global assets) as of the end of the billing period:

- 1.0 basis point on the first \$200,000,000
- 0.5 basis point on the next \$300,000,000
- 0.33 basis point on the remainder

II. Account Fees:

- \$8,000 annually per active global portfolio
- \$4,000 annually per active domestic portfolio
- \$2,000 annually per passive portfolio
- \$1,500 annually per cash flow account (STIF)

III. Special Asset Fees:

- \$1,000 annually per special asset

IV. Transaction Fees:

- \$12.00 per electronic domestic security transaction
- \$20.00 per manual domestic security transaction
- \$15.00 per outgoing wire transfer
- \$10.00 per principal payoff
- \$25.00 per futures / options transaction
- No transaction fees for:
 - Transactions executed where the Bank of New York acts as investment manager,
 - Income collection,
 - Transactions into and out of The Bank of New York STIF accounts,
 - The establishment and conversion of the trust to The Bank of New York.

V. Performance Measurement and Portfolio Analytics Services:

- \$17,000 annually to produce a standard performance measurement report on a quarterly basis.

VI. Tax Preparation & Filing Fees:

- \$185 per hour

VII. Bank of New York On-Line Service:

- No additional charge

Note: This fee schedule shall remain in effect for a minimum of three years following its "Effective date".

SCHEDULE 5

SECOND AMENDED AND RESTATED
TAX QUALIFIED DECOMMISSIONING TRUST

THIS TRUST AGREEMENT between UNION ELECTRIC COMPANY, a corporation organized and existing under the laws of the State of Missouri (hereinafter referred to as the "Company"), and BOATMEN'S TRUST COMPANY OF ILLINOIS, a corporation organized and existing under the laws of the State of Illinois (hereinafter referred to as the "Trustee"), to be effective as of July 28, 1993.

WITNESSETH:

WHEREAS, the Public Service Commission of the State of Missouri (the "PSC"), the Illinois Commerce Commission of the State of Illinois (the "ICC"), and the Federal Energy Regulatory Commission (the "FERC") have ordered the Company to establish a trust to hold and invest those monies collected by the Company from its customers to cover the anticipated cost associated with decommissioning the Callaway nuclear power plant, Callaway County, Missouri (the "Callaway Plant"), at the end of its operational life; and

WHEREAS, Boatmen's Trust Company and the Company entered into an interim decommissioning trust agreement (hereinafter referred to as the "Interim Trust") for the purpose of establishing a trust fund to hold and invest decommissioning revenues collected by the Company until such time as the Company established a continuing trust qualified under Section 468A of the Internal Revenue Code of 1986; and

WHEREAS, Boatmen's Trust Company and the Company subsequently amended and restated, in its entirety, effective January 16, 1989, the Interim Trust in order to establish a new, continuing trust arrangement (hereinafter referred to as "Amended and Restated Trust"), to terminate their respective obligations under the Interim Trust and to recognize that these obligations were transferred to the Amended and Restated Trust, and to recognize a transfer of assets from the Interim Trust to the Amended and Restated Trust; and

WHEREAS, Company desires to further amend and restate the Amended and Restated Trust, in order to incorporate amendments thereto that were effective August 17, 1992, to make additional changes, and to appoint as Trustee Boatmen's Trust Company of Illinois.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the Company and the Trustee hereby agree that, effective as of August 9, 1993, the Amended and Restated Trust is further amended and restated in its entirety to give recognition: (i) to amendments thereto that were effective August 17, 1992; (ii) to additional amendments; and (iii) to the appointment of Boatmen's Trust Company of Illinois as Trustee, all to read as follows:

ARTICLE I

1.01. The Company shall transmit to the Trustee, as soon as reasonably practicable after the end of each calendar quarter, such revenues collected from its Missouri retail customers ("Missouri Revenues"), from its Illinois retail customers ("Illinois Revenues"), and from its wholesale customers ("Wholesale Revenues") during such calendar quarter for the purpose of providing funds to cover the anticipated costs associated with decommissioning the Company's Callaway Plant at the end of its operational life (the Missouri Revenues, the Illinois Revenues and the Wholesale Revenues collectively referred to as the "Revenues"). The anticipated decommissioning costs and expenses shall include all reasonable costs and expenses incurred in connection with the entombment, decontamination, dismantlement, removal and disposal of the structures, systems and components of the Callaway Plant at the time of decommissioning, including all expenses to be incurred in connection with the preparation for decommissioning, such as engineering and other planning expenses, and to be incurred after the actual decommissioning occurs, such as physical security and radiation monitoring expenses, less proceeds of insurance, salvage or resale of machinery, construction equipment or apparatus the cost of which was charged as a decommissioning expense. Each transmittal shall be in the form of a separate Company check made payable to the Trustee. The Company shall

indicate to the Trustee the amount of the Missouri Revenues, the amount of the Illinois Revenues, and the amount of the Wholesale Revenues. The Trustee shall be under no duty to inquire as to the correctness of the amounts paid by the Company, nor to bring proceedings or otherwise seek to enforce transmittal of Revenues from the Company.

1.02. The Trustee shall establish and maintain three separate and independent trust funds, which for illustrative purposes are herein described as the "Missouri Trust Fund," the "Illinois Trust Fund," and the "Wholesale Trust Fund." All Missouri Revenues received by the Trustee and the increment, increase, earnings and income thereof shall be held, invested, reinvested, managed and administered through the Missouri Trust Fund. All Illinois Revenues received by the Trustee and the increment, increase, earnings and income thereof shall be held, invested, reinvested, managed and administered through the Illinois Trust Fund. All Wholesale Revenues received by the Trustee and the increment, increase, earnings and income thereof shall be held, invested, reinvested, managed and administered through the Wholesale Trust Fund. Unless the context provides to the contrary, each reference in this Trust Agreement to "Trust Fund" or to "Trust" shall refer and apply equally to the "Missouri Trust Fund," to the "Illinois Trust Fund," and to the "Wholesale Trust Fund," as three separate, distinct and independent trust funds.

1.03. The Company may appoint one or more investment advisors to direct the Trustee with respect to the investment of all or a specified portion of the assets held by the Trustee. The appointment of any investment advisor shall be effective as of the date specified by the Company, but not before it has been accepted in writing by the investment advisor and notice of such appointment and acceptance given by the Trustee. The Company may remove, or change the assets subject to the control of, any investment advisor previously appointed hereunder, but the Trustee may follow the instructions of a properly appointed investment advisor until informed by the Company that such investment advisor has been removed or its authority over particular assets changed.

1.04. This Trust Agreement and the Trust Fund are intended to meet all applicable requirements of the Internal Revenue Code of 1986, as amended and in effect from time to time, and the applicable rules and regulations promulgated by the Internal Revenue Service with respect to a Tax Qualified Nuclear Decommissioning Reserve Fund.

ARTICLE II

2.01. Subject to applicable federal and state regulations, the Trustee shall prudently invest and reinvest the principal and income of the Trust Fund and keep the Trust Fund invested, without distinction between principal and income, and in such a

way as to attempt to maximize the after-tax return on the investments and reinvestments. Investments may include, but are not necessarily limited to, equity investments, fixed income securities, cash equivalents, index and mutual funds, and other commingled funds. Selection of the investment media for the investment and reinvestment of the principal and income of the Trust Fund shall be in the sole discretion of the Trustee, except for any portion of the Trust Fund that may be subject to the instructions of an additional investment advisor; provided, however, that investments shall be so diversified as to minimize the risk of large losses unless under the circumstances it is clearly prudent not to do so; and further provided that on the written request of the Company to retain cash, the Trustee shall retain so much cash as shall be specified in such request and shall be under no obligation to invest the same as herein provided, and also that the Trustee in its discretion may retain cash temporarily awaiting investment. The Trustee shall prepare and file all federal, state and local income tax returns that may be required as a result of the investment and reinvestment of the principal and income of the Trust Fund.

2.02. Expenses incidental to the administration of the Trust Fund including, but not by way of limitation, legal or accounting fees, inspection and audit expenses incurred pursuant to Article 5.01 hereof, the expenses incurred by the Trustee in the performance of its duties hereunder, including reasonable fees for legal services rendered to the Trustee and expenses

incident thereto, such compensation to the Trustee as may be agreed upon in writing from time to time between the Company and the Trustee, and all other proper charges and disbursements of the Trustee, including all real and personal property taxes, income taxes, transfer taxes, and other taxes of any and all kinds whatsoever that may be levied or assessed under existing or future laws of any jurisdiction upon or in respect of the Trust hereby created or the Trust Fund or any money, property or securities forming a part thereof, shall be paid by the Trustee out of the Trust Fund, and the same shall constitute a charge upon the Trust Fund. After notice to the Company and at the request of the Company, the Trustee shall contest any tax or other charge which may be levied or assessed against the Trust Fund and the expenses of such contest shall be paid out of the Trust Fund; but it shall not be required to institute or continue such contest unless the Trust Fund contains monies adequate for that purpose, or unless it is indemnified to its satisfaction by the Company against its counsel fees and all other expenses, costs and liabilities to which, in its judgment, it may be subjected by any such action. Before obligating itself for extraordinary fees or expenses, the Trustee shall in each case discuss with the Company the occasion therefor and the advisability thereof.

ARTICLE III

3.01. In addition to such other powers as are herein otherwise conferred upon the Trustee, the Trustee is authorized and empowered:

- (a) To employ such counsel and agents as may be reasonably necessary in managing, protecting and administering the Trust Fund and to pay such agents and counsel reasonable compensation. Any legal counsel shall be of the Trustee's own selection and may be of counsel to the Trustee, in its individual capacity, or of counsel to the Company.
- (b) To register any securities or any property held by it in its name, or in the name of a nominee, with or without disclosure that the same are held in a fiduciary capacity, to take or keep the same unregistered, and to retain the same or any part thereof in such manner that title thereto will pass by delivery; provided, however, that on the books and records of the Trustee, such investments shall be shown to be part of the Trust Fund and no such registration or holding, as herein provided, shall relieve the Trustee of liability for the safe custody and proper disposition of such investments, in accordance with the terms and provisions hereof.

- (c) To vote any securities of any issuer at any time in the Trust Fund, and to give general or special proxies or powers of attorney, with or without substitution, with respect thereto; to consent to, participate in, and take any action in connection with, reorganizations, recapitalizations, consolidations, mergers, liquidations and similar transactions with respect to issuers of securities constituting assets of the Trust Fund, and to receive and retain any securities resulting from any such transactions; to deposit the securities of any issuers in any voting trust or with any protective or like committee, or trustee, and to exercise any subscription rights, conversion, or other rights or privileges, with respect to any securities in the Trust Fund.
- (d) To adjust, compromise or otherwise settle any obligation or liability due to, or from, it, as Trustee hereunder, including any claim that may be asserted for taxes under present or future laws, local, state or federal, or to enforce or contest the same by appropriate legal procedures; but it shall not be required to institute or continue litigation unless it is in possession of funds adequate for that purpose, or unless it is indemnified to its satisfaction by the Company against its counsel fees and all other expenses, costs and liabilities to which, in its

judgment, it may be subjected to by any such action; provided, however, that the Trustee shall have no power or authority to deviate from such directions as the Company may give to it with respect to payment of money, either as to amount or the time or times of such payments, or as to the persons entitled thereto.

- (e) To do all acts, whether or not expressly authorized, which it may deem necessary or proper for the protection of the Trust Fund held hereunder.

3.02. Except for the payment of expenses as provided for in Article 2.02 hereof or except as provided in Articles 3.03, 3.04 and 3.05 hereof, disbursements of funds from the Trust Fund shall be made by the Trustee solely to pay decommissioning costs and expenses of the Callaway Plant, and only at the time, in the amount, and in the manner prescribed by written instruction from the Company delivered to the Trustee. The Trustee shall be under no obligation to check or verify the correctness of the instructions given to it by the Company, its only duty being to follow the directions of the Company.

3.03. Upon written instructions of the Company delivered to the Trustee, the Trustee shall transfer funds held hereunder to any other trust, which is now or hereafter may be utilized by the Company to fund decommissioning costs and expenses previously funded by this Trust. The Trustee shall be under no obligation to check or verify the correctness of the instructions given to

it by the Company, its only duty being to follow the directions of the Company.

3.04. Any funds remaining in the Trust Fund after the payment of all decommissioning costs and expenses as provided for in Article 3.02 and the payment of all expenses as provided for in Article 2.02 shall, upon written instruction from the Company, be refunded by the Trustee to the Company and this Trust Agreement shall terminate and neither party shall have any further responsibility or obligation with respect thereto except for the filing of reports and the payment of taxes. The Trustee is empowered to retain from the Trust Fund such amount of money as is reasonably necessary to pay taxes and other expenses that have accrued but have not been paid.

3.05. In the event the Company sells or otherwise disposes of its ownership interest, or any part thereof, in the Callaway Plant, the funds of the Trust shall be distributed to the Company to the extent of the reductions in its liability for future decommissioning after taking into account the liabilities of the Company for future decommissioning of the Callaway Plant and the liabilities that have been assumed by another entity.

ARTICLE IV

4.01. The Trustee shall discharge its duties under this Trust Agreement with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting

in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, all in accordance with the provisions of this Trust Agreement. The Trustee shall be fully protected, however, in relying upon information furnished by the Company which is required for the administration and operation of the Trust Fund created hereunder, and shall not be liable for any action taken or omitted, in reliance on such information.

4.02. The Trustee may consult with counsel (who may be counsel for the Company or for the Trustee in its individual capacity) and shall be fully protected in acting in good faith upon advice received from such counsel. The Company agrees, to the extent permitted by law, to indemnify and hold the Trustee harmless from and against any liability that the Trustee may incur in the administration of the Trust Fund, unless arising from the Trustee's own negligent or willful breach of the provisions of this Trust Agreement. The Trustee shall not be required to give any bond or any other security for the faithful performance of its duties under this Trust Agreement, except such as may be required by a law which prohibits the waiver thereof.

ARTICLE V

5.01. The Trustee shall keep accurate and detailed accounts of the Missouri Revenues received, the Illinois Revenues received, and the Wholesale Revenues received, investments made

with the Revenues, receipts and disbursements through the Trust, all costs incurred, income from the Trust, and other transactions hereunder and all such accounts and other records relating thereto shall be open to inspection and audit at all reasonable times by any person designated by the Company. Within thirty (30) days following the close of each calendar quarter or such other accounting period as the Company may from time to time designate, and within thirty (30) days after the removal or resignation of the Trustee as provided under Article 6.02 hereof, the Trustee shall file with the Company a written account setting forth the Missouri Revenues received, the Illinois Revenues received, and the Wholesale Revenues received, investments made with the Revenues, receipts and disbursements through the Trust, all costs incurred, income from the Trust, and other transactions with respect to the Trust Fund effected by it during such calendar quarter or during the period from the close of the last calendar quarter to the date of such removal or resignation. A similar report with respect to the Missouri Revenues shall be made to the PSC within thirty (30) days following the close of each calendar year and within thirty (30) days after the removal or resignation of the Trustee.

5.02. Within thirty (30) days following the close of each calendar quarter or such other accounting period as the Company may from time to time designate, and within thirty (30) days after the removal or resignation of the Trustee as provided under Article 6.02 hereof, the Trustee shall file with the Company and

the ICC a written report showing the Trust's portfolio of investments and the return thereon, as well as the amount of and the date of receipt of the Illinois Revenues. A copy of all non-privileged written correspondence between the Trustee and the Internal Revenue Service shall be sent to the Company and to the ICC within fifteen (15) days of the date of such correspondence.

5.03. Within fifteen (15) days after submitting a federal, state or local income tax return or any other report or document with any federal, state or local agency pertaining to the Trust Fund or this Trust Agreement, the Trustee shall submit a copy thereof to the Company, to the PSC and to the ICC.

5.04. Notwithstanding any other provision of this Article V, the Trustee shall have the right to have a judicial settlement of its accounts. In any proceeding for a judicial settlement of the Trustee's accounts, or for instructions in connection with the Trust Fund, the only necessary party thereto in addition to the Trustee shall be the Company.

ARTICLE VI

6.01. The Company shall have the right to amend this Trust Agreement; provided, however, that no such amendment shall become effective until it is delivered to and signed by the Trustee hereunder, and nothing therein contained shall increase the duties and liabilities of the Trustee without its written consent.

6.02. The Trustee may be removed by action of the Company at any time upon thirty (30) days' notice in writing to the Trustee. The Trustee may resign at any time upon thirty (30) days' notice in writing to the Company. In either case, the necessity for such thirty (30) days' notice may be waived by the mutual agreement of the Trustee and the Company. Upon such removal or resignation of the Trustee, the Company shall appoint a successor trustee who shall have the same powers and duties as those conferred upon the Trustee hereunder, and upon acceptance of such appointment by the successor trustee, the Trustee shall assign, transfer and pay over to such successor trustee the funds and properties then constituting the Trust Fund, together with such records or copies thereof as may be necessary to fulfill the function of trustee.

ARTICLE VII

7.01. The Trustee hereby accepts this Trust and agrees to hold all the property now or hereafter constituting the Trust Fund hereunder, subject to all the terms and conditions of this Trust Agreement.

7.02. In fulfilling its responsibilities and duties hereunder, the Trustee shall comply with pertinent federal, state and local laws and regulations applicable to trust companies and fiduciaries performing similar functions.

7.03. The Trustee shall be entitled conclusively to rely upon any written notice, instruction, direction, certificate or other communication believed by it to be genuine and to be signed by the proper person or persons, and the Trustee shall be under no duty to make investigation or inquire as to the truth, accuracy or completeness of any statement contained therein.

7.04. The Trustee shall not permit the indicia of ownership of any of the assets of the Trust Fund to be maintained at a location outside the jurisdiction of the district courts of the United States.

7.05. This Trust Agreement is subject to all laws, statutes, rules and regulations, now and hereafter in effect, of any applicable governmental body of competent jurisdiction. In the event any provision of this Trust Agreement is inconsistent with the Internal Revenue Code of 1986, as now in effect or as such act may from time to time be amended, or any regulation issued thereunder, as such may be applicable to a Tax Qualified Nuclear Decommissioning Reserve Fund, the provision of this Trust Agreement so affected shall be deemed modified or superseded so as to be consistent with such act, and all other provisions of this Trust Agreement and the provision or provisions as so modified shall in all respects continue and be in full force and effect.

7.06. This Trust Agreement shall be construed and enforced according to the laws of the State of Illinois, and all provisions hereof shall be administered according to the laws of

said State insofar as such laws are not preempted by Federal statute.

7.07. Any notice, request, instruction, direction, requisition or other document required or permitted to be given under this Trust Agreement shall be sufficiently given if delivered in person or when deposited in the United States mail, postage prepaid as follows:

If to the Company, delivered or addressed to:

Union Electric Company
1901 Chouteau Avenue
P.O. Box 149
St. Louis, Missouri 63166
Attention: Secretary

If to the Trustee, delivered or addressed to:

Boatmen's Trust Company of Illinois
23 Public Square
P.O. Box 367T
Belleville, Illinois 62222
Attention: Pension and Institutional
Division

or to such other address as may be specified from time to time by said party or parties.

Any report or document submitted to the PSC shall reference Case Nos. EO-85-17 and ER-85-160 and shall be sent by United States mail, postage prepaid, as follows:

Public Service Commission of
the State of Missouri
P.O. Box 360
Jefferson City, Missouri 65102
Attention: Secretary

Any report or document submitted to the ICC shall reference Docket No. 88-0301 and shall be sent by United States mail, postage prepaid, as follows:

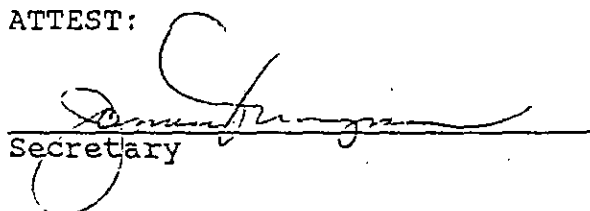
Illinois Commerce Commission
527 East Capitol Avenue
Springfield, Illinois 62706
Attention: Chief Clerk

7.08. The Trustee, by joining in the execution of this Trust Agreement, hereby accepts the foregoing Trust and agrees to carry out the provisions thereof to be performed by the Trustee.

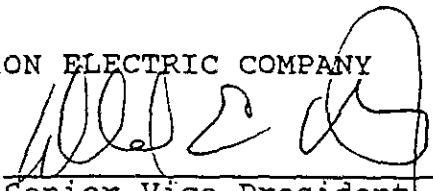
7.09. This Trust Agreement and the provisions hereof shall inure to and be binding upon the respective successors of the Company and the Trustee.

IN WITNESS WHEREOF, the parties hereto have caused this Trust Agreement to be executed by their respective duly authorized officers and their corporate seals to be hereunto affixed.

ATTEST:


Secretary

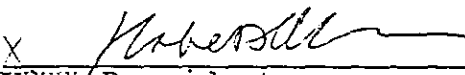
UNION ELECTRIC COMPANY

BY 
Senior Vice President

ATTEST:

X 
Trust Officer

BOATMEN'S TRUST COMPANY
OF ILLINOIS

BY X 
Vice President

AMENDMENT TO
SECOND AMENDED AND RESTATED
TAX QUALIFIED DECOMMISSIONING TRUST

This amendment is effective August 1, 1995, between Union Electric Company (hereinafter "Company") and Boatmen's Trust Company of Illinois (hereinafter "Trustee").

WHEREAS, the parties entered into the Second Amended and Restated Tax Qualified Decommissioning Trust agreement, effective July 28, 1993 (hereinafter the "Agreement"); and

WHEREAS, Company, pursuant to paragraph 6.01 of the Agreement, has the right and does desire to amend the Agreement; and

WHEREAS, Company, pursuant to paragraph 6.02 of the Agreement has the right to remove the Trustee and appoint a successor trustee; and

WHEREAS, Company desires to appoint Boatmen's Trust Company as successor trustee under the Agreement; and

WHEREAS, Trustee is willing to agree to said amendment and to consent to removal as trustee.

NOW, THEREFORE, the parties agree as follows:

1. The first paragraph of the Agreement is amended to change "Boatmen's Trust Company of Illinois" to "Boatmen's Trust Company."

2. Paragraph 7.06 of the Agreement is amended to change "State of Illinois" to "State of Missouri."

3. Paragraph 7.07 of the Agreement is amended to change the trustee's notice address as read as follows:

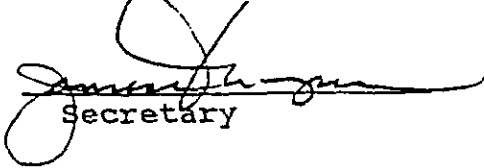
Boatmen's Trust Company
510 Locust Street
P.O. Box 14737
St. Louis, Missouri 63178
Attn: Corporate Trust Division

4. Company hereby removes Boatmen's Trust Company of Illinois as Trustee and appoints Boatmen's Trust Company as successor trustee.

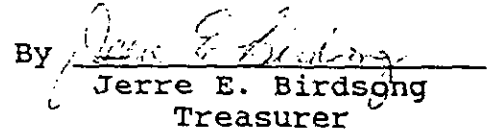
5. Trustee hereby agrees to this amendment and its removal as Trustee.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective duly authorized officers and their corporate seals to be hereunto affixed.

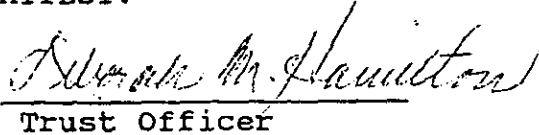
ATTEST:


Secretary

UNION ELECTRIC COMPANY

By 
Jerre E. Birdsong
Treasurer

ATTEST:

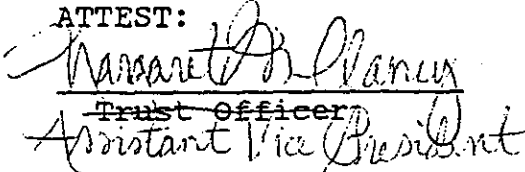

Trust Officer

BOATMEN'S TRUST COMPANY
OF ILLINOIS

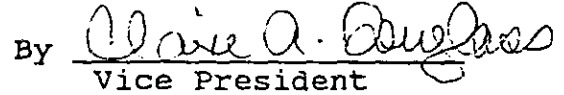
By 
~~Vice~~ President

Boatmen's Trust Company hereby accepts its appointment as successor trustee under the Agreement.

ATTEST:


~~Trust Officer~~
Assistant Vice President

BOATMEN'S TRUST COMPANY

By 
Vice President

SECOND AMENDMENT TO
SECOND AMENDED AND RESTATED
TAX QUALIFIED DECOMMISSIONING TRUST

This amendment (hereinafter the "Second Amendment") is effective December 31, 1996, 1996, between Union Electric Company (hereinafter "Company") and Boatmen's Trust Company (hereinafter "Trustee").

WHEREAS, the parties entered into the Second Amended and Restated Tax Qualified Decommissioning Trust agreement, effective July 28, 1993 (hereinafter the "Agreement"); and

WHEREAS, the parties then entered into an amendment to the Agreement, effective August 1, 1995; and

WHEREAS, the Company intends for the Tax Qualified Decommissioning Trust to comply with section 468A of the Internal Revenue Code of 1986 (hereinafter "Code"), which permits the owner of a nuclear power plant to deduct for federal income tax purposes contributions to a nuclear decommissioning trust fund, provided certain requirements are met; and

WHEREAS, the United States Treasury Department, in December 1994, issued Treasury Regulations section 1.468A-5(a)(4), which provides that "[b]y December 31, 1996, each qualified nuclear decommissioning trust fund agreement must provide that assets in the fund must be used as authorized by [Code] section 468A and the regulations thereunder and that the agreement may not be amended so as to violate [Code] section 468A or the regulations thereunder;" and

WHEREAS, the Company, pursuant to paragraph 6.01 of the Agreement, as previously amended, has the right to amend the Agreement; and

WHEREAS, the Company desires to amend the Agreement, as previously amended, to comply with the Treasury Regulations section 1.468A-5(a)(4); and

WHEREAS, the Trustee consents to this Second Amendment.

NOW, THEREFORE, the parties agree as follows:

1. Section 1.04 of the Agreement is amended by adding at the end the following sentence: "The assets in the Trust Fund must be used as authorized by section 468A of the Internal Revenue Code of 1986 and the regulations thereunder."

2. Section 6.01 of the Agreement is amended by adding at the end the following sentence: "This Trust Agreement may not be amended so as to violate Internal Revenue Code section 468A or the regulations thereunder."

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be executed by their respective duly authorized officers and their corporate seals to be hereunder affixed.

ATTEST:

R.A. Mallet

ASSISTANT Secretary

UNION ELECTRIC COMPANY

By Jerre E. Birdsong
Jerre E. Birdsong
Treasurer

ATTEST:

Vicki A. Smith
Trust Officer

BOATMEN'S TRUST COMPANY

By Wm. A. Smith
Vice President

SCHEDULE 6

**THIRD AMENDED AND RESTATED
TAX QUALIFIED DECOMMISSIONING TRUST**

THIS TRUST AGREEMENT between UNION ELECTRIC COMPANY d/b/a AmerenUE, a corporation organized and existing under the laws of the State of Missouri (hereinafter referred to as the "Company"), and THE BANK OF NEW YORK, a corporation organized and existing under the laws of the State of New York (hereinafter referred to as the "Trustee"), to be effective as of _____.

WITNESSETH:

WHEREAS, the Public Service Commission of the State of Missouri (the "MPSC"), the Illinois Commerce Commission of the State of Illinois (the "ICC"), and the Federal Energy Regulatory Commission (the "FERC") have ordered the Company to establish a trust to hold and invest those monies collected by the Company from its retail and wholesale customers, including those residing in the State of Illinois, to cover the anticipated costs associated with decommissioning the Callaway nuclear power plant, Callaway County, Missouri (the "Callaway Plant"), at the end of its operational life; and

WHEREAS, the Company intended to comply with such orders by establishing a qualified nuclear decommissioning fund within the meaning of section 468A of the Internal Revenue Code of 1986, as amended and in effect from time to time (the "Code"); and

WHEREAS, Boatmen's Trust Company and the Company entered into an interim decommissioning trust agreement (hereinafter referred to as the "Interim Trust") for the purpose of establishing a trust fund to hold and invest decommissioning revenues collected by the

Company until such time as the Company established a qualified nuclear decommissioning fund; and

WHEREAS, Boatmen's Trust Company and the Company subsequently amended and restated, in its entirety, effective January 16, 1989, the Interim Trust in order to establish a new, continuing trust arrangement (hereinafter referred to as the "Amended and Restated Trust"), to terminate their respective obligations under the Interim Trust and to recognize that these obligations were transferred to the Amended and Restated Trust, and to recognize a transfer of assets from the Interim Trust to the Amended and Restated Trust; and

WHEREAS, Boatmen's Trust Company and the Company executed an amendment to the Amended and Restated Trust, effective August 17, 1992, in order to, among other things, address the authority of the Company to appoint investment advisors; and

WHEREAS, the Amended and Restated Trust was further amended and restated, in its entirety, effective July 28, 1993, (hereinafter referred to as the "Second Amended and Restated Trust") in order to incorporate the amendment to the Amended and Restated Trust that was effective August 17, 1992, to make additional changes, and to appoint as Trustee Boatmen's Trust Company of Illinois; and

WHEREAS, the Company, Boatmen's Trust Company of Illinois and Boatmen's Trust Company executed an amendment to the Second Amended and Restated Trust, effective August 1, 1995, in order to remove Boatmen's Trust Company of Illinois as Trustee and to appoint Boatmen's Trust Company as successor Trustee; and

WHEREAS, Boatmen's Trust Company and the Company executed a second amendment to the Second Amended and Restated Trust, effective December 31, 1996, in order to comply with United States Treasury Department Regulations section 1.468A-5 (a) (4); and

WHEREAS, the Company, through a letter of assignment, appointed Bankers Trust Company as successor Trustee, effective January 1, 1998; and

WHEREAS, Company desires to further amend and restate the Second Amended and Restated Trust in order to incorporate the second amendment to the Second Amended and Restated Trust that was effective December 31, 1996, to make additional changes, and to appoint The Bank of New York as Trustee .

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the Company and the Trustee hereby agree that, effective as of _____, the Second Amended and Restated Trust is further amended and restated in its entirety to give recognition: (i) to the second amendment to the Second Amended and Restated Trust that was effective December 31, 1996; (ii) to additional amendments; and (iii) to the appointment of The Bank of New York as Trustee, all to read as follows:

ARTICLE I

1.01 The Company shall transmit to the Trustee, as soon as reasonably practicable after the end of each calendar quarter, such revenues that the Company collects from its Missouri retail customers ("Missouri Revenues"), from its Illinois retail customers ("Illinois Revenues"), and from its wholesale customers ("Wholesale Revenues") during such calendar quarter for the purpose of providing funds to cover the anticipated costs associated with decommissioning the Company's Callaway Plant at the end of its operational life (the Missouri Revenues, the Illinois Revenues and the Wholesale Revenues collectively referred to as the "Revenues").

Revenues collected by the Company shall normally be transmitted to the Trustee electronically. The Company shall indicate to the Trustee the amount of the Missouri Revenues, the amount of the Illinois Revenues, and the amount of the Wholesale Revenues. The Trustee shall be under no duty to inquire as to the correctness of the amounts paid by the Company, nor to bring proceedings or otherwise seek to enforce transmittal of Revenues from the Company.

1.02 The Trustee shall establish and maintain one "Trust Fund" under which the Trustee shall establish and maintain three separate and independent jurisdictional investment management sub-accounts ("jurisdictional sub-accounts"), which for illustrative purposes are herein described as the "Missouri jurisdictional sub-account," the "Illinois jurisdictional sub-account," and the "Wholesale (or FERC) jurisdictional sub-account." All Missouri Revenues received by the Trustee and the increment, increase, earnings and income thereof shall be held, invested, reinvested, managed and administered through the Missouri jurisdictional sub-account. All Illinois Revenues received by the Trustee and the increment, increase, earnings and income thereof shall be held, invested, reinvested, managed and administered through the Illinois jurisdictional sub-account. All Wholesale Revenues received by the Trustee and the increment,

increase, earnings and income thereof shall be held, invested, reinvested, managed and administered through the Wholesale (or FERC) jurisdictional sub-account. Unless the context provides to the contrary, each reference in this Trust Agreement to "Trust Fund" or to "Trust" shall refer and apply equally to the Missouri jurisdictional sub-account, to the Illinois jurisdictional sub-account, and to the Wholesale (or FERC) jurisdictional sub-account.

1.03 The Company may appoint one or more investment advisors to direct the Trustee with respect to the investment of all or a specified portion of the assets held by the Trustee. The appointment of any investment advisor shall be effective as of the date specified by the Company, but not before it has been accepted in writing by the investment advisor and notice of such appointment and acceptance given by the Trustee. The Company may remove, or change the assets subject to the control of, any investment advisor previously appointed hereunder, but the Trustee may follow the instructions of a properly appointed investment advisor until informed by the Company that such investment advisor has been removed or its authority over particular assets changed.

1.04 This Trust Agreement and the Trust Fund are intended to meet all applicable requirements of the Code and the applicable rules and regulations promulgated by the Internal Revenue Service with respect to a qualified nuclear decommissioning fund. The assets in the Trust Fund must be used as authorized by the Code and the regulations thereunder.

ARTICLE II

2.01 Subject to applicable federal and state regulations, the Trustee shall prudently invest and reinvest the principal and income of the Trust Fund and keep the Trust Fund invested, without distinction between principal and income, and in such a way as to attempt to maximize the after-tax return on the investments and reinvestments. Investments may include, but are not