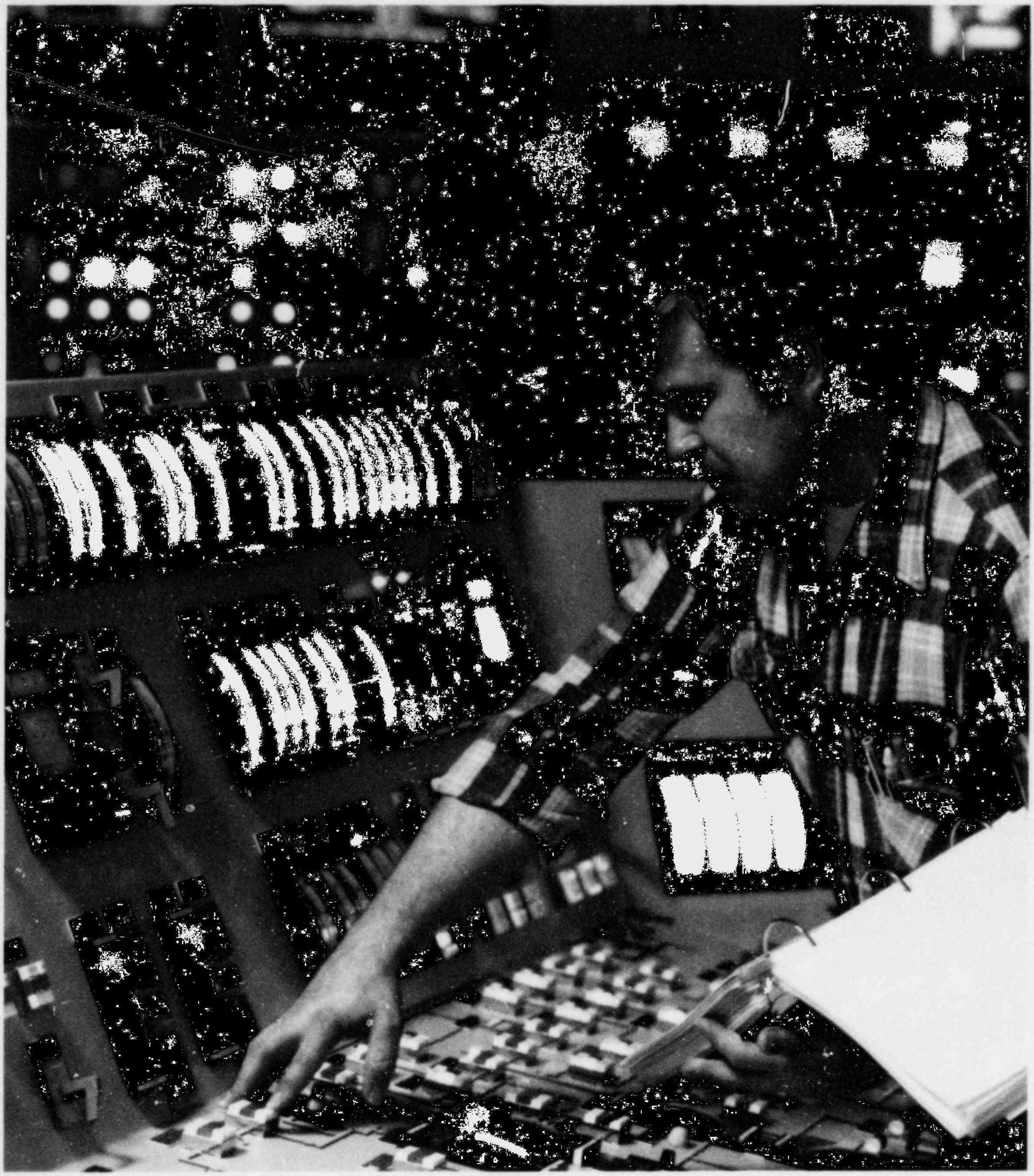
Union Electric Company Annual Report 1982



Union Electric

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Dividend Reinvestment and Stock Purchase Plan

The Company's Dividend Reinvestment and Stock Purchase Plan provides common and preferred stockholders, employees and customers the opportunity to purchase shares of common stock of the Company by automatically reinvesting dividends and/or investing optional cash payments.

Information regarding the Company's Dividend Reinvestment and Stock Purchase Plan may be obtained by writing to:

Union Electric Company
Stockholder Services – Code 1035
P.O. Box 149
St. Louis, Missouri 63166

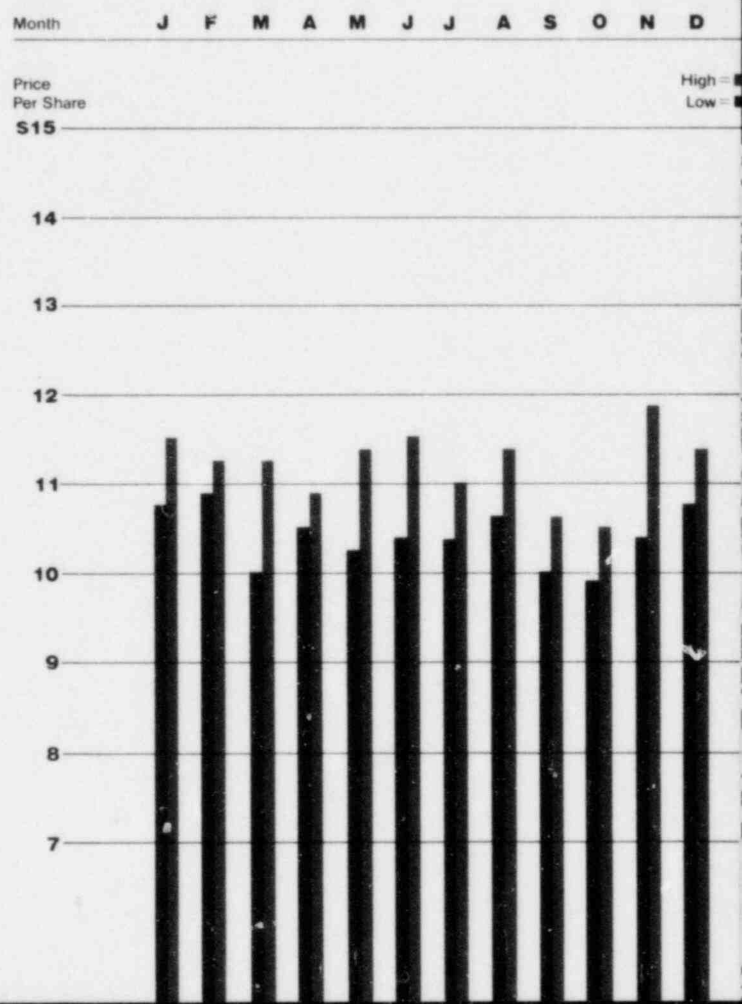
On the Cover:

The Callaway nuclear plant Control Room Simulator, identical in every respect to panels in the plant's control room, helps to train future plant operators for both normal conditions and unusual situations.

Highlights

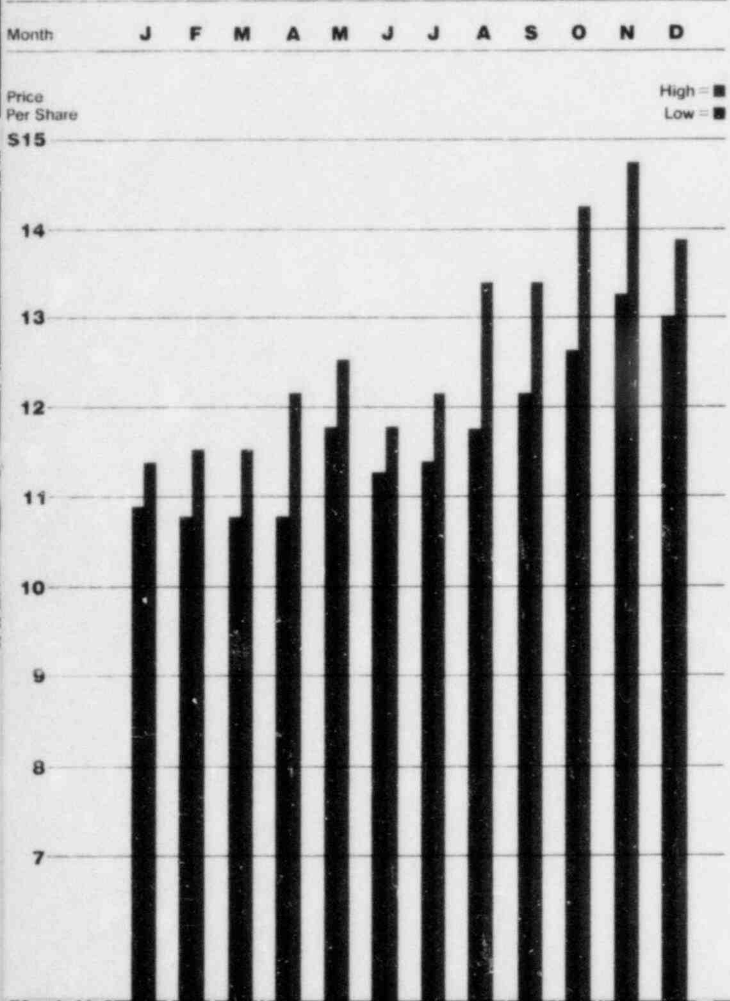
Earnings per Average Common Share
Dividends per Common Share
Operating Revenues
Operating Expenses
Common Stockholders – Year End
Dividend Reinvestment Participants
Earnings Available for Fixed Charges
Interest and Other Fixed Charges
Property and Plant (gross) – Year End
Capitalization Provided by Investors

Common Stock Price Range 1981



Year Ended December 31, 1982	Annual Increase Current Year	10-Year Average
$2.17	14.2 %	6.1 %
$1.58	3.9	2.1
$1,217,705,000	10.1	12.7
$1,013,054,000	9.8	13.6
187,000	8.2	5.9
51,000	73.3	14.4
$505,259,000	21.2	18.0
$202,180,000	11.1	15.5
$5,190,779,000	14.0	10.1
$3,792,809,000	15.8	9.8

Common Stock Price Range 1982



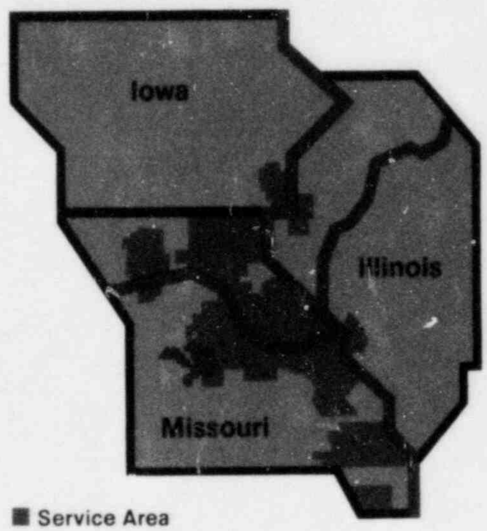
Contents

Annual Meeting

The Annual Meeting of Stockholders will convene at 10 a.m. Tuesday, April 26, 1983 at The Chase-Park Plaza Hotel, 212 N. Kingshighway, St. Louis, MO.

Service Area

Union Electric and certain subsidiaries, Missouri Power & Light Company, Missouri Edison Company and Missouri Utilities Company, are primarily engaged in supplying electric service for the strategic center of America—a 24,000 square mile area in Missouri, Illinois and Iowa. The Company is a member of one of the nation's largest power pooling networks. The ability to interchange bulk power provides emergency reserve power and enables each utility system to build new plant capacity in the most efficient and economical manner.



■ Service Area

To Our Stockholders:

The most common description of business conditions in 1982 has been "recession". More importantly, however, 1982 was the year in which inflation was held to its lowest rate in a long time—a fact which provides encouragement and solid hope for the future.

Reflecting the general business picture, our total kilowatt-hour sales for the year were down fractionally (7/10 of one percent) from 1981. The 8 percent decline in industrial sales was not completely made up by the 2 percent increase in residential sales and the 5 percent increase in commercial sales.

The year did produce good news for stockholders. Common stock earnings

"Common stock earnings in 1982 were \$2.17 per share, which was an increase of 27 cents…"

in 1982 were \$2.17 per share, which was an increase of 27 cents from the \$1.90 we recorded in 1981. The improved earnings resulted primarily from higher electric rates, offset in part by the increased costs of doing business.

Of enduring stockholder interest, also, was the third quarter increase of 3 cents per share in the common stock dividend, bringing the annual rate to \$1.64 per share.

Significant, too, is the fact that 70 percent of the \$1.58 per share common dividend paid in 1982 is considered a return of capital under the Internal Revenue Code and, as such, is not taxable as dividend income.

The Company currently estimates that the non-taxable percentage of common dividends will be slightly higher in 1983 than in 1982. Preferred dividends in 1982 and 1983, however, are to be treated as fully taxable dividend income.

More than 27 percent of our common stockholders are now participating in the Company's Dividend Reinvestment and Stock Purchase Plan. During 1982 the Company raised more than \$39 million of new capital through the Plan—which is more than double the amount raised in 1981. The Plan has become an important and economic source of new capital for the Company as it continues to be an attractive means of investment—free of commissions and fees—for our stockholders. And, of course, the Economic Recovery Tax Act of 1981 which, for income tax purposes, permits a limited exclusion of reinvested utility dividends from taxable income has significantly increased the popularity of the Plan.

"…a limited exclusion of reinvested utility dividends from taxable income has significantly increased the popularity of the Plan."

We continue to progress on the construction of the Callaway Plant. However, in light of the exacting nature of the remaining work and the extremely rigid quality requirements applicable to it, we announced in

August that completion of that nuclear plant has been rescheduled to late 1984 or early 1985. A notable milestone was reached in November when the first shipment of nuclear fuel arrived and was placed in storage in the plant's Fuel Building.

To effect significant economies, the Boards of Directors of the Company and of its utility subsidiaries (Missouri Power & Light Company, Missouri Utilities Company, and Missouri Edison Company) have approved a plan for merger of the four companies.

"To effect significant economies, the Boards of Directors . . . have approved a plan for merger of the four companies."

Charles J. Dougherty *William E. Cornelius*

Stockholder and regulatory approval of the plan will be sought.

It apparently is easy in inflationary times—such as the country has been experiencing for well over a decade—to complain about utility rates. And, unfortunately, some have found that theme a convenient vehicle to notoriety. Factually, however, we believe it is significant and noteworthy that surveys continue to show that Union Electric's residential customers' bills regularly rank among the lowest in the nation.

We believe that the Company's 1982 record is one of which our management and employee team can be proud—and we salute them for producing it. They are the most valuable resources for our Company's future.

Charles J. Dougherty

Charles J. Dougherty
Chairman and Chief Executive Officer

W E Cornelius

William E. Cornelius
President

February 14, 1983
St. Louis, Missouri

Business Review

"Our downtown service center enables us to help our customers on a one-to-one basis, in a more personal way."
Gwendolyn M. Tsadik
Supervisor, Customer Service Center

Earnings and Dividends Increase

Earnings on common stock of $2.17 per share in 1982 were 27 cents per share above the prior year. The increase in earnings reflected higher electric rates, partially offset by greater costs of doing business.

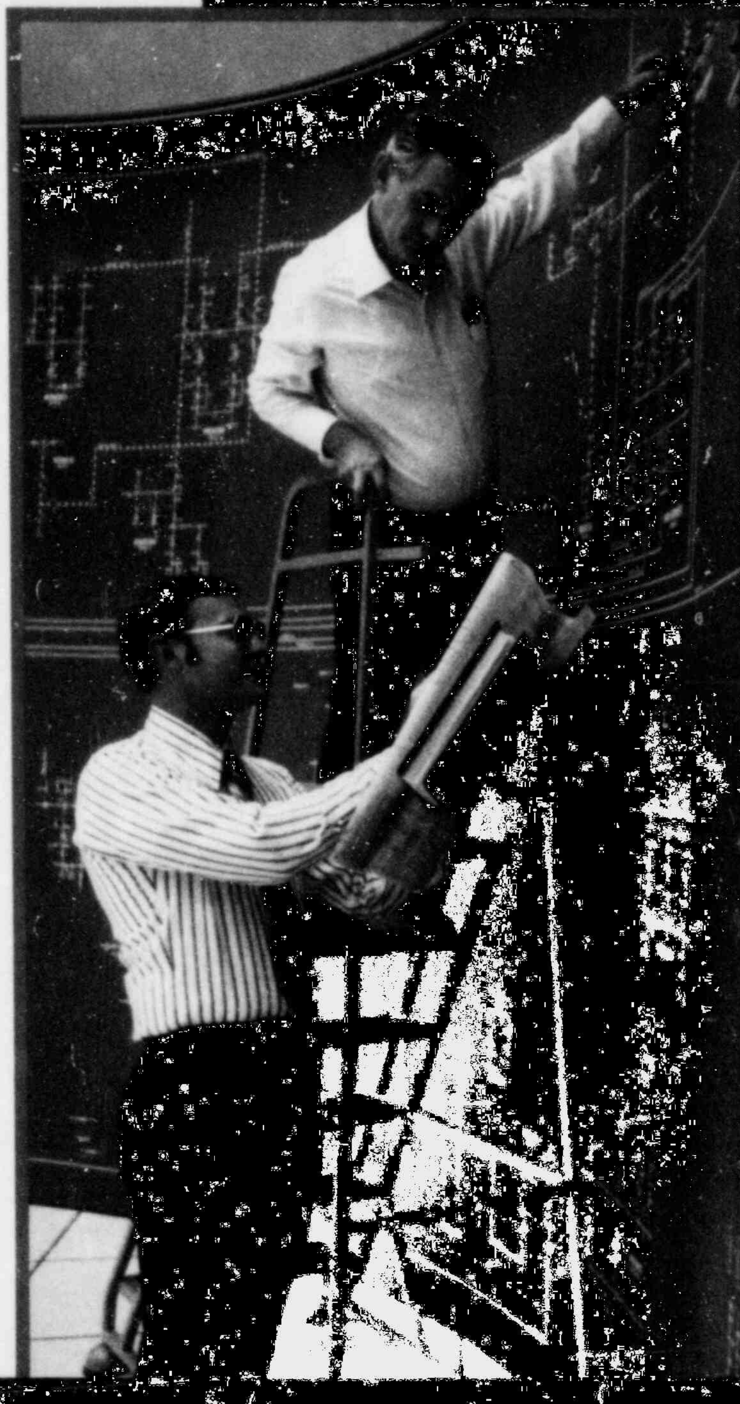
Dividends were increased 3 cents per share in the third quarter, bringing the annual dividend rate to $1.64 per share. Dividends paid to holders of our common stock have increased every year since 1975. Seventy percent of the $1.58 per share common dividend paid in 1982 is considered a return of capital under the Internal Revenue Code and, as such, is not taxable as dividend income. It is currently estimated that the non-taxable percentage of common dividends in 1983 will be slightly higher than in 1982. Preferred dividends in 1982 and 1983 are fully taxable dividend income.

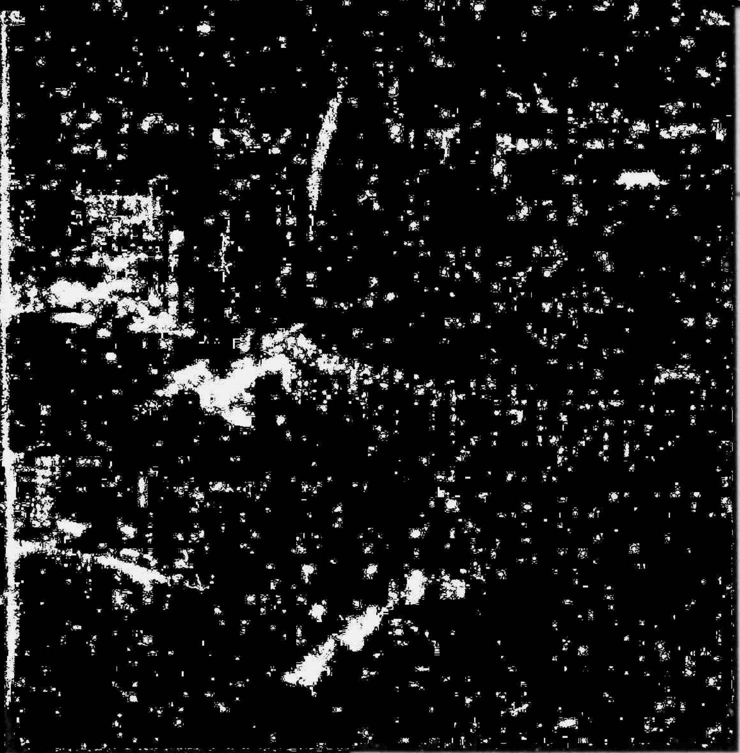
Dividend Reinvestment Plan Expands

During 1982 our Dividend Reinvestment and Stock Purchase Plan was amended to include Union Electric preferred stockholders and customers. Approximately 1,800 preferred stockholders and 4,400 customers have enrolled in the Plan.

Participation in the Plan increased from 29,714 stockholders at the end of 1981 to 51,484 at the end of 1982. Furthermore, the capital raised through the Plan in 1982 amounted to $39.1 million as compared to $19.1 million in 1981. Since the Plan was introduced in July 1976, it has provided the Company with more than $114 million of equity capital.

Our Dividend Reinvestment and Stock Purchase Plan, which is entirely voluntary, permits the automatic reinvestment of dividends on the Company's common and preferred stock in newly issued shares of common stock at prevailing market prices. The Plan also provides for the purchase of newly issued shares of Union Electric common stock through optional cash payments ranging from $10 to $5,000 monthly. Each purchase under the Plan is made without payment of any commission or service charge.





The Economic Recovery Tax Act of 1981 provides special treatment for stockholders participating in dividend reinvestment programs of qualified utilities. This law permits eligible individual stockholders to exclude from taxable income up to an aggregate of $750 annually ($1,500 in the case of joint returns) of dividends reinvested in common stock of qualified public utilities during the years 1982 through 1985. Our Plan qualifies for this special tax treatment as explained in recent correspondence to stockholders.

Dividends and Interest Subject to Withholding

The new Federal tax law provides for the withholding of a portion of dividends and interest paid by corporations.

The new law expressly excludes from the withholding requirements dividends reinvested under a public utility's qualified dividend reinvestment plan. Thus, there will be no withholding on dividends paid into Union Electric's automatic Dividend Reinvestment Plan; however, effective July 1, 1983, the Company generally is required to withhold 10 percent of other dividends paid to its common and preferred stockholders, and of interest paid on the Company's debt, if such interest amounts to more than $150 annually for an individual recipient.

"Our new Load Dispatching Facility, which includes the latest technology, helps us to determine the most efficient and economic method of providing electrical energy."

Henry H. Rowen
Transmission Dispatcher, Load Dispatching

Sales Constant As Heating Use Increases

Total kilowatt-hour sales for the year were slightly (7/10 of one percent) below our 1981 sales, primarily reflecting depressed sales to industry. Residential and commercial sales increased almost 2 percent and 4.5 percent, respectively; however, industrial sales declined 8 percent.

In 1982 the electric heating load connected to the Union Electric system reached 2,532,000 kilowatts. Electric heat was installed in 49 percent of all new commercial buildings and apartments, and in 30 percent of all new homes in the Company's service area. More than 4,500 residential electric heating installations were added to the Company's

BUSINESS REVIEW

lines in 1982, and at year-end, over 85,000 customers heated their homes electrically. In addition, over 14,000 commercial and industrial structures used electric heat.

Increased use of electric heat is important because it enables the Company to utilize, during the winter months, facilities which have been built primarily to supply the high demands for summer air conditioning.

Rate Increases Approved and Pending

In July new electric rates were authorized by the Missouri Public Service Commission, increasing Company rates by more than 9 percent for approximately 700,000 Missouri customers. The new rates should add about $65.2 million to annual revenues.

The subsidiary companies also had several rate requests resolved during 1982 which, in the aggregate, will increase annual revenues about $13 million.

Pending at year-end before regulatory authorities were Company requests for rate increases of about $143 million, or 16 percent, in Missouri and Illinois. Decisions on those requests are required by early June in Illinois and by early November 1983 in Missouri.

A recent survey revealed that our residential customers' electric bills rank fourth-lowest among the 25 largest cities in the United States. On the average, customers of large cities across the nation pay $73.12 for 1,000 kilowatt-hours of electricity, as compared with a bill of $51.96 for our customers with the same usage – indicating that the St. Louis bill is 29 percent below the average.

Coal Purchased

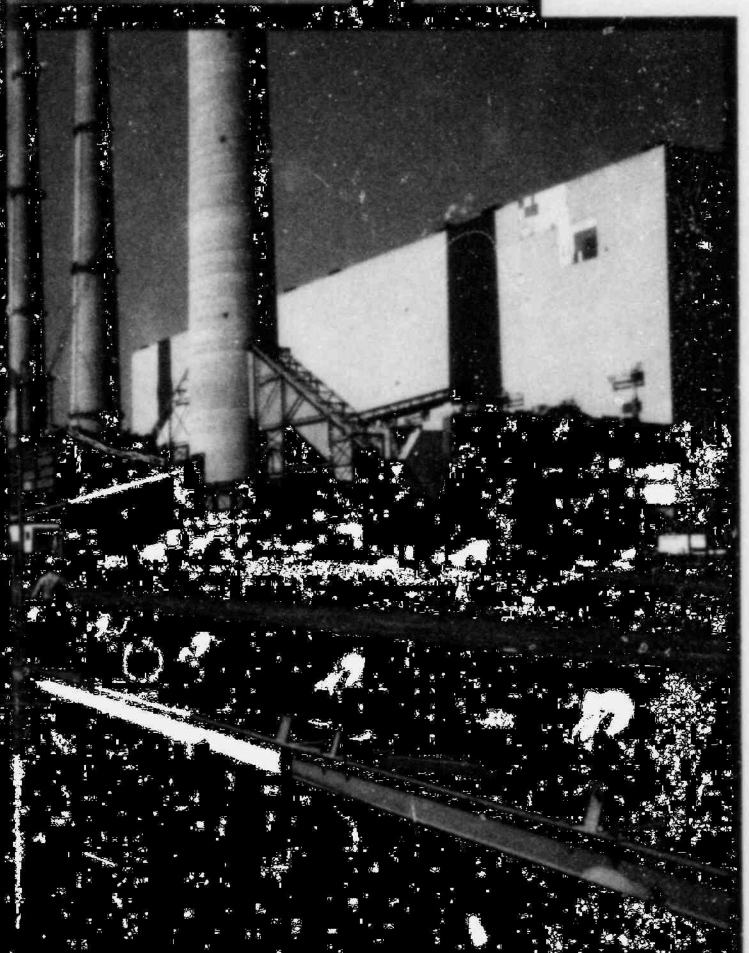
In 1982 we contracted for 10 million additional tons of low-sulphur coal, covering a period of 10 years, from Illinois suppliers. Moreover, almost all of our coal purchases in 1982 came from Illinois mines. By blending low-sulphur content coal with

"At Labadie Plant we installed equipment which blends coals varying in sulphur content to give us a fuel mixture that meets air quality regulations at a lower cost than burning low-sulphur coal alone."

James C. Morgan
Engineer,
Mechanical Design

"Callaway Plant is in final stages of construction and the first fuel was delivered to the site last Fall. The fuel bundles are being stored in the Fuel Building until they're needed to generate electricity."

Theresa L. Ashby
Asst. Engineer, Nuclear Services



higher sulphur coal we are able to comply with sulphur dioxide air quality regulations and continue to take advantage of the availability and lower cost of nearby coal supplies. Long-term coal contracts currently supply 85 percent of the Company's coal requirements.

For years our electricity has been approximately 94 percent coal and 6 percent hydro generated. During the year 1982 the Company burned 11 million tons of coal and fuel costs amounted to $353 million, which was about one-third of our total revenues.

Environmental Improvements Continue

Union Electric is meeting all air quality requirements, either by complying with applicable standards or by making necessary modifications under schedules approved by regulatory agencies. During 1982 construction of coal blending facilities at the Labadie Plant was completed. Major improvements to the existing particulate control equipment at that plant are under way, and this work is expected to be completed in 1984.

In the five-year period 1978 through 1982 the Company spent $444 million for environmental improvement; and, in the five-year period 1983-1987, expects to spend another $109 million on projects relating to environmental protection.

Improving Operations

The Company continues its efforts to improve efficiencies by utilizing better operating methods, training, and procedures. The following items are examples of these endeavors.

A five-year program to rewind the original generators at the Osage hydro plant was completed during 1982, updating these units for many more years of reliable, economical operation.

A new Load Dispatching Facility, designed to improve the operation, security, and efficiency of the Company's electrical system, was installed in 1982. This highly sophisticated facility is an

BUSINESS REVIEW

important component of the Union Electric system.

A new Power Operations Training Center was placed in service in September 1982 to provide for the increased highly-technical training of power plant employees.

Research and Development Reduces Costs

The Company continues its participation in the Electric Power Research Institute. One application of this research (estimated to save Union Electric approximately $3 million annually in repair and replacement power costs) is the use of a radiographic technique to detect deterioration of welds joining dissimilar metals in boiler tubes. The welds are inspected using this technique during routine overhaul shutdowns. Those welds that show they are nearing failure are repaired, thereby avoiding costly in-service failures. This is particularly important because our boilers at Labadie and Rush Island, our newest power plants, use this type of weld.

Major progress was made in the construction of a demonstration coal gasification plant in East Alton, Illinois, which is funded by Allis Chalmers, the State of Illinois, the Electric Power Research Institute and a group of electric utilities including Union Electric. The plant will convert high-sulphur Illinois coal into environmentally-acceptable, low-Btu gaseous fuel suitable for power plant use. It is expected that its construction will be completed and test operations initiated during 1983.

Callaway Continues As Major Project

More than $1.8 billion has been expended to date on our $2.85 billion Callaway Plant. Callaway's 1,150 megawatt nuclear unit is scheduled for

"There are times when we have to work around the clock in all kinds of weather, but it's our job to get our customers back in service as soon as possible."

Alfred L. Longheinrich
Lineman,
Transmission & Distribution

"We've been paying dividends on our common stock each year since 1906. I think that kind of record gives our investors confidence in the stability of our dividends."

Linda H. McCraw
Supervisor, Stockholder Services

service in late 1984 or early 1985 and will provide about 20 percent of our required generation.

Total construction expenditures in 1982 were $628 million (including $185 million of allowance for funds used during construction) bringing the Company's year-end gross investment in property and plant to well over $5 billion.

In 1983 and 1984 the Company anticipates construction expenditures of $619 million and $605 million, respectively, and in the five-year period 1983-1987, such expenditures are expected to aggregate $1.7 billion. After the Callaway Plant goes in service, the Company's construction program will be substantially reduced.

A 21,000 square foot Callaway Training Center housing classrooms and a Control Room Simulator is now in use (see cover). The Simulator duplicates all of the plant instruments and control devices and provides a training environment for reactor operators equivalent to actual operation of the plant.

Fuel storage racks were delivered to Callaway in early 1982 and installed in the Fuel Building which is now complete. The first truckload of fuel arrived in mid-November. By the time these deliveries are completed, one entire fuel loading valued at about $100 million will be in storage in the Fuel Building.

The Company has contracts for sufficient quantities of uranium through the year 2000 and a leasing arrangement which provides for the financing of up to $200 million of expenditures for the various elements of the nuclear fuel cycle, including acquisition, conversion, enrichment and fabrication.

In 1982 the Company expanded its 1977 land management agreement with the Missouri Department of Conservation to include an additional 1,300 acres of public use property adjacent to 4,000 acres surrounding the Callaway Plant. This 5,300 acre tract is called the Reform Wildlife Management Area and public use includes hunting, fishing, hiking, picnicking, bird-watching and nature photography.

Business Review

Securities Provide New Capital

The Company's 1982 construction program was financed almost entirely through the issuance of approximately $445 million of securities – a record amount for Union Electric.

In early 1982 Union Electric sold $75 million of preferred stock with a 16 percent annual dividend rate. In February and June, the Company utilized unsecured long-term bank financing totalling $100 million, which is based on optional interest rates. In September the Company issued $125 million of 15 percent, 10-year first mortgage bonds and in December utilized $20 million of debt financing to provide for additional environmental improvements. Also near the end of the year, the Company sold 6.5 million new shares of common stock, providing $85.6 million of new capital. In addition, 3.2 million shares of common stock were issued in 1982 under the Dividend Reinvestment and Stock Purchase Plan, providing $39 million of equity capital.

It is estimated that substantially all of our cash requirements for 1983 construction will be provided from outside financing. Plans include $100 million of first mortgage bonds in March, $75 million of preferred stock at mid-year, $50 million long- term debt financing in the Fall, and an additional 6.5 million shares of common stock near the end of the year. Also, the Company anticipates approximately $49 million of equity capital from the issuance of its common stock under the Dividend Reinvestment and Stock Purchase Plan.

Area Construction Encouraging

The Company's service area offers a number of attractive benefits for firms seeking new sites or building new facilities, including a skilled labor force, an excellent transportation network, proximity

"As part of our community service program, employees visit area schools to talk about energy while others volunteer their time on the Company's behalf for a variety of community activities."

Eddie G. Davis
Senior Administrator, Community Affairs

"As the use of electric heat pumps increases, we get better winter use of power generating facilities which were required to meet summer demands for electricity."

Peter C. Arena
Promotion Specialist, Marketing Activities

to the population center of the country, ample natural and energy resources, outstanding higher educational institutions, and many recreational and cultural facilities.

Major construction projects in the area include an $805 million Lock and Dam project on the Mississippi River near Alton, Illinois and a $500 million General Motors auto assembly plant at Wentzville, Missouri. New office buildings, hospital expansions, hotels, and commercial and industrial structures are other examples of the construction in progress throughout the area.

Merger of Subsidiaries Proposed

In December it was determined that a merger of Union Electric's utility subsidiaries, Missouri Power & Light Company, Missouri Utilities Company and Missouri Edison Company, with the parent company would provide a simplified corporate structure and overall economies. Subsequently, the Boards of Directors of Union Electric and its utility subsidiaries approved plans for mergers of the four companies, subject to the approval of shareholders and regulatory agencies.

Shareholders' approvals will be sought at annual meetings in April. Approvals are also required from the Missouri Public Service Commission, Illinois Commerce Commission and the Federal Energy Regulatory Commission. It is estimated that the proposed merger will reduce operating costs by approximately $8.5 million annually.

Executive Changes

Effective December 1, 1982, James C. Thompson was elected Secretary of the Company and Charles A. Bremer was named Director of Supply Service, succeeding Secretary G. R. Murray and Vice President M. E. Gatewood who retired that date.

Responsibility For Financial Statements

The management of Union Electric Company is responsible for the information and representations contained in the financial statements and in other sections of this Annual Report. The financial statements have been prepared in accordance with generally accepted accounting principles consistently applied. Other information included in this report is consistent, where applicable, with the financial statements.

The Company maintains a system of internal accounting controls designed to provide reasonable assurance as to the integrity of the financial records and the protection of assets. Qualified personnel are selected and an organization structure is maintained that provides for appropriate functional responsibility. Written policies and procedures have been developed and are revised as necessary. The Company maintains and supports an extensive program of internal audits with appropriate management follow up.

The financial statements have been examined by Price Waterhouse, independent accountants, and their report appears below.

The Board of Directors, through its Auditing Committee comprised of outside directors, is responsible for ensuring that both management and the independent accountants fulfill their respective responsibilities relative to the financial statements. Moreover, the independent accountants have full and free access to meet with the Auditing Committee, with or without management present, to discuss auditing or financial reporting matters.

Report Of Independent Accountants

Price Waterhouse

ONE CENTERRE PLAZA
ST. LOUIS, MO 63101
314 425-0500

February 14, 1983

To the Stockholders and Board of
Directors of Union Electric Company

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, preferred stock, long-term debt, retained earnings, other paid-in capital and changes in financial position present fairly the financial position of Union Electric Company and its subsidiaries at December 31, 1982 and 1981, and the results of their operations and the changes in their financial position for each of the three years in the period ended December 31, 1982, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse

CONSOLIDATED STATEMENT OF INCOME

(Thousands of Dollars)

Union Electric and Subsidiaries		Year 1982	Year 1981	Year 1980
Operating Revenues (*):	Electric	**$1,111,855**	$1,019,671	$ 996,893
	Gas	**90,213**	72,861	67,577
	Steam	**13,224**	11,033	11,486
	Water	**2,413**	1,971	1,920
	Total operating revenues	**1,217,705**	1,105,536	1,077,876
Operating Expenses:	Operations			
	Fuel and purchased power	**372,632**	356,887	334,428
	Other	**230,751**	200,506	185,071
		603,383	557,393	519,499
	Maintenance	**100,223**	87,435	80,632
	Depreciation	**86,670**	81,310	78,819
	Income taxes	**97,967**	79,381	91,925
	Other taxes (*)	**124,811**	117,128	115,845
	Total operating expenses	**1,013,054**	922,647	886,720
Operating Income		**204,651**	182,889	191,156
Other Income:	Allowance for equity funds used during construction	**93,858**	64,600	45,357
	Miscellaneous, net	**3,660**	(734)	3,638
	Total other income	**97,518**	63,866	48,995
Income Before Interest and Other Items		**302,169**	246,755	240,151
Interest and Other Items:	Interest on debt	**200,554**	180,312	131,725
	Allowance for borrowed funds used during construction	**(104,235)**	(91,025)	(46,698)
	Preferred dividends of subsidiaries	**384**	385	387
	Total interest and other items	**96,703**	89,672	85,414
Net Income		**205,466**	157,083	154,737
Preferred Dividend Requirements of Company		**39,960**	29,478	29,695
Earnings on Common Stock		**$ 165,506**	$ 127,605	$ 125,042

(*) Includes license and franchise taxes of $61,002,000, $54,664,000 and $54,068,000 for the years 1982, 1981 and 1980, respectively.

	Year 1982	Year 1981	Year 1980
Earnings per Share of Common Stock (based on average shares outstanding)	**$2.17**	$1.90	$2.10
Dividends per Share of Common Stock	**$1.58**	$1.52	$1.48
Average Number of Common Shares Outstanding	**76,251,024**	67,179,275	59,675,995

See Notes to Financial Statements on pages 22, 23, 24 and 25.

CONSOLIDATED BALANCE SHEET
(Thousands of Dollars)

Union Electric and Subsidiaries		December 31, 1982	December 31, 1981
Assets			
Property and Plant, at original cost:	Electric	$3,075,484	$2,936,616
	Gas	73,551	70,002
	Steam	9,593	9,581
	Water	8,221	7,914
	Other	19,479	19,467
		3,186,328	3,043,580
	Less accumulated depreciation	984,656	915,996
		2,201,672	2,127,584
	Construction work in progress:		
	Callaway nuclear plant	1,809,397	1,343,886
	Nuclear fuel	169,553	131,491
	Settlement of uranium litigation	(89,407)	(76,528)
	Other	114,908	112,138
	Total property and plant, net	4,206,123	3,638,571
Investments, at cost		5,605	5,871
Deferred Charges:	Callaway unit 2 construction abandonment	82,826	83,363
	Unamortized bond defeasance cost	4,470	4,652
	Unamortized debt expense	4,860	4,035
	Other	2,292	3,820
	Total deferred charges	94,448	95,870
Current Assets:	Cash	4,555	5,333
	Deposits for payment of interest, and other deposits	32,655	39,567
	Accounts receivable—trade (less allowance for doubtful accounts of $1,622 and $1,498, at respective dates)	85,629	77,792
	Unbilled revenue	54,042	49,995
	Other accounts and notes receivable	6,622	7,709
	Materials and supplies, at average cost—		
	Fuel	99,006	82,310
	Construction and maintenance	37,188	38,040
	Prepayments and other assets	4,924	6,219
	Total current assets	324,621	306,965
Total Assets		$4,630,797	$4,047,277

See Notes to Financial Statements on pages 22, 23, 24 and 25.

Union Electric and Subsidiaries

Capital and Liabilities

		December 31, 1982	December 31, 1981
Capitalization:			
Common stock and retained earnings	Common stock, $5 par value, authorized 100,000,000 shares; outstanding 84,413,679 and 74,755,885 shares, at respective dates (excluding 42,990 shares at par value in treasury)	$ 422,068	$ 373,780
	Other paid-in capital, principally premium on common stock (see accompanying statement)	541,222	464,450
	Retained earnings (see accompanying statement)	364,771	324,547
	Total common shareholders' equity	1,328,061	1,162,777
Preference stock	Preference stock, $1 par value (entitled to cumulative dividends), authorized 7,500,000 shares – none outstanding		
Preferred stock	Preferred stock not subject to mandatory redemption, including premium of $1,571 (see accompanying statement)	281,355	281,355
	Preferred stock subject to mandatory redemption (see accompanying statement)	182,988	110,014
Long-term debt	Long-term debt (see accompanying statement)	2,005,398	1,724,236
	Unamortized discount and premium on debt	(4,993)	(4,309)
	Total capitalization	3,792,809	3,274,073
Accumulated Deferred Taxes on Income		328,580	238,153
Accumulated Deferred Investment Tax Credits		122,217	125,290
Construction Commitments and Contingencies (Notes 8 and 9)			
Current Liabilities:	Current maturity of long-term debt	2,223	31,903
	Accounts payable	117,199	73,969
	Wages payable	20,010	17,598
	Callaway unit 2 cancellation charges	45,969	52,000
	Bank loans	42,100	66,350
	Commercial paper	25,000	54,000
	Income taxes accrued	27,919	18,810
	Other taxes accrued	14,287	13,161
	Interest accrued	46,621	43,662
	Dividends declared	10,328	7,382
	Other current liabilities	35,535	30,926
	Total current liabilities	387,191	409,761
Total Capital and Liabilities		$4,630,797	$4,047,277

PREFERRED STOCK
(Thousands of Dollars)

Union Electric and Subsidiaries		December 31, 1982	December 31, 1981
Preferred Stock not subject to mandatory redemption:			
Union Electric Company			
Preferred stock, without par value (entitled to cumulative dividends) — note (a)	Stated value of shares outstanding, $100 per share —		
	$7.44 Series — 550,000 shares	**$ 55,000**	$ 55,000
	$6.40 Series — 300,000 shares	**30,000**	30,000
	$4.56 Series — 200,000 shares	**20,000**	20,000
	$4.50 Series — 213,595 shares	**21,359**	21,359
	$4.00 Series — 150,000 shares	**15,000**	15,000
	$3.70 Series — 40,000 shares	**4,000**	4,000
	$3.50 Series — 130,000 shares	**13,000**	13,000
	Stated value of shares outstanding, $97.50 per share —		
	$8.00 Series of 1971 — 425,000 shares	**41,437**	41,437
	Stated value of shares outstanding, $92.25 per share —		
	$8.00 Series — 350,000 shares	**32,288**	32,288
	Stated value of shares outstanding, $25.00 per share —		
	$2.125 Series — 1,600,000 shares	**40,000**	40,000
Total Union Electric Company		**272,084**	272,084
Missouri Power & Light Company			
Preferred stock, $100 par value (entitled to cumulative dividends), authorized 75,000 shares	4.30% Series — 20,000 shares	**2,000**	2,000
	3.90% Series — 40,000 shares	**4,000**	4,000
Preferred stock, $25 par value (entitled to cumulative dividends), authorized 400,000 shares — none outstanding			
Total Missouri Power & Light Company		**$ 6,000**	$ 6,000

(a) Authorized Union Electric Company total preferred stock — 15,000,000 shares.

(b) Authorized Missouri Utilities Company total preferred stock — 50,000 shares.

(c) To be retired by sinking fund.

(d) The Company is required to retire 80,000 shares and has an option to redeem an additional 80,000 shares, at $25 per share on November 15 of each year.

See Notes to Financial Statements on pages 22, 23, 24 and 25.

Union Electric and Subsidiaries		**December 31, 1982**	December 31, 1981
Preferred Stock not subject to mandatory redemption (continued):			
Missouri Utilities Company			
Preferred stock, $100 par value (entitled to cumulative dividends) – note (b)	5% Series – 14,000 shares	**$ 1,400**	$ 1,400
	5% Series of June 1950 – 1,500 shares	**150**	150
	5% Series of September 1950 – 1,500 shares	**150**	150
Total Missouri Utilities Company		**1,700**	1,700
Missouri Edison Company			
Preferred stock, $100 par value (entitled to cumulative dividends), authorized 5,000 shares – none outstanding			
Total preferred stock not subject to mandatory redemption		**$279,784**	$279,784
Preferred Stock subject to mandatory redemption:			
Union Electric Company			
Preferred stock, without par value (entitled to cumulative dividends) – note (a)	Stated value of shares outstanding, $25.00 per share –		
	$2.72 Series – 1,280,000 and 1,360,000 shares at respective dates, due to 1998 – notes (c) and (d)	**$ 32,000**	$ 34,000
	$4.00 Series of 1982 – 3,000,000 shares due 1988 to 2007 – note (c)	**75,000**	–
	Stated value of shares outstanding, $50.00 per share –		
	$4.60 Series – 1,500,000 shares due 1985 to 2004 – note (c)	**75,000**	75,000
Total Union Electric Company		**182,000**	109,000
Missouri Utilities Company			
Preferred stock, $100 par value (entitled to cumulative dividends) – note (b)	5.70% Series – 9,880 and 10,140 shares at respective dates, due to 2020 – note (c)	**988**	1,014
Total preferred stock subject to mandatory redemption		**$182,988**	$110,014

LONG-TERM DEBT

(Thousands of Dollars)

Union Electric and Subsidiaries		**December 31, 1982**	December 31, 1981
Union Electric Company			
First mortgage bonds – note (a)	3¾% Series due 1986	**$ 40,000**	$ 40,000
	4⅜% Series due 1988	**35,000**	35,000
	4¾% Series due 1990	**50,000**	50,000
	4¾% Series due 1991	**30,000**	30,000
	15⅜% Series due 1991	**150,000**	150,000
	15% Series due 1992	**125,000**	–
	4½% Series due 1993	**30,000**	30,000
	4½% Series due 1995	**35,000**	35,000
	5½% Series due 1996	**30,000**	30,000
	5½% Series due 1997	**40,000**	40,000
	7% Series due 1998	**50,000**	50,000
	7⅜% Series due 1999	**35,000**	35,000
	8¼% Series due 1999	**40,000**	40,000
	9.95% Series due 1999 – note (b)	**100,000**	100,000
	9% Series due 2000	**60,000**	60,000
	7⅞% Series due 2001	**50,000**	50,000
	7⅝% Series due 2001	**50,000**	50,000
	8⅛% Series due 2001	**60,000**	60,000
	8⅜% Series due 2004	**70,000**	70,000
	10½% Series due 2005	**70,000**	70,000
	5.80% Series due 1992 to 2005 – note (c)	**27,085**	27,085
	8⅞% Series due 2006	**70,000**	70,000
	8⅝% Series due 2007	**60,000**	60,000
	9.35% Series due 2008 – note (b)	**55,000**	55,000
	9.25-9.625% Series due 2000 to 2010 – note (c)	**60,000**	60,000
Unsecured loans			
Foreign bank agreement – note (d)	Due 1984	**40,000**	40,000
Domestic credit agreement – note (e)	Due 1987 to 1988	**175,000**	75,000
Missouri environmental improvement –			
Revenue notes	7¼% Series due 1985	**20,000**	–
	10% Series due 1986	**45,000**	45,000
Revenue bonds	5.60-6.20% Series due 1989 to 2004	**16,500**	16,500
Nuclear fuel lease		**169.260**	131,427
Total Union Electric Company		**$1,887,845**	$1,605,012

(a) At December 31, 1982, substantially all of the property and plant was mortgaged under, and subject to liens of, the respective indentures pursuant to which the bonds were issued.

(b) To be retired by sinking fund – Union Electric Company, 9.95% Series from 1986 to 1998; 9.35% Series from 1989 to 2007; Missouri Power & Light Company, 10¾% Series to 1993; 9⅜% Series to 2000; 10% Series from 1985 to 2003; Missouri Utilities Company, 9¼% Series to 2000; and Missouri Edison Company, 11¼% Series to 1989; 9⅜% Series to 2000; 8½% Series from 1983 to 2001.

(c) Environmental Improvement Series.

(d) Interest rate was 10.75% on December 31, 1982 based on a 90-day London InterBank Offered Rate (LIBOR); subsequent rates will vary depending on the Company's selection of various options under the agreement.

See Notes to Financial Statements on pages 22, 23, 24 and 25.

Union Electric and Subsidiaries		**December 31, 1982**	December 31, 1981
Missouri Power & Light Company			
First mortgage bonds—note (a)	3¼% Series due 1984	**$ 7,500**	$ 7,500
	4½% Series due 1992	**6,000**	6,000
	10¾% Series due 1994—note (b)	**5,320**	5,740
	5⅝% Series due 1996	**5,000**	5,000
	5⅝% Series due 1997	**5,000**	5,000
	8% Series due 1999	**5,000**	5,000
	9⅜% Series due 2001—note (b)	**10,800**	11,400
	7¾% Series due 2003	**7,000**	7,000
	10% Series due 2004—note (b)	**10,000**	10,000
Total Missouri Power & Light Company		**61,620**	62,640
Missouri Utilities Company			
First mortgage bonds—note (a)	5¾% Series due 1984	**1,000**	1,000
	4½% Series due 1988	**3,000**	3,000
	5⅝% Series due 1991	**3,500**	3,500
	8¼% Series due 1996	**10,000**	10,000
	7.95% Series due 1998	**4,000**	4,000
	9¼% Series due 2001—note (b)	**5,400**	5,700
Unsecured notes	18%	**—**	5,000
	6% Due 1992—note (f)	**2,030**	2,135
Total Missouri Utilities Company		**28,930**	34,335
Missouri Edison Company			
First mortgage bonds—note (a)	14⅞% Series due 1986	**4,000**	4,000
	16% Series due 1987	**5,500**	—
	11¼% Series due 1990—note (b)	**3,500**	3,800
	5% Series due 1991	**2,000**	2,000
	4¾% Series due 1995	**3,000**	3,000
	9⅜% Series due 2001—note (b)	**3,130**	3,304
	8½% Series due 2002—note (b)	**5,700**	6,000
Unsecured note—note (g)	21% Due 1985	**32**	—
Total Missouri Edison Company		**26,862**	22,104
Union Colliery Company			
Secured note—note (g)	9% Due 1999	**141**	145
Long-term debt		**$2,005,398**	$1,724,236

(e) In 1982, Union Electric Company entered into a six-year credit agreement with certain domestic banks which permits the Company to borrow up to $375 million, on which interest rates will vary depending on the Company's selection of various options under the agreement. At December 31, 1982, $175 million of such domestic borrowings were outstanding at an interest rate of 10.145%, based on the 60-day Certificate of Deposit rate.

(f) Notes due in equal annual installments to 1991.

(g) Note due in equal monthly installments.

(h) In 1982, Union Electric Company entered into a six-year letter agreement with certain foreign banks which permits the Company to borrow up to $200 million, on which interest rates will vary depending on the Company's selection of various options under the agreement. At December 31, 1982, none of such foreign borrowings were outstanding.

Consolidated Statement Of Retained Earnings
(Thousands of Dollars)

Union Electric and Subsidiaries		Year 1982	Year 1981	Year 1980
Balance at Beginning of Period		**$324,547**	$298,902	$262,202
Add:	Net income	**205,466**	157,083	154,737
		530,013	455,985	416,939
Deduct:	Preferred stock dividends*	**41,433**	29,451	29,668
	Common stock cash dividends—$1.58, $1.52 and $1.48 per share, respectively	**120,203**	101,735	88,105
	Write-off of capital stock expense	**3,606**	252	264
		165,242	131,438	118,037
Balance at Close of Period	(Under the mortgage indenture of Union Electric Company as amended, free and unrestricted retained earnings at December 31, 1982 amounted to $310,974**)	**$364,771**	$324,547	$298,902

*Includes dividends declared, applicable to subsequent periods.

**At December 31, 1982 the aggregate retained earnings of the consolidated subsidiaries totalled $49,018,000; under the mortgage indentures of the consolidated subsidiaries, free and unrestricted retained earnings of such subsidiaries at December 31, 1982, amounted to $26,527,000.

Consolidated Statement Of Other Paid-In Capital
(Thousands of Dollars)

Union Electric and Subsidiaries		Year 1982	Year 1981	Year 1980
Balance at Beginning of Period		**$464,450**	$414,020	$374,189
Add:	Excess of sales price over par value of 6,500,000, 6,500,000 and 5,500,000 shares of common stock issued in 1982, 1981 and 1980, respectively	**53,137**	38,058	28,243
	Excess of sales price over par value of 3,157,794, 1,780,268 and 1,522,384 shares of common stock issued during 1982, 1981 and 1980, respectively, for dividend reinvestment and stock purchase plan	**23,313**	10,244	9,520
	Excess of sales price over par value of 350,300 and 306,024 shares of common stock issued for tax reduction act stock ownership plan in 1981 and 1980, respectively	**—**	1,811	2,016
	Excess of stated value over purchase price of 80,000 shares of preferred stock redeemed in each of the years 1982, 1981 and 1980	**322**	317	52
Balance at Close of Period		**$541,222**	$464,450	$414,020

See Notes to Financial Statements on pages 22, 23, 24 and 25.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(Thousands of Dollars)

Union Electric and Subsidiaries		Year 1982	Year 1981	Year 1980
Source of Funds:	From operations—			
	Net income	**$205,466**	$157,083	$154,737
	Provision for depreciation	**86,670**	81,310	78,819
	Provision for deferred taxes on income (net)	**90,427**	71,986	42,876
	Provision for deferred investment tax credits (net)	**(3,073)**	11,816	25,918
	Allowance for all funds used during construction	**(198,093)**	(155,625)	(92,055)
		181,397	166,570	210,295
	From financing and other sources—			
	Issue of mortgage bonds	**130,500**	154,000	115,000
	Issue of long-term unsecured debt	**295,032**	90,000	75,000
	Nuclear fuel lease	**37,833**	32,392	58,896
	Issue of preferred stock	**75,000**	—	—
	Issue of common stock	**85,638**	70,558	55,743
	Dividend reinvestment and stock purchase plans	**39,102**	22,708	20,678
	Settlement of uranium litigation	**12,879**	13,904	62,624
	Net decrease in working capital (excluding short-term loans and current maturity of long-term debt)	**42,704**	67,722	—
	Additional short-term bank loans and commercial paper	**—**	—	43,985
		718,688	451,284	431,926
	Total funds provided	**$900,085**	$617,854	$642,221
Application of Funds:	Gross plant expenditures	**$628,343**	$532,650	$421,275
	Nuclear fuel	**38,062**	32,406	58,872
	Allowance for all funds used during construction	**(198,093)**	(155,625)	(92,055)
	Union Electric dividends on preferred stock and common stock	**161,636**	131,186	117,773
	Restructured long-term unsecured debt	**175,000**	—	75,000
	Maturity of mortgage bonds	**36,899**	894	25,894
	Redemption of preferred stock	**2,026**	2,026	2,026
	Reduced short-term bank loans and commercial paper	**53,250**	20,535	—
	Callaway unit 2 cancellation charges—deferred	**(537)**	52,000	—
	Net increase in working capital (excluding short-term loans and current maturity of long-term debt)	**—**	—	30,964
	Net change in other funds	**3,499**	1,782	2,472
	Total funds applied	**$900,085**	$617,854	$642,221
Decreases (Increases) in Working Capital:	Cash and deposits	**$ 7,690**	$ 8,916	$ (37,472)
	Receivables, net	**(10,797)**	(9,421)	22,407
	Fuel	**(16,696)**	27,598	(24,801)
	Other materials and supplies	**852**	(2,554)	(3,447)
	Accounts and wages payable	**45,642**	(6,657)	(2,086)
	Cancellation charges	**(6,031)**	52,000	—
	Taxes accrued	**10,235**	(12,794)	8,654
	Interest and dividends accrued or declared	**5,905**	10,843	3,892
	Other	**5,904**	(209)	1,889
		$ 42,704	$ 67,722	$ (30,964)

See Notes to Financial Statements on pages 22, 23, 24 and 25.

NOTES TO FINANCIAL STATEMENTS

Union Electric and Subsidiaries

Note 1 – Summary of Accounting Policies

The Company and its utility subsidiaries are subject to regulation by the Missouri Public Service Commission, Illinois Commerce Commission, Iowa State Commerce Commission and the Federal Energy Regulatory Commission. The accounting policies of the companies are in accordance with the rate-making practices of the regulatory authorities having jurisdiction and, as such, conform to generally accepted accounting principles as applied to regulated public utilities. A description of the Company's significant accounting policies follows.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned. In the process of consolidation, all intercompany investments and accounts and all intercompany sales and profits are eliminated.

Property and Plant

The cost of additions to and betterments of units of property and plant is capitalized. Cost includes labor, material, applicable taxes, pensions and certain other items, plus an allowance for funds used during construction. Maintenance expenditures and renewals of items not considered to be units of property are charged to income as incurred. When units of depreciable property are retired, the original cost and removal cost, less salvage, are charged to accumulated depreciation.

Depreciation

For financial statement purposes, depreciation is provided over the estimated lives of the various classes of depreciable property by applying composite rates on a straight-line basis. The provisions for depreciation in 1982, 1981 and 1980 were equivalent to approximately 2.8% of the average depreciable cost.

Income Taxes

Deferred income taxes are provided for timing differences between book and taxable income as permitted for rate-making purposes. Investment tax credits utilized are deferred and amortized over the useful lives of the properties to which they relate.

Allowance for Funds Used During Construction

The Federal Energy Regulatory Commission Uniform System of Accounts defines allowance for funds used during construction (AFC), which is a non-cash item, as the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate on other funds when so used.

During the three years ended December 31, 1982, the Company recorded AFC at various rates, compounded semi-annually. The net rates reflect the Company's policy of deferring the income tax effect applicable to the borrowed funds portion of the AFC rate. The average annual AFC rates were 11.62% (9.09% net) in 1982, 11.42% (8.73% net) in 1981 and 9.75% (7.65% net) in 1980.

Unbilled Revenue

The Company records on its books the estimated amount of accrued, but unbilled, revenue and also the accrued liability for the related taxes.

Note 2 – Income Taxes

Total income tax expense was less than the amount computed by multiplying the income-before-tax by the statutory Federal income tax rate. The reasons for this difference for the years in which shown are as follows (in thousands):

	1982	1981	1980
Tax computed at statutory rate on book income-before-tax	**$139,416**	$108,078	$113,024
Increase (Decreases) in tax from:			
Additional depreciation	**6,263**	3,451	1,901
Allowance for equity funds used during construction	**(43,431)**	(30,347)	(21,668)
Miscellaneous, net	**(4,635)**	(3,312)	(2,290)
Total	**$ 97,613**	$ 77,870	$ 90,967

Income tax expense components (in thousands):

	1982	1981	1980
Included in operating expenses–			
Taxes currently payable:			
Federal	**$ 7,943**	$(3,706)	$14,008
State	**2,670**	(841)	4,841
Deferred taxes (principally Federal):			
Liberalized depreciation	**17,500**	14,177	12,178
Repair allowance	**—**	—	6,742
Allowance for borrowed funds used during construction	**49,455**	44,107	22,160
Construction abandonment	**21,500**	14,000	—
Other (principally capitalized costs)	**7,288**	6,553	4,838
Provisions deferred in prior years	**(5,316)**	(6,851)	(3,120)
Deferred investment tax credits, net	**(3,073)**	11,942	30,278
	97,967	79,381	91,925
Current provision included in other income	**(354)**	(1,511)	(958)
Total	**$97,613**	$77,870	$90,967

Investment tax credit carryforwards, unrecorded as of December 31, 1982, amounted to approximately $79 million which may be utilized by the Company to reduce future income tax liabilities through 1997.

Note 3—Capital Stock

During the three years ended December 31, 1982, common stock, $5 par value, was issued as follows: 6,500,000, 6,500,000 and 5,500,000 shares were issued in 1982, 1981 and 1980, respectively. In addition, of the 18,000,000 shares reserved for the Union Electric Company Dividend Reinvestment and Stock Purchase Plan, 3,157,794, 1,780,268 and 1,522,384 shares were issued in 1982, 1981 and 1980, respectively; and of the 2,500,000 shares reserved for the Union Electric Company Tax Reduction Act Stock Ownership Plan, 350,300 and 306,024 shares were issued in 1981 and 1980, respectively.

During the same period, preferred stock, without par value, was issued and redeemed as follows: Union Electric Company issued 3,000,000 shares, $4.00 Series in 1982; Union Electric Company redeemed 80,000 shares, $2.72 Series in each of the years 1982, 1981 and 1980; and, Missouri Utilities Company redeemed 260 shares, 5.70% Series in each of the years 1982, 1981 and 1980.

Preferred Stock Redemption Prices	Current	Eventual Minimum
	(Per Share)	
Union Electric Company		
$6.40 Series	$101.50	$101.50
$4.56 Series	102.47	102.47
$4.50 Series	110.00	110.00(a)
$4.00 Series	105.625	105.625
$3.70 Series	104.75	104.75
$3.50 Series	110.00	110.00
$8.00 Series	99.25	93.25
$8.00 Series of 1971	101.50	98.50
$7.44 Series	105.00	101.00
$2.72 Series (c)	27.75(b)	25.25
$2.125 Series	26.45(b)	25.25
$4.60 Series (d)	54.60(b)	50.50
$4.00 Series of 1982 (e)	29.00(b)	25.00
Missouri Power & Light Company		
4.30% Series	102.176	102.176
3.90% Series	105.00	105.00
Missouri Utilities Company		
5.00% Series	110.00	110.00
5.00% Series of June 1950	103.50	103.50
5.00% Series of September 1950	103.50	103.50
5.70% Series (f)	101.50	100.00

(a) In the event of voluntary liquidation, $105.50.
(b) Redemption subject to certain restrictions regarding refunding operations.
(c) The Company is required to retire 80,000 shares, and has an option to redeem an additional 80,000 shares, at $25 per share on November 15 of each year.
(d) The Company is required to redeem 75,000 shares at $50 per share on August 15 of each year, commencing in 1985.
(e) The Company is required to retire 150,000 shares, and has an option to redeem an additional 150,000 shares, at $25 per share on February 15 of each year, commencing in 1988.
(f) Missouri Utilities Company is required to redeem 260 shares at $100 per share, plus accrued dividends, on June 1 of each year.

NOTES TO FINANCIAL STATEMENTS
(continued)

Union Electric and Subsidiaries

Note 4—Preferred Stock Subject to Mandatory Redemption

During the five years from December 31, 1982, the amounts of preferred stock to be redeemed at par or stated value are: $2,026,000 in 1983; $2,026,000 in 1984; $5,776,000 in 1985; $5,776,000 in 1986; and $5,776,000 in 1987.

Note 5—Debt Retirement Provisions

During the five years from December 31, 1982, the amounts of debt maturities are: $2,223,000 in 1983; $50,728,000 in 1984; $22,711,000 in 1985; $98,844,000 in 1986; and $73,678,000 in 1987. (Amounts do not include nuclear fuel lease payments since the timing and the amounts of such payments are not currently determinable—see Note 10).

Debt retirement provisions contained in the mortgage bond indentures of the Company and its subsidiaries require, subject to certain alternatives, the redemption annually of 1% of the principal amount (as defined) of each series of bonds. In lieu of such redemptions, except in one instance, the Company and its subsidiaries have been following the practice of pledging property additions as permitted by the indentures.

Note 6—Retirement Plans

The retirement plans covering employees of the Company and its subsidiaries are financed through irrevocable pension trusts and group annuity contracts. The Company's policy is to fund pension costs accrued. Costs of the retirement plans for the years 1982, 1981 and 1980 were $14,279,000, $12, 515,000 and $11,417,000, respectively, of which approximately 22% was charged to construction accounts. The aforementioned amounts include prior service costs which are being amortized over twenty years.

A comparison of estimated actuarial present value of accumulated plan benefits and plan net assets follows (in millions):

	At December 31.		
	1982	1981	1980
Vested	**$197**	$246	$225
Nonvested	**18**	4	3
	$215	$250	$228
Net assets available for benefits	**$239**	$179	$172

The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 7% for 1982 and 6% for 1981 and 1980.

Note 7—Short-Term Borrowings

Short-term borrowings of the Company and its subsidiaries consist of bank loans (maturities not in excess of 270 days) and commercial paper (maturities generally within 30-45 days). Information regarding such consolidated short-term borrowings is as follows (in thousands except rates):

	1982	1981	1980
Amounts outstanding at year end—			
Bank loans	**$42,100**	$66,350	$41,425
Commercial paper	**$25,000**	$54,000	$99,460
Composite interest rates at year end—			
Bank loans	**11.3%**	13.8%	21.0%
Commercial paper	**9.9%**	13.6%	19.4%
Maximum aggregate amount outstanding at any month end during the year	**$205,850**	$167,275	$140,885
Average daily short-term borrowings outstanding during the year—			
Aggregate amount	**$138,847**	$136,116	$90,425
Weighted composite interest rate	**13.7%**	17.8%	13.4%

The above weighted composite interest rates were calculated by dividing the applicable interest expense for the year by the average daily short-term borrowings shown above.

At December 31, 1982, the Company and its subsidiaries had bank lines of credit aggregating $190,860,000 ($148,760,000 of which was unused at such date) which make available interim financing at various rates of interest based on prime, the London InterBank Offered Rate (LIBOR), bank certificates of deposit, or other options, and in support of which the Company has unwritten agreements with its lending banks to either maintain average compensating balances ranging from 0% to 10% of the line of credit as determined from the bank records or to pay annual fees ranging from 0.25% of the unused portion of the line of credit to 0.375% of the line of credit. These lines of credit are renewable annually at various dates throughout the year.

Note 8—Construction Commitments

The Company and its subsidiaries are engaged in a construction program under which expenditures of approximately $1.7 billion are anticipated during the next five years, of which expenditures of $619,000,000 and $605,000,000 are estimated to be made in 1983 and 1984, respectively.

Note 9—Contingencies

On October 9, 1981, the Company cancelled construction of Unit No. 2 at its Callaway nuclear plant which unit had been scheduled to be placed in service in 1990. At December 31, 1982, $50 million, representing construction costs accumulated to that date plus estimated cancellation charges (net of taxes) has been deferred. Regulatory agencies having jurisdiction over a substantial majority of such costs have been petitioned for approval to amortize and recover in electric rates the applicable portion of the costs. The minor portion of these costs, applicable to other regulatory jurisdictions, will be similarly petitioned for as soon as practicable. In the opinion of management, unrecovered costs, if any, would not be material to the financial position of the Company.

Note 10—Nuclear Fuel Lease—Capitalized

The Company has entered into a lease agreement which provides for the financing of the costs of up to $200,000,000 of the Company's nuclear fuel. Pursuant to the terms of the lease, the Company has assigned to the lessor certain contracts for purchase of nuclear fuel. The lessor obtains through the issuance of commercial paper backed by letters of credit from commercial banks, or from direct loans from commercial banks, the necessary funds to purchase the fuel and make interest payments when due.

The Company is unconditionally obligated to reimburse the lessor for all expenditures for nuclear fuel, interest and related costs. Obligations under this lease will become current at such time as the nuclear fuel is engaged in heat production at the Company's Callaway nuclear plant, which is scheduled for completion in late 1984 or early 1985.

The Company has capitalized the cost, including interest costs, of the leased nuclear fuel and has recorded the related lease obligation. During the years 1982, 1981 and 1980, the Company capitalized related interest costs of $19,748,000, $19,753,000 and $9,518,000 based on an average interest rate of 13.4%, 17.6% and 14.7%, respectively.

Note 11—Supplementary Income Statement Information

	1982	1981	1980
	(Thousands of Dollars)		
Maintenance and repairs, charged directly to:			
Operating expenses	**$100,223**	$87,435	$80,632
Other accounts (a)	**5,736**	4,768	4,805
	$105,959	$92,203	$85,437
Depreciation, depletion and amortization of fixed and intangible assets, charged directly to:			
Operating expenses	**$86,670**	$81,310	$78,819
Other accounts (a)	**2,862**	2,435	2,208
	$89,532	$83,745	$81,027
Taxes, other than payroll and income taxes, charged directly to:			
Operating expenses—			
Real estate and personal property	**$ 51,282**	$ 51,977	$ 53,128
License and franchise	**61,002**	54,664	54,068
Other	**1,491**	1,338	1,389
	113,775	107,979	108,585
Other accounts	**9,249**	7,907	5,442
	$123,024	$115,886	$114,027

(a) A substantial portion of amounts charged to other accounts is allocated to operating expenses through clearing accounts.
(b) The amounts of payroll taxes for the years 1982, 1981 and 1980 were $11,036,000, $9,149,000 and $7,260,000, respectively.
(c) The amounts of royalties and advertising costs were not material.

This report and the financial statements contained herein are submitted for the information of the stockholders of the Company and are not intended to induce, or for use in connection with, any sale or purchase of any securities of the Company, or any of its subsidiaries.

MANAGEMENT'S DISCUSSION AND ANALYSIS-LIQUIDITY AND CAPITAL RESOURCES

Union Electric and Subsidiaries

Construction expenditures are expected to aggregate $1.7 billion over the next five years, 1983 through 1987, including $619 million in 1983 and $605 million in 1984. The estimated cash requirements for this five-year construction program excluding amounts for allowance for funds used during construction, total approximately $1.1 billion, including $374 million for 1983 and $302 million for 1984.

In addition to the funds required for construction during the 1983-1987 period, $270 million will be required to retire long-term debt maturing during the period and for sinking fund payments on first mortgage bonds and preferred stock. See Notes 4 and 5 under Notes to Financial Statements.

The Company presently anticipates that substantially all of such cash requirements in the years 1983 and 1984 will be obtained from externally generated funds. Financing plans for the year 1983 include $100 million of first mortgage bonds in March, $75 million of preferred stock at mid-year, $50 million of long-term debt financing in the Fall, and $91 million from the sale of common stock near the end of the year. Approximately $49 million of additional equity capital also will be realized from the issuance of common stock under the Dividend Reinvestment and Stock Purchase Plan. The types, amounts and timing of future financings depend upon market conditions, regulatory actions, law, rate levels and other factors.

The internal generation of cash is expected to improve dramatically when the Callaway nuclear plant is completed and included in rate base. The Company announced in August 1982 that the completion of this plant would be delayed (from early 1984) to late 1984 or early 1985, primarily because of greater quality assurance coupled with the exacting nature of the final phases of its construction. At that time it was also announced that the total cost of this project was revised from $2.1 to $2.85 billion.

Funds required for the 1982 construction program were provided by a record amount of financing, including approximately $250 million of long-term debt, $75 million of preferred stock, $39 million from 3.2 million common shares issued during the year under the Dividend Reinvestment and Stock Purchase Plan, and $86 million from 6.5 million additional shares of common stock sold in December.

At December 31, 1982 there was more than $18 million of unused proceeds on deposit with a Trustee under 1981 and 1982 Environmental Improvement financings, which will be utilized to finance new pollution control facilities.

The Company continues to utilize a nuclear fuel lease providing for the financing of up to $200 million of nuclear fuel. At December 31, 1982, $169 million of nuclear fuel had been financed under the lease.

In 1982 the Company entered into six-year credit agreements with certain domestic and foreign banks which permit the Company to borrow up to $575 million. At December 31, 1982, $175 million of such domestic borrowings were outstanding.

The Company and its subsidiaries plan to continue to utilize short-term debt as interim support between long-term financing. Consolidated average daily short-term borrowings outstanding during 1982 aggregated $138.8 million. At December 31, 1982, bank lines of credit and credit commitments from banks aggregated $190 million, not including the six-year credit agreements mentioned above; and, at such date $42.1 million of short-term bank loans and $25 million commercial paper were outstanding (see Note 7 under Notes to Financial Statements). The Company and its subsidiaries are authorized by the Federal Energy Regulatory Commission to incur up to $347 million of short-term unsecured indebtedness; however, short-term debt is not expected to exceed $200 million.

The mortgage indenture of the Company requires a minimum level of earnings for the issuance of additional bonds and such requirement could restrict the issuance of additional mortgage bonds in 1984, unless sufficient rate relief is granted by regulatory authorities.

During 1982 it was determined that a merger of Union Electric's utility subsidiaries, Missouri Power & Light Company, Missouri Utilities Company and Missouri Edison Company, with the parent company would provide a simplified corporate structure and overall economies. Subsequently, the Boards of Directors of Union Electric and its utility subsidiaries approved plans for merger of the four companies, subject to the approval of shareholders and regulatory agencies. The plans include proposed exchanges of $8.7 million of new Union Electric Company preferred stock for a like amount of presently outstanding preferred stock of subsidiary companies. Shareholders' approvals will be sought at annual meetings in April 1983, and decisions are also required from the Missouri Public Service Commission, Illinois Commerce Commission and the Federal Energy Regulatory Commission.

For data relative to Supplementary Information on Inflation and Changing Prices, see pages 30 and 31.

Results Of Operations

Union Electric and Subsidiaries

Earnings and earnings per share fluctuated due to conditions unique to this industry in general and this company in particular: weather, inadequate rate increases, dilution from additional shares issued and unrecovered fuel cost increases. Also, the quality of such earnings has been adversely affected by the substitution of the allowance for funds used during construction (a non-cash item) for the ability to recover in cash the cost of funds invested in facilities under construction. The impact of the more significant of these items is discussed below.

Electric Operating Revenues

	Variation from Prior Year		
	1982	1981	1980
	(Millions of Dollars)		
Tariffs and fuel adjustment clauses	**$ 89.2**	$ 48.2	$ 70.3
Variations in sales – residential	**1.3**	(33.8)	35.7
– commercial	**11.5**	5.2	16.4
– industrial	**(15.4)**	3.2	(4.8)
License and franchise taxes	**5.6**	–	4.6
	$ 92.2	$ 22.8	$122.2

Effective May 30, 1980 the Missouri Commission restructured rates applicable to all classifications of customers to increase rates June through October and decrease rates November through May. Approximately $20 million was added to 1980 revenues (offset in 1981 revenues) as a result of that restructuring. In addition significant electric rate increases were granted by the Missouri Public Service Commission in mid-1980 (approximately $22 million annually), mid-1981 (approximately $65 million annually) and mid-1982 (approximately $65 million annually).

Pending at year-end 1982 were requests for rate increases of about $143 million, or 16%, above current revenues. Decisions on those requests are required by early June in Illinois and by early November 1983 in Missouri.

The unusually hot 1980 weather added about $33 million to normal revenues while the cooler than normal 1981 and 1982 summers reduced revenues about $13 million and $16 million, respectively, from normal.

Operating Expenses

The changes in operating expenses were as follows:

Fuel and Purchased Power	Variation from Prior Year		
	1982	1981	1980
Fuel:	(Millions of Dollars)		
Variation in generation	**$ (1.4)**	$ (17.6)	$ (6.0)
Price increases	**14.0**	31.6	20.7
*Deferred fuel termination	**—**	–	(14.0)
Efficiencies	**(4.2)**	.8	(7.5)
Purchased and interchange power	**7.3**	7.7	39.0
	$15.7	$ 22.5	$ 32.2

*Following the Missouri Supreme Court decision in 1979 declaring fuel adjustment clauses unlawful in Missouri, the Company discontinued deferring such fuel costs collectible under the clause.

Other Operations

The cost of operations, other than fuel and purchased power, increased annually due almost entirely to recurring conditions, such as growth, inflation and wage increases.

Maintenance

The variations in maintenance reflected normal increases principally due to higher costs of repair parts and wage increases.

Depreciation

The variations in depreciation resulted from increases in depreciable property. No changes were made in depreciation rates during the periods.

Income Taxes

Income taxes fluctuated in response to pretax income. For additional details see Notes 1 and 2 under Notes to Financial Statements.

Other Taxes

These increases generally reflect increased gross receipts taxes on greater revenues and higher payroll taxes due to increases in taxable wage bases and rates.

Other Items

Interest and Preferred Dividends

The increases in interest and preferred dividends were due to the issuance of additional securities to finance the construction program (see Management's Discussion and Analysis-Liquidity and Capital Resources).

Allowance For Funds Used During Construction (AFC)

AFC increased due to an increased amount of Construction Work in Progress and to increased AFC rates (see Note 1 to Notes to Financial Statements). The amount of AFC will continue to increase significantly and constitute a substantial portion of earnings, until such time as the Callaway nuclear plant goes into commercial operation and is included in rate base and its costs reflected in electric rates. This plant is presently scheduled for completion in late 1984 or early 1985.

SELECTED FINANCIAL INFORMATION

(Thousands of Dollars Except Share and Per Share Amounts and Ratios)

Union Electric and Subsidiaries

	1982	1981	1980	1979
Results of Operations				
Operating revenues	**$1,217,705**	$1,105,536	$1,077,876	$946,797
Operating expenses	**1,013,054**	922,647	886,720	780,331
Operating income	**204,651**	182,889	191,156	166,466
Allowance for funds used during construction (All funds prior to January 1, 1977 and equity funds after December 31, 1976)	**93,858**	64,600	45,357	31,245
Other income – miscellaneous	**3,660**	(734)	3,638	879
Interest on debt and other items	**200,938**	180,697	132,112	107,383
Allowance for borrowed funds used during construction after December 31, 1976	**104,235**	91,025	46,698	26,848
Net income	**205,466**	157,083	154,737	118,055
Preferred dividend requirements of Company	**39,960**	29,478	29,695	26,948
Earnings on common stock	**165,506**	127,605	125,042	91,107
Common Stock Data and Ratios				
Earnings per share of common stock (based on average shares outstanding)	**$2.17**	$1.90	$2.10	$1.73
Cash dividends per share of common stock	**$1.58**	$1.52	$1.48	$1.44
Average number of common shares outstanding	**76,251,024**	67,179,275	59,675,995	52,577,432
Return on average common stock equity	**13.93%**	12.11%	13.11%	10.71%
Ratio of earnings to fixed charges (a)	**2.50**	2.29	2.85	2.61
Assets and Long-term Obligations				
Year-End:				
Total assets	**$4,630,797**	$4,047,277	$3,552,104	$3,168,998
Long-term debt obligations	**2,000,405**	1,719,927	1,479,229	1,307,990
Redeemable preferred stock	**182,988**	110,014	112,040	114,066

(a) Earnings used in computing the ratio of earnings to fixed charges consist of net income plus fixed charges (interest on debt, preferred dividends of subsidiaries and an appropriate amount of rentals charged to operating expenses) and income taxes.

1978	1977	1976	1975	1974	1973	1972
$903,988	$765,102	$682,456	$583,455	$468,656	$417,949	$375,188
727,756	605,963	518,342	446,569	355,655	306,689	287,037
176,232	159,139	164,114	136,886	113,001	111,260	88,151
15,980	8,301	12,379	23,107	13,696	10,521	13,377
2,896	1,389	(2,554)	1,403	1,154	99	578
90,699	84,015	78,529	75,361	68,065	54,713	48,651
15,489	10,721	—	—	—	—	—
119,898	95,535	95,410	86,035	59,786	67,167	53,455
23,040	20,367	19,640	19,640	15,700	15,288	11,312
96,858	75,168	75,770	66,395	44,086	51,879	42,143
$2.01	$1.67	$1.86	$1.78	$1.37	$1.62	$1.35
$1.40	$1.36	$1.34	$1.28	$1.28	$1.28	$1.28
48,260,596	45,110,245	40,795,152	37,240,134	32,187,113	31,946,291	31,249,023
12.61%	10.68%	12.19%	11.98%	8.94%	10.72%	8.89%
3.18	2.81	2.79	2.51	1.92	2.33	2.10
$2,800,209	$2,521,181	$2,316,039	$2,162,312	$2,030,103	$1,786,255	$1,642,566
1,238,860	1,189,080	1,118,418	1,021,747	939,933	830,087	773,130
41,092	41,118	41,144	41,170	41,196	—	—

SUPPLEMENTARY INFORMATION ON INFLATION AND CHANGING PRICES

(Unaudited)

Union Electric and Subsidiaries

Estimates of the effects of inflation and changing prices on the operations of the Company for the year ending December 31, 1982, are presented in accordance with the requirements of Financial Accounting Standards Board (FASB) Statement No. 33, "Financial Reporting and Changing Prices." Statement No. 33 requires that historical costs be adjusted to reflect the effects that general inflation (constant dollar) and changes in specific prices (current cost) have had on the Company's operations. The adjusted data is not intended as a substitute for earnings reported on an historical cost basis, but rather to give some perspective as to the approximate effects of changes in the purchasing power of the dollar.

Property, Plant and Equipment

The estimated value in average 1982 dollars of property, plant and equipment, including construction work in progress, was determined by applying the Consumer Price Index for All Urban Consumers to the historical cost of plant. The current cost estimates were primarily measured by applying the Handy-Whitman "Index of Public Utility Construction Cost" to each major class of plant. Current cost approximates the cost of currently replacing existing plant. The adjusted plant data under either the constant dollar or current cost methods does not indicate the Company's future capital requirements because actual replacement of existing plant will occur over many years and will not identically replace existing plant.

At December 31, 1982, the constant dollar and current cost of property, plant and equipment, net of accumulated depreciation were $7,967,385,000 and $8,864,447,000 respectively, while historical or net recoverable cost was $4,206,123,000. The current cost and constant dollar values differ because specific prices of plant have increased at a rate different from that of general inflation.

Accumulated Depreciation

The accumulated provision for depreciation for both constant dollar and current cost was determined by applying to the adjusted amounts for each functional class of plant, the same percentage relationship that existed between gross plant and the associated accumulated provision for depreciation on an historical basis.

Depreciation Expense

Depreciation expense for the year 1982 applicable to constant dollar and current cost property was $209,555,000 and $236,590,000, respectively. The actual 1982 depreciation expense was $86,670,000.

The adjusted amounts were determined by applying to the indexed property and plant values the same straight-line book rates used for historical purposes.

Reduction of Property, Plant and Equipment to Net Recoverable Cost

The regulatory process limits the Company to the recovery of the historical cost of property and plant through depreciation. Therefore, any excess of property and plant in constant dollars or current cost must be reduced to the net recoverable cost, which is historical cost. While the rate-making process does not reflect the current cost of replacing utility plant, past practice indicates the Company will be allowed to earn on and to recover the increased cost of its net investment after these facilities are replaced. The excess of constant dollar and current cost over historical cost property and plant in 1982 was $22,819,000 and $28,376,000, respectively.

Gain from Decline in Purchasing Power of Net Amounts Owed

The Company, by having assets such as receivables, fuel and materials inventory and deferred charges, suffers a loss of purchasing power during periods of

Consolidated Statement of Income Adjusted for Changing Prices For the Year Ended December 31, 1982

	Constant Dollar	Current Cost
	(In Thousands of Average 1982 Dollars)	
Earnings on common stock, as reported	$ 165,506	$ 165,506
Additional depreciation expense	(122,885)	(149,920)
Earnings on common stock, as adjusted (excluding reduction to net recoverable cost)	42,621*	15,586
Loss from reducing plant to net recoverable cost	(22,819)	(28,376)
Relative price changes	—	32,592**
Gain from decline in purchasing power of net amounts owed	83,769	83,769
Net change in common shareholders' equity	$ 103,571	$ 103,571

*Earnings on common stock on a constant dollar basis would have been $19,802,000 if it reflected the reduction to net recoverable cost of $22,819,000.

**Represents the excess of specific price changes ($351,201,000) in 1982 over the increase for 1982 in general prices of property and plant ($318,609,000).

inflation because after conversion, the cash received for these items will purchase less. More than offsetting these assets, however, are significant amounts of long-term debt, refundable preferred stock, deferred income taxes and current liabilities which will be repaid with dollars of reduced purchasing power. Thus, for 1982, the Company experienced a net "gain" of $83,769,000 from having an excess of monetary liabilities over monetary assets. (Investments and unamortized investment tax credits were considered as nonmonetary items; nonrefundable preferred stock was included in shareholders' equity).

General

Pursuant to Statement No. 33, depreciation expense was the only income statement item that was adjusted.

For rate-making purposes, the amount of depreciation expense included in the Company's allowed revenues is based on historical or original cost. The Company's inability to reflect currently the effects of inflation and changing prices resulted in 1982 reported earnings of $165,506,000 or $2.17 per share rather than the more realistic earnings of $42,621,000 or 56¢ per share on a constant dollar basis, or $15,586,000 or 20¢ per share on a current cost basis.

Also, because Federal income tax policy prohibits the deduction of inflation-adjusted depreciation expense for income taxes, the Company's 1982 effective income tax rate was about 53 percent for constant dollar and 62 percent under current cost, each of which is greater than the Federal statutory rate of 46 percent. Failure of regulatory and taxing authorities to allow depreciation of the current cost of plant severely limits the amount of funds that are generated internally for use in replacing or modernizing aging and obsolete assets.

Rates authorized by regulatory agencies must be sufficient to permit the replacing of plant and equipment when necessary as well as preserve the purchasing power of common equity capital. To have retained the same purchasing power as they had in 1978, the Company's common shareholders should have received 1982 common dividends of $2.07 per share as compared with the actual $1.58 and the realized returns on common equity should have been sufficient to permit the common stock to sell at $19 per share or almost 40 percent higher than the actual year-end price.

Five Year Comparison of Selected Supplementary Financial Data Adjusted for Effects of Changing Prices

	Years Ended December 31,				
	1982	1981	1980	1979	1978
	(In Thousands of Average 1982 Dollars Except Per Share and "As Reported" Amounts)				
Operating revenues:					
As reported	$1,217,705	$1,105,536	$1,077,876	$ 946,797	$ 903,988
Adjusted for general inflation	1,217,705	1,173,000	1,263,000	1,259,000	1,337,000
Earnings (loss) on common stock (excluding reduction to net recoverable cost):					
As reported	$165,506	$127,605	$125,042	$91,107	
Adjusted for general inflation	42,621	15,749	36,008	19,601	
Based on current cost	15,586	(10,140)	7,467	(17,195)	
Earnings (loss) per share of common stock (excluding reduction to net recoverable cost):					
As reported	$2.17	$1.90	$2.10	$1.73	
Adjusted for general inflation	.56	.23	.60	.37	
Based on current cost	.20	(.15)	.13	(.33)	
Shareholders' equity (net assets), at year end:					
Historical cost (as reported)	$1,609,416	$1,444,132	$1,324,904	$1,211,730	
Adjusted for both general inflation and current cost	1,591,252	1,483,120	1,482,313	1,523,756	
Excess (deficiency) of general price changes over increase in the specific level of prices	$(32,592)	$(14,167)	$133,309	$219,028	
Gain from decline in purchasing power of net amounts owed	$83,769	$172,865	$228,025	$243,751	
Cash dividends declared per common share:					
Actual	$1.58	$1.52	$1.48	$1.44	$1.40
Adjusted for general inflation	1.58	1.61	1.73	1.91	2.07
Market price per share, at year end:					
Actual	$13¾	$10⅞	$10⅞	$12	$13⅜
Adjusted for general inflation	13⅝	11⅛	12⅛	15⅛	19
Average consumer price index	289.1	272.4	246.8	217.4	195.4

SUPPLEMENTARY SELECTED QUARTERLY INFORMATION

Union Electric and Subsidiaries

Quarter Ended	Operating Revenues	Operating Income	Net Income	Earnings on Common Stock	Earnings Per Average Share of Common Stock Outstanding
	(Thousands of Dollars)				(Dollars)
March 31, 1982	**$292,033**	**$33,851**	**$32,233**	**$23,211**	**$0.31**
March 31, 1981	240,450	28,198	19,432	12,056	0.18
June 30, 1982	**274,533**	**45,371**	**44,035**	**33,713**	**0.45**
June 30, 1981	258,206	42,916	33,314	25,938	0.39
September 30, 1982	**373,706**	**86,860**	**87,723**	**77,402**	**1.01**
September 30, 1981	343,048	79,192	71,754	64,378	0.96
December 31, 1982	**277,433**	**38,569**	**41,475**	**31,180**	**0.40**
December 31, 1981	263,832	32,583	32,583	25,233	0.37

Union Electric Company (1)

1982 Price Range (2)		**1982**		1981 Price Range (2)		1981
High	**Low**	**Dividends** (3)	Quarter Ended:	High	Low	Dividends
$11½	**$10¾**	**38¢**	March 31	$11½	$10	38¢
12½	**10¾**	**38**	June 30	11½	10¼	38
13⅜	**11⅜**	**41**	September 30	11⅜	10	38
14¾	**12⅝**	**41**	December 31	11⅞	9⅞	38

(1) At December 31, 1982, Union Electric Company common stock shareholders totalled 187,465.

(2) Based on transactions recorded on the New York Stock Exchange.

(3) Restriction on the payment of common stock dividends at December 31, 1982: Consolidated Retained Earnings amounted to $364,771,000 as of December 31, 1982; however, under the mortgage indenture of Union Electric Company, as amended, $53,797,000 of such retained earnings was restricted against payment of common dividends—except those payable in common stock.

CONSTRUCTION FORECAST

(Thousands of Dollars)

Union Electric and Subsidiaries	1983	1984	1985	1986	1987
Construction Expenditures:					
Callaway nuclear plant	$ 491,100	$ 492,300	$ 57,200	$ —	$ —
All other facilties	128,000	112,700	130,100	143,200	139,500
Total	$ 619,100	$ 605,000	$187,300	$143,200	$139,500

FINANCIAL POSITION
(Thousands of Dollars Except Share and Per Share Amounts and Ratios)

Union Electric and Subsidiaries	December 31,				
	1982	1981	1980	1979	1978
Assets					
Properties (at original cost)	**$5,190,779**	$4,554,567	$4,051,124	$3,649,728	$3,266,522
Less accumulated depreciation	**984,656**	915,996	848,826	786,147	725,448
	4,206,123	3,638,571	3,202,298	2,863,581	2,541,074
Receivables, net	**146,293**	135,496	126,075	148,482	116,938
Fuel supplies	**99,006**	82,310	109,908	85,107	69,198
Other assets	**179,375**	190,900	113,823	71,828	72,999
Total Assets	**$4,630,797**	$4,047,277	$3,552,104	$3,168,998	$2,800,209
Capital and Liabilities					
Capitalization:					
Common stock and retained earnings—					
Common stock	**$ 422,068**	$ 373,780	$ 330,627	$ 293,984	$ 259,546
Other paid-in capital	**541,222**	464,450	414,020	374,189	328,573
Retained earnings	**364,771**	324,547	298,902	262,202	247,901
Common equity	**1,328,061**	1,162,777	1,043,549	930,375	836,020
Preferred stock not subject to mandatory redemption	**281,355**	281,355	281,355	281,355	281,355
Preferred stock subject to mandatory redemption	**182,988**	110,014	112,040	114,066	41,092
Long-term debt obligations	**2,000,405**	1,719,927	1,479,229	1,307,990	1,238,860
Total capitalization	**3,792,809**	3,274,073	2,916,173	2,633,786	2,397,327
Accumulated deferred taxes on income	**328,580**	238,153	166,167	123,291	95,507
Accumulated deferred investment tax credits	**122,217**	125,290	113,474	87,556	55,647
Accounts and wages payable	**137,209**	91,567	98,224	100,310	92,321
Short-term debt including current maturities	**69,323**	152,253	141,895	122,909	34,692
Other liabilities	**180,659**	165,941	116,171	101,146	124,715
Total Capital and Liabilities	**$4,630,797**	$4,047,277	$3,552,104	$3,168,998	$2,800,209
Common Stock Data					
Number of shares outstanding	**84,413,679**	74,755,885	66,125,317	58,796,909	51,909,270
Book value (common equity) per share	**$15.73**	$15.55	$15.78	$15.82	$16.11
Capitalization Ratios					
Common equity	**35.0%**	35.5%	35.8%	35.3%	34.9%
Preferred stock not subject to mandatory redemption	**7.4**	8.6	9.7	10.7	11.7
Preferred stock subject to mandatory redemption	**4.8**	3.4	3.8	4.3	1.7
Long-term debt	**52.8**	52.5	50.7	49.7	51.7
Total	**100.0%**	100.0%	100.0%	100.0%	100.0%

Operating Statistics

Union Electric and Subsidiaries	1982	1981	1980	1979
Electric Operating Revenues (000):				
Residential	**$ 426,213**	$ 389,182	$402,160	$333,251
Commercial	**363,826**	321,400	306,486	265,278
Industrial	**257,320**	250,842	233,854	221,617
Other electric utilities	**42,650**	39,789	35,619	34,185
Miscellaneous	**21,846**	18,458	18,774	20,388
Total	**$1,111,855**	$1,019,671	$996,893	$874,719
Kilowatt-Hour Sales (000,000):				
Residential	**7,906**	7,756	8,446	7,546
Commercial	**7,339**	7,024	6,913	6,463
Industrial	**7,130**	7,767	7,616	7,858
Other electric utilities	**1,412**	1,420	1,435	1,341
Miscellaneous	**310**	312	385	481
Total	**24,097**	24,279	24,795	23,689
Electric Customers (End of year):				
Residential	**869,844**	870,066	862,406	853,908
Commercial	**109,947**	108,561	106,428	101,355
Industrial	**5,132**	5,207	5,328	5,334
Electric utilities	**24**	24	24	24
Other	**3,234**	3,065	2,950	2,917
Total	**988,181**	986,923	977,136	963,538
Residential Customer Data (Average):				
Kilowatt hours used	**9,108**	8,955	9,848	8,893
Annual electric bill	**$490.96**	$449.35	$468.92	$392.74
Revenue per kilowatt hour	**5.39¢**	5.02¢	4.76¢	4.42¢
System Gross Instantaneous Peak Demand (Kilowatts)	**6,161,000**	6,296,000	6,404,000	5,846,000
System Capability at Time of Peak, Including Net of Firm Purchase and Sale of Capacity (Kilowatts)	**7,631,000**	7,444,000	7,468,000	7,739,000
Generating Capability at Time of Peak (Kilowatts)	**6,951,000**	6,879,000	6,824,000	6,947,000
System Net Integrated Hour Peak Demand (Kilowatts)	**5,897,000**	6,014,000	6,107,000	5,609,000
Load Factor (Net Integrated Hour)	**50.3%**	49.7%	50.1%	52.4%
Coal Burned (Tons)	**11,085,000**	11,316,000	11,730,000	12,037,000
Price per Ton of Coal	**$30.45**	$29.15	$26.85	$26.02

1978	1977	1976	1975	1974	1973	1972
$331,128	$283,124	$248,784	$220,174	$171,381	$159,813	$143,479
253,279	219,806	195,568	162,079	129,351	116,040	104,884
209,440	169,834	154,539	127,939	107,471	95,210	85,819
31,565	24,040	21,432	19,812	23,814	18,057	15,061
19,061	16,232	14,677	12,973	11,027	10,041	8,363
$844,473	$713,036	$635,000	$542,977	$443,044	$399,161	$357,606
7,670	7,389	6,625	6,807	5,898	6,058	5,772
6,332	6,331	5,823	5,554	5,249	5,281	5,105
7,738	7,656	7,221	6,855	6,845	6,841	6,598
1,317	1,263	1,171	1,222	1,780	1,643	1,450
460	442	519	506	474	466	425
23,517	23,081	21,359	20,944	20,246	20,289	19,350
845,074	832,251	821,564	810,702	764,363	756,489	747,018
99,751	99,105	95,248	93,848	81,477	80,703	81,263
5,348	5,225	5,459	5,368	5,303	5,254	5,266
24	24	24	25	23	22	20
2,753	2,312	1,472	1,350	1,195	1,154	1,134
952,950	938,917	923,767	911,293	852,361	843,622	834,701
9,167	8,956	8,114	8,459	7,756	8,067	7,800
$395.74	$343.16	$304.71	$273.62	$225.37	$212.83	$193.90
4.32¢	3.83¢	3.76¢	3.23¢	2.91¢	2.64¢	2.49¢
5,813,000	5,837,000	5,582,000	5,363,000	5,318,000	5,138,000	4,944,000
6,873,000	6,891,000	6,913,000	6,474,000	6,660,000	6,963,000	5,663,000
6,718,000	6,607,000	6,439,000	5,962,000	6,080,000	6,080,000	4,837,000
5,528,000	5,525,000	5,284,000	5,081,000	5,007,000	4,887,000	4,625,000
52.7%	51.8%	50.2%	51.2%	50.1%	51.4%	51.4%
11,866,000	11,915,000	11,069,000	10,089,000	8,574,000	8,419,000	7,322,000
$24.15	$17.86	$15.04	$13.12	$10.23	$7.97	$7.47

OFFICERS AND DIRECTORS

Officers

Charles J. Dougherty
Chairman and Chief Executive Officer

William E. Cornelius
President

Earl K. Dille
Executive Vice President

Stewart W. Smith, Jr.
Executive Vice President

H. Clyde Allen
Vice President – Research and Development

J. T. Friel
Vice President and Controller

G. J. Haven
Vice President – Transmission and Distribution

Robert O. Piening
Vice President – Rates

William A. Sanford
Vice President – Industrial Relations

Donald F. Schnell
Vice President – Nuclear

Edgar J. Telthorst
Vice President – Power Operations

Merle T. Welshans
Vice President – Finance

H. E. Wuertenbaecher, Jr.
Vice President – Customer Service

William E. Jaudes
General Counsel

C. W. Mueller
Treasurer

James C. Thompson
Secretary

Board of Directors

J. A. Baer II
Management-Business Consultant; Former Chairman and Chief Executive Officer – Stix, Baer & Fuller.

*W. L. Behan, Jr.
Chairman of the Board and Chief Executive Officer – Hill-Behan Lumber Company, wholesaler & retailer of lumber and allied building products.

Sam B. Cook
Chairman – Central Bancompany and its subsidiary, Central Bank, which conducts a general banking business.

*William E. Cornelius
President

*Earl K. Dille
Executive Vice President

*Charles J. Dougherty
Chairman and Chief Executive Officer

*Edwin S. Jones
***Former Chairman of the Board* – Centerre Bancorporation.

*Richard A. Meyer
***Retired, former President* – Anheuser-Busch, Inc.

John K. Riedy
Chairman of the Board and Chief Executive Officer – INTERCO, a manufacturer and retailer of consumer products and services.

*Stewart W. Smith, Jr.
Executive Vice President

**Howard L. Young
Former President and Chairman – American Zinc Company.

Advisers to the Board

Isaac B. Grainger
Former President – Chemical Bank

J. W. McAfee
Former Chairman of the Board

*Member of Executive Committee
**Member of Auditing Committee

Office

1901 Gratiot Street
St. Louis, MO
(314) 621-3222

Mailing Address
P.O. Box 149
St. Louis, MO 63166

Transfer Agents

For Preferred Stock

Mercantile Trust Company
National Association
St. Louis, MO 63166

Manufacturers Hanover
Trust Company
New York, NY 10015

For Common Stock

Centerre Trust Company
of St. Louis
St. Louis, MO 63101

Manufacturers Hanover
Trust Company
New York, NY 10015

Registrars

For Preferred Stock

The Boatmen's National Bank
of St. Louis
St. Louis, MO 63166

The Chase Manhattan Bank
(National Association)
New York, NY 10015

For Common Stock

The Boatmen's National Bank
of St. Louis
St. Louis, MO 63166

Manufacturers Hanover
Trust Company
New York, NY 10015

Trustee, Transfer Agents, Registrars, and Paying Agents

For First Mortgage Bonds

Centerre Trust Company
of St. Louis, *Trustee*
St. Louis, MO 63101

Bankers Trust Company
New York, NY 10015

Statement of Policy

We are a business enterprise—dependent for success on the high quality and fair price of our service; on the skill, courtesy, and loyalty of our employees; on the confidence of our investors; and on the ability of our management to forecast and provide for the electric power requirements of our area.

In the conduct of our business, we will render service of the highest quality to our customers—promptly, courteously, and efficiently—at the lowest prices consistent with paying fair wages and affording job satisfaction and security to our employees; providing modern facilities for our customers' expanding needs for electric service; and paying a fair return to our investors who have provided the funds to make such service possible.

As a private enterprise entrusted with an essential public service, we recognize our civic responsibility in the communities we serve. We shall strive to advance the growth and welfare of these communities and shall participate in civic activities which fulfill that goal... for we believe this is both good citizenship and good business.