

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 the Company or 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 hereto, 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 judgement, 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.

2.03 The fees charged by the Trustee shall be as indicated in Attachment 1 to this Trust Agreement.

### 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 specific proxies or powers of attorney, with or without substitution, with respect thereto; to consent to, participate in, and take any action in conjunction 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 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 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 Articles 2.02 and 6.02 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 in the manner prescribed by written instruction from the Company delivered to the Trustee.

#### 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 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. In no event shall the Trustee be liable for special or consequential damages. 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. The indemnification obligation of the Company shall survive the resignation or removal of the Trustee or the termination of this Trust Agreement.

## 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 Fund, all costs incurred, income from the Trust Fund, 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.

5.02 The Trustee shall provide periodic reports regarding the Trust Fund to the Company and to the various regulatory agencies. The content of the reports, the regulatory agencies to which reports should be issued and the frequency of issuance shall be as directed by the Company. The Trustee shall issue any and all reports, records, tax information, copies of correspondence, notifications and other documents to the MPSC, the ICC, the FERC, and any other governmental or regulatory authority, as directed by the Company in accordance with applicable statutes, regulations and orders.

Upon the expiration of one-hundred and eighty (180) days from the date of filing of any such report, the Trustee, to the extent permitted by law, shall be forever released and discharged from any liability or accountability to anyone with respect to the matters reflected in such report, except as to those matters to which the Company files written objections with the Trustee within such one-hundred and eighty (180) day period. The failure of the Company to file written objections with the Trustee within such one-hundred and eighty (180) day period as to matters reflected in any such report shall not release or discharge any other person or organization with respect to such matters. Notwithstanding the foregoing, the Trustee shall not be entitled to retain any funds or other property in its possession that in fact belong to the Trust Fund.

5.03 The Trustee, subject to receiving any necessary information from any investment advisor appointed by the Company, shall determine the returns earned by the Trust Fund's investments, and shall report this information to the Company in such a manner and with such frequency as directed by the Company.

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. This Trust Agreement may not be amended so as to violate Code section 468A or the regulations thereunder.

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.

If, for any reason, the Company cannot or does not act promptly to appoint a successor trustee, the Trustee may apply to a court of competent jurisdiction for the appointment, subject to any necessary regulatory approvals, of a successor trustee for the Trust Fund and any expenses incurred by the Trustee in connection therewith shall be charged to and paid by the Trust Fund as an administrative expense.

## **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 Trust, the Company and the Trustee shall be subject to the prohibitions against self-dealing contained in or incorporated in the Code or any successor thereto, and the rules and regulations promulgated with respect thereto, which Section and which rules and regulations are hereby incorporated herein by reference.

In order to permit the Trustee to fulfill its obligations under this Section 7.03, the Company shall furnish the Trustee with the identity of all persons and legal entities who are "disqualified persons" within the meaning of Code section 4951 by reason of their connection with the Company or their connection with a person or legal entity who has a connection with the Company, and the Trustee may conclusively rely thereon, and shall be fully protected, in acting hereunder.



7.04 The Trustee acknowledges that it has a net worth of at least \$100 million and agrees that said net worth will remain at that amount, as a minimum.

7.05 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 and shall be fully protected in acting or not acting in accordance therewith.

7.06 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.

7.07 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 Code or any regulation issued thereunder, as such may be applicable to a qualified nuclear decommissioning 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 provisions as so modified shall in all respects continue and be in full force and effect.

7.08 This Agreement and all questions pertaining to its validity, construction and administration shall be interpreted, construed and determined in accordance with the internal substantive laws (and not the choice of law rules) of the State of New York to the extent not superseded by Federal law or a regulatory law of the States of Missouri or Illinois. All actions and proceedings brought by the Trustee relating to or arising from, directly or indirectly, this Agreement may be litigated in courts located in the State of New York and the Company hereby

submits to the jurisdiction of such courts. The Company and the Trustee hereby waive the right to trial by jury in any action or proceeding brought hereunder.

7.09 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, d/b/a AmerenUE  
1901 Chouteau Avenue  
P. O. Box 66149  
St. Louis, Missouri 63166-6149  
Attention: Treasurer

If to the Trustee, delivered or addressed to:

The Bank of New York  
One Wall Street,  
12<sup>th</sup> Floor  
New York, NY 10286  
Attention: Corporate Funds Group

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 MPSC shall reference Case Nos. EO-85-17 and ER-85-160 (or any other reference as may be specified from time to time by the Company) 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

or to such other address as may be specified from time to time by the Company.

Any report or document submitted to the ICC shall reference Docket No. 88-0301 (or any other reference as may be specified from time to time by the Company) 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

or to such other address as may be specified from time to time by the Company.

Any report or document submitted to the FERC shall reference Docket No. RM94-14-000 (or any other reference as may be specified from time to time by the Company) and shall be sent by United States mail, postage prepaid, as follows:

Federal Energy Regulatory Commission  
888 First Street, N. E.  
Washington, D.C. 20426  
Attention: Secretary

or to such other address as may be specified from time to time by the Company.

7.10 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.

7.11 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:

UNION ELECTRIC COMPANY, d/b/a AmerenUE

\_\_\_\_\_  
Secretary

By

\_\_\_\_\_  
Treasurer

ATTEST:

THE BANK OF NEW YORK

\_\_\_\_\_  
Trust Officer

By

\_\_\_\_\_  
Vice-President

**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 paydown
- \$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 7

**SECOND 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 ~~BOATMEN'S TRUST COMPANY OF ILLINOIS, a corporation organized and existing under the laws of the State of Illinois~~ 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 ~~July 28, 1993~~ \_\_\_\_\_.

**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 ~~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 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 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.~~

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 ~~August 9, 1993,~~ \_\_\_\_\_, the Second 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;~~ (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 ~~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.~~

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 ~~trust funds~~ jurisdictional investment management sub-accounts ("jurisdictional sub-accounts"), which for illustrative purposes are herein described as the "Missouri jurisdictional sub-account ~~Trust Fund~~," the "Illinois jurisdictional sub-account ~~Trust Fund~~," and the "Wholesale (or FERC) jurisdictional sub-account ~~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 jurisdictional sub-account ~~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 jurisdictional sub-account ~~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 (or FERC) jurisdictional sub-account ~~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 jurisdictional sub-account, ~~Trust Fund~~" to the "Illinois jurisdictional sub-account, ~~Trust Fund~~" and to the "Wholesale (or FERC) jurisdictional sub-account ~~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 Code ~~section 468A 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 qualified nuclear decommissioning fund ~~Tax Qualified Nuclear Decommissioning Reserve 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. 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 the Company or 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 hereto, 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 judgement, 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.

2.03 The fees charged by the Trustee shall be as indicated in Attachment 1 to this Trust Agreement.

### 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 specific proxies or powers of attorney, with or without substitution, with respect thereto; to consent to, participate in, and take any action in conjunction 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 judgement,~~ 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 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 Articles 2.02 and 6.02 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 in the manner prescribed by written instruction from the Company delivered to the Trustee ~~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 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. In no event shall the Trustee be liable for special or consequential damages. 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. The indemnification obligation of the Company shall survive the resignation or removal of the Trustee or the termination of this Trust Agreement.

#### 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 Fund, all costs incurred, income from the Trust Fund, 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 with 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 (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.~~

5.02 The Trustee shall provide periodic reports regarding the Trust Fund to the Company and to the various regulatory agencies. The content of the reports, the regulatory agencies to which reports should be issued and the frequency of issuance shall be as directed by the Company. The Trustee shall issue any and all reports, records, tax information, copies of correspondence, notifications and other documents to the MPSC, the ICC, the FERC, and any other governmental or regulatory authority, as directed by the Company in accordance with applicable statutes, regulations and orders.

Upon the expiration of one-hundred and eighty (180) days from the date of filing of any such report, the Trustee, to the extent permitted by law, shall be forever released and discharged from any liability or accountability to anyone with respect to the matters reflected in such report, except as to those matters to which the Company files written objections with the Trustee within such one-hundred and eighty (180) day period. The failure of the Company to file written objections with the Trustee within such one-hundred and eighty (180) day period as to matters reflected in any such report shall not release or discharge any other person or organization with respect to such matters. Notwithstanding the foregoing, the Trustee shall not be entitled to retain any funds or other property in its possession that in fact belong to the Trust Fund.

5.03 The Trustee, subject to receiving any necessary information from any investment advisor appointed by the Company, shall determine the returns earned by the Trust Fund's

investments, and shall report this information to the Company in such a manner and with such frequency as directed by the Company.

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. This Trust Agreement may not be amended so as to violate Code section 468A or the regulations thereunder.

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.

If, for any reason, the Company cannot or does not act promptly to appoint a successor trustee, the Trustee may apply to a court of competent jurisdiction for the appointment, subject to

any necessary regulatory approvals, of a successor trustee for the Trust Fund and any expenses incurred by the Trustee in connection therewith shall be charged to and paid by the Trust Fund as an administrative expense.

## 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 Trust, the Company and the Trustee shall be subject to the prohibitions against self-dealing contained in or incorporated in the Code or any successor thereto, and the rules and regulations promulgated with respect thereto, which Section and which rules and regulations are hereby incorporated herein by reference.

In order to permit the Trustee to fulfill its obligations under this Section 7.03, the Company shall furnish the Trustee with the identity of all persons and legal entities who are "disqualified persons" within the meaning of Code section 4951 by reason of their connection with the Company or their connection with a person or legal entity who has a connection with the Company, and the Trustee may conclusively rely thereon, and shall be fully protected, in acting hereunder.

7.04 The Trustee acknowledges that it has a net worth of at least \$100 million, and agrees that said net worth will remain at that amount, as a minimum.

7.035 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 and shall be fully protected in acting or not acting in accordance therewith.

7.046 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.

7.057 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 qualified nuclear decommissioning fund ~~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 provisions as so modified shall in all respects continue and be in full force and effect.

7.068 ~~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.~~ This Agreement and all questions pertaining to its validity, construction and administration shall be interpreted, construed and determined in accordance with the internal substantive laws (and not the choice of law rules) of the State of New York to the extent not superseded by Federal law or a regulatory

law of the States of Missouri or Illinois. All actions and proceedings brought by the Trustee relating to or arising from, directly or indirectly, this Agreement may be litigated in courts located in the State of New York and the Company hereby submits to the jurisdiction of such courts. The Company and the Trustee hereby waive the right to trial by jury in any action or proceeding brought hereunder.

7.079 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, d/b/a AmerenUE  
1901 Chouteau Avenue  
P. O. Box 66149  
St. Louis, Missouri 63166-6149  
Attention: ~~Secretary~~ Treasurer

If to the Trustee, delivered or addressed to:

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

The Bank of New York  
One Wall Street,  
12<sup>th</sup> Floor  
New York, NY 10286  
Attention: Corporate Funds Group

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 MPSC shall reference Case Nos. EO-85-17 and ER-85-160 (or any other reference as may be specified from time to time by the Company) 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

or to such other address as may be specified from time to time by the Company.

Any report or document submitted to the ICC shall reference Docket No. 88-0301 (or any other reference as may be specified from time to time by the Company) 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

or to such other address as may be specified from time to time by the Company.

Any report or document submitted to the FERC shall reference Docket No. RM94-14-000 (or any other reference as may be specified from time to time by the Company) and shall be sent by United States mail, postage prepaid, as follows:

Federal Energy Regulatory Commission  
888 First Street, N. E.  
Washington, D.C. 20426  
Attention: Secretary

or to such other address as may be specified from time to time by the Company.

7.10 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.



7.11 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:

UNION ELECTRIC COMPANY, d/b/a AmerenUE

\_\_\_\_\_  
Secretary

By \_\_\_\_\_

~~Senior Vice President~~ Treasurer

ATTEST:

~~BOATMEN'S TRUST COMPANY OF ILLINOIS~~  
THE BANK OF NEW YORK

\_\_\_\_\_  
Trust Officer

By \_\_\_\_\_

Vice-President

**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 paydown
- \$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 8**

UNION ELECTRIC COMPANY  
  
INVESTMENT GUIDELINES  
FOR THE  
CALLAWAY PLANT TAX QUALIFIED AND NON-TAX QUALIFIED  
NUCLEAR DECOMMISSIONING TRUST FUNDS

Effective: January 1, 1998

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I. PURPOSE OF THE TRUST FUNDS

The sole purpose of the Callaway Plant Tax Qualified and Non-Tax Qualified Nuclear Decommissioning Trust Funds (the "trusts") is to accumulate and invest funds to cover the costs and expenses associated with decommissioning Union Electric's (UE's) Callaway Nuclear Plant.

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

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

The non-tax qualified trust 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.

II. COMPLIANCE WITH REGULATIONS

The tax-qualified trust shall be as defined by Sections 468A (e) (4) (c) of the Internal Revenue Code.

Management of both trusts 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:

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

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Effective: January 1, 1998

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 trusts 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 trusts 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 trusts. Callaway Plant decommissioning is not anticipated to begin until 2024. No withdrawals, other than for payment of taxes and trust 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 trusts, they shall initially be considered as having long-term investment horizons.

In the early-to-middle stages of the trusts' lives, investments shall be made with the objective of maximizing the expected total return over the life of the trust rather than maximizing current income. During this period, it is recognized that the market value of the trusts' 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 trusts' 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 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 trusts shall utilize investment managers as selected by UE. UE will not engage in the day-to-day management of the trusts 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 will 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 trusts.

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 portfolio, relative to the index whose returns the 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).

### B. MISSOURI JURISDICTIONAL SUB-ACCOUNT

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

### 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.

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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 assets between equity and fixed income investments, and / or by UE directing the regular contributions to the 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 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.

**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:

Effective: January 1, 1998

- 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 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 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 trusts 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 trusts, the investment manager shall sell the affected securities.



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- 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 trusts do not take excessive risks in order to chase high yields. The trusts 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 trusts 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

- 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 trusts, 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 investment; nor to hedge the trusts' 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:

- 1) Public debt securities of the United States or any agency thereof;

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- 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 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 rate risk. In general, the average portfolio duration should not exceed the duration of the liabilities that the 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 trusts, 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 fund does not take excessive risks in order to chase high yields. The 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 funds' market value and liquidity is maintained.

Likewise, the 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.

### 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 is the direct owner of the securities. Pooled, co-mingled, or indirect ownership, such as through a mutual fund, shall not be allowed.

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- 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 trusts, 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

The investment managers may invest a portion of the assets under their management in cash or cash equivalents. These include treasury bills and time or demand deposits in an insured account at a bank, savings & loan, or credit union located within the United States (i.e., certificates of deposits, savings account, cash).

The following restrictions apply to any investments in cash and cash equivalents:

- 1) The trustee(s) shall be responsible for assuring that cash is invested as it is received from UE, and as a result of security sales, maturities, calls, etc.
- 2) To avoid potential problems resulting from the pooling of trust assets, cash shall not be invested in money market accounts or any other "co-mingled" funds.

#### D. OTHER INVESTMENT CONSIDERATIONS

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

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 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".
- 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.

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- 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 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 trusts 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 trusts, 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 trusts do not take excessive risks in order to chase high yields. The trusts 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 trusts 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

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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

- 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.
- 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 trusts, 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 investment; nor to hedge the trusts' 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 trusts' 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 computed each quarter for the latest 1, 3, 5, and 10 year periods, and for the to-date period since the trusts' 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

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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).
  - 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 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.

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

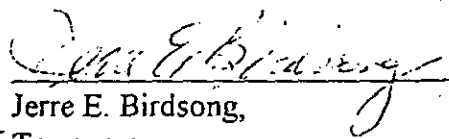
- Missouri Jurisdiction - Equity and Fixed Income Investment Managers' portions combined.
- Illinois Jurisdiction - Equity and Fixed Income Investment Managers' portions combined.
- FERC Jurisdiction - Equity and Fixed Income Investment Managers' portions combined.
- All Jurisdictions - Equity and Fixed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

Frequency of Reporting

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

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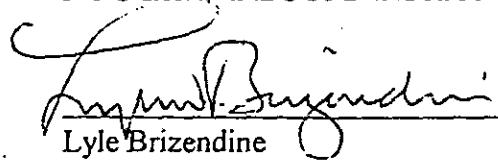
**UNION ELECTRIC COMPANY:**

  
\_\_\_\_\_  
Jerre E. Birdsong,  
Treasurer,  
Union Electric Company

12/22/97  
Date

**Acknowledged by:**

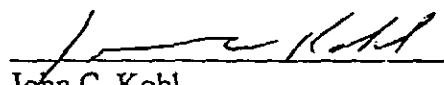
**TRUSTEE - CALLAWAY PLANT TAX QUALIFIED AND NON-TAX QUALIFIED  
NUCLEAR DECOMMISSIONING TRUST FUND:**

  
\_\_\_\_\_  
Lyle Brizendine  
Managing Director,  
Bankers Trust Company

12/29/97  
Date


**Accepted by:**

**FIXED INCOME INVESTMENT MANAGER:**

  
\_\_\_\_\_  
John C. Kohl  
Managing Director,  
Fixed Income Management  
Trade Street Investment Associates, Inc.

1/2/98  
Date

**EQUITY INVESTMENT MANAGER:**

  
\_\_\_\_\_  
Ralph W. Webster,  
Executive Associate,  
Mississippi Valley Advisors

12/23/97  
Date

# SCHEDULE 9

Effective: \_\_\_\_\_

**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:

- The Missouri Public Service Commission (MPSC)

Effective: \_\_\_\_\_

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

Effective: \_\_\_\_\_

#### **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).

##### **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.



Effective: \_\_\_\_\_

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.

## **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:

Effective: \_\_\_\_\_

- 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 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.

Effective: \_\_\_\_\_

- 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 "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**

Effective: \_\_\_\_\_

### **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 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).

Effective: \_\_\_\_\_

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:

- 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:

Effective: \_\_\_\_\_

- 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 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

Effective: \_\_\_\_\_

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.

### **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

Effective: \_\_\_\_\_

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.

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;



Effective: \_\_\_\_\_

- 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".
- 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.

Effective: \_\_\_\_\_

- 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 "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.

Effective: \_\_\_\_\_

### **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.
- 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.

Effective: \_\_\_\_\_

## **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 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;

Effective: \_\_\_\_\_

- 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).
  - 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).

Effective: \_\_\_\_\_

- 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.  
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.

Effective: \_\_\_\_\_

**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,  
Firstar 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
<b>Missouri Jurisdiction - Equity Manager</b>							<b>09/30/1992</b>
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							
<b>Missouri Jurisdiction - Fixed Income Manager</b>							<b>08/31/1985</b>
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							
<b>Illinois Jurisdiction - Equity Manager</b>							<b>12/31/1993</b>
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							
<b>Illinois Jurisdiction - Fixed Income Manager</b>							<b>11/30/1985</b>
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							
<b>FERC Jurisdiction - Equity Manager</b>							<b>10/31/1996</b>
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							
<b>FERC Jurisdiction - Fixed Income Manager</b>							<b>07/31/1986</b>
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							



**PERFORMANCE MEASUREMENT**  
**CALLAWAY PLANT TAX QUALIFIED DECOMMISSIONING TRUST FUND**  
**AS OF: xx / xx / xx**

	<b>Latest Quarter</b>	<b>Latest 1 Year</b>	<b>Latest 3 Years</b>	<b>Latest 5 Years</b>	<b>Latest 10 Years</b>	<b>Since Inception</b>	<b>Date of Inception</b>
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<b>All Jurisdictions - Equity Manager</b>							<b>09/30/1992</b>
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							

<b>All Jurisdictions - Fixed Income Manager</b>							<b>08/31/1985</b>
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							

<b>Missouri Jurisdiction - All Managers</b>							<b>08/31/1985</b>
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							

<b>Illinois Jurisdiction - All Managers</b>							<b>11/30/1985</b>
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							

<b>FERC Jurisdiction - All Managers</b>							<b>07/31/1986</b>
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							

<b>All Jurisdictions - All Managers</b>							<b>08/31/1985</b>
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							

# **SCHEDULE 10**

Effective: \_\_\_\_\_

**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 Nuclear Decommissioning Trust Funds (the "non-tax qualified trust fund") ~~(the "trusts")~~ is to invest contributions and investment proceeds and to accumulate assets in order ~~and invest funds~~ 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 ~~as defined by~~ Sections 468A-(e)-(4)-(c) of the Internal Revenue Code.

Management of both trusts 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: \_\_\_\_\_

- 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 trusts 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 trusts 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 trusts 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 trusts funds, they shall initially be considered as having long-term investment horizons.

In the early-to-middle stages of the trusts 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 trusts 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 trusts 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 focused on preservation and stability of market value, in conjunction with assuring that adequate liquidity exists to meet decommissioning obligations as they become due.

Effective: \_\_\_\_\_

#### **IV. INVESTMENT MANAGEMENT RESPONSIBILITY**

The trusts funds shall utilize investment managers as selected by UE. UE shall ~~will~~ not engage in the day-to-day management of the trusts 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 ~~will~~ 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 trusts 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).

##### **B. MISSOURI JURISDICTIONAL SUB-ACCOUNT**

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

Effective: \_\_\_\_\_

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.

### **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:

Effective: \_\_\_\_\_

- 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 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.

Effective: \_\_\_\_\_

- 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 trusts 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 trusts 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 trusts funds do not take excessive risks in order to chase high yields. The trusts 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 trusts 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**



Effective: \_\_\_\_\_

### **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 investment by the trusts 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).

Effective: \_\_\_\_\_

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 trusts 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:

- 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:

Effective: \_\_\_\_\_

- 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 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 trusts 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

Effective: \_\_\_\_\_

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.

### **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

Effective: \_\_\_\_\_

by the trusts 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.

~~The investment managers may invest a portion of the assets under their management in cash or cash equivalents. These include treasury bills and time or demand deposits in an insured account at a bank, savings & loan, or credit union located within the United States (i.e., certificates of deposits, savings account, cash).~~

~~The following restrictions apply to any investments in cash and cash equivalents:~~

- ~~1) The trustee(s) shall be responsible for assuring that cash is invested as it is received from UE, and as a result of security sales, maturities, calls, etc.~~
- ~~2) To avoid potential problems resulting from the pooling of trust assets, cash shall not be invested in money market accounts or any other "co-mingled" funds.~~

#### **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.

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**

Effective: \_\_\_\_\_

### **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".
- 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

Effective: \_\_\_\_\_

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 trusts 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 trusts 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 trusts funds do not take excessive risks in order to chase high yields. The trusts 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 trusts 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

Effective: \_\_\_\_\_

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.
- 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 trusts 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).



Effective: \_\_\_\_\_

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 trusts 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 trusts 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 computed each quarter for the latest 1, 3, 5, and 10 year periods, and for the to-date period since the trusts 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)**

Effective: \_\_\_\_\_

- 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).
  - 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

Effective: \_\_\_\_\_

- 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.  
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 ~~and annually~~. Reports shall be issued within sixty days following the close of each calendar quarter.

Effective: \_\_\_\_\_

**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.

Effective: \_\_\_\_\_

**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:**

\_\_\_\_\_  
~~Lyle Brizendine~~ Richard Barry  
~~Managing Director,~~ Vice President,  
~~Bankers Trust Company~~ Bank of New York

\_\_\_\_\_  
Date

**Accepted by:**

**FIXED INCOME INVESTMENT MANAGER:**

\_\_\_\_\_  
~~John C. Kohl~~ Thomas A. Wertimer  
~~Managing Director,~~ Vice President,  
~~Fixed Income Management~~ Bank of New York Asset Management Sector  
~~Trade Street Investment Associates, Inc.~~

\_\_\_\_\_  
Date

**EQUITY INVESTMENT MANAGER:**

\_\_\_\_\_  
~~Ralph W. Webster,~~ John H. Blixen,  
~~Executive Associate,~~ Executive Vice President,  
~~Mississippi Valley Advisors~~ 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
<b>Missouri Jurisdiction - Equity Manager</b>							09/30/1992
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							
<b>Missouri Jurisdiction - Fixed Income Manager</b>							08/31/1985
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							
<b>Illinois Jurisdiction - Equity Manager</b>							12/31/1993
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							
<b>Illinois Jurisdiction - Fixed Income Manager</b>							11/30/1985
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							
<b>FERC Jurisdiction - Equity Manager</b>							10/31/1996
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							
<b>FERC Jurisdiction - Fixed Income Manager</b>							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
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<b>All Jurisdictions - Equity Manager</b>							09/30/1992
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							

<b>All Jurisdictions - Fixed Income Manager</b>							08/31/1985
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							

<b>Missouri Jurisdiction - All Managers</b>							08/31/1985
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							

<b>Illinois Jurisdiction - All Managers</b>							11/30/1985
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							

<b>FERC Jurisdiction - All Managers</b>							07/31/1986
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							

<b>All Jurisdictions - All Managers</b>							08/31/1985
Before Taxes & Expenses:							
After Taxes & Expenses:							
Assuming Liquidation:							