Electric Energy, Inc.

October 10, 2006

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Missouri Public Service Commission

Messrs: D. F. Cole
R. A. Kelley
C. D. Naslund
P. W. Thompson
T. R. Voss
J. N. Voyles, Jr.
D. A. Whiteley

Gentlemen:

We are enclosing financial statements and other cost data for Electric Energy, Inc. for the month of September 2006.

Also, we are including financial statements for Midwest Electric Power, Inc.

Yours very truly,

James M. Helm

James M. Helm
Secretary-Treasurer

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SENIOR VICE PRESIDENT & CNO

JMH/adb

Enclosures

xc: R. L. Powers

Staff Exhibit No. 262
Case No(s). ER-2007-0002
Date 3/20/07 Rptr AV

EXHIBIT
Naslund
1
1-23-07 KF

PENGAD 800-631-6989

Post Office Box 165 Joppa, Illinois 62953 (618) 543-7531 Fax (618) 543-7420

Electric Energy, Inc.

Balance Sheet

September 30, 2006

		This Month		Increase (Decrease) Over Last Month
Assets				
Utility Plant				
Utility Plant In Service	$	392,112,769	$	143,705
Construction Work In Progress		6,262,471		297,918
	$	398,375,240	$	441,623
Less: Accumulated Depreciation of Utility Plant		334,830,688		(885,712)
Total Utility Plant, Net	**$**	**63,544,552**	**$**	**1,327,335**
Current Assets				
Cash	$	26,101	$	(14,272)
Working Funds		59,484		(198,083)
Temporary Cash Investments		0		0
Accounts Receivable -				
Department of Energy		9,988		0
Sponsoring Companies		24,024,198		(17,468,227)
Subsidiaries - Short Term		157,099		(1,143)
Other		18,475,116		7,894,776
Fuel Inventory		16,693,401		(1,125,175)
Plant Material and Supplies Inventory		7,629,456		161,518
Prepayments		1,238,804		750,402
Total Current Assets	**$**	**68,313,647**	**$**	**(10,000,204)**
Other Assets				
Unamortized Debt Expense	$	0	$	0
Prepaid Postretirement Cost		1,470,962		1,643
Prepaid Pension Cost		0		0
Deferred Charges and Other Assets		226,428		13,612
Deferred Taxes		12,023,903		(57,984)
Long Term Receivable - Subsidiary		0		0
Investment in Subsidiaries		36,077,571		0
Total Other Assets	**$**	**49,798,864**	**$**	**(42,729)**
Total Assets	**$**	**181,657,063**	**$**	**(8,715,598)**

Electric Energy, Inc.
Balance Sheet
September 30, 2006

	This Month	Increase (Decrease) Over Last Month
Stockholders' Equity And Liabilities		
Stockholders' Equity		
Common Stock	$ 6,200,000	$ 0
Retained Earnings	91,151,896	18,203,427
	$ 97,351,896	$ 18,203,427
Other Comprehensive Income	0	0
Total Stockholders' Equity	**$ 97,351,896**	**$ 18,203,427**
Long-Term Debt	**$ 0**	**$ 0**
Current Liabilities		
Notes Payable, Bank	$ 0	$ 0
Notes Payable, Sponsoring Companies	30,400,000	15,400,000
Accounts Payable	8,459,704	(695,730)
Accounts Payable to Sponsoring Companies	11,968,532	526,093
Accrued Interest	0	0
Dividends Payable	0	(34,375,000)
Accrued Taxes Other Than Income	30,592	(61,831)
Accrued Income Taxes	16,841,521	(7,923,916)
Total Current Liabilities	**$ 67,700,349**	**$ (27,130,384)**
Other Liabilities		
Provision for Injuries & Damages	$ 1,174,081	$ 0
Asset Retirement Obligations	6,097,799	27,230
Postretirement Benefit Liability	0	0
Pension Liability	5,929,352	161,995
Deferred Taxes	3,403,586	22,134
Other Deferred Credits	0	0
Total Other Liabilities	**$ 16,604,818**	**$ 211,359**
Total Stockholders' Equity And Liabilities	**$ 181,657,063**	**$ (8,715,598)**

Electric Energy, Inc.
Statement Of Retained Earnings
For The Month Ended September 30, 2006

	This Month		Year To Date	
Balance at Beginning of Period	$	72,948,469	$	82,573,660
Dividends		0		(103,125,000)
Net Income		18,203,427		111,703,236
Balance at End of Period	$	91,151,896	$	91,151,896

Electric Energy, Inc.

Income Statement

For The Month Ended September 30, 2006

	This Month	Year To Date
Operating Revenues		
Sales To Department Of Energy:		
Permanent Power	$ 0	$ 0
Additional Power	0	0
Excess Power	0	0
Released Power	0	0
Total Sales To Department Of Energy	**$ 0**	**$ 0**
Sales To Other Electric Utilities:		
Permanent Power	$ 23,552,729	$ 275,017,364
Released Power	0	0
Excess Power	0	0
Interchange Power	0	0
Total Sales To Other Electric Utilities	**$ 23,552,729**	**$ 275,017,364**
Other Electric Revenues	19,904,609	34,804,823
Total Operating Revenues	**$ 43,457,338**	**$ 309,822,187**
Operating Expenses		
Purchased Power	$ 638,402	$ 6,096,959
Fuel	10,156,664	81,867,157
Operation	1,996,463	17,911,469
Maintenance	977,631	15,073,904
Depreciation	(888,070)	4,464,180
Taxes, Other Than Income Taxes	164,516	1,613,638
Income Taxes	12,244,672	70,949,914
Total Operating Expenses	**$ 25,290,278**	**$ 197,977,221**
Income From Operations	**$ 18,167,060**	**$ 111,844,966**
Other (Income) And Expense		
Interest Income	$ (25,958)	$ (117,659)
Interest Expense	65,066	685,905
Other, Net	(75,475)	(426,516)
Total Other (Income) and Expense	$ (36,367)	$ 141,730
Net Income	**$ 18,203,427**	**$ 111,703,236**

Electric Energy, Inc.
Statement Of KWH
For The Month Ended September 30, 2006

	This Month KWH	Year To Date KWH
Sales To Department Of Energy:		
Permanent Power	0	0
Additional Power	0	0
Excess Power	0	0
Released Power	0	0
Total Sales To Department Of Energy	**0**	**0**
Sales To Other Electric Utilities:		
Permanent Power	711,383,000	6,121,217,000
Released Power	0	0
Excess Power	0	0
Interchange Power	0	0
Total Sales To Other Electric Utilities	**711,383,000**	**6,121,217,000**
Total KWH Sales	**711,383,000**	**6,121,217,000**

Electric Energy, Inc.

Comparative Balance Sheets

September 30, 2006 and September 30, 2005

		2006		2005
Assets				
Utility Plant				
Utility Plant In Service	$	392,112,769	$	382,163,272
Construction Work In Progress		6,262,471		5,608,428
	$	398,375,240	$	387,771,700
Less: Accumulated Depreciation of Utility Plant		334,830,688		328,830,741
Total Utility Plant, Net	$	**63,544,552**	$	**58,940,959**
Current Assets				
Cash	$	26,101	$	151,974
Working Funds		59,484		51,052
Temporary Cash Investments		0		0
Accounts Receivable -				
Department of Energy		9,988		3,285
Sponsoring Companies		24,024,198		13,577,891
Subsidiaries - Short Term		157,099		116,829
Other		18,475,116		384,594
Fuel Inventory		16,693,401		7,894,291
Plant Material and Supplies Inventory		7,629,456		7,911,210
Prepayments		1,238,804		1,018,621
Total Current Assets	$	**68,313,647**	$	**31,109,747**
Other Assets				
Unamortized Debt Expense	$	0	$	13,744
Prepaid Postretirement Cost		1,470,962		1,448,205
Prepaid Pension Cost		0		4,007,228
Deferred Charges and Other Assets		226,428		1,353,674
Deferred Taxes		12,023,903		9,092,728
Long Term Receivable - Subsidiaries		0		0
Investment in Subsidiaries		36,077,571		36,077,571
Total Other Assets	$	**49,798,864**	$	**51,993,150**
Total Assets	$	**181,657,063**	$	**142,043,856**

Electric Energy, Inc.

Comparative Balance Sheets

September 30, 2006 and September 30, 2005

	2006	2005
Stockholders' Equity And Liabilities		
Stockholders' Equity		
Common Stock	$ 6,200,000	$ 6,200,000
Retained Earnings	91,151,896	69,433,077
	$ 97,351,896	$ 75,633,077
Other Comprehensive Income	0	0
Total Stockholders' Equity	**$ 97,351,896**	**$ 75,633,077**
Long-Term Debt	**$ 0**	**$ 14,444,444**
Current Liabilities		
Notes Payable, Bank	$ 0	$ 20,000,000
Notes Payable, Sponsoring Companies	30,400,000	5,500,000
Accounts Payable	8,459,704	6,966,658
Accounts Payable to Sponsoring Companies	11,968,532	9,493,674
Accrued Interest	0	538,516
Dividends Payable	0	0
Accrued Taxes Other Than Income	30,592	150,611
Accrued Income Taxes	16,841,521	0
Total Current Liabilities	**$ 67,700,349**	**$ 42,649,459**
Other Liabilities		
Provision for Injuries & Damages	$ 1,174,081	$ 741,383
Asset Retirement Obligations	6,097,799	0
Postretirement Benefit Liability	0	1,448,205
Pension Liability	5,929,352	4,007,228
Deferred Taxes	3,403,586	3,120,060
Other Deferred Credits	0	0
Total Other Liabilities	**$ 16,604,818**	**$ 9,316,876**
Total Stockholders' Equity And Liabilities	**$ 181,657,063**	**$ 142,043,856**

Electric Energy, Inc.

Comparative Statements Of Retained Earnings

Nine Months Ended September 30, 2006 and 2005

	2006	2005
Balance at Beginning of Period	$ 82,573,660	$ 61,457,689
Dividends	(103,125,000)	0
Net Income	111,703,236	7,975,388
Balance at End of Period	$ 91,151,896	$ 69,433,077

Electric Energy, Inc.

Comparative Income Statements

Nine Months Ended September 30, 2006 and 2005

	2006	2005
Operating Revenues		
Sales to Department of Energy:		
Permanent Power	$ 0	$ 0
Additional Power	0	870,400
Excess Power	0	88,934
Released Power	0	0
Total Sales to Department of Energy	**$ 0**	**$ 959,334**
Sales to Other Electric Utilities:		
Permanent Power	$ 275,017,364	$ 116,213,446
Released Power	0	0
Excess Power	0	39,132
Interchange Power	0	0
Total Sales To Other Electric Utilities	**$ 275,017,364**	**$ 116,252,578**
Other Electric Revenues	34,804,823	582,170
Total Operating Revenues	**$ 309,822,187**	**$ 117,794,082**
Operating Expenses		
Purchased Power	$ 6,096,959	$ 845,600
Fuel	81,867,157	67,669,205
Operation	17,911,469	16,252,540
Maintenance	15,073,904	11,590,821
Depreciation	4,464,180	5,520,101
Taxes, Other Than Income Taxes	1,613,638	1,581,895
Income Taxes	70,949,914	5,590,363
Total Operating Expenses	**$ 197,977,221**	**$ 109,050,525**
Income From Operations	**$ 111,844,966**	**$ 8,743,557**
Other (Income) And Expense		
Interest Income	$ (117,659)	$ (33,179)
Interest Expense	685,905	1,768,981
Other, Net	(426,516)	(967,633)
Total Other (Income) and Expense	$ 141,730	$ 768,169
Net Income	**$ 111,703,236**	**$ 7,975,388**

Electric Energy, Inc.

Power Costs - Joppa Plant

For The Month Ended September 30, 2006

	This Month	Last Month	Year To Date 2006	Year To Date 2005
Station Statistics (KWH)				
Gross Generation	770,481,000	797,163,000	6,624,309,000	6,536,734,000
Station Use	51,994,720	54,109,782	448,615,967	449,167,857
Net Generation	718,486,280	743,053,218	6,175,693,033	6,087,566,143
Step-Up Transformer & Line Losses	7,112,272	4,744,692	54,499,685	50,522,608
Joppa Power Delivered	**711,374,008**	**738,308,526**	**6,121,193,348**	**6,037,043,535**
Costs				
Production Costs:				
Fuel	$ 10,156,663.49	$ 9,013,663.34	$ 81,867,156.78	$ 67,669,205.38
Operation	771,293.97	711,156.71	6,570,787.19	6,192,146.83
Maintenance	937,162.82	981,518.72	14,212,536.68	11,395,485.84
Total Production Costs	**$ 11,865,120.28**	**$ 10,706,338.77**	**$ 102,650,480.65**	**$ 85,256,838.05**
Transmission	116,594.02	138,164.74	1,721,214.26	1,124,005.65
Administrative & General	1,140,666.33	1,598,391.22	10,498,835.83	9,101,923.53
Taxes	12,409,188.36	14,896,795.43	72,563,552.39	6,293,058.91
Depreciation, Interest, & Other	(1,408,858.43)	213,512.35	269,808.05	5,707,538.87
Purchased Power	638,402.16	820,037.01	6,096,958.78	845,600.00
Total Costs	**$ 24,761,112.72**	**$ 28,373,239.52**	**$ 193,800,849.96**	**$ 108,328,965.01**
Production Cost Data ($ / MWH Net Generation)				
Fuel	$ 14.1362	$ 12.1306	$ 13.2564	$ 11.1160
Operation	1.0735	0.9571	1.0640	1.0172
Maintenance	1.3044	1.3209	2.3014	1.8719
Total Production Costs	**$ 16.5141**	**$ 14.4086**	**$ 16.6218**	**$ 14.0051**
Total Cost Per MWH Net Generation ($ / MWH)	**$ 34.4629**	**$ 38.1847**	**$ 31.3812**	**$ 17.7951**

This report does not include prior period adjustments.

Electric Energy, Inc.

Price Of Power Sold To Department Of Energy
For The Month Ended September 30, 2006

	This Month			Last Month		
	MWH	Amount	$/MWH	MWH	Amount	$/MWH
Joppa Power						
Demand Charges		$ 0.00	$ 0.0000		$ 0.00	$ 0.0000
Energy Charges	0	0.00	0.0000	0	0.00	0.0000
Excess Power	0	0.00	0.0000	0	0.00	0.0000
Total	0	$ 0.00	$ 0.0000	0	$ 0.00	$ 0.0000
Other Power						
Economy Power	0	$ 0.00	$ 0.0000	0	$ 0.00	$ 0.0000
Additional Power	0	0.00	0.0000	0	0.00	0.0000
Released Power	0	0.00	0.0000	0	0.00	0.0000
Total Other Power	0	$ 0.00	$ 0.0000	0	$ 0.00	$ 0.0000
Total Sales	**0**	**$ 0.00**	**$ 0.0000**	**0**	**$ 0.00**	**$ 0.0000**

	Year To Date - 2006			Year To Date - 2005		
	MWH	Amount	$/MWH	MWH	Amount	$/MWH
Joppa Power						
Demand Charges		$ 0.00	$ 0.0000		$ 0.00	$ 0.0000
Energy Charges	0	0.00	0.0000	0	0.00	0.0000
Excess Power	0	0.00	0.0000	7,345	88,933.71	12.1081
Total	0	$ 0.00	$ 0.0000	7,345	$ 88,933.71	$ 12.1081
Other Power						
Economy Power	0	$ 0.00	$ 0.0000	0	$ 0.00	$ 0.0000
Additional Power	0	0.00	0.0000	24,800	870,400.00	35.0968
Released Power	0	0.00	0.0000	0	0.00	0.0000
Total Other Power	0	$ 0.00	$ 0.0000	24,800	$ 870,400.00	$ 35.0968
Total Sales	**0**	**$ 0.00**	**$ 0.0000**	**32,145**	**$ 959,333.71**	**$ 29.8439**

Electric Energy, Inc.

Price Of Power Sold To Sponsoring Companies
For The Month Ended September 30, 2006

	This Month			Last Month		
	MWH	Amount	$/MWH	MWH	Amount	$/MWH
Joppa Power						
Demand Charges		$ 1,002,000.00	$ 1.4085		$ 1,002,000.00	$ 1.3571
Energy Charges	711,383	22,550,728.84	31.6998	738,316	39,968,141.37	54.1342
Excess Power	0	0.00	0.0000	0	0.00	0.0000
Total	711,383	$ 23,552,728.84	$ 33.1084	738,316	$ 40,970,141.37	$ 55.4913
Other Power						
Released Power	0	$ 0.00	$ 0.0000	0	$ 0.00	$ 0.0000
Interchange Power	0	0.00	0.0000	0	0.00	0.0000
Total Other Power	0	$ 0.00	$ 0.0000	0	$ 0.00	$ 0.0000
Total Sales	**711,383**	**$ 23,552,728.84**	**$ 33.1084**	**738,316**	**$ 40,970,141.37**	**$ 55.4913**

	Year To Date - 2006			Year To Date - 2005		
	MWH	Amount	$/MWH	MWH	Amount	$/MWH
Joppa Power						
Demand Charges		$ 9,018,000.00	$ 1.4732		$ 48,660,507.68	$ 8.0744
Energy Charges	6,121,217	265,999,364.44	43.4553	6,026,498	67,552,938.54	11.2093
Excess Power	0	0.00	0.0000	3,179	39,131.75	12.3095
Total	6,121,217	$ 275,017,364.44	$ 44.9285	6,029,677	$ 116,252,577.97	$ 19.2801
Other Power						
Released Power	0	$ 0.00	$ 0.0000	0	$ 0.00	$ 0.0000
Interchange Power	0	0.00	0.0000	0	0.00	0.0000
Total Other Power	0	$ 0.00	$ 0.0000	0	$ 0.00	$ 0.0000
Total Sales	**6,121,217**	**$ 275,017,364.44**	**$ 44.9285**	**6,029,677**	**$ 116,252,577.97**	**$ 19.2801**

Midwest Electric Power, Inc.

Comparative Balance Sheets

September 30, 2006 and September 30, 2005

	2006	2005
Assets		
Utility Plant		
Utility Plant In Service	$ 38,193,819	$ 38,174,671
Construction Work In Process	6,354	16,959
	$ 38,200,173	$ 38,191,630
Less: Accumulated Depreciation of Utility Plant	9,773,258	8,226,659
Total Utility Plant, Net	**$ 28,426,915**	**$ 29,964,971**
Current Assets		
Cash - Checking	$ 50,546	$ 51,802
Cash - Savings - Major Maintenance	291,082	264,994
Accounts Receivable -		
Electric Energy, Inc.	7,019,842	5,458,962
Frame 6	180,711	174,956
Frame 7		
AEG - Preco	239,436	246,889
Preco - Other	0	0
Ameren	14,268	169,714
Plant Material and Supplies Inventory	260,635	264,167
Prepayments	4,103	1,357
Total Current Assets	**$ 8,060,623**	**$ 6,632,841**
Other Assets		
Deferred Taxes	$ 3,403,586	$ 3,117,235
Total Other Assets	**$ 3,403,586**	**$ 3,117,235**
Total Assets	**$ 39,891,124**	**$ 39,715,047**

Midwest Electric Power, Inc.

Comparative Balance Sheets

September 30, 2006 and September 30, 2005

		2006		2005
Stockholders' Equity And Liabilities				
Stockholders' Equity				
Common Stock	$	100,000	$	100,000
Paid In Capital		35,772,571		35,772,571
Retained Earnings		0		0
Total Stockholders' Equity	**$**	**35,872,571**	**$**	**35,872,571**
Current Liabilities				
Accounts Payable - EEI	$	108,673	$	11,250
Accounts Payable		287,202		402,327
Accounts Payable - Associated Companies		21,499		135,519
Accounts Payable - Massac		48		0
Accrued Interest		0		0
Accrued Income Taxes		0		0
Accrued Taxes Other Than Income		5,991		6,163
Total Current Liabilities	**$**	**423,413**	**$**	**555,259**
Other Liabilities				
Deferred Taxes	$	3,288,542	$	3,026,824
Other Deferred Credits		306,598		260,393
Total Other Liabilities	**$**	**3,595,140**	**$**	**3,287,217**
Total Stockholders' Equity And Liabilities	**$**	**39,891,124**	**$**	**39,715,047**

Midwest Electric Power, Inc.

Comparative Statements Of Retained Earnings

Nine Months Ended September 30, 2006 and 2005

	2006	2005
Balance at Beginning of Period	$ 0	$ 0
Dividends	(11,250)	(11,250)
Net Income	11,250	11,250
Balance at End of Period	$ 0	$ 0

Midwest Electric Power, Inc.

Comparative Income Statements
Nine Months Ended September 30, 2006 and 2005

		2006		2005
Operating Revenues				
Demand Charges	$	1,977,191	$	2,538,927
Energy Charges		353,532		2,580,358
Total Operating Revenues	**$**	**2,330,723**	**$**	**5,119,285**
Operating Expenses				
Fuel		497,148		3,351,136
Operation		368,354		306,662
Maintenance		262,905		242,471
Depreciation		1,158,195		1,171,899
Taxes, Other Than Income Taxes		26,958		26,962
Income Taxes		7,427		23,395
Total Operating Expenses	**$**	**2,320,987**	**$**	**5,122,525**
Income From Operations	**$**	**9,736**	**$**	**(3,240)**
Other (Income) And Expense				
Interest Income	$	(2,637)	$	(15,128)
Interest Expense		1,123		638
Other, Net		0		0
Total Other (Income) and Expense	$	(1,514)	$	(14,490)
Net Income	**$**	**11,250**	**$**	**11,250**

Electric Energy, Inc.

Board of Directors Report

For the Year ended December 31, 2005

May 17, 2006

PRICEWATERHOUSECOOPERS

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
800 Market Street
St. Louis MO 63101-2695
Telephone (314) 206 8500
Facsimile (314) 206 8514

May 17, 2006

To the Members of the
Board of Directors
of Electric Energy, Inc.

We are pleased to have the opportunity to meet with you to discuss the results of our audits of the consolidated financial statements of Electric Energy, Inc. and Subsidiaries (the "Company") and Midwest Electric Power, Inc. for the year ended December 31, 2005. The accompanying report presents information regarding our audits and certain other information which we believe will be of interest to you.

The accompanying report is intended solely for the use of the Board of Directors and management. We will be pleased to answer any questions you may have regarding this report on the results of our audits. We assure you that we realize we have access to the Board of Directors at any time and that you wish to be advised whenever matters arise requiring your attention.

We look forward to discussing the accompanying report and any other matters you consider appropriate.

Sincerely,

PricewaterhouseCoopers LLP

Electric Energy, Inc.
Report to the Board of Directors
For the Year Ended December 31, 2005

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Matter to Be Communicated to the Audit Committee	PwC's Response
The Auditor's Responsibility under Auditing Standards Generally Accepted in the United States of America	Our audits were performed in accordance with auditing standards generally accepted in the United States of America. These standards require us to plan and perform our audits to obtain reasonable, not absolute, assurance that the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. However, no material weaknesses in internal controls have come to our attention. We reaffirm our awareness of our responsibility to call to the Board of Director's attention any accounting, reporting, auditing, internal control or other industry matters which we believe deserve consideration.
Scope of Audits and Related Reports	We have completed our audits of the financial statements of: – The consolidated financial statements of Electric Energy, Inc. ("EEI") and Subsidiaries. – The financial statements of Midwest Electric Power, Inc. ("MEPI"). – Federal Energy Regulatory Commission ("FERC") Form 1 of EEI and MEPI. Our audits were performed in accordance with GAAS and accordingly included such auditing procedures and other tests of the accounting records as deemed necessary. We issued an unqualified opinion dated March 29, 2006 on the financial statements of the Company. We issued an unqualified opinion dated March 29, 2006 on the financial statements of EEI (unconsolidated) and MEPI, as filed in the FERC Form 1. Those financial statements were prepared in accordance with the accounting requirements of the FERC as set forth in its applicable Uniform System of Accounts and published accounting releases, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America ("GAAP"). As noted in the notes to financial statements included in the EEI Form 1, the principal

Matter to Be Communicated to the Audit Committee	PwC's Response
Scope and Reports of Audits of 2005 Financial Statements and Schedule, continued	difference from GAAP is the presentation of majority-owned subsidiaries as an investment rather than being consolidated. We also performed testing of the schedule of MEPI 6B and 7B project capital costs and operating costs (the "MEPI schedule"), noting that the allocation of operating and capital costs between the 6B and 7B units appeared accurate and appropriate.
Procedures Performed	We performed the following procedures to satisfy our audit objectives. – Documented our understanding of the Company's business and developed client service objectives. – Gained an understanding of the transaction flow and control activities in the following business cycles: • Purchasing and Payables • Property and Plant • Inventory • Payroll • Revenue and Receivables • Treasury • Accounting for Income Taxes – Gained an understanding of the Company's financial statement close process. – Tested certain controls within the above cycles for the purpose of understanding the control environment and designing our substantive audit procedures. We did not perform an internal control assessment of the Company. – Performed audit procedures to test interim and year-end account balances according to our risk-based audit approach. Accordingly, detail tested certain balances and analytically reviewed the remaining balances.

Matter to Be Communicated to the Audit Committee	PwC's Response
Procedures Performed, continued	– Evaluated results of tests, performed subsequent events review and obtained representations from management. – Performed detail testing of expenses and capital items to ensure accuracy and appropriateness of the MEPI Schedule and proper allocation of the costs between MEPI and Ameren. – Performed overall analytical reviews of the financial statements and MEPI Schedule and related notes and issued our independent auditors' reports.
Significant Accounting Policies	The Company's critical accounting policies and estimates are set forth in Note 1 to the financial statements. We agree with management's determination of their critical accounting policies and the related disclosure. Management has identified accounting policies relative to the following matters as critical to the Company's financial statements: ▪ Discontinuation of application of Statement of Financial Accounting Standard (SFAS) No. 71, *Accounting for the Certain Types of Regulation* ▪ Asset retirement obligations ▪ Impairment of long-lived assets ▪ Income taxes There have been no significant changes in accounting policies during 2005, other than EEI's adoption of a conditional asset retirement obligation standard and the discontinuation of SFAS No. 71 discussed later in this report. Based on our audit work, we noted no instances where accounting principles were not consistently and properly applied in 2005 in all material respects.

Matter to Be Communicated to the Audit Committee	PwC's Response
Significant Audit Adjustments	**Summary of Unadjusted Differences** We have identified two unrecorded audit adjustments in connection with our audit work, which are described in Exhibit I. **Significant Audit Adjustments** No significant audit adjustments were recorded by management as a result of our audits.
Management Judgments, Accounting Estimates and Audit Issues	The following is a discussion of significant management judgments, accounting estimates and audit issues: **Discontinuance of SFAS No. 71** As a result of the new Power Supply Agreement effective January 1, 2006, management concluded that the Company can no longer apply the provisions of SFAS No. 71. SFAS No. 71 allows a qualifying entity to defer certain revenue and costs until they are reflected in rates charged to customers. Under the provisions of the previous contract, the net amount of the recorded regulatory assets and liabilities related to pension, postretirement, organizational and asset retirement costs were provided immediate revenue recovery and were billed to Ameren Energy Resources Company, Kentucky Utilities Company, Union Electric Company (the "Sponsoring Companies"), and the US Department of Energy ("DOE") for the year ended December 31, 2005. The total net amount billed of $9 million was included in accounts receivable on the Consolidated Balance Sheet as of December 31, 2005 and was fully paid by the Sponsoring Companies and the DOE in 2006. As a result, regulatory assets related to the adoption of Financial Accounting Standards Board Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations* ("FIN 47") of $5 million, the net of pension and postretirement regulatory assets and liabilities of $3 million and the regulatory asset related to organizational costs of $1 million were recorded as depreciation expense, other operations expense and other operations expense, respectively, on the Consolidated Statements of Income. As of December 31, 2005, the effects of applying SFAS No. 71 have been removed from the Company's Consolidated Balance Sheet. We have reviewed the Company's accounting for the removal of the effects SFAS No. 71 and believe it is appropriate.

Matter to Be Communicated to the Audit Committee	PwC's Response
Management Judgments, Accounting Estimates and Audit Issues, continued	***Pension and Other Postretirement Plan Accounting*** We have reviewed management's key assumptions used by the Company's third-party actuary in preparing the necessary plan obligation calculations for the pension and other post-retirement plans. Additionally, actuarial specialists of PricewaterhouseCoopers have reviewed the full actuarial reports for these plans. We believe the key assumptions selected by management, including the discount rate of 5.5 percent, are within an acceptable range, and as a result we believe the plan obligation amounts at December 31, 2005 are fairly stated. The FASB is taking steps to modify the accounting for these plans. On March 31, 2006, the FASB issued an exposure draft of a proposed Statement of Financial Accounting Standards, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106, and 132(R).* The proposed statement would require a company to recognize on its balance sheet the plan's overfunded or underfunded status by recording a net pension and/or other postretirement benefit asset or liability with a corresponding offset to stockholder's equity. The proposed statement would also require that company's measure plan assets and obligations as of the date of their financial statements. The exposure draft is an output of the first phase of the FASB's comprehensive project to reconsider the guidance in FAS 87, *Employers' Accounting for Pensions,* and FAS 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions.* Comments on the exposure draft are due by May 31, 2006. The proposed requirement to recognize the over- or underfunded statuses of pension and other postretirement benefits would be effective for fiscal years ending after December 15, 2006. With the exception of the measurement date amendments, the new requirements will be applied retrospectively to all prior periods presented. **Impairment Considerations – Long-Lived Assets** Management has considered all relevant economic and industry factors in the process of determining whether indicators exist at December 31, 2005 which might indicate the Company's long-lived assets are impaired. They identified that given the recent increase in natural gas prices, as well as changes in the Company's power supply agreements, the cost of power produced from the MEPI combustion units has increased substantially and resulted in limited use during the

Matter to Be Communicated to the Audit Committee	PwC's Response
Management Judgments, Accounting Estimates and Audit Issues, continued	current fiscal year. As such, they were required under generally accepted accounting principles to perform a detailed impairment analysis to determine if estimated future net cash flows were sufficient to recover the carrying value of the applicable long-lived assets. Based on management's considerations, they believe that impairment does not exist at December 31, 2005 related to the Company's long-lived assets. This conclusion was largely based on a power supply arrangement that was executed between MEPI and EEI. We reviewed the Company's analysis and believe management's conclusion is appropriate. **Tax Matters** We have reviewed the Company's income tax provision and valuation of deferred tax assets and liabilities and believe they are appropriate. **Conditional Asset Retirement Obligations** On December 31, 2005, the Company adopted FIN 47. FIN 47 clarified that an entity is required to recognize a liability for the fair value of a conditional asset retirement obligation (ARO) when incurred if the liability's fair value can be reasonably estimated. FIN 47 also clarified when an entity would have sufficient information to reasonably estimate the fair value of an ARO. EEI recognized asset retirement obligations of approximately $6 million related to plant retirement costs associated with asbestos removal, ash ponds and river structures and recorded a regulatory asset of $5 million. See discussion above related to the Company's discontinuation of applying SFAS No. 71. We reviewed the Company's accounting for adopting FIN 47 and believe it is appropriate. **Injuries and Damages and Medical Claims Reserve** The Company records accruals for injuries and damages claims resulting from its operations and medical claims of its employees. Based on our audit work, we found these accruals to be appropriate.

Matter to Be Communicated to the Audit Committee	PwC's Response
Other Information in the Annual Report	When audited financial statements are included in documents containing other information such as the Company's Annual Report, GAAS require that we read such other information and consider whether it, or the manner of its presentation, is materially inconsistent with the information, or the manner of its presentation, in the financial statements audited by us. We read the other information in the Company's Annual Report and inquired as to the methods of measurement and presentation of such information. We noted no material inconsistencies and no material misstatements of fact in other information.
Disagreements with Management	There were no disagreements with management and full cooperation was received from the officers and employees of the Company.
Consultation by Management with Other Accountants	We are not aware of any consultations with other accountants about significant accounting or auditing matters.
Major Issues Discussed with Management Prior to Appointment	We did not discuss any issues with management prior to our appointment as the Company's independent auditors.
Difficulties Encountered in Performing the Audit	We encountered no significant difficulties or delays during the audit. Coordination with and cooperation received from management and employees was appropriate.

Matter to Be Communicated to the Audit Committee	PwC's Response
Fraud and Illegal Acts	Our firm adopted the provisions of Statement on Auditing Standards No. 99, *Consideration of Fraud in a Financial Statement Audit* (SAS 99). Key fraud procedures mandated by SAS 99 and performed by us during this year's audit were as follows: ▪ We conducted six interviews with employees of the Company. The employees interviewed emcompassed various levels and areas within the Company, including members of management. During these interviews, we specifically inquired as to whether or not the employees were aware of any fraudulent activities at the Company. ▪ We evaluated the operating effectiveness of the Company's programs and controls designed to address fraud risks and noted they are adequate. ▪ We examined manual and nonrecurring journal entries and other adjustments, with the assistance of PwC IT specialists. ▪ We reviewed accounting estimates for biases including a retrospective review of significant estimates. ▪ We evaluated the business rationale for significant/unusual transactions. ▪ We performed analytical procedures (including disaggregated revenue analytics). ▪ We reviewed and tested intercompany, suspense and clearing accounts. We did not become aware of any fraud or illegal acts involving management of the Company during the course of performing the procedures described above or any other aspect of our audit.

Exhibit I – Summary of Uncorrected Misstatements

	Impact of Adjustments on Financial Statement Captions ($000's) - Increase (Decrease)					
	Net Income	Balance Sheet				
Description	Current Year	Stockholders' Equity	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities
Pre-tax Adjustments:						
1 Operations expense	$ 198					
Plant inventory			$ (198)			
2 Inventory			654			
Accounts Receivable			(654)			
Total pretax adjustments	198		(198)			
Tax effect of pretax adjustments	(75)				$ 75	
After tax impact of adjustments	123		(198)		75	
Financial statement amounts	$ 21,116	$ 88,774	$ 45,720	$ 102,191	$ 47,359	$ 100,552
After tax impact as a percentage of f/s amounts	0.58%		-0.43%		0.20%	

1 Adjustment to decrease inventory based on cycle counting errors identified during our inventory procedures. Of our 40 items selected, we noted exceptions in 14 cases. We extrapolated the error rate to the entire balance of storeroom inventory.

2 Subsequent to year-end field work, the review of a coal inventory survey taken in March was completed which resulted in an adjustment to the coal balance of 54,610 tons. Management calculated the impact of this adjustment on the prior year-end balance and determined that coal inventory was understated by approximately $654K at December 31, 2005. As the amount of the adjustment would be charged to customers as part of the Power Supply Agreement annual adjustment clause, there is no income statement impact.

Electric Energy, Inc.

RECEIVED

MAY 11 2006

SENIOR VICE PRESIDENT & CNO

May 10, 2006

Messrs. D. F. Cole
R. A. Kelley
C. D. Naslund
P. W. Thompson
T. R. Voss
J. N. Voyles, Jr.
D. A. Whiteley

Gentlemen:

Enclosed is the Notice for the Board of Directors' Meeting scheduled for **May 17, 2006**, at **9:00 a.m., Central Time**. The Notice for the Annual Stockholders' Meeting was sent April 17, 2006. Included is a booklet of information to be discussed at the meetings. The meetings will be held at the **Ameren General Office Building, St. Louis, Missouri**. In addition, the Electric Energy, Inc. 2005 Annual Report is enclosed for your review.

A ballot and proxy is included in Mr. Thompson's, Mr. Cole's and Mr. Voss's booklets to be signed and returned in the self-addressed, postage-paid envelope.

If you have any questions, please feel free to contact me.

Yours very truly,

James M. Helm

James M. Helm
Secretary-Treasurer

JMH:adb
Enclosures

xc: W. H. Sheppard
R. L. Powers

Post Office Box 165 Joppa, Illinois 62953 (618) 543-7531 Fax: (618) 543-7420

Electric Energy, Inc.

(An Illinois Corporation)

Notice of Board of Directors' Meeting

To the Members of the Board of Directors
of Electric Energy, Inc.

YOU ARE HEREBY NOTIFIED that a meeting of the Board of Directors of Electric Energy, Inc., will be held at the Ameren General Office Building at St. Louis, Missouri, for the transaction of such business as may properly come before the meeting on Wednesday, May 17, 2006, at 9:00 a.m. Central Time.

James M. Helm
Secretary

Date: May 10, 2006

Copies sent to Messrs: D. F. Cole
R. A. Kelley
C. D. Naslund
P. W. Thompson
T. R. Voss
J. N. Voyles, Jr.
D. A. Whiteley

Post Office Box 165 Joppa, Illinois 62953 (618) 543-7531 Fax: (618) 543-7420

At the request of Electric Energy, Inc. –

I suggest the following charitable organization(s) be contributed cash during 2006:

First Choice

____

____

____

____

Suggested Amount: ________________

Second Choice

____

____

____

____

Suggested Amount: ________________

____

Signature

____

Title

____

Date

Fax Number: 618-543-7420 Attention: Jim Helm

Electric Energy, Inc.
Board of Directors Meeting – 5/17/06

Conference Call Notes

AT&T Conference Call Operator:	(800) 526-2655
EEI Teleconference Folder ID#:	503566748
Teleconference Call ID#:	HJH6593
Company Name:	Electric Energy, Inc.
Date of Call:	5/17/06
Time of Call:	9:00 a.m. – 11:00 a.m. CT
Length of Call:	2 hours
Host:	James M. Helm (618) 543-7531 ext. 212
Contact Person:	Angie Biggerstaff (618) 543-7531 ext. 216
Fax #:	(618) 543-7420
E-Mail Address:	angiebiggerstaff@electricenergyinc.com

Participants:

Electric Energy, Inc.	R. Alan Kelley	
Ameren	Charles D. Naslund	
	David A. Whitely	
	Thomas R. Voss	
	Daniel F. Cole	
LG&E/Kentucky Utilities	Paul W. Thompson	Dial In
	John N. Voyles, Jr.	Dial In

Participant Dial In Number:	888-830-6260
Participant Code:	986879
Host Code:	409696

Special Note: **For assistance during the conference, press #0 for a list of menu options including operator assistance.**

Electric Energy, Inc.

Annual Stockholders' Meeting

And

Board of Directors' Meeting

May 17, 2006

Annual Stockholders' Meeting

Electric Energy, Inc.

Annual Stockholders' Meeting

May 17, 2006

Agenda

Annual Meeting of Stockholders

May 17, 2006

1. Annual Meeting called to order
2. Approve Minutes of Annual Stockholders' Meeting held on May 13, 2005
3. Announce as to quorum present
4. Waiver of Inspectors of Election
5. Nomination of Directors
6. Election
7. Adjourn

Electric Energy, Inc.

Stockholders List

Stockholders	Shares Held
Ameren Energy Resources Company 1901 Chouteau Drive St. Louis, Missouri	24,800
Kentucky Utilities Company One Quality Street Lexington, Kentucky	12,400
Union Electric Company 1901 Chouteau Drive St. Louis, Missouri	24,800
Total Shares	62,000

1

"draft"

Electric Energy, Inc.

Minutes of the 2005 Annual Meeting of Stockholders

Held May 13, 2005

The Annual Meeting of Stockholders, for the year 2005, of Electric Energy, Inc., an Illinois Corporation, was held at 10:00 a.m. on Friday, May 13, 2005, at the St. Louis Airport Hilton Hotel in St. Louis, Missouri, pursuant to notice mailed in accordance with the provision of the By-laws of the Corporation.

The Chairman of the Corporation, Mr. R. Alan Kelley, called the meeting to order and appointed Mr. James M. Helm to act as Secretary of the meeting.

The Secretary of the meeting presented proof of due notice of the meeting in accordance with the By-laws. It was ordered that such proof be filed with the original minutes of the meeting.

The Secretary of the meeting announced that there were present in person or by proxy holders of the 62,000 shares of common stock, constituting all outstanding common stock of the Corporation. The Chairman thereupon declared that a quorum was present for the transaction of business.

The minutes of the Annual Meeting of Stockholders held on May 13, 2004, a copy of which had been previously sent to each stockholder, were approved.

The Chairman then stated that the meeting would proceed to take up the election of Directors of the Corporation to serve until the next Annual Meeting of Stockholders or until their successors were duly elected and qualified. The Chairman asked whether it was the sense of the meeting that the appointment of Inspectors of Election be waived in accordance with the By-laws of the Corporation. Whereupon, the motion duly made and seconded, it was unanimously

> RESOLVED, that the appointment of Inspectors of Election be and hereby is waived.

Balloting was conducted and the results filed with the Secretary of the meeting. The Secretary then reported the results of the balloting to the Chairman and the latter stated that the following had been unanimously elected to serve as Directors of the Corporation until the next Annual Meeting of Stockholders or until their successors were duly elected and qualified.

D. F. Cole
R. A. Kelley
C. D. Naslund
P. W. Thompson
T. R. Voss
J. N. Voyles, Jr.
D. A. Whitely

There being no further business, upon motion duly made, seconded, and unanimously carried, the meeting was adjourned.

____
Secretary of the Meeting

Board of Directors' Meeting

Electric Energy, Inc.

Board of Directors' Meeting

May 17, 2006

Agenda

May 17, 2006

		Action
1.	Election of Officers	Approval
2.	Approve Minutes of Meeting Held February 3, 2006	Approval
3.	Report of Independent Auditors	Information
4.	Earnings Report	Approval
5.	Appointment of Auditors	Approval
6.	Environmental Compliance Plan	Information
7.	Other	
8.	Date of Next Meeting: July 21, 2006 (Teleconference – 10:00 a.m. Central Time)	

1

Election of Officers

R. Alan Kelley	**Chairman**
Robert L. Powers	**President**
William H. Sheppard	**Vice President**
James M. Helm	**Secretary-Treasurer**

2

"draft"

Electric Energy, Inc.

Minutes of Meeting of Board of Directors

Held February 3, 2006

A meeting of the Board of Directors of Electric Energy, Inc. convened via telephone conference call, on Friday, February 3, 2006, at 10:00 a.m. Central Time, subsequent to the following notice which had been previously sent to each member of the Board:

"Electric Energy, Inc.

(An Illinois Corporation)

Notice of Meeting of Board of Directors

To the Members of the Board of Directors
of Electric Energy, Inc.

YOU ARE HEREBY NOTIFIED that a meeting of the Board of Directors of Electric Energy, Inc., will be held via telephone conference with said calls originating from Electric Energy, Inc., at Joppa, Illinois, for the transaction of such business as may properly come before the meeting on Friday, February 3, 2006, at 10:00 a.m. Central Time.

Date: January 27, 2006"

There were present, by roll call, the following constituting all of the Board of Directors:

Messrs. D. F. Cole
R. A. Kelley
C. D. Naslund
P. W. Thompson
T. R. Voss
J. N. Voyles, Jr.
D. A. Whiteley

Mr. R. Alan Kelley, as Chairman of the Corporation, presided at the meeting and Mr. James M. Helm, Secretary of the Corporation, acted as Secretary. Also attending were Mr. Robert L. Powers, President of Electric Energy, Inc., Mr. William H. Sheppard, Vice President of Electric Energy, Inc., and Mr. Jerre Birdsong, Vice President and Treasurer of Ameren.

The Chairman introduced Mr. James M. Helm who presented the earning's report for the fourth quarter 2005. Mr. Helm discussed each of the earning's components for the fourth quarter.

The Chairman then introduced Mr. Jerre E. Birdsong who recommended the Board consider declaring dividends beginning the first quarter of 2006. Mr. Birdsong discussed the Company's projected revenue, earning's after tax, and retained earnings for the year. Mr. Birdsong recommended a target dividend of $137,500,000.00 for 2006 and payable quarterly. After discussion, upon motion duly made and seconded, it was unanimously:

> RESOLVED, that there be paid out of surplus on March 28, 2006, to stockholders of record at the close of business on February 3, 2006, dividends of $554.44 per share on 62,000 shares of common stock, totaling $34,375,000.00.

Mr. William H. Sheppard reviewed with the Board the 2005 Management Incentive Compensation Plan, discussed how the earned incentive compensation is determined, and reported the results for the year. Mr. Sheppard also reviewed the Company's key performance comparisons. Mr. Sheppard then reviewed the Collective Bargaining Unit Performance Incentive Plan and reported the results for the year.

Mr. Sheppard reviewed the Company's Strategic Plan and 2006 Performance Objectives. Mr. Sheppard proposed the 2006 Incentive Compensation

Program to the Board. After full discussion, upon motion duly made and seconded, it was unanimously;

RESOLVED, the Board has approved the continuation of the Company's Incentive Compensation Plan for 2006.

Mr. James M. Helm provided a status report on the VEBA Trusts managed by National Investment Services of America. Mr. Helm presented the financial results of the Management and Bargaining Unit Trusts for the twelve months ended December 31, 2005, and reviewed the investment strategy for each fund.

Mr. Helm then reported on the Company's pension fund assets managed by Mellon Trust. Mr. Helm presented the financial results for the twelve months ended December 31, 2005, and reviewed the management strategy for the fund.

It was agreed that the next Board of Directors' meeting would be held on, Wednesday, May 17, 2006, at 9:00 a.m. Central Time in St. Louis, Missouri.

There being no further business, upon motion duly made and seconded, the meeting was adjourned.

____

Secretary

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Report of Independent Auditors

PricewaterhouseCoopers, LLP

Miles Mooney

Jaime Stein

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Electric Energy, Inc.

Earnings Report

May 17, 2006

	Earnings Per Share	1st Qtr. 2006	April 2005 Through March 2006	1st Qtr. 2005
Met-South, Inc.	$ 2.21	$ 136,922	476,520	222,447
Midwest Electric Power, Inc.	0.06	3,750	244,026	3,750
Emission Allowances	0.00	0	10,775,308	2,096,632
Contract Sales	476.28	29,529,622	29,529,622	0
Total	$ 478.55	$ 29,670,294	$ 41,025,476	$ 2,322,829

Met South, Inc. - EEI's ash subsidiary.

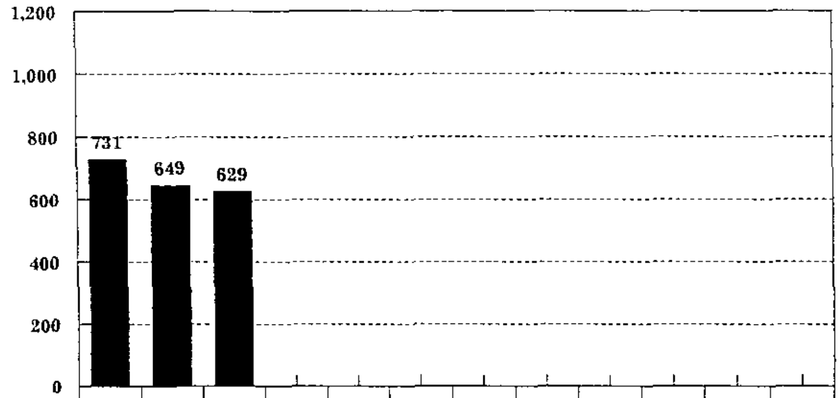
Midwest Electric Power, Inc. - EEI's gas-fired combustion turbine facility.

Contract Sales - New Power Supply Agreement (PSA) beginning 01/01/06.

2006 Sales

MWH

(000's)



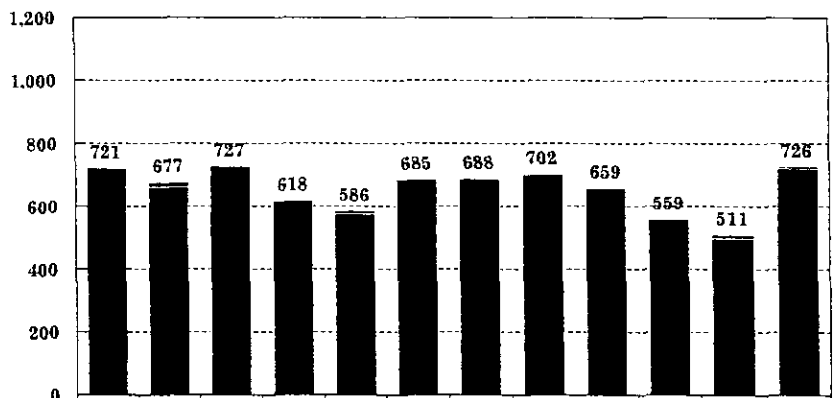
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
YTD Joppa Power	731	1,380	2,009									
YTD Other Power	0	0	0									

■ Joppa Power ■ Other Power

2005 Sales

MWH

(000's)



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
YTD Joppa Power	721	1,383	2,110	2,728	3,304	3,989	4,677	5,379	6,038	6,597	7,096	7,815
YTD Other Power	0	15	15	15	25	25	25	25	25	25	38	44

■ Joppa Power ■ Other Power

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Recommend PricewaterhouseCoopers, LLP

- **Technical Resources**
- **Knowledge of Utility Industry**
- **Aware of Business Issues Specific to EEI**

6

Environmental Compliance

Plan

- NOx set aside of 30%, SOFAs won't allow to meet 2015 requirements.
- Mercury - July/2009 compliance
  90% removal rate.
  Scrub 4 units < wet or Dry > Decision in 3 months
  ↓
  6 units to achieve 90% removal

7

Agenda

May 17, 2006

		Action
1.	Election of Officers	Approval
2.	Approve Minutes of Meeting Held February 3, 2006	Approval
3.	Report of Independent Auditors	Information
4.	Earnings Report	Approval
5.	Appointment of Auditors	Approval
6.	Environmental Compliance Plan	Information
7.	Other	
8.	Date of Next Meeting: July 21, 2006 (Teleconference – 10:00 a.m. Central Time)	

Agenda

Annual Meeting of Stockholders

May 17, 2006

1. Annual Meeting called to order
2. Approve Minutes of Annual Stockholders' Meeting held on May 13, 2005
3. Announce as to quorum present
4. Waiver of Inspectors of Election
5. Nomination of Directors
6. Election
7. Adjourn

Other

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Date of Next Meeting

July 21, 2006

10:00 A.M. Central Time

Teleconference

Electric Energy, Inc.

Annual Report - 2005

Electric Energy, Inc.

Annual Report - 2005

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Joppa Steam Electric Station 30

To Our Shareholders and Employees

Our annual performance plan for 2005 focused on three areas:

- Performing our activities in a responsible and safe manner;
- Operating our facilities in an environmentally responsible manner;
- Managing our activities to reduce costs.

For the year 2005, we had two recordable injuries – both of which were lost time cases. We had no recordable injuries after February 27, 2005. These results were an improvement over the nine recordable and six lost time accidents that occurred in 2004. Performing our work safely must be our top priority at all times. We all need to accept the principle that working safely is the only acceptable approach at EEI.

In the environmental stewardship area, we had one reportable spill. However, we had no water discharge exceedances, and we achieved our nitrogen oxide (NO_x) emission target and our annual station opacity goal. We must continue to take necessary steps to assure continuing compliance with our environmental stewardship responsibilities.

Our operating results and costs are addressed below.

2005 Operating Results

Our 2005 net generation was below the 2004 generation. The year 2004 was the most successful year of power production in the history of the company, but there were no planned outages in 2004. Net generation and gross capacity factor were also less in 2005 due to measures taken to conserve coal. In addition, equivalent availability was impacted negatively by 0.32% because Unit 6 planned outage exceeded its schedule by seven days.

Fuel costs increased due to an increase in railcar lease expenses, increase in railcar repairs, and an increase in natural gas prices. This increase in fuel costs is the primary reason our overall costs exceeded budget by $0.39 per megawatt hour.

Our accomplishments included:

- A gross generation of 8,467,797 megawatt hours for an 89.0 percent gross capacity factor;
- A net generation of 7,881,897 megawatt hours for an 89.3 percent net capacity factor;
- Low total costs of $18.02 per megawatt hour based on net generation;
- Low fuel costs of $11.18 per net megawatt hour.

These achievements are the result of our prudent investments, our employees' willingness to make necessary change, and our collective teamwork approach to problem solving. We will continue to set high standards for our performance. It is essential to our future success that we continue to improve in our daily work, and most importantly, that we work safely. We must each set a personal standard to assure that everyone returns home to their families without injury each day. We can accomplish these challenging objectives by maintaining a daily focus on our mission statement and long-term strategies for success. (Please refer to page four for Electric Energy, Inc.'s (EEI) mission and strategies for success.)

EEI's 2005 earnings totaled $21.1 million, comprised of $10.3 million of EEI operating income and $10.8 million of income from sales of emission allowances. Operating income was in line with previous years. Emission allowance earnings were $9.6 million higher in 2005 than 2004 due to increases in the number of allowances sold and the price received per allowance.

Subsidiary Results

During 2005, Midwest Electric Power, Inc. completed its fifth full year of generating and selling electric energy. Midwest Electric Power, Inc. owns and operates two gas-fired combustion turbines with combined capacity of 76 megawatts. Additionally, Midwest Electric Power, Inc. operates three refurbished gas-fired combustion turbines for Ameren Energy Development Company with combined capacity of 186 megawatts. These units allow our owners to meet their higher demand levels during the peak summer months.

Massac Enterprises, LLC completed its seventh year of operations during 2005. This entity continues to provide certain tax savings, contributing directly to lower bus bar costs.

Our ash subsidiary, Met-South, Inc., showed a profit for the tenth consecutive year. In 2005, its after-tax earnings were approximately $562,000 compared to earnings of approximately $366,000 in 2004. We expect Met-South, Inc. to continue achieving profits in the future; however, downward pricing pressure is occurring in the ash market partially due to an increasing regional supply of ash. EEI expects to continue to sell or dispose of its ash in an environmentally acceptable and beneficial manner. This off-site use of our fly ash and bottom ash represents significant cost savings to all of our customers.

Our Joppa and Eastern Railroad subsidiary continues to allow EEI to achieve low transportation costs for our fuel. Operating results continue to meet our expectations.

Looking Ahead

We continue to experience fast-paced change and uncertainty in our industry, particularly in the area of environmental regulations. Additionally, beginning in 2006, EEI entered into a new contract with a third party for market-based sales of our energy. Our performance will be measured hourly in the marketplace by our ability to respond as promised. However, EEI's future need not be uncertain. The winning companies will be those who are highly reliable, low cost energy producers. We will achieve this result by having the best team that consistently performs at high levels. Our long-term strategies are directed at **protecting our resources, consistently performing at high levels, and preparing for a changing future.**

My congratulations to our employees for a job well done. Also, my thanks to our Board of Directors for their continuing support.

Robert L. Powers

Robert L. Powers

EEI Mission

Our mission is to maximize the value of our company by consistently operating in a safe, environmentally responsible, and cost-effective manner.

Strategies for Success

Protect Our Resources

We will protect the health and safety of everyone working at our plant through effective planning and safe work practices.

We will operate our plant in an environmentally responsible manner.

We will protect our plant equipment through sound operating and maintenance practices.

Perform at High Levels

We will set high expectations for our results that keep us among the best performers in our industry.

We will implement quality management systems and effective work processes that help us consistently achieve our objectives.

We will search for ways to improve our daily work.

Prepare for a Changing Future

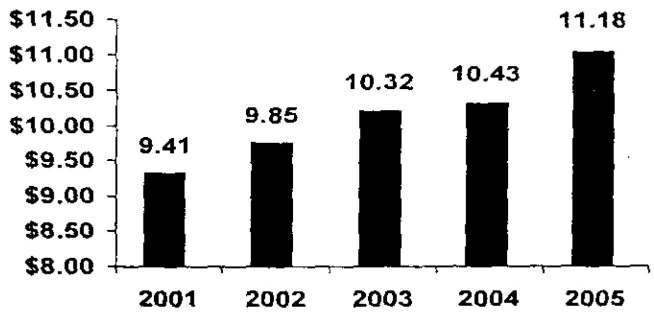
We will remain focused on our industry direction and customer expectations, be responsive to needed change, and be flexible in our methods of response.

We will promote a work environment where people treat each other with fairness and respect.

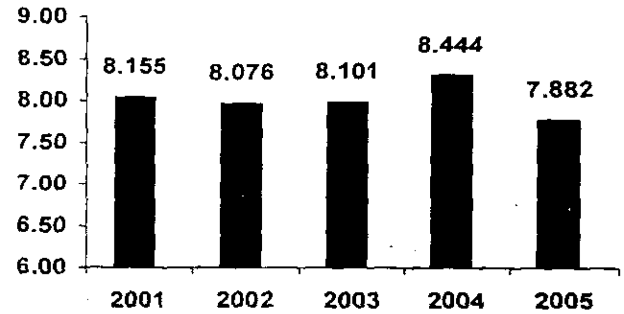
We will prepare ourselves to meet the challenges ahead through effective training and communication.

Joppa Steam Electric Station
2005 Results

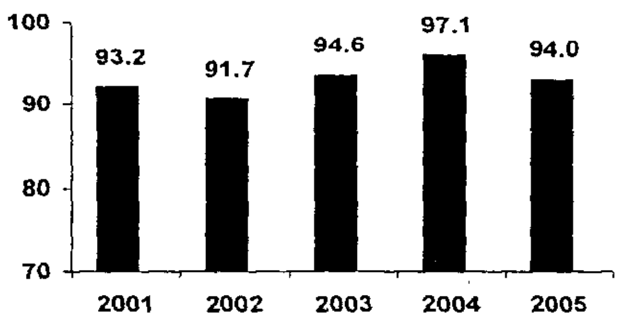
Fuel Costs
Per Net MWH



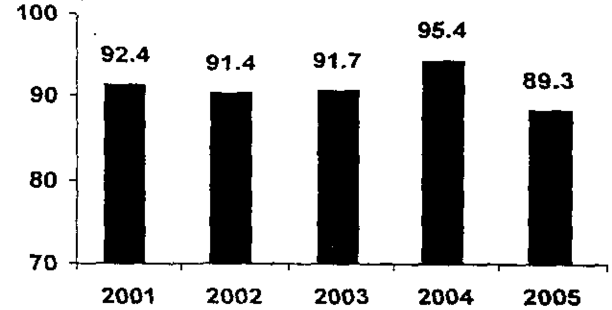
Net Generation
MWH (Millions)



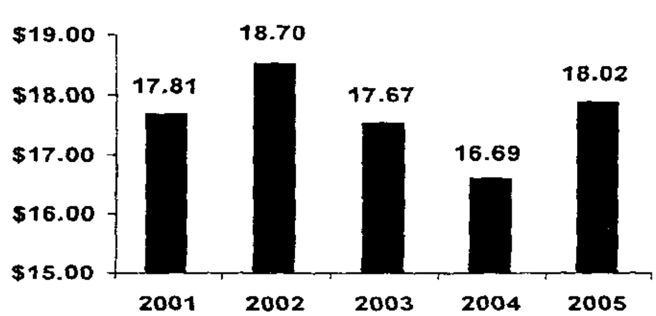
Plant Availability
%



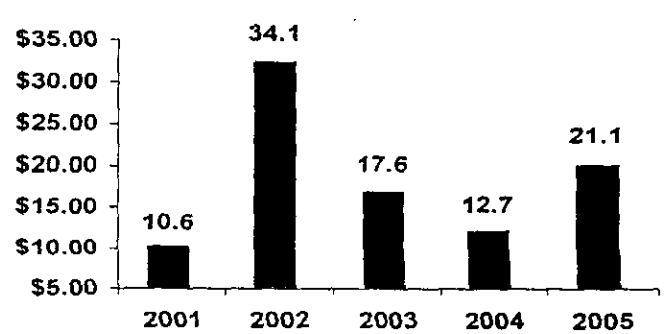
Net Capacity Factor
%



Total Operating Costs
Per Net MWH



Net Income
(Millions)



Electric Energy, Inc.

General Offices:
P. O. Box 165, Joppa, IL 62953

Company Profile

Electric Energy, Inc. received its charter from the State of Illinois on December 13, 1950, and is located on the north bank of the Ohio River, two miles west of Joppa, Illinois. The Company was organized for the purpose of constructing, owning, and operating electric power generating and transmission facilities to produce and supply electric power to a uranium processing plant located near Paducah, Kentucky. This uranium processing plant (the Paducah Project) was operated for the United States of America acting by and through the then-Atomic Energy Commission. The first generation of power by means of the facilities occurred on April 10, 1953, in the amount of 25 Megawatts (MW).

Electric Energy, Inc. was originally formed by five Sponsoring Companies. On May 1, 1957, one of the original Sponsoring Companies transferred its share to another Sponsor. On October 6, 1997, a second original Sponsoring Company transferred its share to another company, on April 30, 2002, a third original Sponsoring Company transferred its share to another company, and on September 30, 2004, one Sponsoring Company acquired another Sponsoring Company's shares of Electric Energy Inc.'s stock creating the ownership as it is today:

Ameren Energy Resources Company	40%
Kentucky Utilities Company	20%
Union Electric Company	40%

During 2005, the Company was obligated under contract with the Sponsoring Companies to deliver to them approximately 100 percent of the generating capacity of Joppa Steam Electric Station (Joppa Station). For 2006, approximately 100 percent of generating capacity will be delivered to Ameren Energy Marketing Company.

The original Power Supply Contract, dated May 4, 1951, provided for the delivery of 500 MW to the Atomic Energy Commission. This original contract has been modified several times. During 2005, the Company operated under Modification No. 16. Modification No. 16 and Modification No. 17 became effective on January 1, 2003 and January 1, 2006, respectively. In 2005, the Company sold approximately 0 percent of Joppa Station generating capacity to the Department of Energy. The Department of Energy is the successor of the Atomic Energy Commission. Although the Company's contract is with the Department of Energy, the United States Enrichment Corporation assumed responsibility for operation of the Paducah Project in 1992 and began direct operation of the plant during 1999.

The Company's present gross generating capacity is 1,162 MW. 1,086 MW of this capacity is steam generation from Joppa Station and 76 MW is combustion turbine generation from Midwest Electric Power, Inc. Transmission facilities of the Company are interconnected with those of its Sponsors by means of 230 Kilovolt (KV) and 161 KV transmission lines. The Department of Energy's Paducah Project is connected by means of six 161 KV transmission lines.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers LLP
800 Market Street
St. Louis MO 63101-2695
Telephone (314) 206 8500
Facsimile (314) 206 8514

Report of Independent Auditors

To the Board of Directors of
Electric Energy, Inc.:

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, stockholders' equity, and cash flows present fairly, in all material respects, the financial position of Electric Energy, Inc. and its subsidiaries at December 31, 2005, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. The financial statements of the Company as of December 31, 2004 and for the year then ended were audited by other auditors whose report dated March 31, 2005 expressed an unqualified opinion on those statements.

As discussed in Note 1 to the consolidated financial statements, the Company changed the manner in which it accounts for asset retirement costs as of December 31, 2005.

PricewaterhouseCoopers LLP

March 29, 2006

Consolidated Balance Sheets

Electric Energy, Inc.
And Its Subsidiaries
As of December 31,

Assets	2005	2004
Property, Plant, and Equipment:		
In service, at original cost	$ 468,781,342	$ 459,925,724
Construction work in progress	1,607,848	959,869
	470,389,190	460,885,593
Less - Accumulated provision for depreciation	379,736,745	370,623,470
	90,652,445	90,262,123
Current Assets:		
Cash and cash equivalents	354,121	222,130
Accounts receivable -		
Department of Energy	1,055,064	363,710
Sponsoring Companies and other	25,129,266	18,296,673
Fuel inventory, at average cost	10,449,164	10,638,921
Materials and supplies, at average cost	7,909,448	8,244,205
Prepayments and other current assets	823,372	1,556,974
	45,720,435	39,322,613
Other Assets:		
Prepaid and other benefit costs	1,456,175	4,404,018
Deferred charges and other assets	553,219	1,385,121
Deferred taxes	9,528,760	6,659,049
Unamortized debt costs	0	63,225
	11,538,154	12,511,413
Total Assets	$ 147,911,034	$ 142,096,149

Stockholders' Equity and Liabilities	2005	2004
Stockholders' Equity:		
Common stock, $100 par, 62,000 shares authorized and outstanding	$ 6,200,000	$ 6,200,000
Retained earnings	82,573,661	61,457,689
	88,773,661	67,657,689
Current Liabilities:		
Notes payable	19,900,000	38,125,000
Long-term debt maturing within one year	0	14,444,443
Accounts payable	23,038,410	12,492,129
Accounts payable to Sponsoring Companies	3,681,521	3,071,062
Accrued interest	69,178	209,045
Other current liabilities	669,870	732,636
	47,358,979	69,074,315
Other Liabilities:		
Accrued and other benefit liabilities	4,489,705	4,404,018
Asset retirement obligations	5,852,726	0
Other liabilities	1,435,963	960,127
	11,778,394	5,364,145
Total Stockholders' Equity and Liabilities	$ 147,911,034	$ 142,096,149

 The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Income

Electric Energy, Inc.
And Its Subsidiaries
For the Years Ended December 31,

	2005	2004
Operating Revenues:		
Power sales to Department of Energy	$ 2,728,615	$ 41,759,266
Power sales to Sponsoring Companies	169,775,605	162,013,009
Other revenues	1,855,068	1,570,716
	174,359,288	205,342,991
Operating Expenses:		
Fuel	91,625,582	89,494,269
Purchased power	1,852,450	40,063,329
Other operations	27,938,847	24,848,589
Maintenance	18,185,889	15,817,934
Depreciation and amortization	14,435,088	11,328,545
Taxes, other than income taxes	2,116,630	2,053,940
	156,154,486	183,606,606
Operating Income	18,204,802	21,736,385
Other (Income) and Expense:		
Interest income	(50,435)	(51,499)
Interest expense	2,247,337	3,064,590
Other, net	(17,870,119)	(2,447,853)
	(15,673,217)	565,238
Income Before Income Taxes	$ 33,878,019	$ 21,171,147
Income Taxes	12,762,047	8,425,439
Net Income	$ 21,115,972	$ 12,745,708
Earnings Per Share of Common Stock	$ 340.58	$ 205.58

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Stockholders' Equity

Electric Energy, Inc.
And Its Subsidiaries
For the Years Ended
December 31, 2005 and 2004

	Common Stock	Retained Earnings	Total Stockholders' Equity
Balance, January 1, 2004	$ 6,200,000	$ 48,711,981	$ 54,911,981
Net Income	0	12,745,708	12,745,708
Balance, December 31, 2004	6,200,000	61,457,689	67,657,689
Net Income	0	21,115,972	21,115,972
Balance, December 31, 2005	$ 6,200,000	$ 82,573,661	$ 88,773,661

 The accompanying notes to the consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flows

Electric Energy, Inc.
And Its Subsidiaries

	For the Years Ended December 31,	
	2005	2004
Cash Flows provided from Operating Activities:		
Net income	$ 21,115,972	$ 12,745,708
Adjustments to reconcile net income to net cash flow provided by operating activities:		
Depreciation and amortization	14,435,088	11,328,545
Amortization of debt issue costs	63,225	103,005
Loss on disposal of assets	33,724	26,408
Deferred income taxes	(2,865,047)	1,023,563
Net effect on cash flows of changes in:		
Accounts receivable	(7,523,947)	(1,053,805)
Fuel stock and materials inventory	889,647	(1,671,871)
Other assets	3,775,080	(988,242)
Accounts payable	10,248,109	6,195,316
Prepayments and accruals	1,092,492	1,365,309
Net cash flows provided from operating activities	41,264,343	29,073,936
Cash Flows used in Investing Activities:		
Proceeds from the disposal of property, plant and equipment	11,654	35,972
Additions and replacements of property, plant and equipment	(9,383,194)	(4,629,558)
Net cash flows used in investing activities	(9,371,540)	(4,593,586)
Cash Flows used from Financing Activities:		
Borrowings of notes payable	175,420,000	232,085,000
Repayments of notes payable	(193,645,000)	(202,010,000)
Repayments of long-term debt	(14,444,443)	(54,444,446)
Changes in checks written but not presented	908,631	(92,355)
Net cash flows used from financing activities	(31,760,812)	(24,461,801)
Increase in cash and cash equivalents	131,991	18,549
Cash and cash equivalents at beginning of year	222,130	203,581
Cash and cash equivalents at end of year	$ 354,121	$ 222,130

Supplemental Disclosure of Cash Flow Information

	2005	2004
Cash paid during the year for:		
Interest (net of amounts capitalized)	$ 2,212,260	$ 2,856,877
Income taxes	$ 7,538,000	$ 4,977,000

The accompanying notes to the consolidated financial statements are an integral part of these statements.

Notes to the Consolidated Financial Statements

1) Summary of Significant Accounting Policies

a) **Basis of Presentation** – The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) and include the accounts of Electric Energy, Inc. (EEI or the Company) and its wholly-owned subsidiaries: Joppa and Eastern Railroad Company (J&E), Massac Enterprises, LLC, Met-South, Inc., and Midwest Electric Power, Inc. (Midwest). All intercompany transactions have been eliminated.

J&E operates a short line railroad with 3.9 miles of track and has access to four rail lines. J&E transports approximately five million tons of coal each year. As of December 2005, J&E owns 724 railcars and leases 135 railcars allowing for reduced rail freight rates.

Massac Enterprises, LLC is a captive retailer located in an Enterprise Zone in Illinois allowing EEI to achieve certain tax savings, contributing directly to lower bus bar costs.

Met-South, Inc. is an ash facility used to sell the Company's class "C" flyash. This facility allows for on-site storage of about 11,750 tons of fly ash with truck, barge, and rail loading capabilities. This company adds positive cash flow and earnings to EEI.

Midwest owns and operates two gas-fired combustion turbines with combined capacity of 76 megawatts. Additionally, Midwest operates three refurbished gas-fired combustion turbines for Ameren Energy Development Company with combined capacity of 186 megawatts. These units allow our owners to meet their higher demand levels during the peak summer months.

The Company complies with the rules, regulations and Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC). For the years ended December 31, 2005 and 2004, the Company applied the provisions of the Financial Accounting Standards Board's (FASB) Statement of Financial Accounting Standards (SFAS) No. 71, "Accounting for the Effects of Certain Types of Regulation." SFAS No. 71 provided for the deferral of certain costs and benefits that are to be included in future rates as regulatory assets and liabilities on the Consolidated Balance Sheets. Regulatory assets represented the probable future revenue associated with certain costs that would be recovered through the rate-making process. Regulatory liabilities represented probable future reductions in revenues associated with amounts that would be refunded through the rate-making process.

Accounting for the Discontinuation of Application of FASB Statement No. 71 – As a result of the new Power Supply Agreement effective January 1, 2006, which is discussed below, management has concluded the Company can no longer apply the provisions of SFAS No. 71. Under the provisions of the previous contract, the net amount of the recorded regulatory assets and liabilities related to pension, postretirement, organizational and asset retirement costs were provided immediate revenue recovery and were billed to the Sponsoring Companies and the US Department of Energy (DOE) for the year ended December 31, 2005. As a result, regulatory assets related to the adoption of FASB Interpretation No. 47 (FIN 47), "Conditional Asset Retirement Obligations," of $5,237,519, the net of pension and postretirement regulatory assets and liabilities of $3,033,530 and the regulatory asset related to organizational costs of $887,479 were recorded as depreciation expense, other operations expense and other operations expense, respectively, on the Consolidated Statements of Income. The total net amount of $9,158,528 is included in accounts receivable on the Consolidated Balance Sheet as of December 31, 2005. This amount was fully paid by the

Sponsoring Companies and the DOE in 2006. As of December 31, 2005, the effects of applying SFAS No. 71 have been removed from the Company's Consolidated Balance Sheet.

b) **Use of Estimates** – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

c) **Cash and Cash Equivalents** – The Company considers highly liquid investments with a maturity of three months or less from the date of purchase to be cash equivalents.

The Company utilizes a cash management mechanism that funds certain bank accounts for checks as they are presented to the bank. The Company classified checks written but not presented to the bank, which amounted to approximately $2.8 million and $1.9 million at December 31, 2005 and 2004, respectively, in accounts payable. For cash flow reporting purposes, these amounts are classified as financing activities.

d) **Operating Revenues** – The Company's principal source of operating revenue is sales of electricity from Joppa Steam Electric Station (Joppa Station) to the Company's three electric utility shareholders, Ameren Energy Resources Company (AER) (40%), Kentucky Utilities Company (20%) and Union Electric Company (40%) (Sponsoring Companies) and to the DOE. Through December 31, 2005, sales to the Sponsoring Companies are governed by the Power Supply Agreement, and sales to the DOE are made under the Modification No. 16 (Mod 16) of the Power Contract. Modification No. 17 (Mod 17) became effective January 1, 2006.

The Power Supply Agreement and Mod 16, and the rates established therein for the sale of electricity to the Sponsoring Companies and DOE, have been accepted by the FERC. In general, the Power Supply Agreement provides that the Company will sell the remaining power capacity to the Sponsoring Companies. Mod 16 requires the Company to make available to the DOE a specified percentage of Joppa Station's capacity.

Under the Power Supply Agreement and Mod 16, the Sponsoring Companies and the DOE are required to make monthly payments for power which will enable the Company to recover all of Joppa Station's cost-of-service, which includes operating expenses, taxes, and interest plus generate a prescribed rate of return on equity capital of 15% net of federal income tax. The Power Supply Agreement and Mod 16 also provide the Company the opportunity to earn a profit on other services provided to the Sponsoring Companies and to the DOE.

The DOE was committed to 0% of Joppa Station's capacity for 2005 and 2004. For 2006, the DOE's commitment will again be 0% of Joppa Station's capacity.

The obligations of each of the Sponsoring Companies and the DOE are absolute and unconditional and shall not be discharged or affected by the failure, impossibility or impracticability of the Company to generate or deliver electricity.

Mod 17 is effective through December 31, 2006, unless canceled, as provided under the terms. Effective January 1, 2006, the Company entered into a new Power Sales Agreement with Ameren Energy Marketing Company (AEM), which is a subsidiary of AER. Under the terms of the new Power Supply Agreement, all of the Company's Joppa Station capacity is under contract to AEM, and energy will be sold at hourly market-based rates as published by the MISO, a regional independent system operator.

Additional revenue is provided by sales of electricity from the Company's subsidiary, Midwest, to affiliates of the Sponsoring Companies. These sales are governed by Midwest's Power Supply Agreement (the Agreement). The Agreement was through December 31, 2004. However, the Agreement is subject to an annual extension as provided under its terms. Midwest continued to operate under the previous agreement through December 31, 2005.

The Agreement, and the rates established therein for the sale of electricity to affiliates of the Sponsoring Companies, has been accepted by the FERC. The Agreement provides that Midwest will sell all of its capacity to the Sponsoring Companies.

Under the Agreement, the Sponsoring Companies are required to make monthly payments for power which will enable Midwest to recover its cost-of-service, which includes all operating expenses, taxes, and interest plus generate a prescribed rate of return on equity capital, generally representing \$15,000 annually.

Midwest has negotiated a new Power Supply Agreement with EEI that is effective January 1, 2006. This agreement is subject to annual extension as provided under its terms and allows EEI to purchase all of the capacity available from Midwest.

e) **Other (Income) and Expense** – Other income for 2005 included \$16,802,350 of proceeds from the sale of banked emission allowances. Sulfur dioxide (SO_2) and nitrogen oxide (NO_x) allowances of 10,000 units and 426 units, respectively, were sold, contributing \$10,512,597 of 2005 after-tax net income. The Company's remaining allowances banked at December 31, 2005, amounted to 48,695 SO_2 and 123 NO_x units. These allowances are held to meet future emission requirements and for possible sale as determined by management.

Other income for 2004 included \$1,782,500 of proceeds from the sale of banked emission allowances. NO_x allowances of 800 units were sold, contributing \$1,106,162 of 2004 after-tax net income. The Company's remaining allowances banked at December 31, 2004, amounted to 55,666 SO_2 and 79 NO_x units.

f) **Utility Plant** – Utility plant at and related to the Joppa Station is generally being depreciated over the periods provided under the Modified Accelerated Cost Recovery System for both book and tax purposes as prescribed under Mod 16. The Company charges the depreciation of rail cars to fuel inventory as transportation costs. The amount of such charges to fuel inventory was \$305,748 and \$609,247 in 2005 and 2004, respectively.

Expenditures for maintenance and repairs are expensed as incurred, while replacements and betterments which extend the useful lives of the assets are capitalized. Upon retirement or disposal, the cost of the assets and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in earnings.

The Company capitalized interest, in accordance with SFAS No. 34, "Capitalization of Interest Costs," in the amounts of \$125,957 and \$31,855 in 2005 and 2004, respectively, which related to construction work in progress.

g) **Impairment of Long-Lived Assets** – The Company assesses the recoverability of its long-lived assets when conditions are present which may indicate a potential impairment. The Company uses projected undiscounted cash flows of the related operations. These factors, along with management's plans with respect to operations, are considered in assessing the recoverability of long-lived assets. If the Company determines, based on such measures, that the carrying amount is impaired, the long-lived assets will be written down to their fair value with a corresponding charge to earnings.

h) **Materials and Supplies** – Materials and supplies are recorded at the lower of cost or market. Cost is determined using the weighted average cost method.

i) **Income Taxes** – Subsequent to September 30, 2004, the Company filed consolidated United States federal and state income tax returns and, for financial reporting purposes, provided income taxes for the difference in the tax and financial reporting bases of its assets and liabilities in accordance with SFAS No. 109, "Accounting for Income Taxes." Beginning on September 30, 2004, the Company is included in the consolidated federal and state income tax returns with Ameren Corporation. The Company and Ameren Corporation have entered into a tax sharing agreement. Under the terms of the tax sharing agreement, the Company pays taxes based on a separate company income tax return basis, as defined in the agreement. Separate company income taxes are defined as the income tax liability or refund, computed with respect to the corporate taxable income or loss of a member of the tax sharing group, as though the member were not a member of the group. The Company's allocation equals its separate return tax plus, in the event of Ameren Corporation having a negative separate return tax, a pro rata portion of Ameren Corporation's negative separate return tax. The pro rata portion is allocated to each member having a positive separate return tax, based on the ratio of the member's positive separate return tax to the sum of all members' positive separate return taxes. The tax allocated to any member shall not exceed the separate return tax of such member. The Company paid $7,538,000 in 2005 to Ameren Corporation for federal and state income taxes. Taxes payable to Ameren Corporation for 2005 and 2004 were $10,416,499 and $2,327,412, respectively. In accordance with the tax sharing agreement and SFAS No. 109, the Company records deferred income taxes for the difference in the tax and financial reporting bases of its assets and liabilities.

j) **Impact of Accounting Standards**

Accounting for Asset Retirement Obligations (ARO) – SFAS No. 143, "Accounting for Asset Retirement Obligations," provides accounting and disclosure requirements for retirement obligations associated with long-lived assets and was effective January 1, 2003. This statement requires that the fair value of asset retirement costs, for which the Company has a legal obligation to expend, be recorded as liabilities with an equivalent amount added to the asset cost and depreciated over an appropriate period. The liability is then accreted over time by applying an interest method of allocation to the liability.

The Company adopted SFAS No. 143 on January 1, 2003. No asset retirement obligations were recorded upon adoption as management concluded that no obligations existed at that date. Accordingly, no ARO liabilities are recorded on the Company's Consolidated Balance Sheet as of December 31, 2004.

FIN 47 clarified that an entity is required to recognize a liability for the fair value of a conditional ARO when incurred if the liability's fair value can be reasonably estimated. FIN 47 also clarified when an entity would have sufficient information to reasonably estimate the fair value of an ARO. This interpretation was effective for the Company on December 31, 2005.

The Company adopted FIN 47 on December 31, 2005, and recorded asset retirement obligations of $5,852,726 for asbestos and river structure removal as well as ash pond closures related to the Company's Joppa Station. As part of the adoption, the Company capitalized asset retirement obligations of $1,098,922 as property, plant and equipment. The difference between the recorded asset and ARO liability related to the adoption of FIN 47 was recorded as a regulatory asset. See discussion above related to the Company's discontinuation of applying SFAS No. 71.

The following table shows what the Company's AROs would have been if FIN 47 had been in effect in 2004:

	Asset Retirement Obligation
January 1, 2004	$5,250,156
December 31, 2004	$5,543,253

The adoption of FIN 47 would not have had an income statement impact on the Company if adopted in 2004 because a regulatory asset would have been recorded as an offset to the AROs and the related net capitalized asset retirement costs.

k) Regulatory Assets and Liabilities

Regulatory assets and (liabilities) reflected in the Consolidated Balance Sheets as of December 31, relate to the following:

	2005	2004
Regulatory Assets:		
Income taxes, net (a)	$ 0	$ 7,520
Pension benefit costs (b)	0	2,979,735
Organizational costs (a)	0	864,370
Total Regulatory Assets	$ 0	$ 3,851,625
Regulatory Liabilities:		
Postretirement benefit costs (c)	$ 0	$ (1,424,283)
Total Regulatory Liabilities	$ 0	$ (1,424,283)

The above are recorded in the Consolidated Balance Sheets as:
(a) Deferred charges and other assets.
(b) Prepaid and other benefit costs.
(c) Accrued and other benefit liabilities.

Please refer to footnote 1, Summary of Significant Accounting Policies, for a discussion of the Company's discontinuation of the application of SFAS No. 71.

l) Reclassifications – Certain reclassifications have been made to the 2004 financial statements to conform with 2005 reporting.

2) Notes Payable

The Company had two revolving credit agreements, which allowed borrowings of up to $45,000,000. A $25,000,000 revolving credit agreement expired on June 10, 2005. A $20,000,000 revolving credit agreement will expire on April 25, 2006. The $25,000,000 agreement provided for interest to be charged on outstanding borrowings at LIBOR (London InterBank Offering Rate) plus a margin ranging from 0.55% to 0.75%, depending on utilization. The $20,000,000 agreement provides for interest charges on outstanding borrowings at a rate per annum equal to (i) the eurodollar rate plus fifty-five hundredths of one percent (0.55%), (ii) the base rate, or (iii) the overnight rate plus fifty-five hundredths of one percent (0.55%). No compensating balances are required for either credit agreement. There were no borrowings outstanding under these revolving credit agreements at December 31, 2005.

In June 2004, the Company secured an additional credit agreement with Ameren Corporation, which allows borrowings up to $50,000,000. Interest shall accrue monthly on the unpaid principal balance of each loan from the date of such loan until such principal amount shall be paid in full. If only funds from the Lender's treasury ("Internal Funds") are used to fund the loan, the daily interest rate applicable to such loan shall be the CD yield equivalent of the 30-day Federal Reserve "AA" Non-Financial Commercial Paper Composite Rate ("Composite Rate") published for such day, or, if no such Composite Rate was established for that day, then the applicable rate shall be the Composite Rate for the next preceding day for which such Composite Rate was established. If only funds borrowed by the Lender ("External Funds") are used to fund the loan, the daily interest rate applicable to such loan shall equal the Lender's daily cost for such funds. If both Internal Funds and External Funds are used to fund the loan, the daily rate applicable to such loan shall be a "blended" rate equal to the weighted average of the cost of Internal Funds and the cost of External Funds used to fund such a loan. During 2005, the credit agreement was revised to allow borrowings up to $75,000,000.

At December 31:

	2005	2004
Available lines of credit	$ 95,000,000	$ 95,000,000
Notes outstanding	19,900,000	38,125,000
Weighted average interest rate	4.3%	2.7%

During the year:

	2005	2004
Maximum short-term borrowings	$ 45,780,000	$ 48,600,000
Average short-term borrowings	32,859,000	20,348,000
Weighted average interest rate	3.6%	2.2%

3) Long-Term Debt

	2005		2004	
1991 Senior medium-term notes 8.60%	$	0	$	6,666,666
1994 Senior medium-term notes 6.61%		0		7,777,777
Maturities due within one year		0		(14,444,443)
Total Long-Term Debt	$	0	$	0

For the 1991 and 1994 notes above, annual principal payments were due December 15 through 2005. Interest was paid semiannually. These notes were paid in full on December 14, 2005.

4) Financial Instruments and Financings

The carrying amounts of cash and cash equivalents and short-term receivables and obligations approximate their fair value due to the short maturities of these instruments. The estimated fair value of the Company's senior medium-term notes on December 31, 2004, which is based on current market rates of issues with similar remaining maturities, was approximately $15,060,926.

5) Related Party Transactions

Transactions with the Sponsoring Companies and their affiliates during 2005 and 2004 included the sale of generated power to them, the purchase of power from them in order to supplement generated power to meet the DOE's demand, and other transactions for general services and materials. The amount of power purchased from the Sponsoring Companies was $1,852,450 and $39,724,809 in 2005 and 2004, respectively. The Company also has a Facilities Use Agreement with Central Illinois Public Service Company and Union Electric Company. The total amount paid in 2005 and 2004 related to this agreement was $315,649.

During 2005 and 2004, the Company purchased coal through a pooling arrangement from Ameren Energy Fuels and Services Company, a subsidiary of AER. These purchases amounted to $33,522,213 and $33,007,190 for 2005 and 2004, respectively.

In June 2004, the Company secured a credit agreement with Ameren Corporation, which allows borrowings up to $50,000,000. During 2005, the credit agreement was revised to allow borrowings up to $75,000,000. See Note 2 for additional discussion.

See Note 1 for additional related party income tax transactions.

6) Concentration of Credit Risk

Credit risk is the exposure to economic loss that would occur as a result of nonperformance by counterparties, pursuant to the terms of their contractual obligations. Specific components of credit risk include counterparty default risk, collateral risk, concentration risk, and settlement risk. Substantially all of the Company's revenues are from the sale of electricity to its Sponsoring Companies.

Exposure to credit risk with accounts receivable is not significant because the receivables are from traditional investor-owned utilities and the United States government. Also, because financial instruments are transacted only with highly-rated financial institutions, nonperformance by any of the counterparties is not anticipated.

7) Income Taxes

The components of the net deferred income tax assets at December 31 are as follows:

	2005	2004
Deferred Tax Assets:		
Property related differences	$ 2,244,721	$ 1,677,085
Employee benefits	5,592,529	4,015,679
Other, net	1,691,510	966,285
Net deferred income tax assets	$ 9,528,760	$ 6,659,049

The components of current and deferred income tax expense for the years ended December 31 are as follows:

	2005	2004
Current:		
Federal	$ 12,881,204	$ 5,973,462
State	2,745,890	1,428,414
Deferred, net:		
Federal	(2,452,474)	918,828
State	(412,573)	104,735
Total income tax expense	$ 12,762,047	$ 8,425,439

	2005	2004
Statutory federal rate	35.0%	35.0%
State income taxes	4.5	4.7
Other	(1.8)	0.1
Effective tax rate	37.7%	39.8%

8) Pension Costs and Postretirement Benefits

The Company has a defined benefit pension plan that covers all employees. Benefits under the plan reflect each employee's compensation, years of service, and age at retirement. The plan's assets are invested primarily in bond and equity funds with a trust company.

Pension contributions are actuarially determined using the entry age normal cost method. The Company accounts for pension plan activity pursuant to the provisions of SFAS No. 87, "Employers' Accounting for Pensions." For the years ended December 31, 2005 and 2004, the Company recovered pension costs in rates on a cash funded basis in accordance with Mod 16. Accordingly, the difference between SFAS No. 87 pension costs and cash funding of the Plan were deferred as a regulatory asset. See Note 1 for additional discussion.

The Company provides certain life insurance and health care benefits for substantially all retired employees. The Company has various defined benefit postretirement health care plans which pay stated percentages of most necessary medical expenses incurred by retirees after subtracting payments by Medicare and after a stated deductible has been met. Retired employees are eligible for certain postretirement benefits in accordance with plan documents. The Company reserves the right to amend or modify the plan documents, in whole or in part, at any time.

The Company records its expense for postretirement benefits other than pensions during each employee's years of service in accordance with SFAS No. 106, "Employers Accounting for Postretirement Benefits Other Than Pensions." For the years ended December 31, 2005 and 2004, the Company recovered postretirement costs in rates on a cash funded basis in accordance with Mod 16. Accordingly, the difference between SFAS No. 106 postretirement costs and cash funding of the Plan were deferred as a regulatory liability. See Note 1 for additional discussion.

The primary objective of the Company's retirement plan and postretirement benefit plans is to provide eligible employees with pension and postretirement healthcare/life benefits. The Company manages plan assets in accordance with the "prudent investor" guidelines contained in the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The Company's goal is to earn the highest possible return on plan assets consistent with its tolerance for risk. The Company delegates investment management to specialists in each asset class and where appropriate, provides the investment manager with specific guidelines which include allowable and/or prohibited investment types. The Company regularly monitors manager performance and compliance with investment guidelines.

The expected return on plan assets for the Company's retirement plan and postretirement benefit plans is based on historical and projected rates of return for current and planned asset classes in the investment portfolio. Assumed projected rates of return for each asset class were selected after analyzing historical experience and future expectations of the returns and volatility of the various asset classes. Based on the target asset allocation for each asset class, the overall expected rate of return for the portfolio was developed and adjusted for historical and expected experience of active portfolio management results compared to benchmark returns and for the effect of expenses paid from plan assets.

The changes in the pension benefit obligation and plan assets are as follows:

	2005	2004
Benefit obligation, beginning of year	$ 58,579,648	$ 52,836,522
Service cost, net of expense	1,901,115	1,761,480
Interest cost on projected benefit obligation	3,515,536	3,222,591
Plan amendments	1,944,091	0
Benefits paid	(1,755,235)	(1,593,995)
Changes in actuarial assumptions	3,279,861	2,353,050
Benefit obligation, end of year	$ 67,465,016	$ 58,579,648
Fair value of plan assets, beginning of year	$ 53,506,639	$ 49,983,062
Actual return on plan assets	2,754,529	5,365,495
Benefits paid	(1,755,235)	(1,593,995)
Administrative expenses	(218,331)	(247,923)
Fair value of plan assets, end of year	$ 54,287,602	$ 53,506,639

A reconciliation of the funded status of the pension plan under SFAS No. 87 to the amount recognized in the Consolidated Balance Sheets at December 31, 2005 and 2004, is as follows:

	2005	2004
Funded status - deficiency of plan assets over projected benefit obligation	$ (13,177,414)	$ (5,073,009)
Unrecognized net loss	6,670,581	1,785,297
Unrecognized prior service cost	2,017,128	307,977
Accrued pension cost	$ (4,489,705)	$ (2,979,735)

The pension plan was amended in 2005, which resulted in an additional $5 per month per employee for each year of credited service.

The weighted-average assumptions used to determine benefit obligations at December 31 are as follows:

	2005	2004
Discount rate	5.50%	5.90%
Rate of compensation increase	4.00%	4.00%
Measurement date	12/31/2005	12/31/2004

The weighted-average assumptions used to determine net periodic benefit cost for the year ended December 31 are as follows:

	2005	2004
Discount rate	5.90%	6.25%
Expected long-term rate of return on plan assets	8.00%	8.00%
Rate of compensation increase	4.00%	4.00%
Measurement date	12/31/2004	12/31/2003

The information for pension plans with an accumulated benefit obligation in excess of plan assets is as follows:

	2005	2004
Projected benefit obligation	$ 67,465,016	$ 58,579,648
Accumulated benefit obligation	55,570,626	47,430,529
Fair value of plan assets	54,287,602	53,506,639

The accumulated benefit obligation in 2004 did not exceed the fair value of plan assets.

The components of net periodic pension cost are as follows:

	2005	2004
Service cost-benefits earned during the year	$ 1,959,912	$ 1,815,959
Interest cost on projected benefit obligation	3,515,536	3,222,591
Expected return on plan assets	(4,200,418)	(3,935,031)
Amortization of unrecognized prior service cost	234,940	141,947
Net periodic pension cost per SFAS No. 87	1,509,970	1,245,466
Adjustment to funding level	(1,509,970)	(1,245,466)
Net periodic pension cost recognized	$ 0	$ 0

The weighted average asset allocations as of December 31, 2005 and 2004, by asset category, are as follows:

	Target Allocation	Plan Assets 2005	Plan Assets 2004
Equity Securities	60.0%	59.3%	60.4%
Debt Securities	40.0	40.4	39.3
Other	0.0	0.3	0.3
Total	100.0%	100.0%	100.0%

The Company did not contribute to the pension plan during 2005. The Company expects to contribute $2,000,000 to its pension plan during 2006.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2006	$ 1,986,979
2007	2,160,549
2008	2,380,731
2009	2,623,632
2010	3,035,254
Years 2011-2015	21,319,464

The changes in postretirement benefit (other than pensions) obligation and plan assets are as follows:

	2005	2004
Benefit obligation, beginning of year	$ 55,685,576	$ 50,150,456
Service cost-benefits earned during the period	1,437,760	1,476,379
Interest cost on accumulated benefit obligation	3,321,022	3,306,961
Changes in actuarial assumptions	1,082,362	2,587,794
Benefits and expenses paid	(1,864,749)	(1,877,370)
Retiree contributions	75,920	41,356
Benefit obligation, end of year	$ 59,737,891	$ 55,685,576
Fair value of plan assets, beginning of year	$ 56,158,812	$ 52,911,311
Actual return on plan assets	5,445,731	5,083,515
Retiree contributions	75,920	41,356
Benefits paid	(1,673,279)	(1,669,108)
Administrative expenses	(191,470)	(208,262)
Fair value of plan assets, end of year	$ 59,815,714	$ 56,158,812

A reconciliation of the accumulated postretirement benefit obligation to the prepaid postretirement benefit cost at December 31 is as follows:

	2005	2004
Plan assets in excess of projected benefit obligation	$ 77,823	$ 473,236
Unrecognized net loss	12,315,581	13,624,344
Unrecognized prior service cost	(10,937,229)	(12,673,297)
Prepaid postretirement benefit cost	$ 1,456,175	$ 1,424,283

The components of the net periodic other postretirement benefit cost are as follows:

	2005	2004
Service cost-benefits earned during the year	$ 1,437,760	$ 1,476,379
Interest cost on accumulated benefit obligation	3,321,022	3,306,961
Expected return on plan assets	(3,694,187)	(3,696,726)
Amortization of unrecognized prior service cost	(1,736,068)	(1,736,068)
Amortization of unrecognized net loss	639,581	596,624
Net periodic postretirement benefit cost per SFAS No. 106	(31,892)	(52,830)
Adjustment to funding level	31,892	52,830
Net periodic postretirement benefit cost recognized	$ 0	$ 0

The weighted average asset allocations as of December 31, 2005 and 2004, by asset category, are as follows:

	Target Allocation	Plan Assets 2005	Plan Assets 2004
U.S. Equity Securities	50.0%	52.1%	52.2%
U.S. Debt Securities	40.0	36.6	35.8
Other	10.0	11.3	12.0
Total	100.0%	100.0%	100.0%

The Company did not contribute to the postretirement plan during 2005 and does not expect to contribute to the funded postretirement plan during 2006.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2006	$ 1,863,194
2007	1,991,056
2008	2,082,083
2009	2,232,292
2010	2,445,329
Years 2011-2015	16,288,935

The weighted-average assumptions used to determine benefit obligations at December 31 are as follows:

	2005	2004
Discount rate	5.50%	5.90%
Rate of compensation increase (life insurance benefit)	4.00%	4.00%
Measurement date	10/1/2005	10/1/2004

The weighted-average assumptions used to determine net periodic benefit cost for the year ended December 31 are as follows:

	2005	2004
Discount rate	5.90%	6.50%
Expected long-term rate of return on plan assets-Management	4.80%	4.72%
Expected long-term rate of return on plan assets-Bargaining Unit	8.00%	8.00%
Rate of compensation increase (life insurance benefit)	4.00%	5.00%
Measurement date	10/1/2004	10/1/2003

The estimated cost of these future benefits could be significantly impacted by future changes in health care costs, work force demographics, interest rates, or plan changes. A 1% increase in the assumed health care cost trend rate each year would increase the aggregate service and interest costs for 2005 by $918,002 and the accumulated postretirement benefit obligation at December 31, 2005, by $9,359,790. A 1% decrease in the assumed health care cost trend rate each year would decrease the aggregate service and interest costs for 2005 by $720,055 and the accumulated postretirement benefit obligation at December 31, 2005, by $7,532,911. The 2005 assumptions included a health care cost trend rate of 10.0% declining to 5.5% in 2015. The 2004 assumptions included a health care cost trend rate of 10.5% declining to 5.5% in 2015.

In December 2003, the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 was enacted. Among other features, the Act introduces a prescription drug benefit under Medicare Part D and a federal subsidy to sponsors of retiree health care plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. FASB Staff Position FAS 106-2 provides guidance on accounting for the effects of the Act, and is effective for interim periods beginning after June 15, 2004. The Company adopted FASB Staff Position FAS 106-2 during the quarter ended September 30, 2004. This adoption did not have a material impact on the financial statements.

9) Environmental Matters

The Company is subject to various environmental regulations by federal, state, and local authorities. As new laws or regulations are developed, the Company assesses their applicability and implements the necessary modifications to the facility as required for compliance. The more significant matters are discussed below.

The 1997 Kyoto Protocol requires participating countries to return to 1990 levels of greenhouse gas (GHG) emissions (primarily carbon dioxide (CO_2)). Under the treaty, the US would have an overall reduction target of 7% in GHG emissions from 1990 levels by 2008-2012. On November 12, 1998, the US signed the treaty. However, for the treaty to enter into force within the US, it will have to be ratified by a two-thirds vote of the US Senate. The treaty, in its present form, is unlikely to be ratified by the US Senate since it does not contain provisions requiring participation of developing countries.

The Bush Administration continues to resist mandatory emission reductions for CO_2. Since burning anything that contains carbon produces CO_2, the Company's options to meet the reduction requirements would be limited.

Beginning in 1994, the United States Environmental Protection Agency (USEPA) required specific states to reduce ozone season NO_x emissions through a cap and trade program known as the NO_x State Implementation Plan (SIP) Call. The ozone season is from May 1 to September 30. The Company was in compliance with the NO_x emission levels required in 2005 and 2004 and has sufficient NO_x allowances for 2006 through 2007. It is expected that additional NO_x emission reductions may be required in 2008 and 2009 when the Illinois EPA (IEPA) reallocates the amount of NO_x each utility can emit. Management has studied compliance alternatives and has developed several options to meet various NO_x levels of compliance.

In March 2005, the USEPA issued the Clean Air Interstate Rule (CAIR) which created a new annual NO_x cap and trade program, a new ozone season cap and trade program, and reductions in the emission value of SO_2 allowances allocated under the existing Acid Rain Program.

The CAIR Annual and Ozone Season NO_x Program will require NO_x reductions in 2009 and additional NO_x reductions in 2015. The Company modified the existing low NO_x burner system by installing Separated Over Fire Air on unit six in 2005 and is planning to install Separated Over Fire Air on unit five in 2006. The Company will continue to evaluate the effect that Separated Over Fire Air low NO_x burners have on the reduction of NO_x emissions.

Under the CAIR SO_2 Program, each allowance issued after 2010 allows 0.5 tons of emissions and each allowance issued after 2015 allows 0.35 tons of emissions. The Company is evaluating the installation of SO_2 removal controls to achieve these reductions.

In March 2005, USEPA issued the Clean Air Mercury Rule (CAMR) which created a mercury cap and trade program. This program will require reductions in mercury emissions beginning in 2010 with additional reductions in 2018. The Company is evaluating mercury control options to be installed to meet these dates.

Congress continues to consider bills for multi-pollutant legislation that would require reductions in SO_2, NO_x, and mercury (Hg) similar to the CAIR and CAMR rules. Some of these bills also require reductions in CO_2 emissions. Management is monitoring the multi-pollutant bills and their effect on the Company.

In February 2004, USEPA finalized new requirements under the Clean Water Act (316(b) legislation) to reduce impingement and entrainment of aquatic organisms in cooling water intake systems. The Company has developed a corporate strategy and a "Proposal for Information Collection" (PIC) plan. This PIC plan has been submitted to the IEPA for approval. Bio-monitoring began in 2005, and compliance options will be evaluated in 2006 or 2007. The required equipment changes, if any, must be installed in 2009.

On April 19, 2005, the Company received an information request by USEPA to evaluate compliance with the Illinois State Implementation Plan and New Source Performance Standards. The Company complied with the information request and has not received any additional correspondence from USEPA.

10) Commitments and Contingencies

As a result of issues generated in the course of daily business, the Company is involved in legal, tax, and regulatory proceedings. The Company believes that the final disposition of these proceedings, except as otherwise disclosed in these notes to our financial statements, will not have an adverse material effect on the Company's results of operations, financial position, or liquidity.

11) Leases

Sales of power generated by Midwest are governed by the Power Supply Agreement between Midwest and the Sponsor Companies. This Agreement was executed during 2000 and amended during 2002 to continue in force through December 31, 2004 (see Note 1d). Midwest has negotiated a new Power Supply Agreement with EEI to be effective January 1, 2006. During 2005, Midwest continued to operate under the previous agreement. As of December 31, 2005, the Agreement is classified as an operating lease of Midwest's facilities to affiliates of the Sponsors. These facilities are included in property, plant, and equipment at a cost of $38,193,819, with accumulated depreciation of $8,615,062. Minimum annual lease payments to Midwest are based on the operating costs of the facilities. For 2005 and 2004, these payments amounted to $2,998,577 and $2,403,746, respectively. These payments are included in the rental expense mentioned below for 2005 and 2004.

The Company leases certain facilities, railcars, and other equipment under operating leases. Total rental expense under operating leases for the years ended December 31, 2005 and 2004, was approximately $4.6 million and $3.4 million, respectively. Future minimum lease payments under operating leases that have initial or remaining noncancelable lease terms in excess of one year are as follows:

2006	$ 3,657,682
2007	3,653,821
2008	3,482,051
2009	3,288,379
2010 +	13,902,221
	$ 27,984,154

Electric Energy, Inc.
Joppa Steam Electric Station
(Excludes Midwest Electric Power, Inc.)

Selected Financial and Statistical Data

	2005	2004	2003	2002	2001
Net Generation (mwh)	7,881,897	8,444,487	8,101,001	8,075,551	8,154,549
Energy Sales (mwh) to:					
DOE	51,495	1,157,166	2,428,691	3,775,525	3,147,567
Sponsors	7,807,373	8,360,896	7,178,675	6,478,936	5,776,535
Power Sales to:					
DOE	$ 2,728,615	$ 41,759,266	$ 68,499,312	$ 85,192,866	$ 54,017,251
Sponsors	$ 163,780,493	$ 157,862,984	$ 141,641,247	$ 134,232,348	$ 113,956,309
Operating Revenues	$ 168,364,176	$ 201,192,967	$ 212,356,792	$ 221,280,270	$ 169,773,399
Operating Expenses (including income taxes)	$ 163,031,357	$ 187,991,674	$ 199,702,758	$ 216,667,022	$ 153,814,140
Cost of Fuel Consumed	$ 88,149,444	$ 88,098,800	$ 83,625,197	$ 79,543,205	$ 76,747,986
Total Fuel Burned (tons equivalent for gas and oil)	4,924,100	5,188,354	4,883,306	4,846,671	4,935,145
Coal Burned (tons)	4,912,455	5,176,823	4,871,839	4,834,669	4,924,351
Average Cost of Fuel Burned per MMBTU	$ 1.09	$ 1.02	$ 1.00	$ 0.96	$ 0.92
Heat Rate (Btu per kwh, net generation)	10,420	10,405	10,335	10,333	10,352
Taxes (Federal, state and local)	$ 14,681,767	$ 10,267,098	$ 13,541,124	$ 23,858,425	$ 8,345,747
Payroll	$ 17,865,590	$ 17,601,623	$ 17,346,785	$ 17,068,104	$ 16,738,978
Employees (year end)	260	257	262	258	261

Electric Energy, Inc.

Directors

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Senior Vice President, Administration
Ameren Corporation
St. Louis, Missouri

Thomas R. Voss
Executive Vice President and
Chief Operating Officer
Ameren Corporation
St. Louis, Missouri

R. Alan Kelley
Chairman of the Board
Electric Energy, Inc.
Joppa, Illinois

John N. Voyles, Jr.
Vice President, Regulated Generation
LG&E Energy Corporation
Louisville, Kentucky

Charles D. Naslund
Senior Vice President and
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AmerenUE
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David A. Whiteley
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Officers

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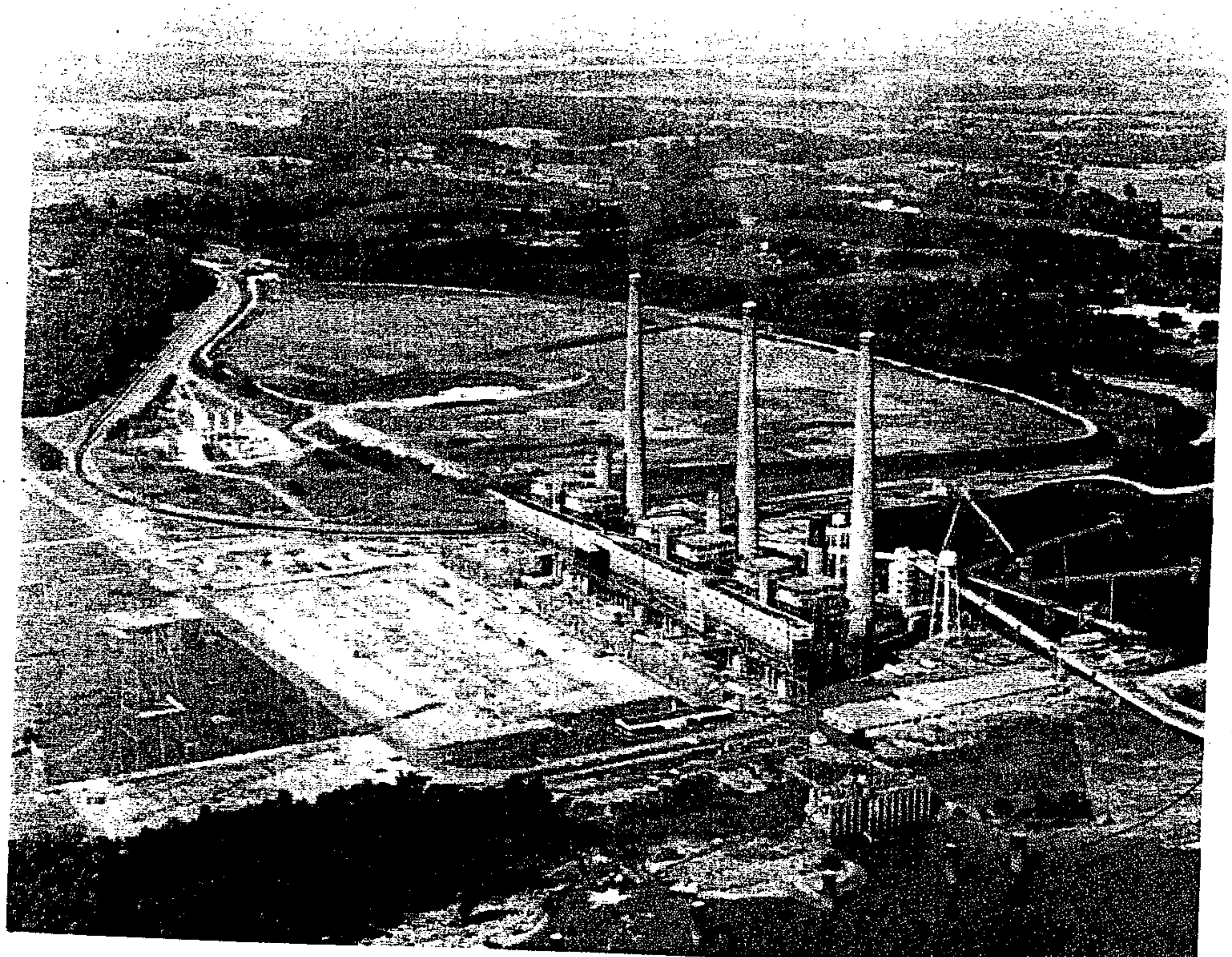
Robert L. Powers
President

James M. Helm
Secretary-Treasurer

William H. Sheppard
Vice President



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