



Electric Energy, Inc.

October 23, 2006

RECEIVED

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SENIOR VICE PRESIDENT & CNO

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 a Notice and booklet containing reference information for our Board of Directors' Meeting scheduled for **10 a.m. Central Time, October 27, 2006**, at the **Ameren General Office Building in St. Louis, Missouri.**

Remember to bring your 2007 calendars. We will schedule meeting dates for next year.

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

Yours very truly,

James M. Helm
Secretary-Treasurer

JMH/adb
Enclosures
xc: R. L. Powers
W. H. Sheppard



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 at the **Ameren General Office Building** in **St. Louis, Missouri**, for the transaction of such business as may properly come before the meeting on **Friday, October 27, 2006**, at **10:00 a.m. Central Time**.

James M. Helm
Secretary

Date: October 23, 2006

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



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

October 27, 2006



Agenda

October 27, 2006

- | | | |
|----|---|-------------|
| 1. | Approve Minutes of Meeting Held July 21, 2006 | Approval |
| 2. | Earnings Report | Information |
| 3. | Status Report of Emission Allowance Sales | Information |
| 4. | Proposed Revision to Power Supply Agreement | Approval |
| 5. | 2007-2009 Operating Budget Presentation | Information |
| 6. | 2007-2009 Capital Budget Presentation | Approval |
| 7. | Suggested Meeting Dates for 2007: | Information |

| <u>1st Meeting</u> <u>(Phone)</u> | <u>2nd Meeting</u> <u>(St. Louis)</u> | <u>3rd Meeting</u> <u>(Phone)</u> | <u>4th Meeting</u> <u>(St. Louis)</u> |
|---|---|---|---|
| February 2 | May 4 | July 20 | October 26 |
| February 9 | May 11 | July 27 | November 2 |
| February 16 | May 18 | August 3 | November 16 |

- | | | |
|----|---------------------------------|----------|
| 8. | Officers' Salary Recommendation | Approval |
| 9. | Other | |

Electric Energy, Inc.

Minutes of Meeting of Board of Directors

Held July 21, 2006

A meeting of the Board of Directors of Electric Energy, Inc. convened via teleconference on Friday, July 21, 2006, at 10:00 a.m., 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 teleconference 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, July 21, 2006, at 10:00 a.m. Central Time.

Date: July 14, 2006"

There were present the following, constituting a majority of the
Board of Directors:

| | |
|---------|-------------------|
| Messrs. | D. F. Cole |
| | R. A. Kelley |
| | 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 the Corporation, and Mr. William H. Sheppard, Vice President of the Corporation.

The minutes of the meeting of the Board of Directors held on May 17, 2006, copies of which had been sent previously to each member, were approved.

The Chairman introduced Mr. James M. Helm who presented the earnings report for the second quarter 2006. After discussion, upon motion duly made and seconded, it was unanimously;

RESOLVED, that there be paid out of surplus on September 27, 2006, to stockholders of record at the close of business on July 21, 2006, dividends of \$554.44 per share on 62,000 shares of common stock, totaling \$34,375,000.00 for the third quarter 2006.

Mr. James M. Helm entered into a discussion of the Company's pension fund assets managed by Mellon Trust. Mr. Helm reported the financial results for the six months ended June 30, 2006, and reviewed the asset management strategy for the fund.

Mr. Helm then provided a status report on the VEBA Trusts managed by NISA Investment Advisors and the International Equity Funds. Mr. Helm reported the financial results of the Management and Bargaining Unit Trusts for the six months ended June 30, 2006. Mr. Helm also reviewed the asset strategy for each fund.

The Chairman introduced Mr. William H. Sheppard who updated the Board with the projected 2006 Capital expenditures of \$9,327,000.00. Mr. Sheppard further reported that capital expenditures would be within the spending guidelines previously authorized by the Board.

Mr. Sheppard provided a report on the Company's incentive compensation plan for 2006. Mr. Sheppard reviewed each of the incentive categories and the projection for each category.

Mr. Sheppard then entered into a discussion of the Company's multi-pollution capital expenditure plan. He first reviewed the 2006 Capital plan presented in the October 2005 board meeting. Mr. Sheppard reported the current plan has been modified to support recent regulatory requirements as required by the Illinois Environmental Protection Agency. Mr. Sheppard discussed in detail the boiler optimization controls and separated over fire air projects previously installed by the Company and the proposed future projects consisting of mercury controls, scrubbers, fabric filters, and land fill projects to meet regulatory requirements. Mr. Sheppard concluded the presentation by reporting the Company has a multi-pollution control plan, and it is his expectation that the plan will firm up in the near future.

Mr. Robert L. Powers entered into a general discussion regarding the Company's collective bargaining agreement. Mr. Powers reported the Company would like to extend the existing labor contract for a period of one to two years.

It was agreed that the next Board of Directors' meeting would be held on Friday, October 27, 2006, at the St. Louis Airport Hilton Hotel in St. Louis, Missouri, at 10:00 a.m. Central Time.

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

Secretary

Electric Energy, Inc.

Minutes of Meeting of Board of Directors

Held July 21, 2006

A meeting of the Board of Directors of Electric Energy, Inc. convened via teleconference on Friday, July 21, 2006, at 10:00 a.m., subsequent to the following notice which had been previously sent to each member of the Board:

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(An Illinois Corporation)

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of Electric Energy, Inc.

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| | R. A. Kelley |
| | 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 the Corporation, and Mr. William H. Sheppard, Vice President of the Corporation.

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Secretary

Electric Energy, Inc.

Earnings Report

October 27, 2006

| | Earnings Per Share | 3rd Qtr. 2006 | YTD 2006 | October 2005 Through September 2006 | 3rd Qtr. 2005 |
|------------------------------|-----------------------------------|--------------------------|-----------------------|--|--------------------------|
| Component D | \$ 0.00 | \$ 0 | \$ 0 | \$ 331,293 | \$ 331,293 |
| Met-South, Inc. | 1.44 | 88,998 | 334,497 | 414,830 | 110,363 |
| Midwest Electric Power, Inc. | 0.06 | 3,750 | 11,250 | 244,026 | 3,750 |
| Excess Energy | 0.00 | 0 | 0 | 0 | 0 |
| Additional Power | 0.00 | 0 | 0 | 11,659 | 0 |
| Permanent Joppa Power | 0.00 | 0 | 0 | 1,971,926 | 2,169,314 |
| Emission Allowances | 291.63 | 18,081,132 | 18,373,929 | 28,886,526 | 0 |
| Contract Sales | 613.45 | 38,034,388 | 92,983,560 | 92,983,560 | 0 |
| Total | \$ 906.58 | \$ 56,208,268 | \$ 111,703,236 | \$ 124,843,820 | \$ 2,614,720 |

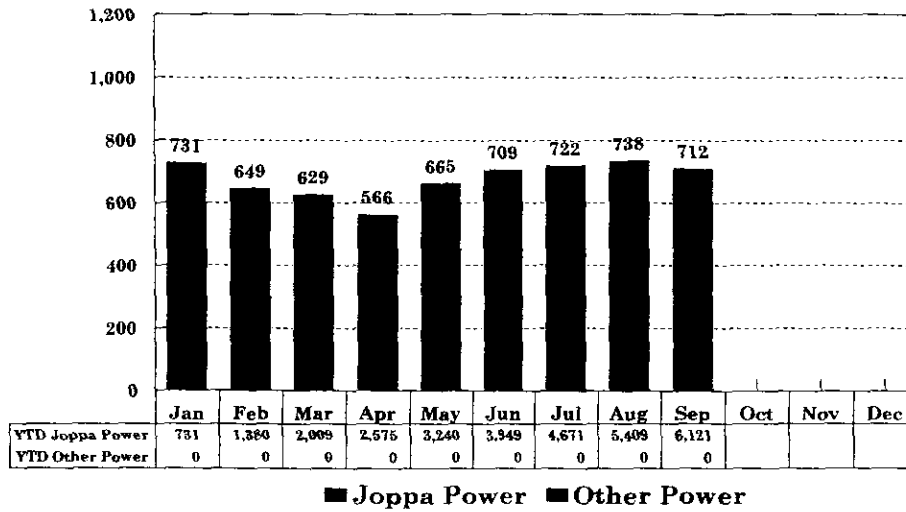
Met South, Inc. - EEI's ash subsidiary.

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

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

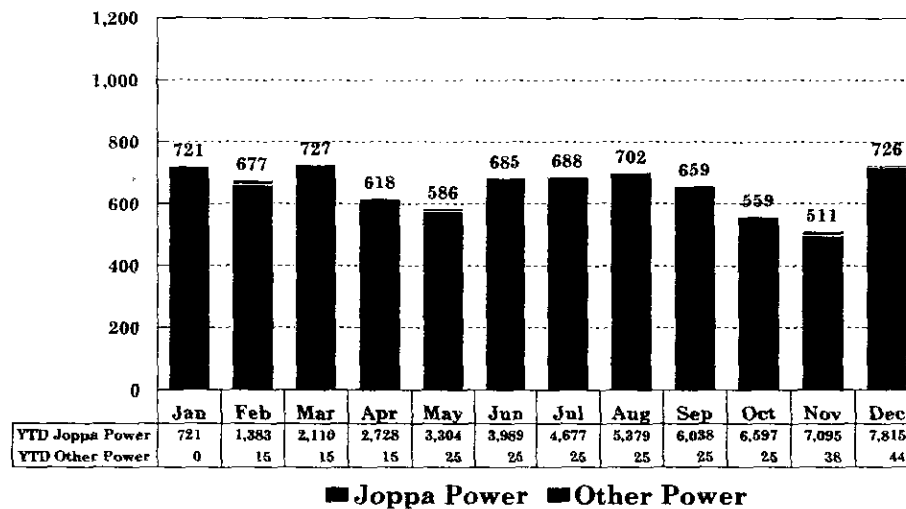
2006 Sales

MWH
(000's)



2005 Sales

MWH
(000's)



Electric Energy, Inc.

Emission Allowances

Past Sales

| Year | SO ₂ | | NO _x | | Total | |
|--------------|----------------------------|--------------------------------|----------------------------|--------------------------------|----------------------------|--------------------------------|
| | Number of Allowances | Net Allowance Earnings * | Number of Allowances | Net Allowance Earnings * | Number of Allowances | Net Allowance Earnings * |
| 2006 | 49,714 | \$17,956,964.57 | 400 | \$416,964.60 | 50,114 | \$18,373,929.17 |
| 2005 | 825 | \$262,711.67 | 0 | \$0.00 | 825 | \$262,711.67 |
| 2004 | 839 | \$105,300.63 | 800 | \$1,106,161.98 | 1,639 | \$1,211,462.61 |
| 2003 | 30,339 | \$2,969,390.32 | 1,095 | \$3,124,183.92 | 31,434 | \$6,093,574.24 |
| 2002 | 150,839 | \$15,435,824.59 | 2,500 | \$7,540,000.00 | 153,339 | \$22,975,824.59 |
| 2001 | 839 | \$72,338.67 | 0 | \$0.00 | 839 | \$72,338.67 |
| 2000 | 839 | \$50,598.46 | 0 | \$0.00 | 839 | \$50,598.46 |
| 1999 | 2,235 | \$272,976.07 | 0 | \$0.00 | 2,235 | \$272,976.07 |
| Total | 236,469 | \$37,126,104.98 | 4,795 | \$12,187,310.50 | 241,264 | \$49,313,415.48 |

Current Bank of Allowances

| | SO ₂ | NO _x |
|-------------------------------|-----------------|-----------------|
| 2006 Beginning Balance | 48,695 | 123 |
| Allowance Allocations | 28,992 | 2,804 |
| Estimated Emissions | (26,240) | (2,392) |
| Allowance Sales | (48,875) | (400) |
| Estimated 2006 Ending Balance | <u>2,572</u> | <u>135</u> |

Summary of 3rd Quarter 2006 Sales (included above)

| | SO ₂ | | NO _x | | Total | |
|--------|----------------------------|--------------------------------|----------------------------|--------------------------------|----------------------------|--------------------------------|
| | Number of Allowances | Net Allowance Earnings * | Number of Allowances | Net Allowance Earnings * | Number of Allowances | Net Allowance Earnings * |
| Actual | <u>48,875</u> | <u>\$17,664,167.20</u> | <u>400</u> | <u>\$416,964.60</u> | <u>49,275</u> | <u>\$18,081,131.80</u> |

* Net Allowance Earnings = Gross Amount less Taxes & Commission Fees

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Proposed Power Supply Amendment

Background:

- EEI entered into Power Supply Amendment (PSA) December 22, 2005 with Ameren Energy Marketing
- EEI entered into PSA Amendment 1 on July 20, 2006, to clarify pricing mechanism for forward pricing from megawatt Cenergy Index to the Intercontinental Exchange (ICE)
- Historically power contracts have been authorized by the Board of Directors

Discussion:

- Proposed PSA Amendment 2 and Board Resolution to:
 - Increase forward contract amount
 - Increase contract duration - 18 months \Rightarrow 4 years
 - Lengthen the time of the termination clause
 - Clarify pricing provision for forward contract
 - Clarify energy allocation, i.e. schedule reduction
 - Document amendment
- Proposed Board Resolution
 - Documents for the record Amendment 1, previously entered into on July 20, 2006
 - Approves and authorizes the execution of Amendment 2
- Authorizes officer(s) to enter into current Amendment

**Resolution of the Board of Directors
of Electric Energy, Inc.**

WHEREAS, Electric Energy, Inc. is the Seller in that certain Power Sales Agreement dated December 22, 2005 (hereinafter "Agreement") by and between Electric Energy, Inc. and Ameren Energy Marketing Company; and,

WHEREAS, the Parties amended the Agreement on the 20th day of July, 2006, to codify new terms and conditions under which Seller shall price Energy purchased by Buyer under the Agreement for purposes of supplying Forward Contracts; and

WHEREAS, the Parties desire to further amend the Agreement in order to codify new terms and conditions in accordance with the terms set forth in the proposed Second Amendment to the Agreement, which has been presented to Board; and

WHEREAS, it is the determination of the Board that such amendment is to the benefit of Electric Energy, Inc.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Electric Energy, Inc. that the terms substantially set forth in Second Amendment to the Power Sales Agreement are hereby APPROVED; and,

BE IT FURTHER RESOLVED that the Chairman, the President, and any other officers of the Company, are authorized and directed to execute any documents or instruments, to deliver and file or record any such documents or instruments, and to take all action necessary or convenient to effect the purposes thereof; and,

BE IT FURTHER RESOLVED that the Secretary of the Company shall place this resolution in the minutes of the Meeting at which it was adopted, and shall place such minutes on file with the corporate book of the Company.



2007 - 2009

**Budget
Presentation**

October 27, 2006

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Presentation Summary

2007 Budget Now Compared to 2005 Submittal

- 2007 O&M less fuel costs are now slightly less than stated in 2005.
- 2007 capital costs increased by \$3.082M, primarily because changes in the IEPA Mercury rules. Projects added for Mercury equal \$2.927M.
- 2007 fuel consumed increased by \$9M due to higher plant utilization projections.
 - In 2007, Fuel will be 67% of the total budget.
 - In 2005, Fuel will be 62% of the total budget.
- Total busbar cost for 2007 increased from \$21.67/MWH (2005 submittal) to \$22.20/MWH.

Electric Energy, Inc.
Budget Comparisons
(000's Omitted)



| | <u>5 Year Average 2001-2005</u> | <u>2005 Actual</u> | <u>2006 Budget</u> | <u>2006 Projection</u> | <u>2007 Budget</u> | <u>2008 Budget</u> | <u>2009 Budget</u> |
|--|---|------------------------|------------------------|----------------------------|------------------------|------------------------|------------------------|
| Net Generation (MWH) | 8,132 | 7,883 | 8,057 | 8,207 | 8,235 | 8,092 | 8,075 |
| Availability | 94.11 | 93.97 | 95.15 | 94.90 | 94.56 | 92.71 | 92.78 |
| Equivalent Availability | 93.56 | 93.34 | 94.51 | 94.33 | 93.92 | 92.07 | 92.14 |
| Utilization Factor | 97.71 | 95.36 | 96.17 | 98.18 | 99.00 | 99.00 | 99.00 |
| Capacity Factor | 91.74 | 89.01 | 90.95 | 92.61 | 92.95 | 91.11 | 91.17 |
| Fuel Consumed | | | | | | | |
| Tons | 4,918 | 4,852 | 4,997 | 5,180 | 5,300 | 5,212 | 5,068 |
| \$ Amount | \$ 83,233 | \$ 88,150 | \$ 109,141 | \$ 109,948 | \$ 123,968 | \$ 129,986 | \$ 144,906 |
| Production Costs | | | | | | | |
| Fuel - Coal | \$ 74,465 | \$ 80,527 | \$ 98,269 | \$ 101,354 | \$ 114,558 | \$ 120,477 | \$ 135,344 |
| \$/MWH | 9.16 | 10.21 | 12.20 | 12.34 | 13.91 | 14.89 | 16.75 |
| Fuel - Other | 8,768 | 7,623 | 10,872 | 8,594 | 9,411 | 9,509 | 9,562 |
| \$/MWH | 1.08 | 0.97 | 1.35 | 1.06 | 1.14 | 1.17 | 1.20 |
| Operations | 7,734 | 8,446 | 8,606 | 8,845 | 10,197 | 10,099 | 15,971 |
| \$/MWH | 0.95 | 1.07 | 1.07 | 1.08 | 1.24 | 1.25 | 1.98 |
| Maintenance | 23,105 | 17,475 | 18,643 | 17,968 | 19,964 | 18,895 | 19,351 |
| \$/MWH | 2.85 | 2.22 | 2.31 | 2.19 | 2.42 | 2.34 | 2.40 |
| Transmission & Systems | 1,666 | 1,751 | 2,229 | 2,338 | 2,159 | 2,215 | 2,244 |
| \$/MWH | 0.21 | 0.22 | 0.28 | 0.28 | 0.26 | 0.27 | 0.28 |
| Total Production, Trans. & System Costs | \$ 115,738 | \$ 115,822 | \$ 138,619 | \$ 139,099 | \$ 156,288 | \$ 161,195 | \$ 182,472 |
| \$/MWH | 14.25 | 14.69 | 17.21 | 16.95 | 18.97 | 19.92 | 22.61 |
| Admin. & General Costs | \$ 13,183 | \$ 14,481 | \$ 17,420 | \$ 16,137 | \$ 17,506 | \$ 17,947 | \$ 18,842 |
| \$/MWH | 1.62 | 1.84 | 2.16 | 1.97 | 2.13 | 2.22 | 2.33 |
| Taxes* | 2,486 | 2,330 | 2,138 | 2,138 | 2,258 | 2,322 | 2,380 |
| \$/MWH | 0.31 | 0.30 | 0.27 | 0.26 | 0.27 | 0.29 | 0.29 |
| Depreciation & Interest | 13,037 | 9,407 | 6,991 | 6,702 | 6,800 | 7,074 | 9,072 |
| \$/MWH | 1.60 | 1.19 | 0.87 | 0.82 | 0.83 | 0.87 | 1.12 |
| Total Costs | \$ 144,444 | \$ 142,040 | \$ 165,168 | \$ 164,076 | \$ 182,852 | \$ 188,538 | \$ 212,766 |
| \$/MWH | 17.78 | 18.02 | 20.51 | 20.00 | 22.20 | 23.30 | 26.35 |

*Pre 2006 includes Component D Income Taxes, Post 2005 excludes Income Taxes

10/23/06

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Capital Ten Year Plan for 2007 Budget



| | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | Ten Year Total |
|----------------|------|------|------|------|------|------|------|------|------|------|----------------|
| Unit Outage | 3 | 1 | 4 | 2 | 6 | 5 | 3 | 1 | 4 | 2 | |
| Number of Days | 43 | 80 | 75 | 70 | 77 | 77 | 85 | 70 | 70 | 70 | |

Environmental Projects

| | | | | | | | | | | | | |
|------|--|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----|-----|---------------|
| 2069 | Air Pollution Control for SO2 | \$500,000 | \$6,375,000 | \$25,711,000 | \$52,964,000 | \$81,830,000 | \$77,261,000 | \$28,938,000 | \$0 | \$0 | \$0 | \$273,579,000 |
| 2030 | Air Pollution Control for Mercury | 700,000 | 5,200,000 | 3,528,000 | 0 | 0 | 0 | 20,662,000 | 49,657,000 | 0 | 0 | 79,747,000 |
| 2983 | NOx Reduction Boiler Modifications | 2,652,714 | 2,731,735 | 2,812,825 | 2,897,150 | 0 | 0 | 0 | 0 | 0 | 0 | 11,094,424 |
| 2084 | Landfill for Multipollutant Waste | 360,000 | 500,000 | 2,840,000 | 4,800,000 | 0 | 0 | 0 | 0 | 0 | 0 | 8,500,000 |
| 2995 | Cooling Water Intake 316(b) Study | 100,000 | 2,800,000 | 100,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,000,000 |
| 2107 | Mercury Control with MinPlus Sorbent Injection | 2,017,043 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,017,043 |
| 2108 | Install Mercury Monitoring Equipment | 250,000 | 150,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 400,000 |
| | Purchase Mercury Analysis Equipment for the | | | | | | | | | | | |
| 2100 | Lab | 87,335 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 87,335 |
| | Subtotal | \$6,667,092 | \$17,756,735 | \$34,991,825 | \$60,661,150 | \$81,830,000 | \$77,261,000 | \$49,600,000 | \$49,657,000 | \$0 | \$0 | \$378,424,802 |

Major Projects

| | | | | | | | | | | | | |
|------|--|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| 3118 | Replace Air Pre-heaters | \$0 | \$6,700,000 | \$7,080,000 | \$7,470,000 | \$7,910,000 | \$8,360,000 | \$8,850,000 | \$0 | \$0 | \$0 | \$46,370,000 |
| 3119 | Replace Economizer Hoppers | 0 | 1,860,000 | 1,993,000 | 2,132,000 | 2,283,000 | 2,446,000 | 2,621,000 | 0 | 0 | 0 | 13,335,000 |
| 3039 | Repair Bottom Ash Hopper | 0 | 0 | 0 | 0 | 1,479,000 | 1,585,000 | 1,702,000 | 1,829,000 | 1,956,000 | 2,104,000 | 10,655,000 |
| 2101 | Main Power Transformer Replacements | 0 | 0 | 237,500 | 855,500 | 1,150,300 | 1,184,700 | 1,218,900 | 1,254,100 | 1,293,400 | 1,334,600 | 8,529,000 |
| 3029 | HydroJets | 0 | 1,165,000 | 1,165,000 | 225,000 | 1,165,000 | 1,165,000 | 1,165,000 | 0 | 0 | 0 | 6,050,000 |
| 2058 | Rail Crossing Overpass | 0 | 0 | 0 | 4,500,000 | 0 | 0 | 0 | 0 | 0 | 0 | 4,500,000 |
| | DCS(Distributed Control System) Upgrade to | | | | | | | | | | | |
| 3048 | Ovation | 900,000 | 870,000 | 870,000 | 870,000 | 0 | 0 | 0 | 0 | 0 | 0 | 3,510,000 |
| 3995 | 161KV Wiring Replacement | 100,000 | 250,000 | 1,511,568 | 1,467,510 | 0 | 0 | 0 | 0 | 0 | 0 | 3,329,078 |
| 2113 | Coal Pile Expansion | 200,000 | 1,000,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,200,000 |
| | Subtotal | \$1,200,000 | \$20,245,000 | \$21,801,068 | \$27,058,010 | \$20,067,300 | \$21,230,700 | \$29,266,900 | \$10,492,100 | \$11,173,400 | \$11,917,600 | \$174,452,078 |

**Electric Energy, Inc.
Budget Comparisons
(000's Omitted)**



| | 5 Year Average 2001-2005 | 2005 Actual | 2006 Budget | 2006 Projection | 2007 Budget | 2008 Budget | 2009 Budget |
|--|---|------------------------|------------------------|----------------------------|------------------------|------------------------|------------------------|
| Net Generation (MWH) | 8,132 | 7,883 | 8,057 | 8,207 | 8,235 | 8,092 | 8,075 |
| Availability | 94.11 | 93.97 | 95.15 | 94.90 | 94.56 | 92.71 | 92.78 |
| Equivalent Availability | 93.56 | 93.34 | 94.51 | 94.33 | 93.92 | 92.07 | 92.14 |
| Utilization Factor | 97.71 | 95.36 | 96.17 | 98.18 | 99.00 | 99.00 | 99.00 |
| Capacity Factor | 91.74 | 89.01 | 90.95 | 92.61 | 92.95 | 91.11 | 91.17 |
| Fuel Consumed | | | | | | | |
| Tons | 4,918 | 4,852 | 4,997 | 5,180 | 5,300 | 5,212 | 5,068 |
| \$ Amount | \$ 83,233 | \$ 88,150 | \$ 109,141 | \$ 109,948 | \$ 123,968 | \$ 129,986 | \$ 144,906 |
| Production Costs | | | | | | | |
| Fuel - Coal | \$ 74,465 | \$ 80,527 | \$ 98,269 | \$ 101,354 | \$ 114,558 | \$ 120,477 | \$ 135,344 |
| \$/MWH | 9.16 | 10.21 | 12.20 | 12.34 | 13.91 | 14.89 | 16.75 |
| Fuel - Other | 8,768 | 7,623 | 10,872 | 8,594 | 9,411 | 9,509 | 9,562 |
| \$/MWH | 1.08 | 0.97 | 1.35 | 1.06 | 1.14 | 1.17 | 1.20 |
| Operations | 7,734 | 8,446 | 8,606 | 8,845 | 10,197 | 10,099 | 15,971 |
| \$/MWH | 0.95 | 1.07 | 1.07 | 1.08 | 1.24 | 1.25 | 1.98 |
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| \$/MWH | 2.85 | 2.22 | 2.31 | 2.19 | 2.42 | 2.34 | 2.40 |
| Transmission & Systems | 1,666 | 1,751 | 2,229 | 2,338 | 2,159 | 2,215 | 2,244 |
| \$/MWH | 0.21 | 0.22 | 0.28 | 0.28 | 0.26 | 0.27 | 0.28 |
| Total Production, Trans. & System Costs | \$ 115,738 | \$ 115,822 | \$ 138,619 | \$ 139,099 | \$ 156,288 | \$ 161,195 | \$ 182,472 |
| \$/MWH | 14.25 | 14.69 | 17.21 | 16.95 | 18.97 | 19.92 | 22.61 |
| Admin. & General Costs | \$ 13,183 | \$ 14,481 | \$ 17,420 | \$ 16,137 | \$ 17,506 | \$ 17,947 | \$ 18,842 |
| \$/MWH | 1.62 | 1.84 | 2.16 | 1.97 | 2.13 | 2.22 | 2.33 |
| Taxes* | 2,486 | 2,330 | 2,138 | 2,138 | 2,258 | 2,322 | 2,380 |
| \$/MWH | 0.31 | 0.30 | 0.27 | 0.26 | 0.27 | 0.29 | 0.29 |
| Depreciation & Interest | 13,037 | 9,407 | 6,991 | 6,702 | 6,800 | 7,074 | 9,072 |
| \$/MWH | 1.60 | 1.19 | 0.87 | 0.82 | 0.83 | 0.87 | 1.12 |
| Total Costs | \$ 144,444 | \$ 142,040 | \$ 165,168 | \$ 164,076 | \$ 182,852 | \$ 188,538 | \$ 212,766 |
| \$/MWH | 17.78 | 18.02 | 20.51 | 20.00 | 22.20 | 23.30 | 26.35 |

*Pre 2006 includes Component D Income Taxes, Post 2005 excludes Income Taxes

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Fuel
2007 - 2009 Budget
Line Item Categories

| Area | 2005 Actual | 2006 Projection | 2007 Budget | 2008 Budget | 2009 Budget |
|--------------------------|----------------|--------------------|----------------|----------------|----------------|
| A) Net Generation MWH | 7,881,897 | 8,207,136 | 8,235,000 | 8,092,000 | 8,075,000 |
| B) Cost of coal consumed | \$36,435,572 | \$41,209,122 | \$47,824,225 | \$52,935,854 | \$53,197,450 |
| \$/MWH | \$4.62 | \$5.02 | \$5.81 | \$6.54 | \$6.59 |
| Freight | 44,092,068 | 60,145,187 | 66,733,270 | 67,541,260 | 82,146,607 |
| \$/MWH | \$5.59 | \$7.32 | \$8.10 | \$8.35 | \$10.16 |
| C) Labor | 983,909 | 1,126,772 | 1,177,651 | 1,193,662 | 1,240,487 |
| \$/MWH | \$0.12 | \$0.14 | \$0.14 | \$0.15 | \$0.15 |
| D) Supplies | 638,443 | 781,346 | 779,328 | 784,116 | 788,090 |
| \$/MWH | \$0.08 | \$0.10 | \$0.09 | \$0.10 | \$0.10 |
| E) Railcar & Track Depr. | 281,968 | 4,286 | 2,990 | 2,724 | 2,368 |
| \$/MWH | \$0.04 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| F) Gas Line Depreciation | 44,528 | 44,491 | 44,496 | 44,568 | 44,491 |
| \$/MWH | \$0.01 | \$0.01 | \$0.01 | \$0.01 | \$0.01 |
| G) Equipment Lease* | 233,571 | 435,800 | 522,504 | 525,004 | 527,500 |
| \$/MWH | \$0.03 | \$0.05 | \$0.06 | \$0.06 | \$0.07 |
| H) Other J&E Expenses ** | 3,403,485 | 4,566,500 | 4,672,204 | 4,739,500 | 4,808,700 |
| \$/MWH | \$0.43 | \$0.56 | \$0.57 | \$0.59 | \$0.60 |
| I) Oil and Gas | 2,035,900 | 1,634,698 | 2,211,450 | 2,219,204 | 2,150,489 |
| \$/MWH | \$0.26 | \$0.20 | \$0.27 | \$0.26 | \$0.27 |
| Total | \$88,149,444 | \$109,948,202 | \$123,968,118 | \$129,985,892 | \$144,906,182 |
| \$/MWH | \$11.18 | \$13.40 | \$15.05 | \$16.06 | \$17.95 |

*2005 Equipment Lease reflects a \$90k maintenance rebate on lease equipment, 2006-2008 includes additional leased equipment needed to support the increased coal inventory levels.

**Leased 214 additional GE cars and additional cars are leased from Ameren as needed.

**Electric Energy, Inc.
Budget Comparisons
(000's Omitted)**



| | 5 Year Average 2001-2005 | 2005 Actual | 2006 Budget | 2006 Projection | 2007 Budget | 2008 Budget | 2009 Budget |
|--|---|------------------------|------------------------|----------------------------|------------------------|------------------------|------------------------|
| Net Generation (MWH) | 8,132 | 7,883 | 8,057 | 8,207 | 8,235 | 8,092 | 8,075 |
| Availability | 94.11 | 93.97 | 95.15 | 94.90 | 94.56 | 92.71 | 92.78 |
| Equivalent Availability | 93.56 | 93.34 | 94.51 | 94.33 | 93.92 | 92.07 | 92.14 |
| Utilization Factor | 97.71 | 95.36 | 96.17 | 98.18 | 99.00 | 99.00 | 99.00 |
| Capacity Factor | 91.74 | 89.01 | 90.95 | 92.61 | 92.95 | 91.11 | 91.17 |
| Fuel Consumed | | | | | | | |
| Tons | 4,918 | 4,852 | 4,997 | 5,180 | 5,300 | 5,212 | 5,068 |
| \$ Amount | \$ 83,233 | \$ 88,150 | \$ 109,141 | \$ 109,948 | \$ 123,968 | \$ 129,986 | \$ 144,906 |
| Production Costs | | | | | | | |
| Fuel - Coal | \$ 74,465 | \$ 80,527 | \$ 98,269 | \$ 101,354 | \$ 114,558 | \$ 120,477 | \$ 135,344 |
| \$/MWH | 9.16 | 10.21 | 12.20 | 12.34 | 13.91 | 14.89 | 16.75 |
| Fuel - Other | 8,768 | 7,623 | 10,872 | 8,594 | 9,411 | 9,509 | 9,562 |
| \$/MWH | 1.08 | 0.97 | 1.35 | 1.06 | 1.14 | 1.17 | 1.20 |
| Operations | 7,734 | 8,446 | 8,606 | 8,845 | 10,197 | 10,099 | 15,971 |
| \$/MWH | 0.95 | 1.07 | 1.07 | 1.08 | 1.24 | 1.25 | 1.98 |
| Maintenance | 23,105 | 17,475 | 18,643 | 17,968 | 19,964 | 18,895 | 19,351 |
| \$/MWH | 2.85 | 2.22 | 2.31 | 2.19 | 2.42 | 2.34 | 2.40 |
| Transmission & Systems | 1,666 | 1,751 | 2,229 | 2,338 | 2,159 | 2,215 | 2,244 |
| \$/MWH | 0.21 | 0.22 | 0.28 | 0.28 | 0.26 | 0.27 | 0.28 |
| Total Production, Trans. & System Costs | \$ 115,738 | \$ 115,822 | \$ 138,619 | \$ 139,099 | \$ 156,288 | \$ 161,195 | \$ 182,472 |
| \$/MWH | 14.25 | 14.69 | 17.21 | 16.95 | 18.97 | 19.92 | 22.61 |
| Admin. & General Costs | \$ 13,183 | \$ 14,481 | \$ 17,420 | \$ 16,137 | \$ 17,506 | \$ 17,947 | \$ 18,842 |
| \$/MWH | 1.62 | 1.84 | 2.16 | 1.97 | 2.13 | 2.22 | 2.33 |
| Taxes* | 2,486 | 2,330 | 2,138 | 2,138 | 2,258 | 2,322 | 2,380 |
| \$/MWH | 0.31 | 0.30 | 0.27 | 0.26 | 0.27 | 0.29 | 0.29 |
| Depreciation & Interest | 13,037 | 9,407 | 6,991 | 6,702 | 6,800 | 7,074 | 9,072 |
| \$/MWH | 1.60 | 1.19 | 0.87 | 0.82 | 0.83 | 0.87 | 1.12 |
| Total Costs | \$ 144,444 | \$ 142,040 | \$ 165,168 | \$ 164,076 | \$ 182,852 | \$ 188,538 | \$ 212,766 |
| \$/MWH | 17.78 | 18.02 | 20.51 | 20.00 | 22.20 | 23.30 | 26.35 |

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*Pre 2006 includes Component D Income Taxes, Post 2005 excludes Income Taxes



Operations

- Mercury sorbent injection for testing purposes begins 7/1/07 (\$780k.) This amount will increase to \$5.5M in 2009 when we begin sorbent injection on all units.
- Salaried labor increased due to:
 - Promotion of two supervisors to superintendents
 - Hiring an additional training supervisor
 - Hiring an additional Fuel Processing Supervisor to train for a retirement
 - Hiring three additional Operations Supervisors to strengthen performance assessment program, prepare for scrubber operations, and to train for future personnel retirements.

**Electric Energy, Inc.
Budget Comparisons
(000's Omitted)**



| | <u>5 Year Average 2001-2005</u> | <u>2005 Actual</u> | <u>2006 Budget</u> | <u>2006 Projection</u> | <u>2007 Budget</u> | <u>2008 Budget</u> | <u>2009 Budget</u> |
|--|---|------------------------|------------------------|----------------------------|------------------------|------------------------|------------------------|
| Net Generation (MWH) | 8,132 | 7,883 | 8,057 | 8,207 | 8,235 | 8,092 | 8,075 |
| Availability | 94.11 | 93.97 | 95.15 | 94.90 | 94.56 | 92.71 | 92.78 |
| Equivalent Availability | 93.56 | 93.34 | 94.51 | 94.33 | 93.92 | 92.07 | 92.14 |
| Utilization Factor | 97.71 | 95.36 | 96.17 | 98.18 | 99.00 | 99.00 | 99.00 |
| Capacity Factor | 91.74 | 89.01 | 90.95 | 92.61 | 92.95 | 91.11 | 91.17 |
| Fuel Consumed | | | | | | | |
| Tons | 4,918 | 4,852 | 4,997 | 5,180 | 5,300 | 5,212 | 5,068 |
| \$ Amount | \$ 83,233 | \$ 88,150 | \$ 109,141 | \$ 109,948 | \$ 123,968 | \$ 129,986 | \$ 144,906 |
| Production Costs | | | | | | | |
| Fuel - Coal | \$ 74,465 | \$ 80,527 | \$ 98,269 | \$ 101,354 | \$ 114,558 | \$ 120,477 | \$ 135,344 |
| \$/MWH | 9.16 | 10.21 | 12.20 | 12.34 | 13.91 | 14.89 | 16.75 |
| Fuel - Other | 8,768 | 7,623 | 10,872 | 8,594 | 9,411 | 9,509 | 9,562 |
| \$/MWH | 1.08 | 0.97 | 1.35 | 1.06 | 1.14 | 1.17 | 1.20 |
| Operations | 7,734 | 8,446 | 8,606 | 8,845 | 10,197 | 10,099 | 15,971 |
| \$/MWH | 0.95 | 1.07 | 1.07 | 1.08 | 1.24 | 1.25 | 1.98 |
| Maintenance | 23,105 | 17,475 | 18,643 | 17,968 | 19,964 | 18,895 | 19,351 |
| \$/MWH | 2.85 | 2.22 | 2.31 | 2.19 | 2.42 | 2.34 | 2.40 |
| Transmission & Systems | 1,666 | 1,751 | 2,229 | 2,338 | 2,159 | 2,215 | 2,244 |
| \$/MWH | 0.21 | 0.22 | 0.28 | 0.28 | 0.26 | 0.27 | 0.28 |
| Total Production, Trans. & System Costs | \$ 115,738 | \$ 115,822 | \$ 138,619 | \$ 139,099 | \$ 156,288 | \$ 161,195 | \$ 182,472 |
| \$/MWH | 14.25 | 14.69 | 17.21 | 16.95 | 18.97 | 19.92 | 22.61 |
| Admin. & General Costs | \$ 13,183 | \$ 14,481 | \$ 17,420 | \$ 16,137 | \$ 17,506 | \$ 17,947 | \$ 18,842 |
| \$/MWH | 1.62 | 1.84 | 2.16 | 1.97 | 2.13 | 2.22 | 2.33 |
| Taxes* | 2,486 | 2,330 | 2,138 | 2,138 | 2,258 | 2,322 | 2,380 |
| \$/MWH | 0.31 | 0.30 | 0.27 | 0.26 | 0.27 | 0.29 | 0.29 |
| Depreciation & Interest | 13,037 | 9,407 | 6,991 | 6,702 | 6,800 | 7,074 | 9,072 |
| \$/MWH | 1.60 | 1.19 | 0.87 | 0.82 | 0.83 | 0.87 | 1.12 |
| Total Costs | \$ 144,444 | \$ 142,040 | \$ 165,168 | \$ 164,076 | \$ 182,852 | \$ 188,538 | \$ 212,766 |
| \$/MWH | 17.78 | 18.02 | 20.51 | 20.00 | 22.20 | 23.30 | 26.35 |

*Pre 2006 includes Component D Income Taxes, Post 2005 excludes Income Taxes

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Maintenance

- Additional work in 2007 on Unit 3 outage compared to similar work on Unit 5 in 2006.
 - Guardian packing & spill strips costing \$527k, for a difference of \$466k.
 - Boiler tie-back repairs +\$332k.
 - Boiler stationary coal nozzles and elbows +\$220k.
 - Chemical cleaning +\$145k.
 - DMW FSH rows 2 & 3 +\$227k.
 - Other boiler outage work +\$196k.
 - Other turbine outage work +\$252k.
 - Air heater baskets +\$350k.

**Electric Energy, Inc.
Budget Comparisons
(000's Omitted)**



| | 5 Year Average 2001-2005 | 2005 Actual | 2006 Budget | 2006 Projection | 2007 Budget | 2008 Budget | 2009 Budget |
|--|---|------------------------|------------------------|----------------------------|------------------------|------------------------|------------------------|
| Net Generation (MWH) | 8,132 | 7,883 | 8,057 | 8,207 | 8,235 | 8,092 | 8,075 |
| Availability | 94.11 | 93.97 | 95.15 | 94.90 | 94.56 | 92.71 | 92.78 |
| Equivalent Availability | 93.56 | 93.34 | 94.51 | 94.33 | 93.92 | 92.07 | 92.14 |
| Utilization Factor | 97.71 | 95.36 | 96.17 | 98.18 | 99.00 | 99.00 | 99.00 |
| Capacity Factor | 91.74 | 89.01 | 90.95 | 92.61 | 92.95 | 91.11 | 91.17 |
| Fuel Consumed | | | | | | | |
| Tons | 4,918 | 4,852 | 4,997 | 5,180 | 5,300 | 5,212 | 5,068 |
| \$ Amount | \$ 83,233 | \$ 88,150 | \$ 109,141 | \$ 109,948 | \$ 123,968 | \$ 129,986 | \$ 144,906 |
| Production Costs | | | | | | | |
| Fuel - Coal | \$ 74,465 | \$ 80,527 | \$ 98,269 | \$ 101,354 | \$ 114,558 | \$ 120,477 | \$ 135,344 |
| \$/MWH | 9.16 | 10.21 | 12.20 | 12.34 | 13.91 | 14.89 | 16.75 |
| Fuel - Other | 8,768 | 7,623 | 10,872 | 8,594 | 9,411 | 9,509 | 9,562 |
| \$/MWH | 1.08 | 0.97 | 1.35 | 1.06 | 1.14 | 1.17 | 1.20 |
| Operations | 7,734 | 8,446 | 8,606 | 8,845 | 10,197 | 10,099 | 15,971 |
| \$/MWH | 0.95 | 1.07 | 1.07 | 1.08 | 1.24 | 1.25 | 1.98 |
| Maintenance | 23,105 | 17,475 | 18,643 | 17,968 | 19,964 | 18,895 | 19,351 |
| \$/MWH | 2.85 | 2.22 | 2.31 | 2.19 | 2.42 | 2.34 | 2.40 |
| Transmission & Systems | 1,666 | 1,751 | 2,229 | 2,338 | 2,159 | 2,215 | 2,244 |
| \$/MWH | 0.21 | 0.22 | 0.28 | 0.28 | 0.26 | 0.27 | 0.28 |
| Total Production, Trans. & System Costs | \$ 115,738 | \$ 115,822 | \$ 138,619 | \$ 139,099 | \$ 156,288 | \$ 161,195 | \$ 182,472 |
| \$/MWH | 14.25 | 14.69 | 17.21 | 16.95 | 18.97 | 19.92 | 22.61 |
| Admin. & General Costs | \$ 13,183 | \$ 14,481 | \$ 17,420 | \$ 16,137 | \$ 17,506 | \$ 17,947 | \$ 18,842 |
| \$/MWH | 1.62 | 1.84 | 2.16 | 1.97 | 2.13 | 2.22 | 2.33 |
| Taxes* | 2,486 | 2,330 | 2,138 | 2,138 | 2,258 | 2,322 | 2,380 |
| \$/MWH | 0.31 | 0.30 | 0.27 | 0.26 | 0.27 | 0.29 | 0.29 |
| Depreciation & Interest | 13,037 | 9,407 | 6,991 | 6,702 | 6,800 | 7,074 | 9,072 |
| \$/MWH | 1.60 | 1.19 | 0.87 | 0.82 | 0.83 | 0.87 | 1.12 |
| Total Costs | \$ 144,444 | \$ 142,040 | \$ 165,168 | \$ 164,076 | \$ 182,852 | \$ 188,538 | \$ 212,766 |
| \$/MWH | 17.78 | 18.02 | 20.51 | 20.00 | 22.20 | 23.30 | 26.35 |

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*Pre 2006 includes Component D Income Taxes, Post 2005 excludes Income Taxes

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A&G

- Healthcare increased 36% from the 2005 Actual.
- Pension increased 39% from the 2005 Actual.
- Property Insurance premium increased 76% from the 2005 Actual (61% premium increase, 15% new terrorism policy).
- New insurance policy in 2007 for Generation Loss (\$150k).

Note: Source of cash is positive; use of cash is in ()

Electric Energy, Inc. (Consolidated)

Statement of Projected Cash Flow 2006-2015



(\$ in 000's)

| | Actual 2005 | Projected 2006 | Budget 2007 | Budget 2008 | Budget 2009 | Est. 2010 | Est. 2011 | Est. 2012 | Est. 2013 | Est. 2014 | Est. 2015 |
|--|-----------------|-------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Beginning Cash | 222 | 354 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 |
| Net Cash Inflows: | | | | | | | | | | | |
| (1) Net income | 21,116 | 135,818 | 125,788 | 121,174 | 102,753 | 95,502 | 98,726 | 88,817 | 101,137 | 118,239 | 86,728 |
| (2) Tax benefit trans. improv. | 263 | 243 | 227 | 223 | 223 | 223 | 223 | 223 | 223 | 223 | 223 |
| (3) Tax benefit CT depreciation | 326 | 278 | 275 | 275 | 275 | 276 | 276 | 276 | 276 | 276 | (140) |
| (4) Tax benefit S'line depreciation | 0 | 150 | 400 | 912 | 1,714 | 2,374 | 2,516 | 5,827 | 12,186 | 14,992 | 16,094 |
| (5) Tax benefit turbine rotor expense | 763 | 541 | 406 | 1,409 | (97) | 235 | 753 | (136) | 184 | 1,519 | 4,759 |
| (6) Short-term borrowings | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (7) Increase in Ameren loan | 19,900 | 25,613 | 0 | 8,393 | 36,960 | 61,307 | 74,573 | 66,700 | 41,834 | 16,235 | 0 |
| (8) Depreciation (less removal) | 7,616 | 5,616 | 5,983 | 6,701 | 7,440 | 8,013 | 9,086 | 11,327 | 15,832 | 18,217 | 19,529 |
| (9) Depreciation CT's | 1,560 | 1,558 | 1,541 | 1,535 | 1,530 | 1,528 | 1,528 | 1,528 | 1,528 | 1,528 | 1,526 |
| (10) Depreciation rail cars | 306 | 4 | 3 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Inflows | 51,850 | 169,821 | 134,623 | 140,626 | 150,798 | 169,458 | 187,682 | 174,563 | 173,200 | 171,231 | 128,719 |
| Net Cash Outflows: | | | | | | | | | | | |
| (11) Dividends | 0 | (137,500) | (107,000) | (103,000) | (87,000) | (81,000) | (84,000) | (75,000) | (86,000) | (100,000) | (74,000) |
| (12) Capital expenditures EEI | (7,617) | (6,804) | (5,808) | (26,365) | (24,008) | (31,412) | (23,669) | (22,592) | (32,182) | (15,804) | (24,919) |
| (13) Capital exp./Multi. pollutant control | (2,230) | (2,849) | (6,667) | (17,757) | (34,992) | (60,661) | (81,830) | (77,261) | (49,600) | (49,657) | 0 |
| (15) Capital expend. subsidiaries | (26) | (7) | (266) | (200) | (25) | 0 | 0 | 0 | 0 | 0 | 0 |
| (15) Tax cost trans. improv. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (16) Chngs in curr assets & liab. | 10,724 | (22,514) | (1,811) | 6,696 | (4,773) | 3,615 | 1,817 | 290 | (5,418) | (5,770) | (3,663) |
| (17) Repayments of s.t. debt | (38,125) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (18) Repayments of Ameren loan | 0 | 0 | (13,071) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (26,137) |
| (19) Repayments of l.t. principal | (14,444) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (20) Repayment of add'l l.t. financing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Outflows | (51,718) | (169,674) | (134,623) | (140,626) | (150,798) | (169,458) | (187,682) | (174,563) | (173,200) | (171,231) | (128,719) |
| Net Cash Flow | 132 | 146 | 0 | (0) | (0) | (0) | (0) | 0 | 0 | (0) | (0) |
| Ending Cash Balance | 354 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 |

ASSUMPTIONS: After 2005, sales are at market rates: 2006 \$42.60/MWH, 2007 \$46.47/MWH, 2008 \$46.93/MWH, and 2009 \$46.30/MWH.

Beginning in 2007, dividends are declared and paid quarterly, at approximately 85 percent of earnings.

Ameren loan increases to \$338M max in 2014.

MACRS depreciation in '05 (50% bonus '04; half-year convention), then straight-line, generally over 33 years.

Electric Energy, Inc. (Consolidated)



Projected Balance Sheet 2005-2015

(\$ in 000's)

| | Actual 2005 | Projected 2006 | Budget 2007 | Budget 2008 | Budget 2009 | Est. 2010 | Est. 2011 | Est. 2012 | Est. 2013 | Est. 2014 | Est. 2015 |
|---|----------------|-------------------|----------------|----------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Assets | | | | | | | | | | | |
| (1) Plant In Service, CWIP | 470,389 | 480,049 | 492,790 | 537,112 | 596,137 | 688,210 | 793,709 | 893,562 | 975,344 | 1,040,805 | 1,065,724 |
| (2) Less Accum. Depr. | (379,737) | (386,915) | (394,442) | (402,682) | (411,652) | (421,193) | (431,807) | (444,662) | (462,022) | (481,767) | (502,822) |
| Net Plant | 90,652 | 93,134 | 98,348 | 134,430 | 184,485 | 267,017 | 361,902 | 448,900 | 513,322 | 559,038 | 562,902 |
| (3) Cash & Cash Equivalents | 354 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 |
| (4) Accounts Receivable | 26,184 | 30,461 | 31,477 | 31,481 | 32,411 | 32,983 | 34,079 | 33,440 | 36,321 | 39,692 | 36,197 |
| (5) Fuel Inventory | 10,449 | 14,722 | 18,684 | 18,755 | 26,639 | 27,438 | 28,261 | 29,109 | 29,982 | 30,881 | 31,807 |
| (6) Material Inventory-EEI | 7,645 | 7,000 | 7,000 | 7,000 | 7,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 |
| (7) Material Inventory-Subs. | 264 | 272 | 280 | 288 | 297 | 306 | 315 | 324 | 334 | 344 | 355 |
| (8) Prepayments, Other Assets | 2,834 | 2,834 | 2,834 | 2,834 | 2,834 | 2,834 | 2,834 | 2,834 | 2,834 | 2,834 | 2,834 |
| (9) Deferred Tax Trans. Improv. | 3,246 | 3,003 | 2,776 | 2,553 | 2,330 | 2,107 | 1,884 | 1,661 | 1,438 | 1,215 | 992 |
| (10) Deferred Tax CT Deprec. | (3,184) | (3,462) | (3,737) | (4,012) | (4,287) | (4,563) | (4,839) | (5,115) | (5,391) | (5,667) | (5,527) |
| (11) Deferred Tax S'line Deprec. | 0 | (150) | (550) | (1,462) | (3,176) | (5,550) | (8,066) | (13,893) | (26,079) | (41,071) | (57,165) |
| (12) Deferred Tax Turbine Rotors | (768) | (1,309) | (1,715) | (3,124) | (3,025) | (3,260) | (4,013) | (3,877) | (4,061) | (5,580) | (10,339) |
| (13) Deferred Tax Asset | 10,235 | 9,723 | 9,237 | 8,775 | 8,336 | 7,920 | 7,524 | 7,148 | 6,790 | 6,451 | 6,128 |
| Total Assets | 147,911 | 156,729 | 165,133 | 198,018 | 254,345 | 336,732 | 429,381 | 510,032 | 564,991 | 597,636 | 577,684 |
| Liabilities | | | | | | | | | | | |
| (14) Short Term Loan | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (15) Accounts Payable | 27,390 | 11,913 | 14,249 | 20,055 | 23,068 | 28,943 | 31,553 | 30,997 | 28,380 | 26,068 | 19,731 |
| (16) Accrued Interest | 69 | 106 | 113 | 262 | 476 | 774 | 1,083 | 1,320 | 1,447 | 1,426 | 685 |
| (17) Dividends Payable | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (18) Ameren Loan | 19,900 | 45,513 | 32,442 | 40,835 | 77,795 | 139,102 | 213,675 | 280,375 | 322,209 | 338,444 | 312,307 |
| (19) 1991 Senior Notes (8.6%) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (20) 1994 Senior Notes (6.61%) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (21) Add'l Senior Notes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (22) Other Liabilities | 11,778 | 12,105 | 12,450 | 12,814 | 13,199 | 13,605 | 14,034 | 14,487 | 14,965 | 15,470 | 16,003 |
| Total Liabilities | 59,137 | 69,637 | 59,254 | 73,965 | 114,539 | 182,423 | 260,345 | 327,179 | 367,002 | 381,408 | 348,726 |
| Stockholders' Equity | | | | | | | | | | | |
| (22) Common Stock | 6,200 | 6,200 | 6,200 | 6,200 | 6,200 | 6,200 | 6,200 | 6,200 | 6,200 | 6,200 | 6,200 |
| (23) Retained Earnings | 82,574 | 80,892 | 99,680 | 117,854 | 133,607 | 148,109 | 162,836 | 176,653 | 191,790 | 210,029 | 222,758 |
| Total Liabilities & Stockholders Equity | 147,911 | 156,729 | 165,133 | 198,018 | 254,345 | 336,732 | 429,381 | 510,032 | 564,991 | 597,636 | 577,684 |

ASSUMPTIONS: After 2005, sales are at market rates: 2006 \$42.60/MWH, 2007 \$46.47/MWH, 2008 \$46.93/MWH, and 2009 \$46.30/MWH.

Beginning in 2007, dividends are declared and paid quarterly, at approximately 85 percent of earnings.

Ameren loan increases to \$338M max in 2014.

MACRS depreciation in '05 (50% bonus '04; half-year convention), then straight-line, generally over 33 years.

Electric Energy, Inc. (Consolidated)

Projected Income Statement 2005-2015

(\$ in 000's)



| | <u>Actual 2005</u> | <u>Projected 2006</u> | <u>Budget 2007</u> | <u>Budget 2008</u> | <u>Projected 2009</u> | <u>Est. 2010</u> | <u>Est. 2011</u> | <u>Est. 2012</u> | <u>Est. 2013</u> | <u>Est. 2014</u> | <u>Est. 2015</u> |
|--|------------------------|---------------------------|------------------------|------------------------|---------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Operating Revenues | 174,779 | 369,696 | 403,490 | 400,571 | 394,370 | 401,232 | 414,386 | 406,727 | 441,297 | 481,740 | 439,801 |
| Operating Expenses | | | | | | | | | | | |
| (1) Fuel Costs | 91,626 | 110,447 | 124,693 | 130,697 | 145,617 | 149,964 | 154,442 | 159,054 | 163,804 | 168,697 | 173,737 |
| (2) Purchased Power | 1,852 | 5,442 | 5,442 | 5,442 | 5,442 | 5,442 | 5,442 | 5,442 | 5,442 | 5,442 | 5,442 |
| (3) Operations | 8,371 | 9,810 | 11,241 | 11,201 | 16,364 | 20,978 | 21,349 | 21,210 | 20,652 | 20,248 | 20,763 |
| (4) SO ₂ Allowance Purchases | 0 | 0 | 0 | 0 | 0 | 7,800 | 7,800 | 5,400 | 420 | 0 | 540 |
| (5) NO _x Allowance Purchases | 0 | 0 | 0 | 0 | 1,066 | 918 | 918 | 918 | 918 | 918 | 2,296 |
| (6) A&G | 18,295 | 16,414 | 18,118 | 18,555 | 19,526 | 20,111 | 20,714 | 21,336 | 21,975 | 22,634 | 23,313 |
| (7) Maintenance | 17,708 | 18,448 | 21,322 | 19,364 | 19,834 | 20,574 | 21,191 | 22,664 | 25,065 | 26,705 | 27,506 |
| (8) Trans. & Sys. | 1,751 | 2,349 | 2,254 | 2,218 | 2,247 | 2,314 | 2,384 | 2,455 | 2,529 | 2,605 | 2,683 |
| (9) Depreciation Expense | 14,435 | 7,716 | 7,627 | 8,397 | 9,167 | 9,761 | 10,834 | 13,075 | 17,580 | 19,946 | 21,223 |
| (10) Interest Expense | 2,247 | 1,083 | 1,154 | 687 | 1,714 | 1,968 | 2,437 | 4,713 | 11,813 | 14,833 | 14,992 |
| (11) Other Expenses | (713) | (417) | (301) | (305) | (278) | (256) | (231) | (205) | (178) | (149) | (119) |
| (12) Taxes Besides Income Taxes | 2,117 | 2,174 | 2,294 | 2,358 | 2,416 | 2,487 | 2,561 | 2,637 | 2,715 | 2,795 | 2,878 |
| (13) Income Taxes @ 40% Effective Rate | 6,487 | 78,492 | 83,858 | 80,783 | 68,502 | 63,668 | 65,818 | 59,211 | 67,425 | 78,826 | 57,819 |
| Total Expenses | 164,176 | 251,958 | 277,702 | 279,397 | 291,617 | 305,730 | 315,660 | 317,910 | 340,160 | 363,501 | 353,073 |
| Net Income Before Allowance Sales | 10,603 | 117,738 | 125,788 | 121,174 | 102,753 | 95,502 | 98,726 | 88,817 | 101,137 | 118,239 | 86,728 |
| Proceeds - SO ₂ sales (net of income taxes) | 9,789 | 17,663 | | | | | | | | | |
| Proceeds - NO _x sales (net of income taxes) | 724 | 417 | | | | | | | | | |
| Net Income After Allowance Sales | 21,116 | 135,818 | 125,788 | 121,174 | 102,753 | 95,502 | 98,726 | 88,817 | 101,137 | 118,239 | 86,728 |

ASSUMPTIONS:

After 2005, sales are at market rates: 2006 \$42.60/MWH, 2007 \$46.47/MWH, 2008 \$46.93/MWH, and 2009 \$46.30/MWH.
Beginning in 2007, dividends are declared and paid quarterly, at approximately 85 percent of earnings.
Ameren loan increases to \$338M max in 2014.
MACRS depreciation in '05 (50% bonus '04; half-year convention), then straight-line, generally over 33 years.

Electric Energy, Inc. (Consolidated)

Projected Revenue 2005-2015

(\$ in 000's)



| | <u>Projected 2006</u> | <u>Budget 2007</u> | <u>Budget 2008</u> | <u>Budget 2009</u> | <u>Est. 2010</u> | <u>Est. 2011</u> | <u>Est. 2012</u> | <u>Est. 2013</u> | <u>Est. 2014</u> | <u>Est. 2015</u> |
|---|---------------------------|------------------------|------------------------|------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| EEI Market Based: | | | | | | | | | | |
| Net Generation MWH | 8,211 | 8,239 | 8,096 | 8,079 | 8,072 | 8,071 | 8,099 | 8,013 | 8,047 | 8,068 |
| Rate per MWH | \$42.60 | \$46.47 | \$46.93 | \$46.30 | \$47.17 | \$48.80 | \$47.68 | \$52.50 | \$57.29 | \$51.94 |
| EEI Market Based Revenue \$ | 349,762 | 382,900 | 379,960 | 374,058 | 380,756 | 393,865 | 386,160 | 420,683 | 461,013 | 419,052 |
| Capacity Revenue, New Contract | 12,024 | 12,024 | 12,024 | 12,024 | 12,024 | 12,024 | 12,024 | 12,024 | 12,024 | 12,024 |
| Additional Power | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Facilities Use Charge, DOE | 315 | 315 | 315 | 315 | 315 | 315 | 315 | 315 | 315 | 315 |
| Coal Inv. Adj. from 2005 to Sponsors | (655) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Met South | 1,600 | 1,578 | 1,578 | 1,262 | 1,407 | 1,433 | 1,460 | 1,487 | 1,578 | 1,578 |
| Midwest Electric Power | 721 | 744 | 765 | 782 | 801 | 820 | 839 | 859 | 881 | 903 |
| Emission Allowances Auction | 487 | 487 | 487 | 487 | 487 | 487 | 487 | 487 | 487 | 487 |
| Open Access Transmission (offset in exp.) | 5,442 | 5,442 | 5,442 | 5,442 | 5,442 | 5,442 | 5,442 | 5,442 | 5,442 | 5,442 |
| Total Revenue | 369,696 | 403,490 | 400,571 | 394,370 | 401,232 | 414,386 | 406,727 | 441,297 | 481,740 | 439,801 |

Revenue above excludes EEI initiated sales of emission allowances that are reported separately, net of tax, on the income statement.

Electric Energy, Inc.

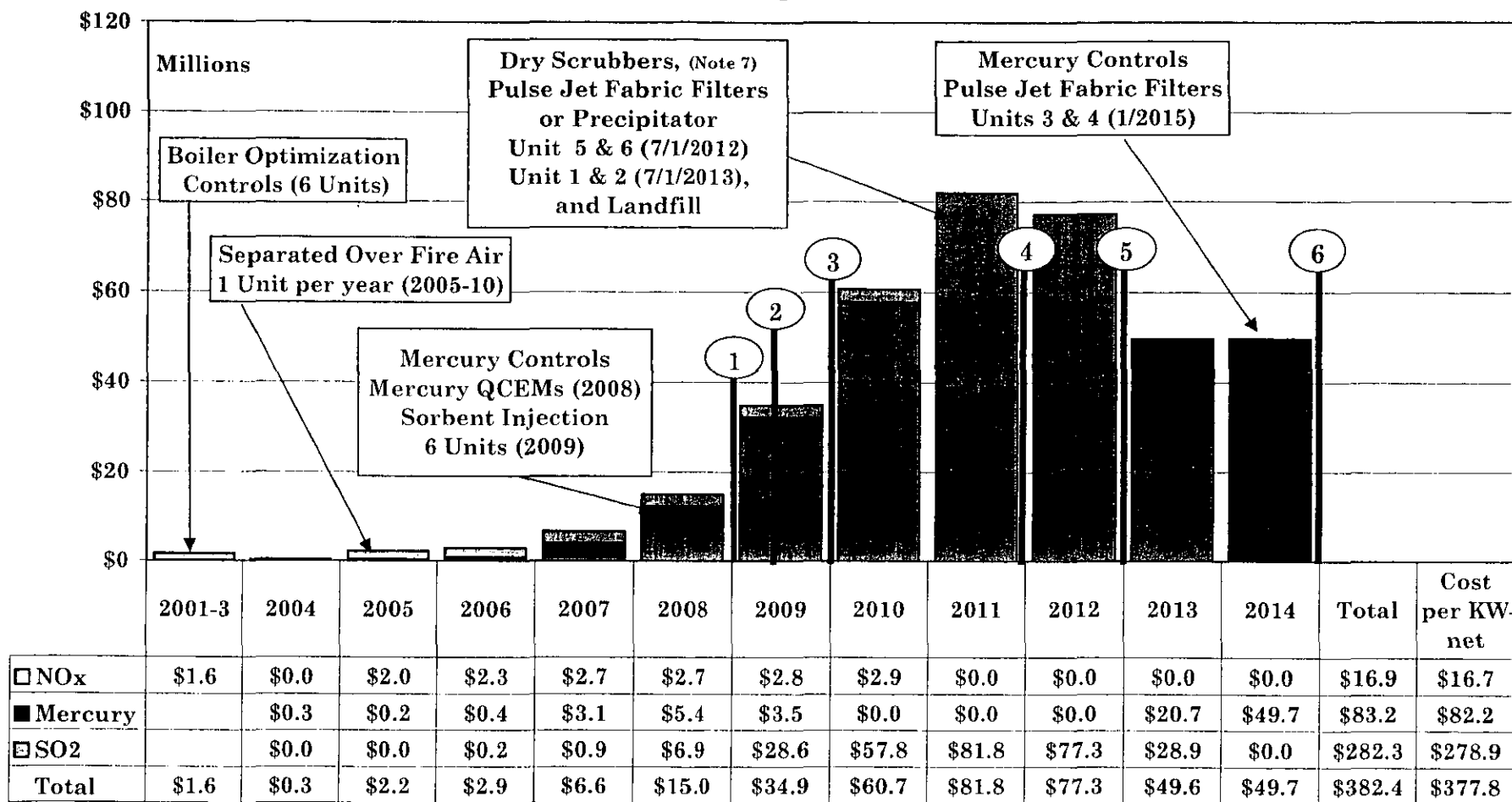
Projected Capital Expenditures

| | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> |
|----------------|------------------|---------------------|---------------------|---------------------|
| 2006 Budget | \$9,372,000 | \$9,393,000 | \$20,379,000 | \$34,500,000 |
| 2006 Projected | \$10,226,000 | | | |
| 2007 Budget | | <u>\$12,475,000</u> | <u>\$44,122,000</u> | <u>\$59,000,000</u> |
| Difference | <u>\$854,000</u> | <u>\$3,082,000</u> | <u>\$23,743,000</u> | <u>\$24,500,000</u> |

| Changes from 2006 budget | | | |
|---|--------------------|---------------------|----------------------|
| Mercury schedule moved up from 1/2010 to 7/2009 and additional sorbent testing | \$2,654,000 | \$729,000 | (\$3,782,000) |
| Studies for permitting and developing future landfill | \$360,000 | \$275,000 | (\$660,000) |
| Scrubber installation moved from 2011, 2012, 2014 and 2016 to 2 in 2012 and 2 in 2013 to meet rates stipulated in the Ameren/IEPA agreement | \$200,000 | \$5,875,000 | \$19,154,000 |
| Total MPC project change | <u>\$3,214,000</u> | <u>\$6,879,000</u> | <u>\$14,712,000</u> |
| Replace LPDF rotor, Unit 5 | \$500,000 | \$1,800,000 | |
| Air Pre-heaters (1 per year) | | \$6,700,000 | \$7,080,000 |
| Penthouse Links (1 per year) | | \$5,100,000 | \$5,390,000 |
| Backpass casing (1 per year) | | \$3,300,000 | \$3,554,000 |
| Economizer Hoppers (1 per year) | | \$1,860,000 | \$1,993,000 |
| Rail crossing overpass | | | <u>(\$1,000,000)</u> |
| Total | <u>\$3,714,000</u> | <u>\$25,639,000</u> | <u>\$31,729,000</u> |

10/23/2006

Multi-Pollutant Capital Expenditure Plan (2007 Budget Plan)



Estimated Clean Air Interstate (CAIR) with IEPA/Ameren Mercury Rule and 30% NOx Set Aside Emission Limits

1. 2009 NOx Ozone Season 1,815 tons (0.093 lb/mmbtu); NOx Annual Limit 4,619 tons (0.104 lb/mmbtu).
2. 2009 July Mercury Halogenated Activated Carbon Injection (minimum 5 lb/macf)
3. 2010 SO2 50% reduction (0.5 ton/1 ton allowance)
4. 2012 Ameren Group NOx average emission rate of 0.11 lb/mmbtu
5. 2013 Ameren Group SO2 average emission rate of 0.33 lb/mmbtu
6. 2015 NOx Ozone Season 1,713 tons (0.088 lb/mmbtu); NOx Annual Limit 3,850 tons (0.087 lb/mmbtu); SO2 65% reduction (.35 ton/1 ton allowance); Mercury 90% reduction or less than 0.008 lb/GWh; and Ameren Group SO2 average emission rate of 0.25 lb/mmbtu
7. Based on current analysis, dry scrubbing may be the lowest overall cost. Wet scrubbing is still an option and under consideration in our evaluation. Scrubbing of additional units may be considered based on economic evaluation.

Suggested Meeting Dates for 2007

| 1 st Meeting (Phone) | 2 nd Meeting (St. Louis) | 3 rd Meeting (Phone) | 4 th Meeting (St. Louis) |
|------------------------------------|--|------------------------------------|--|
| February 2 - No | May 4 - Yes | July 20 - Yes | October 26 - Yes |
| February 9 - American B&D - Yes | May 11 - Yes | July 27 - Yes | November 2 - Yes |
| February 16 - No | May 18 - Yes | August 3 - Yes | November 16 - Yes |

2007

JANUARY

| | | | | | | |
|----|----|----|----|----|----|----|
| S | M | T | W | T | F | S |
| 1 | 2 | 3 | 4 | 5 | 6 | |
| 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 28 | 29 | 30 | 31 | | | |

FEBRUARY

| | | | | | | |
|----|----|----|----|----|----|----|
| S | M | T | W | T | F | S |
| | | | | 1 | 2 | 3 |
| 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | | | |

MARCH

| | | | | | | |
|----|----|----|----|----|----|----|
| S | M | T | W | T | F | S |
| | | | | 1 | 2 | 3 |
| 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 | 31 |

APRIL

| | | | | | | |
|----|----|----|----|----|----|----|
| S | M | T | W | T | F | S |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | | | | | |

MAY

| | | | | | | |
|----|----|----|----|----|----|----|
| S | M | T | W | T | F | S |
| | | 1 | 2 | 3 | 4 | 5 |
| 6 | 7 | 8 | 9 | 10 | 11 | 12 |
| 13 | 14 | 15 | 16 | 17 | 18 | 19 |
| 20 | 21 | 22 | 23 | 24 | 25 | 26 |
| 27 | 28 | 29 | 30 | 31 | | |

JUNE

| | | | | | | |
|----|----|----|----|----|----|----|
| S | M | T | W | T | F | S |
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| 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| 17 | 18 | 19 | 20 | 21 | 22 | 23 |
| 24 | 25 | 26 | 27 | 28 | 29 | 30 |

JULY

| | | | | | | |
|----|----|----|----|----|----|----|
| S | M | T | W | T | F | S |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 15 | 16 | 17 | 18 | 19 | 20 | 21 |
| 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| 29 | 30 | 31 | | | | |

AUGUST

| | | | | | | |
|----|----|----|----|----|----|----|
| S | M | T | W | T | F | S |
| | | | 1 | 2 | 3 | 4 |
| 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| 19 | 20 | 21 | 22 | 23 | 24 | 25 |
| 26 | 27 | 28 | 29 | 30 | 31 | |

SEPTEMBER

| | | | | | | |
|----|----|----|----|----|----|----|
| S | M | T | W | T | F | S |
| | | | | | | 1 |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| 30 | | | | | | |

OCTOBER

| | | | | | | |
|----|----|----|----|----|----|----|
| S | M | T | W | T | F | S |
| 1 | 2 | 3 | 4 | 5 | 6 | |
| 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 14 | 15 | 16 | 17 | 18 | 19 | 20 |
| 21 | 22 | 23 | 24 | 25 | 26 | 27 |
| 28 | 29 | 30 | 31 | | | |

NOVEMBER

| | | | | | | |
|----|----|----|----|----|----|----|
| S | M | T | W | T | F | S |
| | | | | 1 | 2 | 3 |
| 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 |
| 18 | 19 | 20 | 21 | 22 | 23 | 24 |
| 25 | 26 | 27 | 28 | 29 | 30 | |

DECEMBER

| | | | | | | |
|----|----|----|----|----|----|----|
| S | M | T | W | T | F | S |
| | | | | | | 1 |
| 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 |
| 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 23 | 24 | 25 | 26 | 27 | 28 | 29 |
| 30 | 31 | | | | | |

Officers' Salary
Recommendation

Other

Agenda

October 27, 2006

- | | | | | | | | | | | | | | | | | | | | | | | |
|-------------------------------|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|----------------|--------------------|----------------|--------------------|------------|-------|---------|------------|------------|--------|---------|------------|-------------|--------|----------|-------------|--|
| 1. | Approve Minutes of Meeting Held July 21, 2006 | Approval | | | | | | | | | | | | | | | | | | | | |
| 2. | Earnings Report | Information | | | | | | | | | | | | | | | | | | | | |
| 3. | Status Report of Emission Allowance Sales | Information | | | | | | | | | | | | | | | | | | | | |
| 4. | Proposed Revision to Power Supply Agreement | Approval | | | | | | | | | | | | | | | | | | | | |
| 5. | 2007-2009 Operating Budget Presentation | Information | | | | | | | | | | | | | | | | | | | | |
| 6. | 2007-2009 Capital Budget Presentation | Approval | | | | | | | | | | | | | | | | | | | | |
| 7. | Suggested Meeting Dates for 2007: | Information | | | | | | | | | | | | | | | | | | | | |
| | <table border="0"><tr><td><u>1st Meeting</u></td><td><u>2nd Meeting</u></td><td><u>3rd Meeting</u></td><td><u>4th Meeting</u></td></tr><tr><td><u>(Phone)</u></td><td><u>(St. Louis)</u></td><td><u>(Phone)</u></td><td><u>(St. Louis)</u></td></tr><tr><td>February 2</td><td>May 4</td><td>July 20</td><td>October 26</td></tr><tr><td>February 9</td><td>May 11</td><td>July 27</td><td>November 2</td></tr><tr><td>February 16</td><td>May 18</td><td>August 3</td><td>November 16</td></tr></table> | <u>1st Meeting</u> | <u>2nd Meeting</u> | <u>3rd Meeting</u> | <u>4th Meeting</u> | <u>(Phone)</u> | <u>(St. Louis)</u> | <u>(Phone)</u> | <u>(St. Louis)</u> | February 2 | May 4 | July 20 | October 26 | February 9 | May 11 | July 27 | November 2 | February 16 | May 18 | August 3 | November 16 | |
| <u>1st Meeting</u> | <u>2nd Meeting</u> | <u>3rd Meeting</u> | <u>4th Meeting</u> | | | | | | | | | | | | | | | | | | | |
| <u>(Phone)</u> | <u>(St. Louis)</u> | <u>(Phone)</u> | <u>(St. Louis)</u> | | | | | | | | | | | | | | | | | | | |
| February 2 | May 4 | July 20 | October 26 | | | | | | | | | | | | | | | | | | | |
| February 9 | May 11 | July 27 | November 2 | | | | | | | | | | | | | | | | | | | |
| February 16 | May 18 | August 3 | November 16 | | | | | | | | | | | | | | | | | | | |
| 8. | Officers' Salary Recommendation | Approval | | | | | | | | | | | | | | | | | | | | |
| 9. | Other | | | | | | | | | | | | | | | | | | | | | |



Electric Energy, Inc.

July 14, 2006

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

RECEIVED

JUL 17 2006

SENIOR VICE PRESIDENT & CNO

Gentlemen:

Enclosed is a booklet containing reference information for our Board of Directors' Meeting scheduled for July 21, 2006, at 10:00 a.m. Central Time, via teleconference. Please use the dial in number and participant code listed at the bottom of the call information sheet that is also enclosed.

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

Yours very truly,

James M. Helm
Secretary-Treasurer

JMH:adb
Enclosures

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



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 teleconference 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, July 21, 2006, at 10:00 a.m. Central Time.

James M. Helm
Secretary

Date: July 14, 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



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 – 7/21/06**

Conference Call Notes

AT&T Conference Call Operator: (800) 526-2655

EI Teleconference Folder ID#: 503566748

Teleconference Call ID#: HJH1558

Company Name: Electric Energy, Inc.

Date of Call: 7/21/06

Time of Call: 10:00 a.m. – 12:00 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 | Dial In |
|-----------------------|----------------|---------|

| | | |
|--------|--------------------|---------|
| Ameren | Charles D. Naslund | Dial In |
| | David A. Whitely | Dial In |
| | Thomas R. Voss | Dial In |
| | Daniel F. Cole | Dial In |

| | | |
|-------------------------|---------------------|---------|
| LG&E/Kentucky Utilities | Paul W. Thompson | Dial In |
| | John N. Voyles, Jr. | Dial In |

Participant Dial In Number: 888-422-7128

Participant Code: 852111

Host Code: 153949

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

Electric Energy, Inc.

Board of Directors' Meeting

July 21, 2006



Agenda

July 21, 2006

| | <u>Action</u> |
|---|---------------|
| 1. Approve Minutes of Meeting Held May 17, 2006 | Approval |
| 2. Earnings Report | Approval |
| 3. Pension Fund Update | Information |
| 4. VEBA Trust Update | Information |
| 5. Capital Projects Status Report | Information |
| 6. Incentive Plan Status Report | Information |
| 7. Environmental Compliance Status Report | Information |
| 8. Other | |
| 9. Date of Next Meeting: October 27, 2006 (St. Louis Airport Hilton Hotel - 10:00 a.m. Central Time) | |

Agenda

July 21, 2006

| | <u>Action</u> |
|---|---------------|
| 1. Approve Minutes of Meeting Held May 17, 2006 | Approval |
| 2. Earnings Report | Approval |
| 3. Pension Fund Update | Information |
| 4. VEBA Trust Update | Information |
| 5. Capital Projects Status Report | Information |
| 6. Incentive Plan Status Report | Information |
| 7. Environmental Compliance Status Report | Information |
| 8. Other | |
| 9. Date of Next Meeting: October 27, 2006 (St. Louis Airport Hilton Hotel - 10:00 a.m. Central Time) | |

Electric Energy, Inc.

Minutes of Meeting of Board of Directors

Held May 17, 2006

A meeting of the Board of Directors of Electric Energy, Inc. convened at the Ameren General Office Building in St. Louis, Missouri, on Wednesday, May 17, 2006, at 9:00 a.m., 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 at the Ameren General Office Building in 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.

Date: May 10, 2006"

The following were present 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, 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., Mr. Miles Mooney and Ms. Jaime Stein, both of PricewaterhouseCoopers, LLP.

The Chairman suggested that consideration should be given to the election of Officers for the ensuing year. The following were thereupon separately nominated and separately elected to the office set opposite their names by unanimous vote:

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

The minutes of the meeting of the Board of Directors held on February 3, 2006, copies of which had been sent previously to each member, were approved.

The Chairman introduced Mr. Miles Mooney and Ms. Jaime Stein of PricewaterhouseCoopers, LLP who reported on the Company's consolidated financial statements for 2005. Mr. Mooney reviewed and reported on the audit scope, accounting and reporting matters, required matters to be reported to the Board, and the results of the review of internal accounting controls.

The Chairman then excused the Officers from the meeting so the Board could independently discuss the audit results with Mr. Mooney and Ms. Stein. Mr. Mooney reported there were no substantive issues that should be brought to the attention of the Board. The Officers then rejoined the meeting.

The President introduced Mr. James M. Helm who presented the earnings report for the first quarter 2006. Mr. Helm reviewed the first quarter earnings, each of the

earnings' components, revenue forecast, and revised cash flow model for 2006. After discussion, upon motion duly made and seconded, it was unanimously;

RESOLVED, that there be paid out of surplus on June 28, 2006, to stockholders of records at the close of business on February 17, 2006, dividends of \$554.44 per share on 62,000 shares of common stock, totaling \$34,375,000.00 for the second quarter 2006.

The Chairman brought up for discussion the appointment of auditors for 2006. After discussion, a resolution was presented to appoint PricewaterhouseCoopers, LLP as independent auditors for the year 2006. Upon motion duly made and seconded, it was unanimously;

RESOLVED, that PricewaterhouseCoopers, LLP be and is hereby appointed as auditors for the year 2006.

The Chairman introduced Mr. William H. Sheppard who reviewed the Company's environmental compliance plan. Mr. Sheppard reviewed the state of the proposed implementation plan for Clean Air Interstate Rule (CAIR) and Clean Air Mercury Rule (CAMR) and how future capital expenditures would be affected. If the proposed rule is finalized as is, costs will increase because Illinois wants to reduce emissions by more than the Federal EPA rule requirements.

It was agreed that the next Board of Director's meeting would be held on Friday, July 21, 2006, via teleconference, at 10:00 a.m. Central Time.

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

Secretary

Electric Energy, Inc.

Earnings Report

July 21, 2006

| | <u>Earnings Per Share</u> | <u>2nd Qtr. 2006</u> | <u>YTD 2006</u> | <u>July 2005 Through June 2006</u> | <u>2nd Qtr. 2005</u> |
|------------------------------|-----------------------------------|-----------------------------|-----------------------------|--|--------------------------|
| Met-South, Inc. | \$ 1.75 | \$ 108,577 | \$ 245,500 | \$ 436,196 | \$ 148,901 |
| Midwest Electric Power, Inc. | 0.06 | 3,750 | 7,500 | 244,026 | 3,750 |
| Emission Allowances | 4.72 | 292,797 | 292,797 | 10,805,394 | 262,712 |
| Contract Sales | <u>410.00</u> | <u>25,419,549</u> | <u>54,949,171</u> | <u>54,949,171</u> | <u>0</u> |
| Total | \$ <u>416.53</u> | \$ <u>25,824,673</u> | \$ <u>55,494,968</u> | \$ <u>66,434,787</u> | \$ <u>415,363</u> |

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.

Replaces
7/14/06
2.1 page

Electric Energy, Inc.

Earnings Report

July 21, 2006

| | <u>Earnings Per Share</u> | <u>2nd Qtr. 2006</u> | <u>YTD 2006</u> | <u>July 2005 Through June 2006</u> | <u>2nd Qtr. 2005</u> |
|------------------------------|-----------------------------------|-----------------------------|-----------------------------|--|----------------------------|
| Met-South, Inc. | \$ 1.75 | \$ 108,577 | \$ 245,500 | \$ 436,196 | \$ 222,447 |
| Midwest Electric Power, Inc. | 0.06 | 3,750 | 7,500 | 244,026 | 3,750 |
| Emission Allowances | 4.72 | 292,797 | 292,797 | 10,805,394 | 2,096,632 |
| Contract Sales | <u>410.00</u> | <u>25,419,549</u> | <u>54,949,171</u> | <u>54,949,171</u> | <u>0</u> |
| Total | \$ <u>416.53</u> | \$ <u>25,824,673</u> | \$ <u>55,494,968</u> | \$ <u>66,434,787</u> | \$ <u>2,322,829</u> |

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

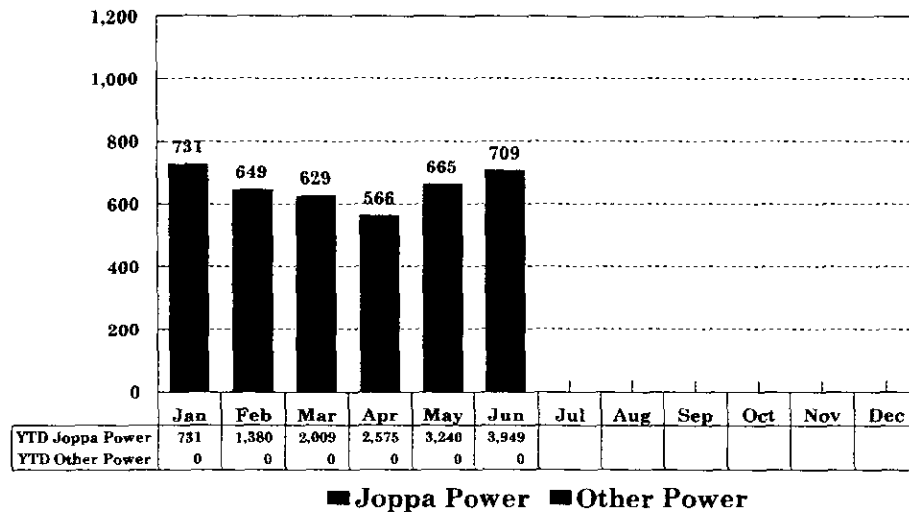
Midwest Electric Power, Inc. - EEI's gas-fired combustion turbine facility.

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

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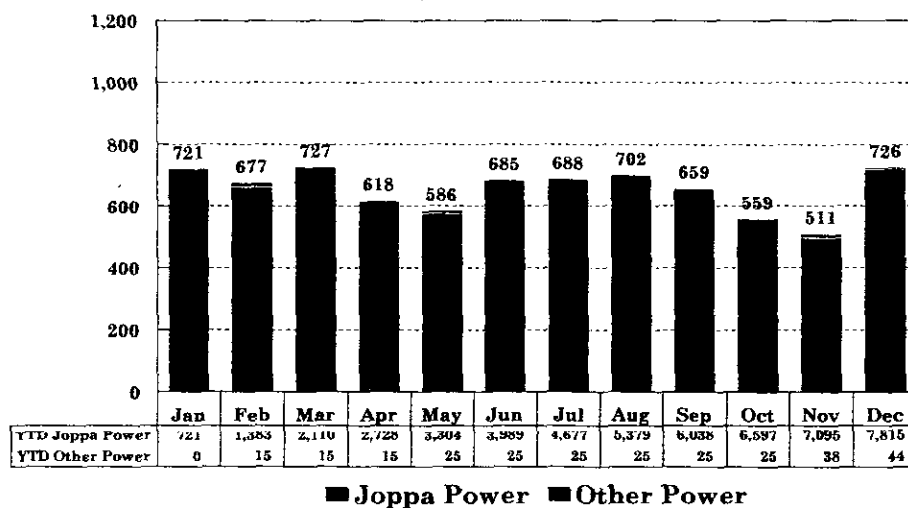
2006 Sales

MWH
(000's)



2005 Sales

MWH
(000's)



Electric Energy, Inc.'s Cash Flow Projection

(\$ in 000's)



7/14/06

11:05

Projected
2006

Note: Source of cash is positive; use of cash is in ()

| | Actual 2005 | Actual Jan-06 | Actual Feb-06 | Actual Mar-06 | Actual Apr-06 | Actual May-06 | Actual Jun-06 | Projected Jul-06 | Projected Aug-06 | Projected Sep-06 | Projected Oct-06 | Projected Nov-06 | Projected Dec-06 | Projected 2006 |
|-----------------------------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
| Beginning Cash | 222 | 354 | 309 | 7,611 | 245 | 213 | 335 | 328 | 500 | 500 | 500 | 500 | 500 | 354 |
| Net Cash Inflows: | | | | | | | | | | | | | | |
| Net income | 21,116 | 12,625 | 8,907 | 8,140 | 7,728 | 7,248 | 10,848 | 13,928 | 13,867 | 7,806 | 23,163 | 8,710 | 9,061 | 132,031 |
| Tax benefit trans. improv. | 263 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 240 |
| Tax benefit CT depreciation | 326 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 25 | 278 |
| Tax benefit S'line depreciation | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 11 | 11 | 11 | 11 | 11 | 13 | 68 |
| Tax benefit turbine rotor expense | 763 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 20 | 24 | 244 |
| Short-term borrowings | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Increase in Ameren loan | 19,900 | 0 | 0 | 24,300 | 0 | 0 | 21,300 | 15,408 | 0 | 35,171 | 0 | 0 | 40,180 | 136,359 |
| Long-term financing | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Depreciation (less removal) | 7,616 | 660 | 436 | 658 | 658 | 700 | 707 | 686 | 686 | 686 | 725 | 725 | 751 | 8,078 |
| Depreciation CT's | 1,560 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 129 | 128 | 128 | 128 | 128 | 1,544 |
| Depreciation rail cars | 306 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 0 | 4 |
| Total Inflows | 51,850 | 13,477 | 9,535 | 33,290 | 8,578 | 8,140 | 33,047 | 30,225 | 14,757 | 43,866 | 24,091 | 9,638 | 50,202 | 278,846 |
| Net Cash Outflows: | | | | | | | | | | | | | | |
| Dividends | 0 | 0 | 0 | (34,375) | 0 | 0 | (34,375) | 0 | 0 | (34,375) | 0 | 0 | (34,375) | (137,500) |
| Capital expenditures | (7,571) | (287) | (272) | (1,395) | (336) | (381) | (455) | (672) | (467) | (780) | (441) | (366) | (396) | (6,248) |
| Capital expend. MPC projects | (2,276) | (392) | (7) | (701) | (930) | (167) | (76) | (101) | (101) | (201) | (201) | (101) | (101) | (3,079) |
| Capital expend. MEP(N/15) | (26) | 0 | 0 | 0 | 0 | (1) | (5) | (17) | (48) | (64) | 0 | 0 | 0 | (135) |
| Tax cost trans. improv. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Chngs in curr assets & liab. | 10,724 | (10,543) | 15,646 | (4,185) | 456 | 3,431 | 1,857 | (29,263) | 8,888 | (8,446) | 4,068 | 6,272 | (15,330) | (27,149) |
| Repayments of s.t. debt | (38,125) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Repayments of Ameren loan | 0 | (2,300) | (17,600) | 0 | (7,800) | (10,900) | 0 | 0 | (23,029) | 0 | (27,517) | (15,443) | 0 | (104,589) |
| Repayments of l.t. principal | (14,444) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Outflows | (51,718) | (13,522) | (2,233) | (40,656) | (8,610) | (8,018) | (33,054) | (30,053) | (14,757) | (43,866) | (24,091) | (9,638) | (50,202) | (278,700) |
| Net Cash Flow | 132 | (45) | 7,302 | (7,366) | (32) | 122 | (7) | 172 | 0 | 0 | 0 | 0 | 0 | 146 |
| Ending Cash Balance | 354 | 309 | 7,611 | 245 | 213 | 335 | 328 | 500 | 500 | 500 | 500 | 500 | 500 | 500 |

Electric Energy, Inc.

Projected Balance Sheets

(\$ in 000's)



Projected
2006

| | Actual 2005 | Actual Jan-06 | Actual Feb-06 | Actual Mar-06 | Actual Apr-06 | Actual May-06 | Actual Jun-06 | Projected Jul-06 | Projected Aug-06 | Projected Sep-06 | Projected Oct-06 | Projected Nov-06 | Projected Dec-06 |
|---|----------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Assets | | | | | | | | | | | | | |
| (1) Plant In Service, CWIP | 470,389 | 471,068 | 471,347 | 473,443 | 474,709 | 475,258 | 475,793 | 476,583 | 477,199 | 478,244 | 478,886 | 479,353 | 479,850 |
| (2) Less Accum. Depr. | (379,737) | (380,526) | (381,092) | (381,880) | (382,667) | (383,497) | (384,333) | (385,148) | (385,964) | (386,779) | (387,633) | (388,487) | (389,366) |
| Net Plant | 90,652 | 90,542 | 90,255 | 91,563 | 92,042 | 91,761 | 91,460 | 91,435 | 91,235 | 91,465 | 91,253 | 90,866 | 90,484 |
| (3) Cash & Cash Equivalents | 354 | 309 | 7,611 | 245 | 213 | 335 | 328 | 500 | 500 | 500 | 500 | 500 | 500 |
| (4) Accounts Receivable | 26,184 | 41,494 | 29,019 | 27,037 | 26,547 | 28,579 | 32,278 | 39,629 | 39,659 | 28,331 | 30,202 | 29,307 | 30,635 |
| (5) Fuel Inventory | 10,449 | 11,566 | 12,835 | 15,834 | 17,019 | 18,311 | 16,917 | 18,008 | 17,683 | 18,358 | 18,521 | 18,486 | 18,715 |
| (6) Material Inventory-EEI | 7,645 | 7,659 | 8,190 | 7,470 | 7,030 | 6,921 | 7,010 | 7,027 | 7,044 | 6,986 | 6,928 | 6,870 | 7,300 |
| (7) Material Inventory-Subs. | 264 | 264 | 264 | 260 | 262 | 261 | 261 | 262 | 263 | 264 | 265 | 266 | 272 |
| (8) Prepayments, Other Assets | 2,834 | 2,926 | 2,870 | 2,700 | 2,618 | 2,525 | 2,771 | 2,771 | 2,771 | 2,771 | 2,771 | 2,771 | 2,771 |
| (9) Deferred Tax Trans. Improv. | 3,246 | 3,226 | 3,205 | 3,185 | 3,165 | 3,145 | 3,124 | 3,104 | 3,084 | 3,063 | 3,043 | 3,023 | 3,003 |
| (10) Deferred Tax CT Deprec. | (3,184) | (3,207) | (3,230) | (3,253) | (3,276) | (3,299) | (3,322) | (3,345) | (3,368) | (3,391) | (3,414) | (3,437) | (3,462) |
| (11) Deferred Tax S'line Deprec. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (11) | (22) | (33) | (44) | (55) | (68) |
| (12) Deferred Tax Turbine Rotors | (763) | (783) | (803) | (823) | (843) | (863) | (883) | (903) | (923) | (943) | (963) | (983) | (1,007) |
| (13) Deferred Tax Asset | 10,230 | 10,222 | 10,215 | 10,206 | 10,149 | 10,129 | 10,110 | 10,086 | 10,062 | 10,038 | 10,014 | 9,990 | 9,966 |
| Total Assets | 147,911 | 164,218 | 160,431 | 154,424 | 154,926 | 157,805 | 160,054 | 168,563 | 167,988 | 157,409 | 159,076 | 157,604 | 159,109 |
| Liabilities | | | | | | | | | | | | | |
| (14) Short Term Loan | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (15) Accounts Payable | 27,390 | 33,249 | 37,965 | 33,712 | 34,104 | 40,453 | 44,741 | 23,641 | 32,083 | 12,725 | 18,575 | 23,749 | 12,294 |
| (16) Accrued Interest | 69 | 5 | 10 | 6 | 2 | 0 | 0 | 115 | 103 | 123 | 136 | 64 | 4 |
| (17) Dividends Payable | 0 | 11,458 | 22,917 | 0 | 0 | 34,375 | 0 | 34,375 | 34,375 | 0 | 34,375 | 34,375 | 0 |
| (18) Ameren Loan | 19,900 | 17,600 | 0 | 24,300 | 16,500 | 5,600 | 26,900 | 42,308 | 19,279 | 54,450 | 26,933 | 11,490 | 51,670 |
| (19) 1991 Senior Notes (8.5%) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (20) 1994 Senior Notes (6.51%) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (21) Add'l Senior Notes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (22) Other Liabilities | 11,778 | 11,964 | 12,150 | 12,335 | 12,521 | 12,706 | 12,895 | 13,053 | 13,211 | 13,369 | 13,527 | 13,685 | 11,843 |
| Total Liabilities | 59,137 | 74,276 | 73,042 | 70,353 | 63,127 | 93,134 | 84,536 | 113,492 | 99,051 | 80,667 | 93,546 | 83,363 | 75,811 |
| Stockholders' Equity | | | | | | | | | | | | | |
| (23) Common Stock | 6,200 | 6,200 | 6,200 | 6,200 | 6,200 | 6,200 | 6,200 | 6,200 | 6,200 | 6,200 | 6,200 | 6,200 | 6,200 |
| (24) Retained Earnings | 82,574 | 83,741 | 81,189 | 77,871 | 85,599 | 58,471 | 69,319 | 48,872 | 62,737 | 70,542 | 59,330 | 68,041 | 77,098 |
| Total Liabilities & Stockholders Equity | 147,911 | 164,218 | 160,431 | 154,424 | 154,926 | 157,805 | 160,054 | 168,563 | 167,988 | 157,409 | 159,076 | 157,604 | 159,109 |

Electric Energy, Inc.

Projected Income Statements

(\$ in 000's)



| |
|-------------------|
| Projected 2006 |
|-------------------|

| | Actual 2005 | Actual Jan-06 | Actual Feb-06 | Actual Mar-06 | Actual Apr-06 | Actual May-06 | Actual Jun-06 | Projected Jul-06 | Projected Aug-06 | Projected Sep-06 | Projected Oct-06 | Projected Nov-06 | Projected Dec-06 | Projected 2006 |
|--|----------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
| Operating Revenues | 174,779 | 32,334 | 28,776 | 26,634 | 26,998 | 29,067 | 32,325 | 39,629 | 39,337 | 28,009 | 29,880 | 28,985 | 30,313 | 372,287 |
| Operating Expenses | | | | | | | | | | | | | | |
| (1) Fuel Costs | 91,626 | 8,896 | 8,810 | 7,457 | 8,102 | 9,709 | 9,816 | 11,709 | 11,317 | 9,663 | 10,116 | 9,834 | 10,242 | 115,671 |
| (2) MEPI Frame 6 Capacity Charges | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (3) Purchased Power | 1,852 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (4) Operations | 7,893 | 699 | 1,640 | 607 | 1,698 | 1,117 | 1,010 | 1,101 | 855 | 776 | 782 | 794 | 788 | 11,867 |
| (5) A&G | 18,295 | 486 | 1,214 | 1,172 | 925 | 1,346 | 1,268 | 1,304 | 1,774 | 1,921 | 1,421 | 1,268 | 2,278 | 16,377 |
| (6) Maintenance | 18,186 | 906 | 978 | 2,946 | 2,474 | 3,481 | 1,474 | 1,101 | 1,089 | 1,411 | 1,134 | 1,346 | 900 | 19,240 |
| (7) Trans. & Sys. | 1,751 | 112 | 105 | 216 | 145 | 560 | 120 | 140 | 134 | 139 | 149 | 160 | 145 | 2,125 |
| (8) Depreciation Expense | 14,435 | 813 | 816 | 817 | 816 | 853 | 869 | 827 | 827 | 827 | 876 | 876 | 920 | 10,137 |
| (9) Interest Expense | 2,247 | 95 | 50 | 11 | 96 | 27 | 30 | 68 | 103 | 123 | 88 | 64 | 58 | 813 |
| (10) Other Expenses | (713) | (8) | 99 | (57) | (42) | (36) | (102) | (36) | (37) | (52) | (37) | (37) | (281) | (626) |
| (11) Taxes Besides Income Taxes | 2,117 | 195 | 186 | 243 | 175 | 177 | 165 | 201 | 164 | 191 | 164 | 164 | 161 | 2,186 |
| (12) Income Taxes | 6,487 | 7,515 | 5,971 | 5,082 | 4,881 | 4,585 | 6,827 | 9,286 | 9,244 | 5,204 | 6,075 | 5,806 | 6,041 | 76,517 |
| Total Expenses | 164,176 | 19,709 | 19,869 | 18,494 | 19,270 | 21,819 | 21,477 | 25,701 | 25,470 | 20,203 | 20,768 | 20,275 | 21,252 | 254,307 |
| Net Income Before Allowance Sales | 10,603 | 12,625 | 8,907 | 8,140 | 7,728 | 7,248 | 10,848 | 13,928 | 13,867 | 7,806 | 9,112 | 8,710 | 9,061 | 117,980 |
| Proceeds - SO ₂ sales (net of income taxes) | 9,789 | | | | | | | | | | 13,557 | | | 13,557 |
| Proceeds - NO _x sales (net of income taxes) | 724 | | | | | | | | | | 494 | | | 494 |
| Net Income | 21,116 | 12,625 | 8,907 | 8,140 | 7,728 | 7,248 | 10,848 | 13,928 | 13,867 | 7,806 | 23,163 | 8,710 | 9,061 | 132,031 |

Electric Energy, Inc. (Consolidated)

Projected Revenue 2006

(\$ in 000's)



| | <u>Actual</u> <u>Jan-06</u> | <u>Actual</u> <u>Feb-06</u> | <u>Actual</u> <u>Mar-06</u> | <u>Actual</u> <u>Apr-06</u> | <u>Actual</u> <u>May-06</u> | <u>Actual</u> <u>Jun-06</u> | <u>Projected</u> <u>Jul-06</u> | <u>Projected</u> <u>Aug-06</u> | <u>Projected</u> <u>Sep-06</u> | <u>Projected</u> <u>Oct-06</u> | <u>Projected</u> <u>Nov-06</u> | <u>Projected</u> <u>Dec-06</u> | <u>Projected</u> <u>2006</u> |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|
| EEL Market Based: | | | | | | | | | | | | | |
| Joppa Power Delivered MWH | 731 | 649 | 629 | 566 | 665 | 710 | 670 | 670 | 648 | 670 | 648 | 670 | 7,924 |
| Rate per MWH | \$42.63 | \$41.14 | \$41.47 | \$44.03 | \$40.56 | \$43.26 | \$55.32 | \$55.32 | \$41.18 | \$42.83 | \$42.83 | \$42.83 | |
| EEL Market Based Revenue \$ | 31,157 | 26,687 | 26,095 | 24,920 | 26,963 | 30,697 | 37,039 | 37,039 | 26,687 | 28,680 | 27,754 | 28,680 | 352,398 |
| Capacity Revenue, New Contract | 1,002 | 1,002 | 1,002 | 1,002 | 1,002 | 1,002 | 1,002 | 1,002 | 1,002 | 1,002 | 1,002 | 1,002 | 12,024 |
| Adjustment to Prior Mo's Billing | 0 | (10) | (13) | (4) | (15) | (14) | 0 | 0 | 0 | 0 | 0 | 0 | (56) |
| Facilities Use Charge, DOE | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 315 | 315 |
| 2005 Adj.'s to Sponsors | 0 | 0 | (655) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (655) |
| Met South | 134 | 139 | 144 | 131 | 129 | 129 | 132 | 132 | 132 | 132 | 132 | 132 | 1,598 |
| Midwest Electric Power (after elim's) | 41 | 49 | 61 | 32 | 38 | 47 | 1,456 | 1,164 | 188 | 66 | 97 | 184 | 3,423 |
| Emission Allowances Auction | 0 | 0 | 0 | 0 | 487 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 487 |
| Open Access Transmission (offset in exp.) | 0 | 909 | 0 | 917 | 463 | 464 | 0 | 0 | 0 | 0 | 0 | 0 | 2,753 |
| Demand ii, Gross Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Revenue | 32,334 | 28,776 | 26,634 | 26,998 | 29,067 | 32,325 | 39,629 | 39,337 | 28,009 | 29,880 | 28,985 | 30,313 | 372,287 |

Revenue above excludes EEL initiated sales of emission allowances that are reported separately, net of tax, on the income statement.



Pension Fund Assets
Managed By
Mellon Trust
(Effective 12/1/02)

June 30, 2006



Pension Fund Assets

June 30, 2006

Actual Asset Mix

Domestic Equities - 52.0%

International Equities - 8.1%

Fixed Income/Cash – 39.9%

| | |
|-----------------------------|-----------------------------------|
| Balance 12/31/05 | \$54,288,000 |
| Fund Earnings/(Loss) | 1,401,000 |
| Fund Contributions | 0 |
| Fund Disbursements: | |
| Benefit Payments | (963,000) |
| Fees | <u>(105,000)</u> |
| Balance 6/30/06 | <u><u>\$54,621,000</u></u> |



Guidelines For Asset Mix

Approved by the Board on 5/8/98

| <u>Asset</u> | <u>Benchmark</u> | <u>Actual</u> |
|----------------------------|------------------|---------------|
| Equity-Large Cap Domestic | 34% | 34.4% |
| Equity-Small Cap | 18% | 17.6% |
| Equity-International Index | 8% | 8.1% |
| Fixed Income/Cash | 40% | 39.9% |

Rebalancing Strategy – Rebalance to benchmark when any individual component exceeds the following minimum and maximum allocations:

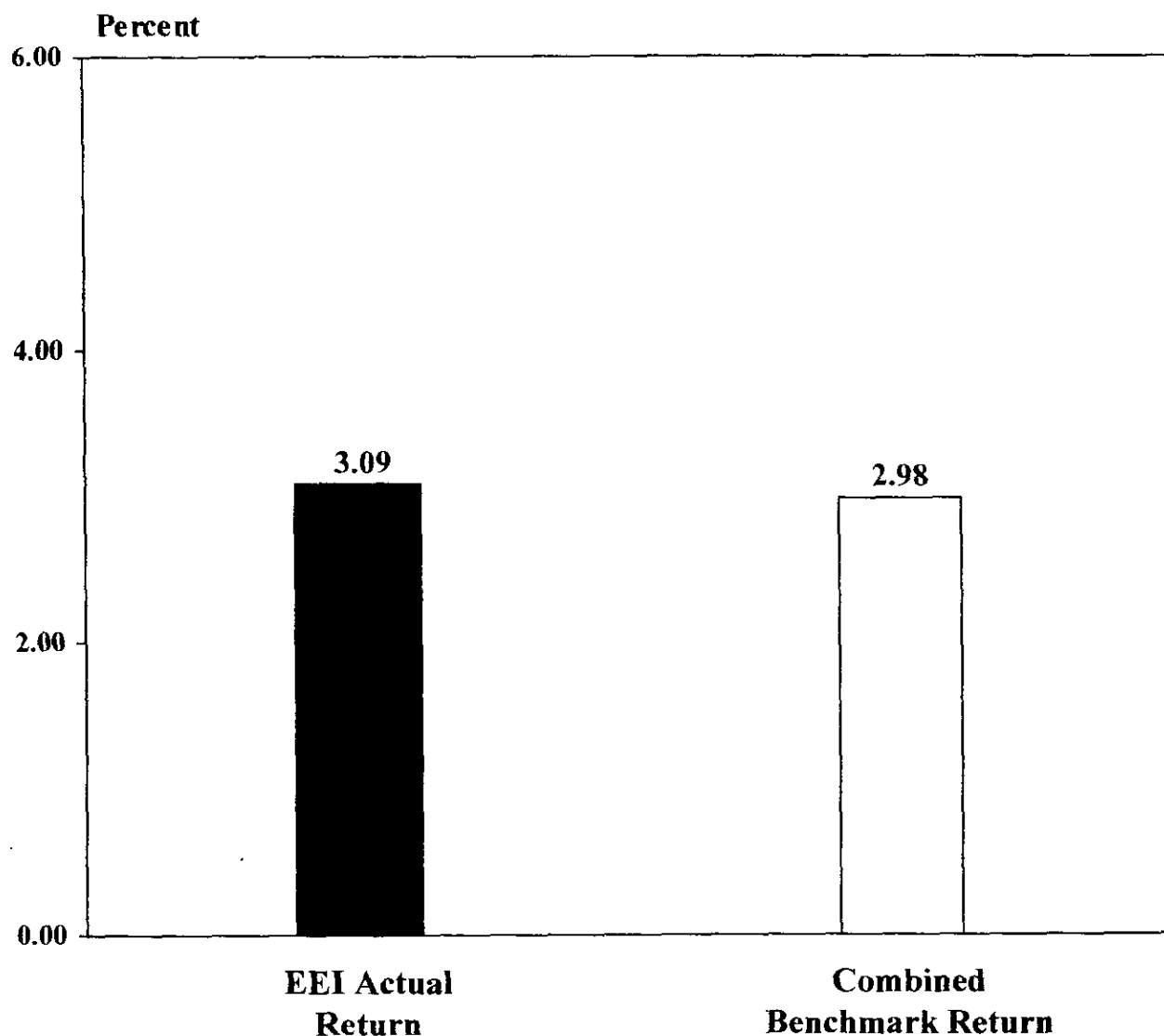
| <u>Asset</u> | <u>Min.</u> | <u>Max.</u> |
|-----------------------------|-------------|-------------|
| Domestic Equity – Large Cap | 28% | 40% |
| Domestic Equity – Small Cap | 12% | 25% |
| International Equity | 4% | 12% |
| Fixed Income/Cash | 30% | 50% |

The Pension strategy is a Balanced Fund. This fund includes 60% Equity and 40% Fixed Income. The Equities are invested in index funds. The Fixed Income fund is an actively managed fund.



Actual vs. Benchmark Return

Performance from 1/01/06 to 6/30/06, Net of Fees

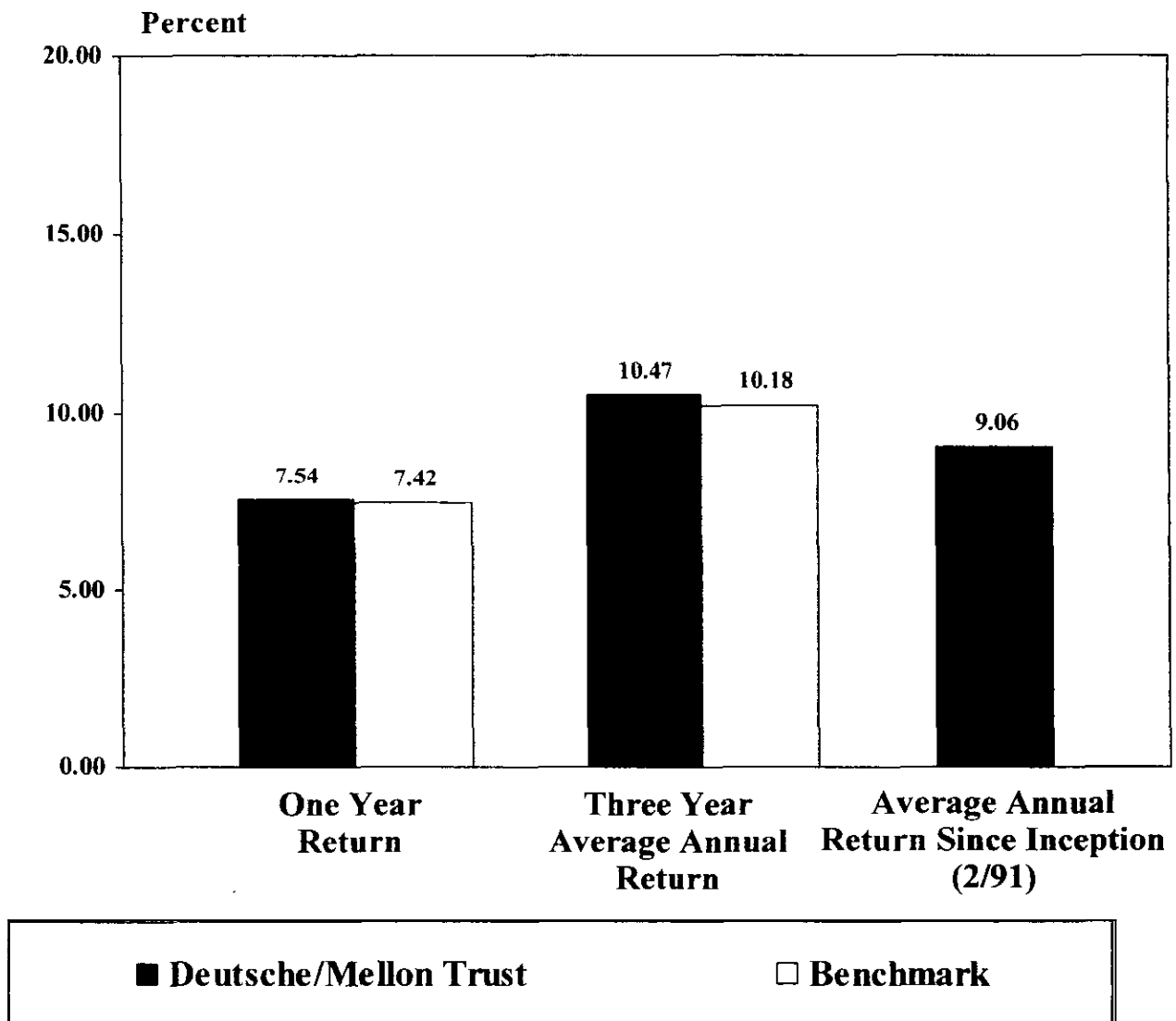


Benchmark - Large Cap - Russell 1000, Mid/Small Cap - Russell 2000, Fixed Income - Lehman Aggregate, and International - MSCI EAFE



Actual Return on Pension Assets

6/30/06 Performance, Net of Fees



Benchmark - Large Cap - Russell 1000, Mid/Small Cap - Russell 2000, Fixed Income - Lehman Aggregate, and International - MSCI EAFE



VEBA Trust Assets Managed

By

NISA Investment Advisors

(Domestic Equities and Fixed Income)

and

International Equity Funds

(Templeton Foreign and First Eagle
Overseas)

June 30, 2006



Post-Retirement Medical & Life Insurance Benefits

Asset Mix - Actual at June 30, 2006

Domestic Equities – 51.5%

International Equities – 10.0%

Fixed Income – 38.5%

| | <u>Management</u> | <u>Bargaining Unit</u> | <u>Total</u> |
|-----------------------------|---------------------|----------------------------|---------------------|
| Balance 12/31/05 | \$19,151,000 | \$41,101,000 | \$60,252,000 |
| Fund Earnings/(Loss) | 401,000 | 1,044,000 | 1,445,000 |
| Fund Contributions | 0 | 0 | 0 |
| Fund Disbursements: | | | |
| Benefit Payments | 405,000 | 585,000 | 990,000 |
| Fees | 40,000 | 63,000 | 103,000 |
| Taxes Paid | 25,000 | 0 | 25,000 |
| Balance 6/30/06 | <u>\$19,082,000</u> | <u>\$41,497,000</u> | <u>\$60,579,000</u> |



Guidelines for Asset Mix

Approved by the Board on 1/31/97

| <u>Asset</u> | <u>Benchmark</u> | <u>Actual</u> |
|------------------------|------------------|---------------|
| Domestic Equities | 50% | 51.5% |
| International Equities | 10% | 10.0% |
| Fixed Income/Cash | 40% | 38.5% |

Rebalancing Strategy -- Rebalance Domestic Equities or Fixed Income/Cash when either deviates from the benchmark by approximately 5 percentage points. Rebalance International Equities when it deviates from the benchmark by approximately 2.5 percentage points.

The VEBA strategy is a Balanced Fund. This fund includes 60% Equity and 40% Fixed Income. The Equity approach enhances the index, has a slight over/under weight of industries, and focuses on the portfolio structure and performance not on the individual stock analysis. The Fixed Income approach has a high quality portfolio and excess return added by over/under weighting.

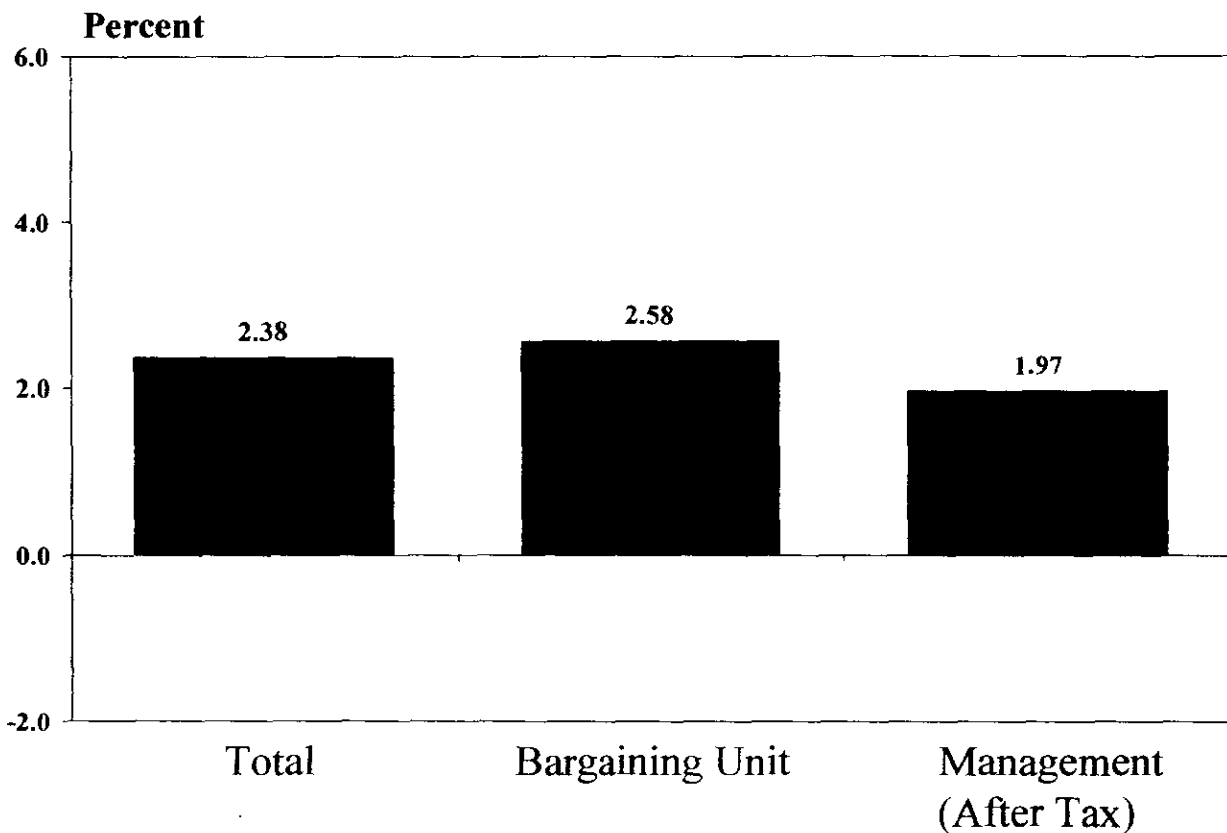


VEBA Performance

Net of Fees

Six Months Ending June 30, 2006

(Includes all VEBA Asset Categories)



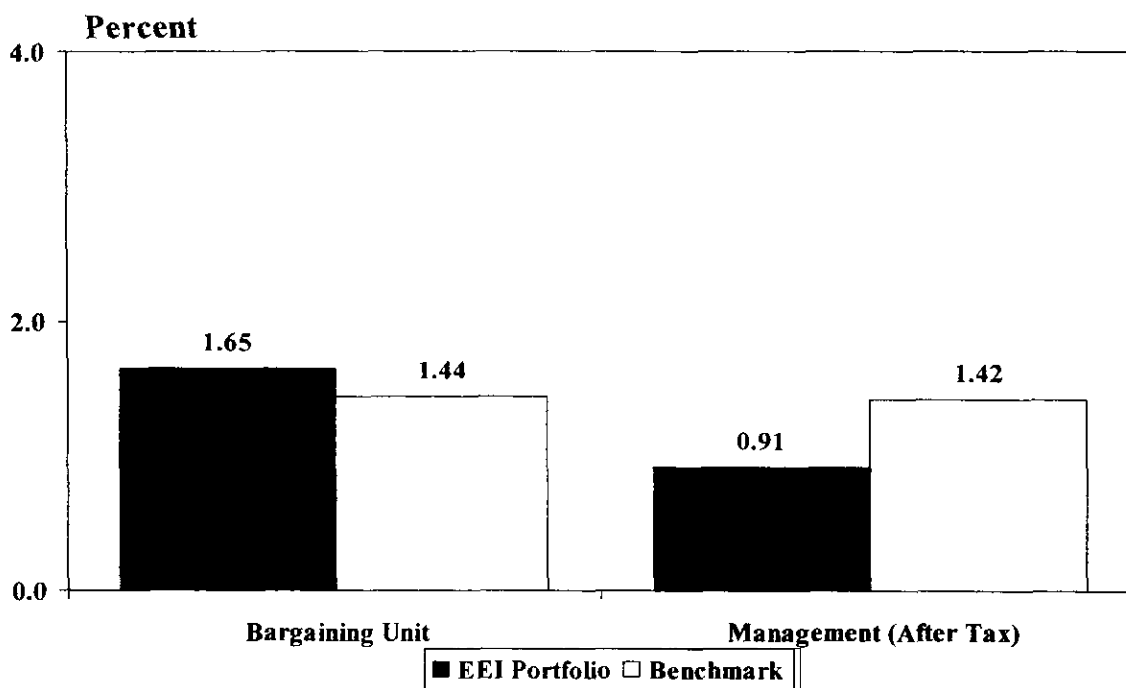


NISA Performance

Net of Fees

Six Months Ending June 30, 2006

(Includes Domestic Equities, Fixed Income and Cash but excludes International)



MGT Benchmark = (55% x S&P 500) + (45% x Lehman 5 Yr. Govt Bond Index).

CBU Benchmark = (55% x S&P 500) + (45% x Lehman Intermediate Govt/Credit Index).

Note: The Bargaining Unit VEBA outperformed the Management VEBA by 74 basis points because of the following:

- 1) Fixed Income: Yields on intermediate taxable securities increased more than those on 5-year general obligation municipal bonds; thus, the fair market value of bonds held in the Bargaining Unit VEBA decreased greater than in the Management VEBA. The Management VEBA outperformed the Bargaining Unit VEBA by approximately 50 basis points.
- 2) Equity: The performance difference between the Management and Bargaining Unit VEBAs was primarily due to minor variations in holdings of individual securities, in particular, St. Jude Medical, KB Homes, Gannett Co., and Target. The Bargaining Unit VEBA outperformed the Management VEBA by approximately 39 basis points.
- 3) The remaining difference (85 basis points) was due to fees and taxes.

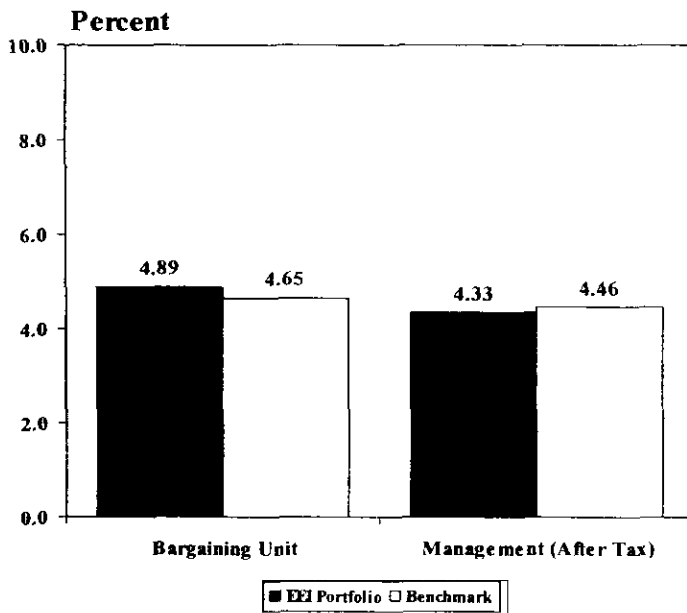


NISA's Performance

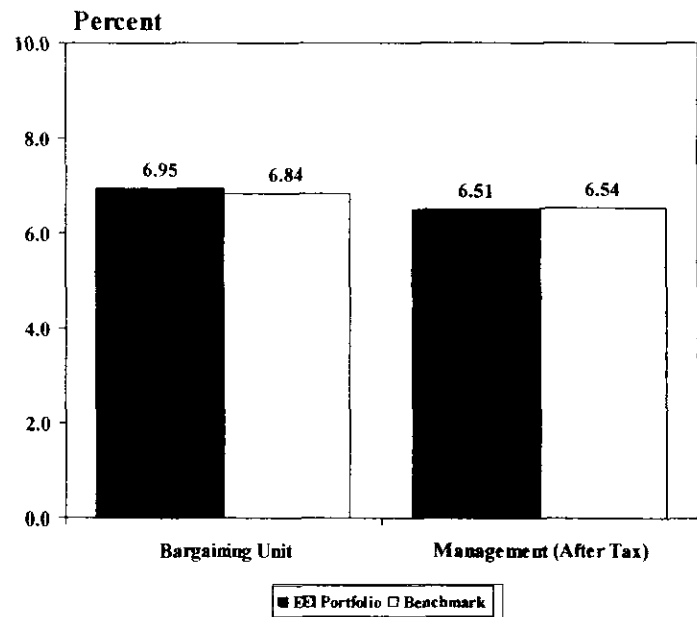
Net of Fees

(Includes Domestic Equities, Fixed Income and Cash but excludes International)

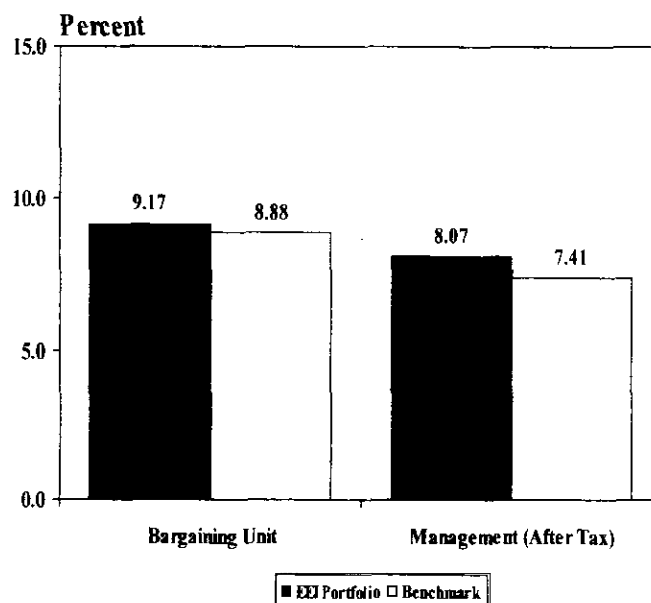
One Year Ending June 30, 2006



Three Years Ending June 30, 2006



Since Inception (12/93) Thru June 30, 2006

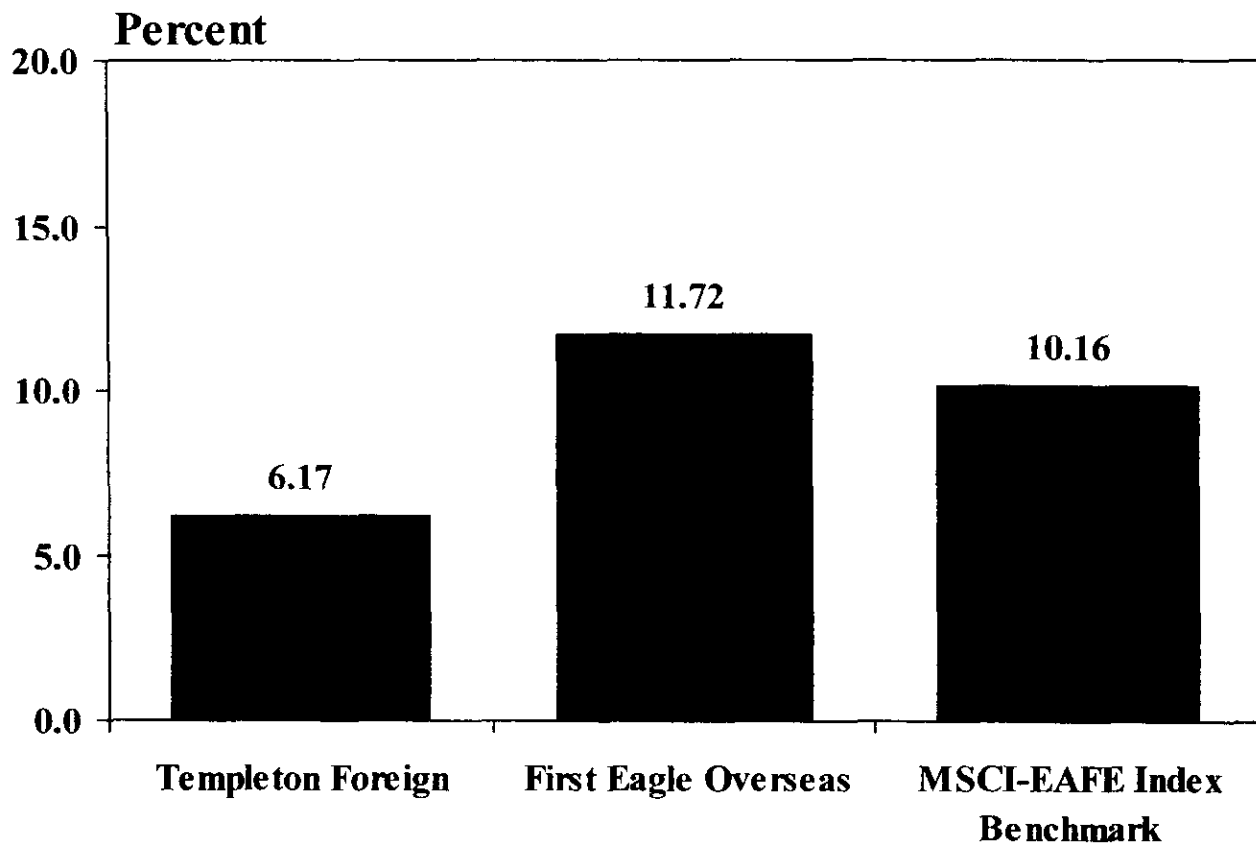




International Equity Returns

Net of Fees

Six Months Ending June 30, 2006



MSCI-EAFE - Morgan Stanley Capital International - Europe, Australia, Far East Index

Electric Energy, Inc.
Capital Expenditures
2006

| | |
|-----------|--------------------|
| Budgeted | \$9,372,000 |
| Projected | <u>\$9,327,000</u> |
| Variance | <u>\$ 45,000</u> |

2006 Management Incentive Compensation Plan

| Incentive Categories | Perf. Level | Incentive Targets | Incentive Points | Past Performance | |
|--------------------------------------|--------------------|--|-------------------------|---|----------------------------|
| Budget¹ | 1 | #1 3.00% or more below budget | 3 | 2002 - 5.5% under total incentive dollars | |
| The sum of O & M, | 2 | #2 2.00% - 2.99% below budget | 2 | 2003 - 2.3% under total incentive dollars | |
| A & G, and Sys. Trans., less Pension | 3 | #3 Budget - 1.99% below budget | 1 | 2004 - 1.20% over total incentive dollars | |
| | | | | 2005 - 5.1% under total incentive dollars | |
| | | | | <u>No. of Lost Time Cases²</u> | |
| Safety | 1 | No lost time cases | 3 | 2002 - 8 | |
| | 2 | No more than one lost time case | 2 | 2003 - 3 | |
| | 3 | No more than two lost time cases | 1 | 2004 - 6 | |
| | | | | 2005 - 2 | |
| | | | | <u>EA</u> | <u>PEAK EA³</u> |
| Plant Equivalent Availability | 1 | No more than 75 total unit outage days during March, April, & May | 1 | 2002 - 91.1% | 98.6% |
| | 1 | Peak EA ³ of 98% or more | + | 2003 - 94.2% | 98.8% |
| | 1 | An average EA of 96% or more for Jan., Feb., & Sept. - Dec. | + | 2004 - 96.6% | 98.8% |
| | | | | 2005 - 93.3% | 98.2% |
| | | | | <u>No. of spills</u> | <u>No. of exceeds.</u> |
| Environmental Stewardship | 1 | No reportable spills and No NPDES ⁴ exceedances | 1 | 2002 - 0 | 0 |
| | | | | 2003 - 0 | 0 |
| | | | | 2004 - 1 | 1 |
| | | | | 2005 - 1 | 0 |
| | 1 | Achieve a NO _x emission rate of 0.125 lbs./mmBtu during the Ozone season ⁵ | 2 | 2002 - 0.128 lbs./mmBtu | |
| | | | | 2003 - 0.126 lbs./mmBtu | |
| | | | | 2004 - 0.126 lbs./mmBtu | |
| | | | | 2005 - 0.126 lbs./mmBtu | |

¹Budget equals \$44.898 million.

²Injuries will be reconciled on February 15, 2007.

³Peak (June, July, and August) Equivalent Availability.

⁴NPDES - National Pollution Discharge Elimination System.

⁵Ozone season is May 1 through September 30.

7/14/06

2006 Management Incentive Compensation Plan Projection

| Incentive Categories | Perf. Level | Incentive Targets | Incentive Points | Projection | Points |
|--------------------------------------|-------------|--|------------------|--|-----------|
| Budget¹ | 1 | #1 3.00% or more below budget | 3 | 3.00% or more below budget | 3 |
| The sum of O & M. | 2 | #2 2.00% - 2.99% below budget | 2 | | |
| A & G, and Sys. Trans., less Pension | 3 | #3 Budget - 1.99% below budget | 1 | | |
| Safety | 1 | No lost time cases | 3 | No lost time cases | 3 |
| | 2 | No more than one lost time case | 2 | | |
| | 3 | No more than two lost time cases | 1 | | |
| Plant Equivalent Availability | 1 | No more than 75 total unit outage days during March, April, & May | 1 | More than 75 total unit outage days during March, April, & May | 0 |
| | 1 | Peak EA ³ of 98% or more + | 1 | Peak EA ³ of 98% or more + | 1 |
| | 1 | An average EA of 96% or more for Jan., Feb., & Sept. - Dec. + | 1 | An average EA of 96% or more for Jan., Feb., & Sept. - Dec. + | 1 |
| Environmental Stewardship | 1 | No reportable spills and No NPDES ⁴ exceedances | 1 | One NPDES ⁴ exceedances | 0 |
| | 1 | Achieve a NO _x emission rate of 0.125 lbs./mmBtu during the Ozone season ⁵ | 2 | Achieve a NO _x emission rate of 0.125 lbs./mmBtu during the Ozone season ⁵ | 2 |
| Total Incentive Points | | | | | <u>10</u> |

¹Budget equals \$44.898 million.

²Injuries will be reconciled on February 15, 2007.

³Peak (June, July, and August) Equivalent Availability.

⁴NPDES - National Pollution Discharge Elimination System.

⁵Ozone season is May 1 through September 30.

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2006 CBU Performance Incentive Plan

(Percentages Based on Base Annual Wages¹)

| 2006 Incentive Categories | 2006 Performance Incentive Targets | | | | 2006 Incentive Percentage | Past Performance | | | | |
|---|--|--------------|--------------|-------------|---|--|-------|-------|-------|-------|
| | Jan. - Mar. | April - June | July - Sept. | Oct. - Dec. | | 2002 | 2003 | 2004 | 2005 | |
| Safety ² | | | | | | | | | | |
| No lost time cases per quarter and no more than two per year | 0.20% | 0.20% | 0.20% | 0.20% | 0.80% | Lost Time Cases | 8 | 3 | 6 | 2 |
| No more than one recordable injury per quarter and no more than five per year | 0.20% | 0.20% | 0.20% | 0.20% | + 0.80% | Recordable Cases | 9 | 4 | 9 | 2 |
| | | | | | Potential Incentive | | | | | |
| | | | | | 0.33% | Equiv. Avail. | 91.1% | 94.2% | 96.6% | 93.3% |
| Plant | No more than 75 total unit outage days during March, April & May | | | | | Peak Equip. Avail. ³ | | | | |
| Equivalent | Peak EA ³ of 98% or more | | | | + 0.33% | | 98.6% | 98.8% | 98.8% | 98.2% |
| Availability | An average EA of 96% or more for Jan., Feb., & Sept. - Dec. | | | | + 0.34% | | | | | |
| | | | | | Potential Incentive | | | | | |
| | | | | | 0.20% | Number of Spills | 0 | 0 | 1 | 1 |
| Environmental Stewardship | No reportable spills and No NPDES exceedances ⁴ | | | | | Number of Exceedances | 0 | 0 | 1 | 0 |
| | Achieve a NO _x emission rate of 0.125 lbs./mmBtu during the Ozone season ⁵ | | | | + 0.20% | NO _x Emissions (lbs./mmBtu) | 0.128 | 0.126 | 0.126 | 0.126 |
| | | | | | Potential Incentive | | | | | |
| | | | | | 0.40% | | | | | |
| Total Potential Incentive | | | | | 3.00% of Base Annual Wages ¹ | | | | | |

¹ Straight-Time Wages for the Calendar Year (1/1/06 - 12/31/06).

²Injuries will be charged to the quarter in which they occurred and reconciled on February 15, 2007.

³Peak (June, July and August) Equivalent Availability.

⁴NPDES – National Pollution Discharge Elimination System.

⁵Ozone season is May 1 through September 30.

7:14:06

2006 CBU Performance Incentive Plan Projection
(Percentages Based on Base Annual Wages¹)

| 2006 Incentive Categories | 2006 Performance Incentive Targets | | | | 2006 Incentive Percentage | 2006 Performance Incentive Projection | | | | 2006 Incentive Projection |
|---|--|---------------------|---------------------|--------------------|---|--|---------------------|---------------------|--------------------|-----------------------------------|
| | <u>Jan. - Mar.</u> | <u>April - June</u> | <u>July - Sept.</u> | <u>Oct. - Dec.</u> | | <u>Jan. - Mar.</u> | <u>April - June</u> | <u>July - Sept.</u> | <u>Oct. - Dec.</u> | |
| Safety² | | | | | | | | | | |
| No lost time cases per quarter and no more than two per year | 0.20% | 0.20% | 0.20% | 0.20% | 0.80% | 0 0.20% | 0 0.20% | 0 0.20% | 0 0.20% | 0.80% |
| No more than one recordable injury per quarter and no more than five per year | 0.20% | 0.20% | 0.20% | 0.20% | + 0.80% | 0 0.20% | 1 0.20% | 0 0.20% | 0 0.20% | + 0.80% |
| | | | | | Potential Incentive | | | | | Incentive Projection |
| | | | | | 1.60% | | | | | 1.60% |
| Plant Equivalent Availability | No more than 75 total unit outage days during March, April & May | | | | 0.33% | More than 75 total unit outage days during March, April & May | | | | 0.00% |
| | Peak EA ³ of 98% or more | | | | + 0.33% | Peak EA ³ of 98% or more | | | | + 0.33% |
| | An average EA of 96% or more for Jan., Feb., & Sept. - Dec. | | | | + 0.34% | An average EA of 96% or more for Jan., Feb., & Sept. - Dec. | | | | + 0.34% |
| | | | | | Potential Incentive | | | | | Incentive Projection |
| | | | | | 1.00% | | | | | 0.67% |
| Environmental Stewardship | No reportable spills and No NPDES exceedances ⁴ | | | | 0.20% | One NPDES exceedance | | | | 0.00% |
| | Achieve a NO _x emission rate of 0.125 lbs./mmBtu during the Ozone season ⁵ | | | | + 0.20% | Achieve a NO _x emission rate of 0.125 lbs./mmBtu during the Ozone season ⁵ | | | | + 0.20% |
| | | | | | Potential Incentive | | | | | Incentive Projection |
| | | | | | 0.40% | | | | | 0.20% |
| | | | | | Total Potential Incentive | | | | | Total Incentive Projection |
| | | | | | 3.00% of Base Annual Wages ¹ | | | | | 2.47% |

¹Straight-Time Wages for the Calendar Year (1/1/06 - 12/31/06).

²Injuries will be charged to the quarter in which they occurred and reconciled on February 15, 2007.

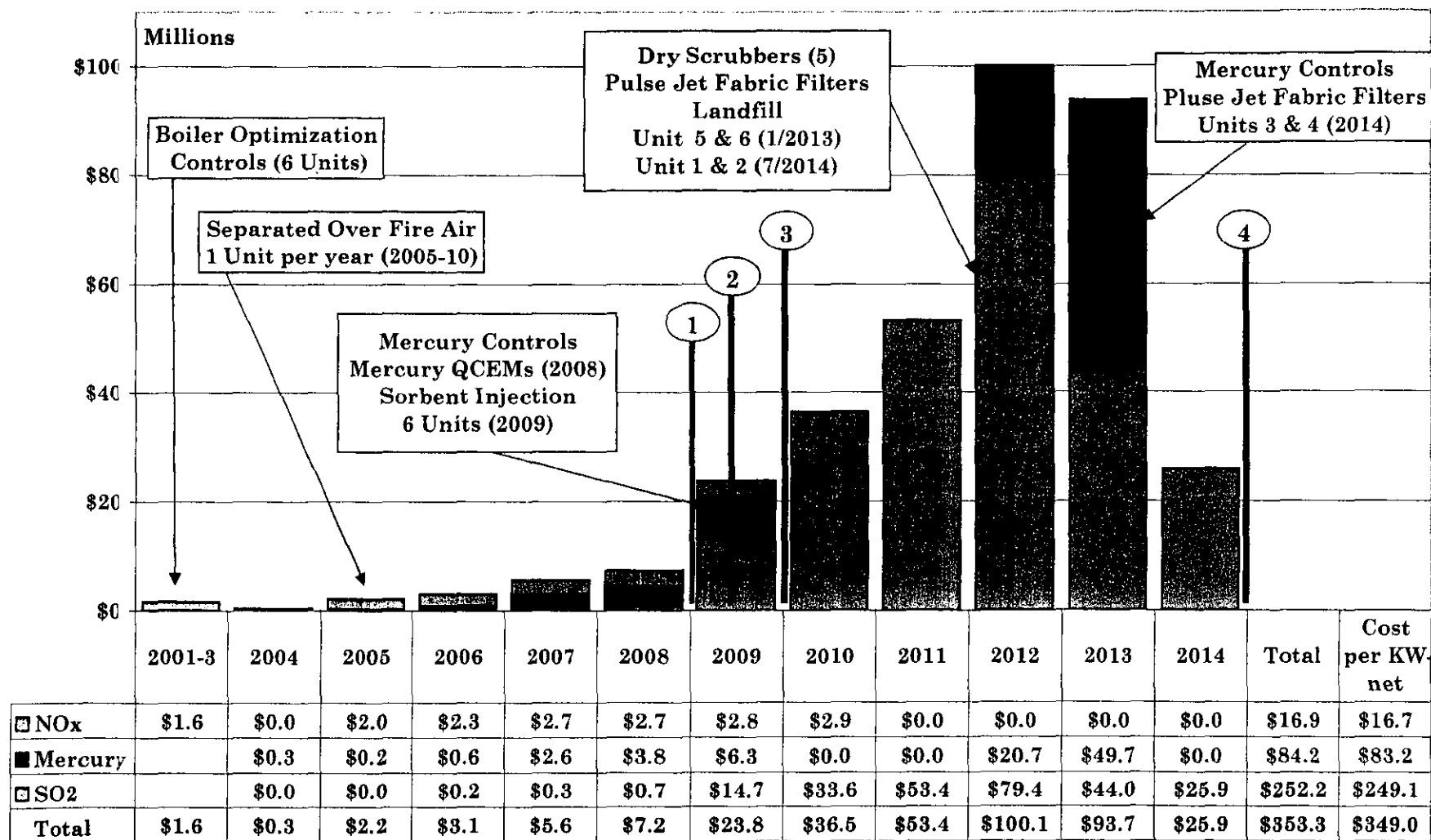
³Peak (June, July and August) Equivalent Availability.

⁴NPDES - National Pollution Discharge Elimination System.

⁵Ozone season is May 1 through September 30.

7/14/06

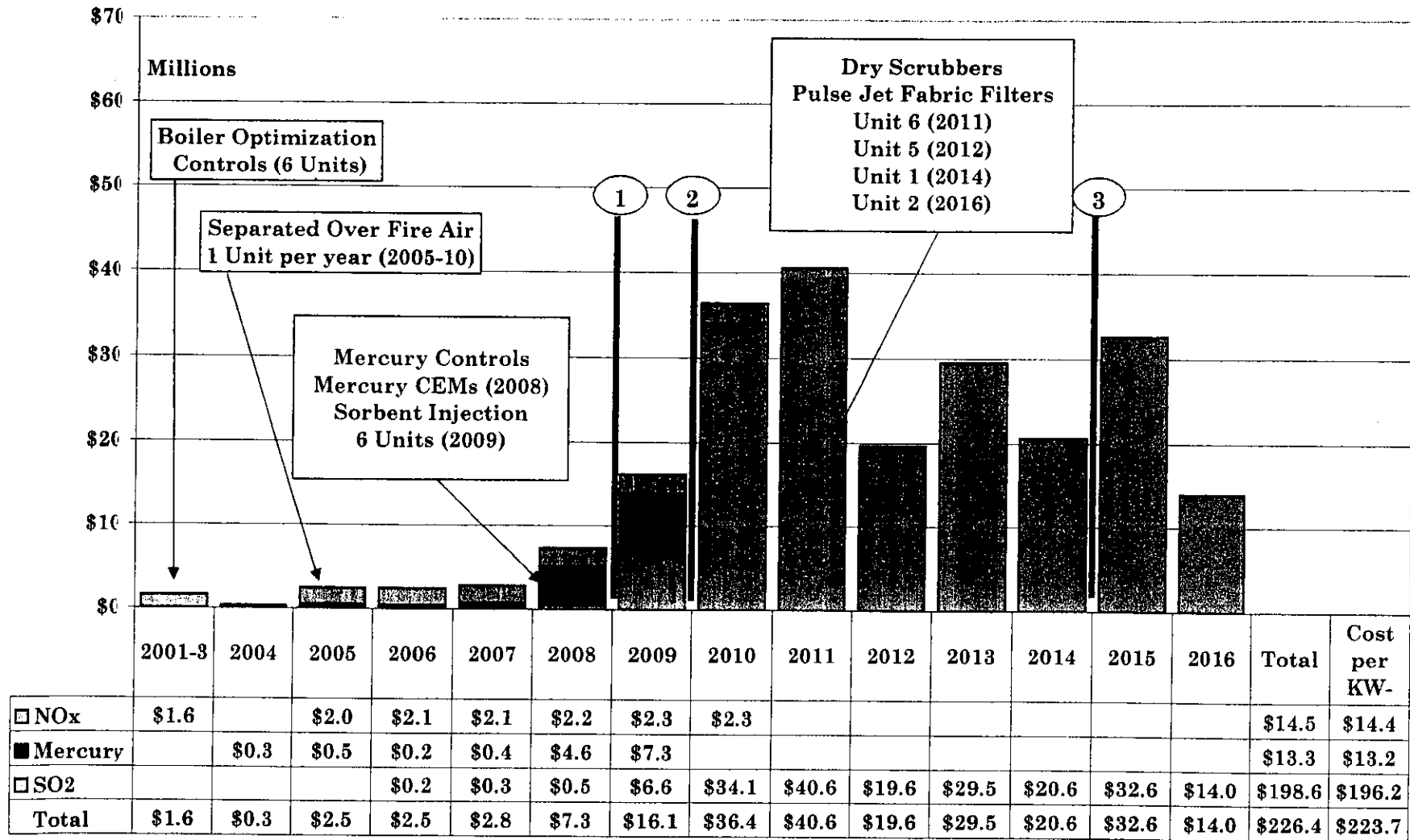
Multi-Pollutant Capital Expenditure Plan (2007 Budget Plan)



Estimated Clean Air Interstate (CAIR) with IEPA Mercury Rule and 30% NOx Set Aside Emission Limits

1. 2009 NOx Ozone Season 1,896 tons (0.095 lb/mmmbtu); NOx Annual Limit 4,820 tons (0.107 lb/mmmbtu).
2. 2009 July Mercury 90% reduction or less than 0.008 lb/GWh.
3. 2010 SO2 50% reduction (0.5 ton/1 ton allowance)
4. 2015 NOx Ozone Season 1,786 tons (0.089 lb/mmmbtu); NOx Annual Limit 4,017 tons (0.089 lb/mmmbtu); SO2 65% reduction (.35 ton/1 ton allowance)
5. Based on current analysis, dry scrubbing may be the lowest overall cost. Wet scrubbing is still an option and under consideration in our evaluation.

Multi-Pollutant Capital Expenditure Plan (2006 Budget Plan)



Estimated Clean Air Interstate (CAIR) and Clean Air Mercury Rule (CAMR) Emission Limits

1. 2009 NOx Ozone Season 2,333 tons (0.120 lb/mmbtu); NOx Annual Limit 6,373 tons (0.140 lb/mmbtu).
2. 2010 SO2 50% reduction (0.5 ton/1 ton allowance), Mercury 245 lbs (2.65 lb/Tbtu).
3. 2015 NOx Ozone Season 2,249 tons (0.115 lb/mmbtu); NOx Annual Limit 5,422 tons (0.120 lb/mmbtu); SO2 65% reduction (.35 ton/1 ton allowance)
4. 2018 Mercury 123 lbs (1.25 lb/Tbtu)

Other

Date of Next Meeting

October 27, 2006

10:00 A.M. Central Time

St. Louis Airport Hilton